



KEYSIGHT

2023

**Task Force on Climate-related
Financial Disclosures (TCFD)
Report**

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Overview

Keysight Technologies is a global innovator in the computing, communications, and electronics markets, committed to advancing our customers' business success by helping them solve critical challenges in the development and commercialization of their products and services. Our mission, accelerating innovation to connect and secure the world, speaks to the value we provide our customers in a world of ever-increasing technological complexity. With a commitment to responsible business practices, Keysight acknowledges the significance of climate change and its potential implications for the company's operations, financial performance, and stakeholders.

Corporate Social Responsibility (CSR) is a core element of the **Keysight Leadership Model (KLM)** – the framework for how the company is run to create value for customers, shareholders, and employees. Including CSR in the KLM emphasizes the importance of the company's commitment to maintaining operations with the highest environmental, social, and governance standards worldwide. To achieve our CSR vision of helping build a better planet, Keysight's business and CSR efforts are synergistic — positively impacting the global community through our solutions and services, as well as our CSR program.

The foundation of Keysight's CSR program is structured across six pillars. These foundational pillars – each with supporting policies, programs, action plans, and accountability – provide a structure to which CSR efforts are aligned and measured for the company to create long-term value for business stakeholders, as well as for community benefit. The "Environment" pillar highlights Keysight's prioritization for natural resource conservation, emission reduction, waste minimization, and pollution prevention. Keysight partners with our suppliers and contractors to better achieve these goals, and the company's ISO 14001:2015-certified Environmental Management System drives continuous reduction of adverse environmental impact from our operations.

Keysight recognizes that climate change is an economic, social, and environmental challenge and is committed to helping minimize the impacts of climate change by conducting business in an ethical, environmentally sustainable, and socially responsible manner. To exemplify this commitment, Keysight set ambitious greenhouse gas (GHG) emissions reduction, energy reduction, and renewable electricity targets to prepare the company for a low-carbon future. The company aims to achieve net zero emissions in company operations (scopes 1 and 2) by the end of fiscal year 2040 and set near-term science-based targets (SBTs) covering scopes 1, 2 and 3 that have been approved by the Science Based Targets initiative (SBTi).



Figure 1. KLM Customer success

Governance

Climate governance is embedded within Keysight's corporate structure. The Board of Directors oversees the company's climate strategy and supports the integration and alignment of climate into business decisions and the alignment with overall corporate objectives.

Keysight's Board of Directors has ultimate responsibility for overseeing risk management governance with a focus on Keysight's most significant risks, while management has day-to-day responsibility for identifying, evaluating, and managing Keysight's risk exposure.

Board Oversight

Keysight's Board of Directors and its committees oversee the company's progress in Environmental, Social and Governance (ESG) matters. The Board reviews the company's ESG strategy to ensure alignment with the company's long-term value creation strategies and evaluates environmental risks, opportunities, strategies and long- and short-term goals and monitors the financial impact on the company.

The Board has ultimate responsibility for overseeing risk management governance with a focus on Keysight's most significant risks. The Board is assisted in meeting this responsibility by its committees, including the Audit & Finance (A&F) Committee. The charter of Keysight's A&F Committee includes general oversight of company affairs relating to compliance, risk management and the audit function. The risk management responsibilities of the A&F Committee include oversight of the company's evaluation, assessment, and mitigation of risks to Keysight business, including risks associated with compliance with laws, regulations, and ethical standards of business conduct and climate change. Twice per year, each business organization and function, including Global Sustainability, reviews and discusses their assessment of these risk factors with the Vice President (VP) of Internal Audit. In turn, the results are summarized and reviewed with the A&F Committee during their scheduled meetings.

Keysight's Board of Directors regularly reviews the strategic plans of the company and each of its operating segments, including Global Sustainability and Environmental, Health and Safety (EHS) which leads the net zero transition plan. The Board reviews specific risk topics, including risks associated with our capital structure, growth plans, environmental programs, and client relationships.

Management's Role

Members of Keysight's management team representing EHS, Human Resources, Information Security, and Legal are responsible for reviewing and assessing significant climate risks that could impact the company. Management regularly briefs the Board and the relevant committees on climate topics and the company's strategy for addressing those issues.

Keysight's President and Chief Executive Officer is responsible for oversight and management of Keysight's overall operations and company resources. This includes oversight of key environmental sustainability strategy and initiatives with the support from Keysight's CSR team, including progress towards Keysight's target for net zero emissions in company operations and the development of the company's SBTs.

The Chief People and Administrative Officer and Chief of Staff is responsible for directing Keysight's global policies and programs for sustainability, employee security and safety, workplace strategies, global sourcing, and indirect procurement, and ensuring effective and efficient internal company operations. The position reports directly to Keysight's Chief Executive Officer and is also a member of Keysight's CSR Executive Committee.

The Chief People and Administrative Officer and Chief of Staff reviews and submits the strategic plan of record (SPR) for Global Sustainability & EHS, Workplace Solutions, and Global Sourcing, among other internal organizations. The SPR provides detailed business plans and annual budgets for the upcoming three years and includes climate-related objectives which often extend beyond the 3-year SPR period. Projects are prioritized when they support the company's target for net zero emissions in operations by end of fiscal year 2040 goal and 2030 interim goals. This position receives regular updates from Keysight's Director of Global Sustainability and EHS, which includes the implementation of the climate transition plan, how the company is integrating climate-related issues into the strategy, and progress against and development of climate-related corporate targets in operations and along the value chain.

Strategy

Keysight's climate strategy focuses on the following key areas, among other integrated topics:

- **Emissions Reduction:** Keysight is committed to minimizing its GHG emissions. The company has set ambitious near- and long-term targets to reduce its GHG and energy consumption across operations, as well as increasing the procurement of renewable electricity.
- **Product Innovation:** Keysight customers are leaders in technology. They are visionaries and innovators who achieve breakthroughs that connect and secure the world. Keysight accelerates these breakthroughs by providing leading-edge design, test, manufacturing, and optimization solutions to help build a better planet in areas such as clean technology, social impact and wellness, and safety and security. With sustainable practices throughout our product lifecycle, Keysight offers a broad portfolio of highly reliable, long-lasting electronic measurement solutions that are designed to be safe, compliant with applicable regulations, and maximize the value of limited environmental resources.
- **Supply Chain Engagement:** Keysight engages with its suppliers to promote responsible environmental practices throughout the value chain. The company works to assess and manage climate risks within its supplier network.

To align Keysight's business strategy with the economic, social, and environmental impacts of climate change and to prepare the company for a low-carbon future, we regularly assess for prospective climate-related risks and opportunities. The following physical risks, transition risks, and opportunities were recognized as the primary focus for the indicated time horizons by Keysight, identified through our climate-related scenario analysis. These risks and opportunities have the potential for significant strategic and financial related impacts to the company.

Keysight's management of other risk typologies is described in Table 5 in the Risk Management section later in this report.

Climate-Related Risks and Opportunities

Physical Risks

Risk	Impact to Business	Financial Impact
Acute Physical Wildfire	<p>Time Horizon Long-Term (10 to 20 years)</p> <p>Likelihood Likely</p> <p>Description Physical impacts of climate change, including increasing risks of wildfire, will affect Keysight offices, operations, and manufacturing facilities. Some of Keysight's facilities have been identified as having a higher risk of being impacted by wildfires, including our company headquarters in Santa Rosa, California, as well as manufacturing and office sites in California and Colorado. Keysight and its employees have already experienced significant impacts due to wildfires, and we continue to monitor wildfire risks and activities globally throughout the year. We monitor potential wildfire impacts based on potential impact to sites and employees, including remote employees.</p>	<p>▲ Expenses</p> <p>▼ Revenue</p> <p>Potential for increased operating costs and decreased revenue</p>
	<p>Response to Risk Keysight's crisis management efforts employ a calculated approach and structure to minimize risk to operations, continue delivering to customers and business commitments, and support employees, their families, and the broader community as appropriate in the event of an emergency or disaster. The company mitigates wildfire risk impacts to its sites through landscape maintenance and vegetation management to minimize available natural fuels, adding fire breaks around site properties, and 24/7 security monitoring, among other actions. Keysight maintains a Wildfire Management Plan establishing a response team responsible for providing situation updates, facilitating outreach for impacted employees, coordinating assistance for impacted employees, and developing and distributing employee communications. Keysight develops an internal monthly wildfire outlook report with information pulled from the National Interagency Coordination Center and Canada's Natural Resources division. This report provides a rolling 4-month outlook based on conditions and forecasts and is shared with members of the Wildfire-Natural Disaster Response Team.</p> <p>The company employs a number of strategies to mitigate the risk of catastrophic loss due to wildfire and other natural disasters. These strategies include stocking of critical parts and components, outsourcing certain manufacturing operations which support risk diversification, and establishing alternate manufacturing sites for in-house operations. In 2022, Keysight completed a significant infrastructure project to duplicate the Santa Rosa Precision Machining & Plating processes at the company's facilities in Colorado Springs to provide backup in the event of catastrophic loss due to a natural disaster and to create extra capacity for production when needed. On an ongoing basis, mitigation strategies are evaluated and enhanced as the company's risk profile evolves.</p>	<p>▲ Expenses</p> <p>Increased expense to respond to and proactively mitigate against risk</p>

Table 1. Physical risks

Transition Risks

Risk	Impact to Business	Financial Impact
Market Increased cost of and access to raw materials	<p>Time Horizon Long-Term (10 to 20 years)</p> <p>Likelihood Likely</p> <p>Description Keysight empowers the clean tech revolution by providing solutions for automotive, energy, network, communications and Internet of Things (IoT) companies to design, test, manufacture and monitor next-generation environmentally sustainable product and service offerings. In this clean technology space, including automotive and energy, competition for raw materials may increase with the renewable energy and electrification transition. Increased demand may drive up costs and potentially create scarcity impacts if raw material availability is restricted or regulated. Access to raw materials is important to Keysight's business, and increased costs of raw materials could increase direct costs for the company.</p>	<p>▲ Expenses</p> <p>Potential for increased direct costs</p>
	<p>Response to Risk Keysight's response to this risk may include updating supplier strategies to improve prediction models for difficult-to-obtain resources, evolving short-term metrics around conflict minerals to include long-term risks, and continuing to improve the company's current system around conflict mineral transparency and demand monitoring. The cost of responding to this risk has not yet been fully assessed. The company will continue to review the risk and aims to provide an estimated cost of response to risk in future reporting.</p>	<p>▲ Expenses</p> <p>Increased expenses to respond to and proactively mitigate against risk</p>
Technology Substitution of existing products and services with lower emissions options	<p>Time Horizon Medium-Term (3 to 10 years)</p> <p>Likelihood More likely than not</p> <p>Description A significant increase in energy costs could result in customer preferences shifting to lower energy-consuming products. Additionally, many companies are setting their own targets to reduce emissions in their operations which could result in customer preferences shifting to products with lower energy and emissions. Keysight products require energy while in use, and if the company does not meet potential future requests from customers to offer lower-energy products, there could be risk of customer attrition.</p>	<p>▼ Revenue</p> <p>Potential for decreased revenue due to reduced demand for products and services</p>
	<p>Response to Risk Keysight's response to this risk may include additional measurement improvements of the energy consumption by Keysight instruments and identification of energy savings opportunities for the instruments, especially within the R&D process. By increasing product energy efficiency, the company can meet customer requirements as an early adopter.</p>	<p>◆ TBD</p> <p>The cost of responding to this risk has not yet been fully assessed.</p>

Table 2. Transition risks

Opportunities

Opportunity	Impact to Business	Financial Impact
<p>Markets Access to new markets</p>	<p>Time Horizon Medium-Term (3 to 10 years)</p> <p>Likelihood Very Likely</p> <p>Description Keysight serves as the global innovation partner in the computing communications and electronics markets and delivers market-leading design, emulation, and test environments that help companies develop and bring their products to market faster and with less risk, throughout the product life cycle. The net zero transition will very likely lead to significant innovation in technology and create new markets designed to mitigate and adapt to climate change. Keysight has identified an opportunity to be a part of the solution while increasing revenues through these new and emerging markets, stemming from climate change.</p> <p>One emerging market is in automotive and energy solutions, specifically the electric vehicle (EV) transition. The EV transition will increase the demand for electronics and software content. Keysight aims to enable the advanced innovation for the automotive industry and drive operational excellence in design, emulation, and test capabilities.</p>	<p>▲ Revenue</p> <p>Potential for increased revenues through access to new and emerging markets</p>
	<p>Strategy to Realize Opportunity Keysight's strategy to realize this opportunity may include amplified research efforts to improve market-analysis in speculative investment areas and long-term trends. Additionally, Keysight may define problems that need to be solved and refine the company's ESG-focused markets. Keysight has already expanded in the net zero transition, as the company empowers the clean tech revolution by providing solutions for automotive, energy, network, communications and IoT companies to design, test, manufacture and monitor next-generation environmentally sustainable product and service offerings. One specific example within the Automotive and Energy Solutions industry is Keysight's EV battery module test solution, which provides a comprehensive environment for developing, performing, and analyzing EV batteries.</p>	

Table 3. Opportunities

Impact of Climate Related Risks and Opportunities

The following elements of climate-related risks and opportunities were identified to have influenced Keysight's financial planning:

- **Revenues:** Keysight empowers the clean tech revolution by providing solutions for automotive, energy, networking, communications, and IoT companies to design, test, manufacture and monitor next generation environmentally sustainable product and service offerings. Growth in demand within these industries may be driven by climate-related opportunities and positively impact Keysight's revenue.
- **Indirect Costs:** Keysight's Workplace Solutions team identifies and allocates financial resources to prevent and respond to wildfire and other extreme weather events. For example, sites in California and Colorado spend financial resources on landscape maintenance and vegetation management to minimize available natural fuels and add fire breaks around site properties. Additionally, the company maintains a 24/7 Security Response Center which monitors extreme-weather events globally. Keysight has supported employees and their families during wildfire events through employee relief centers that provided emergency supplies — including personal care items, clothing, food, and water — as well as access to mental health support services, IT connectivity, charging stations for personal devices, financial assistance, and referrals for temporary housing.
- **Capital Expenditures:** Keysight allocates capital expenditures for the company to mitigate and adapt to climate change. For example, Keysight's Global Sustainability and EHS team has a dedicated budget to implement energy reduction infrastructure projects in support of the company's net zero in operations by end of fiscal year 2040 goal and 2030 interim goals. These projects are reviewed frequently per Keysight's financial planning processes in addition to ensuring alignment with business strategies. Implementation of these projects affects short- and long-term cost reductions. Associated financial savings have been identified along with significant reduction in GHG emissions.

The following climate-related risks and opportunities were identified to influence the company's strategy:

- **Products and Services:** Keysight customers are leaders in technology. They are the visionaries and innovators who have achieved breakthroughs that connect and secure the world. To accelerate their innovation, Keysight must anticipate technology trends and be ready with leading-edge solutions ahead of market windows, forging deep relationships that provide them the insights to be first and best. As such we offer a broad portfolio of highly reliable, long-lasting electronic measurement solutions that are designed to be safe, compliant with applicable regulations, and maximize the value of limited environmental resources. These efforts revolve around a circular economy approach across the lifecycle of our products. To support our customers continued use of Keysight solutions, one of Keysight's business groups is solely focused on the service, support, and calibration of the installed base. As the customer's test needs evolve along with the latest technology, Keysight:
 - Supports upgrades and migration programs through our Technology Refresh and Asset Management services.

- Has a Remarketing Solutions business dedicated to recovering older instruments for resale — this offers a certain segment of our customers (e.g., start-ups, academics, etc.) a competitively priced alternative to buying a new instrument while enabling the company to use less environmental resources to manufacture new products to meet this customer demand.
- Is working on improving the energy efficiency of our handheld products. Customer expectations of prolonged battery operation and increased measurement capability - all within the same form factor - drives improved efficiency in our product designs.
- Has a Product Take-Back program that provides safe instrumentation disposal and recycling.
- **Value Chain:** Through supply chain management, we require our global suppliers to adhere to the same strict environmental standards as Keysight. We build strong partnerships to support environmental efforts that limit climate change impact. This includes partnering with customers, as their supplier, to help them meet their own corporate environmental goals. In addition, Keysight is an Affiliate Member of the Responsible Business Alliance (RBA) and is committed to making progress toward RBA Code of Conduct compliance while encouraging our first-tier suppliers to do the same. Keysight's supply chain is diversified across global locations, reducing the risk of natural disasters impacting Keysight business.

Keysight implements to the approved annual plan, while utilizing our environmental policies, to mitigate climate change. The company uses the ISO 14001:2015 environmental management system to monitor and reduce environmental impacts from GHG emissions, and use the environmental standards set by the [General Specification for the Environment](#) (GSE) to create policies for our workforce and supply chain. Not only do we comply with these strict environmental standards, but we require our suppliers to comply with them as well.

Keysight prioritizes projects that conserve natural resources and improve efficiency. Example projects, which are identified during annual planning, have ranged from upgrading lighting systems to more involved and investment intensive initiatives such as upgrading infrastructure equipment.

- **Investment in R&D:** Keysight helps build a better planet through our sustainably developed electronic measurement solutions that accelerate innovations to change lives, secure the world and connect people. We accelerate our customers' breakthroughs by providing leading-edge design, test, manufacture, and optimization solutions in clean technology, social impact and wellness and safety and security. Disruptive innovations in automotive electro-mobility, renewable energy, and the Internet of Things (IoT) that enable smart-cities, -homes, and -agriculture, are key to bringing breakthroughs in environmental sustainability. Specific examples include investments in:
 - Software, simulation, and emulation solutions to reduce the overall environmental impact of new system design, validation, and test for our customers throughout their development lifecycles.
 - Cloud solutions to support more efficient solutions delivery for applications requiring high performance computing infrastructures.

- Solutions that enable operational optimization of deployed networks and systems
- Remote education solutions that support hybrid / digital learning with online lab access and control These technologies reduce global reliance on carbon-heavy fuels, enable better natural resource management for energy and food production, and support quality monitoring of soil, water and air as infrastructures become more connected. Keysight empowers this clean tech revolution by providing solutions for automotive, energy, network, communications and IoT companies to design, test, manufacture and monitor next-generation environmentally sustainable product and services. In the coming years, companies across industries will continue to prioritize environmental issues and the design, test and manufacture technologies that support them. As a result, we will see first-to-market hardware and software solutions that conserve natural resources, reduce carbon emissions, and minimize reliance on fossil fuels. By forging partnerships with industry leaders and investing in technologies that power electric vehicles, 5G-enabled IoT, solar energy, and more, we can create the foundation for a more sustainable future together.
- **Operations:** Keysight has an established and mature energy conservation program. Additionally, Keysight has a long-term target to achieve net zero emissions in company operations by the end of fiscal year 2040 and has approved near-term SBTs. To help achieve our goals, we have implemented various energy and emission reduction projects and conservation measures throughout our worldwide operations, including:
 - Completed multiple energy reduction infrastructure projects and conservation measures globally, including heating, ventilation, and air conditioning (HVAC) efficiency improvements, lighting system upgrades, and window solar film installation.
 - Installed a 5.8-megawatt (MW) peak rooftop solar array at our largest facility, in Penang, Malaysia, which is estimated to provide approximately 7,900 MWh of renewable energy annually, which accounts for more than 16% of the site's current consumption.
 - Maintained the one MW peak solar array at our headquarters facility in Santa Rosa, California, which reduces our emissions portfolio and provides approximately 5% of the site's electrical needs; in addition, there are more than 50 electric vehicle charging stations onsite for employee use and company electric vehicles.

Assessment of Resilience & Climate Scenario Analysis

Climate-Related Scenario Analysis

Keysight partnered with BSR, a global nonprofit that works with its network of over 300 member companies to build a just and sustainable world, to explore the strategic implications for Keysight under three scenarios for 2050. The scenario analysis process involved the following steps:

- **Scenario Development:** BSR used three climate scenarios developed by the Network for Greening the Financial System (NGFS): Net Zero 2050, Delayed Transition, and Current Policies. These climate scenarios provide the base narratives for Keysight's climate scenario analysis. BSR extended each of the narratives by adding content about how a range of business-relevant topics might plausibly play out in each of these scenarios.
- **Identification of climate-related risks and opportunities:** Five interviews were conducted involving approximately 22 Keysight participants from diverse functions and regions to analyze business impacts of the three scenarios and identify climate-related (transition and physical) risks and opportunities for Keysight.
- **Strategic Implications:** Two cross-functional workshops were conducted with internal Keysight stakeholders to validate the risk and opportunity assessment and identify ideas to enhance Keysight's resilience and refine its strategy around hotspots common across the three scenarios.
- **Results:** The scenario insights and actions developed through the climate-scenario analysis were reviewed by members of Keysight's Corporate Social Responsibility Steering Committee and incorporated into Keysight's strategy and risk management processes.

Scenario Descriptions:

- **Current Policies** – Emissions have steadily grown over the past three decades, reaching 2°C of warming by 2050. As a result, physical climate impacts have also increased steadily, both in severity and frequency. The world is on a trajectory to see at least 3.3°C of warming by 2100 and there is now no part of the globe where climate risks do not exist. Despite this, investment in low-carbon energy remains slow, there have been limited investments in energy efficiency, and there have been continual coal and oil additions.
- **Net Zero 2050** – The transition to a net-zero economy by 2050 required drastic and coordinated global action, particularly in the 2020s. While the cost of this action in the 2020s was high as many industries shuttered and the location and types of jobs changed, the ongoing climate impacts already being felt in the 2020s and only expected to increase, made clear the cost of inaction.
- **Delayed Transition** – A decade of inaction in the 2020s drove mounting public pressure for climate action. What followed was a set of hasty and reactionary policies in the 2030s that sought to rapidly halt GHG emissions and make up for lost time. The disorderly approach came at high social and economic costs but ultimately led to a halving of emissions by 2040 and peak warming at 1.8C by 2050.

	Current Policies	Net Zero 2050	Delayed Transition
Scenario	A recovering economy fully embracing the low-carbon transition in a cooperative way, still subject to environmental shocks	Stringent climate policies and innovation, reaching global net zero GHG emissions around 2050	Climate policies are delayed, which forces a very aggressive policy response starting in 2030
Impact of Physical Risks	High physical risks	Low to medium physical risks	Low to medium physical risks
Impact of Transition Risks	Low transition risks	Low to medium transition risks	Medium to high transition risks
Temperature Assumptions	<ul style="list-style-type: none"> 3°C+ policy ambition 	<ul style="list-style-type: none"> 1.5°C policy ambition 	<ul style="list-style-type: none"> 1.8°C policy ambition
Policy Reaction	<ul style="list-style-type: none"> No policy reaction 	<ul style="list-style-type: none"> Immediate and smooth policy reaction 	<ul style="list-style-type: none"> Delayed policy reaction
Technology	<ul style="list-style-type: none"> Slow technology change 	<ul style="list-style-type: none"> Fast technology change 	<ul style="list-style-type: none"> Slow to fast technology change
Carbon Dioxide Removal	<ul style="list-style-type: none"> Low use of carbon dioxide removal 	<ul style="list-style-type: none"> Medium use of carbon dioxide removal 	<ul style="list-style-type: none"> Low use of carbon dioxide removal
Regional Policy Reaction	<ul style="list-style-type: none"> Low regional policy variation 	<ul style="list-style-type: none"> Medium regional policy variation 	<ul style="list-style-type: none"> High variation in regional policies

Table 4. Scenarios

The analysis considered many global variables and inputs for the three scenarios, including impacts to the gross domestic product, demand for raw materials and electric vehicles, energy mix, and physical impacts due to multiple chronic factors. Additionally, the scenario analysis considered the trajectory of total carbon dioxide (CO2) emissions and global mean temperature, which are presented below.

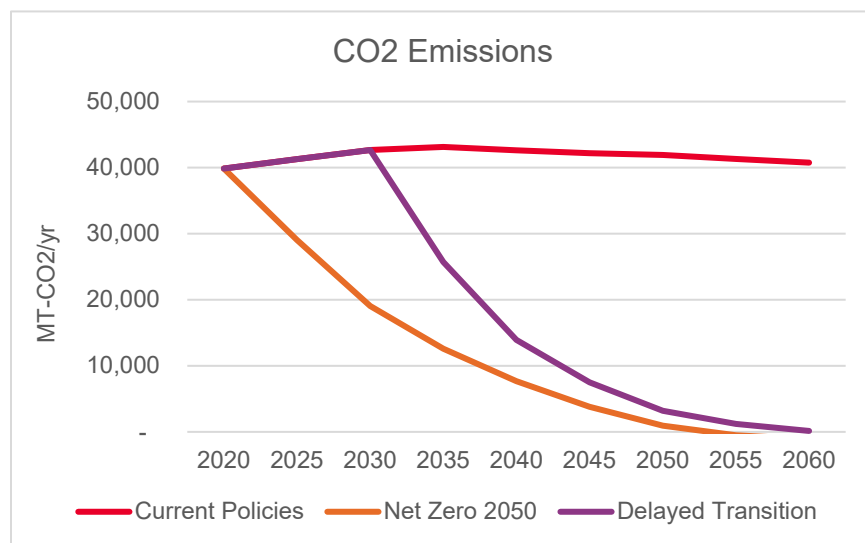


Figure 2. CO2 emissions

* The CO2 Emissions graph does not include negative emissions from carbon capture and storage.

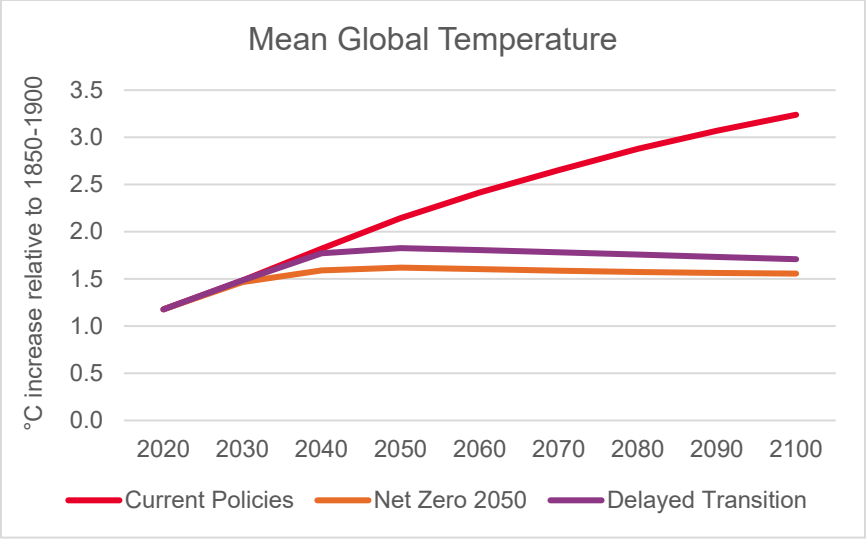


Figure 3. Mean global temperature

Climate Scenario Results and Resilience

In addition to the prioritized risks and opportunity presented in the Climate-Related Risks and Opportunities section of this report, the climate scenario analysis identified five overarching hotspots across three future scenarios with potential to present significant risks and/or opportunities for Keysight. The five hotspots were reviewed with members of the Keysight management team and used for an assessment of resilience. The climate scenario analysis was completed by Keysight with the intent to answer the following focal questions around the company’s resilience. Keysight identified three primary questions, with the following high-level results.

What are the top climate-related impacts relevant to Keysight?

As a result of the scenario analysis, we identified five areas of our strategy that may incur climate-related risks and opportunities across all scenarios: Shifting Stakeholder Expectations and Product/Service Innovation, Supply Chain and Access to Resources, Operations and Manufacturing, Government Regulation and Oversight, and Workforce. These scenario insights were reviewed by members of Keysight’s Corporate Social Responsibility (CSR) Steering Committee and incorporated into Keysight’s strategy and risk management processes which will be regularly reviewed, and actions will be monitored. For each key hotspot, the Keysight team identified key strategic interventions to enhance strategic resilience. The Global Sustainability team and members of the CSR Steering Committee refined and prioritized the strategic interventions to ensure efficient implementation over the coming years.

What actions could be taken by Keysight to proactively address the most impactful physical and transition risks across all scenarios?

Please see Table 1 and Table 2 on page 6-7 for additional information on Keysight’s response and resiliency actions.

What climate-related opportunities might be relevant to Keysight across the scenarios and how can Keysight prepare to take advantage of the emerging opportunities?

Please see Table 3 on page 8 for additional information on Keysight’s strategy to realize opportunities.

Risk Management

Keysight acknowledges the potential risks associated with climate change, including regulatory changes, physical impacts, and shifts in market preferences. The company conducts regular assessments to identify and evaluate these risks and integrates them into its enterprise risk management processes.

Identifying Climate-Related Risks

Keysight implements a strong governance structure with documented processes to ensure the company meets local laws and requirements as it relates to environmental topics, including climate change. Our processes for identifying, assessing, and responding to climate-related risks and opportunities are managed and reported at various levels across the company. Keysight's customer-focused quality policy and comprehensive Business Management System ensures processes meet business needs and regulatory requirements around the world.

Keysight engaged in multiple exercises to identify climate-related risks and opportunities. Climate-related risks have been incorporated into the company's risk assessment process that broadly covers strategic, operational, and compliance/reporting risks. Additionally, in 2023, Keysight completed our first quantitative climate-related scenario analysis which helped to further identify and refine key climate-related risks and opportunities.

Risk Assessment

The Keysight risk assessment is conducted by Internal Audit and includes self-assessments by key personnel responsible for major businesses and functions in the company, including Global Sustainability and EHS. Twice per year, key business organizations and functions meet with the VP of Internal Audit to review and discuss their assessment of these risk factors. In turn, the results are summarized and reviewed with the Keysight Audit & Finance (A&F) Committee.

The top identified climate-related risks are managed by Keysight's Global Director of Sustainability and EHS who coordinates with the relevant business leaders to develop and execute a strategic plan to manage each risk. Keysight's Global Sustainability and EHS team regularly reviews the risks and actions taken by each of the owners. Examples of climate-related risks that have been identified through this process include physical risks such as volatile changes in weather conditions and effects of climate change, and transition risks including access to raw materials and changing stakeholder expectations. The process often considers short-, medium-, and long-term time horizons and covers direct operations as well as downstream and upstream value chain stages.

In addition to the Risk Assessment described above, in 2023, Keysight undertook its first quantitative and qualitative climate scenario analysis (described in previous section), which helped to further identify and refine key transition and physical climate-related risks and opportunities.

Climate-Related Risk Management

In addition to the priority risks presented on Table 1 and Table 2 and the hotspots identified from the climate-related scenario analysis, the following risk types are considered in Keysight's climate-related risk assessments and managed accordingly.

Risk Type	Relevance	Explanation
Current Regulation	Relevant, Always Included	<p>Keysight implements a strong governance structure with documented processes to meet local laws and requirements as it relates to environmental topics, including climate change. This enables Keysight operations to support global regulatory and legal environmental requirements. Keysight's environmental policies include: ISO14001:2015; Environmental, Health and Safety (EHS); General Specification for the Environment (GSE).</p> <p>As part of the ISO14001:2015 certification, Keysight has identified four types of compliance obligations: (1) operational obligations (laws and regulations related to industrial operations and facilities), (2) product obligations (legal and customer requirements related to products), (3) internal obligations (Keysight's corporate EHS Standards) and (4) voluntary obligations (e.g., ISO14001 certification, Responsible Business Alliance (RBA), ISO45001). These obligations, both internal and external are routinely reviewed, and the database of legal requirements are maintained and tracked in an EHS compliance requirements tracking system. As part of our EHS Policy, Keysight conducts our business in an ethical, legally compliant environmentally sustainable, and socially responsible manner. By not adhering to current regulations, the company could incur risks of legal action, penalties, and fees, increased indirect costs, and reputational impacts. Keysight acts in accordance with regulatory requirements across the world.</p>
Emerging regulation	Relevant, Always Included	<p>As part of Keysight's ISO14001:2015 certification process, Keysight regularly reviews changes in applicable regulations at our various locations. This is tracked and managed in our online tracking system. For example, Keysight monitors proposed EU Climate Action, including the 2030 Climate Target Plan and European Climate Law. Our goal to achieve net zero emissions in company operations by end of fiscal year 2040 considers proposed and emerging regulations.</p> <p>Keysight also monitors the emerging mandatory reporting regulation related to climate change developing across the world, including in the United States through the Securities and Exchange Commission (SEC), the European Union through the European Sustainability Reporting Standards (ESRS) actions on the Corporate Sustainability Reporting Directive (CSRD), and other international entities including the International Financial Report Standards (IFRS) International Sustainability Standards Board (ISSB) work to name a few. We have conducted a gap analysis of our current public disclosures against draft versions of these developing disclosure regimes to identify gaps in preparation for when the regulations are ratified and implemented into country-specific legislation.</p> <p>Keysight also evaluates legal requirements for the use of our products in the intended locations. Legal and customer EHS compliance requirements related to Keysight Products are identified in various subprocesses of the Business Management System, including the Customer Requirements Definition (Marketing), and Product Lifecycle (R&D) or Product Generation.</p>
Technology*	Relevant, Always Included	<p>*This risk type was identified as a priority for Keysight and additional details regarding our response to the risk are provided in Table 2.</p> <p>Keysight is proud to facilitate purposeful technology. Socio-economic and global environmental sustainability challenges have increased the importance of Keysight's mission to help connect and secure the world, as well as the role of the company's solutions in enabling the e-mobility ecosystem.</p>

		Our company enables solutions and services that support development of infrastructure, products, services, and technologies that have socially or environmentally beneficial applications, such as extending high-quality access to connected communications and clean technologies. We also recognize that with emerging technology in environmental sustainability applications, there is risk that a company may not innovate quickly enough to stay ahead of changing technology. Keysight is proud to have a culture of innovation to stay ahead of evolving technology
Legal	Relevant, Always Included	<p>Keysight's values make our culture dynamic and inspiring, creating an environment where innovation and experimentation thrive. They drive our business objectives and the way we make decisions. They guide how we work with each other and interact with our customers, our shareholders, and our communities. We adhere to the highest standards of ethics, integrity, and compliance requirements everywhere we do business. Keysight's Standards of Business Conduct commits the company to following the law and other compliance obligations.</p> <p>Keysight also evaluates legal requirements for the use of our products in the intended locations. Legal and customer EHS compliance requirements related to Keysight Products are identified in various sub-processes of the Business Management System, including the Customer Requirements Definition (Marketing), and Product Lifecycle (R&D) or Product Generation.</p>
		*This risk type was identified as a priority for Keysight and additional details regarding our response to the risk are provided in Table 2.
Market*	Relevant, Always Included	Keysight serves customers across a broad set of market segments including communications and industrial ecosystems, automotive, energy, aerospace and defense, semiconductor, and general electronics markets. Across these segments, Keysight customers are working to improve the overall energy efficiency of their respective offerings and Keysight is a valuable partner in delivering those customers market leading tools that help them reach their objectives. Our company supports the service, support, and calibration of the installed base. We recognize that the use of our products contributes to our customers' operational emissions, and therefore the environmental impact of our products is taken into consideration by the market. Additionally, climate-related transitions may impact access to and costs of raw materials.
Reputation	Relevant, Always Included	<p>Reputation and brand value can significantly impact business performance. An example of climate-related reputation risk would be taking slow or no action on setting climate-related targets and making meaningful progress to reduce emissions. Keysight is committed to acting in an environmentally responsible manner by maintaining and continually improving our environmental sustainability and management systems through a variety of programs. We are proud of our reputation as an environmental steward as recognized through many awards including Great Places to Work, JUST 100 Ranking, Barron's 100 Most Sustainable U.S. Companies Right Now and many others.</p> <p>The Keysight Leadership Model (KLM) is the company's framework for ensuring sustained value creation for customers, shareholders, and employees. It is the philosophy that permeates every aspect of our operations—driving innovation, speed, and excellence in execution. Enabling our customers' business and technological success drives everything we do. When our customers are successful, it enables us to deliver the returns and performance our shareholders expect, and it allows us to be a healthy business with opportunities for employees. As part of our KLM social responsibility value, we adhere to ethical, environmentally sustainable, and socially responsible operations. In the environmental space, we prioritize natural resource conservation, emission reduction, waste minimization and pollution prevention,</p>

		and we partner with our suppliers and contractors to better achieve our sustainability goals.
		*This risk type was identified as a priority for Keysight and additional details regarding our response to the risk are provided in Table 1.
Acute Physical*	Relevant, Always Included	Acute physical risks such as climate-related extreme weather events can cause site operation disruptions and impact business continuity. We have factored this into our planning cycles and infrastructure investments. Keysight's Security Response Center monitors wildfires with the potential to impact Keysight locations or employees' residence. Even if wildfires do not directly impact the site, they may cause employees to evacuate their homes and contribute to extended periods of poor air quality. In response to acute physical risks, Keysight has developed and implemented a Wildfire Management Plan - establishing a response team responsible for providing situation updates, facilitating outreach for impacted employees, coordinating assistance for impacted employees, and developing and distributing employee communications. Other acute physical risks that could impact our business include cyclones/typhoons, flooding, and snowstorms. Our supply chain can also be impacted by adverse weather events and natural disasters. Keysight's supply chain is diversified across global locations, minimizing the risk of natural disasters impacting Keysight business.
Chronic Physical	Relevant, Always Included	Keysight conducts an annual assessment of our global environmental aspects and impacts, risks and opportunities including factors related to long term business continuity. An example of long-term chronic physical risks includes the increasing trend of wildfires in the USA, due to drought and rising global temperatures. As a result, we have incorporated mitigating contingencies in business continuity planning, particularly at our sites in California and Colorado. Other chronic physical risks could include unexpected heat waves and rising sea levels which could impact the supply chain. Our supply chain can also be impacted by chronic physical. Keysight's supply chain is diversified across global locations, again minimizing the risk of natural disasters impacting Keysight business.

Table 5. Climate-related risk management

Integration of climate-related Risks into Our Risk Management Processes

The results of the climate-related scenario analysis and other risk identification processes will be used to inform the company's business strategy around these topics. For example, the company has identified several priority risks with potential for medium- to long-term impacts. Dedicated teams have been charged with determining the plans to mitigate and adapt to our stated priority risks and ensure these plans are integrated in the company's business strategy. The risk management process relating to climate-scenario analysis is overseen by Keysight's Director of Global Sustainability and EHS and cascaded to the relevant organizations accordingly. Progress and updates on these actions will be reviewed regularly by the internal teams and designed governance structure. Progress will be shared externally in future reports.

Metrics and Targets

Keysight recognizes that climate change presents significant economic, social, and environmental challenges and is committed to doing its part to help mitigate the worst impacts of the climate crisis. Our climate-related goals and achievements provide certainty about the company's strategic direction in environmentally sustainable operations. We set ambitious GHG emissions reduction, energy reduction, and renewable electricity targets to prepare the company for a low-carbon future (described below).

Greenhouse Gas Emissions

Keysight calculates the company's emissions according to the GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2) and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The company's reporting boundary is determined using the operational control approach. Keysight's Scope 3 emissions data include twelve relevant categories. The company completed an independent verification of our Scope 1 and Scope 2 location- and market-based emissions, as well as relevant Scope 3 categories. The [GHG Emissions Verification Statement](#) is available on Keysight's [CSR website](#).

For the most recent fiscal year and historical emissions data, please refer to [Keysight's CSR Report](#) or [Keysight's Response to Climate Change](#) brief.

Keysight's Climate Related Risk Targets

Keysight aims to achieve net zero emissions in company operations (scope 1 and scope 2) by the end of fiscal year 2040, a decade ahead of the Paris Agreement's timeline. We plan to accomplish this through innovative energy efficiency, conservation and decarbonization in our operations, investment in renewable energy, and selective purchase of certified offsets to neutralize any residual emissions. In particular, our renewable electricity approach will consider a mix of on-site renewable energy installations, procurement of green energy from utility providers, and virtual or physical power purchase agreements in solar and/or wind energy. As a global company, we aim to implement our net zero initiatives worldwide. The company has also committed to absolute energy reduction and renewable electricity targets, described in the table below.

Additionally, Keysight's near-term SBTs were approved by the SBTi in October 2023. Keysight commits to reduce absolute scope 1 and 2 GHG emissions 42% by fiscal year 2030 from a fiscal year 2021 base year. Keysight also commits that 73% of its customers by emissions covering use of sold products, will have science-based targets by fiscal year 2028.

	Target	Target Date	Baseline
Scopes 1 + 2	Achieve net zero GHG emissions in company operations	End of FY 2040	n/a
	Achieve a 42% GHG emissions reduction*	FY 2030	FY 2021
Scope 3	73% of customers by emissions covering use of sold products, will have SBTs *	FY 2028	FY 2021
Energy Reduction	Achieve 10% absolute energy reduction	End of FY 2030	FY 2019
	Achieve 20% absolute energy reduction	End of FY 2040	FY 2019
Renewable Electricity	Source or generate 55% renewable electricity	End of FY 2030	n/a
	Source or generate 100% renewable electricity	End of FY 2040	n/a

*Target approved by the SBTi October 2023

Table 6. Climate-related targets



Keysight enables innovators to push the boundaries of engineering by quickly solving design, emulation, and test challenges to create the best product experiences. Start your innovation journey at www.keysight.com.

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