

California Climate-Related Risk Disclosure

December 2025

1. Introduction

1.1 About This Report

Prime Health Holdings LLC and its affiliates (“Prime Therapeutics”, “Prime”, “we”, “us”, “our”) which include pharmacy benefit management companies and related service providers recognizes that climate change presents both risks and opportunities for the healthcare and pharmaceutical services sector. Our operations, supply chains, and services are influenced by climate-related factors that can impact critical factors such as business continuity, upstream and downstream costs, and member health outcomes.

We have prepared this Climate-Related Financial Disclosure Report (this “report”) in alignment with the Task Force on Climate-related Financial Disclosures (TCFD), as required under the California Climate-Related Financial Risk Act (California SB 261). Consistent with § 38533(b)(1)(A), this report is structured around the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

This report has been prepared to provide transparency to stakeholders, including members, clients, regulators, and employees on Prime’s approach to identifying, assessing, and managing climate-related risks. This report highlights both risks and opportunities, and how they may impact our business model, operations, and long-term resilience. In alignment with Health and Safety Code § 38533(a)(2), these risks encompass material financial impacts arising from physical and transition risks, including potential effects on corporate operations, provision of goods and services, supply chains, employee health and safety, capital and financial investments, shareholder value, consumer demand, and broader economic health.

1.2 About Us

Prime Therapeutics is a diversified pharmacy solutions organization. We offer innovative pharmacy benefits management (PBM), specialty and medical drug management to millions of people across the country. At Prime, we’re reimagining pharmacy solutions to provide the care we’d want for our loved ones, emphasizing access, affordability, and improved health outcomes. We challenge the way it’s always been done to develop intelligently designed solutions that deliver savings, simplicity, and support to help people achieve better health. In 2022, the Company finalized the acquisition of Magellan Rx, which united Prime’s strong foundation of PBM capabilities with industry-leading total specialty drug management expertise to create a diversified pharmacy solutions organization serving commercial markets and government programs.

1.3 Reporting Disclaimers

This report contains forward-looking statements regarding Prime Therapeutics’ climate-related strategies, risks, and opportunities. These statements are based on current assumptions and expectations, and actual outcomes may differ due to a range of factors, including, but not limited to, uncertainties inherent in climate science, weather patterns, regulatory changes, energy prices, technological developments, and evolving market conditions. Prime Therapeutics undertakes no obligation to update forward-looking statements except as required by law. This report has been prepared in good faith using reasonable assumptions, methodologies, and information available at the time of publication.

2. Governance

Prime’s governance framework integrates climate-related risks and opportunities into its broader enterprise risk and decision-making processes, maintaining oversight that reflects its low operational exposure yet remains adaptable to changing regulatory and stakeholder demands.

Corporate Sustainability Governance

Oversight of climate and sustainability risks is integrated across various business functions to ensure operational resilience, compliance readiness, and continuous improvement. The table below outlines the primary responsibilities of key governance bodies as it relates to our climate-related and sustainability management.

Governance Body	Role in Climate & Sustainability Oversight
Board of Directors	Provides oversight of enterprise risk and regulatory compliance, which may include climate-related matters,. Receives updates on GHG reporting, regulatory changes, and operational exposure. Reviews reports from ERM Steering Committee and Internal Audit Committees.
Finance, Compliance & Audit Committee of the Board	Oversee the ERM program, including climate-related risks and compliance. Reviews ERM mitigation plans for reporting to the Board quarterly.
ERM Steering Committee	Responsible for the identification of key risk themes, survey of committee members and SMEs from business operations, mitigation plan status review, and reporting to both the Finance, Compliance & Audit Committee and the Board of Directors
Business Operations	First line of risk management to run the business and achieve operational objectives in addition to management and mitigation of risk areas. Provides support, monitoring, and expertise on risk-related matters.

2.1 Board Oversight

Describe the board’s oversight of climate-related risks and opportunities.

Prime’s Board of Directors (the “Board”) provides formal oversight of enterprise risks, including those that may arise from climate-related factors, through the Finance, Compliance & Audit Committee. This committee, composed of Board members, receives quarterly Enterprise Risk Management (ERM) mitigation plan updates at each Board committee meeting. These updates outline organizational strategies for addressing identified elements of threat including key risk themes and those that may arise from climate-related factors. These are reviewed on a recurring

basis to ensure alignment with enterprise risk priorities. Through this structured ERM process, the Board maintains visibility into climate-related risks and opportunities, monitors progress against risk mitigation strategies, and ensures that climate-related considerations are proportionately integrated into enterprise decision-making.

2.2 Management Oversight

Describe management's role in assessing and managing climate-related risks and opportunities.

Prime's management team incorporates climate-related considerations into their broader ERM framework and long-term strategic planning. Prime's ERM Committee is comprised of select executive and senior leaders responsible for identifying key risk themes, developing and monitoring mitigation plans, promoting a culture of risk awareness and reporting to the Finance, Compliance & Audit Committee of the Board on a quarterly basis.

Management's oversight process steering the ERM Committee includes:

- Survey direct reports, collate feedback, and adopt key themes in collaboration with responsible Subject Matter Experts (SME) from the business.
- Work with SME to document a mitigation plan outlining organizational strategy for addressing elements of threat.
- Review mitigation plans quarterly to determine effectiveness, roadblocks, and overall status ratings as green, yellow, or red.
- Update the mitigation plan as necessary for the final mitigation plan status update for the quarter and report to the Finance, Compliance & Audit Committee of the Board.

Prime's management team continues to advance the company's approach to assessing and managing climate-related risks both independently and within the broader ERM framework. This includes improved data quality and assurance, forward-looking climate-related physical and transition risk assessments, and expanding awareness and education. The Real Estate & Workplace team, led by the Senior Director of Real Estate & Workplace and reporting to the Vice President of Real Estate, Facilities & Strategic Sourcing, has day-to-day responsibility for establishing and monitoring sustainability initiatives for leased and owned facilities, including building efficiency and energy management. This team works collaboratively with the Senior Director of Accounting and Financial Reporting to advance environmental sustainability initiatives, such as tracking and reporting greenhouse gas emissions and energy usage and ensuring alignment with financial reporting and disclosure requirements.

3. Strategy

Prime evaluates climate-related risks and opportunities over the short-, medium-, and long- term, to improve business decision-making, ensure continuity of care, and adapt to evolving conditions. Our business model positions Prime to face only low to moderate levels of climate-related risk; however, we acknowledge the potential for indirect impacts on operations through vulnerabilities experienced by upstream and downstream stakeholders.

3.1 Selection of Scenarios

Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-term.

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

To understand and prepare for potential impacts of physical climate risks, Prime conducted a comprehensive climate scenario analysis across three-time horizons including short term (0-2 years), medium term (2-5 years), and long term (5+ years).

We used internationally recognized scenarios from the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) as part of a qualitative and quantitative review of potential physical and transition climate-related risks:

- **IPCC SSP1-2.6:** This scenario assesses physical exposure in what is considered a more optimistic pathway where global climate policies are advanced, and stakeholders hold high sustainability expectations. Global CO₂ emissions are cut severely, reaching net zero after 2050. Global temperatures stabilize around 1.8°C higher by 2100.
- **IPCC SSP2-4.5:** This middle-of-the-road scenario assesses physical exposure in what is considered a more probable, less extreme pathway, with moderate global regulations and steadily increasing stakeholder expectations around sustainable disclosures. Global CO₂ emissions hover around current levels before starting to fall mid-century, but do not reach net-zero by 2100. In this scenario, temperatures rise 2.7°C by 2100.
- **IPCC SSP5-8.5:** This high-emissions scenario assesses the upper bounds of physical exposure where societal, economic, and technological trends remain heavily reliant on fossil fuels with limited global climate regulation. Current CO₂ emissions levels roughly double by 2050, and the average global temperature are 4.4°C higher by 2100.

Our analysis focuses on the SSP2-4.5 scenario as the central case for assessing potential exposure to physical risk. While Prime operates in an industry with relatively limited carbon impact, we recognize that environmental disruptions, both domestic and global, are expected to exacerbate existing health issues and introduce new health threats.¹ By using SSP2-4.5 as our primary reference scenario, we evaluated the resilience of our strategy under a pathway widely regarded as a “business as usual” trajectory, while also considering the implications of more ambitious and more extreme climate outcomes.

¹https://www.cdc.gov/climate-health/php/effects/?CDC_AAref_Val=https://www.cdc.gov/climateandhealth/effects/default.htm

3.2 Climate-Related Risks and Opportunities

Describe the impact of climate-related risks and opportunities on the organization’s operations, strategy, and financial planning.

Climate-Related Physical Risks

To assess climate change impacts, we evaluated acute and chronic physical risks across our U.S. real estate portfolio using Jupiter Intelligence’s ClimateScore Global. These risks stem from the increasing severity of extreme weather events. Given our service-oriented operations, geographically distributed and remote workforce, leased facilities, and reliance on third-party distribution partners, Prime Therapeutics’ direct physical exposure to climate change is currently considered low to moderate across all evaluated time horizons.

Risk Category	Risk Description	Management and Mitigation Measures
Acute	Acute physical impacts such as hail, precipitation and flooding present a moderate level of risk to Prime’s direct operations across all time horizons. These events could cause direct facility damage and temporary operational disruptions. Acute events may also affect provider partners, fulfillment vendors, and government partners introducing impacts outside of our direct control. In addition, extreme events have the potential to affect member health outcomes.	<ul style="list-style-type: none"> • We actively monitor hazard exposures and apply targeted mitigation at higher-risk and operationally critical facilities, supported by established Disaster Recovery, Redundancy, and Business Continuity frameworks that significantly reduce operational vulnerabilities. • Monitoring and maintaining sufficient inventory levels to sustain operations during disruptions. • Monitoring climate-driven health indicators among members and coordinating with providers to support timely intervention during extreme weather events.
Chronic	Chronic physical impacts such as extreme heat, cold, drought, wind, and wildfire are assessed as low in the short-term and moderate across the medium- and long-term.	

Climate-Related Transition Risks

Prime conducted a qualitative assessment using the three IPCC SSP scenarios outlined above to evaluate potential impacts of climate-related transition risks across short-, medium-, and long-term time horizons. This assessment considered climate-related risks across the regulatory and legal, market and reputational, and technological categories. Prime’s short-term exposure to transition risks is considered low across all categories and is projected to be low to moderate over medium- to long-term time horizons as a result of changing conditions across categories of transition risk.

Risk Category	Risk Description	Management and Mitigation Measures
Regulatory & Legal	<p>Carbon pricing is not a current cost driver, but inconsistent state regulations could increase administrative complexity and financial exposure in the short-term as state mandates rise. Over the medium-term, emerging multi-state compliance requirements and expanding disclosure expectations may introduce operational challenges and higher costs. In the long-term, litigation risk, though currently low, could escalate as climate standards tighten. Overall, regulatory and legal risks are expected to increase over time, requiring proactive monitoring and compliance planning.</p>	<ul style="list-style-type: none"> • Regulatory, legal and Financial reporting teams monitor new requirements and maintain readiness for additional state mandates. • Internal audit and legal teams are engaged early to identify compliance risks. • Compliance team leverages existing regulatory frameworks to support climate-related reporting. • Government affairs team monitors federal and state developments to anticipate trends and inform strategy.
Market & Reputation	<p>In the short-term, Prime faces low reputational risk from stakeholders regarding climate resiliency preparedness. However, over the medium-term, this risk could increase if industry norms shift toward mandatory goals, increasing pressure to align with evolving expectations. In the long-term, reliance on couriers and global vendors introduces exposure if partners fail to meet sustainability or climate standards, which could disrupt service continuity or drive higher costs. Overall, reputational and market risks are expected to grow over time as climate expectations expand across the value chain.</p>	<ul style="list-style-type: none"> • Prime actively tracks industry trends to anticipate shifts in stakeholder expectations. • Marketing and engagement teams highlight existing resilience measures to maintain trust and transparency. • Business Continuity and Disaster Recovery teams incorporate vendor disruption scenarios and alternate sourcing strategies. • HR and Communications teams monitor workforce expectations around purpose-driven work.
Technology	<p>In the short- and medium-term, IT infrastructure and pharmacy operations may require incremental investment in greener technologies, such as energy-efficient data centers or sustainable packaging, though overall risk remains low. Over the long term, costs could rise modestly if sustainability becomes a procurement requirement, but this is not expected to materially impact operations. Additionally, reliance on major technology providers presents minimal risk, as these vendors are actively mitigating climate-related vulnerabilities. Overall, technology-related climate risk is considered low across all time horizons, with only limited exposure tied to evolving sustainability expectations.</p>	<ul style="list-style-type: none"> • Disaster recovery plans and remote-first operations reduce reliance on centralized facilities. • Vendor management processes include sustainability considerations for technology partners.

Climate-Related Opportunities

Prime has identified climate-related opportunities across the short-, medium-, and long-term time horizons to strengthen the resiliency of our operations and ensure continuity of care in the face of potential climate-related impacts. We are committed to embedding climate-related risks more deeply into our ERM framework and strategic planning to support informed decision making.

In the short term, we are increasing internal awareness as we engage a broader group of cross-functional team members in climate-related discussions. We also find that larger, more geographically spread distribution networks are better positioned for resiliency. Prime has transitioned towards a remote-first workplace model, which not only reduces Prime's carbon footprint, but also safeguards business continuity in times of localized natural disasters.

To prepare for potential regulatory and legal, market and reputational, and technological shifts in the future, we aim to enhance our data collection procedures to include more thorough climate considerations. As part of this approach in the short term, we are onboarding technologies to more efficiently record our utility consumption and other metrics that influence our carbon footprint. Over the medium- and long-term this approach may include expanding procurement processes to collect information on vendor and supplier sustainability practices or characteristics.

It's important to recognize the weight of climate change on healthcare professionals (HCPs) facing high demand and unprecedented health risks in time of environmental change and support the push to strengthen climate change training in medical school curricula and contingency planning in practice to prepare HCPs for impending challenges. Prime outlines weather-proofing life-saving and essential medications as another critical opportunity to mitigate access issues during extreme climate events.

4. Risk Management

Prime’s approach to environment and health is guided by the four primary tenets of awareness, education, access, and preparedness. These principles shape how we view climate considerations, not as a separate process, but as an integral part of existing governance and risk management practices. While the nature of our business model may limit Prime’s direct operational exposure to climate-related risk, we recognize that impacts may reach us through upstream and downstream stakeholders that may be more vulnerable to climate-related impacts.

Awareness	Awareness for all stakeholders including patients/caregivers, payers, pharmacies, and prescribers
Education	Formal and hands-on training in medical education for future and current HPCs through health professions schools, real-world courses, experience, and continuing education
Access	Appropriate and equitable patient access to essential and life-saving medications during extreme environmental conditions
Preparedness	Preparedness for stakeholders and communication/resilience plans to act during environmental challenges

Climate-related risks and opportunities are incorporated into our established ERM framework to ensure resilience across strategic, operational, compliance, financial, and reputational dimensions. By embedding climate considerations into the process used to identify, assess, and monitor risk enterprise-wide, Prime ensures climate-related risk management is integrated into strategic planning and decision-making.

4.1 Risk Identification and Assessment

Describe the organization’s processes for identifying and assessing climate-related risks.

Climate-related risks are embedded within the ERM Committee’s process for identifying risks, which begins with establishing and aligning risk appetite and risk tolerance. Risk appetite reflects the level of risk that Prime considers acceptable given business objectives and resources while risk tolerance represents the degree of variance from that appetite the organization can withstand and readily adapt to.

The ERM Committee then identifies strategic, operational, compliance, financial, and reputational risks through cross-functional stakeholder engagement. This process includes surveys, workshops, and data reviews, ensuring that climate-related risks are considered alongside other enterprise risks. Risk levels for identified risk are assessed and monitored through Key Risk Indicators (KRIs), to measure emerging threats or opportunities over time.

Prime takes additional measures to further assess climate-related transition and physical risks. A recent cross-functional climate risk assessment evaluated transition risks across short, medium, and long-term time horizons. This assessment modeled potential outcomes under the IPCC SSP scenarios described above to understand impacts such as regulatory changes, market shifts, and reputational pressures, as well as the implications of climate change on the health of our members and customers.

Prime also incorporates a targeted, in-depth assessment of physical climate-related risks, leveraging climate technology and data-driven analytics based on the locations where Prime operates. This assessment evaluates the potential impact of acute perils and chronic perils to ensure that climate-related risks are proportionately integrated into enterprise decision making.

4.2 Risk Management and Mitigation

Describe the organization's processes for managing climate-related risks.

Prime Therapeutics' risk management and mitigation processes recognize that disruptions across our value chain can indirectly impact our ability to deliver services and ensure continuity of care. As a result, to effectively manage Prime's climate-related risks, we must equally prepare our internal and external stakeholders with the appropriate risk management and mitigation processes.

Prime developed a "climate resilient preparedness" toolkit for extreme environmental challenges to be utilized by patients, payers, pharmacies, and prescribers. This toolkit outlines "preparedness solutions" for key stakeholder groups across our value chain, including, but not limited to, the following processes for managing and mitigating risks during extreme weather-related emergencies:

- **Members:** Maintain preparedness by keeping emergency supply of medications in weatherproof storage, updated records, and reliable access to providers through contact information and online portals.
- **Payers:** Ensure continuity of access by communicating with and monitoring supply chains to understand influence of potential disruptions or policy developments, and waiving restrictions or barriers in times of emergencies while leveraging technology to minimize risk.
- **Pharmacies:** Safeguard medication access by stocking essential and ensuring appropriate considerations for specialty medications and prepare backup staffing plans and paper prescriptions in the event of power or internet outages.
- **Prescribers:** Support patient care during disruptions by using telehealth, aligning with evolving policies, collaborating with healthcare partners, and maintaining backup staffing and paper/manual backup processes for continuity.

To manage the more direct internal impact of risks identified through the ERM process, the ERM Steering committee cross collaborates on mitigation strategies with appropriate Subject Matter Experts (SME) and monitors effectiveness while reengaging SMEs and business leads as needed.

These strategies may be combined with the results of the physical climate risk assessment, which includes appropriate mitigation measures and associated cost of implementation for risks deemed to have mid-high material impact and can be communicated to appropriate management team members.

4.3 Risk Management Integration

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

By including climate considerations in our ERM framework, climate-related risks are naturally integrated into Prime's overall processes for identifying, assessing, and managing enterprise-wide risks. The key focus areas of our ERM approach are defined as: strategic alignment, a holistic risk view, value protection and creation, regulatory compliance, resilience, and continuity. Understanding climate-related risks plays an integral role across these focus areas as climate considerations are among the key drivers influencing these risks. These outcomes emphasize tailored patterns and priorities at the enterprise or engagement level and may be used cross functionally. Business leaders rely on the findings of ERM reports and additional assessments including climate-related risks to support business goals and strategic decision making.

Prime will continue to enhance our climate-related risk management by expanding scenario-based planning, emphasizing data quality and expanding climate-related data collection, educating internal teams on evolving expectations, and aiming to further embed climate considerations across our operations where relevant.

5. Metrics and Targets

Building operational climate-resilient frameworks and systems are key for preparedness for all stakeholders – hospitals, health systems, payers, prescribers, patients, pharmacies, communities, and local governments.

Greenhouse Gas Emissions

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Prime Therapeutics is currently developing our Scope 1, Scope 2, and Scope 3 greenhouse gas emissions inventory following the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard. This initiative aligns with California Senate Bill 253 timelines, and future reporting cycles will aim to include all associated emissions.

5.1 Targets

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Environmental sustainability considerations are integrated into Prime's day-to-day business operations. Although we do not yet have formal emissions targets or commitments, we are actively working internally to drive operational efficiencies across our leased locations, despite having a limited carbon footprint from direct operations. These efforts include identifying energy conservation opportunities, exploring alternative technologies, and collaborating with suppliers and vendors to reduce environmental impact. Prime has also adopted a hybrid/remote workplace model, reducing office space by 33% from 2020, and as a result lowering our emissions footprint and energy consumption.

Forward Looking Statements

All statements, other than statements of current or historical facts, contained in this report are forward-looking statements. Without limiting the foregoing, forward-looking statements often use words such as “believe,” “anticipate,” “plan,” “expect,” “estimate,” “intend,” “seek,” “target,” “goal,” “may,” “will,” “would,” “could,” “should,” “can,” “continue,” and other similar words or expressions (and negative thereof). These forward-looking statements reflect our current views with respect to future events and are based on numerous assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions, business strategies, operating environments, future developments, and other factors we believe appropriate. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions. All forward-looking statements included in this report are based on information available to us on the date hereof. Except as may be otherwise required by law, we undertake no obligation to update or revise forward-looking statements included in this report, whether as a result of new information, future events, or otherwise, after the date hereof. You should not place undue reliance on any forward-looking statements, as actual results may differ materially from projections, estimates, or other forward-looking statements due to a variety of important factors, variables and events.