TCFD-Aligned Climate Related Financial Risk Report (CARB SB-261)

Computer Aid, Inc. (CAI)

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GENERAL

Computer Aid, Inc. ("Company" or "CAI") is a global IT services and consulting firm, delivering technology solutions that help organizations optimize operations, reduce costs, and drive innovation. We provide services such as application development and maintenance, digital transformation, cybersecurity, and workforce solutions to clients across commercial industries including financial services, healthcare, utilities, retail, leisure and entertainment, manufacturing and supply chain, and public sector, including education, health and human services, local government, public safety, finance, and transportation and tolling. Headquartered in Allentown, PA and founded in 1981, CAI operates with thousands of professionals worldwide and partners with leading platforms to offer tailored, technology-enabled solutions. Our focus on quality, efficiency, and inclusion positions us as a trusted partner for enterprises and government agencies seeking measurable results and sustainable growth.

CAI has disclosed this climate-related financial risk report in accordance with the Task Force on Climate Related Financial Disclosures (TCFD, June 2017), which is an approved framework under California SB-261. CAI's CAI's Community Impact Report showcases our philanthropy and corporate social responsibility initiatives. This report reflects our belief that social responsibility extends beyond any single company or individual, and that meaningful change begins with a commitment to innovate. Our most important goal is to drive sustainable transformation by positively impacting lives and building a world where together, we can accomplish anything.

This report represents CAI's first biennial climate risk disclosure with dedicated sections on governance, strategy, risk management, and metrics and targets. Certain recommended disclosures have not been included due to the ongoing development of our climate risk and emissions reporting processes including the incorporation of scenario analysis, greenhouse gas emissions reporting, climate targets and financial risk quantification. We will continue to monitor evolving guidance and align with regulatory reporting requirements for consistency in future disclosures. CAI will complete its first Scope 1 and Scope 2 greenhouse gas (GHG) emissions baseline inventory for FY25. Establishing this baseline provides a clear view of our operational footprint and serves as the foundation for developing an effective, forward-looking climate strategy. In addition, CAI intends to expand its emission reporting to include Scope 3 categories in subsequent reporting years, reflecting our commitment to a comprehensive understanding of our value chain impacts.

GOVERNANCE

Computer Aid, Inc. (CAI) maintains strong and effective governance through defined leadership roles, structured decision-making processes, and consistent executive oversight. As a privately held S Corporation, CAI's governance and oversight responsibilities, including those related to climate-related risks and opportunities, sit with the company's Executive Leadership Team (ELT), which includes the Chief Executive Officer (CEO). CAI is advancing its focus on climate-related priorities, with heightened attention following California's climate-risk disclosure requirements. These efforts are strengthening cross-functional collaboration and shaping a strategic foundation for future climate initiatives.

The Executive Leadership Team (ELT) participates in quarterly risk reviews led by the Governance, Risk, and Compliance (GRC) team. These meetings represent one forum we leverage for strategic decision-making, including the oversight of climate-related risks and opportunities. Climate considerations may be integrated into broader discussions on regulatory compliance and enterprise risk through this channel. We hold monthly enterprise reviews, led by the CEO and the remainder of the ELT, which include our Chief Risk Officer (CRO), Chief Marketing Officer (CMO), Chief Human Resources Officer (CHRO), Chief Technology Officer (CTO), Senior Vice President of Operations, and Vice President of Operations.

The GRC team is responsible for coordinating risk assessments, facilitating quarterly risk reviews, and integrating climate-related risks into the enterprise risk management framework. CAI's Risk Management Program is governed by a formal policy, which includes procedures for identifying, evaluating, and mitigating risks. In the 'Strategy' and 'Risk Management' section, we detail our climate risk assessment approach, governed and overseen by the GRC team to ensure accountability and compliance.

STRATEGY

At CAI, we recognize that climate change is reshaping the global landscape, impacting infrastructure and the communities we serve. We are taking a systematic approach to assessing climate-related risks and opportunities in alignment with evolving regulatory requirements even though we are an S Corporation with minimal footprint. The following sections present CAI's strategic approach to addressing these risks and opportunities, including considerations across relevant time horizons.

CAI has defined the short, medium, and long-term time horizons used to consider and monitor climate-related risks and opportunities as follows:

- Short-term: 0-1 years
- Medium-term: 2-5 years
- Long-term: Over 5+ years

We established these timeframes aligned with our Enterprise Risk Management (ERM) methodology to anticipate the evolving landscape of climate-related risks, ensuring the organization can address near-term priorities while building resilience and positioning for long-term value creation.

The risk assessment process evaluated both the likelihood of loss and impact of potential loss, incorporating insights from key stakeholders across the organization, including Operations, Human Resources, Information Technology, Finance, and Governance, Risk and Compliance. This analysis enabled us to identify and prioritize the risks most critical to our operations. Further details of this assessment are highlighted in the 'Risk Management' section of this report.

The following climate-related risks and opportunities have been identified as potentially impactful: physical risks (both acute and chronic) and transition risks (including policy and legal, market, technological, resource efficiency, and reputational factors). The findings are summarized in the tables below, along with their respective time horizons.

Table 1: Risks

Risk Categories	Key Risks	Description of climate-related risks on the organization's operations, strategy, and financial planning	Time Horizon	Impact
Physical	**Acute:** Increased frequency and severity of extreme weather events	Increasing frequency of extreme weather events such as floods, storms, and heatwaves presents a risk to operational continuity. These disruptions can affect our offices, client sites, employee homes, and vendor facilities, particularly in regions highly sensitive to climate change. As a result, employee productivity and service delivery may decline due to interrupted operations. Beyond operational challenges, these events can drive financial impacts, including higher operating costs for backup power systems for our data centers, increased insurance premiums, and additional infrastructure expenses required to maintain business resilience.	**Medium Term**	**Minor**
	Chronic: Changes in variability of extreme weather patterns	Chronic physical risks such as rising temperatures, sea level rise, and reduced precipitation in regions where CAI operates, can increase operational costs. These conditions have the potential to raise energy expenses for cooling, create infrastructure reinforcement needs, and require additional investment in technology resilience.	**Long Term**	**Minor**
Transition	**Policy & Legal:** Enhanced emissions reporting obligations	Enhanced emissions reporting obligations may require increased maturity in our reporting capabilities over time to meet evolving regulatory demands. This may lead to higher compliance costs, including technology upgrades, staff training, and external audits.	**Medium Term**	**Moderate**
	Technology: Costs to transition to lower emissions technology	Transitioning to lower-emission technologies may require significant investment in researching, developing, and implementing new processes and systems across the company. Additionally, sourcing from low-emission suppliers may lead to higher procurement costs, as such suppliers often command premium pricing due to compliance with environmental standards.	**Long Term**	**Insignificant**
	Market: Changing preferences in client behavior	CAI may experience financial impacts from shifting supply and demand dynamics, evolving client preferences, and changing cost structures. Clients increasingly seek partners with strong climate credentials and credible net-zero strategies, which may require CAI to invest in sustainability initiatives, certifications, and enhanced reporting capabilities. These investments, along with potential adjustments in procurement and operations to align with market expectations, may increase costs and put pressure on margins while ensuring competitiveness and long-term revenue growth.	**Medium Term**	**Moderate**
	Reputation: Costs of talent attraction and retention	Increased attention to CAI's climate strategy may increase the cost of attracting and retaining top talent. Employees and candidates are increasingly prioritizing employers with strong sustainability commitments, which may require CAI to invest in enhanced environmental programs, employee engagement initiatives, and employer branding to remain competitive. These efforts can lead to higher recruitment expenses and costs for retention programs.	**Medium Term**	**Minor**

Table 2: Opportunities

Opportunities Categories	Key Opportunities	Description of climate-related opportunities on the organization's operations, strategy, and financial planning	Time Horizon	Impact
Transition	**Resource Efficiency:** Opportunity to decrease operational cost	Enhancing resource efficiency and expanding remote work could provide meaningful financial benefits across CAI's operations. We are dedicated to minimizing our carbon footprint and have adopted a work-from-anywhere model, which significantly lessens the need for business travel or for facilities to house our staff. In 2025, more than 2,700 associates worked remotely, helping reduce our environmental footprint and generate cost efficiencies.	**Short Term**	**Moderate**
	Market: New business opportunities and incorporating sustainability criteria in vendor selection	Growing climate requirements in procurement create a competitive advantage for companies that demonstrate progress and transparent reporting aligned with frameworks like the Task Force on Financial Related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP), and the Science-Based Target Initiative (SBTi). We are taking initial steps toward our climate strategy by completing our 2025 climate risk assessment, preparing our first TCFD report, and in the initial stages of quantifying our greenhouse gas emissions. Establishing our first baseline inventory will serve as a key step in identifying efficiency opportunities. Additionally, some of our key suppliers maintain ESG and climate commitments and publicly disclose information such as GHG emissions, underscoring the importance of integrating these considerations into our climate-related risk and opportunity narrative.	**Medium to Long Term**	**Moderate**
	Reputation: Enhancement of brand reputation, improved employee engagement, and stronger talent retention.	Leveraging climate-focused initiatives can strengthen the firm's competitive edge. Through brand reputation as a responsible leader and employee engagement through purpose-driven work, there's opportunities for CAI to improve talent retention and attraction by aligning with values that matter to today's workforce.	**Medium Term**	**Moderate**

Resilience Plan

The TCFD framework defines resiliency as an organization's ability to anticipate, prepare for, respond to, and adapt to both physical and transitional climate-related risks. Resiliency encompasses strategies and processes that enable continuity of operations, safeguard assets, and maintain financial stability in the face of climate-driven disruptions. It reflects a proactive approach to managing uncertainty and ensuring long-term sustainability.

Physical Climate Risk Resilience

CAI maintains a robust framework to ensure operational continuity and resilience against physical climate risks. Our Business Continuity Policy (BCP) establishes clear evacuation procedures, pandemic and natural disaster response protocols, defined roles and responsibilities, and location-specific continuity plans. It includes continuous contingency planning, periodic testing of continuity plans, and comprehensive backup and system recovery processes. To strengthen preparedness, we align with leading disaster-response organizations. These measures safeguard operations during extreme weather events or other climate-related disruptions.

Our Physical & Environmental Controls Policy includes detailed measures such as alternative work locations, automatic switchovers to battery power and generators during outages, emergency shutdown mechanisms, fire detection and alarm systems, temperature and humidity controls, and emergency lighting. Additionally, our Disaster Recovery Policy defines responsibilities for IT resilience, backup systems for critical platforms, and disaster recovery processes designed to restore essential systems quickly during interruptions. Together, these policies and controls reflect our physical risk readiness and operational continuity.

Transitional Climate Risk Resilience

Our approach to transitional climate risks is embedded in CAI's 2026 Strategic Plan, which prioritizes continuous enhancement of operational efficiency, governance, and data-driven decision-making while expanding our Serviceable Obtainable Market (SOM) and competitive positioning. These priorities enable us to capture growth opportunities in markets evolving due to climate-related regulatory, technological, or customer-driven shifts, ensuring our strategy remains adaptive and financially robust.

We are strengthening our climate-related reporting capabilities to meet evolving regulatory requirements. As climate and emissions disclosure expectations continue to rise, CAI has engaged specialized third-party consultants to enhance climate compliance capabilities. Climate risk reporting is integrated into our enterprise risk framework, and stakeholder engagement is driven through transparent disclosures.

Scenario Analysis

We evaluated each risk and opportunity identified in our climate risk assessment against the time horizons outlined in the preceding section. This approach aims to align our strategic considerations with the potential impacts of climate-related factors over relevant short-, medium- and long-term periods. Our assessment did not include a formal quantitative climate-related scenario analysis, including a 2°C or lower scenario.

RISK MANAGEMENT

Climate Risk Assessment

In 2025, we completed our first climate risk assessment in alignment with the TCFD framework. Led by our Governance, Risk and Compliance (GRC) team and supported by experienced climate consultants, the process involved stakeholder input from Operations, Human Resources, Information Technology, Finance, and GRC.

CAI applied a qualitative four-step methodology to identify potential climate-related risks and opportunities that could impact the Company:

Step 1	Step 2	Step 3	Step 4
Define the risks and opportunities using industry-level peer benchmarking and cross-sector climate risk research	**Conduct climate impact survey and educational workshop** to qualitatively assess impact and likelihood and define applicable time horizons	**Validate risks and opportunities** by considering qualitative scoring and geographic analysis	**Analyze the potential impact** and summarize risks and opportunities across time horizons

To identify and assess climate-related risks and opportunities, we combined internal insights gathered through our first climate impact survey conducted in 2025 with industry-level peer research. The assessment evaluated risks qualitatively, focusing on likelihood of loss and impact of potential loss. Likelihood of a Loss was rated on a scale of 1 to 5, with 5 representing extremely likely, while Impact of a (potential) Loss was assessed on the same scale, with 5 indicating extremely impactful. These scores were multiplied to determine an overall risk score, which was then categorized as insignificant, minor, moderate, major, or extreme. The assessment revealed that most of the risks and opportunities fell within the minor or moderate range, with none exceeding moderate severity.

Across CAI's U.S. office locations, we leveraged FEMA's National Risk Index to evaluate potential physical climate-related hazards that could directly impact operations. In the National Risk Index, risk is defined as the potential for negative impacts as a result of a natural hazard. The risk equation behind the Risk Index includes three components: a natural hazards component (Expected Annual Loss), a consequence enhancing component (Social Vulnerability), and a consequence reduction component (Community Resilience). The assessment indicated that physical climate risk across CAI's U.S. office locations is generally lower compared to other climate-related risks. While hazards such as extreme temperature fluctuations, severe storms, tornadoes, earthquakes, flooding, and wildfires were identified, most offices fall within the low to moderate risk categories. This distribution suggests that the majority of CAI's U.S. operations are not highly exposed to severe physical climate threats. In any event, note that CAI operates out of leased or virtual locations and most of its associates work remotely.

The absence of widespread high or extreme risk ratings reinforces that physical climate risk is less significant than transitional risks such as policy and legal, market, and reputational factors, which are more likely to have the potential to impact CAI's financial performance and strategic positioning in the near term. While localized vulnerabilities exist, they can be managed through targeted resilience measures, making overall physical climate risk comparatively lower.

The climate risks and opportunities identified through this assessment within the 'Strategy' section of this report were approved and validated by the ELT. The results establish a foundation for understanding climate-related risks and opportunities and inform future steps in our climate strategy. We will undertake a biennial evaluation to ensure alignment with strategic planning.

Integration into ERM processes

CAI has adopted a structured risk management framework that incorporates principles from the COSO Enterprise Risk Management (ERM) Framework and the National Institute of Standards and Technology (NIST) Risk Management Framework, ensuring environmental and climate-related risks are considered alongside other critical risk domains. The process begins with strong governance, establishing clear roles and responsibilities, engaging senior leadership, and promoting a risk-aware culture through communication. Quarterly risk review sessions and reporting maintain oversight and accountability, allowing environmental and climate considerations to be visible at the enterprise level.

Risks are identified across all departments through regular assessments and documented in our enterprise and/or project risk registers. Using NIST standards for categorization, risks are evaluated based on likelihood and impact and plotted on a risk matrix to support prioritization. Risk evaluation and response focus on strategic significance, grouping risks into domains: environmental, compliance, financial, operational, political, reputational, strategic, third-party, and technological. Mitigation strategies and security controls are implemented, and their effectiveness is assessed and documented to ensure continuous improvement.

These definitions serve as the foundation for our ERM evaluations:

Probability	**Description**
Rare	<10% change of incident occurring
Unlikely	10-35% chance of incident occurring
Possible	36-65% chance of incident occurring
Likely	66-90% chance of incident occurring
Almost certain	>90% chance of incident occurring

Impact	**Description**
Incidental	Minimal impact on operations, no monetary loss, and no reputational damage
Minor	Slight disruption to operations, minor monetary loss, and minimal reputational damage.
Moderate	Noticeable disruption to operations, moderate monetary loss, and some reputational damage.
Major	Significant disruption to operations, substantial monetary loss, and considerable reputational damage.
Extreme	Severe disruption to operations, critical monetary loss, and severe reputational damage.

CAI actively monitors risk mitigation strategies, ensures systems are authorized for operation, and tracks progress against defined objectives. Policies, methodologies, and risk registers are reviewed regularly to stay aligned with emerging risks and evolving industry standards. Clear and transparent communication keeps stakeholders informed of key risks, mitigation efforts, and performance outcomes through quarterly updates and ongoing reporting. Reviews conducted in collaboration with business units and the Executive Leadership Team help identify emerging climate-related risks and opportunities that could influence long-term strategic resilience. Every employee plays a critical role in safeguarding our organization by embracing the shared responsibility of remaining vigilant and proactive in identifying potential risks that may impact our operations or hinder strategic objectives. To support this effort, CAI has updated its Employee Manual to clearly outline the steps employees should take when a potential risk is identified.

METRICS AND TARGETS

In alignment with regulatory requirements, CAI's FY25 greenhouse gas (GHG) emissions inventory focuses on Scope 1 and Scope 2 emissions. This inventory establishes a critical baseline for identifying emissions sources and evaluating opportunities for reduction across operational boundaries. At present, our company does not utilize formal targets to assess climate-related risks and opportunities.

Our annual emissions data collection process will be structured in accordance with the GHG Protocol Corporate Standard. We elected to use an operational control approach to set our organizational boundary, accounting for GHG emissions from our U.S. operations where we have full authority to implement policies and manage performance. This approach reflects our light operational footprint and assigns responsibility to the operational areas where the organization maintains direct influence and can advance meaningful reduction efforts.

We recognize the importance of Scope 3 GHG emissions and anticipate future expansion of our data assessment to include the Scope 3 categories most relevant to our business operations. Any future analysis will be aligned with established frameworks such as the GHG Protocol's Corporate Value Chain (Scope 3) Standard. Progress in this area will be contingent on forthcoming regulatory guidance, which will help shape the scope, timing, and methodology of our reporting approach.