Task Force on Climate-Related Financial Disclosures (TCFD)

Navigating Climate Risks & Opportunities

SAFE-GUARD® Products International

2025 Report

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Introduction

For over 30 years, **Safe-Guard Products International** has served the Finance & Insurance (F&I) sector, consistently evaluating how evolving external factors may present risks and opportunities to our business. Although our operations as a service-based company have a relatively low direct environmental impact, we recognize that climate change is a systemic challenge affecting our stakeholders, including clients, partners, employees, investors, and the broader community.

We must be particularly aware of our indirect exposure to climate-related risks due to our close relationships with **original equipment manufacturers (OEMs)** and **dealerships**. The operations and supply chains of these partners are more carbon-intensive and susceptible to climate-related financial risks. We also acknowledge that our office and fixed operations, including energy use and business travel, contribute to our overall environmental impact. Therefore, we believe it is essential to understand and manage our direct and indirect contributions within the broader climate context in which we operate.

In 2025, we introduced our **Sustainability Strategy**, establishing **Greenhouse Gas (GHG) Management** and **Climate Risk** as material topics within our environmental priorities. This marked our initial step toward aligning with the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**. Our objective is multifaceted: to comply with regulatory requirements, such as California's SB 261/219, while also focusing on enhancing the quality of climate-related insights provided to our Board and stakeholders. As a result, we are also committed to identifying opportunities to reduce our carbon footprint and enhance our business resilience.

We are pleased to present our inaugural TCFD report, which underscores our commitment to transparency, accountability, and informed decision-making. This report aims to provide stakeholders, including investors, partners, employees, and regulatory bodies, with a clear overview of our approach to assessing and managing climate-related risks and opportunities.

The present report is organized according to the four core pillars of the TCFD framework: **Governance**, **Strategy**, **Risk Management**, and **Metrics & Targets**.

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Executive Summary

Purpose of this disclosure

- Many **climate-related externalities are not always priced in today**, but may become internalized in the future, potentially impacting a company's commercial success.
- This document provides a **high-level disclosure of Safe-Guard's climate-related risks, opportunities**, their potential impacts, and strategies to respond.
- This disclosure is based on the recommendations of the **Task Force on Climate-Related Financial Disclosures (TCFD)**.

Background to the TCFD Framework

- The guidance of the Task Force on Climate-related Financial Disclosures (TCFD) was published by the Financial Stability Board in 2017 and was revised in 2021.
- It provides a **framework for companies to report on potentially material climate related risks and opportunities** and their response to potential impacts, thereby providing transparency to investors and stakeholders.

Summary of Safe-Guard's Key Climate-Related Risks

Key Risks	Potential Impact	Timeframe
Policy & Legal: Enhanced emissions reporting obligations and potential regulatory changes (e.g., California Senate Bills 261/219)	**Legal Exposure:** Increased resource and compliance costs	[0-3 years]
Market: Increasing demand for electric vehicles (EVs) and climate-resilient services	**Revenue Exposure:** Shifts in consumer expectations which may require product redesign and service expansion	[3-10 years]
Physical: Increased frequency and severity of extreme weather events (e.g., flooding or hurricanes)	**Revenue Exposure:** Increased car maintenance needs (e.g., colder winters) and physical damage to dealerships and dealership locations due to extreme weather. This disruption can affect claims and dealership operations, as well as end consumers' access to dealerships and operational hubs. Consequently, there may be a decline in revenue (e.g., periodic decrease in sales, higher maintenance costs).	[0-3 years]

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Governance

Board's Oversight and Management's role in Assessing and Managing Climate-related Risks and Opportunities

At Safe-Guard, climate-related risks and opportunities are overseen by the **Sustainability Working Group**, which is primarily composed of members at the executive level. This group holds quarterly meetings to assess and align the company's sustainability strategy and governance with issues that may affect long-term business strategy, operations, financial performance, and risk profile. A materiality assessment conducted in 2025 identified 10 (ten) topics, of which **Climate Risk** and **Greenhouse Gas Emissions (GHG) Management** (see Figure 01) were recognized as being of importance to both stakeholders and business performance.

Therefore, the *Sustainability Working Group* has been working on developing and implementing processes to ensure that climate considerations are communicated to the Board and integrated into strategic decision-making.

Reporting and Coordination

The Board, the Executive Team, and the Senior Management proactively report sustainability and climate-related insights to the *Sustainability Working Group*. On an annual basis, or more frequently as required, the group consolidates the inputs reported and assesses their financial and strategic implications with the aim of supporting strategic direction and recommending actions. This assessment occurs during the third-quarter working group meeting, which is focused on the discussion and evaluation of climate-related risks and opportunities.

Combining the inputs received and its internal climate-related analysis, the group reports the assessment findings to the Executive Team at least yearly during one of its meetings. The primary goal of this process is to provide senior leadership with guidance on integrating climate considerations into the company's risk management and strategic planning.

Board Oversight

During its quarterly meeting, the Board is informed by members of the *Sustainability Working Group* of material sustainability- and climate-related issues at least annually, or more frequently as needed in response to significant regulatory, market, or operational changes. Climate-related updates address transition risks (e.g., policy and market shifts), physical risks (e.g., extreme weather events), energy efficiency, scenario analysis, emissions performance, and deviations from targets. The Board provides strategic guidance, approves climate-related objectives, and aims to oversee the integration of climate risks into the company's risk management and capital allocation.

Management's Role and Accountability

The *Sustainability Working Group* is responsible for mapping, assessing, and addressing climate-related risks and opportunities in Safe-Guard's overall operations and business model. The Executive Team and Senior Management are responsible for identifying climate-related risks and opportunities, as well as for managing, monitoring, and reporting related actions. For instance, the *Facilities and Procurement Manager* is accountable for reducing emissions and enhancing energy efficiency, particularly in leased buildings operated by Safe-Guard. This role also involves evaluating potential initiatives to promote operational sustainability.

The implementation of necessary climate-related actions is distributed across departments, with coordination and oversight maintained by the *Sustainability Working Group*. The teams responsible for the actions must report their performance on a quarterly basis. These reports are to be delivered to the group prior to its quarterly meetings. During the group's meetings, performance is monitored and reviewed.

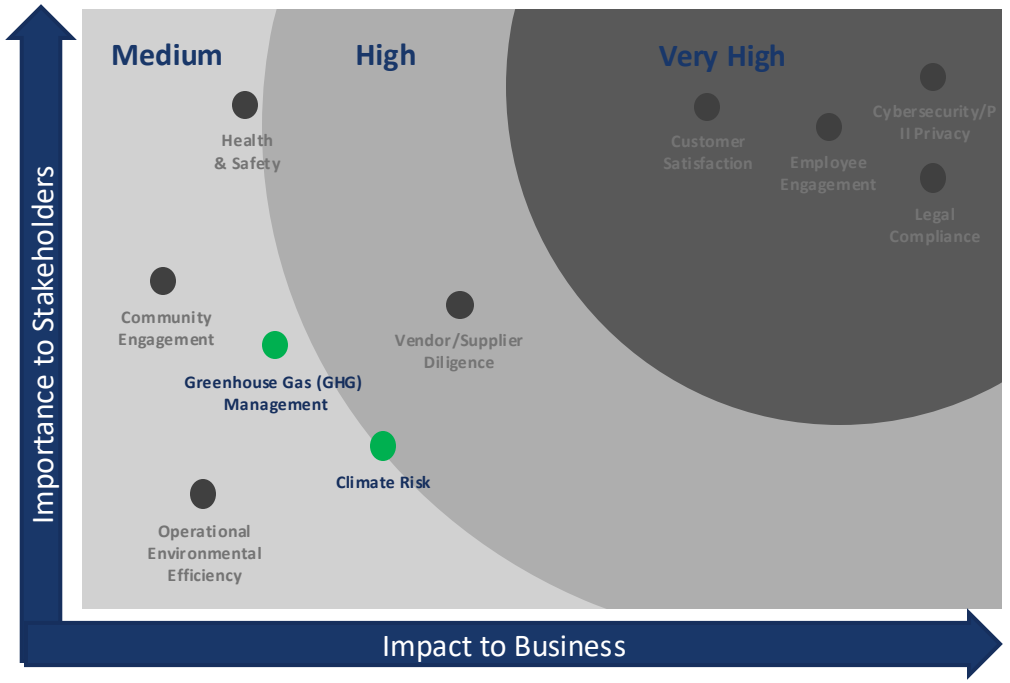

Figure 01. Safe-Guards 2025 Materiality Assessment

This governance structure and approach ensures accountability at all levels. The Board, the Executive Team, and the *Sustainability Working Group* provide oversight and strategic direction, while Senior Management integrates climate-related issues into long-term operational planning and risk management. By aligning sustainability goals with business performance, and embedding climate risks and opportunities into corporate governance, Safe-Guard maintains and enhances compliance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

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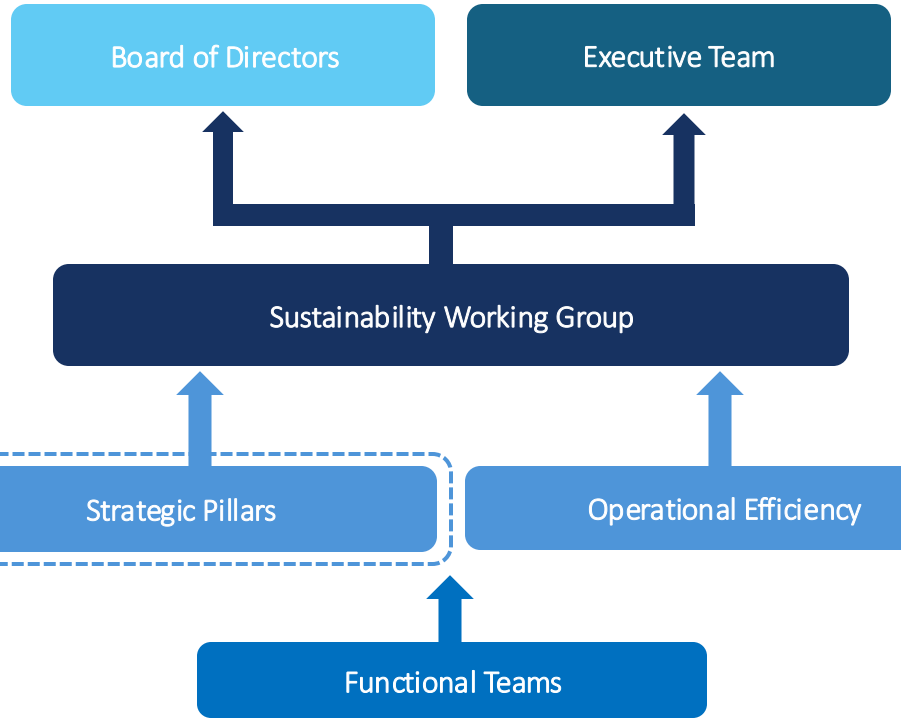
Governance

Structure



- Chief Human Resources Officer (CHRO)
- General Counsel
- Chief Operating Officer (COO)
- Chief Information Officer (CIO)
- Chief Information Security Officer (CISO)
- Facilities and Procurement Manager

- Facilities and Procurement Manager

Safe-Guard's Sustainability Strategy, which provides the framework for the *Sustainability Working Group*'s efforts, is structured around 4 (four) key pillars. One of the pillars, which Is led by the General Counsel and relates to *Legal Compliance*, oversees climate-related regulatory monitoring. The Working Group also collaborates with the *Chief Operating Officer* (COO) and the *Facilities and Procurement Manager* to develop the company's annual Greenhouse Gas (GHG) Inventory and enhance the organizational operational efficiency by implementing actions that reduce overall GHG emissions and negative environmental impact.

⇧ Responds to

Strategy

Safe-Guard's businesses, strategy, and financial planning

Actual and potential impacts of climate-related risks and opportunities

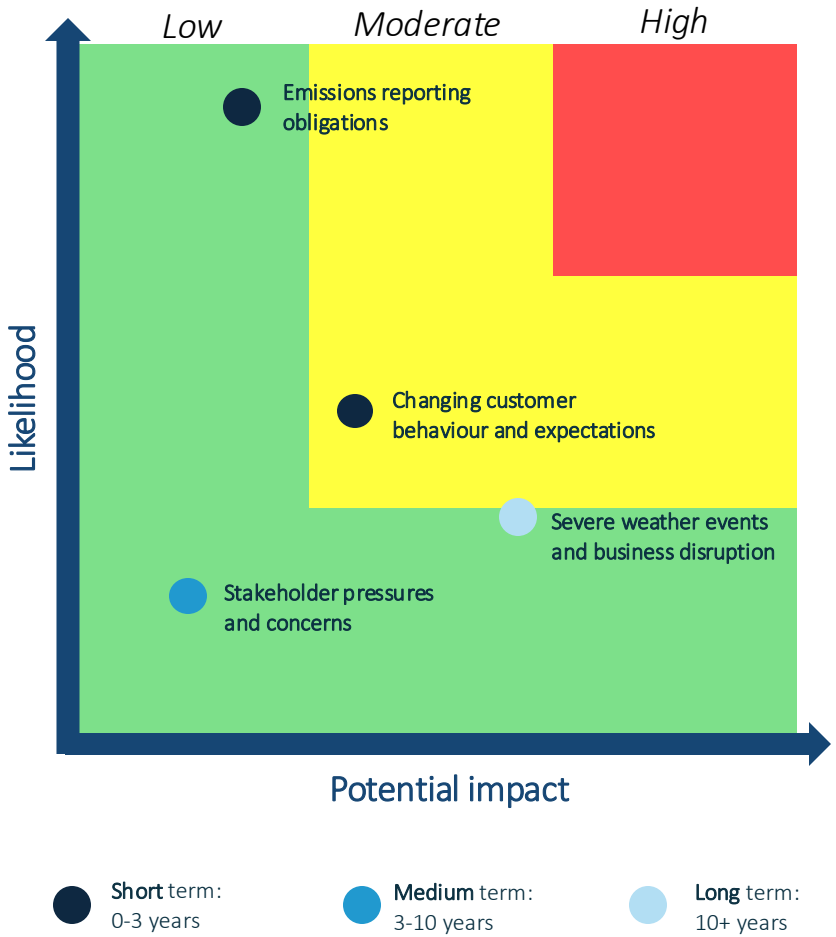
Safe-Guard has identified climate-related risks and opportunities across three time horizons (short, medium, and long term).
However, only 3 (three) of them are directly related to topics identified as material in the last materiality assessment concluded in 2025.

	Transition Risks	Physical Risks	Opportunities
Short-Term 0 – 3 years	Policy & Legal: Enhanced **emissions reporting obligations** and potential **regulatory changes** for existing products and services may increase compliance costs, and **legal exposure** could rise due to **climate-related claims**. Market: Increasing demand for electric vehicles (EVs) is **shifting consumer expectations**, and inadequate infrastructure for EV servicing presents a risk. **Fluctuating energy prices** also impact **input costs** and **create financial uncertainty** during the transition to a low-carbon economy. Reputation: **Stakeholder pressure** to demonstrate transparent emissions accounting could impact brand value.	**Acute Risks:** Increased **frequency and severity of extreme weather events** (e.g., flooding or hurricanes) may result in greater demand for car maintenance, and damage to physical infrastructures and disruption to dealership operations.	**Resource Efficiency:** Improved operational **efficiency through clean energy use** and more sustainable procurement. Reduction in operational costs and emissions through **energy-efficient office equipment** and **practices**, and **leasing office space in energy-efficient** or **green-certified buildings**. **Energy Source:** Use of **renewable electricity** across office locations and **digital infrastructure**, improving cost predictability and reducing exposure to regulatory carbon risks. Products and Services & Market: **Expansion** into **EV-specific service protection** and **risk solutions**. Growth in **products tailored to climate adaptation** (e.g., protection offering for extreme weather events). Resilience: Opportunity to **innovate through new product development** and adaptation to **changing markets**.
Medium-Term 3 – 10 years	Technology: Investment in **EV-focused service offerings carries risk** if technology adoption outpaces the company's capabilities, or if infrastructure remains insufficient. Market: **Shifts in customer behavior** and demand for **climate-resilient services** (e.g., flood protection) may require **product redesign** or **service expansion**. **Fluctuating energy prices** will also impact **input costs** and **create financial uncertainty** during the transition to a low-carbon economy. Legal & Financial: Increased **premiums**, cost of **regulatory compliance**, or **penalties** may impact margins.	**Acute Risks:** Greater **exposure** of **dealership locations** and **operational hubs** to **extreme weather**, resulting in potential **reduced revenue** due to decrease in selling periodically.	
Long-Term 10+ years	Market: **Market shifts** and **stricter regulations** may reduce certain combustion-engine-based protection products and services revenue. **Fluctuating energy prices** will also impact **input costs** and **create financial uncertainty** during the transition to a low-carbon economy. Reputation: Reputational risk may increase if the company does not demonstrate a meaningful transition **plan** aligned with global **decarbonization targets**.		

Strategy

Safe-Guard's businesses, strategy, and financial planning

Climate Risk-Assessment Matrix | Current and potential climate-related risks and opportunities



See appendix for High/ Moderate/ Low criteria

Strategy

Climate-related factors may increasingly influence Safe-Guard's **strategic planning**, **operations**, and **financial forecasting**

Product Development

Safe-Guard has been advancing its sustainability governance structure to proactively **monitor emerging trends** such as electric vehicle (EV) adoption, and protection services applicable to acute climate events, recognizing their potential to shape and address future customer needs.

While the company already operates in the EV-specific space, it acknowledges certain limitations due to existing infrastructure constraints surrounding EV services, as well as emerging opportunities in the climate-related damage protection segment (e.g., vehicle losses due to flooding or storms), which may exceed its current scope of services.

These areas have been identified for further evaluation as potential opportunities for future service development as market readiness and internal capabilities evolve.

Operational Efficiency

In the meantime, Safe-Guard is focused on aligning internal operations, such as facilities management, procurement, and the annual financial planning process with sustainability goals.

These efforts aim **to reduce emissions** and **enhance resilience to regulatory and market changes**, positioning the company to respond effectively to future developments in the motor vehicle and climate landscape.

Climate **risks** and **opportunities** may impact:

Revenues

Shift in **regulatory trends** and **consumer preferences** may lead to **new revenue streams** from EV and climate-resilient service offerings. However, there is also a risk of **declining demand for legacy products** not aligned with emerging demands.

Expenditures

Climate-related impacts may drive **increased operational and compliance costs**, including those related to claims operations given the potential periodic increase of the number of claims, emissions management, energy efficiency upgrades, and supply chain sustainability. Costs may also arise from adapting to new regulations or participating in voluntary and/or mandatory disclosure frameworks. Increasing car maintenance due to the greater exposure of end consumers to extreme weather may also result in potential reduced revenue (e.g., higher costs with maintenance).

Liabilities

There is potential for increased liability exposure, particularly in the form of **customer claims for climate-related damages not covered under existing service models**. These claims could result in legal disputes or litigation, leading to financial and reputational risks. Safe-Guard acknowledges that, as climate-related expectations evolve, ensuring **service clarity** and **risk disclosure becomes increasingly important**.

Strategy

Resilience of the Organization's Strategy | Climate-Related Scenarios

Safe-Guard has conducted a preliminary qualitative scenario analysis, including a scenario aligned with limiting global warming to 2°C or lower, as well as a higher warming scenario with more frequent extreme weather events:

RCP2.6
2°C or Lower Scenario

- Greater demand for EV-related protection services.
- Regulatory pressure would increase compliance costs but create opportunities for climate-related products.
- The company's transition readiness - particularly its ability to adapt services and invest in new capabilities - will be critical to maintaining market competitiveness.

This scenario assumes aggressive transition to a low-carbon economy, decarbonization, strict emissions regulation, and rapid EV adoption.

RCP8.5
High-Impact Physical Scenario (3°C+)

- Business continuity at dealerships and service centers is at greater risk due to extreme weather.
- Protection products costs rise, and revenues may be affected by operational disruptions.
- However, demand may also increase for services related to climate resilience and protection, offering potential growth areas if the company adapts its offerings accordingly.

This scenario assumes delayed transition and severe physical climate impacts.

Strategic Implications

These scenarios can be used by Safe-Guard to **qualitatively** assess long-term viability of current service models and identify areas for innovation. A key element of Safe-Guard's resilience planning could include evaluating **dealership locations** and **technology partnerships** to ensure long-term business continuity and competitiveness.

A high-level physical risk assessment has been conducted, focusing on mapping dealership sites and aligning their locations with the U.S. government-designated flood hazard zones, along with associated revenue exposure. However, further analysis is necessary to enhance the depth of findings and broaden the impact of the assessment, extending its application to strategic decision-making within the organization.

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Strategy

Greenhouse Gas (GHG) Management and Mitigation Efforts

Safe-Guard has set the following actions to manage material climate-related risks, capture strategic opportunities, and reduce emissions:

Risk-Oriented

Emissions reporting obligations

- Establish formal internal tracking of all regulatory changes related to the Climate and Sustainability agendas
- Update the Greenhouse Gas (GHG) Inventory yearly
- Include the GHG Protocol's Scope 3 *Category 15: Investments* in the GHG emissions measurement and Carbon Footprint Analysis

Severe weather events and business disruption

- Evaluate how climate-related potential risks could be assessed for materiality and incorporated into the company's financial risk evaluation framework, aligning it with the organization's risk management and strategy processes
- Include new metrics and indicators in operational processes to track the financial impacts of climate change (e.g., % of revenue or assets associated with climate-related risks)

Opportunity-Oriented

Changing customer behaviour and expectations

- Advance the company's strategy in the EV market

Operational Efficiency

- Plan the future allocation of capital to projects aimed at reducing environmental impact (e.g., the amount of capital deployed to support climate-related activities)
- Assess the possibility of improving energy efficiency in leased office buildings to reduce total energy use per square foot and evaluate how to increase renewable electricity use in leased facilities, supporting long-term cost savings and emissions reduction
- Enhance the data gathering processes to ensure more accurate measurement of GHG emissions, while strengthening data management practices

Performance Tracking

After a prioritization phase, progress against these efforts will be **monitored** through the **Sustainability Working Group** and reported to the Executive Team and the Board. Performance results and trends will be disclosed annually as part of the company's sustainability reporting efforts.

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Risk Management

Identifying, Assessing, and Managing Climate-related Risks

After the financial analysis, if the Sustainability Working Group and the Executive Team consider the risk impactful:

Actions to mitigate and control the risk will be included in the annually reviewed Sustainability Strategy Roadmap and presented to the Board.

Identification & Assessment

Safe-Guard identifies and assesses climate-related risks through structured processes that are integrated into its broader sustainability management and strategic planning framework. Climate risks are identified via:

- Quarterly Sustainability Working Group Meetings, with one meeting per year specifically focused on reviewing emerging and long-term climate-related risks.
    - Scenario-Based Analysis, including physical (e.g., flooding, extreme weather events) and transition risks (e.g., emerging regulatory shifts, electrification trends), are integrated into the company's annual climate discussions to assess potential financial and operational impacts over short, medium, and long-term horizons.
- Materiality Assessments, which include consultation with internal stakeholders and operational leaders to identify climate-related risks relevant to the company's facilities and services. Also, future materiality assessments may integrate customers', partners' and other stakeholders' perspectives into the analysis. Depending on the materiality assessment, if climate-related risks are identified, Safe-Guard will proceed with a potential financial risk analysis. This evaluation will determine whether the risks are considered "material", and if further action is needed.

These processes help the organization evaluate the likelihood, magnitude, and time horizon of climate risks, and prioritize them based on potential financial and reputational impacts.

Management

Once climate-related risks are identified and assessed by the Sustainability Working Group, they are positioned in a climate risk-assessment matrix. If a climate-related risk is considered material:

- A designated executive owner is assigned to lead the assessment and response strategy.
- Action plans may include risk mitigation, adaptation strategies, or the development of new products and services in response to evolving market conditions.
- Where appropriate, risks are escalated to the Board for monitoring and reporting purposes, and integration into business planning.

Management responses may also involve capital allocation decisions, investment in resilience (e.g., infrastructure upgrades), or policy adjustments to address emissions, energy use, and sourcing.

Transition Risk | Regulatory

The Legal Compliance area of the organization continuously monitors new regulations related to the climate that may apply to the company (e.g., California Senate Bills 261/219). This is a coordinated effort that is in line with the general legal and regulatory monitoring procedures.

The company's **pricing models for its services and products** already integrate extreme weather-related aspects.

However, the assessment does not formally consider the potential severity or increasing frequency of climate-related events.

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Metrics & Targets

Metrics Used to Assess Climate-Related Risks and Opportunities

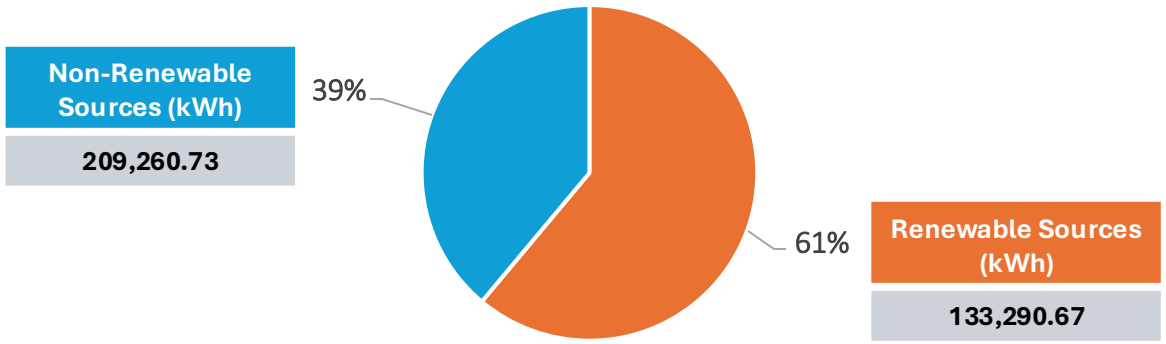
Safe-Guard uses two main operational and environmental indicators to evaluate exposure to and management of climate-related risks and opportunities yearly. These metrics are reviewed regularly by the Sustainability Working Group. Key metrics include:

Total Energy Use (kWh) and Associated Costs ($ USD)

Monitors **changes in energy expenditures** as the company transitions to more energy-efficient operations or renewable sources.

2024 Total Energy Consumption (kWh)
342,551.40

2024 Energy Consumption Sources



Graph 01. Safe-Guard's 2024 Energy Consumption in kWh, excluding data from one facility due to the unavailability of accurate information.

Greenhouse Gas Emissions Scopes 1, 2, and 3 (tCO2e)

Tracks the company's direct and indirect emissions **footprint.**

Greenhouse Gas (GHG) Emissions Scopes	2024 Metric tons CO_2e
Scope 1	225.08
Scope 2	80.03
Scope 3	31,871.81

Table 01. Safe-Guard's 2024 GHG emissions.

Potential Risk

Business expansion may result in an increase in Scope 1 and Scope 2 emissions due to the higher demand for office space. Scope 3 emissions may rise, for instance, as a result of a larger workforce commuting, increased purchasing of goods and services, and business travel.

The Mitigation efforts outlined in the **Strategy** section demonstrate the organization's commitment to enhancing its Sustainability maturity. As the company's Sustainability Strategy evolves, Safe-Guard plans to refine its approach to the Climate Agenda, establishing new metrics and feasible emissions reduction targets. Since the first GHG emissions inventory was completed in 2025, these opportunities will be discussed further in the next TCFD report.

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Conclusion

Climate-Related Risks and Opportunities in Our Strategic Vision

The Climate Change agenda is critical for Safe-Guard, affecting not only key partners such as OEMs and dealer groups but also end-user consumers. The company recognizes the importance of advancing its maturity in understanding climate-related risks and measuring their impact on business resilience and value creation for stakeholders. These analyses are essential for the development of products and services that deliver enhanced value to clients while also improving the business operational efficiency. Furthermore, Safe-Guard believes that a robust Climate Strategy will better position the company to navigate both risks and opportunities.

Through the Sustainability Working Group, the company will continue to identify and assess climate-related risks while advancing the implementation of the mapped mitigation efforts.

Appendices

Risk Classification Definitions

Likelihood

Level	Description	Examples
Low	Low likelihood of occurrence within the timeframe specified, e.g. more likely than not that the impact **won't** take place	Hurricanes, severe storms impacting business continuity
Moderate	Moderate likelihood of occurrence within the timeframe specified	Increasing demand of customers for lower carbon services, increased costs of energy
High	High likelihood of occurrence within the timeframe specified, e.g. clear indication from stakeholders, market or research that the impact **will** take place	Regulations for emissions reporting

Potential impact

Level	Description	Examples
Low	Little/no impact on financial performance or valuation or company reputation (negligible impact on EBITDA or revenue)	Emissions reporting requirements which require a new FTE, GHG accounting tools, etc.
Moderate	Financial performance or company reputation may be affected if the risk is not mitigated, e.g. 0-5% impact on revenue or EBITDA, negative press	Higher energy costs, negative media attention driving away customers, higher cost of capital, etc.
High	Potential for significant impacts on financial performance or company reputation if risk is not mitigated, e.g. 5%+ erosion in EBITDA or revenue	Shock to supply chain costs due to freight availability, major increase in cost of raw materials, etc.

Source: Task Force on Climate-Related Financial Disclosures