GLOBAL BUSINESS RESILIENCE & CRISIS MANAGEMENT OVERVIEW

JULY 2023
GLOBAL BUSINESS RESILIENCE & CRISIS MANAGEMENT POLICY

• NXP is a safety and customer focused company. We take prudent actions to prevent and prepare for issues that may threaten the welfare of our team members, customers, communities and investors.

• NXP cultivates a resilient culture in all aspects of our business. We have an integrated Business Resilience Management System modelled after guidelines of ISO 22301 & IATF 16949 section 6.1.2.3.

• Business Resilience Teams are established at the global and local levels to anticipate and prevent issues, develop proactive plans and systems, and continuously improve our operations.

• In the event of a major issue, Crisis Management Teams are activated at the local and/or global levels, as appropriate.

• NXP is committed to providing timely and accurate information to stakeholders affected by an issue.

NXP is regulated through specific governmental agencies. In some locations, certain issues must be reported to government agencies in compliance with their requirements. As such, NXP may be required to keep the existence and details of issues confidential.

Information outside of this overview can be obtained by writing to bcm@nxp.com.
GLOBAL BUSINESS RESILIENCE & CRISIS MANAGEMENT APPROACH

• Vision
  - Customers, investors, team members and communities trust NXP as the most reliable semiconductor supplier.

• Mission
  - Maximize opportunities and minimize risks.
  - Cultivate collaboration, alignment and resilience expertise across functions, levels and locations to drive continuous improvement.
  - Integrate innovative processes, comprehensive systems and a resilient culture so we thrive and grow stronger.

• Methodology
GLOBAL BUSINESS RESILIENCE & CRISIS MANAGEMENT APPROACH

• Methodology:

Anticipate
- Resilience Teams
- Standards
- Workshops
- Business Impact Analyses
- Risks & Opportunities
- Monitoring
- Information System

Evaluate
- Debriefs & Surveys
- Root Cause Analyses
- Key Performance Indicators
- Benchmarking
- Audits
- Management Reviews

Arrange
- Priority Resilience Item Plans
- Crisis Management Plans
- Training
- Exercises

Act
- Alert Systems
- Proactive & Reactive Actions
- Priority Resilience Item Teams
- Crisis Management Teams

Achieve
- Priority Resilience Item Teams
- Crisis Management Teams

• Stakeholders:

CEO & EVP Team
- Global Business Leaders
- Global Priority Item Teams
- Global Crisis Mgt Teams
- Country & Site Leaders
- Local Business Resilience Teams
- Local Priority Item Teams
- Local Crisis Mgt Teams

Customers

Investors

Communities

Team Members
FOUR KEY FOCUS AREAS FOR CONTINUITY

- Coordinated through the Global and Local Business Resilience Teams.
- Each area focuses on a specific operational risk.
- Other business functions are integrated within each area.
- During a crisis, all areas interact with and complement each other through the applicable Crisis Management Team.
- Plans are reviewed annually and more frequently if significant changes occur.
Impact Analyses and Risk Assessments focus on areas of likelihood and severity for various event scenarios (considering recovery time from an incident).

Mitigation actions are defined and tracked, with corporate guidance and oversight, to reduce likelihood and/or severity of risks.

Teams receive specialized training and conduct regular exercises.

**Certified For:** ISO14001, ISO45001, ISO9001, IATF16949.

**Insurer Risk Engineering Rating Scale:** Poor, Fair, Average, Good, Excellent.
Each NXP factory has identified potential risks that could have an impact on **product supply to end customers**. These include:

- Facilities systems and utility infrastructure (electricity, water, etc.).
- Factory equipment and systems.
- Regional risks (natural hazards).
- Supply risks (wafers, chemicals, gases).
- Other risks (HR, IT, Legal).

Each NXP factory regularly updates Impact Analyses and Risk Assessments to **identify preventive actions and reduce risk to us and our customers**.

- Failure Mode Effect Analyses (FMEAs).
- Utility & Infrastructure Assessments.
- Business Impact Analyses.
BUSINESS IMPACT ANALYSES

• Each NXP factory assesses risks for potential business impact.
• Risks are scored for Likelihood of occurring and Severity of impact.
• To reduce risk to us and our customers, mitigation actions are defined and tracked, with corporate guidance / oversight.

<table>
<thead>
<tr>
<th>Risk Categories and Examples</th>
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<tr>
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<td><strong>Utility</strong></td>
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<tr>
<th>Impact Areas</th>
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<tbody>
<tr>
<td>Financial Global</td>
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<tr>
<td>Financial Local</td>
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<tr>
<td>General Environmental &amp; Social Impacts</td>
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<tr>
<td>Workplace Health &amp; Safety</td>
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Each of the 50-60 Risks are evaluated in each of the **Impact Areas** at each Factory. ~2,000 aspects assessed.

The recovery days needed, and likelihood are factored into the overall score for each risk scenario.
GEO/ENVIRONMENTAL HAZARD EVALUATION

- Within the impact analysis and risk assessment, we incorporate likelihood ratings of natural hazards.
- The scores are sub-national (local) and presented on a scale of 0 – 10 (almost certain – very unlikely).

<table>
<thead>
<tr>
<th>Name</th>
<th>SSMC</th>
<th>Chandler</th>
<th>Oak Hill</th>
<th>ATMC</th>
<th>ICN8</th>
<th>ATKL</th>
<th>ATJ</th>
<th>ATBK</th>
<th>ATKH</th>
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<tbody>
<tr>
<td>Flood Hazard Index</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>10</td>
<td>7</td>
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<tr>
<td>Seismic Hazard Index</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>3</td>
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<tr>
<td>Tropical Storm and Cyclone Hazard Index</td>
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<td>10</td>
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<td>10</td>
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<td>2</td>
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<td>Tsunami Hazard Index</td>
<td>4</td>
<td>10</td>
<td>10</td>
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<td>10</td>
<td>10</td>
<td>8</td>
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<tr>
<td>Wildfire Hazard Index</td>
<td>10</td>
<td>5</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td>10</td>
<td>7</td>
<td>8</td>
<td>8</td>
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<tr>
<td>Severe Storm Index</td>
<td>2</td>
<td>7</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>4</td>
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Maplecroft Scores and Definition

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
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<tbody>
<tr>
<td>0-2</td>
<td>Almost Certain</td>
</tr>
<tr>
<td>3-4</td>
<td>Likely</td>
</tr>
<tr>
<td>5-6</td>
<td>Possible</td>
</tr>
<tr>
<td>7-8</td>
<td>Unlikely</td>
</tr>
<tr>
<td>9-10</td>
<td>Very Unlikely</td>
</tr>
</tbody>
</table>

Source: Verisk Maplecroft
• Continuous uptime, without fail, is required for factory operation.
• Significant measures are taken to ensure high reliability, including:

**Life Safety Systems**
- Continuous toxic gas monitoring and high-sensitivity smoke detection.

**Prevention**
- **Facility Equipment**
  - Designed redundancy.
  - FMEA/Risk assessment.
  - Comprehensive preventive maintenance and monitoring, including predictive.
  - Onsite inventory of critical spare parts.
  - **Standard work instructions** and extensive OTJ training.
- **Structured Problem Solving**
  - Incident & Near Miss 5-Why / 8D / Root Cause analyses.
  - OCAP - Off-hours on-call program to ensure quick response.
- Plans for effective containment and to prevent further impact.

**Process Monitoring and Control**
- Continuously staffed control rooms with real-time alarms.
- Data trending & storage of critical parameters with performance KPIs.
**RISK MANAGEMENT TIMELINE**

**Prevent/Prepare before Supply Risk**
- Business Impact Analyses.
- Risk & Opportunity Assessments.
- Proactive actions.
- Die buffer and dual sourcing strategies.
- Plans and procedures.
- Monitoring & alert systems.
- Teams receive specialized training and conduct regular exercises.

**Supply Risk**

**Risk Control**
- Business Impact Analyses.
- Risk & Opportunity Assessments.
- Proactive actions.
- Die buffer and dual sourcing strategies.
- Plans and procedures.
- Monitoring & alert systems.
- Teams receive specialized training and conduct regular exercises.

**Emergency Response**
- Life safety protection & containment (first responders).
- Protect safety of personnel via evacuation plan.
- Emergency Response Team activation.

**Crisis Management**
- Conduct damage evaluation on buildings and/or material.
- Compile detailed lists of affected factories/sites, resources, products and customers.
- Initial communications.

**Business / Supply Continuity**
- Production recovery or relocation.
- Facility recovery.
- Compile initial finished goods supply plan and initial customer supply plans based on allocation guidelines.
- Activate back-up plan for critical production process or service.
- Additional communications.
**RECOVERY FROM A FACTORY DOWN SITUATION**

- In the unlikely event of a factory down situation, NXP utilizes a five phased recovery process.
- Each phase is closely monitored for estimated and actual start and end dates.
- Daily briefings / updates held with working and executive teams to expedite each phase and optimize recovery time.
- The overall recovery period will vary with the degree of utilities and systems impacted.

<table>
<thead>
<tr>
<th>Phase 1: Utility Stabilization</th>
<th>Phase 2: Facilities Stabilization</th>
<th>Phase 3: Site / Sub-Fab / Clean Room Stabilization</th>
<th>Phase 4: Product Assessment and Tool Start-up</th>
<th>Phase 5: Product Disposition and Factory Ramp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities to Site</td>
<td></td>
<td>Site / Sub-Fab / Clean Room Stabilization</td>
<td>Product Assessment</td>
<td>Product Disposition</td>
</tr>
<tr>
<td>• Power Restored</td>
<td>• Recover Site Safety Sys</td>
<td>• Bulk GAC/Environmental system recovery</td>
<td>• Eng/Tech/Assoc in Fab</td>
<td>• Tools in Production</td>
</tr>
<tr>
<td>• Water Restored</td>
<td>• Site Heat / Cool / UPW / Exhaust / AHU / etc.</td>
<td>• Clean Room Particulates, Air Contamination In Spec</td>
<td>• Suppliers on-site</td>
<td>• Turns Entitlement</td>
</tr>
<tr>
<td>• Gas Restored</td>
<td>• Laminar Flow, Temperature &amp; Humidity</td>
<td>• Leak Resolution/Safety</td>
<td>• Power/Services to Tools</td>
<td>• Final WIP Disposition</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Start-up/Assessment of Tools</td>
<td>• Alignment on Supply Commitment</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Assessment of WIP</td>
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**Real Time Status**
- Complete
- In Progress
- Not Started
**KEY ELEMENTS OF NXP’S PANDEMIC PLAN (based on guidance from WHO & CDCs)**

**PHASE 1**
- Increase monitoring, awareness of good hygiene, and stocked supplies of PPE and sanitizers.

**PHASE 2**
- Detailed guides for flu prevention. Self assessment screening. Added disinfection of sites.

**PHASE 3**
- Increase disinfection of communal spaces. Restrict non-essential travel; monitor travelers. In-house clinics staffed for more cases. Departments review staffing, distribution and logistics plans.

**PHASE 4**

**PHASE 5**
- Formal WFH options for employees that can effectively do so. Split shifts as appropriate, contingent plans incorporate potential factory line interruptions, area/building quarantine. Alternate supply and/or distribution systems.

- Avoid large gatherings
- Social distancing
- Wear face mask per local guidance
- Practice good hygiene
- Disinfect frequently
- Monitor for symptoms
- Visitors prohibited at NXP sites
- All business travel restricted
- Employees quarantined under certain circumstances
- Work from home if job allows
- Avoid large gatherings
- Social distancing
- Wear face mask per local guidance
- Practice good hygiene
- Disinfect frequently
- Monitor for symptoms
- Visitors prohibited at NXP sites
- All business travel restricted
- Employees quarantined under certain circumstances
- Work from home if job allows
PRODUCT SUPPLY CONTINUITY

ASSURES PRODUCT DELIVERY TO CUSTOMERS

• Assessment and response team initiation for product supply.
• Information gathering hub.
• Product allocation / Decision-making hub.
• Communication protocols for internal and external.
• Die buffer and dual sourcing strategies.
• Typical semiconductor manufacturing cycle time from wafer start to finished good test out could be 20 - 26 weeks.

• Die and finished goods buffers established based on forecasted run rates can help reduce customer order lead times to more manageable levels.

• Forecasts and order coverage (actual orders placed ≥ LT) are extremely important to help keep lead times lower. Unexpected / un-forecasted increases can quickly diminish buffer levels, resulting in extended lead times.

*NXP DIE BUFFER STRATEGY*

* Certain technologies have significant layer count which could result in CT exceeding 26 weeks
NXP DUAL SOURCING STRATEGY

| FAB | A/T | Primary Site | Secondary Site | Months | Tech Qual'd | NXP Product Qual'd | Ctmr Product Qual'd | NOTE: All leadtimes provided are general projections and may not include customer qualification timing |
|-----|-----|--------------|----------------|--------|-------------|--------------------|--------------------|
|     |     | none         | none           |        | none        | none               | none               |
|     |     | none         | none           |        | none        | none               | none               |
|     |     | none         | none           |        | none        | none               | none               |
|     |     | none         | none           |        | none        | none               | none               |

Scenario A: NXP has a single site qualified & in use, no existing secondary source & no plans for secondary source (FAB: 12-18 Mo, A/T: 6-12 Mo).

Scenario B: NXP has primary site qualified & has secondary site qualified on technology only (FAB: 3-12 Mo, A/T: 3-9 Mo).

Scenario C: NXP has primary site qualified & has secondary site qualified on technology & product (FAB & A/T: 3-6 Mo).

Scenario D: NXP has two sources qualified with NXP & Customer Product Qualified (FAB & A/T: Normal Leadtime 3-4 Mo).

Front End Operations
NXP works to have a 2nd source for flexibility and continuity of supply. When the complexity or cost doesn’t permit, NXP will use inventory strategies to support.

Back End Operations
The majority of NXP packages are dual qualified with an internal and an external source. NXP will start with one source and trigger the 2nd source once the volume warrants it. Large volume products are cross qualified and in the case of an unexpected event, additional products could be qualified.
PROCUREMENT CONTINUITY

ASSURES PROCUREMENT OF RESOURCES

- Supplier Level Risk Assessments
  - Financial risk, Geo/Environmental hazard risk quantification, Cyber Security risk.

- Supplier Management
  - Assess supplier’s business continuity maturity based on supplier assessments and rate this during supplier performance management cycles.

- Supplier Crisis Management
  - Timely impact assessment following disaster event. Proactively address supply continuity and potential impact.
SUPPLY CONTINUITY RISK MANAGEMENT

NXP has set business continuity plan expectations for its key suppliers through various aspects of supplier management.

**Supplier Tiering**: Completed annually, material suppliers categorized as Key and Strategic are required to submit a BCP. Select suppliers in other tiers are requested to provide a BCP as needed.

**Supplier Business Continuity**: Supplier is asked to provide their BCP to demonstrate contingency plans for supply. Our Supplier Quality team conduct GSA audits on material suppliers, in which business continuity is a subject.

**Supplier Rating System (SRS)**: Conducted quarterly, all material suppliers are rated on their BCP maturity by stakeholders as part of the supplier management process.

- These material suppliers are sent a self assessment on BCP maturity and trends are tracked annually.
- These material suppliers are required to submit a BCP.

Enables us to analyze suppliers’ Business Continuity maturity, and to push for suppliers’ continuous improvement, in order to reduce the sub-tier risk for supply disruptions.
Supplier Due Diligence

Anti-Bribery & Anti-Corruption: Assessing the risks related to doing business with third parties, subsequently conduct the appropriate due diligence and monitor / manage third parties acting on its behalf.

Supplier Verification: Screening suppliers by checking company details to reduce the risk of onboarding fraudulent suppliers.

Supplier Sustainability

Supplier Code of Conduct: Assess supplier performance against NXP’s expectations for labor, health and safety, environment, ethics and management systems.

Responsible Minerals Sourcing: Set strategy for due diligence and address responsible sourcing risks the supply chain.
Corporate Trade Compliance
Supplier Supply Chain Security: The framework acts as a deterrent to international terrorism but also to secure revenue collections and to promote trade facilitation worldwide.

Supplier Level Risk Management
Supplier Financial Health: Monitor financial health of suppliers during the supplier selection process and on an ongoing basis for selection of suppliers as an early warning for insolvency.
Supplier Viability Management: Evaluate critical supplier’s financial and geographical (geopolitical and natural hazards) risk on their business with NXP to minimize risk.
Business Continuity Management: Work with suppliers and partners to prepare for unexpected events by minimizing any downstream impact to our customers.
PROCUREMENT THIRD-PARTY RISK MANAGEMENT PROGRAM (SUPPLIER SELECTION)

Part Level Risk Management
Supply Base Crisis Management: Timely impact assessment following disaster events. Proactively address supply continuity and potential impact.

Sourcing and Production Location Risk: Monitor sourcing strategy of supplier and supplier’s production locations (sole/single/multi) and identify actions to mitigate or eliminate risk.

Cyber Security
Assessing, reviewing, improving and monitoring the supplier’s cyber security controls and their ability to remediate vulnerabilities.
ASSURES OPERATION & RESTORATION OF IT SYSTEMS

- Business impact analyses resulting in defined Recovery Point Objectives (RPOs) and Recovery Time Objectives (RTOs).
- Documented procedures for incident management and disaster recovery.
- Criticality-based backup and recovery strategy.
- Cyber security.
- Regular exercises.
IT BUSINESS CONTINUITY

PRINCIPLES

BC integrated in normal IT work - special processing avoided as much as possible.

Continuous improvement of resilience.

Improvements driven by creation of business value.

Improvements part of normal IT funding.

Keep-it-simple model ensuring real operational resilience.

WORK ELEMENTS

- IT issue handling is built upon **well-embedded IT Incident Management and Problem Management processes** using standardized tools and procedures for efficient logging and monitoring of the analysis, resolution and recovery of incidents and problems.

- Improvement **projects** are defined to address vulnerabilities and limitations.

- Business value / criticality and dependencies of the IT service or solution are assessed by the IT solution and business owners through a **business impact analysis** resulting in a **Recovery Point Objective (RPO)** and a **Recovery Time Objective (RTO)**.

- The RPO and RTO drive:
  - the creation of **disaster recovery plans** building upon **state-of-the-art backup solutions** to support the RPO and RTO.
  - the execution of **disaster recovery drills** targeted to validate the RPO and RTO can be met.

- Actual status and age of impact analysis, recovery solutions and drills is **monitored through a dashboard** built in the standardized IT Incident Management tool.
SECURE CONNECTIONS FOR A SMARTER WORLD