

Communication on Progress (COP)

As part of Dialog Semiconductor's participation in the UNGC, we are submitting this report as our official Communication on Progress (COP) covering the period from 1 January – 31 December, 2012.

Statement of Continued Support by CEO

Dialog's commitment to global citizenship is woven into the fabric of the Company. Through innovative new technologies and environmental, employee or supplier policies, we strive to make a contribution to society and a difference in the world.

I am pleased to confirm that Dialog Semiconductor reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environmental and Anti-Corruption. In our first annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

Jalal Bagherli, CEO

Human Rights and Labour Principles

Assessment, Policy and Goals

Dialog is committed to fair wages, healthy and safe working conditions, respect for human and labour rights, and honest relationships. We have adopted the Electronics Industry Code of Conduct (EICC) standard as the model for our own "Code of Conduct" to try to ensure that working conditions for both external suppliers and employees are safe and that all workers are treated with respect and dignity.

In addition Dialog has adopted principles from the International Labour Organization Standards (ILO), Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI), and the Ethical Trading Initiative (ETI).

Dialog adheres to the principle that all labour must be given voluntarily and workers must be free to leave their employment on reasonable notice. Child labour must not be used at any stage of manufacturing. Working hours must not exceed the maximum set by local laws and wages must comply with all applicable laws.

Implementation

Dialog and its suppliers take measures to ensure that workers are not threatened or subjected to inhumane or harsh treatment, harassment or any form of unlawful discrimination. Open communication and direct engagement between workers and management is encouraged, even in those countries where there is no meaningful legal protection.

Every supplier is required to complete a self-audit questionnaire to identify and document compliance. We also carry out regular on-site audits of all of our major suppliers. In addition, we have several policies on 'whistle-blowing' and equal employment opportunities.

Measurement of Outcomes

In 2012, 96% of our major suppliers have their own documented corporate social responsibility policy including the adherence to human rights and labour principles in accordance with the UNGC. We aim to increase this to 100% by the end of 2013.

To date, Dialog has never had a human rights or labour issue arise.

Environmental Principles

Assessment, Policy and Goals

Dialog's environmentally responsible approach to business underpins everything that we do. We aim to minimise our use of natural resources and reduce and eliminate all types of waste, following the principles of redesign, reduce and recycle. We are ISO 14001 certificated and require all our suppliers to be accredited to, and comply with, this environmental standard.

As a fabless semiconductor company, it is important that all of Dialog's manufacturing partners are equally committed to respecting the environment. Within our supply chain we continually emphasise that environmental issues should be an instinctive part of any decision-making process, and suppliers should:

- Design and manufacture only environmentally friendly products;
- Monitor, reduce and eliminate all types of waste. This includes wastewater, solid waste, wasted energy, ozone-depleting CO₂ emissions and other volatile organic chemicals (VOC). We work with suppliers relentlessly to maximise yields, minimising the number of chips that fail performance tests and need to be disposed of, alongside hazardous substances used during the production process;
- Identify resource substitution and resource recovery processes and take steps to ensure that conflict minerals are not used in the manufacturing process;
- Ensure all environmental permits are obtained, maintained and kept current.

Implementation

Dialog is working to systematically reduce CO₂ emissions and minimise the carbon footprint of our business, focusing on the impact of our design centres.

Dialog offers a range of green IT solutions that minimise the number of components required within consumer electronic products, the energy they consume, and extend their overall lifespan to reduce waste. In power management, our single chip solutions reduce the number

of discrete components that need to be used within mobile devices, while delivering energy savings.

Dialog only uses packing material qualified as “green packing”, implementing a “non-wood packing” delivery policy in 2012. We believe that reusing and recycling packing material and waste (including the PET and glass bottles used in our work areas) can contribute to the effectiveness of our resource management and sustainability.

Measurement of Outcomes

The Carbon Disclosure Project recognised Dialog as one of ten successful companies achieving the “Scope-2-Indirect CO₂ Emission Reduction”, with a reduction of emissions of 34% in our design centres in 2012, despite the significant growth in our employee base, beating our target of 30% by 2014.

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Anti-Corruption

Assessment, Policy and Goals

Dialog believes that continued success in the semiconductor market can be achieved only by adopting continuously high standards of ethical behaviour when dealing with customers, suppliers and workers. We have publicly adopted a zero-tolerance policy on corruption and bribery – as clearly stated in our Code of Conduct – “No form of extortion and bribery, including improper offers for payments to or from employees, or organizations, is tolerated”.

Implementation

Neither we, nor our suppliers offer or accept inducements or any other means of obtaining undue or improper advantage. We have a “Whistleblower” policy in place to protect employees’ confidentiality and encourage our suppliers to do the same.

Dialog has put in place biannual training sessions for Directors, which are facilitated by an independent third party. Training sessions scheduled for 2013 include a session specifically on “Anti-Bribery and Corruption”.

Measurement of Outcomes

No incidents of bribery or corruption were identified in 2012. In the future, should incidents of bribery or corruption be identified, they would be dealt with through appropriate policies. Sanctions up to, and including, dismissal would be considered depending on the incident.