



**nvidia.**

# **2017** SUSTAINABILITY REPORT

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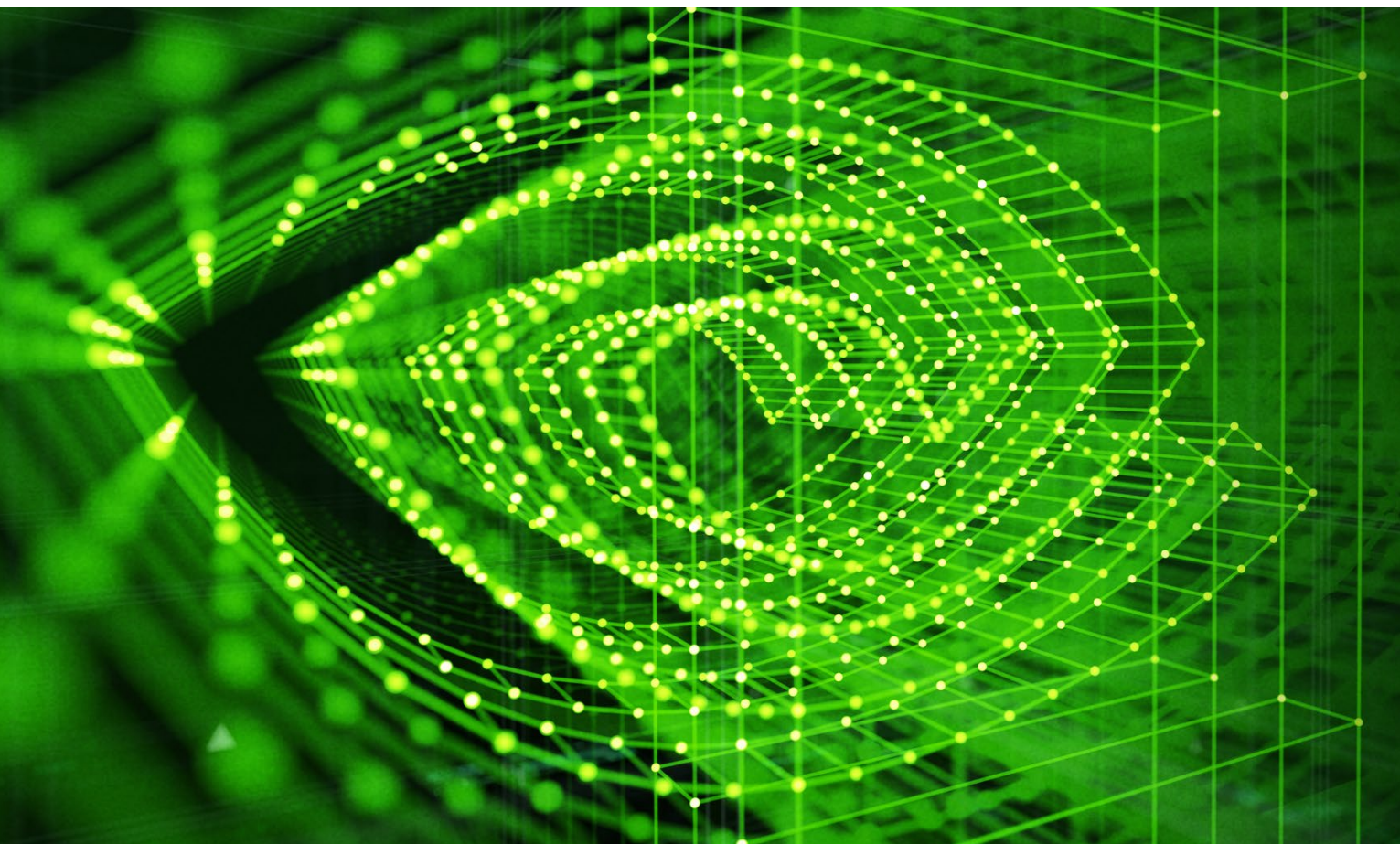
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# 01

## EXECUTIVE LETTERS



# LETTER FROM OUR CEO



We pioneered a supercharged form of computing loved by the most demanding computer users in the world — scientists, designers, artists, and gamers. NVIDIA GPU computing has become the essential tool of the Da Vincis and Einsteins of our time. And it's the most productive and pervasive platform for the biggest technology development in decades — artificial intelligence (AI).

AI, the use of computers to simulate human intelligence, amplifies our cognitive abilities — letting us solve problems where the complexity is too great, the information is incomplete, or the details are too subtle and require expert training. Reignited by the convergence of deep learning algorithms, the availability of massive amounts of data, and the parallel processing capabilities of the GPU, AI is on the verge of revolutionizing every industry.

In healthcare, AI is transforming the spectrum of care, from detection to diagnosis to treatment. GE Healthcare has reinvented the echocardiogram machine by embedding GPU-powered AI in its Vivid E95 system. With a tested accuracy of 98 percent, the latest system promises to shave half of the time it takes clinicians to perform echocardiograms and will create new levels of consistency among operators with varying skill levels.

Brain tumors can be spotted by today's MRIs, but determining treatment requires highly invasive brain biopsies to reveal the tumor's genomic makeup. Mayo Clinic used GPU-powered deep learning to discover that genomic data can also be found in MRIs, hidden from traditional analysis methods.

It typically takes \$1.5 billion and 10-15 years to bring a drug to market; startup Deep Genomics is tackling the costly and time-consuming field of drug development with deep learning.

AI will also revolutionize transportation. Autonomous vehicles will allow us to not only transform our transportation systems, but the design of our cities and suburbs. In the U.S., there are 800 million parking spaces for 250 million cars. A more intelligent system will allow us to be dramatically more efficient in our use of the environment. Truckers drive 280 billion miles per year in the U.S. Augmenting the largest vehicles with intelligent systems will make the job of driving, as well as our roads, safer.

Toyota recently joined some 225 companies around the world that have adopted the NVIDIA DRIVE PX platform for autonomous vehicles. They range from car companies and suppliers, to startups and research organizations.

Traditionally, high performance computing has been an essential tool in solving the grandest challenges of science and technology. Now AI holds enormous promise to recharge this industry and reset the bounds of what it can achieve, especially as computational science and data science are interwoven to harness the power of each.

Fujitsu is building a supercomputer for deep learning research based on 24 NVIDIA DGX-1 systems, our AI supercomputer in a box. The machine will be used to tackle complex challenges in healthcare, manufacturing and public safety. Tokyo Tech's Tsubame 3.0, Japan's fastest AI supercomputer, will also be built on the NVIDIA computing platform.

These are just some examples across a few industries. Soon, trillions of devices will be infused with intelligence. AI will spur a wave of social progress unmatched since the industrial revolution. We, at NVIDIA, fully recognize the profound impact of our work and are doubling down on our efforts to make the most of this once-in-a-lifetime moment.

A stylized black ink signature of Jensen Huang.

**Jensen Huang**  
CEO & Co-Founder



# LETTER FROM OUR EVP, OPERATIONS



The world wants and needs innovative products that improve lives through technology, and NVIDIA is fully engaged in bringing these to market. But that's only half the story. To thrive in today's increasingly complex world, it is imperative that we practice social and environmental responsibility throughout our organization.

Consumers and businesses that care about climate change and resource conservation have shown us that they not only value our inherently energy-efficient products. They also support our efforts to integrate resource efficiency and respect for global human rights into our operations.

Individuals throughout NVIDIA guide our approach to corporate sustainability by identifying priority issues, integrating feedback from key external stakeholders, and aligning with our executives and board of directors on risks and opportunities.

We have established three primary objectives that guide our sustainability strategy:

- › Operational efficiency and excellence
- › Employee recruitment and retention
- › Risk and reputation management

Within these objective areas, we focus on the following initiatives:

- › Minimizing risk in our supply chain
- › Increasing employee diversity and inclusion
- › Responding to increasing calls from investors to provide performance data and transparency around the corporate responsibility issues most important to NVIDIA and stakeholders

We continue to adhere to the Global Reporting Initiative in our disclosures and reporting processes. This year, we have begun to align our social impact efforts with the United Nation's Sustainable Development Goals.

In this, our eighth Sustainability Report, we discuss our priority issues and 2016 performance. You'll learn how we are addressing these issues to meet the expectations of a broad variety of stakeholders while becoming a better managed, more efficient company. We do this through commitments to:

- › Design products that maximize performance and minimize energy use
- › Enable innovation globally and support the developers who use our products
- › Manage our suppliers from a social, ethical and environmental perspective
- › Increase employee diversity and inclusiveness by hiring and developing women and minorities in technology and investing in a future workforce of diverse youth
- › Evaluate emerging risks and opportunities continuously related to growing our brand
- › Set goals and carefully monitor our progress toward them

You will also learn about our progress in key areas last year, when we:

- › Expanded our diversity and inclusion efforts by rolling out new recruiting and performance initiatives focused on decreasing unconscious bias

- › Implemented a performance-based award system for suppliers that includes their active efforts to improve social and environmental performance
- › Achieved recognition in significant recruiting rankings, such as Fortune's Best Places to Work, and continued our performance in the Dow Jones Sustainability Index and Carbon Disclosure Project

Our ability to address these and other challenges will enable us to continue to increase our operational effectiveness, attract and retain top talent, manage our risk, and bring greater long-term value to customers, investors, and other stakeholders.

We made progress this year, but we have more work to do. Continuing to push the limits of what's possible is embedded in our DNA. We understand that only by partnering with our customers, employees, suppliers, and investors will we be able to shape the kind of future we envision for coming generations.

Sincerely,

**Debora Shoquist**

EVP, Operations, NVIDIA

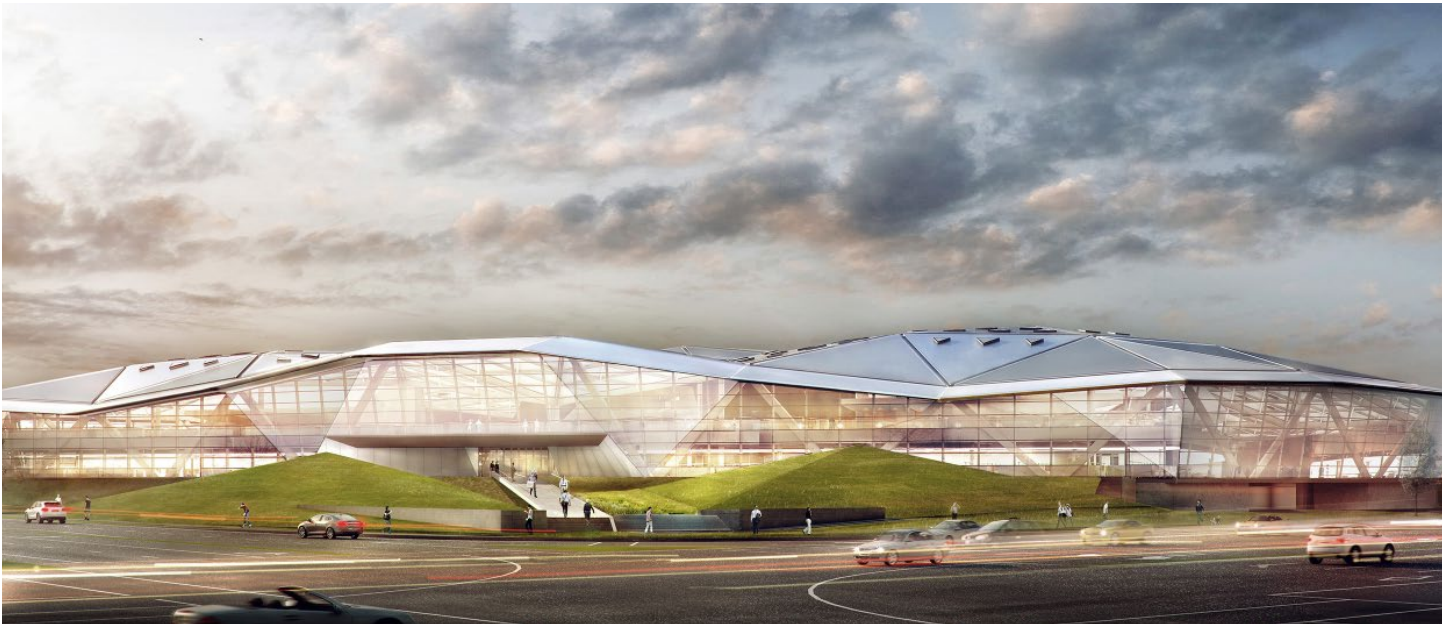


02

# ABOUT NVIDIA



# INTRODUCTION



Founded in 1993 with a focus on PC graphics, NVIDIA invented the GPU to solve some of the most complex problems in computer science. We have extended our emphasis in recent years to the revolutionary field of artificial intelligence, or AI.

A core belief in excellence and mastery unites all of us at NVIDIA. It is the power source that lets us tackle global challenges and move the world forward. Self-learning machines and self-driving cars were once the stuff of science fiction, but today our engineers are actively engaged in bringing these and other technologies to market. We are passionate about exploring new universes and enabling amazing creativity and discovery.

NVIDIA is headquartered in Silicon Valley, Calif., and has more than 40 offices around the world. We employ more than 10,000 people and continue to attract some of the best minds in the industry. Our employees' drive fuels our work.

## NVIDIA HAS RECENTLY BEEN RECOGNIZED IN SUCH LISTS AS:

**FAST COMPANY**  
Most Innovative Companies

**FORTUNE**  
100 Best Companies to Work For  
World's Most Admired Companies

**YAHOO FINANCE**  
Company of the Year - 2016

**FORBES MAGAZINE**  
JUST 100 List of America's  
Best Corporate Citizens

**MIT TECH REVIEW**  
50 Smartest Companies

**HUMAN RIGHTS WATCH**  
Corporate Equality Index

## HONORS

### HARVARD BUSINESS REVIEW

Named our CEO, Jensen Huang, as one of the world's best performing CEOs

### DOW JONES SUSTAINABILITY INDEX

NVIDIA is a member

### BARRON'S

Named our CEO, Jensen Huang, as one of the world's best performing CEOs

## COMMUNITY ENGAGEMENT

**\$3 MILLION**  
in giving

**14,000+**  
volunteer hours

**89,000**  
youth reached

## NVIDIA PRODUCTS

We apply our deep expertise and significant scale to large growth markets where our specialty is greatly valued: gaming, professional visualization, datacenter, and automotive. For each market, we offer a tightly integrated platform of processors, software, algorithms, system architecture, and services, including:



### NVIDIA GeForce GTX

NVIDIA GeForce GTX, our GPU brand for PC gamers, is the world's largest gaming platform, with 200 million users.



### NVIDIA SHIELD Android TV

Changes the way people enjoy entertainment at home, delivering video, music, apps, and amazing games in 4K.



### NVIDIA GeForce NOW

Game-streaming service — a “Netflix of games” — allows gamers to connect their SHIELD devices to a GeForce-powered supercomputer in the cloud.



### NVIDIA DRIVE

Car computers power the digital cockpits, infotainment systems and advanced driver assistance systems of some of the world's most innovative cars, including models from Audi, BMW, Honda and Tesla. NVIDIA DRIVE also gives automakers the power to develop AI systems that enable cars to see, learn, adapt, and improve, paving the way toward self-driving cars.



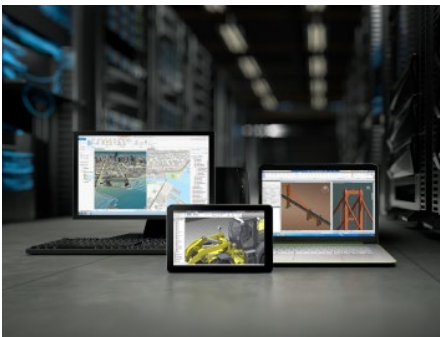
### NVIDIA Tesla

Is a GPU-accelerated computing platform that provides parallel processing capabilities to scientists and researchers to do groundbreaking work in areas as diverse as earthquake research and cancer detection. Tesla GPUs have been broadly adopted in deep learning, a branch of artificial intelligence in which machines are trained to recognize images, text and speech across a variety of applications.



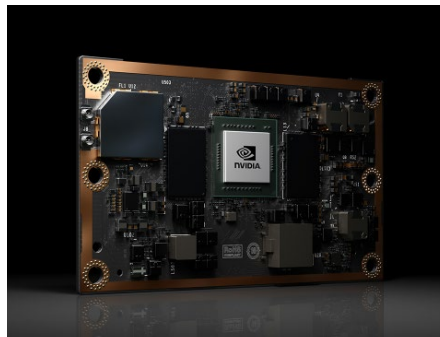
### NVIDIA Quadro

Is the preeminent platform for professional artists engaged in everything from industrial design to advanced special effects. NVIDIA Iray rendering technology brings physically based rendering capabilities to millions of designers who build the products we use every day, from cars to skyscrapers.



### NVIDIA GRID

Virtualized graphics technology provides enterprise workers who use design tools the flexibility, security, and efficiency of the cloud.



### NVIDIA Jetson

Brings deep learning and artificial intelligence to the world of robots and drones, enabling autonomous machines to learn on their own.



# GOVERNANCE AND ETHICS

NVIDIA and its board of directors are committed to operating under sound principles of corporate governance and upholding the highest ethical standards. In this section, we detail our approach to running our business.

## GOVERNANCE

Our charters, codes of conduct, and policies define our corporate governance, promote the interests of our stockholders, and establish common expectations within our company.

We have 12 directors on our board and three board committees (Audit, Compensation, and Nominating and Corporate Governance). As of April 2017, 11 of our 12 directors (92 percent) are independent, which exceeds the majority threshold required by NASDAQ. Independence is determined by heightened compliance with NASDAQ rules on director independence. The sole exception is Jensen Huang, our president and chief executive officer. Our Bylaws and corporate governance policies permit the roles of chairperson of the board and CEO to be filled by the same or different individuals, which provides the board flexibility in determining what is best for the company. At this time, NVIDIA has a lead director, William J. Miller, rather than a chairperson of the board.

In fiscal year 2017, all directors attended at least 75 percent of board and committee meetings on which they served.

Our corporate governance practices are rated by external organizations such as Institutional Shareholder Services (ISS). According to ISS, as of April 2017, NVIDIA's overall Governance QuickScore was 6, based on the following components: Audit (1), Board Structure (6), Compensation (6), Shareholder Rights (6). These scores indicate decile rankings relative to a particular index or region determined by ISS. A decile score of 1 indicates lower governance risk and a score of 10 indicates higher governance risk.

## Executive Compensation

Our compensation program is designed to attract, motivate and retain a high-caliber executive team, and we pay for performance. A significant portion of executive compensation is based on our corporate performance.

We administer our compensation program using a rigorous process that includes reviewing peer group practices, seeking advice from an independent compensation consultant (reporting directly to the Compensation Committee, not to the company), and applying long-standing, consistent practices with respect to the timing of equity grants.

### GOVERNANCE SNAPSHOT

11  
of our 12 board members  
are independent

### DECLASSIFIED BOARD STRUCTURE

and all board members  
serve one-year terms

### INDEPENDENT DIRECTORS

compose our board's audit,  
compensation, and nominating and  
corporate governance committees

### MAJORITY VOTE

practices have been adopted voluntarily

### SUCCESSION PLANNING

for the position of Chief Executive  
Officer is in place

### ANNUAL PERFORMANCE EVALUATION

of board and board committees

### PUBLIC DISCLOSURE OF

- > director nomination process
- > approach to board diversity
- > committee charters
- > governance policies

18.2%

of our independent board members  
are female

25%

of our board members are minorities

## Compensation Recovery Policy

NVIDIA's compensation recovery policy contains clawback provisions that state that if we are required to prepare an accounting restatement



Watch five long-time NVIDIA'Ns talk about the company's core values and why they are important to us.

to correct an accounting error on an interim or annual financial statement included in a report on Form 10-Q or Form 10-K due to material noncompliance with any financial reporting requirement under the federal securities laws, and the board or a committee of independent directors concludes that our CEO or CFO had received a variable compensation payment that would not have been payable if the original interim or annual financial statements reflected the restatement, our CEO or CFO shall disgorge to NVIDIA the net after-tax amount of such variable compensation payment.

To learn more about our executive compensation practices, please see our [proxy materials](#).

## Internal Control

NVIDIA's Sarbanes-Oxley Compliance Group is responsible for evaluating the effectiveness of the company's disclosure controls and procedures, and internal control over financial reporting. Based on their evaluation as of January 29, 2017, our management has concluded that our disclosure controls and procedures were effective in providing reasonable assurance and that our internal control over financial reporting was effective. For more information, please visit our [FY2017 10-K](#), Item 9A.



## ETHICS

We believe that the integrity with which we conduct ourselves as individuals and as an organization is key to our ability to running a successful, innovative business and maintaining our reputation. We expect our directors, executives, and employees to conduct themselves with the highest degree of integrity, ethics, and honesty.

Our [Code of Conduct](#) applies to all our executive officers, directors, and employees. In addition, we have established a [Financial Team Code of Conduct](#) that applies to our executive officers, directors, and members of our finance, accounting, tax, and treasury departments. Both documents can be found in the [Investor Relations](#) section of our website under [Corporate Governance](#). If we make any amendments to either code, or grant any waiver from a provision of either code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website.

Our codes do not permit engaging in transactions or activities that are a conflict of interest. When entering purchase requisitions, employees must certify that they don't have a conflict of interest. To better protect the company and our stockholders,

we regularly review our codes and related policies to ensure that they provide clear guidance to our directors, executives, and employees.

Our corporate hotline, which is operated by an independent third party, allows any employee to confidentially and anonymously lodge a complaint about any accounting, internal control, auditing, Code of Conduct, or other matter of concern (unless prohibited by local privacy laws for employees located in the European Union). Using an external organization to operate the hotline enhances our employees' comfort level with anonymous reporting.

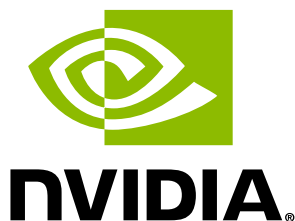
Employees are encouraged to report suspected conflicts of interest to their manager or human resources representative or through the hotline. We have a strict "no retaliation" policy regarding reports of activities that run counter to our ethical expectations.

If an employee is found to have violated either the Code of Conduct or the Financial Team Code of Conduct, we take appropriate actions up to and including termination of employment.

All NVIDIA employees receive ethics and sexual harassment training. Our goal is for all employees globally to receive our [Code of Conduct](#) training, which covers environmental and social responsibility issues, within 30 days of starting with the company.

As of February 2017, 99 percent of employees had completed this training. Ninety-six percent of employees who have frequent contact with customers, partners, and suppliers (such as those in sales, finance, and procurement) have completed additional global anti-bribery and anti-corruption training.

# CULTURE, CODE, AND VALUES



## CORE VALUES



### INNOVATION

**Dream big, start small. Take risks, learn fast.**

We endeavor to create products and services that delight customers and raise industry standards. We encourage employees to innovate, but to be guided by first principles rather than industry consensus. We know that our path to discovery will be paved with occasional mistakes. We anticipate and avoid the ones we can. We accept, learn from, and share the ones that occur. This allows us to build products and services that people sometimes don't yet know they need, and that shape the industry.



### ONE TEAM

**Do what's best for the company.**

We foster an environment of transparency, openness, and collaboration — one that motivates our employees and empowers them to work as a single, integrated team. We disagree openly and directly, because conflict is essential to resolving differences, improving ideas, and achieving alignment. Our focus is on substance, not on style. By putting the interests of the company before our own, we can more easily align around and accomplish NVIDIA's vision.



### INTELLECTUAL HONESTY

**Seek truth, admit mistakes.**

We operate at the highest ethical standards. We seek to accurately know ourselves and our capabilities, acknowledging our weaknesses and learning from our mistakes. The sharpest understanding of reality improves our work. Identifying the origins of mistakes is not about blame, but rather is essential to learning and constant improvement. We say what we believe, and have the courage to act on it.



### SPEED AND AGILITY

**Adapt to a fast-changing world.**

We adjust our internal priorities to match external reality. This lets us create groundbreaking products at astonishing speed. No politics, no hierarchy stands in the way of inventing the future.



### EXCELLENCE AND DETERMINATION

**Hold ourselves to the highest standards.**

We hire extraordinarily talented individuals across the globe — people who are determined to make a difference — and we challenge them to do their best work. We measure ourselves not against the competition, but against perfection. We call this the speed-of-light test. We treat each other with candor and respect, and strive for excellence in whatever we do.

For more than two decades, we have been pushing the boundaries of what's possible in the world of parallel computing. We have succeeded because we are focused and passionate about what we do. We have committed to technology leadership and strive to operate at the highest levels of achievement. We aspire to remain nimble and willing to reinvent ourselves so we can continue to create exciting new capabilities for our customers.

Our regular employee survey tells us that our employees feel great pride in the company — 94 percent say they are proud to work here. Our corporate culture arises from five core values that provide the foundation for success.

These values create workplaces where innovation thrives and mistakes are transformed into opportunities.

## OUR CODE

We believe that high performance must be grounded in integrity, and so our professional relationships are guided by a set of standards we call [Our Code of Conduct](#).

These principles govern how we act toward customers, competitors, partners, vendors, government regulators, stockholders, fellow employees, and the larger community.





# SUSTAINABILITY SNAPSHOT



**\$6.91**  
BILLION IN REVENUE  
(up 38% from a year ago)



**10,299**  
EMPLOYEES



## WORKFORCE

**96%**

believe NVIDIA is doing challenging, groundbreaking work

**94%**

of employees are proud to work at NVIDIA

**5.8%**

voluntary turnover rate (versus industry average of 9.7%)

**47%**

of promoted employees were from minority classes

**5,400**

internship applicants

**791**

internship positions awarded



## INCLUSION

**100%**

rating on the Human Rights Watch Corporate Equality Index

**10,000**

diverse candidates reached



## GENDER STATISTICS

**15.9%**

female managers

**12.9%**

females in technical roles

**23.7%**

of FY17 hires were women

**18.4%**

females globally

**11.8%**

female leaders

**18.2%**

female outside directors



## COMMUNITY

**\$2.97 MILLION**

donated to charities

**90%**

of offices engaged in giving activities

**42%**

of employees engaged in volunteer activities

**90%**

of employees are proud of NVIDIA's contribution to the community.

**17,000**

hours volunteered by employees

**89,000**

youth reached through our programs



## ENVIRONMENT

**76%**

of our waste was diverted from landfills

**18%**

reduction in water use over the past two years

**12.7%**

decrease in greenhouse gas emissions per headcount compared to FY14 baseline

**87%**

virtualization rate for corporate computing systems



## PACKAGING

**20%**

reduction in pallet usage due to packaging reconfiguration

**2X**

the number of consumer units we can fit on a pallet after packaging improvements



## SUPPLY CHAIN

**100%**

response rate of suppliers for Conflict Minerals Reporting Template

**95%**

conflict-free for all products based on spend

# 2016/2017 AWARDS AND RECOGNITION



**Most Innovative Companies  
of 2017**  
Fast Company



**America's Best Employers**  
Forbes



**100 Best Companies to  
Work For**  
Fortune



**100 Best Corporate Citizens**  
CRO Magazine



**JUST 100 List of America's  
Best Corporate Citizens**  
Forbes



**World's Most Admired Companies**  
Fortune



**Fifty Smartest Companies**  
MIT Tech Review



**World's Best Performing CEOs**  
Harvard Business Review



**Employee's Choice:  
High-Rated CEOs**  
Glassdoor



**Best Places to Work  
for LGBT Equality**  
Human Rights Campaign



**Company of the Year 2016**  
Yahoo Finance



**2016 Green Rankings**  
Newsweek



**PACE Award**  
Automotive News



**Member**  
Dow Jones Sustainability Index



**Tribute to Women**  
YWCA Silicon Valley

This is a partial list providing only highlights.

03

## OUR PRIORITIES





# LISTENING TO STAKEHOLDERS



With the goal of understanding the issues that mean the most to NVIDIA and our stakeholders, we engage each year in a multi-level process of internal and external engagement. To inform our reporting objectives, we evaluate and analyze the issues that our stakeholders tell us are most important to them, separately assess our enterprise risk and corporate responsibility priorities, and combine the results on a matrix. This process allows us to identify the key issues to address in this annual sustainability report. We execute several initiatives each year related to our priorities. These initiatives provide varying levels of return, according to the business goals assigned to each.

In determining our priorities and the content for this report, we apply the four core principles set forth in the Global Reporting Initiative GRI G4 Guidelines. We also participate in external stakeholder efforts such as the Dow Jones Sustainability Index, various “best place to work” ratings, and employee surveys to keep our stakeholders engaged, demonstrate progress, and receive constructive feedback.

In 2016, we began keeping NVIDIA’s board of directors informed about our corporate responsibility priorities, and the objectives and strategies we are using to address them. We will continue to assess, track, and communicate our performance on the issues that are the highest priority from both internal and external perspectives.

## ASSESSING STAKEHOLDER PRIORITIES

In 2016, we conducted an in-depth stakeholder analysis by reviewing more than 30 external source documents, including:

- › Community giving surveys
- › Competitors’ reports
- › Customer contracts/guidelines
- › Disclosure standards, such as the GRI G4 Sustainability Reporting Guidelines
- › Employee survey feedback
- › Exit interviews
- › Industry and trade association research/forecasts
- › Investor queries and analyses
- › Ratings and rankings questionnaires
- › Regulatory requirements
- › Trade organizations’ codes of conduct

This table represents our stakeholders’ perceptions of issues included in this year’s analysis:

Stakeholder Score	Issue*
Very High	Supply Chain Management
	GHG Emissions and Climate Change
	Talent Strategy
	Innovation
	Supplier Working Conditions
	Diversity and Inclusion
	Energy
High	Water
	Employee Satisfaction
	Product Security
	Competitiveness
	Community Engagement
	Social and Environmental Impact of Products
	Business Continuity
Medium	Employee Health and Safety
	Ethical Conduct
	Corporate Governance
	Waste
	Materials Availability
	Cybersecurity
	Transparency
Low	Public Policy Engagement
	Recycling and E-waste
	Supplier Environmental Management
	Customer Relations
	Product Safety
	Compliance
	Facilities Management
	Transport and Logistics
	Anti-corruption

\* Listed by score on the matrix.

## ASSESSING COMPANY PRIORITIES

To arrive at our internal priorities and ensure that our leadership's views are reflected in the analysis, we conduct individual interviews with our executive team. We also evaluate the risk factors identified in reports filed with the Securities and Exchange Commission, and in enterprise risk discussions with NVIDIA executives.

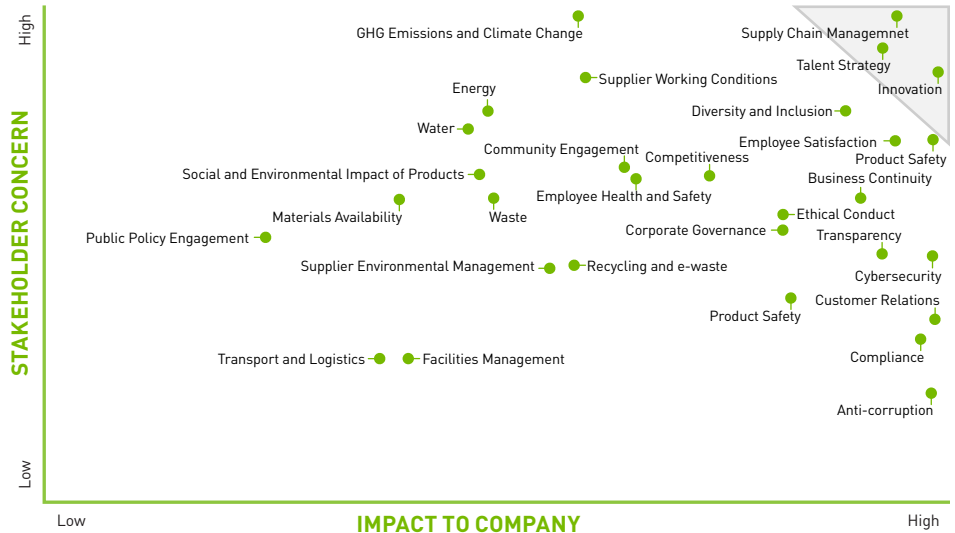
The chart below represents issues important to NVIDIA, ranked according to their prevalence in company documentation, the relevance accorded to them during structured executive interviews, and the extent and urgency of potential associated impacts.

Company Score	Issue*
Very High	Innovation
	Customer Relations
	Product Security
	Anti-corruption
	Compliance
	Employee Satisfaction
	Supply Chain Management
High	Cybersecurity
	Talent Strategy
	Transparency
	Business Continuity
	Diversity and Inclusion
	Product Safety
	Ethical Conduct
	Corporate Governance
Medium	Competitiveness
	Employee Health and Safety
	Community Engagement
	Supplier Working Conditions
	GHG Emissions and Climate Change
	Recycling and E-waste
	Supplier Environmental Management
	Energy
	Waste
	Social and Environmental Impact of Products
Low	Water
	Facilities Management
	Materials Availability
	Transport and Logistics
	Public Policy Engagement

## MAPPING COMBINED PRIORITIES

We mapped the results of these analyses on a matrix to highlight the most important issues from the perspective of our internal and external stakeholders. The matrix includes the entire list of issues considered for inclusion in the analysis.

The issues with the highest priority are shown in the top right quadrant (shaded triangle).



The table below shows our three sustainability objectives mapped to priority issues.

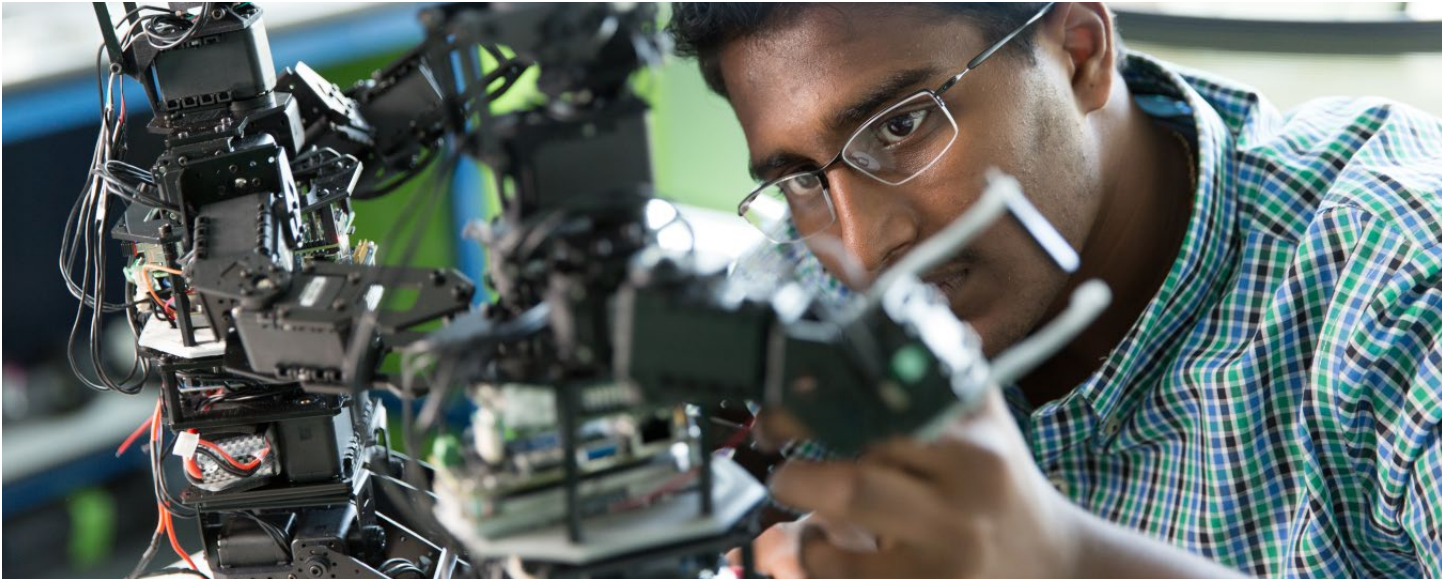
Sustainability Objective	Links to Priority Issues
Drive operational efficiency and excellence	Innovation, Supply Chain Management
Strengthen hiring and retention	Innovation, Talent Strategy
Manage corporate responsibility risks and reputation	Innovation, Supply Chain Management, Talent Strategy

## OUR PRIORITY ISSUES

Here is the result of our 2017 priorities assessment:

Issue	Description
Innovation	Ability to innovate products, services, and/or operational practices, including through company investments in research and development — encompasses issues related to the protection of intellectual property
Supply Chain Management	Policies and practices related to overall supply chain management, including auditing
Talent Strategy	Attracting and retaining employees, initiatives to develop the talent pipeline, employee awareness programs, university partnerships

\* Listed by score on the matrix.



## Innovation

*A priority issue for NVIDIA, shareholders, customers, and employees*

The drive to innovate brought NVIDIA into being. From our inception, we have been known, in part, for bringing information to life through computer graphics.

Our invention of the GPU introduced the world to the power of programmable graphics. Our subsequent invention of CUDA has enabled the massively parallel processing capabilities of GPUs to be harnessed to accelerate general purpose computing. We have extended our focus in recent years to the revolutionary field of artificial intelligence (AI).

About 21 percent of our revenue in fiscal 2017 (\$1.46 billion) funded research & development activities. In total, we have invested more than \$13 billion in R&D since our inception, yielding thousands of patent assets, including inventions essential to today's leading-edge computing.

NVIDIA delivers value to its customers through PC, mobile, and cloud architectures. Vertical integration enables us to bring together hardware, system software, programmable algorithms, libraries, systems, and services to create unique value for the markets we serve. We specialize in markets in which GPU-based visual computing and accelerated computing platforms can provide tremendous throughput for applications.

Our two reportable segments — GPU and Tegra Processor — are based on a single underlying graphics architecture. From our proprietary processors, we have created specialized platforms that target the four large markets where our expertise is critical: gaming, professional visualization, datacenter, and automotive.

Our GPU product brands are aimed at specialized markets, including GeForce for gamers; Quadro for designers; Tesla and DGX for AI data scientists and big data researchers; and GRID for cloud-based visual computing users. Our Tegra brand integrates an entire computer onto a single chip, and incorporates GPUs and multi-core CPUs to drive supercomputing for mobile gaming and entertainment devices, autonomous robots, drones, and cars.

We continuously assess whether and where to seek formal protection for particular innovations and technologies, based on such factors as the commercial significance of our operations and our competitors' operations in particular countries and regions, the location in which our products are manufactured, our strategic technology or product directions in different countries, and the degree to which intellectual property laws exist and are meaningfully enforced in different jurisdictions.

## Supply Chain Management

*A priority issue for NVIDIA, customers, and nongovernmental organizations*

We do not directly manufacture the semiconductor wafers or printed circuit boards used in our products, nor do we manufacture the company's branded devices. We work with world-class suppliers for all phases of the manufacturing process, including wafer fabrication, assembly, testing, and packaging. We also contract with manufacturers to build, test, and distribute our branded devices. We closely manage our supply chain to continue delivering innovative products in a social and environmentally conscious manner.

We drive several of our supply chain initiatives through participation in the [Electronic Industry Citizenship Coalition \(EICC\)](#) and strive to go beyond

EICC compliance. We have adopted the EICC Code of Conduct and integrated its elements into our program, including auditing critical suppliers and conducting internal assessments to ensure that we address all aspects of responsible supply chain management. We also comply with the EICC's guidance regarding stakeholder grievances related to our social or environmental performance.

In [Supplier Responsibility](#), we cover in detail several areas that are material to NVIDIA and our performance in these areas. These include safe working practices, auditing, water, carbon footprint, and conflict minerals. We also participate in organizations focused on issues relevant to Supplier Responsibility, such as the [Public-Private Alliance for Responsible Minerals Trade](#) and the [Association Connecting Electronics Industries](#).



NVIDIA has been a member of the EICC since 2007.





## Talent Strategy Management

*A priority issue for NVIDIA, employees, shareholders*

We strive to develop a workplace culture where employees are engaged and inspired. We attract some of the technology industry's most creative and gifted individuals, and they take pride in our dynamic environment.

Our teams of world-class engineers and developers thrive in high-performance environments where passion is expected, talent is recognized, and collaboration is valued.

We believe that talented employees are our greatest assets, and they play a key role in creating long-term value for our stakeholders. Ultimately, NVIDIA's success and our ability to compete are substantially dependent on how well we identify, hire, train, and retain highly qualified key personnel. In the technology industry's highly competitive talent market, we aim to differentiate ourselves through a workplace culture that celebrates individual drive, commitment, and achievement.

As we enter new markets in AI and deep learning, the demand for talent is increasingly competitive. We continually evaluate the right mix of compensation and benefits to ensure that we can continue to attract the best.

To attract highly qualified individuals and retain the best and brightest, we:

- › Attend professional and university recruiting events
- › Perform bi-annual compensation analysis
- › Evaluate benefits annually
- › Leverage global employee engagement survey data
- › Engage in "best place to work" surveys that provide feedback on our strengths and weaknesses

We provide information about how we recruit, acquire, and retain employees on the [Workforce](#) page of this report.

In 2016, we secured a spot on the Dow Jones Sustainability Index for the third consecutive year.

In late 2015, we undertook a gap analysis of stakeholder reporting frameworks (Dow Jones Sustainability Index, EICC, Best 100 Corporate Citizens, and Bloomberg ESG) to identify areas where we want to improve performance.

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

The gap analysis increased our awareness. We:

- › Decided that an update of our [Code of Conduct](#), launched in 2017, would provide stronger language around our practices and policies on human rights and child labor, diversity and inclusion, product sourcing, and supplier expectations.
- › Identified an opportunity to improve reporting on our expectations of suppliers in accordance with EICC membership requirements (see Supplier Responsibility).
- › Identified a desire to set goals and report on health and safety metrics.
- › Noted a general expectation to set a water reduction goal. Although we are not currently considering setting a specific target, we've reduced our water usage by 18% over the last two years.
- › Confirmed our stakeholders' desire for us to report key sustainability priorities to our board of directors, which we did for the second time this year.

# 04

## OUR STAKEHOLDERS



# STAKEHOLDER CHANNELS

NVIDIA defines stakeholders as entities or individuals who can be affected by NVIDIA and whose actions can affect the organization. We engage with our diverse stakeholders in numerous ways, including tracking their requests in order to identify and respond to their key concerns. This level of engagement helps us continually hone our approach to corporate responsibility.

As we review and prioritize stakeholder interests, we consider their relationship to our company and the relative importance of the issues they raise. Although NVIDIA does not have a formal stakeholder advisory panel for corporate responsibility issues, at least one member of the Corporate Responsibility Committee evaluates each stakeholder request to determine whether a response is appropriate. If it is not, we inform the stakeholder of our reason(s) for not responding.

## STAKEHOLDER CHANNELS

The manner of our engagement with stakeholders is based on their interests and the relationship they have with NVIDIA. Below we provide examples of our key stakeholders and the means by which we engage with them.

### Communities

When we enter new communities or begin facility construction, we interact with local governments to update community members on our progress and receive approval when needed. We are members of public policy organizations such as the Silicon Valley Leadership Group, Information Technology Industry Council and Digital Europe. Through the work of the NVIDIA Foundation, we work closely with communities and local governments where we have offices worldwide.

### Consumers

Our customer service team tracks all interactions with consumers as they occur and shares bi-weekly satisfaction reports internally. The NVIDIA Foundation uses our widely followed blog and social media channels to share stories of our efforts to engage employees and deepen the company's social impact.

### Customers

Through the Electronic Industry Citizenship Coalition (EICC), we make our self-assessment questionnaires available to customers and



collaborate with them through various working groups. We promote our corporate responsibility efforts when possible during quarterly business reviews.

### Developers

We have established robust mechanisms for communicating with and facilitating interaction among developers through targeted discussion forums and conferences (the frequency varies, depending on the channel). Developer resources include courses in parallel programming; enhancement tools for debugging, performance and testing; access to highly skilled engineers and specialists who provide custom services and co-design industry-specific applications; and financial support to university researchers in various scientific disciplines.

### Employees

We conduct a global employee survey every 18 months. The last survey was conducted in 2016 and yielded a 94 percent response rate. (See the results in [Engagement and Retention](#).) Our next survey will be conducted in November 2017.

In addition to using an online suggestion box, employees can contact our CEO or any executive staff member with questions or suggestions. We encourage employees to submit questions (anonymously, if they prefer) prior to our quarterly company meeting so our CEO can answer some questions onstage. We respond to the rest in writing and post them so that all employees can read them.

We have established a third-party corporate hotline to allow any employee to confidentially and anonymously lodge a complaint about any accounting, internal control, auditing, or other matter of concern (unless prohibited by local privacy laws for employees located in the European Union).

In 2016, about 90 percent of our offices participated in either a charitable fundraiser or volunteer event. Employees collectively volunteered more than 17,000 hours, and our global volunteerism rate was 42 percent. Ninety percent of employees tell us that they are proud of the work NVIDIA does in their local communities.





### Nonprofit and Nongovernmental Organizations

We continuously engage directly with charitable organizations through the work of the NVIDIA Foundation. We partner with NGOs through initiatives like the EICC or Public-Private Alliance for Responsible Minerals Trade.

### Shareholders

Since 2007, we have participated in the Carbon Disclosure Project. We respond to individual shareholder requests as they arise. We also respond through shareholder meetings, individual meetings, proxy statements, analyst days, and external shareholder events.

Individual shareholders who wish to communicate with the board regarding nominations of directors or other matters may do so by sending written communications to Corporate Secretary Timothy S. Teter. If no particular director is named, letters are forwarded (depending on the subject matter) to the chair of the Audit, Compensation, or Nominating and Corporate Governance Committee.

### Suppliers

We engage with suppliers through quarterly business reviews and allocate points in their performance score for their efforts to participate in social and environmental initiatives. Through the EICC, we analyze their self-assessment documentation and request periodic audits. We actively reach out to suppliers for issues related to product compliance and conflict minerals.

# 2016 INTERACTIONS

To better understand our shareholders' expectations, we conducted a gap analysis of NVIDIA's corporate social responsibility performance within five investor-oriented ratings frameworks: CDP, MSCI, Oekom, RobecoSAM and Sustainalytics. This input became part of our priority issues discussions with executives.

A selection of 2016 stakeholder interactions are highlighted on the right.

## DISTRIBUTING THIS REPORT

After publishing our Sustainability Report each year, we promote its availability through:

- › Targeted employee communications
- › Outreach to stakeholders and reporting organizations with which we have built a relationship
- › Individual outreach to shareholder groups that make inquiries throughout the year
- › Our social media channels, which reach more than 13 million people

We also distribute the report to our executive staff and to sales and marketing employees who interact directly with customers and partners.

Stakeholder	Engagement
Employees/ Prospective Employees	<p>Discussed family care needs with employees, which resulted in an expansion of benefits for new mothers.</p> <p>Began discussions with African American, Hispanic, veterans, and early career communities with regard to forming employee resource groups within NVIDIA oriented to their specific needs and interests.</p> <p>Reached 500 women through targeted recruiting, and 10,000 diverse candidates at university and professional recruiting events.</p>
Customers	<p>Received a weekly average of 10 compliance requests from customers.</p> <p>Conducted an analysis of customer contracts to confirm that our priorities are aligned with their requirements.</p> <p>Worked directly with customers to report our supplier status related to conflict minerals.</p> <p>Responded to several customer surveys and maintained our Sony Green Partner certification for the eleventh year.</p>
Shareholders	<p>Participated in the Carbon Disclosure Project (investor, supply chain, and water reports). Our investor score and supply chain scores are A-, our water score is B.</p> <p>Calvert Investment Management asked us to complete a diversity assessment.</p>
Board of Directors	Continued to keep NVIDIA's board of directors abreast of our corporate responsibility objectives and key priorities.
Government	<p>Continued to add <a href="#">recycling</a> programs in states where mandated.</p> <p>Filed our <a href="#">Form SD</a> to provide greater transparency around our efforts related to conflict minerals.</p>
Research/Ratings Organizations	<p>Were featured as a member of the Dow Jones Sustainability Index for a third year, and debuted on the FTSE4Good index, the 100 Best Corporate Citizens list, and Forbes' JUST 100 ranking. We were also featured in Robeco SAM's Sustainability Yearbook.</p> <p>Submitted for consideration as a World's Most Ethical Companies honoree, but were not accepted. The feedback from Ethisphere about our performance was helpful in understanding how to improve.</p> <p>Submitted for the first time to the Civic 50 for our 2016 activity. We will hear in mid-2017 as to our status.</p> <p>Interacted with 12 organizations interested in our corporate responsibility: CDP, Corporate Equality Index, Corporate Knights (for Global100, Newsweek), ECPI Indices, FTSE4Good, Harvard Business Review, IW Financial, MSCI, Oekom, RobecoSAM, and Vigeo.</p>

# 05

## OUR OPERATIONS





# VALUE CHAIN

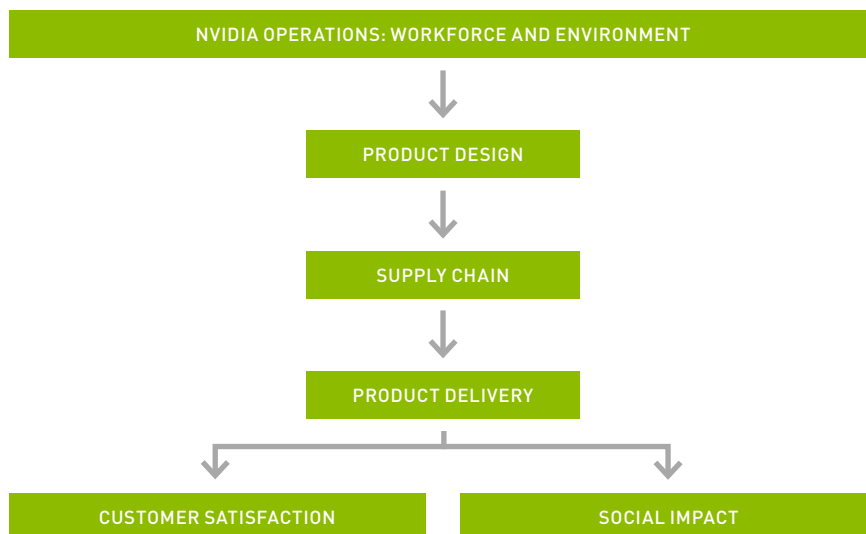
We examine our priority issues from a value chain perspective, with an eye toward their impact throughout our enterprise. This gives us the ability to understand the risks and opportunities associated with key activities and the related impact on stakeholders.

As shown in the Value Chain Map (see illustration), we begin with a strong operational foundation. We then build our value through product design, development, manufacturing, distribution, and delivery. Our value extends well beyond our operations to the social impact our products have in people's daily lives and the many ways we give back to our communities through our commitment to higher education and charitable giving.

In this section, we report on the relevant policies, activities, accomplishments and recognition in each of these links in our value chain.

Throughout this report, we take into account the internal and external boundaries of priority issues in presenting a balanced picture of company performance, as illustrated in the Aspect Boundaries Table below:

## VALUE CHAIN MAP



## GRI ASPECT BOUNDARIES FOR PRIORITY ISSUES (G4-19, G4-20, G4-21)

Priority Issue	GRI material aspects	NVIDIA Operations	Product Design	Supply Chain	Product Delivery	Customer Satisfaction	Social Impact
Innovation	Economic Performance	●	●	●	●	●	●
	Products and Services (Environment)		●			●	●
Talent Strategy	Employment	●					
	Training and Education	●					
Supply Chain Management	Environmental Grievance Mechanisms						
	Human Rights Grievance Mechanisms						
	Impacts on Society Grievance Mechanisms			●			
	Labor Practices Grievance Mechanisms			●			
	Supplier Assessment for Human Rights			●			
	Supplier Assessment for Impacts on Society			●			
	Supplier Assessment for Labor Practices			●			
	Supplier Environmental Assessment			●		●	

● Internal ● External ● Internal and External

# WORKFORCE



Our work demands the best talent, and we challenge them to do their best work. Our teams of world-class engineers and developers thrive in high-performance environments where passion is expected, talent is recognized, and collaboration is valued. We cultivate an atmosphere that celebrates individual drive, commitment, and achievement.

As a result of this culture, Fortune has recognized NVIDIA in its list of 100 Best Companies to Work For. The National Diversity Council has honored us with a Brilliance in Diversity award.



NVIDIA was recognized in 2016 on [Fortune's 100 Best Companies to Work For list.](#)

And we were included this year in Glassdoor's Employee's Choice: Best Places to Work.

We make unique contributions to solving some of the world's most stimulating technology problems – in industries ranging from gaming to scientific exploration. Our employees give us a competitive advantage, and we value them accordingly.

We recruit and retain the best, actively promote diversity, offer competitive compensation, appropriately recognize performance, incubate potential through internships and university partnerships, and support our workforce with outstanding opportunities and benefits.

See [Workforce and Diversity Metrics](#) for the detailed measures we use to track our success.

## DIVERSITY AND INCLUSION

Diversity and inclusion are integrated within the entire employee life cycle. In our most recent global survey, 90 percent of NVIDIA employees affirmed that their teams value diverse perspectives.

We embed inclusive practices through:

### INCLUSION STRATEGY

#### Recruiting

- › Equality in hiring practices
- › Targeted recruitment of women and underrepresented minorities
- › Embed inclusive practices into recruiting pipeline

#### Recognition and Development

- › Systematic performance and compensation analysis
- › Continuous professional development
- › Internal and external promotion of diverse employees

#### Employee Support

- › Targeted benefits for diverse employees
- › Unconscious bias awareness
- › Employee resource group support
- › Evaluation and identification of trends and issues



The metrics we use to track our progress include:

## PERFORMANCE METRICS

### Hiring

- › Setting internal goals to increase our hiring of women and minorities
- › Striving to ensure that our recruiting, screening and interview pipeline reflects the industry's minority representation

### Retention

- › Reviewing, analyzing compensation and performance biannually
- › Tracking employee-survey metrics focusing on how women and minorities view NVIDIA's work environment

### Promotions and Turnover

- › Monitoring the number of promotions and turnover within minority groups against the total

## RECRUITING

A diverse and inclusive culture enables us to innovate, to create groundbreaking products, and build one of the world's most important technology companies. Our goals for hiring a diverse employee population include:

- › Striving to ensure that the recruiting, screening, and interview pipeline reflects the industry's minority representation, or surpasses it;
- › Developing women and minority recruiting teams for academic and professional job fairs;
- › Ensuring that all female technical candidates have a chance to speak with a female employee
- › Writing job descriptions and recruiting materials to appeal to a broad mix of candidates.

Metrics related to diversity can be found in [Our Performance](#).

## TARGETED RECRUITMENT

We participate in campus recruiting fairs run by organizations such as the Society of Women Engineers, oSTEM, National Society of Black Engineers, and Society of Hispanic Professional Engineers, and estimate we've reached close to 10,000 diverse students through these events. In 2016, we held targeted recruiting events on our campus and hosted a Girl Geek Dinner with 200+ women who were currently working in the technology field.

We also participate in professional recruiting fairs,

including Grace Hopper, Women in Technology, Out to Innovate, Vets in Tech, and Project Hired.

Although we have increased the hiring of underrepresented minorities, we still have much work to do, as shown in the table below.

## UNDERREPRESENTED MINORITY EMPLOYEES

### Women (Global)

FY17	FY16	FY15
18.42%	17.5%	16.53%

### African American (US)

FY16	FY15	FY14
1.06%	0.98%	0.87%

### Hispanic (US)

FY16	FY15	FY14
3.35%	3.48%	2.98%





## STUDENT LOAN REPAYMENT PROGRAM

We offer a student loan repayment program that allows employees to apply for reimbursement of \$6,000 each year, up to \$30,000 total.

## RECOGNITION AND DEVELOPMENT

We actively seek ways to recognize our best and brightest employees, and we provide opportunities for employees to develop their skills to enhance their career success.

### Compensation

NVIDIA's compensation strategy has four key objectives: attract and retain the world's best talent, reward performance, focus on growth, and think in terms of total pay. Our total compensation packages are competitive, fair, and structured to encourage employees to invest in the company's future.

We provide employees with a comprehensive, higher-than-average benefits package (see [NVIDIA benefits](#) for more information). All employees have the opportunity to be stockholders in the company through our employee stock purchase plan (ESPP), which is considered one of the most generous in the industry.

Over the past year, nearly 91 percent of eligible employees participated in our ESPP, which brought an average financial return of approximately 145 percent on employee investment funds (as a percent of contribution).

### Performance and compensation analysis

We analyze pay and promotion data semi-annually to ensure fairness, and we review our pay practices across multiple variables to ensure completeness. This process includes reviewing employees at the same compensation level and performance rating who have been performing a role for the same amount of time.

Since 2015, we've worked with a third-party firm to review our pay practices across 90 different metrics. The firm has not found any statistically significant disparities related to male and female compensation.

### Continuous professional development

Through our L&D (learning and development) program, employees receive training on the job and also in more formal settings. We use both internally and externally created training content, and our employees can access hundreds of technical and professional development courses via the "NVLearn" portal. [Harvard ManageMentor](#), [GlobeSmart](#), [Udemy For Business](#) and courses from [LearnIT!](#) are available online for employees, as are the digital libraries of the [Institute of Electrical and Electronics Engineers](#) and the [Association for Computing Machinery](#) through our corporate memberships.

We offer tuition reimbursement at most accredited educational institutions — including [Coursera](#) — and pay tuition to technical masters level programs through the Stanford Center for Professional Development.

We also encourage employees to take classes from NVIDIA's external [Deep Learning Institute](#), an online platform where developers can take courses and workshops on the technical aspects of artificial intelligence.

NVIDIA's Women in Technology (WIT) employee resource group has been an active partner with our L&D department to offer courses that are of interest to our female employees, based on survey feedback. In 2016, we offered project management and strategic leadership courses. We supplemented these with programs that teach networking and social media skills and we offer regular tours of our product demonstration room. Our plans for 2017 include offering technical and nontechnical overviews of NVIDIA's business units, and we will promote a course on effective meeting management.

In addition, every year the NVIDIA technical community comes together to offer an internal professional conference sharing and showcasing the emerging innovations of our engineering and research teams. We annually review an average of around 200+ paper submissions yielding ~30 presentations over the course of a two-day event in Santa Clara. Two smaller regional events are also held at key sites in China & India.

These events provide an organic and engaging venue for knowledge proliferation as well as developing the presentation skills of our engineering thought leaders.



**Internal and external promotion of diverse employees**

In the past two years, we have increased the visibility of employees from various minority groups on our external [careers](#) page and our intranet. We continue to submit our top-performing employees for recognitions and awards. Our CFO, Colette Kress, was recognized in early 2017 by the National Diversity Council as one of the 50 Most Powerful Women in Technology, and the Silicon Valley YWCA honored four NVIDIA leaders with its Tribute to Women award.

**EMPLOYEE SUPPORT**

We continually strive to create an employee experience that lets our employees know that they are valued and supported. This past year, we made progress in several areas.

**Enhanced benefits**

We invest in and commit to our employees' long-term success. NVIDIA's benefits include flexible work hours, as much time off as needed, programs to help employees address stress and time-management challenges, and an array of convenient onsite services. We support employees in their important life events through our global Guidance Resources Program and a generous leave program.

In late 2015, we took a big step to increase our parental leave benefits. Birth mothers now receive 22 weeks of fully paid leave. Fathers and adoptive and foster parents receive 12 weeks of fully paid leave. New mothers and fathers are entitled to 8 weeks of flex time in addition to their leave, so they can work from home or during alternative hours. Below is a chart outlining how our new parental leave benefit compares with the previous program.

**Unconscious bias awareness**

In 2016, we conducted workshops with 300 members of our executive team and leaders group (comprising senior directors and vice presidents worldwide) to build their awareness about unconscious bias in recruiting and hiring. Our next phase will focus on team dynamics. Trained leaders will help us identify areas where we can remove the potential for unconscious bias across the employee experience. We will also examine learning and development courses that cover meeting execution and collaboration to determine how to integrate bias-mitigating tactics.

**PARENTAL LEAVE IMPROVEMENTS**

Birth Mother Policy			Father, Adoptive Parents, Foster Parents Policy		
	Old Policy	New Policy		Old Policy	New Policy
Pregnancy Leave	6 weeks 100% pay 4 weeks reduced pay	22 WEEKS 100% PAY + 8 WEEKS FLEXTIME	Baby Bonding Leave	6 weeks 100% pay 1 week reduced pay 5 weeks unpaid	12 WEEKS 100% PAY + 8 WEEKS FLEXTIME
Baby Bonding Leave	6 weeks reduced pay 6 weeks unpaid				
Flextime					





More than 100 employees, including members of NVPrIDE, NVIDIA's LGBT group, participated this year in the San Francisco Pride Parade.

## Employee resource groups

Employee resource groups that support female and LGBT employees have been in existence at NVIDIA for many years. In 2016, we worked with employees to establish the Black NVIDIAN Network and the Early Career Network. We are currently helping Hispanic and veteran employees to develop employee resource groups. Each employee resource group has unique needs and we ask them to take the pulse of their fellow employees through surveys and focus groups to determine how the company can best support them. We also invite them to support our recruiting efforts for both university and professional recruiting fairs.

We've taken steps over the past few years to increase our support to LGBT employees. These include strengthening language in our Equal Employment Opportunity policy and Code of Conduct with regard to sexual orientation and gender identity and expression, and we are expanding insurance coverage for same-sex couples and for transgender health care and surgery.



Our efforts to improve benefits for our LGBT employees have brought us a 100 percent score two years in a row in the [Corporate Equality Index](#).



Several employees from our NVPrIDE resource group helped to assemble comfort kits for homeless LGBT youth as part of a teambuilding exercise.



The Black NVIDIAN Network launched with an awareness event at our headquarters tied to Black History Month.

In addition to partnering with NVIDIA's women in technology group to improve our parental leave program and mothers rooms, we've also supported their efforts to bring female executives to campus to speak about their careers. Among featured speakers at our WIT events were our female NVIDIA board members Dawn Hudson, chief marketing officer of the National Football League, and Persis Drell, provost of Stanford University.





## MEASURING ENGAGEMENT AND RETENTION

In an extremely competitive recruiting climate, NVIDIA's turnover continues to decrease. Our total turnover rate fell to 6.7 percent in FY17, compared to 15.2 percent average for the semiconductor sector.

Our voluntary turnover rate declined to 5.8 percent from 7.2 percent, versus 9.1 percent average for semiconductor companies, which have the lowest voluntary turnover of any sector in the tech industry.

To track engagement and retention trends, we conduct a global employee survey every 18 months, gathering feedback across 10 dimensions including culture, engagement, satisfaction, vision, and work/life integration. Participation is 94 percent. Our next survey will be in fall 2017.

We perform exceptionally well in how employees regard our culture of innovation; confidence in our business strategy and impact; pride and trust; and respect between manager and employee. Areas of concern to employees include infrastructure and employee development. Steps we are taking to help address these issues – which we'll measure in our next survey – include:

- › Building a 500,000 square-foot headquarters building to increase office and meeting space
- › Upgrading employee technology, network access and telephony
- › Doubling our investment in learning and development over the past four years, including aggressive rollout of new technical and professional learning content.

NVIDIA encourages employees to volunteer in their local communities and contribute to global humanitarian causes.

The NVIDIA Foundation surveys all employees annually to gather data about charitable and volunteer participation and to ensure that the foundation is on the right track with its funding priorities.

Ninety percent of our global offices participated in at least one charitable activity in 2016.

Globally, our volunteer rate is 42 percent.

See Charitable Giving for more information.

## BUILDING THE FUTURE STEM PIPELINE

Mindful of the long-term perspective required to improve the representation of women and minorities in tech, we have developed a plan to engage in STEM activities with girls and other unrepresented groups.

In 2016, we reached approximately 600 diverse youth through mentoring and tutoring events aimed at connecting our employees with K-12 students interested in STEM.

## DEVELOPER INCLUSIVITY AND DIVERSITY

Our annual developer conference, the GPU Technology Conference (GTC), engages not only our employees, but developers around the world. We recognize our responsibility to ensure that attendees are free from harassment and to communicate that we wish to hold an inclusive event that recognizes all participants.

For the fourth year in a row, GTC included an event specifically focused on diversity. At our 2017 conference, we hosted a networking breakfast to which we invited all female attendees, but which was also open to any attendees who support inclusion.

In 2016, we invited men and women to hear from our CEO about the benefits of inclusion in creating an innovative company, and from a panel of experts who discussed concrete steps that can be taken to embed diversity into companies and universities.



## BUILDING THE FUTURE STEM PIPELINE

### TECHSPLORES

Exposed 200 diverse youth to hands-on learning concepts in artificial intelligence

### INDIA COMPANIES ACT

Helped over 1,000 young women from impoverished communities gain greater access to computer training and provide them with skills that will improve their career opportunities

### FIRST ROBOTICS

Sponsored 50 teams, 30 more than last year. Thirty-three percent of FIRST members are young women. Also, we hosted 100 FIRST members at NVIDIA headquarters

### CAREER ROUNDTABLES

Organized STEM career roundtables for multiple organizations, including: 49ers STEM Leadership Institute, GEMS, and Girls Who Code

### WE TEACH SCIENCE

Funded for a fourth year to help youth in San Jose, Calif. excel in algebra

### CODE FOR FUN

Led a coding exercise for 150 students at a middle school with a diverse student body

### TECHBRIDGE

Girls hosted at our Santa Clara, California and Redmond, Washington offices

# ENVIRONMENT



## ENVIRONMENT, HEALTH, AND SAFETY

We use a comprehensive Environmental Management System (EMS) to identify and control environmental impacts and continuously improve our performance. A dedicated Environmental, Health, and Safety team — along with employees in all offices around the globe — executes the system's policies and practices, which are made tangible through solid goals and metrics.

### Environment

Since 2005, our Silicon Valley operations, product design, and supply chain functions have been certified to the ISO14001 standard. Our [Environmental Policy](#) provides the framework for our EMS, which is summarized in this section and detailed throughout this report.

For a broad list of metrics we track related to the environment, see [Our Performance](#).

### Climate Change and Greenhouse Gas Emissions

The changing climate requires us to look for ways to reduce our operational footprint. We carefully track our energy usage and look for opportunities to reduce our greenhouse gas emissions.

## ENVIRONMENTAL OBJECTIVES



Increase energy efficiency in our offices and data centers



Reduce waste tonnage to landfills



Increase water efficiency at facilities in water stressed regions



Promote alternative options for employee commuters at our Silicon Valley headquarters

Our greenhouse gas emissions reporting includes:

- › **Scope 1:** Stationary combustion sources (e.g., natural gas, diesel fuel) and HFC refrigerant emissions
- › **Scope 2:** Purchased electricity use (offices, labs, data centers)
- › **Scope 3:** Emissions from: global business travel; operational waste, fuel, and energy not included in Scope 1 or 2; purchased goods and services; and capital goods emissions

NVIDIA's scope 1 and 2 emissions for business operations (including co-located data centers) are calculated as follows: We use direct calculations of 100 percent emissions using primary data (e.g., meter readings from utility bills) for offices larger than 50,000 square feet and data centers.

We use estimates for emissions from all offices smaller than 50,000 square feet (5 percent of total emissions). We track water use for offices and data centers where we pay the bill, and we estimate water use for all other offices globally. Waste data are collected and reported for our Silicon Valley headquarters.

Our goal is to reduce scope 1 and 2 emissions by 15 percent per employee by FY2020 compared to FY2014. Our overall energy use and emissions have increased as our business has grown over the past year, but this increase was outpaced by the increase in headcount.

The end result was that we reduced our GHG emission per headcount by 7.3 percent compared to the previous fiscal year. We are taking steps to decouple overall growth in energy use and emissions from business growth by:

- › Expanding the internal team that leads our energy initiatives
- › Evaluating new efficiency goals for our data centers
- › Incorporating high standards for energy efficiency in our new buildings



We recognize that our growing business causes GHG emissions beyond our direct footprint, because emissions are created at every stage of our product lifecycle — extending to the use and disposal of our products by customers.

Since 2014, we have required our key suppliers to report energy usage data. In 2016, we roughly calculated the weighted average of carbon emissions on a per-unit basis, and this will help us begin to understand the true GHG emissions footprint of our product manufacturing supply chain. In 2017, we will continue to improve both the validity of the data we receive from suppliers and the accuracy of our calculations.

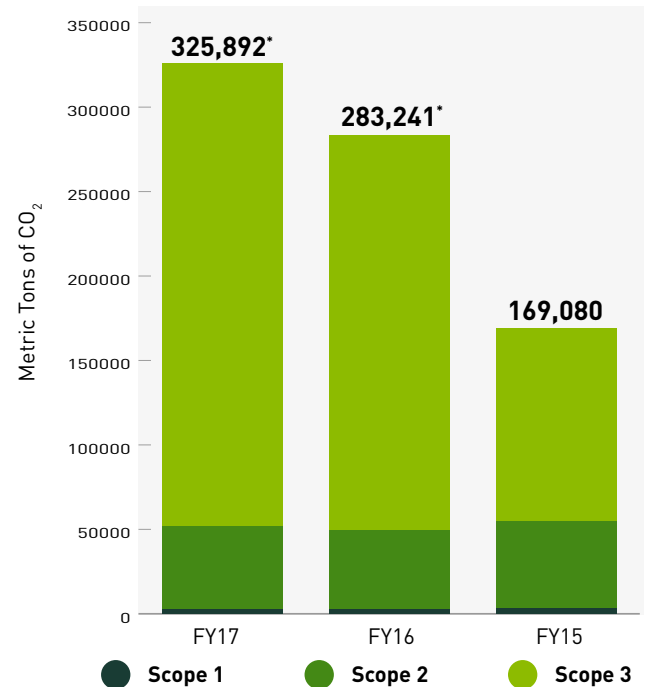
## NVIDIA ENVIRONMENTAL GOALS

Category	Goal	FY17 Progress
Greenhouse gas emissions, global offices and data centers	A 15% greenhouse gas reduction — normalized per employee — by FY2020 from baseline year FY2014.	Down 7.3% compared to FY16 and 12.7% compared to FY14 baseline
Energy efficiency, data centers	A blended average Power Usage Effectiveness (PUE) value of 1.55 for our global data centers by the end of FY2018.	1.56
	An 80% virtualization rate for corporate computing systems by the end of FY2017.	87%
Waste	A waste-to-landfill diversion rate of 80% or greater each year at our Silicon Valley headquarters.	76%
New Headquarters Building	LEED Gold certification for our new Silicon Valley Headquarters building.	On track

## NVIDIA ENVIRONMENTAL POLICY

Policy Element	Action
Product design	Learn about NVIDIA's approach to energy efficiency in <a href="#">Product Design</a> .
Supplier responsibility	See <a href="#">Supplier Responsibility</a> for our detailed approach to managing environmental issues in our supply chain.
Energy, water, waste	Our reduction commitments and initiatives are included in this section.
Environmental procurement	<p>Our corporate purchasing decisions are based on requirements such as quality, service levels, technology, financial viability, environmental impact, and cost. We:</p> <ul style="list-style-type: none"> <li>Allocate 5% of the supplier selection score to environmental considerations.</li> <li>Do business with recognized industry leaders in environmental performance for IT equipment and services.</li> <li>Work with a primary office supply vendor that offers environmentally preferable options; the office paper we purchase is composed of 100 percent post-consumer recycled material.</li> <li>Target LEED Gold certification for the new building under construction at our Silicon Valley headquarters.</li> </ul>
Stakeholder engagement	See <a href="#">Our Stakeholders</a> to learn about the ways we gather feedback from across our ecosystem.
Compliance	<p>Evaluation of legal compliance is completed through regular inspections carried out by our internal teams, EHS consultants, and external regulatory authorities. Compliance against customer requirements is evaluated through customer audits.</p> <p>We require suppliers to submit environmental impact information, and we ensure that key contract-manufacturers comply with the requirements for the Restriction of Hazardous Substances (RoHS) in several countries as well as other product-related regulatory requirements.</p>

## GREENHOUSE GAS EMISSIONS

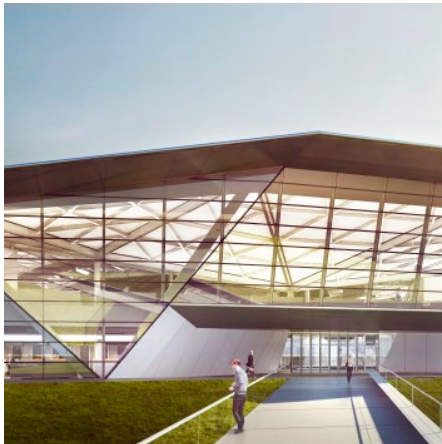


\* Explanation for Scope 3 increases:

- An increase in emissions from purchased goods and services between FY15 and FY16 is explained by an improvement to the calculation methodology in FY16.

- An increase in emissions from capital goods between FY16 and FY17 is due to our Santa Clara Headquarters construction project in FY17.

## ENERGY INITIATIVES



## Campuses

Each new NVIDIA office, wherever it is located around the world, complies with [LEED](#) standards. We opened a LEED Silver building in Shanghai in 2013. In 2014, we constructed a 350,000-square-foot LEED Gold facility in Pune, India. In 2015, we broke ground on a 500,000 square foot building at our Silicon Valley headquarters. We are on track to achieve LEED Gold for this new building, which is expected to open in late 2017. The building will be highly energy and water efficient. Ninety-five percent of the demolition, excavation, and construction waste materials generated so far have been diverted from landfill through re-use and recycling.

In FY17, we completed our first onsite solar panel installation on a building at our Silicon Valley campus. The panels will generate 700,000+ kWh annually.



## Datacenters

Datacenter operations are responsible for 30 percent of the greenhouse gas emissions from our global facilities, and we continuously evaluate ways to optimize and reduce this part of our footprint.

In 2014, we set a goal to drive global datacenters to a blended PUE of 1.55 by the end of 2016. We have extended this goal through 2017. As of the end of 2016, we achieved a blended PUE of 1.56.

We achieved a virtualization rate of 87 percent for our servers at the end of 2016, which exceeded our goal of 80 percent. We will continue to migrate additional systems to a virtual environment during 2017 and beyond.



## Commute Initiatives

We established our Green2Work program at our Silicon Valley headquarters in 2014 to actively encourage our employees to reduce their commute footprint. The program includes electric vehicle charging, pre-tax dollars for transit and local transit shuttles, last-mile shuttle service for train riders, expanded bicyclist resources, advantages for carpooling and vanpooling, a shuttle from San Francisco, an online resource for commuters, and an emergency ride home program.

We have 11 electric-vehicle charging stations at our headquarters and approximately 300 employees use this service with the help of a vehicle charging valet service. We'll increase EV stations to 31 with the opening of our new campus building. In 2016, we started offering Scoop commuting service in Silicon Valley. In less than a year, NVIDIA Scoop commuters have avoided over 71,000 miles and saved almost 65,000 pounds of CO2. We are working with Scoop to expand their service to other NVIDIA offices in the near future.

## GREEN2WORK PROGRAM

Carpooling



Electrical Car Charging



NVIDIA Shuttles



Vanpooling



Emergency Ride Home



Biking



Motorcycling



Valet Services



Subsidy Program



UberPOOL

UBER



### Waste Initiatives

We have tracked total waste generated and waste diversion rates at our headquarters since 2007, and our annual goal for landfill diversion is 80 percent. In 2015, we achieved a 95 percent rate, thanks in part to our efforts to divert demolition and other waste materials generated during the construction of our new headquarters building. In 2016, our diversion rate was 76 percent. We will extend the goal of 80 percent waste diversion indefinitely, and are currently evaluating ways to further increase our effectiveness.

Since starting our composting program in 2009, we have reduced the amount of organic waste sent to landfills by 10 million pounds. E-waste from all facilities worldwide is sent to an e-steward certified company for responsible recycling. In 2016, we recycled 71 tons of e-waste, bringing the total of recycled e-waste and hazardous waste since 2011 to more than 462 tons.



### Water Initiatives

We do not manufacture our products in-house, so our direct operations are not water intensive. We do, however, have a large presence in California, which experienced unprecedented drought conditions for five years and is only now beginning of its recovery. We use water primarily for cooling towers, food service, landscaping, and sanitation. With the understanding that this resource will continue to be strained for the foreseeable future, we are evaluating and implementing ways to avoid unnecessary water use in the Silicon Valley.

During the past two years, we have reduced our total water usage at our headquarters by 18 percent. We halved our irrigation water usage thanks to efforts to reduce watering frequency, transition to drought-resistant landscaping, and optimize irrigation efficiency. In 2015, we installed water efficient bathroom fixtures throughout our headquarters buildings and we are upgrading our campus cooling towers to more water-efficient models.



### Reporting and External Assurance

We participate each year in the CDP Climate Change and Water surveys. Participants are scored based on their understanding of their business risks and opportunities related to climate change and on their management of greenhouse gas emissions. Between 2009 and 2015, we improved our Climate Change disclosure score from 34 to 98 (out of a possible 100 points). In 2016, we scored an A- in the CDP's new scoring paradigm for climate change and a B for water. See our most recent response on the CDP web site.

Since 2012, Trucost has assured that our greenhouse gas emissions data and contextual information in our CDP response meets the AA1000 standard (see the 2017 [assurance report](#)).



# HEALTH AND SAFETY



We are committed to providing safe, healthy workplaces for all of our employees. We demonstrate our commitment to this ideal through programs such as environmental monitoring, emergency response planning, health analysis, skin cancer screening, and a Cancer Support Network (sponsored by the NVIDIA Foundation as part of its Compute the Cure initiative — see Charitable Giving).

## HEALTH AND WELLNESS

Our record reflects the results of our dedication to employee health and wellness. Less than one percent of leave-of-absence requests within NVIDIA relate to work. Our lost-time incident rate is 0.11 percent and our total recordable incident rate is 0.19 percent. Few workers' compensation claims are submitted, and the majority of those processed are repetitive motion injuries. In recognition of this fact, we have taken steps to work with affected employees through our ergonomics program and online courses.

## SAFETY

Our Environmental Health and Safety Team oversees workplace conditions for NVIDIA employees around the globe. Team members help to design facilities that meet or exceed local safety requirements; implement safe practices in all of

NVIDIA's programs, activities, and facilities; and ensure compliance with all applicable health and safety laws, regulations, and policies through trainings and audits. Over the last three years, the EHS team has strengthened our global EHS management framework, which features:

- › A network of Site Safety Officers that provide local EHS accountability across our global offices.
- › Documented, globally-applicable programs on key topics, including contractor management, ladder safety, ergonomics, and vehicle safety.
- › EHS audits of global offices by external consultants. Each office is audited at least once every two years.
- › Bi-annual internal EHS inspections of all offices globally.
- › A global SharePoint site to give employees with EHS responsibilities access to important EHS documents and other resources

Keeping our employees safe requires planning for emergencies. Our volunteer Emergency Response Teams involve more than 300 employees around the world. These volunteers assist with evacuation drills and may receive training in basic first aid, CPR, AED, and/or fire extinguisher training in addition to emergency preparedness that will enable them to rapidly respond in an emergency or disaster.

Offices with active teams in 2016 were located in the U.S. (Silicon Valley, Calif.; Austin, Texas; Durham, N.C.; Redmond, Wash.; Beaverton,

Ore.; Madison, Ala.), Germany (Berlin, Munich, Wuerstelen), United Kingdom (Reading, Cambridge, Bristol), Russia (Moscow), India (Bangalore, Hyderabad, Pune), Taiwan (Taipei, Hsinchu), and China (Beijing, Shanghai, Shenzhen).

## ENVIRONMENTAL HEALTH AND SAFETY PROGRAMS



**Air Quality**  
Environmental Compliance, Protection and Impact Assessments



**Hazardous Materials**  
Inventory, Use, Transportation, Disposal, Recycling and Waste Minimization



**Occupational Safety and Health Assistance**



**Pollution Prevention**



**Water Quality**  
Storm Water and Wastewater Discharge Testing

# PRODUCT DESIGN



Whether we are designing technology to power next-generation tablets or creating designs to support high-performance supercomputers, improving energy efficiency is a principal goal in each step of our research, development, and design processes.

Parallel processing consumes far less power than equivalent computational forms. On a per-instruction basis, GPUs are 10 times more efficient than CPUs, which have traditionally handled most instructional processing.

The top two greenest supercomputers in the world were powered by NVIDIA technology, according to the November 2016 [Green500](#) list.

The first computer was the [DGX SATURNV](#), NVIDIA's first petascale in-house supercomputer, with a rating of 9.46 gigaflops per watt. That's more than a 40 percent jump from the number one system on the June 2016 list.

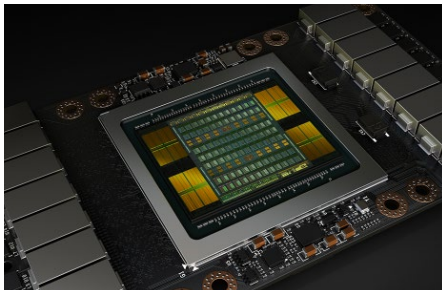
## The GREEN 500

NVIDIA DGX SATURNV is ranked the world's #1 most efficient supercomputer on the Green500 list and 28th fastest in the Top500.



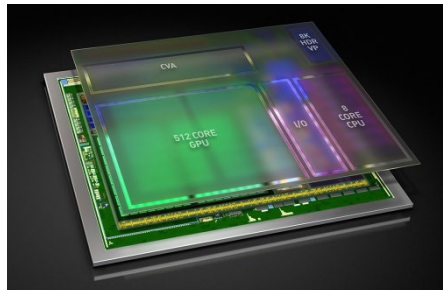
For the second time in three years, NVIDIA received in 2017 a coveted PACE Award, the automotive industry's equivalent to the Academy Award. This time, the award was presented for the [NVIDIA DRIVE PX 2 AI car computer](#), a platform for building self-driving cars.

## OUR HIGHLY EFFICIENT PRODUCTS AND TECHNOLOGIES INCLUDE:



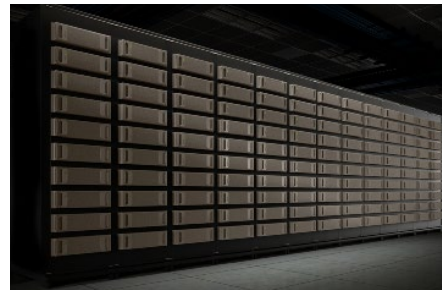
### NVIDIA Volta architecture

With more than 21 billion transistors, Volta is the most powerful GPU architecture the world has ever seen. It delivers 30 TOPS (trillion operations per second) of performance while consuming just 30 watts of power. Volta is three times more powerful than our Pascal architecture, which we launched just one year ago.



### NVIDIA Xavier system on a chip

Xavier integrates the new Volta architecture, a custom 8-core CPU architecture, and a new computer vision accelerator. The processor will deliver 20 TOPS of performance while consuming only 20 watts of power. As the brain of a self-driving car, Xavier is designed to be compliant with critical automotive standards, such as the ISO 26262 functional safety specification.



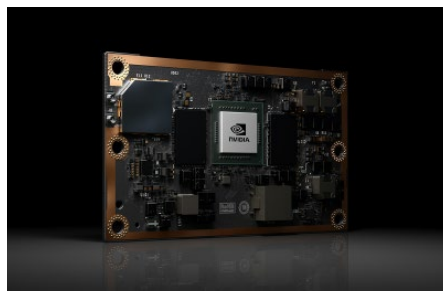
### NVIDIA DGX SATURNV

DGX SATURNV provides the compute power to train deep neural networks significantly faster and create more intelligent artificial intelligence. Less energy and faster computing mean a smaller data center footprint. What once required a warehouse can now fit into the equivalent of a large conference room.



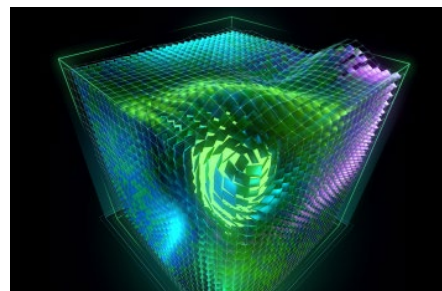
### NVIDIA GPU Cloud

NVIDIA GPU Cloud is a GPU-accelerated platform that enables data scientists and researchers to rapidly build, train, and deploy neural network models to address some of the most complicated AI challenges. It manages a catalog of fully integrated and optimized deep learning framework containers and is optimized to run on any accelerated computing environment.



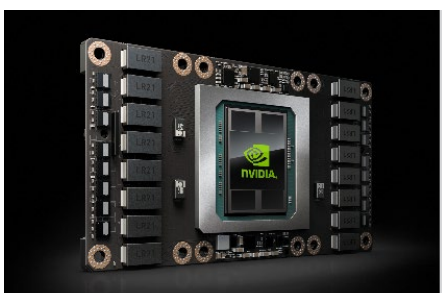
### NVIDIA Jetson

NVIDIA Jetson is the world's leading AI computing platform for GPU-accelerated parallel processing in mobile embedded systems. Its high-performance, low-power computing for deep learning and computer vision makes it the ideal platform for compute-intensive embedded projects.



### NVIDIA CUDA parallel processing architecture

CUDA is a parallel-computing platform and model that enables compute-intensive calculations to be executed on lower cost, power-efficient GPUs. More than 1,000 courses that use GPUs are being taught in universities all over the world, and NVIDIA supports 460,000+ global developers who are programming with GPUs. Learn more about [GPU computing](#).



### NVIDIA Tesla solutions for high-performance computing

The Tesla Accelerated Computing Platform is the leading platform for accelerating big data analytics and scientific computing. The Top500 list of the world's fastest supercomputers, released in November 2015, shows that more than 100 of these systems use accelerators. Two-thirds of these use NVIDIA accelerators, which is up from one-half last year.



### NVIDIA NVLink

Lets data move between GPUs and CPUs five to 12 times faster than they can with today's current standard, PCI-Express. It doubles the number of GPUs that can work together in deep learning computations. CPUs and GPUs can connect in new ways, enabling more flexible and energy-efficient server design compared to PCI-E.



# SUPPLIER RESPONSIBILITY

As mentioned in [Supply Chain Management](#), our commitment to producing products responsibly and sustainably requires us to pay close attention to our supply chain. We work with the subcontractors who manufacture our products to monitor and improve their social and environmental performance, and we require them to comply with international guidelines for responsible practices and materials safety.

## MANUFACTURING COMPLIANCE

NVIDIA manufacturing suppliers must comply with the following:

- › [Conflict minerals](#)
- › [EU RoHS](#)
- › [EU REACH](#)
- › [EU End of Life Vehicles](#)
- › [Halogen Free/Low Halogen](#)
- › [ISO 14001:2015](#)
- › [ISO 9000](#)
- › [OHSAS18001](#) (GB/T28001-2011 in China)



on workgroups most relevant to our supply chain operations. The EICC enables us to leverage the collective weight of more than 100 electronics companies and provides a platform that lets us go above and beyond compliance.

TSMC joined the EICC in late 2014.

Our two main contract manufacturers for company- or partner-branded devices are Foxconn and BYD. We have conducted annual customer-managed audits on our product lines since 2012. In 2016, both manufacturers completed an EICC-validated audit.

## EICC CODE OF CONDUCT

We've been members of the Electronic Industry Citizenship Coalition since 2007. We use the EICC Code of Conduct to drive our own practices as a supplier to the world's largest electronics companies and we use it for the suppliers who manufacture and assemble our products. We have integrated EICC risk assessment tools, auditing protocols, and educational resources into our supplier management practices, and our employees are deeply engaged

## ABOUT OUR MANUFACTURERS

Taiwan Semiconductor Manufacturing Company (TSMC) and Samsung manufacture our semiconductor wafers. The Dow Jones Sustainability Index recognized TSMC, our primary supplier, for three years in a row as a semiconductor industry leader. TSMC reduced its per-unit power and water consumption and its per-unit wastewater discharge and VOC emissions over the past four years. Samsung has been an EICC member since 2007 and

## 2016 COMPLIANCE REPORT

We measure compliance against EICC member requirements and EICC Code of Conduct for NVIDIA and its suppliers.

The table below tracks NVIDIA's performance against EICC membership requirements.

## EICC MEMBER COMPLIANCE

Compliance Element	NVIDIA's Requirement	NVIDIA Performance
Risk assessment on all strategic suppliers	100%	100%
Self-assessment questionnaires (SAQ) completed by suppliers in the top 80% of NVIDIA spending	100%	100%
Validated Audit Process (VAP) among 25% of high-risk suppliers	0 (due to lack of high-risk suppliers)	In 2016, we reviewed eight VAP audits of strategic suppliers. Our two main contract manufacturers completed VAP or customer-managed audits.
Corrective action plans (CAP)	0 (due to lack of high-risk suppliers)	We engaged three suppliers on their CAPs from the 2016 auditing season. Common findings include working hours, social insurance, and fire protection. We will continue to monitor to ensure that suppliers demonstrate effective processes to close these findings and ensure conformance.

## 2016 PERFORMANCE WITH THE EICC CODE

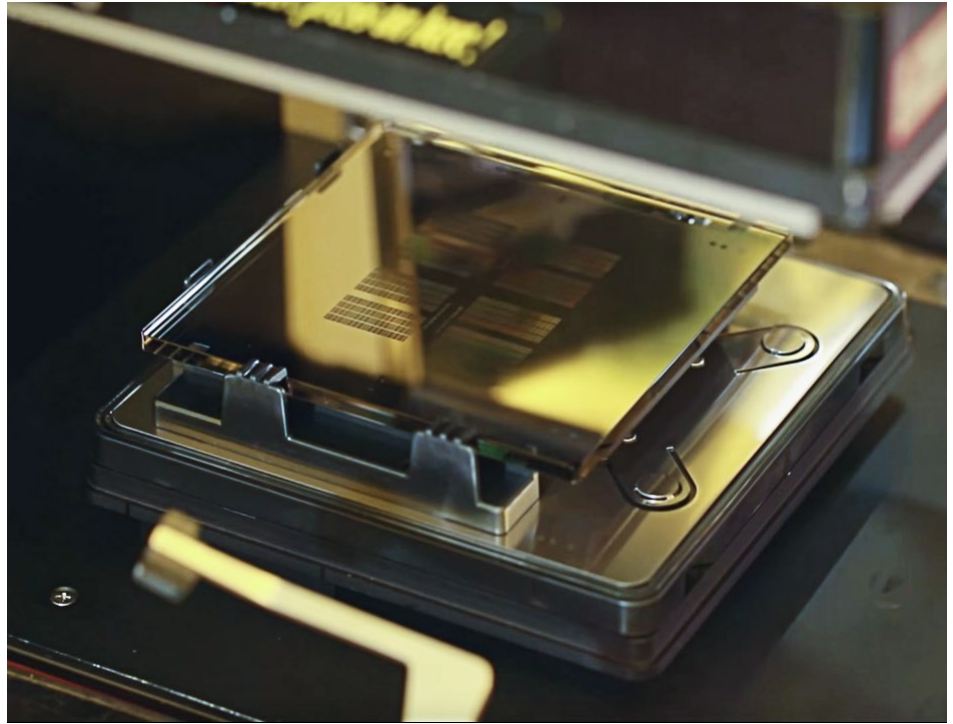
EICC Code Element	NVIDIA as Supplier	NVIDIA as Customer
Labor	<p>Updated NVIDIA's Code of Conduct to strengthen human rights language</p> <p>Relevant employees took several EICC Learning Academy courses</p> <p>Participated in forced and bonded labor workshop to help determine industry actions for new code requirements</p>	<p>Worked with suppliers to track working hours through VAP, CAPs, or EICC working-hours templates</p> <p>Assigned Learning Academy courses to suppliers, including:</p> <ul style="list-style-type: none"> <li>› Working Hours</li> <li>› Recording Working Hours</li> <li>› Working Hours Management System</li> <li>› The Hiring Process</li> <li>› Hiring and Working with Migrant Workers</li> <li>› Managing Wages</li> <li>› Creating Motivating Wage Systems</li> <li>› Improving Your Dormitories</li> </ul>
Health and Safety	<p>Conducted an annual tour of all NVIDIA offices to audit health and safety</p>	<p>Closed four CAPs covering all health and safety issues</p> <p>Reviewed improvement plans on health and safety as part of OHSAS18001 for alignment with eight suppliers</p> <p>Assigned Learning Academy courses to suppliers</p> <ul style="list-style-type: none"> <li>› Environmental Protection</li> <li>› Managing Energy and GHG Emissions</li> <li>› Water and Wastewater Management</li> <li>› Resolving Wastewater Treatment Issues</li> <li>› Managing Waste</li> </ul>
Environmental	<p>Submitted water (score B) and supply chain (score A-) to CDP investor</p> <p>Completed EICC-ON carbon/water/waste survey</p> <p>Participated in Chemical Management Work Group</p> <p>Participated in Environmental Sustainability work group and Water sub-group</p>	<p>Calculated carbon, water, waste data of all silicon suppliers and contract manufacturers to determine carbon emissions and water consumption per product and per financial outlay</p> <p>Required compliance with environmental standards (see Manufacturing Compliance sidebar)</p> <p>Reviewed eight suppliers' environmental improvement plans for ISO 14001 alignment</p> <p>Assigned Learning Academy courses to suppliers</p> <ul style="list-style-type: none"> <li>› Effective H&amp;S Systems</li> <li>› Fire Safety</li> <li>› Managing Air Emissions</li> </ul>
Ethics	<p>Continued membership in CFSI</p> <p>Participated in CFSI, due-diligence data collection work groups</p> <p>Participated in CFSI work groups, including the Smelter Engagement Team</p>	<p>Actively engaged 100% of suppliers to collect smelter data for our conflict minerals program</p> <p>Continued evaluation of smelter metrics for the annual SEC conflict minerals reporting requirement</p> <p>Inactivated any suppliers non-compliant with product and conflict mineral requirements</p> <p>Assigned Learning Academy courses to supply chain</p> <ul style="list-style-type: none"> <li>› California Transparency Act- Recognizing Forced Labor</li> <li>› California Transparency Act- Preventing Forced Labor</li> </ul>
Management Systems	<p>Participated in VAP work group</p> <p>Evaluated EICC membership tiers to determine our level and any gaps</p>	<p>Conducted quarterly business reviews of suppliers</p> <p>Assessed conformance of updated EICC Code with respect to labor fees and freedom of association</p> <p>Implemented a performance-based award system for suppliers</p> <p>Assigned Learning Academy courses to suppliers</p> <ul style="list-style-type: none"> <li>› Understanding Supply Chain Responsibility</li> <li>› Industry Standards</li> <li>› Responsible Supply Chain Management (For Factory Management)</li> <li>› Use Social KPIs to Understand Your Factory and Subcontractors</li> <li>› Social Responsibility Management System</li> </ul>

## CONFLICT MINERALS

We support, contribute to, and rely on industry-wide efforts to validate that the minerals use in our products come from socially responsible sources and do not contribute to human conflict. Our goal is to use only Democratic Republic of Congo (DRC) conflict-free gold, tantalum, tungsten, and tin in our products. We are a member of the Conflict-Free Sourcing Initiative (CFSI) and participate in various CFSI work groups.

Our due diligence program with regard to materials conforms in all respects with the Organisation for Economic Co-operation and Development's "due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas." Review our policy to understand our goals and the steps we take to monitor our supply chain for conflict minerals.

The table included in the next page shows how NVIDIA is performing in relationship to the EICC Code of Conduct.



## INTERNAL SUPPLY CHAIN ASSESSMENT

In 2015, we conducted an internal risk assessment of NVIDIA operations using the EICC Validated Audit Process, as follows:

- › **Management systems:** We employ management systems based on ISO standards to drive continuous improvement. Each management system provides a working framework for our policies, procedures, monitoring, and corrective actions.
- › **Labor and Ethics:** The nature of our business model as a fabless semiconductor manufacturer helps to lower our risk for issues that surround labor and ethics in our workplaces. Our exposure to citations for labor and ethics violations is extremely low to nonexistent. We have a robust system for soliciting and rectifying confidential notifications on suspected labor or ethics issues.

### › Environmental Control and Management:

Environmental awareness is a central concern for us, and we strive to manage our facilities efficiently. Our environmental risk may increase due to aging buildings, but our fabless model allows us to obtain an elevated level of control and management of hazardous waste, wastewater, air emissions, e-waste, and recycling.

We made these improvements as a result of risk assessment findings:

- › We improved our Code of Conduct language in a range of areas related to our commitment to supplier responsibility, our suppliers' expectations of EICC compliance, human rights, equal employment, diversity, freedom of association, and child/forced labor. Our new Code of Conduct launched in 2017.

- › We updated our Conflict Minerals Policy to state our goal of using conflict-free tantalum, tin, tungsten, and gold in our products. We developed an internal procedure and conducted audits on our process.
- › We implemented auditing controls to ensure that our human resource teams were tracking the hours of hourly workers. Ongoing auditing is now fully functional.
- › We implemented a program that deducts a percentage of business we place with suppliers if their quarterly scorecard falls below a certain number. Our goal is to encourage them to improve performance across all areas, including sustainability.

Our progress against goals set in 2016 and our goals for 2017 are detailed in [Our Performance](#).



# PRODUCT DELIVERY



We continually seek new ways to minimize our environmental footprint, and work steadily to improve our product packaging and delivery methods.

## COMPLIANCE

We comply with all applicable laws and regulations in the countries where we operate. Compliance areas include hazardous substances, conflict minerals, packaging, and logistics.

In compliance with the 2016 decision on the renewal of EU RoHS Directives Exemptions, we have voluntarily restricted the use of lead in our GPUs.

Where appropriate, we review and make changes to bills of material to ensure that our products meet customer and legislative requirements while delivering optimal performance. In addition, we have specific agreements for environmental compliance with specialized suppliers.

We routinely incorporate into our process third-party lab inspections to verify compliance with applicable standards. We engage an external consultant to benchmark and review our practices, and we participate in joint industry training activities so that we can align our practices with customer and industry expectations.

## REDUCED HAZARDOUS SUBSTANCES

Our regulatory and certification guidelines for hazardous substances include:

- › [California Prop 65](#)
- › [China RoHS](#)
- › [Conflict Minerals](#)
- › [Directive on Packaging and Packaging Waste](#)
- › [EU RoHS](#)
- › [EU REACH](#)
- › [EU ELV](#)
- › [Halogen Free/Low Halogen](#)
- › [ISO 14001:2015](#)
- › [OHSAS18001](#) (GB/T28001-2011\_in China)
- › Taiwan RoHS
- › [WEEE](#)

## PACKAGING

In packaging our products, we strive to maintain a balance of protecting the environment and ensuring that our customers receive their products in excellent condition.

Every new product we ship provides an opportunity to reduce packing materials and increase the proportion of recyclable materials used. We use 100 percent recycled fibers for 80 percent of our consumer packages and 100 percent of bulk packaging. We re-use materials as much as possible.

Whether products are packaged for end-users or prepared for bulk shipping, we design our containers to maximize package density and reduce overall package size.

For our SHIELD consumer products, we implemented changes in the first 24 months of its availability, which resulted in reduced environmental impacts. These changes included moving to a “core box” approach so that boxes can be repurposed among products and implementing a “sub-box” system so that only the interior box can be shipped to retailers as needed. We had shifted in the first year from plastic to all paper, but due to product protection purposes, we changed back to plastic, using recyclable HDPE rather than polystyrene.

Additionally, we stopped using anti-static foam products wherever possible, and transitioned to a 60 percent recycled and recyclable foam product. We also provide online instructions wherever possible, although some markets still require printed instructions in the box.

On average, we have reduced pallet usage by 15 to 20 percent, and in some instances have nearly doubled the number of units on a pallet.

Other efforts to recycle and reduce packaging include:

- › Using vegetable-oil based printing inks
- › Reusing moisture-barrier bags, trays and cartons whenever feasible
- › Using suppliers that leverage distribution centers to minimize the shipping footprint of packing/package materials
- › Shipping accessories wherever possible directly to the distributor for end-point assembly
- › Applying materials labels to 100 percent of our packages to simplify consumer recycling
- › Leveraging existing packaging for return merchandise authorization support when feasible

Our key bulk and consumer packaging suppliers are compliant with NVIDIA's Environmental Compliance Certification for Forestry Stewardship Council, ROHS, and REACH certifications.

We closely monitor the cost savings associated with packaging-related process improvements, and our goal for future years is to track the environmental impact of these efforts.



## LOGISTICS

The methods we use to plan, pack, and execute our raw material, work-in-progress, and finished-goods shipments have a significant effect on our carbon footprint. Fuel represents a major component of our overall freight costs, and our continuous focus on optimizing our supply chain and reducing freight expenditures has resulted in cost savings and a positive impact on the environment.

Logistics optimization efforts include:

- ▶ Implementing consolidation programs to efficiently configure packing and reduce the number of pick-ups and deliveries
- ▶ Overseeing subcontractor packing to ensure that cartons and pallets are fully packed and efficiently unitized
- ▶ Using lightweight paper or cardboard pallets to reduce shipment weights, where feasible;
- ▶ Implementing a multimodal (ocean/truck) replenishment program within the U.S. and retail distribution outside the U.S
- ▶ Instituting a balanced supplier scorecard that includes a category awarding points for our suppliers' participation in environmental initiatives
- ▶ Implementing reverse logistics solutions that use onsite or regional failure verification and/ or repair to streamline product returns and eliminate international shipments
- ▶ We continue to gather data from shipping partners related to the carbon emissions of our shipments from air, land, and sea. Our goal is to determine the appropriate metric by which to target reductions

# SOCIAL IMPACTS OF OUR TECHNOLOGY

NVIDIA is at the forefront of solving the world's most complex social and scientific problems through our technology and our philanthropic efforts. We work together with leading visionaries to help bring their work to fruition, and use the NVIDIA blog and social media channels to help draw attention to their efforts. Included in this section are some of the stories we've highlighted over the past year about these efforts.

## FINDING A CURE FOR CANCER WITH AI

Your mother. Your best friend. Your colleague. Maybe even your child. Globally, nearly one in six deaths result from cancer. Artificial intelligence and deep learning are transforming cancer research. [Read more](#) about the role NVIDIA and its partners are playing in this transformational area.

## SUPPORTING SOCIAL INNOVATORS

For a second year, we've recognized global startups using deep learning technology to address social, humanitarian, and environmental challenges.

## IMPROVING DRIVER SAFETY

Self-driving cars will dramatically change the future of transportation, making driving safer, reducing carbon emissions, and transforming how cities are designed. At the heart of autonomous driving technology is artificial intelligence, which enables vehicles to learn to anticipate and respond to the huge range of fast-changing conditions on the road. [Learn more](#) about how NVIDIA is making this change possible.

## PROTECTING THE PLANET

NVIDIA technology is being used in sustainable projects to support [life on land](#), [life below water](#), and [sustainable cities and communities](#). Our partners efforts align with the 17 sustainable development goals developed by the United Nations to address the world's most pressing problems. [Learn more](#) about the robust ecosystem of universities and startups leveraging GPU technology to create a more sustainable future.

## RECOGNIZING REVOLUTIONARIES

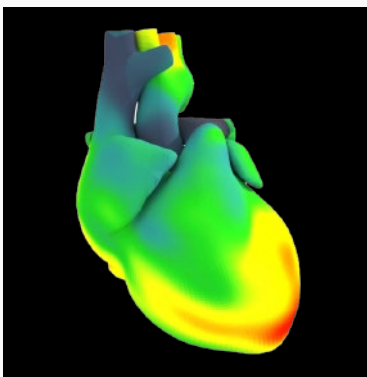
### GLOBAL IMPACT AWARD

NVIDIA provides \$150,000 to researchers using NVIDIA technology for groundbreaking work that addresses social, humanitarian, and environmental problems.

[University of Maryland](#) is our 2017 gold recipient for its role in helping scientists unblock bottlenecks in complex genetic data to advance our understanding of the living world, and potentially save lives. [Mayo Clinic](#) received the silver award for tapping the power of AI to predict brain tumor genomics using MRIs.

[Learn more](#) about the Global Impact Award.

## SNAPSHOT OF NVIDIA INCEPTION AWARD WINNERS FOR 2017



### GENETESIS

Ten million U.S. emergency room visits each year relate to chest pain. [Genetesis' imaging system](#) generates a 3D map of the heart's electrical performance in 90 seconds, giving doctors a fast and accurate way to diagnose and locate blocked arteries.



### BAYLABS

Ultrasound imaging is a critical component of prenatal care. [BayLabs](#) makes it easier to interpret these scans with its GPU-accelerated deep learning software.



### ATHELAS

From one drop of blood, you could detect leukemia and other conditions right in your home. [Athelas](#) uses artificial intelligence to power a device that measures white blood cell counts.



# CHARITABLE GIVING



Employees at our Silicon Valley headquarters participate in the American Cancer Society's Making Strides Against Breast Cancer 5K walk. Team NVIDIA doubled the number of walkers in 2016 and more than doubled its fundraising total to more than \$134,000.

The [NVIDIA Foundation](#) accelerates solutions to the world's most pressing issues in health and education. Led by four staff members and guided by a non-executive employee board of directors, we engage our employees, work with our partners, apply our technology, and target our financial resources in efforts to advance the fight against cancer and help youth excel in learning.

In 2016, NVIDIA and our employees donated nearly \$3 million and more than 17,000 volunteer hours to support nonprofit organizations around the world. And in our global employee survey, 90 percent of our employees stated that they are proud of NVIDIA's contribution to communities around the world.

## Our Fight Against Cancer

[Compute the Cure](#), our strategic philanthropic program, aims to advance the fight against cancer through grants and employee engagement initiatives. We fund cancer researchers who use innovative computing methods to accelerate their work and support nonprofit organizations that provide patient care and services. Offices around the world hold events to engage employees in raising funds for cancer-focused organizations.

Through grants and employee fundraising efforts, NVIDIA donated more than \$850,000 to fight cancer in 2016. Highlights include:

- Providing [\\$200,000 grants to research teams](#) from the Translational Genomics Research Institute (TGen) and University of North Texas (UNT) to support their work using GPUs in computational omics.

- Awarding four [\\$50,000 grants to nonprofits](#). These funds are supporting no-cost treatment for cancer patients in Kenya, a pediatric music therapy program in Minnesota, a palliative care program for the poor in India, and the worldwide #KnowYourLemons breast-cancer prevention campaign.
- Raising more than \$134,000 for the American Cancer Society's Making Strides Against Breast Cancer walk, which involved a team of 350 NVIDIAans.

## Our Efforts in Education

The NVIDIA Foundation's [education initiatives](#) provide K-12 students the tools and skills they need to succeed.

We offer opportunities to underserved and underrepresented youth, strive to improve math and science education, and inspire youth to enter occupations requiring science, technology, engineering, and math (STEM) skills.

Employees get opportunities to use their time and talent to help students through mentoring and tutoring programs. Volunteer events, like our annual [Project Inspire](#), physically transform schools in low-income areas to create a welcoming and stimulating environment for learning. In 2016, the company donated more than \$1.6 million and 14,600 volunteer hours to these education-related efforts and reached more than 89,000 children.

Highlights include:

- Revamping education facilities through [Project Inspire](#) events held in Austin, Beaverton, Berlin, Durham, Hyderabad, Pune, Silicon Valley, the U.K., Westford, and Wuersele.
- Building and stocking school libraries in China with more than 12,000 books, and donating more than 2,000 backpacks and 3,200 science kits through office back-to-school efforts.
- Contributing financial and in-kind donations to support an [international youth robotics organization](#).

## Measuring Success

We use several metrics to measure the success of our giving and volunteerism programs. The table below shows our progress and outlines our goals for the coming year.

	2015	2016	2017 Goals
Percent of NVIDIA offices holding charitable-giving events	90%	90%	97%
Offices participating in Project Inspire events	11	12	13
Volunteers	4,564	4,072	4,500
Volunteer rate, total	52%	42%	45%
Volunteer rate, unique	33%	30%	33%
Number/value of volunteer hours	16,833/\$388,337	17,400 / \$417,600	18,000 /\$432,000
Donations, company cash	\$2,221,131	\$2,392,044	N/A
Donations, in-kind	\$268,270	\$184,349	N/A
Donations, employee	\$569,105	\$389,812	N/A
Total donations	\$3,058,506	\$2,966,205	N/A
Administrative overhead	6%	8%	8%

06

# OUR PERFORMANCE



# GOALS AND PERFORMANCE

As discussed in [Our Priorities](#), our intention is that our sustainability objectives will drive operational efficiency and excellence, improve employee recruitment and retention, and manage sustainability risks and reputation.

Throughout this report, we detail specific accomplishments related to the initiatives we implemented, which reflect these objectives and the priority issues linked to them.

In this section, we provide an overview of our environmental, social, and economic performance in 2016 and our goals for 2017.

## 2016 GOALS AND PERFORMANCE

Priority	Progress	Comments
<b>Risks and Reputation</b>		
Update and launch a new NVIDIA Code of Conduct.	100%	We launched our <a href="#">new code</a> in April 2017.
Achieve greater than 95 percent conflict-free on all products by the end of 2016.	100%	We achieved greater than 95 percent conflict-free on our products by the end of 2016.
Maintain a response rate of 100 percent on the Conflict Minerals Report Template for all active suppliers.	100%	We achieved a 100 percent response rate from all active suppliers.
Rank all active suppliers based on NVIDIA's criteria for conflict minerals due diligence.	100%	All active suppliers have been ranked in our systems, and we make updates throughout the year as necessary.
Continue to evaluate and implement projects that reduce greenhouse gas emissions.	100%	We implemented solar installation at our Silicon Valley campus, which will generate 800,000 kwh per year. We evaluated indirect power purchase agreements but did not pursue, due to lack of return on investment.
Maintain inclusion in the Dow Jones Sustainability Index North America.	100%	We have been recognized for a third year and improved our performance by 4 points.
Secure a spot in CRO Magazine's Top 100 Corporate Citizens.	100%	We <a href="#">debuted</a> on the list at #20 in 2016. In 2017, we were featured at #17.
Maintain a 100 percent score in the Human Rights Watch Corporate Equality Index.	100%	We maintained our 100% rating in the <a href="#">2017 report</a> .
<b>Operational Efficiency and Excellence</b>		
Continue to align the Product and Social Compliance teams under the recently merged Operations group. Establish a unified set of procedures for monitoring our suppliers' products and social compliance.	80%	All major contract manufacturers have aligned to the EICC Code of Conduct implementation.  Procedures have been established to monitor compliance, with notification and training to be rolled out throughout 2017.
Align with Operations management teams for our printed circuit board manufacturers to ensure response to our quarterly scorecards, self-assessment requirements and EICC VAP audit schedules.	100%	We engaged twelve strategic suppliers through quarterly business reviews, including the addition of two new printed circuit board manufacturers.
Rank all active strategic suppliers for their compliance to the EICC Code of Conduct.	100%	All active, strategic suppliers provide self-assessment questionnaires annually and have been ranked.
Improve product compliance documentation for system-level parts.	100%	We improved the new part request process and supplier validation.  We sent out a compliance survey and followed up to evaluate our suppliers' halogen free and phthalate free status.
Complete the transition of our GPUs away from claiming RoHS Exemption 15.	100%	All new GPUs have transitioned away from Exemption 15.
<b>Recruitment and Retention</b>		
As part of our inclusion efforts, conduct unconscious-bias training with executive staff and senior global leaders.	100%	Kicked off phase one (unconscious bias in recruiting and hiring) with 300 global leaders in fall 2017.
Continue tracking progress on measures across the diversity metrics of hiring, retention and turnover.	80%	An update on our Diversity and Inclusion programs can be found in the <a href="#">Workforce</a> and <a href="#">Performance</a> sections.



# GOALS AND PROGRESS

## 2017 GOALS

### Risks and Reputation

Apply for the new Full Member [category](#) for the EICC

Achieve 100 percent conflict-free on all products by the end of FY18

Maintain a response rate of 100 percent on the Conflict Minerals Report Template for all active suppliers

Conduct a SWOT analysis to identify areas for improvement in performance and communications and/or positioning regarding sustainability issues

Connect UN Sustainable Development Goals with our efforts in innovation, health, gender equality, and environment

Maintain inclusion in the Dow Jones Sustainability Index North America

Maintain a 100 percent score in Human Rights Watch Corporate Equality Index

### Operational Efficiency and Excellence

Rank all active suppliers for their compliance to the EICC Code of Conduct leveraging our EICC membership and utilizing the EICC-ON platform

Release a unified set of procedures for monitoring our suppliers' products and social compliance. Work with strategic contract manufacturers to execute new agreement

Investigate obtaining Full Material Disclosures for all products

Identify ISO14001 gaps related to product life cycle approach and end of life recycling

Request greenhouse gas third party certification from strategic contract manufacturers

### Recruitment and Retention

Roll out second phase of unconscious bias programming, which includes: implementing bias mitigation techniques into recruiting and team dynamics activities; launching Textio resume platform globally; providing bias awareness training to HR recruiting team

Continue tracking progress on measures across the [diversity and inclusion](#) metrics of hiring, retention and turnover

Create employee resource groups for Latino, Indian, early career, Veteran communities. Continue support of existing African-American, LGBTQ, and womens groups

Hold NVIDIA Diversity Day event to create awareness of and recruit for employee resource groups

Support women in tech resource group to create tailored career development opportunities

# GENERAL STANDARD DISCLOSURES

## GRI INDEX

To produce this 2017 Global Citizenship Report, we applied the internationally recognized Global Reporting Initiative ([GRI](#)) [G4 Sustainability Reporting Guidelines](#). The report is in accordance with the G4 Guidelines at the “Core” level.

Per GRI Guidelines, we indicate the location of the required “General Standard Disclosures” and each of the “Specific Standard Disclosures” related to our Priority Issues (“Disclosures on Management Approach for Material Aspects” and selected indicators).

In some cases, we provide a direct response to indicators or additional information related to content located in the main pages of the report within the index itself.

	Description	Cross-Reference or Explanation
<b>Strategy and Analysis</b>		
G4-1	<a href="#">CEO Statement</a>	Message from our CEO
	<a href="#">Letter from EVP</a>	Message from our EVP, Operations
<b>Organizational Profile</b>		
G4-3	Name of the organization	<a href="#">2017 10-K</a>
G4-4	Primary brands, products, and services	<a href="#">2017 10-K</a> <a href="#">NVIDIA Products Page</a>
G4-5	Location of the organization’s headquarters	Santa Clara, California, USA
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations	<a href="#">Significant operations in US (California and Texas), India and China. Offices in 18 countries.</a>
G4-7	Nature of ownership and legal form	<a href="#">2017 10-K</a>
G4-8	Markets served	<a href="#">Our Locations</a> <a href="#">2017 10-K</a>
G4-9	Scale of the organization	<a href="#">Performance, Economic</a> <a href="#">Performance, Workforce</a>
G4-10	Workforce information	<a href="#">Performance, Workforce</a>
G4-11	Percentage of total employees covered by collective bargaining agreements	Employees in the US, Canada, India and APAC regions are not unionized. Employees in Brazil are unionized. Employees in our EMEA region (which make up 7% of our total employee population) could participate in unions but NVIDIA is legally not allowed to inquire with them about their involvement. NVIDIA participates in collective bargaining agreements in France, Finland and Italy. Employees in France and Germany have formal representation on work councils.
G4-12	Organization’s supply chain	<a href="#">Supplier Responsibility</a>
G4-13	Significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain	None
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	We do not specifically apply the precautionary principle. A description of the role of the Board in risk oversight is located in the 2017 Proxy Statement. <a href="#">2017 Proxy Statement</a>
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	<a href="#">Supplier Responsibility</a>
G4-16	List memberships in associations and national or international advocacy organizations	<a href="#">Stakeholder Engagement</a>

## Identified Material Aspects and Boundaries

G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	<a href="#">2017 10-K</a>
G4-18	Explain the process for defining the report content and the Aspect Boundaries	<a href="#">Priority Process</a>
G4-19	Material Aspects identified in the process for defining report content	<a href="#">Priority Process</a>
G4-20	For each material Aspect, report the Aspect Boundary <b>within</b> the organization	<a href="#">Value Chain Impact</a> <a href="#">GRI Content Index - Specific Standard Disclosures: Aspect and Aspect Boundary</a>
G4-21	For each material Aspect, report the Aspect Boundary <b>outside</b> the organization	<a href="#">Impact Areas</a> <a href="#">GRI Content Index - Specific Standard Disclosures: Aspect and Aspect Boundary</a>
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	There were no restatements of information.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	There were no significant changes in Scope and Aspect Boundaries.

## Stakeholder Engagement

G4-24	List of stakeholder groups engaged by the organization	<a href="#">Stakeholder Engagement</a>
G4-25	Basis for identification and selection of stakeholders with whom to engage	<a href="#">Stakeholder Engagement</a>
G4-26	Organization's approach to stakeholder engagement	No engagement undertaken specifically as part of the report <a href="#">Stakeholder Engagement</a> <a href="#">Workforce</a>
G4-27	Key topics and concerns that have been raised through stakeholder engagement	<a href="#">Stakeholder Engagement</a>

## Report Profile

G4-28	Reporting period for information provided	<a href="#">About this Report</a>
G4-29	Date of most recent previous report	<a href="#">June 2016</a>
G4-30	Reporting cycle (such as annual, biennial)	<a href="#">About this Report</a>
G4-31	Contact point for questions regarding the report or its contents	<a href="#">About this Report</a>
G4-32	GRI Content Index	<a href="#">GRI Content Index</a>
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	We did not seek external assurance for the report. We provide limited assurance for Scope 1 and 2 Greenhouse Gas emissions, and Scope 3 waste, travel and FERA emissions. <a href="#">About this Report</a>



## Governance

G4-34	Governance structure of the organization, including committees of the highest governance body	<a href="#">Corporate Governance</a>
<b>Ethics and Integrity</b>		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	<a href="#">Governance and Ethics</a> <a href="#">Culture, Code and Values</a>
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	<a href="#">Governance and Ethics</a>
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	<a href="#">Governance and Ethics</a>

## SPECIFIC STANDARD DISCLOSURES: INDICATORS

Material Aspects	Indicators	Description	Cross-Reference or Explanation	Explanations	Omissions	Assurance
<b>Economic</b>						
Economic Performance	G4-EC1	Direct economic value generated and distributed	<a href="#">Performance, Economic</a> <a href="#">2017 10-K</a> <a href="#">NVIDIA Foundation Report</a>			
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<a href="#">2016 CDP</a>			
	G4-EC4	Financial assistance received from governments	Priorities, Innovation	We have funding from the Department of Energy, DARPA and the NSA for GPU-related research. No governments are present in NVIDIA's shareholder structure.		
<b>Environmental</b>						
Products and Services	G4-EN15	Direct Greenhouse Gas (GHG) Emissions (Scope 1)	<a href="#">Performance, Environment</a>			Yes
	G4-EN16	Energy Indirect Greenhouse Gas(GHG) Emissions (Scope 2)	<a href="#">Performance, Environment</a>			Yes
	G4-EN17	Other Indirect Greenhouse Gas(GHG) Emissions (Scope 3)	<a href="#">Performance, Environment</a>			Yes
	G4-EN18	Greenhouse Gas (GHG) Emissions Intensity	See explanation.	Our GHG emissions intensity ratio is 4.9, compared to 5.2 in our baseline fiscal 2015 (the FY15 metric has been adjusted up based on a recalculation of scope 1 and scope 2 later in the year). The metric chosen to calculate the ratio is our global headcount of employees and contractors = 10,880. Scope 1 and scope 2 (52,786 CO2e) are included in the intensity ratio. Additionally, Carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), are included in the calculation.		
	G4-EN19	Reduction of Greenhouse Gas(GHG) Emissions	<a href="#">Our Operations, Value Chain Map</a> <a href="#">Performance, Environment</a>			
	G4-EN20	Emissions of Ozone-Depleting Substances (ODS)	<a href="#">Performance, Environment</a>			
	G4-EN21	NOX, SOX, and other significant air emissions	<a href="#">Performance, Environment</a>			
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	<a href="#">Product Design</a>			
Compliance	G4-EN29	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations	<a href="#">Performance, Environment</a>	We consider significant fines those that are required to be disclosed in the company's SEC filings. There were no fines in FY17 that fell into this category. We also were not subject to any non-monetary sanctions for non-compliance with environmental laws and regulations. There were no cases brought through dispute resolution mechanisms.		

Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<a href="#">Supplier Responsibility</a>	In 2016 we implemented a process for new suppliers which includes screening them for environmental and social criteria. 100% of new suppliers were screened in 2016.		
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	See explanation.	Confidential. We ask our Tier 1 suppliers to submit Self-Assessment Questionnaires on an annual basis, in which they self-report any issues or grievances. We ensure that all reported grievances are tracked, addressed, and resolved through a corrective action plan, in accordance with the Electronic Industry Citizenship Coalition Validated Audit Process protocol.		

### Social - Labor Practices and Decent Work

Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	<a href="#">Workforce</a>			
	G4-LA2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees, by significant locations of operation	<a href="#">Workforce</a> <a href="#">NVIDIA Benefits</a>	We provide employees with a comprehensive benefits package (see NVIDIA benefits for more information).  US employees are eligible to enroll in NVIDIA's health and welfare programs if they are regular, full-time or part-time employees normally scheduled to work 20 hours or more per week. Part-time employees working fewer than 20 hours/week are not eligible.		
Training and Education	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<a href="#">Workforce</a>	Transition support is available through the Employee Assistance Program, which is available through COBRA. In some cases, NVIDIA may provide outplacement services. NVIDIA's Learning & Development organization provides skills building and lifelong learning opportunities.		
	G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category	See explanation.	100% of employees receive regular performance and career development reviews.		
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<a href="#">Supplier Responsibility</a>	In 2016 we implemented a process for new suppliers which includes screening them for environmental and social criteria. 100% of new suppliers were screened in 2016.		
Labor Practice Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	See explanation.	Confidential. We ask our Tier 1 suppliers to submit Self-Assessment Questionnaires on an annual basis, in which they self-report any issues or grievances. We ensure that all reported grievances are tracked, addressed, and resolved through a corrective action plan, in accordance with the Electronic Industry Citizenship Coalition Validated Audit Process protocol.		



**Social - Human Rights**

Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	<a href="#">Supplier Responsibility</a>	In 2016 we implemented a process for new suppliers which includes screening them for environmental and social criteria. 100% of new suppliers were screened in 2016.		
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	See explanation.	Confidential. We ask our Tier 1 suppliers to submit Self-Assessment Questionnaires on an annual basis, in which they self-report any issues or grievances. We ensure that all reported grievances are tracked, addressed, and resolved through a corrective action plan, in accordance with the Electronic Industry Citizenship Coalition Validated Audit Process protocol.		

**Social - Society**

Compliance	G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	See explanation.	We consider significant fines those that are required to be disclosed in the company's SEC filings. We were not subject to any significant fines in FY17 for non-compliance with laws and regulations.		
Supplier Assessment for Impacts on Society	G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	<a href="#">Supplier Responsibility</a>			
Grievance Mechanisms for Impacts on Society	G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	See explanation.	Confidential. We ask our Tier 1 suppliers to submit Self-Assessment Questionnaires on an annual basis, in which they self-report any issues or grievances. We ensure that all reported grievances are tracked, addressed, and resolved through a corrective action plan, in accordance with the Electronic Industry Citizenship Coalition Validated Audit Process protocol.		

**Social - Product Responsibility**

Product and Service Labeling	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	See explanation.	We have not been notified by a governmental entity of any non-compliance with regulatory or voluntary codes concerning product and service information and labeling.		
	G4-PR5	Results of surveys measuring customer satisfaction	Product Delivery			
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	See explanation.	We consider substantiated complaints those that are disclosed in the company's SEC filings. There were no substantiated complaints in FY17 that fell into this category.		
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	See explanation.	We consider significant fines those that are required to be disclosed in the company's SEC filings. We were not subject to any significant fines in FY17 for non-compliance with laws and regulations concerning the provision and use of products and services.		

## SPECIFIC STANDARD DISCLOSURES: ASPECTS AND ASPECT BOUNDARIES

Material Aspects	Cross-Reference	Material within the organization or external? (G4-20, G4-21)	Geographical Aspect Boundaries (G4-21)	Relevant External Entities (G4-21)
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### Economic

Economic Performance	<a href="#">2017 10-K</a> <a href="#">2016 CDP</a>	Both	Across all geographies of operation	Customers, Shareholders, Consumers, Developers, Suppliers, Governments, NGOs, Communities
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### Environmental

Products and Services	Innovation	Both	NVIDIA operations, customer and consumer locations globally	Customers, Consumers, Governments
Compliance	Impacts: Environmental Product Delivery Corporate Responsibility Directive Environmental Policy	Both	Across all geographies of operation	Customers, Shareholders, Consumers, Suppliers, Governments
Supplier Environmental Assessment	Priorities: Supply Chain Management Impacts: Product Delivery	External	Supplier locations of operation: China, Korea and Taiwan	Suppliers
Environmental Grievance Mechanisms	Priorities: Supply Chain Management Supplier Responsibility	External	Supplier locations of operation: China, Korea and Taiwan	Suppliers

### Social - Labor Practices and Decent Work

Employment	Employee Satisfaction <a href="#">Workforce</a>	Internal; material for all entities within the organization	Not applicable	Not applicable
Training and Education	<a href="#">Workforce</a> University Partnerships Internships	Internal; material for all entities within the organization	Not applicable	Not applicable
Supplier Assessment for Labor Practices	Priorities: Supply Chain Management Impacts: Supplier Responsibility	External	Supplier locations of operation: China, Korea and Taiwan	Suppliers
Labor Practice Grievance Mechanisms	Priorities: Supply Chain Management Impacts: Supplier Responsibility	External	Supplier locations of operation: China, Korea and Taiwan	Suppliers

### Social - Human Rights

Supplier Human Rights Assessment	Priorities: Supply Chain Management Impacts: Supplier Responsibility	External	Supplier locations of operation: China, Korea and Taiwan	Suppliers
Human Rights Grievance Mechanisms	Priorities: Supply Chain Management Impacts: Supplier Responsibility	External	Supplier locations of operation: China, Korea and Taiwan	Suppliers

**Social - Society**

Compliance	Impacts: Product Delivery Compliance <a href="#">Worldwide Code of Conduct</a>	Both	Across all geographies of operation	Customers, Shareholders, Consumers, Developers, Suppliers, Governments, NGOs, Communities
Supplier Assessment for Impacts on Society	Priorities: Supply Chain Management Impacts: Supplier Responsibility	External	Supplier locations of operation: China, Korea and Taiwan	Suppliers
Grievance Mechanisms for Impacts on Society	Priorities: Supply Chain Management Impacts: Supplier Responsibility	External	Supplier locations of operation: China, Korea and Taiwan	Suppliers

**Social - Product Responsibility**

Product and Service Labeling	<a href="#">Worldwide Code of Conduct</a>	Both	NVIDIA operations, customer and consumer locations globally	Customer, Consumers, Governments
Customer Privacy	<a href="#">Customer Privacy</a>	Both	NVIDIA operations, customer and consumer locations globally	Customers, Shareholders, Consumers, Governments
Compliance	Compliance	Both	NVIDIA operations, customer and consumer locations globally	Customers, Developers, Shareholders, Consumers, Governments



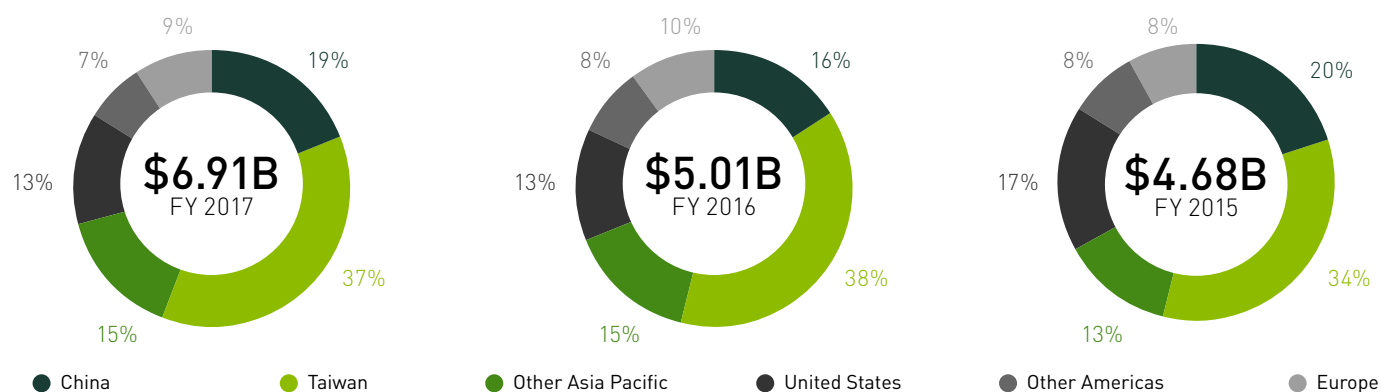
# ECONOMIC

Included here is an overview of the company's economic activity over the past three fiscal years, and a reporting of our revenue by region.

## ECONOMIC INDICATORS

	FY2017	FY2016	FY2015
Revenue	\$6,910,000,000	\$5,010,000,000	\$4,681,507,000
Total operating expenses	\$2,129,000,000	\$2,064,000,000	\$1,840,488,000
Net income	\$1,666,000,000	\$614,000,000	\$630,587,000
Gross margin	58.8%	56.1%	55.5%
Income tax expense (benefit)	\$239,000,000	\$129,000,000	\$124,249,000
Total assets	\$9,841,000,000	\$7,370,000,000	\$7,201,368,000
Total stockholders' equity	\$5,762,000,000	\$4,469,000,000	\$4,417,982,000
Total liabilities and stockholders' equity	\$9,841,000,000	\$7,370,000,000	\$7,201,368,000
Revenue by country/region	See chart below	See chart below	See chart below
Dividends and stock repurchases	\$1,000,000,000	\$800,000,000	\$1,000,052,000
Compensation of named executive officers	See <a href="#">Proxy Statement</a>	See <a href="#">Proxy Statement</a>	See <a href="#">Proxy Statement</a>
Payments to capital providers	\$274,000,000	\$230,000,000	\$203,000,000

## REVENUE BY REGION






# WORKFORCE AND DIVERSITY

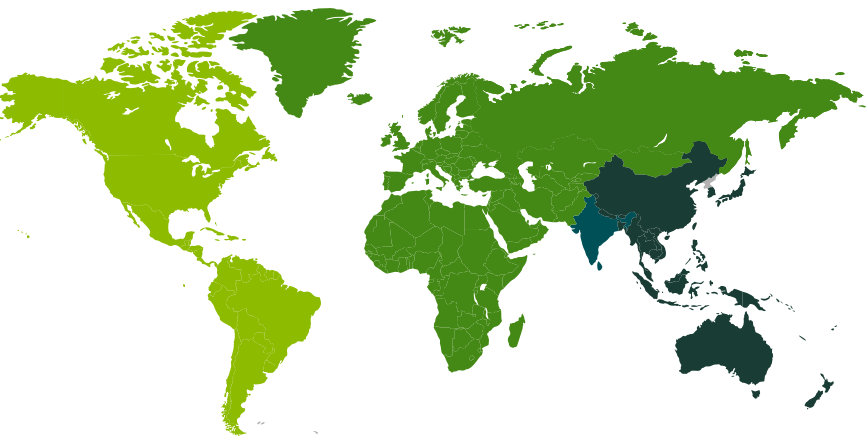
We report workforce data to our external stakeholders on an annual basis. These metrics, combined with employee survey data, help us determine how we can improve in specific areas throughout our enterprise. The data show a diverse and engaged employee base, with a turnover rate well below the industry average.





We gather information for this report at the end of the fiscal year, and the data points below reflect a snapshot of the employee base at that time.

## EMPLOYEE PROFILE

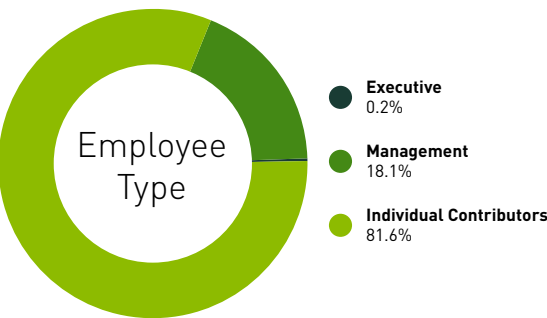
	 Employees	 Offices	 Countries
FY2017	10,299	42	20
FY2016	9,227	42	18
FY2015	9,228	48	18

## HEADCOUNT BY TYPE

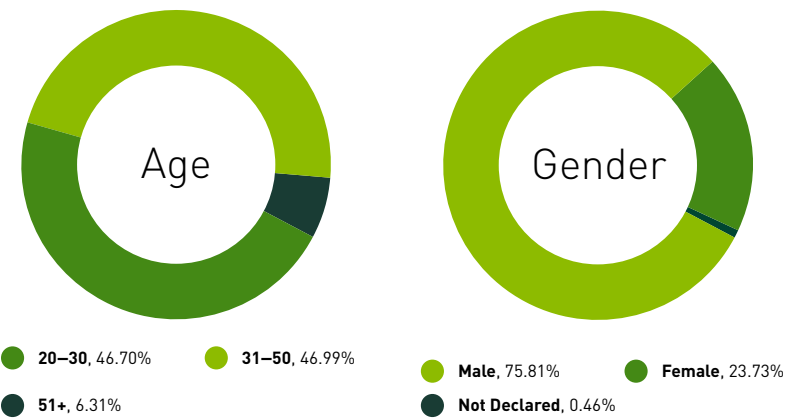


	 Americas	 EMEA	 India	 APAC	Total
Exempt	5,204	703	1,893	1,945	9,691
Non-Exempt	234	21	289	64	608
Contractors	1090	107	319	307	1,823
Interns	74	9	138	62	283

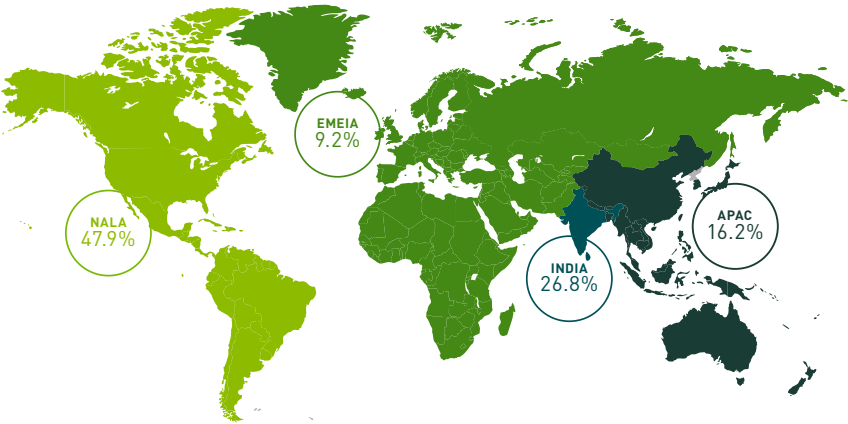
## EMPLOYEE TYPE BY LEVEL



NEW HIRES BY AGE GROUP AND GENDER



NEW HIRES BY REGION





PROMOTIONS

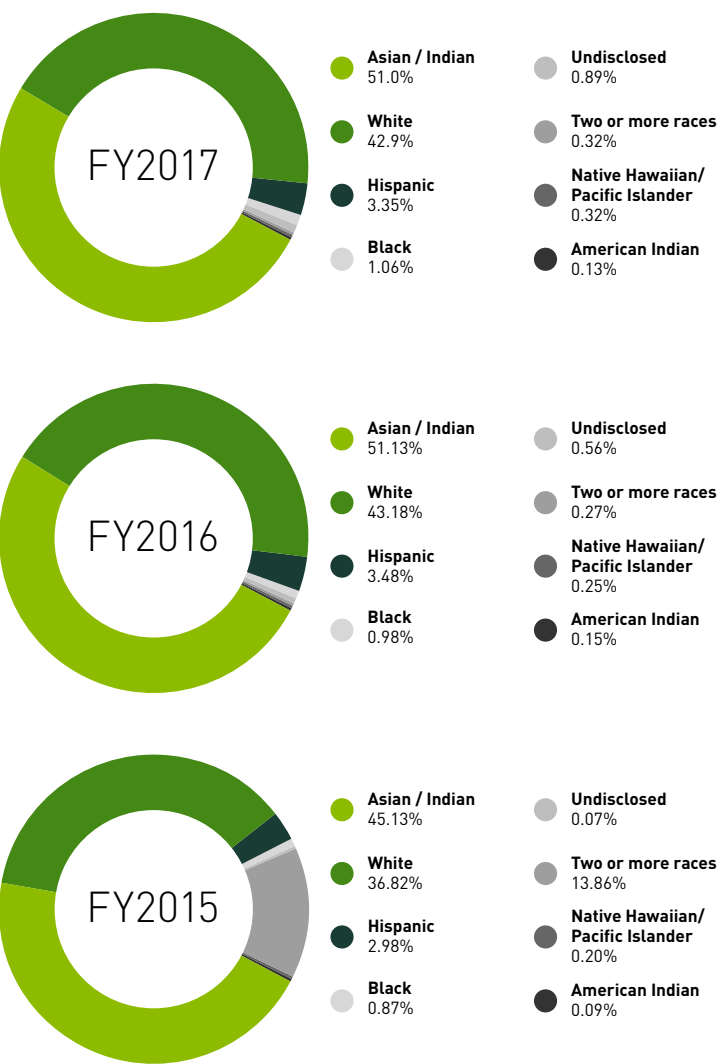
In FY17, we promoted approximately 14.1 percent of our workforce. Of the 1,453 promotions, 98 (7 percent) were at the level of director or above (a 79% increase from the year before), 685 (47 percent) were women (global) or minorities (US), and 233 (16 percent) were women (down one percent from FY16 but up from 15 percent in FY15).

DIVERSITY

As stated in our [Equal Employment Opportunity Policy](#) and [Code of Conduct](#), we are committed to providing equal opportunity to all employees and applicants.

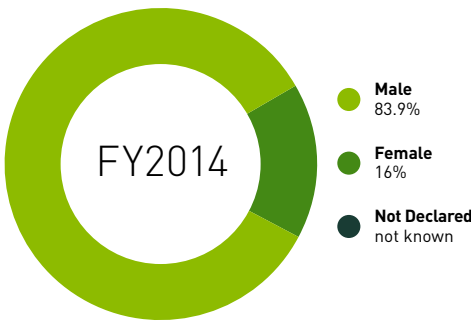
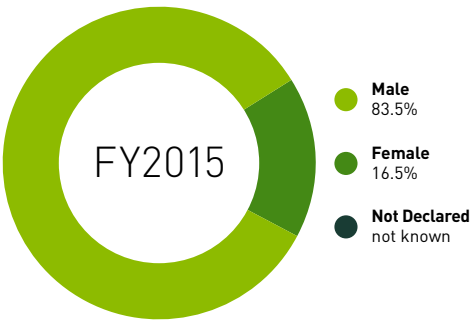
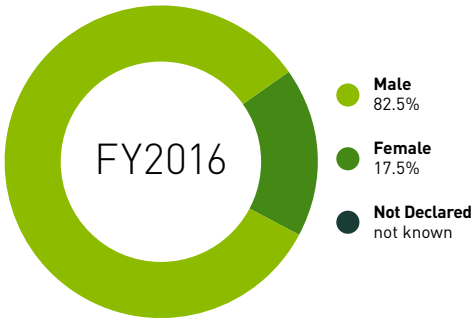
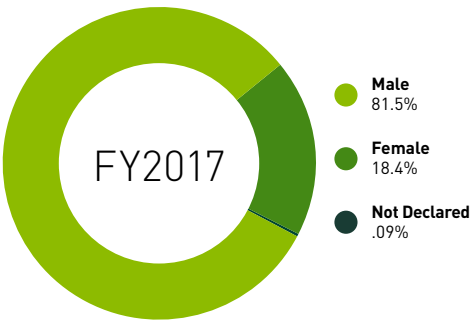
The level of diversity at NVIDIA reflects the current state of the technology and engineering industries as a whole. Roughly 71 percent of our employees are in technical fields that are historically male-dominated. We seek to address gender imbalances in the technology and engineering fields through programs aimed at increasing the number of women and minorities in engineering. Learn more about our approach to diversity and inclusion in [Our Operations](#).

EMPLOYEE RACIAL/ETHNIC DIVERSITY SNAPSHOT\*

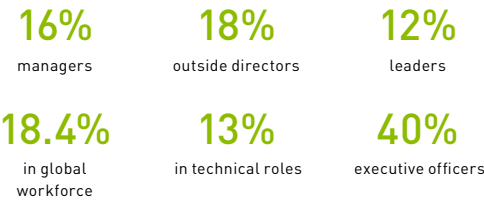


\*Minority data represents the United States only.

GENDER DATA



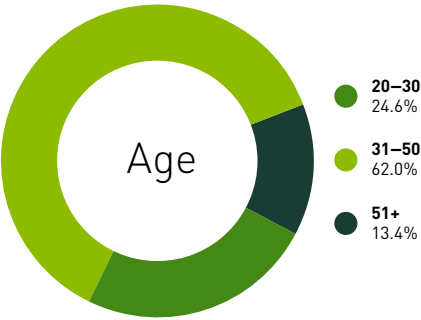
POSITIONS HELD BY WOMEN



GENDER TURNOVER

	FY2017	FY2016	FY2015
Female	6.69%	9.4%	7.9%
Male	6.29%	13.9%	8.2%

AGE DATA



TURNOVER DATA

In this extremely competitive climate, NVIDIA's turnover continues to decrease, dropping to 6.7 percent in FY17, well below the industry average of 15.2 percent. Our voluntary turnover rate is 5.8 percent, compared with the technology industry average of 9.1 percent.

Turnover Type	Overall Turnover	Voluntary Turnover
FY2017	6.7%	5.8%
FY2016	13%	7.2%
FY2015	8.7%	7.9%
FY2014	8.4%	7.6%

Our turnover rate increased in FY16 to 13.0 percent due to a business closure.

# ENVIRONMENT

## ENVIRONMENTAL HEALTH AND SAFETY

We track, but do not currently publish, the following health and safety metrics for employees and contractors:

- › Fatalities
- › Leave of absence requests

## ENVIRONMENTAL PERFORMANCE

Metric	FY17	FY16	FY15*
<b>Greenhouse Gas (GHG)</b>			
Energy used (global) (GJ)	460,418	434,700	485,514
GHG Scope 1 total global (tCO2e)	2,571	2,419	3,339
Stationary natural gas	2,313	2,316	2,483
Stationary distillate fuel oil	78	71	203
Gasoline	42	16	14
Refrigerants	139	16	637
GHG in lab operations	Not tracked	Not tracked	Not tracked
GHG Scope 2 total global (tCO2e)* - market based	49,360	46,807	51,482
Purchased and used electricity	48,910	46,370	51,078
Total GHG emissions (Scope 1 and 2 total - tCO2e)*	51,931	49,226	54,821
GHG Scope 2 total global (tCO2e)* - location based	52,903	51,164	52,431
GHG Scope 3 (US) (tCO2e)	273,961	234,015**	114,259
Travel emissions (metric tons)	24,658	23,010	19,832
Emissions from purchased goods and services	150,741	159,976	42,791
Emissions from capital goods	78,076	31,748	30,829
Emissions from fuel and energy related activities (not included in Scope 1/2)	20,246	19,055	20,623
Emissions from waste generated in operations	240	226	184
Scope 1 carbon dioxide emissions (metric tons)	2427	2,398	2,695
Scope 1 nitrous oxide emissions (metric tons)	2	2	2
Scope 1 methane emissions (metric tons)	4	3	4
Sulfur dioxide emissions (metric tons)	Not relevant	Not relevant	Not relevant
Sulfur oxide emissions (metric tons)	Not relevant	Not relevant	Not relevant
VOC emissions (metric tons)	Not relevant	Not relevant	Not relevant
Carbon monoxide emissions (metric tons)	Not relevant	Not relevant	Not relevant
ODS emissions (metric tons)	Not relevant	Not relevant	Not relevant
Particulate emissions (metric tons)	Not relevant	Not relevant	Not relevant

\*Selected historic values have been updated to reflect changes in methodologies or corrections to data. For example, we are now calculating Scope 2 market-based and location-based emissions per the WRI/WBCSD GHG Protocol and have updated prior years' data to align with the new methodology.

\*\*In FY16, we began reporting on Scope 3 GHG emissions for waste



Metric

2017

2016

2015

### Energy, Waste, Water

	In Silicon Valley, we use what is allocated through local utilities (29%)	In Silicon Valley, we use what is allocated through local utilities (36%)	In Silicon Valley, we use what is allocated through local utilities (24%)
Renewable energy use (MWh)			
Total power generated (MWh)	0	0	0
Water consumption—corporate headquarters (hcf)	48,621	41,006	59,034
Water consumption – global (hcf)	75,470	69,345	86,264
Percent of water recycled	0	0	0
Discharges to water (hcf)	61,029	59,053	66,055
Total waste—corporate headquarters (metric tons)	2,987	15,631***	1,256
Waste recycled	138	105	232
Waste composted	799	651	594
Waste sent to landfills	480	349	266
Clean paper recycled	145	70	86
Waste batteries recycled	2	1	1
Hazardous waste (recycled)	1	1	1
Hazardous waste (landfill)	0	0	0
Electronic waste recycled	64	98	76
Lamps recycled	1	1	0.5
Demolition debris recycled	1,111	13,868***	N/A
Demolition debris landfilled	246	487	N/A

## POLICIES, CERTIFICATIONS

Name	Response
Assurance of Scope 1 and Scope 2 global GHG emissions	<a href="#">Yes</a>
Environmental policy	<a href="#">Yes</a>
Corporate responsibility directive	<a href="#">Yes</a>
Environmental supply chain management directive	EICC members
ISO 14001 certified sites	1 (Silicon Valley, CA)
Emissions reduction initiatives	Yes
Waste reduction initiatives	Yes
Water reduction initiatives	Yes
Climate change policy	See our <a href="#">Environmental Policy</a>
Climate change opportunities discussed	Yes; see <a href="#">CDP</a>
Climate change risks discussed	Yes; see <a href="#">CDP</a>
Number of environmental fines	0
Amount of environmental fines	0

\*\*\*In FY16 we accumulated a large amount of demolition debris as part of our project to construct a new Silicon Valley headquarters building. 88% of this debris was recycled.

# U.N. SUSTAINABILITY GOALS

## UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

Included here is a list of the United Nations' Sustainable Development Goals in which NVIDIA technology is involved or plays a supporting role.

Click the links in each area to read the stories related to each United Nations' goal.



### 3 GOOD HEALTH AND WELL-BEING



Your mother. Your best friend. Your colleague. Maybe even your child. Globally, nearly one in six deaths is due to cancer. Artificial intelligence and deep learning are transforming cancer research. [Read more](#) about the role NVIDIA and its partners are making in this critical area.

### 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Self-driving cars will dramatically change the future of transportation – making driving safer, reducing carbon emissions, and transforming how cities are designed. At the heart of autonomous driving technology is artificial intelligence, which enables vehicles to learn to anticipate, and respond to, the huge range of fast-changing conditions on the road. [Learn more](#) about how NVIDIA is making this change possible.

### 5 GENDER EQUALITY



Over the past two years, we've funded India-based nonprofits that help young women from impoverished communities gain greater access to computer training and provide them with skills to improve their career opportunities. Read about the program we've funded in [2017](#) and [2016](#).



NVIDIA technology is being used in sustainable projects to support [life on land](#), [life below water](#), and [sustainable cities and communities](#). Our partners' efforts align with the 17 sustainable development goals developed by the United Nations to address the world's most pressing problems. [Learn more](#) about the robust ecosystem of universities and startups leveraging GPU technology to create a more sustainable future.

# ABOUT THIS REPORT



The NVIDIA 2017 Sustainability Report covers our economic, social, and environmental performance for fiscal year 2017, which ended January 29, 2017. We report our performance annually via our website.

Previous sustainability reports:

- > [2016 report](#)
- > [2015 report](#)
- > [2014 report](#)
- > [2013 report](#)
- > [2012 report](#)
- > [2011 report](#)
- > [2010 report](#)

The report includes consolidated economic, environmental, and social information for our global operations. No significant changes have occurred during the reporting period with regard to the scope, boundary, or measurement methods applied in this report.

The environmental information contained in this report covers energy and greenhouse gas usage for our global operations, and water and waste usage for our Silicon Valley, Calif., headquarters. We report on those entities over which we exercise operational control, including subsidiaries and leased facilities (except for shared space). We calculate greenhouse gas emissions for global offices with greater than 50,000 square feet of office space (which equal 90 percent of our total greenhouse gas footprint) and estimate emissions for offices that comprise the remaining 10 percent of our footprint.

We determined the content for this report based on conversations among management and engagement with customers, suppliers, and employees. We have applied the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (GRI G4), including the Guidance on Defining Report Content, at the Core "In Accordance" level. We've been reporting under the GRI G4 guidelines since 2014.

NVIDIA's GRI index, which contains standard disclosures, can be found [here](#). We have engaged [Trucost](#) to provide limited assurance on our FY17 global Scope 1 and 2 Greenhouse Gas emissions, and for Fuel & Energy Related Activities and waste and business travel — all under the AA1000 assurance standards. The assurance report is available in the [Environment](#) section.

We welcome your feedback on this report and our performance. Please send your comments and suggestions to [globalcitizenship@nvidia.com](mailto:globalcitizenship@nvidia.com) or write to us at:

**NVIDIA**  
**Corporate Responsibility**  
**2701 San Tomas Expressway**  
**Santa Clara, CA 95050**

Related sustainability links:

- > [NVIDIA Corporate Responsibility Directive](#)
- > [NVIDIA Environmental Policy](#)
- > [NVIDIA Code of Conduct](#)
- > [NVIDIA Corporate Governance](#)

The information contained in this report is accurate as of approximately June 9, 2017. The information is subject to change, and NVIDIA will not necessarily inform you of such changes. The information may be updated, amended, supplemented, or otherwise altered by subsequent reports and/or filings by NVIDIA.

All statements included or incorporated by reference in this report, other than statements or characterizations of historical fact, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates, and projections about our industry, and our management's beliefs and assumptions. We wish to caution you that these statements are merely predictions and are not guarantees of future results. Actual events may differ materially, perhaps adversely.

Our Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings made with the Securities and Exchange Commission discuss some of the important risk factors that could contribute to differences between projections and outcomes, which could affect our business, operational results, and financial condition. Except as required by law, NVIDIA does not recognize any obligation to revise or update any forward-looking statements.