



2023

# TCFD Index

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If emissions of greenhouse gases (GHGs) continue at current rates, global warming will accelerate. Temperature gains above 2 °C (relative to the pre-industrial period) would have catastrophic economic and social consequences.

The growing demand for decision-useful, climate-related information from organizations across all sectors of the economy has given rise to several disclosure standards that support greater accountability and transparency. One such standard, established in 2015, is the Task Force on Climate-Related Financial Disclosures (TCFD), which defines a set of voluntary disclosures of climate-related financial risk. Using the TCFD format, companies can inform stakeholders of any risks relating to climate change that they face.

The TCFD structures their recommendations around four themes that represent core elements of how organizations operate: governance, strategy, risk management and metrics and targets.

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Governance	
Disclose the organization’s governance around climate-related risks and opportunities.	
a. Describe the board’s oversight of climate-related risks and opportunities.	<p>The Nominating, Governance and Sustainability Committee of NXP’s Board of Directors is responsible for reviewing the Company’s policies and practices relating to significant issues of sustainability, environmental, social and governance (ESG) and public issues of concern that affect investors and other key stakeholders, including climate-related risks and opportunities. The Nominating, Governance and Sustainability Committee receives quarterly updates from representatives of the ESG Management Board and, in turn, reports on these efforts in plenary meetings of NXP’s Board of Directors. A monitoring dashboard of top key performance indicators (KPIs) for our status on progress is reviewed on a quarterly basis.</p> <p>The Board and Board Committees consider climate-related issues when making decisions involving strategy, major plans of action, risk-management policies, annual budgets and business plans. The Board and Board Committees consider climate-related issues when setting the organization’s performance objectives, monitoring implementation and performance and overseeing major capital expenditures, acquisitions and divestitures.</p> <p>The Nominating and Governance Committee reviews and approves our carbon-footprint goals, strategy, roadmap and budget. Please see our <a href="#">Nominating, Governance and Sustainability Committee Charter</a> for more details. Please see the Governance section of the Sustainability Strategy chapter of our <a href="#">2023 Corporate Sustainability Report</a> for more details.</p>

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b. Describe management's role in assessing and managing climate-related risks and opportunities.

The CEO and the NXP Management Team, under the supervision of NXP's Board of Directors, are responsible for implementation of NXP's sustainability strategy, policies and goals. Climate-related risks and opportunities are included in the ESG and Sustainability function within the Company and are managed in the same way as other ESG matters.

NXP's ESG Management Board, which is comprised of Management Team members and other senior leaders, oversees the implementation of sustainability strategy and policy and ensures appropriate resourcing. The ESG Management Board is chaired by our General Counsel and Chief Sustainability Officer and supported by our Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer, Chief Human Resources Officer and Chief Operations and Manufacturing Officer. The ESG Management Board meets regularly to ensure our ESG performance is in line with our strategy and goals. The Nominating, Governance and Sustainability Committee receives quarterly updates from representatives of the ESG Management Board and, in turn, reports on these efforts in plenary meetings of NXP's Board of Directors.

In addition to the ESG Management Board, NXP also has an Environment, Health and Safety (EHS) Management Board. While the ESG and EHS Management Boards approve the strategy and targets, the Sustainability and EHS Corporate Teams focus on policies, goals, program development and measurable improvement plans, all while monitoring and controlling operational functions. The Sustainability and EHS Corporate Teams meet regularly with the ESG and EHS Management Boards to discuss and review NXP's performance.

The Sustainability and EHS Corporate Teams set targets, conduct annual self-assessments and third-party audits, ensure timely closure of corrective-action plans, monitor and control working hours and rest days and conduct internal capacity-building. The Site Steering Committee Teams implement, measure and validate policies, drive continuous improvement at their respective sites and report progress to Site Management and the Sustainability and EHS Corporate Teams.

## Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

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	Type of Risk and Opportunity	Time Horizon	Description
<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	Acute Physical Risk: Severe Storms and Heavy Precipitation	Short-term (1-5 years)	At some some of our sites, there is a risk of severe storms and heavy precipitation. This can include hail, rain, snow, high winds, lightning, flooding and tornadoes. The potential impact is primarily on our own operations.
	Acute Physical Risk: Cyclones and Tropical Storms	Short-term (1-5 years)	At one of our sites, there is a risk of cyclones and tropical storms. This can include high winds, heavy rain, lightning, flooding, high currents and tornadoes. The potential impact is primarily on our own operations.
	Market Opportunity: Low-carbon products	Short-term (1-5 years)	One of NXP's key climate-related opportunities is to provide products for a carbon-free and low-carbon world. Semiconductor solutions enable the provision of green energy and the electrification of various sectors and help optimize power conversion for maximum energy efficiency. Supplying these kinds of energy-saving solutions has a potentially beneficial impact on our operations and the operations of downstream stakeholders.
<p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	Our climate-related acute physical risks have the potential to impact revenue through decreased production capacity and may also impact the well-being of our team members.		
	Our climate-related market opportunity has the potential to impact our product strategy and R&D, as well as our revenue from increased product demand.		
	Some risks that are as yet unknown, or are currently believed not to be material, could ultimately have an impact on our businesses, objectives, revenues, income, assets, liquidity and/or capital resources.		
<p>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	We plan to conduct climate-related risk and opportunity assessments using scenario analysis. We will disclose subsequent results in future Reports.		



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### Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

a. Describe the organization's processes for identifying and assessing climate-related risks.

Various teams collaborate to assess climate risks and opportunities. This assessment is completed at least annually. For climate-related risks specifically, our Business-Resilience Team conducts our most comprehensive assessment of physical risks, with the aim of more thoroughly assessing transition risks in the near future. This assessment of physical risks evaluates physical climate-related risks through site-specific risk data provided by a third party, stakeholder interviews, surveys and other methods. Risks are prioritized at the corporate and local levels by their scope and operational controls. We will expand on this in the future as we increase our understanding of how climate risks may impact our business.

b. Describe the organization's processes for managing climate-related risks.

Site and corporate Business-Resilience Teams regularly review and update assessments of risks, including climate-related risks and their associated action plans. We document high-priority risks and identify action plans to reduce the relative impact of those risks. All significant risks and opportunities are escalated depending on the management team member responsible for the risk and opportunity type. Risk assessments and action plans are used as input for formal goal planning, management review updates and, if applicable, capital financial planning. Feedback obtained from management-team reviews, the Sustainability Office, the ESG and EHS Management Boards, Business-Resilience Teams and other stakeholders is also incorporated into risk assessments and action plans.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

The results of our climate-related risk assessment, along with other risks identified by the Business-Resilience Team, inform the risks considered by the Enterprise Risk Management function within NXP.

### Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.



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a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Our disclosure of climate-related metrics provides current and historical information for analysis of our Scope 1, 2 and 3 emissions. In the Environment, Health and Safety chapter of our [2023 Corporate Sustainability Report](#) for more details, we include both absolute and normalized data to factor in our production index (square meters of manufactured wafers) and align with our semiconductor peer group.

We measure our carbon footprint according to the GHG Protocol, a set of internationally recognized standards for quantifying and reporting GHG emissions. We report on all three of the protocol's defined categories: Scope 1 (direct emissions), Scope 2 (indirect emissions, owned) and Scope 3 (upstream and downstream emissions). 2023 marked the first time we made a detailed inventory of all 15 categories of Scope 3, mapping NXP's footprint throughout our entire value chain. Our Scope 3 emissions are understandably larger than our Scope 1 and 2 emissions, given that Scope 3 emissions represent an impact beyond our operations. While we will remain focused on our Scope 1 and 2 decarbonization efforts, we will also work to establish methods to reduce our Scope 3 footprint, and will also set Scope 1, Scope 2 and Scope 3 SBTs in 2024.

We discuss water, energy and waste with equivalent levels of detail. We make all environmental data available in this Report and on our Environment, Health and Safety [website](#).

b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.

GHG Disclosure	Unit	2020	2021	2022	2023
<b>Total Scope 1 and 2 (Market-Based) Emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>982,123</b>	<b>1,180,209</b>	<b>1,169,506</b>	<b>897,536</b>
Normalized Scope 1 and 2 (Market-Based) Emissions	tCO <sub>2</sub> e/m <sup>2</sup>	17.8	17.6	15.9	<b>15.6</b>
Scope 1 and 2 (Market-Based) Emissions Intensity	tCO <sub>2</sub> e/ \$ Million	114	107	89	<b>68</b>
<b>Total Scope 1, 2 (Market-Based) and 3 Emissions</b>	<b>tCO<sub>2</sub>e</b>			<b>19,722,642</b>	<b>12,754,590</b>
<b>Scope 1 Emissions</b>					
PFC Emissions	tCO <sub>2</sub> e	217,326	346,299	400,261	<b>282,709</b>
HTF Emissions	tCO <sub>2</sub> e	82,100	104,510	62,499	<b>26,808</b>
Fossil-Fuel Emissions	tCO <sub>2</sub> e	41,819	44,229	46,068	<b>45,080</b>
N <sub>2</sub> O Emissions	tCO <sub>2</sub> e	14,498	19,400	20,503	<b>15,569</b>
Other Scope 1 Emissions	tCO <sub>2</sub> e	720	777	1,102	<b>8</b>
<b>Total Scope 1 Emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>356,462</b>	<b>515,215</b>	<b>530,433</b>	<b>370,174</b>



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b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.	Scope 2 (Market-Based) Emissions					
	Indirect Emissions from Manufacturing Sites	tCO <sub>2</sub> e	604,013	642,640	613,620	506,228
	Indirect Emissions from Non-Manufacturing Sites	tCO <sub>2</sub> e	21,648	22,354	25,453	21,134
	<b>Total Scope 2 (Market-Based) Emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>625,661</b>	<b>664,994</b>	<b>639,073</b>	<b>527,362</b>
	Scope 3 Emissions					
	Category 1 - Purchased Goods and Services	tCO <sub>2</sub> e			3,429,662	3,291,179
	Category 2 - Capital Goods	tCO <sub>2</sub> e			320,199	266,665
	Category 3 - Fuel- and Energy-Related Activities	tCO <sub>2</sub> e			93,645	89,852
	Category 4 - Upstream Transportation and Distribution	tCO <sub>2</sub> e			13,154	10,313
	Category 5 - Waste Generated in Operations	tCO <sub>2</sub> e			10,945	9,544
	Category 6 - Business Travel	tCO <sub>2</sub> e			9,092	12,980
	Category 7 - Employee Commuting	tCO <sub>2</sub> e			63,079	64,805
	Category 8 - Upstream Leased Assets	tCO <sub>2</sub> e			6,441	6,768
	Category 9 - Downstream Transportation and Distribution	tCO <sub>2</sub> e			13,306	10,583
	Category 10 - Processing of Sold Products	tCO <sub>2</sub> e			79,506	56,351
Category 11 - Use of Sold Products	tCO <sub>2</sub> e			14,510,934	8,035,180	
Category 12 - End-of-life Treatment of Sold Products	tCO <sub>2</sub> e			2,524	2,160	
Category 13 - Downstream Leased Assets	tCO <sub>2</sub> e			649	674	
Category 14 - Franchises	tCO <sub>2</sub> e			Not Applicable	Not Applicable	
Category 15 - Investments	tCO <sub>2</sub> e			Not Applicable	Not Applicable	
<b>Total Scope 3 Emissions</b>	<b>tCO<sub>2</sub>e</b>			<b>18,553,136</b>	<b>11,857,054</b>	

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c. Describe the targets used by the organization to manage climate-related risks and opportunities, and the organization's performance against these targets.

**Climate-Related Mid-Term Targets**

Emissions: Reduce carbon emissions by 35% in 2027 (2021 baseline)

Energy: 50% renewable electricity by 2027

Water: 60% of wastewater recycled by 2027

**2023 Results**

Emissions: We decreased our absolute Scope 1 and 2 emissions by 24% compared to our baseline year of 2021.

Energy: We used 39% renewable electricity, an increase of 4 percentage points compared to 2022, and an increase of 22 percentage points compared to 2014.

Water: We recycled 51% of wastewater, an increase of 2 percentage points compared to 2022, and an increase of 15 percentage points compared to 2014.

We also have short-term targets for most of our mid-term goals. These are included in our Annual Incentive Plan (AIP), and are tied to the compensation of all NXP employees.

Please see the Goals section of the Sustainability Strategy chapter, and the Emissions, Energy and Water sections of the Environment, Health and Safety chapter of our [2023 Corporate Sustainability Report](#) for more details.





NXP Semiconductors N.V. (NASDAQ: NXPI) brings together bright minds to create breakthrough technologies that make the connected world better, safer and more secure. As a world leader in secure connectivity solutions for embedded applications, NXP is pushing boundaries in the automotive, industrial & IoT, mobile, and communication infrastructure markets while delivering solutions that advance a more sustainable future. Built on more than 60 years of combined experience and expertise, the company has approximately 34,200 team members in more than 30 countries and posted revenue of \$13.28 billion in 2023. Find out more at [www.nxp.com](http://www.nxp.com).

For more information about NXP's ESG activities, please read our full [2023 Corporate Sustainability Report](#).

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