

## Ethical Sourcing Policy

At NXP we are committed to high standards of ethical conduct. The performance of our business is measured not only in financial terms, but also by our social, ethical and environmental contributions.

Our corporate and community responsibilities reside in our supply chain as well as in our own activities. We continually seek to ensure that the products and services we source are ethically produced. Suppliers who respect and comply with relevant laws, regulations, treaties or other agreements, such as the International Labour Organisation (ILO) standards, are preferred.

We select suppliers that demonstrate a commitment to implementing policies and practices consistent with and complementary to our own.

### A. Labour Standards

NXP requires its suppliers to adopt sound labour practices and to treat employees fairly in accordance with local laws and regulations regarding labour and employment, including international modern slavery legislation. NXP expects its suppliers to adhere to the following requirements:

**Employment is freely chosen** - Suppliers will not use forced, bonded or involuntary prison labour. Workers are not required to lodge deposits or their identity papers with the employer and are free to leave once their shift ends or after giving their employer reasonable notice.

**Child Labour** - Suppliers shall not use child labour. A child is defined as a person who is younger than the local legal age for completing compulsory education. Suppliers shall verify the age of their workers and maintain copies of workers' proof of age. Suppliers shall follow applicable laws and regulations regarding working hours and conditions for all employees.

**Involuntary Labour** - Suppliers shall not use involuntary labour. Involuntary labour is defined as work or services which are extracted from any person under threat or penalty for non-performance and for which the worker does not offer themselves voluntarily, and includes prison, bonded, indentured and forced labour.

Workers must be free to leave at shift end, and to leave their employment after reasonable notice.

**Immigration Law Compliance** - Suppliers shall only employ workers with a legal right to work including workers obtained through an employment agency. Workers' legal right to work must be validated by reviewing original documentation prior to commencement of work.

**Non-Discrimination or Harassment** - Suppliers shall employ workers solely on the basis of their ability to do the job and shall not discriminate on the basis of age, gender, racial characteristics, maternity or material status, pregnancy, sexual orientation, disability, nationality, cultural, religious or personal beliefs in relation to hiring, wages, benefits, termination or retirement. There shall be no inappropriate medical testing used in determining employment. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment, and verbal abuse or other forms of intimidation shall be prohibited.

**Freedom of Association, Collective Bargaining** - Suppliers shall respect the rights of workers to associate, organise and bargain collectively in a legal and peaceful manner. Suppliers shall ensure that employee representatives are not discriminated against and have access to carry out their representative functions in the workplace. Where the right to freedom of association and collective bargaining is restricted under law, suppliers must not hinder the development of parallel means for independent and free association and bargaining.

**Working conditions are safe and hygienic** - Suppliers shall provide a safe and hygienic working environment, including monitoring of compliance with applicable legislation, regulations and ILO standards. Suppliers shall ensure that personal protective safety equipment is available, and workers are adequately trained in its use. Safeguards on machinery must meet or exceed local laws, and workers shall be provided with all appropriate protective equipment.

**Working Hours** - All working hours, including voluntary working hours, will comply with national laws and benchmark industry standards, whichever affords greater protection. Overtime work should be voluntary, and overtime should not be requested on a regular basis. Suppliers shall guarantee workers breaks and days off in compliance with applicable law. Workers shall not exceed the maximum number of working hours allowed by local laws in any given week.

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**Wages and benefits** - Suppliers shall provide wages and benefits that comply with all local laws and regulations or match prevailing local manufacturing or industry rates, whichever is higher. Overtime pay shall be calculated at the legally required rate, regardless of whether workers are compensated hourly or by piece rate.

**Regular employment is provided** - To every extent possible suppliers must ensure work performed must be on the basis of a recognised employment relationship established through national law and practice. Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the imposed use of labour-only contracting or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Nor shall any such obligations be avoided through the excessive and prevalent use of fixed-term contracts of employment.

### B. Environmental Standards

Suppliers shall as a minimum comply with all applicable laws and regulations relating to the environmental impacts of their business, and maintain procedures for notifying local authorities in the event of an environment accident resulting from the supplier's operation. Supplier compliance with environmental law shall include any international or applicable local laws affecting the source of materials and processes used to manufacture products. Detailed performance standards are a matter for suppliers, but should address at least the following:

**Waste management** - Waste is minimised and items recycled whenever this is practicable. Effective controls of waste in respect of ground, air, and water pollution must be adopted. In the case of hazardous materials, emergency response plans must be put in place.

**Packaging and paper** - Undue and unnecessary use of materials shall be avoided, and recycled materials should be used whenever appropriate.

**Conservation** - Processes and activities shall be monitored and modified as necessary to ensure conservation of scarce resources, including water, flora and fauna and productive land in certain situations.

**Energy use** - All production and delivery processes, including the use of heating, ventilation, lighting, IT systems and transportation, must be based on the need to maximise efficient energy use and to minimise harmful emissions.

**Product selection** - Proactively commit to continuous improvement and work with and provide assistance to NXP in selecting products which are environmentally beneficial.

**UNGC Principles (P)** - Aligned with P7, P8 & P9. P7; businesses should support a precautionary approach to environmental challenges; P8; businesses undertake initiatives to promote greater environmental responsibility, and P9; encourage the development and diffusion of environmentally friendly technologies.

### C. Arms

Suppliers shall not be engaged in the manufacture of arms or the sale of arms to governments which systematically violate the human rights of their citizens; or where there is internal armed conflict or major tensions; or where the sale of arms may jeopardise regional peace and security.

### D. Sanctions

Suppliers must adhere to applicable sanctions and trade restrictions imposed by New Zealand and recognised international authorities.

### E. Conflicts of interest

Suppliers and contractors must avoid any situation that may involve a conflict or the appearance of a conflict between their personal interests and the interests of NXP. Each supplier and contractor must make prompt and full disclosure to NXP of any situation which may involve a conflict of interest. Conflicts of interest include, but are not limited to:

- Ownership of a significant financial interest in any competitor of NXP.
- Serving as a director, officer, partner, consultant or in any competitor of, NXP.
- Acting as a broker, finder or other intermediary for the benefit of a third party in transactions involving NXP or its interests.
- Any other arrangement or circumstance, including family or other personal relationships, which might influence the supplier or contractor from acting in the best interest of NXP.

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### F. Insider Trading

Suppliers must ensure that non-public information obtained as a consequence of a relationship with NXP may not be used for the personal profit of the supplier, contractor, their employees or of anyone as a result of association with their employees. The Corporations Act 2001 contains stringent prohibitions against insider trading. This prohibited conduct applies both to the securities of NXP and to those of its customers, suppliers, or other companies with whom NXP does business.

### G. Data Breach

Suppliers must promptly notify NXP of any data breach which leads to the unauthorised disclosure of sensitive information. And within 48 hours of notification provide an incident response detailing the nature of the breach, the affected data, containment and remediation efforts and timing of restoration.

### H. Business Courtesies & Inducements

Suppliers shall not engage in any corruption activities such as, but not limited to extortion, fraud, impersonation, false statements, or bribery. Offering, giving, soliciting or receiving any form of bribe or under-the-table payment, including unauthorised gifts, is prohibited.

Good judgment and moderation must be exercised to avoid misinterpretation and any adverse effect on the reputation of NXP or its employees.

### I. Intellectual Property

Suppliers and contractors must use NXP trade information, copyrights, and trademarks only in a manner that is permitted under their contract with NXP, and in any event, safeguard them as assets of NXP, and not misappropriate or infringe the trade information, trademarks, or copyrighted works of others. Suppliers and contractors must not use trade secrets or proprietary or confidential information for their own purposes or disclose such information to unauthorized third parties. Suppliers and contractors must notify NXP of any unauthorized use of the NXP name, trademarks and logo by a third party.

### J. Confidentiality

Suppliers and contractors must implement appropriate measures to safeguard and protect NXP information, not disclose it to any third party, and use it only for the business of NXP.

### K. Monitoring

Generally, suppliers will not be engaged as a preferred supplier to NXP unless this Ethical Sourcing Policy can be complied with and NXP considers performance is acceptable, or genuine attempts are being made to address violations of this policy. NXP reserves the right to audit compliance with this policy or appoint a third party to conduct an audit. Any violations will be reported to the supplier's management for their attention and, if appropriate corrective action. Regardless of corrective action required, NXP may terminate its relationship with any supplier who does not comply with the Ethical Sourcing Policy, without liability to the supplier for damages resulting from termination.

### L. Reporting

To support NXP environmental reporting initiatives (including carbon emissions reduction) NXP may require suppliers to transparently report across a range of environmental and sustainability factors. Data sharing and reporting provides an opportunity to recognise and value sustainability innovation, foster collaboration and drive improvements.

### M. Compliance

The provisions of this policy constitute minimum and not maximum standards. Suppliers in Australia and New Zealand, together with their contractors, must apply this policy as well as other applicable laws, and where the provisions of law and this policy address the same subject, they must apply that provision which affords the greater protection.

Those suppliers operating off-shore must as a minimum, abide by all laws in that jurisdiction, together with the labour standards set out in this policy. NXP reserves the right to apply additional standards on a case-by-case basis, having regard to existing principles already broadly accepted within the community (for example, additional ILO conventions or SA8000).