

# Corporate Social Responsibility Report 2018



**NORDIC**<sup>®</sup>  
SEMICONDUCTOR

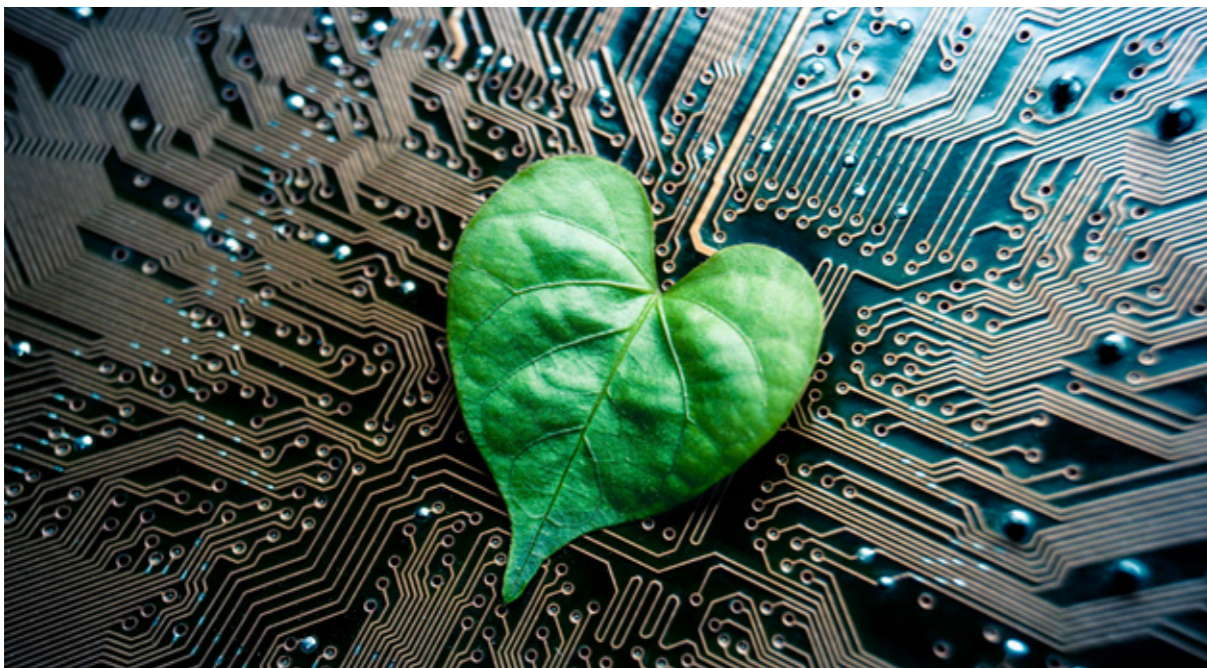


# ABOUT THE REPORT

As part of Nordic Semiconductor's commitment as a signatory to the UN Global Compact, this report is intended as our official Communication on Progress (COP), covering the period from January 1st 2018 to December 31st 2018, unless otherwise stated.

This is the sixth Corporate Social Responsibility (CSR) Report published by Nordic Semiconductor, and it is published together with Nordic Semiconductor's Annual Report for 2018. The reports are published on [www.nordicsemi.com](http://www.nordicsemi.com).

This CSR Report has been prepared in accordance with the principles of the United Nations Global Compact (UNGC) initiative and in line with RBA (Responsible Business Alliance) code of conduct 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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# STATEMENT OF CONTINUED SUPPORT

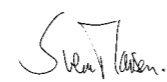


Svann-Tore Larsen, Chief Executive Officer

2018 has been a year where we have been striving to maintain our leading market position within the ultra-low power wireless technology. We have continued to offer innovating solutions while at the same time maintained our efforts to support the society and surrounding environment we live in.

We proudly continue to be a signatory of UN global compact, and to support the 10 principles in parallel to our strong commitment to Responsible Business Alliance Code of Conduct. We believe that supporting and empowering our employees are key to succeed in making a sustainable business where we are able to stay profitable and responsible at the same time.

The unique nature of our product portfolio with low energy Bluetooth and cellular properties along with cloud connected services, opens a massive window of endless innovative opportunities to develop IoT and Industrial IoT-based products and solutions. Consumer products, smart agriculture, cargo shipping, smart cities and utilities are only a few examples of sustainable business domains where our solutions and products are used.

  
Svann-Tore Larsen  
Chief Executive Officer

# ABOUT NORDIC SEMICONDUCTOR

Nordic Semiconductor is a leading provider of IC solutions for wireless connectivity and IoT based on its proprietary 2.4GHz RF, Bluetooth® Low Energy and cellular IoT, being in the business since 1983.

## Worldwide top position

- A market leader in ultra-low power wireless technology
- Strong market share in Blue tooth Low Energy
- Long-time record of being key contributor in the evolution of Bluetooth LE as a wireless standard
- Products enabled IoT with short, medium and long range technology
- Highest possible standards on energy-efficiency and security

## Target market

High volume applications with Leading brands in target market segments:

- PC and tablet accessories, Sports/Health monitors, Building & retail, Mobile phone accessories, Media remote controls, Gaming controllers, Toys, RFID solutions, and Home and Industrial Automation
- Healthcare

## Business structure

- Innovation and high technology as the heart of the business
- More than 500 R&D engineers working in Head quarter (Norway) and other countries
- A listed company on Oslo stock exchange with Operations in Norway (Head quarter), and USA, China, Korea, Japan, Taiwan, Poland, Finland, Germany and the Philippines
- Fabless company with world class manufacturing subcontractors:

Ex. Taiwan Semiconductor Manufacturing Company (TSMC) was awarded as one of the most sustainable companies in Asia in year 2016

- Global distribution partners
- Running a management system based on three standards:

- ISO 9001 (Certified)
- ISO 14001 (Certified)
- ISO 18001 (Certified)
- ISO 27001 (Certified)
- RBA Code of Conduct



Nordic Semiconductor is a signatory of UN Global Compact since 2014 and supports UN sustainable goals through its core business, products and solutions.

### 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.



**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.

### Our values and code of conduct

Nordic Semiconductor's commitment and responsibility to sustainability is bundled in to our everyday business operations and actions.

We believe that our business solutions and product designs must target improving life of people living in our global society both in short and long term. The high technology and knowledge bundled within our business is capable of positive impact on our society.

As a UN Global Compact signatory, Ten Principles of the UNGC outlines the frame work of our Corporate Social Responsibility performance.

#### Nordic Semiconductor's Policy on Corporate Social Responsibility

Nordic Semiconductor'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 our 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.

### Code of conduct

#### Responsible Business Alliance (RBA) Code of Conduct

Being an active business in semiconductor industries, Nordic Semiconductor follows Responsible Business Alliance (RBA) Code of Conduct for core reference of our social responsibility.

The RBA 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. For more information on the RBA and its work, please see [www.responsiblebusiness.org](http://www.responsiblebusiness.org).

We also actively require tier 1 suppliers to comply with this code of conduct and encourage them to require the same from their suppliers.

Nordic Semiconductor manages conformance to the code a within the organization and its external surroundings through management system standards:

- Environment management system – ISO 14001 (certified)
- Occupational Health & safety management system – ISO 18001 (certified)
- Information Security – ISO 27001 (certified)



# OUR 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 our CSR performance. Our objectives are to:

- 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 Semiconductor or can be influenced by Nordic Semiconductor.

The most relevant stakeholders are identified as investors, customers and distributors, employees, manufacturing partners, authorities and the community/public.

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

The outcome of the materiality assessment is illustrated in Figure 1.

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

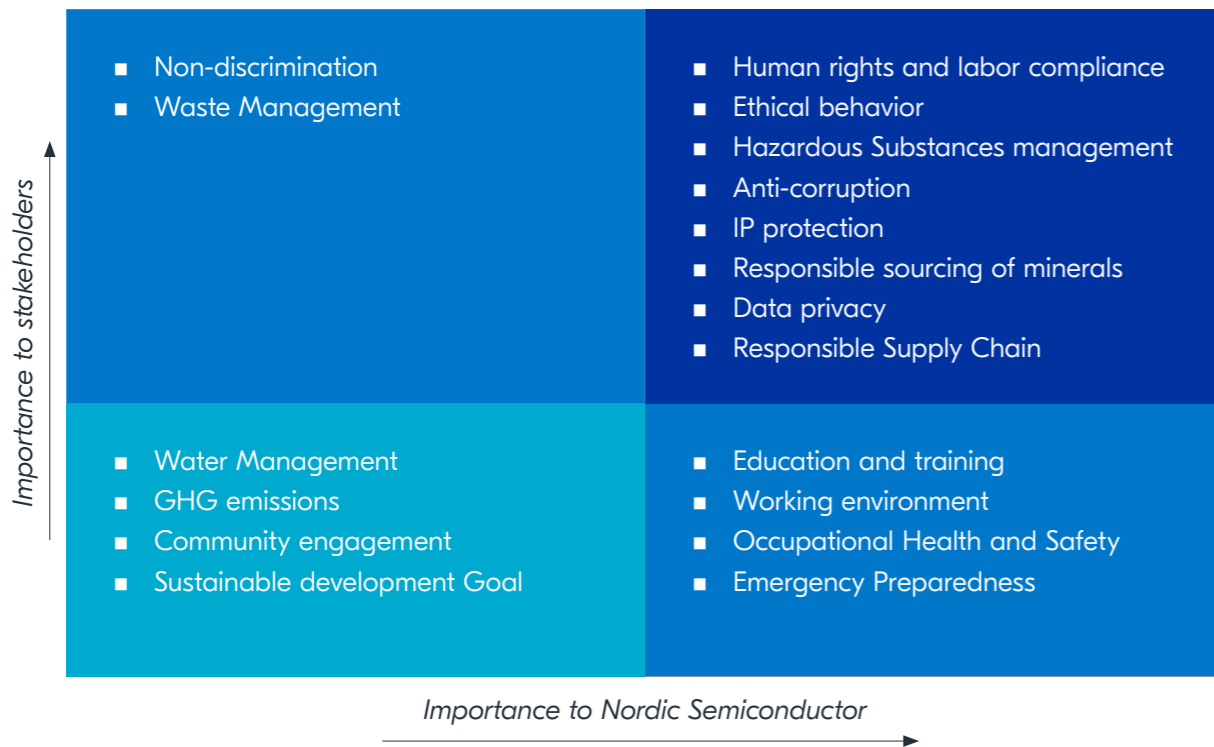


Figure 1: Materiality assessment of CSR topics. The assessment is performed by evaluating the topics that are important to our stakeholders and to Nordic Semiconductor's success.

Stakeholders	Stakeholder dialogue examples	Main areas of interest (CSR)	How we work with these issues
Investors	<ul style="list-style-type: none"> <li>■ Quarterly reporting</li> <li>■ Annual report</li> <li>■ Annual CSR report</li> <li>■ Carbon Disclosure Project</li> <li>■ Face-to-face meetings</li> <li>■ Annual general meeting</li> <li>■ Telephone and email responses to investors' questions and feedback collection</li> </ul>	Ethical behavior	<ul style="list-style-type: none"> <li>■ RBA Code of Conduct</li> <li>■ UN Global Compact</li> </ul>
		Environmental management	ISO 14001 certification
		Energy efficient operations, GHG emissions	CDP Climate Change Program reporting
		Water management	Suppliers water consumption monitoring
Customers and distributors	<ul style="list-style-type: none"> <li>■ Face-to-face meetings and direct contact</li> <li>■ Nordic webpage</li> <li>■ Nordic Developer Zone</li> <li>■ Customer satisfaction survey</li> <li>■ Customer surveys</li> <li>■ Participation on exhibitions and seminars</li> <li>■ Customer Audits</li> </ul>	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	Suppliers water consumption monitoring
		Human rights and labor compliance	<ul style="list-style-type: none"> <li>■ RBA Code of Conduct, UN Global Compact</li> <li>■ Customers satisfaction survey</li> </ul>
		Data privacy	ISO 27001 certification
Employees	<ul style="list-style-type: none"> <li>■ Daily contact</li> <li>■ Performance reviews</li> <li>■ Employee satisfaction survey</li> <li>■ Nordic intranet</li> <li>■ Quarterly reporting meetings</li> <li>■ Internal training</li> <li>■ External training</li> <li>■ Employee unions and representatives</li> <li>■ Whistle blower channel</li> </ul>	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	<ul style="list-style-type: none"> <li>■ Non-discrimination policy</li> <li>■ Diversity program</li> <li>■ Employee satisfaction surveys</li> <li>■ Confidentiality pledge</li> <li>■ Anti-corruption acknowledgment</li> </ul>
		Data privacy	ISO 27001 certification
Subcontractors	<ul style="list-style-type: none"> <li>■ Quarterly operations reviews</li> <li>■ Supplier audits</li> <li>■ Yield improvement and waste reduction projects</li> <li>■ Supplier qualification</li> </ul>	Product compliance	Hazardous substances management
		Sustainable sourcing	Conflict minerals program
		Human rights and labor compliance	RBA Code of Conduct
		Environmental management	Carbon accounting
Authorities	<ul style="list-style-type: none"> <li>■ Legislative requirements</li> <li>■ Audits</li> <li>■ Authorities advisory functions</li> <li>■ Newsletter monitoring</li> </ul>	Product compliance	Hazardous substances management
		Waste management	ISO 14001 certification
		Anti-corruption	<ul style="list-style-type: none"> <li>■ Anti-corruption policy</li> <li>■ Whistleblower program</li> </ul>
Community and public	<ul style="list-style-type: none"> <li>■ Press releases</li> <li>■ Newsletter monitoring</li> <li>■ Business presentations at educational institutions</li> </ul>	Working environment	OHSAS 18001 certification
		Ethical behavior	<ul style="list-style-type: none"> <li>■ CSR reporting</li> <li>■ UN Global Compact</li> </ul>
		Community Engagement	Charitable contributions
Community and public		Education and training	<ul style="list-style-type: none"> <li>■ 'Make it Digital'</li> <li>■ Female Student program (ADA) and master thesis</li> <li>■ Cooperation's with Universities projects</li> <li>■ Media interviews</li> </ul>

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.

# HUMAN RIGHTS AND LABOR RIGHTS

## Assessment

Nordic Semiconductor is a growing business with offices and employees in different parts of the world. We aim 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 our 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 Semiconductor to ensure we are not complicit in this in any way.

## Policies, commitments and goals

Nordic Semiconductor's CSR policy and the RBA Code of Conduct commits to respecting and supporting Human Rights and Workers' rights. Nordic Semiconductor 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 Semiconductor 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 collective bargaining.

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

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

## Nordic Semiconductors policy on Non-Discrimination

- All Nordic Semiconductor employees shall be treated equally and with dignity, courtesy, and respect.
- Nordic Semiconductor 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 Semiconductor'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 Semiconductor's employees are encouraged to report any incident of discrimination to their nearest leader or through the applicable whistle-blower channels. Retaliation against any employee who has reported misconduct, is prohibited. There shall be no unfavorable treatment to any whistle blowers.



## Implementation and results

As a fables producer, engagement with our supply chain is important. Nordic Semiconductor requires all tier 1 subcontractors to follow the RBA Code of Conduct, and that they should require the same from their suppliers.

All our 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 Semiconductor is far away from the minerals smelters/refiners in the value chain, and we have no direct contact with smelters or providers of material. All such contact is handled through our subcontractors. As such Nordic Semiconductor needs to rely on 3rd party auditing such as RMI's audit program.

Since 2015 Nordic Semiconductor 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 2019 we expect 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 in focus. Nordic Semiconductor will continue to engage its suppliers to precisely identify the origin of all material used in Nordic Semiconductor's 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 Semiconductor is not required to be compliant with these acts. However, we have taken the principles from these regulatory acts to govern our Anti

<sup>1</sup>A 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..



Modern Slavery surveillance along through our supply chain.

Nordic Semiconductor does not tolerate forced labor practices to be used in any of our operations, as stated in our policy (on page 5). The RBA Code of Conduct explicitly bans trafficked and forced labor, as well as any form of child labor. Nordic Semiconductor uses sources like the Global Slavery Index to assess risks of 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 Semiconductor's Supply Chain.

**Diversity program and training**

Nordic Semiconductor's business is based on highly specialized and skilled employees, and their level of competence and ideas are very important to us. 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 our 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 Semiconductor's Non-discrimination policy.

**Integration service**

As the number of employees have increased rapidly over the past few years, employees have been recruited from all around the world. Currently more than 44 nationalities are represented in Nordic Semiconductor worldwide, whereof 38 are working in Norway, which is a good indicator of the diversity and inclusiveness in the company.

For foreign employees working in Norway, a third-party integration service is used to make sure that the integration runs smoothly and in the best possible way. They provide aid in practical matters related to the relocation, such as finding a home, obtaining a tax card and creating a bank account, in addition to 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 Semiconductor and the Norwegian work culture.

**Measurements**

Indicator	2019 target	2018	2017	2016
<b>Human rights and labor</b>				
Number of smelters identified in value chain		253	159	109
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	100%	1	1
<b>Human capital and diversity</b>				
Number of employees		685	601	532
Percentage female employees		14%	13%	13.3%
Turnover rate (%)	<5.0%	3.7%	3.5%	3.2%
<b>Training and education</b>				
Number of students/interns from universities		64	57	25

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

# 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 Semiconductor's products worldwide, meeting international legislation as well as customer-specific requirements to contents and production. Furthermore, Nordic Semiconductor's business strategy is to design and develop ultra-low power products, enabling energy efficient end products for the consumer.

As a fables producer, monitoring and engaging with our manufacturing partners is important to our environmental impact reduction program, and minimizing the use of natural resources and waste generated in our operations.

Nordic Semiconductor 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.

Goals for the year 2019 is to continue monitoring and reporting the carbon footprint related to our direct operations and plan for GHG emission reduction in our offices. See separate section on Carbon emissions.

**Implementation and results**

Nordic Semiconductor is certified to the standard ISO 14001: Environmental Management Systems. All Nordic Semiconductor'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 Semiconductor'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 applicable 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 our products, as well as develop and use environmentally friendly technologies
- Promote environmental responsibility and ensure that our suppliers live up to Nordic Semiconductor's environmental standards
- Establish and evaluate achievable environmental performance goals to ensure continual improvement of our 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 2018. Any incidents are handled through Nordic Semiconductor'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, we have 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 Semiconductor's commitments. Product compliance, use of hazardous substances, and ozone-depleting chemicals are regularly addressed with Nordic Semiconductor's manufacturing partners, and communicated by Nordic Semiconductor's Hazardous Substances Specification for Suppliers. Nordic Semiconductor's Hazardous Substances management discipline with direct interface with supply chain is responsible to reassure the compliance of our products to defined environmental requirements and specifications.

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.nordicsemi.com](http://www.nordicsemi.com).

All Nordic Semiconductor's products meet the requirements of European directive RoHS, REACH and the California Proposition 65 regulations. In addition, Nordic Semiconductor has introduced "green" package technology, to ensure that Nordic Semiconductor's products are also halogen free. Nordic Semiconductor's own RoHS/REACH Statement, declaring non-use of the hazardous substances included on the initial SVHC

(Substances of Very High Concern) candidate list, is published on Nordic Semiconductor's website. Nordic Semiconductor has implemented systems that allow us to be updated with relevant environmental requirements (e.g. recent updates in RoHS and REACH regulations) and we continue our efforts to ensure our compliance with these updates.

2018 showed no non-conformities or findings of prohibited substances above limitations in any Nordic Semiconductor products.

**Waste management**

Nordic Semiconductor works systematically to monitor, reduce and eliminate waste and its impact on the environment. We work continuously with our 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 our manufacturing partners to verify that waste management is performed according to Nordic Semiconductor's standards.

Nordic Semiconductor has implemented routines for sorting and disposing material from offices and warehouses in a responsible manner by use of certified waste handling and recycling companies. The main focus is on EE-waste, chemical components from laboratories, and paper and packing material. Recycling of EE-waste allows for re-use of metals, such as copper, from waste or damaged products.

To reduce waste and use of resources, Nordic Semiconductor encourages re-use of material where applicable. Usable IT-equipment and furniture are 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 Semiconductor directly, but water scarcity is relevant for some of our 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.

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

**Carbon emissions**

Nordic has monitored annual carbon emission since 2011, and it reports annually to the Carbon Disclosure Project

- [www.cdp.net](http://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 our supply chain).

Scope 3 GHG emissions are closely related to our production volume, and our subcontractors' capacity utilization in production, and will fluctuate beyond our control.

Target set for 2019 is to monitor and report GHG emissions related to our direct operations (sum of Scope 1 and Scope 2), as these are the emissions where we have 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 in 2017 which caused a noticeable reduction of our GHG emission in 2018.

**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 our manufacturing partners (which are categorized as critical suppliers), Nordic Semiconductor 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 (categorizes as non-critical suppliers) of office material, based on their ethical and environmental profile.

Nordic Semiconductor's general strategy for environmental impact reduction is the guideline for our procurement from non-critical suppliers as below.

- The best way to reduce waste is to procure less.
- If there are real alternatives for a procurement, choose the item with the most environmentally friendly material(s).
- If there are real alternatives for a procurement, choose the item with the lesser amount of hazardous materials.
- If there are real alternatives for a procurement, choose the item or material that can be recycled.
- Equipment or materials that are to be replaced, but is still functional, should, if possible, be used elsewhere in the company or sold or given away to a person or institution that can make use of it.
- Reduce - Reuse - Recycle

**Measurements**

Indicator	2019 target	2018	2017	2016
<b>Environmental management system</b>				
Number of environmental incidents	0	0	0	0
Suppliers with documented environmental policy	100%	100%	100%	100%
<b>Energy efficiency</b>				
Nordic offices energy use (MWh)			2205.3	2317.0
Nordic offices energy use per area (MWh/m2)			0.087	0.196
EE-waste (tons)			2.4	2.2
<b>Greenhouse gas emissions</b>				
GHG emission per wafer (kg CO2e/8" wafer)			333.6	334
GHG emission per assembly (g CO2e/8" EA)			16.5	20.8
GHG emission per unit produced (g CO2e/unit produced)			125.9	151.6
Total Scope 1+2 emissions (tons CO2e)			553.4	627.4
Scope 1+2 emissions per full time employee (tons CO2e/FTE)			0.918	1.179
Total Scope 3 emissions (tons CO2e)			46114	41081
Percentage total emissions verified			60%	74%
CDP score <sup>1</sup>		B-	C	B

Table 3: Measurements related to Environmental performance. The measurement data for 2018 that are shown as blank will not be ready until 2019-Q2, being used in reporting to CDP.

<sup>1</sup> 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.



# ETHICS

## Assessment

Commitment to the highest standards of ethics and integrity is crucial for us to earn the continued confidence of our stakeholders namely employees, investors, customers, vendors, and communities.

Protection of personal data is a central topic related to legal obligations for any Information Security Management System. The EU GDPR (EU General Data Protection Regulation) puts strong requirements for protection of personal data on Nordic Semiconductor.

Incidents of corruption also imposes both legal, as well as reputational and financial risks, and ultimately impacts trust and confidence in the company by our stakeholders.

Based on risk assessment, Nordic Semiconductor and its employees needs to uphold the highest standards for business integrity, anti-corruption, data and data privacy to meet social responsibilities and achieve success in the marketplace.

Nordic Semiconductor has adopted a zero-tolerance policy on corruption and bribery – as clearly stated

## Policies, commitments and goals

Nordic Semiconductor and its employees shall respect the rule of law and international norms of behavior. Nordic Semiconductor prohibits any and all forms of bribery, corruption, extortion, embezzlement, and facilitation payments. Nordic Semiconductor 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 Semiconductor may do business) 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 Semiconductor's administration. Employees shall not accept a business gift for personal use that exceeds the value of 200 USD on annual basis.

Nordic Semiconductor has published privacy policies for describing the personal data processed, the purpose of the processing and the legal basis for doing so.

## Implementation and results

### Data privacy

We at Nordic Semiconductor ASA (including subsidiaries) are committed to the protection of personal data. We will find information regarding the types of personal data we collect, the reasons and purposes of processing personal data, and your rights regarding our processing.

Nordic Semiconductor formally has the role of 'controller' for the personal data processing performed.

Data privacy as a part of Nordic Information Security system is based on the standard ISO 27001.

Nordic Semiconductor's Non-conformity reporting system ensures that nonconformities including privacy related topics are analyzed and dealt with properly.

Data privacy is a part of regular information security awareness programs for employees

Nordic semiconductor has set a goal of zero data privacy related incident every year. There has been no known such incident in 2018 and the same goal remains for the upcoming years.

### Anti-Corruption

Anti-corruption routines are included in Nordic Semiconductor'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 Semiconductor employees are required to read and sign both «Insider trading regulations form» and «Non-corruption acknowledgment form».

Nordic Semiconductor 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 Semiconductor uses its whistle-blower program. Employees and other stakeholders are encouraged to report any misconduct related to Nordic Semiconductor's business by use of whistle-blower channels as published on Nordic Semiconductor'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 Nordic Semiconductor's HR department. Any reported concerns shall be investigated for root-cause and corrective and preventive actions, while preserving reporter confidentiality.

Nordic Semiconductor's Social responsibility policy (on page 4), Nordic Semiconductor 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 2018.

## Measurements

Indicator	2019 target	2018	2017	2016
<b>Anti-corruption</b>				
Number of corruption, bribery or unethical business behavior incidents	0	0	0	0
Numbers of reports made through whistle-blowing channels		0	0	0

Table 4: Measurements related to Anti-corruption performance.



# 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 fabless 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. Nordic Semiconductor'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
- consultation and participation of workers and worker's representatives
- The suppliers live up to Nordic's OH&S standards
- Compliance with legal requirements
- Continuous improvement

## Policies, commitments and goals

Nordic Semiconductor 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 Nordic Semiconductor'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 Semiconductor 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 Semiconductor'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 2018 employment satisfaction survey and reports from Occupational Health Service, Nordic Semiconductor employees are very satisfied with their workplace. The main areas of focus for the Committee's improvement plan for 2018 has been reducing negative stress in the workplace and arranging for management training due to changes in the organizational structure. The emergency team has been trained according to the emergency plan, and this will be continued in 2019.

The «Inclusive Work Life» focus has continued in 2018, and internal surveys show that 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 2019.

### Occupational Health Service

Occupational health controls are conducted frequently by a third-party Health Service. The results from these controls in 2018 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 Semiconductor subcontractors are certified to OHSAS 18001, and this is a prerequisite to become a Nordic Semiconductor manufacturing partner. Subcontractors are also required to follow the RBA Code of Conduct.

## Measurements

Indicator	2019 target	2018	2017	2016
<b>Health and safety</b>				
Work related incidents	0	1	1	0
Total sick leave		2.32%	2.21%	2.4%
Short time sick leave <sup>1</sup>	< 2.5%	1.30%	1.31%	1.5%
Turnover rate (%)	< 5%	3.74%	3.51%	3.2%

Table 5: Measurements related to Health and Safety performance.

<sup>1</sup> 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.





# COMMUNITY INVOLVEMENT

## Educational partnerships

Nordic Semiconductor is a technology-based company and close relations with educational institutions are in the DNA of the company. Every year Nordic Semiconductor gets involved in activities and collaboration programs with both local and universities abroad 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 in NTNU ([www.ntnu.edu/girls](http://www.ntnu.edu/girls)).

## 'Make it Digital'

Nordic's involvement with promotion of technological learning has continued in 2018. We continue to donate micro:bits and development tools to schools, colleges and universities both in Norway and across the world as a whole. Hundreds of Nordic Thingy:52's are now in use in colleges and universities around the world, many in developing countries that struggle to afford cutting-edge tools for learning. Nordic donates these kits on an ad-hoc basis as the need and requests arise.

Micro:bit continues to go from strength to strength as the primary tool for STEM/STEAM learning in the 7 to 16 year age group. Over 50 countries now have micro:bit initiatives in place and it has served as an ideal introduction to technical learning in the developing world due to its simplicity and low cost of ownership. A long held dream came to fruition in 2018 with the announcement of a national roll-out plan for micro:bit in Norway. Over the next 3 years 100,000 norwegian schoolchildren will receive micro:bit and associated education in programming and technological problem solving. This initiative driven by the Norwegian science centers and Kidsa Kodingwas was funded by private funds allocated by DNB. Over the past 4 years Nordic has donated approx. 3000 micro:bits to coding clubs and schools in Norway to help seed this movement which has resulted ultimately in a Norwegian national roll-out. Additionally, in Denmark 60,000 children will learn with micro:bit during 2019 as part of a plan with the Danish national broadcaster DR. For more information, see [www.microbit.org](http://www.microbit.org).

