



NXP Sustainability

2023

# Executive Summary:

## 2023 NXP Corporate Sustainability Report



# Introduction:

A lot has changed in the 17 years since our founding, in 2006. There is greater awareness, inside our company and throughout our stakeholder community, of how ESG can strengthen us as a corporation, hold us more accountable and make our business more transparent. In this Executive Summary, we discuss the sustainability progress we've made, our key achievements in 2023 and how we plan to evolve our ESG efforts in the future. For more detailed information, please read our full [2023 Corporate Sustainability Report](#).

## About NXP

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

## Advancing a Better, Safer and More Sustainable World

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

**+60**

Years of Combined Experience and Expertise

**~34,200**

Team Members

**+30**

Countries Worldwide

**\$ 13.28 B**

2023 Revenue

**~9,500**

Patent Families Owned



**“We develop innovative solutions that address major global needs.”**

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

“NXP is committed to our ESG journey and dedicated to driving further advancements. We will continue to review our sustainability activities regularly to ensure that we are taking the appropriate actions to achieve our ambitious, long-term goals, which will require the ongoing dedication of all our team members, partners, customers and other stakeholders.

The future is not set in stone, and everyone has a role to play in shaping it. We are on

this journey together, and although the road ahead may be challenging at times, the journey will be worth it if we can contribute to making a better, more sustainable world for generations to come.

From automotive to industrial, smart home to smart city, mobile to communications infrastructure, we develop innovative solutions that address major global needs.”



**“Our passion for progress stems from our unwavering belief in NXP’s ability to create a better world.”**

**Jennifer Wuamett**  
Executive Vice President,  
General Counsel,  
Corporate Secretary  
and Chief Sustainability Officer  
NXP Semiconductors

“The key to a more sustainable future is making continual progress. Progress in technology, innovation, representation, collaboration — all of which serve as the foundation of NXP’s sustainability mission and strategy.

Our passion for progress stems from our unwavering belief in NXP’s ability to create a better world and commitment to our

global community. We develop solutions and design products aimed at major global needs, from energy efficiency and greener mobility to food security and secure communications. We also recognize our responsibility to help foster inclusion and protect human rights in the workplace.”

# Introduction: 2023 ESG Highlights

## Environmental

## Social

## Governance

<p>Assessed and Reported on All <b>Scope 3 Emission Categories</b></p> 	<p><b>20%</b> Women in R&amp;D Positions</p> 	<p>Certified as a <b>Great Place to Work</b> in China, India, Mexico and the US</p> 
<p><b>24%</b> Decrease in Absolute Scope 1 and 2 Emissions Since 2021 Baseline</p> 	<p>Improved Global Employee Voluntary Turnover to an <b>All-Time Low</b></p> 	<p><b>100%</b> of Suppliers Signed the Supplier Code of Conduct Statement</p> 
<p><b>86%</b> Waste Recycled</p> 	<p>Conducted <b>Unconscious -Bias</b> Training for People Managers</p> 	<p><b>50%</b> of Board Directors have ESG Experience</p> 
<p><b>51%</b> Water Recycled</p> 	<p><b>70%</b> of Team Members are Viewed as Highly Engaged</p> 	<p><b>100%</b> Certified Conflict-Free 3TG Smelters</p> 
<p><b>39%</b> Renewable Electricity Use</p> 	<p>Established the NXP <b>Human Rights</b> Working Group</p> 	<p>Reviewed and Updated the NXP <b>Human Rights Due Diligence</b> System</p> 
<p>Published our First <b>Biodiversity</b> Policy</p> 	<p>Maintained a Low Health and Safety Incident Rate of <b>0.10</b></p> 	<p>Published a Standalone <b>Anti-Bribery and Anti-Corruption</b> Policy</p> 

# ESG Strategy: Goals

Our ESG mission is to enable a better, safer, more secure and more sustainable world through innovation. That mission has given rise to a series of goals that inform our efforts and enable us to gauge our performance and celebrate our accomplishments.

Innovation	Environment	Social	Governance
Design and manufacture technology that <b>positively impacts the planet and society</b>	<b>Carbon neutral by 2035<sup>1</sup></b>	<b>25%</b> women in R&D by 2025	<b>Work with our supply-chain partners</b> to reduce their environmental footprint
Develop higher-performing, <b>more energy-efficient products</b>	<b>Reduce carbon emissions by 35%</b> in 2027 (2021 baseline) and achieve <b>50% renewable electricity<sup>2</sup></b>	<b>50% underrepresented minorities</b> in our US workforce	<b>Integrate ESG into our business</b> so we can foster ownership and accountability
	Optimize natural resources by 2027: <b>50% renewable energy</b> <b>60% of wastewater recycled</b> <b>90% of waste recycled</b>	<b>Zero</b> tolerance of forced labor and human-rights abuses	
		<b>Zero</b> workplace injuries	

<sup>1</sup> NXP's strategic approach is to reduce its Scope 1 and Scope 2 emissions by 2035 by giving priority to the implementation of technically and socio-economical feasible solutions. We intend to offset any remaining Scope 1 and Scope 2 emissions.

<sup>2</sup> We aim to achieve our renewable electricity goal through power purchase agreements, the use of unbundled renewable energy certificates (IRECs) and, in select cases, self-generation.

# Progress Toward Our ESG Goals

## Goals

## Progress in 2023

### Innovation

Design and manufacture technology that **positively impacts the planet and society**

We conducted a thorough review of the entire portfolio, in order to classify and assess how our products contribute to sustainability. As part of that process, we identified ways to **design and manufacture** technology so it has a positive impact on the planet and society.

Develop higher-performing, **more energy-efficient products**

We strive to increase the energy efficiency of our products. With each new generation, we aim for **higher performance in a smaller footprint**, with the goal of saving on raw materials and greenhouse-gas (GHG) emissions.

### Environmental

Carbon neutral by **2035<sup>3</sup>**

We decreased our absolute Scope 1 and 2 emissions by **24%** compared to our baseline year of 2021.

Reduce carbon emissions by

**35%**

in 2027 (2021 baseline)

We decreased our absolute Scope 1 and 2 emissions by **24%** compared to our baseline year of 2021.

**50%** renewable electricity by 2027

We used **39%** renewable electricity, an increase of 4 percentage points compared to 2022, and an increase of 22 percentage points compared to 2014.

**60%** of wastewater recycled by 2027

We recycled **51%** of wastewater, an increase of 2 percentagepoints compared to 2022, and an increase of 15 percentage points compared to 2014.

**90%** of waste recycled by 2027

We recycled **86%** of waste, an increase of 3 percentage points compared to 2022, and an increase of 13 percentage points compared to 2014.

<sup>3</sup> By 2035, NXP will have implemented technical solutions to reduce its Scope 1 and Scope 2 carbon emissions. NXP intends to offset any remaining Scope 1 and Scope 2 emissions.

## Goals

## Progress in 2023

### Social

**25%**

women in R&D by 2025

There are **20%** women in R&D, an increase of 1 percentage points compared to 2022.

**50%** underrepresented minorities in our US workforce

There are **52%** underrepresented minorities in our US workforce, an increase of 1 percentage points compared to 2022.

**Zero** tolerance of forced labor and human-rights abuses

We increased the number of supply-chain due-diligence audits, and we reviewed and updated the **NXP Human Rights Due Diligence Management System** to reflect recent changes in the regulatory landscape for human rights and prepare NXP for further changes in this area.

**Zero** workplace injuries

We maintained a low Total Case Incident Rate (TCIR) of **0.10**, and remain well below semiconductor-industry averages.

### Governance

**Work with our supply-chain partners** to reduce their environmental footprint

We surveyed our top-tier suppliers, to **gauge their environmental footprints**, and included their performance in our supplier rating to derive action plans.

**Integrate ESG into our business** so we can foster ownership and accountability

We continued to drive the company wide ESG Program involving all functions and with clear roles and responsibilities, **embedding sustainability** in all the relevant areas of our business.

## Sustainability Scorecard for 2023

Since 2022, so as to reinforce our corporate commitment to these ideals, we have added a sustainability component to our short-term Annual Incentive Plan (AIP). As part of this effort, NXP introduced a sustainability scorecard, which contains multiple metrics intended to measure our year-on-year progress toward our long-term aspirations relating to people and the environment. We encourage all team members to participate in this progress and, as a result, have made the scorecard part of the AIP for all team members. The sustainability component has a weighting of 20% in our AIP.

# Environmental Highlights

## Objectives and Certifications

As an environmentally responsible manufacturer committed to continuous improvement, we strive to optimize our use of natural resources, emissions to the environment and achieve operational efficiencies. To support these objectives, we maintain and implement an environmental management system.

In accordance with criteria from the International Organization of Standardization (ISO), our Environment, Health and Safety (EHS) management system is certified to both ISO 14001 and ISO 45001 at all our manufacturing sites as well as our headquarters.

## Roadmap to Carbon Neutrality

Our goal to be carbon neutral by 2035 presents multiple layers of complexity, given that we use renewable and non-renewable electricity, fossil fuels, PFCs and HTFs. By 2027, our mid-term goal is to reduce Scope 1 and 2 absolute emissions by 35% from a 2021 baseline.

To reach our mid-term goal, we will address Scope 1 reduction by focusing on designing and/or installing equipment to reduce emissions, substituting chemicals and optimizing manufacturing processes. Since electricity is our largest GHG contributor, another of our mid-term goals is to increase our renewable electricity use to 50% and thereby decrease our Scope 2 emissions.



## Scope 3 Assessment

2023 marked the first time we made a detailed inventory of all 15 categories of Scope 3, mapping NXP's footprint throughout our entire value chain. Our Scope 3 emissions are understandably larger than our Scope 1 and 2 emissions, given that Scope 3 emissions represent an impact beyond our operations. While we will remain focused on our Scope 1 and 2 decarbonization efforts, we will also work to establish methods to reduce our Scope 3 footprint, and will also set Scope 1, Scope 2 and Scope 3 SBTs in 2024.

## Emissions

**24%**

Decrease in Absolute Scope 1 and 2 Emissions Since 2021 Baseline



We take a three-pronged approach to carbon reduction: 1) reduce, remove or replace chemicals with a high global-warming potential (GWP) in our manufacturing processes, 2) lower our absolute and normalized energy consumption and 3) execute our carbon-free energy transition plan. This approach helps us achieve carbon neutrality while reducing or even eliminating our carbon offsets in the future. Since 2013, we've lowered absolute emissions by 42%.

## Energy

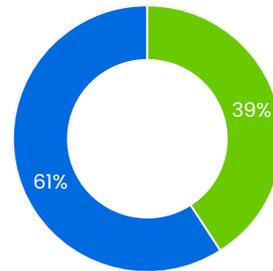
**39%**

Renewable Electricity Use



To increase our access to renewable energy, solar installations are underway in our Bangkok, Thailand, Kuala Lumpur, Malaysia and Kaohsiung, Taiwan locations. This renewable electricity will be used to offset some of the higher carbon-content electricity available from local utilities. We are evaluating similar installations at our other locations.

Renewable Electricity



■ Renewable Electricity ■ Non-Renewable Electricity



## Water

**51%**  
of Water  
Recycled



We understand that, in addition to impacting our manufacturing sites, water availability also impacts other industrial, agricultural and residential users in the communities where we operate. By using less water, we can help increase the supply for others in our communities. Our decade-long focus on water conservation has emphasized the use of more efficient tools, taking advantage of opportunities to increase water recycling and finding ways to optimize processes. A large part of our water consumption is fixed, such as the use of water for chillers, plating and cleaning. In addition to our water recycling efforts, we are looking at options to reduce the overall water consumption.

## Waste

**86%**  
of Waste  
Recycled



We are committed to reducing the amount of waste we send to landfill and work to recycle/reuse the waste we generate. We continue to collaborate with our supply chain to identify opportunities for waste reduction or alternative use and look for ways to reduce manufacturing waste by improving yield, optimizing processes and minimizing the waste of scrap material.



## NXP in Action

The waste by-product of chip manufacturing, usually called “sludge,” consists of water and particles of various materials that could be hazardous to the environment if not contained. Reducing and repurposing sludge is a thorny technical challenge for the semiconductor industry.

NXP’s facility in Taiwan is making meaningful progress addressing this challenge. The team is working with a third-party partner to process its sludge and extract minerals, including recovering refined copper which is sold and used by other manufacturers. The facility has increased their waste recycling rate to above their 92% target, while processing remaining waste in innovative ways.

# Social Highlights

## Our Purpose

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

## Team-Member Engagement

91%

Feel “Proud”  
According to Winning  
Culture Survey  
Respondents



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



## Awards and Recognition

In 2023, NXP partnered with a third-party vendor to launch the Great Place to Work Survey, inviting team members to share insights that speak to the company’s workplace culture and team-member experience. A great place to work is one where employees trust their managers and leaders, are proud of their work, like collaborating with their colleagues, and experience an engaging workplace environment. The survey launched in four countries and culminated with NXP being certified as a 2023 Great Place to Work in [China](#), [India](#), [Mexico](#) and the [United States](#). In 2024, NXP plans to continue the momentum and survey team members in 13 additional countries.

## Diversity, Equality and Inclusion

At NXP, inclusion is key to living our core values, which are built on a foundation of trust and respect. We recognize the importance of representation, value [diversity, equality and inclusion](#) (DE&I) and respect the unique talents, experiences, backgrounds, cultures and ideas of our team members. We invite everyone to be their authentic selves at work, without exception. This is what makes us who we are at NXP.

To support an inclusive environment and create more awareness about unconscious bias, we deployed unconscious bias to all managers within the company with 88% completing the training.



**20%**  
Women in R&D  
Positions



We monitor gender statistics globally, across all roles and look for continuous improvements, which include an evaluation of the practices at the country level. Women in R&D roles increased by 1% over the prior year, resulting in 20% representation. In support of our aspirational goal of increasing representation of women we have implemented development programs and retention strategies.

Using feedback from our Winning Culture Survey, roundtable discussions and exit interviews, we took action to improve retention. We reduced the overall attrition of women, and saw a reduction in the attrition of women in R&D from 7.7% in 2022 to 4.6% in 2023.

## Benefits

### Global Well-Being Portal



In 2023, NXP introduced Wellbeing@NXP, aimed at helping our team members maintain their physical health, mental health and financial well-being through our various programs offered at the local level. Through an app-based portal, we support challenges throughout the year and provide daily tips, journeys and online programs for employees to maintain their well-being.

## Development and Growth

**387,179**  
Online Training  
Courses Completed



NXP has a wide variety of learning and development programs for our team members across the globe, including new offerings introduced in 2023 and others to come in 2024. One highlight was the unconscious-bias training for people managers. In 2023, we delivered the training to our entire Human Resources (HR) organization and launched it enterprise-wide to our people managers. Approximately 2,533 employees participated in the training, including 2,168 people managers. This will be an ongoing initiative to ensure we train people managers who are either new to the company or have moved into roles with people-management responsibility.



## Social Responsibility

### Human Rights Working Group



NXP collaborates closely with our business partners to proactively and transparently identify and address potential human-rights allegations and prevent or address credible human-rights abuses. In 2023, NXP established the NXP Human Rights Working Group, consisting of cross-functional representation from Legal, Human Resources, Procurement, Corporate Trade Compliance and the Sustainability Office.

# Governance Highlights

## ESG Oversight

Our sustainability strategy is aligned with and incorporated into the company's long-term business strategy. NXP's Board of Directors has ultimate oversight responsibility for ESG matters. The full Board focuses on significant ESG matters, with Board Committees undertaking oversight of ESG issues relevant to their responsibilities and then integrating committee work on these issues in their reports to the full Board. The CEO and the NXP Management Team, together with and under the supervision of NXP's Board of Directors, are responsible for implementation of NXP's sustainability strategy, policies and goals.

## Cybersecurity

### ISO/IEC 27001 Certified



NXP's cybersecurity initiatives focus on strengthening our Core IT infrastructure and services against external threats, securing our manufacturing operations from compromise, limiting damage through processes and controls and protecting our intellectual property. NXP is certified and externally audited to ISO/IEC 27001 with certain additional certifications.



## Board Experience

### 50%

of Directors with  
ESG Experience



The Board, with the support of the Nominating, Governance and Sustainability Committee, maintains an appropriate balance with respect to the expertise, experience and diversity on the Board. Five of our Board Directors have ESG experience. Additionally, the Board is committed to supporting, valuing and leveraging diversity in its composition. This includes gender and ethnic/cultural diversity, to ensure a balance in representation. The Board comprises a mix of men and women, with neither gender accounting for more than 70% of seats.

## Ethics

# 133

Reports Received by  
the Ethics Committee



We aim to compete and operate in an ethical and lawful manner. All concerns raised are taken seriously and investigated. In recent years, we have increased our communication about the importance of speaking up and the available reporting channels. All reports are assessed and discussed by the NXP Ethics Committee. In 2023, our reporting levels were actively used throughout the organization, indicating that our reporting channels are effective.

## Responsible Mineral Sourcing

# 100%

Certified  
Mineral Smelters



Since 2017, the systems and processes we have put in place drive our supply-chain to be Conflict-Free. All suppliers, including contractors and external manufacturers, are required to comply with [NXP's Supplier Code of Conduct](#), which includes requirements relating to conflict minerals and responsible mineral sourcing. If a smelter becomes Non-Conformant, NXP works proactively to resolve the issue with the smelter or will remove them from our supply chain.



## Due Diligence

In 2023, to identify potentially adverse human-rights impacts and put in place prevention and mitigation measures, NXP reviewed and updated its Human Rights Due Diligence Management System. The management system helps ensure NXP implements a human-rights and environmental due-diligence program that will continually identify and address the salient human-rights risks of NXP's business and operations, as well as the risks of our value chain.

# Sustainable Product Highlights

At the core of our solutions is our commitment to our global community. We understand that smart, innovative technologies can help bring us all to a more sustainable future. For this reason, we develop solutions aimed at major global needs – from energy efficiency and greener mobility to food security.

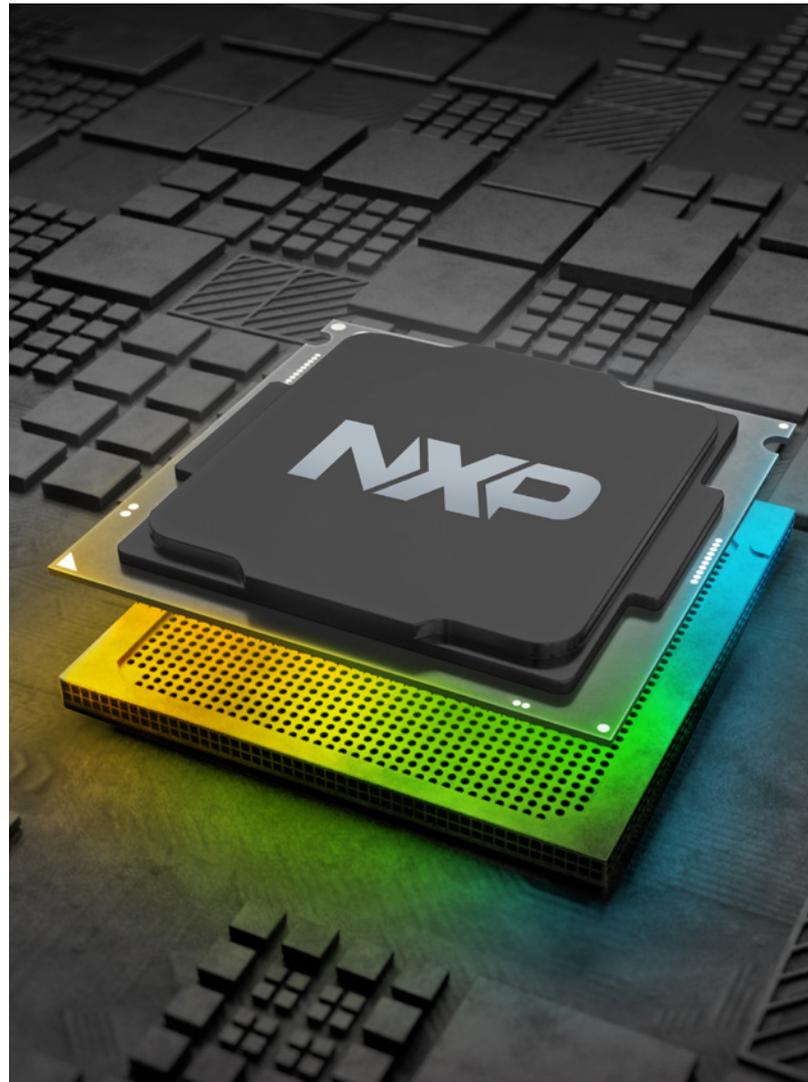
**Automotive** – NXP’s MC33775 Battery Cell Controller and FS26 System Basis Chip get more from EV batteries, with the MC33775 enabling smaller batteries with the same range and the FS26 saving energy with ultra-low power modes.



**Smart City** – NFC, UCODE and JCOP® ID 2 find new strengths in sustainability, with our NFC chips tracking product history and performance in the circular economy, UCODE ICs providing real-time data on food product freshness and location, and JCOP ID 2 advancing document security, enabling longer lifespans of identity documents.



**Industrial Solutions** – We announced a major MOU and agtech partnership using i.MX 8M Plus and the launch of MCX N series MCUs and i.MX 91 applications processors, which combine platform longevity with low power consumption. NXP’s AI/ML solutions help predictive maintenance preserve resources in every industrial sector, while an MOU with Honeywell aims to optimize and secure energy use in commercial buildings. A partnership with Aigen and Au-Zone Technologies uses i.MX 8M Plus to help reduce pesticide use. Our new MCX N Series balances performance and power, with 42x faster ML on our eIQ® Neutron NPU, reducing power consumption, while the i.MX 91 applications processor family is set to meet the energy-efficient needs of new Linux®-based IoT and industrial applications.



**Smart Home** – In 2022, we introduced UWB radar for presence detection. In smart homes, presence detection lets light, sound and other functions follow you from room to room, so you only use energy where it’s really needed.



**Mobile** – Consumers around the world are increasingly comfortable with wearable devices and are using these devices to track and monitor their health and well-being. Technology needs to keep pace with demand, delivering the right mix of battery life, precision, connectivity and security. Our i.MX RT crossover microprocessors balance high performance with power efficiency and offer as much as three weeks of battery life on a single charge.

### **Communications Infrastructure**

– When it comes to addressing environmental and social challenges, the importance of data cannot be overstated. Seamless data management is crucial to solving these challenges – from tracking progress to evaluating impacts and making informed predictions. Building on our deep technological expertise, we are creating solutions that make data centers more efficient, more secure and more flexible.



**For more information on all our our sustainable product solutions, visit our**



[www.nxp.com](http://www.nxp.com)

NXP Semiconductors N.V. (NASDAQ: NXPI) brings together bright minds to create breakthrough technologies that make the connected world better, safer and more secure. As a world leader in secure connectivity solutions for embedded applications, NXP is pushing boundaries in the automotive, industrial & IoT, mobile, and communication infrastructure markets while delivering solutions that advance a more sustainable future. Built on more than 60 years of combined experience and expertise, the company has approximately 34,200 team members in more than 30 countries and posted revenue of \$13.28 billion in 2023. Find out more at [www.nxp.com](http://www.nxp.com)

For more information about NXP's ESG activities, please read our full [Corporate Sustainability Report](#).

