

A large, detailed image of a microchip die, showing its intricate grid of circuitry. The die is illuminated from the right, creating a bright glow and highlighting its metallic texture. It is set against a dark blue gradient background.

UN GLOBAL COMPACT
ANNUAL COMMUNICATION
ON PROGRESS (COP) 2009



WE SUPPORT

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company Name	austriamicrosystems AG
Address	Tobelbader Strasse 30, A-8141 Unterpremstaetten
Country	Austria
Membership date	21.7.2009
Number of employees	1111
Contact name	John Heugle
Contact Position	CEO
Sector	Semiconductor Industry
Date	July 2010

Brief description of nature of business

As a developer and manufacturer of high performance analog microchips, austriamicrosystems is among the technology leaders in the worldwide analog semiconductor market, based on almost 30 years of analog expertise. The company's IC solutions support a wide range of applications in the target markets communications, consumer, industrial, medical and automotive. Our products lower power consumption and improve the user experience in mobile phones and LCD TVs, reduce radiation levels in medical imaging systems such as CT scanners, and improve safety in vehicles just to name a few examples where our products provide critical functionality in advanced electronic systems.

austriamicrosystems has the clear mission: to develop innovative analog IC solutions for the most challenging applications in its target markets. All employees strive to realize this mission, so that austriamicrosystems stays "a leap ahead" in the long term. All efforts are focused on the corporate vision to make austriamicrosystems the most innovative provider of high performance analog semiconductor solutions for power management, sensors and sensor interfaces and mobile infotainment.

The company's own state-of-the-art wafer manufacturing makes a decisive contribution to ensuring long-term, profitable growth. In-house wafer manufacture offers a critical strategic advantage for high performance analog ICs, enabling austriamicrosystems to convert its analog design expertise into outstanding products with the very best performance. In-house manufacturing is therefore a central aspect of austriamicrosystems' corporate strategy.

With its strict quality guidelines in development and production, over a period of many years austriamicrosystems has established its reputation amongst customers as a highly reliable partner and has created a strategic competitive advantage. Moreover, the company takes an active responsibility regarding its business activities and is a recognized leader in environmental management. The significance of corporate responsibility as an element of austriamicrosystems' long-term strategy is demonstrated by the company's voluntary commitment to the UN Global Compact and the clear medium-term goal of making the entire company CO₂-neutral.

Statement of support

Ladies and gentlemen

This is our first communication of progress since joining the UN Global Compact last year. Despite the turmoil in global markets last year we continued our progress towards achieving a best-in-class position in our industry. austriamicrosystems as a designer and manufacturer of analog semiconductors can have a direct influence on reducing power consumption in the many millions of devices our products are being used in. At the same time, our focus on communications, consumer, industrial, medical and automotive devices helps our everyday lives become safer, healthier and more convenient.

We recognized our responsibility to society and the environment early on, being one of the first semiconductor companies to focus on environmental improvements through our ISO 14001 certification. We have been ahead of our industry in ensuring compliance to RoHS (Reduction of Hazardous Substances) in all our products. Since 2003 we have reduced our production CO₂ footprint by more than 60% while significantly expanding our production capacity. Last year we completed a comprehensive worldwide analysis of our remaining CO₂ emissions including our employees' work-related footprint and have identified a remaining balance of 32,000 tons of yearly CO₂ emissions. We have communicated a clear goal in our annual report to become CO₂-neutral in the coming years as a result of measures we plan to implement in our business. As in our other activities we want to achieve best practices through our own efforts and not rely on others to do the work for us.

Other environmental activities comprise promoting the Marine Stewardship Council's sustainable fishing which includes using sustainable fish in staff catering and encouraging employees worldwide to reflect on the state of the oceans and use available information so they can make proper choices when shopping for seafood. In addition, all paper used in the company is recycled and all wood products purchased adhere to the Forest Stewardship Council guidelines.

We pursue clear activities in human resources and employee relationship management taking our very stringent standards in Austria and ensuring all austriamicrosystems locations reflect the same values. We have also established avenues where employees can voice their grievances anonymously and directly into senior management from anywhere in the world. In addition, we continue to invest in our people on a worldwide basis in training and education to further their professional development. In the coming year we intend to modify our audit system for suppliers and begin to audit for adherence to the UN Global Compact principles as part of our regular audit program. Suppliers who violate and do not redress violations will be phased out of our supply chain. As part of our social responsibility, we also sponsored local improvement programs to aid families in need in the Philippines, in India and, following the earthquake, in Haiti.

We have clear goals for continuous improvement in our company and despite the economic crisis last year we neither reduced our investment in R&D nor changed our focus on winning new customers in markets worldwide. These investments in new products are critical to solving major problems as most of our investments go into reducing power consumption in electronic devices, improving alternate energies, reducing petrol consumption and increasing the safety of cars, and detecting diseases earlier with lower risk.

Our activities in the coming year will include the assessment of reforestation projects in Africa, the Philippines and India which are coupled with efforts to protect wildlife in deforested areas. We are evaluating biomass energy and thermal solar projects with the aim to reduce our natural gas consumption to almost zero which will be another major step towards our strategic goal of becoming CO₂-neutral.

Signature



Position

Chief Executive Officer
(CEO)

The 10 Principles – Our Progress

LABOUR STANDARDS

PRINCIPLE 3	BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
PRINCIPLE 4	BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
PRINCIPLE 5	BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR
PRINCIPLE 6	BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Our Commitment or Policy

austriamicrosystems respects and complies with the fundamental employment rights set out in international conventions of the United Nations (UN), the International Labour Organisation (ILO), the Organisation for Economic Cooperation and Development (OECD) and the UN Global Compact Initiative within our area of influence.

We strive to be one of the most attractive companies to work for and to be a fair and responsible employer that promotes equal opportunities, modern forms of employee development and offers a positive and dynamic working environment.

A brief description of our Processes or Systems

In 2009, we published a Code of Conduct binding all employees worldwide which integrates the Global Compact principles. Despite the high level of labor standards in Austria we wanted to implement a global set of practices also in our employee relations, demonstrating our commitment to best practices in HR management.

Actions implemented in the last year / planned for next year

We communicated and launched our Code of Conduct. Furthermore we implemented a moderated intranet forum where employees can voice their grievances anonymously directly to Senior Management and Management provides public feedback. In addition we expanded internal tools and systems for employees' exchange and feedback including our offering for employee representatives. The annual staff appraisals were held with all employees and managers to support the effective communication and to safeguard employee career development.

Main activities in staff development are based on "leadership at austriamicrosystems":

1. Through our actions we set an example of high standard for our employees.
2. The value of each employee's job is clearly conveyed to our staff together with the goals of the company. Through this we increase the cooperation and liaison between departments.
3. In the process of continual improvement to achieve the highest possible quality in everything we do, we recognize that mistakes cannot be avoided. Recognizing and highlighting these mistakes is necessary so that root causes can be identified and repeating of mistakes avoided.
4. We allow our employees a large sense of independence within their areas of responsibility in order for them to accomplish their jobs effectively. At the same time we offer help and advice if asked for.

5. We believe in the competence and knowledge of our employees and include them in decision making processes as early as possible.
6. We stick to our promises and agreements. We inform promptly if due to unforeseen circumstances an agreement can no longer be met.
7. We assume responsibility for the on-going development of our staff and are responsible for the development of our own technical and social skills. We use staff appraisals as a critical element in the feedback process.
8. We highlight good performance as actively as poor performance.
9. We evaluate employees on agreed performance goals and hold responsibility for our staff's overall well-being.
10. Supporting our goal to achieve a "best in class" company, we are committed to identifying all problems, including those outside of our area of responsibility. We take on an active role to solve these problems.

In order to offer new career opportunities for former employees we implemented a labour foundation (job finding assistance, education programs at University, special long term trainings) largely financed by austriamicrosystems.

An internal review was completed in order to confirm 100 % compliance with principle 5.

austriamicrosystems provided direct and immediate community aid for families hit by typhoons in the Philippines; aid for fishermen affected by storms in India resulting in loss of their fishing equipment; a donation to support emergency relief and rebuilding efforts in Haiti and a yearly donation to support regional Children's Cancer Aid.

Actions 2010:

2010 is the first year of the newly introduced profit sharing incentive program for all employees worldwide which is part of our range of compensation benefits. The program provides for a direct distribution of a share of profits to our employees based on the company's annual operational result and additional financial indicators.

Measurable Results or Outcomes

1) Development of employee turnover:

The turnover driven by employees declined constantly over the past years as a result of all HR related measures implemented.

2009	2008	2007	2006
3.9 %	4.6 %	5.0 %	5.9 %

2) Internal review of compliance with principle 5:

Age of employees

min. 18 years in general

min. 16 years for interns, voluntary employees

min. 15 years for apprentices

All employees who joined the company within the last 20 years were in compliance with these minimum age requirements.

ENVIRONMENT

PRINCIPLE 7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
PRINCIPLE 8	BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
PRINCIPLE 9	BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our Commitment to Environment

For austriamicrosystems, environmental protection is more than just a concept or an opportunistic activity. In 1996 we were one of the first 10 companies in Austria which had implemented an environmental management system according to the European Eco Management Scheme (EMAS). One year later we achieved certification according to ISO 14001. All production and test facilities are today certified according to the latest ISO 14001 standard.

We are committed to responsible, visionary environmental management with the aim of contributing to the conservation of an environment worth living in.

We recognize that human activities are contributing to global climate change and we will continue to pursue activities to significantly lower our company's impact on CO₂ production. We plan to optimize our carbon balance including the relevant impact of all company employees. To this end, we have defined the clear goal of becoming fully carbon neutral as a company.

We motivate our employees through information and training on environmental awareness and relevant activities. As a special task we also take steps to make our employees aware of the severe depletion of the oceans' marine wildlife and promote consumption of fish based on the guidelines of the Marine Stewardship Council. We also promote the protection of forests by committing to the guidelines of the Forestry Stewardship Council in order to guide our activities.

A Brief Description of Our Program

Carbon dioxide reduction program

CO₂ emissions are generated by several of our business activities. These include the production itself where we run equipment and maintain the clean room with electrical energy, the usage of natural gas to heat fresh air, heat buildings and generate process heat, the transportation of goods and the usage of perfluorinated gases in the production process.

In 2009 we set up a carbon dioxide emission reduction program. Following the first step - the evaluation of all carbon dioxide emissions in our production sites (Unterpremstaetten, Austria, and Calamba, Philippines) including related transportation - we are now evaluating state-of-the-art reduction measures on the technical level. Additionally, we are pursuing concepts to achieve CO₂-neutrality by other measures such as reforestation.

Actions Implemented in the Last Year / Planned For Next Year

Due to the consequent usage of exhaust air cleaning systems for production gases (perfluorinated gases) we were able to reduce our carbon dioxide equivalent emissions to levels of under 10 percent of the comparable emission levels without air cleaning. 100% of all production exhaust gases are fed into abatement systems and destroyed by thermal degradation.

In addition, the optimization of bulk gas usage led to a reduction of electrical energy consumption by more than 1.000 MWh per year. The adaption of pumping capacities and the retrofitting of pumps with frequency converters

led to an additional reduction of electrical energy consumption by 850 MWh per year.

In 2005 we closed our legacy wafer production line Fab A. Due to this shut down, and the transfer of our activities to the new state-of-the-art wafer fab Fab B, we were able to reduce our production-related carbon dioxide emissions significantly (approximately 60%) while at the same time expanding our production volumes by a factor of 4.

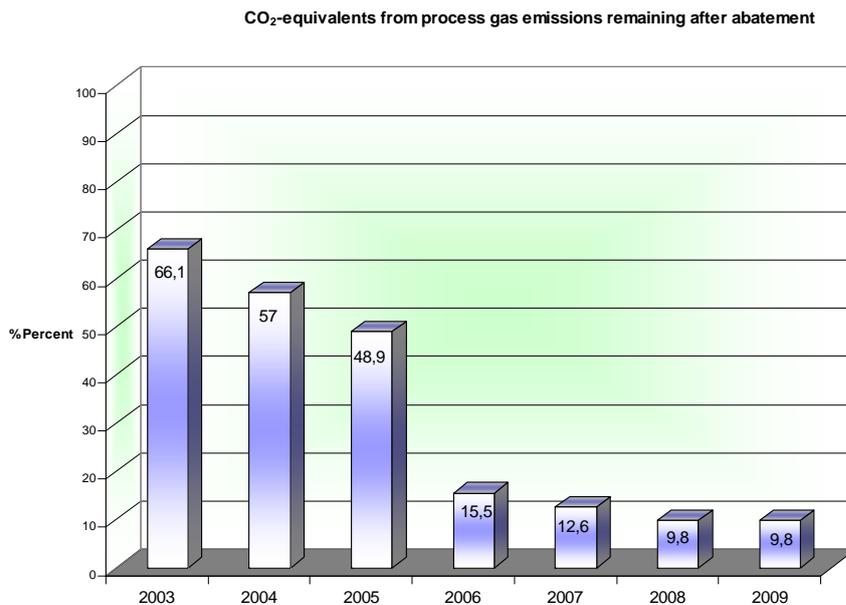
Rearrangement measures in our clean rooms resulted in a better utilization and reduced the energy consumption by more than 500 MWh per year.

In total we were therefore able to reduce our consumption of electrical energy by 2.4 GWh per year. This corresponds to 772 tons of carbon dioxide emissions per year.

We have achieved savings of approximately 5% of the total electrical consumption of our manufacturing plants by measures relating to the technical infrastructure only. Further improvements in energy consumption especially from the production equipment itself are under evaluation.

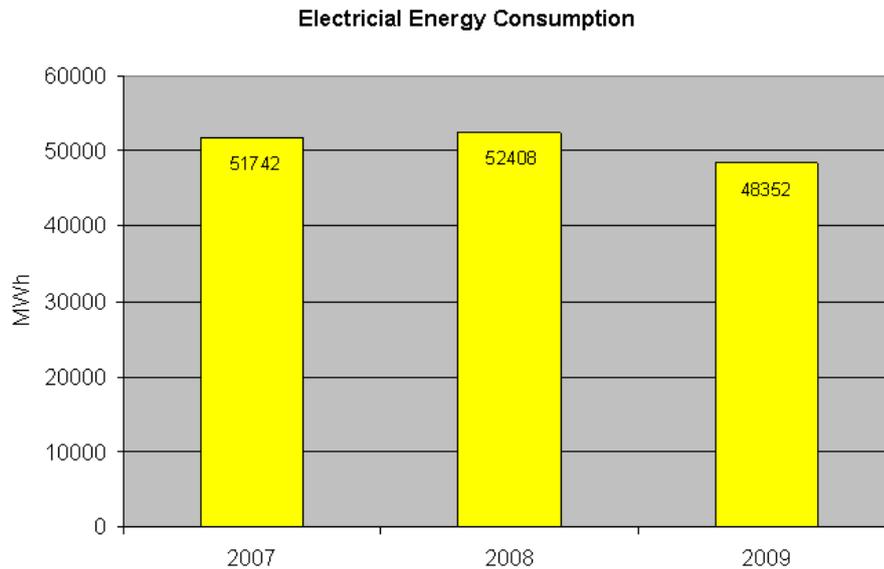
Measurable Results or Outcomes

CO₂ equivalents from process gas emissions remaining after abatement



Over the past years we have significantly increased the utilization of abatement tools. This has resulted in a higher cleaning rate and lower carbon dioxide emissions (total emission levels were also impacted by the 2005 shutdown of our old wafer manufacturing facility Fab A)

Electrical energy consumption



The actual reduction in electrical energy consumption can be attributed to the result of our energy reduction program and, in addition, to lower production levels due to last year's world wide economic crisis.

How do you intend to make this COP available to your stakeholders?

This COP will be published on our website www.austriamicrosystems.com



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.