

2017 Nuvoton Technology Corporation

Corporate Social Responsibility Report



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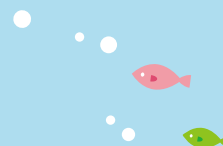
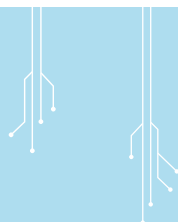
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Words from the Chairman

Looking at the global semiconductor industry in 2017, the PC market has declined slightly, while communication and consumer electronics have remained stable. In addition, the demand for automotive, industrial, and Internet of Things (IoT) applications has increased, providing the global semiconductor industry with a profitable year. In response to the market sentiment, Nuvoton Technology continues to introduce new products and services, setting a new record with its operating results, causally demonstrating the company's solid operational capabilities. In addition to achieving good financial performance in 2017, we have also continued to deepen various policies for sustainable development in three major aspects: economic, environmental, and social, actively focusing on issues such as "Corporate Governance", "Customer Service and Supplier Management", "Environment-Friendly", "Best Workplace" and "Philanthropy". We strive to utilize corporate influence to continue towards our corporate social responsibility vision of "providing a sense of safety, reassurance, and empathy".

Corporate Governance

We highly value corporate governance, sustaining the principle of integrity in establishing a robust corporate governance framework, while also continuing to strengthen management functions. In addition, through a robust internal control mechanism, we ensure financial information transparency while instantly revealing important information to prevent internal corruption. In terms of overall financial performance, Nuvoton's 2017 consolidated revenue amounted to NTD 9.235 billion, up 11% from 2016; net income after taxes amounted to NTD 688 million, up 12% from 2016. Earnings per share (EPS) amounted to NTD 3.32. In the fourth corporate governance evaluation in 2017, Nuvoton ranked in the top 20% in all publically traded companies, affirming our efforts in corporate governance.

Customer Service and Supplier Management

Nuvoton provides diversified and innovative product solutions to enrich applications for customers, enhancing the competitiveness of customer products. We also implement a series of quality control mechanisms and customer satisfaction surveys to ensure the quality and reliability of products. The 2017 customer satisfaction survey shows average satisfaction at above 4 points. For sustainable supply chain management, we work closely with our supplier partners, regularly conducting quality assessments and corporate social responsibility (CSR) performance assessments for our key supplier partners. We put forward our best efforts to fulfill corporate social responsibility together with our suppliers.

Environment-Friendly

Complying with environmental laws, regulations, and international standards, Nuvoton is committed to continuous improvement as well as becoming a green enterprise with sustainable development. We strive to reduce the impact of production on the environment and eliminate any foreseeable environmental pollution risks through source reduction and company-wide participation to protect the natural environment. In 2017, Nuvoton received the "Excellent Environmental Protection Personnel" award and "Environmental Education Partner" award by the Hsinchu Science and Industrial Park, demonstrating the commitment of Nuvoton to corporate social responsibility. Committed to protecting the natural environment and cherishing the resources of the earth, we were the pioneers in the energy-saving movement of adding advanced ice machine systems. In 2017, we have implemented a total of eight major energy conservation measures, saving an estimated 2.16 million kWh in electricity consumption. As evident in our business operations and activities, we are committed to achieving a level



of development that balances economic, social, and ecological factors.

Best Workplace

Employees are the cornerstone of corporate development, and Nuvoton places great importance on talent recruitment. With a comprehensive management system, competitive salary and benefits, as well as an excellent working environment, we attract new talent to join Nuvoton. Through diversified education and training, employees can continue to improve with the company with corporate sustainable development. In 2017, employees at Nuvoton received a total of 19,488 hours of training, with a total number of 12,946 attendees. In order to create a "work happily, live seriously" LOHAS workplace culture, we promote friendly workplace events, such as celebrity lectures, music appreciations, sports days, and company trips to enhance the physical and mental health and workplace happiness of our employees.

Philanthropy

In 2017, we have continued various public welfare projects, calling up our employees to participate in beach cleaning events for environment protection, as well as continuing to help the disadvantaged groups in society by organizing year-end donation events such as second-hand charity sales and used goods donations. The funds raised are mainly used to help

the Genesis Social Welfare Foundation, Shih Guang Educational and Nursing Institution, Taiwan Fund for Children and Families, and the Children's Hearing Foundation, as well as Nuvoton employees of need.

Looking to incoming future of emerging technology, such as artificial intelligence, big data, IoT, and cloud computing, Nuvoton continues to improve its research and development energy while developing various product applications and services. We are deeply rooted in our customer base and are committed to becoming an indispensable partner to our customers. We believe that we will be able to open up more business opportunities in the future and create long-term stable returns for shareholders, customers, and employees. We will also strive to implement our commitment to sustainable development, combining our core capabilities and sustainable development strategies to continuously improve our operational performance in the aspects of the environment, society, and governance to achieve the expectations that stakeholders have for Nuvoton, and advance toward our goal of sustainable development.

Chairman

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2017 Corporate Sustainability Performance Summary Sheet

Sustainable Aspect		2017 Performance
Economic	Economic Performance	<ul style="list-style-type: none"> Nuvoton's 2017 consolidated revenue amounted to NTD 9.235 billion, up 11% from 2016; net income after taxes amounted to NTD 688 million, up 12% from 2016. Earnings per share (EPS) amounted to NTD 3.32
	Corporate Governance	<ul style="list-style-type: none"> In the fourth corporate governance evaluation in 2017, Nuvoton ranked in the top 20% in all publicly traded companies Stock was enlisted in the "TWSE High Salary 100 Index"
	Customer Satisfaction	<ul style="list-style-type: none"> High customer satisfaction: satisfaction survey shows average satisfaction at above 4 points.
	Supplier Management	<ul style="list-style-type: none"> In 2017, approximately 92.7% of our supply chain vendors have environmental related certification. Vendors which were unable to obtain certification in time were required to establish a verification schedule. Nuvoton's top 80% packaging and testing plants and raw material vendors (a total of 11 plants and vendors) have conducted corporate social responsibility self-evaluations in 2017. The self-evaluation results comply with the requirements of Nuvoton. In 2017, all of Nuvoton's outsourced wafer processing manufacturers packaging plants, packaging plants, and raw material suppliers (WF6 gases) have signed the "Statement of Non-use of Conflict Minerals".
Environmental	Water Conservation	<ul style="list-style-type: none"> Implemented a total of eight major energy conservation measures, saving an estimated 2.16 million kWh in electricity consumption Water usage per unit of product decreased by 9.4% from 2016
	Waste Management	<ul style="list-style-type: none"> Unit product waste decreased by 9% from 2016
	Greenhouse Gas Reduction	<ul style="list-style-type: none"> Greenhouse gas intensity decreased by 6.9% from 2016
Social	Labor Relations	<ul style="list-style-type: none"> Labor disputes: 0. No discrimination or compulsory labor complaints occurred The retention rate of employees returning to work at the end of maternity leave in 2017 was approximately 80%. The retention rate of employees returning to work at the end of maternity leave in 2016 was 100%
	Occupational Safety	<ul style="list-style-type: none"> Total employee training hours: 19,488; total attendees: 12,946 All employees completed CSR courses, amounting to a total of 3,008 attendees with a passing rate of 100%



	University Projects	<ul style="list-style-type: none">• Employees that had complete safety and health education and training reached a total of 1,634 attendees
		<ul style="list-style-type: none">• There were a total of 62 annual emergency drills conducted (including fire alarms, chemical leakage, gas leakage, earthquake, system anomalies, limited operations, emergency evacuations, etc.)
		<ul style="list-style-type: none">• There have been zero contractor injuries within the past five years
	Public Welfare Events	<ul style="list-style-type: none">• We called out employees to participate in the friendly environment charity event "Spring and Autumn Beach Cleaning" and sponsored donation events such as "second-hand charity sales and used goods donations". The total amount of donations in 2017 amounted to NTD 180,000





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Overview

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of the Stakeholders

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the Stakeholders

Overview

Description

In 2014, Nuvoton voluntarily issued its first CSR report to practice corporate social responsibility. We started to regularly issue CSR reports in 2016, providing stakeholders with Nuvoton's efforts and performance in regard to the economy, environment, and society. At the same time, Nuvoton also publishes its report on the CSR area of the company website to establish a transparent and effective channel of communication for all stakeholders.

Scope

Covering the period from January 1, 2017, to December 31, 2017, this report explains the various aspects of Nuvoton's business and their performance in regard to fulfilling corporate social responsibility. The financial data of this report is drawn from information listed in consolidated financial statements, which are inclusive of Nuvoton's global subsidiaries (including the United States, Israel, China, Hong Kong, and India). Calculated in New Taiwan Dollars (NTD), the financial statements were audited and certified by Deloitte Taiwan. Due to incomplete collection of information currently available by Nuvoton's overseas subsidiaries, other aspects in environmental and social issues such as corporate governance, environmental protection, and philanthropy, are specific to Nuvoton's headquarters in Taiwan.

Framework and Guidance

The framework and guidance of this report are based on an analysis of concerns held by Nuvoton's stakeholders, as well as issues considered to be significant during the period covered by this report. We have prepared this report in accordance with the latest GRI Standards released by the Global Reporting Initiative (GRI) to expose the performance results and management guidelines of the issues at hand. The appendix contains a comparison table of the framework for the reference of readers.

Release Notes

- 2017 CSR report: Scheduled to be released in November 2018
- 2018 CSR report: Scheduled to be released in November 2019

The previous report was issued in November 2017. To fulfill CSR in regards to environmental conservation,

an electronic copy of this report will be published on the company website. This report will be available in Traditional Chinese and English versions.

Warranty

This report has commissioned an independent third party impartial unit, "SGS Taiwan Ltd.", to verify that the content complies with GRI Standards Core Option and AA1000AS TYPE 1 Assurance Engagement. The third-party verification statement can be found in the appendix.

Feedback to the Report

We welcome your suggestions to the content of this report; please contact us.

- Telephone: +886-3-5792771
- Fax: +886-3-5792525
- Email: CSR@nuvoton.com
- Website: www.nuvoton.com
- Address: No. 4, Creation Rd. Section III, Hsinchu Science Park, Taiwan

Communication and Participation of the Stakeholders

Nuvoton is focused on sustainable management issues as well as communication with stakeholders to understand the major issues of interest to stakeholders. This report serves as a response to relevant major issues so stakeholders are able to more fully understand the actions and efforts that Nuvoton put into corporate social responsibility.

Defining the Stakeholders

Taking into consideration foreign and domestic sustainable development and organizational operations, Nuvoton's Corporate Social Responsibility Committee defines the 8 main stakeholders of Nuvoton as the following: employees, customers, shareholders, directors and supervisors, suppliers, the government, community, and media.

Identified Material Aspects

The Corporate Social Responsibility Management Committee has referred to the Responsible Business Alliance (RBA) Code of Conduct [formerly the Electronic Industry Citizenship Coalition (EICC)] and the Global Reporting Initiative (GRI) on



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economic, environmental, social, and aspects before consolidating 33 topics of concern for stakeholders. The following describes the process for identifying the concerns of stakeholders

• Collection

In accordance with the stakeholders as defined by the Corporate Social Responsibility Management Committee, as well as GRI standards, we consolidated the various topics of concern to stakeholders and divided them into three categories: economic, environmental, social, and product. We listed a total of 33 material aspects for stakeholders.

• Survey

Through surveys, stakeholders and the representatives from the Corporate Social Responsibility Management Committee reported the degree of concern on various aspects. We

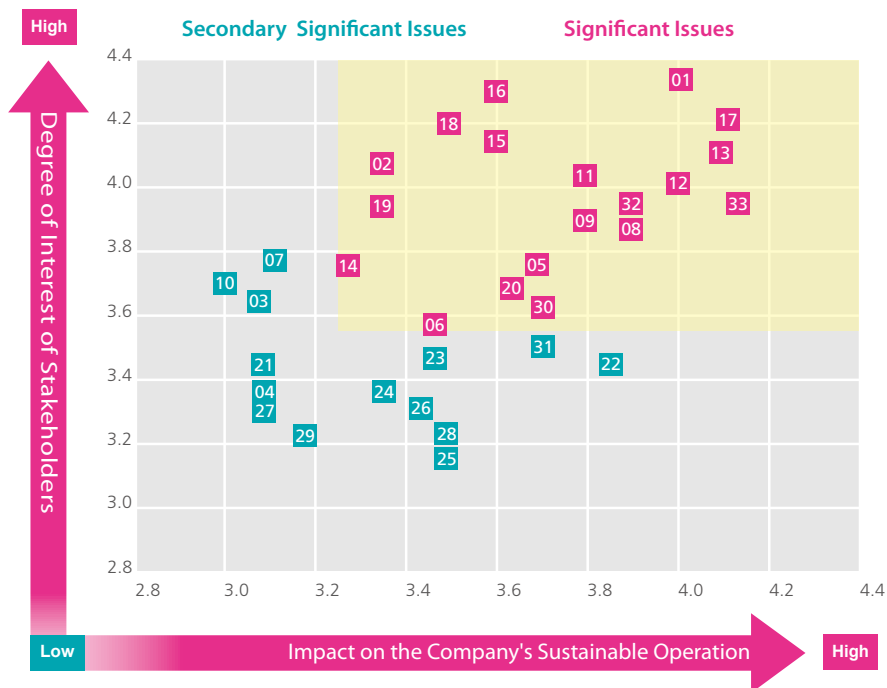
collected a total of 118 questionnaires for this survey, of which 106 questionnaires were from stakeholders and 12 questionnaires were from the Corporate Social Responsibility Management Committee.

• Analysis

We analyzed the results of the selection (the degree of concern for the issues and their impact on business operations) before identifying and prioritizing topics of concern.

• Submission

After receiving approval from the Corporate Social Responsibility Management Committee, the results of the analysis laid the framework for this report. Furthermore, Nuvoton has responded to various significant issues and based its goals for further improvement on the results of this analysis. The substantive analysis results are as follows:



- | | | | |
|------------------------------|--|---|-----------------------------------|
| 01 Economic performance | 11 Emissions | 21 Freedom of association and collective bargaining | 31 Marketing and labeling |
| 02 Market status | 12 Sewage and waste | 22 Child labor | 32 Customer privacy |
| 03 Indirect economic impact | 13 Environmental law compliance | 23 Forced and compulsory labor | 33 Social and economic compliance |
| 04 Procurement practices | 14 Environmental assessment of suppliers | 24 Security practices | |
| 05 Anti-Corruption | 15 Employee-employment relationship | 25 Aboriginal rights | |
| 06 Anti-competitive behavior | 16 Labor/capital relationship | 26 Human rights assessment | |
| 07 Material | 17 Occupational safety and health | 27 Local communities | |
| 08 Energy | 18 Education and training | 28 Supplier social assessment | |
| 09 Water | 19 Diversification and equal opportunity | 29 Public policy | |
| 10 Biological diversity | 20 No discrimination | 30 Customer health and safety | |

Response to the Significant Topics of Concern

Based on the results of the material analysis, we have listed 18 significant topics of concern for stakeholders

in the following table. This report discloses GRI standards in regards to material aspects, management policies, and related indicators to conduct comprehensive performance disclosure.



Response to the Significant Topics of Concern

Element	Material Aspect	Nuvoton (IC design, wafer fabrication)	Outside the Organization	
			Packaging and Testing	Finished Product Output
Economic	Economic Performance	•		
	Market Image	•		
	Anti-Corruption	•		
Environmental	Energy	•	•	
	Water	•	•	
	Emissions	•	•	
	Sewage and Waste	•	•	•
	Environmental Law Compliance	•	•	•
	Environmental Assessment of Suppliers	•		•
Social	Employee-employment Relationship	•	•	
	Labor/capital Relationship	•	•	
	Occupational Health and Safety	•	•	
	Education and Training	•		
	Diversification and Equal Opportunity	•		
	No Discrimination	•	•	
	Customer Health and Safety	•	•	•
	Customer Privacy	•		
	Social and economic compliance	•	•	•



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Modes of Communications with the Stakeholders

Nuvoton has collected significant topics of concerns for stakeholders, establishing a diverse and open

communication channel so it can provide immediate responses to the expectations and recommendations of stakeholders. Nuvoton also has a corporate social responsibility email, csr@nuvoton.com, so internal and external stakeholders can put forward corporate social responsibility issues.



Modes of Communications with the Stakeholders

Stakeholder	Topics of Concern	Communication Channel	Communication Frequency
Employees	<ul style="list-style-type: none"> • Employer-Employee Relationship • Labor/Capital Relationship • Occupational Health and Safety • Education and Training • Diversification and Equal Opportunity • No Discrimination 	Labor-Management Meeting	Quarterly
		Executives Management Sharing Meeting	Quarterly
		Executives Management Sharing Meeting	Quarterly
		Employee Welfare Committee	Quarterly
		Employee Suggestion Box	Irregularly
		Grievance Mailbox and Hotline	As needed
		Intranet	Irregularly
		Irregular Meetings within the Organizations	Irregularly
Employers	<ul style="list-style-type: none"> • Customer Privacy • Customer Health and Safety 	Training Courses	Irregularly
		Customer Satisfaction Survey	Yearly
		Customer Survey or Site Audit	Yearly
		Company Website-Members Zone	Irregularly
		Technical Seminar	Irregularly
Shareholders	<ul style="list-style-type: none"> • Economic Performance • Market Status 	Phone and email	Irregularly
		General Shareholders' Meeting	Yearly
		Investor Conference	Half-yearly
		Financial Annual Report	Yearly
Directors and Supervisors	<ul style="list-style-type: none"> • Product Liability • Legal Compliance • Economic Performance • Environment • Legal Compliance 	Company Website	Irregularly
		Board of Directors Meeting	Quarterly
Suppliers	<ul style="list-style-type: none"> • Procurement Practices • Product Liability • Legal Compliance • Environmental Assessment of Suppliers 	Supplier Evaluation	Half-yearly
		Supplier CSR Survey	Yearly
Government	<ul style="list-style-type: none"> • Legal Compliance • Environmental Law Compliance • Sewage and Waste 	Official Notice	Irregularly
		Legal Rules Conference	As needed
		Communication with the Competent Authorities through the Allied Association for Science Park Industries	As needed
Communities	<ul style="list-style-type: none"> • Sewage and Waste Discharge 	Company Website	As needed
		Email	As needed
Media	<ul style="list-style-type: none"> • Market Status • Economic Performance 	Press Conference/Irregular interview	Irregularly
		Press Release	Irregularly
		Company Website	Irregularly





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Company Overview

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Company Overview



Company Name	Nuvoton Technology Corporation
Founded	2008
Capital	NTD 2,075,554,000
Main products and technologies	Our operational focus lies in the design and sales of integrated circuits, as well as the foundry industry
Number of Employees	1,391
Headquarters Address	No. 4, Creation 3rd Road, East District, Hsinchu City Taiwan

About Nuvoton

In 2008, Nuvoton was founded to provide innovative solutions for the semiconductor industry. In July of that year, it was spun-off from Winbond Electronics Corporation Logic IC business unit and officially launched its own operations. In 2010, Nuvoton became publicly listed on the Taiwan Stock Exchange. With a focus on the development of analog/mixed signal, microcontroller, and cloud computing-related IC products, the company holds a leading position in the industrial electronics, consumer electronics, and computer markets. Furthermore, Nuvoton owns a semiconductor foundry that provides customized processes for analog, power, and microcontroller products. Apart from its in-house IC products, Nuvoton also offers a part of its capacity for foundry services.

Nuvoton provides products with high performance/cost ratio for its customers by leveraging flexible technologies, advanced design capabilities, and the integration of digital/analog technologies. Nuvoton values long-term collaborative relationships with its customers and partners, and strives for continuous innovation and improvement in its products, processes, and customer services. Based in Hsinchu, Nuvoton also has subsidiaries in the U.S.A., China, Israel, and India to strengthen regional customer support and facilitate global operations management. For more information on global locations, please refer

to the official website of Nuvoton Technology. (http://www.nuvoton.com/hq/?__locale=zh_TW)

Company Vision

Due to the development of semiconductor technology, the breakthrough in transmission bandwidth and the popularity of information sharing has caused cloud computing to become the developmental focus of digital life. With worsening global warming, limited natural resources, and the pressure to maintain an ecological balance, green technology has become the key to sustaining human civilization. We can experience infinite possibilities in the aforementioned development space.

With courageous, like-minded partners that love learning, our organization is a passionate and creative team, constructing a competitive advantage with innovation as its core. Nuvoton is committed to creating a happy work environment where employees can have the freedom to imagine and invent, as well as achieve their ideals or learn from failure. The purpose of innovation is to create user value. The manifestation of value is not confined to a single form or source. We set out to create innovation with our customers and partners, driving the development of our industry, while giving back to our employees, shareholders, and community so we can share the joy of innovation.



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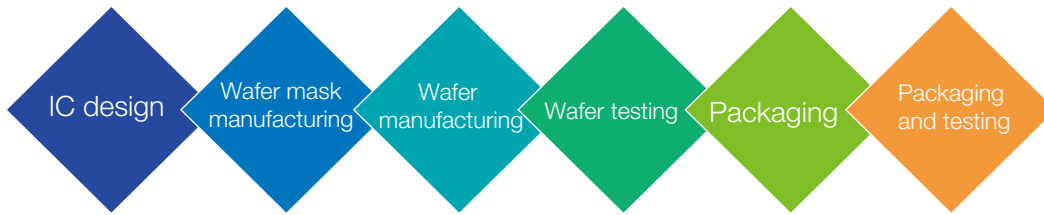
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IC Industry Value Chain



Innovative Technology and Products

In the IC industry value chain, Nuvoton's operational focus lies in the design and sales of integrated circuits (IC), as well as the foundry industry. Backend raw material procurement, outsourced manufacturing, wafer mask manufacturing, and packaging testing are carried out by the suppliers. General purpose IC remains the principal item of Nuvoton's integrated circuits, but the scope of application is extensive, including microcontrollers (MCUs), audio products, and cloud computing products. In addition, the company also owns a 6" wafer fab with monthly production capacity for 45,000 pieces featured with a diversity of process capacity for foundry service.

Nuvoton's main products and services are as follows:

- **General purpose IC**

Nuvoton's general purpose IC products include microcontrollers (MCUs), audio products, and cloud computing products.

Nuvoton's microcontrollers utilize a complete product platform, including the 8-bit product line and 32-bit product line. With ultra-low power consumption, high precision, high anti-interference, rich peripheral resources, and high security and confidentiality requirements, it satisfies the market needs of the Internet of Things (IoT), health care electronic products, industrial control, consumer electronics, and communication products.

Audio products include Audio CODEC, Arm® Cortex®-M0/M4, Audio MCU with 4/8-bit MCU as the core, and Class D Speaker Amplifiers. The target market includes diversified applications such as smart toys, smart robots, smart audio, consumer

electronics, as well as automotive and industrial markets.

For cloud computing products, Nuvoton utilizes a top-down approach in the industrial ecosystem, from cross-border data centers, supercomputer servers, edge computing to computer-related smart devices. Focusing on the integrated field specialty, Nuvoton jointly develops innovative features with long-term clients which includes communication interfaces, security framework, and energy management, providing brand manufacturers and outsourced manufacturers with specialized server-use baseboard management controllers, power management controllers, trust platform modules, Super I/O, and embedded controllers.

Nuvoton provides a wide variety of products in both markets. For "cloud", we offer baseboard management controllers (BMCs), voltage and signal converters, hardware monitoring chips, and other related IC products. For "computing", our products include super I/O, highly integrated embedded controllers (EC), temperature sensors, trusted platform module security chips, and power control chips in personal computers and smart devices.

- **Semiconductor Foundry**

Nuvoton owns an advanced 6" semiconductor foundry. With more than 25 years of experience in wafer fabrication, the foundry upholds the spirit of innovation and transcendence, continuing to provide a long-term and stable production capacity, excellent product quality, and timely deliveries. With the innovative thinking of "More-Than-Foundry", the foundry creates added value, becoming an indispensable partner for our clients in this competitive market.



Technologies and Products Developed in 2017

Year	Results
2017	Launched Cortex®-M0 M0564, a high performance microcontroller series suitable for industrial control and smart meters, as well as the high performance NUC126 USB controller series.
	Launched the high-profile, low-pin 1T 8051 microcontroller - N76E003.
	N570H/ N589/ I91260: Audio MCU (low-power consumption voice interface audio controller).
	NCT7362Y - used in servo multi-fan control wafers.
	NCT6686D - used in commercial computer embedded MCU input / output control chips.
	NCT3581 - used for related high voltage eFuse power management chip for computer systems.
	Launched the third generation BMC (baseboard management controller) products, which supports the Intel Purley server platform with the highest performance Cortex® A9 dual core processor while also supporting BMC secure boot. The series prevent firmware from being attacked.

Market Analysis

Nuvoton's main products are sold across the world. Asia was the main sales region for 2017.

Main Products (Services) Sales (Supply) Regions

Sales Region	2017	
	Amount	Percentage(%)
Asia	8,816,462	96%
America	169,507	2%
Europe	123,796	1%
Other	125,617	1%
Total	9,235,382	100%

Production Value Table

Year Main Product	Production capacity (Note)	2017		
		Amount		Output Value
		Wafer	Die	
General Purpose IC	480	1	806,374	4,140,630
Foundry		371	-	1,229,458
Other		-	-	6,340
Total		372	806,374	5,376,428

Unit: Production Capacity (Thousand) / Wafer (Thousand) / Die

Note: Production capacity is expressed through 6" wafers.

Responsibility to Our Investors

With innovation as the foundation for its operational guidelines, Nuvoton is committed to the development of new fields of application, and the expansion and strengthening of the company's capacities and technologies. Every year since Nuvoton became publicly listed in 2010, we have been continuously creating value for investors through dividend payouts and the maintenance of a stable financial structure.

To quickly share material information with our investors, we host investor conferences every half year to enhance communication and help them fully understand our quarterly financial figures and business condition. After the event, video recordings of the conference are uploaded to our website to serve as a reference. Additionally, major company activities, important events, and other related information can be found in the investor's area of Nuvoton's official website (<http://www.nuvoton.com/>).



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Financial Performance



2017 Economic Performance Management Policies

2017 Economic Performance Management Policies	
Importance	Continue to create corporate surpluses to create maximum benefits for shareholders and enhance corporate value
Policy / Commitment	Master industry development trends to develop high value-added products and improve corporate governance and operational performance, becoming an industry benchmark which practices corporate sustainability
Target	Continue to focus on product optimization and increase market share to enhance competitive niche
Promotion Priorities and Practices	Continue to track various financial performance indicators for risk analysis and assessment
Performance Results	In 2017, gross margin amounted to 40%, profit margin 7.45%, and earnings per share (EPS) of NTD 3.32.

Nuvoton's 2017 consolidated revenue amounted to NTD 9.235 billion, up 11% from 2016; consolidated net profit after tax amounted to NTD 688 million, up 12% from 2016. For both 2017 and 2018, Nuvoton allocated earnings from the previous year. For these two years, the earnings per share was NTD 2.4 and NTD 2.5, respectively. For 2016 and 2017, the earnings per share was NTD 2.95 and NTD 3.32, respectively.



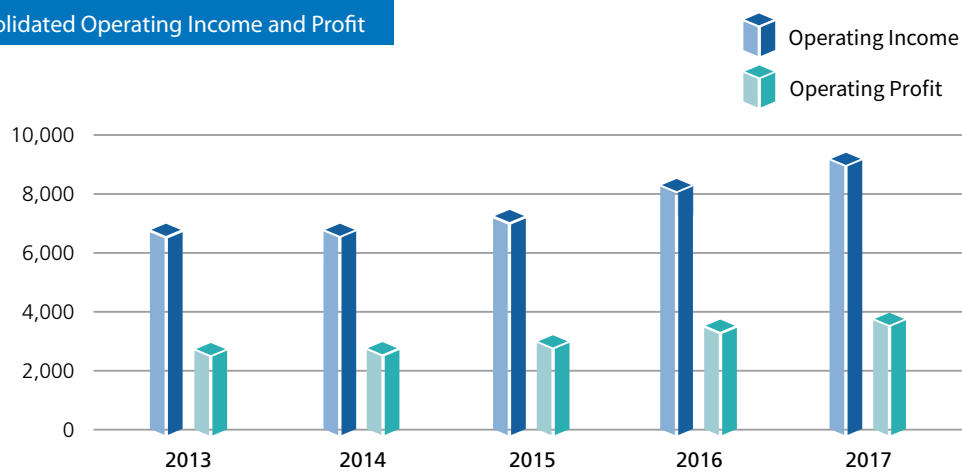
Financial Performance Over the Past Five Years

	2013	2014	2015	2016	2017
Operating Income	6,809	6,822	7,313	8,329	9,235
Operating Cost	4,023	3,926	4,263	4,921	5,503
Operating Profit	2,786	2,896	3,050	3,408	3,732
Net Profit Before Tax	498	421	572	709	799
Income Tax Expense	239	77	103	96	111
Net Profit After Tax	259	343	469	613	688
R&D Expense	1,783	1,973	1,970	2,216	2,388
Employee Benefits Expense	2,207	2,255	2,348	2,534	2,696
Total Assets	4,896	4,894	5,292	5,898	6,149
Retained Earnings	643	731	921	1,127	1,298
Total Equity	2,807	2,914	3,122	3,378	3,663

Unit: Million NTD

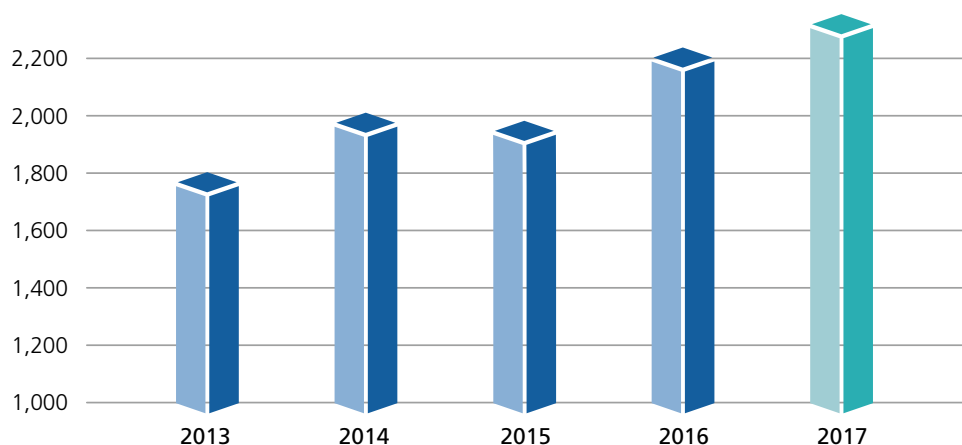
Note 1: The 2016 Employee Benefits Expense has been adjusted to be consistent with the 2017 financial statements, as 2017 included the compensation of the Board of Directors so the amount for the second period of the 2016 financial report for was adjusted.

Consolidated Operating Income and Profit



Unit: Million NTD

Consolidated R&D Expense



Unit: Million NTD

Association (Guild) Membership

Nuvoton actively participates in industry associations, guilds, and technology alliances to obtain the industry's latest technology and establish good relationships with relevant units, contributing to the overall development of the industry.



External Organizations that Nuvoton are Involved with in 2017

Item	Name of Association (Guild)	Membership
1	The Allied Association for Science Park Industries	•
2	Taiwan Electrical and Electronics Manufacturers' Association	•
3	Micro Sensors and Actuators Technology Consortium	•
4	Power Electronics Systems Consortium	•
5	The Second Special Police Corps, National Police Agency, Ministry of Interior	•



About Nuvoton



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Glory and Affirmation

In addition to performing exceptionally well in its main area of business, Nuvoton also adheres to the concept of sustainable development in the working environment. The awards and recognition received between 2014 and 2017 are listed in the table below:



Awards and Recognition Received between 2014 and 2017

Year	Awards and Recognition
2017	<ul style="list-style-type: none"> Actively participated in environmental training activities, becoming the "2017 Environmental Education Partner" of the Hsinchu Science and Industrial Park.
	<ul style="list-style-type: none"> Launched the new high-performance TPM2.0 chip (NPCT75x), which supports the latest specifications of TCG 2017, and has passed the Microsoft Win10 RS3 security chip performance test certification.
	<ul style="list-style-type: none"> Launched the 32-bit Cortex®-M0 high-performance microcontroller for industrial control and smart meters – M0564 series.
	<ul style="list-style-type: none"> The air pollution prevention and control personnel received the "Excellent Environmental Protection Personnel" award by the Hsinchu Science and Industrial Park.
	<ul style="list-style-type: none"> Launched the third generation BMC (baseboard management controller) products, which supports the Intel Purley server platform with the highest performance Cortex® A9 dual core processor while also supporting BMC secure boot. The series of products prevent firmware from being attacked and has been adopted by major international manufacturers.
2016	<ul style="list-style-type: none"> Launched 1T 8051 microcontroller with high specification and low pin – N76E003.
	<ul style="list-style-type: none"> Launched security chip NPCT6xx which obtained TPM 2.0 Common Criteria certification.
	<ul style="list-style-type: none"> Nuvoton's innovative Internet of Things (IoT) development platform achieved ARM mbed OS certification.
	<ul style="list-style-type: none"> Ranked in the top 20% in the 3rd corporate governance evaluation.
	<ul style="list-style-type: none"> Recognized as a good water conservation unit by the Water Resources Agency of the Ministry of Economic Affairs.
	<ul style="list-style-type: none"> Received the good water conservation vendor award by the Science Park Administration of the Ministry of Science and Technology.
2015	<ul style="list-style-type: none"> The emission reduction for the Environmental Protection Administration's Advanced Program has amounted to 46,198 tons.
	<ul style="list-style-type: none"> Recognized as good occupational safety and health personnel by the Hsinchu Science Park Bureau.
	<ul style="list-style-type: none"> Launched first security chip in the world to obtain Common Criteria, FIPS and TCG certification at the same time.
	<ul style="list-style-type: none"> Launched world's first SIO and EC that supports both LPC and eSPI. Equipped with high performance 32-bit ARM based Cotex-M4 computing core, it provides the best solution to the platform management of PC, NB, and Chromebook.
	<ul style="list-style-type: none"> The 3rd "Taiwan MITTELSTAND Award"
2014	<ul style="list-style-type: none"> Hsinchu Science Park Corporate Environmental Excellence Award
	<ul style="list-style-type: none"> Honorary Mention, Nursing Room Competition (Workplace Division)
	<ul style="list-style-type: none"> Taiwan Corporate Sustainability Report Bronze Award
2014	<ul style="list-style-type: none"> Nuvoton ARM® Cortex®-M0 had its 100th million MCU shipment
	<ul style="list-style-type: none"> The 3rd "National Industrial Innovation Award"
	<ul style="list-style-type: none"> 2014 Award for International Trade Outstanding Export/Import Business Certificate

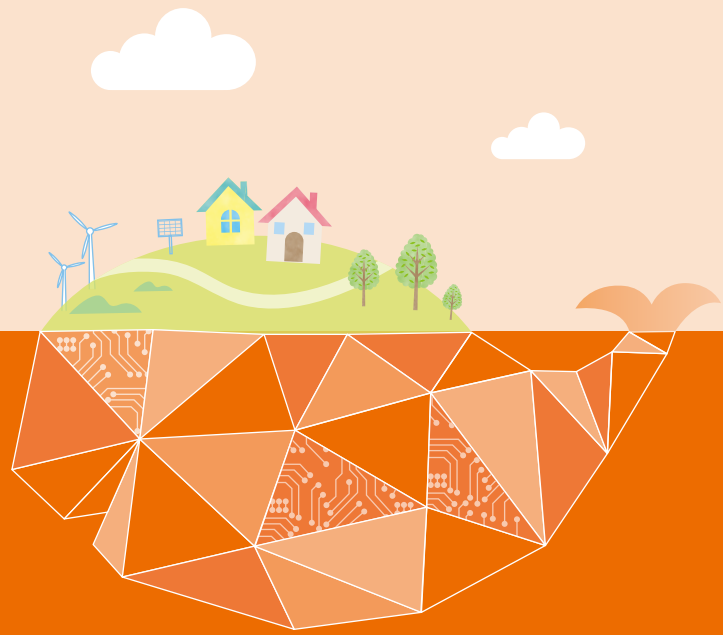


monetary statistik

2007 2008 2009
+0,03 % May
+5,12 % Jun
+3,05 % Jul
-1,01 % Aug

monetary dynamics

4500,52
1900,59
1850,02
1925,99



3

Corporate Governance

Corporate Governance

Board of Directors

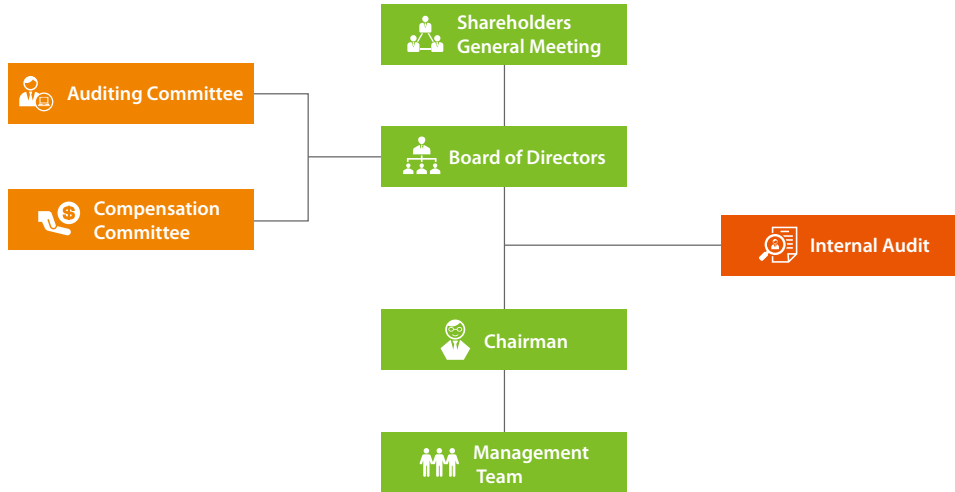
Corporate Social Responsibility Committee

Code of Ethics and Business Conduct

Regulatory Compliance

Risk Management

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Board of Directors

Board of Directors Organization

Nuvoton’s Board of Directors utilizes a candidate nomination system. The directors are elected through a list of nominees at shareholders’ meetings. The 5th Board of Directors is comprised of 9 directors, among which 4 are independent directors, and 1 director is a woman.

Nuvoton’s Board of Directors is comprised of directors with professional backgrounds and technical experience. We rely on the knowledge, personal insight, and business acumen of each director in assuming responsibility for the operation and supervision of the company. The board members’ background information, academic qualifications, and concurrent positions in other companies, Board of Directors, and functional committees are disclosed in the company’s annual report. Information on the company’s annual report can be found on the Market Observation Post System and Nuvoton’s official website (www.nuvoton.com). To improve supervision functions and strengthen management functions, in addition to the Board of Directors, we have also set up an Auditing Committee and the Salaries and Remuneration Committee to strengthen the structure of corporate governance.

Board Member Responsibilities

Nuvoton’s Board of Directors is responsible for defining the company’s operating principles, long-term and short-term plans for development, annual business plan, and approving budgets and supervising the execution of company policies, as well as other material issues raised during shareholders’ meetings or board meetings. The board’s primary responsibility is to monitor compliance, financial transparency, the immediate disclosure of important information, internal corruption, and other such areas. To fulfill its oversight responsibilities, the Board has established a variety of organizations and avenues, such as a Compensation Committee and internal auditors.

Nuvoton Board Members

Title	Name	Gender
Chairman	Representative of Winbond Electronics Corp.: Arthur Yu-Cheng Chiao	Male
Vice Chairman	Robert Hsu	Male
Director	Yung Chin	Male
Director	Ken-Shew Lu	Male
Director	Chi-Lin Wei	Male
Independent Director	Royce Yu-Chun Hong	Male
Independent Director	Allen Hsu	Male
Independent Director	David Shu-Chyuan Tu	Male
Independent Director	Je-Li Xu	Male



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Nuvoton's management team must report the company's operating conditions and other important issues to the Board of Directors, and provide information and comments for the board's reference. Board meetings must be held at least once every quarter. 5 board meetings were held in 2016. Important resolutions are also immediately announced on the Market Observation Post System. As a response to the increasing international emphasis on corporate governance and corporate social responsibility development in recent years, in addition to scheduling annual training courses for the directors, Nuvoton also irregularly provides directors with professional training course information held by external units. More information is available on the Market Observation Post System.

In order to implement corporate governance and enhance the functions of the Board of Directors, Nuvoton stipulated the "Measures for the Compensation and Performance Evaluation of Directors" to strengthen performance assessment. Since December 2017, the directors have been evaluated on board operations, personal participation, and continuing education. The results of the assessment are summarized by the Compensation Committee and the Board of Directors, measuring the strategic direction of the Board of Directors while supervising the company operation management to for the benefit of long-term value for shareholders.

The Auditing Committee

Nuvoton established the Auditing Committee in June 2016. The committee members are mainly responsible for assisting the board in implementing and supervising the company in the quality and integrity of accounting, auditing, the financial reporting process, and financial control. For external investors, the committee represents an independent body that supervises the company to actively protect the rights of investors.

Nuvoton's Auditing Committee is fully comprised of independent directors. There are currently 4 members, of which one is the convener. At least 1 member must have accounting or financial expertise. An Auditing Committee meeting is held at least once every quarter. Meetings are to be convened on an as-needed basis. 4 meetings were held in 2017.

Compensation Committee

Nuvoton established the Compensation Committee in 2011. Members of the Compensation Committee are appointed by the Board of Directors. Through a professional and objective perspective, this committee assesses, established and regular reviews the policies, system, standards, and structure of compensation for directors, supervisors, and managers of the company according to defined policies and systems, and makes recommendations to the board to serve as a reference for its decisions.

According to the "Compensation Committee Charter", the committee must be comprised of 3 or more members. Currently comprised of 4 independent directors, the Compensation Committee holds a general meeting at least once every six months. 4 meetings were held in 2017. More information about the Compensation Committee meetings can be found in Nuvoton's 2017 annual report. The committee's articles of association are published in the investor's area of the company's website.

Nuvoton's Auditing Committee Members

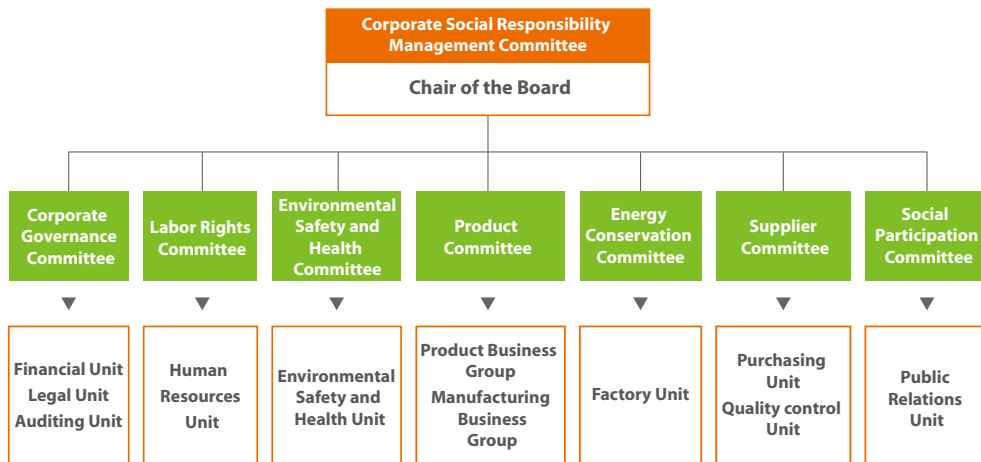
Title	Name
Independent Director, Auditing Committee Chairman	Allen Hsu
Independent Director, Auditing Committee Member	Royce Yu-Chun Hong
Independent Director, Auditing Committee Member	David Shu-Chyuan Tu
Independent Director, Auditing Committee Member	Jei-Li Xu

Nuvoton's Compensation Committee Members

Title	Name
Independent Director, Compensation Committee Member	David Shu-Chyuan Tu
Independent Director, Compensation Committee Member	Royce Yu-Chun Hong
Independent Director, Compensation Committee Member	Allen Hsu
Independent Director, Compensation Committee Member	Jei-Li Xu

Corporate Social Responsibility Committee

Nuvoton established the Corporate Social Responsibility Management Committee in 2012 to improve the management of corporate social responsibility. The committee is responsible for corporate social responsibility policies, systems, and related management policies, as well as the formulation, implementation, and promotion of plans. The chairman has designated a high-level supervisor to serve as the chair of the committee to convene functional groups that are responsible for promoting and implementing corporate social responsibility policies. Each year, the Corporate Social Responsibility Committee will set CSR performance objectives and project implementation measures. A regular meeting is held every six months to examine corporate social responsibility compliance and the implementation results of the various programs. Starting from 2016, the Corporate Social Responsibility Committee will give an annual CSR performance report to the Board of Directors every year.



Code of Conduct and Regulatory Compliance



2017 Code of Conduct and Regulatory Compliance

2017 Code of Conduct and Regulatory Compliance Management Policies	
Importance	<ul style="list-style-type: none"> Nuvoton complies with various domestic and foreign regulations to prevent its operations from being exposed to risks. We also avoid engaging in illegal and unfair competition to establish a good corporate image and ensure legal operations.
Policy / Commitment	<ul style="list-style-type: none"> To ensure the implementation of integrity management and regulatory compliance, Nuvoton continues to focus on domestic and foreign policies and laws that may affect its businesses and finances, and regularly promote the core values of integrity management.
Goal	<ul style="list-style-type: none"> The completion rate of the annual code of conduct and regulatory compliance training is above 95%. Nuvoton has had no major illegal events.
Promotion Priorities and Practices	<ul style="list-style-type: none"> Through educational training and communication, Nuvoton continues to strengthen correct professional ethics and legal concepts of employees. An internal control system was established for regulatory compliance based on the implementation and measurements, including the effectiveness of the current control system covering all company operations. Conduct regular regulatory tracking and implementation to comply with relevant regulations.
Performance Results	<ul style="list-style-type: none"> The completion rate for the annual corporate social responsibility related regulation compliance staff training was 100%. There were no major violations of local laws or major lawsuits in 2017.



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Adherence to Ethical Values

Nuvoton complies with domestic and foreign ethics laws and regulations, and pays close attention to updates or changes made to regulations and decrees. Nuvoton regularly stipulates or amends internal related work practices or measures. "Corporate Social Responsibility Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Integrity Management Breach Measures", and "Corporate Social Responsibility Code of Conduct" requires Nuvoton's overall operating activities to comply with relevant laws and regulations. We conduct annual corporate integrity educational training courses every year on "corporate social responsibility policies" and "integrity management". Each employee is provided with a "Corporate Social Responsibility Policy and Statement Promotion Card" to strengthen corporate social responsibility and the ethical values of all employees.

Under Nuvoton's Corporate Social Responsibility Code of Conduct, Ethical Business Conduct Guidelines (hereinafter referred to as "Guidelines") are defined that require all employees of Nuvoton to abide by the highest standards of integrity, and to ensure compliance with all laws and regulations. The guidelines are as follows:

- Comply with all relevant government regulations and international norms.
- Ensure business integrity, and prohibit all acts of bribery, corruption, extortion, and embezzlement.
- Do not offer or accept improper benefits, and avoid conflicts of interest.
- Emphasize corporate governance, disclose company information in accordance with laws and regulations, and avoid being hypocritical.
- Comply with principles of good faith and fair trade. Do not conduct exaggerated/false advertising and marketing.
- Provide a safe and healthy working environment.
- Implement "Customs-Trade Partnership Against Terrorism (C-TPAT)" program guidelines in daily operations.
- Respect internationally-recognized labor principles and rights. Do not hire people under the ages of 15 or involuntary personnel (through coercion, mortgage, debt, indentured servitude, enslavement, or human trafficking).
- Ensure that all employees enjoy equal rights without discrimination.
- Do not harass, unlawfully discriminate, coerce, or inhumanely treat employees (including prospective employees).
- Do not use internationally banned substances in the production processes.
- Comply with all relevant environmental protection regulations and laws.
- Respect intellectual property rights and protect the personal information of those who do business with us.
- Require suppliers to comply with all relevant laws while emphasizing corporate social responsibility.

Training

To help employees establish correct legal concepts and enhance their understanding of corporate social responsibility, Nuvoton regularly holds business integrity educational training courses on "Corporate Social Responsibility Policies" and "Integrity Management". The courses explain the regulations in a clear and easy way, and employees are required to take tests after the courses to enhance their understanding of related legal compliance.

The 2017 educational training data on the compliance of relevant laws and regulations of corporate social responsibility are as follows:



New Staff Training Data

	Corporate Social Responsibility Best Practice Principles	Integrity Management
Number of Trainees	153	153
Completion Rate	100%	100%



General staff training data:

	Corporate Social Responsibility Best Practice Principles	Integrity Management
Number of Trainees	1,351	1,351
Completion Rate	100%	100%

Grievance Mechanism

We have also set up many grievance channels, such as a physical suggestion box and an inbox for internal disclosure of illegal activities. Nuvoton has also established reporting areas on internal and external websites, so if there are any unjust or unfair illegal acts, internal or external personnel can conduct anonymous or named reports through various grievance channels. When a complaint is received, a specialized group will start an investigation. No complaints were received during 2017.

Internal Auditing System

Nuvoton has set up an internal auditing unit under the board of directors. In accordance with the company size, business conditions, management needs, and other relevant laws and regulations, Nuvoton has appointed a total of two full-time internal auditors. Nuvoton established its internal control system according to laws and regulations, which is based on the implementation and measurement of the effectiveness of the current internal control system Nuvoton and its subsidiaries.

The internal auditing unit prepares an annual audit plan based on the results of the risk assessment, which are then approved by the Auditing Committee and the board of directors. The internal auditing unit operates according to the auditing plans. Recommendations for improvement are made into an audit report for the shortcomings of the internal auditing system and regularly reported to the Auditing Committee and the board of directors.

The internal auditing unit reviews Nuvoton's internal control system and various operations through the aforementioned auditing work, assisting the board and the management in confirming the degree of operational effectiveness and efficiency, and the reliability, timeliness, and transparency of reporting, as well as its compliance with related laws and regulations.

The internal auditing unit supervises the various units and subsidiaries in their annual self-inspections of the effectiveness of their internal control systems. Then,

the internal auditing unit reviews the self-inspection reports of all units and subsidiaries, as well as the effectiveness of their internal control systems. The consolidated self-inspection results serve as a basis for the board and president in their Internal Control Systems Statement.

Regulatory Compliance

Nuvoton has customers from all over the world. To ensure the implementation of integrity management and regulatory compliance, we continue to pay attention to domestic and foreign policies and regulations that may affect Nuvoton's businesses and finances. We also regularly promote the core values of integrity management.

Nuvoton complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Fair Trade Act, and other related laws. Furthermore, Nuvoton has stipulated corporate governance rules and procedures for employees to follow.

For personal data protection, the General Data Protection Regulation (GDPR) is applicable as of May 25th, 2018 for all individuals within the European Union (EU). To comply with this new regulation, Nuvoton will implement the following measures in 2018:

1. Update the site's privacy policy.
2. Provide a description of GDPR to employees to enhance the value placed on personal data protection.
3. Strengthen the protection of personal data storage to prevent leakage.

Furthermore, Nuvoton has launched compliance-related programs and courses to provide employees with a better understanding of intellectual property rights. The courses also stress the importance of protecting trade secrets, helping employees become more familiar with the latest laws and regulations.



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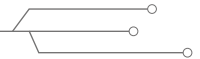
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Nuvoton employees can check relevant training course information and promotional materials on the internal website to further ensure our commitment

to compliance. All Nuvoton employees participate in compliance policies. Cooperation between various departments improves execution performance.



2017 Legal-related Training Courses:

Course Name	Number of Trainees
New Employee Orientation - Common Discipline_Legal Issues Relevant to Professional Workers	98
New Employee Orientation - Common Discipline_ Patent Search: How to Write a Patent	80

Regulatory Identification and Inspection

In order to monitor and identify the applicability and compliances of labor, ethics, environmental protection, health, corporate governance related laws and regulations, and other requirements, Nuvoton has a dedicated unit which conducts applicability identification and conformity checks on the relevant laws and regulations of newly added or revised rules on a regular basis every six months. The results of the identification tests will be reported at the Corporate Social Responsibility Committee meetings, and the relevant information will be updated on the Nuvoton's internal corporate social responsibility website for reference.

The 2017 applicable laws and change compliance identification results are both compliant. In 2018, complying with the Responsible Business Alliance's (RBA) Code of Conduct, regulatory inspections will be conducted on a regular quarterly basis.

Applicable Laws and Change Compliance Identification Tests	
Legal Period	Testing Results
First Half of 2017	Complies
Second Half of 2017	Complies

Risk Management

<p>Financial Risk</p>	<ol style="list-style-type: none"> 1. The influence of interest rate fluctuations: At present, Nuvoton mostly uses its own funds for operating expenses, so interest rate fluctuations will not have a significant impact on operations. Furthermore, Nuvoton maintains good relationships with multiple financial institutions and can receive lower interest rates when needed. Therefore, interest rates will not have a significant impact on company operating costs. 2. The influence of exchange rate fluctuations: The majority of Nuvoton's sales and purchases are conducted in US dollars. The offset of foreign currency income and foreign currency expenditure produce a natural hedging effect. For the difference in the foreign currency balance, Nuvoton can leverage forward exchanges to hedge exchange differences depending on exchange rate fluctuations, reducing the impact that exchange rate fluctuations have on Nuvoton. 3. The influence of inflation: Nuvoton pays close attention to fluctuations in the raw material market and product prices. There has not yet been any immediate or significant impact due to domestic and foreign inflation.
<p>Information Security Risk</p>	<p>Nuvoton is committed to maintaining information security and protecting confidential information. A specialized information security representative stipulated Nuvoton's security policy for company-wide compliance. Various types of cyber attacks have emerged in recent years. Nuvoton continues to pay attention to various information security threats and adopt appropriate information security measures to ensure proper management mechanisms for physical security, network communication security, and data security.</p> <p>In addition, to enhance employee awareness of information security, Nuvoton also organizes various educational and promotional events on information security. Through our internal training platform, we also implement information security training courses for our staff to let them learn about various information security threats and how to respond.</p>
<p>Risks to Health and Safety</p>	<p>Nuvoton has set up a company-wide "Environmental Security and Risk Management Committee". The committee holds a meeting every quarter to discuss daily health and safety management issues and to promote occupational safety and health, health management, environmental protection and damage prevention results, regulatory compliance, and constant improvement plans. The meetings serve to implement safety and health communication.</p>
<p>Supplier Risk</p>	<p>Vendors with stable levels of supplies are an important part of maintaining competitiveness. With current degrees of globalization, a natural disaster or accident might affect the stability of the entire supply chain. As a result, we uphold the principle of "many suppliers from many locations" in establishing sources for materials. Long-term agreements with major raw material suppliers not only help increase our own inventory, but also enables zero risk delivery through consignment. If we are unable to establish a second supplier for a particular item, then we request vendors and distributors to prepare safety stock, while using the Just-in-time (JIT) method to reduce supply risk.</p>



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4

Customer Service and Supplier Management

Customer Service and Satisfaction

Customer Satisfaction Survey

Protecting Customer Privacy

Regulatory Compliance for Products

Sustainable Supply Chain Management

Customer Service and Supplier Management



2017 Customer Service and Privacy Management Policies

Significance	<ul style="list-style-type: none"> Adhering to the philosophy of meeting customer needs, Nuvoton provides excellent and competitive product quality and services to gain the trust of customers. Nuvoton is committed to protecting the confidential information of customers to ensure the rights of the company and its customers.
Policy / Commitment	<ul style="list-style-type: none"> To guarantee that the quality and reliability of its products will completely satisfy the needs of its customers, Nuvoton is committed to delivering competitive products with "zero defects".
Target	<ul style="list-style-type: none"> Provide excellent service and good quality to become the best partner for customers.
Promotion Priorities and Practices	<ul style="list-style-type: none"> Customer Service: Implement a range of quality control mechanisms and regular customer satisfaction surveys to ensure product quality and reliability. Nuvoton signs confidentiality agreements with customers to protect confidential customer information. We also have a confidential data protection program to prevent data from being leaked, properly protecting customer privacy.
Performance Results	<ul style="list-style-type: none"> 2017 customer satisfaction surveys show average satisfaction at above 4 points. In 2017, there have been no occasions in which products or services have violated relevant health, safety, or voluntary guidelines (products and services still within their life cycle). In 2017, there have been no complaints about proven breaches of customer privacy or loss of customer data. In 2017, there have been no significant fines or violations of the law/regulations regarding the distribution or use of products or services.

Customer Service and Satisfaction

To guarantee that the quality and reliability of its products will completely satisfy the needs of its customers, Nuvoton is committed to delivering competitive products with "zero defects". Methods used include quality control, reliability assurance, and failure analysis.

Quality Control

Nuvoton implements a series of quality control mechanisms that covers every step of the production process. The main steps to its quality control operations include raw material inspection, wafer fabrication process, electrical characteristics test, and die packaging. Nuvoton continuously monitors every step of the manufacturing process. By doing so, Nuvoton is able to gather information about every layer of feedback, detect problems quickly and efficiently, and conduct an assessment analysis

followed by corrective measures. The company emphasizes that every step of the manufacturing process must be "done right the first time" to result in an output with "zero defects", thereby establishing high-quality and reliable product lines.

Reliability Assurance

At Nuvoton, the purpose of the reliability assurance test is to ensure high-end product performance throughout the expected product life cycle. Each manufacturing stage undergoes constant review, analysis, and evaluation. Amendments are made to improve quality and reliability.

Failure Analysis

Customers may return defective products to Nuvoton. In the event of this, Nuvoton discusses with the customer the most appropriate method to replace, replenish, or offer a discount to compensate for any loss incurred by the customer. Meanwhile, Nuvoton completes a comprehensive physical and electrical



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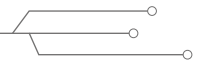
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test as well as a failure analysis on any defective integrated circuit (IC) to determine the root causes of product failure, and respond with corrective actions and measures for improvement. Furthermore, Nuvoton closely monitors this process to ensure that measures

for improvement are effectively implemented, while providing customers with a detailed written report of the failure analysis.

Customer Satisfaction Survey

Nuvoton's quality assurance unit regularly gathers customer feedback to gain valuable suggestions and insight into the level of customer satisfaction in regard to new product marketing/sales, delivery, quality improvement, technical support, and customer service. Interviewees include purchasing, quality assurance, research and development, and other such units.

The quality assurance unit summarizes customer reviews, complaints, satisfactions, and suggestions for improvement before convening the Business Department, Sales Department, R&D Department, and Production Management Department to answer each customer feedback and draw up improvement plans. They are required to propose improvement plans within a month to serve as Nuvoton's performance goal and respond to customers so customers can receive direct and immediate feedback. The quality assurance unit delivers the final consolidated results to management to serve as a resource to continue improving satisfaction.

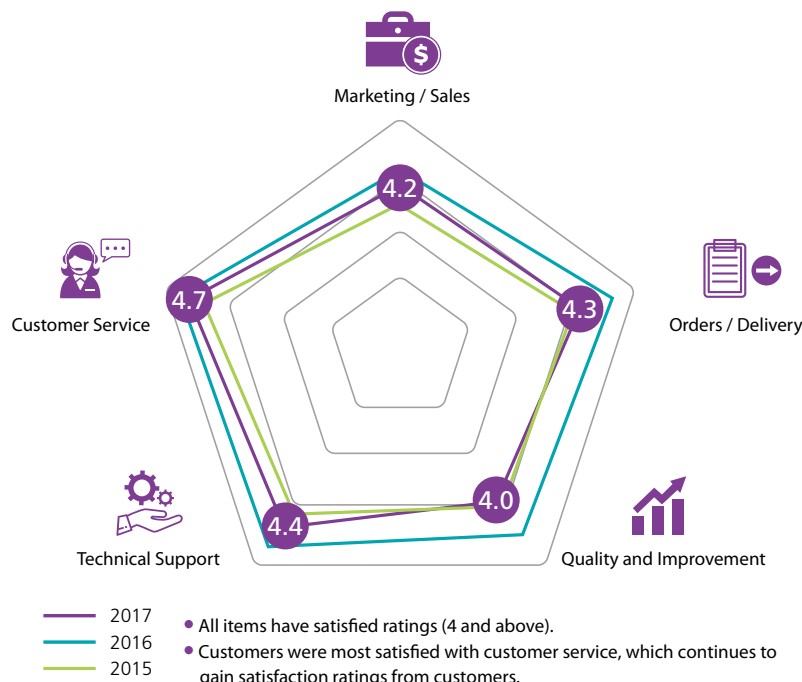
Customer Satisfaction Survey Results

The assessments of each satisfaction indicators include the following items:

- A. Marketing / Sales: Development speed of new products, application files, new product features / breadth, new product information / promotion / propagation
- B. Orders / Delivery: Flexibility of receiving orders, response time for orders, on-time delivery, product packaging
- C. Quality and Improvement: Defect rate, sample quality, analysis of defects, improvement measures
- D. Technical support: Prompt technical support, analysis capabilities, development flexibility
- E. Customer Service: communication channels, service attitude, response speed, professional knowledge, processing returned purchases

Lowest rating: 1. Highest: 5.

Ratings are classified as follows: (1) Very Unsatisfied, (2) Unsatisfied, (3) Average, (4) Satisfied, (5) Very Satisfied.



Protecting Customer Privacy

In addition to enhancing customer service, Nuvoton also values the protection of customer privacy and intellectual property rights. Nuvoton signs confidentiality agreements with customers to protect confidential customer information. We also properly protect confidential data protection to ensure that there is no risk of data leakage to protect customer privacy. Nuvoton has not received any complaints regarding breaches of customer privacy or leaked confidential information in 2017.



The Degree of Customer Privacy Protection and Product Compliance in 2017

2017 Indicators	Result
Total number of occasions in which products or services have violated relevant health, safety, and voluntary guidelines (products and services still within their life cycle)	0
Total number of complaints about proven breaches of customer privacy or loss of customer data	0
Total number of significant fines due to violations of the law and/or regulations regarding the distribution and/or use of products or services	0

Regulatory Compliance for Products

Nuvoton requests that all products use materials that comply with the European Union Restriction of Hazardous Substances Directive (EU ROHS), REACH, and halogen-free requirements. Nuvoton has also reduced the use of chemical substances in its manufacturing process. There were no violations of laws or regulations between 2014 – 2015, meeting both international regulations and customer requirements.

Sustainable Supply Chain Management



Sustainable Supply Chain Management Policies

Importance	<ul style="list-style-type: none"> Establish a stable and secure supply chain to ensure the quality of raw materials and provide customers with quality services.
Policy / Commitment	<ul style="list-style-type: none"> Nuvoton treats suppliers as partners to build a stable supply chain. In recent years, Nuvoton has been committed to the local production of raw materials for the purpose of reducing transportation costs, diversifying risk, and reducing carbon emissions. Furthermore, Nuvoton hopes to increase employment opportunities by cultivating local production.
Target	<ul style="list-style-type: none"> Nuvoton adopts the Responsible Business Alliance’s (RBA) Code of Conduct and is committed to the promotion of corporate social responsibility. In addition to quality, delivery and price, Nuvoton also confirms that suppliers’ labor, ethics, environment, management system, and health and safety regulations comply with the latest regulations. We seek to fulfill our CSR vision of “providing a sense of safety, reassurance, and empathy”.
Promotion Priorities and Practices	<ul style="list-style-type: none"> The selection, regular evaluation, and coaching of existing suppliers ensure that partner suppliers meet the requirements of Nuvoton.



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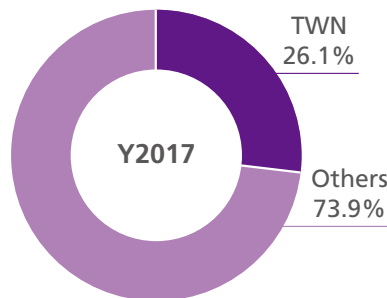
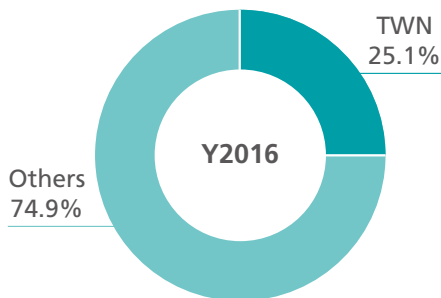
Performance Results

- In 2017, the proportion of raw materials purchased in local areas was 26.1%, up 1% from 2016.
- In 2017, approximately 92.7% of our supply chain vendors have environmental related certification. Vendors which were unable to obtain certification in time were required to establish a verification schedule.
- Nuvoton's top 80% packaging and testing plants and raw material vendors (a total of 11 plants and vendors) have conducted corporate social responsibility self-evaluations in 2017. The self-evaluation results comply with the requirements of Nuvoton.
- In 2017, all of Nuvoton's outsourced wafer processing manufacturers packaging plants, packaging plants, and raw material suppliers (WF6 gases) have signed the "Statement of Non-use of Conflict Minerals"

Localized procurement

Since its inception, Nuvoton has always considered its suppliers as long-term partners towards achieving the common goal of establishing a stable semiconductor supply chain. In recent years, Nuvoton has been committed to the local production of raw materials for the purpose of reducing transportation costs, diversifying risk, and reducing carbon emissions. Furthermore, Nuvoton hopes to increase employment

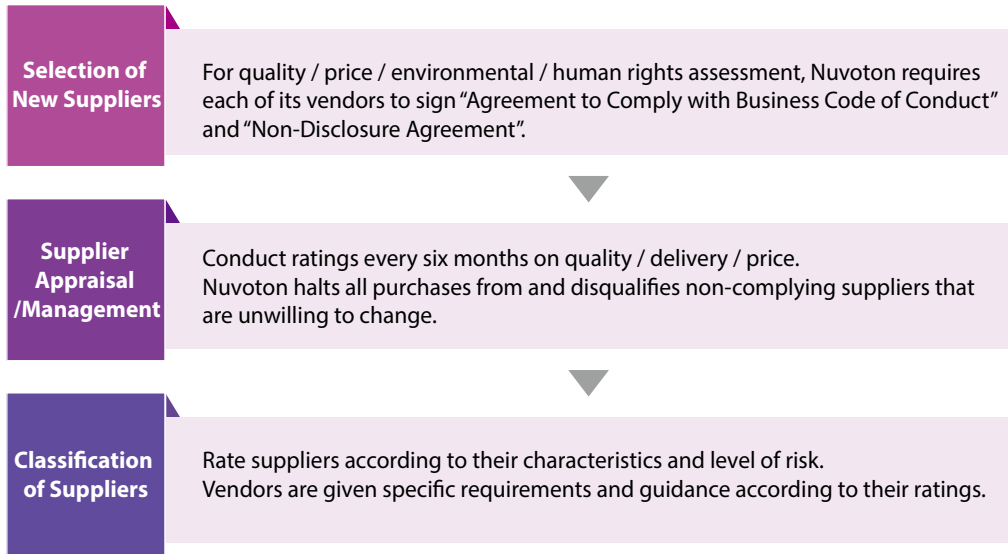
opportunities by cultivating local production. In 2017, the proportion of raw materials purchased in local areas was 26.1%, up 1% from 2016. However, due to industrial limitations, Nuvoton will still maintain close relationships with local suppliers in the future, while striving to reduce overall costs and risks together by achieving win-win situations. Localized procurement is an important strategy for Nuvoton when choosing suppliers.



Supply Chain Management

Nuvoton stands firm in its commitment to promoting corporate social responsibility. In addition to the factors of quality, delivery, and price, Nuvoton also takes the following approaches to managing its suppliers in order to confirm that the labors, ethics, environment, management systems, health, and safety of suppliers meet the latest regulations, so we can fulfill our corporate social responsibility vision of "providing a sense of safety, reassurance, and empathy".

- In addition to complying with industrial safety and environmental protection requirements, Nuvoton also requires suppliers to focus on promoting CSR together.
- Based on principles for the protection of human rights, Nuvoton pays close attention to the issue of conflict minerals. For the raw materials in its production processes, Nuvoton is committed to avoiding the use of minerals obtained from illegal mining operations that stand in violation of human rights.
- Nuvoton pays close attention to how labor rights are respected throughout its supply chain, and requires suppliers to comply with the laws of the countries they operate in and relevant international industry practices, including Code of Conduct by the Responsible Business Alliance (RBA) as well as any subsequent changes or amendments.



Selection of New Suppliers

Nuvoton assesses the factors of quality, price, environmental protection, and labor rights in selecting vendors. Vendors must meet our requirements to become a qualified supplier for Nuvoton.

- **Environmental Management System Certification**
Nuvoton requires its supply chain vendors to obtain international certification, such as the Environmental Management Systems Standard ISO 14001. If a vendor is unable to obtain certification immediately, they are required to establish a schedule to do so. To date, approximately 92.7% of our supply chain vendors have environmental related certification.
- **Ethical Requirements**
Nuvoton actively adopts the Responsible Business Alliance’s (RBA) Code of Conduct. Nuvoton requires each vendor to sign an "Agreement to Comply with Business Code of Conduct" and a "Confidentiality Agreement", which compel them to trade and transact honestly without undermining the interests or image of Nuvoton.
- **Conflict Minerals Management**
Nuvoton requires related vendors, including outsourced wafer processing manufacturers,

packaging plants, and raw material suppliers (WF6 gasses) to sign a "Statement of Non-use of Conflict Minerals".

Supplier Assessment

- **Field Auditing**
Each year, Nuvoton arranges and conducts on-site audits for domestic raw material suppliers. In 2017, a total of 7 audits were completed, and the results all complied with the requirements of the company.
- **Supplier Half-year Assessments**
Every six months, Nuvoton conducts assessments on suppliers according to four aspects: "Quality", "Price", "Delivery" and "Service". In 2017, 41 assessments were conducted on raw material suppliers, the results all complied with the requirements of the company.
- **Supplier Corporate Social Responsibility Self-evaluations**
In 2017, Nuvoton had its packaging and testing plants and top 80% of raw material vendors (a total of 11 plants and vendors) conduct corporate social responsibility self-evaluations. The self-evaluations scores were all higher than 80, which meet Nuvoton requirements.



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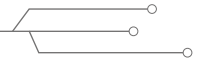
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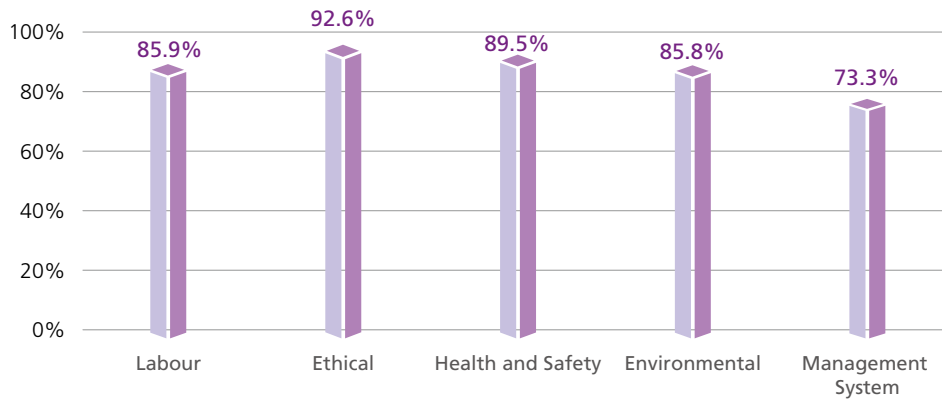
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Supplier Half-year Assessment Results



2017 Supplier Corporate Social Responsibility Self-evaluation Results



• Conflict Mineral Investigation Reports

Nuvoton requires related vendors, including outsourced wafer processing manufacturers, packaging plants, and raw material suppliers (WF6 gasses), to investigate and disclose conflict minerals in a due diligence report. Survey intervals are conducted in accordance with the Responsible Business Alliance’s (RBA) Code of Conduct. Nuvoton conducts conflict mineral investigations for the above suppliers (including outsourcers), and the suppliers are all in compliance with relevant regulations.

Supplier Counseling

- Every six months, Nuvoton reviews the overall performance of suppliers in terms of quality, delivery and sustainability. In addition, suppliers are required to continue to improve in order to meet the Nuvoton requirements for suppliers.
- If the CSR self-assessment scores are below 80, educational training will be conducted for suppliers to strengthen understanding of basic CSR concepts to facilitate follow-up CSR implementation.





5

Environment -Friendly

Environmental Management
Cherishing our Resources
Pollution Prevention
Greenhouse Gas Management
Green Products

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Complying with environmental laws, regulations, and international standards, Nuvoton is committed to becoming a green enterprise with sustainable development. We are also committed to continuous improvement. We strive to reduce the impact of production on the environment, and eliminate any foreseeable environmental pollution risks through source reduction and company-wide participation to protect the natural environment. In our business operations and activities, we will continue striving to achieve a level of development that balances economic, social, and ecological factors.

Environmental Management

Environmental Management System

Nuvoton is continuously implementing its goal of improving as a green business with sustainable development. Nuvoton draws from the spirit of ISO 14001 and OHSAS 18001 PDCA to continuously improve our Environment, Safety, and Health (ESH) Management System. Through process optimization and company-wide participation, we continue to reduce the use of key raw materials and the emission of pollutants in accordance with environmental regulations. We obtained ISO14001 and OHSAS18001

certifications when Nuvoton was founded in 2008. In 2016, we passed ISO14001 2015 certification, incorporating the concept of life cycles into our environmental management system.

In addition to promoting environmental management related businesses through daily operations, Nuvoton has also set up an ESH and Risk Management Committee to regularly address and review law compliance, issues of interest to stakeholders, and programs for continuous improvement of the environment. The committee has organized specific groups, such as the energy-saving and greenhouse gas reduction group, to research reduction targets and guidelines for important environmental issues, and implement various related reduction programs.

Environmental Management Strategy

With an environmentally friendly attitude, Nuvoton has stipulated three major environmental protection strategy items: "cherishing resources", "reducing emissions", and "developing green products". Through the promotion of cleaner production and the continuous improvement of the ESH system, Nuvoton strives to reduce the impact that products and production activities have on the environment.

Nuvoton actively promotes cleaner production. In 2015, Nuvoton obtained the "Cleaner Production Evaluation System" certification from the Industrial Development Bureau, Ministry of Economic Affairs. Nuvoton effectively and actively utilizes resources to prevent pollution and reduce the impact of production on the environment.

Cherishing Resources



2017 Waste Water and Waste Management Policies

Importance	<ul style="list-style-type: none"> The world is in a state of resource shortage. Thus, Nuvoton strives to improve the efficiency of energy use and recycling to achieve a stable energy supply, and thereby accomplish sustainable business and environmental sustainability goals.
Policy / Commitment	<ul style="list-style-type: none"> Continue to improve energy and resource efficiency by complying with energy laws and regulations. Give priority to energy-saving or energy-efficient products and services to ensure access to information resources and improve energy efficiency. Advocate full participation in energy conservation and carbon reduction, and reducing greenhouse gas emissions. Regular review energy targets and the implementation of energy management systems.
Target	<ul style="list-style-type: none"> Effectively control energy use, and conduct annual reviews to reduce energy use.



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<p>Promotion Priorities and Practices</p>	<p>For the energy resources used - electricity, diesel, natural gas and chemical raw materials, Nuvoton utilizes the following promotional methods:</p> <ul style="list-style-type: none"> ● Establish energy management measures, such as: air-conditioning zone management (factory, office area), setting up maintenance plans, improving the service life of equipment and reducing power consumption, prioritizing energy conservation when using or purchasing equipment, etc., in order to enhance the concept of energy conservation and sustainable development. ● Effectively control the energy use of energy-consuming equipment in factories, and regularly review and formulate improvements through the Environmental Safety Committee or the cost down meetings. ● Cooperate with the government's philosophy to effectively execute and implement energy conservation and carbon reduction.
<p>Performance Results</p>	<ul style="list-style-type: none"> ● In 2017, the electricity consumption decreased by 2.7% compared with 2016, and the electricity consumption of the whole plant decreased by 75.1 million kWh/year. ● In 2017, natural gas consumption decreased by 7.0% compared with 2016, and the total plant consumption decreased by 251,000 cubic meters/ year.

Nowadays, with the increasing advancement of technology, aggravating energy consumption is accompanied by the threat of global warming and climate change. It is necessary to cherish existing resources and prevent the crisis of energy exhaustion in order to maintain a sustainable environment. Optimized adjustment, source reduction and reducing hydropower energy and key chemical raw materials have always been one of Nuvoton's most important environmental strategies. Reduced usage can decrease the impact on the environment and also cut cost, achieving a win-win situation of environmental protection and economic benefit.

Energy Conservation

Nuvoton mainly draws its energy from purchased electricity, followed by natural gas and a small amount of diesel fuel and gasoline. Taiwan's energy supply sources are mainly from oil, coal, natural gas, nuclear power, hydropower. Other energy sources such as solar energy, wind energy, geothermal energy, and biomass energy are still in the initial or development stage. The majority of Taiwan's energy supply structure and power generation structure are high carbon types, which cannot be replenished after they are mined. Furthermore, pollution generated by the burning of fossil fuels will not only affect the environment, but also destroy the complex regulatory mechanisms of nature, causing climate anomalies. Thus, energy conservation should be a goal for every corporation.

- Energy Consumption

Nuvoton's energy consumption in 2017 was mainly electricity, which accounted for approximately 96.9% of total energy consumption; gas (natural gas and liquefied petroleum gas) accounted for approximately 3.2% and fuel (diesel and car gasoline) accounted for less than 0.1%

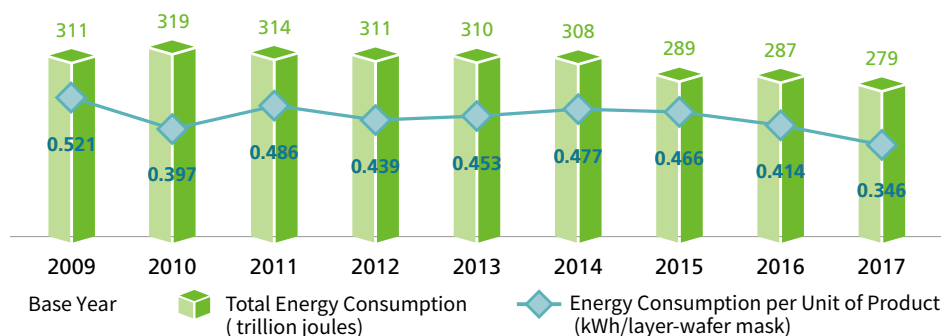
- Energy Intensity

- ① Energy Consumption Statistics:

Nuvoton's total energy consumption in 2017 amounted to 279 trillion joules, and energy consumption per unit of product amounted to 34.6 million joules/layer-wafer mask.

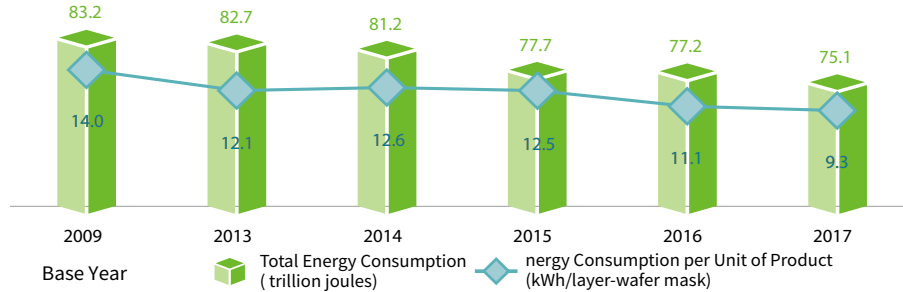
- ② Electricity Consumption Statistics:

Nuvoton's total electricity consumption in 2017 amounted to 75.1 million kWh, and energy consumption per unit of product amounted to 9.3 kWh/layer-wafer mask.



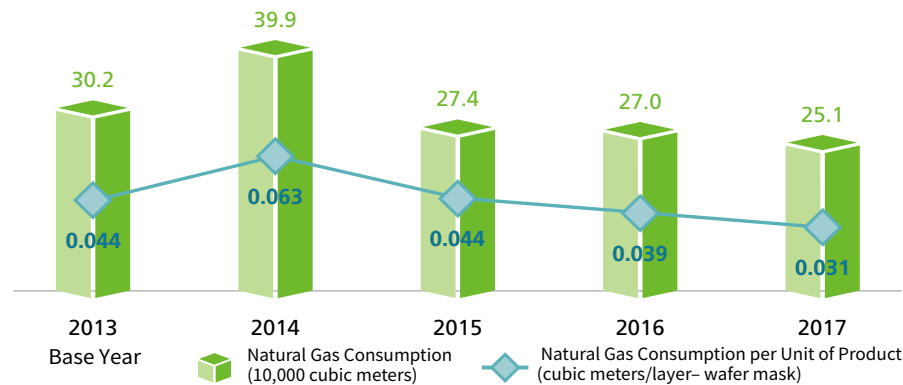
③ Natural Gas Statistics:

• Electricity Consumption Statistics



Nuvoton has been using natural gas since 2011. The kitchens started to use natural gas in April 2013. We adjusted the optimal usage of natural gas equipment from 2017. Natural gas consumption in 2017 amounted to 251 thousand cubic meters; natural gas consumption per unit of product amounted to 0.031 cubic meters/layer – wafer mask. Natural gas usage in 2017 decreased by approximately 7.0% compared to that of 2016, while natural gas consumption per unit of production decreased by 20%. These results are mainly due to our continuous efforts in optimal usage adjustment.

• Natural Gas Statistics



Note: The values for the natural 2013-2016 gas consumption per unit of product were re-arranged.

• Energy Conservation Measures

Nuvoton’s main energy conservation policy is to reduce the demand for energy, reduce energy consumption, and improve operating efficiency. For our main methods of saving electricity, we have implemented temperature and humidity optimization control range to reduce electricity consumption in our semiconductor foundry, testing facilities, finished products, and raw material warehouses, all of which use a larger proportion of electricity consumption. In our offices and laboratories, we have promoted energy-saving habits such as turning off the lights, air conditioning, and machines when getting off work. For natural gas usage, we implemented optimized combustion of organic waste exhaust, and also recycle waste to reduce the overall use of natural gas. To improve power efficiency, we added refrigerant polarizers to the water-cooled chillers, set up an exhaust windmill frequency converter, added cooling ducts to the cooling tower, and adjusted the electric boiler to an optimized pressure to avoid excessive heating and enhance power efficiency. In our office areas, we adjusted the ice water pressure and the minimum temperature of air conditioning to avoid setting the temperature too low. We have also adjusted lighting configurations and have been gradually replacing lights with LED lighting. We are also planning to replace the high-consumption air-cooled and water-cooled chillers. In 2017, a set of water-cooled chillers have been replaced, and inverters are installed in the ice water system to improve energy efficiency.

Nuvoton Technology implemented a total of 8 energy conservation measures in 2017. By using the before and after difference and multiplying it to the estimated running hours, an estimated 2.16 million kWh were saved in electricity consumption.



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2017 Energy Conservation Measures

<ul style="list-style-type: none"> Replacing water-cooled chillers to improve efficiency 	<ul style="list-style-type: none"> Added variable-frequency drive (VFD) control to the ice water system 	<ul style="list-style-type: none"> In the diffusion process, a frequency converter was installed on the pump 	<ul style="list-style-type: none"> In the film process, we improved the PUMPOperation
<ul style="list-style-type: none"> An inverter was installed in the air conditioning system of the finished warehouses 	<ul style="list-style-type: none"> Replaced energy saving PUMP in the pure water system 	<ul style="list-style-type: none"> Replaced continuous LED tube lighting 	<ul style="list-style-type: none"> Production operation server integration

Water Conservation

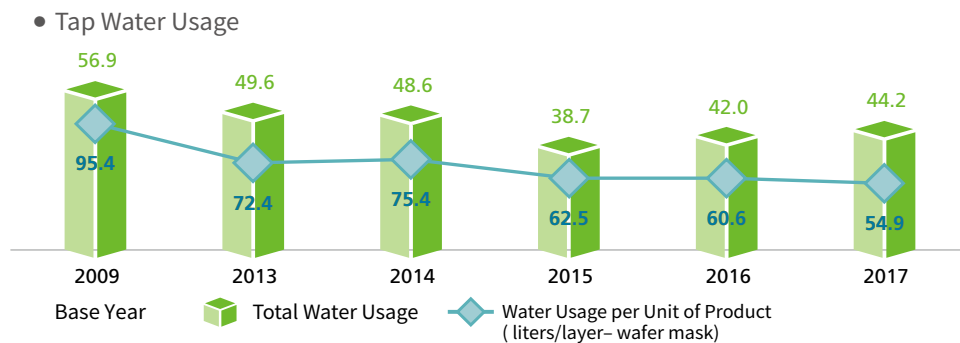
Precipitation patterns have changed drastically in recent years due to climate change. Thus, the issue of water scarcity has begun to receive international attention. The manufacturing processes in the semiconductor industry require a lot of water. Nuvoton uses the tap water provided by a water company. Furthermore, Nuvoton also recycles a small amount of rain and air conditioning condensate to use as a secondary water source. Our two main water conservation strategies are to prioritize source reduction and increase back-end recycling utilization to reduce the consumption of water resources.

We have optimized the process water flow rate, adjusted the frequency of water changes, extended the backwash frequency of the water purification system, installed water conservation facilities for domestic water supply, and adjusted the gardening irrigation frequency to reduce water consumption. We gather and utilize various facilities to process wastewater in accordance with water quality classifications. After recycling, water with high degrees of purity is optimally processed and recycled for process use. Water with suboptimal degrees of purity is used for cooling towers, exhaust gas cleaning towers, and other secondary types of water usage. In addition, we have also set up an air conditioning condensate and rainwater collection and recycling system for secondary water usage.

To further understand its use of water resources and confirm the direction of water conservation measures, Nuvoton completed the water footprint inventory in 2016, obtaining ISO14064 water footprint inventory verification from DNV GL Business Assurance.

Tap Water Usage

Nuvoton's total tap water usage in 2017 was approximately 442,000 metric tons. Water usage per unit of product was approximately 54.9 liters/layer-wafer mask.



Water Recovery Rate and Total Amount

Nuvoton's plant is an old plant built before 1994. Our water recovery rate is much higher than the "Hsinchu Science and Industrial Park's Construction Time Corresponding Recovery Rate Standard". Although we have encountered difficulties such as modifying the pipelines in our old plant and having no space to set up a recycling facility, we still continue to make efforts towards improvement.

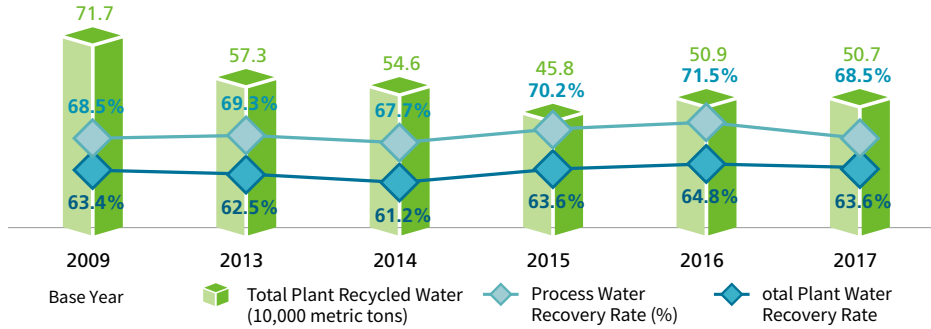
Nuvoton's 2017 Water Recovery

	2017	Recovery Rate Standard
Process Water Recovery Rate	68.5%	>50%
Total Plant Water Recovery Rate	63.6%	>30%

Note 1: The water recovery rate standard is in accordance with the "plant built before 1994" standard as stipulated in the "Hsinchu Science and Industrial Park's Construction Time Corresponding Recovery Rate Standard".

① Water Recovery Rate and Total Amount

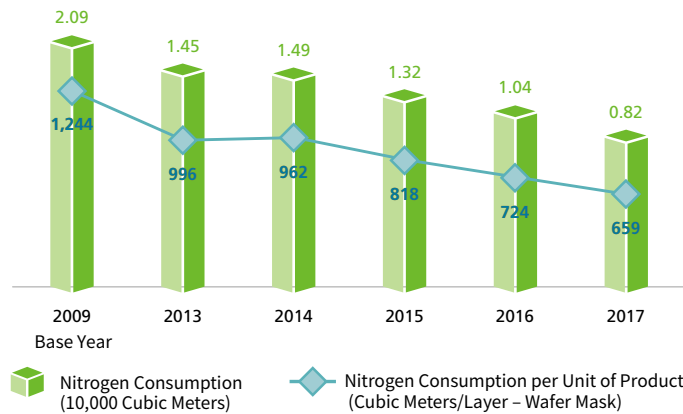
Nuvoton's recycled process water in 2016 was 426,000 metric tons, and the process water rate was 68.5%; the total plant recycled water was 507,000 metric tons, and the total plant water recovery rate was 63.6%.



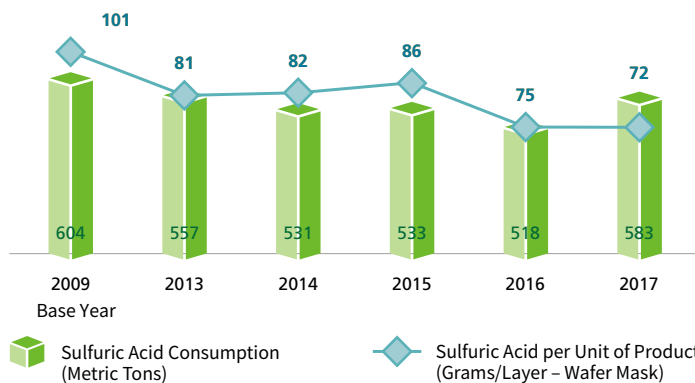
Other Key Chemical Raw Materials

According to Nuvoton's 2009 carbon footprint inventory results, we discovered that supplier usage of nitrogen and sulfuric acid have significant impact on carbon emissions. This part belongs to scope three - indirect emissions. We list these two chemical raw materials as the main targets for long-term monitoring and mitigation, and set 2009 as the base year to actively promote reduction. The successful results of our efforts can be seen when compared to the base year. The nitrogen consumption per unit of product in 2017 amounted to 0.82 cubic meters/layer – wafer mask; the amount has decreased by 60% compared to the base year 2009. The sulfuric acid consumption per unit of product in 2017 amounted to 72 gram/layer – wafer mask; the amount has decreased by 28.5% compared to the base year 2009.

① Nitrogen Consumption



② Sulfuric Acid Consumption





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Pollution Prevention



2017 Waste Water and Waste Management Policies

Importance	<ul style="list-style-type: none"> Environmental pollution issues are no longer confined to specific locales due to the spreading of pollutants through the atmosphere, water, and the importing/exporting of goods. Therefore, major global environmental issues including acid rain, ozone depletion, global warming, air pollution, water/marine pollution, and transboundary movement of hazardous wastes now either directly or indirectly impact all countries. There are currently over 100 different international environment related conventions, some of which utilize measures such as trade sanctions, demonstrating the dire need for environmental protection. Pollution prevention has become one of the most important requirements during production processes.
Policy/ Commitment	<ul style="list-style-type: none"> Compliance with relevant government and international regulations and committing to the continuous reduction of pollutant emissions.
Goal	<ul style="list-style-type: none"> Reduce emissions of major pollutants and reduce the environmental impact of emissions.
Promote priorities and practices	<ul style="list-style-type: none"> Starting from optimization of production processes and the reduction of material required to reduce the production of pollutants; Fumes and waste water are discharged only after processing by pollution prevention and control facilities in adherence to regulation standards; Waste material is preferentially treated and reused to reduce environmental impact; Stringent management of air pollutants released, recovery and reuse of wastewater, recycling of waste material and reduction of waste allow for the continuous development of environment friendly processes.
Performance results	<ul style="list-style-type: none"> In 2017, waste generated per unit of product amounted to 0.080 kilograms/layer – wafer mask. The amount of waste generated per unit of product in 2017 decreased by 9% from 2016. In 2017, waste water generated per production unit was 0.040(M3)/layer - wafer mask; a 10% decrease from 2016, ammonia nitrogen levels met regulatory standards of <50 mg/L

Environmental Law Compliance and Grievance Channels

Nuvoton has no records of penalties or other dispositions for violating environmental laws and regulations nor had any instances of oil/fuel/waste/chemical material leakage in 2017. We stringently practice and comply with environmental laws and regulations. Every six months, we conduct a regular review of the relevant laws and regulations to confirm that the company complies with the existing laws. In response to the frequent changes in the Taiwan's environmental laws and regulations, we regularly collect new or revised environmental regulations each month for assessment. This is to avoid accidental noncompliance due to changes in laws.

A contact email is located in the CSR area on Nuvoton's website. Stakeholders interested in our environmental issues can email or call us to provide comments or file complaints on environmental related issues. There have been no grievance cases in 2017.

Air Pollution Control

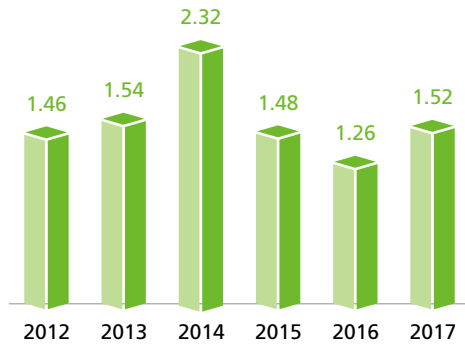
Air pollutants generated during Nuvoton's production

processes include volatile organic compounds (VOCS), nitrogen oxides, sulfur oxides, ammonia, chlorine, hydrochloric acid, nitric acid, and phosphoric acids. Our air pollution treatment strategy is comprised of source control, utilizing optimized process dosage to reduce the generation of air pollutants. Generated exhaust streams are processed using a local scrubber system for first stage high concentration effective treatment, then according to the exhaust gas classifications, sealed and collected for processing in a central scrubber system for second stage terminal treatment. In addition to stringent monitoring within the factory, certified 3rd party laboratories are also commissioned for further testing annually, all test results are reported to competent authorities. Items tested include non-methane hydrocarbons (NMHC), acid and alkali gases including sulfuric acid (H2SO4), hydrochloric acid (HCl), nitric acid (HNO3), hydrofluoric acid (HF), phosphoric acid (H3PO4), chlorine (Cl2), ammonia (NH3), and etc. The pollutant concentration levels found during past annual tests for exhaust produced by Nuvoton have all been vastly lower than those prescribed by emission standards.

Nuvoton's air pollutant treatment system operates 24 hours a day, 365 days a year. System monitoring and processing are conducted continuously to maintain normal operation. Exhaust gases are processed separately in accordance to their characteristics:

- The flammable, poisonous and FCs gasses are specially treated on the processing equipment end through scrubbing systems, absorption, electrothermal methods, or on-site washing facilities to reduce hazards. Exhaust gasses are then discharged to the central waste washing tower for processing further processing according to their PH levels.
- Exhaust gas containing volatile organic compounds are first absorbed using disk-type rotors before being discharged to incinerators. High-boiling point organic waste gas are condensed, collected, and processed through temperature difference. Tested every year, the emission per year are all less than 0.6 kg/hr. The total emissions of volatile organic compounds in 2017 amounted to 1.52 metric tons.

Total Emissions of Volatile Organic Gasses (Metric Tons)



In addition, NOx and SOx emissions are estimated in accordance with the Environmental Protection Administration's emissions coefficient. Nuvoton's NOx and SOx emissions in 2017 amounted to 3.186 and 0.856 metric tons, respectively.

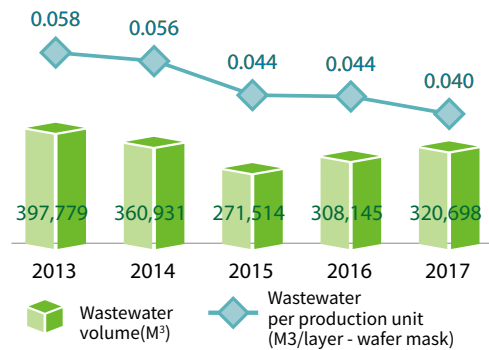


Water Pollution Control

The wastewater produced by Nuvoton is primarily comprised of process and domestic wastewater.

Wastewater produced by Nuvoton is primarily from production processes and domestic use. The source for process water can be mainly categorized as cleansing, film forming, etching, contrasted, and diffused. Wastewater is processed according to its characteristics. Wastewater is first neutralized, and calcium chloride is added to fluoride-containing wastewater before undergoing coagulation and sedimentation processes, and then discharged to Hsinchu Science Park's sewage treatment plant for processing. Then, through specialized pipes, it is discharged into Keya Creek. Domestic wastewater is discharged directly through the sewers to Hsinchu Science Park's sewage treatment plant.

The total wastewater of the entire foundry in 2017 was 320,698 tons. Discharged water quality meets the requirements of the "Discharged Water Quality Standards in Hsinchu Science and Industrial Park Sewerage". In 2017, waste water generated per production unit was 0.040(M3)/layer - wafer mask; a 10% decrease from 2016.



Two water quality tests are performed every year according to the "Water Pollution Control Measures and Test Reporting Management Regulations". The tests are conducted in the first half of the year and second half of the year, respectively. The results of the tests in 2017 were in line with water quality standards for Hsinchu Science Park.



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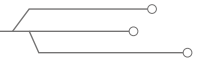
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Test Item	Management Standard	First Half of the Year Test Result	Second Half of the Year Test Result
Temperature	35	27.6	27.8
pH	5~9	6.6	6.7
Suspended particles(mg/L)	300	52.8	18.5
COD (mg/L)	500	5.8	9.5
Flourine Salt (mg/L)	15	6.9	9.8
Ammonia Nitrogen(mg/L)	50	20.9	15.6
Nitrate Nitrogen(mg/L)	50	0.5	0.7
Anion Interface Active Agent(mg/L)	10	0.1	0.1
Copper(mg/L)	1	0.072	0.018
Zinc(mg/L)	5	0.609	0.024
Boron(mg/L)	1	0.299	0.202

Note: Levels of "cadmium, chromium, lead, nickel, mercury, hexavalent chromium, cyanide and arsenic" were lower than the minimum detection limits of detection methods used, application for exemption from testing for these items was approved by the Hsinchu Bureau of Environmental Protection in 2008.

The Discharged Water Quality Standards in Hsinchu Science and Industrial Park Sewerage will implement the third phase of ammonia nitrogen emission standards in 2017.

The third phase of changes to the Discharged Water Quality Standards in Hsinchu Science and Industrial Park Sewerage lowering the regulatory limit for ammonia nitrogen emission from 75mg/L to 50mg/L was implemented in 2017. Therefore, ammonia nitrogen monitoring equipment was added for the monitoring and control of ammonia nitrogen levels in discharge water. Utilizing newly added equipment, we developed an optimized process for reduction management measures to meet the improved standards described above

Waste Management

Nuvoton's waste management strategy is to implement source classification and reduction, and reduce the amount of waste generated per unit of product as well as strengthen the recycling of waste. Our disposal method prioritizes reuse treatment to reduce the high environmental impact caused by incineration and landfilling, achieving the maximum benefits of waste recycling and sustainability.

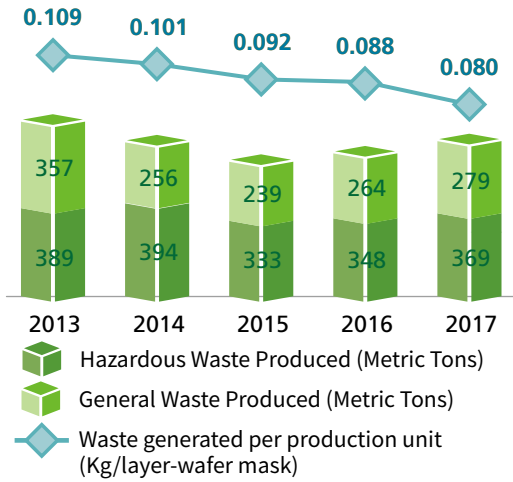
In compliance with autonomous management mechanism implementation requirements, Nuvoton conducts monthly self-inspections, which include supervision and review of waste management processes in the factory. This allows for complete and comprehensive management of production sources and on-site processes. These measures have further helped to improve production processes resulting in cleaner production and waste reduction as well as ensuring regulatory compliance. Waste cleaning and reuse partners are carefully selected and proper supervision of all outsourced cleaning processes is also provided. Environmental impact assessments are performed annually to evaluate environmental impact risk levels. According to risk levels, annual manufactured waste auditing plans are formulated and auditing frequencies of 1~3 times per year are selected for the supervision of partnered waste treatment services suppliers. Documentation of all waste removal processes as well as GPS records for waste removal transportation vehicles are checked to ensure the proper handling of removed wastes. In 2017, an incident where a waste management treatment and removal services provider was found to be in violation of regulatory standards, even though the violation did not occur during the removal of waste produced by Nuvoton, cooperation with the offending provider was immediately halted. Proper handling of relevant documents and the tracking of GPS data by Nuvoton allows us to ensure that all waste management obligations and relevant laws are met.

		Risk Level			
		1	2	3	4
Severity Level	1	3 Years	2Years	1Years	1Years
	2	2Years	1Years	1Years	1Years
	3	1Years	1Years	1Years	Half Year
	4	1Years	1Years	Half Year	Quarterly

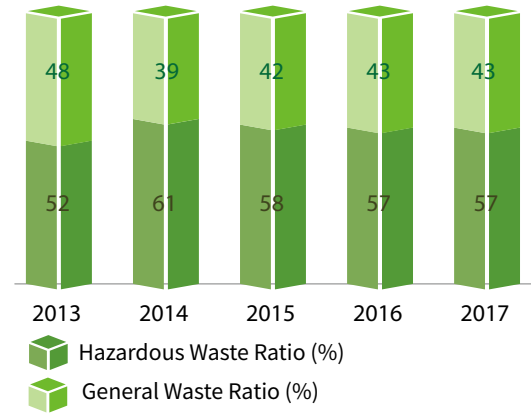
● Production of Waste

The waste generated by Nuvoton can be divided into general business waste (includes recycled waste and domestic waste generated by offices) and hazardous business waste. In 2017, total corporate waste amounted to approximately 648 metric tons, of which general waste accounted for approximately 279 metric tons (43%) and hazardous waste accounted for approximately 369 metric tons (57%); waste generated per unit of product amounted to 0.080 kilograms/layer – wafer mask. The amount of waste generated per unit of product in 2017 decreased by 9% from 2016. This is mainly due to our continuous promotion of extending chemical usage time to reduce the output of waste sulfuric acid, extending the time frame for replacing parts to reduce the amount of waste generated.

• Generated Waste Volume



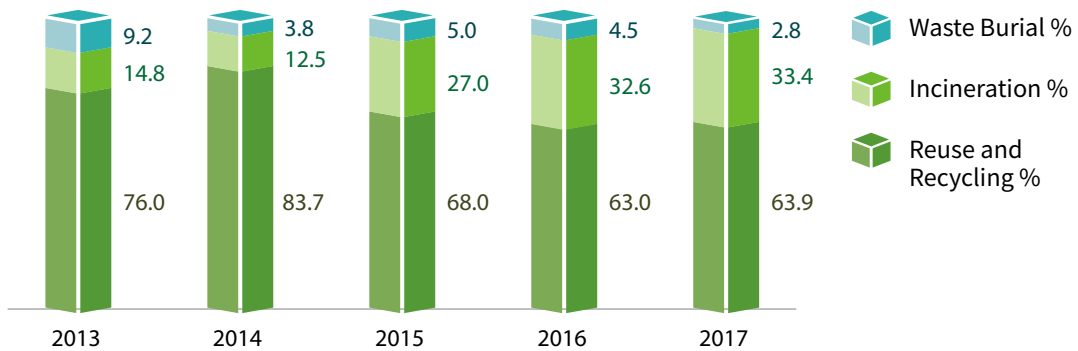
• Waste Ratios



• Waste disposal methods statistics

Nuvoton's waste treatment prioritizes reuse. The following table shows the types and applications of reuse. Waste that currently cannot be reused are incinerated and buried. In 2017, 63.9% of waste produced by Nuvoton was reused (recycled waste included), 33.4% of waste was incinerated, and 2.8% was buried. Incineration usage increased by 20% compared to 2014. This was mainly due to radical changes in the photoresist stripper market, after these changes, no suitable vendors were available for the recycling and reuse of affected materials, causing an increased reliance on incineration methods.

• Waste management methods statistics



Nuvoton's Waste Reuse / Recycling Treatment Description

Waste Type	Waste Reuse / Recycling Treatment Description
Waste Sulfuric Acid	Vendor recycles and dilutes into industrial-grade sulfuric acid
Waste Isopropanol	Vendors recycle and distil into industrial-grade isopropanol
NMP Waste NMP	NMP Vendors recycle and distil into industrial-grade NMP
Lubricating Oil	Recycled by vendor and distilled to produce secondary lubricants
Emptied Chemical Waste Barrels	Emptied chemical waste barrels are either washed and reused, or crushed and made into plastic or glass materials
Waste Photomasks	After the vendor removes all patterns, waste photomasks are either made into new ones or optical materials



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Waste Lead-Acid Batteries	Vendor retrieves for processing, lead blocks, plastic, etc. are recycled after processing
Waste Mixed Metal Scraps	Vendor processes the scraps, and recycles the metal
Waste Mixed Metal Scraps	Vendor processes the lights, then recycles any metals, non-metals, glass, etc
Waste Mercury	Vendor uses distillation equipment to process and reuse the mercury
Resources	Waste paper, glass, aluminum scraps, styrofoam scraps, aluminum foil bags, plastic bottles, plastic waste, etc. are reused by recycling vendors

Waste Disposal Methods and Quantities:

Waste Category	Disposal Method	2013		2014		2015		2016		2017	
		Total Amount	Ratio	Total Amount	Ratio	Total Amount	Ratio	Total Amount	Ratio	Total Amount	Ratio
General Waste	incineration	110	15	81	13	148	26	182	30	201	31
	Waste Burial	66	9	25	4	29	5	27	4	17	3
	Reuse and Recycle	181	24	150	23	62	1	54	9	61	9
Hazardous Waste	Incinerated	0	0	0	0	6	1	17	3	15	2
	Solidified then Processed Processed Incineration	3	0	0	0	0	0	0	0	1	0
	Reused	386	52	394	61	327	57	332	54	353	55

Unit: Tons; Ratio: %

Greenhouse Gas Management



2017 Greenhouse Gas Management Policy

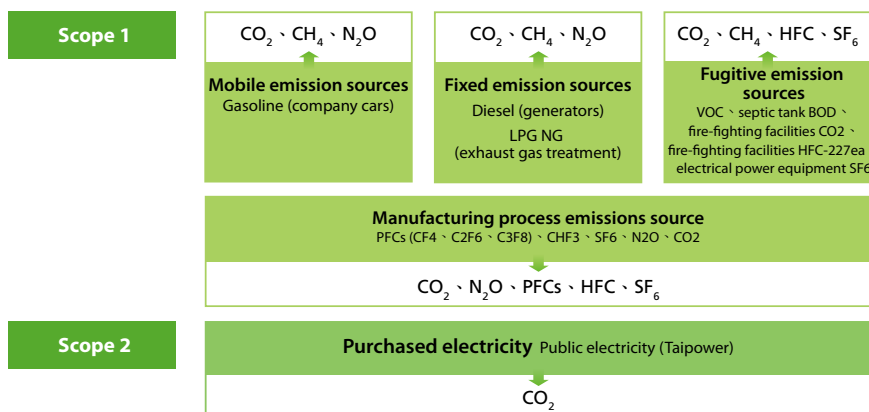
Importance	<ul style="list-style-type: none"> In response to global climate change concerns and international carbon cutting trends, a "Greenhouse Gas Reduction and Management Act" was announced domestically in 2015 to meet client concerns and increase competitiveness by reducing the emission of greenhouse gases.
Policy/Commitment	<ul style="list-style-type: none"> Commitment to continuous improvement and reduction of greenhouse gas emissions during production processes.
Goals	<ul style="list-style-type: none"> Greenhouse emissions generated per production unit (Kg CO₂ equivalent/cm² - wafer mask) in 2030 decreased by 30% in comparison to 2009.
Promote priorities and practices	<ul style="list-style-type: none"> Establish greenhouse gas emission inventory policies, focus on the reduction of major emission sources such as fuel, S₆ and FCs.
Performance and Results	<ul style="list-style-type: none"> In 217, greenhouse gas emissions generated per production unit was 0.946 kg CO₂e (carbon dioxide equivalent)/cm² - wafer mask, a 25% decrease from the base year of 2009.

Due to the rise in surface temperatures, climate change has directly affected the manufacturing and operation of the manufacturing industry in recent years, causing flooding, water interruption, power supply shortage, increased raw material costs, and other such problems. The Paris Climate Conference (COP21) was held in 2015 to reduce greenhouse gas emissions, mitigate climate change, and improve the adaptability to climate change. Thus, reducing greenhouse gas emissions is an important issue for the sustainable development of enterprises. Through greenhouse gas inventory, Nuvoton examines the main sources of greenhouse gas emissions to actively implement mitigation and adaptation actions. Nuvoton's greenhouse gas management strategy consists of first conducting greenhouse gas inventory and registration in accordance with the Environmental Protection Administration's regulations. Then, through inventory checks to understand the main sources of emissions, Nuvoton actively takes relevant mitigation and adaptation actions.

Greenhouse Gas Inventory

In order to grasp the status of the company's greenhouse gas-related activities and develop reduction targets and priorities, in 2009 Nuvoton established a greenhouse gas inventory mechanism in accordance with ISO14064-1 and the Environmental Protection Administration's Greenhouse Gas Emissions Inspection and Registration Guidelines. Nuvoton conducts annual inventory of greenhouse gas emissions in the plant area, setting 2009 as the base year for greenhouse gas emissions. The content of the examination includes Scope 1 – "Direct greenhouse gas emissions"; Scope 2 – "Indirect greenhouse gas emissions from energy use", which does not include Scope 3 – "Indirect greenhouse gas emissions". Since 2009, the data from Nuvoton's greenhouse gas inventories have always passed inspections and obtained verification statements by third-party verification agencies based on ISO14064-1 standards.

Greenhouse Gas Emission Categories





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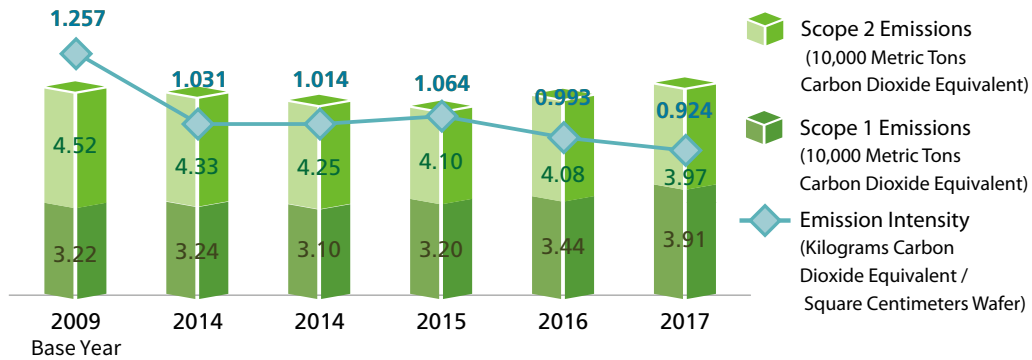
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Due to the requirements of the 2016 Environmental Protection Administration's Greenhouse Gas Emissions Inspection and Registration Guidelines, we changed our calculation references from the Global Warming Potential (GWP) in IPCC Second Assessment Report (1995) to the GWP in IPCC Forth Assessment Report (2007). The differences in the total amount of greenhouse gases in the base year have already surpassed the guideline's significance threshold of 3.0%, so we recalculated the total amount of greenhouse gas emissions to date (2009 to 2016).

Greenhouse Gas Emissions Inventory Results



Note: 2017 Energy coefficients calculated from 2016 coefficients from

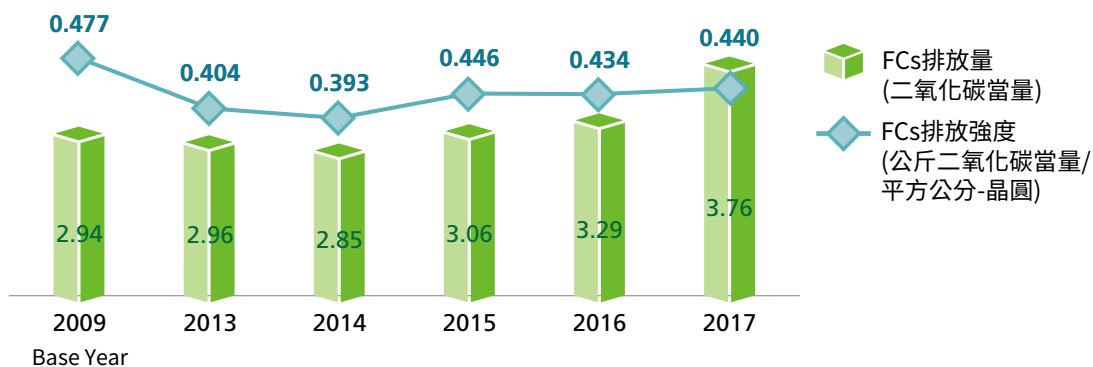
Greenhouse Gas Reduction

The results of the inventory reveal that the majority of emissions are generated from electrical consumption, followed by the FCs fluorinated greenhouse gasses used in the manufacturing process, such as tetrafluoromethane (CF4), hexafluoroethane (C2F6), sulfur hexafluoride (SF6), fluoroform (CHF3), octafluoropropane (C3F8), and octafluorocyclobutane (C4F8). These two items account for more than 90% of our total emissions. Nuvoton's greenhouse gas reduction measures include setting annual energy efficiency targets to enhance electricity efficiency and reduce carbon emissions, as well as conceiving clean

manufacturing for specific production. Therefore, greenhouse gas mitigation measures are mainly the two aforementioned measures mentioned. Electricity reduction measures have been described in section 6.2.1 above. To reduce the FCs used in manufacturing, we mainly utilized gas replacements in the beginning. We use the greenhouse gas, C3F8, which has a lower Global Warming Potential (GWP), to replace CF4 and C2F6 used in thin film processing, and SF6 which is used in wafer backside etchings. For 2018, our primary reduction strategy is adjusting the process parameters to reduce emissions.

- Process FCs Carbon Dioxide Equivalent Emission Volume and Intensity

Process FCs Carbon Dioxide Equivalent Emission Volume and Intensity



According to the inventory results, the previous process-used FCs greenhouse gas emission intensity shows a trend of increasing every year. The main reason for this is due to changes in product combinations and the development of new processes. Nuvoton strives to make adjustments and improvements from the manufacturing process according to the results of the inventory. In 2017, manufacturing related FCs

greenhouse gas emissions amounted to the carbon dioxide equivalent of 37.6 thousand tons, and the emission intensity amounted to 0.440 kilograms/cm²-wafer. Although the emission intensity increased slightly (1%) in comparison to 2016, the rate of increase of FCs greenhouse gas emission intensity during production has slowed down.

Green Products

2017 Green Product and Client Health and Safety Management Policy	
Importance	<ul style="list-style-type: none"> In response to international environmental friendly trends and client needs, Nuvoton is committed to designing low-toxicity, low-carbon, and low-energy green products, increasing global competitiveness by meeting client needs for environmentally friendly products.
Policy/ Commitments	<ul style="list-style-type: none"> Nuvoton strives to design, purchase, manufacture and sell products which do not contain harmful substances and are in compliance with international regulations to meet client needs. Nuvoton further believes in the fulfillment of their social and civic responsibility of environmental protection.
Goals	<ul style="list-style-type: none"> Products provided by Nuvoton are in 100% compliance with non-hazardous substances regulations and client requirements.
Promotion and Implementation Methods	<ul style="list-style-type: none"> 新唐科技自 2008 年起建立產品有害物質管理系統 QC 080000，以系統化方式統籌管理公司內外所有綠色產品相關事項，協同業務、採購、研發、製造等各單位在產品設計、生產、出貨階段中，有效監控環境產品開發之管理流程，包含國際法規與客戶環保要求的符合性評估與導入，建立與執行客戶的綠色環保指令及要求、推動綠色產品持續改善專案、管制有害物質以及綠色產品稽核，確保新唐綠色政策實施成效。
Performance and Results	<ul style="list-style-type: none"> 2017 期間全系列產品未有任何違法或違規事項，符合國際法規與客戶要求。

Green Product Policies

In response to international environmental trends and customer needs, Nuvoton is committed to designing green products with low toxicity, low carbon, and low energy consumption, so as to enhance green competitiveness and grasp global business opportunities. These policies apply to all product-related activities of Nuvoton. From the company's internal design stage to external supplier sourcing and the manufacturing and transportation phases, Nuvoton promotes and implements the green concept to the overall value chain. Nuvoton conducts project planning, execution, inspection, and action in each phase using the PDCA management cycle to ensure that all phases meet policy specifications and goals. In addition, an important part of the policy is to make employees understand the importance of environmental protection. Through educational training and advocacy communication, we incorporate

the green concept into our daily work.

Nuvoton established the hazardous substances management system, QC 080000, in 2008. It utilizes a systematic approach in coordinating all internal and external green product-related matters to assist sales, purchasing, research and development, and manufacturing in the phases of design, production, and shipping, effectively monitoring the management processes of environmental product development. Furthermore, we comply with international regulations and customer requirements for environmental assessments and imports. We establish and implement green directives and requirements of customers, promote green product continuous improvement projects, control harmful substances, and conduct green product audits to ensure the effectiveness of Nuvoton's green policies.

Nuvoton ensures that the products it designs, manufactures, and sells are able to meet or exceed the



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standards of international environmental regulations. Furthermore, Nuvoton requires upstream raw material suppliers and downstream packaging and testing firms to work together to reduce their various impacts on the environment and comply with the following international environmental regulations:

- The European Union's (EU) Restriction of Hazardous Substances Directive (RoHS 2.0, 2011/65/EU): Limits the amount of lead (<1,000ppm), cadmium (<100ppm), mercury (<1,000ppm), hexavalent chromium (<1,000ppm), polybrominated biphenyls (<1,000ppm), and polybrominated diphenyl ethers (<1,000ppm) in products. RoHS 2.0, COMMISSION DELEGATED DIRECTIVE (EU) 2015/863, DEHP <1,000ppm, BBP <1,000ppm, DBP <1,000ppm & DIBP <1,000ppm.
- RoHS 2.0, COMMISSION DELEGATED DIRECTIVE (EU) 2015/863, DEHP <1,000ppm, BBP <1,000ppm, DBP <1,000ppm & DIBP <1,000ppm
- Halogen-free requirements for electronic products: In general, a halogen-free product by customer definitions means that the volumes of bromine and chlorine are each <900ppm, respectively, with total content <1,500ppm. All the products of Nuvoton comply with both requirements.
- EU's Registration, Evaluation, Authorization and Restriction of Chemicals (EU REACH): Regarding the hazardous substances and subsequent Substance of Very High Concern (SVHC) announced by EU Reach, all products of Nuvoton comply with the requirements of this regulation.
- Limits for perfluorooctane sulfonate (PFOS): Nuvoton prohibits the use of raw materials which contain PFOS in the manufacturing process.

In addition to current international laws and customer requirements, Nuvoton will also continue to focus on potential regulatory requirements for the future, and proceed with all appropriate preparations. None of Nuvoton's products were involved with any illegal or non-compliance matters in 2016, meeting international regulations and customer requirements.

Nuvoton's Hazardous Substances Management:

- Declaring a Non-hazardous Substances Policy
Nuvoton focuses on designing, purchasing, manufacturing, and selling products with no hazardous substances to comply with international regulations and meet the needs of customers. Nuvoton also strives to protect the environment to fulfill its social responsibility.
- Creating a List of Controlled Hazardous Substances
Nuvoton has created a list of controlled substances in accordance with international environmental regulations and customer needs, including banned

substances, restricted substances, and declarable substances. The list is amended every year in accordance with current conditions.

- New Material Assessment System
Nuvoton has created a new material assessment system to confirm that newly developed products and materials are in line with Nuvoton's hazardous substance management procedures meets the needs of EHS.
- Green Procurement and Supplier Management
Raw material suppliers and contract manufacturers must sign a "Certification of Non-use of Hazardous Substances", and be inspected by a third party every year or as needed to ensure that their products meet international environmental requirements.
- IECQ QC080000 Hazardous Substance Management System Certification
Nuvoton received the hazardous material management standards IECQ QC080000 from the International Electrotechnical Commission (IEC), which was developed in accordance with its electronic components quality evaluation system. Built on the ISO 9001 and ISO / TS 16949 management systems, it utilizes a "process-oriented" approach to reduce or eliminate harmful substances contained in the organization's products. In addition, it systematically manages hazardous substances to reduce or avoid the production of harmful substances. At the same time, it meets RoHS, WEEE, and other special customer needs. A third-party audit is conducted on a regular basis every year to ensure the effective operation of the hazardous material management system.
- SONY Green Partner Certification
Nuvoton has been a SONY-certified green business partner since 2009. Nuvoton still continues to pass the regular verification to date.
- Detection of Hazardous Substances
In addition to managing factory materials and process raw materials through supplier sources, Nuvoton sample tests harmful substances in wafer and IC products every year. The tests are conducted by a fair third-party, measuring and monitoring raw materials and products that have an impact on the environment, as well as harmful and banned substances.





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Human Resources Structure
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Occupational Health and Safety
Health Management Program

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Cherish Resources



2017 Talent Recruitment and Training Management Policy

Importance	<ul style="list-style-type: none"> cornerstones for a company's continuous development. Nuvoton places great importance in talent recruitment by having a comprehensive and reasonable management system, providing competitive salaries and benefits as well as the best possible working environment to attract talented individuals. Nuvoton's comprehensive and diverse education and employee training system further allows employees to continue improving themselves after joining the company facilitating sustainable development of the Company
Policy/ Commitment	<ul style="list-style-type: none"> For talent recruitment, Nuvoton fully complies with all relevant labor standards and regulations, as well as the Responsible Business Alliance (RBA) Code of Conduct for the recruitment of suitable talents into the Company. In regards to personnel training, Nuvoton recognizes the importance of employee learning and development, and makes available a large number of learning channels which utilize a diversity of learning methods as we strive to create a continuously improving learning culture.
Goal	<ul style="list-style-type: none"> Create an organization with a large amount of room for development as well as a friendly workplace environment to attract more and more talented individuals to Nuvoton.
Promote Key Points and Implementation Method	<ul style="list-style-type: none"> Encourage candidates to join Nuvoton by providing competitive salaries and benefits as well as a safe and comfortable working environment.
Performance and Results	<ul style="list-style-type: none"> 0 labor disputes; discrimination free, no forced labor complaint incidents The total number of employee training hours reached 19,488, with a total of 12,946 participants

Human Resources Structure

As of December 31, 2017, Nuvoton Technology had a total of 1,391 employees, comprised of 143 managerial, 851 professional, and 397 technical personnel. Amongst management personnel, there were 36 senior executives of director level or above.

At the end of 2017, 44% of our total workforce was comprised of female personnel. The male to female ratio among managerial and professional personnel is around 3:1, which is consistent with the fact that the proportion of students studying in professional engineering departments relevant to this industry in Taiwan is still mostly male, with the aforementioned ratio illustrating this phenomenon.

Category	Division	Male		Female		Subtotal by Division and Proportion	
		No.	In Proportion to the Division	No.	In Proportion to the Division	No.	Proportion to all Employees
Position	Managerial	123	86%	20	14%	143	10%
	Professional	627	74%	224	26%	851	61%
	Technical	25	6%	372	94%	397	29%
Total							1,391

Note: Subdivision managers and higher are considered managerial personnel.



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Regarding age distribution, Nuvoton Technology abides by the regulations of the “Labor Standards Act”, and does not hire individuals under the ages of 15. Furthermore, we also do not hire underage people between the ages of 15 and 16. Employees between the ages of 16 and 40 account for 50% of our total workforce. In terms of academic qualifications, more than 36% of employees have obtained a master’s

degree or higher. For managerial and professional personnel, this percentage rises to 51%. Concerning the types of Nuvoton employees, except for fixed term contractors, 99% of our workforce comprises staff and operators who are full-time employees. In order to establish a direct communication channel with our employees, Nuvoton holds regular labor-management meetings on a quarterly basis. Four labor-management meetings in total were held in 2017.

Category	Age	Male		Female		Subtotal by Division and Proportion		
		No	In Proportion to the Division	No	In Proportion to the Division	No	In Proportion to all Employees	
Age	21~30	156	56%	122	44%	278	20%	
	31~40	303	64%	170	36%	473	34%	
	41~50	232	49%	243	51%	475	34%	
	51~60	83	51%	81	49%	164	12%	
	60	1	100%	0	0%	1	0%	
Education	PhD	15	100%	0	0%	15	1%	
	Master’s	426	86%	69	14%	495	36%	
	Bachelor’s	259	64%	147	36%	406	29%	
	Vocational School	58	39%	92	61%	150	11%	
	Senior High School	15	5%	294	95%	309	22%	
	Below Senior High School	2	13%	14	88%	16	1%	
Employment Type	Full-Time Employees	Staff	740	75%	242	25%	982	71%
		Operators	25	6%	372	94%	397	29%
	Part-time and Temporary Employees	Fixed-term Contract	10	83%	2	17%	12	0%

Talent Management

Nuvoton Technology has always regarded employees as our most important asset, and strives to attract new applicants by providing competitive compensation and benefits, comprehensive education and training, and a comfortable and safe working environment. Nuvoton is in full compliance with the rules of the Labor Standards Act, and abides by the labor rights provisions of the EICC Code of Conduct. When hiring new employees, it does not employ people under the age of 15 or involuntary workers (such as those by coercion, mortgage, debt, indentured servitude, enslavement or human trafficking). Nuvoton further ensures that all employees enjoy equal rights without discrimination,

and that the Company shall not unlawfully discriminate against any employees or prospective employees for reasons such as ethnicity or nationality, skin color, age, sex, sexual orientation, gender identity, disability, pregnancy, religion, political stance, corporate background, veteran status, protected genetic information, or marital status. In 2016, no discrimination or forced labor complaints were filed against Nuvoton Technology Corporation. New employee recruitment and hiring rates in 2017 differ only slightly from 2016, with a total change of less than 1.5%. The majority of newly recruited employees are between the ages of 21 and 40. The ages of those leaving the company also generally follows a normal bell shaped distribution. Overall, Nuvoton’s employee structure remains quite stable.



2017 Turnover and hiring rates by age group

Age Group	2017							
	No. of New Employees		In Proportion to the Total No. of Employees		Turnover		In Proportion to the Total No. of Employees	
	Male	Female	Male	Female	Male	Female	Male	Female
18~20	1	2	0%	0%	1	2	0%	0%
21~30	69	42	5%	3%	28	25	2%	2%
31~40	30	14	2%	1%	32	6	2%	0%
41~50	11	3	1%	0%	18	12	1%	1%
51~60	0	3	0%	0%	5	17	0%	1%
61~	1	0	0%	0%	1	0	0%	0%
Sub-total	112	64	8%	5%	85	62	6%	4%

Note 1. Age: Age of employee on first day / last day of employment

Note 2. Number of new employees includes first-time employees, and does not include returning or reinstated employees / Turnover includes only the number of resignations and retirements, and does not include dismissals or jobs placed on hold

Note 3. Total number of company employees as described in the above table is based on numbers on retrieved on the day of December 31, 2017

Salary and Benefits

Nuvoton Technology employee salaries are in compliance to the minimum wage rules of the Labor Standards Act, and the salaries of the lowest paid direct employees are at least 1.2 times higher than the minimum stipulated by the Labor Standards Act. In order to provide employees with a workplace in which they can develop both mentally and physically in a balanced manner, we implemented a pre-planned vacation management system to assist employees in planning their vacations. And we also actively remind employees to take adequate vacation time as to promote the concept of healthy work environment. In terms of benefits, Nuvoton provides insurance and pension benefits that are in compliance with local laws and regulations across the globe. Nuvoton further provides group insurance benefits that are above and beyond the requirements of the law to ensure the work and life safety of its employees. To encourage

marriage and birth rates, we provide designated expectant mother priority parking spaces, lactation rooms, maternity gift packets, maternity leave, paternity leave, family care leave, marriage leave, and a cash gift from the employee welfare committee for each birth.

We also abide by the "Gender Equality in Employment Act", which gives male and female employees the right to apply for maternity and paternity leave. In 2017, 19 female employees applied for maternity leave, and 80% returned after the end of their leave period; and 44 male employees applied for paternity leave, and 100% returned after the end of their leave period. The aforementioned female employees who did not return directly to Nuvoton after their maternity leaves applied for unpaid maternity leave under the "Act of Gender Equality in Employment", with nearly 80% returning after their maternity leave. Furthermore, the retention rate for employees taking maternity leave was 100% in the previous year.



Maternity/Paternity Leave Statistics for Nuvoton Employees

Year	No. of Female Employees	No. of Male Employees	No. of Employees taking Maternity Leave	No. of Employees taking Paternity Leave	No. of Employees Qualifying for Parental Leave
2013	599	670	18	24	42
2014	594	679	27	42	69
2015	601	712	27	51	78
2016	613	754	16	29	45
2017	616	775	19	44	63



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Nuvoton Post-Maternity / Post-Paternity Leave Employee Retention Rates

Year	Employees Returning After Maternity Leave		Employees Returning After Paternity Leave		Resigned Within 1 Year of Maternity Leave		Resigned Within 1 Year of Paternity Leave	
	No.	%	No.	%	No.	%	No.	%
2013	17	94%	24	100%	2	11%	4	17%
2014	23	85%	42	100%	5	19%	9	21%
2015	24	89%	51	100%	1	4%	7	14%
2016	15	94%	29	100%	0	0%	4	14%
2017	15	79%	44	100%	0	0%	4	9%

Note: The number of employees who return to work after parental leave does not include those who apply for parental leave within one week of finishing parental leave.

Note: The number of employees leaving within one year of parental leave includes those that remain on extended parental leave as well as those transferring within the Company upon their return.

Note: The percentage of those returning after parental leave = number retained / total number of people that took parental leave
The percentage of employees that leave the company within a year after their parental leave = number of employees that resign (excluding those taking extended leave) / total number of employees taking parental leave.



Nuvoton Post-Parental Leave Job Return Rate

Year	No. of Employees Applied for Parental Leave		No. of Employees Expected to Return During Current Year		No. of Employees Returning to Work After Parental Leave			No. of Employees Still Working After 1 Year of Returning From Parental Leave		
	Male	Female	Male	Female	Male	Female	Reinstatement Rate	Male	Female	Retention Rate
2013	2	8	2	12	1	10	79%	0	5	83%
2014	2	15	1	11	0	7	58%	1	9	91%
2015	1	13	1	12	1	8	69%	0	6	86%
2016	0	13	0	11	0	11	100%	0	7	78%
2017	3	13	2	17	1	14	79%	0	11	100%

Note: Reinstatement rate = number of people returning to work after parental leave in current year / number of people expected to return to work in current year

Retention rate = number of people that remain an employee 1 year after taking parental leave / number of people taking parental leave in the previous year

Comprehensive Retirement Policy

To ensure the quality of life after retirement of our employees to enhance their service spirit, Nuvoton Technology has formulated an Employee Retirement Management Plan in accordance with the Labor Standards Act. The Plan clarifies retirement conditions, payment standards, application procedures and other matters, as well as setting up an employee retirement fund supervision committee according to law. According to Article 56, Provision 1 of the Labor Standards Act, Nuvoton shall on a monthly basis allocate funds to an employee retirement fund at the Bank of Taiwan. Ant according to Provision 2 of the same Act and Article, the company shall estimate the number of employees expected to meet retirement conditions by the fourth quarter of each year, asses the current balance of the retirement fund, and make up the difference required to fund the retirement payments. In addition, all employees applicable to the Labor Pension Act are required to make payments of 6% of their monthly salary to their individual Bureau of Labor Insurance pension fund account in accordance with regulations. Currently 12.8% of employees have opted to take part in the previous retirement policy whereas 87.3% of employees have instead opted for the new retirement policy.

Learning and Development

Nuvoton Technology values the learning and development of each employee, and the continual improvement of employees' abilities is the driving force behind the growth of the company. As we are in a highly competitive industrial environment, nurturing talented people is the key to strengthening our core competitiveness. We offer a wide range of learning channels and diversified learning styles, focusing on rich and practical learning content, integrating internal and external learning and development resources, and encouraging active learning and the sharing of skills and knowledge, in order to provide employees with a complete, continuous, diverse and broad-based learning environment and development platform. We are dedicated to creating a passionate learning culture in our company.



A Wide Range of Learning Channels

Nuvoton Technology offers a variety of learning channels and diverse ways of development to meet the various learning and growth needs of employees at all levels, including: course learning (internal and external training courses / practical experience sharing seminars / high-level short-term local and overseas courses / online learning), practical learning (on-the-job training, task or project assignment, work rotation, short-term experience), and learning from others (work instruction, peer learning).





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Course Learning - Classroom Learning

Using managers as an example, a multistep management improvement program is provided according to different manager levels and functions. For lower and middle level managers, we provide customized competency development training. We will first determine the current capability of the lower or middle level manager with a management competency examination, and then make an appropriate development plan accordingly, that includes management training, management case study competitions, active applied learning, and training seminars. Specifically for high-level managers, lectures are held on a topic-specific basis to share practical experience or discuss industrial and economic trends. This can allow them to understand the latest industry developments and learn from external benchmarked enterprises and talent, in order to absorb new knowledge, expand their horizons, and establish a network of professionals in the field. Nuvoton places great emphasis on leadership development, focusing on in-depth learning and practical application, and supplemented by the support and observation of the learning process by senior executives and supervisors, to enhance students' commitment to their learning. In addition to focusing on learning needs, an emphasis is also placed on post-study application and follow up, to assist managers in gaining the skills and competencies required of their position.

Course Learning - Online Learning

Beginning from 2013, Nuvoton Technology has provided a Cloud Learning platform, in order to provide employees with a more diverse and convenient learning environment. The platform includes: an Innovation Academy, Cloud Academy, LOHAS College, Green Technology Academy and other various types of learning content. Establishing this platform has increased the resources and channels available to employees for online learning, and ensuring education is no longer subject to time and space constraints. The company can also integrate all training data from the platform to facilitate training management and record tracking. Employees can choose courses according to their business needs or their own interests. Nuvoton Technology expects its employees to maintain a passionate attitude and a commitment to lifelong learning, in order to continuously improve their job skills. As of the end of 2017, the Nuvoton Cloud Learning platform offers a total of 1,671 online courses, featuring different categories that cover new employee training, communication, management, and professional skills, and language learning.



On-The-Job Training & Mutual Learning

We also emphasize that learning should be linked to practical application, in order to apply what we have learned to our job. In addition to classroom learning, an effective learning method is through on-the-job-training (learning through doing), by being provided with a contextual experience, and by following the guidance of a supervisor or expert to speed up the learning effect. Therefore, we arrange for employees to have an opportunity to be guided by experienced experts and supervisors in their field, as well as encouraging participation in cross-departmental projects or organizational assignments, and to accept work rotation or interaction with peers in other fields. This allows knowledge and skills within the organization to quickly be shared, wisdom to be continuously accumulated, and fosters practically beneficial talent.

Rich Learning Contents

Nuvoton Technology has constructed a complete and diversified education and training system, with appropriate learning content available for all different employee levels, job functions and development needs, from newcomers to senior executives. The system includes diversified training categories, solid content and an emphasis on interactive learning and shared discussion, while adding importance to post-learning practical application, so that employees can continue to enhance their knowledge and skills in order to more effectively accomplish the tasks assigned by the company.



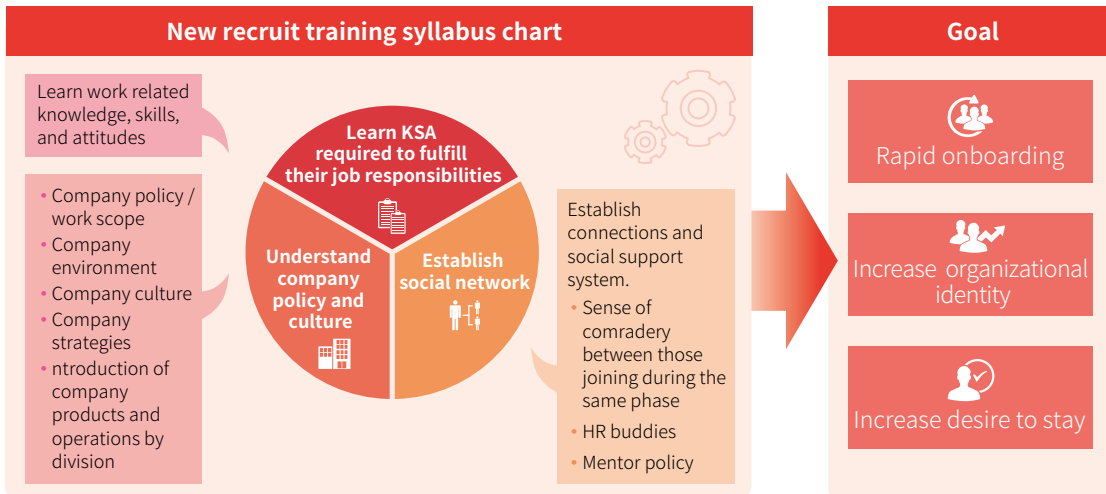
Training Categories

(1) New Employee Training:

to help newcomers quickly integrate into the organization, adapt to the company culture and enhance their willingness to remain, we use new employee training to give them an organizational overview, an understanding of our enterprise's vision and culture, rules and regulations, and various business units and their products, and to learn the basic skills and knowledge required for their job, so that newcomers can become familiar with the Company's business and related operations as soon as possible. At the same time, we also care for new employees and provide them with necessary information and support through the establishment of the HR Buddy system and other assistance mechanisms. This allows new employees to quickly and effectively build an interpersonal connection network and support system.

New Employee Training - Goal

Assist new hires with the onboarding process to help them quickly learn the knowledge and skills needed to do their jobs, inject into them cultural DNA to become a new seed for the continuation of company culture and increase organizational loyalty and desire to remain for the long-term.





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Analog IC Design Unit Engineer Lee Chung Ho

After joining Nuvoton while fulfilling my Research and Development Substitute Services, I received an email titled - New Employee Training Course.

The email started with an introduction of the company structure and then went on to describe the company culture, which helped me to understand the spirit of the company - responsible, innovative, team oriented. The ensuing course contents were a lot more fun than I thought they would be. There was industrial safety training for us to understand company safety measures. The True Colors course which taught us to analyze our personalities, KT analysis which taught us to divide and conquer difficult problems encountered, invisible champion reading and analysis, as well as a powerpoint techniques course and team presentation competitions. I learned quite a bit from each of the courses.

After completing these courses, we were able to get to know the company from the inside, and know what departments to ask for what questions, as well as meet those entering the company with us at the same time. Although we were all joining different departments and in different positions, the training courses allowed us to look at things from different perspectives and learn from each other. This times new employee training helped me be able to quickly adjust to my new job as well as make several new friends at work.

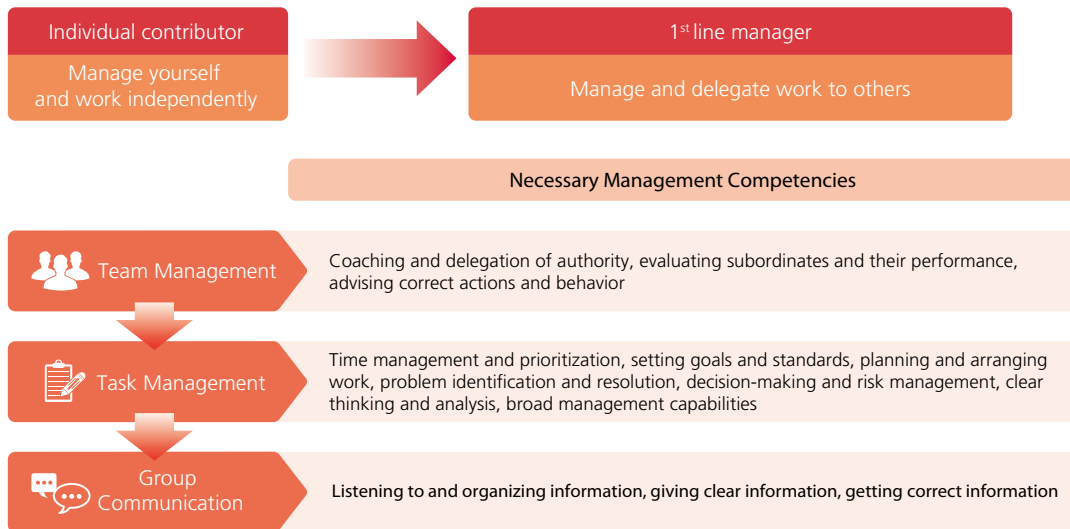




(2) Management Training :

Nuvoton Technology defines the management competencies that should be possessed by a manager at every different level. To enable managers to possess the necessary competencies required at each level according to the different functions and roles of their job, we provide corresponding training courses on a function-by-function basis. A tailored "Leadership Development Training Program" is available, including for lower or middle level managers; and high-level managers are required to attend an advanced series of "Topic-Specific Practical Experience Sharing" lectures. There is also a new supervisor training program to provide basic management training to individual workers becoming 1st line managers.

Management Leadership Development Training - Purpose From an Individual Worker to a 1st Line Manager



(3) Professional and technical training:

In order to promote the learning of professional knowledge or skills to employees in different job positions, and to assist in the development of its business and project plans, each organizational unit will arrange on-the-job training within its department per its own specialized fields. Various courses, special lectures, seminars, experience sharing and other technical and professional training will also be provided. The fields of training provided include direct personnel training (workstation skills training), engineering, research and development, marketing / business, finance, import / export / procurement, information technology, and legal services training.

(4) 共通性訓練：

Universal Training: In order to comply with the requirements of laws, regulations and company policies, we arrange universal basic training. The training, for which all employees are required to attend, includes content about the company's vision and mission, corporate culture and values, corporate social responsibilities, customer satisfaction, quality management, environmental, safety and health requirements (including environmental protection, fire drills etc.) and other courses, and the course content does not vary across employee hierarchy or departmental function. Included within this training, in order to promote the philosophy of "being a good corporate citizen" and with the expectation that employees can implement this philosophy in their daily work, the Company will arrange new

employees to take Corporate Social Responsibility related courses such as the "CSR Code of Conduct" and "How to Do Business with Integrity". In 2016, a total of 3,008 employees completed CSR-related courses, accounting for 100% of all employees.

Training quality and results

In order to ensure the quality of training, Nuvoton has established "Education and Training Management Procedures", to standardize the differentiation of training needs, the formulation of training plans, the management of training courses and the participation process. Also, it establishes a training follow-up supervision model to ensure that learned skills and knowledge are actually gained and implemented. This model includes: understanding the previous situation of trainees through interviews or surveys conducted before the training, which serve as basic information for curriculum design and curriculum effectiveness; and then conducting post-course surveys and effectiveness tracking, collecting trainee feedback and practical application information, to understand the challenges and difficulties of real-world implementation, in order to improve learning outcomes.

Employee Education and Training Results for 2017

In 2017, Nuvoton Technology provided a total of 19,488 hours of training to its employees, with a total employee attendance of 12,946 attendees. The average duration of training per employee was 14.01 hours.



2017 Employee Education and Training Results Summary

2017									
人員分類	男性			女性			總計		
	Training Hours	No. of Staff	Average Hours Per Staff	Training Hours	No. of Staff	Average Hours Per Staff	Training Hours	No. of Staff	Average Hours Per Staff
Technical Staff	158.12	25	6.32	1,473.98	372	3.96	1,632.10	397	4.11
Management	1,774.48	123	14.427	336.67	20	16.83	2,111.15	143	14.76
Specialists	12,708.17	627	20.268	3,036.70	224	13.56	15,744.87	851	18.50
Total	14,640.77	775	18.89	4,847.35	616	7.87	19,488.12	1,391	14.01

Note 1: The number of employees counted as the number of active employees at the end of 2017

Note 2: Average hours per staff = training hours / number of employees

Note 3: The above hourly statistics include internal training (classroom and online courses)



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Talent Cultivation - Campus Outreach Program

Exceptional employees are fundamental to the continued success and development of a company. In recognition of the importance of fulfilling its civic duties and social responsibilities, Nuvoton Technology continues to nurture its relationship with schools in order to cultivate key talent. Nuvoton not only regularly takes part in campus recruitment activities, but also provides for student company visits, and organizes a number of campus programs. We hope that by establishing good academic exchanges with schools, and organizing a diverse number of campus programs, we can provide enterprise resources for students, and cultivate talent in line with the needs of the industry, as well as shortening the adaptation period for students to enter the workplace, in order to strengthen the competitiveness of the IC industry.

In 2017, we invited students from Taiwan's National Tsing Hua University, Japan's Chiba University, and the National University of Singapore for corporate visit events. In a lively manner, students are introduced to Nuvoton's corporate mission, organization culture, working environment and so forth, as well as given the opportunity to try out Nuvoton's latest products for themselves on-site. Through these events, students are able to learn and better understand the latest applications of microcontroller products.



A LOHAS Work Culture

In order to create a "work happily, live seriously" LOHAS workplace culture, members of the LOHAS group continuously come up with carefully planned speeches and events so that all Nuvoton employees can listen to inspiring and thought provoking speeches or be introduced to topics such as music appreciation and analysis, allowing them to not only live more healthily, but also gain an appreciate for the arts, serving as a positive response the recent societal emphasis on work-life balance.

Outside of work, an annual friendly "Martial Arts" Competition between each of the Company's major business units is held. In 2017, the organizing unit selected the following games for this great annual showdown: badminton, billiards, softball, Gong Zhu, and shrimp fishing. The competition was filled with excitement with each unit's champions going all out as they clashed head to head. The cheerleaders for each team cheered loudly on the sides as their teams fought for victory. This event not only gave employees the chance to show a new side of themselves, but also increased the sense of comradery within the Company.

LOHAS Events Montage

Zhen Yunlong - Keeping Your Spine Healthy Lecture



Zhen Yunlong Demonstrates How to Keep Your Spine Healthy



Keynote Speech by Kuang-Ts'ai Hao



SWAY Dissecting the Housing Market



Introduction to Symphony Appreciation by Conrad Hsing



五門大賽剪輯

2017 年規劃五大比賽：羽球、桌球、壘球、拱豬、釣蝦。





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Employee Welfare Committee

To continue the theme of a LOHAS workplace, the Nuvoton Technology Employee Welfare Committee conducts a wide range of activities to promote physical and mental balance, such as promoting and subsidizing staff associations, organizing parent-child family days, company trip planning, and various arts activities. The Company has also signed agreements with 1,510 different businesses and organizations to provide employees with special offers to ensure that they can enjoy discounts and other deals on food, clothing, hotel reservations, traveling, childcare, and entertainment in their lives outside of work.

Nuvoton's 9th Anniversary Joint Sports Competition

In 2017, Nuvoton held a joint sports competition with Winbond Electronics. Activities held included an opening competition, singles track and field competition, relay track and field competition, food stalls and more. Led by the heads of each business unit, employees from both company's gave passionate live performances in front of the crowds, cheered their own teams on, demonstrating the deep comradery and team spirit within Nuvoton. In an inspiring manner, all teams fought hard until the end as their fellow coworkers cheered them on. Around 698 Nuvoton employees and their families participated in this memorable event.



Nuvoton's 9th Anniversary Joint Sports Competition



Employee Clubs

The 16 currently existing employee clubs include a guitar club, bicycle club, runners club, basketball club, softball club, badminton club, volleyball club, table tennis club, yoga club, bridge club, board games club, baking club, aerobics club, coffee appreciation club, and mixed sports and health club. Each club holds regular practices or meets, and also hosts related events which are open to all employees frequently. Through our club evaluation system, outstanding clubs are awarded funding to cover operational costs to encourage clubs to actively host events and promote member participation.



bridge club



runners club



bicycle club





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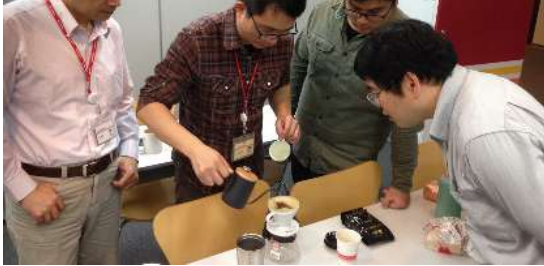


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Employee Clubs

coffee appreciation club



aerobics club



volleyball club



badminton club



yoga club



Company Vacations

In 2017, Nuvoton held a joint sports competition with Winbond Electronics. Activities held included an opening competition, singles track and field competition, relay track and field competition, food stalls and more. Led by the heads of each business unit, employees from both company's gave passionate live performances in front of the crowds, cheered their own teams on, demonstrating the deep comradery and team spirit within Nuvoton. In an inspiring manner, all teams fought hard until the end as their fellow coworkers cheered them on. Around 698 Nuvoton employees and their families participated in this memorable event.





Occupational Health and Safety



2017 Occupational Health and Safety Management Policy

<p>Importance</p>	<ul style="list-style-type: none"> • The physical and mental health of our employees is an area of great importance to Nuvoton Technology, and is the first point of consideration during the planning of all operations; at Nuvoton we are fully committed to meeting progressive international safety, hygiene, and health promotion concepts.
<p>Policy/ Commitment</p>	<ul style="list-style-type: none"> • providing, maintaining, and continuous improvement of a work environment that fully complies with all relevant regulations; prevent in all ways possible the occurrence of incidents that may harm our employees in any way; promote and implement LOHAS concepts in employee care, commit to the creation of a happy corporate workplace environment
<p>Goal</p>	<ul style="list-style-type: none"> • With the continuation of our “zero workplace disasters” record as the goal of our occupational safety and health management policy
<p>Promotion Contents and Implementation Methods</p>	<ul style="list-style-type: none"> • A safe culture: through observation of our operations, environmental safety management contribution awards, management change mechanisms, to facilitate a culture where Environmental Health and Safety (ESH) comes before the performing of any activity, providing of any service, or any factory operations. • Reduce employee exposure to hazardous substances (a reduction of 10% in 2025 in comparison to 2018) : engage in workplace hazardous substance exposure evaluation and reduction • Establish connections between health risks and occupational factors: cooperate with industrial occupational health, protection, and treatment experts to evaluate risks (human factor, infertility risks, overloading, and harassment evaluation projects)
<p>Performance and Results</p>	<ul style="list-style-type: none"> • Safety conscious behavior and investment in operations environment inspections, in 2017, 499 more inspection were performed than in 2016 • Sector safety and security committees: For each sector of the Company, different environmental safety and health issues are promoted as well as the implementation of different periods during the execution of safety mechanisms for each respective sector. In 2017, an additional committee was added, increasing the number of committees to 4 from 3 to continue the push for a comprehensive implementation of employee safety measures • Unplanned alert response drills: In 2017, 62 separate drills were performed in response to emergency alerts for fires, chemical leakage, gas leakage, earthquakes, system malfunctions, limited operations, emergency evacuation, and more.



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Establishing a Safety Conscious Culture

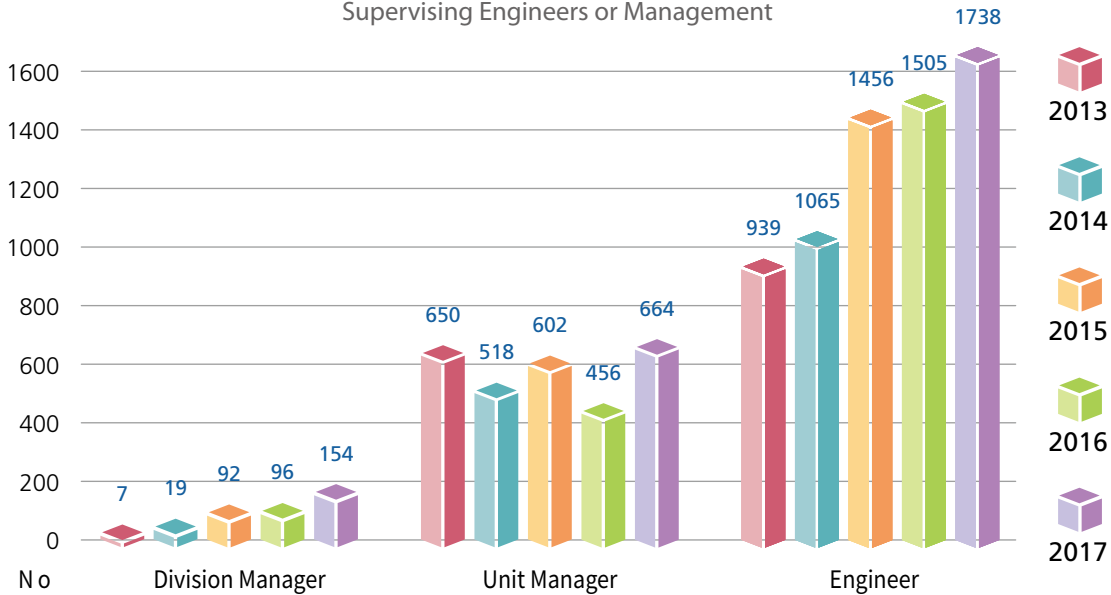
To Nuvoton Technology, ensuring zero occupational accidents and promoting employee health are obligatory responsibilities. We are actively establishing and promoting a culture of environmental protection, safety, and health: "Before engaging in any activity, service, or production, environmental protection, safety, and health concerns must be considered first."

- Production operations inspection

Monthly inspections of production operations are conducted by department heads and engineers, and by analyzing actual operations they can cultivate the ability of employees to discover any potential risks, while giving praise to employees who demonstrate

safety first behaviour. If any risk is detected, a safer method of operation is established through consultation and discussion. Continuous improvement is made to prevent hazards and accidents, and a culture of safety is practiced in day-to-day operations. Leaders at all levels will also meet with employees to conduct and review safety and hygiene management to improve a safer working environment at all production operations stations. In 2017 managers and supervising engineers performed a larger amount and more extensive inspections than previous years, and found 2,556 cases of safe or unsafe behavior, an increase of 499 from the 2,057 found in 2016, demonstrating an increased emphasis on the finding of unsafe workplace behavior.

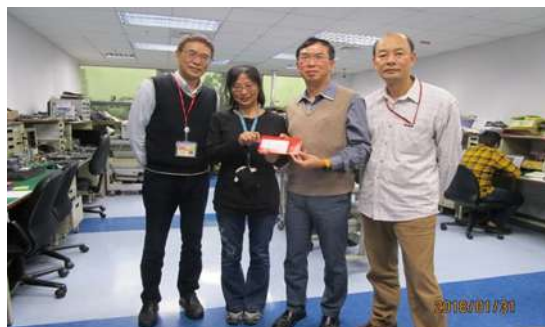
2013-2017 Data for Number of Cases Observed by Supervising Engineers or Management



Positive Reinforcement Measures for EHS Management Contributions and Incentives

To date, the EHS (Environmental, Health and Safety) management unit has continued to follow the P-D-C-A method and the spirit of continuous improvement to maintain our environmental, health and safety management system. Nuvoton is committed to advancing a culture of safety first in the workplace, with implementation from top to bottom, including by promoting regular inspections by plant office personnel down to section head level. The objective is to enable supervisors to understand the work operations of their colleagues and safety conditions of the workplace through on-site inspection, and to detect and

2017 Winners of the EHS Management Promotion Performance Award (Research and Development Division)



reduce potential risks during the inspection and observation process, in order to enhance the safety of work operations and the workplace environment. Personnel safety training and knowledge is not only a basic part of health and safety management, but it is also the main basis for enhancing a culture of safety first in the workplace. All employees who participate in regular EHS training, emergency response training and other related kinds of training can enhance

their safety awareness and resilience. Therefore, the EHS management unit established a "EHS Management Promotion Performance" scoring system, to confirm the active contribution of all units in providing a safe and comfortable work environment. An evaluation of the "EHS Management Promotion Performance" is conducted quarterly, with awards and recognition given during each plant section's health and safety meeting.

Evaluation Items of "EHS Management Promotion Performance" for Each Section:

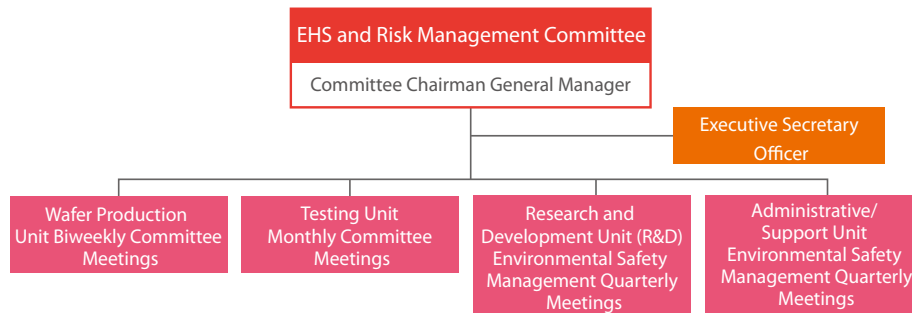
Evaluation Items	Wafer Foundry Unit	Testing Unit	R&D Unit
Supervisor inspection and observation of operations	•	•	•
Emergency response professional skills test	•	•	
Education and training participation rate	•	•	•
EHS system audit	•		
QAEHS issues QA	•		•
Occurrence of accident or loss	•	•	

Establishment of a EHS Committee to Implement a Communication Mechanism

Nuvoton Technology has established a company-wide "EHS and Risk Management Committee". Chaired by the General Manager of Nuvoton, 7 employees representing each company unit have a seat on the committee, who make up 50% of the total number of 14 committee members. Quarterly meetings are held to discuss daily health and safety management issues and to promote occupational EHS, employee health

management, environmental protection and damage prevention, regulatory compliance, continuous improvement programs, and other issues, as well as to implement EHS communication. In addition, according to different safety, health and environmental issues, different periods and safety mechanisms most suitable for each segment are brought forward for discussion through the labor representatives with their respective committee. Through a comprehensive management system and the active participation of all employees, disaster and loss prevent is able to be achieved.

Nuvoton Technology - EHS and Risk Management Committee Organization Chart





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Contractor Management and Operational Safety Control

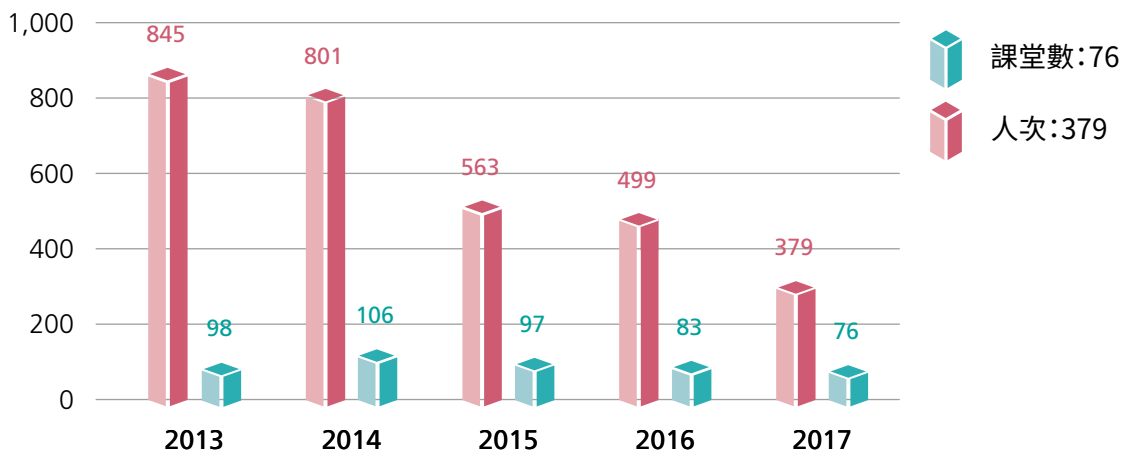
In relation to contractor management and operational safety control, we have established clearly defined environmental, health and safety protocols for vendors during visits to the foundry. A requirement to apply for a construction safety permit allows for the management of construction operations and risks. Contractors are further required to undergo relevant education and training, or be informed of hazard factors, operating environment hazard risks and relevant health and safety regulations, which will

help to strengthen operational safety precautions and emergency procedures. These measures are combined with routine inspections and the adoption of mobile management to fully carry out safety policies. For high-risk operations, such as hot work, lifting and lowering of heavy loads, working with limited space, working above ground level, drainage or handling of special gasses or chemicals, demolition or other such operations, special management and control measures have been implemented, requiring on-site authorization to ensure the safety of workers at each job station as well as to avoid environmental impact.

Nuvoton contractors have reported zero number of occupational accidents in the past five years.

Contracto	2013		2014		2015		2016		2017	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Disabling Injury No.	0	0	0	0	0	0	0	0	0	0

Contractor Education and Training Results for 2017:



Change Management Systems

Concerning change management, the most crucial element is to fully inform everyone about these changes at an early stage. Therefore, Nuvoton Technology requires that all units not only take the initiative of reporting changes, but also systemize the change application process, sample material identification procedures, material supplier PCN (Process / Product Change Notices), production process or equipment change review meetings (Process Change Review Board), purchasing and other

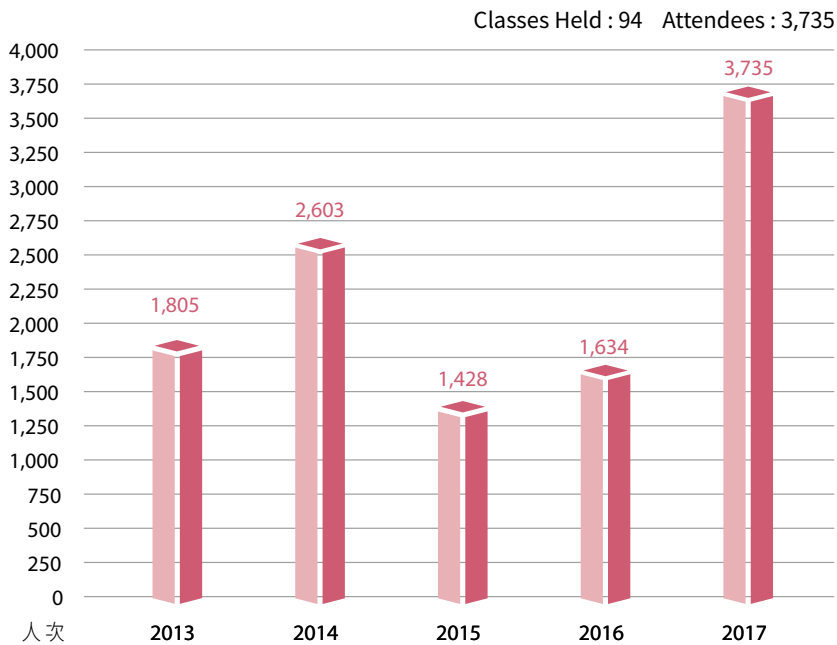
management systems, in order to rapidly manage change. EHS management and related departments will also carry out a preliminary risk and impact assessment. If the addition or change is assessed as having a significant risk or impact, then relevant precautions will be taken. When confirming if the necessary precautions are completed, if there are derivative work control requirements, relevant norms should be set or amended, and relevant personnel should be trained in implementation.

Employee Training and Emergency Response Management

In addition to promoting related health and safety activities, Nuvoton Technology also places emphasis on safety and sanitation training, strengthening risk awareness abilities, harm prevention and emergency response capabilities, and other knowledge and skills, as well as training in emergency response capabilities and safety concepts for our employees. Every 3 years, Nuvoton employees should undergo firefighting

training, including the use of fire extinguishers, fire hydrants and emergency smoke escape suits, to strengthen their awareness of disaster prevention and escape. In addition, every year emergency response drills are held to cover a variety of accidents that may occur at the Company, and every 2 years emergency response teams conduct recurrent training, so that employees are familiar with notification procedures, emergency site control, first aid, disaster rescue equipment operation and support.

2017 Safety and Sanitation Education and Training Performance



Safety and Sanitation Education and Training Results

Qualified First Aid Personnel Training



First Aid Training Certification





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Safety and Sanitation Education and Training Results

Fire Response Training



Emergency Response Commander Training - On-Site Exercises



Emergency Response Command Training - Sand Table Simulation



Fire Extinguishing Training

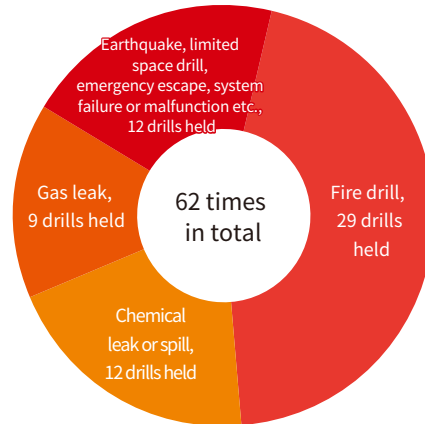


Various Emergency Response Drills During 2017

In response to possible emergencies that could occur such as internal accidents in various areas or natural disasters, Nuvoton has formulated emergency response procedures that provide a basis for internal departments to formulate contingency plans for individual situations, emergency response team formation, and holding drills and training. These procedures will minimize the impact of personal injuries, property damage and disruptions caused by various emergencies that could occur.

In 2017, a total of 62 emergency response drills (including fire drills, chemical leak drills, gas leak drills and emergency evacuation drills) were held. Holding these drills will enable rapid and correct emergency responses in the event of a real emergency.

2017 Emergency Response Drill Type and Drills Held Summary Figure



Occupational Accident Indicators

Nuvoton Technology has established comprehensive notification, handling, investigation, improvement tracking measures, and promotional systems to ensure the safety of our fellow colleagues, visitors, and contractors, and to prevent the occurrence of repeat incidents. Following the indicators published by the Ministry of Labor, Nuvoton Technology's occupational accidents analysis uses the Disabling Frequency Rate (FR) and Disabling Severity Rate (SR) for its statistical basis (statistics do not include incidents resulting from traffic accidents from and to work). In 2017, both the FR and SR were zero. Regarding the statistics of accidents occurring to employees during their commute to and from work in 2017, the average FR was 1.83 (3.27 for male employees and 0 for female

employees), whereas the average SR was 9.5 (17.0 for male employees and 0 for female employees). In response, Nuvoton has held traffic safety awareness lectures, inviting experienced traffic officers as speakers to help increase traffic safety awareness during employee commutes as well as promote safe driving practices and emergency response and handling methods during traffic accident.

Traffic safety awareness lectures



Employee Accidents (Non-traffic related)	2013		2014		2015		2016		2017	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Number of Disabling Injuries	1	0	3	0	1	1	0	0	0	0
Total Number of Lost Days Due to Injury	3	0	8	0	3	3	0	0	0	0
(FR)Disabling Injury Frequency Rate (FR)	0.71	0	2.13	0	0.71	0.81	0	0	0	0
(SR)Disabling Injury Severity Rate (SR)	2.1	0	5.7	0	2.1	2.4	0	0	0	0
(ODR)Occupational Disease Rate (ODR)	0	0	0	0	0	0	0	0	0	0

Note 1: Disabling Injury Frequency Rate (FR) = (number of disabling injuries × 106) ÷ total working hours (rounded off to two decimal places)

Note 2: Disabling Injury Severity Rate (SR) = (Number of days lost to injury × 106) ÷ total working hours (rounded off to one decimal place)

Note 3: Occupational Disease Rate (ODR) = (Number of occupational disease incidences × × 106) ÷ total working hours (rounded off to whole number)

Note 4: Days lost due to disabling injury: Refers to the total number of days lost after occurrence of injury for a single case; days disabled refers to the number of days that the injured person is unable to return to work, the total number of days last does not include the day of the injury or the day of return to work. However, all days including weekends, holidays, or work stoppages between the day of injury and day of return to work due to the accident are counted.

Employee Accidents (Non-traffic related)	2013		2014		2015		2016		2017	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
No.of disabling injuries	4	2	4	5	4	1	2	1	5	0
Total Number of Lost Days Due to Injury	13	6	49	20	20	2	17	1	26	0
Disabling Injury Frequency Rate (FR)	2.83	1.61	2.84	4.01	2.84	0.81	1.38	0.84	3.27	0
Disabling Injury Severity Rate (SR)	9.2	4.8	34.7	16.1	14.2	1.6	11.7	0.8	17.0	0



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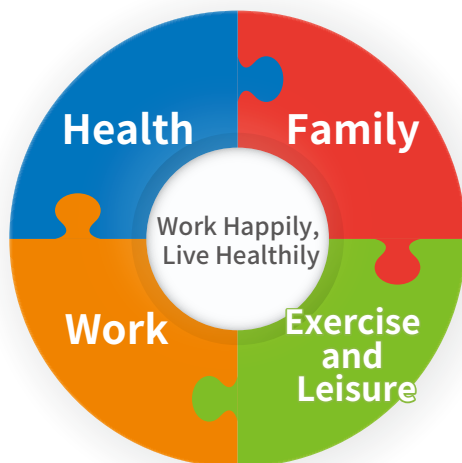
2017 Company's absenteeism rate

Year	2017			
	Hours Absent		Absenteeism Rate	
	Male	Female	Male	Female
Work-Related Sick or Injury Leave	220	66	0.01%	0.00%
Sick Leave	4,422	5,680	0.15%	0.20%
Personal Leave	2,936	1,226	0.10%	0.04%
Sub-total	7,578	6,971	0.26%	0.24%

Note: Note: The absenteeism rate is calculated as: (hours absent for each type of leave / total number of normal working hours) * 100%

Health Management Program

Only if employees are healthy can the development of innovation and vitality can be sustainable, so healthy employees are an important asset of the Company. Nuvoton Technology's health management and promotion plan is to keep working towards the LOHAS goal of "Work Happily, Live Healthily". We are committed to taking good care of our employees' health and well-being, and even extend our support to assist with the health issues of employees' dependents and families. We also are committed to providing a high quality workplace environment and culture. This is so that our employees can have peace of mind, and balance and develop in unison the key areas of their lives such as health, family, work, sports and leisure.



Health Management Plan

Nuvoton Technology's health management unit is positioned as a service management unit,

providing "a warm and friendly service, and goal-oriented management". The management structure incorporates OHS and environmental protection elements, and focuses on creating a safe and hygienic work environment to protect and promote the safety and health of employees, working hard to reduce the health related factors that affect productivity, such as work-related injuries and infectious diseases, and implementing the Company's policy of "a healthy workplace, and a friendly company".

- Creating a Comfortable and Friendly Health Center

In addition to being staffed 24 hours a day by a professional nurse, the center creates a comfortable, bright and private space, allowing employees who come in to feel relaxed and safe, as well as provides 2 multifunction rooms where employees can rest or talk to a consultant for assistance with any physical or psychological issues.

- Emergency and First Aid Response

Our established system of various incident notification and response procedures is not only reinforced through education and training courses, but also through the use of e-learning, thereby enhancing employee safety and sanitation concepts and awareness. Several types of advanced emergency equipment have been prepared in the factory area, such three AED (Automated External Defibrillator) units, and two sets of supplementary oxygen units, in order to ensure the health and safety of employees. In addition, CPR and AED training is actively promoted throughout the company, and at present over 60% of all employees have already received training, increasing employee emergency response knowledge and capabilities.

- Convenient Health Management System

Employees can use the Company's internal web platform "My Health Manager" to look up

their health check report records and trends. In consideration of personal information and digital security problems, employees must log in using the password for secure individual accounts that they register with the company. The provision of a convenient health and safety trend management system for our employees further allows us to

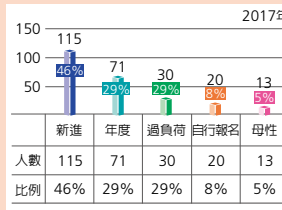
provide various health related announcements and news regarding health promotion activities, allowing employees to take charge of their own health while also receiving the latest news. At the end of 2017, the website had reached over 20,000 views.

Health Checkup

- New Recruit Physical: Full frequency hearing evaluation
- Different management levels: high fidelity cardiovascular imaging exams: Gastrointestinal endoscope inspection
- Annual health check:
 1. Abdominal ultrasound once every three years, hearing evaluation, feces exam
 2. Health Promotion Administration large intestine and oral cancer screening tests
 3. Special occupations protection exams (for those that are exposed to arsenic, ionizing radiation exposure, fine particles and etc.)
- Health management for high risk level individuals: in accordance to the 5 levels of disease prevention, those with high risk levels are scheduled to return for follow-up appointments immediately, health counseling and follow-up appointments at a later date are arranged for those at levels 3 and 4

Disease Prevention Appointment

- Health check report for new recruits
- Annual check for abnormalities
- Overworking consulting
- On-site risk surveyance once every 6 months
- Follow up after initial exam
Follow up at hospital if necessary



Exam Event

- Monthly pregnancy checks
- Thoracic cavity ultrasound, notification of abnormalities for those with BC Hepatitis
- Bone density test
Screening for high risk individuals, follow-up testing at hospital for high-risk individuals
- Lung CT scan
Screening for high risk individuals, follow-up testing at hospital for high-risk individuals

• Health Check Program

Every Nuvoton employee is provided an annual health check, with different groups being tested for different items, introducing the Three Levels and Five Stages of Disease Prevention model to achieve early diagnosis and early treatment. During the health check-up period, the Company encourages employees to participate and our employees have also developed an awareness of the importance of these health checkups. Those that were on parental leave, on business trips, or sick leave during the time our annual health checks are provided are able to get checked at later provided times. Historically we have seen an over 99% participation rate. During our years of cooperation with medical center teams, we have continued to revise the period where health checks are provided, improving the quality of the health inspect services provided, achieving an employee satisfaction rate of greater than 95%.

• SOP for Health Management

Following the completion of the health examination is when health management truly begins; determined from analysis and grading of

the health examination results data, employees with slight abnormalities are given physician counseling and health lectures, while those with serious abnormalities are arranged to have medical examination and treatment. In 2017, we tracked the status of 11 fellow employees that were found to have health problems, over the year, they were able to receive proper diagnosis and treatment or medication to control their condition. We provide comprehensive health care and treatment in order to ensure the health of our employees.

• 保健門診

每月安排醫學中心級職業病醫師或家醫科醫師門診，主動通知各族群同仁門診，給報告衛教、醫療諮詢、了解同仁工作內容、主動關懷睡眠及壓力狀況，協助健康中心執行健康管理及促進服務，每年 2 次巡視工作現場危害辨識，提出改善建議事項，避免職業病發生。門診後部分同仁建議到院檢查，由護理師持續追蹤及關懷，累計至 2017 年底，全公司 84% 員工皆與駐廠醫師面對面健康諮詢。且為維持門診諮詢品質，諮詢後皆會進行滿意度調查，



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並將結果回饋給門診醫師，不斷修正，強化門診品質及功能，2017 年底開始進行交通及傷害事故後復工諮詢，期望提供同仁所需，發揮健康照護宗旨。

● Promotion of Workplace Protection Plan

Nuvoton Technology has created different protection plans for different groups of employees. Nuvoton Technology has declared its determination to oppose workplace violence by establishing policies and channels for reporting any such incidents. We strive to treat all Nuvoton employees as family, living in harmony, solving problems rationally, to provide our employees with a safe working environment and peace of mind.

● Employee Assistance Program (EAPC)

Long-term cooperation with professional mental health institutions to provide 24-hour consultation (identification card sticker) services to Nuvoton employees at first notice. In 2017, 9 employees used this service to help adjust to and better handle workplace pressures. Through internal announcements and new employee training, all colleagues that are in need should reach out through this service, all consultation services provided are confidential so that employees can get the help they need without worrying about unwanted scrutiny.

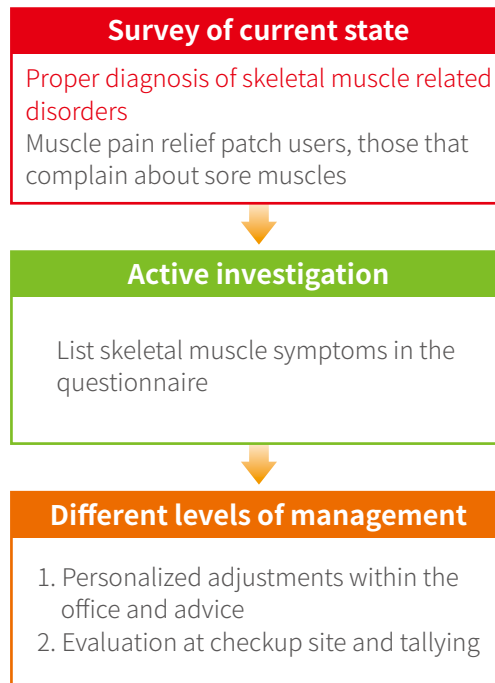
● Maternity Protection

We provide pregnancy and post-pregnancy handbooks, physical and mental assessments, job suitability and risk level assessments and management planning, and one on one health consulting with a physician for all female employees starting from the beginning of their pregnancy for up to a year after birth. Nuvoton actively encourages its employees to have children, and provides fully-equipped nursing rooms, special parking spaces for pregnant women, baby supplies and childcare support etc., to provide our employees that are just beginning to start families with additional support.

● Human Factors Engineering

To avoid skeletal muscle injuries we have incorporated human factor engineering concepts into our health management policy. In addition to our on-site annual health checkups, questionnaires are also available during the period in which our annual health checkups are provided for employees to fill in muscle skeletal pain ratings in different areas of their bodies. We then arrange for physicians to the Company to perform in person evaluations and provide professional advice regarding individual office seating conditions as well as help each individual adjust their posture as necessary.

Furthermore, Nuvoton has held company wide stretching exercises for several years ongoing. The movements performed are adjusted once a month to help achieve a full body stretch. After encouragement from upper level management, company wide stretching exercises were changed to 3 times a day instead of once a day. In addition, massages from visually impaired massage therapists, stretching classes, physical therapist consultation services etc. are all provided to our employees to help prevent or relieve soreness. These benefits have been met with praise and ergonomic desks and chairs are further provided in the office to create a comfortable working environment.



伸展操 - 每天做 3 次



拉筋班

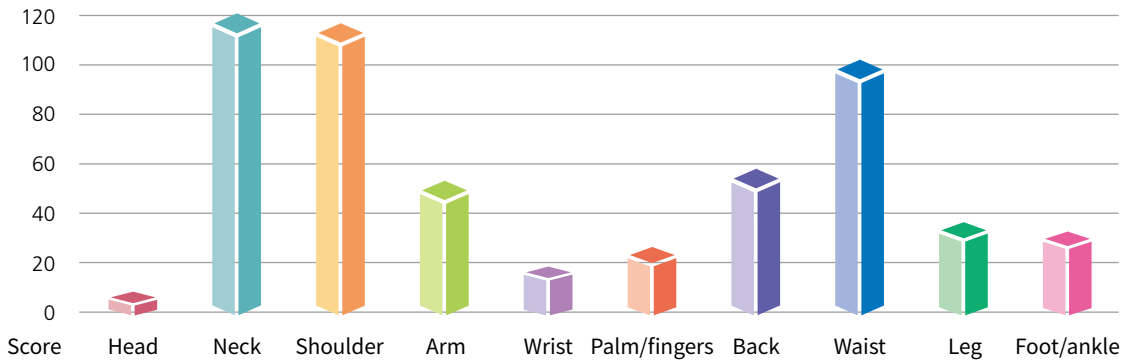


視障按摩



復健諮詢





• **Overloading Management**

In order to prevent work overloading leading to related diseases, the online annual health check questionnaire allows employees to fill in their work and personal pressure factors. After each annual health check and test results analysis, employees that are at high risk of cardiovascular disease are assessed for duration and work environment related risk when working night shifts, day shifts, and rotating shifts. Consultations with a physician are also arranged for these employees for individual consultation and health education. Extra attention is also paid to these workers to ensure that they do not work overtime. In 2017, the resident physician consulted with 30 employees, encouraging employees to actively manage their own health by engaging in healthy activities such as walking, weight loss classes, community sports activities and so forth to reduce risk factors and improve their physical and mental health.

High risk	<ul style="list-style-type: none"> • Preliminary checks by nurses, consultation by a physician to inform each individual of their risks and provide health management advice, record current status and save. • Advice to seek out medical attention and change lifestyle behaviors and follow-up once every three months.
Medium risk	<ul style="list-style-type: none"> • Remind individuals of their risk levels and provide them with health education and a list of things to notice. • Advice a change in their lifestyles, and to consider seeking medical attention, follow-up at least once every 6 months.
Low risk	<ul style="list-style-type: none"> • Self management, no action necessary, continue work as usual.

Health Promotion Plan

The health of our employees are top priority at Nuvoton. Healthy employees means efficient and productive employees. Therefore, multiple health promotion activities are held each year such as weight loss, walking



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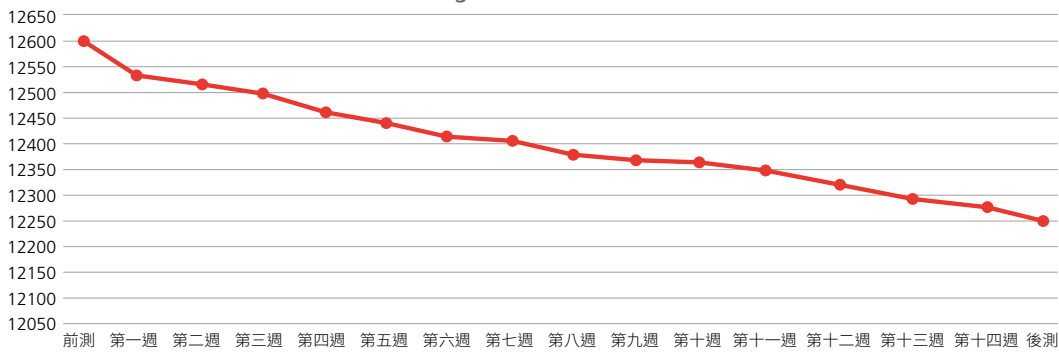
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events and more, in hopes of promoting a sports and fitness culture, as well as healthy eating. Beginning from teaching our employees proper health concepts so that they can manage their own health, to creating a friendly and supportive environment, to become an integral part of our work culture with "health first" rooted deep within its DNA.

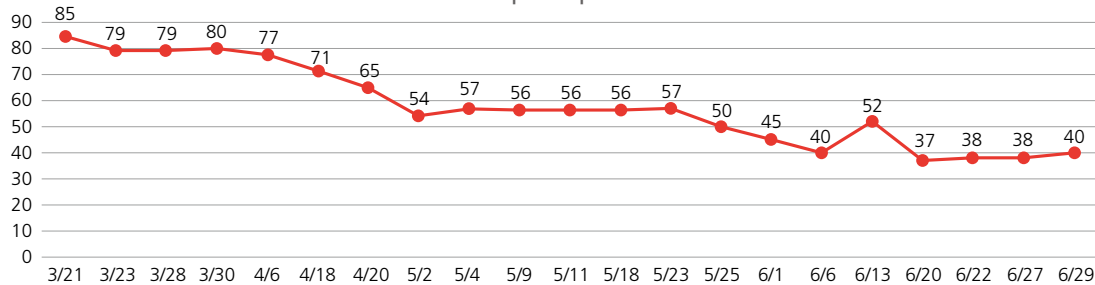


2017 Activities		
LOHAS weight loss	Target	BMI of over 22, participants will be grouped according to their BMI
	Event Activities	<ul style="list-style-type: none"> Event times: 3, BMI tests on the 3rd month, 6th month, and 12th month of the event Activities: 60,000 steps walked / week, progress notifications through the health management website and health education news Award: those that meet the goals set get to take part in the prize raffle to promote retention rates
	Weight Loss Results	<ul style="list-style-type: none"> First phase saw 138 participants: total weight loss of 348.5kg, average weight loss of 2.53kg, highest weight loss of 9.8kg 2nd phase results (no weight regained within 6 months), a total of 24 employees reached this goal.
Spring Walking	<ul style="list-style-type: none"> 3~6 mile walk, 1,212 participants in total (an average of 58 per day) 	

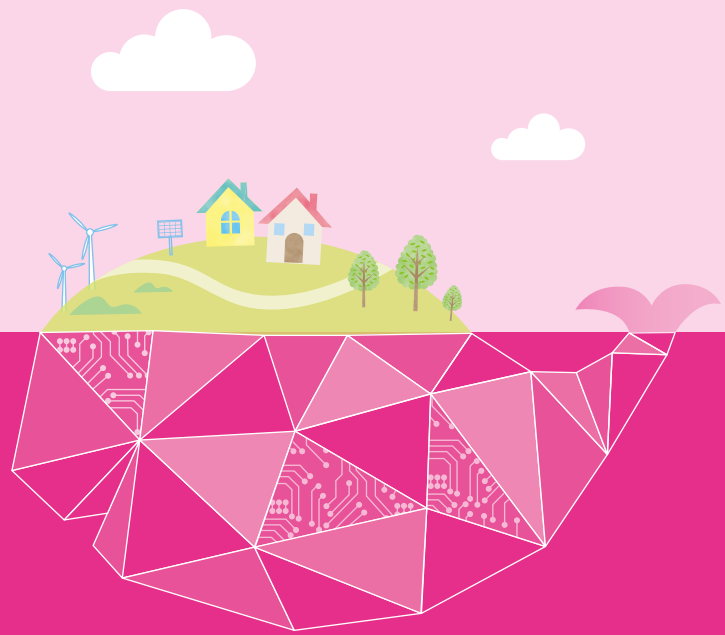
Weight loss rate chart



Participants per walk







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Philanthropy

Public Welfare Events

Philanthropy

Public Welfare Events

In 2017, Nuvoton continued to deepen the two key points, “environmental sustainability” and “caring for the disadvantaged”. We have held public welfare events, such as “beach cleaning events”, “second hand items charity sales”, and “Bringing Warmth to Winter - Year-end Donations and Supplies” to encourage employees to pass on our love and support to make the world a better place. The donations were mainly used to help the disadvantaged groups in the society, such as the Genesis Social Welfare Foundation, Shih Guang Educational and Nursing Institution, Taiwan Fund for Children and Families, Children’s Hearing Foundation, Municipal Yuandongguomin Junior High School, impoverished hospital patients, etc., as well as Nuvoton employees in need.

Beach Cleaning

Nuvoton called on employees and their families to help protect the earth, and participate in the spring and autumn season beaching cleaning events held by the Environmental Protection Bureau of Hsinchu City. In addition, Nuvoton employees have also helped

Beach Cleaning

Participated in the Spring and Autumn Beach Cleaning Events



Participated in the Spring and Autumn Beach Cleaning Events



cleaned Kanhai Park and Yugang Park to best help our earth. If tiny plastic particles on the beach flow into the sea, they will seriously affect the ecology and human health. Therefore, in addition to large-scale waste, we also use mesh nets to slowly screen the sand and pick out the plastic fragments. Although it is very laborious work, seeing the beach clean makes the hard work worth it. Since 2016, Nuvoton has become an environmental education partner of the Hsinchu Science and Industrial Park, actively assisting in the participation and promotion of environmental education activities.

Second Hand Items Charity Sales

At the end of each year, we use the opportunity of the year-end cleaning to encourage employees to bring items that are not needed but wanted in their homes to the company for donation. In addition to providing usage of the goods for the benefit of the environment, it also helps others in the process. All the proceeds from charity sales will be donated to disadvantaged groups, such as subsidizing school lunches for the students of low-income families Municipal Yuandongguomin Junior High School in Zhudong.

Participated in the Spring and Autumn Beach Cleaning Events



Cleaned up Parks





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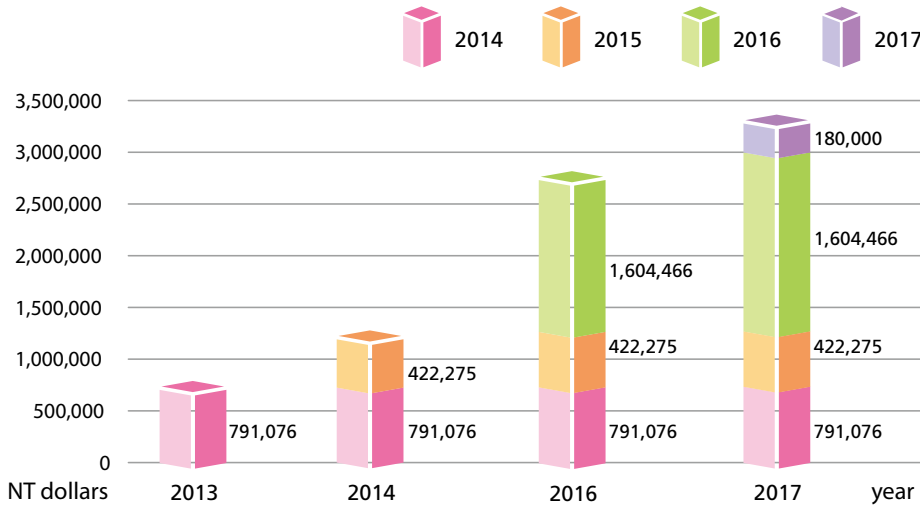
Philanthropy

Bringing Warmth to Winter - Year-end Donations and Supplies

In addition to charity sales, we have also invited employees to donate money to help disadvantaged groups. At the same time, we encouraged them to donate warm clothing or cleaning products, as well as items urgently needed by social welfare groups. The items were donated to, Shih Guang Educational and Nursing Institution to give the power or warmth in the cold winter.

In 2017, Nuvoton donated a total of NTD 180,000 to help poor patients in National Taiwan University Hospital and Mackay Memorial Hospital. The body may be able to fight poverty, but it cannot resist disease, so we hope to provide a helping hand. We want to show our care and support to the people who are living in poverty and experiencing hardship, so they can see that there is warmth in the world so they don't give up hope. The amount of donations in the past 4 years is shown below.

Chart: Donations to help disadvantaged groups from 2014 to 2017



Beach Cleaning

Educational Training Partner of Hsinchu Science Park Bureau



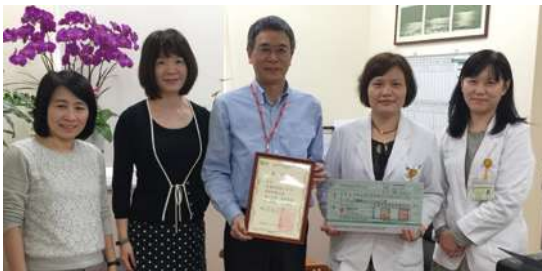
Second Hand Items Charity Sales

Second-hand Charity Sales



Bringing Warmth to Winter - Year-end Donations and Supplies

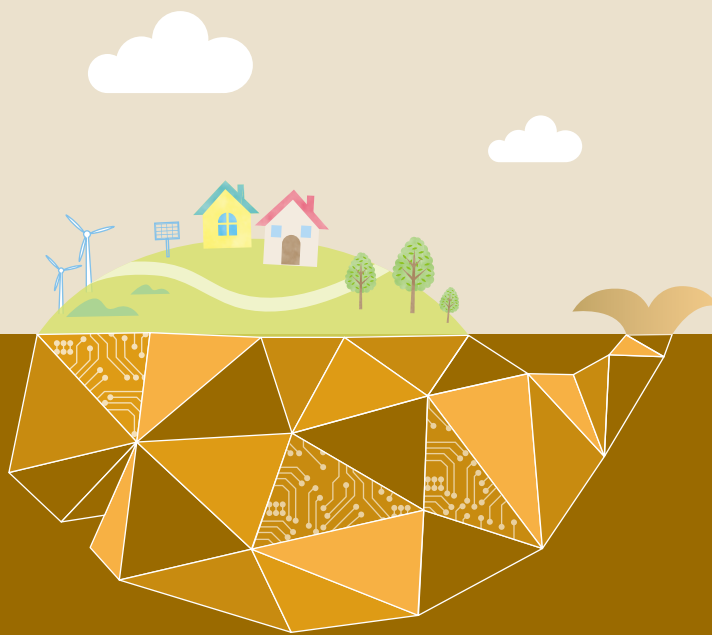
Donations to National Taiwan University Hospital



Donations to Mackay Memorial Hospital







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Appendix

GRI Standards Index Table

Third Party Verification Statement

Appendix

GRI Standards (2016 version) Index Table

General Standard Disclosures

Aspect	Index	Section	Explanation	Page number	External Assurance
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	102-2	3.3 Innovative Technology and Products		15	
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	102-5	3.1 Introduction		14	
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	102-9	5.4 Sustainable Supply Chain Management		32	
	102-10		No significant changes		
	102-11	4.6 Risk Management		27	
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Aspect	Index	Section	Explanation	Page numbe	External Assurance
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	102-43	2.2 Communication and Participation of the Stakeholders		08	
	102-44	2.2 Communication and Participation of the Stakeholders		08	
	102-45	2. Overview		08	
Stakeholder Engagement	102-46	2.2 Communication and Participation of the Stakeholders		08	
	102-47	2.2 Communication and Participation of the Stakeholders		08	
	102-48		No restructuring of report		
	102-49		Report has no significant changes		
Report Profile	102-50	2.1 Description		08	
	102-51	2.1 Description		08	
	102-52	2.1 Description		08	
	102-53	2.1 Description		08	
	102-54	2.1 Description		08	
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Assurance/ Confidence	102-56	2.1 Description		08	

Particular Standard Disclosures



Economics Category

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Environmental Category

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	302-4	6.3 Pollution Prevention	43		
Water	Management Policies	6.2 Cherishing Resources	38		
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	305-5	6.4 Greenhouse Gas Management	47		
Sewage and Waste	Management Policies	6.3 Pollution Prevention	43		
	306-1	6.3.3 Water Pollution Prevention	44		
	306-2	6.3.4 Waste Management	45		
Environmental Protection and Legal Compliance	Management Policies	4.4 Code of Conduct and Regulatory Compliance	24		
	307-1			No violations of environmental laws and/or regulations and fines occurred during the reporting period	
Environmental Grievance Mechanisms	Management Policies	5.5 Sustainable Supply Chain Management	32		
	308-1	5.5 Sustainable Supply Chain Management	32		



Social Category

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	401-1	7.2 Talent Management	55		
	401-2	7.3 Salary and Benefits 7.6 Employee Welfare Committee	56 63		
	401-3	7.3 Salary and Benefits	56		
Labor/ Management Relations	Management Policies	7. Best Workplace	54		
	402-1			The notice period for Nuvoton's major operational changes is handled in accordance with local laws and regulations	
Occupational Health & Safety	Management Policies	7.7 Occupational Health and Safety	66		
	403-1	7.7 Occupational Health and Safety	66		
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Third Party Assurance Statement

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE NUVOTON TECHNOLOGY CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by NUVOTON TECHNOLOGY CORPORATION (hereinafter referred to as NUVOTON) to conduct an independent assurance of the Corporate Social Responsibility Report for 2017 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in this report.

The information in the NUVOTON's CSR Report of 2017 and its presentation are the responsibility of the management of NUVOTON. SGS has not been involved in the preparation of any of the material included in NUVOTON's CSR Report of 2017.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all NUVOTON's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008) at a moderate level of scrutiny; and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Standards (2016)

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from NUVOTON, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS,

EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within NUVOTON's CSR Report of 2017 verified is accurate, reliable and provides a fair and balanced representation of NUVOTON sustainability activities in 01/01/2017 to 12/31/2017.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

NUVOTON has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. Formal processes for identifying stakeholders are suggested to be established.

Materiality

NUVOTON has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. Relevance of issues across NUVOTON's entire value chain are suggested to be taken into account when determining materiality.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS (2016) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, NUVOTON's CSR Report of 2017, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of NUVOTON's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives. Significant CSR issues related to NUVOTON's oversea operations are suggested to be determined for future reporting.

Signed:
For and on behalf of SGS Taiwan Ltd.



David Huang, Director
Taipei, Taiwan
19 July, 2018
WWW.SGS.COM



AA1000
Licensed Assurance Provider
000-8



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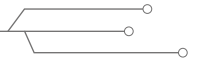
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2017 Corporate Social Responsibility Report

