



# Driving Positive Change

Nexperia's 2022  
Sustainability Report

nexperia

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# Nexperia at a Glance

# Letter from the CEO

Dear reader,

It is my pleasure to introduce Nexperia's first sustainability report. Due to our rapid growth in the global market, it is increasingly important for us to be transparent and accountable in our ESG practices. This report is not only a testament to our commitment to sustainability and responsible operations, but it also embodies our continued efforts to drive positive change.

For companies worldwide, 2022 brought many unprecedented challenges, but it also created new opportunities to make a positive impact. At Nexperia, we understand the crucial role we play in shaping the future of technology and the impact our business has on society and the environment. It is a role - and indeed, a responsibility - that we take very seriously.

As Nexperia's CEO, I am incredibly proud of the work we have done to reduce our carbon footprint, support diversity and inclusion in the workplace, and promote ethical business practices. At the same time, we recognize there is always room for improvement, and therefore we are determined to continuously refine and enhance our ESG approach.

I am confident this report serves as a strong foundation for ongoing dialogue and collaboration with our stakeholders, as we work together to build a more sustainable and equitable future.

Sincerely,

**Xuezheng Zhang**

April 21, 2023





# 2022 Highlights

See "Our Approach to ESG"

**RESPONSIBLE USE**  
of resources



**39% electricity**  
from **RENEWABLE**  
**RESOURCES**  
bought (in 2022)



**ENVIRONMENT**

**PFC Policy**  
launched for further  
reduction of **CO<sub>2</sub>-**  
equivalent emissions

Until 2030:  
**30%**  
Women in  
management  
positions  
**20%**  
Women in R&D/  
engineering  
positions

**Launch of**  
**DIVERSITY &**  
**INCLUSION**  
**PROGRAM (2023)**

**SOCIAL**

**87.2%**  
Overall favorability  
of working at  
Nexperia



**SOCIAL**  
**RESPONSIBILITY**  
**Audit Program**  
(2022)



**BUILD TRUST**  
through  
transparency in all  
our operations

**Signatory of**  
**UN GLOBAL**  
**COMPACT**  
(January 2023)

**Nexperia Code of**  
**Conduct 2022 and**  
**roll-out of annual**  
**training for all**  
**employees**

**New project Supply**  
**Chain Due Diligence**  
**Act (LkSG)**

**GOVERNANCE**

# About our Sustainability Report

This report represents Nexperia's first corporate sustainability report and affirms our commitment to openness to our sustainable business practices and policies. In it, we share information about our material topics regarding environmental, social, and governance (ESG) current and our future endeavors.

The reporting period of this sustainability report corresponds to the calendar year and describes the status at the end of the respective financial year. Where appropriate, we describe developments at the beginning of the current year. The next Nexperia Sustainability Report will be published in 2024.

The selection of content of this report is based on the results of our materiality analysis described in the "Materiality Assessment" chapter, and the requirements of the GRI Standards. Nexperia has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2022. As a signatory to the United Nations (UN) Global Compact, we also align our reporting to the ten Global Compact principles.

This report includes our worldwide operations and locations and represents all entities we manage. In accordance with international certifications, we have an integrated management system with policies and practices. Our management information systems are used to track environmental, social, and governance data. Unless otherwise stated, all information in the report refers to Nexperia B.V.

Due to the use of commercial rounding principles to state the data and indicators in this report, it is possible that the totals and percentages presented may not always be exact. This report is published only in English. External websites we refer to in this report may be changed without our influence. Nexperia assumes no responsibility for the content of these websites.

We prepare and publish an audited Annual Report every year which is available at the Dutch Chamber of Commerce. All entities included in Nexperia's consolidated financial statements are covered in this report (see "list of entities" for a detailed breakdown of Nexperia Holdings BV.) Where relevant, we refer to information in our Annual Report.

Any references to financial information are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Title 9, Book 2 of Dutch civil code. Additional financial information outside this sustainability report is available upon request from the Dutch Chamber of Commerce under number: 67423264.



# Our Company and Business

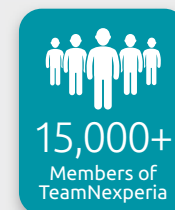
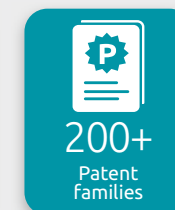
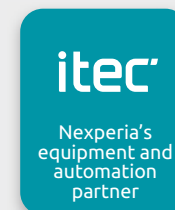
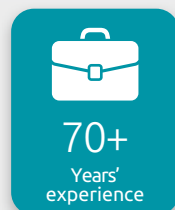
## Our Company

Headquartered in the Netherlands, Nexperia is a semiconductor company with a global presence and a rich European history. Nexperia was the former Standard Products division of NXP Semiconductors, which itself was divested from Philips Semiconductors in 2006. Nexperia has over 15,000 employees across Europe, Asia, and the United States.

The Company's legal name is Nexperia Holding B.V. (the "Company"), and its commercial name is "Nexperia". The Company is incorporated in the Netherlands as a Dutch limited liability company ("besloten vennootschap met beperkte aansprakelijkheid") registered with the Dutch Chamber of Commerce under number 67423264. The Company's corporate seat is in Nijmegen, the Netherlands, and the principal executive office is at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands.



## Key facts 2022



The Company's direct sole shareholder, Yuching Holding Limited ("Yuching"), is a limited liability company registered in Hong Kong. The ultimate controlling shareholder is Wingtech Technology Co. Ltd. ("Wingtech"), a listed company on the Shanghai Stock Exchange (stock code: 600745) in China. Wingtech's main business includes semiconductor IDM, imaging module and communication product integration.

### Our Business

Nexperia is a global leader in what the Company calls 'essential semiconductors'. These products provide the basic functionality to virtually every commercial electronic design; from cars to vacuum cleaners and from mobile phones to medical equipment. They support the functioning of technologically more advanced memory devices, microprocessors, or sensors that other semiconductor companies develop, produce, and sell. Nexperia contributes to the global sustainability goals by developing products that enable our customers to design energy-efficient solutions.

We prioritize research & development (R&D) investments to continuously expand our broad portfolio - consisting of diodes, bipolar transistors, ESD protection devices, MOSFETs, GaN FETs, and analog & logic ICs - with innovative, energy efficient and high-quality products. Efficiency is at the heart of everything we do, which has made us the supplier of choice for many world-leading technology companies.

### Key Applications

AUTOMOTIVE	INDUSTRIAL & POWER	MOBILE & WEARABLES	CONSUMER	COMPUTING
<ul style="list-style-type: none"> <li>› Body Control</li> <li>› Chassis &amp; Safety</li> <li>› Powertrain</li> <li>› ADAS</li> <li>› Lighting</li> <li>› Braking</li> <li>› Steering</li> </ul>	<ul style="list-style-type: none"> <li>› Power Supplies</li> <li>› Motor Control</li> <li>› Ind. Lighting</li> <li>› Telecom- munication Infrastructure</li> <li>› Data Servers</li> </ul>	<ul style="list-style-type: none"> <li>› Smartphones</li> <li>› Wearables like Smart Watches, Fitness &amp; GPS trackers, ...</li> <li>› Tablets</li> </ul>	<ul style="list-style-type: none"> <li>› Handheld Consumer, e.g., Battery driven power tools</li> <li>› Smart Home applications</li> <li>› Audio &amp; Video</li> <li>› Gaming</li> <li>› Appliances &amp; White Goods</li> </ul>	<ul style="list-style-type: none"> <li>› Notebooks</li> <li>› Desktops</li> <li>› Storage</li> <li>› Peripherals</li> </ul>

Nexperia serves a global customer base across automotive, industrial and power, computing, consumer, and mobile and wearables industries. To meet our customers' growing demands, we have established a highly efficient supply chain management process that enabled us to ship up to 102 billion units in 2022 (down from 114 billion units in 2021).

Nexperia operates in a highly cyclical industry, where demand is driven by the global need for the products that the specific semiconductor is used for. Efficiency is at the heart of everything we do and is backed by flawless execution that meets the stringent requirements of the market and our customers.

Every Nexperia employee is tasked with the responsibility of maintaining quality and compliance with Nexperia's Code of Conduct. This runs from product concept and product design, to manufacturing, supply chain, and sales. As demands evolve, we continue to push semiconductor developments so the electronics we rely on now and in the future enhance our lives and address the most compelling societal challenges we face.



## Manufacturing

Our manufacturing is managed through the central technology and operations organization. They ensure that we produce efficiently and sustainably. Technology & Operations realizes scale benefits through asset utilization, purchasing volumes, and overhead leverage across businesses.

The manufacturing of semiconductors is divided into two processes namely “front-end” and “back-end”. The front-end, as the name suggests, is the actual production and fabrication of the semiconductors that takes place in the manufacturing facilities (“fabs”), while the back-end is the assembly, configuration, testing, and packaging of the semiconductors.

In its front-end manufacturing facilities, Nexperia has the capability to produce semiconductors with a wide range of widths and characteristics enabling it to meet the ever-changing demand from its customers. The back-end manufacturing facilities test and package many different types of products using a wide variety of assembly processes.

Nexperia owns the following manufacturing sites:

### Front-end / Wafer fabs

- › Wafer fab for Discretes in Hamburg, Germany
- › Wafer fab for Power MOSFETs in Manchester, United Kingdom
- › Wafer fab for Power MOSFETs, ESD Protection, IGBTs Automotive in Newport, United Kingdom

### Back-end / Assembly Sites

- › Assembly site in Dongguan, China
- › Assembly site in Seremban, Malaysia
- › Assembly site in Cabuyao, the Philippines

As the manufacturing of semiconductors is a highly specialized production process with various sub-processes, many raw materials are used in the various stages. The most important raw materials are the raw silicon wafers. These high-quality wafers are purchased from a limited number of suppliers. Good relationships have been formed with these suppliers and these relationships are continuously monitored.

Where possible, the Company strives toward efficient just-in-time delivery of products in order to better manage procurement cost and cash flows whilst at the same time managing the risk of low inventory levels. Purchase contracts are where possible based on fixed prices with medium-term obligations to manage the risk of fluctuations in the prices of these raw materials.

## Research and Development, Patents, and Licenses

As an advanced manufacturer in an ever-evolving industry, research and development is the foundation of our long-term success. Therefore, our robust yet effective research and development approach focuses on existing as well as untapped and unknown markets. Following its strategy, we are significantly expanding our research and development capabilities and will continue investing in the future.

Our global research and development team continues to grow and comprises 999 highly skilled employees (compared to 2021: 693). Our research and development expenses totaled \$106 million in 2022 (2021: \$81 million).

## Intellectual Property

The creation and use of our intellectual property enable us to maintain and enhance our existing market position while seeking new growth opportunities. Our intellectual properties comprise various patents, trademarks, and other items, none of which are individually significant to our operations. We actively protect our intellectual properties by obtaining patents, trademarks, domain names, retaining trade secrets, and defending, enforcing, and utilizing intellectual property rights and confidentiality agreements where applicable.

Our trademarks are created and used in our business to distinguish our products from competitors and play a vital role in our relationships with customers, suppliers, partners, and end-users.


### Nexperia – Main locations



For further locations see chapter "Our Entities".



## New Product Design



As Nexperia's products are ubiquitous, every innovation and enhancement also improves the energy efficiency of the final product. For example, more efficient semiconductors can extend the range of electric vehicles or reduce the size of phone chargers, lowering their shipping and material costs. The original portfolio is being improved continuously with regards to energy efficiency. Furthermore, Nexperia includes products with increased power capabilities such as wide bandgap (WBG) devices like silicon carbide (SiC) rectifiers or gallium nitride (GaN) FETs as well as power management ICs.

Today, most widely used power electronics are silicon-based, but a growing number require high current and voltage switching. To meet this need, wide band gap semiconductors and in particular new materials such as SiC or GaN can significantly increase the energy efficiency of products and applications. As a result, many regard these as materials of the future and a critical technology of the global energy transition. At the core of these advantages are the material properties, which enable greater efficiency and supply power, which are vital as the world continues needing more energy.

As a leading innovator in our industry, we will continue improving and developing products that reduce energy and material consumption in a broad range of applications, while also working to make our operations CO<sub>2</sub>-neutral to contribute to a more sustainable future.

Our product development complies with current environmental legislation and guidelines relating to our products and their materials, such as the Restriction of Hazardous Substances (RoHS).

We organize our research and development (R&D) to comply with the following standards and requirements:

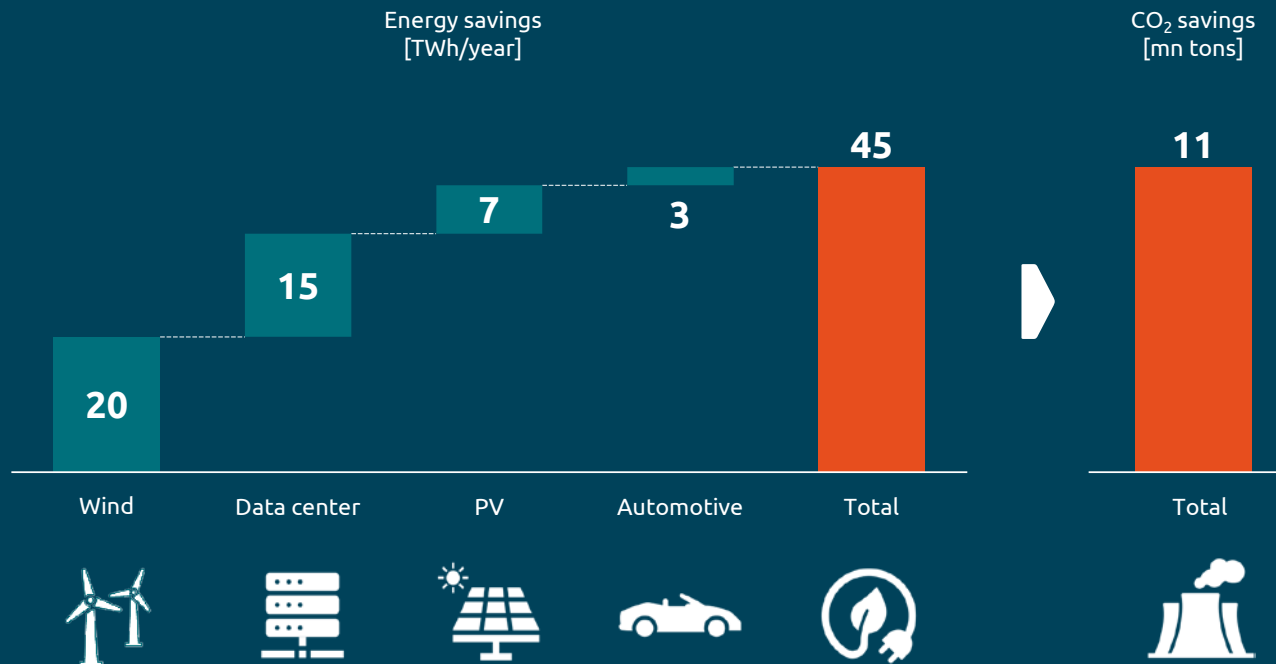
- › ISO9001: Quality management systems.
- › IATF16949: Quality management system requirements for automotive production and relevant service parts organizations.
- › ISO14001: Environmental management systems.

Since its inception, Nexperia has been successfully audited by external auditors against these standards. Our ongoing compliance is partly due to incorporating ISO 14001's product design requirements into our standard working procedure, our Eco Design Policy.

We have also defined our entire product creation process in our Business Creation and Management Process, which is designed to comply with the standards listed above. All our R&D projects are planned, managed, and executed by cross-functional project teams in compliance with these standards, using processes and checklists provided by our Business Creation and Management Process. The responsibility for implementing this process in each business group lies with its relevant R&D manager, and the business group management team is accountable.

Wide-bandgap-based power electronics enable significant energy savings and reductions in CO<sub>2</sub> emissions

## Potential energy savings and reductions in CO<sub>2</sub> emissions in the EU through usage of WBG materials in 2025 compared to Silicon<sup>1</sup>



WBG devices able to **reduce the energy consumption up to 15%** in key European applications

**Total saving potential of 45TWh/year in 2025** equivalent to the power generation of ~20 large gas power plants<sup>2</sup>

Equivalent to a **CO<sub>2</sub> reduction of ~11 million tons**

1) Including UK; TWh – Terawatt hours; WBG – Wide-bandgap material;  
2) Reference: gas and steam power plant from Kraftwerke Mainz-Wiesbaden (above-average capacity of 2.2 billion kilowatt-hours per year; annual report 2020); Source: PECTA – 2020; Agora – The European Power Sector in 2020; IHS; Borderstep Institute 2015; EEA

# Executive Management Team



**Xuezheng Zhang**  
Chief Executive Officer  
(CEO and CHRO a.i.)

Xuezheng Zhang (Wing) has been Nexperia's CEO since March 2020. He leads the Executive Management Team to guide the Company's growth and maintain its leading market position. Before Nexperia, he founded Wingtech Technology in 2006 – Nexperia's current controlling shareholder – where he also serves as Chairman and Chief Executive. Prior to becoming an entrepreneur, he had a successful career in the tech industry, working at STMicroelectronics and other companies. He holds an IE bachelor's degree from the Guangdong University of Technology, an EMBA degree from Tsinghua University, and a Ph.D. in Finance from Tsinghua University / the University of Geneva. He serves the Company from his offices in the Netherlands.



**Stefan Tilger**  
Chief Financial Officer  
(CFO)

As Nexperia's CFO, Stefan oversees the Company's financial and administrative performance. He began his career at Philips and NXP, where he developed his knowledge and experience in various financial roles. He joined Nexperia in 2017 as VP Global Business Controlling and a member of the leadership team. Stefan holds a Degree in Industrial Engineering and Management from Schleswig-Holstein Cooperative University of Applied Sciences in Kiel, Germany.





**Paul Zhang**  
SVP Sales & Marketing and General  
Manager of Nexperia China

Paul Zhang is Nexperia's Senior Vice President (SVP) Sales & Marketing and Country Manager China. He brings over 20 years of industry experience, including more than 15 years in semiconductors. Before joining Nexperia, he was the CEO of Datang NXP Semiconductors, where he was instrumental in designing the framework of the joint venture. Paul holds a BA and an MSc in Electronics Engineering from Tsinghua University in Beijing and the University of Calgary, as well as an EMBA degree.



**Toni Versluijs**  
General Manager BG MOS Discretets and  
Country Manager Nexperia UK

Toni is Nexperia's GM MOS Discretets, and Country Manager Nexperia UK. He joined Nexperia in 2019 after working for NXP Semiconductors. With over 20 years of experience in marketing and business management, he brings exceptional knowledge and industry expertise to the role. Toni has a strong track record in the automotive field and holds a Master's Degree in Physics from Radboud University Nijmegen and a Degree in Supply Chain Management from UT Eindhoven.



**Mark Roeloffzen**  
General Manager  
BG Bipolar Discretets

Mark is Nexperia's GM BG Bipolar Discretets, leading the team responsible for our small signal discrete, ESD protection, power discrete portfolio, and SIC portfolio. He has a strong international business and commercial background with over 17 years of semiconductor experience in various leading roles in strategy, supply chain, and global marketing. Mark holds a Master of Science in Industrial Engineering and Management Science from the Technical University of Twente in the Netherlands and an Executive MBA from the International Institute for Management Development (IMD) in Lausanne, Switzerland.



**Dan Jensen**  
General Manager  
BG Analog & Logic ICs

Dan is Nexperia's GM BG Analog & Logic ICs. With over 25 years of industry experience, he brings deep market knowledge and valuable insights to his position. Before joining Nexperia, he worked at NXP and Texas Instruments in various roles, including strategic marketing, test and product engineering, applications engineering, systems engineering, and business development. Dan holds a BSc in Electrical Engineering from Kansas State University.





**Irene Deng**  
General Manager  
BG Power- & Signal Conversion

Irene Deng is Nexperia’s GM BG Power & Signal Conversion ICs. She has over 20 years of experience building, leading, and scaling R&D and global businesses in the semiconductor analog IC industry. As a former GM and one of the founding members of the China R&D center at Texas Instruments, Irene has extensive expertise in RF, power, and signal chain analog ICs. She majored in Electronics Engineering at Iowa State University (MSc) and Nanjing University (BS).



**Dr. Ke Jiang**  
General Manager BG Insulated-Gate  
Bipolar Transistors & Modules, and China  
Design Center

Dr. Ke Jiang is Nexperia’s General Manager of BG I&M and China Design Center (CDC). He has over 15 years of semiconductor experience in various positions in strategy, R&D, product management, and supply chain management in automotive microelectronics, including eight years in Infineon Technologies AG in Germany. He holds a Ph.D. in Physics from the University of Munich and an Executive MBA from the University of Cambridge.



**Achim Kempe**  
Chief Operating Officer  
(COO)

As Nexperia’s Chief Operating Officer, Achim is responsible for all global operations and oversees business and manufacturing at our six factory sites. He has a strong manufacturing and operational background, implementing high-impact manufacturing strategies and operational excellence initiatives. Achim brings a passion for efficiency and more than 20 years of experience to the role.



**Charles Smit**  
Head of Corporate Affairs

Charles is Head of Corporate Affairs, which includes Communications and Public Affairs. He previously served as General Counsel of Nexperia and Vice President (VP) & General Counsel EMEA at NXP. He has also worked in senior legal functions for leading global companies such as Philips and Akzo Nobel for over 30 years. Charles is also Chairman of the Business Cluster Semiconductors Netherlands and holds a Master of Law from the Radboud University of Nijmegen.

**Ronald van Cleef**

Chief Corporate Development, M&A,  
Strategy, and Company Relations

To our greatest regret, Ronald passed away unexpectedly in early 2023. We are tremendously grateful for Ronald's work as Head of Corporate Development, Mergers and Acquisitions, Strategy and Company Relations. Ronald's strong leadership and knowledge, his extensive experience in growing business with international partners and customers across his global management roles at NXP, Philips and BC Components, as well as his successful track record in completing large-scale M&A deals, have been of great value to Nexperia's development as the international company it is today. His passion for the industry and his relentless drive will not be forgotten.

**Ruben Lichtenberg**

General Counsel

Ruben is Nexperia's General Counsel, leading the global legal and IP team. Ruben started his career as an attorney and has over 20 years of experience in international corporate law. He previously worked in senior legal roles for various international companies, including Royal Haskoning, Mercuria Energy, and Vesta Terminals. Ruben is also Board Secretary and holds a Master of Law from the Radboud University of Nijmegen.



# Our Entities

Relevant GRI Standards:

2-2

Nexperia Holding B.V.'s material directly and indirectly wholly owned (unless indicated differently) subsidiaries as at December 31, 2022:

Country of incorporation	Nexperia Entity Name	Share
Netherlands	Nexperia B.V.	100%
Netherlands	ITEC B.V.	100%
Netherlands	Nowi Energy B.V.	100%
Netherlands	Nowi B.V.	100%
Germany	Nexperia Germany GmbH	100%
Hungary	Nexperia Hungary Kft.	100%
United Kingdom	Nexperia UK Ltd.	100%
United Kingdom	Nexperia Newport Ltd.	100%
United Kingdom	Neptune 6 Ltd.	100%
United States of America	Nexperia USA Inc.	100%
Malaysia	Nexperia Malaysia Sdn. Bhd.	100%
Malaysia	Nexperia R&D Malaysia Sdn. Bhd.	100%
Philippines	Nexperia Philippines, Inc.	100%
Hong Kong	Nexperia Hong Kong Ltd.	100%
Hong Kong	ITEC Technologies Hong Kong Ltd.	100%
China	Nexperia (China) Ltd.	100%
China	Nexperia (Shanghai) Ltd.	100%
China	Nexperia Technology (Shanghai) Ltd.	100%
China	Nexperia (Wuxi) Ltd.	100%
China	ITEC Technology (Wuxi) Ltd.	100%
Taiwan	Nexperia Taiwan Co. Ltd.	100%
Singapore	Nexperia Singapore Pte. Ltd.	100%



Nexperia's consolidated financial statements also include the financial statements of Nexperia's 40% owned subsidiary Laguna Ventures, Inc., in the Philippines. For Laguna Ventures, Inc., the Group used the full consolidation method as Nexperia has control over the entity. The Group controls the entity as Nexperia is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

On March 8, 2022, a new legal entity, "Nexperia (Wuxi) Ltd." was incorporated. The purpose of the entity is to run Nexperia's back-end operations as a wholly foreign-owned enterprise and as part of the expansion plant and growing footprint in China.

On March 28, 2022, a new legal entity, "ITEC Technology (Wuxi) Ltd." was incorporated. The entity has been established to carry out manufacturing and sales activities for ITEC equipment and to grow Nexperia's ITEC business in China.

In November 2022, Nexperia acquired 100% of the shares of Delft-based Nowi Energy B.V. Nowi Energy B.V. is the parent company of Nowi B.V. The acquisition offers Nowi the long-needed opportunity to access a global network of customers and to leverage know-how developed over the past years, while it allows Nexperia to grow in the market segment of energy harvesting power management technology for low-power applications.

NWF Employee Shares Ltd. (100% share) was dissolved on October 25, 2022.

**At December 31, 2022, the subsidiary Nexperia B.V. had the following branches:**

Country	Nexperia B.V., Branch Name
France	Nexperia B.V., France Branch
India	Nexperia B.V., India Branch
Italy	Nexperia B.V., Italy Branch
Japan	Nexperia B.V., Japan Branch
Korea	Nexperia B.V., Korea Branch
Mexico	Nexperia B.V., Mexico Branch
Sweden	Nexperia B.V., Sweden Branch







**Our Strategy**

# Our Approach to ESG

Relevant GRI Standards:

3-3

## Generating long-term stakeholder value through an ESG mindset

Nexperia is a company driven by a strong commitment to innovation. As part of this forward-looking approach, we also take a holistic view of our organization’s environmental, social, and governance (ESG) impact. As a member of various communities worldwide (see list of our key stakeholders below), we aim to enrich the lives of our employees and their families while minimizing or avoiding any negative impacts on people and the environment. Therefore, in addition to policies and controls within our own company, we are extending our ESG focus to the impact of our supply chain and the life cycle of our products.

As an international manufacturer, we also acknowledge the increasing interest and demands from stakeholders to intensify our ESG efforts. In response, we are working to more thoroughly integrate ESG into our business and leverage our innovative and energy-efficient technologies to contribute to a more sustainable world.

## Strategy

We are formally sharing our ESG strategy for the first time with our 2022 sustainability report. Throughout the year, we have worked intensively on our ESG engagements, set firm targets, and evaluated our accomplishments. We have also established strategic approaches for our main sustainability topics, which we identified via a materiality analysis. This assessment, further described in the “Materiality Assessment” chapter, provides the basis for this report, our ESG management, and the future development of our comprehensive ESG strategy. We also acknowledge our ESG journey is an ongoing process, and that achieving long-term sustainability targets requires continually improving our knowledge, systems, and actions.

We have already developed concrete ESG goals encompassing the most relevant ESG topics.

## Our ESG Highlights

Environment	Responsible use of resources
	PFC Policy launched for further reduction of CO <sub>2</sub> -equivalent emissions
	39% electricity from renewable resources bought (in 2022)
Social	Launch of Diversity & Inclusion Program (2023)
	<ul style="list-style-type: none"> <li>▶ 30% women in management positions in 2030</li> <li>▶ 20% women in R&amp;D / engineering positions in 2030</li> </ul>
	87.2% overall favorability of working at Nexperia
Governance	Signatory of UN Global Compact (January 2023)
	Nexperia Code of Conduct 2022 and rollout of annual training for all employees
	Social Responsibility Audit Program (2022)
	New project Supply Chain Due Diligence Act (LkSG)
	Build trust through transparency in all our operations

See 2022 Highlights.

Nexperia's mission is to serve global megatrends, which drive steady growth across the semiconductor industry, challenge us as a company, and drive our commitments to our employees, partners, and society. In doing this, we fully comply with a broad range of guidelines and standards relating to business ethics, human and labor rights, environment and climate protection, and general sustainability.

We are voluntary signatories to the UN Global Compact, the International Labor Organization's (ILO) Labor Standards, the Responsible Business Alliance (RBA), the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals, the OECD Guidelines for Multinational Enterprises, and the Paris Agreement. We adhere to various management standards from the International Standards Organization (ISO), which are described in the relevant topic chapters.

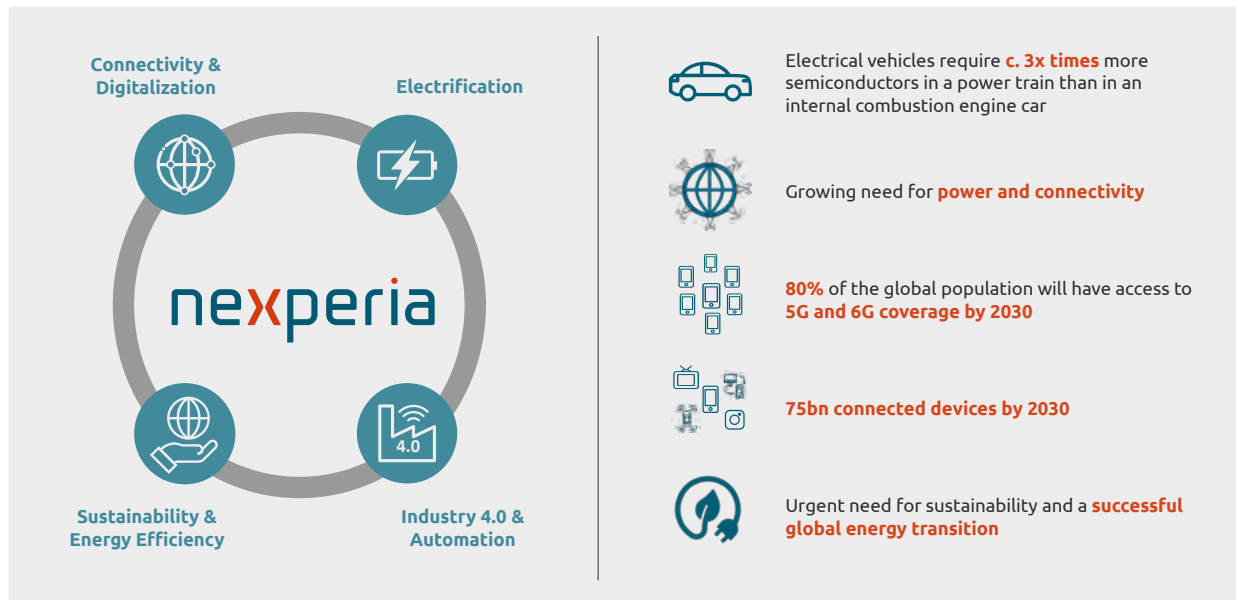
As a signatory of the Global Compact, we follow its ten core principles in everything we do. They lay the foundations of responsible business in the areas of human rights, labor, the environment, and anti-corruption. By following these principles, we continuously improve in different aspects of our work. For example, we are dedicated to ensuring a safe and healthy workplace for our team members and partners, and our injury rates remain among the lowest in our industry.

We also embrace opportunities to inspire people and shape the future while positioning ourselves for sustainable success. For example, at the start of 2023, we launched our Nexperia Diversity and Inclusion (D&I) Program to show respect and appreciation for our employees' unique talents, cultures, and backgrounds. In November 2022, we also published our new Code of Conduct and launched a global training program. These initiatives educate our employees about our expected standards of professional behavior, both internally and when interacting with our customers and partners.

Another important area of our ESG focus is our carbon footprint. Therefore, we are constantly working to reduce our greenhouse gas emissions while increasing our consumption of renewable energy.

Our existing ESG management approaches and upcoming ESG strategy are equal aspects of our business strategy.

Of the four pillars of Nexperia's 2023 business mission and the global megatrends affecting our company, both "Sustainability & Energy Efficiency" and "Electrification" have clear connections to a sustainable future. We see a growing need for power and connectivity, a switch to electric vehicles (including a three-fold increase in the number of semiconductors required), and an urgent need for sustainability and a global energy transition. We believe Nexperia can play a vital role in all of these areas. We also improve our customers' energy efficiency by providing innovative semiconductor devices, such as silicon carbide and gallium nitride.



## ESG governance

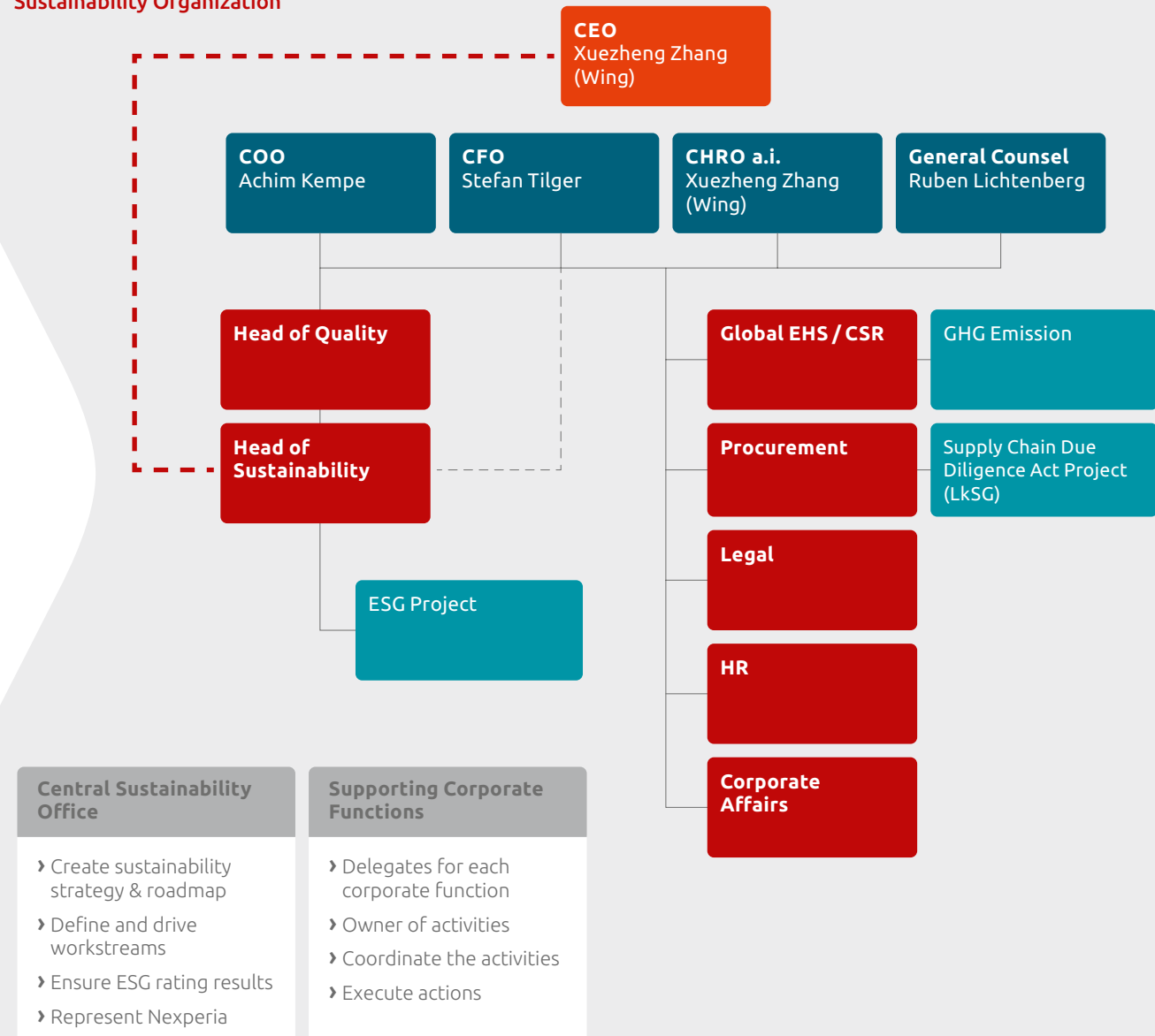
### ESG project

Nexperia's ESG project is supervised by a steering board comprising our Chief Financial Officer (CFO), Chief Operating Officer (COO), Senior Director of Environment, Health, and Safety and Corporate Social Responsibility (EHS and CSR), Head of Quality, and Senior Director - Advocacy and Alliances. In 2022, the steering board met monthly to track the progress of various initiatives in the ESG project, including preparing Nexperia's first sustainability report in line with the GRI standards, implementing software for non-financial reporting, and our overall ESG rating readiness. In subsequent steps, the CFO or COO presented executive summaries of the ESG project or decision topics to the Executive Management Team. Our sustainability functions are supported by specific experts in each relevant field, combined with additional management structures for relevant ESG subtopics. These thematic management approaches are described in more detail in the topic chapters of this report.

### Our sustainability organization

In 2023, we plan to establish a new sustainability organization with a defined sustainability committee. As part of this structure, we anticipate regular and direct reporting from our Head of Sustainability to the EMT. The designated reporting channels and responsibilities of our Central Sustainability Office and ESG at Nexperia in general are provided in the graphic above.

### Sustainability Organization





### Ownership of future ESG topics by department

FINANCE	RISK MANAGEMENT	CSR	EHS	PROCUREMENT	HR	LEGAL	CORPORATE AFFAIRS
<ul style="list-style-type: none"> <li>› Other upcoming Regulatory Requirements</li> </ul>	<ul style="list-style-type: none"> <li>› ESG Risks</li> </ul>	<ul style="list-style-type: none"> <li>› Local Ethics Liaison</li> <li>› Labor/Working conditions</li> <li>› ESG Rating</li> <li>› Customer Requirements</li> <li>› Taxonomy</li> </ul>	<ul style="list-style-type: none"> <li>› ECO-Products</li> <li>› Chemical Management</li> <li>› Conflict Minerals</li> <li>› Greenhouse Gas Emissions</li> <li>› Circular Economy</li> <li>› Membership (Industry associations)</li> <li>› Biodiversity/Ecosystems</li> <li>› Environmental Protection</li> </ul>	<ul style="list-style-type: none"> <li>› Risk Management</li> <li>› Supplier CoC</li> <li>› Sustainable SCM</li> <li>› Labor/Working conditions (value chain)</li> </ul>	<ul style="list-style-type: none"> <li>› Own Workforce/HR Management</li> <li>› Diversity</li> <li>› Labor/Working conditions (own workforce)</li> </ul>	<ul style="list-style-type: none"> <li>› Business Ethics (CoC)</li> <li>› Chair of Law Review (ESG-related laws)</li> </ul>	<ul style="list-style-type: none"> <li>› Media and public relations</li> <li>› Stakeholder dialogue</li> <li>› Representation of Nexperia vis-à-vis International Organizations and industry associations</li> <li>› Funding and subsidy applications</li> </ul>

Other departments are contributing.

### ESG policies

Effective sustainability and ESG management are shaped by concrete policies and guidelines. Many of our policies have specific application scopes within our material ESG topics, which are described in the corresponding chapters. Some other policies also guide our daily sustainability initiatives on a broader level.

Our Sustainability Policy supports the Code of Conduct for environmental, health, and safety topics. It further provides a general overview of our approach to important ESG topics,

with clear commitments to ethics, labor and human rights, employees, products, operations, compliance, local initiatives, transparency, and dialogue. The policy classifies these topics and commitments, making it simple for everyone at Nexperia to understand our values and goals.

One of the most important areas is our recently updated **Code of Conduct**. It clearly defines how we want to work with each other and achieve our collective

goals as a company. The Code of Conduct includes decision trees, ethical guidance, the Speakup Line, and our guarantee of no reprisals. It also outlines the general ethical standards we apply to our employment, business, and personal integrity, as well as our company assets and external activities that may impact people or the environment. All employees can raise any question or concern via the different reporting lines described in chapter 2 of

our Code of Conduct. To ensure a uniform approach, every employee must read and comply with our Code of Conduct, supported by yearly training sessions tracked in our e-learning system. Our Code of Conduct also applies to temporary employees and workers in our supply chain.

For our suppliers, we enhance our Code of Conduct with a **Supplier Code of Conduct**. This document provides the framework to help our partners and suppliers mirror our



commitments to sustainability and social responsibility. It is based on our Code of Conduct and the principles of the Code of Conduct of the Responsible Business Alliance (RBA). It ensures the working conditions in our supply chains are safe and within the regulatory borders of the countries they operate in. By signing a “Supplier Statement of Conformity”, our suppliers commit to treating workers with respect and dignity and maintaining minimum standards of environmentally responsible manufacturing. We have founded these commitments using globally recognized standards, such as the Universal Declaration of Human Rights, the ILO, the Ethical Trading Initiative (ETI), and core labor norms. More information on this topic can be found in the “Responsible Sourcing and Supplier Engagement” chapter of this report.

## Stakeholder engagement

At Nexperia, we recognize we are part of a larger ecosystem, and our success depends on the responsible relationships we build with our stakeholders. Therefore, as part of our commitment to sustainability, we engage with our stakeholders to ensure transparency, understand their expectations, concerns, and perspectives, and collaborate with them to develop and implement sustainable solutions.

Engaging with our stakeholders creates shared value and promotes sustainable development. We believe effective stakeholder engagement is vital to building trust, managing risks, and driving long-term business success. Our stakeholders’ voices are critical to shaping our sustainability strategy and ensuring we remain accountable to the communities and environments where we operate.

To ensure we engage with the right stakeholders in the right way, we undertook a comprehensive stakeholder identification and assessment process as part of our 2022 materiality analysis (described in the “Materiality Assessment” chapter). Our assessment included both internal and external stakeholder groups.

We engage with our stakeholders regularly, using various methods and channels to ensure we capture a diverse range of perspectives. Throughout the year, we communicate with our partners, customers, and internal and external stakeholders on sustainability-related topics, trends, and developments relevant to our industry. Our engagement process is designed to be inclusive, transparent, and responsive to stakeholder input and feedback. We aim for this not just to be a one-way communication exercise, but a dynamic process that enables us to create sustainable solutions together.

An essential aspect of our engagement strategy is contributing to various initiatives and associations, such as our signing of the UN Global Compact in January 2023. As an international company, Nexperia is also a member of several other national and global industry associations and is regarded as a think tank of relevance in the semiconductor industry.

**Our key stakeholders and industry associations**

International	European	National
United Nations Global Compact	European Semiconductor Industry Association (ESIA)	German Electro and Digital Industry Association (ZVEI)
Responsible Business Alliance (RBA)	ECPE European Center for Power Electronics	Techworks/NMI (Electronics manufacturing, UK)
SEMI Global Industry Association	Distributors' and Manufacturers' Association of Semiconductor Specialist (DMASS)	Federation of Malaysian Manufacturers (FMM)
MIPI Alliance	European Centres for Outreach in Photonics (ECOP)	High Tech (Netherlands)
HDMI Forum	AENEAS (Association for European NanoElectronics activities)	FME-CWM (Netherlands)
USB Implementers Forum		
Oita LSI Cluster Association		
WSTS World Semiconductor Trade Statistics		
Automotive Electronics Council (AEC)		

By listening to our stakeholders and incorporating their feedback, we enhance our sustainability performance and reputation as a responsible corporate citizen. Examples are our regular employee survey (see "Talent Attraction and Retention" chapter), making use of communication opportunities such as town halls, social media, newsletters, and our website, in addition to structural engagement with policymakers, industry associations, and other interest groups through meetings, workshops, task forces, and topical events.

We are committed to being transparent about the outcomes and impact of our stakeholder engagement activities, both to demonstrate our accountability and inspire others to follow our lead. We will continue improving and evolving our stakeholder engagement approach by incorporating stakeholder feedback and learning from best practices in the field.

# Materiality Assessment

Relevant GRI Standards:

3-1, 3-2

## Our approach to defining materiality

A materiality assessment is a fundamental aspect of corporate sustainability management. It allows us to **identify material ESG and sustainability topics** relevant to our company and stakeholders, and then determine whether particular topics are strategically important and **must be included in our sustainability report**. Conducting these assessments is also a mandatory reporting requirement of the GRI Standards and the European Sustainability Reporting Standards (ESRS).

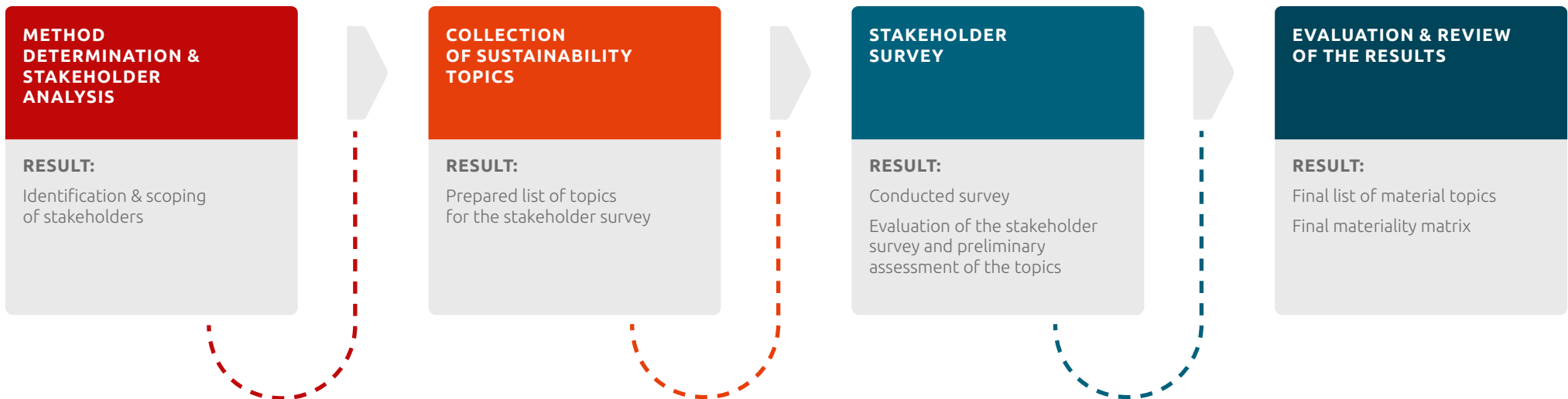
## DOUBLE MATERIALITY: FOCUSING ON WHAT REALLY MATTERS

*We conducted a comprehensive materiality assessment in the second half of 2022. It allowed us to better understand the crucial topics impacting society and the environment, and how our company assesses the unique risks and opportunities linked to ESG.*

*Following the approach of double materiality, we identified relevant sustainability topics which are*

*material due to their impact on people and the environment (Impact materiality) and/or from a financial perspective (Financial materiality). To assess the materiality of sustainability topics, we surveyed Nexperia's stakeholders. For both perspectives, we asked questions to assess the impact intensity and the probability of occurrence.*

### Process overview







## Identifying sustainability topics

We began the process by assessing our value chain to identify sustainability topics relevant to Nexperia. These topics imply negative or positive impacts on humans or the environment, in addition to sustainability-related risks and opportunities.

To identify these topics, we consulted various external and internal sources and analyzed company-specific documents, such as the Nexperia Code of Conduct and the requirements of the Responsible Business Alliance (RBA). We then collated the topics into a master long list, guided by examples from competitors in the semiconductor industry, international standards, frameworks, ESG ratings, and current and future legislation.

We identified 45 sustainability topics in our long list, 15 each in the environmental, social, and governance (ESG) categories. Following the recommendations of the European Financial Reporting Advisory Group (EFRAG), we categorized the sustainability topics by theme (ESG).

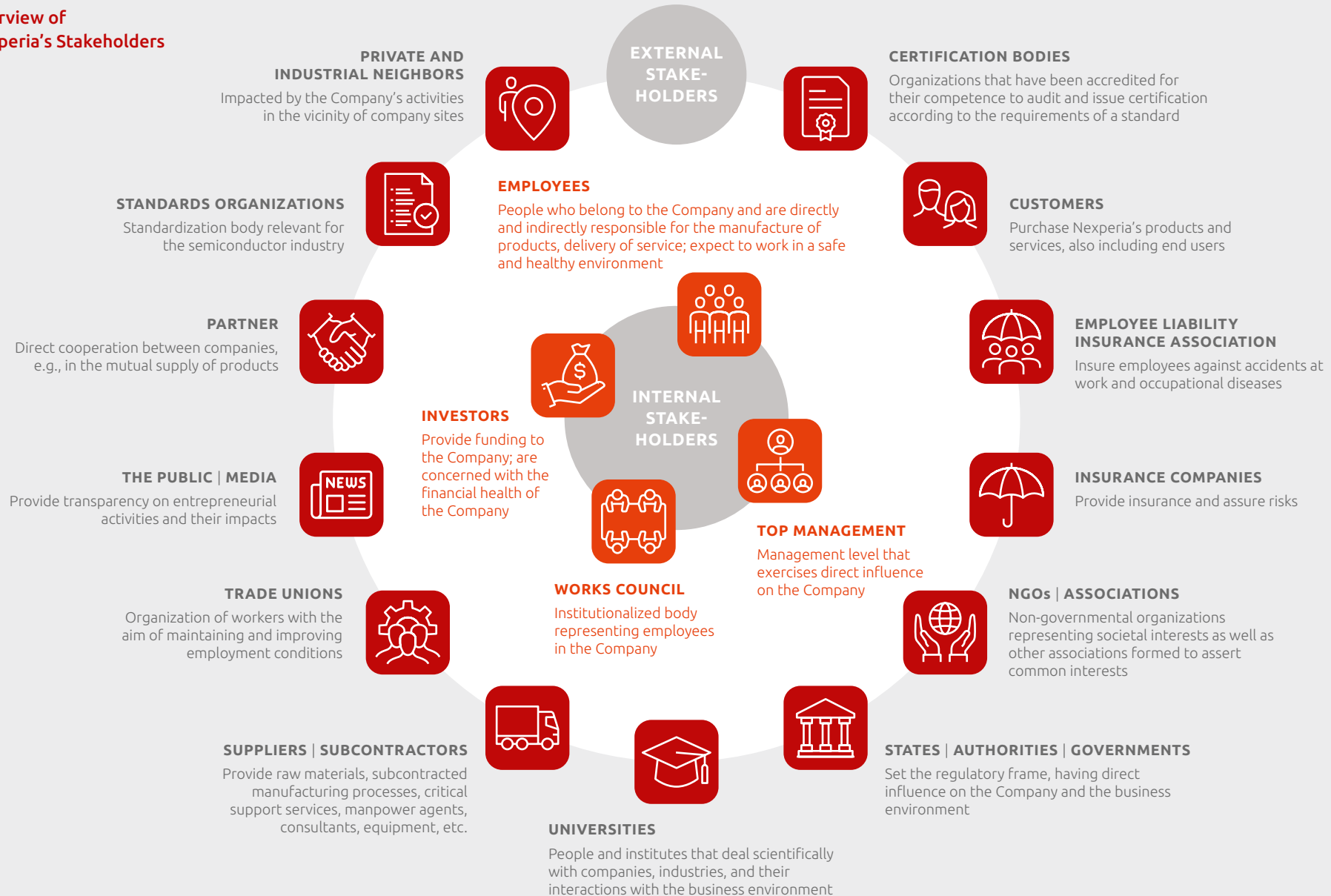
We then created a short list based on an evaluation by the ESG project team and internal experts. We identified 20 sustainability topics – seven environmental, six social, and seven governance – on which we surveyed our stakeholders.

## Involving our stakeholders

We are committed to maintaining strong engagement with our diverse range of stakeholders. Through ongoing dialogue, we transparently communicate our actions and decisions and foster goodwill with our employees, partners, the general public, and other stakeholders. Overall, we aim to unite divergent interests, build trust, and create sustainable, long-term relationships.

For these reasons, we included our stakeholders in our materiality analysis. Using an online questionnaire, we asked our stakeholders to evaluate our 20 short-listed sustainability topics in the context of double materiality.

## Overview of Nexperia's Stakeholders

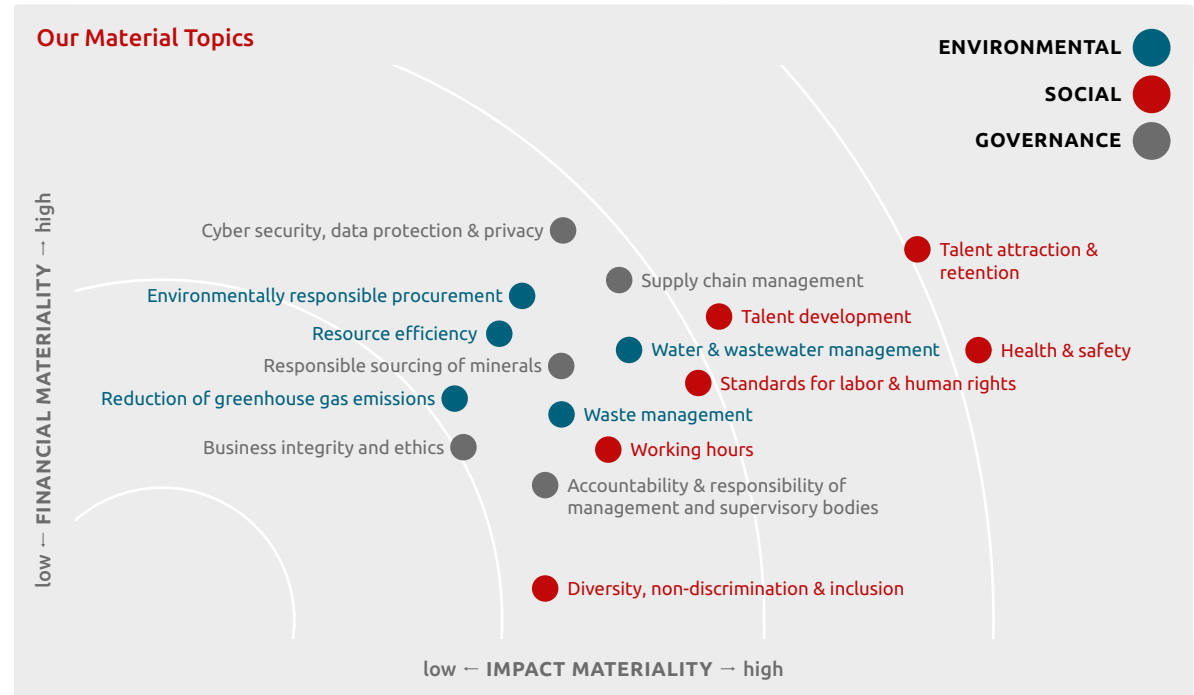


### Validation and results

After evaluating the survey and determining a threshold for materiality consideration, we defined a set of 16 ESG topics that are material to our sustainability management and reporting (see matrix to the right).

In a final step, these 16 material topics were validated and approved by Nexperia’s internal experts together with the CFO and COO, representing Nexperia’s Executive Management Team. We have used these material topics to create the body of this sustainability report.

Going forward, we will use the findings of our materiality analysis as the foundation for our sustainability strategy. Based on this, we will define strategic goals in our sustainability program for the identified action areas. We will also perform ongoing materiality assessments to confirm the validity and relevance of our identified material topics.



### Overview on Nexperia’s 16 Material topics (alphabetical order)

ENVIRONMENTAL	SOCIAL	GOVERNANCE
› Environmentally responsible procurement	› Diversity, non-discrimination, and inclusion	› Accountability and responsibility of management
› Reduction of GHG	› Health and safety	› Business integrity and ethics
› Resource efficiency	› Standards for labor and human rights	› Cybersecurity, data protection, and privacy
› Waste management	› Talent attraction and retention	› Responsible sourcing of minerals
› Water and wastewater management	› Talent development	› Supply chain management
	› Working hours	



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# Financial Reporting



# Financial Performance

## Relevant GRI Standards:

3-3, 201-1

For the year ended December 31, 2022, Nexperia generated product revenue of \$2,284 million (2021: \$2,058 million). In addition, the Company generated revenue from manufacturing, foundry, and other sales of \$81 million (2021: \$79 million) for Newport wafer sales to external parties, the front-end and assembly production of some of the NXP Semiconductor products in Nexperia-owned fabrication plants (“fabs”) as well as from the production of equipment for internal and external customers.

In 2022, 67% (2021: 68%) of the total product revenue was generated through distributors, 29% to original equipment manufacturer (OEM) customers (2021: 28%) and 4% to electronics manufacturing service (EMS) customers (2021: 4%). Our distribution sales comprise fulfillment business sales, in which Nexperia manages design and distributors manage logistics, in addition to sales to mass-market customers. The Group’s biggest worldwide distributors across all applications are Arrow, Avnet, Future, SAC, and WPI (in alphabetic order). In addition to the OEM customers, Nexperia has worldwide leading EMS as customers, e.g., Foxconn, Flextronics, Jabil, Pegatron, Sanmina, and Quanta.

In 2022, \$1,523 million (67%) of the product revenue was generated via distribution (2021: \$1,393M). Out of this, the distribution fulfillment sales accounted for \$568 million (37.2%) and the mass market for \$955 million (62.8%). The sales done by Nexperia’s distribution partners toward end customers are called “Point of Sale (POS).” In 2022, a record point of sale of \$1,599 million has been achieved (2021: \$1,549 million).

The business was strong in the first three quarters, but Nexperia has seen a softening in the fourth quarter 2022. In 2022, there was only minor impact on the production output due to COVID-19 in China.

Nexperia’s market segments are Automotive, Mobile & Wearables, Industrial & Power, Consumer, and Computing. Segments are assigned if the business goes via direct OEM customers or via Distribution Fulfillment customers. The remaining sales of non-assigned market segments for Distribution Mass Market (MM) was \$955 million in 2022 (2021: \$815 million) customers and EMS customers was \$92 million in 2022 (2021: \$77 million). The total product revenue 2022 is split into segments by Automotive 49%, Mobile & Wearables 14%, Industrial & Power 23%, Computing 8%, and Consumer 6% (see also table below).



The gross profit for the year ended December 31, 2022, was \$1,004 million (2021: \$781 million) or 42.5% (2021: 36.5%) of the revenue. The increase in margin was mainly driven by price and mix impacts partially offset by cost increases and currency effects. Gross profit was slightly weaker than expected (\$-42 million), which was driven by lower volumes partially offset with higher price increases than expected.

\$'000	2022	2021	2020	2019	2018
Product Sales	2,283,894	2,057,950	1,397,910	1,432,108	1,497,463
Manufacturing, Foundry, and other sales	80,739	78,833	33,003	53,296	74,900
<b>Total</b>	<b>2,364,633</b>	<b>2,136,783</b>	<b>1,430,913</b>	<b>1,485,404</b>	<b>1,572,363</b>
Netherlands	91,226	95,689	18,581	6,791	8,029
Greater China	1,058,896	1,014,414	736,967	624,200	668,820
The Americas	252,416	175,009	119,044	141,338	152,021
EMEA (excluding Netherlands)	527,897	460,154	289,041	374,693	383,227
Others	434,198	391,517	267,280	338,382	360,266
<b>Total</b>	<b>2,364,633</b>	<b>2,136,783</b>	<b>1,430,913</b>	<b>1,485,404</b>	<b>1,572,363</b>
Automotive	1,109,987	950,386	631,569	683,987	695,712
Industrial & Power	529,090	451,836	308,060	303,789	331,744
Mobile & Wearables	326,565	333,139	323,714	309,009	324,110
Computing	188,188	200,614	62,692	57,203	62,542
Consumer	130,064	121,975	71,875	78,121	83,355
<b>Total</b>	<b>2,283,894</b>	<b>2,057,950</b>	<b>1,397,910</b>	<b>1,432,109</b>	<b>1,497,463</b>

# Risk Management

**Relevant GRI Standards:**

3-3, 201-2

Risk management and internal controls form an integral part of business management. Nexperia's Risk Management Policy and principles help its management team proactively monitor the Group's day-to-day operations, achieve strategic goals, ensure compliance with all legal requirements, safeguard the Company's assets, and maintain integrity in its financial reporting and related disclosures.

Management holds overall accountability and responsibility for managing risk to the organization and implementing appropriate risk response measures focusing on material risks. By considering all reasonable possibilities, management identifies opportunities for the Company and unique challenges associated with current and future opportunities.

Risks, opportunities, and internal controls are regularly assessed, evaluated, actively managed, and reported to senior management.

Risks and opportunities are classified as follows:

- › Strategic
- › Operational
- › Financial
- › Compliance

Nexperia has designed its internal control and risk management system based on the criteria and principles established in international best practice standards, such as the COSO Model and C-SOX-Standards. Risks and opportunities are listed in a register maintained by the Risk and Internal Control Office.

To understand the impacts associated with an identified risk or opportunity and its characteristics, the following factors are reviewed:

- › Potential financial impact
- › Probability of occurrence
- › Time-related factors

The risk assessment is also affected by any divergence or deviation of risk, biases, professional judgments, and quality of the used information. Therefore, it should be noted that any risk management and internal control system, regardless of how well it is designed and operated, can provide only reasonable, not absolute, assurance that its objectives will be met.

Potential financial losses or gains associated with an identified risk and opportunity are assessed as follows:

- › High [20 Mio USD]
- › Medium [3.3 – 20 Mio USD]
- › Low [3.3 Mio USD]

We calculate materiality based on the average PBT (profit before tax) using audited actuals and RFF (Rolling Financial Forecast) figures. The assessment of materiality is re-performed annually.

The Company has insurance measures in place, the costs of which are considered in the net risk analysis. The insurance program is reviewed on a regular basis.

We explore opportunities to digitize risk management activities within the organization to support the effective and efficient identification, analysis, and monitoring of risks. Costs of actions taken to manage the risk and opportunity will be considered and evaluated during the Enterprise Risk Management (ERM) software solution implementation that starts in Q1 2023.

In addition to the risks summarized below, please refer to the other chapters of this report for more details:

**Strategic Risks**

Risk title	Risk description	Strategy to address the risk
<p><b>Market risk - cyclical industry</b></p>	<p>The semiconductor industry is regarded as highly cyclical. The demand is mostly driven by end products that are highly sensitive to an economic downturn. As a result of this the semiconductor market is highly sensitive to economic conditions. In strong economic conditions semiconductor companies cannot keep up with the demand for the products and then expand their manufacturing capacity. In periods of lower economic activity, these higher fixed costs and over stocking could result in lower gross profit.</p>	<p>Nexperia focuses on market analysis and product development to ensure that it is always well positioned to remain profitable even in economic downturns.</p> <p>Nexperia is active in various markets and so is not dependent on the economic conditions of one sole market.</p>
<p><b>Market risk - price erosion</b></p>	<p>As competition in the market continues to increase and technology continues to evolve, competitively pricing Nexperia’s products remain one of the most important parts of achieving a competitive advantage. Failure to achieve this will have a negative effect on the profitability of the Company.</p>	<p>In order to continue to profitably supply the Group’s products, Nexperia focuses on reducing the production cost in line with the competitors whilst at the same time keeping the Group’s focus on the quality of the produced products. Usually, this must be accomplished through improvements in process technology and production efficiencies.</p>
<p><b>Reputational risk</b></p>	<p>Nexperia’s reputation is a major driver of corporate goodwill. Damage of corporate reputation could have material impact on Nexperia’s brand value and financial position.</p>	<p>Nexperia set up a Corporate Affairs Department to closely monitor and measure its reputation and take risk response accordingly, e.g., an information and communication strategy is defined toward suppliers, customers, and other relevant stakeholders.</p>
<p><b>Technological changing industry</b></p>	<p>As the industry Nexperia operates in is changing at a rapid rate, the risk exists that Nexperia will fall behind in terms of its technological capabilities of its facilities and the results of its research and development. This requires significant capital investment. If Nexperia is unable to generate sufficient cash flows or raise sufficient capital on favorable terms, this could have a material adverse effect on the business, financial condition, and results of its operations.</p>	<p>To remain relevant, extensive and continuous research and development and capital investments are a focus point for Nexperia.</p>



**Operational Risks**

Risk title	Risk description	Strategy to address risk
<p><b>IT/OT risks including cyber risk</b></p>	<p>Nexperia relies heavily on the efficient and uninterrupted operation of complex information technology applications, systems, and networks to run the business. As a result of this, the reliability and security of the information technology infrastructure and its ability to expand and remain up to date is critical to the business. A significant breach or interruption of the information technology application can have a serious effect on Nexperia's operations.</p>	<p>Through developed security strategy, regular self-review, penetration tests, and external input, Nexperia ensures that the maintenance and security of information technology systems are of the required quality to mitigate the risk mentioned.</p>
<p><b>Capacity expansion</b></p>	<p>The market for semiconductors is a dynamic and cyclical market. This leads to rapid demand changes. If Nexperia does not effectively plan for the demand changes, over or under expansion can lead to financial losses and loss of market share.</p>	<p>Nexperia ensures that it mitigates this risk by performing long-term planning process covering relevant market trends and regularly reviewing and adjusting these forecasts.</p>
<p><b>Intellectual property rights</b></p>	<p>Due to the nature of the industry, the quality and protection of the Company's current intellectual property rights as well as the development of new and improved intellectual property rights are major success drivers of the Company. Failure to protect and develop these will result in operating losses and losses of competitive advantage.</p>	<p>Nexperia seeks various appropriate ways to protect its intellectual properties. Nexperia also understands the importance of developing new and improved intellectual property rights through investment in research and development. Nexperia regularly reviews the existing patents, closely monitors market requirements, and works on innovations.</p>
<p><b>Production risks</b></p>	<p>Nexperia manufactures in its own factories as well as with third parties. The manufacturing consists of processes that are highly complex, require advanced and costly equipment, and must continuously be modified to improve yields and performance. Difficulties in the production process can reduce yields or interrupt production, and, because of such problems, the Company may on occasion not be able to deliver products or do so in a timely or cost-effective or competitive manner. As the complexity of both the products and fabrication processes has become more advanced, manufacturing tolerances have been reduced and requirements for precision have become more demanding. As a result of the above, Nexperia has experienced manufacturing difficulties due to internal or external problems that have given rise to delays in delivery and quality control problems. There can be no assurance that any such occurrence in the future would not materially harm the Group's results of operations.</p>	<p>Nexperia has established a business continuity management team to respond to potential production line interruptions, which includes business continuity plans that are regularly reviewed. Critical incidents are managed by a crisis management team, which is set up as required.</p>

**Operational Risks**

Risk title	Risk description	Strategy to address risk
<p><b>Environmental risks</b></p>	<p>Environmental and other disasters like pandemics (e.g. COVID-19) may negatively impact the Nexperia business or directly impact its manufacturing facilities. Even if the manufacturing facilities are not directly damaged, a large natural disaster may result in disruptions in distribution channels or supply chains and significant increases in the prices of raw materials used for its manufacturing process. Furthermore, any disaster affecting the customers (or their respective customers) may negatively impact the demand for Nexperia's products and revenues significantly. The impact of any such natural disasters depends on the specific geographic circumstances but could be significant, as some of the factories are in areas with known earthquake fault zones and flood or storm risks.</p>	<p>The Company cannot predict the economic impact, if any, of possible natural disasters, including pandemics or climate change. Nexperia has however implemented thorough business continuity plans to minimize the risk, if possible, in the event of a disaster as explained.</p> <p>Furthermore, the Company continuously screens the legislative requirements for new/upcoming ESG regulations e.g. CSRD, and enhances the risk management process accordingly.</p> <p>Nexperia initiated a ESG strategy project to improve the GRI reporting and perform ESG Rating.</p>
<p><b>COVID-19 pandemic risk</b></p>	<p>The COVID-19 pandemic is causing negative effects for the worldwide economy.</p> <p>The COVID-19 pandemic risk impacts Nexperia's supply chains, the production process and sales activities, because of regulative restrictions and limitations imposed by governmental authorities.</p>	<p>Immediately after the virus outbreak in January 2020, Nexperia activated crisis management teams for all major sites to closely monitor the COVID-19 risk and take appropriate risk response measure for the health and safety of its employees and to continue its business under these circumstances.</p> <p>Nexperia's Board and Executive Management Team are informed on an ongoing basis to reflect on the COVID-19 event also with regard to the planning assumptions. Nexperia has established local pandemic procedures for every operating site.</p>
<p><b>Geopolitical risks</b></p>	<p>Geopolitical risks, including political instability, conflict, and economic sanctions, may indirectly impact the semiconductor industry as a whole. These impacts could result from worldwide trade sanctions and economic disruption followed by possible price increases in the supply chain.</p> <p>For Nexperia, the impact of the ongoing Russian and Ukraine war (including possible non-compliance to sanctions regulations) has been rated as remote.</p>	<p>Nexperia created a dedicated team to closely monitor the geopolitical situation and ensure that the Group is compliant with any sanctions and fully understands any impact of sanctions on business continuity.</p>

**Operational Risks**

Risk title	Risk description	Strategy to address risk
<p><b>Procurement risks including supply chain risk</b></p>	<p>Nexperia is highly dependent on a few suppliers and the quality and timely delivery of raw materials. To effectively manage cash flows, the Company makes use of just-in-time delivery of some of its raw materials. As some of the raw materials are highly specialized, Nexperia sources these of a small number of trusted suppliers. Because the raw materials that Nexperia purchases are complex, it is frequently difficult or impossible for the Company to substitute the materials with a similar product. The business, reputation, financial condition, and results of operations could be harmed if Nexperia is unable to obtain adequate supplies of quality raw materials in a timely manner.</p>	<p>Through previous business ventures, Nexperia’s management has long-standing relationships with all the big suppliers. Nexperia understands that it is dependent on some of its suppliers and will continue to build on these relationships and further improve the procurement and supplier selection (dual sourcing) process. Nexperia assesses the risk for each supplier and ensures the dual sourcing of raw materials necessary for production. Additionally, Nexperia is monitoring all relevant supplier risk management legislation, e.g., Act on Corporate Due Diligence Obligations in Supply Chains.</p>
<p><b>International business risks including trade compliance risks</b></p>	<p>The international business environment that Nexperia participates in is subject to many economic and political uncertainties, including the following international business risks:</p> <ul style="list-style-type: none"> <li>› Negative economic developments in economies around the world and the instability of governments and international trade agreements.</li> <li>› Social and political instability in a number of countries around the world having a negative effect on the Group’s business, financial condition and operations.</li> <li>› Potential terrorist attacks.</li> <li>› Epidemics and pandemics, which may adversely affect the Group’s workforce and financial position.</li> <li>› Adverse changes in governmental policies, especially those affecting trade and investment.</li> <li>› Nexperia’s customers or other groups of stakeholders might impose; requirements that are more stringent than the laws in the countries in which the Group is active.</li> <li>› Threats that the Group’s operations or property could be subject to nationalization and expropriation.</li> </ul>	<p>These international business risks are monitored and assessed by management on a continuous basis to ensure that these risks are managed and appropriately and proactively reacted to where needed. Furthermore, Nexperia has set up a Trade Compliance Organization and specific controls to cover trade compliance risks, e.g., export control; restricted party screening on business partners, customers, vendors, and hiring.</p>

**Financial Risks**

Risk title	Risk description	Strategy to address the risk
<p><b>Currency risk</b></p>	<p>Nexperia is a global company and, as a direct consequence, movements in the financial markets may impact the financial results. This is further heightened by the fact that the Group’s reporting currency of the consolidated accounts differs from some of Nexperia’s entities’ local currencies. The impact of foreign currency translation of the financial statements of foreign operations in the consolidated accounts may have a negative effect on Nexperia’s shareholders’ equity.</p>	<p>Nexperia monitors its foreign currency risk on a regular basis and controls them through natural cash flow hedges and other hedging instruments. Since a component of its outstanding debt (quasi-equity) is denominated in Renminbi, Nexperia managed and mitigated its currency risk by using various financial derivatives, such as entering into forward contracts.</p>
<p><b>Credit and interest rate risk</b></p>	<p>Nexperia invests available cash and cash equivalents with various financial institutions across the world and is in that respect exposed to the credit risk of these counterparties. Nexperia is also geared in terms of long-term debt. An increase in interest rates will lead to higher financial expenses.</p>	<p>Nexperia seeks to actively manage concentration risk on a daily basis adhering to its stringent treasury management policy. Nexperia also limits the credit risk by only transacting with financial institutions with strong credit ratings.</p> <p>To mitigate the fluctuation of interest cash flow, Nexperia entered into interest rate swap contracts where the variable interest rates will be switched into a fixed interest rate over the next two years.</p>
<p><b>Commodity price risk</b></p>	<p>Nexperia is a purchaser of certain base metals, precious metals, chemicals, and energy used in the manufacturing process of its products. The prices of these raw materials can be volatile due to global demand trends. These fluctuations, when not planned for properly, can have a negative effect on the profits made by the Company.</p>	<p>Nexperia employs experienced individuals who are responsible for planning and purchasing these raw materials to ensure that it is appropriately managed against this risk.</p>
<p><b>Market risk - inflation</b></p>	<p>The global economy in which Nexperia conducts its business is vulnerable to unexpected fluctuations in inflationary expectations, political uncertainty, and negative interest rate policies. These occurrences will negatively affect the purchase power of the end users which will have a negative ripple effect on the demand for Nexperia’s products.</p>	<p>Nexperia understands the risks relating to this and addresses them through effective monitoring, forecasting, and continuous increases of efficiencies to drive manufacturing cost down whilst retaining the highest quality.</p> <p>In addition, Nexperia increased prices toward customers to compensate any price increase on the procurement side.</p>



**Financial Risks**

Risk title	Risk description	Strategy to address the risk
<p><b>Risks related to the goodwill and other intangible assets</b></p>	<p>Goodwill and other identifiable intangible assets are recorded at fair value on the acquisition date. Impairment of these may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of the Company or affect the products and services that the Company sells, challenges to the validity of certain registered intellectual property, reduced sales of certain products incorporating registered intellectual property, and a variety of other factors. The amount of any identified impairment must be expensed immediately as a charge to results of operations. Depending on future circumstances, it is thus possible that the Company may not be able to realize the full value of its intangible assets. Any future determination of impairment of goodwill or other identifiable intangible assets could have a material adverse effect on its financial position, results of operations, and shareholders' equity.</p>	<p>At initial recognition, Nexperia takes the necessary steps to ensure that the goodwill and other identifiable intangible assets are measured at their fair value appropriately and not overstated. Furthermore, Nexperia reviews its goodwill and other intangible assets balances for impairment upon any indication of a potential impairment, and in the case of goodwill, at a minimum of once a year to ensure that any identified impairments are processed in a timely manner.</p>
<p><b>Ineffective internal controls</b></p>	<p>Deficiencies in the internal control systems that govern the accuracy and reliability of the periodic reporting may lead to financial losses and reputational damage.</p>	<p>Nexperia has adopted effective policies and procedures to ensure that the internal control systems regarding the periodic reporting are in place and are regularly reviewed. Technically Nexperia's internal control process is managed by means of SAP GRC Process and Access Control.</p>

**Financial Risks**

Risk title	Risk description	Strategy to address the risk
<p><b>Nexperia's indebtedness</b></p>	<p>On December 31, 2022, Nexperia has an outstanding debt with a principal amount of \$506 million (2021: \$793 million). This indebtedness exposes the Company to risks that could adversely affect its financial condition. The risk drivers for the above-mentioned risks are as follows:</p> <ul style="list-style-type: none"> <li>› Increasing vulnerability due to adverse economic industry and competitive developments.</li> <li>› Requiring a substantial portion of cash flow to service the capital and interest payments.</li> <li>› Reducing the ability to use the current cash flows to fund operations, capital expenditures, future business opportunities, and other strategic acquisitions.</li> <li>› Heightened interest rate risk as the loan bears interest at a variable rate.</li> <li>› Limiting the Company's ability to obtain additional financing to fund its working capital, capital expenditures, restructurings, product development, research and development, debt service requirements, investments, and acquisitions.</li> <li>› Limiting the Company's flexibility in planning for, or reacting to, changes in the business or market conditions and placing the Company at a competitive disadvantage compared to its competitors who are less highly leveraged and who therefore, may be able to take advantage of opportunities that Nexperia's leverage prevents it from exploiting.</li> </ul>	<p>Nexperia seeks to manage and mitigate this risk through employing a stringent treasury management policy and performing detailed planning prior to entering into any additional financing agreements.</p>

**Compliance Risk**

Risk title	Risk description	Strategy to address the risk
<p><b>Compliance risks</b></p>	<p>Due to the nature of Nexperia’s products and business model, certain environmental laws and other regulations expose the Company to risks regarding compliance with these laws and regulations. These laws and regulations are sometimes unique in every jurisdiction in which Nexperia operates. These regulations govern, among other things, emissions of pollutants into the air, wastewater discharges, the use and handling of hazardous substances, waste disposal, the investigation and remediation of soil and ground water contamination, and the health and safety of the employees. Failure to adhere to these regulations can lead to financial penalties, sanctions etc.</p>	<p>The management of Nexperia fully understands the risks regarding compliance. In order to successfully mitigate this, Nexperia has appointed experienced employees across all jurisdictions that is responsible for ensuring compliance with related laws and regulations in line with the Three Lines of Defense Model (TLD). Nexperia also ensures that this experience is updated regularly through external trainings.</p>
<p><b>Tax compliance risks across jurisdictions including tax rate risk</b></p>	<p>Since Nexperia operates internationally, the Group is subjected to various tax jurisdictions. Failure to adhere and the uncertainty of these different tax rules can lead to penalties, interests, and other financial losses. With regards to the Group’s transfer pricing agreements in place, Nexperia also runs the risk that the uncertainty regarding these lead to disputes and financial losses.</p> <p>Nexperia cannot give any assurance as to what its effective tax rate will be in the future, because of, among other things, uncertainty regarding the tax policies of the jurisdictions where it conducts its business. The Company’s actual effective tax rate may vary from its expectation and that variance may be material. Additionally, the tax laws of the Netherlands, and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate.</p>	<p>In order to mitigate this risk, Nexperia has employed tax professionals and ensure that these individuals are appropriately updated at all times. Specific direct and indirect tax risks are managed through specific tax controls, which are assessed on a regular basis.</p>
<p><b>Fraud risk</b></p>	<p>Potential fraud risks and breaches against Nexperia’s Code of Conduct can be identified by means of a whistleblower hotline. Cases that were reported through the whistleblower hotline are assessed by Nexperia’s Ethics Committee, which also decides on possible risk response measures like follow ups by the Internal Audit Department or additional investigations by external specialists, if needed. The Chairman of the Board is informed accordingly.</p>	<p>With regard to Nexperia’s Code of conduct, management has implemented a mandatory training program for all Nexperia employees.</p>

# Taxation

## Relevant GRI Standards:

3-3, 207

In line with our core values, we are committed to observing all applicable tax laws, rules, regulations, reporting, and disclosure requirements, wherever we are obligated to do so resulting from our business presence and transactions.

Our tax policy is linked to our Code of Conduct, which sets out guiding principles on integrity and ethics in our business conduct. Nexperia's management has adopted the Code of Conduct to underpin the commitment to socially responsible corporate citizenship and the pursuit of a sustainable future – economically, socially, and environmentally.

As a responsible taxpayer, Nexperia's tax planning is based on long-term considerations and takes into account the interest of all stakeholders. Therefore, we believe it is essential to have a set of guiding tax principles and communicate openly and clearly about our tax approach.

Nexperia's tax approach should always remain consistent with its overall business strategy, risk approach, and core values. The tax approach should ensure that:

- › The strategy is adopted and followed consistently, with clear lines of responsibility and accountability.
- › The strategy aligns with Nexperia's overall approach to corporate governance and risk management.
- › Nexperia pays the correct amount of tax required by the laws and regulations of the countries in which it operates.

## Tax principles

### Compliance

In all its tax affairs, Nexperia is committed to complying with all relevant laws, rules, regulations, and reporting and disclosure requirements wherever we operate. We are guided by recognized international standards such as the OECD Guidelines and comply with both the spirit and the letter of the tax laws and regulations.

### Tax governance

Nexperia's group tax department is in constant dialogue with senior management and the business groups. This ensures management is engaged and involved in all relevant tax matters.

Our tax department is organized to ensure compliance with all tax laws and regulations in the countries where we operate. It is a centralized organization that manages both regional and functional requirements. Additionally, the organization regularly engages with external tax advisors and/or local tax authorities to ensure our tax obligations are correctly handled and disclosed in our annual and quarterly reports.

The tax team is part of the finance department reporting to the Chief Financial Officer (CFO). The CFO is responsible for regularly updating the audit committee, with support from the tax department.



### Transfer pricing

Nexperia operates in many different tax jurisdictions, and there are many transactions between group companies. As a result, the transfer pricing for these transactions must reflect an “arm’s length” or market price. Our pricing is driven by the activities undertaken and the value created in each segment of our business according to OECD transfer pricing guidelines. This compliance should ensure all parties receive fair remuneration for their services. Our alignment with the arm’s length principle is supported by frequent benchmarking.

Nexperia does not have a presence in blacklisted jurisdictions as defined by the European Union and does not use artificial structures to achieve tax advantages or minimize tax liabilities.

### Relationships with tax authorities

Nexperia seeks to foster constructive, professional, and transparent relationships with tax authorities based on integrity, collaboration, and mutual trust. We are committed to the principles of openness and transparency in our approach to dealing with tax authorities wherever we operate around the world. We aim to conduct all dealings with tax authorities and other relevant bodies in a collaborative, courteous, and timely manner. To avoid any potential tax disputes, we aim to secure early agreements on disputed matters and achieve upfront certainty wherever possible.

### Tax planning and incentives

Nexperia believes it should pay the tax amounts legally due in any territory. However, there will be some circumstances where this amount may not be clearly defined, or alternative approaches may result in differing tax outcomes. In these cases, we will use our best judgment to determine the appropriate course of action, using available reliefs and incentives where possible. These positions taken will be documented in a transparent manner and shared with local authorities where deemed appropriate.

Nexperia may engage in tax planning initiatives and use incentives and reliefs to minimize the tax costs of conducting its business activities, but will not use them for purposes that are knowingly contradictory to the intent of the legislation. However, Nexperia also believes that with such planning, due consideration needs to be given to Nexperia’s legitimate interests, reputation, brand, and corporate social responsibility. The most important tax incentives for which Nexperia is eligible relate to the areas of innovation and R&D.

As a good corporate citizen, Nexperia does not enter into aggressive tax planning structures, use so-called “tax havens” for tax avoidance, or create artificial tax structures with no commercial or operational substance.

### Transparency

We are transparent in our approach to tax and our tax position. We make our disclosures in accordance with the relevant domestic regulations, as well as applicable reporting requirements and standards such as IFRS. We also strive to maintain an open dialogue on tax matters with governments, policymakers, businesses, investors, and civil society.

### Accountability and governance

A responsible tax approach is essential to the sustainability of our business. Therefore, we employ diligent professional care and judgment to assess tax risks and arrive at well-reasoned conclusions on how they should be managed. Where there is uncertainty around the application or interpretation of tax law, we may take appropriate written advice evidencing the facts, risks, and conclusions from third-party advisers to support our decision-making process.

Nexperia uses a tax risk management framework to identify, mitigate, manage, and report tax risks globally.

We maintain policies and procedures at the global and local levels for key tax processes, including compliance, transfer pricing, and risk management. This tax approach should ensure that we apply professional diligence and care in managing all risks associated with tax matters and appropriate governance and assurance procedures.



# Environmental Reporting



# Environmental Management at Nexperia

## Relevant GRI Standards:

2; 3-3; 301; 302; 303; 305; 306

At Nexperia, we take a proactive approach to sustainability by implementing robust management systems and incorporating environmentally friendly practices across our operations. As a signatory of the UN Global Compact, we adhere to its three core environmental principles:

- 1 **businesses should support a precautionary approach to environmental challenges**
- 2 **undertake initiatives to promote greater environmental responsibility**
- 3 **encourage the development and diffusion of environmentally friendly technologies**

In addition to following our Code of Conduct and Sustainability Policy, we adhere to the principles by managing our material environmental topics in accordance with certified management systems. To ensure a consistent alignment of our global strategy, we have unified our management systems (including all corporate documents and policies) to create the Nexperia Management System. The structured approach of the environmental management systems standard supports us in achieving continuous improvement in all relevant environmental areas.

Our environmental management system is certified to ISO 14001 and covers all our manufacturing sites and our headquarters, totaling 93% of our global employees. The environmental management system standard requires us to identify, control, and reduce the environmental impact of our operations. It also requires us to establish policies, processes, and procedures to manage all material environmental aspects in a way that is legally compliant and minimizes our environmental impact. As a result, the list of environmental aspects goes beyond the material topics of this sustainability report.

We assess our environmental impacts, risks, and opportunities and set goals and objectives to enhance our positive outcomes while reducing the negative ones. To achieve these goals, we implement programs and processes that are monitored quarterly using key performance indicators (KPIs) and we update our goals, and programs annually. The KPIs, goals and objectives are described in the relevant topic chapters.

Additionally, as part of our membership in the Responsible Business Alliance (RBA), each of our manufacturing sites is required to complete an annual RBA Self-Assessment that also covers environmental and management systems. These self-assessments help us evaluate potentially significant environmental risks at our manufacturing sites and apply suitable mitigation and control measures.





Our Chief Operations Officer (COO) has overall accountability for the general Nexperia Management System, including environmental management. The Head of Global Environment, Health & Safety (EHS) and Corporate Social Responsibility is accountable for the implementation of our global EHS management system. They are supported by the Manager EHS and SR Management System, who is responsible for the management system documentation and coordinating EHS certification. Additional environmental topics such as ECO-Products, Chemicals Management, and audit support are managed by specific positions. Local EHS managers and teams provide additional support, functioning as Nexperia’s EHS team. In addition, our Vice President Front End Operations, Global Real Estate and Facilities, and EHS are responsible for the effectiveness of the Management System.

Our internal environmental data management software allows us to track company-wide metrics and performance targets set by our management. We then report our data and update management each quarter, ensuring our progress is transparent and we identify areas of development and improvement.

We also conduct annual internal audits to maintain compliance with the management system standards ISO 14001 and ISO 50001. We conduct these audits in accordance with the global audit procedure guideline, which ensures standardized audits across all sites.

Nexperia’s data management system tracks and calculates our environmental data for each site to provide a global overview of our performance. Every quarter, the data collector at each site submits the environmental data, which is then analyzed, validated, and reported.

The validation stage consists of several steps.

- › First, we check the completeness of the data to ensure all sites and parameters have been measured and reported. Next, we compare the latest data against the previous reporting period to identify any significant changes. If any significant changes are identified, we assess their magnitude and investigate their causes.
- › We also investigate external factors that may have impacted the data, such as power outages or weather events.
- › In the final step, we validate the data to ensure it is accurate and reflects our true environmental performance.



# Emissions

Relevant GRI Standards:

3-3; 305

## Introduction and management approach

In today's world, companies across all industries are being held accountable for their carbon footprint and environmental impact. As a semiconductor company, we recognize the need to take responsibility for our greenhouse gas (GHG) emissions, which trap heat in Earth's atmosphere and contribute to global warming and climate change. The 1997 UN Kyoto Protocol defined the six main greenhouse gases as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulfur hexafluoride (SF<sub>6</sub>), and fluorinated gases, summarized as hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs). Even though sulfur hexafluoride does not belong to the group of PFCs, it is common in the semiconductor industry to report these emissions together as PFC emissions.

As our industry evolves, semiconductor manufacturing is becoming more complex and requires more energy and processing chemicals. At the same time, the increasing demand for our products has resulted in higher production volumes. These factors have led to an increase in our Scope 1 and 2 emissions. Scope 1, 2, and 3 refer to the different GHG emissions that comprise an organization's overall carbon footprint. At Nexperia, we track our Scope 1 emissions, which we generate internally through on-site manufacturing and stationary fuel combustion, as well as our Scope 2 emissions, which are generated externally from the electricity and energy we purchase

from utilities. As our business continues to grow, we are committed to mitigating our environmental impact by optimizing our processes, embracing greener alternatives, and abating our direct GHG emissions.

Our management of the topic of GHG emissions is structured as described in the "Environmental Management at Nexperia" chapter. The topic of GHG and non-GHG emissions is part of our Responsible Business Alliance (RBA) Validated Assessment Programs (VAP) audits and internal audits according to our environmental management system. The topic of Nexperia's physical and transitional climate risks is part of our enterprise risk management and, therefore, within the responsibility scope of Nexperia's Board. We are committed to elevating our climate risk management procedures and managing all relevant climate risks.

This chapter focuses on our four main sources of carbon emissions: purchased electricity, PFCs, fossil fuels we burn directly, and heat-transfer fluids (HTFs), which are integral substances used in semiconductor manufacturing to transfer heat energy from one point to another. While we cannot eliminate these sources entirely, we have set reduction goals on normalized electricity use and PFC emissions at each site. These measures will help reduce our Scope 1 and 2 emissions and ensure we operate in a sustainable and responsible manner.



## Our approach: minimizing our climate impact

The responsible handling of emissions is complex and multifaceted, especially as annual increases in semiconductor production create higher GHG emissions from our four main sources. As part of our reduction efforts, we measure our carbon footprint according to internationally recognized standards for quantifying and reporting GHG emissions, known as the GHG Protocol. We report on our Scope 1 and Scope 2 emissions, which are defined as direct and indirect emissions, respectively.

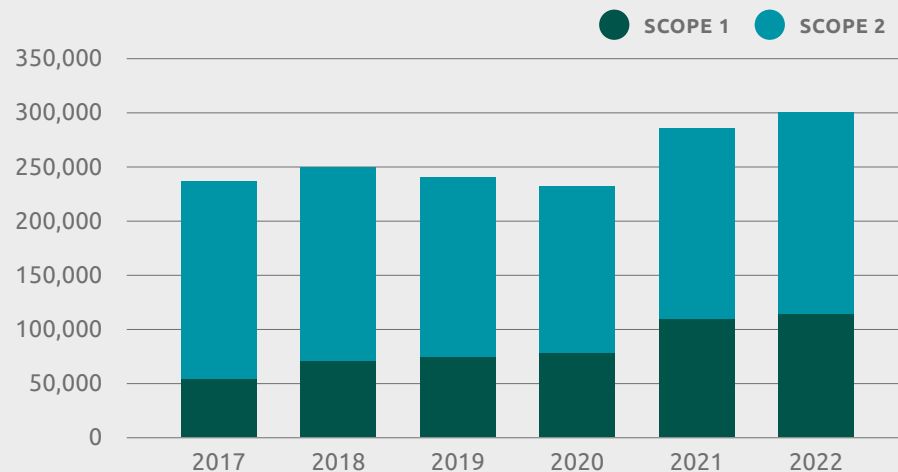
To reduce our Scope 1 emissions, we are actively working on designing or installing more efficient equipment, substituting chemicals, and optimizing our manufacturing processes. In addition, as electricity procurement is a primary element of our Scope 2 emissions, we are taking steps to increase our utilization of renewable energy sources.

In 2022, the demand for our products increased by 8% compared to 2021. This resulted in increased consumption of

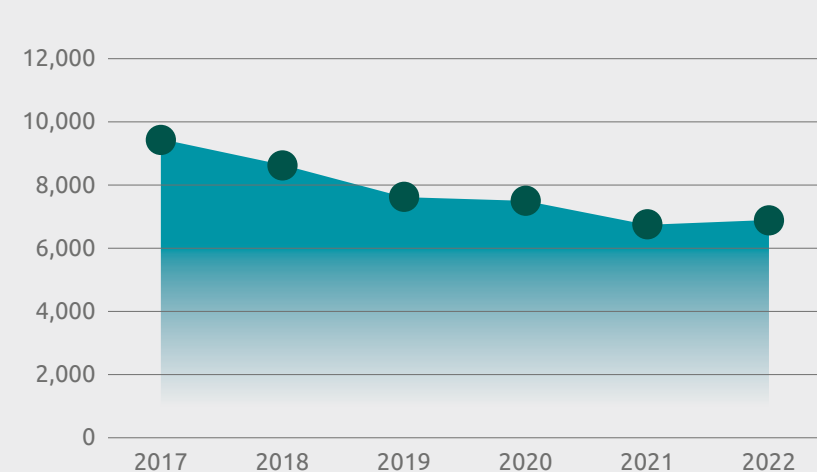
electricity, PFCs, and HTFs, causing our absolute Scope 1 and 2 emissions to rise by 6% compared to 2021. Our normalized Scope 1 and 2 emissions increased by 3% from 2021 due to introducing new process technologies and preparing our sites to meet future production volumes.

Despite the increase, our previous decade of collective effort has significantly reduced our Scope 1 and 2 emissions, and we have achieved a 27% reduction in normalized emissions since 2017.

Scope 1 & 2 Emissions – Tons CO<sub>2</sub> equivalent



Normalized Scope 1 & 2 Emissions – kg CO<sub>2</sub> eq./m<sup>2</sup>



*It should be noted that Nexperia has purchased another manufacturing site in 2021. Years 2017–2020 represents 5 manufacturing sites, years 2021–2022 6 manufacturing sites. This explains the increase in emissions from 2021 compared to previous years.*

### Our Scope 1 emissions

As previously described, our main Scope 1 emissions include PFCs (including SF<sub>6</sub>), HTFs, N<sub>2</sub>O, and emissions from the consumption of fossil fuels. Nexperia does not produce biogenic Scope 1 emissions or emissions from ozone-depleting substances.

Due to the increased demand for our products in 2022, we consumed larger quantities of processing chemicals, the equivalent emissions of which are attributable to Scope 1 emissions. As a result, our absolute Scope 1 emissions increased by 5%, while our normalized Scope 1 emissions increased by 2% from 2021.

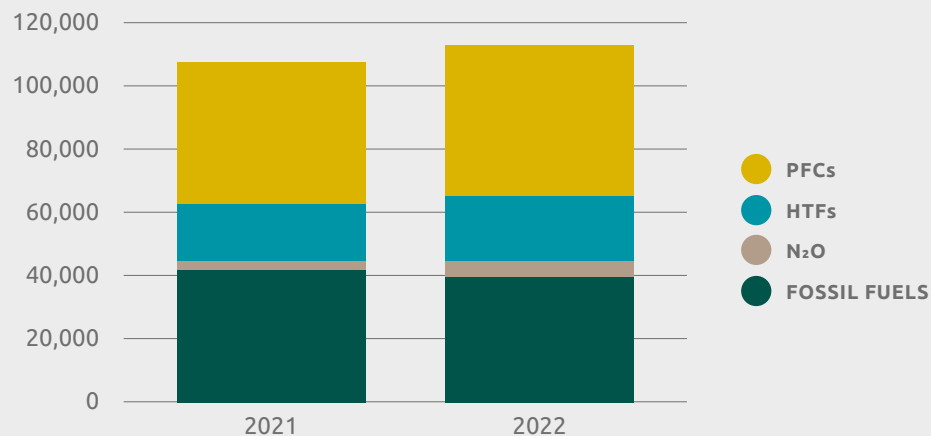
PFCs are crucial for semiconductor manufacturing, and no alternatives are currently available. Despite this, we have taken measures to minimize their environmental impact, including signing the Memorandum of Agreement in Europe and supporting the Global Semiconductor Industry PFC voluntary agreement. While our PFC consumption increased by 4% in 2022 due to increased manufacturing output and product complexity, our absolute PFC emissions increased by 7% to 47,800 tons of CO<sub>2</sub> equivalent and the normalized PFC emissions by 4% compared to 2021. We calculated our PFC emissions using the template provided by the European Semiconductor Industry Association (ESIA, 2006 IPCC).

Considering that we have been working for many years to optimize our processes and reduce our CO<sub>2</sub> equivalent

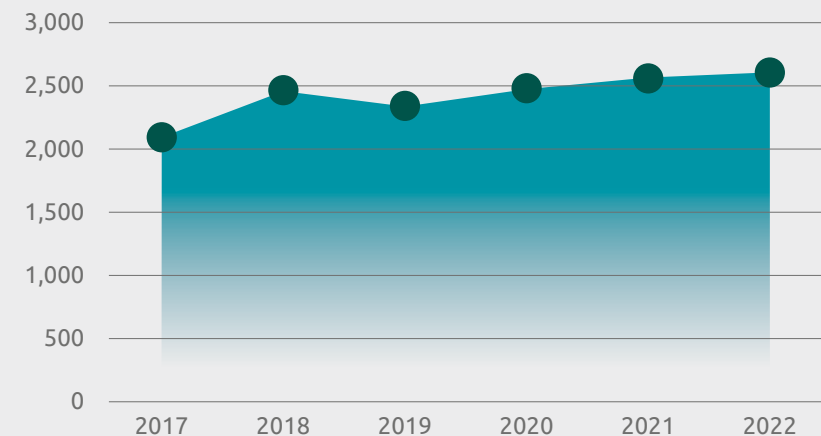
emissions, it has become challenging to achieve significant additional large-scale reductions. However, to face this challenge we have set up a new program in 2022 to reduce our Scope 1 CO<sub>2</sub> emissions. A crucial part of this program is the further reduction of our normalized PFC emissions by 2025. Our PFC Policy aims to reduce PFC emissions to less than 0.9 tons of CO<sub>2</sub> equivalent per m<sup>2</sup> (2022: 1.2 tons of CO<sub>2</sub> equivalent per m<sup>2</sup>). In addition to PFCs, we also use HTFs in our manufacturing processes, and we replaced several chillers in 2022, for example in Newport, to reduce the risk of possible leakages.

Another large share of our GHG emissions results from using fossil fuels, primarily in the form of natural gas for heating and generating electricity and heat in combined heat and

Scope 1 Emissions by Source – Tons CO<sub>2</sub> equivalent



Normalized Scope 1 Emissions – kg CO<sub>2</sub> eq./m<sup>2</sup>



power plants. We also use diesel fuel to power emergency systems and small amounts of liquified petroleum gas (LPG) for cooking. Our fossil fuel consumption varies depending on weather conditions, and the mild winter of 2022 resulted in a 5% decrease in our absolute emissions compared to 2021.

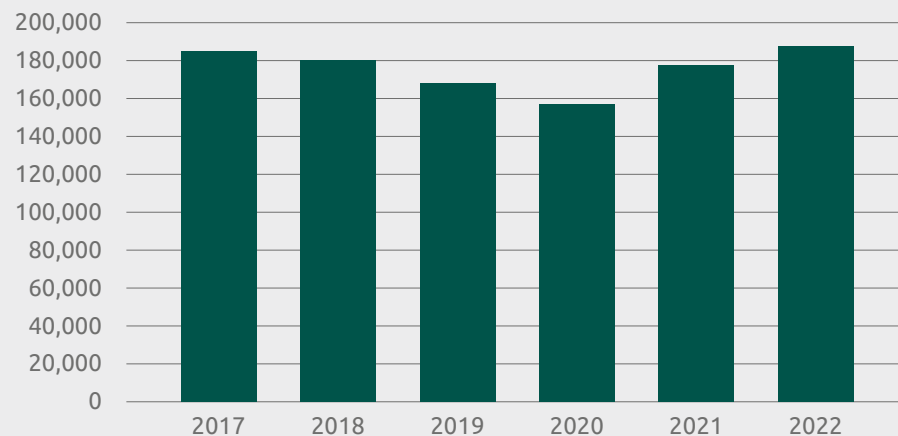
Finally, we also use N<sub>2</sub>O at several stages of our manufacturing processes, including chemical vapor deposition, diffusion, and chamber seasoning. In 2022, our higher production volume and the introduction of new processes increased our N<sub>2</sub>O usage and its associated emissions by 49% to 4,493 tons of CO<sub>2</sub> equivalent compared to 2021.

**Our Scope 2 emissions**

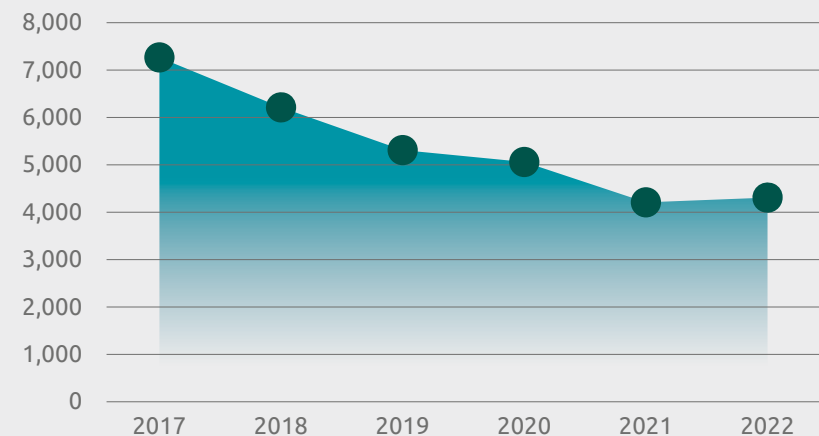
As a semiconductor company, our operations involve complex product manufacturing processes that require significant amounts of electricity. In addition, the demand for our products increased by 8% in 2022 compared to 2021. As a result, our absolute Scope 2 emissions rose by 6% in 2022, while our normalized Scope 2 emissions rose by 3% compared to 2021. To calculate our Scope 2 emissions, we used the GHG Protocol market-based approach and available emission data from our energy providers.

Our ongoing sustainability efforts have resulted in our absolute Scope 2 emissions increasing by just 1% compared to 2017, and the normalized value decreased by a significant 41% during the same period. This significant improvement exemplifies our dedication to reducing emissions intensity despite expanding operations. In addition, we continuously explore opportunities to minimize our Scope 2 emissions, such as investing in renewable energy sources, increasing energy efficiency, and investigating alternative energy sources.

**Scope 2 Emissions – Tons CO<sub>2</sub> equivalent**



**Normalized Scope 2 Emissions – kg CO<sub>2</sub> eq./m<sup>2</sup>**





### Non-greenhouse gas emissions

While GHG emissions negatively influence Earth's climate, there are many other substances companies emit that can lead to negative impacts on human health and the environment. Of these non-greenhouse gas emissions, nitrogen oxides (NOx) and volatile organic compounds (VOCs) are most relevant at Nexperia. These emissions primarily result from our combined heat and power plants and manufacturing processes involving the use of chemical solvents in the photolithography process, as well as emissions from boilers and emergency generators.

NOx emissions result mainly from burning fossil fuels in power plants or abatement systems. They contribute to the formation of smog, which can lead to respiratory problems and intensify existing heart and lung diseases. In 2022, our NOx emissions increased by 105% to 32 tons compared to 15.6 tons in 2021. This increase was due to needing to run our emergency power systems at the start of 2022 due to several energy supply problems in the UK.

VOCs such as chemical solvents are used in the photolithographic processes of semiconductor manufacturing. Their use results in VOC emissions that remain after going through exhaust air treatment systems. These emissions contribute to the formation of ground-level ozone, which is harmful to human health and the environment. Our VOC emissions increased by 21% in 2022 to 24.3 tons compared to 20.1 tons in 2021. The increase was due to our rise in production volume and the introduction of new processes that require more VOCs.



# Resources and Energy

## Relevant GRI Standards:

3-3; 301; 302

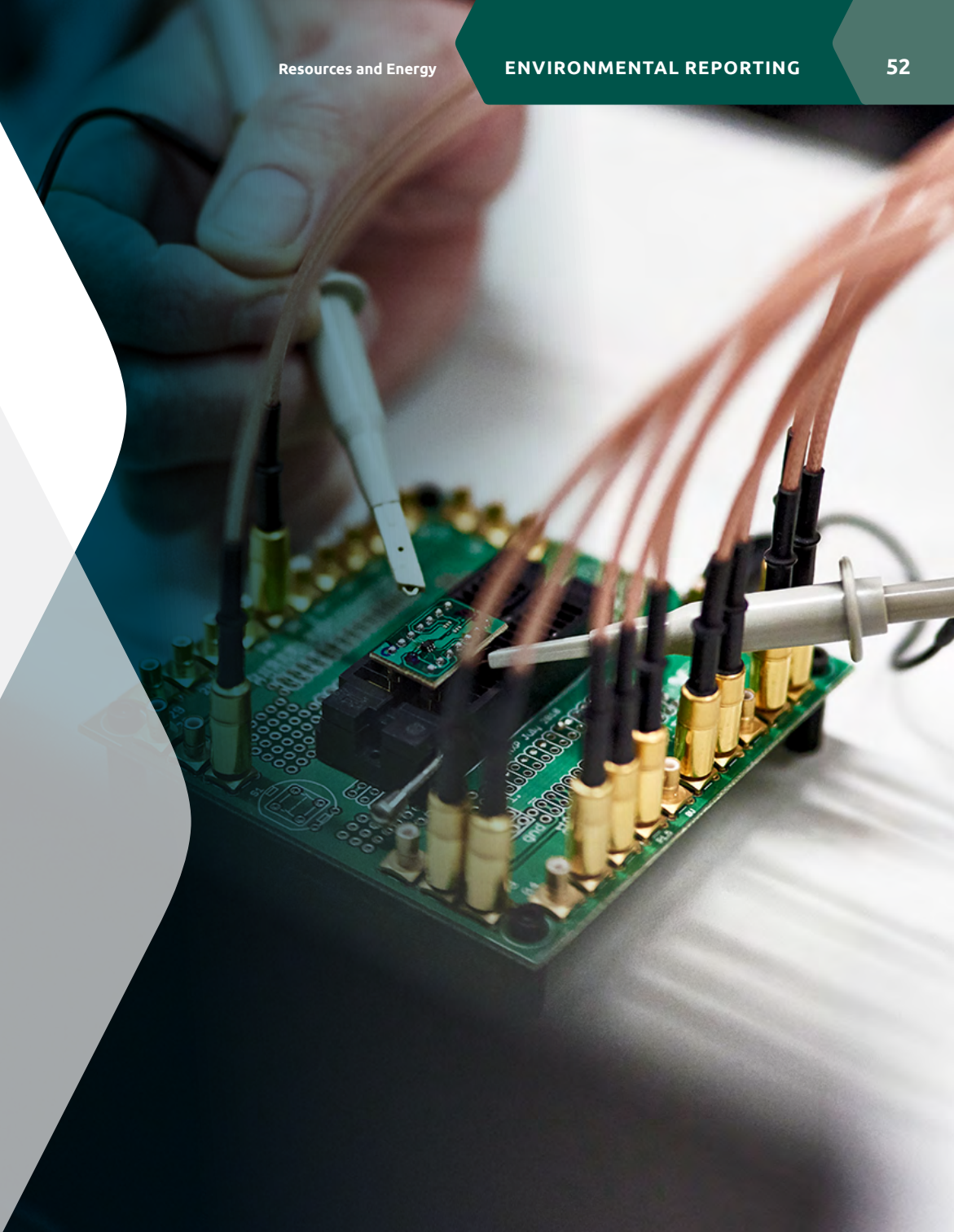
## Overview and management approach

Efficient resource and energy management are critical aspects of sustainability in the semiconductor industry. At Nexperia, the key materials we use in our operations include lead frames, mold compounds, raw silicon wafers, and various types of equipment and spare parts. In addition to materials, producing semiconductors requires significant amounts of energy. Therefore, as part of our sustainability focus, we closely monitor and analyze our materials and energy usage to identify areas for improvement.

Our procurement department is responsible for sourcing materials. At the board level, our Chief Procurement Officer (CPO) holds overall accountability and reports relevant information to the other board members. Our formal procurement process is described in detail in our “Responsible Sourcing and Supplier Engagement” chapter. The procurement department works closely with the

environment, health, and safety (EHS) management structure described in the “Environmental Management at Nexperia” chapter.

The handling of energy in the various forms used and the environmentally relevant aspects of material procurement are part of our certified environmental management system. We have also certified our Hamburg (Germany) and Newport (UK) sites to ISO 50001, the energy management systems standard, demonstrating our commitment to reducing energy consumption and increasing our operational efficiency. Through these two sites, approximately 14% of our total employees are covered by this certified management system.



## Our approach: making production more efficient and embracing green energy

The majority of the energy used in our manufacturing locations comes from the electrical grid. We purchase renewable energy when possible and use electricity from fossil-fuel sources in areas where reliable and abundant renewable sources are not yet available. We also use natural gas to generate highly efficient electricity and heat in combined heat and power plants. We use these plants to power heating, cooling, and humidity management equipment critical to our manufacturing processes and destroy climate-damaging process gases in our abatement systems. We also use small amounts of diesel, primarily in emergency generators.

We have steadily increased our production capacity since the foundation of our company. At the same time, we are also manufacturing increasingly complex products and introducing new process technologies to create more environmentally friendly solutions for end users. However, these advanced products and process technologies also require more energy. Therefore, our manufacturing sites continually optimize processes and replace or upgrade equipment to minimize energy usage. In addition, as part of our EHS management system, we set annual electricity

consumption targets for each site to incrementally reduce their consumption, supported by site-specific reduction or efficiency measures. For example, at the end of 2022, we installed high-efficiency chillers at our site in Newport (UK) and continued an information campaign about energy conservation at our site in Cabuyao (Philippines).

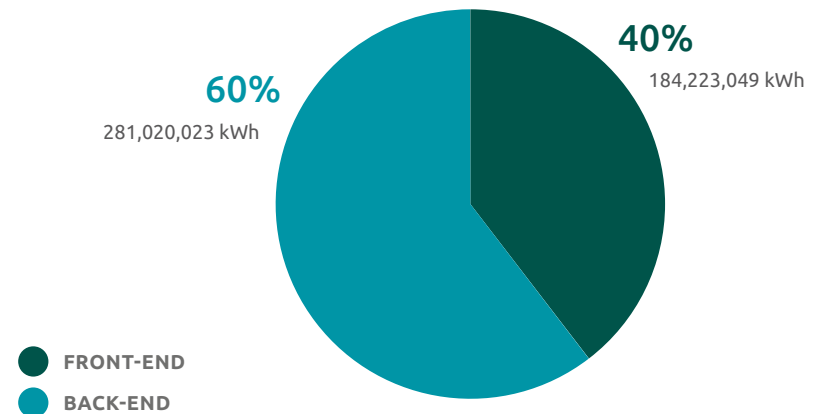
Some other examples of our energy efficiency measures include:

- › Reducing and optimizing exhaust and air-extraction systems
- › Upgrading air dryers
- › Purchasing energy-efficient chillers, compressors, and vacuum pumps
- › Turning equipment off when it is not in use
- › Use waste heat to produce cooling via an adsorption chiller

In 2022, while our absolute electricity consumption rose by 43% due to increased production, these efficiency measures reduced our normalized electricity consumption (kWh/m<sup>2</sup>) by 16% compared to 2017.

***Our sites in Hamburg (Germany) and Manchester (UK) have purchased 100% renewable energy since 2020.***

Electricity Consumption 2022



*Distribution between front-end (FE – Hamburg, Manchester, Newport) and back-end (BE – Dongguan, Seremban, Cabuyao) factories.*



In addition to reducing our electricity consumption, we are committed to procuring electricity from sustainable sources to reduce our environmental impact. Currently, around 39% of the electricity we procure globally comes from renewable sources. Since 2020, our sites in Hamburg (Germany) and Manchester (UK) have purchased 100% renewable energy, and our last front-end fab in Newport (UK) will also achieve this goal in early 2023. We are actively exploring additional opportunities to expand our utilization of renewable energy through power purchase agreements.

Aside from electricity, several fossil fuels also play a role in our operations. These are mainly natural gas, diesel fuel, and small amounts of gasoline and liquified petrol gas (LPG). We primarily use natural gas to generate electricity and heat efficiently, heat buildings, produce steam for humidity, and power our emissions-abatement equipment. Our use of natural gas is influenced by external weather conditions and our internal production activities, and our consumption decreased by 5% in 2022 due to warmer weather.

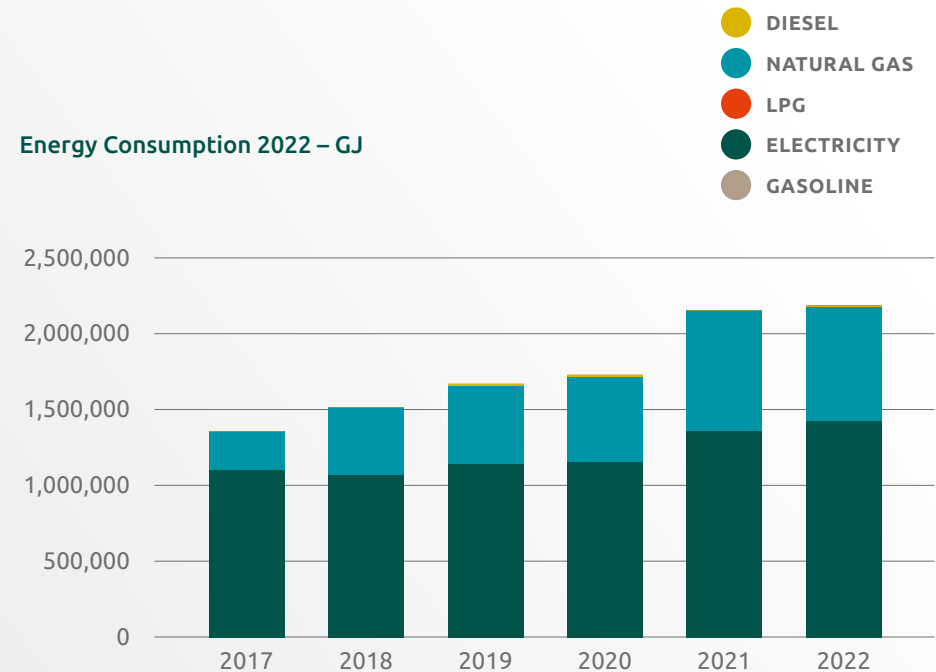
We also have diesel-driven emergency generators to support essential safety systems during power interruptions. Our diesel consumption varies depending on the frequency of testing or the need for these emergency safety systems. In 2022, we used 170 tons of diesel globally. In addition to natural gas and diesel, we use gasoline for forklifts and LPG in some of our on-site cafeterias.

In 2022, Nexperia consumed around 2,199,313 GJ of energy. The energy intensity recorded as GJ/m<sup>2</sup> amounted to 50 GJ/m<sup>2</sup>.

(GJ)	2022
<b>Electricity</b>	1,433,361
<b>Natural Gas</b>	755,908
<b>Diesel</b>	7,450
<b>Gasoline</b>	324
<b>LPG</b>	2,270
<b>Total</b>	<b>2,199,313</b>

Energy consumption in GJ of the manufacturing sites

Energy Consumption 2022 – GJ



It should be noted that Nexperia has purchased another manufacturing site in 2021. Years 2017–2020 represents 5 manufacturing sites, years 2021–2022 6 manufacturing sites.



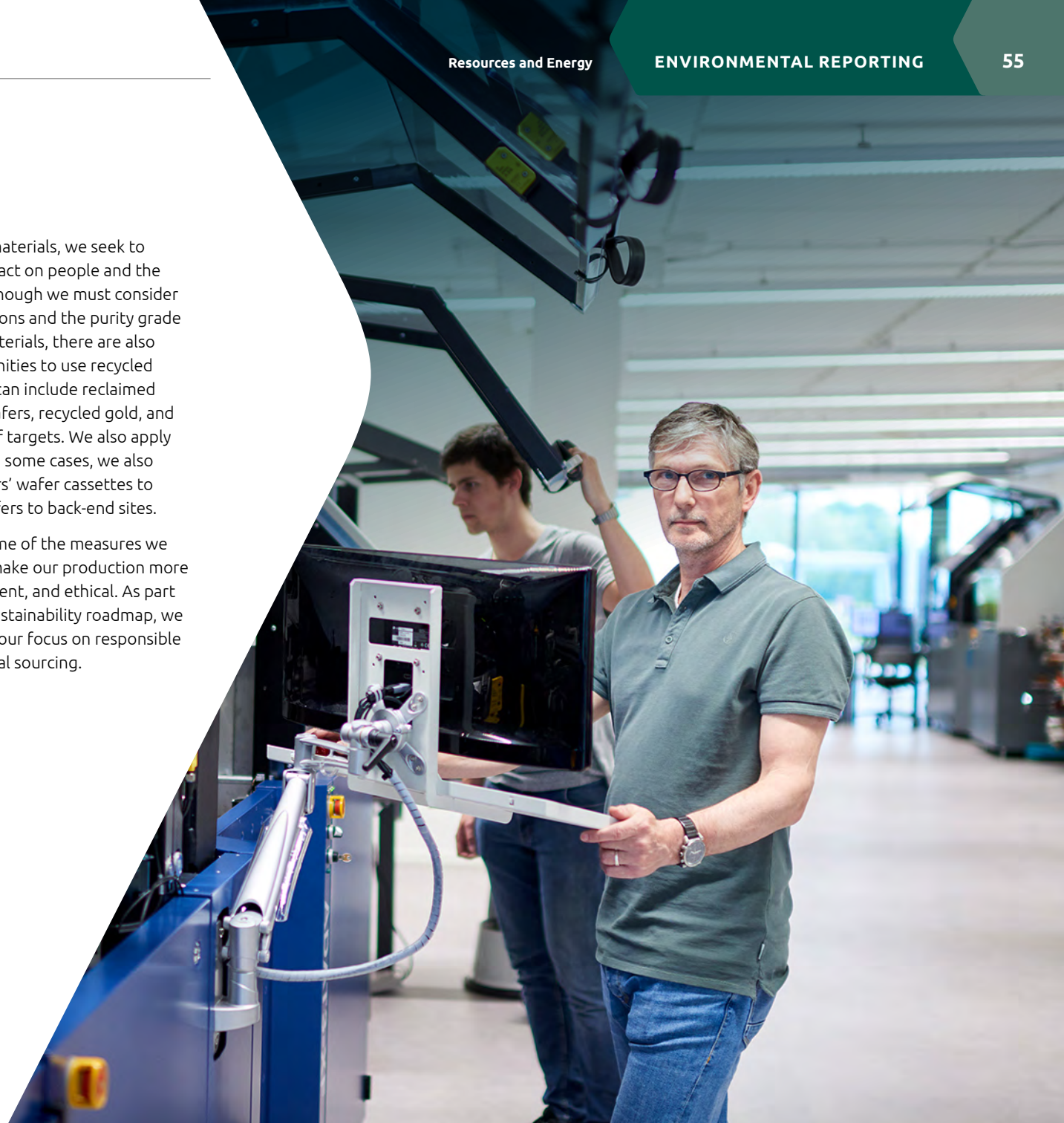
## Our approach: Using resources carefully and efficiently

There are many different resources used in semiconductor manufacturing, and some can negatively impact people or the environment. One particular category of these resources is chemicals. To reduce their adverse effects, we have ongoing containment actions to substitute potentially harmful chemicals with safer alternatives. We also employ an active Chemicals Management System to review all chemicals for manufacturing and to identify critical chemicals.

As a large-scale semiconductor manufacturer, we also use rare earth metals and minerals. To protect the environment and uphold human rights, we pay particular attention to materials that may come from conflict-affected and high-risk areas (CAHRAs). This is described in more detail in the "Responsible Sourcing and Supplier Engagement" chapter.

When selecting materials, we seek to minimize our impact on people and the environment. Although we must consider quality specifications and the purity grade of production materials, there are also growing opportunities to use recycled materials. These can include reclaimed or refurbished wafers, recycled gold, and backside plates of targets. We also apply shield cleaning. In some cases, we also use manufacturers' wafer cassettes to transport our wafers to back-end sites.

These are just some of the measures we are adopting to make our production more sustainable, efficient, and ethical. As part of our ongoing sustainability roadmap, we will also increase our focus on responsible and green material sourcing.



# Water and Wastewater Management

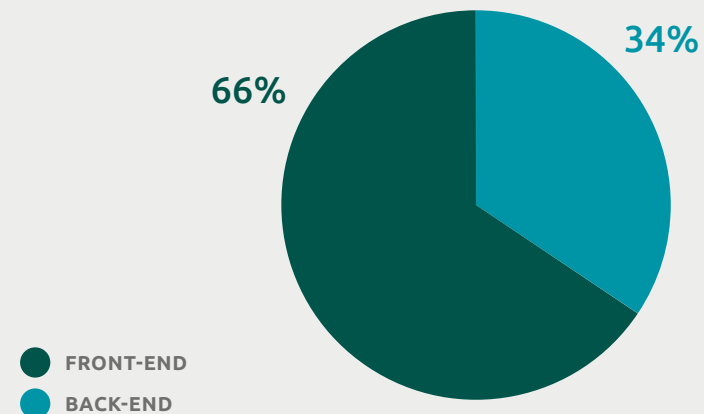
Relevant GRI Standards:

3-3, 303

## Overview and management approach

Water is a critical natural resource that sustains all life on earth. At Nexperia, it is also essential for our semiconductor production. Therefore, as part of our commitment to sustainability, we work to preserve natural water resources and minimize our impact on communities and the environment. These aims are reflected in our global water strategy, which focuses on conservation, recycling, and high standards for wastewater treatment and discharge.

## Water Consumption 2022



*Distribution of water use between front-end (FE – Hamburg, Manchester, Newport) and back-end (BE – Dongguan, Seremban, Cabuyao) factories in cubic metres.*

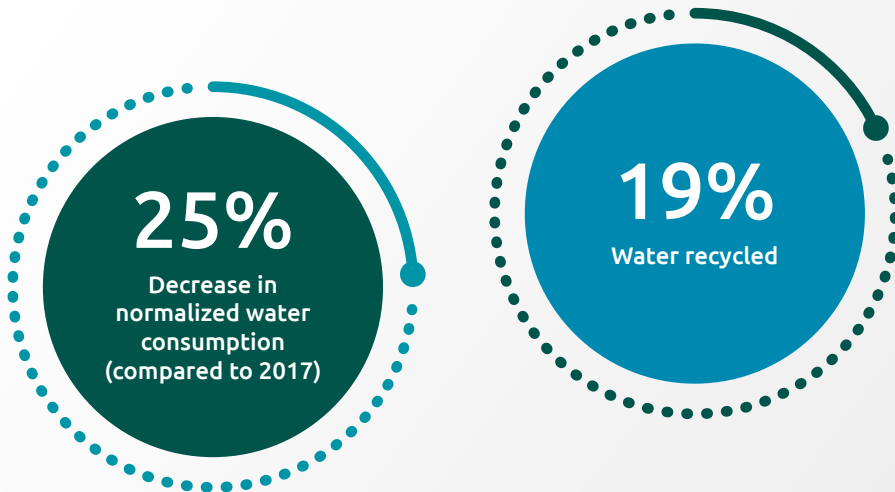
Through our Sustainability Policy, we are committed to reducing our relative overall water use and consumption as we continue growing as a company. For example, we strive to reuse water wherever possible and have implemented reduction programs at all our sites.

Water and wastewater management are integral aspects of our environmental, health, and safety (EHS) management system, outlined in the “Environmental Management at Nexperia” chapter of this report. We also conduct risk assessments to calculate more general water-related risks, such as flooding

or tsunamis, and have established crisis management plans to address these potential hazards.

As part of our commitment to conserving water, we place a particular focus on water-scarce areas. For example, many of our manufacturing and testing facilities are in regions that may become vulnerable to prolonged droughts associated with climate change, leading to resource scarcity. Therefore, based on location, our manufacturing facilities assess the impacts of water scarcity and identify best practices to conserve and recycle water to meet our goals.

## Water Performance 2022



## Our approach: understanding and reducing our water footprint

Even before Nexperia was established in 2017, we continually worked to conserve water – for over 30 years at some facilities – and achieved considerable savings in relation to our output. While the success of our efforts prior to our base year of 2017 means additional large-scale reductions are no longer practical, we continuously emphasize the use of more efficient tools, seek new opportunities to recycle water, and work to optimize our processes. As a result, we have kept our water consumption relatively low compared to 2017 and substantially reduced our normalized water footprint since our foundation.

We believe it is also essential to understand the broader impacts of water availability on society and the environment. In addition to impacting our manufacturing sites, water access also affects other industrial, agricultural, and residential users in the regions where we operate. By using less water, we can help increase the supply for others in our communities. Therefore, our global water approach focuses on water conservation and recycling while maintaining high standards for our wastewater treatment and discharge.

We also understand that our water demands will rise as our production increases, and that it is not viable to dramatically reduce the total amount of water we use in our manufacturing processes. Therefore, we are working to increase our water recycling rate compared to previous years. In 2022, we reused 19% of our water, amounting to over 1 million cubic meters of water globally.

To measure and manage our water use effectively, we use the water-related KPI "cubic meters water usage per square meter produced silicon". This KPI allows us to set and monitor yearly targets to reduce the water intensity of our manufacturing sites. We track our progress through regular EHS and Social Responsibility reporting and analysis, which ensures we continuously improve our water efficiency and management.

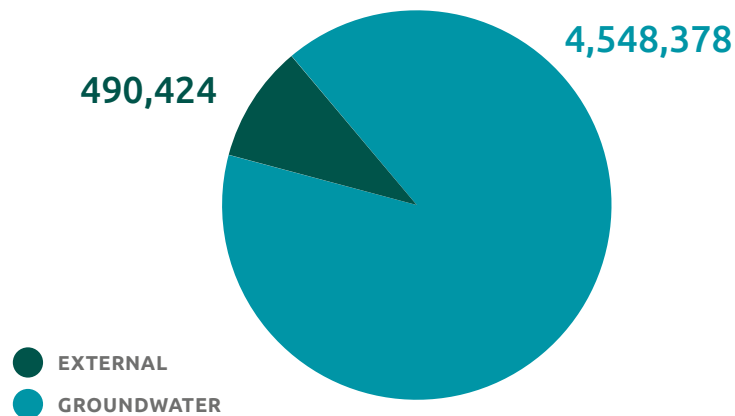
We treat our industrial wastewater on-site to prevent environmental pollution, in line with local requirements and our environmental management system. The treated industrial wastewater, as well as further wastewater flows from the air-conditioning of production rooms, sanitary facilities, or canteens, are discharged in accordance with local laws and permits. Parts of the water also evaporate.

In addition, our Stormwater Management Policy aims to prevent the release of pollutants into the environment during stormwater runoff. All our manufacturing sites complete the included risk assessment template, which forms a risk evaluation for each location. The water management requirements and procedures are fully auditable and guarantee our compliance with laws and regulations in our countries of operation. We also periodically monitor and control the effectiveness of all related measures.

Local authorities define substances of concern in wastewater streams in the discharge permits. We continually analyze and review their acceptable limits. These measures help to progressively reduce our impacts on water availability and the environment.

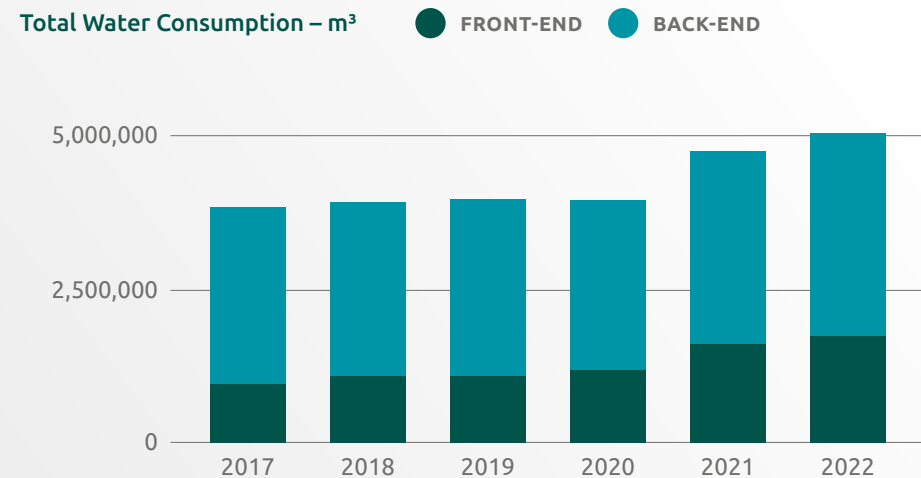
We monitor water data at the site level in compliance with local requirements. Our sites then enter their data into the Group-wide environmental data management software each quarter, where it is checked and analyzed centrally. We source approximately 90% of our water from third-party providers and extract the remaining amounts internally from groundwater sources.

Water Withdrawal 2022 – m<sup>3</sup>



Source of water withdrawal – 490,424 m<sup>3</sup> are from own extraction (groundwater in Manchester), the rest is purchased.

Total Water Consumption – m<sup>3</sup>



It should be noted that Nexperia has purchased another manufacturing site in 2021. Years 2017–2020 represents 5 manufacturing sites, years 2021–2022 6 manufacturing sites. This explains the increase in water consumption from 2021 compared to previous years. This refers to this and the following graphic.





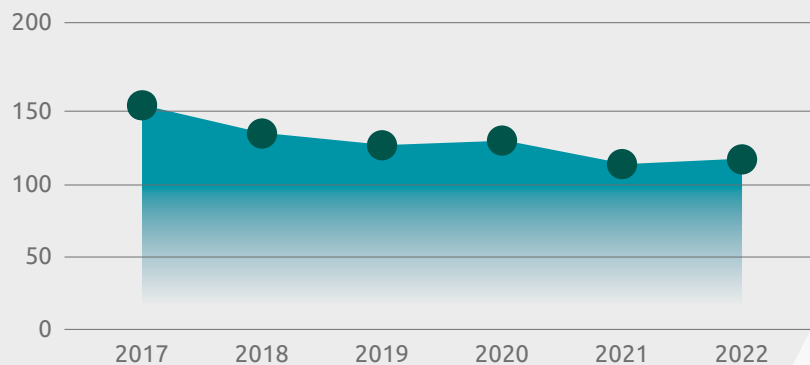
## Projects

Since our inception, we have continually worked to reduce our water demand on a site-level basis. This commitment is guided by our Sustainability Policy and ongoing improvement efforts. Our dedication to improving water sustainability has led to significant water savings and more efficient usage at multiple sites. In addition, we are continually launching new initiatives and projects to reduce our demands on precious natural water sources. Many of these technically challenging projects are ongoing but are already yielding positive results. In 2021, we recycled 20% and in 2022 we recycled 19% of total water used.

## IN ACTION

*One example can be seen at our site in Dongguan (China). It previously used local mains water to cool its air-conditioning system, consuming approximately 300 tons of fresh water every day. However, in 2020, the site switched to using recycled water from its wastewater treatment station. This initiative now saves 300 tons of fresh water daily and reduces the amount of wastewater discharged.*

Normalized Water Consumption – l/m<sup>2</sup>



## IN ACTION

*Another example is our site in Seremban (Malaysia), which previously discharged water into its local wastewater system. However, in 2017, it saw an opportunity to increase resource efficiency and introduced a new water recycling program. Through a new ultrafiltration system, the water is now returned to the production process as ultra-pure water via reverse osmosis and deionization. This method results in lower water consumption (10–15 m<sup>3</sup>/h reduction), fewer chemicals used at the site's wastewater treatment plants (10–20% less), increased deionized water production (12% increase), and higher gold sludge recovery. This new recycling initiative notably improves resource efficiency during manufacturing and has substantially reduced the site's environmental impact.*

# Waste Management

Relevant GRI Standards:

3-3, 306

## Overview and management approach

Semiconductor manufacturing generates hazardous and non-hazardous waste streams, including solvents, acids, and metal plating waste. Our operations also generate paper, plastic, wood, metal, electronic, kitchen, and general office waste. We understand that reducing or eliminating waste streams not only contributes to greater operational efficiencies, but also contributes to a more sustainable circular economy.

At Nexperia, waste management is part of our broader environmental management system, detailed in the “Environmental Management at Nexperia” chapter. Our commitment to reducing all waste is reflected in our Code of Conduct and Sustainability Policy and our ongoing efforts to phase out hazardous substances wherever possible.

Nexperia maintains high standards when it comes to waste management. Each site closely monitors its generated waste and separates it according to its type and specific handling or disposal requirements. To ensure the safe and proper disposal of waste - particularly hazardous materials - we work with partners who specialize in handling particular types of waste.

## Our approach: reducing, recycling, and handling waste carefully

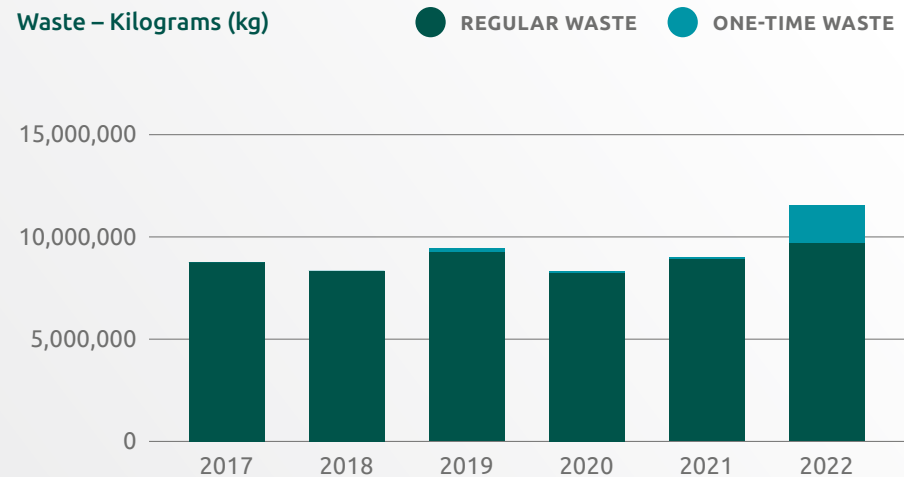
We generate regular ongoing hazardous and non-hazardous waste in our manufacturing activities, offices, canteens, and so-called one-time waste such as construction and other manufacturing. Our waste handling methods comply with all local rules and regulations.

At our manufacturing sites, we collect manufacturing waste, including acids, solvents, waste molding compounds, and hazardous waste from metal plating; office waste, including paper, cardboard, and

beverage containers; canteen waste, such as food and other compostable items; and items from support operations, including scrap metal, wood, and coolant chemicals. Each site separates its waste using the appropriate disposal methods based on its level of hazardousness.

The main goal of our waste management is to reduce or completely eliminate waste or waste streams. For unavoidable waste, we continuously seek solutions to increase reuse or recycling. In 2022, we

Waste – Kilograms (kg)



Regular waste is defined as recycled, non-hazardous or hazardous waste generated during normal production activities.

One-time waste is defined as recycled, non-hazardous or hazardous waste generated outside normal production activities. Examples are building or rebuilding work, building demolition, clean-up after move to other premises, replacement of equipment, etc.

recycled 81% of the regular waste in our manufacturing sites, based on definitions from local legislation.

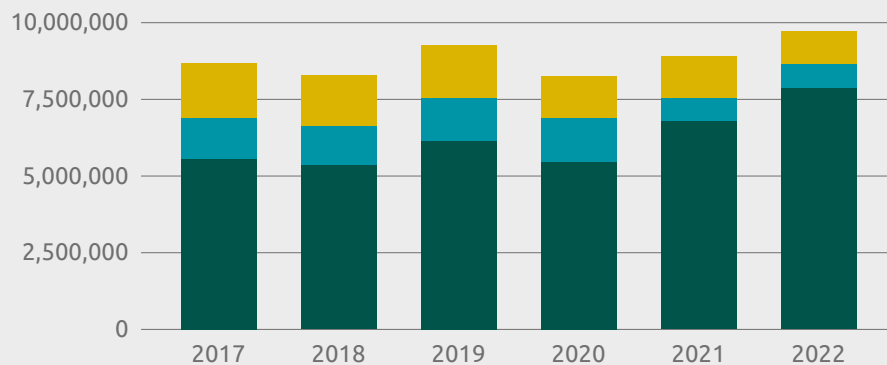
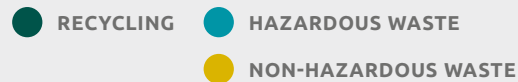
At the start of the year, we set recycling rate targets for each manufacturing site. We then monitor and record each site's monthly waste generation and compare its recycling rates to its target, serving as the primary key performance indicator for waste. In the final step, we consolidate this data on a global level. If a site is not on target, the general environmental management teams and local staff work to identify the reasons and discuss possible corrective actions.

We track each manufacturing site's waste consumption for recycled and reused non-hazardous and hazardous waste in our EHS database every quarter.

### Projects

Since our inception, we have implemented various projects to avoid, reduce, reuse, and recycle waste at all our sites worldwide.

#### Regular Waste – Kilograms (kg)



### IN ACTION

*At our site in Newport (Wales), we promote responsible waste management using waste hierarchy principles of reduction, reuse, recycling, recovery, and disposal. The site works closely with a waste management partner to ensure all waste streams – both regular and ad-hoc sources – are processed using disposal methods other than landfill, according to definitions in the United Kingdom. Overall, less than 1% of Newport's non-hazardous waste requires landfill disposal.*

*Recently, our site in Dongguan (China) went completely paperless to avoid paper waste and conserve natural wood resources. While there are responsible sources of paper - such as certified, sustainably sourced wood or recycled paper - not using paper in the first place is our preferred option.*

*Our site in Hamburg (Germany) holds an annual campaign event to collect and recycle e-waste and metals from their employees. Working with a local waste company, staff can dispose of items, which the partner then sells in the recycling market and donates the funds to local charities for children.*

*Our site in Cabuyao (Philippines) has found a creative method of reducing plastic waste by providing by-product mold runners to be upcycled as "EcoBricks". These bricks are made from otherwise unusable plastics and can be used to create various items such as furniture, garden walls, and other structures.*

In addition to these initiatives to reduce, reuse, and recycle waste at our sites worldwide, we are continually looking for new and innovative ways to minimize waste and promote sustainability.



# Social Reporting





# People Management at TeamNexperia

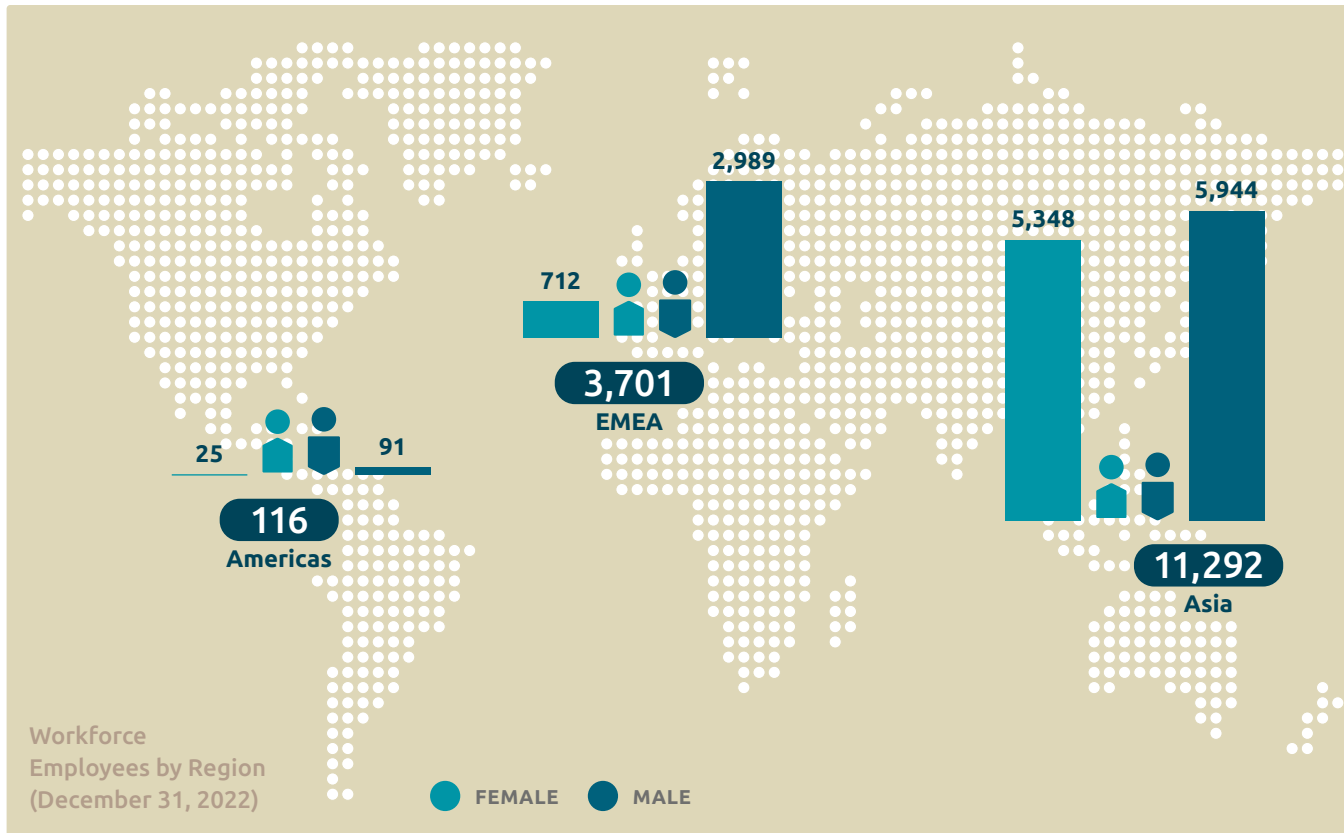
Relevant GRI Standards:

3-3

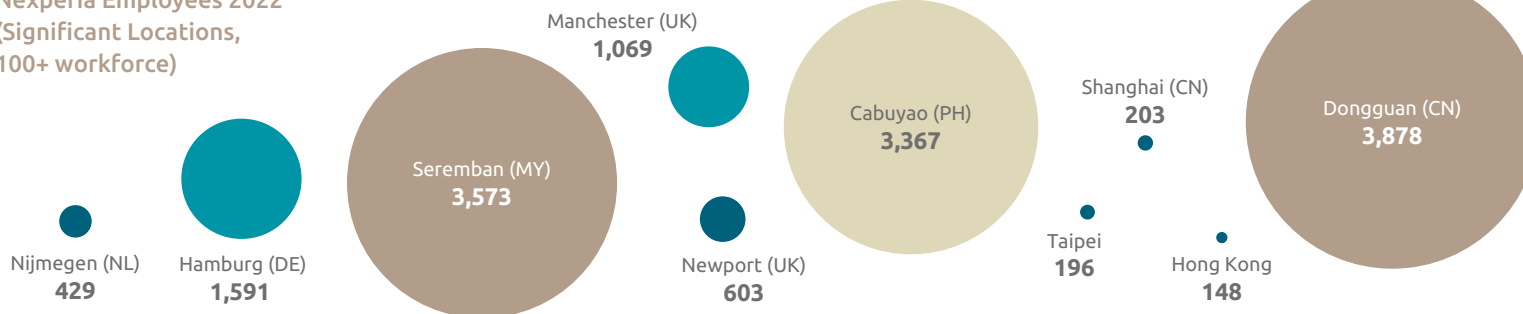
## Overview and strategic approach

At Nexperia, our people fuel our mission to create some of the world's most advanced semiconductors. Our employees foster a collaborative ecosystem of ideas, energy, and innovation, developing products that enrich our everyday lives. As a geographically and culturally diverse workforce, we are multidisciplinary and multitasking, yet always striving to learn and grow. We come from many different backgrounds, but are united in our shared values and work with purpose to achieve common goals.

Therefore, we are committed to maintaining a safe and secure workplace where every employee achieves a positive work-life balance and is treated with respect and dignity.



## Nexperia Employees 2022 (Significant Locations, 100+ workforce)



At Nexperia, employees have the option to choose between female, male and diverse as their gender. There were no cases of diverse people reported in 2022.

Significant locations are operations or office with more than 100 employees (headcount). In the reporting period Nexperia had significant locations of operation in Nijmegen, Seremban, Cabuyao, Taipei, Manchester, Newport, Dongguan, Shanghai, Hamburg and Hong Kong.

Efficiency wins through

**PASSION**

**PROFESSIONALISM**

**PERSEVERANCE**

**PERFORMANCE**

We have created several policies that influence how we work and interact with each other and manage our Human Resources (HR) responsibilities. In addition to the general values outlined in our **Code of Conduct** and Sustainability Policy, we are also guided by our TeamNexperia values. These help members of TeamNexperia more effectively navigate onward and forge rewarding careers within our organization. We created these values organically during the early years of our company, reflecting the spirit and best practices of our employees. These values are, in essence, our company culture that tells our people and the world who we are.

For Nexperia, efficiency wins with values that reflect our strategy. Our values are guides. They show us and the world who we are.

**PASSION:**

Our commitment and strength, belief in our goals, our drive to succeed

**PROFESSIONALISM:**

Our expertise and integrity, respect of people and resources, our fairness and transparency

**PERSEVERANCE:**

Our attitude to obstacles, agility with purpose, our ability to innovate through challenges

**PERFORMANCE:**

Our forward momentum, teamwork in products and people, our proof through results

**Our approach: managing TeamNexperia**

As a responsible employer, we maintain strict compliance with all regulations and legal agreements. We are also regularly involved in social dialogue with employee representation bodies, such as workers' councils at the site level and trade unions at sectoral and national levels. We currently have collective bargaining agreements in place in several countries, such as Germany, the Netherlands, and our UK site in Manchester.

We also support the aim of the International Labor Organization (ILO) to promote and realize universally accepted labor standards. Therefore, we respect and recognize our employees' freedom to establish, join, or be represented by an organization, trade union, or employee group of their choice. Across all of our global sites, our employees also have the freedom to associate and/or right to collective bargaining as provided by local statutes.

In our operating model, the HR function distinguishes three critical roles with unique focus areas. The three work together to find the optimal balance between various objectives that are important to the Company:

**HR Business Partners safeguard and drive the impact of people on business performance and strategy execution.**

**Country HR oversees our adherence and compliance with relevant legislation, maintains industrial relations, and ensures our local operational processes run smoothly.**

**Centers of Expertise (CoE) support businesses, functions, and countries in their area of expertise while driving quality, professionalism, consistency, and innovation throughout the Company.**

In the HR Leadership Team (HRLT), we seek to maintain a healthy balance between these three roles and facilitate constructive dialogue in policy-making and performance management. Within this structure, the Chief Human Resources Officer (CHRO), who is a member of our Executive Management Team (EMT), acts as a natural escalation point. We generally structure our country HR management into HR generalists, local HR specialists, and payroll experts. This structure ensures that Nexperia can expand significantly without needing to change its organizational design.

We also need a solid foundation of data collection to manage our workforce effectively. Therefore, we use Workday as our global Human Resources Information System (HRIS). At the site level, human resources enter all employees into the system, including their job details, personal data, compensation information, and other work-related data. On a global level, the HRIS team can access all data and generate reports to collate employee information. Individual sites also use additional systems for purposes such as time registration and payroll.

As the success of our company relies on maintaining a motivated, well-trained workforce, we continually address the current and emerging challenges facing our HR departments as part of a human capital risk assessment. These challenges include the increasing competition for skilled personnel, rising trends of remote work and more diverse teams, and aging demographics in key locations. In response, our approach to addressing these HR challenges includes:

**Conducting regular and more objective talent reviews by appraising objective performance KPIs and involving formal assessment committees in the process.**

**Supporting Nexperia's growth ambitions by incorporating internal and external benchmarking to ensure we achieve our bottom-line results.**

**Investing in human capital and expanding into new regions and countries to achieve leading industry performance.**

**Engaging and retaining new and existing talent to support our enhancement of a unique and differentiated product portfolio.**







## Guaranteeing labor rights

We believe companies play a vital role in implementing and respecting labor and human rights. At Nexperia, this is one of the most important topics concerning our supply chain, as detailed in the “Responsible Sourcing and Supplier Engagement” chapter. While the focus is often external, the areas of labor and human rights – including our material topic of working hours – are critical issues we need to manage within our operations as well. We do this through our general HR management and compliance management structures. Our programs aim to ensure all people are treated with respect and dignity while adhering to all relevant working hour laws in the countries where we operate.

We have also committed to several concrete policies that guide our processes. For example, the Social Responsibility Auditable Standard covers our employees and members of our supply chain. It details our commitment to a transparent and safe workplace and supply chain, including standards for human rights, equal pay, non-discrimination measures, training, and more. By committing to this standard, we are also more closely aligned with the International Labor Organization. We bolster these efforts with our **Code of Conduct** and Sustainability Policy.

The Code of Conduct stipulates that our remuneration is consistent with the provisions of all applicable wage laws, including those relating to minimum wage, overtime hours, and legally mandated benefits. We also enforce a strict working hours policy in compliance with local laws, and guarantee the right to collective bargaining for all Nexperia employees.

Our Sustainability Policy commits us to maintain open and ongoing dialogue with our employees and workers’ representatives. As transparency is a vital topic for our employees, we take steps such as adhering to minimum notice periods for relevant working changes and including our employees in important company decisions. Further to these measures, the workers’ councils at our sites work closely with management to foster a positive working environment for all Nexperia employees.

We also engage other programs to monitor, control, and improve labor conditions across our operations. They include an internal audit program on labor and human rights for our manufacturing sites, RBA human rights self-assessments at all manufacturing sites, and social responsibility compliance audits.



# Talent Attraction and Retention

Relevant GRI Standards:

3-3, 401

## Our approach: striving to be an attractive employer

As a leading manufacturer in the fast-moving technology sector, we aim to continually attract, support, and retain world-class talent. To achieve these goals, we strive to create dynamic and engaging work environments that welcome new employees and encourage existing team members to progress within the Company. We believe our status as an attractive employer stems from our company's strengths and offerings, which include:

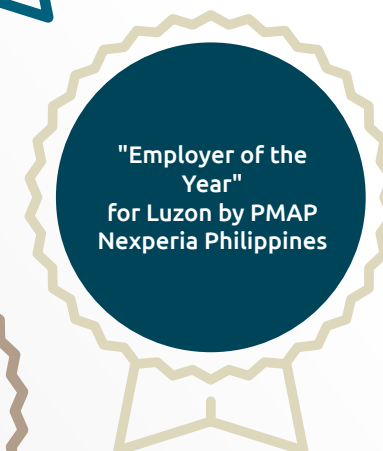
- › Our commitment to an inclusive and diverse corporate culture (additional information can be found in the "Diversity, Non-Discrimination and Inclusion" chapter).
- › Offering highly competitive compensation and benefits packages.
- › Investing in the professional and personal development of each individual (described in more detail in the "Talent Development" chapter).

In addition to attracting and retaining talent, our efforts have also won Nexperia several awards, including:

- › Nexperia Germany won the "Top Company 2022" award from kununu – an online portal for employer evaluation – for being one of the most popular employers in Germany, Austria, and Switzerland listed on the platform.
- › Nexperia Philippines won the "Employer of the Year 2022" award for the Luzon Region from the People Management Association of the Philippines (PMAP).
- › In 2022, Nexperia Malaysia received the "Human Resources Excellence" award and the "Employee Experience" award from Human Resources Online. Nexperia was recognized for its Best HR Communication Strategy (Gold), particularly for our use of the X.Now mobile apps to keep employees informed and engaged during the pandemic.



### Employer awards



We are committed to supporting TeamNexperia to make all employees feel valued and appreciated. As part of this goal, we acknowledge the long tenure of employees who have been with us before founding Nexperia in 2017. Our employees' loyalty to our organization and its preceding companies is also reflected in the high average length of service. For example, our average employment length is 12.7 years in Hamburg (Germany), where 26.5% of our workforce has been with us for over 20 years. We have similar results in other areas of the world, such as 9.9 years

at our site in Cabuyao (Philippines) and 9.2 years in Manchester (UK). Our employee retention rate indicates our ability to maintain a stable workforce during a specific period and reached 92% in 2022.

We aim to maximize the skills and abilities of each employee, as our company relies on their development and expertise to succeed and grow. As a result, we value and encourage people who bring passion and energy to their roles, deliver consistent results, and embrace new challenges and opportunities.

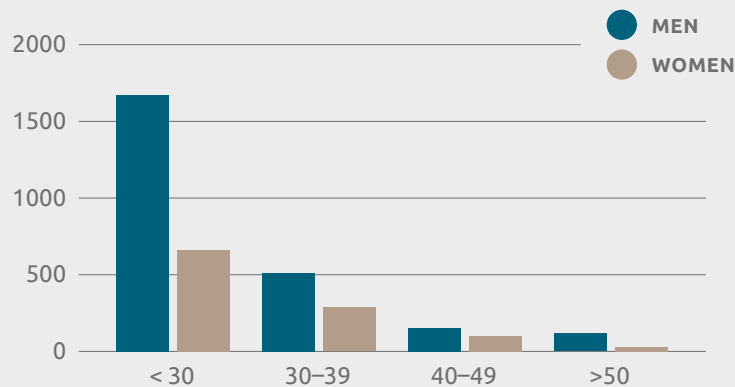
We manage the material topic of "Talent attraction and retention" as part of our HR management approach described in the "People Management at Nexperia" chapter of this report. With the help of our HRIS, we measure the success of our initiatives and progress toward talent attraction and retention targets using various data points and KPIs, such as our retention rate and the time between job posting and hires (time to fill).

In addition to using the HRIS, we aim to understand our employees' thoughts, perspectives, and concerns in greater detail by conducting an employee engagement survey every two years.

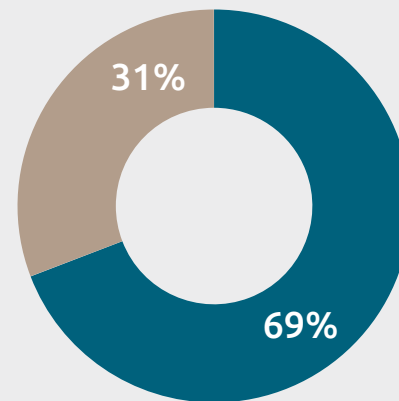
The survey covers our entire global workforce and includes questions covering a diverse range of perspectives and important HR-related topics, including:

- › Culture and values
- › Management and leadership
- › Pay
- › Treatment
- › Safety
- › Job satisfaction
- › Health and well-being
- › COVID-19 response
- › Learning and development
- › Communication

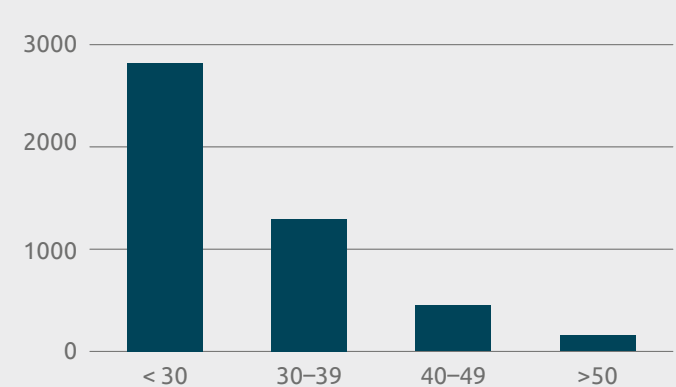
### Staff Departure by Gender & Age



### New Employees by Gender



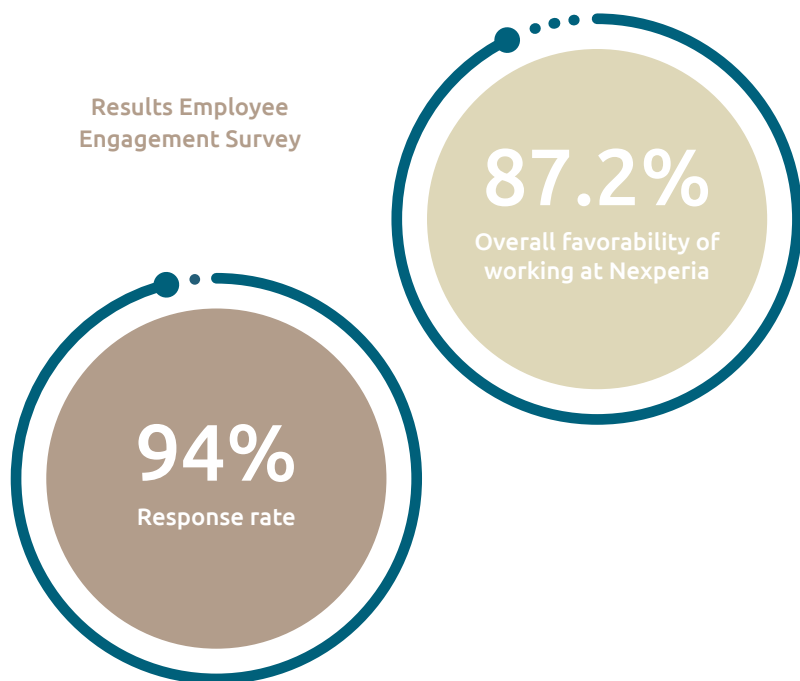
### New Employees by Age



Staff departure by gender and age, inclusive of voluntary resignations and other reasons for leaving, accounting for 2022. At Nexperia, employees have the option to choose between female, male and diverse as their gender. There were no cases of diverse people reported in 2022.

As a company, we engage with our employees through regular dialogue and during key stages such as our hiring process or staff exits. We then use this feedback to learn how we can improve our corporate culture and working conditions for our employees. During this process, our teams present and discuss these results internally, coordinated by their managers. The teams then identify specific points and agree on future action plans, which we incorporate into our operating mechanisms, such as employee meetings, reviews, and performance discussions.

There are two important KPIs we use to measure the progress of our action plans: a high response rate and a high overall favorability rating. In 2022, the response rate was 94.0% of global employees, and **the overall favorability of working at Nexperia was rated 87.2%**, a 6% increase compared to the last survey in 2019.



## Employee benefits

We aim to create engaging work environments supported with employee benefits that enhance their work-life balance. In addition to the competitive compensation and annual paid leave at each site, we offer employees annual incentive plans (linked to company performance) and sales incentive plans where appropriate. To show appreciation for our team members and their work, we award long-term service prizes to employees in some countries. We also support the ongoing well-being of our employees with discounted collective health insurance (in Malaysia, this also extends to employees' children) as well as pension plans. In addition to state pension plans, our employees in several countries receive company pension benefits, as either defined benefit plans or defined contribution plans. Our defined benefit plans are differentiated by offering either pensions or post-retirement medical benefits.

Benefits generally depend on factors such as an employee's length of service, contributions, and compensation. They also factor in relevant labor, tax, and social security laws in the countries where the Company is located.

The obligations and the plan assets used to fund the obligations are subject to demographic, legal, and economic risks. Economic risks are primarily unforeseen developments in goods or capital markets.

Nexperia has a number of defined benefit pension plans. The largest plans are in Germany and the Philippines, representing 91% of our total net liability. Our funding of these plans is consistent with the local requirements in the countries where we operate.

Since the pension liability is adjusted to the salary increase percentage of each country the plan belongs to, the pension plan is exposed to each country's inflation, interest rate risks, and changes in pensioner life expectancy. As the plan assets include significant investments in cash, cash equivalents, and government bonds, Nexperia is also exposed to interest rate risks arising in the jurisdictions that the investments relate to.

The following table shows the defined benefit pension obligation and related plan assets:

\$'000	2022	2021	2020	2019	2018
Defined benefit pension obligation	50,876	62,442	71,142	52,950	38,723
<b>Less: Pension plan assets</b>	(12,196)	(10,394)	(8,635)	(7,224)	(4,310)
<b>Total</b>	<b>38,680</b>	<b>52,048</b>	<b>62,507</b>	<b>45,726</b>	<b>34,413</b>

In addition to the defined benefit plans related to pensions, we granted one closed defined benefit plan related to post-retirement medical benefits to employees in the UK. In this plan, eligible retired individuals make their own arrangements with a designated private health insurer and then claim an annual subsidy back from Nexperia.

Our obligations are subject to demographic and economic risks. Economic risks are primarily unforeseen developments in goods and capital markets. The defined benefit plan is exposed to United Kingdom's inflation, interest risk, and changes in the life expectancy for pensioners.

The following table shows the obligation and related plan assets for the defined benefit plan for post-retirement medical benefits:

\$'000	2022	2021	2020	2019	2018
Defined benefit pension obligation	1,788	2,870	3,080	2,810	2,370
<b>Less: Pension plan assets</b>	—	—	—	—	—
<b>Total</b>	<b>1,788</b>	<b>2,870</b>	<b>3,080</b>	<b>2,810</b>	<b>2,370</b>

The following table shows the annual expense for Nexperia's defined contribution plans:

\$'000	2022	2021	2020	2019	2018
Total expenses for defined contribution plan	30,887	31,488	25,097	26,929	26,567

To support our employees' work-life balance and family planning activities, we offer pregnancy and maternity leave, parental leave, adoption, and foster care leave. In the Netherlands, employees can take long-term carers leave to care for family members in life-threatening circumstances. In Germany and Hungary, we offer employees nursery and daycare support. We also provide advice to all employees through our Employee Assistance Programs, covering subjects such as work-life balance, managing life changes, parenting, and others.



## Projects

### ONBOARDING

*When new employees join our company, they can also join a selection of internal communities. These include event teams; TeamNexperia Young for emerging talents; community, charity, and sports committees; and technical communities exploring complex technical topics. These communities help our employees build stronger bonds and friendships with colleagues they may not have met otherwise.*

*In several countries, we also have a “buddy system” to help new employees embrace our organizational culture and values. During their onboarding process, new hires receive a welcoming gift and are assigned a buddy - typically an experienced employee - who provides advice on policies, procedures, and work rules while helping the new team member to socialize. We also evaluate this onboarding process using an electronic feedback form sent to the new employee after a few months at Nexperia.*



To ensure we continually attract high-level talent, we maintain close connections with local talent pools during our recruitment and hiring processes. Members of our Talent Acquisition team stay in contact with promising candidates to re-engage talks when new positions become available. This approach demonstrates our commitment to building long-term relationships, not only with new colleagues but also with students or potential hires. As a result, we have many examples of students joining our company as interns and staying on for a successful career. We also invest in employee engagement initiatives and host challenges and events (such as our Technical Forum) to help our workforce remain creative, inspired, and connected.

Our operations span many areas of the world and share a collective culture based on knowledge, teamwork, and inclusivity. This global footprint presents a unique opportunity for international travel at Nexperia. To enhance our understanding of how we operate in different locations, we offer our employees the chance to work in other countries within the Nexperia network. Participants return with a greater understanding of our company, broader perspectives on their role, and improved professional and personal growth.

## EMPLOYER BRANDING CAMPAIGN

*To communicate our company strengths and initiatives more transparently, we launched our new employer branding campaign in 2022. It allows us to promote our talented workforce and diverse employee communities through our internal and external communication. We believe the proactive involvement of TeamNexperia in employee testimonials and social media campaigns will create a more authentic picture of who we are and what we value as a company. In addition, our new employer branding campaign focuses on several important topics, such as women in engineering, the onboarding experiences of new talents, creating optimal candidate journeys for interested applicants, and the value of building communities.*

## OUR REFERRAL PROGRAM

*We also offer a referral program for existing employees to help us attract new team members. In this program, employees are rewarded for each referral that results in a successful hire.*



An important aspect of talent attraction and retention is offering strong fundamentals (hygiene factors) and future-proof development, both professionally and personally (motivation factors). These are described in more detail in the “People Management at Nexperia” and “Talent Development” chapters.

# Talent Development

Relevant GRI Standards:

3-3, 404

As Nexperia's success depends on our people and their abilities, it is critical to continually attract and develop the right talent to sustainably achieve our corporate objectives. To this end, our talent development has three specific pillars:



**Build the right teams to achieve our strategic goals**



**Develop robust talent pipelines to stimulate our future growth**



**Inspire our people to grow and realize their full potential**

These pillars guide our efforts and help streamline our development actions. Importantly, we strive to achieve and maintain all three at the same time – a sophisticated balancing act for our leaders and HR experts.

## Talent to realize our strategic ambitions

Since Nexperia's foundation in 2017, we have focused our performance management approach on both "results" and "behavior" to reinforce that what we achieve is just as important as how we achieve it. As a result, during our annual review cycle, we evaluate indirect employees on both their impact and behavior. Indirect employees do not work on the product directly, but for the overall business. In support, all managers receive a one-hour training session in preparation for the performance management process. Performance review calibrations - in which managers discuss their proposed reviews with other managers – provide an additional fail-safe to ensure fairness, objectivity, and consistency.

For our direct employees working as operators in manufacturing sites, we have our own performance management system in place, which differs from country to country and is locally managed by HR: e.g., in Hamburg and Manchester, our annual performance appraisals, usually carried out 12 months after joining Nexperia and further review intervals before. In Seremban, Cabuyao, and Dongguan, the monthly KPI - including output, quality, yield, and personal behavior - is set for every operator, which will decide their year - end performance rating and incentive payment. All the newcomers will receive the complete orientation one to two days before they are online for the on-job training, which usually covers the Company policy, EHS awareness, and quality mindset.

## Mutual responsibility and calibrated assessments

We take a shared approach to aligning our company ambitions, position contribution requirements, and individual performance. As part of this approach, we expect our employees to seek clarity and feedback to improve their performance, and in turn, we expect our managers to actively provide clarity and constructive feedback. We encourage our employees and managers to make this a continuous dialogue, which we augment with a formal appraisal once a year. Throughout the year, our Workday environment enables both employees and managers to request direct feedback from any person at any moment. To ensure this dialogue remains honest and open, constructive feedback from employees must never result in personal consequences, and they can also use our SpeakUp Line to give feedback anonymously. These are described in more detail in the chapter on business ethics, anti-bribery and corruption.

To maintain consistency and fairness, our appraisals and feedback undergo a calibration cycle before they are finalized and discussed with the employee.

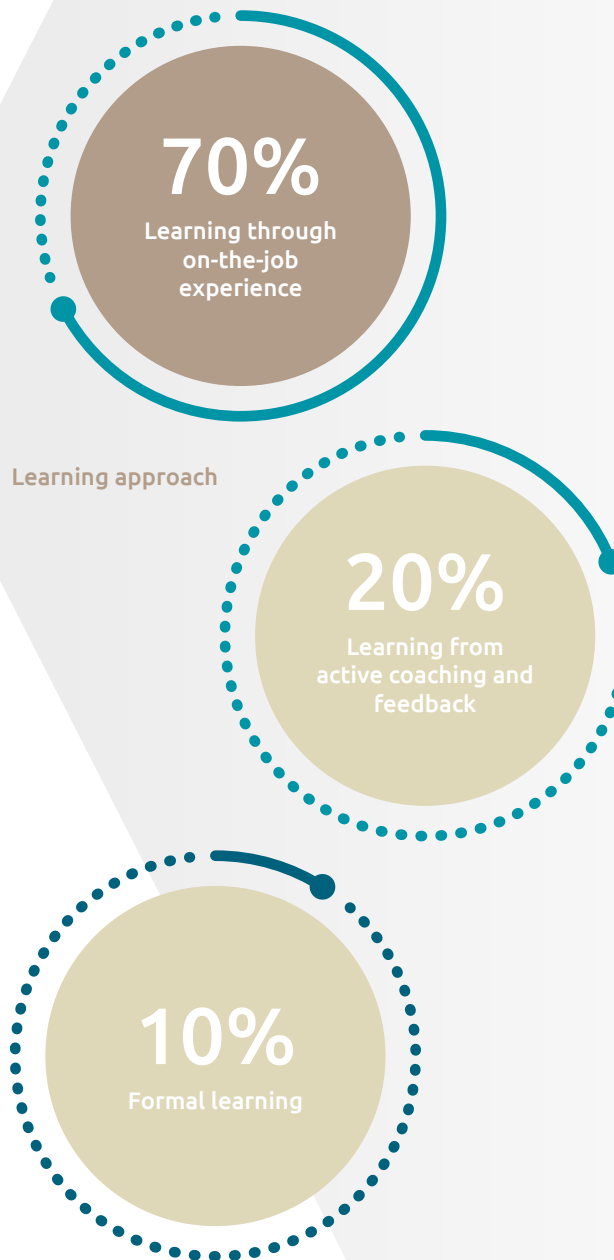


## Goal setting in 2023: embedding our strategic plans

Despite ongoing efforts, we found our practice of setting defined goals at the beginning of the year needs to be more consistently applied: approximately 33% of our people had yet to define goals, and our analysis of existing goals revealed opportunities for improvement. The most common deficiencies include goals lacking a clear link to our overall strategy, goals misrepresenting their actual performance priorities, goals being too vaguely defined, and failures to evaluate goals and progress during the year.

To address these challenges, in 2023, we will focus on the direct connection and translation of strategic plans to individual goals. We have also implemented the concept of “organizational goals” in Workday to reflect our strategic objectives. These measures allow individuals to explicitly plan their contributions, connect them to their overarching department plans, and then deploy these plans to the people needed to achieve them. Additionally, in recognition of the growing interdependencies between our departments, we enable our people to explicitly link their personal goals with their department’s goals and any other departments they work for. For example, a quality leader may report to the quality organization but also work for a specific business group. In this case, they would link their personal goals to the goals of both departments.

To ensure we use goals to promote development and improve performance – rather than merely judging performance after the fact – we request quarterly reviews throughout the year. In addition, we are exploring other ways to include forward-looking assessments in these quarterly reviews to increase our focus on development.



## Utilizing the “70-20-10” model

We believe mastery of a subject is achieved through a combination of formal knowledge, practice, and feedback - commonly known as the “70-20-10” model. Within this approach, 70% of all learning comes from practicing in a relevant context, 20% comes from receiving active coaching and feedback, and the remaining 10% - often in the form of behavioral change - comes from formal learning. At Nexperia, our development support focuses primarily on the 20 and 10 by encouraging manager and peer feedback and making formal learning available.

Traditionally, our formal learning content has been developed by individual departments or countries. This approach has yielded a relatively scattered learning landscape with inconsistent quality and availability. In response, in 2022, we invested in our new modern learning platform, “Nexperia Academy”. It allows us to combine all our learning functions into a single, user-friendly database. It also enables us to manage our learning asset portfolio more effectively and includes suggested learning and knowledge-sharing features to enhance our development practices. Our learning approach increasingly uses “blended” learning featuring “performance support”, in which relevant information is presented or can be accessed in small sections to improve engagement and knowledge retention.

Each Nexperia employee (including indirect employees such as temporary and partner workers) must complete two mandatory training courses per year.

In 2022, each employee averaged 1.9 additional non-mandatory courses and completed approximately 110 minutes of training.

In 2023, we aim to raise the average number of training hours to 2.5 and the number of voluntarily completed training courses to 2.5.



## Professional development and coaching

To address our growing need for expert coaching in a range of development areas, we are piloting a coaching service with a professional coaching brokerage platform. This service provides the capacity to help specify development needs and connects our teams with coaches from a network of over 3,000 certified members. The service also includes formal evaluations and trend reporting to help us identify and address common development challenges.

From a managerial perspective, we assess development gaps and determine to what extent we will develop an incumbent or appoint a member with clear development needs versus hiring someone who already possesses the required knowledge and experience.

## Robust talent pipelines for the future

In the buy-or-build equation, robust internal talent pipelines and internal career development pathways help us mitigate talent availability risks, enhance our culture, and create an attractive proposition to retain and attract top talent.

We explicitly plan successions for key positions, especially those that are difficult to replace. At present, 51% of our leadership positions have a succession plan, and by the end of 2023, we aim to have 60% with strong, validated plans. For leadership positions without strong plans, and which have moderate or high retention risk and medium or high loss impact (i.e., replaceability), we maintain an external succession list to mitigate retention risk.

To fill important positions with internal candidates more effectively, we are actively building and maintaining succession pools, starting with the categories “Product line General Managers” and “Critical technology experts”.

## The Nexperia Talent Program

Assessing future talent is vital to the growth of our company, but it is only part of our overall approach. Once identified, we also need to help these individuals maximize their strengths, which is why we have introduced the Nexperia Talent Program. It aims to help participants make rewarding connections to themselves, the Company, peer networks, and their future roles at Nexperia. In the first step, the program helps talented and ambitious members identify their potential, drives, and goals. Then, over 22 weeks, they develop a broader perspective of their work and gain valuable knowledge and experience they can use to advance their careers at Nexperia.

Another crucial element of assessing talent is finding the future leaders of Nexperia. To support this aim, we have established a suite of leadership programs to accelerate career growth for managers and emerging leaders within our company. Within these tailored programs of continual learning, thought leadership, people leadership, and self-leadership are vital focus areas. We invite small groups to attend short-session courses, where they learn to develop the competence and personal strengths needed to achieve organizational growth. With modules on reflection, leadership in action, and application, each program fosters the specific qualities required at senior levels, such as the ability to lead yourself, others, and the business.

In 2023, we plan to roll out four global talent programs for our employees, each targeting specific positions or groups of people, including Key Young Talent, Connections Talent, Emerging Leadership, and Nexperia Leadership.

Opportunities for growth and advancement help our organization attract new talent, while our life-long learning approach helps keep our company agile and ready to adapt to whatever changes the future may hold. We therefore actively aim to provide our people with development opportunities to help them realize meaningful career growth.

## Graduate Program

Since 2021 we have arranged a global Graduate Program for recently graduated new hires. In this program graduates rotate between multiple departments within the Company to create engagement with state-of-the-art semiconductor packaging in one of the leading discrete semiconductor companies globally in a 24-month graduate program. The program lets graduates gather insight in:

- › The global package and assembly development community and their supporting R&D teams.
- › Technical market requirements.
- › Customer needs, benchmarking information concerning packages, board assembly, and developing their own solutions.
- › Supporting product management and marketing for product portfolio decisions.

There are local initiatives for students, e.g., contact with local universities to create enthusiasm for the semiconductor industry and to recruit young talent.

## Development goals, strengths, and opportunities

To reinforce our commitment to developing our people as professionals - both in their existing roles and future careers - we ask them to define personal development goals as well as performance goals. In our reviews, we broaden our official feedback beyond reviewing and supporting their progress toward development goals to include general strengths and opportunities.

To further support personal and leadership development as well as well-being, the Nexperia Academy is available to all employees and offers an extensive library of course materials. A dedicated “career” section in our Workday app also helps employees find internal opportunities and set alerts for exciting future roles.

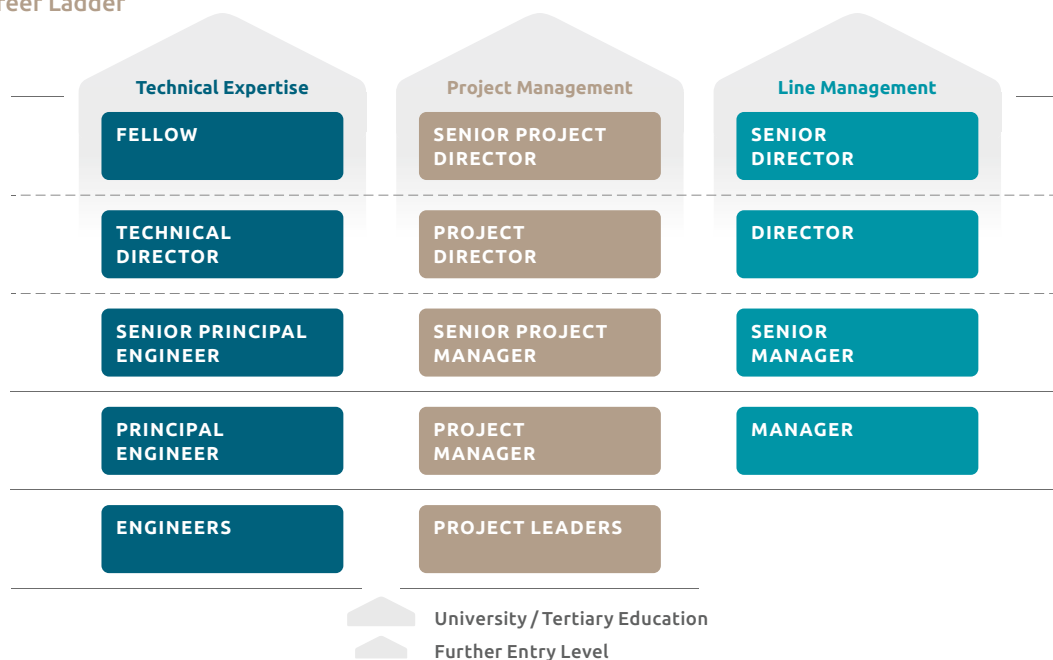
## The “dual” career ladder

Traditional job evaluation typically attributes the impact of subordinates to managerial positions. As a result, higher level positions tend to be managerial. For people looking to advance their careers, they would need to add managerial accountability to the point where they might need to relinquish their expert activities to focus on managing other experts. At Nexperia, we believe top-level experts can bring value to the Company equal to or far exceeding that of their managers. Additionally, we want to encourage our employees to progress in the direction that brings them the

most professional and personal satisfaction. For these reasons, we have adopted a dual-ladder approach, which recognizes expert careers alongside “regular” managerial careers. The ladders chart a clear path from an individual’s first role at Nexperia to advancing to the highest levels of achievement within the Company.

In our **employee survey**, detailed in the “Talent attraction and retention” chapter, we measure the extent to which our people experience growth opportunities.

### Nexperia Career Ladder



# Diversity, Non-Discrimination, and Inclusion

Relevant GRI Standards:

3-3, 202, 405, 406

## Overview and management approach

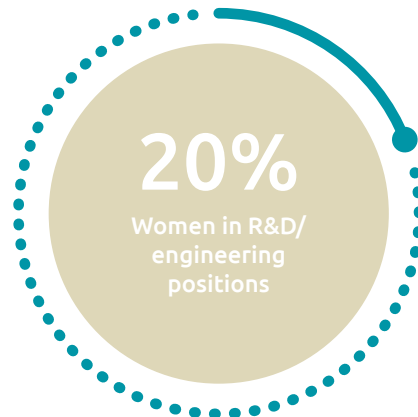
At Nexperia, having “the right team” means embracing a diverse range of people, perspectives, and cultures. As a global company powered by innovation, we aim to foster inclusive working environments where all people can be authentic, develop professionally and personally, and work together to achieve collective goals.

Nexperia is a proud global community of talented professionals. As an equal opportunity employer, we are committed to providing a diverse, fair, and inclusive working environment for all employees. By uniting many different backgrounds, cultures, and skill sets, we gain a wealth of perspectives that enrich our corporate culture. Embracing diversity also means learning from different voices and opinions, finding new connections and similarities, and forming strong collaborations to develop new solutions.

We are committed to a working environment where ethics, integrity, and trustworthiness are valued and shared, not only internally but with all stakeholders and the communities where we live and work. Therefore, we will not tolerate any form of inhumane treatment such as harassment, bullying, public shaming, verbal abuse, or discrimination based on, among other things, race, national origin, skin color, gender, religion, age, pregnancy, health, sexual orientation, socio-economic background, physical or mental disability, or political affiliation.

To strengthen our commitment to diversity and inclusion (D&I), we launched our official Diversity strategy in 2023. As part of this roadmap, we have set concrete targets for the number of female employees in our research & development (R&D) and engineering departments, management positions, and Executive Management Team (EMT) by 2030.

At the end of 2022, we started a new diversity training course aiming to eliminate discrimination in the workplace. The course focuses on cultural learning experiences, identifying unconscious biases, and tools and strategies to alter any negative ingrained behaviors. We were pleased with the initial sessions and will continue the training in 2023.



Diversity Goals by 2030

As part of our D&I Program, we plan to develop and roll out the following company-wide measures:

Measures of our D&I Program	
In recruiting, focusing on creating fair hiring panels and a diverse selection of candidates	Ongoing
Training recruiters to avoid biases	Roll out of training in mid-2023
Increasing the number of D&I videos and statements in our internal and external communication	International Women’s day statements, International Women’s Day Lunch in the Netherlands in 2023
Integrating more D&I topics in employee survey	Planned for next employee survey in 2023
Using more inclusive language in internal and external communications	Ongoing
Creating “female leadership programs”	Planned for 2024
Creating a Diversity, Equality, and Inclusion Policy	Planned for 2023
Creating a Zero-Harassment Tolerance Policy	Planned for 2023
Providing mentorship for underrepresented groups	Planned for 2023
Creating employee resources and focus groups on D&I (e.g., pride groups, gender equality)	Planned for 2023
Acknowledging and honoring different cultural and religious practices	Planned for 2023

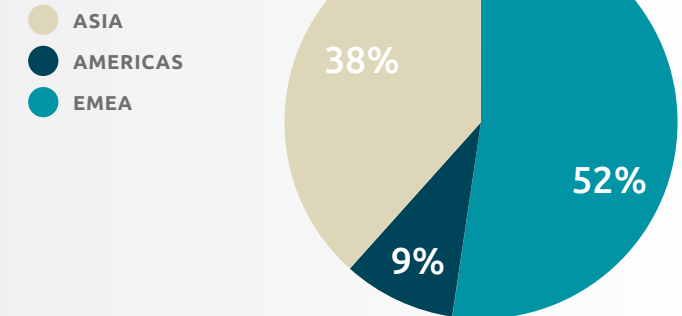
We manage the material topics of Diversity and Anti-Discrimination using the same structures outlined in the “People Management at Nexperia” chapter. Our new D&I Program is coordinated by our Head of Talent Acquisition, who represents our senior HR management and reports directly to the Chief Human Resources Officer (CHRO) of Nexperia.

The topic of Anti-Discrimination is also partly within the management scope of our Compliance Department and our Ethics Committee (EC). The EC comprises our Chief Operating Officer (COO), Human Resources Director, Senior Director Legal, and Head of Global Audit. The EC advises our EMT on defining and enforcing our Code of Conduct. It is also responsible for ensuring accurate recordings of any misconduct allegations and coordinating appropriate follow-up actions. The EC meets at least once a quarter, and more frequently if necessary.

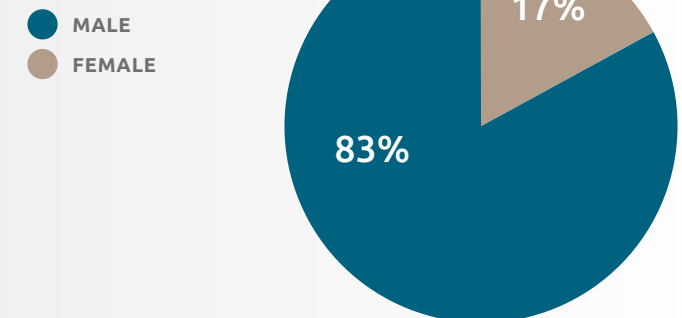
### Our approach: ensuring equal opportunity for all

Our global workforce is diverse in professional discipline, nationality, gender, race, culture, ethnicity, language, age, religion, and sexual orientation. We strive to embrace this variety, as demonstrated in our EMT and Senior Management teams which feature diverse genders, nationalities, and age groups.

Senior Management by Nationality (Regions)



Senior Management by Gender





We are developing our global and holistic D&I strategy to go beyond our existing decentralized approach. In addition to increasing underrepresented demographics, we are focusing on topics including psychological safety, awareness, and broadening our culture of acceptance.

To further embed anti-discrimination, diversity, and inclusion into our company DNA, we have adopted internal procedures and guidelines to reinforce our values. We mirror these expectations in our Sustainability Policy and our standards of behavior and etiquette in our Code of Conduct. Through these guiding principles, we want all employees to enjoy a safe, open, and equitable workplace and feel confident reporting any infringements of their rights. In cases where incidents do occur, we ensure all employees can discretely report all forms of discrimination and communicate with management without fear of reprisal, intimidation, or harassment. To achieve this aim, all Nexperia employees are encouraged to “speak up” and report any incidents of discrimination via our external whistleblowing platform, the “SpeakUp Line”, where they can leave an anonymous message, contact their local Ethics Liaison Officer, or address incidents directly with their manager. Our SpeakUp hotline is described in more detail in the “Business Ethics - Anti-Bribery and Corruption chapter”, and the concretization through our Whistleblowing Policy.

Additionally, the programs we use to monitor labor and human rights at Nexperia and across our supply chain (described in the chapter “Responsible Sourcing and Supplier Engagement”) also include the topics of diversity and, in particular, non-discrimination. These include our Social Responsibility Auditable Standard Policy, and the due diligence procedures that accompany our RBA membership, including RBA Self-Assessments.

**Targets, data development, and KPIs**

The topics of diversity, equality, and anti-discrimination all include fair pay. To ensure our compliance, we have created a Fair Pay Policy and use third-party data to compare our wages and salaries against industry benchmarks. Our Fair Pay Policy covers base pay, short-term, and long-term elements. We determine our remuneration and any associated individual changes based on objective criteria, regardless of gender. We aim to create a balanced approach between global and local incentives and our remuneration levels, supported by checks and safeguards.

We also acknowledge that pay equality cannot be achieved through policies and guidelines alone. To determine whether we are meeting our equity goals, we must also monitor how much women at Nexperia are paid compared to their male colleagues. Therefore, in December 2022, we started with a gender pay analysis.



**Irene Deng**

**Job title:**

General Manager/VP/Executive Team member

**Location:**

Worldwide

**Working for Nexperia since:**

2021

**Field of expertise:**

Business group and Electrical Engineering

Curiosity on how things work was what made me choose a career in engineering. When our family got our first TV set, a black and white one, I was looking for the people behind the TV. My young cousin, 10-year-old, wanted to buy a new flashlight when he found out the one at home was broken. My immediate reaction was, let’s figure out how to fix it. Opportunity to make products to enhance the quality of our daily life is what makes my job very interesting and worthwhile. Can you imagine a road trip without GPS nowadays, no matter an online version or a downloaded version? ICs acts like a brain to the equipment and gadgets, big or small, we use on a daily basis. Analog ICs are the interface between the real-world signal, such as temperature, heat, humidity, voice, and the computing unit. Every generation of analog ICs contribute to our ability to make smaller, smarter and more sustainable equipment and gadgets.

**What is your advice for women thinking of a career in engineering?**

*“Engineering is a gigantic and fun playground. If you are looking for a fun, challenging, and rewarding career, come on in!”*

Engineering field value many merits. Critical thinking and problem-solving ability together with communication skills are highly appreciated. Let’s dream big and dream bold.



### Khaoula Mahzouli

**Job title:**

Front-end/Back-end interaction Specialist - R&D Business group A&L

**Location:**

Nexperia Nijmegen (Netherlands)

**Working for Nexperia since:**

January 2021

**Field of expertise:**

Process engineering

As a Front-end/Back-end interaction Specialist working in the R&D department, I am the technical point of contact between the two major entities of the semiconductor production eco-system: front-end- the making of the wafer- and back-end - the preparation and assembly of the units into packages. I have to ensure synergy and technical compatibility between the two for every new product introduction within the business group, driving back-end manufacturing capability studies and technical innovations in the die-package dynamic and solving complex interaction problems. This gives me a sense of pride knowing that I contribute to the creation of products that impact the lives of millions around the world, in an age where semiconductors are the building blocks of modern life. From the smart watch on your wrist, to your car, to the health devices used to diagnose and cure your loved ones.

**What is your advice for women thinking of a career in engineering?**

*"Go for it! Don't have any doubts about your capabilities. Engineering is fun and gives you a lot of career opportunities in all range of industries. In the last 6 years of my career, I worked in three different countries, and was able to see first-hand how women in engineering being a minority is more common than I had thought. That gave me the purpose of contributing actively to changing that, anywhere I can."*

As part of our Nexperia D&I strategy, we aim to eliminate any possible gender pay gap. To support this, we have introduced a new talent review model and merit matrix system to further objectify our performance measurement and changes to individual remuneration. Furthermore, as part of our mentoring- and women leadership program we will also enable our employees to have pay conversations.

Another challenge we are actively addressing is the low percentage of female workers in the semiconductor industry. This trend is also reflected at Nexperia, where around 30% of our global employees are women.

As part of correcting this imbalance, we are also focusing on the number of women in senior management positions. Many of these are engineering roles, where the percentage of women in the talent pool is much lower than in other fields. This challenge also presents new opportunities, and as part of our Nexperia Diversity strategy, we have set clear targets to increase the percentage of women in our leadership and engineering roles.

To improve gender equality, we are committed to achieving a minimum of 30% women leaders by 2030.

We are also exploring targets on geographical representation, generation or age cohorts. To support these goals, we are increasing our focus on inclusive leadership and will extend our learning programs on cross-cultural awareness, mitigating unconscious bias, and psychological safety. Additionally, we are committed to increasing the number of women in R&D and engineering to 20% by 2030.

#### Women in management positions

24.1% currently    30%  
by 2030

#### Women in R&D/engineering positions

17.6% currently    20%  
by 2030

We believe these goals also need to be reflected at our highest levels of management. We currently have 7.7% women in our EMT and also aim to increase gender diversity in our EMT until 2030.



## Diversity and inclusion projects

### Promoting cultural awareness

We create opportunities to learn about the different people and cultures at Nexperia through our internal and external channels, such as our employee newsletter X.press and our social media channels. Through these initiatives - combined with our employer branding campaigns and accompanying materials - we celebrate diversity and inclusion while raising cultural awareness. As part of this approach, we highlight members of TeamNexperia from different backgrounds, positions, and locations, allowing them to share their unique stories and perspectives.

### IN ACTION: EMPOWERING WOMEN IN ENGINEERING

*As a leading technology company, we believe it is important to recognize and promote our world-class female engineers. That is why we celebrate International Women in Engineering Day, organized by the Women's Engineering Society, to share stories of our female engineers, highlight their achievements, and encourage a new generation to take up exciting careers in engineering. Through these efforts, we hope to increase the number of women in engineering roles and create more diverse working environments within our company and our industry.*

### IN ACTION: WIN QUALITY!

*Meet the WiN Quality!- a team of engineers working together to improve the environment for themselves and for all. Working together combines all of our technical expertise, backgrounds, and insights and builds resilience, confidence, and makes us excellent engineers. We are a team of seven women working in Manchester but with four international engineers we represent engineering from across the world -- it's a really interesting and unique combination. An example of a project we are working together at the moment, we are assessing all of our lab protocols to*

*ensure that the Quality labs are working as efficiently, safely, and sustainably as possible.*

*As engineers, everyday we solve problems to improve semiconductor technologies used in automation, computing, communication, and healthcare. Our solutions are quite literally driving us around and allowing us to talk to our friends and families. We love the challenge, we love that every day is different and we love that we are ensuring that the work we output is quality, safe, and innovative.*



# Health & Safety

Relevant GRI Standards:

3-3, 403

## Overview and management approach

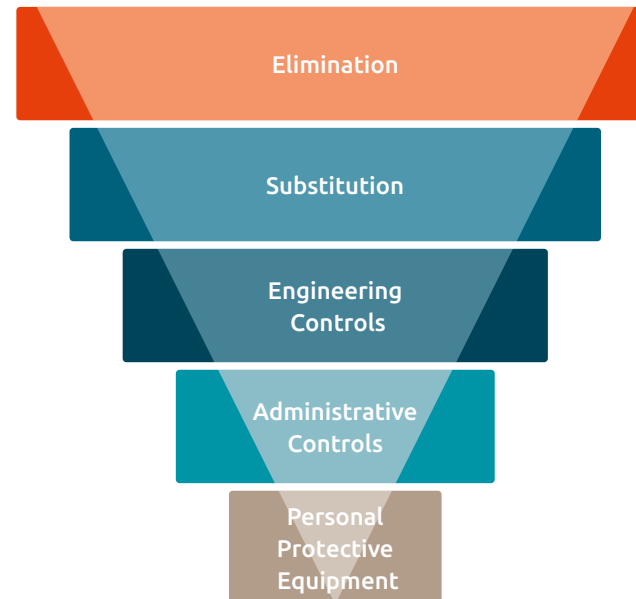
The health and safety of our employees is our highest priority. That is why we continually work to ensure that everyone at Nexperia – including our employees, temporary workers, interns, partners, and visitors – feels safe in a secure environment. Our focus encompasses medical, physical, and emotional or mental health. In our Code of Conduct and Sustainability Policy, we commit to providing healthy and safe working conditions to protect people from harm, promote all forms of health, and achieve a positive work-life balance.

In keeping with these aims, we assure a very high standard of occupational safety, which is integral to our operations. We systematically rate all workplaces with risk assessment procedures and ensure we have the necessary health and safety measures in place for all positions. Taking the hierarchy of controls into account, we take measures in the following order to be most effective: elimination, substitution, engineering controls, signage / warnings and/or administrative controls, and personal protective equipment.

**We enforce mandatory safety training for all employees before commencing work and base all our safety training and activities on local risk assessments. Through all of these actions, we follow our corporate health and safety philosophy of “Vision ZERO”. It is a prevention approach that integrates the three dimensions of safety, health, and well-being at all levels of our work.**

We monitor, follow-up, and report cases that resulted in first aid, medical treatments, lost workday cases, and fatalities.

## Hierarchy of controls



In addition to our internal policies, we are a member of the European Semiconductor Industry Association (ESIA). Through this membership, we share our safety data with ESIA each year, including recordable incidents, days away from work, working hours, FTEs, recordable case rate, severity rate, and other indicators.

Since Nexperia’s foundation, we have promoted the well-being of our employees to ensure they feel secure, happy, and healthy at work. We do this by organizing a range of well-being and health-related services at our locations, including on-

site nursing and doctors, medical and healthcare events such as vaccinations and screenings, and healthcare services. More specific examples can be found below.

Our Health and Safety (H&S) *Management* is a component of our EHS Management System, which is an important part of our integrated Nexperia Management System. The EHS Management System is described in the “Environmental Management at Nexperia” chapter in more detail. Our H&S Management covers our headquarters and manufacturing sites and is certified to ISO 45001, the globally recognized

Occupational Health & Safety Management System standard. We have developed robust health and safety programs and initiatives to safeguard our team members, partners, contractors, and visitors. Through this lens, we follow our internal programs and results in the same way we follow all national and international laws and regulations. Our non-certified sites – mostly our offices – are still responsible to comply with minimum environmental and occupational health and safety requirements, using the “EHS Management System Light” approach. This procedure in the form of a checklist explains the issues to be considered at these Nexperia locations. It is also intended to help the responsible persons at the locations to check and document compliance with legal requirements regarding occupational health and safety and the environment.

In addition to audits and reviews required by the Occupational Health and Safety Management System standard (ISO 45001), we verify the effectiveness of our H&S Management System using our Social Responsibility Auditable Standard. We also perform self-assessments as part of our Responsible Business Alliance (RBA) membership. The standardized RBA self-assessment approach rates companies with a score of 0 to 100 – with 100 being the highest. In 2022, Nexperia achieved a risk score classification of 89.6 points, equating to a low-risk assessment. The most recent results of 2023 amounted to

an even better score of 90.4. Both our RBA membership and Social Responsibility Auditable Standard are described in further detail in the “Responsible Sourcing and Supplier Engagement” chapter.

As we manage health and safety in our EHS Management System and its according structure, the same organizational setup and responsible positions described in the “Environmental Management at Nexperia” chapter also apply to this material topic. At the site level and for specific health and safety matters, we position trained experts to supervise protective measures and create safe and ergonomically friendly workplaces in all areas of our operations. Access to occupational health care for our employees is guaranteed. At our manufacturing sites, this takes place either directly on site or with contracted facilities in the immediate vicinity.

**Nexperia’s Social Responsibility and certified EHS Management System include establishing a strong data collection base, consistent and standardized reporting from each manufacturing site, ongoing training, and internal and external audits at least once a year. In addition, our daily business is strongly influenced by the procedures of relevant health and safety topics, such as those relating to chemical spills, emergency response systems, pandemics, and more.**

Chemicals are essential in our manufacturing processes, development activities, and laboratories. We work with chemicals in a highly specialized manner, following our Chemicals Management System. For this reason, we have strict safety mechanisms based on risk assessment and management measures, including technical safety measures, clear procedures, and ongoing education and training. We also prioritize emergency-response skills related to chemical management, such as conducting regular evacuation exercises and practicing for emergency situations. In addition, we require all our industrial sites to have

employees with professional emergency skills, and at our larger office locations we have employees trained for emergency response.

Guided by our Management System and Vision ZERO, all employees must immediately report accidents or injuries and any unsafe equipment, practices, or conditions to a supervisor or appropriate team member. These measures have yielded exceptional results: we have recorded zero fatalities since our foundation and zero high-consequence work-related injuries. These data points include employees as well as temporary workers and contractors. In 2022, we also recorded zero cases of work-related ill health incidents.

### Training on H&S

Our various training courses, specifically defined in individual learning plans, cover all employees. We train our employees in general information about their site, legislation, and responsibilities, as well as specific knowledge about safe work systems, clean room safety, working with chemicals, handling machinery, first aid, and emergency procedures. In addition, we regularly communicate all relevant health and safety topics and developments and reinforce the basics of security and safety. We provide all training and communication either in an employee’s native language or in another they can easily understand. Visitors and external parties working for or on behalf of Nexperia are provided with the necessary health and safety information or are required to complete appropriate training before carrying out activities in our areas of responsibility.

## COVID-19 response management

The exceptional situation caused by the COVID-19 pandemic continued in 2022. Despite vaccination campaigns gaining more traction throughout the year, emerging mutations of the COVID-19 virus - particularly the Delta and Omicron variants - caused several countries to re-enter into partial or complete lockdowns. Nexperia continued to strictly follow the recommendations of the governments in each country, which led to a temporary shutdown of our Malaysian operation in 2022. Our health and safety priority was to ensure our employees at manufacturing sites and offices had all the necessary equipment and protocols to prevent the spread of the virus.

Immediately after the outbreak of the virus in January 2020, we activated crisis management teams at all major sites. They closely monitored the COVID-19 risk and took appropriate response measures to protect the health and safety of our employees while continuing with business where possible.

Our company doctors checked the available medical networks to introduce the latest pandemic recommendations to protect against COVID-19 infections. Local crisis management teams also ensured we followed all applicable national COVID-19 regulations and directives of the state governments. In addition, Nexperia's Board and Executive Management Team were continually informed about the ongoing COVID-19 developments. Where the physical presence of our workforce was essential, we introduced specific hygiene measures, provided masks, sanitizers, and test kits, introduced distancing rules, and made recommendations about ventilation. In addition, we extended our working-from-home policies throughout 2022, including the IT required for digital collaboration and supporting e-learning opportunities. We also offered in-house vaccination campaigns at various locations to vaccinate and protect our workforce to the highest degree possible.

### SECURITY MEASURES

02/2021

#### DISTANCE

Please maintain the minimum distance of 1.5 m from other people.  
When rooms are used by several people at the same time, 10 m<sup>2</sup> must be available per person and the AHAL rules must be implemented.



#### HYGIENE

Clean your hands regularly with soap and water (30 seconds) or hand disinfectant.



#### MANDATORY MASKS

We require masks in all buildings. The only exceptions are your own workplace and when taking meals.  
Medical face masks are required as a minimum standard, alternatively you can wear an FFP2 mask.  
Please pay attention to the correct handling: **mouth and nose must be covered.**



#### VENTILATION

Please make sure that the rooms are adequately and regularly ventilated.



Thank you for your attention and implementation!

## Our approach: safety in all situations

We work to eliminate all forms of hazards via regular audits, safety walks, and various open communication channels. Nevertheless, although they are rare, we acknowledge that health and safety incidents can still occur. Therefore, we study all cases - including near-misses and first-aid requirements - to improve our management systems and better understand their causes and impacts. Additionally, we check for all possible high-potential events and monitor our preparedness.

At the same time, we also focus on the basic necessities our employees and temporary workers need to maintain their health and safety according to labor standards on occupational health and safety. For example, we provide suitable working conditions with ready access to clean toilet facilities, potable water, and sanitary food preparation and storage facilities. In addition, worker dormitories provided by Nexperia or a third party must be clean and safe, including emergency exits, adequate heating and ventilation, and reasonable personal space.

We monitor and measure our health and safety performance using various data points and specific KPIs. We record and categorize all health and safety incidents via local data management software or collection. We report all incidents to the relevant authorities, including any contractor fatalities, of which there has never been a recorded incident.

For 2022, we set a health and safety target to reduce our recordable case rate by 10% below the median of the past five years, equating to a rate of 0.14 at each site.

Over the year, we achieved an average recordable case rate of 0.15 across all sites, only marginally higher than our goal. This result was due to a large number of employees returning to their offices after COVID-19 restrictions were lifted, and most cases recorded were minor incidents involving falling, slipping, or being struck by or against objects.

We also compare our data with the European Semiconductor Industry Association, for which we were well below average over the last few years. In round numbers, we recorded 25 lost workday cases in 2022. In addition to our KPIs, we measure and quantify our Severity Rate, which was 0.71 in 2022. Our individual sites often use additional KPIs to measure their progress in specific focus areas or against internal targets.

**We identify and assess potential risks and emergency situations and control them through appropriate design, engineering, administrative controls, preventive maintenance, safe work procedures, and ongoing safety training and drills. Our plans and procedures aim to minimize all harm to people, the environment, and property. We assess all health and safety risks as part of our ISO certification and our responsibility as an employer.**

A general assessment is also part of our Business Continuity Procedures. In our daily operations, the most common work-related incidents (in order of frequency) include falling and slipping, being struck by or against an object, and being cut by sharp edges or objects. To prevent high-consequence injuries, we focus on accidents such as possible exposure to fires, chemical burns, electric shocks, and toxic fumes. While we continually work to eliminate these high-impact risks, we also maintain attention on regular incidents to minimize all cases.

To manage risks, we perform comprehensive annual risk assessments at each site using the repetitive PDCA (Plan-Do-Check-Act) process. These assessments play a significant role in evaluating and maintaining the effectiveness of our management systems. We also empower our employees to prevent workplace hazards and incidents by providing several channels to report concerns or opportunities for improvement. They include our anonymous SpeakUp Line, which is described in more detail in our Code of Conduct and “Business Ethics and Integrity” chapter. Employees can also report directly to their site’s Occupational Health and Safety (OHS) representative, participate in site-level safety committees and councils, or use one of our official grievance mechanisms. In all cases of concern, we ask our employees to stop working and speak up immediately.



## Projects

Across our global operations, we run various initiatives to support our employees, their families, and local communities. One popular example is our Employee Assistance Program (EAP), which provides online guidance on important issues, including health, finances, child care, elderly relatives, legal matters, and relationships. It also features other health-related courses, such as yoga and general fitness. While we engage with a range of suppliers in our EAP, our goal is to provide independent support that is easy for our employees to access. The EAP also includes online support and options to speak with an independent advisor if needed.

We also promote health and well-being at our locations by holding campaign events. For example, our site in Nijmegen (Netherlands) organizes an annual well-being week featuring various activities such as mindfulness training, an anti-stress workshop, and pilates courses.

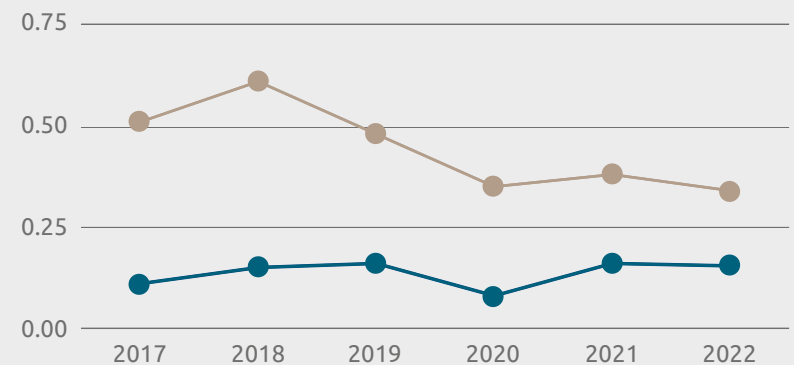
## IN ACTION

*In Malaysia, our site in Seremban holds regular health talks throughout the year and once a year they organize a health and safety fair where employees can learn and participate in different activities to raise health and safety awareness.*



Recordable Case Rate (TCIR)

● NEXPERIA ● ESIA



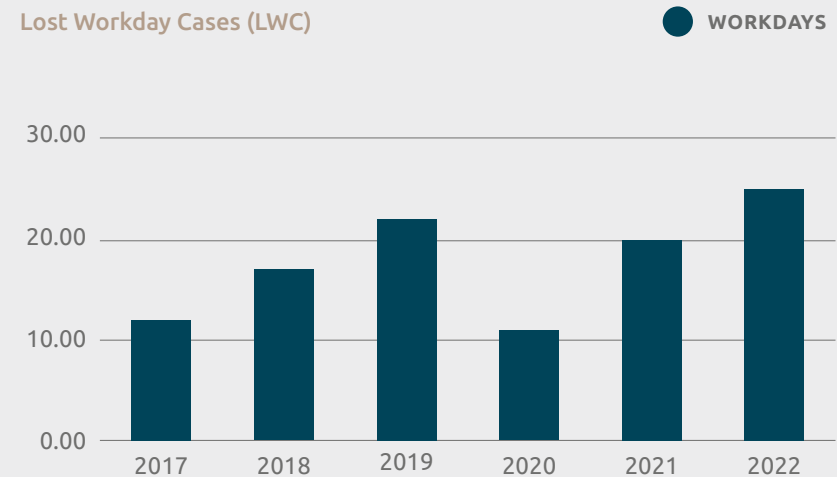
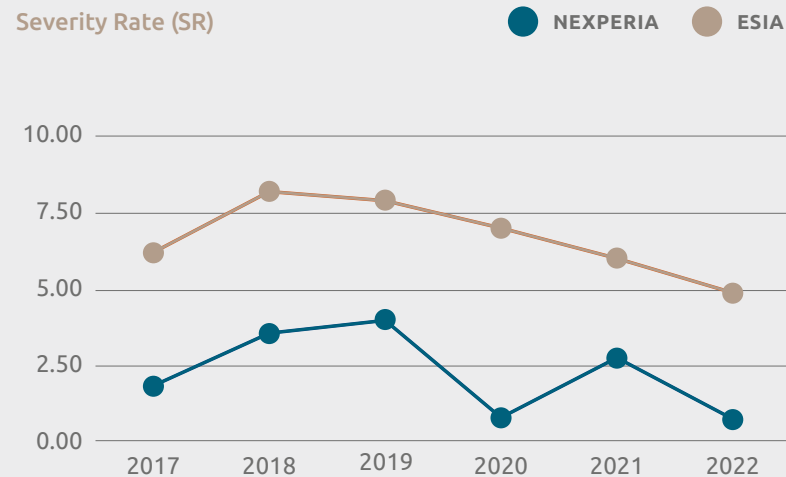
Nexperia monitors the total case incident rate (TCIR) as a key performance indicator (KPI) for the effectiveness of its OHS management system. Comparing Nexperia's TCIR with ESIA's TCIR, enables the evaluation of the maturity level of Nexperia's OHS management system.

Our health and well-being approach also incorporates preventative measures based on each site's unique material issues. These include managing vaccinations for COVID-19 as well as yearly influenza waves. They also encompass more general prevention management, such as at our Manchester (UK) site, where employees can access mental and physical health support and guidance through external providers.

We also enhance our first aid capabilities by training selected employees as mental health first aiders. At the same time, our primary focus is maintaining a healthy work-life balance to avoid the stage where mental health first aid is necessary. For example, our Nijmegen (Netherlands) site offers employees various leisure time offers such as table tennis and table soccer taking off-screen breaks. To support regular sports and movement, it also arranges weekly kickboxing group lessons. The local HR team is also developing a

general fitness program with the site's employees. In Hamburg the HR team organizes a health day for the employees in cooperation with a health insurance company. These efforts help to reduce stress, improve physical and mental health, and prevent work disruptions and extended absences. Our site in Manchester (UK) has a particular focus on these areas. It specifically manages such cases with processes to help employees successfully return to work in cooperation with their line managers.

Every day, health and safety are crucial components of our secure and sustainable business. By prioritizing health, safety and well-being, we not only create a positive impact on our employees and other stakeholders but also contribute to the long-term success of our business. Moving forward, we will continue to assess and improve our health and safety practices to meet the evolving needs of our stakeholders and the world around us.



Similar to the TCIR, Nexperia monitors the severity rate (SR) as a second indicator of the effectiveness of its OHS management system.



# Governance Reporting



# Responsibility of Management

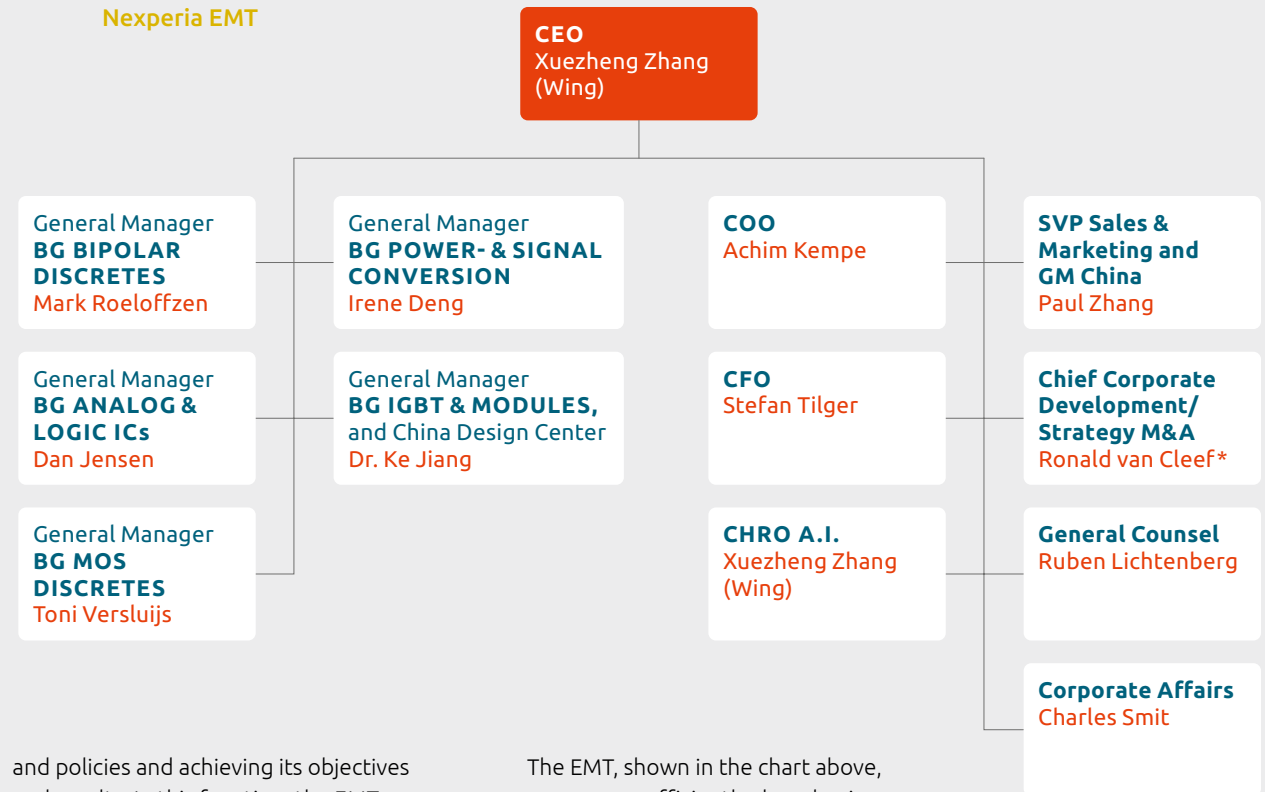
Relevant GRI Standards:

2; 3-3

Effective governance is a critical aspect of a sustainable business strategy. At the heart of good governance lie the principles of responsibility and accountability. Within a company, its board and top management are crucial to ensuring it operates sustainably and in the best interests of its stakeholders. At Nexperia, we follow this approach with our Board and Executive Management Team (EMT).

Our Board of directors for Nexperia Holding B.V. and Nexperia B.V. comprises the Chief Executive Officer, the Head of Corporate Affairs, and another member without other corporate functions. While retaining overall responsibility, Nexperia's Board of directors assigns specific tasks and processes to permanent committees, whose members are appointed by the Board. The Board has also established Audit Committees for Nexperia Holding B.V. and Nexperia B.V. and a Compensation & Nomination Committee for Nexperia B.V.

To manage daily business decisions and respond to urgent matters, the EMT (under the chairmanship of the CEO) is entrusted with the general management of the Company. This capacity, titled Chief Operating Decision Maker (CODM), includes deploying Nexperia's strategy



and policies and achieving its objectives and results. In this function, the EMT oversees all operations and reviews the Group's global business results, enabling it to make operational decisions and assess our overall performance. The individual members of our EMT are introduced in the "Our Executive Management Team" chapter.

The EMT, shown in the chart above, ensures we efficiently share business issues and practices across our organization. The managerial overview of sustainability through our EMT is described in detail in the "Our Approach to ESG" chapter. We have structured our EMT as a matrix organization with multiple layers of managerial accountability and responsibility. This approach allows us to maximize our focus on the market, leverage company resources, and achieve excellence in all our core processes and support functions.

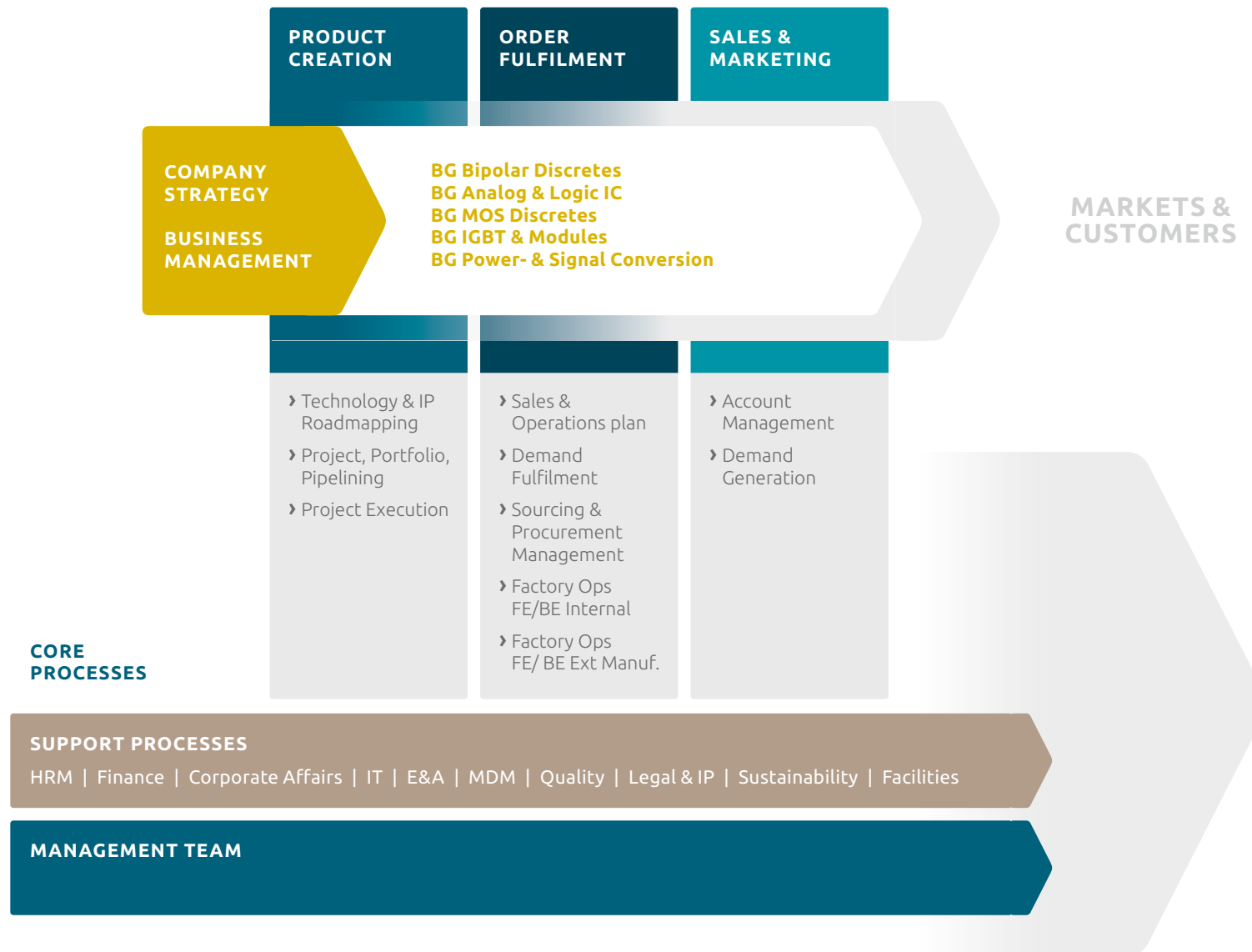
\*Ronald passed away unexpectedly in early 2023.



Our matrix organization has three main clusters:

- › Business groups that are the entities responsible for achieving business results.
- › Core processes that build our core competencies and leverage the most effective ways of working to achieve our business goals in product creation, order fulfilment, and sales and marketing.
- › Support functions that provide leadership in areas such as HR, Corporate Development, Strategy, and M&As, Finance, Corporate Affairs, Legal & IP (Intellectual Property), IT, Equipment and Automation (E&A), Master Data Management (MDM), Quality, and Sustainability.

**Nexperia Processes**



## Key organizational principles and policies

### NEXPERIA'S THREE STRATEGIC FOCUS AREAS

*Our business strategy focuses on three areas:*

1. *Innovation, primarily supported by increasing R&D spending*
2. *Enhancing efficiency and driving further cost reductions*
3. *Growing our business in a sustainable and eco-friendly way*

*As part of this strategy, Nexperia aims to strengthen its position with technology- and industry-shaping customers by anticipating megatrend requirements in Electrification, Connectivity & Digitalization, Industry 4.0 and Automation, Sustainability and Energy, and Geopolitical specifics.*

All of Nexperia's activities are essential to supporting our overall mission and strategy. Therefore, we have created an organizational structure comprising business groups and centrally led core and support processes. Nexperia is managed as a fully integrated business.

1. Key decisions are made by the EMT, which gives direction to the businesses, core, and support processes.
2. We have a company culture and values led by our efficient and passionate team to support our mission and vision.
3. We have defined core processes (Product Creation, Order Fulfilment, Sales and Marketing) and several support functions and processes.

The leadership of our core and support processes:

- › Provide business-enabling technologies, effective and efficient working methods, and training to ensure our competencies match our strategy and customer requirements.
- › Determine the optimum balance between central and decentralized resourcing.
- › Provide cross-unit support, coordination, and learning to leverage considerable company advantages in decentralized activities.

Driven by our Quality Policy, our quality commitments ensure:

- › We aim for zero customer incidents in our standard
- › We promote that everyone is responsible for quality
- › We have recognized leadership in quality
- › We maintain a company-wide focus on quality

The EMT underpins our commitment to responsible corporate citizenship and our pursuit of a more sustainable future - economically, socially, and environmentally. To strengthen these efforts, the EMT has adopted the Nexperia Code of Conduct, which we updated end of 2022.

Our Code of Conduct details Nexperia's core principles on integrity and ethics in business conduct and governance. It guides our business decisions and actions worldwide and applies equally to corporate actions and our employees' behavior while conducting business. Further details can be found in the [Business Integrity and Ethics chapter](#).

Our ambition to satisfy our customers and stakeholders relies on the continuous operation of our critical and vital processes. To ensure this, our Business Continuity Management (BCM) acts as a catalyst to anticipate, plan for, and react to any disturbances to our critical and vital business processes. The BCM also defines appropriate measures and procedures to sustain our operations and enables us to proactively identify and mitigate risks.

Each Nexperia site has identified the potential risks in their factory operations that can impact the supply of products to end customers. These risks include physical factory asset risks within front-end and back-end operations, such as facilities systems, utility infrastructure (electricity, water, etc.), regional risks (natural hazards), or other supply risks (wafers, chemicals, gases). To maintain readiness, we review, audit, and update these risks periodically.

We categorize each site based on our assessed risk and the size and magnitude of its operations. Then, for each of the three category tiers - with tier 1 meaning significant disruption to our operation and tier 3 representing low risk - we submit a range of requirements, such as defining crisis teams and emergency plans, establishing processes to restore operations, and various degrees of monitoring, training, and other relevant actions.

## Continuous improvement and negative impact remediation

As an organization, we are committed to continuously learning and improving. To support these aims, we established a comprehensive, group-wide continuous improvement effort focused on identifying and solving problems to deliver exceptional quality in all areas of our work. Our business review structure, improvement projects, and audits program form the core of our continuous improvement process. Through it, we enable our board and EMT to achieve steady business enhancement and identify and remediate negative impacts where possible.

As every problem represents a challenge to quality, we are committed to empowering our employees to actively participate in quality improvement. To achieve this, we prioritize employee development to ensure our team members become good problem solvers and our managers become excellent mentors and coaches. By empowering our employees to help improve our workplaces and the quality of our work, we expect high participation in our quality improvement at every level. In addition, our EMT's approach to problem elimination, not reduction, emphasizes our understanding of top problems so that our corrective actions are more targeted and efficient. More information can be found in the "Talent Development" chapter.

We use a range of methods to identify areas of improvement, including audits (internal, external, and customer), complaints, customer feedback (Net Promoter Score), business review meetings, and improvements identified at the staff level. We then implement corrective and preventive actions at the necessary levels to reduce negative impacts. We support these activities by using appropriate quality tools and conducting an employee survey every two years.

Overall, we believe effective governance and sustainability practices are critical to the long-term success of our company and stakeholders. Our EMT and top management play a crucial role in ensuring we operate sustainably and responsibly. Their performance - as well as that of Nexperia overall - reflects in our company's valuation, which is assessed twice a year. The procedure also includes our strategy planning, ensuring our systems and processes are relevant and we are ready to embrace new opportunities. Through these steps, we align our governance practices with our business strategy and sustainability values.

As a company, we are committed to upholding these principles and will continue integrating sustainability and good governance into all aspects of our operations. By establishing strong policies and practices, communicating transparently with stakeholders, and continuously improving our processes, Nexperia can create long-term value for all stakeholders.



# Business Integrity and Ethics

## Relevant GRI Standards:

2; 3-3; 205;  
206; 415

## Introduction and management approach

At Nexperia, we are committed to conducting our business with integrity and complying with all applicable laws and regulations. To support these aims, we have established robust policies and procedures to prevent corruption and promote ethical business practices across our operations and supply chain. We address all relevant business ethics risks that come to our attention using our ethical risk assessment procedures. Additionally, we updated our Code of Conduct in 2022 and notified all of TeamNexperia with a letter from our CEO supported by follow-up training.

The Code of Conduct is not all-encompassing but formulates minimum behavior requirements, allowing business units and country management to specify local business conduct rules. The document covers a wide range of sustainability and compliance topics and incorporates various other policies, such as anti-bribery and ethics escalation (Whistleblowing). Overall, it aims to promote a clear, strong, and consistent culture of ethics.

The operational responsibility for our ethics and compliance management lies with **our** Ethics Committee (EC). With it, we have established a dedicated team of executive leaders that ensure all employees, suppliers, and business partners understand and comply with our business ethics standards.

The EC is responsible for governing and interpreting the Code of Conduct, as well as ensuring it is communicated and implemented effectively. The EC also advises the Executive Management Team and reports to it on the current status of Code deployment. Additionally, EC members oversee investigations to ensure all misconduct reports and support actions are appropriate and complete.



## Our approach

Our **Code of Conduct** details our commitment to preventing corruption and promoting ethical behavior in an accessible and structured manner. It provides concrete operating guidelines for appropriate behavior and correct procedures. In single chapters, it defines:

- a. How to apply the code itself
- b. How we work (including anti-discrimination, prohibition of modern slavery, and health and safety)
- c. How we compete (including the topics of anti-trust, bribery, data protection, and trade compliance)
- d. How we conduct ourselves (defining guidance on gifts and hospitality, conflicts of interest, and social media usage)
- e. How we protect company assets (including specifications on proper use, intellectual property, confidentiality, and record retention)
- f. How we take responsibility (covering lobbying and political activity, donations, and environmental topics)

To ensure our values remain front-of-mind, in 2023, all members of TeamNexperia attended mandatory and tracked training on our updated Code of Conduct. It provided guidance on how we conduct business; how we treat each other, our suppliers, and customers; and how each employee can make ethical decisions in the workplace. The training included example scenarios, questions about conflicts of interest, and lessons about respecting each other and company assets. Overall, this training provides a clearer understanding of the ethics and principles that guide our company. We will repeat this obligatory training course annually, with the next date being January 2024. In addition, all new employees must complete the training and sign the Code of Conduct during onboarding.

To support the values of our Code of Conduct, we have implemented internal monitoring and other measures to detect and prevent bribery, conflicts of interest, and other forms of corruption and business ethics violations. We have an entity-level internal control that specifically addresses the risk of unethical business practices and non-compliance with our Code of Conduct within our organization. This control is executed at least once a year and includes risk assessments of cases reported via our Whistleblower hotline.

We have also established due diligence procedures to assess the integrity of potential suppliers and business partners and identify and mitigate any compliance and ethics risks, further described in the “Supplier Engagement” chapter. The Social Responsibility Auditable Standard described in this chapter not only applies to our supply chain, but also audits our own internal and external operations.

Additionally, we have a list of other controls relating to inherent fraud and corruption risks, such as supplier selection process controls. However, the basis of compliance management lies in the step of identifying risks and actual cases. We capture these using incident report hierarchies we have established at each site.

In any cases of grey-area actions or observations, our recommended first step is to address these concerns directly. In many cases, raising the question may be enough to bring the actions into compliance with our Code. We also suggest contacting and consulting the relevant manager to discuss the matter. If, for any reason, these actions do not resolve the issue, each of our stakeholders can contact either the local Ethics Liaison – serving as an independent ombudsperson – or the Ethics Committee itself. This procedure is further detailed in our Code of Conduct.

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***"The Code sets out the values that guide us as we work to fulfil our ambitions in the Company. It applies equally to all our activities."***

## DECISION TREE (NEXPERIA CODE OF CONDUCT)



*We should use good judgment at all times. If an action feels wrong, we should not do it.*

*If our employees are ever uncertain, they should ask themselves:*

1. *Is the action illegal?*
2. *Could it negatively impact Nexperia?*
3. *Does the action violate our Code or values?*
4. *If we do it, will we feel wrong?*
5. *Would we be hesitant telling our boss about it (or our colleagues, spouse, or partner)?*

*If the answer to any of the questions is yes, we should not do it.*

*Ethical guidance: We are all expected to comply with the Code, and all managers must ensure its implementation. If we do not know what is expected from us in a particular situation, we must consider the following actions to make the right decision.*

*Take direct action: It is often best to address and fix something on the spot.*

*If we believe an action raises ethical concerns or see someone doing something questionable, we should highlight the issue immediately. Raising a question for discussion is often enough to bring the actions into compliance with the Code.*

## Whistleblowing

We provide numerous ways for our employees and stakeholders to report possible misconduct. A key example is our SpeakUp Line, our primary investigation mechanism that is available 24/7 in all relevant languages. It is an external, independent, anonymous, and confidential reporting channel available to all employees, suppliers, business partners, and other third-party stakeholders. Available via a free telephone number, the SpeakUp Line offers a secure webpage that provides the caller with clear instructions. We actively promote the line to our employees and third parties, and to maintain quality, we test the service provider annually. Overall, the SpeakUp Line is a holistic whistleblowing platform where any reporter can leave an anonymous message.

The EC is also notified of each recorded message and given time to consider and investigate the issue. All reports are strictly confidential. The EC can then leave the relevant employee a confirmation quote or follow-up questions. After reading the reply, the employee is allowed to submit a new message of their own,

either immediately or later. This format enables an ongoing dialogue that can remain anonymous if desired. Any form of retaliation against anyone reporting suspected misconduct in good faith or participating in a related investigation is strictly prohibited. We have set clear boundaries that no one shall discharge, demote, suspend, threaten, harass, or in any manner discriminate against a person reporting suspected violations of the Code. We also guarantee the protection of each whistleblower as part of our Code of Conduct.

We investigate all reports of suspected misconduct promptly and thoroughly and take appropriate actions on substantiated claims. For liable individuals, these actions may impact their future employment at Nexperia and result in legal repercussions. We also monitor and assess all logged cases using a range of metrics. Combined with the increased likelihood of discovery, this approach also serves as a deterrent.

In 2022, we received 54 incoming cases via the SpeakUp Line. We have followed up on all cases in compliance with our EC guidelines. During the reporting period, there were no legal actions pending or completed regarding anti-competitive behavior or violations of anti-trust and monopoly legislation.

## Contributions

An important aspect of ethical business is transparency regarding lobbying and political contributions. Accordingly, we specify our perspective on these matters in two chapters of our Code of Conduct.

As part of our business, we engage with governments and governmental organizations, but never make payments to political candidates or support political activities on behalf of Nexperia. We have a general rule not to pay any advisory fees, make payments, or donate money or in-kind support to political parties, political organizations, or individual politicians. As part of the Code, any envisaged diversions from this principle must be explicitly approved by our management, and all public disclosure requirements must be met in full.

When preparing this Sustainability Report, we assessed all donations and membership fees to industry associations, interest groups, and think tanks in 2021 and 2022. Nexperia did not record any cases of financial or in-kind political contributions, either directly or indirectly.





# Responsible Sourcing and Supplier Engagement

## Relevant GRI Standards:

3-3; 204; 308; 408; 409; 414

## Overview and management approach

Nexperia sources components and materials from all over the world, including regions where we cannot assume human and labor rights are upheld as a matter of course. This concern is especially true for specific resources we must source responsibly and from conflict-free areas. To assist these efforts, we rely on established, long-term partnerships with our suppliers and contractors, with whom we seek to create mutually beneficial relationships. We also communicate regularly with our

suppliers about sustainability issues and encourage them to report any problems or concerns they may have. As part of this approach, we seek to award our business to suppliers that act fairly and with integrity toward their stakeholders, observe all applicable laws, and respect and uphold universal human rights.

Within our Sustainability Policy, we recognize the critical importance of responsible procurement practices and engaging with suppliers to drive sustainability across our supply chain. Through various policies and guidelines, we cement our commitments to human and labor rights, safe working conditions, environmentally responsible business, compliance, worthy living conditions, and non-discrimination.

The sustainability and compliance of our supply chains features in various areas of our Code of Conduct. For example, we make it clear that respecting and recognizing labor and human rights worldwide is an essential aspect of Nexperia's business activities, which also extends to our suppliers. Additionally, our Code describes and our SpeakUp Line offers grievance mechanisms with which unethical actions can be reported to us.

As supply chain sustainability is essential to our company, we ask all suppliers to sign our Supplier Statement of Conformity. This binding contractual agreement requires our suppliers to comply, at all times, with our Supplier Code of Conduct. We have

aligned our Supplier Code of Conduct with the principles of the Code of Conduct of the Responsible Business Alliance (RBA), of which we are a member, and the values of our own Nexperia Code of Conduct. In cases where our customers' Social Responsibility requirements exceed those of the RBA Code of Conduct, we assess and integrate them into our procedures when acceptable to enhance our existing system. Our Supplier Code of Conduct is guided by globally recognized standards, such as the Universal Declaration of Human Rights (UDHR), and standards issued by organizations such as the International Labor Organization (ILO), Social Accountability International (SAI), and the Ethical Trading Initiative (ETI). The content of the Code provides commitments and guidance on the topics of labor and human rights, health and safety, environment, business ethics, and standards for management systems in use.

Additionally, we work with a range of procedure descriptions for audits, assurance processes, or necessary management actions against unethical suppliers, which are described on the following pages.

Many of the sustainability topics playing a material role in our operations are also relevant in our supply chain. We acknowledge and manage these overlaps by clarifying our principles and commitments and encouraging our suppliers to mirror them. For example,





in the area of water and wastewater, we recommend that our suppliers implement systematic approaches to wastewater generated in their operations, industrial processes, and sanitation facilities to monitor, control, and treat wastewater in line with legislation prior to discharge or disposal. In addition, we request they work to reduce the amount of wastewater they generate, regularly monitor their wastewater treatment systems, and provide Nexperia with ongoing updates.

Overall accountability for responsible sourcing and supplier engagement extends to our management team, including the COO, CPO, VP of Quality, and Senior Director of Global EHS and CSR, who also leads the topics from a social responsibility viewpoint. Accountability for supplier selection and management lies with our procurement department, while supplier audits are performed by our Supplier Quality department and EHS department.

The EHS and CSR department is accountable for monitoring the audit program and overseeing corrective actions. In turn, our suppliers are responsible for cooperating with our audits and implementing containment and remedial measures for any identified issues. We coordinate these actions using our Social Responsibility Management System, which comprises various policies and other building blocks described below.

### Our approach: careful supplier selection and management

We are committed to working with suppliers who share our values and dedication to sustainability. To achieve this aim, we have established supplier selection criteria that include sustainability, ethical considerations, and other factors such as quality, cost, and delivery.

#### Supplier selection

Our process for selecting and approving new suppliers is described in our Supplier Selection and Qualification Procedure. Within this process, new suppliers must meet various pre-selection criteria, including being assessed and scored on Corporate Social Responsibility (CSR) acceptance. We ask suppliers to complete a self-assessment questionnaire to gauge their compliance with our EHS and social responsibility requirements. Each questionnaire must be reviewed and signed by a member of the supplier's top management, and our EHS and CSR department must also approve the questionnaire and its contents.

If the potential supplier cannot meet our basic requirements, we reject their application and explain why we cannot engage in further business. Our Sourcing Board controls the entire supplier selection and approval process and comprises the COO and the Technology & Operation Management Team.

### Sourcing strategy

Local sourcing plays a crucial role in our Sourcing Strategy, as it supports local economies and reduces our carbon footprint by minimizing transport-related emissions. We balance this viewpoint with our need for a diverse and resilient supply chain, which is another of our long-term objectives. Nexperia sources approximately 58% from local suppliers.

### The role of audits

Auditing is an essential aspect of promoting responsible procurement and sustainability within our supply chain. We have set up a comprehensive audit standard through our Auditing Procedure Policy, which covers internal and certification audits for our operations and supplier audits. We use these audits to verify suppliers' adherence to our requirements, including human and labor rights, conformity with international standards, governance and compliance, and environmental topics. In this process,

### Sourcing from local suppliers (% of total procurement budget)

Entities	Location	Ratio of Spend %	Average %
Nexperia B.V.	Nijmegen	47%	<b>58%</b>
Nexperia Malaysia	Seremban	48%	
Nexperia Philippines	Cabuyao	46%	
Nexperia Taiwan	Taipei	94%	
Nexperia UK	Manchester	61%	
Nexperia (China)	Dongguan	64%	
Nexperia (Shanghai)	Shanghai	97%	
Nexperia Germany	Hamburg	67%	
Nexperia Hong Kong	Hong Kong	2%	

Percentage of procurement budget used for significant locations. Significant locations are operations or office with more than 100 employees (headcount). In the reporting period Nexperia had significant locations of operation in Nijmegen, Seremban, Cabuyao, Taipei, Manchester, Newport, Dongguan, Shanghai, Hamburg and Hong Kong.

we follow the requirements of our Social Responsibility Auditable Standard, which strictly adheres to RBA Validated Assessment Program (VAP) specifications. It also includes requirements from the management system standards ISO 14001 and ISO 45001. Contractor audits are handled according to our internal audit program guidelines.

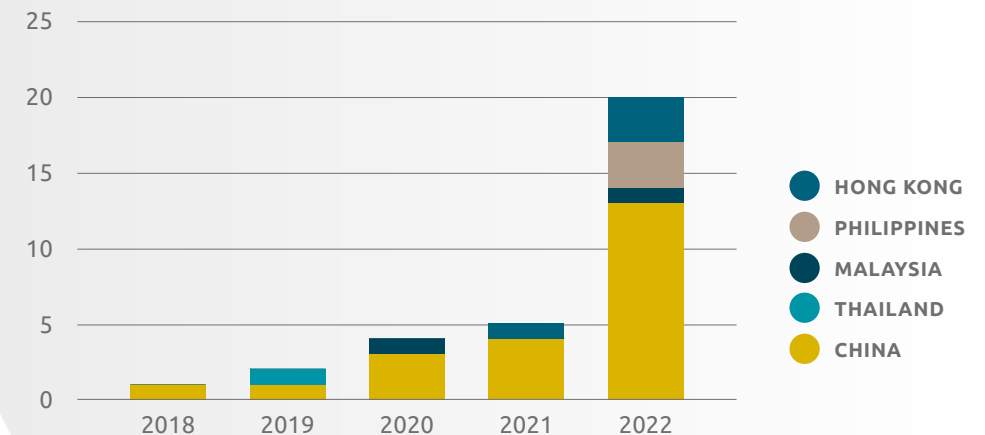
As strong collaboration is also critical to driving sustainability across our supply chain, we regularly monitor the sustainability performance of our suppliers. One valuable source of information is the NGO engagement that comes with our RBA membership. We ascertain whether a supplier audit is necessary via a yearly risk assessment of each supplier, in line with our Supplier Social Responsibility Risk Assessment Process. If a supplier exceeds selected risk thresholds or continually shows low ESG performance, we engage them for an audit. Relative to the threshold surpassed, our EHS and CSR department chooses either a mandatory on-site audit performed by Nexperia or an RBA VAP audit.

These on-site audits are part of the Nexperia Supplier Social Responsibility Audit Program, which drives a collaborative approach to our supplier and contractor relationships. We focus on continuous improvement in our supply chain by conducting annual risk assessments and auditing suppliers we identify as high-risk. We developed this risk assessment process with our Procurement department and review and update it annually to reflect the evolving environment, labor, and human rights landscape. Our supplier risk assessment considers criteria such as geographical risk, product and/or service risk, and business criticality or spend risk. We assign each category a score of 1 to 10 (with 10 being the highest) to generate a percentage that signifies the supplier's risk level, with higher numbers indicating higher risk exposure.

Nexperia's Social Responsibility Audit Program is a collaborative and consultative process that guides suppliers to meet the Nexperia Supplier Code of Conduct and Nexperia Auditable Standards on Social Responsibility. The audit scope covers labor and human rights, environment, health and safety, business ethics, management systems, and compliance with the Nexperia Supplier Code of Conduct. We conduct these audits to help our suppliers improve their processes and procedures in these areas. The Nexperia Supplier Code of Conduct and the Auditable Standards apply to all Nexperia suppliers, contractors, on-site service providers, labor agents, and external manufacturers.

*"We work closely with suppliers who have audit non-conformances to ensure that they fully understand our standards and possess the necessary skills and knowledge to prevent reoccurrence."*

Social Responsibility Supplier Audits 2018–2022



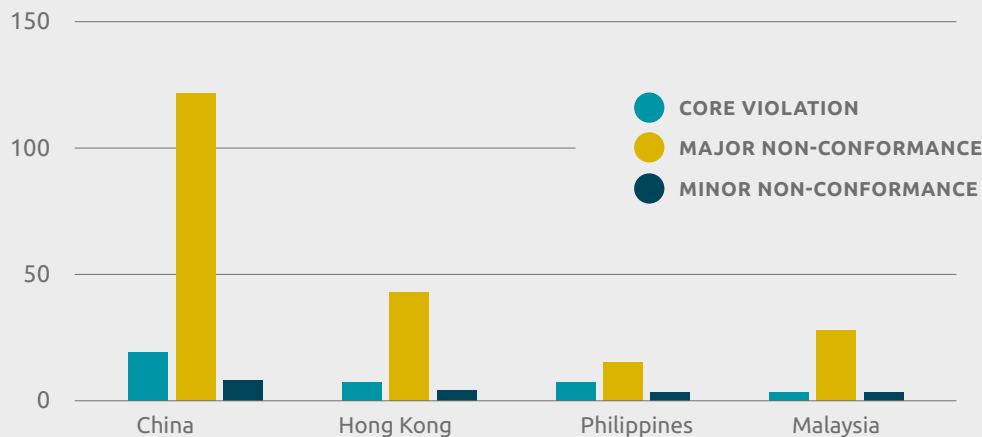
In 2022, we performed 20 social responsibility supplier audits and intend to increase this number each year.

We work closely with suppliers who have audit non-conformances (NCs) to ensure that they fully understand our standards and possess the necessary skills and knowledge to prevent reoccurrence. The results of these efforts also contribute to evaluating the effectiveness of our standards within the supply chain. In 2022, our suppliers were found to have 273 findings, including 36 core violations, 217 major NCs, and 20 minor NCs. However,

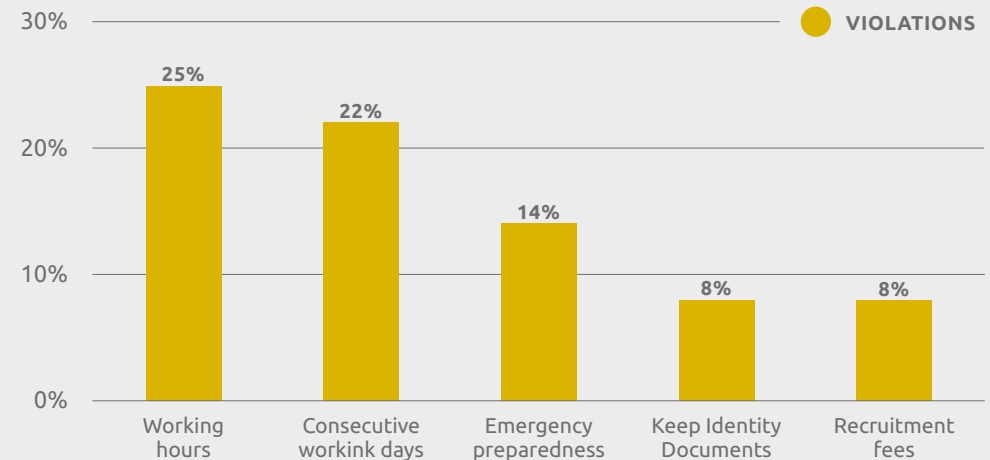
most suppliers demonstrate a willingness to rectify the findings within the specified timeframe and comply with Nexperia's requirements. During 2022, our finding closure rate was 75%. We provide a 25% threshold as we understand that certain corrective actions, such as monetary investments and labor shortages due to pandemics that impact working hours and labor supply, may require more than 90 days to be resolved. The most frequent NCs reported through this program are related to working hours and consecutive working days.

In addition to ongoing risk assessments and audits as part of our Supplier Social Responsibility Audit Program, our whistleblower "SpeakUp Line" provides valuable input to our management and helps identify potential issues in our supply chains. The program is available 24/7 in all languages and can be used by our stakeholders to report any ESG issues they identify. The SpeakUp Line is further described in the "Business Integrity and Ethics" chapter.

Social responsibility supplier audit findings per country 2022



Top five core violations of SR supplier audits by category 2022



## The special case of conflict minerals

Producing semiconductor devices requires metals such as tin, tungsten, tantalum, gold (collectively referred to as 3TGs or Conflict Minerals), and cobalt. However, their parent minerals often come from mines in areas affected by armed conflict, forced labor, and other forms of exploitation, especially in the Democratic Republic of Congo and surrounding regions. As a socially responsible company, we prioritize ethical and sustainable sourcing practices to ensure our products do not create negative social or environmental impacts.

We are committed to reducing the use of 3TGs and cobalt in our products and supply chains and applying due diligence when their use is essential. To achieve this, we are a proud member of the Responsible Minerals Initiative (RMI), a leading industry organization that promotes responsible mineral sourcing practices. We adhere to the RMI's risk assessment procedures, tools, and practices, which have become industry standards for addressing responsible mineral sourcing. Our commitment includes supporting independent third-party assessments and audits of smelters and refineries carried out by the RMI as part of our Responsible Minerals Assurance Process. We have designed our established process to

meet the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals and other relevant laws and regulations.

Our procurement team uses a risk-based approach to identify suppliers who incorporate 3TGs and/or cobalt within the products or materials we use in our final products. We follow our own Responsible Minerals Assurance Process Policy, which includes specific procedures for recording and specifying all relevant details.

Setting clear supplier expectations is a critical aspect of achieving our responsible sourcing goals. Therefore, we also reflect our commitment to responsible mineral sourcing in our Supplier Code of Conduct. Our suppliers, contractors, and external manufacturers must adopt a policy and exercise due diligence on the source and chain of custody of minerals that aligns with the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs).

In addition, responsible sourcing practices are essential for the sustainability of our business and the well-being of communities and environments affected by our operations. Therefore, we strive to set an example for our industry to follow by continuously improving our responsible mineral sourcing practices.







## Future plans

Going forward, we are committed to increasing sustainability across our supply chain. We will continue collaborating with our suppliers to increase transparency and develop joint initiatives and programs that reduce our environmental impact and improve social responsibility.



### New Project German Supply Chain Due Diligence Act

#### **Compliance with the German Supply Chain Due Diligence Act**

Under the guidance of this new legislation, we will implement the required standards and protocols to protect human rights and ensure equal rights for everyone involved in our supply chain. We have set up a comprehensive timeline of targets and measures to comply with this law (in 2024), including establishing a position focused on human rights and risk management, establishing further complaint and remedial action procedures, and implementing due diligence on direct and indirect suppliers over the next three years. We are well prepared for this new Act as some of our sites are already within the scope of the UK Modern Slavery Act, combined with the supplier screening and auditing processes we have developed over the last few years and our existing Social Responsibility management structures.

# Cybersecurity, Data Protection, and Privacy

Relevant GRI Standards:

3-3, 418

## Overview and management approach

The compliant handling of information is critical for leading innovation companies like Nexperia. In the area of cybersecurity, the scope of our responsibility covers product and process information as well as personal data. When using all forms of personal data, we respect and protect the privacy and rights of our customers, employees, business partners, and all other relevant parties.

Through our global security infrastructure and crisis management team – comprising our Chief Information Officer (CIO), Information Security (InfoSec) Management within our IT department, and our Data Protection Officer (DPO) - we are well prepared against cyberattacks or other leaks that may compromise our systems.

Our diverse range of data protection systems, privacy policies, and associated standards comply with all applicable laws and are communicated to our employees via annual awareness training. We also regularly engage third parties to stress test our security systems to evaluate and reinforce their defences.

## Our approach: data protection through responsible handling and high security standards

As a responsible company and employer, we strictly adhere to all regulations and legal agreements concerning data protection. By doing so, we protect the interests and rights of our customers, employees, and suppliers while safeguarding our critical information assets.

At the group level, cybersecurity is managed by the Office of the CIO and InfoSec within our IT department. Data protection is managed by our global legal team with an appointed DPO. Our global data protection and awareness training is organized by our InfoSec Management.

We use the National Institute of Standards and Technology (NIST) Cyber Framework as the foundation of our cybersecurity approach. It is based on five key steps: identify, protect, detect, respond, and recover. The NIST Cyber Framework helps us develop an organizational understanding of how to manage cybersecurity risks to our systems, assets, and data and protect our critical infrastructure. By implementing appropriate activities and mechanisms,

we can quickly identify any cybersecurity incidents and respond appropriately. We can also maintain resilience and recover our data and services in the event of a cybersecurity incident.

The security monitoring of our global IT infrastructure environment is maintained by an external service provider. It operates 24/7 and immediately reports any identified security incidents to our Infosec Management. Through our vulnerability management, we can check and eliminate any system liabilities via regular scans of our global infrastructure. Our service provider can also provide a security incident response at any time upon request. Incidents are passed to our relevant IT resolver groups, which directly mitigate the vulnerabilities. Through our use of Cyber Threat Intelligence, which is knowledge-, capability-, and experience-based information about the occurrence and assessment of threats and threat actors, we are well prepared against all potential cyberattacks.

### Zero “high-level data breaches” in 2022

All company-wide incidents and alerts are reported immediately to our global InfoSec team. Any potential data loss incidents are automatically labeled as “P1”, our highest level of IT security breach. These levels are determined by the Security Operations Center. Should a P1 security breach occur at any site, all processes are managed by the global InfoSec team, which includes the CIO. The DPO is also involved if the P1 security breach relates to privacy. InfoSec, the CIO, and DPO initiate all necessary measures to remedy data leaks and comply with legal reporting requirements. We did not record any P1 data breaches in 2022.

### Key policies

We define our group-wide principles for processing personal data using our various data protection and privacy policies, combined with relevant standards and procedures. Our approach to data protection is based on European legislation, particularly the EU’s General Data Protection Regulation (GDPR). To strengthen our systems, we also take measures to comply with local data protection regulations if they are stricter than our own applicable standards. For transparency, our employees can access all standards and procedures via the Nexperia document management system. Our stakeholders, customers, and suppliers can also learn how we use their data by reading our website’s **Privacy notice**.

### Awareness training

Our cybersecurity and data protection strategies, policies, standards, and procedures are cascaded globally in conjunction with local IT and business teams, coordinated by the global InfoSec manager. Our mandatory awareness training is conducted, monitored, and tracked annually for all employees. Infosec manages all training sessions in cooperation with local training teams. To maintain awareness about data protection beyond these sessions, we also distribute regular articles in Nexperia’s e-magazine, X.Press.

### Assessments and measures: third party tests in 2022

We continually assess our protective measures to enhance the effectiveness of our security systems. As part of this approach, we engage third-party experts to evaluate our security infrastructure. In the category of Security Incident Response, we received a “solid foundation” result. In 2022, we also complied with the provider’s recommendations to help strengthen communication between our IT and crisis management teams.

Our last IT assessment was in 2021 as part of the Cybersecurity Maturity Assessment. In 2022, an Operational Technology (OT) Assessment was conducted. We have incorporated the results of the assessments into our 2023+ program, which adopts a series of technical and organizational measures to improve cybersecurity in our factories and OT in 2023 and beyond. For security reasons, these measures are not shared in this report.

With the help of an annual third-party penetration test during the Technical Cybersecurity Assessments in 2022, we confirmed we have all of the relevant security controls in place.





# Appendix



# GRI Content Index

Disclosure	Response
<b>GRI 1 - Foundation</b>	
	Nexperia Holding B.V. reporting in accordance with the GRI Standards for the period January 1, 2022 - December 31, 2022.
<b>GRI - 1 used</b>	GRI - 1 Foundation 2021
<b>Applicable GRI sector standards</b>	Not currently available

Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>General Disclosures 2021</b>				
<b>GRI - 2</b>	<b>2-1</b>	Organizational details	Our Company & Business Our Entities Imprint	
<b>GRI - 2</b>	<b>2-2</b>	Entities included in the organization's sustainability reporting	Our Entities Financial Performance	
<b>GRI - 2</b>	<b>2-3</b>	Reporting period, frequency, and contact point	Imprint	
<b>GRI - 2</b>	<b>2-4</b>	Restatements of information		This is our first Sustainability Report, therefore no restatements of information required.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>GRI - 2</b>	<b>2-5</b>	External assurance		For the 2022 Sustainability Report Nexperia, does not have a "reasonable" or "limited" external assurance given by an assurance provider/audit firm. Some of the information included in the Sustainability Report has been disclosed in the consolidated financial statements, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2:362(9) of the Netherlands Civil Code as well. We perform extensive internal due diligence and data validation to ensure the accuracy of the information and data presented in this Report. For further information reference, is made to the Annual Report 2022 available, at the Dutch Chamber of Commerce.
<b>GRI - 2</b>	<b>2-6</b>	Activities, value chain and other business relationships	Our Company & Business Responsible Sourcing and Supplier Engagement	
<b>GRI - 2</b>	<b>2-7</b>	Employees	People Management	In chapter "People Management" we disclose a total of 15,109 employees across Europe, Asia & Americas.  This can be further categorized as: Permanent: 13,486 Temporary: 1,561 Interns: 62  Additional categorizations will be developed within the next 12 months.
<b>GRI - 2</b>	<b>2-8</b>	Workers who are not employees		For the year ended December 31, 2022, we had the following contingent worker type as stipulated in HRIS:  External Temporary: 699 Contractor: 144  Contingent employees are deployed throughout Nexperia in functions when needed.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI - 2	2-9	Governance structure and composition	Our EMT Our approach to ESG Responsibility of Management Diversity, Non-discrimination, and Inclusion	
GRI - 2	2-10	Nomination and selection of the highest governance body	Responsibility of management Diversity, Non-Discrimination, and Inclusion Our approach to ESG	
GRI - 2	2-11	Chair of the highest governance body	Our EMT Responsibility of Management	
GRI - 2	2-12	Role of the highest governance body in overseeing the management of impacts	Responsibility of management	
GRI - 2	2-13	Delegation of responsibility for managing impacts	Our approach to ESG	
GRI - 2	2-14	Role of the highest governance body in sustainability reporting	Materiality assessment	
GRI - 2	2-15	Conflicts of interest	Business Integrity and Ethics	
GRI - 2	2-16	Communication of critical concerns	Business Integrity and Ethics	There were no incidents during the reporting period.
GRI - 2	2-17	Collective knowledge of the highest governance body	EMT Approach to ESG (ESG Governance)	At Nexperia sustainability reporting in accordance to GRI is new and developing every day. We plan to implement more measures applicable to the organization within the next 12 months.
GRI - 2	2-18	Evaluation of the performance of the highest governance body	Responsibility of Management	At Nexperia sustainability reporting in accordance to GRI is new and developing every day. We plan to implement more measures applicable to the organization within the next 12 months.
GRI - 2	2-19	Remuneration policies		Due to confidentiality reasons we choose not to disclose remuneration information.
GRI - 2	2-20	Process to determine remuneration		Due to confidentiality reasons we choose not to disclose remuneration information.
GRI - 2	2-21	Annual total compensation ratio		Due to confidentiality reasons we choose not to disclose remuneration information.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI - 2	2-22	Statement on sustainable development strategy	Letter from the CEO Our approach to ESG	
GRI - 2	2-23	Policy commitments	Our approach to ESG Business Integrity and Ethics	
GRI - 2	2-24	Embedding policy commitments	Our approach to ESG Responsibility of management Business Integrity and Ethics	
GRI - 2	2-25	Processes to remediate negative impacts	Responsibility of management Business Integrity and Ethics	
GRI - 2	2-26	Mechanisms for seeking advice and raising concerns	Responsibility of management Business Integrity and Ethics	
GRI - 2	2-27	Compliance with laws and regulations		There were no incidents during the reporting period.
GRI - 2	2-28	Membership associations	Our approach to ESG	Nexperia has a significant role at ZVEI (Germany). Senior director EHS & CSR is chair of the Semiconductor working group of ZVEI. Additional participation in other ZVEI working groups and committees.
GRI - 2	2-29	Approach to stakeholder engagement	Our approach to ESG	
GRI - 2	2-30	Collective bargaining agreements	People Management	Employees at our global locations have the freedom to associate and/or right to collective bargaining as provided by local statutes. There are collective bargaining agreements in place in Germany, the Netherlands, and the UK. We are compliant with all agreements required by laws. We do not currently disclose the collective bargaining coverage.
<b>Material topics</b>				
GRI - 3	3-1	Process to determine material topics	Materiality Assessment	
GRI - 3	3-2	List of material topics	Materiality Assessment	
GRI - 3	3-3	Management of material topics	Materiality Assessment	



Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>Economic performance</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Financial performance	
<b>GRI 201</b>	<b>201-1</b>	Direct economic value generated and distributed	Financial performance	See our Annual Report 2022, available at the Dutch Chamber of Commerce.
<b>GRI 201</b>	<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	Risk Management	
<b>GRI 201</b>	<b>201-3</b>	Defined benefit plan obligations and other retirement plans	Talent attraction	
<b>GRI 201</b>	<b>201-4</b>	Financial assistance received from government		See our Annual Report 2022, available at the Dutch Chamber of Commerce.
<b>Market presence</b>				
<b>GRI 202</b>	<b>202-2</b>	Proportion of senior management hired from the local community	Diversity, Non-Discrimination, and inclusion	
<b>Procurement practices</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Responsible Sourcing and Supplier Engagement	
<b>GRI 204</b>	<b>204-1</b>	Proportion of spending on local suppliers	Responsible Sourcing and Supplier Engagement	
<b>Anti corruption</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Business Integrity and Ethics	
<b>GRI 205</b>	<b>205-1</b>	Operations assessed for risks related to corruption		We assess corruption and risks globally for our organization. Current risks are included in our Risk Management chapter. For more information, see our Code of Conduct.
<b>GRI 205</b>	<b>205-2</b>	Communication and training about anti-corruption policies and procedures	Business Integrity and Ethics	
<b>GRI 205</b>	<b>205-3</b>	Confirmed incidents of corruption and actions taken		There were no incidents during the reporting period.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>Anti competition</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Business Ethics and Integrity	
<b>GRI 206</b>	<b>206-1</b>	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Integrity and Ethics	
<b>Tax</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Taxation	
<b>GRI 207</b>	<b>207-1</b>	Approach to tax	Taxation	
<b>GRI 207</b>	<b>207-2</b>	Tax governance, control, and risk management	Taxation	
<b>GRI 207</b>	<b>207-3</b>	Stakeholder engagement and management of concerns related to tax	Taxation	
<b>GRI 207</b>	<b>207-4</b>	Country-by-country reporting	Taxation	Nexperia pays all taxes in compliance with the tax laws applicable in the relevant jurisdiction in the countries in which we operate. Further information and legally required disclosures on the subject of tax are provided in the Annual Report, available at the Dutch Chamber of Commerce.
<b>Materials</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Resources and Energy	
<b>GRI 301</b>	<b>301-1</b>	Materials used by weight or volume	Resources and Energy	We do not track materials to report at a corporate level.
<b>GRI 301</b>	<b>301-2</b>	Recycled input materials used	Resources and Energy	As a semiconductor company, we need to be cautious with the high quality specification and purity grade of production materials, where there is possibility we will reuse materials.
<b>GRI 301</b>	<b>301-3</b>	Reclaimed products and their packaging materials	Resources and Energy	We utilize reclaimed products as stated in our Resources and Energy chapter, but we are unable to provide quantifiable data.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>Energy</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Resources and Energy	
<b>GRI 302</b>	<b>302-1</b>	Energy consumption within the organization	Resources and Energy	
<b>GRI 302</b>	<b>302-2</b>	Energy consumption outside the organization		We are currently not tracking consumption outside our organization.
<b>GRI 302</b>	<b>302-3</b>	Energy intensity	Resources and Energy	
<b>GRI 302</b>	<b>302-4</b>	Reduction of energy consumption	Resources and Energy	
<b>GRI 302</b>	<b>302-5</b>	Reductions in energy requirements of products and services	Resources and Energy	
<b>Water</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Water and Wastewater Management	
<b>GRI 303</b>	<b>303-1</b>	Interactions with water as a shared resource	Water and Wastewater Management Responsible Sourcing and Supplier Engagement	We ask all of our suppliers to be compliant with the Nexperia Supplier Code of Conduct: Wastewater generated from operations, industrial processes, and sanitation facilities are to be characterized, monitored, controlled, and treated as required prior to discharge or disposal. We ask of our suppliers to conduct routine monitoring of the performance of its wastewater treatment systems.
<b>GRI 303</b>	<b>303-2</b>	Management of water discharge related impacts	Water and Wastewater Management	
<b>GRI 303</b>	<b>303-3</b>	Water withdrawal	Water and Wastewater Management	We will continue to monitor areas of water stress and provide feedback in the future.
<b>GRI 303</b>	<b>303-4</b>	Water discharge	Water and Wastewater Management	We will continue to monitor water discharge data and provide feedback in the future.
<b>GRI 303</b>	<b>303-5</b>	Water consumption	Water and Wastewater Management	We will continue to monitor areas of water stress and report in the future.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>Emissions</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Emissions	
<b>GRI 305</b>	<b>305-1</b>	Direct (Scope 1) GHG emissions	Emissions	
<b>GRI 305</b>	<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Emissions	
<b>GRI 305</b>	<b>305-3</b>	Other indirect (Scope 3) GHG emissions		We do not currently have data for disclosure purposes.
<b>GRI 305</b>	<b>305-4</b>	GHG emissions intensity	Emissions	
<b>GRI 305</b>	<b>305-5</b>	Reduction of GHG emissions	Emissions	
<b>GRI 305</b>	<b>305-6</b>	Emissions of ozone depleting substances (ODS)	Emissions	
<b>GRI 305</b>	<b>305-7</b>	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emissions	
<b>Waste</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Waste Management	
<b>GRI 306</b>	<b>306-1</b>	Waste generation and significant waste-related impacts	Waste Management	
<b>GRI 306</b>	<b>306-2</b>	Management of significant waste-related impacts	Waste Management	
<b>GRI 306</b>	<b>306-3</b>	Waste generated	Waste Management	
<b>GRI 306</b>	<b>306-4</b>	Waste diverted from disposal	Waste Management	We are continuously improving our data monitoring on waste management and include more data in the future.
<b>GRI 306</b>	<b>306-5</b>	Waste directed to disposal	Waste Management	We are continuously improving our data monitoring on waste management and include more data in the future.



Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>Supplier environmental assessment</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Responsible Sourcing and Supplier Engagement	
<b>GRI 308</b>	<b>308-1</b>	New suppliers that were screened using environmental criteria	Responsible Sourcing and Supplier Engagement	
<b>GRI 308</b>	<b>308-2</b>	Negative environmental impacts in the supply chain and actions taken	Responsible Sourcing and Supplier Engagement	
<b>Employees</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	People Management	
<b>GRI 401</b>	<b>401-1</b>	New employee hires and employee turnover	Talent attraction and retention	In addition to breakdown of employees according to age & gender, please see below by region: Asia: 3,791 Europe: 873 Americas: 71
<b>GRI 401</b>	<b>401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent attraction and retention	For benefits, Nexperia does not distinguish between full-time, temporary, and part-time employees.
<b>GRI 401</b>	<b>401-3</b>	Parental leave		We provide our employees with parental leave that meets or exceeds local regulatory requirements, but our offerings vary from country to country. We do not currently disclose parental leave data.
<b>Labor relations</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	People Management	
<b>GRI 402</b>	<b>402-1</b>	Minimum notice periods regarding operational changes	People Management	
<b>Occupational Health and Safety</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Health & Safety	
<b>GRI 403</b>	<b>403-1</b>	Occupational health and safety management system	Health & Safety	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI 403	403-2	Hazard identification, risk assessment, and incident investigation	Health & Safety	
GRI 403	403-3	Occupational health services	Health & Safety	
GRI 403	403-4	Worker participation, consultation, and communication on occupational health and safety	Health & Safety	
GRI 403	403-5	Worker training on occupational health and safety	Health & Safety	
GRI 403	403-6	Promotion of worker health	Health & Safety	
GRI 403	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health & Safety Responsible Sourcing and Supplier Engagement	
GRI 403	403-8	Workers covered by an occupational health and safety management system	Health & Safety	
GRI 403	403-9	Work-related injuries	Health & Safety	
GRI 403	403-10	Work-related ill health		No cases reported in 2022.
<b>Training and education</b>				
GRI - 3	3-1 - 3-3	Management approach	Talent development	
GRI 404	404-1	Average hours of training per year per employee	Talent development	We are currently optimising our training database to reflect more data for tracking purposes. This will be included in future Sustainability Reports.
GRI 404	404-2	Programs for upgrading employee skills and transition assistance programs	Talent development	
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews	Talent development	We are currently optimising our performance management to reflect more data for tracking purposes. This will be included in future Sustainability Reports.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>Diversity and equal opportunity</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Diversity, Non-Discrimination, and Inclusion	
<b>GRI 405</b>	<b>405-1</b>	Diversity of governance bodies and employees	Diversity, Non-Discrimination, and Inclusion	
<b>GRI 405</b>	<b>405-2</b>	Ratio of basic salary and remuneration of women to men	Diversity, Non-Discrimination, and Inclusion	
<b>Non-discrimination</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Diversity, Non-Discrimination and Inclusion	
<b>GRI 406</b>	<b>406-1</b>	Incidents of discrimination and corrective actions taken	Business Integrity and Ethics	
<b>Freedom of association and collective bargaining</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	People Management	
<b>GRI 407</b>	<b>407-1</b>	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People Management	
<b>Child labor</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Responsible Sourcing and Supplier Engagement	
<b>GRI 408</b>	<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labor	Responsible Sourcing and Supplier Engagement	For further information reference is made to: <b>Code of Conduct</b> <b>Supplier Code of Conduct</b>
<b>Forced or compulsory labor</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Responsible Sourcing and Supplier Engagement	
<b>GRI 409</b>	<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Sourcing and Supplier Engagement	For further information reference is made to: <b>Code of Conduct</b> <b>Supplier Code of Conduct</b>

Disclosure	Disclosure Number	Disclosure Description	References	Notes
<b>Supplier Social Assessment</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Responsible Sourcing and Supplier Engagement	
<b>GRI 414</b>	<b>414-1</b>	New suppliers that were screened using social criteria	Responsible Sourcing and Supplier Engagement	
<b>GRI 414</b>	<b>414-2</b>	Negative social impacts in the supply chain and actions taken	Responsible Sourcing and Supplier Engagement	
<b>Public Policy</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Business Integrity and Ethics	
<b>GRI 415</b>	<b>415-1</b>	Political contributions	Business Integrity and Ethics	
<b>Customer Health and Safety</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Responsibility of Management	
<b>GRI 416</b>	<b>416-1</b>	Assessment of the health and safety impacts of product and service categories	New Product Design	We currently do not disclose any data on assessments of our products but will do in the future.
<b>GRI 416</b>	<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents during the reporting period.
<b>Customer Privacy</b>				
<b>GRI - 3</b>	<b>3-1 - 3-3</b>	Management approach	Cybersecurity, Data Protection, and Privacy	
<b>GRI 416</b>	<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cybersecurity, Data Protection, and Privacy	



# Glossary

Abbreviations	
<b>BCM</b>	Business Continuity Management
<b>BE</b>	Back-end
<b>BG</b>	Business Group
<b>CAHRAs</b>	Conflict-affected and high-risk areas
<b>CDC</b>	China Design Center
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CH<sub>4</sub></b>	Methane
<b>CHRO</b>	Chief Human Resources Officer
<b>CIO</b>	Chief Information Officer
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>CoC</b>	Code of Conduct
<b>CODM</b>	Chief Operating Decision Maker
<b>CoE</b>	Centers of Expertise
<b>COO</b>	Chief Operating Officer
<b>COSO</b>	Committee of Sponsoring Organizations of the Treadway Commission
<b>CPO</b>	Chief Purchasing Officer
<b>C-SOX-Standards</b>	China SOX - China's version of the Sarbanes-Oxley-Act
<b>CSR</b>	Corporate Social Responsibility
<b>D&amp;I</b>	Diversity and Inclusion

Abbreviations	
<b>DPO</b>	Data Protection Officer
<b>E&amp;A</b>	Equipment and Automation
<b>EAP</b>	Employee Assistance Program
<b>EC</b>	Ethics Committee
<b>EFrag</b>	European Financial Reporting Advisory Group
<b>EHS</b>	Environment, Health & Safety
<b>EMEA</b>	Europe, Middle East & Africa
<b>EMS</b>	Electronics manufacturing service
<b>EMT</b>	Executive Management Team
<b>ERM</b>	Enterprise Risk Management
<b>ESD</b>	Electrostatic Discharge
<b>ESG</b>	Environmental, Social and Governance
<b>ESIA</b>	European Semiconductor Industry Association
<b>ESRS</b>	European Sustainability Reporting Standards
<b>ETI</b>	Ethical Trading Initiative
<b>Fab</b>	Front-end manufacturing, i.e. wafer fab
<b>FE</b>	Front-end
<b>FET</b>	Field-Effect Transistor
<b>GaN</b>	Gallium Nitride
<b>GDPR</b>	General Data Protection Regulation

Abbreviations	
<b>GHG</b>	Greenhouse Gas
<b>GJ</b>	Gigajoule
<b>GRI</b>	Global Reporting Initiative
<b>H&amp;S</b>	Health and Safety
<b>HFCs</b>	Hydrofluorocarbons
<b>HG</b>	Highest Governance
<b>HR</b>	Human Resources
<b>HRIS</b>	Human resources information system
<b>HRLT</b>	HR Leadership Team
<b>HRM</b>	Human Resources Management
<b>IC</b>	Integrated Circuit
<b>IGBT</b>	Insulated Gate Bipolar Transistor
<b>IFRS</b>	International Financial Reporting Standards
<b>ILO</b>	International Labor Organization
<b>InfoSec</b>	Information Security
<b>IP</b>	Intellectual Property
<b>IT</b>	Information Technology
<b>ITEC</b>	Industrial Technology and Engineering Centre
<b>kg</b>	Kilograms
<b>KPI</b>	Key Performance Indicators

Abbreviations	
<b>LkSG</b>	Lieferkettensorgfaltspflichtengesetz (Supply Chain Due Diligence Act)
<b>LPG</b>	Liquified petroleum gas
<b>LWC</b>	Lost Workday Cases
<b>M&amp;A</b>	Mergers and Acquisitions
<b>MDM</b>	Master Data Management
<b>MM</b>	Mass Market
<b>MOSFETs</b>	Metal Oxide Semiconductor Field-Effect Transistors
<b>N<sub>2</sub>O</b>	Nitrous oxide
<b>NCs</b>	Non-conformances
<b>NGO</b>	Non Governmental Organization
<b>NIST</b>	National Institute of Standards and Technology
<b>NOx</b>	Nitrogen oxides
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OEM</b>	Original equipment manufacturer
<b>OHS</b>	Occupational Health and Safety
<b>OT</b>	Operational Technology
<b>PDCA</b>	Plan-Do-Check-Act process
<b>PFC</b>	Perfluorocarbon
<b>POS</b>	Point of sale

Abbreviations	
<b>R&amp;D</b>	Research and Development
<b>RBA</b>	Responsible Business Alliance
<b>RFF</b>	Rolling Financial Forecast
<b>RMI</b>	Responsible Minerals Initiative
<b>SF<sub>6</sub></b>	Sulfur hexafluoride
<b>Si</b>	Silicon
<b>SiC</b>	Silicon Carbide
<b>SR</b>	Severity rate
<b>SVP</b>	Senior Vice President
<b>TCIR</b>	Total case incident rate
<b>3TGs</b>	Tin, tungsten, tantalum, gold (collectively referred to as 3TGs or Conflict Minerals)
<b>TWh</b>	Terawatt hours
<b>UDHR</b>	Universal Declaration of Human Rights
<b>UN</b>	United Nations
<b>USD</b>	US Dollar
<b>VAP</b>	Validated Assessment Program
<b>VOCs</b>	Volatile organic compounds
<b>VP</b>	Vice President
<b>WBG</b>	Wide-bandgap material
<b>ZVEI</b>	Verband der Elektro- und Digitalindustrie, German Electro and Digital Industry Association

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