



Nexperia's 2023
Sustainability Report

Driving Positive Change



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Nexperia at a Glance

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Nexperia at a Glance

Letter from the CEO

Dear reader,

As we launch our latest Sustainability Report, I would like to extend my deepest gratitude for TeamNexperia's unwavering dedication and hard work throughout 2023. Your continual strive for excellence was instrumental in driving our progress during an economically challenging year.

Our inaugural Sustainability Report in 2022 marked a significant milestone in Nexperia's commitment to transparency and accountability. It served as a catalyst for increased awareness and action within our organization and holding ourselves to a higher standard of responsibility. I'm particularly encouraged by the positive response to our efforts, which is a testament to the value our stakeholders place on our sustainability initiatives. Your enthusiasm for driving the transition to green energy and a more equitable future is truly inspiring.

Throughout 2023, we achieved some remarkable milestones in technological innovation and product development. From the successful qualification of our first IGBT devices to the widespread mass production of GaN and SiC products, we have consistently reinforced our commitment to moving technology forward.

Despite last year's global and economic challenges, including high energy prices leading to a rise in production costs, our team remained resilient, flexible, and engaged. We navigated these difficulties with enthusiasm and creativity, finding intelligent solutions to mitigate the impacts on our sustainability goals.

Our ability to weather these storms while maintaining our focus on sustainability speaks volumes about the dedication and ingenuity of our team.

Looking ahead, we remain steadfast in our resolve to continue overcoming obstacles and making meaningful contributions to a greener, more sustainable world. As Nexperia's CEO, I am proud of our progress in reducing our carbon footprint (underscored by our pledge to become carbon neutral for Scope 1 and 2 emissions by 2035), our first ESG Risk Rating with Morningstar Sustainalytics achieving a low-risk score of 18.7, fostering diversity and inclusion in the workplace, and promoting ethical business practices internally and across our supply chain. At the same time, there are always new challenges on the horizon and additional ways we can improve. That is why we continuously review and refine our sustainability approach, ensuring we evolve with the ever-changing economic landscape.

I am confident that our commitment to sustainability and responsible operations will continue driving positive change. I invite you to explore our latest Sustainability Report, which embodies our dedication to transparency and accountability.

Once again, thank you for your continued support as we strive to build a more sustainable and equitable future.

Sincerely,
Xuezheng (Wing) Zhang
May 14, 2024



2023 Highlights

See "Our Approach to ESG"

Commitment to carbon neutrality for Scope 1 and 2 emissions by

2035

First Sustainability Performance Rating with EcoVadis:



97th percentile (awarded April 2024)

Launch of Employee Resource Groups
Global Women@Nexperia Group
Nexperia LGBTQIA+ Group



DIVERSITY & INCLUSION Program

Until 2030:

30%

Women in management positions

20%

Women in R&D/engineering positions

Signatory to the **UN GLOBAL COMPACT**

NEW Code of Conduct Campaign

First ESG Risk Rating with Morningstar Sustainalytics:

Score of



Policy Statement on human rights and environment-related due diligence obligations

40% electricity purchased from renewable sources



84.7%

Overall favorability of working at Nexperia

New Corporate Sustainability Office

Appointment of Human Rights Office

Launch of Sustainability Board

ENVIRONMENT

SOCIAL

GOVERNANCE

About our Sustainability Report

This report represents Nexperia's annual corporate Sustainability Report for 2023. This document reaffirms our commitment to transparency regarding sustainable business practices and policies. It details information about Nexperia's material topics relevant to our Company's existing and future environmental, social, and governance (ESG) endeavors.

This Sustainability Report covers the period of January 1 to December 31, 2023 and was prepared in accordance with Global Reporting Initiative (GRI) Standards. Where appropriate, we also detail selected developments that occurred at the beginning of 2024. The report describes the status at the end of the respective financial year and the next Nexperia Sustainability Report will be published in 2025.

The content presented in this report is based on the results of our materiality analysis conducted in 2022 and was prepared in accordance with GRI Standards. In addition, we engaged in continuous dialogue with internal and external stakeholders and have taken their input regarding ESG issues into account.

As a signatory to the United Nations (UN) Global Compact, we also align our reporting to the ten Global Compact principles. The measures we implemented regarding the UN Global Compact are described in this report. In addition, Nexperia supports the United Nations Sustainable Development Goals (SDGs). For the first time, our Sustainability Report also covers Nexperia's contributions to the SDGs, specifically SDGs 3, 4, 5, 7, 9, 12, and 13. Relevant measures and initiatives are highlighted throughout this report.

This report covers all of Nexperia's operations and locations worldwide and represents all entities we manage. In accordance with international certifications, we have an integrated management system comprising various standards, policies, and protocols. We use our management information systems to track environmental, social, and governance data. Unless stated otherwise, all information in the report refers to Nexperia Holding B.V.

Due to the commercial rounding principles used to state the data and indicators in this report, some totals and percentages presented may not be exact. This report is published only in English. External websites referred to in this report may change without our influence, and Nexperia assumes no responsibility for their content.

Every year, we also prepare and publish an audited Annual Report, 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 the 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 was founded in February 2017 and currently has around 14,000 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 its principal executive office is at Jonkerbosplein 52, 6534 AB Nijmegen, the Netherlands.

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 modules, and communication product integration.

Key facts 2023

\$2.1 bn Annual revenue	8.9% Global market share	80+ bn Units made annually	70+ Years' experience	HQ Nijmegen, The Netherlands
7 Own factories	itec Nexperia's equipment and automation partner	200+ Patent families	800+ New products annually	14,000 Members of TeamNexperia

Key Applications

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

Our business

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

We prioritize research and development (R&D) investments to continuously expand our broad portfolio - consisting of diodes, bipolar transistors, ESD protection devices, MOSFETs, GaN FETs, SiC, IGBTs, Power Modules, and analog and 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.

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 84 billion units in 2023 (down from 102 billion units in 2022).

Nexperia operates in a highly cyclical industry, which is very susceptible to fluctuations in demand driven by changes in technological advancements, economic conditions, and consumer preferences. 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. Despite the challenges of an economically turbulent 2023, characterized by high energy costs and fluctuating demand, we maintained our steadfast focus on efficiency.

Every Nexperia employee is tasked with upholding quality and adhering to Nexperia's Code of Conduct. This responsibility extends throughout our entire value chain – from product ideation and design to manufacturing, supply chain management, and sales. As market demands evolve, we persistently drive innovation to ensure that the electronics we depend on – today and in the future – enhance our lives and address the most critical societal challenges.



Nexperia – Main locations



Headquarters:
Nijmegen/The Netherlands,
including research &
development activities

Three own wafer fabs including
research & development activities
in Hamburg/Germany,
Manchester and Newport/UK

Four own assembly sites in Dongguan/China,
Wuxi/China, Seremban/Malaysia, and
Cabuyao/Philippines

Research, development & sales
activities in Asia, Europe, and the Americas
in close proximity to customers

*For further locations
see chapter "Our Entities".*

Newport was divested in March 2024.

Manufacturing

Our manufacturing is overseen by the central Technology & Operations organization, ensuring efficient and sustainable production. Technology & Operations achieves scale benefits through optimized asset utilization, purchasing volumes, and overhead leveraging across different business units.

The manufacturing process for semiconductors is divided into “front-end” and “back-end.” The front-end involves the actual production and fabrication of semiconductors in our manufacturing facilities (“fabs”). The back-end encompasses assembly, configuration, testing, and packaging.

At our front-end facilities, Nexperia produces semiconductors with various sizes and characteristics to meet our customers’ dynamic demands. The back-end manufacturing facilities test and package many different types of products using a wide variety of assembly processes.

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
- › Assembly site in Wuxi, China (new, currently in equipment installation)

Vishay Intertechnology, Inc. and Nexperia B.V. announced in November 2023 that they had entered into an agreement for Vishay to acquire Nexperia’s wafer fab in Newport, United Kingdom. The transaction was completed on March 5, 2024 (See our Annual Report for further information).

The manufacturing of semiconductors is a highly specialized production process with multiple sub-processes, which require various raw materials. The most critical raw materials are raw silicon wafers. These high-quality wafers are procured from a select few suppliers with whom we maintain strong relationships. We continuously evaluate these partnerships to ensure mutual satisfaction.

Where feasible, the Company aims for efficient, just-in-time delivery to better manage procurement cost and cash flows while mitigating the risk of low inventory levels. Whenever possible, purchase contracts are based on fixed prices and medium-term obligations to buffer against the price volatility of raw materials.

Research and development, patents, and licenses

As an advanced manufacturer in an ever-evolving industry, research and development (R&D) is the foundation of our long-term success. Therefore, our robust and 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 1,122 highly skilled employees (compared to 2022: 999). Our research and development expenses totaled \$106 million in 2023 (2022: \$81 million) or 6.8% of our total revenue (2022: 4.5%).

Global research and development team in 2023

1,122
R&D employees

Intellectual property

Creating and using our intellectual property (IP) enables us to sustain and extend our market presence while exploring new growth opportunities. The value of our IP portfolio enables Nexperia’s freedom to operate and minimizes the potential financial burden of, for example, licensing royalties. Our IP portfolio encompasses various patents, trademarks, and other assets, none of which are individually critical to our operations. We are committed to protecting our IP by obtaining patents, trademarks, and domain names, retaining trade secrets, and defending, enforcing, and utilizing intellectual property rights and confidentiality agreements where applicable.

Our trademarks in particular are essential for product differentiation, fostering trust and loyalty among our customers, suppliers, partners, and end-users.

New Product Design

As Nexperia's products are ubiquitous, every innovation and enhancement also improves the energy efficiency of the final product. Innovations in our semiconductors, for example, can extend the range of electric vehicles or reduce the size of phone chargers, reducing both shipping and material costs. Our portfolio is under constant refinement to boost energy efficiency. Additionally, Nexperia's portfolio 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 integrated circuits (ICs).

Today, most widely used power electronics are silicon-based, but a growing number require high current and voltage switching. This demand necessitates wide band gap semiconductors and new materials such as SiC or GaN, as these advanced materials are pivotal in increasing the energy efficiency of products and applications. Therefore, these materials are considered essential for the global energy transition.

As an industry leader, Nexperia is dedicated to the ongoing development of products that lower energy and material use across a wide array of applications. We are equally committed to achieving CO₂ neutrality in our operations, furthering our contribution to a 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:

- › ISO 9001: Quality management systems.
- › IATF 16949: Quality management system requirements for automotive production and relevant service parts organizations.
- › ISO 14001: Environmental management systems.

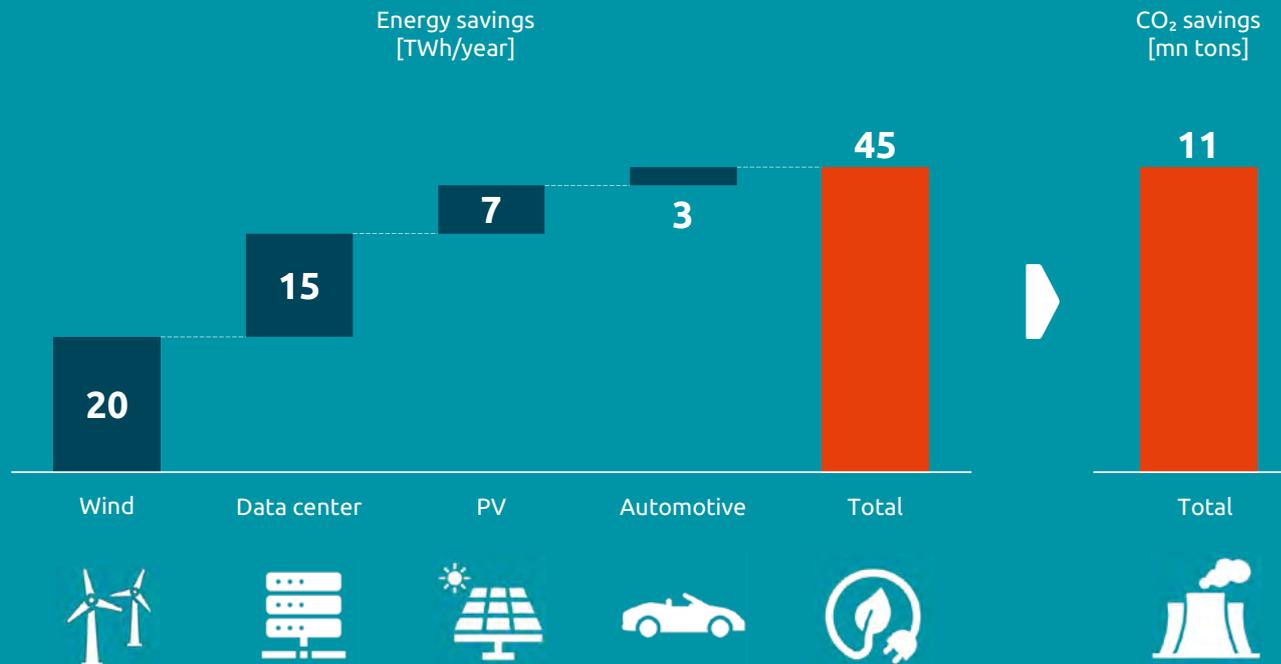
Since its inception, Nexperia has been successfully audited by specialised external auditors against these standards (ISO, IATF). Our ongoing compliance is partly due to incorporating ISO 14001 product design requirements into our standard working procedure, our Eco Design Policy.

Our product creation process adheres to our Business Creation and Management Process, ensuring compliance with the above standards. Cross-functional project teams meticulously plan, manage, and execute all R&D projects, compliant with these standards and guided by our established processes and checklists. The responsibility of implementing this process within each business group rests with the respective R&D managers, while the business group management team bears overall accountability.



Wide-bandgap-based power electronics enable significant energy savings and reductions in CO₂ emissions

Potential energy savings and reductions in CO₂ emissions in the EU through usage of WBG materials in 2025 compared to Silicon¹



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 plants²

Equivalent to a **CO₂ 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 (Wing) Zhang
Chief Executive Officer
(CEO and CHRO a.i.)

Wing leads the EMT, guiding the Company's market growth and maintaining its leadership. Before Nexperia, Wing founded Wingtech Technology in 2006 – Nexperia's current controlling shareholder – where he also serves as the Chairman and Chief Executive. Before founding Wingtech, Wing had a successful career in companies such as STMicroelectronics. He holds an IE Bachelor's degree from Guangdong University of Technology, an EMBA degree from Tsinghua University, and a Finance Ph.D. from Tsinghua University/University of Geneva. He serves from offices in the Netherlands and China.



Stefan Tilger
Chief Financial Officer
(CFO)

Stefan is Nexperia's CFO, leading the team responsible for the financial and administrative strength of the Company. Stefan started his career at NXP, where he developed his knowledge and experience in various financial roles, transitioning with Nexperia in 2017 as VP Global Business Controlling and as part of the leadership team. He holds a degree in Industrial Engineering and Management from Schleswig-Holstein Cooperative University of Applied Sciences in Kiel, Germany.



Paul Zhang
Chief Commercial Officer and
CM of China

Paul Zhang is Nexperia's Senior Vice President (SVP) of Sales & Marketing and Country Manager of 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 degree in Electronics Engineering from Tsinghua University in Beijing and the University of Calgary, as well as an EMBA degree.



Dan Jensen
Chief Strategy Officer

Dan is Nexperia's Chief Strategy Officer, with more than 25 years in the industry, bringing deep market knowledge and insight to the role. Before joining Nexperia, he worked at NXP and Texas Instruments in various roles, including Strategic Marketing, Test & Product Engineering, Applications Engineering, Systems Engineering, and Business Development. Dan holds a BSc in Electrical Engineering from Kansas State University.



Irene Deng
BG Leader IC Solutions

Irene is Nexperia's BG Leader for IC Solutions. 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).



Achim Kempe
Chief Operating Officer
(COO)

Achim is responsible for all global operations and oversees business and manufacturing at our five 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. He holds a degree in Electrical Engineering from the University of Applied Sc. of Cologne and the University of Siegen.



Fredrik Öberg
BG Leader MOS Discretetes

Fredrik is Nexperia's BG Leader for MOS Discretetes. With more than 20 years of experience in semiconductors and related industries, he brings a wealth of knowledge from leading global organizations. Before joining Nexperia, he held various leadership roles in marketing and general management in Infineon's Automotive Division. Fredrik holds an MScEE from the Chalmers University of Technology in Gothenburg and an MBA from the University College Dublin.



Philipp Obier
BG Leader Bipolar Discretetes

Philipp is Nexperia's BG Leader for Bipolar Discretetes. Philipp joined NXP in 2014 as Product Marketing Manager for Standard Products. Over the last ten years, he has led various teams and projects in Marketing, Commercial, and Supply Chain Management. Until 2024, Philipp was leading the Product Group Small Signal Discretetes, which reached new heights in revenues and market share in the last years. Philipp holds a BA in Business and Marketing from the Leuphana University of Lüneburg in Germany.



Ruben Lichtenberg
Chief Legal Officer

Ruben is Nexperia's Chief Legal Officer, leading the Global legal and IP team. Ruben started his career as an attorney and brings more than 20 years of experience in international corporate law, having worked in senior legal functions for a range of international companies such as Royal Haskoning, Mercuria Energy, and Vesta Terminals. Ruben is also Board Secretary and holds a Master's in Law from the Radboud University of Nijmegen.



Jean-Pierre Kempeneers
Chief Corporate Affairs

Jean-Pierre is Nexperia's Chief of Corporate Affairs, which includes Public Affairs, Communications, and Digital Marketing. He previously worked at the Dutch Ministry of Foreign Affairs from 1995, with a two-and-a-half-year interlude as Head of the Royal Philips EU office in Brussels from 2014 to 2016. Jean-Pierre was an ambassador for international positions for six years. He was posted to the Dutch embassies in Vienna, Tel Aviv, Warsaw, Port of Spain and the Dutch Permanent Representation to the United Nations in NYC. He was also chief of cabinet of the Dutch Minister for European Affairs and the Human Rights chief of the Ministry. Jean-Pierre holds a Master of Law from Leiden University.

Changes in 2023

At the end of 2023, there were changes to our EMT. Dr. Ke Jiang, Toni Versluijs, and Mark Roeloffzen left Nexperia, and Philipp Obier joined the EMT as the new BG Leader Bipolar Discretes, while Fredrik Öberg joined as the new BG Leader MOS Discretes. Additionally, in early 2023, Ronald van Cleef passed away unexpectedly. Dirk Wittorf, VP Corporate Strategy & Chief of Staff, Strategy & Governance a.i., has since served as the interim Head of Strategy. At the start of 2024, Jean-Pierre Kempeneers joined Nexperia as Chief of Corporate Affairs, succeeding Charles Smit, who retired.

Members of the EMT in 2023

Dr. Ke Jiang

was General Manager BG Insulated-Gate Bipolar Transistors & Modules, and China Design Center.

Toni Versluijs

was General Manager BG MOS Discretes and Country Manager Nexperia UK.

Mark Roeloffzen

was General Manager BG Bipolar Discretes.

Charles Smit

was Head of Corporate Affairs, which included Communications and Public Affairs.

Dirk Wittorf

was Nexperia's Head of Strategy (interim role) from March 2023 onward.



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, 2023. The country of incorporation is also their principal place of business.

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

Nexperia Newport Ltd. was divested in March 2024.

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.

In 2022, Nexperia acquired 100% of the shares of Delft-based Nowi Energy B.V., parent company of Nowi B.V. Following the merger, both entities have been integrated into Nexperia B.V. This consolidation became legally effective on September 8, 2023. As the acquiring company, Nexperia B.V. has assumed ownership of the remaining assets and liabilities of these entities.

At December 31, 2023, the below subsidiaries had the following branches:

Country	Subsidiary	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
Germany	Nexperia Germany GmbH	Munich Branch



Our Strategy



Our Approach to ESG

Relevant GRI Standards:

3-3

Generating long-term stakeholder value and managing risks and opportunities

As described in our company mission statement, Nexperia is driven by a strong commitment to innovation, efficiency, and sustainability. Our forward-looking approach includes taking a holistic view of our organization's impact on society and the environment while continually identifying new risks and opportunities. As a member of various communities worldwide (see a list of our key stakeholders below), we aim to enrich the lives of our employees, their families, and people throughout our value chain while minimizing or avoiding negative impacts on people and the environment. At the same time, we aim to manage social and environmental risks and opportunities that may impact Nexperia (see our risk management approach in the "Financial Reporting" chapter of this report).

We combine robust internal policies and controls that focus on the impact of our entire value chain and the life cycle of our products. To evaluate and manage our impacts, risks, and opportunities, we consider different environmental, social, and governance (ESG) topics; Nexperia's Sustainability Report is structured according to these topics.

As an international manufacturer, we also acknowledge our stakeholders' increasing interest in and demands 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.

Our strategy

Our sustainability strategy is based on the materiality assessment we conducted in 2022 and our prioritization of material topics in 2022 and 2023. We developed concrete goals encompassing the most relevant ESG topics, with a focus on the following sustainability performance targets:

- › Environment: We are committed to achieving carbon neutrality for our Scope 1 and 2 emissions by 2035, based on yearly reduction targets.
- › Social: We are working toward increasing the share of women in management positions to 30% and women in R&D and engineering to 20% by 2030. Our targets reflect a material issue across the entire semiconductor Industry. In response, we launched our D&I program and rolled out numerous female empowerment initiatives in 2023.

We acknowledge that our sustainability journey is an ongoing process, and achieving long-term ESG targets requires continually improving our knowledge, systems, and actions. In 2024, we will continue developing our group-wide sustainability strategy based on our new materiality assessment. This assessment, further described in the "Materiality Assessment" chapter, will also provide the basis for Nexperia's Sustainability Reports in compliance with the European Corporate Sustainability Reporting Directive (CSRD).



Our ESG Highlights 2023

Environment

Commitment to carbon neutrality for Scope 1 and 2 emissions by 2035

First Sustainability Performance Rating with EcoVadis:

GOLD medal, 97th percentile (04/2024)

40% electricity purchased from renewable sources

Social

Diversity & Inclusion Program

- › 30% women in management positions in 2030
- › 20% women in R&D/engineering positions in 2030

Launch of Employee Resource Groups:

Global Women@Nexperia Group,
Nexperia LGBTQIA+ Group

84.7% overall favorability of working at Nexperia

Governance

Signatory to the United Nations (UN) Global Compact

First ESG Risk Rating with Morningstar Sustainalytics:

Score of 18.7 (low risk)

New Corporate Sustainability Office Launch of Sustainability Board

Appointment of Human Rights Office

Policy Statement on human rights and environment-related due diligence obligations

New Code of Conduct campaign

[See 2023 Highlights.](#)

Nexperia's mission is to serve global megatrends, which drive steady growth across the semiconductor industry, challenge us as a company, and motivate our commitments to our employees, partners, and society. In line with this mission, we 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 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 (SDG), the OECD Guidelines for Multinational Enterprises, and the Paris Agreement. We also adhere to various management standards issued by the International Standards Organization (ISO), which are described in the relevant topic chapters.



As a signatory to the Global Compact, we follow its ten core principles in everything we do. They lay the foundations of responsible business activities in the areas of human rights, labor, the environment, and anti-corruption. By following these principles, we continuously improve these aspects of our work.

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 & Inclusion (D&I) program to respect and celebrate our employees' unique talents, cultures, and backgrounds. In 2023, we also commenced an annual global Code of Conduct training program that is mandatory for all employees. The training centers on our standards for professional behavior, both internally and when interacting with customers and partners. In this edition, we extended the scope of the training to broaden our employees' understanding of D&I and social standards.

Another critical area of our ESG focus is our carbon footprint. We officially launched our greenhouse gas (GHG) Emissions Reduction Roadmap in 2023 and formally committed to becoming carbon neutral for Scope 1 and 2 emissions by 2035. To reach this target, we are constantly working to reduce our energy consumption and GHG emissions while increasing our use of renewable electricity.

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

Of the five pillars of Nexperia's 2023 business mission and the global megatrends affecting our company, "Sustainability & Energy Efficiency" and "Electrification" have clear connections to a sustainable future. There is a growing need for power and connectivity, an accelerating 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 these areas, which we strategically consider as our five megatrend applications. We also improve our customers' energy efficiency by providing innovative semiconductor devices, such as silicon carbide and gallium nitride.

Megatrends



Megatrend Applications

xEV
(Electromotive vehicles)



Datacenter



Energy Storage



Green Energy



Virtual Reality (VR),
Augmented Reality (AR),
Internal of things (IoT)



Sustainable corporate governance structure

In 2023, Nexperia further developed its sustainability organization and created a new structure for its sustainable corporate governance. It comprises three main elements, including a defined sustainability board launched at the beginning of 2024.

Corporate Sustainability Office

The Corporate Sustainability Office is a new team at Nexperia led by the Head of Sustainability. In 2023, this function reported to the Head of Quality and was subordinate to the Chief Operating Officer (COO) and the Chief Executive Officer (CEO). From May 2024, the Head of Sustainability directly reports to the Chief Operating Officer (COO). As the central sustainability team, the Corporate Sustainability Office is primarily responsible for creating the sustainability strategy and roadmap, defining and driving work streams, ensuring sustainability reporting and ESG rating results, and representing Nexperia externally. In 2024, the growing Corporate Sustainability Office team will also be responsible for social sustainability issues, such as human rights, stakeholder engagement, and sustainability-related customer requirements that support Nexperia's sustainability journey.

Before we introduced the new governance structure at the end of 2023, Nexperia's ESG project, which is now part of the Sustainability Office, was 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 of Advocacy and Alliances. The steering board met monthly to track the progress of various initiatives in the ESG project, including preparing Nexperia's first Sustainability Report in accordance with GRI standards, implementing software solutions for non-financial reporting, and our ESG risk rating with Morningstar Sustainalytics. In subsequent steps, the CFO or COO presented executive summaries of the ESG project or decision topics to the Executive Management Team (EMT).

NEW

Corporate
Sustainability
Office



Sustainability work streams

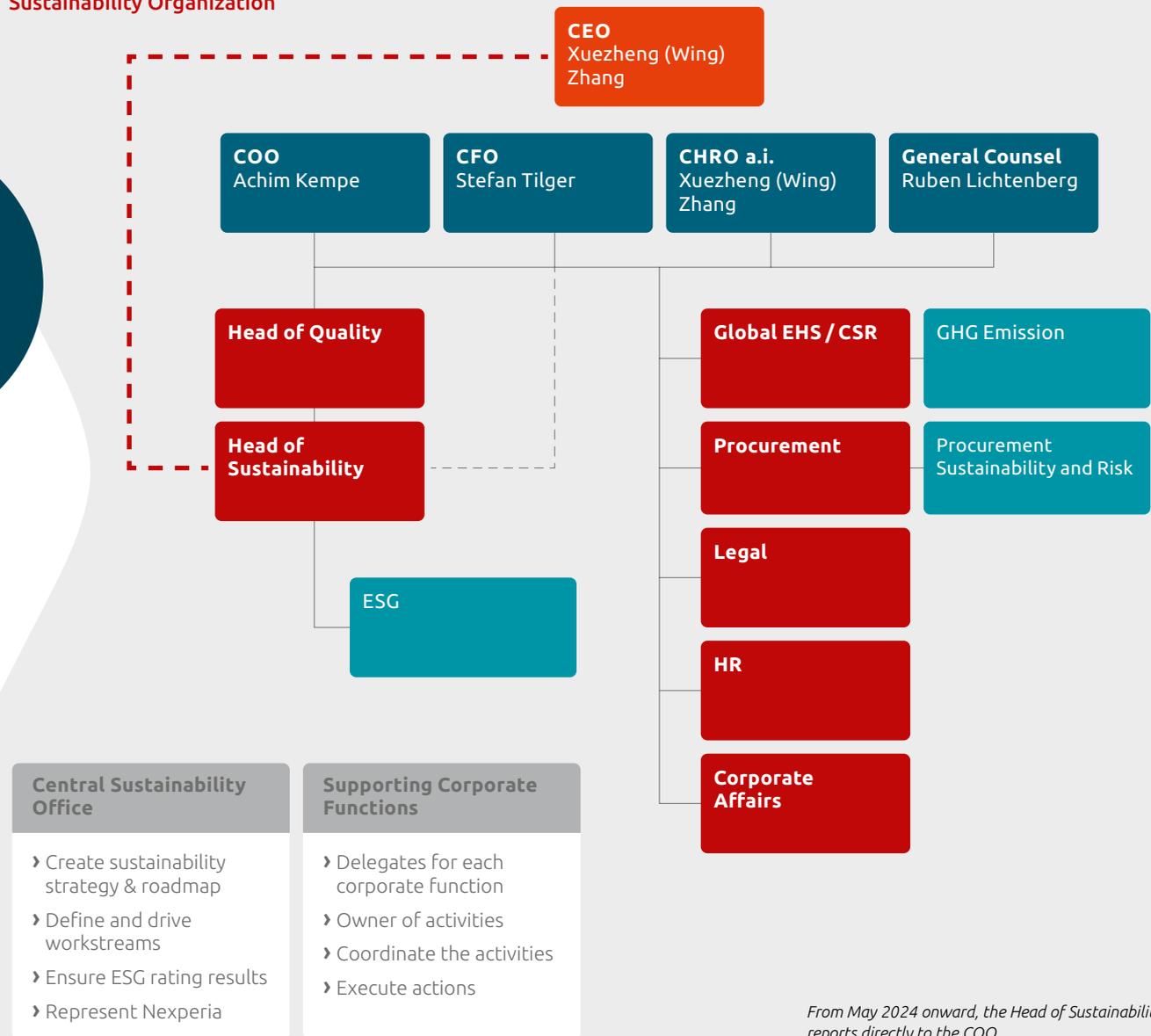
Our sustainability projects are supported and owned by specific experts from different departments, combined with additional management structures for relevant ESG topics. These thematic management approaches are described in more detail in the appropriate topic chapters of this report.

The delegated experts collaborate in sustainability work streams, while the supporting corporate functions own and are responsible for steering the respective ESG initiatives. Each work stream owner and their colleagues are responsible for implementing and executing actions and coordinating the various activities.

The ownership of ESG topics by different departments is described in the graphic on the next page. Besides the ownership of ESG-related projects by EHS & CSR, Procurement, Legal, and Human Resources, the Sustainability Office closely collaborates with the departments of Finance, Enterprise Risk Management, Corporate Affairs, Sales, Strategy, Supply Chain, and Research & Development (R&D).

NEW
Sustainability Board monitoring and steering ESG initiatives

Sustainability Organization



From May 2024 onward, the Head of Sustainability reports directly to the COO.

Ownership of ESG topics per department

EHS & CSR	PROCUREMENT	LEGAL	HUMAN RESOURCES	SUSTAINABILITY
<ul style="list-style-type: none"> › Environmental Protection › Emissions & Energy › Resources › ECO-Products › Chemical Management › Conflict Minerals › Water › Waste › Biodiversity / Ecosystems › Health & Safety › Membership in Industry Associations 	<ul style="list-style-type: none"> › Sustainable Supply Chain › Supplier Code of Conduct › Risk Analysis Supply Chain › Supplier Self-Assessments › Supplier Audits › Actions For Labor & Human Rights in the Supply Chain › Supplier Trainings on Sustainability 	<ul style="list-style-type: none"> › Business Integrity & Ethics (Code of Conduct) › Grievance Mechanism › Trade Compliance › Carbon Border Adjustment Mechanism › Chair of Law Review (ESG-related laws) › Data Protection Officer › Local Ethics Liaison 	<ul style="list-style-type: none"> › Own Workforce / HR Management › Diversity & Inclusion › Labor & Working Conditions 	<ul style="list-style-type: none"> › Materiality & Due Diligence › Sustainability Strategy › ESG Risk Management › Stakeholder Engagement › Social Sustainability / Human Rights › Reporting › Risk Rating & Performance Rating › Sustainability-related customer requirements › Communication & Representation Nexperia

Contributing departments



Sustainability Board

The Sustainability Board serves as the monitoring and steering body for all ESG initiatives. Its inaugural meeting took place at the beginning of 2024. The board comprises our Chief Financial Officer (CFO), Chief Operating Officer (COO), General Counsel, Head of Quality, Head of Procurement, Senior Director EHS & Corporate Social Responsibility, and Senior Director of Advocacy and Alliances. All key ESG topic owners from applicable departments are also integral members of the Sustainability Board. The Head of Sustainability hosts a monthly meeting to assess and manage Nexperia's sustainability performance, address any shortfalls, and drive meaningful progress.

Key insights from these Sustainability Board meetings are conveyed to the Executive Management Team (EMT) and the Chief Executive Officer (CEO) for their information or approval. Our Head of Sustainability ensures consistent and direct reporting to the EMT.

ESG policies

Concrete policies and guidelines are the foundation of effective sustainability and ESG management. 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 also 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 stakeholder dialogue. The policy classifies these topics and commitments, making it simple for everyone at Nexperia to understand our values and goals.

Our Code of Conduct is a vital document that clearly defines how we want to work with each other and achieve our collective goals as a company. It 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 questions or concerns via the different reporting lines described in chapter two 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. In 2023, we rolled out a new global Code of Conduct campaign, supported by a statement from our CEO and bespoke posters for display at all Nexperia sites worldwide.

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 where they operate. 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 founded these commitments using globally recognized standards, such as the Universal Declaration of Human Rights, the ILO Labor Standards, 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.

NEW

Policy Statement on human rights and environment-related due diligence obligations

To further underpin our commitment to human rights, we published our new Policy Statement on human rights and environment-related due diligence obligations in Q1 2024. This policy explains that Nexperia - as a global company with approximately 14,000 employees representing diverse cultures and nations - is firmly committed to upholding human rights. The policy describes our risk analysis, preventive and remedial measures, and complaint mechanism.



Stakeholder engagement

We recognize that Nexperia is part of a diverse 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. 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 in 2022. We will refine these insights in our next materiality analysis, planned for 2024 (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 to achieve dynamic, two-way communication that enables us to create sustainable solutions together.

An essential aspect of our engagement strategy is contributing to various initiatives and associations, such as signing 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

- › United Nations Global Compact
- › Responsible Business Alliance (RBA); Responsible Minerals Initiative (RMI)
- › SEMI Global Industry Association

European

- › European Semiconductor Industry Association (ESIA)
- › ECPE European Center for Power Electronics

National

- › German Electro and Digital Industry Association (ZVEI)
- › Techworks/NMI (Electronics manufacturing, UK)
- › Federation of Malaysian Manufacturers (FMM)
- › FME-CWM Association, the Netherlands

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 to 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.

Stakeholder Suppliers

Engagement

- › Supplier Day 2023: Exchange on ESG topics and German Supply Chain Due Diligence Act.
- › Regular social responsibility audits.
- › Distribution of revised Supplier Code of Conduct (planned for 2024).
- › Exchange with industry peers through the RBA Validation Assessment Program.

Feedback, lessons learned, and future activities

Main violations of social responsibility supplier audit:

- 1) Recruitment fees
- 2) Exceeding working hours
- 3) Overtime pay

Stakeholder Customers

Engagement

- › Conferences, customer product launches, trade shows, and regular business review meetings.
- › Responding to customer requests relating to ESG topics.

Feedback, lessons learned, and future activities

From ongoing dialogue with our customers, we learned that there is a growing demand for regular and detailed Sustainability Reporting and ESG Risk ratings.

Stakeholder Responsible Minerals Initiative (RMI)

Engagement

- › Participation in monthly plenary calls.
- › Involvement in Due Diligence Practices and Smelter Engagement Teams.

Stakeholder Workers' Councils

Engagement

- › Presentation of Sustainability Report, ESG Risk Rating results, and our ESG approach to German and Dutch workers' councils.
- › Presentation of D&I program and planned D&I survey to German works council.

Feedback, lessons learned, and future activities

Ongoing dialogue

Stakeholder European Semiconductor Industry Association (ESIA)

Engagement

Participation in conferences, meetings, and several working groups (e.g., Sustainability, EU Taxonomy, CSDDD, and CBAM).

Stakeholder

Responsible Business Alliance (RBA)**Engagement**

- › Monthly and quarterly calls as an RBA member.
- › Regular participation in thematic workshops on new regulations.
- › Member of the chemicals management taskforce.
- › Submitted feedback on new Code of Conduct version (operational manual).

Stakeholder

FME-CWM Association, the Netherlands**Engagement**

Participation in conferences, meetings, and relevant working groups.

Stakeholder

German Electro and Digital Industry Association (ZVEI)**Engagement**

- › Chairing the semiconductor working group of ZVEI.
- › Additional participation in other ZVEI working groups and committees.

Stakeholder

Federation of Malaysian Manufacturers (FMM)**Engagement**

Participation in conferences, meetings, and relevant working groups.

Stakeholder

Techworks/NMI (Electronics manufacturing, UK)**Engagement**

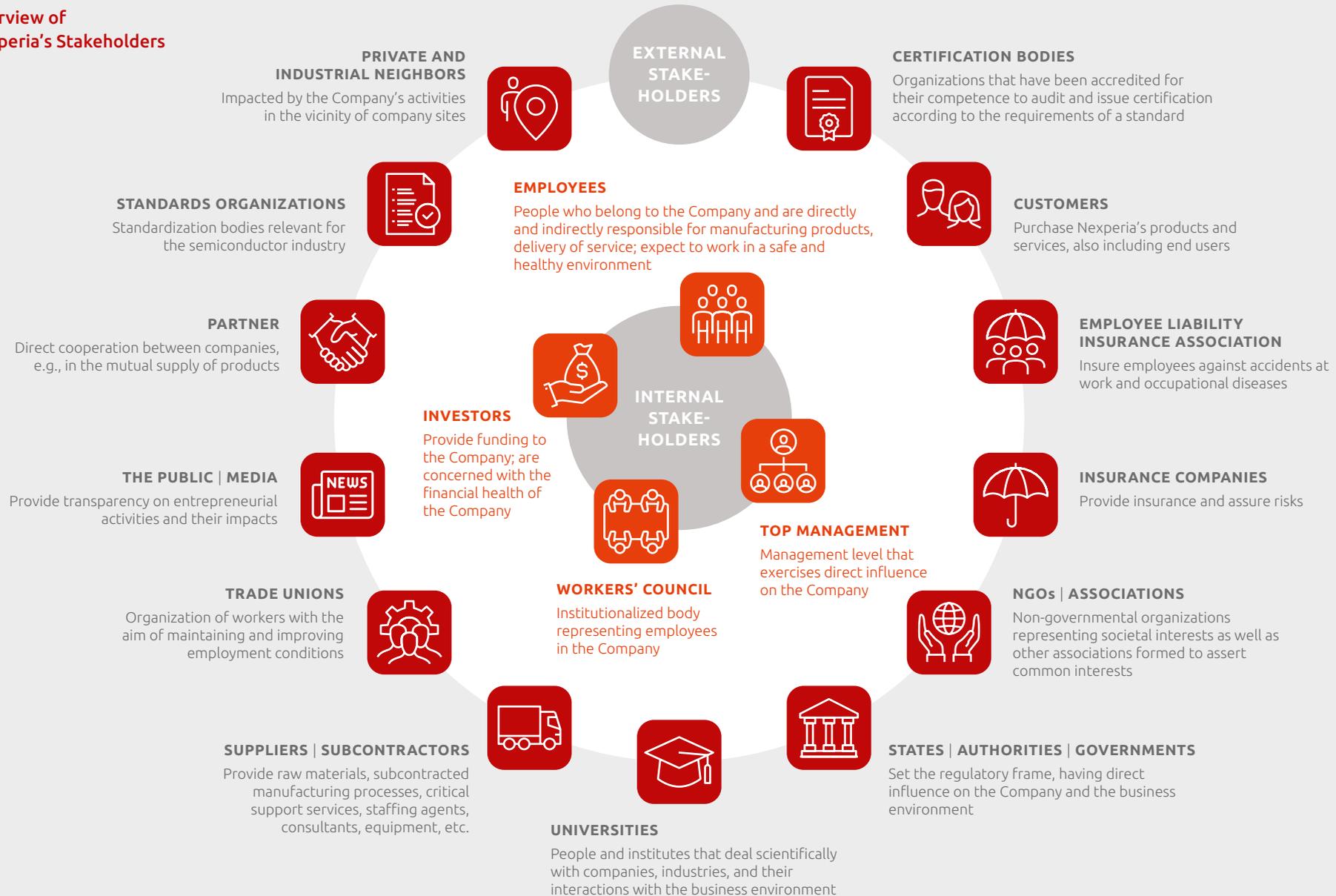
Participation in conferences, meetings, and relevant working groups.

By listening to our stakeholders and incorporating their feedback, we enhance our sustainability performance and reputation as a responsible corporate citizen. Some examples include our regular employee survey, which we repeated in 2023 (see “Talent Attraction and Retention” chapter), utilizing communication opportunities such as town halls, social media, newsletters, and our website, and structural engagements 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 evolving our stakeholder engagement approach by incorporating stakeholder feedback and learning from best practices in the field.

To ensure we comply with the European Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), we plan to actively engage with our stakeholders for our new materiality analysis in early 2024.

Overview of Nexperia's Stakeholders



Materiality Assessment

Relevant GRI Standards:

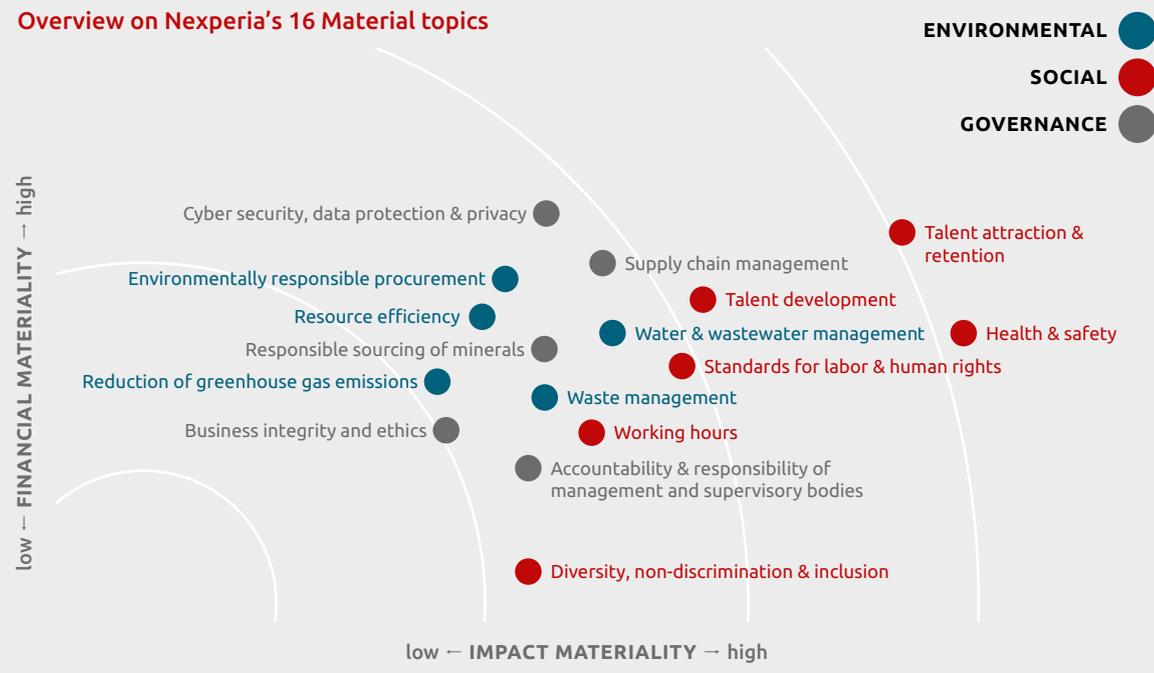
3-1, 3-2

Our approach to defining materiality

A robust materiality assessment is a fundamental aspect of corporate sustainability management. We conducted our initial materiality assessment in the second half of 2022. Following the approach of double materiality, we identified material sustainability topics based on their impact on people and the environment (impact materiality) and/or on financial concerns (financial materiality). In addition, our analysis allowed us to determine whether topics are strategically important and must be included in our Sustainability Report.

Our materiality assessment was based on an analysis of various internal and external documents and an online stakeholder survey. Covering both impact and financial materiality, we consulted Nexperia's stakeholders on the impact intensity and the probability of occurrence of sustainability topics. Nexperia's Sustainability Report 2022 offers a detailed description of our materiality assessment process, including the identification of sustainability topics, involvement of stakeholders, validation, and results.

Overview on Nexperia's 16 Material topics

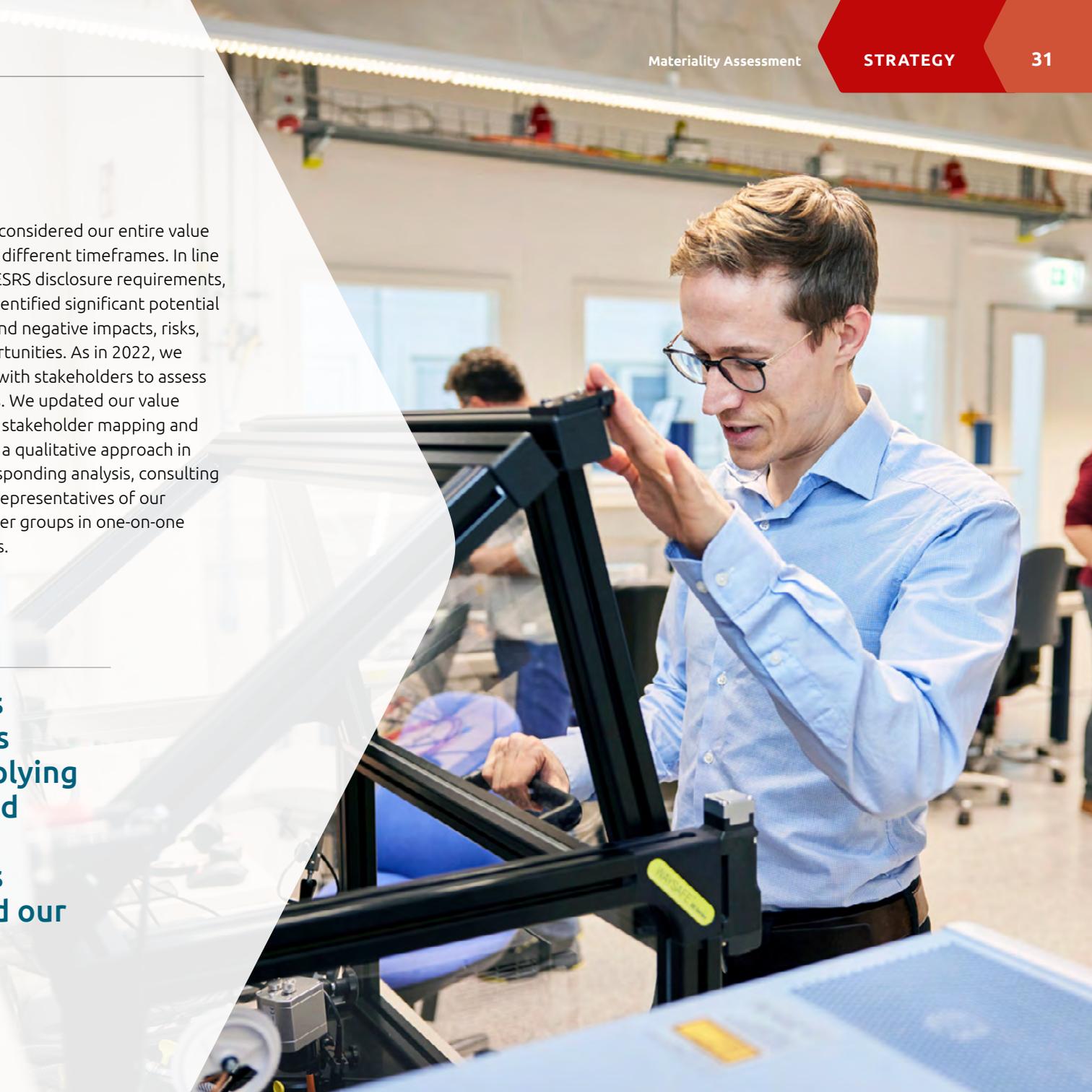


ESRS-compliant materiality

From January to April 2024, we conducted a new materiality assessment according to the European Sustainability Reporting Standards (ESRS). These standards outline the requirements for companies and organizations to transparently disclose sustainability information in alignment with the EU's Corporate Sustainability Reporting Directive (CSRD). The results are expected by May 2024. In addition to focusing on the topic list defined in the

ESRS, we considered our entire value chain and different timeframes. In line with the ESRS disclosure requirements, we also identified significant potential positive and negative impacts, risks, and opportunities. As in 2022, we engaged with stakeholders to assess the topics. We updated our value chain and stakeholder mapping and opted for a qualitative approach in our corresponding analysis, consulting selected representatives of our stakeholder groups in one-on-one interviews.

“Our double materiality analysis in preparation for the CSRD was guided by two main goals: complying with the CSRD requirements and pinpointing the environmental, social, and governmental issues crucial to both our company and our stakeholders.”



UN Global Compact

Our commitment and approach

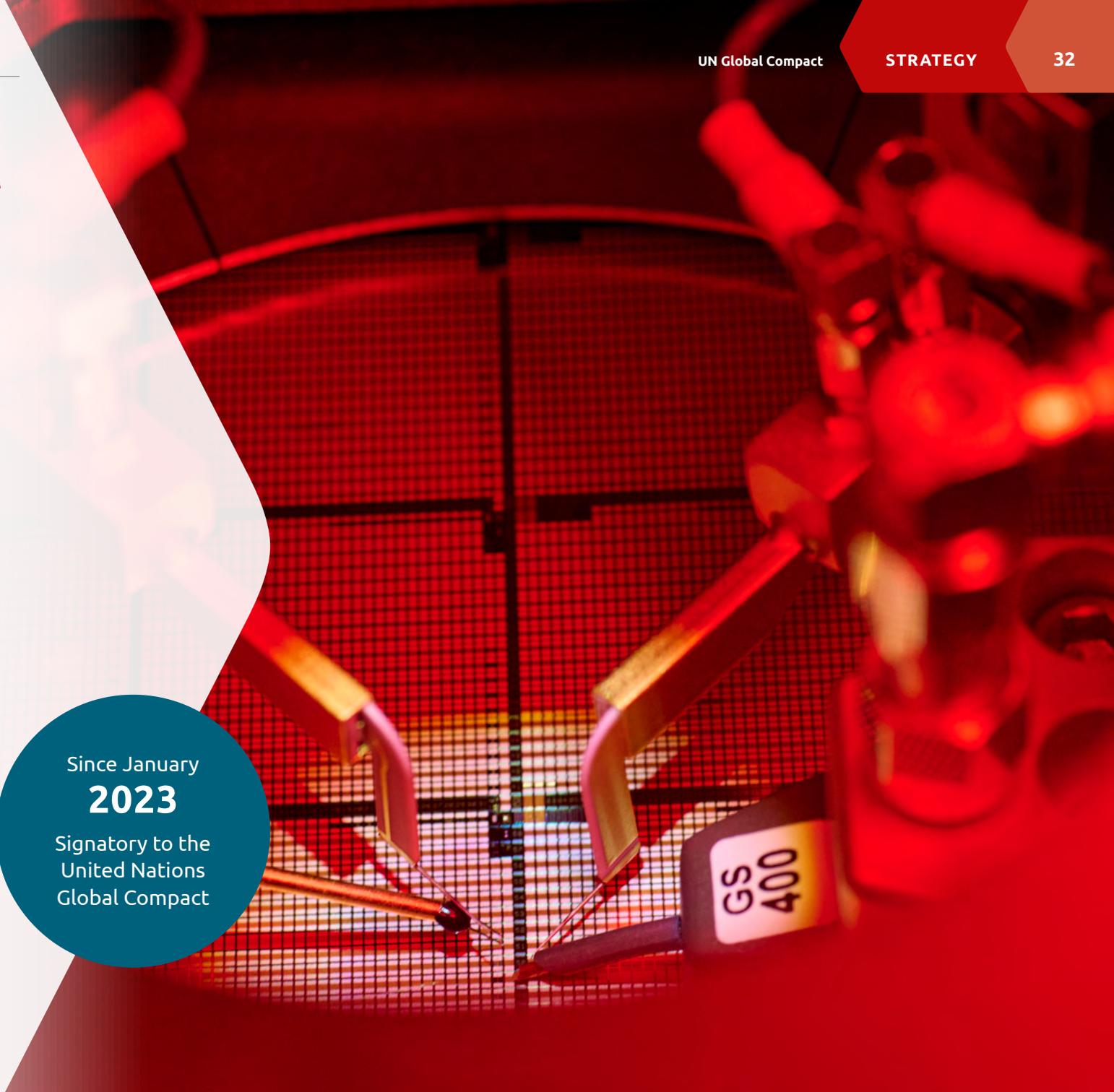
Since January 2023, Nexperia has been a signatory to the United Nations Global Compact.

The Global Compact identifies ten universal principles in four important areas: human rights, labor, the environment, and anti-corruption. As a voluntary initiative supported by over 20,000 companies worldwide, the Global Compact encourages businesses to align their strategies and operations with these principles and contribute to the UN Sustainable Development Goals (SDGs).

As a signatory to the Global Compact, we follow its ten universal principles and proactively approach sustainability through our robust management systems. Overall, we aim to incorporate socially and environmentally friendly practices across our global operations. We detail Nexperia's policies, procedures, and actions in the respective chapters of this Sustainability Report, and the Communication on progress section below summarizes our steps toward more sustainable and socially responsible policies and practices.

Since January
2023

Signatory to the
United Nations
Global Compact



Communication on progress

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

- › Nexperia is a signatory 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 (SDGs), the OECD Guidelines for Multinational Enterprises, and the Paris Agreement. We also adhere to various management standards issued by the International Standards Organization (ISO).
- › Nexperia's Code of Conduct, Supplier Code of Conduct, and our Sustainability Policy demonstrate our commitment to labor and human rights, providing a safe working environment, promoting good health, minimizing the environmental

impact of our activities, protecting the environment, and adhering to ethical business practices. We foster innovations and creative solutions that add value for our customers, communities, and planet.

- › Our human rights-related policies and processes are 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).
- › We are committed to preventing human and labor rights abuses. We conduct risk analyses, supplier and self-assessments, and audits of both Nexperia and supplier sites in line with the Responsible Business Alliance (RBA) standard. Nexperia's Social Responsibility Auditable Standard covers employees at our Company and along our supply chain. The standard details our commitment to transparent and safe workplaces and supply chains, including requirements regarding human rights, equal pay, non-discrimination measures, training, and more.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

- › We support and participate in dialogues with employee representation bodies, including workers' councils at the site level and trade unions at sectoral and national levels. We have collective bargaining agreements in place in several countries, including Germany, the Netherlands, the Philippines, and the UK (for our site in Manchester).

- › We also support the aim of the International Labor Organization (ILO) to promote and realize universally accepted labor standards. 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 global sites, our employees have the freedom to associate and the right to collective bargaining as provided by local statutes.
- › The Nexperia Supplier Code of Conduct and the Nexperia Slavery and Human Trafficking Statement explicitly state that we do not tolerate any form of slavery – including forced, bonded, indentured, or prison labor, as well as human trafficking, child labor, and discrimination – within our company or across our supply chain.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

- › Nexperia takes a proactive approach to environmental protection. We implement robust management systems and incorporate practices across our operations to minimize our environmental footprint. In addition, we adhere to the principles of the Global Compact based on our ISO 14001-certified Environmental Management System, covering all our manufacturing sites and headquarters. The Environmental Management System requires us to identify, control, and reduce the ecological impact of our operations and establish compliant and impactful policies, processes, and procedures to manage all material environmental aspects.

- › In 2023, Nexperia announced the long-term target to become carbon neutral by 2035. This commitment includes direct operational emissions (Scope 1) and indirect emissions associated with procuring energy for operations (Scope 2). In the future, Nexperia also aims to analyze and decrease its supply chain emissions wherever possible (Scope 3).
- › Nexperia is a company driven by an unwavering commitment to innovation, developing semiconductors for energy-efficient everyday products used by people worldwide. To do so, we continuously work to improve the energy efficiency of our original portfolio, including products with increased power capabilities, such as wide bandgap (WBG) devices like silicon carbide (SiC) rectifiers, gallium nitride (GaN) FETs, and power management ICs. We continue improving and developing products that reduce energy and material consumption in a broad range of applications while striving to make our operations CO₂ neutral to contribute to a more sustainable future.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- › Nexperia has 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.
- › Our Code of Conduct details our commitment to preventing corruption and promoting ethical behavior in an accessible and structured format. It provides concrete operating guidelines for appropriate behavior and correct procedures, including ethics escalation (whistleblowing). Overall, it aims to promote a clear, strong, and consistent culture of ethics.

UN Sustainable Development Goals

In 2015, the United Nations (UN) adopted 17 Sustainable Development Goals (SDGs). Together with the 2023 Agenda, they serve as a critical roadmap to create a more sustainable future for people and the environment. The SDGs define concrete targets for 2030, and we have joined many other companies in embedding the SDG reporting framework into our Sustainability Report.

We have identified seven core SDGs and how Nexperia can contribute to their objectives. Our contributions focus on the sub-targets listed below, which we strive to impact with our business activities.

Going forward, we will work on a comprehensive assessment of progress toward the SDG targets across the 17 SDGs at a global level, following the SDG progress chart.

SDG 3 – Good health and well-being

SDG 4 – Quality education

SDG 5 – Gender equality

SDG 7 – Affordable and clean energy

SDG 9 – Industry, innovation, and infrastructure

SDG 12 – Responsible consumption and production

SDG 13 – Climate action

SUSTAINABLE DEVELOPMENT GOALS



Our contribution to the SDGs

SDG 3 | Good health and well-being Ensure healthy lives and promote well-being for all at all ages



The health and safety of our employees is our highest priority. We continually work to ensure that everyone at Nexperia – our employees, temporary workers, interns, partners, and visitors – feels safe in a secure environment. This includes medical, physical, and emotional or mental health.

Target	Our contributions
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.	<ul style="list-style-type: none"> ▶ Comprehensive Health & Safety policies in Nexperia’s Code of Conduct, Sustainability Policy, and Supplier Code of Conduct (“Health & Safety”; “Business Integrity and Ethics”) ▶ Comprehensive health and pension plans for employees (“Talent Attraction and Retention”) ▶ Health events and campaigns at the local and global levels (“Corporate Citizenship”)
3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination.	<ul style="list-style-type: none"> ▶ Effective risk prevention and management measures: since Nexperia’s foundation in 2017, zero recorded fatalities and high-consequence work-related injuries ▶ Management approach Health & Safety: HSE Management System ▶ Robust reporting processes for any safety risks, accidents, and injuries <p>Further details: “Health & Safety”</p>

SDG 4 | Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Education is vital for personal, professional, social, and economic development. We strive for equal access to quality education and invest in our employees’ skills and competencies.

Target	Our contributions
4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university.	<ul style="list-style-type: none"> ▶ Diversity & Inclusion program with targets for women in management and R&D (“Diversity and Inclusion”)
4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.	<ul style="list-style-type: none"> ▶ Trainee and graduate programs for young talents (“Talent Attraction and Retention”) ▶ Cooperation with schools and universities to stimulate interest and innovation in technology (“Corporate Citizenship”) ▶ Kids’ day events for career guidance and inspiration for children aged 11-13 (“Corporate Citizenship”)



SDG 5 | Gender equality
Achieve gender equality and empower all women and girls

We champion gender equality and empower all women and girls.
 We value diversity and inclusion in our culture and teams.

Target

Our contributions

5.1
 End all forms of discrimination against all women and girls everywhere.

- › Nexperia’s Code of Conduct with a clear commitment to prevent and address any forms of discrimination, harassment, or misconduct
- › Internal and external reporting mechanisms to raise cases of misconduct, e.g., SpeakUp Line.
- › Global employee awareness campaign on our updated Code of Conduct
- › Comprehensive company-wide Diversity & Inclusion program

Further details: “Diversity, Non-Discrimination, and Inclusion” and “Business Integrity and Ethics”

5.c
 Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

- › Targets for women in management and R&D/engineering
- › Female Leadership Program
- › Diversity ambassadors to inspire more women to pursue a career in engineering

Further details: “Diversity, Non-Discrimination, and Inclusion” and “Business Integrity and Ethics”

5.5
 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

- › Targets for women in management and R&D (“Diversity, Non-Discrimination, and Inclusion”)

“It’s not only about the conversation surrounding female equality; it’s more about the actions we take to ensure there are, and will be, opportunities for future generations of women and all subsequent generations.”



SDG 7 | Affordable and clean energy
Ensure access to affordable, reliable, sustainable, and modern energy for all

We strive for affordable and clean energy to support sustainable development and protect the environment. We aim to reduce our carbon footprint and use more renewable energy in our operations and value chain.

Target	Our contributions
<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p>	<ul style="list-style-type: none"> › Sustainability and Environmental Policies inscribed into our Code of Conduct (“Our Approach to ESG”) › Ambitious GHG Emissions Reduction Roadmap to achieve carbon neutrality across Scope 1 and 2 emissions by 2035 (“Emissions”) › Renewable Energy program to purchase green electricity for all our sites; 40% electricity purchased from renewable sources in 2023 (“Our Approach to ESG”)



SDG 9 | Industry, innovation, and infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

We pioneer innovative products across diverse markets and industries, tailored to driving the development of energy-efficient products and applications.

Target	Our contributions
<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>	<ul style="list-style-type: none"> › Providing innovative, e.g., wide band gap (WBG) and silicon carbide- or gallium nitride-based semiconductors geared toward boosting energy efficiency in products and applications › Product innovation: over 800 new products annually <p>Further details: “New Product Design”</p>
<p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per one million people and public and private research and development spending.</p>	<ul style="list-style-type: none"> › 11 R&D centers worldwide › R&D investment of \$106 million in 2023 (2022: 81 million) › R&D staff of over 1,122 experts in 2023 (2022: 999) <p>Further details: “Our Company and Business”</p>

SDG 12 | Responsible consumption and production
Ensure sustainable consumption and production patterns



We aim to be carbon neutral by 2035 and use resources efficiently. We reduce and recycle waste, source renewable energy, and report on our sustainability performance.

Target	Our contributions
<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p>	<ul style="list-style-type: none"> Comprehensive Environmental Management System (ISO 14001-certified), targets, and performance (“Environmental Management”) Commitment to carbon neutrality: net-zero emissions for Scope 1 and 2 by 2035 (“Emissions”) Green electricity purchases and renewable energy projects (“Emissions”; “Our Approach to ESG”)
<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p>	<ul style="list-style-type: none"> Recycling activities and waste reduction initiatives In 2023, 83% of regular waste in our manufacturing sites recycled, based on definitions from local legislation <p>Further Details: “Waste Management”</p>
<p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>	<ul style="list-style-type: none"> Annual non-financial ESG disclosures in accordance with GRI standards Limited assurance of selected KPIs in our 2023 Sustainability Report <p>Further Details: “Our Sustainability Report” and “Our Approach to ESG”</p>

SDG 13 | Climate action
Take urgent action to combat climate change and its impacts



We are committed to climate action and aligning our business with the Paris Agreement. We aim to achieve net-zero emissions across Scopes 1 and 2 by 2035.

Target	Our contributions
<p>13.2 Integrate climate change measures into national policies, strategies, and planning.</p>	<ul style="list-style-type: none"> Ambitious GHG Emissions Reduction Roadmap launched in 2023 (“Emissions”) Renewable energy sourcing ongoing in various green electricity and renewable energy projects (“Emissions”; “Our Approach to ESG”) Energy efficiency measures to optimize energy consumption and performance (“Emissions”) Assessment of climate-related risks and opportunities (“Our Approach to ESG”; “Environmental Management”)

ESG Risk Rating

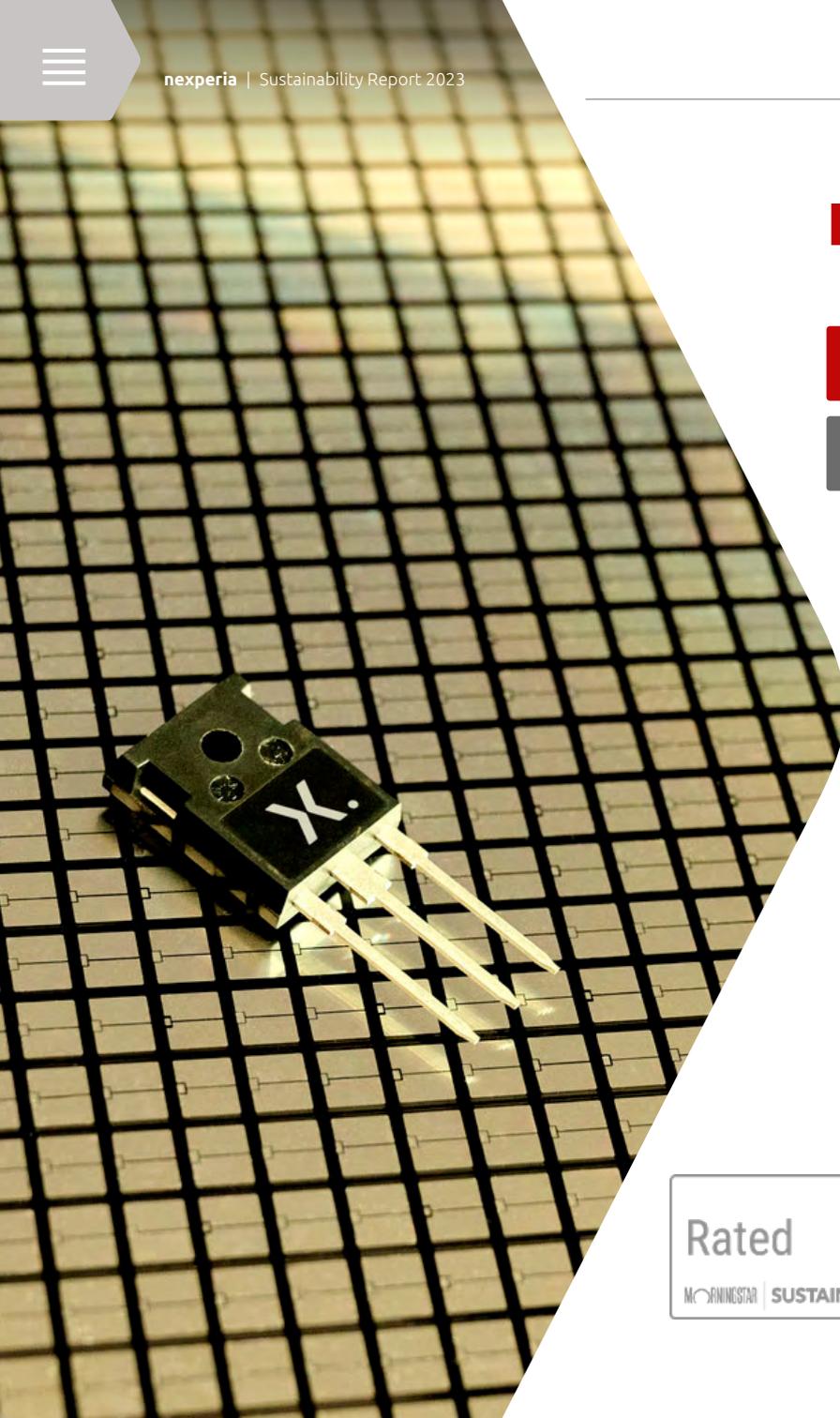
Relevant GRI Standards:

3-3

Nexperia ensures that progress toward the Company's environmental, social, and governance (ESG) goals is monitored and communicated transparently. This includes providing investors with insights that enable informed investment decisions on business activities that promote a more sustainable, long-term development. For this purpose, we liaise with renowned agencies to analyze and evaluate our ESG performance.

In July 2023, we received our first ESG Risk Rating from Morningstar Sustainalytics. This rating captures our exposure to material, industry-specific ESG risks as well as our management of those risks. With a score of 18.7, we were assessed to be at low risk of experiencing material financial impacts from ESG factors.

This result places Nexperia among the top 11% out of a total of 221 assessed entities within the semiconductor design and manufacturing subindustry. We are also among the top 16% within the larger global semiconductor industry.





Stefan Tilger

CFO

“Given the positive results of our first ESG risk rating, we are proud that our efforts have been recognized in Morningstar Sustainalytics' assessment, allowing us to position ourselves among the leaders of the semiconductor industry in this field.

At Nexperia, shaping a sustainable future for our electronics is part of our DNA. Our 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.

We know there is a long road ahead and will continue on the path toward further reducing our carbon footprint, providing more support for diversity and inclusion in the workplace, and promoting ethical business practices.”



Sustainability-Linked Loan

Nexperia's leading industry position regarding ESG factors and its commitment to environmental and social ambitions was reaffirmed in 2023. In December 2023, Nexperia successfully signed an \$800 million Senior Sustainability-Linked Loan (SLL) (for further details, see our Annual Report).

The SLL includes environmental and social Key Performance Indicators (KPIs). This method incentivizes environmentally and socially sustainable economic growth and innovation. The SLL's KPIs primarily relate to greenhouse gas emissions and gender diversity, with

a focus on including more women in management positions. With these KPIs, the SLL directly reflects our strategy and target of achieving carbon neutrality by 2035 for Scope 1 and 2 emissions and reaching 30% women in management positions by 2030.

For additional transparency and robust governance, Morningstar Sustainalytics supported the SLL's KPIs with a second-party opinion. A third party will provide independent annual assurance.



ECOVADIS SUSTAINABILITY RATING GOLD - TOP 5%

In April 2024, Nexperia received its first EcoVadis rating and was awarded a Gold Medal. In a competitive comparison, Nexperia reached the 97th percentile. The EcoVadis score (0-100) reflects the quality of a company's sustainability management system at the time of the assessment.

This result places Nexperia among the top 5% of companies in our industry assessed by EcoVadis in the past 12 months.

Financial Performance

Relevant GRI Standards:

2-2, 3-3, 201-1

For the year ended December 31, 2023, Nexperia generated product revenue of \$2,096 million (2022: \$2,284 million). In addition, the Company generated revenue from manufacturing, foundry, and other sales of \$59 million (2022: \$81 million) from Newport wafer sales to external parties, the front-end and assembly production of competitor products in Nexperia-owned fabrication plants (“fabs”) as well as from the production of equipment for external customers.

In 2023, 55.4% (2022: 66.7%) of the total product revenue was generated through distributors, 40.4% to original equipment manufacturer (OEM) customers (2022: 29.3%) and 4.2% to electronics manufacturing service (EMS) customers (2022: 4.0%). The 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, and

WPI (in alphabetic order). In addition to OEM customers, Nexperia has worldwide leading EMS as customers, such as Foxconn, Flextronics, Jabil, Pegatron, Sanmina, and Quanta.

In 2023, \$1,162 million (55.4%) of the product revenue was generated via distribution (2022: \$1,523M). Out of this, the distribution fulfillment sales accounted for \$446 million (38.4%) and the mass market for \$716 million (61.6%). The sales completed by Nexperia’s distribution partners to end customers are called “Point of Sale (POS).” In 2023, a point of sale of \$1,397 million was achieved (2022: \$1,599 million).

Nexperia’s total market segments of \$2,096 million (2022: \$2,284 million) are Automotive, Mobile & Wearables, Industrial & Power, Consumer, and Computing. It’s the sum of the sales to customers with direct market assignment and the remaining customers served by EMS and distribution for which the sales are split into market segments by using the split into market segments of the POS sales. 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) amounted to \$716 million in 2023 (2022: \$955 million) and customers and EMS customers to \$88 million in 2023 (2022: \$92 million). The total product revenue for 2023 is split into segments of Automotive 62.8%, Mobile & Wearables 6.9%, Industrial & Power 21.7%, Computing 4.8%, and Consumer 3.8% (see also the table below).

The gross profit for the year ended December 31, 2023, was \$808 million (2022: \$1,004 million) or 37.5% (2022: 42.5%) of the revenue. The decrease in margin was mainly driven by volume decreases as well as a negative effect from underutilization of the factories. Gross profit was significantly weaker than expected (\$-283 million), which was also driven by lower volumes and the underloading effect.

\$'000	2023	2022	2021	2020	2019
Product Sales	2,096,038	2,283,894	2,057,950	1,397,910	1,432,108
Manufacturing, Foundry, and other sales	58,631	80,739	78,833	33,003	53,296
Total	2,154,669	2,364,633	2,136,783	1,430,913	1,485,404
Netherlands	54,672	91,226	95,689	18,581	6,791
Greater China	902,419	1,058,896	1,014,414	736,967	624,200
The Americas	238,427	252,416	175,009	119,044	141,338
EMEA (excluding Netherlands)	527,194	527,897	460,154	289,041	374,693
Others	431,957	434,198	391,517	267,280	338,382
Total	2,154,669	2,364,633	2,136,783	1,430,913	1,485,404
Automotive	1,317,259	1,109,987	950,386	631,569	683,987
Industrial & Power	454,452	529,090	451,836	308,060	303,789
Mobile & Wearables	145,135	326,565	333,139	323,714	309,009
Computing	100,999	188,188	200,614	62,692	57,203
Consumer	78,193	130,064	121,975	71,875	78,121
Total	2,096,038	2,283,894	2,057,950	1,397,910	1,432,109

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 (as part of the planning process), and internal controls are regularly assessed, evaluated, actively managed, and reported to senior management.

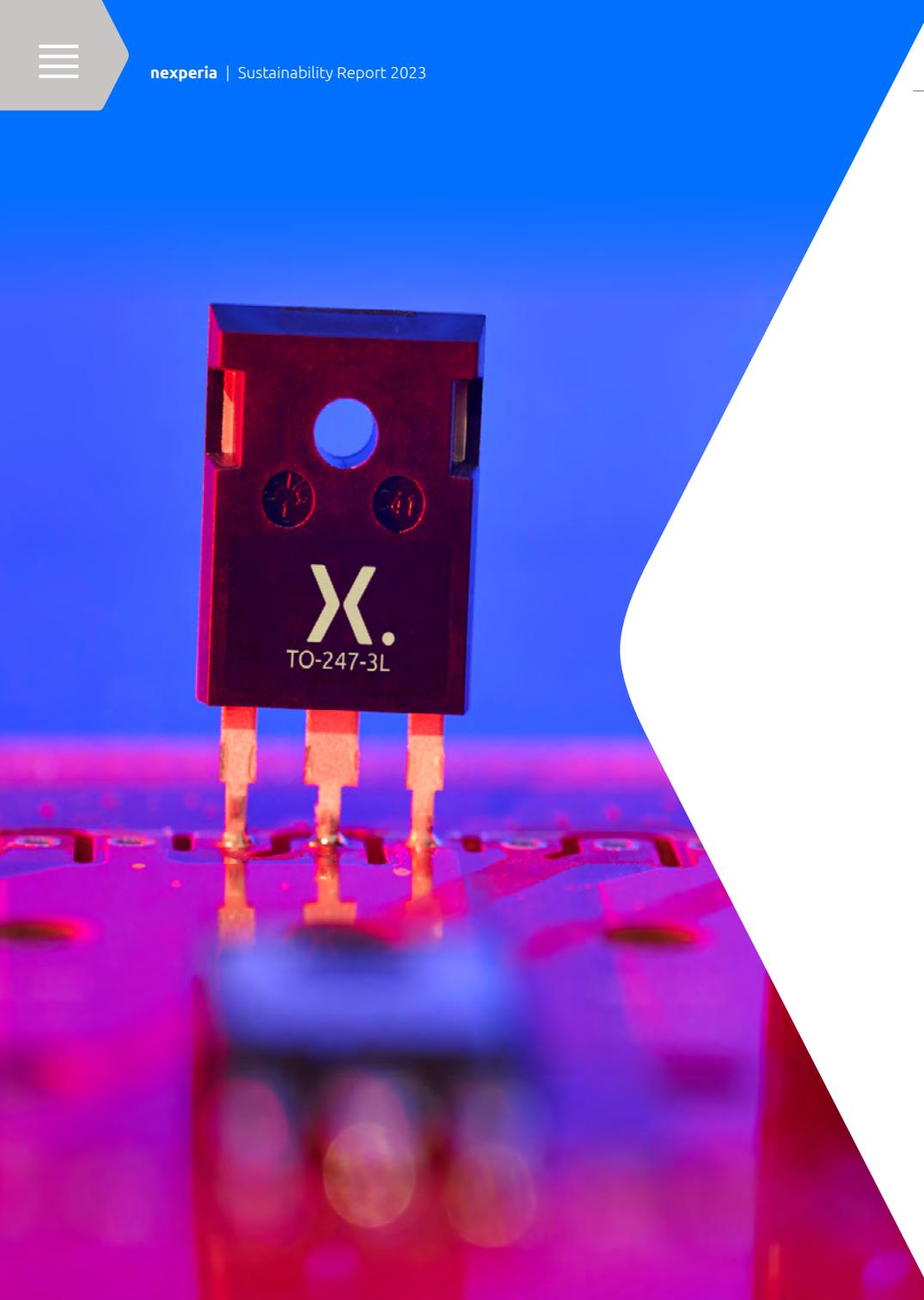
Risks and opportunities are classified as follows:

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

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 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:

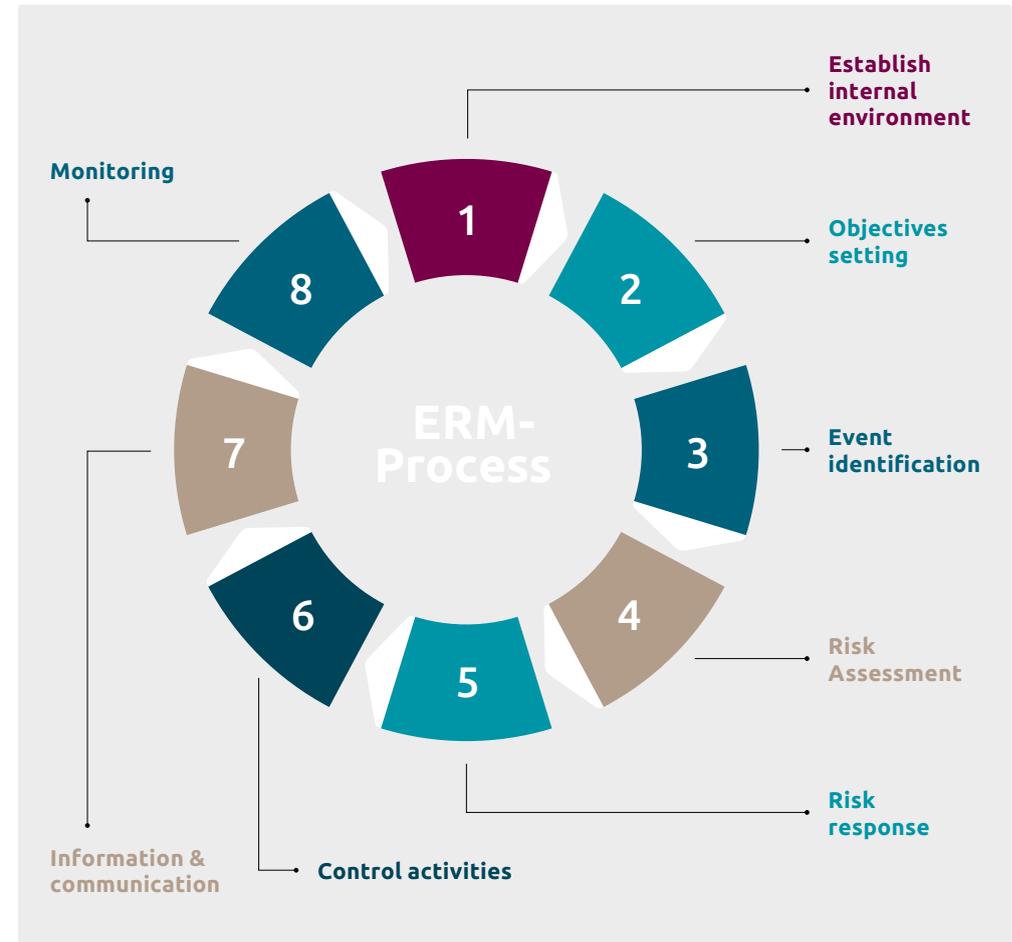
- › High [\$29 million]
- › Medium [\$7 – 29 million]
- › Low [\$7 million]

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 efforts of which are considered in the net risk analysis. The insurance program is reviewed on a regular basis.

Nexperia has implemented a digital system to manage risks within the organization. This system supports the efficient and effective identification, analysis, and monitoring of risks. Starting from Q1 2024, all risk management activities will be carried out using Enterprise Risk Management (ERM) software. During the preparation of the response plan, the costs of actions taken to manage both risks and opportunities will be considered, wherever feasible.

Our Enterprise Risk Management process



In addition to the risks summarized on the following pages, please refer to the other chapters of this report for more details.

Strategic Risks

Risk title	Risk description	Strategy to address the risk
Market risk - cyclical industry	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>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 not dependent on the economic conditions of a single market.</p> <p>Nexperia's products are versatile and can be used in various segments and by different customers.</p>
Market risk - price erosion	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.	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.
Reputational risk	Risks associated with negative publicity, product recalls, and other events that could damage the company's reputation. 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.	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.
Technological changing industry	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.	To remain relevant, extensive and continuous research and development and capital investments are a focus point for Nexperia.

Strategic Risks

Risk title	Risk description	Strategy to address the risk
Geopolitical risks	<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> <p>Nexperia reduced the risk exposure by investing in long-term agreements and partnerships, as well as in the ecosystem and near sourcing.</p>

Operational Risks

Risk title	Risk description	Strategy to address risk
IT/OT risks including cyber risk	<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>
Capacity expansion	<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 having a long-term planning process covering relevant market trends and regularly reviewing and adjusting these forecasts.</p> <p>Nexperia has established an External Manufacturing department to promptly respond to the market needs and ensure capacity from external suppliers.</p>

Operational Risks

Risk title	Risk description	Strategy to address risk
<p>Intellectual property rights</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.</p> <p>Nexperia regularly reviews the existing patents, closely monitors market requirements, and works on innovations.</p>
<p>Production risks</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>Procurement risks including supply chain risk</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.</p> <p>Nexperia assesses the risk for each supplier and ensures the dual sourcing of raw materials necessary for production.</p> <p>Additionally, Nexperia is monitoring all relevant supplier risk management legislation according to relevant legislation and International Best Practices.</p>
<p>International business risks including trade compliance risks</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"> › Negative economic developments in economies around the world and the instability of governments and international trade agreements. › 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. › Potential terrorist attacks. › Epidemics and pandemics, which may adversely affect the Group’s workforce and financial position. › Adverse changes in governmental policies, especially those affecting trade and investment. › 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. › Threats that the Group’s operations or property could be subject to nationalization and expropriation. 	<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>

Operational Risks

Risk title	Risk description	Strategy to address risk
Product quality risks	Potential risk of product quality issues related to the product defects and safety can result in product recalls, warranty claims, and the failure to comply with the terms and conditions of our contracts. This can lead to financial losses and reputational damage.	Nexperia defined a Quality Policy in which various risk response measures are defined, which are regularly monitored and steered by Business Group Quality Management.

Financial Risks

Risk title	Risk description	Strategy to address the risk
Currency risk	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.	Nexperia monitors its foreign currency risk on a regular basis and controls them through natural hedges, cash flow hedges and other hedging instruments. Since a component of its outstanding debt is denominated in Renminbi, Nexperia managed and mitigated its currency risk by using various financial derivatives, such as entering into forward contracts.
Credit and interest rate risk	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.	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. To mitigate the fluctuation of interest cash flow, Nexperia entered into interest rate swap contracts where the variable interest rates are converted into fixed interest rates.
Commodity price risk	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.	Nexperia employs experienced individuals who are responsible for planning and purchasing these raw materials to ensure that this risk is appropriately managed.

Financial Risks

Risk title	Risk description	Strategy to address the risk
Market risk - inflation	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.	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. In addition, Nexperia increased prices toward customers to compensate any price increase on the procurement side.
Risks related to the goodwill and other intangible assets	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.	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.
Ineffective internal controls	Deficiencies in the internal control systems that govern the accuracy and reliability of the periodic reporting may lead to financial losses and reputational damage.	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.

Financial Risks

Risk title	Risk description	Strategy to address the risk
<p>Nexperia's indebtedness</p>	<p>On December 31, 2023, Nexperia has an outstanding debt with a principal amount of \$561 million (2022: \$506 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"> › Increasing vulnerability due to adverse economic industry and competitive developments. › Requiring a substantial portion of cash flow to service the capital and interest payments. › Reducing the ability to use the current cash flows to fund operations, capital expenditures, future business opportunities, and other strategic acquisitions. › Heightened interest rate risk as the loan bears interest at a variable rate. › Limiting the Company's ability to obtain additional financing to fund its working capital, capital expenditures, restructuring, product development, research and development, debt service requirements, investments, and acquisitions. › 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. 	<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>Business integrity, ethics and compliance</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>Tax compliance risks across jurisdictions including tax rate risk</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>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>

Compliance Risk

Risk title	Risk description	Strategy to address the risk
<p>Fraud risk</p>	<p>The Company is exposed to various fraud risks that include bribery, corruption, and breaches against the company's Code of Conduct, along with the theft or misuse of assets (misappropriation). These risks may originate from both internal and external parties, organized to obtain money, property, or services, evade payment, or gain an unfair advantage for personal or business benefit. Such fraudulent activities can have serious consequences for the company, jeopardizing its integrity, financial stability, and reputation.</p>	<p>With regard to Nexperia's Code of conduct, management has implemented a mandatory training program for all Nexperia employees.</p> <p>Potential fraud cases are investigated and reviewed by the 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>Additionally, all employees and stakeholders can report possible misconduct via external, independent and anonymous SpeakUp Line that is available 24/7 in all relevant languages.</p>

ESG Risks

Risk title	Risk description	Strategy to address risk
<p>Environmental risks</p>	<p>Environmental and other disasters like pandemics, 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 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>Pandemic risks</p>	<p>Pandemic risks like COVID-19 are causing negative effects for the worldwide economy. Such risks could impact 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 has activated crisis management teams for all major sites to closely monitor the pandemic 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 with regard to the planning assumptions. Nexperia has established local pandemic procedures for every operating site.</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 due to 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 interests of all stakeholders. Therefore, we believe it is essential to have a set of guiding tax principles and communicate our tax approach openly and clearly.

Nexperia’s tax approach is intended to ensure consistency 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 continuous 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.

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

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.

“A responsible tax approach is essential to the sustainability of our business.”

Transparency

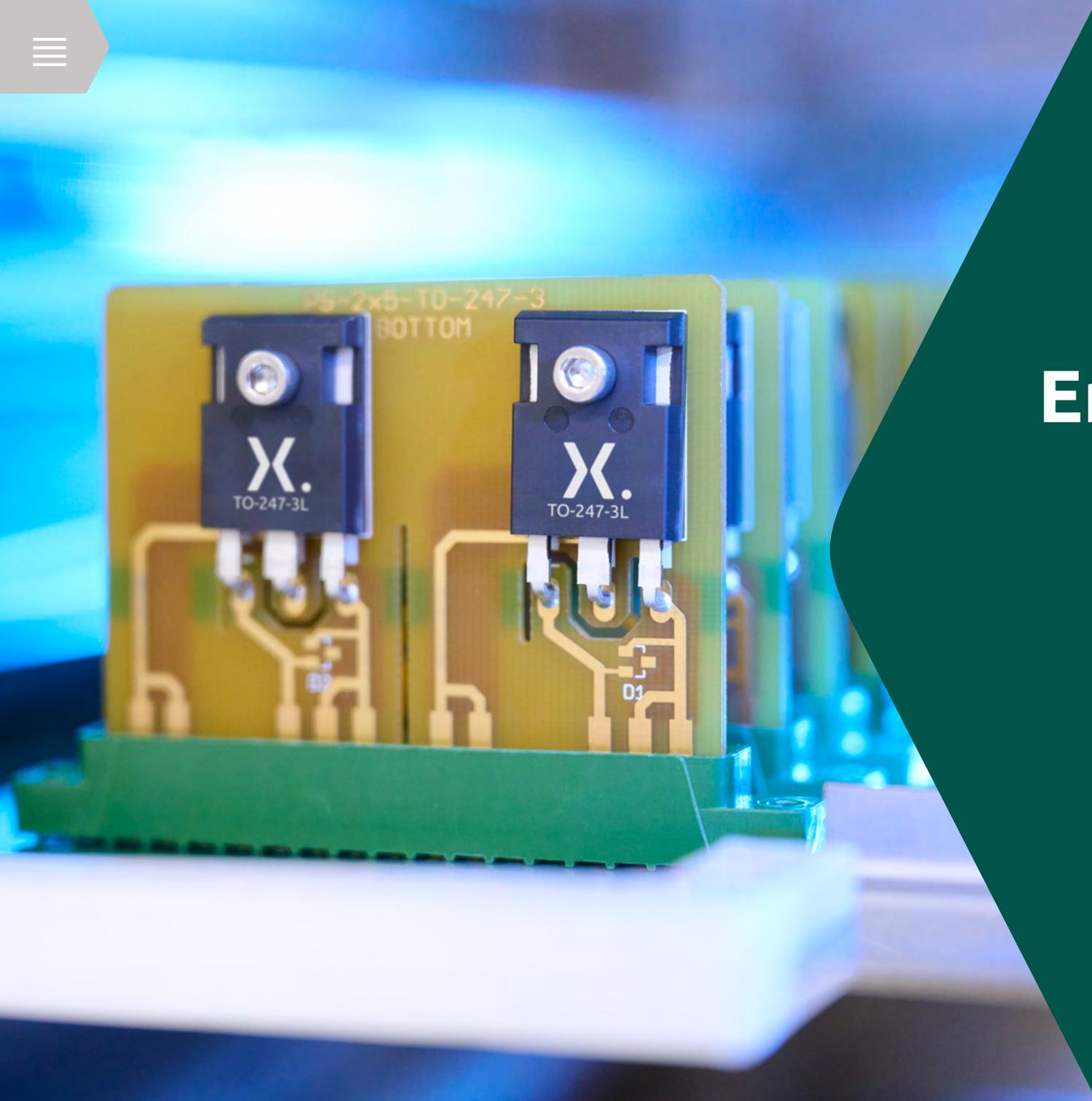
We are transparent in our approach to tax and our tax position. We disclose information in accordance with relevant domestic regulations and applicable reporting requirements and standards, such as IFRS. We also strive to maintain an open dialogue on tax matters with governments, policymakers, businesses,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

Accountability and governance

A responsible tax approach is essential to the sustainability of our business. We employ diligent professional care and judgment to assess tax risks and arrive at well-reasoned conclusions on how they should be managed. In cases of 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 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 as well as appropriate governance and assurance procedures.



Environmental Reporting

Environmental Management at Nexperia

Relevant GRI Standards:

2-28, 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 to 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, and

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 system follows the structured approach of the environmental management systems standard ISO 14001, which helps us drive 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 92% of Nexperia's global employees. Compliance with the requirements of the management system standard is verified through external audits by the certification body. 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 relevant to Nexperia exceeds the material topics covered in this Sustainability Report.



We assess our environmental impacts, risks, and opportunities and set goals and objectives to enhance our positive outcomes while reducing 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 respective chapters of this report.

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 Questionnaire that also covers environmental topics 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 overall sustainable corporate governance structure is embedded in the Nexperia Management System, detailed in the "Our Approach to ESG" chapter of this report. Our Chief Operations Officer (COO) has overall accountability for the general Nexperia Management System, which includes environmental management. The Head of Global Environment, Health & Safety (EHS) is accountable for the implementation of our global EHS Management System. They are supported by the Manager EHS Management System, who is responsible for the system's documentation and coordinating EHS certification. Additional environmental topics such as ECO-Products, Chemicals Management, and audit support are managed by bespoke positions. Local EHS managers and teams provide additional support and function as Nexperia's EHS team. Our Vice President Front End Operations, Global Real Estate and Facilities, and EHS is 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 report our data and update our management teams each quarter, ensuring our progress is transparent and we identify areas of development and improvement.

We also conduct annual internal audits at our headquarters and manufacturing sites to maintain compliance with ISO 14001 management system standards. Additionally, we perform internal annual audits at our Hamburg (Germany) and Newport (UK) site to comply with 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. Each site submits its environmental data on a quarterly basis, which is analyzed, validated, and reported on a corporate level.

The validation stage comprises 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 years to identify any significant changes. If any significant changes are identified, we assess their magnitude and investigate their causes.
- › Second, we 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 actual environmental performance.

Emissions

Relevant GRI Standards:

3-3, 305

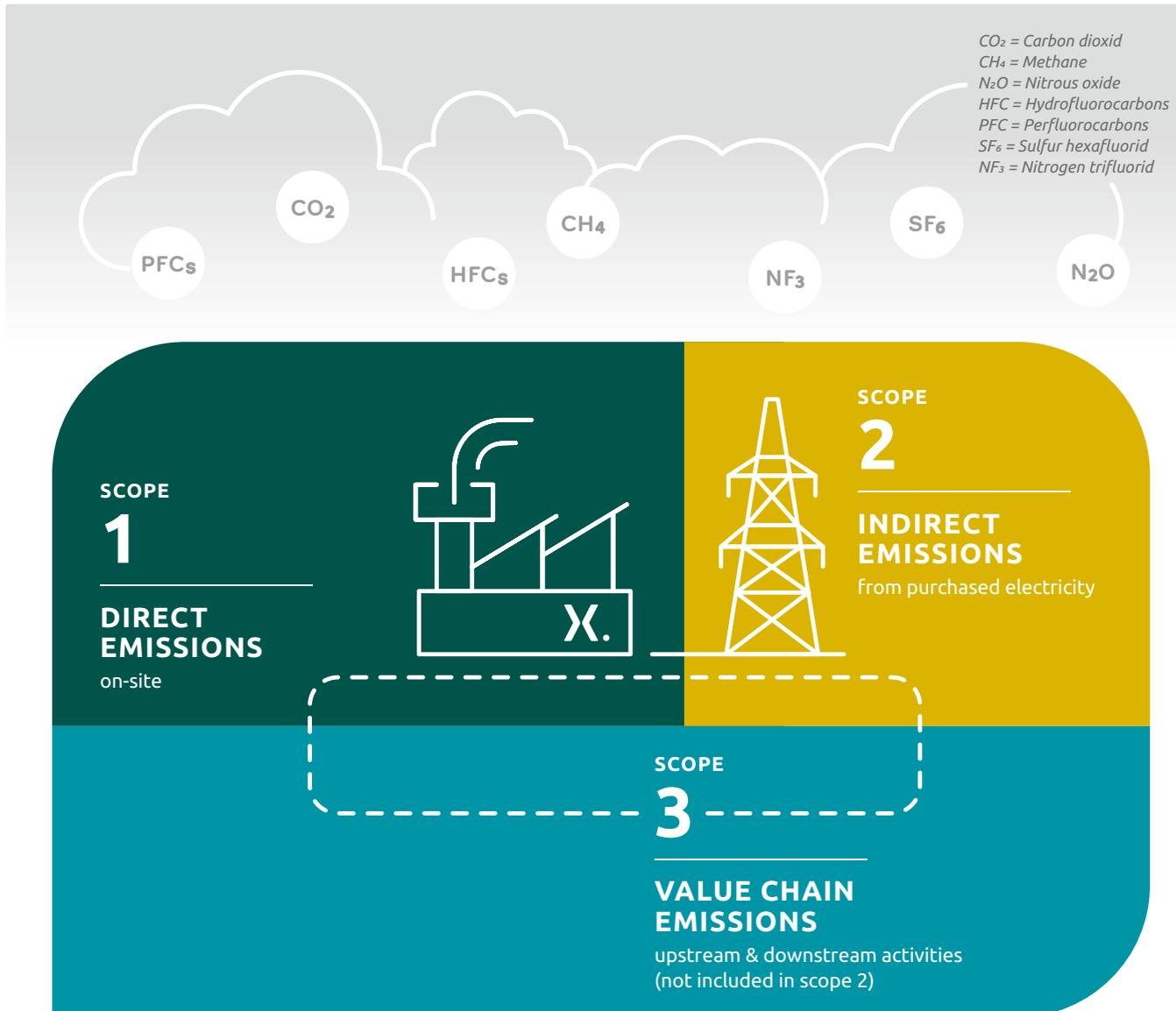
Introduction and management approach

As the impacts of climate change intensify worldwide, companies across all industries are being held accountable for their carbon footprint and environmental impact. As a semiconductor company, we recognize that we must 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 (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), and fluorinated gases, summarized as hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs). Even though sulfur hexafluoride (SF₆) 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 and semiconductors grow in capacity, their manufacturing is becoming more complex and requires more energy and processing chemicals. In 2023, a drop in production volume combined with the underutilization of several factories resulted in a slight decrease in Nexperia's Scope 1 and 2 emissions compared to 2022. Scope 1, 2, and 3 emissions 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. We also monitor our Scope 2 emissions, which are generated externally from the electricity 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 decreasing our direct GHG emissions where possible.



Definition of greenhouse gas emissions



Our structure for managing GHG emissions is 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 primary sources of carbon emissions: purchased electricity, use of PFCs, fossil fuels we combust directly, and heat-transfer fluids (HTFs), which are integral substances used in semiconductor manufacturing to transfer heat from one point to another. Nexperia is committed to increasing its contribution to a net-zero economy. Our long-term target is to be carbon neutral across our global operations by 2035, including direct operational emissions (Scope 1) and indirect emissions associated with energy procurement (Scope 2). Due to the lack of available technological solutions by 2035 and the calculation methods to be used, e.g., for PFC emissions, Nexperia is aware that some emissions cannot be avoided and must be offset through compensation.

In 2023, Nexperia introduced a comprehensive GHG Emissions Reduction Roadmap. It summarizes our strategic approach to achieving carbon neutrality, which includes quantified targets, emission-reducing initiatives, and expert partnerships. It also gives stakeholders a transparent view of our ongoing progress in key environmental, social, and governance (ESG) topics. In the reporting year, Nexperia's efforts in these areas were recognized by renowned third parties in the capital market. For more information, the [chapter "ESG Risk Rating"](#) details Nexperia's Sustainability Rating and \$800 million Sustainability-Linked Loan.

Our approach: Nexperia's GHG Emissions Reduction Roadmap toward carbon neutrality

Our GHG Emissions Reduction Roadmap underscores our commitment to sustainable business growth and provides an efficient and realistic pathway to achieving carbon neutrality by 2035 (for Scope 1 and 2 emissions). We have also set mid-term goals as progress milestones: we aim to reduce our Scope 1 and 2 emissions by 4% a year between 2024 and 2029 (a linear reduction against a 2022 baseline). We calculate our carbon footprint based on the GHG Protocol, an internationally recognized standard for quantifying and reporting GHG emissions.

Project governance and strategic management

Robust project governance is the backbone of our GHG Emissions Reduction Roadmap, and accountability across our organization is vital. For these reasons, we have established a multidisciplinary team responsible for our Roadmap's day-to-day management and implementation. It comprises experts in sustainability, technology, and project management to coordinate and align the many complex and interrelated topics.

Given the semiconductor industry's dynamic nature and unique resource requirements, achieving carbon neutrality is a significant challenge for Nexperia. In response, we emphasize continuously developing our internal expertise and building partnerships with industry peers, governmental bodies, and sustainability organizations ([see our "Approach to ESG" chapter](#)). We also proactively consult with external experts, who have made valuable contributions to developing our Roadmap and incorporating best practices from the countries and regions where we operate.

Keyword: carbon neutral

Carbon neutrality refers to activities releasing zero carbon emissions (and equivalents) into the atmosphere. The first step involves tracking emissions and working to reduce them as much as possible. Nexperia uses the term carbon neutrality to reference achieving net-zero emissions in our operations (Scopes 1 and 2) by 2035. We will offset any (direct or indirect) remaining emissions that cannot be avoided through activities that remove carbon dioxide from the atmosphere.

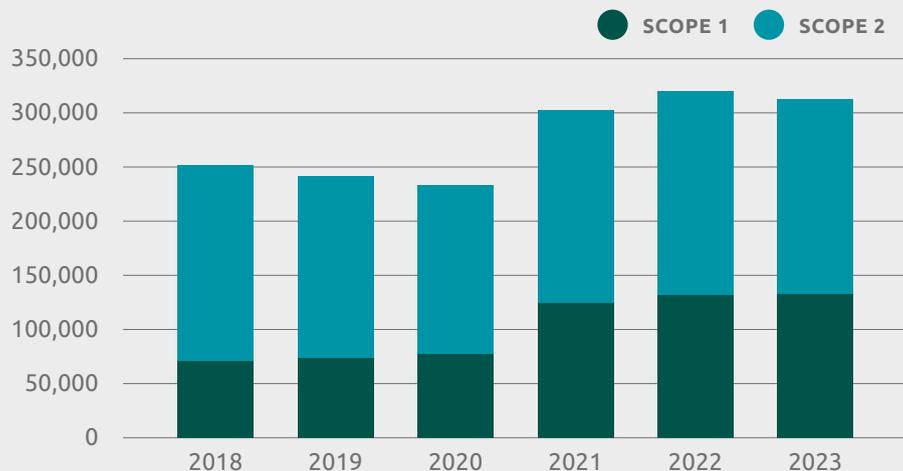
**Nexperia’s path toward carbon neutrality:
reducing Scope 1 and 2 emissions**

In 2023, we took a range of measures to monitor and reduce Nexperia’s global Scope 1 and 2 emissions in line with our GHG Emissions Reduction Roadmap.

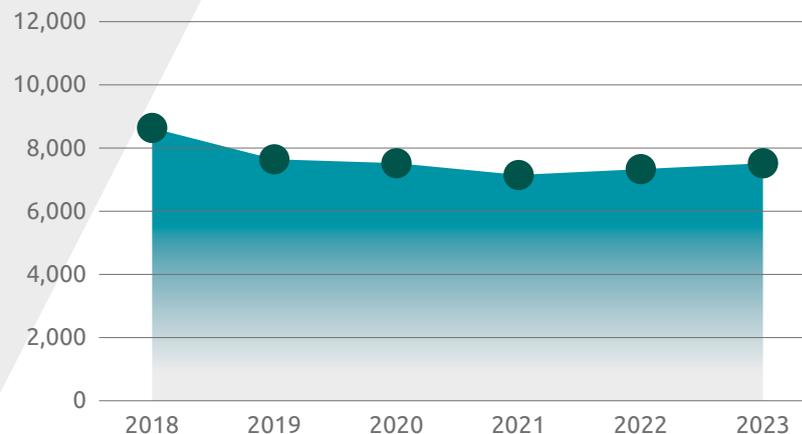
Overall, our absolute Scope 1 and 2 emissions decreased by 2% compared to 2022 due to lower production volumes and the underutilization of several factories. This decreased production

volume also led to reduced electricity and HTF consumption. Our normalized Scope 1 and 2 emissions increased by 3% compared to 2022 due to introducing new process technologies and preparing our sites to meet future production volumes, which also increased our PFC emissions. Considering the long-term development of normalized emissions, we have achieved a 19% reduction since Nexperia’s foundation in 2017, driven by our collective efforts in the previous decade.

Scope 1 & 2 Emissions – tons CO₂e



Normalized Scope 1 & 2 Emissions – kg CO₂e/m²



The 2018–2020 period includes five manufacturing sites, whereas the 2021–2023 period includes six. This difference explains the increase in emissions from 2021 compared to previous years. (Since there is no secured data for the additionally purchased locations before 2020, the data was not corrected in accordance with the specifications of the GHG Protocol for the years before 2020. Because 2022 is the base year for our mid-term target and the long-term target, this is considered acceptable).

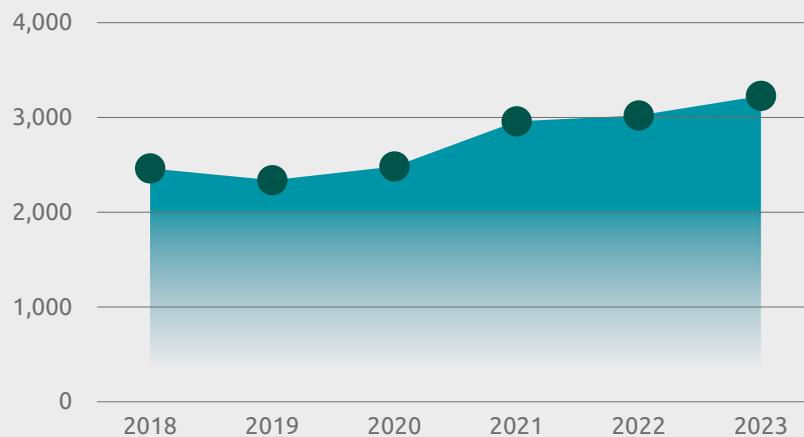
Reducing Scope 1 emissions

Nexperia's Scope 1 emissions are those directly released by our activities, including consuming or burning fossil fuels (e.g., natural gas, diesel, liquefied petroleum gas (LPG), and gasoline), the use of PFCs (including SF₆), N₂O, and releasing HTFs. Nexperia does not produce biogenic Scope 1 emissions or emissions from ozone-depleting substances. To reduce our Scope 1 emissions, we focus on designing or installing more efficient equipment, substituting chemicals with more sustainable alternatives, and optimizing our manufacturing processes.

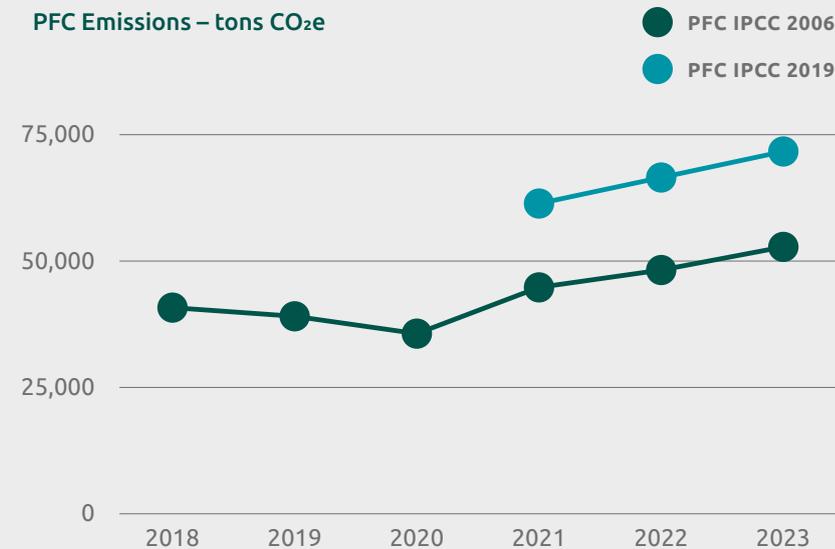
PFCs are crucial for semiconductor manufacturing, and no alternatives are currently available. Despite this challenge, we have taken measures to minimize their environmental impact, including signing the Memorandum of Agreement in Europe and supporting the Global Semiconductor Industry PFC voluntary agreement. While our PFC consumption increased by 12% in 2023 due to greater product complexity, our absolute PFC emissions increased by only 7% to 71,450 tons of CO₂ equivalent (CO₂e), and our normalized PFC emissions by 13% compared to 2022. Our calculation of PFC emissions is based on the IPCC 2019 tier 2c model. A more detailed explanation can be found below in the "Perfluorocarbons PFCs" chapter.

After many years of optimizing our processes to reduce CO₂e emissions (CO₂e), it has become difficult to achieve additional large-scale reductions. Nevertheless, we embraced this challenge by establishing a new program in 2022 to further reduce our Scope 1 CO₂ emissions and our normalized PFC emissions by 2025. Our PFC Policy aims to lower PFC emissions to less than 1.25 tons of CO₂e per m² (2023: 1.72 tons of CO₂e per m²). Data for the PFC Policy and 2023 value was recalculated for IPCC 2019 tier 2c.

Normalized Scope 1 Emissions – kg CO₂e/m²



PFC Emissions – tons CO₂e



After an inspection in 2023, we concluded that the PFC reporting for 2022 was incorrect. We have updated our reporting methodology and updated our PFC data for 2022 (both IPCC 2006 Tier 2a and IPCC 2019 Tier 2c). Previous years were not affected by this change.

In addition to PFCs, we also use HTFs in our manufacturing processes. After the replacement of several chillers in our facility in Newport (UK) during 2022, we have been able to reduce the equivalent CO₂ emissions by 36% compared to 2022.

Another large share of our GHG emissions comes from using fossil fuels, primarily for natural gas heating and generating electricity and heat in combined heat and power plants. Our fossil fuel consumption varies, as it is primarily geared toward balancing weather conditions and associated fluctuating temperatures. In 2023, we installed another combined heat and power plant at our Manchester site (UK) to produce high-efficiency electricity and heat. We also use diesel fuel to power emergency systems and small amounts of LPG in Nexperia staff catering facilities, especially in Seremban (Malaysia) and Cabuyao (Philippines). We also use N₂O in several stages of our manufacturing processes, including chemical vapor deposition, diffusion, and chamber seasoning. In 2023, our N₂O usage increased by 31%, and the associated emissions were 4,691 tons of CO₂e. We calculate our N₂O emissions based on the IPCC 2019 tier 2c model (see “Calculating Perfluorocarbons”).

CALCULATING PERFLUOROCARBONS (PFCs)

In the semiconductor industry, CO₂e emissions from PFCs are determined using a scientific accounting model based on research by the Intergovernmental Panel on Climate Change (IPCC). In 2019, the IPCC released a refinement of its 2006 Guidelines for National Greenhouse Gas Inventories (IPCC 2006), resulting in a new accounting model, IPCC 2019.

Under the methodology of this new model, Nexperia’s PFC emissions increased by 36% (based on 2023 data) compared to calculations using IPCC 2006. Therefore, calculations based on IPCC 2006 Tier 2a cannot be compared to those based on IPCC 2019 Tier 2c.

For example, we used IPCC 2019 Tier 2c to calculate and compare our PFC emissions for 2023, as well as 2022 and 2021. This report presents our Scope 1 emissions using calculations based on IPCC 2019 Tier 2c, and we have updated our historical Scope 1 emissions for 2021 and 2022. As a result, our Scope 1 emissions for these years are now higher than previously reported.

In addition to the new methodology, Nexperia uses a unique PFC gas (C₃F₈) and process combination that the IPCC has not yet investigated. Consequently, our emissions calculations must use relatively unfavorable factors to comply with IPCC guidelines, even if

they do not clearly identify our specific use case. This fact alone resulted in 6% higher emissions (based on 2023 data) compared to the previous calculation model.

The amounts of PFC gases Nexperia used in 2023 was higher than previous years. This increase was due to producing more complex products with more processing steps requiring PFC gases. Compared to 2022, our CO₂e emissions from PFC gases increased by 7% (based on ESIA tier 2c IPCC 2019_AR5 tool).

Despite this increase, we remain committed to our PFC Policy and strive to achieve a value of < 1.25 tons CO₂e/m² (data recalculated for IPCC 2019 tier 2c) by 2025. In 2023, our value was 1.72 tons of CO₂e/m².

The previous chart illustrates the disparities in calculation methodologies. For our historical data up to 2020, we continue using results based on IPCC 2006 Tier 2a methodology. From 2021 onward, we have adopted the new emission factors under IPCC 2019 Tier 2c, including further refinement by process type.

In parallel to determining our emissions using this new method, we will continue using the previous method. This approach ensures our PFC reporting remains accurate and transparent.

Reducing Scope 2 emissions

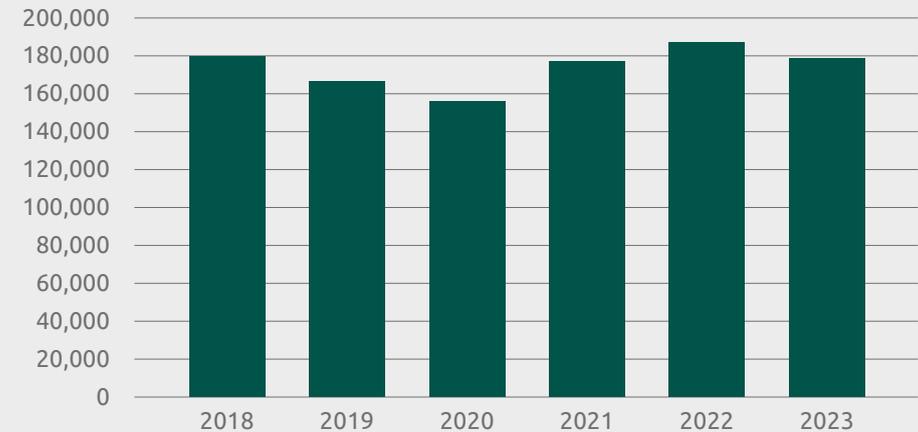
Nexperia's Scope 2 emissions are generated externally from the electricity we purchase from utilities. Since our foundation in 2017, we have emphasized a measured and realistic approach to increase our utilization of renewable energy sources. We aim to foster reliable long-term partnerships with relevant stakeholders, ensuring internationally accepted renewable energy contracts and certifications. This approach facilitates CO₂ reductions across our back-end sites by utilizing credible green energy mechanisms tailored to our manufacturing sites' locations and energy markets. These mechanisms include corporate power purchase agreements (PPAs), energy attribute certificates (EACs), green tariffs, on-site power generation, and other custom solutions. Since February 2023, Nexperia has also procured renewable electricity for all three of our front-end facilities.

To ensure our green investments make a meaningful, long-term impact, we work with external consultants to address our Scope 2 emissions. These collaborations help us identify risks, explore opportunities, and formulate strategies for procuring 100% renewable electricity across our back-end facilities.

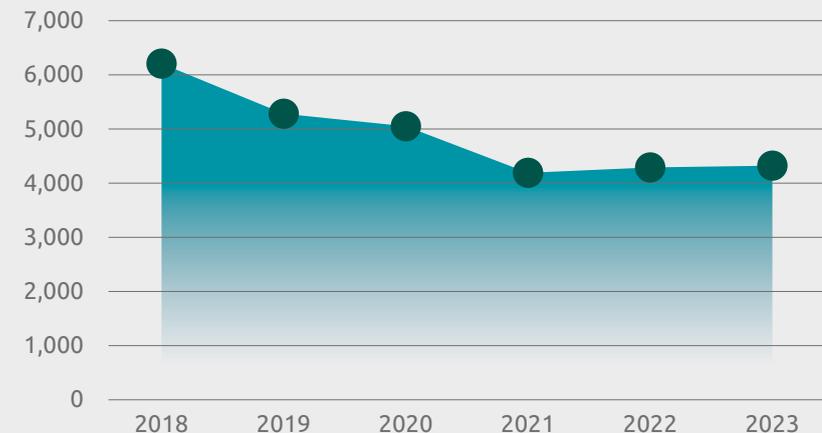
As a semiconductor company, our operations involve complex product manufacturing processes that require significant amounts of electricity. In 2023, we experienced production volume decreases and underutilization across several factories compared to 2022. As a result, our absolute Scope 2 emissions decreased by 5% in 2023, while our normalized Scope 2 emissions increased by less than 1% compared to 2022. We calculate our Scope 2 emissions based on the GHG Protocol market-based approach and available emissions data from our energy providers.

Our ongoing sustainability efforts have decreased our absolute Scope 2 emissions by 3% and our normalized value by a remarkable 40% compared to 2017. This substantial improvement reinforces our commitment to reducing our emissions intensity as we expand our operations. We continue exploring new opportunities to minimize our Scope 2 emissions, such as investing in renewable energy sources, improving operational efficiency, and investigating alternative energy sources.

Scope 2 Emissions – tons CO₂e



Normalized Scope 2 Emissions – kg CO₂e/m²





Achim Kempe

COO

“In 2023, Nexperia committed to achieving carbon neutrality by 2035, signaling an important step in our sustainability journey. This commitment encompasses a focus on mitigating both direct operational emissions (Scope 1) and the indirect emissions associated with energy procurement for operations (Scope 2). As we progress, we are continually strengthening our efforts, building upon this foundational commitment to ensure a sustainable future for generations to come.

But our vision extends beyond immediate operational impacts to encompass the broader scope of emissions across our global value chain. Recognizing and addressing Scope 3 emissions, which represent indirect emissions associated with our supply chain and product lifecycle, is integral to our commitment to environmental stewardship. This comprehensive strategy underscores our commitment to responsible business practices and aligns with our core values of transparency and accountability.

As we navigate toward our carbon neutrality target, our ongoing efforts serve as a testament to Nexperia's commitment to sustainability. By integrating environmental considerations into our business strategy, we not only mitigate risks but also seize opportunities to drive positive change. Together, we are forging a path toward a greener, more resilient future, grounded in transparency, accountability, and a collective vision for a better world.”



Reducing Scope 3 emissions

Nexperia's Scope 3 emissions are indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. We are committed to tackling our Scope 3 emissions, which entails identifying relevant categories, gathering data, engaging with stakeholders, quantifying emissions, setting realistic goals, and generating measurable long-term impacts. As in the case of Scope 2 emissions, we approach Scope 3 reduction measures with an emphasis on thorough analysis, achieving the highest possible impact, and realistic feasibility. We are in the process of planning the next steps for accurate and complete Scope 3 data collection.

Non-greenhouse gas emissions

While GHG emissions negatively influence Earth's climate, there are many other substances companies emit that can negatively impact human and the environmental health. Of these non-GHG emissions, nitrogen oxides (NOx) and volatile organic compounds (VOCs) are most relevant to 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 2023, our NOx emissions decreased by 34% to 21 tons, compared to 32 tons in 2022. The higher value in 2022 was due to our use of emergency power systems in the UK during several energy supply issues in early 2022.

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 decreased by 3% in 2023 to 23.6 tons.

Resources and Energy

Relevant GRI Standards:

3-3, 301, 302

Overview and management approach

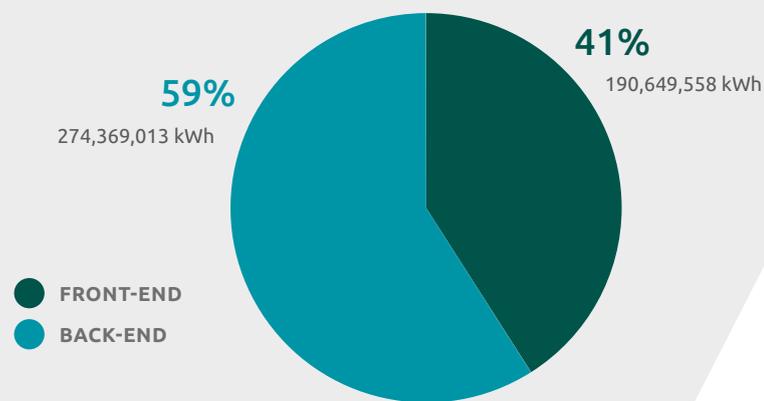
Efficient resource and energy management are critical aspects of sustainability in the semiconductor industry. At Nexperia, our key materials include lead frames, mold compounds, raw silicon wafers, processing chemicals, and various types of equipment and spare parts. Semiconductor production also requires significant amounts of energy, which is why we continuously analyze our materials and energy use to find new areas where we can improve.



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 detailed in the “Responsible Sourcing and Supplier Engagement” chapter. The Procurement department works closely within the Environment, Health, and Safety (EHS) Management structure described in the “Environmental Management at Nexperia” chapter.

Our certified Environmental Management System governs our efficient energy initiatives and the environmental aspects of our material procurement. Our sites in Hamburg (Germany) and Newport (UK) are certified to ISO 50001, a global standard in energy management systems. Our compliance with this standard underscores our commitment to reducing energy consumption and increasing operational efficiency. The certification of these two sites covers approximately 15% of our total workforce.

Electricity Consumption 2023



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

Our approach: making production more efficient and embracing green energy

Our manufacturing locations draw the majority of their energy from the power grid and, whenever possible, purchase renewable energy. However, in regions where reliable and abundant renewable sources are not yet available, we rely on electricity generated from fossil fuels. We also use natural gas to efficiently produce electricity and heat through combined heat and power (CHP) plants. These plants are crucial for powering the heating, cooling, and humidity management equipment we rely on in our manufacturing processes. We also use abatement systems that effectively decompose climate-damaging process gases. In emergencies, we use small amounts of diesel to fuel our generators to mitigate the risk of power outages.

We have steadily increased our production capacity since the foundation of our company. At the same time, we are manufacturing increasingly complex products and introducing new process technologies to create more environmentally friendly solutions for end users. As these advanced products and process technologies require more energy, our manufacturing sites continually work to

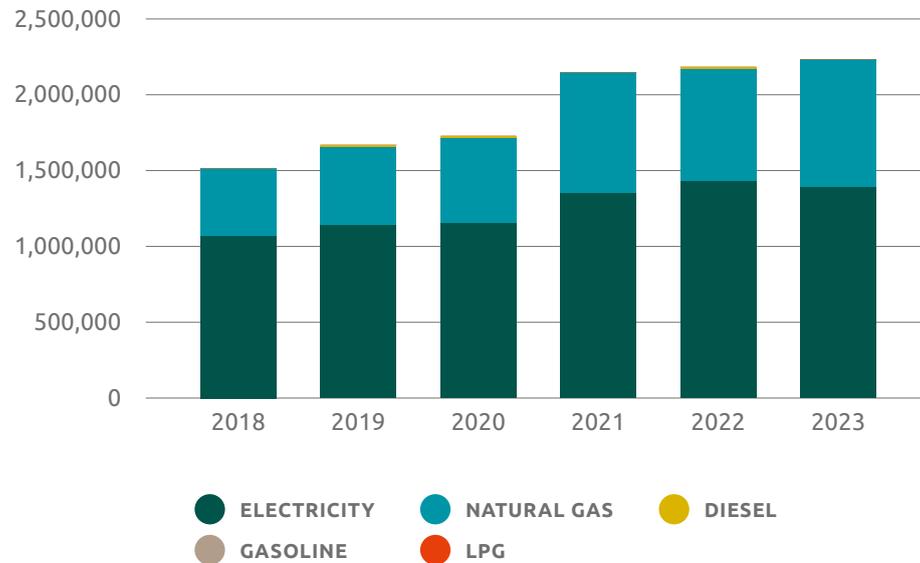
optimize their processes and replace or upgrade equipment to minimize energy use. Additionally, as part of our EHS Management System, we set annual targets for each site to incrementally decrease its electricity consumption, supported by specific reduction and efficiency measures such as integrating advanced low-energy technology in our production lines and conducting targeted employee awareness campaigns.

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
- › Using waste heat to produce cooling via adsorption chillers

In 2023, while our absolute electricity consumption remained stable, these efficiency measures reduced our normalized electricity consumption (kWh/m²) by 12% compared to 2017.

Energy Consumption 2023 – GJ



It should be noted that Nexperia purchased another manufacturing site in 2021. Years 2018–2020 represents five manufacturing sites; years 2021–2023 represent six.

“Our sites in Hamburg (Germany) and Manchester (UK) have purchased 100% renewable energy since 2020. Our site in Newport (UK) followed suite in Q1 2023.”

In addition to reducing our electricity consumption, we are committed to utilizing more sustainable sources. Globally, renewables currently supply around 40% of our purchased electricity. Since 2020, our sites in Hamburg (Germany) and Manchester (UK) have purchased 100% renewable electricity, and our last front-end fab in Newport (UK) achieved this goal in early 2023. While we are exploring opportunities to utilize more green electricity in our back-end facilities, sourcing renewables poses unique challenges in some regions. The Asian market, for example, features diverse regulatory landscapes across many different countries. In response, we strive to develop effective solutions tailored to each site, working closely with local experts to gain detailed knowledge of evolving markets.

Along with electricity, we rely on several fossil fuels in our operations. These include natural gas, diesel, 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. For example, due to installing an additional combined heat and power plant at our site in Manchester, our natural gas consumption increased by 11% in 2023.

We also use emergency diesel generators to support our essential safety systems during power outages. Our diesel consumption varies depending on the frequency of testing and the need for these emergency systems. In 2023, we used 24 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 2023, Nexperia consumed around 2,245,268 GJ of energy globally. The energy intensity recorded as GJ/m² amounted to 54 GJ/m².

(GJ)	2023
Electricity	1,402,421
Natural Gas	839,302
Diesel	1,029
Gasoline	448
LPG	2,086
Total	2,245,286

Energy consumption in GJ of the manufacturing sites



Our approach: Using resources carefully and efficiently

There are many different resources used in semiconductor manufacturing, some of which can negatively impact people or the environment. One particularly relevant category of these resources is chemicals. To reduce their adverse effects, we have ongoing containment actions and substitute potentially harmful chemicals with safer alternatives. As part of our Environmental Management System, we also employ an active Chemicals Management System to review all chemicals used in our production and 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 instead of buying new ones, and may reuse manufacturers’ wafer cassettes to transport our wafers to back-end sites.

These are just a few measures we are adopting to make our production more sustainable, efficient, and ethical. In line with our sustainability roadmap, we are also intensifying 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, and it is also essential for Nexperia's semiconductor production. As part of our commitment to sustainability, we strive to use water responsibly, working 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.

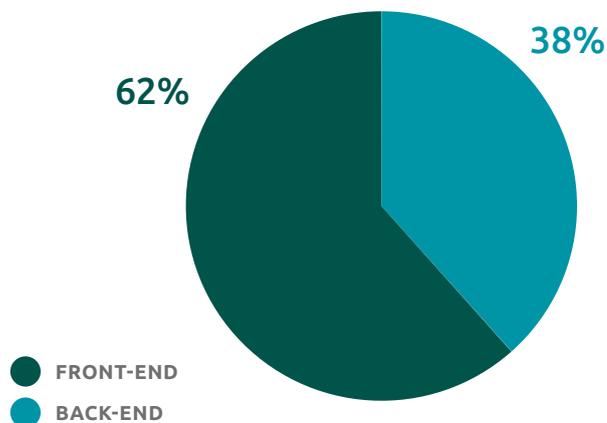
Through our Sustainability Policy, we are committed to reducing our relative overall water use and consumption as we continue growing as a company. For example, we strive to reuse water wherever possible and have implemented reduction programs at all our sites.



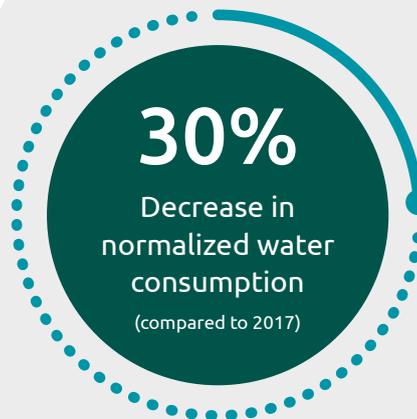
Water and wastewater management are integral aspects of our environmental, health, and safety (EHS) Management System, outlined in the “Environmental Management at Nexperia” chapter. We also conduct risk assessments to calculate more general water-related risks, such as flooding or tsunamis, and have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

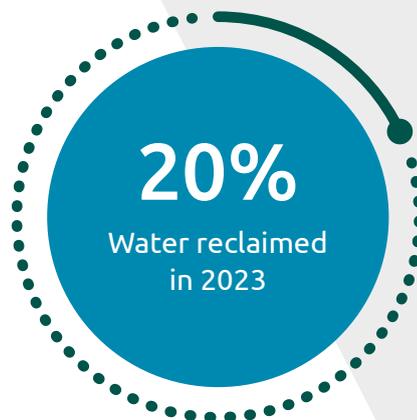
Water Consumption 2023



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



Water Performance 2023

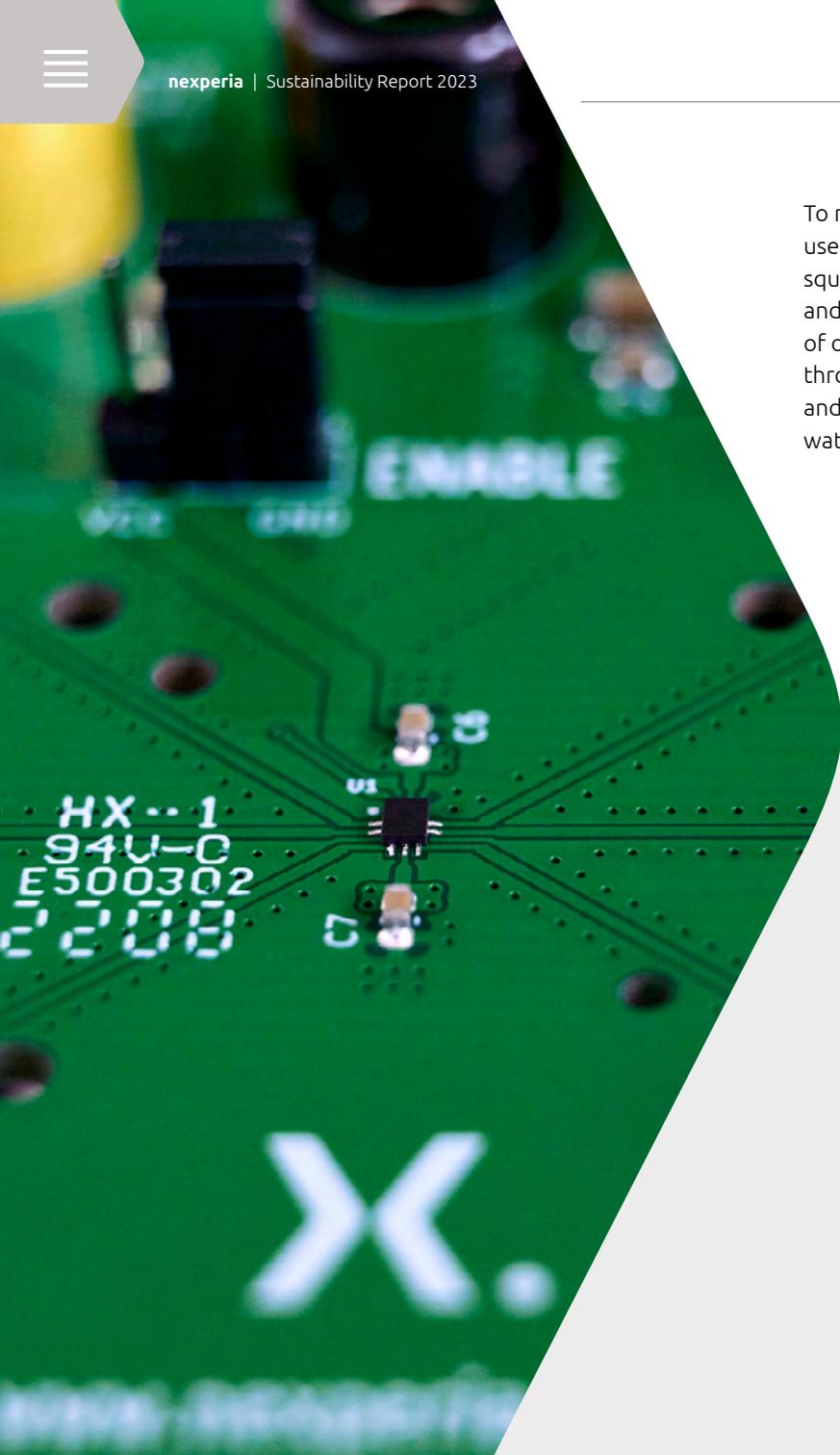


Our approach: understanding and reducing our water footprint

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 these 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 strive 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 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 2023, we reclaimed 20% of our water, amounting to nearly 1 million cubic meters of water globally.

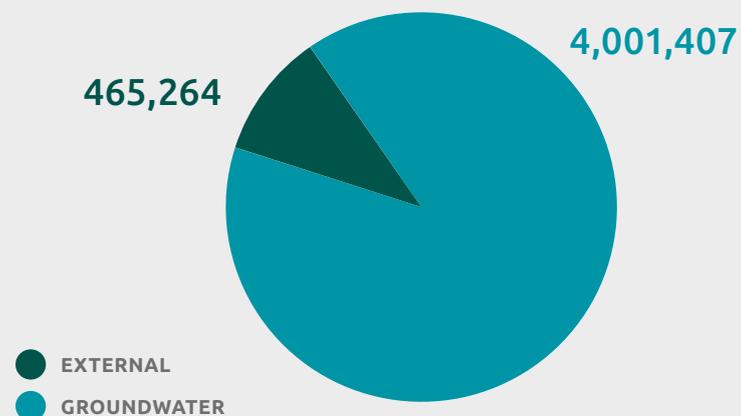


To measure and manage our water use effectively, we use the water-related KPI “cubic meters water usage per square meter produced silicon.” This KPI allows us to set and monitor yearly targets to reduce the water intensity of our manufacturing sites. We track our progress through regular EHS and Social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

Water Withdrawal 2023 – m³



Source of water withdrawal – 465,264 m³ are from own extraction (groundwater in Manchester), the rest is purchased.

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.

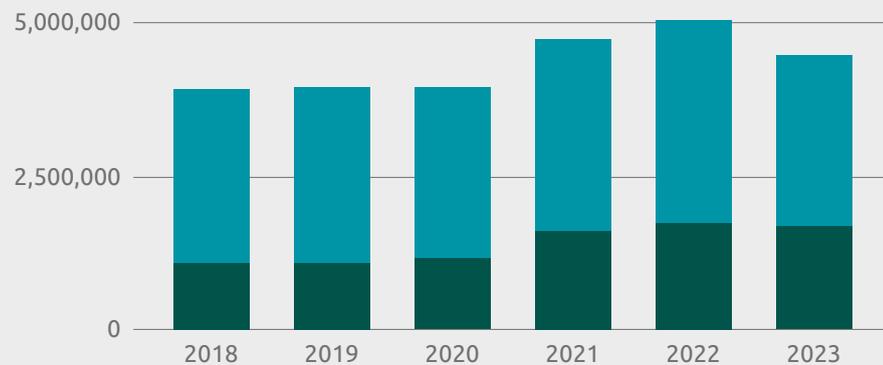
We monitor water data at the site level in compliance with local requirements. Our sites then enter their data into the Group-wide environmental data management software each quarter, where it is checked and analyzed centrally. We source approximately 90% of our water from third-party providers and extract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

Projects

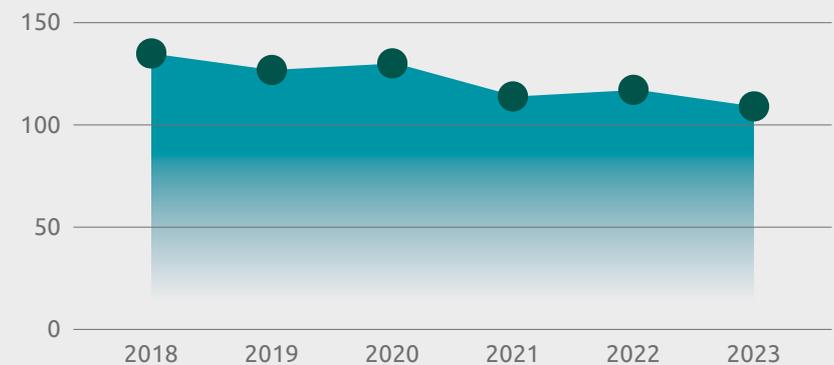
Since the foundation of Nexperia in 2017, we have continually worked to reduce our water demand on a site-level basis. This commitment is guided by our Sustainability Policy and ongoing improvement efforts. Our dedication to improving water sustainability has led to significant water savings and more 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 2022, we reclaimed 19%; in 2023, we reclaimed 20% of the total water used.

Total Water Consumption – m³

● FRONT-END ● BACK-END



Normalized Water Consumption – m³/m²



It should be noted that Nexperia acquired an additional manufacturing site in 2021. Years 2018–2020 represent 5 manufacturing sites; years 2021–2023 6 manufacturing sites. This accounts for the increase in water consumption from 2021 compared to previous years. The changing number of sites per year applies here and to the following graph.

Units in the graph for normalized water consumption have been corrected compared to last year's report.

Waste Management

Relevant GRI Standards:

3-3, 306

Overview and management approach

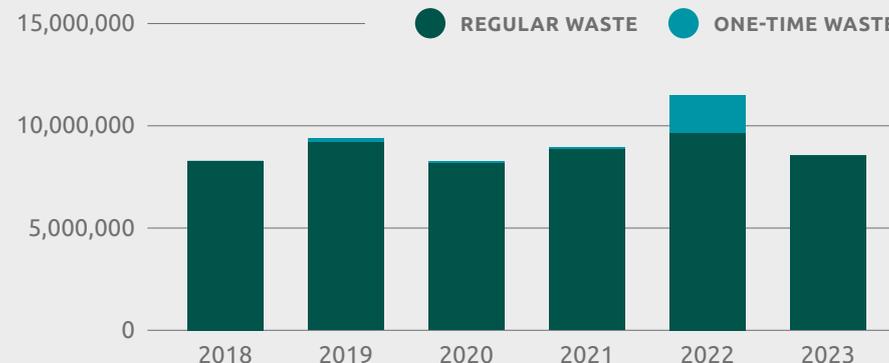
Semiconductor manufacturing generates hazardous and non-hazardous waste streams, including solvents, acids, and metal plating waste. Our operations also produce paper, plastic, wood, metal, electronic, kitchen, and general office waste. We understand that reducing or eliminating waste streams contributes to greater operational efficiencies and 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 of this report. Our commitment to reducing all waste is reflected in our Code of Conduct, 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 based on its type and specific requirements for handling or disposal. To ensure the safe and proper disposal of waste - particularly hazardous materials - we collaborate with partners who specialize in handling specific types of waste.



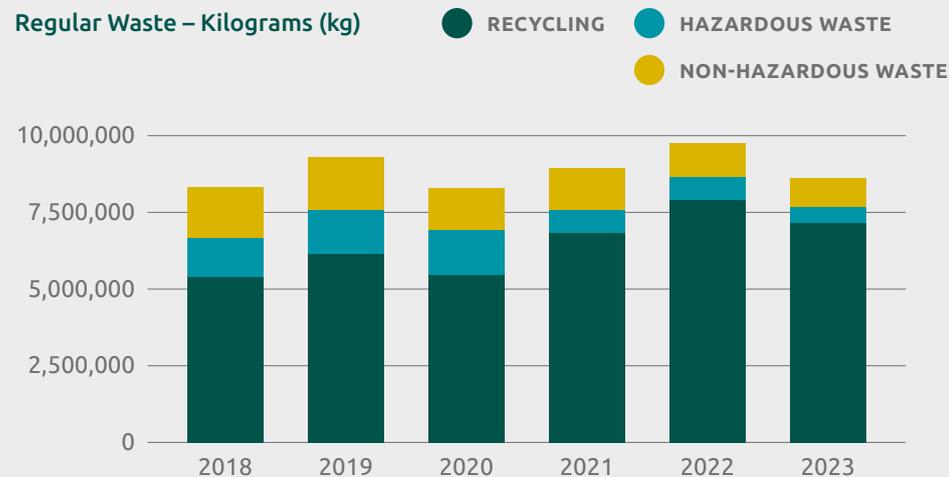
Waste – Kilograms (kg)



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.

Regular Waste – Kilograms (kg)



Our approach: reducing, recycling, and handling waste carefully

We generate regular and ongoing hazardous and non-hazardous waste in our manufacturing activities, offices, canteens. We also produce so-called one-time waste in construction and other manufacturing. Our waste handling methods for either type 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 appropriate disposal methods based on levels of hazardousness.

The main goal of our waste management is to reduce or completely eliminate waste or waste streams. For waste that cannot be avoided, we continuously seek solutions to increase reuse or recycling. In 2023, we recycled 83% of the regular waste in our manufacturing sites, based on definitions from local legislation.

At the beginning of each calendar 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. We also consolidate this data on a global level. If a site is not on target, the general environmental management teams and local staff collaborate to identify the reasons and explore potential 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.

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

In Action

At our site in Hamburg (Germany), we hold an annual campaign event to collect and recycle e-waste and metals from our employees. Collaborating with a local waste company, our staff can dispose of items that a partner then sells in the recycling market. The proceeds are donated to local charities benefiting children (see "Our Responsibility and Engagement" chapter).



Social Reporting

People Management at TeamNexperia

Relevant GRI Standards:

3-3, 401, 402, 404, 405, 406, 407

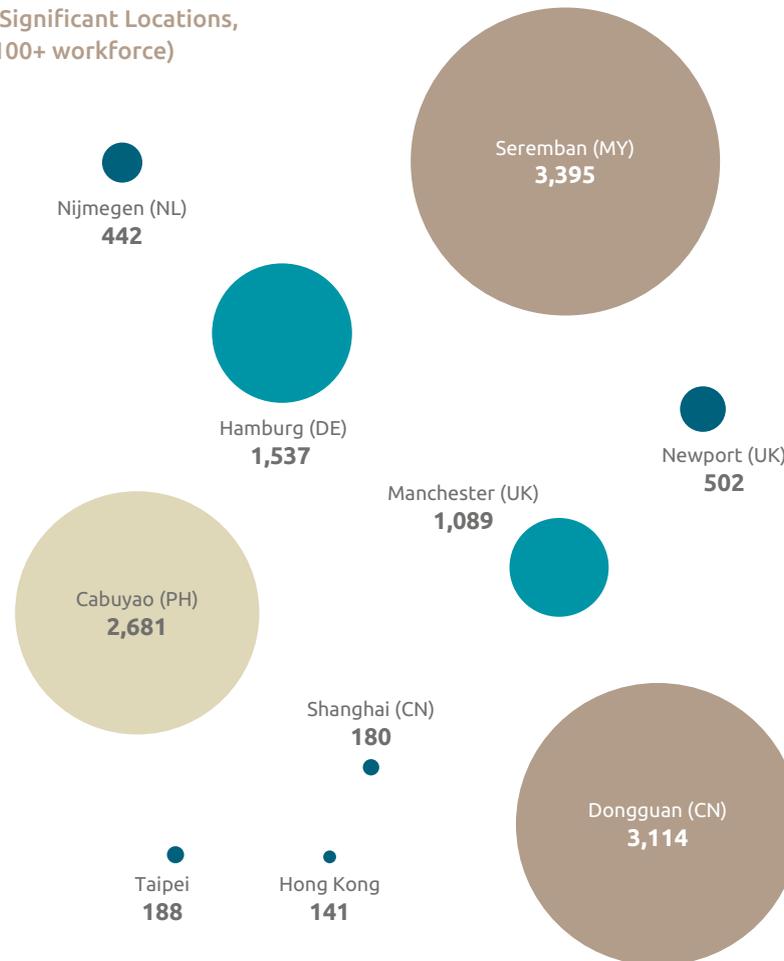
Overview and strategic approach

Nexperia's 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 multitalented, 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.

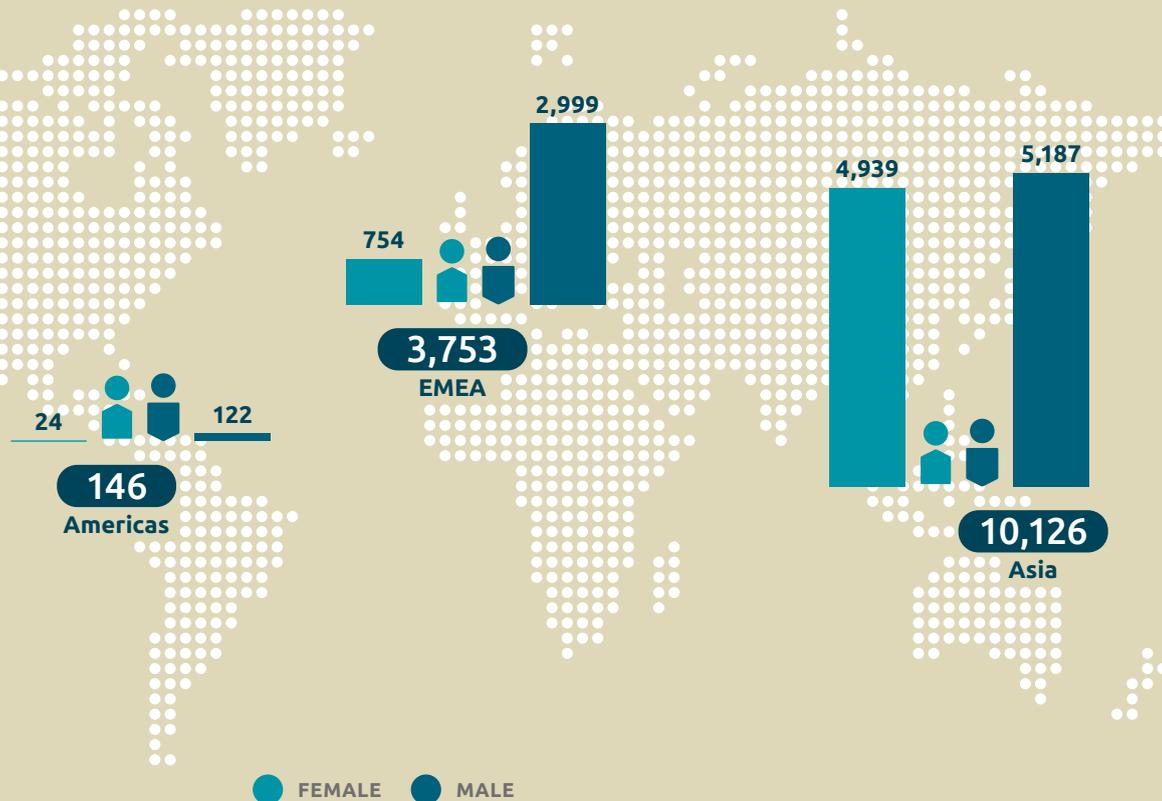


Nexperia Employees 2023
(Significant Locations,
100+ workforce)



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

Workforce
Employees by Region
(December 31, 2023)



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 2023.

We have created several policies that influence how we work, 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.

PASSION:

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

PERSEVERANCE:

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

PROFESSIONALISM:

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

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 Philippines, the Netherlands, and our UK site in Manchester, reaching a collective bargaining coverage rate of about 30% of our global workforce.

We also support the aim of the International Labor Organization (ILO) to promote and realize universally accepted labor standards. 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 the 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:

1

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

2

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

3

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), a member of our Executive Management Team (EMT), acts as a natural escalation point. In addition, our VP Head of Talent, Learning & OD has been appointed as an operational representative of HR to the EMT. We generally structure our country HR management into HR generalists, local HR specialists, and payroll experts. This structure ensures Nexperia can continue expanding 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, HR enters all employee data into the system, including 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:

Our approach addressing HR challenges



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.

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 (described in more detail 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:

- › For the second year in a row, Nexperia Germany won the "Top Company 2023" award from kununu – an online portal for employer evaluation – for being among the most popular employers in Germany, Austria, and Switzerland listed on the platform.
- › Like in 2022, Nexperia Malaysia received the "Human Resources Excellence" award and the "Employee Experience" award from Human Resources Online for 2023.



Employer Awards



Adhering to the principle that happy and engaged employees are the cornerstone of success, Nexperia Malaysia has implemented a range of innovative programs - from wellness initiatives to opportunities for professional development - to foster a supportive and inclusive work environment.

We are committed to supporting TeamNexperia and making all employees feel valued and appreciated. As part of this goal, we acknowledge the long tenure of employees who have been with us since before Nexperia's foundation in 2017. Our employees' loyalty to

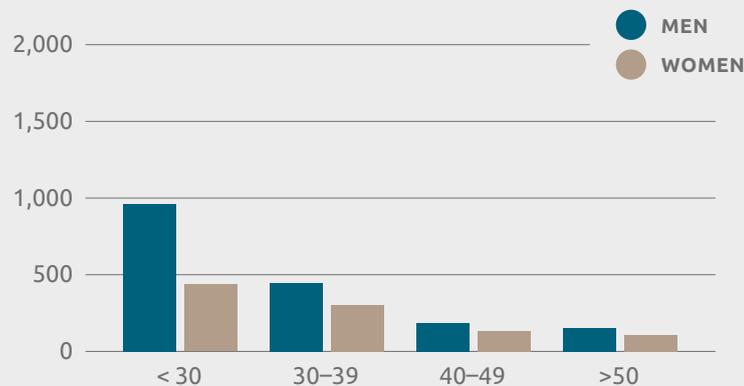
the organization and its preceding companies is also reflected in the high average length of service.

For example, in Hamburg (Germany), our average employment length is 13 years. Other regions show similar results, with 9.5 years at our site in Cabuyao (Philippines) and 8.6 years in Manchester (UK). In 2023, our employee retention rate for indirect employees reached 93.4%, indicating our ability to maintain a stable workforce over a given time frame.

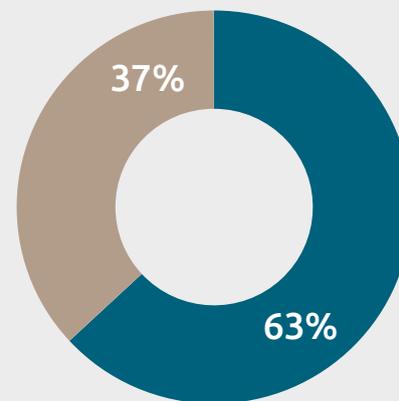
We manage the material topic of "Talent attraction and retention" as part of our HR management approach described in the "People Management at Nexperia" chapter of this report. With the help of our Human Resource Information System (HRIS), we measure the success of our initiatives and progress toward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

In addition to using the HRIS, we conduct an employee engagement survey every two years to understand our employees' thoughts, perspectives, and concerns.

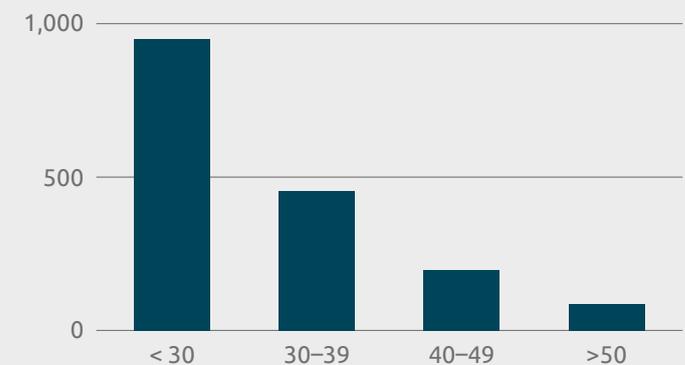
Staff Departure by Gender & Age



New Employees by Gender



New Employees by Age



Staff departure by gender and age, inclusive of voluntary resignations and other reasons for leaving, for 2023. Nexperia's employees can choose between female, male, and diverse as their gender. There were no cases of diverse people reported in 2023.

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

- › Clarity of Direction
- › Continuous Improvement
- › Employment Engagement
- › Customer Focus
- › Performance Management
- › Resources & Support
- › Manager Relationship
- › Employment Empowerment
- › Teamwork & Collaboration
- › Growth & Development
- › Recognition & Reward
- › Values
- › Well-being

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

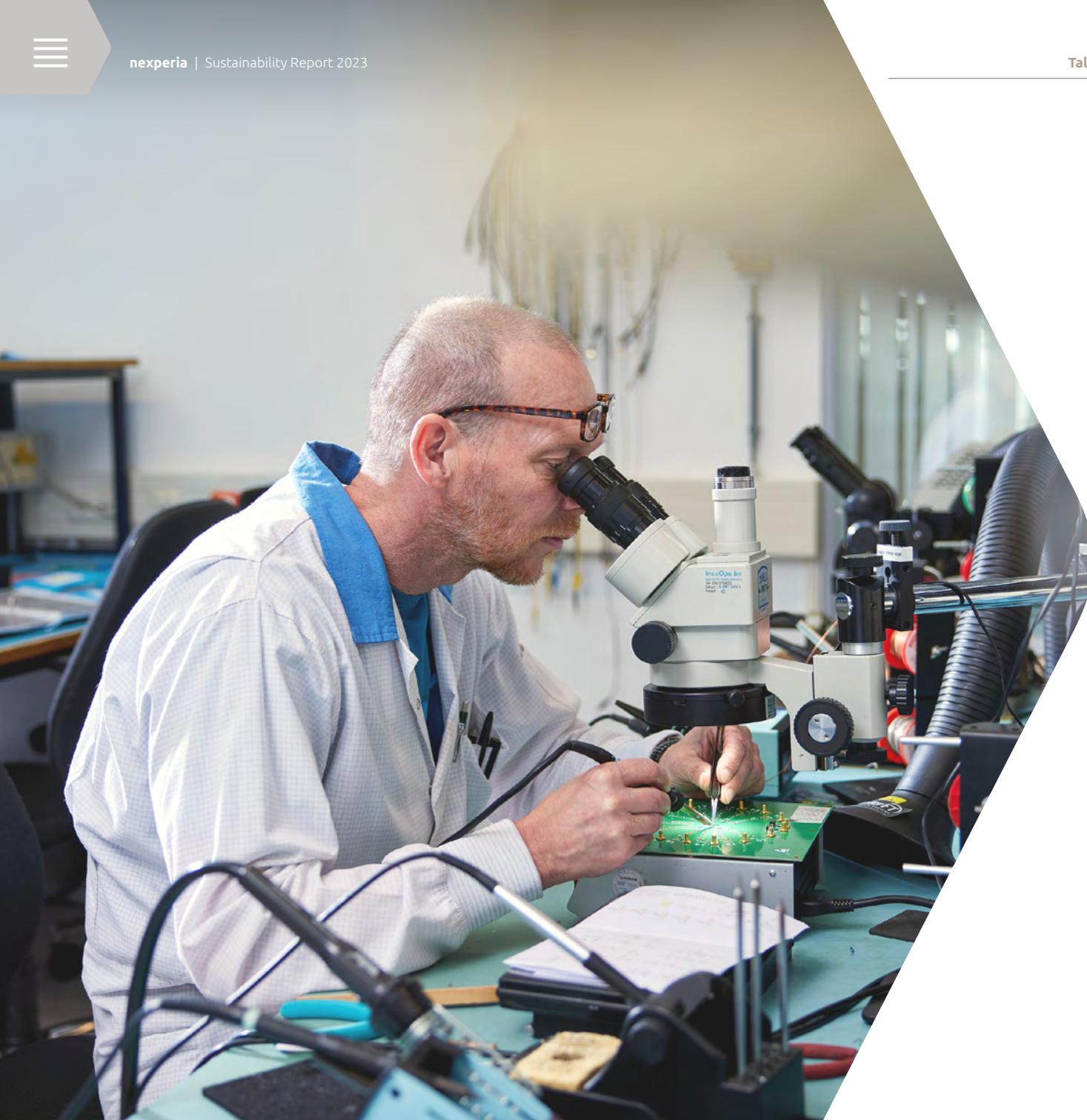
There are two important KPIs to measure the progress of our action plans: a high response rate and a high overall favorability rating. In 2023, the response rate was 93% of global employees, and the overall favorability of working at Nexperia was 84.7%, a 4.4% decrease compared to the last survey in 2021. Customer Focus is the most favorable scoring category for Nexperia overall, with all items scoring above 80% favorable.

- › Strong results for Teamwork and Collaboration, with 9 out of 10 employees agreeing that their team is committed to high-quality work.
- › Strong results with 9 out of 10 employees agreeing that Nexperia provides a safe working environment.

Despite declines across all items since 2021, our employee survey results still exceed the external norms of our providers and industry peers. Our employees have shown interest in sharing their views on improving their workplace experience (93%), and we will act on their feedback. After hosting multiple manager sessions, we have initiated 842 action plans, with actions including attending external conferences or setting up internal award programs. To reduce bureaucracy, we plan to implement the Nexperia Management Model as a common language for reviews and logical, clear, fast, and efficient decision-making (for further details, see the “Responsibility of Management” chapter of this report).

Results Employee Engagement Survey 2023





Employee benefits

We aim to create engaging work environments supported by 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. 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 are entitled to take long-term carer's leave to support family members who are facing 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.

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 92% 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	2023	2022	2021	2020	2019
Defined benefit pension obligation	51,088	50,876	62,442	71,142	52,950
Less: Pension plan assets	(12,426)	(12,196)	(10,394)	(8,635)	(7,224)
Total	38,662	38,680	52,048	62,507	45,726

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 UK’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	2023	2022	2021	2020	2019
Defined benefit pension obligation	1,705	1,788	2,870	3,080	2,810
Less: Pension plan assets	—	—	—	—	—
Total	1,705	1,788	2,870	3,080	2,810

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

\$'000	2023	2022	2021	2020	2019
Total expenses for defined contribution plan	38,114	30,887	31,488	25,097	26,929



Irene Deng

*General Manager
BG Leader IC Solutions*

“At Nexperia, we are dedicated to empowering women in their pursuit of careers in technology.

Women naturally connect more with daily life duties. Their thoughts and inputs tend to link to how products raise people’s living standards. Looking at things with different angles will help our products and services reach a broader audience. In a corporate world, women statistically show stronger desire to communicate and to resolve conflict. This brings in efficiency in corporate management. Tech sectors are largely operated in multinational manner. Communication plays a vital role. Women tends to over-estimate the challenges in having a career in tech sector. As a leader in sector, I believe in training and coaching early. As early as early childhood to plant a seed by offering creative thinking toys. I also believe in continuous mentorship program in corporate to cultivate technical and business leadership. This applies to both female and male leaders.”



Attracting young talents: our corporate trainee and apprenticeship programs

Our corporate trainee programs are a key part of our efforts to attract and retain young talent. These programs offer valuable learning opportunities and promote a culture of mentorship and growth within our company, in line with our commitment to attracting, supporting, and retaining top talent.

Nexperia has strong young talent programs at each of its major manufacturing sites to recruit and develop future leaders. In 2023, our programs in Germany, the UK, China, Malaysia, and the Philippines recruited and developed 78 graduates, with program durations ranging from 9 to 36 months. Over 90% of participants were offered permanent contracts upon completion.

In Action

In Germany, our apprenticeship program allows us to invest in the next generation of young people to become skilled professionals. The dual education system combines theoretical knowledge at schools with practical, hands-on experience in companies. Throughout the apprenticeship, participants alternate between periods of work in the Company and attending vocational school, allowing them to acquire both technical expertise and practical skills. They enter the Company directly after completing their training and embark on a qualified career in their chosen field.

At Nexperia Germany, five students attended a dual study program in 2023. This program integrates academic studies at a university with practical on-the-job training in our company. Participants alternate between classroom learning and work experience, gaining both theoretical knowledge and practical skills relevant to their field of study. This approach allows students to earn a degree while gaining valuable work experience, often leading to excellent career prospects and smoother transitions into the workforce after graduation.



Selected trainee and graduate programs at Nexperia in 2023:

Region	Total / Average	Germany	UK	China	Malaysia	Philippines
Sum of graduates	78	5	5	27	14	27
Program Duration	19 months	36 months	24 months	15 months	12 months	9 months
Conversion rate (from graduate to employee)	92%	100%	80%	100%	80%	100%
Male-Female Ratio	64/36	60/40	80/20	60/40	60/40	60/40

In Germany, students typically graduate after three years when attending the dual study program. Since 2020, eight students have graduated.

In Action

Our Fresh Grad Development Program in China helps young graduates to quickly learn and improve their skills in a 15-month training plan at Nexperia. It consists of four stages, including unified company onboarding training, departmental on-the-job training with mentors, job rotation training (optional), challenging small project assignments to enhance their own abilities and skills.

In Malaysia, our NextGEM program is a 12-month initiative for young talent. Participants follow a structured onboarding and job rotation plan, with new rotations every four months. They receive training, participate in quarterly HR development talks, undergo assessments, and receive mid-year and final reviews. Upon completion, NextGEM participants attend a graduation day where awards are presented for the top NexGEM and mentor.

In the Philippines, our nine-month Cadetship program aims to identify and develop high-potential talent. Young leaders are trained to advance horizontally and vertically within two years. The training roadmap comprises five phases, covering our culture, business processes, process familiarization, work immersion, and a project presentation. It combines theoretical and practical knowledge with technical and behavioral training objectives. Our cadets can choose between a line management or technical career path.

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 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 in 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, an internal innovation summit) to help our workforce remain creative, inspired, and connected.

EMPLOYER BRANDING CAMPAIGN

To communicate our company strengths and initiatives more transparently, we continue promoting our employer branding campaign, "Be part of something Bigger." We believe TeamNexperia's proactive involvement in employee testimonials and social media campaigns creates a more authentic picture of who we are and what we value as a company. In addition, our employer branding campaign focuses on several important topics, such as women in engineering, the onboarding experiences of new talents, and the value of building communities. In 2023, Nexperia was present at numerous campus recruitment events and sponsored several initiatives aiming to attract talents and raise brand awareness.

HOW WE REWARD REFERRALS – REFERRAL PROGRAM & CAMPAIGN

As a global company that values the diversity of our workforce, we encourage our employees to use their professional networks and refer suitable candidates for open positions. This way, our employees can help identify potential hires who have the right skills, qualifications, and cultural fit for TeamNexperia and can contribute to our growth goals.

We have two referral programs: TalentMagnet and the Global Referral Program.

Our TalentMagnet program rewards employees with gifts for each successful referral, i.e., each candidate who reaches the interview stage. The value of the gifts varies based on the number of successful referrals made by the employee.

In addition, if a referred colleague is hired into a Nexperia position, the referring employee is eligible for a payment of €2,000. This bonus is paid in the local currency through regular payroll cycles and is subject to local tax laws.

In 2023, our employees recommended 716 new candidates, 175 of whom reached the interview stage, leading to 122 hires.



Talent Development

Relevant GRI Standards:

3-3, 404

As Nexperia's success depends on our people and their abilities, it is critical to continually learn and grow together 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. 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. For example, in Hamburg and Manchester, we conduct annual performance appraisals with employees, typically 12 months after they join Nexperia and at further review intervals. In Seremban, Cabuyao, and Dongguan, every operator has a monthly KPI - including output, quality, yield, and personal behavior - determining their end-of-year performance rating and incentive payment. All newly hired direct labor employees receive a complete orientation one or two days before reporting to their workstation, covering Nexperia's policies, EHS awareness, and quality mindset.

Mutual responsibility and calibrated assessments

We take a shared approach to aligning our company ambitions, contribution requirements per position, and individual performance. As part of this approach, we expect our employees to seek clarity and feedback to improve their performance and 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 HR environment Workday 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. Employees can also use our SpeakUp Line to give feedback anonymously. This reporting tool is described in more detail in the "Business Integrity and Ethics" chapter of this report.

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

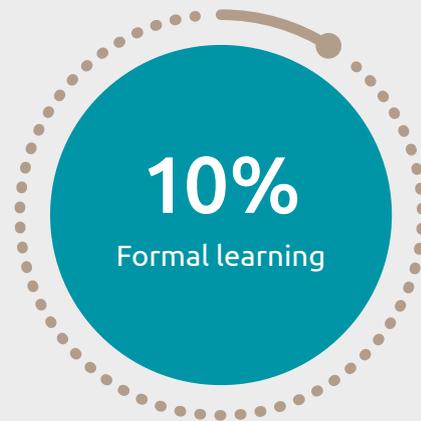
"Our success depends on our people. Growing our people to their full potential creates a strong, robust internal talent pipeline and makes Nexperia an exciting place to develop a career."

Goal setting in 2023: embedding our strategic plans

In 2023, we focused 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 employees to explicitly link their personal goals with their department’s goals and those of 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. We also introduced a feedback appraisal system in our performance review process. The aim is to provide comprehensive and balanced feedback on individual contributions. Employees are encouraged to actively seek feedback from a broader range of stakeholders, including project managers and “dotted line managers,” who oversee employees’ assignments without being their direct line managers.



Learning approach



In 2023, 86% of employee goals were linked to department goals. While goal setting has always been a part of our process, we aim to increase our impact by setting goals that are inclusive and actively monitor progress throughout the year, rather than reflecting on them at the end of the year. This explicit connection to organizational goals brings individual performance management and business performance management closer together.



To support this important step toward achieving our common aim as a company, we offered briefing sessions to all employees to elaborate on strategic planning, goal setting, and performance management. In 2024, we will further define our department goals using the Nexperia Management Model and Deep Dive approach. Our senior management teams are currently working on defining the exact goals, KPIs, and action plans to help us achieve our strategic ambition.

To ensure we use goals to promote development and improve performance – rather than assessing 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 feedback from managers and peers 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. Since 2022, we have invested in our 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 and features “performance support,” in which relevant information is presented or can be accessed in small sections to improve engagement and knowledge retention. Since we introduced this learning platform, 598 courses have been logged in the system. Forty-five power users – or “administrators” – manage the courses, and we recorded 2,649 active users in a single month. Due to high levels of demand and usage, Nexperia Academy will focus on strengthening the role of our power users in 2024. We will offer administration training, covering topics such as enrolment notification and reporting, to enable them to fulfill their role more effectively. Additionally, further e-learning training will enhance our learning content and standardize branding across learning formats. The goal for Nexperia Academy is to constantly attract our employees to upskill and reskill at anytime, anywhere.



In 2023, each employee averaged 14.3 hours of voluntary training attendance and 29.3 hours of mandatory training attendance, averaging 43.6 hours of training in total.

We recorded 612,534 hours of training from the Netherlands, Germany, the UK, China, Malaysia, the Philippines, Taiwan, and Hong Kong.

We offered 1,473 total courses to our employees. On average, each employee participated in 4.7 courses.

The following examples illustrate the course types offered: onboarding courses on topics such as Code of Conduct, Quality and Security awareness, 5S Training, and EHS Training; technical courses on Work Instruction Writing, our Manufacturing Risk Assessment Tool (MRAT), and First Aid Training; audit training on IATF 16949, ISO 14001 and 45001; behavioral courses on Stress And Anxiety, Conflict Resolution, and Customer Satisfaction; and voluntary courses on Python, 7 habits, and Toastmasters presentation.



Average training hours per employee in 2023

14.3

Voluntary training hours

29.3

Mandatory training hours

1,473

Different courses

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, 44% of our leadership positions have a succession plan, and by 2024, 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.”



Promotions at Nexperia

Our HR business partners work closely with their business counterparts to support the career growth and development of their teams. Once a year, all promotion nominations are reviewed by our Management Team and HR business partners. This cadence ensures our talents have the opportunity to grow into more advanced positions and can help drive Nexperia's continued business success.

In 2023, we advanced 5.6% of our team members through internal promotions.

Promoting women into leadership position is also a key focus. We are currently working to implement and further intensify initiatives to support the successful career development of female managers (see the “Diversity, Non-Discrimination, and Inclusion” chapter of this report).

The Nexperia Talent Program

Talent development remains one of Nexperia's key priorities. The Global Talent Programs are integral to our people development and retention strategy, designed to engage, develop, and retain our high-potential talents. In 2024, Nexperia will continue offering four signature programs, each targeted at a different job level: Key Young Talent for graduates, Connections group for individual contributors, Emerging Leadership for people managers, and Nexperia Leadership for director-level employees. These intensive programs aim to accelerate the leadership skills and readiness of our talents in line with company growth. We select participants based on their leadership potential within Nexperia, and the curriculum is designed to foster their development as current and future leaders and catalysts for innovation and growth. This is achieved using the Nexperia Management model, which will help us to reach our mission and 2030 goal.

We ensure that every cohort has strong talent earmarked as successors or with clear potential as successors and balance the groups in terms of department, country, and gender representation. The program runs over a six-month period in both Europe and Asia, utilizing our site facilities. During this time, our talents have multiple opportunities to work on business and personal leadership objectives, and to model Nexperia's best practices, culture, and values.



Development goals, strengths, and opportunities

To reinforce our commitment to developing our employees as professionals - both in their existing roles and future careers - we ask them to define personal development goals along with 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.

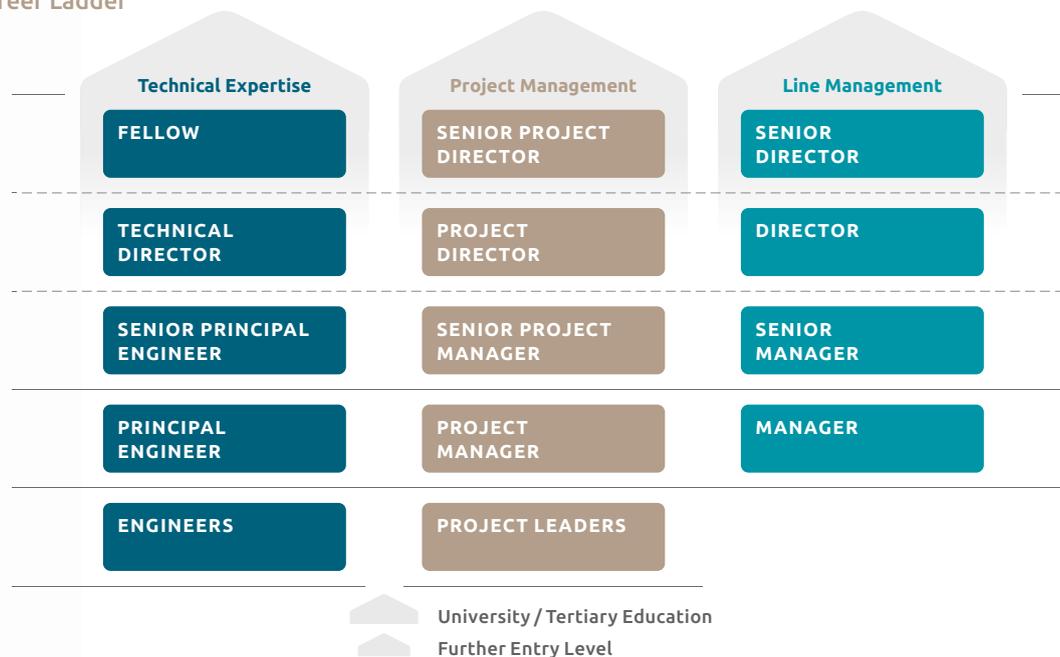
Our career ladder

Traditional job evaluation typically attributes the impact of subordinates to managerial positions. As a result, higher-level positions tend to be managerial. People looking to advance their careers often need to add managerial accountability to the point where they must relinquish their expert activities to focus on managing other experts. At Nexperia, we believe top-level experts can bring value to the Company that equals or even far exceeds that of their managers. Additionally, we wish 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 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

5 GENDER EQUALITY



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 common 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 various backgrounds, cultures, and skill sets, we gain a wealth of perspectives that stimulate creativity and 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 among all stakeholders and the communities where we live and work. Therefore, we do not tolerate any form of inhumane treatment such as harassment, bullying, public shaming, verbal abuse, or discrimination based on factors such as race, nationality, skin color, gender, religion, age, pregnancy, health, sexual orientation, socio-economic background, physical or mental ability, or political affiliation.

To strengthen our commitment to diversity and inclusion (D&I), we launched an official D&I strategy in 2023. It comprises three main goals:

Diverse workforce

Leadership

Inclusive culture

To achieve these goals, we developed a four-pillared approach based on:

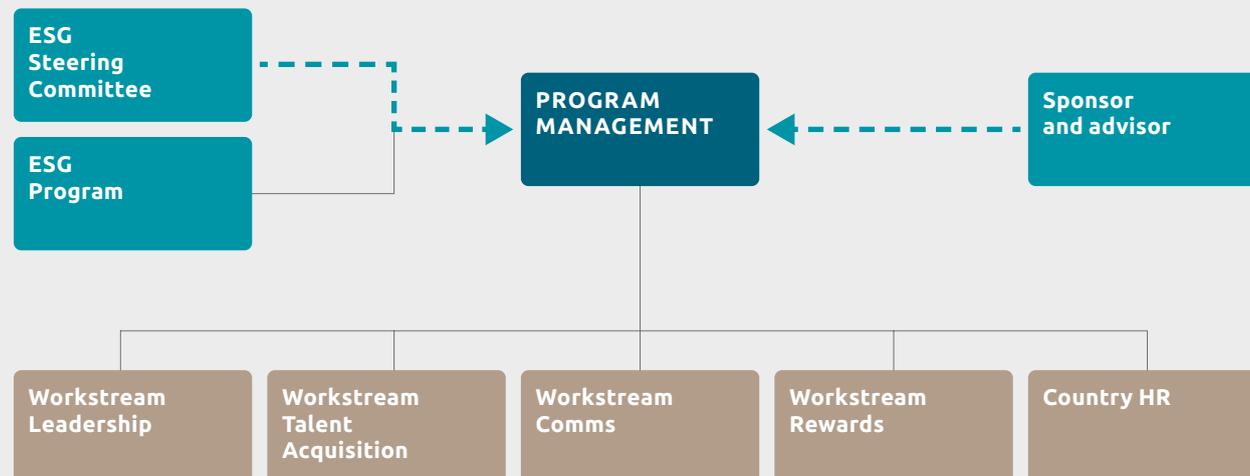
1. **Maintaining inclusive, diverse, and fair hiring practices**
2. **Empowering leaders to champion D&I within their teams**
3. **Supporting pay equality**
4. **Fostering an inclusive culture and activating D&I ambassadors**

We support these pillars with comprehensive communication measures as the foundation of our D&I strategy.

We manage the material topic of “Diversity, non-discrimination, and inclusion” 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 our Chief Human Resources Officer (CHRO). Our D&I strategy combines global governance and subject matter expertise with localized activation, allowing us to balance a holistic approach with the needs of each Nexperia location.

The topic of “Diversity, non-discrimination, and inclusion” is also within the management scope of our Compliance Department and Ethics Committee (EC). The EC comprises our Chief Operating Officer (COO), Human Resources Director, Senior Director Legal, and Head of Global Audit. The EC meets at least once a quarter and 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.

D&I Program governance



Diversity & Inclusion Program

D&I PROGRAM: Driving positive change

OUR COMMITMENT

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.

OUR GOALS

**DIVERSE
WORKFORCE**

LEADERSHIP

**INCLUSIVE
CULTURE**

OUR APPROACH

Maintain inclusive, diverse, and fair hiring practices

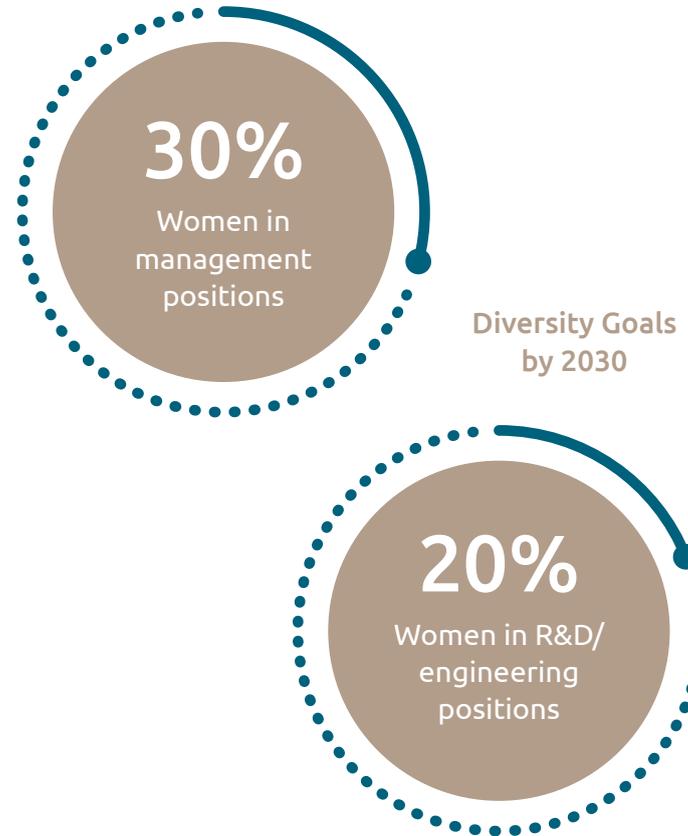
Empower Leaders to champion Diversity and Inclusion within their teams

Support pay equality

Foster an inclusive culture and activate D&I ambassadors

FOUNDATION

COMMUNICATIONS



Our roadmap includes concrete targets for the number of female employees in departments where women are currently underrepresented. By 2030, we aim to increase the number of female employees in our research and development (R&D) and engineering departments, management positions, and Executive Management Team (EMT).



Helene Heyer

Senior Director, Global Head of HR, Technology and Operations

"I am proud to work for a company that cares about gender diversity in leadership positions.

As an HR professional and a mother, I do believe that women leaders are critical to the success of our company, by bringing different perspectives and experiences that enable more creativity, support diversity of thoughts in problem solving and ultimately drive better solutions. By encouraging and supporting women in leadership positions, we will foster a more diverse and inclusive workplace, which is needed in the high-tech industry.

I am also excited to be part of Nexperia's Global Women Initiative group to help support women's development, coaching and mentoring. By building a strong network and sharing best practices, women at all levels of leadership can gain experience and confidence in reaching one's full potential and make a stronger impact on our company."



During the reporting year, we accelerated our D&I Program by prioritizing the areas of hiring practices, inclusive culture, and communication with the following company-wide measures:

Approach

Maintain inclusive, diverse, and fair hiring practices

Measures

- › Conducted an unconscious bias awareness session for the Global Talent Acquisition team.
- › Updated our hiring processes, such as implementing a global guideline and automated “structural interview feedback” in our HR system.
- › Updated our job descriptions and adverts with more inclusive language and D&I statements.
- › Activated D&I ambassadors within the Talent Acquisition (TA) team at each site to implement initiatives and campaigns, such as “Female colleagues Interview in China” (WeChat Campaign) and “National and ethnical diversity video campaign.”
- › Engaged our TA D&I ambassadors in continuous professional development and D&I certifications.

Approach

Foster an inclusive culture and activate D&I ambassadors

Measures

- › Nexperia Manchester set up a Women in Nexperia Employee Resource Group (ERG) for female employees in Manchester (all roles and departments) to discuss professional development resources and opportunities and empower each other.
- › Nexperia Malaysia was recognized by the Ministry of Human Resources at the Life at Work Awards (LAWA). As the second runner-up, Nexperia Malaysia was lauded for its female empowerment initiatives, including mentorship, leadership development programs, and educational and skill development.
- › Nexperia Philippines introduced a Communication Philosophy, which engages and empowers individuals in the art of meaningful interaction. The site also continues nurturing young and newly graduated engineers through comprehensive training and expert guidance.

Approach

Communications

Measures

- › Integrated D&I questions into the Code of Conduct training, with a focus on unconscious bias.
- › Launched Women in Nexperia ERG in early 2024.
- › Launched Pride ERG.
- › Celebrated various cultural and religious practices through employee communications channels and social media.

Activities for 2024 and beyond

Building on the strong D&I foundation we laid in 2023, our efforts in 2024 and beyond will focus on the following measures to reach our D&I goals:

Approach

Maintain inclusive, diverse, and fair hiring practices

- › Reaching diverse talent through alternative and specialized channels and campaigns.
- › Updating recruitment guidance for hiring managers with a stronger D&I focus.
- › Continuing unconscious bias campaigns for recruiters and hiring managers.
- › Scaling our data analytics in the D&I space.

Approach

Empower leaders to champion D&I within their teams

- › Establishing a Female Leadership Program.
- › Embedding a D&I focus into People Managers' materials.
- › Updating the Nexperia Academy with microlearning on culture and inclusion, which we will integrate into onboarding and talent management procedures.

Approach

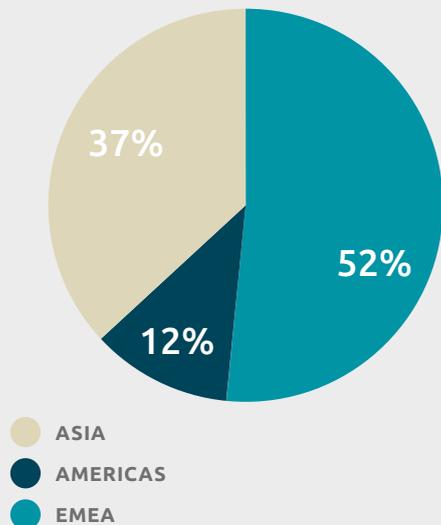
Foster an inclusive culture and activate D&I ambassadors

- › Cultivating employee feedback through a D&I survey.
- › Scaling our knowledge database of D&I content through our internal Sharepoint environment, community pages, and external D&I page on our career website.
- › Conducting mentorship programs (target groups to be defined based on D&I survey results).
- › Scaling D&I ambassadors and employee resource groups (ERGs).
- › Establishing Global Women in Nexperia ERG, Pride ERG (Europe/US), and Neurodiversity ERG.
- › Hosting leadership talks at various sites, such as TeaTalk with Senior Female Leaders in China.

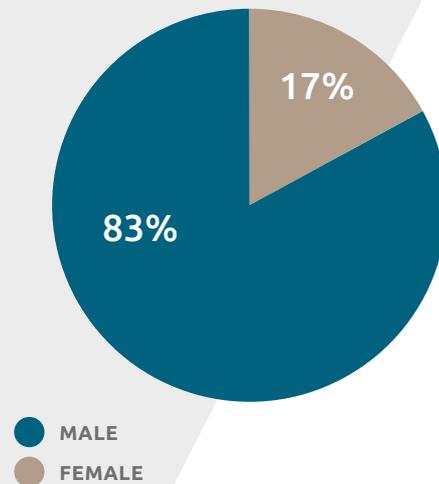
Our approach: ensuring equal opportunity for all

Our global workforce is diverse in professional discipline, nationality, gender, race, culture, ethnicity, language, age, religion, and sexual orientation. We 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



Total number of senior managers in 2023: 1.086

We have developed our holistic D&I strategy to go beyond our existing decentralized approach. In addition to increasing underrepresented demographics, we focus 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 that reinforce our values. We mirror these expectations in our Sustainability Policy and 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 on their rights. When 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 Line is described in more detail in the chapter “Business Integrity and Ethics” and 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 non-discrimination. These programs include our Social Responsibility Auditable Standard Policy and due diligence procedures that accompany our RBA membership, including RBA Self-Assessments.



Tomas Sheppard

Talent Acquisition Manager

“Diversity & Inclusion is a vital topic for a global company like Nexperia. D&I in the workplace can help create an environment where all employees feel equally involved, supported and represented without having to conform or change who they are to fit in and succeed. When employees feel comfortable and appreciated in the workplace they have an increased ability to share more openly, drive innovation and challenge the status quo with their diversified thoughts and ideas. This environment ultimately increases employee satisfaction, retention and confidence in creativity enabling us to seize new opportunities and grow together.

Everybody performs best when they can proudly be themselves at work. Having a PRIDE Network in a large organisation such as Nexperia is important as it can provide a safe space for LGBTQ+ employees and allies to connect on important topics whilst sharing advice when needed. The Network acts as a community for LGBTQ+ employees to connect and work toward growing a support network for those who may need it.”



Targets, data development, and KPIs

The topics of diversity, equality, and anti-discrimination all include fair pay. To ensure our compliance, we maintain a pay philosophy based on fair pay principles, covering base pay, short-term, and long-term elements. Additionally, we use third-party data to compare our wages and salaries against industry benchmarks. We determine our remuneration and any associated individual changes based on objective criteria, regardless of gender. We aim to balance global and local incentives with our remuneration levels, supported by stringent checks and safeguards.

As part of our Nexperia D&I strategy, we aim to eliminate any possible gender pay gap. We also understand that gender pay equality cannot be achieved through policies and guidelines alone. The actions we are taking encompass promoting pay equity and improving gender representation across all levels of our company. To support pay equity, we have introduced a new talent review model and merit matrix system to further objectify our performance measurement and changes to individual remuneration.

Improving gender representation across all levels of our company is an important step in achieving gender pay equality. One of the challenges we are actively addressing is the low percentage of female workers in

the semiconductor industry. We continuously benchmark the external talent market to identify opportunities to correct the gender representation imbalance. Currently, 40.75% of our global employees are women.

Correcting the imbalance in gender pay equality includes 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 significantly lower than in other fields. At the same time, this challenge also presents new opportunities. As part of our Nexperia D&I strategy, we have set clear targets to increase the percentage of women in our leadership and engineering roles.

Diversity and inclusion campaigns

PROMOTING CULTURAL AWARENESS

We create opportunities to learn about the different people and cultures at Nexperia through internal and external channels, such as our employee newsletter, X.press, and social media accounts. These initiatives - combined with our employer branding campaigns and accompanying materials - celebrate D&I while raising cultural awareness. As part of this approach, we use video, photography, and other content to show the diversity of our workforce (across backgrounds, positions, and locations), allowing individuals to share their unique stories and perspectives.

HIGHLIGHT: NEXPERIA CELEBRATES INTERNATIONAL WOMEN IN ENGINEERING DAY

TeamNexperia values and recognizes the strong women in our engineering teams. To support International Women in Engineering Day, we share the stories of female engineers at Nexperia, celebrate their achievements, and encourage new generations of women to take up careers in engineering. In 2023, we shared stories internally and externally, covering why they love what they do and how they entered the field of engineering.

We are committed to achieving a minimum of 30% women leaders by 2030. This target is reaffirmed in our social KPI, stipulated by Nexperia's first Sustainability-Linked Loan (see chapter "ESG Risk Rating"). In addition, we are committed to increasing the percentage of women in R&D and engineering to 20% by 2030. To reach these concrete targets, we have developed a holistic approach for 2024 and beyond, including a dedicated female leadership program and Women in Nexperia Employee Resource Group. We are also exploring targets on geographical representation, generation, and age cohorts. With 25.1% women in management positions in 2023, we were able to increase the number of female leaders from 24.1% in 2022, and from 17.6% (2022) to 18.6% in 2023 for women in R&D and engineering.

We believe these goals also need to be reflected at our highest levels of management. In 2023, we had a 8.3% share of women in our EMT and aim to continue increasing gender diversity in our EMT until 2030.

Women in management positions

25.1%
currently

30%
by 2030

Women in R&D/engineering positions

18.6%
currently

20%
by 2030

Diversity and inclusion campaigns

WOMAN IN NEXPERIA EMPLOYEE RESOURCE GROUP (ERG)

In Q4 2023, over 20 women from Nexperia sites worldwide joined forces to start the Global Woman in Nexperia Group. EMT member Irene Deng is a co-founder and outspoken ambassador of the group. The ERG aims to inspire, educate, coach, and connect with all the women at Nexperia and inspire them to achieve their full potential.

ACKNOWLEDGING RELIGIOUS CELEBRATIONS AND CULTURAL TRADITIONS

In 2023, we began showcasing various religious celebrations and diversity days through our internal channels and employee systems. This initiative aimed to acknowledge the diverse religious backgrounds and cultural traditions of our employees from around the world. We will continue these efforts in 2024, extending their reach globally and including more internal channels.

Guaranteeing labor and human rights

Relevant GRI Standards:

2-23, 2-24, 2-25, 3-3, 407-1, 408-1, 409-1



Overview and management approach

Around the world, companies play a vital role in implementing and respecting labor and human rights. As a global organization, Nexperia understands that labor and human rights are some of our most important topics, both within our own company and our partners across our supply chain. We embrace the responsibility to uphold human rights, prevent violations, and safeguard people and the environment. We also strive to make sustainability and social responsibility part of our daily work (more details in the “Responsible Sourcing and Supplier Engagement” chapter). Overseen by our general HR Management and our new Human Rights Office and Compliance management structures, our programs aim to ensure we treat all people with respect and dignity.

We have formalized this approach in 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 (ILO) standards. These efforts are also reflected in 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 all Nexperia employees the right to collective bargaining.

Our Sustainability Policy commits us to maintain an 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. In addition to these measures, the workers’ councils at our sites work closely with Nexperia management teams to create and maintain positive working environments for all employees.

Nexperia’s commitment to human rights

Since our foundation in 2017, we have been dedicated to protecting human and labor rights. We publicly reinforced this commitment by signing the UN Global Compact and supporting the UN’s 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Our priorities and protocols in this area are detailed in our company-wide Code of Conduct, Sustainability Policy, and Policy Statement on human rights and environment-related due diligence obligations (applicable to Nexperia Germany GmbH). We have aligned these documents with leading international human and labor rights frameworks such as the Universal Declaration of Human Rights (UDHR), the ILO Labor Standards, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the SDGs.

OUR COMMITMENT TO PROTECT HUMAN RIGHTS

In 2023 and early 2024, Nexperia Germany implemented several measures to comply with the German Supply Chain Due Diligence Act. They included appointing a Human Rights Office and publishing a Policy Statement on human rights and environment-related due diligence obligations. This document defines the steps and measures we take to identify, prevent, and mitigate potential human rights abuses across our business activities.

Relevance of human rights

According to the UDHR, human rights are fundamental rights that every individual possesses from the moment they are born. These include the right to dignity and liberty, as well as fair and equal treatment. Nexperia is committed to protecting and promoting these rights while contributing to the betterment of society.

Implementation within our organization

We implement our measures, processes, and policies relating to human and labor rights based on our Social Responsibility Management System. It includes policies, standards, and procedures such as our Code of Conduct, Supplier Code of Conduct, Sustainability Policy, and Social Responsibility Auditable Standard. Since joining the Responsible Business Alliance (RBA) in June 2017, we have also aligned our Social Responsibility Management System with the provisions of the RBA Code of Conduct.

Our newly established Human Rights Office (HRO) is tasked with further developing Nexperia's human rights strategy and measures. The Human Rights Office consist of our Director Legal and Head of Sustainability.

Human rights due diligence

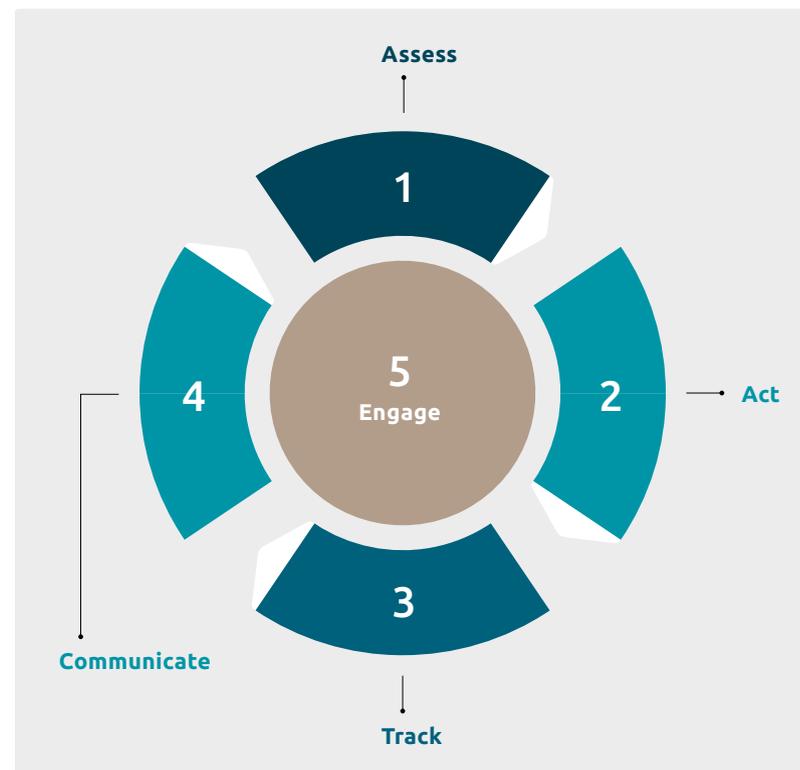
We employ a human rights due diligence approach to mitigate any unfair treatment or harm to individuals. It comprises five key elements:

1. Assessment to identify and prioritize risks
 - › At our manufacturing sites, we conduct regular RBA self-assessments and internal audits for labor, human rights, and social responsibility compliance according to the RBA's Validated Assessment Program (VAP).
 - › For our suppliers, we conduct annual risk assessments and, based on the results, perform social responsibility audits (see the "Responsible Sourcing and Supplier Engagement" chapter).
2. Actions to create positive impacts
3. Tracking to measure our progress
4. Communication to share our progress
5. Engagement with stakeholders to increase our positive impacts

In addition to human rights topics, our due diligence approach applies to all aspects of Nexperia's Code of Conduct and Supplier Code of Conduct.

Remedy and grievance mechanisms

Any violations of human rights or other topics covered in our Code of Conduct can be reported via our grievance mechanisms, described in the "Business Integrity and Ethics" chapter.



Health & Safety

Relevant GRI Standards:

3-3, 403



Overview and management approach

The health and safety of our employees is our highest priority. We continually work to ensure that everyone at Nexperia – 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 foster 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 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 and warnings and/or administrative controls, and personal protective equipment.

We enforce mandatory safety training for all employees before they commence work and base all our safety training and activities on local risk assessments. Through these actions, we follow our corporate health and safety philosophy of “Vision ZERO.” This prevention approach 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, restricted workdays, medical treatment beyond first aid, lost workdays, and fatalities.

Along with our internal policies, we promote safety through our membership in the European Semiconductor Industry Association (ESIA). Every year, we provide ESIA with safety data from our European manufacturing sites, including the number of recordable cases, days away from work, working hours, FTEs, total case incident rate, severity rate, and other indicators.

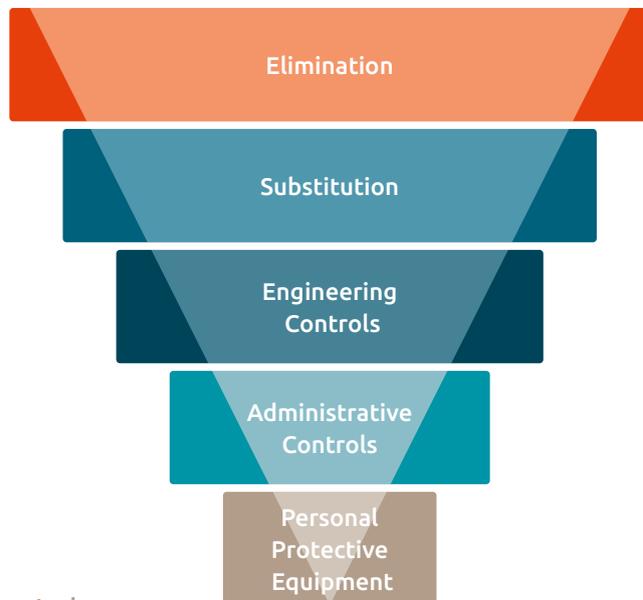


Since Nexperia's foundation, we have supported the well-being of our employees to ensure they feel secure, happy, and healthy at work. We organize various well-being and health-related services at our locations, including on-site nursing and doctors, medical and healthcare events such as vaccinations and screenings, and healthcare services. More specific examples can be found later in this chapter.

Our Health and Safety (H&S) Management System is a component of our EHS Management System (detailed in the "Environmental Management at Nexperia" chapter), which is an integral part of our integrated Nexperia Management System. Our H&S Management System covers our headquarters and manufacturing sites and is certified to ISO 45001, the globally recognized Occupational Health & Safety Management Systems standard. Compliance with the

requirements of the management system standard is verified through external audits by the certification body. We have also developed robust health and safety programs and initiatives to safeguard our team members, partners, contractors, and visitors. This approach ensures we follow our internal programs and results in the same way we follow all national and international laws and regulations. Our non-certified sites – primarily our offices – must still comply with minimum

environmental and occupational health and safety requirements using the "EHS Management System Light" approach. We have converted this procedure into a checklist detailing the key issues these locations must evaluate. It also helps their responsible personnel check and document our compliance with laws relating to occupational health and safety and the environment.



Hierarchy of controls

In addition to audits and reviews required by the Occupational Health and Safety Management Systems 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 from 0 to 100 – with 100 being the highest. In 2023, Nexperia achieved a risk score of 90.4, equating to a low-risk assessment. Both our RBA membership and Social Responsibility Auditable Standard are described in more detail in the "Responsible Sourcing and Supplier Engagement" chapter.



As we manage health and safety using our EHS Management System and structure, the same organizational setup and positions described in the “Environmental Management at Nexperia” chapter 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. We also guarantee our employees access to occupational health care, which occurs either directly on-site or in a nearby contracted facility.

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. In addition, we guide our daily business using procedures from relevant health and safety topics, such as 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 specialized manner, following our Chemicals Management System. To protect our employees and facilities, we have strict safety protocols based on risk assessment and management measures, including technical safety measures, clear procedures, and continual education and training. We also prioritize emergency response skills related to chemical management, such as conducting regular evacuation exercises and practicing for emergencies. Additionally, we require all our industrial sites to have employees with professional emergency skills, and our larger offices must have employees trained in emergency response.

Guided by our Management System and Vision ZERO, all employees must immediately report accidents, injuries, or any unsafe equipment, practices, or conditions to a supervisor or appropriate team member. These measures have yielded exceptional results: zero fatalities since our foundation and zero high-consequence work-related injuries. These data points include employees, temporary workers, and contractors. In 2023, we also recorded zero work-related ill health incidents.

Training on H&S

We define our various training courses in individual learning plans that apply to all employees. We provide our employees with information about their site, legislation, and responsibilities, combined with specific knowledge about safe work systems, clean room safety, working with chemicals, handling machinery, first aid, and emergency procedures. In addition, we frequently communicate all relevant health and safety topics and developments and reinforce security and safety. We provide all training and communication in an employee’s native language or another they can easily understand. For visitors and external parties working for or on behalf of Nexperia, we supply all relevant health and safety information, and some must also complete appropriate training before commencing work in our facilities.

Ongoing COVID-19 response management

The COVID-19 pandemic persisted in 2023, although with notable improvements compared to previous years. Nevertheless, we continued maintaining a safe working environment while navigating the pandemic's unique challenges. At the beginning of the year, we saw only a limited number of cases that did not impact our operations. Despite this positive trend, we remained vigilant and equipped all employees at our manufacturing sites and offices with the necessary tools and protocols to prevent spreading the virus. Building on our experience from the initial outbreak in 2020, our crisis management team, supported by dedicated local teams, continued monitoring the local, national, and international COVID-19 risk landscapes. Our crisis management team ensures Nexperia complies with all remaining COVID-19 regulations.

We extended our working-from-home policies throughout 2023. They include providing the necessary IT infrastructure to facilitate digital collaboration and support e-learning opportunities for our employees. We will continue adapting to the situation as it evolves, prioritizing the safety and welfare of our employees while aligning with the most current guidelines and recommendations.

Our approach: safety in all situations

SEVERITY RATE

Number of lost workdays per 100 full time equivalent employees (ESIA definition)

TOTAL CASE INCIDENT RATE (TCIR)

The number of new recordable cases per 100 full time equivalent employees

LOST WORKDAYS

Total number of workdays that employees miss due to occupational injuries or illnesses

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 our employees' and temporary workers' basic needs to maintain their health and safety according to occupational health and safety labor standards. 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 2023, we set a health and safety target to reduce our total case incident rate (TCIR) by 10% below the median of the past five years, equating to a rate of 0.18. Over the year, we achieved an average total case incident rate of 0.26 across all sites, slightly higher than our goal. Most cases recorded were minor incidents in the categories of “fall or slip” or “being struck by/against/caught in, under, or between 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 20 lost workday cases (LWC) in 2023, an improvement compared to 25 in 2022. In addition to our KPIs, we measure and quantify our Severity Rate, which was 2.67 in 2023 and lower compared to 2022. Our individual sites often use further 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.

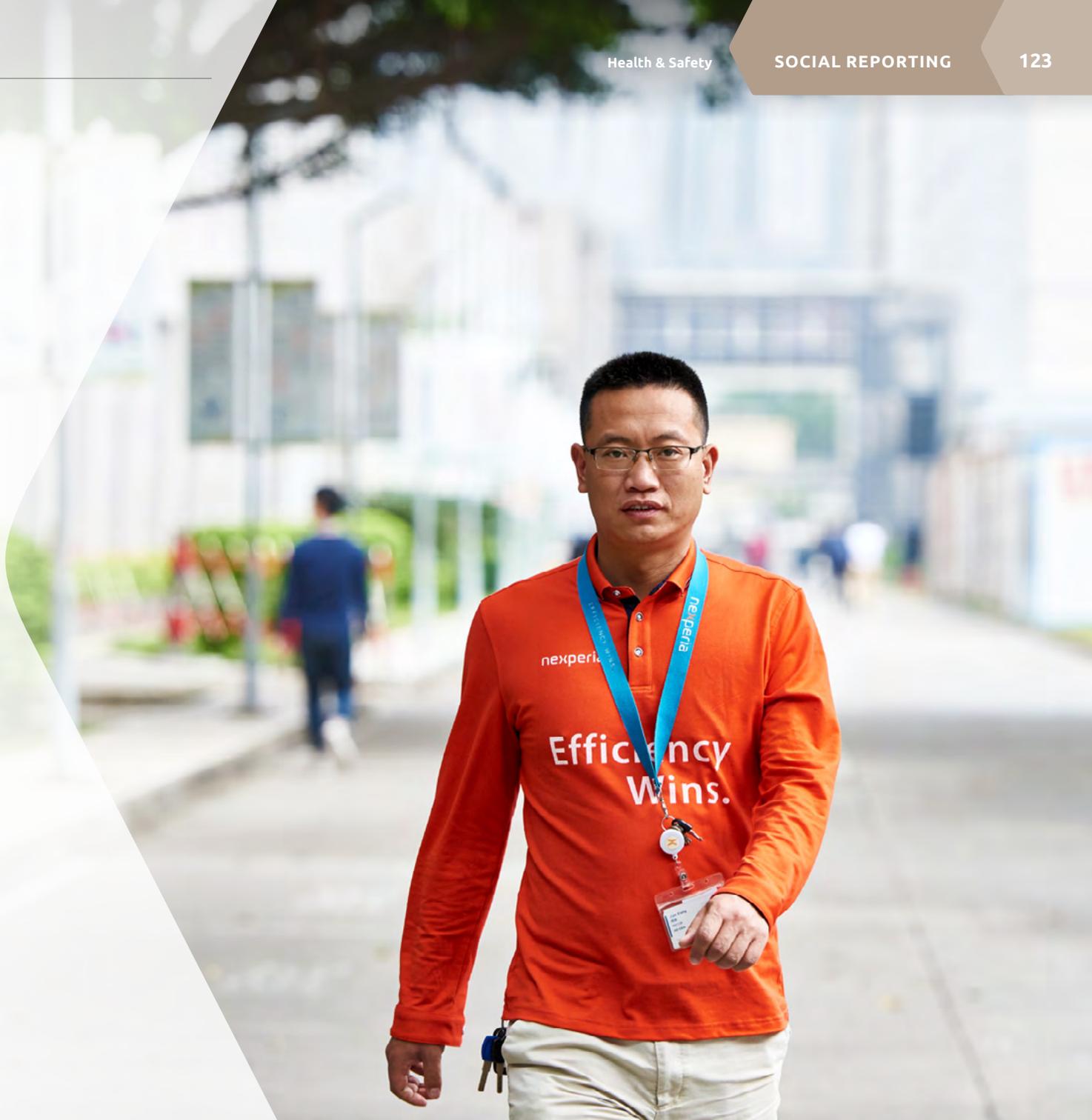
A general assessment is also part of our Business Continuity Procedures. In our daily operations, the most common work-related incidents (in order of frequency) include falling and slipping, being struck by or against an object, and being cut by sharp edges or objects. To prevent high-consequence injuries, 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 the “Business Integrity and Ethics” 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 a bi-annual well-being week featuring various activities for the body and mind. In 2023, we offered mindfulness training, an anti-stress workshop, Pilates courses, instructions for ergonomic work posture, a dietician presentation, healthy lunches, various screen-off breaks such as puzzles, and much more.





IN ACTION

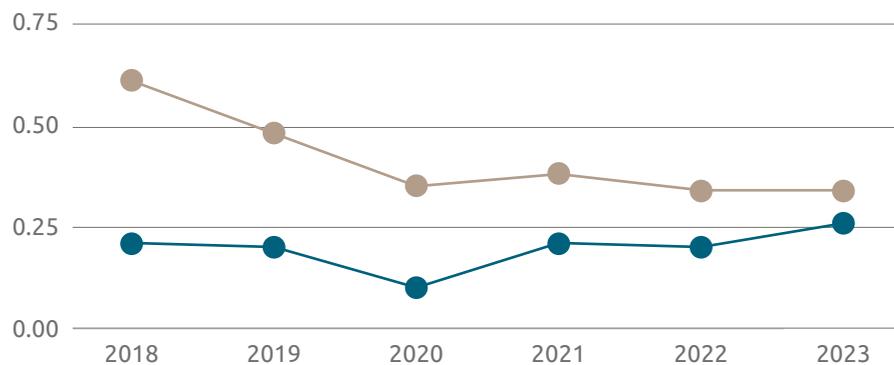
In Malaysia, our site in Seremban holds regular health talks throughout the year. Once a year, it organizes a health and safety fair where employees can learn and participate in different activities to raise health and safety awareness.

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 and yearly influenza waves. Our measures 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 on 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 activities such as table tennis and table soccer to encourage off-screen breaks. To support regular sports and movement, it also arranges weekly kick-boxing group lessons. At Nexperia's Hamburg site (Germany), the HR team organized a health day for employees in cooperation with a health insurance

Total Case Incident Rate

● NEXPERIA ● ESIA

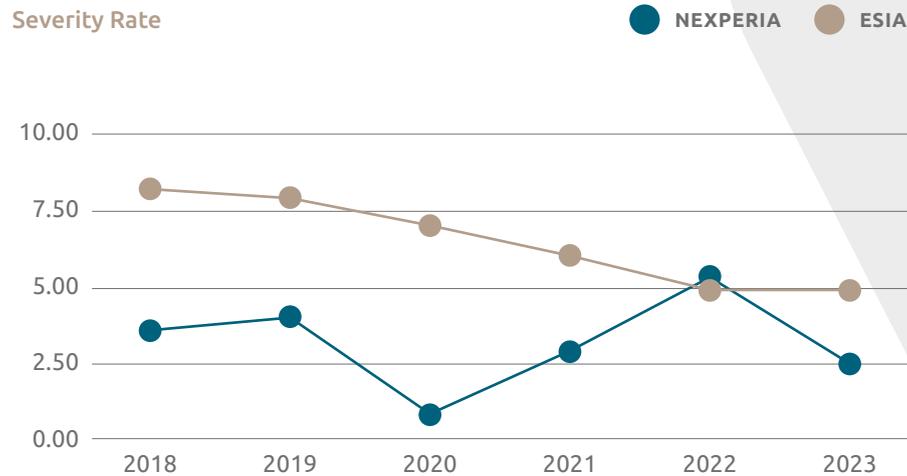


Nexperia monitors the total case incident rate (TCIR) as a Key Performance Indicator (KPI) for the effectiveness of its OHS Management System. Comparing Nexperia's TCIR with ESIA's TCIR, enables the evaluation of the maturity level of Nexperia's OHS Management System.

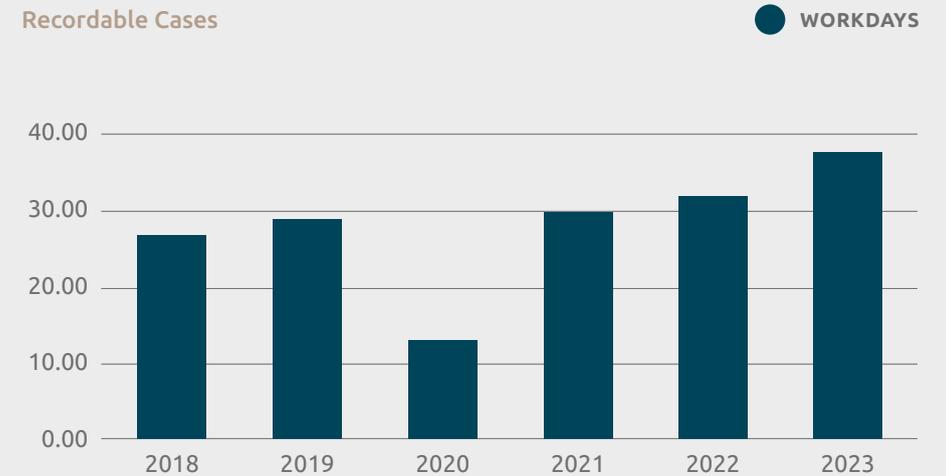
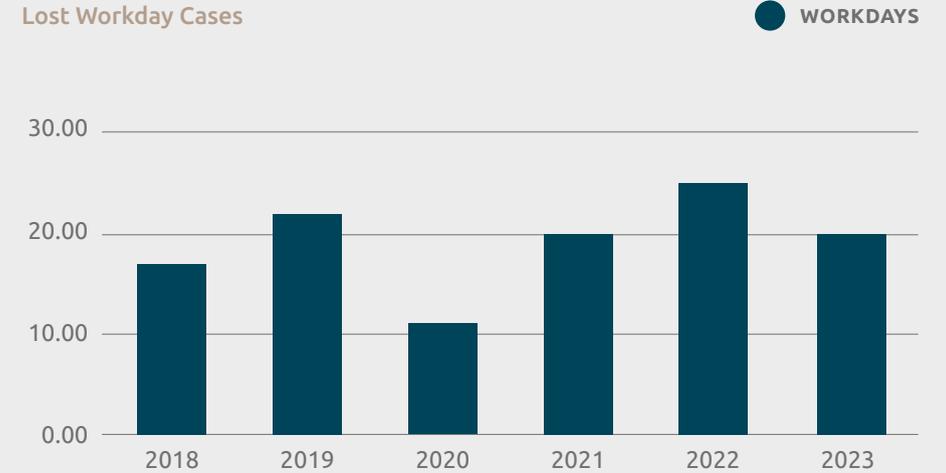
To improve the accuracy of Nexperia's TCIR data, we reviewed and updated the historical records from 2017 to 2023 for all sites, using the Sustainability Tool 2.0. Previously, our sites reported lost workday cases (LWC) due to severity and resulting time away from work. Recognizing the importance of comprehensive reporting, we have now included restricted workday cases (RWC) and medical treatment cases (MTC) as per the Occupational Safety and Health Administration's (OSHA) TCIR criteria. This has led to the revision of historical data across all sites to reflect these additional categories.

company. These efforts aim to reduce stress, improve physical and mental health, and prevent work disruptions and extended absences. Our site in Manchester (UK) also has a focus on these areas, managing cases with processes to help employees successfully return to work in cooperation with their line managers.

Health and safety are crucial components of our secure and sustainability-oriented 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.



Our Responsibility and Engagement – Corporate Citizenship

Social activities on the local, national, and global level

We believe it is important to give back to the communities where we live and work. We do this by supporting various social and environmental initiatives and encouraging employees to take part in activities that benefit their communities.

Throughout 2023, Nexperia and its employees took action at local, national, and international levels. Together, we contributed to the Company's uncompromising support for the UN's Sustainable Development Goals (SDGs).

Our corporate citizenship actions primarily focus on:

SDG 3 – Good health and well-being

SDG 4 – Quality education

SDG 5 – Gender equality

SDG 12 – Responsible consumption and production

SDG 13 – Climate action



“At Nexperia, we aim to make a difference! We believe in giving back to the communities where we operate as a company – and live as citizens.”



Examples of Nexperia's corporate citizenship actions in 2023

Health and well-being



Our employees' mental and physical health is one of our highest priorities. Therefore, several of our sites offered awareness days or programs in 2023. For example, in May, our site in Seremban (Malaysia) held a health screening program for employees in collaboration with the LPPKN (National Population and Family Development Board), reaching 250 people. The screenings featured various indicator checks, including Body Mass Index (BMI) assessments and tests to evaluate stress, cholesterol, and glucose levels.

Several other sites, such as Budapest, Nijmegen, and Manchester, organized health days or sporting events during the reporting year.



#MentalHealthMatters
Raising Awareness

Education



In addition to advancing our employees' professional and personal development, we work to nurture the bright minds of tomorrow. The Hamburg team (Germany) hosted 40 brilliant children for Kids' Future Day 2023 in cooperation with the Micro:bit Educational Foundation. Working in small groups, the children could either build solar-powered catamarans and take part in a race or receive a crash course in computer programming. These family days at our sites are valuable opportunities to hone children's curiosity and create fun environments that foster interest in technology.



Diversity and inclusion



We believe embracing diversity, gender equality, and inclusion is fundamental to our growth as a company and as people. A recent milestone for Nexperia was the foundation of our LGBTQIA+ community by employees from around the world (see the chapter "Diversity, Non-discrimination and Inclusion" for more details). The community's first meeting was in November 2023 and aimed to stimulate diversity and inclusion at TeamNexperia.

With a similar goal, members of our Communications and Branding team initiated a pilot project on International Women's Day. At our headquarters in Nijmegen (Netherlands), the team launched a discussion and networking event to amplify the conversation on equality and help women advance in the organization. We also promoted female empowerment on International Women in Engineering Day, sharing stories of our female engineers, celebrating their achievements, and hoping to inspire a new generation of young women to pursue careers in engineering.



Environment



Keeping the environment clean is a major focus of TeamNexperia in Malaysia. Thirty employees from our Seremban site volunteered for a CSR beach cleaning day at Pantai Saujana. The beach is a 40-minute drive from our premises, and we organized the session in collaboration with Port Dickson City Council. In parallel, around 100 employees from the Seremban site took part in a Hiking & Cleaning initiative, combining exercise with picking up litter for a cleaner natural environment. In Cabuyao (Philippines), our EHS Team organized a tree-planting event. Working with community volunteers, 22 Nexperia employees from our local management team and various departments planted over 150 hardwood seedlings provided by Nexperia. Their hard work will directly contribute to a greener and healthier local environment.



“Join us in creating a greener future! Be part of the solution, not the pollution.”



Community engagement



In Dongguan (China), Nexperia employees work with children in the Yuxing Special School. During their breaks, volunteers spend time with the children to play games, study, and try new food. Additionally, they planted flowers and plants to create a greener campus. Nexperia employees also engage in community actions such as providing companionship to elderly people and donating books and clothes to remote mountain towns and disaster areas.

Employees in Hamburg (Germany) donated €6,000 to the local children's charity Dunkelziffer e.V. The charity, launched in 1993, offers therapy and support for children and young people affected by sexual violence. Nexperia's Hamburg team generated its donation throughout the reporting year via a collection and recycling campaign for electronic and metal waste. Our



employees were proud to contribute to the charity's crucial work of providing young people and their families with emergency services, safe spaces for counseling, and legal support.

Nexperia also made direct financial contributions to important social and humanitarian causes. In 2023, we donated €50,000 to the UNHCR for emergency response and recovery following the devastating earthquake in Turkey and Syria.



Governance Reporting

Responsibility of Management

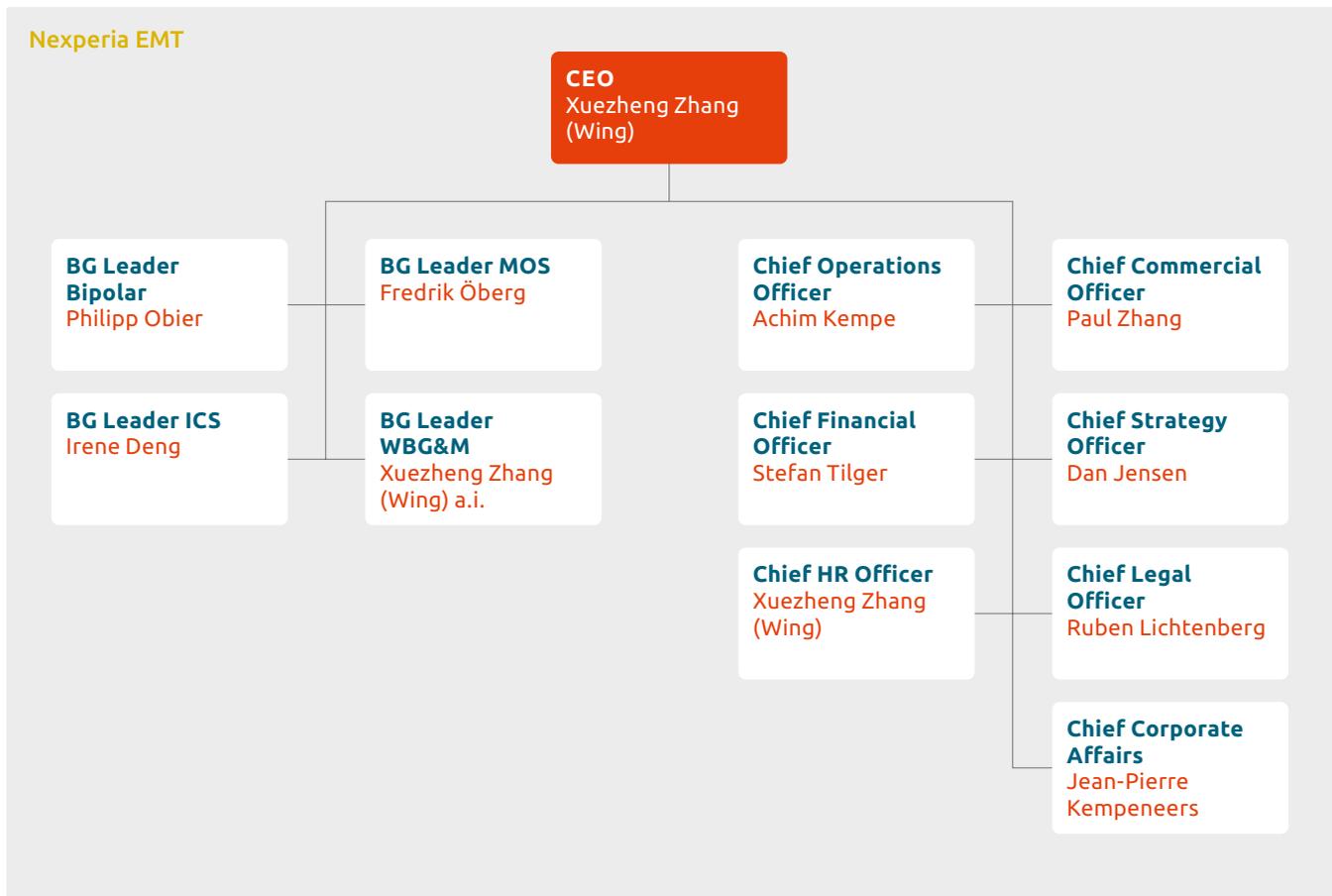
Relevant GRI Standards:

2-9, 2-10, 2-11, 2-12, 2-18, 2-24, 2-25, 2-26, 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. A company's 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 and Chief Legal Officer. 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 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 below, 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 our customers and the market, leverage company resources, and achieve excellence in all our core processes and support functions.

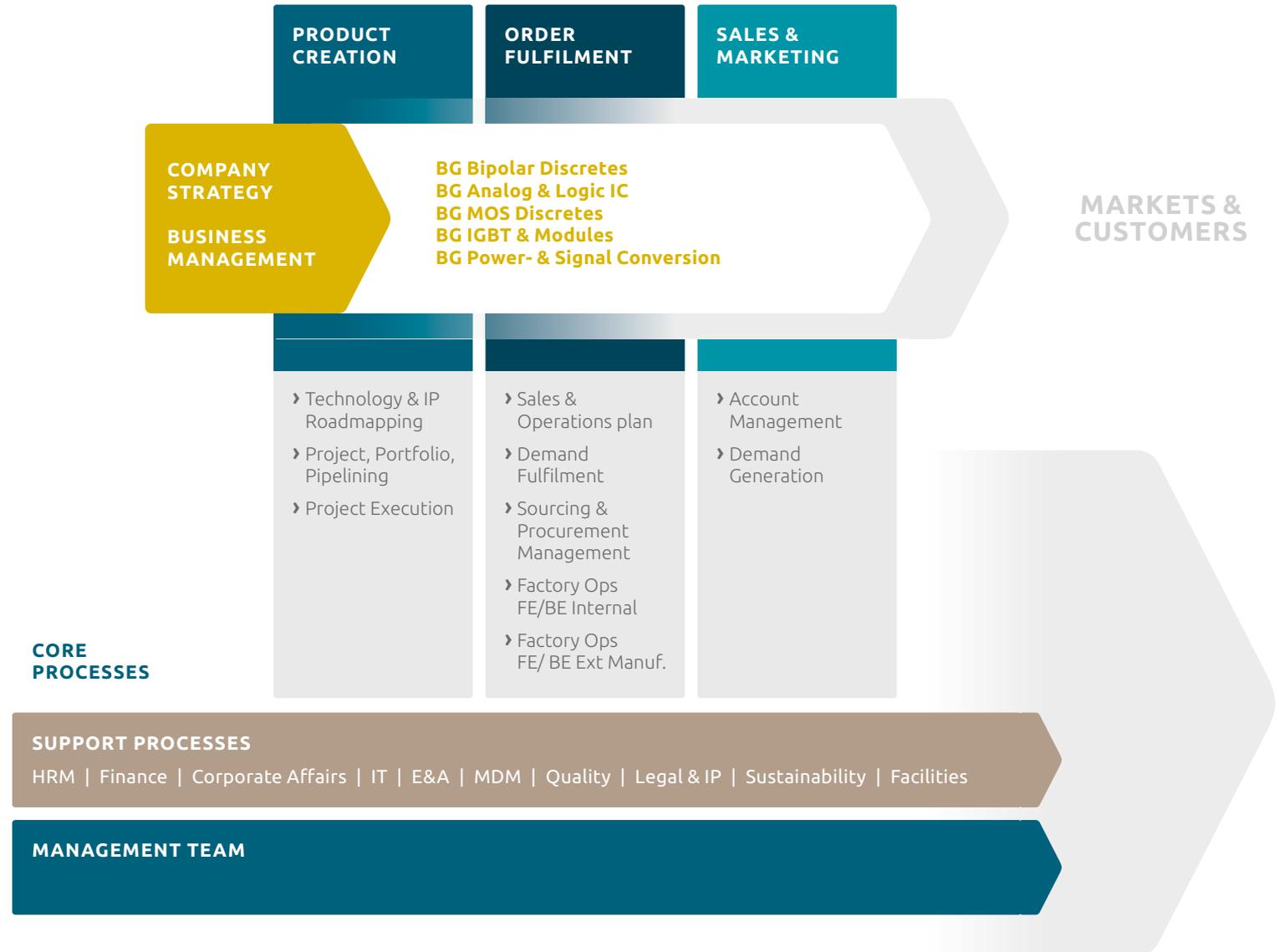
See chapter “Our EMT” for further information on Nexperia’s Executive Management Team.

At the end of 2023, there were changes to our EMT. Dr. Ke Jiang, Toni Versluijs, and Mark Roeloffzen left Nexperia, and Philipp Obier joined the EMT as the new BG Leader Bipolar Discretes, while Fredrik Öberg joined as the new BG Leader MOS Discretes. Additionally, in early 2023, Ronald van Cleef passed away unexpectedly. Dirk Wittorf, VP Corporate Strategy & Chief of Staff, Strategy & Governance a.i., has since served as the interim Head of Strategy. At the start of 2024, Jean-Pierre Kempeneers joined Nexperia as Chief of Corporate Affairs, succeeding Charles Smit, who retired.

Our matrix organization has three main clusters:

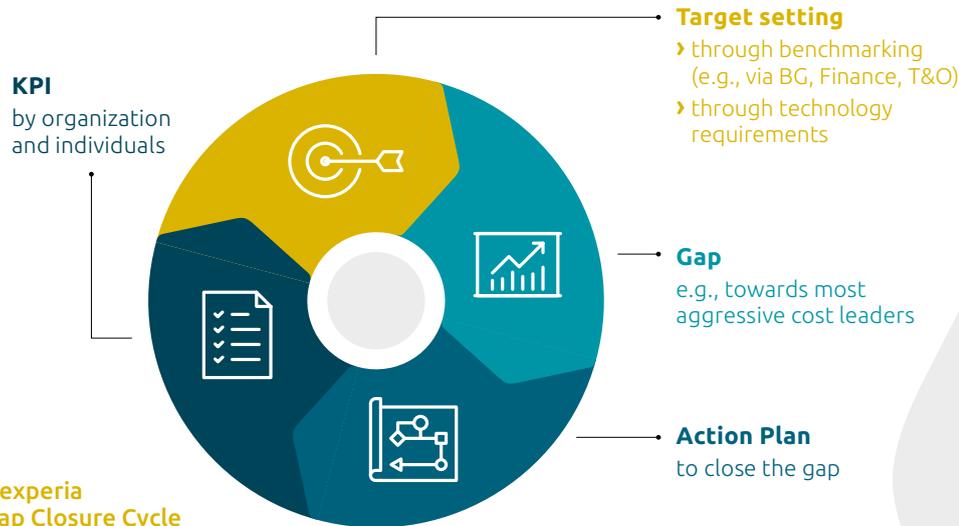
- › Business groups (BGs) that are the entities responsible for achieving business results.
- › Core processes that build our core competencies and leverage the most effective ways of working to achieve our business goals in product creation, order fulfilment, and sales and marketing.
- › Support functions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

Nexperia Processes



As of February 2024, Nexperia operates in four business groups: BG IC Solutions (ICS), BG MOS Discretes (MOS), BG Bipolar Discretes (BD), and BG Wide Band Gap, IGBT and Modules (WIM).

Nexperia management model



Nexperia Gap Closure Cycle

One process to come from target setting, via gap identification, to action plan and KPI setting

Nexperia management governance

From vision and mission to strategy and action plans

Every employee contributes to Nexperia's strategic goals and its vision and mission



NEXPERIA'S THREE STRATEGIC FOCUS 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.

Key organizational principles and policies

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. Our strategy enables us to outline strategic directions and activities to further enhance Nexperia's competitive positioning and achieve its company objectives.
4. We have defined core processes (Product Creation, Order Fulfilment, and Sales and Marketing) and several support functions and processes.

The leadership of our core and support processes is responsible for:

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

Driven by our Quality Policy, our quality commitments ensure:

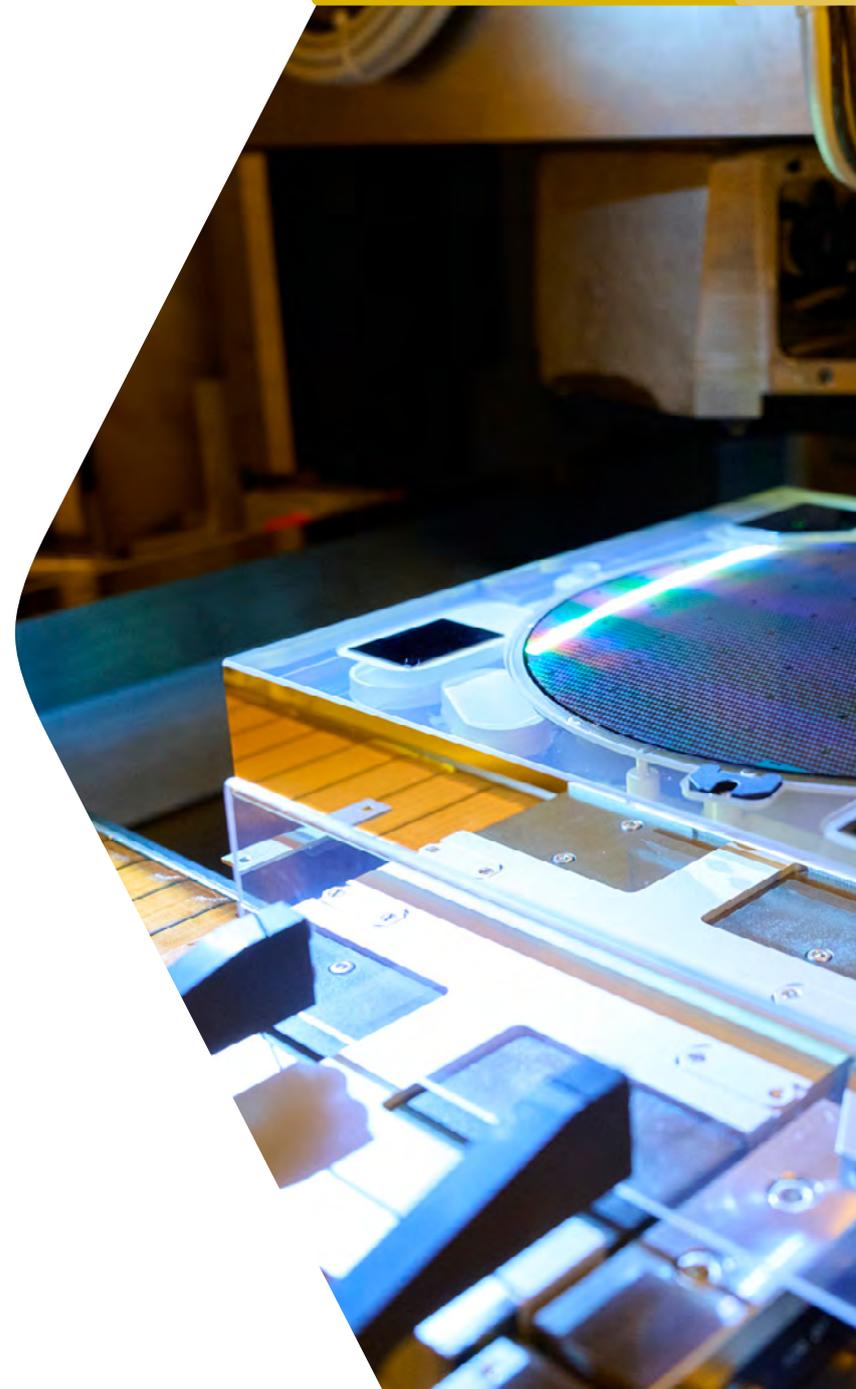
- › We aim for zero customer incidents in our standard
- › We promote that everyone is responsible for quality
- › We have recognized leadership in quality
- › We maintain a company-wide focus on quality

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 rolled out a new Code of Conduct campaign in 2023. 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. Therefore, 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. They include 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 learning and continuous improvement. To support these aims, we established a comprehensive, group-wide approach 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 this continuous improvement process. It enables our board and EMT to achieve steady business enhancement and identify and remediate negative impacts where possible.

As every issue that is not addressed could affect the quality of our products, we are committed to empowering our employees to actively participate in quality improvement. We prioritize employee development to ensure our team members can act as creative problem solvers and our managers as excellent mentors and coaches. Consequently, we see high levels of active engagement in our quality improvement across all teams. In addition, our EMT focuses on problem elimination rather than mere reduction, underscoring our commitment to understanding critical issues and enabling us to take more targeted and effective corrective actions. 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 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 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:

2-15, 2-16, 2-23, 2-24, 2-25, 2-26, 3-3, 205, 206, 415

Global Code of Conduct campaign 2023

What's your limit?

Introduction and management approach

We are committed to conducting our business with integrity and complying with all applicable laws and regulations. We support these aims with robust policies and procedures that prevent corruption and promote ethical business practices across our operations and supply chain. We address all relevant business ethics risks using our ethical risk assessment procedures. In August 2023, we launched a global campaign titled “What’s your limit?” to promote our updated Code of Conduct and encourage our employees to speak up if they encounter any suspected violations. The launch included a letter from our CEO outlining the behavior, ethics, and values that underpin Nexperia's high standards for business conduct.

Overall, the Code of Conduct aims to foster a clear, strong, and consistent culture of ethics across our entire organization. It covers a broad range of sustainability and compliance topics and includes various other policies, such as anti-bribery and whistleblowing.

Our Ethics Committee (EC) is operationally responsible for our ethics and compliance management. It comprises a dedicated team of executive leaders that ensures all employees, suppliers, and business partners understand and comply with our business ethics standards. The EC is responsible for governing and interpreting our Code of Conduct and ensuring it communicated and implemented effectively. It also advises the Executive Management Team and reports on the current status of Code deployment. Additionally, EC members oversee investigations to ensure all misconduct reports and supporting actions are appropriate and complete.

“Compliance to our Code of Conduct is non-negotiable. It is the basis of how we operate.”

What's your limit?

When is it *bribery*?

We all love receiving (and giving) gifts, but with business contacts, we must be very careful and always professional. Anything worth more than EUR 100,- must be reported to your manager or Ethics Liaison directly. Whether it's a gift card or event tickets, a branded keyring or an expensive watch, make sure it's not a bribe by making sure you discuss it with your Ethics Liaison first.

If someone reached your limit:
Call SpeakUp Anonymously

What's your limit?

How much does a *secret* cost?

Information is valuable, and sharing it in the wrong place can cost more than you think. Whether it's Nexperia's intellectual property, our partners' product roadmaps or your former employer's process flow, it's confidential for a reason. So, keep it to yourself, because breaking our code of conduct isn't worth the price.

If someone reached your limit:
Contact SpeakUp Anonymously

What's your limit?

When is it *harassment*?

When you make someone uncomfortable through verbal or physical contact, such as shouting, aggression or unwanted touching, whether it involves male or female colleagues, it can still be harassment, which is unacceptable and against our Code of Conduct.

If someone reached your limit:
Call SpeakUp Anonymously

“Our Code of Conduct is the guiding document that raises awareness about all forms of unethical business conduct, including corruption, bribery, and harassment.”

In 2023, all members of TeamNexperia attended a mandatory Code of Conduct training. We conduct this training annually and monitor participation. The next round is scheduled for November 2024. In the meantime, new employees must complete the training and sign the Code of Conduct during their company onboarding. Our Code of Conduct training guides employees on conducting business in line with Nexperia's core values and principles. The main topics cover how we treat our colleagues, suppliers, and customers and how employees 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.

To support the values of our Code of Conduct, we have implemented internal measures, including monitoring, 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 the Code. We execute this control at least once a year, including 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 mitigate any compliance and ethics risks. These procedures are detailed in the “Supplier Engagement” chapter, which includes the Social Responsibility Auditable Standard we use to audit our internal and external operations, including our supply chain.

Additionally, we address fraud and corruption risks through additional controls, such as supplier selection process controls. However, the cornerstone of effective compliance management lies in the initial step of identifying risks and actual cases. For this purpose, we utilize incident report hierarchies we have established at each site.

We encourage our employees to speak up and address any concerns if they witness actions violating our Code of Conduct. In many cases, simply raising questions is enough to prevent non-compliant behavior. We also recommend that employees contact and consult their managers to discuss relevant matters. If these actions do not resolve the issue, our stakeholders can contact their local Ethics Liaison (serving as an independent ombudsperson) or our Ethics Committee. Our Code of Conduct details the full procedure.



Whistleblowing

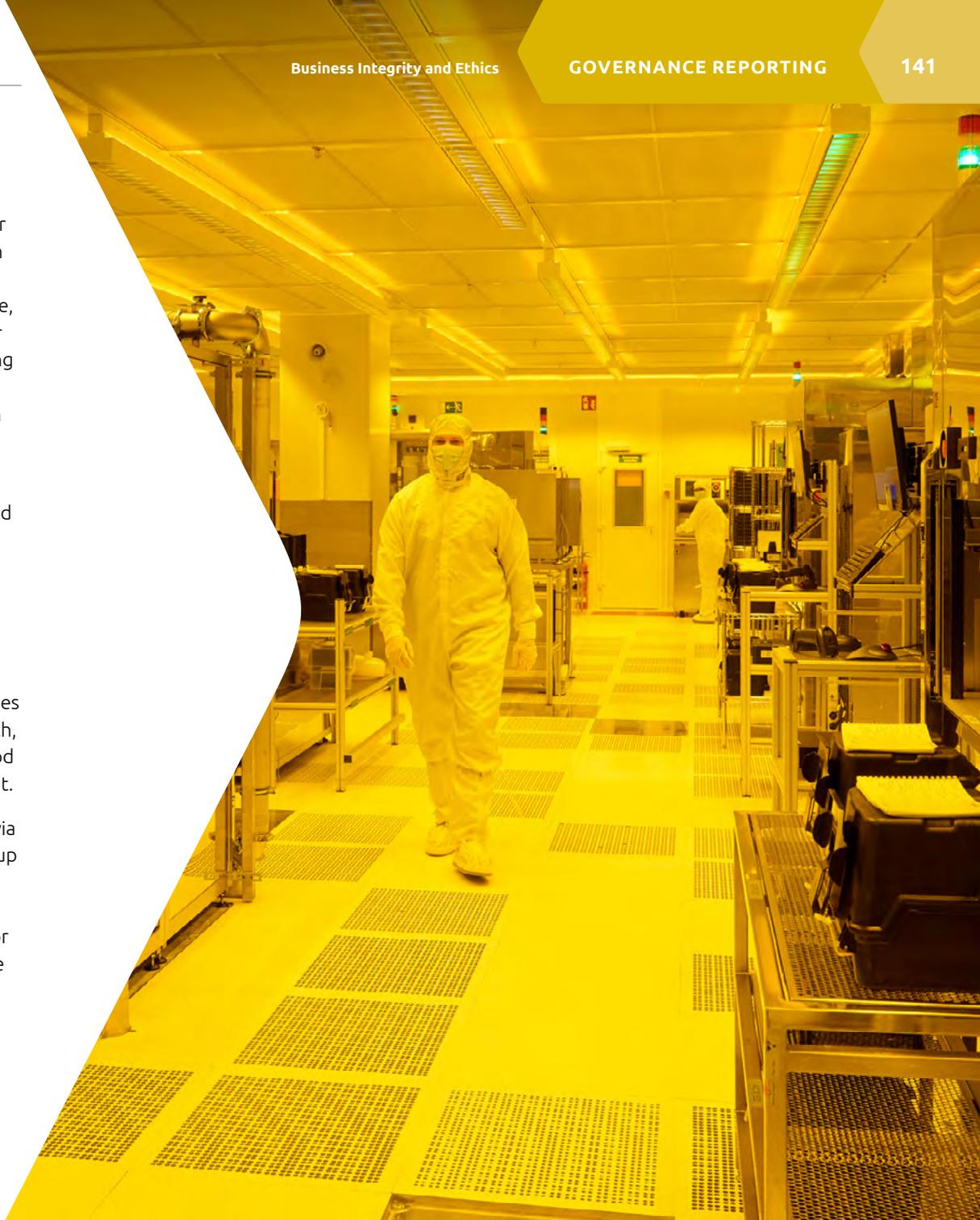
We provide several ways for our employees and stakeholders to report suspected cases of misconduct. Our primary investigation mechanism is the SpeakUp Line, which is available 24/7 in all relevant languages. It is an external, independent, anonymous, and confidential reporting channel available to all 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 test the service provider annually to maintain quality.

The EC is notified of each submission and given adequate time to thoroughly consider and investigate the issue. All submissions are treated with strict confidentiality. The EC can inform the caller that their message has been received and ask follow-up questions. The caller then has the option to submit a new message, either immediately or at a later time. This format facilitates an ongoing dialogue that can remain anonymous if desired. Any form of retaliation against a person reporting

suspected misconduct in good faith or participating in a related investigation is strictly prohibited. We have clear boundaries that no one shall discharge, demote, suspend, threaten, harass, or 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. This approach, combined with the increased likelihood of discovery, also serves as a deterrent.

In 2023, we received 54 submissions via the SpeakUp Line. We have followed up on all cases in compliance with our EC guidelines. During the reporting year, there were no legal actions pending or completed regarding anti-competitive behavior or violations of anti-trust or monopoly legislation.





Contributions

An essential 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.

While our business activities include engaging with governments and governmental organizations, we 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 2023. 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 standard. This concern is especially true for specific resources, which require extra diligence to source responsibly and from conflict-free areas. To assist these efforts, we rely on established, long-term partnerships with our suppliers and contractors and seek to create mutually beneficial relationships. We also regularly communicate sustainability topics to our suppliers and encourage them to report any problems or concerns. As part of this approach, we seek to award our business to suppliers that act fairly and with integrity toward their stakeholders, observe applicable laws, and respect and uphold universal human rights.

Since 2017

Affiliate Member of Responsible Business Alliance (RBA)

Nexperia Supplier Code of Conduct corresponds to principles of RBA CoC

Our Sustainability Policy recognizes 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, fair working and living conditions, environmentally responsible business, compliance, and non-discrimination.

Our Code of Conduct details clear guidelines relating to sustainability and compliance across our supply chains. For example, we make it clear that Nexperia respects and recognizes labor and human rights worldwide, and we expect our suppliers to do the same. Additionally, our Code describes the grievance mechanisms for actions that violate our Code of Conduct. Any suspected or confirmed breaches or incidents can be reported through channels such as our SpeakUp Line.

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 suppliers to maintain strict compliance with our Supplier Code of Conduct. Nexperia's Supplier Code of Conduct aligns with the principles of the Code of Conduct of the Responsible Business Alliance (RBA), which we joined in 2017. 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 Code provides commitments and guidance on 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 material to 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 our suppliers implement systematic approaches to wastewater generated in their operations, industrial processes, and sanitation facilities, and 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 generated, regularly monitor wastewater treatment systems, and provide Nexperia with ongoing updates.

Overall accountability for responsible sourcing and supplier engagement extends to our management team. It includes the COO, Chief Procurement Officer (CPO), VP of Quality, and Senior Director of Global Environment, Health, and Safety (EHS) and Corporate Social Responsibility (CSR), who also leads the topics from a social responsibility perspective. In 2023, our Global Procurement department was accountable for supplier selection and management, while supplier audits were 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, we expect suppliers to cooperate with our audits and implement 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. In Q1 2024, given this topic's overall criticality, we introduced our new Procurement Sustainability and Risk Management department within Global Procurement and transferred responsibility for supplier audits.



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 and ethical considerations, along with other factors such as quality, cost, and delivery.

**New department
Procurement
Sustainability and
Risk - part of Global
Procurement**

Supplier selection

We select and approve new suppliers following defined standards and procedures. New suppliers must meet various preselection criteria, including assessments and scores on CSR and sustainability acceptance. Using a risk-based approach, we ask suppliers to complete a self-assessment questionnaire to gauge their compliance with our EHS sustainability and social responsibility requirements. Each questionnaire must be reviewed and signed by a member of the supplier’s top management and then approved internally by our EHS and CSR department. In early 2024, the responsibility for our internal approval process was transferred to Global Procurement.

If the potential supplier cannot meet our requirements, we either attempt to reach mutual values by defining new engagement measures or reject their registration and explain why we cannot engage further. Our Global Procurement Organization controls the entire supplier selection and approval process. It comprises the COO and the Technology & Operation Management Team.

One vital element of our supplier management processes is our RBA-aligned Supplier Code of Conduct, which all active suppliers must sign. If a supplier refuses, our supplier selection and approval process includes various escalation scenarios. These scenarios can involve accepting the suppliers’ own Code of Conduct after a comprehensive review, or customized proceedings defined by our Procurement Management Team.

Until December 2023, Nexperia’s Supplier Code of Conduct was managed by our Corporate Social Responsibility function within the EHS organization. However, given this topic’s critical and dynamic nature, we introduced a dedicated department, Procurement Sustainability and Risk Management, within our Global Procurement organization in Q4 2023. Starting in Q1 2024, this new function oversees topics related to responsible supply chains, including but not limited to the Supplier Code of Conduct and continuously improving our supplier engagement processes.

As part of our commitment to fostering more sustainable supply chains, we frequently revise our Code with updates released by the RBA, international regulations, and the latest industry benchmarks. In cases where our customers’ Social Responsibility requirements exceed those of the RBA Code of Conduct, we may assess and integrate them into our procedures to enhance our existing system. We performed a major update to improve our Supplier Code of Conduct in the second half of 2023. In February 2024, we initiated a global rollout of the revised Code to all active suppliers with a targeted coverage rate of at least 80%.

- › A supplier is classed as active if it has a recorded spend, purchase order, invoice, or any open transaction within the past 18 months. Additionally, a supplier is classed as active in cases of master data changes in the past 18 months or if transactions are planned in the future.
- › Coverage Rate includes either a signature or the supplier’s own approved Code of Conduct (after an internal Nexperia review).

In 2023, we had 4,201 active suppliers, of which 74% signed the Nexperia Supplier Code of Conduct at the end of Q4 2023.

Sourcing strategy

Local sourcing is crucial to our Sourcing Strategy, as it supports local economies and reduces our carbon footprint by minimizing transport emissions. We balance this ambition with our need for a diverse and resilient supply chain, which is another of our long-term objectives. Nexperia sources approximately 55% from local suppliers.

Sourcing from local suppliers (% of total procurement budget)

Entities	Location	Ratio of Spend %
Nexperia B.V.	Nijmegen	49%
Nexperia Germany	Hamburg	73%
Nexperia UK	Manchester	51%
Nexperia Malaysia	Seremban	46%
Nexperia Philippines	Cabuyao	44%
Nexperia Hong Kong	Hong Kong	2%
Nexperia (China)	Dongguan	60%
Nexperia (Shanghai)	Shanghai	79%
Nexperia Taiwan	Taipei	94%

The percentage of procurement budget used for significant locations. Significant locations are operations or offices with more than 100 employees (headcount). In 2023, Nexperia had significant locations in Nijmegen, Seremban, Cabuyao, Taipei, Manchester, Newport, Dongguan, Shanghai, Hamburg, and Hong Kong.

The role of audits

Auditing is an essential aspect of promoting responsible procurement and sustainability across our supply chain. We have a comprehensive audit standard in 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, 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 ISO 14001 and ISO 45001 management system standards. We audit contractors according to our internal audit program guidelines.

As strong collaborations are also critical to driving sustainability in 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.

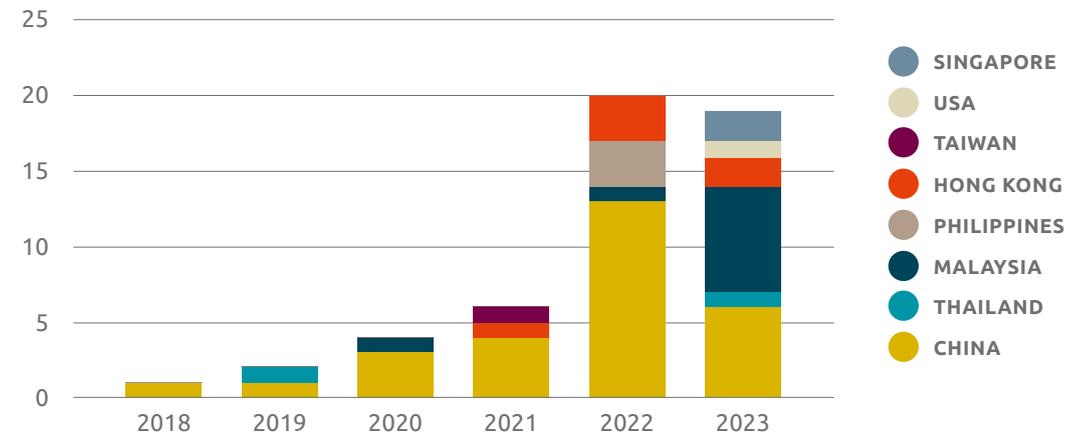
These on-site audits are part of the Nexperia Supplier Social Responsibility Audit Program, which drives a collaborative approach to our supplier and contractor relationships. We promote continuous improvement in our supply chain by conducting annual risk assessments and auditing suppliers we identify as high-risk. We developed this risk assessment process with our Procurement department and review and update it annually to reflect the evolving environmental, 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 (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, the 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.

In 2023, we performed 19 social responsibility supplier audits and intend to increase this number each year.

Social Responsibility Supplier Audits 2018–2023



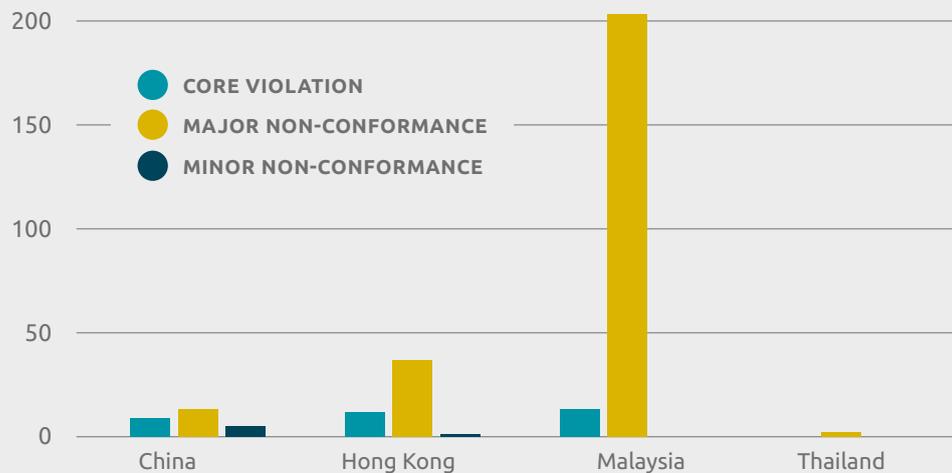
In 2023, we extended our audits to the USA and Singapore. We did not perform audits in the Philippines.

We work closely with suppliers who have audit non-conformances (NCs) to ensure they fully understand our standards and have the necessary skills and knowledge to prevent reoccurrence. We also use the results of these efforts to evaluate the effectiveness of our standards within the supply chain. In 2023, we recorded 295 supplier findings, including 34 core violations, 255 major NCs, and 6 minor NCs. Most suppliers were willing to rectify the findings within the specified timeframe and comply with Nexperia's requirements. We allow

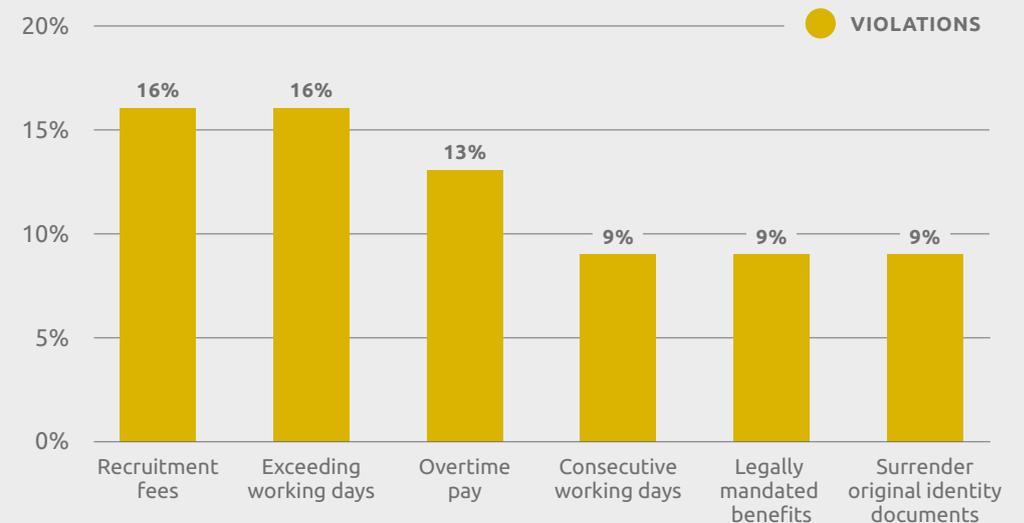
a minimum threshold to our suppliers when closing the NC's because we understand that certain corrective actions, such as financial investments and labor interruptions, may require more than 90 days to resolve. The most frequently reported NC's through our SR supplier audit program are related to working hours and consecutive working days.

In addition to ongoing risk assessments and audits through our Supplier Social Responsibility Audit Program, our whistleblower SpeakUp Line provides our management with valuable feedback and highlights potential issues in our supply chains. The line 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 in 2023



Top six core violations of social responsibility supplier audits by category 2023



Our commitment to sourcing minerals responsibly

Semiconductor device production relies on metals like tin, tungsten, tantalum, and gold (known as 3TGs or Conflict Minerals), as well as cobalt. These metals often come from conflict-affected and high-risk areas (CAHRAs), where their extraction and trade may finance armed groups, fuel human rights abuses, and support corruption and money laundering. 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 apply rigorous due diligence when their use is necessary. As an active member of the Responsible Minerals Initiative (RMI), we promote responsible mineral sourcing and adhere to RMI's risk assessment procedures and tools, which are regarded as industry standards. We also support independent third-party audits by the RMI through its Responsible Minerals Assurance Process

(RMAP) and assessment programs that are cross-recognized by RMI for their effectiveness. We design our processes to comply with 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 screen suppliers of materials and finished goods for the presence of 3TGs and cobalt. This method is part of our internal Responsible Minerals Assurance Process, a set of comprehensive guidelines and procedures we have developed to meticulously document and specify all relevant information about these suppliers. Setting clear supplier expectations is vital to achieving our responsible sourcing goals, which are reflected in our Supplier Code of Conduct. We require all direct suppliers, contractors, and external manufacturers to adopt policies and conduct due diligence on the sources and chains of custody of minerals. Going a step further, they must also ensure their own suppliers adhere to Nexperia's principles and align with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Responsible sourcing practices are vital to our business sustainability, but they are also crucial to the welfare of communities and environments impacted by our operations. With this in mind, we are committed to leading by example, continuously innovating, and enhancing our responsible mineral sourcing practices to create positive social and environmental outcomes.

We will continue collaborating with suppliers to increase transparency and develop joint initiatives and programs that reduce our environmental impact and improve social responsibility.



Tanja Sagemüller

*Head of Nexperia Procurement Operations & Sustainability
Global Procurement*

“The essential semiconductors we build have a remarkable reach. Virtually every commercial electronic device worldwide is enabled by Nexperia's products. On average, each person in the world carries about 10 of our products.

We are committed to sustainable operations that comply with the latest legislation. It goes without saying that we in procurement regard our ethical business values, constituted in our Supplier Code of Conduct, as the foundation for a trustworthy and responsible business partnership with our suppliers.

Of course, the German Supply Chain Act requires more effort on our end, but it also strengthens an even more diligent and conscious sourcing choice. Our sourcing process is updated to apply globally, i.e., to all of our sites, to be ready once the Corporate Sustainability Due Diligence Directive (CSDDD) becomes effective. It sets a valuable legal framework that will help our business grow sustainably – in the truest sense of the word.”



Compliance with the German Supply Chain Due Diligence Act

From January 2024 onward, the German Supply Chain Due Diligence Act applies to Nexperia Germany GmbH. In preparation, we established the necessary standards and protocols supported by various measures and compliance targets. These efforts aim to ensure equal rights for everyone involved in our supply chain and our internal operations.

We also formed an expert team responsible for all processes relating to supply chain due diligence. Representing departments such as Procurement, Legal, Sustainability, and Environment, Health and Safety (EHS), the team combines the varied expertise needed for the expansive nature of this regulation and all underlying processes.

To prepare for these new supply chain due diligence requirements, we implemented a Human Rights Office represented by our Legal and Sustainability departments. Our Head of Sustainability is responsible for investigating internal and external human rights and environmental complaints, while our Ethics Committee is responsible for investigating internal and external ethics-related complaints.

The committee is supported by local Ethics Liaison Officers at several Nexperia sites. Our SpeakUp Line, Nexperia's complaint mechanism for internal and external cases, is accessible to employees and external parties via telephone and email. Reports can be made anonymously and are treated confidentially.

Across the Company, we draw on a range of effective existing processes and functions, which we adapted to the new requirements as needed. Over the last few years, our EHS team has continuously developed our Social Responsibility management structures and our supplier screening and auditing processes. We reviewed and revised global processes focusing on sustainability to better meet due diligence requirements along our supply chain. Our newly formed procurement sustainability and risk management team has assumed responsibility for supply chain due diligence and social responsibility, strengthening our direct supplier engagement.



National legislation –
global outreach
German Supply Chain
Due Diligence Act

NEW
Human Rights
Office

We expect a seamless adoption of the German Supply Chain Due Diligence Act requirements, based on the following additional measures and our Company-wide experience:

- › Several sites are already within the scope of the UK Modern Slavery Act, contributing vital experience with human rights regulations.
- › We are implementing a software solution for automated visibility and transparency of supply chain risks.
- › In Q4 2023, we published our Whistleblowing FAQ on Nexperia's approach to managing internal and external complaints.
- › In Q1 2024, we published a Policy Statement on our approach to due diligence obligations regarding human rights and environmental topics.

In 2023, we conducted a comprehensive risk analysis to further prepare for new human rights and environmental due diligence regulations. Our method included an index analysis of country-specific risks followed by a text-based analysis of industry-specific risks. We categorized risks into no risk, low risk, medium risk, severe risk, and critical risk. Our risk analysis found that material risks include working hours, minimum wage, discrimination, and pollution of water, soil, and air. In response, we have prioritized these risks accordingly in our due diligence processes and measures.



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 an 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 which has 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 2023

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 2023.

In March 2024, Nexperia became aware that an unauthorized third party accessed certain Nexperia IT servers. We promptly took action to terminate the unauthorized access, launched an investigation, and reported this incident to the competent authorities and police.

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. We conduct and monitor a mandatory annual awareness training 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. We also offer more in-depth training to the departments responsible for handling personal data on a daily basis, with a primary focus on HR. All employees must complete awareness trainings relating to quality and security every two years and our Code of Conduct every year. We ensure that the completion rate reaches at least 80% and all new employees complete these mandatory trainings within 72 hours as part of their onboarding.

Assessments and measures: third party tests in 2023

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.

We conducted our last IT assessment in 2021 as part of the Cybersecurity Maturity Assessment. In 2022, we conducted an Operational Technology (OT) Assessment and incorporated the results into our 2023+ program. For 2023 and beyond, this program adopts a series of technical and organizational measures to improve cybersecurity in our factories and OT. In 2024, we plan to perform a Trusted Information Security Assessment Exchange assessment (TISAX), aiming to demonstrate compliance with the high security standards of our clients in the automotive industry. For security purposes, we refrain from disclosing specific measures in this report.

A third-party penetration test during the Technical Cybersecurity Assessments in 2022 confirmed we have all relevant security controls in place. The next third-party penetration test is scheduled for 2024.



Appendix

GRI Content Index

Disclosure	Response
GRI 1 - Foundation	
	Nexperia Holding B.V. reporting in accordance with the GRI Standards for the period January 1, 2023 - December 31, 2023.
GRI - 1 used	GRI - 1 Foundation 2021
Applicable GRI sector standards	Not currently available

Disclosure	Disclosure Number	Disclosure Description	References	Notes
General Disclosures 2021				
GRI - 2	2-1	Organizational details	Our Company & Business Our Entities Imprint	
GRI - 2	2-2	Entities included in the organization's sustainability reporting	Our Entities Financial Performance	
GRI - 2	2-3	Reporting year, frequency, and contact point	Imprint	
GRI - 2	2-4	Restatements of information	Imprint	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI - 2	2-5	External assurance		For the 2023 Sustainability Report, PwC Netherlands conducted an independent limited assurance engagement on six KPIs. The examination was conducted in accordance with Dutch law, including the Dutch Standard 3000A Assurance, other than audits or reviews of historical financial information. In addition, some of the information contained in the Sustainability Report has been disclosed in the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and also in accordance with Section 2:362 (9) of the Dutch Civil Code. 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 2023 Annual Report, which is available at the Dutch Chamber of Commerce.
GRI - 2	2-6	Activities, value chain, and other business relationships	Our Company & Business Responsible Sourcing and Supplier Engagement	
GRI - 2	2-7	Employees	People Management	In chapter "People Management" we disclose a total of 14,024 (2022: 15,109) employees across Europe, Asia & Americas. This can be further categorized as: Permanent: 13,131 (2022: 13,486) Temporary: 836 (2022: 1,561) Interns: 57 (2022: 62)

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI - 2	2-8	Workers who are not employees		For the year ended December 31, 2023, we had the following contingent worker type as stipulated in HRIS: External Temporary: 433 (2022: 699) Contractor: 124 (2022: 144) Contingent employees are deployed throughout Nexperia in functions when needed.
GRI - 2	2-9	Governance structure and composition	Our EMT Our approach to ESG Environmental Management at Nexperia 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 Environmental Management at Nexperia	
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 year. (2022: 0)
GRI - 2	2-17	Collective knowledge of the highest governance body	EMT Approach to ESG (ESG Governance)	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI - 2	2-18	Evaluation of the performance of the highest governance body	Responsibility of Management	
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.
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 Guaranteeing labor and human rights Business Integrity and Ethics	
GRI - 2	2-24	Embedding policy commitments	Our approach to ESG Guaranteeing labor and human rights Responsibility of management Business Integrity and Ethics	
GRI - 2	2-25	Processes to remediate negative impacts	Guaranteeing labor and human rights 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 year. (2022: 0)
GRI - 2	2-28	Membership associations	Our approach to ESG Environmental Management at Nexperia	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.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
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, the Philippines, and the UK (for our site in Manchester). We are compliant with all agreements required by laws. Our collective bargaining coverage reached approximately 30% of our global workforce.
Material topics				
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 ESG Risk Rating	
Economic performance				
GRI - 3	3-1 - 3-3	Management approach	Financial performance	
GRI 201	201-1	Direct economic value generated and distributed	Financial performance	See our Annual Report 2023, available at the Dutch Chamber of Commerce.
GRI 201	201-2	Financial implications and other risks and opportunities due to climate change	Risk Management	
GRI 201	201-3	Defined benefit plan obligations and other retirement plans	Talent attraction	
GRI 201	201-4	Financial assistance received from government		See our Annual Report 2023, available at the Dutch Chamber of Commerce.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
Market presence				
GRI 202	202-2	Proportion of senior management hired from the local community	Diversity, Non-Discrimination, and inclusion	
Procurement practices				
GRI - 3	3-1 - 3-3	Management approach	Responsible Sourcing and Supplier Engagement	
GRI 204	204-1	Proportion of spending on local suppliers	Responsible Sourcing and Supplier Engagement	
Anti corruption				
GRI - 3	3-1 - 3-3	Management approach	Business Integrity and Ethics	
GRI 205	205-1	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.
GRI 205	205-2	Communication and training about anti-corruption policies and procedures	Business Integrity and Ethics	
GRI 205	205-3	Confirmed incidents of corruption and actions taken		There were no incidents during the reporting year. (2022: 0)
Anti competition				
GRI - 3	3-1 - 3-3	Management approach	Business Integrity and Ethics	
GRI 206	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Integrity and Ethics	
Tax				
GRI - 3	3-1 - 3-3	Management approach	Taxation	
GRI 207	207-1	Approach to tax	Taxation	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI 207	207-2	Tax governance, control, and risk management	Taxation	
GRI 207	207-3	Stakeholder engagement and management of concerns related to tax	Taxation	
GRI 207	207-4	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.
Materials				
GRI - 3	3-1 - 3-3	Management approach	Environmental Management at Nexperia Resources and Energy	
GRI 301	301-1	Materials used by weight or volume	Resources and Energy	We do not track materials to report at a corporate level.
GRI 301	301-2	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 possible, we will reuse materials.
GRI 301	301-3	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.
Energy				
GRI - 3	3-1 - 3-3	Management approach	Environmental Management at Nexperia Resources and Energy	
GRI 302	302-1	Energy consumption within the organization	Resources and Energy	
GRI 302	302-2	Energy consumption outside the organization		We are currently not tracking consumption outside our organization.

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI 302	302-3	Energy intensity	Resources and Energy	
GRI 302	302-4	Reduction of energy consumption	Resources and Energy	
GRI 302	302-5	Reductions in energy requirements of products and services	Resources and Energy	
Water				
GRI - 3	3-1 - 3-3	Management approach	Environmental Management at Nexperia Water and Wastewater Management	
GRI 303	303-1	Interactions with water as a shared resource	Water and Wastewater Management Responsible Sourcing and Supplier Engagement	We ask all 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 our suppliers to conduct routine monitoring of the performance of their wastewater treatment systems.
GRI 303	303-2	Management of water discharge related impacts	Water and Wastewater Management	
GRI 303	303-3	Water withdrawal	Water and Wastewater Management	We will continue to monitor areas of water stress and provide feedback in the future.
GRI 303	303-4	Water discharge	Water and Wastewater Management	We will continue to monitor water discharge data and provide feedback in the future.
GRI 303	303-5	Water consumption	Water and Wastewater Management	We will continue to monitor areas of water stress and report in the future.
Emissions				
GRI - 3	3-1 - 3-3	Management approach	Environmental Management at Nexperia Emissions	
GRI 305	305-1	Direct (Scope 1) GHG emissions	Emissions	
GRI 305	305-2	Energy indirect (Scope 2) GHG emissions	Emissions	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI 305	305-3	Other indirect (Scope 3) GHG emissions		We currently have no data for disclosure purposes.
GRI 305	305-4	GHG emissions intensity	Emissions	
GRI 305	305-5	Reduction of GHG emissions	Emissions	
GRI 305	305-6	Emissions of ozone depleting substances (ODS)	Emissions	
GRI 305	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emissions	
Waste				
GRI - 3	3-1 - 3-3	Management approach	Environmental Management at Nexperia Waste Management	
GRI 306	306-1	Waste generation and significant waste-related impacts	Waste Management	
GRI 306	306-2	Management of significant waste-related impacts	Waste Management	
GRI 306	306-3	Waste generated	Waste Management	
GRI 306	306-4	Waste diverted from disposal	Waste Management	We are continuously improving our data monitoring on waste management and include more data in the future.
GRI 306	306-5	Waste directed to disposal	Waste Management	We are continuously improving our data monitoring on waste management and include more data in the future.
Supplier environmental assessment				
GRI - 3	3-1 - 3-3	Management approach	Responsible Sourcing and Supplier Engagement	
GRI 308	308-1	New suppliers that were screened using environmental criteria	Responsible Sourcing and Supplier Engagement	
GRI 308	308-2	Negative environmental impacts in the supply chain and actions taken	Responsible Sourcing and Supplier Engagement	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
Employees				
GRI - 3	3-1 - 3-3	Management approach	People Management at TeamNexperia	
GRI 401	401-1	New employee hires and employee turnover	Talent attraction and retention	In addition to the breakdown of employees according to age and gender, please see below by region: Asia: 1,194 (2022: 3,791) Europe: 423 (2022: 873) Americas: 55 (2022: 71)
GRI 401	401-2	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.
GRI 401	401-3	Parental leave		We provide our employees with parental leave that meets or exceeds local regulatory requirements, but our offerings vary from country to country. Currently our HRIS only covers absence modules for parental leave in some countries, such as Germany, the Netherlands, Hungary and the USA. We plan to roll-out this absence module for further countries in 2024.
Labor relations				
GRI - 3	3-1 - 3-3	Management approach	People Management at TeamNexperia	
GRI 402	402-1	Minimum notice periods regarding operational changes	People Management at TeamNexperia	
Occupational Health and Safety				
GRI - 3	3-1 - 3-3	Management approach	Health & Safety	
GRI 403	403-1	Occupational health and safety management system	Health & Safety	
GRI 403	403-2	Hazard identification, risk assessment, and incident investigation	Health & Safety	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
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 2023. (2022: 0)
Training and education				
GRI - 3	3-1 - 3-3	Management approach	People Management at TeamNexperia Talent development	
GRI 404	404-1	Average hours of training per year per employee	Talent development	
GRI 404	404-2	Programs for upgrading employee skills and transition assistance programs	Talent development	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews	Talent development	88% of female employees out of year-end female population and 83% male employees out of male population. 85% of direct labor (DL) and 85% of indirect labor received performance and career development reviews in 2023. This data includes all eligible indirect labor (IDL) and direct labor (DL) employees; new hires and union/tariff employees are not covered.
Diversity and equal opportunity				
GRI - 3	3-1 - 3-3	Management approach	People Management at TeamNexperia Diversity, Non-Discrimination, and Inclusion	
GRI 405	405-1	Diversity of governance bodies and employees	Diversity, Non-Discrimination, and Inclusion	
GRI 405	405-2	Ratio of basic salary and remuneration of women to men	Diversity, Non-Discrimination, and Inclusion	
Non-discrimination				
GRI - 3	3-1 - 3-3	Management approach	People Management at TeamNexperia Diversity, Non-Discrimination, and Inclusion	
GRI 406	406-1	Incidents of discrimination and corrective actions taken	Business Integrity and Ethics	
Freedom of association and collective bargaining				
GRI - 3	3-1 - 3-3	Management approach	People Management at TeamNexperia	
GRI 407	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People Management at TeamNexperia Guaranteeing labor and human rights	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
Child labor				
GRI - 3	3-1 - 3-3	Management approach	Responsible Sourcing and Supplier Engagement	
GRI 408	408-1	Operations and suppliers at significant risk for incidents of child labor	Guaranteeing labor and human rights Responsible Sourcing and Supplier Engagement	For further information reference is made to: Code of Conduct Supplier Code of Conduct
Forced or compulsory labor				
GRI - 3	3-1 - 3-3	Management approach	Responsible Sourcing and Supplier Engagement	
GRI 409	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Guaranteeing labor and human rights Responsible Sourcing and Supplier Engagement	For further information reference is made to: Code of Conduct Supplier Code of Conduct
Supplier Social Assessment				
GRI - 3	3-1 - 3-3	Management approach	Responsible Sourcing and Supplier Engagement	
GRI 414	414-1	New suppliers that were screened using social criteria	Responsible Sourcing and Supplier Engagement	
GRI 414	414-2	Negative social impacts in the supply chain and actions taken	Responsible Sourcing and Supplier Engagement	
Public Policy				
GRI - 3	3-1 - 3-3	Management approach	Business Integrity and Ethics	
GRI 415	415-1	Political contributions	Business Integrity and Ethics	

Disclosure	Disclosure Number	Disclosure Description	References	Notes
Customer Health and Safety				
GRI - 3	3-1 - 3-3	Management approach	Responsibility of Management	
GRI 416	416-1	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 so in the future.
GRI 416	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents during the reporting year. (2022: 0)
Customer Privacy				
GRI - 3	3-1 - 3-3	Management approach	Cybersecurity, Data Protection, and Privacy	
GRI 416	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cybersecurity, Data Protection, and Privacy	There were no incidents during the reporting year. (2022: 0)

Glossary

Abbreviations	
BCM	Business Continuity Management
BE	Back-end
BG	Business Group
CAHRAs	Conflict-affected and high-risk areas
CBAM	Carbon Border Adjustment Mechanism
CDC	China Design Center
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CH₄	Methane
CHRO	Chief Human Resources Officer
CIO	Chief Information Officer
CO₂	Carbon dioxide
CO₂e	Carbon dioxide equivalents
CoC	Code of Conduct
CODM	Chief Operating Decision Maker
CoE	Centers of Expertise
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPO	Chief Purchasing Officer
C-SOX-Standards	China SOX - China's version of the Sarbanes-Oxley-Act

Abbreviations	
CSDDD	Corporate Sustainability Due Diligence Directive
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
D&I	Diversity and Inclusion
DPO	Data Protection Officer
E&A	Equipment and Automation
EAC	Energy Attribute Certificates
EAP	Employee Assistance Program
EC	Ethics Committee
EFRAG	European Financial Reporting Advisory Group
EHS	Environment, Health & Safety
EMEA	Europe, Middle East & Africa
EMS	Electronics manufacturing service
EMT	Executive Management Team
ERG	Employee Resource Group
ERM	Enterprise Risk Management
ESD	Electrostatic Discharge
ESG	Environmental, Social and Governance
ESIA	European Semiconductor Industry Association

Abbreviations	
ESRS	European Sustainability Reporting Standards
ETI	Ethical Trading Initiative
Fab	Front-end manufacturing, i.e. wafer fab
FE	Front-end
FET	Field-Effect Transistor
GaN	Gallium Nitride
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GJ	Gigajoule
GRI	Global Reporting Initiative
H&S	Health and Safety
HFCs	Hydrofluorocarbons
HG	Highest Governance
HR	Human Resources
HRIS	Human resources information system
HRLT	HR Leadership Team
HRM	Human Resources Management
HTF	Heat-Transfer Fluid
IC	Integrated Circuit
IGBT	Insulated Gate Bipolar Transistor

Abbreviations	
IFRS	International Financial Reporting Standards
ILO	International Labor Organization
InfoSec	Information Security
IP	Intellectual Property
IPCC	International Panel on Climate Change
ISO	International Standards Organization
IT	Information Technology
ITEC	Industrial Technology and Engineering Centre
kg	Kilograms
KPI	Key Performance Indicators
LkSG	Lieferkettensorgfaltspflichtengesetz (Supply Chain Due Diligence Act)
LPG	Liquified petroleum gas
LWC	Lost Workday Cases
M&A	Mergers and Acquisitions
MDM	Master Data Management
MM	Mass Market
MOSFETs	Metal Oxide Semiconductor Field-Effect Transistors
MRAT	Manufacturing Risk Assessment Tool

Abbreviations	
N₂O	Nitrous oxide
NCs	Non-conformances
NGO	Non Governmental Organization
NIST	National Institute of Standards and Technology
NOx	Nitrogen oxides
OECD	Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturer
OHS	Occupational Health and Safety
OT	Operational Technology
PDCA	Plan-Do-Check-Act process
PFC	Perfluorocarbon
POS	Point of sale
PPA	Power Purchase Agreement
R&D	Research and Development
RBA	Responsible Business Alliance
RFF	Rolling Financial Forecast
RMI	Responsible Minerals Initiative
SAI	Social Accountability International
SDGs	Sustainable Development Goals
SF₆	Sulfur hexafluoride

Abbreviations	
Si	Silicon
SiC	Silicon Carbide
SLL	Sustainability-Linked Loan
SR	Severity rate
SVP	Senior Vice President
TA	Talent Acquisition
TCIR	Total Case Incident Rate
TISAX	Trusted Information Security Assessment Exchange
3TGs	Tin, tungsten, tantalum, gold (collectively referred to as 3TGs or Conflict Minerals)
TLD	Three Lines of Defense Model
TWh	Terawatt hours
UDHR	Universal Declaration of Human Rights
UN	United Nations
USD	US Dollar
VAP	Validated Assessment Program
VOCs	Volatile organic compounds
VP	Vice President
WBG	Wide-bandgap material
ZVEI	Verband der Elektro- und Digitalindustrie, German Electro and Digital Industry Association

Sustainability Performance Summary

The indicators that fall within the scope of limited assurance of the external auditor for 2023 are marked with the following symbol:



Indicator	Unit	2023
Scope 1 and 2 GHG emissions		
<i>Scope 1: Direct CO₂ emissions</i>		
Fossil fuel emissions	tons CO ₂ e	44,398
PFCs (incl. SF ₆)	tons CO ₂ e	71,450
N ₂ O	tons CO ₂ e	4,691
HTFs	tons CO ₂ e	13,512
Subtotal Scope 1 Direct CO₂ emissions	tons CO₂e	134,050
<i>Scope 2: Indirect CO₂ emissions</i>		
Purchased electricity	tons CO ₂ e	179,498
Subtotal Scope 2 Indirect CO₂ emissions	tons CO₂e	179,498
Sum Scope 1 and Scope 2 GHG emissions	tons CO₂e	313,548

Indicator	2023
Share of women in management positions (%);	25.1%; Total number of management positions (male and female) in 2023: 1,365.
Share of women in senior management positions (%);	17%; Total number of senior managers (male and female) in 2023: 1,086.
Annual promotion rate (%);	5.6% global employee promotion rate; Promotion count: 750.
Total Case Incident Rate (TCIR) (per 200,000);	Average total case incident rate of 0.26 across all sites.
Share of suppliers signed Nexperia Supplier Code of Conduct (%).	74% of active suppliers (total number of active suppliers: 4,201) signed the Nexperia Supplier Code of Conduct.

Assurance report of the independent auditor

Assurance report on the selected non-financial indicators in the Sustainability Report 2023 of Nexperia

Our Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected non-financial indicators marked with the checkbox symbol in the Nexperia Sustainability Report 2023 over 2023 are not prepared in all material respects, with reference to the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and in accordance with the applied supplemental reporting criteria as included in the "Glossary" of the report as the basis to evaluate the indicators.

What we have examined

The object of our assurance engagement concerns the selected non-financial indicators (hereafter: the indicators) for the year ended December 31, 2023. The indicators examined are as follows:

-  Scope 1 and 2 GHG emissions (tons CO₂ equivalent);
-  Share of women in management positions (%);
-  Share of women in senior management positions (%);
-  Annual promotion rate (%);
-  Total Case Incident Rate (TCIR) (per 200,000);
-  Share of suppliers signed Nexperia Supplier Code of Conduct (%).

We have examined the indicators in the Sustainability Report 2023 of Nexperia Holding B.V. for 2023. Other information included in the Report are not in scope of this limited assurance sustainability engagement. We were not engaged to report on or conclude on other information presented within the Sustainability Report 2023 which is outside our scope.

The basis for our conclusion

We conducted our examination in accordance with Dutch law, including the Dutch Standard 3000A Assurance engagements, other than audits or reviews of historical financial information (attestation-engagements). This engagement is aimed to provide limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the examination' of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Nexperia Holding B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Applicable criteria

The indicators need to be read and understood together with the reporting criteria. The reporting criteria used for the preparation of the indicator is the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the 'Glossary' of the report. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Responsibilities for the indicators and the examination thereof

Responsibilities of the management board

The management board of Nexperia Holding B.V. is responsible for the preparation of the Indicators with reference to Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and in accordance with the applied supplemental reporting criteria as included in the report as the basis to evaluate the indicators, including the identification of the intended users and the criteria being applicable for the purpose of these users.

Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the Indicators that is free from material omission, whether due to fraud or error.

The management board is responsible for overseeing the company's reporting process on the Indicators.

Our responsibilities for the examination

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our conclusion.

Our conclusion aims to provide limited assurance. The procedures performed in this context consisted primarily of making inquiries with officers of the entity and determining the plausibility of the information included in the indicators. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the examination in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our examination consisted, among other things of the following:

- › Identifying areas of the indicators with a higher risk of a material omission, whether due to fraud or error, designing and performing assurance procedures responsive to those risks, and obtaining evidence that is sufficient and appropriate to provide a basis for our conclusion. Assessing the suitability of the criteria used, their consistent application and related disclosures to the indicators.
- › Assessing the suitability of the criteria used, their consistent application and related disclosures to the indicators.
- › Through inquiries, obtaining a general understanding of the control environment, the reporting processes, and the information systems and the entity's risk assessment process relevant to the preparation of the indicators, without obtaining assurance evidence about the implementation or testing the operating effectiveness of controls.

- › Designing and performing assurance procedures aimed at determining the plausibility of the indicators, responsive to the risk analysis. These procedures consisted amongst others of:
 - › inquiring management and/or relevant staff at corporate level responsible for the sustainability strategy, policy and results;
 - › inquiring relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data of the indicators;
 - › obtaining assurance evidence that the indicators reconcile with underlying records of the company;
 - › reviewing, on a limited test basis, relevant internal and external documentation;
 - › performing an analytical review of the data and trends of the indicators submitted for consolidation at corporate level.
- › Reading the information other than the indicators in the Sustainability Report 2023, which is not included in the scope of our review, to identify material inconsistencies with the indicators.

We communicate with the management board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, May 14, 2024

PricewaterhouseCoopers Accountants N.V.
R.P.G. ter Braak MSc RA AA
 partner

Glossary non-financial indicators

Term	Definition
Reporting period	January 1, 2023 – December 31, 2023.
Scope	All indicators are calculated based on all Nexperia entities.
Scope 1 and 2 GHG emissions	<p>Scope 1 emissions: direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by our organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).</p> <p>Scope 2 emissions: indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling, reported on market-based approach. Calculation of our scope 1 and 2 GHG emissions includes our front-end and back-end sites, Hamburg (Germany), Manchester and Newport (both UK), Cabuyao (Philippines), Seremban (Malaysia) and Dongguan (China).</p>
Management position	Employee with people management responsibility. A manager has direct reports.
Senior management position	Employee on job grade 70 and above.

Term	Definition
Share of Women in Management positions (%)	The percentage of women in management positions, is calculated by dividing the number of women in management positions by the total number of management positions. Nexperia defines management position as a position that has a minimum of one person directly reporting. Direct reports (subordinates) are classified as other employees who directly report to an employee in a manager/management position.
Share of Women in Senior Management positions (%)	The percentage of women in Senior Management positions, is calculated by dividing the number of women in Senior Management positions by the total number of Senior Management positions. Nexperia defines Senior Management position as a position with a job grade 70 and above.

Term	Definition
Annual promotion rate	<p>Percentage of employees promoted during reporting period.</p> <p>We calculated annual promotion rate percentage by dividing our annual promotion count by average headcount of the reporting year and multiplied by 100. Our average headcount is the sum of headcount beginning of the year and headcount end of the year divided by 2.</p> <p>A promotion is a move to a higher job level that has greater impact, complexity, responsibility, and authority, and therefore a higher job grade, a job grade change from lower to higher. The promotional increase is dependent on the position of the employee's current salary in the new salary range.</p> <p>There are two approaches to when a promotion takes place:</p> <p>Direct labor: the promotion of an employee performing direct labour, is based on a decentralized performance review. There is no standard procedure which is followed to evaluate the performance of these employees. The promotion of these employees are registered in Workday (HRIS) and do not hold any other supporting evidence. Employees performing direct labor often hold a position with job grade of 50.</p> <p>Indirect labor: A promotion occurs when an employee moves up in job grade, an example of this could be moving from job grade 50 to 60. The promotion process follows the following steps: Promotions are reviewed via the Talent Review model.</p>
Direct labor	<p>Direct labor refers to the salaries and wages paid to workers directly involved in the manufacture of a specific product or in performing a service. At Nexperia usually line and/or production workers.</p>

Term	Definition
Indirect labor	<p>Indirect labor refers to the salaries and wages paid to workers not directly involved in the manufacture of a specific product or in performing a service. At Nexperia, usually desk and/or computer workers.</p>
Total Case Incident Rate (TCIR)	<p>TCIR is a measure used by OSHA to assess workplace safety. It calculates the total number of work-related injuries and illnesses per 100 FTE over a specific period.</p> <p>We calculated TCIR by dividing the total number of recordable cases by the total hours worked by all employees, then multiplied by 200,000.</p> <p>We encountered difficulties in gathering precise data for total hours worked by employees, particularly at our manufacturing sites. Therefore, we used number of FTE and contractual working hours for our sites in Seremban (Malaysia) and Cabuyao (Philippines), and number of FTE and legal working hours for our site in Dongguan (China).</p>
Share of suppliers signed Nexperia Supplier Code of Conduct (%)	<p>Percentage of active suppliers signed supplier CoC (signature of approval of own Supplier CoC) is calculated by: Total active supplies which have signed the supplier code of conduct/total list of active suppliers.</p>
Active supplier	<p>Active supplier has a recorded spend, purchase order, invoice, or any open transaction within the past 18 months. A supplier is active in cases of master data changes in the past 18 months or if transactions are planned in the future.</p>

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