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Hermes Epitek

Environment Health Safety

EHS Report 2016-2017

Message from the President

As a member of the global village, Hermes-Epitek is committed to achieving balanced developments of the environment, our survival, and our CSR as we persist upon our path to sustainability. The drastic changes in our ecological environment and climate have been a wakeup call. We now understand that enterprises must be accountable to all stakeholders in that we must improve the lives of our employees and their families, elevate the quality of life for our community and society, and extend our concern toward the environment we live in. These efforts will make corporate sustainability even more meaningful.

Over the past few years, we have taken the initiative to install solar power systems in Hermes-Epitek's production facilities, and to promote "plastic reduction", "low sugar diet", "environmentally friendly food ingredients", and "personalized health examinations" in our offices. These actions support clean energy, sustain local agriculture, and enhance the diet and health management of our employees. We will also continue to organize environmental and health activities to be incorporated into factory operations and employees' daily lives in hopes that these activities will improve employee safety and health, reduce pollution, and elevate our contribution to recycling and reuse. Let us join hands in upholding our environmental and green beliefs and cherishing the planet we call home!

This report presents Hermes-Epitek's achievements in environment, safety, and health over the last two years. We invite you to join us in extending greater concern and taking further action to protect Earth's resources, ensure operational safety, and safeguard the health and wellbeing of our employees.



President

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1 Company Profile

Hermes-Epitek was established in Taiwan in 1977 with its business headquarters stationed in Hsinchu Science Park (HSP). The company has over 1,500 employees throughout the world. We are one of the world's largest equipment sales agents and have established business locations in Taiwan, Singapore, Malaysia, and Mainland China.

Hermes-Epitek's business scope includes manufacturing equipment and parts for semiconductor, photonics, and LED processes, and offering special focus and comprehensive services for semiconductor manufacturing equipment in both front-end and back-end processes. Our services include sales, installation, software and hardware support, performance optimization of machinery and equipment, process development, yield improvements, moving of machinery and equipment, maintenance services, parts support, as well as training.

The vision of Hermes-Epitek is to "become a world-class service provider for semiconductor and photonics industries" and provide our clients with first class products and services. Through "Service by Hermes-Epitek", we aim to build mutual trust and confidence between original manufacturer and clients. Reaching this state involves providing clients with integrated performance for their equipment while helping original manufacturers acquire maximum market acceptance.

2 Hermes-Epitek's Commitment to Environment, Health and Safety

In addition to managing our business and attaining our business objectives, Hermes-Epitek regards itself as an integral member of the global village and cares deeply about the “finite availability of external resources and the value of internal resources”. Therefore we are fully committed to zero disaster and zero pollution objectives to ensure the safety of fellow employees, subcontractors, partners, and clients using Hermes-Epitek products or services. We have also dedicated ourselves to environmental protection efforts to fulfill our obligations as a world citizen.

Based on this spirit, the following “Environment, Health and Safety (hereinafter abbreviated to EHS) operation plan is initiated in order to “build a safe and healthy work environment while protecting valuable and finite natural resources”. In order to implement the operation plan mentioned above, Hermes-Epitek has committed to,



Adapt to legal and regulatory requirements and fulfill international standards

Hermes-Epitek is committed to adapt to requirements stipulated by legislations, international conventions, and customer regulations, gain full understanding of global EHS trends, and uphold its obligations in compliance.



Treasure the value of life and dedicate proper measures to safeguard individual safety and health

Hermes-Epitek vows to prioritize considerations for personal safety and health by improving the scope and depth of our services, introducing risk assessments, strengthening contingency response abilities, engaging in health promotion, and fully integrating safety and health awareness improvements.



Reduce environmental burden and promote green management

Hermes-Epitek aims to support global trends in environmental protection with full dedication to energy conservation, waste reduction, and pollution prevention while at the same time continuing to support green management.



Establish a management system and pursue continuous performance improvements

Hermes-Epitek makes efforts to establish an EHS management system (EHSMS) and make continuous improvements to EHS problems, promote EHS awareness, support global EHS efforts, strengthen commitments to corporate responsibility, and become a sustainable enterprise.

3 EHS As-Is and To-Be

With regard to the belief and action plan of “building a safe and healthy work environment while protecting valuable and finite natural resources”, Hermes-Epitek has achieved the following in the recent two years in terms of our 2016 to 2017 (current phase) project goals and outcomes of execution, which aptly demonstrate Hermes-Epitek’s commitment to corporate environmental care and responsibilities toward the community and society.

● Meets the Goal ○ 75% achieved for water consumption reduce goal

| Project / Performance Item | 2016-2017 Project and Goal | Outcomes of 2016-2017 | Level of Compliance |
|---|---|---|---------------------|
| EHS Management System | | | |
| Implementing Occupational Safe and Health Management System (OSHMS) | Continued maintenance and implementation of OSHMS | Verified the continuing validity of the company's certification | ● |
| Target plan achievement rate | Target plan execution rate reaches 100% | Target plan execution rate 100% | ● |
| Environmental Protection | | | |
| Reduce energy and power consumption | Continued implementation of energy saving measures | 2016-2017 More than 300,000W of power consumption saved by the power saving program | ● |
| Reduce water consumption | Continued implementation of water conservation measures | Due to establishment of the R&D Department and increased production, the water reduction target was not met | ○ |
| Labor safety | | | |
| Operational safety | Continued implementation of work safety analysis and completion of supplier assessments | Completed risk assessments and supplier assessment systems | ● |
| Accident response systems | Continued implementation of exercises and drills and completion of various incident response plans. | Completed all scheduled emergency response exercises in every area | ● |
| Reduce disabling injury frequency rate (FR, does not include traffic accidents) | Lower than the figure released by the Ministry of Labor. | 2016 FR = 0.42, 2017 FR = 0.86. Both are lower than the average figure for manufacturing industry disabling injury index from 2013 to 2016 released by the Council of Labor Affairs | ● |
| Lower the severity of injuries (SR, does not include traffic accidents) | Lower than the figure released by the Ministry of Labor. | 2016 SR = 4.64, 2017 SR = 2.14. Both are lower than the average figure for manufacturing industry disabling and injury index from 2013 to 2016 released by the Council of Labor Affairs | ● |
| Workplace Hygiene and Health | | | |
| Health examinations and follow-up for abnormalities amongst fellow employees | Establish a health examination abnormality managing system to periodically follow-up anomalies. | Health examination abnormality managing system established to implement periodic follow-up of anomalies | ● |
| Health promotion programs | Implement health promoting activities to help fellow employees implement health management | Physicians were arranged to offer healthcare services onsite and host multiple health seminars and activities | ● |
| New health checkup program | Dynamic, flexible and personalized annual health checkup plans Strengthen collaboration between local hospitals to better utilize medical resources and service channel. | Health checkups were designed to categorize employees into different age groups, allowing employees to select different hospitals for health checkups and make adjustments to checkup items depending on individual needs | ● |
| Low carbohydrate diets | Promote healthy eating awareness (low sugar, sufficient protein, good oil) | Removed sugary drinks, analyzed and reduced sugar intake at lunch, reduced intake of refined carbohydrates and over-processed foods | ○ |

4 EHS Management System

In 2013, Hermes-Epitek achieved TOSHMS and OHSAS 18001 dual verification for occupational safety and health, and went further on to obtain ISO 14001 environmental management system certification in 2015. Each year, internal audits and external audits of each department are regularly conducted to effectively reduce risks of hazards and impacts on the environment.

Through promotion of the management system, we are able to externally reduce operating costs and gain the trust of corporate customers. Internally, the system can furthermore strengthen employees' safety, health and environmental protection concepts and reduce the risk of hazards. Hermes-Epitek's persistence in promoting the management system shows how much it values the importance of EHS management.

On September 15, 2015, the ISO International Standard Organization officially released the new ISO 14001:2015 standard for environmental management. On March 12, 2018, ISO 45001 safety and health standards were issued to replace the original OHSAS 18001. The two management systems allow 3 years as the transition period following their release. During this period, Hermes-Epitek sent personnel to undertake professional version transition training and also mentored relevant departments to adapt to the new version. It is expected that the company will completely transition to the new version of ISO 14001 by July 2018 and the new edition of ISO 45001 will be completed by November 2020.



5 The New Life of Old Architectures: Eco-friendly New Buildings

5-1 New look of the old factory

In 2016, Hermes-Epitek launched the project for constructing new buildings at the Zhanye plant. When faced with the difficult choice of whether to tear down and reconstruct the existing buildings, the final decision was to remodel this ancient building and give it a new façade, a decision made based on awareness and care of the environment. By doing so, we have enabled the ancient building to take on a completely fresh new look.



The Zhanye plant was previously Guanghai Development Technology Co., Ltd. First phase constructions for the plant was completed in Hsinchu Science Park in October 1989, followed second phase constructions that incorporated steel structures in 1994. The plant was purchased by Hermes-Epitek in 2015, at which time the building had seen almost 30 years of history.

◀ The inclined roof of the old office building

Every step taken during the reinforcement project presented obstacles and challenges, such as misalignment of the RC column, insufficient loading of each floor, leakage of water on the roof, loose aging of the structure, flaking and staining of the exterior wall, and wearing off of fireproofing materials, etc. The building that is about to be reborn is built on a gentle slope and has a special inclined roof structure. How the designer and construction team utilize the existing terrain and its advantages becomes the main task as it carries the concept of environmental protection as well as a heavy burden on the new life of the old building.



▲ Old factory site



▲ Old factory site



Protecting old trees

The first challenge faced during reconstruction of the old site was the transplanting of old trees. Hermes-Epitek hired horticultural experts to take good care of these residents who originally belonged to this land, finding them a suitable temporary residence. Each step, including a series of pruning, root ball excavation, lifting and transportation, new site planting and finally conservation operations, was carefully taken to increase the survival rate of the trees. In a few years' time, this group of residents will return to their original habitat. From the environmental perspective, transplanting the old trees, not removing the original plants, and preserving the space in which they grow not only serves to preserve memories, but imbues the site with a new life full of imagination.

◀ Transplanting of the old trees

Green Rebuilding and Spatial Revitalization

The significance and value of the old buildings lies in respect for the original material, retention of the original style, and emphasis on the traces of olden days. In fact, the refurbishment process is like having a dialogue with the past as understanding the past can help us keep the original structure intact. For this reason, the building's special inclined roof structure, which used to shut out light completely, was fitted with six sunroofs to bring sunlight directly into the office. This not only helps to reduce the power consumption of fluorescent lamps, but also imbues the interior space with a vibrant atmosphere.

5-2 Structures robustly reinforced

When refurbishing with this 30-year-old building, the design team did not want to wipe out the memories that had been created in the space. The primary task of renovating the old building therefore encompassed structural reinforcement and removing unnecessary decorations. In order to make the original design more robust, a large number of steel bones and dampers were used to reinforce the structure. As a result, the old house's structure became stronger while remaining compatible with its surroundings and adaptable to the high frequency of earthquakes in Taiwan.



▲ Strengthening the beams with steel plates



▲ Damper is added



In the 21st century, the awareness of environmental protection has risen. Construction industry has continuously gone through phases of construction, demolish, rebuild, and then demolish again. Whether the reason is for fashion, beauty or real estate value, in order to avoid becoming an urban tumor, urban replanning becomes essential. The factory has also encountered the same bottleneck as it is difficult to find new clothes for the old building. Besides construction method, the difficulty lies also within the management of construction safety. The factory took an advanced and rapid construction method at that time. Unfortunately, due to long years of repair, problems surfaced one by one. Now the only possible solution is to retain the original structure while replacing the old facade with a new one to make it refreshing to everyone.

◀ Rebuilding the old factory

6 Beverage 2.0

6-1 How it all began

Before July 2017, each factory site had a two-door transparent large refrigerator like a convenience store, filled with a variety of colorful drinks, providing our employees with convenience. These amenities however produced waste of 360,000 plastic bottles per year, which is equivalent to the height of 182 Taipei 101 buildings. Yet where did the recycled bottles go, and what effects have the beverages our employees consumed caused?

According to statistics from the Environmental Protection Administration, in 2016, the total number of bottles collected in Taiwan was as much as 5.1 billion. We use these PET bottles for only several minutes but then leave plastic products that take more than several hundred years to decompose. Although Taiwan's resource recycling rate has reached a considerable proportion, it is still not sufficient for solving the global environmental problems caused by plastic products. The speed of recycling is far slower than the speed of new production. A large number of plastic blocks have been hoarded but cannot be effectively used. This is the so-called "environmental myth" of recycling PET bottles. "Recycling is good, but refraining from use is even better." Equipped with this understanding and as a member of the global village, Hermes-Epitek initiated the "plastic reduction from the source" program.

In addition to environmental issues, Hermes-Epitek is also highly concerned about the health of its employees. More than 60% of the beverages provided in the refrigerators in the factory contain sugar, and employees have free access to them without restrictions. However, drinking sugary drinks does not really quench thirst; instead it's easy to ingest too much calories and artificially added sugar. Not only will this cause obesity and metabolic abnormalities, but will also increase the risk of cardiovascular diseases. Once we came to understand how serious this issue can be, Hermes-Epitek took the initiative to make changes.

6-2 The journey to change

To satisfy employees' needs for beverages while making sure they have access to healthier and more environmentally friendly options is a subject that requires serious consideration. Through health and environmental awareness propaganda, Hermes-Epitek educated employees on the impact disposable packaging containers have on the environment as well as the effect sugar has on physical health. Hermes-Epitek then distributed to each employee a convenient, safe and environmental friendly glass bottle to carry with them at all times. Employees can bring their own glass bottles and fill them with healthy drinks prepared by the chefs at Hermes-Epitek and can choose from large canisters of sugar-free tea with safety certification reports, fresh lemonade, and sparkling water instead of single-use packaged drinks.



▲ Handing out environmental friendly glass bottles



▲ Health education propaganda



▲ Poster announcing elimination of single-use packaged drinks

7 Office environment and others

7-1 Friendly environment

| | |
|---|--|
| <p>Hand cleaning mousse</p> | <p>Starting from the concept of environmental friendliness, hand-washing cream in the entire plant has been changed to a hand-washing mousse. This small action is the result of much consideration.</p> <ul style="list-style-type: none"> • The use of cleansing mousse without added fragrance can reduce the impact of chemicals flowing into the river. • Using a hand mousse can more quickly remove dirt from hands and only 2/3 or even less water is needed to wash rinse off the bubbles. • The amount of cleansing mousse that yields the same degree of cleanliness is equivalent to 1/8 of hand soap used. |
| <p>Cleaning products of the dormitory</p> | <p>In addition to hand-washing mousse, dormitory bath products provided for business trips have also been replaced by switching fully to green haircare and cosmetic brands. The entire process from product raw materials, production processes, product packaging, and wastewater from final rinsing discharged into the sea is a green process that has been audited with the strictest standards. They are also gentle products that do no harm to skin.</p> |
| <p>Fragrance spray</p> | <p>The fragrance sprays and canned fragrances previously used in the restrooms were chemical fragrances that covered the toilet odor. In order to enhance the health of employees and maintain a friendly environment, Hermes-Epitek has adopted new deodorants that consist of botanical natural ingredients that can cover, decompose and neutralize odors. We avoided our employees to inhale excessive chemical fragrance while maintaining a pleasant odor-free environment in the bathroom.</p> |
| <p>Green stairway intertwines with plants and light</p> | <p>Stairs in the HSP Plant are designed to be positioned next to large glass curtains that allows light to seep through. The different angles of sunlight between the stairs and plants of different dimensions placed at various heights on each floor bring greenery and fresh air into the interior space. Not only do these surrounding encourage employees to take the stairs and exercise their hearts and lungs, they also help to save energy consumed by the elevator.</p> |



▲ Hand cleaning mousse



▲ Plants in the stairways

7-2 Upgrade of safety and hygiene

Change of cutlery

The chopsticks used in the employee's restaurant were originally made of melamine, a material that features good heat resistance, corrosion resistance and insulation. However, daily repeated sterilization at over 100 degrees Celsius temperature raised doubts as to whether the melamine undergoes qualitative change. In order to ensure that employees eat more safely, Hermes-Epitek evaluated a variety of chopsticks with higher safety grades and tested their resistance to high temperature via direct fire, and finally found a material that can endure high temperature. The tips of the new chopsticks are smaller, making it easier to use for all kinds of cuisine, even fish that requires more delicate movements. Spoons and forks were also upgraded to food-safe 316 stainless steel products.



▲ New cutlery that is safer and more hygienic

Change of drain cover

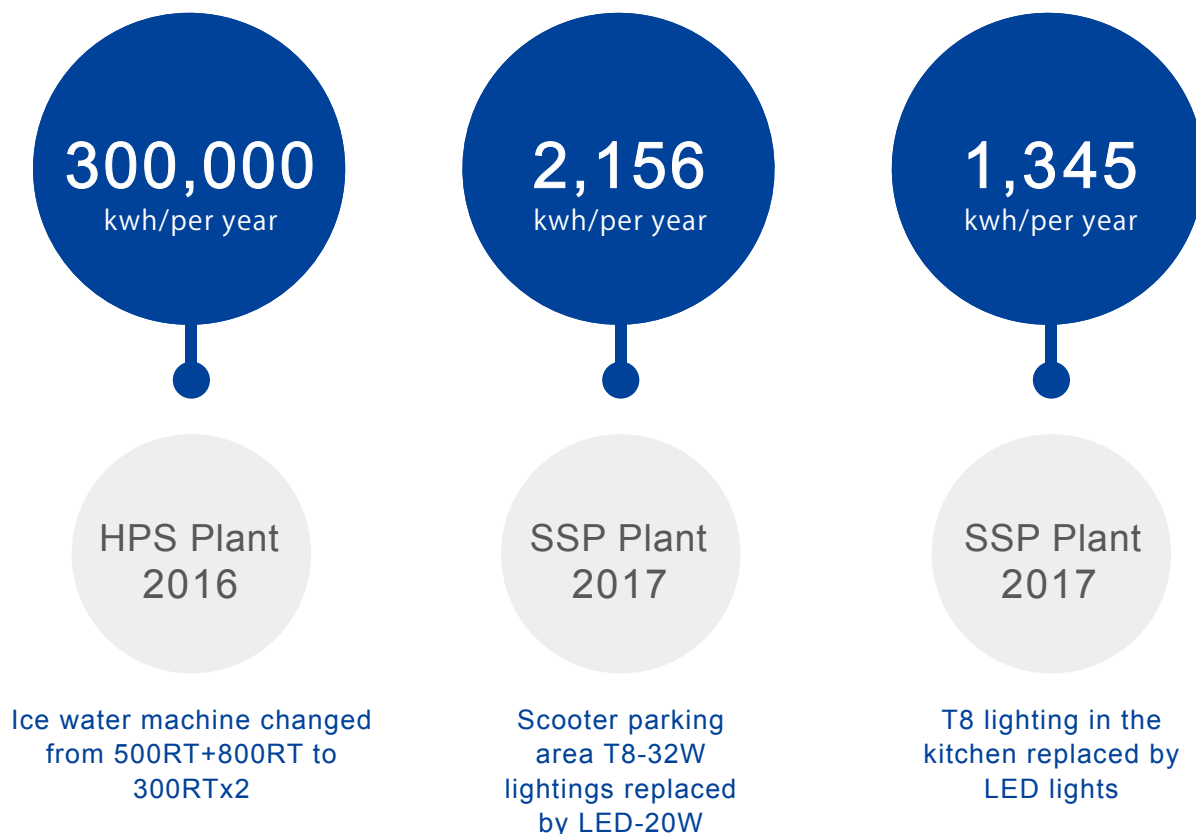
The safety of factory areas needs to be taken into consideration too to ensure employee safety. After an accident occurred at the STSP Plant due to skidding in the basement where scooters were parked following rainfall, and for which the metal cover of a drain was the cause, all metal drain covers were replaced with stone covers with better anti-slip effects that not only retain normal drainage functions but also enhance employee walking, riding, and driving safety.

8 Environmental Management

Once the environment is damaged, it can take decades or hundreds of years to recover; in some cases, it can never be recovered. Global awareness of environmental protection is now rising, and we now face warnings showing that people on earth can no longer waste energy and resources. Putting environmental protection concepts into action is the responsibility of all.

8-1 Energy and resource management

In the afternoon of August 15 2017, the power supplied by Taiwan's Datan Power Plant suddenly jumped to zero. This constituted Taiwan's biggest blackout in 18 years that impacted the productions of many large factories and livelihoods of countless households. Regardless of the reason, this incident shows the importance of power resources. 98% of Taiwan's energy relies on imports, but it enjoys the lowest electricity price in Asia. This makes Taiwan the country with highest electricity consumption per capita among Asian non-oil exporting countries. Looking back at the energy saving measures implemented by Hermes-Epitek over the past two years, we have saved more than 300,000 kilowatts of electricity a year, and carbon emissions reduced are equivalent to the amount of carbon dioxide absorbed by 17,000 trees a day.



8-2 Management of water resources and pollution prevention

Stable water resource supply and waste exhaustion management are what all enterprises hold to be of utmost importance. Both the HSP plant and the STSP plant are equipped with water pollution prevention systems, and processed water quality is inspected twice a month via the monitoring system. This ensures the water quality meets the standards set by science and industrial park regulatory bureaus, while all of the equipment are supplemented with emergency response measures and plans in order to reduce the impact and incidence of abnormal water exhaustion.

From 2016 to 2017, recycled rainwater of STSP plant was used for watering at No. 1 and No. 2 Plant as well as toilet flushing at No. 2 Plant. The total recycled water volume reached 7,578 tons, which is equivalent to the amount of water in four standard swimming pools.

8-3 Waste Management

Waste tracking

We often see news reports of the illegal dumping of waste. In order to ensure that waste materials are under control and that their flow and disposal is effectively monitored, Hermes-Epitek visits the waste treatment plant from time to time for audits to ensure wastes are treated legally and properly or reused. Audits on the sludge enhanced treatment plants were carried out in 2016 and 2017. After onsite inspection, all operations were found to be compliant with regulations. We furthermore plan in 2018 to conduct clearance inspections of harmful industrial waste.



▲ On-site audit of waste disposal companies

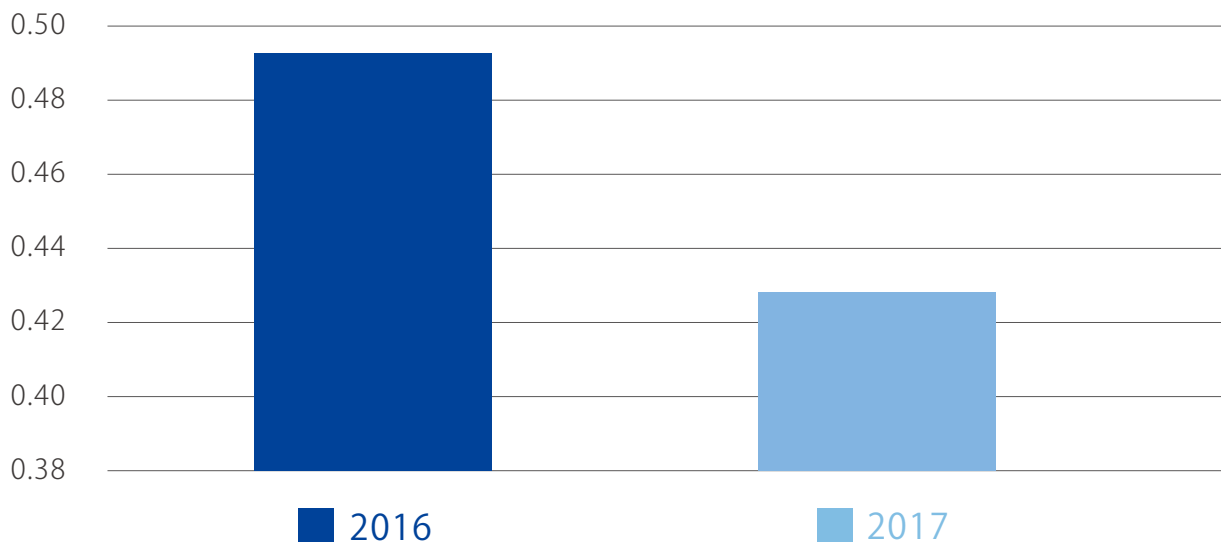


▲ Briefing session during visits to waste treatment plants

Waste reduction measures

Reducing volume is the fundamental solution to waste. According to analysis on our waste composition in 2017, recyclables have fallen by 11% compared to 2016, and the amount of waste generated per person per day has also dropped by 7% compared with the previous year. This shows that at Hermes-Epitek the sources of waste have reduced and that our plastic reduction policy has demonstrated visible effects.

Other waste reduction measures such as the replacement of disposable paper plates with porcelain plates, providing porcelain cups to reduce the use of paper cups, the use of electronic documents, and the reduction of disposable utensils in the dormitory, etc., have become everyday measures. Awareness of the importance of environmental protection has also become a part of the everyday life of our employees.



▲ Average garbage generated per person daily, 2016-2017

Disposal is the creation of garbage, whereas recycling is the creation of resources

In order to achieve the sustainable use of resources, in addition to continuing promoting waste reduction measures, Hermes-Epitek encourages all employees to think about reusability of all things. For example, biodegradable materials are used for the foaming filler (yellow bits) used for buffering and protection of parts and product packaging. This not only helps to establish in-plant recycling mechanism to reduce the waste disposal load, it also serves as pragmatics to recycle implementation.

At present, there are no special regulations governing the discharge of waste refrigerants, but direct emissions will cause environmental issues such as global warming. Hermes-Epitek established used refrigerant recycling mechanism which surpasses the industrial standards. The waste recycled is equivalent to 2.3 million kWh carbon emission reduction per year and is also another form of reuse.

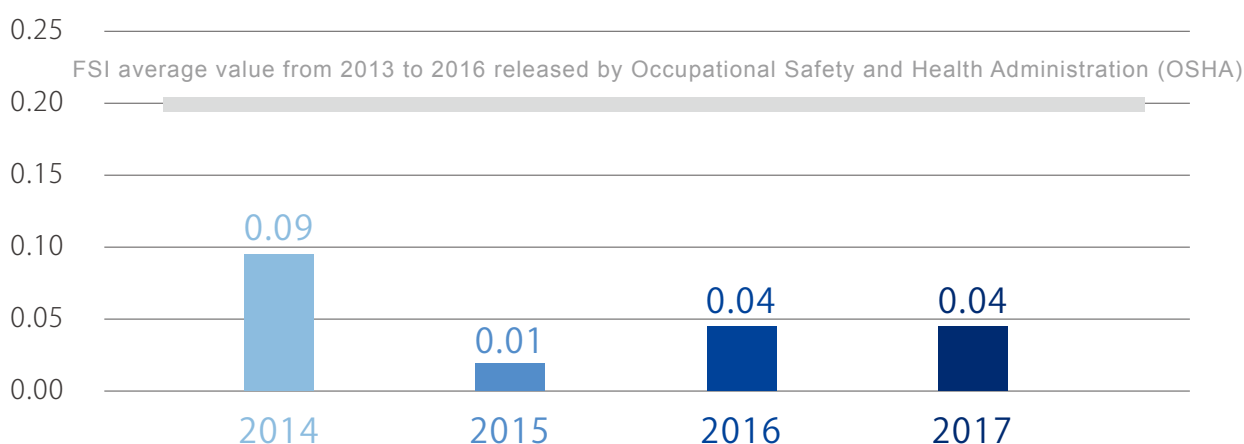


▲ Refrigerant Recovery and Storage Cylinder

9 Safety Management

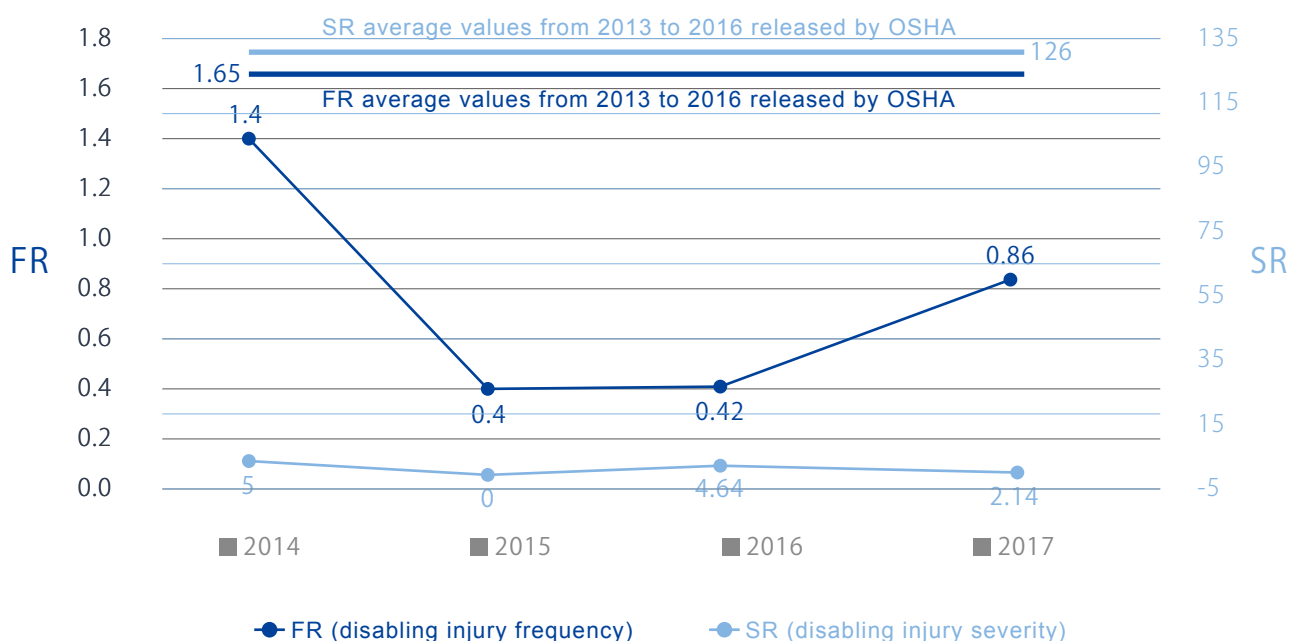
9-1 In-plant safety management

Looking at disabling injury indicators from 2016 to 2017, the trend is similar to the previous period (2015-2016), which is lower than the average value of the manufacturing industry from 2013 to 2016 as reported by the Council of Labor Affairs.



▲ FSI Frequency Severity Indicator

FSI (Frequency-Severity Indicator)=(disabling injury frequency* disabling injury severity/1000)^{0.5}

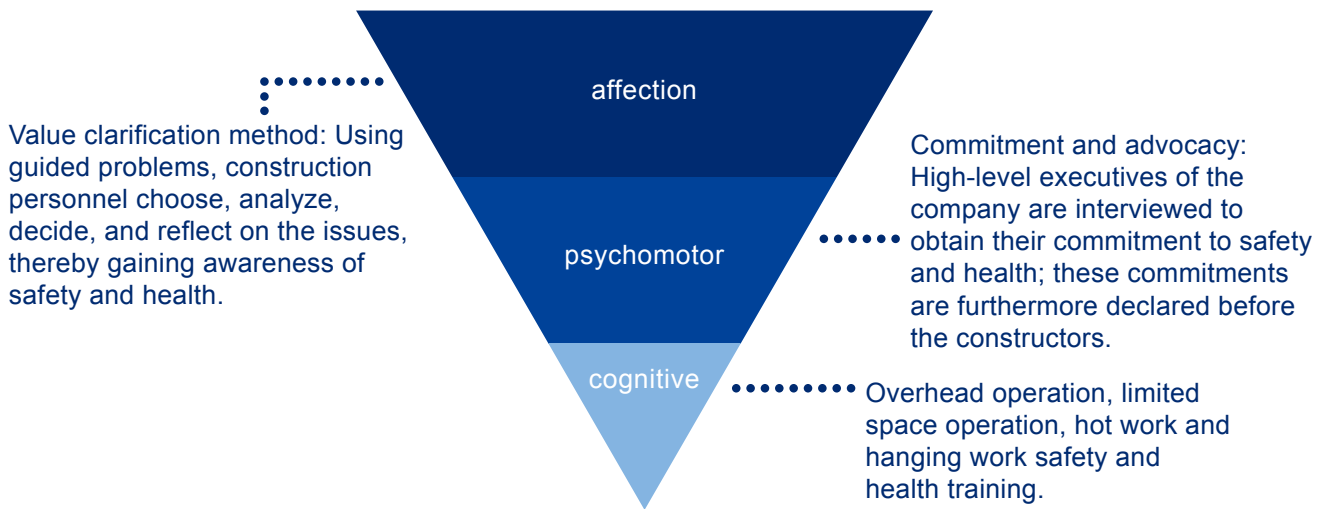


FR (Disabling Injury Frequency Rate)= Number of people with injuries ×106/ Total work hours committed
 SR (Disabling Injury Severity Rate)= Total days lost due to disabling injury ×106/total work hours committed

New Plant construction subcontractor management

In addition to the implementation of new factory subcontractors' safety and health management, we regard the training and counseling of subcontractors the same as building a partnership. Using the theory of US educational psychologist Benjamin Bloom, we divided teaching objectives into the following three categories: cognitive domain, psychomotor domain, and affective domain.

This theory is applied to the management of work safety during the construction of new factories. Through this process, our fellow constructors internalize the concept of safety and incorporate safety as instinct; in turn, contractors' work safety and discipline enable us all to achieve mutual benefit.



New machine and equipment safety management

In order to ensure that the installation of new machines complies with relevant domestic and foreign safety regulations and the requirements of Hermes-Epitek, we now implement three-phase installation safety inspections: (1) pre-inspection of power transmission and non-process material supplies (2) pre-inspection of process material supplies (3) pre-inspection for anticipation of risks and formulation of countermeasures to eliminate potential risks before machines are officially put into use.

From 2016 to 2017, about 130 new machines were installed in existing and newly-built plants. A total of 42 deficiencies were identified across all phases, and all were tracked and improved.

Phase 1

Transmission and supply of non-process material inspections

Participants:

FAC and Machine Manager, EHS

Item to check:

- General matters
- Fire Protection Equipment for Plants and Buildings
- Electrical System
- Emergency stop device
- Harmful energy and protection
- Lasers, radiation

Phase 2

Supply of pre-process material inspection

Participants: FAC and Machine Manager, EHS

Item to check:

- General matters
- Machine firefighting equipment
- Safety related locking device
- Personal protective equipment
- Ventilation, exhaustion
- Chemical fluid, waste disposal
- Chemical supply (specialized substances such as acids, alkaline, and solvents)
- Gas delivery system
- Gas detector
- Exhaust gas treatment system
- Vacuum pump
- Radiation
- Machine control

Phase 3

Inspection of the machine before official start

Participants:

FAC and Machine Manager, EHS

Item to check:

- Operation/ maintenance procedure

9-2 Earthquake-resistant design and emergency response management

Earthquake-resistant design and management of buildings and machine equipment

Taiwan is located on the Circum-Pacific seismic zone where earthquakes occur frequently. Due to this reason, seismic-resistance is strengthened in terms of both factory structure and machinery. During the planning and designing stage of a new plant, earthquake-resistance planning for the structure of the plant is enhanced so that the entire plant can endure earthquakes of up to magnitude 6. Hermes-Epitek also established machinery shockproof standards and management mechanisms for production processes that involve hazardous substances.

Earthquake response preparation and drill exercise

In 2017, we installed seismic detection devices and automatic short message notification systems at our HSP Plant and STSP Plant. Each year, the “large-scale earthquake and operational continuity drill” is conducted at each plant. During the drill, earthquake alarms are issued without warning. Employees at the factory and customer’s end immediately engage in evacuation, first aid, assembly and notification so that the emergency response team can become skilled in various measures to be undertaken, thereby reducing disaster loss to a minimum.



Dodge and look for cover



Escape while protecting the head



Fire extinguishing team sets up defending zone/first aid team treats injuries



First aid team handles injuries



Security protection team confirms system control



Assemble on site

9-3 Traffic accident education plan

Traffic accidents accounted for the largest number of injuries in the category of personal injury. Traffic injuries accounted for 84% of occupational injuries from 2016 to 2017. Besides financial loss, traffic accidents may negatively impact an employee's physical and psychological condition, and cause adverse effects on his/her family, colleagues and the company. Hermes-Epitek continues to promote safe driving programs to enhance the safety of drivers and other stakeholders with road traffic rights to change drivers' attitudes and behaviors. In 2017, however, we adopted a new approach by building a culture of "traffic safety" through a series of activities for instilling the concept of defensive driving into the minds of Hermes-Epitek employees.

21
cases

Case studies issued periodically

Case studies of incidents that have occurred to employees and news articles of traffic incidents along with traffic safety reminders are sent to employees via company website and email. In 2017, 21 case studies were issued.

455
scooters

Scooter condition inspection activity

The normal functioning of the scooter is a basic requirement ensuring riding safety. Through this activity, employees' awareness of scooter safety is raised and they learn the skills for performing the checks themselves. In 2017, Hermes-Epitek hired professional technicians to check a total of 455 scooters of factory employees. The check rate was nearly 100%.

1500
copies

Distribution of defense driving driver's manual

"Defense Driving" is a philosophy that must be internalized. Hermes-Epitek printed 1500 copies of the defense driving driver's manual, and every colleague was given a small booklet to read at any time and share with family. Together with the traffic safety online prize-winning activity, employees were able to acquire a stronger awareness for traffic safety.

120
participants

Traffic safety seminar

Professional lecturers come face to face with fellow employees to not only give thought-provoking speeches but to also directly answer the questions employees have about traffic knowledge. A total of four seminars attended by 120 participants were held in 2017.

90%
satisfaction

Scooter safe driving training

Employees in the northern regions of Taiwan were directed to the Hsinchu Safe Driving Center whereas coaches were sent to the southern and central Taiwan factory sites to receive and provide training. During training, employees experience emergency braking and continuous turning. All 54 participating employees were deeply impressed with the training content that drastically changed their past incorrect concepts of driving. Questionnaires on the training show that more than 90% of participating employees felt they benefited greatly from the training.

CASE 21 騎乘機車，過彎自摔
 進入彎道前應減速慢行

- **案例說明**
 同仁騎機車以時速40km/hr的車速前進，轉彎時未減速，以致打滑摔出。
- **事故分析**
 過彎時未減速，重心不穩車身偏移。
- **預防對策**
 進入彎道前應減速慢行。(請見下頁彎道行駛原則)

發生時間:09:02 ■當時天氣:晴 ■路段:車輛不多但有號誌的路口

▲ Case Study



▲ Scooter condition inspection activity

機車 防禦駕駛手冊 發行囉!!

近日，每位同仁將會陸續收到「機車防禦駕駛手冊」

手冊帶給同仁「防禦駕駛」的觀念，它是透過認知察覺、預測下一步可能發生意外的情境，預先採取必要措施以避免事故發生的一種用路哲學。希望同仁們透過閱讀手冊，學習預測危險並防範的觀念與技巧，進而將不良的駕駛習慣革除。

「快樂樂出門，平平安安回家」，是一句簡單的交安口號，但也是我們一直以來所希望的。大家一起利用本書來學習「防禦駕駛」，並融會於日常騎乘中，祝各位同仁行車平安。

營運支援部 2017.6.14

▲ Distributing drivers' manuals on scooter defensive driving

漢民 你的機車夠健康嗎?!
 機車健檢活動開跑囉!
 報名時間: 2017/2/20~2017/3/7
 活動詳情請參見OASIS公告

國內最專業的新竹安全駕駛教育中心直營車行來幫你的機車健檢!

PDC健檢日期: 2017/3/9 健檢地點: 漢民科技(PDC車棚)

| PDC基本健檢 (無電報名金銀資格) | PDC進階健檢 (持有EventPass或卡) |
|--|--|
| 檢查項目: ●外觀 大燈調整、變速、油門、後視鏡 油壓、油位 ●胎壓調整 ●油路 剎車油、煞車油(油質) | 檢查項目: ●機油 大燈、方向燈、喇叭等 ●引擎 ●機油 ●電系 喇叭、喇叭 ●避震 ●剎車 ●剎車油、煞車油(油質) |

車行健檢日期: 2017/3/10~5/30 健檢地點: 彩虹車廠(新竹安業直營車行)

★活動期間內，將為車主提供免費的專業安全駕駛訓練及專業駕駛指導。
 ★公司贈送安全駕駛手冊及贈送專業維修保養活動優惠券及贈送好禮，只要通過駕駛訓練安全駕駛訓練課程，即可領取好禮。

▲ Scooter condition inspection campaign promotion



▲ Traffic safety workshops



▲ Scooter driving training



▲ Scooter driving training

9-4 Education and training

In order to ensure continuous awareness of environmental, safety and health awareness among employees, Hermes-Epitek continues to invest in relevant education courses and trainings. The content includes information on EHS for newly recruited personnel, general basic EHS education and training, advanced EHS education and training, online education and training, and external education and training.

▼ Brief description of EHS education and training

| External education and training | Primary education and training | Online education and training | Advanced education and training |
|---|--|---|---|
| <ul style="list-style-type: none"> • Fork-lift operation • Organic solvents • Specific chemical substances • Emergency first aid personnel • High pressure gas container • High pressure gas specific equipment | <ul style="list-style-type: none"> • EHS guidelines • General EHS education and training | <ul style="list-style-type: none"> • Scooter riding safety • Customers' safety regulations • Equipment machine installation safety | <ul style="list-style-type: none"> • Advanced EHS education and training • General education and training for hazards |

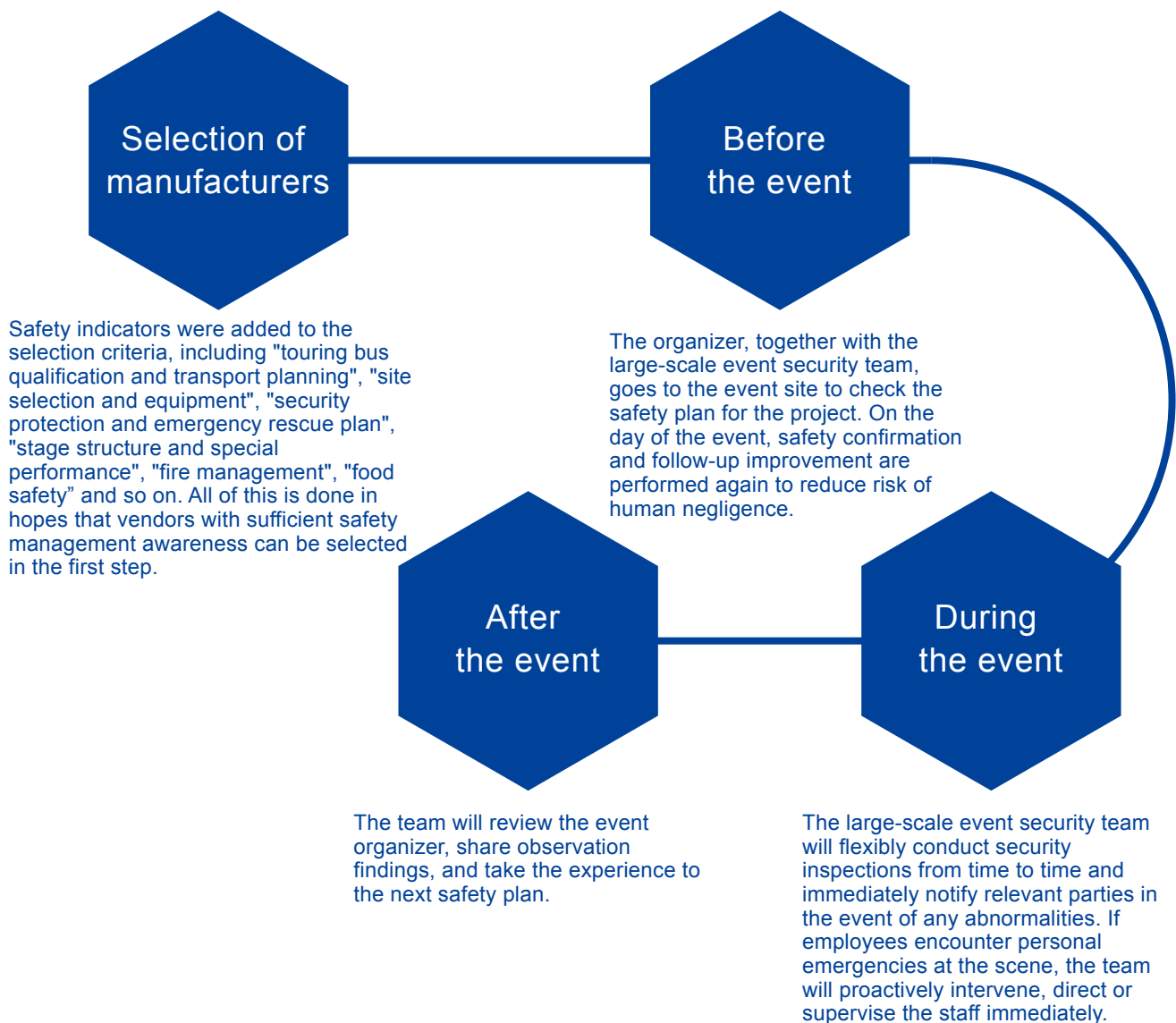
| Course type | General safety and health | Advanced safety and health | General introduction to hazards | On-job education and training | | |
|------------------------------|---------------------------|----------------------------|---------------------------------|-------------------------------|----------------------------|---------------------------------|
| | | | | General safety and health | Advanced safety and health | General introduction to hazards |
| Number of participants | 524 | 369 | 369 | 1,243 | 1,847 | 2,622 |
| Training completion rate (%) | 100% | 100% | 100% | 100% | 100% | 100% |

▲ Result of EHS education and training from 2016 to 2017

9-5 Large Event Management

In order to achieve a balance between work and leisure, employees and their families are invited to participate in various Hermes-Epitek leisure activities. In 2017, a large-scale event safety management mechanism was established to ensure the safe and smooth operation of large-scale events.

A large-scale event security team is formed by the environmental protection and safety department and the labor welfare committee. It oversees all event activities from the selection of manufacturers to reviews and inspections before, during, and after event activities to enhance the safety management and quality of large-scale events.



▲ Large event planning flowchart

10 Health Management and Enhancement

10-1 Introduction of Health Center

In order to take care of the health of employees and enhance their health awareness, in 2008, 2013 and 2017 respectively, Hermes-Epitek set up health centers at the HSP and STSP plant. Full-time occupational health care practitioners are in charge of health management at the centers and are in charge of employees' well-being.

10-2 Health checkup package and health education by age group

As modern people's health awareness rises, we not only hope to live longer lives but also hope to live with quality. In order to achieve early detection and early prevention of diseases, regular health checks are necessary. However, when faced with a wide range of health checkups, our fellow employees may not know how to make the best selection.

The Health Center continues to promote measure for employees' health care. In 2017, the Health Center formulated a plan to conduct health checkups by dividing employees into different age groups where different health checkup programs are planned for different age groups (30-60 years old). This allows employees to mix and match their own checkup items and provides them personalized health checkup plan recommendations.

From 2017 onwards, monthly health reports are provided and multimedia audiovisual education courses will be set up to make health information more diversified and more in line with the needs of employees, thus forming a comprehensive health care system.

10-3 High-risk group of low-dose pulmonary computed tomography scan (CT scan)

Lung cancer leads the country's top 10 cancer rankings and has become the most threatening new national disease. The annual death toll is almost equal to 10,000, making lung cancer the number one health insurance expenditure.

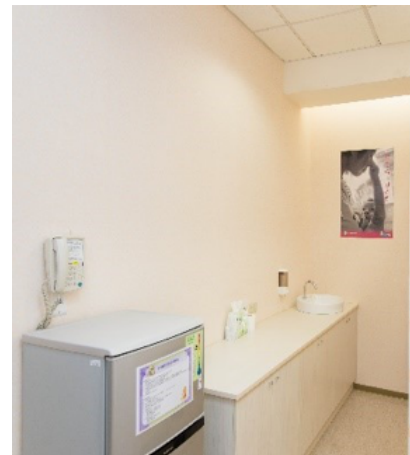
Since 2017, Hermes-Epitek has been offering employees with high risk of lung cancer CT scans for their lungs every 3 years along with annual health screenings. The high risk groups are those whose family has history of lung cancer, are long-term smokers over 40 years of age, or are in high-risk environments.

This reminds employees the importance of "prevention is better than cure." It is hoped that all employees can take care of their physical health while working hard at the same time. It is important to take screenings constantly as part of their health management plan and cultivate correct health care concepts.

10-4 Protecting maternity health of female employees

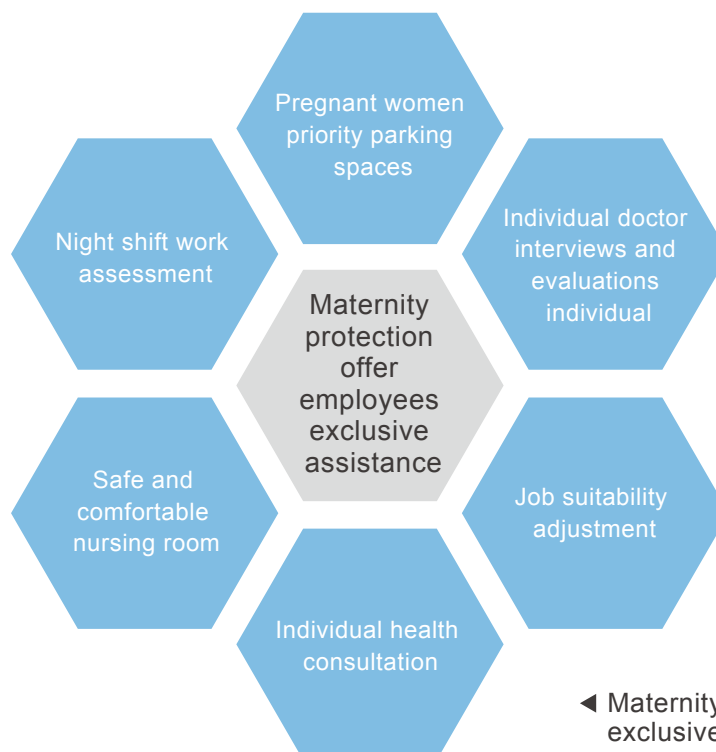
Since 2015, the revision of the Occupational Safety and Health Act has led to the promotion of preventing diseases caused by abnormal workloads, human-caused hazard prevention programs and operation improvement, and maternal health protection programs. From 2016 to 2017, Hermes-Epitek has specifically addressed the company’s maternal health protection plan as follows.

The Health Center cooperates with the human resources department in obtaining a list of pregnancy checkups on a monthly basis. Together with the notices sent from employees proactively, the health center effectively lists pregnant employees for further risk assessment and classification management by the occupational physician. Hermes-Epitek assists employees in the adjustment of work plans and provides pregnancy and post-natal health education information as well as other protective measures. A total of 25 pregnant employees completed the assessment from 2016 to 2017, and all of their tasks were assessed as innocuous to maternal, fetal or infantile health by a medical professional and ranked as the first level of management.



▲ Feeding room

For pregnant and postpartum employees, the health center also provides exclusive counseling conducted professional doctors, preferential parking for pregnant women and other special assistance. Hermes-Epitek has furthermore set up a cozy and well-equipped nursing room to create a healthy and friendly workplace for all.



◀ Maternity protection employee exclusive assistance

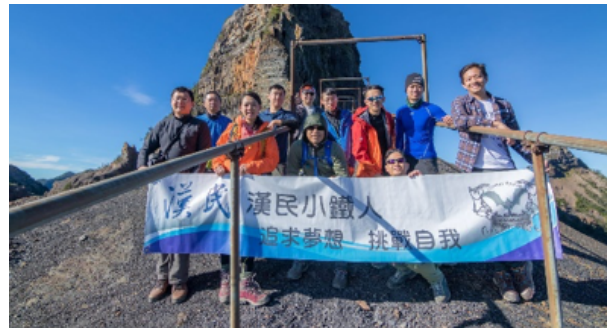
10-5 Health enhancement activities

Abundant and fun activities to enhance health

Various health events, such as health seminars, blood donation activities and free flu vaccine injections are held from time to time in various districts. Awareness of health is engendered through exciting and diverse corporate activities such as the Little Iron Man series, radium battles, and family days which create a healthy and happy atmosphere and enable employees to attain balance of body and mind.



▲ Family Day events 2017



▲ 2017 Ironman mountain climbing activity



▲ 2017 Cycling series event



▲ 2017 Blood donation campaign

Healthy diet

Looking for safer ingredients from the local region, discovering a healthier cooking method and making employees eat “healthy” has always been of the highest concern for Hermes-Epitek’s self-owned restaurants. In addition to the low-oil and low-salt diet that has been in place for many years, low sugar and reduction of processed foods has been introduced since 2017 to provide employees with fresh, tasty and healthy food.

10-6 Health Promotion

With the advent of Internet and social media, vast information is now widely spread by different types of media. The difficulty of judging authenticity of the information we receive continues to increase. Through the issuance of the monthly journal "Healthy Monthly", the Health Center assesses information professionally to ensure employees have access to the correct health concepts, new knowledge or health issues, thereby enhancing their self-care.

Digital multimedia has enabled learning to be flexible and free from the constraints of time and place. The Health Center provides digitalized courses on common diseases from the top ten anomalies of the year. Employees can choose different health topics according to their individual health needs. In the past there have only been monotonous written learning materials; now multimedia audio-visual materials are used to enrich the content, thereby enhancing the enthusiasm and attention of fellow employees and achieving better health education outcomes.

10-7 Future outlook of the Health Center

Thanks to advances in medical science and technology, general public expectations for medical care have risen from the treatment of diseases to the stage of preventive care. With the advent of the global aging era, personal health management has become increasingly important, and how to live healthily to an older age has become far more important than the extension of average life expectancy.

Therefore, the health management service should not only be limited to health checkups, but should also include follow-up health care, disease risk assessment, health consultation and other relevant services. In order to achieve the purpose of promoting health, the scope of services should be extended to sub-health groups and intervention should be made so these employees may improve their lifestyles through prescribed exercises and dietary control.

Through the development of its own personalized health management system and the monitoring of health risk trends, the Health Center comprehensively cares for the health of the employees, so that they can enjoy rich and healthy lives without worrying about health issues.

1 Customer Service

11-1 Safety management at the customer end

Operation safety management and implementation

In order to strengthen safety management for construction work on the manufacturing floor, on-site observation and analysis was implemented where construction processes were provided with key control measures and independent management systems. This precisely defines the mandatory safety protection measures and management procedures that operation personnel must follow. Consultation and supervision is also provided under such measures.

- When carrying out high-risk operations, personnel training and attention is strengthened.
- Personnel operations control, on-site operation observation, inspection and counseling are strengthened to reduce risks.
- Staff safety awareness is enhanced by conducting online education training per customer regulations every quarter to increase staff safety awareness.

EHS KPI system and outcomes

Hermes-Epitek initiated an indicator-based management system and competitive rating scheme in 2008 that continues to be implemented today. The safety and health team also established scoring criteria and a scoring system to notify the outcomes of each department on a monthly basis so that the status of the various work safety indicators can be reviewed effectively.

Personal protective equipment and first aid kit training

In order to enable employees at operating sites to master proper usage of personal protective equipment and emergency drugs hexafluorin and diphoterine, briefing sessions are conducted in various districts to teach onsite operating personnel how and when to use them. This allows all employees to learn the methods and their effectiveness. In addition, on-site patrols and operational observations are also conducted and advice is given where appropriate.

EHS SMBWA result

While continuing to place emphasis on strengthening onsite safety management, Hermes-Epitek continues to conduct SMBWA (Safety Management by Walking Around) in accordance with the requirements and guidance of customers and original suppliers. After years of hard work, instances of onsite unsafe behavior have reduced tremendously. Our fellow employees now possess a high degree of safety awareness, and the number of missing items has also decreased over the years. Meritorious behavior is encouraged while near-miss events are followed-up in hopes of achieving zero personal accidents. From 2016 to 2017, the number of SMBWAs totaled 347 times, and the number of personnel observed totaled 3,285. 37 onsite events were identified to be in need of improvement and have been improved accordingly.

Contractor management and training

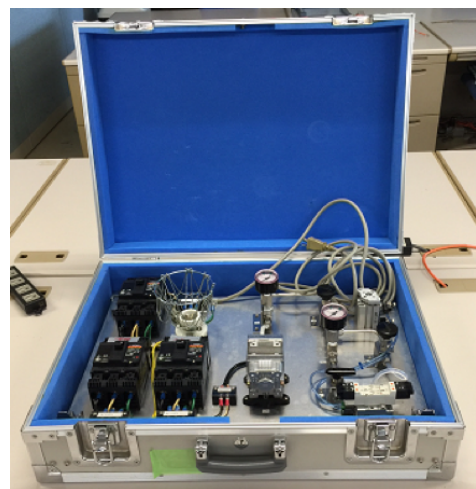
Subcontractors conducting work for the first time for our company must undergo Safety and Health Training and obtain certification. Training contents include customer safety regulations, operational safety awareness, and emergency evacuation procedures. 62 training sessions were offered with a total of 229 individuals trained during the process. Subcontractors are expected to retake the training once every 2 years.

11-2 Safety site surveys at the locations of new customers

When a client's new factory is built, there tend to be more potential risks and uncertainties on-site. In order to reduce the risk when our fellow employees perform installation processes, the Environmental Safety Department will conduct a pre-installation New Fab Safety Site Survey. During the survey each employee will learn about emergency evacuation and communication, fire alarms and special chemical alarms, lighting and living facilities, etc. of the site. Scenarios will be set up and after inspections a report will be issued to remind our customers certain points of attention and improvement recommendations. This helps to establish a good safety communication and feedback mechanism with the customer. From 2016 to 2017, we conducted 6 New Fab Safety Surveys all around Taiwan and effectively discovered potential risks, thereby achieving the goal of zero hazards for installation services.

11-3 Lock Out Tag Out (LOTO) onsite training

LOTO (Lock Out Tag Out) can be used to isolate and lock away dangerous energy, thus protecting operators in operation from personal accidents. Tokyo Electron Limited (TEL, Tokyo Electron Limited), one of Hermes-Epitek's original suppliers/partners, organized a LOTO education training course to familiarize field operators with LOTO operations. LOTO teaching toolkits were made in order to enhance training effect and onsite authenticity. The HPS Plant has been offering the course since the end of 2017, and from 2018 onwards, the course will gradually be promoted to TSP plant and STPS Plant. It is hoped that through training, our fellow employees can acquire a basic understanding of LOTO.



▲ LOTO Tool kit



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