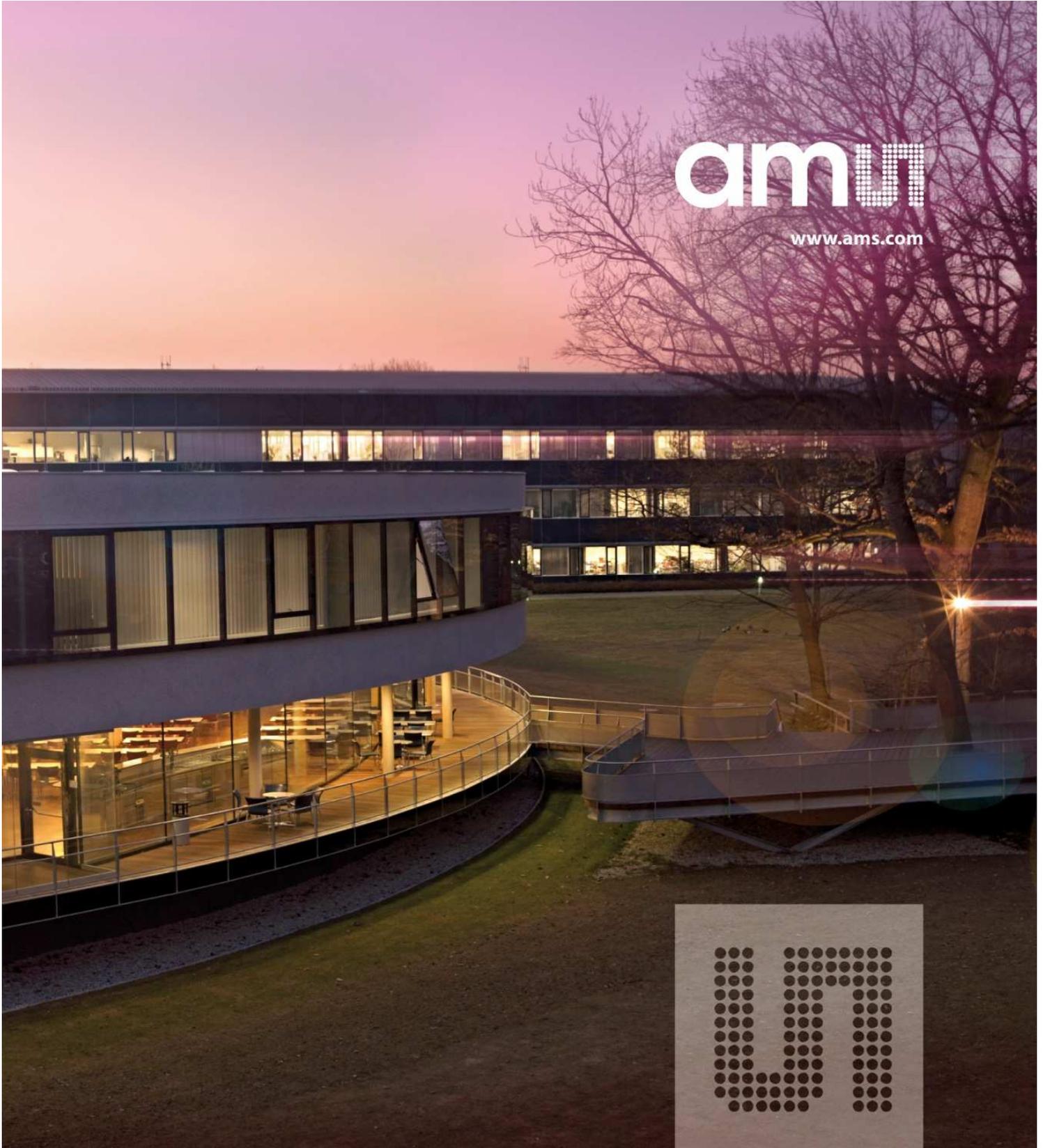


The logo for AMS, consisting of the lowercase letters 'am' in a white sans-serif font, followed by a stylized 's' formed by a grid of white dots.

www.ams.com



Communication on Progress Report 2015



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	1763 per 31.12.2014
Contact name	Kirk Laney
Contact position	CEO
Sector	Semiconductor Industry
Date	June 2015

Brief description of nature of business

ams develops and manufactures high performance analog semiconductors that solve its customers' most challenging problems with innovative solutions. ams' products are aimed at applications which require extreme precision, accuracy, dynamic range, sensitivity, and ultra-low power consumption. ams' product range includes sensors, sensor interfaces, power management ICs and wireless ICs for customers in the consumer, industrial, medical, mobile communications and automotive markets.

ams' headquarters are in Unterpremstaetten near Graz, Austria. Key research and development facilities are based in Austria, in Plano, Texas (USA), a center of excellence in optical sensors, and in eleven other design centers worldwide. Employing more than 1,700 people in over 20 countries, ams operates direct sales offices in all major regions of the world. It has a network of channel partners around the globe, including its worldwide distribution partners DigiKey, Future Electronics and Mouser.

The sensor solutions we create link technology and people, enabling devices that are smarter, safer, easier to use and more environmentally friendly. From our indispensable personal mobile devices, to wearables, smart homes, offices, cars and more, people consistently are exposed to and surrounded by sensors. Sensor functionality is evolving rapidly, from making our phones more intuitive and lighting solutions more intelligent to conserving battery power and enabling breakthrough medical technologies. Sensors from ams recognize gestures, light, color and motion; increase precision and safety; and measure miniscule changes in position, temperature and medical parameters. Combined with NFC wireless functions, sensor technologies offer new solutions for contactless payment and human-machine interaction.

As a high performance analog company, providing standard products and ASICs, ams operates its own in-house wafer manufacturing and test facilities. This capability allows ams to push the limits of analog performance in lowest noise, highest sensitivity and maximum accuracy while assuring customers a dedicated supply and the highest quality standards. ams pursues a flexible



manufacturing concept combining internal and external wafer capacity and enjoys strong relationships with major semiconductor manufacturing partners.

ams provides state-of-the art technologies for leading-edge sensor and analog designs such as IC integration using a proprietary through-silicon via (TSV) process and unique specialty processes for high voltage, optoelectronics and RF applications. Our wafer production facility is certified for medical and automotive IC production while our specialty foundry business offers customers a full-service approach that includes packaging and testing options.

With its strict quality guidelines in development and production, ams has 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 sixth 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 (Restriction of Hazardous Substances) in all our products. Since 2003, we strive to reduce our production CO₂ footprint while significantly expanding our production capacity. A major reduction of our CO₂ equivalents emitted could be reached in 2011 – since then ams buys renewable electricity guaranteed as 100% hydropower. In 2014 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 26,300 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. However ams recognizes a decrease by 5.8% of CO₂ emitted, related to the company growth in revenue. In order to reduce CO₂ emissions, we continue with ams' environmental program for reduction including dedicated activities.

Other environmental activities comprise promoting the Marine Stewardship Council's sustainable fishing. This activity 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 executive 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. 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, Quality, Facility, Environment, Security, Safety, 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. Our mission is to shape the world with sensor solutions. We are global leaders in the design and manufacture of advanced analog sensor solutions that enable our customers to create differentiated products that literally are changing the world. ams sensor solutions take sensing to the next level by providing a seamless interface between humans and technology. We enable our customers to create highly differentiated products that are smarter, safer, easier to use and more eco-friendly.

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 annual staff appraisals. 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 again held with all employees and managers to support effective communication and to safeguard employee career development.

In October this year we will roll out our global Employee Survey to gain feedback on employees' satisfaction regarding working environment, leadership, benefits as well as on other fields regarding their employment with ams. The Employee survey should serve as a communicating medium between ams and its employees to ensure a productive and rewarding working environment.

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.
- 2015 was the fifth 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.
- Recognizing ams' current employees are our best ambassadors, we have developed a referral bonus program, to give them an incentive to assist in the search for great talent.

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 keep the turnover driven by employees at a low level, 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 development.

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% 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 past years, we installed additional abatement systems to guarantee an uninterrupted operation. Early 2014 an additional bio scrubber for absorption of solvents in exhaust was installed. With this installation, we could record a significant reduction of emissions by 52%.

Another major reduction of the CO₂ equivalents emitted could be achieved at the beginning of 2015 by the installation of a heat pump. The heat pump enabled ams to reduce the natural gas consumption by 18.5%.

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.

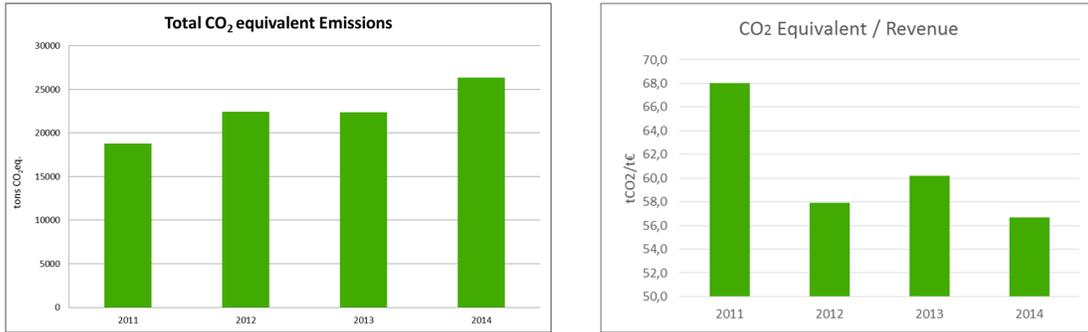
2014 we record an increase in our total carbon dioxide equivalent emissions compared to 2013. The total CO₂ equivalents emitted are 26,300 tCO₂. This is mainly caused by emissions from ams manufacturing activities in Unterpremstaetten, including also shipping of goods, employee commuting, travelling, etc. ams decided no more to cover emissions from outsourced manufacturing, as these are difficult to assess and would only be estimated.

However, related to the company growth in revenue the CO₂ equivalents are decreased by 5.8%. Refer to below diagrams in terms of the trend from past years.



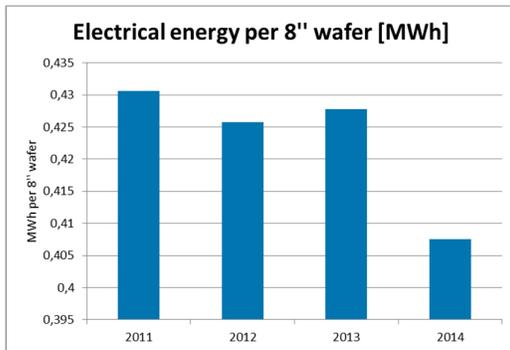
Measurable Results or Outcomes

Total CO₂ Equivalent Emissions and CO₂ Equivalent / Revenue



With the annual CO₂ balance ams identifies the main contributors, to evaluate the mitigation potential of different influences. Out of that, a list of possible short term and long-term measures is developed that enables 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 0.41 MWh per wafer was consumed in 2014. Compared to 2013, the value is decreased by 4.7% per wafer, because of higher utilization of existing production equipment.

We have established our supplier audit system for business relevant concerns. In 2015 ams' suppliers are asked to answer a self-assessment audit on environmental related topics – including questions on environmental facility control and control on prohibited substances in products as well. With the result of the self-assessment, ams will decide which supplier will be audited in detail in the following year.

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: VP & General Counsel, VP Human Resources, and Director IT.

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



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

We welcome feedback on its contents.