



Declaration of principles under the Supply Chain Due Diligence Act

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Preamble

As a company with international interdependencies, NXP sees itself as having a special responsibility to work towards improving the global human rights situation along our supply chains and to shape business relationships socially with a view to the 2030 Agenda for Sustainable Development.

NXP is committed to respecting human rights and environmental concerns within its own business activities and along global supply chains and to ensuring that human rights and environmental violations are prevented, and that those affected have access to remedial action.

One of the obligations of the Supply Chain Due Diligence Act is the publication of the policy statement pursuant to Section 6 (2) of the Supply Chain Due Diligence Act. In particular, we will outline the priority human rights and environmental risks identified for the company on the basis of the risk analysis and the definition of human rights and environmental expectations that the company has for its employees and suppliers in the supply chain on the basis of the risk analysis. In addition, we provide a description of the procedure by which the company fulfils its obligations under § 4 (1), § 5 (1), § 6 (3) to (5), and §§ 7 to 10.

Our policy statement includes the following points:

1. Human rights and environmental risks

At NXP, we strongly believe that respecting human rights, promoting fair labor practices, protecting the environment, and contributing to the development of the common good in the communities in which we operate are of great importance. Our policies reflect these principles and guide our actions towards sustainable development.

There are no salient human rights and environmental risks identified for NXP Germany, using NXP's risk assessment and due diligence process.

The review process and risk assessment are conducted.

NXP has, in 2023, 796 active suppliers in Germany and all have been assessed to be low risk, in the NXP supply chain risk assessment.

The review and risk assessment will be conducted and updated year over year.

2. Principles



Based on the NXP risk analysis, which can draw on long-established risk analysis and management processes and documentation, we are committed in particular to the following principles:

2.1 Human rights principles

NXP is committed to supporting and upholding all international labour and human rights laws and norms. We conduct business consistent with,

- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- The UN Guiding Principles on Business and Human Rights
- The Universal Declarations of Human Rights
- The OECD Guidelines for Multinational Enterprises
- The principles of the UN Global Compact

Our commitment is further detailed in the NXP Human Rights Policy, [Labor-and-Human-Rights-Commitment.pdf \(nxp.com\)](#).

Recognized standards such as the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGP), standards, conventions and guidelines of organizations such as the International Labor Organization (ILO), the Organization for Economic Co-operation and Development (OECD), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI) were used as a reference in the creation of the NXP Supplier Code of Conduct and may be useful sources of additional information (see Section G). NXP expands on the NXP Supplier Code of Conduct by maintaining a set of detailed standards that clarify our expectations for compliance.

Implementation in the company:

- prohibition of discrimination,
- respect for the principle of equal opportunities and equal treatment,
- choice of employment (no forced labour),
- prohibition of child labour,
- adequate remuneration,
- freedom of collective bargaining and association,
- Compliance with safety regulations.

2.2 Environmental due diligence

NXP recognizes that environmental responsibility is integral to producing world - class products. In manufacturing operations, adverse effects on the community, the



environment, and natural resources are to be minimized while safeguarding the health and safety of the public.

The environmental standards are as follows:

Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals, and registrations are to be obtained, maintained, and kept current, and their operational and reporting requirements are to be followed.

Pollution Prevention and Resource Reduction

Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, is to be conserved by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling or other means.

Hazardous Substances

Chemicals, wastes, and other materials posing a hazard to humans, or the environment are to be identified, labelled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.

Solid Waste

Suppliers shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).

Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting substances, and combustion by-products generated from operations are to be characterized, routinely monitored, controlled, and treated as required prior to discharge. Ozone-depleting substances are to be effectively managed in accordance with the Montreal Protocol and applicable regulations. Suppliers shall conduct routine monitoring of the performance of its air emission control systems.

Materials Restrictions

Suppliers shall comply with all applicable laws and regulations prohibiting or restricting



the use and handling of specific substances in manufacturing and product [materials](#), including labelling for recycling and disposal.

Auditees engaged in the manufacturing of materials that will be part of NXP's end products and Auditees engaged in the manufacturing of NXP branded products shall comply with the most recent version of NXP's List of Hazardous Substances in Products and Packaging. Upon NXP's request, the Auditee shall provide NXP with full material content information using the NXP Material Declaration Form and/or Material Safety Data Sheets.

Auditees shall identify and manage product substances that pose an environmental hazard and shall conform to applicable labelling laws and regulations for recycling by complying to the most recent version of the NXP [ECO-Products Substance Control for Products and Packaging](#).

Legislative compliance includes:

- Restriction of Hazardous Substances (RoHS) in the European Union and China
- Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
- Waste Electrical and Electronic Equipment (WEEE)
- End of Life Vehicle Directive in the European Union (ELV)
- Other regulations in the countries and regions in which NXP operates.

Upon NXP's request, the Auditee shall provide NXP with full a material content declaration using the industry standard IPC-1752A XML Class D format. Additional evidence is required in the form of annual test reports for RoHS substances, Halogens, and Antimony, executed according to the IEC62321 standard and performed by a third-party laboratory certified to ISO/IEC 17025.

Water Management

Supplier shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. All wastewater is to be characterized, monitored, controlled, and treated as required by applicable laws and regulations prior to discharge or disposal. Participant shall conduct routine monitoring of the performance of its wastewater treatment and containment systems to ensure optimal performance and regulatory compliance. Upon NXP's request, Supplier shall participate in the CDP Water Disclosure and/or the RBA Environmental Reporting.



Energy Consumption and Greenhouse Gas Emissions

Suppliers are to establish a corporate-wide greenhouse gas reduction goal. Energy consumption and all relevant Scope 1 and 2 greenhouse gas emissions are to be tracked and documented, and publicly reported against the greenhouse gas reduction goal. Suppliers are to look for methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions. Upon NXP's request, Supplier shall participate in the CDP Supply Chain Disclosure and/or the RBA Environmental Reporting.

Certification

Suppliers engaged in the manufacture of, or engaged in providing materials that will be part of NXP branded products shall have ISO14001 certification (or comparable), or a plan to become certified. Alternatively, the material suppliers must provide documented objective evidence of an operational environmental management system and demonstrate equivalency.

3. Supply Chain Due Diligence

Our suppliers submit a signed conformance letter stating that they abide by the NXP Supplier Code of Conduct and are promptly notified with updates to our requirements.

We use extensive risk analysis to identify potential risks in our supply chain and take appropriate action and have established an accessible complaints mechanism that includes direct and indirect suppliers. Suppliers undergo an annual supplier risk assessment. In 2022, 267 suppliers received a risk assessment score above 49%, indicating high or priority risk, and, as a result, may be required to complete an NXP Self-Assessment Questionnaire and/or participate in an audit. NXP works collaboratively with suppliers to help them achieve and maintain our standards and expectations. Our preference is to work with suppliers to address potential deficiencies by helping them develop and implement a corrective action plan.

Our supply chain management practices include:

3.1 Supply Chain Management: We have established effective supply chain management that ensures that our suppliers comply with the requirements of the NXP Supplier Code of Conduct and applicable laws in the countries in which they operate. Details can be found at [Supplier Engagement | NXP Semiconductors](#).

3.2 Risk Assessment:

Our supplier risk assessment, developed jointly with our procurement and sustainability teams, is reviewed and updated to reflect changing perspectives in environment, labor, and human rights requirements. Our supplier risk assessment considers three risk criteria: country,



product, and spend. Country Risk assesses countries, regions, and all other locations in which NXP has a footprint. Each criterion has a scale of one (lowest risk) to ten (highest risk). The overall supplier risk score is the product of the three individual scores, expressed as a percentage. A higher percentage implies a higher risk exposure.

$$\text{Risk Score} = [(\text{Country Risk}) \times (\text{Product or Service}) \times (\text{Spend})] \times 10/1000$$

Given the scale of this annual effort, NXP partners with two advisory firms, Verisk Maplecroft and Verité, to identify potential issues relevant to our supply chains. Verisk Maplecroft's database provides input that we use to screen our supply chain for inherent risk and uses predictive models to evaluate areas such as forced labor, child labor, and working conditions. Verité Cumulus provides NXP with online technology to identify forced-labor and human-trafficking risks of labor agents involved in the recruitment of migrant workers. Verité Cumulus also maps and assesses labor agents, in both the receiving and sending countries and regions, along with their recruitment practices.

In addition, we require our suppliers classified as high-risk suppliers to complete a self-assessment questionnaire and/or participate in an audit.

3.3 Audits:

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

NXP supplier audits analyse three main aspects of social responsibility: documentation reviews, management and private worker interviews, and physical inspection of all facilities, including any dormitories (onsite audit only). Audits also include interviews with labor agents and onsite service providers, such as janitorial, cafeteria, security, and other services.

3.4 Commitment: We work closely and collaboratively with our suppliers to work together on solutions and develop action plans for continuous improvement. We encourage dialogue and the exchange of best practices to make our supply chain more sustainable.

3.5 Ethics: We ensure that our suppliers act ethically and comply with both legal requirements and our own specifications when procuring labour and raw materials.

3.6 Training: NXP conducts regular capacity building and training for our supply chain partners. These training covers the requirements of NXP's Supplier Code of Conduct and recommendations on how to comply with those requirements. The training program also



provide NXP the opportunity to obtain feedback from suppliers about their concerns and challenges.

3.7 Indirect Suppliers

Our due diligence extends to our indirect suppliers in our supply chain. The indirect suppliers in our supply chain are facility services, equipment suppliers, and other essential service providers, such as logistics and warehousing.

On an annual basis, we carry out supply chain risk analysis of all our suppliers, including our indirect supplier and in some cases, carry our audits of our indirect suppliers.

Together with indirect suppliers, we work on the creation and implementation of requirements that are aligned with NXP Supplier Code of Conduct, to prevent, terminate or minimize risks and violations.

4. Remedies and Complaints Procedures:

We have established clear procedures for remedying and dealing with complaints. If violations of sustainability standards are identified in our supply chain, we advocate for appropriate corrective action and ensure that complaints are handled appropriately.

Our complaints channel is open to NXP employees, contractors and third parties who wish to report concerns or violations by our indirect suppliers.

In detail, this includes:

4.1 Complaints procedure

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

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

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

All concerns raised are taken seriously. We apply the highest standards of confidentiality in the handling of all reports received. We have a strict non-retaliation policy to protect those who report concerns and grievances.



4.2 Remedies

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

5. Continuous Improvement

We strive to continuously improve our sustainability performance and also place this requirement on our suppliers. Regular reviews and updates of our policies, procedures and practices are made to reflect evolving sustainability standards, regulations and best practices.

On a regular basis, the management will conduct reviews to determine the continues effectiveness and adequacy of the NXP human rights and environmental due diligence program requirements in order to meet changing business, regulatory and stakeholder requirements.

6. Reporting and disclosure

We will report transparently and comprehensively on our sustainability efforts, including our progress, successes and challenges. Our reports are prepared annually and are available to our stakeholders and the public. Information on the principles and measures for the protection of human rights and environmental due diligence can already be found in our annual sustainability report and in our financial report, which is presented to management and the public.

From 2024, we will also set out the topics specific to compliance with the Supply Chain Due Diligence Act in a separate section of our Sustainability Report. In addition, the Compliance Officer and the representative of our company will report regularly and on an ad hoc basis to the management in accordance with Section 4 (3) LkSG on compliance with human rights, environmental and other obligations under the LkSG.

7. Delegate and Contacts

NXP has appointed an officer in accordance with Section 4 (3) of the Supply Chain Due Diligence Act:

Michael Hoffman, Senior Vice President & Chief Commercial Counsel, Deputy General Counsel

Further contacts and further information can be found at



Additional information: https://www.nxp.com/company/about-nxp/sustainability-and-esg:CORP_SOCIAL_RESP

NXP Ethics Committee: code.compliance@nxp.com

SpeakUp: <https://www.nxp.com/company/about-nxp/sustainability-and-esg/ethics:ETHICS>

With this comprehensive approach to supply chain due diligence, we help to ensure that our products are manufactured with the highest quality and that all relevant social and environmental aspects are taken into account. We are committed to continuously improving and strengthening our supply chain in accordance with the requirements of the Supply Chain Due Diligence Act and international standards.

We thank you for your support and cooperation in our common quest for a better and more sustainable world.

Yours sincerely,

Lars Reger (Managing Director)

Torsten Spinty (Managing Director)

Manuel Alves (Managing Director)

Michael Hoffmann (Managing Director)

NXP Semiconductors Germany GmbH