Human-Rights Due Diligence Management System Process Flow

IDENTIFY & ASSESS

Input	Strategy, Processes, and Tools	Output
Supplier Risk Assessment • Active supplier list (direct and indirect suppliers), including onsite contractors **NXP Annual Self-Assessment** • NXP manufacturing facilities activities **Audit Program** • Annual audit plan for NXP facilities based on past audit results. Sites can be on an annual or bi-annual plan • High-priority suppliers based on Supplier Risk Assessment and historical audit performance **External Engagement and Review** • NXP's human-rights performance, based on benchmarks and data from external and supply-chain audits	**Annual Supplier Risk Assessment** • Maplecroft Index on Country Risks • Verité CUMULUS labor supply chain due-diligence risks analysis • Data analytics on historical results of human-rights due diligence in the supply-chain **NXP Annual Self-Assessment Questionnaires** • RBA Self-Assessment Tool (including the new RBA Risk-Based Self-Assessment Questionnaire) **Audit Program for NXP and Supply Chain** • NXP Auditable Standards on Social Responsibility (for NXP-managed third-party audits) • NXP Audit Checklist • RBA Code of Conduct version 7.0 (for RBA VAP audits) **External Engagement and Peer Review** • Participation in peer-learning forums of the Global Business Initiative (GBI) on Human Rights • Verité review of NXP performance compared to peers	1. Supplier risk assessments have been effective in identifying high-priority suppliers and resulting in due-diligence that identified new and repeated human-rights risks and challenges in some of our suppliers. The process needs to be further enhanced to ensure that all indirect suppliers are included in the process. 2. The RBA Self-Assessment outcome is consistent with NXP's own audit result of NXP facilities, showing the improved and sustained performance at NXP sites. 3. NXP's audit program and tools are consistently recognized by third party auditors as more progressive than the industry equivalent. Audit results have demonstrated the effectiveness of the NXP Auditable Standards and are effective in driving change and improvement both internally and in the supply chain. NXP audit results have been shown to be more comprehensive than the industry equivalent. The goal is to ensure continued relevance and progressiveness of the audit program in order to drive further impact. 4. Peer review and expert engagement have been identified key areas where the NXP Human-Rights Program can further develop. In particular, the areas of Access to Remedy and an effective grievance mechanism for NXP and supply-chain employees.

INTEGRATE & ACT

Input	Strategy, Processes, and Tools	Output
Human-rights due diligence and assessment results • NXP facility assessments (internal and customer audits) • Supply-chain assessments **Peer review and feedback from human-rights experts** **Developments in the regulatory landscape for human-rights and industry groups/associations** **Worker communication and feedback** **Other external stakeholder requirements** • Investors • Customers • Peers and Experts • NGOs/CSOs	**Review policies, procedures and tools** • Sustainability Policy • NXP Code of Conduct • NXP Supplier Code of Conduct • NXP Auditable Standards on Social Responsibility • Audit Checklist • Supplier Risk Assessment **Management oversight of NXP's Human-Rights Program requirements** • Consultation with NXP sites on impact and practicality of changes to requirements • ESG Management Board approves changes and revisions **Collaboration with NXP Procurement to review results of human-rights due diligence in the supply chain** • Monthly review of audit closure status (30/60/90-day closure deadlines) • Scheduling of reviews and follow-up verification audits, if necessary **Engagement with external stakeholder and human-rights experts, plus peer review** • Engage the support of local and on-the-ground NGOs/CSOs, based on worker feedback, to provide worker outreach	1. We made only minimal changes to our policies, procedures, and tools, since NXP's requirements continue to remain relevant and progressive, and are effective in identifying and addressing human-rights impacts. 2. The ESG Management Board approved NXP's 2020 CSR Report and the 2020 Slavery and Human Trafficking Statement 3. NXP's program for supply-chain due diligence was severely impacted by the COVID-19 pandemic. This resulted in NXP designing novel approaches to continue engagement with our suppliers. This included using pulse surveys to understand the impact of COVID-19 on suppliers' operations and their workers, and working with Verité to design a Remote Audit program that was used to audit three suppliers in 2020. 4. NXP was able to work with a local Civil Society Organization in Malaysia to provide food and support to a group of foreign migrant workers, from a service provider, who had lost their jobs and were stranded and unable to return home due to border closures. The support was triggered by the grievance mechanism process that NXP made available to workers, not only in NXP but in our supply chain. This is a clear indication that having a robust Access to Remedy is critical.

TRACK

Input	Strategy, Processes, and Tools	Output
Human-rights due diligence and assessment results • NXP facility assessments (internal and customer audits) • Supply Chain Assessments • Assessment closure progress and status • Supply chain surveys (alternative engagement method due to COVID-19) **Worker communication and feedback** • Grievance mechanisms • Employee focus groups • Independent and private worker interviews during audits **External stakeholder inputs** • Investors • Customers • Peers and Experts • NGOs/CSOs	**Review due-diligence outcomes and follow-ups** • Verification audits to verify closure of corrective actions • Calls with suppliers who participated in surveys to verify survey answers **Consolidate and track results of due-diligence activities** • Monthly KPI report to key internal stakeholders • Monthly supply-chain progress meeting with Purchasing team **Collaboration with relevant NXP functions to review, address, and remedy worker feedback** • Human Resources – for internal NXP worker feedback and grievances • Investor Relations - for shareholder and benchmark feedback • Purchasing – for feedback and grievances from supply-chain workers • NGOs/CSOs – for sensitive grievances from workers who will require protection of their identities	1. Supplier closure rates for audit findings were at the highest level, at 97%, in 2020. 2. Conducted pulse survey on the impact of COVID-19 with 40 of our high-priority suppliers, and had follow-up calls to verify survey answers. A few suppliers were selected to undergo Remote Audits due to concerns raised by the survey. 3. Our KPI continues to show progress in our human-rights due diligence since the program started in 2013. However, an improved process is needed to analyze all the due-diligence work and data. NXP will utilize an innovative third-party tool to conduct such analysis. 4. Workers are using the grievance mechanism to express their concerns and give feedback on the impact of COVID-19. This is especially true of stranded workers who are unable to return home due to border closures and lockdowns. NXP tracks this feedback closely and collaborates with internal teams and local CSOs to render necessary support and remediation. This is a clear indication that having a robust Access to Remedy is critical.

COMMUNICATE

Input	Strategy, Processes, and Tools	Output
Key stakeholders for communicating and engaging on NXP's Human-Rights Program • Employees and Management (internal and supply chain) • Suppliers • Customers • Peers and Experts • Investors • NGOs/CSOs	**Worker communication using multiple channels for internal NXP dialog** • Focus groups • Worker-management dialog sessions • Town-hall sessions • Private and independent worker interviews during audits • Various grievance mechanisms **Communication with supplier workforce** • Access to NXP SpeakUp hotline • Private and independent worker interviews during audits **Annual reporting and outreach to external stakeholders on NXP's Human-Rights Program** • Corporate Sustainability Report (CSR) • Slavery and Human Trafficking Statement **Engagement with NGOs/CSOs and experts to discuss NXP's Human-Rights Program and possible areas of improvement**	1. In a challenging year impacted by COVID-19, workers continued to engage with NXP management to voice their concerns. A cohort of foreign migrant workers who had completed their employment contracts with NXP's facility in Malaysia were stranded and unable to return home as a result of border closures. NXP management coordinated daily visits to the workers who were provided with housing and food until they were all able to safely return home. NXP engaged with Verité to interview some of the workers who returned home to ensure their well-being. 2. Workers in our supply chain are using the grievance mechanism to express their concerns and provide feedback on how COVID-19 has impacted them. This is especially true for those workers stranded and unable to return home due to border closures and lockdowns. NXP tracks this feedback closely and collaborates with internal teams and local CSOs to render necessary support and remediation. 3. Through peer review and engagement with human-rights experts, we have been able to identify key areas where the NXP Human-Rights Program can further develop. In particular, the areas of Access to Remedy and an effective grievance mechanism for NXP and supply-chain workers.