

August 11, 2014

Danielle McMullan
Phil Bloomer
Business & Human Rights Resource Center
England

Dear Ms. McMullan & Mr. Bloomer:

Thank you for giving us the opportunity to correct false allegations and misleading reports that have been coming out regarding NXP Semiconductors, particularly in social media platforms with respect to our Philippine operations.

Through this letter, we are also reaching out to our key stakeholders and concerned interests by putting the issue into perspective and giving them the real score about the grave misconduct that led to our decision to dismiss a group of union leaders.

NXP is a reputable company that respects the rights of its workers, strictly complies with the country's labor laws, and provides employees with above industry standard compensation and benefits.

Our NXP plant in the Philippines has proudly employed more than 3,000 people and has been in operation for more than 30 years. As a caring employer, it takes pride in high employee satisfaction and retention rates; 67% of NXP employees have worked with us for more than 10 years, 44% for over 15 years.

This issue of dismissal occurred in the middle of negotiations for a new collective bargaining agreement when union leaders encouraged workers not to report for work on three occasions that were national holidays. In fact it is unfortunate that, even while negotiations were on-going, numerous illegal acts like vandalism, noise barrages resulting to destruction of company property, mass protests specially blocking our buses to force disembarkation of our passengers, pickets in and outside company premises and private areas were sanctioned by the union leadership.

The spike in absences greatly impacted NXP's ability to serve its clients and was a clear violation of Philippine labor laws.

Furthermore, contrary to what they are saying, the policy of reporting for work during holidays is compliant with Philippine labor laws. It is a standard industry practice by major manufacturers to require workers to report for work even for holidays in order to meet global production schedules.

Workers are adequately compensated and receive extra pay whenever they work during holidays in accordance with laws and regulations set by the Philippine labor department and the existing Collective Bargaining Agreement.

The abovementioned illegal actions by the union leaders left the company with no choice but make the painful decision to dismiss them to ensure NXP's uninterrupted operations in the Philippines so as not to compromise the company's commitments to its valued customers which will eventually redound to the benefit of the work force.

The decision did not come lightly, we assure you. NXP thoroughly weighed the situation, provided all the union leaders with due process, and assessed the matter in consultation with its legal team, as well as interested government agencies.

We have always respected the union's right to go on strike, but in the same token we also expect them to follow the required and agreed protocols. While NXP has tried to provide the best possible compensation and benefits to its work force, neither will it tolerate any illegal actions, disrespect for protocols and encouragement of employee absenteeism.

On a last note, NXP Semiconductors would like to assure customers, suppliers and partners that our manufacturing operations are running normally in the Philippines.

We have always enjoyed a strong and mutually beneficial partnership with our local employees and look forward to reaching a fair agreement with them soon.

Very truly yours,

Robert Rigby Hall
NXP EVP and Chief Human Resources Officer