IFRS S2-Aligned Disclosure Report

California SB-261 Compliance
ConvergeOne, Inc., and its affiliates
December 2025

Introduction

At ConvergeOne, Inc. and its affiliates ("C1"), every solution is designed with outcomes in mind. We align technology decisions to business goals—ensuring modernization is practical, secure, and value-driven from day one. Through a combination of advisory, professional, and managed services, we help organizations advance resilient digital strategies that support operational efficiency, customer experience, and employee performance.

With deep expertise in collaboration, infrastructure, and cybersecurity, we integrate leading partner technologies into tailored solutions for mid-market and enterprise clients—particularly in healthcare, government, education, and financial services. Our approach emphasizes long-term value through measurable adoption, uptime, security, and cost control, while maintaining a focus on innovation, including AI, to drive future-ready outcomes.

As part of our commitment to operational resilience and responsible innovation, C1 actively assesses and addresses climate-related risks across our operations and service delivery models. We recognize the role that secure, scalable technology plays in helping organizations adapt to environmental challenges, and we are integrating climate risk considerations into our infrastructure planning, supply chain strategy, and business continuity practices. communication and collaboration.

Overview of C1's engagement with Schneider Electric

C1 partnered with Schneider Electric Advisory Services ("SE Advisory Services") to conduct a comprehensive assessment of climate-related risks, including scenario analysis, in FY25. Through this engagement, C1 identified, assessed, and prioritized risks that could impact the company and its value chain across various time horizons and geographic locations. Based on the assessment outcomes, C1 is working to incorporate risk management methods to strengthen its organizational resilience. This initiative strengthens C1's ability to adapt to a changing climate and establishes a framework for ongoing prioritization and refinement of mitigation and adaptation strategies.

Climate Risk Reporting Framework

C1 has elected to prepare its California Senate Bill 261 ("SB 261") Climate-Related Financial Risk Disclosure in alignment with the International Financial Reporting Standards Sustainability Disclosure Standard ("IFRS S2"), as issued by the International Sustainability Standards Board ("ISSB").

This report addresses the IFRS S2 recommended disclosures across the four core pillars:

- **Governance:** C1's governance structures and processes for overseeing climate-related risks
- **Risk Management:** The methods C1 uses to identify, assess, and manage climate-related risks.
- **Strategy:** The actual and potential impacts of climate-related risks on C1's business, strategy, and financial planning, where such information is material.
- **Metrics and Targets:** The metrics and targets C1 uses to evaluate and manage climate-related risks, where such information is material.

Future Disclosure Plans

C1is disclosing against IFRS S2 recommended disclosures, including the minimum CARB requirements outlined in the Climate-Related Financial Risk Disclosure Checklist. C1 may continue to enhance its disclosures for the specific requirements listed in the table below.

IFRS S2 Pillar	IFRS S2 Requirements
Governance	S2.6a(ii)
Strategy	S2.10a-d, S2.13a-b, S2.14a(i), S2.14a(v), S2.14b, S2.16b, S2.16d
Risk Management	S25a.iii, S25a.v, S25b, S25c
Metrics & Targets	S2.29a(i-vi), S2.29d, S2.32, S2.34a-d, S2.35a-e

Glossary

Key acronyms commonly referenced in this report and in the context of climate risk and governance topics are identified below. **Glossary**

Acronym	Definition
CARB	California Air Resource Board – California's air quality and climate regulator, responsible for emissions standards and climate policies. CARB also issued SB 261, requiring businesses to disclose climate-related financial risks.
CSA	Climate Scenario Analysis – A process used to assess the potential impacts of different climate-related scenarios on an organization's strategy, operations, and financial performance. CSA helps assess risks and/or opportunities under different climate futures.
CSRD	Corporate Sustainability Reporting Directive – A European Union regulation that expands sustainability reporting requirements for companies, mandating disclosures on environmental, social, and governance (ESG) topics, including climate risks and impacts.
IEA	International Energy Agency – An autonomous intergovernmental organization that provides data, analysis, and policy recommendations on global energy systems. The IEA develops widely used climate and energy scenarios to support decision-making.
IFRSIFR	International Financial Reporting Standards – A globally recognized set of accounting standards developed by the International Accounting Standards Board (IASB), used to ensure transparency, consistency, and comparability of financial statements across jurisdictions.
IFRS S2	IFRS Sustainability Disclosure Standard 2 – A standard issued by the ISSB that outlines requirements for climate-related disclosures, including governance, strategy, risk management, and metrics and targets. It builds on the TCFD framework and aims to harmonize global climate reporting.

IPCC	Intergovernmental Panel on Climate Change – A United Nations body that provides scientific assessments on climate change, its impacts, and potential mitigation strategies. Its reports are widely used to inform climate-related risk assessments and policy decisions.
ISSB	International Sustainability Standards Board – An independent standard-setting body established by the IFRS Foundation to develop comprehensive global sustainability disclosure standards, including those related to climate risk.
NZE	Net Zero Emissions by 2050 Scenario – A scenario developed by the IEA that outlines a pathway for the global energy sector to reach net-zero CO_2 emissions by 2050, aligned with limiting global warming to 1.5°C.
RCP	Representative Concentration Pathway – A set of greenhouse gas concentration trajectories developed by the IPCC to model climate outcomes. Each RCP corresponds to a different level of radiative forcing (e.g., RCP2.6, RCP4.5, RCP8.5), used in climate impact assessments.
STEPS	Stated Policies Scenario – A scenario developed by the IEA that reflects the impact of current government policies and commitments, assuming no additional measures are taken. It serves as a baseline for comparing more ambitious climate pathways.

Governance

Describe how and how often the body/individual(s) is informed about climate-related risks and opportunities.

[S2.6a(i-iii)]

C1 maintains a multi-tiered governance structure to oversee climate-related risks, opportunities, and disclosures. Currently, at the board level, climate and ESG-related oversight is supported by a member of the Compensation Committee of the Board of Directors. While the Board does not have an ESG or sustainability committee, the Board reviews key environmental performance indicators including the company's EcoVadis rating and monitors year-over-year progress. Climate topics are reviewed on an ad-hoc basis and raised as needed in connection with broader risk or operational discussions.

[S2.6a(iv)]

The Board integrates sustainability considerations into strategic oversight and risk management processes on an ad-hoc basis and when the risks and impacts are material.

[S2.6a(v)]

The ESG Council (described in S2.6b) currently maintains responsibility for setting and tracking environmental goals and targets. The Board is informed of these goals on an ad-hoc basis.

Describe management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities.

[S2.6b(i-ii)]

At the management level, C1 has established an ESG Council responsible for the operational oversight of climate-related activities. This council includes senior leaders from across the business and meets regularly to evaluate performance against ESG goals, ensure regulatory preparedness, and guide long-term planning. Key responsibilities of the ESG Council include:

- Approving and tracking emissions reduction targets, including C1's goal to reduce its carbon footprint by 10% annually through 2025.
- Overseeing climate-related disclosures and compliance with emerging climate regulations, including California's SB 261 and SB 253.
- Integrating environmental goals into business operations, with a focus on real estate and resource use.
- Monitoring vendor compliance with ESG requirements through clauses in supplier agreements and C1's Code of Conduct.
- Submitting and improving C1's annual EcoVadis sustainability rating.

This structure ensures that climate-related risk governance is embedded across C1's enterprise, from high-level oversight to operational execution, supporting transparency, accountability, and continuous improvement in sustainability performance.

C1's Enterprise Risk Management ("ERM") program is built on industry best practices and operates through a centralized platform and monitored by the Risk Advisory Committee ("RAC"). Risks are logged, assigned to owners, and given remediation timelines with monthly reports provided to executive leadership and the Board to ensure oversight.

The ERM process includes stakeholder feedback loops, such as input from risk presentations to the Executive Leadership Team, and regular communication through monthly security and compliance forums to track mitigation progress.

Strategy

In FY25, C1 partnered with SE Advisory Services to conduct a comprehensive, company-wide assessment of climate-related risks. This assessment enabled the identification and evaluation of current and emerging climate-related issues across C1's operations over short-, medium-, and long-term time horizons. Both transition and physical climate-related risks were assessed as part of this effort. This effort also supported the development of plans to mitigate risks, helping to advance C1's climate risk strategy.

Describe the climate-related risks and opportunities that could reasonably be expected to affect C1 prospects.

[S2.10a-d]

Tables 3 and 4 below summarize C1's identified transition and physical climate-related risks across the time horizons in which they are likely to occur.

Table 3: C1's identified climate-related transition risks

Risk Driver Type and Name	Definition	Current Effects	Anticipated Effects	Time Horizon(s)*	Value chain stage(s) **
Policy and legal: Enhanced emissions-reporting obligations	Expanding regulations like SB 261 and 253 climate reporting laws require robust, frequent reporting of Scope 1, 2, and 3 emissions. Failure to comply risks financial penalties and reputational damage. Additionally, C1 will need to pay for additional systems and services to support filing.	C1 is preparing for compliance with new and more stringent climate reporting requirements such as SB 253/ SB 261, including data collection and verification processes.	Compliance will be costly to C1, necessitated by investment in new systems for data management, audits, third-party verification, increasing administrative costs, and loss of productivity of employees while they divert their work to these compliance tasks. Failure to meet reporting deadlines could result in financial penalties and reputational harm.	Short, Medium, Long-Term	Direct operations. This risk is concentrated in corporate governance and compliance functions, with indirect impacts on operations and investor relations.
Reputation: Stigmatization of sector	The energy-intensive nature of AI and data services could lead to stigmatization, threatening demand for offerings like the AI platforms or impacts on sales for hyper-scaler clients.	Not applicable	C1 does not anticipate any effects from this risk in the future. However, if this risk were to materialize, it could reduce demand for certain offerings and negatively impact brand perception.	Medium and Long-Term	Direct operations. Product positioning and customer engagement, with implications for marketing and long-term demand.
Market: Changing customer behavior	Some large enterprise/ government clients are increasingly basing vendor selection on climate performance and transparency. C1's ability to retain and grow its customer base may depend on aligning with these evolving ESG procurement criteria. Other customers are criticizing ESG policies, and may negatively view vendors with such robust ESG policies.	Not applicable	C1 does not anticipate any effects from this risk in the future. However, if this risk were to materialize, it could influence purchasing decisions and require alignment with evolving ESG criteria to maintain competitiveness.	Medium and Long-Term	Direct operations, Downstream value chain Sales and client relationships, with downstream effects on revenue and competitiveness.
Market: Uncertainty in market signals	The risk stems from volatility in both customer demand and energy markets. Uncertain adoption rates for new technologies make it difficult for C1 to plan investments, while sudden spikes in energy costs could quickly increase operating expenses and compress margins for both C1 and its suppliers.	Not applicable	C1 does recognize that there is potential for increased costs of utility costs associated with AI and cloud-based solution growth. If this risk were to materialize, it could create volatility in planning and increase operating costs, compressing margins.	Short, Medium, Long-Term	Direct operations. Procurement with impacts on energy cost strategy.

* The Time Horizon(s) column in the table above refers to those time frames over which the risk could likely occur.
** The Value chain stage(s) column in the table above refers to those stages in the C1 value chain where the risk could occur.

Table 4: C1's identified climate-related physical risks

Risk Driver Type and Name	Definition	Current Effects	Anticipated Effects	Time Horizon(s) Assessed	Exposure Concentration
Chronic – Heat Stress	Chronic exposure to increasingly high temperatures	None identified to date	Workforce health and productivity impacts; increased cooling demand; accelerated equipment wear; higher energy costs	2030 and 2050	Highest exposure in India, Arizona, and California
Chronic – Water Stress	A state in which water withdrawals exceed renewable water supplies	None identified to date	Impaired cooling system performance for equipment; disrupted energy supply for sites dependent on hydropower	2030 and 2050	Highest exposure in India and California
Acute – Wildfire	Uncontrolled combustion of vegetation in natural settings	None identified to date	Workforce shutdowns; smoke and ash damage to equipment; harm to buildings; electricity supply disruptions	2030 and 2050	Highest exposure in Arizona and California
Acute – Tornado	A violently rotating column of air touching the ground	None identified to date	Structural damage; equipment loss; site inaccessibility; power outages; transport disruptions	2030 and 2050	Highest exposure in Kansas, Missouri, Texas, and Minnesota
Acute – Cold Wave/ Frost	A period of abnormally cold weather	None identified to date	Workforce health and productivity impacts; electricity supply shortages from extreme conditions; damaged electrical and IT infrastructure	2030 and 2050	Highest exposure in Minnesota, Colorado, and Illinois

Describe the current and anticipated effects of climate-related risks and opportunities on C1's business model and value chain.

[S2.13a-b]

Examples of C1's identified climate-related risks on the business model and value chain are provided in Tables 3 and 4. Please note that risks are divided into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change. Opportunities were not assessed.

Describe the current and anticipated effects of climate-related risks and opportunities on C1's strategy and decision-making.

[S2.14a(i)]

Current and anticipated changes to the business model:

C1 anticipates changes to its business model that reflect a stronger emphasis on operational efficiency and sustainability. The company has committed to reducing its physical U.S. footprint by 48% by 2025, equivalent to approximately 291,000 square feet based on 2021 levels. This consolidation strategy is intended to optimize resource use and lower emissions associated with facilities.

C1 anticipates changes to its business model that reflect a stronger emphasis on operational efficiency and sustainability. The company has committed to reducing its physical U.S. footprint by 48% by 2025, equivalent to approximately 291,000 square feet based on 2021 levels. This consolidation strategy is intended to optimize resource use and lower emissions associated with facilities.

In addition, C1 plans to reduce energy consumption by 15% and decrease its carbon footprint by 10% by 2025. To support these objectives, the company is implementing structured processes for tracking and documenting greenhouse gas emissions and energy usage, with transparent annual reporting to stakeholders beginning in 2026. Building and office standards are being defined to incorporate energy-efficient technologies and sustainable materials, while daily practices such as recycling programs and sustainable procurement policies are being adopted to minimize environmental impact.

These changes represent a shift toward embedding sustainability into operational decision-making without altering the core nature of C1's service offerings.

[S2.14a(ii-iii)]

Direct Mitigation and Adaptation Efforts:

C1's direct mitigation efforts focus on improving energy efficiency and reducing emissions within its operations. The company is introducing building and office standards that prioritize energy-efficient technologies and sustainable materials. Operational protocols are being enhanced through daily practices aimed at lowering office carbon footprints, including recycling programs and waste reduction initiatives. A structured process for tracking greenhouse gas emissions and energy consumption is being implemented with annual reporting to ensure accountability. C1 is also investing in employee environmental awareness training to promote consistent adoption of these practices across all locations. Additionally, the company's plan to reduce its physical footprint by nearly half by 2025 reflects a significant direct adaptation measure to optimize space and reduce environmental impact.

Indirect Mitigation and Adaptation Efforts:

Indirect efforts include collaboration with suppliers and customers to advance sustainability objectives. C1 applies sustainable procurement policies to influence environmental performance across its supply chain. C1 also participates in initiatives that support circular economy principles, such as programs that divert electronic waste from landfills and prevent greenhouse gas emissions. These efforts not only reduce environmental impact but also align with customer expectations for responsible business practices. Industry recognitions, including EcoVadis Bronze ratings and Cisco's Environmental Sustainability Specialization, further demonstrate C1's engagement in partnerships that promote sustainability throughout the value chain.

Physical Risk Mitigation and Adaptation Actions:

C1 is exploring ways to strengthen resilience against physical climate-related risks, including heat stress, water stress, wildfires, tornadoes, and cold wave/frost. C1 aims to prioritize employee safety and operational continuity by considering measures that improve preparedness and response during disruptive events. These measures are underpinned by a geographically distributed footprint that includes a primary thirdparty data center in Shakopee, Minnesota, together with cloudbased backup data centers in AWS and Microsoft Azure, providing diversification and flexibility for scaled recovery.

Future strategies may include enhancing the resilience of facilities and critical assets, improving infrastructure design, and incorporating climate planning into site development. These efforts could also extend to ensuring reliable energy and water resources, as well as maintaining connectivity and accessibility during adverse conditions.

Overall, the goal is to adopt a proactive approach that reduces vulnerability and supports long-term business continuity. By integrating adaptation and risk management into planning and operations, C1 seeks to position itself to better navigate the challenges posed by a changing climate.

[S2.14a(iv)]

C1 has not adopted a formal climate transition plan.

[S2.14a(v)]

C1 has established targets, including a 15% reduction in energy consumption and a 10% reduction in its carbon footprint by 2025, as well as a 48% reduction in its physical U.S. footprint. To achieve these goals, C1 is implementing building and office standards that incorporate energy-efficient technologies and sustainable materials. Operational improvements include daily practices such as recycling programs and sustainable procurement policies. A structured process for tracking greenhouse gas emissions and energy usage is being deployed, with transparent annual reporting beginning in 2026.

Employee training programs are designed to ensure consistent adoption of environmental practices across all locations. Governance is provided by the ESG Council and supported by Site Ambassadors, who oversee local implementation. These actions are guided by a baseline carbon footprint assessment completed in partnership with SE Advisory Services, which informs progress toward C1's reduction targets.

Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).

[S2.14b]

Currently, C1 has not finalized specific financial allocation to meet the above activities.

Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a)).

This is C1's first report; C1 has not disclosed progress or plans in previous reporting periods.

[S2.14c]

Not applicable, quantitative and qualitative information has only been evaluated for FY25.

Disclose information that enables users of general-purpose financial reports to understand; (a) the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); (b) anticipated financial effect.

[S2.15a-b]

Based on information currently available, C1 has not identified effects of climate-related risks on its financial position, performance and cash flows during this reporting period.

Disclose quantitative and qualitative information about how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.

[S2.16a]

Based on information currently available, C1 has not identified effects of climate-related risks on its financial position, performance and cash flows during this reporting period.

The climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

[S2.16b]

C1 has not identified climate-related risks for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in related financial statements.

How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.

[S2.16c]

Anticipated Financial Position and Strategic Evolution

C1 anticipates that its financial position will evolve as it continues to assess and respond to climate-related risks and opportunities. While no formal transition plan or climate-related targets have been adopted, foundational activities (e.g., emissions inventories, compliance readiness, and operational efficiency improvements) are underway and may influence future strategic and financial decisions.

Short Term (0–1 years)

Operating costs are expected to increase incrementally due to initial investments in the following:

- Compliance readiness for enhanced emissions reporting obligations (e.g., SB 253 and SB 261), including data collection, verification, and governance processes.
- Third-party assurance and audit services to validate Scope 1, 2, and 3 emissions data.
- Internal capacity building for centralized data tracking and reporting systems.

These costs are concentrated in corporate governance and compliance functions and are currently managed within existing operational budgets. However, failure to meet reporting deadlines could result in financial penalties and reputational harm.

Medium Term (1–5 years)

Operating costs may rise moderately as C1 adapts to evolving market and technology dynamics. Key drivers include:

- Investment in new systems for data management and verification to meet ongoing regulatory requirements and investor expectations.

- Potential energy cost volatility associated with AI growth and hyperscaler partnerships, which could compress margins and influence procurement strategies.
- Alignment with evolving ESG procurement criteria to maintain competitiveness with large enterprise and government clients, potentially requiring enhanced disclosures and sustainability initiatives.
- Early-stage implementation of emissions reduction measures (e.g., energy-efficient data center solutions) and strategic partnerships to mitigate technology-related risks.

These activities may influence long-term product positioning, customer engagement, and operational efficiency, with downstream impacts on revenue and competitiveness.

Long Term (5+ years)

Under advanced or accelerated transition scenarios, operating costs could increase significantly, particularly if C1 undertakes:

- Increased collaboration with OEMs and partners on low-impact computing and cloud services.
- Investments in low-carbon technologies and renewable energy sourcing.

How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation)

[S2.16d]

C1 anticipates that its approach to managing climate-related risks and opportunities will continue to evolve as regulatory requirements, customer expectations, and market dynamics change. While the company has not adopted formal incorporation of climate risk modelling into its financial performance and cash flow projections, foundational activities such as emissions reporting, compliance readiness, and operational efficiency improvements are underway and expected to shape future priorities.

C1's strategy focuses on:

- Strengthening compliance processes for emerging regulations (e.g., SB 253, SB 261).
- Enhancing operational resilience through energy efficiency and supplier engagement.
- Exploring innovation opportunities for low-emission technologies and responsible cloud computing & AI deployment.

Disclose information that enables users of general-purpose financial reports to understand the resilience of the entity's strategy and business model to climate -related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. How and when climate-related scenario analysis was carried out.

[S2.22a-b]

In FY25, C1 conducted a climate scenario analysis to assess how a set of risks might evolve and affect its business under a range of publicly available scenarios. This analysis is not intended as a comprehensive evaluation of the resilience of C1's strategy or business model; rather, it provides insights to guide realistic

and actionable responses to climate-specific risks. These responses may include adjustments to strategy, operations, or financial planning to better manage identified risks.

Transition Risk Scenario Analysis

To assess the resilience of C1's strategy under different climate futures, C1 conducted a scenario analysis aligned with IFRS S2 guidance. This exercise evaluated how key transition risks could impact the company's operations and financial performance under two distinct climate pathways.

Methodology Overview

C1 developed a methodology to quantify potential financial impacts across each timeframe. The corporate-level assessment evaluated how transition risks could affect C1's business. The goal of this analysis was to enable data-driven decision-making and inform future strategic and financial planning.

Scenario Selection: C1 assessed two climate scenarios developed by the International Energy Agency (IEA), including at least one scenario aligned with limiting global warming to 1.5°C (i.e., consistent with the objectives of the Paris Agreement). These scenarios were selected to inform strategic planning, acknowledging the uncertainty surrounding future climate policies and market conditions.

Table 4: C1's identified climate-related physical risks

Scenarios	Description	Assumptions & Limitations	Uncertainties
Stated Policies Scenario (STEPS)	This scenario is the closest to business as usual in our current world. It reflects the current trajectory of existing and announced policies globally. It is updated regularly to account for changes in the political and regulatory landscape. This scenario provides a conservative benchmark and does not assume full implementation of announced goals.	Based on current and developing policies as of August 2024. It evaluates the likelihood of implementation, not guaranteed outcomes. Includes industry actions like clean tech manufacturing capacity.	Geopolitical tensions and global elections. Infrastructure delays/ Integration speed of renewables into power grids
Net Zero Emissions by 2050 Scenario (NZE)	This scenario shows the pathway to reach net zero emissions by 2050, aligned with limiting global warming to 1.5°C above pre-industrial levels. It supports UN Sustainable Development Goals. While this scenario is the most ambitious and least likely future, it is included for two key reasons: 1) it shows the upper bound of potential impacts, and 2) it is required for alignment with IFRS S2 climate-related financial disclosures.	A normative, ideal pathway to global net-zero CO2 by 2050. No new investments in unabated fossil fuel projects. Requires up to $3 trillion/year in clean energy investment by 2030.	Heavy reliance on emerging technologies (e.g., direct air capture). High difficulty and narrow feasibility window. Needs strong international cooperation for financing and tech transfer to developing countries.

Time Horizons: For transition risks, the CSA applied longer time horizons than those used for initial risk identification and prioritization. This approach reflects the recognition that climate transition represents a structural shift occurring over multiple decades rather than a near-term operational risk. The time horizons used in the analysis are outlined as follows:

Table 6: C1's Scenario Analysis Time Horizons – Transition Risks

Time Horizon	Definition	Additional details/explanation on time horizons
Short-term	2030	Allows for shorter business strategic decisions and considerations, in alignment with the Sustainable Development Goals (SDGs) agenda, as well as key milestones for achieving a net-zero emissions scenario
Medium-term	2040	Aligns with the 2040 timeframe included in most scenarios publicly available
Long-term	2050	Allows for the alignment with the 2050 timeframe, a key milestone for the net-zero scenario, and in line with the Paris Agreement

Risk Focus: Two transition risks were prioritized for evaluation:

- **Enhanced Reporting Obligations:** Potential compliance and operating cost increases under emerging climate disclosure regulations (e.g., SB 261 and similar state-level mandates).
- **Market Signals:** Volatility in energy prices driven by electrification and policy shifts.

Quantification Approach: C1-specific data (energy consumption, emissions, and regulatory exposure) was combined with scenario-based variables from IEA to estimate potential cost impacts under each scenario and timeframe. While detailed figures were modeled, this report focuses on directional insights rather than numeric disclosure.

Key Findings

Enhanced Reporting Obligations Risk

- Under STEPS, compliance costs rise gradually, creating moderate obligations as additional states adopt disclosure requirements.
- Under NZE, aggressive regulatory expansion significantly increases exposure, especially after 2030. Early preparation for reporting systems and assurance processes is critical to controlling costs and maintaining compliance.

Market Signals Risk

- Energy price volatility poses a material risk under both scenarios, with the highest uncertainty around 2030.
- NZE introduces sharper fluctuations due to electrification and renewable integration, while STEPS shows moderate peaks. Long-term contracts and energy efficiency investments can help mitigate these risks.

Future Integration

Insights from this scenario analysis will be embedded into C1's strategic planning processes. C1 will continue to evaluate all tools and mechanisms for advancing our climate risk program, including the integration of forecasted energy costs and potential regulatory mandates such as carbon pricing and disclosure obligations implied by the different pathways leveraged in the scenario analysis.

Adaptation and Mitigation Strategies

See requirement [S2.14a(ii-iii)] for a summary of C1's adaptation and mitigation strategies related to transition risks.

Physical Risk Scenario Analysis

C1 conducted a forward-looking physical risk scenario analysis to understand potential exposure to climate-related hazards under different future conditions. This analysis is designed to test business resilience and inform strategic planning by exploring how risks may evolve over time rather than predicting exact outcomes. C1 conducted a quantitative physical risk scenario analysis focused on exposure to key physical climate hazards using the ECLR platform.

The platform conducted a forward-looking analysis for a high-emissions (RCP8.5) scenario over short- and medium-term time horizons, defined as 2021-2040 ("2030") and 2041-2060 ("2050") respectively. ECLR is built on robust climate datasets that offer global coverage with varying levels of granularity, up to 30 meters for specific risks like coastal flooding and high winds. Inputs included site-level and financial data to estimate exposure levels for key assets and operations. Scenario analysis helps identify plausible futures and their implications for C1's business model, operations, and financial planning.

While results are not forecasts, they provide directional insights into where vulnerabilities may exist and support proactive decision-making. This approach aligns with leading disclosure frameworks such as IFRS S2, which emphasize scenario analysis as a tool for building long-term resilience.

Table 7: Summary of C1's Scenario Analysis Parameters – Physical Risks

Scenarios	Description	Assumptions & Limitations	Uncertainties
High Carbon Scenario – RCP8.5	The RCP8.5 scenario applied on high-resolution regional climate models, which corresponds to SSP5-8.5 scenario (3.2 to 5.4°C increase at the end of the century).	This scenario anticipates a future with high greenhouse gas emissions, leading to a radiative forcing of 8.5W/m2. This scenario corresponds to a future with the absence of policies to combat climate change.	Climate information available in the assessment platform reflects the state of scientific knowledge on climate. Uncertainties in the climate models are evaluated with a confidence score. The underlying datasets have a level of accuracy ranging from 25 km to 30 m, depending on the climate indicators.

Additionally, C1 conducted a qualitative assessment of potential effects to the business based on the quantitative exposure analysis results. For a complete overview of the anticipated effects from physical hazards, see Table 4 under [S2.10a-d].

Risk Management

Identifying, Assessing, Managing, and Integrating Climate Risks

[S2.25a-S2.25c]

C1 is building a comprehensive approach to risk management that integrates climate-related considerations into its broader ERM framework. While climate risks are not yet fully embedded within the ERM structure, C1 has taken significant steps to establish a dedicated process for identifying and assessing these risks. This process complements C1's existing risk governance, which includes an annual enterprise-wide risk assessment, RAC meetings, and continuous monitoring through automated tools and manual oversight. Given that C1 conducted its first climate risk assessment for the purposes of this disclosure, there has been no prior disclosure for comparison.

Beyond climate-specific assessments, C1's broader risk management framework continues to evolve. Risks are assessed based on nature, likelihood, and potential magnitude of impact using qualitative factors and quantitative thresholds. High-priority risks include those that could disrupt critical services or compromise compliance obligations. Continuous monitoring is achieved through vulnerability scanning, intrusion prevention systems, alerts, and periodic reviews with third-party security partners. RAC meetings provide oversight and ensure timely escalation and remediation.

Risk management processes are reviewed annually and updated based on lessons learned from incident response exercises, regulatory changes, and emerging best practices. Risk mitigation is embedded in business continuity planning (e.g., disaster recovery strategies that avoid high-risk regions) and supported by risk transfer through property insurance for hazards like wildfires, wind, and hail. This approach ensures operational resilience and alignment with organizational risk tolerance.

C1 also evaluates climate-related opportunities through initiatives such as energy-efficient infrastructure and cloud-based solutions. When evaluating these solutions, C1 takes into consideration their potential to reduce resource dependency and support for long-term cost efficiency. Climate-related risk and opportunity assessments are embedded within the company's governance structure, with results reported quarterly to the Board of Directors to reinforce accountability and oversight.

Although climate-related risks are not yet fully integrated into C1's ERM framework, the company is committed to advancing this integration. Planned enhancements include embedding climate risk assessments into existing governance processes, applying quantitative thresholds for materiality, and ensuring that climate-related risks and opportunities are prioritized alongside other enterprise risks. This evolution will strengthen decision-making and create a unified, enterprise-wide framework for managing climate-related impacts.

C1 has developed processes to identify, assess, and manage both transition and physical climate-related risks as outlined below:

Transition Risks

Transition climate-related risks refer to issues arising from the transition to a lower-carbon economy and may include policy, legal, market, technological, reputational, and liability-related issues. C1 has developed a structured process specifically for identifying and assessing climate-related risks, which includes four key stages: Identification, Assessment, Prioritization, and Summary.

Initially, climate-related transition risks—such as regulatory requirements, market shifts, reputational considerations, and technology risks—are screened using a high-level applicability diagnostic process. This screening narrows down a broad list of risks, commonly referenced by industry frameworks such as CDP, and identifies those most relevant to C1's operations. During the assessment phase, C1 conducted qualitative stakeholder interviews to evaluate each risk's business relevance and potential impact. A more focused list of relevant risks was then socialized and prioritized among internal stakeholders for validation.

Finally, these prioritized risks were summarized in preparation for risk management and response planning. Oversight of this process is supported by C1's ESG Council, which monitors progress on environmental objectives and ensures alignment with broader sustainability commitments.

For this initial assessment, climate-related risks were evaluated qualitatively based on expected time horizons and

value chain stages of impact. Looking ahead, C1 may introduce formal quantitative financial materiality thresholds in future assessments. These thresholds will serve as the bridge to fully embed climate-related risks into the traditional ERM framework, ensuring that climate considerations are assessed, prioritized, and managed using similar rigor and governance applied to other enterprise risks. This evolution will strengthen decision-making and create a unified, enterprise-wide approach to risk management.

For this assessment, the time horizons over which effects of climate-related transition risks could be expected to occur under a business-as-usual context are as follows:

Table 1: C1's time-horizons for climate-related transition risks

Time Horizon	Definition
Short-term	0-1 years
Medium-term	1-5 years
Long-term	5+ years

Physical Risks

Physical climate-related risks stem from the physical impacts of climate change. Acute physical risks involve short-term, specific climatic events that disrupt the environment. Chronic physical risks reflect gradual, long-term changes to environmental conditions. C1 assessed physical risk by evaluating the exposure of 29 operated sites, along with their insured asset values, using the ECLR climate risk platform, a proprietary SE Advisory Services physical hazard modelling tool. This platform assessed 28 acute and chronic physical hazards (e.g., hurricanes, heat waves, and extreme precipitation) for two time horizons (2030 and 2050) and one IPCC scenario (RCP8.5). Site-level information, such as latitude, longitude, site typology, business unit, and asset value, was collected and entered into the ECLR platform for analysis. This assessment identified C1's sites most exposed to each key physical hazard and quantified changes in their frequency and intensity.

Additionally, the assessment quantified C1's financial exposure, providing the percentage of asset value highly exposed to key physical hazards. A workshop session guided by external experts allowed C1's internal stakeholders to identify the hazards to which the company's operations would be most vulnerable. This allowed the C1 team to identify the most relevant physical hazards as a combination of exposure and vulnerability.

For the climate-related physical risk assessment, C1 applied longer time horizons than those used for transition risks, in alignment with climate science. This distinction reflects the structure of climate models, which are designed to provide insights into the likelihood and intensity of physical hazards over extended periods, typically by 2030 and 2050. As such, C1's assessment approach aligns with these scientific frameworks to ensure that exposure trends—often more visible over longer timeframes—are adequately captured. Accordingly, throughout this report, the time horizons used for the physical risk assessment are as follows, as defined by the Intergovernmental Panel on Climate Change ("IPCC"):

Table 2: C1's time horizons for climate-related physical risks

Time Horizon	Definition
Short-term	2030 or 2021-2040
Medium-term	2050 or 2041-2060

Climate Scenario Analysis ("CSA")

C1 conducted a more focused, in-depth scenario analysis to assess how key identified climate-related risks may impact C1's future operations, financial performance, and strategic planning.

Both transition and physical risks were assessed qualitatively and quantitatively. Specifically, transition risks were assessed to determine the potential financial implications and strategic opportunities associated with the development and adoption of lower-emissions technologies while physical risks were evaluated based on changes in site-level and financial exposure over time.

More details on the specific parameters and assumptions used in the scenario analysis, are included in [S2.22a-b] under the Strategy section.

Metrics & Targets

Disclose information relevant to the cross-industry metric categories of Greenhouse Gas Emissions:

[S2.29a(i-vi)]

Table 8: C1's Scope 1 & 2 greenhouse gas (GHG) Emissions

Scope	2024 GHG Emissions (mtons CO2e)
Scope 1	194
Scope 2	905
Total	1099

C1 reports Scope 1 and Scope 2 GHG emissions in accordance with the GHG Protocol, using internationally recognized methodologies.

- Scope 1 GHG emissions include direct emissions from fuel combustion and fugitive sources, such as mobile equipment and refrigeration.
- Scope 2 GHG emissions represent indirect emissions from purchased electricity and steam.

C1 has not yet calculated Scope 3 GHG emissions.

Climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks.

[S2.29b]

All of C1's assets and business activities are potentially exposed to one or more of the climate-related transition risks.

Climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks

[S2.29c]

Physical risk exposure results in Table 9 are based on the percentage of sites highly exposed by 2030 and 2050 under a high emissions scenario.

Table 9: C1's site exposure to physical risks

Metric		Heat Stress	Water Stress	Wildfire	Tornado	Cold Wave/Frost
SITES	2030	100%	55%	38%	48%	62%
	2050		59%	45%		

% of Sites Highly Exposed

0-10% | 10-30% | 30-50% | 50-100%

Climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities.

[S2.29d]

C1 does not evaluate business activities aligned with climate-related opportunities. Thus, C1 is not disclosing specific amounts or percentages under this metric.

Capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.

[S2.29e]

C1 did not commit substantial capital expenditures, financing, or investments specifically focused on climate-related risks or opportunities during this reporting year. The organization continues to review potential projects in energy efficiency and low-carbon technologies as part of its strategic planning process.

Internal carbon prices—Whether and how C1 is applying a carbon price in decision-making, and the price for each metric tonne of greenhouse gas emissions C1 uses to assess the costs.

[S2.29f]

C1 does not currently incorporate an internal carbon pricing mechanism into its decision-making framework. Consequently, there is no assigned cost per metric ton of greenhouse gas emissions for evaluating emission impacts.

Remuneration—Whether and how climate-related considerations are factored in executive remuneration and the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations.

[S2.29g]

C1 does not currently factor climate-related considerations into executive remuneration.

Industry-Based Metrics: An entity shall disclose industry-based metrics that are associated with one or more business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the entity discloses, the entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the industry-based Guidance on Implementing IFRS S2.

[S2.32]

Industry: Technology and Communications

Sector: Software and IT Services

Table 10: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Value	Code
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed (2) percentage grid electricity, (3) percentage renewable	Quantitative	2,297,748 kWh 100% 0%	TC-SI-130a.1
Environmental Footprint of Hardware Infrastructure	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Omitted	TC-SI-130a.2
Environmental Footprint of Hardware Infrastructure	Discussion of the integration of environmental considerations into strategic planning for data center needs	Discussion and Analysis	Omitted	TC-SI-130a.3
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Quantitative	93,335 tickets 957 incidents 80 hours	TC-SI-550a.1
Managing Systemic Risks from Technology Disruptions	Description of business continuity risks related to disruptions of operations	Discussion and Analysis	Please see Strategy section.	TC-SI-550a.2

Table 11: Activity Metrics

Activity Metric	Category	Unit of Measure	Value ($)	Code
Environmental Footprint of Hardware Infrastructure	Quantitative	Number Percentage (%)	VMare licensed for 8500 cores 0%	TC-SI-000.A
Environmental Footprint of Hardware Infrastructure	Quantitative	See note	18,000 GHZ within 8500 CPU cores and 140 TB of RAM	TC-SI-000.B
Environmental Footprint of Hardware Infrastructure	Quantitative	Petabytes, Percentage (%)	3 PB of total storage – 10% cloud based via AWS S3	TC-SI-000.C

Omissions statements:

TC-SI-130a.2: This information is omitted because C1 does not currently track water withdraws and consumption at this time. C1 may disclose this information in future reporting periods if such information becomes material and necessary.

TC-SI-130a.3: While the construction, design, and operation of data centers managed by C1 abide by environmental regulations and seek to limit environmental impact, C1 currently is omitting the disclosure of its approach to integration of environmental considerations into strategic planning at this time. Additional formalize of our targets, sustainability, and climate-related risk reduction may be disclosed as our program continues to improve.

Disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets.

[S2.33a-h]

C1 has established quantitative and qualitative climate-related targets to monitor progress toward its strategic sustainability goals. These targets are designed to minimize environmental impacts, enhance operational efficiency, and align with stakeholder expectations. While C1 is not currently subject to mandatory greenhouse gas reduction targets under law or regulation, it has voluntarily adopted ambitious goals that reflect its commitment to environmental leadership.

Quantitative Targets

- **Energy Consumption Reduction:** Reduce energy consumption by 15% by 2025, based on 2021 baseline levels.
- **Physical Footprint Reduction:** Decrease U.S. physical footprint by 48% by 2025, equivalent to a reduction of approximately 291,000 square feet, and achieve a 10% reduction in carbon footprint by 2025.
- **GHG Emissions Tracking:** Implement a structured process for tracking and documenting Scope 1, 2, and 3 emissions, with transparent annual reporting to stakeholders by 2026.

Qualitative Targets

- **Sustainable Building Standards:** Define and implement office and building standards that promote sustainability, including energy-efficient technologies and sustainable materials.
- **Operational Practices:** Adopt daily practices aimed at reducing office carbon footprints, such as recycling programs and sustainable procurement policies.
- **Employee Engagement:** Provide comprehensive environmental awareness training for employees, focusing on actionable steps to support sustainability goals.
- **Certifications and Continuous Improvement:** Pursue relevant environmental sustainability certifications and initiatives, reaffirming C1's commitment to continuous improvement.

For each greenhouse gas emissions target disclosed in accordance with paragraphs 33–35 disclose: (a) Which greenhouse gases are covered by the target; (b) Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target. (c) Whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target (d) Whether the target was derived using a sectoral decarbonization approach (e) The entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.

[S2.36a-e]

C1 has set a 10% emissions reduction target as stated above.