MH Sub I LLC dba (“Internet Brands”) Climate-Related Financial Risk Disclosure Report

Initial Report: Covering Fiscal Year 2025

Executive Summary and SB 261 Compliance Statement

This report is prepared in response to the requirements of California Senate Bill (SB) 261, the Climate-Related Financial Risk Act. Internet Brands is a U.S. company doing business in California, a covered entity under the Act. This disclosure outlines our assessment of material climate-related financial risks and opportunities, aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), an equivalent framework recommended by the California Air Resources Board (CARB).

As a leading technology and marketing services provider, our key climate risks primarily fall into two categories: Transition Risks and Physical Risks. The measures detailed below reflect our proactive strategy to enhance organizational and financial resilience against these challenges.

I. Governance

This section describes the organizational structure and process through which the Board and Management oversee climate-related financial risks and opportunities.

Board Oversight	The Executive Committee maintains ultimate responsibility for overseeing climate-related risks and their impact on corporate strategy and long-term value creation. The Committee reviews and approves the company's climate strategy, material risk assessments, and progress against publicly stated sustainability targets at least **Annually**.

Management's Role	The Head of ESG in conjunction with Management is responsible for assessing, monitoring, and managing climate-related risks in daily operations and strategic planning. The Head of ESG reports directly to the **Executive Committee** and is tasked with coordinating the company's enterprise-wide response to climate risks. Dedicated working groups, including representatives from Facilities, Supply Chain, and Finance, execute the climate strategy and report performance metrics to the executive team.

II. Strategy

This section outlines the actual and potential impacts of climate-related risks and opportunities on our operations, strategy, and financial planning.

A. Climate-Related Risks Identified (Short, Medium, and Long-Term)

Risk Type	Description of Risk	Potential Financial Impact
Transition Risk: Regulatory & Policy	New mandates in key operating jurisdictions, including California and other markets.	Increased operational expenses; higher cost of capital; potential regulatory fines or penalties for non-compliance.
Transition Risk: Market & Technology	Rapid shifts in customer and investor preference toward particular services and products, rendering legacy infrastructure and services obsolete.	Loss of competitive edge and market share; necessity for significant capital expenditure on sustainable infrastructure upgrades.
Physical Risk: Acute	Increased frequency and intensity of extreme weather events (e.g., heatwaves, wildfires, severe storms) causing service disruptions to data centers or physical damage to supply chain logistics hubs.	Revenue loss due to service outages; increased insurance premiums; higher repair and maintenance costs; reduced asset useful life.

Physical Risk: Chronic	Long-term changes in climate patterns, specifically impacting water availability for cooling data centers and increasing energy demands.	Increased utility costs; operational constraint or reduced capacity in water-stressed regions; higher expenditures for water-saving cooling technology.

B. Resilience of Corporate Strategy

Our core strategy resilience is built on **decentralization and diversification**.

1. **Geographic Diversification of Infrastructure:** By strategically distributing our infrastructure and data center footprint across varied climate regions, we reduce concentration risk associated with regional acute physical hazards (e.g., California wildfires or coastal flooding).
2. **Product Optimization for Efficiency:** We invest heavily in appropriate efficiency partners and innovative technologies to reduce the energy and resource intensity of our services, mitigating the impact of rising utility costs and resource scarcity.
3. **Sustainable Sourcing:** Our procurement strategy prioritizes suppliers with efficient operations, securing a more resilient supply chain and mitigating potential carbon costs and increased expenses.

III. Risk Management

This section describes how Internet Brands identifies, assesses, and manages climate-related risks, and how these processes are integrated into our overall enterprise risk management (ERM).

A. Risk Identification and Assessment

Climate risks are identified using a multi-pronged approach that includes:

1. **Global Policy Tracking:** Monitoring legislative and regulatory developments in key markets, converting policy risk into potential financial impact estimates (e.g., cost of compliance).
2. **Scenario Mapping:** We utilize multiple resources to map the physical risk exposure of our critical assets (e.g., data centers, offices) against various climate scenarios, including high-warming pathways and lower-warming pathways.
3. **Materiality Assessment:** Risks are assessed based on their likelihood and magnitude of financial impact, and are ranked alongside other financial and operational risks within the company's ERM cycle.

B. Risk Management and Integration

The identified material climate-related financial risks are integrated into our ERM framework and business operations through the following mechanisms:

- **Financial Planning:** Potential costs resulting from environmental regulations and infrastructure hardening are factored into future capital expenditure plans.
- **Business Continuity Planning (BCP):** Acute physical risks are directly incorporated into BCPs, leading to redundant power and efficient systems and disaster recovery activities at high-risk sites.
- **Capital Allocation:** Investment decisions for new data center locations are weighted by climate risk scores (geographic locations, climate concerns, heat stress, etc.).

IV. Metrics and Targets

This section details the metrics used to assess and manage climate-related risks and opportunities and the targets adopted to reduce and adapt to those risks.

A. Metrics Used

Metric	Purpose
Power Usage Effectiveness (PUE)	Measures the efficiency of data centers, directly addressing chronic physical risks (heat) and reducing operational costs.
Resource Intensity	Monitors reliance on local resources for operations addressing physical risk from drought/scarcity.

B. Targets Adopted

Target	Description	Alignment with Risk Reduction
Net Zero Operations	Achieve net zero carbon emissions across applicable Scope 1 and 2 operations by 2040.	**Transition Risk Mitigation:** Reduces exposure to future carbon pricing and maintains market credibility.

Reduce Water	Reduce the average water usage intensity (Liters/kW-hr) across all major data centers by 2035.	**Physical Risk Adaptation:** Directly addresses the chronic physical risk of water scarcity in operating regions.
Supplier Engagement Target	Require Tier 1 suppliers, by spend, to set science-based targets by 2028.	**Transition Risk Mitigation (Supply Chain):** Reduces the likelihood of supply chain disruption or cost increases due to supplier non-compliance with climate regulations.

This report and its supporting activities will be reviewed on a regular basis to match regulatory and operational activities and shall be updated on, at minimum, an annual basis, with the next report scheduled for publication on or before January 1, 2026. Questions should be directed to the Head of ESG, Legal@internetbrands.com. Version December 15, 2025.

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