



NORDIC
SEMICONDUCTOR

CORPORATE SOCIAL
RESPONSIBILITY
REPORT /2014

ABOUT THE REPORT

The objective of this report is to communicate Nordic Semiconductor's commitment and efforts to uphold human rights, workers' rights, environmental sustainability and anti-corruption.

The report covers the period from January 1st 2014 to December 31st 2014, unless otherwise stated. This is the second Corporate Social Responsibility (CSR) Report published by Nordic Semiconductor, and future reports will be published annually.

Stakeholder engagement

Nordic Semiconductor appreciates open and active dialog with our stakeholders. If you have any feedback to our CSR-program or this report, please let us know.

Contact information:
environment@nordicsemi.no

Nordic Semiconductor will continue to improve communication on CSR topics to provide both external and internal stakeholders with relevant information.

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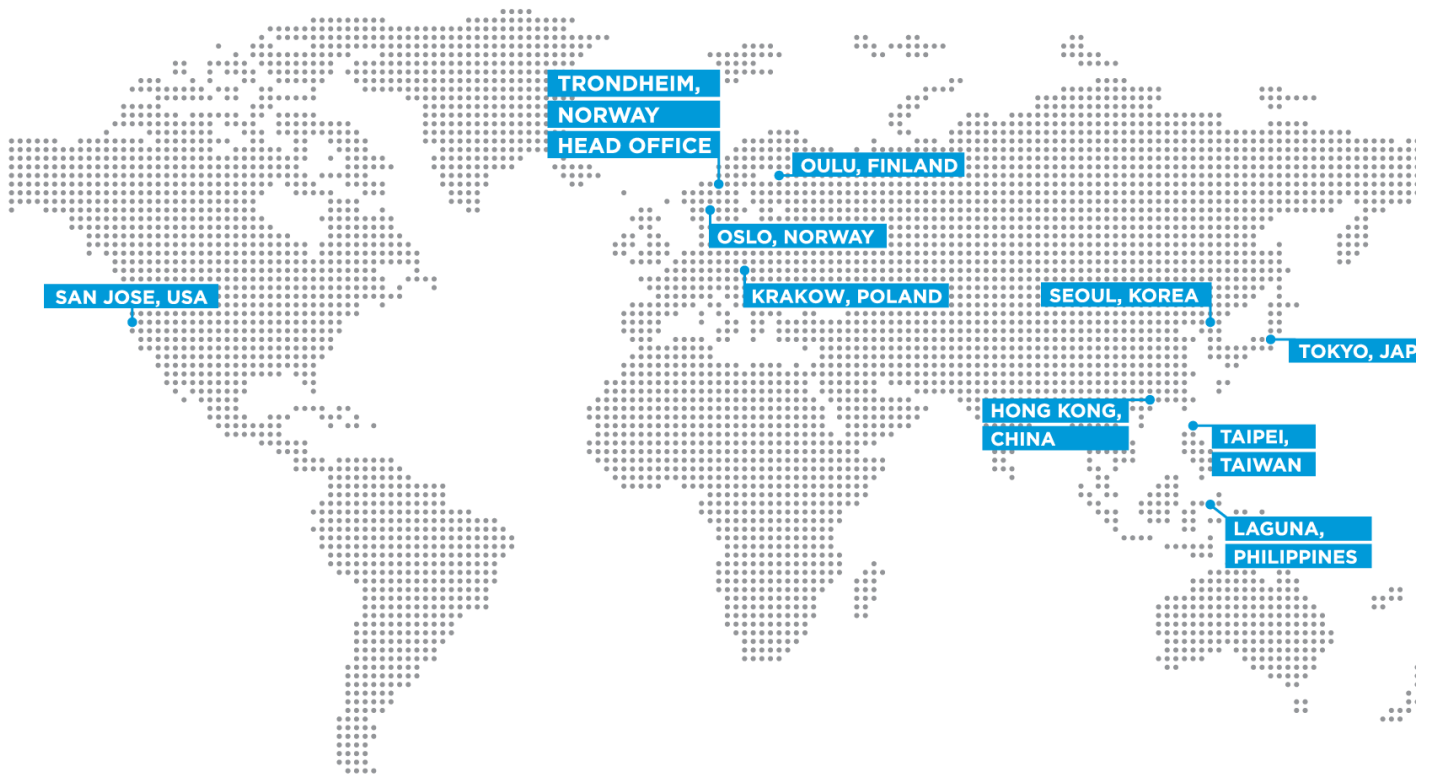
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ABOUT NORDIC SEMICONDUCTOR

Nordic Semiconductor develops, sells and delivers integrated circuits (ICs) and related intellectual property optimized for low energy short-range wireless connections. As a fabless organization, Nordic Semiconductor works closely with world class manufacturing subcontractors and highly skilled distribution partners.

Nordic Semiconductor is headquartered in Trondheim, Norway with offices in US, China, Korea, Japan, Taiwan, Poland and the Philippines. At the end of 2014 Nordic Semiconductor counted 275 employees worldwide. In January 2015 a new office was opened in Finland.

Corporate Social Responsibility

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

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 EICC Code of Conduct. 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, our efforts are focused 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.

Milestones in Nordic Semiconductor’s CSR work can be illustrated by the following timeline:

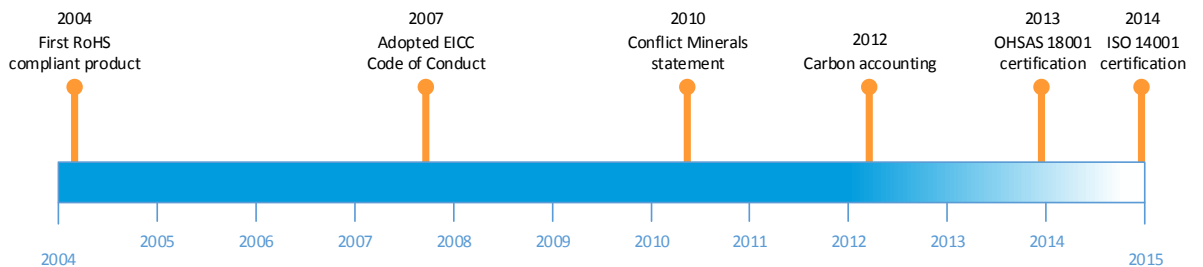


Figure 1: Timeline illustrating Nordic Semiconductor’s CSR work and milestones.

Electronic Industry Citizenship Coalition

From EICC's webpage:

"Founded in 2004 by a group of leading electronics companies, the EICC is a non-profit coalition of electronics companies committed to supporting the rights and wellbeing of workers and communities worldwide affected by the global electronics supply chain.

Today the EICC is comprised of nearly 100 electronics companies with combined annual revenue of nearly \$2.6 trillion, directly employing over 5.5 million people. In addition to EICC members, thousands of companies that are Tier 1 suppliers to those members are required to implement the EICC Code of Conduct.

The EICC Code of Conduct is a set of standards on social, environmental and ethical issues in the electronics industry supply chain. The standards set out in the Code of Conduct reference international norms and standards including for instance the Universal Declaration of Human Rights, ILO International Labor Standards, OECD Guidelines for Multinational Enterprises, ISO and SA standards."

More information: <http://www.eiccoalition.org/>

HUMAN RIGHTS AND WORKERS' RIGHTS

Guidelines

Nordic Semiconductor is committed to uphold and protect internationally proclaimed human rights and workers' rights, and to treat workers with dignity and respect as understood by the international community.

Principles, procedures and standards

Principles for upholding human rights and workers' rights are outlined in EICC Code of Conduct.

Based on risk assessment by Nordic Semiconductor, our main focus area relating to Human Rights and Workers' 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's 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.

Implementation and evaluation of results

To date, Nordic Semiconductor has never had a human rights or labor issue.

Conflict minerals:

Nordic Semiconductor investigates for country of origin based on the reporting scheme set out by the Conflict-Free Sourcing Initiative, an initiative by EICC and the Global e-Sustainability Initiative based on OECD Due Diligence Guidance. Reporting and communication with customers and suppliers is structured around the EICC GeSI Conflict Minerals reporting template, a format that has become the industry standard for reporting on the origin of the metals used, traced to identified smelters in the supply chain. The smelters are audited by the Conflict-Free Sourcing Initiative.

Nordic Semiconductor monitors identified smelters Conflict-Free Smelter Program compliance status as well as customer feedback in relation to tracing of the metals origin.

In 2013 and 2014 Nordic Semiconductor has seen an increased interest from customers with regards to conflict minerals reporting when comparing to previous years. At the same time, we have also seen improvements in the reporting system to make the reports more streamlined, as well as more smelters being audited and compliant to the Conflict-Free Sourcing Initiative.

CFSP compliance status

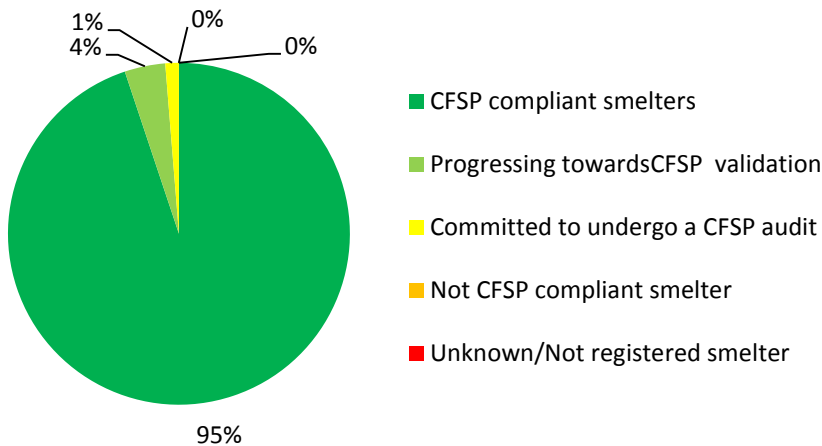


Figure 2: Overview of smelters in Nordic Semiconductor's IC supply chain and their CFSP compliance status.

No incidents of minerals supporting armed conflicts have been discovered. In the future, should such incidents be identified, they would be dealt with through appropriate policies, root cause analysis and corrective actions.

Suppliers

Nordic Semiconductor requires all tier 1 subcontractors to follow the EICC Code of Conduct, and encourages them to require the same from their suppliers. In 2014, all Nordic's tier 1 suppliers have been required to complete a self-audit questionnaire to identify and document compliance to the EICC Code of Conduct. Items from this survey will be followed up in future supplier audits.

In 2014, 100% of our major suppliers had their own documented corporate social responsibility policy including adherence to EICC Code of Conduct, and commitment to communicate this to next tier supplier.

Expectations for 2015

It is expected that customer focus on Conflict Minerals reporting will still be a topic of attention in the coming years.

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.

HEALTH AND SAFETY

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 is certified to the standard OHSAS 18001 Occupational Health and Safety Management System by DNV GL.

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 2014 are the following:

Operational target	2014 result
Work related incidents = 0	No reported incidents
Short time sick leave < half of national average for Norway	1.9% See Figure 3 for absence due to illness.
Employee turnover < 5% annual	4% See Figure 4 for employee turnover.

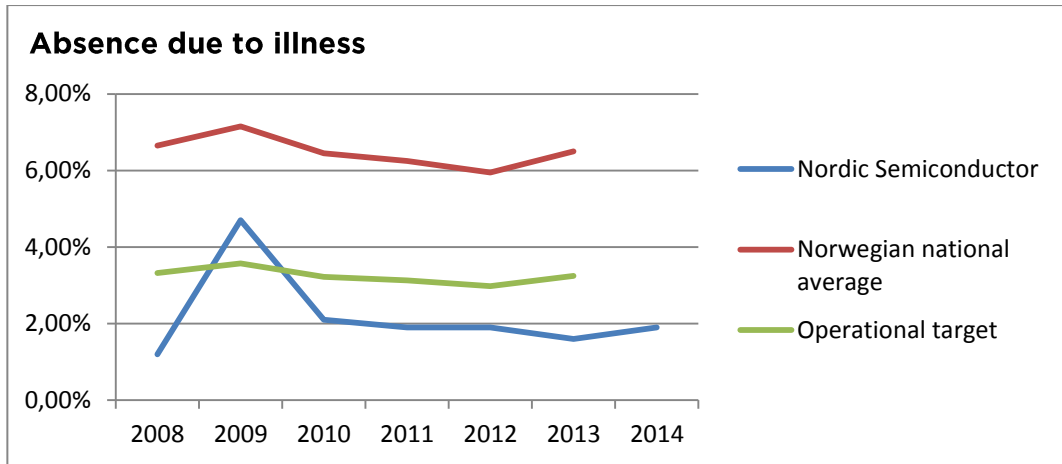


Figure 3: Sick leave trend Nordic Semiconductor. Norwegian national average for 2014 have not yet been published

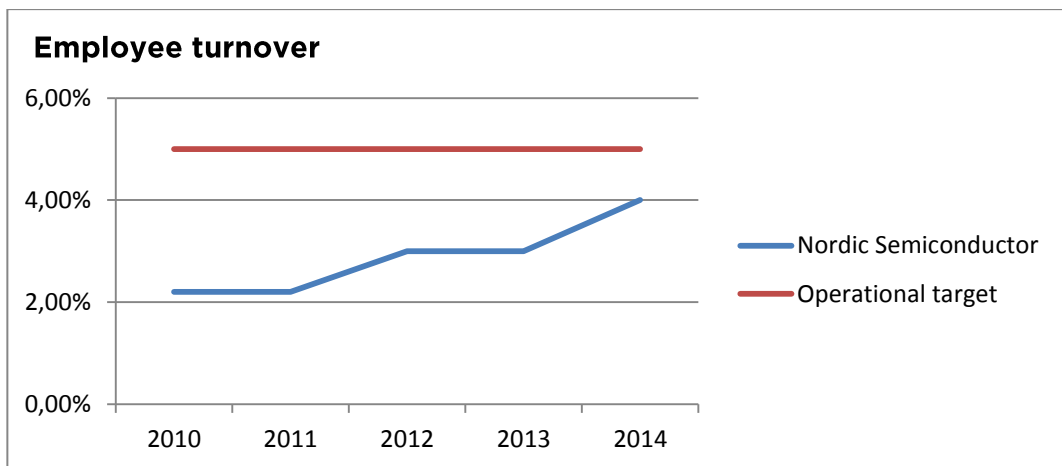


Figure 4: Employee turnover trend for Nordic Semiconductor.

Occupational health service

Occupation health controls are conducted every year by a third party Health Service. Summary of results from 2014:

- Employees are very satisfied with the working environment. The results are improved compared to 2013.
- Low sick leave
- Good focus on ergonomic review as preventive actions
- 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 2015.

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.

Results from ergonomic improvement actions from 2013 gave positive results, as indicated by Occupational Health Services. This work has continued in 2014 with investing in adjustable desks and other ergonomic adjustments.

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 2015

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. Opening a new office in Finland with about 100 new employees will require focus on transfer of working methods and organization culture.

Starting from 2015 all Nordic office locations with more than one employee shall have a designated Safety responsible.

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
- minimize the use of hazardous materials in our products
- compliance with applicable legislation
- our suppliers live up to Nordic's environmental standards
- continuously reduce the environmental impact of our activities.

Principles, procedures and standards

Nordic Semiconductor has integrated its management system for Environmental Management into the quality system to minimize our impact on the environment. In December 2014, Nordic Semiconductor was certified to the standard ISO 14001: Environmental Management Systems by DNV GL.

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 its management system. The basic principle for the procedures is Reduce-Reuse-Recycle:

Reduce

Nordic is working 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.

Scarcity of natural resources and conservation of raw materials are considered important. By identifying substitute alternatives, such as substituting copper for gold in almost all products, we have been able to reduce costs and environmental impact without sacrificing quality and performance. Nordic Semiconductor has also worked actively to reduce the quantity of hazardous substances used in our labs.

Re-use

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.

Recycle

Nordic Semiconductor has implemented routines for sorting and disposing material in a responsible manner by use of certified recycling companies. 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.

Actions and results

The following are identified as significant environmental aspects for Nordic Semiconductor, due to legislative requirements or that our activities have an impact on the environment:

- Hazardous substances in products and subcontractors operations
- Handling of chemicals in R&D lab areas
- Waste and wastewater treatment in production
- Greenhouse emissions

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.

2014 showed no major non-conformities or findings of prohibited substances above limitations.

Chemical handling in R&D lab areas

Nordic Semiconductor has in 2014 actively reduced the number of chemicals used in the laboratories. Routines for responsible disposal of chemical and chemical containers, as well as risk assessment and responsibilities have been implemented into our management system.

Waste and Water management

Nordic Semiconductor is working continuously to maximize production yield, thus reducing production waste. Scrapped electronic components from production are sorted and recycled according to EE-regulations.

Water management represents a low risk for Nordic Semiconductor directly, but water scarcity is relevant for some of our subcontractors, and it is important for us to monitor the usage and wastewater treatment related to production of our components to ensure production capacity.

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

Greenhouse gasses emission

Nordic Semiconductor has monitored annual carbon emission since 2011. See results for 2013 in Table 1 (2014 results will be ready in Q2 2015). The measurement includes emission from tier 1. Wafer production and assembly of products represent the largest contributions to the greenhouse gasses accounting.

Nordic Semiconductor reports these data to Carbon Disclosure Project (www.cdp.net) on annual basis.

Category	Emission (tonnes CO2e)	Percentage (%)
Diesel/gas oil usage	-	0,0 %
Natural gas usage	-	0,0 %
Sum scope 1	-	0,0 %
Electricity	280,5	1,1 %
District heating	25,1	0,1 %
Sum scope 2	305,6	1,2 %
Air travel	367,3	1,5 %
Wafer processing	20 744,4	82,3 %
Assembly	3 619,9	14,4 %
Waste	103,1	0,4 %
Transport	65,1	0,3 %
Sum scope 3	24 899,8	98,8 %
Total corporate CO2 emissions	25 205,3	100%

Table 1: Nordic Semiconductor carbon emission for 2013. Scope 1 is direct use of fuels, Scope 2 is purchased electricity or heating, Scope 3 is indirect emission (including subcontractors).

The high contribution to total emission from subcontracted services makes it relevant for Nordic Semiconductor to focus on this emission. Figure 6 below displays emission per wafer and per assembled unit (integrated circuit):

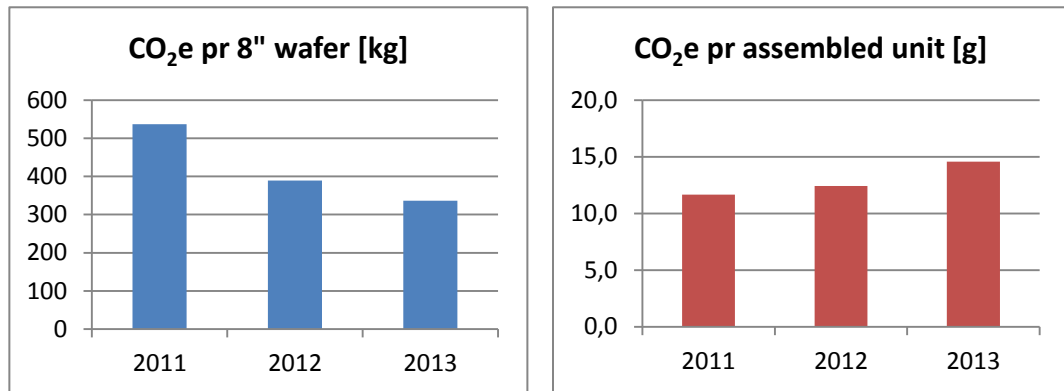


Figure 6: Emission (CO2 equivalents) for wafer production and assembly.

Emission per processed wafer shows a decreasing trend, which is mainly due to our supplier's efforts to reduce their emissions. Emission from the assembly process has increased over the last year, something that is mainly related to start-up activities at one new supplier (high electricity consumption, low volume production). Other suppliers for assembly perform equally or better than previous year.

Greenhouse gas emissions represent a low risk for Nordic Semiconductor, but 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 our production cost or capacity.

Suppliers

As a fabless semiconductor company, it is important that all of Nordic's subcontractors are committed to environmental impact reduction. Nordic Semiconductor requires all subcontractors to be ISO 14001 certified and to follow the EICC Code of Conduct. Monitoring data in relation to environmental issues is a relevant part of decision-making and risk analysis.

Hazardous Substances are followed up with suppliers on regular basis, and communicated by a Hazardous Substances Specification for Suppliers.

Emission data and water usage for both wafer production and product assembly are provided by Nordic Semiconductor's subcontractors. 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. In 2014 focused supplier audits were used specifically to control subcontractors' routines with respect to environmental issues such as waste and wastewater.

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

Expectations for 2015

Little or no significant change is expected for emission data for 2014. We expect to achieve more knowledge and awareness around water management.

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

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.

From 2014 all employees are required to read and sign both «Insider trading regulations form» and «Non-corruption acknowledgment form». The issue of anti-corruption is addressed in training sessions for all new employees.

No incidents of bribery, corruption or unethical business behavior were identified in 2014.

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 2015

Nordic Semiconductor does not expect any incidents of corruption or unethical behavior in 2015.

COMMUNITY INVOLVEMENT

November 8th 2013 the typhoon Haiyan reached Tacloban in the Philippines, killing more than five thousand people.

As Nordic Semiconductor does business in Laguna, Philippines, the company recognized its responsibility to invest in the community, and to contribute with support to the victims of the disaster.

Early in 2014, Nordic Semiconductor contributed \$100.000 to Project Streetlight (www.streetlight.org/), to help re-build Streetlight's facilities after the disaster. Project Streetlight is a volunteer organization that runs a center with orphanage, school and medical assistance for children in Tacloban. Streetlight's center was badly damaged from the typhoon.

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.



WORLD WIDE OFFICE LOCATIONS

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