Taskforce for Climate-related Financial Disclosures (TCFD)

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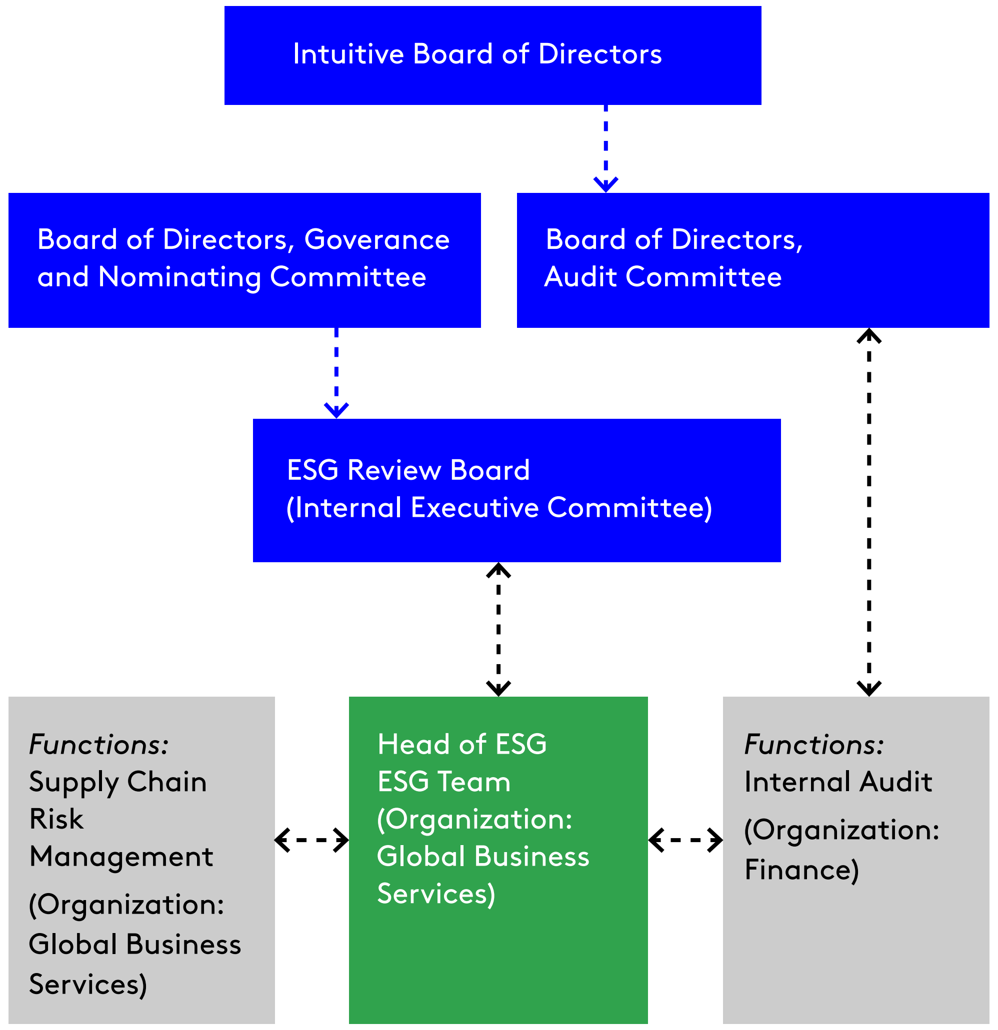
Section 1:
Climate-related governance
a) Describe the board's oversight of climate-related tasks and opportunities

The Governance and Nominating Committee of the board of directors oversees our Environmental, Social, and Governance (ESG) strategy. The Audit Committee of the board of directors oversees the assessment and mitigation activities associated with our overall company risks, in accordance with the Audit Committee Charter. The Governance and Nominating Committee and Audit Committee report to the overall board of directors on these topics.

The image below depicts the decision system for climate-related financial risk assessment and management at Intuitive.

- The arrows signify communication flow.
- The blue boxes signify decision making bodies.
- The green boxes signify teams preparing content.
- The grey boxes signify implementation ownership.

Intuitive decision framework on climate-related risk governance and management



The Governance and Nominating Committee of Intuitive's board of directors meets quarterly, and reviews ESG topics at least twice a year.

- Sustainability and ESG topics are guided by a formal agenda recommended by the Head of ESG and approved by the ESG review board Chair (Executive Vice President of Global Business Services). The topics are also reviewed and aligned with the General Counsel and ESG review board. Typical agenda topics include climate policies, practices, and priorities related to monitoring and managing our carbon footprint, reporting requirements, climate-related goals, progress on social responsibility programs, environmental regulations, and a host of other governance items.

In addition, annually, the internal audit team conducts an assessment of corporate risks, which may include ESG-related risks, and presents those risks and related overview responsibilities to the Audit Committee.

- The Head of ESG ensures that ESG-related risks are noted, and that, as appropriate, plans are created to mitigate such risks. The Head of ESG also reports such risks and mitigation plans to the Governance and Nominating Committee.

Ultimately, the ESG team is directly responsible for collecting, reporting, and monitoring sustainability and ESG activities, risks, and management actions while regularly briefing and aligning with the ESG review board and Governance and Nominating Committee on these items. The ESG team is also responsible for the company's annual ESG Report and other ESG reporting. Management is responsible for the execution of sustainability and ESG activities, risk identification, and mitigation (see management section below in 1B for additional details).

For more information about our governance structures and board charters, please see our latest proxy statement filed with the Securities and Exchange Commission (sec.gov).

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

Climate risks are identified by individual functions and then collated by the ESG team. The management functions and teams listed on this page perform various activities that help aid in the assessment, development, review of climate-related risks, and implementation of mitigation strategies. These groups work together on cross-functional program and initiative development, and the Head of ESG acts as a conduit between groups.

- **Risk Assessment**: Our internal audit team performs an annual risk assessment to help identify significant risks to the company and develops a related annual internal audit plan. This process begins by identifying risks through interviews with leaders across the organization and then ranking those risks in terms of their impact and likelihood. The output of this assessment is used to design the Internal Audit Plan for the coming year.
- **Opportunity development:** The ESG function works collaboratively and cross-functionally to measure and monitor environmental, social, and governance matters and develop opportunities for ESG risk mitigation, including those for climate risks.
    - Our ESG team includes specialists in carbon management, environmental regulations, regulated materials, ESG metrics, and reporting. Key areas of work for the ESG team include carbon footprint assessment, carbon plan and goals, overall climate risks to company, social responsibility initiatives, and communicating with internal and external stakeholders, including regulatory agencies, customers, employees, and shareholders. Key business collaborators on climate risk assessment include financial services, legal, internal audit, risk management, supply chain, product operations, regulatory, facilities management, workplace services, and investor relations.
    - The Head of ESG is directly responsible for developing and monitoring our ESG activities and creating and executing plans toward climate-related goals and other reporting metrics. The Head of ESG's annual performance goals are tied to this responsibility.
- **Review:** Intuitive's ESG review board is comprised of cross functional senior leadership from across key business functions. The board includes our Chief Medical Officer, General Counsel, Chief Financial Officer, Vice President People Operations, Executive Vice President & Chief Strategy and Corporate Operations Officer, Vice President of Global Public Affairs, Senior Vice President & General Manager EU Commercial and Marketing, and Executive Vice President of Global Business Services (GBS) who chairs the ESG review board. The EVP of GBS is also the supervisor to Head of ESG, and directly reports to the CEO. The EVP of GBS and the General Counsel fulfills the function to connect ESG to the CEO and reporting to the Governance and Nominating Committee twice a year.

Opportunity implementation: Key business partners on climate risk assessment at Intuitive include finance, legal, internal audit, risk management, supply chain, product operations, regulatory, facilities management and workplace services, and investor relations. Intuitive's internal audit team, in conjunction with subject matter experts across the company, performs an annual risk assessment to help identify and manage company risks. Risks, including climate-related risks, are assessed and prioritized based on impact and likelihood. This informs practical actions and resourcing associated with addressing/mitigating these risks. All management functions aid in the assessment, development, review of climate-related risks, and implementation of mitigation strategies. These groups work together on cross-functional program and initiative development, implementation, and assessment, and ESG acts as a conduit between groups.

Compliance Committee: The cross-functional Compliance Committee oversees Intuitive's compliance with applicable laws, including those related to ESG. It is led by our General Counsel and Chief Compliance Officer and is responsible for the development, implementation, maintenance, and administration of our compliance programs. The committee meets quarterly (and more frequently as needed), and oversees our codes, policies, training and education requirements, standards, ComplianceLine hotline, investigations, and corrective actions. It ensures that compliance risks or alleged violations are appropriately evaluated, escalated, and addressed. The committee regularly reports to our Audit Committee.

Section 2:
Climate-related strategy
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Climate related risks
Short term: (0-3 years):

- Physical risk from extreme weather patterns: Extreme weather presents a risk to operations at Intuitive site locations as well as direct and indirect material suppliers. The threat of hurricanes, wildfires, or severe weather all have the capacity to disrupt critical supply chain elements. We expect these extreme weather events will increase both in severity and frequency and remain a medium- and long-term risk to Intuitive. In the U.S., our operations and suppliers are subject to risk of hurricanes, drought, wildfire smoke, and air quality issues. In Europe, our regional offices are susceptible to extreme weather (cold); and in Mexicali, our location is susceptible to extreme weather (heat) and drought.

- Supply chain production capacity risk from regulations in supply chain: New and/or stronger air quality and emissions standards present potential challenges to our supply chain. These regulations may require direct and/or indirect material suppliers to reduce or even halt production on certain high-emission products to ensure compliance. This presents a risk to our supply chain if the sourcing of this product/component is constrained or sourced from a single source, particularly acute for sterilization suppliers in California.

- Financial risk from increased raw materials costs and subsequent pressure on profit margins caused by climate-related factors (energy cost): There are a variety of upward pressures on cost and margins stemming from climate-related factors. Energy costs have increased greatly recently, leading to significant uplifts in the cost of raw materials, transportation, and general operations. These costs must be either absorbed into margins or passed to the end customer, which presents a cascading effect through our entire supply chain.

- Market risk driven by changing investor and customer behavior attributed to perceived climate risk: Some investors and customers are placing new or increasing emphasis on climate-related considerations when doing business. An example of this includes the expectation of carbon reduction initiatives and associated disclosures. Investors and customers are increasingly adding climate-risk and climate mitigation as one of their decision criteria. If we cannot meet investor expectations, we may face challenges accessing capital and/or share value could decline.

Medium to long term: (3-25 years)
Additional risks in the medium to long term are:

- **Competitive risk from new market entrants that employ carbon or climate initiatives that change or shift customer preferences:** As new market entrants continue to emerge into the robotic-assisted surgical space, customer behavior has the potential to be influenced by our carbon and/or climate initiatives and disclosures.

- **Operational risk from new or emerging carbon pricing regulations in our direct operations and in our supply chain:** New or emerging regulatory requirements may impact our ability to source materials used in our products, as well as impact the cost of materials.

Climate-related opportunities
Short term:
- In 2023, we evaluated opportunities to reduce our carbon footprint over the long term, taking into consideration our mission, strategy, and priorities. We focus on areas that improve our carbon footprint while improving operational efficiency and reducing cost. Areas for consideration could include use of renewable energy, transportation of product via more energy efficient means, and changes in certain product packaging to reduce plastic and paper use. These efforts may reduce our operating cost, while increasing the value of fixed assets, benefitting our workforce, and reducing our exposure to future fossil fuel price increases.

- We have expanded our climate-related disclosures by responding to the Carbon Disclosure Project (CDP), which enhances our ability to respond to investor and customer inquiries.

Medium and long term:
- We have adopted an integrated campus approach, where we can co-locate certain functions, including manufacturing, engineering, commercial operations, customer and sales training, and various administrative areas. Co-locating our teams into these hubs, located in geographies where we can support our customers locally, can help reduce our environmental impact and create efficiencies in supply chain access, customer training and support, and customer service. The build out of these campuses is a multiyear effort that began in 2020.

- We have identified several medium- and long-term climate-related opportunities, which may reduce emissions and improve overall supply chain resiliency, efficiency, and cost. These opportunities could involve product design and sourcing initiatives that address both proactive climate initiatives and sustainability and climate risks. These opportunities require multiyear plans and must be done in the context of our mission, strategy, and priorities.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Impact of climate-related risks on the organization's businesses, strategy, and financial planning:
We measure value creation through our customers' lenses and in alignment with our goal of delivering on the Quadruple Aim: better clinical outcomes, improved patient experiences, improved care team experiences, and lower total cost to treat per patient episode. Within this context, improvements in operating efficiency and cost reduction are critical to better serve our company and customers. The impact of climate-related risks and opportunities are integrated in our growth strategy and financial planning. For example, our board of directors and executive team focus on emissions reduction opportunities that also enhance operating efficiency and cost reduction over the long term. At functional levels of the company, specific projects are being carried out across global teams to investigate dual sourcing, low-cost manufacturing, and supply chain resilience opportunities that may inform the product design and manufacturing process in the long run.

We understand that:
- **For products and services:** Climate change risks will potentially impact Intuitive products and services in a variety of ways, such as: supply chain disruptions, financial pressure from increased costs of raw materials and energy, regulatory risks, and severe climate-related weather events. This could present challenges to customers in the form of product availability and price competitiveness.

- **Supply chain/direct and indirect sourcing:** We manage a highly complex supply chain which is subject to climate-related risks. These risks include regulatory risks which could impact production capacity of suppliers, physical risks from climate-related extreme/adverse weather events, and/or financial risks from increased raw materials and energy costs. These risks could also present challenges in the company's ability to source and manufacture products to meet customer demand.

- **Facilities and manufacturing physical footprint:** We have a global corporate and manufacturing footprint across a global network of key collaborators. The decisions to build or move facilities or operations will be impacted by climate-related risks and will take into consideration the mitigation of these risks.

- **Operations (energy):** Impacts of climate-related risks include leveraging more sustainable energy sources to power business operations (part of our carbon plan). This includes considerations around the most efficient means of logistics/transportation, using renewable energy sources such as solar to power buildings, and looking to reduce dependencies on high carbon energy sources throughout the supply chain.

Impact of climate-related opportunities on the organization's businesses, strategy, and financial planning:
In 2023, we created a carbon plan that seeks to deliver a decarbonization target, set in alignment with industry standard carbon reduction setting principles. In the plan, detailed carbon mitigation are identified and tracked.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

In 2023, we completed a full scope (scopes 1, 2, and 3) Greenhouse Gas (GHG) carbon inventory, please see page 28 of the 2023 ESG annual report. Scopes 1, 2, and 3 for 2022 have completed the validation process.

Section 3:
Climate-related risk management

Disclose how we identify, assess, and manage climate-related risks.

3a) Describe the organization's processes for identifying and assessing climate-related risks.

This was addressed in 1A and 1B. Additional details for the key management functions are elaborated below. To summarize, climate risks are identified by individual functions (see below) and then collated by the ESG team. The ESG team regularly briefs and aligns with the ESG review board and board of directors' committees on these items. The ESG team is also responsible for external reporting of the company's ESG activities. Management is responsible for the execution of sustainability and ESG activities, risk identification, and mitigation. In addition, several groups help fine-tune approaches to address any identified risks.

The following teams perform thorough reviews of climate-related risks:

Internal audit in finance: Our internal audit team performs an annual risk assessment to help identify and manage business risks. The Head of Internal Audit interviews senior leaders across our key business functions to understand their perspective on the current and potential future risks to the company. In addition to obtaining senior leaders' general feedback on risks, leaders are asked to review a prioritized list of risk categories and rank them in terms of potential impact to the company (based on severity of risk and likelihood of occurrence). Additionally, the internal audit team leverages the feedback and report to help determine internal audit projects for the upcoming quarters. These findings, both the qualitative feedback and the quantitative rankings, are summarized in a report shared with both senior leadership and the board of directors Audit Committee.

Risk management in finance: From time to time, we may see a direct or indirect impact from natural hazards like drought, wildfires, floods, severe storms, hurricanes, and other weather-related events. The financial consequence of the severity of these events could be significant if we are not prepared. Our risk assessments help in analyzing the company's climate-related risks based on their impact versus likelihood, followed by a business impact assessment to help score and prioritize critical operations and processes for practical actions and timely distribution of resources. We leverage these assessments to derive the financial and operational impact of climate-related risk, which can lead to business interruption. We also work with climate risk experts and consultants from time to time for guidance on existing and emerging risks associated with climate change.

Supply chain risk management in global operations: Our Business Continuity Plan takes into consideration the operational and financial-related risks for various scenarios, such as supply chain interruption and/or disruptions at manufacturing locations. The team conducts a business interruption assessment annually to validate the level of insurance coverage purchased. This evaluation includes an analysis of the financial metadata for each manufacturing location, gross revenues minus variable costs to determine profit, and any reductions to be considered for the redundancies established.

ESG team: In 2023, we worked with a leading consulting firm to study the physical impacts on our facilities and those of our suppliers by climate-related factors in the decades of the 2030s to the 2080s. To do this, we conducted climate-related scenario analysis to model the impact of climate-related physical risk. Utilizing the latest climate science, we applied localized climate projections based on medium and high emission scenarios (SSP2 4.5, SSP5- 8.5).

We found the risks of water stress, extreme temperatures, and flooding are the greatest drivers of climate-related potential impact on our value chain.

For risk mitigation, we act in the following ways:
- **Insurance coverage:** Where commercially available and cost-effective, a moderate amount of financial risk is offset by purchasing and maintaining relevant insurance, such as business interruption insurance. Case studies are done for specific sites to assess the cost of operational disruption and the impact it will have on company revenue and gross margin.

- **Finished goods (FG) inventory:** General risk management for climate and regional issues leverages the FG inventory for short-term buffering. We hold approximately 8 to 12 weeks of FG products in our networks depending on the criticality and life cycle of the parts. This buffering strategy is driven through our executive quarterly meeting. We are also driving multi-plant strategies, dual sourcing, and buffering on components to ensure FG production.

We have conducted several risk mitigations audits, assessments, as well as preventive and mitigative actions and activities, and are aware that more work can be done in these areas. We are committed to continuing our investment of resources to continue building a resilient program with a more flexible inventory that addresses any gaps in insurance coverage.

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

To summarize, climate risks are identified by individual functions (see below) and then collated by the ESG team. The ESG team regularly briefs and aligns with the ESG review board and board of directors' committees on these items. In addition, the internal audit team performs an annual risk assessment process to identify current and future risks to the company, and there is a category that currently includes climate-related risks. Going forward, climate-related risk will be a dedicated category.

In addition to this formal process, the internal audit team regularly holds informal discussions with leaders to discuss changes in the business and macro-environment to identify if any updates to the audit plan are warranted. Based on these conversations, there is an opportunity for the internal audit team to learn about and prioritize projects related to climate change.

3c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into our overall risk management.

Here are some specific examples of frameworks (and processes), in addition to the response in 3a.

Risk assessment framework: Functional leaders/executives are assigned as risk owners. Risk owners are charged with identifying, reporting, mitigating, and monitoring risks that can impact our ability to achieve business objectives. Self-assessments, changes to the regularity environment, emerging risks, and market trends are key sources of information to identify climate-related risks. For the risk assessment, we use a standardized approach of measuring risk likelihood versus risk impact against key business criteria including operational, regulatory/compliance, financial, legal, and reputational. Each risk is assigned a weightage after determining the effectiveness of the controls to address the risk. The risk owner uses the weightage as guidance for prioritization and to develop action plans.

Supply Chain Risk Management (SCRM) framework: Involving the components listed below, SCRM is designed to identify, communicate, and mitigate potential risks and disruptive events across the company for direct materials.

- Through the SCRM framework, risk assessment via risk categorization measures are conducted, taking into consideration the severity of the risk, likelihood of impact, and complexity of risk mitigation efforts.
- The SCRM framework is designed to focus on specific types of risk, which can then be viewed in aggregate and used to measure operational risk across the organization. These risk programs include, but are not limited to financial risk, cyber security risk, geopolitical risk, geographic risk, and part level engineering and sourcing (attribute) risk. Elements of the SCRM framework include climate risk, under the pillar of geographic events, such as hurricanes, severe weather, and wildfires.
- The SCRM team is managed under product operations with alignment across corporate cross-functional stakeholders. The collective responsibility of these groups is to review the scope and effectiveness of the SCRM program.

Section 4:
Climate-related metrics and targets

4a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Overall carbon emissions from scope 1, scope 2, and scope 3 sources are considered when assessing our climate-related risks and opportunities. The ESG team uses carbon emissions data and related metrics to track progress against goals. Additional metrics of interest include:

- Work continuity resilience, as measured by level of insurance coverage, which is leveraged my multiple corporate functions, including our Board of Directors Audit Committee
- Energy intensity, as measured by kilowatt hour/gross square feet, which is leveraged by our facilities management team.

4b) Disclose scope 1, scope 2, and scope 3 greenhouse gas (GHG) emissions

Please refer to 2023 ESG annual report, page 28.

4c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

In 2023, we also created a carbon plan to manage our decarbonization goals and targets. This plan includes:

- Company's growth projections and climate risk factors are overlaid on the baseline carbon inventory to estimate the business-as-usual scenario.
- Carbon mitigation efforts are identified and estimated to complete the emissions reduction solutions. Intuitive considers all options and a balanced approach between operational efficiency projects, renewable solutions, and supply chain logistics to help reduce scope 1, 2, and 3 sources systematically.
- The company will consider the Science Based Target Initiative (SBTi) and other emerging methodologies for future scope 1 and 2 emissions targets.