



2022



# MODERN SLAVERY REPORT

COMBATING FORCED LABOR AND ENSURING  
TRANSPARENT SUPPLY CHAINS



## A MESSAGE FROM KURT SIEVERS, PRESIDENT AND CEO

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INTRODUCTION

LABOR AND HUMAN-  
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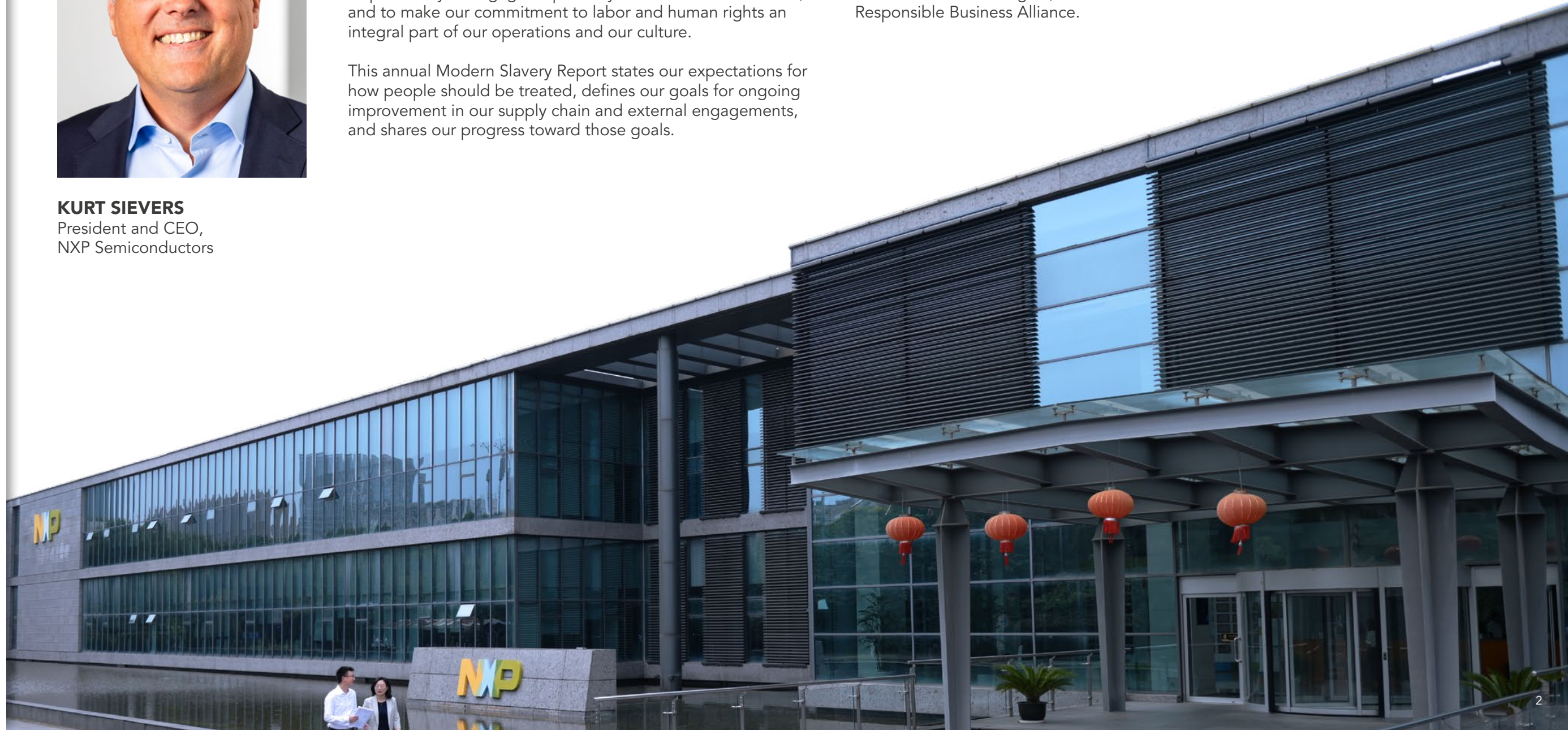
**KURT SIEVERS**  
President and CEO,  
NXP Semiconductors

At NXP, our values are built on a foundation of trust and respect, and the belief that everyone is entitled to fairness, dignity, and the basic freedoms set forth by the United Nations Universal Declaration of Human Rights.

We employ more than 34,500 people worldwide and partner with more than 10,000 suppliers globally. We recognize our responsibility to engage respectfully with all our stakeholders, and to make our commitment to labor and human rights an integral part of our operations and our culture.

This annual Modern Slavery Report states our expectations for how people should be treated, defines our goals for ongoing improvement in our supply chain and external engagements, and shares our progress toward those goals.

In 2022, we introduced our [Human Rights Policy](#), which guides our engagements with internal and external stakeholders, in conjunction with NXP's longstanding [Code of Conduct](#). We also updated the NXP Human Rights Management System to identify potentially adverse human-rights impacts, and added prevention and mitigation measures. We continue to participate in peer-learning forums, such as those provided by the Global Business Initiative on Human Rights, and we remain a full member of the Responsible Business Alliance.





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## A MESSAGE FROM KURT SIEVERS, PRESIDENT AND CEO

Other notable achievements of 2022, also described in more detail in this Report, include:

### 2022 ACHIEVEMENTS

**99%**  
of our suppliers signed the NXP Supplier Code of Conduct Conformity Statement

We **doubled** the number of supply-chain due-diligence audits compared to 2021

We achieved an **88%** closure rate for supplier corrective action plans and continued to work on the closure of nonconformances from previous years

We are honored to have been recognized for our focus on labor and human-rights issues. In 2022, we were ranked #10 on KnowTheChain's 2022 Information and Communications Technology Benchmark, #25 on the World Benchmarking Alliance's 2022 Corporate Human Rights Benchmark, and we achieved an MSCI ESG rating of AAA.

We are also proud to have been included in several events where we had the opportunity to discuss best practices and share our experiences of working within a multi-tiered supply chain. For example, 2022 was the fifth consecutive year that the UN Working Group on Business and Human Rights invited us to be a featured panelist, this time at the 2022 UN Asia-Pacific Forum on Business and Human Rights, where we spoke about our work in the supply chain and our efforts to help foreign migrant workers, who are some of the most vulnerable to human-rights abuses.

As we continue our work to combat forced labor and human trafficking across a complex, global supply chain, I'd like to acknowledge our team members, partners, and stakeholders for their contributions. Only through our collective efforts can we hope to ensure and preserve the universal human rights to which everyone is entitled.

**Kurt Sievers**  
President and CEO, NXP Semiconductors  
June 2023



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# ENGAGE • PROTECT • RESPECT





# 2022 HIGHLIGHTS



# 2022 HIGHLIGHTS

## 2022 HIGHLIGHTS

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In 2022, the re-opening of international borders and the willingness of our supply-chain partners to welcome NXP into their facilities helped us reinvigorate our supply-chain due-diligence efforts and redouble our work in addressing labor and human-rights issues. We are honored to have been recognized for our commitment to these issues, and are proud to have been included in several events that let us discuss best practices and share our experiences of working within a multi-tiered supply chain.

### LABOR AND HUMAN-RIGHTS COMMITMENT

In particular, for the fifth consecutive year, the UN Working Group on Business and Human Rights invited NXP to be a featured panelist in a session about lessons learned from the COVID-19

pandemic. As part of the 2022 UN Asia-Pacific Forum on Business and Human Rights, we described our work in the supply chain and our efforts to help foreign migrant workers, who are some of the most vulnerable to human-rights abuses. We discussed seeking remediation as a result of unfair treatment, and shared the ongoing challenges, even as the restrictions and impacts of the COVID-19 pandemic continue to ease, of unethical hiring practices associated with foreign migrant workers.

2022 also saw the publication of our [Human Rights Policy](#), a document that was approved by the NXP Board of Directors and reflects our engagement with external and internal stakeholders.

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## 2022 AWARDS, RECOGNITIONS, AND ACCOMPLISHMENTS



### Ranked #10

on KnowTheChain's 2022 Information and Communications Technology Benchmark



### Ranked #25

on World Benchmarking Alliance's 2022 Corporate Human Rights Benchmark



### AAA

MSCI ESG Rating



### Added a Sustainability

Component to our Annual Incentive Plan for All Employees

## 2022 SPEAKING ENGAGEMENTS

### ENGAGEMENT

### SESSION TOPIC

UN Asia-Pacific Forum on Business and Human Rights

1. UN Private Business Session and Workshop on Implementing the UN Guiding Principles
2. Panel Session on Access to Justice and Remediation

Annual Member Peer Meeting of the Global Business Initiative (GBI) on Human Rights

Spotlight Session on Remedy in Focus: Cases and Challenges (GBI Member Meeting in October), and Embedding Human Rights Due Diligence Across Your Organization (GBI Meeting in May)

## 2022 HUMAN-RIGHTS PERFORMANCE

### HUMAN-RIGHTS DUE DILIGENCE



**14**  
Supply-Chain Due-Diligence Audits in 2022

### EXTERNAL ENGAGEMENT



Shared Practical Approaches to Labor and Human-Rights Challenges

### DUE-DILIGENCE RESULTS



Found Instances of Working-Hour Challenges, Recruitment-Related Fees Paid by Workers, and Insufficient Rest Days

### LABOR AND HUMAN-RIGHTS COMMITMENTS



Published NXP's First Human Rights Policy

## SUPPLY-CHAIN COMPLIANCE GOALS



**100%**  
of Key Suppliers Sign Supplier Code of Conduct Conformity Statement



**85%**  
Closure Rate for Corrective Action Plans



**100%**  
Certified Mineral Smelters



Supply-Chain Due Diligence and Collaboration

## 2022 SUPPLY-CHAIN COMPLIANCE PERFORMANCE



**99%**  
of Suppliers Signed the NXP Supplier Code of Conduct Conformity Statement



**88%**  
Closure Rate on Corrective Action Plans for Supplier Audits Past 90-Day Maturity



**100%**  
Certified Mineral Smelters<sup>1</sup>



Follow-Up Due-Diligence Surveys with External Manufacturing Partners and Wafer Suppliers on the Use of Polycrystalline Silicon Originating from Regions Deemed High Risk for Forced Labor

<sup>1</sup> This data point is reported annually, but primarily reflects 2022 calendar-year data to align with our 2023 Conflict Minerals Specialized Disclosure Form (Form SD) and Conflict Minerals Reporting Template (CMRT) filing.



FUTURE CONNECTIONS  
A SMARTER WORLD



# INTRODUCTION





## INTRODUCTION

Our Corporate Social Responsibility and Human Rights Program is designed to protect and respect human rights and reflects the highest possible standards of ethical business conduct. This dedication to social responsibility and human rights is expressed in our NXP Human Rights Policy and the NXP Code of Conduct (the Code), which are both approved by our Board of Directors.

NXP is guided by the international norms expressed in the Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights of the United Nations (UN), as well as those stated by the International Labour Organization (ILO). We are a full member of the Responsible Business Alliance (RBA) and, as a signatory of the UN Global Compact, we publicly report our [Communication on Progress](#).

Continuous improvement is central to our approach to labor and human rights, and we identify ways we can advance our efforts by regularly engaging with and seeking feedback from key stakeholders, including our team members, our supply chain, our customers, our shareholders, industry and government regulators, UN agencies and members of Non-Governmental Organizations (NGOs), Civil Society Organizations (CSOs), and academia.

This Report summarizes the ways we worked to protect and respect human rights during the 2022 calendar year. In keeping with the California Transparency in Supply Chains Act of 2010, the United Kingdom Modern Slavery Act of 2015, and the Australia Commonwealth Modern Slavery Act of 2018, this Report discloses the efforts and actions we took during this period to ensure modern slavery is not taking place in our operations and supply chains. We use the term "modern slavery" as defined by the UN and the ILO, referring to practices such as forced labor, debt bondage, and human trafficking.

This Report was prepared by the NXP Sustainability Office, under the supervision of the Environment, Social, and Governance (ESG) Management Board, and is approved by the Nominating, Governance, and Sustainability Committee of the Board of Directors.



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NXP Semiconductors N.V. (NASDAQ: NXPI), headquartered in Eindhoven, the Netherlands, is a leader in secure connectivity solutions for embedded applications in the following end markets: Automotive, Industrial and Internet of Things (IoT), Mobile, and Communications Infrastructure.

#### Advancing a Better, Safer, and More Sustainable World

NXP is pushing boundaries and building solutions that enhance the capabilities of people, organizations, and the world at large. We are committed to keeping our customers ahead of the competition and helping them prepare for change. We design purpose-built, rigorously tested technologies that enable devices to sense, think, connect, and act intelligently to improve people's daily lives.

We believe that technology can help us get things done faster – in ways that are easier, more reliable, safer, and use less energy – and can create opportunities for more people to participate in business, culture, and community.

Whether we reduce the amount of energy consumed by smart devices, extend the range of batteries used by electric vehicles (EVs), or make 5G more efficient, our collective efforts contribute to a more sustainable future.

This winning strategy enables us to capture growth opportunities in the end markets we focus on: Automotive, Industrial and IoT, Mobile, and Communications Infrastructure.



<sup>1</sup> On December 31, 2022, we had approximately 34,500 employees, including approximately 1,500 employees in our joint venture.





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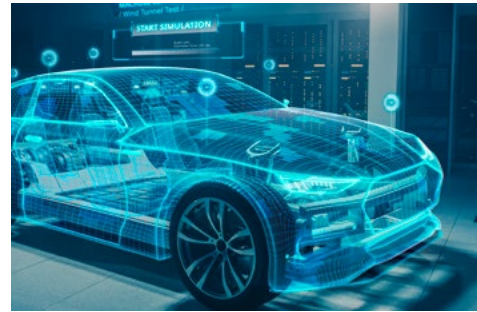
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### AUTOMOTIVE

We provide the foundation for vehicles that can sense, think, connect, and act with confidence, so drivers enjoy more convenience, safety, and comfort while on the road. Our technologies are enabling the future of safe and secure mobility, and support greener driving through enhanced efficiency and the transition to electric driving.



### INDUSTRIAL AND IoT

We power optimal performance across industries by automating intelligence and increasing security at the edge of the network. Connected devices and advanced manufacturing demand flexible, scalable, and sustainable solutions. Our broad range of secure, connected solutions simplify edge processing and protect interactions with the cloud. We also enable machine learning, so devices can be equipped to sense, think, and act.



### MOBILE

We support today's on-the-go lifestyle with innovative solutions, such as the mobile wallet, so consumers can securely connect their devices to the world around them. With technologies like secure elements, end-to-end services, and Ultra-Wideband (UWB) technology, we enhance mobility while ensuring privacy.



### COMMUNICATIONS INFRASTRUCTURE

We deliver real-time responsiveness at the speed of 5G, whenever and wherever data happens. Our solutions power the 5G-connected, edge-computing infrastructure that supports adaptive communication networks worldwide, leveraging differentiated processing and RF power technologies.

## NXP's Unrivaled Technology Portfolio for the Secure Edge

### SENSE



Everything  
Aware

### THINK



Everything  
Smart

### CONNECT



Everything  
Connected

### ACT



Everything  
Efficient

Everything safe and secure

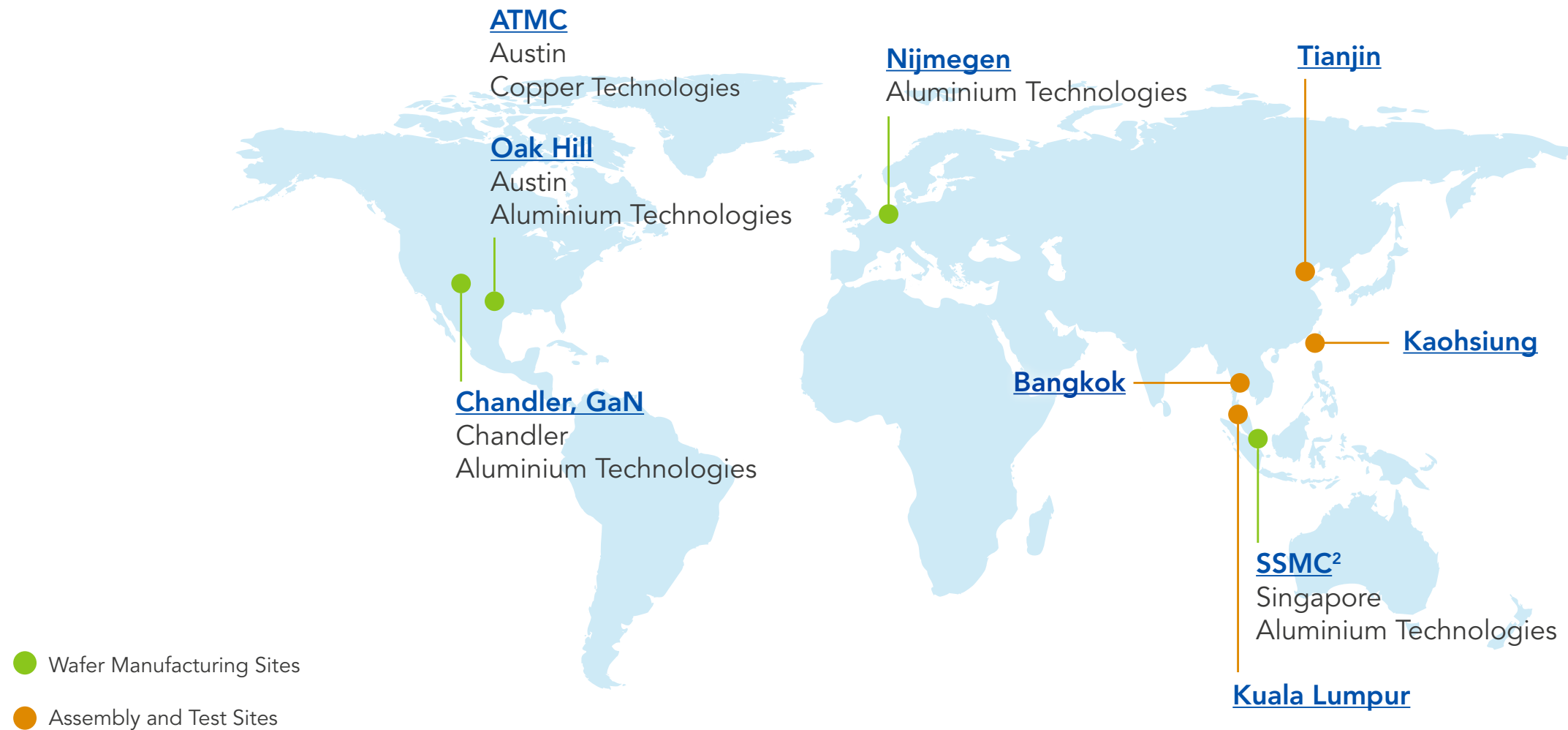
Easy-to-implement, scalable system solutions

While this describes NXP today, we are also focused on the future. As part of our daily operations, we explore the challenges ahead and evaluate opportunities to help advance our world by making it better, safer, and more sustainable.

As a global company and significant player in the semiconductor industry, NXP has a responsibility to protect and respect human and labor rights around the world, both in our operations and in our supply chain, through ongoing engagement, due diligence, and continuous improvement.

We endeavor to provide a safe and healthy working environment, to use resources effectively and efficiently, and to be accountable and transparent regarding the impacts of our activities. We also strive to exceed existing standards and stakeholder expectations, and actively contribute to industry best practices.

## WORLDWIDE MANUFACTURING SITE LOCATIONS



<sup>2</sup>SSMC is a joint venture.



# OUR TEAM MEMBERS

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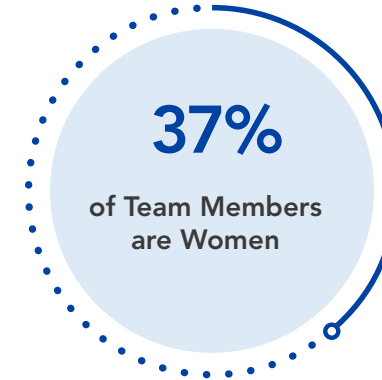
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## PEOPLE ARE THE HEART OF NXP

Our diverse and talented team members drive the innovation that sets our company apart and fuels our success in the market.

### OUR PURPOSE

Our purpose is to bring together bright minds to create breakthrough technologies that make the connected world better, safer, and more secure.

## OUR VALUES

Our values are our fundamental beliefs and guiding principles. They speak to how we operate, how we engage with and develop our team members, and how we push the boundaries of creativity and innovation. Our values build on a strong foundation of trust and respect for one another. We hold ourselves accountable to these values by ensuring they are reflected in our talent programs, including hiring, learning and development, our performance evaluation process, our rewards programs and our promotions.

### HIGH PERFORMANCE

INNOVATION



EXPERTISE



COLLABORATION



OWNERSHIP



GROWTH



### TRUST AND RESPECT

We have a long history of empowering our team members to develop their skill sets and expand their capabilities. When it comes to engagement and development, we want our team members to grow, progress, and advance across job types, functions, organizations, geographies, and levels – all at a pace that is unique to the individual.

<sup>3</sup> On December 31, 2022, we had approximately 34,500 employees, including approximately 1,500 employees in our joint venture.

<sup>4</sup> Training by all team members includes approximately 20,000 hours of completed training on the Code of Conduct, which has a section on Human Rights. There are also on-demand resources available to NXP team members related to Human Rights.



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## OUR POLICIES AND PROGRAMS

Across the globe, we have policies and programs to find and retain the best talent, with a specific focus on the following:

- Driving team-member engagement
- Building thought leadership
- Embracing diversity, equality, and inclusion
- Providing competitive and fair compensation and benefits
- Enabling talent development and growth opportunities
- Investing in future talent
- Focusing on team-member retention
- Giving back to our communities

We are also committed to protecting the human rights, as well as the health and safety, of our team members. To that end, our well-established Corporate Social Responsibility and Human Rights Program includes a comprehensive set of requirements for sustainable business, and these requirements are incorporated into our core business practices.

## OUR TEAM-MEMBER DEMOGRAPHICS

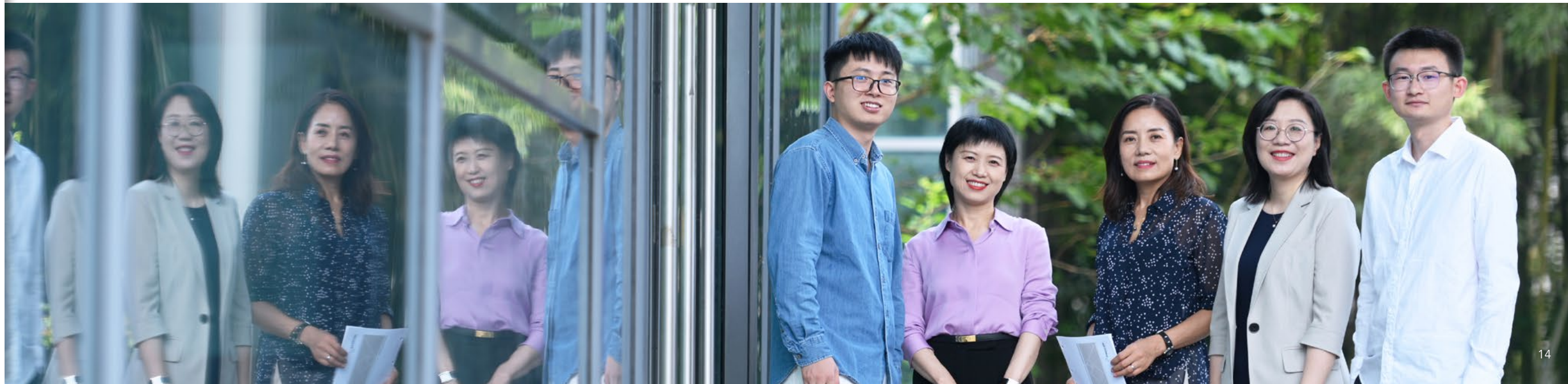
The NXP workforce includes:

- Direct labor (DL) team members, who are directly involved in the production of goods and typically work in our fabs
- Indirect labor (IDL) team members, who are professional team members at the individual contributor, manager, and executive level in non-fab functions, such as R&D and General, Sales, and Administrative (GS&A)

On December 31, 2022, our total extended workforce was 39,731 team members, representing 33,037 NXP employees, 1,492 joint-venture (JV) employees, and 5,202 people working as contingent labor across three regions and 30+ countries. This is representative of total NXP headcount (HC) and not a Full-Time Equivalent (FTE) count, as disclosed in the NXP International Financial Reporting Standards (IFRS) filing.

NXP directly hires recruited foreign migrant workers with support from NXP-approved labor agencies that help with document processing, such as visa applications, renewals, and dormitory accommodations.

Demographics data, given on the following pages, is represented as total NXP HC and is as of December 31, 2022.





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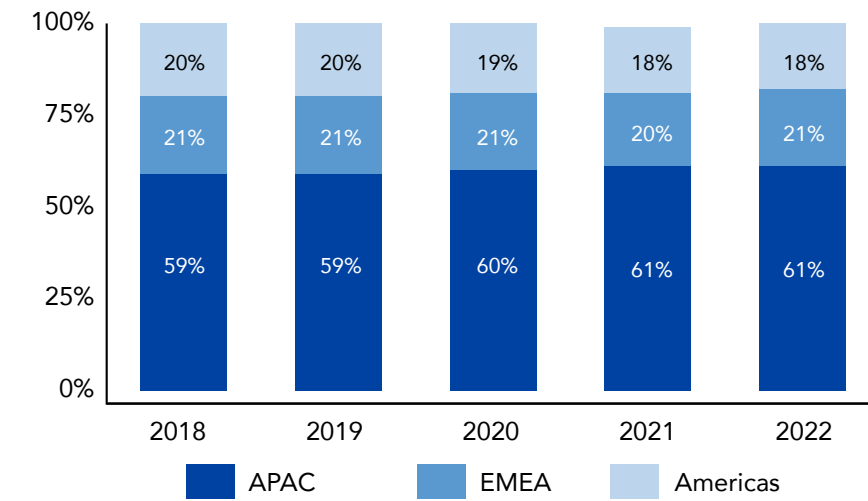
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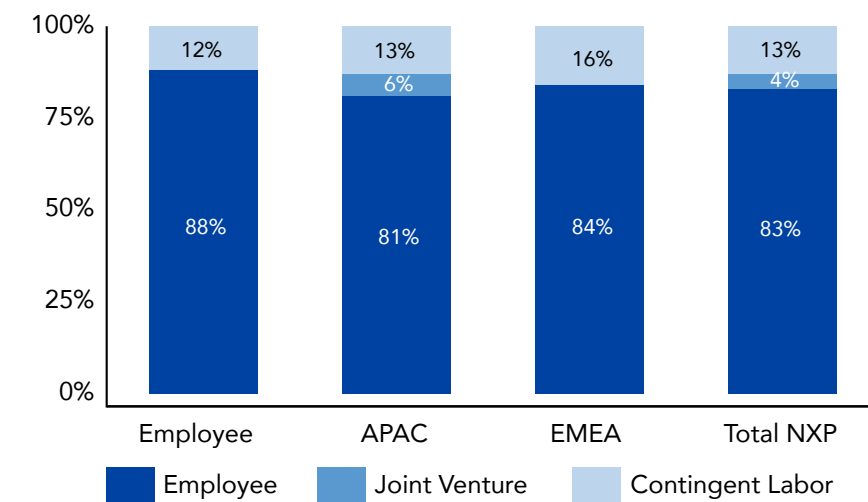
## OUR TEAM MEMBERS

### TEAM-MEMBER FOOTPRINT

#### Team-Member Workforce by Region



#### 2022 Extended Workforce by Region





# OUR TEAM MEMBERS

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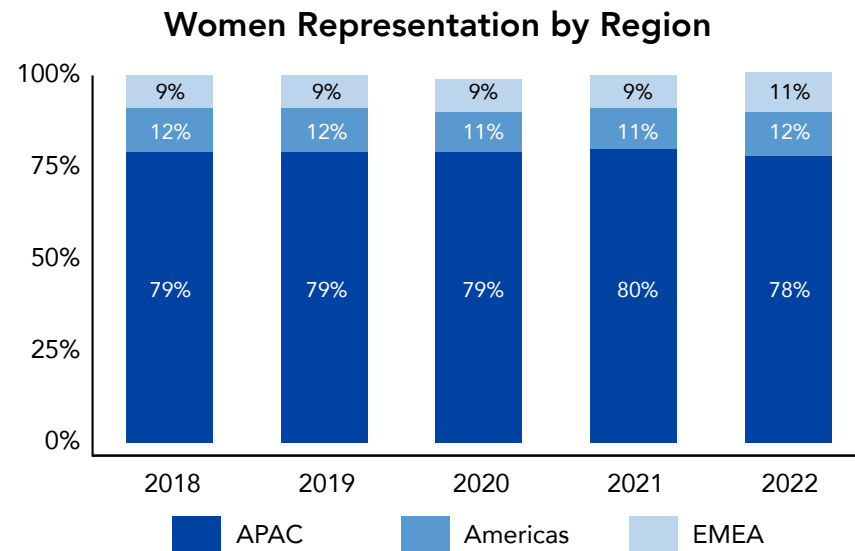
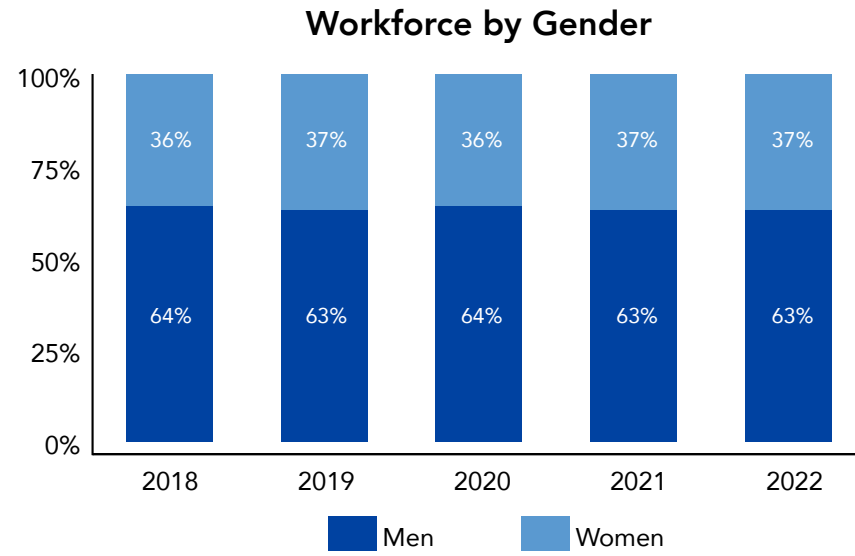
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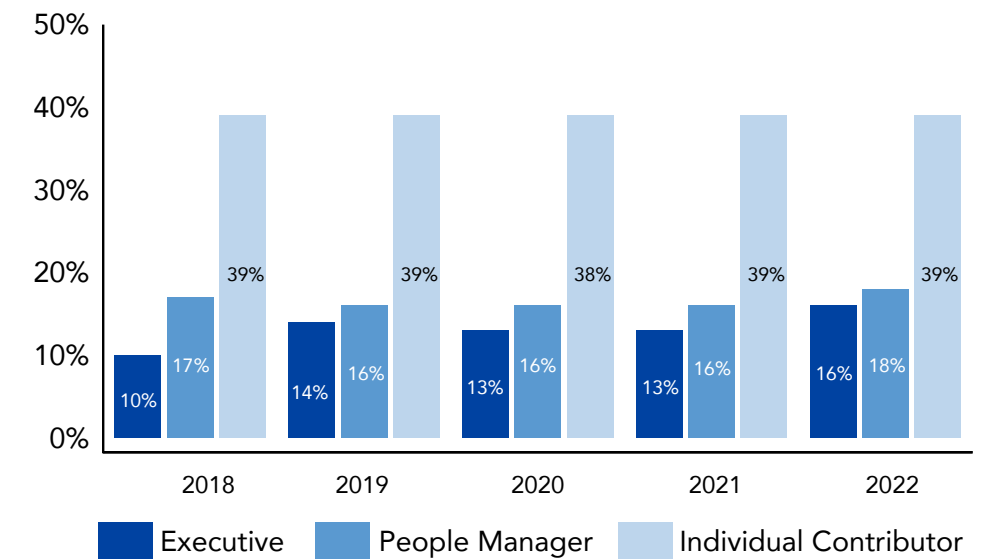
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### GENDER REPRESENTATION<sup>5</sup>



### Women Representation by Role<sup>6</sup>



<sup>5</sup> While we present gender representation data by men and women, we acknowledge this is not fully encompassing of all gender identities.  
<sup>6</sup> Executive positions are defined as individuals at the level of Vice President and above.





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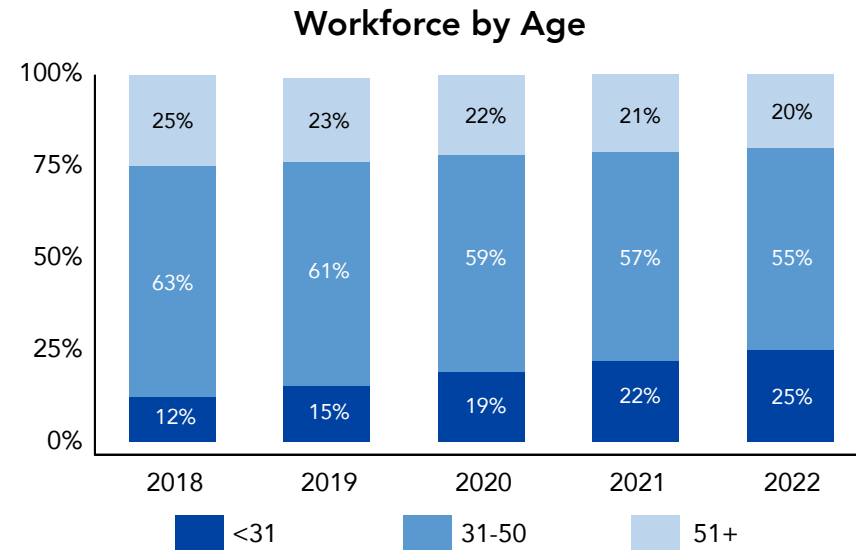
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## AGE REPRESENTATION



## RACE AND ETHNICITY

United States Race and Ethnicity	Unit	2022
White (Not Hispanic / Latino)	%	49%
Asian (Not Hispanic / Latino)	%	22%
Hispanic / Latino	%	16%
Black or African American (Not Hispanic / Latino)	%	6%
Native American or Alaska Native (Not Hispanic / Latino)	%	1%
Native Hawaiian or Other Pacific Islander (Not Hispanic / Latino)	%	0.2%
Two or More Races (Not Hispanic / Latino)	%	1%
Undeclared	%	6%





## OUR SUPPLY CHAIN

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NXP is committed to ensuring that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that our products and processes are environmentally responsible.

NXP has business relationships with more than 10,000 suppliers globally. Our suppliers range from external manufacturing partners and direct materials suppliers to labor agents, tool and machine manufacturers, logistics providers, packaging services, and onsite service providers for NXP and supplier facilities.

We take a collaborative approach to supplier and contractor relationships, observe applicable rules of law, and demonstrate respect for ethical business, environmental, and human-rights practices. To help drive continuous improvement, we conduct annual risk assessments and audit those suppliers identified in the risk-assessment process.

We hold our suppliers accountable for responsible conduct and performance by requiring them to comply with applicable laws and regulations and the [NXP Supplier Code of Conduct](#).

NXP recognizes that, regardless of region, collaboration and transparency contribute to long-term sustainability. We proactively work with our suppliers to ensure an ethical and sustainable workplace.

The NXP [Top 100 Supplier List](#) represents 98% of procurement expenditures in 2022 for materials, manufacturing, and assembly of our products worldwide.

Managing the complexity of our interlinked global supply chains beyond our Tier 1 suppliers is a significant challenge, but in recent years we have gained a deeper understanding of the labor-agent network in our supply chain by engaging with the independent, non-profit organization, Verité.

Future Reports will include additional activities to map Tier 2 suppliers through industry collaboration, and will cover our efforts to screen and prioritize supply-chain partners and labor agents.





# OUR GOALS

As part of our commitment to prevent human-rights abuses, we make human rights and team-member health and safety key pillars in our Human Rights and Sustainability Policies and prominent elements of our strategy and goal setting.

The goals we set for 2022 were meant to ensure continuous improvement in our Corporate Social Responsibility and Human Rights program, not only in our own operations but also in those of our supply-chain partners. In view of the easing COVID-19 pandemic conditions and the re-opening of international borders, our intent was to reinvigorate due-diligence work in our supply chain and continue our efforts to align our suppliers to our values.

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## SOCIAL-RESPONSIBILITY GOALS

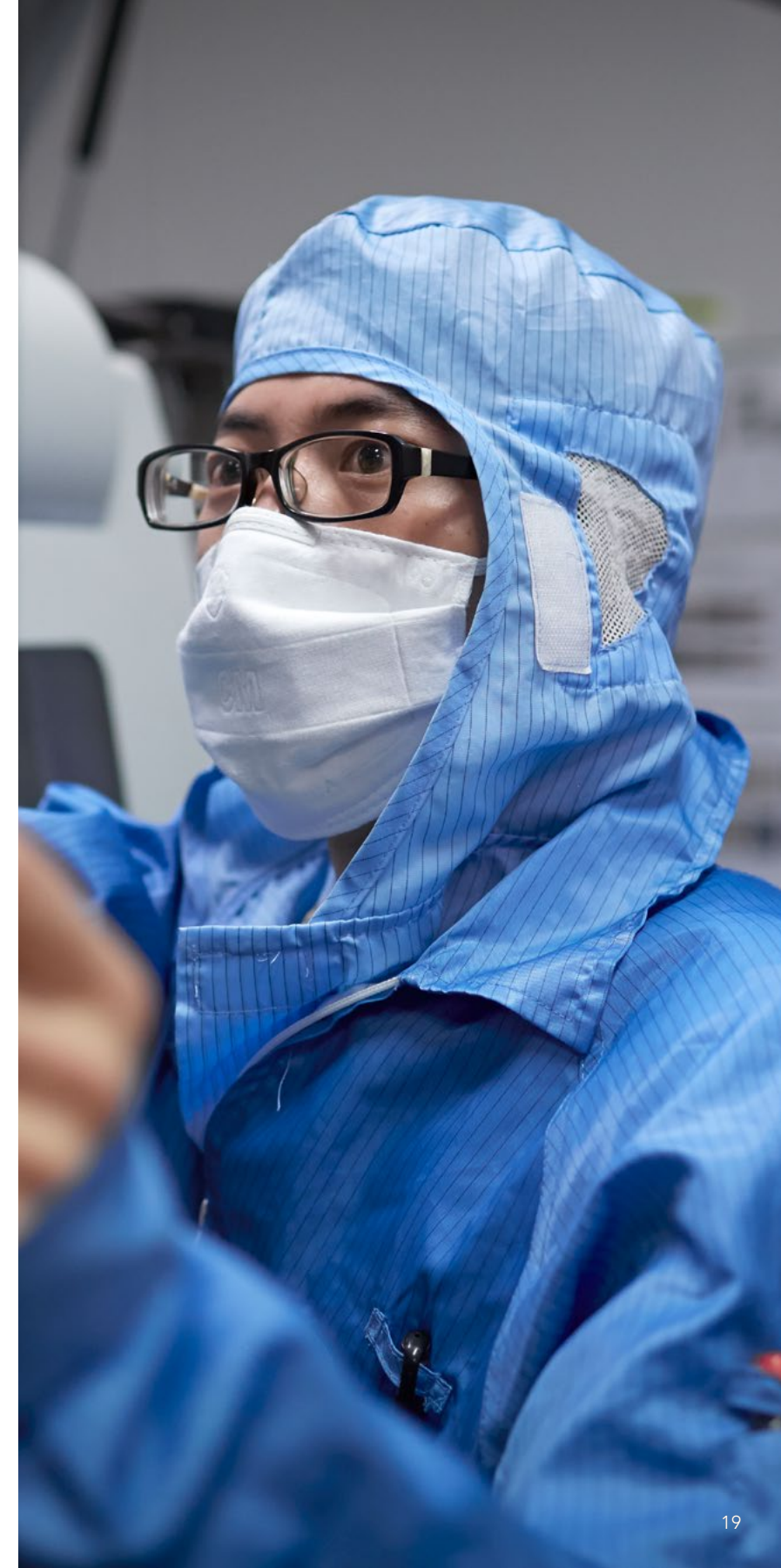
### NXP GOALS

 <p>No Priority or Major Nonconformances from Internal/Customer Audits</p>	 <p>&gt;95% Internal NXP Audit Scores</p>
 <p>&gt;90% Self-Assessment Scores</p>	 <p>Work Week of &lt;60 Hours and One Rest Day per Six Days Worked</p>

### SUPPLIER GOALS

 <p>100% Key Suppliers Sign Supplier Code of Conduct Conformity Statement</p>	 <p>100% Certified Mineral Smelters</p>
 <p>85% Closure Rate for Corrective Action Plans</p>	 <p>Supply-Chain Due Diligence and Collaboration</p>

To read about our 2022 goal performance, see the "[Track](#)" section of the "[Human-Rights Due Diligence](#)" chapter.





# LABOR AND HUMAN- RIGHTS COMMITMENT



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## LABOR AND HUMAN-RIGHTS COMMITMENT

NXP and our business partners must not be involved in any form of human-rights abuses. This includes the transportation, harboring, recruitment, transfer, or receipt of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for exploitation.

We are committed to the abolition of child labor, and we prohibit discrimination based on race, national origin, color, gender, religion, age, pregnancy, sexual orientation, physical or mental disability, and/or political affiliation. NXP also prohibits the practice of charging fees to workers at any stage of employment and the retention of personal or government-issued documents. NXP respects workers' rights, including the freedom of association and the right to collective bargaining.

If any human-rights abuses or priority nonconformances are found in our due diligence, NXP is committed to carrying out full remediation efforts.

### NO FEES

NXP has had a no-fees policy for all workers, including temporary, migrant, intern, contract, direct team-member, and all other types of workers, for internal operations since 2013 and for suppliers since 2016. This policy ensures workers are not required to pay fees, deposits, or debt repayments for their recruitment or employment.

Examples of fees include application, recruiting, hiring, placement, and processing fees of any kind at any stage, as well as additional fees, such as pre-departure fees for tests and medical exams, documentation, and government-issued documents, as well as all transportation (such as transportation when a worker returns to their sending country at the end of employment).

If NXP discovers that any fees have been paid by workers, either in our company or our supply chain, these fees must be fully reimbursed to the worker by their direct employer.

### NO RETENTION OF DOCUMENTS

NXP, suppliers, and labor agents may not withhold personal documents, travel/residency permits, or government-issued documents unless required by law. Personal, lockable storage units must be provided for the safekeeping of such documents.

### WORKING HOURS AND REST DAYS

A work week must not exceed 48 hours of regular time or 60 hours of regular work plus overtime, or the maximum set by local law, whichever is stricter, except in emergency or unusual situations, such as natural disasters or national holidays in which mass workers travel to their hometowns. These situations must be approved by executive management.

Workers are allowed legally mandated time off, including breaks, holidays, vacation days, and other types of time off, such as maternity leave. Workers shall have at least one scheduled day off every seven days and not work more than six consecutive days. All overtime must be voluntary.

## CHILD LABOR AND YOUNG WORKERS

Child labor is prohibited. The term “child” refers to any person under the age of 15, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is stricter.

Subject to compliance with local laws and regulations, the use of legitimate workplace apprenticeship or internship programs which employ young workers between the ages of 16 and 18, and comply with all laws and regulations, is supported. However, young workers must not perform work that may be likely to jeopardize their health or safety, such as night-shift, overtime, or hazardous work.



## EMPLOYMENT CONTRACTS

Employment contracts must be written in a language understood by the worker and must be provided prior to departure or hiring. Contracts must clearly outline the working conditions, including the nature of work, details of working hours/work shifts and rest days, wages, benefits, and duration of the contract. No substitutions or changes are allowed in the employment agreement unless the changes are made to meet local law and provide similar or better terms.

All workers must be provided a copy of the employment contract and any amendments. If housing accommodations are part of the contract, they must meet country housing and safety standards as well as the housing standards found in the [NXP Auditable Standards on Social Responsibility](#).

Workers are free to leave work or terminate their employment at any time without penalty, upon providing reasonable notice. Any legal limitations on the movement of foreign workers are indicated in the employment contract. However, no undue restrictions on a worker’s freedom of movement are permitted during or outside working hours. Workers are guaranteed unrestricted access to toilets and drinking water.

## COMPENSATION AND BENEFITS

Compensation and benefit practices must comply with all applicable wage laws, including those relating to minimum wages, overtime hours, and legally mandated benefits. Workers must be compensated for overtime at pay rates greater than regular hourly rates as required by applicable laws and regulations or employment contract, whichever is stricter.

Deductions from wages as a disciplinary measure are prohibited. Workers must be offered vacation time, leave periods, and holidays consistent with applicable laws and regulations.

Wages must be paid in a timely manner in which there is no delay, in accordance with local legal requirements and contractual agreement. No worker is paid less than the legal minimum wage, and there is equal pay for equal work. If the country does not have a legally set minimum wage, the industry prevailing wage must apply as the standard. For each pay period, employees must be provided with an understandable wage statement that includes sufficient information to verify accurate compensation for work performed and in which deductions for room and board have consent of the worker.

Workers must not be forced or required to participate in a forced savings or loan scheme where repayment terms are indicative of debt bondage or forced labor. Deductions required by applicable law and regulations, such as taxes and social insurance, must be understood by the worker.



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## HUMANE TREATMENT

Harsh or inhumane treatment of workers, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse is not tolerated. Nor is there to be the threat of any such treatment.

Free and easily accessible channels for workers to anonymously report violations of policy on fair treatment must be available. In addition, there must be a non-retaliation policy for reporting incidences of unfair treatment that is clearly communicated to workers.

## NON-DISCRIMINATION

Workers must be free of harassment and unlawful discrimination. Workers or potential workers may not be subjected to medical tests or physical exams that could be used in a discriminatory way. Workers must be provided with reasonable accommodation for religious practices.

Discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information, or marital status in hiring and employment practices, such as wages, promotions, rewards, and access to training, is prohibited.

## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The rights of workers to associate freely, join or not join labor unions, seek representation, or join workers' councils in accordance with local laws must be respected. Workers or their representatives must be able to openly communicate and share grievances with management regarding working conditions and management practices without fear of reprisal, discrimination, intimidation, or harassment.

Within the framework of applicable laws, regulations, and prevailing labor relations and employment practices, workers have the right to be represented by labor unions or other worker organizations, and to engage in collective bargaining.

## NXP IN ACTION

### NEW NXP HUMAN RIGHTS POLICY

NXP collaborates closely with our business partners to proactively and transparently identify and address potential human-rights allegations and prevent or address credible human-rights abuses. The scope of this commitment includes, but is not limited to, the transportation, harboring, recruitment, transfer, or receipt of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for exploitation. This commitment is reflected in the [NXP Human Rights Policy](#) published in 2022. The Policy was prepared by the NXP Sustainability Office, under the supervision of the ESG Management Board and with consultation and feedback from external and internal stakeholders, and was then approved by the Board of Directors.



# HUMAN-RIGHTS DUE DILIGENCE







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### OVERVIEW

In 2022, to identify potentially adverse human-rights impacts and put in place prevention and mitigation measures, we updated the NXP Human Rights Management System. The Management System provides clear guidance on how human-rights due diligence is to be conducted across our business value chain. We use input from internal and external resources to inform our approach and responses.

Due diligence is an integral part of our business decision-making and risk-management systems. Our in-place due-diligence processes respect the way we manage labor and human rights, health and safety, and environmental risks associated with our operations and supply chain. Such due diligence includes risk assessments, compliance monitoring, remediation, and consultation and engagement with workers, management, and other key stakeholders, as well as measurement and public reporting.

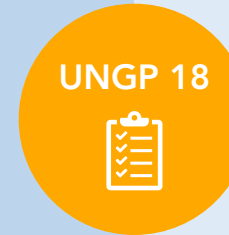
NXP examines human-rights risks on a continual basis, and relies on stakeholder feedback and engagement when evaluating these risks.

NXP's due diligence is based on the UN Guiding Principles on Business and Human Rights (UNGPs). Our model includes the four elements of the due-diligence process:

1. Assessing actual and potential human-rights impacts (Guiding Principle 18)
2. Integrating and acting upon the findings (Guiding Principle 19)
3. Tracking responses (Guiding Principle 20)
4. Communicating how impacts are addressed (Guiding Principle 21)

### IDENTIFY AND ASSESS

We evaluate actual and potential human-rights impacts



- Supplier risk assessment
- Self-assessment questionnaire
- Audit
- Collaboration and engagement with stakeholders and human-rights experts
- Review and assessment of previous due-diligence results

### INTEGRATE AND ACT

We use assessment findings to help guide our growth



- Policies, standards, and tools
- ESG Management Board
- Capacity-building
- Collaboration with Purchasing Team
- Monthly post-audit follow-up calls

### TRACK

We gauge progress by monitoring our actions and responses



- 30/60/90-day post-audit follow-up calls
- Verification audits
- Monthly key performance indicators (KPIs)
- Survey
- Private worker interviews

### COMMUNICATE

We share how we are addressing our impacts



- SpeakUp hotline
- Worker-management dialogues and focus-group discussions
- Internal and supplier grievance mechanisms
- Annual reporting



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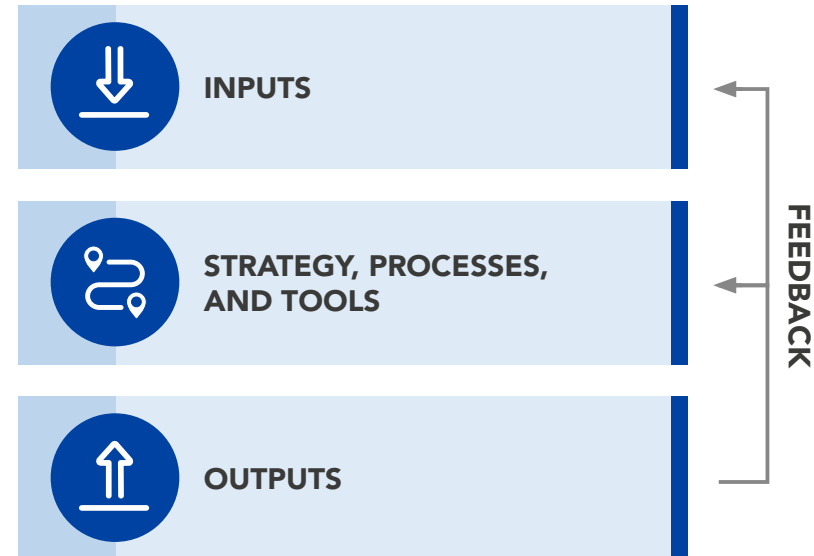
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For each element of the due-diligence process, we gather important information from many sources, including relevant stakeholders, about the topics involved. We then use strategies, processes, and tools we develop to address and analyze the input. We use our output as part of a feedback loop that creates an ongoing due-diligence approach with built-in mechanisms for continuous improvement.



**IDENTIFY AND ASSESS**

**INPUTS**

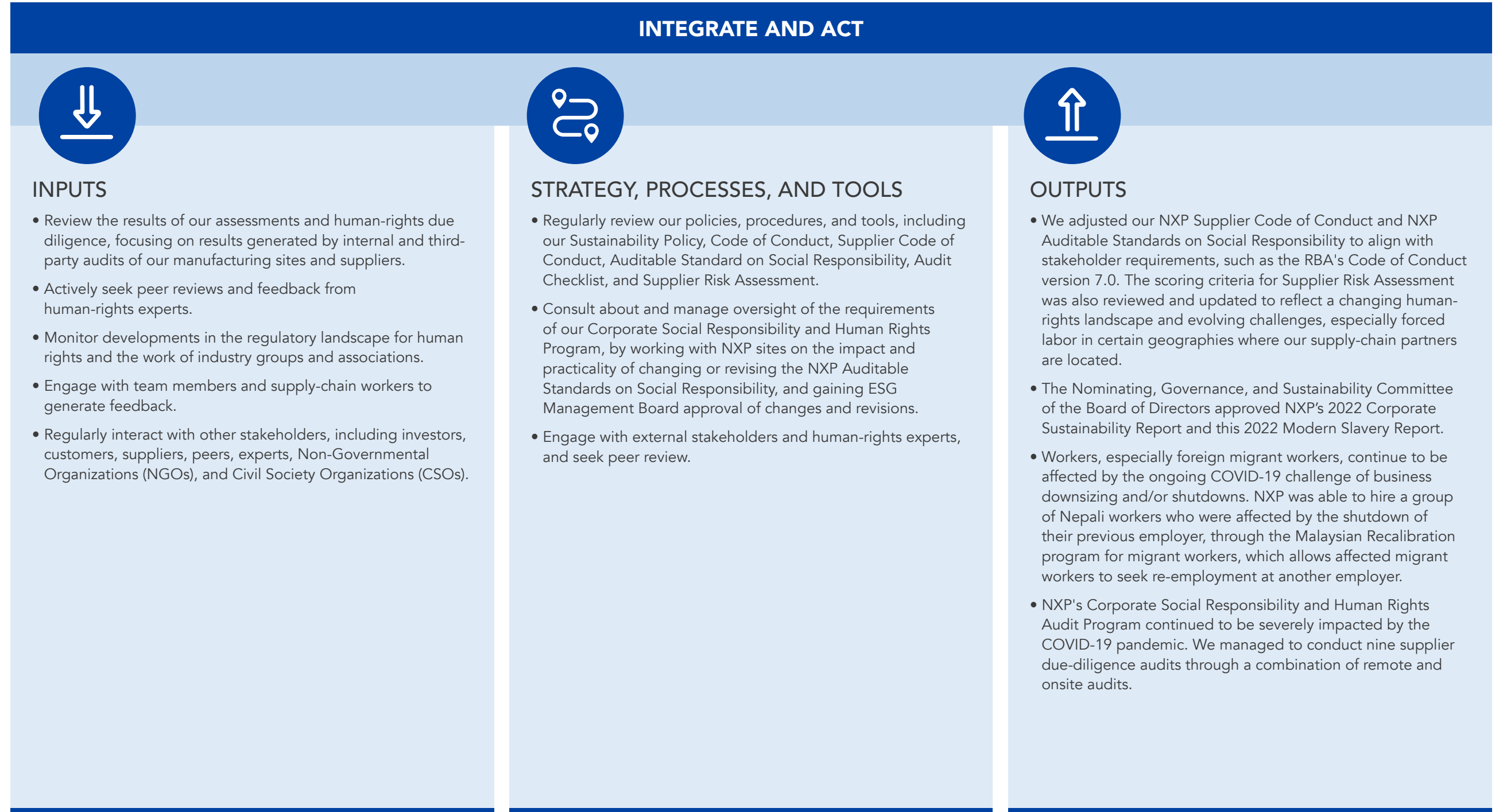
- Gauge supplier risk by regularly updating our active supplier list, which includes direct and indirect suppliers, as well as onsite contractors.
- Every two years, each manufacturing site undergoes a third-party audit. The audit is either conducted by Verité, using the NXP Auditable Standards on Social Responsibility, or by a designated audit firm that uses the Validated Assessment Program (VAP) of the Responsible Business Alliance (RBA), which is based on the RBA Code of Conduct.
- Engage with external entities to assess our human-rights performance, using benchmarks and data from third-party and supply-chain audits.

**STRATEGY, PROCESSES, AND TOOLS**

- Conduct annual supplier risk assessments, based on the Maplecroft Index on Country Risks, Verité's Cumulus Forced Labor Screen risk analysis of labor supply-chain due diligence, and data analytics on historical results of human-rights due diligence in the supply chain.
- Deploy NXP's annual self-assessment questionnaires and the Responsible Business Alliance (RBA) Validated Assessment Program (VAP) self-assessment questionnaire.
- Maintain an audit program for NXP and our supply chain, based on the NXP Auditable Standards on Social Responsibility, the NXP Audit Checklist, and the RBA Code of Conduct version 7.0 (for RBA VAP audits).
- Engage externally and gain insights from our peers by participating in peer-learning forums, such as those provided by the Global Business Initiative (GBI) on Human Rights.

**OUTPUTS**

- Supplier risk assessments have been effective in identifying high-priority suppliers and resulting in due diligence that identified new and repeated human-rights risks and challenges at some of our suppliers. The process needs further enhancement to ensure that all indirect suppliers are included in the process.
- Adjusted the NXP Auditable Standards on Social Responsibility. The standards were revised to align with updates to the RBA Code of Conduct, and to address growing stakeholder expectations.
- The RBA Self-Assessment outcome is consistent with NXP's own audit results of NXP manufacturing sites, showing improved and sustained performance at NXP sites.
- NXP's audit program and tools are consistently recognized by third-party auditors as more progressive and comprehensive than the industry equivalent.
- Audit results have demonstrated the effectiveness of the NXP Auditable Standards on Social Responsibility and are effective in driving improvement both internally and in the supply chain. The goal is to ensure continued relevance and progressiveness of the audit program to drive further impact.
- Peer review and expert engagement have identified key areas where NXP's Corporate Social Responsibility and Human Rights Program can further develop. One area for development is preparation for regulations on mandatory human-rights due diligence.



## TRACK



### INPUTS

- Use our assessments and human-rights due diligence to measure progress and monitor closure rates for audit nonconformances, based on internal, supply-chain, and customer audits.
- Find alternative engagement methods, such as supply-chain surveys, to continue due-diligence during pandemic restrictions.
- Encourage team-member and worker communication and gather feedback using various methods, including grievance mechanisms, employee focus groups, and independent and private worker interviews during audits.
- Actively solicit feedback from external stakeholders, including investors, customers, suppliers, peers, experts, NGOs, and CSOs.



### STRATEGY, PROCESSES, AND TOOLS

- Review due-diligence outcomes and follow-ups, using verification audits to confirm closure of corrective actions.
- Consolidate and monitor results of due-diligence activities, issuing a monthly KPI report to key internal stakeholders and holding a monthly supply-chain progress meeting with the Purchasing Team.
- Collaborate with relevant NXP functions to review, address, and remedy team-member and worker feedback, working with Human Resources for internal NXP team-member feedback and grievances, Investor Relations for shareholder feedback and benchmarking, Purchasing for feedback and grievances from supply-chain workers, and NGOs/CSOs for sensitive grievances from workers who will require identity protection.



### OUTPUTS

- The nonconformance closure rate for 2022 was 88%, compared to 89% in 2021. The lower closure rate is largely due to the fact that we conducted nearly twice as many audits in 2022. The lower rate can also be attributed to increased strain on the supply chain during the pandemic, and the production ramp-up to overcome the semiconductor shortage.
- We conducted audits of selected suppliers as a result of the 2020 COVID-19 pulse survey. These suppliers had indicated that their business had been affected by the COVID-19 pandemic challenges and had adjusted how they manage their workers.
- Our KPIs continue to show progress in our human-rights due diligence since the program started in 2013. The improved process, which uses an innovative data-analysis tool we implemented, proved to be a success in helping us analyze the impact and effectiveness of our program. We shared the process and tool with our peers and received very positive feedback on its use.
- Workers are aware of the grievance mechanisms and are using it to express their concerns and give feedback on the impact of COVID-19. NXP tracks worker feedback and grievances closely and collaborates with internal teams and local CSOs to render necessary support and remediation. This is a clear indication that having a robust Access to Remedy is critical.

## COMMUNICATE



### INPUTS

- Regularly communicate with all our stakeholders – from management, team members, and supply-chain workers to supply partners, customers, investors, NGOs, and CSOs – and encourage them to engage with our Corporate Social Responsibility and Human Rights Program.



### STRATEGY, PROCESSES, AND TOOLS

- Encourage and support internal NXP dialogue, using various grievance mechanisms, including the externally-managed NXP SpeakUp hotline for anonymous reporting of grievances, focus groups, our Winning Culture Survey, and team-member town-hall and dialogue sessions, as well as private and independent team-member interviews during audits.
- Engage with supplier workforces by providing access to the externally managed NXP SpeakUp hotline for anonymous reporting of grievances, along with private and independent worker interviews during audits.
- Report annually on NXP's Corporate Social Responsibility and Human Rights Program, through our Corporate Sustainability Report, this Modern Slavery Report, and our [Sustainability and ESG website](#).
- Engage with NGOs/CSOs and other experts to discuss NXP's Corporate Social Responsibility and Human Rights Program and possible areas of improvement.



### OUTPUTS

- The Winning Culture Survey had an 89% response rate and an increase in favorability to 97%. Using team-member feedback, we have created and improved company and/or country and region-specific programs and made updates to our tools and resources.
- Workers in our supply chain use our grievance mechanism to express their concerns and provide feedback. This is especially true for those workers who are affected by continued pandemic-related issues.
- NXP tracks all feedback closely and collaborates with internal teams and local CSOs to render necessary support and remediation. This is a clear indication that having a robust Access to Remedy is critical.
- Through peer review and engagement with human-rights experts, we identified key areas where NXP's Corporate Social Responsibility and Human Rights Program can further develop, such as strengthening our due-diligence approach to prepare for new mandatory regulations and improving Access to Remedy for NXP team members and workers in our supply chain.



# IDENTIFY AND ASSESS

WE EVALUATE ACTUAL AND POTENTIAL  
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# IDENTIFY AND ASSESS



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## ENGAGEMENTS

Stakeholder feedback is an important part of our Labor and Human Rights strategy. It helps us evolve our own processes and culture, while also helping us guide our supply chain in practicing continuous improvement.

When making business decisions, we endeavor to consider the views of our stakeholders, by acknowledging their viewpoints and demonstrating respect for our shared priorities. We believe this approach reflects our commitment to transparency and accountability, and ultimately contributes to long-term value. Throughout the year, we engage formally and informally with our stakeholders to explore labor and human-rights issues, along with trends and developments relevant to our industry.

The table below gives examples of how we engaged with internal and external stakeholders in 2022. Frequency and type of engagement varies by stakeholder group and is tailored to stakeholder requirements.

2022 Stakeholder Engagement			
Stakeholder	Engagement	Feedback	Outcomes and Follow-Up
<b>Team Members</b>	In Malaysia, NXP was able to hire new foreign migrant workers as a result of re-opening of borders. New foreign migrant workers were recruited and hired from Indonesia and Nepal. Newly hired workers were interviewed, to ensure that their recruitment and hiring is in conformance with NXP policies and practices, and to confirm they were treated fairly through the entire process.	Although workers did not report any non-conformities during their recruitment and hiring, NXP must remain vigilant to ensure compliance with all recruitment and hiring practices, particularly those recruitment activities that happen deeper in the labor supply chain.	The COVID-19 pandemic has hampered our ability to conduct comprehensive due-diligence of our manufacturing facilities. We have scheduled a full RBA VAP audit of our Malaysia site, with a special emphasis on recruitment and hiring activities of foreign migrant workers.
<b>Customers</b>	No customer audits were initiated in 2022.	This is a sign that customers have a high regard for NXP's Corporate Social Responsibility and Human Rights Program.	We scheduled RBA VAP verification audits at our Taiwan and Thailand sites, to verify closure of the original RBA VAP audits that were conducted in 2021. Both verification audits confirmed full closure of all corrective and preventive actions.
<b>SEMI Semiconductor Climate Consortium (SCC)</b>	Joined as a founding member.	Collaboration on best practices and innovation to accelerate the semiconductor industry's efforts to reduce the emission of greenhouse gases.	Leveraged expertise and resources in various portions of the supply chain to continue to expand NXP's capability to improve our carbon footprint and human-rights impact. The SCC expects to announce a governing committee and several working groups in early 2023.





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## 2022 Stakeholder Engagement

Stakeholder	Engagement	Feedback	Outcomes and Follow-Up
<b>Suppliers</b>	Continued to conduct onsite and remote social-responsibility audits, and collaborated with industry peers through the Responsible Business Alliance Validated Assessment Program (VAP). Increased social-responsibility training for suppliers.	Top three supplier audit nonconformances: Freely Chosen Employment, Emergency Preparedness, and Working Hours.	Supplier Corrective Action Plans are 88% closed.  Increased supplier training, with a focus on NXP's priority requirements and the top three nonconformances.
<b>Responsible Business Alliance (RBA)</b>	Attended monthly and quarterly calls as a Board member and RBA Full Member.	Alignment with the industry and member companies on salient issues regarding labor and human rights.	Worked with the RBA to develop a tool that will help us map our supply chain beyond Tier 1. Provided input to a gap analysis between the RBA's due-diligence schemes and proposed human-rights due-diligence regulation in the EU and the US. Participated in strategy sessions to define the RBA's approach to climate change and environmental issues in the supply chain.
<b>Responsible Labor Initiative (RLI)</b>	Attended monthly workgroup meetings and, as a Board delegate, attended quarterly Steering Committee meetings.	Guidance on definition of fees, gap analysis on various guidance standards, labor-agent training, and mapping the labor-agent recruiting corridor.	Updated our Auditable Standards per the RLI's revised definition of fees. Shared NXP practices at various forums organized by the RLI.
<b>Responsible Minerals Initiative (RMI)</b>	Attended annual member meeting, monthly plenary meetings, smelter engagement team meetings, and various conference calls organized by the RMI.	Tools and resources to make sustainable decisions about mineral sourcing.	Upgraded tools for new Conflict Minerals Reporting Template (CMRT) and updated Extended Minerals Reporting Template (EMRT).
<b>Global Business Initiative (GBI)</b>	Attended two peer-learning meetings for members, various ad hoc meetings, and conference calls organized by the GBI. Promoted NXP's work on access to remedy for vulnerable migrant workers.	Multi-industry human-rights best practices for businesses.	Enhanced and strengthened human-rights due diligence across NXP value chain, in preparation for upcoming mandatory regulations. Continued to learn and share successes and challenges in implementing the UN Guiding Principles, in a multi-sectorial setting.
<b>European Partnership for Responsible Minerals (EPRM)</b>	Participated in Governance Board meetings, bi-annual member meetings, conferences, and outreach meetings with governments and authorities.	Sharing of best due-diligence practices, greater understanding of actual conditions in mines and the mineral supply chain, and ideas for improving those conditions.	Created knowledge platform on supply-chain due-diligence regarding responsible mineral sourcing, and launched a Due-Diligence Check tool.  Provided support to mine sites in Conflict-Affected and High-Risk Areas (CAHRAs) by financing "on the ground" projects.



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2022 Stakeholder Engagement			
Stakeholder	Engagement	Feedback	Outcomes and Follow-Up
<b>UN Global Compact (UNGC)</b>	Participated in Annual Communication on Progress.	Increased due diligence of environmental risks within the supply chain.	Continued to increase our efforts in engaging with our supply chain to implement a sustainable environmental program. Created a link between the UN's Sustainable Development Goals (SDGs) and NXP's ESG Program.
<b>World Semiconductor Council (WSC)</b>	Chaired the Responsible Sourcing and the Health and Safety workgroups, and attended two WSC meetings, several workgroup meetings, and various expert calls.	Best practices for responsible sourcing of minerals and Health and Safety practices.	Applying best practices to advance our Health and Safety programs. Annual collection of Health and Safety data from member companies. Kept track of legal developments and aligned with other industry initiatives. Published an update in the WSC joint statement.
<b>European Semiconductor Industry Association (ESIA)</b>	Chaired ESIA Responsible Sourcing workgroup, actively participated in several Environment, Safety, and Health workgroups, the EU Taxonomy workgroup, and the EU Human-Rights Due-Diligence workgroup.	Shared insights on various EU initiatives and proposed regulations.	Participated in several consultations from the EU Commission on new regulations concerning sustainability and human rights. Completed business-impact assessments for proposed regulations.
<b>Cumulus</b>	Conducted due-diligence exercises relating to migrant workers and broker supply chain of selected suppliers.	Increased transparency to the migrant-worker supply chain.	Used the Cumulus database's mapping capabilities to better understand the complexities of multi-tiered labor recruitment in the supply chain, and how to reduce the risks associated with this type of recruitment.
<b>Verité</b>	Conducted third-party audits on social responsibility, supported by consultation and collaboration, to review NXP's Corporate Social Responsibility and Human Rights Program. Supported capacity-building in NXP's Social Responsibility programs at NXP sites and in the supply chain.	Continuous-improvement opportunities for supply-chain compliance and capacity-building.	Strengthening supply-chain compliance and supplier capacity-building, and advancing NXP's Auditable Standards for Social Responsibility.

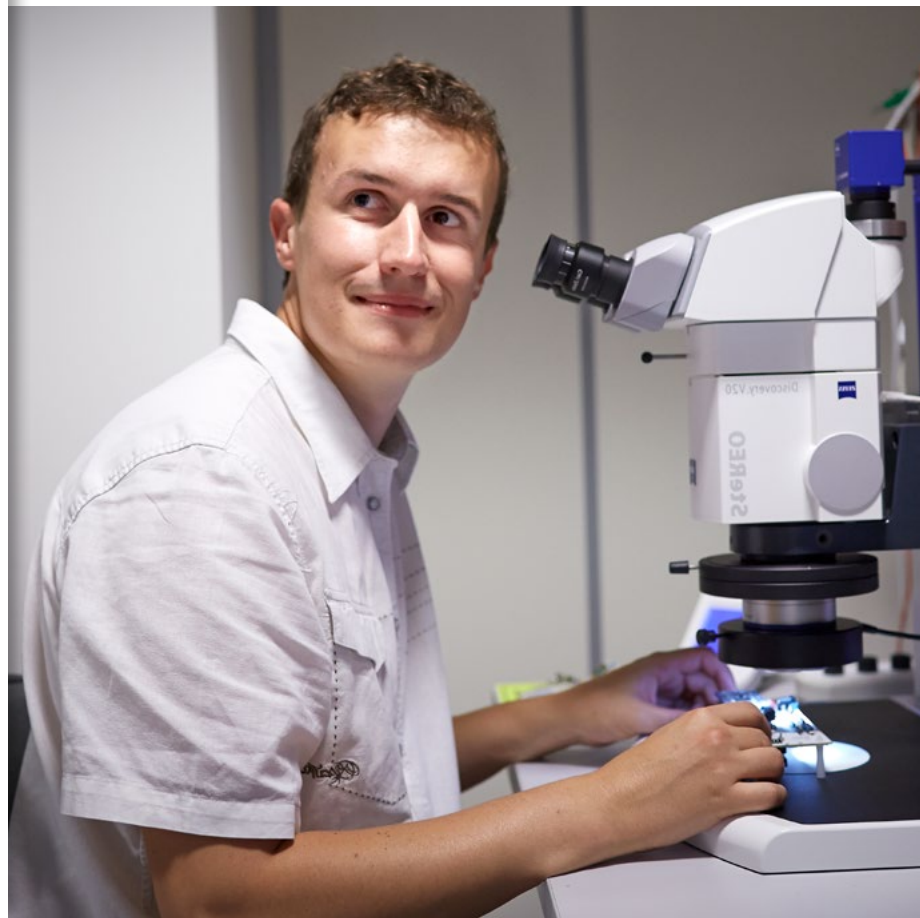


# IDENTIFY AND ASSESS

## SALIENT HUMAN-RIGHTS RISK ASSESSMENT

In our operations and our supply chain, we use indirect labor, direct labor (including foreign migrant workers), temporary workers, and agency workers. We engage with all relevant functions and businesses across NXP and our supply chain to identify practices that may lead to non-compliance with our policies and standards.

The Social Responsibility and Procurement Teams identify salient human-rights risks using our own risk analysis, our collaboration and engagement with key stakeholders – including industry associations, expert groups, and non-governmental organizations (NGOs) – and the results from our supplier assessments and audits. The following are the issues within NXP and our supply chain we determined are most critical to labor and human rights.



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We minimize human-rights risks by making continuous improvements, to our policies, strategies, collaborative capacity-building, self-assessments, and audits, within NXP and our supply chain, based on our own experiences, shared industry best practices, and emerging issues, trends, and developments.

### NO FEES



- A clear policy prohibits charging fees to workers and ensures compliance.
- If workers are found to have paid fees to gain employment, reimbursement to workers must be completed within 30 days of discovery.
- A grievance mechanism is in place to confidentially report policy violations.

### RETENTION OF DOCUMENTS



- A clear policy states workers are not required to surrender personal documents.
- Personal, lockable, secured storage units are available in facilities and/or dormitories/housing.
- A grievance mechanism is in place to confidentially report policy violations.

### FAIR TREATMENT OF VULNERABLE WORKERS



- The well-being and health and safety of workers must be ensured during pandemic and post-pandemic conditions.
- Workers must not be discriminated against, regardless of pandemic circumstances.
- Workers must continue to be given adequate protection from exposure to hazards, including the pandemic illness.
- A grievance mechanism is in place to confidentially report unfair treatment of workers.



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## WORKING HOURS AND REST DAYS



- There is a clear policy to manage and limit worker hours to no more than 60 hours per week or the legal limit, whichever is stricter, and all overtime work is voluntary.
- Record systems and mechanisms are in place to identify and administer the policy.
- The regular work week cannot exceed 48 hours and the daily scheduled work cannot exceed 12 hours a day.
- Workers receive at least one day off per every six days worked.
- Workers are allowed at least a 20-minute rest break every four hours worked as well as a defined meal break.
- Workers are provided with legally mandated holidays and vacation days.
- A grievance mechanism is in place to confidentially report policy violations.

## ACCURATE CONTRACTS



- Contracts may not violate relevant laws or place a worker at risk.
- Prior to departure or hiring, workers are provided with an accurate written employment contract with details of working conditions including nature of work, wages, benefits, and duration of contract.
- Contracts are written in a language that the worker understands prior to employment. If amendments are made prior to employment, the contract must provide equal or better terms of employment.
- Contracts ensure workers are free to leave their employment, upon giving reasonable notice, without penalty per applicable law and regulations.
- A grievance mechanism is in place to confidentially report contract-related information.

## YOUNG WORKERS



- The term “child” refers to any person under the age of 15 or under the minimum age for employment in the country, whichever is greater.
- A comprehensive policy for child labor clearly states the minimum age for workers.
- A comprehensive policy prohibits young workers under the age of 18 from performing work that may jeopardize their health or safety, including night-shift and overtime work.
- An age-verification process is in place with inspection of validity of at least two identity documents, to be returned to worker.
- Personal-record systems are in place as a means of identification and verification.
- If workers are discovered to be below the legal age limit, workers will be protected and provided the opportunity for completion of education.
- A grievance mechanism is in place to confidentially report policy violations.

## FAIR WAGES



- Workers cannot receive less than the legal minimum wage for all regular hours worked. If legally minimum wage is not set, then industry prevailing wage will be the standard.
- Overtime rates are to be applied to the base wage as required by law or employment contract, whichever is higher. Where the law is silent, the premium must be at least an additional 50% per hour of the base wage for piece rate and hourly work, or an additional 50% per hour of the average earnings.
- Workers have wage slips in a language they understand, with clear details regarding regular and overtime hours worked and rates.
- Wages are paid within 14 days after the end of the working period.
- Deductions as a disciplinary measure are prohibited.
- There is a grievance mechanism to confidentially dispute wage and benefit-related payments.



# IDENTIFY AND ASSESS

## SALIENT HUMAN-RIGHTS ISSUES: 2022 RESULTS

	Our Operations	Our Supply Chain
<b>No Fees</b>	Workers did not pay fees.	35% of audited suppliers charged hiring fees. All but two suppliers refunded these fees. We are following up with the remaining suppliers to close out the nonconformance.
<b>Retention of Documents</b>	Personal documents are retained by workers.	Of the 14 suppliers audited, six suppliers had retained personal documents of workers. All six suppliers have since returned the documents to the workers.
<b>Fair Treatment of Vulnerable Workers</b>	While the hiring of foreign migrant workers at NXP slowed due to the ongoing COVID-19 pandemic and border closures, NXP continued to comply with our Employer Pays policy, which ensures these workers are treated with respect and dignity during recruitment and hiring.	The resumption of supplier audits enabled NXP to interview workers and gauge their well-being during the pandemic. No serious issues have been reported, even though workers were provided with the NXP anonymous phone line to report any concerns or impacts to their rights.
<b>Working Hours and Rest Days</b>	At one site, the 60-hour working limit was exceeded for approximately 900 workers, or 30% of the site's direct-labor workforce, for a period of one week. This was due to the continued labor shortage, challenges in hiring foreign migrant workers, and a border closure during a significant increase in production demand. The site was able to resolve the issue quickly by efficiently allocating the workforce to support production.	64% of audited suppliers did not monitor working hours and rest days, resulting in nonconformances against NXP's requirements. Four suppliers have yet to close this nonconformance.
<b>Young Workers</b>	No child labor. All young workers are in accordance with relevant laws and regulations.	No child labor. All young workers are in accordance with relevant laws and regulations.
<b>Accurate Contracts</b>	Accurate contracts issued to all workers in their native language.	42% of audited suppliers had inaccurate contracts. All suppliers, except one, have closed this nonconformance. We are following up with the remaining supplier to close out the nonconformance.
<b>Fair Wages</b>	No discrepancies in wages or benefits.	21% of audited suppliers had discrepancies in wages and benefits. All suppliers have closed this nonconformance.

### NXP IN ACTION

#### ADDRESSING MODERN-DAY SLAVERY ISSUES

NXP's Corporate Social Responsibility and Human Rights Program was again recognized in 2022 for its work in addressing modern-day slavery issues within NXP operations and our supply chain.

The Asia-Pacific UN Forum on Business and Human Rights invited NXP to be a featured panelist in a session about access to remedy for vulnerable workers during the COVID-19

pandemic. We described our work in the supply chain and our efforts to help foreign migrant workers, who are some of the most vulnerable to human-rights abuses during a crisis such as the COVID-19 pandemic and its aftermath. We also offered a proposal for how businesses can collaborate with governments and civil-society organizations to address human-rights challenges for foreign migrant workers and how these workers can get access to grievance mechanisms and remedies.

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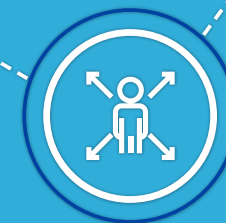
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WE USE ASSESSMENT FINDINGS  
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## POLICIES AND STANDARDS

NXP commits to the eight fundamental International Labour Organization (ILO) Conventions:

1. Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
2. Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
3. Forced Labor Convention, 1930 (No. 29) and its 2014 Protocol
4. Abolition of Forced Labor Convention, 1957 (No. 105)
5. Minimum Age Convention, 1973 (No. 138)
6. Worst Forms of Child Labor Convention, 1999 (No. 182)
7. Equal Remuneration Convention, 1951 (No. 100)
8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Additionally, NXP is committed to the guidelines and principles set out in the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights (UDHR), the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and the UN Global Compact. NXP policies and standards are either fully aligned with or more stringent than regulatory, industry-group, and customer requirements. We collaborate with external stakeholders, including industry associations, customers, NGOs, and government agencies, to support important social-responsibility issues such as labor and human rights.

## CODE OF CONDUCT

NXP's [Code of Conduct](#) (the Code) sets out the principles that guide us as we work to fulfill our ambitions as a responsible and ethical company. It serves as a framework and details the behavior expected from every team member, director, contractor, or anyone else who works on behalf of NXP. The Code is available in 12 languages and can be found on [www.NXP.com](http://www.NXP.com) and the NXP intranet.

## SUPPLIER CODE OF CONDUCT

NXP places strict requirements on our supply chain. This is reflected in the [NXP Supplier Code of Conduct](#), which is posted on the NXP website and available in seven languages. The Supplier Code of Conduct is reviewed annually, and had a major revision and update in 2021 in response to regulatory updates, customer requirements and expectations, industry best practices, and inputs from internal and supplier audits.

The NXP Supplier Code of Conduct is owned by the Sustainability Office, approved by the ESG Management Board, and based on the NXP Code of Conduct, the Responsible Business Alliance's (RBA) Code of Conduct version 7.0, the Universal Declaration of Human Rights (UDHR), UN Guiding Principles, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and guidelines from Social Accountability International (SAI), and the Ethical Trading Initiative (ETI). The NXP Supplier Code of Conduct also includes elements, modifications, and clarifications from audits conducted internally and externally, as well as the NXP Auditable Standards on Social Responsibility.

## HUMAN RIGHTS POLICY

Our new [Human Rights Policy](#) reaffirms our steadfast commitment to all international labor and human-rights laws and norms, along with the business practices and technologies that contribute to protecting and respecting human rights worldwide. This policy includes a stronger focus on our salient human-rights risks. The Policy was prepared by the NXP Sustainability Office under the supervision of the ESG Management Board, in consultation with external and internal stakeholders, and approved by the Board of Directors.

## AUDITABLE STANDARDS ON SOCIAL RESPONSIBILITY

NXP's [Auditable Standards on Social Responsibility](#) are approved by the ESG Management Board and specify minimum expectations for compliance with the NXP Code of Conduct and the Supplier Code of Conduct. The NXP Auditable Standards on Social Responsibility apply to NXP and all suppliers, contractors, onsite service providers, labor agents, and external manufacturers.

Our Auditable Standards on Social Responsibility and tools are developed with input from external stakeholders and are updated on a regular basis to reflect the latest recommendations and regulations on responsible business conduct.

## RESPONSIBLY SOURCED MINERALS POLICY

The trade of minerals in conflict and high-risk areas is often associated with increased violence and human-rights abuses. We are dedicated to ensuring that the minerals contained in our products are obtained, produced, and used in a socially responsible manner.

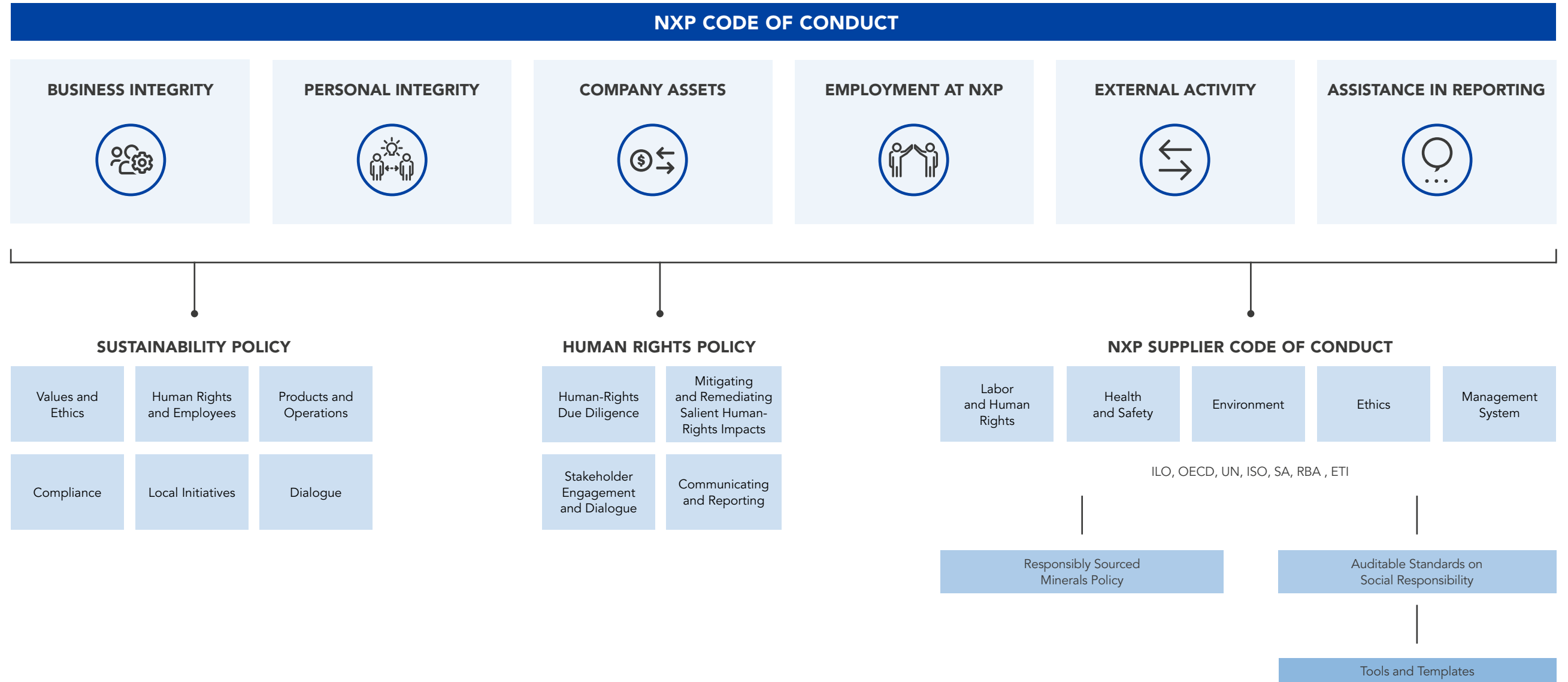
Our [Responsible Sourced Minerals Policy](#) aims to ethically obtain minerals from responsible suppliers to ensure that NXP's supply chain does not contribute to human-rights abuses. Our program for responsibly sourcing minerals is designed in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and our suppliers must exercise due diligence according to OECD Guidance or a standard of similar caliber.





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## INTERRELATIONSHIP OF POLICIES, STANDARDS, AND PRINCIPLES



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# GOVERNANCE

Integrating a governance structure and accountability for NXP and our supply chain keeps us accountable and focused on continuous improvement.

## NXP SOCIAL-RESPONSIBILITY GOVERNANCE STRUCTURE

Nominating, Governance, and Sustainability Committee of the Board of Directors

ESG Management Board

Sustainability Office

Social Responsibility Team

Manufacturing Site Steering Committee

Purchasing

Legal

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# GOVERNANCE

## GOVERNANCE RESPONSIBILITIES



### NOMINATING, GOVERNANCE, AND SUSTAINABILITY COMMITTEE

Oversee NXP’s policies and report on topics related to Environment, Social, and Governance (ESG). The committee receives quarterly updates from representatives of the ESG Management Board and, in turn, reports on these efforts in plenary meetings of NXP’s Board of Directors.



### ESG MANAGEMENT BOARD

Lead the implementation of ESG strategy and policy and ensure appropriate resourcing. The ESG Management Board, comprised of Management Team members and other senior leaders, meets monthly to review our ESG performance against our strategy and goals.



### SUSTAINABILITY OFFICE

Set strategies, develop policies and goals while monitoring metrics, and, if needed, escalate issues to the ESG Management Board.



### SOCIAL RESPONSIBILITY TEAM

Oversee strategies, policies, and goals, and report on various metrics, including input from the Manufacturing Site Steering Committee and purchasing managers, and report monthly to the Sustainability Office.

#### NXP Operations

Set targets, conduct annual self-assessments and third-party audits, ensure timely closure of corrective action plans, monitor and control working hours and rest days, and conduct internal capacity building.

#### Supply Chain

Set targets, ensure supplier commitment to the Supplier Code of Conduct, conduct annual supplier risk assessments, supplier self-assessments, and audits, ensure timely closure of corrective action plans, and conduct supplier training.



### MANUFACTURING SITE STEERING COMMITTEE

Implement, measure, and validate policies, drive continuous onsite improvement, and report progress to site management and the Social Responsibility Team.



### PURCHASING

Oversee the annual supplier risk assessment for social responsibility, meet monthly with the Social Responsibility Team to receive supplier performance data for input into quarterly supplier business reviews, and include the Material Sourcing Board when supplier escalations are needed.



### LEGAL

Review and provide legislative guidance, assist in the review of alleged violations of the Code, and review publicly reported documents such as the Supplier Code of Conduct, the NXP Auditable Standards on Social Responsibility, and this Report.

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## VALIDATION

Each year we report publicly on our supplier’s annual top audit nonconformances, and each month we report KPIs to the Sustainability Office on topics such as violations and nonconformances from our supplier audits, signed conformance letters, closure rate for corrective action plans, and quarter-on-quarter risk indicators within our supply chain. NXP monitors improvement by measuring the number of priority violations, repeat audits, frequency of nonconformances, and the nonconformance closure rate.

Reports are reviewed frequently throughout the year by the ESG Management Board, which is composed of NXP executive and non-executive leadership. The ESG Management Board discusses the progress that has been made, areas for improvement, and new targets. Quarterly reviews are conducted with the Ethics Committee, and monthly reviews are conducted with the Quality Leadership Team. Monthly and sometimes weekly meetings are held with procurement managers to discuss the results of a supplier audit, the corrective action plan, and the supplier's progress toward closing out their nonconformances.

## ACCOUNTABILITY

The Senior Director of the NXP Sustainability Office and the Social Responsibility Team are tasked with the delivery of the Corporate Social Responsibility and Human Rights Program across the business and in the global supply chain. This work is defined by clear targets and is part of a performance-appraisal system that links pay to performance and execution of the labor and human-rights commitments specified in our Code and Social Responsibility standards.

## SUPPLY-CHAIN COMPLIANCE

NXP’s suppliers are required to comply with the NXP Supplier Code of Conduct and the associated NXP Auditable Standards on Social Responsibility, and the laws of the country or countries where they conduct business. In 2015, we included language in our supplier contracts that requires suppliers to abide by the NXP Supplier Code of Conduct. If there is not a contract in place, or because the contract was executed before 2015, NXP requires a signed conformance statement, abiding by the NXP Supplier Code of Conduct. NXP's Legal and Purchasing Teams are trained on the policies and practices of the Supplier Code of Conduct.

Our goal is to collaborate with our suppliers and to make a positive impact on our supply chain. In the rare instance that a supplier is unable or unwilling to meet our requirements and work on a corrective action plan, we escalate the issue, according to management processes, to determine the status of our relationship with the supplier and may terminate the business relationship.

## RESPONSIBLE PROCUREMENT

Our master purchase agreements, as well as the terms and conditions of our purchase orders, require suppliers to certify their compliance with our policies. As an added incentive, our purchasing scorecards for major suppliers include measurements for social responsibility and tie performance on this issue to purchasing decisions.





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# GOVERNANCE

## RESPONSIBLE RECRUITMENT PRACTICES

NXP suppliers must have adequate and effective written recruitment and employment policies and procedures to ensure compliance with laws in sending and receiving countries. Responsible recruitment practices include:

- Suppliers must ensure workers are not required to pay fees, deposits, or have debt repayments for their recruitment or employment
- Suppliers must not require workers to participate in any form of forced savings or loan program where repayment terms are indicative of debt bondage or forced labor
- Suppliers must provide workers, prior to their departure or hiring, with accurate written details, in the workers' native language, about working conditions in the host country, including nature of work, wages, benefits, and duration of contract
- Suppliers must not require workers to surrender personal documents and ensure the same requirements are in place with their employment agencies
- Suppliers must ensure that workers are free to leave their employment upon giving reasonable notice, without penalty
- Suppliers must not place unreasonable restrictions on movement of workers and their access to basic liberties
- Suppliers must clearly communicate to their employees the NXP Supplier Code of Conduct or comparable requirements pertaining to the recruitment of workers and, if applicable, must regularly evaluate the employment agencies on their performance and conformance against these requirements

Of the thousands of people who work at NXP, a small percentage are foreign migrant workers. NXP is aware that using recruitment and labor agencies to hire foreign migrant workers increases the risk of forced labor, and therefore we prefer direct hiring where possible. We encourage our suppliers to go through the direct hiring route, too, if possible.

All labor agents acting on behalf of NXP must have a clear policy that adheres to the NXP Supplier Code of Conduct and must inform employees and their recruitment agencies about NXP's policy at the point of recruitment and in their native language. To ensure compliance with NXP's Supplier Code of Conduct, labor agents acting on behalf of NXP must conduct due diligence with employment agencies, recruitment agencies, and sub-agents in their relevant countries of operation.

To ensure suppliers follow ethical guidelines when recruiting workers, NXP has adopted an Employer Pays policy. This policy is a clear contractual agreement with our supply chain, requiring that the supplier is responsible for payment of all recruitment fees and expenses. Such fees and expenses include, but are not limited to, expenses associated with recruitment, processing, or placement of workers.

The fight against modern slavery is also focused on impacting the lives of foreign migrant workers through our policies, standards, and recruiting practices. The positive impact of our Corporate Social Responsibility and Human Rights Program for NXP's foreign migrant workers in Malaysia is highlighted in our [documentary](#). Additional details on NXP's efforts to investigate ethical recruitment practices are available in our [documentary](#) on ethical recruitment.



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We use due-diligence assessments to stay focused on continuous improvement, both internally and within our supply chain.

## NXP ASSESSMENTS

The Social Responsibility Team conducts operational reviews with Human Resources to identify potential adverse human-rights impacts arising from our policies and business practices. At manufacturing sites, any issues identified by assessments are addressed in our operational-review process. The manufacturing site identifies the corrective action and remediation plans and engages with the responsible departments to address the corrective and preventive actions.

When we established our Corporate Social Responsibility and Human Rights Program in 2013, we identified areas relating to human rights that offered opportunities for improvement. These included improving the recruitment, hiring, and management of foreign migrant workers at some of our manufacturing sites, improving the living conditions of worker dormitories by setting up clear dormitory standards, and enhancing worker-management dialogue and engagements.

Since then, as our Program has matured, we have evolved our processes and practices and made progress in these areas. This does not mean that the effort is complete. Our work is ongoing, so we can identify areas where we can further strengthen our practices and performance. We continue to assess our manufacturing sites, using team-member engagement and management feedback to track our work and identify new issues, such as the impact of the COVID-19 pandemic, as they arise.

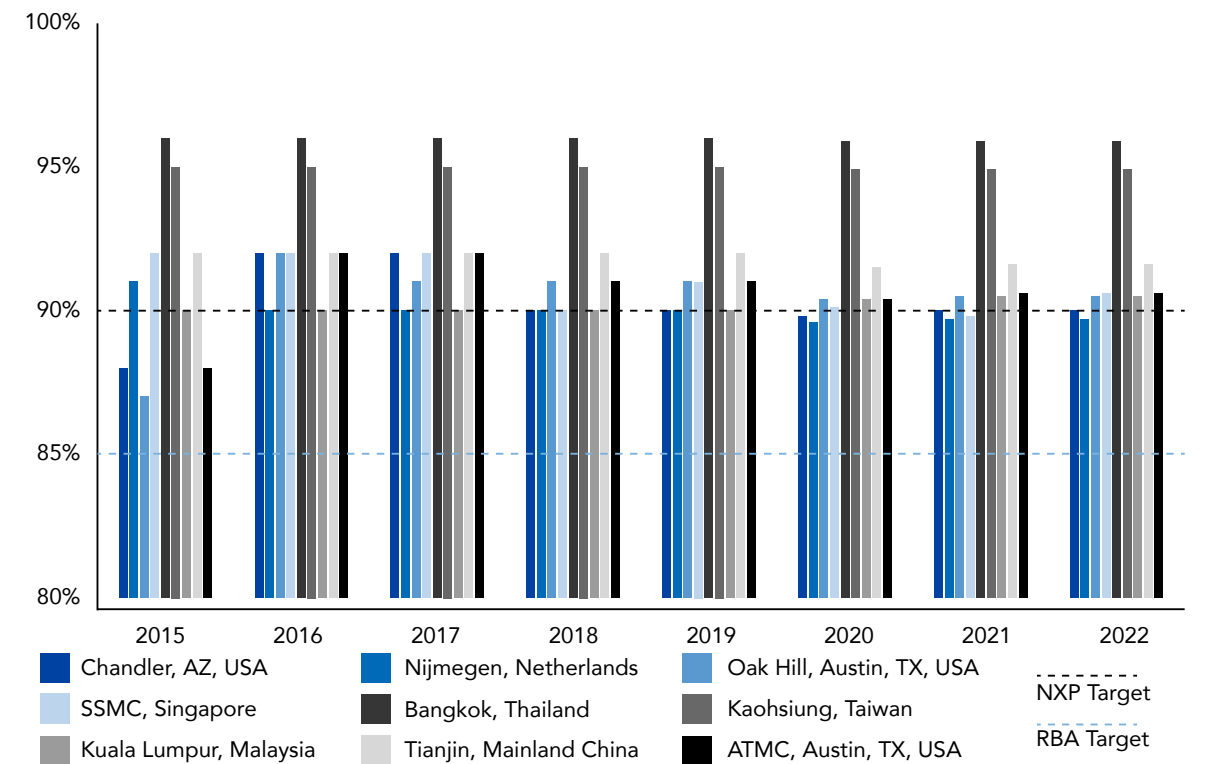
Annual country risk assessments include a review of salient human-rights issues which incorporates local stakeholder feedback as well as published information from government and non-government sources. These salient topics are incorporated into the due-diligence process. The monitoring process seeks to uphold our policies, guidelines, and Auditable Standards on Social Responsibility, which are built around international standards for labor and human rights.

Our Code(s) of Conduct, policies, and standards serve to document the internal processes we use to protect labor and human rights. Consultation and engagement with external stakeholders allow NXP to understand various third-party information and expectations on where to apply more in-depth assessments, such as self-assessments and third-party audits.

The RBA requires its member companies, including NXP, to complete the Self-Assessment Questionnaire (SAQ) in the RBA-Online platform on an annual basis. The RBA revises the SAQ annually, to reflect either changes to the RBA Code of Conduct and/or changes in the landscape for social responsibility and human rights.

As part of their deployment of the RBA Code of Conduct in the supply chain, RBA member companies can require their suppliers to complete the SAQ. The SAQ is used as a risk-assessment tool that helps member companies plan their supply-chain due diligence. The SAQ has a total score of 100% and the RBA classifies any facility that scores above 85% as low risk. All NXP manufacturing sites achieved a score of 90% or above.

NXP's RBA SAQ Scores per Manufacturing Site





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There are two areas where NXP has an RBA SAQ score classified as moderate risk: Environmental Risk and Health and Safety Risk. As a semiconductor manufacturer, we use certain equipment and controlled substances which affect the Environmental and Health and Safety Risk elements. However, NXP scores high across the Control and Management elements of the Environmental and the Health and Safety Risks, indicating that NXP has proper controls, protocols, and management systems in place to minimize the risks identified in these areas.

## SUPPLY-CHAIN ASSESSMENTS

As part of our annual risk-assessment analysis, we endeavor to assess all of our suppliers. Yearly risk assessments enable NXP to identify and monitor trends and developments relating to human rights, forced/bonded labor, the migrant worker index, fair wages, humane treatment, child labor, and/or health and safety, and help us highlight topics that may require a new or different approach.

Given the scale of this annual effort, NXP partners with Verisk Maplecroft and our NGO partner, Verité, to identify potential issues relevant to our supply chains. This includes use of Verité's Cumulus Force Labor Screen risk-management system.

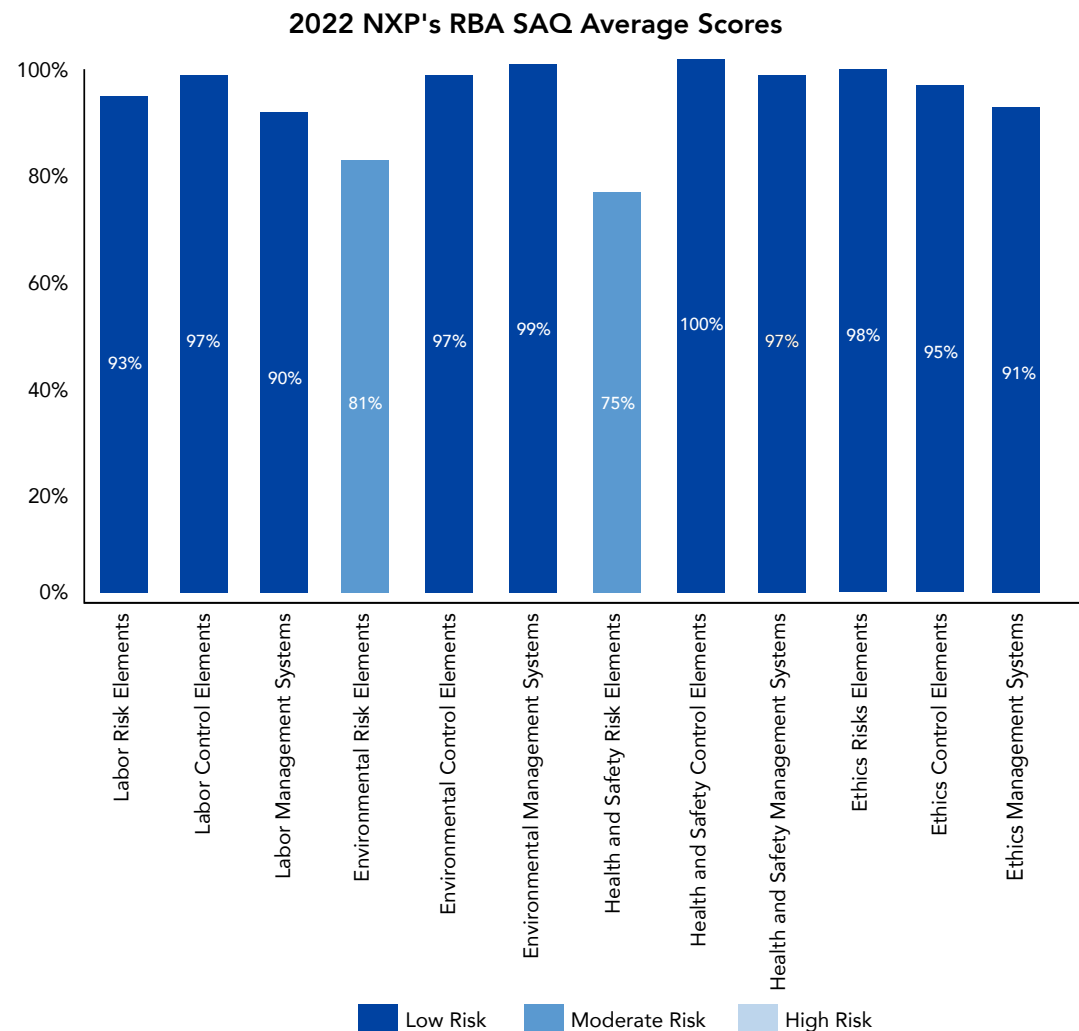
## ADVISORY FIRMS

### VERISK MAPLECROFT

Verisk Maplecroft's database provides input that we use to screen our supply chain for inherent risk, and uses predictive models to evaluate areas such as forced labor, child labor, and working conditions.

### VERITÉ

Cumulus Forced Labor Screen by Verité provides NXP with online technology to identify forced-labor and human-trafficking risks of labor agents involved in the recruitment of migrant workers. Verité Cumulus also maps and assesses labor agents, in both the receiving and sending countries, along with their recruitment practices.





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## RISK ASSESSMENT

Our supplier risk assessment, developed jointly with our procurement and sustainability teams, is reviewed and updated to reflect changing perspectives in environment, labor, and human-rights requirements. Our supplier risk assessment considers three risk criteria: country, product, and spend. Country Risk assesses countries, regions, and all other locations in which NXP has a footprint. Each criterion has a scale of one (lowest risk) to ten (highest risk). The overall supplier risk score is the product of the three individual scores, expressed as a percentage. A higher percentage implies a higher risk exposure.

$$\text{Risk Score} = \frac{[(\text{Country Risk}) \times (\text{Product or Service}) \times (\text{Spend})] \times 100}{1000}$$

## COUNTRY RISK

The geographical location of a supplier is a key factor in determining risk level, as suppliers in countries with weak regulations, inadequate enforcement of labor rights, and/or ineffective business ethics and environmental laws tend to have higher risk exposure. Our Country Risk scores include specific indices, from our third-party partner, Maplecroft, which correlate to the NXP Supplier Code of Conduct and provide an overall weighted Country Risk score. Use of foreign migrant workers is also a critical element when it comes to labor risk. To account for this, the calculated Country Risk score may be increased by one level after a review by the Sustainability Team.

The table below presents the criteria used to assess country risk.

Maplecroft Report	Index	Definition	Relevant Topic in NXP Supplier Code of Conduct	Index Weighting
<b>Human-Rights Risk Atlas</b>	Labor Rights and Protection	Measures the risk of association with, and involvement in, violations of labor rights within a given country. Includes the following indicators: child labor, forced labor, trafficking, freedom of association, freedom of collective bargaining, discrimination in the workplace, and working conditions.	Labor and Health and Safety	60%
<b>Legal and Regulatory Environment Risk Atlas</b>	Corporate Governance	Quantifies the quality of corporate governance, based on the quality of existing legal structures, and the extent to which the law is enforced. Includes the following indicators: shareholder protection, ethical behavior of firms, strength of auditing and reporting standards, efficacy of corporate boards, and corruption-risk index.	Business Ethics	20%
<b>Legal and Regulatory Environment Risk Atlas</b>	Legal and Regulatory Environment	Identifies and monitors the strategic and operational risks presented by variations in regulatory and government policy, the costs associated with corruption, and lack of respect for the rule of law.	Governance	10%
<b>Climate Change and Environmental Risk Atlas</b>	Climate-Change Vulnerability	Evaluates vulnerability of populations to extreme, climate-related events, and changes in major climate parameters over the next 30 years.	Environment	10%





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## PRODUCT/SERVICE RISK

How close a supplier's materials or services are to our products influences the risk they represent in our value chain. External manufacturers pose the highest level of product risk to NXP. Material suppliers and manufacturing-service subcontractors pose the second-highest product risk.

The risk level for indirect-spend suppliers, which includes sourcing of all goods and services for NXP business and operations, such as equipment suppliers and indirect service providers, depends on the type of product or service provided. NXP groups suppliers based on the risk score, which we compile internally, using data from years of auditing, third-party guidance, benchmarking, and standards.

Category	Risk Score
External Manufacturing Suppliers (Foundry and Subcontractor)	10
<b>Category 1</b>	<b>7</b>
Direct Material Suppliers	
Warehousing	
Logistics	
HR-Related Services (Recruitment Agencies)	
Construction and Renovation Services	
<b>Category 2</b>	<b>3</b>
Capital Goods (Plant and Machinery)	
Maintenance Repair and Operations	
<b>Category 3</b>	<b>1</b>
Professional Services (Consultancy, Advisers)	
IT-Related Services	
Office Services (Telecommunications, Office Products)	
Utilities (Gas, Electricity, Water)	
Travel-Management Services	

## ON-SITE CONTRACTOR ASSESSMENT

Service providers and contractors who work on the premises are assigned a risk rating according to the type of service, as shown in the table below.

Type of Service	Risk Score
Cafeteria, Cleaning, Employee Transportation, Security, Temporary Hire (Operators), Warehouse Services, Waste Management, Facility Management (Structural)	10
Other: Hardware Maintenance, IT, Onsite Service, Time Hire, Facility Management (Incidental)	1

## SPEND RISK

To assess business-criticality risk, we group suppliers into three categories based on annual spend: high risk (above \$500,000 USD), medium risk (\$100,000 USD to \$500,000 USD), and low risk (under \$100,000 USD).

## RESULTS

Suppliers undergo an annual supplier risk assessment. In 2022, 267 suppliers received a risk-assessment score above 49%, indicating high or priority risk, and, as a result, may be required to complete an NXP Self-Assessment Questionnaire and/or participate in an audit.

## NXP IN ACTION

### POLY-SILICON SUPPLY CHAIN

NXP has initiated a due-diligence survey of our global suppliers of poly-silicon materials. The work is ongoing, but initial results indicate that our sourced poly-silicon materials are not affected. In designing this survey, we worked collaboratively with the Responsible Business Alliance (RBA) and shared our methodology and due-diligence results with them. Our work with the RBA has also confirmed our belief that obtaining a fully transparent view of the poly-silicon supply chain has been hampered by supplier concerns relating to trade secrets and competitively sensitive information. NXP is part of industry-wide efforts to improve transparency in the entire poly-silicon supply chain, and we're working to improve transparency within our own supply chain.



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We use audits to monitor compliance with our Corporate Social Responsibility requirements.

Overall, management must demonstrate a good understanding and commitment to the NXP Code of Conduct (NXP manufacturing sites), the Supplier Code of Conduct (NXP manufacturing sites and our supply chain), and the NXP Auditable Standards on Social Responsibility. NXP requirements for ourselves and our supply chain must be integrated into policies and procedures, and must be communicated effectively to all team members and workers.

Nonconformances for internal and supplier audits are divided into three categories:

<p><b>Priority Violation</b> Confirmed evidence of human-rights abuses or unacceptable practices as defined by the NXP Auditable Standards on Social Responsibility. Such examples are the presence of forced/bonded labor, child labor, serious instances of worker harassment, immediate risk to the life of workers, and/or negative impact to the environment.</p>	<p><b>Major Nonconformance</b> A significant failure in the management system for social responsibility which affects the ability to produce the desired results. It may also be caused by failure to implement an established process/procedure, or by the fact that the process/procedure is ineffective or not suited for the nature of the operation.</p>	<p><b>Minor Nonconformance</b> A failure that, by itself, does not indicate a systemic failure with the management system for social responsibility. It is typically an isolated or random incident.</p>
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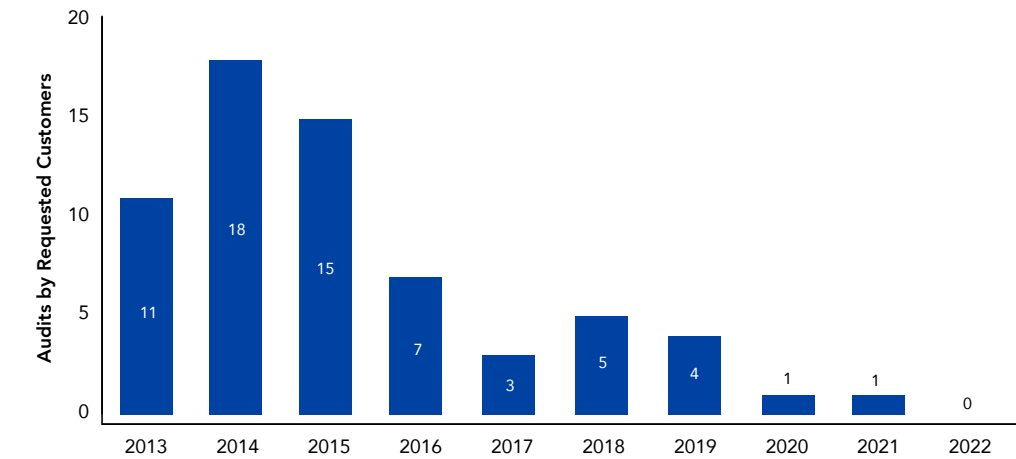
## NXP MANUFACTURING-SITE AUDITS

Every two years, each manufacturing site undergoes a third-party audit. The audit is either conducted by Verité, using the NXP Auditable Standards on Social Responsibility, or by a designated audit firm that uses the RBA Validated Assessment Program (VAP), which is based on the RBA Code of Conduct. Each audit firm is specially trained in labor and human rights and performs on-site inspections (including any dormitories), reviews documents, and conducts private interviews with management and randomly selected team members. A formal report is issued, and any corrective actions are tracked until successfully closed.

## RESULTS

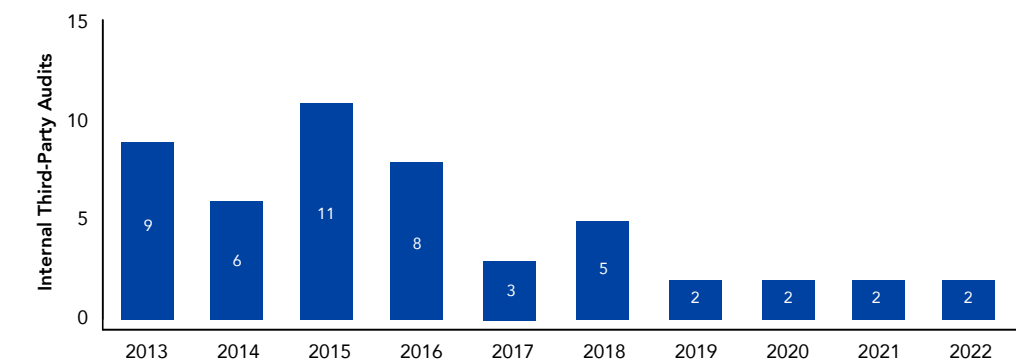
When we developed our Corporate Social Responsibility and Human Rights Program, we engaged in many customer audits. Now that our Program has matured and we have our own internal evidence and historical data from customer audits, we can demonstrate that we are a low-risk supplier and, as a result, customers request fewer annual audits of our sites.

NXP Audits Requested by Customers



Similarly, we initiated more third-party audits in the early years of our Corporate Social Responsibility and Human Rights Program, but the number has remained relatively steady since 2017, with the exception of 2018, when we merged with Freescale and applied our standards to their manufacturing sites.

NXP Internal Third-Party Audits





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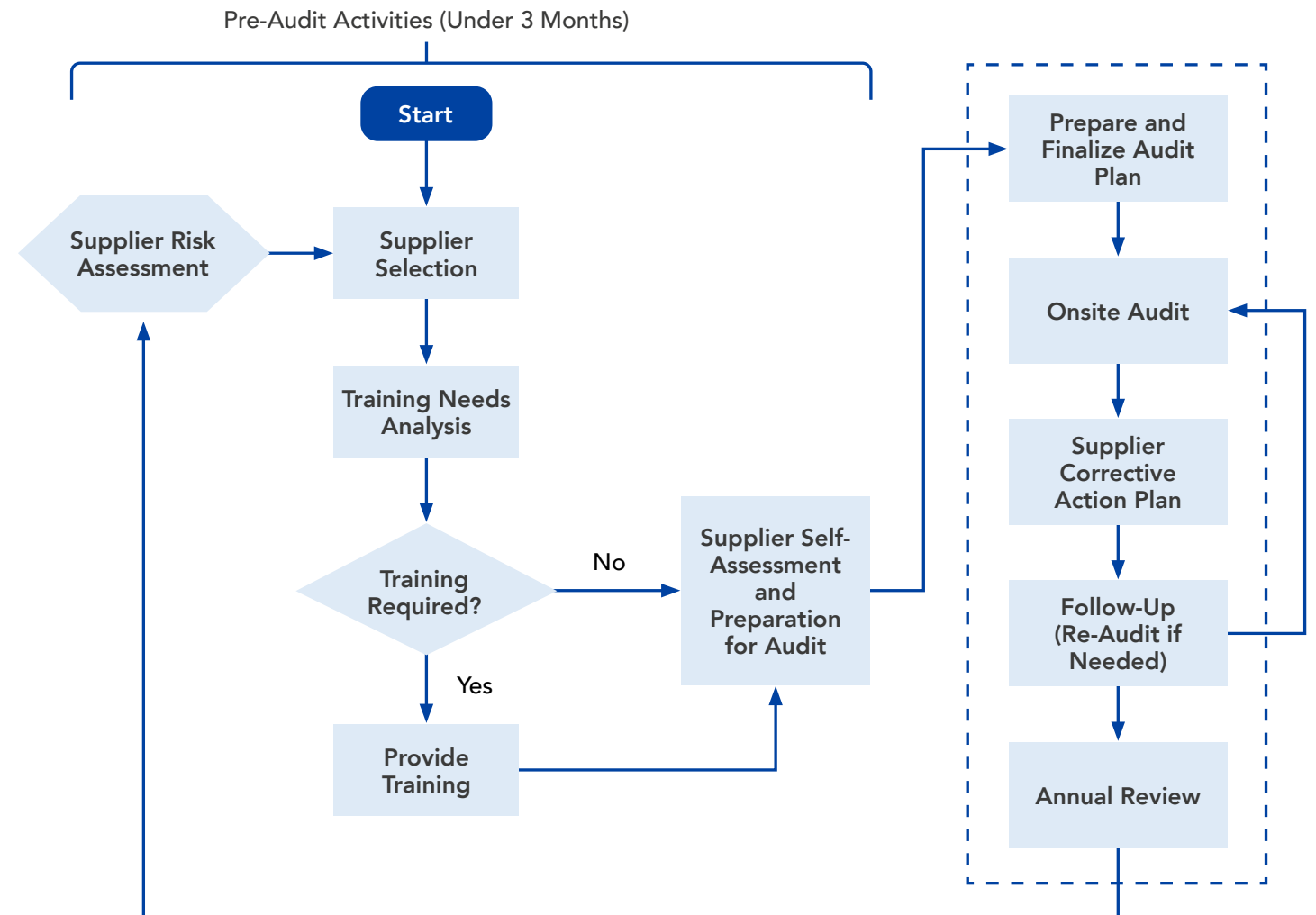
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## SUPPLY-CHAIN AUDITS

NXP's Corporate Social Responsibility and Human Rights Audit Program is a collaborative and consultative process aimed at guiding suppliers and ensuring they meet the NXP Supplier Code of Conduct as well as the requirements of the NXP Auditable Standards on Social Responsibility. The scope of the audit covers labor and human rights, environment, health and safety, business ethics, management systems, and compliance with the NXP Supplier Code of Conduct. These audits are conducted to determine and understand suppliers' maturity in managing social responsibility and how they can improve their processes and procedures in these areas. The audits are not intended to pass or fail a supplier, but rather to guide the supplier in a collaborative approach. The NXP Supplier Code of Conduct and the Auditable Standards apply to all NXP suppliers, contractors, onsite service providers, labor agents, and external manufacturers.

NXP supplier audits analyze three main aspects of social responsibility: documentation reviews, management and private worker interviews, and physical inspection of all facilities, including any dormitories (onsite audit only). Audits also include interviews with labor agents and onsite service providers, such as janitorial, cafeteria, security, and other services. NXP's Corporate Social Responsibility and Human Rights Audit Program is conducted in accordance with a defined process flow illustrated on this page and described on the next.





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## RISK ASSESSMENT

The supplier-audit process starts with an annual NXP Supplier Risk Assessment to evaluate which suppliers have a high priority to be audited by NXP.

## TRAINING

Once a supplier is selected for an audit, NXP consults with selected suppliers to determine if additional training is needed.

## SELF-ASSESSMENT

The supplier then completes the NXP Supplier Self-Assessment and sends it back to NXP, including any applicable policies and documentation.

## ONSITE/REMOTE AUDIT

The audit is led by a team of auditors from a third-party audit firm qualified by NXP and accompanied by an RBA-trained NXP auditor. Depending on the size and complexity of the supplier's operations, a typical audit requires two or three full days (onsite audit), or about 18 days (remote audit).

## CORRECTIVE ACTION PLAN

If the audit yields a nonconformance, the supplier must submit a corrective action plan within two weeks of issuance of the final audit report. An effective corrective action plan includes remediation plans that fix the nonconformance and create a management system to prevent the issue from reoccurring. Audits use classifications for corrective action plans: priority violation, major nonconformance, and minor nonconformance.

- **Priority violation** – The supplier is given the opportunity to improve performance, but the response and resolution of the violation are non-negotiable. If there is immediate risk of life, the supplier has 24 hours to complete the corrective action. Otherwise, the supplier has seven days to submit a corrective action plan and 30 days to complete the plan. Unresolved priority violations may result in the withdrawal or termination of business.
- **Major and/or minor nonconformance** – All corrective actions must be approved by NXP and, unless otherwise negotiated or approved, must be fully closed within 90 days. Within that 90-day period, the supplier must update NXP every 30 days.

## FOLLOW-UP

NXP may conduct verification audits to assess whether a supplier has fully addressed all corrective and preventative actions. These audits are scheduled after corrective actions are submitted by the supplier and approved by NXP.

## ANNUAL REVIEW

Upon completion of the annual audit cycle, NXP conducts a review to determine if any suppliers that were audited in the preceding year will be required to be re-audited, based on the severity of the previous audit results.

[This video](#) has more about our Social Responsibility Audit.

## TRAINING

Training focuses on our suppliers and their onsite service providers. The mode of training can be a one-to-one consultation training, a two-hour classroom training, or a webinar session conducted by the NXP Social Responsibility Team with support from the site's subject-matter experts. The training is the full requirement of the NXP Supplier Code of Conduct. Supplier training is done:

- Before a supplier's upcoming NXP Social Responsibility Audit
- During the closure timeline of the supplier's corrective action plan
- When a supplier requests training

Coaching the supplier on best practices and providing RBA's e-learning academy are also part of our supplier trainings.





# AUDITS

## REMOTE AUDITS

Before the COVID-19 pandemic, we typically conducted an average of up to 20 onsite audits per year. We are pleased to report that, as COVID-19 pandemic controls have eased and borders reopened, we have started increasing the number of onsite audits and are closer to our pre-pandemic averages. In 2022, we managed to conduct 14 audits, using a combination of formats, including onsite and remote audits. We conducted more onsite audits in 2022 than in 2021, and conducted only two remote audits in 2022. We also worked with our third-party auditing firm, Verité, to develop a new protocol for remote audits, so we could continue our due-diligence work with suppliers.

Under normal circumstances, a typical onsite audit takes only two or three days to complete. Remote audits, however, are significantly more complex, and are usually spread over an 18-day period that includes pre-assessment meetings, technical rehearsals, and the audit proper. Most of that time is spent on pre-audit preparations and desktop document reviews.

Pre-Assessment Meeting	Technical Rehearsal	Audit Proper
Validate Facility Information	Detailed Agenda	Opening Meeting
Remote Audit Process, Timeline, and Expected Deliverables	Test Software, Hardware, and Audio	Documents Review
Audit Scope	Video Devices	Management Interview
Identification of Auditee Resource Personnel	Align Video-Conferencing with File-Sharing Platform	Gathering Information from Workers
Overview of Technical Requirements	Employee Roster	Closing Meeting
Overview of Document Review Process		
Confidentiality and Data-Privacy Concerns		

During the pre-assessment period, the Audit Team and the supplier hold videoconference calls to validate collected information, agree on a timeline, discuss confidentiality, and address data-privacy concerns. Technical rehearsals serve to confirm that the supplier has access to the videoconferencing platform selected for the audit, and that interview sessions, held with randomly selected workers, will take place in a location with adequate privacy. During the audit proper, the Audit Team conducts the actual interviews with supplier management and workers, and reviews any documents and data, such as employee personnel files and pay slips, that can't be shared in advance.

## LIMITATIONS OF REMOTE AUDITS

Remote audits have given us a way to perform due diligence during the COVID-19 pandemic, but they are only a temporary solution, not suited for long-term replacement of onsite audits, for several reasons. To begin with, remote audits are limited in scope, focusing primarily on labor, human rights, and ethics. They leave out the assessment of environment, health, and safety (EHS) concerns, since extensive facility inspections aren't feasible with a remote process. Also, certain documents cannot be shared in advance, and screen sharing makes it difficult to review data and records effectively. What's more, it's easier, during an in-person interview, to keep people engaged, ask follow-up questions, and observe body language and facial expressions. We do see remote audits as a useful tool for follow-up or verification audits with suppliers who performed well in their initial audit, and as a good alternative for suppliers who already have a mature and strong social-responsibility program in place.

## ONSITE AUDITS

Onsite audits of our suppliers can be announced or unannounced, conducted by an approved third-party audit firm, and accompanied, at a minimum, by an NXP-certified RBA Lead Auditor. It is NXP's principle to understand the issues that arise during an audit, verify that the audit is conducted per the NXP Auditable Standards, and provide consultation if the supplier has challenges.

## RBA VALIDATED ASSESSMENT PROGRAM (VAP) AUDITS

As a member of the RBA, NXP has at its disposal tools and programs initiated by the RBA, including the Validated Assessment Program (VAP). The VAP is similar to NXP's onsite audit protocol, but with the RBA Code of Conduct as the audit criteria. VAP audits evaluate the social, ethical, health-and-safety, and environmental performance of RBA members and their supply chain as measured against their audit criteria.

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## AUDITS

In 2021, we extended our Audit Program by incorporating two RBA VAP audits at two of our suppliers who have demonstrated maturity in their social-responsibility performance. Moving forward, NXP will look to employ RBA VAP audits at more of our mature suppliers. More details of the RBA VAP protocols can be found [here](#).

The goal of the VAP is to help streamline a process that has frequently resulted in audit fatigue for suppliers subjected to multiple, similar audits by industry members. A VAP audit may be initiated by any RBA member, and audit results are available to any other member company working with that supplier. Report sharing is predicated on a Trading Relationship, between the member company and the audited supplier, in the RBA-Online system<sup>1</sup>. It is the responsibility of the member company initiating the VAP audit to review, approve, and verify corrective actions from the audit.

### RESULTS

NXP works collaboratively with suppliers to help them achieve and maintain our standards and expectations. Our preference is to work with suppliers to address potential deficiencies by helping them develop and implement a corrective action plan.

In 2022, the 14 supplier audits we completed identified a total of 710 nonconformances. Of those nonconformances, 530 reached the 90-day maturity mark. We closed 466 of those 530 nonconformances, yielding a closure rate of 88% for audits at or beyond the 90-day mark, and exceeding our goal of an 85% closure rate. We did not terminate business with any of these suppliers, in light of their willingness to take the steps needed to close their corrective and preventative action plans.

The number of nonconformances increased because we conducted more audits in 2022 compared to 2021, but also because our audits focused on high-priority suppliers that we knew were having challenges conforming to our requirements. We engaged actively with our suppliers to understand how the COVID-19 pandemic and post-pandemic challenges impacted their businesses and the well-being of their employees.

Using data obtained from the supply-chain pulse survey, conducted at the onset of the COVID-19 pandemic in 2020, we continued to engage, through our due-diligence audit program, with those suppliers whose survey answers suggested business impact from the COVID-19 pandemic. To read more about our 2022 audit findings, see the "[Track](#)" section of the "[Human-Rights Due Diligence](#)" chapter.

<sup>1</sup> RBA-Online is an online sustainability data-management system designed to help RBA members and their suppliers manage and share information from audits and self-assessment questionnaires at the corporate, facility, and supplier levels.



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Everyday decisions can have a negative impact on human rights, and that means every team member at NXP or in our supply chain has a role to play in ensuring we maintain a positive impact.

We understand the importance of team-member awareness, and use capacity building and training to help identify issues early and find better ways to drive changes in practice and culture. We also use capacity building to strengthen our internal organization and increase internal knowledge, to ensure smooth implementation and maintenance of our Corporate Social Responsibility and Human Rights Program.

We use training in our supply chain to increase awareness of our Program and help suppliers understand and comply with our expectations.

### NXP CAPACITY BUILDING

The purpose of our detailed capacity-building program is to make sure our manufacturing sites can recognize the signs of modern-day slavery for early intervention and a quick response. We educate our team members, so they are aware of labor and human-rights issues, with a particular focus on team members whose job functions include purchasing, to understand compliance with applicable laws and standards.

Since 2013, NXP has trained over 1,000 key team members on labor and human-rights topics and 120 team members have been certified as RBA-VAP lead auditors. Each lead auditor plays an important role in the deployment and implementation of the Corporate Social Responsibility and Human Rights Program at their respective manufacturing site.

The RBA-VAP course for lead auditors, conducted by Verité, is a five-day workshop that covers auditing of social systems, investigative skills, and management systems for Labor and Ethics components. At the end of the course, each student takes a two-hour written exam, scored by Verité and sent for final verification to International Register of Certificated Auditors (IRCA). Successful completion of this course fulfills the requirement of IRCA for labor and ethics auditors for the RBA auditing program.

Our Corporate Social Responsibility and Human Rights Program capacity building addresses the four groups shown below.

Human-Rights Capacity Building	
Group	Training Received
Executive Management Team	Requirements of NXP policies, codes, and standards with the expectation that they will support the Program by approving/providing the resources necessary for its success
Manufacturing Management Team	Requirements for facilitating and implementing the standards at a manufacturing site, and how they can provide the necessary resources to sustain continuous improvement
Manufacturing Site Social Responsibility Team	In-depth specifics for implementing the Program and standards at their manufacturing site, and how, as individuals, they can support the effort in their respective functional area
Manufacturing Subject Matter Experts	RBA lead-auditor training and certification, emphasizing labor and ethics, so they can guide the site's Social Responsibility Team





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The capacity-building program is updated whenever there is a revision to the Auditable Standards on Social Responsibility. The Auditable Standards on Social Responsibility are reviewed on an annual basis to identify any need for revisions based on changes in the regulatory landscape, industry best practices, or customer requirements and expectations. In 2021, the Auditable Standards on Social Responsibility went through a thorough revision to align with the requirements of the revised RBA Code of Conduct version 7.0.

## TRAINING ON GRIEVANCE MECHANISMS

All NXP team members and interns are required to complete NXP's Code of Conduct training, which provides guidance and processes that team members and third parties can use to report potential violations of our Code, including anonymous reporting via a third-party hotline.

## TRAINING FOREIGN MIGRANT WORKERS

We randomly interview foreign migrant workers before they leave their home country to ensure they were recruited ethically, and in compliance with NXP policies. The recruitment process must meet NXP's stringent requirements, meaning workers must be informed of grievance mechanisms and the grievance process must reflect NXP's zero-tolerance policy against retaliation.

Upon arrival at NXP, all workers (foreign migrant workers and team members) go through an on-boarding process that includes training on NXP's policies and programs for labor and human rights, with topics such as workers' rights and responsibilities, contract terms, the no-fee policy, control of personal identification documents, appropriate working conditions, how to read and understand details of a pay slip, working hours, housing conditions (if applicable), how to report illegal practices and abuse, and protections for workers who report potential violations.

## SUPPLY-CHAIN TRAINING

We train our suppliers so they know what to expect during an NXP audit. Training is conducted by the NXP Social Responsibility Team, with support from Verité. NXP provides tools and resources to support our suppliers in building and/or improving their social-responsibility programs to explicitly commit to the ILO Core Labor Standards. Training addresses our suppliers and labor agents in sending and receiving countries, as well as onsite service providers.

Training covers the entire NXP Supplier Code of Conduct, with special attention paid to labor and human rights. NXP provides guidance, consultation, and best practices to suppliers implementing the standards. Training is conducted either in a classroom or using a webinar session, and we provide access to the RBA's e-learning academy. Supplier training can be done before a supplier's upcoming NXP social responsibility audit, during the closure timeline of a supplier's corrective action plan, or whenever a supplier requests it.

To address nonconformances from our supplier audits, NXP conducts consultation sessions with our auditees and holds 30-, 60-, and 90-day follow-up meetings to discuss corrective action plans and provide additional training on our standards. We are committed to remedying any adverse impacts on workers and to working with our supply chain to successfully address nonconformances.

## NXP IN ACTION

### INCREASED CAPACITY-BUILDING ACTIVITIES

In 2022, after a suspension of two years due to the COVID-19 pandemic, we restarted capacity-building activities with our supply-chain partners. In Malaysia, for example, we provided in-person training to 152 suppliers, covering the requirements of NXP's Supplier Code of Conduct and recommendations on how to comply with those requirements. The training program also gave us a way to get feedback from suppliers about their concerns and challenges.

Our capacity-building activities also included our internal Procurement Team. We conducted a virtual training session for 50 team members, covering the requirements of NXP's Supplier Code of Conduct, our Corporate Social Responsibility and Human Rights Audit Program in the supply chain, and our requirements for restricted substances and responsible minerals.







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WE GAUGE PROGRESS BY MONITORING  
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The Social Responsibility Team tracks internal and supplier audits to verify that the outcome and results are aligned with NXP's Code(s) of Conduct and standards. We use internal and supplier audits to track nonconformances and verify that our requirements are integrated into codes and procedures, and communicated effectively to all levels of workers.

Using data from successive years of auditing, we can track performance for internal operations and within our supply chain, and thereby measure the progress of our efforts in human-rights due diligence.

### NXP

NXP Social-Responsibility Performance	
Goals	2022 Results
No Priority or Major Nonconformances from Internal/Customer Audits	We completed RBA VAP verification audits at our Bangkok and Kaohsiung manufacturing sites. All corrective and preventive actions from the initial RBA VAP audits in 2021 were closed. There were no customer audits in 2022.
Internal NXP Audit Scores >95%	Our >95% goal is based on NXP's audit scoring criteria. Since the RBA VAP methodology for audit scoring is different than NXP's methodology, we are currently mapping the two for a thorough representation of the results.
Self-Assessment Scores >90%	All NXP sites achieved self-assessment scores above 90%.
Work Week of <60 Hours and One Rest Day per Six Days Worked	At one site, the 60-hour working limit was exceeded for approximately 900 workers, or 30% of the site's direct-labor workforce, for a period of one week. This was due to the continued labor shortage, challenges in hiring foreign migrant workers, and a border closure during a significant increase in production demand. The site was able to resolve the issue quickly by efficiently allocating the workforce to support production.

### SUPPLY CHAIN

Supplier Social-Responsibility Performance	
Goals	2022 Results
100% of Key Suppliers Sign Supplier Code of Conduct Conformity Statement	99% of Suppliers Signed the NXP Supplier Code of Conduct Conformity Statement
85% Closure Rate for Corrective Action Plans	88% Closure Rate on Corrective Action Plans for Supplier Audits Past 90-Day Maturity
100% Certified Mineral Smelters	100% Certified Mineral Smelters <sup>2</sup>
Supply-Chain Due Diligence and Collaboration	Follow-Up Due-Diligence Surveys with External Manufacturing Partners and Wafer Suppliers on the Use of Polycrystalline Silicon Originating from Regions Deemed High Risk for Forced Labor

<sup>2</sup> This data point is reported annually, but primarily reflects 2022 calendar-year data to align with our 2023 Conflict Minerals Specialized Disclosure Form (Form SD) and Conflict Minerals Reporting Template (CMRT) filing.



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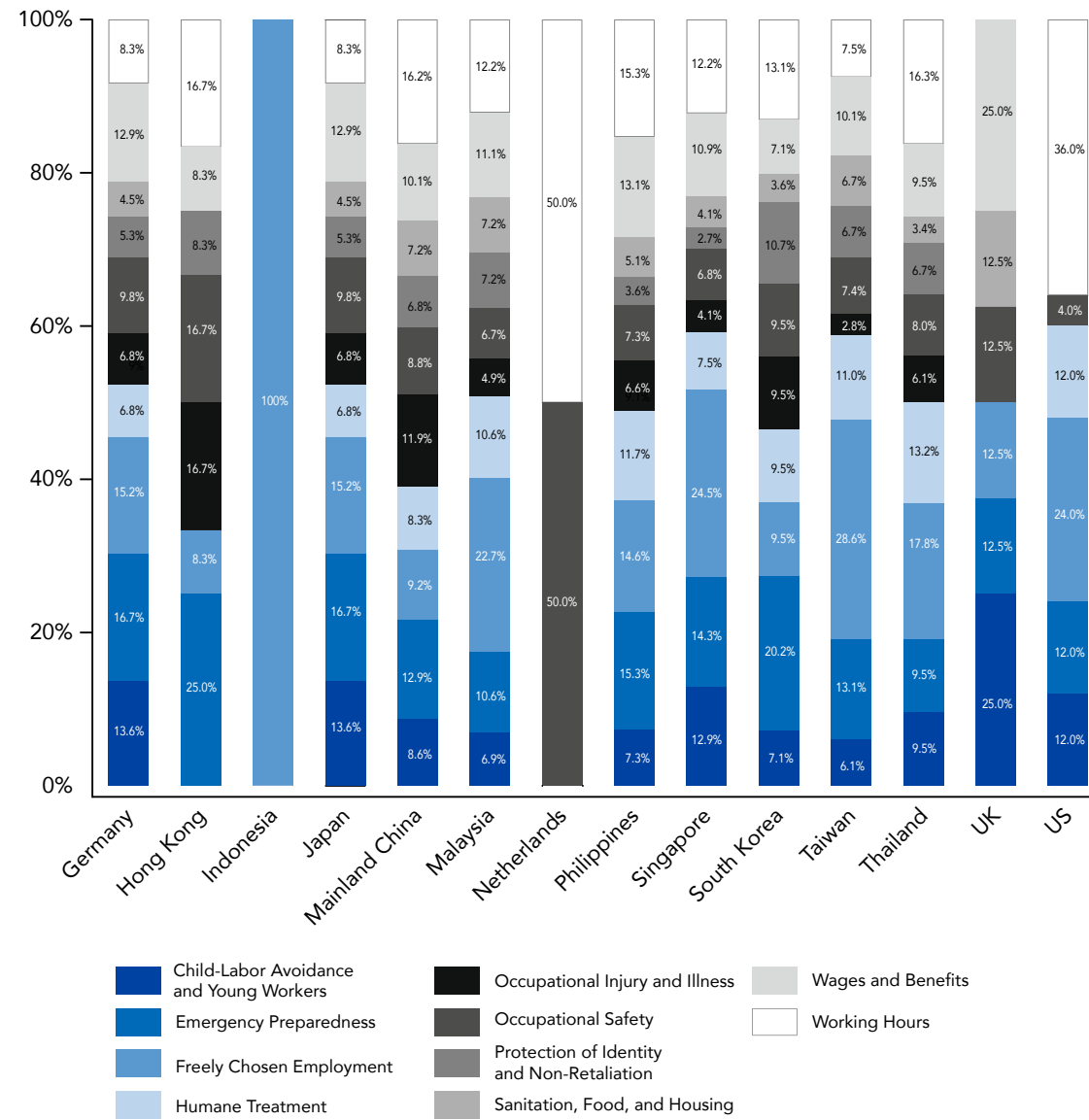
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Since 2013, NXP has conducted social-responsibility audits in our supply chain. Each year's data is integrated into our assessments and helps us fine-tune our due-diligence process by highlighting salient human-rights risks per country and region. Each country/region has a Top 10 category associated with it so we can determine where to focus our human-rights due-diligence efforts in the coming year. The data also supplements each country/region's human-rights risk criteria in our supply-chain risk assessment.

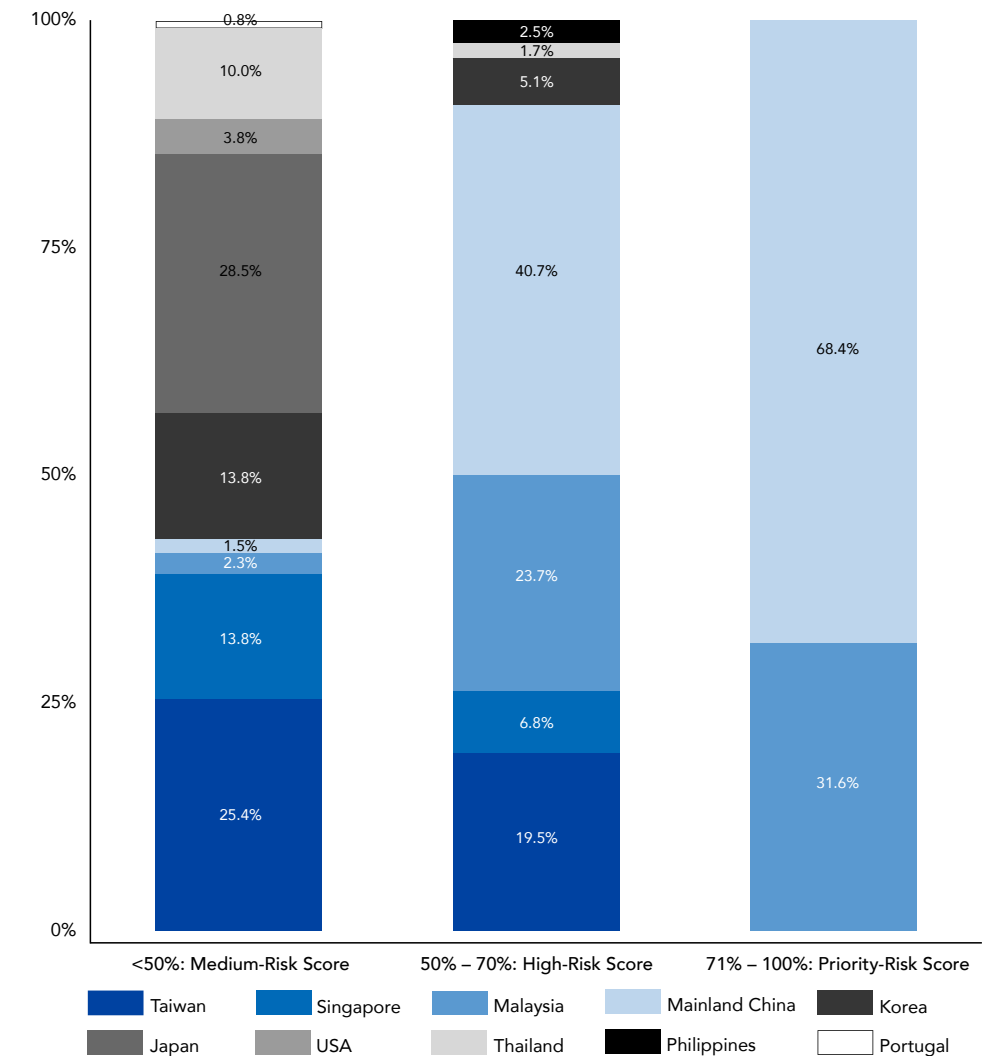
## STEP ONE – IDENTIFY HIGH-RISK SUPPLIERS

We annually conduct a supplier risk assessment to determine our audit schedule for high-risk suppliers. Risk is calculated according to three scoring categories – country, product, and spend risks – which assigns a risk factor as either <50% (medium risk), 50% – 70% (high risk), or 71% – 100% (priority risk). In 2022, we assessed 6,437 suppliers and identified 130 medium-risk suppliers, 118 high-risk suppliers, and 19 priority-risk suppliers. The 2022 supplier risk assessment identified priority-risk suppliers in two countries/regions, Mainland China and Malaysia.

Top 10 Findings by Country and Region (2013-2022)



2022 Medium-, High-, and Priority-Risk Suppliers by Country and Region from Annual Risk Assessment





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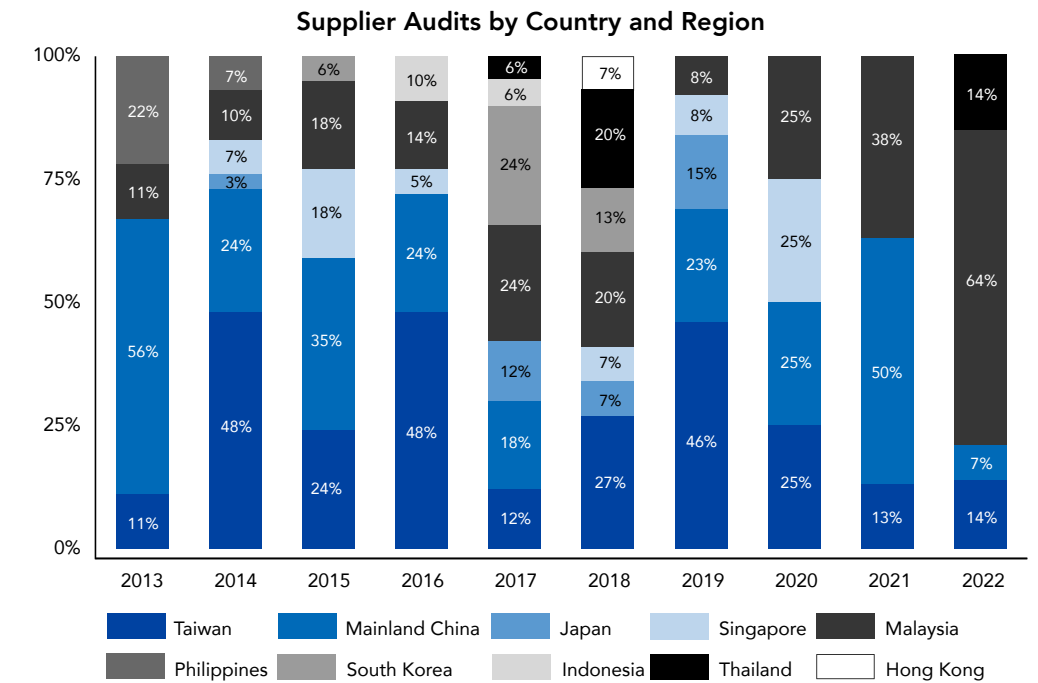
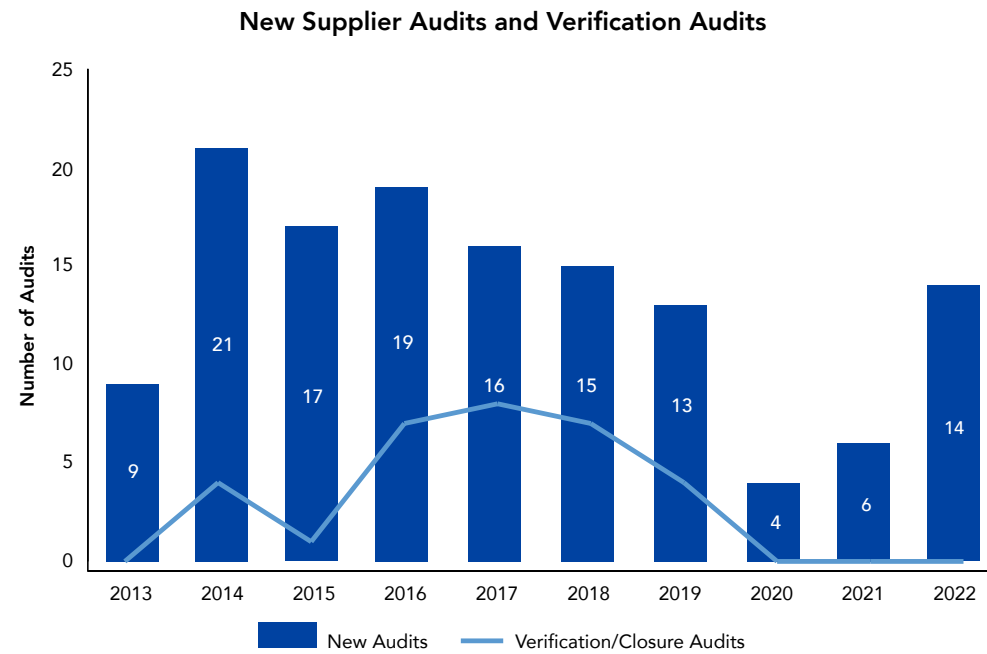
## STEP TWO – CONDUCT A SUPPLIER AUDIT

Since 2013, when we began our Corporate Social Responsibility and Human Rights Audit Program, we have conducted 184 supplier audits. That includes labor-agent audits as well as verification audits, which began in 2014.

In 2022, we conducted 12 announced onsite audits and two remote audits for suppliers located in Mainland China, Malaysia, Taiwan, and Thailand.

In addition to the 14 supplier audits we conducted ourselves, we reviewed and monitored 15 RBA VAP audits initiated by other RBA members with the same supply base.

During an audit, worker interviews are conducted in private and at random. To determine the number of worker interviews to be conducted, we take the square root of the worker population. In 2022, 402 random worker interviews were conducted, involving 51% men and 49% women with varying lengths of service and age range.





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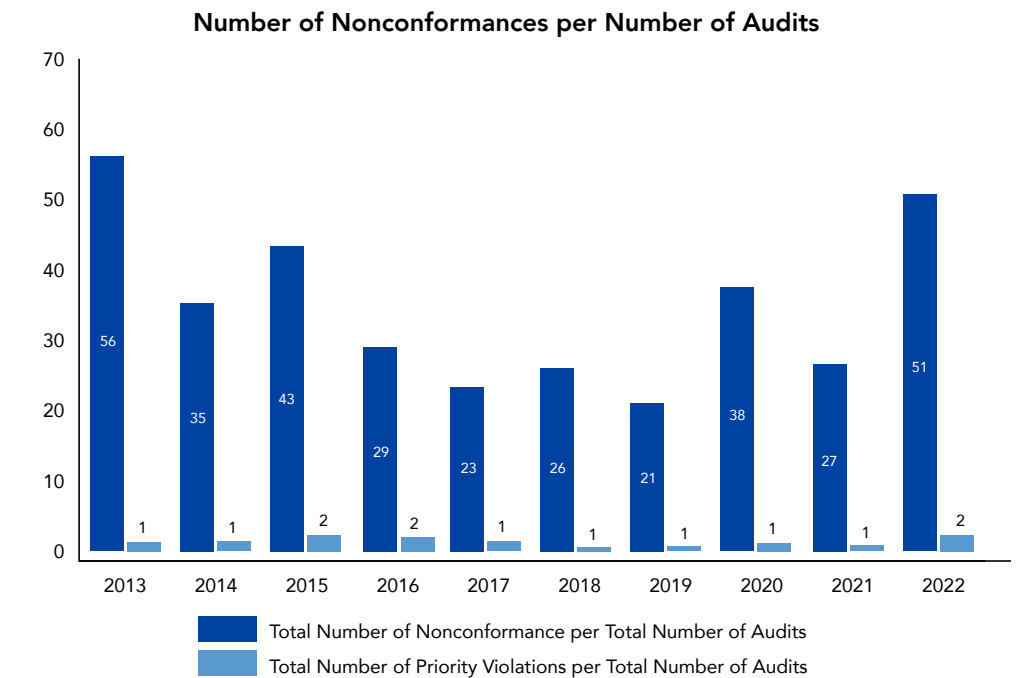
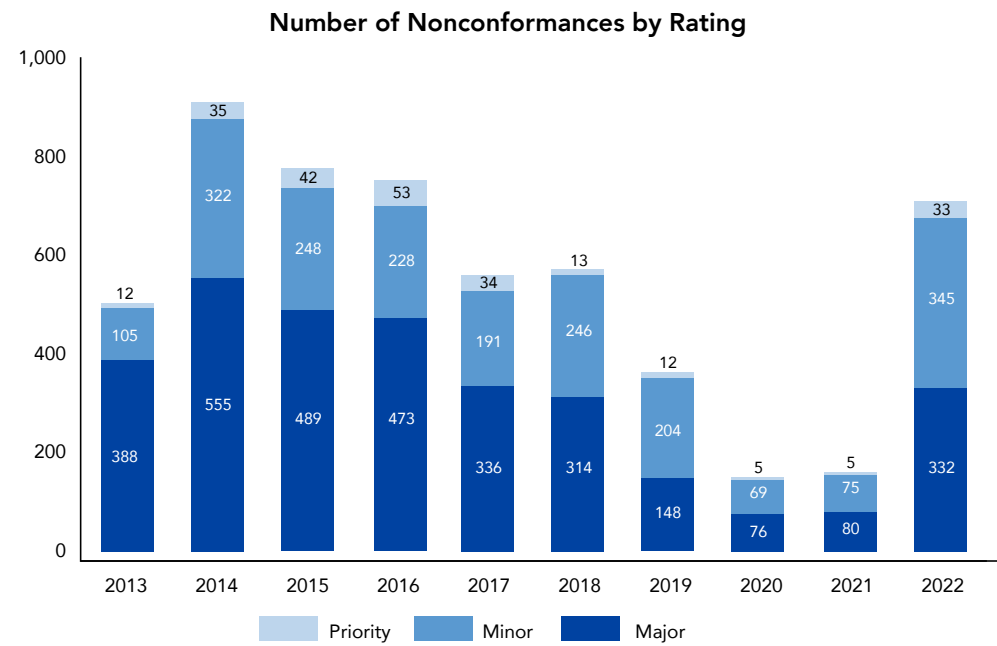
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## STEP THREE – ANALYZE RESULTS OF SUPPLIER AUDIT

Audits conducted in 2022 addressed a selection of high-priority suppliers who had previously been audited to a social-responsibility standard. We chose to re-audit these suppliers to see if NXP's Corporate Social Responsibility and Human Rights Program has enhanced social-responsibility performance and improved working conditions for their workers. At three of the five suppliers we had previously audited, we noted a maturity in social-responsibility practices and found they had improved on their previous performance. We will continue to work with our suppliers as they implement our standards into their business practices and management systems.

Two ratios – the number of nonconformances identified compared to the number of audits conducted, and the number of priority violations identified compared to the number of audits conducted – are higher in 2022 than in 2021. There are several reasons for this. To begin with, we conducted more audits in 2022, and this tends to increase the number of nonconformances we find. Also, our 2022 audits included a number of high-priority suppliers that we knew were facing challenges due to the COVID-19 pandemic. We based our selection, in part, on our 2020 supplier pulse survey, which was conducted during what proved to be the most challenging phase of the COVID-19 pandemic.





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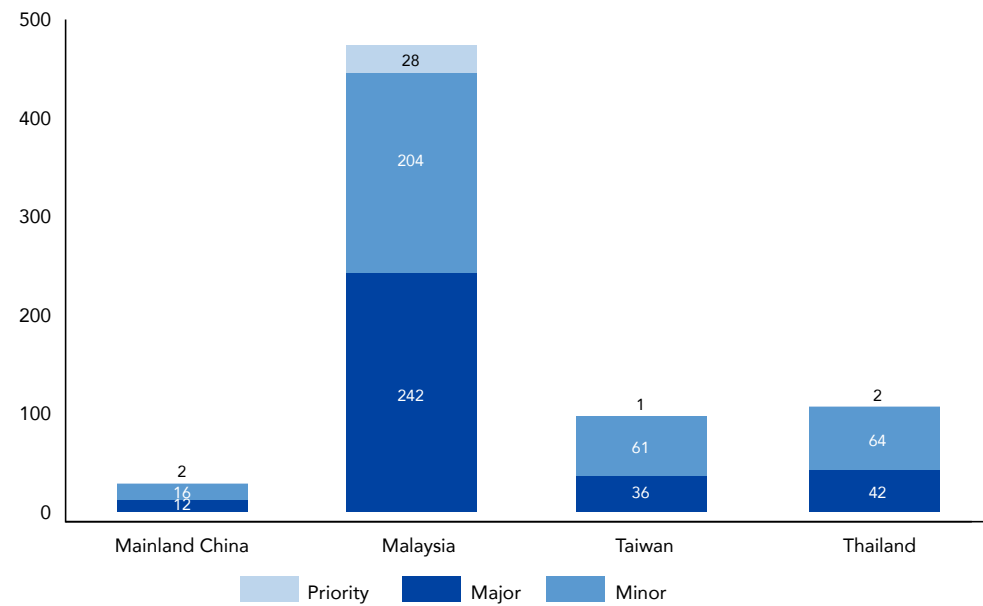
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Identifying the total number of nonconformances per country/region helps the Audit Team determine country risks, complete the annual assessment of supplier risk, and strategize the priorities of future audit planning. In 2022, we focused our supply-chain audits on Malaysia, because we anticipated that tight COVID-19 pandemic restrictions would impact the businesses and operations of that country/region's suppliers and their workers.

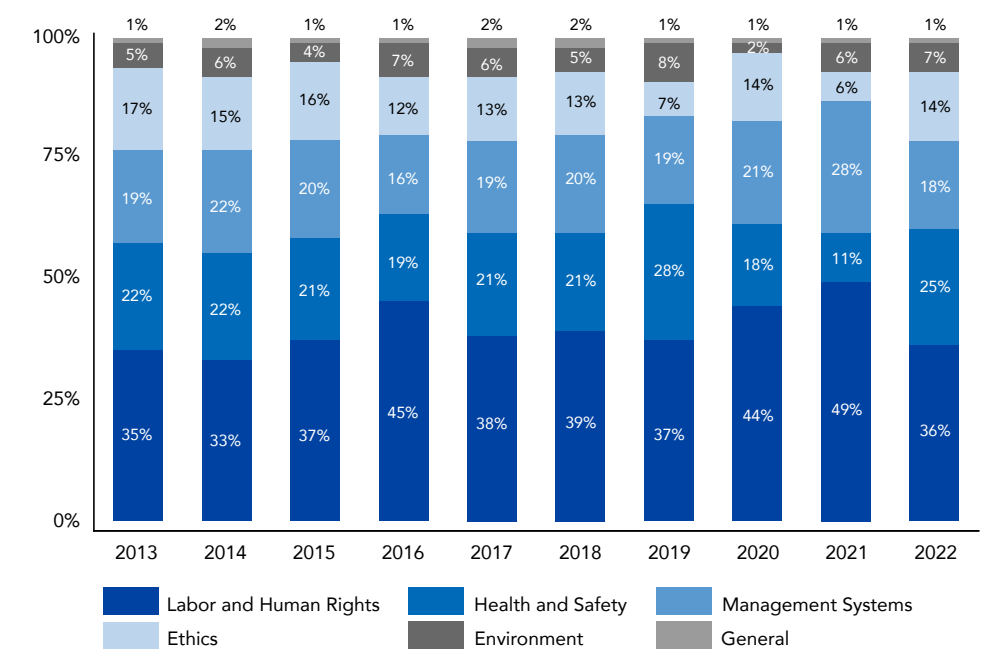
Calculating nonconformances using our five categories of standards helps us to identify trends, provide a strategic focus, and adjust our engagement plan to continue improving our supply chain.

With the shift back to mostly onsite audits, we are better able to identify gaps and nonconformances that are harder to identify with remote audits. While two categories – Labor and Human Rights and Health and Safety – continue to dominate our findings, onsite audits have made it easier to observe and assess actual practices, and this has led to an uptick in Health and Safety nonconformances. In addition, being able to engage with and interview workers, face-to-face, allows us to better assess their well-being.

2022 Nonconformances by Country and Region



Nonconformances by Category





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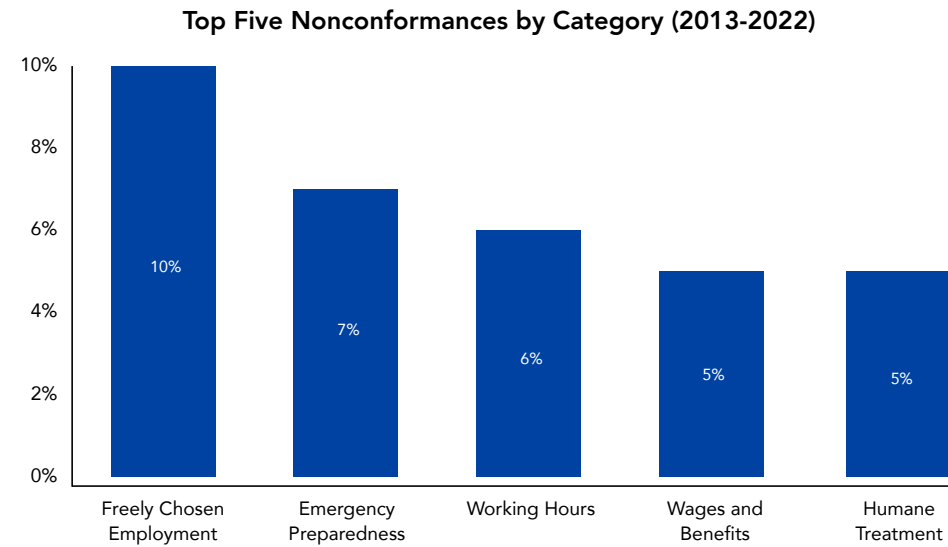
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After ten years of auditing our supply chain, and identifying more than 5,000 nonconformances, we target the top five as illustrated below. Although 2022 included two remote audits and did not evaluate all five categories, Freely Chosen Employment is still the most frequently reoccurring nonconformance.



The 14 audits conducted in 2022 uncovered 33 priority violations.

Priority Violations by Category	2022
No Fees	9
Working Hours	9
Rest Days	4
Adequate Personal Protective Equipment (PPE) Provided	3
Legal Benefits	3
Retention of Workers' Original Documents	3
Emergency Access	2

In 2022, the top three categories of priority findings were No Fees, Working Hours, and Rest Days.

- **No Fees** – We identified nine priority violations on No Fees and their related findings, for foreign migrant workers hired at five suppliers in Malaysia. The workers paid recruitment fees and had their wages deducted to repay any debts owed to labor agencies for advances on these fees.
- **Working Hours** – There were nine priority findings for Working Hours, identified in Malaysia (six), Mainland China (one), Taiwan (one), and Thailand (one), where workers were found to have worked more than 60 hours per week, including overtime work.
- **Rest Days** – The four priority findings for Rest Days were identified at three suppliers in Malaysia and one in Mainland China. Workers in these facilities did not have a rest day after six consecutive days of work.





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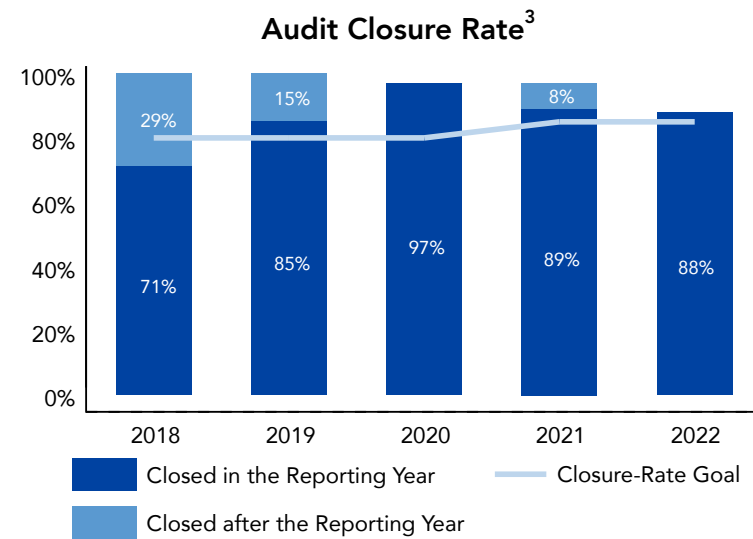
## AUDIT CLOSURE RATE

In 2018, we set a goal to close 80% of our supplier nonconformances within a 90-day timeframe. In 2021, we set a new goal at an 85% closure rate. We chose this 5% increase after reviewing improvements in closure-rate performance from audits performed in 2019 and 2020. We continue to provide a 15% threshold since we understand that some corrective actions, such as monetary investments and COVID-19 pandemic-related labor shortages, which impact working hours, typically require more than 90 days to close.

In 2013, when we began auditing suppliers, our closure rate was around 40%. Through continuous collaboration with our suppliers, our closure rate has continued to increase or remain high year over year.

The closure rate for 2022 was 88%, compared to 89% in 2021. The lower closure rate is largely due to the fact that we conducted nearly twice as many audits in 2022. The lower rate can also be attributed to increased strain on the supply chain during the pandemic, and the production ramp-up to overcome the semiconductor shortage. These overlapping trends created ongoing challenges at our suppliers, in terms of working hours and labor supply, in 2022. In particular, the labor supply had more nonconformances relating to recruitment practices, including recruitment fees being charged to workers – especially foreign migrant workers – and the retention of workers’ personal documents. These types of audit findings require more time to investigate, since we need to determine the actual amount of recruitment fees charged to workers and the amount suppliers will reimburse to affected workers.

While it is our stated goal to achieve the targeted closure rate, indicated by the dotted line, ultimately we aim for 100% closure on all audit nonconformances found within the calendar year. We continue to work with audited suppliers to fully close the remaining nonconformances in the subsequent year. As of this reporting, we have closed the one remaining finding from 2019, and have five open nonconformances, associated with one supplier, from the initial audit in 2020 that carried over to 2021. We continue to work with that supplier to close all five open nonconformances, and the supplier has continued to provide updates on their progress and challenges.



<sup>3</sup> In 2022, the 14 supplier audits we completed identified a total of 710 nonconformances. Of those nonconformances, 530 reached the 90-day maturity mark at the time of data collection for the [2022 Corporate Sustainability Report](#). We closed 466 of those 530 nonconformances, yielding the closure rate of 88% reflected in this chart.







# COMMUNICATE

WE SHARE HOW WE ARE ADDRESSING  
OUR IMPACTS



# COMMUNICATE



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With respect to labor and human rights, we communicate our policies, standards, strategies, targets, procedures, and progress. Our commitments for labor and human rights are shared in multiple ways, across different audiences. Any NXP team member, as well as any supplier, supplier worker, NGO, or other external stakeholder, can report an incident to NXP. Even workers in the supply chain are provided with NXP's grievance email and a local phone number.

### NXP

We communicate with our team members in a variety of ways (in their local language, if required), including, town-hall meetings, coffee chats with management teams, focus-group workshops, training sessions, one-on-one meetings, internal articles, newsletters, emails, and blogs. All team members have access to global and local policies and standards, as well as our NXP and Supplier Codes of Conduct, through our external website, the internal intranet site, team-member handbooks, and/or briefings.

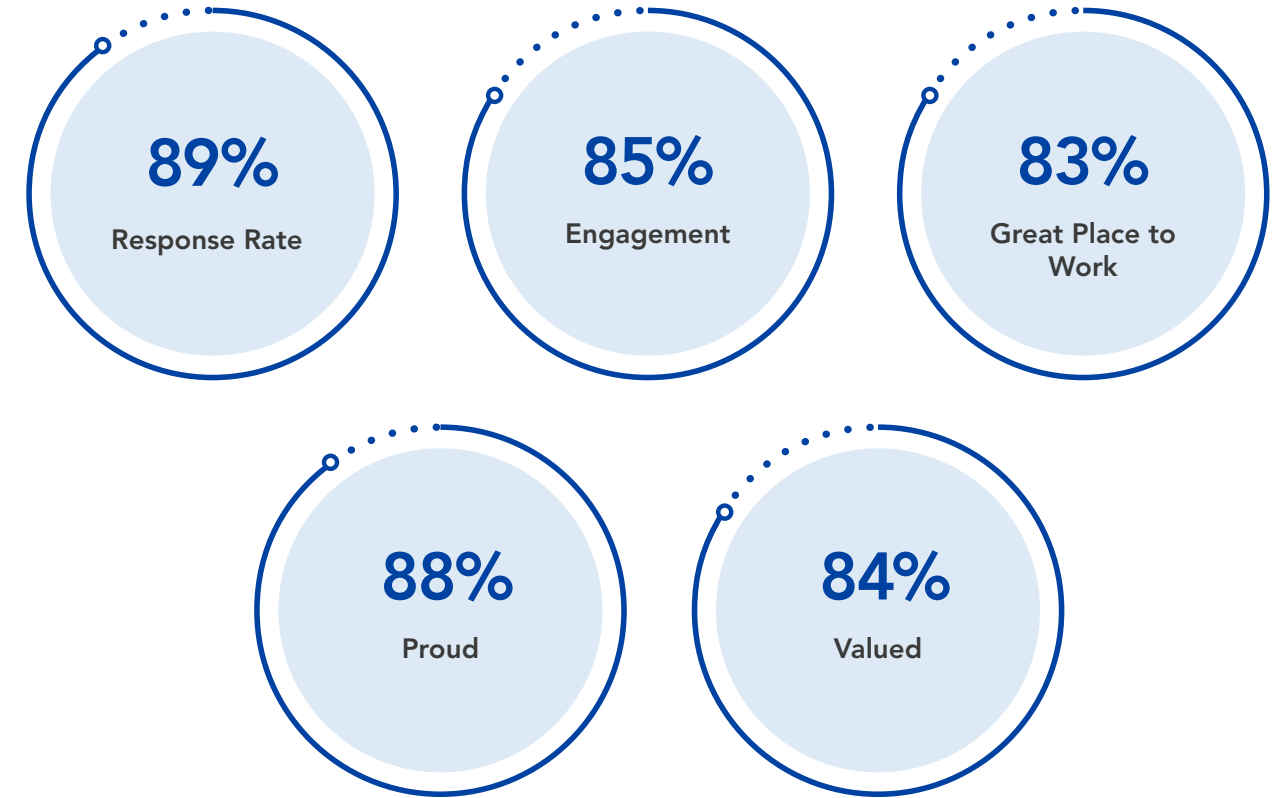
To assess and improve team-member engagement, we regularly conduct our global Winning Culture Survey. We invite NXP team members to share their feedback on a variety of factors, including engagement, strategy, culture, leadership, continuous improvement, collaboration, execution, ownership, work environment, support, and diversity, equality, and inclusion. Surveys are administered by a third party to ensure confidentiality.

Our 2022 survey solicited input from our indirect-labor (IDL) team members, meaning those team members not directly involved in production of a product. The survey results showed positive momentum, with an increase in favorability to 97% when compared to responses from our previous survey cycle. The results show that collaboration and ownership are the cornerstones of NXP's culture and that our team members are engaged, feel pride in the company, and believe that NXP is also a great place to work.

Year-over-year, NXP saw improvements in 33 of the original 34 items in the survey. The third-party administrator of the survey reported that 88% of the survey items scored more positively than the 75th percentile benchmark, composed of companies operating in the technology sector.

Insights from our survey equip us to improve the team-member experience as well as our policies and processes. Using team-member feedback, we have created and improved company and/or country and region-specific programs and made updates to our tools and resources. These changes mainly focused on team-member development and well-being.

Our external and internal websites have copies of the NXP and Supplier Codes of Conduct in multiple languages, along with our annual Corporate Sustainability Report, this Modern Slavery Report, and our grievance mechanism.



In 2020, we began sharing our annual Top 100 Supplier List, which identifies our high-spend suppliers for the past year. Please see our 2022 [Top 100 Supplier List](#).

We also report any occurrences of forced labor discovered in our supply chain. We disclose the number of priority violations as well as major and minor nonconformances by type and the country or region of occurrence. We also share the closure rate of nonconformance corrective actions.

We have a long history of using international speaking engagements to highlight issues relating to labor and human rights, discuss due-diligence procedures, and share lessons learned.



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## SUPPLY CHAIN

Communications with our supply chain take the form of trainings, consultations, collaboration, and discussions held before, during, and after our audits.

We also communicate our Supplier Code of Conduct and our Auditable Standards on Social Responsibility to our supply-chain partners. Our suppliers are bound, either contractually or through their conformance signature, to our Supplier Code of Conduct, which states that they will uphold standards for labor and human rights. We require our suppliers to communicate our policy, standards, and expectations to their own suppliers, including external service providers, and require them to audit and monitor their upstream suppliers.

## GRIEVANCE MECHANISM AND ACCESS TO REMEDY

We are committed to promoting a culture of integrity, and encourage our team members, as well as external business partners and third parties, to express any concerns they have related to potential violations of the Code, NXP policies, or the law.

Concerns and grievances can be confidentially lodged using various reporting channels, such as management, ethics liaisons, or the NXP Ethics Committee. There are dedicated ethics liaisons regionally and in each country. Concerns and grievances can also be submitted using the phone or web option of [SpeakUp](#), a system hosted by an independent third party that facilitates anonymous reporting. Team members are encouraged to report potential violations of our Code using any of our reporting channels.

Our SpeakUp reporting channels are communicated to all team members through the Code, dedicated intranet web pages, trainings, our [website](#), and various other means. SpeakUp can be used by any employee, contractor, business partner, stakeholder, or other third parties.

All concerns raised are taken seriously. We apply the highest standards of confidentiality in the handling of all reports received. We have a strict non-retaliation policy to protect those who report concerns and grievances. Anyone who reports a concern in good faith is protected from retaliation, which can take the form of harassment, adverse employment, or career consequences.

In recent years, we have increased our communication about the importance of speaking up and the available reporting channels. Also, in 2022, our reporting levels were actively used throughout the organization, indicating that our reporting channels are effective.

## MANAGEMENT AND RESOLUTION OF GRIEVANCE INVESTIGATIONS

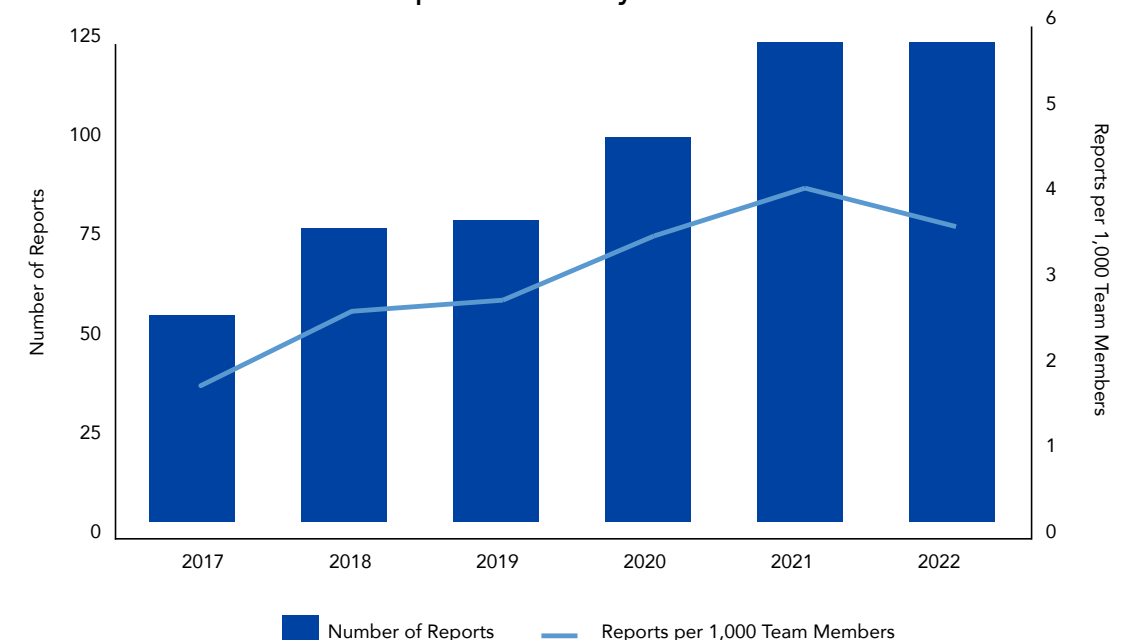
### Allegations, Approach, and Management

All reports are assessed and discussed by the NXP Ethics Committee. After the initial assessment of a report, an investigation team is appointed with the right expertise and skill set to conduct an in-depth investigation. Based on the findings of the investigation, a decision is made about whether the report can be substantiated. If so, we take appropriate follow-up actions. These actions can include education, organizational changes, counseling, reprimand, suspension, and/or termination, depending on the nature and severity of the finding and the party's willingness and ability to rectify the issue. While it is difficult to set a fixed timetable for resolution, since complaints vary in scale and complexity, most can be dealt with in under two months.

### Ethics Committee

The NXP Ethics Committee reviews reports and grievances and oversees investigations into alleged violations of the Code. The Ethics Committee consists of five senior leaders from Legal, Internal Audit, Human Resources, and Sustainability. Members are based in the Americas, Europe, and Asia-Pacific regions. The Ethics Committee meets bi-weekly to discuss all reports received and to monitor the progress of ongoing investigations. The Ethics Committee reports quarterly to the General Counsel, the Chief Financial Officer, the Chief Human Resources Officer, and the Audit Committee of the Board regarding allegations and investigations that are in progress or completed.

Number of Reports Received by the Ethics Committee





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We make use of communication programs to ensure that every team member is informed and can report grievances by talking to their manager, through our open-door policy, or by speaking to the local ethics liaison, the Ethics Committee, and/or the third-party-administered SpeakUp line. Information about the reporting channels is easily accessible and visible, via the external [website](#), our intranet, posters, internal social media, and email.

#### Open-door Management Policies

Team-member engagement with management is openly practiced at all sites, with such events as quarterly calls, dialogue sessions, and programs that let workers raise concerns directly to the site general manager. We are committed to having open dialogue with potentially and affected team members and foreign migrant workers. This allows us to monitor and develop our approach to human rights.

During an audit, when private interviews are conducted with team members, they receive a business card that has the local grievance phone number and the email address to be used if they have additional information, concerns, or need to report retaliation.





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## SUPPLY CHAIN

Suppliers are required to have workplace grievance mechanisms in place that ensure the confidentiality, anonymity, and protection of whistleblowers who may report any complaints, issues, or concerns. The grievance mechanism must be available in the workers' languages. Suppliers must train their workers on the grievance mechanism and communicate the process to them, so workers can raise concerns without fear of retaliation. Suppliers must state in a policy that they will not tolerate any retaliation by management or any other person or group, directly or indirectly, against anyone who, in good faith, makes an allegation of misconduct or wrongdoing, or who helps management or any other person or group investigate an allegation. The supplier's grievance mechanism must also be made available to their own suppliers.

We expect suppliers to investigate, respond to, and close out all complaints, issues, and concerns reported through the grievance mechanism. During a supplier audit, the auditor tests the grievance mechanism thoroughly. During a private worker interview, questions regarding the ways to report a grievance are discussed. After the interview, the auditor provides the worker with the NXP third-party grievance card, which they can use at any time and for any reason to make an anonymous report in the local language.

NXP acknowledges that we are putting the worker in a vulnerable situation with a private interview, where potential negative impacts could occur, such as retaliation or discrimination. NXP addresses this by providing the NXP grievance mechanism and an agreement with the supplier that retaliation or discrimination will not occur. Any cases of retaliation reported will initiate an investigation and, if substantiated, will prompt NXP to take appropriate measures, including possible termination of business with that supplier.

### Resolving Allegations Raised From our Grievance Mechanisms

We monitor and assess compliance, and investigate every allegation. These investigations may involve the NXP Ethics Committee. If a problem is detected, we analyze the root cause and modify the relevant internal control system to prevent a possible recurrence. Acknowledgments are sent as soon as possible after receiving the complaint and investigation records are updated regularly. No allegations were received in 2022.

## NXP IN ACTION

### REMEDIATION

We expect all our suppliers, not just those in the top tier, to adhere to our ethical standards.

In 2022, during a due-diligence audit of one of our suppliers in Malaysia, we uncovered a possible violation of recruitment fees being paid. A group of 13 workers from Nepal told an interviewer, from an NGO partner we work with, that they had paid fees while being recruited in Nepal and had been told that, if they were to report this to anyone, they would lose their jobs and be sent home to Nepal.

The workers used a telephone number, printed on a card given to them by the interviewer, to report the labor agent's recruitment fees and threats to the Malaysian supplier. Upon hearing the reports, the supplier investigated the issue and confirmed that the labor agent had, indeed, charged recruitment fees and threatened deportation.

Working with our NGO partner and the supplier, we took immediate action to protect the safety and well-being of the Nepali workers. All 13 were transferred from the dormitory

managed by the labor agent to one managed by the supplier. A worker-liaison officer, appointed by the supplier, conducted daily follow-ups with the workers for a month, until it was certain that the workers were safe and no longer under threat from the labor agent. Our NGO partner provided additional support early in the process by calling on the affected workers each day for a week.

The supplier met with the labor agent to ensure they were fully aware of the need to comply with NXP's requirements for ethical recruitment practices, and to confirm that the labor agent would communicate these expectations to their partners in Nepal.

We worked with our supplier to determine the amount of the recruitment fee paid and to calculate the amount to be reimbursed. NXP has verified that all 13 workers have been fully reimbursed. As a follow-up to this experience, we plan to conduct a verification audit of the supplier and will continue to engage with the affected workers as well as other workers employed by the supplier.



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## LOOKING FORWARD

NXP is committed to the elimination of modern-day slavery and abuses of labor and human rights. Moving forward, we will continue to conduct an annual review of our programs and processes, adopt emerging best practices, and enhance our approach based on real-world experience. Evaluating our performance on a yearly basis helps us to better protect the people we work with and demonstrates our commitment to being an ethical, responsible, and transparent company.

In the near term, we already have plans to introduce more interactive tools for accountability, and more ways to engage with workers and incorporate their feedback. As part of these plans, we will focus on issues relating to collaboration, integration, and supply-chain engagement.

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### COLLABORATION



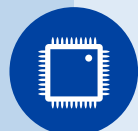
#### Experts

Continue our work with expert organizations, NGOs, CSOs, and academia, stay current on relevant issues, and monitor best practices as they evolve



#### Industry

Increase our engagement and collaboration at the industry level to identify and remediate actual and potential cases of labor and human-rights abuses



#### Customers

Continue to work with customers to address human-rights issues and challenges throughout the supply chain, and drive implementation to our lower-tier suppliers



## INTEGRATION



### Governance

Integrate additional labor and human-rights risks through the Environment, Social, and Governance (ESG) Management Board, which reports to the Nominating, Governance and Sustainability Committee of NXP's Board of Directors



### Codes and Standards

Update the Supplier Code of Conduct and the Auditable Standards on Social Responsibility



### Human Rights Policy

Reinforce the evolving importance of human rights and ensure a consistent approach, with support for all international norms and expectations, by extending our core NXP Social Responsibility efforts with our dedicated policy on human rights



### NXP Human-Rights Due-Diligence Management System

Strengthen NXP's efforts to conduct due diligence across our value chain, capture all salient human-rights risks, and take appropriate measures to mitigate risk



### Worker Voice

Deploy a worker voice app to complement our ethics hotline for labor and human rights across our manufacturing sites and create a labor and human-rights remediation committee to respond to worker grievances effectively and efficiently

## SUPPLY-CHAIN ENGAGEMENT



### New-Supplier Assessments and Audits

Conduct self-assessments and, if necessary, a third-party audit of suppliers prior to onboarding



### Audits

Continue to audit our suppliers, with the goal of decreasing the number of audit nonconformances and, more importantly, the number of priority violations



### Going Beyond an Audit

Design a model to assess mature suppliers on their human-rights programs



### Training

Continue raising awareness, through webinars and targeted training, to help our suppliers develop a best-in-class program



### Vendor Portal and Supplier Data-Management System

Continue developing an online supply-chain portal, which enables us to effectively communicate with our global supply chain, represents another step in strengthening our collaborative and consultative engagement, and helps build the capacity of requirements and metrics within our supply chain





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Since our founding, in 2006, NXP has made it a priority to provide a safe and healthy working environment that treats people with respect and dignity – even while employing tens of thousands of people in dozens of countries worldwide, and while working with a complex, multi-layered supply chain that spans the globe.

We recognize that there are universal rights, inherent to us all, and we work continually to preserve those rights. Our focus on human rights extends beyond our own manufacturing sites, to include the people who work in our supply chain, and we emphasize the need for continuous improvement. We strive to surpass existing standards and exceed stakeholder expectations, and regularly share our expertise with our peers and supply-chain partners.

In 2022, while building on the results of our ongoing due diligence, we achieved a number of important milestones. We published our Human Rights Policy. This Policy applies enterprise-wide to all NXP team members, and guides how we work with our value-chain partners and our third-party service providers to achieve our goals for human rights. We also updated the NXP Human Rights Management System, which provides clear guidance on how human-rights due diligence is to be conducted across our business value chain.

We also took advantage 2022's easing COVID-19 restrictions to increase the number of supply-chain due-diligence audits we conducted. In the coming year, we look forward to launching a vendor-collaboration portal, a project delayed by the COVID-19 pandemic, which will increase two-way communication between us and our supply chain.

Human rights are an essential part of our sustainability journey as a company. We will continue to embrace collaboration and transparency, and will maintain our commitment to worker and supplier empowerment.

That means continuing to work closely with suppliers, especially those who have had audit nonconformances or priority violations, to ensure they fully understand our standards and are equipped with the skills and knowledge to avoid recurrence.

It also means continuing to engage with high-priority suppliers, so we can better understand the business and operational challenges they face, and so we can continue to evaluate the adequacy and effectiveness of our standards and policies.

If you would like more information on this topic, please email NXP's Sustainability Team at [csr@nxp.com](mailto:csr@nxp.com).

**Eric-Paul Schat**

Senior Director Sustainability and Human Rights  
NXP Semiconductors  
June 2023



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## A

APAC	Asia-Pacific
ATMC	Austin Technology and Manufacturing Center (NXP)
AZ	Arizona (US)

## B

None	
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## C

CAHRA	Conflict-Affected and High-Risk Areas (EPRM)
CMRT	Conflict Minerals Reporting Template (RMI)
CSO	Civil Society Organization

## D

DL	Direct Labor
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## E

EHS	Environment, Health, and Safety
EMEA	Europe, Middle East, and Africa
EMRT	Extended Minerals Reporting Template (RMI)
EPRM	European Partnership for Responsible Minerals
ESG	Environmental, Social, and Governance
ESIA	European Semiconductor Industry Association
ETI	Ethical Trading Initiative
EV	Electric Vehicle

## F

FTE	Full-Time Equivalent
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## G

GaN	Gallium Nitride
GBI	Global Business Initiative on Human Rights
GS&A	General, Sales, and Administrative

## H

HC	Headcount
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## I

IDL	Indirect Labor
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IoT	Internet of Things
IRCA	International Register of Certified Auditors

## J

JV	Joint Venture
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## K

KPI	Key Performance Indicator
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## L

None	
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## M

MSCI	MSCI, Inc. (US)
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## N

NASDAQ	National Association of Securities Dealers Automated Quotations
NGO	Non-Governmental Organization
NXPI	NXP Semiconductors N.V.

## O

OECD	Organization for Economic Cooperation and Development
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## P

PPE	Personal Protective Equipment
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## Q

None	
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## R

RBA	Responsible Business Alliance
RLI	Responsible Labor Initiative
RMI	Responsible Minerals Initiative

## S

SAI	Social Accountability International
SAQ	Self-Assessment Questionnaire (RBA)
SCC	Semiconductor Climate Consortium (SEMI)
SDGs	Sustainable Development Goals (UN)
SSMC	Systems on Silicon Manufacturing Company (Singapore)

## T

TX	Texas (US)
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## U

UDHR	Universal Declaration of Human Rights
UN	United Nations
UNGC	UN Global Compact
UNGPs	UN Guiding Principals on Business and Human Rights
US	United States
USD	US Dollar
UWB	Ultra-Wideband

## V

VAP	Validated Assessment Program (RBA)
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## W

WSC	World Semiconductor Council
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## X

None	
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## Y

None	
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## Z

None	
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NXP Semiconductors N.V. (NASDAQ: NXPI) brings together bright minds to create breakthrough technologies that make the connected world better, safer and more secure. As a world leader in secure connectivity solutions for embedded applications, NXP is pushing boundaries in the automotive, industrial & IoT, mobile, and communication infrastructure markets while delivering solutions that advance a more sustainable future. Built on more than 60 years of combined experience and expertise, the company has approximately 31,000 employees in more than 30 countries and posted revenue of \$13.21 billion in 2022. Find out more at [www.nxp.com](http://www.nxp.com).

