



# Task Force on Climate-Related Financial Disclosures Report

TE Connectivity (TE, we or our) is committed to transparent environmental, social and governance disclosures. The year 2020 marks TE's inaugural Task Force on Climate-Related Financial Disclosures report. For more information, please see our [annual corporate responsibility report](#), our [2020 CDP Response](#), and our [TE Connectivity Ltd. 2019 Statement of Greenhouse Gas \(GHG\) Emissions, Energy Consumption and Water Withdrawal](#) (Deloitte & Touche LLP performed a review of the TE Connectivity Ltd. 2019 Statement of Greenhouse Gas (GHG) Emissions, Energy Consumption and Water Withdrawal).

## Governance

### a) Board oversight

TE's Nominating, Governance and Compliance Committee of TE's Board continues to review TE's environmental strategy, programs and performance annually, including actions to support and progress toward achieving TE's climate related goals (greenhouse gas emissions reductions). The Committee's report on this review, including all supporting materials, is shared with all Board members.

### b) Management role

We establish and regularly review with senior management and with operations staff our environmental goals and our progress toward achieving those goals. The responsibilities of the Senior Vice President (SVP) of Operations include the Environmental Health and Safety (EHS) function and the Senior Director EHS reports to this SVP. Our sustainability initiatives, including our climate-related actions, are part of our overall EHS program under the SVP of Operations and Senior Director EHS. Additionally, the Executive Vice President and General Counsel has responsibility for the Enterprise Risk Management function, which implements a comprehensive risk management and business continuity process that includes climate change risks.

## Strategy

### a) Climate-related risks and opportunities

In fiscal year 2021, TE began integrating climate risks directly into our Enterprise Risk Management framework. This program includes:

- An annual assessment of all business units and corporate functions
- Analyses of inherent, residual, and target risks using the 2017 COSO Enterprise Risk Management standards
- Deep dives and focused analyses of identified key enterprise risks
- Mitigation tracking with risk owners for all Principal and Enterprise risks
- Risk governance through an Integrated Risk Committee comprised of senior leaders and risk owners across the company



TE’s annual integrated risk assessment is a broad analysis of risks from across the enterprise, involving surveys and interviews with more than 200 senior business and function leaders. This process is a bottom-up approach beginning with the individual businesses and corporate functions and working up through senior leadership to the Board of Directors. Our goal is to identify risks facing each of the individual businesses and corporate functions, enterprise risks that affect multiple components of our businesses, principal and material risks that need leadership oversight and action, and mitigation opportunities.

While TE previously featured environmental risk as one of our key identified categories in our risk library, in fiscal year 2021 we began integrating climate risk directly into our annual integrated risk assessment process with all participants. This means that participants from every business and function will be asked to provide insight into specific climate-related risks related to their operations, and we will be using this information to facilitate analyses and mitigation discussions with businesses and risk owners.

TE operations worldwide have already experienced risks related to climate change. For example, increasing numbers and severity of storms have resulted in challenges for operations (notably in the United States, Mexico, and China) and forest fires in California have led to air quality issues in our sites and risks to our facilities and employees. None of these have caused material-level financial impacts to our business to-date, but we are assessing the medium- and long-term climate-related risks to the organization as part of this year’s annual risk process.

While the formal integration of climate-related risks into our risk assessment and governance process is new, TE has long been a sector leader in advancing solutions to enable a more sustainable future. This includes solutions for hybrid and electric vehicles; solutions for alternative and renewable energy solutions; solutions for commercial air which enable lighter, more efficient airplane designs; solutions for medical devices in which we help save lives by enabling interventional medical procedures; and solutions for data and devices in which our components enable data centers to run cooler.

**b) Impact on strategy**

The following outlines examples of potential risk areas for TE and how they may impact our business strategy.

Risk Area	Explanation
Current regulation	TE has some locations where current regulations create both risks (for example energy usage taxes) and opportunities (incentives for low carbon energy usage), though these are not numerous and not material for TE overall. For example, in Shenzhen, China, where we have two manufacturing locations, one location has paid an energy usage tax (in 2018, the last year for which the allowance was established by the local authority) and the other location has earned modest energy usage credits. While we do also have manufacturing locations in other geographical areas with climate-related regulations (Shanghai, Guangdong, Japan, Korea, and Singapore), these manufacturing locations have not been impacted negatively by climate-related regulations.



Emerging regulation	TE anticipates that increasing efforts to address climate change may lead to increased requirements for TE for reporting, record keeping, and auditing of GHG emissions and energy usage records; for taxes/surcharges/quotas related to energy usage; for increased energy costs related to mandated purchases of renewable energy or credits in emissions trading schemes; for potential process control limitations on operational flexibility; and increased transportation costs.
Technology	TE is a technology company. This is an opportunity for TE as our products enable our customers to achieve their energy and GHG reduction goals. This includes solutions for electric vehicles and alternative and renewable energy solutions.
Legal	TE's legal function considers all aspects of TE's business and operations, including compliance requirements related to climate-change driven regulations as mentioned above under emerging regulations and current regulations.
Market	TE works to address and anticipate customers' needs, including those related to climate change. This includes solutions for electric vehicles and alternative and renewable energy solutions.
Reputation	We recognize that our reputation with respect to sustainability is important to our customers, our employees, our investors and the broader community. We recognize that TE could potentially face loss of business, decreased investment, employee recruitment and retention issues, and other adverse consequences if our various stakeholders did not believe that TE is taking adequate steps to address climate change.
Acute physical	Our disaster preparedness and business continuity plans include evaluations of weather extremes, including extreme temperatures, precipitation, and wind events, as well as risk mitigation plans. Our risk management group has estimated the financial exposure of the acute physical risks addressed in the disaster preparedness and business continuity plans.
Chronic physical	Our risk management, disaster preparedness and business continuity plans include evaluations of climate change impacts on our operating locations, for example the increase in tidal flooding risks in lower elevations areas with sea level rise.

### c) Climate resilience

TE sees opportunity in transitioning to a low carbon world. This includes solutions for hybrid and electric vehicles; solutions for alternative and renewable energy solutions; solutions for commercial air which enable lighter, more efficient airplane designs; solutions for medical devices in which we help save lives by enabling interventional medical procedures; and solutions for data and devices in which our components enable data centers to run cooler. We continue to invest in research, engineering and development to strengthen our work in these industries. We also see opportunity in the changes in product design and energy use that will be driven by regulatory changes intended to reduce greenhouse gas emissions. As our customers continue to redesign products and introduce new products, TE – as a supplier of custom-



engineered components to enable those products – will benefit. TE has worked, and will continue to work, with our customers in the energy, lighting, wind, automotive, computer, consumer electronics, communications, appliance and other industries to develop smaller, faster, smarter, lighter, and more energy efficient products, of which TE components are an important part. This opportunity exists in our Appliances; Data and Devices; Aerospace, Defense, Oil and Gas; Energy; Industrial Equipment; Medical; Automotive; Industrial and Commercial Transportation; and Sensors business units. We also expect to grow product sales in sustainable applications.

## Risk Management

### a) Process to identify climate risk

TE's integrated risk management process considers impacts to the business - whether financial, operational, reputational, or otherwise - at an enterprise level, a business segment level, a business unit level, an operating location level, an employee level, and a stakeholder level. The process includes risk assessments and responses to the identified risks, including the risks associated with climate change. In addition to TE's enterprise risk management process, TE engages in business continuity planning for our business units and operating locations.

### b) Process to manage climate-related risks

TE's integrated risk management process considers risks for TE and for individual business units, countries, and operating locations. In addition to TE's enterprise risk management process, TE engages in business continuity planning for our business units and operating locations.

Both of these processes include consideration of climate change risks. Our staff regularly monitors climate change risks and opportunities and evaluates the potential impact on TE's operations and business. TE's environmental experts monitor greenhouse gas emissions issues and manage our environmental programs, including measuring and reporting greenhouse gas emissions, and driving progress towards our greenhouse gas reduction goals. TE's environmental staff work closely with finance, risk management, operations, legal and other functions to address environmental issues - including climate change issues - and current and emerging risks and opportunities. TE's environmental staff regularly communicates to senior management and the rest of the company on our greenhouse gas emissions and progress against our reduction goals.

In addition to these business risk mitigation activities, our risk management group also works with our insurance providers to reduce our exposures to climate change driven risks from severe weather and wildfires at our locations. Examples of this include designing and installing roofs for high wind exposure and flood barriers.

### c) Climate risk integration

TE recognizes that there are both short- and long-term potential risks to our business related to climate change. We have risk management, disaster preparedness, and business continuity plans to mitigate these risks and to monitor the potential for these risks to become material.



## Metrics

### a) Metrics

TE measures Scope 1 (direct) and Scope 2 (indirect) absolute CO2 emissions, as well as CO2 emissions intensity.

### b) Scope 1 and 2 greenhouse gas emissions

- FY2019 Scope 1 Emissions: 67,048 metric tons CO2 equivalent
- FY2019 Scope 2 Emissions: 501,304 metric tons CO2 equivalent

For more information on our emissions reporting, please see our [annual corporate responsibility report](#), our [2020 CDP Response](#) and our [TE Connectivity Ltd. 2019 Statement of Greenhouse Gas \(GHG\) Emissions, Energy Consumption and Water Withdrawal](#) (Deloitte & Touche LLP performed a review of the TE Connectivity Ltd. 2019 Statement of Greenhouse Gas (GHG) Emissions, Energy Consumption and Water Withdrawal).

### c) Targets

TE has a goal of reducing our scope 1 and scope 2 greenhouse gas emissions by more than 35% on an intensity basis. The baseline year will be our fiscal year 2020, and our goal is to achieve the 35% reduction within ten years.

## Forward-Looking Statements

This report contains certain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements.

All statements contained herein that are not clearly historical in nature are forward-looking and the words “anticipate,” “believe,” “expect,” “estimate,” “plan” and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

The forward-looking statements in this report include statements addressing our future financial condition and operating results and our governance, environmental and sustainability programs, goals and expectations. In addition, the actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed or forecast in this report, may differ materially in the future.

More detailed information about risks and other factors facing our company is set forth in TE Connectivity Ltd.’s Annual Report on Form 10-K for the fiscal year ended September 25, 2020, as well as in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports we have filed with the U.S. Securities and Exchange Commission.