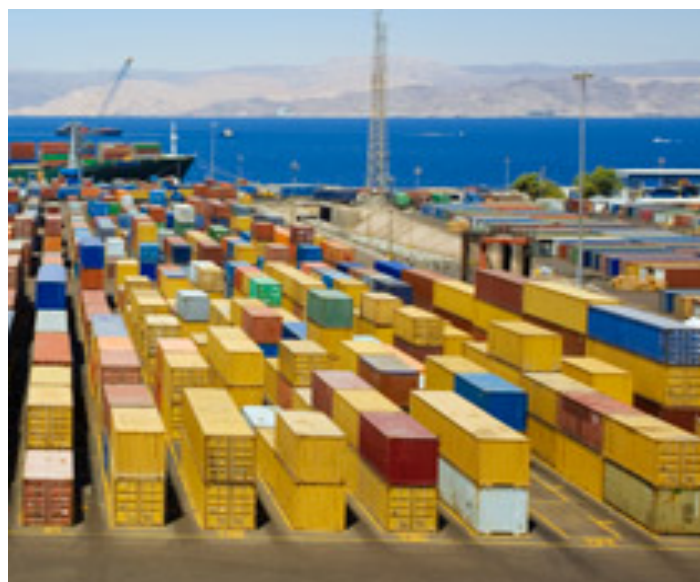


HMIGROUP.



COMMUNICATION ON PROGRESS 2012 FEB-2013 FEB

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HMI USA Inc. 6100 West Donges Bay Road, Mequon, WI USA 53092 (262) 236-8680
E-mail: info@hmigroup.com, Internet: www.hmigroup.com.

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HMI Group, Inc. joined the United Nation Global Compact (UNGC) on February 10, 2012. This is our first opportunity to report the Communication On Progress (COP) in support of the principles and standards of UNGC. The COP presents our commitment to, support of, and conformity with UNGC's principles in areas including human rights, labor standards, environment protection, and anti-corruption.

• EXECUTIVE STATEMENT



HMI USA Inc. P.O. Box 67, Mequon, WI USA 53092

February 3, 2012

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that *HMI Group* supports the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. *HMI Group* will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within *one year* of joining the Global Compact, and *annually* thereafter according to the Global Compact COP policy.

Sincerely yours,

A handwritten signature in black ink, reading "James S. Kedzierski".

James Kedzierski
President
HMI Group



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- **Company Profile**

Introduction

The HMI Group is focused on bringing the economies of High-Quality Asian manufacturing directly to our Global Partners through the Ease of locally based sourcing and supply chain management programs. We help our customers to achieve standards by integrating offshore sourcing and established supply channels.

Our mission is to develop long-term relationships with both Suppliers and Customers alike to produce results that exceed expectations at every turn. Customer satisfaction has always been the hallmark of the HMI Group Inc.

History

With one warehouse in Greater Milwaukee Area, WI and one sourcing office in Taipei, Taiwan, HMI was formed in 1985, in response to increasing demands by OEM customers for both high-quality and competitive pricing in the United States OEM component market. From the beginning, the HMI Group has employed a unique and effective strategy toward Asian procurement that is focused primarily on our Customer's needs and objectives. Our employees are composed of engineers, inspectors, and marketing personnel that constantly seek new and better manufacturing facilities worldwide. The HMI Group has grown to include facilities in the USA, Taiwan, Hong Kong, China, Europe and Australia, with more resources to satisfy our customer needs.

• COMMUNICATION ON PROGRESS

HUMAN RIGHTS



Principle 1 Business should support and respect the protection of internationally proclaimed human rights

Principle 2 Make sure that they are not complicit in human rights abuses

Sphere of Influence

HMI Group is a company that accounts for a diverse business with complex multinational operations and abundant outsourced supply chains. Therefore, for the individuals and the communities that are affected by our actions, and to whom we have a deep responsibility, HMI Group is committed to the policies of the Universal Declaration of Human Rights, which strictly protects human rights in the community and in the workplace.

Our code of conduct states that HMI Group should use every resource at its disposal to protect its employees from discrimination and harassment. We also expect and require our suppliers and contractors to respect human rights and to meet the standard of UDMR and will support them with all our resources.

Furthermore, by strongly advocating the United Nations Millennium Development Goals, HMI Group not only promotes gender equality and empowers women in the community and workplace, but it also makes every effort to boost local economies.

Actions and achievements

- Mechanisms that ensure confidentiality are available to the employees and to the public to report any issues related to human rights concerns.
- Thorough training programs in business ethics are in place for all employees to ensure that human rights are not violated.
- Corporate policy towards all local nationals who are affected by our operations designed that recognize their unique history backgrounds, cultures, languages, traditions, and indigenous social values, and to show respect for those differences, are in place.
- Workplaces are regularly monitored to ensure that they are free of gender-based discrimination.
- Conducted Human Resources Policies exist to affirm that the company pays

equal remuneration for work of equal value and that strives to provide a living wage for both women and men.

- As many local nationals as possible are employed and paid properly to help leverage local economic condition.
- Charity events in the local area are held to improve local conditions and relationships as part of our corporate responsibilities.

LABOR STANDARDS



| | |
|-------------|---|
| Principle 3 | Business should uphold the freedom of association and the effective recognition of the right to collective bargaining |
| Principle 4 | The elimination of all forms of forced and compulsory labor |
| Principle 5 | The effective abolition of child labor |
| Principle 6 | The elimination of discrimination in respect of employment and occupation |

Sphere of Influence

HMI Group considers its employees around the world its most valuable asset, and is strongly committed to provide them a safe, healthy, and comfortable working environment. HMI Group is deeply concerned about our employees' mental condition, and our desire is to make staff delighted and fulfilled through the jobs we offer. As a multinational company, we fully support the four labor standards of United Nations Global Compact and operate in a manner in accordance with the core standards of the International Labor Organization.

We completely support the principle of freedom of association and we recognize and respect the right to collective bargaining as it is stated in our Code of Conduct. Our employees and partners may associate freely without interference from our management. Even when there is no labor union within the company, our staff members are free to join any association in order to bargain collectively.

HMI Group emphasizes the elimination of all forms of forced and compulsory labor, which we consider improper and offensive to our corporate concept, and which we believe will have a negative impact on the sustainability of our business. Also, we strictly prohibit the use of child labor. Child labor is inhumane and should be abolished. We think that children should be raised free from hardship and receive the appropriate education.. One should not put children into the workforce in order to profit from them.

As a worldwide operating business, the personnel of HMI Group represent a wide diversity of age, race, culture, religions, sex, and political preference. In order to succeed globally, we embrace the ideas of all individuals, respect their uniqueness and provide them with equal opportunity. Employees of HMI Group are hired based on their capability in the workplace. Moreover, our zero tolerance policy is in place to protect our staff from discrimination. HMI Group considers this a good way to maintain productive workforce.

Actions and achievements

- A confidential mechanism is established by which the employees and the public can report issues involving labor rights.
- Unions and labor organizations within the company are supported, and freedom of association continually upheld.
- Because of the different labor standards in all the countries where HMI Group operates, we advocate the labor principles of United Nation Global Compact to our suppliers and contractors in order to increase awareness of globally recognized fair labor standards.
- Our staff is remunerated properly for all work done, and a zero tolerance policy is implemented for any kinds of forced and compulsory labor.
- Deliberate recruitment procedures are established to require all employees to provide HMI Group with valid documentation of personal information to ensure that all those hired are of legal working age.
- Managers are required to treat all the employees with equal courtesy and respect regardless of race, gender, age, nationality, political preference, and marital status, and they are audited by our Human Resources Department to ensure a non-discriminatory working environment within HMI Group.
- Maternity leave policies are set up and updated every two years for our female employees.

ENVIRONMENT



Principle 7 Business should support a precautionary approach to environmental challenges

Principle 8 Undertake initiatives to promote greater environmental responsibility; and

Principle 9 Encourage the development and diffusion of environmentally friendly technologies

Sphere of Influence

HMI Group has been aware of the phenomenon of global climate change, which

has resulted in global warming, water scarcity, ecosystem damage, and deforestation. We consider this a very important issue and believe that we have a corporate responsibility to protect the environment for future generations. Therefore, we uphold the environmental standards of the United States government and adhere to these regulations at every end of our operations.

HMI Group thoroughly understands that prevention is more important than problem solving when dealing with hazardous environmental impacts, and thinks that due consideration should be applied to the entire value chain, from the raw materials to the finished products. We encourage all our employees and business partners to execute the best workplace practices in energy saving recycling, and waste utilization.

Furthermore, HMI Group realizes that a more effective impact on environmental protection can be made only with the collaboration of every individual involved in the value chain. Therefore, we strongly promote environmental responsibility to our business partners, stakeholders and personnel to increase awareness of the importance of environmental protection and sustainability. At the workplace, we take initiatives to replace non-recyclable appliances with alternatives to prevent avoidable waste and deforestation.

Because of our increasing awareness of environmental protection, there is a growing demand for environmentally friendly products. HMI Group strongly supports and encourages the development related technologies.

Actions and achievements

- All suppliers and contract manufacturers are required to produce products in the way that complies with legal obligations and environmental regulations.
- All members of our organization are requested to consider themselves environmental protectors, and to contribute to waste elimination, energy conservation, and reduced carbon emissions both in the workplace and in their daily lives.
- All work done in the value chain is reviewed annually in order to implement any updated and renewable strategies for resource-efficiency innovations.
- Money and time are continually invested in developing environmentally friendly products and processes for the entire value chain in which HMI Group operates.
- Complete training regimens are conducted for all employees about the proper disposal of hazardous items, such as batteries, computers, light bulbs, and any product that contains mercury, lead, and asbestos.
- Action is taken at the workplace for improving environmental sustainability, such as replacing plastic cups with mugs, substituting white paper with reprocessed paper, installing water-saving devices, and using more electricity-efficiency equipment.
- All activities are monitored and incidents immediately reported if there are environmental concerns, and they are regularly audited based on the national standards.

ANTI-CORRUPTION



Principle 10 Business should work against corruption in all its forms, including extortion and bribery

Sphere of Influence

Although its main headquarters are in Greater Milwaukee Area, WI, USA, HMI also has operations in many other countries worldwide. Because we encounter different cultural backgrounds and social norms, we have found that actions considered appropriate in one country may be considered criminal in another. In order to avoid confusion, every detail that might be perceived as, for instance, an attempt at extortion or bribery should be carefully dealt in order to avoid misunderstanding.

HMI Group considers any legitimate business competition be fair and in accordance with applicable regulations and laws. HMI Group not only strictly adheres to these principles but also requires its suppliers, contract manufacturers, and employees to follow these rules also. We do not tolerate corruption in any form and will strictly discipline whoever disregards regulations.

HMI Group recognizes that transparency across the board is critical for business sustainability, so we are honest and transparent with our stakeholders, supplier evaluations, and employee performance reviewing to prevent corruption in any shape.

Actions and achievements

- We offer a confidential mechanism to report any situations related to corruption with an option to remain anonymous in order to avoid any form of retaliation and to ensure that the matter reported is fully investigated.
- We train all employees to follow the strictest definitions of extortion and bribery.
- We educate all members in the organization to operate professionally and ethically in order to avoid either intentional or unintentional corruption.
- We formalize procedures and tools for supplier evaluation and agreement.
- We do not allow procurement personnel to accept gifts from any potential business partner. HMI strictly prohibits our staff members entrusted with power to abuse it for personal advancement.