

# Climate-Related Financial Risk Disclosure Report (SB 261 / TCFD-Aligned)

**Reporting Period:** FY 2024 | **Issued:** December 2025

**Framework:** Task Force on Climate-related Financial Disclosures (TCFD) / IFRS S2

**Prepared for:** California Air Resources Board (SB 261 Compliance)

## I. Executive Summary

### Purpose and Scope

This report fulfills California Health and Safety Code § 38533 requirement for biennial disclosure of material climate-related financial risk. It outlines how Generate Capital identifies, assesses, and manages these risks while advancing its mission as a Public Benefit Corporation (PBC). The report covers Generate's owned and operated assets as well as its equity and credit investments across the sustainable infrastructure ecosystem.

### Key Findings

Generate's sustainable infrastructure portfolio—more than 2,000 assets since 2014—accelerates the energy transition and is therefore well-positioned to capture climate-related opportunities and to mitigate climate risks. Assets are managed to deliver long-term contracted cash flows that limits material exposure to both transition and physical climate risks. Through its integrated governance model, Transition Acceleration Framework (TAF), asset management & operations, and proactive partner engagement, Generate embeds decarbonization, resilience, and risk management into its investment decisions and management processes.

### FY 2024 Highlights:

- 66,618 t CO<sub>2</sub>e Scope 1 + 2 emissions, managed under operational control
- 1.2 million t CO<sub>2</sub>e avoided emissions, verified through project-level accounting
- 789,709 MWh renewable electricity and 1.22 million MMBtu renewable gas produced

### Responsibility and Oversight

This report was prepared by Generate's Impact Team under the supervision of the Head of External Affairs & Impact and approved by senior management for submission to the California Air Resources Board.

## II. Introduction and Methodology

Climate change continues to reshape how infrastructure owners and investors manage risk and allocate capital. Generate's approach integrates sustainability and climate considerations across investment, operations, and reporting—linking environmental outcomes with long-term value creation.

### Regulatory Context

California Health and Safety Code § 38533 requires companies to disclose their climate-related financial risks consistent with TCFD recommendations. Generate aligns its report with the TCFD framework and IFRS S2 standard.

## Scope of Reporting

This report covers Generate Capital PBC and controlled subsidiaries as of December 31, 2024. It includes operational emissions (Scopes 1 and 2) and avoided emissions proportional to Generate's equity share of financed assets.

## Methodological Approach

- **GHG Accounting:** The GHG Protocol Corporate Standard (operational-control basis).
- **Avoided Emissions:** GHG Protocol for Project Accounting with third-party methodology review.
- **Risk Screening:** The Portfolio Risk Register identifies transition and physical hazards and informs due diligence and monitoring.

## III. Governance (TCFD Pillar 1)

### Board Oversight

The Board of Directors holds ultimate oversight responsibility for climate-related financial risk and opportunities. It reviews performance through the Balanced Scorecard and the Governance Committee reports on ESG policy integrity. As a PBC, the Board must report biennially on its public-benefit purpose.

### Management's Role

Day-to-day implementation rests with the Head of External Affairs & Impact and a dedicated Impact Team, who oversee ESG integration across investment, asset management, and corporate operations. Asset management and operations oversee the ongoing performance of facilities and projects. Safety and workforce health are monitored by a Safety SteerCo.

### Incentives and Accountability

ESG metrics are embedded in executive scorecards and incentive plans, reinforcing accountability for sustainability and climate performance.

## IV. Strategy (TCFD Pillar 2)

### Business Overview

Generate Capital builds, owns, and operates sustainable infrastructure that advances decarbonization across power, mobility, waste, water, and industrial decarbonization sectors. As of 2025, the company has raised \$16.4 billion across corporate equity, corporate debt, portfolio debt and tax equity since its founding, and it has \$9 billion invested across North America and in select international markets.

### Climate-Related Risks and Opportunities

- **Transition Risks:** Regulatory changes, market demand shifts, and technology disruption.
- **Physical Risks:** Increased frequency of severe weather, flooding, heat stress, and wildfire exposure.
- **Opportunities:** Expanding demand for distributed clean energy, resource recovery, and resilient local infrastructure.

### Resilience of Strategy

Generate's portfolio focuses on essential services with long-term contracts and durable demand. This creates structural resilience to policy and market shifts while supporting continued growth in low-carbon sectors.

## V. Risk Management (TCFD Pillar 3)

### Identification and Assessment

All investments undergo risk screening during due diligence, including climate-related financial factors such as supply and offtake agreements and site-specific resilience planning. Physical and transition exposures are catalogued in the Portfolio Risk Register and periodically reviewed by risk and finance functions. Where Generate holds a controlling interest, it has greater ability to implement and oversee risk management, data collection, and operational controls directly. This enables more detailed monitoring and integration of climate-related risks into asset-level management practices.

### Managing Risks

- Sustainability, ESG, and climate criteria embedded in investment screening, contracts, and asset management plans.
- Annual data collection from operators of assets on emissions, safety, and resilience.
- Insurance coverage and continuity plans reviewed and updated each year.

Generate manages exposure to flood, wildfire, heat, wind, and seismic risks through a comprehensive set of due diligence, permitting, and operational controls consistent with U.S. energy-sector standards.

- **Due Diligence:** Projects use FEMA hazard mapping, ASCE 7 / 24 and IBC structural design, and ASTM-compliant environmental and property assessments. Fire-zone sites meet WUI or state-specific building codes (e.g., California CBC Ch. 7A).
- **Permitting & Compliance:** Projects secure NEPA/CEQA approvals, Clean Water Act § 404/401 and NPDES permits, and maintain SPCC, OSHA, and where relevant, NERC compliance.
- **Operational Controls:** The Portfolio Risk Register tracks hazard mitigation; assets elevate critical systems above flood levels, maintain defensible space, and update stormwater and emergency plans annually.
- **Documentation:** Environmental reviews, design bases, and inspection records are retained for regulators, lenders, and insurers.

This integrated framework embeds physical-risk management into investment, design, and operations—supporting safety, insurability, and long-term asset value.

### Integration with Enterprise Risk Management

Climate risks are managed within Generate's enterprise risk framework alongside credit, liquidity, and operational risks, ensuring consistent treatment and Board visibility.

## VI. Metrics and Targets (TCFD Pillar 4)

### 2024 Performance

- Total GHG Emissions: 66,618 t CO<sub>2</sub>e (Scope 1: 56,434; Scope 2: 10,184)
- Avoided Emissions: 1.2 million t CO<sub>2</sub>e
- Renewable Electricity: 789,709 MWh
- Renewable Natural Gas: 1,221,507 MMBtu

### Targets and Accountability

Generate evaluates its annual performance using a balanced corporate scorecard comprised of financial, ESG-related, and key initiative factors. The balanced scorecard includes specific targets related to delivering impact, including growth in annual avoided carbon emissions from investments.

## VII. Integration into Business Planning and Decision-Making

Generate integrates climate considerations across strategic planning and daily operations.

- **Capital Allocation:** Investments prioritize technologies that enable decarbonization while maintaining financial resilience; TAF guides portfolio balance.
- **Operational Resilience:** Maintenance and insurance strategies are tailored to site-specific hazard profiles and evolving climate data.
- **Engagement and Stewardship:** Generate works with partners and municipal clients to share data, enhance resilience, and promote transparent sustainability and climate reporting.

## VIII. Disclosure Controls and Assurance

### Internal Review

The Impact Team prepares this report in coordination with Finance and Legal departments. Management reviews drafts for accuracy before approval and public release.

### External Assurance

Generate plans to obtain limited assurance on GHG emissions data beginning FY 2025 and will include third-party validation as data maturity increases.

### Continuous Improvement

Generate continuously looks for ways to enhance data systems and analytics to enable it to better measure financial risk exposure and resilience in future reporting cycles.

## Appendix: Forward Looking Statements Disclaimer

This report has been prepared to satisfy the requirements of the California Climate-Related Financial Risk Act (SB 261). It is not intended to constitute investment advice, an offer or solicitation of securities, or a representation regarding future financial or operational performance. This report contains forward-looking statements, including statements regarding climate-related risks, opportunities, strategies, targets, and future performance. Forward-looking statements reflect Generate's current views, expectations, and assumptions as of the date this report is prepared.

Forward-looking statements may be identified by words such as "will," "plans," "target" and similar expressions. Such statements, including statements regarding intended actions and performance objectives, involve known and unknown risks, uncertainties, and other important factors that could cause actual results, performance, or outcomes to differ materially from those expressed or implied by such forward-looking statements.

Certain information in this report is based on estimates, assumptions, and third-party data that are inherently uncertain and subject to change. All forward-looking statements speak only as of the date this report is prepared, and the occurrence of unanticipated events or changes in circumstances after that date may cause such statements to become inaccurate.

Generate undertakes no obligation to update or revise any forward-looking statements or other information contained herein except as required by applicable law.

**Issued:** December 2025

**Prepared for:** Submission to the California Air Resources Board pursuant to Climate Related Financial Risk Act (SB 261)