



# Progress to UN Global Compact Principles

# Statement of Support



Alexander Everke, CEO



Ingo Bank, CFO



Thomas Stockmeier, CTO

Dear readers,

ams has been a statutory member of the UN Global Compact coalition since 2009 and has been actively reporting progress towards the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption since then. This year we are communicating our detailed progress through the ams Communication on Progress 2021 Report, covering our fiscal year 2020.

ams is a worldwide leader in sensor solutions focused on optical, image and audio sensing. As an "Uncontested Leader in Optical Solutions", we have the claim and the responsibility to contribute to such a development along our value chain. And it pays to be at the forefront: This enables us to exploit business opportunities arising from the transformation of sustainable development and to achieve competitive advantages. Therefore, we see sustainability as a driver for success.

2020 was the year of Covid-19 spreading across the globe as a pandemic with strong impact on the world economy and global end markets. We not only steered our ams business successfully through the challenges of the pandemic, but successfully mitigated the effects in the workplace globally. As we believe we hold responsibility as a business to engage with stakeholders in and beyond our business environment, despite last year's Covid-19-related restrictions we continued to contribute to social initiatives with citizenship activities as intended. We supported various initiatives in the fields of Education and Science, Sports, Arts and Culture as well as Social and Humanitarian projects. These involved for example the Austrian National Team Homeless World Cup (Caritas), the SOS Children's Villages, the TU Graz Racing Team and a hospice for people who are at the edge of society. Within ams, we decided to abstain from Christmas presents for our employees and donated the sum to international acknowledged organizations fighting against Covid-19.

During our reporting period of fiscal year 2020 not only has the ams Group significantly grown with the acquisition of OSRAM. At the same time our portfolio and business opportunities that address sustainable development have expanded remarkably. Our products and innovations create solutions to global challenges such as urbanization, climate change and resource scarcity. They also contribute to health protection and ensure greater safety.

We recognize that global business comes with global responsibility. We understand our responsibility improving the quality of life – advancing health and safety while reducing the impact on our environment yet making the experience even more convenient. In short, we want to make life better.

Throughout our value chain we emphasize the careful use of resources, environmental protection, good working conditions, health and safety, as well as compliance with human rights. Our approach to sustainability is also the foundation of our license to operate and an enabler for future business. While we move forward with the integration of ams and OSRAM we are currently aligning our management approaches to assume joint responsibility towards our customers, employees, shareholders, the society and the environment.

Each day we hold ourselves accountable to delivering to our high environmental, societal and governance-related standards. We again made progress towards the 10 Principles in 2020 underpinning our commitment.



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Looking ahead, the integration process of the two companies includes a roadmap to form a new, combined culture from central elements of both companies' heritage, building on our core values and leadership principles. By establishing a new talent management landscape in our combined company, we empower our employees and hold them accountable while expecting integrity in all activities.

As part of our continuous improvement and with the integration of ams and OSRAM now underway, we have started to create a comprehensive and integrated sustainability strategy for the combined company. We are implementing an analysis and stakeholder survey according to Global Reporting Initiative (GRI) standards. The related results will be harmonized with the existing framework of OSRAM to build a sustainability strategy for the group. OSRAM can draw on its long-term experience in extended ESG reporting as demonstrated by high ratings and several awards received over the last years. We look forward to leveraging this success by integrating both companies' programs into one strategy in the coming twelve months. In this context we are also defining a roadmap to expand our reporting in line with GRI requirements. As part of the integration of ams and OSRAM we will also integrate the broader range of both companies' corporate responsibility initiatives into a consistent responsibility approach for the combined company.

We hope you find this report on our advancement informative.

Best regards,

**Alexander Everke, CEO**

**Ingo Bank, CFO**

**Thomas Stockmeier, CTO**





## PRINCIPLE 1

Support and respect the protection of internationally proclaimed human rights

## PRINCIPLE 2

Ensure that business practices are not complicit in human rights abuses

## PRINCIPLE 3

Uphold the freedom of association and the effective recognition of the right to collective bargaining

## ACTIONS

- We support and respect the protection of internationally proclaimed human rights for all.
- Our Code of Conduct as well as our supplier agreements are compliant with the International Human Rights Bill core values and leadership program.
- We respect and comply with the fundamental employment rights set out in international conventions of the United Nations (UN), the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD) and the UN Global Compact Initiative. We expect this commitment from all companies that do business with us, but especially our suppliers. Details are specified in our Code of Conduct as well as in our Ethics and Labor Policy.
- We prohibit any form of employee discrimination on the grounds of ethnic backgrounds, religious conviction, skin color, nationality, origin, age, political or other beliefs, sexual orientation, family situation or handicap.
- We respect the freedom of association and collective employee representation according to the local laws and regulations. We make every effort to work constructively with employee representatives.
- We provide a safe and healthy workplace to all our employees. We also follow a zero-accident policy to safeguard the health and safety of our employees, thoroughly analyzing the very limited number of accidents per year to avoid incidents for the future.
- We successfully received ISO 45001:2018 certification for the occupational health and safety (OH&S) management systems in all our Singapore manufacturing locations.
- The evolving pandemic created an unprecedented situation last year. We quickly set up a global Covid-19 taskforce early in the last fiscal year and defined detailed guidelines and safety measures for our worldwide locations, which proved to be very effective.
- Our Compliance Code sets high standards related to personal privacy and data security. ams has appointed both a CISO (Corporate Information Security Officer) and a DPO (Data Protection Officer). An independent Data Protection Board is in place, which is responsible for data security inquiries and data security improvements for the ams sites worldwide and, among other things, prepares mandatory data protection trainings for employees.



## PRINCIPLE 4

Eliminate all forms of forced and compulsory labor

## ACTIONS

- Our Code of Conduct prohibits any form of forced and compulsory child labor along its entire value chain. We expect our suppliers and subsidiaries to only employ workers at or above the minimum age. ams selects suppliers based on their capabilities to provide competitive solutions but also based on the fulfillment of our Code of Conduct.

- Our Code of Conduct is also the foundation of our collaboration with contractors.

- We have a policy in place regarding the protection of human rights in the context of potential conflict minerals. It prohibits the use of minerals from illegal mining. We have also implemented a comprehensive initiative to achieve conflict minerals compliance in our direct materials as well as in our supply chain. These programs cover new as well as existing products through monitoring and validating suppliers and subcontractors.

- We have long established avenues where employees can voice any of their grievances anonymously and directly into executive management from anywhere in the world through our Global Employee Communications Platform.

- An online whistleblower system has been newly introduced for compliance and HR concerns (human rights and fair labor conditions). Possible violations can also be reported through the usual internal company channels, such as the Compliance organization or the line manager.

- Looking forward, a joint human rights management approach is being set up for the combined company. All activities are coordinated by Human Resources in close cooperation with all departments involved. Within Human Resources a dedicated position has been established. Currently, a common Human Rights policy is being developed and a continuous human rights risk assessment process is being planned for the combined company.

## PRINCIPLE 5

Abolish child labor effectively

## PRINCIPLE 6

Eliminate discrimination in respect of employment and occupation



## PRINCIPLE 7

Adopt a precautionary approach to environmental challenges

## PRINCIPLE 8

Undertake initiatives to promote greater environmental responsibility

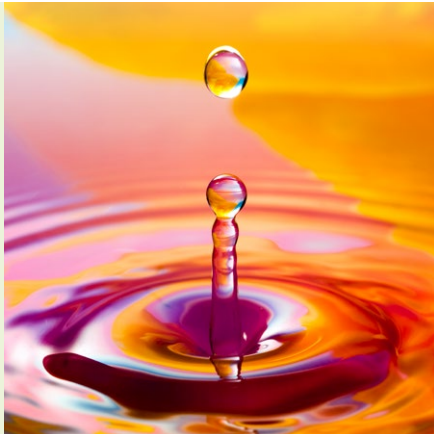
## PRINCIPLE 9

Encourage the development and diffusion of environmentally friendly technologies

## ACTIONS

- Protecting the environment and sustainable resources while being successful as a business is a central element of our responsibility commitment.
- We support the need to drive innovation while conserving resources.
- Sustainability as well as efforts to preserve environmental resources and reduce energy use and carbon dioxide emissions are important topics for ams which have been supported by a range of activities for many years.
- We have the goal to lower our global carbon emissions footprint relative to the size of our business and continue to promote technologies that allow us to consume less electricity and natural gas.
- Environmental protection measures are managed, tracked and reviewed on group level within the established DIN EN ISO 14001 framework. Our manufacturing sites in Premstaetten (Austria), Calamba (Philippines), Ang Mo Kio/ Woodlands/ Tampines (Singapore) are all ISO 14001 certified.
- We are implementing programs to reduce waste and consume less energy and water across the ams Group, continuously looking for new methods to improve our performance from an already high standard. As an example, a new recycling process at our Austrian site recycles 50% of the solvents used in certain manufacturing processes.
- Our headquarters in Austria runs on 100% renewable electricity (hydropower).
- We stipulate that our suppliers comply with our environmental rules and additionally all key suppliers must be certified according to ISO 14001.
- We have also established an environmental product stewardship program in our historical ams business, incorporating a range of measures. The ams GREEN initiative is a priority to support life cycle thinking across all areas of the group. Driving environmental product stewardship, we see ams GREEN as the guiding principle for all product development activities and manufacturing operations going forward.
- Our products comply with international regulations regarding hazardous substances, including standards such as REACH, RoHS, ODS and California Proposition 65.





## ACTIONS

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- We decreased the industrial grade chemicals that are used in the preparation of ultrapure water, the treatment of wastewater and for exhaust air purification in Austria by 12.4% in 2020.
- We decreased our process chemicals usage in Austria by 9.6% in 2020 through process optimization and solvent recycling.
- We publicly report on our efforts also via our Environmental Performance Report. As a group, we participate in CDP, to provide detailed information about our emissions footprint on a yearly basis since 2009.
- Since the operational start of the combined Group, there has been a joint Environment, Health and Safety department. A common mission, vision and policy for this area are already in place.
- In 2021, certification to the ISO 14001, ISO 45001 and ISO 50001 standards will also be pursued individually by both parts of the company with their respective certification partners. Joint certification of the entire EHS management system is planned for 2022.



## PRINCIPLE 10

Work against corruption in all its forms, including extortion and bribery

## ACTIONS

- ams follows a high standard for professional practices and ethical behavior in conducting its worldwide business.
- Our business activities are governed by our Code of Conduct which constitutes a binding set of principles and procedures for all our business functions to ensure consistent, responsible, and accountable practices.
- We have a zero-tolerance policy to bribery and corruption and all forms of it are strictly prohibited and are non-negotiable. This is detailed in our anti-corruption Compliance Codex.
- All employees are encouraged to complete compliance and anti-corruption trainings using our e-learning tool. We regularly update our training material.
- An online whistleblower system has been newly introduced for compliance and HR concerns (human rights and fair labor conditions). Possible violations can also be reported through the usual internal company channels, such as the Compliance organization or the line manager.
- Once the investigation is complete, the Compliance department recommends measures to address any identified deficiencies and monitors their implementation. In the event of misconduct on the part of our employees, the company may take disciplinary action in accordance with labor law.
- All reports are sent to our Compliance Board and dealt with accordingly. Next to disciplinary sanctions all proven compliance violations are also considered during the annual performance review process.
- To ensure compliance we will develop a joint compliance management system following the methodology described in the IDW AsS 980 assurance standard.
- Compliance has appointed a responsible compliance officer for each entity to implement the compliance management system in all Group companies.

