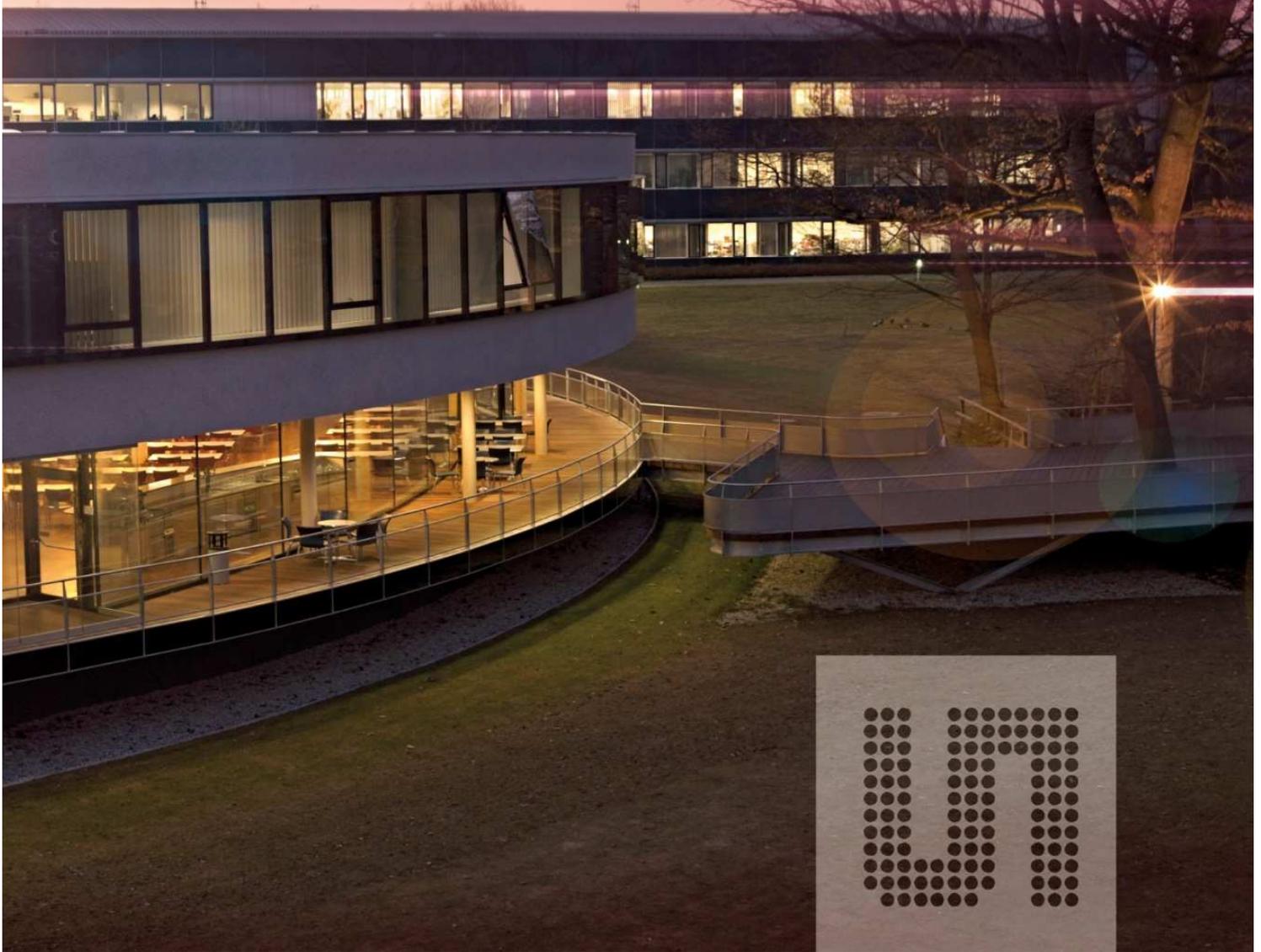


The logo for AMS, consisting of the lowercase letters 'am' in a white sans-serif font, followed by a stylized 's' formed by a grid of white dots.

www.ams.com



Communication on Progress Report 2017



Global Compact Annual Communication on Progress

Company name	ams AG
Address	Tobelbader Strasse 30, A-8141 Premstaetten
Country	Austria
Membership date	21.7.2009
Number of employees	2220 per 31.12.2016
Contact name	Alexander Everke
Contact position	CEO
Sector	Semiconductor Industry
Date	June 2017

Brief description of nature of business

ams is a global leader in the design and manufacture of advanced sensor solutions. Leading manufacturers around the globe rely on ams' sensing know-how for advanced systems design. For ams, "Sensing is Life", and our passion is in creating the sensor solutions that make devices and technology smarter, safer, easier-to-use, and more eco-friendly.

ams' sensor solutions and sensor ICs are at the heart of the products and technologies that define our world today – from smartphones and mobile devices to smart homes and buildings, industrial automation, medical technology and connected vehicles. Leading manufacturers around the globe rely on our sensing expertise for advanced system designs. Our solutions excel in applications requiring extreme precision, dynamic range, high sensitivity, and low power consumption in small form factors.

ams currently has subsidiaries in Switzerland, Italy, Germany, France, Belgium, the United Kingdom, Spain, Portugal, Sweden, the U.S., the Cayman Islands, the Philippines, China, Japan, Korea, Slovenia and India. The subsidiaries in the USA, Switzerland, Italy, Spain, Belgium, Portugal and the United Kingdom, Slovenia, Germany, Japan and India carry out development, marketing and sales activities, while the subsidiaries in France and China are active in marketing and sales and technical support. The subsidiary in the Philippines is responsible for production activities in testing, while the subsidiary in Korea is responsible for sales and assembly in the region. Branch facilities exist in Hong Kong, Singapore and Taiwan.

ams' technological leadership in the design and manufacture of high performance sensor solutions and analog ICs is based on more than 30 years of intensive research and development activities. In order to secure and strengthen its leading position, the company makes significant investments in research and development on a continuous basis.



Acting responsibly towards the environment is a basic principle for ams in all business operations. ams is dedicated meeting the highest environmental standards as well as using resources and the environment conservatively. ams has therefore been certified to ISO 14001 for a number of years and still is. Sustainability as well as efforts to preserve environmental resources and reduce energy costs and carbon dioxide emissions are major concerns for ams which have been supported by a range of activities for many years. Based on a thorough analysis of ams' carbon dioxide emission sources in 2009, measures to achieve further reductions in carbon dioxide emissions are being defined each subsequent year. ams also submits information on its carbon dioxide emissions to the Carbon Disclosure Project, a global transparency initiative which has created the world's largest freely available database of corporate carbon dioxide emissions.

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 seventh communication of progress report 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 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 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.

Alexander Everke



The 10 Principles – Our Progress

Human Rights

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2 Business should ensure that they are not complicit in human rights abuses.

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.

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

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 reimplementation 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 2015 we rolled 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 serves as a communicating medium between ams and its employees to ensure a productive and rewarding working environment.

In 2016 the survey results were communicated to the Leadership Forum and the employees. Action plans per Division and Area were agreed, regularly updated and implemented in order to further improve the working conditions.

We have developed and integrated Core Values and Leadership Principles which represent the fundament of our company. We believe, that our Core Values and Leadership Principles support our vision, shape and reflect our company culture and are the basis for our success.

Core Values

- Trust and Integrity
 - Trust employees that they will do what they say
 - Be authentic and walk the talk
 - Be a role model
- ams 1st
 - Everything you do must create value for ams
 - Make and support decisions which might impact you personally but make ams stronger
 - Loyalty to ams
- Passion to Win
 - Never give up and feel the excitement of winning
 - Beat the competition in everything you do
 - We just don't lose
- Imagine the Impossible
 - Have a vision, challenge the future, be optimistic



- Be unconventional
- Do cool things and enjoy it
- If you can dream it, you can do it

Leadership Principles

- Empower and Hold Accountable
 - Be accountable and responsible business owner – no excuses
 - Develop and hire strong people you can trust to do the job
 - Celebrate and reward success
- Invest to be Best
 - Staff to WIN, right person at right place
 - Invest in product and technology roadmaps that deliver #1 market positions
 - Do the right things for the business even if the execution is very tough
- Raise the Bar
 - Good is not good enough: There is always the next level of performance that can be achieved
 - Challenge each other before competition does
 - Drive for excellence in everything you do
- Decide and Execute
 - Better 10 decision per day of which one is wrong, than 1 which is certainly right
 - Enable diversity of thought – the more inputs you get, the better will be your decision
 - Execute immediately and no second guessing
- Be Empathic & Respectful
 - Connect through active listening and open up
 - Leverage each team member's contribution
 - Challenge constructively
 - Be fair and treat people like you want to be treated by them

With our communication concept which started in May 2016, we live and share our Core Values and Leadership Principles on a daily basis.

ams' new Leadership Principles and Core values are at the same time an essential part of ams' new staff appraisal form, which was launched in January 2017. To further support our corporate culture and address our Core Values and Leadership Principles, the form has been improved. Further targets of the corporate staff appraisal are to provide the opportunity to give and receive feedback, to evaluate goal achievements, set up new objectives and to evaluate performance as well as career development and training. Moreover, it allows managers and team members to discuss important topics in a systematic and structured way outside of every-day working routine.



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. The manufacturing sites in Austria and Philippines are today certified according to 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.

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 (Premstaetten, 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% compared to 2013.



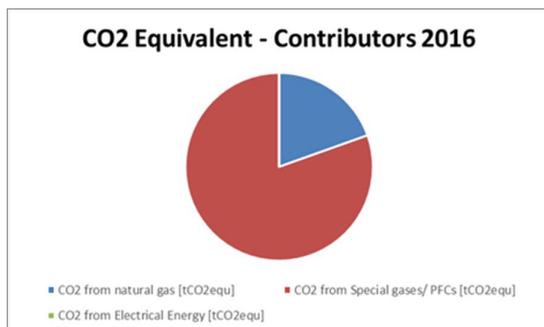
Another major reduction of the CO₂ equivalents emitted could be achieved at the beginning of 2015 by the installation of a heat pump. The heat pump enabled ams to reduce the natural gas consumption by 18.5% compared to 2014.

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 15,000 tons indirect CO₂ emissions, related to the electrical energy consumption in 2016.

2016 we record an increase in our total carbon dioxide equivalent emissions compared to 2015, by 14% due to increased manufacturing capacity. The total CO₂ equivalents emitted are 18,600 tCO₂. This is mainly caused by emissions from ams manufacturing activities in Premstaetten - considering the usage of special gasses (PFCs), natural gas and electrical energy. ams decided no more to cover emissions from outsourced manufacturing, as these are difficult to assess and would only be estimated.

Measurable Results or Outcomes

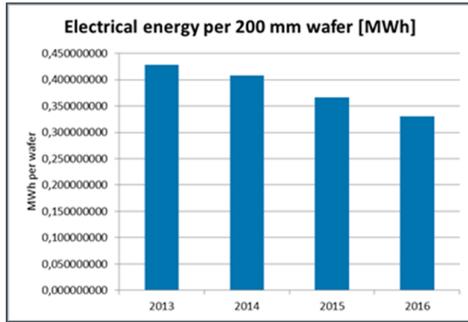
CO₂ Equivalent – Contributors 2016



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 200 mm Wafer



Related to the 200 mm wafer equivalents produced on site, which were started in production, an average of 0.33 MWh per wafer was consumed in 2016. Compared to 2015, the value is decreased by 9.7% 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 and CSR – including questions on environmental facility control, control on prohibited substances in products and labor, ethics, health & safety. With the result of the self-assessment, ams decide which supplier is audited onsite. Since 2016 ams performs onsite audits which enables us to understand ams' subcontractors' situation and implementation for environmental protection and CSR. This onsite audits are continued in 2017.

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, 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.

Additionally it is planned to roll out an E-Learning tool for compliance training which will be introduced to every employee via our Intranet. The training can be adjusted any time and should provide guidance in all related compliance matters.

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 image is a rectangular box with a light blue background featuring a faint, stylized globe. On the left side, there is the official logo of the United Nations Global Compact, which consists of a globe with latitude and longitude lines, surrounded by a laurel wreath. The text 'THE GLOBAL COMPACT' is arched above the globe, and 'WE SUPPORT' is written below it. To the right of the logo, there is a vertical line separating it from the main text. The main text is in a dark blue, sans-serif font and reads: 'This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.' Below this, it says 'We welcome feedback on its contents.'