



2026 Climate-related Financial Disclosures Report Velocity Vehicle Group

Introduction

California Senate Bill 261 (SB 261), enacted in 2023, requires covered entities to publicly disclose climate-related financial risks and the measures adopted to mitigate those risks. In compliance with SB 261, Velocity Vehicle Group (“the Company”) has prepared this report using the framework established by the Task Force on Climate-related Financial Disclosures (TCFD).

Alignment with TCFD Recommendations

By following the TCFD guidance, Velocity Vehicle Group aims to provide stakeholders, including investors, regulators, customers, and employees with clear and consistent information on how climate-related risks may impact our financial position, operations, and overall strategy. This approach supports informed decision-making and demonstrates our commitment to transparency and responsible business practices.

Scope and Objectives

This report covers the operations of Velocity Vehicle Group for the fiscal year ending 2024, including all material business units and geographies. The objectives of this report are to:

- Identify and assess material climate-related financial risks relevant to our business.
- Describe the governance structures overseeing climate risk management.
- Outline our strategic response to climate-related risks and opportunities.
- Detail our risk management processes for identifying, evaluating, and addressing climate risks
- Present key metrics used to monitor and manage climate-related risks and performance.

Omitted Disclosures

Scenario analysis and specific climate-related targets have been excluded from this report. At this time, Velocity Vehicle Group is in the process of developing the necessary data collection systems and analytical capabilities to support robust scenario analysis and the establishment of quantitative climate-related targets. As these processes mature, the company intends to incorporate scenario-based assessments and clearly defined targets in future disclosures. This approach ensures that future reporting will be based on reliable data and aligned with evolving regulatory expectations and industry best practices.



Governance

Responsibility for overseeing and managing climate-related risks and opportunities rests at the highest level of our organization, which is our Board of Directors (“the Board”).



Management Oversight of Climate-Related Risks and Opportunities

At Velocity Vehicle Group, management recognizes the growing importance of climate-related risks and opportunities to our business operations, financial performance, and overall strategy. The Company has established a cross-functional Climate Risk Management Committee, led by our Chief Operating Officer and includes representatives from operations, finance, compliance and health, safety and environment. This committee is responsible for identifying, assessing, and managing climate-related risks and opportunities across our business units.

The committee meets periodically to review climate risk assessments, monitor progress on climate-related initiatives, and evaluate emerging regulatory requirements. Management integrates climate considerations into strategic planning, capital allocation, and operational decision-making.

Board Oversight of Climate-Related Risks and Opportunities

The Board of Directors at Velocity Vehicle Group plays an active role in overseeing the Company’s approach to climate-related risks and opportunities. The Board receives annual updates from management on climate risk assessments, regulatory developments, and progress toward climate-related goals. On an annual basis, the Board reviews and approves the company’s climate risk disclosures. The Board also evaluates the effectiveness of management’s climate risk mitigation strategies and provides guidance on long-term sustainability objectives.

Through this governance structure, Velocity Vehicle Group demonstrates a commitment to proactive climate risk management and transparent disclosure, supporting the resilience and sustainability of our business in a changing climate.

Strategy

Velocity Vehicle Group's climate-related strategy is designed to proactively address both the risks and opportunities presented by climate change, while supporting the long-term resilience and sustainability of our business. Our approach is integrated into our overall business planning and risk management processes. Through our phased and adaptive strategy, Velocity Vehicle Group is committed to managing climate-related risks, capitalizing on emerging opportunities, and supporting the transition to a low-carbon economy.

In the short term (0–2 years), our focus is on strengthening operational resilience to acute physical risks such as extreme weather events and heat stress, ensuring compliance with current climate-related regulations, and implementing resource efficiency initiatives across our dealerships. We are also enhancing employee training and safety protocols to address immediate climate-related health and safety concerns.

Over the medium term (2–5 years), we aim to expand our adoption of lower-emission technologies, increase the proportion of renewable energy used in our operations, and respond to evolving regulatory requirements such as new emissions standards. We will also continue to adapt our product offerings to meet changing customer preferences for alternative powertrain vehicles, such as battery-electric and hydrogen-powered trucks.

In the long term (beyond 5 years), our strategy is to position Velocity Vehicle Group as a leader in sustainable commercial vehicle solutions. This includes ongoing investment in innovative technologies, further integration of climate considerations into strategic decision-making, and supporting our customers' decarbonization goals. As our data collection and analytical capabilities mature, we will refine our strategy to include scenario analysis and quantitative targets, ensuring our approach remains aligned with industry best practices and regulatory expectations.



PHYSICAL RISKS

| RISK TYPE | DEFINITION | TERM | POTENTIAL FINANCIAL IMPACT | MITIGATION STRATEGY |
|----------------|-----------------|-----------------------------|--|--|
| Acute | Extreme weather | Short, medium and long term | Extreme weather events such as wildfires and earthquakes may impact on-site logistics or operational delays, which could result in potential revenue loss | The Company's Severe Weather Mitigation Strategy establishes a consistent framework to prepare for, respond to, and recover from severe weather events across company operations. Each region faces unique risks — including wildfires, extreme heat, monsoon storms, tornadoes, hurricanes, and flooding — and this strategy aligns all locations under one unified policy focused on safety, operational continuity, and regulatory compliance. |
| Chronic | Heat stress | Short, medium and long term | Extended periods of extreme heat may lead to a higher risk of heat-related illnesses resulting in absences or reduced work capacity. High temperatures require an increase in breaks and adjusted work schedules that may potentially lead to delays in production schedules | Velocity Vehicle Group is committed to protecting all employees from the dangers of heat exposure by maintaining full compliance with OSHA's Heat Illness Prevention framework. With a structured approach to identify, control, and mitigate heat-related risks across all operations and work environments. Employees are provided continuous access to cool, potable water, designated shaded rest areas, and scheduled recovery breaks during periods of high heat. Work schedules are adjusted to limit exposure, especially during the hottest parts of the day. A strong emphasis is placed on employee training and awareness. All personnel are educated on recognizing the signs and symptoms of heat illness, the importance of hydration and acclimatization, and the immediate steps to take if symptoms occur. At the first indication of heat stress, prompt first aid and emergency response procedures are activated. Through continuous communication, proactive oversight, and annual review, we ensure a safe, compliant, and health-conscious work environment. |

TRANSITION RISKS

| RISK TYPE | DEFINITION | TERM | POTENTIAL FINANCIAL IMPACT | MITIGATION STRATEGY |
|-------------------|---------------------------------|-----------------------------|---|---|
| Policy | Current and emerging regulation | Short and medium term | Emission regulations on trucks related to 2027 EPA standards and other regulations implemented by CARB may impact our results from operations. | Given our extensive presence in California, we have navigated evolving regulation environments over decades with respect to commercial vehicles. While compliance with changing regulations may require us to dedicate additional financial and operating resources, we believe our experience positions us well to continue to respond effectively. |
| Technology | Lower emissions technology | Short and medium term | Initial costs associated with the investment to lower technology emissions is high, which may impact our results from operations. | We continue to explore opportunities to implement lower emissions technologies in our data center and extending to AI-powered solutions, cloud technology to help reduce carbon emissions, use resources more efficiently, and lessen our environmental footprint. We consider ongoing and future opportunities into our capital planning to ensure we are strategically implementing efficient technologies. |
| Market | Change in customer behavior | Short, medium and long term | Changes in customer behavior to purchase alternative powertrain commercial vehicles, such as battery-electric, hybrid, hydrogen fuel cell and hydrogen combustion, could impact our results of operations. | We proactively engage with customers to understand their decarbonization goals and provide options of alternative powertrain vehicles. We also continue to monitor market trends and customer feedback to anticipate shifts in demand to adjust our product offerings. We believe that our business model, product diversification, and experience positions us well to continue to respond to customer behavior effectively. |
| | Increased cost of resources | Short, medium and long term | As we transition towards renewable resources, utility prices are projected to increase due to increasing demand and limited supply. Moreover, these prices are susceptible to fluctuations due to various factors, which can introduce instability to the market. This may have an impact on our operating costs. | We are continuing to explore and expand opportunities to use renewable energy throughout all of our dealerships. This includes implementing resource efficiency initiatives and expanding the use of on-site renewable energy sources. |

CLIMATE-RELATED OPPORTUNITIES

| TYPE | OPPORTUNITY | TERM | STRATEGY |
|----------------------------|--|-----------------------------|---|
| Resource Efficiency | Opportunity to increase energy efficiencies at our dealerships | Short and medium term | Velocity Vehicle Group has implemented a range of upgrades to improve resource efficiency across several facilities. These initiatives include enhancements to lighting systems and automated controls that adjust usage based on occupancy or natural light levels. Additionally, heating, ventilation, and air conditioning systems have been modernized with smart controls that optimize energy use. The Company plans to continue expanding these upgrades, as ongoing data collection demonstrates measurable improvements in energy efficiency and cost savings. |
| Products | Opportunity to expand alternative fuel vehicle offerings in response to customer demand and regulatory support | Short, medium and long term | We are positioned to support customers in their transition to alternative fuel vehicles through our established partnerships with leading commercial vehicle manufacturers and our knowledge of the evolving regulatory landscape. Our approach focuses on facilitating customer access to alternative transportation solutions across various fleet applications. |



Risk Management

Velocity Vehicle Group has established a structured and integrated approach to identifying, assessing, and managing climate-related risks, led by the Climate Risk Management Committee.

Risk Identification and Assessment Process

On an annual basis, the Committee identifies and evaluates climate-related risk on our business, strategy, and financial planning over the short, medium, and long term. The assessment process includes regular reviews of internal operations, external regulatory developments, and industry trends. The Committee leverages a comprehensive listing of transition and physical climate risks that could impact the Company. Physical risk considers how extreme weather events and chronic risks can directly damage physical assets or otherwise impact our operations and productivity. Transition risk considers how changes in policy, technology and market preference to address climate change can lead to changes in the value of our products, and costs of energy.

Annual Business Impact Analysis

Identified material climate-related risks are qualitatively assessed for their potential impact on the company's business units and overall strategy. The assessment prioritizes risks based on the level of potential impact to our operations. The results of risk assessments are reported and reviewed with the Board of Directors on an annual basis. The Company is currently in the process of developing the necessary data collection systems and analytical capabilities to support robust scenario analysis and the establishment of quantitative impacts.

Risk Management Processes and Integration

Our overall risk management approach includes processes designed to identify, assess and mitigate business risks, including climate-related risks. The Committee works closely with the business groups to proactively assess, and monitor climate related risks on an ongoing basis.



Metrics and Targets

Velocity Vehicle Group utilizes a set of climate-related metrics and to monitor, manage, and report on the company's exposure to climate risks and its progress toward mitigating those risks. These metrics are selected to provide meaningful insight into both physical and transition risks, as well as opportunities. The Company is currently in the process of determining targets for future periods.

Physical Risks

Extreme Weather: Tracking the number and duration of operational delays due to extreme weather events (e.g., wildfires, floods, heatwaves) across all regions as well as assessing insurance risk ratings and premiums.

Heat Stress: Monitoring incidents of heat-related illnesses and absences, as well as compliance with OSHA's Heat Illness Prevention standards.

Transition Risks

Regulatory Compliance: Measuring the percentage of fleet and operations in compliance with current and emerging emissions regulations (EPA, CARB).

Investment in Low-Emission Technologies: Tracking capital expenditures and operational costs associated with adopting lower-emission vehicle technologies.

Changes in Customer Behavior: Tracking the volume and percentage of alternative powertrain vehicles (battery-electric, hybrid, hydrogen) sold to customers.

Energy Usage: Monitoring the proportion of electricity sourced from renewable energy across company operations and expenses for operations without renewable energy resources.

Opportunities

Resource Efficiency: Quantifying energy savings and cost reductions achieved through resource efficiency initiatives at dealerships.

Alternative Powertrain Sales: Measuring potential revenues and profits related to alternative powertrain vehicles.

