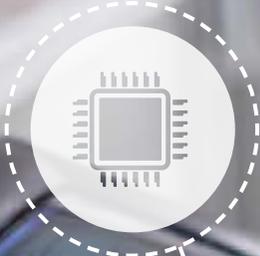




# 2019 NXP CORPORATE SUSTAINABILITY REPORT





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As we look well into our future and the future of society, sustainability is an essential component of the why and how behind what we do at NXP. On our journey, we aim to advance sustainable solutions in everything we do, through our people and products, and in partnership with our customers and stakeholders.

NXP is positioned to accelerate breakthroughs that anticipate, automate and advance the world. We go beyond simply creating components. We build system solutions that solve complex problems and offer transformative speed and scale to our ecosystem partners.

### Our Products

NXP technologies and solutions are everywhere, improving the daily lives of people through the highest levels of safety, security and convenience from their connected devices. Our design principles enable maximum efficiencies in manufacturing, miniaturization and power consumption to minimize technology's impact on climate and the environment.

### Our People

Diversity is key to our success, inherent in our beliefs as a company, and creates a competitive advantage for NXP. By leveraging the unique backgrounds, skillsets and ideas of a diverse NXP team, we can deliver more innovative and sustainable solutions, not just for customers but for the company's internal operations as well.

### Our Supply Chain

Our policies and tools help ensure our suppliers and manufacturers are sourcing and producing our products in an ethical, environmentally friendly and humane manner. NXP is proud to be a signatory of the United Nations Global Compact and a full member of the Responsible Business Alliance (RBA), and we are committed to not only meeting but exceeding the utmost standards of ethical and sustainable conduct.

For us, sustainability is a constant effort with many layers, as an evolving world and advancement in technology yield new opportunities for innovation at every turn. As such, I am pleased to share with you our progress made in 2019, just as I look forward to building on our achievements in 2020 and beyond:

## 2019 Highlights

**Products** – Our primary products and solutions are tools used to increase energy efficiency and reduce power consumption, making consumer devices and systems operate more sustainably. Our focus continues to guide our decisions and plans for new applications in the coming quarters.

**Industries** – By helping manage energy use, NXP continues to contribute to the shift to hybrid and electric vehicles in the automotive industry and the application of greater automation efficiency in manufacturing and commercial buildings.

**Carbon Footprint** – In 2019, we reduced our perfluorinated compound (PFC) emissions by 22% over our level reported in 2018. Since 2010, we have successfully reduced our normalized PFC emissions by 52%.

**Health and Safety** – In 2019, our injury rate was 0.12 (per 100 employees/working hours) - low for semiconductor companies, which average between 0.6 and 0.9. We engaged with our employees using a safety survey to determine if our workers felt safe while working at NXP. We received great feedback and continue to implement site improvements to ensure a safety-first culture for everyone.

**Social Responsibility** – In 2019, the positive impact of our social responsibility program for NXP's foreign migrant workers in Malaysia was highlighted in a worker documentary. In addition, our social responsibility team audited our supply chain, which uncovered workers were paying recruitment fees for employment. We are happy to report that all but one of those suppliers have repaid the fees to their workers. The remaining supplier is in the process of repayment.

A sustainable future holds challenges and opportunities, and we aim to drive innovative solutions with our products, through our operations and within our supply chain. Working with our stakeholders, customers, suppliers and the communities in which we live and work, we will create a more sustainable world together.

I look forward to keeping you informed and involved in our journey.

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



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This Corporate Sustainability Report (CSR) was created to show our commitment of transparency, communicating our efforts in sustainability for all stakeholders. It is an overview of the economic, environmental and social aspects of NXP's business activities and products.

Data presented in this report covers the 2019 calendar year (Jan. 1 – Dec. 31). The 2019 CSR was prepared to follow the Global Reporting Initiative (GRI) Standards. Our first ever Sustainable Accounting Standards Board (SASB) report can be found in Appendix A. Our United Nations Communication on Progress is in Appendix B and the GRI index is in Appendix C.

The scope of this report includes our worldwide locations and joint ventures for which we have management control. Environmental data covers leased and owned internal manufacturing sites, which accounts for the majority of our environmental footprint worldwide.

Changes that have influenced our reporting are:

- 2015 Sold the bipolar business which includes the Jilin China factory
- 2015 Divested the NXP RF division
- 2015 NXP merged with Freescale Semiconductor
- 2017 Divested the NXP Standard Products Business
- 2019 Acquired Marvell's Wi-Fi and Bluetooth Connectivity Assets

We value feedback from all of our stakeholders and we incorporate all feedback to inform us of key Sustainability issues and their impact to our business. We interview stakeholders, research best practices, study legislative landscape and review the results from our participation in various industry associations. As a result, each category that we report on meets three criteria: is significant, has a current or potential impact on the company, and a matter over which we, as a company, have a reasonable degree of control.

## Materiality Assessment

	Products	Environment	Social
Employees	<ul style="list-style-type: none"> <li>• Minimal environmental impact</li> <li>• Contribute to a sustainable society</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon, energy, water footprint</li> <li>• Chemical management (process and products)</li> <li>• Circular economy</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible sourcing</li> <li>• Supply chain responsibility</li> <li>• Worker voice and access to remedy</li> <li>• Workplace safety</li> </ul>
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To share your feedback, please contact NXP's Sustainability team at [CSR@nxp.com](mailto:CSR@nxp.com).



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SECURE  
CONNECTED  
FOR A  
SMARTER  
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# OVERVIEW OF OUR COMPANY

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## SECURE CONNECTIONS FOR A SMARTER WORLD

NXP Semiconductors N.V. (NASDAQ: NXPI) is a global semiconductor company creating solutions that enable secure connections for a smarter world. NXP focuses on research, development and innovation in its target markets.

Headquartered in Eindhoven in The Netherlands, we have 60 years of combined experience and expertise with operations in more than 30 countries worldwide, approximately 29,000 employees (11,000+ engineers) and 9,000+ patent families.

We accelerate breakthroughs that advance the world through our semiconductor technology leadership and have been named as a global TOP 10 Semiconductor company.



## A POSITION OF STRENGTH TO BETTER SERVE OUR 26,000+ CUSTOMERS

We accelerate breakthroughs that advance the world through our semiconductor technology leadership



Employees in **30+ countries**

**HEADQUARTERS**  
Eindhoven,  
The Netherlands

**~29,000**  
employees

**9,000**  
patent families

**\$8.88B**  
2019 annual revenue

**60+**  
year history

**11,000+**  
R&D engineers

Our target markets are Automotive, Industrial & IoT, Mobile and, Communication Infrastructure. In our product offering and roadmaps we recognize societal trends to everything getting connected with the need for cyber security, energy efficiency and safety while automating processes, cars and other devices.

**Automotive**

A leader in advancing the future of safe and secure mobility in smart cars, trucks, and driver replacement systems. Supporting trends to greener driving by enhanced efficiency or the transition to electric driving. NXP technologies serve as the foundation for vehicles that can sense, think, connect, and act with confidence so drivers enjoy more convenience, safety, and comfort on the road.

**Industrial & IoT**

Among the forefront of innovation in Secure Edge Processing. Connected devices and advanced manufacturing demand flexible, scalable, and sustainable solutions. Our broad range of secure connected edge processing solutions simplify edge processing, and have secure connections to the cloud to facilitate Cyber Security. Our edge processing solutions enable machine learning for devices designed to sense, think, and act. NXP powers optimal performance across industries by automating intelligence at the edge.



**Mobile**

Secure Elements, End-to-End Services and UWB technology. NXP propels today's on-the-go lifestyle with innovative mobile solutions, like the mobile wallet, that securely connect consumers and their technology to the world around them.

**Communication Infrastructure**

Delivering real-time responsiveness at the speed of 5G whenever and wherever data happens. NXP powers the 5G-connected edge-computing infrastructure that support adaptive communication networks across the world leveraging its differentiated Processing and RF Power technologies.

**Foundational technologies supporting new wave of growth**

**Everything Safe & Secure**  
Seamless system security & safety by design

**Everything Efficient**  
Ultra-low power & battery management

**Everything Connected**  
Cloud & edge

**Everything Smart**  
AI & ML-enabled processors

**Everything Aware**  
Sensing & ranging



# WORLDWIDE LOCATIONS

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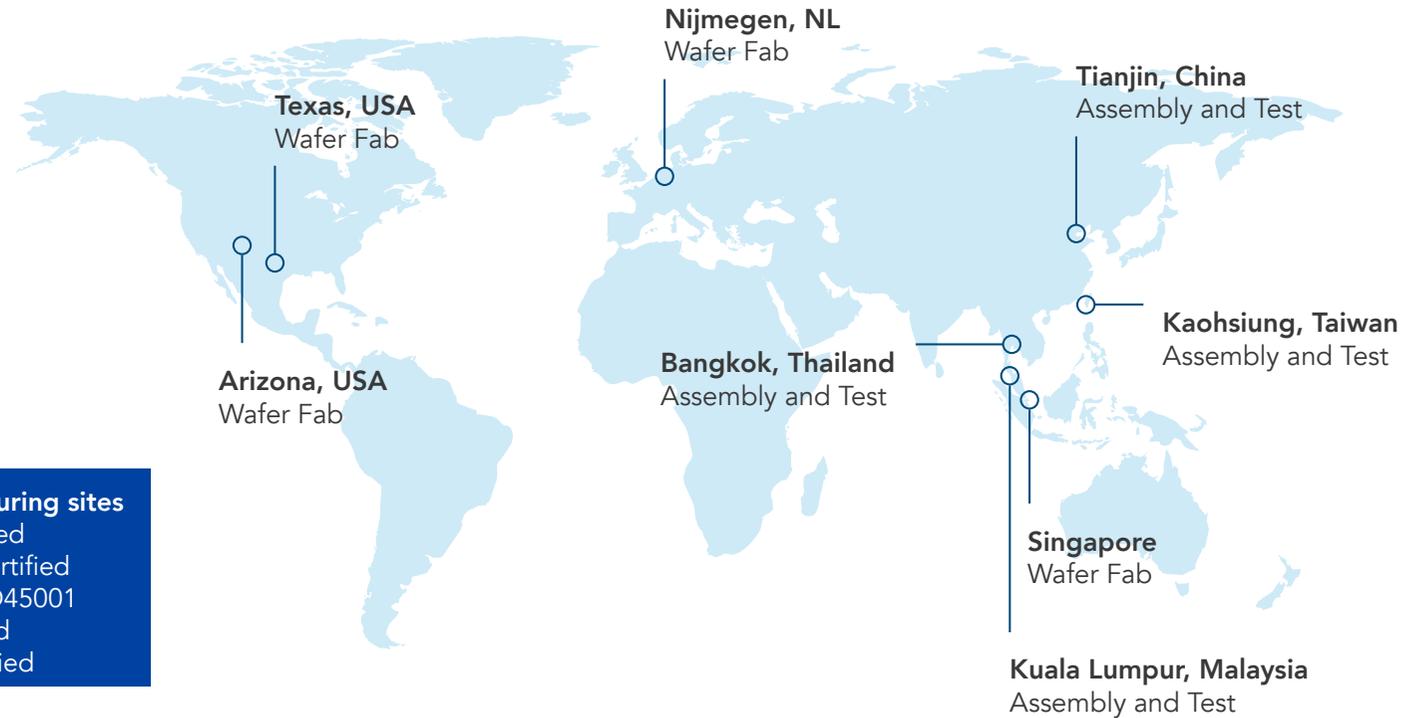
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- All NXP manufacturing sites**
- ISO14001 Certified
  - OHSAS18001 Certified
  - Compliant to ISO45001
  - ISO9001 Certified
  - IFTA16949 Certified



## DESIGN FOR SUSTAINABILITY



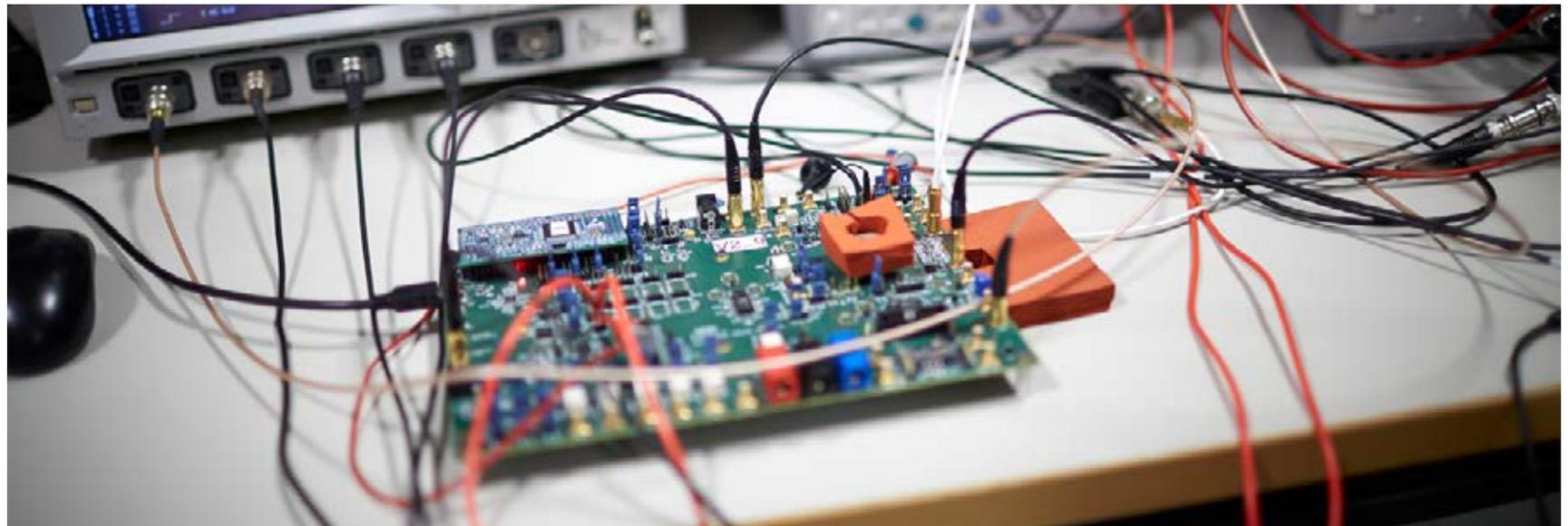
The trend toward urbanization drives NXP's passion for innovation in smart products and smart energy. Innovation helps us keep our edge, and helps our customers differentiate, with new ideas for products that can improve how we live. As we work towards the future, we're focused on the megatrends of energy efficiency, connected devices, security, safety and health.

### NXP'S SUSTAINABILITY MISSION

NXP's sustainability mission is for continuous investment in research and development allowing us to keep developing chips that perform with better energy savings than their predecessors. We will continue contributing to the sustainability of both our business and of the smarter world we are creating.

### RESEARCH AND DEVELOPMENT

Like other technology companies, we face intense pressure to design quickly and meet time-to-market deadlines. To stay ahead, we maintain a strong global R&D network, with six testing/R&D sites, more than 9,000 dedicated R&D professionals, and design engineering teams in over 30 locations. Our R&D community consists of people in many different organizations around the world, all working toward a common goal—to bring innovative ideas to market in the right way and at the right time.



**GREENER PRODUCTS**

In the same way that we strive to deliver products that can improve life, we seek to minimize our impact on the environment. Our chips can make systems smarter and contribute to energy savings in multiple ways. In some cases, our chips are designed to consume less power themselves than previous versions. In other cases, our chips are tailored to minimize the energy consumption in the end-products they are embedded in. The energy consumption in the end-products has the most impact on energy savings.

Below are some examples of NXP products that contribute to energy savings and CO<sub>2</sub> reduction.

**The NXP GreenChip family**

Hundreds of millions of electronic devices used by consumers worldwide use power adapters for converting grid voltage into a lower voltage level. NXP's latest resonant technology achieves up to 10% more energy efficiency at low loads than competing products. These NXP GreenChip resonant solutions enable our customers to comply with (existing and future) challenging emission-reduction and energy-efficiency regulations.

**Smart mobility**

Electric vehicles are ramping in volume, but their limited range is still cited as a main purchasing obstacle by many people. Battery control and energy management, extending the range of electric and hybrid cars, are key innovation areas of NXP, because our smart chip solutions enable the efficient use and regeneration of energy, resulting in extended efficiency and hence range, as well as lower emissions in the case of hybrid vehicles.

**Significantly reducing power consumption of 5G networks**

Base-stations for wireless communication transmit huge amounts of data over long distances. The power amplifiers and antennas together typically consume kWatts of electric power per station, radiating energy in an omnidirectional way (360°). The upcoming superfast fifth generation mobile internet standard 5G is expected to further boost energy consumption, as many more base-stations will be required in a 5G network. As a consequence, a lot of energy is wasted. The crucial step here is to create focused beams between base station and the mobile device. This can be done through "beam steering" for which NXP is currently developing beamforming antenna devices. Deploying this technology saves energy for the wireless signal transmission between antenna and mobile device.

**Smart buildings**

Electricity demand growth in buildings has been particularly rapid over the last 25 years, accounting for nearly 60% of total growth in global electricity consumption. Vast amounts of energy can be saved using smart control systems for air-conditioning, heating, lighting and other interior provisions. Improving the operational efficiency of buildings by using real-time data can lower total energy consumption, by adapting the equipment's usage to human presence, activity, and preference settings. Artificial Intelligence can make these systems self-learning, further minimizing energy consumption fully autonomously. NXP develops the systems and components to further the advancement of smart buildings and homes.

**Preventing emissions through automated and connected traffic**

Advanced Driver Assistance Systems (ADAS), enabled by NXP chip architectures, range from simple features like cruise control, up to fully self-driving vehicles. Autonomous driving can reduce fuel consumption and the on-board systems are more capable than humans to smoothen the ride and save fuel. Speed limits are automatically respected, and vehicle-to-vehicle communication systems help avoid traffic congestions.

**Edge processing – reducing the need for energy-hungry cloud services**

Our edge processing portfolio for automotive, industrial and IoT offers industry-leading power efficiency and battery life. Our smallest microcontrollers consume as little as 1 microWatt in deep power down modes. This degree of power efficiency provides years of battery life. New research and development projects are aimed at breaking our power consumption record in Microcontrollers.

# RISK MANAGEMENT AND BUSINESS CONTINUITY

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## RISK MANAGEMENT

Our mission is to create value for our company by embedding a risk aware decision-making culture across all functions. We systematically identify, evaluate, prioritize and manage key risks and opportunities that may impact our company's ability to achieve strategic goals and objectives.

Our management is directly responsible for executing the risk management processes. Our Board is responsible for overseeing these risk management processes. In exercising its oversight, the Board and, as appropriate, the relevant Board committees, assess the material risks facing NXP and evaluate management's plans for managing material risk exposures.

Our Board performs this oversight function through periodic reports from management and Board committees. While our Board generally has ultimate oversight responsibility of the risk management processes, it has delegated to its committees the responsibility to oversee risk management processes associated with their respective areas of responsibility and expertise.

The Board receives regular reports from each committee chair regarding the committee's considerations and actions. The Board also receives regular updates from management on the business operations, financial results and strategy and, as appropriate, discusses and provides feedback with respect to risks related to these topics. Annually, the Board holds strategic planning sessions with senior management to discuss strategies, key

challenges, and risks and opportunities for our business.

NXP, similar to other semiconductor companies, operates in a complex and rapidly changing environment that involves many risks. In addition to general market, research and development, and economic risks, NXP faces potential risks related to its industry; information technology and cybersecurity; data privacy; financial controls and reporting; legal, regulatory and compliance; finances and taxation; global operations; environment and social responsibility; and product portfolio and commercialization, among others. As a company committed to operating ethically and with integrity, we proactively seek to manage and, where possible, mitigate risks to help ensure compliance with applicable rules and regulations, maintain integrity and continuity in our operations and business and protect our assets.

It is the responsibility of management and employees to implement and administer risk-management processes to identify material risks to our business. In addition, management must assess, manage and monitor those risks, all while maintaining flexibility in how we operate. To further embed risk management and compliance into our culture, we implement relevant policies and procedures and train employees on the specifics of such policies and procedures. Our Board and its committees have regular access to management and the Board and committees also schedule sessions without members of management present.

## BUSINESS CONTINUITY

NXP has an integrated Business Continuity Management (BCM) system modelled after guidelines of ISO 22301 and IATF 16949 section 6.1.2.3. The BCM has systems in place for prevention and recovery to assist with the disruption of business functions and processes that could affect our customers, partners and other stakeholders. We systematically, consistently and effectively identify, evaluate priorities and manage key risks and opportunities affecting the company.

Our comprehensive business continuity and risk management four tier approach includes an executive level team and individual site teams with specific site business resumption activities – reporting to the executive team.



Each tier focuses on a specific risk area and business groups are integrated within each tier. During a crisis, all tiers interact and complement each other and if necessary escalate to the corporate executive level Business Continuity Team.

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The views of our stakeholders are important in making operational and strategic decisions. We identify stakeholders that either have a significant impact on or are significantly impacted by our operations. The method and frequency of engagement varies by stakeholder type.

Internal Stakeholder Engagement	External Stakeholder Engagement
Maintain an open-door policy, allowing employees to communicate and engage with management and human resources	Customer Scorecard and Satisfaction Survey provides results that allow us to analyze trends in overall performance for each key attribute.
Employees trained on our Code of Conduct, policies and programs including social responsibility, prevention of harassment and discrimination, anti-corruption and security awareness.	Investor Relations hosts quarterly earning calls with our shareholders
Conduct anonymous employee pulse survey on employees on vision and strategy, work environment, work relationships, satisfaction.	Supplier communication, capacity building, audits and score cards strengthen their compliance to the NXP Supplier Code of Conduct and purchasing agreements.
Objective and fair performance management process, which employees are part of on an annual basis.	Industry associations to make recommendations on policy issues and standards related to the semiconductor industry.
Communicate with our employees through various communication mediums including town halls, meetings, use of intranet, internal communication messages, social media, blog posts and newsletters.	Academia with university programs, joint research and development and local networking.
	Community engagement strengthens local communities through nonprofit organizations and educational institutions with financial investments and employee volunteerism on an ongoing basis.



## STAKEHOLDER ENGAGEMENT

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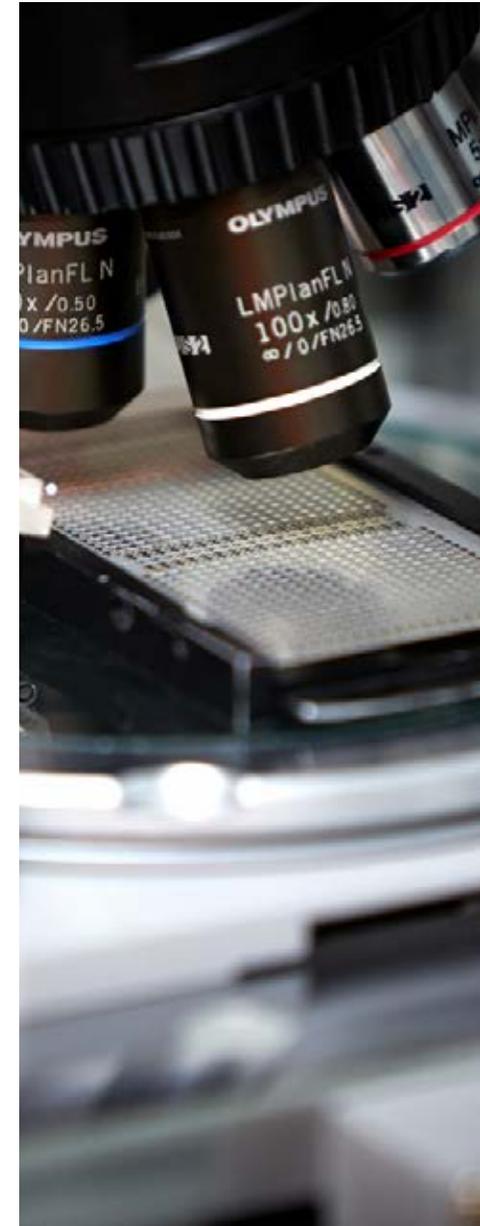
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Stakeholder	Frequency of Engagement	Feedback	Outcomes and Follow-Up
Employees	Employee Safety Survey conducted for wafer fab and assembly and test sites.	Increase communication and management support were the top two requests.	Each site deployed a response plan to raise awareness and bring management to the center of the conversation.
Suppliers	Supplier audits, including private worker interviews.	Occupational Safety, Emergency Preparedness & Freely Chosen Employment top 3 non-conformances.	Supplier Corrective Action Plans closed or in process. Increase training in these top 3 non-conformances.
Responsible Business Alliance	Board member and full member. Attend monthly calls and board meetings four times a year.	Ensure alignment with the industry with salient issues regarding labor and human rights.	RBA requires companies audit 5% of high risk suppliers. RBA CoC and VAP standards incorporated into NXP Supplier CoC and Auditable Standards.
Responsible Labor Initiative	Advisory board delegate to steering committee. Attend steering committee meetings four times a year. Attend monthly workgroup meetings.	Guidance on definition of fees, gap analysis on various guidance standards, labor agent training, mapping the labor agent recruiting corridor.	Updated our Auditable standards per the gap analysis, nominated our labor agents for RLI training, cross reference the recruitment corridor with NXP labor agents.
Responsible Mineral Initiative	Annual meeting as a member, ad-hoc meetings and attended conference calls organized by the RMI per invitation.	Tools and resources to make sustainable sourcing decisions.	Developed tools to cover new EU legislation and cobalt due diligence.
Global Business Initiative	Two in person meetings, ad-hoc meetings and attended conference calls organized by the GBI per invitation.	Multi-industry best practices on Business and Human Rights.	Enhancing and strengthening Human Rights Due Diligence across NXP value chain.
European Partnership for Responsible Minerals	Annual meeting as a member, ad-hoc meetings and attended conference calls.	Knowledge platform on supply chain due diligence on responsible mineral sourcing.	Actively engaged to support the artisanal and small scale mines.
UN Global Compact	Annual Communication on Progress.	Increase due diligence of environmental risks within the supply chain.	Continue to increase our efforts in engaging with the supply chain to implement a sustainable environmental program.
Cumulus	Bi-annual due diligence exercise of selected suppliers' foreign migrant workers labor broker supply chain.	Increased transparency to the foreign migrant worker supply chain.	Enhancing knowledge of how foreign migrant workers are being recruited and how complex the labor supply chains are connected in order to identify modern slavery risks related to forced/bonded labor and human trafficking.
Verité	Monthly independent audits of suppliers, ad-hoc consultation and collaboration to review NXP's Social Responsibility program.	Continual improvement in the supply chain compliance to the NXP Social Responsibility program and requirements.	Strengthening supply chain compliance program, capacity building, and advancing NXP's Social Responsibility auditable standards.



## INDUSTRY ASSOCIATION ENGAGEMENT



In 2017, NXP became a signatory to the [United Nations Global Compact](#). The UN Global Compact is an initiative that encourages businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment, and anti-corruption. NXP is now part of a global network from which we can learn and to whom we can offer ideas and scalable solutions to society's challenges. NXP's [Communication on Progress](#) is updated annually.



**Responsible Business Alliance**  
Formerly the Electronic Industry Citizenship Coalition  
Advancing Sustainability Globally

NXP became a member of the Responsible Business Alliance (RBA) in 2014. In 2017, NXP became a full member and in 2018 was elected to the RBA Board of Directors. We believe that the collaborative efforts and shared tools and practices that membership in the RBA provides is an efficient way for NXP to make progress towards social responsibility.



European Semiconductor Industry Association

As a member of the European Semiconductor Industry Association (ESIA), we are also a member of the World Semiconductor Council (WSC), an organization that participates in several

outreach activities. We chair the ESIA committee for Environment, Safety & Health (ESH). The committee is involved in several cooperative technical projects and addresses such issues as chemical management and preparation for the EU's REACH program, energy savings, use of PFCs, health and safety, quantitative targets and EU legislation.



Promoting the Rights of Workers  
Transition to Formal Labor Stability

NXP is a member of the Responsible Labor Initiative (RLI) and was on the Steering Committee of the RLI. NXP is actively engaged in all work groups and work diligently to align

our due diligence practices across multiple industries to better address the root causes of labor and human rights. NXP works with other member companies to develop and implement responsible recruitment requirements and tools for multi-sectorial supply chain.



NXP is a member of the Global Business Initiative (GBI) to work with a committed group of multinational corporations with operations in diverse industries and regions. GBI provides peer learning with other business, governments and civil society to strengthen our business practices for human rights that is aligned to the UN Guiding Principles. NXP has been working collectively to make a positive impact through standards, policy and practices to address governance gaps and greater insight into emerging trends and issues.



NXP is a member of the Responsible Mineral Initiative (RMI) and in 2018 was on the Member Steering Committee. NXP regularly collaborates with other complementary programs and initiatives in the conflict mineral area. The RMI provides tools and resources to make sourcing decisions that improve our due diligence for responsible sourcing. NXP helped develop policies and tools to cover new EU legislation, cobalt due diligence and engage with smelters to remain or become certified.



European Partnership for Responsible Minerals

In 2016, NXP joined the European Partnership for Responsible Minerals (EPRM) as a strategic partner. The EPRM is a multi-stakeholder partnership in which governments, NGOs, and private sector work together, aiming to increase the demand for responsibly sourced minerals from conflict-affected and high-risk areas. The EPRM serves as a knowledge platform where organizations can share knowledge on due diligence and support activities to improve human rights and the working conditions in the mining areas. NXP provides knowledge on supply chain due diligence on responsible mineral sourcing and actively participates in EPRM projects to support artisanal and small-scale mines on their journey to become responsible supply chain actors with access to global markets.

# QUALITY

Total Quality is the foundation value of NXP. We are committed to operating according to stringent, [internationally recognized requirements](#) for reliability and quality. All of our manufacturing sites are certified ISO 9001 and (where automotive products are manufactured) IATF 16949.

Our Total Quality Vision aligns our thinking, flowing from our top management to every NXP employee:

## Total Quality Vision

When our customers think of NXP, we want them to think Total Quality.



First time right development, designs and qualification



Deliver zero defects to our customers



Provide flawless customer support

Enabled by Quality Mindset & Culture.

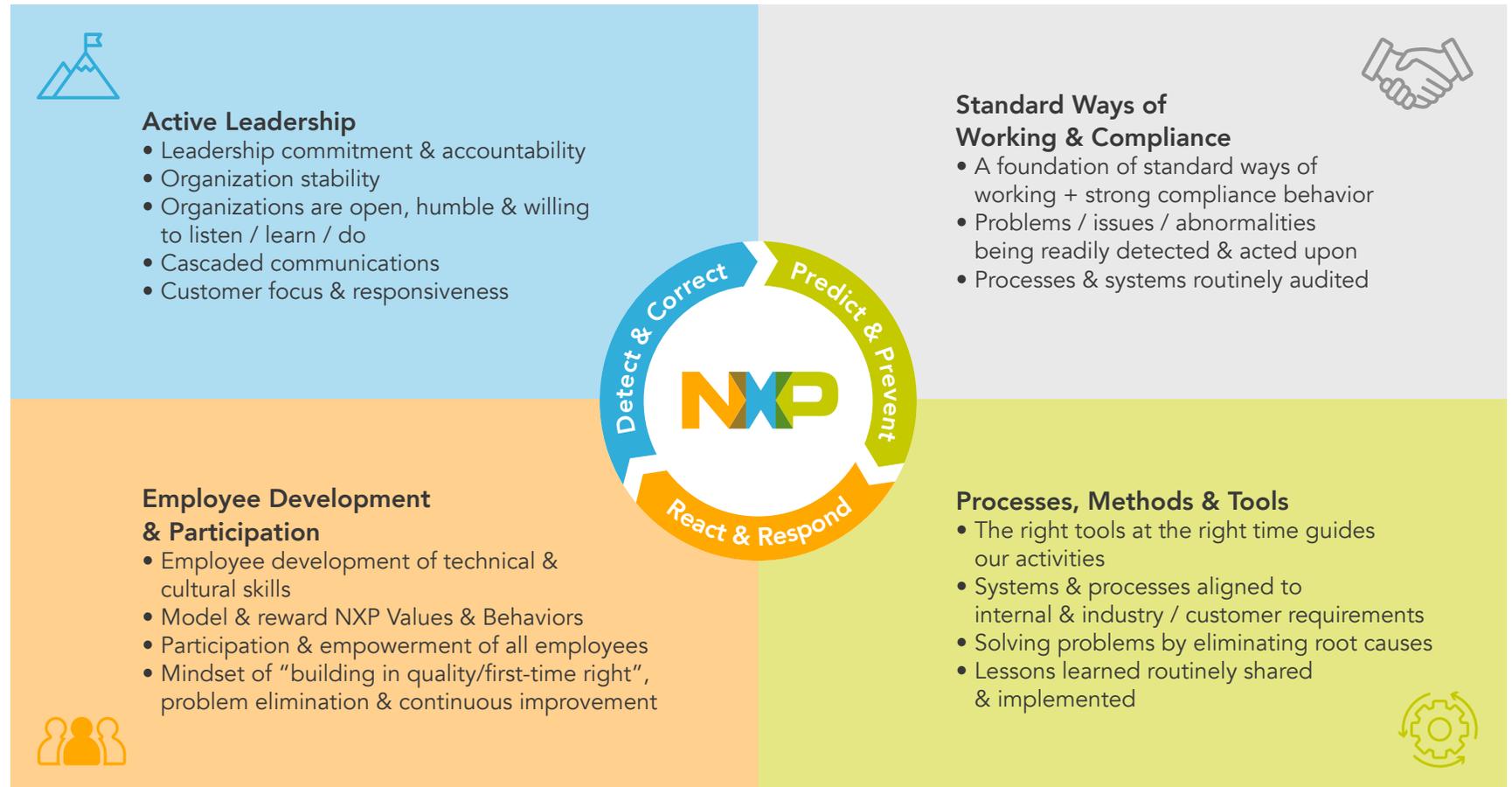
Total Quality is our foundation enabling a **Smart, Safe and Secure World.**



NXP's foundation of Total Quality is built upon four key Cornerstones of our quality mindset and culture:

**Total Quality Cornerstones**

Good Process Leads to Good Result



We demonstrate our commitment by continuing our journey towards zero defects and great customer support. This includes bringing innovative new products to market on time and first time right, eliminating quality excursions, improving our responsiveness to customers, lowering our parts per billion (ppb) defect rate and

enhancing our quality standards. We recognize that incorporating these objectives will enable NXP to use our quality and reliability for growth of our corporation. Ultimately, our goal is to exceed customer expectations.



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# GOVERNANCE, ETHICS AND SUSTAINABILITY

# GOVERNANCE

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NXP is committed to effective corporate governance that strengthens the accountability of the Board of Directors (Board) and management, and promotes the long-term interests of our stakeholders.

## BOARD OF DIRECTORS

The performance of the NXP Board and its committees in overseeing its duties and responsibilities with respect to governance, economic, environmental and social topics is evaluated under an annual self-assessment process. In addition, the Nominating and Governance Committee of the Board (further explained below) at least biennially reviews and makes recommendations to the Board regarding the nature and duties of Board committees, including, without limitation, evaluating the charter, duties and powers of Board committees according to existing and planned company objectives and recommending changes with respect thereto.

Our management is directly responsible for executing NXP’s risk management processes, including identifying and managing potential economic, environmental and social impacts. The Board is responsible for overseeing these risk management processes. Annually, the Nominating and Governance Committee reviews identified annual risks and proposes to the Board potential modifications to allocation of oversight responsibility. In exercising its oversight, the Board and, as appropriate, the relevant Board committees, assesses the material risks facing NXP and

evaluate management’s plans for managing material risk exposures.

Our Board performs this oversight function through periodic reports from management and Board committees. NXP management conducts a formal annual risk assessment to identify, analyze and report on enterprise risks. While our Board generally has ultimate oversight responsibility of NXP’s risk management processes, it has delegated to its committees the responsibility to oversee risk management processes associated with their respective areas of responsibility and expertise.

The Board also receives regular updates from management on NXP’s business operations, financial results and strategy and, as appropriate, discusses and provides feedback with respect to risks related to these topics. Annually, the Board holds strategic planning sessions with senior management to discuss strategies, key challenges, and risks and opportunities for our business, including strategy execution risks and NXP’s innovation strategy.

## GOVERNANCE STRUCTURE OF THE BOARD OF DIRECTORS

NXP has a one-tier board structure, consisting of one or more executive directors and (independent) non-executive directors. The Board consisted of ten directors, one executive director and nine non-executive directors, throughout 2019. The number of executive and non-executive directors is determined by the Board. Board members serve one year terms and are (re-)elected every year at the Annual

General Meeting. Under our Articles of Association and Dutch corporate law, the directors are collectively responsible for the management, general and financial affairs and policy and strategy of NXP. Our executive director is responsible for the day-to-day management of NXP and for the preparation and execution of Board resolutions, to the extent these tasks are not delegated to a committee of the Board.

All non-executive directors, including the chairman of the Board, are independent directors under the applicable Nasdaq listing standards, the Board’s rules of procedure and the Dutch Corporate Governance Code. Board composition is regularly evaluated to ensure that its members collectively have the necessary skills and experience to match our business and strategic needs.



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**BOARD COMMITTEES**

The Board has delegated certain oversight functions to board committees, which meet regularly and report back to the Board. NXP currently has three Board committees, namely the audit committee, nominating and governance committee and the compensation committee. The members of the permanent committees are appointed by the Board and the Board also determines the tasks of each committee. The scope and responsibilities of each committee are documented in written charters approved by the Board. These charters and other governance materials are available on [our website](#).

All members of the Audit, Compensation, and Nominating and Governance Committees are independent directors, as defined in the applicable Nasdaq listing standards, applicable SEC rules and the DCGC.

Effective September 01, 2019, the Board split the Nominating and Compensation Committee into two separate committees: the Compensation Committee and the Nominating and Governance Committee. The Board determined that it was desirable that a new Nominating and Governance Committee be formed to, among other things, determine Board member selection criteria and appointment procedures, Board evaluation procedures and certain other corporate governance activities. The Board determined that it would allow the

Compensation Committee to focus on the important talent management activities of the organization, such as managing CEO and executive succession, evaluating organizational effectiveness and reviewing leadership development practices. The Board believes that having separate committees to oversee these practices allows the proper support to these crucial activities.

**AUDIT COMMITTEE**

The audit committee assists the Board in supervising, monitoring and advising the Board on financial reporting, risk management, compliance with relevant legislation and regulations and our code of conduct. The audit committee has oversight responsibility for NXP’s internal audit function, compliance with the Code of Conduct, internal controls and financial reporting practices, litigation, compliance processes, and information technology and cybersecurity. The audit committee oversees our internal and external audit process and our internal and external auditor’s qualifications, independence and performance. Moreover, our audit committee also recommends to our shareholders the appointment of external auditors.

**NOMINATING AND GOVERNANCE COMMITTEE**

The nominating and governance committee has oversight responsibility for NXP’s compliance with its corporate governance principles and corporate social responsibility. The nominating and governance committee determines selection criteria and appointment procedures for members of the Board. They periodically assess the scope and composition of the Board and its committees and evaluates the performance of its individual members. In addition, the nominating and governance committee considers and makes recommendations to the Board regarding shareholder proposals and nominations and the CEO succession plan. The nominating and governance committee reviews the adequacy and effectiveness of the scheduled meetings of the Board, reviews the independence of the directors, reviews the overall effectiveness of the organization of the Board and considers and make recommendations to the Board regarding shareholder proposals and nominations. In addition, the nominating and governance committee reviews at least biennially NXP’s policies and practices relating to significant issues of corporate social responsibility and public issues of concern that affect investors and other key stakeholders.

**COMPENSATION COMMITTEE**

The compensation committee has oversight responsibility for NXP’s human capital risks, including executive talent management and succession planning, diversity, and risks related to NXP’s compensation policies and practices. The compensation committee is responsible for determining the annual compensation of the Chief Executive Officer, pursuant to the remuneration policy adopted by the general meeting of shareholders, and other executives reporting

to the Chief Executive Officer, based on the performance of these individuals and taking into account NXP’s corporate goals and objectives. The compensation committee makes recommendations to the Board with respect to compensation programs and equity based plans and oversees compliance with our employment and compensation-related disclosure obligations under applicable laws.

Set forth below are the names and ages, as of December 31, 2019, of the members of our Board of Directors as reported in NXP’s [Annual Report for the Financial Year Ended December 31, 2019](#).

Name	Age	Position	Meeting attendance <sup>1</sup>
Richard L. Clemmer	68	Executive director and chief executive officer	100%
Sir Peter Bonfield	75	Non-Executive Director and Chairman and Member of the Board's Nominating and Governance Committee and of the Board's Compensation Committee	100%
Kenneth A. Goldman	70	Non-Executive Director and Member of the Board's Nominating and Governance Committee	100%
Josef Kaeser	62	Non-Executive Director and Member of the Board's Nominating and Governance Committee	77%
Lena Olving	63	Non-Executive Director and Member of the Board's Compensation Committee	100%
Peter Smitham	77	Non-Executive Director and Chair of the Board's Compensation Committee	82%
Julie Southern	60	Non-Executive Director and Chair of the Board's Audit Committee	93%
Jasmin Staiblin	49	Non-Executive Director and Member of the Board's Audit Committee	100%
Gregory L. Summe	63	Non-Executive Director and Chair of the Board's Nominating and Governance Committee	100%
Kalr-Hendrik Sundström	59	Non-Executive Director and Member of the Board's Audit Committee and the Board's Compensation Committee	100%

<sup>1</sup> Attendance is reflected for the 5 Board meetings/calls held in 2019. For those directors that are member of the audit committee, the nominating and compensation committee (until September 1, 2019), the compensation committee (as of September 1, 2019) and the nominating and governance committee (as of September 1, 2019) attendance also reflects the 9 audit committee meetings/calls, the 4 nominating and compensation committee meetings/calls, the 2 compensation committee meetings/calls and the 2 nominating and governance committee meetings/calls.

# ETHICS

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We strive to achieve the highest standards of ethical conduct in all our business dealings. Our Code of Conduct (CoC) and policies guide us to conduct ourselves in a professional manner toward our customers, partners, competitors, vendors, government regulators, shareholders, fellow employees and the community at large. Our CoC outlines our core principles and establishes the expectations we have about how we conduct business. The CoC focuses on business integrity, personal integrity, company assets, employment at NXP, external activity and gives assistance in reporting. The CoC applies to all our executive officers, directors, employees and contractors, and we expect all third parties we do business with, to act in a manner consistent with it.

Our commitment to promote a culture of integrity means we aim to foster an environment where everyone is expected to act ethically and where people can voice concerns without fear of retaliation. Anyone can confidentially lodge a complaint using various reporting channels such as management, ethics liaison, NXP Ethics Committee or the SpeakUp line by phone or web option, which is hosted by an independent third party and facilitates anonymous reporting. Employees are encouraged to report potential violations of our CoC to one of our reporting channels. We have a strict non-retaliation policy to protect those who report potential violations against any form of retaliation.

NXP employees receive training on the CoC. In 2019, nearly 99.95% of employees completed the training.

Our longstanding commitment to doing business with integrity means avoiding all forms of corruption. Our anti-corruption practices involve steps the company and its employees take to ethically conduct business and avoid negatively impacting our ability to work with customers and governments.

We specifically emphasize making ethical decisions, never engaging in bribery or insider trading, avoiding conflicts of interest, approaching competition ethically, complying with international trade regulations, practicing transparency and maintaining accurate business records. To protect our company's reputation, we have policies related to these issues and we expect employees to comply with them.

The NXP Ethics Committee reviews complaints and grievances and oversees investigations into alleged violations of the CoC. The membership of the NXP Ethics Committee includes the Deputy General Counsel, Chief Internal Audit Officer, Senior Director of Sustainability and EHS and other senior staff from legal and human resources departments.

The Ethics Committee ensures a proper follow up of all reports it receives as they appoint a team that has the correct skillset and expertise to investigate the allegation and considers the approach that would produce the best outcome. Processes for informing senior management (General Counsel, CFO, CHRO and the audit committee) about allegations include periodic internal reports and details

about key investigations that are in progress or completed.

Our general approach to all complaints is based on an initial assessment of the report, appointing an investigation team with the right expertise and skillset that gather all relevant evidence and conducts an in-depth investigation and defining appropriate remedial action(s) in the quickest possible timeframe. While it's difficult to set a predetermined fixed timetable as complaints vary in scale and complexity, most can be dealt with within two months. Based on the findings of the investigation, a decision is made about whether the complaint is substantiated. If the complaint is substantiated appropriate follow up actions are taken such as education, organizational changes, counseling, reprimands, suspension and or termination pending the nature and severity of the finding and the party's willingness to rectify the issue.

## 2019 Ethics Results

Number of reports received by the Ethics Committee	<ul style="list-style-type: none"> <li>• 78</li> <li>• 74 Closed</li> <li>• 2 will be closed in 2020</li> </ul>
Percent of reports substantiated	<ul style="list-style-type: none"> <li>• 55%</li> </ul>
Most reported types of violation	<ul style="list-style-type: none"> <li>• Theft</li> <li>• Misuse of assets</li> <li>• Internal policy violation</li> <li>• Harassment</li> </ul>

### Vision

Achieve sustainability excellence through innovation and performance, recognized by our stakeholders

### Strategy

- Provide best-in-class customer experience
- Anticipate changing societal expectations and set actionable target
- Be transparent and add value for all our stakeholders
- Manage risks and compliance through solid processes and perfect execution
- Add to a responsible and sustainable society by active collaboration in global sustainability initiatives
- Optimize resources and competencies

### Guiding Principles



Provide a safe working environment, promote good health and minimize the environmental impact of our activities



Develop and manage products in ways that minimize risk to health and the environment and maximizes value to customers



Implement working practices that are safe, secure, and in which every employee is treated with respect and dignity



Protect the interest and reputation of our key stakeholders by having an effective business continuity management process



Ensure that sustainability is ingrained in our business conduct at all levels and the way we interact with society at large



**SUSTAINABILITY COMMITMENT**

For NXP, Secure Connections for a Smarter World involves working practices that are responsible and sustainable. We provide a safe working environment, promote good health, and strive to minimize the environmental impact of our activities. We also work hard to do more than just comply with existing standards, we actively strive to establish a global benchmark for sustainability in our industry.

NXP fosters ethical principles and respect for the environment, employees, and the communities in which we work. As a business, our goal is economic success. However, we also go to great lengths to ensure that sustainability is ingrained in our business conduct at all levels. This policy affects the way we manage our company and the way we interact with society at large.

**SUSTAINABILITY POLICY**

**Values**

NXP’s core values consist of raising the bar, engaging curiosity, taking initiative, working together and developing deep core competence, driven by a total quality mindset. These values form the basis of our customer-focused passion to win.

**Ethics**

The NXP Code of Conduct defines our principles and high standards, which are applied to our business practices and those of our global supply chain. This Code is incorporated in all employee contracts, encouraging respectful, and professional

standards of behavior across our global network of sites.

**Human Rights**

NXP believes that business can only flourish in societies where human rights are protected and respected. NXP recognizes that business has the responsibility to respect human rights and is capable of contributing to ensuring human rights worldwide. We have formal grievance and remedy processes to enable anyone, including NXP employees, employees in NXP’s supply chain and other external stakeholders, to report human rights concerns.

**Employees**

NXP has a global workforce that is highly diverse, both geographically and culturally. NXP is committed to providing a workplace that is safe and secure, where employees are consulted and engaged, and where everyone is treated with respect and dignity.

**Products**

NXP is committed to creating the highest quality products and packages. These Secure Connections for a Smarter World are developed to provide a positive contribution to society. With each new product generation, we aim to reduce the environmental impact of their use and disposal.

**Operations**

NXP continually strives to improve our operations and minimize our impact on the environment, we conserve natural resources, minimize our emissions,

responsibly source our minerals, and try to phase out hazardous substances in our products and processes.

**Compliance**

For our products and processes, NXP complies with applicable legislation, regulations, codes of practice, often going beyond specified standards. NXP has a management system covering Environment, Health & Safety, Social Responsibility and Product Compliance that are continuously improved. Where laws and regulations do not provide adequate controls, NXP adopts its own detailed standards.

**Local initiatives**

NXP works closely with partners and individuals to establish meaningful relationships that support and strengthen the communities in which we operate.

**Dialog**

NXP actively participates in industry platforms and engages in open, ongoing dialogs with employees, customers, investors, authorities, the public, and other key stakeholders to continuously improve our sustainability performance.

**Transparency**

NXP publishes sustainability results both internally and externally, showing our targets and measurements on a range of metrics.

## SUSTAINABILITY ORGANIZATION

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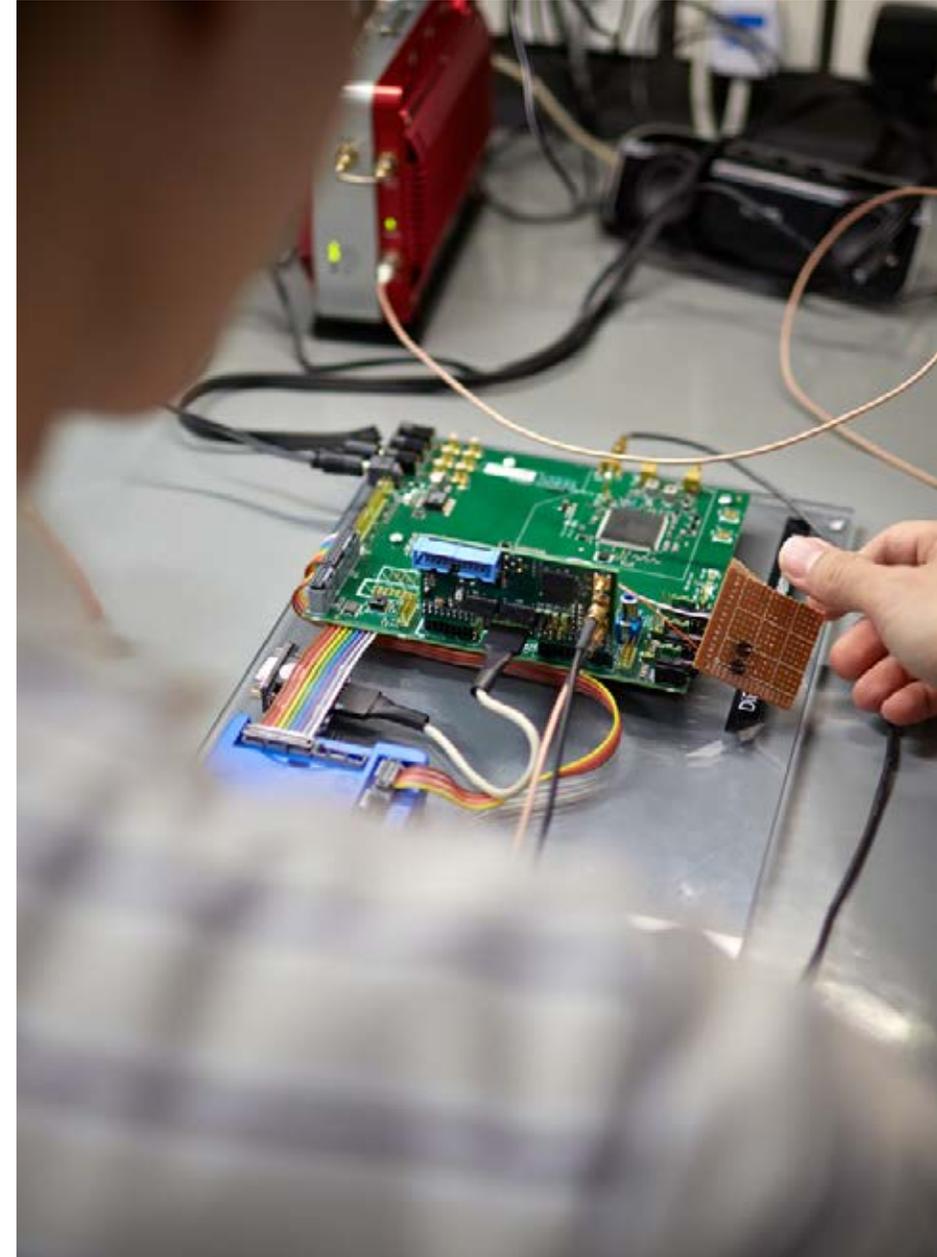
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Sustainability is managed and implemented by the CEO and the NXP management team, under the supervision of NXP's Board. NXP has both an ESG and an Environment, Health and Safety (EHS) Board, which consists of management team members and other senior leaders, and which are responsible for development, approval, purpose, value, strategies, policies, goals and measurable improvement plans. The efforts of the ESG and EHS Boards are supported by NXP's Chief Financial Officer, the General Counsel, the Chief Technology and Operations Officer, Investor Relations, Legal, Human Resources, the Sustainability Office, Facilities and EHS councils, which include senior managers from its worldwide sites, the Business Continuity Management Office and the Insurance and Risk Management Department.

The Nominating and Governance Committee of NXP's Board is responsible for overseeing NXP's policies related to significant issues of sustainability and is updated on these efforts on a quarterly basis by representatives of the ESG Board, and reports on these efforts in the plenary meetings of NXP's board of directors. These measures are taken to enhance our governance body's collective knowledge of environmental, social and governance topics.

While the ESG and EHS Boards establish the strategy and sets targets, the sustainability and EHS office performs operational functions. This includes managing environmental, health, and safety conditions, overseeing the management of chemicals, monitoring and controlling sustainability-related data, supporting customers and contracts, coordinating social investment for human rights and supply chain responsibility, liaising with industry associations, and delivering internal and external communications on sustainability.

The sustainability office meets regularly with the boards to discuss and review NXP's and our supplier's performance. Any issues of non-conformance are handled in the sustainability office and if needed, issues are escalated to the board.



# UN SUSTAINABLE DEVELOPMENT GOALS

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The world is facing many sustainability challenges and aligning with the UN SDGs contributes to these challenges that we must face together. The SDGs create a foundation for shaping worldwide economic progress in harmony with social justice. NXP reports on which measures have been implemented for relevant goals and where our business model can contribute to realizing the goals.

NXP's sustainability work is aligned with 9 of the SDGs. By incorporating the SDGs into our strategy through our products, operations and engagements to establish long-term sustainable development.

**Products**  
Developing technology to advance towards a more sustainable world.

**Operations**  
Creating innovative solutions to reduce our environmental footprint and protect employees.

**Engagement**  
Working with our supply chain and communities for further contributions to the SDGs.

## RESPONDING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



Minimize the use of hazardous substances and reduce emissions to air, water and soil.

**Operations**

*NXP minimizes the use of hazardous substances through phase out programs wherever technically possible. We mitigate the risks through engineering controls, process optimization to reduce emissions to air, water and soil.*

**Engagements**

*NXP supports employee and community health and wellness programs focuses on increasing physical activities and promoting a healthy lifestyle. there is global participation in company-organized initiatives aimed at serving our local communities through employee volunteerism.*



Promote the advancement in science, technology, engineering and math education globally.

**Engagements**

*NXP collaborates with schools and institutions to bring quality education to our younger generation. Through our community engagement, sponsorships, employee volunteerism and employee giving, we are committed to promoting educational endeavors that encourage students to learn about science, technology and engineering.*



Manage and conserve water use and ensure high standards of effluent and wastewater treatment.

**Operations**

*NXP's 2020 goal is to reduce our normalized water consumption by 30% from a 2010 baseline.*

*At NXP, we promote environmental management with the goal of helping resolve social issues such as maintaining clean water supply for our communities. Our projects focus on the reduction of water consumption in the manufacturing and increased onsite water reuse/recycling.*

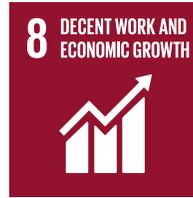
*We monitor and manage the quality of wastewater discharged into the communities in which we operate by utilizing onsite water treatment facilities and continuous monitoring/testing as required by local authorities. We treat our discharge water before it is returned.*



Manage and conserve the consumption of energy in our operations and offices.

**Operations**

*Develop energy-efficient manufacturing processes and reduce our normalized energy consumption by 30% in 2020 from a 2010 baseline. Annually, each site has energy conservation projects to reduce our energy consumption. In addition, NXP will gradually increase our consumption of renewable energy based on availability option in the areas in which we operate.*



Protect labor and human rights while working in safe and secure environments for our own employees, in our supply chains and communities.

**Operations**

*The NXP Sustainability Policy and NXP's Supplier Code of Conduct requires decent and safe working conditions, decent living quarters, wage and benefits.*

*Working hours must not be more than 60 hours per week, except in emergency or unusual situations. Workers must have at least one day off after six consecutive work days. NXP's goal is to have zero work-related injuries, using the OSHA standard for measuring and reporting. For a semiconductor company, NXP has a low injury rate (TCIR). NXP collaborates, trains, audits and re-audits our factories and our supply chain to verify that the health and safety of workers are compliant to the NXP Social Responsibility Auditable Standards. These standards address the living and working conditions are safe and healthy.*

**Engagements**

*NXP's 2025 goal is to engage with external stakeholders to analyze our social responsibility and human rights programs and find opportunities to impact the lives of workers from human rights abuses, with NXP led initiatives.*



Provide clean and environmentally sound technologies and operations that address societal demands, foster innovation and build sustainable infrastructures.

**Products**

*NXP technology solutions support sustainable energy management for green cities and homes. These applications range from appliances, smart building designs, smart homes making them more connected, convenient and secure. NXP is committed to leadership role for the next generation of industrial IoT and Industry 4.0 applications enabling greater machine safety, connectivity and productivity.*

**Operations**

*NXP's chemical management projects are innovating ways to reduce certain chemicals and replacing them with environmentally friendly alternatives. We are introducing the newest PFC abatement systems in our factories to reduce our Scope 1 emissions. We have designed and implemented new tools in our testing procedures to reduce the amount of emissions from heat transfer fluids that also contribute to Scope 1 emissions.*

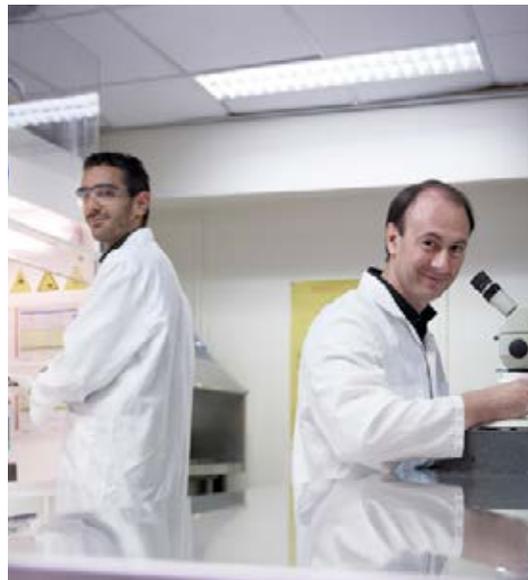


Implement industry leading practices to deliver state-of-the-art solutions for automotive safety security.

**Products**

*NXP technology solutions make systems smarter and secure. These applications include real-time vehicle-to-vehicle infrastructure communication systems and secure public transportation smart cards for a more intelligent urban transportation.*

*Leading Cities worldwide will employ Intelligent Roadside Unit powered by NXP technologies to help smoothe traffic flow, improve safety, emergency response and provide additional services.*



Manage and efficiently use chemicals, natural resources and reduce waste through prevention and reduction.

**Products**

*NXP implements due diligence processes to reasonable assure that all minerals in our products are obtained, produced and used in a socially responsible manner. We partner with responsible suppliers to source minerals that do not contribute to human rights abuses around the globe.*

*We design and provide products that meet all relevant regulatory and customer-defined restrictions on the use of substances. We produce products that are responsibly sourced and produced in a manner that does not contain banned chemical substances.*

**Operations**

*NXP's goal is to phase out chemicals in a responsible manner. NXP's 2020 goal for recycling is 90% of generated waste is recycled.*



Develop energy efficient technology and mitigate climate change risks within our operations.

**Products**

*NXP technology helps reduce CO<sub>2</sub> emissions by reducing the energy consumption in end-products, e.g. improving the flow of traffic, enabling electrical driving and making end user electronics energy efficient.*

*Our chips are reducing emissions through automated vehicle-to-vehicle connected traffic by reducing energy consumption significantly. Smart solutions in battery control and energy management enables efficient use and regeneration of energy, resulting in lower emissions in electric and hybrid vehicles.*

*In addition, we increase energy efficiency of power adapters reducing power consumption in 5G networks and enable energy-friendly edge processing of IoT devices.*

**Operations**

*NXP's 2020 goal is to reduce our normalized carbon footprint by 30% from a 2010 baseline. Our goal is to optimize site emission reductions, increase the number of abatement projects and substitute chemicals to reduce emissions from our processes.*



# EMPLOYEES



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## DIVERSITY, INCLUSION AND EQUALITY

At NXP, we value [diversity, inclusion and equality](#) and respect the unique experiences, backgrounds, diverse cultures and ideas of our fellow employees, business partners and customers around the world.

NXP recognizes that each employee brings something unique to the company. We are comprised of thousands of distinct individuals, each with their own viewpoints, histories, experiences and paths of discovery. We invite every NXP employee to bring their whole self to work, without exception.

NXP's approach to diversity, inclusion and equality is centered on the following:

- Welcome and embrace our employees' diversity, and foster respect for everyone's differences
- Cultivate a collaborative and inclusive work environment where employees feel valued and are comfortable being themselves
- Leverage the diversity of thought and life experiences to retain and attract the best talent

NXP does not tolerate harassment or discrimination of any kind, including when making employment-related decisions.



# RECRUITMENT, DEVELOPMENT AND ENGAGEMENT

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We believe that talented employees are our greatest assets and they play a key role in creating long-term value for our stakeholders. Our ultimate success and ability to compete are dependent on how well we identify, hire, train and retain highly qualified key personnel. In the technology industry's highly competitive talent market, we aim to differentiate ourselves through our workplace core values and efforts centered around recruitment, development and engagement.



## Our Core Values

Customer-focused passion to win through:



The foundational principle of our core values is Total Quality – first time right development, designs and qualifications, deliver zero defects to our customers, provide flawless customer support, enabled by a Total Quality Mindset & Culture.

**RECRUITMENT**

We strive to recruit candidates who bring diverse knowledge and perspective to our innovative and customer-oriented organization. We seek to provide a challenging, empowering, and engaging career path for candidates at all levels.

In 2019, NXP welcomed 4,000 new hires to its team around the globe. Included in this number is more than 820 internships to university students, thereby furthering our commitment to grow the new generation of engineers in our industry and company. The internship program builds a highly capable and energetic pipeline for the 600-plus new college graduate positions we offered in 2019.

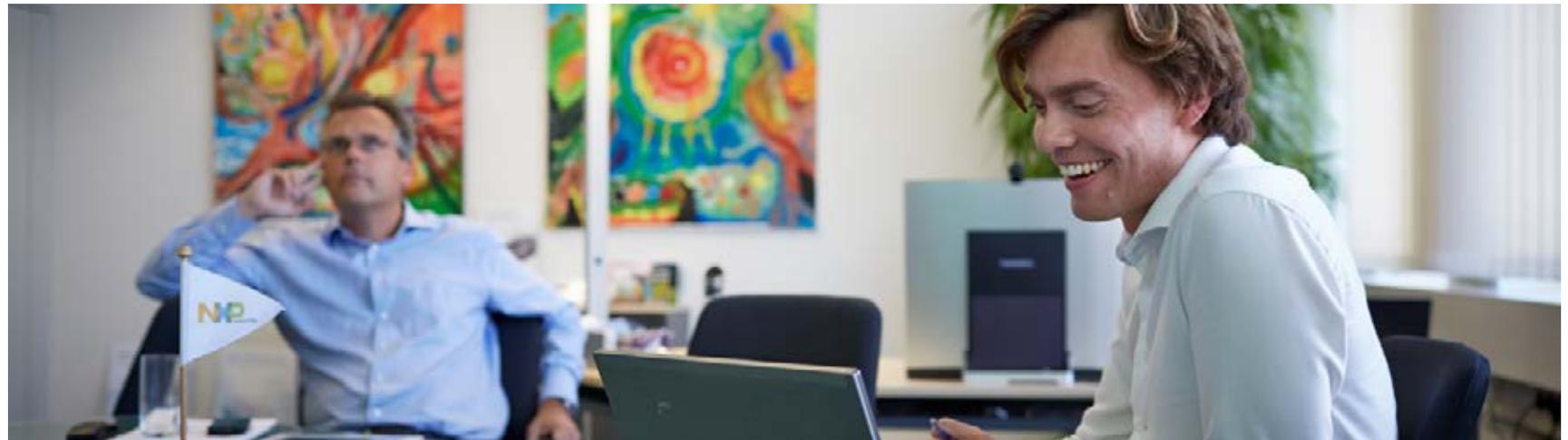
**DEVELOPMENT**

NXP invests in the engagement and development of our current and future employees to ensure we have the talent to deliver our short and long-term strategy. Across the globe, we have policies and programs to find and maintain the best talent possible. We consistently monitor our talent pool, assess turnover trends closely, as well as gather and analyze employee feedback to create a robust employee-focused environment.

We have a strong commitment to ongoing learning, including mechanisms for learning from others, formal training opportunities and a variety of on-the-job development experiences. Our development programs begin with Day 1 Orientations and continue throughout the lifecycle of employment with regular and ongoing programs for the growth and development of key talent. Using a blend of internally-designed and externally-sourced courses and learning resources, we bring learning to our employees real-time in support of key business processes, requirements & initiatives. We also provide a complete library of on-demand skills development and microlearning resources to all of our non-factory populations. And we support continuing educational endeavors by providing tuition assistance programs.

**ENGAGEMENT**

To assess and improve the engagement of our employees, we have implemented an annual global employee survey initiative. We ask employees to share their views on a variety of factors, including engagement, strategy, culture, leadership, innovation, collaboration, execution, accountability, work environment, and support. In October 2019, 83% of invited employees participated in the survey, and we are preparing to conduct the next survey in November 2020.



# EMPLOYEE DEMOGRAPHICS

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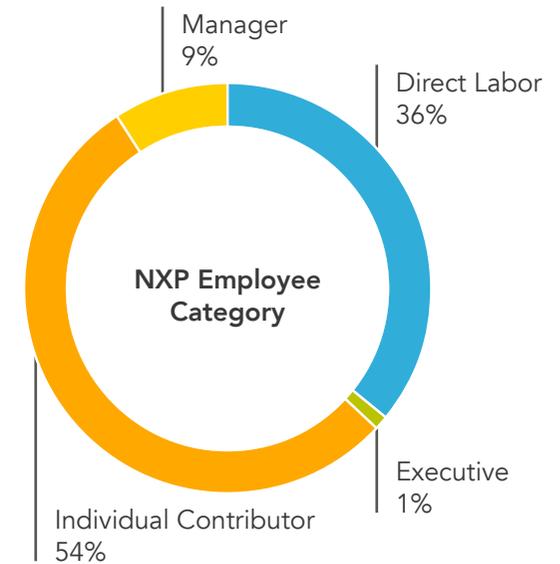
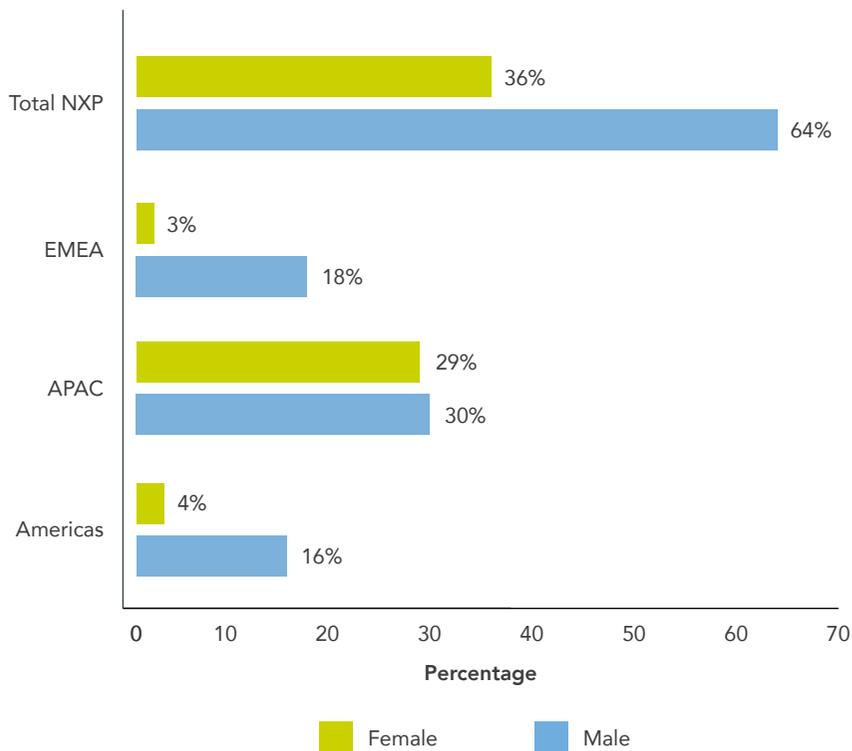
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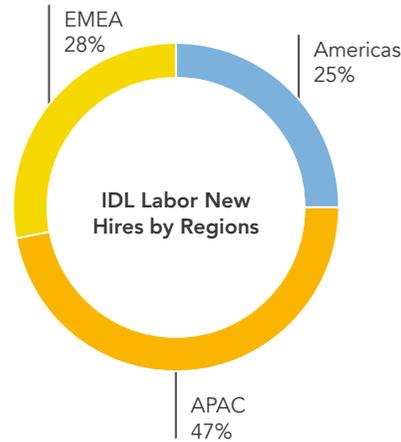
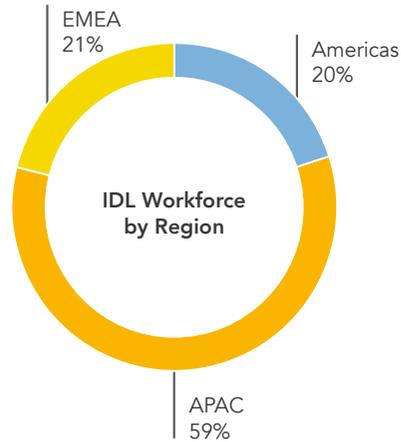
The nature of the labor force in our operations include direct labor (DL) and indirect labor (IDL). DL are those employees who physically touch the product and are involved in the production of goods, while IDL consists of individual contributors, management, and executive level employees. We also engage contingent workers and we directly hire foreign migrant workers recruited with the support from NXP-approved labor agencies that provide support in document processing, such as visa applications and renewals and dormitory accommodations.

Below is the employee demographics information as of December 31, 2019. The data provides a high-level overview of the employees who make up our workforce.

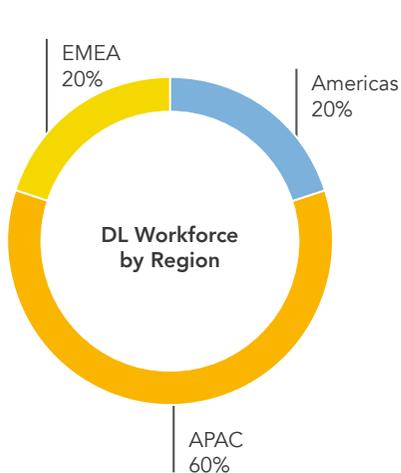
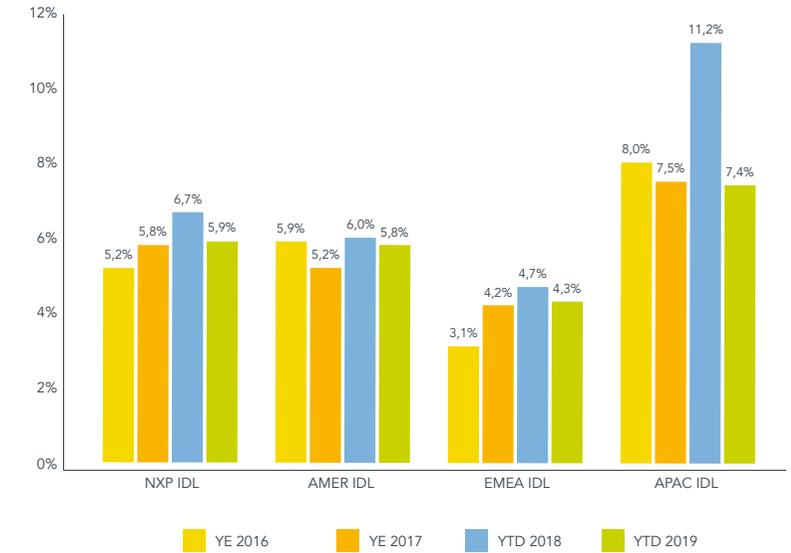


### Gender of workforce

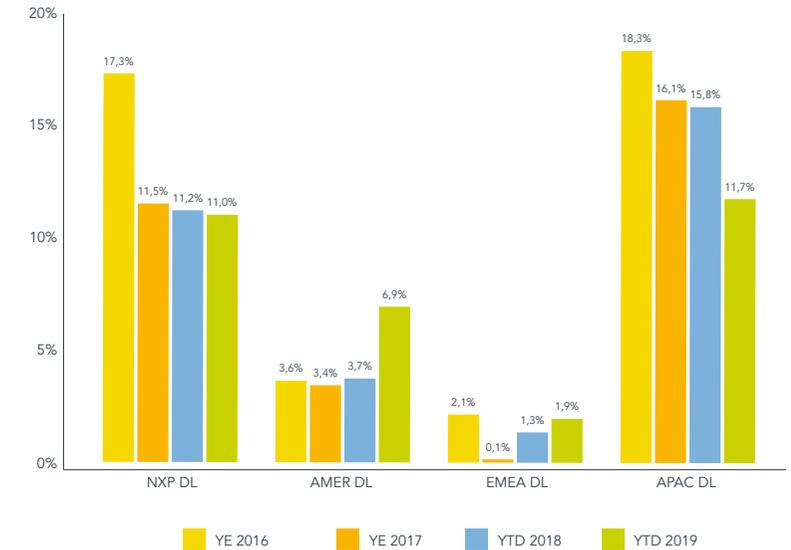




IDL Voluntary Attrition



DL Voluntary Attrition



# HUMAN RIGHTS

## NXP's 2019 Human Rights Highlights



<p><b>No Fees</b> Workers did not pay fees</p>	<p><b>Retention of Documents</b> Personal documents were retained by all workers</p>	<p><b>Child Labor</b> Child labor has not been found</p>	<p><b>Fair Wages</b> No discrepancies in wages or benefits</p>
--	--	--	--

NXP and our business partners shall 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 do not accept any form of discrimination based on race, national origin, color, gender, religion, age, pregnancy, sexual orientation, physical or mental disability or political affiliation. NXP forbids charging fees to employees throughout every stage of employment and prohibits retention of personal or government issued documents. NXP allows the freedom of association and the right to collective bargaining

**No Fees**

Since 2013, NXP had a no-fees policy for all workers including temporary, migrant, intern, contract, direct employee or any other type of worker for internal operations and since 2016 for our suppliers. This policy ensures workers are not required to pay fees, deposits, or debt repayments for their recruitment or employment. Examples of fees include the application, recruiting, hiring, placement, and processing fees of any kind at any stage. Additional fees such as pre-departure fees for tests and medical exams, documentation and government issued documents and all transportation (which includes transportation when a worker returns to their sending country at the end of employment). If NXP discovers fees have been paid by workers whether in our company or in our supply chain, fees must be reimbursed to the worker.

**No Retention of Documents**

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

**Contracts**

Contracts must be written in a language understood by the worker and be provided prior to departure or hiring and must clearly outline the working conditions, including 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 and the housing standards found in the NXP Auditable Standards. 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.

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**Child Labor**

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. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 must not perform work that is likely to jeopardize the health or safety of juvenile workers, including nightshift, overtime, or hazardous work.

**Working Hours and Rest Days**

A work week must not be more than 60 hours per week, 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 migrate to their home towns. These situations must be approved by executive management. All overtime is voluntary. Workers must be allowed at least one day off after six consecutive days of work. Workers are allowed legally mandated breaks, holidays, and vacation days to which they are legally entitled such as maternity leave.

**Compensation**

Compensation 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. 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 to local legal requirements and contractual agreement. No worker is paid less than the legal minimum wage with equal pay for equal work. If the country does not have a legally set minimum wage, the industry prevailing wage will apply as the standard. All overtime hours must be paid at the appropriate overtime rate applied to the base wage as required by applicable laws and regulations or employment contract, whichever is higher. For each pay period, employees must be provided with an understandable wage statement that includes sufficient information to verify accurate compensation for work performed 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 (e.g. taxes, social insurance), must be understood by the worker.

**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. 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. Workers must be provided with reasonable accommodation for religious practices. In addition, workers or potential workers may not be subjected to medical tests or physical exams that could be used in a discriminatory way.

**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, other worker organizations or engage in collective bargaining.

**HUMAN RIGHTS DUE DILIGENCE**

To prevent and mitigate adverse human rights impacts, we use input from internal and external resources to prevent human rights abuses from occurring. Due diligence is an integral part of our business decision making and risk management systems. Our due diligence processes in place respects 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, measurement and public reporting. NXP is examining human rights risks on a continuous basis and relying on feedback and engagement with our stakeholders as we continue to evaluate human rights risks.



**Identify & Assess**

- Supplier risk assessment
- Self-Assessment Questionnaire
- Audit
- Collaboration and engagement with stakeholders & human rights experts



**Integrate & Act**

- Policies, standards and tools
- Social Responsibility Board
- Capacity Building
- Collaboration with Purchasing
- Monthly follow-up calls after audit
- Collaboration and Engagement with stakeholders & human rights experts



**Track**

- 30-60-90 day post audit follow-up calls
- Verification audits
- Monthly KPIs
- Survey
- Private worker interviews



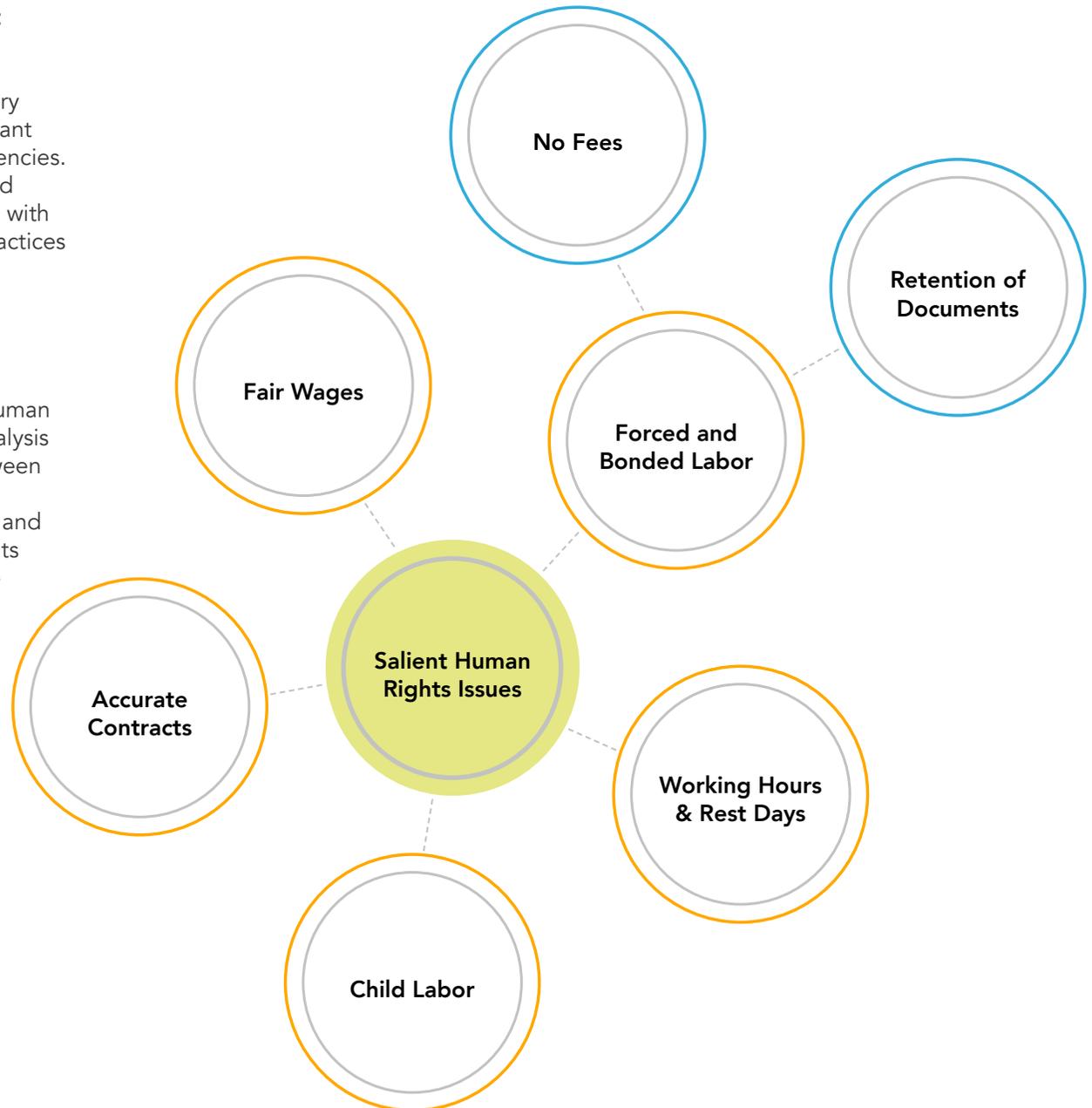
**Communicate**

- Speak Up Hotline
- Worker-Management Dialogs/Focus Group Discussions
- Internal & supplier grievance mechanisms
- Annual reporting

**Human Rights Salient Assessment**

The nature of the labor force in our operations and supply chain uses indirect labor, direct labor, temporary and agency workers as well as migrant workers recruited through labor agencies. We involve all relevant functions and businesses across NXP and engage with external stakeholders to identify practices that may lead to a greater risk of non-compliance with our policies and standards.

The NXP social responsibility and purchasing teams identify salient human rights risks through our own risk analysis and through the collaboration between key stakeholders such as industry associations, expert groups, NGOs and results from the supplier assessments and audits. The issues that we have determined to be most critical, specifically related to labor and human rights within NXP and in our supply chain, are:

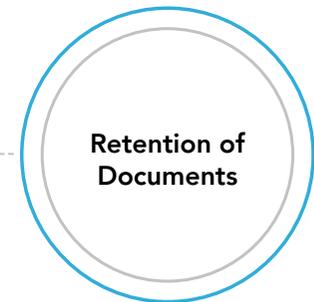


We mitigate these risks through improvements to our policies, strategies, collaborative capacity building, self-assessments and audits within NXP and our supply chain.



- Clear policy against charging fees to workers and ensures compliance.
- May not charge fees for job placement services.
- In case workers are found to have paid fees to gain employment, reimbursement to workers is required to be complete within 30 days of discovery. Grievance mechanism is in place to confidentially report any violations of this policy.
- Grievance mechanism is in place to confidentially report any violations of this policy.

- Clear policy in place that workers are not required to surrender personal documents.
- Personal, lockable, secured storage units are available in facilities, dormitories/housing or both.
- Grievance mechanism is in place to confidentially report any violations of this policy.



- Policy in place 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 in place to identify and administer the policy.
- Regular workweek cannot exceed 48 hours in which the daily scheduled work cannot exceed 12 hours a day.
- Workers receive at least one day off per every seven days worked with not more than six consecutive days of work.
- Workers allowed at least a 20 minute rest break every four hours worked as well as a defined meal break., holidays and vacation days to which they are legally entitled.
- Workers are provided with legally mandated holidays and vacation days.
- Grievance mechanism is in place to confidentially report any violations of this policy.

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- 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.
- Comprehensive policy for child labor that clearly states the minimum age for workers.
- Comprehensive policy in place for workers under the age of 18 prohibited the performance of work that may jeopardize their health or safety, including nightshift and overtime.
- Age verification process with inspection of validity of at least two identity documents which will be returned to worker.
- Personal record systems in place as a means of identification and verification.
- If workers are discovered below the legal age limit, workers will be protected and provided the opportunity for completion of education.
- Grievance mechanism in place for anonymous reporting of non-compliance.

**Child Labor**

**Accurate Contracts**

- Contract may not violate relevant laws or place a worker at risk.
- Provide the worker prior to departure or hiring with accurate written employment contract with details of working conditions including: nature of work, wages, benefits and duration of contract.
- Contract written in a language that they understand prior to employment. If amendments are made prior to employment, contract must provide equal or better terms of employment.
- Workers are provided with a copy of the contract.
- Contracts ensure workers are free to leave their employment upon giving reasonable notice without penalty per applicable law and regulations.
- Grievance mechanism is in place to confidentially report any violations of this policy.

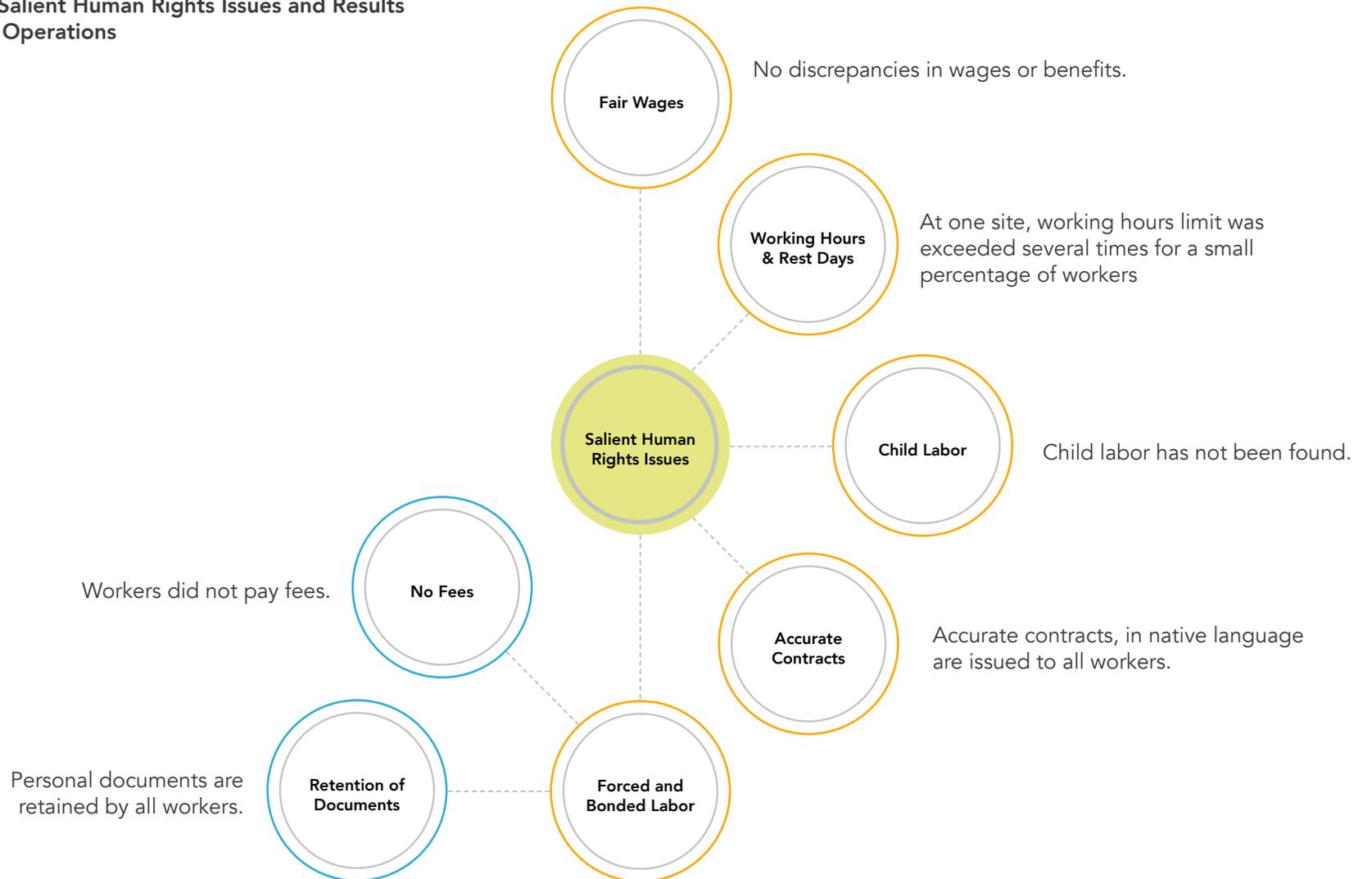
- Workers cannot receive less than the legal minimum wage for all regular hours worked. If legally minimum wage is not set, then the industry prevailing wage will be the standard.
- Overtime rates are to be applied to the base wage as required by law or employment contract, whichever is higher. (Where 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 pay slips in a language they understand with clear details regarding regular and overtime hours worked and rates.
- Wages are paid at a minimum of 14 days after the end of the working period.
- Deductions as a disciplinary measure are prohibited.
- Grievance mechanism to dispute wage and benefit related payments are available.

**Fair Wages**

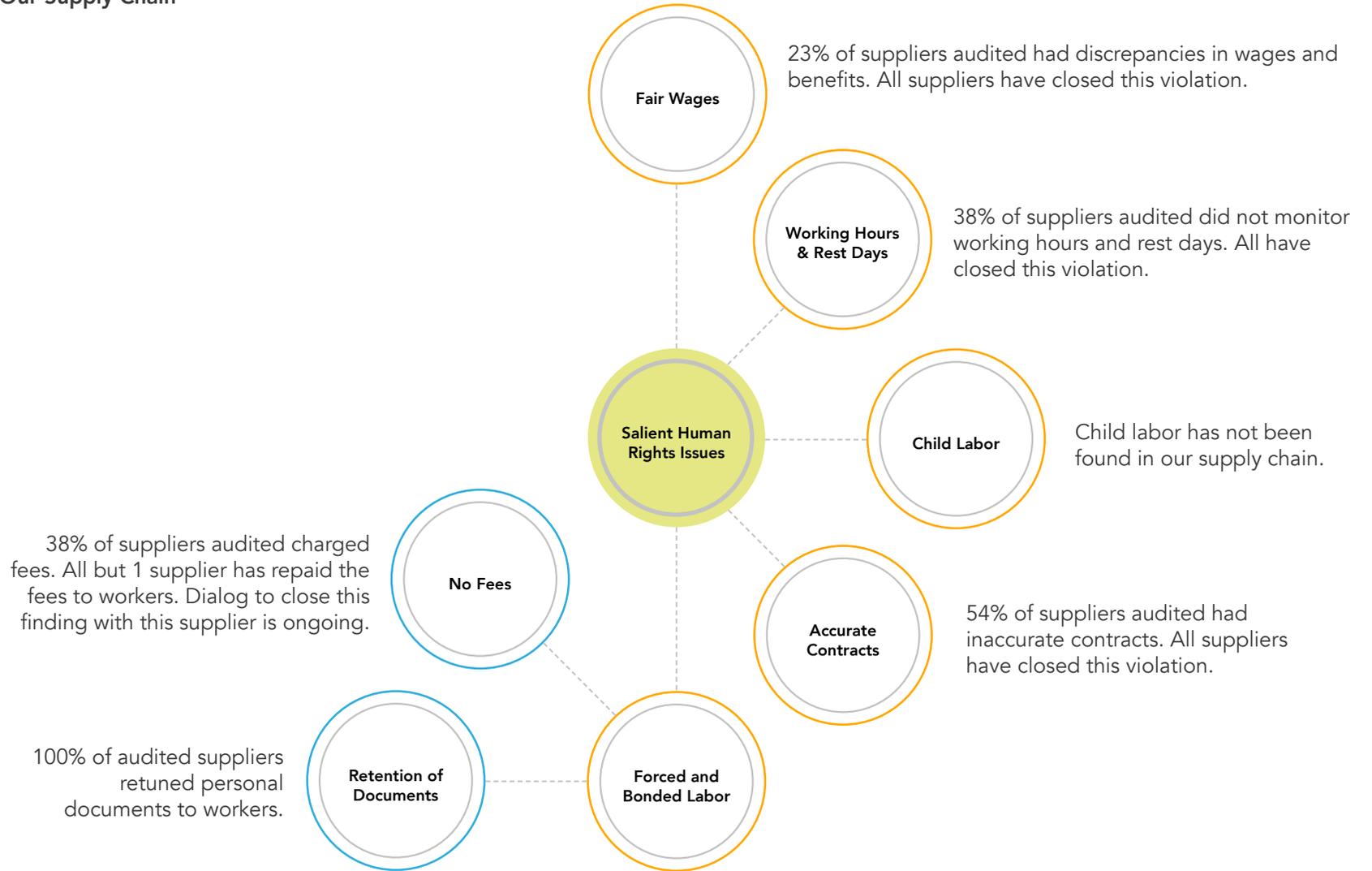
**Human Rights Salient Issues 2019 Results**

The 2019 results of our salient human rights in our operations and our supply chain are as follows:

**2019 Salient Human Rights Issues and Results – Our Operations**



2019 Salient Human Rights Issues and Results – Our Supply Chain



## HEALTH AND SAFETY

NXP aims to be a safe workplace with zero injuries and zero occupational diseases and ensure healthy lives and well-being for all. We engage with our employees through VP communication meetings, recognition/ awards, intranet, news, emails, surveys and trainings.



We ensure the health and safety of our employees through advanced management systems and certification.

All manufacturing sites and the corporate headquarters are certified to OHSAS 18001 and are audited both externally and internally for 3rd party certification. Our non-manufacturing sites follow our internal procedures related to health and safety. These audits help us control our risks and improve performance to keep our employees healthy and safe.

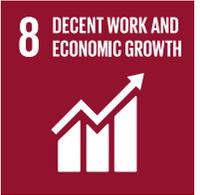
Annually we conduct risk assessments and site self-assessments to allow the sites to evaluate the management system in place and any potential risks or safety hazards, weigh them against the likeliness of occurrence and proactively mitigate those risks and hazards through programs, procedures and engineering controls.

### NXP's 2019 Health and Safety Highlights

**0.12**  
Injury Rate (TCIR)

**OHSAS**  
**18001**  
certified

**90%**  
Employees  
feel safe at work



**HEALTH AND SAFETY GOVERNANCE**

Health & Safety principles are embedded in our Corporate Sustainability Policy as signed by the CEO.

The Environment, Health & Safety (EHS) Executive Board has taken an initiative to drive a “Safety-First” culture. They set and approve targets each year and review safety metrics within our factories on a weekly basis. Each incident is closely scrutinized, root cause analysis conducted, corrective actions taken and communicated to our global sites for continuous improvement. Within the Sustainability Management team, the Corporate EH&S Director and the EHS Worker Councils/Committees have several responsibilities. They establish risk mitigation strategies, develop and deploy standards, programs, and procedures to reduce health and safety related risks. NXP uses benchmarks and expertise to develop requirements and targets for manufacturing sites.

Each of our sites have EHS councils or committees, in which the employees are able to consult and participate. These councils perform periodic walk throughs to evaluate safety and potential areas of risk to continuously improve and demonstrate our commitment to safety. They meet regularly to assist with hazard identification and risk assessments, incident investigation, implementation of EHS policies, and to identify opportunities for continual improvement of the EHS Management Systems. The councils also take an active role in areas of awareness and training.

**VALIDATION**

The Sustainability Office validates data and information entered in the Health & Safety databases according to the frequency given in the reporting standards. Validation consists of the following steps:

- Check for completeness of data (locations and parameters)
- Compare data from the reporting period with data from previous periods
- Determine whether changes in data are significant
- Seek explanations for significant data movements
- Compare linked data (e.g. number of illnesses and injuries versus lost work days)
- Investigate notable events

The EHS teams within each of our manufacturing sites performs weekly and monthly reviews with the senior management. During these reviews, results are examined from the Health & Safety database, progress of improvement projects is discussed and expectations for the next period are set.

To ensure reliable, accurate and complete reporting, internal data audits of the manufacturing sites and the larger office and R&D sites are conducted. The audits check for proper reporting procedures and data trails.



**WORKER VOICE**

From 2018-2019 the Health and Safety team launched a survey to all employees that work in the wafer fabs and assembly and test sites to evaluate if they felt their workplace was safe for them, if they are receiving adequate training to perform their job and if they felt their voices were heard.

With ~70% response rate, the results were positive and we learned the most from the comment section of the survey, which provided management specific and tangible areas for improvement. For example, employees wanted more communication on safety issues and steps they can do themselves to prevent injuries.

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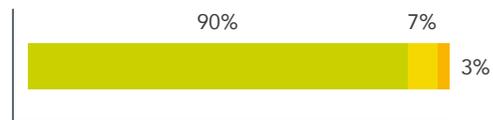
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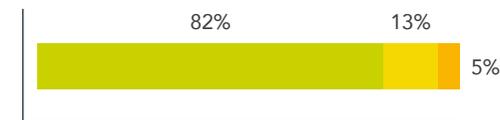
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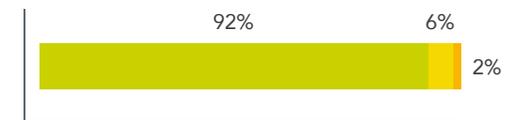
I feel safe when I am working.



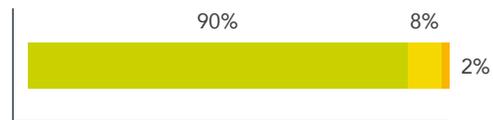
There is regular communication between employees and management about safety.



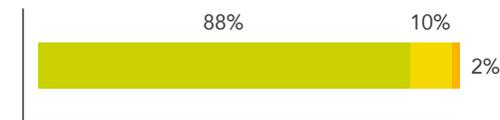
I am trained adequately to perform my job in a safe manner.



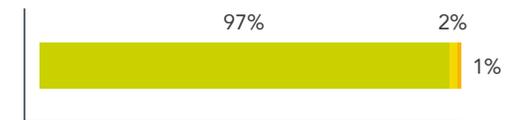
I am comfortable voicing concerns or making suggestions about safety.



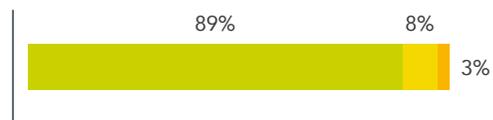
Safety concerns are investigated quickly.



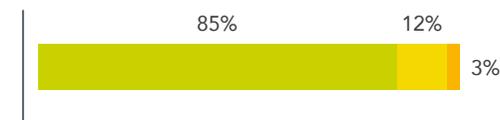
I agree that safety starts with me.



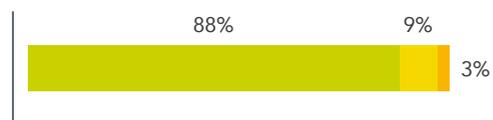
I believe health and safety is a priority for my manager.



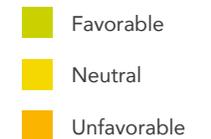
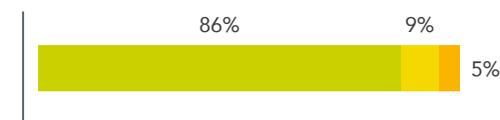
Safety concerns are fixed quickly.



I believe any safety concerns raised would be made a high priority.



I know who to contact other than my manager on safety concerns.



## HEALTH AND SAFETY

### HEALTH

We are committed to a culture of a healthy and productive workforce. Health and wellness encompasses physical and emotional health, social support and spiritual wellness.

### Health Programs

#### Medical

Our manufacturing sites all employ occupational health specialists and most have in-house clinics. Most other sites also employ occupational health specialists. We also contract doctors at certain locations who provide job-related medical services for our employees. We offer comprehensive health insurance plans and many of our sites organize annual physicals and preventative health screenings and flu shots.

#### Physical

At NXP, we strive to ensure a healthy workplace balance for our employees. Several of our global sites offer subsidized gym membership plans, access to fitness classes and or on-site facilities. In addition to physical fitness, we offer programs and guidance focused on nutrition, weight loss, physical fitness and avoiding unhealthy habits like smoking, drinking and drug use.

#### Emotional/Mental

We provide employee assistance programs at many of our global sites. These programs provide resources which allow employees to find and consult with specialists for their mental well-being and major life events.

### SAFETY

We work proactively at all levels of the workforce to identify potential issues or concerns in the workplace, develop measures to address them and make it easier for people to get their jobs done.

We align our safety programs with a priority on preventing employee's potential exposure to hazards such as chemicals, fire, radiation, mechanical, handling and ergonomic risks.

Safety risk assessments are carried out globally to ensure work-place-related risks that may result in danger of an employee is identified and protective measures are taken to minimize these risks.

Qualified safety experts supervise the protective measures and create safe and ergonomically friendly workplaces, including areas of production or other technical areas and office workplaces.

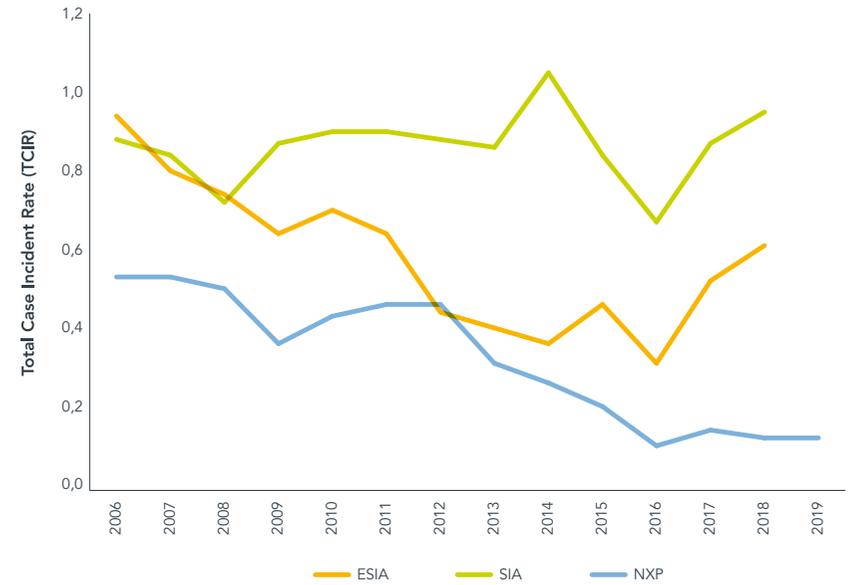
In line with the Safety-First culture, our proactive initiatives such as:

- Emergency Response Team with employees
- Safety committees that include non-management employees
- Multiple grievance mechanisms to raise safety concerns to management
- Safety walks performed by trained managers
- Monthly meetings
  - Share accidents, incidents including first aid, near misses and high potential incidents.
  - Adapt our prevention and practices to different situations
- Global safety training
  - Chemical handling
  - Chemical management & safety
  - Emergency response drills
  - Ergonomics
  - Local required training related to job function

The recording and evaluation of work-related accident figures is performed based on Recordable Case Incident Rate (TCIR), Severity Rate and Occupational Illnesses and Injuries.

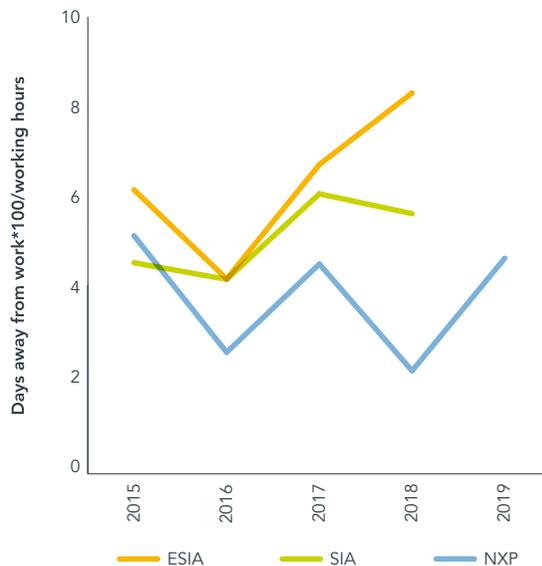
There were no fatal work-related accidents for our workers or contractors at NXP in the 2019 calendar year. Our injury rate is low for a semiconductor company.

Injury Rate (TCIR)



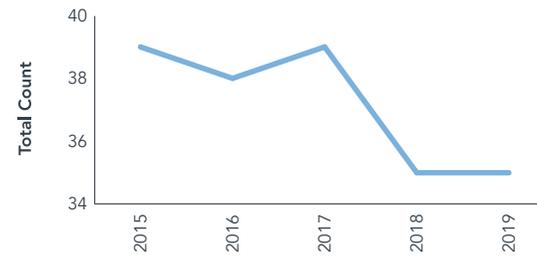
The severity rate is a calculation that gives a company an average of the number of lost days per recordable incident, which indicates how severe the injury was. In 2019, our severity rate saw an increase to 4.40. The severity rate can increase due to a work-related injury of a single incident which may require more time off. In 2019, there were three incidents that resulted in a significant amount of time away from work. Our successful efforts to share and communicate issues and root causes across all sites is reflected in our ability to remain below the industry averages for severity rate. Our EHS global teams will address the severity rate increase by continuing to improve work place safety and increasing safety awareness.

Severity Rate



Occupational illness and injuries are decreasing. We attribute this to our efforts in making our workplaces safer.

Occupational illnesses and injuries



NXP in Action

In 2019, the Kuala Lumpur site won the Malaysian Society for Occupational Safety and Health (MSOSH) award. The MSOSH award is presented to organizations in Malaysia with proven outstanding Occupational Safety and Health performance. The site was audited against a stringent set of standards in which documentation and site verifications were evaluated.



NXP in Action

In 2019, the Oak Hill site has continued to be recognized by United States OSHA as a "Voluntary Protection Program (VPP) Star Among Stars". This program recognizes the site as a top tier performer with injury rates well below the national averages and with employees and management who demonstrate excellence in workplace health and safety.

In 2019, due to a safety related incident that occurred in our Nijmegen facility in 2013, there was a court ruling that ended up with a fine assessed to NXP. Outside of this 2013 incident, there were no incidents in 2019 that resulted in fines or sanctions in connection with non-compliance with health and safety laws and regulations.



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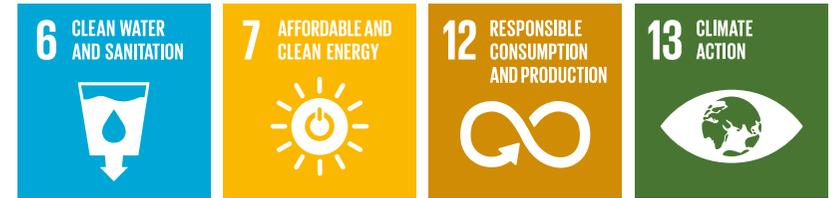
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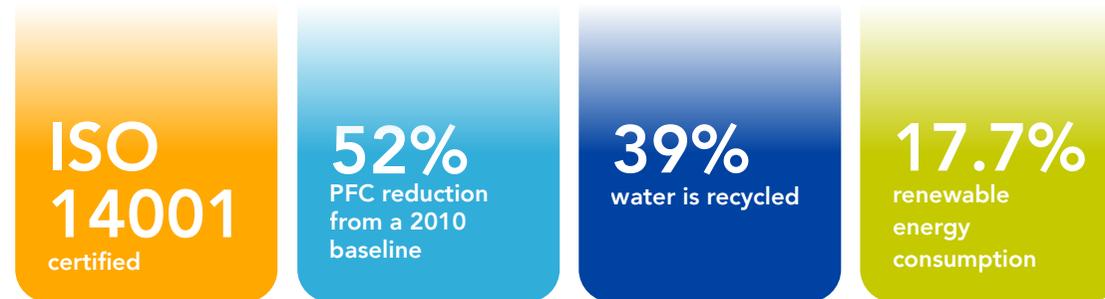
The background of the page is a high-angle, vertical photograph of a modern building's atrium. The space is characterized by its clean, white architectural lines and glass railings on the upper levels. In the center, there is a lush green space with a variety of plants, including a tall palm tree and several smaller, leafy plants. The lighting is bright and even, highlighting the architectural details and the vibrant greenery.

# ENVIRONMENT

# ENVIRONMENTAL MANAGEMENT



## NXP's 2019 Environment Highlights



The availability of natural resources is one of the greatest global challenges. Increasing resource efficiency enables both environmental and economic potential and is an essential pillar in our Sustainability Policy and strategy. NXP is committed to the prevention of pollution and conservation of the earth's natural resources. NXP does this through the development of sustainable products, materials and manufacturing processes. We drive continual improvement of our processes to protect the environment by designing, implementing and maintaining a management system and programs to achieve our objectives. We also require that our contractors and suppliers adopt prudent environmental principles and practices. We are working to be an industry leader in reducing, reusing and recycling.



Our approach to environmental sustainability is guided by our Sustainability policy, which forms the basis from which our company implements, maintains and improves our environmental management system. Our environmental management system is certified to the International Organization for Standardization (ISO) 14001 at all of our manufacturing sites and our corporate. Some since 2000 and all since 2010. 2019 resulted in no Notice of Violations (NOVs) from external government bodies.

**ENVIRONMENTAL GOVERNANCE**

Key environmental principles are embedded in our Corporate Sustainability Policy as signed by the CEO. The Sustainability policy is developed and deployed by the Sustainability Management team.

The Environment, Health & Safety (EHS) Executive Board sets and approves targets each year and reviews metrics within our factories. Within the Sustainability Management team, the Corporate EH&S Director and EHS managers have several responsibilities. They establish environmental risk mitigation strategies, develop and deploy standards, programs, procedures, share resources and appoint people to programs and projects worldwide.

NXP complies with applicable legislation and regulation. Where laws and regulations do not meet our standards, NXP adopts its own vigorous standards to protect the environment. NXP drives continual improvement in its performance by designing, implementing and maintaining a management system and the programs to achieve its objectives.

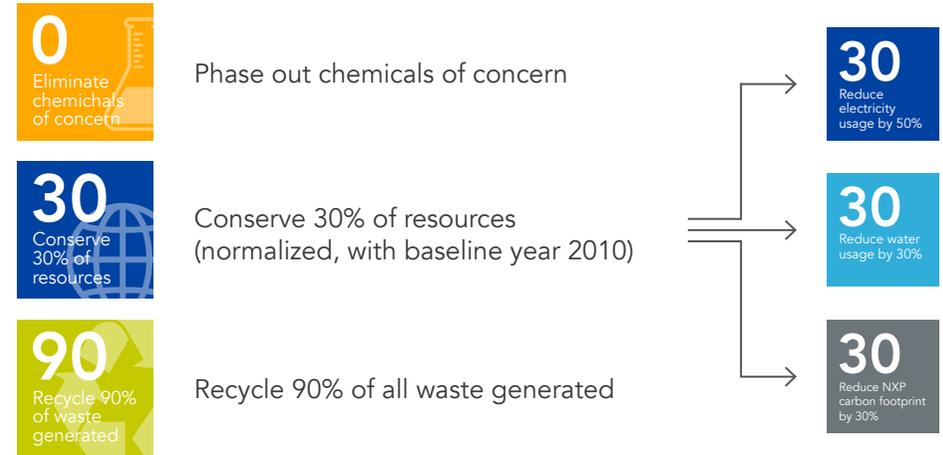
Our environmental program focuses on environmental issues including:

- Minimizing greenhouse gases
- Reducing our energy and water consumption
- Managing chemicals of concern, minimizing hazardous waste and reducing pollutants

NXP has not recorded any significant spills, fines or sanctions with noncompliance with environmental laws and regulations in 2019.

**ENVIRONMENT GOALS**

NXP's 2020 environmental goals are based on a normalized 2010 baseline. By 2020, NXP wants to reduce electricity usage by 30%. Reduce water usage by 30%. Reduce our carbon footprint by 30%. Recycle 90% of all waste generated and phase out chemicals of concern.



**RISK ASSESSMENTS, SELF-ASSESSMENTS AND AUDITS**

**Risk Assessments**

All NXP manufacturing facilities conduct annual risk assessments for Environment covering the ISO standard. The risk assessments allow the sites to evaluate potential risks or environmental hazards, weigh them against the likeliness of occurrence, and proactively mitigate those risks and hazards through programs, procedures and engineering controls.

**Self-Assessments**

Self-assessments are done annually via a checklist that each site completes, evaluating the Management System elements of the ISO standard. Each site follows up with their findings of their corrective actions. As a member of the Responsible Business Alliance (RBA) each NXP factory completes an RBA Self-Assessment questionnaire that addresses environment as well as management systems.

**Audits**

NXP Corporate EHS conducts internal audits at each manufacturing site. This is completed along with a third-party consultant, if necessary, and a senior EHS manager from a different site. These internal audits are conducted every 30 months and audit findings are categorized according to severity. The corrective actions for these findings are formally reported and tracked via an audit management system.

Third-party audits are conducted by our registrar (LRQA). Each year, on average, they evaluate two sites in addition to

Corporate EHS. LRQA determines which sites are audited each year. A sampling of compliance and management systems are audited and a formal report is issued and corrective actions are tracked until we demonstrate to LRQA that they are effectively closed.

Each NXP manufacturing facility has a Social Responsibility audit supported by a NXP-approved third-party audit firm. NXP facilities are required to demonstrate success in the deployment of environment as part of the social responsibility audit. All facilities should not have any core violation findings as specified by the NXP standards on Social Responsibility. The Social Responsibility audits include many different components, such as document reviews, employee and management interviews and facility inspections.

**Training**

To ensure that everyone at our sites has the right skills and disciplines to minimize environmental risks, employee training is conducted worldwide each year. A range of educational programs provide on-the-job training. In addition, specialized trainings in environmental matters, quality controls and chemical management are conducted.

In 2019, EHS continued working on implementing across all sites, improving the process for workers of all levels to participate and consult in EHS incident investigations and management systems planning.

**Validation**

We use a Sustainability Management System to gauge our performance. Our

reporting manuals contain reporting instructions for these systems, including definitions, procedures and calculation methods. Environmental data is reported and validated by the Sustainability Office monthly. Data is reported on every manufacturing facility that a) we own, rent or lease and manage, b) has 50 or more people working in production, and c) is consolidated for our financial reporting.

The Sustainability Office validates data and information entered in the Sustainability Management System according to the frequency given in the reporting standards. Validation consists of the following steps:

- Check for completeness of data (locations and parameters)
- Compare data from the reporting period with data from previous periods
- Determine whether changes in data are significant
- Seek explanations for significant data movements
- Investigate notable events

The Sustainability Office performs monthly formal reviews with all wafer fabs and assembly and test sites. During these reviews, we examine the results from our Sustainability Management System, discuss the progress of improvement projects and set expectations for the next period.

To ensure reliable, accurate and complete reporting, the Sustainability Office also conducts internal data audits of the manufacturing sites and the larger office and R&D sites. The audits check for proper reporting procedures and data trails.



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Reducing NXP's carbon footprint are initiatives that can make our world a better place. Regarding our operations, there are operational controls that we can make improvements to be a more responsible corporate citizen. Reducing our carbon footprint has been identified as a salient issue that our company can address and improve upon. We have company initiatives that focus on the effects of our operations and how it impacts the environment at large.

Semiconductor manufacturing is not considered a major contributor to global warming, but our operations do directly and indirectly emit greenhouse gases such as PFC's and emissions from purchasing electricity. We measure, manage and report our Scope 1, 2 and some Scope 3 emissions. Emissions are reported in terms of tons of CO<sub>2</sub> equivalents.

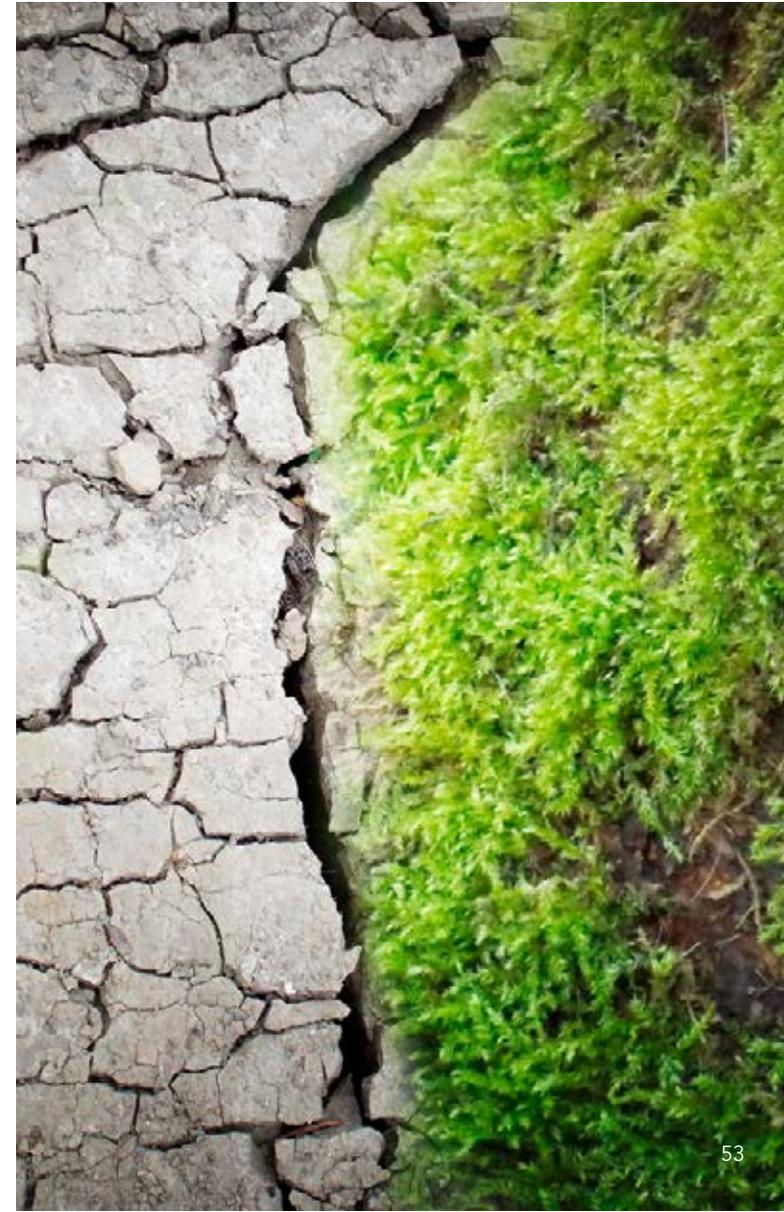
**GOAL**

NXP's 2020 goal is to reduce our normalized carbon footprint by 30% from a baseline year of 2010. In addition, NXP strives to aggressively reduce our "absolute" emissions, meaning a reduction regardless of the expended growth of production. Our production normalizer is based on the square meter of silicon wafers produced.

**STRATEGY**

NXP aims to reduce our carbon footprint, through utility consumption conservation, process optimization, greenhouse gas replacement, point of use abatement projects, optimizing product transport and business travel. As part of this effort, our combined sites had multiple reduction projects such as:

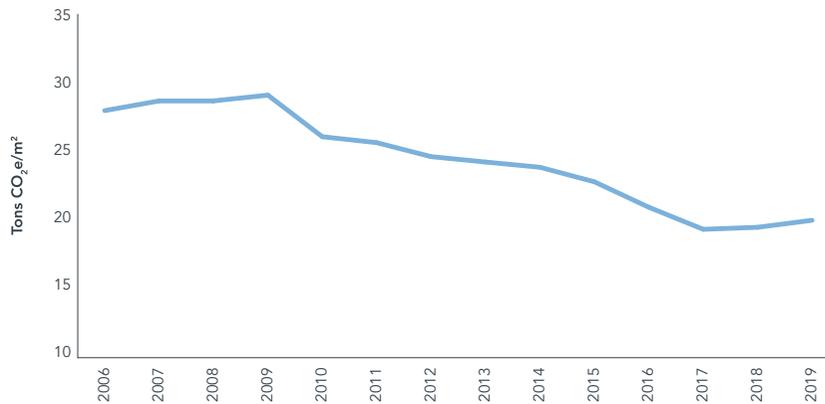
- Installing new abatement equipment to reduce Perfluorinated Compounds (PFC) emissions
- Using substitute chemicals to reduce heat transfer fluid emissions from our equipment
- Design new testing equipment to capture emissions from heat transfer fluids
- Increasing our consumption of renewable energy sources
- Optimizing building operations and product testing processes
- Powering down equipment when not utilized
- Using efficient lighting technologies and schedules



**PERFORMANCE**

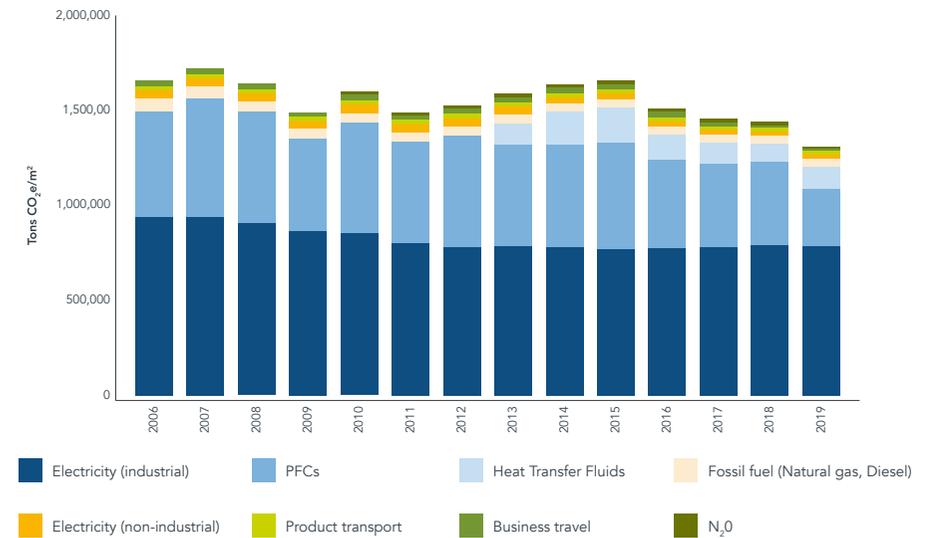
Between 2010 and 2019, our normalized total emissions for Scope 1, 2 and 3 (direct and indirect) decreased by approximately 24% and our total absolute emissions reduced by 18%. Our normalized Scope 1, 2 and 3 emissions increased slightly from last year due to the reduction of products produced, our denominator of the normalized calculations. However, our total absolute emissions have steadily decreased resulting from the many projects over the past 9 years.

**Normalized Scope 1, 2, and 3 Emissions**



Our Scope 1 Emissions include fossil fuel (e.g. to heat buildings and the use in generators), the six Kyoto gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and SF<sub>6</sub>, including PFCs in our manufacturing of integrated circuits, and the use of HTFs, such as HydroFluoroCarbons (HFCs) and Perfluoro Ethers for device testing and cooling purposes. Our Scope 2 emissions include electricity purchased. Our Scope 3 emissions include business travel and product transport.

**Total Scope 1, 2, and 3 Emissions**

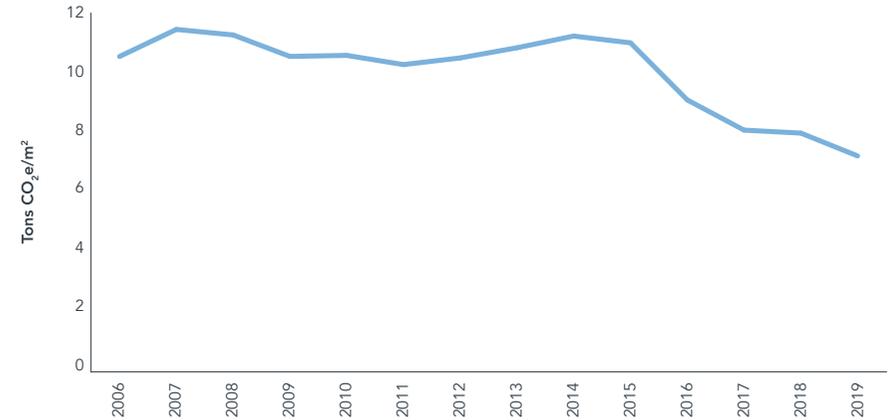


**SCOPE 1 EMISSIONS**

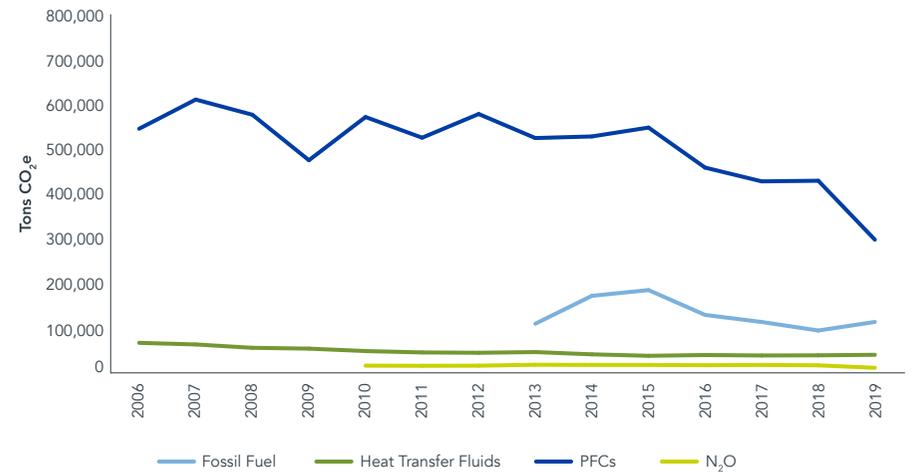
In 2019 our normalized Scope 1 emissions decreased by 32.5% from a 2010 baseline.



**Normalized Scope 1 Emissions**



**Total Scope 1 Emissions**



**FOSSIL FUELS**

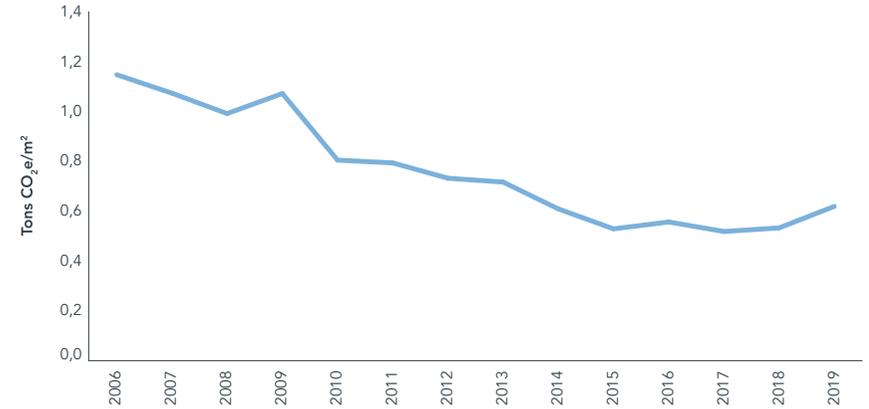
Fossil fuels are hydrocarbons, primarily coal, fuel, oil or natural gas. The burning of fossil fuels by humans is the largest source of CO<sub>2</sub> emissions. Fossil fuels are still the main source of energy in the global economy.

At NXP, the most commonly used fossil fuel is natural gas, used for heating and humidity control in our clean rooms. NXP's use of natural gas depends strongly on both the external temperature and internal production activity within the manufacturing facilities. Diesel is also used at NXP for back-up generators.

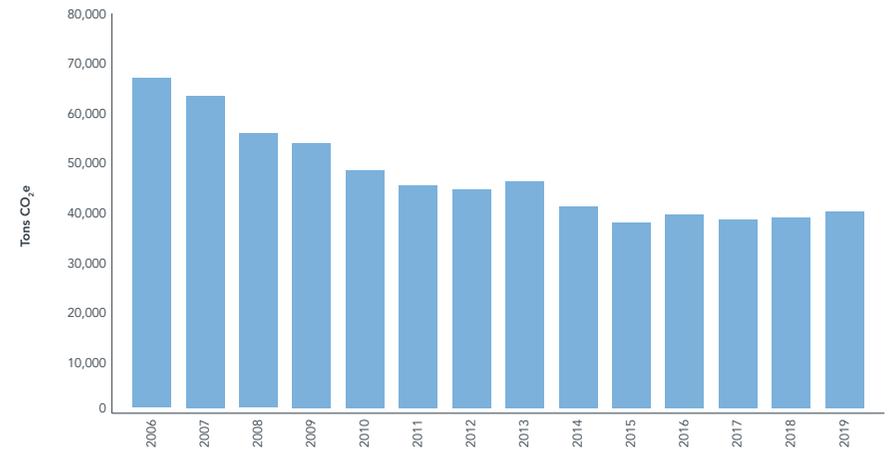
From 2010 to 2019, our normalized fossil fuel emissions decreased by more than 23%. Our normalized and total fossil fuel emissions increased from 2018 due to an increase in consumption and the reduction of products manufactured.

The natural gas increase occurred at one site because they increased their square footage by 30%. Additionally, three sites purchased more natural gas due to the cyclic nature of climate changing year upon year for heating requirements. We report diesel based on the purchase record. Diesel is primarily used for our emergency generators (primarily consumed for testing purposes) and forklifts. The purchase of diesel is not distributed evenly throughout the years in which there was an increased shift of purchasing from 2018 to 2019.

**Normalized Fossil Fuel Emissions**



**Total Fossil Fuel Emissions**



**PERFLUOROCARBONS (PFCs)**

PFCs are essential chemicals in today’s semiconductor manufacturing processes. When it comes to etching integrated circuitry onto silicon wafers, or cleaning the internal chambers of deposition equipment, there are no alternatives for PFCs. Without them, semiconductor companies would not be able to produce the complex, high performance ICs that have become so essential to our daily lives. Nevertheless, PFCs pose a serious dilemma for every semiconductor company. We have essentially exhausted the two most cost-effective options for PFC reduction—process optimization and switching to alternative gases.

We recognize the undesirable impact PFCs have on the environment and have joined with others in the semiconductor industry to seek ways to minimize their use and emissions. For example, NXP signed the Memorandum of Understanding in the US and the Memorandum of Agreement in Europe, to voluntarily reduce the emissions of PFCs. The industry achieved this target before the 2010 deadline. The European Union has recognized the semiconductor industry’s proactive approach by granting an exemption to the so-called F-gases regulation. It is a voluntary agreement. No ban on the use of PFCs for critical applications has been imposed on the semiconductor industry in Europe. We are, however, committed to looking for alternatives.

Like the rest of the semiconductor industry, NXP Semiconductors

remains strongly devoted to its proactive management of PFC emissions. We support the New 2010-2020 Global Semiconductor Industry Voluntary Agreement, including the Best Practice Guidance which addresses worldwide emissions from semiconductor manufacturing for the present decade. The agreement is supported by all members of the World Semiconductor Council (WSC) and covers the optimization of production processes (so they consume less greenhouse gases), the replacement of greenhouse gases with global warming potential (GWP)-free or lower-GWP alternatives and use of the most up-to-date abatement technology.

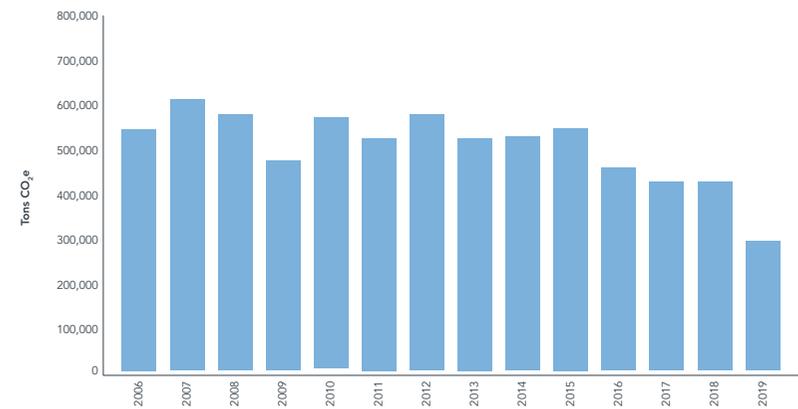
NXP also has its own goals for the reduction of PFC emissions. We proactively review Point-Of-Use (POU) abatement when we maintain, replace or relocate existing fab tools. As we upgrade existing process tools, we add POU abatement, when feasible. If such POU abatement is not feasible, we look for measures elsewhere in our factories to compensate for the emissions. In 2019, the Chandler fab installed 4 abatement equipment to further reduce the emissions of PFCs (NF<sub>3</sub>, CF<sub>4</sub>, C<sub>2</sub>F<sub>6</sub>).

As a global company, we use the Intergovernmental Panel on Climate Change (IPCC) for calculating our PFC emissions using the Tier 2b methodology. From 2010 to 2019, our normalized total PFC emissions decreased by 52%, even though many of our products have become more complex, requiring additional manufacturing steps and hence more PFCs.

**Normalized PFC Emissions**



**Total PFC Emissions**



**HEAT-TRANSFER FLUIDS (HTFs)**

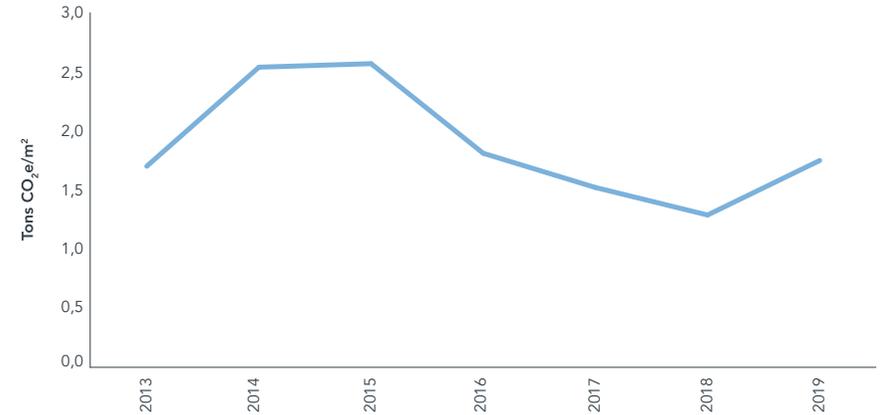
NXP uses HTFs for device testing, for cooling purposes (manufacturing tools, facilities, and air-conditioning), and in a few cases as a fire suppressant.

During the manufacture of semiconductor devices, HTFs serve as coolants in chillers, removing excess heat during many manufacturing processes. During semiconductor device testing, devices are immersed in containers of HTFs, cooled or heated to a desired temperature to verify their integrity and exposed to HTFs to prevent overheating during certain tests. HTFs are also used to attach semiconductor devices to circuit boards via solder, which may be melted by the vapor of an HTF heated to its boiling point.

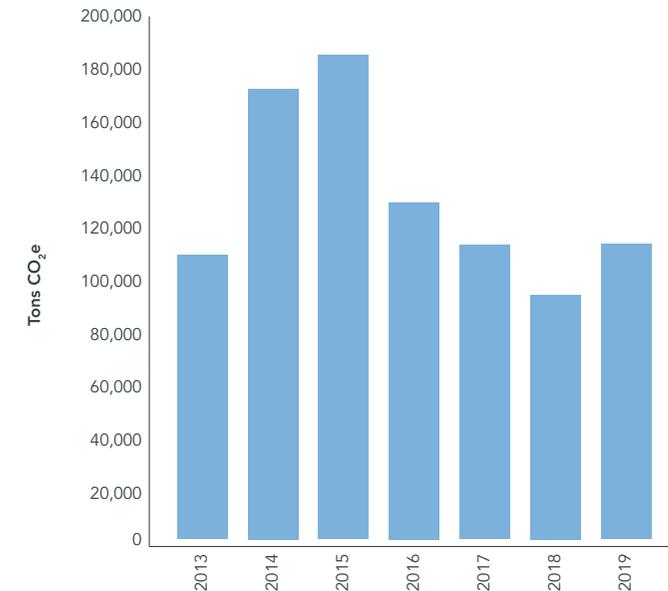
Some of the HTFs we use are ozone-depleting substances and, as such, are strictly controlled. For instance, the European Union has adopted regulation EC No 1005/2009 on substances that deplete the ozone layer. By order of this regulation, the so-called “controlled substances” are to be phased out. The phase-out date differs from country to country. NXP has strict rules in place, regarding all ozone-depleting substances, calling for their phase-out well before legislation comes into effect.

From 2013 to 2019 our normalized and total HTF emissions increased due to the higher demand of products that require HTFs for device testing.

**Normalized HTF Emissions**



**Total HTF Emissions**

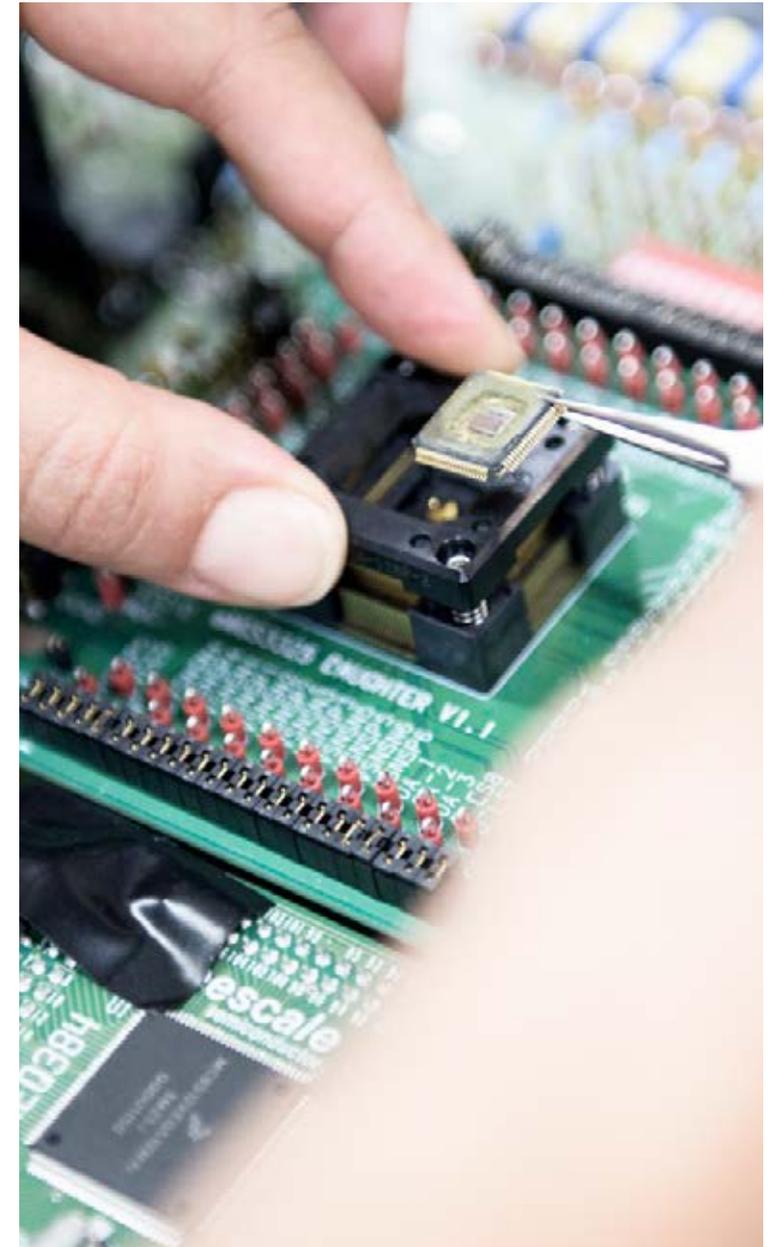


NXP in Action

*Aligning with the 2020 goal, the Kuala Lumpur site committed to reduce Heat Transfer Fluid (HTF) emissions which is used for testing hermetically sealed RF products.*

*HTFs are used to detect pin hole leaks on RF power amplifiers. However, during the testing there are two steps within the testing procedure that releases HTFs into the atmosphere which are due to vapor diffusive loss and fluid drag out. HTFs contribute to one of the highest emissions of GHG from the Kuala Lumpur site.*

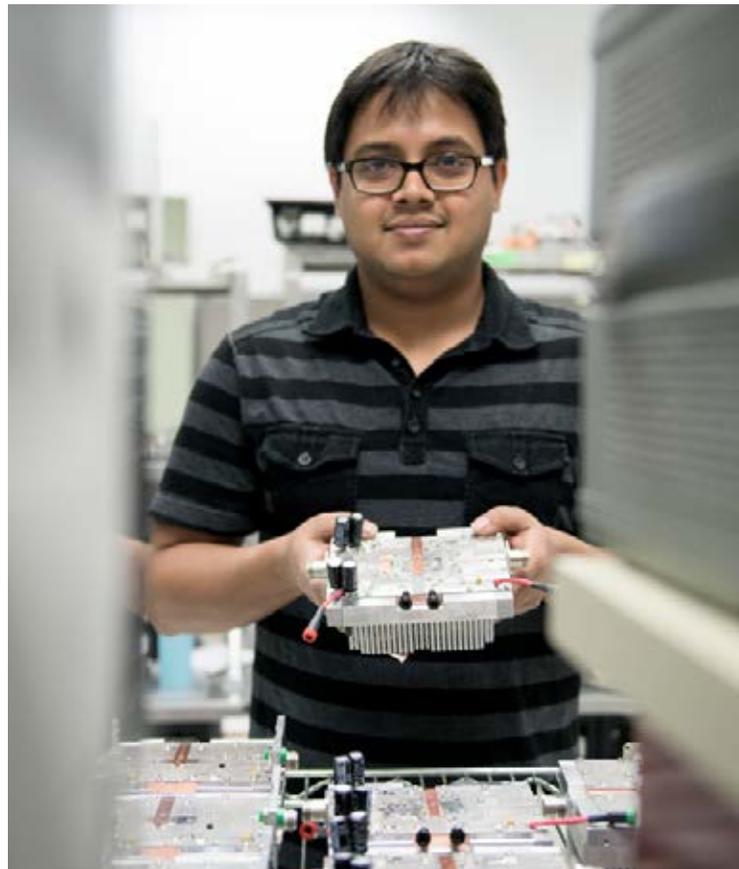
*To address HTF emission reduction at Kuala Lumpur, a three-phase project was developed. The first phase was to substitute a high global warming potential HTF with a lower global warming potential HTF. This substitution of materials reduced the emissions by 10%. The second phase modified the existing process by minimizing the surface area of the testing tray to capture more fluid in the vat and reduce the drag out which resulted in another 20% reduction of emissions. The third phase is modifying the manual system by designing a semi-automated, closed loop system. This new system will add additional mechanisms to create 2 zones in which emissions are now collected instead of emitted. The first zone captures the vaporized solvent through the cooling process and the second zone recycles the solvent in a closed loop system by condensation. This will provide an additional 40% emission reduction.*



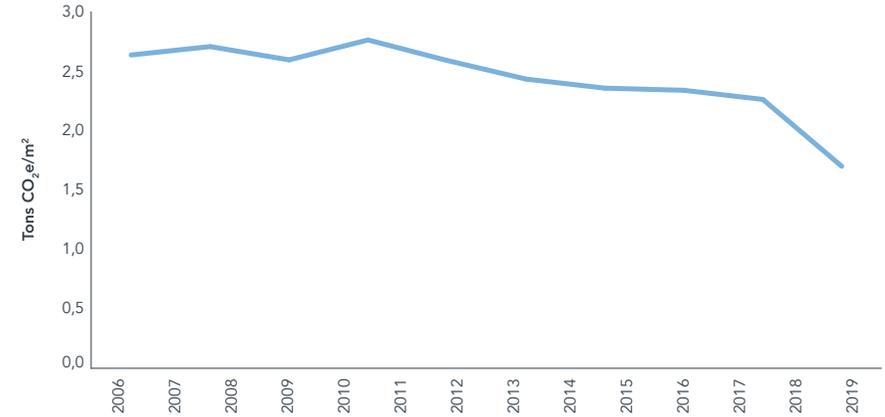
**N<sub>2</sub>O**

N<sub>2</sub>O is used in semiconductor processes, such as the chemical vapor deposition of silicon dioxide, doped or undoped silicon oxynitride, diffusion, rapid thermal processing and chamber seasoning.

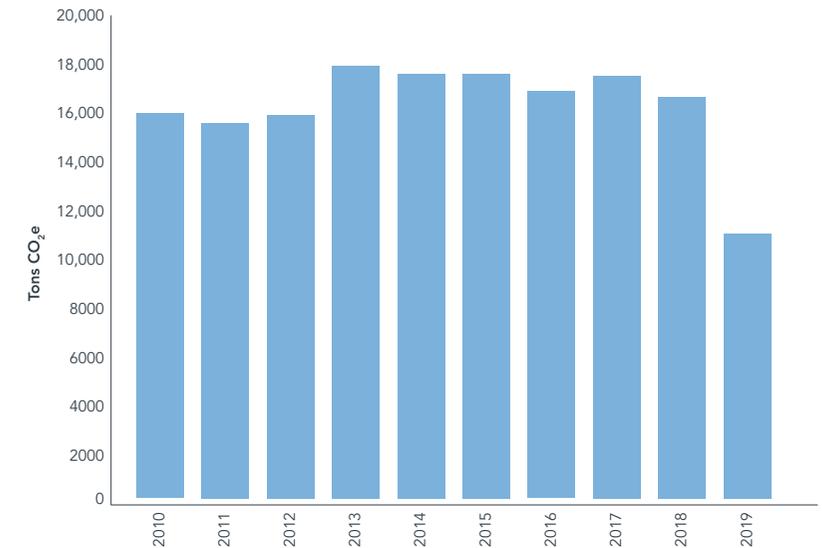
Emissions from N<sub>2</sub>O are minor compared to other emissions such as those from PFCs. From 2010 to 2019 the normalized N<sub>2</sub>O emission decreased by 35.6%.



**Normalized N<sub>2</sub>O Emissions**



**Total N<sub>2</sub>O Emissions**



**SCOPE 2 EMISSIONS**

Our Scope 2 emissions is a result of our consumption of electricity. The indirect CO<sub>2</sub> emission for electricity results from the combustion of fossil fuel in third-party power plants.

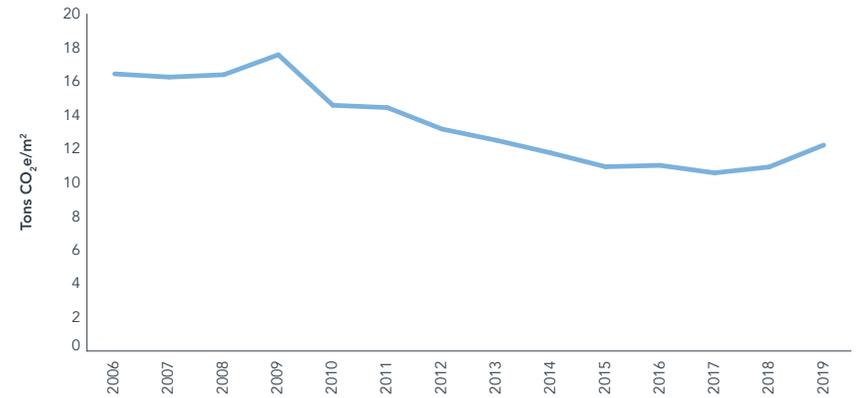
The CO<sub>2</sub> conversion factor is defined as the standardized figure used within NXP to calculate the average amount of CO<sub>2</sub> emissions, resulting from the use of energy sources. These conversion factors are country-specific and are based on information made available by the International Energy Agency.

The use of electricity and our approach to saving energy is reported in the "Energy" section.

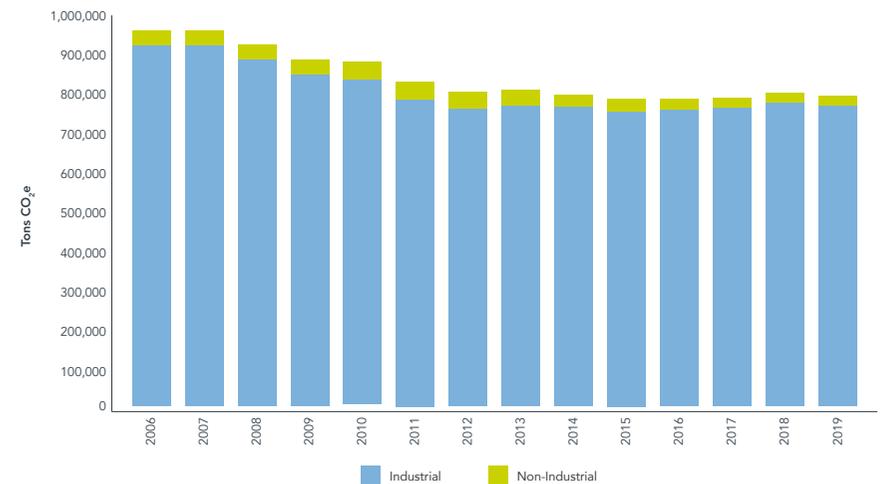
NXP's Scope 2 emissions are reported for electricity purchased. From 2010 to 2019, the normalized Scope 2 emissions decreased by 16%. The 2019 we had a reduction of semiconductor production. Due to the nature of the manufacturing processes and the factories not being able to adjust to lower production volumes, we saw the normalized Scope 2 emissions increase. Even though many of our products became more complex, requiring additional manufacturing steps and hence more electricity to manufacture and test, our total Scope 2 emissions still decreased. These graphs are based on data that is calculated by the IEA conversion factors.

Renewable energy consumption from the energy grid mix, found in our energy chapter, reduces our Scope 2 emissions by 17% in 2019. However, the 17% renewable energy emissions reduction is not accounted for in the Normalized or Total Scope 2 emission graphs presented above. Therefore, our Scope 2 emissions are an overstatement. Corrections to 2019 and historical data for Scope 2 emissions will be made during 2020 to account for renewable energy consumption.

**Normalized Scope 2 Emissions**



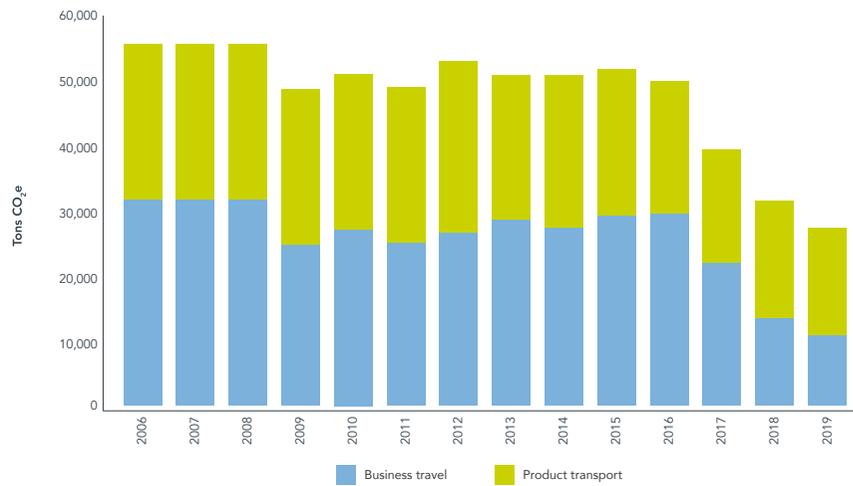
**Total Scope 2 Emissions**



**SCOPE 3 EMISSIONS**

NXP's Scope 3 emissions are reported for product transportation and business travel. From 2010 to 2019, the absolute Scope 3 emissions decreased by 46%.

**Total Scope 3 Emissions**

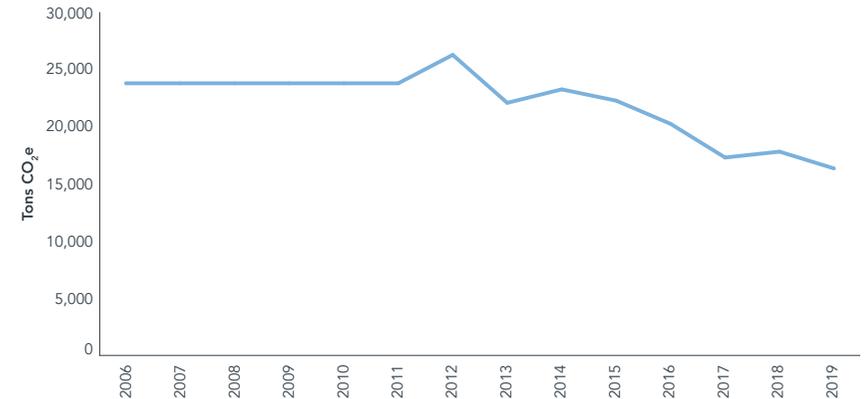


**PRODUCT TRANSPORTATION**

In 2019, our CO<sub>2</sub> emissions from transporting semi-finished products between factories, and from transporting fully finished products to warehouses and customers, was estimated at 16,332 tons CO<sub>2</sub>e (based on kilograms per km).

From 2010 to 2019 our product transportation emissions decreased by 31%. We are consolidating our central distribution centers and optimizing our shipping routes in which we contribute to the reduction of product transportation emissions. The standard value of reference for calculating airfreight CO<sub>2</sub> is 0.567 kg per km. This is a value set by the Intergovernmental Panel on Climate Change (IPCC).

**Product Transportation Emissions**

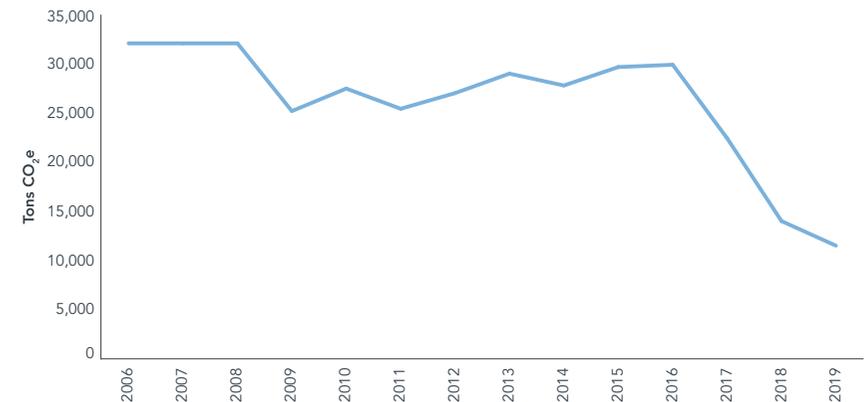


**BUSINESS TRAVEL**

Business travel makes up a very small part of our CO<sub>2</sub> emissions. Medium-and long-haul flights emit less CO<sub>2</sub> per passenger km than short-haul flights, and rail travel is approximately 50% less CO<sub>2</sub>-intensive per passenger mile than air travel. Emissions from flights are calculated by using flight-distance categories (short, medium or long haul), along with the distance and average flight emission factors provided by the UK Department of Environment, Food and Rural Affairs (DEFRA) as of 2013.

Total CO<sub>2</sub> emissions from business travel in 2019 was 11,492 tons of CO<sub>2</sub>e compared to the 2010 baseline of 23,732 tons of CO<sub>2</sub>e resulting in a 28% decrease.

**Business Travel Emissions**



**NON-GREENHOUSE GAS EMISSIONS**  
**NOx, SOx and VOC**

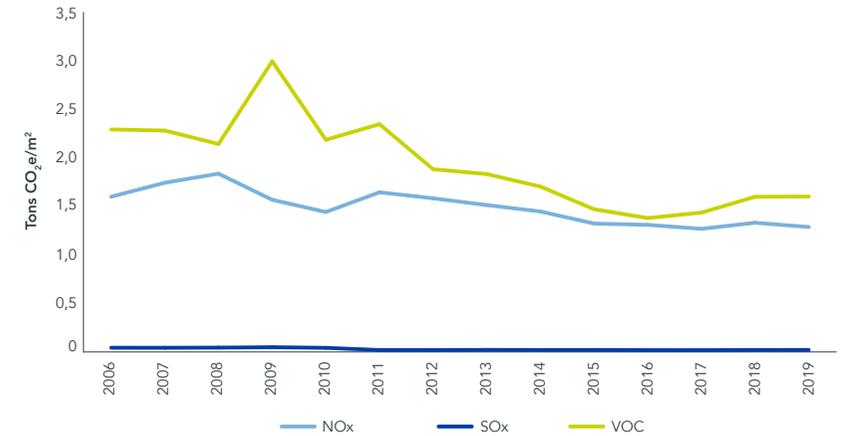
Additional emissions are nitrogen oxides (NOx), sulphur oxides (SOx) and volatile organic compounds (VOC). NOx and SOx are air pollutants that arise from a wide variety of sources but mainly because of combustion. NOx is a term used to refer to nitric oxide (NO) and nitrogen dioxide (NO<sub>2</sub>). SOx refer to sulphur dioxide (SO<sub>2</sub>).

At NXP, predominate NOx and SOx emissions are from the manufacturing processes of integrated circuits. Minimal NOx and SOx emissions come from our boilers. VOC emissions result from use of chemicals such as solvents used in the photolithography manufacturing process. VOCs include isopropyl alcohol (IPA) and other solvents.

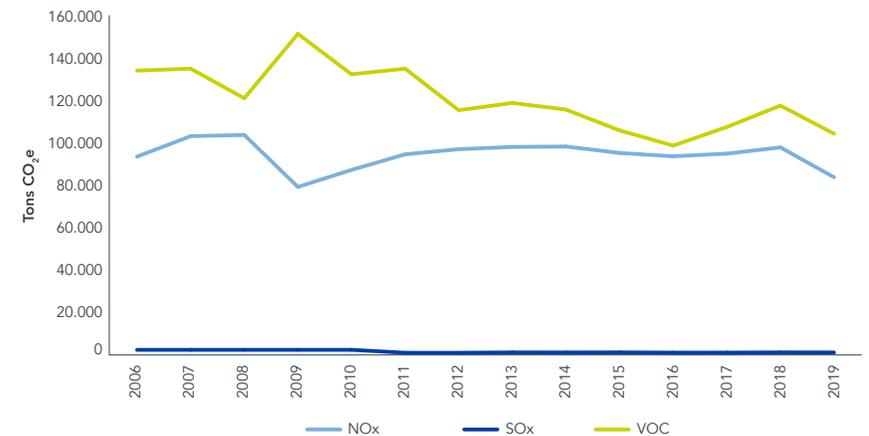
From 2010 to 2019, the following normalized emission percentages for NOx, SOx and VOC are as follows: NOx decreased by 11%, SOx decreased by 66% and VOC decreased by 27%.



**Normalized NOx, SOx, VOC Emissions**



**Total NOx, SOx, VOC Emissions**





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Appendix

Our energy consumption is primarily comprised of electricity we consume, natural gas we purchase and a small amount of diesel is used in our emergency generators.

### ELECTRICITY

Semiconductor manufacturing is an electricity intensive process, and, as a result, our sustainability programs place a high priority on reducing our electricity consumption. The majority of our electricity is consumed within our wafer fab manufacturing sites.

### GOAL

Reduce normalized electricity consumption by 30% in 2020 from a 2010 baseline.

### STRATEGY

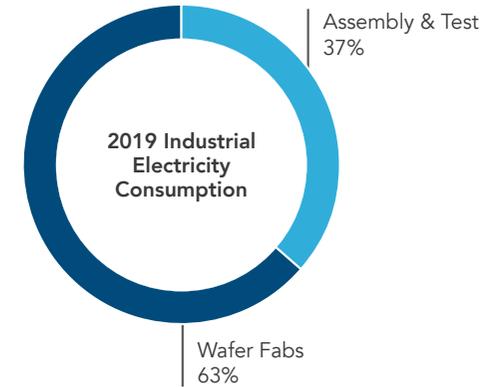
NXP's strategy is to reduce the normalized (per wafer of cm<sup>2</sup>) electricity consumption and find opportunities within the sites for conservation projects and operational efficiency improvements. In 2019, individual sites had several electricity conservation projects and initiatives such as optimizing building operations, installing energy efficient equipment, using more efficient lighting technologies and powering down equipment when not utilized.



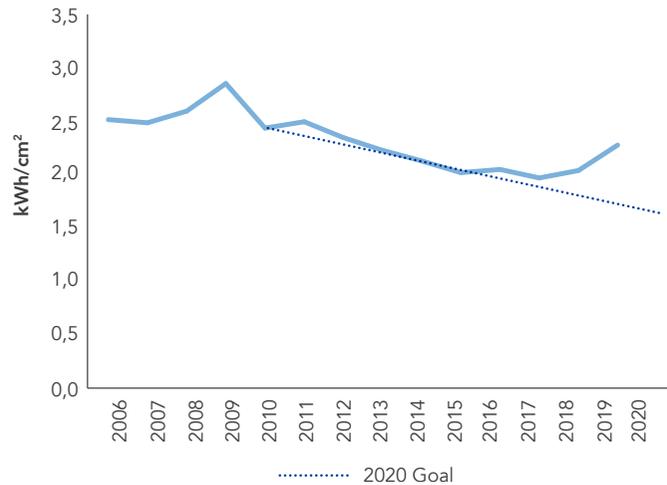
**PERFORMANCE**

From 2010 to 2019 the normalized electricity consumption decreased by 6.5%. In 2019, the absolute electricity consumption decreased from 2018, however, the normalized electricity consumption increased for 2019. Due to the nature of the manufacturing processes and the factories not being able to adjust the larger infrastructure systems to a lower production volume, we saw the normalized electricity consumption increase versus the absolute electricity consumption reduction. We expect our production to return to prior levels and therefore the normalized electricity consumption is expected to decline in 2020.

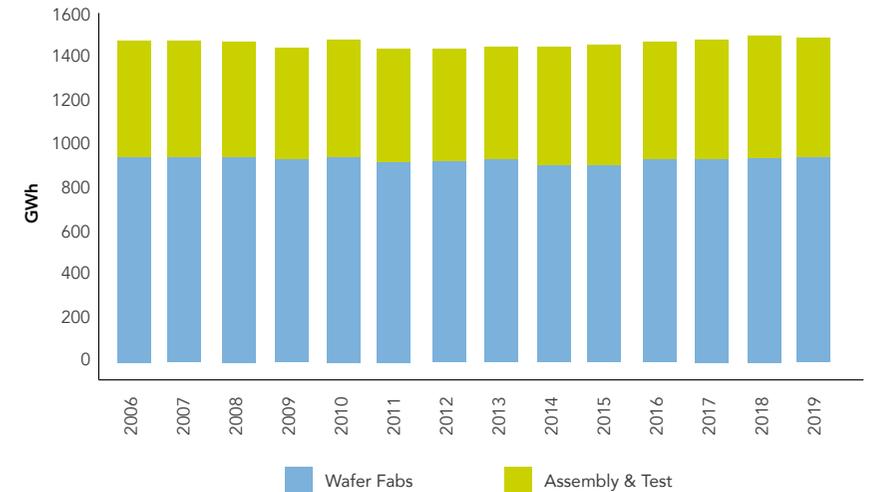
**2019 Industrial Electricity Consumption**



**Normalized Industrial Electricity Consumption**



**Total Industrial Electricity Consumption**



The NXP industrial sites continue to work towards reducing energy consumption. Optimizing processes and replacing or upgrading equipment are key means of improving energy efficiency. Some examples are: reduce the air flow velocity in the clean room, reduce and optimize exhaust and air extraction systems, upgrade air dryers, reduce cooling tower outlet temperature and purchase energy efficient equipment such as new chillers, compressors and vacuum pumps. There are other projects that are optimizing energy consumption by replacing lighting with LED bulbs and powering off equipment when not in use.

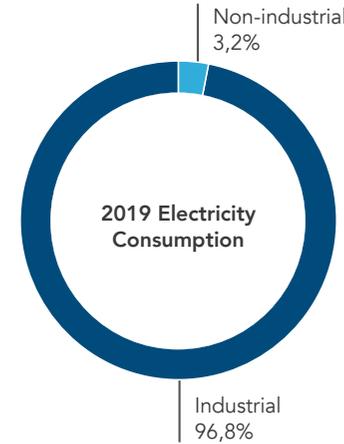
**NON-INDUSTRIAL SITES**

Electricity consumption at our offices and R&D centers is 3.2% of our total consumption.

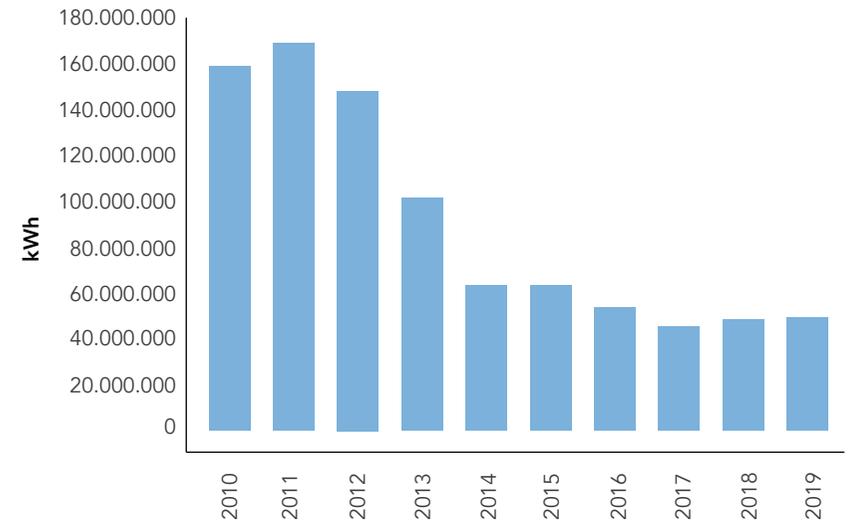
While this is a small portion of our electricity consumption, we find it necessary to also reduce electricity consumption in our offices and R&D centers. Projects at sites include replacing bulbs in light fixtures with LED energy efficient bulbs and reminding employees through posters and blogs to turn off equipment and lights when not in use. The greatest reduction throughout the years is from reorganizations, mergers & acquisitions and divestments.



**2019 Electricity Consumption**



**Total Non-Industrial Electricity Consumption**



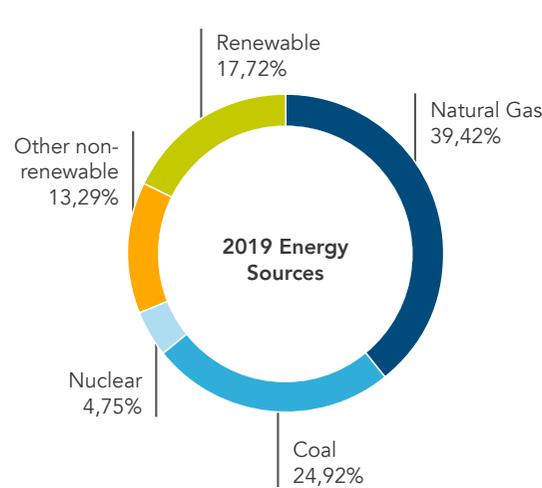
**RENEWABLE ENERGY**

Many of our locations have embraced the challenge of using more renewable energy to help achieve our 2020 goals. As a company, 17.7% of our energy consumption comes from renewable sources and have steadily increased throughout the years. We have on-going projects world-wide dedicated to electricity reduction and are identifying new opportunities to purchase renewable energy.

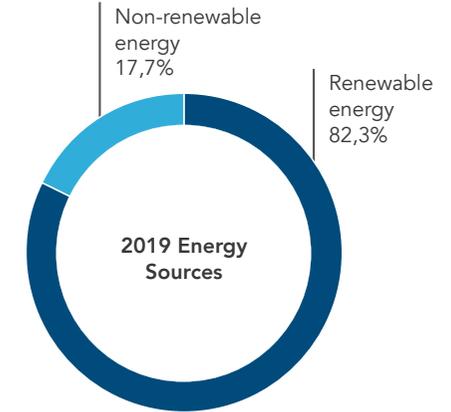
**NXP in Action**

*Bangkok upgraded the cooling and compressed air systems as well as upgraded the lighting system to LED. Kaohsiung replaced low efficiency vacuum pumps and added variable speed drives, improved efficiency of air compressors by adding variable speed drives, adjusted the cooling tower temperature and upgraded the lighting system to LED. Kuala Lumpur optimized the air dryer efficiency by changing the control setpoints and replaced cooling towers. Tianjin implemented a strategy to maximize run time on the most efficient air compressors, adjusted the air conditioning temperature setpoints and implemented a program to shut down tools when in idle mode. Chandler reduced tool exhaust flows to match specifications and reduced ultra-pure water consumption on wet hoods.*

**2019 Energy Sources**



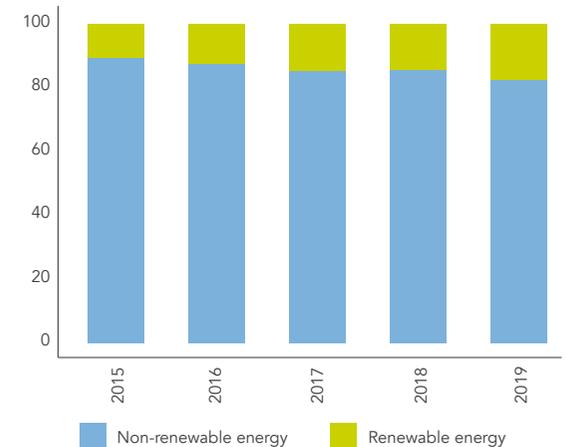
**2019 Energy Sources**



**NXP in Action**

*The Kaohsiung site won the Silver Award for energy savings from the NEPZ administration of Taiwan's MOEA (Minister of Economic Affairs). ATKH installed efficient air handling systems and compressors, as well as optimizing the chillers. Overall, this project will annually save 2.75 M kWh of electricity.*

**Renewable Energy Consumption**

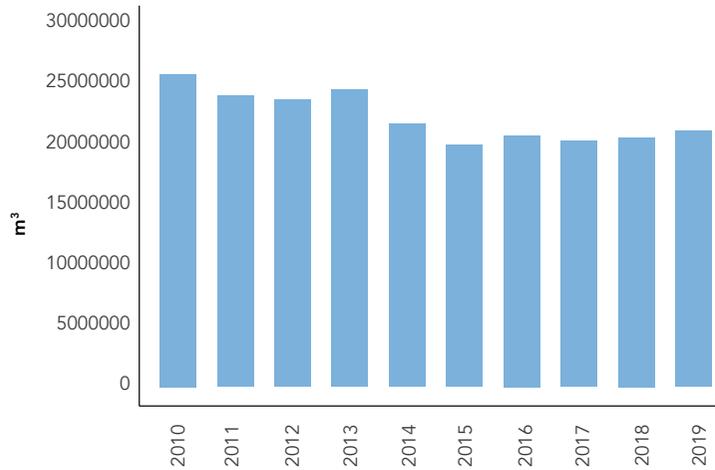


ENERGY

**NATURAL GAS**

The majority of natural gas is used for the heating of buildings, generation of steam for humidifying our buildings and the use within our pollution control equipment.

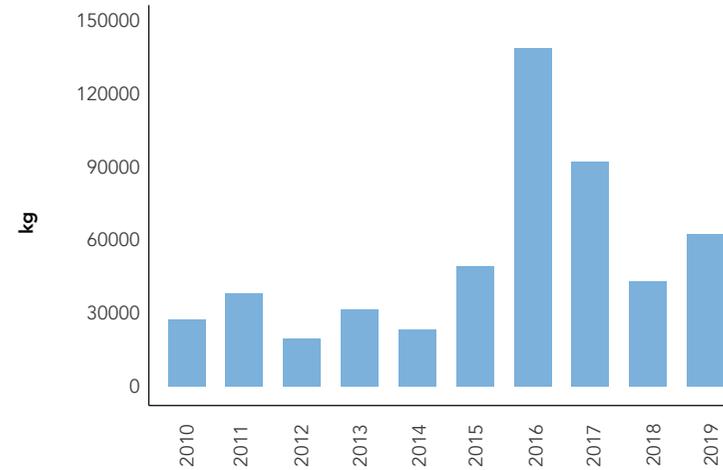
**Natural Gas**



**DIESEL**

Having stable power is a crucial requirement to maintain factory operations. When infrequent power interruptions occur, we have emergency generators at our sites that support the life safety systems that are built into the processes of our wafer fabs and assembly and test facilities. These emergency generators are powered by diesel fuel.

**Diesel**



## WATER

NXP recognizes that water is a critical natural resource that is of strategic importance to our business and the communities in which we operate. Semiconductor manufacturing is a water-intensive process and produces wastewater that can impact the environment. Our sustainability programs place a high priority on water conservation to continuously improve our water use efficiency, minimize our water use and ensure high standards of effluent and wastewater treatment.

Within our manufacturing sites, our primary water sources/supply is local municipal water. The Nijmegen site extracts 6% of ground water. The Oak Hill site has a large-scale water harvesting system that collects rain water and uses it for irrigation.

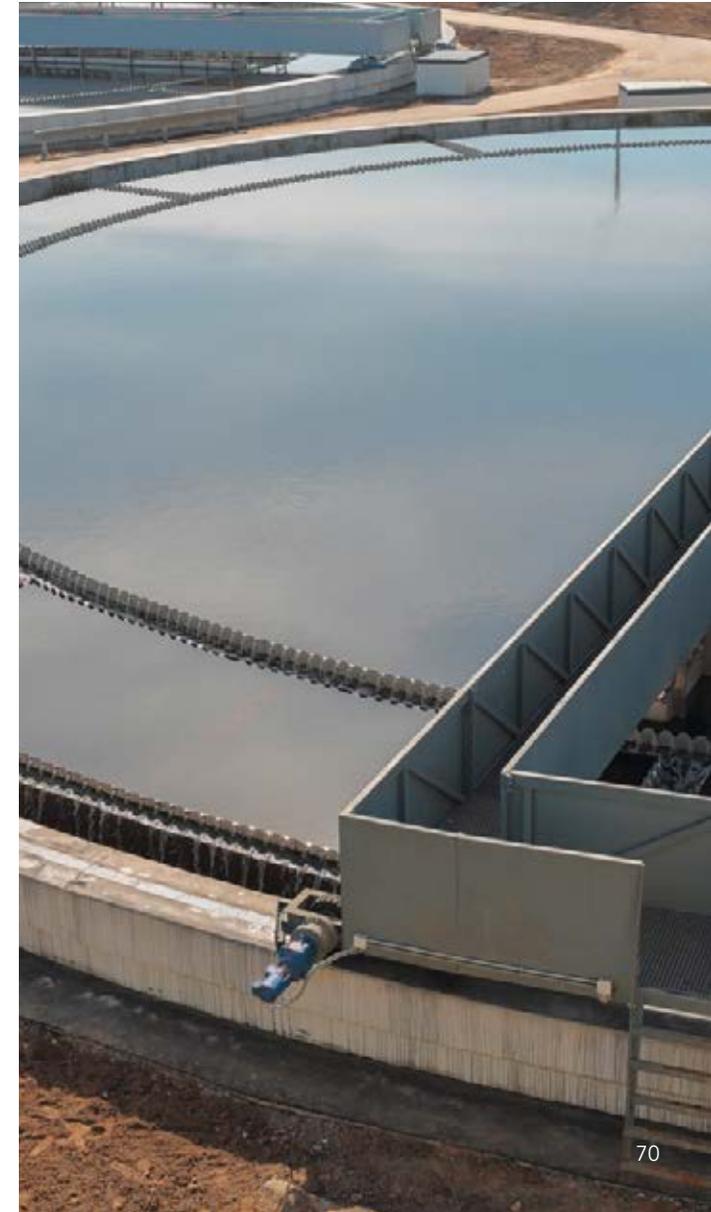
### GOAL

To reduce our normalized water usage by 30% in 2020 from a 2010 baseline.

### STRATEGY

NXP's strategy is to reduce our water consumption through conservation and recycling opportunities. Our manufacturing sites conducted several water conservation initiatives, such as improving processes and reusing water. One of the water initiatives in 2019 focused on standardizing water flow rate on wet hood toolsets. The water flow was not consistent so by standardizing these tool sets, we optimized the usage of water, reducing water consumption significantly.

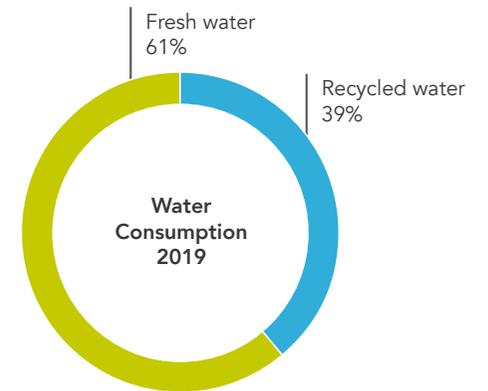
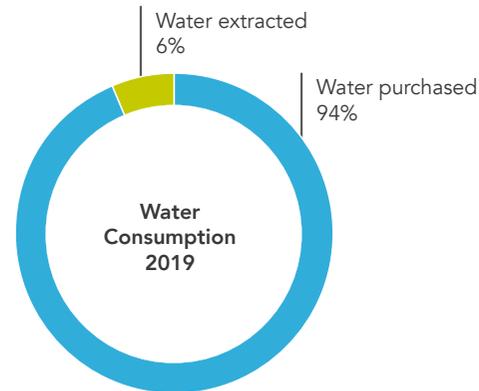
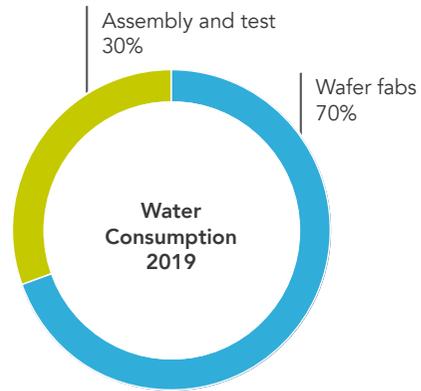
6 CLEAN WATER  
AND SANITATION



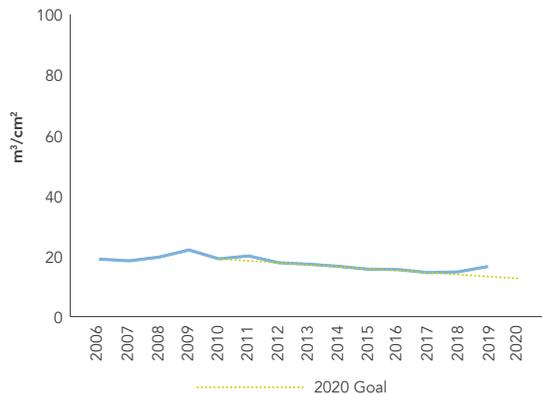
**PERFORMANCE**

From 2010 to 2019, NXP's normalized water consumption, based on cm2 wafer production, decreased by 13.4%. From 2018 to 2019, the absolute water consumption decreased, but due to a reduction of semiconductor production, the normalized water consumption increased. This increase is due to the fixed volume of the batch process tanks and vessels which cannot be adjusted for production decreases. Our percentage of water recycled decreased in 2018 due to Nijmegen increasing their ground water extraction, which reduces the amount of municipal water consumption. However, ground water extraction is not as clean as municipal water, therefore it cannot be recycled in various processes. In 2019, we increased our water recycling rate to 39% due to projects to conserve water.

**Water Consumption 2019**



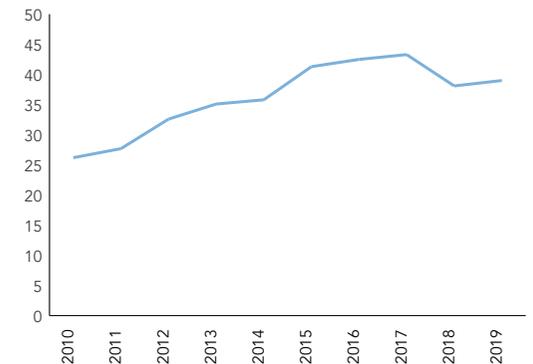
**Normalized Water Consumption**



**Water Consumption**



**Water Recycling Operations**



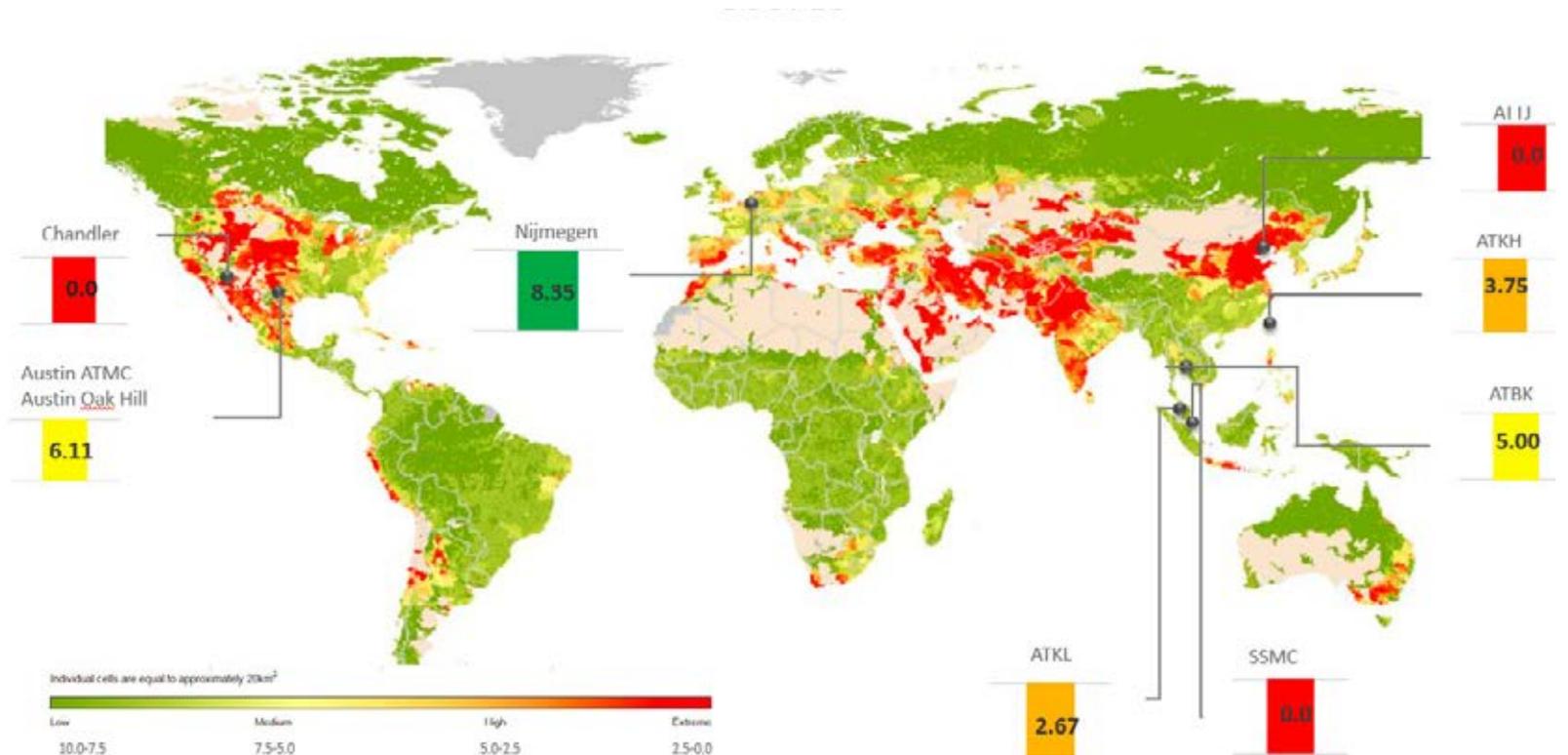
**NXP GLOBAL WATER STRESS SCORES**

The Water Stress Index (WSI), obtained from Verisk Maplecroft, quantifies baseline water stress at the catchment level, while also identifying localized variations within the catchment boundaries. A risk category is assigned to each catchment based on the ratio of water use to renewable supply, enabling users to visualize the inherent water stress in that area. Within catchments, the map reflects different levels of combined domestic, industrial and agricultural water demand.

Index values are divided into four risk categories to aid interpretation: extreme (0.0-2.5), high (>2.5-5.0), medium (>5.0-7.5) and low (>7.5-10.0). Countries are assigned a rank, based on their relative position in each index. The index is based on mean annual

water stress, and therefore the seasonality of water stress is not captured. In some areas, well-defined wet and dry seasons produce marked variations in water supply through the year and subsequently levels of water stress exhibit distinct seasonal fluctuations.

Many of our operations are located in semi-arid regions that may become increasingly vulnerable to prolonged droughts. As the impacts of water use greatly vary by location, the water experts at our sites research and manage ways to reduce consumption and increase recycling. Our efforts include incorporating water conservation elements into the design of our facilities and establish water use goals for new technologies.



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A significant amount of water use is related to production of silicon wafers during fabrication. We work with semiconductor equipment manufacturers to optimize and reduce water consumption within our tools and processes. In addition, we reuse water after the manufacturing process for other industrial purposes and continue to increase efficiency throughout the process. For example, some sites will treat industrial water from manufacturing operations and recycle it to replace incoming water that is used for cooling towers, scrubbers and abatement equipment. Additional projects under consideration will be selected based on the input from local stakeholders and environment groups. These projects will be prioritized based on the impact on direct and long-term improvements to the local water supply. One project under research is to recycle ultra-pure water used in multiple tools such as wet hoods. The recycling of water reduces the water sent to waste, avoids water discharge and allows us to decrease our water consumption.

Although our ultimate vision is to continuously reuse water in semiconductor manufacturing, we currently discharge water from our operations to both surface water and municipality owned treatment and operating systems, in compliance with local permits. Regardless of the manner of discharge, we focus on the quality of the water we return, and to minimize overall impacts, we eliminate pollution substances at the source first. We monitor and manage the quality of all wastewater discharged by utilizing on-site water treatment facilities and continuous monitoring/testing as required by local authorities.

Our water discharge methods vary by site, however all sites surpass local permitting thresholds. NXP did not have any waste water excursions and did not receive any fines or penalties in 2019 for waste water discharge.

NXP in Action

*In Singapore, there are restrictive water use rules and our site at SSMC has efficient water recycling programs within the wafer fabs, recycling 41.6% of their waste water and reusing it within the process. It is accomplished by having multi-tiered segregated waste water streams that are treated to various degrees based on the contamination levels. The water treatment systems use multi-media filters, reverse osmosis, degasification, ultra-filtration, ultra violet sterilization and other technologies to treat the waters. Each of the recycled water streams have dedicated reuse options that optimize the usability of water.*

NXP in Action

*In response to a severe drought, the Kaohsiung, Taiwan site began several water-saving initiatives recycling and reusing more than 60% of their water. A new procedure for wastewater has yielded considerable savings. Wastewater from wafer sawing is recycled in soft-water tanks, through the use of Ultra Filter (UF) and active-carbon systems. A new Reverse Osmosis (RO) system will provide additional recycling*

*of waste water from sawing. As an added step, wastewater from wafer grinding will be recycled into cooling towers, via Dissolved Air Flotation (DAF), fiber-filter and active-carbon systems. These new water-processing systems are already generating significant savings. In 2019, the Kaohsiung site has reduced its normalized water consumption by 53% from a 2010 baseline, generating significantly less wastewater.*

Semiconductor manufacturing generates hazardous, non-hazardous, office and one-time waste. Most of the waste generated from our operations is tied to the manufacturing of our products. We have waste reduction programs in place at our sites to handle and manage hazardous and non-hazardous waste in an environmentally responsible manner. Our waste reduction programs focus on increasing the percentage of waste recycled and reduce the amount of hazardous waste sent to the landfill. To continue progress toward our goal to increase our recycling rate, we continue to identify innovative ways to recycle or recover waste streams for reuse, or even convert them into sources of revenue.

For waste that requires specialized handling, we only ship to vendors equipped with the knowledge and expertise to properly reclaim, recycle or destroy. All handling of our waste is done according to local rules and regulations. We audit the waste management vendors regularly to ensure they are responsibly handling, meeting all regulatory requirements and ultimately managing the disposition of the waste with minimal impact on the environment.

**GOAL**

Increase the recycle rate of solid waste to 90% by 2020 from a 2010 baseline.

**STRATEGY**

NXP’s strategy is to continuously look for opportunities to reduce the amount of waste generated by improving yield, optimizing processes and minimizing the waste of scrap material.

Some examples are:

- Continue to recycle/reuse spent materials such as collecting our sulfuric acid waste and sell to external companies that needs a lower quality feed to use for their applications.
- Identify new opportunities to recycle such as finding a recycling vendor to take our e-scrap waste and finished die to recover precious metals.
- Establish more recycling vendor possibilities in local regions. We review vendors annually and the process is to find alternative vendors that are local to that region.
- Remove single use plastic from our cafeterias, café and pantries with sustainable and reusable alternatives.

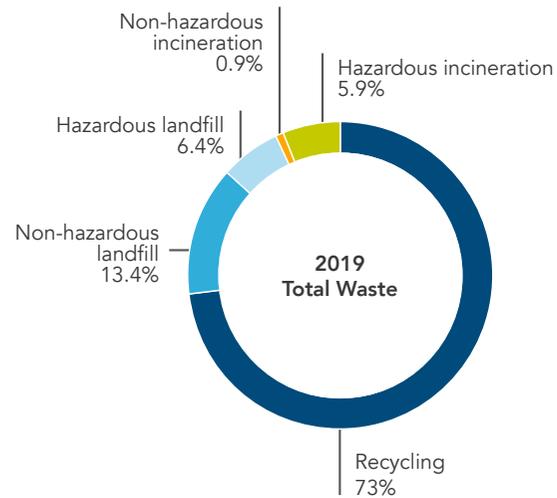


**PERFORMANCE**

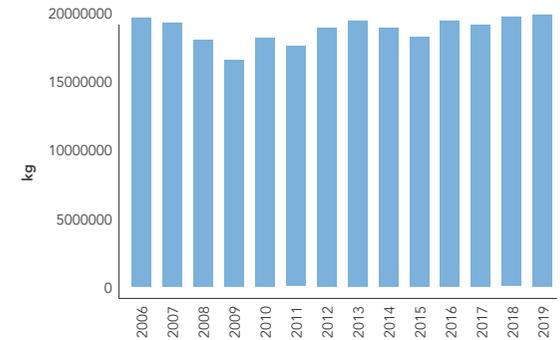
Our total waste that we generate as an ongoing basis (operational) and those such as construction process (one-time waste) is calculated for our fabs and assembly operations in which the two will be combined and identified as total waste. We consider one-time waste as those waste streams that are generated not part of normal operations but rather generated because of unique one-off projects. Examples include: construction and roofing debris from site demolition.

In 2010, our recycling rate was 65% and in 2019 the recycling rate increased to 73%. Waste generated from operations was categorized 73% recycled, 20% landfill and 7% incinerated. In 2019, we continued our work to better understand the process for each site and how to optimize our recycling opportunities across the globe. Many of the recycling vendors serving some locations either do not have options for specific waste streams or due to demand, are no longer able to recycle that stream. Our biggest opportunity to increase recycling is to be able to manage our waste water sludge. In some locations, there are opportunities to recycle the sludge material and in other locations there are not. We continue to search for alternative recycling vendors to increase our 2020 recycling opportunities.

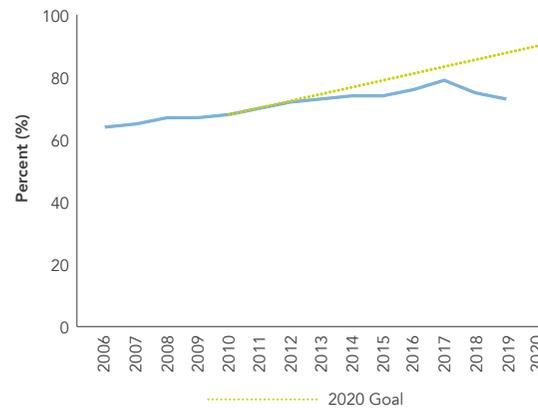
**2019 Total Waste**



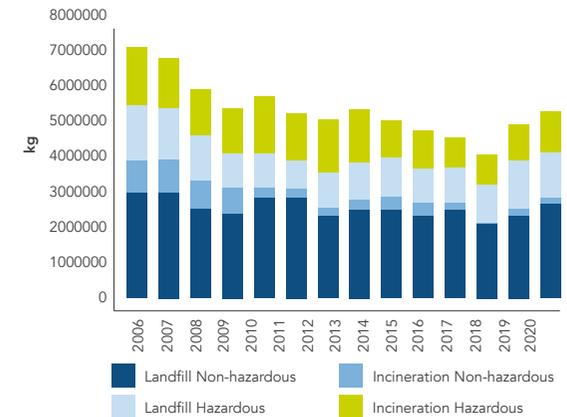
**Total Waste**



**Recycling Rate**



**Total Waste by Method**



**E-SCRAP RECLAIM**

NXP has a very proactive “reclaim” program and uses the best available technology to manage e-scrap. E-scrap is collected from factories, test centers and subcontractors around the world. The materials collected include process metallic scrap pieces, parts and fixtures, failed test devices and ICs, engineering materials, test architecture boards, chemicals, silicon in all forms and manufacturing process byproducts containing metallic components. NXP processes these materials not only to recover the value of metals and silicon, but to do so in an environmentally sound method available with minimal waste going to the landfill. The smelter captures nearly 100% of the material available for recovery.

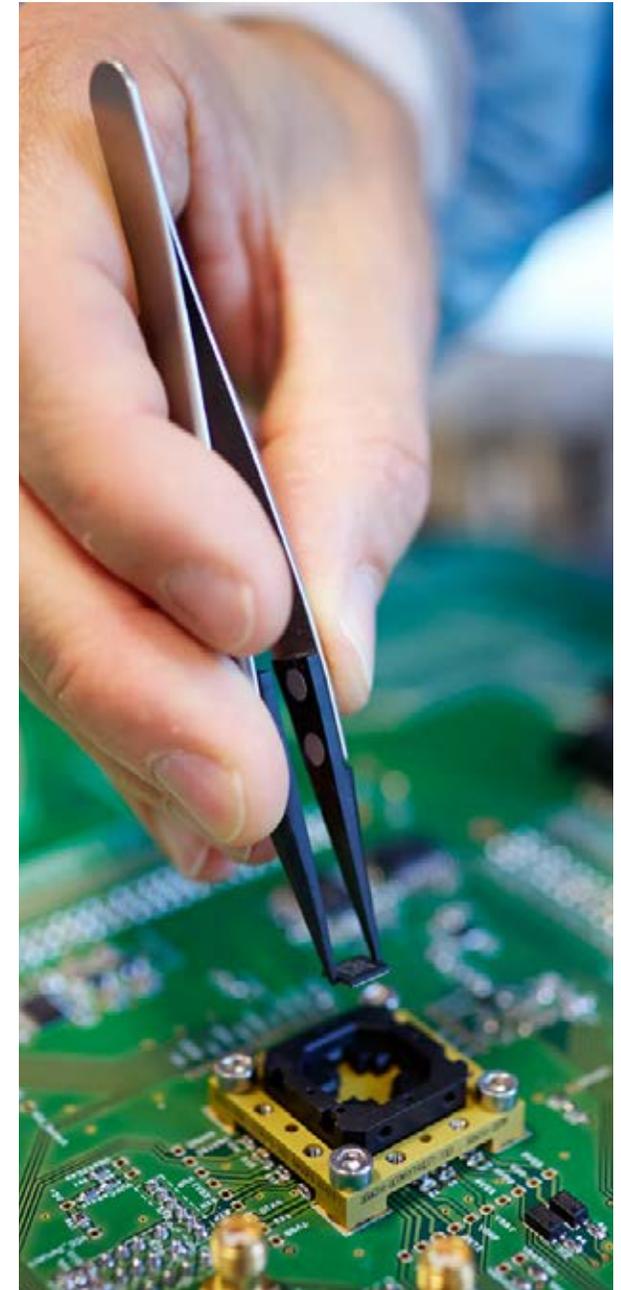
While our products are not typically subject to recycling or e-waste laws, we work with others to identify shared solutions for our used products. We also take steps to integrate environmental considerations into the design phase of our products to minimize environmental impacts of our products at their end of life.

NXP in Action

*In 2019, NXP conducted an audit of our assembly and test facilities e-scrap program and our e-waste vendors, which provided additional opportunities to increase reclaim effectiveness. The audit’s purpose was to verify products were recycled, review, and ensure security controls were in place for asset, IP and anti-counterfeit protection. Proper EHS methods were used in the entire e-scrap disposal process. Checks and balances were in place to make sure the material was properly crushed; split and all material was accounted for. For*

*additional assurance, comparative analysis and internal benchmark was conducted.*

*Overall, there were no significant issues observed, additional improvements have been documented for program improvements. Such improvements are more frequent auditing, witnessing of the e-scrap and third-party validation of sample results. Corporate and site teams have action plans in place and will continue monitoring the program.*



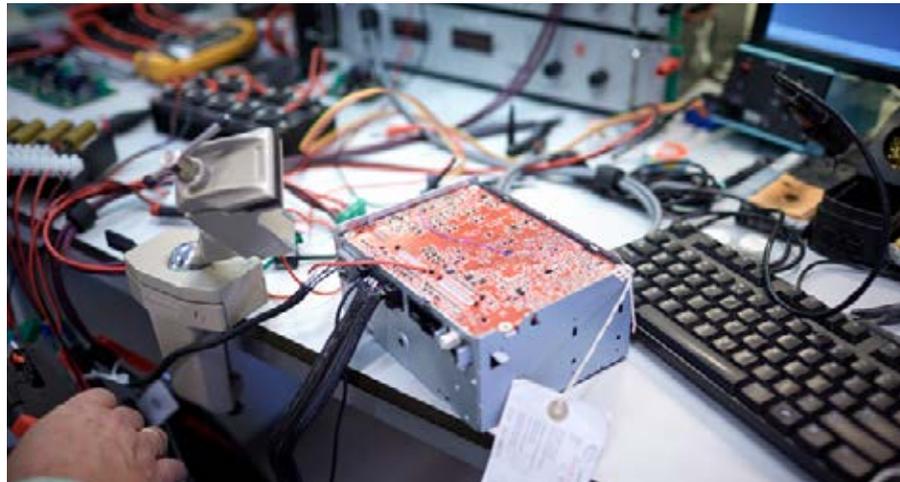
**PACKAGING**

To make sure our products reach our customers undamaged, we use special packaging materials to protect them during shipment. We are committed to using sustainable pack-and-ship methods and using specially designed packaging tubes and shipping trays that occupy minimum space, are light in weight for shipping purposes and are easy to recycle.

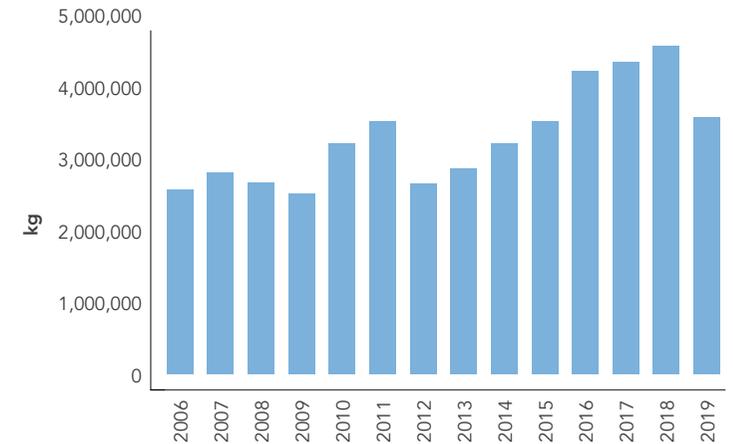
We work with our packaging suppliers to drive changes in the materials that we use to ship products between our sites and our customers. Our long-term vision is to have a sustainable and closed-loop packaging program for all inbound, outbound and return shipments.

We advise our customers on the possibilities for recycling. We know that most of our larger customers already have recycling programs in place, but we don't have accurate figures on how much of our packaging is recycled by our customers.

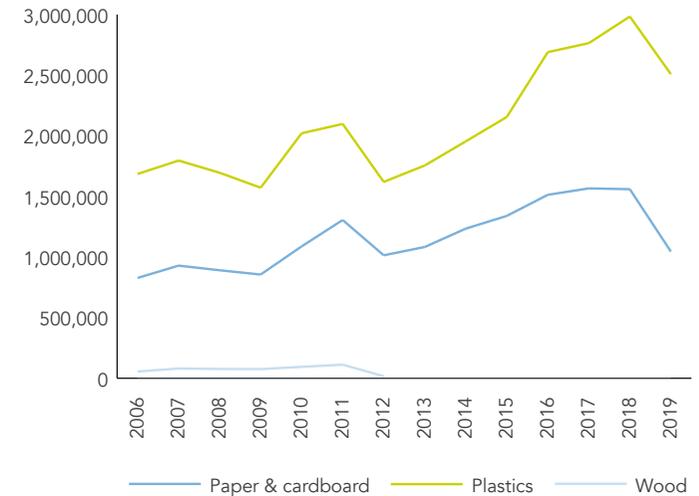
Our packaging uses mainly paper & cardboard (1,045 tons) and plastic (2,509 tons) in 2019. The use of wood is for the wooden pallets that ship our products. While the 2019 packaging data includes a majority of NXP sites, it does not include all. We intend to include all NXP sites in future reports.



**Total Packaging**



**Packaging Types**



# MATERIALS – MANAGING HAZARDOUS MATERIALS

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To produce semiconductor devices, NXP uses various chemicals and materials, both in wafer fabs, assembly and test and the final products sold. Some of these chemicals and materials are highly specific and vital to NXP's process technologies and products. Compared to other industry sectors, the semiconductor industry uses more chemicals and materials, but typically in lower volume and in a highly controlled way. We have several programs in place that regulate our use of hazardous chemicals, and we comply with some of the toughest standards in the industry for protecting our customers, our employees and the environment.

NXP has the ambition to be ahead of new chemical legislation and customer requirements. NXP must at all times, comply with all relevant legislation in force. Chemical management is therefore one of the cornerstones of NXP's sustainability program. There are two primary goals of our chemical management programs. First, we must control the risks posed by chemicals in NXP production processes, with respect to the safety and health of workers and to the environment (pollution, global warming, ozone depletion, etc.). Second, we must ensure that any products and their packaging supplied by NXP onto the market pose no or negligible risk, due to the presence of hazardous chemicals, to customers or to the environment.

## PHASING OUT OZONE-DEPLETING SUBSTANCES

As of 2007, we phased out all use of ozone-depleting substances (ODS) in our manufacturing processes. Use of ODS for manufacturing is now prohibited in all our manufacturing sites. When an air-conditioning system that uses ODS refrigerants are scheduled for replacement, we replace it with a new system that doesn't use ODS refrigerants. The great majority of ODS refrigerants have been replaced or are in the process of being replaced with non-ODS alternatives wherever possible and practical. In 2018, we continued to install new chillers at several sites to remove Class 2 ODS refrigerants such as CFC-22 and CFC-134.

For more information on our Ozone-Depleting Substances, please [click this link](#).



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**SUBSTANCES OF CONCERN**

We maintain centralized databases that register and classify more than 400 substances we use in roughly 2,500 process chemicals and preparations, along with more than 2,000 product-related materials and subparts used by our manufacturing operations. We update these databases frequently to be sure that they reflect the latest information. All NXP employees who deal with these items can access the databases to view helpful information, including material safety data sheets, workplace instructions cards, warning labels, baseline occupational health and environment information and instructions for exporting, transporting, handling and storing a given substance.

We aim to discontinue the use of these substances except those that are indispensable to the manufacture of our devices and don't have a proven alternative. We are searching for alternatives as quickly as possible.

**PFOS/PFOA**

In many areas, we go beyond baseline laws and regulations to support voluntary agreements that promote industry-wide sustainability. NXP complies with the World Semiconductor Council's (WSC's) Voluntary Agreement for PFOS (PerFluoroOctyl Sulfonates). In early 2009, the Stockholm Convention COP4 lists PFOS in Annex B, which means it can still be used for a few critical applications, including semiconductor photolithography. In 2017, NXP eliminated all manufacturing use of PFOS, as have all companies participating

in the WSC, leading to a WSC joint statement announcing the successful elimination of all remaining critical PFOS use in the semiconductor industry.

A proposal to eliminate the use of PFOA (PerFluoroOctanoic Acid) has been recommended for decision at the next Stockholm Convention COP. The proposal contains exemptions for a few critical applications, for 5 years after introduction in Annex A. NXP has eliminated all PFOA except for a few critical applications. We are working to eliminate all manufacturing use of PFOA by 2020.

**SUBSTANCES OF CONCERN: EMISSIONS**

Some substances of concern are emitted during production. These and other emissions are thoroughly monitored using programs in place to minimize our emissions overall.

For example, we have several emission-reducing measures already in place, covering such manufacturing items as scrubbers and washers (which use ammonia, fluorides, bromides, nitric acid, NOx and SOx), VOC burners, collection systems for liquid waste (which use fluorides, phosphates, sulfuric acid and solvents), a local treatment plant for fluoride, calcination, bio-filters and more.

Please [click the link](#) to view the substances of concern emissions to air and wastewater. The figures are based on measurements and calculations.

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NXP's own drive to eliminate hazardous substances from our products has been substantiated by formal industry guidelines over the years. Directives such as RoHS (Restriction on Hazardous Substances in Electrical and Electronic Equipment), REACH (Registration, Evaluation and Authorization of Chemical substances), WEEE (Waste from Electrical and Electronic Equipment), and ELV (End of Life Vehicle) have introduced improved control over waste management of electronic devices. Such directives are included in our total scope of eliminating hazardous substances from our products.

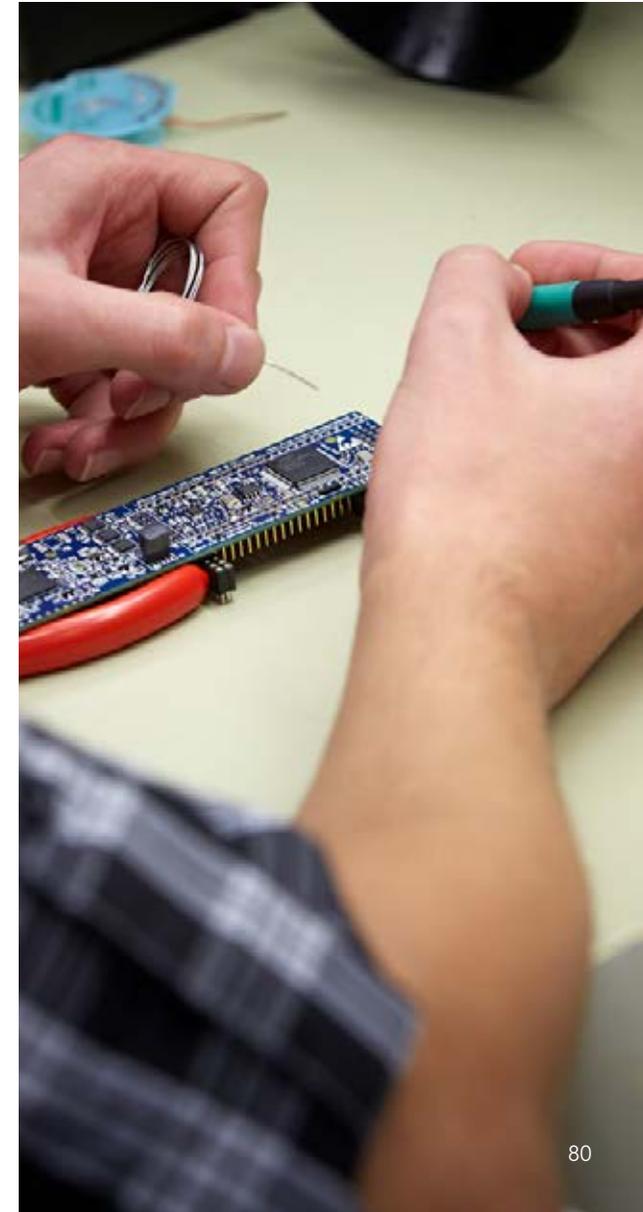
### ROHS

NXP declares that its semiconductor products (including homogeneous subcomponents) are designed to be RoHS compliant and meet the requirements defined under Directive 2011/65/EU of the European Parliament and of the Council of June 2, 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, including the latest amendment under Commission Delegated Directive (EU) 2019/172 of 16 November 2018, regarding exemption 15 for lead in solders.

NXP RoHS-compliant semiconductor devices contain no more than 0.1% lead (Pb) by weight per homogeneous material, unless the devices contain lead (Pb) for uses allowed by the RoHS Directive as amended.

### LEAD (Pb)

NXP's Pb-free initiative, which supports our commitment to sustainability, drives toward the complete removal of lead (Pb) from our entire device portfolio without adversely affecting technical specifications or our customer's manufacturing processes. Recycling and careful disposal is one approach to address the health hazard of lead. At NXP, we believe that prevention is better than a cure so we are striving for a Pb-free manufacturing process. We are actively engaged in researching new soldering materials, processes, and package terminal plating, with the aim of making our broad product portfolio completely Pb-free in the near future. Some products, such as the majority of our DIP, SIL, and QFN packages, have been Pb-free for many years.



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The potential health hazard posed by lead (Pb) contamination is a major concern to everyone. In 2010, together with four other leading companies (Bosch Division Automotive Electronics, Freescale Semiconductor, Infineon Technologies, and STMicroelectronics), NXP formed a consortium, known as the DA5 (Die-Attach 5), to jointly investigate and standardize the acceptance of alternatives for high-lead solder for attaching die to semiconductor packages during manufacturing. For environmental reasons, the semiconductor industry is making every effort to eliminate high-lead solder wherever feasible. Any solution will require substitute material development and evaluation, new internal semiconductor process and product qualification, and semiconductor production conversion to guarantee product reliability. By jointly developing and qualifying an alternative, the DA5 consortium aims to identify and provide lead-free and environmentally friendly solutions as quickly as possible. The consortium also intends to understand the risks of current and future legislation and provide a common message to legislating bodies (for example, by supporting requests for exemption extensions).

**HALOGENS**

Our goal is to maximize the number of products that are free of halogens (chlorine and bromine) and antimony. The shift to halogen-free does not change any product parameters or affect existing qualification, such as the automotive standards as defined by the AEC (Automotive Electronics Council). NXP customers benefit from this

transfer to halogen-free as environmental safety is becoming more important for manufacturing processes. Our threshold for these substances has been set at 900 ppm at the homogeneous level, which matches the industry standard. Formal legislation restricting halogen and antimony oxide is now under discussion and NXP is providing technical expertise that will help legislators make informed decisions.

NXP’s halogen-free goal concerning IC packages aims to do multiple things:

- Qualify cost-effective halogen-free compounds for existing packages.
- Discourage non-preferred halogenated solutions.
- Convert existing products.
- Combine halogen-free introduction with thin-wire and Cu-wire changes to control cost and quality.
- Encourage standardization.

These activities reflect NXP’s deep commitment to developing eco-friendly products and to integrate environmental safety aspects in all manufacturing processes. Halogen-Free products can be recognized by a logo on the box label or the Halogen-Free flag on our website.

**EU REACH**

NXP has procedures in place to ensure that we follow all the relevant local, regional, and global laws that govern our business, including the regulations that require producers and importers of chemicals to register their substances along with the information needed to use them safely.

EU REACH (Registration, Evaluation and Authorization of Chemical substances), is the European legal framework for chemicals in force since June 1, 2007. As of January 2019, the REACH Substance of Very High Concern (SVHC) list includes 197 candidates and 43 authorized substances. Substances found in the REACH Annex XIV, and in Annex XVII (with applicable restrictions) are on the prohibited or restricted substances list. Substances in the Candidate List (REACH SVHCs) may be categorized as Prohibited, Restricted or Declarable. NXP products and packaging do not contain substances found in Annex XIV and Annex XVII except where noted in the appendix of our [EU REACH statement](#). In this appendix, NXP has identified materials within its products and packaging materials that may contain EU REACH SVHC candidate substances in excess of 0.1% by weight.

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### WEEE

The European Union (EU) Directive regarding Waste Electrical and Electronic Equipment (WEEE, Directive 2012/19/EU) requires “producers” of certain electrical and electronic equipment to develop recycling programs to allow the end user to return WEEE for recycling. The definition of “producer” is broad and can potentially include various entities in a products life cycle (e.g. manufacturer, distributor).

Each EU Member State has implemented national legislation detailing specific requirements for WEEE implementation in that Member State. Some other non-EU countries have laws similar to the WEEE Directive; however, the scope and producer responsibility requirements vary from those of the WEEE Directive.

NXP is primarily a component manufacturer. Therefore, NXP’s current products are generally not considered within the scope of the WEEE Directive until they are incorporated into a final product.

Some of our products contain brominated flame retardants in the plastic encapsulation. Plastics containing brominated flame retardants are considered a WEEE relevant substance. Our products that do not contain brominated flame retardants are easily identifiable by the Halogen-Free designation on the packaging label or on our website.

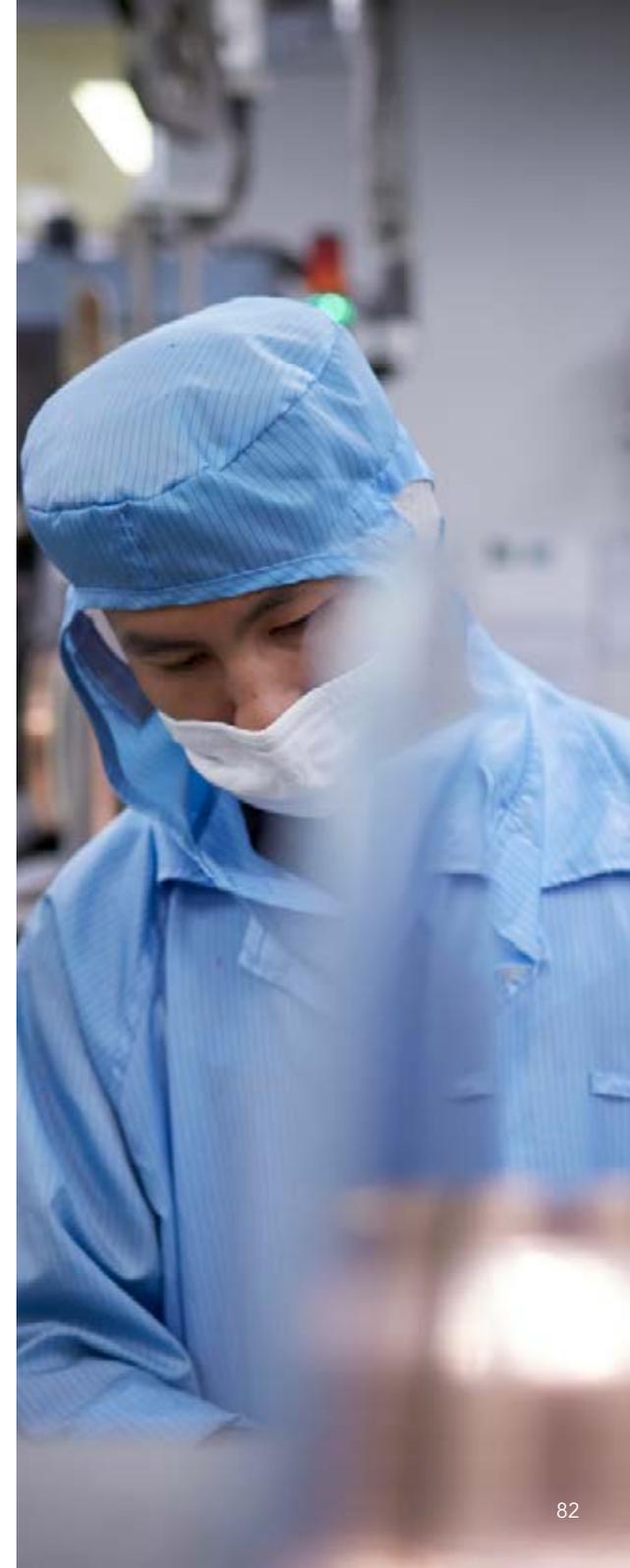
### ELV

In determining the ELV status of its products, NXP relies upon material content data certifications provided by our suppliers or their subcontractors for each homogeneous material in the component(s). Therefore, NXP declares that its semiconductor products are designed to be ELV-compliant and meet the requirements of the EU-Directive 2000/53/EC (End of Life Vehicles, ELV) and its amendments. NXP devices do not contain cadmium, mercury, or hexavalent chromium above the allowable limits as defined in the End-of-Life Directive dated 18 September 2000.

NXP ELV-compliant semiconductor devices contain no more than 0.1% lead (Pb) by weight per homogeneous material, or else the devices may contain lead (Pb) for uses allowed by the ELV Directive. Any lead currently contained in these products meets the criteria for exemptions as found in Annex II of Commission Directive 2013/28/EU dated 17 May 2013.

### OTHER REGULATIONS IN THE COUNTRIES AND REGIONS IN WHICH WE OPERATE

NXP also tracks and verifies compliance with other major [legislation](#) in the countries and regions in which we operate. Examples of these include China RoHS, California Prop 65, EU Parliament and Council Directive 94/62/EC covering Packaging and Packaging Waste, US Conflict Minerals, and Ozone Depleting Substances in the Montreal Protocol.





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# SUPPLIER ENGAGEMENT

# SUPPLIER ENGAGEMENT

## NXP's 2019 Supplier Engagement Highlights

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NXP has a strong commitment to sustainability and social responsibility. NXP pursues mutually beneficial relationships with its suppliers and contractors in a collaborative and consultative approach to their continuous commitment to observe the applicable rules of law and to support and respect ethical business, environmental and human right practices. 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. Regardless of region, NXP recognizes that innovative thinking, collaboration, and transparency creates long term sustainability. We proactively work with our suppliers to:

- Respect human rights and ethical standards
- Mitigate employee safety risks
- Reduce environmental and social impacts
- Mitigate sustainability risks
- Improve operational efficiency

Our suppliers range from external manufacturing partners, direct materials suppliers, labor agents, tool and machine manufacturers as well as logistics, packaging services and onsite service providers for NXP facilities and the supplier's facility. We hold our suppliers accountable for responsible conduct and performance by requiring them to comply with applicable laws and regulations as well as the NXP Supplier Code of Conduct.

100%

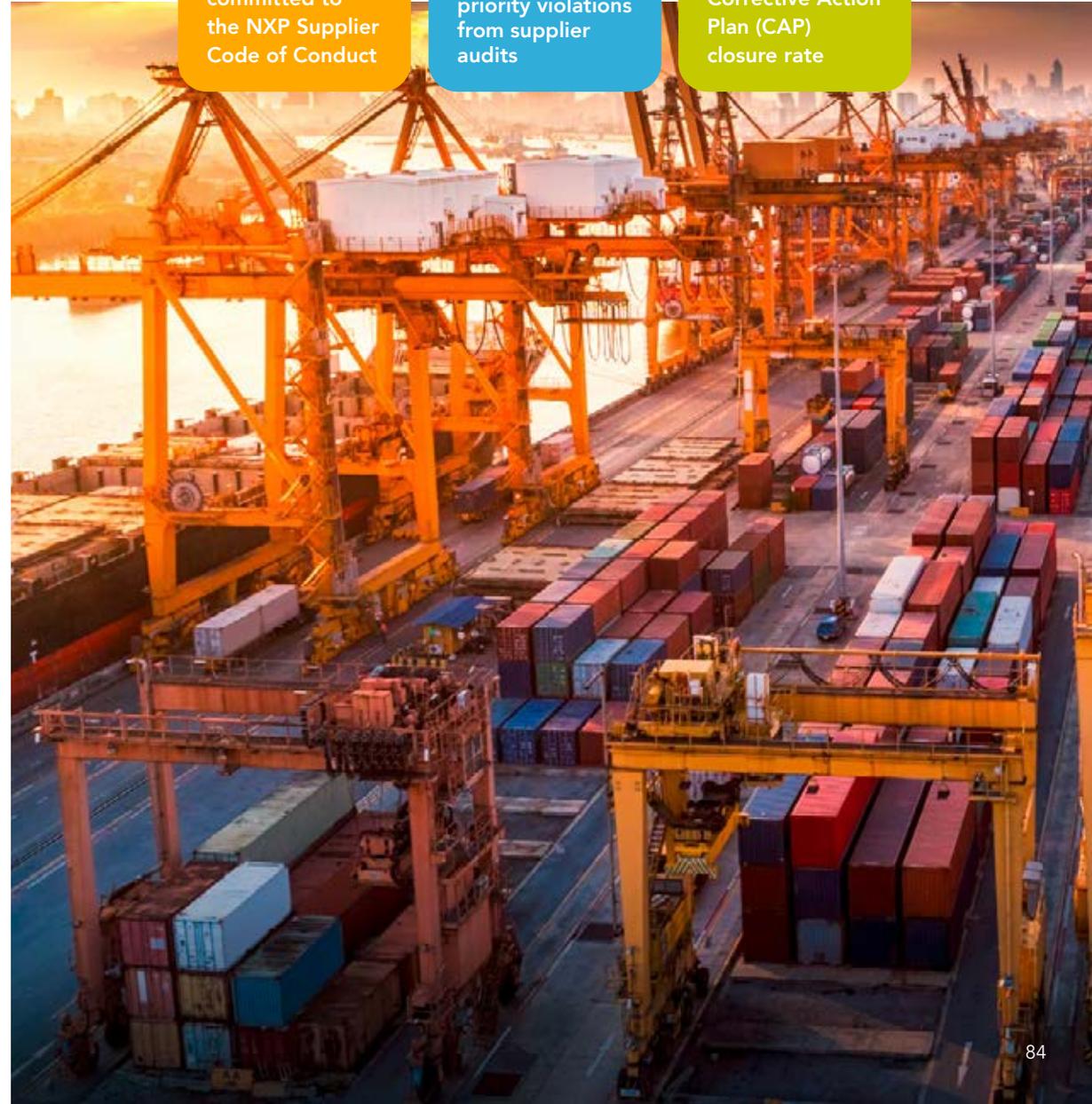
Suppliers committed to the NXP Supplier Code of Conduct



Reduction of priority violations from supplier audits

85%

Supplier Corrective Action Plan (CAP) closure rate



# NXP SUPPLIER CODE OF CONDUCT

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NXP's suppliers commit in all their activities on behalf of NXP to operate in full compliance with the laws, rules, and regulations of the countries in which they operate. In addition, NXP's suppliers are expected to comply with the [NXP Supplier Code of Conduct](#).

The NXP Supplier Code of Conduct is based on the NXP Code of Conduct and the [NXP Auditable Standards on Social Responsibility](#), and draws on internationally recognized standards to advance social and environmental responsibility. The NXP Supplier Code of Conduct consists of standards relating to labor and human rights, health and safety, environment, business ethics, and elements of an acceptable system for managing code conformity. The NXP Supplier Code of Conduct uses the structure and contains language from the Responsible Business Alliance (RBA) Code of Conduct, version 6.0 and recognized standards including the Universal Declaration of Human Rights (UDHR), the International Labour Organization (ILO) standards, Social Accountability International, OECD Guidelines for Multinational Enterprises and the Ethical Trading Initiative (ETI). Using the listed references, the NXP Supplier Code of Conduct also includes elements, modifications and clarifications from our audits conducted internally and externally according to best practices found.



The NXP Supplier Code of Conduct is owned by the Sustainability Office and is approved by the Social Responsibility board, consisting of executive and non-executive NXP leaders. The Supplier Code of Conduct, last updated in 2018, is reviewed annually to determine the need for revision based on changing social and regulatory landscape, industry changes or customer requirements and expectations.

The NXP Supplier Code of Conduct consists of standards relating to labor and human rights, health and safety, environment, business ethics, and elements of an acceptable system for managing code conformity.

Suppliers must adopt or establish a management system that is related to the content of the NXP Supplier Code of Conduct. The management system must be designed to ensure (a) compliance with applicable laws, regulations, and customer requirements related to the supplier's operations and products; (b) conform to the NXP Supplier Code of Conduct; (c) identify and mitigate operational risks related to the NXP Supplier Code of Conduct; and (d) communicate the requirements to their suppliers.

## SUPPLY CHAIN GOALS

Our goal is to have 100% of our key suppliers sign our statement of conformity to the NXP Supplier Code of Conduct, to conduct annual risk assessments across the supply chain and audit our key suppliers that are identified as high priority using a third-party audit firm. All corrective actions identified in the supplier audit must be closed at a minimum 80% closure rate within the agreed upon time frame. It is also our objective to collaborate and provide guidance on best in class opportunities for our suppliers. Responsible sourcing of minerals must have 100% certified smelters.

Looking forward, our goal is to continue to decrease the number of audit non-conformances, and more importantly, priority violations. These results help determine the effectiveness of our standards within the supply chain.

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NXP’s purchasing policies require our suppliers to commit to the NXP standards and with the laws of the country or countries where such suppliers conduct business. In 2015, NXP inserted language into our supplier contracts that require suppliers to abide by the NXP Supplier Code of Conduct. Suppliers submit a signed conformance letter stating that they abide by the NXP Supplier Code of Conduct prior to conducting business with NXP. If no contract is in place, or the contract does not contain the Supplier Code of Conduct language, because the contract was executed prior to 2015, then NXP asks for a separate signed document that requires the supplier to abide by the NXP Supplier Code of Conduct.

Key suppliers go through an annual Supplier Risk Assessment and we identified 160 suppliers that were considered high-priority suppliers. High-priority suppliers may be required to complete an NXP Self-Assessment Questionnaire and participate in an onsite audit.

NXP works with suppliers to meet our standards. We provide suppliers with opportunities to rectify problems and implement a corrective action plan. It is our goal to collaborate with our suppliers to make an impact within the supply chain. In the rare instance that a supplier is unable or unwilling to meet our requirements and work on a corrective action plan, NXP will escalate according to management processes to determine the business relation status with the supplier, which could lead to termination of the business relationship.

## MANAGING RECRUITMENT PRACTICES

NXP suppliers must have adequate and effective written recruitment and employment policies and procedures that take measures to ensure compliance with laws in the sending and receiving countries. Suppliers must ensure workers are not required to pay fees, deposits, or have debt repayments for their recruitment or employment. Suppliers cannot 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 the worker, prior to departure or hiring, with accurate written details of working conditions in the host country, including nature of work, wages, benefits, and duration of contract in the workers' native language. Suppliers must not require workers to surrender personal documents. Suppliers must also ensure the same with its employment

agencies. Suppliers must ensure that workers are free to leave their employment upon giving reasonable notice, with no penalty. Suppliers must not place unreasonable restrictions on movement of workers and their access to basic liberties. Suppliers must clearly communicate the NXP’s Supplier Code of Conduct or comparable requirements pertaining to recruitment of workers. Suppliers must regularly evaluate the employment agencies on their performance and conformance against these requirements.

NXP has adopted an Employer Pays policy in the recruitment of workers. This policy is a clear contractual agreement with partners in our supply chain. The NXP Employer Pays policy requires 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.

Additional details on NXP’s efforts to investigate ethical recruitment practices is available in our ethical recruitment [documentary](#).



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**PRODUCT CONTENT RESTRICTIONS**

NXP is required to provide information and evidence to its customers of compliance to the European Union’s Directive on the Restriction of Hazardous Substances (RoHS), and other product regulations such as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Suppliers must meet the requirements of the NXP [ECO-Products Substance Control for Products and Packaging](#) specification. Suppliers must provide NXP with full material content declarations and annual analytical test reports performed by a third-party laboratory certified to IEC 62321. For all material groups, specific substances are analyzed annually at a homogeneous material level to verify compliance with the NXP requirements. NXP’s halogen-free initiative specifically targets materials that should not contain halogens and antimony oxides above the established limits. Suppliers must certify that they have gathered and verified information about substances present in raw materials, parts, or products it supplies to NXP using appropriate methods (i.e. internal design controls, declarations, and analytical testing) to ensure its accuracy and completeness and attest that such information is true and correct to the best of their knowledge.

**RESPONSIBLE SOURCING OF MINERALS**

Suppliers must have a policy to reasonably assure that the minerals in the products they supply are responsibly sourced around the world. Suppliers must exercise due diligence, in accordance to the Organization for Economic Developments Due Diligence (OECD) Guidance, on the source and chain

of custody of these minerals. They must make their policies and due diligence measures available to NXP upon request. In addition, suppliers must submit a valid and current conflict mineral reporting template (CMRT) to NXP when requested.

**RISK ASSESSMENTS AND AUDITS**

All suppliers, approximately 10,000, are included in our annual risk assessment analysis. The risk assessment identifies suppliers that are at risk of having human rights issues such as forced/bonded labor, migrant worker index, decent wages, humane treatment, child labor risks and health and safety.

As part of our annual risk assessment, NXP engages with Versik Maplecroft and Verité Cumulus to identify forced labor and human trafficking risks in our supply chains. Versik Maplecroft provides NXP with a screen of our supply chain for inherent risk and predictive models in areas such as forced labor, child labor and working conditions. Verité Cumulus provides NXP online technology to identify forced labor and human trafficking risks with our labor agents. Cumulus maps and assesses our labor agents in both the receiving and sending countries and their recruitment practices.

Three risk criteria are considered when assessing a supplier: geographical risk, product risk and business criticality. Each criterion has a scale of maturity of 1 (lowest risk) to 10 (highest risk). All criteria are scored and a product of the three is the overall risk score of a supplier.

Geographical risk is a key factor in determining risk levels, as suppliers in countries where there are weak regulations, inadequate enforcements of labor rights, ineffective business ethics and environment laws tend to have a high-risk exposure. Each country gets a score from each index; labor rights and protection, corporate governance, legal and regulatory environment and climate change vulnerability. The set of weights were determined based on best practice benchmarks from the industry, non-governmental organizations and through sensitivity analysis.

Use of foreign migrant workers is a critical risk element when it comes to labor and human rights. To account for this risk, country outcome from the quantitative approach is increased by one level. Taiwan, China, Malaysia, Singapore and Korea tend to employ the highest number of migrant workers.

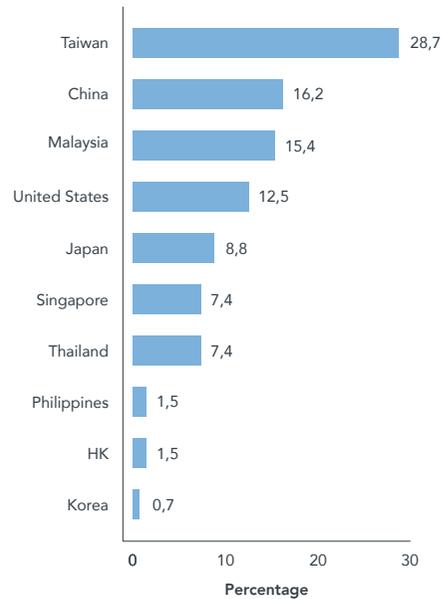
Product risk is a criterion that measures the risk of a supplier and the materials used in our products and therefore the closest in the value chain to NXP’s end products and customers. External manufactures have the highest level of product risk exposure to NXP’s customers, while material suppliers that provide directly to NXP end products are the second highest product risk.

Business criticality has a guidance to segment the supply base to high, medium and low risk based on annual spend.

The assessment is refreshed yearly upon updates from Maplecroft's indices.

Our [high priority suppliers](#) below are mostly in Asia where the top four high risks countries are Taiwan, China and Malaysia.

**2019 High Priority Suppliers by Country**

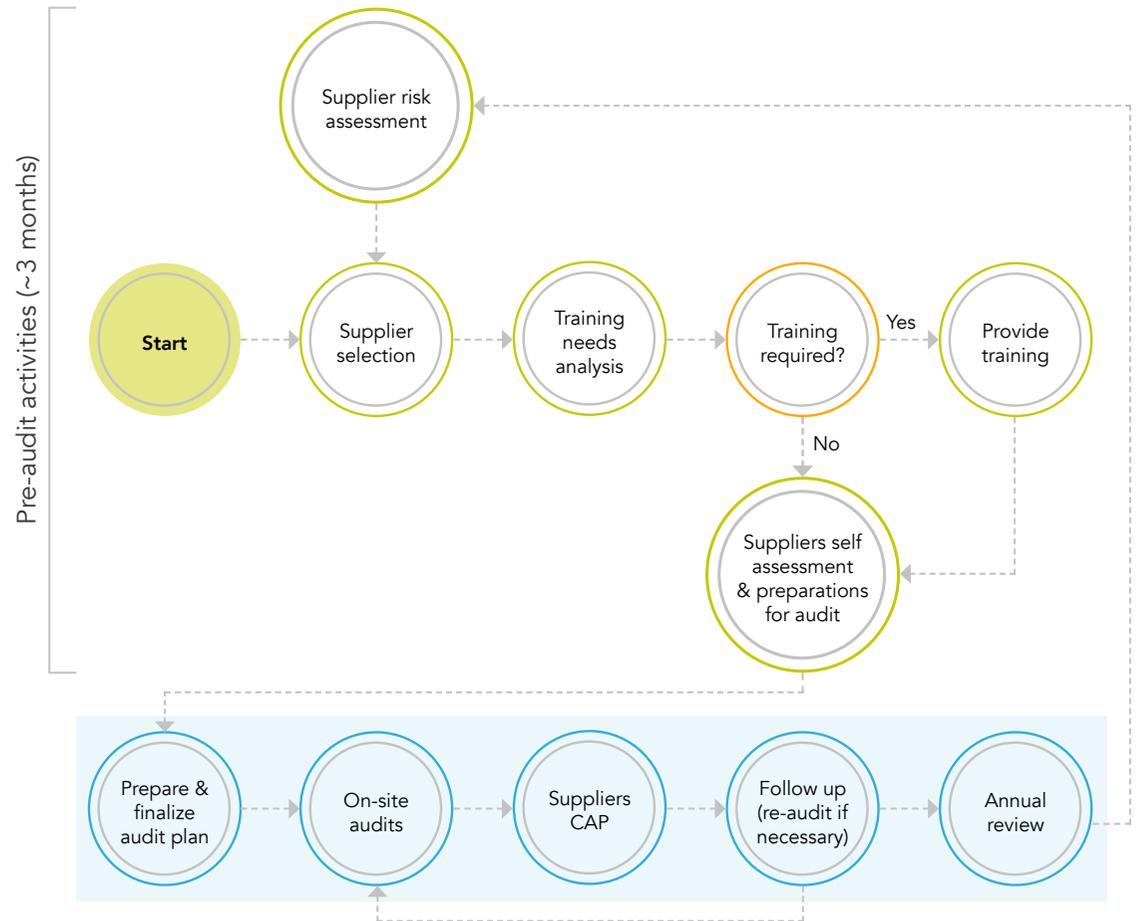


**AUDITS**

NXP's social responsibility audit is a collaborative and consultative process aimed at guiding suppliers and ensuring they meet the NXP Supplier Code of Conduct and the requirements of the NXP auditable standards. The NXP auditable standards apply to all NXP suppliers, contractors onsite service providers, labor agents and external manufacturers.

Audits of our suppliers can be announced or unannounced and are conducted by an approved 3rd party audit firm and accompanied by, at a minimum, a 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 after the audit if the supplier has challenges.

NXP supplier audits analyzes three main aspects: 1) documentation reviews, 2) management and private worker interviews and 3) physical inspection of facility and dormitories (if applicable). Audits also include interviews with labor agents and onsite service providers for that supplier facility such as janitorial, canteen, security and others. The NXP Social Responsibility Audit program is conducted in accordance with the following process flow:



**1. Supplier risk assessment**

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

**2. Training**

Once a supplier is selected for an audit, NXP analyzes and consults with selected suppliers whether additional training is needed.

**3. Self-assessments**

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

**4. Onsite audit**

The onsite audit is led by a team of auditors from a third-party audit firm qualified by NXP and accompanied by a NXP RBA-trained auditor. Depending on the size and complexity of the supplier’s operations, a typical audit requires two or three full days. The scope of the audit covers labor and human rights, environment, health and safety, business ethics, management systems and compliance to the NXP Supplier Code of Conduct. These audits are conducted so suppliers can improve their business processes and procedures. The audits are not intended to pass or fail a supplier, but rather to guide the suppliers in a collaborative approach.

**5. Supplier corrective action plan**

The audit can result in one of three classifications for non-conformances that require corrective and preventive action

plans to be submitted by a supplier within a set period of time. The three classifications are priority violation, major non-conformance and minor non-conformance.

If a priority violation is discovered, the supplier is given the opportunity to improve performance, but the supplier’s response to, and adequate resolution of a priority violation is non-negotiable. In the case of immediate risk of life, the supplier is given 24 hours to complete the corrective action. In other priority violations, the supplier is allowed seven days for submission of the corrective action plan and 30 days for completion. Unresolved priority violations can result in the withdrawal or termination of business.

Other non-conformances can be registered as major or minor. The audit report listing these non-conformances are issued to the supplier within two weeks after the closing meeting. All corrective actions for major and minor actions must be approved by NXP. In this case, the supplier must send and attend follow-up calls with the NXP team to updates to their corrective action plans every 30, 60, 90 days. It is the goal for all corrective actions must to be fully be closed within 90 days.

**6. 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.

**7. 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 in the next year. A re-audit is required based on the severity of audit results.

If you’d like more information regarding our audit program, please watch our [video](#) about the Social Responsibility Audit.

**TRAINING**

Training is focused on our suppliers and the suppliers onsite service providers. The mode of training can be a one-to-one consultation training, a 2-hour classroom training or through a webinar session, conducted by the NXP Social Responsibility team with support from the site 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 supplier’s corrective action plan closure timeline
- Supplier requests training

Coaching the supplier of best practices and providing RBAs eLearning academy are also a part of our supplier trainings.

**VALIDATION**

Each year we report publicly on our supplier's annual top audit non-conformances. Each month key performance indicators are reported to the Sustainability Office on topics such as violations and non-conformances from the supplier audits, signed conformance letters from our supply chain, corrective action plan closure rate and quarter over quarter risk indicators within our supply chain.

Reports are reviewed by the Social Responsibility Board, composed of NXP executive and non-executive leadership annually. The board meeting discusses the progress that has been made, areas for improvement and new targets. Quarterly reviews are conducted with the Ethics Committee. Monthly reviews are conducted with the Quality leadership team. Monthly meetings are conducted with purchasing managers (sometimes weekly) to discuss key supplier audit results, the corrective action plan and their progress towards closing out their non-conformances.

NXP monitors improvement by measuring the number of priority violations, repeat audits, frequency of non-conformances, and the closure rate of all violations.

NXP measures our supplier's improvement by monitoring and approving the Corrective Action Plan. The Corrective Action Plan is a tool for communication to NXP on how issues will be remediated. An effective Corrective Action Plan includes remediation plans that fix the violation and create a

management system to prevent the issue from reoccurring.

**REMEDIATION**

NXP is committed to work with our suppliers and their workers to remedy any adverse impacts through collaboration.

**WORKER VOICE**

Suppliers are required to have workplace grievance mechanisms in place that ensure the confidentiality, anonymity and the protection of whistleblowers. The grievance mechanism must be available in the workers languages. Suppliers must train their workers on the grievance mechanism and communicate the process to their workers, so they can raise any concerns without fear of retaliation. Suppliers must state in a policy that it shall 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 helps management or any other person or group investigate an allegation. Suppliers grievance mechanism must also be made available to their suppliers.

During a supplier audit, the auditor tests the grievance mechanism thoroughly. During a private worker interview, questions regarding the knowledge of ways to report a grievance is discussed. After the interview, the auditor provides the worker with the NXP 3rd party grievance card in which they can use at any time for any reason and can report in local language anonymously. NXP acknowledges that we are putting

the worker in a vulnerable situation by privately 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, NXP will take the appropriate measures that may involve termination of business with that supplier.

NXP in Action

*Engaging with the foreign migrant workers prior to departure and after arrival is another opportunity for NXP to listen to the workers voice as well to verify that our standards are being followed. NXP conducts interviews with the workers prior and after arrival to NXP to gain more knowledge of the recruitment process, if fees were paid, if they were trained, understand their contract and know who to contact for any concerns.*

**RESOLVING ISSUES**

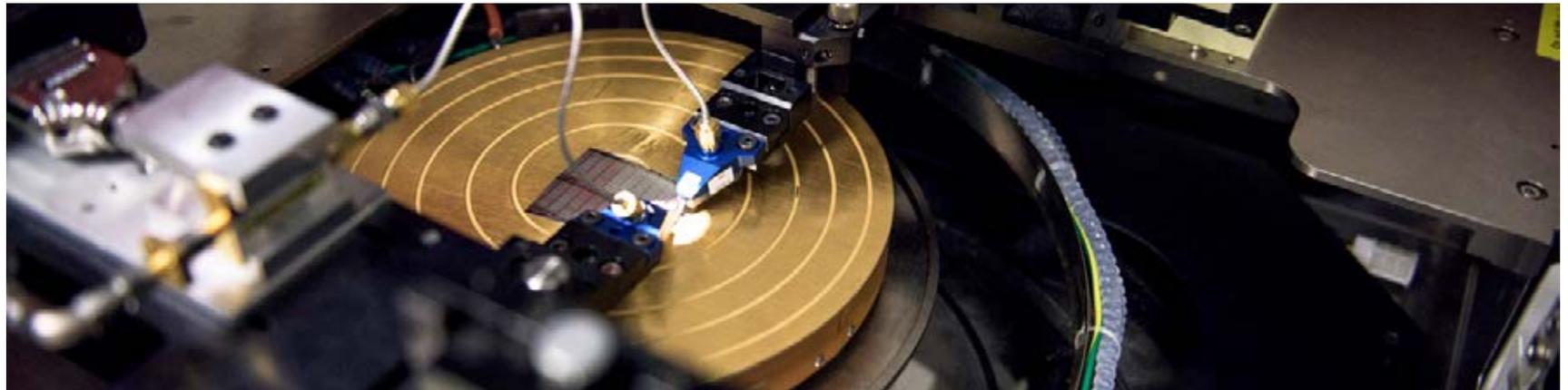
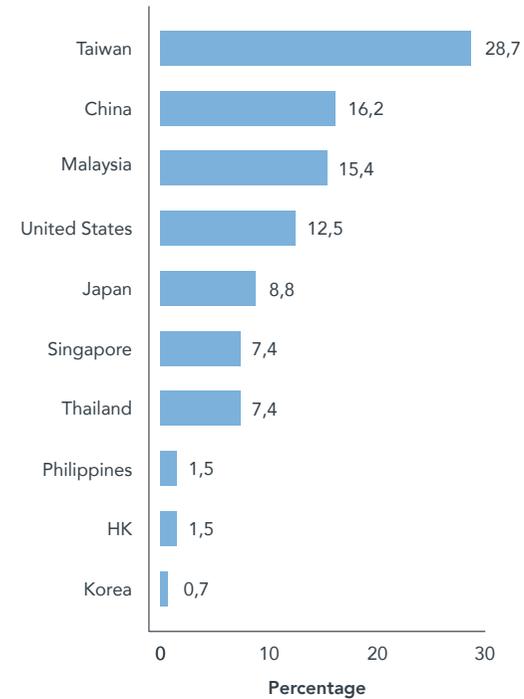
We monitor and assess compliance and investigate each allegation. All reports are brought to the attention of the NXP Ethics Committee. The Ethics Committee then puts together an investigation team with experts not connected to the people or business involved. The investigation team shares its findings with the Ethics Committee, which subsequently works together with the relevant business owners on possible follow-up actions. When a problem is detected, we analyze the root cause and modify the relevant internal control system to prevent a possible recurrence. Acknowledgement of complaints are sent as soon as possible after receiving the complaint and are updated regularly.

We track the company's compliance performance and report progress on a quarterly basis to the Chief Financial Officer, General Counsel, Chief Human Resources Officer and the Audit Committee of our Board of Directors.

**RESULTS**

100% of key suppliers, whom have been identified through the annual risk assessment based on key commodities, have a purchase amount greater than \$500,000 USD and are in the Maplecroft risk profile, have committed to the NXP Supplier Code of Conduct. We once again conducted the annual supplier risk assessment to determine our audit schedule for high priority suppliers.

**2019 High Priority Suppliers by Country**

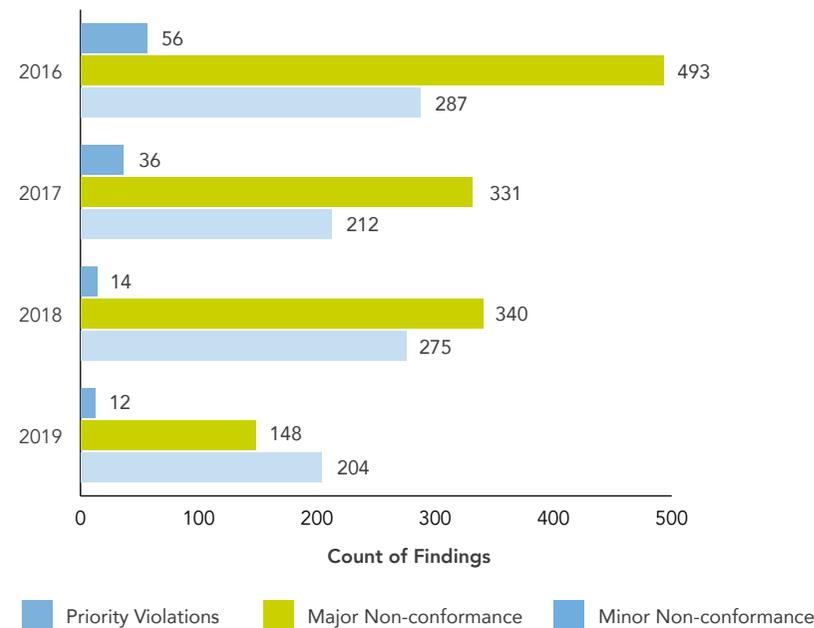


In 2013, NXP began auditing suppliers and has since audited 158 suppliers, with 17 announced audits occurring in 2019, 4 of the 17 audits were verification audits. During an audit, worker interviews are conducted in private and at random in which we take the square root of the worker population to determine the number of worker interviews to be conducted. During our 2019 audits, 286 random worker interviews were conducted with 31.1% male and 68.9% female population with varying length of service and age range.



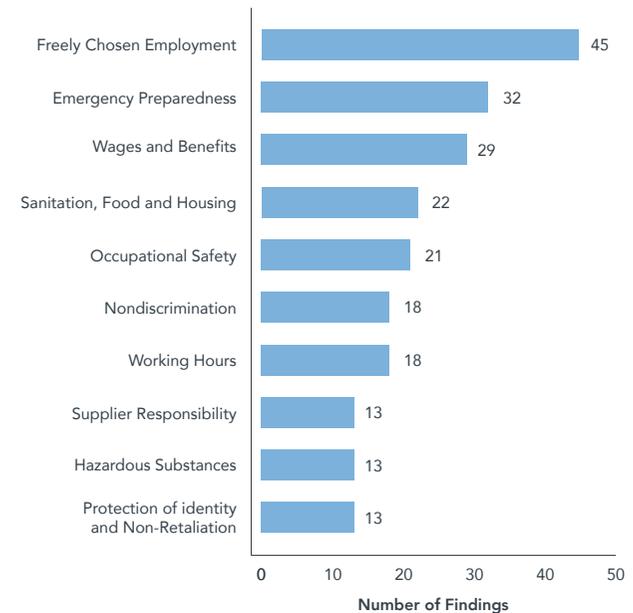
The trend of non-conformance in our supplier audits shows a consistent decrease since 2016.

**Supplier Audit Non-conformances**



Freely Chosen Employment, Emergency Preparedness and Wages and Benefits represents the top three non-conformances.

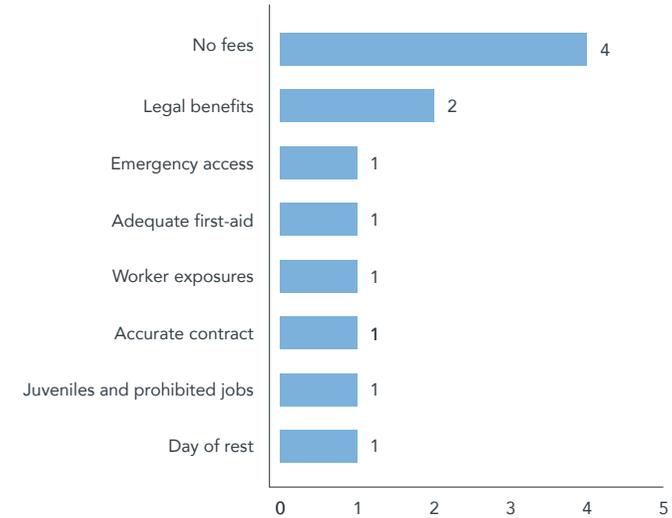
**2019 Top 10 Supplier Non-Conformance**



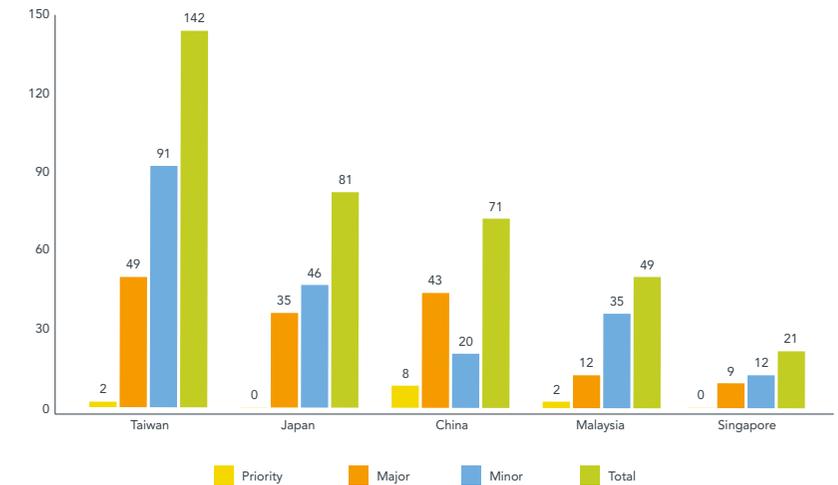
While the top non-conformances are an indicator for NXP to improve on within our supply chain, it is also valuable to understand which category the priority violations are falling within. Investigating the number of priority violations found in 2019, it was clear that No Fees was the highest priority violation in our analysis. Three of the four suppliers have repaid the fees to the workers. Dialog with the remaining supplier is ongoing to close out this finding.



2019 Priority Findings

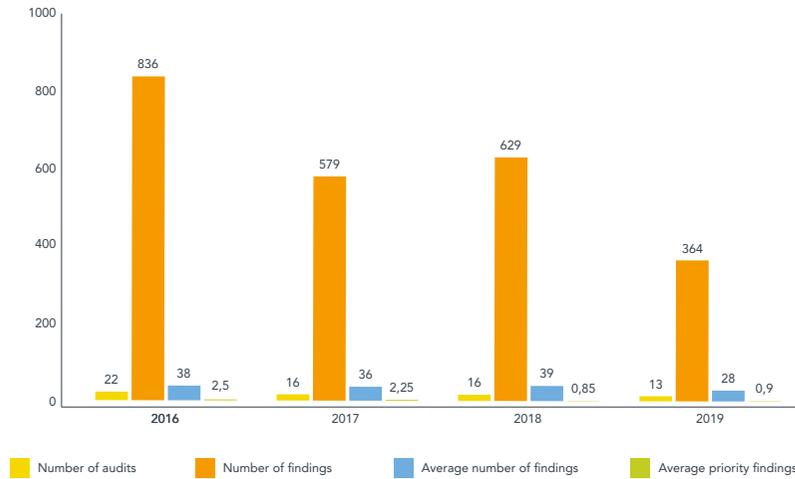


Non-conformances per Country Audited



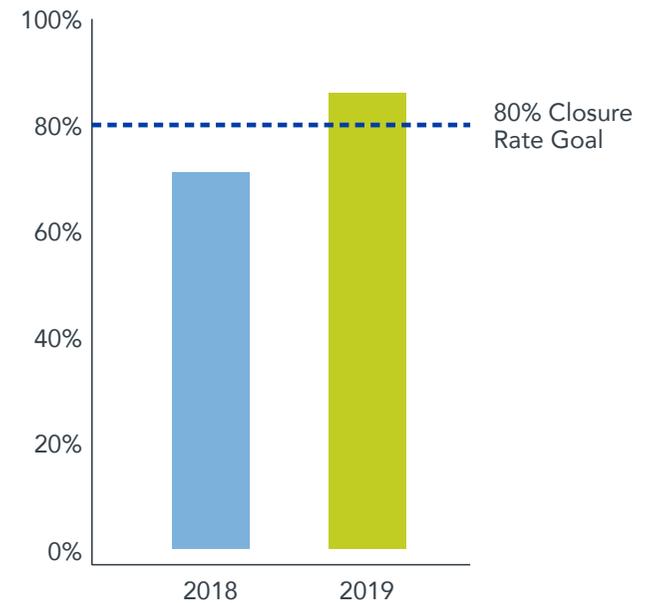
The analysis below shows that our average number of findings and our average number of priority findings are decreasing since 2016. Our standards are making a difference as our suppliers are implementing them into their business practices and management systems.

**Average Number of Findings vs. Average Priority Findings**



In 2018, we set a goal to close out 80% of our supplier non-conformances within the 90-day timeframe. We chose this key performance indicator as a baseline threshold for 2018 as we are aware that some corrective actions take longer than the 90-day requirement due to those non-conformances that require monetary investments to comply with the NXP standards. Since the beginning of the supplier audit process, our closure rate was approximately 40%. With continuous collaboration with our suppliers, our closure rate for 2019 has increased to 85% compared to 71% in 2018.

**Closure Rate**





## RESPONSIBLE MINERAL SOURCING

NXP takes responsible mineral sourcing seriously. We trace the relevant raw materials used in our products back to the smelter level addressing risks associated with mining operations in high-risk and conflict-affected areas. Our Responsibly Sourced Minerals Policy covers our commitment and approach. Based upon our due diligence information, NXP does not knowingly use minerals derived from conflict regions that directly or indirectly benefit armed groups that are perpetrators of serious human rights abuses.

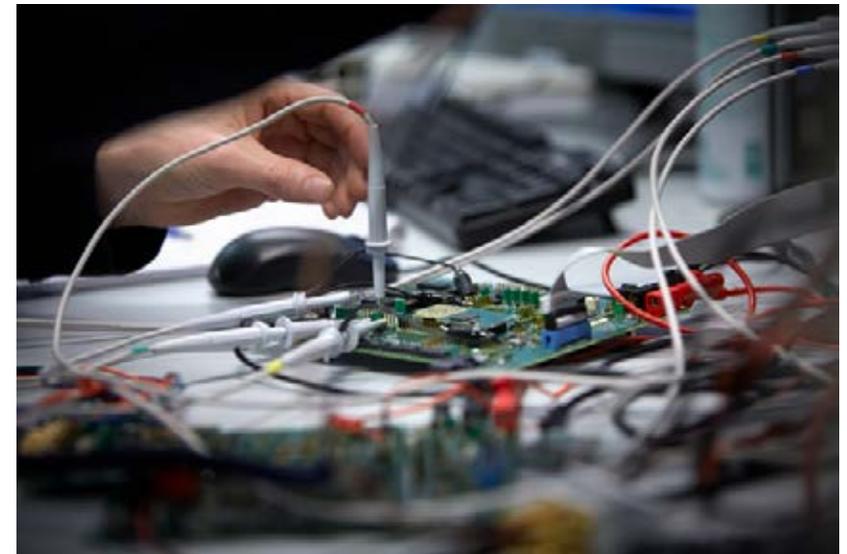
NXP's responsibly sourced mineral program is designed in accordance with the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We also require our suppliers to adhere to these due diligence requirements. NXP does not generally use minerals in their raw form or purchase them directly from mining companies or smelters so we engage with our suppliers to ensure the prevention of human rights abuses and other negative impacts associated with the mining of minerals.

NXP participates in multi-stakeholder initiatives such as the Responsible Minerals Initiative (RMI) and the European Partnership for Responsible Minerals (EPRM), which provides tools we use to map the minerals and verify that smelters and refiners source minerals ethically.

Using information from RMI and our suppliers, NXP discloses our smelter names and country origin in our NXP Conflict Minerals Reporting Template ([CMRT](#)) and in our NXP SEC [Form SD / Conflict Minerals Report \(CMR\)](#). NXP and our suppliers had 100% compliance to the provisions of our auditable responsible resourcing standards.

In addition to our SEC filings, our commitment and [policy](#) can be found on our [website](#) as well as various industry associations we are actively participating in to address the human rights associated with the mining of these minerals.

Going above and beyond our legal requirements of 3T&G, NXP also assessed the use of mica and cobalt in our products. As of 2019, NXP products do not use mica and only small amounts of cobalt. We mapped our cobalt supply chain to determine if any human rights issues are present. In 2019, we began reporting our cobalt supply chain smelters using the Cobalt Reporting Template (CRT).



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# APPENDIX A – SASB DISCLOSURE

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Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
<b>GREENHOUSE GAS EMISSIONS</b>							
TC0201-01.01-.02	1) Scope 1 direct GHG emissions 2) Calculation shall include the six Kyoto gases	tons CO <sub>2</sub> -e	793.498	651.653	602.190	594.502	458.866
TC0201-01.03	3) Amount of PFCs account for the GHG emissions	tons CO <sub>2</sub> -e	550.230	460.331	429.492	440.506	288.565
TC0201-02.04	Scope of reduction targets and what activities and investments required to achieve plans. Limiting factors that might affect achievement of the targets		NXP's 2020 goal is to reduce our normalized carbon footprint by 30% from a baseline year of 2010. In addition, NXP strives to aggressively reduce our "absolute" emissions, meaning a reduction regardless of the expended growth of production. Our production normalizer is based on the square meter of silicon wafers produced. Our reduction strategies differ per emission source as each comes with their own unique opportunities. Limiting factors could be an increase of production space footprint, product changes that we as a supplier are required to subscribe to such changes, resulting in an increase of emissions, or if production demand changes, in which our emissions are directly related to volume produced.				
TC0201-02.05	Percentage of emissions within the scope of the reduction plan and the percentage reduction from base year. Identify absolute/intensity based. Identify activities that were completed during fiscal year and those that are ongoing. Discuss source of mechanism for achieving the target.		From 2010 to 2019, our normalized Scope 1 emissions decreased by 32.5%. PFCs is our largest contributor to Scope 1 emissions and since 2010, our normalized total PFC emissions decreased by 52%, even though many of our products have become more complex, requiring additional manufacturing steps and hence more PFCs. To achieve these promising results, each year we have invested in our operations and technology processes to reduce our carbon footprint. In 2019, at many of our sites, we installed PFC abatement equipment. We improved chemical processes to reduce the amount of emissions and converted certain tools to remote plasma reducing PFC emissions.				
TC0201-02.06	Have the emissions been recalculated or where the target base year has been reset?		The target base year has not been reset and our calculations methods have remained the same following IPCC methodology.				

Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
<b>ENERGY MANAGEMENT IN MANUFACTURING</b>							
TC0201-03.09	Total energy purchased from sources external to the organization or self-generated.	GJ	5,478,177	5,489,275	5,495,728	5,573,326	5,536,710
TC0201-03.10	Calculating energy consumption, use HHV taken from the IPCC.		We use IPCC methodology to report total energy consumption.				
TC0201-03.11	Self-generated consumption shall not be double-counted.		NXP does not self-generate energy.				
TC0201-03.12	Percentage of grid electricity of its total energy consumption.	%	NXP purchases 100% of grid electricity.				
TC0201-03.13	Percentage of renewable energy consumption of its total consumption.	%	NXP purchases 100% grid electricity and the renewable energy mix from the grid is 18% of total energy consumption.				
TC0201-03.14	Renewable energy from sources such as geothermal, wind, solar, hydro and biomass.		NXP purchases 100% grid electricity and the renewable energy mix from the grid has been identified as wind, solar and hydroelectricity.				
TC0201-03.15	Apply conversion factors such as HHVs for fuel usage and kWh to GJ.		Our internal EHS data management system utilizes conversion factors for total energy consumption.				
<b>WATER &amp; WASTE MANAGEMENT IN MANUFACTURING</b>							
TC0201-04.16	Amount of water withdrawn from freshwater sources	m <sup>3</sup>	11,334,000	11,168,959	10,936,125	10,927,872	10,732,132
TC0201-04.17	Percentage of water recycled as the volume recycled divided by the volume of water withdrawn.	%	41	43	43	38	44
TC0201-04.18	Analyze operations for water risks and identify location with High or Extremely High Baseline Water Stress. Indicate the percentage of the total water withdrawn.	%	Per the World Resources Institute's (WRI) Water Risk Atlas tool, only one facility is in scope, which represents 6.8% of water withdrawn.				
TC0201-05.19	Amount of hazardous waste	metric tons	2,065	1,882	1,955	2,400	2,440
TC0201-05.20	Percent hazardous waste recycled. (reused, recycled, remanufactured or sent externally for further recycling divided by the total weight of hazardous material).	%	NXP does capture this metric, but across the globe, hazardous materials are defined differently. Hazardous materials can be designated by its characteristics, how it is generated and or its properties. In addition, each country also includes other properties that they also include as hazardous material. Therefore there is an inconsistency of what is classified as hazardous because of local regulations differences across our global sites and we therefore cannot provide this information.				

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TC0201-05.21	E-waste recycled if transferred to entities with third-party certification.		We send our e-waste to third party entities, whom obtains all necessary environmental permits required by local governments.				
TC0201-06.22	Percentage of employees that are foreign nationals which require a visa to work in the country in which they are employed.	%	2019 at year end; 3%				
TC0201-06.23	Percentage of employees that are located offshore from the registrant's country of domicile, by region.	%	Americas: 20% EMEA: 14% Asia-Pac: 59% NXP is a global company with operations in over 30 locations. Although headquartered in the Netherlands, NXP's business model is to have significant presence in US, Europe and Asia, which requires access to talent in those areas and allows us to be responsive and close to our customers in those markets. We view this as a strength and not a risk.				
TC0201-06.24	Risks from recruiting foreign nationals or offshore employees, which may arise from immigration, naturalization, or visa regulations; loss of control; threats to intellectual property; or cultural or political sensitivities		<p>At NXP, we value diversity, inclusion and equality and respect the unique experiences, backgrounds, diverse cultures and ideas of our fellow employees, business partners and customers around the world. We understand that each employee brings something unique to the company – different viewpoints, histories, experiences and paths of discovery. And we invite every NXP employee to bring their whole self to work, without exception.</p> <p>NXP does not tolerate discrimination of any kind, including when making employment-related decisions. We uphold a code of business conduct and ethics and would not violate these commitments by rejecting a candidate based on his/her citizenship or nationality.</p> <p>When recruiting foreign nationals in any jurisdiction, the greatest risks we face involve the uncertainties outside NXP's control, such as:</p> <ul style="list-style-type: none"> <li>• Inability or significant delay to secure export licenses from the U.S. Government;</li> <li>• Inability or significant delay to secure work authorization documents, including valid work permit and immigration status;</li> <li>• Increasing or unpredictable challenges and costs associated with obtaining necessary licenses, work authorizations, or visas;</li> <li>• Unpredictable and shifting political positions affecting each stage in the recruitment, hiring, and retention of foreign nationals.</li> </ul> <p>However, the risks above do not outweigh the value NXP's foreign national employees provide to its business.</p>				

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TC0201-06.25	Management's approach to addressing the risks it has identified related to recruiting foreign nations, which may include developing local talent pools, political lobbying for immigration reform, outsourcing of operations or joining/forming industry partnerships.						
			<p>To address the risks identified in the aforementioned response, NXP does the following:</p> <ul style="list-style-type: none"> <li>• Ensures that job postings include an overview of the position, including requirements and application instructions, to ensure applicants understand the position for which they are applying and the job requirements against which they will be assessed.</li> <li>• Manages expectations around the hiring process when it comes to delays with securing work authorization documents (such as visas). NXP and tries to provide up to date information regarding the immigration landscape and the costs and potential risks for delays and loss of work authorization.</li> <li>• In some countries, NXP also engages immigration status providers to track initial needs for work permit, visas, and potential future renewals, and monitor for potential risk trends/developments that need to be accounted for.</li> <li>• NXP also engages internal and external resources to evaluate and prepare contingency plans in the event it encounters challenges or delays securing or maintaining work authorizations.</li> <li>• From time to time, NXP participates in a variety of different initiatives and organizations, such as the Semiconductor Industry Association, to educate and advocate for sound policies in employment of foreign nationals and to safeguard its interests in this space.</li> </ul>				
TC0201-06.26	Management's approach to addressing additional risks identified related to conducting offshore business activities, which may include implementing safeguards for data security, piracy, and IP protection and diversifying the locations of offshore operations.						
			<p>NXP is a global company with manufacturing, R&amp;D, and sales offices in over 30 countries. Our global footprint and experience, bolstered by our corporate policies and procedures and IT resources, protects and safeguards our risks to the extent possible.</p>				

Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
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**EMPLOYEE HEALTH & SAFETY**

TC0201-07.27	Discuss efforts to assess, monitor and reduce exposure of employees to human health hazards.						NXP assesses, monitors and reduces exposure of our employees to human health hazards in our controls and procedures, detailed in our management system, which has been recognized by our OHSAS 18001 certification that we have maintained for the past 10 years. In our efforts for continuous improvement to our health and safety management system, all of our manufacturing facilities will transition to the new ISO 45001 standard that enhances our management system to include additional measures for the health and safety of our employees. As part of our management system, NXP's approach is to reduce the risk at each source by conducting risk assessments. Each risk assessment conducted follows by a list of controls for each source to limit the risk. Personal protective equipment and extensive training for our employees is provided to effectively control the risk identified through the risk assessment. Continuous monitoring of the documented controls are ongoing to verify that the controls are indeed working appropriately and the risk to the employee is minimized.
TC0201-07.28	Discuss management approach in the context of short term and long term risks.						Our management system described above and our continuous monitoring of each control set in place aims to minimize both the short and long-term risks associated with each source identified through our risk assessment.
TC0201-07.29	Discuss risk assessments, participation in long-term health studies, ambient air monitoring in clean rooms, implementation of technology to control worker exposure, worker use of personal protective equipment, automation of processes, and phasing out, substituting, or using alternative materials.						We utilize ambient air monitoring in clean rooms, we have on staff industrial hygienist and safety professionals for all of our manufacturing sites. We provide personal protective equipment for our employees and continuously invest in automation processes to reduce risks to our employees.
TC0201-07.30	The scope of employees shall focus on cleanroom workers in fabrication plants but should discuss other employees as relevant.						We incorporate health and safety within all areas of the company, including a focus on work life balance and proper ergonomic tools and training.
TC0201-08.31	Disclose the amount of all fines/settlements associated with health and safety violations.						In 2019, NXP was assessed a fine for an incident that occurred in 2013 at our manufacturing facility in The Netherlands.
TC0201-08.32	Disclose civil actions and criminal actions taken by any entity.						No actions were taken by any entity.
TC0201-08.33	Describe the nature and context of fines and settlements.						In 2019, due to a safety related incident that occurred in our Nijmegen facility in 2013, there was a court ruling that ended up with a fine assessed to NXP related to lack of appropriate maintenance and equipment handling by a third party service provider.
TC0201-08.34	Describe any corrective actions as a result of each incident.						The corrective actions for this incident are tighter controls of the service provider, increased communication and the requirement to notify NXP of any process control changes.

Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
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**PRODUCT LIFECYCLE MANAGEMENT**

TC0201-09.35	Percentage of products by revenue that contain IEC 62474 declarable substances	%	In 2019, ~64% of our finished product portfolio contains IEC 62474 declarable substances.				
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TC0201-09.38	Approach to managing the use of substances that appear as declarable substance groups or declarable substances in IEC 62474, including specific operational processes which take these substances into consideration.		<p>The substance management requirements are outlined in the ECO-Products Substance Control for Products and Packaging (NXPOMS-1719007347-1991) document: <a href="https://www.nxp.com/docs/en/supporting-information/ECO-Products-Substance-Control-Products-Packaging.pdf">https://www.nxp.com/docs/en/supporting-information/ECO-Products-Substance-Control-Products-Packaging.pdf</a></p> <p>NXP requires its suppliers to provide a full Material Content Declaration ("MCD", in IPC-1752A format) for each component. Our SAP-EHSM system checks each Supplier MCD and then calculates the compliance status of the components and products to the legal, industry and NXP requirements described in the NXPOMS-1719007347-1991 document.</p> <p>IEC62474 declarable substance list is mainly based on the EU legislations (EU RoHS, EU REACH Annex XVII, EU REACH Candidate list and the EU POP).</p> <p>Nickel (declarable IEC62474 substance and skin sensitizer) is a common substance in Lead Frames and platings, however NXP products are not intended to come in direct skin contact.</p> <p>Supplied parts and materials are clearly identifiable by a unique 12 digit numerical coding (12NC) and managed via the NXP data management system. This system segregates and prevents mixing of RoHS compliant and non-compliant materials/applicable to its usage in the final product. Traceability of non-compliant materials and parts is guaranteed via the NXPOMS-1719007347-2601 "Traceability Requirements". The storage of materials is regulated by local organization. Specific data related to these materials, including the supplier, are maintained in the NXP master data management system. In system SAP-BW, NXP maintains the connection between the 12 digit coding of the materials and the suppliers.</p> <p>Lines are clearly marked as RoHS (lead free) or leaded terminations. Products are certified as RoHS (lead free) or leaded terminations. GENESIS Production flow papers indicate which segregated line to follow and the components allowed for the build.</p>				
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Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
TC0201-09.41	Describe the degree of overlap with IEC 62474 with the management and assessment of known or potentially toxic substances with reference to other regulations, industry norms or accepted chemical lists.						
			<p>The substance management requirements are outlined in the ECO-Products Substance Control for Products and Packaging (NXPOMS-1719007347-1991) document.</p> <p>NXP requires that its product and packaging materials meet, or exceed, the regulatory requirements found in EU RoHS, EU ELV, EU 94, EU REACH and EU POP, in addition to NXP MCV, and reporting thresholds, for Prohibited and Restricted substances listed in Section 6.2 and Section 6.3 of NXPOMS-1719007347-1991 document. NXP encourages its suppliers to develop lead (Pb) free, halogen free and antimony oxide free solutions for product and packaging materials. To meet industry standards, Suppliers may be required, through NXP specifications or purchase orders, to deliver lead free and/or halogen free and/or antimony oxide free product and packaging materials.</p> <p>Prohibited, Restricted and Declarable substances and substance groups with their NXP Maximum Concentration Value are listed in Section 6.3, 6.4 and 6.5.</p> <p>Upon NXP request, Suppliers shall provide substance removal plans and conversion roadmaps.</p> <p>Detailed Supplier requirements subject to regulations and standards can be found in Section 5.2.1 (EU RoHS &amp; EU ELV), 5.2.2 (EU Packaging and Packaging Waste), 5.2.3 (EU REACH) 5.2.4 (EU Persistent Organic Pollutants (POP)), 5.2.6 (Designated "Lead-Free" Materials) of NXPOMS-1719007347-1991.</p>				
TC0201-10	Processor energy efficiency at a system level for 1) servers, 2) desktops and 3) laptops		This is not applicable to NXP semiconductor products.				

Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
<b>SUPPLY CHAIN MANAGEMENT &amp; MATERIALS SOURCING</b>							
TC0201-11.50	Revenue that contain critical materials	%	~92% of our finished product portfolio contains 3T&G.				
TC0201-12.53	3T&G smelters within the supply chain that are verified conflict-free.	%	100% of the suppliers identified were compliant with a third-party audit program (Conformant). For additional information, please see our SEC Form SD: <a href="https://www.nxp.com/docs/en/nxp/supporting-information/NXP-SEC-FORM-SD-CMR.pdf">https://www.nxp.com/docs/en/nxp/supporting-information/NXP-SEC-FORM-SD-CMR.pdf</a>				
TC0201-12.54	Define how we consider them to be conflict free.		<p>NXP's responsibly sourced mineral program is designed in accordance with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas including the related supplements on gold, tin, tantalum and tungsten, as it relates to our position as a "downstream" purchaser. In addition, NXP requires our suppliers to adhere to NXP's Supplier Code of Conduct, which compels our suppliers to ensure responsible sourcing of minerals in their supply chains. Suppliers must exercise due diligence on the source and chain of custody of minerals and provide their due diligence policies and measures upon request. To verify compliance with these commitments, NXP conducts third party audits. <a href="https://www.nxp.com/pip/CONFLICT-MINERALS">https://www.nxp.com/pip/CONFLICT-MINERALS</a></p> <p>The flagship program of the RMI, the Responsible Minerals Assurance Process (RMAP) takes a unique approach to helping companies make informed choices about responsibly sourced minerals in their supply chains. Focusing on a "pinch point" (a point with relatively few actors) in the global metals supply chain, the RMAP uses an independent third-party assessment of smelter/refiner management systems and sourcing practices to validate conformance with RMAP standards. The assessment employs a risk-based approach to validate smelters' company-level management processes for responsible mineral procurement.</p> <p>The RMAP standards are developed to meet the requirements of the OECD Due Diligence Guidance, the Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act.</p>				

Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
TC0201-13.56	Strategic approach to managing its risks associated with usage of critical materials and conflict minerals in its products, including availability, access, price and reputational risks.						
			<p>NXP's responsibly sourced mineral program is designed in accordance with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas including the related supplements on gold, tin, tantalum and tungsten, as it relates to our position as a "downstream" purchaser. In addition, NXP requires our suppliers to adhere to NXP's Supplier Code of Conduct, which compels our suppliers to ensure responsible sourcing of minerals in their supply chains. Suppliers must exercise due diligence on the source and chain of custody of minerals and provide their due diligence policies and measures upon request. To verify compliance with these commitments, NXP conducts third party audits.</p> <p>Our procurement organization has implemented escalation procedures for suppliers who (i) provide products that incorporate Covered Minerals from smelters or refiners that do not comply with a third-party audit program or (ii) have not provided details on the sourcing of Covered Minerals in their supply chain. Under these procedures, our procurement organization will develop a list of corrective actions including a timeline for compliance and a decision to continue or temporarily suspend trade with the supplier during the corrective action period. Suppliers who do not make satisfactory progress addressing the identified corrective actions are reported to NXP's chief procurement officer. NXP's due diligence measures with respect to identified smelters and refiners were primarily based on multi-industry due diligence initiatives to evaluate the procurement practices of the smelters and refiners that process and provide Covered Minerals to our supply chain.</p>				
TC0201-13.57	Identify which materials and minerals present a risk to its operations, which type of risk they represent and the strategies used to mitigate the risk.						
			<p>NXP's supply chain is complex and, in most cases, there are many third parties in the supply chain between NXP's ultimate manufacture of the Covered Products and the original sources of Covered Minerals. NXP requires its suppliers to identify the smelters and refiners of Covered Minerals in their supply chain. In most cases, our suppliers reported this information using the broadly adopted conflict minerals reporting template ("CMRT") developed by Responsible Minerals Initiative ("RMI"), a multi-industry initiative consisting of over 350 companies and industry associations. Due to the complexity of our supply chain, we rely on our suppliers for the accuracy and completeness of this information. In most cases, our suppliers submitted a consolidated smelter and refiner report for all of their products and materials, not just products and materials provided to NXP.</p>				
TC0201-13.58	Discuss relevant strategies include diversification of suppliers, stockpiling of materials, expenditures in R&D for alternative and substitute materials and investments in recycling technology for critical materials.						
			<p>Procurement's risk mitigation strategy is to have as much as possible parts with multiple suppliers qualified for one part. So in case we permanently or temporarily suspend trade with the supplier, NXP can switch to an alternate source. In cases where this is not possible for whatever reason, we cover this with stock management, e.g. buffer inventory. In the case of onboarding new direct materials, suppliers must sign the Procurement policy in which the supplier shall submit the CMRT. In case they use any non-conformant smelters, the supplier will not be qualified until the issue is solved.</p>				

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Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
TC0201-13.59	Discuss due diligence practices, supply chain auditing, supply chain engagement and partnerships with industry groups or non-governmental development organizations.						

- We believe that engagement and active cooperation with other industry members with whom we share suppliers can assist in the identification of risks in NXP's supply chain by facilitating identification of smelters and refiners and assessment of their due diligence practices.
- NXP became a member of the Responsible Business Alliance ("RBA") (formerly the Electronic Industry Citizenship Coalition ("EICC") in 2014, which promotes responsible sourcing of minerals, among other important social responsibility initiatives. NXP currently holds a position in the RBA's Board of Directors.
- NXP is also a member of the Responsible Minerals Initiative ("RMI") where NXP representatives regularly collaborate with other industry members on complementary programs and initiatives. Over the years, NXP has been active members of the RMI's working groups and Steering Committee.
- In 2016, NXP joined the European Partnership for Responsible Minerals (EPRM) as a strategic partner. The EPRM is a multi-stakeholder partnership in which governments, NGOs, and private sector work together to create better social and economic conditions for mine workers and local mining communities, by increasing the number of mines that adopt responsible mining practices in Conflict and High-Risk Areas. The EPRM also serves as a knowledge platform where organizations can share knowledge on due diligence and support activities to improve the conditions in the mining areas.
- Since 2013, NXP has chaired the World Semiconductor Council's conflict minerals team.

Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
<b>INTELLECTUAL PROPERTY PROTECTION &amp; COMPETITIVE BEHAVIOR</b>							
TC0201-14.60	Disclose the number of patent litigation cases in which it was involved as either the patent holder or the patent challenger.		6	2	1	6	6
TC0201-14.61	Disclose the number of successful cases.		6	2	1	6	6
TC0201-14.62	Disclose the number of cases in which it was the patent holder.		3	0	0	0	1
TC0201-15.63	Disclose the amount of all fines/settlements associated with anti-competitive behavior such as those related to enforcement of US laws and regulations on price-fixing, anti-trust behavior, patent misuse, or network effects and bundling of services and products to limit competition.		0	0	0	0	0
TC0201-15.64	Disclose civil actions and criminal actions taken by any entity.		0	0	0	0	0
TC0201-15.65	Describe nature and context of fines and settlements.		N/A	N/A	N/A	N/A	N/A
TC0201-15.66	Describe corrective actions it has implemented as a result of each incident.		N/A	N/A	N/A	N/A	N/A

## APPENDIX B – UN GLOBAL COMPACT

In 2017, NXP became a signatory of the United Nations (UN) Global Compact, in which we commit to promote environmentally responsible and ethical conduct in adherence to the international principles.

Our UN Global Compact Communication on Progress is found on the [UN Global Compact website](#).



## APPENDIX C – GRI INDEX

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Disclosure Number	GRI Standard	Disclosure Number	Disclosure Title	Response
<b>GREENHOUSE GAS EMISSIONS</b>				
GRI 102	General Disclosures	102-1	Name of the organization	<a href="#">Our Business</a>
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	<a href="#">Our Business</a>
GRI 102	General Disclosures	102-3	Location of headquarters	<a href="#">Our Business</a>
GRI 102	General Disclosures	102-4	Location of operations	<a href="#">Our Business</a>
GRI 102	General Disclosures	102-5	Ownership and legal form	<a href="#">Form 10K page 13</a>
GRI 102	General Disclosures	102-6	Markets served	<a href="#">Overview of Our Company Form 10K page 8</a>
GRI 102	General Disclosures	102-7	Scale of the organization	<a href="#">Our Business</a>
GRI 102	General Disclosures	102-8	Information on employees and other workers	<a href="#">Employee Profile</a>
GRI 102	General Disclosures	102-9	Supply chain	<a href="#">Supply Chain Engagement</a>
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	In 2019, there were no significant changes to the organizations size, structure, ownership or supply chain.
GRI 102	General Disclosures	102-12	External initiatives	<a href="#">Stakeholder Engagement</a>
GRI 102	General Disclosures	102-13	Membership of associations	<a href="#">Stakeholder Engagement</a>
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	<a href="#">A Letter from our CEO</a>
GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	<a href="#">Form 10K page 4</a>
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	<a href="#">NXP Code of Conduct</a>

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GRI 102	General Disclosures	102-17	Mechanisms for advice and concerns about ethics	<a href="#">Ethics Program</a>
GRI 102	General Disclosures	102-18	Governance structure	<a href="#">Form 10K page 114</a>
GRI 102	General Disclosures	102-19	Delegating authority	<a href="#">Governance and Board of Directors</a>
GRI 102	General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">Sustainability Organization</a>
GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">Sustainability Organization</a>
GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	<a href="#">Governance</a>
GRI 102	General Disclosures	102-23	Chair of the highest governance body	<a href="#">Governance</a>
GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	<a href="#">Governance</a>
GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	<a href="#">Sustainability Organization</a>
GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	<a href="#">NXP Leadership Team</a>
GRI 102	General Disclosures	102-28	Evaluating the highest governance body's performance	<a href="#">Governance and Board of Directors</a>
GRI 102	General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	<a href="#">Sustainability Organization</a>
GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	<a href="#">Sustainability Organization</a>

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GRI 102	General Disclosures	102-31	Review of economic, environmental, and social topics	<a href="#">Sustainability Organization</a>
GRI 102	General Disclosures	102-32	Highest governance body's role in sustainability reporting	<a href="#">Sustainability Organization</a>
GRI 102	General Disclosures	102-33	Communicating critical concerns	<a href="#">Ethics Program</a>
GRI 102	General Disclosures	102-34	Nature and total number of critical concerns	<a href="#">Ethics Program</a>
GRI 102	General Disclosures	102-35	Remuneration policies	<a href="#">Compensation Committee Charter</a>
GRI 102	General Disclosures	102-36	Process for determining remuneration	<a href="#">Compensation Committee Charter</a>
GRI 102	General Disclosures	102-40	List of stakeholder groups	<a href="#">Stakeholder Engagement</a>
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	<a href="#">Stakeholder Engagement</a>
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	<a href="#">Stakeholder Engagement</a>
GRI 102	General Disclosures	102-44	Key topics and concerns raised	<a href="#">Stakeholder Engagement</a>
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	<a href="#">Form 10-K Page 169</a>
GRI 102	General Disclosures	102-46	Defining report content and topic Boundaries	<a href="#">About This Report</a>
GRI 102	General Disclosures	102-47	List of material topics	<a href="#">About This Report</a>
GRI 102	General Disclosures	102-48	Restatements of information	None
GRI 102	General Disclosures	102-49	Changes in reporting	None

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Disclosure Number	GRI Standard	Disclosure Number	Disclosure Title	Response
GRI 102	General Disclosures	102-50	Reporting period	The reporting period covers calendar year 2019
GRI 102	General Disclosures	102-51	Date of most recent report	January 01, 2019 - December 31, 2019
GRI 102	General Disclosures	102-52	Reporting cycle	Annually
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	<a href="mailto:CSR@nxp.com">CSR@nxp.com</a>
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	<a href="#">About This Report</a>
GRI 102	General Disclosures	102-55	GRI content index	As shown.
GRI 102	General Disclosures	102-56	External assurance	The 2019 Corporate Sustainability Report is not assured through an assurance provider.

**ECONOMIC PERFORMANCE**

GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Investor Relations</a>
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">Form 10-K Page 31</a>

**ANTI-CORRUPTION**

GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Anti-Bribery &amp; Anti-Corruption Policy</a>
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	<a href="#">NXP Code of Conduct</a>

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<b>ENERGY</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Environment</a>
GRI 302	Energy	302-1	Energy consumption within the organization	<a href="#">Energy</a>
GRI 302	Energy	302-3	Energy intensity	<a href="#">Energy</a>
GRI 302	Energy	302-4	Reduction of energy consumption	<a href="#">Energy</a>
GRI 302	Energy	302-5	Reductions in energy requirements of products and services	<a href="#">Energy</a>
<b>WATER</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Environment</a>
GRI 303	Water	303-1	Interactions with water as a shared resource	<a href="#">Water</a>
GRI 303	Water	303-3	Water Withdrawal	<a href="#">Water</a>
GRI 303	Water	303-5	Water Consumption	<a href="#">Water</a>
<b>EMISSIONS</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Environment</a>
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	<a href="#">Carbon Footprint</a>
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Carbon Footprint</a>
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Carbon Footprint</a>
GRI 305	Emissions	305-4	GHG emissions intensity	<a href="#">Carbon Footprint</a>

Disclosure Number	GRI Standard	Disclosure Number	Disclosure Title	Response
GRI 305	Emissions	305-5	Reduction of GHG emissions	<a href="#">Carbon Footprint</a>
GRI 305	Emissions	305-6	Emissions of ozone-depleting substances (ODS)	<a href="#">Phasing Out Ozone-Depleting Substances</a>
GRI 305	Emissions	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<a href="#">Carbon Footprint</a>

**EFFLUENTS AND WASTE**

GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Environment</a>
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	<a href="#">Waste</a>
GRI 306	Effluents and Waste	306-3	Significant spills	NXP did not record any significant spills.

**ENVIRONMENTAL COMPLIANCE**

GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Environment</a>
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	NXP did not receive any fines or sanctions for non-compliance with environmental laws and or regulations.

**EMPLOYMENT**

GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Employees</a>
GRI 401	Employment	401-1	New employee hires and employee turnover	<a href="#">Employee Profile</a>

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Disclosure Number	GRI Standard	Disclosure Number	Disclosure Title	Response
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Health and Safety</a>
GRI 403	Occupational Health and Safety	403-1	Occupational health and safety management system	<a href="#">Health and Safety</a>
GRI 403	Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Health and Safety</a>
GRI 403	Occupational Health and Safety	403-4	Worker participation, consultation and communication on occupational health and safety	Each manufacturing site provides various opportunities for employee representation and feedback. These may include committees, incident investigation, safety meetings, etc. NXP is certified to OHSAS 18001, and plans to be fully compliant to ISO 45001 by 2020.
GRI 403	Occupational Health and Safety	403-5	Worker training on occupational health and safety	<a href="#">Health and Safety</a>
GRI 403	Occupational Health and Safety	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Health and Safety</a>
GRI 403	Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system	<a href="#">Health and Safety</a>
GRI 403	Occupational Health and Safety	403-9	Work-related injuries	<a href="#">Health and Safety</a>

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<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Diversity and Inclusion</a>
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	<a href="#">Board of Directors Employee Profile</a>
<b>NON-DISCRIMINATION</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Ethics</a>
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	<a href="#">Ethics</a>
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Labor and Human Rights</a>
GRI 407	Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Slavery and Human Trafficking Statement</a>
<b>CHILD LABOR</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Labor and Human Rights</a>
GRI 408	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Slavery and Human Trafficking Statement</a>
<b>FORCED OR COMPULSORY LABOR</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Labor and Human Rights</a>
GRI 409	Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Slavery and Human Trafficking Statement</a>

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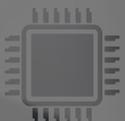
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<b>HUMAN RIGHTS ASSESSMENT</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Social Responsibility</a>
GRI 412	Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	<a href="#">Social Responsibility</a>
GRI 412	Human Rights Assessment	412-2	Employee training on human rights policies or procedures	<a href="#">Social Responsibility</a>
GRI 412	Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<a href="#">Supplier Engagement</a>
<b>SUPPLIER SOCIAL ASSESSMENT</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Supplier Engagement</a>
GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	<a href="#">Supplier Engagement</a>
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	<a href="#">Supplier Engagement</a>
<b>MARKETING AND LABELING</b>				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	<a href="#">Environmental Product Compliance</a>
GRI 417	Marketing and Labeling	417-1	Requirements for product and service information and labeling	<a href="#">Environmental Product Compliance</a>
GRI 417	Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	NXP has not had any non-compliance with regulations concerning product information and labeling.
GRI 417	Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	NXP has not had any non-compliance with marketing communications.

# NXP

SECURE CONNECTIONS  
FOR A SMARTER WORLD



**NXP**  
J.S. ADIRA  
ESD 03562-1201