



Corporate Social Responsibility Report



ON Semiconductor

TABLE OF CONTENTS



A Letter from President and CEO	1	Employee Engagement	33	
Report Overview	3	Recognizing our Employees	33	
Our Business	5	Prevention of Slavery and Human Trafficking	34	
Overview	5	Prevention of Child Labor	34	
Mission, Vision and Culture	5	Health and Safety	34	
Core Values	5	Health and Wellness Programs	36	
Mergers and Acquisitions	7	Recognition	37	
Worldwide Locations	8		Our Planet	39
Brand	8	Overview	39	
Customers	9	Management Approach	39	
Financial Strength	9	Climate Change	40	
Quality and Reliability	10	Conservation	40	
Enterprise Risk Management	11	Waste Management	40	
Responsible Business Alliance	12	Reclaim and Recycle	40	
Responsible Sourcing	14	Water Management	41	
Recognition	16	Energy Consumption	41	
Our Governance And Ethics	18	Air emissions	42	
Overview	18	Recognition	42	
Corporate Compliance and Ethics Program	19		Our Community	44
Management Approach	19	Overview	44	
Progress	19	Global Corporate Giving Program	44	
Awareness	22	Employee Volunteerism	45	
Public Policy and Activities	23	Community Impact: 2017	45	
Political Contributions	23	Recognition	50	
Recognition	24		Appendix	51
Our People	26	Memberships and External Initiatives	51	
Overview	26	Stakeholder Engagement	52	
Management Approach	26	Material Topics	53	
Commitment to Diversity	27	Additional Data	54	
Recruitment and Retention	30	Contact Us	55	
Professional Training and Career Development	30	2017 Global Reporting Initiative Content Index	56	



A Letter from Our President and CEO — Keith Jackson

[G4: 102 – 14]

As our company continues to grow, we must continue to invest – not only in our infrastructure, scale, technology and talent, but also in our corporate social responsibility. We have worked on new ways to take our corporate social responsibility to the next level, including creating a community grants program, measuring diversity initiatives, and being named for the third year in a row as a World's Most Ethical company. Our customers and suppliers are increasingly inquisitive about our supply chain, quality programs, ethical standards, commitment to diversity and how we tie that back to our business operations. That is part of growing as a company, and we are prepared to have those discussions.

Engaging our Supply Chain

In partnership with our over 34,000 employees around the world, we continue to collaborate with customers, distribution partners and vendors to develop not only more efficient silicon solutions, but more efficient ways of doing business. In 2017, we shipped more than 72.8 billion units through our global logistics network and delivered products with greater than 94 percent average on time delivery to our key customers.

We remain a full member of the Responsible Business Alliance (formerly the Electronics Industry Citizenship Coalition – EICC). With RBA membership being key to our CSR program, we adhere to the RBA's Code of Conduct. Every other year, we reengage our major corporate and site-level suppliers, based on spend, to re-sign our company's CSR Statement of Conformance related to our Code of Business Conduct and the RBA Code of Conduct. As an indication of our suppliers' agreement, over 300 of our key suppliers re-signed ON Semiconductor's CSR Statement of Conformance and RBA Code of Conduct in 2017. Our company also engages our large corporate and site-level suppliers to complete risk assessments through the RBA Self-Assessment Questionnaire (SAQ) every other year.

Additionally, we participate in the RBA's Responsible Minerals Initiative (RMI) (formerly known as the Conflict Free Sourcing Initiative) which began as a joint effort between the RBA and Global e-Sustainability Initiative (GeSI). We engage in reasonable due diligence with our supply chain to ensure minerals are not being sourced from entities supporting armed conflict within the Democratic Republic of Congo and adjoining countries. We continue to engage our suppliers to analyze their sources as well and to complete the RMI Conflict Minerals Reporting Template (CMRT).

Compliance, Ethics and Diversity

Our core values of respect, integrity and initiative are not slogans; they are our guiding principles. We measure ourselves against these guideposts through our Corporate Compliance and Ethics Program (CCEP). Over the past year, we have continued to grow the CCEP around the world through additional Compliance and Ethics Liaison appointments.

To further engage our employees in ethics and CSR, we celebrate Global Compliance and Ethics Week each year. In 2017, we also included corporate social responsibility to showcase the advancements of both programs and reinforce what employees learn during our annual Code of Business Conduct and Corporate Social Responsibility training. We will continue to celebrate our expanded Global Compliance, Ethics and CSR Week every year as it provides awareness, recognition and reinforcement of our compliance and CSR programs as well as location-specific learning activities.

Along with ethics comes our commitment to diversity. 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. In 2017, we started the process of benchmarking our internal perceptions of diversity and inclusion. Our Diversity and Inclusion Initiative operates with the vision and mission of cultivating a culture where diversity and inclusion is embedded in everything we do.

Environment Conservation Efforts

We align our health and safety management systems to the RBA Code of Conduct and procedures for our environmental management conform to ISO 14001 (Environmental Management Systems) certification. Our sustainability objectives for 2016-2020 include reducing chemical, energy, water and carbon consumption each by five percent. In 2017, our conservation highlights include:

- **Waste Management:** The amount of total waste we reused and recycled in 2017 was 13,518,781 kilograms while waste directed to landfill was 12,032,012 kilograms.
- **Reclaim and Recycle:** In 2017, approximately 1,147 metric tons of scrap materials and 609 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 \$26.6 million.
- **Water Management:** Our conservation and consolidation projects reduced water consumption by 14 percent at our wafer fabs and 15 percent at our assembly and test sites in 2017 compared to the annual consumption in 2016.
- **Energy Consumption:** There was a normalized reduction of energy consumption by 14 percent at our wafer fabs and 8.6 percent at assembly and test sites from the previous year.
- **Air Emissions:** Normalized carbon emissions reduced by eight percent at our front end and assembly and test operation facilities in 2017 compared to 2016. Scope 2 greenhouse gas emissions reduced by 67,675 metric tons of carbon dioxide due to 47 projects in six countries in the reporting year.

Corporate Social Responsibility Related Recognition

In 2017, we received several awards and recognitions from external entities that further proves our commitment to CSR, sustainability and safety efforts. We received the following recognitions:

- **World's Most Ethical Company** for the third consecutive year (corporate award)
- **Barron's list of 100 Most Sustainable Companies** (corporate award)
- **EcoVadis Assessment Outstanding Score** (corporate award)
- **RBA Platinum Status Recognition** (South Portland, Maine and Seremban, Malaysia)
- **2017 Gold Class Award of Malaysian Society for Occupational Safety & Health** (both facilities in Seremban, Malaysia)
- **Outstanding Award for Don Emilio Abello Energy Efficiency** (Tarlac and Carmona, Philippines)
- **ASEAN Energy Management in Buildings & Industries Award** (Carmona, Philippines)
- **Binh Duong Government's Certification of Outstanding Company in Fire Safety** (Binh Duong, Vietnam)
- **Idaho Power's Pocatello Energy Efficient Upgrades and Incentives** (Pocatello, Idaho)
- **2017 Winner of Production Safety Knowledge Competition** form Xili Federation of Trade Unions (Shenzhen, China)

These awards, along with our corporate social responsibility efforts, conservation initiatives and quality focus are all testaments to the dedication of our employees around the world. We look forward to strengthening these areas, as well as our partnerships with our customers, suppliers and other stakeholders over the coming year. To that end, we constantly encourage our employees to lead by example, especially when it comes to displaying our company's core values of respect, integrity and initiative. Our corporate social responsibility programs and ideals are deeply rooted in our core values, and we remain committed to positively impacting our communities and growing our CSR and sustainability initiatives, while competing in and contributing to the growth of the semiconductor industry. We are dedicated to continuing to serve our communities in an ethically, environmentally and socially responsible way.



Keith Jackson
President and CEO

Report Overview

[G4: 102-46] [G4: 102-54] [G4: 102-56]

ON Semiconductor's 2017 Corporate Social Responsibility (CSR) Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The report further expands upon and provides updates to several topics covered in our previous report, which was published in July 2017. Some of the topics included are the company's business profile, responsible sourcing, governance and ethics, employee relations, environmental sustainability and community involvement. The scope of the report includes ON Semiconductor, its worldwide subsidiaries and joint ventures for which the company has management control. Environmental data covers leased and owned internal manufacturing sites. These sites account for a majority of our environmental footprint worldwide. While ON Semiconductor has not sought external assurance for the content of its 2017 CSR Report, certain data included is subject to external review and all information provided is reviewed internally.

More information about ON Semiconductor's operations and financial statements is available in the company's [2017 Sec Form 10-K](#).

INGENUITY

THINK



ON.



OUR BUSINESS

Overview

[G4: 102-1 - 102-3] [102-5]

ON Semiconductor (NASDAQ: ON) is a publicly traded global semiconductor company headquartered in Phoenix, Arizona. We drive energy efficient innovations, empowering customers to reduce global energy use. The company is 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. The company's products help engineers solve unique design challenges in [automotive, communications, computing, consumer, industrial, medical, aerospace and defense applications](#). ON Semiconductor operates 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 [2017 Securities and Exchange Commission \(SEC\) Form 10-K](#).

Mission, Vision and Culture

Mission

ON Semiconductor delivers high quality, energy efficient solutions to solve its customer's 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

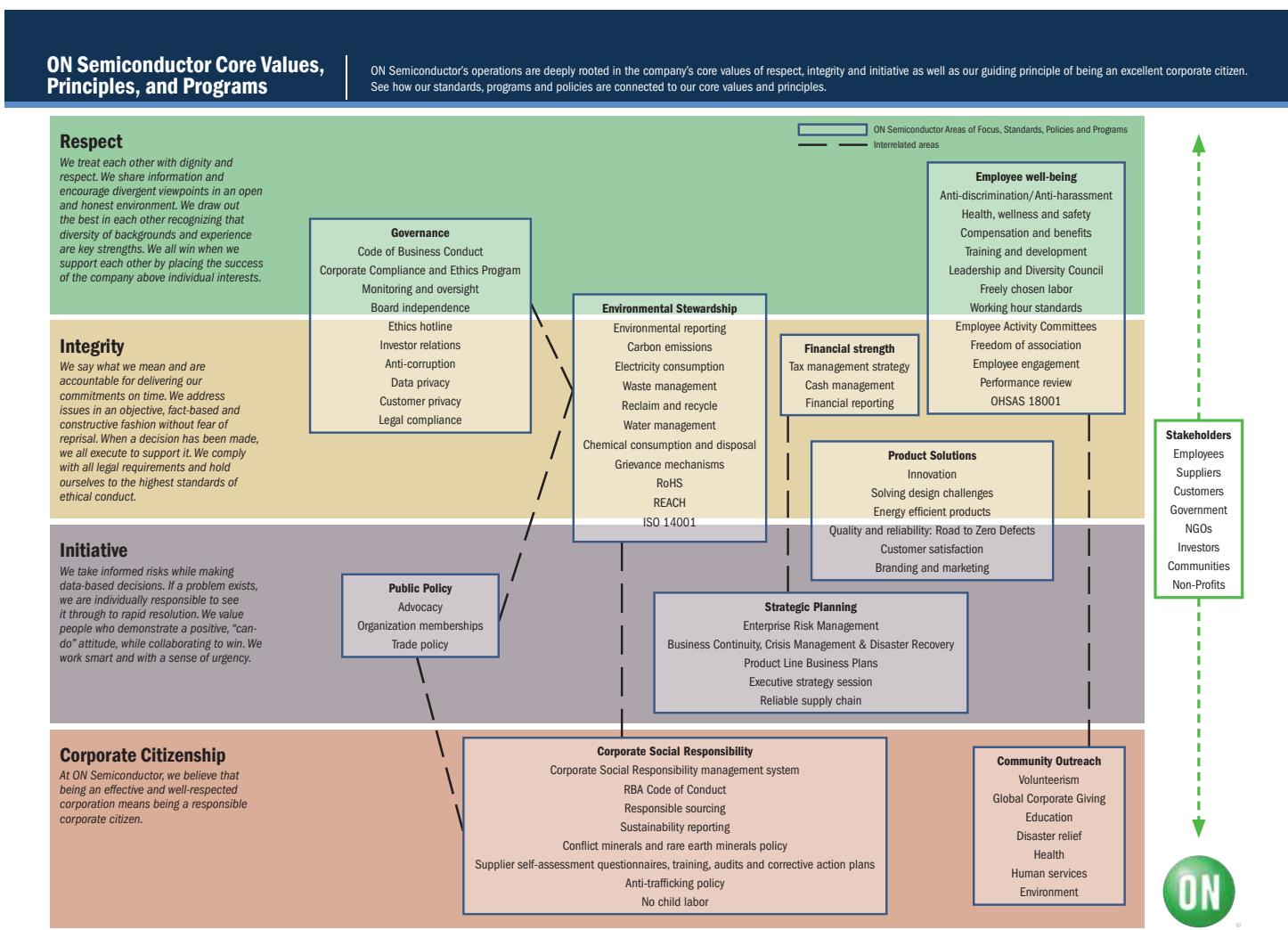


Integrity



Initiative

Core Values and Corporate Social Responsibility Map



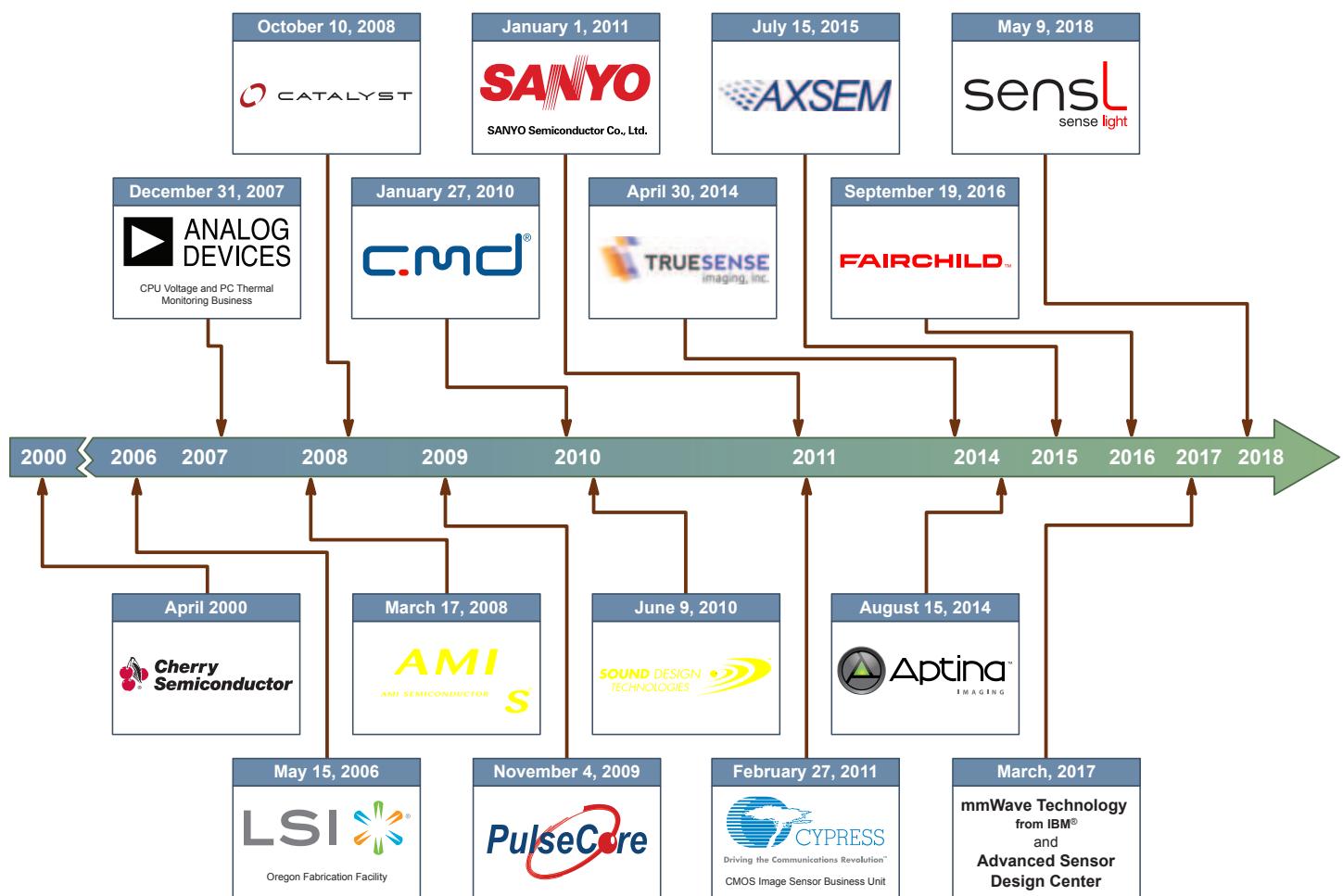


Mergers and Acquisitions

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 ON Semiconductor's spin off from Motorola in 1999, the company has proudly incorporated best practices and leaders from all of our acquisitions. In October 2017, we announced an agreement with Fujitsu Semiconductor Limited whereby we will purchase a 30 percent incremental share of the Fujitsu 8-inch wafer fab in Aizu-Wakamatsu, resulting in 40 percent ownership when the purchase is complete. Initial transfers began in 2014, and successful production and ramp up of wafers began in June 2015. We also plan to increase ownership to 60 percent by the second half of 2018 and to 100 percent in the first half of 2020. With these agreements with Fujitsu Semiconductor, our company will be able to maintain industry-leading manufacturing cost structure and also optimize our capital spending in coming years.

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 States

Solution Engineering Center Locations:

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

Brand

[G4: 102-7]

Empowering Design Engineers to Reduce Global Energy Use

ON Semiconductor has established itself 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 our 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

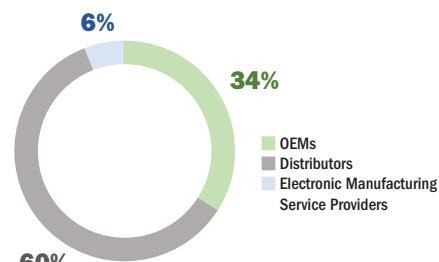
We operate a flexible, reliable, responsive supply chain that supports complex manufacturing networks and dynamic global market conditions. This includes multiple manufacturing and logistics sites located near our customers to ensure supply continuity. During 2017, the company shipped more than 72.8 billion units through its global logistics network and delivered products with greater than 94 percent average on time delivery to requested dates for all key customers. The company's approximately 34,000 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.

Customers

[G4: 102-6 – 102-7]

Our customers can be categorized into three categories: original equipment manufacturers (OEMs), distributors and electronic manufacturing service providers. We focus on three types of OEMs: multi-nationals; selected regional accounts; and target market customers. Large multi-nationals and selected regional accounts, which are significant in specific markets, are our core OEMs. Distributors, which accounted for approximately 60% of our revenue in 2017, usually resell to mid-sized and smaller OEMs, electronic manufacturing service providers, and other companies. These customers typically provide manufacturing services to OEMs.

Revenue by Type of Customers



Data presented is as of December 31, 2017.

Financial Strength

[G4: 102-6 – 102-7]

ON Semiconductor demonstrates financial strength and efficiency through strong cash flow, a stable revenue stream and balanced geographic and end-market exposure. We believe that our company's strong financial performance and effective use of resources will continue to provide opportunities for future growth.

**2017 Revenue:
\$5,543 Million**

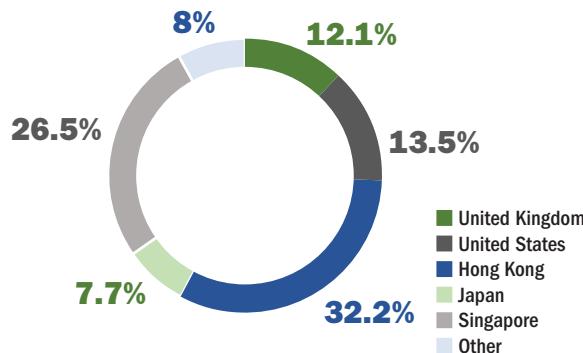
Data presented is as of December 31, 2017.

Revenue by Market

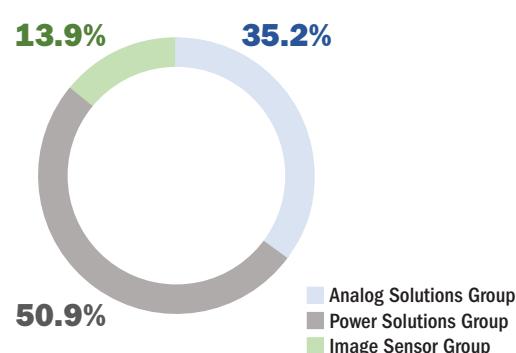
Automotive	Consumer	Computing	Communications & Networking	Industrial, Aerospace & Defense, Medical
<ul style="list-style-type: none">Autonomous vehiclesVehicle electrificationBody electronics and lightingVehicle communication & power management	<ul style="list-style-type: none">Drones and sports camerasThin TVs, STBs & game consolesWearablesWhite goodsUSB Type-C	<ul style="list-style-type: none">Notebooks, ultrabooks & 2-in-1sDesktops, PCs, & All-in-onesServers, workstations & cloudPower supplies, graphics & HDDsUSB Type-C	<ul style="list-style-type: none">Smart phones & tabletsSwitches, routers & base stationsWireless & fast charging	<ul style="list-style-type: none">Internet of things, smart building & smart citiesMonitoring, surveillance and security systemsCockpit displays, guidance systems, and IR imagingHearing, imaging, diagnostics, therapy & monitoring systems
31%	14%	10%	20%	25%

Data presented is as of December 31, 2017.

Revenue by Region



Revenue by Group



Data presented is as of December 31, 2017.

Quality and Reliability

We have demonstrated our commitment to live by stringent, internationally accepted requirements for reliability and quality. We launched our 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 enable us to use our quality and reliability as the fuel for growth of the corporation. Ultimately, ON Semiconductor is committed to maintaining a distinctive, world class quality system, which transcends all international quality standards and aims to exceed customer expectations. For more information, please see our [Quality and Reliability Handbook](#).

Culture of Quality

In 2017, we deployed the Quality of Culture survey at our legacy Fairchild Semiconductor locations. The same survey was conducted in June 2016 at legacy ON Semiconductor facilities. The purpose of the Culture of Quality survey is to measure employee understanding of our quality initiatives and gain insight on employee perception of our quality program. Overall ON Semiconductor has performed higher than the average score of benchmark companies surveyed in the areas of employee ownership, peer involvement and leadership emphasis. Our performance has consistently improved due to our increased focus on our quality culture and performance in our Road to Zero Defects projects.



Enterprise Risk Management

[G4: 102-11]

In an ever-changing world where we are forced to deal with uncertainty every day, how an organization tackles uncertainty is a key predictor of its success. 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 the ON Semiconductor Enterprise Risk Management (ERM) program is to systematically, consistently and effectively identify, evaluate, prioritize and manage key opportunities and risks affecting the company. The ERM program strives to develop a risk-aware culture across the company and drive effective efforts to mitigate top priority risks, thereby enhancing the likelihood of achieving strategic objectives while increasing the protection of our assets.



Our ERM cycle includes processes and tools to identify, prioritize and respond to high priority enterprise risks. The ERM process operates within the context of the overall corporate strategic planning process and within the boundaries established by the company's stated risk appetite. The program includes distinct efforts to address both nearer-term existing risks, as well as longer-term emerging risks.

We identify and evaluate risks across all organizations within the company. Through our ERM discipline, we categorize and assess risks across the following groupings:

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



Management Approach

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 that includes completion timeframe and ongoing elements. Emerging risk sessions are conducted semi-annually with results reported to the Executive Team and Board.

Critical to the execution of the ERM program at ON Semiconductor, we have appointed a Chief Risk Officer and a Corporate Risk Committee. In addition, the framework includes a comprehensive network of ERM Risk Champions to support the program. Risk Champions are individuals from all functional groups within the 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 and guidance, risk champions lend credibility to the direction set by the Board and senior corporate staff with respect to risk management, thus preventing the program from sliding into a low-value, simple "check-the-box" exercise.

One significant aspect of our ERM program cannot be overemphasized – the value-add is driven by the open conversation, communication and collaboration facilitated through 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 made great strides in making it a critical activity which has the full support of executive leadership and the ON Semiconductor Board of Directors. In doing so, risk management at ON Semiconductor is a critical and strategic capability, as opposed to a simple reporting process.

Responsible Business Alliance

[G4: 102-16] [G4: 102-18] [G4: 205-1] [G4: 308-2] [G4: 412-1] [G4: 414-2]

CSR at ON Semiconductor 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.

A key component of CSR at ON Semiconductor is our commitment to the Responsible Business Alliance (formerly the Electronics Industry Citizenship Coalition – EICC) as a full member. We have integrated the [RBA Code of Conduct](#) standards pertaining to labor, environment, health and safety, ethics and management systems into our operations. We seek to continually improve our compliance with the RBA Code of Conduct, internal standards and other guidelines through ongoing training, risk assessments, verifications, and corrective actions. We also follow environmental laws, regulations and other social responsibility requirements that are applicable to our activities and our customers' products.

Management Approach

Each of our manufacturing locations have CSR working team members from supply chain, human resources, the corporate compliance and ethics program, facilities and environmental, health and safety (EHS) who are led by CSR site champions. Together, the CSR site champions and working team members operationalize a robust CSR management system, compliance program and CSR activities. Regional CSR subject matter experts also support our CSR site champions.

Our CSR steering committee, comprised of leaders from CSR, quality, legal, supply chain, human resources, and EHS ensure that a sound management system is established, implemented and maintained in accordance with the RBA Code of Conduct, internal standards and other guidelines determined by the organization. Regular review meetings with corporate staff ensure that our strategy continues to be suitable and effective for our growing organization.

Through collaboration and engagement with other RBA members, ON Semiconductor is committed to continual improvement in the field of CSR. We are actively engaged with the RBA through workgroups focused on the RBA Validated Audit Process (VAP), Conflict Minerals, Indirect Spend and Environmental Sustainability.

Training

Along with completing annual CSR training each year, CSR working team members complete at least one training course per quarter on CSR. The trainings provided relate to the RBA Code of Conduct and customer social responsibility standards. In 2017, CSR working team members completed training on topics such as transparency and ethics, working hours, and corrective action plans.





We strive to maintain a steady pool of internal auditors who can assist in validating if our operations and that of our suppliers' meet RBA standards. In 2017, a total of 28 employees completed the RBA Verité Labor & Ethics Lead Auditor training through classes held in Carmona, Philippines and Phoenix, Arizona. The training provided competencies necessary to successfully perform RBA VAP audits through topics such as social systems auditing, investigative skills, management systems, validation and reporting.

Risk Assessments

Each year, our manufacturing facilities complete the RBA self-assessment questionnaire (SAQ). The SAQ requires responses to over 100 questions related to labor, environment, health and safety, and management system standards. The target score for each of our facilities is 85% or greater, indicating no to low risk. In 2017, 20 out of 21 facilities met this target. Any facilities that receive a score lower than 85% work to understand and remediate any issues that are considered risky.

Outside of our responsibilities as a RBA member, we assess other risks related to our own operations. All manufacturing locations were initially considered when risk was assessed and continue to be assessed at 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 2017 country rankings – the Philippines (ranked 114) and Vietnam (ranked 113). Additionally, we have a greater risk with customers in China (ranked 80) 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.

Verification and Corrective Actions

We verify the results of our SAQs by conducting internal audits and RBA VAP audits on our manufacturing sites. Internal audit frequencies are based on previous assessments, risks to the organization, state of findings, and significant updates to procedures. Nonetheless, all facilities must be audited internally at least once every two years. In 2017, we scheduled and completed RBA VAP audits for 13 facilities and internal audits on 11 facilities. By the end of 2017, all facilities from the Fairchild Semiconductor acquisition completed both internal and RBA VAP audits in order to recognize and address any gaps in CSR management system integration.

Our company adheres to the same process and timeline to address non-conformances through corrective action plans as the RBA. For each non-conformance, root cause(s) must be identified using problem solving methods and containment actions must be implemented for certain non-conformances. In 2017 we recognized the need to further engage our on-site service providers on RBA compliance. Along with developing additional risk assessment tools and auditing more of our on-site service providers, we also volunteered to pilot the RBA's Indirect Spend SAQ targeting contract labor and facilities management vendors.



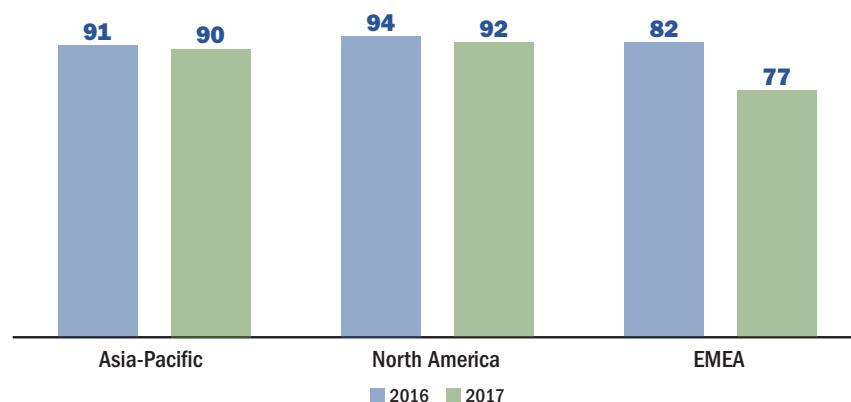
Responsible Sourcing

[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. In 2017 we worked with over 8,000 suppliers and service providers in North America, Asia Pacific, Europe and the Middle East of which approximately 4,600 were production-related. 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 2017.

ON Semiconductor's Spend on Local Suppliers by Region (%)



Data presented is as of December 31, 2017. 2016 data does not include Fairchild Semiconductor.

Setting Expectations

We expect that our suppliers and on-site service providers follow the same CSR tenets that we have set for our own operations. We clearly communicate these expectations to new and existing suppliers and on-site service providers. New suppliers and on-site service providers agree and comply with ON Semiconductor's Code of Business Conduct and the RBA Code of Conduct as communicated in [ON Semiconductor's Supplier Handbook](#) and service agreements. Every other year we reengage our major corporate and site-level suppliers, based on spend, to re-sign ON Semiconductor's CSR Statement of Conformance related to our Code of Business Conduct and the RBA Code of Conduct. As an indication of their agreement, over 300 of our key suppliers re-signed ON Semiconductor's CSR Statement of Conformance and RBA Code of Conduct in 2017. Forty-four of these key suppliers were our top corporate suppliers while the remaining were our top site suppliers.

Risk Assessments

We also engage major corporate and site-level suppliers based on spend to complete risk assessments through the RBA SAQ every other year. While corporate suppliers must provide a SAQ, completing risk assessments is optional, but highly encouraged, for top site suppliers. In total, 42 corporate suppliers submitted a 2017 SAQ to ON Semiconductor and none were high risk as per their scores.

Training

In the spirit of continuous improvement and to remain actively involved in our supply chain, we offer complimentary training on the RBA Code of Conduct to our suppliers and on-site service providers. Any supplier that is deemed medium or high risk through the RBA SAQ is given training on the RBA Code of Conduct and auditable standards. Additionally, in-person training was provided during an integration summit with subcontractor suppliers in Malaysia in October 2017. Management and contract workers of our on-site service providers who are present at ON Semiconductor facilities and meet our internal training requirements are provided courses on the RBA. Since 2016, over 100 individual on-site service provider companies have completed training on the RBA Code of Conduct.



Verification and Corrective Actions

As per RBA requirements, 25% of our high risk suppliers are audited every other year against the RBA Code of Conduct. If no high risk suppliers are identified during the supplier engagement project, ON Semiconductor will audit certain medium risk suppliers as per their SAQ responses. We work closely with our suppliers to ensure that root cause analysis is performed and that preventative and corrective actions are implemented in a timely manner.

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.

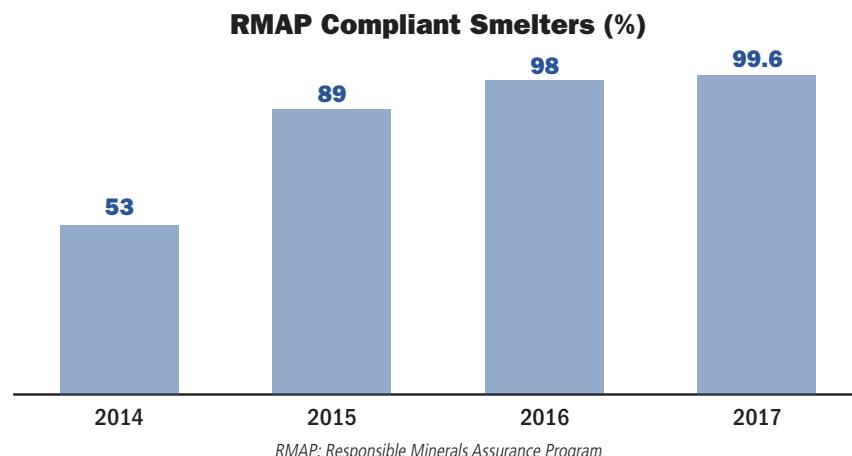
Conflict minerals are obtained from sources worldwide, and we do not desire to eliminate those originating in the DRC and adjoining countries. However, we are committed to ensuring conflict free sourcing of minerals from our supply chain through collaboration with our suppliers. As a member of the RBA, we also participate in the Responsible Minerals Initiative (RMI) (formerly known as the Conflict Free Sourcing Initiative – CFSI) which began as a joint effort between the RBA 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 RMI 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 Responsible Minerals Assurance Process (RMAP) 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.

Each year, we target 100% RMAP compliant smelters. However, 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 [SEC form SD](#) for more information.

**99.6% of
smelters used
were RMAP
compliant in
2017**



Recognition

RBA Validated Audit Process (VAP) Platinum Status

Two of our facilities, namely, South Portland in Maine and our front-end manufacturing site in Seremban, Malaysia received the highest level of recognition through platinum status awards for full RBA VAP audit scores of 200 in 2017. The recognition demonstrates ON Semiconductor efforts, commitment and leadership in CSR.

Ecovadis

EcoVadis is an online CSR platform that measures the quality of a company's CSR management system through its policies, actions and results. The assessment is based on four themes including environment, labor practices, fair business practices and sustainable procurement.

In October 2017, we completed our fourth EcoVadis assessment and achieved an outstanding score of 85 out of 100. Since the company's last assessment in August 2017, we achieved a ten point increase in its overall score. The outstanding score ranks ON Semiconductor in the top 1 percent of 150 companies in our category and signifies:

- A structured and proactive CSR approach
- Engagements/policies and tangible actions on issues with detailed implementation information
- Comprehensive CSR reporting on actions & KPIs
- Innovative practices and external recognition



Barron's 100

ON Semiconductor was ranked 42 on Barron's list of 100 Most Sustainable Companies in the U.S. in 2018.

Other Awards

- Best of ON Semiconductor Employer by MoorElite Technology – 2017 Top 10 Social Responsibility



PRINCIPLES

THINK



ON.

OUR GOVERNANCE AND ETHICS

"As a Fortune 500 and one of the World's Most Ethical companies, we believe that improving diversity and inclusion in the work place enhances our company performance and ability to sustain our persistent commitment to compliance and ethics. Embracing diversity of people and thought is also a catalyst for creativity and innovation in today's highly competitive global marketplace. With a strong foundation and ethical culture, our goal is to support an environment where employees share our company's values and create a sense of purpose and passion for all the communities that we serve."



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 CEO and the oversight of the Board of Directors. The Board has at least four 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	9
Independent directors	8
Women on the board	1
Age limit	75 years old
Board breakdown by age and gender	F – 1; M – 8 Age: 55, 56, 60, 62, 62, 62, 64, 69, 70
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 2017 Sec Form 10-K



Corporate Compliance and Ethics Program

At ON Semiconductor, compliance and ethics goes beyond understanding what we have a right to do because what we have a right to do is not always what is right to do. Our core values guide every aspect of our business. Respect, Integrity, and Initiative are not slogans; they are our guiding principles. We measure ourselves against these guideposts through our Corporate Compliance and Ethics Program (CCEP).

In 2018, we reinforced our commitment to compliance and ethics by growing our program across the globe. We added new leadership to our CCEP in the form of a dedicated senior director and began the process of adding new Compliance and Ethics Liaisons (CELS) across the globe, with a goal of having at least two liaisons at every manufacturing site globally. This growth coincides with the continued growth of ON Semiconductor and reflects our commitment to assuring an ethical culture throughout our expanding global operations.

Ethics is a top-down and a ground-up process at ON Semiconductor. Every team member is empowered to talk about ethics, raise concerns, and share their experiences. Our CEO sets the tone at the top by communicating our compliance and ethics expectations and holding our managers accountable for delivering on those expectations. Our team members are empowered and encouraged to report potential concerns and to recognize extraordinary commitments to our core values.

Management Approach

Our CCEP is designed to assist ON Semiconductor prevent, detect and respond to unethical or illegal conduct and promote an ethical and legally compliant business culture. To do this, compliance and ethics is ingrained at every level of the company from the Board of Directors and the CEO to each individual employee.

The Audit Committee of the Board regularly oversees and reviews the company's CCEP and supported the addition of a dedicated senior leader for the compliance and ethics organization in 2018. Today, there are three full-time employees dedicated to the program. These professionals are supported by the Corporate Compliance and Ethics Committee, six Assistant Compliance and Ethics Officers, and a growing network of compliance and ethics liaisons located in our worldwide locations. On a regular basis, our Corporate Compliance and Ethics Officer and his team update the Audit Committee of the Board, and as necessary the full Board of Directors on individual incidents and the overall operation of the program.

Through quarterly calls and annual meetings, members of the CCEP, including CCEP committee members and compliance and ethics liaisons, review case studies and share best practices, receive training, and discuss trends in the compliance and ethics field. These communications help keep the program focused and help assure program consistency across the globe and throughout the layers of the organization.

The CCEP provides a procedural framework for enhancing and monitoring our compliance with the Code of Business Conduct, the policies referenced in the Code and 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.

Progress

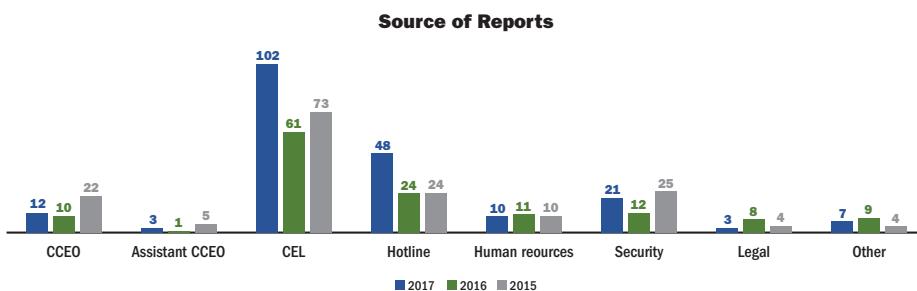
Our employees trust the program and the process. ON Semiconductor put a formal non-retaliation policy in place in 2015. Within a short period of time, employee awareness and trust in the policy is strong. More than 87% of employees believe ON Semiconductor follows and supports its policy on non-retaliation against those who report actual or suspected misconduct in good faith. Even more telling, over 84% of our employees believe their manager follows and supports our policy on non-retaliation against those who report actual or suspected misconduct in good faith.



While these numbers represent the majority of our employees, it is our goal to continuously improve the CCEP as measured by the trust our employees have in the program itself as well as the process. We believe employees trust in the program is best represented by their trust in our non-retaliation policy. Employees who trust that reporting concerns pose no threat to them personally or to their careers are more likely to speak up. Ensuring a speak-up culture is critical to the success of the CCEP.

Another indicator of trust, is the utilization of the CCEP reporting channels. Employees have access to a number of reporting channels, including local compliance and ethics hotlines, a team of 40 local Compliance and Ethic Liaisons currently, members of the Compliance and Ethics organization and direct access to Assistance Compliance and Ethics Officers as well as the Chief Compliance and Ethics Officer.

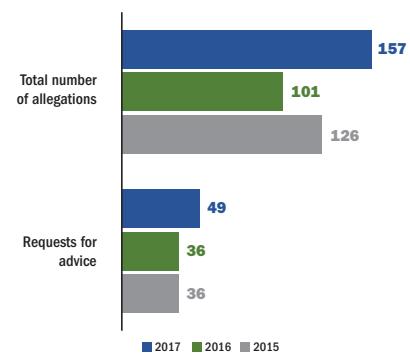
The utilization of compliance and ethics liaisons gives employees a peer to whom they can raise potential concerns outside of Human Resources and their management chain. The availability of this additional reporting channel helps our company integrate compliance and ethics into our culture.



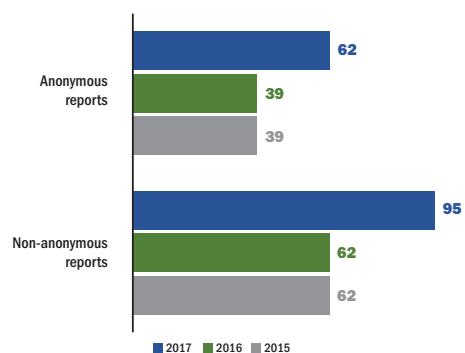
The majority of concerns come into the CCEP via compliance and ethics liaisons. The importance of this channel is driving our expansion of the compliance and ethics liaison network. Among our goals with this expansion is to provide a balance of male and female compliance and ethics liaisons so that all employees have access to a liaison with whom they can relate and feel safe.

Not all employee chose to report concerns directly to liaisons, human resources, or their management. Some employee prefer to remain anonymous. In these instances, employees may use the Ethics Hotline, which is available 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. As with reports made in person, our company makes it clear to employees that there will be no retaliation against anyone who raises a concern in good faith.

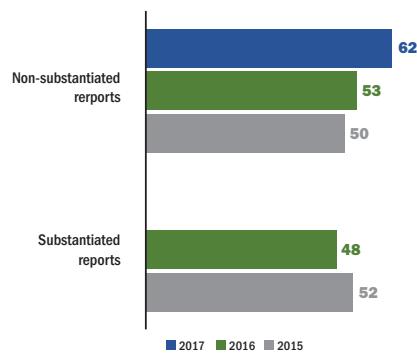
Compliance and Ethics Allegations & Requests for Advice



Anonymity of Reports



Allegations Substantiated



Data presented is as of December 31, 2017.

**50% of reports
came through
CELs in 2017**



Compliance and Ethics Reporting Process

ON Semiconductor®



What Happens When I Report a Concern?



Ethics Hotline

U.S.: 1-844-211-7380

All other locations: Click on the link below for country-specific instructions.

Online: hotline.onsemi.com

Awareness

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

Code of Business Conduct

Our company's [Code of Business Conduct](#) is a critical part of our CCEP. 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 activities that relate to the company. It is available for employees to review in 14 languages, making it easily accessible to employees in all regions where we do business.

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



2017 Compliance Training Highlights

100% of our employees completed Code of Business Conduct, Corporate Social Responsibility and Information Security Awareness trainings.



The total number of employees assigned Anti-Harassment and Anti-Discrimination training make up approximately one-third of our total employee population. **100%** of the employees assigned the training completed it.



The employees assigned to Anti-Corruption training make up approximately 10% of our total employee population. **100%** of the employees assigned the training completed it.

Global Compliance, Ethics and CSR 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. In 2017, we also included topics related to CSR to showcase the advancements of both programs and reinforce what employees learn during the annual Code of Business Conduct and Corporate Social Responsibility training. The week provides awareness, recognition and reinforcement of our Corporate Compliance and Ethics and CSR programs as well as location-specific learning activities and celebrations.



Privacy

In May 2018, the General Data Protection Regulation (GDPR) in the European Union took effect. To align our global processes with this new regulation, the company appointed a Chief Privacy Officer and undertook a thorough review of corporate policies and practices to assure compliance to this new privacy standard. Targeted privacy training was administered to global functional teams most directly impacted by GDPR, including information technology, finance, human resources, procurement and legal. Additionally, all employees will receive privacy awareness training to increase individual sensitivity to the importance of protecting private data.

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 government agencies 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 are 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 and safety practices, intellectual property rights and open markets.

Among the public policies that we supported in 2017 were the following:

- Open markets – In December 2015, trade ministers from over 50 countries agreed to expand the Information Technology Agreement (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 2017 the semiconductor industry sought to add new countries to the ITA expansion agreement as well as press for the immediate elimination of tariffs on Multi-Component integrated circuits by those countries that benefit from free trade yet have long tariff elimination phase-in times.
- Tax reform – We supported the semiconductor industry's efforts to ensure that U.S. corporate tax rates are competitive with other countries, that overseas income is taxed on a territorial basis rather than on a worldwide basis, that the tax Code is simplified to reduce compliance costs, and that the tax code promoted R&D. We also sought rules that avoided harmful transitions from the current system such as allowing companies appropriate transition rules on any limitations to the deductibility of interest. The industry was fully or partially successful on many of these positions.
- 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 2017, we assisted law enforcement to identify and prosecute brokers of counterfeit goods.

Political Contributions

In the U.S., companies and other organizations are allowed to organize Political Action Committees (PACs) to support political candidates with funds voluntarily 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 2017.

Recognition

A 2018 World's Most Ethical Company

We are very pleased to be counted among the World's Most Ethical Companies for a third year in row. We remain one of six companies recognized in the electronic components and semiconductors category.



ON Semiconductor named
World's Most Ethical Company
three years in a row!



"Our company's ability to consistently demonstrate ethical operations and culture in a fluid semiconductor industry remains critical to our business operations. Leveraging our ethical practices based on key factors of integrity and accountability, is one our differentiators."

Keith Jackson, ON Semiconductor President and CEO



TALENT

THINK



ON.

OUR PEOPLE

"At ON Semiconductor, we believe our company's vision, mission, core values and ethical culture are the foundation for employee success. We are committed to cultivating a workplace where diversity and inclusion is embedded in everything we do. Employees are developed and empowered to work together as one global team treating each other with respect and integrity while enabling an environment where initiative can flourish. By leveraging the diverse experiences, knowledge, cultures, customs and backgrounds of our global employees, ON Semiconductor will continue to meet and exceed the expectations of our key stakeholders – employees, customers, suppliers, our communities and shareholders."

Tobin Cookman, Senior Vice President, Human Resources



Overview

[G4: 102-7]

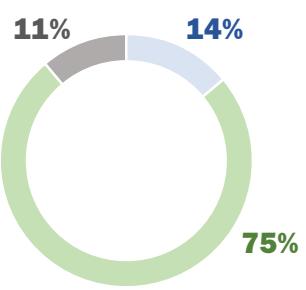
Our global community of employees is based in locations around the world with major facilities in the U.S., Belgium, Canada, France, Ireland, Slovak Republic, Czech Republic, Japan, Korea, China, Malaysia, Vietnam and the Philippines. As of December 2017, we had over 34,000 employees globally.

Management Approach

Our human resources group's mission is to deliver value-added, global talent solutions that reinforce our company's strategy, core values and commitment to an ethical and diverse culture. Human resources strategically partners with the business to continuously improve employee engagement, talent development and succession, talent acquisition and retention, rewards and systems and processes.

The human rights and workplace rights of our workers, as stipulated under the RBA Code of Conduct and local laws and regulations, are monitored and managed collaboratively through our CSR, EHS, 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 CSR site champions and working team members engage in quarterly key performance indicator reporting on labor, ethics and health and safety metrics. Each quarter, our manufacturing sites report violations to ON Semiconductor's working hour policy with regard to a maximum of 60 hours and one day of rest per week. Additionally, breaches to our compliance training policy are reported on a quarterly basis and reviewed by our executive staff.

Worldwide Workforce by Region



Americas Asia EMEA

Data presented as of December 31, 2017.



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.

In 2017, we started the process of benchmarking our internal perceptions of diversity and inclusion practices. As part of this effort, we utilized the Global Diversity and Inclusion Benchmarks model to launch a survey as part of our plan for internal benchmarking. In addition to the survey launch in 2017, ON Semiconductor joined a Workplace Diversity Dialogues series at the Markkula Center for Applied Ethics at Santa Clara University that focuses on the role of diversity and inclusion in relation to ethics in Silicon Valley and beyond.

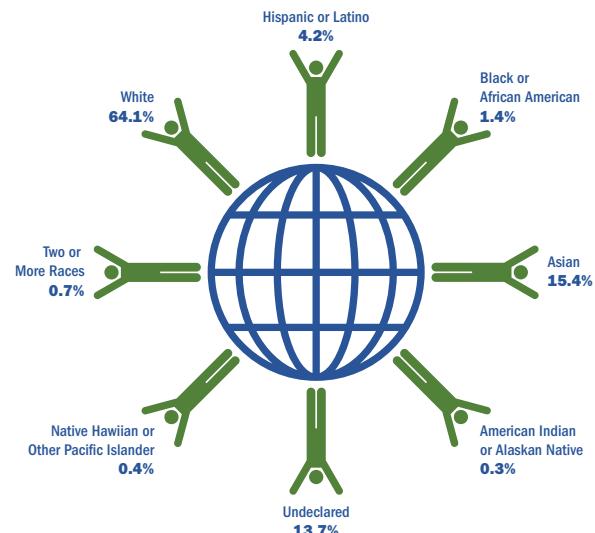
Diversity and Inclusion Initiative Framework, Vision and Mission

ON Semiconductor's Diversity and Inclusion Initiative operates with the vision and mission of cultivating a culture where diversity and inclusion is embedded in everything we, as a company and as employees, do. The Diversity and Inclusion Initiative follows a framework of workplace inclusion, workforce diversity and community partnerships. With these guiding principles directing the initiative, we continue to expand our positive impact on the greater communities surrounding the places in which we work.

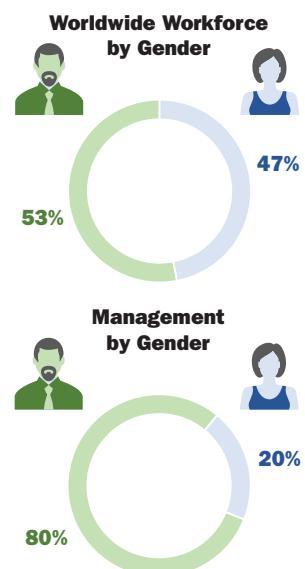
To further these efforts, our company hired its first full time diversity and inclusion professional to focus on fostering the company's Diversity and Inclusion Initiative. With this initiative, global strategies and programs are being developed to focus on areas such policies and practices, development and training, and gender and ethnicity representation. One specific program, 'Breakthrough Leadership' focused on advancing women at ON Semiconductor was piloted this year and we plan to implement it across the globe in 2018. Our Diversity and Inclusion efforts have been intentional in launching first in North America and in 2018 we plan to roll-out globally in Asia and EMEA regions.

We also hosted our first Diversity and Inclusion week which included site based activities and messaging across the company's North America locations.

diversity and inclusion



Data presented is as of December 31, 2017.



Data presented is as of December 31, 2017.

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, STEM UP (science, technology, engineering and math for underrepresented populations) and approved a new affinity network group, Cultivate. These groups help facilitate networking, mentoring,

cultural awareness, encourage recruitment, provide employee development and retention along with increased collaboration and innovation. Charters for all of the affinity network groups align seamlessly with our core values and the Diversity and Inclusion Initiative's framework.



Women's Leadership

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 Initiative

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 across the globe.

The founding charter for the Women's Leadership Initiative is "empowering and supporting women to succeed through professional development in business, strategic and financial acumen." To uphold this charter the following goals and objectives were established:

- Create opportunities to develop and demonstrate business, strategic and financial acumen
- Provide mentoring best practices as well as access to formal and informal mentors/coaches
- Create networking opportunities both internally and externally to expand business and market perspectives
- Encourage female leaders to develop and promote the next set of female leadership
- Openly address and discuss unique challenges and potential "tools" to overcome those challenges

In partnership with the Diversity and Inclusion team, our Women's Leadership Initiative has held multiple events focused on the importance of business, strategic and financial acumen as a critical component for advanced career success. Events have been held in Seremban, Suzhou, Bucheon, Piestany, Roznov, Pocatello and Gresham with additional events planned in California, Phoenix, the east coast, Vietnam, Singapore and the Philippines.

STEM UP

Our second affinity network group, STEM UP, was launched 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 – In 2017, 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 – 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 – STEM UP works with schools in Phoenix, Arizona to host educational site tours where students learn about ON Semiconductor, STEM fields and the opportunities working for a global corporation can provide. We worked with several local schools and charitable organizations to serve and inspire children from under-represented populations throughout 2017.

Cultivate

Cultivate's mission is to unite a group of diverse generations who are committed to engaging in the workforce and enhancing our collaborative company culture. Cultivate is committed to understanding all generations in the workplace and connecting our employees with development and workforce community activities. The expansion of our affinity network groups serve as a resource for our company and employees to foster a multicultural workplace aligned with our organizational mission, values, goals, business practices and objectives.



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.

Looking Forward: Executive Bonuses and Diversity and Inclusion

Cash bonuses under ON Semiconductor Bonus Program include four performance components starting in 2018. One of these components, weighing eight percent is based on achievement of certain hiring and promotional goals designed to increase the racial and gender diversity of our company's employee population.

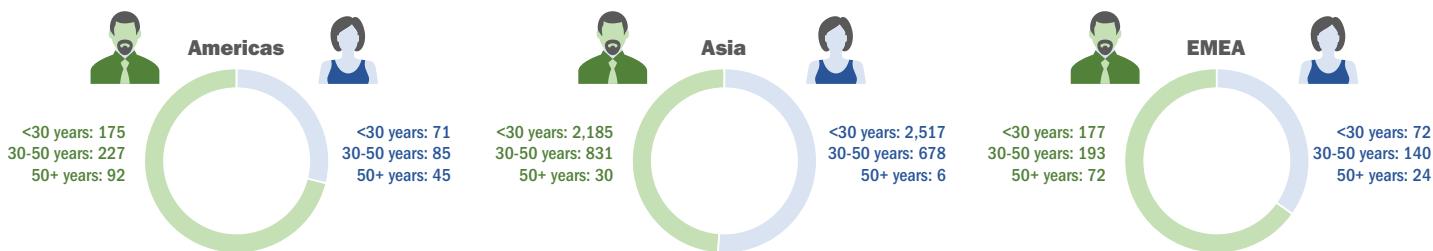
Recruitment and Retention

[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.

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. In 2017, we saw an increase in global voluntary turnover due to the recent acquisition of Fairchild Semiconductor and strong competition for talent in Asia.

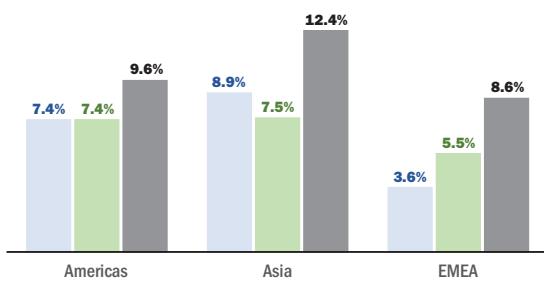
New Hires by Gender and Age



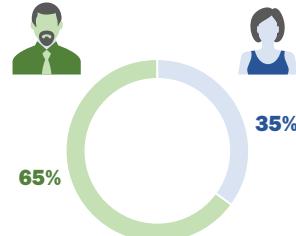
Internal Transfers and Promotions

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.

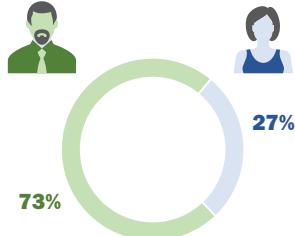
Voluntary Turnover by Region



Promotions Globally by Gender



Transfers Globally by Gender



Data presented is as of December 31, 2017.

Professional Training and Career 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, CSR as well as our expectations for ethical conduct.



In 2017 we have continued to enhance our career development program as a result of our 2015 Employee Engagement survey to include the following:

- Career development training for managers and employees
- Streamlined career ladder guidance for operations, technicians and professionals
- Developed a career ladder model that will:
 - Broaden skill base to promote career development and enhancement
 - Create awareness for how to make logical job transitions
 - Improve perspective on range of jobs available to you
 - Enhance your decision-making abilities about your career
 - Increase job satisfaction
 - Increase earning potential
- Provide comprehensive guidelines, tools, training and supplemental programs to support employees in their development and career advancement.

Skillsoft Leadership Advantage

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. 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.

Lean Six Sigma

Our Lean Six Sigma (LSS) program uses a structured methodology to improve business processes by combining two approaches: Lean and Six Sigma. The program includes a five step roadmap called DMAIC (Define, Measure, Analyze, Improve, and Control). When applied correctly, LSS improves quality, reduces cycle time, decreases cost and increases customer satisfaction. We deployed LSS companywide in early 2015 and made significant system improvements compare to previous deployments. Improvements include:

- Online tracking of LSS projects, project approval, candidates and certified belts
- Online exams
- Comprehensive training curriculum for all employees including manufacturing associates, indirect employees, managers and senior leaders
- Financial benefit tracking



Executive Round Table Program

The global Executive Roundtable Program launched in July 2017 to support the 2015 engagement survey corporate initiatives around communicating corporate strategy and career development. Each event consists of eight to 10 pre-identified employees and a visiting executive. The event provides an opportunity for employees to share recent high impact projects and to company strategy. The program also gives visiting executives the opportunity to meet employees around the world. Executive Roundtable sessions occur in each region, every quarter.

Professional Development

Integrated core competencies into our performance management process and career ladders



2017 Global Learning and Development

Highlights

Course Offerings

More than 500 business courses in over 20 categories including:

- Business Analysis
- Global Business
- Professional Effectiveness
- Strategy and Innovation
- Technology in Business



Desktop Skills

Expanded courses to include Business Application and Graphics and Design Courses



More than 500 courses in basic, advance and expert levels of learning

Instruction Lead Training

Held over 20 professionally led courses covering topics such as Situational Leadership, Critical Conversations, Project Management and Strategic Thinking



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.

Looking Forward: National Merit ON Semiconductor Scholarship

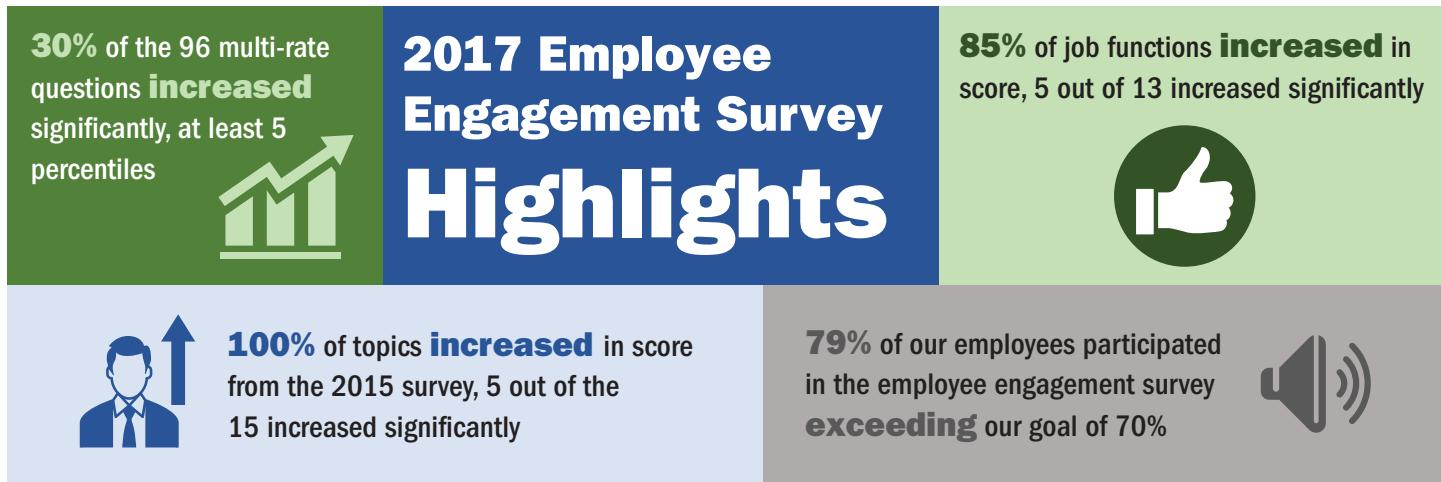
Beginning with the high school graduating class of 2018, ON Semiconductor will partner with the National Merit Scholarship Corporation to fund National Merit ON Semiconductor Scholarships for finalists that are dependents of ON Semiconductor employees in the United States.



Employee Engagement

Our company conducts surveys to measure the level of employee engagement and to gain employee perspective on potential improvement points. We deployed our biennial, global employee engagement survey through the National Business Research Institute in September 2017. The survey provided all of our employees the opportunity to confidentially communicate feedback regarding our work environment, work relationship and job responsibilities and career. Over 26,000 employee contributed to the survey and we reached a participation rate of 79%, exceeding our goal of 70%.

Overall, our 2017 company employee engagement score is measured to be at the 65th percentile compared to the industry average, stretch performance, and best in class. Compared to our previous employee engagement survey, we saw a four point increase.



In October 2017, Employee Action Team Members from several cross-functional global teams collected recommendations from employees for improvement against survey results. Top recommendations will be translated in actionable items for 2018 and beyond.

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 2017, all of our employees globally received a performance appraisal.

Award Programs

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 [2017 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 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.

Please visit our CSR 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 laborers.

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

[G4: 403-2]

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. The safety culture program consists of levels with one being the lowest and five the highest. Each of the five levels have criteria that sites must comply with in order to progress from one level to the next. Goals within the program are related to preventing chemical exposure, reducing the potential for accidents, assisting employees in developing healthy lifestyles, and improving training and communication.

In 2015, each of our manufacturing sites started at level one. In 2017, most of our sites improved performance to level three, with some even at level four. Our target is to achieve or maintain level four performance by the end of 2019. In order to do so, we have organized monthly visits of top management to sites to discuss and review safety matters with front line employees. Furthermore, we have implemented peer-to-peer assessments at all sites to eliminate unsafe habits that may result in injuries.

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 2018, we will launch a pilot safety program in Europe which will then be expanded to other non-manufacturing sites in Asia and North America in 2019.

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



Health and Safety Symposium

Every other year, we host an EHS and Facilities Symposium for sites to share achievements related to safety culture improvements and sustainability projects. In 2017, employees who are specialists in certain areas provided talks on capital finance, design guidelines and ergonomics while guests from external companies gave valuable presentations on fire safety, waste water management including recycling and construction laser scanning techniques.

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 March 2017, we introduced 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 are 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 2017. To promote healthy lifestyles, some of our sites are equipped with gyms, have fitness 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 August 2017, our 401(k) provider conducted webinars aimed at saving and preparing for retirement.

Europe

Our site in Belgium continued the Fitbees Program, which allows employees to achieve different health and wellness goals such as eating healthy, losing weight, quitting smoking or being more active. Participants of the program started with a health check to document their current condition and tips on how to obtain their goals. At the end of the program there was a follow-up health check to see the positive results of a healthier lifestyle. Throughout the year, our facility in Roznov, Czech Republic also continued to implement various wellness initiatives for our employees. Driven by the belief that all initiatives are beneficial for both our employees and the company, our company strives to have all of our employees active and healthy.

Asia

In Asia, local sites continued to post 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.

Many of our sites around North America, Europe and Asia provide a multitude of opportunities for employees to participate in physical activities. In 2017, many of our sites hosted or sponsored sporting activities such as running marathons, biking, 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

2017 Winner of Production Safety Knowledge Competition

Our facility in Shenzhen was a winner in the production safety knowledge competition held by the Xili Federation of Trade Unions.

Certification of Outstanding Company in Fire Safety

Our facility in Binh Duong, Vietnam was recognized for its outstanding compliance with fire safety involving sprinkler systems; smoke detectors; setup, inspection, and regular maintenance of systems; training and communication on fire safety; drills; participation in firefighting competitions; and excellent results in quarterly inspections conducted by the Binh Duong government.

2017 Gold Class Award of Malaysian Society for Occupational Safety & Health

Both of our facilities in Seremban were recognized with Gold Class Awards in 2017 for excellent performance in maintaining a safe and healthy workplace by the Malaysian Society for Occupational Safety and Health (MOSHPA).

ECO-FRIENDLY

THINK



ON.



OUR PLANET

"Highly ethical behavior, socially responsible programs and environmentally sustainable operations are deeply rooted in ON Semiconductor corporate culture and are supported by our core values of Integrity, Respect and Initiative. We benchmark our programs, policies and processes against global standards and best in class practitioners in order to continually improve our performance and be recognized as a world class corporate citizen. Our focus on corporate social responsibility enables us to positively impact 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 a greener world by keeping sustainability at the forefront of our operations. We work to reduce carbon emissions, minimize consumption of energy, save water and reduce chemical usage as well as waste generation. 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.

As a sign of our commitment to sustainability, 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 own manufacturing process as well as those of 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.

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 RBA Code of Conduct. We expect ourselves and our suppliers to abide by the environmental standards prescribed by the RBA. Each year our manufacturing facilities complete risk assessments through the RBA in order to evaluate our environmental programs amongst others. During internal and third party on-site verification, facilities are inspected to assess compliance with RBA requirements. Our suppliers are also required to complete the same risk assessments every other year and are subject to on-site verification based on their performance on the risk assessments.

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. Top management at our company is 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 54 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]

Each of our manufacturing sites have projects contributing to a reduction in waste. Some of these projects led to a reduction in chemical consumption or increase in recycling waste. For examples, our sites have implemented projects that expand the lifetime of cleaning baths, modified processes to reduce the volume of chemicals per wafer, or installed mini pumps for optimal application of chemicals.

In 2017, the amount of total waste we reused and recycled was 13,518,781 kilograms while waste directed to landfill was 12,032,012 kilograms. Total hazardous waste transported was 6,345,210 kilograms.

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

Reclaim and Recycle

[G4: 301-1 - 301-3]

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: precious metal bearing material and non-precious metal bearing material.

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 printed circuit evaluation 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.

Precious Metal Bearing Material	Non-Precious Metal Bearing Material
Scrapped devices	Copper and alloy 42 lead frames
Printed circuit boards	Copper wire and tubing
Platinum targets and evaporator metallic	Silicon
Gold targets, wire and evaporator metallic	Aluminum
Spent bead blast material	Stainless steel
	Plastics



In 2017, approximately 1,147 metric tons of scrap materials and 609 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 \$26.6 million.

Water Management

[G4: 303-1 - 303-3]

Annually, we target a normalized reduction of one percent in water consumption to achieve our long-term goal of 5% from 2016 – 2020. Our conservation and consolidation projects reduced water consumption by 14% at our wafer fabs and 15% at our assembly and test sites in 2017 compared to 2016. In total, we withdrew 12,169,049,481 liters of water and recycled or reused 5,330,683,822 liters (44% percent of total quantity withdrawn).

Our site in Leshan, China analyzed additional options for decreasing water consumption at the site. In doing so, the site upgraded its reverse osmosis system by modifying the setup of membranes which resulted in annual savings of 30,000,000 liters of water. Recycling of reverse osmosis cooling water provided additional savings of 11,000,000 liters of water annually at the site.

In Cebu, Philippines our site found that the quality of waste water from the canteen could be used for irrigation purposes. In this way, the site is able to reduce their total water consumption by 12,433,000 liters annually.

Energy Consumption

[G4: 302-1 - 302-5]

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. Each year, our goal is to reduce energy consumption by one percent allowing us to obtain our long term goal of five percent reduction from 2016 – 2020. Due to multiple expansion projects adding more manufacturing capacity to our operations, total energy consumption in 2017 increased by 3% compared to 2016. Our company's total energy consumption was 1,458,849 kWh, with electrical and fuel consumption (from non-renewable resources) being 1,283,878,940 kWh and 629,896 gigajoules respectively. However, sustainability projects focused on energy savings resulted in reduction of normalized energy consumption by 14% at our wafer fabs and 8.6% at our assembly and test sites from the previous year.

Our facility in Pocatello, Idaho estimated that the site's lighting power consumption was around 11.5% of the entire site load. Analysis showed that conversion to a LED smart system would result in approximately 50 percent or 3.6 MWh per year reduction of energy needed for lighting. After installing the smart sensor system to replace photocells, individuals are able to control color lighting levels via cellphone and through the motion-sensors, lights automatically turn off when a room is vacant.

In Shenzhen, China, we analyzed the possibilities of saving energy by optimizing the air change in a portion of the site's clean room area. The study showed the feasibility of changing inverter frequency from 32 Hz to 28 Hz with no impact on the quality parameters. Through this sustainability project, the site is able to reduce electricity consumption by 1.1 MWh annually.

Air Emissions

[G4: 305-5]

We are dedicated to reducing energy consumption and our overall carbon footprint annually by one percent and a total reduction of five percent from 2016 – 2020. Normalized carbon emissions reduced by eight percentage at our front end and assembly and test operation facilities in 2017 compared to 2016. Scope 2 greenhouse gas emissions reduced by 67,675 metric tons of carbon dioxide due to 47 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 such as vanpooling, carpooling, bus or rail travel and bicycle use. 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. In Phoenix, we prevent nine tons of pollution annually through our vanpool program.

Recognition

Pocatello Energy Efficient Upgrades and Incentives

Our site in Pocatello, Idaho was awarded incentives from Idaho Power for the installation of a variable frequency driver for air conditioning to better manage power and LED lighting upgrades.

Outstanding Award for Don Emilio Abello Energy Efficiency

The Don Emilio Abello Energy Efficiency Award is given to individuals and organizations with outstanding performance in energy efficiency and conservation. Our sites in Tarlac and Carmona, Philippines both received the award for 5% and 7% energy savings respectively.

ASEAN Award

Our site in Carmona, Philippines received recognition for best practice in energy management in buildings and industries.



COMPASSION

THINK



ON.

OUR COMMUNITY

"ON Semiconductor has and continues to be active in supporting local communities throughout our worldwide footprint. The generosity of our employees globally is evident through the time, talent and money donated to foster more successful, safe and healthy communities. As a company, we are honored to have a culture which is committed to making the world a better place for everyone."



Paul Rolls, Executive Vice President, Sales and Marketing

Overview

ON Semiconductor strives to make a positive impact in the communities where our employees work and live. Our financial contributions and employee volunteer efforts target community needs in the areas of disaster relief, the environment, health, human services and science, technology, engineering and mathematics (STEM) education. Through our community initiatives, we aim to create a relationship of mutual trust and respect between the company and the local communities in which we operate. The results of our community outreach programs have led to a more engaged workforce, greener communities, swift disaster relief efforts as well as increased and more equitable access to education, health care services and basic human necessities.

Global Corporate Giving Program

One way in which ON Semiconductor has operationalized its mission of being socially responsible is through the company's Global Corporate Giving (GCG) program. Through the GCG program, we strive to strategically leverage ON Semiconductor resources as well as the existing resources, talent and efforts of nonprofits and educational institutions. Each year, we fund projects and programs in order to create social value and maximize our impact on communities through workplace giving and community grants.

The GCG program is administered by 26 committee members, based in Asia, Europe and North America, who represent each of our sites globally and serve as ambassadors to the program. They come from various backgrounds including human resources, communications, manufacturing, research and development, CSR, finance, environmental health and safety and sales. Their diverse backgrounds and locations helps the company take into account cultural, institutional and operational differences important to the success of the GCG program.

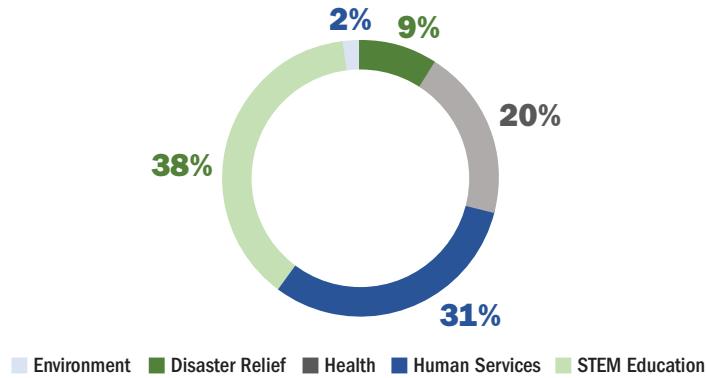
In order to achieve long-lasting economic value and social good, we also rely on various other stakeholder groups including executive leadership, the company's board of directors (BOD), our employees, educational institutions and nonprofits. We engage these stakeholders at an on-going basis to better understand how we can build stronger communities together.





We provide charitable organizations and educational institutions the opportunity to apply for 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. 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. For more information about ON Semiconductor's global corporate giving grant program, please visit our external website.

Charitable Contributions by Focus Areas



Data presented is as of December 31, 2017.

Looking Forward: Volunteer Matching Grant

In 2018, we will launch a volunteer matching grant whereby organizations with which employees volunteer will receive the employee volunteer matching grant on a quarterly basis.

Employee Volunteerism

We believe that ON Semiconductor's role in the community involves both cash and noncash contributions. To encourage our employees to volunteer their time, talent, energy and effort in the community, we introduced a paid employee volunteer program (EVP) in North America in July 2017. Through the EVP, employees may volunteer with an organizations of their liking during for up to one day and get paid for doing so. Additionally, employees may also participate in company sponsored volunteer events during company time.

Community Impact: 2017

Disaster Relief

Several communities in the United States including those in California, Oregon, Puerto Rico, Florida and Texas faced devastating floods and fires. To support individuals in overcoming the effects of the San Jose floods, Eagle Creek fires, Hurricane Harvey, Hurricane Irma and Hurricane Maria we provided cash contributions and matched employee donations to nonprofit organizations active in the impacted regions. In Asia, we also donated and matched employee contributions to provide relief to communities affected by the Penang floods in 2017.



Education

Bernardus Technicum

The electronic industry in Belgium has a tremendous shortage of technical staff. As a result, one of the biggest schools in Oudenaarde – Bernardus Technicum – is working to increase the number of STEM students in the coming three years so that more technical profiles become available for the labor market. The school is located five kilometers away from our facility in Oudenaarde and we have many alumni from the school that work at our company today. Through our company's support, the school is investing in more high tech equipment such as laser cutters and robotic arms. The new STEM classrooms will be equipped with all new materials, which we hope will attract and motivate more students to make the choice for a STEM education.

Heritage Academy Mesa

Through the financial support of our GCG program, Heritage Academy Mesa implemented a new biotechnology curriculum and hands-on training to prepare students for high-wage, high-demand STEM industries. Funding was used in order to purchase equipment, chemicals and laptops needed to effectively teach the introductory course on biotechnology. Of the 10th – 12th grade students enrolled in the program, 52% were female. As a testament to the program's success, all 10th and 11th graders in the program also committed to taking the second course in biotechnology offered by the school.

Idaho State University Foundation

Our site in Pocatello has enjoyed a long-standing relationship with Idaho State University (ISU) for over 40 years. In 2017, we continued to grow this relationship with our support of the Bengal STEM Day (STEM 8th grade students), ISU Growing Together (STEM area teachers), MATH



Counts, and the Super STEM Girl Conference where we also had sixteen ON Semiconductor female employees volunteer as mentors. We are furthering our relation with ISU through curriculum discussions to enhance the company's internship and employment opportunities with ISU students.

Iridescent

Through a grant from ON Semiconductor, Iridescent, a science education nonprofit, recruited over 50 girls and seven teachers from Title 1 schools from Biltmore Preparatory Academy, Papago School, and Kenilworth School in the Phoenix, Arizona area. The organization also worked with girls from Desert Shadows to participate in the Technovation Program. The mobile applications developed by students participating in Iridescent's Technovation program address several of the United Nation's Sustainable Development goals including health, poverty education and environment. One of the teams supported by ON Semiconductor created an application to help those with learning disabilities.

Junior Achievement of Oregon

Junior Achievement (JA) BizTown combines four weeks of in-class learning with one-day of economic simulation. Students learn how to be citizens of a community in which they run businesses and manage other day-to-day responsibilities. In 2017, ON Semiconductor's "mini-business" at JA BizTown was built and opened in Portland, Oregon. Our employees were actively engaged in providing input on aspects of the JA BizTown simulation as it related to our business including student roles and job titles. Almost 5,000 students have participated in JA BizTown since the opening of the ON Semiconductor business space.





Salam Malaysia Foundation

Our site in Seremban, Malaysia partnered with a local non-governmental organization, Salam Malaysia Foundation, to coordinate a back-to-school program for underprivileged students. Under this program, we provided back to school kits, including backpacks, shoes, uniforms, and school suppliers for over 400 children attending 37 different schools in the Negeri Sembilan area.



Hope School

Since 2000, we have supported the Yan Feng Hope School of Mabian in Leshan, China. The company has been able to support a higher enrollment rate at the school through in-kind donations such as stationary, furniture, school uniforms and winter quilts. In 2016 and 2017 combined, the company provided funding for 1,368 sets of school uniforms and 120 winter quilts to Hope School.



Human Services

Boai School and Rehabilitation Clinic

As a part of our 2017 Compliance, Ethics and CSR conference held in Suzhou, China, over 40 employees from North America, Asia and Europe volunteered their time at the Boai School and Rehabilitation Clinic. Volunteers toured the facility, played games with children and distributed mosquito repellent bracelets, hand-held electronic fans and towels for children and portable storage devices for teachers. Along with making a financial contribution through the GCG program, our site in Suzhou has also established a long-term partnership with the organization through which our employees volunteer with the organization on a regular basis.



JDRF



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.

Phan Sinh Shelter

A group of our employees had the opportunity to visit and volunteer at Phan Sinh Shelter, located in a remote village north of Dong Nai, Vietnam. The shelter is home to approximately 130 elderly individuals and children with disabilities that suffer from severe illnesses. Our site collected donations and transported in-kind goods to the shelter. Our volunteers were also able to spend quality time with the children and elderly, sharing stories and helping with caretaking activities.



Pocatello Free Clinic

Pocatello Free Clinic strives to address vital community needs by providing high quality health care and related services regardless of an individuals' ability to pay. We supported Pocatello Free Clinic in 2017 to cover expenses of medical laboratory tests for underserved patients of the clinic. Through the laboratory tests, the Pocatello Free Clinic is able to monitor chronic illnesses and disorders and avoid unexpected emergency room visits. Additionally, the hospital is better able to provide preventative care through the laboratory tests.

Salberghaus

A group of ON Semiconductor employees in Germany visited Salberghaus, a local charity that aids children in need, to help clean up the gardens and children's playgrounds. The company also donated diapers, wipes, tissues, toothbrushes, toothpaste, slaps, strollers, bicycles and toys for the children living at the facility.

St. Luke's Health Foundation

Through St. Luke's Health Foundation, we are assisting approximately 2,000 patients and their families access basic needs such as medical supplies, medication, temporary housing, utility bills, meal vouchers, gasoline and transportation vouchers for travel to and from the hospital and medical appointments through the Patience Assistance Fund. In doing so, we hope to relieve some of the financial burden of unexpected medical problems so that patients can focus on improved health.

Strom života

Strom života is a nonprofit in the Czech Republic that provides hospice care to terminally ill people at their homes. The aim of the organization is to help terminally ill individuals to stay close to their circle of close relatives and friends by providing full nursing care through a multidisciplinary team consisting of social workers, psychotherapists and nurses. Through our GCG, Strom života was able to fund one professional nurse in 2017.



Salberghaus



St. Luke's Health Foundation



Strom života

Valley of the Sun United Way

We were able to support Valley of the Sun United Way's Project Connect through a grant issued in 2017. Project Connect is pivotal in helping Valley of the Sun United Way end homelessness in Maricopa County, Arizona as it enables guests to connect with a variety of housing, employment and medical service providers in one convenient location multiple times per year. Attendees of Project Connect are also given a meal, shower and clean clothing at this event.

Job Fair for Dependents

To positively contribute to the economy in the Philippines, address the unemployment rate and promote economic security, our sites in the Philippines organized job fairs for employees' dependents in 2017. The job fairs resulted in the hiring of 32 individuals on the spot. Representatives from Department of Labor and Employment and Public Employment Service Office also participated in the event.



Environment

Troutdale Parks Services

A group of our employees from the technology and development group in Gresham volunteered with the city of Troutdale Parks Services to dig blackberry roots, invasive ivy and garbage that plagued the Glenn Ott Community Park in Oregon.

Dodang Mountain

On a monthly basis, our employees in Bucheon, Korea volunteer their time to clean up around Dodang Mountain, located at the back of our campus. The site also encourages environmental conservation and sustainability by holding events such as environmental writing contests at local elementary schools.



Troutdale Park Services



Dodang Mountain



Barlow School District's Adult Living Program

"Green Team Recycle" – a local initiative at our site in Gresham, Oregon – partnered with Barlow School District's Adult Living Program to recycle beverage containers. On a weekly basis, members from the Adult Living Program picked up the collected containers and turned them in for bottle redemption. The proceeds from the recycled containers benefited their program of providing students business skills and vocational rehabilitation to teach independent living skills including shopping, budgeting and banking. The proceeds from our recycled items has helped at least 20 students in the program.

World Environment Day

To promote awareness on environmental conservation and sustainability, ON Semiconductor sponsored and participated in the World Environment Day event organized by the Dong Nai and Binh Duong province governments of Vietnam. Our employees volunteered their time to increase awareness on environmental issues among local individuals and industrial zones, planted trees and participated in a recycling competition.



VZW Onzen Hof

Onzen Hof is a community-based sustainable farming organization near our Mechelen, Belgium site that we have supported through volunteerism and our GCG program. Volunteers are creating value for the community by offering different, fresh, organic vegetables to local people for a small fee. The organization is currently building an open source solar powered farming robot to drive sustainable innovation in regular farming operations. The "Farmbot" is able to plant a diverse range of crops and monitor their growth in real-time. Furthermore, the Farmbot can remove weeds and water plants as per their needs. The software is also able to organize different crops in the field so that they can work together symbiotically, avoiding pests and disease which are more common in monoculture. This makes, the otherwise labor intensive, farming more efficient and enjoyable for everyone.



Recognition

2017 Top Stakeholder Awards

Our facility in Cebu, Philippines was awarded as one of the top 25 stakeholder awardees by the Department of Education – Division of Lapu-Lapu City. The award recognizes stakeholders of the different schools in Lapu-Lapu city that have contributed in one way or another the improvement of the educational system and holistic development of students.



APPENDIX

ON Semiconductor Memberships and External Initiatives

[G4: 102-12 – 102-13]

Externally developed economic, environmental and social charters, principles, or other initiatives to which we subscribe or endorse:

- Boston College Center for Corporate Citizenship
- Carbon Disclosure Project
- China Power Supply Society
- Corporate Secretaries and Governance Professionals
- Electronic Components Industry Association
- 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 Manufacturers Association (PSMA)
- Responsible Business Alliance (RBA) and their Environmental Sustainability, Indirect Spend Validated Audit Process, and Conflict Minerals groups
- Responsible Minerals Initiative (RMI)
- 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)

Memberships with position on governance body:

- 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
- 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: 102-47] [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 ON Semiconductor'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 and social media throughout the year. Further detail on how we engage our stakeholders and important topics identified can be found in the table below:

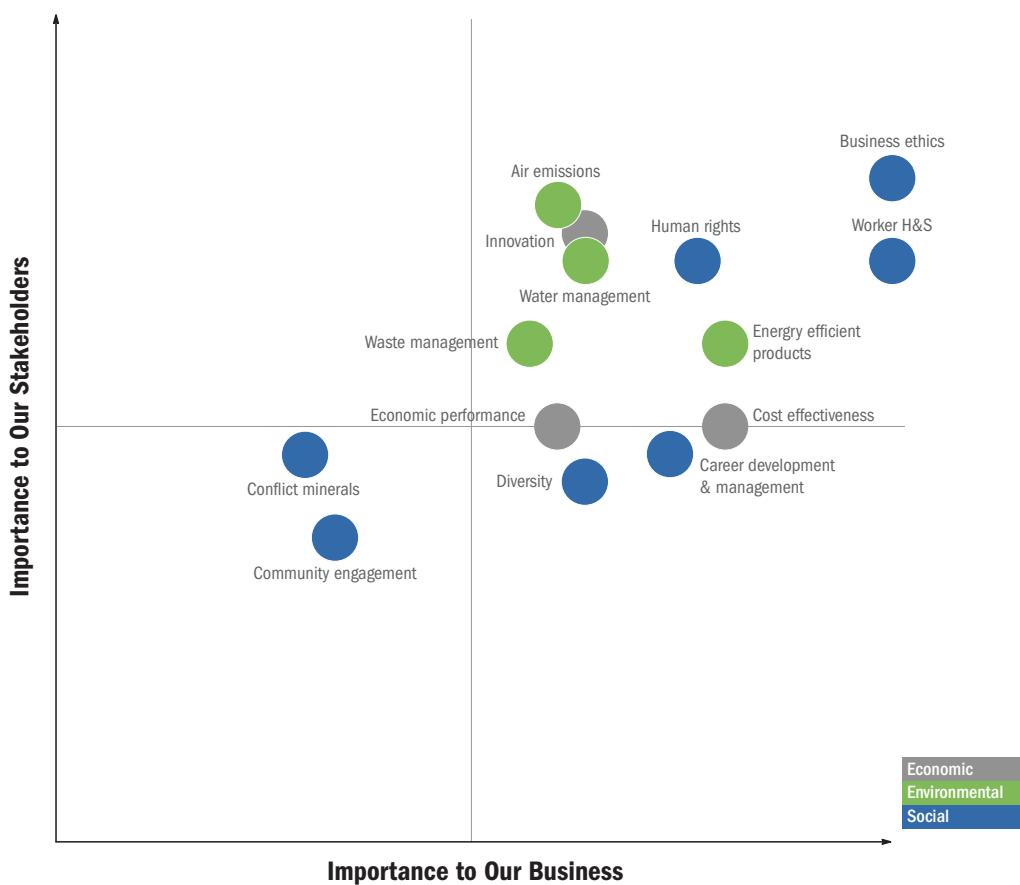
Method	Description
Employees	
Open-door policy	We maintain an open-door policy, allowing employees to communicate and engage with management staff and human resources.
Training	Our employees globally are trained in the company's Code of Business Conduct, Information Security Awareness and CSR on an annual basis.
Employee surveys	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. We also administer other surveys on our compliance and ethics program, diversity and inclusion and quality.
Performance appraisals	We have an objective and fair performance management process which all employees are a part of on an annual basis.
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, social media and the monthly Circuit newsletter. Through the Circuit, employees are able to share information on local initiatives with our sites worldwide.
Affinity network groups	We have three affinity network groups: the Women's Leadership Initiative, STEM UP and Cultivate. While STEM UP and Cultivate has a presence in North America, Women's Leadership Council is active in North America, Asia and Europe.
Customers	
Customer scorecards	The 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 engage our customers on a quarterly basis to discuss results from customer scorecards and customer site visits to our facilities.
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 on our company and products through our external website to gain expert opinions. The questions are routed through the 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 Responsible Business Alliance (RBA) conference on an annual basis. The RBA conference in particular allows us to engage our customers on issues related to sustainability and social responsibility.
Trade shows	We participate in a variety of trade shows throughout the year to engage existing and new customers and distributors.
CSR letter of conformance	We communicate our expectations and standards in relation to CSR with our suppliers every other year through the CSR letter of conformance.
Self-assessment questionnaires	Every other year, we require our top corporate suppliers and on-site suppliers and service providers to complete risk assessments in relation to sustainability and social responsibility.
CSR training programs	We offer complimentary CSR 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 RBA conference on an annual basis. The RBA conference in particular allows us to engage our suppliers on issues related to sustainability and social responsibility.
Government	
Public policy advocacy	We actively engage with associations that make recommendations to governments and authorities on policy issues related to the semiconductor industry.
Non-government organizations & communities	
Corporate philanthropy	We support and strengthen local communities through financial investments. We partner with nonprofit and educational organizations in order to address some our communities' most pressing needs through grant awards.
Employee volunteerism	We devote our time, effort, energy and talent to charitable organizations and the community through employee volunteerism.
Investors	
Earning calls	We host quarterly earning calls with our shareholders to discuss company performance.
Reporting	We publish an annual report and files with the Security and Exchange Commission on a quarterly and yearly basis.



Material Topics

In 2017 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 fifteen issues are ultimately considered of high importance to our stakeholders and business operations, certain issues are more significant than others. We address the fifteen 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

[G4: 102-46] [G4: 103-1]

Report Overview	Category	G4 Material Aspect	Boundaries		Entities Impacted
			Internal	External	
Acquisitions	Economic	No corresponding G4 material aspect	x	x	All sites, customers, suppliers
Air emissions	Environmental	Emissions	x	x	Manufacturing sites, local environment
Business ethics	Economic	No corresponding G4 material aspect	x	x	Employees, customers, suppliers, communities
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
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: 405-1]

	Total	Gender		Age Group			Region		
		M	F	<30 Years	30-50 Years	50+ Years	Asia	Americas	EMEA
Contractors & Interns	984	617 (63%)	367 (37%)	718 (73%)	236 (24%)	30 (3%)	847 (86%)	105 (11%)	32 (3%)
Regular employees	33,508	17,795 (53%)	15,713 (47%)	11,058 (33%)	17,424 (52%)	5,026 (15%)	25,117 (75%)	4,582 (14%)	3,809 (11%)
Full time employees	34,351	18,333 (53%)	16,018 (47%)	—	—	—	—	—	—
Part time employees	141	79 (56%)	62 (44%)	—	—	—	—	—	—
New hires	7,620	3,982 (52%)	3,638 (48%)	5,197 (68%)	2,179 (29%)	244 (3%)	6,247 (82%)	695 (9%)	678 (9%)
Turnover	3,131	1,807 (58%)	1,324 (42%)	1,450 (46%)	1,270 (41%)	396 (13%)	2,397 (77%)	435 (14%)	299 (10%)

Please note: 15 (0.5%) cases of turnover by age are unavailable for 2017.

Data presented is as of December 31, 2017.



Health & Safety Statistics

[G4: 403-2]

Type of Injury	Rate (%)
Abrasion	10
Avulsion	0.4
Burn	4
Concussion	0.4
Contusion	9
Crushing	1
Cumulative stress disorder	5
Cut	8
Fracture – closed	1.1
Inflammation	2
Irritation	12
Laceration	8
Puncture	3
Sprain	6
Sting	0.4
Strain/torn muscle	19

Data presented is as of December 31, 2017.

CONTACT US

[G4: 102-53]

ON Semiconductor Headquarters
5005 East McDowell Road
Phoenix, AZ 85008
USA

Tel: (602) 244-6600
Customer Inquiries: (888) 743-7826

ON Semiconductor Website: www.onsemi.com
Corporate Social Responsibility Page: www.onsemi.com/social-responsibility
Corporate Environmental Programs Page: 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

2017 Global Reporting Initiative Content Index

[G4: 102-55]

GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
GRI 102: General Disclosures 2017			
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: Financial Strength – page 9	
		Our Business: Customers – page 9	
		Our People: Overview – page 26	
102-7	(a) Total number of employees	Appendix: Additional Data – Workforce Statistics – page 54	
	(a) Total number of operations	51	Number of operations equals solution engineering, design, manufacturing and support sites with 50+ employees
	(b) Net revenue	Our Business: Financial Strength – page 9	
	(c) Total capitalization in terms of debt and equity	Total liabilities: \$4,394.1 in millions	
		Total equity: \$2,801.0 in millions	
	(d) Quantity of Products Provided	Our Business: Brand – page 8	
	Information on employees and other workers	Appendix: Additional Data – Workforce Statistics – page 54	
102-8	(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 54	
	(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	N/A	
102-9	Description of supply chain	Our Business: Responsible Sourcing – page 14	
102-10	Significant changes to organization and supply chain	Our Business: Responsible Sourcing – page 14	
102-11	Precautionary principle approach	Our Business: Enterprise Risk Management – page 11	
102-12	External initiatives	Appendix: ON Semiconductor Memberships and External Initiatives – page 51	
102-13	Membership of associations	Appendix: ON Semiconductor Memberships and External Initiatives – page 51	
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 2017 SEC Form 10-K .
102-16	Description of organization's values, principles, standards, and norms of behavior	Our Business: Core Values – page 5	
		Our Business: Responsible Business Alliance – page 12	



GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
102-18	Governance structure	Our Governance And Ethics: Overview – page 18	
		Our Business: Responsible Business Alliance – page 12	
102-40	List of key stakeholder groups	Appendix: Stakeholder Engagement – page 52	
102-41	Percentage of employees covered by collective bargaining agreements	22.40%	
102-42	Identifying and selecting stakeholders	Appendix: Stakeholder Engagement – page 52	
102-43	Approach to stakeholder engagement	Appendix: Stakeholder Engagement – page 52	
102-44	Key topics and concerns raised	Appendix: Stakeholder Engagement – page 52	
102-45	Entities included in the consolidated financial statements	See Item 1 Business Overview and Exhibit 21.1 List of Significant Subsidiaries of 2017 SEC Form 10-K .	
102-46	Defining report content and topic boundaries	Report Overview – page 3	
		Appendix: Aspect Boundaries – page 54	
102-47	List of material topics	Appendix: Stakeholder Engagement – page 52	
102-48	Restatements of information	None	
102-49	Changes in reporting	None	
102-50	Reporting period	2017 calendar year	
102-51	Date of most recent report	July, 2017	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions	Appendix: Contact Us – page 55	
102-54	Claims of reporting in accordance with the GRI Standards	Report Overview – page 3	
102-55	GRI Content Index	Appendix: 2017 GRI Content Index – page 56	
102-56	External assurance	Report Overview – page 3	
GRI 103: Management Approach 2017			
103-1	Explanation of material topic and its boundary	Appendix: Stakeholder Engagement – page 52	
		Appendix: Aspect Boundaries – page 54	
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.	
GRI 201: Economic Performance 2017			
201-1	Direct economic value generated and distributed (EVG&D)	Revenue: \$5,543.1 (in millions)	ON Semiconductor does not publicly disclose cash paid for employee wages and benefits.
	(a) Direct economic value generated	Proceeds from sale of assets: \$14.3 (in millions)	
		Cost of revenue: \$3,509.3 (in millions)	
		Operating cost: \$1,352.9 (in millions)	
	(b) Economic value distributed	Cash paid for employee wages and benefits: N/A	
		Cash paid for interest: \$92.1 (in millions)	
		Cash paid for taxes: \$67.8 (in millions)	
	(c) Economic value retained	Net income: \$820.3 (in millions)	
	(d) EVG&D by country, regional, or market levels	See 2017 SEC Form 10-K – Segment Information	

GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
201-2	Financial implications and other risks and opportunities due to climate change	Our Environment: Climate Change – page 40	
201-3	Defined benefit obligation plans and other retirement plans	See our website for Regional Benefits Summaries and 2017 SEC Form 10-K .	
201-4	Financial assistance received from government	N/A	ON Semiconductor does not publicly disclose this information.
GRI 202: Market Presence 2017			
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 RBA 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	72%	Locations considered are manufacturing sites. Senior management are site leaders.
GRI 204: Procurement Practices 2017			
204-1	Proportion of spending on local suppliers	Our Business: Responsible Sourcing – page 14	
GRI 205: Anti-corruption 2017			
205-1	Operations assessed for risks related to corruption	Our Business: Responsible Business Alliance – page 12	
205-2	Communication and training about anti-corruption policies and procedures	Our Governance and Ethics: Awareness – page 22	
205-3	Confirmed incidents of corruption and actions taken	We do not have knowledge of any confirmed incidents of corruption.	
GRI 206: Anti-Competitive Behavior 2017			
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.	
GRI 301: Material 2017			
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: Reclaim and Recycle – page 40	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.
GRI 302: Energy 2017			
302-1	Energy consumption within the organization	629,896 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	1,283,878,940 kWh	
	(d) Electricity, heating, cooling and steam sold	N/A	None sold
	(e) Total energy consumption within organization	1,458,855,278 kWh (5,251,879 gigajoules)	Includes electricity, natural gas and diesel fuel consumption at manufacturing sites only.



GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
302-1	(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
302-3	Energy intensity	Wafer fab energy (electricity & fuel) normalization = 0.067 kWh per unit Assembly & test energy (electricity & fuel) normalization = 1.414 kWh per KW Bonds.	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 41	
302-5	Reductions in energy requirements of product and services	N/A	
GRI 303: Water 2017			
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 41	Quantity not evaluated according to source.
GRI 304: Biodiversity 2017			
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.	
GRI 305: Emissions 2017			
305-1 – 305-3	Direct (Scope 1), energy indirect (Scope 2) and other indirect (Scope 3 GHG emissions)	Scope 1: 1,416,622 MTCO2	
		Scope 2: 649,589 MTCO2	
		Scope 3: N/A	
305-4	GHG emissions intensity	Wafer fab GHG emissions (electricity, fuel, PFCs) normalization = 37.592 grams carbon equivalent per unit Assembly & test energy (electricity, fuel, PFCs) normalization = 267.745 grams carbon equivalent per kW Bondsss	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 41	
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.	
GRI 306: Effluents and Waste 2017			
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 40	
306-3	Significant spills	None	
306-4	Transport of hazardous waste	Our Planet: Waste Management – page 40	
306-5	Water bodies affected by water discharges and/or runoff	None	
GRI 307: Environmental Compliance 2017			
307-1	Non-compliance with environmental laws and regulations	None known	

GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
GRI 308: Supplier Environmental Assessment 2017			
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 Business Alliance – page 12	
		Our Business: Responsible Sourcing – page 14	
GRI 401: Employment 2017			
401-1	New employee hires by age group, gender and region	Our People: Recruitment and Retention – page 30	
	Employee turnover by age group, gender and region	Appendix: Additional Data – Workforce Statistics – page 54	
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 2017			
402-1	Minimum notice periods regarding operational changes	ON Semiconductor provides advance notice or makes changes to the contract mid-term by mutual consent in accordance with collective bargaining agreements entered and local requirements in the different locations where the company operates.	
	For organizations with collective bargaining agreements report whether the notice period and provisions for consultation and negotiations are specified in the collective agreements	Belgium: No	
		Czech Republic: No	
		China: Yes	
		Japan: Yes	
		Korea: No	
		USA: Yes	
		Vietnam: No	
GRI 403: Occupational Health and Safety 2017			
403-1	Worker representation in formal joint management-worker health and safety committees	78%	
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 – page 34	
		Appendix: Additional Data – Health and Safety Statistics – page 55	
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 2017			
404-1	Average hours of training per year per employee	N/A	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 Professional Development – page 30	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	100% of all employees, male and female, receive a regular performance and career development review annually.	



GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
GRI 405: Diversity and Equal Opportunity 2017			
405-1	Diversity of governance body and employees	Our Governance and Ethics: Overview – page 18	ON Semiconductor does not disclose this information publicly.
		Our People: Commitment to Diversity – page 27	
		Appendix: Additional Data – Workforce Statistics – page 54	
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 2017			
406-1	Incidents of discrimination and corrective actions taken	None known	
GRI 407 – 409: Freedom of Association and Collective Bargaining, Child Labor, Forced Labor 2017			
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 34 of the 2017 Corporate Social Responsibility report.</p>	
GRI 410: Security Practices 2017			
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.	
GRI 411: Rights of indigenous Peoples 2017			
411-1	Incidents of violations involving rights of indigenous peoples	To the best of our knowledge there have been no identified incidents of violations involving the rights of indigenous peoples during the reporting period.	
GRI 412: Human Rights Assessments 2017			
412-1	Operations that have been subject to human rights reviews or impact assessments	Our Business: Responsible Business Alliance – page 12	
412-2	Employee training on human rights policies and procedures	Our Governance and Ethics: Awareness – page 22	
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 service agreements also contain terms and conditions related to the RBA Code of Conduct.	

GRI Standard	Disclosure	Cross reference or Answer	Additional Notes
GRI 413: Local Communities 2017			
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 44.	
413-2	Operations with significant actual and potential negative impacts on local communities	None	
GRI 414: Supplier Social Assessment 2017			
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 Business Alliance – page 12 Our Business: Responsible Sourcing – page 14	
GRI 415: Public Policy 2017			
415-1	Political contributions	None	
GRI 416: Customer Health and Safety 2017			
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.
GRI 417: Marketing and Labeling 2017			
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.	
GRI 418: Customer Privacy 2017			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ON Semiconductor is not aware of any such substantiated complaints.	
GRI 419: Socioeconomic Compliance 2017			
419-1	Non-compliance with laws and regulations in the social and economic area	To the best of our 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.	



ON Semiconductor®

5005 East McDowell Road, Phoenix, Arizona 85008 USA

www.onsemi.com

2018

WORLD'S MOST
ETHICAL
COMPANIES®TM

WWW.ETHISPHERE.COM

Copyright © 2018, Semiconductor Components Industries, LLC. All rights reserved.

GreenPoint is a registered trademark and WebDesigner is a trademark of Semiconductor Components Industries, LLC. ENERGY STAR is a registered U.S. mark. World's Most Ethical Companies is a registered trademark of The Ethisphere Institute. All other brand names and product names appearing in this document are registered trademarks or trademarks of their respective holders.

ON Semiconductor and the ON Semiconductor logo are trademarks of Semiconductor Components Industries, LLC dba ON Semiconductor or its subsidiaries in the United States and/or other countries. ON Semiconductor owns the rights to a number of patents, trademarks, copyrights, trade secrets, and other intellectual property. A listing of ON Semiconductor's product/patent coverage may be accessed at www.onsemi.com/site/pdf/Patent-Marking.pdf. ON Semiconductor reserves the right to make changes without further notice to any products herein. ON Semiconductor makes no warranty, representation or guarantee regarding the suitability of its products for any particular purpose, nor does ON Semiconductor assume any liability arising out of the application or use of any product or circuit, and specifically disclaims any and all liability, including without limitation special, consequential or incidental damages. Buyer is responsible for its products and applications using ON Semiconductor products, including compliance with all laws, regulations and safety requirements or standards, regardless of any support or applications information provided by ON Semiconductor. "Typical" parameters which may be provided in ON Semiconductor data sheets and/or specifications can and do vary in different applications and actual performance may vary over time. All operating parameters, including "Typicals" must be validated for each customer application by customer's technical experts. ON Semiconductor does not convey any license under its patent rights nor the rights of others. ON Semiconductor products are not designed, intended, or authorized for use as a critical component in life support systems or any FDA Class 3 medical devices or medical devices with a same or similar classification in a foreign jurisdiction or any devices intended for implantation in the human body. Should Buyer purchase or use ON Semiconductor products for any such unintended or unauthorized application, Buyer shall indemnify and hold ON Semiconductor and its officers, employees, subsidiaries, affiliates, and distributors harmless against all claims, costs, damages, and expenses, and reasonable attorney fees arising out of, directly or indirectly, any claim of personal injury or death associated with such unintended or unauthorized use, even if such claim alleges that ON Semiconductor was negligent regarding the design or manufacture of the part. ON Semiconductor is an Equal Opportunity/Affirmative Action Employer. This literature is subject to all applicable copyright laws and is not for resale in any manner.

PUBLICATION ORDERING INFORMATION

LITERATURE FULFILLMENT:

Literature Distribution Center for ON Semiconductor
19521 E. 32nd Pkwy, Aurora, Colorado 80011 USA
Phone: 303-675-2175 or 800-344-3860 Toll Free USA/Canada
Fax: 303-675-2176 or 800-344-3867 Toll Free USA/Canada
Email: orderlit@onsemi.com

N. American Technical Support: 800-282-9855 Toll Free

USA/Canada.

Europe, Middle East and Africa Technical Support:

Phone: 421 33 790 2910

ON Semiconductor Website: www.onsemi.com

Order Literature: <http://www.onsemi.com/orderlit>

For additional information, please contact your local
Sales Representative