

Assurance statement: AA1000

Trucost was engaged by NVIDIA to provide assurance of the environmental data held within its 2021 CDP Climate Change Questionnaire Response and Corporate Responsibility Report

Intended users

The intended users of this assurance statement are the management and stakeholders of NVIDIA.

Responsibilities of NVIDIA and assurance provider

The management of NVIDIA has sole responsibility for the preparation and content of CDP Climate Change Response (hereafter, CDP). Trucost's statement represents its independent and balanced opinion on the content and accuracy of the information and environmental data held within.

Assurance standard

Trucost undertook the assurance in accordance with AA1000AS v3 (2020) Type 2 moderate-level assurance, covering:

- ✓ Evaluation of adherence to the AA1000AP (2018). Principles of inclusivity, materiality, responsiveness and impact (the Principles)
- ✓ The reliability of specified environmental performance information (greenhouse gas emissions)

Trucost used the Global Reporting Initiative (GRI) and the GHG Protocol to evaluate NVIDIA's performance and adherence to the Principles.

Methodology

Trucost's assurance activities included the following:

- Review of the processes by which NVIDIA defines the sustainability issues that are relevant and material to its operations and its stakeholders
- Interviews with managers responsible for sustainability performance and data collection
- Assessment of the extent to which NVIDIA's sustainability activities adhere to the Principles
- Review of processes and systems used to gather and consolidate environmental data
- Verification of data accuracy for a selection of sites, including an audit of conversion factors and calculations.

Scope and limitations

Trucost was engaged to assure the data and claims in NVIDIA's 2021 CDP response, encompassing the period of 1st February 2020 – 31st January 2021. Trucost was asked to assure reporting for GHG scope 1, 2 and scope 3; category 3 and 6. NVIDIA took an operational control approach. No potential emissions source has been excluded. NVIDIA acquired Mellanox Technologies in FY2020-21 and the values assured across all the three scopes includes emissions from Mellanox Technologies as well.

SCOPE*	SOURCE	UNIT	QUANTITY FY 2021
GHG Scope 1	Natural gas	Metric tons CO ₂ e	2,692
	Distillate Fuel Oil		
	HFCs		
GHG Scope 2	Location based		105,621
	Market based		89,048
GHG Scope 3	Category 3 - Fuel and energy related activities		34,494
GHG Scope 3	Category 6 - Business Travel	3,068	

**NVIDIA acquired Mellanox Technologies in FY2020-21 and the values assured for Scope 1 and 2 includes emissions from Mellanox Technologies as well. The FY21 values are not compared against FY20 as the assurance of Mellanox technologies' FY20 values was work in progress at the time of preparing this statement. FY20 GHG data and year on year comparison will be updated in the statement upon completion of Mellanox Technologies assurance.*

Findings, conclusions and recommendations

The Principles: Nothing came to Trucost's attention to suggest that NVIDIA's internal reporting or CDP Response does not adhere to the Principles.

Data reliability: NVIDIA has implemented excellent processes and software systems to collect and collate environmental data. Upon evaluating this system, Trucost found that the calculated data included was accurate and any minor corrections were made as necessary. Trucost found that the greenhouse gas emissions factors applied in the calculation spreadsheet were accurate, up-to-date and used correctly. Trucost recommends that emissions factors continue to be updated annually or as available.

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PRINCIPLE	COMMENTS
<p>Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>NVIDIA completes a comprehensive annual review to identify its key stakeholders. A list of key stakeholders is published annually in NVIDIA's annual Corporate Responsibility report. For FY2020-21, NVIDIA identified Board of directors, Communities, Consumers, Customers, Developers, Employees, Non-profit and Nongovernmental Organizations, Governmental Bodies, Research/rating organizations, Shareholders, and Suppliers as its key stakeholder groups. NVIDIA acquired Mellanox Technologies in April 2020 which in turn extended NVIDIA's stakeholders list to include Mellanox Technologies suppliers and customers.</p> <p>NVIDIA engages with stakeholders via the company website, social media and other online publications, which contain comprehensive information on the company's stakeholder response processes, initiatives and results. NVIDIA communicates directly with shareholders through calls and email. Feedback from stakeholders are incorporated in company priorities such as renewable energy goals.</p> <p>NVIDIA holds quarterly business reviews (QBR) with its suppliers and customers. This includes a review of the environmental and social performance of its suppliers. In addition to QBR, NVIDIA requires its suppliers to complete an annual Responsible Business Alliance (RBA) Self-Assessment Questionnaire and encourages its key Silicon Chip Operations suppliers to report to the CDP Climate Change Questionnaire and RBA Environmental Report on carbon, water and waste generation. NVIDIA utilizes the RBA scoring mechanism to rate and rank suppliers.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>NVIDIA completes an annual materiality analysis to identify priority sustainability issues and uses this information to create a Priority Matrix. The materiality analysis ranks issues based on their frequency in discussions, the significance assessed in internal executive conversations and the extent and urgency of potential associated impacts. In addition to regulatory requirements, the Matrix also includes requirements relating to stakeholder expectations around environmental performance. NVIDIA also engages with a select group of subject matter experts to set priorities. In FY2019-20, Board of Directors were engaged for the first time and were interviewed for identification of priority ESG issues. In FY2020-21, NVIDIA introduced an employee survey to capture feedback from employees. NVIDIA includes feedback from all its stakeholders in their materiality/priority matrix identification process.</p> <p>In FY2020-21, NVIDIA reconfirmed the eight priority issues identified in FY2019-20. In FY2020-21 Supply Chain Management and Quality was one of the material topics which was emphasized by most of the stakeholders. The issues identified in the Priority Matrix are used to focus assessment, tracking, and communication of performance.</p>
<p>Responsiveness: an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions and performance, as well as communication with stakeholders</p>	<p>NVIDIA attempts to respond to all stakeholder feedback received and has implemented a formal tracking system to assist in prioritizing issues, identifying trends, and monitoring progress. The response activities undertaken following stakeholder communication depends on the complexity and potential impact of each sustainability concern. In FY2020-21, NVIDIA launched a third-party hotline on its website wherein any confidential feedback/concerns are routed directly to NVIDIA's legal team and shared with company's executives.</p> <p>NVIDIA has set targets for GHG emissions intensity reduction (15% reduction of Scope 1 and 2 per headcount relative to FY2014 by FY2020), waste diversion (80% or greater each year through 2020), and energy efficiency within its data centres. The company has successfully met most of the above targets set for FY2019-20 at the time of review. In FY2020-21, NVIDIA has set a goal to source 65% of global electricity usage from renewable energy sources by the end of FY25.</p>
<p>Impact: An organization's approach to monitor, measure and be accountable for how its actions impact broader ecosystems</p>	<p>NVIDIA publishes information on the identified Priority Issues, Priority Matrix, and its response to Priority Issues in the company's online Corporate Responsibility report. NVIDIA discloses information through CDP Climate Change questionnaire. NVIDIA partners with Anthesis to track or estimate energy usage across all sites. In addition, NVIDIA adheres to regional environmental guidelines while setting up new facilities.</p> <p>NVIDIA applies an environmental management system (ISO 14001) within its operations, helping the company to identify and address material environmental issues. As part of its compliance with the updated EMS, it regularly evaluates environmental impacts throughout its value chain and product lifecycle.</p>

Assurance provider

Trucost has been researching, standardizing and validating corporate environmental performance data since 2000. Trucost's research team has the relevant professional and technical competencies and experience to conduct an assurance to the AA1000AS v3 standard. Trucost has conducted this assurance independently and impartially and in compliance with S&P Global's policies and procedures, including its Code of Business Ethics that provide a framework relating to ethical conduct, conflict of interest and compliance with law.

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