

BUSINESS SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY



TowerJazz is committed to ensuring our employees act in a lawful and ethical manner. We expect our employees, in all of their activities, to operate in full compliance with all applicable laws, rules and regulations. Our social responsibility principles are modeled on and contain language from the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, which establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity and that business operations are environmentally responsible. Visit www.towerjazz.com/social-responsibility.html for more details on our social responsibility principles.

2016 SUMMARY

This Report refers to TowerJazz Manufacturing Facilities in Israel

BUSINESS SUSTAINABILITY

TowerJazz sustainability efforts led to the following achievements:



Over 30% reduction over the last 3 years in water consumption (normalized to process layers).



35% reduction over the last 3 years in power consumption (normalized to process layers).



Very low accident rate: 0.62 during 2016 (count/200K working Hr)



Very low incident rate: 0.55 during 2016 (count/200K working Hr)



Passed Validated Audit Process (VAP) of Electronics Industry Citizenship Coalition® (EICC)

COMMUNITY CONTRIBUTION

TowerJazz supports a wide range of health, education, social and community activities that affect and involve its employees and the community's well-being.

In Israel, TowerJazz contributes to the communities by promoting education, donating goods and funding programs/services.

TowerJazz and its employees:

- Tutor kids in youth clubs and volunteer in recreational activities
- Fund an educational program for children with learning disabilities
- Participate in teaching English to the youth, improving their communication skills
- Collaborate with environmental organizations and retirement institutions to help renovate buildings, prepare food packages and participate in blood drives
- Donate and deliver toys, books and other items to people in need during the Holidays

OUR SERVICE CHARTER

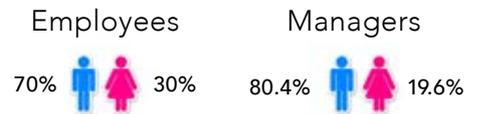
Educational and vocational development with a focus on gender equality and minority integration.



EMPLOYMENT

We recognize our employees' capabilities, dedication, loyalty and passion as a primary factor in our company's achievements.

TowerJazz inspires and rewards employees for outstanding achievements and innovation. Our employee base is comprised of individuals from various cultures and backgrounds and we have a strong focus on gender equality. We are an equal opportunity employer and provide health insurance for all employees.



During 2016:

- We improved the ergonomic support for the employees by upgrading their work environment.
- We upgraded dining rooms, cafeteria, renovated rest areas, provided better transportation service to employees.
- We increased study funds for all employees.

CONFLICT MINERAL

TowerJazz is committed to the responsible sourcing of minerals.

We have established programs aligned with the internationally recognized OECD due diligence framework to regularly evaluate our supply chain and require our suppliers to do the same. Suppliers are prohibited from supplying TowerJazz with materials known to be derived from the DRC or adjoining countries that have not been confirmed as "DRC Conflict-Free" via a recognized and credible third party process such as the Conflict Free Sourcing Initiative's Conflict Free Smelter Program (CFSP).

During 2016, TowerJazz and its suppliers implemented the newly released version of CMRT (4.2)

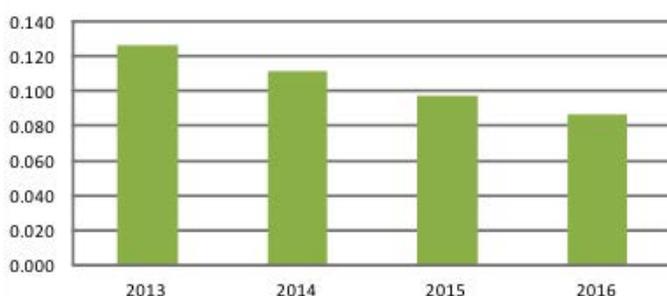
ENVIRONMENTAL

2016 Highlights from our efforts to reduce TowerJazz's carbon footprint and improve operation efficiencies in our competitive 24/7 fabrication facilities.

We have achieved substantial reductions in overall energy usage without sacrificing production and this has translated into utility savings. We are committed to continue improving air and water quality and we are dedicated to reducing our electricity, water usage and waste water.

- TowerJazz is ISO14001 and ISO18001 certified (was validated during 2016).
- Added Scrubbers and abatement systems in order to support the FABs capacity increase and maintaining safety environment.

Water Consumption M3/h per Process layers



Power Consumption KW/h per Process layers

