

2018 NXP CORPORATE RESPONSIBILITY REPORT

NXP
SECURE CONNECTIONS
FOR A SMARTER WORLD

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MESSAGE FROM OUR CEO



NXP is a leader in the innovation and manufacture of devices that help shape the future of communications networks and the Internet of Things, as well as industries from mobile to automotive, NFC and RF. Our aim is to be the best semiconductor company in the world, supporting and empowering our employees to make a difference for our customers, shareholders, society and the world at large. Sustainability is a key pillar of our work at NXP, because we believe that a smarter world begins on a sustainable planet. That's why we constantly look for opportunities to preserve and promote smarter, more energy-efficient and safer ways of living. Which brought us to work with the U.S Department of Transport, supplying the winner of its Smart Cities Challenge with the technology to support a smarter transport infrastructure. Self-driving cars, connected vehicles and smart sensors are all part of the plan, and each of these innovations is supported or enabled by NXP technology.

There are many more examples of how, in a world of finite resources and increasing consumer demand, NXP strikes a balance that serves our

customers, employees and shareholders. Our IoT innovations for example, are part of a radical shift in the way people connect and interact with the objects and devices around them. And our technologies for smart cars and smart cities will help make our world safer, greener and more energy efficient. In fact, today's consumer can benefit from NXP innovations in every sphere of life, as they are increasingly incorporated into devices at home, in schools and offices, cars and medical products, mobile and wearables.

As a world-leading company, we embrace our responsibility to act according to the highest standards, to know right, and do right. Sustainability means maintaining a safe working environment, promoting good health, minimizing the environmental impact of our activities and promoting dignity and respect for all employees. It is a broad subject that we have focused into three guiding principles:

- **ENGAGE:** this encourages us to connect and communicate with those around us in a way that fosters a positive relationship, both at work and within our communities.
- **PROTECT:** living up to our responsibility as a global company, protecting the local environment and wider world. This also involves ensuring the health and safety of every employee, and protecting their human rights.
- **RESPECT:** this is applied everywhere, in how we act with each other, without bias or prejudice. Respect also covers our relationship with the wider world and our place in it.

Setting new benchmarks for sustainability

The principles set out above also guide NXP towards our goals of reducing carbon emissions, decreasing consumption of water and energy, increasing recycling, phasing out chemicals of concern and reducing our workplace injury rate. Many of our benchmarks have already been adopted in the wider industry, and also by customers, who work closely with us to raise global standards in sustainability. That is why NXP is proud to be a signatory of the United Nations Global Compact and work towards meeting the goals of the 10 principles on human rights, labor, environment and anti-corruption. We remain committed to reporting on our progress and invite stakeholders to partner with us to make a positive impact going forward.

NXP will continue to engage with the world to deliver on our commitments to protect and respect. We will continue to do this in a sustainable way, with our partners, suppliers, customers and shareholders. And we will continue to find new and better ways to make a difference, and to earn the position of the world's best semiconductor company.

Rick Clemmer
CEO, NXP Semiconductors

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OVERVIEW

SECURE CONNECTIONS FOR A SMARTER WORLD

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NXP Semiconductors N.V. enables secure connections for a smarter world, advancing solutions that make lives easier, better, and safer. As the world leader in secure connectivity solutions for embedded applications, NXP is driving innovation in the automotive, industrial & IoT, mobile, and communication infrastructure markets. Built on more than 60 years of combined experience and expertise, the company has approximately 30,000 employees in more than 30 countries and posted revenue of \$9.41 billion in 2018.



OUR TARGET MARKETS

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



Employees in
30+ countries

HEADQUARTERS Eindhoven, The Netherlands	~30,000 employees
33 patent families	\$9.41B annual revenue
60+ year history	~9,000 R&D engineers

WORLDWIDE LOCATIONS

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NXP Semiconductors N.V. a company with approximately 30,000 employees with operations in more than 30 countries and posted revenue of \$9.41 billion. Corporate Office is located in the High Tech Campus 60, Eindhoven, Netherlands.

AMERICAS

Brazil
Canada
Mexico
United States

ASIA

China
India
Japan
Korea
Malaysia
Singapore
Taiwan
Thailand

EUROPE/MIDDLE EAST

Austria
Belgium
Czech Republic
Denmark
Deutschland
Finland
France
Hungary
Israel

Italy
Netherlands
Romania
Russia
Scotland
Spain
Sweden
Switzerland
Turkey
United Kingdom

MANUFACTURING LOCATIONS



All NXP manufacturing sites

- ISO14001 Certified
- OHSAS18001 Certified
- ISO9001 Certified
- IFTA16949 Certified

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SUSTAINABLE DEVELOPMENT GOALS (SDG'S)



The 17 [UN Sustainable Development Goals](#) (SDGs) promote sustained and inclusive economic growth, social development and environmental protection in the interest of creating a world that is just, equitable and inclusive.

NXP supports the UN SDG's with our existing programs and technology that contribute to progress against 13 of the 17 SDG goals. Our programs and products focus on ensuring healthy lives, achieving dignity, prosperity and justice for all people and protecting our planet for future generations.

The sections below regarding our smart technology, environmental responsibility, supplier engagement and social impact demonstrates NXP's commitment to the SDG's.

SMART TECHNOLOGY



NXP IoT technology advances agricultural production by contributing to the European Internet of Farming 2020 (IoF2020). Our technology will connect sensing and monitoring technologies along the entire agricultural production chain and enable the analysis of an impressive

amount of data, in a secure and user-friendly manner.

NXP's RF technology is used to create cooking appliances that deliver high-quality cooking and retain nutritional elements by not overcooking.

NXP's RFID is used to improve efficiencies across the entire food supply chain, from farm to fork translating directly into less food waste. The use of temperature sensors with integrated NXP RFID tags providing in transit data on the temperature level in real-time improving visibility into the

conditions to which perishable products are exposed during transport. This technology helps avoid food and medical waste during transit.



NXP technology advances medical and wearables to help connect the devices that improve people's lives.

NXP technology assists in monitoring and diagnosing immunological pathologies onsite and rapidly acquire data to provide fast and trustworthy results.

NXP products help make portable medical devices easier to use, interoperable and able to remotely relay patient data from home to healthcare provider, which can eliminate the need for a healthcare visit and reduce costs.

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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

NXP technology solutions support sustainable energy management for green cities and homes. These applications range from appliances, smart building designs, smart homes making them more connected, convenient and secure.

NXP is committed to its leadership role for the next generation of industrial IoT and Industry 4.0 applications enabling greater Machine Safety, Connectivity and productivity.

NXP technology helps reduce CO₂ emissions by improving the flow of traffic, enabling electrical driving and making electronics energy efficient.

11 SUSTAINABLE CITIES AND COMMUNITIES

NXP solutions support the U.S. Department of Transportation's Smart City Challenge which includes real-time vehicle-to-vehicle infrastructure communication systems and secure public transportation smart cars for a more intelligent urban transportation system.

Leading cities worldwide will employ Intelligent Roadside Units powered by NXP technologies to help smooth traffic flow, improve safety and emergency response, and provide additional services.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

NXP uses microprocessor based smartcard technology to store and protect personal information in an eID format. This makes citizen data more secure, and as a result helps combat identity theft and reduce fraud. That, in turn, makes government programs more effective and more

efficient, and lowers the cost of providing services. Increased security benefits a number of government-funded activities, such as healthcare services, social-welfare programs, and tax collection.

NXP's microcontrollers used in electronic passports deliver major advancements in terms of security. The use of ePassports makes it harder to present illegally issued travel documents and helps reduce black-market trade.



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ENVIRONMENTAL RESPONSIBILITY**6** CLEAN WATER AND SANITATION

NXP 2020 goal is to reduce water consumption by 30% from a 2010 baseline globally.

At NXP we promote environmental management with the goal to help resolve social issues such as maintaining clean water supply for our communities.

Our projects focus on the reduction of water consumption in manufacturing and increased onsite water reuse/recycling.

We monitor and manage the quality of wastewater discharged into the communities in which we operate by utilizing onsite water treatment facilities and continuous monitoring/testing as required by local authorities.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

NXP 2020 goal is to reduce electricity & water consumption by 30% from a 2010 baseline.

NXP's goal is to phase out chemicals of concern from our manufacturing and recycle the chemicals in a responsible manner.

NXP 2020 goal for recycling is recycle 90% of generated waste from a 2010 baseline.

NXP products are designed to be compliant with EU and China chemical content regulations.

13 CLIMATE ACTION

NXP 2020 goals is to reduce our carbon footprint by 30% from a 2010 baseline.

NXP's goal is optimize site conservation, abatement projects and substitute chemicals to reduce emissions from our equipment.



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SUPPLY CHAIN RESPONSIBILITY

3 GOOD HEALTH AND WELL-BEING



NXP collaborates, trains, audits and re-audits our supply chain to verify that the health and safety of workers are compliant to the NXP social responsibility auditable standards.

These standards address living conditions and safe and healthy working conditions. NXP invests in assessments, audits and capacity building of our supply chain.

5 GENDER EQUALITY



NXP's Supplier Code of Conduct requires that suppliers shall not harass or discriminate based on race, color, age, gender, sexual orientation, gender identity in hiring and employment practices such as hiring, wages, promotions, rewards, and access to training.

NXP's Social Responsibility Auditable standards requires agents or search companies engaged in recruitment services for NXP to have a statement that commits to the respect and diversity in providing recruitment services to NXP and encourage equal opportunity, fairness and respect for diversity

8 DECENT WORK AND ECONOMIC GROWTH



The NXP's Supplier Code of Conduct requires suppliers to provide decent and safe working conditions, decent living quarters, wage and benefits that comply with applicable wage laws and legally mandated benefits.

Working hours shall not be more than 60 hours per week, except in emergency or unusual situations. Workers shall have at least one day off after six consecutive work days.

10 REDUCED INEQUALITIES



The NXP's Supplier Code of Conduct requires suppliers to promote inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status.

NXP's Social Responsibility Auditable standards requires agents or search companies engaged in recruitment services for NXP to have a statement that commits to the respect and diversity in providing recruitment services to NXP and encourage equal opportunity, fairness and respect for diversity.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



NXP implemented due diligence processes, according to our policy, to reasonably assure that tin, tantalum, tungsten and gold in the products we manufacture do not directly or indirectly finance or benefit armed groups.



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SOCIAL IMPACT



NXP collaborates with schools and institutions to bring quality education to our younger generation.

Through our community engagement and our sponsorships, employee volunteerism and employee giving we are committed to promote educational endeavors that encourage students to learn about science, technology, engineering and math to help inspire future innovators.



NXP's Code of Conduct states that NXP may not hire, fire, demote, transfer or make any other employment related decision based on a person's age, color, gender, gender identity, mental or physical disability, national origin, pregnancy, race, religion, sexual orientation, veteran status or any other characteristic protected by applicable law.

NXP promotes diversity and inclusion by sponsoring employee resource groups. These groups enable and

empower a diverse work environment throughout our organization. The teams are: Women Leadership Team; Asian Cultural Team; Gay, Lesbian, Bisexual, Transgender Team; Hispanic Education Awareness Team and Black Achievement Leadership Team.



NXP globally collaborates with environmental groups and programs to clean natural habitats in the places in which we live and work.

NXP takes action to reduce the degradation of natural habitats,

halt the loss of biodiversity and provide financial resources to conserve the ecosystems.

Through corporate sponsorships, employee volunteerism and employee giving we are committed to fostering the sustainable use of the earth's resources and promoting a clean healthy environment.



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SUSTAINABILITY AT NXP

NXP believes a company's corporate responsibility is to continuously improve through our actions to make a positive impact on society. As a technology company, we want our stakeholders and employees motivated and excited to work for a responsible company and design products that can change the world.

NXP believes that, by building on innovation and providing technologies that directly address societal demands, some of the most exciting times for NXP lie ahead. NXP will continue to carry out corporate responsibility and do our best to be good corporate citizens for now and for the future. We believe the semiconductor industry is poised to take on new challenges. Using the latest semiconductor technologies, which produce tiny circuits that can perform advanced functions with relatively low power consumption. Our industry can help address some of the most compelling challenges we face as a society. Issues relating to energy efficiency, mobile populations, national and personal security, and caring for the health of a growing and rapidly aging world population. Additional information on NXP technologies advancing the compelling challenges can be found in our Sustainable Development Goals section under the Smart Technology.

In particular, our industry has the potential to directly address our dependence on fossil fuels and minimize carbon emissions. Semiconductors are already reducing the power consumption of server farms and making consumer appliances operate more efficiently. They're also accelerating the deployment of:

- Energy efficiency
- National and personal security
- Dependence on fossil fuels and minimize carbon emissions
- Caring for the health of a growing and rapidly aging world population
- Reduce the power consumption of server farms
- Enabling the shift to hybrid and electric vehicles
- Making consumer appliances operate more efficiently
- Accelerating the deployment of energy-saving lighting technologies

It is our collective responsibility, as an industry, to continue this trend of being proactive as we create value for consumers, the environment, and society as a whole.

SCOPE OF THE CORPORATE RESPONSIBILITY REPORT

This corporate responsibility report, which was previously published on the NXP website as an interactive report, provides an overview of the economic, environmental and social aspects of NXP's business activities and products. In December of 2015, NXP merged with Freescale Semiconductor.

This report reflects the combined company's information for 2015, as the previous report was reporting solely on former NXP. This report follows the Global Reporting Initiative (GRI) standards as the main reference for its content. The report includes all NXP operations and joint ventures in which we have a majority share. Reporting of employment information is for year end of 2018. Environment,

health and safety (EHS) performance indicators measure the EHS performance of our manufacturing facilities from 2010 through 2018. No significant changes to the organization's size, structure, ownership or supply chain occurred during the 2018 calendar year.

Previous significant changes have influenced our reporting:

- 2015 Sold the bipolar business which includes the Jilin China factory
- 2015 Divested the NXP RF division
- 2015 NXP merged with Freescale Semiconductor
- 2017 Divested the NXP Standard Products Business

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OUR COMMITMENT

Our commitment to corporate responsibility is at the heart of our ethical standards, policies and business practices. To help guide a global team of approximately 31,000 employees, we developed programs around these key elements: Business Ethics and Transparency, Environment Health and Safety, Human Rights, and integration of corporate responsibility into our supply chain.

For NXP, Secure Connections for a Smarter World involves working practices that are both responsible and sustainable. We provide a safe working environment, promote good health and minimize the environmental impact of our activities. And we work hard to do more than comply with existing standards. We actively strive to establish a global benchmark for sustainability in our industry. NXP fosters ethical principles and respect for the environment, employees, and the communities in which we work. Quality is our number one driver, and as a business, our goal is economic success. We go to great lengths to ensure that sustainability is ingrained in our business conduct at all levels. This policy affects the way we manage our company, and the way we interact with society at large.

SUSTAINABILITY POLICY

Ethics

The NXP Code of Conduct defines the principles and high standards which are applied to its business practices and those of its global supply chain. This Code is enshrined in the contracts of all employees, and encourages respectful, dignified and professional standards of behavior across our global network of sites.

Employees

NXP has a global workforce that is highly diverse, both geographically and culturally. We are committed to providing a workplace that is safe and secure, where every employee is empowered to achieve a healthy work-life balance, and everyone is treated with respect and dignity.

Products

NXP is committed to creating the highest quality products and packages. These Secure Connections for a Smarter World are developed to provide a positive contribution to society. We aim for continuous reduction of environmental impact with each new product generation, conserving natural resources and establishing plans to phase out non-critical hazardous substances.

This policy and its resulting actions are regularly reviewed and updated to meet our stakeholders' needs.

Values

NXP has five core Values: raising the bar, engaging curiosity, taking initiative, working together and developing deep core competence. These values form the basis of our customer-focused passion to win.

Compliance

NXP complies with applicable legislation, regulations, codes of practice, often going beyond specified standards. Where laws and regulations do not provide adequate controls, NXP adopts its own standards which are vigorously implemented. Local initiatives NXP works closely with partners and individuals to support and strengthen the communities in which we operate.

Transparency

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

Dialog

NXP engages in open, ongoing dialogs with employees, customers, investors, the public, and other key stakeholders to continuously improve its sustainability performance.



Rick Clemmer

CEO, NXP Semiconductors

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MATERIAL ASPECTS AND BOUNDARIES

NXP conducts assessments that aim to align corporate responsibility goals with NXP's business objectives. We incorporate feedback to inform us of the key corporate responsibility issues and their impact on our business. In defining these focus areas, we interviewed our stakeholders, researched best practices in the industry, studied the legislative landscape and reviewed the results from our participation in various industry associations. The input from these stakeholders has helped NXP define our Sustainability program and initiatives.

As a result, each category that we report on meets three criteria:

- Is greatly significant
- Has a current or potential impact on the company
- A matter over which we, as a company, have a reasonable degree of control

Some of the issues that we have determined to be of most material value is Social, Environmental, and Supply Chain Responsibility. Such topics that we believe are of greatest interest to our stakeholders, who want to make informed decisions about NXP's environmental and social performance are (in alphabetical order):

- Carbon footprint reduction
- Chemical management (processes and products)
- Conflict minerals
- Human rights
- Energy and water reduction
- Supply chain responsibility
- Worker health and safety

SUSTAINABILITY ORGANIZATION

Sustainability is the responsibility of the CEO and the NXP management team. NXP has a Social Responsibility board and an EHS Board, responsible for setting the Sustainability and EHS related vision, policies, standards and improvement plans. It is supported by our Insurance and Risk Management Department, our Business Continuity Management Office, our Facilities and Environment, Health and Safety (EHS) Councils, which consist of senior EHS managers from our worldwide sites and the Sustainability Office.

The Social Responsibility and EHS Boards have executive level members representing operations and business groups. The Social Responsibility and EHS Boards establishes the strategy and sets targets, while the Social Responsibility and EHS teams perform operational functions. These targets include managing environmental, health, and safety conditions, overseeing the management of chemicals, monitoring and controlling sustainability related data, supporting customers and contracts, coordinating social investment, liaising with industry associations, and delivering internal and external communications on sustainability.

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



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As part of our commitment to keeping our stakeholders informed about our achievements, our sustainability strategies, and our economic health, the following provides our company's financial facts and figures and summarize our approach to corporate governance and business continuity.

We are a safety-and security-conscious business and take all reasonable precautions to avoid situations that may threaten the safety or welfare of our employees, their families, our suppliers, our customers, other members of the community, our business or our stakeholders. If a situation threatens the safety and security of people or property, NXP will make every reasonable effort to minimize damage and protect employees, assets, and corporate reputation, and will endeavor to provide affected audiences with timely and accurate information about the situation.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Under our articles of association and Dutch corporate law, the members of the board of directors are collectively responsible for the management, general and financial affairs and policy and strategy of our company. Our executive director will be responsible for the day-to-day management of the company and for the preparation and execution of board resolutions, to the extent these tasks are not delegated to a committee of the board of directors. Our chief executive officer or all directors acting jointly may represent our company with third parties. A conflict of interest between the company and one or more of our directors is not expected to have any impact on the authority of directors to represent the company. Under our board regulation, a conflict needs to be reported to the board of directors and the board of directors shall resolve on the consequences, if any. Under current Dutch law, in case of a conflict, the general meeting of stockholders may at any time resolve to designate a person to represent the company. Although current Dutch law allows our directors to participate in deliberations and to vote on matters on which the respective director is conflicted,

the Dutch corporate governance code and our board regulations do not allow directors to participate or vote on such matters. Our non-executive directors will supervise the executive director and our general affairs and to provide general advice to the executive director. Furthermore, the non-executive directors will perform such acts that are delegated to them pursuant to our articles of association or by our board regulations. One of the non-executive directors is expected to be appointed as chairman of the board and another non-executive director is expected to be appointed as vice-chairman of the board of directors.

Each director will owe a duty to us to properly perform the duties assigned to him and to act in the corporate interest of our company. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as stockholders, creditors, employees, customers and suppliers.

Our directors will be appointed for one year and will be re-electable each year at the general meeting of stockholders. The

members of our board of directors may be suspended or dismissed at any time by the general meeting of stockholders. A resolution to suspend or dismiss a director will have to be adopted by at least a two thirds majority of the votes cast, provided such majority represents more than half of our issued share capital and unless the proposal to suspend or dismiss a member of the board of directors is made by the board of directors itself, in which case resolutions shall be adopted by a simple majority of votes cast.

The board of directors has adopted board regulations governing its performance, its decision making, its composition, the tasks and working procedure of the committees and other matters relating to the board of directors, the chief executive officer, the non-executive directors and the committees established by the board of directors. In accordance with our board regulations, resolutions of our board of directors will be adopted by a simple majority of votes cast in a meeting at which at least the majority of its members is present or represented. Each member of the board of directors has the right to cast one vote. In a tie vote,

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the proposal will be rejected. The above principles are laid down in Dutch law, the above-mentioned board regulations and in our Articles of Association.

BOARD COMMITTEES

While retaining overall responsibility, we expect that our board of directors will be able to assign certain of its tasks to permanent committees. Members of the permanent committees will be appointed by the board of directors. The board of directors will also determine the tasks of each committee. The board of directors has established an audit committee and a nominating and compensation committee, each of which having the responsibilities and composition described below and in the attached charters:

Audit Committee

Our audit committee consists of five independent non-executive directors who are appointed as chairman of the audit committee, qualifies as an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K and as determined by our board of directors. Our audit committee assists the board of directors in supervising, monitoring and advising the board of directors on financial reporting, risk management, compliance with relevant legislation and regulations and our code of conduct. It oversees the preparation of our financial statements, our financial reporting process, our system of internal business controls and risk management, our internal and external audit process and our internal and external auditor's qualifications, independence and performance. Our audit committee also reviews our annual and interim financial statements and other public disclosures,

prior to publication. At least once per year, the non-executive directors who are part of the audit committee report their findings to the plenary board of directors. Our audit committee also recommends to our stockholders the appointment of external auditors. The external auditor attends most meetings of the audit committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings.

Nominating and Compensation Committee

Our nominating and compensation committee consists of four non-executive directors. All four members are independent directors under the Dutch corporate governance rules and under the NASDAQ and SEC compensation committee structure and membership requirements. The nominating & compensation committee determines selection criteria and appointment procedures for members of our board of directors, periodically assesses the scope and composition of our board of directors and evaluates the performance of its individual members. It is responsible for recommending to the board of directors the compensation package for our executive directors, with due observance of the remuneration policy adopted by the general meeting of stockholders. It reviews employment contracts entered into with our executive directors, makes recommendations to our board of directors with respect to major employment-related policies and oversees compliance with our employment and compensation-related disclosure obligations under applicable laws.



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INVESTOR RELATIONS

Our financial statements are records of our financial activity. They include a balance sheet, income statement, statement of cash flow and statement of retained earnings. As a public company, NXP publicly discloses

quarterly and annual financial statements. More information about NXP's financial disclosures, including links to our financial statements, can be accessed at <http://investors.nxp.com>.

BUSINESS CONTINUITY MANAGEMENT

NXP is committed to preparing and planning for serious incidents or disasters so that we can resume delivery of products and services as soon as possible in the event of a disruptive event.

To achieve our Business Continuity objectives, we have created a Business Continuity System under the guidelines of ISO 22301 and IATF 16949 Section 6.1.2.3. The NXP Business Continuity Management includes all NXP businesses, activities and sites under NXP control. NXP deploys a four-tier approach to business continuity and crisis management. Each tier focuses on a specific risk area and corporate guidelines are established for each tier and are integrated within each business group.



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POLICY

NXP is a safety and security-conscious business, and we take all reasonable precautions to avoid situations that may threaten the safety or welfare of our employees, their families, suppliers, customers and other members of the community, or of our business and stakeholders.

In the event of a situation that threatens the safety and security of people or property, NXP managers will make every reasonable effort to minimize damage and to protect people, assets and the company's corporate reputation, and to provide affected audiences with timely and accurate information on the situation. In the event of a major emergency, Crisis Management Teams (CMT) will be activated in accordance with their Group, or Site or regional Crisis Management Plan. In the case of an event affecting multiple NXP operations, where the site or regional Crisis Management Team requests, or as the event mandates, the NXP Corporate Crisis Management Team will be activated.

NXP fabrication operations based in number of our locations are regulated through specific governmental agencies. In this context, certain incidents must be reported to those entities by NXP in compliance with program guidelines. Consistent with those requirements, NXP may be required to keep the existence and details of the incidents confidential.

OBJECTIVES

The NXP business continuity plan has defined the following objectives:

- Prevent or reduce injury to staff
- Minimize loss or damage to property, the environment and the extent of disruption
- Ensure immediate and appropriate emergency actions are taken
- Provide an effective, fit-for-purpose structure for responding to an incident, with pre-determined roles and responsibilities
- Identify other key business activities required for our NXP organizational survival in the short-term
- Identify other business activities that will need to be recovered
- Set up suitable alternative means of operation
- Identify alternative sources for supplies, resources and locations to safeguard and retrieve vital records
- Train personnel and familiarize them with emergency and recovery procedures
- Communicate effectively with key stakeholders such as employees, customers, suppliers, investors, media and regulators

ORGANIZATION

The Business Continuity Management Office is the global coordinator for the Business Continuity Plan. The Business Continuity Management Office is responsible for providing guidance and standardization for business continuity plan development, maintenance, testing and maintaining a solution for a centralized plan retention. The BCM office will provide periodic status reports to senior management on the progression of business continuity plan development, maintenance and testing for all locations within the scope of the BCM Program.

Corporate Business Continuity Team (CBCT)

The NXP Corporate Business Continuity and Crisis Management programs are managed and focused via the Corporate Business Continuity Team (CBCT). The CBCT is a cross functional team of senior leaders. This team has been established to enable the company to develop and implement the BCM Program, to manage incidents and to continue its business-critical activities in crisis situations. The CBCT is comprised of several teams that deal with the various aspects of risk prevention, mitigation and incident management.

The current membership of the CBCT is comprised of members from technology and operations, supply chain, procurement, human resources, finance, legal, communication & public affairs, IT, site services, security, quality, sustainability, and environment, health and safety.

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Site Business Continuity Team (SBCT)

The Site Business Continuity Teams located at each factory, focuses on the risks associated at that site. The purpose of this team is to identify potential risks in our factory that can have a major impact on product supply to end customer. This may include physical factory asset risks such as factory tool set availability, facilities systems, utility infrastructure, regional risks or other supply risks. The team will define, execute and measure results of risk mitigation actions to reduce likelihood and/or impact of the identified risks.

APPROACH

Business Continuity strategies are focused on the risks associated with each site. Each site has identified the potential risks that can have an impact on product supply to the end customer. Risks may include physical factory assets risk, utility infrastructure, regional risks or supply risks. Each site periodically reviews and updates the site business continuity plan. The plans are documented and maintained at the sites and are audited periodically.

As part of NXP sites risk assessments, we have incorporated likelihood ratings of select natural hazard aspects indicated on table below. As with other risks, each aspect have been considered in incorporated to BCP's with actions to mitigate risks.

Name	SSMC	Chandler	Oak Hill	ATMC	ICN8	ATKL	ATTJ	ATBK	ATKH
Flood Hazard Index	10	10	10	10	7	10	10	6	8
Seismic Hazard Index	9	9	10	10	9	8	8	9	3
Extra-tropical Cyclone Hazard Index	10	10	10	10	8	10	10	10	10
Tropical Storm and Cyclone Hazard Index	10	10	10	10	10	10	10	10	2
Tsunami Hazard Index	6	10	10	10	10	10	10	10	9
Wildfire Hazard Index	10	10	10	10	9	8	8	9	9

1-2	Almost Certain
3-4	Likely
5-6	Possible
7-8	Unlikely
9-10	Very Unlikely

Source: Maplecroft Data

Site Name/Code	City	Country	Address	Latitude	Longitude
SSMC	Singapore		70 Pasir Ris Industrial Drive 1, Singapore 519527	1.38267	103.934870
Chandler	Chandler Fab	USA	1300 North Alma School Rd Chandler, AZ 85224	33.3255	111.863586
Oak Hill	Austin	USA	6501 William Cannon Drive West, Austin, TX 78735	30.2372	-97.8869457
ATMC	Austin	USA	1501 Ed Bluestein Blvd, Austin, TX 78721	30.2696	-97.665188
ICN8	Nijmegen	Netherlands	Gerstweg 2, 6534 AE Nijmegen, Netherlands	51.8244	5.819836
ATKL	Kuala Lumpur	Malaysia	No. 2 Jalan SS 8/2 FIZ Sungai Way, Selangor Petaling Jaya, Selangor 47300 Malaysia	3.08574	101.612458
ATTJ	Tianjin	China	No. 15 Xing Hua Ave. Xiqing Economic Develop. Area Xiqing, Tianjin 300385	39.1295	117.751038
ATBK	Bangkok	Thailand	303 Moo 3 Chaeng Watthana Rd, Talat Bang Khen, Lak Si, Bangkok 10210, Thailand	13.8814	100.586623
ATKH	Kaohsiung	Taiwan	10, Jing 5th Road, NFPZ Kaohsiung , Taiwan 81170	22.4307	120.181100

CLASSIFICATION OF SITES

NXP conducts its business and operations in approximately 100 sites and in over 30 countries worldwide. While NXP provides utmost care at all our sites, we categorize our sites based on assessed risk, as well as size and magnitude of operations.

- **Tier 1** Significant impact if operations are interrupted. Includes manufacturing sites, large design centers or sites with critical operations e.g. IT data centers.

- **Tier 2** Moderate impact if operations interrupted, including design or software centers and major regional office centers. Typically, tier 2 sites will be non-manufacturing sites with >150 employees. Some sites may be classified as Tier 1 based on management discretion.

- **Tier 3** All remaining low-risk sites, including sales sites or remote locations with <150 employees.

BUSINESS IMPACT ASSESSMENT

The business impact assessments include a focus to three primary areas of likelihood of an event, the impact of an event and the recovery time from an incident. Each of these attributes will be given a numerical score and the team will facilitate sharing of learnings and calibration of scores. The review and the update of these plans shall be reviewed at least once a year. A standard document will be created and utilized across all the factories.

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PRODUCT SUPPLY CONTINUITY

The product supply business continuity plan assures product delivery to our customers. It covers the response documentation for internal and external use. Key elements for the product supply continuity plan are as follows:

- Response process documentation for internal and external use
- Assessment and response team initiation for product supply
- Decision making hub related to product supply
- Product allocation
- Communication protocols for external customers
- Repository for communication and event responses

IT BUSINESS CONTINUITY

Information technology business continuity plan addresses the recovery of business-critical data systems. Key elements for the IT business continuity are as follows:

- Communication procedures for incident management available
- Information on executing restoration procedures
- Process to initiate service restoration teams into action
- Outline coordination process for restoration of operations

PROCUREMENT BUSINESS CONTINUITY

The procurement business continuity plan will assure the delivery of raw materials to the NXP sites. Key elements of the procurement continuity plan are as follows:

- Conduct pro-active risk analysis to determine key suppliers and determine alternate options
- Work with key suppliers to ensure an assurance of supply to NXP
- Evaluate dual sourcing options as deemed needed from risk analysis

ALERTS

Alerts are in place to notify us in events of earthquakes, typhoons, floods,

explosions, or the like. We also have a geographic information system that includes the latitudes and longitudes of the manufacturing locations of our various material suppliers. Teams receive emails whenever events happen, and this immediately triggers a due-diligence assessment and an action-planning process. We reach out to factories and vendors in the proximity of the crisis, and if there might be an impact to our supply continuity, we take mitigation actions. Proactive communication with our customers is also part of this process.

The NXP Business Continuity team evaluates risks and potential threats periodically and will provide timely communication to our customers should an incident occur which impacts our operations. These communications could vary from an update to an initial assessment survey or more detailed and incremental follow-up information as an incident is managed.



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NXP's commitment to the highest standards of ethics and integrity helps us earn the continued confidence of our employees, investors, customers, vendors, and communities.

NXP CODE OF CONDUCT

Our Code of Conduct (the "Code") translates our commitment into principles, standards, and responsibilities that help guide our behavior and our decision-making. The Code prohibits unethical behaviors, such as conflicts of interest, kickbacks, bribery, fraud, improper accounting, improper use of company assets or funds and human rights abuses. The Code mandates compliance with the laws of the countries in which we do business, and conformance with international standards for labor and human rights. It also requires the protection of confidential information and intellectual property and strict adherence to all public-reporting requirements. Through the Code, our commitment to ethics and integrity is ingrained in our daily operations.

The Code sets out the values that guide us as we work to fulfill our ambitions in the company, not only in achieving compliance with legal requirements and fundamental global standards, but also in raising the bar in our behavior. The Code is an expression of the best that we are: ethical individuals who demonstrate benchmark behavior in our everyday interactions, and a company that operates as a socially responsible corporate citizen of the world. The code discusses behaviors expected of all of us and advises on ethical and legal situations we may face in the course of our work. It

guides us through ethical situations such as intellectual property protection, conflicts of interest, anticorruption practices, harassment, discrimination and more. Employee are trained on the Code and are required to acknowledge that they have read and will comply. Our Code encourages employees to raise concerns when they arise.

The Code applies equally to all our activities on behalf of NXP worldwide and governs all our business decisions, including finance, purchasing, supply management and specifies policies covering labor and human rights, business ethics, environmental compliance, and workplace safety and health.

The Code is not an all-encompassing document but formulates the minimum requirements for our behavior on behalf of NXP. Additional local rules of business conduct or ethical behavior may be made by Business Units, Operations, Corporate, and Country Management wherever necessary, as long as such rules are consistent with our values, our reputation, and the contents of the Code.

POLICIES AND PROCEDURES

The highest standards of integrity are to be upheld in all business interactions. All

NXP sites and our suppliers shall have a "zero tolerance" policy with respect to all forms of bribery, including promising, offering, giving, or accepting any bribes, corruption, extortion, or embezzlement, and all business dealings shall be transparently performed and accurately reflected in business books and records. Monitoring controls are implemented throughout the organization to prevent and detect possible violations of anticorruption laws.

Information regarding business activities, financial situation, or performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices is unacceptable. Intellectual property rights are to be respected, and the transfer of technology and know-how is to be done in a manner that protects intellectual property rights. Standards of fair business, advertising, and competition are to be upheld. Appropriate means to safeguard customer information must be available.

ORGANIZATION

The Ethics Committee consists of the NXP's SVP & Chief Corporate Counsel, an executive representative from Human Resources, the Director of Sustainability and Environment Health & Safety,

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the NXP Chief Audit Executive and is supported by a secretary. The Ethics Committee advises the Management Team in defining and deploying the Code of Conduct, assure the completeness of recording of the allegation of misconduct and assure appropriate action has been taken for the allegation of misconducts. Assurance is managed by a subcommittee of the Ethics Committee consisting of the SVP & Chief Corporate Counsel and the Chief Audit Executive.

MANAGEMENT SYSTEMS

At all sites, there are processes in place for communicating clear and accurate information about policies, practices, expectations and performance to workers, suppliers and customers.

EMPLOYEE ENGAGEMENT

Employees worldwide receive training on NXP's Code of Conduct and is delivered in nine languages. Training typically takes about one hour per employee and must be completed every two years. A targeted population, depending on their roles and geographic locations are assigned more in-depth ethics and compliance training based on topics such as anti-corruption, import-export compliance, insider trading and antitrust.

GRIEVANCES AND WHISTLEBLOWERS

Employees or external stakeholders may submit complaints, either anonymously or not, regarding violations of the NXP Code

of Conduct or the NXP Supplier Code of Conduct. The grievance mechanism is available in most languages. The privacy of both the whistleblower and the subject of the complaint will be protected to the fullest extent possible within the legitimate needs of the law and any ensuing investigation. Retaliation against workers who participate in such programs in good faith or refuse an order that is in violation of the NXP Code of Conduct is prohibited.

Information about the various complaint channels are clearly communicated, free, easily accessible, and visible (grievance box, whistleblower service - such as our SpeakUp line, external [website](#), posters with the ability to report anonymously). Workers are trained, upon hire in a language they understand. At our sites, we make use of communication programs to ensure that every employee is fully informed and understands the policy of non-retaliation.

INVESTIGATIONS

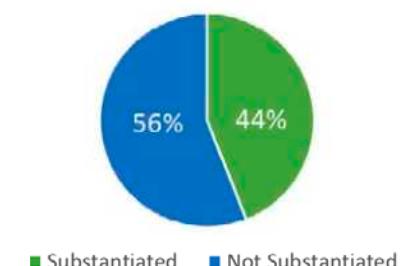
We monitor and assess compliance and investigate each allegation. All reports are brought to the attention of the NXP Ethics Committee. The Committee then puts together an investigation team with experts not connected to the people or business involved. The investigation team shares its findings with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

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

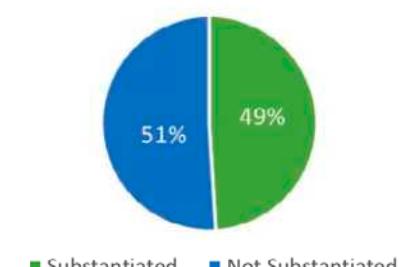
In 2018, 51% of the allegations reported to the ethics committee were substantiated, and disciplinary measures were taken according to the severity of the breach: organizational change, an official warning, suspension or dismissal.

Good faith suspicion is sufficient, as you do not need conclusive evidence to report a potential issue.

2017 Substantiated Reports



2018 Substantiated Reports



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SOCIAL RESPONSIBILITY

NXP believes that social responsibility is important for our employees, the global population, our planet and vital for our business success. We strive to be a leader in social responsibility. NXP has developed and established a comprehensive set of sustainable business initiatives that are incorporated into our core business practices.

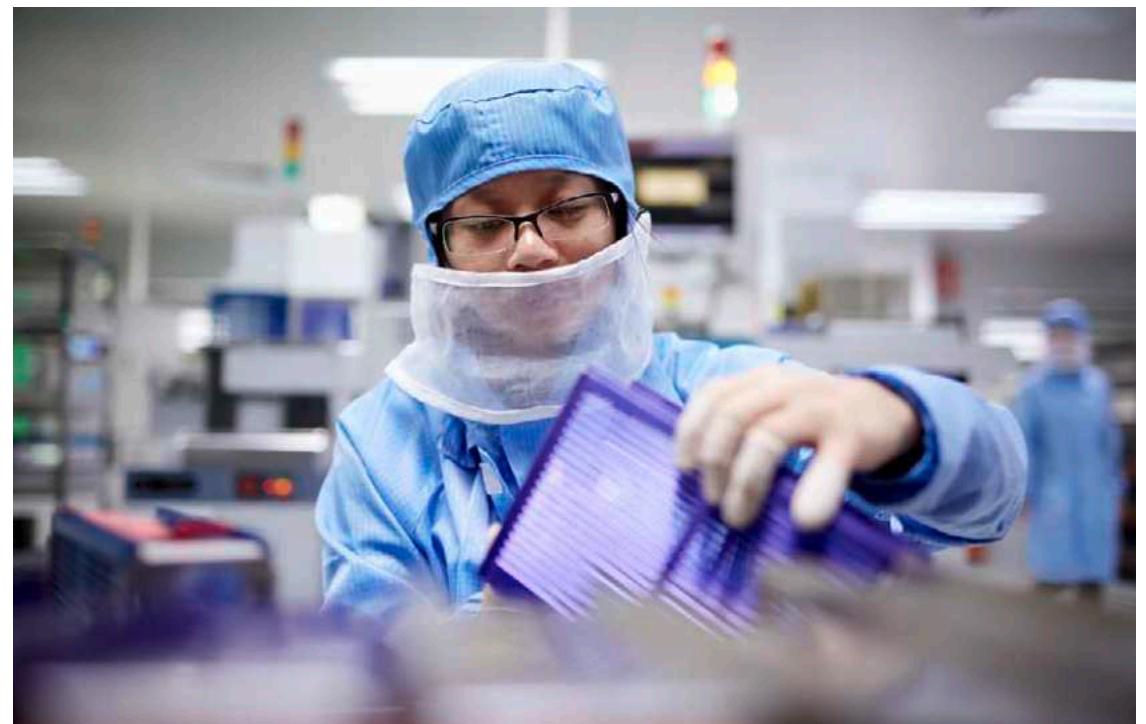
We describe NXP's commitment to Social Responsibility as: **Engage. Protect. Respect.** NXP engages with its employees, coworkers, managers, suppliers, customers, our community and other relevant stakeholders on social responsibility and sustainability topics. Our goal is to protect and respect each life, human rights, the environment, and the health and safety of all.

SOCIAL RESPONSIBILITY GOVERNANCE

The CEO and the NXP Management team has the oversight of the NXP Social Responsibility program and initiatives. The Social Responsibility board is chaired by the Chief Human Resource Officer and is made up of members of executive management team representing operations and business groups. The Social Responsibility board provides strategic directions and sets targets, while the Social Responsibility office, under the direction of Senior Director of Sustainability and EHS, performs operational functions. The Social Responsibility office meets regularly with the board to discuss and review NXP's and suppliers' performance, and any issues of nonconformance's and potential risks.

The NXP Social Responsibility office is tasked to:

1. Develop and oversee the strategic direction and implementation of the NXP Social Responsibility program by establishing and maintaining the Social Responsibility policies and standards.
2. Ensure compliance of all NXP manufacturing facilities to our Social Responsibility policies and standards by conducting regular capacity building, site assessments and audits.
3. Conduct supply chain risk assessment in collaboration with the NXP purchasing group to determine high priority suppliers that will be required to undergo the NXP Social Responsibility audits.
4. Conduct audits of suppliers and provide consultation to suppliers that require support in establishing Social Responsibility programs that are aligned to NXP standards.
5. Manage and track corrective action plans to ensure that gaps found in NXP and supplier audits are fully addressed.
6. Work and collaborate with external stakeholders, i.e., industry associations, customers, NGOs, government agencies, etc., to work on progressing important social responsibility issues.



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GOALS

Our goal is to have no core violations or major findings from our own internal third-party or customer audits. NXP's RBA (Responsible Business Alliance) self-assessment scores are to be above 90% for all manufacturing sites. Audit scores for our manufacturing sites are to achieve >95%. If a site fails to meet the threshold, depending on the findings, an audit will occur every 6 months until the 95% threshold is met. Working hours must be below the maximum 60 hours per week requirement and one rest day is granted for each six days worked. In 2018, we set a goal to have a corrective action plan closure rate of 80% from supplier audits.

RISK ASSESSMENTS AND AUDITS

Regardless of location, all NXP facilities globally conduct annual risk assessments for social responsibility. As a member of the Responsible Business Alliance (RBA) each NXP factory completes an RBA Self-Assessment questionnaire that addresses topics such as labor, ethics, environment, health and safety as well as management systems. In addition to the RBA self-assessment, each facility must also complete the NXP self-assessment, that is based on the NXP social responsibility standards prior to an internal third-party audit.

Each NXP manufacturing facility has a Social Responsibility audit conducted by a third party audit firm. NXP facilities are required to achieve a score of 95% and above to demonstrate the minimal acceptance threshold of compliance in the deployment

of the program and initiatives. All facilities should not have any core violations and major findings as specified by the NXP standards on Social Responsibility.

Audits include many different components, such as document reviews, employee and management interviews as well as facility and dormitory inspections. Audits also include interviews with labor agents and onsite service providers.

TRAINING AND CAPACITY BUILDING

NXP continuously trains our employees and supply chain. Since 2013 over 1,000 key employees have received training on social responsibility with 120 of these key employees certified as RBA lead auditors. Our focus is to maintain a pool of sufficiently qualified social responsibility champions and subject matter experts for each manufacturing facility. Each year we increase internal communications within our manufacturing facilities on social responsibility topics.

NXP internal training is targeted at the following audience:

1. **Executive Management Team**—this is a high-level training that covers the NXP social responsibility requirements and the expectations of the management team.
2. **Manufacturing facility management team**—this is a 2-hour training called the White-belt training. This training is focused on the high-level requirements of the NXP standards on social responsibility and what role the facility management team plays in facilitating the success in

the implementation of the standards.

3. **Manufacturing Facility Social Responsibility Steering and Working Committee**—this is a 2-day training, or Green-belt training, providing in-depth analysis into the specifics of interpreting the NXP Social Responsibility standards and the requirements to successfully implement the program at the facility.
4. **Manufacturing Facility Social Responsibility subject matter experts**—this is an intensive 5-day Responsible Business Alliance (RBA) Labor and Ethics Lead Auditor training, or Black-belt training. The NXP black Belt training is conducted by Verité in which participants are enrolled in a five-day workshop that covers social systems auditing, investigative skills and management systems to successfully conduct Labor and Ethics components for a social responsibility program. At the end of the training course, each student takes a 2-hour written exam, scored by Verité and sent for final verification to IRCA (International Register of Certificated Auditors). Successful completion of this course fulfills the training requirement of IRCA for labor and ethics auditors to the RBA auditing program. The main goal is to train a selected group of subject matter experts at each site who will be responsible for program implementation, conduct training for the facility's general population, and support the facility in both internal, external and supplier social responsibility audits.

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The training program content is updated and revised whenever there is a change or revision in the NXP Standards on Social Responsibility. The standards are reviewed on an annual basis to determine the need for a revision based on changing regulatory landscape, industry best practices or in customer requirements and expectations. In 2015 the audit program and the standards were revised to include a new section in the NXP standards on the definition of recruitment fees. This revision provided more clarity on the NXP Employer Pays policy in the recruitment of foreign workers. In 2017, the standards were revised to include information regarding clarification of fees and expenses, employment contract substitution, the total percentage of apprentices, wages for foreign workers, and the worker grievance system. In 2018, the standards were updated to include clarification on the provisions available to nursing mothers and alignment with the verbiage of the RBA Code of Conduct 6.0. These changes were communicated to all NXP sites and to our supply chain through the distribution of the 2018 Supplier Code of Conduct.

Re-training is provided when:

- A significant personnel change occurs in a facility
- New facilities are added to the company

The effectiveness or success of the training can be measured from the NXP Social Responsibility audit performance.

VALIDATION

Each month, the Social Responsibility

office reports key performance indicators to the Sustainability office on topics such as internal audits and self-assessment scores, working hours and rest days, signed supplier conformance letters, supplier audit scores, core violations from supplier audits, supplier corrective action closure rate and risk indicators within our supply chain.

The Social Responsibility office meets with the purchasing organization monthly and sometimes weekly, to discuss audit results, the approved corrective action plan and progress towards completing the corrective action plan.

NXP monitors improvement by measuring the number of core violations, repeat audits, frequency of findings, and the closure rates of the corrective actions. NXP measures the correlation between the self-assessment questionnaire scores and the audit scores for each manufacturing facility and the results are within target.

REMEDIATION

NXP has clear and widely communicated procedures in place for reporting concerns within our operations. We conduct training and post the grievance SpeakUp line at our sites, on our external website and our internal intranet. All employees within NXP and any external stakeholder, whether it is a supplier or NGO for example, can report incidents to NXP. We are committed to engage with potential or actual affected stakeholders who might be, or are, impacted by the company's activities and find solutions to remedy any adverse impacts.

At our sites, we make use of communication programs to ensure that every employee is fully informed. Information about the whistleblower and complaint channels are clearly communicated, free, easily accessible, and visible (grievance box, SpeakUp service, posters, etc.) Workers are trained, upon hire and in the local language.

Worker-management engagement is openly practiced at all sites, such as regular worker-management coffee talks or dialog sessions where workers can raise concerns directly to the site general manager. In 2018, our Malaysia site launched a grievance mechanism that is downloaded on the workers mobile phone. This mechanism allows workers to report anonymously to management in which we have seen a steady amount of reports coming through this additional grievance mechanism each month and have all been addressed accordingly. NXP is researching the feasibility of extending the service to additional NXP locations. NXP continues to explore new innovative methods to enhance the worker-management engagement process to ensure that workers' voices are effectively addressed.

In addition, when worker interviews are conducted during an audit, the worker receives a business card that has the local grievance phone number and the email address if they have additional information, concerns or they endure retaliation for speaking with the auditor.

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The Ethics Committee monitors and investigates allegations on potential violations of the Business Code of Conduct or the Supplier Code of Conduct. The Ethics Committee then considers the approach to the allegation, and, when violations are substantiated, a corrective action plan is established.

The Ethics Committee consists of NXP's SVP and Chief Corporate Counsel, an executive representative from Human Resources, the Senior Director of Sustainability and Environment Health and Safety and the NXP Chief Audit Executive. The Ethics Committee reports to and provides assurance to the Management Team and the audit committee to the NXP Board of Directors about the completeness and adequacy of the actions taken on allegations of misconduct.

AWARD, INNOVATION AND LEADERSHIP

Award

In November 2016, the Thomson Reuters Foundation, the philanthropic arm of the world's biggest news and information provider, awarded NXP with the Stop Slavery Award in the "Policy and Implementation" category. The award is the first global recognition for businesses that have excelled in efforts to eradicate forced labor from their supply chains.

NXP was chosen because of its deep commitment to the fight to end modern slavery. Since 2012, the company has made this a key corporate initiative through its own operations and across the supply chain. The

company was first in its industry to adopt an "Employer Pays" policy and the first to require its foreign migrant workers not to release their government-issued documents to labor agents.

NXP pays for all related recruitment fees, including transportation, medical and other administrative costs, and provides lockers to keep government-issued and personal documents safe. The company also carefully selects its recruitment agencies, auditing them to verify they are not involved in practicing any forms of forced and bonded labor.

In addition, NXP has a dedicated team in place to ensure compliance to these policies, going well beyond the first-tier supply chain. This team diligently conducts annual risk assessments and audits of its factories and suppliers, managing corrective and preventative actions while working closely with external stakeholders.

"Modern slavery and debt bondage are serious violations of rights and NXP is determined to do what we can to end

THOMSON REUTERS FOUNDATION
Stop Slavery Award
Winner 2016



this," said Richard Clemmer, CEO of NXP Semiconductors.

"As a technology provider working with hundreds of suppliers globally, we dug deeply into our supply chain to ensure our workers are not held hostage by labor suppliers, making sure that kickbacks and payment demands from employment agencies are eradicated. Working with our suppliers to do the right thing – train, audit, institute corrective action plans, re-audit and motivate – we've focused on cooperative improvement as a corporate strategy and I am very proud of what we have accomplished to date. We thank the Thomson Reuters Foundation for their work and for the opportunity to highlight the continuing efforts NXP is making to bring this abhorrent practice to an end once and for all."

Companies from ten global industries were assessed by independent reviewers according to their policies and practices with regard to anti-modern slavery. The assessment criteria was developed using a combination of existing standards,

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including the UK Modern Slavery Act and the California Transparency in Supply Chains Act, as well as other global best practice standards. Based on overall scores, NXP demonstrated leading practices with evidence of implementation.

Monique Villa, former CEO of the Thomson Reuters Foundation and founder of TrustLaw and Trust Women, said: "NXP is a prime example of a large global company who is taking action, going above and beyond the current legal requirement to ensure their business is not tainted by slavery. Their commitment to transparency and the courage they have shown to speak openly of this issue sets the standard for others to ensure that the fight against slavery is perceived both as a rights priority and a business imperative."

Innovation

NXP's goal is to go deeper into the supply chain. In 2017, we went to [Indonesia](#) to audit the second-tier labor agents and their sub-agents, who support in the recruitment of workers in the rural villages of Indonesia. The audit covered two labor agents in Indonesia that directly work with the labor agents in Malaysia, sub-agents that recruit from the rural villages, and three schools in Medan and Yogjakarta. The school visits provided training on labor practices and their human rights to potential candidates once they complete their mandatory education before joining the workforce. These actions were done to ensure that

our audit covers the entire worker supply chain in Indonesia and meets the rigorous NXP standards. During this time, we also conducted several educational sessions to the labor brokers and the workers on NXP standards.

Leadership

In 2018, the Senior Director of Sustainability and EHS was elected to the Responsible Business Association (RBA) board. Throughout 2018, board work consisted of working on the steering committee for the Responsible Minerals Initiative and more recently transitioned to the steering committee for the Responsible Labor Initiative. In addition to the steering committees, additional work was conducted on outreach, panels and initiatives to represent the RBA.

2018 was another productive year for NXP as we shared our best practices and worked cooperatively in the Global Business Coalition against Human Trafficking (GBCAT) association to address global human trafficking issues. We worked together across different sectors and regions to demonstrate our commitment to eradicating trafficking in supply chains, including forced labor and sex trafficking. 2018 was specifically focused on Trafficking Survivor Empowerment and Employment as well as subject matter expert capacity building.

As a signatory to the United Nations Global Compact, we reported on progress and highlighted our innovations and leadership in our supply chain. Our social responsibility program is another way we can offer ideas and solutions to society's challenges.

The Social Responsibility team has been invited to numerous speaking engagements with our peers, authorities and industry association to talk about our activities, best practices and lessons learned. One highlight in 2018 was the invitation to speak at the United Nations Forum on Business and Human Rights where we discussed our human rights due diligence practices within a complex value chain. At the Forum, NXP shared our experience in tackling modern day slavery in the recruitment and hiring of foreign migrant workers and our due diligence work deep in the labor supply chain in Indonesia. NXP management has also recognized the program at quarterly town halls, highlighting the activities and leadership the team is taking to work with our supply chain.

NXP is setting standards within the semiconductor and electronics industry by being one of the first to set the No Fee Policy, to prohibit the withholding of passports, to control excessive working hours, to have at a minimum one rest day per every seven days worked.

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LABOR AND HUMAN RIGHTS

The importance we place on maintaining high ethical and corporate social responsibility is reflected in our commitment to labor and human rights. Our codes, standards, programs, and audit procedures are built around the recognition that everything we do in connection with our work must reflect the highest possible standards of ethical business conduct and all employees are treated with respect and dignity.

NXP is responsible for providing a work environment in which ethics, integrity, and trustworthiness are accepted and shared, not just among ourselves but with all our stakeholders, including the communities in which we operate and work. We support the aim of the International Labor Organization (ILO), the Universal Declaration of Human Rights (UDHR), the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights to arrive at universally accepted labor standards and have therefore adopted internal policies, standards, procedures, and guidelines.

NXP became a member of the Responsible Business Alliance (RBA), in April 2014, and has continued to be a full member since 2015, demonstrating our full support of the vision and goals of the RBA. The requirements from the RBA Code of Conduct are either part of NXP's own Code of Conduct or have been included in NXP policies, standards, and procedures. NXP also commits to apply NXP standards to our suppliers, through the NXP Supplier Code of Conduct, and to monitor the application of the Supplier Code of Conduct.

We have specific standards in place regarding labor and human rights which is approved by the Social Responsibility

board. These standards are to be strictly followed by NXP and all NXP suppliers which are thoroughly tested during our internal and supplier audits.

LABOR AND HUMAN RIGHTS FOCUS AREAS

NXP's auditable standards on labor and human rights consist of the following categories:

Freely Chosen Employment

We shall under no circumstance make use of any form of slaved, forced, bonded, indentured, or prison labor. All work must be voluntary and there will not be a restriction on movement of workers and their access to basic liberties. Depending on local law requirements, everybody is free to terminate their employment with NXP upon reasonable notice without penalty. We will only employ, directly or through others, such as labor agents, people who are working of their own free will. Workers shall not be required to participate in any form of forced savings or loan program where repayment terms are indicative of debt bondage or forced labor. Paying fees, deposits or debt repayment for their recruitments or employment is prohibited and no one shall be deprived of his or her identity documents.

In Action

To address concerns at all stages of the recruitment process, NXP started a comprehensive training and audit program of all labor agents and sub-agents in the sending and receiving countries to ensure compliance with the NXP standards and to mitigate the risk of **modern day slavery**. While in the sending countries of the labor agents and sub-agents, we educate them of the NXP requirements, such as: Employment contracts written in native language of the worker, contract has accurate written details in regarding working conditions, nature of work, wages, benefits, working hours, and duration of contract. Contract must be the same at the time of recruitment and at the receiving country. NXP's "No Fee Policy" and prohibition on the withholding of government issued documentation is thoroughly discussed in the training sessions. NXP goes through each Labor and Human Rights topics. In addition to training our suppliers, we also educate students that are potential employees of NXP within the villages of the sending country to educate them on their human rights and what it is like to be a foreign migrant worker. After training and collaboration, NXP audits the labor agents and sub-agents to help them identify areas of strength and weakness.

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Fees in the recruitment of workers include:

- Application
- Recruitment
- Hiring
- Placement
- Processing fees of any kind, and at any stage, including agent, sub-agent, or employer operating, administrative, or overhead costs associated with the recruitment, selection, hiring, and placement of direct and contract workers
- Travel fees

Our efforts to eradicate modern day slavery, educate our supply chain and students earned us the 2016 Thomson Reuters Foundation's Stop Slavery Award for policy and implementation.

NXP is committed to the United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

Child Labor and Young Workers

We will always adhere to the legal minimum age requirements in all countries in which we operate with commitments to the principles of the United Nations Convention on the Rights of the Child and the UNICEF Children's Rights and Business Principles. We will never employ children under the age of 16, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is stricter. To make sure all our employees are age-qualified, NXP has a strong age-verification process during the recruitment and selection process. This includes at a minimum, inspection and verification of at least two forms of identification and visual identification. In China for example, the national issued identification can be cross referenced at a Chinese government website to determine if the identification presented is the real id issued to that person.

If workers between the ages of 16 and 18 are employed, we will ensure that this work does not affect or preclude their educational opportunities or obligations, nor jeopardize their health and safety, including restrictions on overtime and night work.

NXP has yet to discover child labor in our factories or in our supply chain. If an underage worker were found, NXP would immediately implement a remediation program which includes protecting the young worker from reprisal and provide the completion of the young worker's compulsory education. Audit findings related to child labor in our supply chains are because there is a lack of policies or procedures on how to manage the situation if child labor is discovered. These findings are placed in a corrective action plan and is monitored diligently until acceptable closure is approved.

Working Hours and Rest Day

Work weeks must not exceed the maximum set by local law and in any event, must not be more than 60 hours, including overtime, except during emergencies or unusual situations. Workers will be entitled to have at least one day off per seven-day period. Overtime work is voluntary, unless agreed upon by a collective labor agreement or union contract, or during emergencies or unusual situations. Worker can refuse to work overtime hours without penalty. Workers will have legally mandated breaks, holidays and vacation days. To manage working hours and rest days, adequate and effective systems, policies and procedures



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must be established to determine, record, manage, and control working hours, including overtime and rest days.

Wages and Benefits

Our remuneration shall be consistent with the provisions of all applicable wage laws, including those relating to minimum wage, overtime hours, and legally mandated benefits. In compliance with local laws, workers must be compensated for overtime at pay rates greater than regular hourly rates. Workers must be paid regularly, in full and on time, and must receive equal pay for equal work. Deductions from wages as a disciplinary measure or unauthorized deductions are not permitted. Vacation time, leave periods, and holidays are consistent with applicable laws and regulations.

Workers must always be aware of the composition of pay and benefits, explaining any legitimate deductions, in a detailed and clear manner, prior to employment. Workers must receive clear statements in detail, in a language understood by workers.

Humane Treatment

Harsh or inhumane treatment of workers, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse is prohibited. Employees must be able to communicate openly with management regarding working conditions without having fear of reprisal, intimidation, or harassment. Disciplinary policies and procedures in support of these requirements must be clearly defined and communicated to workers. There will be no restriction of



workers' access to basic physical comforts such as toilets, bathrooms, drinking water or medical facilities. There must be free exit and entry of facility or dormitories that does not limit access to specific times of the day.

Non-discrimination and Diversity

NXP is committed to diversity in its workforce and encourages equality of opportunity and fairness. Therefore, we do not tolerate any kind of harassment or discrimination based on, among other things, race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, veteran status, union membership, or marital status in hiring or employment practices such as promotions, rewards, or access to training.

NXP is committed to providing an attractive working environment for employees and we will recruit, hire, and promote employees solely based on suitability for the job.

Freedom of Association and Collective Bargaining

NXP recognizes and respects the freedom of employees to establish or join an

organization of their choice. We will not make employment subject to the condition that a person must not join a union or must terminate membership in a trade union. NXP commits to not tolerate threats, intimidation, physical or legal attacks against human rights defenders, for both our operations and our supply chain.

NXP respects the right for workers to be represented by trade unions or other employee organizations. NXP will, whenever applicable, engage in the negotiation process either on its own behalf or through employers' associations. Local rights and co-determination will be fully respected with a view to reaching agreement on the terms and conditions presented by employees.

Workers must be able to openly communicate and share grievances with management regarding working conditions and management practices without fear of reprisal, intimidation, harassment or violence. More information about grievance and whistleblower policies can be found in NXP's Code of Conduct.

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SLAVERY AND HUMAN TRAFFICKING

NXP is committed to respecting rights and upholding the values and high standards of ethics as expressed in our NXP Code of Conduct. NXP has a zero-tolerance policy for slavery and trafficking.

In 2015, the International Labour Organization reports that almost 21 million people are victims of forced labor. NXP is aware that slavery and trafficking is an issue within the semiconductor industry. It is NXP's policy that we and our suppliers shall not traffic in persons or use any form of slave, forced, bonded, indentured, or prison labor. 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 the purpose of exploitation. NXP allows all employees the freedom of association, the right to collective bargaining, the abolition of child labor and the elimination of discrimination. NXP forbids suppliers and recruiters from charging fees to employees during recruitment processes, or withholding government issued documents.

NXP expects our suppliers to respect rights, including maintaining policies and procedures to prevent the use of forced

labor. Our suppliers are obliged to comply with NXP's Supplier Code of Conduct and all applicable laws, rules and regulations. The NXP Supplier Code of Conduct uses the structure and contains language from the Responsible Business Alliance (RBA) Code of Conduct and includes additional NXP specific requirements on slavery and trafficking.

NXP continues to be [transparent](#), update our policies, procedures and training as needed to seek appropriate safeguards in its operations and supply chain.



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SOCIAL RESPONSIBILITY AUDITABLE STANDARDS

NXP's *Auditable Standards on Social Responsibility* is widely regarded as one of the most stringent sets of auditable standards in the industry. It begins with a rigorous deployment of the standards to all NXP facilities, through capacity building and regular audits of our global manufacturing sites, we ensure that the standards are implementable. Then we deploy the standards to our supply chain and external manufacturers.

Audits help us accomplish our objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. At present, we have in place different but complementary internal audit types: system audits that assess the continued and sustained compliance to the NXP and Certification standards, local and execution audits, and audits to improve NXP's Environment, Health & Safety (EHS) performance. Additionally, our customers and 3rd party certification auditors regularly conduct audits of our facilities. We work to address any issues identified in the audits.

The [Auditable Standards on Social Responsibility](#) consist of the following categories:

Labor and Human Rights

NXP has auditable standards in place for freely chosen employment, child-labor avoidance, working hours, wages and benefits, humane treatment, nondiscrimination, freedom of association and collective bargaining, and diversity. More information about NXP's policy towards labor and human rights can be found in the Labor and Human Rights chapter.

Health and Safety

NXP has auditable standards in place for occupational safety, emergency preparedness, occupational injury and illness, industrial hygiene, physically demanding work, machine safeguarding, sanitation, food, housing, health & safety communication, worker health, and safety committees. More information about NXP's policy towards health and safety can be found in the Health and Safety chapter.

Environment

NXP has auditable standards in place for adequate and effective programs to reduce or control pollution and conserve resources, ensure safe handling of hazardous materials, and provide workers with adequate training and personal protection equipment. More information about NXP's policy towards the environment can be found in the Environment chapter.

Ethics

NXP has auditable standards in place for business integrity, appropriate disclosure of information, fair business/advertising/competition, data privacy, and whistleblower protection/anonymous complaints. Information about NXP's policy, organization and implementation towards ethics can be found in the Ethics chapter.



Management Systems

NXP requires our internal sites and suppliers to have policy statements, endorsed by executive management, that cover corporate social and environmental responsibility and affirm their commitment to compliance and continual improvement. There also are clearly identified company representatives in place who are responsible for implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

Additionally, programs shall be in place to identify the labor practices and ethics risks associated with the operations performed. There shall be determination of the relative significance for each risk, and implementation of appropriate procedural and physical controls, to control the identified risks and ensure regulatory compliance. At all our sites, there shall be a process in place for communicating clear and accurate information about policies, practices, expectations, and performance to workers, suppliers, and customers.

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We operate in many different countries and ship to most countries in the world and have close relationships with customers, other multinational electronics companies, and industry associations.

Our business brings us into contact with a very wide range of stakeholders and requires that we be sensitive to those interactions. We believe that dialogue leads to mutual understanding, and with it a mutual commitment to sustainable development. We made stakeholder dialogue a part of our management processes and our Sustainability Policy.

We address the interests of each group through various methods and make regular assessments of our effectiveness. We continue to strengthen our approach, creating an additional structure where needed and improving the overall quality of each interaction. Some examples of our stakeholder interactions are given here.

Stakeholder	Interaction
Customers	Customer loyalty program Customer meetings Customer management support Customer supply chain report Joint research and development Joint strategy development Exhibitions and trade shows
Employees	Town hall meetings Print and web-based media Employee surveys People Performance Management (PPM) Employee councils, union meetings
Suppliers, Subcontractors	Supplier Code of Conduct Supplier meetings Supplier audits
Communities	Information meetings Newsletters Community projects Local networking
Local, national and international regulatory bodies	Industry associations Advisory bodies (Local) networking/lobby activities Funded/non-funded lighthouse projects
Investors	Supervisory board meetings Ad hoc involvement
Bondholders	Quarterly results call Financial presentations, meetings
Media	Interviews Products and competence presentations Financial presentations, conference calls
Electronics/semiconductor industry	Industry associations Standards committees
Non-governmental Organizations (NGOs)	Ad hoc involvement
Academia	University programs Joint research and development Local networking

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EMPLOYEES

We communicate with our employees in several ways, using print and web-based media along with face-to-face events. For instance, we have a company-wide circulation of a weekly email news bulletin (NXP Now), and we share recent external and internal news items on NXP's intranet home page. Many of our operations have their own news bulletins and intranet sites, populated with local and global NXP news. We deliver regular communications from our Management Team under the banner of MT Update. Employees are invited to send comments or questions to the Management Team. The Management Team's feedback and answers are then posted online where they can be read by all employees.

Our Quarterly Town Hall Meetings are a particularly effective way for us to deliver information to everyone in the company. Feedback shows that employees appreciate these meetings, which give them the opportunity to interact with colleagues, hear about the company's plans, and pose questions or express concerns directly to senior management. Alongside this form of open discussion, we conduct regular employee engagement surveys that measure the clarity and effectiveness of our communication and capture feedback for direct application within the organization.

CUSTOMERS

To ensure we develop products that meet or exceed customer expectations, our Marketing and Sales teams work closely with our key accounts to align our development roadmaps.

NXP has been soliciting input from customers about the overall relationship since 2010 through an annual formalized feedback system. This direct feedback continues to be instrumental with prioritizing improvement efforts, resource allocation, and additional investments required to best support our customers. This feedback is detailed enough to identify the specific interactions deemed most critical in supporting our customers' business requirements as well as to how we are currently performing with each of them. This allows us to take action in the most customer-focused manner.

Our Customer Loyalty program uses vendor-rating surveys and dedicated customer meetings to verify that we are delivering with excellence and satisfying our customers. The vendor-rating surveys include questions on environmental and social responsibility, so we can identify areas of concern and implement corrective actions. Customers rank us on various aspects of our operations, including product quality, business fulfillment, and business creation.

We use face-to-face meetings to create close relationships with our customers and extend those relationships to our website and with appearances at industry tradeshows and other events. These events are an effective way to show our latest product developments to existing and potential customers and give us the opportunity to exchange ideas with our colleagues, track industry trends, and discover new ideas. Members of our management team often deliver keynotes and presentations at these events, highlighting how we address key issues associated with energy, mobility, security, and health.

OTHER GROUPS

To address other stakeholder groups, such as public authorities, industry analysts, and the media, we use a global in-house team that cooperates closely with a few strategic partners, such as a PR agency. In external relations, we use a worldwide "hub-and-spoke" network of people, including experienced public affairs specialists, who actively engage with elected representatives of our stakeholder groups.

INDUSTRY ASSOCIATIONS

We are a member of many industry organizations, participate in more than 65 standardization bodies and consortia, and are active in several other initiatives around the world. Where relevant, we help define specifications, establish new markets, promote fair trade, protect the environment, and ensure health and safety in the workplace. Our participation in industry organizations lets us interact with governments and regulatory bodies on a number of key issues. We often advocate stringent regulations but occasionally lobby to prevent bans on substances that are essential to our processes and currently have no alternatives. In such cases, we typically recommend seeking commitments to strictly minimize use until viable alternatives are found.

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



European Semiconductor Industry Association

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

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



Responsible Business Alliance

Formerly the Electronic Industry Citizenship Coalition

Advancing Sustainability Globally

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



NXP is a member of the Responsible Labor Initiative (RLI) and was on the Steering Committee of the RLI. NXP is actively engaged in all work groups and work diligently to align our due diligence practices across multiple industries to better address the root causes of labor and human rights. NXP works with other member companies to develop and implement responsible recruitment requirements and tools for multi-sectorial supply chain.



NXP is a member of the Responsible Mineral Initiative (RMI) and in 2018 was on the Member Steering Committee. NXP regularly collaborates with other complementary programs and initiatives in the conflict mineral area. The RMI provides tools and resources to make sourcing decisions that improve our due diligence for responsible

sourcing. NXP helped develop policies and tools to cover new EU legislation, cobalt due diligence and engage with smelters to remain or become certified.



Global Business Coalition
Against Human Trafficking

NXP is a member of the Global Business Coalition against Human Trafficking (GBCAT). [GBCAT](#) is a global coalition of corporations committed to eradicating trafficking in supply chains, including forced labor and all sex trafficking, notably child prostitution. GBCAT is a thought leaders' forum for developing and sharing best practices in addressing the vulnerability of businesses to human trafficking in their operations. GBCAT companies work together across different sectors and regions, each playing their own part, suited to their sector and comparative competencies.



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

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policy and practices to address governance gaps and greater insight into emerging trends and issues.



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

WHO WE WORK WITH

VERITÉ

Fair Labor. Worldwide.

Verité is an international NGO that conducts assessments, training, consulting, and research to ensure safe, fair, and legal working conditions in over 70 countries. Verité takes aim at serious problems: child labor, slavery, systemic discrimination against women, dangerous working conditions, and

unpaid work. Verité is recognized as a leader in the field of corporate social responsibility, and NXP engages with Verité to ensure our program is best-in-class and to establish a benchmark within the electronics industry.

ELEVATE

[ELEVATE](#) is a global services firm specializing in supply chain social, environmental and business performance. ELEVATE is conducting the Workplace of Choice program, sponsored by the RBA, on foreign migrant worker protection. The Workplace of Choice is a pilot program focused in Malaysia. NXP is participating in this program which helps assess our Malaysian facility, conduct independent worker surveys, increase communication, provide education and additional helpline resources to our workers. Working with ELEVATE helps NXP understand workers' needs, wishes, and perceptions, and allows us to address and improve internal management systems and processes.



WORKPLACE OPTIONS

WPOConnect is a platform where two-way communication between workers and management directly through their mobile phones. Communication through this platform is conducted anonymously. NXP engaged with WPOConnect at our Kuala Lumpur location to gain information about our workforce and improve worker voice opportunities.

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NXP has a strong commitment to sustainability and social responsibility. NXP pursues mutually beneficial relationships with its suppliers and contractors in a collaborative and consultative approach to their continuous commitment to observe the applicable rules of law and to support and respect ethical business, environmental and human right practices. NXP is committed to ensuring that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that our products and processes are environmentally responsible.

NXP has business relationships with more than 10,000 suppliers globally. Regardless of region, NXP recognizes that innovative thinking, collaboration, and transparency creates long term sustainability. We proactively work with our suppliers to:

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

Our [suppliers](#) range from external manufacturing partners, direct materials suppliers, tools and machine manufacturers as well as logistics, packaging services and onsite service providers. We hold our suppliers accountable for responsible conduct and performance by requiring them to comply with applicable laws and regulations as well as the [NXP Supplier Code of Conduct](#).

NXP SUPPLIER CODE OF CONDUCT

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

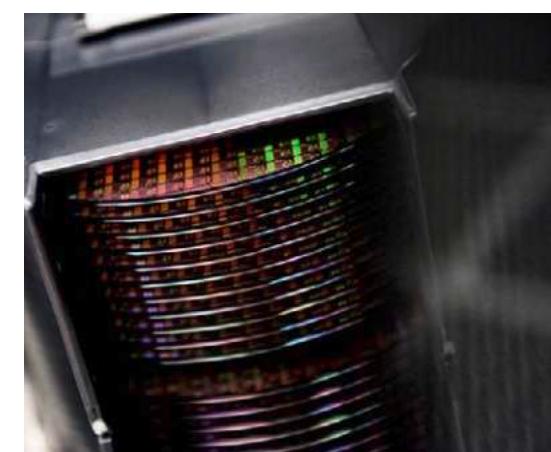
The NXP Supplier Code of Conduct is based on the NXP Code of Conduct and the [NXP Auditable Standards on Social Responsibility](#), and draws on internationally recognized standards to advance social and environmental responsibility. The NXP Supplier Code of Conduct uses the structure and contains language from the Responsible Business Alliance (RBA) Code of Conduct, version 6.0. Other recognized standards used as references for the Code are the Universal Declaration of Human Rights, the International Labour Organization, Social Accountability International, and the Ethical Trading Initiative. Using the listed references, the NXP Supplier Code of Conduct also includes elements, modifications and clarifications from our audits conducted internally and externally according to best practices found.

The NXP Supplier Code of Conduct is owned by the Sustainability Office and is approved by the Social Responsibility board, consisting of executive NXP leaders. The Supplier Code of Conduct is reviewed annually to determine the need for revision based on changing social and regulatory

landscape, industry changes or customer requirements and expectations.

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

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



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SUPPLY CHAIN MANAGEMENT

NXP's purchasing policies require our suppliers to commit to the NXP standards and with the laws of the country or countries where such suppliers conduct business. In 2015, NXP inserted language into our supplier contracts that require suppliers to abide by the NXP Supplier Code of Conduct. Suppliers submit a signed conformance letter stating that they abide by the NXP Supplier Code of Conduct.

Key suppliers go through an annual Supplier Risk Assessment and high-priority suppliers may be required to complete an NXP Self-Assessment Questionnaire and participate in an onsite audit.

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

MANAGING RECRUITMENT PRACTICES

NXP suppliers must have adequate and effective written recruitment and employment policies and procedures that take measures to ensure compliance with laws in the sending and receiving



countries. Suppliers must ensure workers are not required to pay fees, deposits, or debt repayments for their recruitment or employment. Suppliers cannot require workers to participate in any form of forced savings or loan program where repayment terms are indicative of debt bondage or forced labor. Suppliers must provide the worker, prior to departure or hiring, with accurate written details of working conditions in the host country, including nature of work, wages, benefits, and duration of contract in the workers' native language. Suppliers must not require workers to surrender original identification or personal documents. Suppliers must also ensure the same with its employment agencies. Suppliers must ensure that workers are free to leave their employment upon giving reasonable notice, with no penalty. Suppliers must not place

unreasonable restrictions on movement of workers and their access to basic liberties. Suppliers must clearly communicate the NXP's Supplier Code of Conduct and requirements pertaining to recruitment of workers. Suppliers must regularly evaluate the employment agencies on their performance and conformance against these requirements.

NXP has adopted an Employer Pays policy in the recruitment of workers. This policy is a clear contractual agreement with partners in our supply chain. The NXP Employer Pays policy requires that the supplier is responsible for payment of all recruitment fees and expenses. Such fees and expenses include, but are not limited to expenses associated with recruitment, processing, or placement of workers.

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

PRODUCT CONTENT RESTRICTIONS

NXP is required to provide information and evidence to its customers of compliance

to the European Union's Directive on the Restriction of Hazardous Substances (RoHS), and other product regulations such as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Suppliers must meet the requirements of the NXP "[ECO-Products Substance Control for Products and Packaging](#)" requirements. The supplier must provide NXP with full

material content declarations and provide annual analytical test reports performed by a third-party laboratory certified to IEC 62321. For all material groups, specific substances are analyzed annually at a homogeneous material level to verify compliance with the NXP requirements. NXP's halogen-free initiative specifically targets materials that should not contain halogens and antimony oxides above the established limits. Suppliers must certify that they have gathered and verified information about substances present in raw materials, parts, or products it supplies to NXP using appropriate methods (i.e. internal design controls, declarations and analytical testing) to ensure its accuracy and completeness and attest that such information is true and correct to the best of their knowledge.



RESPONSIBLE SOURCING OF MINERALS

Suppliers must have a policy to reasonably assure that the minerals in the products they manufacture are responsibly sourced around the world. Suppliers must exercise due diligence, in accordance to the OECD, on the source and chain of custody of these minerals and make their policies and due diligence measures available to NXP upon request. In addition, suppliers must submit a valid conflict mineral reporting template, and/or another template to NXP when requested.

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ASSESSMENTS

NXP conducts an annual risk assessment on our suppliers to determine high-priority suppliers that are identified to participate in the NXP Social Responsibility Audit program. This risk assessment is conducted on new and existing key suppliers around the globe.

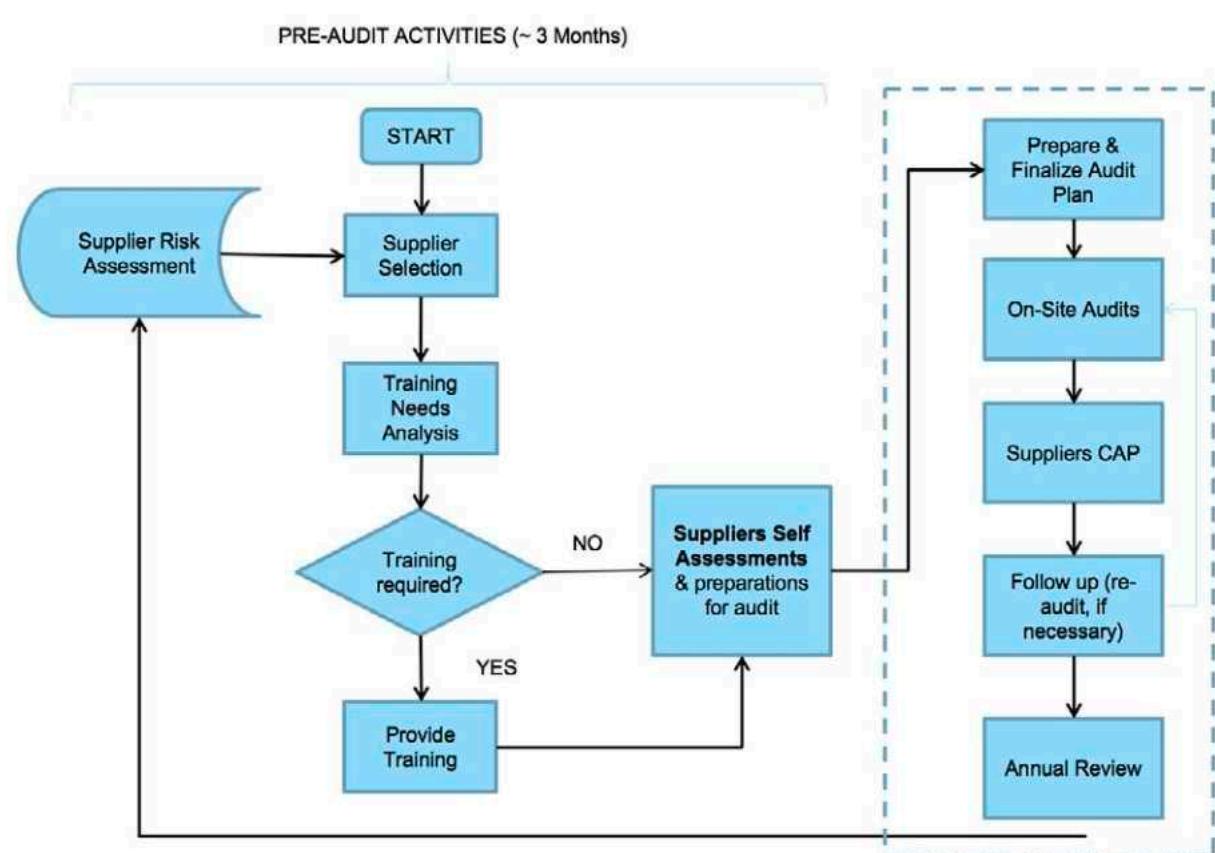
NXP subscribes to a third-party monitoring service, which uses a multi-level process to identify and evaluate the potential risks to the NXP Supplier Code of Conduct. This robust risk assessment methodology enables NXP to pinpoint and prioritize hotspots across our supply chain. The evaluation of risks is based on a variety of factors, such as a business's geographic location, commodity risks and annual spend.

AUDITS

NXP's Social Responsibility Audit is a collaborative and consultative process aimed at guiding suppliers and ensuring they meet the NXP Supplier Code of Conduct and the requirements of the auditable standards.

NXP conducts audits on our supply chain which analyzes three main aspects 1) Documentation reviews 2) Workers and Management Interviews and 3) Physical inspection of facility and dormitories (if applicable). We require that self-assessments, policies, processes, and procedures are sent to NXP before the audit, as part of the pre-audit preparations. Audits of our suppliers can be announced or unannounced.

Supplier audits are conducted by an approved 3rd party audit firm and accompanied by, at a minimum, a NXP certified RBA Lead Auditor. Audits include many different components, such as document reviews, employee and management interviews and facility and dormitory inspections. Audits also include interviews with labor agents and onsite service providers. The NXP Social Responsibility Audit program is conducted in accordance with the following process flow:



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

2. Training

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

3. Self-assessments

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

4. Onsite audit

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

5. Supplier corrective action plan

The audit can result in one of three classifications for findings that require

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

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

Other findings can be registered as major or minor non-conformance. The audit report listing these findings is issued to the supplier within two weeks after the closing meeting. All corrective actions for major and minor actions must be approved by NXP. In this case, the supplier must send NXP updates to their corrective action plans every 30, 60, 90 days. All corrective actions must be closed within 90 days.

6. Follow-up

NXP may conduct verification audits to assess whether a supplier has fully addressed all corrective and preventative actions. These audits are

scheduled after corrective actions are submitted by the supplier and approved by NXP.

7. Annual review

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



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

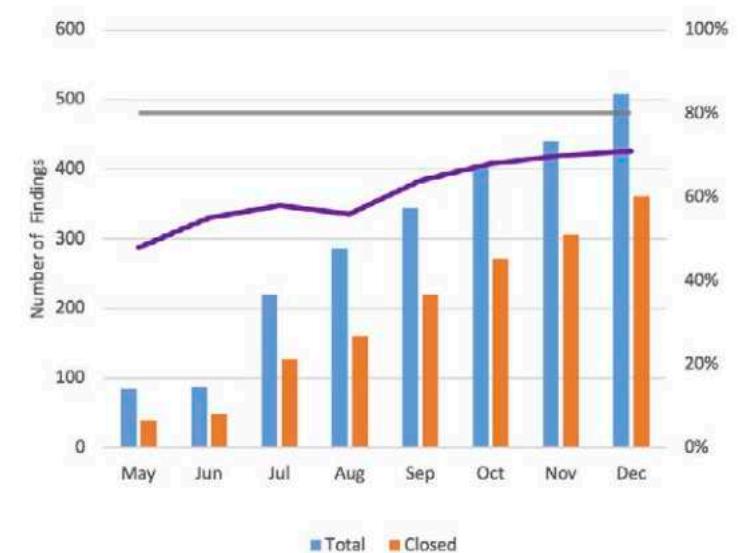
In 2013, NXP began auditing suppliers and has since audited over 141 suppliers, with 23 of them occurring in 2018. We monitor the progress of the supplier until the corrective action plan is satisfactorily implemented. This may involve repeat audits to verify closure of the findings. In 2018, 4 of the 23 audits were verification audits on suppliers to confirm complete closure of the audit findings. Should a supplier continue to not meet our standards, NXP will limit new business and or seek to eliminate the supplier from our supply chain.

The audit findings and the resulting corrective action plans help us to identify trends and create an opportunity to help suppliers improve their sustainability practices. The top ten findings for 2018 supplier audits is summarized in the chart below including previous year's results as well.

In 2018, an additional target was set to increase our closure rate of our supplier's corrective action plans. Our goal was to close out 80% of supplier findings by the end of 2018. Since the beginning of our supplier audit program, our closure rate was approximately 45%. An increase to 80% was an aggressive goal that required frequent collaboration, consultation and training. We reached a 74% closure rate at the end of 2018. While not meeting our goal, our efforts demonstrate great improvement and we expect to meet the goal in 2019.



2018 Supplier Closure Rate



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TRAINING

Training is focused on our suppliers and onsite service providers. The mode of training is either a 2-hour classroom training or through a webinar session, conducted by the NXP Social Responsibility Office with support from the site subject matter experts. The training is the full requirement of the NXP Supplier Code of Conduct. Supplier training is done:

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

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

NXP is also in the process of developing eLearning training module called "Ethical Recruitment of Foreign Workers". This is in collaboration with Singapore Polytechnic, an institution for higher learning, that will enable continuous learning on social responsibility. This module will be an innovative game-based program with specific focus on real-life decision-making analogies.

VALIDATION



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

Reports are reviewed by the Social Responsibility Board, composed of NXP executive leadership, at least twice per year. Midyear review discusses the progress that has been made and areas for improvement. The end of year review discusses new targets and the improvements suppliers have made.

The Social Responsibility office meets with the purchasing managers monthly and sometimes weekly to discuss key supplier audit results, the corrective action plan and their progress towards closing out their findings.

NXP monitors improvement by measuring the number of core violations, repeat audits, frequency of findings, number of months required to close core violations and the closure rate of all violations.

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

NXP has seen improvement with the number of core violations, the number of overall findings, the supplier closure rate and the self-assessment as suppliers strengthen their program.

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

WORKER VOICE

NXP suppliers must have a grievance mechanism in place for their employees, allowing them to report anonymously if desired and available in local language.

Furthermore, any stakeholder can report grievances to NXP. During a supplier audit, workers are given NXP's confidential email and the local phone number if they have additional information, concerns or they experience retaliation. Workers may submit concerns anonymously, if they so desire.

RESOLVING ISSUES

The Ethics Committee in coordination with the Sustainability Office appoints a team that has the correct experience to investigate the allegation. The Ethics Committee along with the Sustainability Office then considers the approach to the allegation. These discussions focus on the grievance, and, when violations are substantiated, a corrective action plan is established.

The Ethics Committee consists of NXP's Senior Vice President & Chief Corporate Counsel, an executive from Human Resources, the Sr. Director Sustainability, Environment, Health & Safety and the NXP Chief Audit Executive. The Ethics

Committee advises the Management Team and the Audit Committee of the NXP Board of Directors in defining and deploying the Code of Conduct, assuring the completeness of recording of the allegation of misconduct and assuring appropriate action has been taken for the allegation of misconduct.

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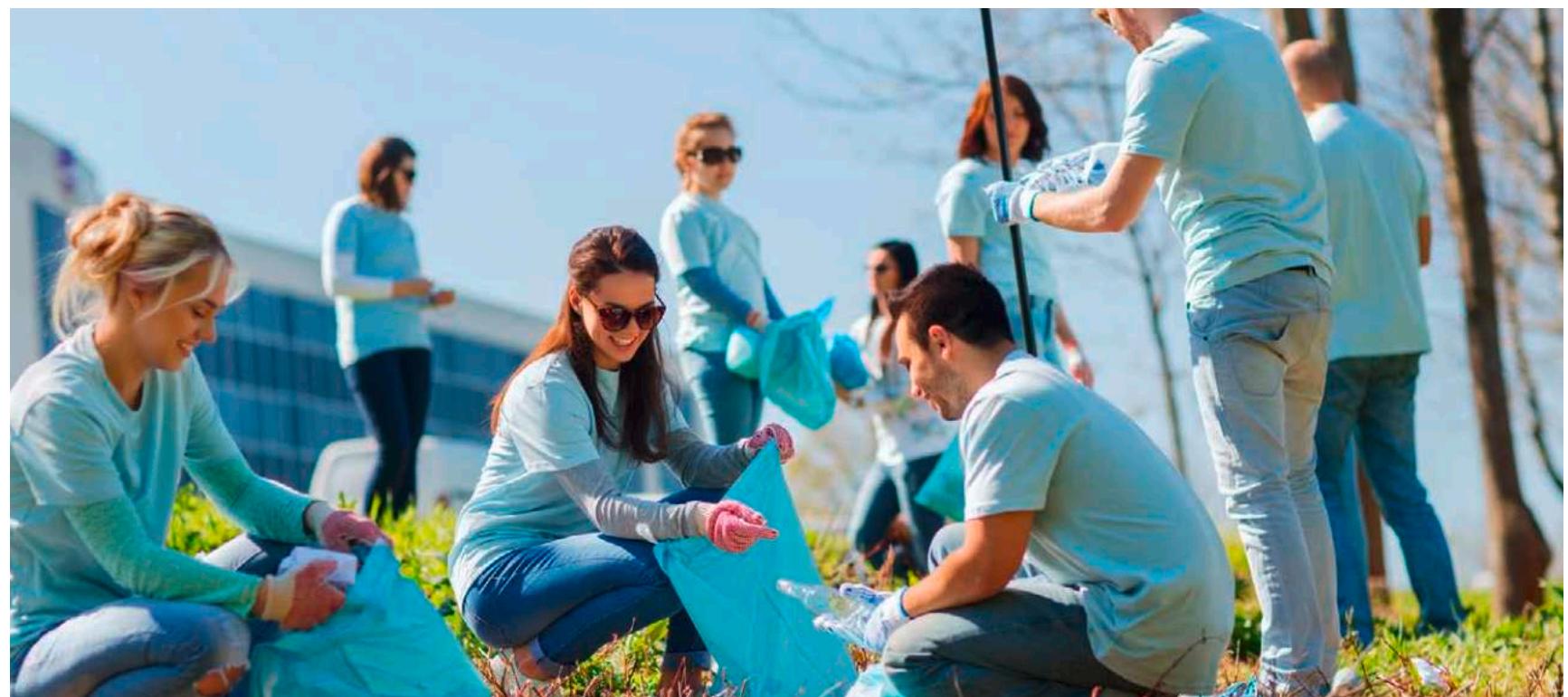
COMMUNITY ENGAGEMENT

We believe in making a positive difference in the communities where we live and work. Through corporate sponsorships, employee volunteerism and employee giving, we are committed to supporting our communities in the following three focus areas:

- **Education:** Promoting educational endeavors that encourage students to learn about science, technology, engineering and math to help inspire future innovators.
- **Health and Wellness:** Supporting employee and community health and wellness programs focused on increasing physical activity and promoting a healthy lifestyle.
- **The Environment:** Fostering the sustainable use of the earth's resources and promoting a clean, healthy environment.

Our employees share our vision. Volunteerism and community service are encouraged, and there is widespread participation in company-organized initiatives, aimed at serving our communities and the world. Most major NXP sites have their own volunteer programs, covering such areas as education, wellness, charity fundraisers, events for the disadvantaged, park clean-ups, and more.

The importance we place on maintaining high ethical and social standards is reflected in our engagement with our employees and the communities in which we live and work. We demonstrate this commitment in the community, we support quality of life and provide educational opportunities through various voluntary activities undertaken by our employees.



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NXP fosters a culture that appreciates employees who take initiative. We offer various avenues for career progression. Our Career Ladder helps employees progress equally within their specialty—following the path to Technology Expert, becoming a master in Project Management, or taking the more traditional Line Management route to lead people, functions, and businesses.

SUPPORTING PERSONAL GROWTH

Gaining experience is the bedrock for personal growth. We also believe that everyone should take responsibility for their own development, so you will not find a rigid structure with lists of courses that must be attended. Instead, we favor a much more flexible approach to career development.

- **Technical/Functional Development** is grounded in on-the-job learning. Applied know-how is important and we rely heavily on our internal experts for knowledge sharing and transfer, along with product, tools and systems training. We also encourage and support memberships in relevant technical and professional organizations.
- **Skill & Knowledge Acquisition** comes from tapping into the vast network of technical experts and subject matter professionals within NXP today. Employees at our major hub sites throughout the globe can leverage the NXP Connect Lunch program to identify and network with colleagues from across the business over lunch for the purpose of knowledge exchange and career-centered dialogue. Employees can also leverage

a vast array of online learning resources delivered at NXP by tapping into NXP Skillport. Available to all employees, the NXP Skillport site includes books, videos, skill briefs e-learning courses spanning a wide range of professional development subjects important to individual and team success at NXP.

- **Talent Development Programs** includes everything from job rotations, stretch assignments and special project roles to peer networking, job shadowing and mentoring opportunities that are available on both a formal and informal basis throughout NXP today. We also run a range of internal leadership programs covering everything from manager fundamentals to executive level leadership.
- **Leadership Development Programs** occurs through pivotal experiences, formal

assessment with feedback, coaching, mentoring and extends even further into the classroom setting via our portfolio of Management & Leadership Development Program offerings, such as the Technical Leadership Program, Influence & Accountability, Collaborative Leadership in the 21st Century (known as CliC), and the NXP Leadership Development Program, our most exclusive program offering for our high potential leaders who are developing toward top level leadership roles. For those who prefer to self-study on topics of Management & Leadership Effectiveness, we offer a curriculum bundle in NXP Skillport called the Leadership Advantage that can be used in whole or in part to prepare for leadership roles and key challenges that leaders face within NXP today.



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DIVERSITY AND INCLUSION

NXP recognizes that each employee brings something unique to the company. We are comprised of thousands of unique individuals, each with their own viewpoints, histories, experiences and paths of discovery.

We welcome and embrace our employees' diversity by fostering respect for everyone's differences and promoting a collaborative inclusive work environment. We invite every NXP employee to bring their whole self to work, without exception. Our mission is to continue championing an inclusive work environment to attract the best talent and to ensure diversity of thought in everything we do.

The NXP approach to Diversity and Inclusion will be centered on the following:

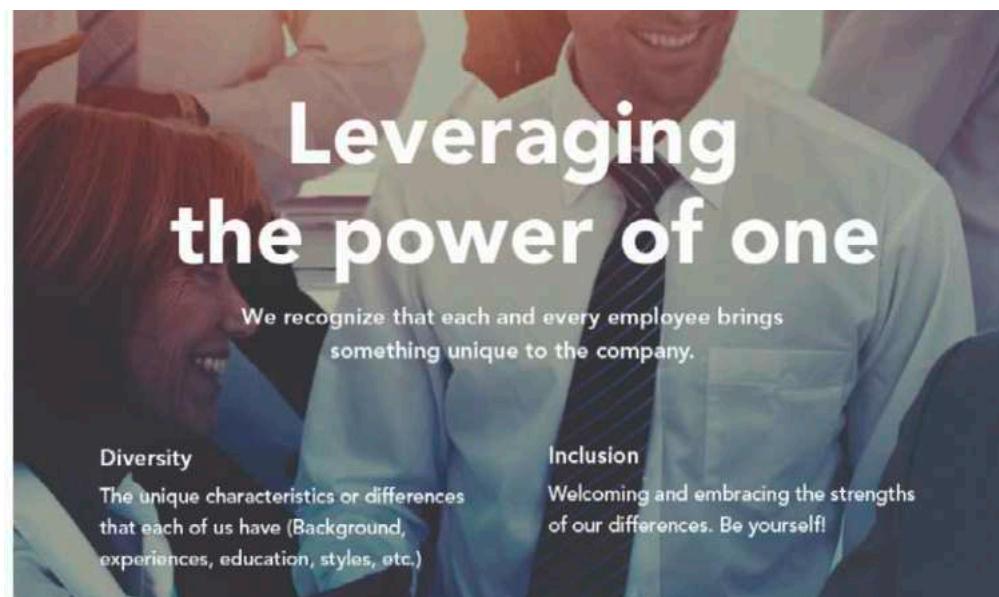
- Create an inclusive work environment to attract the best talent and to ensure diversity of thought
- Cultivate an environment where employees feel welcomed, valued and are comfortable being themselves
- Engage employees and leverage the diversity of thought and life experiences

RESPECT FOR OUR FELLOW EMPLOYEES—OUR ANTI-DISCRIMINATION POLICY

At NXP, we treat each other with respect and fairness at all times. We value diversity and inclusion and respect the culture and customs of our fellow employees, business partners and customers around the world.

When working together, we value each other's unique experiences, backgrounds, diverse cultures and ideas. We never allow unlawful discrimination or harassment into our workplace. (Unlawful discrimination means treating others differently or making employment-related decisions on the basis of a legally protected trait).

NXP never hires, fires, demotes, transfers, or makes any other employment-related decision based on a person's: age, color, gender, gender identity, mental or physical disability, national origin, pregnancy, race, religion, sexual orientation, veteran status, any other characteristic protected by applicable law.



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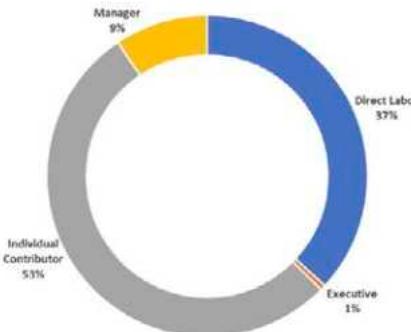
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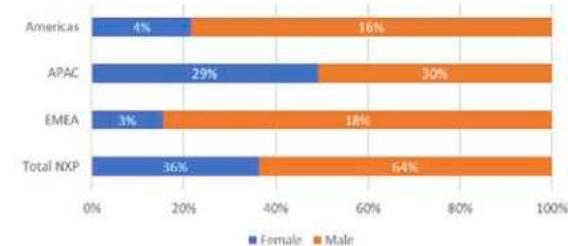
Direct Labor: physically touches the product and involved in production of goods.

Indirect Labor: supports the production process, not directly involved in active conversion of materials into finished products.

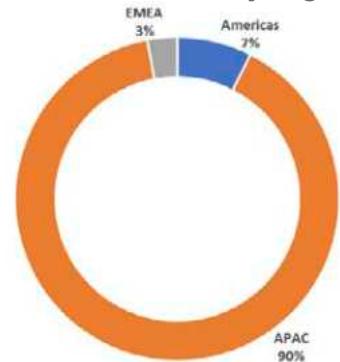
NXP Employee Category



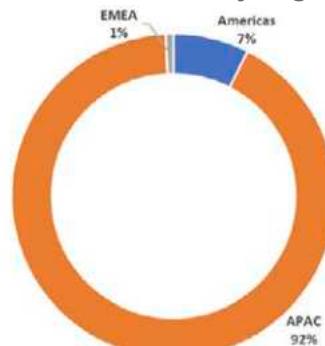
Gender of Workforce



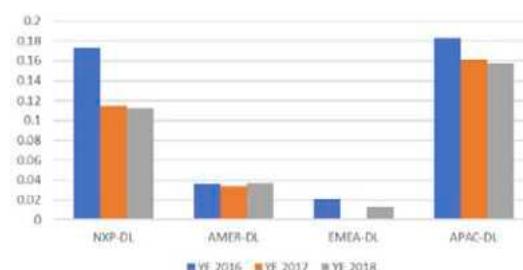
Direct Workforce by Region



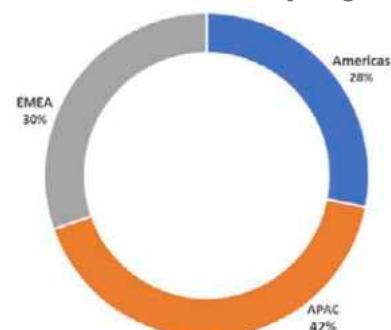
Direct New Hires by Region



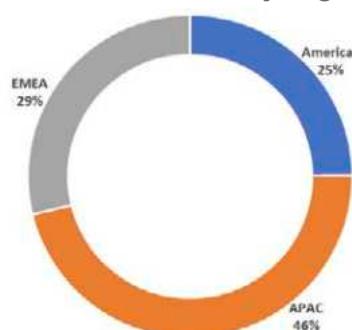
Direct Voluntary Attrition



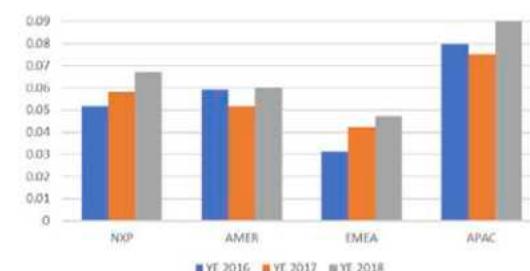
Indirect Workforce by Region



Indirect New Hires by Region



Indirect Voluntary Attrition



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HEALTH AND SAFETY

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NXP is committed to providing a workplace that is healthy, safe, and free of occupational injury and illness for all employees. NXP managers and employees are aware of their role and responsibility to fulfill and sustain NXP health and safety policies, management systems and standards, and are actively involved in promoting a safety culture.

NXP has one of the lowest injury rates in the semiconductor industry. While this accomplishment is something we are very proud of, there is still more that can be done. Each site has their own challenges, although with challenges comes opportunities.

HEALTH AND SAFETY PROGRAM

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

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

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

**GOALS**

We are working towards our long-term goal of having zero work-related injuries, using the OSHA standard for measuring and reporting. The severity rate at NXP represents the numbers of days away from work.

NXP's recordable case rate and severity rate have steadily decreased in recent years and are lower than the recorded industry benchmark.

**CERTIFICATION**

The Occupation Health and Safety Assessment Series (OHSAS) 18001 certification program specifies the requirements for an occupational health-

and-safety management system. The specifications help organizations control their risks and improve their performance. All NXP manufacturing sites and one non-manufacturing site (Eindhoven,) are OHSAS 18001 certified. Earlier in 2018, ISO 45001 was introduced which is a new standard replacing OHSAS 18001. NXP currently plans to be fully compliant and certified to ISO 45001 in 2020.

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

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

Self-Assessments

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

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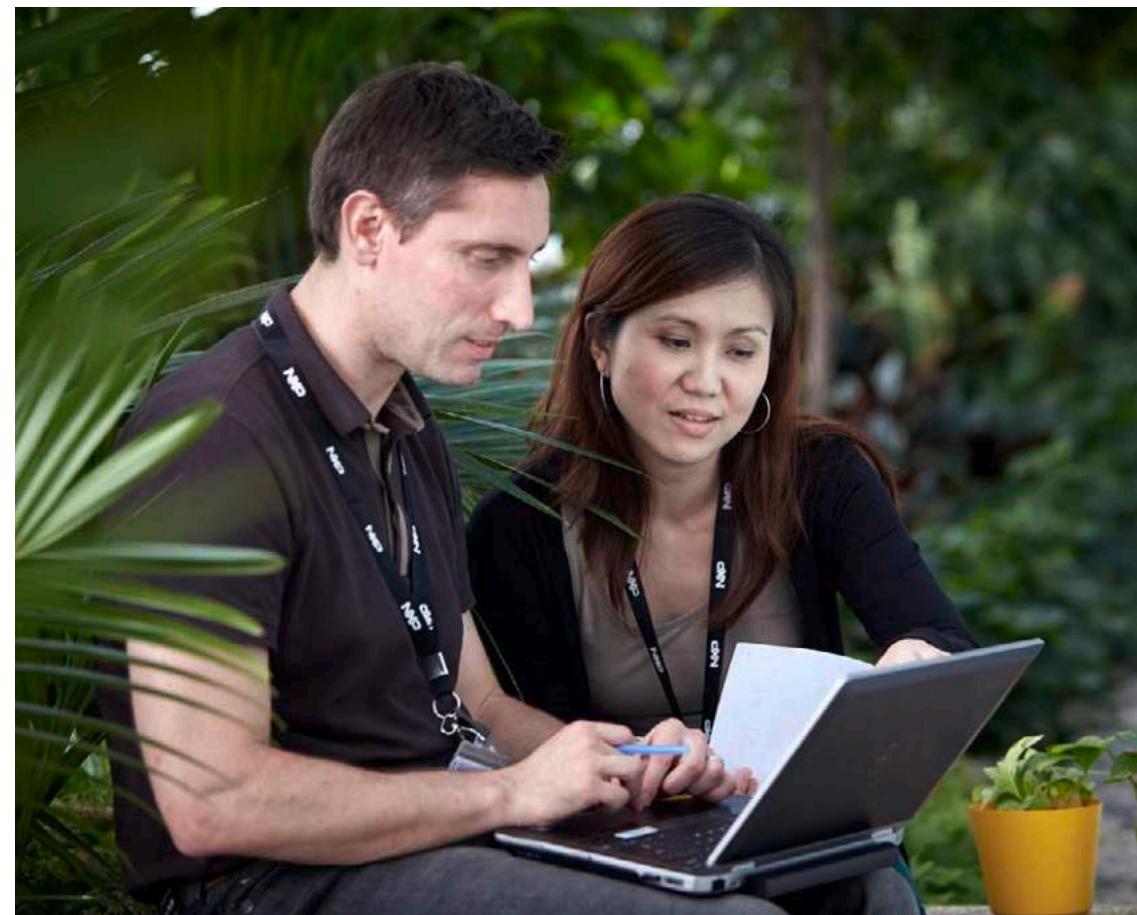
Audits

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

Third party audits are conducted by our registrar (LRQA). Each year, on average, they evaluate two sites in addition to Corporate EHS. LRQA determines which sites are audited each year. A sampling of compliance and management systems are audited and a formal report is issued and corrective actions are tracked until we demonstrate to LRQA that they are effectively closed.

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

Practices and behaviors are checked during audits, and we are continuing to raise awareness and promote vigilance. Our



goal is to drive further improvements in employee behavior and working conditions. We continue to encourage our employees and managers to be proactive, by providing training and awareness on the early detection of hazards, and unsafe behavior and conditions.

TRAINING

To ensure that everyone at our sites has

the right skills and disciplines to minimize the risks of illness and injury, we provide many hours of employee training worldwide each year. A range of educational programs provide on-the-job training as well as specialized training in health and safety matters, quality controls, ergonomics and chemical safety. These trainings have led to a decrease in the number of illnesses and injuries reported.

Overview**Economy****Ethical Standards****Social Responsibility****Stakeholder Engagement****Supplier Engagement****Employee Engagement****Health and Safety****Environment****Product Stewardship****Appendix****CHEMICAL SAFETY**

Chemicals are essential to our manufacturing processes, R&D, and our laboratories. For this reason, we have in place strict and clear safety procedures, based on risk assessment and risk-management, including technical safety measures, and thorough education and training. We also give special attention to emergency-response skills related to chemical management and working with chemicals. We conduct regular evacuation exercises and routinely practice for emergency situations. Many of our employees are volunteer members of Emergency Response Teams and receive dedicated training. We require that all our manufacturing sites have employees with professional emergency skills, and, at our larger office locations, we have employees trained for emergency response.

**WORKER VOICE**

In 2018, the Health & Safety team launched a survey to all employees that work in the wafer fabs to evaluate if their voices related to safety are heard, if they are receiving adequate training to perform their job and ultimately if they perceive if their workplace is safe for them to work. We averaged a 60% response rate. The results were positive, and we learned the most from the comment section of the survey which indicated specific areas, where we can improve safety. Employees want more communication on safety issues and steps they can do themselves to prevent injuries. The sites have created an action plan that includes increased awareness, communication and involvement of more workers in the safety committees at each site. In 2019, the safety survey will be rolled out to our assembly and test sites. We continue to strive for a "Safety First" culture at NXP.

REPORTING STANDARDS

Our Health and Safety Database is part of our Sustainability Reporting System and connects all our manufacturing and non-manufacturing sites worldwide, providing consistent, reliable health and safety performance data for the company. Our reporting manuals contain instructions for these systems, including definitions, procedures, and calculation methods.

Health and safety data is reported continuously as events occur and validated by the Sustainability Office.

VALIDATION

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

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

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

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

GOAL

NXP is committed to achieving zero accidents in the workplace.

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STRATEGY

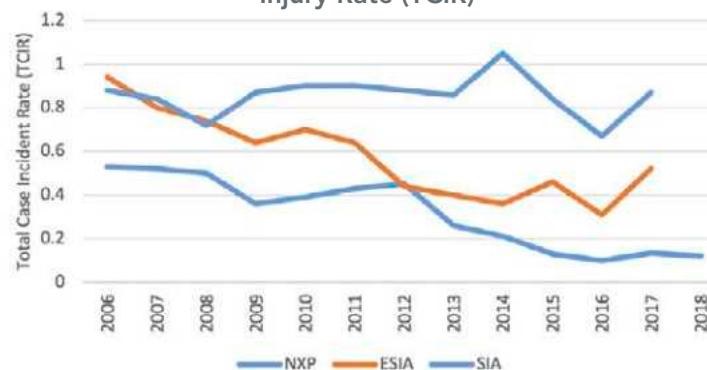
Our global management approach is to strengthen NXP's safety culture through training, audits, publications, communication, and sharing best practices. Above all, we continue to urge managers to take ownership of safety matters and adopt a proactive attitude, demonstrating leadership on the ground through their visible involvement.

PERFORMANCE

In 2018, we increased our formal engagements with employees through safety committees, setting strategies as well as investigating incidents. Safety posters are at each factory providing guidance on what is right vs. wrong. Blogs and newsletters were communicated across NXP to raise awareness of many safety topics. The ergonomics task force increased its collaboration among the factories. This task force implemented stretching programs, physical therapy consultations, alternate health therapy options and adoption of the risk assessment tool to help employees perform new tasks in a safe manner. NXP is always searching for the best way to protect our employees.

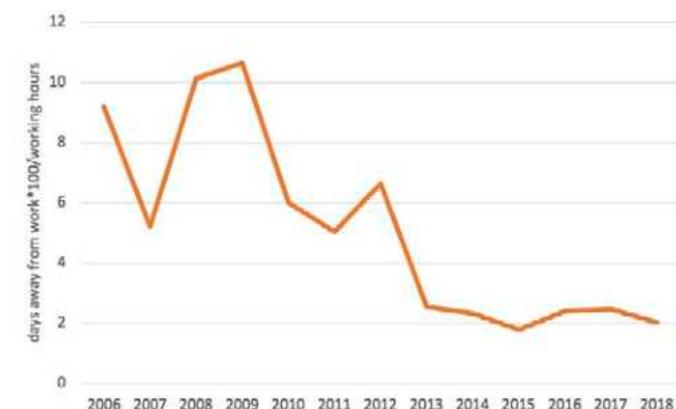
At our sites, we have processes in place to review each incident. These processes carefully determine if the injury meets the OHSA definition of recordability. These investigations help NXP determine the root cause and identify improvement opportunities. Our OHSA recordable case rate was 0.12 for 2018, which is a reflection of our increased focus on safety and continues to be better than the semiconductor industry.

Injury Rate (TCIR)



In 2018, our severity rate saw a decrease to 2.02. The severity rate is a calculation that gives a company an average of the number of lost days per recordable incident, which indicates how severe the injury was. Our successful efforts to share and communicate issues and root causes across all sites is reflected in the decrease of our severity rate.

Severity Rate



In Action

In 2018, the Oak Hill site has once again been recognized by United States OSHA as a "Voluntary Protection Program (VPP) Star Among Stars". This program recognizes the site as a top tier performer with injury rates well below the national averages and with employees and management who demonstrate excellence in workplace health and safety.



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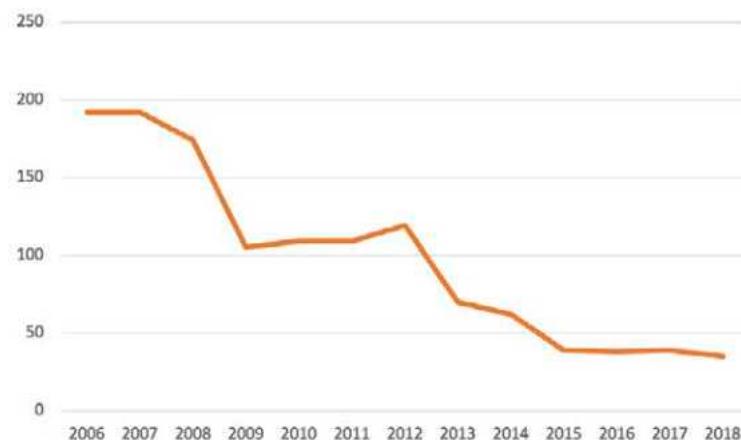
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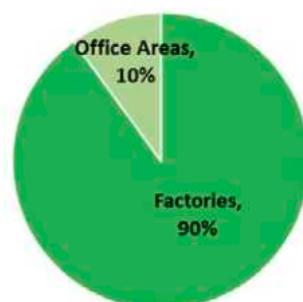
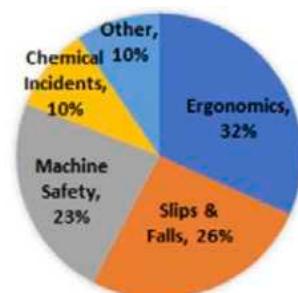
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Occupational illness and injuries are decreasing. We attribute this to our efforts in making our work places safer.

Occupational Illnesses and Injuries



Type of Injuries



In 2018, NXP worldwide has not received any fines or sanctions in connection with non-compliance with health and safety laws and regulations.



In Action

In 2018, our Bangkok facility won the Health Literate Organization Award from Thailand's Department of Health. This award demonstrates how our leaders emphasize the importance of building awareness for all workers and is well defined in their mission, policy, structure and action plan. The Bangkok facility has a culture that promotes various communication channels, publishing information that helps the workers apply safety procedures in a practical manner allowing the workers to make decisions that may apply

In Action

In 2018, the Kuala Lumpur site won the Malaysian Society for Occupational Safety and Health (MSOSH) award. The MSOSH award is presented to organizations in Malaysia with proven outstanding Occupational Safety and Health performance. The site was audited against a stringent set of standards in which documentation and site verifications were evaluated.



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NXP is committed to the prevention of pollution and conservation of the earth's natural resources. NXP does this through the development of sustainable products, materials, and manufacturing processes. We drive continual improvement of our processes to protect the environment by designing, implementing and maintaining a management system and programs to achieve our objectives. We also require that our contractors and suppliers adopt prudent environmental principles and practices. We are working to be an industry leader in reducing, reusing, and recycling waste.

In 2018, our Environment and Facilities team collaborated and made significant improvements to our products, materials and manufacturing processes. These projects are strongly supported by the management team.

ENVIRONMENT PROGRAM

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

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

NXP complies with applicable legislation and regulation. Where laws and regulations do not meet our standards, NXP adopts its own vigorous standards to protect

the environment. NXP drives continual improvement in its performance by designing, implementing and maintaining a management system and the programs to achieve its objectives.

Our environmental program focuses on issues including:

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

GOALS

NXP's 2020 environmental goals are based on a normalized 2010 baseline. By 2020, NXP wants to reduce electricity usage by

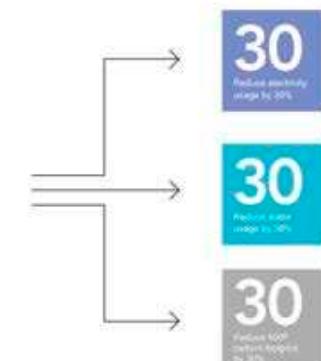
- | | |
|--|---|
| | <ul style="list-style-type: none"> • Phase out chemicals of concern |
| | <ul style="list-style-type: none"> • Conserve 30% of resources (normalized, with baseline year 2010) |
| | <ul style="list-style-type: none"> • Recycle 90% of all waste generated |

30%, reduce water usage by 30%, reduce our carbon footprint by 30%, recycle 90% of all waste generated and phase out chemicals of concern.

CERTIFICATION

The ISO 14001 certification program specifies the requirements for an Environmental management system.

The specifications help organizations control their risks and improve their performance. Our manufacturing sites are ISO14001 certified, some since 2000 and all since 2010. 2018 resulted in no Notice of Violations (NOVs) from external government bodies and neither from our LROA ISO 14001 and internal audits.



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RISK ASSESSMENTS, SELF-ASSESSMENTS AND AUDITS

Risk Assessments

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

Self-Assessments

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

Audits

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

Third party audits are conducted by our registrar (LRQA). Each year, on average, they evaluate two sites in addition to Corporate EHS. LRQA determines which sites are audited each year. A sampling

of compliance and management systems are audited and a formal report is issued and corrective actions are tracked until we demonstrate to LRQA that they are effectively closed.

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

TRAINING

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

In 2018, EHS continued working on implementing across all sites, a process for workers of all levels to participate and consult in EHS incident investigations and management systems planning.

REPORTING STANDARDS

We use a Sustainability Management System to gauge our performance. Our reporting manuals contain reporting instructions for these systems, including definitions, procedures, and calculation methods. Environmental data is reported and validated by the Sustainability Office

monthly. Data is reported on every manufacturing facility that a) we own, rent, or lease and manage, b) has 50 or more people working in production, and c) is consolidated for our financial reporting.

VALIDATION

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

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

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

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

NXP has not recorded any significant spills, fines or sanctions in connection with non-compliance with environmental laws and regulations in 2018.

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REDUCING OUR CARBON FOOTPRINT

Greenhouse gases in the atmosphere act like a blanket or glass roof around the earth, trapping in heat that would otherwise escape to space. This is commonly referred to as the "greenhouse effect." Carbon dioxide (CO₂) is the most significant greenhouse gas released by human activities and is emitted mostly from the burning of fossil fuels like coal, oil, and natural gas. Other greenhouse gases include methane and nitrous oxide.

Semiconductor manufacturing is not considered a major contributor to global warming, but our operations do directly and indirectly emit greenhouse gases. We measure, manage and report our Scope 1, 2 and some Scope 3 emissions. Emissions are reported in terms of tons of CO₂ equivalents.

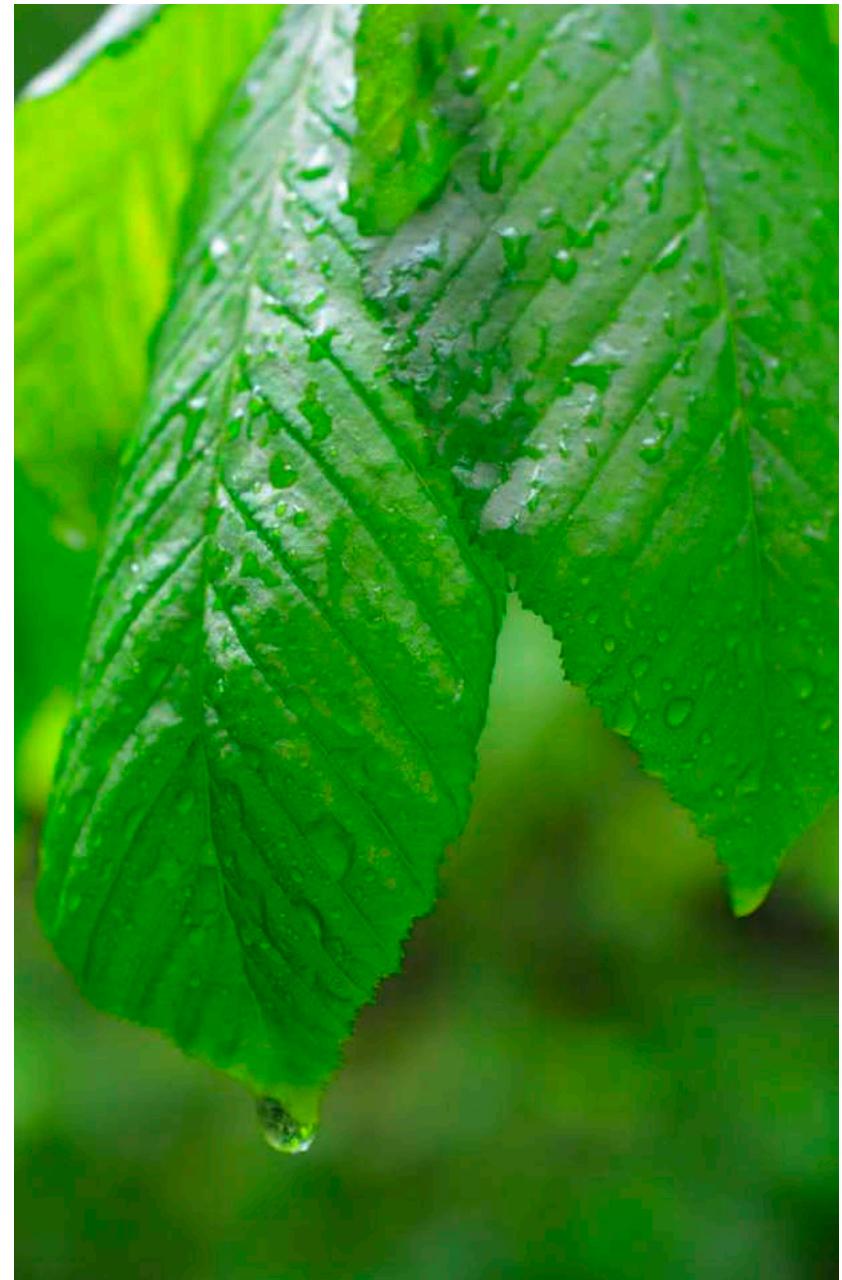
GOAL

NXP's 2020 goal is to reduce our normalized carbon footprint by 30% from a baseline year of 2010. Our production normalizer is based on the square meter of silicon wafers produced.

STRATEGY

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

- Using more efficient lighting technologies and schedules
- Optimizing building operations and product testing processes
- Powering down equipment when not utilized
- Using substitute chemicals to reduce heat transfer fluid emissions from our equipment
- Installing new abatement equipment to reduce Perfluorinated Compounds (PFC) emissions



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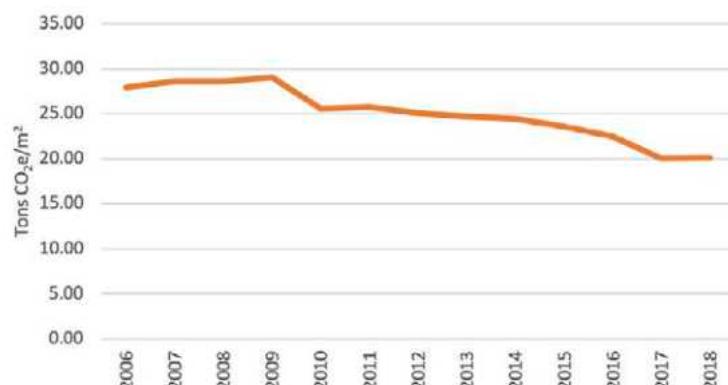
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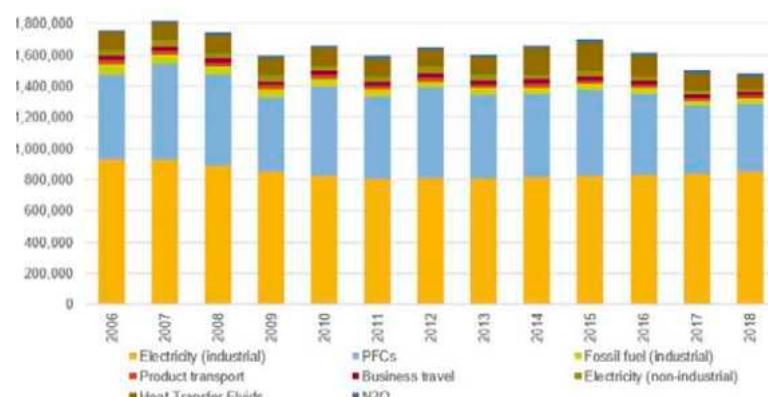
PERFORMANCE

Between 2010 and 2018, our normalized total emissions for Scope 1, 2 and 3, (direct and indirect) decreased by approximately 21%, all resulting from many projects over the past 8 years.

Normalized Scope 1, 2 & 3 Emissions



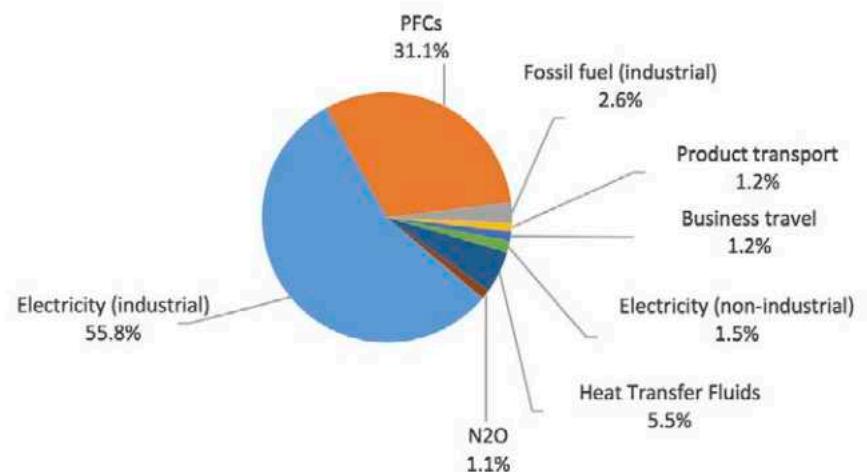
Total Scope 1, 2 & 3 Emissions



NXP's reduction target is an "absolute" emissions reduction, meaning a commitment to reduce regardless of the expended growth of production. Our Scope 1 Emissions include fossil fuel to heat buildings, the use of PFCs and N₂O in our manufacturing of integrated circuits, and the use of HTFs, such as HydroFluoroCarbons (HFCs) and Perfluoro Ethers for device testing and cooling purposes. Our Scope 2 emissions include electricity purchased. Our Scope 3 emissions include business travel and product transport.

Below is the percentage of each category.

Carbon Footprint 2018



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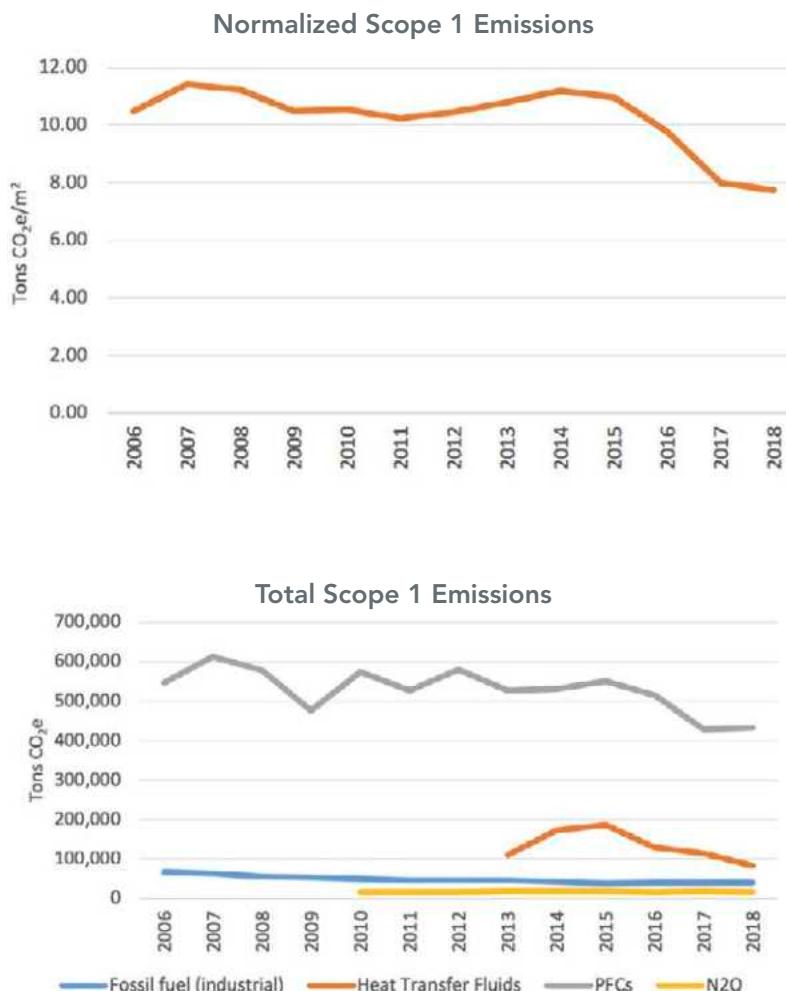
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SCOPE 1 EMISSIONS

In 2018 our normalized Scope 1 emissions decreased by 26.5% from a 2010 baseline.



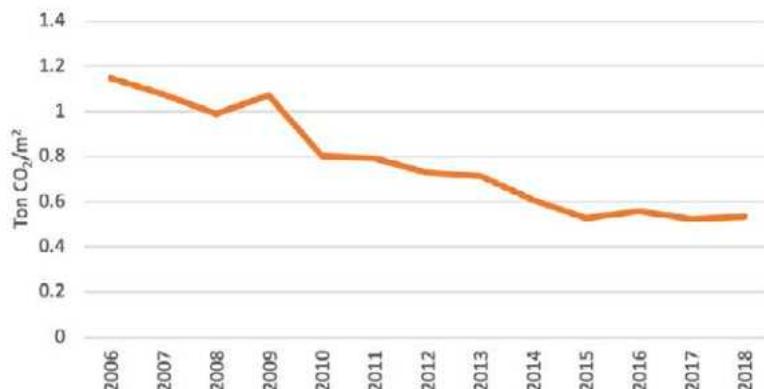
FOSSIL FUELS

Fossil fuels are hydrocarbons, primarily coal, fuel, oil, or natural gas. The burning of fossil fuels by humans is the largest source of CO₂ emissions. Fossil fuels are still the main source of energy in the global economy.

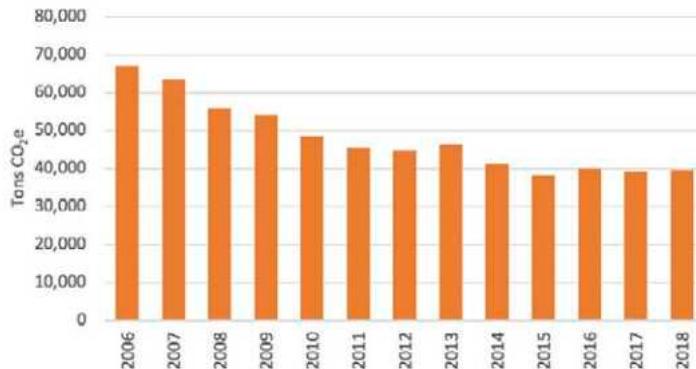
At NXP, the most commonly used fossil fuel is natural gas, used for heating and humidity control in our clean rooms. NXP's use of natural gas depends strongly on both the external temperature and internal production activity within the manufacturing facilities. Diesel is also used at NXP for back-up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

From 2010 to 2018, our normalized fossil fuel emissions decreased by more than 33%.

Normalized Fossil Fuel Emissions



Total Fossil Fuel



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PERFLUOROCARBONS (PFCs)

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

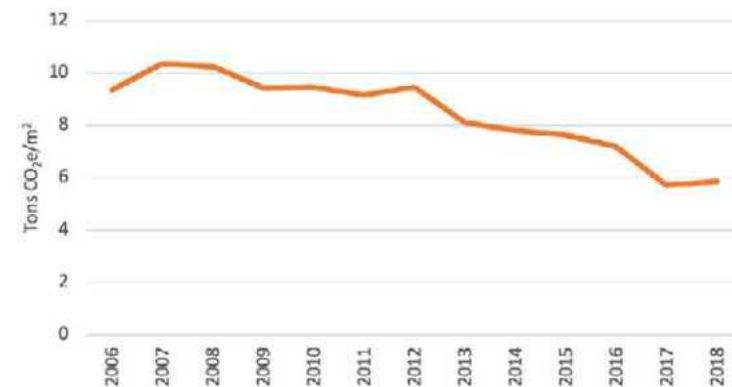
We recognize the undesirable impact PFCs have on the environment and have joined with others in the semiconductor industry to seek ways to minimize their use and emissions. For example, NXP signed the Memorandum of Understanding in the US, and the Memorandum of Agreement in Europe, to voluntarily reduce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

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

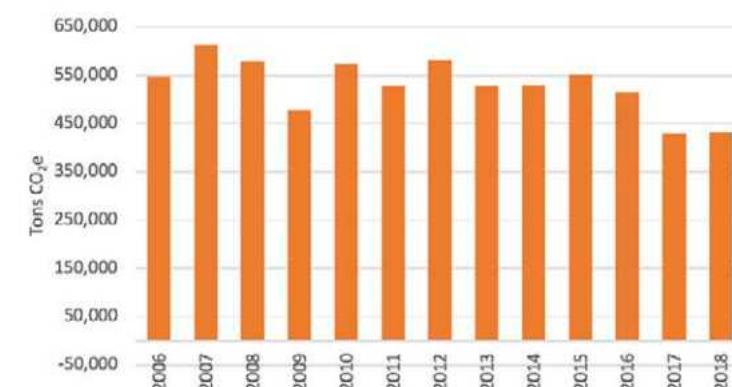
NXP also has its own goals for the reduction of PFC emissions. We proactively review Point-Of-Use (POU) abatement when we maintain, replace or relocate existing fab tools. As we upgrade

existing process tools, we add POU abatement, when feasible. If such POU abatement is not feasible, we look for measures elsewhere in our factories to compensate for the emissions. In 2018, the Oak Hill, Chandler and SSMC fabs installed 29 abatement equipment to further reduce the emissions of PFCs (NF_3 , CF_4 , C_2F_6).

Normalized PFC Emissions



Total PFC Emissions



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As a global company, we use the Intergovernmental Panel on Climate Change (IPCC) for calculating our PFC emissions using the Tier 2b methodology. From 2010 to 2018, our normalized total PFC emissions decreased by 38%, even though many of our products have become more complex, requiring additional manufacturing steps and hence more PFCs. In 2018, we did encounter a slight increase in the normalized PFC emissions from 2017 which is attributed to the decrease of wafer output and the additional manufacturing steps for specific layers of the wafer.

In Action

Perfluorocarbons (PFC's) emissions contribute to 31% of NXP's total carbon footprint, so at the end of 2018, the SSMC site added 24 PFC abatement units making a significant reduction of approximately 40% less annualized emissions, which we will see in our results in 2019.

HEAT-TRANSFER FLUIDS (HTF'S)

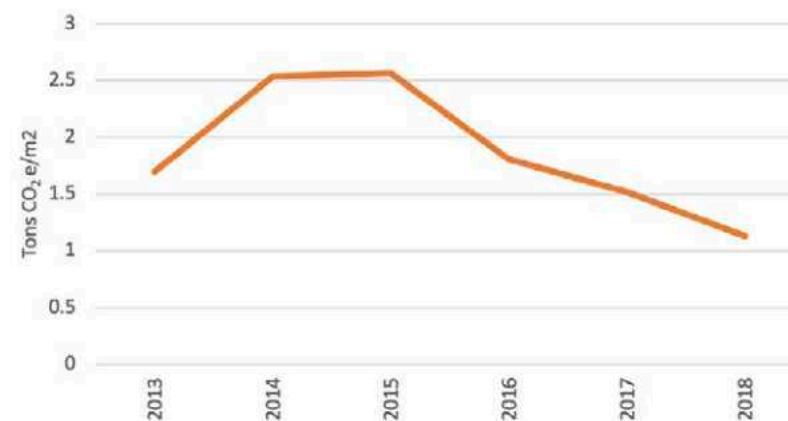
NXP uses HTFs for device testing, for cooling purposes (manufacturing tools, facilities, and air-conditioning), and in a few cases as a fire suppressant.

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

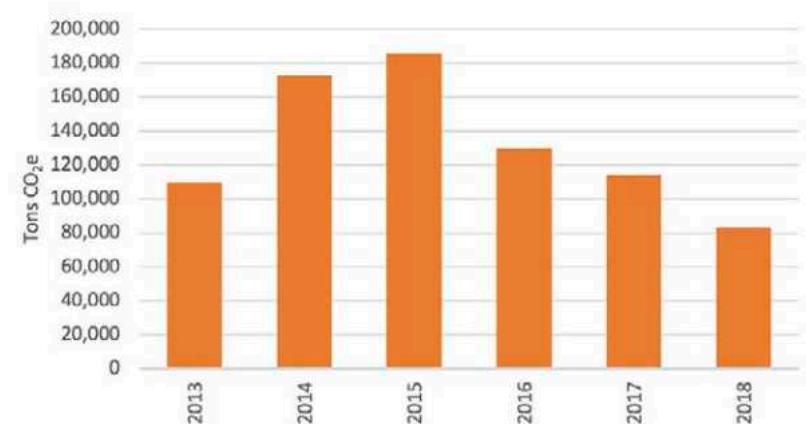
Some of the HTFs we use are ozone-depleting substances and, as such, are strictly controlled. For instance, the European Union has adopted regulation EC No 1005/2009 on substances that deplete the ozone layer. By order of this regulation, the so-called "controlled substances" are to be phased out. The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

From 2013 to 2018 our normalized HTF emissions decreased by 24.7%.

Normalized HTF Emissions



Total HTF Emissions



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In Action

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

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

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

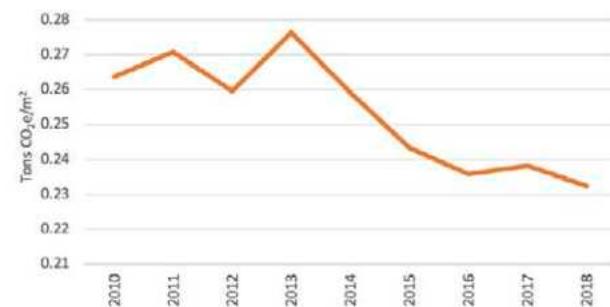
N₂O

Nitrous oxide is a colorless, non-flammable, non-CO₂, global-warming gas. It is naturally present in the atmosphere, as part of the earth's nitrogen cycle, and comes from a variety of natural sources. However, human activities, such as agriculture, fossil-fuel combustion, wastewater management, and industrial processes, are increasing the amount of N₂O in the atmosphere.

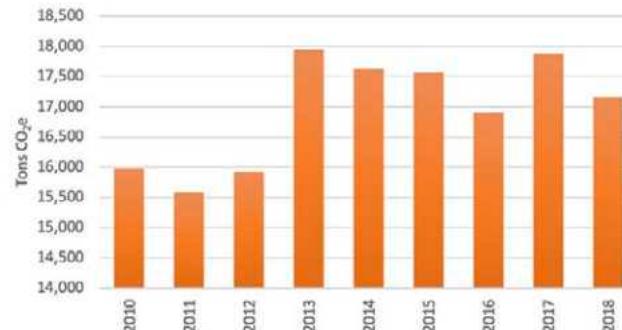
N₂O is used in semiconductor processes, such as the chemical vapor deposition of silicon dioxide, doped or undoped silicon oxynitride, diffusion, rapid thermal processing and chamber seasoning.

Emissions from N₂O are minor compared to other emissions such as those from PFCs. From 2010 to 2018 the normalized N₂O emission decreased by almost 14%. However, the absolute N₂O emissions has increased due to very specific process related requirements for technologies requiring N₂O.

Normalized N₂O Emissions



N₂O Emissions



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NO_x, SO_x AND VOC

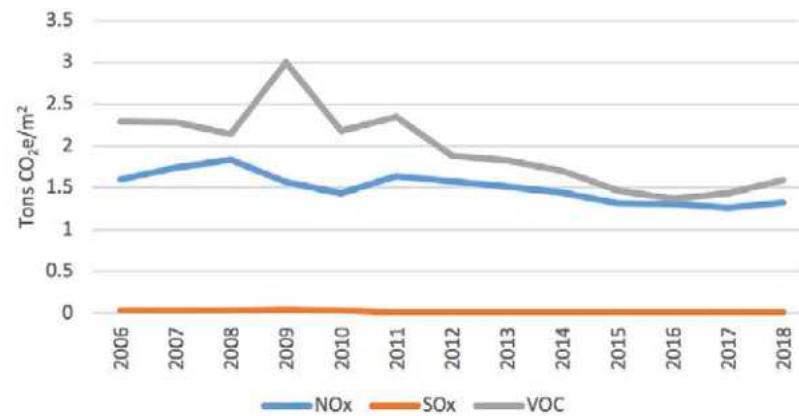
Additional emissions are nitrogen oxides (NO_x), sulphur oxides (SO_x) and volatile organic compounds (VOC). NO_x and SO_x are air pollutants that arise from a wide variety of sources but mainly as a result of combustion. NO_x is a term used to refer to nitric oxide (NO) and nitrogen dioxide (NO₂). SO_x refers to sulphur dioxide (SO₂).

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

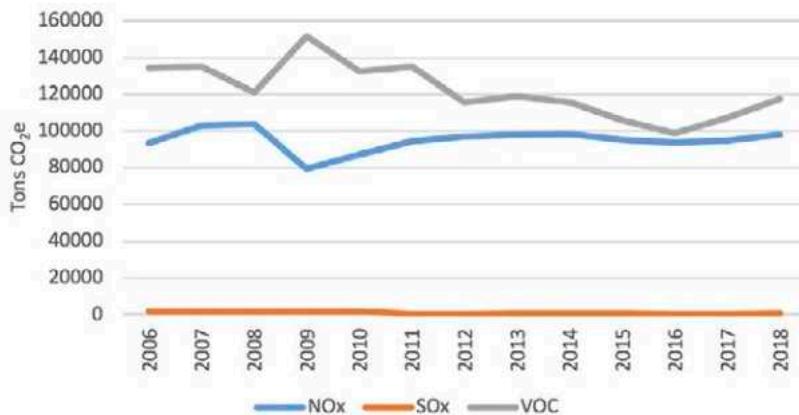
From 2010 to 2018, the following normalized emission percentages for NO_x, SO_x and VOC are as follows: NO_x decreased by 8%, SO_x decreased by 71% and VOC decreased by 27%. However, our absolute NO_x and VOC has increased slightly due to specific requirements of the wafer layers and the photolithography processes required in the product mixes.



Normalized NO_x, SO_x and VOC



Total NO_x, SO_x and VOC



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SCOPE 2 EMISSIONS

Our Scope 2 emissions is a result of our consumption of electricity. The indirect CO₂ emission for electricity results from the combustion of fossil fuel in third-party power plants.

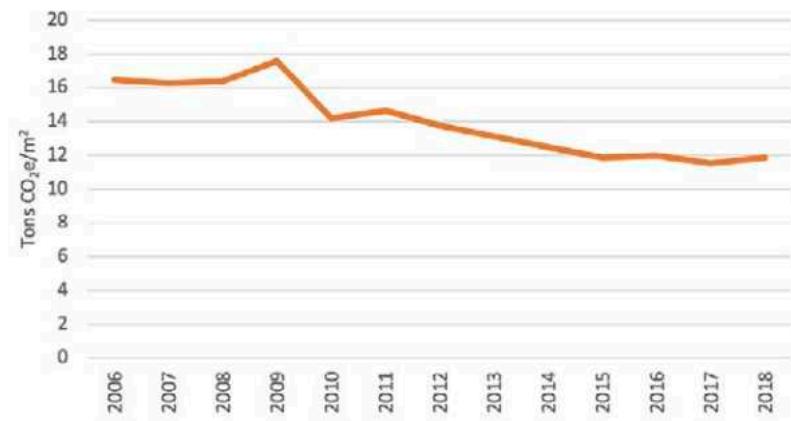
The CO₂ conversion factor is defined as the standardized figure used within NXP to calculate the average amount of CO₂ emissions, resulting from the use of energy sources. These conversion factors are country-specific and are based on information made available by the International Energy Agency.

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

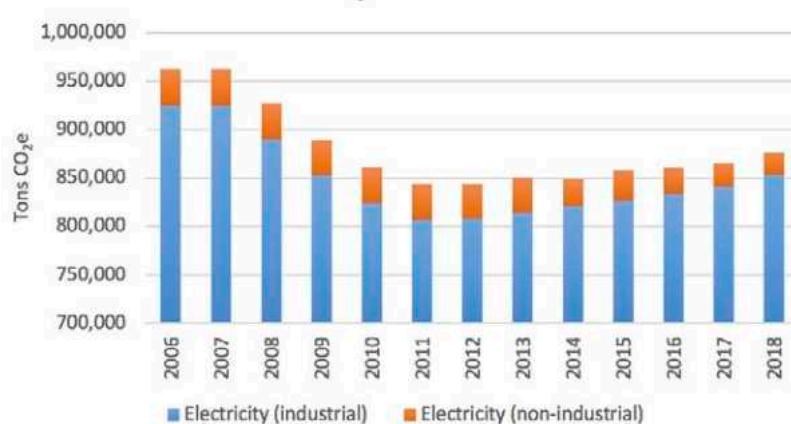
NXP's Scope 2 emissions are reported for electricity purchased. From 2010 to 2018, the normalized Scope 2 emissions decreased by 17.6% even though many of our products became more complex, requiring additional manufacturing steps and hence more electricity to manufacture and test.



Normalized Scope 2 Emissions



Total Scope 2 Emissions



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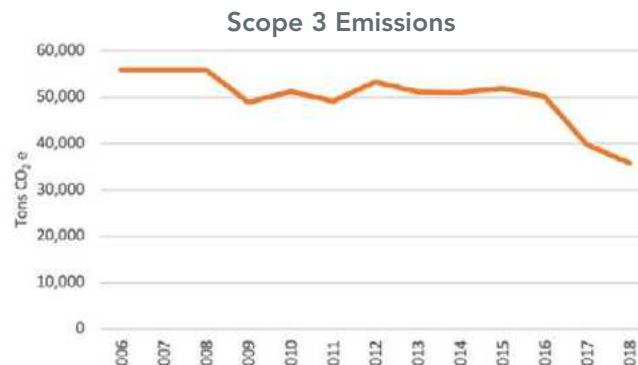
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SCOPE 3 EMISSIONS

NXP's Scope 3 emissions are reported for product transportation and business travel. From 2010 to 2018, the absolute Scope 3 emissions decreased by 30%.



Product Transportation

In 2018, our CO₂ emissions from transporting semi-finished products between factories, and from transporting fully finished products to warehouses and customers, was estimated at 18,709 tons CO₂ for legacy NXP only (based on kilograms per km).

From 2010 to 2018 our product transportation emissions decreased by 25%. We are consolidating our central distribution centers and optimizing our shipping routes in which we contribute to the reduction of product transportation emissions. The standard value of reference for calculating airfreight CO₂ is 0.567 kg per km. This is a value set by the Intergovernmental Panel on Climate Change (IPCC).



Business Travel

Business travel makes up a very small part of our CO₂ emissions. Medium-and long-haul flights emit less CO₂ per passenger km than short-haul flights, and rail travel is approximately 50% less CO₂-intensive per passenger mile than air travel. Emissions from flights are calculated by using flight-distance categories (short, medium, or long haul), along with the distance and average flight emission factors provided by the U.K. Department of Environment, Food, and Rural Affairs (DEFRA) as of 2013.

Total CO₂ emissions from business travel in 2018 was 22,446 tons of CO₂ compared to the 2010 baseline of 27,508 tons of CO₂. We attribute this reduction to efficient business travel.

Business Travel



PHASING OUT OZONE-DEPLETING SUBSTANCES

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Some fluorinated gases, such as hydrochlorofluorocarbons (HCFCs), are ozone-depleting substances, since these cause degradation of the ozone layer that protects the earth and its inhabitants against excessive UV radiation. In response to the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer, many countries have adopted regulations on substances that deplete the ozone layer. Under these regulations, so-called "controlled substances" are to be phased out in the coming decade.

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



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Ozone Depleting Substances

Per Fluorinated Compounds in tons CO₂ equivalent

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
C2F6	303,388	344,224	316,873	271,851	336,911	279,181	281,044	204,650	191,902	190,752	173,033	124,320	126,607
CF4	136,038	155,600	143,197	109,568	130,032	146,767	176,444	182,609	199,433	214,911	193,793	157,092	160,011
CHF ₃	22,247	22,049	21,662	20,550	24,687	24,102	25,395	31,632	31,271	34,356	33,148	37,550	36,555
SF ₆	22,870	24,856	20,256	21,130	25,365	18,505	25,627	27,413	24,169	22,256	25,299	25,898	25,227
NF ₃	29,637	30,169	42,964	27,817	20,098	18,850	28,459	32,900	34,027	34,546	38,937	35,441	34,914
NF ₃ remote	12,618	13,045	11,787	5,862	8,109	9,753	9,105	9,612	12,125	12,607	11,867	8,834	8,926
C3F ₈	17,259	19,746	18,893	16,933	24,516	25,079	27,796	30,239	29,641	31,123	30,418	31,652	32,444
C4F ₈	3,478	3,352	3,388	3,153	4,167	5,136	6,505	7,378	7,332	9,126	8,535	8,324	7,685
C4F ₈ O	0	0	0	0	0	0	0	0	0	112	0	0	0
CHF ₂ F	7	7	7	7	7	13	13	14	18	26	45	36	40
C4F ₆	19	19	19	19	19	56	242	242	372	391	377	349	466
CSF ₆	0	0	0	0	0	0	0	0	0	0	0	0	0
Totaal	547,561	613,067	579,046	476,890	573,911	527,442	580,630	526,689	530,290	550,206	515,451	429,497	432,276

N₂O Emissions in tons CO₂ equivalent

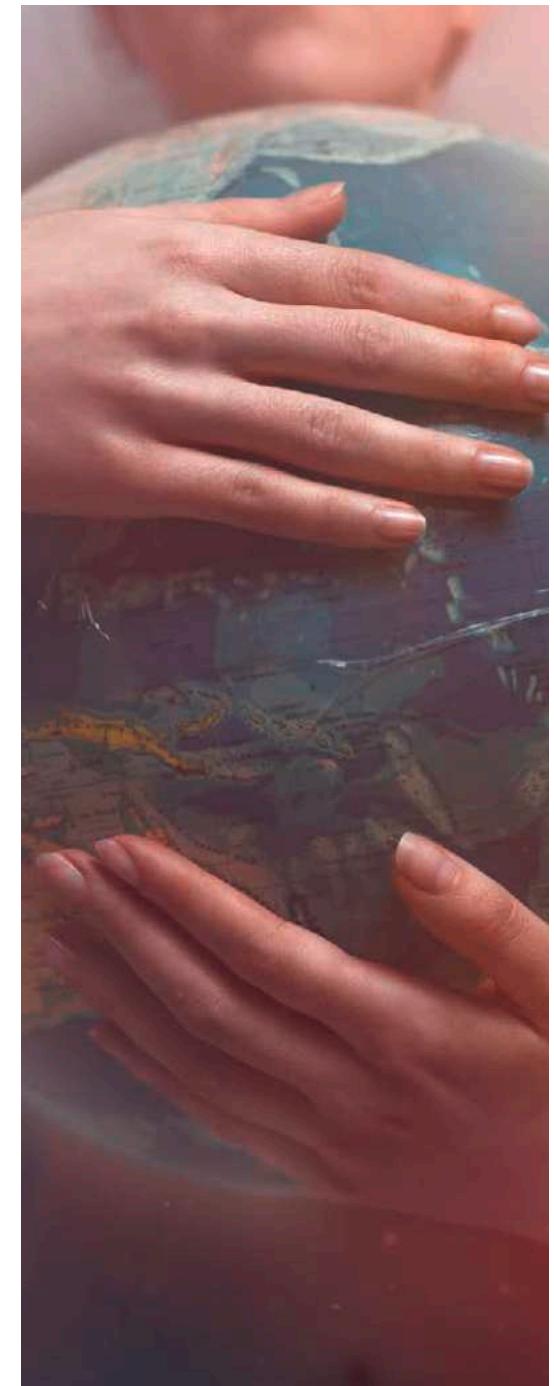
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
N ₂ O					15,976	15,587	15,928	17,944	17,631	17,565	16,904	17,469	16,717

Heat Transfer Fluids tons CO₂ equivalent

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
R-22								2,707	447	377	957	631	332
R-123								189	80	43	615	46	27
R402A								0	0	0	0	22	0
Pure HFCs								4,398	2,044	1,424	2,821	2,185	1,398
R-134a								266	133	133	24	0	52
Mixtures HFCs								94	45	45	7	4,908	118
R-404A								0	35	0	0	0	0
R-407C								0	0	0	0	95	95
R-410A								0	0	0	0	0	0
R-422D								0	0	0	0	0	0
Perfluorocarbons								0	0	0	31,390	91,282	68,895
FC40								20,322	19,083	16,030	20,975	7,766	7,310
Mixtures polyfluoroethers								5	5	0	0	0	0
FC3283								5	5	0	0	0	0
FC72								1,896	1,882	1,234	938	1,070	1,027
FC77D								150	214	97	189	24	31
HFE7100								28	40	14	10	46	43
HFE7200								0	0	0	20	0	0
HFE7500								0	250	650	900	740	0
Galden HT 80								906	1,764	2,118	1,194	3,294	2,544
Galden HT 135								240	90	600	408	210	510
Galden HT 200								0	0	0	0	0	0
Galden HT 270								1,434	2,736	1,656	966	913	599
Galden ZT 130								76,800	143,250	160,650	67,800	0	0
Galden HT110								630	560	490	630	740	560
Galden D0215								110,070	172,663	185,561	129,844	113,972	83,545
Galden PFS-2													

ODPs and non-ODPs emissions in kg

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Halogenated or Chlorinated Hydrocarbons (non-ODP) used in processes</i>													
HFC-32 (CA)	13	17	0	0	0	0	0	0	0	0	0	0	0
HFC-41 (CA)	22	32	0	0	0	0	0	0	0	0	0	0	214
<i>Non-ODP refrigerants for cooling systems e.g. airconditioning</i>													
HFC-32 (CA)	8	0	0	0	0	0	0	0	0	0	0	0	0
HFC-41 (CA)	17	0	0	0	0	0	0	0	0	0	0	0	0
HFC-134 (CA)	216	21	74	0	0	0	0	0	0	0	51	51	52
HFC-134a (CA)	3,092	5,458	2,274	1,978	2,062	1,429	1,950	510	1,428	738	2,428	667	1,078
<i>Ozone depleting substances (from cooling systems e.g. airconditioning)</i>													
HFC-22 (CA)	197	197	197	197	197	98	1,887	1,158	24	24	362	405	60
HFC-123 (CA)	498	316	316	316	316	136	0	182	182	0	0	91	45



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SUBSTANCES OF CONCERN

The production of semiconductor devices uses various chemicals and materials, both in front-end manufacture (wafer fabs) and in back-end operation (assembly). Some of these are highly specific and vital to NXP's process technologies and products. Compared to other industry sectors, the semiconductor industry uses more chemicals and materials, but typically in lower volume and in a highly controlled way. We have several programs in place that regulate our use of hazardous chemicals—in fact, we follow some of the toughest practical standards in the industry for protecting our customers, our employees, and the environment.

NXP has the ambition to be ahead of new chemical legislation and customer requirements. NXP also complies with all relevant national and international legislation in force. Chemical management is therefore one of the cornerstones of NXP's sustainability program. There are two primary goals of our chemical management programs. We must control the risks posed by chemicals in NXP production processes, with respect to the safety and health of workers and to the environment (pollution, global warming, ozone depletion, etc.).

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

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

Substances of Concern: Emissions

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

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

Beyond Baseline Requirements

In a number of areas, we go beyond baseline laws and regulations to support voluntary agreements that promote industry-wide sustainability. For example, we comply with the World Semiconductor Council's (WSC's) Voluntary Agreement for PFOS (PerFluoroOctyl Sulfonates). In early 2009, after three years of deliberation, the Stockholm Convention COP4 discussions on PFOS finished by listing PFOS in Annex B, which means it can still be used for a few critical applications, including semiconductor photolithography. As of 2017, we eliminated all manufacturing use of PFOS. As a result, the emissions from this non-critical use were discontinued, as specified in the WSC Voluntary Agreement.



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The table below lists the substances of concerns emissions, to air and to wastewater.
The figures are based on measurements and calculations.

Substances of Concern													
Restricted substances (emissions to air)													
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1,2 Dimethoxyethane	12	64	0	0	0	0	0	0	0	0	0	0	0
1-Methyl-2-Pyrrolidone (NMP CAS 872-50-4)	33	33	33	33	33	72	358	585	1,272	333	1,266	1,572	624
Arsenic and arsenic compounds	1	5	2	2	1	0	0	0	0	0	0	0	0
Chlorinated paraffins (C10-13 + C23)	0	0	0	0	0	0	0	0	0	0	0	0	0
CHCs, specific	0	0	0	0	0	0	0	0	0	0	0	0	0
Cyanides	0	0	0	0	0	0	0	0	0	0	0	0	0
Formaldehyde	0	0	0	0	0	0	0	0	0	0	0	0	0
Lead and lead compounds	5	1	2	3	2	2	2	0	0	0	0	0	0
Methanol	13	13	13	13	13	39	39	13	49	0	55	55	57
Nickel compounds	33	33	33	33	33	11	11	0	0	0	0	0	1
TMAH (CAS 75-59-2)	11	11	22	51	11	11	11	13	14	410	316	515	534
Restricted substances (emissions to water)													
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1-Methyl-2-Pyrrolidone (NMP CAS 872-50-4)	22	22	22	22	22	74	0	0	0	0	35	26	34
Arsenic and arsenic compounds	0	0	0	0	0	0	0	0	0	0	0	0	1
Beryllium and beryllium compounds	0	0	0	0	0	0	0	0	0	0	0	0	0
Chlorinated paraffins (C10-13 + C23)	0	0	0	0	0	0	0	0	0	0	0	0	0
CHCs, specific	0	0	0	0	0	0	0	0	0	0	0	0	0
Mixture 2-methyl-4-thiazol-3-one and 5-chloro-2-methyl-4-isothiazol-3-one (CAS 26172-55-4)	0	0	0	0	0	0	0	0	0	0	0	0	0
Mixture 5-chloro-2-methyl-2H-isothiazol-3-one and 2-methyl-2H-isothiazol-3-one (CAS 55965-84-9)	0	0	0	0	0	0	0	0	0	0	0	0	0
Copper sulphate	0	0	0	0	0	0	0	0	0	0	0	0	0
Cyanides	0	0	0	0	0	0	0	0	0	0	0	0	0
Formaldehyde	0	0	0	0	0	0	0	0	0	0	0	0	0
Lead and lead compounds	13	15	12	13	18	13	12	1	5	4	4	2	2
Methanol	0	0	0	0	0	0	0	0	0	0	0	0	0
Nickel compounds	0	0	0	0	0	0	0	0	0	0	2	1	3
PFOS	0	0	0	0	0	0	0	0	0	0	0	0	0
Silver powder	0	0	0	0	0	0	0	0	0	0	0	0	0
TMAH (CAS 75-59-2)	18,293	18,293	18,293	18,293	18,293	18,096	19,002	20,815	23,258	22,911	24,858	25,437	26,177
Relevant substances (emissions to air)													
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Ammonia (NH3)	7,713	7,326	6,419	6,243	5,929	5,408	5,982	5,997	6,060	5,971	5,187	2,262	1,847
Hydrofluoric acid	3,659	3,991	3,888	3,222	2,959	2,641	3,534	3,594	3,619	3,796	3,423	2,640	3,551
Nitric acid	2,730	2,544	2,329	2,337	123	818	832	1,443	1,370	1,085	850	1,044	766
Nitrogen oxides	89,204	99,899	103,773	79,145	87,207	94,597	97,020	98,095	98,292	95,227	93,661	94,919	97,856
Sulphur oxides	1,983	1,983	1,983	1,983	1,983	580	577	759	719	768	656	663	689
Volatile organic compounds	133,465	134,348	121,143	151,661	132,495	135,184	115,485	118,931	115,797	105,916	98,709	107,543	117,358
Relevant substances (emissions to water)													
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Ammonia (NH4+)	73,150	77,728	73,914	71,234	85,648	90,636	103,292	107,736	97,217	100,759	100,630	94,883	99,813
Bromine	2,705	2,776	3,066	862	741	726	918	1,106	1,224	1,607	1,837	1,763	1,865
Fluorine	19,921	25,055	24,308	19,027	21,623	21,695	17,396	19,478	17,472	15,702	18,578	20,335	22,694
Nitrate	150,457	172,259	155,729	125,990	150,317	156,225	155,546	146,829	146,156	160,587	140,907	170,489	170,906
Phosphate	140,717	135,559	129,771	133,154	147,450	144,154	170,296	159,275	153,115	155,762	151,001	158,260	162,738

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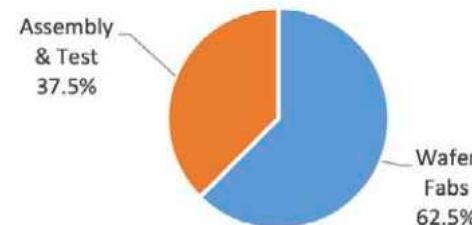
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ENERGY CONSUMPTION

Semiconductor manufacturing is an energy-intensive process, and, as a result, our sustainability programs place a high priority on reducing our energy consumption. The majority of our energy is consumed within our wafer fab manufacturing sites. A very minor portion of the electricity is generated onsite with diesel generators.

Electricity Consumption 2018



GOAL

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

STRATEGY

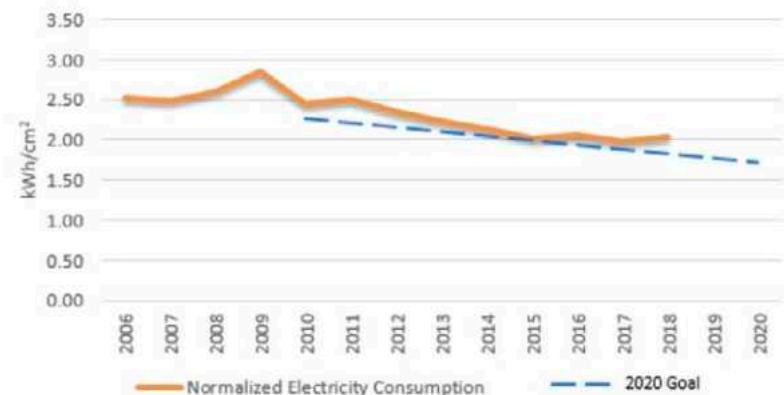
NXP's strategy is to reduce the normalized electricity consumption and find opportunities within the sites for conservation projects and operational efficiency improvements. In 2018, individual sites had several electricity conservation projects and initiatives such as optimizing building operations, installing energy efficient equipment, using more efficient lighting technologies and powering down equipment when not utilized.

PERFORMANCE

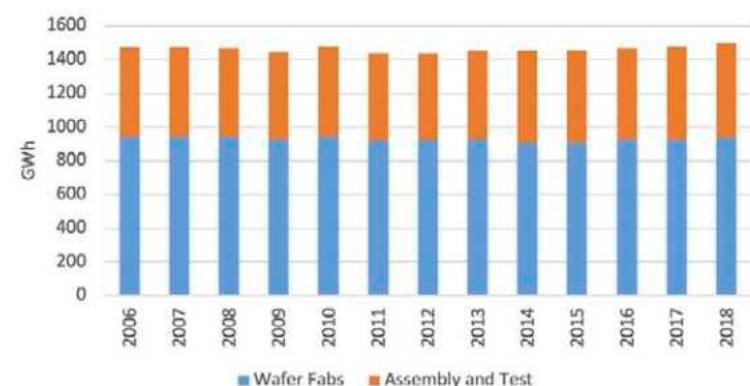
From 2010 to 2018 the normalized electricity consumption decreased by 16.8%. The normalized energy consumption increased slightly for 2018 as compared to 2017 because of two significant changes that occurred in 2018. In lieu of purchasing nitrogen from an

external vendor, we began generating nitrogen at the Kuala Lumpur site, increasing the amount of energy consumed. In addition, our joint venture SSMC expanded their physical factory space to increase production. This ramp up process increased the consumption of energy without producing wafers for 2018. We expect the normalized energy consumption to resume its decline in 2019.

Normalized Electricity Consumption



Electricity Consumption



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Renewable energy is an initiative that some of our locations have taken on as they work towards our 2020 electricity reduction goals. Our Oak Hill manufacturing site has partnered with Austin Energy as a Green Energy Partner, where a portion of energy purchased is renewable wind energy. In 2018, the Oak Hill site purchased approximately 1,440,000 kWh of wind energy. Our Bangkok site also consumes energy in which 18% comes from a combination of renewable sources and hydroelectricity. The Kaohsiung site has



approximately 4% of renewable energy in its energy mix. We have projects dedicated to electricity reduction and identifying new opportunities to purchase renewable energy.

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

In Action

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



In Action

NXP's projects to address energy consumption involved the following for 2018. Bangkok upgraded the cooling and compressed air systems as well as upgraded the lighting system to LED. Kaohsiung replaced low efficiency vacuum pumps and added variable speed drives, improved efficiency of air compressors by adding variable speed drives, adjusted the cooling tower temperature and upgraded the lighting system to LED. Kuala Lumpur optimized the air dryer efficiency by changing the control setpoints and replaced cooling towers. Tianjin implemented a strategy to maximize run time on the most efficient air compressors, adjusted the air conditioning temperature setpoints and implemented a program to shut down tools when in idle mode. Chandler reduced tool exhaust flows to match specifications and reduced ultra-pure water consumption on wet hoods.

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WATER CONSUMPTION

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

For most of our manufacturing sites, our primary water supply is local municipal water.

GOAL

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

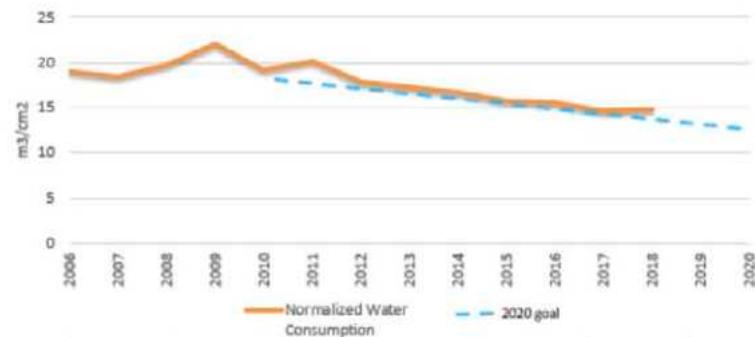
STRATEGY

NXP's strategy is to reduce our water consumption through conservation and recycling opportunities. Our manufacturing sites conducted several water conservation initiatives, such as improving processes and reusing water.

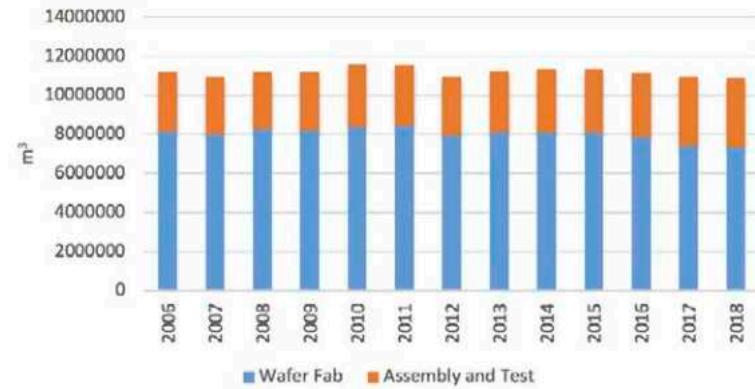
PERFORMANCE

From 2010 to 2018, NXP's normalized water consumption, based on wafer production, decreased by 23%. From 2017 to 2018, the normalized water consumption increased by 1.2% primarily due to the slight increase of water consumption from our SSMC wafer fab and the reduction in products produced at all of our factories. Our percentage of water recycled increased to 40.4% in 2018.

Normalized Water Consumption



Water Consumption



Water Consumption 2018



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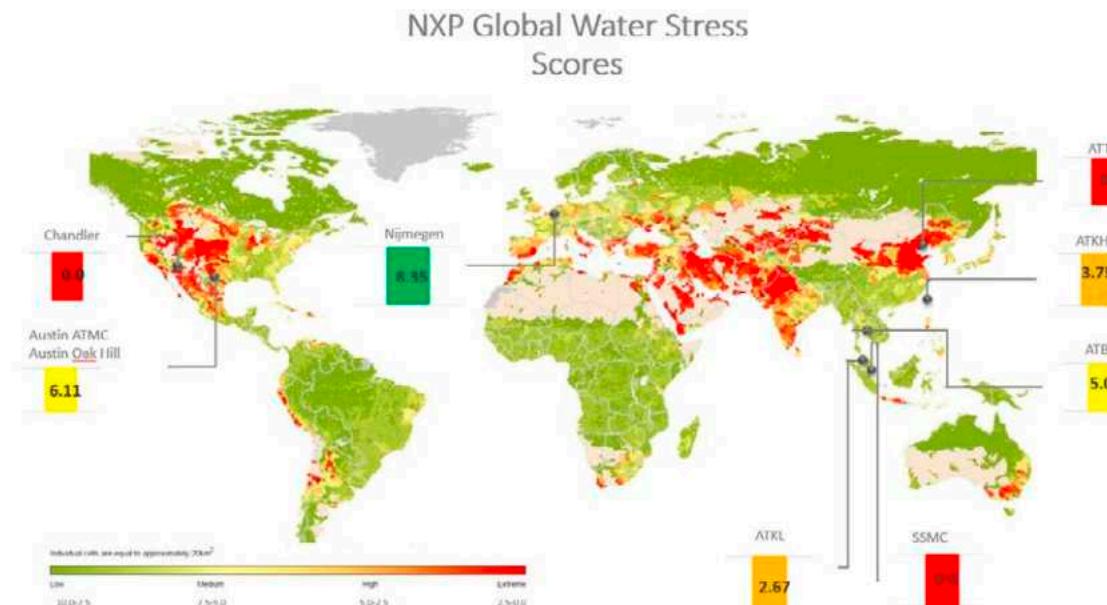
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NXP GLOBAL WATER STRESS SCORES

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



Index values are divided into four risk categories to aid interpretation: extreme (0.0-2.5), high (>2.5-5.0), medium (>5.0-7.5) and low (>7.5-10.0). Countries are assigned a rank, based on their relative position in each index. The index is based on mean annual water stress, and therefore the seasonality of water stress is not captured. In some areas, well-defined wet and dry seasons produce marked variations in water supply through the year, and subsequently levels of water stress exhibit distinct seasonal fluctuations.

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

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

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

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In Action

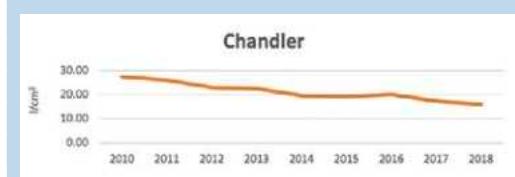
In response to a severe drought, the Kaohsiung, Taiwan site began several water-saving initiatives and recycles and reuses more than 54% of their water. A new procedure for wastewater has yielded considerable savings. Wastewater from wafer sawing is recycled in soft-water tanks, through the use of Ultra Filter (UF) and active-carbon systems. A new Reverse Osmosis (RO) system will provide additional recycling of waste water from sawing. As an added step, wastewater from wafer grinding will be recycled in cooling towers, via Dissolved Air Flotation (DAF), fiber-filter, and active-carbon systems. These new water-processing systems are already generating significant savings. In 2018, the Kaohsiung site has reduced its normalized water consumption by 41% from a 2010 baseline, generating significantly less wastewater.

In Action

In Singapore, there are restrictive water use rules and our site at SSMC has the most efficient water recycling programs within the NXP sites, recycling 66% of their waste water and reusing it within the process. It is accomplished by having multi-tiered segregated waste water streams that are treated to various degrees based on the contamination levels. The water treatment systems use multi-media filters, reverse osmosis, degasification, ultra-filtration, ultra violet sterilization and other technologies to treat the waters. Each of the recycled water streams have dedicated reuse options that optimize the usability of water.

In Action

In an effort to offset the water consumption at the Chandler site, the site hooked up process tools to their reclaimed water system to offset water consumption. In 2018, the Chandler site has reduced its normalized water consumption by 42% from a baseline of 2010.



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WASTE

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

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

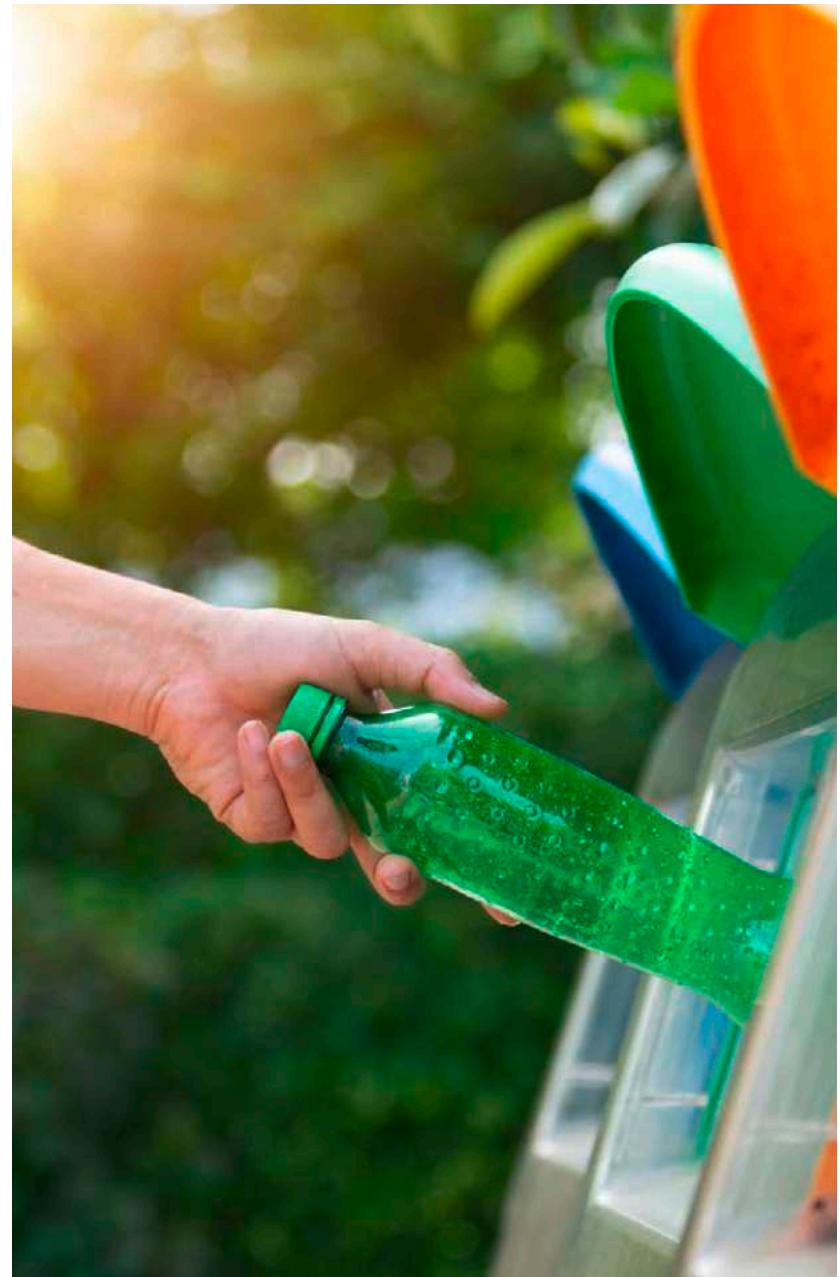
GOAL

Increase the recycle rate of both hazardous and non-hazardous waste to 90% by 2020 from a 2010 baseline.

STRATEGY

NXP's strategy is to continuously look for opportunities to reduce the amount of waste generated by improving yield and quality programs and increase our recycling initiatives by improving site recycling programs and expand material reclamation efforts.

- Continue to recycle/reuse spent materials
- Identify new opportunities to recycle
- Establish more recycling vendor possibilities in local regions
- Remove single use plastic from our cafeterias, café and pantries with sustainable and reusable alternatives



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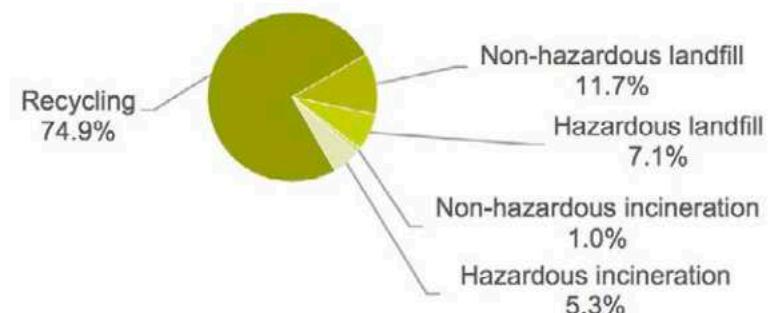
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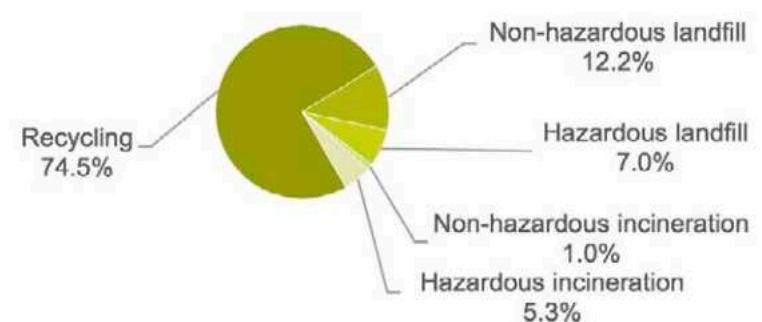
Our total waste is calculated for our fabs and assembly operations and includes onetime disposal. We consider onetime waste as those waste streams that are generated not part of normal operations but rather generated as a result of unique one-off project. Examples include: construction debris from site demolition and roofing debris. In 2010, our recycling rate was 65% and in 2018 the recycling rate increased to 75%. Taking out the one-time disposal, 62.3% of waste comes from wafer fabs and 37.7% from assembly operations. Waste generated from operations was 74.9% recycled, 19.2% goes to landfill, and 6.3% is incinerated. The recycling slightly increased when compared to 2017. In 2018, we continued our work to better understand the process for each site and how to optimize our recycling opportunities across the globe. Our investigations concluded that there was inconsistency in calculating the rate, which has been corrected from 2018 and onwards. In addition, we have experienced recycling vendors serving some locations either do not have options for specific streams or due to demand, no longer able to recycle. Our biggest opportunity to increase recycling is to be able to manage our waste water sludge. In some locations, there are opportunities to recycle the sludge material and in other locations there are not. We continue to search for alternative recycling vendors to increase our 2019 recycling opportunities.



Waste generated from operations 2018



Total waste 2018 (including one-time)



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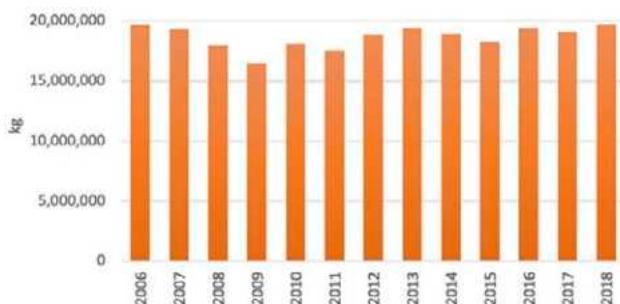
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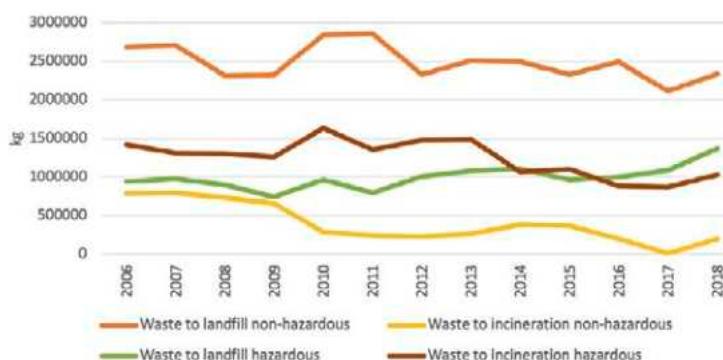
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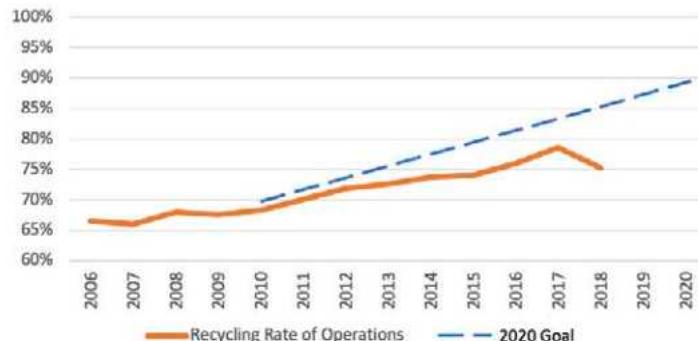
Total Waste & One Time Waste



Total Waste & One Time Waste



Recycling Rate



E-SCRAP RECLAIM

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

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

In Action

In 2018, NXP conducted an audit of our back-end facilities e-scrap program and our e-waste vendors which provided additional opportunities to increase reclaim effectiveness. The audit’s purpose was to review and ensure security controls were in place for asset, IP and anti-counterfeit protection. Proper EHS methods were used in the entire e-scrap disposal process. Checks and balances were in place to make sure the material was properly crushed; split and all material was accounted for. For additional assurance, comparative analysis and internal benchmark was conducted.

Overall, there were no significant issues observed, additional improvements have been documented for program improvements. Corporate and site teams have action plans in place and will continue monitoring the program.

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PACKAGING

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

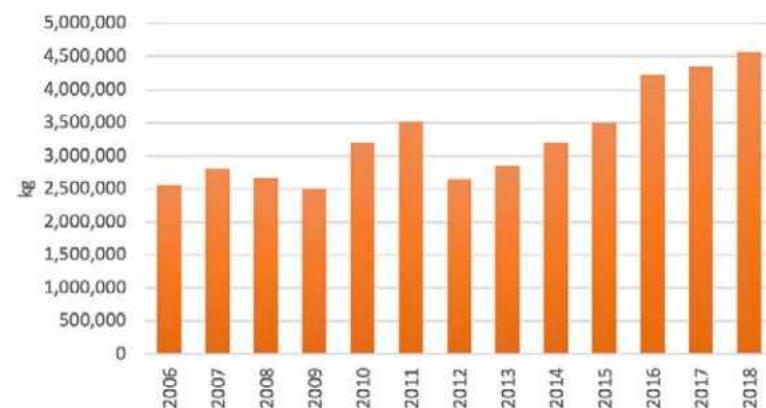
We work with our packaging suppliers to drive changes in the materials that we use to ship products between our sites and our customers. Our long-term vision is to have a sustainable and closed-loop packaging program for all inbound, outbound and return shipments.

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

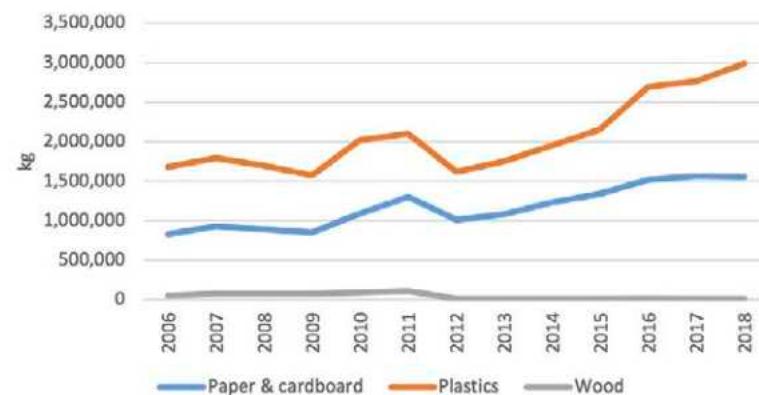
As discussed in other chapters of the report, during 2018, our internal wafer fab manufacturing produced slightly less product than in 2017. At the same time, NXP did an increased level of manufacturing with our external partners and produced 19% more individual devices in 2018. This was primarily due to the specific product mix that was in demand and sold in 2018. Due to this reason, the total packaging tonnage increased to 4,560 tons, an increase of 4.7% of packaging from 2017.

Our packaging uses mainly paper & cardboard (1,560 tons) and plastic (2,985 tons) in 2018. While the 2018 packaging data includes a majority of NXP sites, it does not include all. We intend to include all NXP sites in future reports.

Total Packaging



Types of Packaging



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PRODUCT STEWARDSHIP

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ENVIRONMENTAL PRODUCT COMPLIANCE

At NXP, our goal is to provide environmentally preferred products that meet both regulatory requirements and specific restrictions on hazardous substances and minerals.

Our global Environmental Compliance Organization for Products (ECO-Products) manages our corporate product compliance procedures for:

- End of Life Vehicle Directive in the European Union (ELV)
- Restriction of Hazardous Substances in the European Union and China (RoHS)
- Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)

We work closely with our supply chain to document our product compliance. Documentation includes full material composition declarations using the IPC-1752 template; certificates of analysis for RoHS substances using an IEC 62321 recommended analytical technique; and reasonable country of origin inquiries for conflict minerals using the Conflict Minerals Reporting Template (CMRT).

NXP only qualifies new semiconductor packages with environmentally preferred materials in which the use of hazardous materials is kept to a technically necessary minimum. For this purpose, we created the ECO-Products Substance Control for Products and Packaging.

It specifies substances that are not permitted in materials, parts, (semi)-

finished goods, subassemblies, and packaging materials delivered and used at levels above our established threshold, to ensure that no NXP products put on the market contain any substances that are restricted by law or other regulations. While most substances on this list are not permitted by law, a number of them are not permitted by NXP in view of upcoming legislation, or their impact on the environment, health and safety.

The ECO-Products Substance Control for Products and Packaging also contains a number of restricted substances. Use of these substances is allowed, but any intentional use of these substances above the declaration threshold must be reported as specified in this list. Most substances are placed on the list because of health risks in their use and/or processing. Others are placed on the list because they limit recycling, are scarce, or have a high environmental impact in mining. In this way, NXP encourages suppliers to look for and start using alternatives.

To provide our clients with more information about product content, as well as detailed information of Lead-Free and Halogen-Free products, we offer the Product Content Search [Tool](#). NXP also provides information to IMDS (International Material Data System). In IMDS, all chemicals present in finished automobile manufacturing are collected, maintained, analyzed, and archived. IMDS facilitates meeting the obligations placed by automobile manufacturers, and thus on their suppliers, by national and international standards,

laws, and regulations.

HAZARDOUS SUBSTANCES

Formal guidelines have been introduced gradually over several years by various bodies substantiating NXP's own drive to eliminate hazardous substances from our products. Directives such as RoHS (Restriction on Hazardous Substances in Electrical and Electronic Equipment), REACH (Registration, Evaluation, and Authorization of Chemical substances), WEEE (Waste from Electrical and Electronic Equipment) and ELV (End of Life Vehicle) impose better control over waste management of electronic devices.

RoHS

NXP declares that its semiconductor products (including homogeneous sub-components) are designed to be RoHS compliant and meet the requirements defined under Directive 2011/65/EU of the European Parliament and of the Council of June 2, 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment. NXP RoHS compliant semiconductor devices contain no more than 0.1% lead (Pb) by weight per homogeneous material, or else the devices may contain lead (Pb) for uses allowed by the RoHS Directive as amended.

Lead (Pb)

The potential health hazard posed by lead (Pb) contamination is a major concern to everyone. In 2010, together with four other leading companies (Bosch-Division Automotive Electronics, NXP Semiconductors, Infineon Technologies,

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and STMicroelectronics) NXP formed a consortium, known as the DA5 (Die-Attach 5), to jointly investigate and standardize the acceptance of alternatives for high-lead solder for attaching die to semiconductor packages during manufacturing. For environmental reasons, the semiconductor industry is making every effort to eliminate high-lead solder wherever feasible. Any solution will require substitute material development and evaluation, internal semiconductor process and product qualification, and semiconductor production conversion to guarantee product reliability. By jointly developing and qualifying an alternative, the DA5 consortium aims to identify and provide lead-free and environmentally friendly solutions as quickly as possible. The consortium also aims to understand the risks of current and future legislation and provide a common message to legislating bodies (by, for example, supporting requests for exemption extensions).

NXP's Pb-free initiative, which supports our commitment to sustainability, ensures the complete removal of lead from our entire device portfolio without adversely affecting technical specifications or our customer's manufacturing processes.

Recycling and careful disposal is one approach to address the health hazard of lead. But at NXP, we believe prevention is better than a cure so we've made the manufacturing process Pb-free. We are actively engaged in researching new soldering materials, processes, and package-terminal plating, with the aim of making our broad product portfolio completely Pb-free in the near future. Some

products, such as the majority of our DIP, SIL, and QFN packages, have been Pb-free for many years.

Halogens

We make a distinction between Green and Dark Green Products. Green Products are RoHS-compliant products, while Dark Green products are fully RoHS-compliant products that comply with the European Union directive 2011/65/EU and are free of Halogen and Antimony. Our specification for these products has been set at 900 ppm, which is significantly better than the industry standard. Our specification for Dark Green Products also applies to all chlorinated and brominated compounds. It is one of our key focus areas to restrict all chlorines and bromines, not just those that are flame retardants, in our Dark Green products. The shift to halogen-free formats does not change any product parameters or affect existing qualification, such as the automotive standards as defined by the AEC (Automotive Electronics Council). NXP customers benefit from this transfer to Dark Green, since environmental safety is becoming more important for manufacturing processes, and end customers view it as a value in its own right.

Formal legislation restricting halogen and antimony oxide is now under discussion and NXP, as a leader in the field, is providing technical expertise that will help legislators make informed decisions. NXP's Dark Green Policy concerning IC packages aims to do several things:

1. Qualify cost-effective Dark Green compounds for existing packages.

2. Discourage too many non-preferred Dark Green solutions and encourage standardization.
3. Convert existing products.
4. Combine Dark Green's introduction with thin-wire and Cu-wire changes to control cost and quality.

These activities reflect NXP's deep commitment to developing eco-friendly products and to integrate environmental safety aspects in all manufacturing processes. "Dark Green" products can be recognized by the "Halogen Free" logo on the box label.

In Action

The Dark Green product line started with a request from some of our leading customers in the mobile-phone segment. Concerned about the disposability of their products, they were looking to replace two of the flame retardants used in IC packaging, that contained halogen and antimony oxide. Since NXP works very closely with our customers, our suppliers, and our manufacturing sites to find better alternatives, we took on the challenge. The reality is that changing the chemical formula in a semiconductor product is no easy task. The manufacturing process is extremely delicate and complex, so making even a minor change can have a serious impact. In the end, we developed a new kind of packaging, called Dark Green, that doesn't use halogen or antimony oxide and, as an added bonus, is more resistant to moisture. It doesn't require dry-pack processing, which involves drying the package and sealing it in plastic, and that delivers an added saving on energy and resources.

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REACH

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

REACH (Registration, Evaluation, and Authorization of Chemical substances), which is the European legal framework for chemicals in force since June 1, 2007. As of December 2017, the REACH Substance of Very High Concern (SVHC) list includes 174 candidates and 43 authorized substances. Substances found in the REACH Annex XIV, and in Annex XVII (with applicable restrictions) are on the prohibited or restricted substances list. Substances in the Candidate List (REACH SVHCs) may be categorized as Prohibited, Restricted or Declarable. NXP products and packaging do not contain substances found in Annex XIV and Annex XVII. NXP has identified materials within its products and packaging materials that may contain EU REACH SVHC candidate substances in excess of 0.1% by weight.

WEEE

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

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

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

Some of NXP Semiconductor products contain brominated flame retardants in the plastic encapsulation. Plastics containing brominated flame retardants are considered a WEEE relevant substance. NXP semiconductor products that do not contain brominated flame retardants are easily identifiable by the Halogen-Free logo on the packaging label.

ELV

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

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

RESPONSIBLY SOURCED MINERALS

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All of the smelters and/or refiners (SORs) reported on the NXP CMRT are Certified according to RMI and/or LBMA. We provide updates when new data is received. NXP is participating in several engagements to address the conditions related to conflict and high-risk areas of minerals in the supply chain. We are also participating in initiatives to add cobalt and other minerals to the scope and are committed to continuous improvement of the entire conflict minerals due diligence infrastructure.

Regulation

The Conflict Minerals regulation in the United States (Section 1502 of the Dodd-Frank Wall Street Reform and the Consumer Protection Act) applies to companies who must report to the Security and Exchange Commission (SEC). These companies are required to review their products and determine whether tin, tungsten, tantalum and gold (3TG) are necessary for production. If necessary for

production, companies are required to evaluate their supply chain and declare whether 3TG originate in and around the Democratic Republic of the Congo from sources that finance civil rights abuses.

NXP is dedicated to ensuring conflict-free sourcing. To comply with the Conflict Minerals regulation, NXP developed and implemented a policy and due diligence process to reasonably assure that the tin, tungsten, tantalum and gold in the products we manufacture do not directly or indirectly finance or benefit armed groups.

NXP's Responsibly Sourced Minerals Policy

The trade of minerals in conflict and high-risk areas is often connected to increased violence and human rights abuses, which undermine the efforts towards ethical governance and the rule of law. Increased awareness amongst governments, NGOs, the investment community, and companies worldwide are at the forefront of drawing attention to the exploitative conditions imposed in these conflict and high-risk areas. Working together is critical to establishing peace, development, and stability.

Our Commitment

NXP is deeply committed to responsibly sourcing minerals in an ethical and humane manner. We are dedicated to ensuring that the minerals contained in our products are obtained, produced, and used in a socially responsible manner. NXP strives to avoid negative impacts such as a de facto embargo in the sourcing of minerals. We will continue to work with partners and individuals to support and strengthen responsible sourcing

opportunities and to provide transparency of our progress and results.

Our Policy

NXP's policy is to ethically source minerals from responsible suppliers to ensure that NXP's supply chain does not contribute to human rights abuses around the globe. If sources are identified that do not follow NXP standards, NXP will take action to remove them from our supply chain.

Our Approach

NXP's responsibly sourced mineral program is designed in accordance with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas including the related supplements on gold, tin, tantalum and tungsten, as it relates to our position as a "downstream" purchaser. In addition, NXP requires our suppliers to adhere to NXP's Supplier Code of Conduct, which compels our suppliers to ensure responsible sourcing of minerals in their supply chains. Suppliers must exercise due diligence on the source and chain of custody of minerals and provide their due diligence policies and measures upon request. To verify compliance with these commitments, NXP conducts third-party audits. NXP will continue to responsibly source minerals in our supply chain. We will work together with auditors, governments, other companies, and suppliers to facilitate continuous improvements in industry-wide due diligence approaches and human-rights-focused practices.

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GRI 102	General Disclosures	102-4	Location of operations	Overview
GRI 102	General Disclosures	102-5	Ownership and legal form	Form 20F page 22
GRI 102	General Disclosures	102-6	Markets served	Overview Form 20F page 24
GRI 102	General Disclosures	102-7	Scale of the organization	Overview
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GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	Form 20F page 59 Investor Relations
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GRI 102	General Disclosures	102-51	Date of most recent report	2018
GRI 102	General Disclosures	102-52	Reporting cycle	Annually
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	CSR@nxp.com
GRI 102	General Disclosures	102-55	GRI content index	As shown.
ECONOMIC PERFORMANCE				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	Investor Relations
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	Form 20F page 17
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GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	NXP Code of Conduct

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EMISSIONS				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	Environment
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	Reducing our Carbon Footprint
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	Reducing our Carbon Footprint

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GRI 305	Emissions	305-4	GHG emissions intensity	Reducing our Carbon Footprint
GRI 305	Emissions	305-5	Reduction of GHG emissions	Reducing our Carbon Footprint
GRI 305	Emissions	305-6	Emissions of ozone-depleting substances (ODS)	Phasing Out Ozone-Depleting Substances
GRI 305	Emissions	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Reducing our Carbon Footprint

EFFLUENTS AND WASTE

GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	Environment
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	Waste
GRI 306	Effluents and Waste	306-3	Significant spills	Environment

ENVIRONMENTAL COMPLIANCE

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GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Environment

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GRI 401	Employment	401-1	New employee hires and employee turnover	Employee Profile
LABOR/MANAGEMENT RELATIONS				
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GRI 402	Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	Social Responsibility Auditable Standards
OCCUPATIONAL HEALTH AND SAFETY				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	Health and Safety
GRI 403	Occupational Health and Safety	403-1	Occupational health and safety management system	OHSAS 18001 Certification
GRI 403	Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety
GRI 403	Occupational Health and Safety	403-4	Worker participation, consultation and communication on occupational health and safety	Each manufacturing site provides various opportunities for employee representation and feedback. These may include committees, incident investigation, safety meetings, etc. NXP is certified to OHSAS 18001, and plans to be fully compliant to ISO 45001 by 2020.

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GRI 403	Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system	OHSAS 18001 Certification
GRI 403	Occupational Health and Safety	403-9	Work-related injuries	Health and Safety

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GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	Career Path

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CHILD LABOR				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	Labor and Human Rights
GRI 408	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Social Responsibility Auditable Standards
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GRI 409	Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Slavery and Human Trafficking Statement
SECURITY PRACTICES				
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GRI 412	Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Social Responsibility
GRI 412	Human Rights Assessment	412-2	Employee training on human rights policies or procedures	Social Responsibility
GRI 412	Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Supply Chain Management
SUPPLIER SOCIAL ASSESSMENT				
GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	Supplier Engagement
GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Supply Chain Management
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	Supplier Engagement

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GRI 417	Marketing and Labeling	417-1	Requirements for product and service information and labeling	Product Stewardship
GRI 417	Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	NXP has not had any non-compliance with regulations concerning product information and labeling.
GRI 417	Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	NXP has not had any non-compliance with marketing communications.

SOCIOECONOMIC COMPLIANCE

GRI 103	Management Approach	103-1 - 103-3	Disclosure of management approach	Investor Relations
GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	NXP has not had any non-compliance with laws or regulations in regards to the areas of social and economics.



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