



NXP Semiconductor 2019 SASB Disclosure Report





NXP Semiconductor SASB Disclosure (Semiconductors) for 2019

Topic	Code	Accounting Metric	Unit of Measure	2015	2016	2017	2018	2019
Greenhouse Gas Emissions	TC0201-01.01-.02	1) Scope 1 direct GHG emissions 2) Calculation shall include the six Kyoto gases	tons CO ₂ -e	793,498	651,653	602,190	594,502	458,866
	TC0201-01.03	3) Amount of PFCs account for the GHG emissions	tons CO ₂ -e	550,230	460,331	429,492	440,506	288,565
	TC0201-02.04	Scope of reduction targets and what activities and investments required to achieve plans. Limiting factors that might affect achievement of the targets		NXP's 2020 goal is to reduce our normalized carbon footprint by 30% from a baseline year of 2010. In addition, NXP strives to aggressively reduce our "absolute" emissions, meaning a reduction regardless of the expended growth of production. Our production normalizer is based on the square meter of silicon wafers produced. Our reduction strategies differ per emission source as each comes with their own unique opportunities. Limiting factors could be an increase of production space footprint, product changes that we as a supplier are required to subscribe to such changes, resulting in an increase of emissions, or if production demand changes, in which our emissions are directly related to volume produced.				
	TC0201-02.05	Percentage of emissions within the scope of the reduction plan and the percentage reduction from base year. Identify absolute/intensity based. Identify activities that were completed during fiscal year and those that are ongoing. Discuss source of mechanism for achieving the target.		From 2010 to 2019, our normalized Scope 1 emissions decreased by 32.5%. PFCs is our largest contributor to Scope 1 emissions and since 2010, our normalized total PFC emissions decreased by 52%, even though many of our products have become more complex, requiring additional manufacturing steps and hence more PFCs. To achieve these promising results, each year we have invested in our operations and technology processes to reduce our carbon footprint. In 2019, at many of our sites, we installed PFC abatement equipment. We improved chemical processes to reduce the amount of emissions and converted certain tools to remote plasma reducing PFC emissions.				
	TC0201-02.06	Have the emissions been recalculated or where the target base year has been reset?		The target base year has not been reset and our calculations methods have remained the same following IPCC methodology.				
Energy Management in Manufacturing	TC0201-03.09	Total energy purchased from sources external to the organization or self-generated.	GJ	5,478,177	5,489,275	5,495,728	5,573,326	5,536,710
	TC0201-03.10	Calculating energy consumption, use HHV taken from the IPCC.		We use IPCC methodology to report total energy consumption.				
	TC0201-03.11	Self-generated consumption shall not be double-counted.		NXP does not self-generate energy.				
	TC0201-03.12	Percentage of grid electricity of its total energy consumption.	%	NXP purchases 100% of grid electricity.				
	TC0201-03.13	Percentage of renewable energy consumption of its total consumption.	%	NXP purchases 100% grid electricity and the renewable energy mix from the grid is 18% of total energy consumption.				
	TC0201-03.14	Renewable energy from sources such as geothermal, wind, solar, hydro and biomass.		NXP purchases 100% grid electricity and the renewable energy mix from the grid has been identified as wind, solar and hydroelectricity.				
	TC0201-03.15	Apply conversion factors such as HHVs for fuel usage and kWh to GJ.		Our internal EHS data management system utilizes conversion factors for total energy consumption.				
Water & Waste Management in Manufacturing	TC0201-04.16	Amount of water withdrawn from freshwater sources	m ³	11,334,000	11,168,959	10,936,125	10,927,872	10,732,132
	TC0201-04.17	Percentage of water recycled as the volume recycled divided by the volume of water withdrawn.	%	41	43	43	38	44
	TC0201-04.18	Analyze operations for water risks and identify location with High or Extremely High Baseline Water Stress. Indicate the percentage of the total water withdrawn.	%	Per the World Resources Institute's (WRI) Water Risk Atlas tool, only one facility is in scope, which represents 6.8% of water withdrawn.				
	TC0201-05.19	Amount of hazardous waste	metric tons	2,065	1,882	1,955	2,400	2,440
	TC0201-05.20	Percent hazardous waste recycled. (reused, recycled, remanufactured or sent externally for further recycling divided by the total weight of hazardous material).	%	NXP does capture this metric, but across the globe, hazardous materials are defined differently. Hazardous materials can be designated by its characteristics, how it is generated and or its properties. In addition, each country also includes other properties that they also include as hazardous material. Therefore there is an inconsistency of what is classified as hazardous because of local regulations differences across our global sites and we therefore cannot provide this information.				
	TC0201-05.21	e-waste recycled if transferred to entities with third-party certification.		We send our e-waste to third party entities, whom obtains all necessary environmental permits required by local governments.				
	TC0201-06.22	Percentage of employees that are foreign nationals which require a visa to work in the country in which they are employed.	%	2019 at year end; 3%				
	TC0201-06.23	Percentage of employees that are located offshore from the registrant's country of domicile, by region.	%	Americas: 20% EMEA: 14% Asia-Pac: 59% NXP is a global company with operations in over 30 locations. Although headquartered in the Netherlands, NXP's business model is to have significant presence in US, Europe and Asia, which requires access to talent in those areas and allows us to be responsive and close to our customers in those markets. We view this as a strength and not a risk.				
	TC0201-06.24	Risks from recruiting foreign nationals or offshore employees, which may arise from immigration, naturalization, or visa regulations; loss of control; threats to intellectual property; or cultural or political sensitivities		<p>At NXP, we value diversity, inclusion and equality and respect the unique experiences, backgrounds, diverse cultures and ideas of our fellow employees, business partners and customers around the world. We understand that each employee brings something unique to the company – different viewpoints, histories, experiences and paths of discovery. And we invite every NXP employee to bring their whole self to work, without exception.</p> <p>NXP does not tolerate discrimination of any kind, including when making employment-related decisions. We uphold a code of business conduct and ethics and would not violate these commitments by rejecting a candidate based on his/her citizenship or nationality.</p> <p>When recruiting foreign nationals in any jurisdiction, the greatest risks we face involve the uncertainties outside NXP's control, such as:</p> <ul style="list-style-type: none"> * Inability or significant delay to secure export licenses from the U.S. Government; * Inability or significant delay to secure work authorization documents, including valid work permit and immigration status; * Increasing or unpredictable challenges and costs associated with obtaining necessary licenses, work authorizations, or visas; * Unpredictable and shifting political positions affecting each stage in the recruitment, hiring, and retention of foreign nationals. <p>However, the risks above do not outweigh the value NXP's foreign national employees provide to its business.</p>				





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Water & Waste Management in Manufacturing	TC0201-06.25	Management's approach to addressing the risks it has identified related to recruiting foreign nations, which may include developing local talent pools, political lobbying for immigration reform, outsourcing of operations or joining/forming industry partnerships.		<p>To address the risks identified in the aforementioned response, NXP does the following:</p> <ul style="list-style-type: none"> * Ensures that job postings include an overview of the position, including requirements and application instructions, to ensure applicants understand the position for which they are applying and the job requirements against which they will be assessed. * Manages expectations around the hiring process when it comes to delays with securing work authorization documents (such as visas). NXP and tries to provide up to date information regarding the immigration landscape and the costs and potential risks for delays and loss of work authorization. <p>In some countries, NXP also engages immigration status providers to track initial needs for work permit, visas, and potential future renewals, and monitor for potential risk trends/developments that need to be accounted for.</p> <ul style="list-style-type: none"> * NXP also engages internal and external resources to evaluate and prepare contingency plans in the event it encounters challenges or delays securing or maintaining work authorizations. * From time to time, NXP participates in a variety of different initiatives and organizations, such as the Semiconductor Industry Association, to educate and advocate for sound policies in employment of foreign nationals and to safeguard its interests in this space. 				
	TC0201-06.26	Management's approach to addressing additional risks identified related to conducting offshore business activities, which may include implementing safeguards for data security, piracy, and IP protection and diversifying the locations of offshore operations.		<p>NXP is a global company with manufacturing, R&D, and sales offices in over 30 countries. Our global footprint and experience, bolstered by our corporate policies and procedures and IT resources, protects and safeguards our risks to the extent possible.</p>				
Employee Health & Safety	TC0201-07.27	Discuss efforts to assess, monitor and reduce exposure of employees to human health hazards.		<p>NXP assesses, monitors and reduces exposure of our employees to human health hazards in our controls and procedures, detailed in our management system, which has been recognized by our OHSAS 18001 certification that we have maintained for the past 10 years. In our efforts for continuous improvement to our health and safety management system, all of our manufacturing facilities will transition to the new ISO 45001 standard that enhances our management system to include additional measures for the health and safety of our employees. As part of our management system, NXP's approach is to reduce the risk at each source by conducting risk assessments. Each risk assessment conducted follows by a list of controls for each source to limit the risk. Personal protective equipment and extensive training for our employees is provided to effectively control the risk identified through the risk assessment. Continuous monitoring of the documented controls are ongoing to verify that the controls are indeed working appropriately and the risk to the employee is minimized.</p>				
	TC0201-07.28	Discuss management approach in the context of short term and long term risks.		<p>Our management system described above and our continuous monitoring of each control set in place aims to minimize both the short and long-term risks associated with each source identified through our risk assessment.</p>				
	TC0201-07.29	Discuss risk assessments, participation in long-term health studies, ambient air monitoring in clean rooms, implementation of technology to control worker exposure, worker use of personal protective equipment, automation of processes, and phasing out, substituting, or using alternative materials.		<p>We utilize ambient air monitoring in clean rooms, we have on staff industrial hygienist and safety professionals for all of our manufacturing sites. We provide personal protective equipment for our employees and continuously invest in automation processes to reduce risks to our employees.</p>				
	TC0201-07.30	The scope of employees shall focus on cleanroom workers in fabrication plants but should discuss other employees as relevant.		<p>We incorporate health and safety within all areas of the company, including a focus on work life balance and proper ergonomic tools and training.</p>				
	TC0201-08.31	Disclose the amount of all fines/settlements associated with health and safety violations.		<p>In 2019, NXP was assessed a fine for an incident that occurred in 2013 at our manufacturing facility in The Netherlands.</p>				
	TC0201-08.32	Disclose civil actions and criminal actions taken by any entity.		<p>No actions were taken by any entity.</p>				
	TC0201-08.33	Describe the nature and context of fines and settlements.		<p>In 2019, due to a safety related incident that occurred in our Nijmegen facility in 2013, there was a court ruling that ended up with a fine assessed to NXP related to lack of appropriate maintenance and equipment handling by a third party service provider.</p>				
	TC0201-08.34	Describe any corrective actions as a result of each incident.		<p>The corrective actions for this incident are tighter controls of the service provider, increased communication and the requirement to notify NXP of any process control changes.</p>				



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Product Lifecycle Management	TC0201-09.35	Percentage of products by revenue that contain IEC 62474 declarable substances	%	In 2019, ~64% of our finished product portfolio contains IEC 62474 declarable substances.				
	TC0201-09.38	Approach to managing the use of substances that appear as declarable substance groups or declarable substances in IEC 62474, including specific operational processes which take these substances into consideration.		<p>The substance management requirements are outlined in the ECO-Products Substance Control for Products and Packaging (NXPOMS-1719007347-1991) document : https://www.nxp.com/docs/en/supporting-information/ECO-Products-Substance-Control-Products-Packaging.pdf.</p> <p>NXP requires its suppliers to provide a full Material Content Declaration ("MCD", in IPC-1752A format) for each component. Our SAP-EHSM system checks each Supplier MCD and then calculates the compliance status of the components and products to the legal, industry and NXP requirements described in the NXPOMS-1719007347-1991 document.</p> <p>IEC62474 declarable substance list is mainly based on the EU legislations (EU RoHS, EU REACH Annex XVII, EU REACH Candidate list and the EU POP).</p> <p>Nickel (declarable IEC62474 substance and skin sensitizer) is a common substance in Lead Frames and plating's, however NXP products are not intended to come in direct skin contact.</p> <p>Supplied parts and materials are clearly identifiable by a unique 12 digit numerical coding (12NC) and managed via the NXP data management system. This system segregates and prevents mixing of RoHS compliant and non-compliant materials/applicable to its usage in the final product. Traceability of non-compliant materials and parts is guaranteed via the NXPOMS-1719007347-2601 ""Traceability Requirements"". The storage of materials is regulated by local organization. Specific data related to these materials, including the supplier, are maintained in the NXP master data management system. In system SAP-BW, NXP maintains the connection between the 12 digit coding of the materials and the suppliers.</p> <p>Lines are clearly marked as RoHS (lead free) or leaded terminations. Products are certified as RoHS (lead free) or leaded terminations. GENESIS Production flow papers indicate which segregated line to follow and the components allowed for the build.</p>				
	TC0201-09.41	Describe the degree of overlap with IEC 62474 with the management and assessment of known or potentially toxic substances with reference to other regulations, industry norms or accepted chemical lists.		<p>The substance management requirements are outlined in the ECO-Products Substance Control for Products and Packaging (NXPOMS-1719007347-1991) document.</p> <p>NXP requires that its product and packaging materials meet, or exceed, the regulatory requirements found in EU RoHS, EU ELV, EU 94, EU REACH and EU POP, in addition to NXP MCV, and reporting thresholds, for Prohibited and Restricted substances listed in Section 6.2 and Section 6.3 of NXPOMS-1719007347-1991 document. NXP encourages its suppliers to develop lead (Pb) free, halogen free and antimony oxide free solutions for product and packaging materials. To meet industry standards, Suppliers may be required, through NXP specifications or purchase orders, to deliver lead free and/or halogen free and/or antimony oxide free product and packaging materials.</p> <p>Prohibited, Restricted and Declarable substances and substance groups with their NXP Maximum Concentration Value are listed in Section 6.3, 6.4 and 6.5.</p> <p>Upon NXP request, Suppliers shall provide substance removal plans and conversion roadmaps. Detailed Supplier requirements subject to regulations and standards can be found in Section 5.2.1 (EU RoHS & EU ELV), 5.2.2 (EU Packaging and Packaging Waste), 5.2.3 (EU REACH) 5.2.4 (EU Persistent Organic Pollutants (POP)), 5.2.6 (Designated "Lead-Free" Materials) of NXPOMS-1719007347-1991.</p>				
	TC0201-10	Processor energy efficiency at a system level for 1) servers, 2) desktops and 3) laptops		This is not applicable to NXP semiconductor products.				
Supply Chain Management & Materials Sourcing	TC0201-11.50	Revenue that contain critical materials	%	~92% of our finished product portfolio contains 3T&G.				
	TC0201-12.53	3T&G smelters within the supply chain that are verified conflict-free.	%	100% of the suppliers identified were compliant with a third-party audit program (Conformant). For additional information, please see our SEC Form SD: https://www.nxp.com/docs/en/nxp/supporting-information/NXP-SEC-FORM-SD-CMR.pdf				
	TC0201-12.54	Define how we consider them to be conflict free.		<p>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.</p> <p>https://www.nxp.com/pip/CONFLICT-MINERALS</p> <p>The flagship program of the RMI, the Responsible Minerals Assurance Process (RMAP) takes a unique approach to helping companies make informed choices about responsibly sourced minerals in their supply chains. Focusing on a "pinch point" (a point with relatively few actors) in the global metals supply chain, the RMAP uses an independent third-party assessment of smelter/refiner management systems and sourcing practices to validate conformance with RMAP standards. The assessment employs a risk-based approach to validate smelters' company-level management processes for responsible mineral procurement.</p> <p>The RMAP standards are developed to meet the requirements of the OECD Due Diligence Guidance, the Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act.</p>				





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Supply Chain Management & Materials Sourcing	TC0201-13.56	Strategic approach to managing its risks associated with usage of critical materials and conflict minerals in its products, including availability, access, price and reputational risks.		<p>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.</p> <p>Our procurement organization has implemented escalation procedures for suppliers who (i) provide products that incorporate Covered Minerals from smelters or refiners that do not comply with a third-party audit program or (ii) have not provided details on the sourcing of Covered Minerals in their supply chain. Under these procedures, our procurement organization will develop a list of corrective actions including a timeline for compliance and a decision to continue or temporarily suspend trade with the supplier during the corrective action period. Suppliers who do not make satisfactory progress addressing the identified corrective actions are reported to NXP's chief procurement officer. NXP's due diligence measures with respect to identified smelters and refiners were primarily based on multi-industry due diligence initiatives to evaluate the procurement practices of the smelters and refiners that process and provide Covered Minerals to our supply chain.</p>				
	TC0201-13.57	Identify which materials and minerals present a risk to its operations, which type of risk they represent and the strategies used to mitigate the risk.		<p>NXP's supply chain is complex and, in most cases, there are many third parties in the supply chain between NXP's ultimate manufacture of the Covered Products and the original sources of Covered Minerals. NXP requires its suppliers to identify the smelters and refiners of Covered Minerals in their supply chain. In most cases, our suppliers reported this information using the broadly adopted conflict minerals reporting template ("CMRT") developed by Responsible Minerals Initiative ("RMI"), a multi-industry initiative consisting of over 350 companies and industry associations. Due to the complexity of our supply chain, we rely on our suppliers for the accuracy and completeness of this information. In most cases, our suppliers submitted a consolidated smelter and refiner report for all of their products and materials, not just products and materials provided to NXP.</p>				
	TC0201-13.58	Discuss relevant strategies include diversification of suppliers, stockpiling of materials, expenditures in R&D for alternative and substitute materials and investments in recycling technology for critical materials.		<p>Procurement's risk mitigation strategy is to have as much as possible parts with multiple suppliers qualified for one part. So in case we permanently or temporarily suspend trade with the supplier, NXP can switch to an alternate source. In cases where this is not possible for whatever reason, we cover this with stock management, e.g. buffer inventory. In the case of onboarding new direct materials, suppliers must sign the Procurement policy in which the supplier shall submit the CMRT. In case they use any non-conformant smelters, the supplier will not be qualified until the issue is solved.</p>				
	TC0201-13.59	Discuss due diligence practices, supply chain auditing, supply chain engagement and partnerships with industry groups or non-governmental development organizations.		<ul style="list-style-type: none"> - We believe that engagement and active cooperation with other industry members with whom we share suppliers can assist in the identification of risks in NXP's supply chain by facilitating identification of smelters and refiners and assessment of their due diligence practices. - NXP became a member of the Responsible Business Alliance ("RBA") (formerly the Electronic Industry Citizenship Coalition ("EICC")) in 2014, which promotes responsible sourcing of minerals, among other important social responsibility initiatives. NXP currently holds a position in the RBA's Board of Directors. - NXP is also a member of the Responsible Minerals Initiative ("RMI") where NXP representatives regularly collaborate with other industry members on complementary programs and initiatives. Over the years, NXP has been active members of the RMI's working groups and Steering Committee. - 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 to create better social and economic conditions for mine workers and local mining communities, by increasing the number of mines that adopt responsible mining practices in Conflict and High-Risk Areas. The EPRM also serves as a knowledge platform where organizations can share knowledge on due diligence and support activities to improve the conditions in the mining areas. - Since 2013, NXP has chaired the World Semiconductor Council's conflict minerals team. 				
Intellectual Property Protection & Competitive Behavior	TC0201-14.60	Disclose the number of patent litigation cases in which it was involved as either the patent holder or the patent challenger.		6	2	1	6	6
	TC0201-14.61	Disclose the number of successful cases.		6	2	1	6	6
	TC0201-14.62	Disclose the number of cases in which it was the patent holder.		3	0	0	0	1
	TC0201-15.63	Disclose the amount of all fines/settlements associated with anti-competitive behavior such as those related to enforcement of US laws and regulations on price-fixing, anti-trust behavior, patent misuse, or network effects and bundling of services and products to limit competition.		0	0	0	0	0
	TC0201-15.64	Disclose civil actions and criminal actions taken by any entity.		0	0	0	0	0
	TC0201-15.65	Describe nature and context of fines and settlements.		N/A	N/A	N/A	N/A	N/A
	TC0201-15.66	Describe corrective actions it has implemented as a result of each incident.		N/A	N/A	N/A	N/A	N/A

