DRIVE INNOVATION · DELIVER EXCELLENCE >

CONNECTING THE FUTURE

CORPORATE RESPONSIBILITY
REPORT 2014

ABOUT ASMI

ASM International NV ('ASMI') is a leading supplier of semiconductor wafer processing equipment. We have a strong position in leading edge technologies, and our customers include all of the top semiconductor device manufacturers. Our portfolio of atomic layer deposition ('ALD') products is an enabling technology for our customers, helping them to build faster, cheaper and more powerful semiconductors that bring greater opportunities for people to understand, create and share.

Headquartered in Almere, the Netherlands, we have more than 1,600 employees with 26 nationalities, in Europe, Asia and the US. ASMI common stock trades on Nasdaq (symbol 'ASMI') and the Euronext Amsterdam Stock Exchange (symbol 'ASM'). For more information, visit **www.asm.com**.
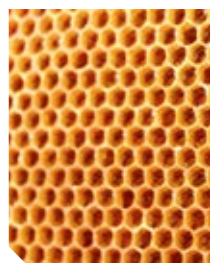
IN THIS REPORT

ABOUT THIS REPORT
Our Corporate responsibility report covers all aspects of our efforts to manage our business responsibly. The data provided covers our Front-end operations for our fiscal year ended December 31, 2014, except where indicated otherwise.

CONNECTING THE FUTURE

Every day our groundbreaking deposition technologies are helping to connect the future. So we want to make sure it's a good one. One where people and the environment are kept safe from harm. One where our innovations bring communities together. One where we demand high ethical standards of ourselves and our suppliers. Because helping to create advanced chips is better when the advances we make are steps to a better future.

COMMITTED TO CR

ENVIRONMENT

SOCIAL

SUPPLY CHAIN

A LETTER FROM CHUCK DEL PRADO

PRESIDENT & CEO

Our company is a leading provider of technology solutions for semiconductor producers. With our atomic layer deposition ('ALD') and plasma enhanced ALD ('PEALD') technologies, we are well positioned to participate in future industry technology transitions. In the coming years, the ALD market is projected to have substantial growth opportunities. We are focused on continuing to leverage our ALD and other key technologies to create long-term value for our customers, shareholders and our society.

We exist to drive the innovation that creates new opportunities for society. Our technology helps create the advanced circuitry and logic that drives societal development through computing, medicine, transportation, communications, education, and so many other innovations shaping the world around us.

We also seek to be a leader in responsible, sustainable business practices. As the expectations of our customers, business partners and other stakeholders have increased, we have taken significant steps to strengthen our management of social and environmental performance and non-financial risk.

Important recent milestones include:
- Our commitment to Corporate Responsibility was reaffirmed through our Executive Commitment Statement.
- Our Environmental Management System received global certification and we established targets to further improve our environmental performance.

- We implemented performance metrics for managing ethical conduct in our organization.
- We introduced the Electronics Industry Citizenship Coalition ('EICC') Code of Conduct as our supplier code of conduct, and have established assessment goals for critical suppliers as we strive for a responsible supply chain.

Our increased focus supported performance improvements. The number of workplace injuries have continued to decline in 2013 and 2014. Voluntary employee turnover also has dropped. We made progress toward the achievement of three of four environmental targets, and took corrective action to address an increase in water consumption.

This report, our first formal corporate responsibility report, is just one more step toward our commitment to Deliver Excellence™ for all of our stakeholders around the globe.

Looking forward, 2015 presents opportunities and challenges for our company. We will continue our strong focus on R&D to Drive Innovation™, creating value for society. We will do this while making further progress embedding responsible business practices in our operations and ensuring we and our suppliers comply with the Electronics Industry Citizenship Coalition ('EICC') Code of Conduct.

Our objective is to realize profitable and responsible growth. Please read through our first Corporate responsibility report to see our progress and further aspirations.

Charles D. (Chuck) del Prado
President & Chief Executive Officer

ASMI AT A GLANCE

KEY FIGURES

	2012	2013	2014
NET SALES* IN EUR MILLION	370	452	546
OPERATING RESULT* IN EUR MILLION	1	45	91
INITIAL PATENTS FILED	64	61	66
BASIC NET EARNINGS PER SHARE IN EUR	0.13	0.71	2.49**
STAFF AT YEAR END FULL TIME EQUIVALENT (FTE)	1,636	1,503	1,635

* Data for wafer processing operations
** Note: excluding effects sale of share ASMPT

2013-2015 ENVIRONMENT SCORECARD

OBJECTIVE	UNIT	PROGRESS 2014	2015 TARGET (VS. 2012 BASELINE)
GREENHOUSE GAS (GHG) REDUCING MEASURES	METRIC TON EQUIV CO_2 (MT-CO_2E)	71%	0.8K
WATER USAGE REDUCTION (M³)	M³	36%	10K
RECYCLED SOLID WASTE DIVERSION RATE	PERCENT (%) OF TOTAL SOLID WASTE	76%	85%
UNINTENDED DISCHARGES	TOTAL COUNT	0	ZERO / YEAR

2014 SOCIAL PERFORMANCE TARGETS

	2012	2013	2014	TARGET
EMPLOYEE TURNOVER (%)	10.7%	7.4%	6.9%	8.7%
RECORDABLE INJURY CASE RATE	0.54	0.30	0.35	0.30

22%
STAFF EMPLOYED IN R&D

1,266
PATENTS IN FORCE AS OF DECEMBER 31, 2014

98%
EMPLOYEES TRAINED IN ETHICS

18
NUMBER OF COUNTRIES IN OUR SUPPLY CHAIN

ASMI WORLDWIDE

NET SALES In EUR million
177

EMPLOYEES At years end (FTE)
600

SUPPLIERS
259

NET SALES In EUR million
274

EMPLOYEES At years end (FTE)
724
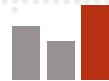
SUPPLIERS
520

NET SALES In EUR million
95

EMPLOYEES At years end (FTE)
311

SUPPLIERS
211

CR AT ASMI

Our company is all about innovation and the resultant benefit for society. We provide leading-edge technologies that enable electronic devices with superior performance and reduced energy consumption. By continually increasing processing power, and reducing device size, our customers are able to further expand smart technology into the products that help improve quality of life for people everywhere.

Our continued strong investment in research and development drives scientific research working with our research partners and customers to extend the boundaries of what was previously possible. Our technology inspires the leap of the imagination that has transformed communications, medicine, and information technology.

Being a responsible company

We believe that being a responsible company creates value for our company, our stakeholders and society at large. We are continually focused on creating better products and a stronger brand. Our focus on managing all aspects of our business responsibly helps attract the key talent that drives our innovation. Today, the brightest minds focus on the big picture and want to be a part of a responsible company.

"We believe that being responsible creates value for our company, our stakeholders and society at large."

ASMI MISSION
Our mission is to provide our customers with the most advanced, cost-effective, and reliable products, service and global support network in the semi-conductor industry, and beyond.

CR VISION
As a truly global citizen, our vision is to make positive contributions to people and planet.

CR STRATEGY
- Continue our strong focus on R&D and innovation to create value for society through technology.
- Manage all aspects of our business responsibly to meet or exceed stakeholder expectations.
- Hold our suppliers to the same standard that we hold ourselves.

We know that customers seek to purchase from businesses that are managed ethically and responsibly, and our customers actively encourage us to put in place the right management processes for social responsibility and plan for the long term with objectives and goals.

Our success is rooted in progress and wellbeing in society, which requires that we interact with and support society responsibly. We also understand the importance of having the right metrics and framework to measure and report our progress.
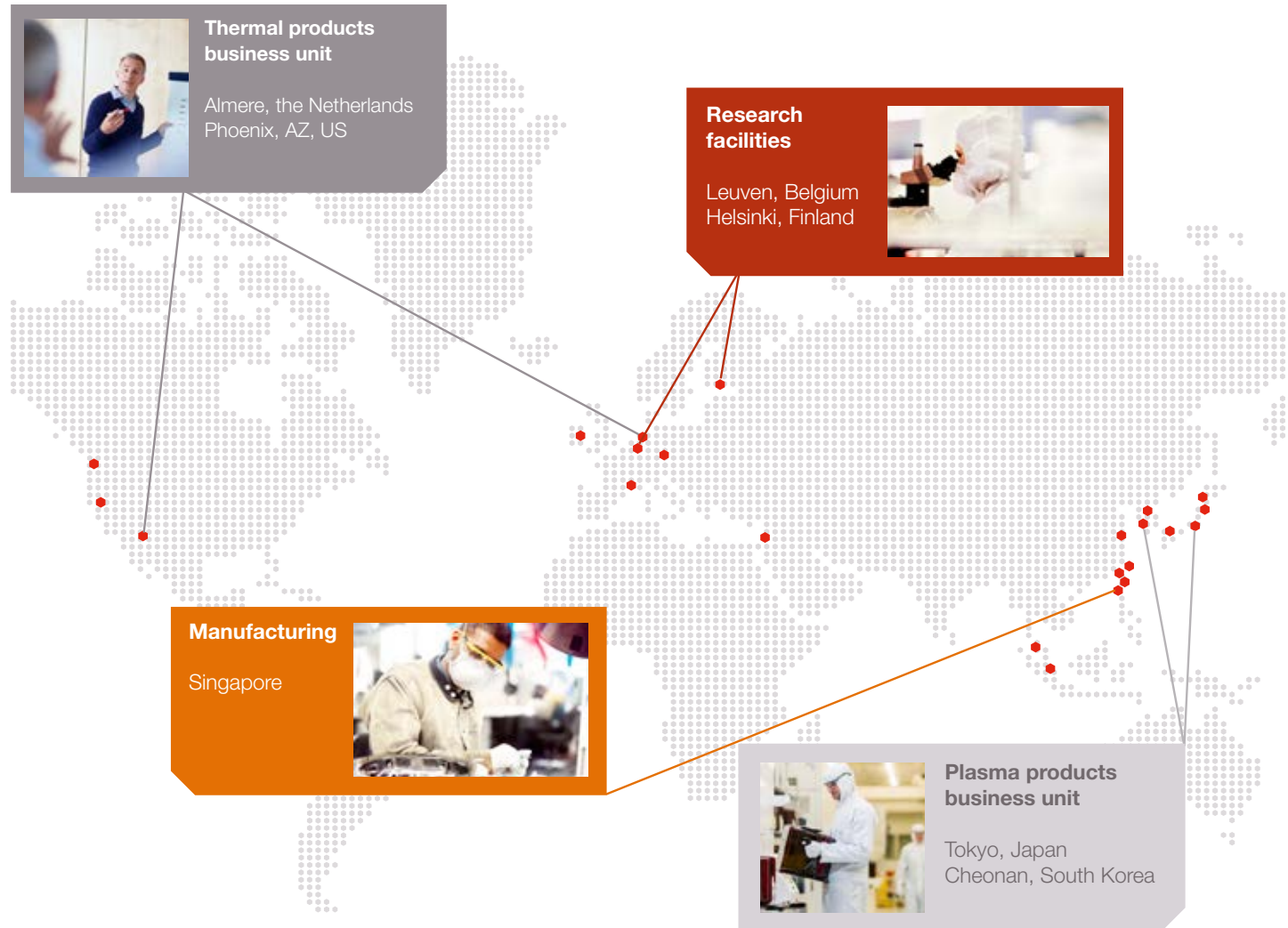
MANAGING RESPONSIBLY

At ASMI, we are committed to upholding high standards in corporate governance and ethics practices. We believe our comprehensive internal policies and procedures provide a structure for the operation of ASMI that is consistent with the best interests of our shareholders and customers.

As we are listed on both the NYSE Euronext Amsterdam Stock Exchange and Nasdaq, we are required to comply with Sarbanes-Oxley Act corporate governance requirements in the US, and applicable best practices set out by nasdaq, the US Securities and Exchange Commission ('SEC'), and the Dutch Corporate Governance Code published in December 2008 (the 'Code').

More information about the systems of management and control, which form the basis for how we run our company, is available in the Corporate governance section of our Annual report. Documents providing details about aspects of our corporate governance system are also on our website.

OUR BUSINESS

Thermal products business unit

Almere, the Netherlands
Phoenix, AZ, US

Research facilities

Leuven, Belgium
Helsinki, Finland

Manufacturing

Singapore

Plasma products business unit

Tokyo, Japan
Cheonan, South Korea

The following documents are available at **www.asm.com**:
- Supervisory Board Profile;
- Supervisory Board Rules;
- Management Board Rules;
- Audit Committee Charter;
- Nomination, Selection and Remuneration Committee Charter;
- Code of Ethics;
- Whistleblower Policy;
- Anti-Fraud Policy;
- Rules concerning Insider Trading;
- Remuneration Policy.

We have embedded responsible management practices relating to the environment, health and safety in our operations. These efforts are coordinated and overseen globally by our Environment, Health, Safety and Corporate Responsibility team. With respect to safety, all safety incidents are monitored by and significant incidents and performance are reported to senior management.

Our standards and stakeholder expectations

ASMI strives to meet all customer and stakeholder expectations in Corporate Responsibility. Corporate Responsibility expectations have increased in recent years, from customers, shareholders and other stakeholders. To meet these expectations, we align the management of our company with international and industry standards, such as the UN Global Compact Principles (regarding human rights and labor issues) and the Electronic Industry Citizenship Coalition ('EICC') Code of Conduct (regarding environmental, health and safety, labor, ethics and management systems). We are regularly evaluated by customers on performance and progress in areas of Corporate Responsibility.

Customer audits have been conducted to ensure that expectations are met and we have continually met the expectations across our operations.

The Disclosure Committee, consisting of senior managers from various functional areas within the Company, assists the Management Board in overseeing the Company's disclosure activities. It ensures compliance with applicable disclosure and regulatory requirements arising under Dutch and US law.

EICC compliance

We have chosen the Electronic Industry Citizenship Coalition ('EICC') as the framework for ensuring a comprehensive Corporate Responsibility program. The EICC Code of Conduct defines a structure for conducting our business responsibly in all areas of environment, health and safety, labor, ethics and the supply chain. The EICC Code of Conduct is updated periodically, and we are committed to upgrading our management practices to comply with the code as it evolves. Our adherence to the EICC Code of Conduct is the responsibility of every employee. Our Corporate Responsibility Policy and management system helps us to sustain corporate responsibility practices and the EICC Code of Conduct compliance.

ASMI made significant progress in 2013 and 2014 in assuring our own compliance with the EICC and the implementation and compliance within our supply chain.

In 2013, we conducted third-party EICC audits of our operations and facilities worldwide. This was followed up in May 2013 with a third-party audit of our Singapore manufacturing in which the site was validated as EICC-compliant. We also conducted EICC-ON based self-assessments at all sites in both 2013 and 2014. At the end of 2014, all ASM sites were rated as 'Low Risk' in the EICC system. In 2014, we adopted the EICC Code as our Supplier Code of Conduct and communicated to our suppliers the code compliance expectation. We delivered EICC Code and supplier self-assessment training to our critical suppliers. We are actively engaged with our critical suppliers around the world, measuring, validating, and ensuring our suppliers are continuously improving in EICC compliance. We established monitoring and assessment measures to support our own EICC Code compliance, and drove continuous improvement in our own operations in 2014 through the formation of a global EICC committee.

OUR CORPORATE RESPONSIBILITY POLICY

Our global Corporate Responsibility Policy establishes our commitment and expectations regarding the environment, labor, health and safety, ethics and supply chain management. Each of these areas of management is further supported by policies, systems, programs and metrics to ensure that our ongoing progress is related to longer-term objectives. The full text of our **CR Policy** is available online.

ACHIEVEMENTS IN CORPORATE RESPONSIBILITY

Our strategy is to incorporate responsible practices throughout our business and our supply chain by adopting standards that reflect global norms and stakeholder expectations, and managing our performance with a robust set of performance indicators. We continually monitor our progress and adjust targets as performance improves. Improved indicators reflect industry standards, potential environmental impacts, and performance areas linked to developing and maintaining a positive improvement trend.

Our greatest contribution to society is innovation that leads to faster computing, greater productivity and improved energy efficiency of electronics. In 2014, our investments in research and development totaled €58 million. The outcome of our research and development efforts are technological innovations, which can be measured by new patent filings. In 2014, we increased our intellectual property holdings with 66 initial patent filings. For further information on research and development, see our Annual report.

Partnerships with universities

As part of our efforts to increase innovation, we continue to pursue and enhance strategic research and development partnerships with universities, industry groups and customers. In 2013, we expanded our partnership with the Interuniversity MicroElectronics Center ('imec') in Leuven, Belgium. We have been partnering with imec since 1990. In addition, our partnership with the University of Helsinki, which supports further development of atomic layer deposition ('ALD') processes and chemistries, which began in 2003, was extended for an additional five-year period.

Our support of university and industry programs also included:

- Sponsorship of several PhD students at the University of Helsinki, and financial support for several other university programs;
- Engagement in the Electronics Leaders Group ('ELG') in the implementation planning of the 'European Industrial Strategic Roadmap for Micro- and Electronic Components and Systems';
- Participation in defining the Multi-annual Strategic Research Innovation Agenda ('MASRIA') and Multi-annual Strategic Plan ('MASP') for the Electronic Components and Systems for European Leadership;
- Membership in the Semicon Europe Semiconductor Technology Programs Committee;
- Continued participation in industry alliances such as SEMI **(Semiconductor Equipment Manufacturer Industry)** and SEAJ **(Semiconductor Equipment Association Japan)**.

PHASE 1
Risk Assessment

PHASE 2
Training and Supplier Self-Assessment (SAQ)

PHASE 3
Auditing/ Corrective Actions

EICC CODE OF CONDUCT

The Electronic Industry Citizenship Coalition® ('EICC'®) Code of Conduct establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

The code facilitates a credible process for evaluation and management of supply chains covering labor, ethics, health and safety, environmental, and sourcing.

We also made great strides in recent years in developing our talent management framework, reducing injury rates, training employees to embed an ethical culture, and engaging critical suppliers in responsible management practices.

We have added a corporate responsibility section to our corporate website, including key policies and performance indicators to increase the robustness and transparency of our corporate responsibility practices and performance.

In 2013 and 2014, we have strengthened our corporate responsibility organization through key new hires. We added a Global Director of Environmental, Health, Safety ('EHS') and Corporate Responsibility, a Corporate Responsibility ('CR') Manager, and an additional Regional EHS/CR Manager in our Asia region. These additions will help to drive ASM further to meet the expectations of customers, stakeholders, and society.

OBJECTIVES FOR 2015

Building on the progress we made in 2013 and 2014, we will make further progress in globalizing and unifying our responsible business practices, ensuring greater synchronicity and effectiveness. Specifically, we are enhancing our ability to manage and measure performance relating to:
• EICC compliance in our supply chain;
• workforce diversity;
• due diligence for conflict minerals.

"Our greatest contribution to society is innovation that leads to faster computing, greater productivity and improved energy efficiency of electronics."

WE ENABLE INNOVATION FOR ENERGY MANAGEMENT

Energy is precious. Now our innovative technologies are enabling you to manage it yourself with ease. Helping to connect you to a new generation of intelligent devices that intuitively 'know' where you are. Objects that quickly learn how you behave and seamlessly provide what you need without you having to ask for it. Creating greater convenience for you. Conserving valuable resources for everyone. Using intelligence to be kinder to the planet.

ENVIRONMENT

ENVIRONMENT

We strive to minimize our environmental impact across our operations globally. We believe that we can and should make the world a better place by enabling innovations in technology without harming the environment. Carefully managing water and energy consumption and waste also contributes to lower costs.

OUR APPROACH

Our greatest contribution to eco-efficiency is through our technological innovations. Our innovative technology enables people everywhere to create and share more at lower costs, with less energy. The process of driving down computing power energy demands requires that we achieve more calculations per kilowatt hour. This leads to improvements in the energy efficiency of all electronic devices from computers, to phones, to medical devices. Our research and development efforts are therefore supporting greater energy efficiency throughout the world.

As part of our efforts to globalize our management processes, in 2013 we successfully attained global certification to the ISO 14001 Environmental Management System Standard. In 2014, we successfully passed the first annual assessment audits with zero non-conformances or corrective actions. The global certification supersedes our previous site certifications, and further strengthens our commitment to minimize our environmental footprint and constantly strive for continuous improvement in our environmental performance.

Four key areas

We set three-year environmental performance targets in 2013 in four key areas that are consistent with proposed environmental measures for the semiconductor industry: Greenhouse Gas ('GHG') emissions, water usage, recycled solid waste and unintended discharges. Our GHG emissions are more than 99% from our Scope 2 electrical consumption, and the three-year target is correlated to the implementation of sustained reductions against a 2012 baseline. We reorganized our internal environmental organization in 2012 to provide improved support to all operations globally. Significant continuous improvement opportunities were identified at that time, and our environmental targets reflect the strategy and goals related to those improvement opportunities.

71% Progress - End of 2014   **100%** Target 2015

GHG REDUCTION PROJECTS

36% Progress - End of 2014   **100%** Target 2015

WATER USAGE REDUCTION

76% In 2014   **85%** Target 2015

RECYCLE DIVERSION RATE

ZERO Discharge violations in 2014   **ZERO** Target always

COMPLIANCE WITH DISCHARGE REQUIREMENTS

PERFORMANCE

Our 2013 and 2014 environmental performance shows progress against the three-year targets in reducing greenhouse gas ('GHG') emissions and water consumption. In 2013, ASMI established a three-year GHG reduction target of 0.80 metric tons of CO_2 equivalents from the implementation of sustainable reductions against the 2012 existing operations. This is equivalent to reducing 5% of our 2012 GHG emissions. Through 2014, sustaining reductions totaling 3.7% of the 2012 baseline have been implemented, thus approximately 71% toward our three year target. These efficiency targets helped offset ASM's growth through the same period, and ASM still achieved an overall reduction of 2.2% in greenhouse gas emissions. Our GHG emissions are primarily attributable to Scope 2 electrical consumption.

A 1.9% reduction in total water consumption has been achieved globally in 2014 over the 2012 baseline. This flat trend is primarily attributable to the installation of new equipment to support increased research and development offsetting gains made through improved utilization of existing equipment. To reduce associated GHG emissions, the new equipment uses environmental wet scrubbers.

We have project plans in place for 2015 to bring water consumption improvement back to target. We believe these reduction efforts will put us back on track to meeting the 5% reduction target in 2015.

Recycling of solid waste has increased 55% from 2012 to 2014 to a total recycling achieve of 76% of our solid waste. This increase is attributable to new recycling programs in multiple regions, and partnering with recycling vendors to increase the range of materials recycled. Some regions continue to be constrained by available recycling capabilities, but we are on target for achieving the 85% target by the end of 2015.

In 2013, ASMI did not incur any penalties or violations for any of our environmental discharge permits, and in 2014 a minor recordkeeping violation was issued at our Phoenix facility for not properly documenting maintenance on air emission control devices. The situation was promptly addressed and all corrective actions closed.

"We successfully attained global certification to the ISO 14001 Environmental System Standard."

In October 2014, ASMI was awarded the Carbon Disclosure Project award for 'Best Improver – Benelux Region' for our improvement in reporting of greenhouse gas emissions and controls. This exemplifies our commitment and efforts to continue to improve in both our environmental performance and reporting.
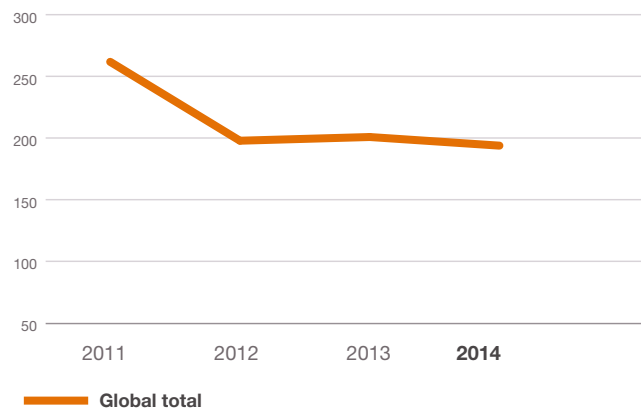
GLOBAL RECYCLE DIVERSION RATE in %

Year	Value
2011	39
2012	49
2013	59
2014	74
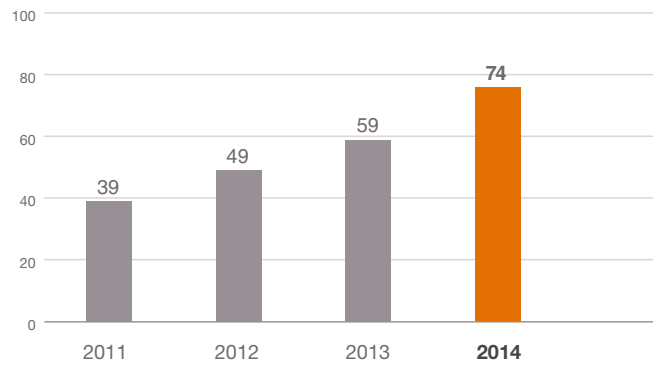
GREENHOUSE GAS (GHG) EMISSIONS in mtCO$_2$e

Global total
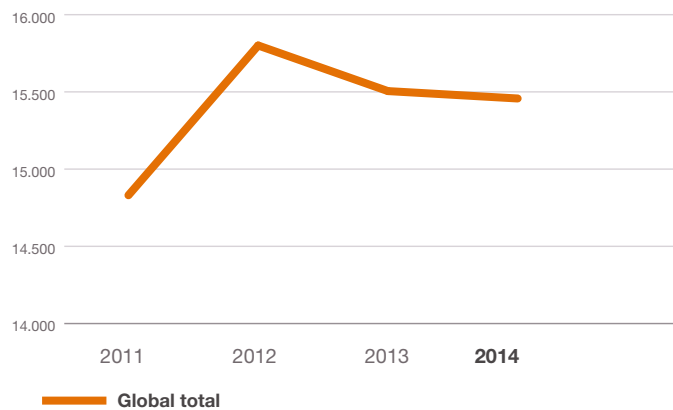
GLOBAL WATER CONSUMPTION in 1,000 m³

Global total

"In October 2014, ASMI was awarded the Carbon Disclosure Project award for 'Best Improver – Benelux Region' for our improvement in reporting of greenhouse gas emissions and controls."

WE ENABLE COMMUNITIES TO CONNECT

We are a better world when we stay connected. Our innovations contribute to ensuring that it's never been simpler for you to stay in touch no matter where you are on the planet. Enabling you to manage your work and social relationships more easily. Bringing you in touch with people who share your particular interests. Providing you with opportunities to crowdsource powerful solutions to everyday issues you face. Ensuring you can mobilize social action on things that matter to you and your world – and make change happen.

SOCIAL

Our primary contribution to society is technology and process solutions that lead to faster, cheaper, more powerful semiconductors. Global demand for semiconductors is exploding, driven by rising numbers of smartphones, tablets, smart vehicles, and even the internet of things.

OUR APPROACH

In 2014, we continued our investments in research and development totaling €64 million, leading to further innovations for improvements in societal productivity. At the end of 2014, 365 ASMI employees, or 22% of our staff, were employed in research and development. This is an increase from 315 employees in research and development in our wafer processing business at the end of 2013. For further information on our research and development, please refer to our **Annual report**.

PEOPLE

We set and maintain high standards for the way we conduct our business and upholding these standards is the responsibility of everyone at ASM. Our standards go beyond compliance with all applicable national and international laws and regulations, referencing global norms, industry codes of conduct, and sound business ethics practices. More simply, they are about mutual respect and support, and doing what is right for everyone.

Our Global Standards

In 2013, we updated our **Global Employment Standards** to ensure consistent application of labor management programs globally.

Our standards are fully aligned with the EICC Code of Conduct, which includes standards for responsible management in all areas of labor, health and safety. We have found that the framework EICC provides brings considerable value to our business.

The EICC Code of Conduct is updated periodically, and ASMI is committed to upgrading its management practices to comply with the code as it evolves.

Our Global Employment Standards summarize our position on key human rights issues and our approach to respecting human rights throughout our global operations and supply chain. The standards reflect the principles laid out by the United Nations in the Guiding Principles on Business and Human Rights.

In 2013, we also introduced a Global Leveling Structure, which provides an objective categorization of ASMI positions in all 14 countries where we operate. ASMI is able to reward employees in comparable roles in a similar way. In addition, the new structure provides employees with clarity about career development opportunities, both in the same job family as well as other career streams. Finally, it helps ASM to understand how to support employee development for future roles.

365
ASMI EMPLOYEES WORK IN R&D

€64
MILLION INVESTED IN R&D

"We introduced a Global Leveling Structure in all 14 countries where we operate."

ETHICS

Our Code of Ethics applies to all of our employees worldwide, as well as our Supervisory Board and Management Board. Our Code of Ethics is designed to promote honest and ethical conduct, as well as timely and accurate disclosure in our reporting.

The true ethics of our company are not only found in our corporate commitments or policy statements, but rather in the daily behavior of our people. To that end, we are committed to build, and maintain an ethical culture that includes our entire workforce and supply chain. Our ethics training is required for new employees as well as refreshed every two years for all employees.

To continually improve our ethics systems, we instituted an Ethics Committee in 2012 that reports to the CEO and CFO quarterly. In 2013 and 2014, the committee initiated a number of process improvements including:

- The development and introduction of an Ethics scorecard to define and measure the performance of our ethics systems;
- The introduction of SpeakUp!, an anonymous global reporting program for employees and suppliers to report potential ethics or compliance issues in their own languages;
- Expansion of the Ethics Committee with the inclusion of the Director of Global EHS and CR, helping to ensure alignment with the EICC framework and further diversify the committee;
- The introduction of the internal ethics homepage on the ASM intranet, to improve communication and transparency with our workforce.

In 2014 there were zero ethics issues reported to ASMI, neither through internal reporting mechanisms or through the anonymous external SpeakUp! system. In two unrelated instances, the SpeakUp! system was used in 2014 by employees to report concerns. Both cases were investigated and deemed not to involved any ethics concerns or ethics policy violations. Even though both cases did not involve any ethics concerns, the cases helped confirm the SpeakUp! system meets our requirements for providing employee access and availability, reporting and investigation process efficiency, and anonymity protection of the reporting person.

Incidents involving irregularities of a financial nature are covered by our Whistleblower Policy, which provides for the reporting of alleged violations of the Code of Ethics by the Company's employees or other stakeholders to the Management Board and/or the Supervisory Board without any fear of reprisal against the individual who reports the violation or irregularity.

Our Anti-Fraud Policy provides specific rules to promote ethical conduct and understanding of legal requirements regarding anti-corruption matters (such as bribery and corruption of governmental officials) and anti-fraud matters (such as maintaining accurate and complete Company records, protection and use of the Company's resources, information security and conflicts of interest).

ANNUAL ETHICS SCORECARD 2014

SCOPE	PERFORMANCE CRITERIA	2014 TARGET	2014 RESULT
NEW HIRES	Mandatory sign-off on having received, read, understood and agreed to the Code of Ethics	100%	100%
	Sign-off to be registered in SAP	100%	100%
	Training and passing the certification exam	100%	98%
ALL EMPLOYEES	Number of employees trained annually (Conflict of Interest, Insider Trading, Fraud)	100%	98%
	Conflict of Interest complaints[1]	≤2	0
	Insider Trading complaints[1]	0	0
	Fraud complaints[1]	≤2	0
	Conflict of Interests ethical incidents[2]	≤4	0
	Insider Trading ethical incidents[2]	0	0
	Fraud ethical incidents[2]	≤2	0
ETHICS	Ethics System Improvements introduced	2	2
	Article published in Connect newsletter on Ethics	≥3	1

[1] Received and admissible by the Ethics Committee.
[2] Discovered via internal controls.

TALENT ATTRACTION AND DEVELOPMENT

To drive innovation and deliver excellence for our customers, we must attract, develop, motivate and reward exceptional talent. We create exciting opportunities for rewarding careers in the communities in which we operate, which in turn strengthens both ASMI and the communities as a whole.

In 2013 and 2014, we made great strides in developing our talent management framework. To support our global recruitment activities, we also launched a comprehensive careers section on our corporate website in both English and Japanese. In addition, we have expanded our website to include content and information that we know is of interest to potential employees. This includes additional information about our business, corporate responsibility policies and practices, and product and innovation information.

In attracting and selecting employees, we use referrals, advertisements, search and selection agencies and social media.

Our internships and traineeships, offered as paid positions throughout our organization, have always provided an important pipeline for new hires. We are convinced that internships are valuable both to us and to our interns. Interns are selected based on the quality of their application, with a typical internship period running for six months. In some cases, such as a thesis project, this period may be extended.

We strongly believe in offering a career, not a position. We also foster conditions to support personal and career development in a global environment.

All new employees are offered support through an onboarding program. After the initial onboarding phase, all employees are supported in their personal and career development through our global Talent Management program.

Within ASM Talent Management is a holistic and integrated approach that includes key areas such as Assessment and Identification, Employee Engagement, Succession Planning, and Learning and Development. A Talent Management competency set and a new Talent scorecard was introduced and implemented in 2013. The scorecard contain assessment of performance and potential, mobility, available successors and career opportunities.

To support succession planning, we also introduced a pilot phase of a new management-training curriculum in 2013. In 2014, we implemented the ASM Leadership Academy. The Academy defines three different leadership programs as part of the ASM Leadership Academy. The first program, called 'Accelerate Strength', is for people who are stepping into their first managerial position. The second program, called 'Stimulate Others', focuses on managers and senior managers. And the third program, aimed at directors and senior directors, is called 'Mobilize Organization'.

FINDING THE RIGHT FIT FOR NEW GRADUATES

To drive innovation, we must find and attract the top scientific minds.

We hire talented PhD graduates in physics, physical chemistry, chemistry, materials science and engineering. Employees recruited through ASM's New College Graduate ('NCG') program, are given the resources, freedom and support to succeed in their careers. They begin working at the leading edge, alongside experienced innovators, to resolve some of our toughest scientific challenges. During the first two to three years of their career with us, program participants are based at our facilities in Helsinki, Finland or Leuven, Belgium. They then have opportunities to apply their advanced knowledge in different product areas and at other facilities.

Shang was a PhD student majoring in Electrical Engineering at the University of Nagoya in Japan when he was offered an opportunity to join the NCG program in Finland in 2012. Recently, after getting to know ASMI through his two-year participation in the program, Shang chose to accept an engineering position with ASM Japan.

"ASM is working at the cutting edge of the semiconductor industry. You feel like you are contributing to everybody's life."
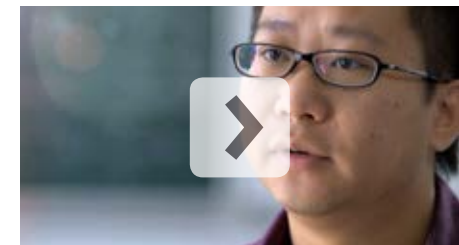
OUR WORKFORCE

At the end of 2014, we had a total workforce of 1,635 employees, representing 26 nationalities based in 14 countries. Full time permanent employees accounted for 95% of our workforce, while 5% were employed under flexible contracts.

In 2014, our workforce increase by 15% over 2013. This was due in part to our continued focus on innovation. Employees working on R&D increased from 315 in 2013 to 420 in 2014, a 33% increase.

Benchmark data for the high-tech industry shows a voluntary turnover rate of 8.7%. Our employee turnover was 6.9% in 2014, which is 2% better than the industry benchmark.

ASMI respects prevailing labor relations and employment practices, the right to be represented by trade unions and other employee organizations within the framework of applicable laws and regulations. At the end of 2014, about 12% of our staff was covered by collective bargaining agreements. This includes 100% of our employees in the Netherlands and People's Republic of China.

DIVERSITY

The wide range of perspectives that we gain by hiring and developing talent from a diverse, global labor pool gives us a better understanding of the needs of our customers, suppliers and communities. Diversity in our workforce also helps support innovation.

The percentage of women is 14% of our workforce which is a 1% increase from 2013. The Management Board is currently composed solely of men. While we recognize the importance of diversity, we have not achieved the requisite gender balance for the current Supervisory Board because the pool of suitable candidates, in terms of relevant expertise and industry experience, is very limited at the moment.

WORKFORCE

	2011	2012	2013	2014
EMPLOYEES	1,631	1,636	1,503	1,635
NATIONALITIES	31	30	28	26
MALE	86%	87%	87%	86%
FEMALE	14%	13%	13%	14%
TOTAL TURNOVER RATE	13.2%	18.0%	16.0%	14.3%
VOLUNTARY TURNOVER RATE	10.5%	10.7%	7.4%	6.9%

HELPING SOUTH KOREAN EMPLOYEES BECOME NON-SMOKERS

In South Korea, smoking rates among men are higher than in nearly all other OECD countries. In 2012, about 40% of our employees in South Korea were smokers.

South Korea has recently introduced stringent non-smoking policies, and smoking is now allowed in fewer and fewer places. To address the widespread societal concerns about smoking in South Korea, and the health concerns of our employees, we initiated a program to help our employees quit the habit. Employees are eligible for a flexible smoking cessation benefit, which they can choose to use for counseling or smoking cessation products. The flexible benefit was doubled during 2013, and was increased substantially yet again in 2014.

The flexible smoking cessation benefit has not only been very popular with our South Korean employees, with 100% of smokers participating at some point in the program, but it has also been very successful. At of the end of 2014, less than 9.5% of our employees identify themselves as smokers, a drop of 30% from 2012.

30%
REDUCTION OF SMOKERS

When this situation changes, the Company shall make all reasonable efforts to increase the seats held by women, with a long term goal of 30% of the Supervisory Board seats.

HEALTH AND SAFETY

A healthy culture starts with healthy, safe employees. We believe all workplace injuries are preventable and with management commitment and employee engagement we can achieve a zero injury work environment. We also provide our employees with opportunities to improve their health and wellness. In 2013 and 2014, we have made significant progress on our health and safety systems. We have implemented a global plan aligning our management systems for health and safety, including not only improved safety programs, but increased focus through improved training, performance indicators, and closed loop incident reporting and investigations.

Our programs focus not only on risk reduction and mitigation, but also on empowering employees to stop work whenever they feel unsafe. We introduced a global Stop Work Policy in 2013, which gives every employee the right to call a 'Stop Work' when a situation is unsafe or safety is uncertain. This approach sets in motion a system which minimizes risks at initial product and process design, but also at the moment of employee interaction with the task or procedure.
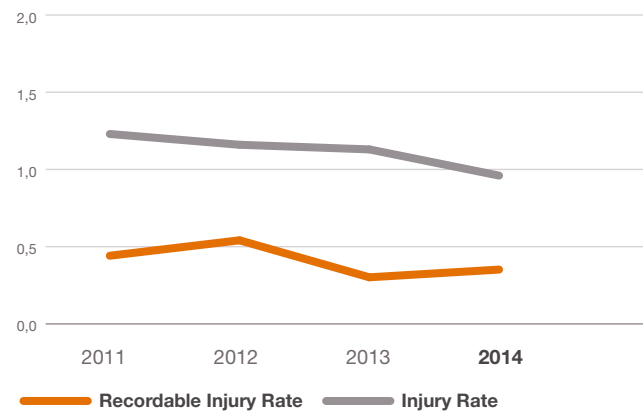
In 2014, 80 Stop Works were called, which led to 80 safer situations, and possibly more through continuous improvement actions following each situation. Demonstrating our commitment to safety across the industry, our key customers have provided support for this policy by communicating the expectation of using Stop Works when our employees are at their production sites.

Our Recordable Injury Case Rate ('RCR') of 0.35 in 2014 is a significant improvement from 0.54 in 2012 can be attributed to improved focus on prevention programs, training programs and content, incident investigations and the associated closed loop systems for responding.

Another significant indicator of our safety performance is the total number of injuries per employee, which we call the Injury Rate. This is a measure of a first aid or greater injury per every 100 employees. As shown below, we continue to reduce the injury rate, and have set aggressive targets and supporting programs toward that goal.

We care about our employees' health and offer many different options for supporting wellness. At several of our facilities, there is a health or wellness committee that helps plan activities that support employee health.

GLOBAL INJURY AND RCR RATES

Line chart showing 2011, 2012, 2013, 2014 on x-axis, scale 0,0 to 2,0 on y-axis.
Recordable Injury Rate (orange), Injury Rate (grey).

SUPPORTING SENIOR CITIZENS IN SOUTH KOREA

In South Korea, our employees reach out in a unique but beneficial way to the local community. Employees visit a senior citizen community center in an effort to share the values of good health. With a local nurse and a health consultant, they help check vital signs and blood sugar levels, and shared the result so the citizens could take action if needed.

In the US, where more than two thirds of all adults are overweight or obese, ASM sponsors health and wellness programs targeting weight loss and control. We also provide additional tools to fight obesity and promote an overall healthy lifestyle in the US, including a fitness reimbursement benefit to promote physical activity. The program allows employees to be reimbursed for a significant portion of membership fees at a fitness facility. In 2014, 236 employees participated in the fitness reimbursement program, a significant increase from 181 participants in 2013. To get our US employees started on the road to fitness through this program, we have partnered with a major fitness center provider to cover the full membership costs during the first year of joining a fitness facility. This 'no excuses' approach led to 55 more employees joining fitness facilities in 2014 than 2013.

Finally, we provide US employees with the opportunity to get an annual physical exam at a discounted rate. This benefit is offered in conjunction with health insurance benefits and is for both ASM employees and their co-insured spouse or partner. In 2014, 79% of our US employees took advantage of this benefit, which helps employees understand and manage their health and establish relationships with healthcare providers to lead healthy and productive lives.

In South Korea, there are many sports teams and groups organized for and by ASM employees. There is also an annual sports day, where ASM South Korean employees engage in sports activities together. This provides the employees a day to find an interest in a sport, encourages exercise, and supports team building. This tradition has been going on for several years.

COMMUNITY INVOLVEMENT

Our business has roots in communities in Europe, Asia and the US. We have been in Europe since our founding in 1968, in the US since 1976 and in Asia since 1982. In the communities where we operate, we provide support for programs that are important to our employees and that address unmet community needs.

Portions of Southeast Asia, particularly the Philippines, were devastated in November of 2013 by Typhoon Haiyan, a powerful tropical cyclone and the strongest storm ever recorded at landfall. Our employees in Singapore worked together to raise €1,738 (SG$2,957) to help survivors in the Philippines through Singapore's Red Cross.

In Tokyo, Japan, we have taken on a voluntary role to help protect children in our immediate community. ASM has coordinated with local police and operates as a safe shelter for children, where they can come into our offices for protection whenever they feel threatened or harassed by anyone on the street. The neighborhood in which we operate has many apartments and homes, and this is just one way we are proud to be of service to our neighbors.

At our headquarters in Almere, the Netherlands, we provide unique support for AAP, an animal sanctuary for primates and other animals near our offices. AAP rescues and cares for animals that have been abandoned by private owners, confiscated as a result of illegal trade or the closing of illegal zoos, or have been involved in animal testing or the entertainment industry. We have supported AAP's work by collecting and donating used ink and toner cartridges for four years, and we look forward to continuing this effort.

SUPPORTING AMERICAN MILITARY VETERANS AND THEIR FAMILIES

In the US, we sponsored employees participating in Pat's Run, a race that raises money for a scholarship fund for US military veterans and their spouses. The race and the scholarship fund honor the sacrifice of Pat Tillman, an American football player who joined the US Army following the September 11, 2001 attacks on the US. Tillman was killed in Afghanistan.

ASM paid entry fees for employees participating in 2013 and for employees and guests of employees participating in the 2014 race, which was held in April. In 2013, ASM paid €71.78 (US$100) towards entry fees for 5 participating employees. In 2014, ASM paid €1,849.70 (US$2,577) towards entry fees for 64 employees and guests of employees participating in the event.

Part of "Team ASM" at Pat's Run this year.

WE ENABLE PEOPLE TO SHARE AND CREATE

When we help create advanced chips we don't act alone. We are part of a bigger supply chain. This is why we are committed to doing business following the Electronic Industry Citizenship Coalition principles to protect our employees, customers, communities, shareholders and environment. That brings opportunities for us to take a lead on issues that matter. Issues like ensuring that our suppliers avoid the use of 'conflict minerals'. Issues like respecting the human rights of workers globally, regardless of where they work in the 'supply chain'.

SUPPLY CHAIN

SUPPLY CHAIN

We hold our suppliers accountable for operating with the the same standards that we expect of ourselves. We communicate our expectations clearly, work to identify and address issues, and share our findings and best practices with industry partners.
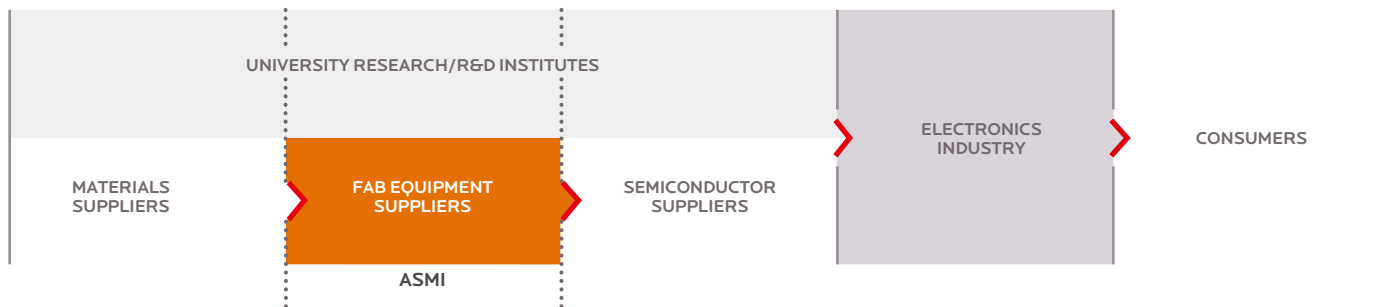
OUR APPROACH

We rely on suppliers across a wide range of commodities in 18 countries around the globe. Our supply chain is diverse, not only in geography but also in categories of businesses. The main categories of suppliers include contract manufacturers, metal fabrication, gas systems, robotics, heaters, electronics, and high-tech chemistries, just to name a few. This diversity offers jobs at all skill levels, opening up opportunities to be a part of an exciting industry.

Our **Corporate Responsibility Policy** includes a commitment to ensure we are conducting business responsibly throughout our supply chain. As global sourcing is expanded to reduce manufacturing costs, the importance of managing risk in our supply chain increases. Our near term objective is to ensure critical suppliers are in compliance with the EICC Code of Conduct. Through this process, we ensure that worker safety and fairness, environmental responsibility, are managed throughout the supply chain.
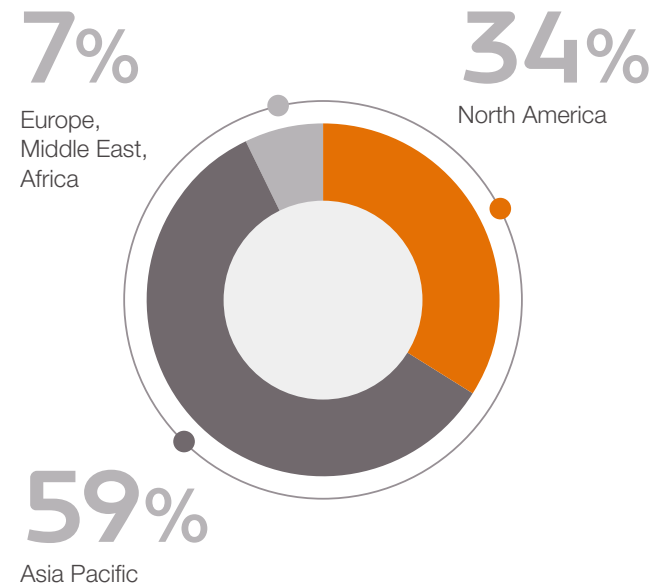
In 2013 and 2014, we made substantial progress in engaging with the suppliers we deem to be most critical to our business. Suppliers are determined to be critical through a method incorporating criteria such as spend amount, number of similar or alternative suppliers, and the amount of time needed to switch suppliers if necessary.

"ASMI is committed to conducting business, both in our own operations and throughout our supply chain, in a manner consistent with the Electronics Industry Citizenship Coalition (EICC) tenets to protect our employees, customers, communities, shareholders and the environment."

THE VALUE CHAIN IN OUR INDUSTRY

UNIVERSITY RESEARCH/R&D INSTITUTES

MATERIALS SUPPLIERS → FAB EQUIPMENT SUPPLIERS → SEMICONDUCTOR SUPPLIERS → ELECTRONICS INDUSTRY → CONSUMERS

ASMI

SUPPLY CHAIN SPEND BY REGION

7% Europe, Middle East, Africa

34% North America

59% Asia Pacific

EICC SUPPLIER ASSESSMENTS

In September, 2014, we adopted the Electronic Industry Citizenship Coalition ('EICC') Code of Conduct as our supplier code of conduct. To enhance the overall supply chain accountability to the EICC code and standards, we also follow the EICC recommended risk assessment tools and processes introducing EICC Self-Assessments Questionnaires ('SAQ') to our critical suppliers. The SAQ helps to measure and better understand how our suppliers are meeting EICC code and standards, and what gaps remain. Our critical suppliers were introduced, trained and required to complete the self-assessment at the corporate level and at the facility level in 2014 to identify supply chain social, environmental and ethical risks.

A full analysis of the results of the supplier self-assessments was conducted and we began the process of corrective actions and continuous improvement for a path to supply chain EICC code compliance. By adopting the EICC code and establishing sustainable management system per industry standard supplier assessment process, ASMI has set a high targets for our suppliers to assess, measure and comply with. Supplier compliance is overseen by our Global Procurement organization, with guidance from our Global EHS/Corporate Responsibility team. In 2014, 79% of our critical suppliers completed the required SAQ, which is equivalent to 92% of our baseline spend with the top critical suppliers.

CONFLICT MINERALS

'Conflict minerals' are those mined in the Democratic Republic of Congo ('DRC') or adjoining countries. Profits from the sale of these extracted minerals may directly or indirectly benefit those involved in rebel conflicts and human rights violations. These minerals and the metals created from them (tin, tantalum, tungsten and gold) can make their way into the supply chains for products used around the world, including the semiconductor industry.

ASMI is committed to sourcing components and materials from companies that are committed to protecting human rights, upholding ethics, environmental and social sustainability. In 2013, we published our Conflict Minerals Policy and engaged with critical suppliers with Reasonable Country of Origin Inquiries ('RCOI'). In 2014, ASMI joined the most established and widely recognizable Conflict Free Sourcing Initiative ('CFSI') and launched our supply chain due diligence process. We communicated, trained and surveyed our active suppliers and collected supply chain sourcing information on the sourcing of Tin, Tantalum, Tungsten and Gold with the industry standard Conflict-Free Sourcing Initiative template – Conflict Minerals Reporting Template ('CMRT').

By actively surveying our supply chain and working with suppliers to identify smelters they are sourcing from, we are establishing the process and traceability to eventually achieve our goal of DRC conflict free with our products and components.

As part of our compliance with US legislation, we filed our first Conflict Minerals Report with the US Securities and Exchange Commission in May 2014. The filing and current information on the Due Diligence process and our policy can be found on our website at **www.asm.com**, in the supply chain section under corporate responsibility.

"ASMI is committed to sourcing components and materials from companies that share our values concerning human rights, ethics and environmental and social sustainability. ASMI expects its suppliers to source materials from socially responsible suppliers."

ABOUT OUR REPORTING

Reporting is part of ASMI's ongoing dialogue with stakeholders. This report is our first CR report. We also report on our commitment to manage responsibly and on non-financial dimensions of our performance in our **Annual report** and on our **website**.

As part of our reporting obligations, we have also released a **Conflict Minerals report**, which details our due diligence efforts to trace the origins of certain minerals in our supply chain. ASMI's Conflict Minerals Report can be found on our **website**.

In our reporting, we strive to provide increased levels of transparency about our activities. We believe that providing robust, comparable information that aligns with global reporting norms increases understanding of how we create value for our shareholders and society.

We appreciate feedback. If you have thoughts about this report, or our reporting in general, please **contact us**.

CORPORATE GOVERNANCE FRAMEWORK

MANAGEMENT BOARD, SUPERVISORY BOARD AND COMMITTEES

TRANSPARENCY AND ACCOUNTABILITY

VALUES AND ETHICS

VISION

MISSION

OBJECTIVES

CORPORATE GOVERNANCE

RISK AND PERFORMANCE MANAGEMENT

STRATEGY

POLICIES & REGULATORY FRAMEWORKS

MONITORING AND INTERNAL CONTROL

"We believe that providing robust, comparable information that aligns with global reporting norms increases understanding of how we create value for our shareholders and society."

MATERIALITY

The content of this report reflects our approach to managing our business responsibly. Our approach to responsible management involves prioritizing those issues that are most material to our business: issues that either involve the potential for significant risk or opportunity or are critical to key stakeholders.

The basis of our business is continual innovation and, therefore, this is the area that involves the greatest potential risks and opportunities for our business. Our investment in research and development, and our success in attracting and retaining the talented employees necessary for continual innovation, are key material issues.

To maintain and grow our business, it is necessary that we are a trusted partner for our customers and that we maintain our license to operate in the communities in which our facilities are based. Many of the material issues relating to our industry – human rights of workers, health and safety, environmental standards and ethics – are embedded in the EICC Code of Conduct. We have therefore adopted the EICC code as one of the key tools we use to prioritize the management and subsequent reporting of material issues.

STAKEHOLDER ENGAGEMENT

Understanding and being responsive to stakeholder expectations is an important part of managing responsibly. We seek to engage stakeholders across all our activities to gain their feedback on specific areas of our business. Working in partnerships is crucial to deliver on our vision of delighting customers, employees and shareholders by driving innovation with new technologies and delivering excellence with dependable products.

We consider our key stakeholder groups to be our customers, shareholders, employees, regulators and governments, Non-Government Organizations ('NGOs'), as well as the communities where we operate. We monitor trends relating to employee engagement, and conduct exit interviews to further understand employee concerns. In the past 2 years, we undertook an extensive customer audit process and we met the goals agreed upon and have set continuous improvement goals for 2015.

The EICC Code, which we adhere to and also require our suppliers to implement and follow, is the product of a multi-stakeholder process. The EICC solicits feedback from external stakeholders to define its projects and standards, and to gain new perspectives on how the electronics industry and its supply chain can best contribute to social and environmental responsibility.

"We collaborated with a key customer to complete a comprehensive audit of our EHS and CR systems at all of our key sites globally and met all agreed upon goals."

DRIVE INNOVATION · DELIVER EXCELLENCE ›

ASM
INTERNATIONAL