

KAESER COMPRESSORS INC CLIMATE RISK DISCLOSURE

Kaeser Compressors, Inc. ("the Company," "we") is a supplier of energy-efficient compressed air equipment and compressed air system design services. Our product line includes industrial air compressors, dryers, filters, piping, master controls and system accessories, together with blowers, vacuum pumps, and portable gasoline and diesel screw compressors. Our national service network provides installation, rentals, maintenance, repair and system audits. Kaeser Compressors, Inc. is an ENERGY STAR Partner.

The Company is headquartered at Fredericksburg, Virginia, where we operate the main office and warehouse campus. We also maintain a network of branch, distribution and service locations across the United States. Kaeser Compressors, Inc. is part of the KAESER KOMPRESSOREN group, a family-owned business with over 100 years of history that has incorporated sustainability into its corporate strategy and aligns its strategy to eight of the United Nations Sustainable Development Goals (UN SDGs).

This is our inaugural climate-related financial risk report, and in conformance to the Task Force on Climate-related Financial Disclosures (TCFD) framework, it has been prepared to meet the requirements of California's Climate-Related Financial Risk Act (SB 261, as amended by SB 219). For purposes of SB 261 compliance, we have elected to disclose at the Kaeser Compressors, Inc. level covering all US operations. This boundary was selected deliberately to align with U.S. state-level regulatory reporting and is consistent with the operational-control boundary used for our greenhouse gas (GHG) inventory. Activities of KAESER KOMPRESSOREN group and other affiliates outside the United States are outside the scope of this report, other than where group-level strategy, targets or product development are referenced as applicable context for US operations.

We have addressed all four TCFD thematic areas — Governance, Strategy, Risk Management, and Metrics and Targets — and have compiled a response to each of the eleven recommended disclosures. However, as a first-year disclosure, our responses vary in maturity. Over the next reporting cycles we intend make progress on GHG reduction opportunities and advance our climate risk assessment process.

GOVERNANCE

Board oversight

As part of the family-owned KAESER KOMPRESSOREN group, Kaeser Compressors, Inc. does not maintain its own standalone board of directors. Board level governance for Kaeser Compressors, Inc is exercised through KAESER KOMPRESSOREN's Supervisory Board chaired by Thomas Kaeser, which serves as the equivalent governing body for the group. The Supervisory Board provides oversight of the group's strategic direction, and meets at least once per fiscal year to evaluate group level strategy, including relevant sustainability and climate-

related risks, opportunities, and reporting. Strategic decisions are then passed to subsidiary management teams for implementation and performance tracking.

Management's role

The President of Kaeser Compressors, Inc. is the primary management owner of climate-related responsibilities and is supported by a cross-functional group drawn from strategy, finance, legal, operations, facilities, compliance and human resources within the Company. These roles are defined and formalized for the purposes of climate risk assessment and GHG reporting, so that management is equipped to address the breadth of climate-related issues that may affect the Company. Example issues include recent capital investment review of on-site renewable generation at our Fredericksburg headquarters and Company's response to emerging U.S. climate disclosure regulation of California SB 261.

STRATEGY

Climate Risk Assessment

In 2025, Kaeser Compressors, Inc. completed its inaugural climate risk assessment, conducted with an external sustainability consultancy in line with the process suggested by the TCFD framework. The assessment covered transition risks (policy and legal, market, reputation and technology) and physical risks, both chronic and acute, including sea level rise, heatwaves, earthquake, flooding, wildfire and tropical cyclones. The assessment was conducted at the Kaeser Compressors, Inc. subsidiary level.

We evaluated risks across the three time horizons (short 0-3y, medium 3-6y, and long 6-20y) and two climate scenarios (RCP2.6 and RCP8.5), which were selected on the basis of industry benchmarking against peers. RCP 2.6 represents a rapid clean-energy transition consistent with approximately 1.5°C of warming and RCP 8.5 represents a slow clean-energy transition consistent with approximately 4°C of warming. Physical and transitional risks were assessed under both scenarios over the short, medium, and long term. Data inputs to the assessment included our industry peer list, product portfolio mix, product sales by customer type, customer industry profiles, supplier and distributor regions, physical site location list, and site values derived from insurance data.

Transitional climate-related risks and opportunities

The table below summarizes the transition risks and opportunities identified, with the likelihood and impact rating assigned in our 2025 assessment and the response posture indicated by our risk matrix.

Risk category	Key risk / opportunity	Description and relevance to Kaeser Compressors	Likelihood	Impact
Policy	Potentially mandated technology transition or preference	Risk: regulation or customer specification may mandate transitions such as renewable energy procurement, LED lighting, or the phase-out of HFC refrigerants.	Med	High
Market	Market preference or transition to lower-emissions technology	Risk and opportunity: customers seeking to reduce their own Scope 1 and 2 emissions will favor higher-efficiency compressed air systems and heat recovery.	High	High
Market	Supply chain disruption	Risk: climate-driven disruption to suppliers and inbound logistics could interrupt availability of compressors, steel and petroleum-derived inputs and increase input cost.	High	Med
Policy	Additional sustainability disclosure requirements, EU and US	Risk: expanding disclosure obligations increase compliance cost and effort. Increased cost of regulatory compliance was identified as one of our two primary transition risks.	High	Med
Policy	Pricing of GHG emissions and cap-and-trade programs	Risk: carbon pricing schemes could raise energy and input costs. Existing programs focus on large direct emitters in utilities, fossil fuels and heavy transport.	Low	Med
Market	Changes to insurance coverage shifting risk to companies	Risk: repricing or withdrawal of property insurance in higher-hazard regions would transfer physical risk onto the Company.	Med	Med
Reputation	Negative press coverage; stigmatization of sector	Risk: adverse coverage of industrial manufacturing, or of our own climate performance, could affect customer and employee sentiment.	Low	Med
Reputation	Underperformance compared to peers; negative coverage of customer sectors	Risk: larger peers in our industry already disclose climate risk aligned to TCFD and have all conducted climate risk assessments. Failure to keep pace could affect our standing with sustainability-minded customers, particularly those with supply chain reporting requirements.	High	Low
Products and services	Energy-efficient products and heat recovery	Opportunity: our products are designed around the principle of delivering more compressed air for less energy, and our heat recovery systems allow thermal energy from compression to be reused. As customers decarbonize, demand for efficient compressed air systems and for system audits that identify energy waste is expected to grow.	High	High
Resource efficiency	Resource-saving product development	Opportunity: the group applies a Rethink / Research / Reduce / Repair concept in product development, embedding maintenance-friendly and repairable design and minimizing resource consumption in production, distribution and service. This supports circular-economy expectations from customers and regulators.	Med	Med
Energy source	On-site renewable generation and electrification	Opportunity: the switch to renewable energy sources can reduce operational cost and reduce our emissions impact at the same time.	High	Med

Physical risk exposure across our U.S. footprint

Physical risk was assessed across all Company locations at county and regional level across 5 hazard types spanning chronic and acute risks, using the FEMA National Risk Index and the WWF Risk Filter. Extreme heat is the most widespread hazard across our U.S. facilities with 13 of the 22 sites assessed carry a medium-high or higher extreme heat rating. Six sites carry a medium-high or higher overall physical risk rating.

Financial impact of physical risk

Financial impact was quantified for two sites selected for their importance to operations: our Fredericksburg, Virginia headquarters and our Los Angeles product distribution center. Impact is expressed as Expected Annual Loss, which combines regional hazard exposure, event frequency and a financial loss ratio derived from historical data, applied to site value based on insurance data.

- Fredericksburg: Although the site's overall physical risk profile is medium to high, historical data indicates minimal loss to date, driven primarily by tropical storms. Under RCP 8.5 we expect loss to increase by as much as 20% to 40%.
- Los Angeles: Total building value is lower than at Fredericksburg, but a higher loss ratio and greater hazard frequency make this the highest expected annual loss of any site in the portfolio. Wildfire and earthquake are the primary drivers; both are statistically difficult to model within climate scenarios because of the wide variability in damage outcomes.

Overall, expected financial loss from physical climate risk at the two sites assessed is low relative to the scale of our operations. We do not currently consider physical climate risk to be material to our financial position on the basis of this analysis, while noting that the financial analysis covers 2 of 22 sites and a horizon to 2030 only.

Value chain exposure

We also assessed climate exposure through our customer base and our distribution channels to evaluate climate risk of our value chain. A quarter of our direct customer base sits in industries we classify as high climate impact — including chemicals, government services, timber and wood products, building materials, mining, iron and steel, plastics, energy and glass. A further 50% sits in medium-impact industries such as machinery, food production, motor vehicles, metal construction, construction, metal processing, handcraft, packaging and electrical/optical. The remaining quarter is in lower-impact service industries. More than half of our indirect sales come from distributors operating in higher-risk climate regions. Because indirect sales channels typically operate within a defined geography, climate risk for each distributor was assigned using state and county-level risk profiles for their base of operations; distributors with a national presence would be expected to show medium impact because risk is spread across their footprint.

Climate Strategy

Climate-related risks are considered in some areas of our business. Although they are not yet embedded across all planning processes, we have taken steps to incorporate climate impact into financial planning and products and services.

- Financial planning: We consider climate-related risk when evaluating investment in operations, facilities and product-related development, particularly where there is known or likely high exposure to climate risk. Where material, we assess the financial impacts of climate risks quantitatively, in consultation with relevant internal stakeholders.
- Products and services. Our commercial strategy is built on energy efficiency in compressed air systems, and our service network offers system audits that identify energy waste in customer installations. This positions the business favorably as customers decarbonize, and it is the primary mechanism by which we influence our largest emissions category.

We consider our strategy to be resilient in the short and medium term. Physical operations are moderately affected by projected climate change, with extreme heat the most widespread hazard and low quantified expected annual losses at assessed sites under a 4°C RCP 8.5 pathway to 2030. Our two primary transition risks — supply chain impact on our market and increased cost of regulatory compliance — are being managed through compliance activity already underway and through supplier engagement planned for the next cycle.

Under a rapid-transition (RCP 2.6) pathway, we would expect the commercial opportunity associated with energy-efficient compressed air systems, heat recovery and system audits to strengthen, while compliance and technology-transition costs rise. Under a high-warming (RCP 8.5) pathway, physical hazard exposure at our coastal, wildfire-exposed and heat-exposed sites increases, and customer industries with high climate exposure face greater disruption.

RISK MANAGEMENT

Identifying and assessing climate-related risks

We conducted our first climate risk assessment in 2025, covering both physical and transition climate risks across our U.S. operations. The process followed four stages:

- Define scope and gather data. We set the boundary for operational and external risk assessment and identified the internal and external data sources on which the evaluation would rest, including our site list, insurance-based site values, product portfolio mix, sales by customer type, customer industry profiles, and supplier and distributor regions.
- Transition risk analysis. We reviewed industry trends and regulatory risk, customer and supplier risk, and reputational risk. Customer industry sector data and supplier regional data were used to classify market groups as high, medium or low risk using combined risk metrics from established third-party platforms. A scan of climate and carbon-related regulation within our operational footprint was performed to identify qualitative and quantitative regulatory impacts, including a review of carbon pricing mechanisms and of the U.S. state climate disclosure adoption timeline.
- Physical risk analysis. We identified the top chronic and acute physical risks at county and regional level using the FEMA National Risk Index and the WWF Risk Filter, then estimated financial impact for the highest-priority sites using Expected Annual Loss.

- Disclosure and improvement planning. Results were mapped against the TCFD framework, scored against peer benchmarks for each of the four thematic areas, and used to build this disclosure together with a register of improvement opportunities.

Managing climate-related risks

We are actively monitoring climate-related regulatory requirements and upcoming regulatory changes that may affect our operations, particularly those relating to disclosure and carbon-related obligations. Compliance activity in response to California's climate disclosure regime has been initiated, and the U.S. state regulatory pipeline is tracked. We also monitor carbon pricing mechanisms in jurisdictions relevant to our footprint and to our customer industries; we do not currently anticipate Kaeser Compressors, Inc. being directly subject to these programs, but several of the industries we serve participate in them, and we consider continuous monitoring warranted.

Our next phase is to identify and implement mitigation strategies for the most material risks. We have plans to develop and implement adaptation and mitigation measures for physical risks, such as extreme weather events and chronic climate impacts, and for transition risks, such as shifts in market preference and emerging technologies.

Integration into overall risk management

Climate-related risks are currently addressed through a process that runs parallel to the Company's existing risk management activity. Existing risk management processes do not yet account systematically for climate-related issues, and identified climate risks are assessed rather than actively managed. We are working toward full integration, so that climate risks can be evaluated, prioritized and mitigated alongside other enterprise-level strategic, financial and operational risks. Planned steps include establishing formal processes for managing both physical and transition climate risks, integrating climate risk into our enterprise risk management framework, and developing climate risk training and governance structures to support that integration.

METRICS AND TARGETS

Metrics used to assess climate-related risks

We are working to identify the most relevant metrics for assessing and managing our climate-related risks, guided by our internal risk assessment, stakeholder input, and alignment with emerging regulatory and reporting frameworks. At present, our principal climate metric is our greenhouse gas inventory, which is measured annually and monitored for year-over-year change to evaluate progress and inform operational and strategic decisions. Our GHG inventory has been prepared in accordance with the Greenhouse Gas Protocol, and we apply an

operational control approach to the organizational boundary, covering U.S. operations. All values are expressed in metric tons of carbon dioxide equivalent (tCO₂e).

Scope and category	2025 emissions (tCO ₂ e)	% of total
Scope 1	3,838	0.18%
Scope 2 (location-based purchased electricity)	478	0.02%
Scope 3	2,124,396	99.80%

Scope 1 and 2 emissions combined account for less than 1% of our total footprint, while Scope 3 accounts for the remaining 99%. Within Scope 1, vehicle fuel is the dominant source with gasoline and diesel being the largest contributors. Scope 2 emissions is concentrated in Virginia, which accounts for 63.3% of location-based purchased electricity emissions, followed by Texas (8.3%) and California (8.0%). Within Scope 3, use of sold products is by far the largest category at over 90% of Scope 3 emissions due to the high uptime and long lifecycle of sold products.

Primary data was used for Scope 1 and Scope 2 measurement. Scope 3 categories used a combination of secondary data and spend-based estimation, which is less accurate but allows comprehensive coverage. Where data was unavailable, industry-standard modelling methods and published emission factors were applied. Quantification methods are applied in a documented order of preference: fuel or energy usage, then fuel or energy spend, then facility information such as square footage, with specific methods for vehicle miles, refrigerant usage and energy attribute certificates.

Climate-related targets

KAESER KOMPRESSOREN, our parent company, has set group-level targets to reduce direct (Scope 1) and indirect (Scope 2) emissions by 80% by 2030 against a 2019 base year, and to reduce upstream and downstream value chain (Scope 3) emissions by 15% over the same period. At the group level, we have achieved a CO₂ reduction of more than 50% against the 2019 base year for Scopes 1 & 2, sourcing 100% green electricity and CO₂-neutral heat, using CO₂-neutral district heating, upgrading production site lighting to LED, and advancing electric transportation. The group also explored emerging solutions to further reduce Scope 3 emissions, such as honeycomb cardboard, biodegradable bubble wrap and paper-based packaging tape in place of expanded polystyrene and plastic equivalents.

We are in the process of establishing Company-level targets aligned to the group ambition, and a supporting roadmap of initiatives across operational efficiency, energy sourcing, and process optimization for the next reporting cycle.

Climate initiatives

Although Company-level targets are not yet in place, we have implemented several initiatives in alignment with our parent company priorities. Two solar power systems have been installed at our Fredericksburg, Virginia headquarters that generate over 11,000 MWh per year, equating to an approximate reduction of 856 metric tons of CO₂ — the equivalent of taking 185 gasoline-powered cars off the road for a year, or avoiding the consumption of 1,983 barrels of oil. Solar generation also supports electric vehicle charging stations at the Fredericksburg facility, consistent with the group commitment to electrify the vehicle fleet. Our products are engineered on the principle of delivering more compressed air for less energy, and our heat recovery systems allow thermal energy from compression to be reused for space and process heating.