

ENABLING THE DIGITAL WORLD



(Stock code: 0522)

ASM Pacific Technology Limited
ENVIRONMENTAL, SOCIAL
AND GOVERNANCE
REPORT 2018



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ABOUT THIS REPORT

Welcome to ASM Pacific Technology Limited 2018 Annual Environmental, Social and Governance ("ESG") Report.

The ESG Report covers the environmental, social and governance impact, policies and initiatives of ASM Pacific Technology Limited ("ASMPT" or the "Group") for the period between 1 January and 31 December 2018. The reporting period aligns with the Group's financial year and is prepared with reference to the core option requirements outlined in the Global Reporting Initiative G4 reporting guidelines.

Covering the Group's global operations in Greater China, rest of Asia, Europe, Africa, and North and South America, the report aims to provide an overview of ASMPT's approach, priorities, targets and performance reviews in key areas of environment protection, sustainability and corporate governance.

Through this report, we hope to reinforce our sustainability commitment with our various stakeholders, such as our customers, investors, shareholders, business partners, employees and vendors.

As part of ASMPT's continued commitment to environmental sustainability, this report is published in an electronic form only. The 2018 report as well as those of previous years can be found on the Group's website www.asmpacific.com

CHAIRMAN'S MESSAGE

Dear Shareholders, Customers, Partners and Employees,

As I reflect on 2018, it is indeed with a sense of pride to see that ASM Pacific Technology had yet another phenomenal year, not only in terms of financial results but also in terms of its commitment to corporate citizenship and sustainability.

In delivering its financial performance in 2018, the Group had done exceedingly well. The Group broke new records in both booking and billing and revenue grew to US\$2.49 billion. While we are proud of this achievement, we are more than just financial returns.

At ASMPT, we are committed to sustainable development and the management of our business for the long term. Our goal is to be relevant and focused on serving our stakeholders and the communities within which we operate and, be accountable for the effect that our business has on the environment and society; to be a sustainable business.

In 2018, we continued to build on the various ESG (Environment, Social and Governance) initiatives that we have been implementing over the years. Last year, to further our commitment, the Executive Committee launched a Group-level "Green Project" under the stewardship of James Chow, our Executive Vice President, Business Excellence, to review and determine how to make all of the Group's operations greener and more environmentally friendly. The "Green Project" team has already commenced their review and we look forward to their findings and recommendations in due course.

The Group believes in the power of education to positively impact the lives of individuals. As such, we collaborate closely with local universities and technical institutes in the region through internship programmes and scholarship opportunities as well as competitions and visits. In 2018, 386 students have benefited from our programmes.

Four years ago, we started our ASM Technology Award to recognise and reward students with outstanding Final Year Projects who demonstrate excellence in technology and innovation. This year, for the first time ever, to provide greater learning through experiencing,



the Award included a trip to Germany for the six student winners and their professors to learn more about the technologies and business development at ASMPT as well as other high-tech companies in the country.

Our employees are also highly committed to our sustainability vision. For many years, we have been supporting charities as well as non-profit organisations through donations and staff volunteerism. In 2018 alone, the Group participated, sponsored and/or donated to 180 activities and approximately 23,745 hours of volunteer service to the communities where we operate.

ASMPT has embarked on our sustainability journey for quite a few years now, and as we enter into 2019, it is time for us to be bold and to elevate our ESG ambitions. Thus, we have chosen to align with four of the United Nations 2030 Sustainable Development Goals (SDGs). They are: SDG 4 Quality Education; SDG 8 Good Jobs and Economic Growth; SDG 9 Innovation and Infrastructure; and SDG 11 Sustainable Cities and Communities. Going forward, this will give us a foundation and universal alignment to learn more best-in-class practices in making the world a safer and better place.

Orasa Livasiri
Chairman

31 May 2019

ABOUT ASMPT

ASM Pacific Technology Limited (ASMPT) (HKEX Stock Code: 0522) is a global technology and market leader that develops and provides leading edge hardware and software solutions, through back-end equipment, materials, surface mount technologies and smart factory technologies for the semiconductor assembly and packaging industries.

ASMPT has over 16,000 employees deployed among our 12 manufacturing facilities, 10 R&D Centres in over 30 countries. Annually, we commit about 10% of our equipment sales revenue to research and development to ensure we provide our customers with innovative and cost-effective solutions and systems to enable them to achieve the best in productivity, reliability and quality.

“Enabling the Digital World” is our vision of a world where our solutions can help connect people and processes through digital technologies to share information and knowledge, to exchange ideas and opinions – thus creating a world of new opportunities.

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

 **>16,000** employees

 **>30** countries

 **12** manufacturing facilities

 **10** R&D Centres

AWARDS & ACCOLADES

Some of the awards and accolades we received in 2018 from various stakeholders and organisations commending ASMPT for our sustainability efforts include:



Top 100 Global Technology Leaders 2018
– Thomson Reuters



2018 Factory of the Year/Global Excellence in Operations (GEO) Award in the **Excellent Production Network** category for SMT Solutions Segment by **Produktion** magazine and **AT Kearney**. Special recognition given to high level of common standards within global production network in Munich (Germany), Weymouth (UK), Singapore and Malaysia



Directors of the Year Awards (Individual Director)
– Hong Kong Institute of Directors 2018



Corporate Governance Asia
– Asia’s Best CEO (Investor Relations) 2017-2018



Corporate Governance Asia
– Best Investor Relations Company (Hong Kong) 2016-2018



“Triple Crown” with RANKED 1st/10 BEST/ BEST Suppliers Awards from VLSIresearch 2017 & 2018



Hong Kong Outstanding Enterprises 2017-18
– Hong Kong Economic Digest



Best Corporate Social Responsibility Award
– Gold Award 2018 – Hong Kong Career Times



Best Office Facilities Award 2018
– Hong Kong Career Times



Caring Company 5 years Plus
– The Hong Kong Council of Social Service



IT & e-Business Fundraising Champion of Trailwalker 2018 – Oxfam



IT & e-Business Speed Award Champion of Trailwalker 2017 – Oxfam



Singapore Quality Class (SQC) Certification for ATS (ASMPT factory in Singapore)

SUSTAINABILITY APPROACH

As a corporate citizen of the world, we believe in our role in the sustainability of the locations in which we operate and do business. In 2016, ASMPT launched our first ESG report and since then creating and delivering sustainable values to our stakeholders have remained the overarching principle in all we do.

2018 marked our third year of reporting and it is timely that we consider how ASMPT can leverage our expertise as a global technology company to contribute to the global sustainable development agenda as defined in United Nations Sustainable Development Goals (SDG). We believe that our operations have worked to further enhance the communities where they are situated, helping to connect and grow the countries and cities in a sustainable manner.

Following the Group’s sustainability framework which is built on the four pillars of supporting our communities, managing environmental impact, creating value through innovation, and nurturing our employees, we have identified four areas where ASMPT can play a significant role as a global citizen in furthering the SDGs. We believe this will not only enable us to retain our leadership position, but also empower us to contribute effectively to the communities in which we operate.

United Nations Sustainable Development Goals (SDG)

<p>4 QUALITY EDUCATION</p> 	<p>8 GOOD JOBS AND ECONOMIC GROWTH</p> 	<p>9 INNOVATION AND INFRASTRUCTURE</p> 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>

ASMPT’s Sustainability Framework

<p>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.</p>	<p>Supporting Our Communities We practise good corporate citizenship and contribute to the social well-being of the communities where we operate.</p>	<p>Creating Value through Innovation We create value, focusing on R&D to deliver cutting-edge technology and product innovations to enable the digital world.</p> <p>We strive to embed sustainability in our innovations through the efficient use of resources, recycling measures and re-engineering of manufacturing processes.</p>	<p>Managing Environmental Impact We commit to environmental sustainability, ensuring that our operations are carried out in a responsible manner.</p>
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SUSTAINABILITY APPROACH

STAKEHOLDER ENGAGEMENT

In our active engagement with stakeholders which include customers, employees, investors, business partners, and vendors, we are committed to establishing strong and mutually beneficial relationships through open and transparent communication channels to understand their concerns, secure their buy-in and to anticipate and manage their expectations.



Key Stakeholders	Expectations	Solutions	Engagement Channels
Communities 	<p>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"> • Employee community involvement programmes • Corporate sponsorships and donations • Scholarships and internships
Customers 	<p>High quality and on-time delivery of systems and services.</p> <p>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.</p>	<ul style="list-style-type: none"> • Regular meetings and email/telephone communications • Site visits • Trade shows • Customer training and support

Key Stakeholders	Expectations	Solutions	Engagement Channels
Employees 	<p>A conducive environment where they are treated with respect and dignity, for personal development to achieve career growth and work-life balance.</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"> • Email • Intranet • Internet • Staff broadcasts • Staff publications and videos • Networking sessions • Team building activities • Family Day • Annual Company Dinner • Regular management communications • Town hall meetings • Performance reviews • Employee engagement survey • In-house recreational facilities
Governments and Regulators 	<p>Ensures 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"> • Regular performance reporting • Maintains communications with governments and regulators
Investors/ Shareholders 	<p>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"> • Annual General Meetings • Annual and Interim Reports • Announcements and Circulars • Quarterly updates on financial results • Investor conference calls • Investor meetings and roadshows • Investors' feedback channel via our corporate website
Suppliers 	<p>Build long-term business relationship based on ethical and responsible business practices for mutual benefit.</p>	<p>The Group treats all suppliers fairly and with respect. There is zero tolerance for violations.</p>	<ul style="list-style-type: none"> • Supplier Code of Conduct • Supplier management meetings and engagement • Email correspondence • Supplier Assessment System • Supplier audits

SUSTAINABILITY APPROACH

GOVERNANCE

The Board and Executive Committee work together to ensure that ASMPT is well-managed in the interest of our stakeholders and ensure long-term shareholder value. As at 31 December 2018, 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 highly experienced professionals with expertise in finance, business, legal, technical and industrial sectors.

GOVERNING SUSTAINABILITY AT ASMPT



BOARD OF DIRECTORS

The Board of Directors as our highest governing body is responsible for ensuring good corporate governance through 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 shareholders. They also develop and review 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 2018.



EXECUTIVE COMMITTEE

The Executive Committee which comprises the Senior Management team reviews and determines the material ESG factors and their scope. They evaluate and review long-term business and organisational goals and provide the strategic direction for the Group’s sustainability practices.

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.



ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) COMMITTEE

The ESG committee, comprising members from different regions and functional groups, reviews and monitors the Group’s ESG policies and practices on a regular basis, ensuring compliance with legal and regulatory requirements.

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.

It is led by the Group’s Compliance Director who reports to the Group Chief Financial Officer, who is also a member of the Board and the Executive Committee.

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 minimise the impact of any disruption to our business operations.

The ESG committee also regularly updates the Executive Committee on sustainability risks, sustainability management performances as well as recommendations and follow-up measures.

Further details of the Group’s corporate governance practices for the year ended 31 December 2018 have been published in the Company’s 2018 Annual Report.

ENVIRONMENT

ENVIRONMENTAL PROTECTION

Our environment charter highlights the Group's commitment to safeguard the environment through energy efficient practices and technologies, resource conservation, recycling, and pollution prevention.

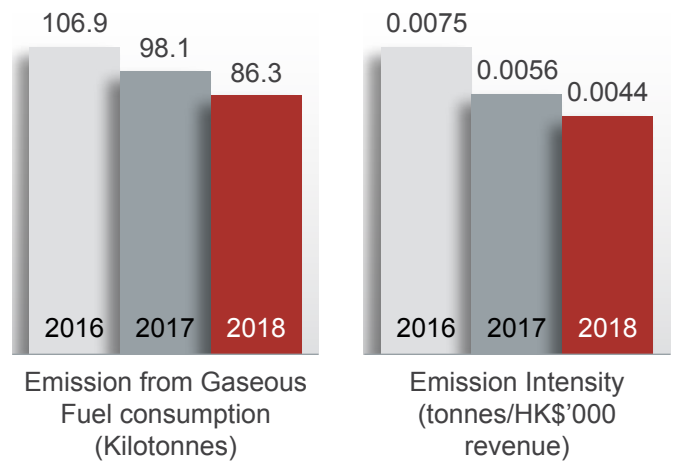
By taking a proactive role in caring for the environment, we help to reduce the adverse effects of harmful pollutants such as Sulphur Oxides (SOx) and Nitrogen Oxides (NOx). We set guidelines on environmental design requirements for product development and a comprehensive checklist for our product development teams to ensure that all relevant environmental factors are considered 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 minimise 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 organisation can use to enhance its environmental performance, fulfil its compliance obligations and achieve its environmental objectives.

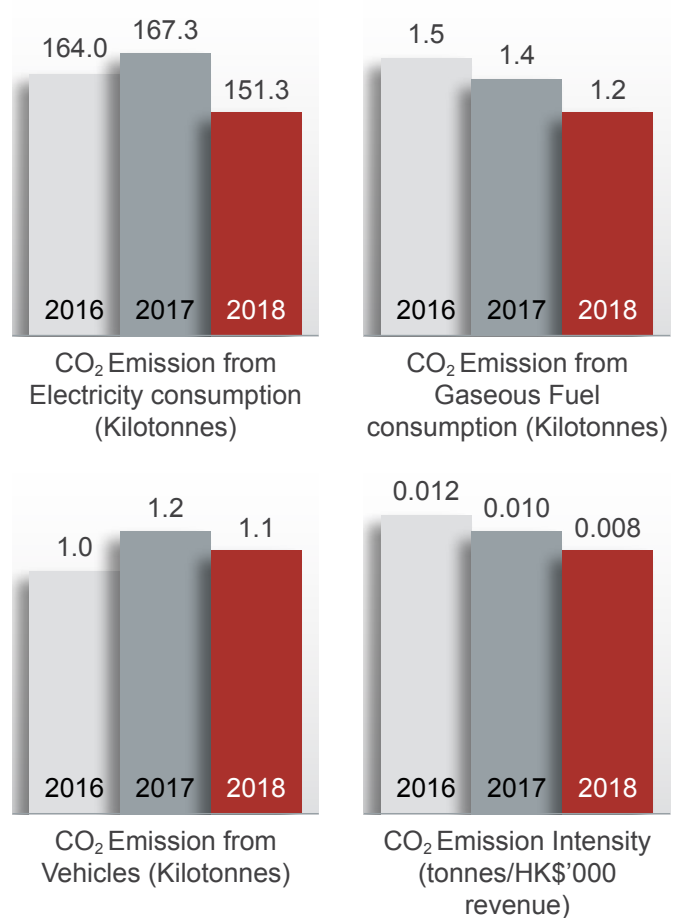
Although not related to the company's core business, an isolated incident of possession of picric acid without a valid license, was found in our Hong Kong subsidiary's old premises during the relocation process. The company has since moved to a new location in Gateway ts. A fine was imposed by the Hong Kong Magistrates' Courts in October 2018 and the case is closed.

NOx, SOx and Particulates Emissions



In 2018, emissions of NOx, SOx and particulates decreased by 12% whereas the emission intensity per HK\$1,000 revenue decreased by 21%.

CO₂ Emissions



In 2018, CO₂ emissions decreased by 10% whereas the emission intensity per HK\$1,000 revenue decreased by 20%.

ENVIRONMENT

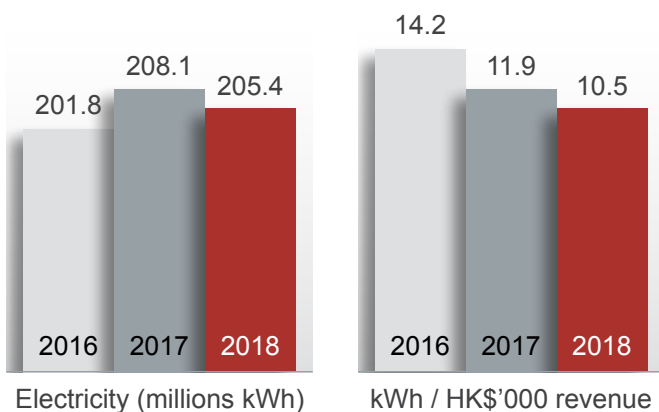
EMISSION AND ENERGY CONSUMPTION

We are vigilant in ensuring that any potential adverse impact on the environment as a result of our operations, is identified and addressed immediately. We are well aware of climate change issues due to global warming and will work hard to address it through the reduction of energy consumption and carbon emission.

In 2018, various changes and upgrades were continually made in the Group’s factories and facilities to ensure operational and energy efficiency. Key actions included the overhauling of air conditioning systems, air compressors, and chiller and heater systems in China, Hong Kong and Singapore to create savings ranging from 30% to 90% at system level. Examples include:

- All CDA (clean discharge compressed air) systems were checked for leakages leading to about 15% energy savings
- VSD (Variable Speed Drive) technology installed in air compressors and chiller/condenser pumps creating energy savings of about 30% at system level
- LED lights were installed to replace the old T8 florescent tubes leading to energy savings of about 50% at system level
- Consolidated and centralised CDA and air conditioning system for effective energy usage and to avoid energy waste in piping design in the Hong Kong facility. The overall energy savings achieved was about 21% year-on-year and the energy performance index (EnPI) improved about 33%, from an average of 49.7 kWh/M² to 33.3 kWh/M² year-on-year

Direct and Indirect Energy Consumption



In 2018, the total energy consumption (kWh) decreased by 1% whereas the energy consumption intensity (kWh/HK\$'000 revenue) decreased by 12%.

WASTE MANAGEMENT

We carry out waste-reduction measures and diligently monitor how waste is handled to avoid any adverse impact on our surrounding communities. Any waste generated is categorised as general waste or 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 by accredited vendors on a weekly basis.

To promote the reuse of equipment materials, “Materials Recycling Day” is organised regularly where the used materials from the production floor are collected, sorted out either to be kept for internal reuse or disposed through external recycling channels. In addition, separate recycle bins for office waste such as paper, glass, and plastic are placed at strategic locations to encourage employees to do their part to protect the environment.

The waste reduction and recycle programmes implemented over the years have enabled the Group to manage resources more effectively and minimise 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. We also encourage employees to cut unnecessary printing and our annual report is printed on environmental-friendly paper.

To further enhance environmental awareness among employees, a “Bin the Bin” initiative launched at our Singapore and Hong Kong offices in 2017 has continued into 2018. The “Bin the Bin” is designed to replace employees’ standard desk-side bins and employees are to take their waste to a centralised recycling point to be separated into different waste bins. This helps to maximise the amount that is recycled and improve the quality of recycling. As it now takes employees more effort to dispose their waste, they become more conscious and hence less likely to create waste unnecessarily.

In 2018, the Group produced a total of 4,203 tonnes non-hazardous waste and 9,335 tonnes hazardous waste. Of this, 76% of non-hazardous and 61% of hazardous waste were recycled, with the remainder being disposed of by accredited vendors.

WATER USAGE

In our plants, water is used 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 that ensures any leakages 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 2018, as much as 44% of purchased water was recycled, compared to 40% in 2017.

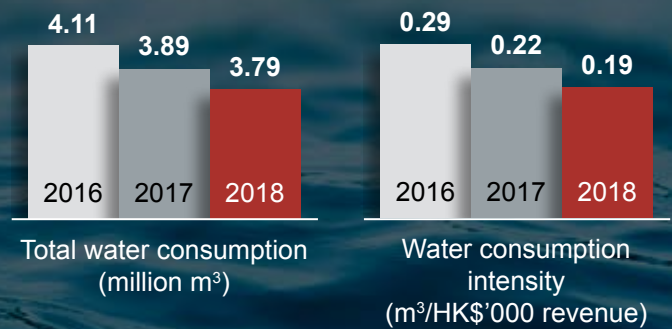


44% of purchased water was recycled

During the year, we encountered two isolated cases of excessive effluent copper discharge: one in our Singapore and one in our Shenzhen manufacturing facilities. The causes were a sudden production of high volume discharge which the waste water treatment system could not cope, and discharge caused by the cleaning of the plating machine respectively. Since the incidents, rectification actions including the installation of a CCTV monitoring system, water sampling every four hours and a monthly sampling to be sent to a third party laboratory for analysis had been introduced. The environmental authorities of both countries had been satisfied with our actions and the cases are closed.

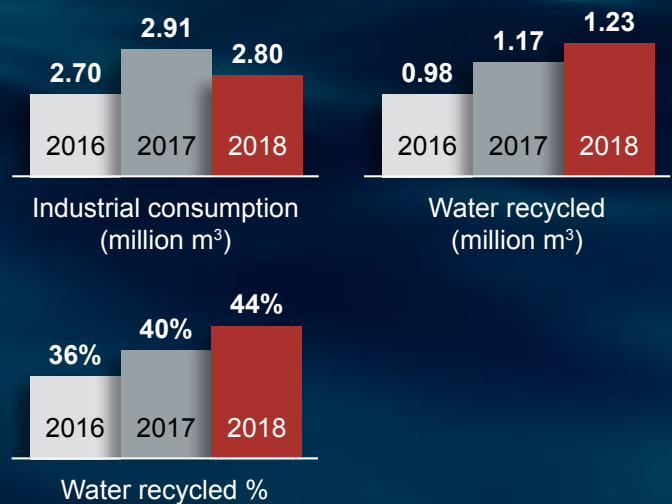
Total Water Consumption

In 2018, 3% decrease in total water consumption (million m³), consumption intensity decreased by 14% with respect to each HK\$'000 revenue (m³/HK\$'000 revenue).



Water consumption in industrial processes

For industrial use, there was a 4% decrease in net water consumption and a 10% increase in the recycling rate.





ENVIRONMENT

USE OF RESOURCES

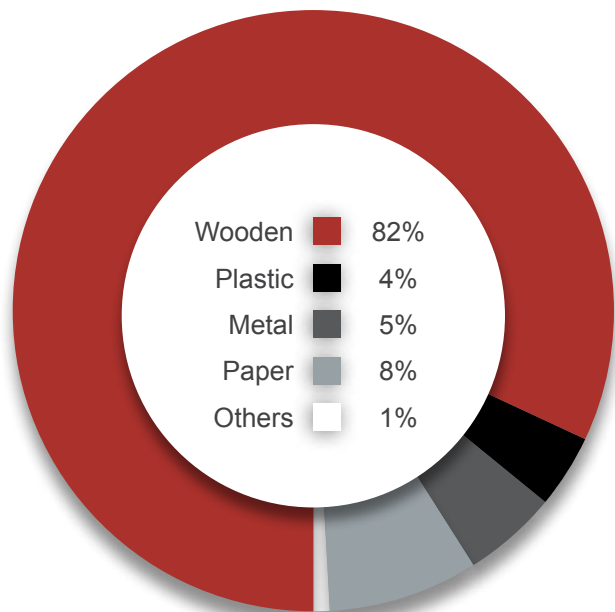
On top of our drive to reduce the use of raw materials by designing products with lower weight and volume where possible, we also try to make use of reusable and recyclable materials in our products. Additionally, we continually improve our manufacturing processes to reduce machine fabrication hours and the use of materials so as to conserve resources and energy.

Our manufacturing operations optimise logistics within the production plant by designing exceptionally compact assembly lines to minimise 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.

For this year, we are introducing a new set of statistics to assess and report on the level of total packing material consumption.

Packaging Material Types Distribution



Total Packaging Material Consumption: 5,486 tonnes

Total Packaging Material Consumption Intensity (tonnes /HK\$'000 revenue): 0.00028

SOCIAL



EMPLOYMENT

With a global headcount of over 16,000 employees in more than 30 countries, our people remain our greatest asset. As of 31 December 2018, out of these employees, 31% were aged below 30, 58% aged between 30 and 50 and 11% above 50, and 24% were female.

The Group recognises that having an inclusive, engaged and skilled workforce is crucial to the success of the organisation. We provide an array of training and development opportunities to nurture talent and help them reach their full potential. We are committed to the well-being of our employees and strive to provide a work environment and culture that motivate and empower every employee to be creative and innovative, and be able to work independently as well as in teams.

Our integrated human capital strategy ensures fair employment practices and offer 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. We have zero tolerance towards sexual harassment in the workplace and would not condone any of such unlawful acts. There was no reported incidence of sexual harassment in 2018.

The Group recognises that motivated and dedicated employees should be fairly compensated. Thus, we have a well-structured and open annual performance appraisal and compensation system that is integral to the success of the company. Attracting, retaining and motivating talent on a global basis is central to our compensation strategy.

Remuneration is benchmarked against the industry market rate and commensurate with individual

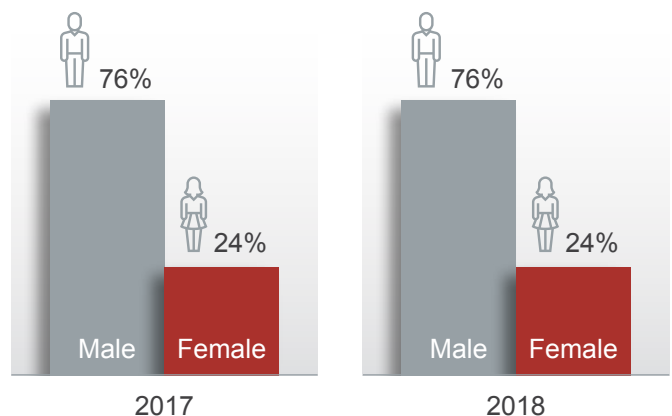
qualification, working experience and ability. Salary and career development reviews are conducted annually to ensure competitiveness. Discretionary bonus and incentive shares are granted to eligible employees based on the Group's financial results and individual performance. Other employees' benefits include contributions to mandatory provident fund schemes, medical and training subsidies.

We encourage employees to strive a work-life balance through an active lifestyle. Toward this end, the Group organises activities such as Family Day, Volunteer work and Kids Soccer Academy that encourage participation by both the employees and their family members regularly, which also help to promote family cohesion and bonding.

As of 31 December 2018, the Group has a total global workforce of approximately 16,000* employees (inclusive of part-timers), out of which 24% are female.

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

Total Workforce by Gender:



SOCIAL

Total Employment by Age Group and Geographical Region:

Year	Total		Below 30		30 to 50		Above 50	
	2017	2018	2017	2018	2017	2018	2017	2018
Greater China	69.9%	67.1%	26.0%	21.7%	41.1%	42.0%	2.8%	3.4%
Rest of Asia	18.4%	20.3%	6.9%	8.2%	9.4%	9.8%	2.1%	2.3%
Europe, Middle East and Africa	10.6%	11.4%	1.3%	1.4%	5.2%	5.4%	4.1%	4.6%
North and South America	1.1%	1.2%	0.1%	0.1%	0.7%	0.7%	0.3%	0.4%
Total Workforce	100%	100%	34.3%	31.4%	56.4%	57.9%	9.3%	10.7%

Total Employment by Employment Type:

Year	Total		Full Time		Part Time	
	2017	2018	2017	2018	2017	2018
Greater China	69.93%	67.05%	69.92%	67.04%	0.01%	0.01%
Rest of Asia	18.35%	20.31%	18.35%	20.30%	0.00%	0.01%
Europe, Middle East and Africa	10.63%	11.44%	9.71%	10.43%	0.92%	1.01%
North and South America	1.09%	1.20%	1.09%	1.20%	0.00%	0.00%
Grand Total	100%	100%	99.07%	98.97%	0.93%	1.03%

EMPLOYEE TURNOVER

The Group's headcount grew from 14,500 in 2017 to 16,000 by the end of 2018, this is a 12% increase year-on-year. ASMPT aspires to be "a great place to work", and towards this goal, the Group is constantly working to provide a conducive environment at work and a wide variety of learning and training opportunities for our staff.

However, there will always be a slight attrition for various reasons. In 2018, our employee turnover was about 15% which was a slight increase of 2% when compared with 13% in 2017. The turnover rates for both genders were about the same level.

The oldest age category of Above 50 had the lowest turnover rate for both genders which was an average of 6%. On the other hand, the turnover rate for employees aged Below 30 was the highest, which the Group believes is consistent with industry trend.

The turnover rate in Asia was the highest among the regions, particularly for Male Employees Below 30 years old. This was due to the tight labour market and high labour demand which resulted in frequent job-hopping in this age group and turnover rate across industries was high as well.

For North and South America, the turnover rate of 60% for Male Employees Below 30 years old was largely due to the low single-digit headcount and thus any turnover would result in a high percentage.

Employee Turnover Rate based on Gender, Age Group and Geographical Region:

Male	Total		Below 30		30 to 50		Above 50	
	2017	2018	2017	2018	2017	2018	2017	2018
Greater China	13.3%	15.9%	26.7%	32.4%	5.3%	8.4%	7.5%	5.3%
Rest of Asia	21.3%	22.0%	40.7%	38.7%	11.7%	12.8%	4.2%	4.7%
Europe, Middle East and Africa	4.4%	5.6%	10.0%	10.7%	2.9%	4.0%	4.8%	6.1%
North and South America	4.6%	7.3%	33.3%	60.0%	3.6%	8.2%	2.4%	0.0%
Group Total	13.6%	15.7%	28.7%	33.0%	6.1%	8.6%	5.5%	5.3%

Female	Total		Below 30		30 to 50		Above 50	
	2017	2018	2017	2018	2017	2018	2017	2018
Greater China	12.9%	11.8%	22.3%	24.6%	4.2%	5.5%	11.4%	5.8%
Rest of Asia	21.5%	20.9%	39.4%	31.7%	10.8%	13.3%	6.1%	9.3%
Europe, Middle East and Africa	4.9%	8.1%	19.6%	14.0%	4.7%	7.8%	4.9%	4.6%
North and South America	4.4%	6.7%	100%	0.0%	0.0%	4.9%	0.0%	11.8%
Group Total	13.5%	13.7%	26.5%	26.3%	5.5%	7.2%	6.8%	6.7%

HEALTH AND SAFETY

Keeping our employees healthy and safe is a fundamental responsibility which means the Group is constantly looking to minimise risks and improving our safety performance, in compliance 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 recognised standards: OHSAS 18001 for facilities in Hong Kong, China and Germany, and SS506/OHSAS 18001 in Singapore.

The Group ensures that potential safety hazards are avoided or minimised. 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 recognised 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.

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 are standard must-haves in all our locations.

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Beyond the daily needs, we also anticipate, identify and assess potential emergency situations and events regularly. To minimise 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 so as 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.

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 programmes.

Additionally, our new hires are required to attend the New Hires Orientation Programme, 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 procedures.

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 compliance.

LOST DAYS DUE TO WORK INJURY

There were no work-related fatalities in the Group in 2018. A total of 73 work injury cases (including outside the workplace) were reported among our global operations in over 30 countries. However, out of the 73 cases, only 52 occurred in the workplace.



On average, 18 lost days per injured person occurred last year. Considering the Group's total headcount in 2018 was about 16,000, the lost day rate was only 0.03% of the total working days of all the employees. This was similar to the rate recorded in 2017.

No. of Lost days	Total		Male		Female	
	2017	2018	2017	2018	2017	2018
Greater China	924	570	776	532	148	38
Rest of Asia	120	330	75	310	45	20
Europe Middle East and Africa	143	430	109	412	34	18
North and South America	0	10	0	10	0	0
Total	1,187	1,340	960	1,264	227	76

Under European regulation, accidents that happened to and from work are classified as "lost days due to work injury" even though it happened outside the work place. Based on 2018, approximately 40% of the cases happened outside the work place for the Europe and Africa region.

The higher number of lost days in Rest of Asia was due to three unrelated work incidents at different workplaces and a road accident. After proper inquiry, corrective actions including education and enforcement of adherence to operational instructions such as wearing of Personal Protection Equipment were put in place.

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 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.



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DEVELOPMENT AND TRAINING

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 organisation, 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.

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 programme to help them adapt better and assimilate into the company.

The Group believes in the power of education to positively impact the lives of individuals. To realise the Group's vision of "ENABLING THE DIGITAL WORLD", we create opportunities to nurture and groom young engineering talents. As such, we collaborate closely with local universities and technical institutes in the region through internship programmes and scholarship opportunities as well as competitions and visits.

In 2018, 386 students have benefited from our scheme and programmes. Four years ago, we started our ASM Technology Award to recognise and reward students with outstanding Final Year Projects that demonstrate excellence in technology and innovation. For 2018, for the first time ever, the Award included a trip to Germany for the six student winners and their supervising professors to learn more about the technologies and business development of the Group and some other high-tech companies in the country.

To ensure stable leadership in the future, ASMPT has installed a succession plan involving an Executive Leadership Team comprising top executives and high-calibre next-generation managers. All team members are collectively responsible for formulating and implementing strategies to drive sustainable growth for the Group.

Furthermore, executive management and leadership programmes, forums or workshops are organised in

collaboration with universities and learning institutions, to build leadership capabilities in these executives to equip them with future-ready skills to meet the challenges in their present and future roles.

Percentage of employees trained	Overall		Management		Engineer		Office Staff		Production Staff	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Greater China	76%	83%	62%	55%	57%	59%	91%	87%	79%	95%
Rest of Asia	74%	71%	69%	68%	69%	66%	74%	64%	78%	77%
Europe and Africa	86%	71%	90%	82%	87%	72%	83%	71%	86%	63%
North and South America	92%	25%	98%	13%	84%	40%	89%	7%	100%	34%
Total	77%	79%	70%	61%	65%	62%	89%	81%	79%	90%

Percentage of employees trained by gender	Overall		Male		Female	
	2017	2018	2017	2018	2017	2018
Greater China	76%	83%	73%	81%	87%	89%
Rest of Asia	74%	71%	71%	69%	82%	76%
Europe and Africa	86%	71%	87%	73%	81%	62%
North and South America	92%	25%	93%	29%	90%	6%
Total	77%	79%	74%	77%	86%	83%

Average training hours completed per employee	Management		Engineer		Office Staff		Production Staff	
	2017	2018	2017	2018	2017	2018	2017	2018
Greater China	5	9	11	11	15	13	15	18
Rest of Asia	13	19	21	20	11	14	5	7
Europe and Africa	17	14	16	20	13	14	8	5
North and South America	5	2	24	27	4	2	8	4

Average training hours completed per employee	Male		Female	
	2017	2018	2017	2018
Greater China	13	14	15	16
Rest of Asia	10	13	13	14
Europe and Africa	14	16	12	10
North and South America	14	12	4	2

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LABOUR PRACTICES

It is against the policy of ASMPT to allow 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 2018, 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.

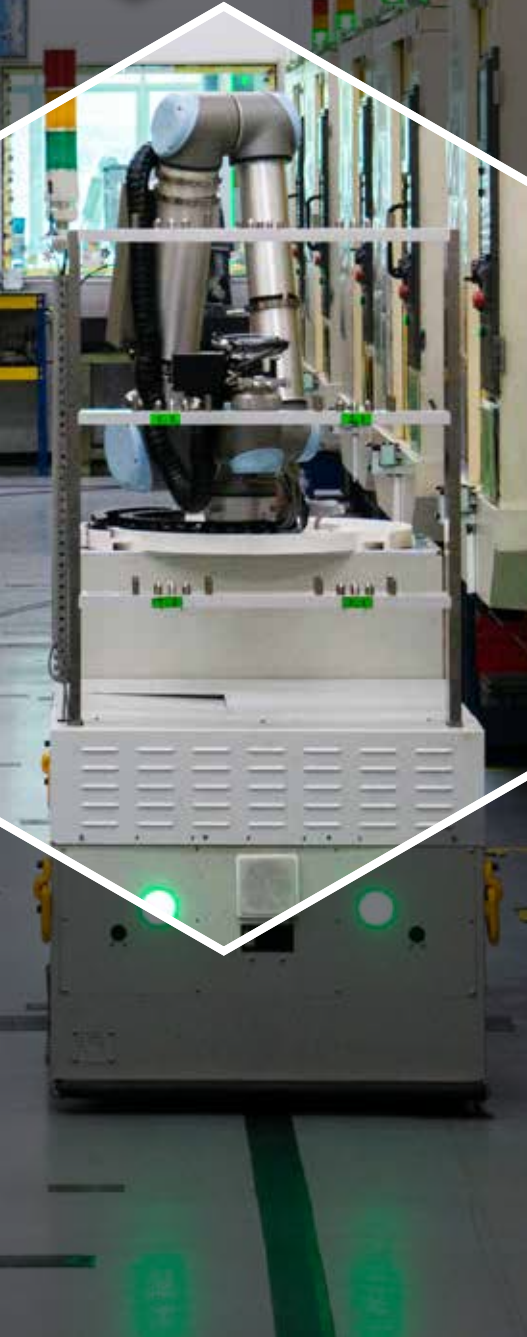
SUPPLY CHAIN MANAGEMENT

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 over 2,000 suppliers in countries including China, Singapore, Malaysia and in Europe, we constantly review 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 aligned with 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 contents of our Supplier Code of Conduct were developed to be aligned with our culture, core values and business practices, and are updated regularly to ensure its relevance. We conduct assessments and checks on our suppliers as part of our regular business reviews. The Supplier Code of Conduct is available on the Group's website.





PRODUCT RESPONSIBILITY

Being a market leader of semiconductor assembly and packaging equipment and materials as well as SMT solutions to the semiconductor industry, our customers count on us to ensure the safety of our products. 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 minimise 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) programme that was introduced in 2005. The DFE programme is a programme 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 dis-assembled quickly and efficiently, with its parts easily separated into recyclable and non-recyclable as well as disposable components.

Recognising 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 unauthorised 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.

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We strive 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 the 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

Our customers' safety is 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 programme that will provide customers with immediate support should there be any issue with the products.

When any 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. In the past, there had been a few cases of potential safety hazard which 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.

We are also aware of the importance in handling personal information of our stakeholders and take 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 2018, 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 organisation, 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 the 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 Programme, 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. Anyone 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 2018, 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

At ASMPT we encourage and advocate active contribution and participation within the communities that we operate, particularly through 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 organisations through donations and staff volunteerism. In 2018 alone, the Group participated, sponsored and/or donated to 180 activities and approximately 23,745 hours of volunteer service to the communities where we operate, compared to 125 activities and approximately 18,000 hours in 2017.

A total of 200,000 plus hours was also recorded for internship programmes for university students with opportunities to try out real-work assignments with leading-edge technologies. This was a significant increase compared to 2017 primarily due to a new government policy in China that any employment of students would be classified as “interns” rather than as “contract labour” as they have not received their graduation certificates and are thus “students” legally.



In 2018, employees from the Hong Kong offices actively participated in charity activities like Oxfam Trailwalker programme, 24-hour Charity Pedal Kart Grand Prix and UNICEF Charity Runs. Since 2000, the Group has taken part in Oxfam’s Trailwalker programme in Hong Kong. Besides financial sponsorship, the Group has invited our customers and sent teams from our operations in Hong Kong, Singapore, Mainland China, Malaysia and Europe to participate in the event. Employees in the Hong Kong offices have also organised blood donation drives together with Hong Kong Red Cross Society since 1991.

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In China, we continued to support the community by sponsoring local sports events in football, badminton, basketball, marathon and many other activities. ASMPT participated in the Chinese New Year Lantern Fair held at the renowned Huizhou West Lake, with a lantern display that featured a harmonious blend of high technology and traditional customs. We also visited several rural village schools in Heyuan and Shanwei. Besides spending time sharing and caring for the children, we also donated gifts, scholarships and used books to the children, while our staff helped as volunteer teachers for extra-curricular activities support.

Thirty-two of our UK employees participated in the “Tough Mudder” challenge. This was gruelling 10 mile charity run/obstacle challenge with all money raised being presented to the “Help for Heroes” Charity – a foundation specifically set up to support ex-forces Service Personnel with injuries, illnesses and wounds sustained while serving in the British Armed Forces.

In Germany, over 170 employees supported what is now an annual Christmas activity, donating Christmas presents and gifts for children being cared for in local family support centres that primarily provide invaluable support and care for immigrant families to the Munich region.

Ten employees in our America office participated in the “Sista Strut” Breast Cancer Walk – an activity that was designed to raise funds and awareness about issues associated with Breast Cancer.

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 had also been awarded the “Happiness-at-work Label” by the Promoting Happiness Index Foundation (the Foundation) and the Hong Kong Productivity Council (HKPC) in recognition of our efforts in enhancing “Happiness-at-work” through implementing activities in the four areas, namely, “Corporate Love”, “Corporate Insight”, “Corporate Fortitude” and “Corporate Engagement” since 2017.

Furthermore, ASMPT was also awarded the “Corporate Citizenship Logo – Enterprise Category” by Hong Kong Productivity Council in the 9th Hong Kong Corporate Citizenship Award Scheme in recognition of our excellence in fulfilling social responsibilities and integrating citizenship concept into business model and operation. Besides, the Group also received both “Family-Friendly Employers 2017/18 Award” and “Award for Breastfeeding Support 2017/18” from Family Council in recognition of our commitment in adopting the family-friendly employment policies and practices and a breastfeeding friendly workplace policy for our employees.







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