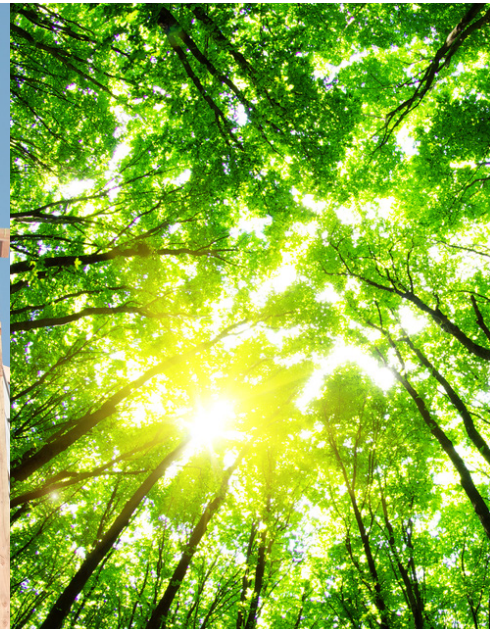




## Corporate Social Responsibility Report 2012-2013



SanDisk®

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## CEO's Message

Through this report, I am pleased to share with you our continued commitment to being a socially responsible organization. At SanDisk, we aim to leverage the power of our technology to create new opportunities, deliver richer experiences, and boost wellbeing in communities where we live and work. And we do this in diverse and multi-dimensional ways.

We implement sustainable practices along the entire business value chain, from using innovative materials and technologies in our products and renewable energy practices in our manufacturing systems to providing eco-friendly work environments for our employees.

We are committed to minimizing any negative environmental impact of our products. SanDisk's comprehensive product compliance program requires our suppliers to restrict or eliminate the use of harmful chemicals and we work closely with regulatory organizations to report this information.

As a global leader in storage solutions, we have an opportunity to make a difference in the way people live. Yet SanDisk also recognizes that we can make a bigger impact

if we join forces with others. This is why we partner with industry peers, charity groups and government and non-governmental organizations.

Global community engagement is a key part of our company culture. Through the SanDisk Foundation, we focus our resources on organizations that address education and children's health and welfare. Through the SanDisk Scholars Fund, we help students pursue careers in engineering, science and technology.

We are dedicated to integrity, honesty and fair dealing. As we continue to build our company, we will continue to maintain the highest ethical standards. Such accountability is at the center of our value system.

We are energized by the opportunities ahead of us. We will continue to use the power of social responsibility to make a difference for our customers, employees, business partners and our global community.

Best Regards,



**Sanjay Mehrotra**  
President and Chief Executive Officer





# Approach and Strategy

We aim to integrate social and environmental accountability into each applicable business process through our policies and programs focused on Social Responsibility, Environmental Management Systems (EMS) and Stakeholder Engagement.

A dynamic synergy between our external stakeholders and our internal business functions ensures that expectations and requirements are swiftly addressed and ensuing actions are seamlessly integrated into our processes.

Our climate change strategy is driven mainly through our product portfolio which encourages consumers and businesses to store information such as documents, photos and media files in flash-based storage products instead of creating paper prints. This uses fewer natural materials and transportation resources and less energy. Market adoption of our technologies and products has resulted in the reduction of emissions, carbon footprint and overall energy consumption. Our high-speed and energy-efficient SSDs have no moving parts, create less noise and use less power, resulting in enhanced efficiency and product usability.

Our sustainability strategies focus on promoting awareness of climate change amongst our employees, customers, supply chain and the general public. Through effective stakeholder communication and collaboration we have succeeded in driving meaningful change.

For the long term, we have established a 3-year target to reduce GHG emissions (scope 1 and 2 emissions) by 30% per petabyte shipped (2012-2015). We will continue to collaborate with industry leaders to create higher performance and more energy-efficient products such as servers and storage arrays using Solid State Drives.

Our social responsibility principles are supported by our commitment to our code of business conduct; our environmental, health, safety and human rights policies; and our supplier code of conduct. As a result, our internal environmental standards are often more strict than established regulatory requirements; and we have strong cross-functional teams that manage and oversee our corporate, social and environmental responsibilities.

## Sandisk's corporate social responsibility commitment



## 2012-13 Highlights

	Highlights
<b>Governance and Ethics</b>	Code of Business Conduct Trainings
<b>Environment</b>	Sustainability Assessment and Disclosure (Carbon Disclosure Project) Environmental Management Systems Assessments (ISO 14001 Recertification) Controlled and Reportable Substances Management (Upgraded SanDisk Green Policy) Environmental Awareness Activities
<b>Supply Chain</b>	Conflict Mineral Due Diligence Social Responsibility Awareness (Requirements Trainings) Supplier Evaluations & Audits Upgrade (Social Responsibility Requirements)
<b>Community</b>	Stakeholder Engagements Programs (Increased Volunteer Time & Matching Dollar Participation), Localized Grantmaking and Educational Advancement
<b>People and Practices</b>	Health & Safety Management (Program Improvements) Risk Management (Preparedness Program Improvements) Risk Management (Emergency Response Program Improvements)
<b>Institutional Recognition</b>	Recognitions (Key Operations Regions)

## Our 3-year objectives

	Objectives
<b>Environment</b>	Reduce Scope 1 and 2 greenhouse gas emissions by 30% per petabyte shipped (2012-2015); Develop environmental programs at all SanDisk-operated facilities with over 250 employees; Aim for SanDisk packaging to be either recyclable or compostable; Quantify and monitor different categories of waste at global sites.
<b>Community</b>	Drive 100% volunteer participation in all key regions Mobilize at least 20% of our US STEM workforce to receive training as mentors, and provide a minimum of 20 hours per year of high-quality STEM mentoring or teaching by 2020 Expand scholarship program to include the US, China and Japan Provide grants to local and international charities serving communities in which SanDisk has a significant presence
<b>People and Practices</b>	Create employee resource groups to exchange ideas and to develop best practices Strengthen links within diverse communities aligned with company social objectives: <ul style="list-style-type: none"> <li>- GenNext (young professionals with social media)</li> <li>- True Ability (product development for customers with disabilities)</li> <li>- Women in Engineering</li> </ul> Establish global wellness initiatives Strive to increase average number of training hours per employee by 10%

# Governance and Ethics

*Conduct. Continuity. Fulfillment.*

We believe that ethical conduct and good governance are critical to business success. Our governance systems are designed to help us manage risks, plan for long-term continuity and foster resilience for sustainable growth.

## Social responsibility management

The membership of our social responsibility steering committee is drawn from Operations, Quality, Human Resources, Facilities, Procurement, Legal, Investor Relations, Corporate Communications and Manufacturing. This committee is responsible for all aspects of social responsibility reporting, stakeholder engagement and benchmarking. We collaborate with our subject matter experts on strategies and initiatives, engage with employees from all business functions and work with executive leadership to set goals, review performance and prioritize programs.

## Corporate governance

Our corporate governance policies provide a framework for the proper operation of the company, consistent with our shareholders' best interests, with clearly documented policies, committee charters and best practices that define the principles by which we efficiently and transparently operate.

The Board of Directors has three standing committees: an Audit Committee, a Compensation Committee and the Nomination and Governance committee. Our internal audit function is responsible for overseeing our operational and financial processes, and reports regularly to the Audit Committee.

## Risk management

Our Enterprise Risk Management (ERM) program has developed comprehensive enterprise risk profiles and appropriate mitigation plans. Our robust incident

management and business continuity programs manage risks and limit employee and business impact. Our Board's Audit Committee receives regular reports on ERM functions; and sub-committees of the Board of Directors and cross-functional teams manage existing and emerging risks that could affect our business, customers and society.

## Public policy

We engage globally with governments on official requirements and business operation needs. We also collaborate with industry peers to develop strong relationships with government and non-governmental leaders while strictly adhering to our Worldwide Code of Business Conduct and Ethics ("Code of Business Conduct").

## External partners and stakeholder engagement

We collaborate with stakeholders, opinion leaders, experts, partner organizations and corporate peers to improve our social responsibility strategy and to improve supply chain standards, to prioritize issues and to build ongoing relationships with key influencers.

We have established close, long-term relationships with non-governmental organizations worldwide whose efforts align with our Foundation's focus areas and resonate with our employee's desired volunteerism. Our global and local hunger relief, disaster preparedness and response and academic promise program efforts, funded through our Foundation and employee matching programs, are particularly noteworthy.

## Collaborative partnerships

Partner organizations	Area of collaboration
Sustainable Silicon Valley (2012)	Set goals for CO <sub>2</sub> emissions and water use reduction and report their energy use annually
Electronic Industry Citizenship Coalition (EICC) (2013)	Development of due diligence processes to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act's reporting requirements to disclose and report on the use of conflict metals
Stop Hunger Now, Akshaya Prata and Second Harvest Food Bank	2014 goal for SanDisk is to pack and distribute 1,000,000 meals to the hungry worldwide and provide locally-targeted food distribution to families and communities in need in areas in which SanDisk is located

## How we engage with key stakeholders

Stakeholder group	How we engage
Communities	Events, philanthropy and donations
Customers	Policy inputs and compliance reviews
Employees	Suggestions, event participation volunteerism and success stories
Regulators	Policies definition and compliance audits
Industry	Forum membership and working groups
Investors	Socially responsible investment reviews
Suppliers	Policy inputs and compliance reviews
Non-Government Organizations	Membership and representative reviews

## Worldwide code of business conduct and ethics

SanDisk's 'Code of Business Conduct' sets our expectations and commitment for ethical behavior. It guides our business decisions, and it helps us attract and retain customers, business partners and talented employees.

## Privacy and data protection

We continuously work to raise awareness of privacy and data protection and to improve our systems and processes to protect customer and employee data. SanDisk uses best-practice security systems to keep our networks, systems and information secure. We regularly analyze new security trends, changing threats and innovations in data security to identify new opportunities and early warnings.

## Links for reference

Stakeholder group	How we engage
Social Responsibility and Volunteerism	<a href="http://www.sandisk.com/about-sandisk/corporate-responsibility/">http://www.sandisk.com/about-sandisk/corporate-responsibility/</a>
Corporate Governance	<a href="http://investor.sandisk.com/phoenix.zhtml?c=86495&amp;p=irol-govHighlights">http://investor.sandisk.com/phoenix.zhtml?c=86495&amp;p=irol-govHighlights</a>
Worldwide Code of Business Conduct and Ethics	<a href="http://www.sandisk.com/Assets/Umbraco/AboutSandisk/Corporate-Social-Responsibility/Corporate-Responsibility/pdf/Code_and_Ethics.pdf">http://www.sandisk.com/Assets/Umbraco/AboutSandisk/Corporate-Social-Responsibility/Corporate-Responsibility/pdf/Code_and_Ethics.pdf</a>
Privacy and Data Protection	<a href="http://www.sandisk.com/assets/docs/SanDisk_Ethics_Violation_Reporting.pdf">http://www.sandisk.com/assets/docs/SanDisk_Ethics_Violation_Reporting.pdf</a>
Supply Chain	<a href="http://www.sandisk.com/about-sandisk/privacy-policy/">http://www.sandisk.com/about-sandisk/privacy-policy/</a>
Carbon Disclosure Project	<a href="http://www.sandisk.com/Assets/Umbraco/AboutSandisk/Corporate-Social-Responsibility/SanDisk_Supplier_Code_of_Ethical_Conduct.pdf">http://www.sandisk.com/Assets/Umbraco/AboutSandisk/Corporate-Social-Responsibility/SanDisk_Supplier_Code_of_Ethical_Conduct.pdf</a>
Green Policy	<a href="https://www.cdp.net/en-US/Results/Pages/Responses.aspx?Search=True&amp;Keyword=sandisk">https://www.cdp.net/en-US/Results/Pages/Responses.aspx?Search=True&amp;Keyword=sandisk</a>
Conflict Minerals Policy	<a href="http://www.sandisk.com/about-sandisk/supplier-management/">http://www.sandisk.com/about-sandisk/supplier-management/</a>
Environmental Management Policy	<a href="http://www.sandisk.com/assets/docs/ConflictMineralsPolicy.pdf">http://www.sandisk.com/assets/docs/ConflictMineralsPolicy.pdf</a>
Environmental Management Policy	<a href="http://www.sandisk.com/Assets/Umbraco/AboutSandisk/Corporate-Social-Responsibility/bms_20ems_20policies_201-17-08.pdf">http://www.sandisk.com/Assets/Umbraco/AboutSandisk/Corporate-Social-Responsibility/bms_20ems_20policies_201-17-08.pdf</a>

## Supply chain

As an organization committed to responsible sourcing, we have carefully documented processes that aim to engage our suppliers in long-term relationships to ensure both high performance and maximum integrity.

## Human rights

Our approach to human rights is based on our unwavering values of integrity and human dignity, and is consistent with the core tenets of the International Labor Organization's fundamental conventions and the United Nations' Universal Declaration of Human Rights.



# Environment

*Reduce. Nurture. Sustain.*

Our environmental practices are certified to ISO 14001:2004 standards. This drives a systematic approach for setting, tracking and improving environmental objectives through assignment of resources and responsibilities, identifying, monitoring and evaluating the environmental impact of our activities, processes and products.

Our specific areas of environmental focus include limiting waste and promoting recycling, improving energy efficiency, adhering to environmental regulations and minimizing the environmental impact of our manufacturing and packaging activities.

Our social responsibility group engages with different industry organizations, environmental advocacy groups, standards bodies and policymakers to achieve practical and effective solutions, develop potential legislation and enhance environmental responsibility of electronics companies and their suppliers. SanDisk will continue to lead by example and encourage our business partners to develop and implement best practices.

In all our operations, environmental sustainability is a priority. At every opportunity, we strive to reduce our materials use, make smarter choices and do our part for a **greener tomorrow.**

## Climate change initiatives

Our climate change strategy drives our efforts in:

- Reducing energy consumption
- Creating consumer awareness of opportunities to reduce energy usage
- Material composition and product safety
- Recovery of discarded products, components or materials at the end of their useful life (product take-back)

Our target is to reduce our GHG emissions (measured by levels per petabyte shipped) by 30% based on our 2012 levels. We report on our performance and disclose overall climate change strategies through the global Carbon Disclosure Project (CDP). Our CDP assessments for the last three years have shown us to be in line with many industry peers; however, our goal is to become a global CDP leader.

### Employee business travel

Our travel policy recommends that employees minimize travel by utilizing audio and video conferencing and web meetings. We have significantly increased video conferencing capabilities at all key sites in the last few years.

### Proactive accountability in our products and packaging

We have eliminated the use of heavy metals and toxic substances (including lead, mercury, bromine, chlorine and antimony) in our products. Our comprehensive "Green Policy on Controlled and Reportable Substances for Parts and Materials" details exacting standards for all parts and materials that we purchase, use and prohibit in our products. This is based on worldwide environmental compliance with initiatives such as ROHS, REACH, China ROHS,

Initiative	Savings in 2013	Savings in 2012
Energy saving system for chiller	2.5 M kilowatt hours	2.5 M kilowatt hours
Reduced use of sodium hydroxide	109 tons	109 tons
Water savings	991,049 tons	401,500 tons
Deployment of LED lighting	2.6 M kilowatt hours	1.5 M kilowatt hours
Thermo-reclamation;-gas savings	650K cu.m	413K cu.m



## Best practices in facilities management

- Cooling through airflow management; fuzzy logic control is applied in chilled water system to reduce energy consumption
- Use of energy-efficient lighting; replace fluorescent lamps with LED lighting
- Performance of LEED evaluations to maximize efficiencies
- Use of alternative energy sources
- Enhancing energy efficiency of equipment, data storage management using SSDs and e-waste disposal
- Saving water through Recycling of Equipment Wastewater and Reverse Osmosis Thick Water Recycling
- Save gas by using thermo reclamation, reclaiming heat from the clean, dry air system
- Maintaining global equipment standards that meet or exceed ENERGY STAR efficiency guidelines
- Deploying desktop power management and thin-client technologies
- Purchase of energy-efficient printers, employ duplex printing and recycle toners
- Increase use of video and web conferencing, email and instant messaging to meet locally and globally and to share information and project materials

Packaging Directive, Battery Directive and OEM customer requirements. This policy is applicable to our direct suppliers, contracted manufacturing partners, and their suppliers. Today, we restrict or monitor the use of more than 100 substances in our operations.

To decrease our environmental impact, we:

- Reduced the size and weight of our product packaging
- Use packaging materials that are easy to recycle
- Replaced polyvinyl chloride (PVC) packages with much smaller polyethylene terephthalate (PET) and paper packing
- Post our warranties and quick start guides online for most products, reducing the need for paper inserts

### Recycling through take-back programs

Our products are designed to have a long and useful life and to withstand extreme working conditions and environments. Such durability helps reduce demand for raw materials. In addition, we encourage customers and consumers to recycle their products in a secure and environmentally friendly manner.

### A diligent approach to conflict mineral elimination

Our Conflict Minerals Policy and Program aims to exclude the use of materials containing tungsten, tin, tantalum and gold (3TG), originating from illegal mines in the Democratic Republic of Congo (DRC) and neighboring countries ('conflict areas') throughout our supply chain. This policy reaffirms our support of conflict-free sourcing and our adherence to the Dodd-Frank Wall Street Reform and Consumer Protection Act. Internal audits monitor our compliance and we use the EICC-GeSI due diligence tool for supply chain assessments.

### Forward thinking in our facilities management

We identify the most significant environmental impacts at our sites and set relevant corporate and local environmental objectives and targets. Our internal and surveillance site audits for ISO 14001 and OHSAS 18001 standards ensure our committed compliance.

### Community engagement around the world

#### Tree planting

Employees in China partnered with Zizhu Youth League and the Kao R&D Center to plant trees in the Zizhu High-Tech Industrial Zone Park.

Employees in Israel partnered with the Amcha organization for the third successive year, planting 300 trees in the "SanDisk Grove" to celebrate *Tu Bishvat*, 'the new year of the trees,' in anticipation of spring.

#### Promoting awareness for environmental protection

37 volunteers in China participated in an environmental protection activity at the Xinzhuang Metro Station to increase awareness of the importance of environmental protection.

#### Helping preserve the Red Sea turtles

Employees in Japan extended support for Wel-KAME Yokkaichi Beach Clean-Up Project to clean the natural beach where Red Sea turtles return every summer to lay their eggs.

### Sustainability through reuse and recycling

Employees in Shanghai, China celebrated 2012's World Environmental Day by creating reusable shopping bags, learning about sorting waste for composting and recycling, and committing to practice good environmental principles.

#### Celebrating earth day

Our employees worldwide commemorated the 43<sup>rd</sup> Earth Day with Earth Day Fairs, Household Electronic Waste pick-up, quizzes, environmental impact-related movie screenings and awareness drives.



Tree Planting



# Community

*Value. Volunteer. Impact.*

We greatly value the societies in which we work. We leverage our expertise, technology, partnerships, and financial resources to help support thriving communities that improve people's lives. We give back in many ways, including providing financial support and volunteering time.

We invest in scalable and self-sustaining programs to support resilient communities, economic stability and a healthy pipeline of talent. Through our corporate philanthropy programs and employee volunteering we take a targeted approach in the four areas of education, healthcare, children and youth welfare, and critical disaster response.

The cornerstone of our philanthropy program is the SanDisk Foundation which focuses on achieving excellence and efficiency in our community grants and volunteer activities. Since 2003, the SanDisk Foundation has awarded 1,041 community grants totaling over \$25 million worldwide. In addition, we have assisted with disaster relief and humanitarian aid worldwide.

Our Signature Partners program is an initiative by the SanDisk Foundation to forge long-standing relationships with organizations that share our core values in communities where we have a significant presence. In addition to providing financial support through our Foundation, our employees also collaborate with our partners to volunteer and raise additional funds and extend their reach in the community. Our

Signature Partners include, among others, the American Red Cross, Second Harvest Food Bank, Leukemia and Lymphoma Society (LLS), Citizen Schools/US2020, Family Giving Tree (USA), Kadima Youth Center and Amcha Center for Holocaust Survivors (Israel), SOS Children's Village, Samarthanam Trust for the Disabled, One School at a Time, Dream a Dream, and Nanhi Kali (India), World Vision, Save the Children and Red Cross (Japan).

## The SanDisk Foundation

Our mission at SanDisk Foundation is to be exemplary corporate citizens in the global community. We believe everyone can make an impact and we encourage a spirit of giving as an important part of our culture. We focus our support on four specific areas.

### K-12 Education

- Enhance academic performance, technology skills and social development of students from underserved communities
- Develop curriculum, innovative instruction methods, hands-on student projects and infrastructure improvements
- Provide teachers with professional development, materials and support
- Utilize the arts to enhance the quality of education

### Promoting Science, Technology, Engineering and Math (STEM)

- Work with departmental, special project and research grants to focus on STEM programs
- Target secondary, junior or community colleges, public and private four-year colleges and universities, graduate and professional schools, and technical and specialized schools

### Health and welfare initiatives for children and youth

- Improve access to quality health care and health promotion
- Community support for disadvantaged children and families and victims of abuse or neglect
- Hunger and homeless assistance programs

### Contributions on critical disaster response

- Match employee donations to disaster relief

## Community engagement metrics

	2011	2012	2013
Social investments (donations to Foundation)	\$5,655,000	\$4,889,951	\$7,659,363
Total amounts disbursed	\$3,896,377	\$4,160,196	\$7,307,910
% of employees participating in employee giving programs	11	12	92
Donations by employees	\$80,377	\$244,000	\$1,358,000



Milpitas: Second Harvest Food Bank

Employees  
volunteered over  
**8,500**  
hours,  
providing valuable time  
and materials for  
Habitat for Humanity

### Efforts towards a hunger-free world

SanDisk shares a vision of a hunger-free community with Second Harvest Food Bank (SHFB), and Stop Hunger Now. In the last eight years of our collaboration with Second Harvest, we have helped provide 4.5 million meals to local families struggling to put food on the table.

We provide financial support every year through the SanDisk Foundation to help Second Harvest provide this vitally important assistance with additional funding provided through our employee matching program.

SanDisk partnered with Stop Hunger Now, a global hunger relief agency to package 150,000 meals for distribution in the Philippines and (via Akshaya Patra) to children and families throughout India. The funds raised in this campaign were used to purchase the food, vitamins and minerals that were packed by SanDisk employees in the US and India.



SanDisk Second Harvest Bank Contributions

### Employee volunteer engagement

We believe our volunteer efforts speak to our commitment to making a difference in the lives of others. Our employee matching gift and volunteer match programs encourage employee contributions and volunteer efforts across the world. Cash donations are matched on a dollar-for-dollar basis, while hours volunteered by employees are matched by a cash grant of USD \$45 for every volunteer hour performed, up to USD \$2,000 per employee per fiscal year. In 2012 and 2013, over 4,500 employees worldwide donated funds and volunteered their time, raising more than USD \$2,000,000 for 600 charitable organizations globally.

### 'Celebration Through Service' commemorates SanDisk's 25<sup>th</sup> anniversary

Each major site worldwide identified and facilitated employee volunteerism activities.

The SanDisk Care Club was created in India to champion philanthropy and community engagement. SanDisk employees packaged meals, partnered with Sankara Eye Foundation to perform exams in communities with no established healthcare facilities, and supported two SOS Children's Villages homes for orphaned, abandoned and neglected children. Their efforts resulted in SanDisk India joining Japan and China in achieving 100% employee volunteer participation.

SanDisk US teams (Milpitas, CA; Longmont, CO; Plano, TX and Westford, MA) built playhouses and raised funds for their local Habitat for Humanity chapters. As one of the US's largest donors to this program, employee volunteers, including our CEO and Leadership Team members, were invited to join former President Jimmy and Rosalynn Carter's 30<sup>th</sup> annual Carter Build to benefit Habitat for Humanity International. Playhouses were donated to Blue Star Mom families, American Cancer Society, Emmaus House (a domestic violence shelter) and San Mateo and Santa Clara County foster care programs. Employees volunteered over 8,500 hours, providing valuable time and materials for Habitat for Humanity.

In Japan, employees partnered with Save the Children, Red Cross Japan, "Make a Wish" (MaW) Foundation, neighborhood associations and community centers to participate in a variety of volunteer activities—hosting blood donation drives, volunteering at children's sports events, repairing playground equipment, cleaning school sites, recycling, performing trail maintenance and hosting beach cleanup events.

SanDisk employees in China hosted students and teachers from Minhang School for Children with Mental Disabilities for a factory tour of SanDisk China. Employee volunteers, refurbished nearby schools and community centers, and packed food for seniors and families with children.

SanDisk Israel employees volunteered as mentors and tutors to promote STEM at the local high school level, helped holocaust survivors document their life stories, promoted recycling awareness and supported public transportation improvement initiatives.





2012 SanDisk Scholars

## Education

We believe that education transforms individuals and that the educated individual transforms lives. We work to improve education outcomes, student engagement and performance for people in need around the globe, especially those in underserved communities.

In 2012, SanDisk Foundation created the SanDisk Scholars Fund, a \$1 million annual program that awards scholarships of up to \$10,000 to undergraduate students and graduate university research programs. The SanDisk Foundation partners with the Silicon Valley Community Foundation, International Scholarship and Tuition Services (ISTS), the Hispanic Scholarship Fund (HSF) and the United Negro College Fund (UNCF) to identify students fitting the SanDisk Scholar Fund's applicant profile, award scholarships and provide support services to scholarship recipients. This program encourages students to pursue careers in engineering and computer science, and supports the educational goals of women and Latino and African-American students pursuing careers in STEM fields. Additional awards target students attending one of the following five US universities: MIT, Stanford University, University of California at Berkeley, University of California at Los Angeles and University of Texas at Austin.

The Foundation also provides grants totaling \$200,000 to the School of Engineering at both UC Berkeley and Stanford University to

award additional scholarships to graduate students who pursue STEM-related studies and meet the program's selection criteria. A portion of the Scholars Fund is allocated to dependents of our employees to encourage and support them in their educational pursuits. A total of 160 students were awarded scholarships in 2012 and 2013.

In April 2013, as part of our 2013 'Celebration Through Service' campaign, we joined US2020 as a Founding Leadership Partner. We have committed \$1,000,000 towards this partnership to (a) mobilize at least 20% of our US STEM workforce to receive training as mentors and (b) provide a minimum of 20 hours per year of high-quality STEM mentoring or teaching by the year 2020. Through our participation in US2020 we hope to create millions of opportunities for students to discover science and technology with hands-on projects and academic coaching.

## Working with schools and universities across the world

### The gift of books

Our employees in Yokkaichi, Japan participated in a "Children's Book Gift Program" organized by Shanti Volunteer Association for refugee children unable to study because they have been displaced by wars and international disputes in Cambodia and Laos. They translated 56 Japanese children's books into Cambodian and sent them to libraries and schools in refugee camps.

## Employees landscaped and beautified

the grounds at Russell Middle School in Milpitas - USA.



Milpitas: Russell Middle School

## The gift of time, effort and money

- We provided grants to support 70 students at East China Normal University and identified four courses that our employees volunteered to teach throughout the school year
- Our volunteers worked with 625 students at Curtner Elementary School, Milpitas, USA for an entire day, donating 144 hours of volunteer time, teaching business basics, community involvement and entrepreneurship
- In Milpitas, USA, our move to a new corporate campus generated more than 500 cubic feet of reusable items for use in Bay Area schools. As part of 'Pack Rat Days,' we collected reusable items for Resource Area For Teaching (RAFT), a San Jose-based nonprofit that serves more than 10,000 educators and 825,000 young people in the Bay Area
- Employees landscaped and beautified the grounds at Russell Middle School in Milpitas, USA. We made a contribution to the school to cover the cost of materials and matched 150 employee volunteer hours

## The gift of multi-dimensional education

As part of our education and diversity program in Jaljulia, Israel, we introduced the following new programs at our adopted high schools:

- Bi-weekly group trainings and enrichment gatherings for students in Grade 11

- Empowerment workshops for Grade 11 students
- Hands-on experience at our office for Grade 12 students as part of "A-day-in-the-life-of-an-engineer" program
- Work with a group of Grade 12 students on product entrepreneurship. To date, they have conceived nine new ideas and declared one of them as Feasible, Useful and New (FUN criteria for innovation).
- Provide three STEM-focused scholarships for three students

## Furthering the cause of STEM education

- We created scholarships to benefit students studying Engineering or Computer Science in China at the Xidian University (Xi'an), Shanghai Jiaotong (Shanghai) and Zhejiang University (Hangzhou)
- We launched a scholarship program in Japan, targeting students interested in pursuing studies in Engineering and Computer Science at University of Tokyo, Tohoku University and Waseda University.



## Healthcare

We partnered with healthcare institutions and providers across the globe to assist in increasing access to quality care in remote communities and reducing the costs of healthcare.

In 2013, SanDisk raised over \$380,000 for Leukemia and Lymphoma Society's (LLS) cancer research and patient services, making us the leading corporate fundraiser in the country. LLS is the world's largest voluntary (nonprofit) health organization dedicated



India: Eye Screenings at G.E.H.S. School

to funding blood cancer research and providing education and patient services. SanDisk has three named research protocols tackling ALS, the most common form of blood cancer in children, at the University of California, San Francisco and Stanford. For the past three years, SanDisk has won the Leukemia and Lymphoma Society's (LLS) Corporate Cup Challenge in recognition of our fundraising efforts.

In addition to SanDisk annually donating to the American Red Cross, and matching all employee donations to support Red Cross disaster relief efforts in the Philippines, Japan and across the United States, employee volunteers, packed 200 "go-bags" for trained disaster relief volunteers, and emergency kits for seniors, and in partnership with World Vision, assembled 450 caregiver packages to support healthcare workers serving families with AIDS in Kenya.

## Child, youth and community welfare

In an era of economic uncertainty and increased financial constraints, we specifically focus on children and youth in our philanthropy programs and employee volunteering.

### Helping the cause of children and young people

- We opened our second SanDisk-sponsored home in the SOS Children's Villages in Bangalore, India. SOS Children's Villages India supports over 80,000 children and young people from disadvantaged families, providing healthcare, education and housing services. Employee volunteer teams spent a day cleaning up and beautifying the premises, teaching Arts and Crafts to the children, talking to them about the importance of education, playing games with them and teaching the mothers some interesting and healthy recipes. SOS Children's Villages has been a Signature Partner with SanDisk India since 2011.
- Our employees in China celebrated the traditional Lantern Festival with students from Minhang School for Children with Mental Disabilities. Over a week-long program, volunteers generated funds for purchasing books, stationery and toys for disadvantaged children in the local community.
- Our employees in Taiwan raised funds for a charity organization that provides nursing and caring for babies aged 0-2 with birth defects, donated funds to the Eden Social Welfare Foundation to support their disadvantaged minority students' after-school projects.
- As part of our 'We Love, We Give' community-involvement program, our employees in China worked at the Xin'an Volunteer Center to clean classrooms, renovate facilities and improve learning conditions. They also raised funds to present winter caps, scarfs, gloves and thermoses to the children at the center. We have been supporting the Xin'an Volunteer Center, a nonprofit organization providing free tutoring for migrant children, since 2010.
- In the US, we teamed up with the San Francisco 49ers and the Silicon Valley Leadership Group Foundation to raise funds for local nonprofits at the 6<sup>th</sup> Annual Pasta Bowl. Proceeds supported City Year and Fresh Lifelines for Youth, two organizations that focus on youth and educational programs serving underprivileged youth in Santa Clara and San Mateo county communities and schools.
- Employees in India volunteered to refurbish schools (*One School At A Time*), provided educational opportunities for the disabled (*Samarthanan Trust for the Disabled*) and help abused, neglected and abandoned children find safe, loving and supportive homes (*SOS Children's Villages*).



EMEA Scotland: Guide Dogs Fundraiser

### Supporting the disadvantaged

Our Scotland office employees biked nearly 68 kilometers from Glasgow to Edinburgh to support Guide Dogs for the Blind, a non-profit organization that helps blind and partially-sighted people gain freedom and independence. Guide Dogs for the Blind named one of their dogs "Flash" in recognition of our efforts.

- Youth from the Kfar-Saba facility of Kadima in Israel visited SanDisk every week to meet with their personal SanDisk tutor and enjoy an hour of learning and friendship. Kadima, our main community partner in Israel since 2006, provides food, assistance with homework, values lessons and enrichment activities in a supplementary educational system to kids at risk from needy families in Kfar Saba.

### Service to holocaust survivor senior citizens

Amcha is a community center in Israel serving Holocaust survivors. Employees have been engaged with Amcha seniors since 2010, volunteering for activities such as personal home visits, computer classes, chess club, celebrations of holidays, and more.

### Food for needy families

- Twice a year, during Passover and Rosh-Hashana, employees in Israel volunteer to support the local community by assembling and delivering food packages to needy families.
- Our US employees volunteered 252 hours for two non-profit food distribution organizations in San Jose. The teams worked to pack and sort food, prepare and serve dinner and donated clothes to the poor, seniors and homeless immigrants.
- Employees also shared their time and efforts supporting Sacred Heart Community Service to sort donated clothing for disadvantaged community residents and pack groceries for needy families. Their 168 hours of volunteer service was matched through our employee matching program. Our Retail division made an additional cash donation and donated 1,500 USB flash drives for Sacred Heart's school backpack program.

### Critical disaster response efforts

- To help the victims of the typhoon in Philippines, the SanDisk Foundation made a 2:1 match, to a maximum of \$100,000, for every donation made by our employees to three organizations: Red Cross, AmeriCares and Save the Children. This was in addition to the company's standard employee matching program.
- The SanDisk Foundation donated \$50,000 to the American Red Cross towards shelters, food, water and supplies for people directly affected by the Oklahoma tornado, and also doubled all donations made by employees worldwide with a 2:1 matching contribution.
- SanDisk supported the Hurricane Sandy relief efforts through a SanDisk Foundation donation to the American Red Cross and by matching donations made by our employees worldwide. Every donation made by an employee to the American Red Cross or to Save the Children was tracked through special websites and was matched 2:1 by the SanDisk Foundation, to a maximum of \$250,000.



# Supply Chain

Partnership. Standards. Performance.

Increasing transparency in the supply chain allows us to build customer trust, reduce costs, secure supply continuity, respond to stakeholder needs and protect and enhance our brand. Collaboration with suppliers encourages innovation and excellence for our customers.

We expect our suppliers to meet the same high standards of ethics, human and labor rights, and health and safety and environment protection that we apply to our own employees and operations. All suppliers are expected to adhere to our Supplier Code of Conduct, and are encouraged to maintain strong sustainability programs.

## Supply chain governance

We have embedded responsible supply chain practices into our business processes to improve supply chain efficiency and to reduce risks to business continuity. Our Supplier Code of Conduct describes our expectations on key human rights issues, including the prevention of child and forced labor. These are consistent with the core tenets of the International Labor Organization's fundamental conventions and the United Nations' Universal Declaration of Human Rights.

Our comprehensive "Green Policy on Controlled and Reportable Substances for Parts and Materials" details the standards for all parts and materials that we purchase, use and prohibit in our products. This is applicable to our direct suppliers, contracted manufacturers and second-tier suppliers.

Our suppliers' compliance requirements also take the following key regulations and standards into account:

- The US Dodd-Frank Wall Street Reform and Consumer Protection Act
- The 2010 California Transparency in Supply Chains Act
- EU Restriction of the use of certain hazardous substances (RoHS)
- EU Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
- The Foreign Corrupt Practices Act (FCPA)
- The United Kingdom Bribery Act
- Organization for Economic Co-operation and Development (OECD) Guidelines
- International Organization for Standardization (ISO) 9001
- International Organization for Standardization (ISO) 14001
- Occupational Health and Safety Management Standard (OHSAS) 18000
- Electronic Industry Code of Conduct (EICC)

## Managing the supply chain

Our policy for "Management for Key Suppliers, Subcontract Manufacturers, Original Design Manufacturer (ODM) Suppliers, Test Centers and Order Fulfillment Centers" details the principles and processes we deploy for managing our supply chain. We train our supplier management teams for:

- The role of managers in engaging suppliers
- SanDisk Supplier Code of Conduct
- Human rights in the supply chain
- Monitoring compliance

## Key supplier code of conduct requirements

- Compliance with the law
- Rejection of corruption and unfair business practices
- No discrimination; prohibit unfair and inhumane treatment
- No use of forced or child labor
- Freedom to choose to join an association or collective bargaining
- Fair wages and benefits; no excessive overtime
- Safe and healthy work environment
- Compliance with the principles of SanDisk environmental management system
- Conformance to SanDisk Conflict Mineral Policy
- Management system supportive of SanDisk's Supplier Code of Conduct

## SanDisk supplier engagement process

- *Introduction and understanding of the Supplier Code of Conduct* - include the Supplier Code of Conduct in agreements with suppliers, follow up to ensure understanding of expectations and communicate changes as appropriate.
- *Supplier screening* - use the EICC due diligence tool for supply chain assessments.
- *Capability improvement support* - work closely with suppliers for performance improvements.
- *Site audits* - track and motivate performance and compliance through supplier scorecards.

## Supply chain audits

Our audits are designed to help suppliers enhance their capabilities. For suppliers that fall short, we guide them to take corrective actions and help them improve their performance.

Audits are conducted both by our supplier teams and external auditors. We use the standard protocol and audit tools developed by the EICC. In line with the latest EICC audit protocol, we are driving a criterion to measure how well our suppliers are monitoring their suppliers. We believe that these changes will help increase transparency and identify areas for improvement throughout the supply chain.

Reports of the audit are shared with our management and respective suppliers. We require our suppliers to develop corrective action plans for any identified issues.

## Summary of supply chain audit findings - strengths

- Good and responsive support for audits and assessments
- Existence of social responsibility systems in compliance with EICC requirements
- Social responsibility requirements being executed in day-to-day operations
- Good system performance on control of working hours
- High employee satisfaction

SanDisk continues to drive our supply chain to adopt EICC 4.0 in internal controls.

## Audit criteria

Criteria	Details
<b>General Code and Legal Compliance</b>	EICC; regulatory laws; SanDisk supplier code of conduct
<b>Labor</b>	Freely chosen employment; no child labor; working hours; wages and benefits; humane treatment; non-discrimination; freedom of association
<b>Ethics</b>	Business integrity and fair practices; disclosure of information; intellectual property; responsible sourcing; non-retaliation
<b>Health and Safety</b>	Occupational health and safety; emergency preparedness; industrial hygiene; machine safeguards; food and sanitation
<b>Environment</b>	Environment permits and reporting; pollution prevention and resource reduction; hazardous substances; waste management; air emissions; product content restrictions
<b>Management</b>	Company commitment; management accountability and responsibility; legal compliance; risk management; training; employee communication; audits and assessments; supplier responsibility



# People and Practices

*Dignity. Respect. Integrity.*

## SanDisk's total rewards components

- Competitive market-driven and performance-based pay
- Comprehensive health coverage
- Long-term savings packages
- Employee stock purchase plan
- Time-off policies
- Health and wellness benefits
- Employee support programs
- Development and career progression opportunities
- Flexible work practices
- A positive work environment
- Recognition of achievements

Our Employee Value Proposition focuses on making SanDisk a great place to work for our employees. We emphasize an inclusive, collaborative culture and a work environment that values innovation.

## Working together with dignity and respect

We recognize that collaboration, innovation and creativity are vital to a motivated workforce. In working with dignity and respect, we nurture these attributes in our employees and external stakeholders by promoting open communication, fostering a culture of listening and creating a diverse and inclusive working environment.

Employees are free to interact with executive leadership and engage on our strategy and goals, and are kept informed of company news and information. Openness, transparency and courtesy are the building blocks for our corporate culture and we hold candid dialogues and respond respectfully to questions and concerns.

We respect the rights of employees to freely and voluntarily associate as they choose, free of harassment and intimidation. We believe in fair compensation and prohibit forced, bonded, indentured, involuntary or child labor, slavery, or human trafficking.

## Safe and healthy work environment

Our Health and Safety Program aims to identify and reduce the risk of injury and illness across our operations through standardized health and safety processes

that are monitored for compliance and effectiveness. We work diligently to minimize employee exposure to potential safety hazards through engineering and administrative controls, personal protective equipment, and preventive maintenance. We take a proactive approach to addressing potentially dangerous situations and implement controls to reduce their likelihood and impact.

Our Facility and Risk Management teams are responsible for the protection of our company's employees, property and information in the event of an emergency. They conduct periodic Incident Management Drills to monitor our readiness to respond to a crisis. This team also provides timely information to employees and their families as well as other stakeholders. In the event of an onsite emergency, our response team dispatches volunteer employees who are trained to be first responders to a variety of emergency situations like helping with building evacuations, administering first aid, etc.

We also offer wellness programs to our employees worldwide to create a culture of health and wellbeing. Our wellness programs provide employees with opportunities to participate in health assessments, lifestyle management programs, health coaching and fitness events. Our employees and their immediate families have access to a range of health benefits to help them in times of need, including quality healthcare, disability and life insurance as well as time away from the office. We also provide our employees with travel-related benefits to keep them safe during business travel.

## Commitment to ethical conduct

We are committed to lawful conduct in both the spirit and letter of the laws and regulations that govern our business throughout the world. We share our core value systems with our stockholders, fellow employees and business partners, values that equate the name "SanDisk" with leadership, excellence, accountability and trustworthiness.

Employees are encouraged to report actual or suspected violations of our code of conduct. Ethics Hotline and EthicsPoint are two simple tools that are available round-the-clock to facilitate anonymous reporting. We adhere to the strictest standards of confidentiality and non-retaliation in handling such reports.

## Commitment to employees

### Equal employment opportunity

Through every stage of the employee life-cycle all individuals are treated equally and have equal opportunities to succeed, regardless of race, gender, disability, sexual orientation, veteran status or any other under-represented minority status.

## Training and development opportunities

We offer a range of learning programs for management, technical and professional development. From Day One induction throughout an employee's career progression, our employees are immersed in a world of knowledge and skills dissemination, both at an individual and a team level.

We offer learning programs through Web-based training, virtual classes and rich media on demand. Through a diligent method of receiving and recording employee feedback, we improve our knowledge repository. In addition to formal training programs, we provide stretch assignments and job rotation options to give employees opportunities to build new skills and experiences, while simultaneously fulfilling short-term organizational needs.

Managers and employees meet periodically to set performance, development and career goals, and to discuss progress as part of our performance management process.

### Employee rewards and recognition

We design our rewards programs to attract, retain and motivate the right people, in the right place, at the right time. We review our rewards programs annually to ensure that they remain competitive with local industry practices.



## Institutional Recognitions

*Commitment. Honor. Humility.*

We are humbled to see our commitment to corporate and social citizenship recognized by many notable institutions—local, national and international. It strengthens our determination to make **a positive impact** on the lives of people around us.

### 2012 China's Golden Bee Ecological Civilization Award

This committee recognizes companies in China that demonstrate a commitment to addressing environmental-impact issues. Our recognition was based on our achievements of the four-year (2009-2012) energy-saving project at SanDisk's Shanghai factory. These included:

- An improved product manufacturing process that lowered electricity consumption by 385,000 kilowatt-hours per year
- Our chilled-water energy-saving system lowered electricity consumption by 2.5 million kilowatt-hours per year
- Reduction of our product manufacturing cycle time by 63%, thus saving 200,000 kilowatt-hours per year of electricity

### 2012 and 2013 Brass Ring Award

This recognition, instituted by Second Harvest Food Bank, recognizes our long-standing philanthropic support. We are one of only eight Bay Area companies who have received the award. The SanDisk Foundation and our employee volunteers were recognized for financial donations and for finding creative ways to help Second Harvest meet its food service needs.

### 2012 and 2013 Golden Peacock Global Award for corporate social responsibility

This India-based institution recognized us for our organizational excellence worldwide in environmental leadership, quality, training, employee health and safety and social responsibility issues.

### The Maala recognition for corporate social responsibility – 2010, 2011 and 2012

We achieved the Maala recognition for Corporate Social Responsibility for the third year in a row, and received Maala's highest rating of "Platinum Plus" for the second time.

In Maala's evaluation of publicly traded companies, private companies, government entities and companies traded abroad, we received a leading score based on our practices in the five major categories of business ethics, workplace, community investment, environment and corporate governance.

### Top 10 corporate donor

Our global philanthropic contributions of more than \$6 million and our local contributions of \$3.7 million have once again placed us in the top 10 (#6) of the top 50 corporate philanthropists in Silicon Valley, as ranked by the *Silicon Valley/San Jose Business Journal*. We have made the list for each of the past four years.

### "Most improved company" on conflict minerals issue

We were recognized by the 'Enough Project', part of the nonprofit organization Center for American Progress, as one of the Top 3 companies, and the most improved company, in efforts to limit the use of "conflict minerals" in its products.

### "Corporation of the Year" award—UNCF

We were named "Corporation of the Year" by the United Negro College Fund (UNCF) for our SanDisk Scholars Program. SanDisk was honored at the nonprofit organization's inaugural Masked Ball in Oakland, California.

This award recognizes the achievements and contributions of individuals and groups who have advanced UNCF's mission and vision of a nation where all Americans have equal access to college education that prepares them for rich intellectual lives, competitive and fulfilling careers, engaged citizenship and service to the nation.

## About this report

Being a responsible corporate citizen is an essential part of who we are as a company. Giving back to society is a belief and credo that we commit ourselves to. We believe that being socially and environmentally responsible is important for our people, community, planet and the long-term sustainability of our business.

This report uses a framework of five core pillars and covers our approach and progress around each of them in conformance with the Electronic Industry Code of Conduct (EICC);

1. Governance and Ethics
2. Environment
3. Community
4. Supply Chain
5. People and Practices

Along with additional information available on our website, it summarizes our corporate responsibility performance as of December 31, 2013. The data in this report and collection methodology is internally reviewed. We have held stakeholder engagement sessions with thought leaders to assess our CSR performance and reporting. We engaged with nonprofit and nongovernmental organizations, advocates and experts to gather their views on specific issues throughout the period.

This report is available and can be downloaded from our website at <http://www.sandisk.com/about-sandisk/corporate-responsibility/>

To help us improve reporting and ensure transparency, we welcome your feedback.

Please email us at [socialresponsibility@sandisk.com](mailto:socialresponsibility@sandisk.com)

# SanDisk®

At SanDisk, we're expanding the possibilities of data storage. For more than 25 years, SanDisk's ideas have helped transform the industry, delivering next generation storage solutions for consumers and businesses around the globe.

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