



2023

2023 Modern Slavery Report

Combating Forced Labor and Ensuring Transparent Supply Chains

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A Message From Kurt Sievers, President and CEO





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A Message From Kurt Sievers, President and CEO

NXP is a global innovator rooted in the values of trust, respect and dignity for all people everywhere, and we remain committed to supporting and protecting the basic freedoms detailed in the United Nations' (UN's) Universal Declaration of Human Rights.

We are a large organization of over 34,000 people working with over 10,000 suppliers in virtually every corner of the world. While the people and cultures spanning our global relationships are quite diverse, we are unified in a common purpose: holding ourselves accountable to engage respectfully and support human rights with all of our stakeholders.

With trust and respect as enduring hallmarks of our core values, NXP has an obligation to ensure we hold ourselves and our external partners and stakeholders to the same high standards. With this in mind, we were proud to introduce our Human Rights Policy in 2022, which clearly states our human-rights stance and how we apply international labor and human-rights laws across NXP team members, value-chain partners and third-party service providers.

Our 2023 Modern Slavery Report clearly defines NXP's expectations for how our stakeholders should be treated, states our goals for continuous improvement in our supply chain and all of our external engagements and details the meaningful progress we made during the year in pursuit of our goals.

I am happy to report that, in 2023, we further strengthened our Human Rights Due Diligence Management System, which is an integral part of our business decision-making and risk-management efforts. Our due-diligence processes respect the way we manage labor and human rights, health and safety and environmental risks associated with our operations and supply chain.

We also established a new, internal Human Rights Working Group. This new working group is a cross-collaborative effort between teams in Legal, Human Resources, Procurement, Corporate Trade Compliance and the Sustainability Office. These teams are dedicated to delivering strategic plans for how our business engages on human rights-related regulatory requirements and stakeholder expectations. It is also tasked with evaluating and instituting ways to improve our existing human-rights management systems, policies and standards.



Kurt Sievers

President and CEO
NXP Semiconductors



A Message From Kurt Sievers, President and CEO

We collaborated with the Responsible Business Alliance (RBA), using their supply-chain mapping tool and working with their Special Projects Group, to map the supply chain for key electronics-industry commodities, including poly-silicon. The outcome of the poly-silicon mapping exercise revealed that the poly-silicon supply chain for the semiconductor industry has very low to no risk of materials originating from high-risk regions.

NXP was honored to be a featured speaker at the UN's 12th annual Forum on Business and Human Rights, where we shared our perspective on the importance of human-rights saliency assessments in the pursuit of implementing more effective UN guiding principles and how to ensure these principles evolve as needed.

2023 Achievements

Established NXP's New Human Rights Working Group

Attained **100%** supplier-audit closure rates for 2018 to 2022

Transitioned back to **100%** onsite auditing of our suppliers

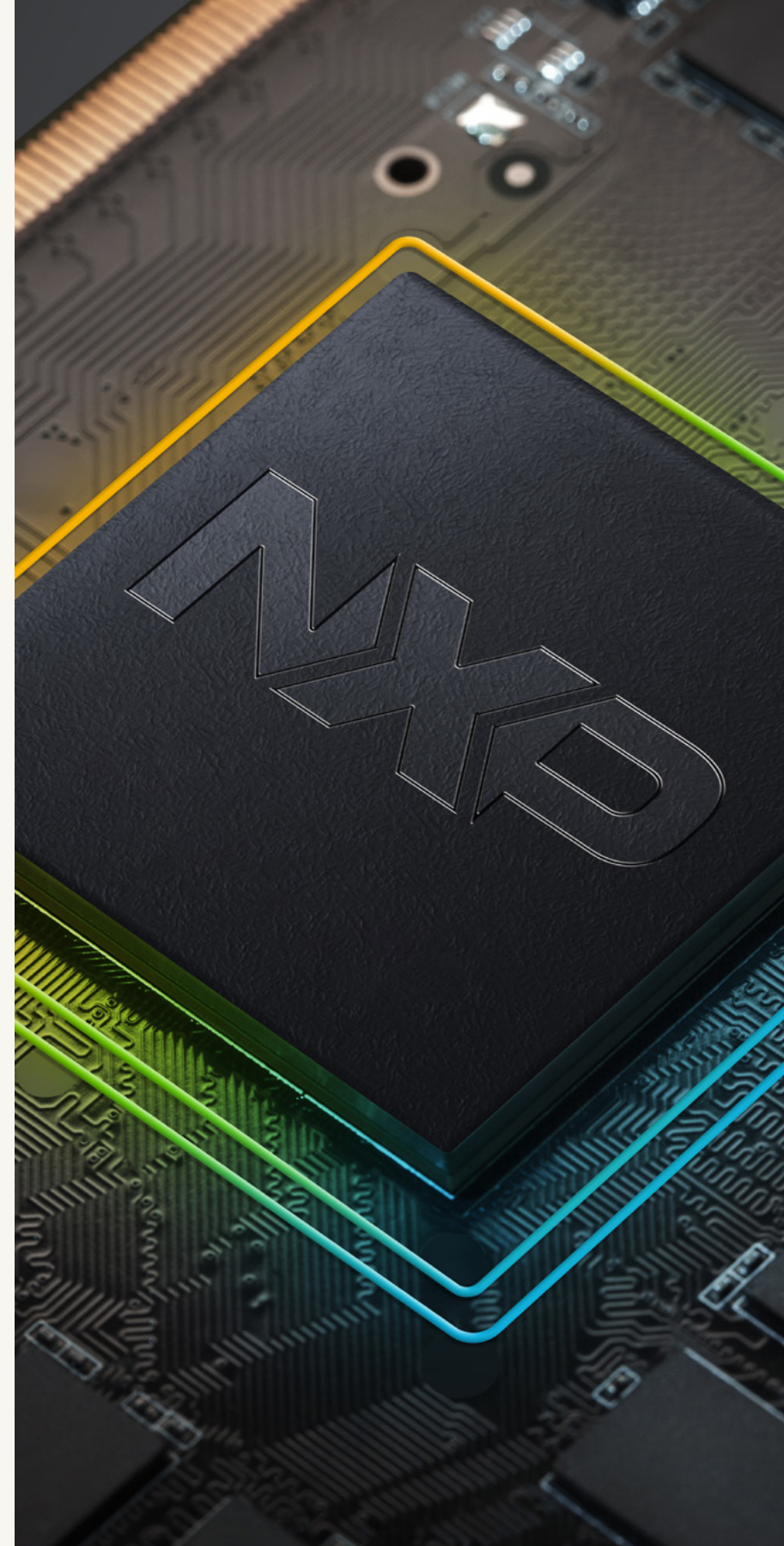
While we are proud of the progress we continue to make in advancing human rights across our global supply chain, we understand this work is never done. Around the world, our dedicated NXP team members remain focused on engaging with our partners and stakeholders to continue our collective fight against forced labor, human trafficking and other human-rights abuses that have no place in our world.

My sincere thanks to everyone engaged in this effort both in- and outside NXP for working every day to uphold human rights for all.

Kurt Sievers
President and CEO
NXP Semiconductors
April 2024



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2023 Highlights



2.6 GHz RFIC
2-stage

Input → 1st → 1H

Small cells



2023 Highlights

In 2023, the further re-opening of international borders and the willingness of our supply-chain partners to welcome NXP into their facilities helped us reinvigorate our supply-chain due-diligence efforts and redouble our work in addressing labor and human-rights issues, with 100% of our due-diligence audits conducted onsite. We are honored to have been recognized for our commitment to these issues and are proud to have been included in several events that let us discuss best practices and share our experiences of working within a multi-tiered supply chain.

In particular, for the sixth consecutive year, the UN Working Group on Business and Human Rights invited NXP to be a featured panelist in a session about NXP's efforts in human-rights saliency assessments. As part of the 2023 Annual UN Forum on Business and Human Rights, we discussed the evolution of our 12 years of work in human-rights saliency assessments, moving from risk assessments and audits to capacity-building and stakeholder engagements. Additionally, the RBA invited NXP to participate in two expert panels at the Responsible Business 2023 Conference, in Santa Clara, California. In the first panel, focused on Ethical Recruitment, NXP shared our approach to ethically recruiting foreign migrant workers and our continued efforts to engage with the rights holders involved. The second panel focused on how the industry is approaching the challenges and opportunities posed by the upcoming EU requirements for environmental, social and governance (ESG) reporting. We also participated in several consultations from the EU Commission on new regulations concerning human rights.

In 2023, we reviewed and updated the NXP Human Rights Due Diligence System, which provides clear guidance for conducting human-rights due diligence across the value chain of our business. Also in 2023, we formed the Human Rights Working Group – a cross-functional internal team with representatives from Legal, Human Resources, Procurement, Trade Compliance and the Sustainability Office – to develop a strategic plan for addressing the ongoing changes in regulatory requirements and stakeholder expectations as they relate to human rights.



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2023 Speaking Engagements

Engagement	Session Topic
12 th UN Forum on Business and Human Rights	Panel session titled Saliency 2.0: Why Human Rights Saliency Assessments Matter for Effective UN Guiding Principles Implementation and Their Evolution
Responsible Business Alliance (RBA) Annual Responsible Business Conference	An expert panel session on ethical recruitment, where we shared our approach to ethically recruiting foreign migrant workers and our continued efforts to engage with rights holders involved, and a second session on how the industry is approaching the challenges and opportunities posed by the upcoming EU requirements for reporting on ESG issues
Annual Member Peer Meeting of the Global Business Initiative (GBI) on Human Rights	Spotlight session, held at the GBI member meeting in October, on community and stakeholder engagement

2023 Human-Rights Performance

Human-Rights Due Diligence

15 Supply-Chain Due-Diligence Audits in 2023

External Engagement

NXP Continues to be Called on to Share Practical Approaches to Labor and Human-Rights Challenges. NXP Ranked **38 of 1,108** Companies in the Global Child Forum Benchmark

Due-Diligence Results

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

Labor and Human-Rights Commitments

Established the NXP Human Rights **Working Group** to Drive the Next Phase of NXP Human Rights Program. Reviewed and Updated the NXP Human Rights Due Diligence Management System



2023 ESG Highlights

Supply-Chain Compliance Goals

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

85%
Closure Rate for Corrective Action Plans

100%
Certified Mineral Smelters

Supply-Chain **Due Diligence, Engagement and Collaboration**

2023 Supplier Engagement Performance

100%
of Suppliers Signed the NXP Supplier Code of Conduct Conformity Statement

80%
Closure Rate on Corrective Action Plans for Supplier Audits in 2023

100%
Certified Mineral Smelters

Participated in RBA's Project to **Map and Assess Risk** in the Poly-Silicon Supply Chain that is Critical for the Semiconductor Industry



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Introduction: Our Business

Report Overview

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

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

Continuous improvement is central to our approach to labor and human rights. This is reflected in the NXP Human Rights Due Diligence Management System, which was reviewed and updated in 2023. In the Management System, we identify ways we can advance our efforts by regularly engaging with and seeking feedback from key stakeholders, including our team members, our supply chain, our customers, our shareholders, industry and government regulators, UN agencies and members of non-governmental organizations (NGOs), civil society organizations (CSOs) and academia.

This Report summarizes the ways we worked to protect and respect human rights during the 2023 calendar year. In keeping with the California Transparency in Supply Chains Act of 2010, the United Kingdom Modern Slavery Act of 2015 and the Australia Commonwealth Modern Slavery Act of 2018, this Report discloses the efforts and actions we took during this period to ensure modern slavery is not taking place in our operations and supply chains. We use the term "modern slavery" as defined by the UN and the ILO, referring to practices such as forced labor, debt bondage and human trafficking.

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

Our Business

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

Advancing a Better, Safer and More Sustainable World

NXP is pushing boundaries and building solutions that advance the capabilities of people, organizations and the world at large. We design purpose-built, rigorously tested technologies that enable devices to sense, think, connect and act intelligently to improve people's daily lives.



We believe that technology can help us get things done faster – in ways that are easier, more reliable, safer and use less energy – and can create opportunities for more people to participate in business, culture and community. Whether we reduce the amount of energy consumed by smart devices, extend the range of batteries used by electric vehicles (EVs) or optimize commercial energy use, our collective efforts contribute to a more sustainable future. This winning strategy enables us to capture growth opportunities in the end markets we focus on: Automotive, Industrial and IoT, Mobile and Communications Infrastructure.

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End Markets



Automotive

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



Industrial and IoT

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



Mobile

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



Communications Infrastructure

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

NXP's Unrivaled Technology Portfolio for the Secure Edge

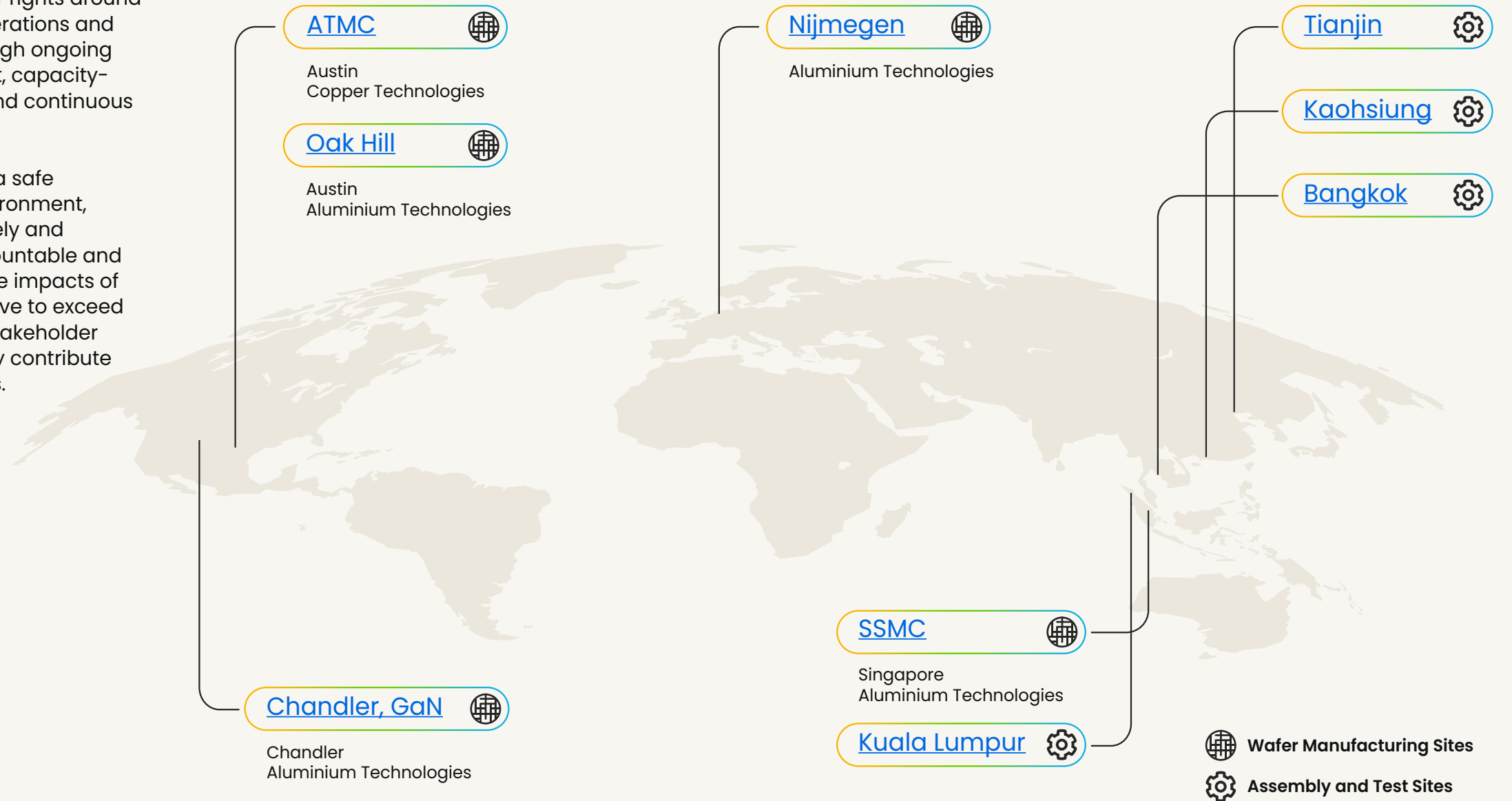
Sense	Think	Connect	Act
Everything Aware	Everything Smart	Everything Connected	Everything Efficient
	Everything safe and secure		
	Easy-to-implement, scalable system solutions		
While this describes NXP today, we are also focused on the future. As part of our daily operations, we explore the challenges ahead and evaluate opportunities to help advance our world by making it better, safer and more sustainable.			

Introduction: Our Operations

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

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

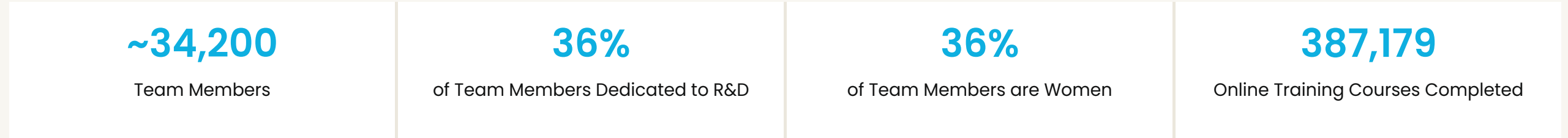
Worldwide Manufacturing Site Locations



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Introduction: Our Team Members



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

Our Values

Our values are our fundamental beliefs and guiding principles. They speak about how we operate, how we engage with and develop our team members and how we push the boundaries of creativity and innovation. Our values rest on a strong foundation of trust and respect. We hold ourselves accountable to these values by ensuring they are reflected in our talent programs, including talent acquisition, enabling performance, rewards and recognition, climate, communications, development, assessment and succession.

Our Purpose

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

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Introduction: Our Team Members

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

Our Policies and Programs

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

- Team-member engagement
- Thought leadership
- Diversity, equality and inclusion
- Compensation and benefits
- Development and growth
- Future talent
- Team-member retention
- Community outreach

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





Introduction: Our Team Members

Our Team-Member Demographics

The NXP workforce includes:

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

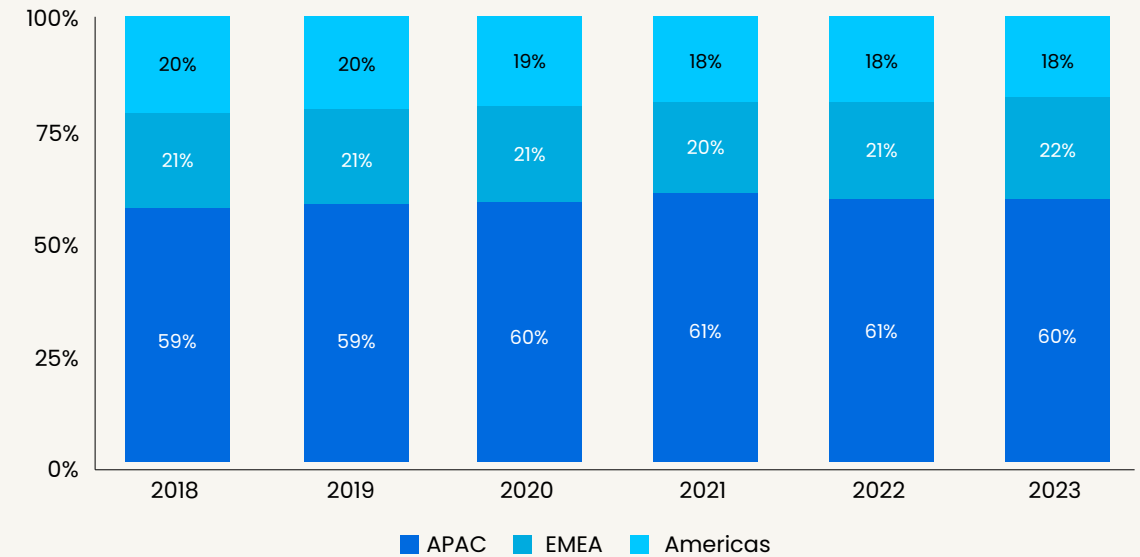
On December 31, 2023, our total extended workforce was 38,589 team members, representing 32,738 NXP employees, 1,454 joint-venture (JV) employees and 4,397 people working as contingent labor across three regions and 30+ countries. This is representative of total NXP headcount (HC) and not a Full-Time Equivalent (FTE) count, as disclosed in the NXP International Financial Reporting Standards (IFRS) filing.

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

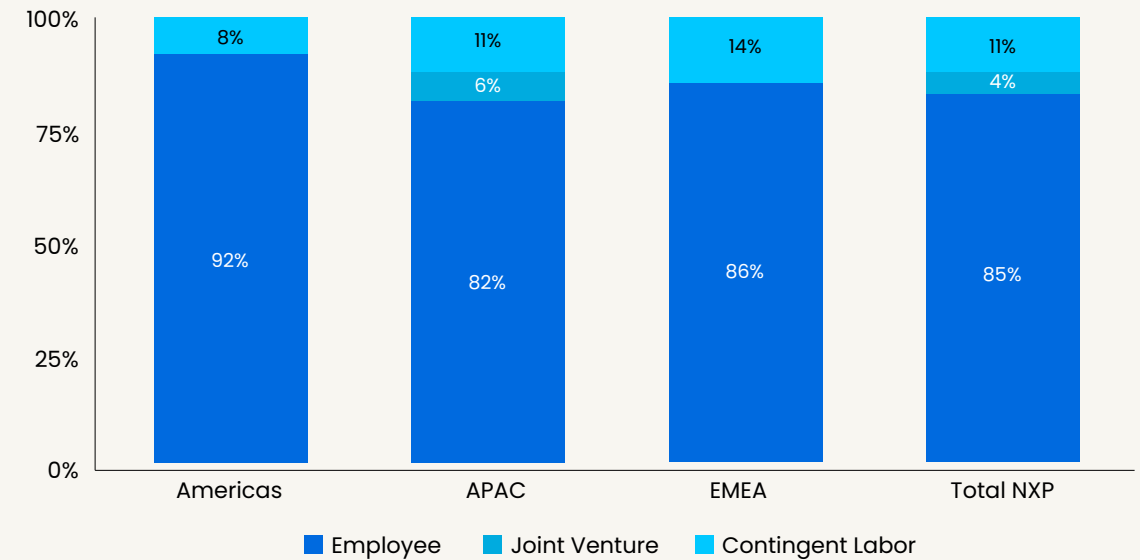
Demographics data, given on the following pages, is represented as total NXP HC and is as of December 31, 2023.

Team-Member Footprint

Team-Member Workforce by Region



2023 Extended Workforce by Region



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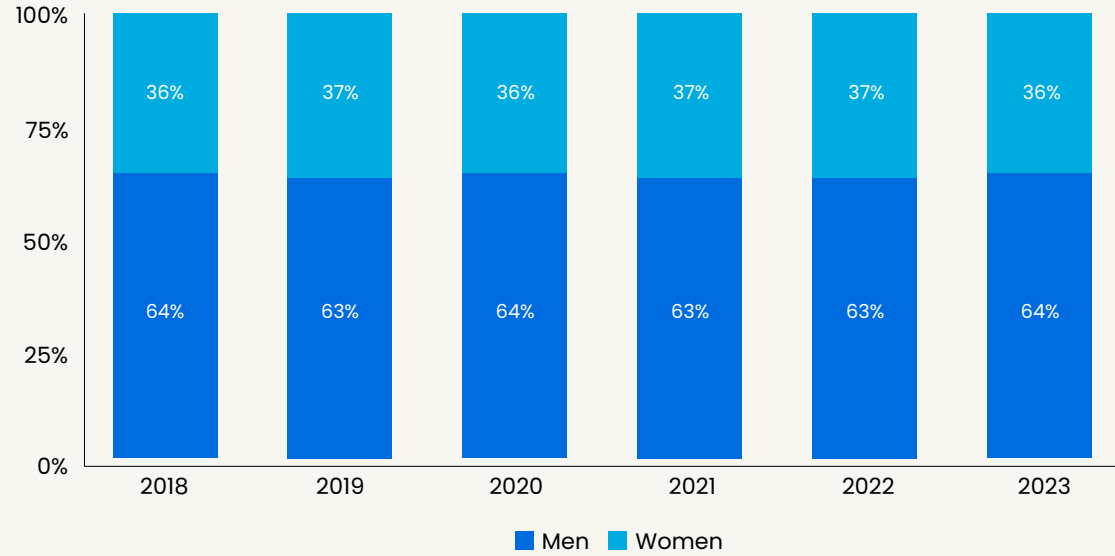
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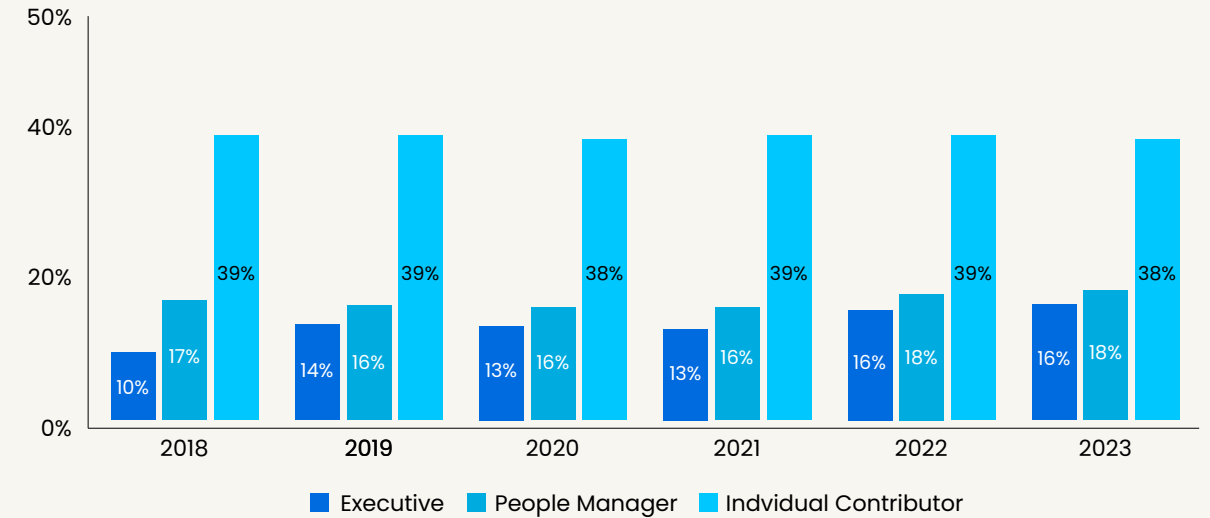
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Gender Representation¹

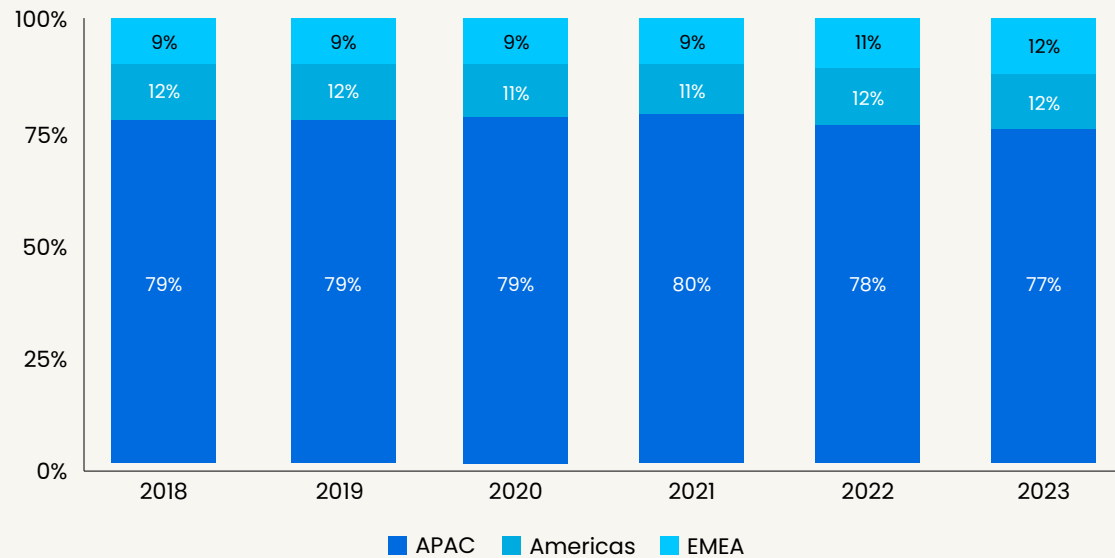
Workforce by Gender



Women Representation by Role²



Women Representation by Region



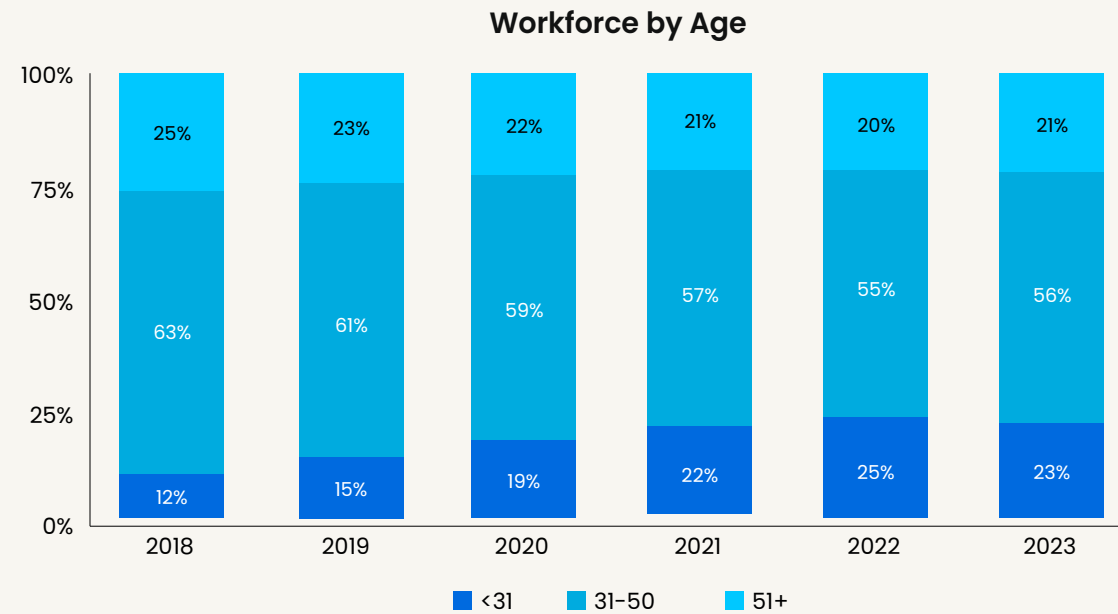
¹ While we present gender representation data by men and women, we acknowledge this is not fully encompassing of all gender identities.

² Executive positions are defined as individuals at the level of Vice President and above.



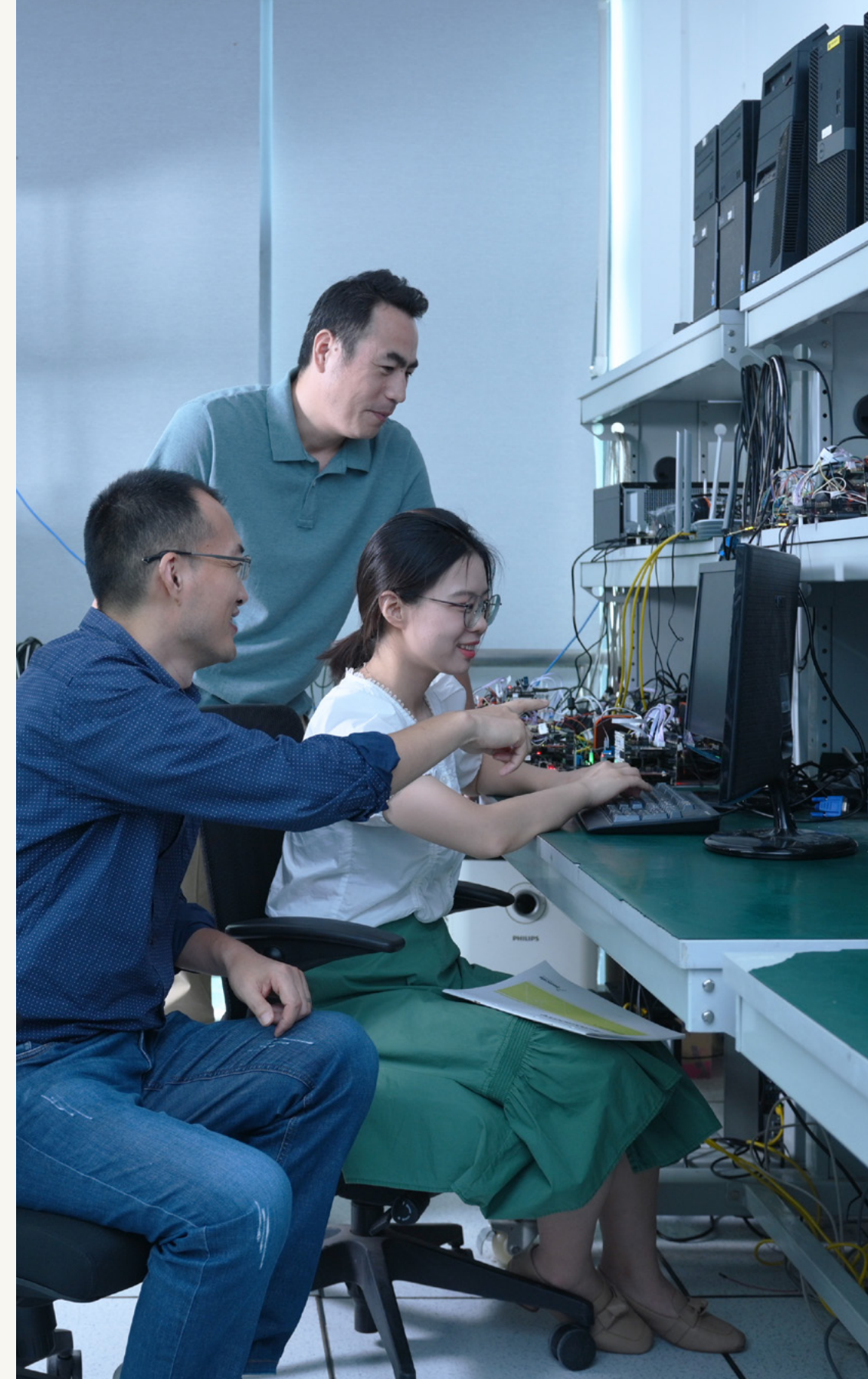
Introduction: Our Team Members

Age Representation



Race and Ethnicity

US Race and Ethnicity	2023
White (Not Hispanic / Latino)	48%
Asian (Not Hispanic / Latino)	24%
Hispanic / Latino	15%
Black or African American (Not Hispanic / Latino)	5%
Native American or Alaska Native (Not Hispanic / Latino)	0.6%
Native Hawaiian or Other Pacific Islander (Not Hispanic / Latino)	0.2%
Two or More Races (Not Hispanic / Latino)	1%
Undeclared	6%



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Introduction: Our Supply Chain

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

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

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

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

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

The NXP Top 100 Supplier List represents 99% of procurement expenditures in 2023 for materials, manufacturing and assembly of our products worldwide. The 2023 Top 100 Supplier List is available on our ESG Documentation [web page](#).

Managing the complexity of our interlinked global supply chains beyond our Tier 1 suppliers is a significant challenge, but in recent years we have gained a deeper understanding of the labor-agent network in our supply chain by engaging with the independent, non-profit organization Verité. Close collaboration with the RBA, using their supply-chain mapping tool and working with their Special Projects Group, to map the supply chain for key electronics-industry commodities, including poly-silicon, has also enhanced our efforts to map our supply chain beyond Tier 1.

Future Modern Slavery Reports will include these additional efforts to map our supply chain, through industry collaboration, and will cover our efforts to screen and prioritize supply-chain partners and labor agents.



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Introduction: Our Goals

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

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

Social-Responsibility Goals

NXP Goals		Supplier Goals	
	No Priority or Major Nonconformances from Internal/Customer Audits		100% of Key Suppliers Sign Supplier Code of Conduct Conformity Statement
	Internal NXP Audit Scores >95%		85% Closure Rate for Corrective Action Plans
	Self-Assessment Scores >90%		100% Certified Mineral Smelters
	Work Week of No More Than 60 Hours, Including Overtime Work, and One Rest Day per Six Days Worked		Supply-Chain Due Diligence, Engagement and Collaboration

To read about our 2023 goal performance, see the Track section of the [Human-Rights Due Diligence](#) chapter of this Report.



Labor and Human-Rights Commitment





Labor and Human-Rights Commitment

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

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

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



No Fees

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

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

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

No Retention of Documents

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

Working Hours and Rest Days

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

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

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Child Labor and Young Workers

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

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

Employment Contracts

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

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

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

Compensation and Benefits

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

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

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

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



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Humane Treatment

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

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

Non-Discrimination

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

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

Freedom of Association and Collective Bargaining

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

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



Human-Rights Due Diligence





Human-Rights Due Diligence

Overview

In 2023, to identify potentially adverse human-rights impacts and put in place prevention and mitigation measures, NXP reviewed and updated its Human Rights Due Diligence Management System. The management system helps ensure NXP implements a human-rights and environmental due-diligence program that will continually identify and address the salient human-rights risks of NXP's business and operations, as well as the risks of our value chain. The management system also helps us comply with relevant regulatory, NXP and customer requirements as well as the requirements of the International Labour Organization (ILO) Core Conventions, the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Organization of Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and other industry codes, such as the Responsible Business Alliance (RBA) Code of Conduct version 7.0. We use input from internal and external resources to inform our approach and responses.

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

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

NXP's due diligence is based on the UNGPs on Business and Human Rights. Our model includes the four elements defined by the UN for the due-diligence process:

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

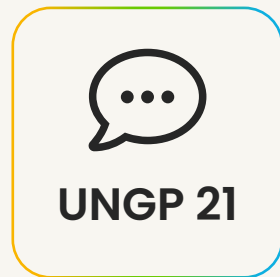
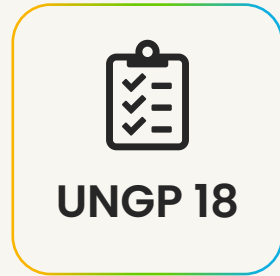


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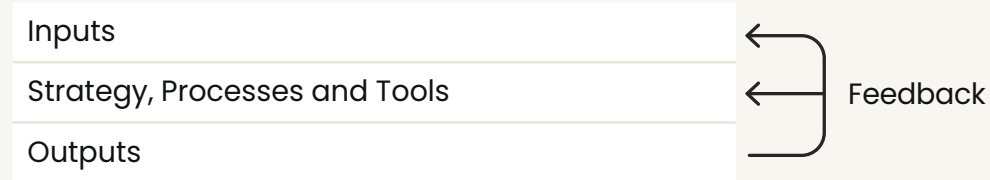
Elements of Due-Diligence Process

Elements of Due-Diligence Process		NXP's Approach Actions
Identify and Assess	We evaluate actual and potential human-rights impacts.	<ul style="list-style-type: none"> • Supplier risk assessment • Self-assessment questionnaire • Audit • Collaboration and engagement with stakeholders and human-rights experts • Review and assessment of previous due-diligence results
Integrate and Act	We use assessment findings to guide our growth.	<ul style="list-style-type: none"> • Policies, standards and tools • Environmental, Social and Governance (ESG) Management Board • Capacity-building • Collaboration with Purchasing Team • Monthly post-audit follow-up calls
Track	We gauge progress by monitoring our actions and responses.	<ul style="list-style-type: none"> • 30/60/90-day post-audit follow-up calls • Verification audits • Monthly key performance indicators (KPIs) • Survey • Private worker interviews
Communicate	We share how we are addressing our impacts.	<ul style="list-style-type: none"> • SpeakUp hotline • Worker-management dialogues and focus-group discussions • Internal and supplier grievance mechanisms • Annual reporting



Human-Rights Due Diligence

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

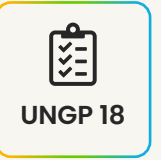


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Human-Rights Due Diligence



Overview of Human-Rights Due-Diligence Program

Identify and Assess

Inputs	Strategy, Processes and Tools	Outputs
<ul style="list-style-type: none"> Gauge supplier risk by regularly updating our active supplier list, which includes direct and indirect suppliers, as well as onsite contractors. Every two to three years, each manufacturing site undergoes a third-party audit. The audit is either conducted by Verité, using the NXP Auditable Standards on Social Responsibility, or by a designated audit firm that uses the Validated Assessment Program (VAP) of the RBA, which is based on the RBA Code of Conduct. Engage with external entities to assess our human-rights performance, using benchmarks and data from third-party and supply-chain audits. 	<ul style="list-style-type: none"> Conduct annual supplier risk assessments, based on the Maplecroft Index on Country Risks, the Verité Cumulus Forced Labor Screen risk analysis of labor supply-chain due diligence, as well as data analytics on historical results of human-rights due diligence in the supply chain. Deploy NXP's annual self-assessment questionnaires and the RBA VAP self-assessment questionnaire. Maintain an audit program for NXP and our supply chain, based on the NXP Auditable Standards on Social Responsibility, the NXP Audit Checklist, and the RBA Code of Conduct version 7.0 (for RBA VAP audits). Engage externally and gain insights from our peers by participating in peer-learning forums, such as those provided by the Global Business Initiative (GBI) on Human Rights. 	<ul style="list-style-type: none"> Supplier risk assessments have been effective in identifying high-priority suppliers, resulting in due diligence that identified new and repeated human-rights risks and challenges at some of our suppliers. The process needs further enhancement to ensure that all indirect suppliers are included in the process. Adjusted the NXP Auditable Standards on Social Responsibility. The standards were revised to align with updates to the RBA Code of Conduct, and to address growing stakeholder expectations. The RBA Self-Assessment outcome is consistent with NXP's own audit results of NXP manufacturing sites, showing improved and sustained performance at NXP sites. NXP's audit program and tools are consistently recognized by third-party auditors as more progressive and comprehensive than the industry equivalent. Audit results have demonstrated the effectiveness of the NXP Auditable Standards on Social Responsibility and are effective in driving improvement both internally and in the supply chain. The goal is to ensure continued relevance and progressiveness of the audit program to drive further impact. Peer review and expert engagement have identified key areas where NXP's Corporate Social Responsibility and Human Rights Program can further develop. One area for development is preparation for regulations on mandatory human-rights due diligence. The presence of child labor, and how young workers are managed in our operations and in the supply chain, continues to be a key scope of our due diligence. We have not found any instances or risks of child labor in our operations and in the supply chain. We will continue to ensure that policies and processes are in place to mitigate the risk and ensure that if any child labor is found, there is a remediation plan in place to protect the rights of the child.

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Integrate and Act

Inputs	Strategy, Processes and Tools	Outputs
<ul style="list-style-type: none"> Review the results of our assessments and human-rights due diligence, focusing on results generated by internal and third-party audits of our manufacturing sites and suppliers. Actively seek peer reviews and feedback from human-rights experts. Monitor developments in the regulatory landscape for human rights and the work of industry groups and associations. Engage with team members and supply-chain workers to generate feedback. Regularly interact with other stakeholders, including investors, customers, suppliers, peers, experts, non-governmental organizations (NGOs), and civil society organizations (CSOs). 	<ul style="list-style-type: none"> Regularly review our policies, procedures, and tools, including our Sustainability Policy, Code of Conduct, Supplier Code of Conduct, Auditable Standard on Social Responsibility, Audit Checklist, and Supplier Risk Assessment. Consult about and manage oversight of the requirements of our Corporate Social Responsibility and Human Rights Program, by working with NXP sites on the impact and practicality of changing or revising the NXP Auditable Standards on Social Responsibility, and gaining ESG Management Board approval of changes and revisions. Engage with external stakeholders and human-rights experts, and seek peer review. 	<ul style="list-style-type: none"> We adjusted our NXP Supplier Code of Conduct and NXP Auditable Standards on Social Responsibility to align with stakeholder requirements, such as the revision to the RBA's Code of Conduct from version 7.0 to 8.0 (effective January 1, 2024). The scoring criteria for Supplier Risk Assessment was also reviewed and updated to reflect a changing human-rights landscape and evolving challenges, especially forced labor in certain geographies where our supply-chain partners are located. The Nominating, Governance and Sustainability Committee of the Board of Directors approved NXP's Corporate Sustainability Report and this Modern Slavery Report. All the audits of NXP's Corporate Social Responsibility and Human Rights Audit Program are 100% onsite audits.



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Track

Inputs	Strategy, Processes and Tools	Outputs
<ul style="list-style-type: none"> • Use our assessments and human-rights due diligence to measure progress and monitor closure rates for audit nonconformances, based on internal, supply-chain and customer audits. • In 2023, with the further opening of international borders, all our due-diligence assessments have been onsite audits. NXP continues to maintain our remote assessment capability in the case of future pandemic or geopolitical challenges. • Encourage team-member and worker communication and gather feedback using various methods, including grievance mechanisms, employee focus groups, and independent and private worker interviews during audits. • Actively solicit feedback from external stakeholders, including investors, customers, suppliers, peers, experts, NGOs and CSOs. 	<ul style="list-style-type: none"> • Review due-diligence outcomes and follow-ups, using verification audits to confirm closure of corrective actions. • Consolidate and monitor results of due-diligence activities, issuing a monthly KPI report to selected internal stakeholders and holding a monthly supply-chain progress meeting with the Purchasing Team, as well as holding quarterly meetings of the NXP Human Rights Working Group to review progress and to prepare NXP to meet new regulatory and/or external stakeholder requirements. • Collaborate with relevant NXP functions to review, address, and remedy team-member and worker feedback, including working with Human Resources for internal NXP team-member feedback and grievances, Investor Relations for shareholder feedback and benchmarking, Purchasing for feedback and grievances from supply-chain workers and NGOs/CSOs for sensitive grievances from workers who will require identity protection. 	<ul style="list-style-type: none"> • The closure rate for corrective actions in 2023 was 80%. NXP is committed to working with suppliers to reach 100% closure in their corrective actions and this is clearly demonstrated by 100% closure of all audit findings from 2018 to 2022. • We conducted audits of selected suppliers based on our Supply Chain Risk Assessment outcome, and from reviewing past results of due-diligence audits. • Our KPIs continue to show progress in our human-rights due diligence since the program started in 2013. The improved process, which uses an innovative data-analysis tool we developed, proved to be a success in helping us analyze the impact and effectiveness of our program. We shared the process and tool with our peers and received very positive feedback on its use. • Workers are aware of the grievance mechanisms and are using it to express their concerns and give feedback on the impact of their workplaces. NXP tracks worker feedback and grievances closely and collaborates with internal teams and local CSOs to render necessary support and remediation. This is a clear indication that having a robust Access to Remedy is critical.





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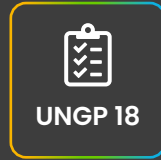
Inputs	Strategy, Processes and Tools	Outputs
<ul style="list-style-type: none"> Regularly communicate with all our stakeholders – from management, team members, and supply-chain workers to supply partners, customers, investors, NGOs, and CSOs and local communities – and encourage them to engage with our Corporate Social Responsibility and Human Rights Program. 	<ul style="list-style-type: none"> Encourage and support internal NXP dialogue, using various grievance mechanisms, including the externally-managed NXP SpeakUp hotline for anonymous reporting of grievances, focus groups, our Winning Culture Survey, and team-member town-hall and dialogue sessions, as well as private and independent team-member interviews during audits. Engage with supplier workforces by providing access to the externally managed NXP SpeakUp hotline for anonymous reporting of grievances, along with private and independent worker interviews during audits. Report annually on NXP’s Corporate Social Responsibility and Human Rights Program, through our Corporate Sustainability Report, this Modern Slavery Report, and our Sustainability and ESG website. Engage with NGOs/CSOs and other experts to discuss NXP’s Corporate Social Responsibility and Human Rights Program and possible areas of improvement. 	<ul style="list-style-type: none"> The Winning Culture Survey had a 90% response rate and a favorability rating of 89%. Using team-member feedback, we have created and/or improved company and/or country and region-specific programs and updated our tools and resources. Ethics and compliance topics were also included in the fourth cycle of our Winning Culture Survey. We had a favorability rating of 95% for a question related to NXP’s commitment on ethical business practices, which was the highest scoring question on the survey. This question scored more positively than the 75th percentile benchmark, composed of companies operating in the technology sector. Workers in our supply chain may use our grievance mechanism to express their concerns and provide feedback. For example, in situations where workers are affected by unethical recruitment practices. When such cases are brought to our attention, we will initiate a remediation process with the well-being and safety of the affected workers as a priority, and will follow through to ensure the remediation process is completed. NXP tracks all feedback closely and collaborates with internal teams and local CSOs to render necessary support and remediation. This is a clear indication that having a robust Access to Remedy is critical. Through peer review and engagement with human-rights experts, we identified key areas where NXP’s Corporate Social Responsibility and Human Rights Program can further develop, such as strengthening our due-diligence approach to prepare for new mandatory regulations and improving Access to Remedy for NXP team members and workers in our supply chain.





Identify and Assess

We evaluate actual and potential human-rights impacts



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Engagements

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

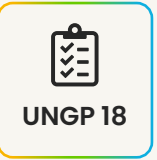
When making business decisions, we endeavor to consider the views of our stakeholders, by acknowledging their viewpoints and demonstrating respect for our shared priorities. We believe this approach reflects our commitment to transparency and accountability and ultimately contributes to long-term value.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

NXP in Action

NXP continues to explore how to advance our human-rights work through community and stakeholder engagement. In 2023, in conjunction with due-diligence work on our recruitment agencies in Indonesia, NXP, together with our third-party partner, Verité, took the opportunity to visit two vocational schools in rural villages in Yogyakarta, in Central Java. These sites were chosen because NXP had, through our Indonesia recruitment agencies, previously recruited potential job candidates from these schools. The main goal of each visit was to engage with the students and to provide awareness training on what their rights are, upon graduation, if they choose to become migrant workers. It is critical to help this group of stakeholders understand their rights so they avoid becoming victims of exploitation from unethical recruitment agents, even though they may or may not be recruited by NXP. In total, around 50 students attended the training conducted. Alumni of both schools who had previously worked and completed their employment contracts at NXP were also invited to attend the training to provide accounts of their experiences as migrant workers in NXP.



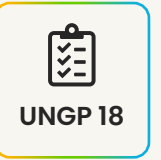
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Stakeholder Engagement Process				
	Stakeholder Group	Engagement Style	Purpose of Engagement	How Outcomes are Accounted For
External Stakeholders	Civil Society Organizations / Non-Governmental Organizations (CSOs/NGOs)	Dialogue, multi-stakeholder projects and conferences.	To align business and civil society's expectations on sustainability due diligence and collaborate to support affected stakeholders.	Update our policies and actions to include best practices that serve affected stakeholders.
	Customers	Conferences, customer product launches, trade shows and dedicated sustainability- or business-review meetings. Customer-satisfaction survey and review of customer ESG documentation.	Understand and align with customer expectations. Collaborate to create more sustainable products.	Comply with customer requirements and reduce the need for customer audits through alignment.
	Governments / Public Sector	Multi-stakeholder projects, meetings and conferences. Industry-association meetings.	Provide business/industry understanding on how relevant regulations will impact NXP and our stakeholders, so we can respond appropriately.	Update reporting and processes to comply with regulatory requirements.
	Industry Associations	Workgroup and meeting participation or leadership.	Share best practices among peers and stay aligned with industry expectations.	Update NXP's operations and plans with relevant industry codes and standards.
	Shareholders / Investors	Shareholder meetings, investor calls and conferences.	Align with investor expectations and priorities to add value to their initiatives and NXP activities.	Compile and share feedback with relevant teams when improvements are needed.
	Suppliers	Supplier due-diligence audits and surveys. Supplier review meetings.	Increase sustainability impact, including greenhouse-gas (GHG) emissions and performance, by encouraging cooperation throughout the supply chain.	Conduct supplier due-diligence audits, complete corrective action closures and coordinate initiatives. Scope 3 reduction activities.
Internal Stakeholders	NXP Team Members	Engage with team members through a variety of tools. Quarterly Pulse meetings, surveys, Employee Resources Groups (ERGs), town hall-style meetings, Innovation Summit and Growth Week.	To highlight and celebrate innovation within NXP. Gain insights into the priorities, concerns and suggestions of our NXP team members to help foster a culture of success and innovation, and to be recognized as a good employer and responsible social citizen.	Compile and summarize feedback from team-members for review by leadership. Leadership then chooses adjustments and improvements based on identified needs and priorities.
	NXP Sustainability Subject Matter Experts (SMEs)	Regular meetings. Working groups, surveys and projects.	Utilize the expertise of sustainability practitioners within NXP to improve our overall ESG Program.	Incorporate suggestions from sustainability SMEs as feasible and escalate to ESG Management Board as needed.

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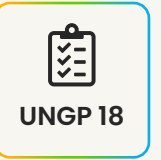
The table below gives examples of how we engaged with internal and external stakeholders in 2023. Frequency and type of engagement varies by stakeholder group and is tailored to stakeholder requirements.

2023 Sustainability Stakeholder Engagement Results			
Stakeholder	Engagement	Feedback	Outcomes and Follow-Up
Customers	Participated in conferences, customer product launches and trade shows, as well as regular business-review meetings and sustainability-review meetings. Conducted a customer-satisfaction survey, using the Net Promoter Score method, and performed a separate customer survey focused on ESG requirements. Hosted education and training events. Responded to questions and requests relating to compliance, legal and regulatory issues, as well as general sustainability inquiries.	Alignment with customer priorities for emerging regulatory requirements. Need for more detailed sustainability reporting with emphasis on climate change as well as life-cycle analysis and carbon footprint of products.	Shared our mid- and long-term ESG/Sustainability goals with our customers and provided updates on our sustainability/ESG roadmaps. Signed sustainability agreements and responded to sustainability surveys. Continued to work on carbon-neutrality projects, including the increased use of renewable electricity. Continued working on Scope 3 reporting and setting up systems to report carbon foot-printing of products.
European Partnership for Responsible Minerals (EPRM)	Participated in member meetings, conferences and outreach meetings with governments and authorities. Provided input for the Governance Board.	Sharing of best due-diligence practices, greater understanding of actual conditions in mines and the mineral supply chain, along with ideas for improving those conditions.	Provided support to mine sites in Conflict-Affected and High-Risk Areas (CAHRAs) by financing "on the ground" projects. Provided information for case studies.
European Semiconductor Industry Association (ESIA)	Chaired ESIA Responsible Sourcing workgroup, actively participated in several Environment, Safety and Health workgroups, the EU Taxonomy workgroup and the EU Human-Rights Due-Diligence workgroup.	Shared insights on various EU initiatives and proposed regulations.	Participated in several consultations from the EU Commission on new regulations concerning sustainability and human rights. Completed business-impact assessments for proposed regulations.
Global Business Initiative (GBI)	Attended two peer-learning meetings for members, various ad hoc meetings and conference calls organized by the GBI. Promoted NXP's work in community engagement by visiting vocational schools in rural Indonesia to raise awareness on the rights of migrant workers.	Multi-industry human-rights best practices for businesses.	Enhanced and strengthened human-rights due diligence across NXP value chain, in preparation for upcoming mandatory regulations. Continued to learn and share successes and challenges in implementing the UN Guiding Principles, in a multi-sectoral setting.
Organisation for Economic Co-operation and Development (OECD)	Joined the Multi-Stakeholder Steering Group (MSG) for the Responsible Minerals Implementation Programme.	Challenges related to responsible mineral sourcing.	Provided guidance and support to operational aspects of the OECD's Responsible Minerals Implementation Program.

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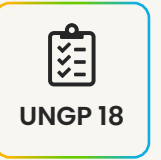


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2023 Sustainability Stakeholder Engagement Results			
Stakeholder	Engagement	Feedback	Outcomes and Follow-Up
Responsible Business Alliance (RBA)	Attended monthly and quarterly calls as a Board member and an RBA Full Member.	Alignment with the industry and member companies on salient issues regarding labor and human rights.	Worked with the RBA to develop a tool that will help us map our supply chain beyond Tier 1. Provided input to a gap analysis between the RBA's due-diligence schemes and proposed human-rights due-diligence regulation in the EU and the US. Participated in strategy sessions to define the RBA's approach to climate change and environmental issues in the supply chain. Participated in expert panel discussions on Ethical Recruitment and ESG Reporting at the annual RBA Responsible Business Conference.
Responsible Labor Initiative (RLI)	Attended monthly workgroup meetings and, as a Board delegate, attended quarterly Steering Committee meetings. Supported the RLI in external stakeholder engagement and meetings and participated in expert panels at the annual RBA Responsible Business Conference.	Guidance on definition of fees, gap analysis on various guidance standards, labor-agent training and mapping the labor-agent recruiting corridor.	Updated our Auditable Standards per the RLI's revised definition of fees. Shared NXP's practices at various forums organized by the RLI. Participated in external stakeholder engagement process organized by the RLI.
Responsible Mineral Initiative (RMI)	Attended annual member meeting, monthly plenary meetings, smelter engagement team meetings and various conference calls organized by the RMI.	Tools and resources to make sustainable decisions about mineral sourcing. Discussed best practices within the industry.	Upgraded tools for new Conflict Minerals Reporting Template (CMRT) and updated Extended Minerals Reporting Template (EMRT). Verified best practices.
SEMI Semiconductor Climate Consortium (SCC)	Continued our ongoing engagement as a founding member of the Semiconductor Climate Consortium.	Collaboration on best practices and innovation to accelerate the semiconductor industry's efforts to reduce the emission of greenhouse gases.	Leveraged expertise and resources in various portions of the supply chain to continue to expand NXP's capability to positively impact our carbon footprint. Participated in all five working groups, with particular focus on Scope 1, Scope 2 and Baseline and Ambition Setting. Supported adoption and publication of industry-wide ambition statements. Future focus on leveraging joint learning and accelerating the progress toward carbon neutrality.



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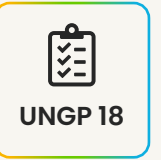


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2023 Sustainability Stakeholder Engagement Results			
Stakeholder	Engagement	Feedback	Outcomes and Follow-Up
Shareholders / Investors	<p>Our Chairman and other members of our Board of Directors, individuals from our Management Team, including our Chief Sustainability Officer, and representatives from Investor Relations, Corporate Sustainability and other internal groups met to discuss ESG issues with our shareholders.</p> <p>Conducted proactive outreach with our major active shareholders and had interactive discussions with those who had specific ESG requests.</p>	<p>Inquiries regarding our carbon-neutrality programs, our commitment to the Science Based Targets initiative (SBTi), the ability to adequately monitor Scope 3 emissions, focus on emerging regulatory requirements such as the EU Taxonomy and Corporate Sustainability Reporting Directive (CSRD), increased reporting transparency on gender pay differential, increased disclosure on Diversity, Equality and Inclusion (DE&I) metrics and aligning ESG goals with compensation.</p>	<p>The Board of Directors reconfirmed our mid- and longer-term ESG goals and approved our 2023 Annual Incentive Plan (AIP) with the ESG scorecard. Continued to align with SBTi by assessing our Scope 3 emissions. Updated supplier questionnaires to determine NXP's upstream Scope 3 emissions and began to prepare for emerging regulatory requirements.</p> <p>We also disclose additional information on DE&I on our website.</p>
Suppliers	<p>Conducted supply-chain social-responsibility audits (all of which were onsite) and collaborated with industry peers through the Responsible Business Alliance Validated Assessment Program (VAP).</p>	<p>Top three supplier audit nonconformances: Freely Chosen Employment, Emergency Preparedness and Working Hours.</p>	<p>Continued to close Supplier Corrective Action Plans.</p> <p>Increased supplier training, with a focus on NXP's priority requirements and the top three nonconformances.</p>
Team Members	<p>Our annual Winning Culture Survey captures the sentiment of team-member engagement as it evolves. In 2023, NXP surveyed all NXP team members and additional categories and statements were added in the areas of innovation, growth, ethics and sustainability aligning with enterprise focus areas.</p>	<p>Ninety percent of NXP team members provided feedback in the 2023 Winning Culture Survey. Results were extremely positive, with the percentage of favorability for all categories above the 75th percentile technology benchmark. The largest category increases were in engagement and growth, with 70% of team members being highly engaged. Opportunity areas emerged around risk-taking, process effectiveness and team-member feelings of belonging.</p>	<p>Several initiatives were launched in 2023 to support feedback received from NXP team members, including a refresh of our onboarding process, increasing our ERG footprint by establishing new chapters, conducting Growth Week (described on our Team Member Engagement web page) and holding an Innovation Summit. In early 2024, we plan to identify areas where risk-taking and process effectiveness can be improved.</p>
UN Global Compact (UNGC)	<p>Completed the new Communication on Process questionnaire on corporate action and performance related to the Ten Principles of the UN Global Compact and the Sustainable Development Goals.</p>	<p>Increased due diligence of environmental risks within the supply chain.</p>	<p>Continued to increase our efforts to engage with our supply chain to implement a sustainable environmental program. Created a link between the UN's Sustainable Development Goals (SDGs) and NXP's ESG Program.</p>



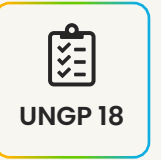
Human-Rights Due Diligence: Identify and Assess



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2023 Sustainability Stakeholder Engagement Results			
Stakeholder	Engagement	Feedback	Outcomes and Follow-Up
Verité	Conducted third-party audits on social responsibility, supported by consultation and collaboration, to review NXP's Social Responsibility program. Supported capacity-building in NXP's Social Responsibility programs at NXP sites and in the supply chain.	Continuous-improvement opportunities for supply-chain compliance and capacity-building.	Continued to strengthen supply-chain compliance and supplier capacity-building while also advancing NXP's Auditable Standards for Social Responsibility.
	Conducted due-diligence exercises relating to the recruitment of migrant workers and the supply chain for migrant labor.	Increased transparency to the migrant-worker supply chain.	Used the Cumulus database's mapping capabilities to better understand the complexities of multi-tiered labor recruitment in the supply chain and how to reduce the risks associated with this type of recruitment.
World Semiconductor Council (WSC)	Supported engagement with vocational schools and helped conduct awareness training for students in schools that are a recruitment source for migrant workers.		Together with Verité, NXP provided training to the graduating class of vocational schools in Indonesian villages. The training focused on their rights as potential migrant workers. The school faculties welcomed the engagement activity.
	Chaired the Responsible Sourcing and the Health and Safety workgroups, and attended WSC meetings, several workgroup meetings and various expert calls.	Best practices for responsible sourcing of minerals and Health and Safety practices.	Continued our application of best practices to advance our Health and Safety programs. Kept track of legal developments, including PFAS, and aligned with other industry initiatives. Published an update in the WSC joint statement.
		Need for a follow-up of the voluntary perfluorinated compound (PFC) emission-reduction program. Discussed the industry-wide challenges of polyfluoroalkyl substances (PFAS) with governments and authorities.	

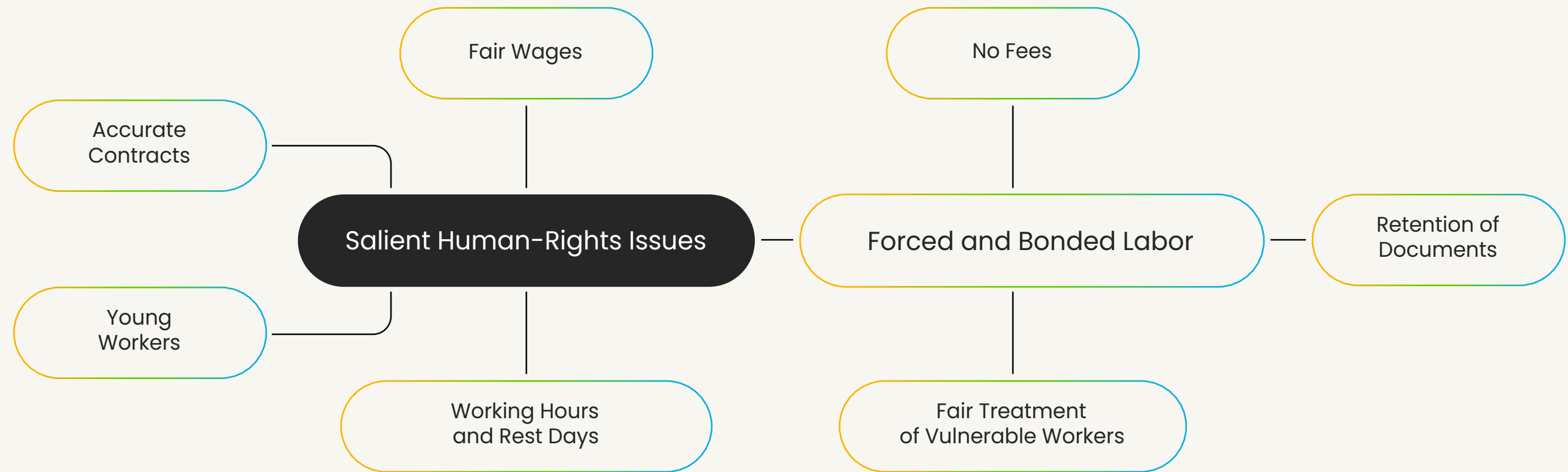
Human-Rights Due Diligence: Identify and Assess



Salient Human-Rights Risk Assessment

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

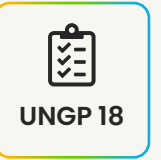
The Social Responsibility and Procurement Teams identify salient human-rights risks using our own risk analysis, our collaboration and engagement with key stakeholders – including industry associations, expert groups and non-governmental organizations (NGOs) – and the results from our supplier assessments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







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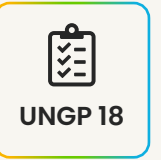


We minimize human-rights risks by making continuous improvements, to our policies, strategies, collaborative capacity-building, self-assessments and audits, within NXP and our supply chain. We make these improvements based on our own experiences from our due-diligence work, shared industry best practices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




 <p>No Fees</p>	<ul style="list-style-type: none"> • A clear policy prohibits charging fees to workers and ensures compliance. • If workers are found to have paid fees to gain employment, reimbursement to workers must be completed within 30 days of discovery. • A grievance mechanism is in place to confidentially report policy violations.
 <p>Retention of Documents</p>	<ul style="list-style-type: none"> • A clear policy states workers are not required to surrender personal documents. • Personal, lockable, secured storage units are available in facilities and/or dormitories/housing. • A grievance mechanism is in place to confidentially report policy violations.
 <p>Fair Treatment of Vulnerable Workers</p>	<ul style="list-style-type: none"> • The well-being and health and safety of workers must be ensured during a pandemic and post-pandemic conditions. • Workers must not be discriminated against, regardless of pandemic circumstances. • Workers must continue to be given adequate protection from exposure to hazards, including the pandemic illness. • A grievance mechanism is in place to confidentially report unfair treatment of workers.
 <p>Working Hours and Rest Days</p>	<ul style="list-style-type: none"> • There is a clear policy to manage and limit worker hours to no more than 60 hours per week or the legal limit, whichever is stricter, and all overtime work is voluntary. • Record systems and mechanisms are in place to identify and administer the policy. • The regular work week cannot exceed 48 hours and the daily scheduled work cannot exceed 12 hours a day. • Workers receive at least one day off per every six days worked. • Workers are allowed at least a 20-minute rest break every four hours worked as well as a defined meal break. • Workers are provided with legally mandated holidays and vacation days. • A grievance mechanism is in place to confidentially report policy violations.

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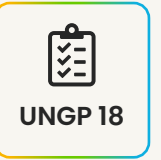


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 Young Workers	<ul style="list-style-type: none"> • The term “child” refers to any person under the age of 15 or under the minimum age for employment in the country, whichever is greater. • A comprehensive policy for child labor clearly states the minimum age for workers. • A comprehensive policy prohibits young workers under the age of 18 from performing work that may jeopardize their health or safety, including night-shift and overtime work. • An age-verification process is in place with inspection of validity of at least two identity documents, to be returned to worker. • Personal-record systems are in place as a means of identification and verification. • If workers are discovered to be below the legal age limit, workers will be protected and provided the opportunity for completion of education. • A grievance mechanism is in place to confidentially report policy violations.
 Accurate Contracts	<ul style="list-style-type: none"> • Contracts may not violate relevant laws or place a worker at risk. • Prior to departure or hiring, workers are provided with an accurate written employment contract with details of working conditions including nature of work, wages, benefits and duration of contract. • Contracts are written in a language that the worker understands prior to employment. If amendments are made prior to employment, the contract must provide equal or better terms of employment. • Contracts ensure workers are free to leave their employment, upon giving reasonable notice, without penalty per applicable law and regulations. • A grievance mechanism is in place to confidentially report contract-related information.
 Fair Wages	<ul style="list-style-type: none"> • Workers cannot receive less than the legal minimum wage for all regular hours worked. If legally minimum wage is not set, then industry prevailing wage will be the standard. • Overtime rates are to be applied to the base wage as required by law or employment contract, whichever is higher. Where the law is silent, the premium must be at least an additional 50% per hour of the base wage for piece rate and hourly work, or an additional 50% per hour of the average earnings. • Workers have wage slips in a language they understand, with clear details regarding regular and overtime hours worked and rates. • Wages are paid within 14 days after the end of the working period. • Deductions as a disciplinary measure are prohibited. • There is a grievance mechanism to confidentially dispute wage and benefit-related payments.



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Salient Human-Rights Issues: 2023 Results		
	Our Operations	Our Supply Chain
No Fees	Workers did not pay fees.	33% of audited suppliers had nonconformances related to hiring fees. The one supplier with a recruitment-fee finding has fully repaid their affected workers and implemented policies and procedures to prevent recurrence. Findings of other suppliers were related to lack of policies and procedures.
Retention of Documents	Personal documents are retained by workers.	Of 15 suppliers and two labor agents, three suppliers were found to lack in policies and procedures to prevent the retention of workers' personal documents. One supplier has resolved this finding.
Fair Treatment of Vulnerable Workers	NXP continued to comply with our Employer Pays policy, which ensures these workers are treated with respect and dignity during recruitment and hiring.	The resumption of supplier audits enabled NXP to interview workers and gauge their well-being during the pandemic. No serious issues have been reported, even though workers were provided with the NXP anonymous phone line to report any concerns or impacts to their rights.
Working Hours and Rest Days	All workers worked in compliance with the 60-hour-per-week work schedule and received one rest day after six days of work.	40% of audited suppliers did not monitor working hours and rest days, resulting in nonconformances against NXP's requirements. Four suppliers have yet to close this nonconformance.
Young Workers	No child labor. All young workers are in accordance with relevant laws and regulations.	Three cases of child labor findings in relation to lack of policies and/or procedures on child labor.
Accurate Contracts	Accurate contracts issued to all workers in their native language.	33% of audited suppliers had inaccurate contracts. All suppliers, except one, have closed this nonconformance.
Fair Wages	No discrepancies in wages or benefits.	27% of audited suppliers had discrepancies in wages and benefits. All suppliers have closed this nonconformance.

Integrate and Act

We use assessment findings to guide our growth



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Policies and Standards

NXP commits to the eight fundamental ILO Conventions:

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

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

Code of Conduct

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





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Supplier Code of Conduct

NXP places strict requirements on our supply chain. This is reflected in the [NXP Supplier Code of Conduct](#), which is posted on the NXP website and available in seven languages. The Supplier Code of Conduct is reviewed annually. The last major revision to the Supplier Code of Conduct was done in 2023, when the document underwent a comprehensive internal stakeholder consultation. The revised document will be published in early 2024.

Suppliers must adopt or establish a management system that is related to the content of the NXP Supplier Code of Conduct. The supplier's management system must be designed to (a) ensure 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 and expectations to their own suppliers.

Human Rights Policy

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

In 2023, NXP established the NXP Human Rights Working Group, consisting of cross-functional representation from Legal, Human Resources, Procurement, Corporate Trade Compliance and the Sustainability Office. The key charter and responsibilities of the Working Group are as follows:

- Provide a strategic plan for how NXP will address the continuously evolving landscape of human rights-related regulatory requirements and stakeholder expectations

- Review NXP preparedness with respect to these requirements, including an annual human-rights performance review (from our different perspectives), and report findings to the ESG Board
- Provide input on changes/updates to the existing human-rights management system, policies and standards

Auditable Standards on Social Responsibility

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

Our Auditable Standards on Social Responsibility and accompanying tools are developed with input from external stakeholders and are updated on a regular basis to reflect the latest recommendations and regulations on responsible business conduct. The next update to the standards will be made in 2024.

Responsibly Sourced Minerals Policy

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

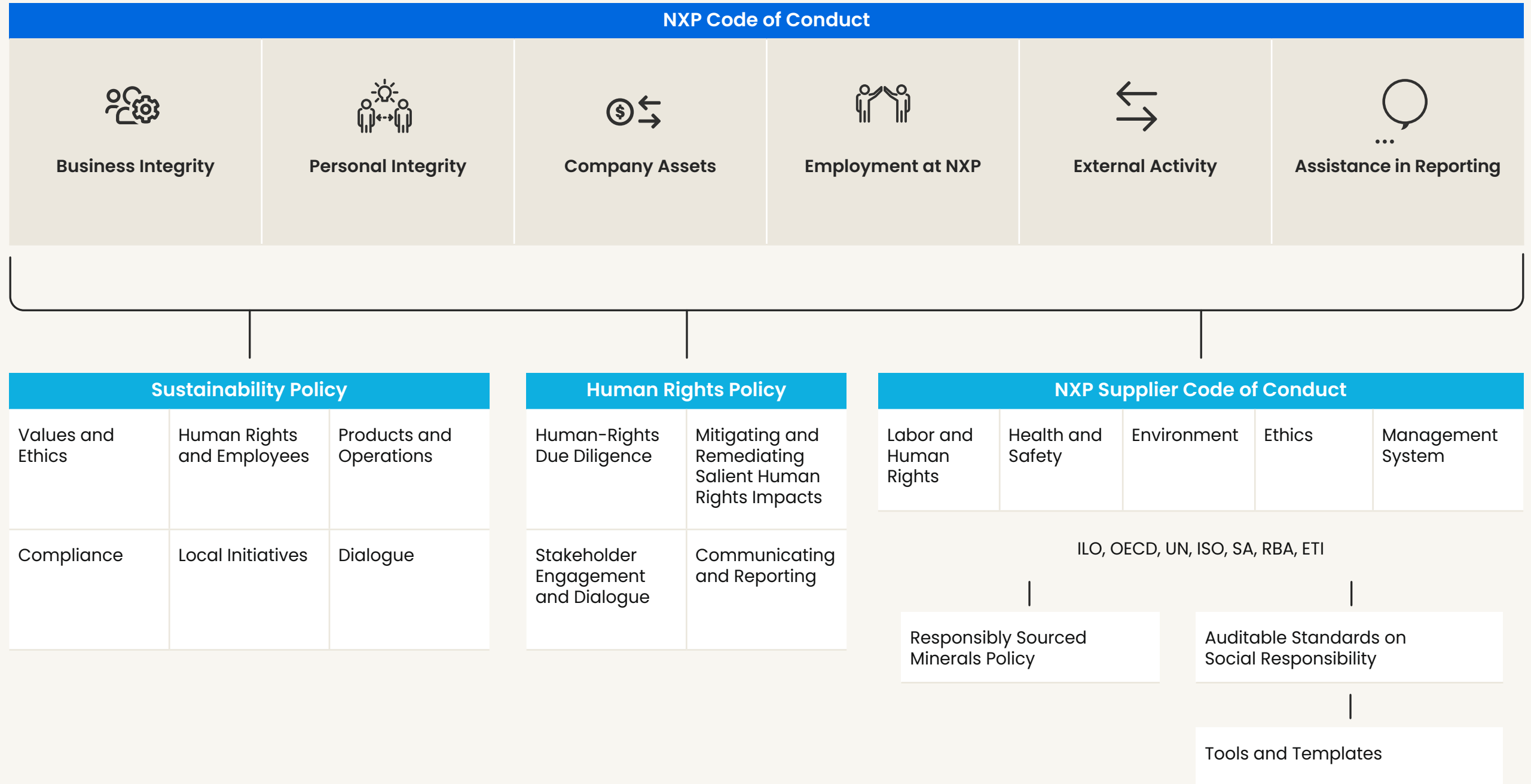
Our [Responsibly Sourced Minerals Policy](#) aims to ethically obtain minerals from responsible suppliers to ensure that NXP's supply chain does not contribute to human-rights abuses. Our program for responsibly sourcing minerals is designed in accordance with the OECD Due Diligence Guidance for Responsible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

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Interrelationship of Policies, Standards and Principles





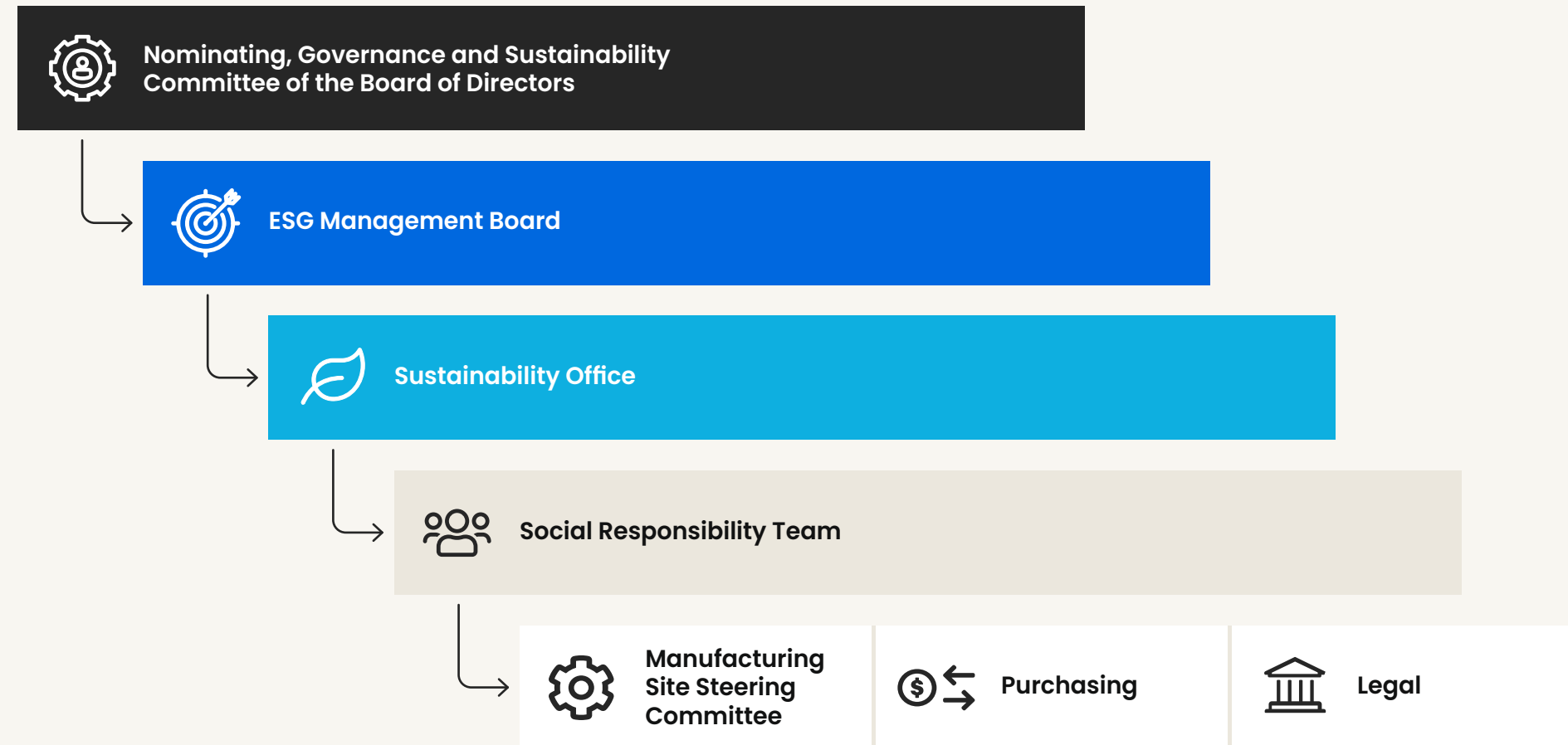
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Governance

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

NXP Social-Responsibility Governance Structure



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Governance Responsibilities	
 Nominating, Governance and Sustainability Committee	<p>Oversee policies and practices related to sustainability initiatives. Review sustainability initiatives and goals including progress toward achieving those goals. Review and approve the annual sustainability reporting requiring Board-level oversight. Review stakeholder feedback related to sustainability on an annual basis. The Nominating, Governance and Sustainability Committee receives quarterly updates from representatives of the ESG Management Board and, in turn, reports on these efforts in plenary meetings of NXP's Board of Directors.</p>
 ESG Management Board	<p>NXP's ESG Management Board, which is comprised of Management Team members and other senior leaders, oversees the implementation of sustainability strategy and policy and ensures appropriate resourcing. The ESG Management Board is chaired by our General Counsel and Chief Sustainability Officer and supported by our Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer, Chief Human Resources Officer and Chief Operations and Manufacturing Officer. The ESG Management Board meets regularly to ensure our ESG performance is in line with our strategy and goals.</p>
 Sustainability Office	<p>Set strategies, develop policies and goals while monitoring metrics and, if needed, escalate issues to the ESG Management Board.</p>
 Human-Rights Working Group	<p>Provide strategic plan for how NXP will address the evolving regulatory landscape for human rights and stakeholder expectations. Review NXP preparedness to meet these expectations and provide inputs to NXP policies and standards.</p>

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Governance Responsibilities

 <p>Social Responsibility Team</p>	<p>Oversee strategies, policies and goals and report on various metrics, including input from the Manufacturing Site Steering Committee and purchasing managers and report monthly to the Sustainability Office.</p>
 <p>Manufacturing Site Steering Committee</p>	<p>Implement, measure and validate policies, drive continuous onsite improvement and report progress to site management and the Social Responsibility Team.</p>
 <p>Purchasing</p>	<p>Oversee the annual supplier risk assessment for social responsibility, meet monthly with the Social Responsibility Team to receive supplier performance data for input into quarterly supplier business reviews and include the Material Sourcing Board when supplier escalations are needed.</p>
 <p>Legal</p>	<p>Review and provide legislative guidance, assist in the review of alleged violations of the Code and review publicly reported documents such as the Supplier Code of Conduct, the NXP Auditable Standards on Social Responsibility and this Report.</p>

<p>NXP Operations Set targets, conduct annual self-assessments and third-party audits, ensure timely closure of corrective action plans, monitor and control working hours and rest days and conduct internal capacity-building.</p>	<p>Supply Chain Set targets, ensure supplier commitment to the Supplier Code of Conduct, conduct annual supplier risk assessments, supplier self-assessments and audits, ensure timely closure of corrective action plans and conduct supplier training.</p>
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Validation

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

Reports are reviewed with the Ethics Committee and raised to the ESG Management Board in case of significant findings. Monthly and sometimes weekly meetings are held with procurement managers to discuss the results of a supplier audit, the corrective action plan and the supplier's progress toward closing out their nonconformances.

Accountability

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

Supply-Chain Compliance

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

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

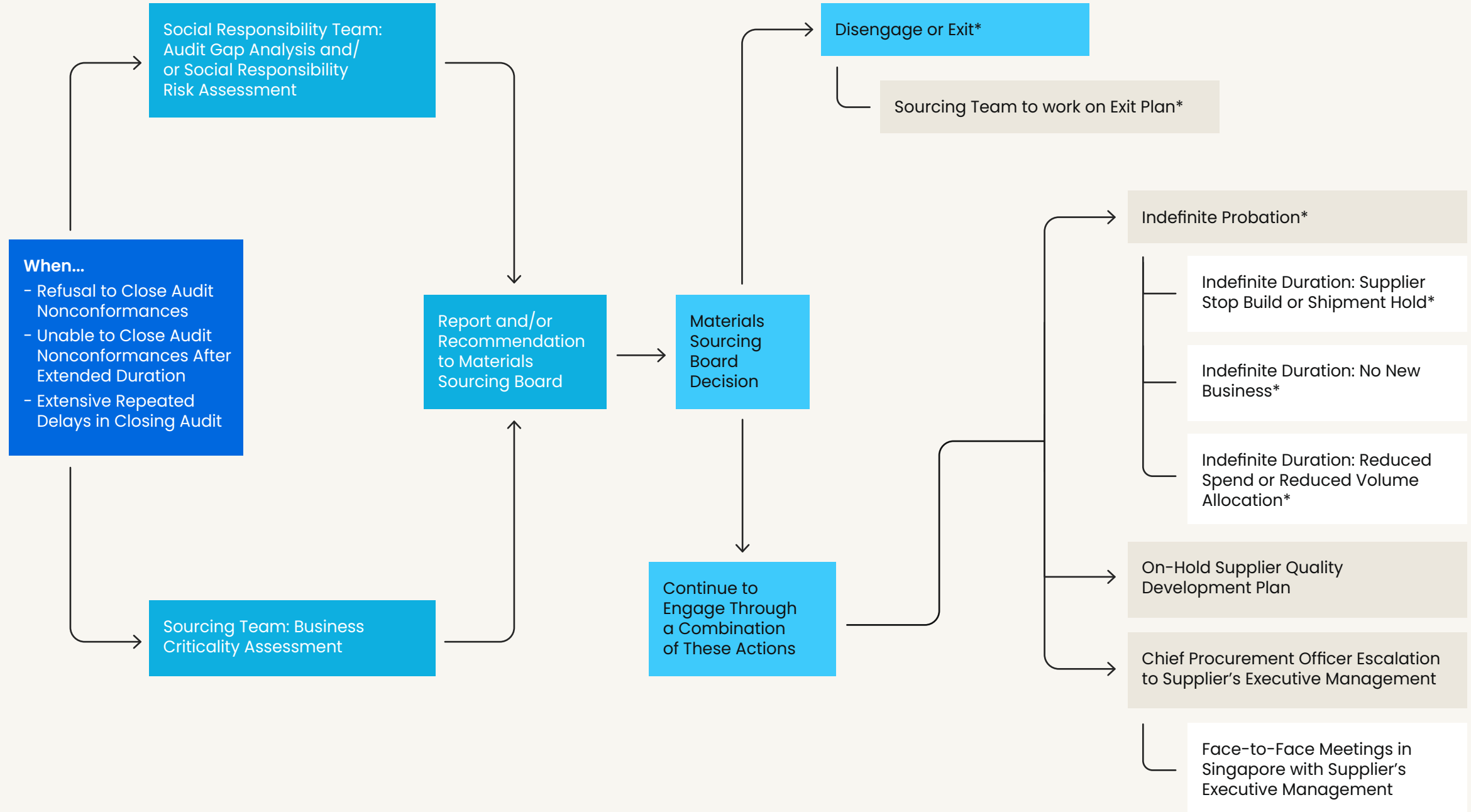


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Consequent Management Process



*Where Feasible



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Responsible Procurement

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

Responsible Recruitment Practices

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

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

Of the thousands of people who work at NXP, a small percentage are foreign migrant workers. NXP is aware that using recruitment and labor agencies to hire foreign migrant workers increases the risk of forced labor and therefore has taken the decision

to conduct direct hiring of foreign migrant workers. We encourage our suppliers to go through the direct hiring route, too, if possible.

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

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

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

Assessments

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

NXP Assessments

The Social Responsibility Team conducts operational reviews with relevant internal stakeholders, including Human Resources, Legal, Procurement, Corporate Trade Compliance and Environment, Health and Safety, to identify potential adverse human-rights impacts arising from our policies and business practices. At manufacturing sites, any issues identified by assessments are addressed in our operational-review process. The manufacturing site identifies the corrective action and remediation plans and engages with the responsible departments to address the corrective and preventative actions.



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

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

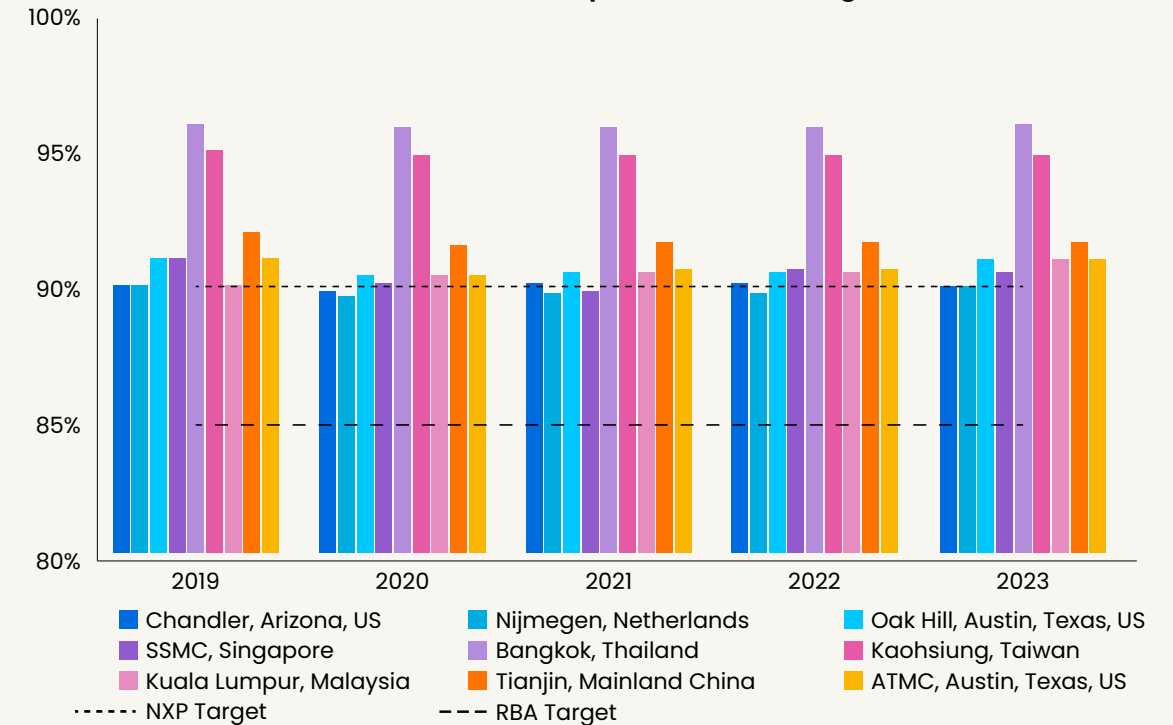
Annual country risk assessments include a review of salient human-rights issues and incorporate local stakeholder feedback as well as published information from government and non-government sources. These salient topics are incorporated into the due-diligence process. The monitoring process seeks to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

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

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

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

NXP's RBA SAQ Scores per Manufacturing Site



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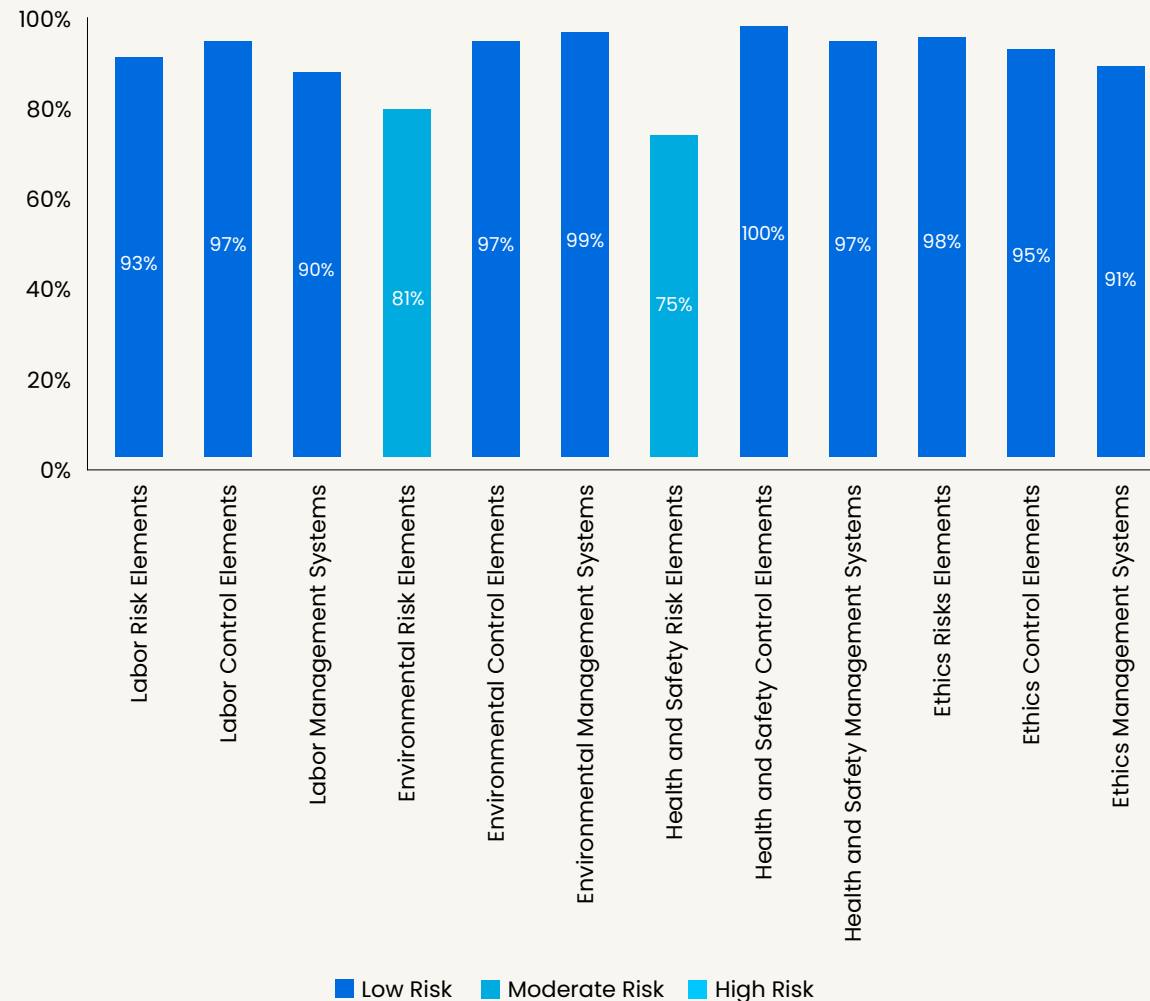
There are two areas where NXP has an RBA SAQ score classified as moderate risk: Environmental Risk and Health and Safety Risk. As a semiconductor manufacturer, we use certain equipment and controlled substances which affect the Environmental and Health and Safety Risk elements. However, NXP scores high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

Supply-Chain Assessments

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

Given the scale of this annual effort, NXP partners with two advisory firms, Verisk Maplecroft and Verité Cumulus, to identify potential issues relevant to our supply chains. This includes use of Verité's Cumulus Force Labor Screen risk-management system. In 2023, NXP also subscribed to Sayari, a service that provides intelligence on commercial risk, to help us map and screen for forced-labor risks in our supply chain.

2023 NXP's RBA SAQ Average Scores



Advisory Firms

Verisk Maplecroft

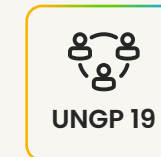
Verisk Maplecroft's database provides input that we use to screen our supply chain for inherent risk and uses predictive models to evaluate areas such as forced labor, child labor and working conditions.

Verité

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

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Risk Assessment

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

$$\text{Risk Score} = \frac{[(\text{Country Risk}) \times (\text{Product or Service}) \times (\text{Spend})] \times 100}{1,000}$$

Country Risk

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

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

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



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Product/Service Risk

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

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

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

Onsite Contractor Assessment

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

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

Spend Risk

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

Results

Suppliers undergo an annual supplier risk assessment. In 2023, 227 supplier locations received a risk-assessment score equal to or above 49%, indicating high or priority risk and, as a result, may be required to complete an NXP Self-Assessment Questionnaire and/or participate in an audit.



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Audits

We use audits as one of our key due-diligence strategies to monitor compliance with our Corporate Social Responsibility requirements.

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

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

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

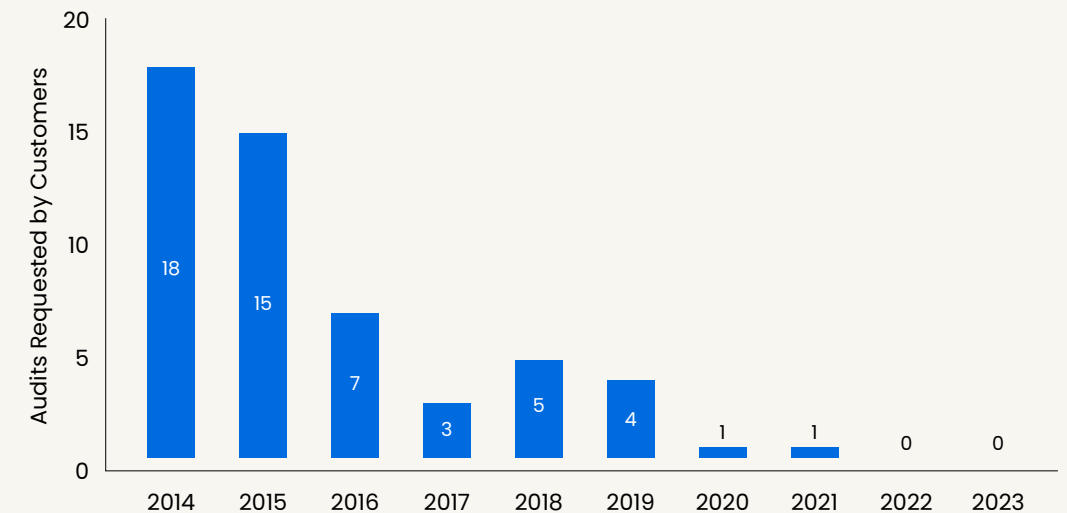
NXP Manufacturing-Site Audits

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

Results

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

NXP Audits Requested by Customers

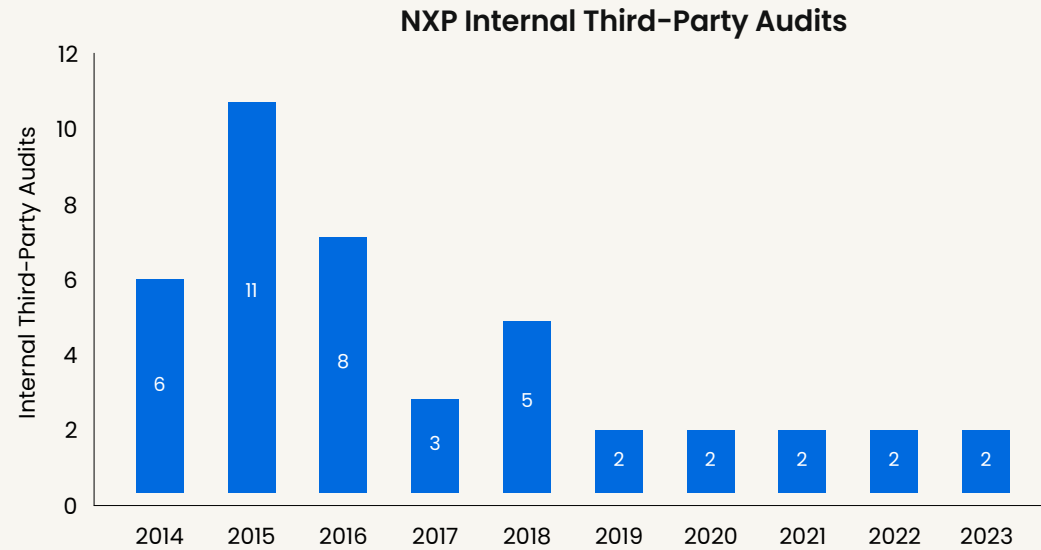


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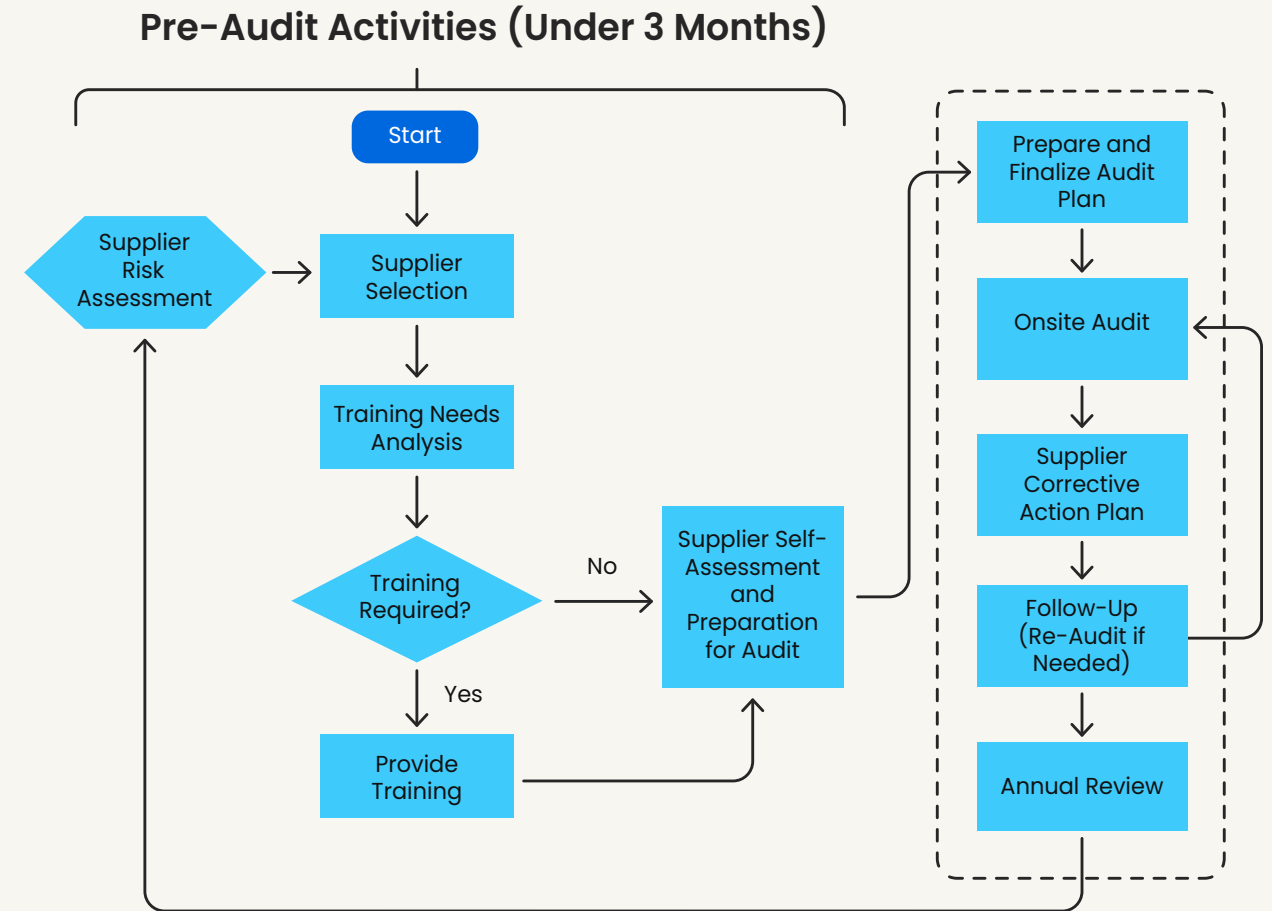
Similarly, we initiated more third-party audits in the early years of our Corporate Social Responsibility and Human Rights Program, but the number has remained relatively steady since 2017, with the exception of 2018, when we merged with Freescale Semiconductor and applied our standards to their manufacturing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



Supply-Chain Audits

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

NXP supplier audits analyze three main aspects of social responsibility: 1) documentation reviews, 2) management and private worker interviews and 3) physical inspection of all facilities, including any dormitories (onsite audit only). Audits also include interviews with labor agents and onsite service providers, such as janitorial, cafeteria, security and other services. NXP's Corporate Social Responsibility and Human Rights Audit Program is conducted in accordance with a defined process flow described in our "Pre-Audit Activities" illustration.





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Risk Assessment

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

Training

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

Self-Assessment

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

Onsite/Remote Audit

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

Corrective Action Plan

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

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

Follow-Up

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

Annual Review

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

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





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Training

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

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

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

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

Remote Audits

Before the COVID-19 pandemic, we typically conducted an average of up to 20 onsite audits per year. We are pleased to report that, as COVID-19 pandemic controls eased and borders reopened, we transitioned back to 100% onsite audits in 2023. We will, however, continue to keep the remote audit protocols on standby in case they are needed or if there is an escalation of a pandemic-related crisis similar to what we saw during the COVID-19 pandemic.

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

Limitations of Remote Audits

Remote audits gave us a way to perform due diligence during the COVID-19 pandemic, but they were only a temporary solution, not suited for long-term replacement of onsite audits, for several reasons. To begin with, remote audits are limited in scope, focusing primarily on labor, human rights and ethics. They leave out the assessment of environment, health and safety (EHS) concerns, since extensive facility inspections aren't feasible with a remote process. Also, certain documents cannot be shared in advance and screen sharing makes it difficult to review data and records effectively. What's more, it's easier, during an in-person interview, to keep people engaged, ask follow-up questions and observe body language and facial expressions.

Remote audits can be a useful tool for follow-up or verification audits with suppliers who performed well in their initial audit and are a good alternative for suppliers who already have a mature and strong social-responsibility program in place.



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Onsite Audits

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

RBA VAP Audits

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

In 2023, through our trading relationships with our key suppliers in the RBA-Online platform, we tracked and followed up with suppliers who had initiated and completed the RBA VAP audits and ensured that progress was made in the closure of the VAP audit findings. Moving forward, NXP will look to employ RBA VAP audits at more of our mature suppliers. More details of the RBA VAP protocols can be found [here](#).

The goal of the VAP is to help streamline a process that has frequently resulted in audit fatigue for suppliers subjected to multiple, similar audits by industry members. A VAP audit may be initiated by any RBA member and audit results are available to any other member company working with that supplier. Report sharing is predicated on a Trading Relationship, between the member company and the audited supplier, in the RBA-Online system³. It is the responsibility of the member company initiating the VAP audit to review, approve and verify corrective actions from the audit.

Results

NXP works collaboratively with suppliers to help them achieve and maintain our standards and expectations. Our preference is to work with suppliers to address potential deficiencies by helping them develop and implement a corrective action plan. In 2023 supplier audits and two labor-agent audits. From our supplier audits, we identified a total of 537 nonconformances. We closed 427 of those nonconformances, yielding a closure rate of 80%. We did not terminate business with any of these suppliers, in light of their willingness to take the steps needed to close their corrective action plans.

The number of nonconformances decreased in 2023 compared to 2022 even though we conducted more audits in 2023. This is due to maturity in some of the suppliers we audited.

To read more about our 2023 audit findings, see the Track section of the [Human-Rights Due Diligence](#) chapter of this Report.



³ RBA-Online is an online sustainability data-management system designed to help RBA members and their suppliers manage and share information from audits and self-assessment questionnaires at the corporate, facility and supplier levels.



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Stakeholder Engagement

Due-diligence audits continue to be an effective method for driving improvement and compliance in our supply chain, but because auditors spend limited amounts of time onsite, their observations only provide part of the picture. To gain a fuller understanding of conditions in the supply chain, we are evolving our approach and have started engaging with critical stakeholders and individual rights holders, including workers in our own operations and in the supply chain. We have found that effective and confidential engagement with these groups gives us a more balanced view of worker well-being and their workplace challenges, and will improve the effectiveness of any remediation plans we need to implement.

Capacity-Building and Training

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

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

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

NXP Capacity-Building

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

Since 2013, NXP has trained close to 1,200 key team members on labor and human-rights topics, and 142 team members have been certified as RBA-VAP lead auditors or undergone similar lead-auditor training program. Each lead auditor plays an

important role in the deployment and implementation of the Corporate Social Responsibility and Human Rights Program at their respective manufacturing site.

The RBA-VAP course for lead auditors, conducted by Verité, is a five-day workshop that covers auditing of social systems, investigative skills and management systems for Labor and Ethics components. At the end of the course, each student takes a two-hour written exam, scored by Verité and sent for final verification to International Register of Certificated Auditors (IRCA). Successful completion of this course fulfills the requirement of IRCA for labor and ethics auditors for the RBA auditing program. The latest such training was conducted in 2023, at our Malaysia facility, where 22 team members were trained.

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

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



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The capacity-building program is updated whenever there is a revision to the Auditable Standards on Social Responsibility. The Auditable Standards on Social Responsibility are reviewed on an annual basis to identify any need for revisions based on changes in the regulatory landscape, industry best practices or customer requirements and expectations. In 2021, the Auditable Standards on Social Responsibility went through a thorough revision to align with the requirements of the revised RBA Code of Conduct version 7.0. The standards will be reviewed again in 2024, in anticipation of the revision to the RBA Code of Conduct from version 7.0 to 8.0, and to prepare for other developments in the regulatory landscape.

Training on Grievance Mechanisms

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

Training Foreign Migrant Workers

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

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

Supply-Chain Training

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

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

NXP also invites our suppliers to attend RBA training and webinar sessions on topics such as Forced Labor and Responsible Recruitment, the RBA Code of Conduct and How to Prepare for an RBA VAP Audit.

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





Track

We gauge progress by monitoring our actions and responses



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

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

NXP

NXP Social-Responsibility Performance	
Goals	2023 Results
No Priority or Major Nonconformances from Internal/Customer Audits	We completed RBA VAP audits at our Bangkok, Thailand and Kuala Lumpur, Malaysia manufacturing sites. All corrective and preventative actions from the initial RBA VAP audit for Bangkok have been verified as closed in an RBA closure audit. The closure audit for Kuala Lumpur is scheduled for February, 2024. There were no customer audits in 2022.
Internal NXP Audit Scores >95%	Our >95% goal is based on NXP's audit scoring criteria.
Self-Assessment Scores >90%	All NXP sites achieved self-assessment scores above 90%.
Work Week of No More Than 60 Hours, Including Overtime Work, and One Rest Day per Six Days Worked	All workers worked in compliance with the 60-hour-per-week work schedule and received one rest day after six days of work.

Supply Chain

Supplier Social-Responsibility Performance	
Goals	2023 Results
100% of Key Suppliers Sign Supplier Code of Conduct Conformity Statement	100% of Suppliers Signed the NXP Supplier Code of Conduct Conformity Statement.
85% Closure Rate for Corrective Action Plans	80% Closure Rate on Corrective Action Plans for Supplier Audits in 2023.
100% Certified Mineral Smelters	100% Certified Mineral Smelters ⁴ .
Supply-Chain Due Diligence, Engagement and Collaboration	Participated in RBA's Project to Map and Assess Risk in the Poly-Silicon Supply Chain that is Critical for the Semiconductor Industry.

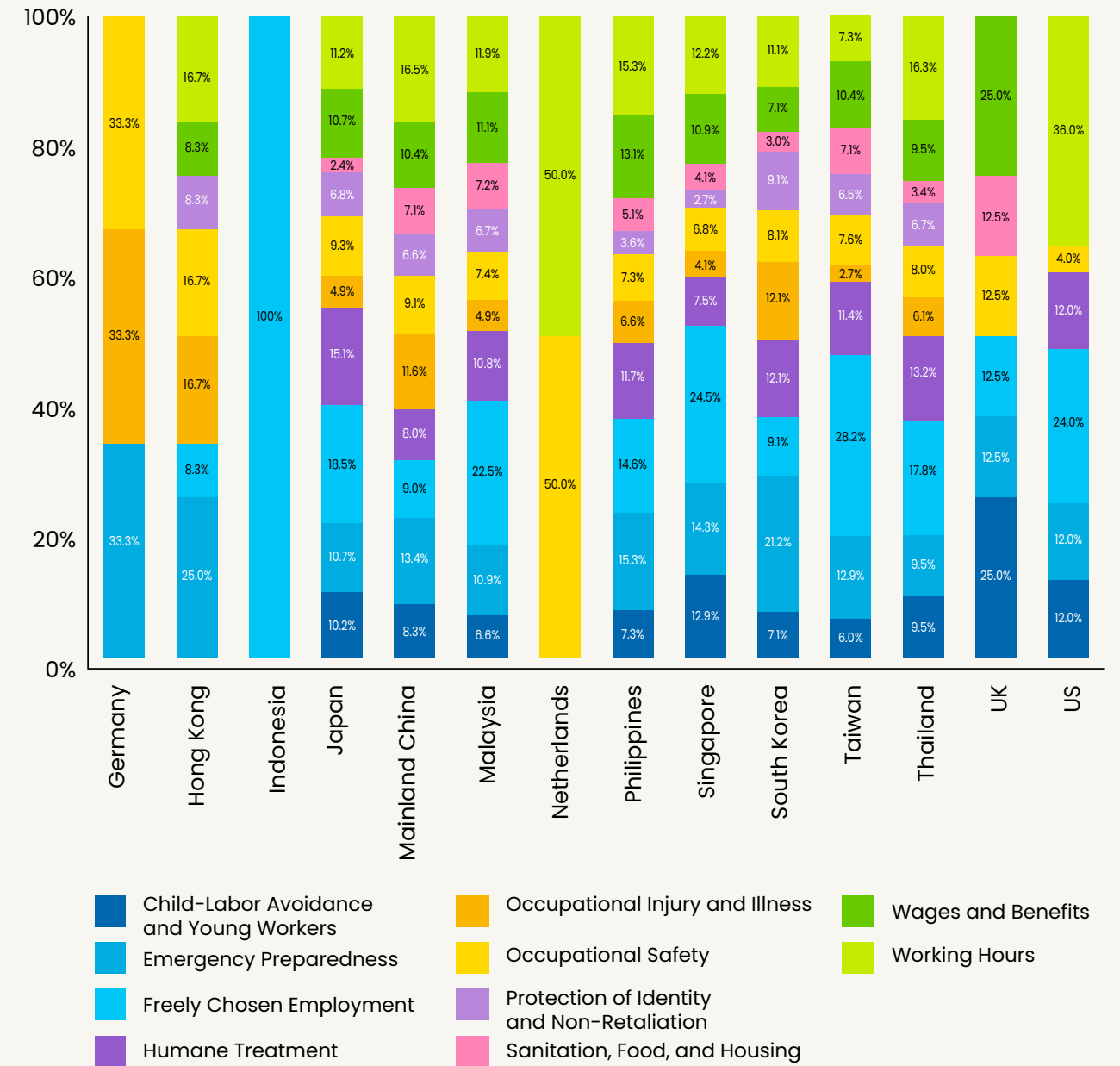
⁴ This data point is reported annually and primarily reflects the 2023 calendar-year data. However, unlike most of the data in this Report, it does not align with the 2023 calendar year (January 1 to December 31), but aligns instead with our Conflict Minerals Specialized Disclosure Form (Form SD) and Conflict Minerals Reporting Template (CMRT) filing.

Human-Rights Due Diligence: Track

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



Top 10 Findings by Country and Region 2013-2023



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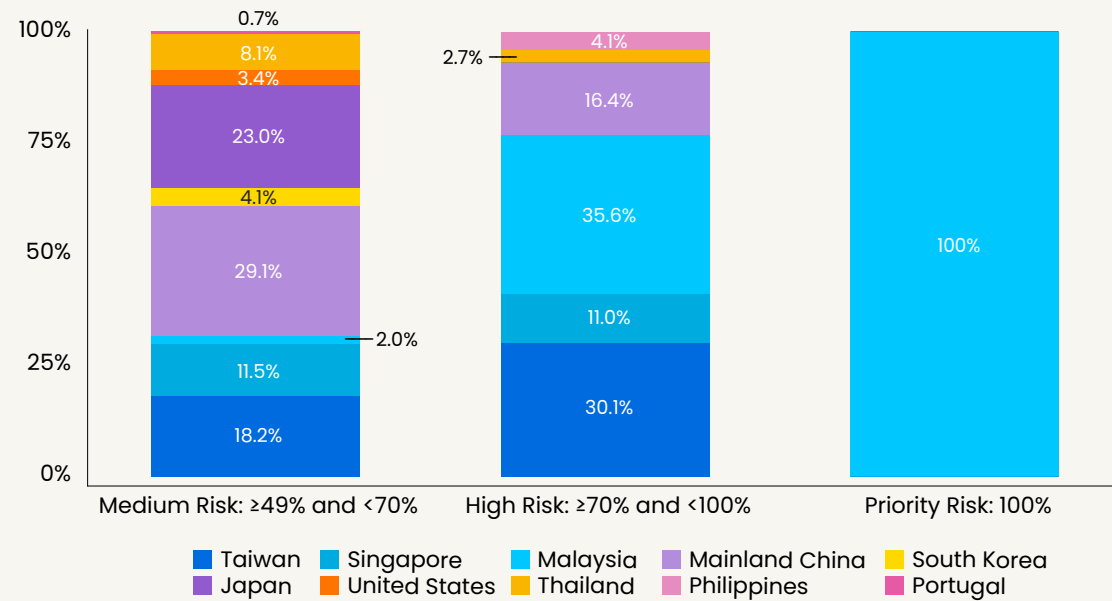
Step One – Identify High-Risk Suppliers

We annually conduct a supplier risk assessment to determine our audit schedule for high-risk supplier locations. Risk is calculated according to three scoring categories – country, product and spend risks – and assigns a risk factor as either medium risk ($\geq 49\%$ and $< 70\%$), high risk ($\geq 70\%$ and $< 100\%$) or priority risk (100%). In 2023, we assessed 6,426 supplier locations and identified 148 medium-risk, 73 high-risk and 6 priority-risk supplier locations. The 2023 supplier risk assessment identified priority-risk supplier locations in Malaysia.

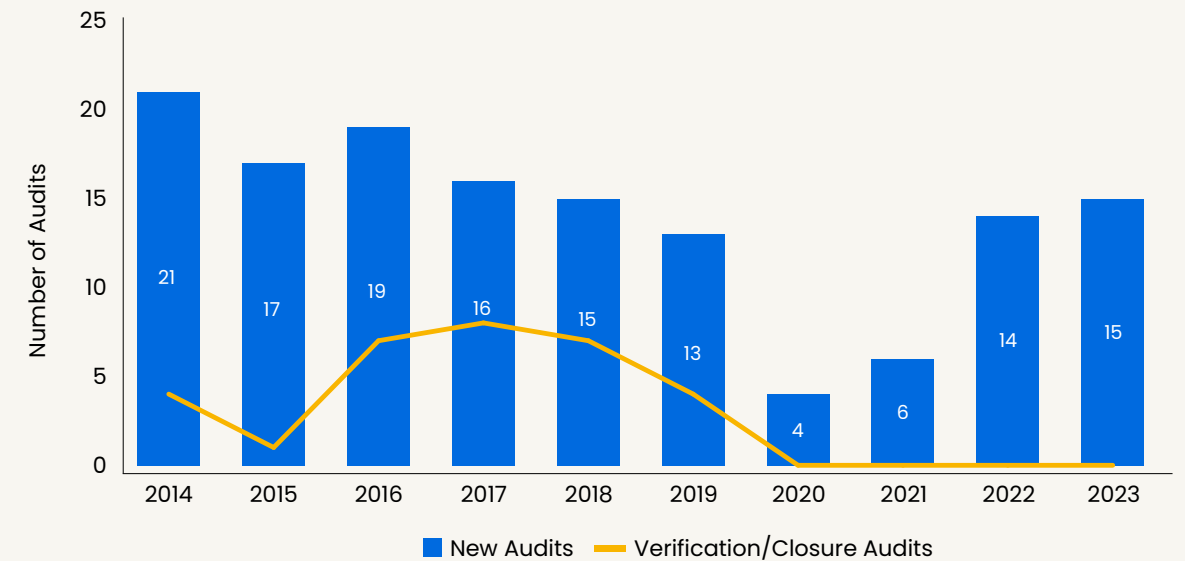
Step Two – Conduct a Supplier Audit

Since 2013, when we began our Corporate Social Responsibility and Human Rights Audit Program, we have conducted 201 supplier audits. That includes labor-agent audits as well as verification audits, which began in 2014.

2023 Medium-, High- and Priority-Risk Scores for Supplier Locations by Country and Region from Annual Risk Assessment



New Supplier Audits and Verification/Closure Audits





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In 2023, we conducted 15 announced onsite audits for suppliers located in Japan, Mainland China, Malaysia, South Korea and Taiwan.

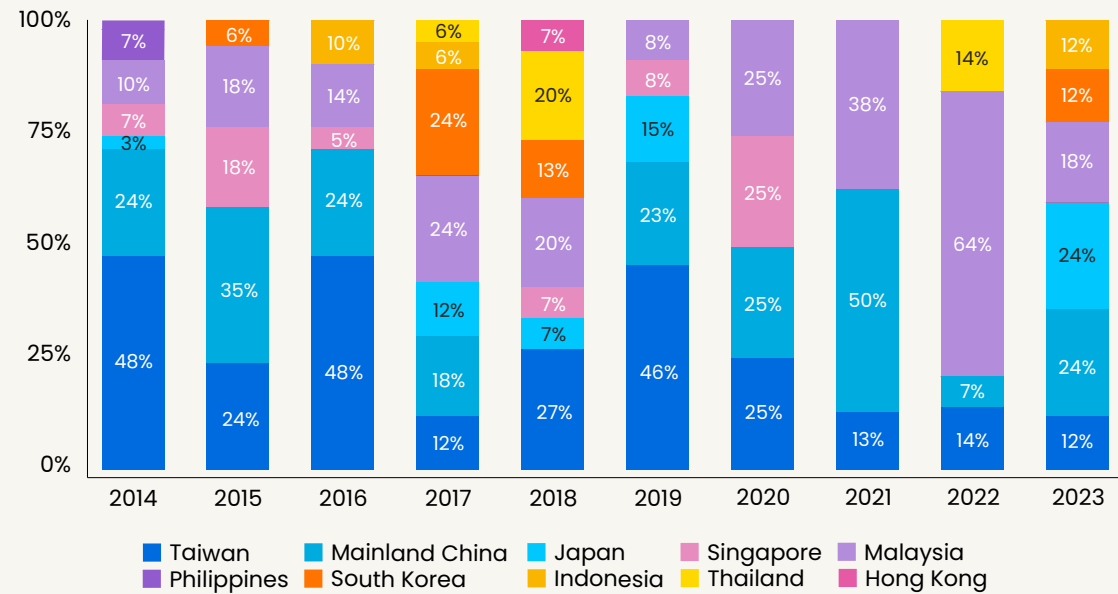
As part of our membership in the RBA, in addition to the 15 supplier audits we conducted ourselves, we also reviewed and monitored 23 RBA VAP audits initiated by other RBA members with the same supply base. It is RBA policy that the initiating member work to close any corrective actions resulting from an audit but, if the initiating member fails to do so, the RBA may ask another member with the same supply base to intervene. In 2023, NXP was not asked by the RBA to help close any of the corrective actions identified in audits initiated by other members.

During an audit, worker interviews are conducted in private and at random. To determine the number of worker interviews to be conducted, we take the square root of the worker population. In 2023, 424 random worker interviews were conducted, involving 46% men and 54% women with varying lengths of service and age range.

Step Three – Analyze Results of Supplier Audit

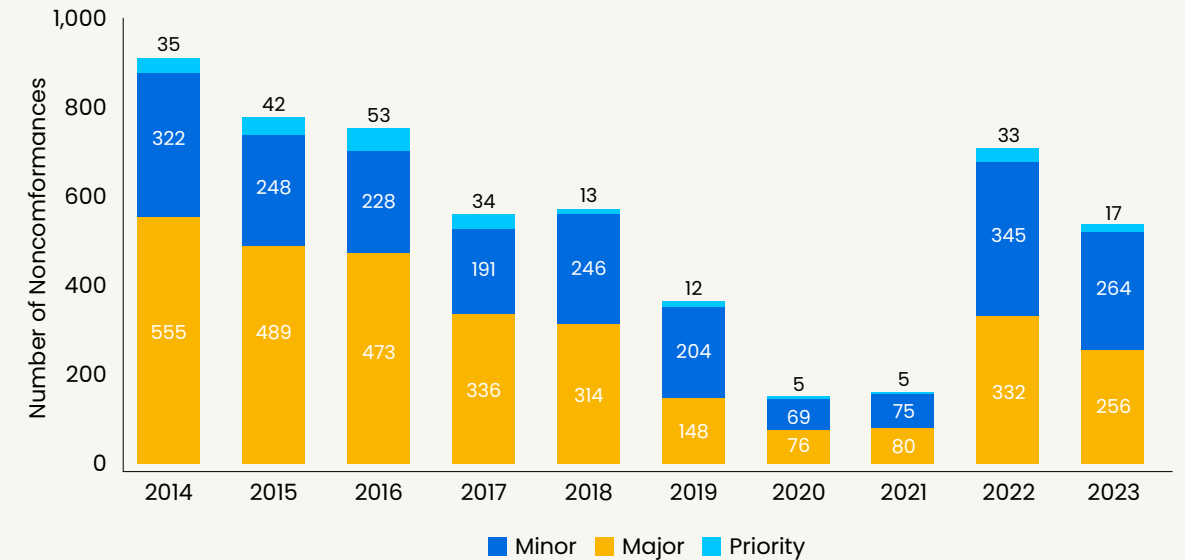
Audits conducted in 2023 addressed a selection of high-priority suppliers who had previously been audited to a social-responsibility standard. We chose to re-audit these suppliers to see if the NXP Supply Chain Program had enhanced social-responsibility performance and improved working conditions for their workers. At three of the five suppliers we had previously audited, we noted a maturity in social-responsibility practices and found they had improved on their previous performance. We will continue to work with our suppliers as they implement our standards into their business practices and management systems.

Supplier and Labor-Agent Audits by Country and Region



An NXP auditor is present at all our onsite audits. This demonstrates our commitment to social responsibility and human rights and also lets us observe, in person, how management treats workers.

Number of Nonconformances by Rating



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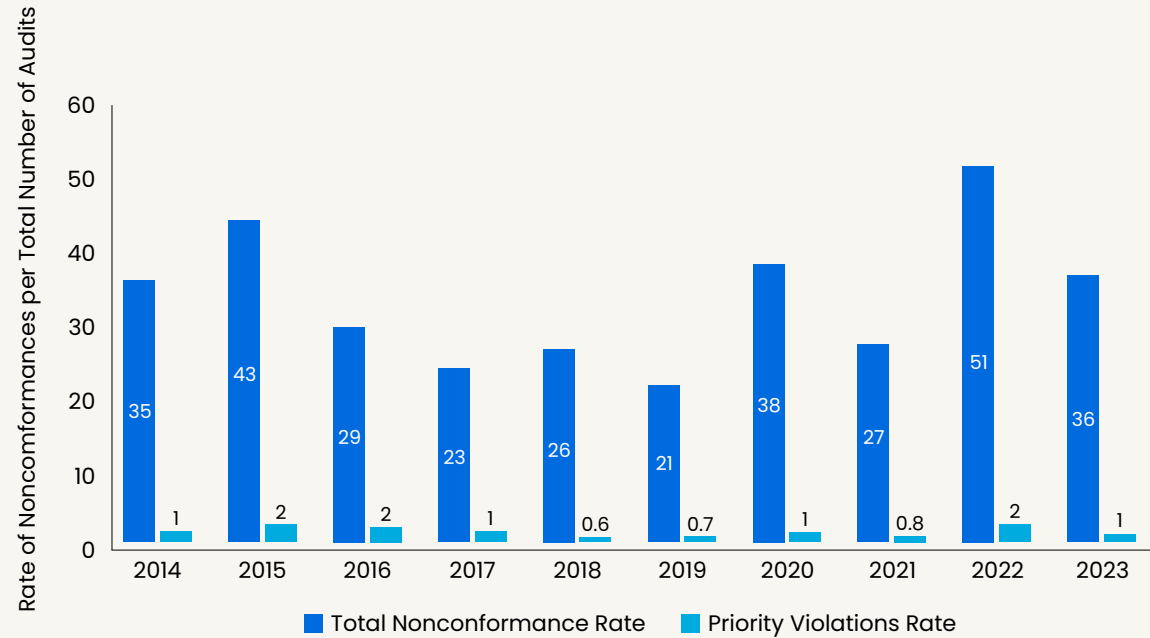


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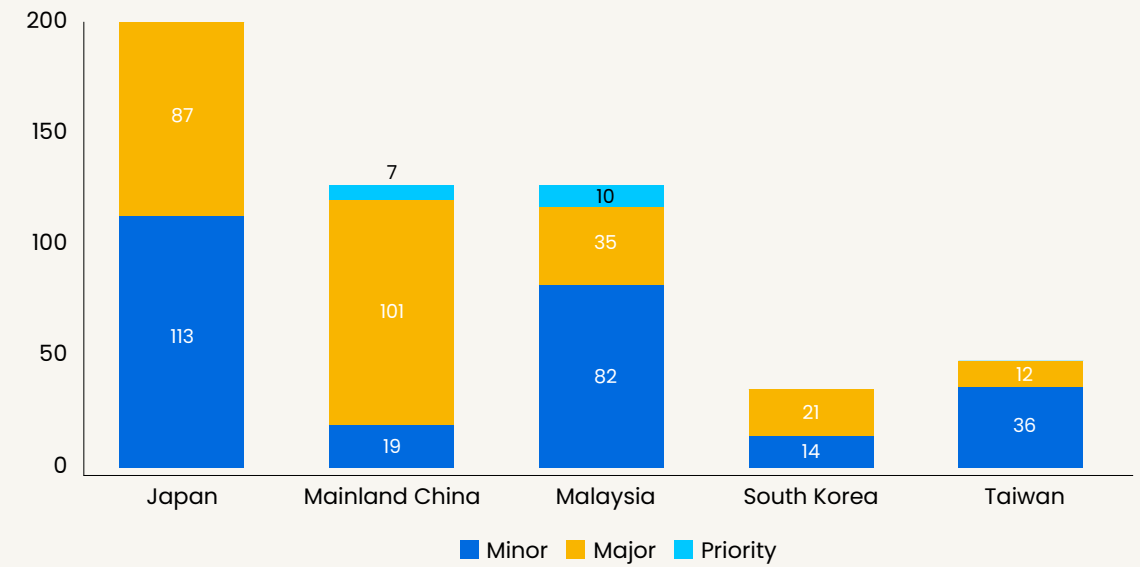
Two ratios – the number of nonconformances identified compared to the number of audits conducted and the number of priority violations identified compared to the number of audits conducted – are lower in 2023 compared to 2022. There are several reasons for this. We conducted 15 audits in 2023 compared to 14 in 2022 and this points to improved performance maturity in the supply chain, and the impact from the COVID-19 pandemic has stabilized, enabling suppliers to re-focus on improving and maintaining their performance. In addition, we also audited in geographies, such as Japan and South Korea, where the maturity levels are often higher.

Identifying the total number of nonconformances per country/region helps the Audit Team determine country risks, complete the annual assessment of supplier risk and strategize the priorities of future audit planning. In 2023, our supply-chain audits focused on Mainland China, where the recent lifting of strict COVID-19 border restrictions allowed us to conduct onsite supplier assessments.

Average Number of Nonconformances per Audit



2023 Nonconformances by Country and Region



Human-Rights Due Diligence: Track



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

With the shift back to 100% onsite audits in 2023, we are better able to identify gaps and nonconformances that are harder to identify with remote audits. While two categories – "Labor and Human Rights" and "Health and Safety" – continue to reoccur in our findings, onsite audits have made it easier to observe and assess actual practices. In addition, being able to engage with and interview workers, face-to-face, allows us to better assess their well-being.

After years of auditing our supply chain and identifying more than 5,000 nonconformances, we target the top five subcategories as illustrated below. Freely Chosen Employment is still the most frequently reoccurring nonconformance.

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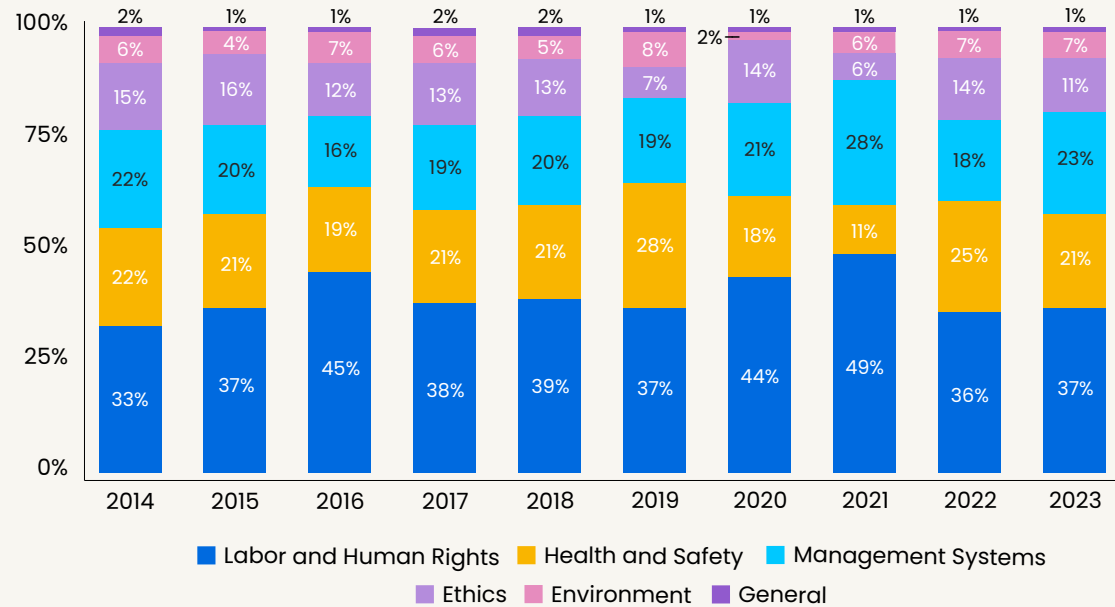
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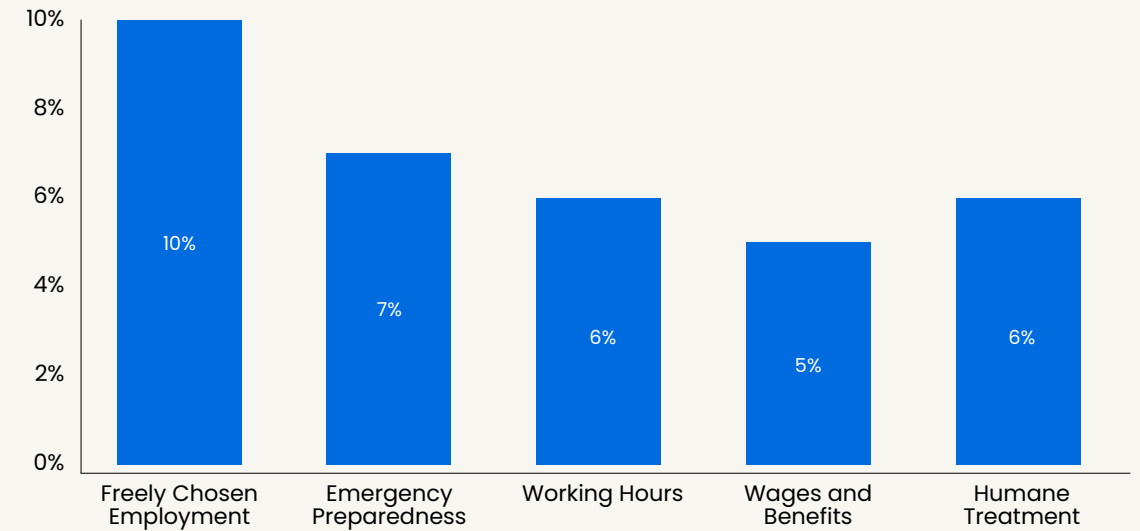
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Nonconformances by Category



Top Five Nonconformances by Subcategory 2013-2023



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The 15 audits conducted in 2023 uncovered 17 priority violations.

Top Three Subcategories of Priority Violations	2023
Working Hours	5
Emergency Access	4
Legal Benefits	3

In 2023, the top three categories of priority findings were Working Hours, Emergency Access and Legal Benefits.

- **Working Hours** – The five priority findings for Working Hours were identified at suppliers in Mainland China and Malaysia, where workers were found to have worked more than 60 hours per week, including overtime work.
- **Emergency Access** – The four priority findings for Emergency Access were identified in situations where emergency exits were blocked.
- **Legal Benefits** – The three priority findings for Legal Benefits were identified at suppliers in Malaysia, for 1) not meeting legal requirements for minimum wages, 2) not meeting legal requirements for overtime wage payment and 3) not providing legally mandated benefits to workers.





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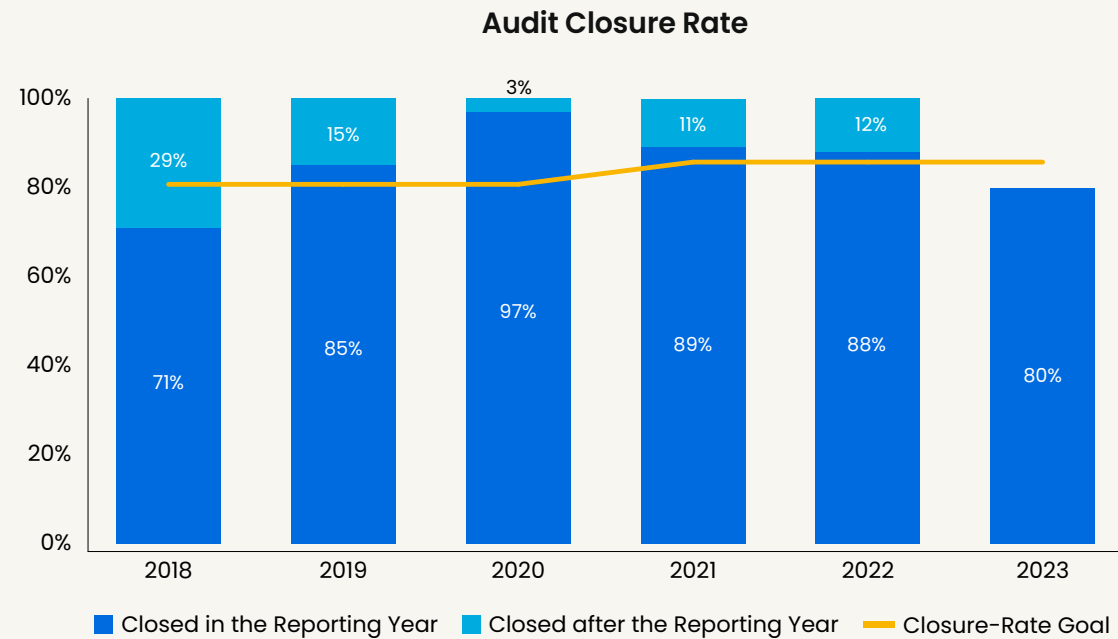
Audit Closure Rate

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

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

The closure rate for 2023 was 80%. NXP is committed to working with suppliers to reach 100% closure in their corrective actions and this is clearly demonstrated by 100% closure of all audit findings from 2018 to 2022.

While it is our stated goal to achieve the targeted closure rate, indicated by the line in the chart, ultimately we aim for 100% closure on all audit nonconformances found within a calendar year. We continue to work with audited suppliers to fully close the remaining nonconformances in the subsequent year. As of this reporting, we have closed all the remaining findings from 2021 and 2022 audits.





Communicate

We share how we address the human-rights impacts of our operations



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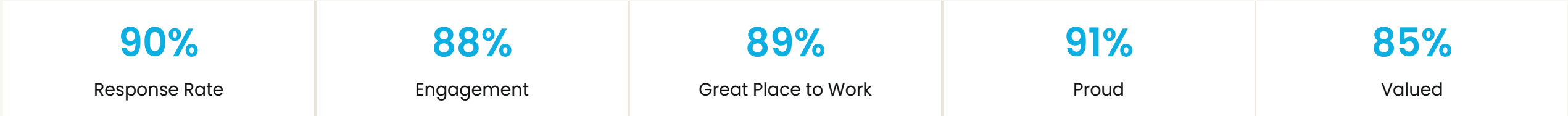
With respect to labor and human rights, we communicate our policies, standards, strategies, targets, procedures and progress. Our commitments for labor and human rights are shared in multiple ways, across different audiences. Any NXP team member, as well as any supplier, supplier worker, NGO or other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

NXP

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

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

In our 2023 survey, we solicited input from all NXP team members. Ninety percent of team members participated in the survey with Ethics, Collaboration, Engagement and DE&I being the four categories with the highest favorability ratings. The survey results showed an increase in team-member engagement, with 70% of our team members being highly engaged. The results also show NXP’s commitment to shape the organization’s culture through our values, with 89% believing that NXP is a great place to work.





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Year-over-year, NXP saw improvements in more than 50% of the survey items. The third-party administrator of the survey reported that 85% of the survey items scored more positively than the 75th percentile benchmark, composed of companies operating in the technology sector.

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

In 2020, we began sharing our annual Top 100 Supplier List, which identifies our high-spend suppliers for the past year. Our 2023 Top 100 Supplier List is available on our ESG Documentation [web page](#).

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

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

Supply Chain

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

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

Grievance Mechanism and Access to Remedy

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

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

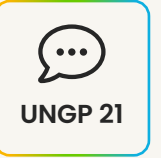
Our SpeakUp reporting channels are communicated to all team members through the Code, dedicated intranet web pages, trainings, our website and various other means. SpeakUp can be used by any employee, contractor, business partner, stakeholder or other third parties.

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

In recent years, we have increased our communication about the importance of speaking up and the available reporting channels. Also, in 2023, our reporting levels were actively used throughout the organization, indicating that our reporting channels are effective.



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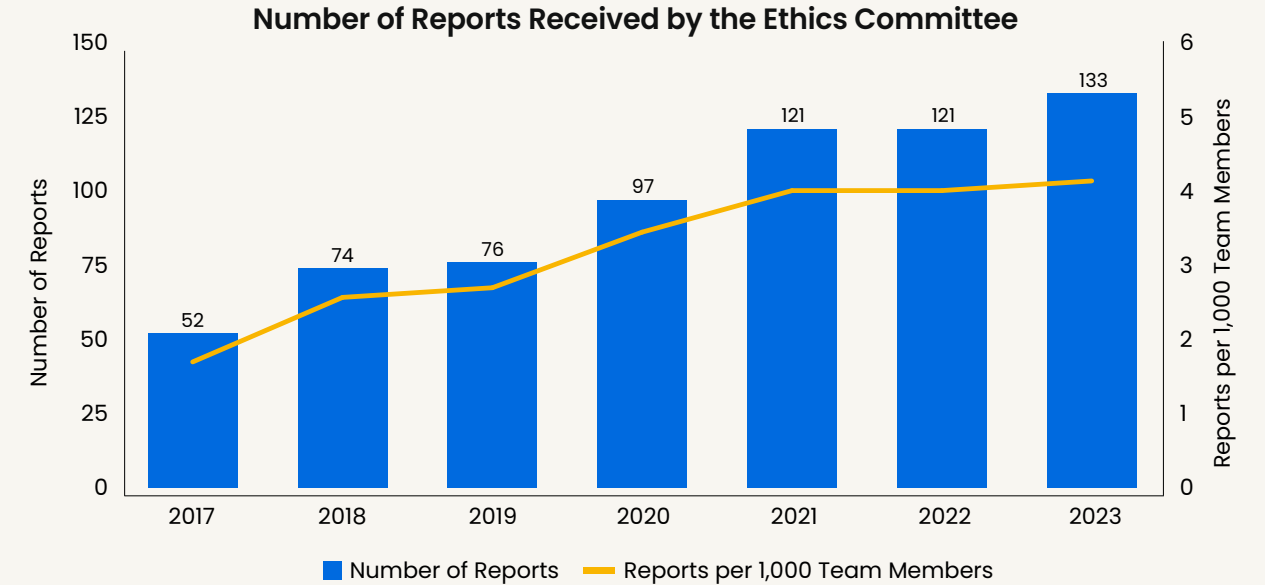
Management and Resolution of Grievance Investigations

Allegations, Approach and Management

We follow up on all reports and concerns relating to the Code of Conduct. All NXP team members are welcome to submit a report or share concerns via one of the reporting channels, which include the NXP Ethics Committee, a local Ethics Liaison or, if anonymity is desired, the Speak Up system administered by a third party. All reports are assessed and discussed by the NXP Ethics Committee. After the initial assessment of a report, an investigation team, with the right expertise and skill set to conduct an in-depth investigation, is appointed. Based on the findings of the investigation, a decision is made about whether the report can be substantiated. If so, we take appropriate follow-up actions. These actions can include education, organizational changes, counseling, reprimand, suspension and/or termination, depending on the nature and severity of the finding and the party's willingness and ability to rectify the issue. While it is difficult to set a fixed timetable for resolution, since complaints vary in scale and complexity, most can be dealt with in under two months.

Ethics Committee

The NXP Ethics Committee reviews reports and grievances and oversees investigations into alleged violations of the Code. The Ethics Committee consists of five senior leaders from Legal, Internal Audit, Human Resources and Sustainability, is chaired by NXP's Chief Ethics Officer and supported by a secretary. Members are based in the Americas, Europe and Asia-Pacific regions. The Ethics Committee meets bi-weekly to discuss all reports received and to monitor the progress of ongoing investigations. The Ethics Committee reports quarterly to the General Counsel, the Chief Financial Officer, the Chief Human Resources Officer and the Audit Committee of the Board regarding the number, type, materiality and follow-up of the allegations and investigations that have been received.



NXP

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

Open-Door Management Policies

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

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

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Supply Chain

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

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

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

Resolving Allegations Raised From our Grievance Mechanisms

We monitor and assess compliance and investigate every allegation. These investigations may involve the NXP Ethics Committee. If a problem is detected, we analyze the root cause and modify the relevant internal control system to prevent a possible recurrence. Acknowledgments are sent as soon as possible after receiving the complaint and investigation records are updated regularly. No allegations were received in 2023.



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

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

Collaboration

 Experts	Continue our work with expert organizations, non-governmental organizations (NGOs), civil society organizations (CSOs) and academia, stay current on relevant issues and monitor best practices as they evolve
 Industry	Increase our engagement and collaboration at the industry level to identify and remediate actual and potential cases of labor and human-rights abuses
 Customers	Continue to work with customers to address human-rights issues and challenges throughout the supply chain and drive implementation to our lower-tier suppliers



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Integration

 Governance	<p>Integrate additional labor and human-rights risks through the Environment, Social and Governance (ESG) Management Board, which reports to the Nominating, Governance and Sustainability Committee of NXP's Board of Directors</p>
 Codes and Standards	<p>Update the Supplier Code of Conduct and the Auditable Standards on Social Responsibility</p>
 Human Rights Policy	<p>Reinforce the evolving importance of human rights and ensure a consistent approach, with support for all international norms and expectations, by extending our core NXP Social Responsibility efforts with our dedicated policy on human rights</p>
 NXP Human-Rights Due-Diligence Management System	<p>Strengthen NXP's efforts to conduct due diligence across our value chain, capture all salient human-rights risks and take appropriate measures to mitigate risk</p>
 Worker Voice	<p>Deploy a worker voice app to complement our ethics hotline for labor and human rights across our manufacturing sites and create a labor and human-rights remediation committee to respond to worker grievances effectively and efficiently</p>

Supply-Chain Engagement

 New-Supplier Assessments and Audits	<p>Conduct self-assessments and, if necessary, a third-party audit of suppliers prior to onboarding</p>
 Audits	<p>Continue to audit our suppliers, with the goal of decreasing the number of audit nonconformances and, more importantly, the number of priority violations</p>
 Going Beyond an Audit	<p>Design a model to assess mature suppliers on their human-rights programs</p>
 Training	<p>Continue raising awareness, through webinars and targeted training, to help our suppliers develop a best-in-class program</p>
 Vendor Portal and Supplier Data-Management System	<p>Continue developing an online supply-chain portal, which enables us to effectively communicate with our global supply chain, represents another step in strengthening our collaborative and consultative engagement and helps build the capacity of requirements and metrics within our supply chain</p>

Conclusion





Conclusion

NXP employs tens of thousands of people in dozens of countries across the world, all working within a complex, multi-layered supply chain that spans the globe. And yet, since our founding in 2006, we have always made it a priority to provide a safe and healthy working environment, and to treat everyone with respect and dignity.

At the same time, we focus on human rights, at our own manufacturing sites and in our supply chain, because we recognize that there are rights, inherent to us all, that need to be preserved. This is an ongoing effort that builds on the need for continuous improvement. We always aim to go beyond existing standards and work hard to exceed stakeholder expectations. We also believe in guiding others, and regularly share our expertise with our peers and supply-chain partners.

In 2023, we continued to make progress on a number of fronts. For example, we refreshed and updated our NXP Human Rights Management System, so it now aligns with the Human Rights Policy we published in 2022. Together, the Human Rights Policy and Management System provide clear guidance on how we work with our partners in the value chain and third-party service providers, and how we conduct human-rights due diligence across our business value chain. Also in 2023, we took advantage of further easing of COVID-19 restrictions to conduct more onsite supply-chain due-diligence audits. We are looking forward to the launch of our vendor-collaboration portal, which will work alongside our audits to increase two-way communication between us and our supply chain.

December 10, 2023, marked the 75th anniversary of the Universal Declaration of Human Rights. It was a significant anniversary that gave us an opportunity to reflect on the progress we've already made and the work that remains to be done. It also helped strengthen our commitment to improve the rights and dignity of workers, to embrace collaboration and transparency and continue to encourage supplier empowerment.

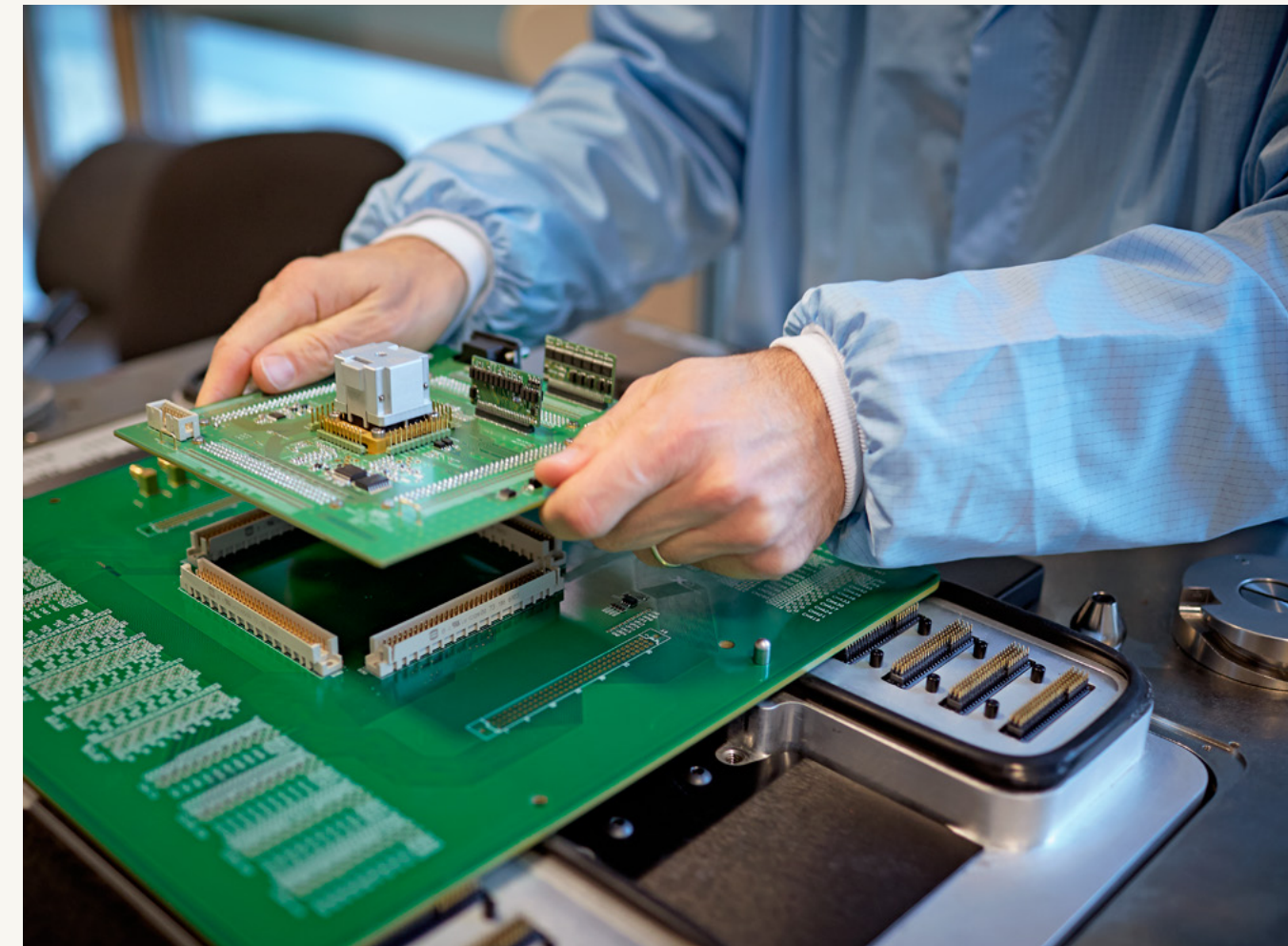
Looking to the future, we will continue to work closely with suppliers, especially those who have had audit nonconformances or priority violations, so we can be confident that they fully understand our standards and have the skills and knowledge to avoid recurrence.

We will also continue to engage with high-priority suppliers, so we can develop standards and policies that accurately reflect their business and operational challenges.

If you would like to know more about our approach to worker safety and human rights, please email NXP's Sustainability Team at csr@nxp.com

Eric-Paul Schat

Senior Director Sustainability and Human Rights
NXP Semiconductors
April 2024



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Acronyms and Abbreviations



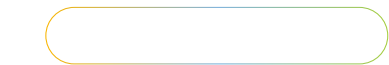


Acronyms and Abbreviations

A	
AIP	Annual Incentive Plan (NXP)
APAC	Asia-Pacific
ATMC	Austin Technology and Manufacturing Center (NXP)
B	
None	
C	
CAHRA	Conflict-Affected and High-Risk Areas (EPRM)
CMRT	Conflict Minerals Reporting Template (RMI)
CSO	Civil Society Organization
CSRD	Corporate Sustainability Reporting Directive (EU)
D	
DE&I	Diversity, Equality and Inclusion
DL	Direct Labor
E	
EHS	Environment, Health and Safety
EMEA	Europe, the Middle East and Africa
EMRT	Extended Minerals Reporting Template (RMI)
EPRM	European Partnership for Responsible Minerals

ERG	Employee Resource Group (NXP)
ESG	Environmental, Social and Governance
ESIA	European Semiconductor Industry Association
ETI	Ethical Trading Initiative
EV	Electric Vehicle
F	
Form SD	Conflict Minerals Specialized Disclosure
FTE	Full-Time Equivalent
G	
GaN	Gallium Nitride
GBI	Global Business Initiative on Human Rights
GHG	Greenhouse Gas
GS&A	General, Sales and Administrative
H	
HC	Headcount
HR	Human Resources
I	
IDL	Indirect Labor
IFRS	International Financial Reporting Standards

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Acronyms and Abbreviations

ILO	International Labour Organization
IoT	Internet of Things
IRCA	International Register of Certified Auditors
IT	Information Technology

J	
JV	Joint Venture

K	
KPI	Key Performance Indicator

L	
None	

M	
MSG	Multi-Stakeholder Steering Group (OECD)

N	
NASDAQ	National Association of Securities Dealers Automated Quotations
NGO	Non-Governmental Organization
NV	Naamloze Vennootschap (Netherlands)
NXPI	NXP Semiconductors N.V.

O	
OECD	Organisation for Economic Co-operation and Development

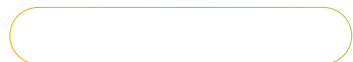
P	
PFAS	Polyfluoroalkyl Substances
PFC	Perfluorinated Compound

Q	
None	

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

S	
SAQ	Self-Assessment Questionnaire (RBA)
SBTi	Science Based Targets Initiative
SCC	Semiconductor Climate Consortium (SEMI)
SDGs	Sustainable Development Goals (UN)
SMEs	Subject-Matter Experts
SSMC	Systems on Silicon Manufacturing Company (Singapore)

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T	
None	

U	
UDHR	Universal Declaration of Human Rights
UNGC	UN Global Compact
UNGPs	UN Guiding Principles on Business and Human Rights
UWB	Ultra-Wideband

V	
VAP	Validated Assessment Program (RBA)

W	
WSC	World Semiconductor Council

X	
None	

Y	
None	

Z	
None	





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