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# ABOUT THIS REPORT

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This Environmental, Social and Governance Report covers the environmental, social and governance (“ESG”) impacts, policies and initiatives of ASM Pacific Technology Limited (“ASMPT” or the “Group”) for the period between 1 January 2017 and 31 December 2017, unless where otherwise expressly indicated. The reporting period aligns with the Group’s financial year. This report is prepared with reference to the core option requirements outlined in the Global Reporting Initiative G4 reporting guidelines.

The report provides an overview of ASMPT’s approach, priorities, targets and performance reviews in the key areas. It covers the Group’s global operations in Greater China, rest of Asia, Europe, Africa, and the North and South America over which the Group has management control.

Through this report, ASMPT reinforces its sustainability commitment with its various stakeholders, which includes its customers, investors, shareholders, business partners, employees and vendors. The report underscores the environmental, social and economic aspects that impact ASMPT’s business. These aspects enable the Group to prioritize and focus on issues that matter most and to address them through the Group’s policies and initiatives.

As part of ASMPT’s continued commitment to environmental sustainability, this report is published in electronic form only. It and the previous report can be found on the Group’s website [www.asmpacific.com](http://www.asmpacific.com).



# CHAIRMAN'S MESSAGE

*“ Moving forward, we shall continue to implement and sustain programs and measures to improve the economic, environmental and social well-being of the communities in which we operate. ”*

I am pleased to present our 2017 edition of the ESG report. The publication of this issue is timely as we celebrate two major milestones for ASMPT.

In 2017, we refreshed our corporate's vision, mission and values to reinforce our position as the world's leading supplier for semiconductor assembly and surface mount technology (“SMT”) equipment. With our vision of “ENABLING THE DIGITAL WORLD”, we embrace the ever-evolving technological challenges and make use of our capabilities in automation and digitization to support our customers and push boundaries.

Secondly, we have recently completed the relocation of our Hong Kong office to a bigger premises and set up a new Innovation Centre. The expansion in office space and the new Innovation Centre are critical to our accomplishing the mission to deliver the highest value and innovative solutions to our customers through products and solutions that embody advanced technologies and excellent quality while making ASMPT a great work place, a great business partner and a great company built to last.

The Group has made good progress in our business and has delivered a set of healthy financial results. As we continue to expand our footprint in the global market, we remain vigilant in conducting our business and engaging our stakeholders in a fair, transparent and ethical manner.

We recognize that for the Company to grow further, each of our employees, regardless of his or her role and responsibility, plays an essential role in the Company. Every effort is made to attract, motivate and retain them while ensuring for their well-being and safety at all times.

As we adopt changes so the Company can be future-ready, our commitment to corporate social responsibility remains strong as ever. We invest in programs and support worthy causes through donations and sponsorships. We also encourage our employees to do their part in supporting the community through volunteer work and projects.

2017 has been a rewarding year for ASMPT. We received the “Directors of the Year Awards 2017” from The Hong Kong Institute of Directors (HKIoD), a recognition of our efforts in achieving and maintaining high standards of corporate governance. We were also the recipient of the “Green & Lean Management” Award in Munich that honours organizations that deployed lean and environmentally compatible production and logistics processes. In addition, ASMPT was named as one of the Top 100 Global Technology Leaders in the inaugural 2018 Thomson-Reuters report.

Moving forward, we shall continue to implement and sustain programs and measures to improve the economic, environmental and social well-being of the communities in which we operate. This is a continuous journey and we urge our stakeholders to work in tandem with us as we strive to build an excellent sustainable future.

**Orasa Livasiri**

Chairman  
31 May 2018

# ABOUT ASMPT

As a global technology and market leader, ASMPT (HKEX stock code: 0522), develops and provides leading edge solutions and materials for the semiconductor assembly and packaging industries. Its SMT solutions are employed in a wide range of end-user markets including electronics, mobile communications, automotive, industrial, LED and alternative energy. Our continuous investments in research and development help to provide our customers with innovative and cost-efficient solutions and systems that enable them to achieve higher productivity, greater reliability and enhanced quality.

Listed on the Hong Kong Stock Exchange since 1989, ASMPT is currently one of the constituent stocks on the Hang Seng Composite MidCap Index under the Hang Seng Composite Size Indexes, the Hang Seng Composite Information Technology Industry Index under Hang Seng Composite Industry Indexes, the Hang Seng Hong Kong 35 Index and the Hang Seng Global Composite Index. To learn more about ASMPT, please visit our website at [www.asmpacific.com](http://www.asmpacific.com).

## AWARDS & ACCOLADES

Some of the awards and accolades we received in 2017 from various stakeholders and organizations commending ASMPT for our sustainability efforts include:

“Grand Award  
in Technological  
Achievement”  
in 2017 Hong  
Kong Awards for  
Industries

“Directors of the  
Year Award 2017”  
in Corporate  
Governance by the  
Hong Kong Institute  
of Directors

“Hong Kong  
Outstanding  
Enterprise”  
by Economics  
Digest

Lean and Green  
Management  
Award 2017 in  
Germany

Awarded  
the “Caring  
Company” Logo  
by the Hong  
Kong Council of  
Social Service  
since 2012

Awarded the  
“18 Districts Caring  
Employers” Award in  
Hong Kong since 2012

Ranked among  
the 10 BEST Large  
Semiconductor  
Equipment Suppliers  
in the VLSI Customer  
Satisfaction Survey  
2017

Awarded one of  
the “Best Investor  
Relations Company”  
and Asia’s Best CEO  
(Investor Relations) by  
Corporate Governance  
Asia

Honored with three  
awards - Ranked 1st in  
Assembly, 10 BEST Chip  
Making Suppliers and  
The Best Assembly and  
Test Suppliers from VLSI  
Customers Satisfaction  
Survey 2017

# SUSTAINABILITY APPROACH

Creating and delivering sustainable values to ASMPT stakeholders are fundamental to what we do. They require us to support the communities in which we operate in, reduce our environmental impact, develop responsible products, monitor our supply chain, ensure customer satisfaction and be an employer of choice.

The Group's sustainability framework is based on four pillars:

## SUPPORTING OUR COMMUNITIES

We practise good corporate citizenship and contribute to the social well-being of the communities where we operate.

## MANAGING ENVIRONMENTAL IMPACT

We commit to environmental sustainability, ensuring that our operations are carried out in a responsible manner.

## CREATING VALUES THROUGH INNOVATION

We create values, focusing on R&D to deliver new cutting-edge technology and product innovations to enable the digital world. At the same time, we strive to embed sustainability in our innovations through the efficient use of resources, recycling measures and re-engineering of manufacturing processes.

## NURTURING OUR EMPLOYEES







We believe employees are our best assets and we are committed to building a future-ready workforce in an environment that allows them to grow and excel.

The Group believes these four pillars will not only enable us to retain our leadership position, but also empower us to contribute effectively to the communities in which we operate.



## STAKEHOLDER ENGAGEMENT

ASMPT is committed to establishing strong and mutually beneficial relationships with our diverse base of stakeholders, which include our customers, employees, investors, business partners, and vendors. We maintain active engagement with our stakeholders through open and transparent communication channels to understand their concerns, secure their buy-in and manage their expectations promptly, thereby earning their trust and understanding over time. Engagement with our stakeholders also helps the Group to identify opportunities, issues and risks that may affect our business and performance.

Key Stakeholders	Expectations	Solutions	Engagement Channels
 <p><b>Communities</b></p>	<p>To have a company that is a responsible and caring corporate citizen, serving the community.</p>	<p>The Group strives to effectively contribute to communities and encourages active participation by our staff and their family members in our community engagement initiatives.</p> <p>We work with social enterprises across our key markets to understand their needs.</p>	<ul style="list-style-type: none"> <li>Employee community involvement programs</li> <li>Corporate sponsorships and donations</li> <li>Scholarships and internships</li> </ul>
 <p><b>Customers</b></p>	<p>To have high quality and on-time delivery of systems and services.</p> <p>To have environmentally responsible and ethical business operations.</p>	<p>The Group strives to innovate and deliver environmentally sustainable products and services of high quality and on-time delivery performance.</p>	<ul style="list-style-type: none"> <li>Regular meetings and email correspondences</li> <li>Site visits</li> <li>Trade shows</li> <li>Customer training and support</li> </ul>
 <p><b>Employees</b></p>	<p>To provide a conducive environment for personal development to achieve career growth and work-life balance.</p> <p>To treat employees with respect and dignity.</p>	<p>The Group adopts human resource policies and practices that promote a fair, safe and comfortable working environment, reward good performance, ensure career growth and provide work-life balance.</p> <p>Staff can also make use of open communication platforms such as networking sessions to provide feedback to the management.</p> <p>Regular update sessions are conducted to facilitate constant engagement with the staff.</p>	<ul style="list-style-type: none"> <li>Emails</li> <li>Intranet</li> <li>Internet</li> <li>Staff broadcasts</li> <li>Staff publications and videos</li> <li>Networking sessions</li> <li>Team building activities</li> <li>Family Day</li> <li>Annual Company Dinner</li> <li>Regular management communications</li> <li>Town hall meetings</li> <li>Performance reviews</li> <li>Employee engagement survey</li> <li>In-house recreational facilities</li> </ul>
 <p><b>Government and Regulators</b></p>	<p>To ensure that the Group complies with local laws, regulations, and policies and addresses pertinent issues.</p>	<p>The Group complies with all applicable laws in the countries in which we operate, and lay down policies and procedures to ensure adherence and the sustainability of our business.</p>	<ul style="list-style-type: none"> <li>Regular performance reporting</li> <li>Maintain communications with governments and regulators</li> </ul>
 <p><b>Investors/Shareholders</b></p>	<p>To receive accurate and timely information on the Group's operational and financial performance and future plans.</p>	<p>The Group strives to create long-term shareholder value by generating optimum returns on investment, practising good corporate governance, providing transparency and disclosure, while delivering sustainable and long-term growth.</p>	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Annual and Interim Reports</li> <li>Announcements and Circulars</li> <li>Quarterly updates on financial results</li> <li>Investor conference calls</li> <li>Investor meetings and roadshows</li> <li>Investors' feedback channel via our corporate website</li> </ul>
 <p><b>Vendors</b></p>	<p>To comply with the terms and conditions of the Group's procurement policies and procedures, and with reference to the Global Reporting Initiative (GRI) guideline for sustainability reporting, and Responsible Business Alliance (RBA), (formerly Electronic Industry Citizenship Coalition (EICC)) Code of Conduct.</p>	<p>The Group treats all suppliers fairly and with respect. There is zero tolerance for violations.</p>	<ul style="list-style-type: none"> <li>Supplier Code of Conduct</li> <li>Supplier management meetings and engagements</li> <li>Email correspondences</li> <li>Supplier Assessment System</li> <li>Supplier audits</li> </ul>

## GOVERNANCE

At ASMPT, sustaining a high standard of governance is important for our business as it helps to safeguard our stakeholders' interest and ensure long term shareholder value. As at 31 December 2017, the Group has nine directors, one of whom is female. Out of the nine, four are independent non-executive directors, two non-executive directors and three executive directors. All our board members are armed with a wide range of professional experience in finance, business, legal, technical and industrial, which contribute to the effective direction of the Group.

The Board of Directors are responsible for bringing about good corporate governance. One of the Board functions is to provide independent and effective leadership to supervise the management of the Group's business and affairs, and to grow responsibly in a profitable and sustainable manner that is in the best interest of our stakeholders. The Board also develops and reviews the Group's policies and practices on corporate governance including the Group's risk management framework.

The Group has complied with all code provisions of the Corporate

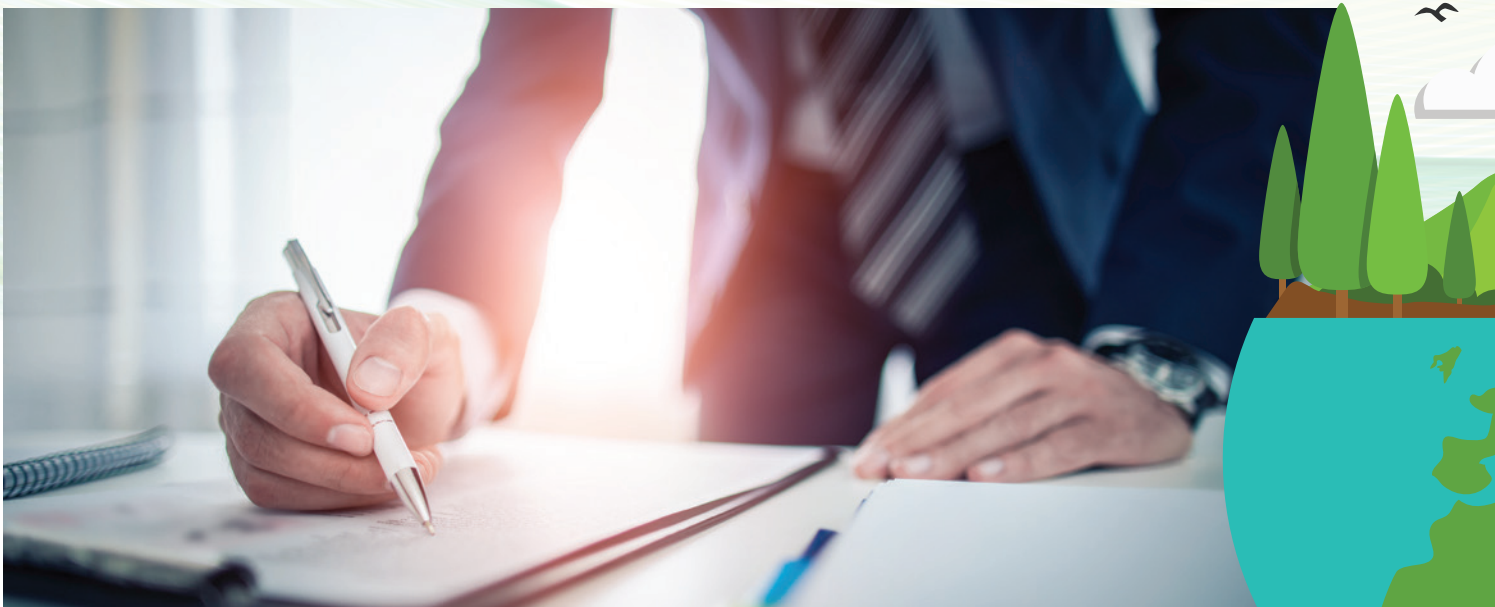
Governance Code and Corporate Governance Report set out in Appendix 14 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2017.

The corporate governance drive is spearheaded by a dedicated ESG committee comprising members from different regions and functional groups. This committee reviews and monitors the Group's ESG policies and practices on a regular basis, ensuring compliance with legal and regulatory requirements. It is led by the Group's Compliance Director who reports to the Group Chief Finance Officer, who is himself a member of the Group's Executive Committee. The ESG committee also regularly updates the Group's Executive Committee, which comprises members of the Senior Management team, on matters relating to sustainability risks, sustainability management performances as well as recommendations and follow-up measures.

The ASMPT Code of Business Conduct includes, amongst others, issues relating to confidentiality, workplace harassment and discrimination, unfair

treatment, anti-corruption, conflicts of interests, trade compliance. Our Code of Business Conduct applies to all employees and where applicable, third party business partners. We have a proactive international tax compliance management process that is intended to ensure adherence with our tax obligations in all locations where the economic activities of our operations take place. Our risk review committee oversees the Group's risk governance including the risk management framework that has been in place since 2016. The framework is based on the "Three Lines of Defence" model and includes a process of strategic risk review. With these, we have a clear overview of the adequacy and effectiveness of our internal controls and risk management system that would enhance our resilience and minimize the impact of any disruption to our business operations.

Further details of the Group's corporate governance practices for the year ended 31 December 2017 have been published in the Company's 2017 Annual Report.





# ENVIRONMENT

## ENVIRONMENTAL PROTECTION

ASMPT is committed to comply fully with all applicable environmental laws and regulations and to make the earth cleaner and safer. Our environment charter highlights our commitment to safeguarding the environment through energy efficient practices and technologies, resource conservation, recycling, and pollution prevention.

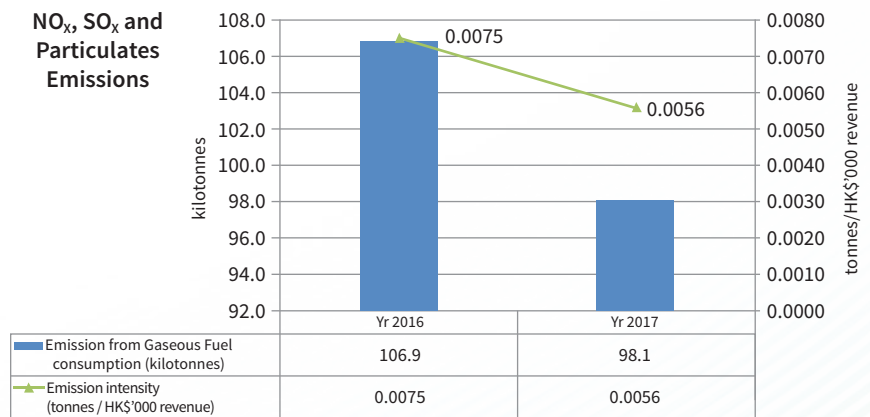
By taking a proactive role in caring for the environment, we help to reduce the adverse effects of harmful pollutants such as Sulphur Oxides (SO<sub>x</sub>) and Nitrogen Oxides (NO<sub>x</sub>). The Group sets guidelines on environmental design requirements for product development and has a comprehensive checklist for our product development teams to ensure that relevant environmental factors have been taken into consideration at the product design stage. Environmental Aspect and Design for Manufacturing are two of the critical design approaches to be assessed at product design stage. New products will be assessed according to a set of stringent criteria with grades given in order to drive improvement in product design.

ASMPT monitors closely the product lifecycle, which consists of product design, manufacturing, storage, packing and delivery, use and reuse, and disposal, so as to minimize its impact on the environment. The Group is ISO 14001 certified yearly for our environmental management system at our main business locations in China, Germany, United Kingdom, Singapore, and Malaysia. The ISO 14001 standard specifies the requirements for an

environmental management system that an organization can use to enhance its environmental performance, fulfil its compliance obligations and achieve its environmental objectives.

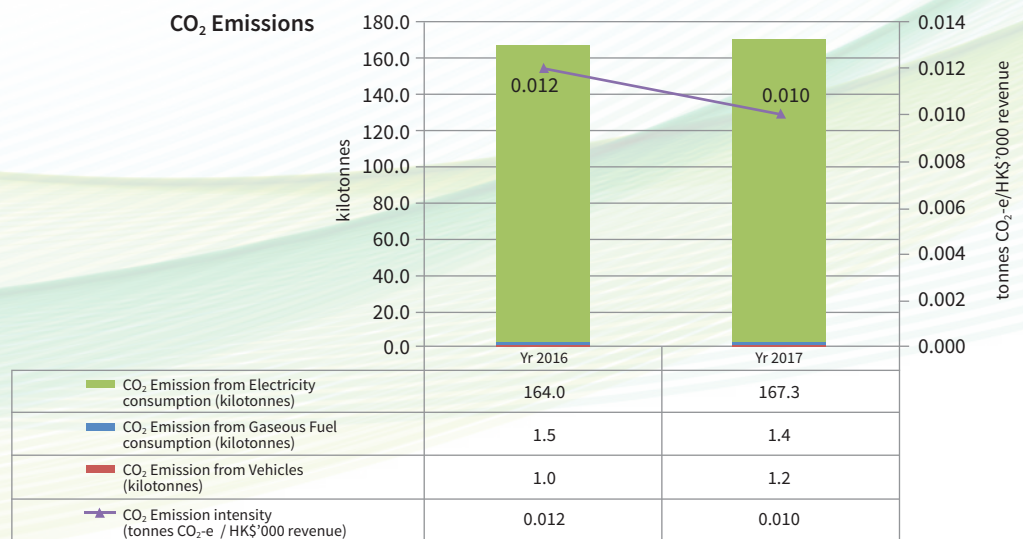
The Group was not aware of any incident of non-compliance in 2017 with the relevant laws and regulations relating to environmental protection in the countries in which we operate that would have a significant impact on the Group.

### NO<sub>x</sub>, SO<sub>x</sub> and Particulates Emissions



In 2017, emission of NO<sub>x</sub>, SO<sub>x</sub> and particulates decreased by 8.2% whereas the emission intensity with respect to each HK\$1,000 revenue decreased by 25.3%.

### CO<sub>2</sub> Emissions



In 2017, CO<sub>2</sub> emissions increased by 2.0% whereas the emission intensity with respect to each HK\$1,000 revenue decreased by 16.7%.



## EMISSION AND ENERGY CONSUMPTION

As the global leading integrated solutions provider in the semiconductor and electronics industries, ASMPT takes responsibility to ensure that any potential adverse impact of our operations on the environment are identified and addressed accordingly. The Group is well aware of climate change issues due to global warming and is committed to addressing it through the reduction of energy consumption and carbon emission. To further promote this exercise, a corporate-level committee has been set up for a number of years to drive the energy consumption reduction programs in all manufacturing facilities.

Some of the actions we have taken have made significant improvements on energy efficiency:

- Replacement of all lightings from T8 tubes to energy-efficient LED and achieved a 50% energy reduction
- Separation of production compressed air pipe system into high pressure and low pressure supply to reduce compressor energy consumption by 33.3%.
- Adoption of Variable Speed Drive control for AHU fan motors, compressors, pumps and air-conditioning units to replace constant speed motors and achieved a 20% energy saving



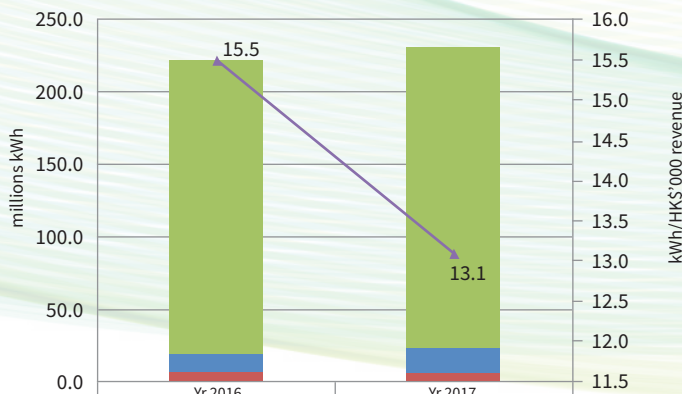
- Replacement of the vacuum suction compressed air with new suction pump directly on the point of usage that helped to reduce energy use by 76%
- Implementation of the Heat Recovery System to replace electrical heaters in the production plating lines that cut down energy consumption by 46%
- Replacement of R22 package unit with environmental friendly HCR22 refrigerant that resulted in a 16% energy reduction
- Replacement of chillers with a Variable Speed Drive chiller plant for efficiency upgrade of 36%

Employees are constantly reminded to switch off lights, computers and other

office equipment when they are not in use. If possible, the Company advocates communications via video conferencing in order to minimize overseas travel.

The Group recognizes that cargo transportation is one of the major sources of carbon emission in the Group's business process. After in-depth analysis, the Group decided to set up new manufacturing facilities in Malaysia for the production of its SMT equipment. The goal is to fulfil delivery to its customers in Asia from the Malaysia facility versus shipment from Europe. This initiative would also help to reduce cargo transportation emission. The Group estimated that with this change, it will help to cut down carbon emission by around six tonnes per year.

### Direct and Indirect Energy Consumption



	Yr 2016	Yr 2017
Electricity (millions kWh)	201.8	208.1
Vehicles Fuel (millions kWh)	11.8	15.2
Gaseous Fuel (millions kWh)	7.3	6.8
kWh / HK\$'000 revenue	15.5	13.1

In 2017, the total energy consumption (kWh) increased by 4.2% whereas the consumption intensity (kWh / HK\$'000 revenue) decreased by 15.5%.

## WASTE MANAGEMENT

To meet our environmental responsibilities, ASMPT actively carries out waste-reduction measures and diligently monitor how the waste is handled to avoid any adverse impact on our surrounding communities. Waste is categorized as general waste and hazardous waste. General waste is separated and placed in a designated truck and collected by accredited vendors. Hazardous waste is placed in dedicated waste rooms and disposed of accordingly by accredited vendors on a weekly basis.

To promote the reuse of equipment materials, “Materials Recycling Day” is organized on a regular basis during which the used materials generated from the production floor are collected. Review will be conducted whether the used materials can be kept for internal reuse or disposed of through external

recycling channels. In addition, separate recycle bins for office waste such as paper, glass, and plastic are placed at strategic locations of our various plants to encourage employees to do their part to protect the environment.

The waste reduction and recycle programs implemented over the years have enabled the Group to manage resources more effectively and minimize wastage. Where possible, products are made using reusable and recyclable materials and we encourage reusable and returnable packaging for shipments from our suppliers. For example, our chassis of cast mineral made up of mostly natural materials require 20 to 40% less energy in its production and up to 80% less energy in recycling. ASMPT encourages employees to reduce unnecessary printing and our annual reports are printed on environmental-friendly paper.

To further enhance environmental awareness among employees, the “Bin the Bin” initiative was launched at our Singapore and Hong Kong offices. As the name suggests, “Bin the Bin” is designed to replace employees’ standard desk-side bins and employees are to take their waste to a centralized recycling point to be separated into different waste bins. This helps to maximize the amount that is recycled and improve the quality of recycling. As it now takes employees more effort to dispose of their waste, they become more conscious and hence less likely to create waste unnecessarily.

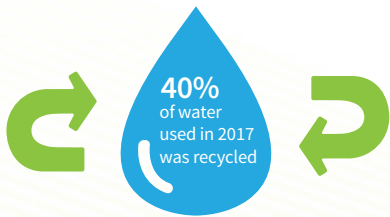
In 2017, the Group produced a total of 3,612.8 tonnes non-hazardous waste and 9,638.6 tonnes hazardous waste. 79.4% non-hazardous and 66.3% hazardous waste were recycled, with the remainder being disposed of by accredited vendors.



## WATER USAGE

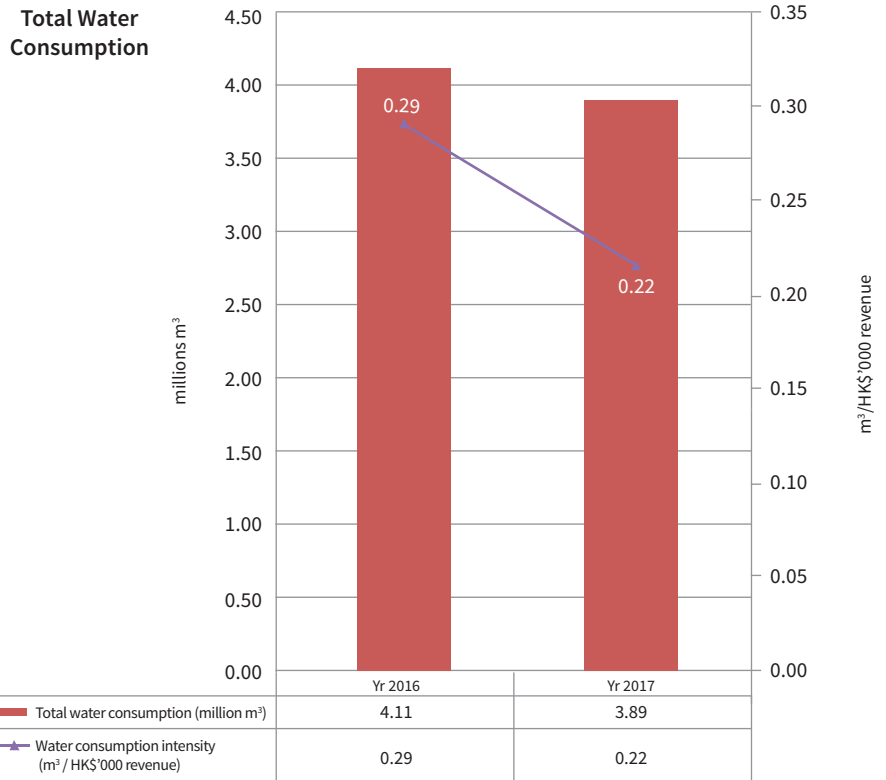
Water is utilized in the manufacturing process of lead frames and precision machinery products. To prevent water pollution and ensure effective use of water, the Group has installed water treatment and recycling facilities in its lead frame manufacturing plants in China, Malaysia and Singapore to process waste water for the plating lines. We have a monitoring system in place for our water consumption to ensure any leaks are detected early.

Enhancement work has been completed to improve the water treatment efficiency such as introducing biological treatment and recycling facilities in order to achieve a higher recycle percentage. In 2017, as much as 40% of water used was recycled.

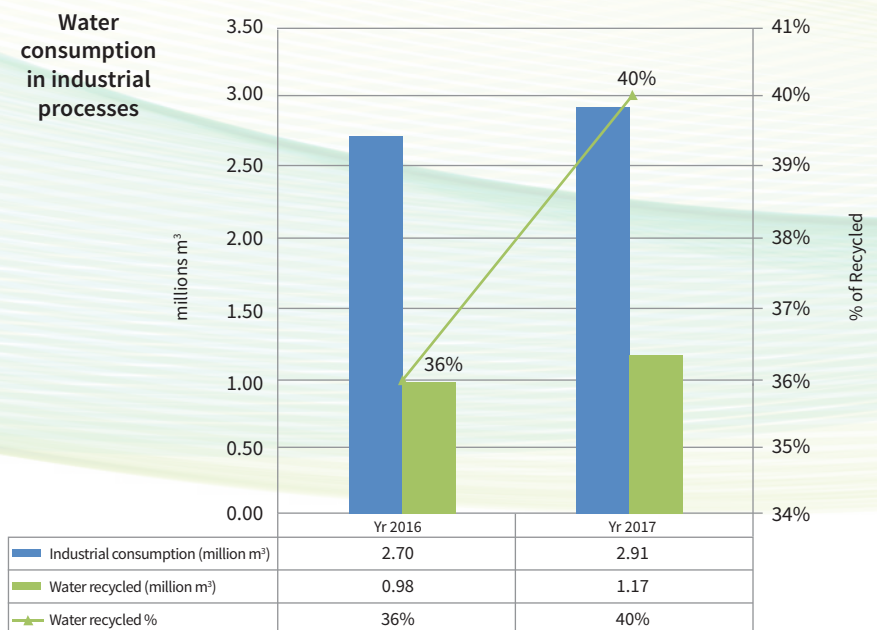


## USE OF RESOURCES

We not only strive to reduce the use of raw materials by designing products with reduced weight and volume where possible, we also try to make use of reusable and recyclable materials in our products. In addition, we constantly improve our manufacturing processes to reduce machine fabrication hours and use of materials in order to conserve resources and energy. Our manufacturing operations continuously optimize logistics within the production plant by designing exceptionally compact assembly lines to minimize long transport routes and making the production floor infrastructure (i.e. water, electricity, lighting and air-conditioning) as efficient as possible. Due to the nature of our business in manufacturing large industrial equipment products where recyclable crates are mainly used for packaging, the use of common packaging materials such as cardboard boxes, plastics are minimal.



Even though there was only 5.4% decrease in total water consumption (m<sup>3</sup>) yet the consumption intensity decreased by 24.1% with respect to each HK\$'000 revenue (m<sup>3</sup>/HK\$'000 revenue).



For industrial use, there were 7.8% increase in net water consumption and 4.0% increase in the recycling rate.

# SOCIAL

## EMPLOYMENT

ASMPT is committed to the well-being of our employees who play an essential role in helping to drive the growth of the Company. We promote and foster an inclusive work environment and create a work culture that motivates and empowers every employee to be innovative.

As a global organization with presence in more than 30 countries, we have in place an integrated human capital strategy that ensures fair employment practices. There are equal opportunities for employment and promotion for all staff. The Group believes that, regardless of gender, ethnicity, age, religious beliefs, nationality, marital status, disabilities, sexual orientation and/or other aspects, employees can make significant contributions based on their expertise, experience and dedication. In addition, the Group has zero tolerance towards sexual harassment in the workplace and does not condone any of such unlawful acts. There was no reported incidence of sexual harassment in 2017.

ASMPT has a well-structured and open annual performance appraisal system. Compensation plays an integral part in the successful delivery of the Company's strategic objectives. Attracting, retaining and motivating talent on a global



Team bonding activities are organized for the employees on a regular basis to promote bonding, and to nurture a work-life balance culture.

basis is central to our compensation strategy. It revolves around the concept of pay for performance, embedded into a sound risk management and governance framework. Remuneration is benchmarked against the industry market rate and commensurate with individual qualification, working experience and ability. Salary and career development reviews are conducted on an annual basis to ensure competitiveness. Discretionary bonus and incentive shares are granted to eligible employees based on the Group's financial results and individual performance. Other employees' benefits include contributions to mandatory provident fund schemes, medical and training subsidies.

Human resource plays an instrumental role in securing the future success of the Company and we are committed to working collaboratively with our employees to create an environment where they can thrive and be relied upon to deliver sustainable and superior organizational performance.



We have concluded a series of highly visible internal and external awareness campaigns to further accentuate our vision, mission and values within the community and environment in which we operate. In order to gain insights into our employees' perception of the organization in different dimensions, employees' surveys have been conducted at various sites in separate phases. Our Singapore office conducted its first "Workplace Culture Survey" last year to identify strengths and opportunities to improve working environment. This is in line with our mission to make ASMPT a great place for work. As a follow-up to the survey, two cross-functional committees were appointed to analyse the results, and to proactively address employees' concern with recommendations to improve employees' engagement. Out of the many initiatives formulated, the "POWER Buddy" system was introduced to guide new hires/inter-department transferees to make them feel at ease and hence settle in seamlessly in their new working environment. Management communications with employees were stepped up to timely inform and actively engage employees of new Company developments so that everyone feel included and valued by the Company. "Fruit Week" was introduced whereby employees received fruits on a monthly and complimentary basis with the objectives of promoting health at work and creating opportunities for staff to engage with one another as they gather to



enjoy the fruits. Our focus has now shifted to ensuring our employees internalize and actively engage our values and beliefs in their day-to-day business.

Recognizing that work-life balance is imperative in developing a motivated and dedicated workforce, the Group organizes activities such as Family Day, Volunteer work and Kids Soccer Academy that encourage participation by both the

employees and their family members on a regular basis, which help to promote family cohesion and bonding.

As of 31 December 2017, the Group has a total global workforce of approximately 14,500\* employees (inclusive of part-timers), out of which 23.8% are female.

*\*Interns and temporary staff with employment period less than 1 year are not included.*



**TOTAL  
WORKFORCE  
BY GENDER**



23.8%

76.2%

**TOTAL EMPLOYMENT BY AGE GROUP  
AND GEOGRAPHICAL REGION:**

	Total	Below 30	30 to 50	Above 50
Greater China	69.93%	26.05%	41.04%	2.84%
Rest of Asia	18.35%	6.90%	9.35%	2.10%
Europe, Middle East and Africa	10.63%	1.25%	5.23%	4.15%
North and South America	1.09%	0.05%	0.70%	0.34%
Total Workforce	100%	34.25%	56.32%	9.43%

**TOTAL EMPLOYMENT BY EMPLOYMENT TYPE:**

	Total	Full Time	Part Time
Greater China	69.93%	69.92%	0.01%
Rest of Asia	18.35%	18.35%	0%
Europe, Middle East and Africa	10.63%	9.71%	0.92%
North and South America	1.09%	1.09%	0%
Grand Total	100%	99.07%	0.93%

## EMPLOYEE TURNOVER

Employee turnover of the Group is about 13%. The turnover rates for both genders are similar. Turnover rate in Asia is higher than in Europe and America. The Group has a relatively stable workforce of age 30 and above. Turnover rate for this group of employees is around 6%. However,

turnover rate for employees below 30 years old is much higher, which the Group believes is consistent with industry trend. Nonetheless, aspiring to being a great place for work, the Group will continue to provide a wide variety of learning and training opportunities to our staff.

### EMPLOYEE TURNOVER RATE BASED ON GENDER, AGE GROUP AND GEOGRAPHICAL REGION:

Male	Total	Below 30	30 to 50	Above 50
Greater China	13.3%	26.7%	5.3%	7.5%
Rest of Asia	21.3%	40.7%	11.7%	4.2%
Europe, Middle East and Africa	4.4%	10.0%	2.9%	4.8%
North and South America	4.6%	33.3%	3.6%	2.4%
Group Total	13.6%	28.7%	6.1%	5.5%

Female	Total	Below 30	30 to 50	Above 50
Greater China	12.9%	22.3%	4.2%	11.4%
Rest of Asia	21.5%	39.4%	10.8%	6.1%
Europe, Middle East and Africa	4.9%	19.6%	4.7%	4.9%
North and South America*	4.4%	100%	0%	0%
Group Total	13.5%	26.5%	5.5%	6.8%

\* In 2017, there was only 1 female staff below 30 years old under the North and South America region and she had already left the organization.



## HEALTH AND SAFETY

At ASMPT, the well-being and safety of our employees is of utmost importance. The Group is committed to minimising risks and strive to constantly improve our safety performance. We comply with the health and safety rules and regulations of the countries in which we operate. We have in place well-designed structures to manage workplace safety and we actively engage our employees to work with us to achieve the goal of zero injury in all facilities. The Group is accredited under the following internationally recognized standards: OHASAS 18001 for facilities in Hong Kong, China and Germany, and SS506/OHASAS 18001 in Singapore.

The Group ensures that potential safety hazards are avoided or minimized. Take for example, process safety, which commences during the preliminary stage of designing and building our facilities, and continues throughout their life cycle, ensuring that they operate safely, are well-maintained and inspected regularly. Globally recognized personal protective equipment and appropriate administrative controls such as safe work procedures are provided to relevant employees where needed. We also identify, evaluate and ensure minimum hazardous exposure to our employees to physically demanding tasks such as heavy manual material handling and lifting, prolonged hours of standing and forceful assembling tasks. ASMPT fosters high standards of hygiene in the workplace through regular cleaning, daily cleaning of public and commonly-used areas, and provision of clean drinking water and freshly-cooked food in the canteens.

ASMPT identifies and assesses potential emergency situations and events on a regular basis. To minimize their impact, emergency plans and response procedures such as emergency reporting, employee notifications, evacuation processes, drills and recovery plans are established and implemented. Our employees are also trained on a regular basis to be vigilant and ready to react to emergencies in a timely and calm manner to reduce any disruption that could affect our business.

We have in place systems that help to track, manage and report occupational injuries and illnesses. We strongly encourage our employees to be proactive in reporting cases of injuries and illnesses. In line with our long-standing policy to safeguard the wellness and security of the working environment for our employees, the Group provides all necessary medical treatment and support to rehabilitate the affected employees.

At the executive level, the Group has set up workplace health and safety committees for the Asia-Pacific and European sites. Comprising both management and employee representatives, these committees formulate, execute and monitor the health and safety programs. In addition, our new hires are required to attend the New Hires Orientation Program, which covers topics such as occupational health and safety, to ensure that they are trained on the fundamentals of hazard identification, situation appraisal and response procedure.

For independent contractors, safety training requirements are included in all contracts as ASMPT expects all contractors to undergo relevant safety training. Regular spot checks are conducted to ensure adherence.

ASMPT continues to monitor, reinforce and fine-tune our safety standards and procedures for constant improvement.



*We actively involve our employees to achieve the goal of zero injury in all facilities.*

## LOST DAYS DUE TO WORK INJURY

There was no work-related fatal case in the year 2017. 84 work injury\* cases were reported among our global operations in more than 30 countries. On average, 14.1 lost days per injured person occurred last year. Considering the Group's total headcount in 2017 was about 14,500, the lost day rate was only 0.03% of the total working days of all the employees. This was at similar level as in 2016.

Safety committees of our respective regions are responsible for reviewing every individual injury case and outlining the corrective and preventive actions. Most of the regions have obtained OHSAS 18001 Certification and new hired employees in these regions are required to be trained in workplace safety. Employees who have recovered from work injury are trained in workplace safety again and have to pass knowledge tests in order to prevent similar incidents from happening. Safety workshops are also conducted regularly to enhance the safety awareness of employees.

No. of Lost days	Male	Female	Total
Greater China	776	148	924
Rest of Asia	75	44.5	119.5
Europe*, Middle East and Africa	109	34	143
North and South America	0	0	0
<b>Total</b>	<b>960</b>	<b>226.5</b>	<b>1,186.5</b>

*\* Under European regulation, accidents that happened to and from work is classified as "lost days due to work injury" even though it happened outside the work place. Based on 2017, approximately 60% of the cases happened outside the work place for the Europe region.*

## DEVELOPMENT AND TRAINING

ASMPT's greatest asset is its people and we invest heavily in training and learning programs to further develop talent and ensure continuity in succession planning. Our people agenda include investments in skills and accelerating our employees' professional and personal development. We are committed to developing and nurturing future leaders and strengthening their capability to inspire fellow employees to thrive and get the best out of them. As a global organization, we recruit dynamic talents with diverse backgrounds and provide every one of them with equal opportunities to upgrade their skill sets through internal or external courses.

ASMPT is driving workforce management solutions to manage the demand and supply for capabilities and by extension, the employee base more effectively and efficiently over a longer time horizon. A key driver, among others, is the



enablement of employees to develop capabilities for new roles or for cross divisional career mobility within the

organization to allow them to have more diverse and meaningful careers.



To ensure our employees are future-ready, we offer internal job rotation and training opportunities to upgrade their capabilities.

The Human Resource departments across the global offices work closely with the various heads of department to recommend relevant courses for the employees. In order for our employees to be future-ready, we offer internal job rotations whenever possible to enable them to experience the different spectrums of the Group's business. New employees from the main plants and major offices are required to undergo the new hire orientation program to help them adapt better and assimilate into the Company.

The Company's Vision, Mission and Values (VMV) statements were redefined in early 2017 and a series of initiatives were rolled out to engage our staff with better understanding and implementation of our new VMV. All employees are expected to embrace and exemplify our core values in their course of work. VMV was also included as a topic in the orientation program to ensure new hires understand and are aligned with the core values.

The Group believes in the power of education to positively impact the lives of individuals. To realize the Group's vision of "ENABLING THE DIGITAL WORLD", we create opportunities to nurture and groom young engineering talents. As such, we have collaborated and continue to collaborate closely with local universities and technical institutes in the region through internship programs and scholarship opportunities as well as competitions and visits. In 2017, 192 students have benefited from our scheme and programs. Three years ago, we started our ASM Technology Award to recognize and reward students with outstanding Final Year Projects that demonstrate excellence in technology and innovation. For 2017, a total of 10 teams from various universities in Hong Kong participated, where not only were ASM Pacific Technology Scholarships given to the top three winning teams, they were given to the top winning educational institution as well. In China, we have also organized the ASM Cup Robotic Competitions in various

universities and more than 300 students have benefitted from their participations in the form of knowledge gained, awards and financial subsidies.

To ensure stable leadership in the future, ASMPT has in place a succession plan involving an Executive Leadership Team that is made up of top executives and high-calibre next-generation management team. All team members are collectively responsible for formulating and implementing strategies to drive sustainable growth for the Group. To foster the talent of our present and future leaders, we provide executive management and leadership programs, forums or workshops for our top executives and next-generation management team to inculcate them with leadership capabilities so that they are better-equipped with future ready skills to meet the challenges in their present and future roles. These programs are highly interactive and are specially curated in collaboration with our partners from universities and learning institutions.

Percentage of employees trained	Overall	Management	Engineer	Office Staff	Production Staff
Greater China	75.8%	62.4%	57.1%	91.4%	78.7%
Rest of Asia	74.0%	68.8%	69.0%	74.4%	78.2%
Europe, Middle East and Africa	85.9%	90.4%	86.8%	82.6%	86.4%
North and South America	92.4%	98.1%	84.2%	88.5%	100%
Total	76.6%	70.3%	64.6%	88.6%	79.0%

Percentage of employees trained by gender	Overall	Male	Female
Greater China	75.8%	73.2%	87.1%
Rest of Asia	74.0%	70.6%	82.3%
Europe, Middle East and Africa	85.9%	87.1%	80.5%
North and South America	92.4%	92.9%	90.3%
Total	76.6%	74.4%	85.5%

Average training hours completed per employee	Male	Female
Greater China	13.2	15.2
Rest of Asia	10.1	13.4
Europe, Middle East and Africa	13.7	12.3
North and South America	13.6	3.9

Average training hours completed per employee	Management	Engineer	Office Staff	Production Staff
Greater China	4.8	10.9	15.2	15.0
Rest of Asia	13.4	20.6	11.1	4.9
Europe, Middle East and Africa	16.7	16.1	12.8	7.7
North and South America	5.2	23.8	4.1	8.3

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## LABOUR PRACTICES

It is against the policy of ASMPT to allow in all its operations the employment of forced/coerced labour or any person who is under the minimum age requirement as stipulated by local laws and regulations. Our commitment towards human rights is well-supported by our Code of Business Conduct, which sets the tone in relation to the Group's stance against any discrimination on the basis of gender, ethnicity, age, religious beliefs, nationality, marital status, disabilities, sexual orientation and/or

other aspects. The Code of Business Conduct is applicable to all employees of ASMPT. In 2017, there was no reported incidence of discrimination, child or forced labour.

To ensure adherence to laws and regulations, ASMPT takes special precaution to ensure relevant and appropriate checks of individual identity and employment eligibility are carried out before any employment is offered. Some of these checks include

examination of documentations such as passports, permits, working visas and personal identification documents issued by the relevant authorities.

We also require our business partners to work closely with us to observe our human rights and labour practices and standards including the prohibition of child labour in accordance to our Supplier Code of Conduct. At ASMPT, we reinforce our expectations by conducting assessments and checks.

## SUPPLY CHAIN MANAGEMENT

At ASMPT, we are committed to ensuring our procurement process encourages fair competition and applies a high level of objectivity and impartiality in supplier selection. Suppliers are selected based on their price, services, quality, technology, capability, cost effectiveness, business integrity, sustainability, growth potential and management system. Together with our partners and more than 2,000 suppliers worldwide, we constantly look into improving our supply chain management processes to bring about a sustainable experience for our customers.

We believe in building close and long-lasting relationships with our partners and suppliers based on common ground and shared values. Hence, we expect all our vendors to sign on and adhere

to the same high standards for ethics, labour rights, health and safety, and the environment that we set for ourselves. Our Supplier Code of Conduct, which is based on the Responsible Business Alliance (RBA) Code of Conduct, sets out clear expectations that we have of our vendors in areas such as supplier relationship, child labour, forced/coerced labour, human rights, environment, health and safety, as well as bribery, corruption and fair competition. The content of our Supplier Code of Conduct were developed to be in line with the ASMPT's culture, core values and business practices, and are updated regularly to ensure its relevance. In addition, the Supplier Code of Conduct is available on ASMPT's website and we conduct assessments and checks on our suppliers as part of our regular business reviews.

## PRODUCT RESPONSIBILITY

Being a market leader fronting the supply of semiconductor assembly and packaging equipment and materials as well as SMT solutions, we dedicate ourselves to ensuring the safety of our products to our customers. We are committed to taking active steps to improve the environmental-friendliness, production efficiency and cost effectiveness of our products. Our goal is to avoid or minimize potential harm to the environment wherever possible and beyond what is legally required.

During our product design stage, the product development teams will have to make sure the products adhere to our Design for Excellence (DFE) program that was introduced in 2005. The DFE program is a program used internally to focus on the quality of our products based on various design aspects.

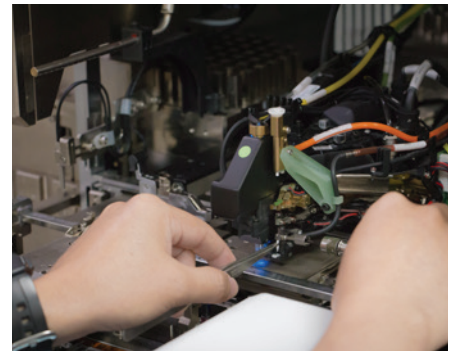
In terms of product-related environmental protection, we improve our products across their entire lifecycle in all aspects over which we have influence. For example, while we have managed to steadily increase the performance of our products, we have also succeeded in reducing the energy consumption per component placed for our SMT equipment – a significant contribution in energy efficiency.

Wherever possible, we try to make use of reusable and recyclable materials in



our products. For example, our SIPLACE pick-and place machines can be disassembled quickly and efficiently, with its parts easily separated into recyclable and non-recyclable as well as disposable components.

Recognizing that intellectual property is an important asset, ASMPT ensures that intellectual property rights are protected and respected. Security measures and confidentiality as well as non-disclosure agreements are implemented to maintain the confidentiality of proprietary information belonging to the Group and our partners, and to prevent unauthorized access. Agreements relating to collaborations with third parties are reviewed by the Company's legal team to outline in advance the ownership of, and



rights to, intellectual property before the commencement of collaborative work.

The Group protects its intellectual property, its trade secrets, know-how and goodwill. It applies for registration of its trade and brand names, as well as technologies and process improvements that relate to new developments. Employees are encouraged to submit information disclosure statements in respect of their new inventions, where inventors are given due recognition for their innovations. Where intellectual property is deemed to be worthy of protection by its registration in various territories, such applications are filed and maintained by an experienced in-house intellectual property team, with the assistance of external expertise when appropriate. In the event of infringement of the Company's intellectual property, the Company may take enforcement action to restrain it and obtain compensation in respect of such infringement.



*Our products have to go through stringent checks and certifications to ensure the safety of our customers.*

As the industry leader, ASMPT strives to deliver the highest value and innovative solutions to our customers through products and solutions with advanced technologies and excellent quality. The Group is ISO 9001 certified for our quality management system at our main business locations in China, Germany, United Kingdom, Singapore and Malaysia. Upholding our product quality standards, we provide assurance of our products through:

- Comprehensive systematic plan to develop, launch innovative and right products that surpass customers' expectations and technologies
- Best-in-class manufacturing process flow to produce and deliver quality products on time and at optimum cost

- Provision of efficient and effective pre- and post-sales services to achieve total customer satisfaction
- Effective feedback system to respond quickly to customers' requirement
- Full dedication and support from all ASMPT employees in achieving our objective of continually improving the quality of our systems and services

ASMPT put customers' safety as our top priority. As such, all equipment has to go through stringent tests and certifications by both the Quality and Reliability Departments. We build trust with our customers by having in place a holistic upgrading program that will provide customers with immediate support should there be any issue with the products.

When potential safety hazard is identified or customer's feedback on safety issues

is received, the Field Service team will be activated to do a detailed study. There have been a few cases of potential safety hazard that were resolved expeditiously by our Field Service Engineers through product upgrade. As far as we are aware, our Field Service Engineers have been able to handle almost 100% of equipment-related issues.

ASMPT is also aware of the importance in handling the personal information of our stakeholders and takes high precaution in ensuring their confidentiality to avoid the misuse of these data. We have policies with appropriate security measures to manage our stakeholders' data.

In 2017, the Group was not aware of any incident of non-compliance with the relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters in respect of the use of the Group's products and services that would have a significant impact on the Group.

## ANTI-CORRUPTION

As an organization, ASMPT has zero tolerance towards bribery and corruption. We do not condone any form of illicit and unlawful activities. Our employees are prohibited from offering or accepting bribes or using other means to obtain an undue or improper advantage. They are responsible for promptly reporting any actual, attempted or apparent violations. This policy is established and set out in ASMPT Code of Business Conduct. This Code of Business Conduct is made known to all employees through the Group's intranet portal, notice boards, New Hires Orientation Program, internet webpage and regular compliance communications. The Code is reviewed periodically and updated when and where applicable.

Besides the ASMPT Code of Business Conduct, our whistle-blower policy and procedures provide employees and external parties such as vendors, customers and third-party business partners with well-defined and accessible channels within the Group for reporting suspected or actual fraud, corruption, dishonest practices or other similar matters. Any one reporting in good faith will be protected from reprisal or adverse employment action and all reports are kept confidential. Allegations of bribery and corruption are investigated thoroughly, and appropriate corrective measures are taken based on the findings. Related briefings and training on anti-corruption are conducted regularly for

our employees, and communicated to our vendors so that they are fully aware of the policy.

Our Audit Committee provides Board-level oversight of the adequacy and effectiveness of our fraud risk management framework, policy and process, including review of significant investigations into incidents of alleged fraud and corruption and whistle-blower complaints.

In 2017, the Group was not aware of any incident of non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group.

## COMMUNITY INVESTMENT



*Our community initiatives focus on community well-being, empowering youth through education and encouraging eco-friendly initiatives.*

ASMPPT believes in active contribution to the communities in which we operate and focuses on three main areas – ensuring the well-being of the communities, empowering their youths through education and encouraging eco-friendly initiatives.

For many years, we have been supporting charities as well as non-profit organizations through donations and staff volunteerism. In 2017 alone, the Group participated, sponsored and/or donated to 125 activities and approximately 18,000 hours of volunteer service to the communities where we operate. A total of 93,000 hours were also spent on internship programs to university students with opportunities to try out real-work assignments with leading-edge technologies.

In 2017, employees from the Hong Kong offices actively participated in charity activities like Oxfam Trailwalker program, 24-hour Charity Pedal Kart Grand Prix and UNICEF Charity Runs. Since 2000, the Group has taken part in Oxfam's Trailwalker program in Hong Kong. Besides financial



sponsorship, the Group has invited its customers and sent teams from its operations in Hong Kong, Singapore, Mainland China, Malaysia and Europe to participate in the event. Employees in the Hong Kong offices have also organized blood donation drives together with Hong Kong Red Cross Society since 1991.

Our employees in Germany sponsored charity and fundraising activities including Weldmar Hospice, Think Mental Health and the 2017 CIIC Charity Run.





In China, we have sponsored major local open tournaments in badminton and football and are actively involved in the building of team spirit for the community. Since 2016, the China plants have given financial support to Chinese New Year Lantern Fair in Huizhou West Lake that attracted tens of thousands of visitors. Our care and harmony programs are also extended to students living in remote rural areas such as Heyuan City where events such as fund-raising hike and Christmas gifts donation are organized annually. Some of our colleagues have even taken up the role of voluntary teachers in the village schools for various interest group classes.

ASMPT has been awarded the “Caring Company” Logo by the Hong Kong Council of Social Service and has received the “18 Districts Caring Employers” award in recognition of its commitment in caring for the community, employees and environment in Hong Kong since 2012. The Group was also awarded the “Happiness-at-work Label” by the Promoting Happiness Index Foundation (the Foundation) and the Hong Kong Productivity Council (HKPC) in recognition of its efforts in enhancing “Happiness-at-work” through implementing activities in the four areas, namely, “Corporate Love”,

“Corporate Insight”, “Corporate Fortitude” and “Corporate Engagement”.

In addition, various activities such as charity run, blood donation drives and visit to welfare homes have been organized by our employees from various plants in Singapore, China, Malaysia and Europe to help raise funds for medical treatment and welfare assistance.





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