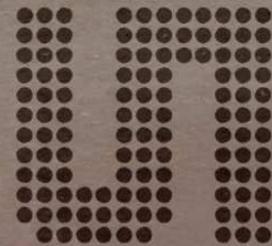


ams

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Communication on Progress Report 2014





Global Compact Annual Communication on Progress

Company name	ams AG
Address	Tobelbader Strasse 30, A-8141 Unterpremstaetten
Country	Austria
Membership date	21.7.2009
Number of employees	1394
Contact name	Kirk Laney
Contact position	CEO
Sector	Semiconductor Industry
Date	June 2014

Brief description of nature of business

As a developer and manufacturer of high performance analog semiconductors, ams is among the technology leaders in the worldwide analog semiconductor market, based on almost 30 years of analog expertise. The company's analog IC solutions and sensors 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.

All efforts are focused on the corporate vision to make ams the most innovative provider of high performance analog semiconductor solutions for power management, sensors and sensor interfaces and mobile infotainment. All employees strive to realize this mission, allowing the company to retain its competitive edge.

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 ams to convert its analog design expertise into outstanding products with the very best performance. In-house manufacturing is therefore a central aspect of ams' corporate strategy.

With its strict quality guidelines in development and production, ams has over a period of many years established its reputation among 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 ams' long-term strategy is demonstrated by the company's voluntary commitment to the UN Global Compact.

ams' stakeholder approach includes responsible relationships with both customers and suppliers. In case of unforeseen events or disasters, ams is ready to provide support.

Statement of support

Ladies and gentlemen

This is now our fifth communication of progress since joining the UN Global Compact. This meets all requirements specified within the COP policy. We continued our progress towards achieving a best-in-class position in our industry. ams as a designer and manufacturer of analog semiconductors can have a direct influence on reducing power consumption in many millions of devices where our products are being used in. At the same time, our focus on 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 70% while significantly expanding our production capacity. In 2013 we have also completed a comprehensive worldwide analysis of our remaining CO₂ emissions including our employees' work-related footprint and have identified a balance of 23,000 tons of yearly CO₂ emissions. This is an increase compared to the previous years, which can be attributed to the production capacity upgrade and therewith the use in higher volume of process gases. In order to reduce CO₂ emissions, we continue with a program for reduction that has dedicated activities.

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 ams 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. We have established our supplier audit system for business relevant concerns. Now we will start to enhance supplier audits for adherence to the UN Global Compact principles as part of our regular audit program. As part of our social responsibility, we also sponsor local improvement programs in areas where we do business.

In order to ensure the fulfilment, correspondence or conformity with statutory laws, rules and policies, ISO standards, etc we made a step further by implementing a compliance board. This builds the framework to address topics related to compliance standards, anti-corruption, internal and external compliance incidents, conflict of interests, competition and antitrust to the executive board and management. The output of the compliance board meeting includes decisions and



actions related to these topics, supports initiatives for improvements, and ensures the effective implementation of the compliance board and management system.

We have clear goals for continuous improvement in our company. 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.

Kirk Laney



The 10 Principles – Our Progress

Human Rights

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.
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Principle 2	Business should ensure that they are not complicit in human rights abuses.
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Our Commitment to Human Rights

The observance of human rights represents a fundamental value for ams that must never be compromised and is non-negotiable. Race, religion and sex do not influence our business decisions or the selection of employees. As an international acting company it is our philosophy - one company, one standard. That means we bring our standards to our global subsidiaries. ams has a corporate social responsibility policy including environmental, health and safety, human rights, and our responsibility towards all stakeholders

A brief Description of our Processes or Systems

We continuously inform and sensitize our employees to recognize any abuses and empower all employees to report and stop any violations. Additionally we have installed an anonymous helpline to report any violations.

Labour Standards

Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
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Principle 4	Business should support the elimination of all forms of forced and compulsory labour
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Principle 5	Business should support the effective abolition of child labour
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Principle 6	Business should support the elimination of discrimination in respect of employment and occupation
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Our Commitment or Policy

ams 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. Beside fast growing business we always have strong focus on our high labour standards.

A brief description of our Processes or Systems

In 2009, we published a Code of Conduct binding on all employees worldwide which integrates the Global Compact principles. For all employees, including our new additions, we integrated the Code of Conduct into the staff appraisals 2012 and continued in 2013. We have a global set of practices in our employee relations, demonstrating our commitment to best practices in HR management.

Actions Implemented in the Last Year / Planned For Next Year

With the implementation of the moderated intranet forum (where employees can voice their grievances anonymously) public feedback to all employee questions were given. In addition we expanded internal tools and systems for employees' exchange and feedback including our employee representatives. The annual staff appraisals were held with all employees and managers to support effective communication and to safeguard employee career development.

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

- Through our actions we set an example of high standard for our employees. 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.
- 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.
- 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.
- We believe in the competence and knowledge of our employees and include them in decision making processes as early as possible.
- We stick to our promises and agreements. We inform promptly if due to unforeseen circumstances an agreement can no longer be met.
- 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.



- We highlight good performance as actively as poor performance.
- We evaluate employees on agreed performance goals and hold responsibility for our staff's overall well-being.
- 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.
- 2014 was the fourth payout of the 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

Development of employee turnover:

The turnover driven by employees continued to decline in our European locations over the past several years as a result of all HR related measures implemented. In our main Asian manufacturing sites we were able to reduce the turnover driven by employees, however we are still faced with aggressive hiring by companies outside of these home countries. The turnover worldwide continued to be in the single digit percentage range.

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 ams, 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 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.

Actions Implemented in the Last Year / Planned For Next Year

The consequent usage of exhaust air cleaning systems for production gases (perfluorinated gases) leads to a continuous reduction of 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 2011 and 2012 we installed additional abatement systems to guarantee an uninterrupted operation.

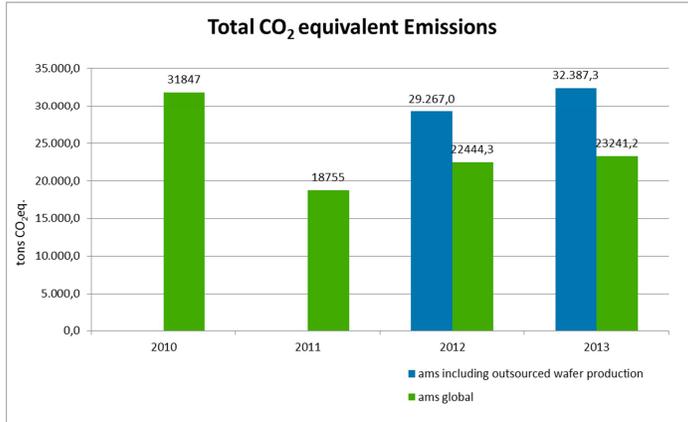
In 2011 we changed also our electricity supplier and therefore the consumption from conventional electricity to 100% renewable electricity made of hydropower. This leads to a reduction of approximately 9000 tons indirect CO₂ emissions.

2013 we record a slight increase on our total carbon dioxide equivalent emissions compared to 2012. Despite an increase of production load, capacity expansions and different technical improvements this increase in emissions is really to a small scale. We distinguish between emissions that are caused directly by ams AG – due to production activities, shipping of goods, employee commuting, etc - and emissions which are caused by our outsourced wafer production activities. Details on exact emission values are shown in below picture.



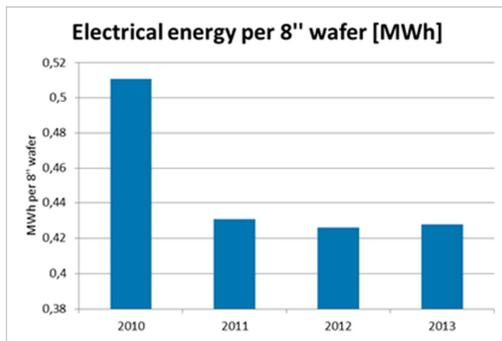
Measurable Results or Outcomes

Total CO₂ Equivalent Emissions



Every year ams makes a very detailed greenhouse gas (GHG) inventory of primary and secondary emissions sources. The project included identifying, analyzing and evaluating all company related GHG activities. It required calculating the resulting emissions from primary and secondary energy sources, business travel, everyday employee commuting and product shipment. The purpose was to create an overall balance sheet in order to determine the main contributors, to evaluate the mitigation potential of different influences, and develop a list of possible short term and long term measures which allows optimizing the GHG balance sheet.

Electrical Energy Consumption Indicator per 8" Wafer



Related to the 8" wafer equivalents produced on site which were started in production, an average of 0.43 MWh per wafer was consumed in 2013. Compared to 2012, the value is stable, despite higher complexity of the production process. Since 2011 ams buys renewable electricity guaranteed as 100% hydropower.

Further environmental information is available in ams Environmental Report on our website.



Anti Corruption

Principle 10

Business should work against corruption in all its forms, including extortion and bribery

In 2011 ams started its anti-corruption program. We developed a companywide guideline which led to a nomination of a compliance officer. The responsibility of the compliance officer is to clarify open questions and investigate critical situation. The compliance officer is also part of our corporate CSR board.

In 2013 we restructured our existing CSR board and raised the compliance function so that the board is now build by additional roles as they are: Director Organizational Development and Strategic Projects, General Counsel, VP Human Resources, and Environment Manager.

The new defined compliance board establishes a framework to discuss about compliance topics and incidents. In addition the compliance board developed a training strategy to all staff in order to increase the awareness on compliance matters. This is one method ams is facing compliance topics to its employees. Another focus we set towards our employees is that we included the ams compliance codex in the staff appraisals 2014. This ensures the direct manager is discussing the compliance codex with his/her employee, so we give this topic high importance.

Due to Austria's legal regulations we signed an agreement between the works council and management. Now we have very strict worldwide rules regarding these matters and we have also installed a tool which can be easily used to report incidents. This tool is for instance used when gifts to any employee is made and requests explicit approval from the compliance board.



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



THE GLOBAL COMPACT



WE SUPPORT

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

We welcome feedback on its contents.

The complex block is enclosed in a thin blue border and features a light blue background with a faint, stylized United Nations emblem. On the left side, there is a circular logo for 'THE GLOBAL COMPACT' which includes a globe and the text 'WE SUPPORT' below it. To the right of the logo, there are two paragraphs of text. The first paragraph states: 'This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.' The second paragraph states: 'We welcome feedback on its contents.'