

Sustainability

Our sustainability strategy is centered on the key areas that we believe contribute to a sustainable business model: people, marketplace, environment and communities. In 2013, u-blox mainly focused on strengthening its supply chain management to ensure that suppliers operate in a socially and environmentally responsible manner.

Living by our principles

Code of Conduct

u-blox has employees and business partners with widely different cultural backgrounds and therefore it is important to have a formal set of common values. Our Code of Conduct is to ensure that all employees and other persons acting on behalf of u-blox know what correct behavior is. u-blox' Code of Conduct sets the framework for the work of supporting the principles of the UN Global Compact. u-blox is a signatory to and member of the UN Global Compact and fully embraces its policies and principles. The UN Global Compact is a public-private strategic policy initiative for businesses committed to aligning operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

In 2013, we made our first Communication on Progress (CoP), which describes the actions we have taken to integrate the ten principles in the areas of human rights, labor, environment and anti-corruption into our business strategy, culture and daily operations.

We continued our work to ensure a high degree of business ethics and to disseminate compliance with the Code of Conduct. u-blox' Code of Conduct and relevant information material is accessible for all employees on the intranet and is available in 6 languages.

Human rights

Our business principles require our employees and contractors to respect the human rights of other employees and the communities where we work. We reinforce our approach by incorporating human rights in our Code of Conduct.

Anti-bribery and corruption

Fighting bribery and corruption is an essential part of living by our core values. We have an Anti-bribery Policy and training in place that provide guidance regarding compliance with rules and laws related to bribery and corruption.

During 2013, u-blox was not subject to any investigations, legal cases or incidents involving corruption or Human Rights violations.

4-pillar CSR strategy



Performance indicators	2012	2013
Total headcount (end of the year)	379	454
Jobs created	35	78
Woman in overall workforce	16.6%	15.2%
Parttime employees	8.2%	7.3%
Fluctuation	8.7%	8.6%

1 Sustainability: Employees

We recognize that innovation comes from the minds of talented people, and that attracting and retaining them is the key to our ongoing success.

At the end of 2013, u-blox had a total of 454 employees, of which 28.0% were based at our headquarters in Switzerland. The remaining 72.0% worked in eight R&D centers and eleven sales and marketing offices across the globe. During 2013, we increased our head count by 75 positions. The increase is primarily due to the focused organic growth in all regions.

In view of the increase in market activities, the number of FTE in Sales, Marketing and Support rose from 88 to 101. The share of employees in Research and Development grew from 235 to 289 (FTE based). The share of employees in Logistics and Administration grew from 49 to 57 FTEs.

Fostering and retaining talent

u-blox has developed a corporate culture where continuous improvement of both technical and leadership skills is integrated into our working environment. To securing continued leadership and innovation, u-blox supports its people to enhance their competence and career opportunities. To support our managers in their role, all managers receive leadership training to develop their skills. With acquisitions and specialists located worldwide more and more projects are handled and lead by virtual global teams. This set-up is connected with challenges and u-blox therefore also emphasized training leaders on how to run high-performing global teams. Specialist training and further educations are decided individually together with the employees in the annual appraisals and in the process of agreeing on individual objectives. Whenever possible, u-blox seeks to fill vacant management posts and key positions with in-house specialists.

Attractive employer

To attract and keep talented personnel, u-blox offers its employees attractive employment conditions. In 2013, we spent CHF 37.7 million on salaries and social benefits (Previous year CHF 34.4 million). Details of employee compensation and benefits are provided on page 91 including information on salary, social taxes and stock option plans.

u-blox is committed to being a fair and non-discriminatory employer with regards to its compensation policy. Equal pay for women and men is self-evident.

The proportion of female employees at the end of 2013 was 15.2% (Previous year 16.6%). In the management team no women are represented. The Board of Directors consists of one woman and six men. u-blox has a relatively low proportion of women in its workforce. This is due to the large number of technical positions within the company, for which the recruitment potential among women is limited. The company's employee turnover rate in 2013 was low and made up 8.6%.

Employee satisfaction is measured and evaluated in the course of annual performance review meetings. Performance and compensation are linked to both Group and individual goals. Every second year, a detailed employee satisfaction survey is carried out. The next survey will take place in 2014.

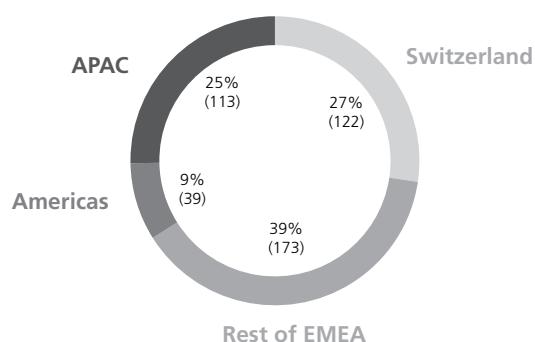
Compensation and advancement are coupled with clearly defined individual as well as corporate goals, and regularly assessment against these goals is institutionalized throughout the company.

Work-life balance, employee health

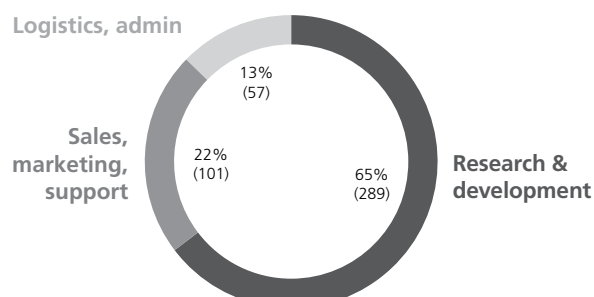
u-blox sets health and safety as a high priority. In June, u-blox again initiated the employee health program "Bike to work" at its Swiss headquarters. 27 employees in 7 teams signed up. Another activity initiated in Switzerland was "how to prevent cardiac arrest": Defibrillators were installed and training was offered to all employees. Work-life balance is encouraged by offers such as flexible working hours, flexible work/pay/holiday program and a sabbatical after 5 years tenure with the company.

Internal communication with employees focuses on interactive, real-time communication that is accessible to employees world-wide. The executive management team monthly informs employees worldwide via webinars about the current status of the business, its strategy and other general topics of interest.

Employees per region (end of 2013, FTE based)



Employees per function (end of 2013, FTE based)



Interview with Rita Puntaferro, Team Leader Test & Measurement at u-blox Italy

With a Masters degree in Physics from the University of Trieste, Rita started her post-university life as a particle physicist working at the Europe CERN particle accelerator. After three years, private industry caught her interest where she decided to pursue a career in the real-world application of wireless cellular communications. She now leads the Test and Measurement Team at one of u-blox' wireless product centers based in Sgonico, Italy.

Married with a young daughter, Rita has now devoted over 15 years of her professional life to the quality, testing and certification of cellular modems used in countless industry and consumer applications by customers all over the world.

We asked Rita to share with us some of her thoughts about her work at u-blox.

How do you feel working at u-blox, and what is your working environment like?

"I really enjoy working at u-blox because we are such a diverse team of multinational employees working all over the world, yet I feel like we belong to a close-knit family. It is a very open and collaborative working environment. In addition to the many people here



It is a very open and collaborative

working environment.



Rita Puntaferro,
Team Leader
Test & Measurement

in Sgonico with whom I have been working closely with for many years, becoming part of u-blox has expanded my circle of colleagues to include people in Switzerland, America, UK, Belgium, Korea and Pakistan. What I really enjoy about this job is that each of us has the feeling that we are making a positive contribution to the success of the company, and our accomplishments are recognized. This is personally very satisfying."

What exactly do you do at u-blox?

"Our wireless modules are complex products requiring extensive testing and operator certification before they are approved for customer use. This involves many activities including overall definition of the test strategy, product life cycle management, and coordination with test laboratories around the world. To successfully validate a product, we must work closely with Software Engineers, Application Engineers, and Product Teams representing many aspects of product definition, development and deployment. It is a complex process requiring close cooperation with teams located around the world. This makes it particularly rewarding when we "win" a new customer thanks to the quality of our products, or when we achieve a certification. It is like playing on a successful football team and scoring a winning goal. At the end, we all share in the feeling of pride and accomplishment."

What types of hobbies do you enjoy outside of work?

"I really love travelling; visiting new places, learning about different cultures and histories and meeting local people. Organizing the trip in advance, reading and learning about new countries and regions to visit is an amazing experience for me. When I think about my travels I remember not only the images and pictures, I also try to remember the different smells, sounds, impressions and colors I've experienced."



Sustainability: Community

Our support of selected community projects achieves two main goals; to provide direct financial assistance to promote health and education to those in most need, and to create awareness among our numerous employees, customers, partners and stakeholders that u-blox management believes in the importance of contributing to a stronger society through efficient, well-planned action.

1. Education

Many of the world's problems can be directly addressed through education of the young. Many serious issues facing poorer countries in particular can be attributed to the simple lack of knowledge, for example the awareness of proper hygiene and nutrition, disease prevention and treatment, efficient management of natural resources, as well as simply being able to find a job that will pay enough to support a family.

The Sunshine School, Nepal

This Kathmandu-based school is located in one of the poorest countries in the world. The school enables young children who are otherwise too poor to attend school gain a basic education up to the 10th grade and earn a diploma. With the support of u-blox and a Swiss-based NGO dedicated to supporting the school, a new school house was completed in 2012 and the curriculum extended to the 10th grade. The first class of 11 children successfully completed their final exam and completed the 10th grade with very good result in March 2013. Many of the children intend to pursue higher education, in which case partial support by the Sunshine School foundation will be provided.



Teaching fashion design students electronics, Taiwan

u-blox aims to broaden the appeal of electronics to young people. As part of this u-blox supported a workshop and classes at Shih Chien University, Taiwan, where fashion design students developed clothes containing functioning electronics; going from simple LED T-shirts through to night club garments that light up with sound.

Savannah Trust Education, Ghana

u-blox has partnered with the Savannah Trust Education, a British NGO supporting communities in Ghana to build schools. The schools are constructed by local workers with local materials, and teachers are funded by the Trust and the government of Ghana.

Our joint goal was to build a new school house in the Lawra District for 400 children. Funded by u-blox, the Savannah Education Trust began building a school in Metoh village in 2012. By September 2013, the main school building was completed and in use. The first class enrolled consisted of over 100 children, and a first Parent-Teacher Association (PTA) meeting was held. Daily school meals are also provided for the students. The village community and the outlook for its children have been significantly improved due this activity.



Engineers shape our future and Electronics4you, Switzerland

In order to foster the next generation of engineers in Switzerland, u-blox funds two Swiss organizations, the "Engineers shape our future" and "Electronics4you". These organizations provide educational programs designed to foster an interest in technology, especially electronics. In 2013, a Swiss high school class visited u-blox to have a firsthand look at the diverse and attractive possibilities a career in electronics can bring.

2. Health

We believe in promoting health-conscious communities, especially in countries with restricted access to healthcare. In 2013, we continued our focus on promoting health consciousness.

mHealth diabetes awareness campaign

In 2013 we participated as a sponsor in a 13-day 2'100 km bike tour from Brussels to Barcelona bike tour organized by the GSMA's mHealth ("Mobile Health") diabetes awareness initiative. Four u-blox cyclists participated in the tour. The GSM Association is a global alliance representing the interests and goals of over 800 service providers around the world. The goal of the tour was to raise awareness of the urgent, growing problem of

diabetes, while demonstrating live solutions to manage the disease and improve quality of life.

Tour de Munster – race for kids with Down-syndrome

A team of ‘leisure’ cyclists commenced a demanding four-day 600 km charity cycle which took them through all the counties of Munster, Ireland. u-blox was a corporate sponsor for the event. All funds raised went directly to the Down Syndrome Ireland foundation.

Donation for relief action

Disaster aid is a component of u-blox’ social responsibility commitment. u-blox’ philosophy is to provide targeted assistance to people who find themselves in situations of acute need as a result of natural disasters. In November, u-blox provided disaster aid to typhoon victims in the Philippines in the form of monetary donations. The money was invested in food packages, water and other urgent needed equipment.



Sustainability:
Environment

Product responsibility:

1. Minimizing our environmental footprint

u-blox has a long record of targeted efforts in the field of sustainability in order to achieve compliancy with the most demanding environmental standards. As a fabless semiconductor company, it is important that u-blox’ manufacturing partners are committed to respecting the environment. In order to achieve this objective, u-blox and its manufacturing partners comply with demanding industry as well as customer-specific environmental policies.



Anchored by a strong commitment towards our customers, we are continuously engaged in minimizing the use of hazardous materials and team-up with our production and supplier partners to monitor and properly manage potentially harmful substances and materials used in all stages of the product manufacturing cycle.

u-blox is committed to addressing the use of conflict minerals from the Democratic Republic of the Congo (DRC) through all means and influencing mechanisms available to us. We have implemented the Dodd-Frank Wall Street Reform and Consumer Protection Act and we work together with our key manufacturer partners to determine the origin of the metals in our products. All smelters in our supply chain have been identified. Suppliers must have a policy to assure that cassiterite, columbite-tantalite, gold and wolframite in the products they manufacture are conflict free.

In 2013 we strengthened the co-operation with key manufacturing partners throughout the whole year to relentlessly achieve full adherence to legal, industry and customer specific environmental requirements. Such tight collaborations require a structured database and management solution for our environmental data collection, storing, reporting and compliancy checks. In 2014, u-blox is planning to further tighten its collaboration with key contract manufacturer and suppliers to enable a more effective and efficient control over our environmental and sustainability objectives.

2. Green innovative projects



Solar powered stoves reduce deforestation in Madagascar

During 2013 we continued our collaboration with ADES, a Swiss NGO who produces solar cookers and energy-saving stoves for Madagascar. The objective of the project is to preserve an environmentally sensitive area by providing solar cookers as well as efficient wood stoves for cooking. The stoves are provided in combination with education to encourage women to give up their traditional fire for cooking. With regular demonstrations on how to use solar cookers in outlying villages and in urban areas, ADES actively promotes the benefits of cooking with solar energy.

4 Sustainability: Market place

u-blox is fabless and does not own any factories. Six tier-1 suppliers manufacture our products and some of them are located in countries where human rights violations are at risk. Using our influence to promote sound practices among our suppliers is one of the best ways to make sure that we help to make a positive difference.

Responsible supply chain

In 2013 we laid the foundations for further engagement in our supply chain with the introduction of our Sustainable Supplier Program. The program commits us to work with suppliers to ensure they operate in a socially and environmentally responsible manner and enables us to systematically identify potential risks in our supply chain. The program consists of five phases: pre-assessment, introduction, assessment, validation and improvement.

Phase 1 to 3 are designed to ensure that all suppliers comply with our defined sustainability standards. Through phase 4 and 5, we aim to work with our suppliers to improve sustainability standards in our supply chain – for example, through knowledge transfer and discussions about process optimization, resource efficiency, and environmental and social standards.

Phase 1: Pre-assessment

In 2013, a risk profile of all tier-1 suppliers was created, identifying low, medium and high-risk suppliers. The assessment is based on the supplier's sustainability risk profile related to spend, country of production, criteria of human rights and corruption and type of supplier relationship.

Phase 2: Introduction

u-blox' Supplier Code of Conduct is based on the principles of the EICC Code of Conduct. EICC (Electronic Industry Citizenship Coalition) is a coalition of the world's leading electronics companies working together to improve efficiency and social, ethical, and environmental responsibility in the global supply chain. The topics covered in the Code of Conduct include labor and human rights, worker health and safety, environmental impact, ethics, and management systems. All existing and new suppliers are required to comply with the principles. As of today, 83% of u-blox' suppliers have committed to apply these principles to their production.

Phase 3: Assessment

Supplier compliance to the Code of Conduct will be monitored through a system of a self-assessment questionnaires and if necessary, regular audits. The questionnaire provides a self-evaluation of suppliers' sustainability management and activities. We are aware that it will take time for suppliers who do not already have a system in place to embrace and institutionalize the code of conduct and complete the assessment. In 2013, 83% of our tier-1 suppliers has completed the self-assessment questionnaire. Our goal for 2014 is to have the remaining assessments completed and all participants analyzed.

Phase 4: Validation

If the self-assessment questionnaire identifies mid-level or low sustainability performance at the supplier's facility, we plan to carry out on-site audits at suppliers' facilities. Audits will be conducted by a u-blox specialist and/or third party consultants.

Phase 5: Improvement and support

When the audit reveals areas of non-compliance, u-blox' logistic team and suppliers develop a joint action plan for improvement. We prefer to work together with our suppliers to ensure that sustainability in supply chains will be achieved.

