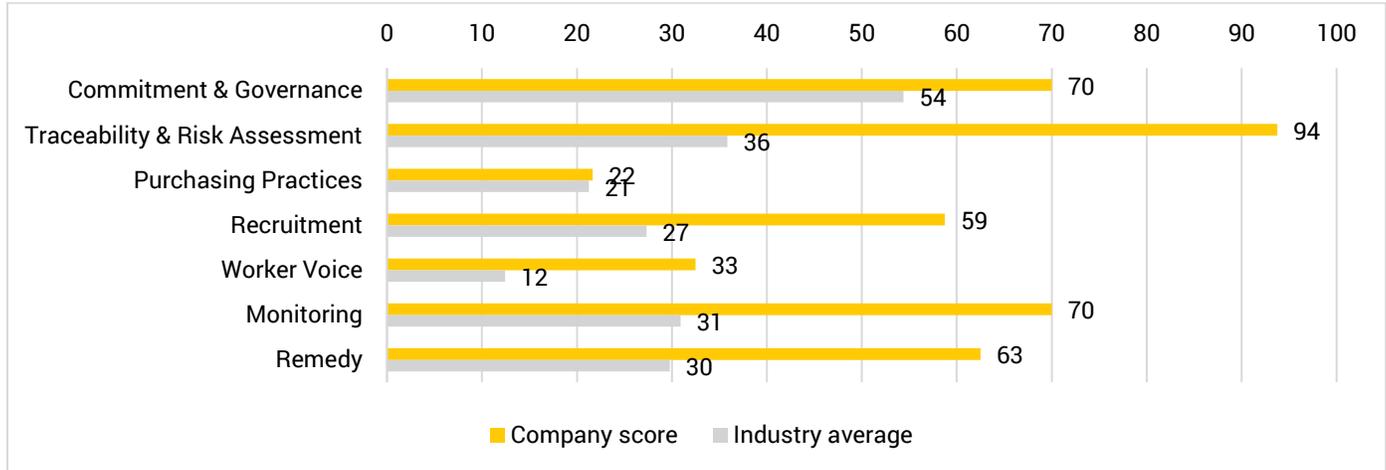


# NXP Semiconductors NV

**TICKER**  
NAS:NXPI**MARKET CAPITALIZATION**  
US\$41 billion**HEADQUARTERS**  
Netherlands**DISCLOSURES**  
UK Modern Slavery Act: Yes**TARGETS**  
NoneCalifornia Transparency in Supply Chains Act: Yes**OVERALL RANKING****8 out of 49**(2018 Rank: 5 out of 40)**OVERALL SCORE****58 out of 100****SUMMARY**

NXP Semiconductors NV (NXP Semiconductors), an American-Dutch semiconductor manufacturer, ranks eighth out of 49 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Since 2018, the company has improved by disclosing a list of its first-tier suppliers, evidence that fees were repaid to supply chain workers, and data on its grievance mechanism. Compared to 2018, the company's score decreased by five points, due to a strengthened methodology which makes it harder to achieve the same score. Notably, the company is one of two companies with the highest score on the theme Traceability & Risk Assessment and is the highest-scoring European company in the benchmark. KnowTheChain identified one allegation of forced labor in the company's supply chains. The company states that it is working with suppliers, industry associations, and other companies to remedy the situation. However, the company does not disclose engagement with affected stakeholders nor remedy outcomes for workers. The company has an opportunity to improve its performance and disclosure on the themes of Purchasing Practices, Recruitment, and Worker Voice.

Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

**THEME-LEVEL SCORES**

**KEY DATA POINTS**
**SUPPLIER LIST**

Yes

**NO-FEE POLICY**

Yes (Employer Pays Principle)

**AVERAGE SUPPLIER SCORE**

31/100

**REMEDY FOR SUPPLY CHAINS WORKERS**

Yes

**HIGH-RISK SOURCING COUNTRIES**

 China, Malaysia<sup>1</sup>
**LEADING PRACTICES**

**Monitoring:** NXP discloses detail on its audit process, stating that workers are interviewed as part of its audits and receive a grievance card in case they experience retaliation. It states that auditors record the gender and age range of interviewed workers, the length of service, the shifts they work, whether they were coerced, and any privacy issues. It also reports that, during worker interviews, it tests the effectiveness of the grievance mechanisms by asking workers how they would report grievances.

**NOTABLE FINDINGS**

**Stakeholder Engagement:** NXP reports that it is a full member of the Responsible Business Alliance (RBA) and has been elected to the initiative's board of directors. In addition, the company discloses that it is a member of the Global Business Coalition against Human Trafficking.

**Risk Assessment:** NXP reports that it uses Maplecroft data to identify countries with human rights issues, including forced labor and migrant workers. It states that it takes into account geographic and product risk, the use of foreign migrant workers, and data that use predictive models for forced labor. It also discloses the results of its assessment, stating that its top three high-risk countries are Thailand,

China, and Malaysia, and its most critical human rights issues include recruitment fees, contracts, and passport retention. The company also notes the risks of forced labor in the use of lower-tier labor agents in Indonesia.

**Recruitment Fees:** NXP discloses that it found eight suppliers charging recruitment fees to workers, and it required the fees to be repaid. It states that, as of 2018, four had repaid workers and three were being verified. It also reports that it received one report on fees via its grievance mechanism and that the fees have been reimbursed to workers.

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### **OPPORTUNITIES FOR IMPROVEMENT**

**Purchasing Practices:** The company is encouraged to assess the risks of forced labor at potential suppliers before entering into contracts with them and to disclose the outcomes of this process. While the company integrated its expectations into contracts with its direct suppliers, to ensure its lower-tier suppliers meet those expectations, the company may consider requiring its suppliers to integrate standards into contracts with their own suppliers.

**Recruitment:** The company may consider developing and disclosing a policy that requires direct employment in its supply chains. In addition, the company is further encouraged to disclose information on the recruitment agencies used by its suppliers. The company is further encouraged to provide evidence of the implementation of its standards that require that migrant workers understand the terms and conditions of their recruitment and employment and their rights. The company may further consider offering evidence that the steps taken to ensure that the rights of workers in vulnerable conditions are respected result in positive outcomes.

**Worker Voice:** To support collective worker empowerment, the company is encouraged 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. Further, the company is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers.

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### **ENGAGED WITH KNOWTHECHAIN**

Yes ([Provided Additional Disclosure](#)).

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<sup>1</sup> The US Department of Labor lists China and Malaysia as countries where electronics may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor](#)."