Code of Business Conduct and Ethics
In pursuit of ethics excellence
Introduction

Code of Business Conduct and Ethics

To All Freescale Employees:

Freescale has built a reputation for maintaining the highest standards of business conduct and ethics, and we take pride that Freescale has received multiple awards over the past six years recognizing the quality of our ethics and compliance programs.

Our reputation for integrity and honesty provides us with a significant competitive advantage and has helped us build trust with our business partners, customers, governments and communities. Our integrity is one of our most important assets, and it is essential that we operate legally and ethically in everything we do and everywhere we conduct our business.

The Freescale Code of Business Conduct and Ethics guides the activities of all employees as we strive to act with integrity, communicate openly and honestly, and treat everyone with respect and fairness. Each employee across the company, at all levels and in all locations, is required to abide by this Code and ensure that all business activities and decisions reflect our commitment to Ethics Excellence.

We conduct business every day in a global environment of complex and sometimes conflicting laws, regulations, priorities and varied business customs. No guide can cover all the circumstances that may create an ethical dilemma in your daily job responsibilities.

If you are uncertain about how to act in a certain situation, or wish to raise a concern or report questionable conduct, you have several resources available to help you out: speak with your manager or someone else in your management chain, speak with your Human Resource representative, or contact the Ethics Helpline confidentially by phone or email. Any reasonable and honest concern about illegal or unethical conduct may be raised without fear of retaliation of any kind. Retaliatory acts are never tolerated at Freescale.

You are a valued member of the Freescale team, and your awareness and adherence to the values and expectations of our Code will help us continue to make Freescale a company that succeeds with pride and integrity.

Thank you,

Gregg Lowe
President and Chief Executive Officer

A Message from Gregg Lowe, President & CEO

Click image to review Gregg Lowe’s biography
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Welcome to Our Code

Welcome to the Freescale Code of Business Conduct and Ethics (our “Code”). Before reading the contents of this Code, please take a moment to read this brief overview. It explains the purpose of our Code, as well as the scope of its applicability. It also summarizes the general expectations to which we, as Freescale employees, officers and directors are held. If at any point during your reading you encounter a question that is not answered by this Code or company policy, the resources listed in the following sections can help.

Purpose: Our Ethics Excellence Applies to All of Us

At Freescale, we continually strive for Ethics Excellence—meaning we meet the needs of our customers, our fellow employees and our communities by maintaining the highest standards of business conduct and ethics. Our Code is a guide to help us live up to that expectation. It summarizes many of the laws that govern our operations as a company, as well as the behaviors expected of us as individuals working on Freescale’s behalf. Our Code does not simply discuss minimum legal requirements. It also describes the ethical values we share as Freescale employees, offering high moral guidance through legal gray areas.

This Code is not a contract, nor does it cover every situation that we might face in our daily work. Instead, it is a helpful resource that highlights key issues and identifies resources to help us do the right thing. By understanding and following our Code, we make decisions that will ensure our company’s success and maintain our integrity in the global community.

Applicability

Our Code applies to all Freescale employees, officers and directors. Compliance with our Code is not optional, and its rules and guidelines do not change based on rank or title. In addition to our Code and company policies, we must know and follow the laws and regulations that apply to the work we do and the countries where we do business. We require suppliers, agents, business partners, consultants and licensees to follow similar principles.

Ethics Excellence

We all know that we are held to the standard of Ethics Excellence. But what does the term Ethics Excellence mean for us as employees, officers and directors of Freescale? What does it mean for our Freescale managers?

As employees, officers and directors, this means that we are expected to follow our Code, to act with integrity, to communicate openly and honestly, and to treat everyone with whom we interact fairly and respectfully. We do not cut corners or measure our commitment; it is a constant part of the Freescale culture. We follow all applicable laws in the locations where we do business. More than that, we make sound and ethical decisions that not only benefit our company, but also our customers, business partners, fellow employees and the communities where we thrive.

Managers at Freescale are especially expected to create an environment that supports these values. If you are a manager, you should lead by example, demonstrating
Remember: Doing the right thing is part of the Freescale culture and is expected of each of us. No document can guarantee ethical behavior—only we can do that. Ethics Excellence is the standard to which we at Freescale hold ourselves and others.
Where to Go With Questions and Concerns

Raising an Issue

Talking through issues and reporting violations helps us grow stronger as an organization. It makes it easier for Freescale to identify problems early on and develop lasting solutions—ultimately leading to our continued success. That’s why, if you have a concern about known or suspected misconduct, Freescale counts on you to raise it. For questions about the Code, typically the first place to turn is your manager. If you are not comfortable discussing the issue with your manager, you are encouraged to talk to another member of management, Human Resources, the Law Department or the Freescale Ethics Helpline.

The Freescale Ethics Helpline is available to all employees worldwide. It is operated by the Freescale Office of Business Conduct and Ethics. We can use it to communicate our concerns directly and confidentially, or have our questions about the Code, company policy or the law answered. Examples of concerns that may be reported using the Ethics Helpline include any irregular accounting methods or auditing conduct, suspicious financial reporting practices, violations of securities and anti-corruption laws (such as the Sarbanes-Oxley, Dodd-Frank and Foreign Corrupt Practices Acts), potential violations of any tax laws and any other activities that may be unlawful. The Ethics Helpline also allows both employees and third parties to report a concern about Freescale’s accounting, internal controls or audit matters to the Audit and Legal Committee of the Board of Directors.

The Ethics Helpline can be reached:

- By phone at (+1) 877-575-5777 (in countries that allow toll-free calling to the U.S.) or (+1) 480-413-5777.
- By email at EthicsHelpLine@freescale.com or, internally, through the Office of Business Conduct and Ethics’ top level Summit page using the anonymous reporting web form.

The Ethics Helpline is not just for emergencies. Speak up if you suspect someone is behaving unlawfully, unethically or against our commitment to Ethics Excellence as set out in this Code. You may use the Ethics Helpline to discuss any question, concern or problem. The Office of Business Conduct and Ethics strives to make sure that all questions or concerns are handled fairly, discreetly, thoroughly and in a timely manner.

Freescale’s Office of Business Conduct and Ethics is overseen by the Audit and Legal Committee of the Board of Directors. Freescale also has a Chief Ethics/Compliance Officer, Director, Ethics and Business Conduct and ethics committees made up of executive leaders who are responsible for ensuring this program follows Freescale’s commitment to Ethics Excellence.

Investigations of Reports

Freescale investigates all reports promptly and thoroughly, consistent with local law. No matter how minor a report might seem to the person making it, rest assured that all concerns are taken seriously and given the appropriate amount of attention. Where misconduct is found, corrective action will be taken—meaning suitable disciplinary action for the individuals involved, and—where appropriate and necessary—modifications or enhancements to our policies, controls and workplaces.

We are all expected to comply with all applicable laws and regulations wherever in the world we are doing business. It is not acceptable to violate the law as a result of business conditions or perceived pressure from management. If you have a question or concern about the legality of an action, you are responsible for consulting with management, the Law Department or the Ethics Helpline.
Consider This

Every day, we make business decisions on behalf of Freescale. Business decisions often involve gray areas, where the right thing to do can be difficult or unclear. If you find yourself in such a situation, remember Freescale’s commitment to conducting business with Ethics Excellence. Ask yourself: do your actions reflect Freescale’s fundamental commitments to act with integrity, communicate openly and honestly, and treat everyone with respect and fairness? If your actions were to appear on the Internet or in the newspaper tomorrow, would you be proud? If not, it cannot be the right thing to do.

Freescale’s Non-Retaliation Commitment

Freescale upholds a strict non-retaliation commitment with respect to reporting that prohibits anyone from discharging, demoting, suspending, discriminating or harassing a person in response to a good faith report. This means our company will not tolerate retaliation against any individual who raises a concern in good faith. To raise a concern “in good faith,” you must simply be honest and reasonably believe you are reporting possible unethical or unlawful activity. It does not mean you have to be right. Anyone may submit a good faith question or concern regarding any matter, including questionable accounting, auditing, internal controls matters, tax compliance or securities laws violations, without fear of retaliation of any kind. However, knowingly making a false report is inconsistent with our standard of Ethics Excellence—and therefore subject to discipline.
Our Responsibility to Our Fellow Employees

Ethics Excellence means we treat one another with respect and fairness at all times—just as we wish to be treated ourselves. We value diversity and inclusion, and respect the culture and customs of our fellow employees, business partners and customers around the world.

Respect, Diversity and Inclusion

Ethics Excellence starts with all Freescalers—and the way we treat each other and conduct ourselves in the workplace sets the standard for how we interact with our customers, business partners and communities. When working together, we value each other’s unique experiences, backgrounds, diverse cultures and ideas. We never allow unlawful discrimination or harassment into our workplace.

Unlawful discrimination means treating others differently or making employment-related decisions on the basis of a legally protected trait. Freescale never hires, fires, promotes, transfers, or makes any other employment-related decision based on a person’s:

- Race
- Color
- Religion
- Gender
- Age
- Mental or physical disability
- Veteran status
- National origin
- Sexual orientation
- Any other characteristic protected by applicable law
As part of our company’s commitment to worker rights, Freescale does not require anyone to work more than the maximum hours of daily labor set by local law. All Freescale employees are paid at or above the minimum legal wage or, where no wage law exists, the local industry standard wage. In addition, as Freescale employees, we have the right to join associations of our own choosing. We can also refrain from joining them, in accordance with local law. And, when communicating openly with management regarding the conditions of our employment, we can do so without fear of retaliation.

**Hiring Practices**

Freescale’s hiring practices conform to the International Labor Organization conventions for minimum age and child labor. In addition, Freescale ensures terms of employment are always voluntary, and we will never use forced or indentured labor or engage in any employment practices that could encourage human trafficking. Similarly, we do not conduct business with third parties who do. Employees must be free to leave work or terminate their employment with reasonable notice. Freescale will not maintain a business relationship with organizations who do not abide by this. Finally, Freescale will never require employees to surrender any government-issued identification, passports or work permits as a condition of employment.

**Free From Harassment**

Harassment—a form of discrimination that creates an offensive, intimidating or hostile environment for others—has no place at Freescale. Harassment can be verbal, physical or visual, and can include derogatory jokes or remarks about a person’s legally protected trait. Harassment can also be of a sexual nature, involving unwanted advances, inappropriate touching or sexually suggestive comments. Threats, acts of violence and intimidation are also prohibited at Freescale. This kind of behavior creates an uncomfortable, unethical and potentially unsafe work environment, which makes it impossible for us to do our best. Therefore, we must speak out when a coworker’s conduct makes us or others uncomfortable, and report harassment when it occurs. A practice of reporting is encouraged and there should be no fear of retaliation for a Freescale employee reporting harassment in good faith.

**Health, Safety and a Non-Violent Workplace**

Freescale is committed to keeping our workplaces healthy, productive and free of hazards. We are all responsible for maintaining a safe workplace by following the safety and health rules and practices in place at our locations. We have a duty to immediately report
accidents or injuries, as well as any unsafe equipment, practices or conditions to a supervisor or other resource. We should all be vigilant in reporting any suspected dangerous situation, including potential threats from our co-workers or third parties. Doing so helps control issues as they arise and prevent future incidents from occurring.

For everyone’s safety, each of us must report to work free from the influence of any substance that could prevent us from conducting work activities. Therefore, we may not work while impaired by alcohol, illegal drugs, misused prescription drugs or misused over-the-counter medications. This is true regardless of whether the use occurs during working hours or on company premises. Further, we may never use, possess, transfer or sell prohibited substances during working hours or while on Freescale premises. Limited exceptions to this rule do exist, such as moderate alcohol consumption at authorized company events pursuant to company rules.

We are expected to interact appropriately and professionally—never in a way that instills fear in others. To preserve everyone’s comfort and safety, acts or threats of violence, intimidation or abuse are strictly prohibited. Consistent with local law, Freescale does not permit weapons in the workplace. If you know of or suspect incidents or threats of workplace violence, intimidation or abuse, report your concerns to your supervisor or Human Resources immediately. If you believe someone is in immediate danger, contact the appropriate local authorities before reporting the matter internally.

Personal Information
We trust Freescale to protect our personal information—information that we provide our company as part of our employment. This information is known as “personally identifiable information” or “PII,” and includes our names, addresses, employee or government IDs, photographs and any other combination of data used to identify us. Those of us who use, access, collect, retain or share PII must do so according to company policy and applicable law. If your job puts you in contact with PII, protect your coworkers’ privacy and never disclose this information inside or outside of Freescale without a legitimate business need to do so and the proper authorizations in place.
At Freescale, the trust and loyalty of our customers and business partners is essential to our success. Ethics Excellence means we have a responsibility to all of our third parties to do business lawfully and ethically, never resorting to unfair or dishonest practices to achieve our success.

**Equitable Treatment**

Our business partners provide us the goods and services we need to meet the needs of our customers. Our responsibility to these partners means we foster relationships of mutual trust and respect with all of them. We treat our business partners fairly, and consider merit and reputation when choosing the organizations with which we do business. We conduct business with integrity, and never participate in unfair business practices—including bribery. This means we may not pay a bribe, gratuity or kickback to an actual or potential customer, supplier or other business partner. Freescale will not accept any business if bribery or other improper means was used to obtain or retain it.

Similarly, we avoid doing business with others who intentionally violate laws, including local environmental laws, employment laws or safety and anti-corruption statutes. All arrangements with third parties must comply with our company’s policy and the law. We will never use third parties to perform any act prohibited by law or this Code.

**Agents and Consultants**

We believe in fair compensation for our agents and consultants. Commission rates or fees paid to dealers, distributors, agents, finders or consultants must be reasonable in relation to the value of the product or work that is actually performed. We do not pay commissions or fees that we have any reason to believe may become bribes.

**Subcontractors**

Subcontractors play a vital role in the fulfillment of many of our business activities. In some cases, our subcontractors are highly visible to our customers. It is therefore very important for us to select subcontractors that share our commitment to the highest standard of business conduct and ethics.

**Purchasing Practices**

The purchasing decisions we make must be based solely on the best interests of our company. Suppliers win Freescale business based on how well their products or services fit our needs, as well the on the commitments they make in terms of price, delivery and quality. It is important for us to document all purchasing agreements and clearly identify:

- The services or products to be provided
- The basis for earning payment
- The applicable rate or fee

We build long-term relationships with our customers by demonstrating and maintaining the highest standards of honesty and integrity. Our marketing and advertising practices are accurate and truthful. Deliberately misleading messages, omissions of important facts or making false claims about our competitors’ offerings are never acceptable. We only obtain business legally and ethically. Bribes or kickbacks are never acceptable.

**Third-Party Information**

Our customers are valuable to us and they trust us with their private information. We have a responsibility to protect sensitive, private or confidential customer information just as carefully as we protect our own. Only those who have an authorized business reason to know confidential customer information should access it. This means we must not disclose confidential information entrusted to us by Freescale customers, suppliers, vendors or other business partners, except when disclosure is authorized by the Law Department or required by laws or regulations. “Confidential information,” which we discuss later in the Code, includes all non-public information that might be of use to competitors, or harmful to Freescale or its business partners, if disclosed.

Q: Jeff is excited about a project nearing completion at Freescale. He has been integral in the development of a new MCU that will revolutionize the products offered by an automotive client. His brother-in-law, Russell, is a general manager at a car dealership that specializes in the car brand that will be affected. Jeff knows how much Russell would appreciate the new innovations. He thinks of sharing the news at next week’s family dinner. After all, Russell will know eventually, and it would be really cool to see the reaction of someone in the automotive industry. What should Jeff do?
A: Jeff should not discuss the upcoming innovations or any Freescale confidential information with Russell. While Jeff is right to be proud of his work and his company, it is never okay to share confidential information with those not approved and authorized by Freescale. Protecting confidential customer, vendor, supplier and business partner information is a priority. Every employee is asked to use integrity when handling our confidential information or any third-party information.

Fair Competition

Our company enjoys a solid reputation in the marketplace—one of quality, integrity and ethics. To maintain this reputation, compliance with our quality processes and safety requirements is essential. After all, we compete based on the merits of the products and services we offer. Shipping products or delivering services that fail to live up to Freescale’s high performance standards will damage our good name, and lose us the trust of our customers and the public. Since Freescale maintains such high standards for both our product offerings and our business integrity, we have no need to and shall not disparage our competitors.

We make certain we comply with all antitrust and unfair competition laws of the many countries in which we do business. Such laws exist to ensure that organizations play by the same rules, and that our customers have the opportunity to purchase quality goods and services at reasonable prices. While competition laws are complex and vary from country to country, they generally prohibit:

- Agreements with competitors that harm customers, including price fixing and allocations of customers or contracts
- Agreements that limit a customer’s ability to sell a product, including establishing the resale price of a product or service, or conditioning the sale of products on an agreement to buy other Freescale products and services
- Attempts to monopolize the marketplace, including pricing a product below cost in order to eliminate competition

Unlawful agreements with our competitors do not need to be formally documented to violate the law. Agreements can be written or verbal, and formal or informal. Also, like many other laws we follow in our daily work, appearances matter. Even an apparent agreement with a competitor can be seen as a violation of competition laws and have steep consequences for Freescale and those involved. Agreements with competitors should be an unusual and infrequent occurrence, and any such agreements must be carefully reviewed by management and the Law Department to ensure compliance with all laws and our Code.

In addition, we must not use any illegal or unethical methods to gather competitive information. This includes misappropriating confidential or trade secret information, lying to or deceiving our competitors to obtain information they normally would not provide to us, or obtaining competitive information through past or present employees of competing companies. If you mistakenly come into contact with any confidential competitor information, or suspect that competitive information was obtained through illegal or unethical means, contact management, the Office of Business Conduct and Ethics or the Law Department right away.

If you have questions regarding competition laws and actions that may violate them, you should direct them to the Law Department.

Q: Jean works with processors and is working with colleagues on a project that could change the future of wireless networks. Lately, the project seems stalled, and she is personally running out of fresh ideas. It occurs to her that one of the new hires at Freescale had a college internship with a competitor, one who is likely also developing new products for wireless networks. Maybe she will make it a point to run into the new hire again soon. A friendly little chat might be just what Jean needs to get the creativity flowing. What could be the harm in an off-the-record discussion?

A: Jean should not discuss the new hire’s prior work at a competitor—whether “informally” or otherwise. Even a verbal violation of our fair competition standards is not acceptable. A Freescale employee should never give the appearance of trying to gain unfair advantage over our customers through duplicitous means. We hire bright and capable workers, and we have no reason to try to diminish or unfairly capitalize off of the competition. Our products and ideas stand on their own strength.
Anti-Corruption

Many of the laws we follow in our daily business activities are designed to uphold fairness and integrity in the marketplace. Anti-corruption laws are no different. Relying on corrupt practices and bribes to win business is no way to operate, and is not fair to anyone involved. This is why we are committed to complying with all of the anti-corruption laws of the countries where we do business, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. These and other international laws and conventions make it illegal for companies to bribe foreign government officials—or more broadly in the case of the UK Bribery Act, anyone in a position to make a commercial decision—in order to obtain or retain business or gain any other improper advantage. “Foreign government officials” include federal, state or local government employees, political candidates, and even employees of businesses that are owned by a foreign government.

To put it simply, a “bribe” is anything of value—money, gifts, favors, offers of entertainment and so on—given in an attempt to influence a government official’s actions, decisions or willingness to do business. It is a violation of our Code and global anti-corruption laws to directly or indirectly offer or make a corrupt payment to any government official, including employees of state-owned enterprises. Similarly, we may not offer or accept a “kickback,” or the return of an amount already paid (or about to be paid) as a reward for making or fostering business arrangements. Finally, we never offer “facilitation payments,” which are small payments, usually given in cash, used to facilitate a routine government action, such as processing a visa, import or export privileges or connecting utilities. Because of the risk that such payments could be mistaken as bribes (and because many countries forbid them), we do not permit such payments in our operations, with a very few and carefully limited exceptions.

These requirements apply both to Freescale employees and our suppliers, subcontractors and agents, no matter where in the world we do business. If you are authorized to engage an agent to do business on Freescale’s behalf, you must make sure that the agent is reputable. The agent is also required to agree, in writing, to Freescale’s anti-corruption expectations. We should never retain an agent to make a bribe on our behalf.

Money Laundering

Wherever possible, Freescale is committed to detecting and preventing money laundering and terrorist financing. As part of this obligation, we only do business with individuals who do legitimate, lawful business and whose identity we have confirmed. We must comply with all applicable anti-money laundering laws throughout the world, and report any suspicious activity to a manager or the Law Department as soon as we are alerted.

Money laundering issues are complex, and you should not attempt to handle them alone. If you encounter any transaction that raises suspicions or “red flags” about suspected illegal activity, you should report it right away to the Law Department or the Office of Business Conduct and Ethics.

Q: Marc was recently promoted to a management position in a foreign country. Upon arrival, he learns that a building addition to Freescale’s facility has been in process for a year and a half. He is appalled that it could take so long for permits and building inspections to occur. He decides to contact a few key government officials and invite them to a lavish and expensive dinner, including costly drinks and entertainment. It would be a good idea to get on friendly terms with these officials, right? No one has to know.

A: No matter where a Freescale employee goes globally, he/she represents our company’s ethics. We are all subject to the FCPA and all anti-corruption acts, and must act accordingly. Marc should also follow any local anti-bribery laws. A lavish and expensive meal offered to government officials, with whom he would like to find favor, could be construed as a bribe in many countries in the world.

Conflict Minerals

Freescale takes the subject of conflict minerals very seriously. Freescale supports global initiatives to combat human rights abuses occurring in the conflict regions in and around the Democratic Republic of Congo (DRC). Our company does this through its efforts to keep our products free of gold, tin, tantalum and tungsten sourced from conflict mines or smelters. As part of our commitment to conflict-free products,
Freescale also maintains policies and processes that require our suppliers to certify that the materials they supply for use in our products are free of such minerals.

Q: Shelley maintains relationships with a number of Freescale suppliers. A representative of one of the companies that supplies Freescale with product materials has reached out to her to offer the same quality components at a significantly lower price. Shelley is thrilled—this could save Freescale quite a bit of money in the long term. However, when she asks the supplier for confirmation that the materials are made of conflict-free minerals, she doesn’t receive a straight answer. Should she proceed with the transaction?

A: Shelley should first consult with the Compliance group or the Office of Business Conduct and Ethics to determine whether Freescale can do business with this supplier. While reducing costs can be beneficial to our company, compromising our integrity is not and Freescale’s intention is to have conflict-free materials and products.

Gifts and Entertainment

In the course of everyday Freescale business, we exchange courtesies with our customers, business partners and others with whom we work or seek to work. Our company isn’t alone in this. Indeed, it’s fairly commonplace in today’s market to use gifts, meals, entertainment and other business courtesies as a means of fostering goodwill between companies or individuals. Doing so in an appropriate, ethical and legal way helps us build lasting relationships with others. The following guidelines are in place to help us differentiate between gifts that are acceptable, and those that violate our Code, company policy and the law.

Gifts

Gifts are considered anything of value that we provide to or accept from others. Gifts are not always physical objects—they might also be services, favors or other items of value. Gift-giving customs vary among the cultures of the world, and more lavish gifts are considered customary in certain areas. However, regardless of where we are doing business, we follow the same standards for giving and receiving gifts.

Gifts Given to and by Freescale Employees

As a rule, we don’t accept kickbacks, lavish gifts or gratuities from anyone. We can accept items of nominal value, such as shirts, mugs, pens or other small promotional items bearing another company’s logo. We may not accept anything that could appear to compromise our independent judgment. If you believe it would be impractical or harmful to refuse or return a gift of more than nominal value, discuss the situation with the Office of Business Conduct and Ethics to help you determine the best course of action.

The gifts we offer to others must be legal, reasonable and pre-approved in writing by our local management. As mentioned in the “Anti-Corruption” section of this Code, we never pay bribes—to government officials or to other third parties. Further, if a certain gift is prohibited by law or the policy of the recipient’s organization, we don’t offer it.

Entertainment

At Freescale, “entertainment,” includes meals, theatrical, musical, artistic or sporting events that occur outside of the office. Under our company policy, legitimate entertainment requires that both a Freescale employee and a representative of a current or potential business partner attend the event.

Gifts and Entertainment
certain form of entertainment is appropriate, first discuss it with management. Remember, entertaining government officials may be a violation of local anti-corruption laws.

**Travel**

We may accept transportation and lodging provided by a Freescale supplier or other third party, as long as the trip:

- Is for business purposes
- Will not appear to influence our independent judgment on behalf of Freescale
- Is approved in advance by management

All travel accommodations that we accept must be accurately recorded in our travel expense records.

Freescale may pay for the transportation and lodging of our customers, agents or suppliers in connection with a visit to a Freescale facility or product installation, unless we are prohibited from doing so by law or the policy of the recipient’s organization. Such visits must be for a legitimate business purpose. For example, on-site examination of equipment, contract negotiations or training would be considered valid reasons.

All travel by government officials sponsored or paid for by Freescale must be approved in advance by a Freescale Senior Vice President and the Office of Business Conduct and Ethics. For additional information, please see the “Anti-Corruption” section of this Code.

**Q: Alicia, a sales representative, has been courting an international client for months.** The client has finally agreed to send a representative to Austin to discuss specific processing solutions Freescale could offer. When Alicia contacts the representative to arrange travel plans, he hints that the trip would be sweetened by tickets to a football game. He wants to see the American sport and knows the University of Texas Longhorns is a fun team to watch. In fact, he would like to bring his family along for this trip and sports outing. Should Alicia arrange this little perk? It would surely show how committed she is to the client and the deal.

**A: While it is customary to provide transportation and lodging to a customer who is considering a contract, all expenses should be related to legitimate business purposes.** Providing additional, lavish entertainment or gifts is not allowed. Providing extra travel and lodging for a client’s family is above normal business expense, as is providing football tickets for the client’s personal use. Freescale’s interests are only advanced if attendance at the event enables more time to discuss the business at hand.

**Government Customers**

We already know that special rules and regulations apply to our dealings with local and foreign governments. In addition to anti-corruption and anti-bribery laws, we must take special care to comply with all legal and contractual obligations when working with governments. In the U.S., any contracts with the federal government must comply with the Federal Acquisition Regulations (FAR). National and local governments around the world have specific and varied procurement laws and regulations that have been established to protect the public interest. These laws generally prohibit or put strict limits on gifts, entertainment and travel offered to government officials. Frequently, they also apply to hiring current or recently retired officials and their family members, and to any conduct that may be viewed as improperly influencing objective decision making.

Many other laws strictly govern accounting and billing practices applied to the fulfillment of government contracts and subcontracts. These laws apply to all of us worldwide. When our company uses suppliers or subcontractors to fulfill commitments to governmental customers, we may be responsible for communicating these unique governmental requirements to them. If you deal with government officials and contracts, you are responsible for knowing and complying with applicable laws and regulations. If you have any questions about applicable laws, please contact the Law Department.
As employees, officers and directors of Freescale, we do what is best for our company. Ethics Excellence not only makes Freescale a great place to work; it also allows us to succeed in the marketplace.

**Conflicts of Interest**

Our ethical obligations require that all business decisions and actions must be based on the best interests of Freescale. They can’t be motivated by our personal interests or relationships. When we allow that to happen, it creates what is known as a “conflict of interest”—a situation where our activities and investments could undermine the best interests of our company. Any time you have a potential conflict of interest, contact your manager or the Law Department to discuss the right course of action.

There are many ways a conflict of interest can arise. The following are some general guidelines to help us better understand some of the most common examples.

**Outside Employment**

It is not prohibited for Freescale employees to take on additional employment outside of Freescale with approval from their managers, but it comes with certain limitations and cautions. In order to give our best to our company and work free of bias, Freescale employees may not work for or receive payments for services from any Freescale competitor, customer, distributor or supplier. Any outside employment must be strictly separated from our work at Freescale, and should not interfere with our ability to give our full time and attention to our job performance. The skills we learn from and use at Freescale may not be used in a way that could hurt our company’s business. We may not use company time, resources, funds or facilities to perform any outside work, including working for oneself.

Keep in mind that Freescale employees do not need to work directly with an organization that does business with or competes against Freescale for a conflict of interest to occur. Any commercial or monetary relationship with prospective or existing suppliers, contractors, customers, competitors or regulators can affect independent and sound judgment on behalf of Freescale, and should be disclosed immediately.

**Q:** Frederick manages a group of designers for Freescale and his team also includes contractors under a long-standing contract. Frederick has a side personal business that is derived in part from expertise he gained while working and training at Freescale. He is offering opportunities to his team to work for his company on the weekends and sees no problem since he is directly paying his team out of his own pocket anyway.

**A:** There are many things wrong with Frederick’s scenario, including the fact that Frederick has another, possibly competing business related to his Freescale employment—including confidential information he gained from the company. Any outside employment must be approved by management.
especially if it is possibly a conflict of interest. Also, Frederick cannot compromise his team members by offering them competing work, even if it is on the weekends and paid directly by Frederick.

**Board Memberships**

Serving on a board of directors or a similar body for an outside company, technical advisory council or government agency while working as a Freescale employee can divide our loyalties between Freescale and other organizations. Therefore, Freescale officers and employees must obtain the advance approval of local management and the Office of Business Conduct and Ethics before accepting any outside directorship at a publicly traded or for-profit entity. In addition, Freescale’s CEO (and any officer subject to Section 16 of the Securities and Exchange Act of 1934) must first obtain the approval of the Compensation and Leadership Committee of the Board of Directors before accepting any such position. Helping our communities by serving on boards of community or charitable organizations that have no business relationship with Freescale is encouraged, and does not require prior approval.

**Investments**

The way we choose to invest our funds often seems like a private matter—and indeed it should be—but some investments can create an actual or apparent conflict. It’s important that we do not allow our personal financial investments to influence, or appear to influence, our independent judgment on behalf of Freescale. This could happen in many ways, but is most likely to create the appearance of a conflict if we invest in a competitor, supplier, customer or distributor. If there is any doubt about how an investment might be perceived, it should be disclosed to management.

**Q: Detrick has, over time, made a tidy sum by watching the markets and investing wisely. There has never been a reason to report his holdings to Freescale management as he has been very careful to choose companies with whom Freescale is not associated. However, he was recently appointed to a committee that will evaluate current and potential supplier contracts. One of the potential new suppliers is a company in which he holds stock. Should he disclose this conflict to management, or will it be enough to abstain from comment during that particular discussion?**

**A: Conflicts of interest, in any form, must be disclosed quickly and completely to management.** Having an outside investment that could sway Detrick’s decision is a pertinent concern. Making decisions that are best for Freescale should be his top priority, and personal financial concerns could cloud his judgment.

**Reporting Relationships**

A conflict of interest may also exist when we approve payments, report to or exercise authority over hiring, promoting or compensating a member of our immediate family or other person with whom we have
a relationship. For the purpose of this Code, the term “relationship” includes, but is not limited to, situations involving co-residency, romantic attachment, legal dependency, business partnerships or dealings involving a financial interest. When we supervise or are supervised by individuals who share such personal relationships with us, we risk the appearance of bias and favoritism. If you supervise or report to a family member, friend, outside business partner or anyone else with whom you also have a personal relationship, disclose it to your supervisor or Human Resources immediately.

Corporate Opportunities

Taking for ourselves any opportunities that we discover through the use of corporate property, information or our position at Freescale undermines the success of our company. Therefore, directors, officers and employees may not use these resources or advantages to obtain an improper personal benefit. In addition, none of us may compete with Freescale directly or indirectly. Our primary responsibilities are to Freescale and the advancement of our company’s interests, wherever possible. We may not directly or indirectly acquire rights to any property or materials when we know that Freescale may also be interested in pursuing such an opportunity.

Company Assets and Information

As part of our responsibilities at Freescale, our company provides us with the resources necessary to do our jobs. These include physical assets, like funds, products, computers and phones, as well as facilities and other company property. Employees, officers and directors have a responsibility to protect the assets entrusted to them from loss, damage, misuse or theft. We use Freescale assets for business purposes only. Our incidental personal use may also be approved by management, as long as such use does not interfere with our work. Freescale assets may never be used for purposes that violate our Code, company policy or the law.

Confidential Information

Confidential information is one of the company’s most important assets. We have a duty to safeguard all confidential information by labeling it, keeping it secure and limiting access to those who need to know it in order to do their jobs. Employees, officers and directors should maintain the confidentiality of information entrusted to them, except when disclosure is authorized or legally mandated. Confidential information includes any information that is not generally known to the public and would be harmful to Freescale—or beneficial to our competitors—if disclosed.

Some common examples of confidential information include financial data, pricing information, marketing strategies, costs, technical data, processes, equipment and machinery layout and design, information systems and computer software. It includes information communicated in both written and electronic documents, as well as formal and informal conversations. As discussed in the “Third-Party Information” section of this Code, it also includes confidential information that
fellow employees, suppliers, customers and others have entrusted to us. Our obligation to preserve confidential information continues even after our relationship with Freescale ends.

**Company Computer Systems**

Freescale computer systems, as well as our company’s network, must be used ethically and within the law. Except where prohibited by local law, our company reserves the right to monitor the use of these systems at any time. This means that all information and communications we transmit by, receive through or store in company email or voicemail accounts must be of a legal, authorized and professional nature. Even when making occasional personal use of company computers, email and voicemail, we must use good judgment. We may never access, download, store or draft communications or materials that are offensive, sexually explicit or illegal. This extends to any electronic documents we might maintain on company laptops or other mobile devices.

**Q:** Andre, a Freescale employee, has been having an affair for four months now. While he does feel guilty, he is also very flattered that a younger woman would find him attractive. His wife, Eilene, would be crushed if she ever found out. Luckily, Andre only corresponds with his girlfriend via company email. By avoiding his home email address, his wife will never be able to access the notes and racy pictures his girlfriend is sending. Andre doesn’t let this interfere with work as he only responds during his lunch break. He reasons that this is just a bit of fun, and it really shouldn’t be anyone’s concern but his own.

**A:** While Andre’s relationship choices are private, his use of company computer systems is not. Employees must exercise good judgment when using company equipment. Occasional personal use of company email and voicemail is permitted, but content that is offensive, explicit or illegal is never allowed. Freescale may monitor an employee’s computer use, and all documents and emails that are transmitted by and stored on a company computer should be ethical and work related.

**Social Media**

Most of us are quite familiar with social media. We use it in our personal lives, whether we actively participate in social networking sites, share our photos and videos online, or simply read blogs and wikis that others have written. There are also times we might use it in our professional lives—to network with other industry professionals, for example, or gather publicly available information about the marketplace.

The possibilities that social media provide are endless. That’s why it’s important for us to always disclose our identity and affiliation to Freescale whenever we discuss topics about Freescale and our industry, especially if we engage with customers. When we identify ourselves online as Freescale employees, we accept the responsibility of composing ourselves professionally, making it clear that our views are only personal and do not represent those of Freescale. We must not use social media to disparage or harass Freescale, our fellow employees, customers, competitors or business partners. We also must respect and protect the intellectual property and confidential information belonging to our company or others with whom we work—even if we put stringent privacy settings in place on our Facebook or other social media accounts.

**Insider Trading**

As discussed in the “Company Assets and Information” section of our Code, we often have access to confidential information—data that isn’t available to the public. When this data is “material,” meaning a reasonable investor could find it important in making a decision to trade in securities, it is known as “inside information.” Inside information can pertain to Freescale or another company with which we do business. It can include financial information or forecasts, changes in executive management, knowledge of significant product developments, or news of mergers or acquisitions, to name only a few. We are not allowed to trade in securities or any other kind of property based on inside information we might learn through our jobs. It is against the laws of many countries, including the United States, to engage in insider trading or to “tip” others to do so. Some of us in certain positions are subject to blackout periods, during which we cannot trade in Freescale securities.
Financial Records

All of our business records and communications—written or verbal—should be clear, truthful and accurate. We rely on honest and accurate recording and reporting of information in order to make responsible business decisions. Similarly, our customers, business partners and the public trust us to deliver this information in order to get an accurate sense of Freescale’s financial condition. This includes data such as quality, safety and personnel records, as well as all financial records. All financial books, records and accounts must accurately reflect transactions and events, and conform both to required accounting principles and to Freescale’s system of internal controls and policies. We must never make false or artificial financial entries—to do so is a disservice to our company, ourselves and our stakeholders, and may be illegal under the laws of the United States and other countries. When a payment is made, it can only be used for a lawful and properly documented business purpose.

Record Retention

Records should always be retained and destroyed according to Freescale’s record management policies. However, no records may be destroyed that are subject to a Litigation Hold. A Litigation Hold is a directive from the Law Department requiring us to preserve certain records that are relevant (or potentially relevant) to a pending legal matter. Do not destroy, modify or otherwise alter any documents subject to a Litigation Hold—and always wait until the hold has been officially lifted before taking any action with these records.
Our Responsibility to Our Communities

Freescale is a responsible citizen in all the global locations where we do business. Ethics Excellence means we value the communities where we live and work, and strive to protect our surrounding environment. We uphold the laws that govern our business in all of our areas of operations.

Trade Compliance

At Freescale, we are committed to obeying the laws and regulations in all of our activities and in all global communities where we operate. Therefore, when we import or export products, services, information or technology around the world, we comply with the laws, regulations and restrictions of every country that may exercise authority over Freescale’s importing and exporting.

An “export” occurs whenever certain services are provided, or items such as technology or software, are transferred to another country. Transfers of technology, technical information or software within a country by any method (including verbally or electronically) may also be exports if transferred to someone who is not a citizen or legal resident of that country. Before exporting anything, you must first determine whether the item, technology or software may be transferred to the intended recipient and the country where they are located. You must also obtain (or confirm that Freescale has) all obtained or required licenses or authorizations.

“Importing” occurs whenever we bring items into another country. Imports are also subject to a number of laws and regulations that may restrict what can be imported, or that require the payment of duties and taxes and the submission of certain filings.
Whether importing or exporting, we are responsible for knowing and complying with the laws that pertain to our work, and for checking with Freescale’s Compliance team when in doubt.

Q: Ramon’s position at Freescale doesn’t require him to travel much—in frequent, nearby conferences are the most he is expected to attend. He considers one of the most exciting parts of his job to be collaborating with others around the world. While working over the weekend with a contractor on a project, Ramon is unable to access a Freescale site established to help him transfer his technology files to the contractor wherever she is located. As a workaround, Ramon decides to email the files to this contractor from his personal account. The files are small enough, although they do contain Freescale’s branding information. Should Ramon have waited until returning to work to send these files securely?

A: Yes. All Freescale products, technology and software are subject to the export laws of the United States as well as the laws of the country where an export or other transfer originates. This is why it is so important to verify that the software and technology involved in your project may be transferred both to the intended recipient and the country where the intended recipient is located. This is true regardless of how the transfer is done, including by email, texting or verbal conversations.

**Human Trafficking**

Freescale believes in freedom for all individuals and has zero tolerance for any form of coercion, threats of harm, forced or indentured labor, or physical restraint against any person providing services to us. This applies to all Freescale employees, contractors and agents. We must notify management and the Office of Business Conduct and Ethics immediately if we believe that anyone is being forced to provide services for or on behalf of Freescale against their will.

**Environmental Protection**

Knowing that our work has minimal impact upon our global environment is important to us. We respect the environment by complying with all applicable environmental laws in all of the countries where we do business. We commit ourselves to the protection of the environment by minimizing the environmental impact of our operations and operating our business in ways that foster sustainable use of the world’s natural resources. We are expected to support this commitment by complying with Freescale’s environmental policies and programs. Wherever possible, we have a responsibility to conserve resources and dispose of any hazardous materials appropriately. We must notify management immediately if hazardous materials come into contact with the environment or are improperly handled or discarded.

**Political and Charitable Activities**

We serve society by providing life-enhancing products and services at a fair price, and by actively supporting the communities where we operate. We are free—and encouraged—to support community, charitable and political organizations and causes of our choice. However, if we choose to do so, we must make it clear that our personal views and actions are not those of Freescale. We may never pressure another employee to contribute to or support our political, religious or charitable causes, or force someone to express a view that is contrary to their own beliefs. And like all other outside activities, we must ensure that our volunteerism efforts do not interfere with our job responsibilities or work schedule.
In addition, we may not make any political contribution on behalf of Freescale without prior approval from both the Chief Financial Officer and the General Counsel. The same approvals are required prior to any use of Freescale’s name, funds, property, equipment or services in support of any political party, initiative, committee or candidate, including any contribution of value. Further, lobbying activities or government contacts on behalf of Freescale, other than sales activities, must be coordinated first with the Law Department.

**External Inquiries**

We provide fair, accurate and timely information to the public, regardless of the type of information we’re sharing. To ensure that our communications are clear, consistent and professional, we forward all requests from the media to Corporate Communications. We are expected to cooperate with reasonable requests for information from government agencies and regulators, but should consult with the Law Department before responding to any non-routine requests. We have a duty to fully cooperate with all audits and investigations that may be requested by our company. The information we provide must be truthful and accurate at all times. We must not conceal, alter or destroy documents or records in response to an investigation, litigation or any other lawful request.
Waivers

Freescale intends for this Code to comply with all applicable laws and regulations. Where necessary, implementation and application of provisions of this Code may be modified to ensure compliance with specific local requirements. While Freescale does not anticipate the need for any exceptions to this Code, situations could arise in which a waiver of one of this Code’s provisions is appropriate or necessary. Any waiver for executive officers and directors must be approved by the Freescale Board of Directors. It will then be disclosed publicly, in compliance with applicable listing requirements. All other waivers must be approved by our Chief Executive Officer or General Counsel.

Information Sources

ethics.freescale.net

The Ethics Helpline can be reached:

- By phone at (+1) 877-575-5777 (in countries that allow toll-free calling to the U.S.) or (+1) 480-413-5777.
- By email at EthicsHelpLine@freescale.com or, internally, through the Office of Business Conduct and Ethics’ top level Summit page using the anonymous reporting web form.

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