








# Corporate Social Responsibility Report



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## ON Semiconductor

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## A Letter from Our President and CEO — Keith Jackson

[G4: 102 – 14]

ON Semiconductor delivered a record-setting year in 2016. In September of 2016, we acquired Fairchild Semiconductor for \$2.4 billion. With a diverse product portfolio of market-leading products, our company has become increasingly important for our customers and partners. With this growth, our stakeholders are progressively more interested in how our company continues to remain committed to corporate social responsibly. Environmental conservation and engagement programs, the inclusion of our supply chain, and recognition throughout the communities in which we do business all tie into our everlasting responsibility to being a good corporate citizen. Our customers, partners and suppliers all provide invaluable support and information to make our business more sustainable, our products more efficient and enable our company to sustain superior quality standards.

By conducting our operations in an environmentally, socially and ethically responsible manner, we are committed to providing customers with environmentally sound and high quality products. A large part of corporate social responsibility at ON Semiconductor is based on our full membership in the Electronics Industry Citizenship Coalition (EICC). We continue to abide by the EICC's Code of Conduct, and we rely on a team of highly effective corporate social responsibility site champions to ensure that each of our manufacturing sites is in compliance with the EICC Code, international standards and other guidelines. Additionally, all ON Semiconductor suppliers are required to agree and comply with ON Semiconductor's Code of Business Conduct and the EICC Code of Conduct. Moving forward, we are planning to develop a Supplier Code of Conduct and corresponding online training that clearly outlines our expectations and assists suppliers in understanding these expectations.

Beyond engaging our supply chain, all ON Semiconductor employees receive yearly corporate social responsibility training, with the latest training occurring in October of 2016. The training covers issues central to the EICC, such as labor standards, health and safety, environmental sustainability and conflict minerals. We also provide additional corporate social responsibility-related training to our corporate social responsibility site champions, internal auditors and subject matter experts who promote compliance with EICC standards and best practices at our manufacturing sites every day.

The conservation efforts throughout our company reach many areas. All of our factories are continuously engaged in multiple sustainability projects aimed at conserving water, electricity and fuel. Conservation highlights from 2016 include:

- The amount of total waste reused and recycled in 2016 was 12,995,246 kilograms while landfill was 11,755,619 kilograms.
- Approximately 1,072 metric tons of scrap materials and 1,933 pounds of precious metals from the company's worldwide manufacturing facilities were processed, sorted and sold for reuse.
- Water consumption was reduced by 2.2 percent in 2016 compared to the annual consumption in 2015. The company recycled or reused 5,446,796,235 liters (49 percent of total quantity withdrawn).
- Total energy consumption was reduced by 3.35 percent compared to the annual consumption in 2015. There was a 9.62 percent reduction in energy consumption at ON Semiconductor wafer fabs and 7.29 percent reduction at assembly and test sites from the previous year.

We remain diligent in our conservation efforts. Our sustainability objectives for 2016-2020 include reducing chemical, energy, water and carbon consumption each by five percent.

In the community, our efforts have been recognized by multiple conservation awards throughout 2016. Key awards include:

- Huawei Green Partner Award: ON Semiconductor received Huawei's Green Partner Certification for the period of 2014 through 2016. This certification reflects our capability to meet Huawei's stringent requirements in such areas as non-use of restricted substances, energy efficiency, and emission and waste treatment.
- Industrial Waste Water Award: For the fourteenth year in row, the city of Gresham, Oregon's Waste Water Department recognized our manufacturing site in Gresham for not having any industrial waste water violations.

- Environmental Sustainability Award: Our site in Niigata, Japan received the Niigata Prefecture Environmental Sustainability Award from the local government.
- Energy Efficient Upgrades: Our Pocatello, Idaho facility completed upgrades that were estimated to save over 2,671,000 kilowatt-hours per year, the equivalent electricity needed to power 212 average residential homes. Idaho Power recognized our site with an incentive award for LED interior lighting upgrades.

Beyond our conservation awards, ON Semiconductor received various awards in 2016 that speak to our commitment to our employees and communities. Some of these recognitions include being named as Outstanding Employer of the Year Award for the third consecutive year from the Philippines Economic Zone Authority, National Model of Employer Award from the China Federation of Trade Unions and for two consecutive years to the Forbes 2016 America's Best Employers list and named as a World's Most Ethical Company by Ethisphere.

Our focus stems from our highly ethical culture, safety first, quality always mentality and our Core Values: Respect, Integrity and Initiative. The corporate social responsibility initiatives, conservation efforts, volunteer work and awards mentioned throughout this report wouldn't be possible without the perseverance of our employees. Our employees' hard work and commitment to our Core Values are part of what makes our business thrive. We will remain dedicated to maintaining a distinctive, world class quality system, which surpasses all international quality standards and aims to exceed customer expectations.



Keith Jackson  
President and CEO



## Report Overview

[G4:102-1 – 102-3] [G4: 102-5] [G4: 102-46] [G4: 102-54] [G4: 102-56]

Our 2016 Corporate Social Responsibility (CSR) Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The 2016 report expands on and provides updates to several topics covered in our 2015 report, which was published in June 2016. Some of the topics included are the company's business profile, governance and ethics, employee relations, environmental impacts and our involvement in the community. With the acquisition of Fairchild Semiconductor in 2016, the scope of the report includes detailed information from our newly acquired sites and our expanded employee base. Although we have not sought external assurance for the content of our 2016 CSR Report, certain data included is subject to external review and all information provided is reviewed internally.

More information about our operations and financial statements is available in our [2016 Sec Form 10-K](#).

## Corporate Social Responsibility Statement of Commitment

As a global supplier to customers worldwide, we operate across a diverse range of cultures and international markets. Our business is committed to providing our customers with inventive, high quality products that are environmentally sound. We conduct our operations in an environmentally, socially and ethically responsible manner and comply with applicable laws and regulations, including those related to anti-corruption, of countries where we do business. The commitment is deeply ingrained in our Core Values, policies and our [Code of Business Conduct](#).

We are a member of many organizations and initiatives that focus on technological advances in sustainable energy, power conservation and corporate responsibility. One of these is the Electronics Industry Citizenship Coalition (EICC). As a [full member of the EICC](#), we embrace the [EICC Code of Conduct](#) and have incorporated these tenets into our facility and supplier programs. We take multiple actions to verify the absence of forced labor, slavery and human trafficking within our supply chain. Additionally, we work collaboratively with our suppliers to encourage their compliance with the Conflict-Free Sourcing Initiative's (CFSI) conflict-free minerals policy and other supply chain initiatives.

We are proud of our commitment to operate in a transparent, socially responsible manner towards our employees, suppliers, customers and the communities in which we do business worldwide.

## Corporate Social Responsibility Strategy

Corporate social responsibility at our company is deeply rooted in our Core Values of Respect, Integrity and Initiative. We provide our customers around the globe with a broad portfolio of innovative, energy efficient and environmentally friendly semiconductor solutions addressing virtually all market segments. Our business and manufacturing operations are comprised of a diverse spectrum of geographies, cultures and technologies.

# INGENUITY





## OUR BUSINESS

### Overview

[G4: 102-1 – 102-3] [ G4: 102-5]

ON Semiconductor (NASDAQ: ON) is a publicly traded global semiconductor company headquartered in Phoenix, Arizona. Driving energy efficient innovations, we are empowering customers to reduce global energy use. We are a leading supplier of semiconductor-based solutions, offering a comprehensive portfolio of energy efficient power management, analog, sensors, logic, timing, connectivity, discrete, SoC and custom devices. Our products help engineers solve their unique design challenges in [automotive, communications, computing, consumer, industrial, medical, aerospace and defense applications](#). We operate a responsive, reliable, world-class supply chain and quality program, a robust compliance and ethics program and a network of manufacturing facilities, sales offices and design centers in key markets throughout North America, Europe and the Asia Pacific regions.

To learn more about our ownership structure and legal proceedings see our [annual report](#) filed with the Securities and Exchange Commission (SEC).

### Mission, Vision and Culture

#### Mission

We deliver high quality, energy efficient solutions to solve our customers' electronics design challenges with a world-class supply chain and ethical culture committed to global corporate social responsibility.

#### Vision

We will be the trusted supplier of choice for energy efficient innovations.

#### Culture

We promote a mutually rewarding partnership that creates a customer-oriented organization, encourages innovation and teamwork and rewards achievements. We value quality, efficiency and superior customer service.

### Core Values

[G4: 102-16]

Our Core Values, which were first developed in 2004, define who we are as individuals and as representatives of ON Semiconductor. We are a performance-based company committed to profitable growth, world class operating results, benchmark quality and delivering superior customer and shareholder value. By putting our Core Values of Integrity, Respect and Initiative into action, we each do our part in making our company a great place to work. Each year, our governance body and employees globally are provided a copy of the company's Core Values through the [Code of Business Conduct](#), which is available in languages that represent our worldwide workforce.

#### Respect

We treat each other with dignity and respect. We share information and encourage different views in an open and honest environment. We draw out the best in each other, recognizing that diversity of backgrounds and experience are key strengths. We all win when we support each other.

#### Integrity

We mean what we say and say what we mean. Our company has set high standards for our products and individual conduct. Our reputation depends on the highest standards of ethical behavior. We are accountable for delivering our commitments on time with highest quality. We address issues objectively, using facts and constructive feedback in a work atmosphere where we do not fear open discussion or questions. When a decision has been made, we work to support it. We comply with all legal requirements and hold ourselves to the highest standards of ethical conduct.

#### Initiative

We value people who demonstrate a positive, "can-do" attitude, while collaborating to win. We work intelligently, with a sense of urgency, while always maintaining our commitment to comply with applicable laws, regulations and standards. If a problem exists, we see it through to rapid resolution while acting in an ethical manner. Each of us is expected to demonstrate these Core Values in our roles at ON Semiconductor. These values apply equally to us all—employees and directors alike.





**Respect**



**Integrity**

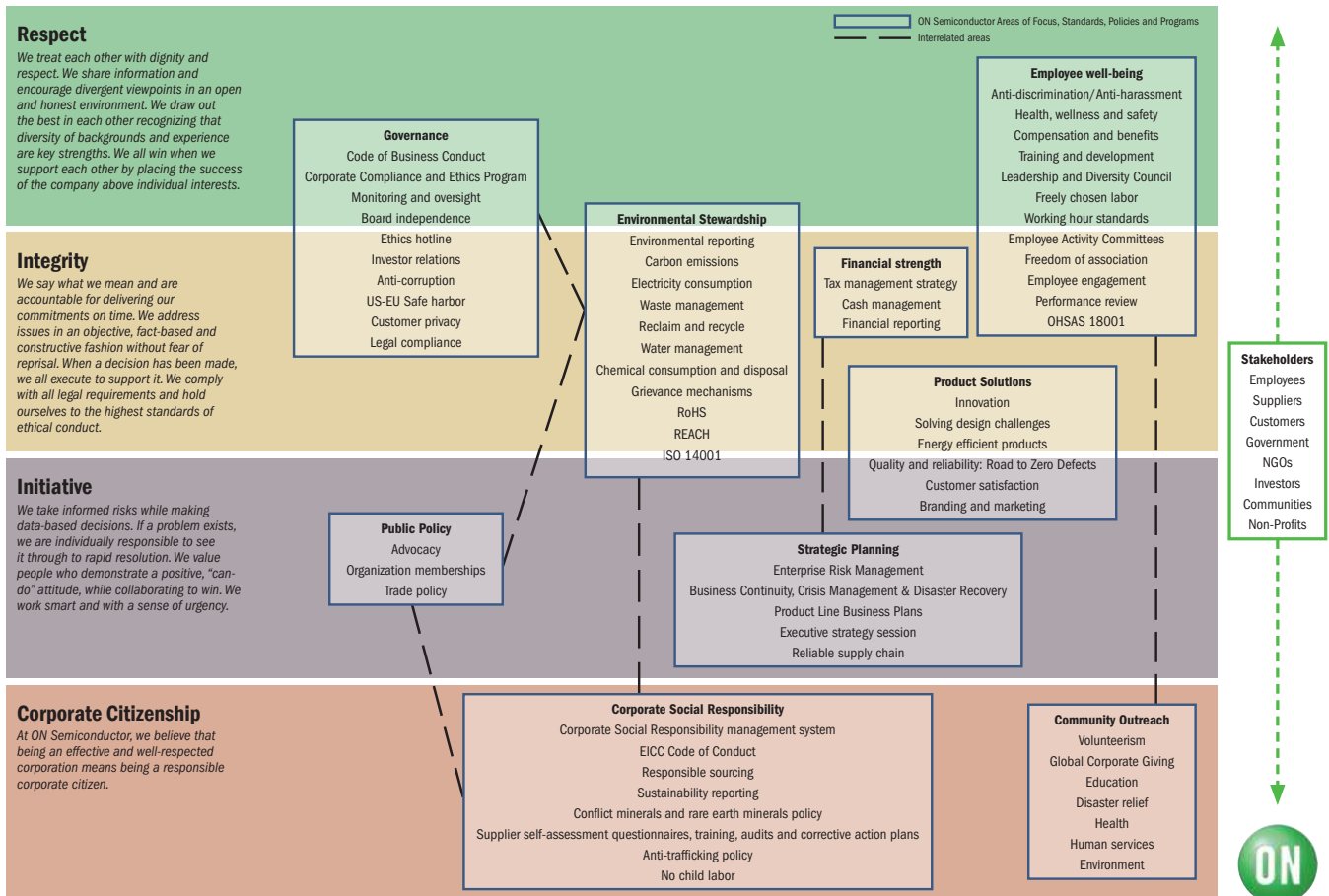


**Initiative**

## Core Values and Corporate Social Responsibility Map

### ON Semiconductor Core Values, Principles, and Programs

ON Semiconductor's operations are deeply rooted in the company's core values of respect, integrity and initiative as well as our guiding principle of being an excellent corporate citizen. See how our standards, programs and policies are connected to our core values and principles.







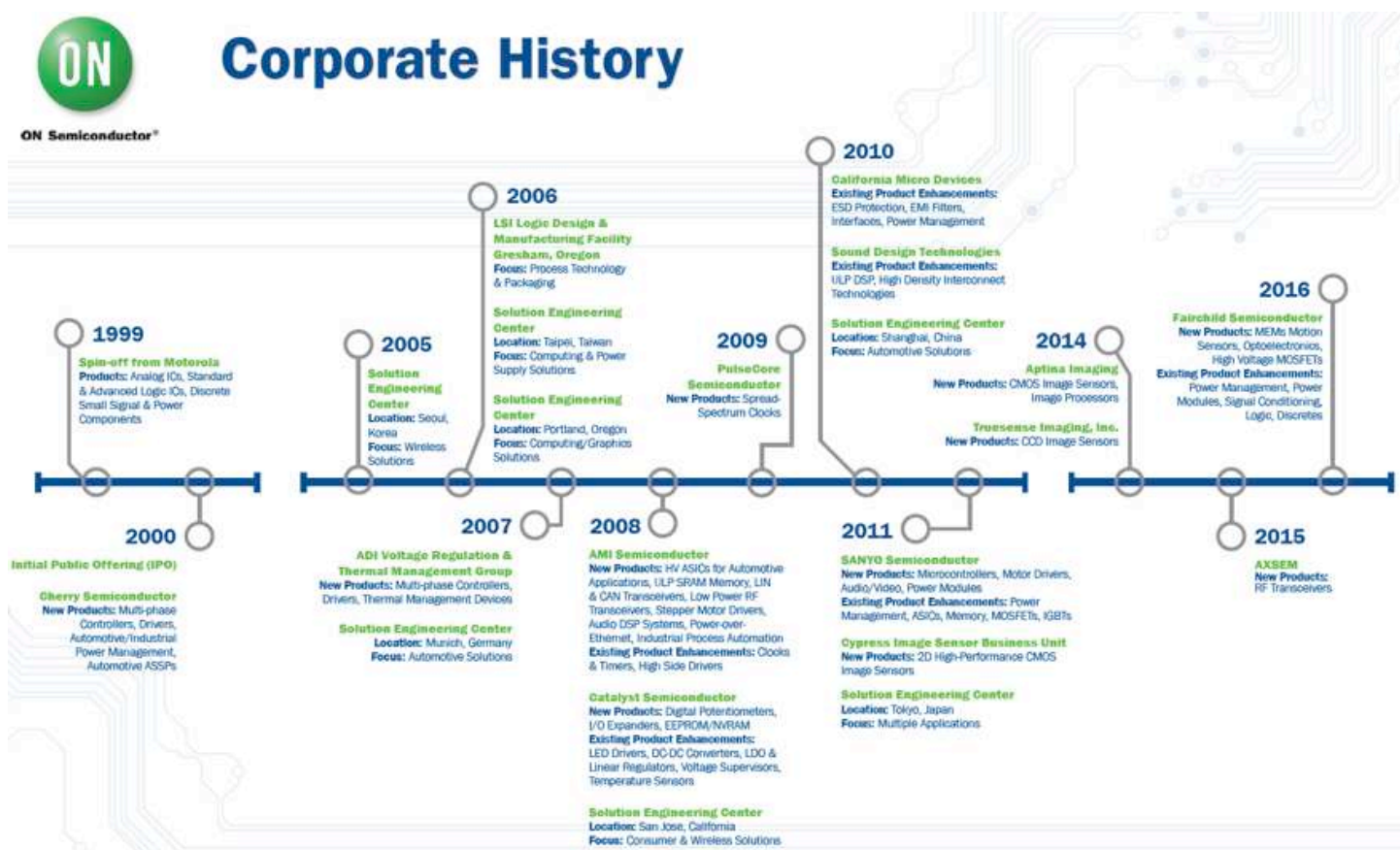
## Mergers and Acquisitions

In our highly competitive industry, we remain agile and strategic in order to meet business and market needs. Our focus stems from our highly ethical culture, safety first, quality always mentality and our Core Values of Respect, Integrity and Initiative.

Since our spin off from Motorola in 1999, we have proudly incorporated best practices and leaders from all of our acquisitions.

On Sept. 19, 2016, we announced the close of the Fairchild Semiconductor acquisition and we officially welcomed the Fairchild team to the ON Semiconductor family. The acquisition of Fairchild Semiconductor further advances our global leadership in the power semiconductor market. Our presence in key markets – automotive, industrial and wireless – and with a high voltage product portfolio is now strengthened. We will continue to pioneer technology and design innovation in efficient energy consumption to help our customers achieve success and drive value for our partners and employees around the world.

## ON Semiconductor Through the Years



## Worldwide Locations

[G4: 102-4]



### Manufacturing Locations:

Belgium, Canada, China, Czech Republic, Japan, Malaysia, Philippines, South Korea, United States, Vietnam

### Design Center Locations:

Belgium, Canada, Czech Republic, France, Germany, India, Ireland, Japan, Korea, Philippines, Romania, Slovak Republic, Switzerland, Taiwan, United Kingdom, United States

### Solution Engineering Center Locations:

China, Germany, Japan, South Korea, Taiwan, United States

## Our Brand

### Empowering Design Engineers to Reduce Global Energy Use

We have established ourselves as a market leader in high efficiency power solutions for automotive, high performance power conversion, industrial, wired and wireless communications and computing applications. By working closely with associations, industry standards organizations, and government entities such as ENERGY STAR®, the China National Institute of Standardization, and the European Energy Using Products (EuP) Directive, we continue to demonstrate our commitment to the development of innovative energy efficient solutions to support a variety of end markets. To help reduce new product development costs, speed time-to-market for customers and support the design of energy efficient electronics, we provide online Power Supply WebDesigner™ tools and GreenPoint® reference designs, for a range of applications that meet or exceed global energy efficiency standards. We offer innovative products that enable more efficient power supplies through improved power factor, enhanced active-mode efficiency, and reduced standby-mode power consumption.



## Helping Customers Solve their Unique Design Challenges

We work closely and collaboratively with our customers to solve their unique design challenges using innovative technologies, robust designs, and energy efficient products and solutions. We operate a global network of Solutions Engineering Centers (SECs), on-site customer design facilities, and applications-focused design and test labs, all supported by global teams of field applications engineers working to meet the needs of an expanding customer base.

## Operating a World-Class Supply Chain and Quality Program

We operate a flexible, reliable, responsive supply chain that supports complex manufacturing networks and dynamic global market conditions. This includes multiple manufacturing and logistics sites located near our customers to ensure supply continuity. During 2016, we shipped more than 59.4 billion units through our global logistics network and delivered products with greater than 94 percent average on time delivery to requested dates for all key customers. Our company sustains world-class quality performance, with average defect rates of less than 170 parts per billion (ppb). Our company's approximately 32,000 employees around the world are collaborating with customers, distribution partners and vendors to develop not only more efficient silicon solutions, but more efficient ways of doing business.

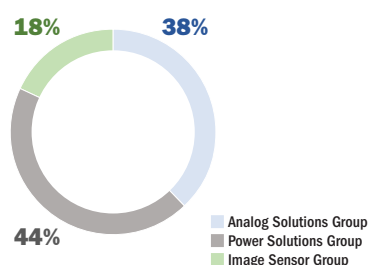
## Demonstrated Financial Strength

[G4: 102-6 – 102-7]

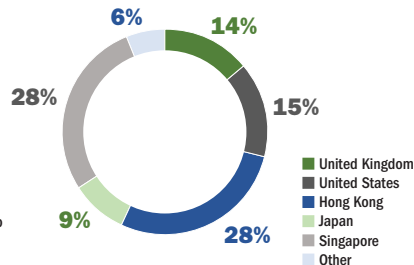
Our company demonstrates financial strength and efficiency through strong cash flow, a stable revenue stream, and balanced geographic and end-market exposure. Our company's financial performance and effective use of resources should continue to provide opportunities for growth moving forward.

Automotive Sector (34% of Revenue)	Computing Sector (12% of Revenue)	Consumer Sector (12% of Revenue)	Communications Sector (20% of Revenue)	Industrial Sector (22% of Revenue)
<ul style="list-style-type: none"> <li>• Active Safety</li> <li>• Fuel Economy &amp; Emissions Reduction</li> <li>• Body Electronics</li> <li>• Connectivity &amp; Power Management</li> <li>• Lighting</li> </ul>	<ul style="list-style-type: none"> <li>• Wireless Charging</li> <li>• USB Type-C Solutions</li> <li>• Power Conversion</li> <li>• AC Power Adapter</li> <li>• Server Power</li> </ul>	<ul style="list-style-type: none"> <li>• Connectivity</li> <li>• Power Conversion</li> <li>• Audio/Video/Imaging</li> <li>• Motor Control</li> <li>• Wireless Charging</li> </ul>	<ul style="list-style-type: none"> <li>• Wireless Charging</li> <li>• USB Type-C Solutions</li> <li>• RF Tuning</li> <li>• Wall-to-Battery Power</li> <li>• Netcom Power</li> </ul>	<ul style="list-style-type: none"> <li>• Lighting</li> <li>• Connectivity</li> <li>• Imaging/Sensing</li> <li>• Power Conversion</li> <li>• Motor Control</li> </ul>

Revenue by Group



Revenue by Region



Data presented as of December 31, 2016



## Enterprise Risk Management

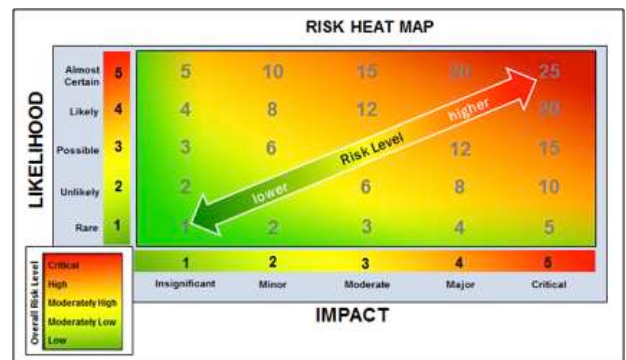
[G4: 102-11]

Leading companies outperform their peers because they do a better job of taking and managing risks – not because they do a better job avoiding them. The goal of our Enterprise Risk Management (ERM) program is to systematically, consistently, and effectively identify, evaluate, prioritize and manage key risks affecting the company. Our ERM program strives to develop a risk-aware culture across the company and drive effective efforts to mitigate or capitalize on top priority risks.

Our ERM cycle includes processes and tools to identify, prioritize and respond to high priority enterprise risks. The process operates within the context of the overall corporate strategic planning process and within the boundaries established by our company's continually evolving risk appetite. The program includes distinct effort to address both nearer-term existing risks, as well as longer-term emerging risks. Emerging risk scenario planning is critical as these types of risks are often more difficult to align to a single function within the company, thus making ownership more difficult to apply. If ignored, emerging risks can quickly gain momentum – often with devastating effects.

We identify and evaluate risks across all organizations within the company and across many dimensions. Through our ERM discipline, we categorize both existing and emerging risks within the following groupings:

- Business/Strategy
- Financial
- Operational
- Technology/New Product Development
- Legal, Regulatory, Compliance and Ethics
- Human Capital
- Reputational



Communication and reporting continue throughout all phases of the process. All business groups and support functions report top risks to the executive staff and Board of Directors on a quarterly basis. Presentations to the Board include a risk heat map depicting the associated group's top risks, risk rating score, target risk level and a summary of relevant mitigation actions, including status and completion timeframe. Emerging risk sessions are conducted semi-annually with results also reported to the executive team and Board.

Critical to the execution of the ERM program, we have appointed a Chief Risk Officer and a Corporate Risk Committee, in addition to creating a comprehensive network of ERM Risk Champions to support the program. Risk champions are individuals from all functional groups within our company who are trained to be ERM subject matter experts within their organizations and to help drive risk management discipline across all levels within their respective groups. While our executive team continues to set a strong tone at the top regarding risk management, the risk champions are key to driving an even stronger mood in the middle. Through their actions, example and guidance, risk champions lend credibility to the direction set by the Board and senior corporate staff with respect to risk management.

One significant component of our company's ERM program that cannot be overemphasized is in the conversation, communication and collaboration driven by the process. The program promotes better strategic decision making across all levels and functions of the company. While our ERM program continues to evolve, mature and improve, we have already made great strides in making it a critical activity which has the full support of executive leadership and the Board of Directors.





## Quality and Reliability

We have demonstrated our commitment to live by stringent, internationally accepted requirements for reliability and quality. We launched the Road to Zero Defects initiative over three years ago to eliminate quality excursions, improve 8D responsiveness, lower our parts per billion (ppb) defect rate and enhance our quality standards. We recognize that incorporating these objectives in our service offerings, processes and products will establish the foundation to use our quality and reliability as weapons of growth for the corporation. Ultimately, we are committed to maintaining a distinctive, world class quality system, which transcends all international quality standards and aims to exceed customer expectations.

## Culture of Quality

Every other year, we survey our employees globally to measure their understanding of the company's quality initiatives and to gain insight on their perception of our quality program. A strong culture of quality is defined by an environment in which employees hear, feel and see quality all around them. From May through June of 2016, 84 percent of our employees participated in the survey, bringing up the total response rate by nine percentage points from 2014.

Results from the survey demonstrated that we improved performance due to increased focus on our quality culture and performance in our Road to Zero Defects projects. Overall, our company performed higher than the average score of benchmark companies surveyed in the areas of employee ownership, peer involvement and leadership emphasis. An area of improvement recognized through the survey is message credibility. In an effort to continuously improve, our quality groups solicited recommendations on how to perform better in this area, allowing the company to better meet the goal of improving culture of quality, which benefits our employees, customers and company.

## Our Commitment

**[G4: 102-16] [G4: 102-18] [G4: 205-1] [G4: 412-1]**

A central component of corporate social responsibility at our company is based on our membership of the Electronics Industry Citizenship Coalition (EICC). As a full member of the EICC, we abide by the EICC Code of Conduct and are committed to upholding EICC standards regarding labor, ethics, environment, health and safety, and management systems. We also follow environmental laws, regulations and other social responsibility requirements that are applicable to our activities and our customers' products. As a sign of our commitment to corporate social responsibility, we are dedicated to adhering to the increasing number of laws and regulations such as RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation and Authorization of Chemicals) within our manufacturing process as well as our suppliers'. We continuously work with our suppliers to certify that our products are free from any restricted materials and to ensure that all metals utilized in our products are sourced from conflict-free mines.

Our corporate social responsibility steering committee comprises of leaders from corporate social responsibility, quality, legal, supply chain, human resources and environmental, health and safety (EHS). The committee is responsible for ensuring that a corporate social responsibility system is established, implemented and maintained in accordance with the EICC Code of Conduct, international standards and other guidelines as determined by the organization. Regular review meetings with corporate staff ensure that our strategy continues to be suitable and effective for our growing organization.

We are deeply committed to meeting or exceeding the same requirements that we set for our suppliers. To ensure that each of our manufacturing sites is in compliance with the EICC Code, international standards and other guidelines, the company relies on a team of highly effective corporate social responsibility site champions. Their efforts are strengthened by corporate social responsibility subject matter experts in North America, Europe and Asia.



Outside of our responsibilities as an EICC member, we assess other risks related to our own operations. Our company lists 24 manufacturing facilities around the world in our [2016 Sec Form 10-K](#). All locations were initially considered when risk was assessed and continue to be assessed on an ongoing basis. Since we sell our products around the world, the risk assessment is based on location and types of customers.

While there are no significant risks that were identified, some areas presented a greater risk than other areas. In assessing the risks related to corruption, a major factor is the ranking of the country in which our factory is located according to the Transparency International Corruption Perceptions Index. For the 10 countries in which we have factories, two countries were in the lower half of the 2016 country rankings – the Philippines (ranked 101) and Vietnam (ranked 113). Additionally, we have a greater risk with customers in China (ranked 79) because a number of electronics manufacturers are state owned enterprises and their employees are considered government officials under the U.S. Foreign Corrupt Practices Act.

## Responsible Sourcing

[G4: 102-9 – 102-10] [G4: 204-1] [G4: 308-2] [G4: 414-2]

Our supply chain has a multifaceted supply structure of direct materials suppliers, foundry and subcontractor providers, indirect material suppliers and professional service providers deployed across a global sourcing and procurement organization. We worked with approximately 7,000 suppliers in the Americas, Asia Pacific, Europe and the Middle East in 2016. The various categories of suppliers are managed through both centralized strategic sourcing organizations and site procurement teams.

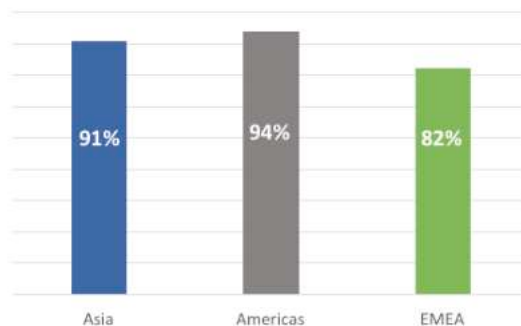
The following graphic shows what percentage of our manufacturing sites' procurement budgets were spent on suppliers local to the site's region in 2016.

Through the acquisition of Fairchild Semiconductor in 2016, we have increased our global manufacturing and support footprint. The only change to the structure of our global supply chain organization will be the addition of a dedicated direct materials supplier quality team reporting to the procurement group. Direct material quality has become increasingly important to ON Semiconductor, necessitating a dedicated team to service all manufacturing sites.

### Setting Expectations

We clearly communicate our expectations to suppliers, assess risks within our supply chain and validate the compliance of suppliers to the EICC Code of Conduct and local laws and regulations through site visits. All suppliers are required to agree and comply with ON Semiconductor's Code of Business Conduct and the EICC Code of Conduct. Every other year we require our major corporate and site-level suppliers, based on spend, to resign ON Semiconductor's CSR Statement of Conformance, the company's Code of Business Conduct and the EICC Code of Conduct. As an indication of their agreement, over 200 of our key suppliers re-signed ON Semiconductor's CSR Statement of Conformance and EICC Code of Conduct in 2015. While 65 of these suppliers were within the major corporate supplier category, the remainder fell within the top spend category of site suppliers. The company will re-engage suppliers on this initiative in 2017.

**ON Semiconductor 2016 Spend on Local Suppliers by Region**



*Data does not include Fairchild Semiconductor.*

**69**

**On-site service providers completed CSR training in 2016.**

**266**

**Risk assessments were completed by ON Semiconductor suppliers in 2016.**

### Risk Assessments

Along with signing the CSR Statement of Conformance, our major corporate suppliers must also complete the EICC self-assessment questionnaire, which serves as a risk assessment tool. While we require all site level suppliers to comply with the EICC Code of Conduct, completing self-assessment questionnaires is optional, but highly encouraged. In total, 266 suppliers submitted or updated their self-assessment questionnaire in 2015.



## Capacity Building

In the interest of continuous improvement and to remain actively engaged within our supply chain, we offer EICC training to suppliers. The complimentary online trainings provide further insight on the EICC Code of Conduct and strive to build skills and capabilities that allow our suppliers to meet the industry standards set forth by the EICC. Forty-two suppliers of ON Semiconductor Malaysia also attended an in-person compliance and ethics briefing in May 2016 that covered anti-corruption and other topics of our Code of Business Conduct and the EICC Code of Conduct.

To further strengthen due diligence within our supply chain, we expanded the scope of training to include on-site service providers in 2016. Complimentary online training on the EICC Code of Conduct was provided to management staff of on-site service providers at our manufacturing locations.

## Validation

On an annual basis, we seek to validate supplier and on-site service provider conformance to the EICC Code of Conduct and local laws and regulations through third party verification. If any discrepancies are found between EICC standards or local laws and practices, we work closely with our suppliers and on-site service providers to address nonconformance through corrective action plans.

## Conflict Minerals in Our Supply Chain

As a purchaser of products containing the metals tin, tantalum, tungsten or gold (conflict minerals) from suppliers for use in our manufacturing process, we continue to be concerned about the reports of violence and human rights violations resulting from the sourcing of such metals from the Democratic Republic of Congo (DRC) and adjoining countries. As a result of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and related U.S. Securities and Exchange Commission implementing rules, public companies are subject to disclosure requirements for the purpose of promoting awareness on the use of conflict minerals.

Conflict minerals are obtained from sources worldwide, and we do not desire to eliminate those originating in the DRC and adjoining countries. However, we are committed to ensuring conflict free sourcing of minerals from our supply chain through collaboration with our suppliers. As a member of the Electronic Industry Citizenship Coalition (EICC), we also participate in the Conflict Free Sourcing Initiative (CFSI), which began as a joint effort between the EICC and Global e-Sustainability Initiative (GeSI). Being a member of the initiative requires that members engage in reasonable due diligence with their supply chain to assure such minerals are not being sourced from entities supporting armed conflict within the DRC and adjoining countries. We also recognize the importance of supporting responsible mineral sourcing from the DRC and adjoining countries so as not to negatively impact the economies of those countries.

We expect our suppliers to engage in due diligence to analyze their sources and to complete the CFSI Conflict Minerals Reporting Template (CMRT). Suppliers must ensure that all minerals sold to or used to manufacture products for use by us originate from certified conflict free smelters validated as compliant by the CFSI protocol. This global initiative utilizes an independent third party to evaluate a smelter's procurement activities and determine if the smelter demonstrates that minerals they processed originated from conflict free sources.

In 2015, we achieved our road to zero unknown smelters. Supplier conformance and incorporation of new requirements are an on-going process and we will continue to review and update our information as necessary. If we become aware that our supply chain includes uncertified minerals sourced from a conflict region, we will take action to promptly review the circumstances and remedy the situation as appropriate.

Please see our latest [conflict minerals report](#) for more information.

### Looking Forward: Responsible Sourcing

*To continually improve our due diligence within our supply chain, we plan to develop a corporate social responsibility awareness package and corresponding online training that clearly outlines our expectations and assist suppliers in understanding and complying with corporate social responsibility standards.*

## Recognition

### Gigabyte 2016 Corporate Social Responsibility Award

Our company was presented with a “2016 Corporate Social Responsibility Award” and a “2016 Best Partner Award” by Gigabyte Technology. We were one of only two companies being recognized for both awards for our significant achievements in corporate social responsibility, technology, quality and customer satisfaction. The corporate social responsibility award was attributed to our satisfying Gigabyte’s strict requirements in all of the six categories, namely corporate social responsibility management, environmental protection, labor practices and human rights, fair business practices, supply chain responsibility, and contribution to community and society. More and more of our leading customers are recognizing their suppliers who have developed a solid corporate social responsibility program, and they are incorporating corporate social responsibility performance into their criteria for supplier selection.

### EICC Validated Audit Program (VAP) Platinum Status

The EICC aims to drive continuous improvement and recognize the value of factories complying with EICC standards. After achieving a full score of 200 points in the factory’s first EICC VAP, our site in Roznov received the highest level of recognition through a platinum status award. The recognition demonstrates ON Semiconductor Roznov’s efforts, commitment and leadership in corporate social responsibility.



### Ecovadis

EcoVadis is an online corporate social responsibility platform that aims to improve environmental and social practices of companies by leveraging the influence of global supply chains. The assessment is based on four themes: the environment, labor practice and human rights, fair business practices and sustainable procurement. EcoVadis assesses company policies and practices on aspects such as energy consumption, local pollution, health and safety, labor relations, corruption and bribery, and human rights within the supply chain.



In August 2015, we completed our third EcoVadis Assessment to evaluate our corporate social responsibility initiatives. Overall, we scored 75/100, giving us a Gold rating. The significantly improved score also places us alongside 2 percent of all 150 companies surveyed in the “Manufacturer of Electronic Components or Boards” industry category. Through this result, we are considered “advanced” in that we have a structured and proactive approach to corporate social responsibility; policies and tangible actions on major issues with detailed implementation; and significant CSR reporting and performance indicators. We will complete our next EcoVadis assessment in October, 2017.

### Celestica Best Sustainability Partner Award

In 2016, we were presented with Celestica’s Best Sustainability Partner Award as a testament to our long-term commitment to provide the electronics marketplace with a broad range of innovative, energy efficient semiconductor products that offer industry-leading levels of performance and reliability.





# PRINCIPLES

THINK  ON.

## OUR GOVERNANCE AND ETHICS

*"ON Semiconductor strives to achieve the strongest culture of organizational ethics by aligning ethical judgement with action throughout the company. We encourage employees across the entire enterprise to be leaders in modeling ethical behavior on a day-to-day basis. By ingraining this in our company culture, we are committed to finding better ways to deliver superior performance in our business operations, compliance, ethics and corporate social responsibility."*



*Sonny Cave, Executive Vice President, General Counsel, Chief Compliance and Ethics Officer, Chief Risk Officer and Corporate Secretary*

### Overview

[G4: 102-18] [G4: 405-1]

All business conducted at our company by employees, managers and officers is under the direction of the chief executive officer and the oversight of the Board of Directors. The Board has at least five scheduled meetings annually at which the Board and its various committees review and discuss reports by management and the performance of the company. Our corporate governance principles further set forth certain requirements under which the Board and management operate.

#### Board of Directors Summary

Report Overview	
Total board size	10
Independent directors	9
Women on the board	1
Age limit	75 years old
Board breakdown by age and gender	F – 1; M – 9 Age: 54, 55, 58, 61, 61, 61, 63, 68, 69, 73
Number of board meetings annually	
• Audit committee	Quarterly at minimum
• Compensation committee	Twice per year at minimum
• Corporate governance and nominating committee	Twice per year at minimum
• Executive	As deemed appropriate
• Integration oversight	As deemed appropriate
• Science and technology	As deemed appropriate
Taxes paid to government	See <a href="#">2016 Sec Form 10-K</a>



## Management Approach

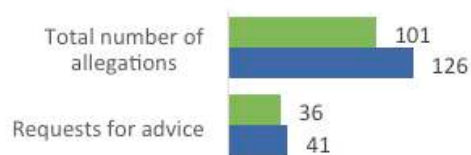
Our Corporate Compliance and Ethics Program is designed to assist the company in preventing, detecting and responding to unethical or illegal conduct and to promote a culture at ON Semiconductor that encourages ethical conduct and a commitment to compliance with the law. The Audit Committee of the Board regularly oversees and reviews the company's Corporate Compliance and Ethics Program. The Board is also informed of the state of this program and individual incidents on a regular basis.

The Corporate Compliance and Ethics Program provides a procedural framework for enhancing and monitoring our compliance with the Code of Business Conduct, the policies referenced in the Code and all other rules or regulations governing the company and our worldwide operations. Additionally, the program is structured to comply with, among other laws and regulations, the requirements of the [Sarbanes-Oxley Act of 2002](#), the [Foreign Corrupt Practices Act of 1977](#), the [Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010](#) and the Listing Rules of NASDAQ Stock Market, Inc.

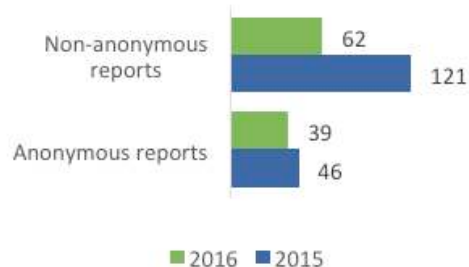
The Corporate Compliance and Ethics Program is strengthened by a network of 35 Compliance and Ethics Liaisons (CELs) located at our sites around the world. CELs provide vital support and assistance to the Chief Compliance and Ethics Officer, as well as other senior management in the day-to-day implementation and administration of the Corporate Compliance and Ethics Program. The CELs serve as the first local point of contact for employees who have concern regarding issues or events that may be in conflict with our Code of Business Conduct or any other company policy, regulation or law.

Representatives from the Corporate Compliance and Ethics Program Committee visited the majority of the former Fairchild Semiconductor locations to share an overview of our robust compliance and ethics program and to discuss the importance of promoting an ethical culture and doing the right thing. Our new colleagues showed sincere appreciation that senior members of the Corporate Compliance and Ethics Program had traveled from Phoenix, Arizona to meet with them to discuss the importance of compliance and ethics. We added to our strong network of compliance and ethics liaisons by appointing CELs at some of our new sites including Bucheon, South Korea; Cebu, Philippines; Mountain Top, Pennsylvania; Munich, Germany; Singapore; South Portland, Maine and Suzhou, China. As we continually strive to further strengthen our program, the company appointed a CEL for Nampa, Idaho and Meridian, Idaho, three additional CELs in Malaysia, and appointed two new assistant compliance and ethics officers based in Europe and Asia. We are aware of cultural differences and takes those into consideration to create and promote an environment in which all employees feel comfortable speaking up to raise questions or voice their concerns.

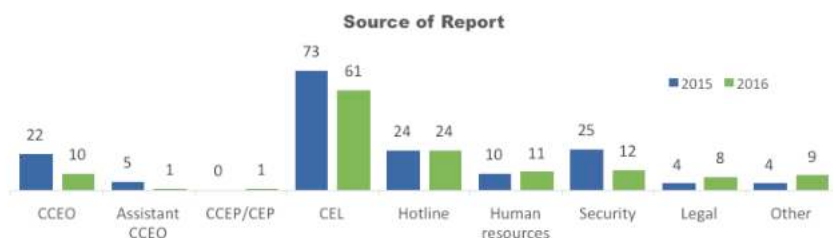
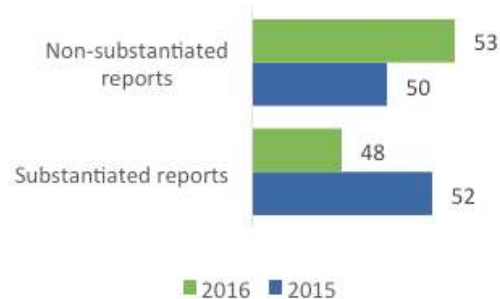
### Compliance and Ethics Allegations & Requests for Advice



### Anonymity of Report



### Allegations Substantiated



## Ethics Awareness

### Global Compliance and Ethics Week

Every year, we celebrate Global Compliance and Ethics Week, which coincides with The Society of Corporate Compliance and Ethics (SCCE) and the Health Care Compliance Association (HCCA)'s Corporate Compliance and Ethics Week. The event is an opportunity for companies to highlight the importance of ethics and compliance in the workplace and educate employees further on ethical practices. We showcase the advancements of our Corporate Compliance and Ethics Program and reinforce what employees learn during the annual Code of Business Conduct rollout. The week provides awareness, recognition and reinforcement of our Corporate Compliance and Ethics Program as well as location-specific learning activities and celebrations.

#### Looking Forward: 2017 Global Compliance, Ethics and Corporate Social Responsibility Week

*In 2017, we will include information and activities related to corporate social responsibility during our company's annual Global Compliance and Ethics Week. Due to strong links and common themes between ethics, compliance and corporate social responsibility, we believe this will be an effective method of further educating our employees on the topics.*

### Ethics and Compliance Training

[G4: 205-2] [G4: 412-2]

#### Code of Business Conduct

Our company's [Code of Business Conduct](#) is a critical part of our Corporate Compliance and Ethics Program. The Code embodies legal and ethical business conduct embraced by our company. We require our employees to apply the Code of Business Conduct to their day-to-day business dealings and personal activities that relate to the company. It is available for employees to review in 14 different languages, making it easily accessible to employees where we do business.

The Code of Business Conduct is reviewed annually by our legal team. Every year, we require the Board of Directors and all employees to read, understand and comply with the updated Code of Business Conduct, and also take a related online training.

#### Corporate Social Responsibility

We conduct mandatory corporate social responsibility training for all employees each year, with the latest in October 2016. The training covers issues central to the EICC, such as labor standards, health and safety, environmental sustainability and conflict minerals. We also provide additional corporate social responsibility-related training to our corporate social responsibility site champions, internal auditors and subject matter experts who promote compliance with EICC standards and best practices in corporate social responsibility at our manufacturing sites at an on-going basis.

#### Looking Forward: 2017 Corporate Social Responsibility Training

*In 2017, we will increase the breadth and depth of our annual corporate social responsibility training to include information on other topics in addition to EICC compliance and conflict minerals. Our training will educate employees on other corporate social responsibility topics such as eco-efficiency, the global reporting initiative, corporate philanthropy and employee volunteerism.*





### **Information Technology Security Awareness**

As a company, we take information security seriously. Our greatest tool in preventing a security breach is our employees. We provide annual information security awareness training in 14 languages, conduct mock social engineering campaigns globally and ensure employees are provided guidance and training on what a potential information security threat can look like and what to do when they suspect a malicious threat. As we protect information, whether it be customer, employee or intellectual data from unauthorized access, use, disclosure, disruption, modification, inspection or destruction, we are constantly innovating to reduce the potential risks to our information network. In 2016, we achieved a 100 percent completion rate for information security awareness training.

For the first time, we hosted a global Cyber Security Awareness Month in October 2016. The initiative aimed to promote better habits of responsible information protection in our work and personal lives. Each week, employees were provided a scenario that promoted good practices including protecting our company's network, controlled access to systems and passwords, backing up critical data, safeguarding sensitive information, legally purchasing and licensing systems and using company resources appropriately.

### **Supplemental Compliance Training**

Every other year, we also require managers and other select individuals to complete additional compliance-related training courses such as anti-corruption, anti-harassment/anti-discrimination and other topics. Having a strong compliance and ethics culture is vital to the success of our company. Maintaining and strengthening a vigorous corporate ethical culture will mitigate risks, make our company a great place to work, improve our business and financial performance, protect our company's reputation and goodwill and provide a competitive advantage in the market. In total, all Board members received communication on the company's anti-corruption policies and programs and received training on the topic during the annual Code of Business Conduct training. One hundred percent of the employees selected completed a standalone anti-corruption training. The employees selected for the training make up approximately 23 percent of our employee population, including those who joined the company through the Fairchild Semiconductor acquisition. One hundred percent of the employees selected also completed the anti-harassment/anti-discrimination training from November 2015 until January 2016.



### **Public Policy and Activities**

We support public policies that encourage the innovation, investment and open markets necessary to advance the company's vision of driving energy efficient innovations that empower customers to reduce global energy use. Our public policy program reflects our profile as a global company that is headquartered in the United States, interacting regularly with governments around the world. Much of the company's public policy advocacy is performed through the U.S. Semiconductor Industry Association (SIA), although our company is also a member of local associations in the regions in which we operate.

We have been an active participant in the World Semiconductor Council (WSC), an organization composed of the world's leading semiconductor industry associations from China, Chinese Taipei, Europe, Japan, Korea and the United States. The organization meets annually at the CEO level to make recommendations to governments and authorities on issues such as expanding the global market for information technology products by promoting fair competition, sound environmental and health & safety practices, intellectual property rights and open markets.

Among the public policies that we supported in 2016 were the following:

- **The Information Technology Agreement (ITA)** – In December 2015, trade ministers from over 50 countries agreed to expand the ITA and thereby eliminate tariffs on approximately \$1.3 trillion in annual global exports of information and communications technology products, thus lowering the cost of these products for consumers. The original 1996 ITA eliminated tariffs ON Semiconductors, computers and telecommunications equipment, but with the explosion of global trade in IT products and with technology advances creating products that did not exist in 1996, the need to update the ITA became increasingly paramount. In 2016 the semiconductor industry focused on facilitating the implementation of the ITA expansion agreement in conjunction with the update of the World Customs Organization's harmonized product classification system.
- **Tax Regulations** – We supported the semiconductor industry's efforts to ensure that the U.S. Treasury Department's proposed Section 385 rules did not unintentionally disrupt routine international business transactions that allow U.S. companies to compete in global markets. The final regulations substantially resolved the industry's concerns.
- **Automotive Safety** – In 2016 we began engaging with government agencies and industry associations to discuss the contributions that semiconductors, and particularly image sensors, can make to Advanced Driver Assist Systems (ADAS) to improve automobile safety. Over a million people die each year due to automobile accidents, and the United Nations has declared that 2011-2020 is the Decade of Action for Road Safety. In the United States alone, ADAS can prevent about 10,000 fatalities from automobile accidents.
- **Stopping counterfeit semiconductors** – Counterfeit semiconductors are unreliable and can fail at any time. The semiconductor industry has found counterfeits in air bags, train braking systems, and other applications where a failure can have serious health or safety consequences. In 2016, we assisted law enforcement to identify and prosecute brokers of counterfeit goods, and strengthened its internal policies to prevent counterfeits from entering the supply chain.

## Political Contributions

In the U.S., companies and other organizations are allowed to organize Political Action Committees (PACs) to support political candidates with funds contributed by qualified employees. Our company has chosen not to have a PAC and did not make any political contributions in the company's name in 2016.

## Ethics Hotline

We have a Corporate Compliance and Ethics Program designed to prevent and detect violations of our Code of Business Conduct, other standards of conduct and the law.

If employees have a concern of this nature, they may report it anonymously or otherwise using the Ethics Hotline which is available for employees by phone, toll-free, 24 hours a day, seven days a week. Translators are available in all languages where we do business. Alternatively, questions and reports may be made to the Ethics Hotline online. Except as restricted by law, employees may make reports to the Ethics Hotline anonymously. Our company makes it clear to employees that it will not retaliate against anyone who raises a concern in good faith.

U.S. and Canada: 1-800-243-0186

All other locations: AT&T country access code + 800-243-0186.

However no access code is required for China, Hong Kong, Korea, Slovenia and Thailand.

Online: <https://onsemiconductor.tnwreports.com/>



## Recognition

### 2017 World's Most Ethical Company

For the second time in a row, we received the coveted World's Most Ethical company designation by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices. We were one of six companies being honored in the Electronic Components and Semiconductors category, highlighting our leadership among global companies in ethical business standards and practices. We attribute this prestigious recognition to our longstanding and active pursuit of the total alignment of all business objectives with exercising utmost care and commitment to ethical stewardship. Our principles of compliance, ethics and social responsibility are modeled from the top and instilled in each employee, in accordance with our Core Values of Integrity, Respect and Initiative. This commitment results in trust from customers and partners, who count on us to be honest and equitable, even in the toughest of times.



*"As the landscape of the semiconductor industry remains fluid and continuously consolidating, the ability to consistently demonstrate ethical operations and culture remains critical to business operations. The key factor to outpacing competitors is to stay true to a foundation built on integrity and accountability. Leveraging our ethical practices is one of our biggest differentiators."*

*Keith Jackson, ON Semiconductor President and CEO*

**TALENT**







## OUR PEOPLE

*"At ON Semiconductor, we believe our company's vision, mission, values and culture provide opportunities to all employees. We develop and empower our employees to lead in their workplace. Working together, as one global team, will drive continued success. By cultivating a diverse and empowered workplace, ON Semiconductor will meet or exceed the expectations of our stakeholders – employees, customers, suppliers and shareholders around the world."*



*Tobin Cookman, Senior Vice President, Human Resources*

### Overview

[G4: 102-7]

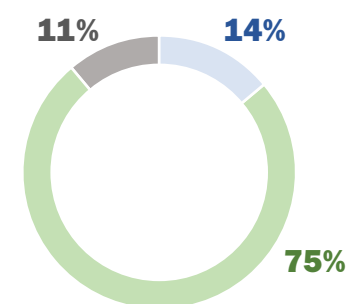
Our global community of employees is based in locations around the world with major facilities in the U.S., Belgium, Canada, France, Ireland, Slovak Republic, Czech Republic, Japan, Korea, China, Malaysia, Vietnam and the Philippines. As of December 2016, we had approximately 32,000 employees in total, with over 900 based at our corporate headquarters in Phoenix, Arizona.

### Management Approach

Our human resources group has the primary responsibility of attracting, developing and retaining the best and the brightest globally. The senior vice president of human resources resides over groups such as organizational development, talent acquisition, total rewards and performance management and is heavily involved with the Senior Leader Inclusion and Diversity Council.

The human rights and workplace rights of our workers, as stipulated under the EICC Code of Conduct and local laws and regulations, are monitored and managed collaboratively through our corporate social responsibility, environmental, health and safety, legal and human resources groups. We adhere to human rights-related standards including freely chosen employment, anti-human trafficking, prohibition on child and young labor, non-discrimination and anti-harassment, among others. Our corporate social responsibility site champions and working team members engage in quarterly key performance indicator reporting on labor, ethics and health and safety metrics. On an annual basis, each of our manufacturing sites also complete a risk assessment and undergo on-site verification.

Worldwide Workforce by Region



Americas Asia EMEA

Data presented as of December 31, 2016



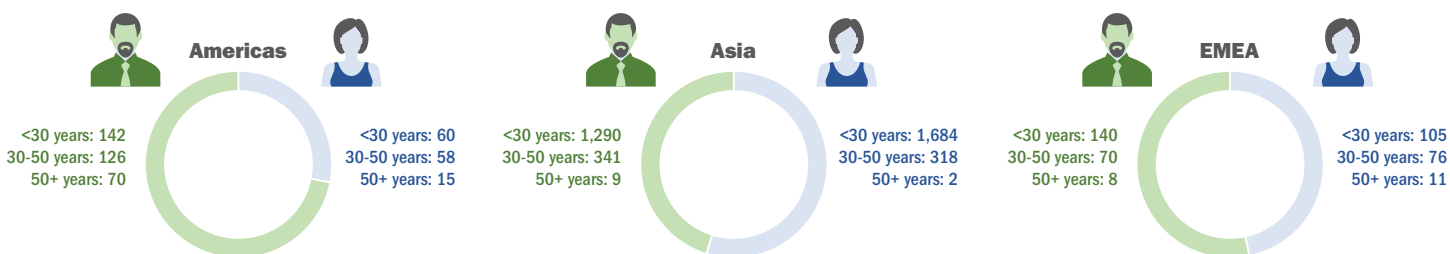
## Recruitment and Retention

[G4: 401-1]

We proactively seek new candidates to add to our innovative and customer-oriented organization. We continually look for talented candidates who desire challenging, empowering and engaging careers. To further diversify our workforce, we recruit university graduates and candidates from underrepresented groups who bring various perspectives and diverse knowledge to the company.

Along with our STEM UP (Science, Technology Engineering and Mathematics for all Underrepresented Populations) and women's leadership affinity groups, human resources in the U.S. partnered with organizations such as the National Society of Black Engineers, Society of Hispanic Professional Engineers and the American Indian Science and Engineering Society to reach historically underrepresented populations in 2016.

### New Hires



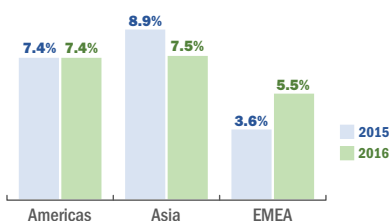
Data presented is as of December 31, 2016.

We strive to create an environment in which our employees are supported, engaged and committed. We drive programs to foster higher levels of employee engagement and reward our employees well in order to reduce global turnover.

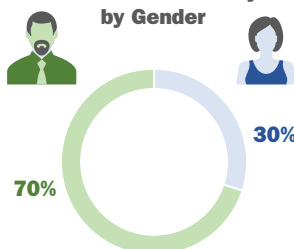
### Internal Transfers and Promotions

In addition to our external recruiting efforts, we look within the company for new ways that current talent can contribute to our operations. We support transfers and promotions so employees can gain further experience while taking on a new role or responsibility locally or globally.

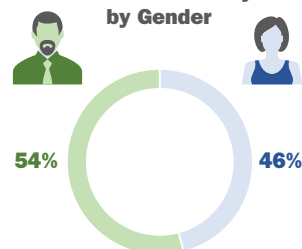
#### Voluntary Turnover by Region



#### Promotions Globally by Gender



#### Transfers Globally by Gender



Data presented is as of December 31, 2016.

## Professional Training and Development

[G4: 404-2]

We are considered among best-practice companies as our investment in professional development opportunities continues to grow. Our employee learning and development programs equip employees with the skills necessary to complete their work safely, ethically and efficiently, while also ensuring that our critical talent pipelines can meet future needs.



All new employees go through new employee orientation to familiarize them with all aspects of the company, including operations, strategies and expectations. The training also covers environmental health and safety awareness, corporate social responsibility as well as our expectations for ethical conduct.

Our company's leadership development program is focusing on building leaders that drive continuous improvement of company performance in the marketplace and workplace. We have increased spending on training partnerships, course content and learning management system exploration. Our executive leaders are committed to providing professional development with a focus on leadership to better equip our employees with the tools necessary to become effective leaders.

### **Skillsoft Leadership Advantage**

In June 2016, our organizational development team, in partnership with SkillSoft expanded the availability of cutting-edge professional development offerings by 200 percent. This allowed an additional 4,000 employees to have the opportunity to attend eLearning courses, read best-selling business summaries and watch lectures by the most influential leaders around the globe. Skillsoft Leadership Advantage is comprised of eight leadership topics including leading strategic ability, managing, self-management, talent management, working with others, analytical skills and business acumen.

### **Lean Six Sigma**

Access to Lean Six Sigma has also expanded in an effort to create an informed and ready-to-act workforce. Since 2015, over 1,200 employees have completed the online Lean Six Sigma Awareness course which was designed to work in tandem with Black Belt certification and Kaizen events occurring around our company.

### **Educational Assistance**

We offer an educational assistance program to encourage employees to increase their technical competence and deliver value-added contributions toward company objectives by pursuing professional development through continued education. Employees may receive assistance for courses, certification programs and degrees for furthering their formal education. The courses, certification programs and degree programs covered under this policy must meet certain criteria established by our company.

<b>Professional Development</b> Integrated core competencies into our performance management process 	<b>2016 Global Learning and Development Highlights</b>	
<b>Course Offerings</b> More than 500 business courses in over 20 categories including: <ul style="list-style-type: none"><li>• Strategy and innovation</li><li>• Project management</li><li>• Management &amp; leadership</li><li>• Professional effectiveness</li><li>• Global business</li></ul> 	<b>Desktop Skills</b> Increase course offerings by more than 200% More than 500 courses in basic, advance and expert levels of learning 	<b>Instruction Lead Training</b> Introduced additional topics on soft skills curriculum for professional development 

## Commitment to Diversity

[G4: 405-1]

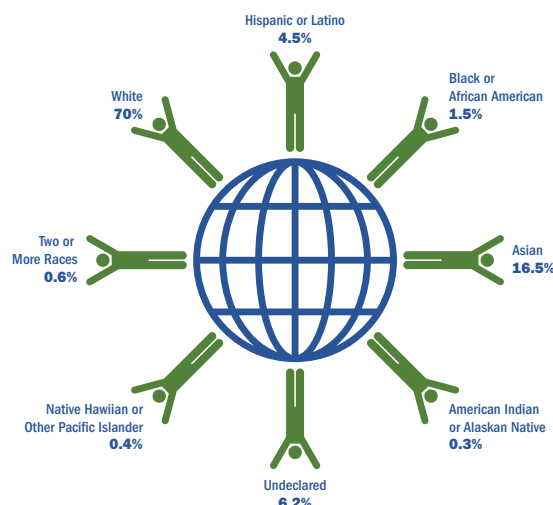
We have long remained committed to diversity and inclusion, recognizing that the company is at its strongest when it effectively draws upon the wide variety of experiences, knowledge, culture, customers and backgrounds from all employees and leaders. As a company, we celebrate differences and promote an inclusive environment by valuing the contributions of our employees. Our knowledge of diversity goes beyond race, ethnicity and gender. Diversity is about understanding and embracing the unique differences, talents and perspectives of employees, customers and suppliers. Diversity of thinking helps us continue to encourage the creativity and innovation necessary for us to maintain a competitive advantage in the global marketplace.

We believe our company's vision, values and culture afford opportunities for everyone to make a difference in building a successful global business. We are constantly striving towards a more diverse workplace which benefits our company and enables us to more successfully meet the needs of all our stakeholders – customers, suppliers, employees and shareholders worldwide.

### Senior Leaders Diversity and Inclusion Council

The Senior Leaders Diversity and Inclusion Council is a governing body that provides leadership, direction and support to make us a more diverse and inclusive company. Through the Council, we continued to support the Women's Leadership Initiative and also sponsored a new affinity network group called STEM UP in 2016. These groups help facilitate networking, mentoring, cultural awareness, encourage recruitment, provide employee development and retention along with increased collaboration and innovation. Charters for both affinity network groups align seamlessly with our Core Values and have three key focus areas: workplace inclusion, workplace diversity and community partnerships.

We strongly believe a commitment to diversity and inclusion is a commitment to all employees as well as a winning business strategy. For us, this means that employees are empowered to make decisions, coworkers treat each other with dignity and respect and all people including customers, suppliers and the communities we come into contact with are valued.



### Women's Leadership Council

In the spirit of employee development and in combination with diversity recognition, our Senior Leaders Diversity and Inclusion Council has been expanding the Women's Leadership Initiative since its inception in 2014. While beginning with the corporate office location, we have held events in Arizona, California, and Europe over the last two years. In August 2016 ON Semiconductor co-hosted an event with Avnet's Women's Forum and Medtronic's Women's Network. The event featured a prominent guest speaker and provided an opportunity for participants to network and interact in round table discussions with executives from Avnet, Medtronic and ON Semiconductor. To further expand its reach to Asia, the Women's Leadership Council will hold its first event in China in 2017.



Some topics covered through the Women's Leadership Council's networking events, conferences, recruiting events, guest speakers, book clubs and lunch-and-learns include:

- Learning how leading companies utilize the expertise of both men and women to achieve success
- Understanding the importance of setting up structures and strategies to ensure that women are considered for advancement
- Preparing for supporting women's efforts through mentorship, sponsorship, marketing and other activities
- Exploring issues of creating a life of well-being and wisdom as a female leader
- Interacting with other professionals who are involved in advancing women





## In the Spotlight

Arizona Republic's prestigious **2016 Who's Who in Business** listed our company as one of the Top 10 Publicly Held Arizona Companies. Additionally, two of our executives were listed among the state's highest ranking women – Debbie Brogan, vice president of corporate program management, and Kimberly Appleton, vice president of global sales operation.

Brogan and Appleton have led, fostered and strengthened our company's Women's Leadership Initiative as it has grown to become a fully inclusive, global program in 2016. Both vice presidents sponsored this corporate led initiative's expansion outside of North America with kick off events in Europe and Asia. Brogan and Appleton were inspired to launch this initiative because their own careers have grown through similar programs and mentoring of women leaders.

"As a company, we are honored to be named to the 2016 Who's Who in Business," said Appleton.

"We are also personally proud to represent our company's diversity by being listed among Arizona's highest ranking women executives," added Brogan. "Our goal for ON Semiconductor's Women's Leadership Initiative is to facilitate networking for a diverse and inclusive group that promotes our company's Core Values, while providing the tools needed to succeed in today's business world."

## STEM UP

Following the success of the Women's Leadership Initiative, we launched the STEM UP affinity group in February 2016. STEM UP works with groups like the Women's Leadership Council, human resources, the employee activity committee and the general employee population to develop and retain a diverse workforce which positively affects our company's outcome with regard to innovation and performance. The key drivers or focus area of STEM UP are:



- **Recruitment**

*Provide support to take advantage of diverse recruiting events*

In 2016, we attended the National Society of Black Engineers Conference, the Society of Hispanic Professional Engineers Conference and the American Indian Science and Engineering Society Conference to attract talent from diverse population groups.

- **Retention**

*Provide a more inclusive environment for all employees*

A key element of STEM UP is the ambassador program which strives to integrate new hires into the company and provides them with a strong support system through resources and networks. New hires are paired with an ambassador who provides guidance and support to the new employees to become acclimated to the company and local area. Through the ambassador program, we aim to promote a more engaged employee base.

- **Service Learning**

*Provide resources to expose youth and young adults to STEM opportunities and service our local community to create a positive impact and to encourage a diverse talent pool for tomorrow*

We worked with several local schools and charitable organizations to serve and inspire children from under-represented populations throughout the year. For bring your child to work day in April 2016, STEM UP opted to organize a day where students from Griffith Elementary School in Phoenix toured and learned about ON Semiconductor as well as opportunities within the STEM field.

Our work through STEM UP was also featured in the September 2016 edition of PodPi magazine (Volume 7).

### **Looking Forward: Fostering Diversity**

*The Senior Leader Diversity and Inclusion Council plans to sponsor more affinity network groups in the future that facilitate greater networking, cultural awareness, encourage recruitment and provide employee development and retention. Through the affinity network groups, ON Semiconductor aims to promote greater diversity and inclusion.*

### **Equal Employment Opportunity**

We are an equal opportunity employer. Our company maintains policies and practices that are designed to prevent discrimination against any qualified applicant or employee to the extent prohibited by federal, state and local laws and regulations. By way of example, discrimination on the basis of race, color, religion, ancestry, national origin, sex, age, marital status, sexual orientation, disability, medical condition, genetic information and status as a Vietnam-era or special disabled veteran, political affiliation, union membership, gender orientation or expression is prohibited.

Our policy of non-discrimination applies to all employment practices, including hiring, placement, promotion, compensation, benefits, training and termination. Equal opportunity can only be achieved through leadership, commitment and implementation of our diversity and affirmative action programs.

### **Employee Engagement**

#### **Communication and Transparency**

We believe that the best working relationships are fostered through open communication. We maintain an open door policy and encourage employees to freely communicate with the management staff or the human resources group. We strive to keep our employees informed through quarterly business performance meetings, an active intranet platform, regular internal communication emails, an all employee question email box, and the Circuit – a monthly newsletter. The Circuit proves to be an effective medium through which we keep our employees globally informed on business operations, employee engagement, health and safety, community service and other initiatives from our worldwide locations.

#### **Employee Engagement Survey**

**87%**

**Of our employees participated in the employee engagement survey.**

We value our most important asset – our employees. Our company conducts surveys to measure the level of employee engagement and to gain employee perspective on potential improvement points. In September 2015, we partnered with the National Business Research Institute to conduct the companywide employee engagement survey to ensure valid data gathering, analysis and survey results that truly represent the feelings of our employees. All employees were given the opportunity to confidentially and anonymously communicate feedback regarding their work environment, work relationships, job responsibilities, ethics, culture and the company. We received over 21,000 submissions to the employee engagement survey in 2015.

Following the analysis of the employee engagement survey, seven cross-functional global teams gathered recommendations and presented the best ones to the executive team for consideration. The executive team identified two corporate initiatives to address employee recommendations that align with business strategy: communication strategy and career development. The goal of the communication strategy project is to develop effective processes and methods for communicating strategy to the total company. The career management project develops a process, communication strategy, tools and feedback to assist employees at all career ladders and their managers with career development.



## Recognizing our Employees

In order to recognize individuals and groups who make clear differences to our company and stakeholders, we offer our employees a variety of reward and performance recognition programs including competitive base salaries, performance based cash and equity awards, an employee stock purchase plan (subject to location), comprehensive health care plans and company contributions to retirement plans to ensure our employees have the means to adequately prepare for life after ON Semiconductor.

### Performance Management

[G4: 404-3]

We strongly believe that setting clear performance expectations and goals lead to an overall improvement in business performance. We encourage our managers to use a fair and objective performance management process by setting clear performance expectations, delivering regular feedback, identifying career paths and development opportunities, properly evaluating performance and linking it to compensation clearly and recognizing and rewarding top performers. In doing so, we aim to motivate and engage our employees. In 2016, all of our employees globally received a performance appraisal.

### Award Programs

We offer a variety of awards for peers to recognize employees. We encourage our employees to engage in identifying colleagues who have demonstrated exceptional performance in supporting the company's business strategies, objectives and performance goals. The main award categories include the bravo award, department award, group award, technical article award and science and technology publication award and patent award.

### Employee Benefits

To learn more about benefits offered by our company, see our [Regional Benefits Summaries](#) online and [2016 Sec Form 10-K](#).

## Prevention of Slavery and Human Trafficking

We are aware of and have zero tolerance towards human rights violations stemming from slavery and human trafficking. To prevent slavery and human trafficking, we have implemented policies, procedures and management systems to ensure that all work at the company is voluntary and that workers are legally entitled to leave the company upon reasonable notice without penalty. Our company also ensures that workers are not required to hand-over government issued identification or work permit originals to our company or any of our labor agents. We train our human resources staff as well as labor agents on the company's practices on anti-human trafficking and conduct on-site verification to ensure compliance. Incidents of slavery and human trafficking are also verified in our supply chain through the use of risk assessments and site visits.

Our employees and other stakeholders are encouraged to report any concerns they may have on human trafficking through our ethics hotline, the Global Human Trafficking hotline at 1-844-888-FREE or emailing [help@befree.org](mailto:help@befree.org).

Please visit our Corporate Social Responsibility website to learn more about our company's [anti-human trafficking policy statement](#).

## Prevention of Child Labor

Our practice on the use of child and young labor is based upon our global minimum employment age policy. The purpose of this policy is to define and ensure that sufficient measures and controls are in place to verify the minimum age of individuals working at our company. As a rule, we only employ individuals who are at least 18 years of age by the first day of employment. The only exception we make is in China, where the minimum age for employment is 16 years old. To ensure that candidates meet the minimum age requirement, the human resources team engages in due diligence depending on federal, state, regional and local requirements. The global minimum age policy also describes the process to be followed and protection afforded to a discovered child laborer.

We apply the same minimum age requirement for employment at our supplier companies and labor agencies. We work to ensure that our suppliers have the necessary policies, procedures, measures and controls in place through risk assessments and on-site verification to avoid incidents of child labor within our supply chain.

## Health and Safety

### Overview

We are committed to providing a safe and healthy workplace and preventing injury and ill health at ON Semiconductor. Health and safety programs are based on our company's [environmental, occupational health and safety policy](#) and are a priority at each of our sites. We believe that a healthy and safe workplace is vital to the success of our business.

### Management Approach

Our environmental, health and safety (EHS) management system ensures that EHS issues are identified, corrected and communicated to management. We are committed to maintaining and continuously improving our established EHS program. Procedures for our health and safety management system conform to OHSAS 18001 (Occupational Health and Safety Management System) specifications. ON Semiconductor maintains self-declaration of conformance by corporate audits and quarterly reviews. In 2014, we implemented an external audit and certification to OHSAS 18001.

### Safety Standards and Programs

Our safety standards provide requirements that are applicable to all facilities globally. This global management system allows us to continuously maintain and improve health and safety work areas. Procedures regarding the following areas are standardized throughout the company, and facility information is shared with all sites to promote a transparent and reliable culture that further mitigates risk:

- Emergency preparedness and response: chemical spills, injury, emergency egress and fire response
- Hazardous materials: shipping, receiving and transporting, accumulation and storage, hazardous waste treatment and decommissioning of contaminated chemicals
- Industrial hygiene and health resources: heavy metals, ergonomics, hearing conservation, ionizing radiation, laser and radio management and medical restrictions
- Safety: equipment and electrical safety, evacuation program, fire protection, vehicle safety, office and space safety, personal protective equipment program, drinking water protection, toxic and flammable gases, and process safety management

Since launching our safety culture transformational program in 2015, our manufacturing facilities have actively engaged employees to promote a work environment in which a "no-harm" philosophy prevails. By following the principles of a corporate master plan while also respecting regional cultures, each of our manufacturing facilities have developed five-year plans to prevent unsafe acts. Goals are related to preventing chemical exposure, reducing the potential for accidents, assisting employees in developing healthy lifestyles and improving training and communication. Progress toward defined milestones is tracked periodically.

### Health and Safety Data

[G4: 403-2]



Health and safety is equally important at non-manufacturing sites as it is at manufacturing facilities, even though the number and level of risks may vary. In January 2016 corporate EHS launched a campaign to communicate safety culture improvement matters to non-manufacturing sites globally. The commitment by each employee to conduct and manage work in a safe manner will ensure that our vision of a working environment free of unsafe conditions turns into a reality at all of our manufacturing and non-manufacturing sites.





## Our Progress

In order to continue measuring our performance in the area of health and safety, we use a formula combining leading and lagging indicators:

Leading:	Lagging:
• Trend of reported and closed unsafe conditions	• Trend of injuries
• Trend of reported and closed unsafe acts	• Trend of lost work days
• Trend of safety awards per 100 employees	• Near misses
• Safety culture survey	• Evacuations



Data presented is as of December 31, 2016.

### Looking Forward: Zero Injuries

*We have a vision of zero injuries. To achieve this vision, our company continues to implement programs that transform safety into a value proposition and deeply ingrain safety culture into our work environment. Employees understand that everybody is responsible for health and safety and that the actions of one can affect the entire company.*

## Health and Wellness Programs

Health and wellness continues to be one of the top priorities of our compensation and benefits group. As a company, we are committed to creating a culture of wellness and nurturing a healthy and productive workforce. Wellness includes many different dimensions including physical health, emotional health, social, spiritual and financial wellness. Although there is a clear advantage to having a healthy workforce we also believe that leading a healthy lifestyle is just as important outside of work.

### North America

In 2017, we will introduce a new, comprehensive, voluntary wellness program that gives our entire U.S. employee population a variety of tools and incentives that support healthy decision-making. Employees will be able to earn cash incentives by completing corporate wellness challenges, taking advantage of preventive care, reaching step goals, browsing healthy recipes and completing voluntary health assessments. For the last few years, we have also been distributing a monthly newsletter, titled Inspiring Wellness Newsletter, to detail important health and wellness topics. In addition to awareness-building, we also offered flu shots to all employees in 2016. To promote healthy lifestyles, some of our sites are equipped with gymnasiums, have yoga classes and offer massage services. Furthermore, for employees and their families who are covered under the company's medical plan, most preventative services are covered at 100 percent. To support our employees' financial wellness, in May 2016, our 401(k) provider conducted webinars aimed at saving, reducing debt and preparing for retirement.

### Europe

Jobfit, a program that emphasizes nutrition, movement and mental health is available in Belgium. The program promotes eating fruits, vegetables and healthy snacks. Similarly, our site in the Czech Republic also promotes healthy eating and other wellness initiatives. Employees and family members in Roznov attended a health fair in June 2016 to undergo biometric screenings, blood pressure monitoring and body fat percentage screening. The program was professionally run and health care providers explained to employees and their family members the importance of preventative health measures.

## Asia

In Asia, local sites are now posting the Inspiring Wellness Newsletter onsite as well as on their local human resources website. Along with the topics mentioned in the Newsletter, most sites organize similar activities to mirror monthly topics. Some of our locations in Asia offer health awareness programs including regular health talks, vaccinations and other medical tests. We hosted a talk about heat and stroke prevention during the summer to generate awareness amongst our employees in Malaysia. The one-hour talk was conducted by a local doctor, who covered the symptoms, risk factors and ways to prevent heat strokes, as well as an ideal diet for staying healthy and hydrated.

Many of our sites around North America, Europe and Asia provide a multitude of opportunities for employees to participate in physical activities. In 2016, many of our sites hosted sporting activities such as basketball, volleyball, futsal, soccer, tennis, ping pong and badminton tournaments. Such activities are seen as an opportunity for employees to participate in physical activity while also building camaraderie among colleagues.

## Recognition

### Outstanding Employer Award

Our sites in the Philippines won the Outstanding Employer of the Year Award for the fourth consecutive year from the Philippines Economic Zone Authority (PEZA). The award recognizes our company's high regard for worker welfare, the strong working relationship between labor and management, provision of employment opportunities and effective employee relations and corporate citizenship programs. The significant recognition is an accurate indicator of one of our key priorities – employee relations.

### Global Competitive Employer Award

The Malaysian Prime Minister honored our company with the 2016 Global Competitive Employer award. The award was in recognition for our great business presence, technology development investment, extensive employee engagement and corporate social responsibility.



### National Model of Employer Award

Our Shenzhen Nanshan site received the prestigious National Model of Employer Award from the China Federation of Trade Unions. After completing stringent assessments, including factory audits, collective labor contract verifications, recreational facilities evaluations, and analyzing feedback from employees, our site received the award for maintaining a cohesive workforce through extensive employee engagement programs.

### Forbes America's Best Employer of 2016


Our company was named in the 2016 Forbes America's Best Employers list in the "Midsize Employers" category, which includes 250 organizations with 1,000 to 5,000 employees in America. Companies are chosen based on an independent survey from a sample of 30,000 American employees. Additionally, employees were contacted anonymously to complete an online survey, without involvement from their employer.

### MOSHPA Gold Class Award

Both of our manufacturing facilities in Seremban were recognized with Gold Class Awards in 2016 for excellent performance in maintaining a safe and healthy workplace by the Malaysian Society for Occupational Safety and Health (MOSHPA).



# ECO-FRIENDLY

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## OUR PLANET

*"ON Semiconductor is steadfast in conducting business in a highly ethical, socially responsible and environmentally sustainable manner. We work to continually integrate the highest ethical, social and environmental standards in our business operations and aspire to be a world class corporate citizen that creates a positive impact in all of the communities where we do business."*



*Keenan Evans, Senior Vice President, Global Quality, Reliability, EHS and Corporate Social Responsibility*

### Overview

At ON Semiconductor we are committed to supporting a greener world by reducing our carbon footprint, actively conserving resources and effectively partnering with like-minded customers and industry organizations. With an in-house team dedicated to sustainability excellence, we have achieved marked successes within our many conservation programs. Responsible environmental practices are vital to the success of our semiconductor device manufacturing business. We continually invest in engineering and administrative controls to prevent environmental pollution. Waste disposal, air emissions and industrial waste water emissions are controlled to meet or exceed legal requirements. Air and industrial waste water emissions are treated using the most effective technology and employees are trained to conduct procedures to prevent damage to the environment.

### Management Approach

Our approach to environmental sustainability is guided by our company's [environmental, occupational health and safety policy](#). The policy forms the basis on which our company establishes, implements, maintains and continually improves our environmental management system. Procedures for our environmental management conform to ISO 14001 (Environmental Management Systems) certification. Compliance with and certification to ISO 14001 provides us with a competitive advantage as we use our flexible manufacturing network to meet the needs of customers around the world. External environmental aspects such as communication and third party verification are emphasized under ISO 14001.

We also align our environmental management systems to the EICC Code of Conduct. We expect ourselves and our suppliers to abide by the environmental standards prescribed by the EICC in relation to environmental permits and reporting, pollution prevention and resource reduction, hazardous substances, wastewater and solid waste management, air emissions, storm water management, energy consumption and greenhouse gas emissions.

Each year our manufacturing facilities complete risk assessments through the EICC in order to evaluate our environmental programs amongst others. During internal and third party on-site verification, facilities are inspected to assess compliance with EICC requirements. Our suppliers are also required to complete the same risk assessments every other year and are subject to on-site verification.





## Climate Change

[G4: 201-2]

We are aware of the potential opportunities and risks associated with climate change and have integrated the process of climate change into our business strategy in a number of ways. We complete a Carbon Disclosure Project report on an annual basis. Top management at our company is also focused on reducing our carbon footprint and developing quarterly status reports on this topic. Carbon footprint reduction is aimed at improving the energy efficiency (electricity and fuel) of the company and electricity consumption reduction of customers' applications by supplying electricity efficient semiconductor devices. The importance of energy savings at ON Semiconductor has resulted in 48 projects centered on more efficient usage of energy and fuel. From a long-term perspective, the company is focused on installing energy efficient systems at our manufacturing sites. We provide lead and halogen-free semiconductor devices and strive to design and supply parts characterized by low energy consumption. The potential risks driven by changes in climate change regulation may require that we install abatement systems, requiring further research and capital costs. However, we are confident that we will be able to adapt accordingly within our already environmentally-friendly business processes.

## Conservation

Each of our factories is engaged in multiple sustainability projects aimed at conserving water, electricity and fuel. Our worldwide manufacturing operations have well established recycling and waste minimization programs in place. Ongoing sustainability programs include:

- Reusing rinse water in our fabs
- Reducing water flow during equipment idle periods
- Reducing electricity use
- Installation of energy efficient tools and illumination fixtures
- Preventing equipment leaks
- Reducing chemical use via process optimization
- Recovering heat from boilers
- Recycling metal and paper products
- Balancing our air streams

## Waste management

[G4: 306-2] [G4: 306-4]

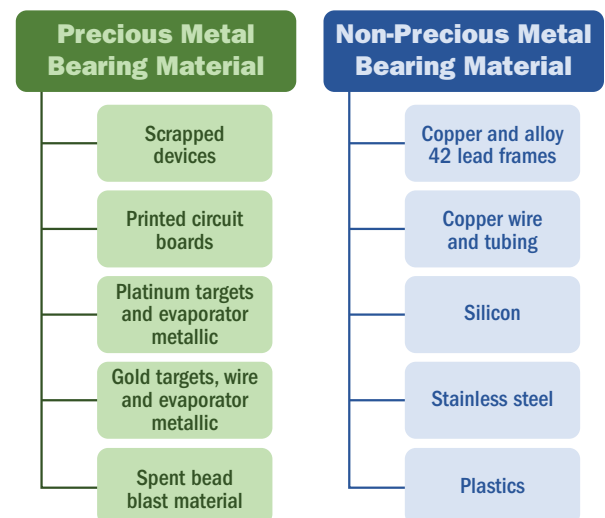
Total waste is the sum of hazardous waste and non-hazardous waste that is generated from all activities (manufacturing and non-manufacturing). Total waste includes both solid and liquid waste, but does not include gaseous emissions, wastewater discharges or any wastes associated with on-site wastewater treatment.

The amount of total waste we reused and recycled in 2016 was 12,995,246 kilograms while landfill was 11,755,619 kilograms. Total hazardous waste transported in 2016 was 5,460,533 kilograms.

## Reclaim and Recycle

Our company's manufacturing scrap reclamation operations are considered by refiners to be best in class. The main reclaim center is located our company's headquarters in Phoenix, Arizona while some of our manufacturing sites also reclaim and recycle their own materials. The manufacturing scrap processed can be broken down into two categories:

Our take-back and recycle program also provides our customers with an environmentally responsible solution for the return, recycling and disposal of their products, including evaluation printed circuit boards. This program is designed to ensure compliance with the current and forthcoming regional regulations involving producer responsibility for recycling and proper disposal of electronic waste products.



In 2016, approximately 1,072 metric tons of scrap materials and 877 kilograms of precious metals from our company's worldwide manufacturing facilities was processed, sorted and sold for reuse. The reclamation of these materials recouped more than \$23 million with an additional \$5 – 8 million estimated with the acquisition of Fairchild Semiconductor.

### **Water Management**

**[G4: 303-1 – 303-3]**

Our conservation and consolidation projects reduced water consumption by 2.2 percent in 2016 compared to the annual consumption in 2015. In total, we withdrew 11,218,076,415 liters of water and recycled or reused 5,446,796,235 liters (49 percent of total quantity withdrawn).

In 2016, one of our factories located in Seremban, Malaysia implemented a new project to reclaim the reject water from the reverse osmosis (RO) water system. A total of 229,725 liters of water was recycled in 2016, increasing the amount recycled by 19 percent compared to 2015 at the manufacturing facility. Our manufacturing facility in Roznov, Czech Republic also expanded its recycling system for reusing production equipment rinse water. The expansion project increased water recycling by 7 percent compared to 2015. A total of 401,784,000 liters of water was recycled by Roznov operations in 2016.

### **Energy Consumption**

**[G4: 302-4]**

Energy efficiency is central to our products as well as our operations. Along with reducing energy consumption through the use of our products, we implement energy conservation and consolidation projects. In 2016, total energy consumption reduced by 3.35 percent compared to the annual consumption in 2015. There was a 9.62 percent reduction in energy consumption at our wafer fabs and 7.29 percent reduction at assembly and test sites from the previous year.

In 2016, our company's total energy consumption was 1,401,250,923 kWh, with electrical and fuel consumption (from non-renewable resources) being 1,220,492,848 kWh and 650,732 gigajoules respectively.

Our Tarlac City, Philippines factory saved 701,336 KWh of power in 2016 by converting several air handling unites (AHUs) to variable frequency drive motors. Our Niigata, Japan manufacturing site implemented multiple projects to reduce energy consumption in 2016. A total of 40 energy conservation projects were completed which resulted in a total reduction of 5,000 MWh of energy. Electric power consumption decreased by converting to high-efficiency vacuum pumps for existing production equipment. Installation of the new pumps led to a total of 980 MWh annual power reduction. Idle-stop changes were also implemented on other electric pumps resulting in a 338 MWh power reduction. The Niigata factory installed an inverter controlled centrifugal chiller that was repurposed from another site. This conservation effort ensued in a 1,020 MWh reduction in energy consumption in 2016. Inverter power control was applied to a clean-room AHU causing a 707 MWh power reduction per year.

## **In the Spotlight**

All of our assembly and test operation sites in the Asia Pacific region participated in the 2016 Earth Hour celebration. Earth Hour is a global lights-out event that highlights environmental issues. Together, all sites participating in the event contributed around 4,445 kilowatt hours of energy savings by switching off non-critical lights and appliances from 8:30 – 9:30 p.m. The energy saved in 2016 increased by 200 percent compared to 2015. Some sites also encouraged vendors and employees to participate in Earth Hour on their own and at home.



## Air Emissions

[G4: 305-5]

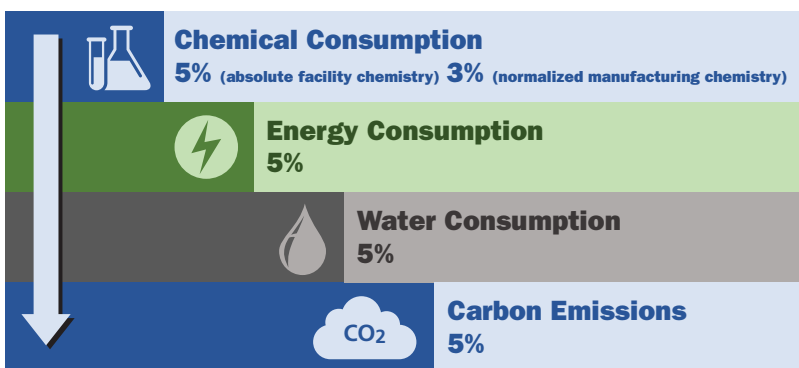
We are dedicated to reducing energy consumption and our overall carbon footprint annually. Normalized carbon emissions reduced by 1.32 percentage at our front end sites and by 6% at our assembly and test operation facilities in 2016 compared to 2015. Scope 2 greenhouse gas emissions reduced by 23,013 metric tons of carbon dioxide due to 48 projects in six countries in the reporting year.

Our company also encourages employees to consider the impact of everyday activities on the environment. We recognize that commuting can be costly and reward employees who take advantage of various commuting options. This includes vanpooling, carpooling, bus/rail travel and bicycle use. Incentives at various sites may include:

- Vanpooling: ON Semiconductor gives each employee a monthly subsidy for participation in a vanpool and in some locations vans can take advantage of covered parking.
- Carpooling: In some locations carpoolers get preferred parking.
- Bus/Rail: ON Semiconductor gives each employee a monthly subsidy for bus or rail fare to and from work.
- Bicycling: In some locations, locked bicycle storage areas and onsite showers for those employees who ride their bikes to and from work are provided.
- Electric cars: Charging stations are available at some of our locations.

Many of our global sites offer various types of employee trip reduction plans. Monthly subsidies are established by site budget and may vary from location to location depending on local regulatory trip reduction requirements.

### Sustainability Objectives: 2016 – 2020



## Recognition

### Energy Efficient Upgrades and Incentives

Our facility in Pocatello received an incentive check in the amount of \$480,780 USD for LED interior lighting upgrades from Idaho Power in February 2016. The Pocatello facility upgraded its large centrifugal compressor, leading to more efficient operations. The upgrades were estimated to save over 2,671,000 kilowatt-hours per year, the equivalent electricity needed to power 212 average residential homes. Projects such as this are a direct benefit to our communities as well as the company's bottom line.



### **Environmental Sustainability Award**

Our Niigata, Japan site was awarded by FM Global with a Significant Progress Award for continuous improvements in property loss control with emphasis on reduction of potential loss exposure. Additionally, the site also received the Niigata Prefecture Environmental Sustainability Award from the local government, recognizing the company for its best in class environmental sustainability activities in 2016.

### **Industrial Waste Water Recognition**

For the fourteenth year in row, the city of Gresham, Oregon's Waste Water Department recognized our site in Gresham for not having any industrial waste water violation.

### **Huawei Green Partner Certification**


Our company received Huawei's Green Partner Certification for the period of 2014 – 2016. This certification reflects our capability to meet Huawei's stringent requirements in such areas as non-use of restricted substances, energy efficiency, and emission and waste treatment. We submitted documentation to indicate that we were in full compliance in these areas across our entire supply chain ecosystem. Furthermore, an on-site verification was carried out by Huawei to validate documentation submitted for our Seremban factory.







# COMPASSION

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## OUR COMMUNITY

*"ON Semiconductor is active in initiatives that support social responsibility in the community at large. The generosity of our employees is evident through the time, talent and money they donate to foster more successful, safe and healthy communities. As a company, we are committed to making the world a better place for everyone."*



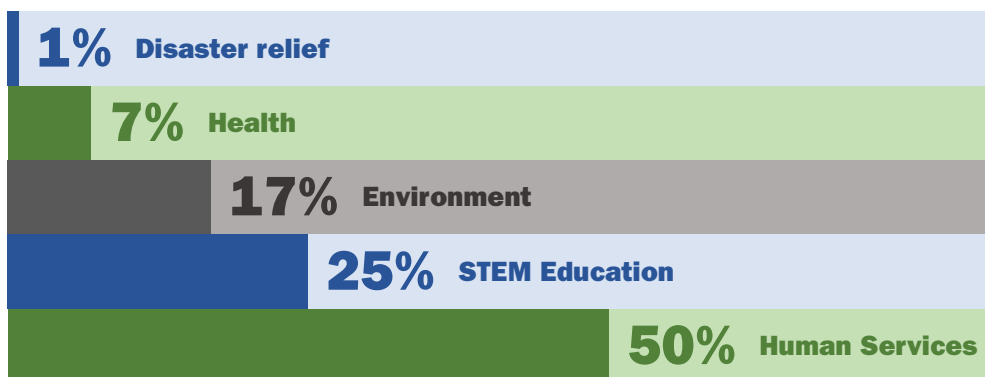
*Paul Rolls, Executive Vice President, Sales and Marketing*

### Overview

We strive to make a positive impact in the communities that our employees work and live. We promote projects and services for a wide variety of community outreach and assistance initiatives. Our financial contributions and employee volunteer efforts have been in the areas of disaster relief, the environment, health, human services and science, technology, engineering and mathematics (STEM) education.

### Global Corporate Giving Program

Through our workplace giving program, known as the global corporate giving program, we can learn about our employees' passion and preferences for charitable causes as well as the most pressing needs within our communities. The global corporate giving program was launched in March 2016 to standardize, streamline and strengthen our impact on society through financial contributions. To actively engage our employees and foster goodwill, we match financial contributions employees make to charitable organizations. A unique element of our program also enables employees to nominate charities of their liking to the company for a donation. We strongly believe that this is a meaningful way to support to both our employees and communities.





## Competitive Grant Awards

We offer charitable organizations and educational institutions the opportunity to apply for competitive grants that are awarded on a quarterly cycle. We evaluate applications and invest in programs based on the target population's need, clear objectives and goals, and the organization's evaluation plan. The grants are administered by committee members who represent our sites globally to ensure the funding requests meet the company's guidelines and align with our giving priorities. Grantees awarded beyond a certain threshold are also required to share the success of their program and the impact of their work in the community through grant reporting. We value grant reporting as a means of being accountable and transparent with our corporate philanthropy. For more information about the company's global corporate giving grant program, please visit our external website.

## Employee Volunteerism

We believe that our role in the community involves both cash and noncash contributions. To encourage employees to volunteer their time, talent, energy and effort in the community, ON Semiconductor will introduce an employee volunteer program (EVP) for employees in the U.S. and Canada in 2017. Through the EVP, employees may volunteer with a registered charitable organization or educational institution of their liking during the work week and still get paid for doing so. Each employee in North is provided up to one full work day of EVP per year. Employees outside of North America actively support communities through company sponsored events as described in the Community Impact section of this report.

### Looking Employee Volunteer Program

*Following the launch of a paid employee volunteer program in the United States and Canada, ON Semiconductor plans to expand the reach of the program our employees in Asia and Europe with regional level policies.*

## Community Impact: 2016

### Education

#### ***SanQing Mountain Center Primary School***

In May 2016, employees from our Shanghai office organized a drive in which books and stationery were collected and donated to SanQing Mountain Center Primary School, which is located in a low-income area of China.



#### ***5th Youth Electronics Summer Camp***

Employees from our design center in Roznov volunteered at the 5th Youth Electronics Summer Camp with 45 children aged 10 to 16 years old. The key objective of the 11-day camp was to inspire children to learn more about electronics. Participants built products from prepared electronic kits that ranged from simple to complex. The children also had a chance to contact an astronaut from the international space station using an amateur radio.

#### ***Musical Instrument Museum***

The Musical Instrument Museum (MIM) in Phoenix, Arizona collects, preserves and makes accessible a variety of musical instruments and performance videos from every country in the world. The organization has remained a committed partner of Arizona's schools serving disadvantaged children and youth. One of MIM's programs, titled STEM + Music, allows students to explore the physics of sound production and learn about how rhythm relates to math. Through a donation made in 2016, we will support 471 students and 78 teachers from the Balsz School district to participate in MIM's STEM + Music program in 2017.

### ***Camp Aquino Elementary School***

Our employees in Tarlac City, Philippines participated in the "Back-to-School Brigade" project in June 2016. The beneficiary school, Camp Aquino Elementary School, had 10 of their classrooms rehabilitated. Our employees repaired the ceilings of classrooms, repainted walls, planted flowering plants for their nursery and donated cleaning materials to the school.



### ***Ladang Siliau Primary School***

The community service group at one of our sites in Seremban supported a local primary school of 42 students and 11 teachers last year. The group coordinated the donation of chairs, tables and cabinets to refurbish classrooms and teachers' offices in the school. Later in the year, our employees also donated notebooks and stationery for students. The efforts of the group reached the local media, as a Tamil News Paper reported on the goodwill of our employees.

### ***Robotics Institute of Maine (RIM)***

As Fairchild Semiconductor, we were one of the founding members of the Robotics Institute of Maine (RIM). The organization's mission is to inspire youth to gain a new perspective on science and technology by providing opportunities and resources for robotics programs. We help fund robotics teams and competitions in Maine through RIM in order to increase awareness of and participation in STEM education.

## **Environment**

### ***Natuurpunt vzw***

Our facility in Belgium encouraged employees to participate in a car free day in September 2016. By using alternative methods of transportation including walking, cycling, carpooling, buses or trains, we aimed to raise awareness on and decrease the impact of human activity on the environment. To support employee efforts, extra parking spaces close the entrance of the site were reserved and free public transportation passes were provided to employees. In a single day, employees surpassed their goal of reducing distance commuted by 4,000 kilometers. Through our employees' commitment, the site reduced 4,289 kilometers in distance commuted (0.76 tons of CO<sub>2</sub>) using more sustainable modes of transportation. Our company also donated to the environmental organization Natuurpunt vzw as a way to reward employees for exceeding the 4,000 kilometers target.



### ***Let's Clean the Czech***

Our site in Roznov hosts volunteer days to help protect the environment on a frequent basis. Seven employees participated in a volunteer activity by cleaning up the surrounding area of our company's building and nearby parks. Our employees also volunteered in October 2016 to rake grass in wetlands designated as a natural reserve.

### ***Mangrove Tree Planting***

Employees and their family members in Thailand organized an activity in the Kong Kone Village Samut Songkram district to learn about the mangrove ecosystem and mangrove planting. After hiking and traveling by boat, the team learned from experienced instructors on how to plant the donated mangrove seedlings.







### ***Coastal Clean Up Activity***

Employees from our facility in Cebu, Philippines participated in a coastal cleanup activity in October 2016. The day involved removing trash and debris from the beach, increasing awareness on the marine debris problem, popularizing the concept of waste management and promoting a clean, healthy and sustainable coastal environment. Thirty-four companies and 104 volunteers, including ours, participated in the activity.



### ***Long Creek Watershed Project***

We at ON Semiconductor, formerly Fairchild Semiconductor, have been involved with the Long Creek Restoration Project in Maine since 2007. With funding from the United States Environmental Protection Agency and the Maine Department of Environmental Protection, the project aims to develop and implement a cost-effective, environmentally responsible and equitable plan for restoring and protecting Long Creek and its watershed. Along with ON Semiconductor, the community-based initiative has representatives from watershed municipalities, other businesses, non-profit organizations and state agencies.

## **In the Spotlight**

The Committee for Sponsorship comprised of employees from human resources, communications, finance and representatives of the local labor union have coordinated community service activities in the Czech Republic for over 15 years. For the first time this year, the committee organized a campaign in which charitable contributions were made by our company for every hill biked by employees. The campaign not only promoted our employees to live healthy and active lifestyles but also fostered goodwill. Employees were encouraged to bike a total of twenty hills over the course of eight months. For every hill biked by an employee, the site donated \$4 USD to charity. At the culmination of the campaign, the committee surveyed employees to select the charity that would receive the donation. First, employees who biked all 20 hills were asked to suggest charities that they would like to see our company support. Then, employees that participated in the campaign but biked less than 20 hills were asked to select one charity from the 11 that were suggested by their peers. Based on the success of the campaign in which 116 bikers participated, the committee aims to hold the same campaign in 2017.

## **Human Services**

### ***Habitat for Humanity***

Our technology development group in Gresham, Oregon spent the day giving back to the community by working with Habitat for Humanity Portland. Eighteen employees spent the day on a group build project named Glisan Gardens, which includes 25 sustainably built homes which are under construction. The group of volunteers contributed to the build plan, which included erecting a second floor outside wall.

### ***Shenzhen Social Welfare Elder Care Center***

Employees from our manufacturing site in Shenzhen, China participated in a local volunteer activity at a home for the elderly. A total of 38 employees volunteered by cleaning the yard, corridor, and windows of the assisted living home and performed in a variety show to entertain residents.



### ***Open Heart Foundation Worldwide Inc.***

Employees from Carmona, Philippines spent a day volunteering at the Open Heart Foundation Worldwide Inc. The organization champions youth by providing them with opportunities to develop their potential and capabilities. The organization has a vision to empower youth to realize their worth and dignity, and help equip them with the wisdom to be self-directed, responsible, creative and productive members of society. The volunteer activity coincided with Children's Month celebration in the Philippines and included face painting activities, story-telling and games.



### ***Salberghaus***

Our site in Munich supported a local organization, Salberghaus that assists 80 in-need children, aged 2 weeks to 6 years old. The mission of Salberghaus is to provide children a safe, clean and healthy environment where they can be treated by professionals to help them develop emotionally, mentally and physically. The organization also provides counseling and care to the families of the children with the goal of reuniting them. We supported the organization through a financial donation as well as in-kind gifts such as diapers, toothbrushes and other necessities for children.

### ***Pieta House***

For the last six years, our employees in Limerick, Ireland have participated in the annual Ring of Kerry charity cycle event. The 112 mile (180 kilometer) course begins in Killarney, County Kerry and follows the scening Ring of Kerry Route. The proceeds from the event are provided to a charitable organization named the Pieta House, a local suicide and self-harm crisis center.



### ***Military Assistance Mission, Inc. and Veteran's Ticket Foundation***

To honor those who have and continue to serve and protect us, we supported two local veteran's organizations: Military Assistance Mission, Inc. and Veteran's Ticket Foundation. Based out of Phoenix, Arizona, Military Assistance Mission, Inc. is focused on assisting veterans, active duty members and their families with basic necessities including rental and utility payments, education and meals. The Veteran Ticket Foundation, also based in Phoenix, gives free event tickets to veterans, active duty military and their families. Donations made by employees to the two organizations were matched dollar-for-dollar by our global corporate giving program the week leading up to Veteran's Day.

### ***Portneuf Valley Paintfest***

In the summer of 2016, our employee volunteers from Pocatello, Idaho helped paint the homes of local senior citizens as a part of the Portneuf Valley Paintfest. Currently in its 29th year of operation, the mission of Paintfest is to revitalize home exterior while fostering volunteerism from individuals, businesses and organizations throughout the community. All paint and supplies are donated and work is done by volunteers. In all, eight homes were painted during the course of the week.





### ***Food Not Bombs***

Our employees from Seremban, Malaysia assisted a non-government organization that has a mission to alleviate poverty and hunger by saving and recycling commercially unwanted food which is then cooked and served for free by the organization and its volunteers. From 11:30 p.m. to 2:30 a.m., 20 of our employees participated in an outreach activity in which they donated and distributed goods, such as food items, mosquito repelent, mats, blankets, toiletries and slippers to the homeless.

### ***St. Mary's Food Bank***

We have a long-standing relationship with St. Mary's Food Bank through employee volunteerism and corporate donations. St. Mary's Food Bank collects and distributes food as a way to alleviate hunger. Every second Sunday of each month, our employees in Phoenix, Arizona and their family members volunteer time to pack food boxes. In 2016, we volunteered a total of 678 hours to pack 238,417 pounds of food, which is the equivalent of 10,721 boxes.

## **In the Spotlight**

Groups of self-motivated, committed and passionate employees from both of our sites in Seremban, Malaysia launched programs to foster goodwill and help the local community. A handful of employees from human resources, facilities, procurement, communications and manufacturing work together to oversee community service groups at both of our sites. The main focus of the groups is to address some of the most pressing local needs. By engaging non-government organizations in their own backyard, the group is able to identify how additional resources, such as manpower, financial contributions or in-kind donations, can help bolster efforts to strengthen the site's surrounding community. Approximately every other month, the community service groups organize activities focused on education and human service needs. The time, money and goods donated for these activities are a result of our employees' generosity and support from site-level management. Over the last year, the groups have assisted orphanages, hospitals and underprivileged families within the community, schools and elderly care centers. We believe that the integrity and initiative of our employees from Malaysia is a clear embodiment of our company's culture and values. Our employees have helped those who are less fortunate and have shown what it means to be a good corporate citizen through their own accord.

## **Health**

### ***Starkey Hearing Foundation***

We continued our partnership with the Starkey Hearing Foundation, which initially began in 2008. The Starkey Hearing Foundation has a mission to improve the lives of individuals, families and communities throughout the world with the provision of hearing aids. Every hearing aid provided by the Starkey Hearing Foundation is supported by our company's Digital Signal Processor and EEPROM integrated circuit at a heavily discounted price. Each year, the Starkey Hearing Foundation provides more than 200,000 hearing aids to children and adults. Along with donating to the Starkey Hearing Foundation, our employees also participated in the organization's 2016 trip to Manila, Philippines to fit hearing aids for patients.



### ***Juvenile Diabetes Research Foundation (JDRF) One Walk***

Diabetes is a cause that is very close to our company as we design and manufacture the Struix stacked solution – a part that is found in glucose pumps that some type 1 diabetics must wear. To show our support, we were a corporate sponsor of the Phoenix JDRF One Walk and had a group of employees participate in the event. JDRF is a global diabetes foundation with a strategic plan to end type-1 diabetes (T1D) by funding research on cures, advocating for government support of research and new therapies, and connecting new therapies to the T1D community.



### ***Canadian Diabetes Association***

Our medical and wireless products division hosted a barbeque for employees in August 2016 at the Burlington, Canada site. The day involved an inter-office soccer match followed by a lunch and friendly games. The highlight of the event involved a “big splash management” fundraiser, in which employees donated money to dunk members of the management team. All donations made by our employees were matched by the company and donated to the Canadian Diabetes Association.



### ***Climb to Conquer Cancer***

For a number of years, our employees and their families have donated to and participated in the Climb to Conquer Cancer event held by the American Cancer Society. We helped in funding and servicing a water station on the day of the walk and subsidized registration fees for our employees and family members to climb South Mountain in Phoenix, Arizona. In total, 101 employees and family members participated in the climb in February 2016.

### ***Dong Nai Red Cross***

In the summer of 2016, our employees from Vietnam collaborated with Dong Nai Red Cross in organizing a blood donation event at one of our Vietnam manufacturing sites. Approximately 200 employees registered to become blood donors while 125 employees donated blood during the event.







## APPENDIX

### ON Semiconductor Memberships and External Initiatives

[G4: 102-12 – 102-13]

Below are a list of externally developed economic, environmental and social charters, principles, or other initiatives to which we subscribe or endorse:

- Carbon Disclosure Project
- China Power Supply Society
- Conflict-free Sourcing Initiative (CFSI)
- Corporate Secretaries and Governance Professionals
- Electronic Components Industry Association
- Electronic Industry Citizenship Coalition (EICC) and their Environmental Sustainability and Conflict Minerals groups
- Ethisphere's Business Ethics Leadership Alliance
- Europe's Energy for Green Society ENIAC JU Project
- Fab Owners Association
- Global Semiconductor Alliance
- Hearing Industries Association
- Malaysian Institute of Integrity and Corporate Integrity Pledge
- Microelectronic Industry Design Association (MIDAS) Ireland
- Motor Equipment Manufacturers Association/ Original Equipment Suppliers Association (MEMA/OESA)
- National Association of Corporate Directors
- Power Sources Manufactures Association (PSMA)
- Semiconductor Electronic Industries in Philippines Inc. (SEIPI)
- Semiconductor Industry Association (SIA)
- Society of Corporate Compliance and Ethics
- Sustainability Reporting Group, American Council for an Energy-Efficient Economy (ACEEE)
- World Semiconductor Council (WSC)

Below are a list of memberships in which individuals from our company have positions on governance bodies:

- AirFuel Alliance, Bob Klosterboer, Member of Board of Directors
- Arizona State University, Jeffrey Wincel, Member of Board of Trustees
- Association of Corporate Counsel, Mark Rogers, President (Arizona Chapter)
- CEB Compliance & Ethics Leadership Council, Founding Member
- Electronic Components Industry Association, Jeff Thompson, Member of Board of Directors
- Electronic Industry Citizenship Coalition (EICC)
- Goodwill of Arizona, Debbie Brogan, Member of Board of Directors
- Juvenile Diabetes Research Foundation, Desert Southwest Chapter, Kris Pugsley, Member of Board of Directors
- Semiconductor Industry Association (SIA), Keith Jackson, Member of Board of Directors

## Stakeholder Engagement

[G4:102-40] [102-42 – 102-44] [G4: 102 – 46 – 102-47] [G4: 103-1]

We believe that the views of our stakeholders are important in making operational and strategic decisions. We identify stakeholders that either have a significant impact on or are significantly impacted by our company's operations. The method and frequency of engagement varies by stakeholder type. However, we aim to engage stakeholders through conferences, membership and associations, surveys, reporting, scorecards, assessments, philanthropy, employee volunteerism and social media throughout the year. Further detail on how we engage our stakeholders can be found in the table below:

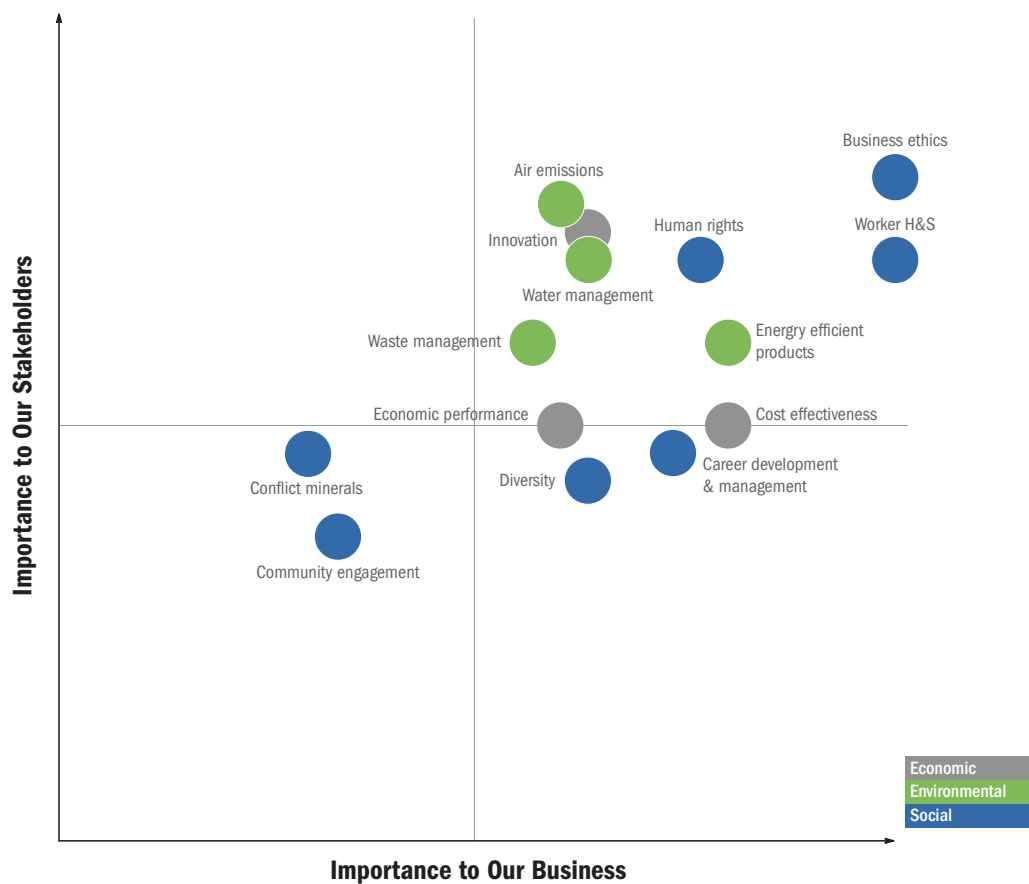
Method	Description
<b>Employees</b>	
Open-door policy	We maintain an open-door policy, allowing employees to communicate and engage with management staff and human resources.
Training	Our employees globally are trained in the company's Code of Business Conduct, Information Security Awareness and Electronics Industry Citizenship Coalition on an annual basis.
Employee engagement survey	We conduct an anonymous employee engagement survey every other year to seek employees' opinions on topics such as work environment, work relationships, job responsibilities, etc.
Performance appraisals	We have an objective and fair performance management process which all employees are a part of on an annual basis.
Culture of quality survey	Every other year, we survey employees globally to gain insight on their perspectives on how quality is ingrained within the company's culture.
Circuit newsletter, intranet website, social media, internal communication messages	We strive to communicate effectively and consistently with our employees through various mediums including the ON Semiconductor intranet, internal communication messages, an all employee question email box, social media and the monthly Circuit newsletter. Through the Circuit, employees are able to share information on local initiatives with our sites worldwide.
Affinity groups	We have two affinity groups: the Women's Leadership Initiative and STEM UP to engage our employees in North America and beyond.
<b>Customers</b>	
Customer scorecards	Our use of customer scorecards is an ongoing process and provides results that allow us analyze trends in overall performance for each key attribute included in the scorecard.
Quarterly business reviews	We discuss results from customer scorecards and customer site visits to our facilities through the quarterly business reviews.
Customer satisfaction surveys	Customer satisfaction surveys are disseminated on a regular basis in order to obtain insights and improve our performance on issues important to our customers such as sales support, price of products, lead time and quality.
Ask an expert forum	Customers may post questions related to our company through our external website to gain expert opinions. The questions are routed through our Technical Support Center, which takes ownership of finding accurate and providing timely responses.
Industry associations and conferences	We participate in a variety of conferences with our customers, including the Electronic Industry Citizenship Coalition (EICC) conference on an annual basis. The EICC conference in particular allows us to engage our customers on issues related to sustainability and social responsibility.
Trade shows	Our company participates in many trade shows throughout the year to engage existing and new customers and distributors.
<b>Suppliers</b>	
CSR letter of conformance	We communicate our expectations and standards in relation to corporate social responsibility with our suppliers every other year through the CSR letter of conformance.
Self-assessment questionnaires & EICC compliance checklists	Every other year, we require our top corporate suppliers, site suppliers and on-site service providers to complete risk assessments in relation to sustainability and social responsibility.
Corporate social responsibility training programs	We offer complimentary corporate social responsibility training to our material, foundry and subcontractor suppliers as well as our on-site service providers. We often invite suppliers for face-to-face workshops and briefings on topics related to social responsibility and ethics.
Industry associations and conferences	We participate in a variety of conferences with our suppliers, including the Electronic Industry Citizenship Coalition (EICC) conference on an annual basis. The EICC conference in particular allows us to engage our suppliers on issues related to sustainability and social responsibility.
Training	Select suppliers are trained in the EICC Code of Conduct annually to increase awareness on and promote compliance with standards on labor, ethics, health and safety, environment and management systems.
<b>Government</b>	
Public policy advocacy	Our company actively engages associations that make recommendations to governments and authorities on policy issues related to the semiconductor industry.
<b>Non-government organizations &amp; communities</b>	
Corporate philanthropy	We support and strengthen local communities through financial investments. We partner with nonprofit and educational organizations in order to address some of our communities' most pressing needs through grants.
Employee volunteerism	We devote our time, effort, energy and talent to charitable organizations and the community through employee volunteerism.
<b>Investors</b>	
Earning calls	We host quarterly earning calls with our shareholders to discuss company performance.
Reporting	We publish an annual report and file with the Security and Exchange Commission on a quarterly and yearly basis.



Material Topics

For our 2016 Corporate Social Responsibility Report, we specifically engaged our board of directors, executive staff, employees, customers and suppliers to determine the materiality of economic, environmental and social issues. The issues presented in our materiality matrix were narrowed down based on our knowledge of the industry as well as sustainability trends. While all fourteen issues are ultimately considered of high importance to our stakeholders and business operations, certain issues are more significant than others. We address the fourteen high-priority issues rated by our stakeholders in this report and will continue to focus on these important topics through our business operations.

ON Semiconductor’s Materiality Matrix



## Aspect Boundaries

Report Overview	Category	G4 Material Aspect	Boundaries		Entities Impacted
			Internal	External	
Air emissions	Environmental	Emissions	x	x	Manufacturing sites, local environment
Business ethics	Economic	No corresponding G4 material aspect	x	x	Employees, customers, suppliers, communities, investors
Career development/leadership	Social	Training and education	x		Employees
Community engagement	Social	Local communities	x	x	Employees, Communities
Conflict minerals	Social	Human rights assessment	x	x	Customers, suppliers, communities
Cost effectiveness	-	No corresponding G4 material aspect	x	x	Manufacturing operations, customers
Diversity	Social	Diversity and equal opportunity	x		Employees
Economic performance	Economic	Economic performance	x		Employees, investors
Energy efficient products	Environmental	Energy	x	x	Design and manufacturing operations, customers, environment
Human rights	Social	Human rights assessment	x	x	Employees, customers, suppliers, communities
Innovation	-	No corresponding G4 material aspect	x	x	Design and manufacturing operations, customers
Waste management	Environmental	Effluents and waste	x	x	Manufacturing operations, community, environment
Water management	Environmental	Water	x	x	Manufacturing sites, community, environment
Worker health and safety	Environmental	Occupational health and safety	x		Employees

## Additional Data

### Workforce Statistics

[G4: 102-7 – 102-8] [G4: 401-1] [G4: 404-1]

	Total	Gender		Age Group			Region		
		M	F	<30 Years	30-50 Years	50+ Years	Asia	Americas	EMEA
Contractors & Interns	3,206	1,553 (48%)	1,653 (52%)	—	—	—	2,820 (88%)	192 (6%)	196 (6%)
Regular employees	29,505	16,242 (55%)	13,263 (45%)	—	—	—	21,576 (73%)	4,465 (15%)	3,464 (12%)
Full time employees	32,469	17,667 (54%)	14,802 (46%)	—	—	—	—	—	—
Part time employees	242	128 (53%)	114 (47%)	—	—	—	—	—	—
New hires	4,525	2,196 (49%)	2,329 (51%)	3,341 (76%)	989 (22%)	115 (2%)	3,644 (81%)	471 (10%)	410 (9%)
Turnover	4,808	2,334 (49%)	2,474 (51%)	3,079 (64%)	1,310 (27%)	419 (9%)	3,842 (80%)	633 (13%)	333 (7%)

	Training (Hours)					Percentage of Employees covered by CBAs by Country
	Average	Male	Female	Direct Labor	Indirect Labor	
Belgium	44.1	44.1	41.3	56.4	33.1	100%
Canada	Not tracked					
China	147	140	148	190	140	87%
Czech	32.2	30.4	34.1	25.9	50.7	78%
Japan	4.6	4.7	4.5	4.6	1.5	66%
Korea	3.1	3.5	2.5	2.3	3.4	N/A
Malaysia	21.8	61.3	33.8	30.6	75.8	N/A
Philippines	126	69	57	156	69	100%
USA	Not tracked					2%
Vietnam	22	Not tracked		20	30	100%





## Health & Safety Statistics

[G4: 403-2]

Type of Injury	Rate (%)
Contusion	23%
Laceration	11%
Strain/torn muscle	11%
Cut	9%
Irritation	9%
Sprain	9%
Abrasion	8%
Burn	4%
Cumulative stress disorder	2%
Dermatitis	2%
Inflammation	2%
Crushing	1%
Puncture	1%
Amputation	0.9%
Avulsion	0.9%
Concussion	0.9%
Dislocation	0.9%
Electric shock	0.9%
Fracture – closed	0.9%
Pinched nerve, infection, headache	<0.6

*Data presented is as of December 31, 2016.*

## CONTACT US

[G4: 102-53]

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Customer Inquiries: (888) 743-7826

ON Semiconductor Website: [www.onsemi.com](http://www.onsemi.com)  
Corporate Social Responsibility Page: [www.onsemi.com/social-responsibility](http://www.onsemi.com/social-responsibility)  
Corporate Environmental Programs Page: [www.onsemi.com/evp](http://www.onsemi.com/evp)

Visit us on:



Contact for CSR report inquiries: Keenan Evans, Senior Vice President, Global Quality, Reliability, EHS and Corporate Social Responsibility

## 2016 Global Reporting Initiative Content Index

[G4: 102-55]

GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
<b>GRI 102: General Disclosures 2016</b>			
102-1	Name of organization	Our Business: Overview – page 5	
102-2	Activities, brands, products and services	Our Business: Overview – page 5	
102-3	Location of headquarters	Our Business: Overview – page 5	
102-4	Location of operations	Our Business: Worldwide Locations – page 8	
102-5	Ownership and legal form	Our Business: Overview – page 5	
102-6	Markets served	Our Business: Demonstrated Financial Strength – page 9 Customers: Original equipment manufacturers, distributors, electronic manufacturing service providers	
102-7	Scale of organization	Our Business: Demonstrated Financial Strength – page 9 Our People: Overview – page 23 Appendix: Additional Data – Workforce Statistics – page 50 Number of operations: 50	Number of operations equals solution engineering, design, manufacturing and support sites with 50+ employees
102-8	Information on employees and other workers	Appendix: Additional Data – Workforce Statistics – page 50	
	(a) Total number of employees by employment contract and gender		
	(b) Total number of permanent employees by employment type and gender	Appendix: Additional Data – Workforce Statistics – page 50	
	(c) Report whether a substantial portion of the organization's workforce is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees by contractors.	No	
	(d) Report any significant variations in employee numbers	The increase in headcount from 2015 to 2016 is partially due to the acquisition of Fairchild Semiconductor.	
102-9	Description of supply chain	Our Business: Responsible Sourcing – page 12	
102-10	Significant changes to organization and supply chain	Our Business: Responsible Sourcing – page 12	
102-11	Precautionary principle approach	Our Business: Enterprise Risk Management – page 10	
102-12	External initiatives	Appendix: ON Semiconductor Memberships – page 47	
102-13	Membership of associations	Appendix: ON Semiconductor Memberships – page 47	
102-14	Statement from senior decision-maker	A Letter from Our President and CEO – page 1	For further details on impacts, risks and opportunities please see our <a href="#">2016 SEC Form 10-K</a> .
102-16	Description of organization's values, principles, standards, and norms of behavior	Our Business: Core Values – page 5 Our Business: Our Commitment – page 11	
102-18	Governance structure	Our Governance and Ethics: Overview – page 16 Our Business: Our Commitment – page 11	
102-40	List of key stakeholder groups	Appendix: Stakeholder Engagement – page 48	



GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
102-41	Percentage of employees covered by collective bargaining agreements	Belgium: 100% China: 87% Czech: 78% Japan: 66% Vietnam: 100% Korea: 100% USA: 2%	Percentage calculated by countries with manufacturing sites.
102-42	Identifying and selecting stakeholders	Appendix: Stakeholder Engagement – page 48	
102-43	Approach to stakeholder engagement	Appendix: Stakeholder Engagement – page 48	
102-44	Key topics and concerns raised	Appendix: Stakeholder Engagement – page 48	
102-45	Entities included in the consolidated financial statements	See Item 1 Business overview and Exhibit 21 of <a href="#">2016 SEC Form 10-K</a>	
102-46	Defining report content and topic boundaries	Report Overview – page 3 Appendix: Stakeholder Engagement – page 48	
102-47	List of material topics	Appendix: Stakeholder Engagement – page 48	
102-48	Restatements of information	None	
102-49	Changes in reporting	None	
102-50	Reporting period	2016 calendar year	
102-51	Date of most recent report	June, 2015	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions	Appendix: Contact Us – page 51	
102-54	Claims of reporting in accordance with the GRI Standards	Report Overview – page 3	
102-55	GRI Content Index	Appendix: 2016 GRI Content Index – page 52	
102-56	External assurance	Report Overview – page 3	
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material topic and its boundary	Appendix: Stakeholder Engagement – page 48	
103-2	Management approach for material topics	Our management approach to material topics can be found in each section of the report.	
103-3	Evaluation of management approach	Our evaluation of management approach to material topics can be found in each section of this report.	
<b>GRI 201: Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	Generated: \$3,903.9 million Proceeds from sale of assets: \$0.4 million Distributed: Cost of revenue: \$2,610 million Operating cost: \$1,060.8 million Cash paid for employee wages and benefits: N/A Cash paid for interest: \$106/7 million Cash paid for taxes: \$27.3 million	ON Semiconductor does not publicly disclose cash paid for employee wages and benefits.
201-2	Financial implications and other risks and opportunities due to climate change	Our Environment: Climate Change – page 35	
201-3	Defined benefit obligation plans and other retirement plans	See our website for <a href="#">Regional Benefits Summaries</a> and <a href="#">2016 SEC Form 10-K</a> .	

GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
201-4	Financial assistance received from government	N/A	ON Semiconductor does not publicly disclose this information.
<b>GRI 202: Market Presence 2016</b>			
202-1	(a) Ratio of standard entry level wage by gender compared to local minimum wage	All ON Semiconductor employees are compensated at or above minimum wage. Minimum wage in all listed regions is gender neutral.	
	(b) When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above minimum wage.	Other workers in this case pertain to employees of our suppliers or on-site service providers (e.g. janitorial staff, cafeteria workers, security, etc.). Several of our manufacturing sites audit these companies to ensure that EICC standards are being met, including those related to minimum wage.	
	(c) Definition used for 'significant locations of operation'.	Manufacturing locations	
202-2	Proportion of senior management hired from the local community	50%	Locations considered are manufacturing sites.
<b>GRI 204: Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	Our Business: Responsible Sourcing – page 12	Data does not include Fairchild Semiconductor.
<b>GRI 205: Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	Our Business: Our Commitment – page 11	
205-2	Communication and training about anti-corruption policies and procedures	Our Governance and Ethics: Ethics Awareness – page 18	
205-3	Confirmed incidents of corruption and actions taken	We do not have knowledge of any confirmed incidents of corruption.	
<b>GRI 206: Anti-Competitive Behavior 2016</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust or monopoly practices	We do not have knowledge of any legal actions pending or completed during the reporting period regarding anticompetitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.	
<b>GRI 301: Material 2016</b>			
301-1 – 301-3	Materials used by weight or volume; percentage of recycled input materials used to manufacturing organization's primary products and services; reclaimed products and their packaging materials	Our Environment: Conservation – Reclaim and Recycle – page 35	ON Semiconductor spends over \$1 billion on various parts and raw materials as we manufacture both at internal and external sites. We do not track or estimate the raw material used in key manufacturing locations.
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organization	650,732 Gigajoules	Total fuel consumption from non-renewable sources tracked for manufacturing facilities. Includes natural gas and diesel.
	(a) Non-renewable sources, including fuel types		
	(b) Renewable sources	N/A	
	(c) Electricity consumption	1,220,492,848 kWh	
	(d) Electricity, heating, cooling and steam sold	N/A	None sold
	(e) Total energy consumption within organization	1,401,250,923 kWh (5,044,524 Gigajoules)	Includes electricity, natural gas and diesel fuel consumption at manufacturing sites only.
	(f) Standards, methodologies, assumptions and/or calculation tools used	kWh rate per union volume of fuel type	
	(g) Conversion factors used	U.S. Department of Energy	
302-2	Energy consumption outside the organization	N/A	Not evaluated





GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
302-3	Energy intensity	Wafer fab energy (electricity & fuel) normalization = 0.078 kWh per unit Assembly & test energy (electricity & fuel) normalization = 1.633 kWh per KWBonds.	Denominator used: Wafer fab normalization unit based on photo move volume. Assembly & Test normalization unit based on wire bond volume.
302-4	Reduction of energy consumption	Our Planet: Energy Consumption – page 36	
302-5	Reductions in energy requirements of product and services	N/A	
<b>GRI 303: Water 2016</b>			
303-1 – 303-3	Water withdrawal by source; water sources significantly affected by withdrawal of water; water recycled and reused	Our Planet: Water Management – page 36	Quantity not evaluated according to source.
<b>GRI 304: Biodiversity</b>			
304-1 – 304-3	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas; significant impacts of activities, products and services on biodiversity; habitats protected or restored	ON Semiconductor does not have any operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.	
<b>GRI 305: Emissions 2016</b>			
305-1 – 305-3	Direct (Scope 1), energy indirect (Scope 2) and other indirect (Scope 3) GHG emissions	Scope 1: 1,279,226 MTCO2 Scope 2: 600,475 MTCO2 Scope 3: N/A	
305-4	GHG emissions intensity	Wafer fab GHG emissions (electricity, fuel, PFCs) normalization = 36.161 grams carbon equivalent per unit Assembly & test energy (electricity, fuel, PFCs) normalization = 273.842 grams carbon equivalent per KWBonds	Intensity ratio calculated separately for wafer fabs and for assembly & test operations. Scope 1 and Scope 2 included.
305-5	Reduction of GHG emissions	Our Planet: Air Emissions – page 37	
305-6	Emissions of ozone-depleting substances (ODS)	Zero	
305-7	Nitrogen oxides, sulfur oxides, and other significant air emissions	Air emissions do not exceed local regulation air emission permit limits. Emission concentrations tracked at local facility; data not calculated for global value.	
<b>GRI 306: Effluents and Waste 2016</b>			
306-1	Water discharge by quality and destination	Industrial water discharge managed per local regulation. Discharge monitored at local facility; data not calculated for global value.	
306-2	Waste by type and disposal method	Our Planet: Waste Management – page 35	
306-3	Significant spills	None	
306-4	Transport of hazardous waste	Our Planet: Waste Management – page 35	
306-5	Water bodies affected by water discharges and/or runoff	None	
<b>GRI 307: Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	None known	
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	None	
308-2	Negative environmental impacts in the supply chain and actions taken	Our Business: Responsible Sourcing – page 12	

GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
GRI 401: Employment 2016			
401-1	New employee hires by age group, gender and region	Our People: Recruitment and Retention – page 24	
	Employee turnover by age group, gender and region	Appendix: Additional Data (Workforce Statistics) – page 50	
401-2	Benefits provided to full-time employees that are not provided to temporary employees	N/A	ON Semiconductor does not publicly disclose this information.
401-3	Parental leave	N/A	ON Semiconductor does not disclose this information publicly.
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	Belgium: yes	
		Czech Republic: no	
		China: yes	
		Japan: yes	
		Korea: no	
		USA: yes	
		Vietnam: no	
GRI 403: Occupational Health and Safety 2016			
403-1	Worker representation in formal joint management-worker health and safety committees	89%	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our People: Health and Safety Data – page 30	
		Appendix: Additional Data (Health and Safety Statistics) – page 51	
403-3	Workers with high incidence or high risk of diseases related to their occupation	None	
403-4	Health and safety topics covered in formal agreements with trade unions	N/A	ON Semiconductor does not disclose this information publicly.
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Appendix: Additional Data (Workforce Statistics) – page 50	ON Semiconductor sites in the U.S. do not track average training hours per employee.
404-2	Programs for upgrading employee skills and transition assistance programs	Our People: Professional Training and Development – page 24	We provide transition assistance in special situations. Examples include job placement assistance and resume writing services.
404-3	Percentage of employees receiving regular performance review and career development areas	Our People: Performance Management – page 29	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance body and employees	Our Governance and Ethics: Overview – page 16	
		Our People: Commitment to Diversity – page 26	
405-2	Ratio of basic salary and remuneration of women to men	N/A	ON Semiconductor does not disclose this information publicly.
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	None known	



GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
<b>GRI 407 – 409: Freedom of Association and Collective Bargaining, Child Labor, Forced Labor</b>			
407-1 – 409-1	Operations and suppliers in which the right of freedom of association and collective bargaining, child labor and forced labor may be at risk	<p>ON Semiconductor works with suppliers in countries where the risk of violating labor and human standards is recognized as being higher. To actively address this, ON Semiconductor requires suppliers to complete self-assessment questionnaires, provides training and also conducts on-site verification. In the event that any risk of violating the right to freedom of association, existence of child labor or forced labor is identified, ON Semiconductor works closely and diligently with its suppliers through corrective action plans. If the nonconformance is not adequately addressed by the supplier in a timely fashion, ON Semiconductor may choose to terminate its contract with the supplier.</p> <p>For more information on the company's management systems related to child labor and forced labor please see page 29 of the 2016 Corporate Social Responsibility report.</p>	
<b>GRI 410: Security Practices 2016</b>			
410-1	Security personnel trained in human rights policies or procedures	ON Semiconductor uses both in-house and third party organizations for security personnel. Approximately 90% of security personnel are trained in the company's human rights policies.	
<b>GRI 411: Rights of indigenous Peoples 2016</b>			
411-1	Incidents of violations involving rights of indigenous peoples	To the best of the company's knowledge there have been no identified incidents of violations involving the rights of indigenous peoples during the reporting period.	
<b>GRI 412: Human Rights Assessments</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	Our Business: Our Commitment – page 11	
412-2	Employee training on human rights policies and procedures	Our Governance and Ethics: Ethics and Compliance Training – page 18	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Contracts with suppliers contain terms and conditions related to human rights, such as forced and indentured labor and equal employment opportunity. Our master service agreements also contain terms and conditions related to the EICC Code of Conduct.	
<b>GRI 413: Local Communities 2016</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	All ON Semiconductor sites globally are involved with community engagement and development programs through corporate philanthropy including monetary donations and employee volunteerism. To learn more about the company's community engagement efforts, please see the Our Community section of this report on page 40.	
413-2	Operations with significant actual and potential negative impacts on local communities	None	
<b>GRI 414: Supplier Social Assessment 2016</b>			

GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
414-1	New suppliers that were screened using social criteria	None	
414-2	Negative social impacts in the supply chain and actions taken	Our Business: Responsible Sourcing – page 12	
<b>GRI 415: Public Policy 2016</b>			
415-1	Political contributions	None	
<b>GRI 416: Customer Health and Safety 2016</b>			
416-1	Assessment of health and safety impacts of product and service categories	Over 95% of ON Semiconductor products are available in lead-free (Pb-free) packaging. ON Semiconductor also supports the aim of REACH in improving the protection of human health and the environment through better and earlier identification of the intrinsic property of chemical substances. ON Semiconductor meets REACH requirements and is committed to provide our customers with information about substances in our products according to REACH requirements.	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	ON Semiconductor does not disclose this information publicly.
<b>GRI 417: Marketing and Labeling 2016</b>			
417-1	Requirements for product and service information and labeling	Per labeling requirements of JEDEC standard JESD97, all shipping labels show whether or not the products are Restriction on Hazardous Substances (RoHS) compliant/Pb-free. ON Semiconductor labeling also indicates information regarding hazardous material to comply with the China RoHS directive.	
417-2	Incidents of non-compliance concerning product and service information and labeling	To the best of our knowledge ON Semiconductor has not received fines for non-compliance concerning product and service information and labeling.	
417-3	Incidents of non-compliance concerning marketing communication	ON Semiconductor is not aware of any non-compliance concerning marketing communication.	
<b>GRI 418: Customer Privacy 2016</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ON Semiconductor is not aware of any such substantiated complaints.	
<b>GRI 419: Socioeconomic Compliance 2016</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	To the best of the company's knowledge ON Semiconductor has not received significant fines or non-monetary sanctions for non-compliance with laws or regulations in the social or economic areas.	





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