



NORDIC
SEMICONDUCTOR

CORPORATE SOCIAL
RESPONSIBILITY
REPORT /2013

CORPORATE SOCIAL RESPONSIBILITY

Nordic'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 stakeholders' interests.
- Nordic Semiconductor behaves ethically and respects human rights at all times
- Nordic Semiconductor respects the rule of law and international norms of behavior

Specifically Nordic Semiconductor and its tier one suppliers shall comply with the Electronics Industry Code of Conduct (EICC). Nordic Semiconductor shall actively encourage tier 1 suppliers to require the same from their suppliers.

Corporate Social Responsibility work

Nordic Semiconductor supports the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and actively pursues conformance to the code and its standard. Based on risk evaluation, focus is placed on the most relevant aspects to Nordic Semiconductor's business. Since Nordic Semiconductor is a fabless company, supplier engagement is of high importance and an integral part of all focus areas.

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HUMAN RIGHTS

Guidelines

Nordic Semiconductor is committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community.

Principles, procedures and standards

Based on risk assessment by Nordic Semiconductor, the main focus area relating to Human Rights is Conflict Minerals.

NORDIC'S STATEMENT ON CONFLICT MINERALS:

Conflict Minerals regulations have been passed in to US law (ref. Section 1502 of the Dodd–Frank Wall Street Reform and Consumer Protection Act). The legislation requires publically traded companies whose manufactured goods contain Tin, Tantalum, Tungsten, or Gold to report annually to SEC (US Securities and Exchange Commission) if the minerals did originate from the Democratic Republic of Congo (DRC) or adjoining countries. Nordic Semiconductor uses the above mentioned metals in most of its semiconductor devices, as they are necessary for the function of the products.

Nordic Semiconductor is not required to report to SEC, and does not purchase these metals directly. Nordic Semiconductor cooperates with its suppliers to determine the origin of the smelters where the metals derive from. Nordic Semiconductor and its suppliers' policy is to only have part in trade where the respect of human rights are upheld, and where trade is not contributing to violent conflicts. Nordic Semiconductor works by the EICC Code of Conduct.

Actions and evaluation of results

Nordic Semiconductor compiles Conflict Mineral Reports that are distributed to customers upon request. The reports are based on the EICC GeSI Conflict Minerals reporting template, a format that until now has become the industry standard for reporting on the origin of the metals used, traced to identified smelters. The smelters are audited by the Conflict-Free Sourcing Initiative, an initiative by EICC and the Global e-Sustainability Initiative. In 2013 Nordic Semiconductor saw an increased interest from customers in such reports compared to previous years.

Nordic Semiconductor monitors audit findings and customer feedback in relation to tracing of the metals origin. No major non-conformities or incidents have indicated use of conflict minerals in Nordic Semiconductor devices.

SUPPLIERS

Nordic Semiconductor requires its tier 1 subcontractors to follow the EICC Code of Conduct, and encourage them to require the same from their suppliers.

Data for Conflict Mineral reports are gathered from Nordic Semiconductor's subcontractors and evaluated for smelter verification by Nordic Semiconductor.

The suppliers are required to communicate with their suppliers in order to trace the origin of the metal used.

Expectations for 2014

It is expected that customer focus on Conflict Minerals reporting will increase in 2014. Nordic Semiconductor will continue to work with suppliers to precisely identify the origin of all material used in Nordic Semiconductor's products. Focused supplier audits will be used to raise subjects from the EICC Code of Conduct, such as tracing of information for conflict mineral reports.

WORKER'S RIGHTS

Guidelines

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

NORDIC 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
- our suppliers live up to Nordic's OH&S standards
- compliance with legal requirements
- continuous improvements

Principles, procedures and standards

Nordic Semiconductor has integrated its management system for Occupational Health and Safety (OHS) into the quality system to ensure a positive and continuous improvement of the working environment.

Nordic Semiconductor's Norwegian offices were certified to the standard OHSAS 18001 (Occupational Health and Safety Management System) by Det Norske Veritas 2013-12-14.

Actions and evaluation of results

Generally it is considered a low risk of injury or incidents in relation to Nordic Semiconductor's work. Since Nordic Semiconductor is a fabless company, there is no use of heavy machinery or equipment that can cause damage or injuries.

Nordic Semiconductor's operational targets and results for 2013 are the following:

Operational target	2013 result
Work related incidents = 0	No reported incidents
Short time sick leave < half of national average for Norway	1.4%. See Figure 1 for absence due to illness.
Employee turnover < 5% annual	3.0% See Figure 2 for employee turnover.

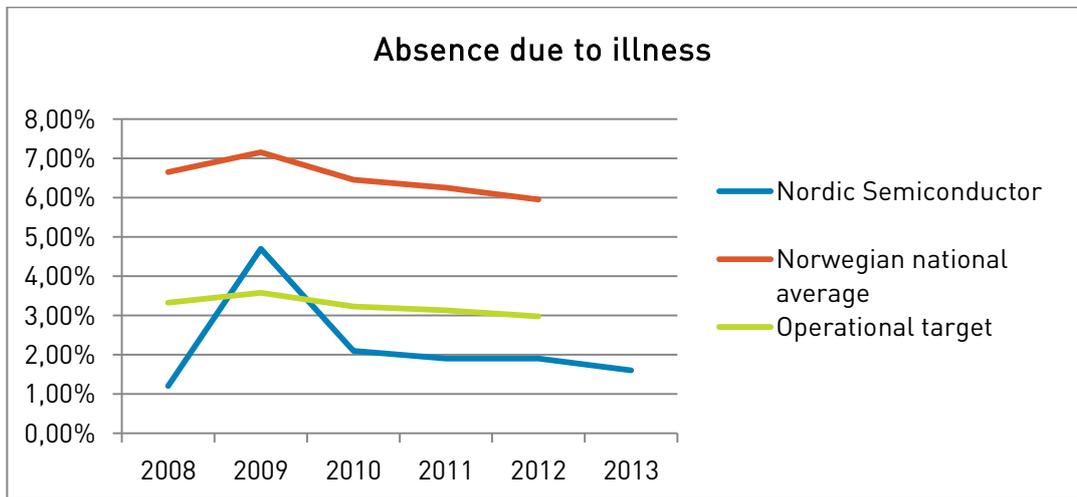


Figure 1: Sick leave trend Nordic Semiconductor. Norwegian national average for 2013 have not yet been published

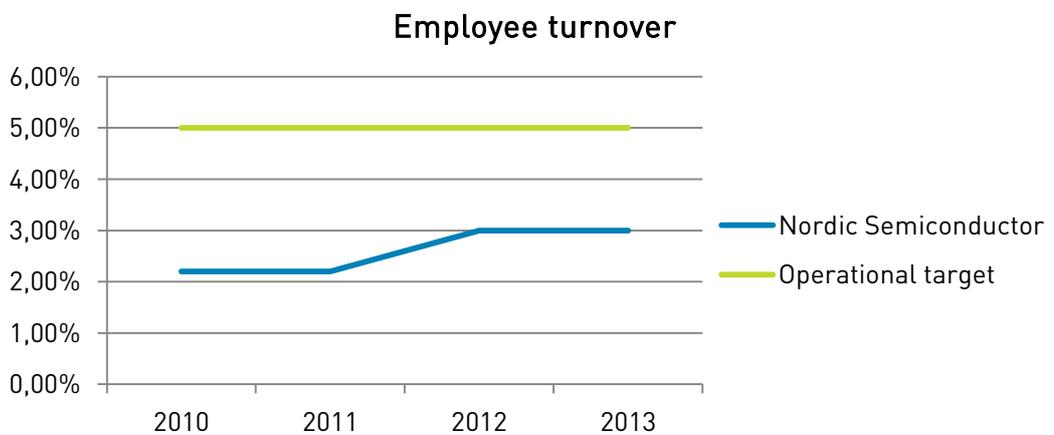


Figure 2: Employee turnover trend for Nordic Semiconductor.

WORKING ENVIRONMENT COMMITTEE

Nordic Semiconductor's OHS risk assessment has highlighted ergonomic injuries and negative stress in the working situations as the main focus areas for improvements.

In 2013 Nordic Semiconductor has worked to improve ergonomics to meet employees' needs for adjustable desks, chairs and computer accessories. Result from this work will be evaluated in 2014.

EMPLOYEE SATISFACTION SURVEY

Nordic Semiconductor performs annual employee satisfaction surveys. The results from the survey show that Nordic Semiconductor employees are satisfied with the working environment and working conditions. A summary of results from the survey for are presented in Figure 3.

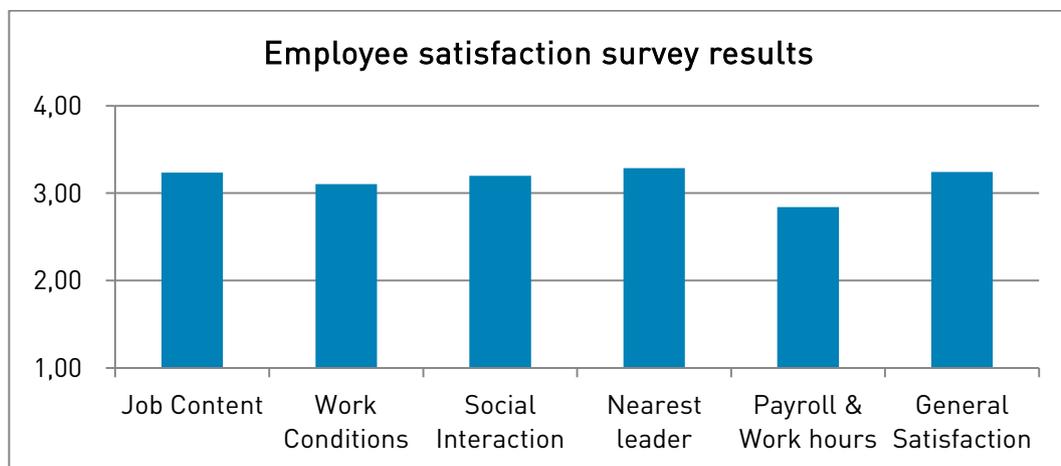


Figure 3: Results from Employee Satisfaction Survey in 2013. The scale is: 1 - very dissatisfied, 2 - dissatisfied, 3 - satisfied, 4 - very satisfied. Average score was 3.15.

OCCUPATIONAL HEALTH SERVICE

Occupation health controls are conducted every year by a third party Health Service. Summary of results from 2013:

- Employees are very satisfied with the working environment
- Low sick leave
- Good work environment and good collaboration between employees
- Good opportunities for professional and personal development
- Recommendation: Should focus on physical activity, work load, negative stress and stress reducing measures.

The recommendations will be followed up by the Working Environment Committee in 2014.

SUPPLIERS

Nordic Semiconductor requires all subcontractors to be certified to OHSAS 18001. Subcontractors are also required to follow the EICC Code of Conduct.

Expectations for 2014

Nordic Semiconductor is a growing company, and the increasing number of employees means need for restructuring of offices and office space. Individual needs will be considered in the process.

Nordic Semiconductor will follow up findings from OHS Management system audits and recommendations from Occupational Health Services. It is expected that stress preventive actions and focus on physical activity will improve the working conditions and employee health.

ENVIRONMENT

Guidelines

Nordic Semiconductor recognizes that environmental responsibility is integral to producing world class products.

NORDIC'S ENVIRONMENTAL POLICY

Being a preferred partner to environmentally conscious stakeholders, no loss of business or profitability due to environmentally related incidents or issues, by ensuring:

- that our products and services will not cause health or environmental disturbance in the form of disturbances in ecosystems, pollution, waste, noise, etc.
- to protect the natural environment against pollution from our activities
- our suppliers live up to Nordic's environmental standards
- compliance with legal requirements
- continuously reduce the environmental impact of our activities.

Principles, procedures and standards

Nordic Semiconductor's products meet the requirements of Directive 2002/95/EC of the European Parliament and of the Council on the Restriction of Hazardous Substances (RoHS) and the requirements of the REACH regulation (EC 1907/2006) on Registration, Evaluation, Authorization and Restriction of Chemicals. In order to support our customers to comply with these environmental requirements, Nordic has introduced "green" package technology in its products. "Green" means that our products are halogen free in addition to RoHS compliant (free of Bromine, Chlorine and Antimony based flame retardants).

Nordic has its own RoHS/REACH Statement, declaring non-use of the hazardous substances included on the initial SVHC (Substances of Very High Concern) candidate list. The RoHS/REACH statement published on the website.

Nordic Semiconductor has procedures for Hazardous Substances and Environmental Impact Reduction in the management system. The basic principle for the procedures is Reduce-Reuse-Recycle.

Actions and results

HAZARDOUS SUBSTANCES MANAGEMENT

The contents of Nordic Semiconductor's products are managed in the design phase by internal procedures to prevent hazardous material from being included. Reports for Hazardous Substances and Material Composition for all products are published on Nordic Semiconductor website.

2013 showed no major non-conformities or findings of prohibited substances above limitations.

GREENHOUSE GASSES EMISSION

Nordic Semiconductor has monitored annual carbon emission since 2011. See results for 2012 below (2013 results will be ready in Q2 2014). The measurement includes emission from tier 1. Wafer production and assembly of products represent the largest contributions to the greenhouse gasses accounting.

Category	Emission (tonnes CO ₂ e)	Percentage (%)	Uncertainty estimate (%)
Diesel/gas oil usage	-	0,0 %	0 %
Natural gas usage	-	0,0 %	0 %
Sum scope 1	-	0,0 %	+/- 0,0%
Electricity	205,3	1,0 %	10 %
District heating	23,6	0,1 %	10 %
Sum scope 2	228,8	1,2 %	+/- 9,2%
Air travel	336,8	1,7 %	15 %
Wafer processing	14 951,0	75,9 %	8 %
Assembly	2 634,7	13,4 %	20 %
Waste	1 461,8	7,4 %	21 %
Transport	90,0	0,5 %	28 %
Sum scope 3	19 474,2	98,8 %	+/- 7,0%
Total corporate CO₂ emissions	19 703,0	+/- 6,9%	100,0 %

*Table 1: Nordic Semiconductor carbon emission for 2012.
Scope 1 is direct use of fuels, Scope 2 is purchased electricity or heating,
Scope 3 is indirect emission (including subcontractors)*

Since emission from subcontracted services is the largest contribution, this is where it is relevant for Nordic Semiconductor to put focus. Figure 4 below displays emission per wafer and per assembled unit (integrated circuit):

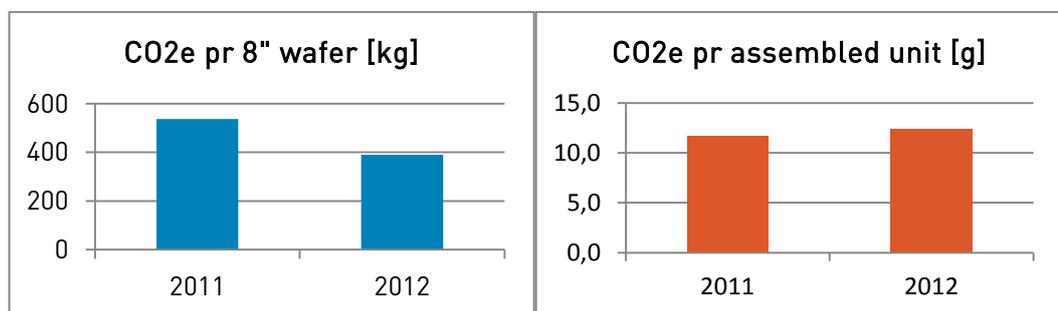


Figure 4: Emission (CO₂ equivalents) for wafer production and assembly.

Emission reduction per processed wafer from 2011 to 2012 is mainly due to more wafers being produced in fabs with lower emission factors. Emission from the assembly process is relatively stable compared to 2011.

SUPPLIERS

Nordic Semiconductor requires all subcontractors to be ISO 14001 certified and to follow the EICC Code of Conduct. Hazardous Substances are followed up with suppliers on regular basis, and communicated by a Hazardous Substances Specification for Suppliers.

Emission data for wafer production and assembly are provided by Nordic Semiconductor's suppliers. The main suppliers' data for Nordic Semiconductor's carbon emission accounting are verified by a third party.

Subcontractors are followed up with Quarterly Operations Reviews where environmental topics can be a subject. Focused supplier audits are used regularly to control the subcontractors' routines with respect to environmental issues such as hazardous substances and waste.

No major non-conformities or incidents were found in 2013.

Expectations for 2014

Nordic Semiconductor is currently working on certification to ISO 14001 for offices in Norway and Philippines. Little or no significant change is expected for emission data for 2014.

ANTI-CORRUPTION

Guidelines

To meet social responsibilities and to achieve success in the marketplace, Nordic Semiconductor and its employees shall uphold the highest standards of ethics.

Principles, procedures and standards

Corruption includes bribery and trading in influence. 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 and embezzlement. 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 with which 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.

Actions and results

Nordic Semiconductor has a whistleblower channel through employee representatives according to Norwegian law for employees to report suspected corruptive actions.

So far, Nordic Semiconductor has no known incidents of corruption or unethical business behavior.

SUPPLIERS

Nordic Semiconductor requires all subcontractors follow the EICC Code of Conduct. Subcontractors are followed up with focused supplier audits to raise subjects from the EICC Code of Conduct such as corruption and bribery prevention.

Expectations for 2014

From 2014 all employees are required to read and sign the following:

- Insider trading regulations form
- Non-corruption acknowledgment form

Nordic Semiconductor does not expect any incidents of corruption or unethical behavior in 2014.

THIS IS NORDIC SEMICONDUCTOR

An industry leader in ultra-low power wireless solutions

Look around your home or office, and there's a good chance you'll find us. Since our founding we have sold over 1 billion wireless solutions, which are found in many of the products you are using every day.

We are the market leader in wireless solutions for PC mice and keyboards. We are the market leader in wireless solutions for sports, fitness and health monitoring. And we have a growing presence in wireless remote controls, gaming, toys, security, ticketing, home automation and mobile phone accessories.

How has a small company from Norway taken such a market position?

We have been a pioneer in the field of ultra-low power wireless – designing high performance wireless solutions which can operate for months or years on ordinary AA, AAA or coin cell batteries. Our solutions are best in class in power consumption and ease of product design.

As the leader in our market, we have excellent growth opportunities as a growing number of products are designed with the freedom and convenience of wireless communication. Our team of specialists is committed to developing innovative new wireless technology and helping our customers implement wireless solutions across their product lines.



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For more information
Visit www.nordicsemi.com.

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