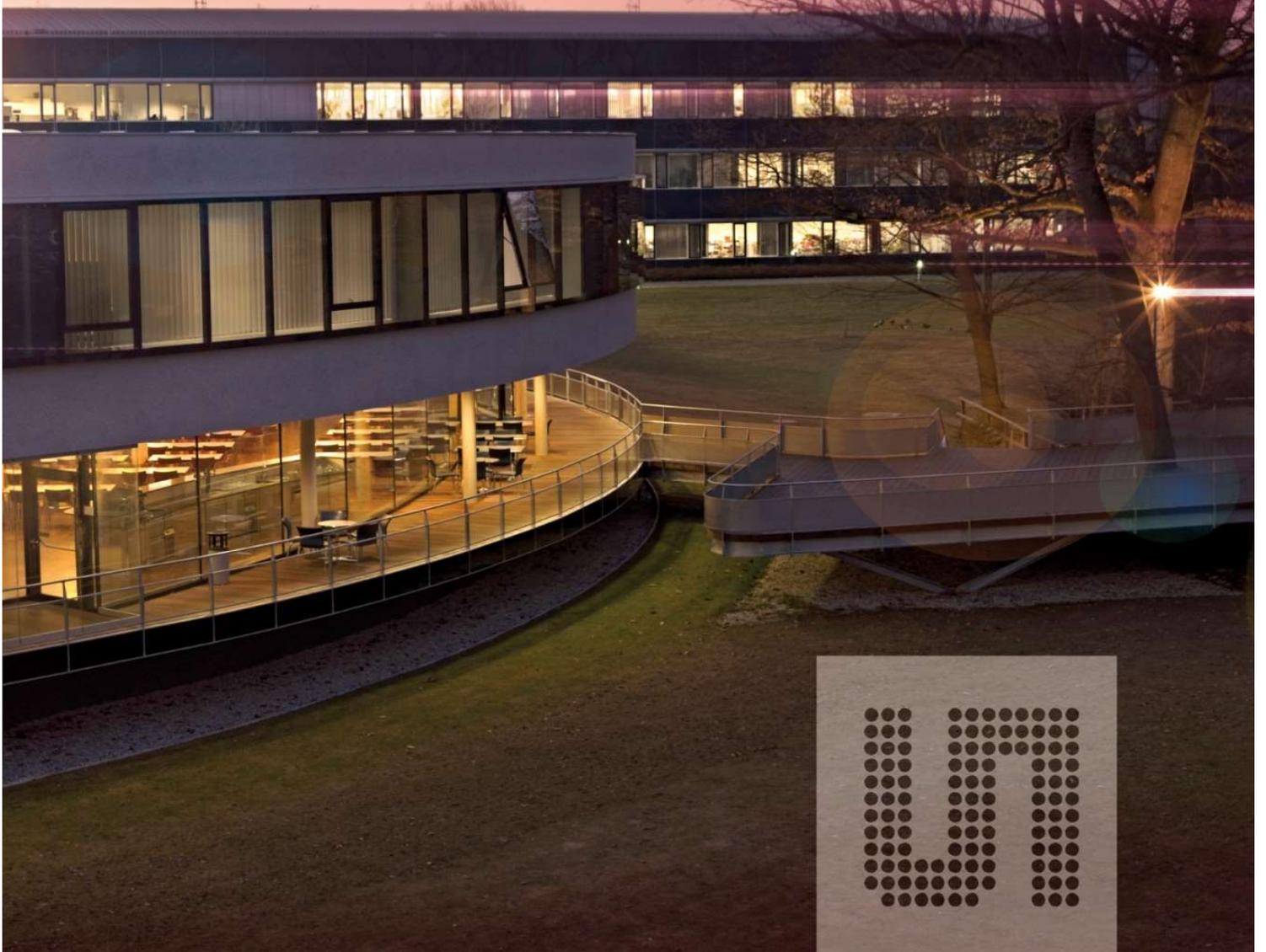


ams

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# Communication on Progress Report 2019



## 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	9.884 per 31.12.2018
Contact name	Alexander Everke
Contact position	CEO
Sector	Semiconductor Industry
Date	June 2019

### Brief description of nature of business

ams is a global leader in the design and manufacture of advanced sensor solutions.

Our mission is to shape the world with sensor solutions by providing a seamless interface between humans and technology. ams' high-performance sensor solutions drive applications requiring small form factor, low power, highest sensitivity and multi-sensor integration.

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 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. Our products drive applications requiring small form factor, low power, highest sensitivity and multi-sensor integration. We offer sensor solutions, sensor ICs, interfaces and related software for consumer, communications, industrial, medical, and automotive markets.

With headquarters in Austria, ams employs about 9,000 people globally and has design centers and sales offices across Europe, US and Asia, application center and manufacturing sites in Austria and Singapore as well as high-volume test center in the Philippines.

ams is listed on the SIX Swiss stock exchange (ticker symbol: AMS).

Acting responsibly towards the environment is a basic principle for ams in all business operations. ams is dedicated to meeting the highest environmental standards as well as efficient usage of 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. ams also submits information on its carbon dioxide emissions to the Carbon Disclosure Project, a global transparency initiative which performs benchmarks of corporation's CO<sub>2</sub> emissions in the DACH region.

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. 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.



## Ladies and gentlemen

ams became a member of the UN Global Compact coalition in 2009. Each year we are honoured to communicate our progress towards the 10 Principles in the Communication of Progress report. Our company is more committed than ever to progressing the 10 Principles identified, and to creating a better planet and future for the generations to come. These principles are now deeply rooted in our company's DNA and global business operations, helping us progress our best-in-class industry position with a talented workforce, ethical partners and suppliers.

ams' mission is to shape the world with sensor solutions by providing a seamless interface between humans and technology. 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 reinforcing our commitment to the UNGC principles.

In 2018 we continued to make significant progress in key areas:

### Environmental & Sustainability Progress

As a designer and manufacturer of analog semiconductors, we recognize that we can have a direct influence on reducing power consumption in the many millions of devices where our products are being used in. At the same time, our focus on delivering innovation in 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. We were one of the first semiconductor companies to focus on environmental improvements through our ISO 14001 certification. We monitor our success through our **Corporate Social Responsibility and Environmental Policy**. We are also proud to have received 'rfu Qualified' in Austria. We were a first mover in our industry driving RoHS (Restriction of Hazardous Substances) compliance for all of our products. In 2003, we kicked-off an initiative to reduce our CO<sub>2</sub> production footprint whilst significantly expanding our global production capacity. In 2011, we achieved a major reduction in our CO<sub>2</sub> equivalents emissions and started using 100% hydropower to run our facilities. We are committed to driving further initiatives to reduce CO<sub>2</sub> emissions more and we will report metrics through our environmental program.

### Human Rights & Labor

Ams is proud to be a fair and equal opportunity employer. We share a vision that employees are our key asset. We continue to expand our activities in human resources and employee relationship management ensuring that our employees have a safe work environment globally, adhering to the stringent standards we have in Austria.

- We have implemented a **Global Employee Communications Platform** which encourages employees to communicate directly and anonymously to executive management, independent of role and location, to voice their feedback and grievances. In addition, we have stepped up our efforts around employee education providing both internal and external training and education to further their own personal professional goals. We believe this is a win-win-win for both the employees, the company and the customer.



## Compliance & Code of Conduct

- We established a **Global Compliance Board** to ensure that we are conducting our business operations in full compliance with all national and international regulations and laws. The charter of the group is to develop frameworks to address topics related to compliance standards, anti-corruption, internal and external compliance incidents, conflict of interests, quality, facilities, environment, security, safety, data privacy, export control, competition and antitrust. The group also sets out the **ams Code of Conduct and the Compliance Codex** which articulates the values and desired behaviours we expect from all employees. This function is critical and reports to the executive board and management team.

## Supply Chain Management

- We enable our customers to create highly differentiated products that are smarter, safer, easier to use and more eco-friendly. **ams** selects suppliers based on their capabilities to provide competitive solutions but also based on their commitment to sustainability and their fulfillment of our Code of Conduct. We have a rigorous supplier audit system which incorporate self-assessment through to on-site audits. We continuously review progress and diligently set and agree goals and expectations for continuous improvement.

I am proud of our efforts to date, and commit that we will continue to take concrete actions to further the principles. Our industry is successful when we are combining business objectives and technological advancement to build a better and more sustainable planet.

Alexander Everke



## 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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### 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 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.

### 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 which integrates the Global Compact principles and is binding for all employees worldwide. 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**

We have defined our Core Values and Leadership Principles which represent the fundament of our company and integrated them in all key activities, such as recruiting, performance appraisals or talent assessment. 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 1<sup>st</sup>
  - 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, 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

ams' Leadership Principles and Core values are by now integrated in numerous processes:

- They constitute an essential part of ams' performance appraisal form, which was optimized in January 2017, with the goals to give and receive feedback, to evaluate goal achievement and overall performance, set up new objectives and to plan career development and training;
- They represent key criteria that is used in the talent assessment process (since 2017, further strengthened in 2018), where potential to take over significantly more demanding leadership roles is assessed;
- in recruiting, Core values and Leadership principles are an important criterion for selection of new employees. Guidelines are available as well as specific face-to-face / online trainings are provided on how to conduct job interviews, targeted at HR and managers, which include specific questions how to explore the individual's fit with our Core values and Leadership principles
- this year, a workshop dedicated to ams corporate culture (with emphasis on Core Values and Leadership Principles and how they should be implemented in daily work) is also offered, both for new and existing employees, to strengthen ams' unique culture across locations.

All those activities are further supported by active communication and various initiatives where employees are engaged to share their thoughts and examples of behaviors, related to ams' Core Values and Leadership Principles (ams wall calendar, crossword puzzle, ams cultural awards...).

In addition to that, an HR internal guideline on the hiring process has been further developed which represent one pillar of the ams recruiting process, inheriting human rights principles embodied amongst others by the guarantee of a fair selection and remuneration process, eliminating any discrimination on grounds of race, sex, religion or any other discrimination in respect of employment and occupation.

External audits with regards to the adherence to Labour & Human Rights are conducted on a regular basis to ensure the fulfillment of our commitments. To further re-inforce those, a Labour & Human Rights (LHR) Internal Audit Committee was formed in 2018 in ams' site in Singapore, with the provision of guidance from a Senior Management Advisory Committee on site to perform annual internal audits.



One of the new initiatives, aimed at equal opportunities, is planned to be launched in autumn 2019. A global program is designed, aimed at supporting women in their career development. The goals are to connect women, strengthen the connections with senior management (male and female), increase visibility and make the opportunities for further professional development visible. Currently the preferences of the target group itself are being analysed and the details of the program still being defined, but generally various measures, such as focused training sessions, mentoring/coaching and get-together events are planned.

## Environment

Principle 7	Business should support a precautionary approach to environmental challenges
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Principle 8	Business should undertake initiatives to promote greater environmental responsibility
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Principle 9	Business should encourage the development and diffusion of environmentally friendly technologies
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### 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 Premstatten (Austria), Calamba (Philippines) and Woodlands (Singapore) are certified according to ISO 14001 standard. It is planned to certify the manufacturing sites Ang Mo Kio, Tampines (SGP) according ISO 14001 within 2019.

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 CO<sub>2</sub> 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

CO<sub>2</sub> 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 and Calamba) including related transportation.

#### Supply chain audits

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 and continued in 2017, 2018 ams performs onsite audits which enables us to understand ams' subcontractors' situation and implementation for environmental protection and CSR.

#### **Actions Implemented in the Last Year / Planned For Next Year**

Operations in Premstaetten - 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.

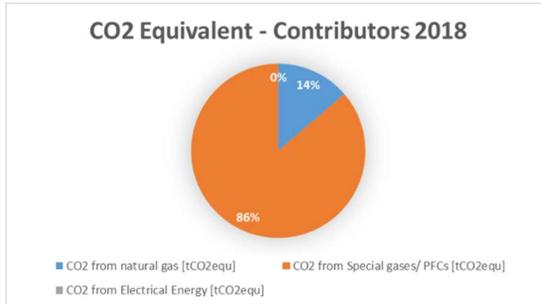
Another major reduction of the CO<sub>2</sub> equivalents emitted could be achieved at the beginning of 2015 by the installation of a heat pump. The heat pump enabled ams to reduce the natural gas consumption by 18.5% compared to 2014.

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 17,000 tons indirect CO<sub>2</sub> emissions, related to the electrical energy consumption in 2017.

2018 we record an increase in our total carbon dioxide equivalent emissions compared to 2017, by 36,5%. The majority of the increase is caused by the use of special gases in the production area that are identified as GHG potential – due to major changes in the productions technologies running. The CO<sub>2</sub> calculation is considering the usage of special (production) gases (PFCs, HFCs, SF6, etc) and natural gas. 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**

##### **Operations in Premstaetten - CO<sub>2</sub> Equivalent Contributors 2018**



With the annual CO<sub>2</sub> 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.

Anti Corruption	
Principle 10	Business should work against corruption in all its forms, including extortion and bribery

**Our Commitment or Policy**

The company established already in 2013 a Compliance Codex in which clear guidance is given with respect to corruption and bribery. Although the company is not a Government Official and not involved in any public bidding processes, it is ams’ policy, that we secure our business fairly through the quality of our innovative products and services and not by offering undue advantages to others. Neither monetary payments nor other services are provided in order to influence business decisions. This message has been rolled out in the past years and many compliance trainings have been conducted. Additionally the company established a “gift policy” which also includes clear limits in order to support every employee. These documents are available via the Intranet and also part of the staff appraisals and performance reviews.

**A brief description of our Processes or Systems**

Every new employee is provided with a guidebook in order to secure that all policies and procedures are acknowledged. Any violation is reported to the Compliance Board, which will set the appropriate action.

**Actions Implemented in the Last Year / Planned For Next Year**

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 Compliance Board and raised the compliance function so that the board is now build by additional roles as they are: VP Compliance, Human Resources, Director IT , Data Protection Officer and a member of the works council..

The new defined compliance board established a framework to discuss 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 a) included the ams compliance codex in the staff appraisals 2014 and b) implemented a compliance e-learning tool. This ensures the direct manager is discussing compliance 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 we have rolled out an E-Learning tool for compliance training in Q2 2019, which was introduced to our employees via our Intranet. The training can be adjusted any time and provide guidance in all related compliance matters.

This COP will be published on our website [www.ams.com](http://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 black border. On the left side, there is a logo for 'THE GLOBAL COMPACT' featuring a globe with latitude and longitude lines, surrounded by a laurel wreath. Below the logo, the text 'WE SUPPORT' is written. To the right of the logo, there is a vertical line. Further to the right, the text 'This is our Communication on Progress in implementing the principles of the United Nations Global Compact.' is displayed in a serif font, with 'Communication on Progress' and 'United Nations Global Compact' in bold. Below this text, the sentence 'We welcome feedback on its contents.' is written in a smaller, regular serif font.