



Corporate Social Responsibility Report 2017



NORDIC[®]
SEMICONDUCTOR

ABOUT THE REPORT

As part of Nordic Semiconductor’s participation in the UN Global Compact, this report is intended as an official Communication on Progress (COP), covering the period from January 1st 2017 to December 31st 2017, unless otherwise stated.

This is the fifth Corporate Social Responsibility (CSR) Report published by Nordic Semiconductor, and it is published together with Nordic Semiconductor’s annual report for 2017. The reports are published on www.nordicsemi.com.

This Corporate Social Responsibility report has been prepared in accordance with the principles of the United Nations Global Compact (UNGC) initiative, and describes Nordic Semiconductor’s policies, goals and implementation, as well as the outcome of its work with human- and labor rights, the environment and anti-corruption.



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1 STATEMENT OF CONTINUED SUPPORT



Svann-Tore Larsen, Chief Executive Officer

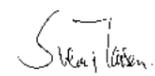
I am pleased to reaffirm our continued support to the UN Global Compact by recognizing our responsibility to respect human and labor rights, work to minimize our impact on the environment and strive for corruption free behavior in our business.

Since starting the engagement as a signatory of the Global Compact, we have worked hard to bundle the ten principles of the global compact into the DNA of our business. By taking UN Global Compact initiatives along with the Responsible Business Alliance Code of Conduct, we have striven to create value for our employees, our stakeholders and the society we operate in.

I believe having a successful business in today's world is not possible without taking the world's critical economic and environmental challenges into account. We strive to make our CSR performance better day by day and level up our contribution towards a world with responsible

businesses. To take bigger steps down this road, in 2017, we have started investigating business opportunities addressing UN sustainable development goals (SDGs). For 2018, we have a goal to find business opportunities whereof application of our products directly contribute to the achievement of SDGs.

This report constitutes our third report on progress (COP) as a signatory of the Global Compact, where our activities in relation to our ongoing commitment to the ten principles of the UN Global Compact are outlined. This report also describes the strategic approaches we use to address challenges based on these principles, and our progress toward meeting our goals.


Svann-Tore Larsen
Chief Executive Officer

The ten principles of the UN Global Compact

- Human Rights**
- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.
- Labor**
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.
- Environment**
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Anti-Corruption**
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

2 ABOUT NORDIC SEMICONDUCTOR

A global leader in Bluetooth Low Energy wireless solutions.

Nordic Semiconductor is a “fabless” semiconductor company, which designs, sells and delivers integrated circuits and related intellectual property for use in short and also in long-range wireless applications with the new nRF91 Series. The Company specializes in ultra-low power wireless solutions, based on its proprietary 2.4GHz RF and *Bluetooth*® Low Energy technologies. Nordic Semiconductor is a pioneer and market leader in ultra-low power wireless technology, with more than 300 million units sold last year. Nordic is also developing its long-range low-power cellular chipset, thereby providing customers with a broad portfolio of low-power connectivity solutions.

Nordic’s components are manufactured by world-class subcontractors and sold through electronics distributors to manufacturers of branded electronics across a wide range of markets. These markets include Consumer Electronics, Wearables, Building and Retail, Healthcare, and Other Applications.

The Company is headquartered in Trondheim, Norway, and has offices in Norway, USA, China, Korea, Japan, Taiwan, Poland, Finland and the Philippines.

Business model

Nordic’s business model is centered on developing, selling and delivering integrated circuits and related intellectual property, by defining its own products and standardized solutions, driven by market demands and opportunities.

Innovation and ideas from highly competent workers are central to our business and a key to our success in creating market leading products. Nordic has recruited engineering talents from all around the world, to retain the right competence and expertise for product innovation and meeting market demands.

Fabless

Nordic Semiconductor is a «fabless producer», meaning that it outsources capital intensive production and testing to manufacturing partners. The fabless structure allows Nordic to be flexible in choosing manufacturing partners based on capacity, expertise and production processes required to meet market demands. The company’s products are produced using world class manufacturing subcontractors, all of whom it has been working with for years and built strong relationships with, such as Taiwan Semiconductor Manufacturing Company, Advanced Semiconductor Engineering, and Amkor.

Taiwan Semiconductor Manufacturing Company, who is a vital production partner for the majority of Nordic’s product portfolio, was in 2016 ranked as one of the most sustainable companies in Asia.

Sales and distribution

Products are sold worldwide through highly skilled distribution partners, specifically to manufacturers of high volume consumer applications. Nordic Semiconductor’s customers include leading brands in each of our target market segments such as PC and tablet accessories, Sports/Health monitors, Mobile phone accessories, Media remote controls, Gaming controllers, Toys, RFID solutions, and Home and Industrial Automation. Standardized product solutions with high quality and performance are key to maintaining a large and satisfied customer base.

Management

Nordic’s management system is based on the ISO 9001 Quality management systems, ISO 14001 Environmental Management Systems, and OHSAS 18001 Occupational Health and Safety Management Systems, as well as the RBA Code of Conduct’s provisions for management systems. Through its management system, topics related to Corporate Social Responsibility are incorporated into the company’s everyday routines where relevant, and this ensures continuous and structured improvement.

Products

A leading vendor of wireless connectivity and embedded processing solutions for internet connected things.

The company’s primary focus is ultra-low power wireless solutions based on proprietary 2.4GHz RF and Bluetooth Low Energy technologies. Effective power management and increasing energy efficiency is at the core of the consumer electronics market.

Nordic’s 0.18µm CMOS technology node products have proved very successful, culminating in its nRF51 Series single-chip Bluetooth Low Energy solution which is still one of the most energy-efficient connectivity solutions available to the consumer market. Nordic’s nRF52 Series of ultra-low power RF System-on-Chips, based on TSMC 55nm technology, further pushes the envelope on power consumption, performance, and wireless integration to meet the future requirements of Wearable and Internet of Things (IoT) applications.

Nordic is developing the nRF91 Series of devices, which is an LTE-M and NB-IoT solution for the cellular IoT. This development leverages Nordic’s more than 10 years of leadership in ultra-low power wireless technology and LTE development experience through the operation in Finland.

Vision and values

Nordic Semiconductor’s vision for sustainability is to integrate responsible practices into its operations and actions. As a UN Global Compact signatory, Nordic is committed to the Ten Principles of the UNGC and to reporting on human rights, workers’ rights, the environment and anti-corruption.

Nordic’s approach to CSR issues is incorporated into our management system, based on the following policy:

Policy on Corporate Social Responsibility

Nordic’s operating practices, decisions and management systems shall be guided by, and in a transparent way reflect that:

- Nordic Semiconductor is accountable for its impact on the society and the environment.
- Nordic Semiconductor respects its stakeholder’s interests.
- Nordic Semiconductor behaves ethically and respects human rights at all times, and will not tolerate any form of forced labor or child labor in its supply chain.
- Nordic Semiconductor respects the rule of law and international norms of behavior.
- Nordic Semiconductor prohibits any retaliatory action for reporting or inquiring about alleged improper or wrongful activity.

Specifically, Nordic and its tier one suppliers shall comply with the Responsible Business Alliance (RBA) Code of Conduct. Nordic shall actively encourage tier one suppliers to require the same from their suppliers.

Responsible Business Alliance (RBA) Code of Conduct

Founded in 2004 by a group of leading electronics companies, today RBA is a non-profit alliance of electronics companies committed to supporting the rights and well-being of workers and communities worldwide affected by the global electronics supply chain.

The RBA (Formerly EICC) Code of Conduct is a set of standards on social, environmental, and ethical issues in the electronics industry supply chain. The provisions set out in the Code of Conduct are in alignment with the UN Guiding Principles on Business and Human Rights, and derived from key international human rights standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

Nordic Semiconductor supports the RBA Code of Conduct and actively pursues conformance to the code and its standards on Labor, Health and Safety, Environment, Ethics and Management Systems.

For more information on the RBA and its work, please see www.responsiblebusiness.org

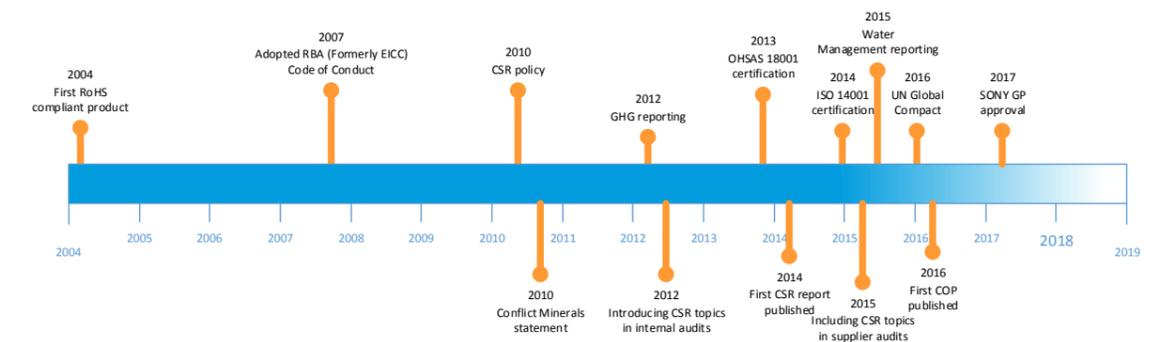


Figure 1: Timeline illustrating Nordic Semiconductor’s CSR work and milestones.

3 STAKEHOLDERS

With a global business model and a rapidly growing business, Nordic Semiconductor faces multiple stakeholders with different needs and requirements. Communication with stakeholders is important for continuous improvement on the CSR performance. Nordic's objectives are:

- Understand stakeholders' concerns and continue to improve CSR-related performance,
- Obtain stakeholders' trust and respect for Nordic, and
- Report on Nordic's efforts and performance to maintain and enhance its reputation.

Stakeholders are internal or external persons or organizations that have influence on Nordic, or can be influenced by Nordic. The most relevant stakeholders

are identified as investors, customers and distributors, employees, manufacturing partners, authorities and the community/general public.

Based on this, Nordic has identified and analyzed CSR topics systematically to assess its materiality. The assessment is performed by evaluating the topics' importance to the company's stakeholders and to Nordic in terms of impact on revenue, reputation and compliance.

The outcome of the materiality assessment is illustrated in Figure 2 below.

Table 1 on the following page shows the identified main topics of interest for each stakeholder, as well as references to how Nordic works with these topics and stakeholder communication channels.

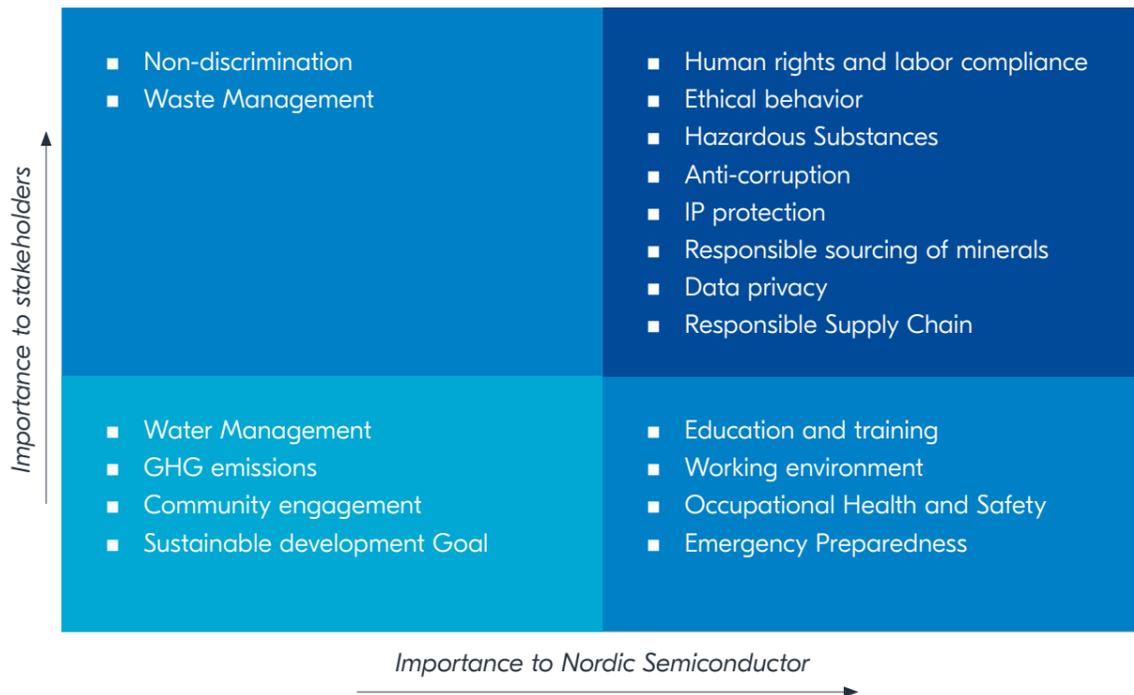


Figure 2: Materiality assessment of CSR topics. The assessment is performed by evaluating the topics which are importance to our stakeholders and to Nordic Semiconductor success.

Stakeholders	Stakeholder dialogue examples	Main areas of interest (CSR)	How we work with these issues, activities 2017
Investors	<ul style="list-style-type: none"> ■ Quarterly reporting ■ Annual report ■ Annual CSR report ■ Carbon Disclosure Project ■ Face-to-face meetings ■ Annual general meeting 	Ethical behavior	RBA Code of Conduct, UN Global Compact
		Environmental management	ISO 14001 certification
		Energy efficient operations, GHG emissions	CDP Climate Change Program reporting
		Water management	CDP Water program reporting
Customers and distributors	<ul style="list-style-type: none"> ■ Face-to-face meetings and direct contact ■ Nordic webpage ■ Nordic Developer Zone ■ Customer satisfaction survey ■ Customer surveys ■ Participation on exhibitions and seminars 	Product compliance	Hazardous substances management
		Resource efficiency	Ultra-low power products
		Sustainable sourcing	Conflict minerals program
		Carbon footprint	CDP Climate Change program
		Water risk assessment	CDP Water program
		Human rights and labor compliance	RBA Code of Conduct, UN Global Compact
Employees	<ul style="list-style-type: none"> ■ Daily contact ■ Performance reviews ■ Employee satisfaction survey ■ Nordic intranet ■ Quarterly reporting meetings ■ Internal training ■ External training ■ Employee unions and representatives 	Training and education	Performance reviews
		Business ethics	RBA Code of Conduct
		Health and Safety	OHSAS 18001 certification
		Working conditions	Working Environment Committee
		Non-retaliation	Whistleblower program
		Non-discrimination	Non-discrimination policy, diversity program
Subcontractors	<ul style="list-style-type: none"> ■ Quarterly operations reviews ■ Supplier audits ■ Yield improvement and waste reduction projects 	Product compliance	Hazardous substances management
		Sustainable sourcing	Conflict minerals program
		Human rights and labor compliance	RBA Code of Conduct
		Environmental management	Carbon accounting, water accounting, waste measurement
Authorities	<ul style="list-style-type: none"> ■ Legislative requirements ■ Audits ■ Authorities advisory functions ■ Newsletter monitoring 	Product compliance	Hazardous substances management
		Waste management	ISO 14001 certification
		Anti-corruption	Anti-corruption policy, whistleblower program
		Working environment	OHSAS 18001 certification
Community and general public	<ul style="list-style-type: none"> ■ Press releases ■ Newsletter monitoring ■ Business presentations at educational institutions 	Ethical behavior	CSR reporting, UN Global Compact
		Community Engagement	Charitable contributions
		Education and training	'Make it Digital' Student program and master thesis Cooperation's with Universities projects

Table 1: Stakeholders dialogue, main areas of interest related to corporate social responsibility, and Nordic Semiconductor response. Page ref. indicates reference to where in this report the work on these topics are addressed.

4 HUMAN RIGHTS AND LABOR RIGHTS

Assessment

Nordic Semiconductor is a growing business with offices and employees in many parts of the world. The company aims to secure a diverse environment and ensure equal employment opportunities. Fair recruitment and non-discrimination is important to attract and retain qualified personnel.

Based on risk assessment, the issues of Conflict Minerals and forced labor in the value chain have been specifically identified as relevant topics pertaining to the Human Rights and Labor principles. The electronics industry supply chain unfortunately sees incidences of trafficked and/or forced (bonded) labor or child labor, particularly in Asia and particularly via means of debt bondage and document seizure, and it is important for Nordic to ensure the company is not complicit in this in any way.

Policies, commitments and goals

Nordic's CSR policy and the RBA Code of Conduct commits to respecting and supporting Human Rights and Workers' rights. Nordic shall uphold and protect internationally proclaimed human rights and workers' rights, and to treat workers with dignity and respect as understood by the international community.

Nordic adheres to the principle that all employment shall be freely chosen and that workers shall be free to leave their employment with reasonable notice. Child labor must not be used at any stage of manufacturing. Working hours and wages shall comply with applicable local laws or RBA Code of Conduct paragraphs (whichever is stricter).

Employees shall have rights to organize and collective bargaining.

The company goal is to have no form of human rights abuses or labor issues at any stage related to production of its products. Similar to 2017, closer follow-up of new suppliers and increased knowledge of upstream supply chain are specific targets for the coming year.

Under Norwegian law, employees are granted the right to organize in labor unions. Nordic respects and supports this important right.

Policy on Non-Discrimination

All Nordic employees shall be treated equally and with dignity, courtesy, and respect. Nordic prohibits any form of discrimination against and/or harassment of employees or applicants for employment due to race, color, nationality or ethnic origin, age, religion, disability, political opinions, gender or sexual orientation, as described by ILO conventions.

Nordic's organizational culture shall be characterized by openness and good internal communication so that any misconduct or problems can be addressed, discussed and resolved in a timely manner. Nordic's employees are encouraged to report any incident of discrimination to their nearest leader or through the applicable whistle-blower channels.



Implementation and results

As a fabless producer, engagement with the supply chain is important. Nordic requires all tier one subcontractors to follow the RBA Code of Conduct, and that they should require the same from their suppliers.

All direct suppliers have their own documented Corporate Social Responsibility policy including adherence to RBA Code of Conduct, with commitment to communicate this to next tier supplier.

Raising awareness of employees on Human Rights and Labor principles and relevant issues are regularly done by internal training and as part of the introduction program for new employees.

Supplier audits are used to review implementation of the RBA Code of Conduct, such as tracing of information for conflict mineral reports and Human Rights and Labor performance.

Measurements and results are reviewed annually by the management team in the Management Review.

To date, Nordic Semiconductor has never experienced an incident of Human Rights abuse or Labor violation.

Conflict Minerals

Nordic Semiconductor has worked with the issue of Conflict Minerals since 2010, and engages regularly with its suppliers to provide accurate and transparent information on the origin of minerals to concerned stakeholders. [The Company's Conflict Minerals](#) policy is stated on its website, and has been communicated to all relevant suppliers. As Nordic's products contain 3TG (Tin, Tungsten, Tantalum and Gold), due diligence is conducted based on OECD guidelines to ensure no direct or indirect financing of ongoing conflicts in the DRC-region or elsewhere.

Country of origin of the minerals is investigated based on the reporting scheme set out by the Responsible Minerals Initiative (RMI), formerly CFSI, an initiative by RBA and the Global e-Sustainability Initiative (GeSI). Nordic is far away from the minerals smelters/refiners in the value chain, and has no direct contact with smelters or providers of material. All such contact is handled through subcontractors. As such Nordic needs to rely on third party auditing such as RMI's audit program.

Since 2015 Nordic has required suppliers to source only from conflict-free smelters, i.e. smelters that are verified as RMI compliant by RMI's audit scheme. To date, no incidents of minerals supporting armed conflicts have been discovered, and currently 100% of reported smelters in the value chain are RMI compliant.

For 2018 Nordic expects Conflict Minerals to remain the most relevant issue related to Human Rights, and the change of scope to include Cobalt, Mica, Graphite and copper amongst the minerals of focus. Nordic will continue to engage its suppliers to precisely identify the origin of all material used in Nordic products.

Modern slavery

Forced labor takes different forms, including debt bondage, trafficking, and other forms of modern slavery. The California Transparency in Supply Chains Act of 2010 and The UK Modern Slavery Act of 2015 are two extensive legislative requirements, which require certain businesses to disclose their efforts to address the issues of slavery and human trafficking in their supply chains. Nordic is not required to be compliant with these acts. However, the company has taken the principles from these regulatory acts to govern its Anti Modern Slavery surveillance along its supply chain.

¹A smelter/refiner is a facility that uses heat and/or chemical agents to produce a base metal from its ore. This is the critical processing step where mined materials are reduced to a concentrated volume of a particular mineral.

Nordic Semiconductor does not tolerate forced labor practices to be used in any of its operations, as stated in its policy (on page 7). The company has required all suppliers to sign an agreement of adherence to RBA Code of Conduct, and to promote these principles to the next tier suppliers. The RBA Code of Conduct explicitly bans trafficked and forced labor, as well as any form of child labor. Nordic uses sources like the Global Slavery Index to assess risks for modern slavery, and the topic has been addressed in supplier audits. To date there has been no known incidents of forced or trafficked labor in Nordic's supply chain.

Diversity program and training

Nordic's business is based on highly specialized and skilled employees, and their level of competence and ideas is important. To ensure that all employees have equal introduction training, all new employees undergo an introduction program, and have a designated mentor for their start-up period. Open feedback is at the very core of the business culture, and employees have annual performance evaluations one-to-one with their nearest leader, where additional training and education is discussed and planned for.

Managers are responsible for fair recruiting and fostering a diverse and inclusive culture based on Nordic's Non-discrimination policy (on page 10).

Integration service

As the number of employees have increased rapidly in the past few years, employees have been recruited from all around the world. Currently more than 39 nationalities are represented in Nordic worldwide, whereof 35 are working in Norway, which is a good indicator of the diversity and inclusiveness in the company.

For foreign employees working in Norway, where most employees and foreign employees are working, a third party integration service has been used to make sure that the integration runs smoothly and in the best possible way. They provide assistance in practical matters related to the relocation, such as finding a home, obtaining a tax card and creating a bank account, and in addition, arranging language courses, social meetings and gatherings. This service has been highly appreciated, and the employee's feedback has been that it is greatly benefiting their integration to Nordic and the Norwegian work culture.

Measurements

Indicator	2018 target	2017	2016	2015
Human rights and labor				
Number of smelters identified in value chain		159	109	122
Percentage smelters verified as RMI compliant	100%	100%	100%	100%
Number of incidents of Human Rights abuse	0	0	0	0
Number of incidents of Labor principles violation	0	0	0	0
Suppliers documented RBA Code of Conduct policy	100%	100%	100%	100%
Suppliers communicating RBA Code of Conduct to next tier	100%	100%	100%	100%
Suppliers audited on RBA Code of Conduct	1	1	1	1
Human capital and diversity				
Number of employees		601	532	454
Percentage female employees		13%	13%	11%
Turnover rate (%)	<5.0%	3.5%	3.2%	3.8%
Training and education				
Number of students/interns from universities		57	25	43

Table 2: Measurements related to Human Rights and Labor principles.

5 ENVIRONMENT

Assessment

Nordic Semiconductor recognizes that environmental responsibility and sustainability is integral to producing world-class products and long term business strategies. Product compliance is required to sell Nordic products worldwide, meeting international legislation as well as customer-specific requirements to contents and production. Furthermore, Nordic's business strategy is to design and develop ultra-low power products, enabling energy efficient end products for the consumer.

As a fabless producer, monitoring and engaging with manufacturing partners are important to the environmental impact reduction program, and to minimize the use of natural resources and waste generated in its operations.

Nordic has implemented guidelines and procedures into its management system to supplement legal requirements and integrate them in daily working routines. The basic principle for the procedures is Reduce-Reuse-Recycle.

Specific goals for the coming year is to reduce the carbon footprint related to our direct operations. See separate section on Carbon emissions.

Implementation and results

Nordic is certified to the standard ISO 14001: Environmental Management Systems. All company's main suppliers are required to be certified to and comply with this standard, as well as RBA Code of Conduct and its provisions on environmental topics.

Raising awareness amongst employees on environmental issues relevant for Nordic's organization and processes is regularly done by internal training and as part of the mandatory introduction program for new employees.

Policies, commitments and goals

Nordic Semiconductor's environmental policy:

Being a preferred partner to environmentally conscious stakeholders, Nordic shall incur no loss of business or profitability due to incidents or issues related to disturbance to health or environment.

Nordic is committed to:

- Comply to legal requirements, and regulations, and protect the environment through sound management practices and decisions
- Protect the natural environment by minimizing waste generation, pollution and GHG emissions, resource- and water consumption, and the use of hazardous materials in its products, as well as develop and use environmentally friendly technologies
- Promote environmental responsibility and ensure that its suppliers live up to the company's environmental standards
- Establish and evaluate achievable environmental performance goals to ensure continual improvement of its environmental management system
- Regularly monitor and report on environmental performance, and to consult with relevant stakeholders on environmental issues

Monitoring data in relation to environmental topics and engaging with suppliers are relevant parts of decision-making and risk analysis. Data from Nordic Semiconductor's manufacturing partners are periodically analyzed, and supplier audits are used specifically to control subcontractors' routines with respect to environmental issues such as waste handling and water management. Results and measurements from the environmental program are reviewed annually in Management review.

There were no environmental incidents or non-conformities in 2017. Any incidents are handled through Nordic's non-conformity procedures, with root cause analysis, corrective and preventive actions.

Eco Design and Product compliance

Targets for the products' energy efficiency are defined in the design specification phase, with the goal to achieve improved energy efficiency, while introducing additional functionality and use cases.

Scarcity of natural resources and conservation of raw materials are considered important from both an environmental and financial perspective. By identifying substitute alternatives, such as copper for gold in almost all products, Nordic has been able to reduce costs and environmental impact without sacrificing quality and performance.

Product content is managed in the design phase by internal procedures at specific milestones to prevent hazardous material from being included, based on applicable regulations, customer requirements and Nordic's commitments. Product compliance, use of hazardous substances, and ozone-depleting chemicals are regularly addressed with Nordic's manufacturing partners, and communicated by its Hazardous Substances Specification for Suppliers.

To verify product content, third party testing for hazardous substances is performed. To ensure transparency, reports for Hazardous Substances and Material Composition for all products are published on the company's website - www.infocenter.nordicsemi.com.

All Nordic products meet the requirements of RoHS and REACH regulations. In addition, Nordic has introduced "green" package technology, to ensure that its products are also halogen free. The company owns RoHS/REACH Statement, declaring non-use of the hazardous substances included on the initial SVHC (Substances of Very High Concern) candidate list, published on the website. Nordic has implemented systems that allow the company to be updated with relevant environmental requirements (e.g. recent updates in RoHS and REACH regulations) and continues its efforts to ensure the compliance with these updates.

2017 showed no non-conformities or findings of prohibited substances above limitations in any Nordic products.

Waste management

Nordic Semiconductor works systematically to monitor, reduce and eliminate waste and its impact on the environment. The company works continuously with its suppliers to maximize our yields, and thus minimizing the generation of devices that need to be disposed of. Scrapped electronic components from production are sorted and recycled according to local waste management regulations and the WEEE Directive. Supplier audits have been performed at the company's manufacturing partners to verify that waste management is performed according to Nordic's standards.

Nordic has implemented re donated to schools or volunteer organizations rather than being scrapped. Internal auctions are held to let interested employees purchase outdated lab equipment.

Water and wastewater management

Water management is considered to represent a low risk for Nordic directly, but water scarcity is relevant for some of its subcontractors. Specifically, the risk of limited production capacity due to drought or failure to comply with legislative requirements is considered. Subcontractors' water usage is monitored regularly, and a consolidated risk analysis is presented as part of the Management Review. Since 2015, Nordic has reported to the CDP Water Program - www.cdp.net.

Focused supplier audits have been performed at the Nordic's subcontractors to verify that water and wastewater management are performed according to the company's standards.

Carbon emissions

Nordic has monitored annual carbon emission since 2011, and it reports annually to the Carbon Disclosure Project - www.cdp.net. Greenhouse gas emissions represent a low risk for Nordic, however monitoring of these emissions and assessment of potential climate change risks and opportunities is important as potential future carbon taxations or legislative requirements could impact the manufacturing partners' production cost or capacity.

Carbon accounting is performed according to GHG Protocol standards, with differentiation between Scope 1 (direct GHG emissions), Scope 2 (GHG emissions from purchased electricity) and Scope 3 (all other indirect GHG emissions, including the supply chain).

Scope 3 GHG emissions are closely related to Nordic's production volume, and its subcontractors' capacity utilization in production, and will fluctuate beyond the company's control.

Target set for 2018 is to reduce GHG emissions related to Nordic's direct operations (sum of Scope 1 and Scope 2), as these are the emissions where the company has the strongest influence. This is a continuation of projects initiated in 2016, use of renewable energy certificated electricity where possible, as well as moving to more energy efficient (BREEAM certified) building for the Headquarter office.

Green procurement

Compliance to environmental requirements is considered when choosing manufacturers. By practice, this is included in initial supplier assessment and related audits.

In addition to the closely monitored production process and engagement with the manufacturing partners, Nordic has implemented procurement guidelines for purchases of products and services not directly related to the production of our products. This includes for instance evaluating and choosing suppliers of office material, based on their ethical and environmental profile.

Measurements

Indicator	2018 target	2017	2016	2015
Environmental management system				
Number of environmental incidents	0	0	0	0
Suppliers with documented environmental policy	100%	100%	100%	100%
Energy efficiency				
Nordic offices energy use (MWh)			2317.0	1579.9
Nordic offices energy use per area (MWh/m2)	< 2017 result	0.196	0.153	100%
EE-waste (tons)			2.2	1.5
Greenhouse gas emissions				
GHG emission per wafer (kg CO2e/8" wafer)			334	360
GHG emission per assembly (g CO2e/8" EA)			20.8	23.2
GHG emission per unit produced (g CO2e/unit produced)			151.6	157.2
Total Scope 1+2 emissions (tons CO2e)			627.4	471.9
Scope 1+2 emissions per full time employee (tons CO2e/FTE)	< 2017 result		1.179	1.039
Total Scope 3 emissions (tons CO2e)			41 081	48 811
Percentage total emissions verified	< 2017 result		74%	73%
CDP score ¹		C	B	[C/94]
Water management				
Water consumption per unit assembly (l/unit)			25	43
Water consumption per wafer (l/unit)				
CDP Water Program score		B		

Table 3: Measurements related to Environmental performance. The measurement data for 2017 that are shown as blank will not be ready until 2018-Q2, and is used in reporting to CDP.

¹ CDP scoring methodology changed for 2016 reporting, hence the score is not directly comparable to previous years which scored performance and disclosure separately. Previous years' scores are listed as performance/disclosure.

6 ANTI-CORRUPTION

Assessment

To meet social responsibilities and achieve success in the marketplace, Nordic Semiconductor and its employees shall uphold the highest standards of ethics. Incidents of corruption imposes both legal, as well as reputational and financial risks, and ultimately impacts trust and confidence in the company by its stakeholders.

Nordic has adopted a zero tolerance policy on corruption and bribery – as clearly stated in the RBA Code of Conduct.

Policies, commitments and goals

Nordic and its employees shall respect the rule of law and international norms of behavior. The company prohibits any and all forms of bribery, corruption, extortion, embezzlement, and facilitation payments. Nordic employees may be held liable for bribery or any other corrupt acts, based on the laws of Norway or any applicable region.

Business courtesies (gifts, hospitality, or favors to or from persons or firms that Nordic may do business with) of modest value, conforming to normal social customs and not intended for influence, are not considered bribes or unlawful payments. All business courtesies exceeding the value of 200 USD shall be reported to Nordic's administration. Employees shall not accept a business gift for personal use that exceeds the value of 200 USD on annual basis.

Implementation and results

Anti-corruption routines are included in the company's management system. The issue of anti-corruption is regularly addressed by internal training and as part of mandatory introduction program for new employees. All Nordic employees are required to read and sign both «Insider trading regulations form» and «Non-corruption acknowledgment form».

Nordic requires all subcontractors to follow the RBA Code of Conduct. Subcontractors are followed up with supplier audits to raise subjects from the RBA Code of Conduct.

Registered incidents and results are reviewed annually by the management team in the Management Review.

To date, Nordic Semiconductor has not had any incident of corruption, bribery or unethical business behavior.

Whistle-blower program

To ensure recording of potential incidents relating to business ethics, Nordic has introduced a whistle-blower program. Employees and other stakeholders are obligated to report any misconduct related to the company's business by use of whistle-blower channels as published on Nordic's intranet and external website. Reporting through a third party service can be made if complete confidentiality is required, and such reports will be addressed to the company's HR department. Any reported concerns shall be investigated for root-cause and corrective and preventive actions, while preserving reporter confidentiality.

As defined in Nordic Semiconductor's social responsibility policy ([on page 7](#)), the company does not tolerate any unfavorable treatment of or retaliation against the person who reports the misconduct.

No reports were made through available whistle-blower channels in 2017.

Measurements

Indicator	2018 target	2017	2016	2015
Anti-corruption				
Number of corruption, bribery or unethical business behavior incidents	0	0	0	0
Numbers of reports made through whistle-blowing channels	100%	100%	100%	100%

Table 4: Measurements related to Anti-corruption performance.



7 HEALTH AND SAFETY

Assessment

Nordic Semiconductor recognizes that in addition to minimizing work-related injuries and illness, a safe and healthy work environment enhances quality of products and services, consistency of production and worker retention and morale.

As a fables producer, the risk of injury or incidents in relation to direct operations is considered low. There is no use of heavy machinery and equipment, operating of vehicles or handling of hazardous chemicals that can cause notable damage or injuries. The company's OHS (Occupational Health and Safety) risk assessment has highlighted ergonomic injuries and negative stress in the working situations as the main focus areas for improvements.

Occupational Health and Safety Policy

Low level of employee absence, a stable competent workforce and no work related incidents in order to achieve high productivity and quality, by ensuring:

- A working environment that gives employees complete security against physical and mental harm
- Safe employment and meaningful work for the individual employee
- The suppliers live up to Nordic's OH&S standards
- Compliance with legal requirements
- Continuous improvement

Policies, commitments and goals

Nordic is committed to ensuring a safe and stable working environment, and adheres to the standards in RBA Code of Conduct.

Operational targets:

- Work related incidents = 0
- Short time sick leave < 2.5% for each country of operation
- Employee turnover < 5% annual

As the company's number of employees has grown considerably in recent years, the target has been to maintain the low level of sick-leave and high employee satisfaction from previous years. Due to the growth, necessary changes have been made to the organizational structure. Ensuring motivated and competent leaders on all levels in the organization is important to continue developing and producing world class products.

Implementation and results

To ensure a positive and continuously improved working environment, Nordic has implemented an Occupational Health and Safety management system, certified to the standard OHSAS 18001 Occupational Health and Safety Management System by DNV GL.

Working Environment Committee

Nordic's Environmental Management Committee is a cross-functional committee working to continuously improve the working conditions and ensure a safe working environment.

Based on the 2017 employment satisfaction survey and reports from Occupational Health Service, Nordic employees are very satisfied with their workplace. The main areas of focus for the Committee's improvement plan for 2017 has been reducing negative stress in the workplace, and arranging for management training due to changes in the organizational structure. The emergency action team has been trained according to the emergency action plan, and this will be continued in 2018.

The «Inclusive Work Life» focus has been continued in 2017, and internal surveys show employees highly value the company's flexible working hours, paid overtime and good insurances. The results from these surveys will also be the basis for defining a Life Phase Policy in 2018.

Occupational Health Service

Occupation health controls are conducted every year by a third party Health Service. The results from these controls is 2017 show:

- High employee satisfaction with the working environment and working community.
- Low sick leave
- Good focus on ergonomic review as preventive actions

Supplier Management

All Nordic subcontractors are certified to OHSAS 18001, and this is a prerequisite to become a manufacturing partner. Subcontractors are also required to follow the RBA Code of Conduct.

Measurements

Indicator	2018 target	2017	2016	2015
Health and safety				
Health and safety	0	1	0	0
Total sick leave		2.21%	2.4%	2.1%
Short time sick leave ¹	< 2.5%	1.31%	1.5%	
Turnover rate (%)	< 5.0%	3.51%	3.2%	3.8%

Table 5: Measurements related to Health and Safety performance.



¹ Due to changes in Norwegian reporting schemes and available statistics for sick-leave, the defined target was changed in 2016 to enable year-by-year comparison. Short time sick leave is defined as less than 16 days.

8 COMMUNITY INVOLVEMENT

Educational partnerships

Nordic Semiconductor is a technology-based company and close relations with educational institutions are in the DNA of the company. Many activities and cooperation are performed in collaboration with local universities (specifically with NTNU, Norwegian University of Science and Technology, and with University of Oslo) each year. The main goal is to introduce the practices of the Electronics industry to engineering students, specifically focusing on inspiring students to pursue a career within the semiconductor industry.

In order to increase the percentage of female participants in the industry, Nordic cooperates with the Girl project ADA. The Girl Project ADA is an NTNU project that aims to promote the education of more female engineers and master's graduates from the Faculty of Information Technology, Mathematics and Electrical Engineering (IME) at NTNU. Nordic provides office visits, presentations and network opportunities for female students at NTNU (www.ntnu.edu/girls).

'Make it Digital'

Micro:bit continued to go from strength to strength in 2017 spreading its unique ability to help young people become engaged and excited by technology and coding. The micro:bit foundation, the not-for-profit organization created to nurture and grow micro:bit's reach took micro:bit still further out into the world, made astonishing progress in 2017 with active micro:bit deployments now happening in over 50 countries around the world. Nationally sponsored official programs now exist in UK, Iceland, Croatia and Singapore. Micro:bit is now reaching children as young as 8 years old and is being adopted beyond primary and secondary schools with adoption in many universities also. In 2017, norwegian "Lær Kidsa Koder" (LKK) received a donation of 2000 micro:bits from Nordic. These have been delivered across coding clubs

across Norway. The Department of Cybernetics and The Norwegian University of Technology and Natural Sciences (NTNU) received 200 micro:bits that are now deployed on courses across the Electronic Engineering Department The University of Oslo (UiO) equips its first year mathematics students with micro:bits to introduce coding fundamentals.

Micro:bit is making a change in how technology and coding and ICT in general is perceived with the younger generation. In the UK, where good data is now emerging from the first micro:bit roll out the figures are very encouraging. The statistics are positive, 90% of students said micro:bit helped show anyone can code, with 88% saying micro:bit proved coding wasn't as difficult as they first thought. The percentage of students who said they now were seriously considering studying coding went from 36 to 62%, with the numbers for girls climbing from 23 to 48%. All importantly, micro:bit has gained the confidence of teachers across the board, an older generation not usually very technical and without whom we have no-one to teach the courses. Their numbers went from 70% negative about being able to teach coding to 52% feeling confident about coding after experiencing micro:bit. Micro:bit continues to go from strength to strength and Nordic has been singled out by the micro:bit foundation as one of the tier one sponsors who have ensured through unwavering support that this remains the case going forward. For more information, see microbit.org.

Charitable donation — save the children

For the last couple of years Nordic has donated its employee Christmas gift budget to a welfare project. The donation target for 2017 was dedicated to Red Cross to help those who escape from Myanmar to Bangladesh and from the war in Syria.

