SLAVERY AND HUMAN TRAFFICKING POLICY STATEMENT

Pursuant to Section 3 of the California Transparency in Supply Chains Act of 2010 and the United Kingdom (UK) Modern Slavery Act 2015, Chapter 30, Part 6, Provision 54, ON Semiconductor states that we have taken steps during the financial year to identify the risk of slavery and human trafficking taking place in any of our supply chains and in any part of our business.

As a member of the Electronic Industry Citizenship Coalition (EICC) -- a nonprofit coalition of electronics companies committed to supporting the rights and well-being of workers and communities engaged in the global electronics supply chain -- we publicly demonstrate our commitment to environmental and social responsibility. EICC members commit to the EICC Code of Conduct (Code) and are expected to actively pursue conformance to the Code through all of our internal operations, as well as our supply chain. The latest EICC Code of Conduct states:

Forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers’ freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law. Workers shall not be required to pay employers’ or agents’ recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

The focus on slavery and human trafficking is part of a larger effort of supply chain transparency and accountability. We partner with our supply chain to create an environment where workers have the right to freely choose employment, the right to associate freely, voluntarily join or not join labor unions and worker councils, and the right to bargain collectively if they choose.

ON Semiconductor has taken multiple actions to verify the absence of forced labor, slavery and human trafficking in our supply chain, including the following:
1. **Verification:** We evaluate and address risks of human trafficking and slavery through conformance to the Code. All key supplies are required to agree and comply with the Code and ON Semiconductor’s corporate social responsibility and environmental requirements. We pursue conformance by using statement of commitment agreements with our suppliers, the EICC’s Supplier Self-Assessment Questionnaires, and the Validated Audit Process (VAP).

   a. The Supplier Self-Assessment Questionnaire (SAQ) is a self-evaluation that inquires about demographics and existing policies at the facility level against all sections of the Code.

   b. The VAP audits carried out on EICC member facilities and their suppliers’ facilities are completed by independent, third-party auditors specially trained in social and environmental auditing and the VAP audit protocol. This helps to set consistent, industry-wide expectations.

We conduct these activities regularly and extensively.

- Every two years we ask our key suppliers to re-sign the Statement of Conformance to the Corporate Social Responsibility tenets and the EICC Code. Major material suppliers and external manufacturing sites that are in the top 80 percent of the company’s spend must also complete a self-assessment questionnaire. All new site-level suppliers are required to comply with the EICC Code of Conduct, whereas self-assessment questionnaires are optional (but highly encouraged).

- In 2015, over 200 of our key suppliers re-signed their statement of commitment agreements to ON Semiconductor and the EICC Code of Conduct. Sixty-five of these key suppliers were all of our top corporate suppliers – i.e. those suppliers who represent 80 percent of the ON Semiconductor’s spending at suppliers who supply to multiple sites or whose contracts are managed at a corporate level. The remaining key suppliers were all of our top site suppliers – i.e. those suppliers who represent 20 percent of a given manufacturing site’s spending excluding spending at corporate suppliers. In total, 266 suppliers submitted or updated their self-assessment questionnaire.

The EICC also convenes regular teleconferences, webinars and other meetings that make us better able to understand and monitor risk associated with labor recruitment practices.

2. **Supplier Audits:** We audit suppliers that we identify as having “higher risk” in our supply chain. The risk evaluation includes feedback from our supplier assessments and company contacts. These audits are announced and conducted by a third party firm certified to conduct EICC or corporate social responsibility (CSR) audits. Annually we audit 25 percent of our higher risk suppliers.

3. **Certification:** Section E 12 of the EICC Code includes a clause stating that companies should have a management system that contains “a process to communicate the Code requirements and to monitor supplier compliance to the Code.”. Our manufacturing sites with foreign workers have a rigorous selection process to ensure the labor agencies at both sending and receiving country are following the law and our Code requirements.
The labor agencies are required to sign service agreements to adhere to the Code, which we ask them to re-sign biennially. Once selected, the company or a third party, audits the labor agencies for continued compliance.

As a member of the Conflict Free Sourcing Initiative (CFSI) suppliers and smelters in our supply chain must certify that they are not supplying us materials from conflict regions.

4. Internal Accountability: Noncompliance with the EICC Code on slavery and trafficking is taken very seriously. It is considered one of the most severe types of nonconformance and corrective action plans to remedy any identified instances of nonconformance are expected to be implemented at the shortest possible timeline. The company’s internal manufacturing sites are audited every two years to the EICC Code and requirements. These audits are announced and conducted by a third party firm certified to conduct EICC or corporate social responsibility (CSR) audits. Any deficiencies in the management system, internal and external audits and appropriate actions are logged in our corrective action plan.

Our internal auditors, some of whom are certified by the EICC, perform internal audits against the EICC Code at ON Semiconductor manufacturing sites biennially. The audit criteria cover five main areas based on EICC Audit Protocol including labor, ethics, health and safety, environment and management systems and include corrective actions.

In 2016, 11 out of ON Semiconductor’s 25 manufacturing facilities were subject to internal audits and 10 manufacturing sites participated in initial or closing EICC Validated Audit Process (VAP) audits. Five of our sites also participated in customer audits or shared EICC Validated Audit Reports (VAR) with customers.

5. Capacity-Building/Training: EICC’s Learning Academy contains online learning modules that cover the EICC Code of Conduct, as well as modules specifically related to the California Transparency in Supply Chains Act. In addition, there are modules on hiring and related topics that are particularly relevant to these issues. Modules can be assigned to both internal staff and suppliers, and learning can be tracked. Members can also upload their own resources to the Learning Academy for their teams. The EICC encourages members to share any resources they may have on these topics with the EICC for sharing in the Learning Academy. The EICC also offers in-person training sessions on a variety of topics.

We conduct training regularly and extensively.

- We ensure training is conducted on the EICC Code of Conduct through participation in EICC code interpretation, EICC Labor and Ethics Lead Auditor Training, EICC worker communication classes and/or internally developed training classes which are available for all employee levels of the organization.
- In November 2016, ON Semiconductor launched a mandatory EICC industry standards training for all employees. In total, almost 100 percent of approximately 30,000 employees completed the training in 2016.
• In 2016, our key suppliers and eligible on-site service providers received training on EICC Code Standards: Labor, Ethics, and Management Systems and on EICC Course 2: Industry Standards. In doing so, ON Semiconductor aims to mitigate risk by creating dialogue and encouraging capacity building.

This disclosure includes the efforts ON Semiconductor has taken in our own business, as well as our suppliers, to eradicate slavery and human trafficking from our supply chain and our own business. These efforts, as well as this disclosure, are reviewed by our Board of Directors annually and updated publicly.

For complete information concerning our corporate social responsibility program see our ON Semiconductor Corporate Social Responsibility page: Corporate Social Responsibility.

Keith D. Jackson
President and Chief Executive Officer