

DOING BUSINESS IN A CONTINUOUSLY CHANGING ENVIRONMENT

How to play chess on multiple boards

Jos Bakker

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SECURE CONNECTIONS
FOR A SMARTER WORLD

PUBLIC

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Agenda

1. Glossary NXP
2. Geopolitical developments
3. Evolving landscape of export controls
4. Recipe for success



A POSITION OF STRENGTH TO BETTER SERVE OUR 26,000+ CUSTOMERS

We accelerate breakthroughs that advance the world through our semiconductor technology leadership

EMPLOYEES IN
30+ COUNTRIES
Headquartered in Eindhoven,
Netherlands

~29,000
EMPLOYEES

9,000
Patent Families

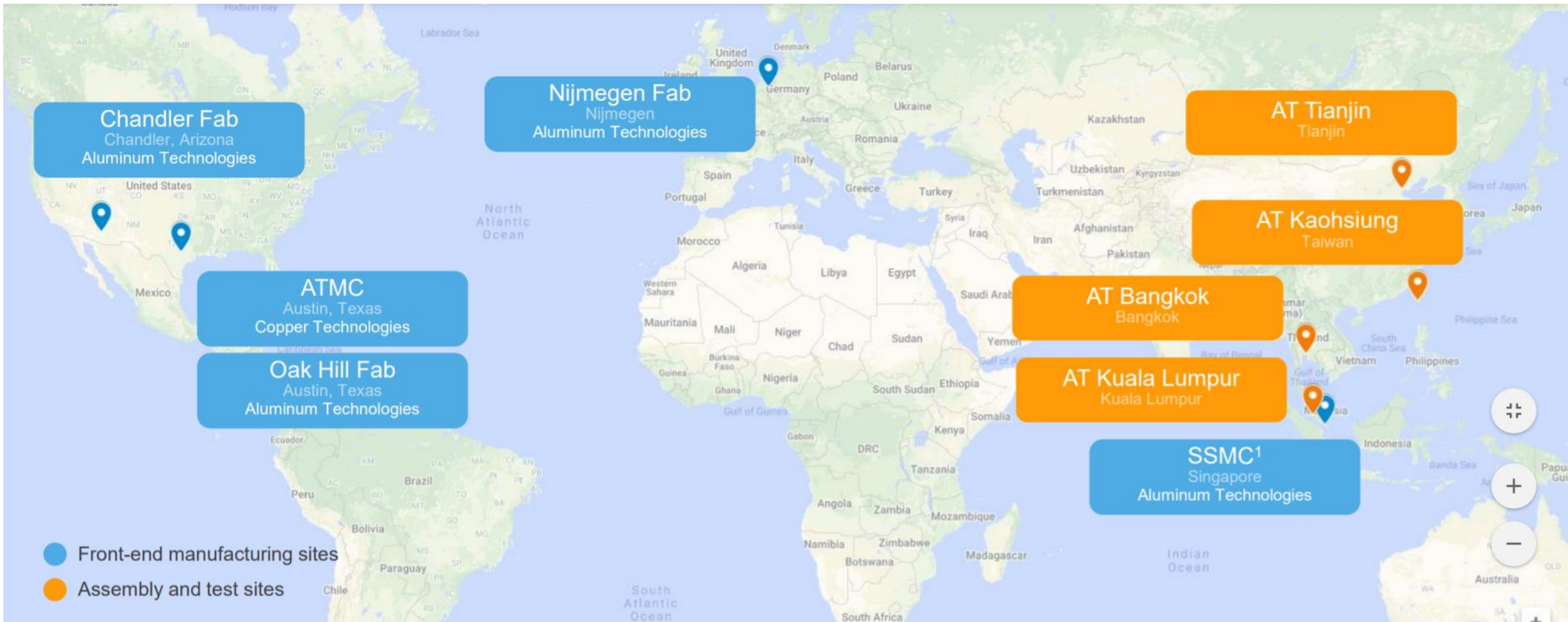
\$8.88B
Annual Revenue ¹

60+
Year History

11,000+
Engineers

¹ Posted revenue for 2019 – Please refer to the Financial Information page of the Investor Relations section of our website at www.nxp.com/investor for additional information

NXP FRONT-END MANUFACTURING AND ASSEMBLY AND TEST SITES



OUR TARGET MARKETS

AUTOMOTIVE



INDUSTRIAL & IOT



MOBILE



COMMUNICATION INFRASTRUCTURE





GEOPOLITICAL DEVELOPMENTS

- From 3 decades of boosting globalization to an era of de-globalization?
- What is Globalization?
 - Interdependence of the world's economies, cultures and populations
 - Removing international trade barriers (tariff and non-tariff related)
 - political globalization



GEOPOLITICAL DEVELOPMENTS

- Negative impact on globalization:
 - Division of labor
 - Position of multinational companies
- When the sentiment comes in...
 - For every disorder (COVID-19) globalization is blamed
 - Leaders feed the idea of loss of identity due to globalization
 - America First
 - Brexit
- Key question: are we moving into de-globalization or is it individual sentiment?

DEGLOBALISATION?

WE DON'T THINK SO..WE BELIEVE GLOBALISATION IS ENTERING A NEW CHAPTER

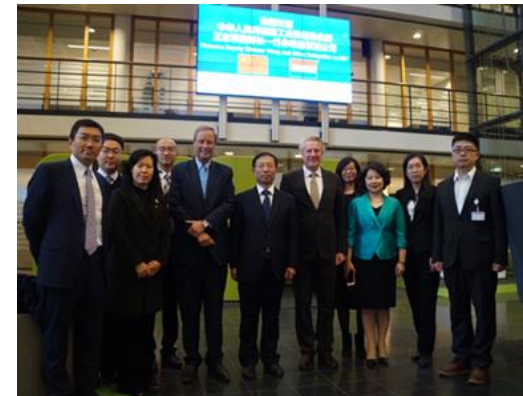
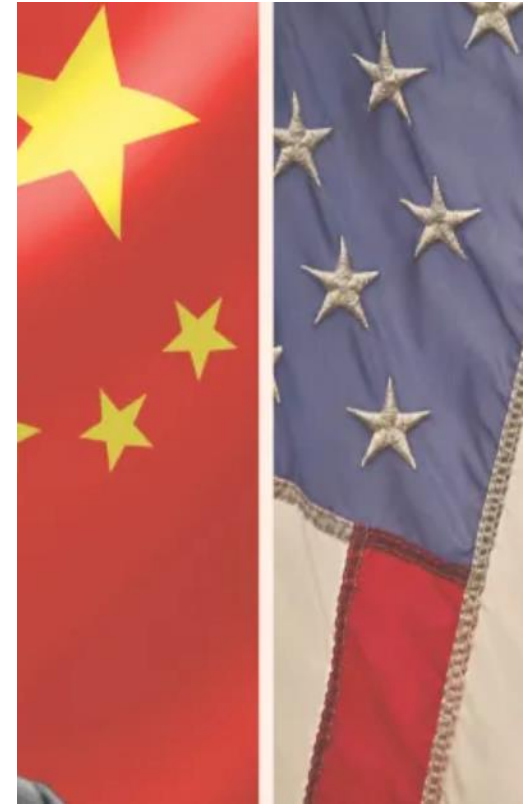


- Key truth: it is what it is and we have to cope with it

GEOPOLITICAL DEVELOPMENTS US-CN

- U.S. main concern:
 - Upcoming power of China expressed in China's ambitions.
- Former US President did not seek allies but drove the tensions to a climax:
 - Challenging international (trade) deals and partnerships, like NAFTA, WHO, TTIP, NATO, WTO
- Key developments in P.R. of China:
 - Growing independence from US
 - Stability vs growth

It is all about finding a new world order of powers



EVOLVING LANDSCAPE OF EXPORT CONTROLS

- The U.S. - China Tech war
 - Semiconductor industry in the eye of a perfect storm
 - Arguments used to install measures

Easy to use the control mechanisms of export controls to manage political issues

- The Export Control environment evolved from orderly structured international regime into unpredictable landscape to manage national concerns
 - Military fusion program – human rights
- Emphasis on export controls significantly changed: attention in the boardroom

EXPORT CONTROLS, originally introduced to prevent proliferation of weapons of mass destruction (safety and stability)... now turning into a political instrument to protect national interests (security) by making use of the control mechanisms that are incorporated into these laws



RECIPE FOR SUCCESS I

Steps to deal with the challenges
(US measures against Chinese companies)



How can a US punitive measure against a Chinese company impact a European headquartered multinational company?

1. Understand the regulations
2. Make an impact assessment
3. Inform and update the MT
4. Work with the business to see what CAN be done



RECIPE FOR SUCCESS II

Other ingredients to become future proof as Trade Compliance

- Position in the company
- Staffing
- Communication
- Strategy
- Awareness
- Automation
- Controls

AND FINALLY

Make sure your
COMPLIANCE
voice is heard





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