



# TCFD Index



NXP Sustainability

2024







# TCFD Index

The Task Force on Climate-Related Financial Disclosures (TCFD) defines a set of voluntary disclosures of climate-related financial risk that companies can use to inform their stakeholders. 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 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 Sustainability 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 ambitions, monitoring implementation and performance and overseeing strategic decisions.</p> <p>The Nominating and Governance Committee reviews and approves our emissions reduction ambitions, 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="#">2024 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.	<p>The CEO and the NXP Management Team, together with and under the supervision of NXP's Board of Directors, are responsible for implementation of NXP's sustainability strategy, policies and aspirations. Climate-related risks and opportunities are included in the Sustainability function within the Company and are managed in the same way as other sustainability matters.</p>
	<p>NXP's Sustainability 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 Sustainability 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 People Officer and Chief Operations and Manufacturing Officer. The Sustainability Management Board meets regularly to ensure our sustainability performance is in line with our strategy and aspirations. The Nominating, Governance and Sustainability Committee receives quarterly updates from representatives of the Sustainability Management Board and, in turn, reports on these efforts in plenary meetings of NXP's Board of Directors.</p>
	<p>In addition to the Sustainability Management Board, NXP also has an Environment, Health and Safety (EHS) Management Board. While the Sustainability and EHS Management Boards approve the strategy and targets, the Sustainability and EHS Corporate Teams focus on policies, program development and measurable improvement plans, all while monitoring and controlling operational functions. The Sustainability and EHS Corporate Teams meet regularly with the Sustainability and EHS Management Boards to discuss and review NXP's performance.</p>
	<p>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.</p>

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.			
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Type of Risk and Opportunity	Time Horizon	Description
	Acute Physical Risk: Severe Storms and Heavy Precipitation	Short-term (1-5 years)	At 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)	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.

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b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	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.
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We plan to conduct climate-related risk and opportunity assessments using scenario analysis. We will disclose subsequent results in future Reports.
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 annually. For climate-related risks specifically, our Business-Resilience Team conducts our most comprehensive assessment of physical risks. 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 sources. Risks are prioritized at the corporate and local levels by their scope and operational controls. We may expand on this 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 Sustainability and EHS Management Boards, Business-Resilience Teams and other stakeholders is also incorporated into risk assessments and action plans.



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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 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.	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>Our disclosure of climate-related metrics provides current and historical information regarding our emissions. In the Environment, Health and Safety chapter of our <a href="#">2024 Corporate Sustainability Report</a>, 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.</p> <p>We measure our carbon footprint in accordance with the GHG Protocol, a set of internationally recognized standards for quantifying and reporting GHG emissions. Our reporting encompasses all three of the protocols' defined categories: Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions, owned) and Scope 3 (upstream and downstream emissions across the value chain). While our primary focus remains on decarbonizing Scope 1 and 2 emissions, we are also working to reduce our Scope 3 footprint, which is understandably larger, due to its value-chain impact. As a part of this commitment, we successfully validated Science-Based Targets (SBTs) for Scope 1, 2 and 3 emissions during the year.</p> <p>We discuss energy, water and waste with equivalent levels of detail. We make all environmental data available in this Report and on our Environment, Health and Safety <a href="#">website</a>.</p>

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b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.	GHG Disclosure	Unit	2021	2022	2023	2024
	Total Scope 1 and 2 (Market-Based) Emissions	tCO <sub>2</sub> e	1,180,209	1,179,254	901,279	716,987
	Normalized Scope 1 and 2 (Market-Based) Emissions	tCO <sub>2</sub> e/m <sup>2</sup>	17.6	16.0	15.6	14.1
	Scope 1 and 2 (Market-Based) Emissions Intensity	tCO <sub>2</sub> e/ \$ Million	107	89	68	57
	Total Scope 1 and 2 (Location-Based) Emissions	tCO <sub>2</sub> e				753,961
	Normalized Scope 1 and 2 (Location-Based) Emissions	tCO <sub>2</sub> e/m <sup>2</sup>				15
	Total Scope 1, 2 (Market-Based) and 3 Emissions	tCO <sub>2</sub> e		19,733,276	12,759,219	10,473,132
	Total Scope 1, 2 (Location-Based) and 3 Emissions	tCO <sub>2</sub> e				10,765,042
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.	Scope 1 Emissions					
	PFC Emissions	tCO <sub>2</sub> e	346,299	408,563	282,709	179,907
	HTF Emissions	tCO <sub>2</sub> e	104,510	62,499	27,331	15,615
	Fossil-Fuel Emissions	tCO <sub>2</sub> e	44,229	46,084	45,080	43,738
	N <sub>2</sub> O Emissions	tCO <sub>2</sub> e	19,400	20,503	15,569	15,190
	Other Scope 1 Emissions	tCO <sub>2</sub> e	777	1,102	8	485
	Total Scope 1 Emissions	tCO <sub>2</sub> e	515,215	538,751	370,696	254,936
	Scope 2 Emissions					
	Total Scope 2 (Market-Based) Emissions	tCO <sub>2</sub> e	664,994	640,503	530,582	462,051
	Total Scope 2 (Location-Based) Emissions	tCO <sub>2</sub> e				753,961



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b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.	Scope 3 Emissions					
	Category 1 – Purchased Goods and Services	tCO <sub>2</sub> e		3,429,662	3,291,179	3,054,065
	Category 2 – Capital Goods	tCO <sub>2</sub> e		320,199	266,665	327,800
	Category 3 – Fuel- and Energy-Related Activities	tCO <sub>2</sub> e		93,645	89,852	92,106
	Category 4 – Upstream Transportation and Distribution	tCO <sub>2</sub> e		13,154	10,313	10,380
	Category 5 – Waste Generated in Operations	tCO <sub>2</sub> e		10,945	9,544	10,968
	Category 6 – Business Travel	tCO <sub>2</sub> e		9,092	12,980	14,679
	Category 7 – Employee Commuting	tCO <sub>2</sub> e		63,079	64,805	51,296
	Category 8 – Upstream Leased Assets	tCO <sub>2</sub> e		6,441	6,768	6,245
	Upstream Scope 3 Emissions	tCO <sub>2</sub> e		3,946,217	3,752,106	3,567,539
	Category 9 – Downstream Transportation and Distribution	tCO <sub>2</sub> e		13,306	10,583	7,213
	Category 10 – Processing of Sold Products	tCO <sub>2</sub> e		79,506	56,351	51,716
	Category 11 – Use of Sold Products	tCO <sub>2</sub> e		14,510,934	8,035,180	6,125,662
	Category 12 – End-of-life Treatment of Sold Products	tCO <sub>2</sub> e		2,524	2,160	2,065
	Category 13 – Downstream Leased Assets	tCO <sub>2</sub> e		649	674	692
	Category 14 – Franchises	tCO <sub>2</sub> e		Not Applicable	Not Applicable	Not Applicable
	Category 15 – Investments <sup>1</sup>	tCO <sub>2</sub> e		886	886	1,258
	Downstream Scope 3 Emissions	tCO <sub>2</sub> e		14,607,805	8,105,834	6,188,606
Total Scope 3 Emissions		tCO <sub>2</sub> e		18,554,022	11,857,940	9,756,145

<sup>1</sup> During the SBTi target validation process, it was determined that Category 15 – Investments, although minor, should also be considered applicable to NXP. Although not included in previous reporting, we have now included Category 15 in our Scope 3 disclosures.



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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.

NXP has established a well-defined roadmap to reduce emissions across our operations and value chain, ensuring measurable progress toward achieving our climate related aspirations, while supporting global efforts to limit warming to maximum 1.5°C. This roadmap includes both mid- and long-term targets.

**Mid-Term Targets**

- 35% reduction in Scope 1 and 2 absolute emissions by 2027 (2021 baseline)
- 55% reduction in Scope 1 and 2 absolute emissions by 2030 (2021 baseline)
- 35% reduction in Scope 3 absolute emissions by 2033 (2022 baseline)

**Long-Term Ambitions**

- Achieve carbon neutrality by 2035 for Scope 1 and 2

We have additional targets for energy and water:

- 50% renewable electricity by 2027
- 60% wastewater recycled by 2027

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 Aspirations section of the Sustainability Strategy chapter, and the Climate and Water Efficiency sections of the Environment, Health and Safety chapter of our [2024 Corporate Sustainability Report](#) for our performance against these targets and more details.<sup>2,3</sup>

## SBTi Validation

In 2024, we reached a significant milestone by completing the Science Based Targets initiative (SBTi) validation process. This validation reflects our commitment to climate action. Our validated targets include:

- 55% reduction in Scope 1 and 2 emissions by 2030 (2021 baseline) – aligned with a 1.5°C pathway
- 35% reduction in Scope 3 emissions by 2033 (2022 baseline) – aligned with a well-below 2°C pathway

<sup>2</sup> NXP's approach is to reduce its Scope 1 and Scope 2 emissions by 2035 by prioritizing the implementation of technically and socio-economically feasible solutions. We intend to offset any remaining Scope 1 and Scope 2 emissions. This carbon neutrality goal is not aligned with SBTi.

<sup>3</sup> We aim to achieve our renewable electricity goal through the use of unbundled renewable energy certificates, power purchase agreements and, in select cases, self-generation. This goal is not aligned with SBTi.





NXP Semiconductors N.V. (NASDAQ: NXPI) is the trusted partner for innovative solutions in the automotive, industrial & IoT, mobile, and communications infrastructure markets. NXP's "Brighter Together" approach combines leading-edge technology with pioneering people to develop system solutions that make the connected world better, safer, and more secure. The company has operations in more than 30 countries and posted revenue of \$12.61 billion in 2024. Find out more at [www.nxp.com](http://www.nxp.com).

For more information about NXP's Sustainability activities, please read our full [2024 Corporate Sustainability Report](#).

