December 16, 2025

STG Logistics – 2026 Climate-Related Financial Risk Report

(Prepared in alignment with California SB 261 and the TCFD / ISSB S2 framework)

Reporting Framework Statement

This report has been prepared in accordance with California Health and Safety Code § 38533 (SB 261), using the Task Force on Climate-related Financial Disclosures (TCFD) framework as the primary reference. The report is organized around the four TCFD pillars: **Governance, Strategy, Risk Management, and Metrics & Targets**.

For this initial 2026 filing, STG Logistics provides narrative disclosures on governance, strategy, and risk management to describe how climate-related financial risks may relate to, or be relevant for, the company, even though no climate-related risks have yet been determined to be quantitatively material.

Certain TCFD recommendations are not yet fully implemented. In particular, STG Logistics has not included:

- Detailed quantitative climate-related metrics and targets
- Quantified scenario analysis of climate pathways
- Greenhouse gas (GHG) emissions data

These items are excluded because STG Logistics is in the early stages of building a complete climate-related dataset, assurance processes, and supporting systems. Quantitative GHG information will be developed and disclosed separately under SB 253 beginning with the first required GHG reporting cycle for Scope 1 and Scope 2 emissions. STG Logistics intends to expand future SB 261 reports to incorporate climate-related metrics, targets, and decision-useful scenario analysis once reliable data and methodologies are in place.

Executive Summary

STG Logistics is the largest fully integrated port-to-door logistics provider in the United States, offering intermodal, drayage, warehousing, and final-mile solutions across North America. Sustainability and responsible business practices are embedded in our strategy. This Climate-Related Financial Risk Report fulfills the disclosure requirements of SB 261 by outlining climate-related risks, opportunities, and measures to reduce or adapt to those risks.

STG recognizes that climate change presents both challenges and opportunities for the logistics sector. The company continues to make strategic investments in energy efficiency, electrification, route optimization, and resilient infrastructure. This report reflects our commitment to transparency, accountability, and long-term value creation for employees, customers, and stakeholders.

1. Governance

Board Oversight

- The full Board retains oversight of climate-related and sustainability matters, which are reviewed and discussed during regular meetings.
- Quarterly updates are provided to the full Board on ESG progress, risk exposure, and climate-related initiatives.

Management Roles

- The Vice President, Safety & Enterprise Risk leads climate risk assessments, data collection, and disclosure activities.
- The CISO manages technology and cybersecurity resilience, including continuity planning for climate-related disruptions.
- The CFO integrates climate risk into enterprise risk management (ERM) and financial planning.
- Operational leaders evaluate site-level resilience and infrastructure improvements as part of annual capital planning.

2. Strategy

Business Overview

STG Logistics provides port-to-door logistics through a nationwide network of container freight stations, drayage terminals, warehouses, and intermodal operations. With significant operations in California and other climate-sensitive regions, STG recognizes that extreme weather, regulatory shifts, and customer sustainability expectations influence long-term resilience.

Time Horizons for Identified Risks

- **Short-term (1–3 years):** Compliance with California fleet regulations, fuel price volatility, and localized extreme weather impacts
- **Medium-term (3–7 years):** Infrastructure retrofits for energy efficiency, expansion of low-emission fleets, and insurance premium trends
- **Long-term (7+ years):** Sea-level rise, chronic heat, and evolving customer and investor expectations for low-carbon logistics

Physical Risks

- Flooding, hurricanes, and other extreme weather events that may cause downtime or infrastructure damage
- Sea-level rise that may affect port operations
- Wildfires and poor air quality that may affect workforce health and safety

Transition Risks

- **Regulatory:** CARB's Advanced Clean Fleets Rule and warehouse regulations
- **Market:** Increasing customer demand for low-carbon logistics
- **Technology:** Cost and complexity of EV transition and charging infrastructure
- **Insurance:** Higher premiums for climate-exposed assets

Resilience of Strategy

STG's strategy focuses on route optimization, electrification, and facility efficiency to remain resilient under evolving climate scenarios.

Opportunities and Actions

- Expansion of electric yard trucks, with **six** trucks currently in use in Southern California
- Route optimization eliminating more than **1.3 million** unnecessary miles and saving approximately **207,000** gallons of fuel annually
- LEED Silver–certified warehouse in Rialto, California
- Remote and hybrid work models that reduce commuting-related emissions
- Partnerships with customers (e.g., Dow ESG collaboration)

3. Risk Management

- Climate-related risks are integrated into STG's Enterprise Risk Management (ERM) program.
- Facility-level audits evaluate exposure to flood, storm, and wildfire risks.
- Insurance and continuity programs are reviewed annually in coordination with underwriters and brokers, including claims reviews.
- Vendor and subcontractor policies include sustainability and compliance requirements, reviewed annually and during quarterly business reviews.
- Annual updates, trainings, and seminars capture emerging exposures and regulatory developments relevant to logistics and warehousing. Through continued education and participation in industry forums, STG Logistics stays informed on evolving climate, environmental, and regulatory risks that may impact operations. STG Logistics remains committed to industry best practices and to maintaining compliance and risk awareness consistent with sector peers.

4. Metrics & Targets

- Consistent with CARB's 2025 Climate-Related Financial Risk Checklist, STG Logistics is not required to disclose quantitative metrics or targets for this initial 2026 reporting period under SB 261.
- Future reports will include quantitative climate-related metrics—such as energy use, fuel efficiency, and verified greenhouse gas (GHG) emissions—once data are fully collected and assured under California SB 253 beginning in 2026–2027.

- For this initial report, STG Logistics continues to monitor operational performance indicators (e.g., facility energy use, fleet efficiency, and safety performance) as part of its ERM framework.

Contact Information

For questions about this report or STG's sustainability initiatives, please contact:
Chad Aden, Vice President, Safety & Enterprise Risk
Email: **sustainability@stgusa.com**