

# NXP Semiconductors NV

**TICKER**

NasdaqGS:NXPI

**MARKET CAPITALIZATION**

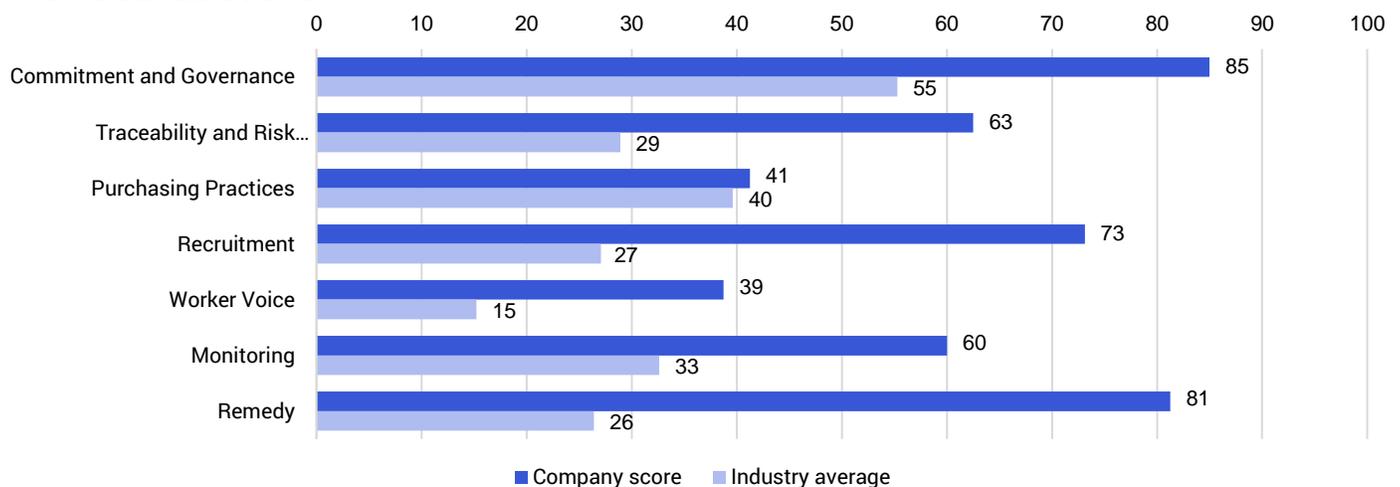
US \$41 billion

**HEADQUARTERS**

Netherlands

**COMPLIANCE**
UK Modern Slavery Act: [Yes](#)
California Transparency in Supply Chains Act: [Yes](#)
**COMMITMENTS**
[Yes](#)
**COMPANY'S OVERALL RANKING**
**5 out of 40**
**COMPANY'S OVERALL SCORE**
**63 out of 100**
**SUMMARY**

NXP Semiconductors NV (NXP Semiconductors) is a supplier to companies such as Apple. It ranks fifth out of 40 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. It is the top five highest ranking company, despite having a significantly smaller market capitalization than the majority of the top ten scoring companies. The company's score is based on its strong performance on the themes of commitment and governance, recruitment and remedy, in which it scores significantly higher than the industry average. NXP Semiconductors is among the companies achieving the highest scores in the benchmark on the theme of remedy. Notably, the company disclosed leading practices in the theme of recruitment, such as auditing labor agents and their sub-agents, and taking action on passport retention in its supply chains. The company is encouraged to improve its performance and disclosure on the themes of traceability and risk assessment, purchasing practices, and worker voice.

**THEME LEVEL SCORES**


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## LEADING PRACTICES

**Monitoring and Ethical Recruitment:** The company discloses that it focused its due diligence on labor agents and sought to go beyond its first-tier supply chains. NXP's auditors visited the countries of origin of foreign migrant workers, and audited labor agents and their sub-agents in Indonesia. The company also provided in-person trainings on forced labor to Indonesian labor agents and their sub-agents.

**Worker Voice:** The company provides training to workers in its supply chains on its no recruitment fee policy, appropriate working conditions, reading paychecks, working hours, living conditions, and protections for workers who report their concerns.

**Monitoring:** The company discloses that it conducts worker interviews as part of its audits, where workers are provided with a "safe card" should they want to report any retaliation from management afterwards. Additionally, it records the following data: gender breakdown of interviews, the age range of interviewed workers and length of service, whether workers attended interviews freely, and that the worker was not coerced. NXP's supplier audits also verify whether suppliers have a process in place to ensure next-tier suppliers adhere to NXP's supplier code of conduct. Suppliers should as a minimum have in place questionnaires, audits, or reports of visits, as well as plans to improve actions related to adherence of lower tier suppliers with NXP's supplier code of conduct or comparable standards.

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## NOTABLE FINDINGS

**Training:** NXP states that it conducts employee training on its code of conduct, which must be completed every two years. The company states that it has trained over 900 employees on slavery and trafficking since 2013. The company has also launched an interactive training module on the company's policy on human rights and labor, including a test at the end. NXP additionally discloses that, among others, its training is targeted at its executive management team. In addition, in 2016 the company disclosed that it trained new suppliers and provided annual code of conduct training to existing suppliers. In 2016, it trained 289 suppliers in Malaysia with a view to addressing labor and human rights findings discovered in audits.

**Risk Assessment:** NXP states that it conducts an annual risk assessment on its 9,000 suppliers, which uses Maplecroft data to identify countries at high risk of forced labor. Indicators include a migrant worker index, decent wages, child labor risks, and a health and safety index.

**Remedy:** The company discloses that when it learned about passport retention by Malaysian recruitment agencies, it required labor brokers to deposit workers' passports with NXP, and granted workers unrestricted access to their passports. It also added individual safe boxes to each employee locker. It extended this policy to its suppliers, so that any cases of document retention in its supply chain would be similarly remediated.

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## OPPORTUNITIES FOR IMPROVEMENT

**Traceability and Risk Assessment:** The company is encouraged to demonstrate a strong understanding of its supply chains by disclosing the names and addresses of its first-tier suppliers, the sourcing countries of raw materials at high risk of forced labor and human trafficking, and information on its suppliers' workforce.

**Purchasing Practices:** The company is encouraged to assess risks of forced labor at potential suppliers before entering into contracts with them.

**Worker Voice:** To support collective worker empowerment, the company is encouraged to work with suppliers to improve their practices in relation to freedom of association and collective bargaining, and to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory

constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing.

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**COMPANY PROVIDED ADDITIONAL DISCLOSURE**

[Yes](#)