VSP Vision 2025 Climate-Related Financial Risk Report

Contents

About This Report....3

About VSP Vision™....3

Governance....3

Strategy....4

Risk Management....7

Metrics and Targets....8

About This Report

In accordance with California Senate Bill 261 (SB 261), this report details the climate-related financial risks for VSP Vision and was developed in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Among the key TCFD recommendations, VSP® has not yet formally integrated climate-related risks into its risk management processes or set climate-related targets. This reflects our currently limited exposure to material climate-related risks and opportunities, relative to our operations, industry and geographic footprint. However, we recognize the importance of integrating climate-related considerations into our future strategic planning and will continue to monitor regulatory developments and industry best practices to inform our approach.

The general disclosures referenced throughout this report pertain to calendar year 2025 unless otherwise specified. All quantitative data referenced throughout this report pertain to fiscal year 2024, unless otherwise specified. The information and data in this report are based on reasonable assumptions and our best estimates at the time of the report.

About VSP Vision

At VSP Vision, our purpose is to empower human potential through sight. As the first national not-for-profit vision benefits company, this is what drives everything we do. For nearly 70 years, VSP has been the leader in health-focused vision care. Every day, the people that power our complementary businesses—VSP Vision Care, Marchon Eyewear, Inc., Visionworks®, Eyefinity®, Eyeconic®, VSP Optics, and VSP Ventures—work together to create a world where everyone can bring their best vision to life. That means providing affordable access to eye care and eyewear for more than 85 million members through a network of more than 42,000 doctors. It also means expanding access to vision care to those disadvantaged by income, distance, or disaster through VSP Vision Eyes of Hope®. To date, more than 4 million people in need have received access to no-cost eye care and eyewear through one of our Eyes of Hope programs.

Learn more about how we're reinvesting in greater vision, health, and opportunities for all at **vspvision.com**.

Governance

Board oversight of climate-related risks and opportunities

As the company's governing body, the VSP board of directors has oversight authority over climate-related risks and opportunities.

Recognizing the importance of climate-related risk management in ensuring long-term business resilience and maintaining stakeholder trust, we are actively evaluating ways to further embed climate oversight into our governance framework.

Management's role in assessing and managing climate-related risks and opportunities

VSP senior management holds responsibility for identifying and managing climate-related risks and opportunities. This includes assessing operational exposures, monitoring regulatory developments, and evaluating financial impacts related to climate change.

As a foundational step, VSP's leadership team engaged a third-party advisor to assess our climate-related risks and opportunities through a risk assessment and scenario analysis. This process involved VSP's Chief Accounting Officer serving as the Executive Sponsor.

Strategy

Climate-related risks and opportunities identified over the short, medium, and long term

As a result of a climate risk assessment and scenario analysis conducted in alignment with the TCFD recommendations, we have identified several categories of climate-related risks and opportunities that may affect our cashflows, access to finance, or cost of capital over the short (2025, < 1 year), medium (2030, 1-5 years), or long term (2050, > 5 years).

These time horizons are aligned with the time horizons we use in our enterprise risk management (ERM) program.

Physical risk from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. **The majority of VSP's portfolio is at medium risk or lower when considering annualized impacts from property damage, business interruption, and change in temperatures.** Of impacts assessed, VSP has the highest potential exposure to acute hazards from extreme weather events as they relate to business interruption. The top three acute hazards that may potentially impact VSP in the short term are hurricanes, riverine flooding, and tornados. The three acute hazards represented approximately 84% of potential acute physical impacts analyzed.

Chronic risks resulting from changing temperatures (and increased cooling demand) do not present a significant risk to VSP. In our assessment, we considered the potential impact changing temperatures could have on increasing facility cooling needs and resulting increase in energy costs. The assessment of increased energy costs focused specifically on U.S. operations.

We also evaluated water stress risk for VSP facilities. Water stress for a given region was defined as the total water demand relative to the available renewable supply. This assessment is based solely on the geographic location of each facility and does not account for site-level water consumption. Currently, 25% of VSP sites (measured by asset value) are rated high for water stress risk due to their geographic location. However, despite the site-level risk rating, the overall portfolio risk is considered medium due to the wide geographic distribution of facilities and the low likelihood of simultaneous impacts.

Table 1: Climate-Related Physical Risks

Risk Type	Risk Description	Time Horizon		
		Short (2025)	Medium (2030)	Long (2050)
Acute + Chronic (Changing Temperature)	Acute, short-term climate events (e.g., hurricanes, flooding) can damage infrastructure, disrupt business, and result in unexpected repair and recovery costs.	Low-Medium Risk	Low-Medium Risk	Low-Medium Risk
	Chronic, long-term climate trends (e.g., rising average temperatures) can increase cooling needs and utility expenses, especially in large or aging facilities.			
Chronic (Water Stress)	Chronic, long-term climate trends (e.g., water stress) can increase utility expenses and strain on water resources in local areas of operation.	Medium Risk	Medium Risk	Medium-High Risk

Transition risks stem from policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. **Overall, VSP is at low risk of transition impact in the short and medium term, though this may shift to medium risk in the long term, under certain scenarios.** These transition risks may potentially grow in the future due to an expected increase in the stringency of regulations and stakeholder expectations pushing companies to transition by 2050.

Table 2: Climate-Related Transition Risks

Risk Type	Risk Description	Time Horizon		
		Short (2025)	Medium (2030)	Long (2050)
Policy and Legal	Evolving regulations (e.g., climate disclosure, product and packaging, carbon pricing) may drive up compliance costs and expose VSP to penalties or litigation risk.	Low Risk	Low-Medium Risk	Low-Medium Risk
Technology	Upgrades for electrification and energy efficiency (e.g., for VSP's Retail segment) may require upfront investments and ongoing operational adaptation.	Low Risk	Low-Medium Risk	Low-Medium Risk
Market	Shifting consumer preferences toward sustainable products, supplier and material cost volatility inflation, and insurance and risk premiums could affect VSP's operational costs.	Low Risk	Low Risk	Low Risk
Reputation	Stakeholder expectations are rising.	Low Risk	Low-Medium Risk	Low-Medium Risk

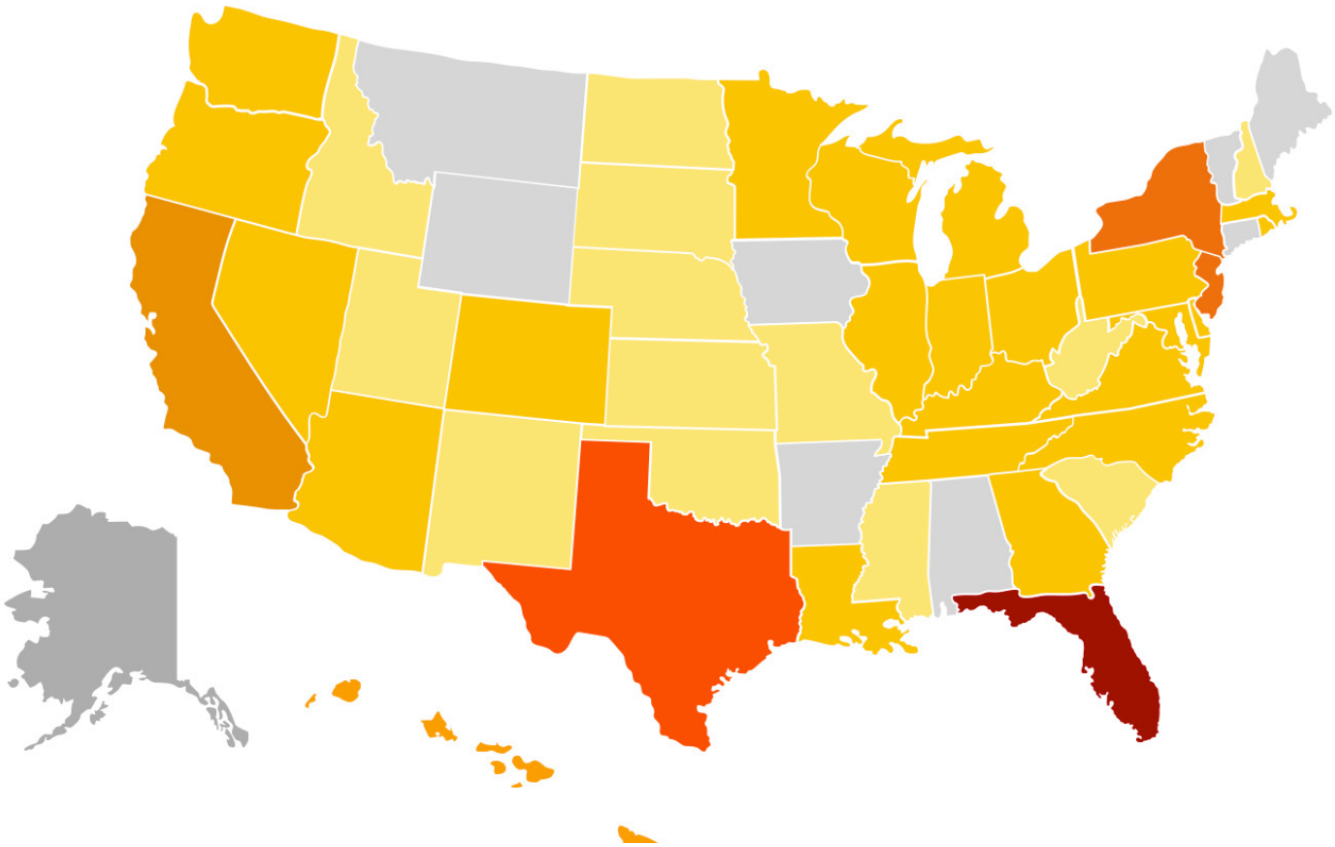
For climate-related opportunities, building electrification and efficiency measures were identified to help reduce the risk of energy cost impacts on our business. We also identified areas to integrate climate risk findings into our risk management practices, such as adding the climate risk data to our existing risk inventory and communicating these findings to key stakeholders like executive management and emergency response partners.

Impact of climate-related risks and opportunities on business, strategy, and financial planning

Acute risks resulting from extreme weather events may have potential impacts on VSP business. Property damage may increase the company's capital expenses to repair and replace damages as well as our future insurance premiums. Business interruptions may impact our revenue because of reduced operations and thus loss of sales or reduced productive output.

Chronic risks resulting from changing temperatures (such as increased cooling demand) are not expected to have a significant effect on VSP. Increasing electricity costs can affect our operating expenses as they relate to facility management.

VSP physical risk, in absolute terms, is concentrated in United States. In the U.S., VSP physical risk is concentrated in Florida, Texas, and New York which make up approximately 64% of potential physical impacts analyzed in U.S. Visionworks, which represents approximately 87% of the potential impacts analyzed, is considered the most exposed to physical climate risk. With respect to different property types, VSP's physical risk is concentrated in retail stores, which represents approximately 87% of the potential impacts analyzed.



Climate resilience of VSP strategy

During 2025, we conducted our first climate risk assessment and scenario analysis with the support of a third-party consultant. This analysis included the most current company data that was available. The climate-related scenario analysis utilized average annualized expected impact data, which incorporates the likelihood and magnitude of risks. The scope of operations in the assessment covered VSP U.S. and international facilities.

The climate risk assessment included the evaluation of property damage and business interruption (business interruption assessment was specific to our Visionworks business). Property damage is assessed based on the cost required to repair or replace an asset. The value is determined by factors such as the expected annualized loss ratio of damage to property, and the replacement value. For the replacement value, the asset's carrying value is used. Business interruption occurs when a company's operations are temporarily halted or slowed due to acute hazard events. It is assessed based on the time required to restore the affected asset to its original condition before the disruption. During the repair or replacement process, the asset is considered non-operational, leading to a pause in business activities.

For physical risks, the climate-related scenarios analyzed four Representative Concentration Pathways (RCP) 2.6, 4.5, 6.0, and 8.5 derived from the Intergovernmental Panel on Climate Change (IPCC). RCP 2.6 is aligned with the Paris Agreement, the most current international agreement on climate change, which commits countries to limit global warming to well below 2 degrees Celsius. The climate scenario analysis was performed based on several key data sources, including:

- FEMA's National Risk Index (NRI)
- Climate Analytics' Climate Impact Explorer
- WRI's Aqueduct Water Risk Atlas
- Localized Constructed Analogs (CMIP5)
- UN's Global Assessment Report
- Emergency Events Database (EM-DAT)

For transition risks, VSP used three qualitative scenarios aligned with the Network for Greening the Financial System (NGFS) framework: Current Policies, Delayed Transition, and Net Zero 2050.

Risk Management

Processes for identifying and assessing climate-related risks

The VSP Enterprise Risk Office conducts quarterly horizons scans in partnership with risk owners to understand the potential headwinds that might have additional upward pressure in the frequency and impacts of our scoring scenarios that define the risks in the context of the enterprise risk profile.

In 2025, we conducted a climate risk assessment and scenario analysis to better understand potential risks and opportunities to our business and value chain due to physical climate risks and transitions to a net zero economy. More details about this assessment and analysis can be found in the **Strategy** section.

Processes for managing climate-related risks

We are leveraging the climate risk assessment and scenario analysis findings to consider additional evaluation of VSP facilities that were identified at higher risk due to climate change. Additional evaluation is needed to further understand risks.

Integration into overall risk management

The VSP Risk Team is currently conducting an analysis to identify its most critical sites across the organization. This includes a regional assessment to evaluate varying levels of site criticality and to understand how certain locations may be vulnerable or dependent on others. The insights gained will further support critical path planning and further strengthen VSP adaptive capacity.

Metrics and Targets

Climate-related metrics and GHG emissions

With the support of a third-party consultant, we have continued to advance our greenhouse gas (GHG) emissions inventory. In 2026, we completed our Scope 1, Scope 2, and Scope 3 emissions inventory for the 2025 calendar year, establishing 2025 as our baseline year for future emissions tracking. Regarding the data quality of the inventory development process, sites with temporal gaps or missing data for utility usage, refrigerants, and vehicle fuel consumption were estimated based on approaches outlined in our Inventory Management Plan.

Table 4: 2025 GHG Emissions

GHG Emissions Source	2025 (MTCO2e)
Total Scope 1 (direct) Emissions	9,559
Total Scope 2 (indirect, location-based) Emissions	31,960
Total Scope 2 (indirect, market-based) Emissions	35,667
Total Scope 1 and Scope 2 (location-based) Emissions	41,519
Total Scope 1 and Scope 2 (market-based) Emissions	45,226
Total Scope 3 Emissions	196,585
Category 1: Purchased Goods and Services	89,496
Category 2: Capital Goods	12,761
Category 3: Fuel- and Energy-Related Activities	9,053
Category 4: Upstream Transportation and Distribution	61,643
Category 5: Waste Generated	5,438
Category 6: Business Travel	4,158
Category 7: Employee Commuting	10,353
Category 8: Upstream Leased Assets	3,683
Total Scope 1 (direct), Scope 2 (indirect, location-based), and Scope 3 Emissions	238,104
Total Scope 1 (direct), Scope 2 (indirect, market-based), and Scope 3 Emissions	241,811

Remaining Scope 3 categories were assessed and determined not material or not applicable.

Beyond GHG emissions, VSP considers other key metrics related to climate risks and opportunities. We refer to the Sustainability Accounting Standards Board (SASB), industry-based climate-related metrics from industry standards that are relevant to our business model.

In the short term (2025), we estimate that approximately 34% of VSP facilities by asset value have some material physical risk exposure, including acute and chronic hazards. In the long term (2050), we estimate the risk exposure to shift to up to 53% of our facilities.

Industry-based climate-related metrics

Given the complexity of VSP operations across multiple industries, we are currently evaluating which SASB sector standards are most applicable. In the meantime, we can disclose additional metrics aligned with the SASB standard for Multiline and Specialty Retailers.

Table 5: Other industry-based climate-related metrics (SASB)

Metric	Unit	2025 Data
Total energy consumed	Gigajoules (GJ)	531,899
Percentage grid electricity	Percentage (%)	71%
Percentage renewable energy	Percentage (%)	0.24%

Climate-related targets and performance

As of the current reporting period, VSP has not established formal climate-related targets, such as GHG emissions reductions or net-zero goals. This reflects our currently limited exposure to material climate-related risks and opportunities relative to our operations, industry, and geographic footprint. While we recognize the growing importance of climate-related considerations, we continue to monitor regulatory developments, stakeholder expectations, and evolving best practices as part of our broader risk management and sustainability efforts.

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