FINASTRA

Task Force on Climate-related Financial Disclosures (TCFD) Report

May 2023

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Introduction

Our environmental strategy is focused on reducing the GHG emissions footprint of the financial services industry, starting with Finastra.

Sustainability is not just an expectation, but a responsibility of organizations today. The global population's social, environmental, and financial wellbeing inequities have been exacerbated by macroeconomic factors, geopolitical uncertainty, and the pandemic, disproportionately affecting those most in need.

To stabilize the health of the planet and its people, we must all work together to holistically address the challenges. Finastra is committed to redefining finance for good, which means building a world of equitable, fair, and sustainable finance that respects our planet.

At its heart, our strategy includes a commitment to Open Finance that unlocks the potential of people, businesses, and communities. We aim to provide a long-term world of more accessible and inclusive financial services.

This Task Force on Climate-Related Financial Disclosures (TCFD) report focuses on our environmental mission and our responsibility to positively impact the world.

Our mission has three goals:

1. To emit net-zero GHG (Greenhouse Gas) emissions by 2030 by reducing absolute Scope 1, 2, and 3 GHG emissions by 50% by 2025 from a 2019 base year and investing in carbon removal credits to offset remaining emissions. We are committed to having our goal validated by the Science Based Targets Initiative (SBTi) to ensure alignment to a 1.5-degree world
2. To relentlessly drive a sustainability agenda throughout our organization
3. To reduce our customers' carbon footprint through the solutions and services we provide

This report details our approach to governance, strategy, risks, and opportunities through the lens of climate change. All of us must work for a good that allows us — together with our customers and partners, as well as our owner, Vista Equity Partners (Finastra being part of its Vista Climate Pledge) — to increase our impact by order of magnitude.

To reiterate, sustainability is not just an expectation, but a responsibility of organizations today. We have made simple changes, such as investing in remote deployment models that minimize travel and accelerating products that facilitate green lending and sustainable investing. Then, we are approaching harder ones, like the carbon offsetting of our data centers and those of our customers through our work with partners such as Microsoft Azure, which is committed to having 100% of its operations run with renewable energy by 2025.

I'm immensely proud of Finastra's commitment and know that this is just the start of the good we can do, together.

Simon Paris
Chief Executive Officer,
Finastra

Governance

Our focus and commitment to sustainability begin at the top. The Finastra Board of Directors has overall accountability for setting the strategic direction and, ultimately, for sustainability performance, risk management, and compliance with stakeholder commitments and obligations. The Board considers current and emerging ESG matters that may affect business performance or the public image of the company that are pertinent to our stakeholders. Additionally, the Board makes recommendations on how Finastra's policies, practices, and disclosures can address or adjust to current trends.

Board Oversight
Finastra's Board of Directors has overall responsibility for the governance of the business and affairs of Finastra. The Board is dedicated to ensuring the company's strategic objectives are achieved within a framework of prudent risk-taking and effective controls. Finastra's Board is accountable for setting and securing a governance framework to conduct due diligence, manage risks appropriately, and comply with applicable laws and regulations.

Management Oversight
At the executive management level, Finastra's ESG Executive Committee is comprised of key executive and functional leaders and is co-chaired by the CEO and SVP of Strategy & ESG.

The ESG Committee drives the strategy, direction, and oversight of sustainability throughout the company and promotes ESG awareness by providing leadership and support for ESG activities. In addition, they assess progress on crucial ESG initiatives across the organization and report on the status of the ESG program to the Board each quarter.

Regarding oversight of ESG activities, a core ESG team coordinates with ESG site ambassadors worldwide to manage ESG initiatives at a functional level. Additionally, ESG workstreams, all with an executive sponsor, meet at least quarterly. These working groups ensure alignment on ESG activities and monitor progress related to the broader ESG strategy and its objectives.

Oversight

Quarterly briefings keep the board of directors updated on priority ESG issues and emerging trends. The ESG Executive Committee oversees the company's overall ESG management.

Management

Executives across Finastra are regularly engaged on ESG matters in collaboration with the Chief Risk Officer and the Chief People Officer.

Programs

To implement ESG initiatives, a dedicated ESG team collaborates with Risk Management and site leads.

Risk Management

Identification, assessment, and management of risks

Finastra's risk appetite and tolerance are set by the Executive Leadership Team (ELT) and approved by the Enterprise Risk Oversight Committee (EROC) and the Audit and Risk Committee (ARC) of the Board of Directors. Global Risk Management establishes the key risk indicators, thresholds, and scorecards that govern risk appetite and tolerance. Climate, ESG, and general sustainability risks are embedded in our overall risk management processes.

To govern risk, we use the three lines of defense structure, which includes mechanisms to communicate and hold individuals accountable for the performance of internal control responsibilities across the entity and to implement corrective actions as required. The first line places risk ownership accountability with the business functions and personnel; the second incorporates control and oversight functions such as compliance, enterprise risk management, and legal; and the third line of defense is internal audit, our independent assurance function. Once risks are assessed and identified as findings or control gaps, they are documented in Finastra's Enterprise Governance Risk and Compliance (eGRC) tool and monitored by the Risk team.

Finastra integrates ESG principles into our business by understanding the issues that matter most to our stakeholders. These are the material issues defined in our ESG materiality matrix within Finastra's annual ESG report. They guide not only our ESG strategy but also our strategic business decisions and investments.
We conducted our first materiality assessment in 2022 with the ELT and Board of Directors, detailing these topics and identifying the value, risks, and opportunities they present for our business. This informs our sustainability commitments and activities and strengthens Finastra's engagement and relevance with its external stakeholders.

Finastra integrates ESG principles into our business by understanding the issues that matter most to our stakeholders.

Risk Management

Climate Related Risks

The following are examples of specific climate-related risks that we have identified via our Carbon Disclosure Project (CDP) Climate Change response.

When discussing time horizons, we consider 1 to 3 years as short-term, 3 to 10 years as medium-term, and 10 to 30 years as long-term timeframes.

Risk Category	Time Horizon	Description	Approach to Minimize Risk
Current and Emerging Regulations	Short and Medium term	Risks include regulations around energy use and possible carbon credit or tax systems, while regulations include the EU's Corporate Sustainability Reporting Directive	Finastra's compliance with existing and upcoming regulations is embedded in our risk management and compliance processes. We take a proactive approach to meeting regulatory requirements.
Technology	Medium and Long term	Risks include the performance of our systems (e.g., their energy efficiency)	As a technology company, we actively identify, manage, and monitor technology risks for Finastra and our customers. We use our technical expertise to optimize our memory footprint in areas of our product portfolio as well as enhance our data centers use in order to reduce our total carbon footprint. We strive to use renewable energy in our data centers.
Legal	Short and Medium term	Risks include legal challenges as well as claims related to greenwashing	We assess legal risks as part of our quarterly risk assessments. We take a conservative approach when quoting metrics and will only publicly share environmental data and performance that is backed up with evidence.
Reputational	Short term	Risks around our impact to the environment	Finastra receives a growing number of customer requests for information that include sustainability data requests. We consider reputational risks as they arise in relation to sustainability issues.
Market	Short term	Risks of customers preferring low-carbon products, shifts in market demand, and the price and supply of critical components	We are aware of our market position not only from a risk, but also from an opportunity perspective. We consider our customers' needs and expectations around sustainable products and proactively deliver these solutions. For example, Finastra's ESG Service is a cloud-native solution that simplifies sustainability-linked lending. The ESG Service facilitates the integration of the Sustainability Performance Targets criteria into ESG pricing, helping banks deliver a better, sustainable lending experience to their corporate clients.
Acute Physical	Short and Medium term	Examples include drought, energy fluctuations, and unpredictable and extreme weather	Climate change and extreme changes to weather can increase physical risks to our personnel, locations, and customers. The risk to physical property impacts all our other risks – from reputational to legal – if we cannot deliver services to our customers. With support from the Business Resilience area, our business prepares for possible impacts to our operations resulting from acute physical risks to our data centers, physical offices, and employees – including those working remotely.
Chronic Physical	Medium and Long term	Examples include increasing temperature, energy unpredictability, and sea water rise	As our locations are worldwide, we consider the risks due to climate change and address them appropriately.

Risk Management

Climate Related Opportunities

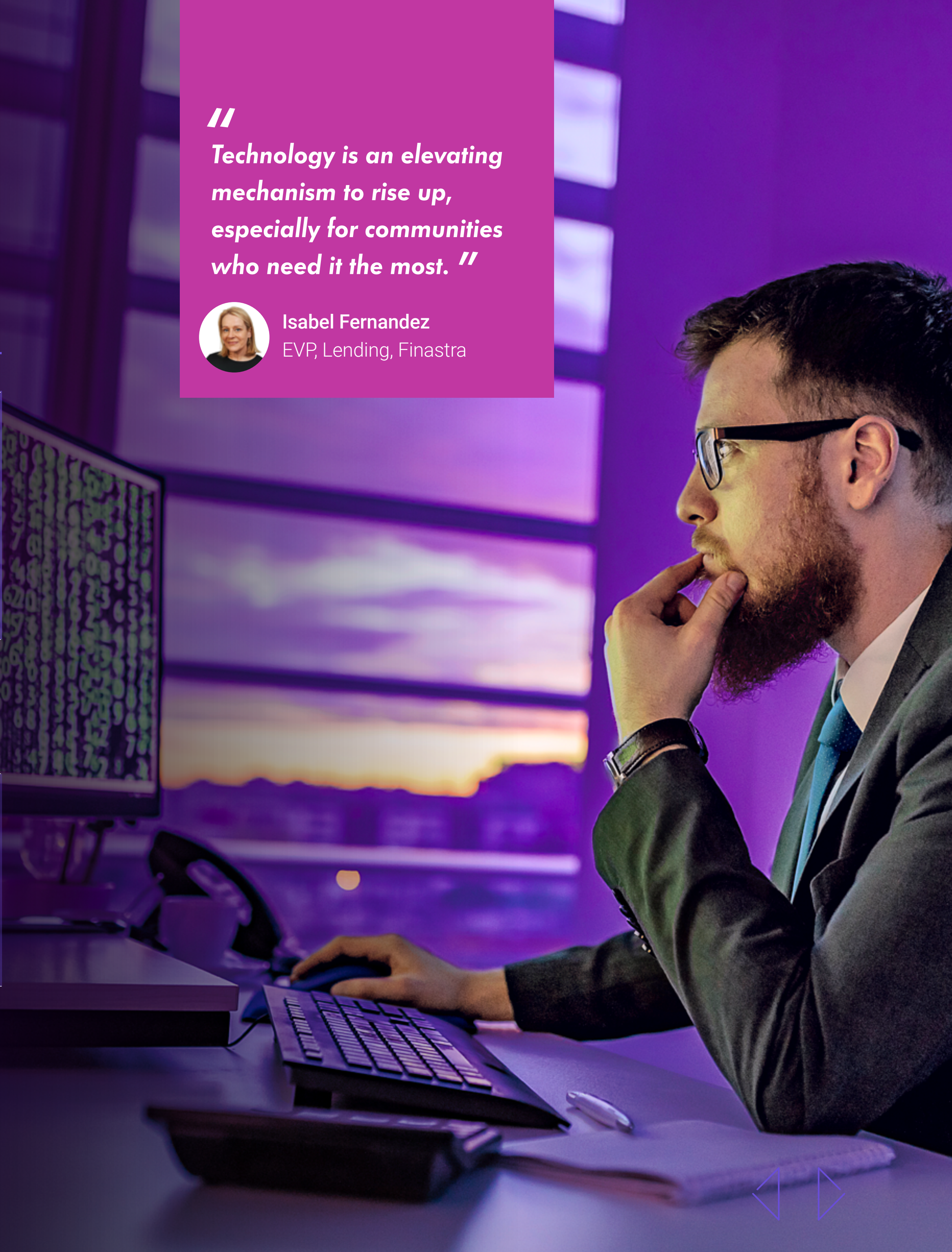
The following are examples of specific climate-related opportunities that we have identified via our Carbon Disclosure Project (CDP) response.

Opportunity Category	Opportunity Description	Approach to Realize Opportunity
Development of new products or services through R&D and innovation	Higher revenues resulting from increased demand for ESG-related products and services	We monitor the ESG trends that impact our customers (e.g., financial inclusion and data disclosures) to determine how we can help them tackle developments through our product roadmaps. For example, Finastra's ESG Service is a cloud-native solution that simplifies sustainability-linked lending. In addition, our last two "Hack to the Future" hackathons have been focused on sustainability and social sustainability. We had separate streams for professionals and youths.
Resource efficiency	Use of more carbon-efficient modes of transport	Our travel team is to reduce our carbon footprint reduction by more than 50% from our 2019 baseline. Our online travel platform offers tips and advice on routes and transportation options that are less carbon intensive.
Resource efficiency	Reduced indirect (operating) costs	Finastra primarily uses Microsoft Azure, which has been carbon neutral since 2012 and will be run by 100% renewable energy by 2025. Accelerating cloud adoption is one of the company's key strategic goals under our Reach Beyond corporate strategy.* By hosting our solutions on Microsoft Azure, Finastra reduces its carbon footprint and helps customers lower their Scope 2 emissions. This also allows Finastra to reduce its total Scope 3 emissions.

*Source: https://azure.microsoft.com/en-us/explore/global-infrastructure/sustainability/

> *"Technology is an elevating mechanism to rise up, especially for communities who need it the most."*

Isabel Fernandez
EVP, Lending, Finastra



Strategy

Our ESG strategy includes Environmental Mission, Social Equity, and Principles of Governance. Supporting the transition to net zero and climate change is at the heart of our Environmental Mission. We aim to be net zero by 2030 in line with the Science Based Targets Initiative (SBTi) and plan to assist our customers in addressing climate change through our solutions.

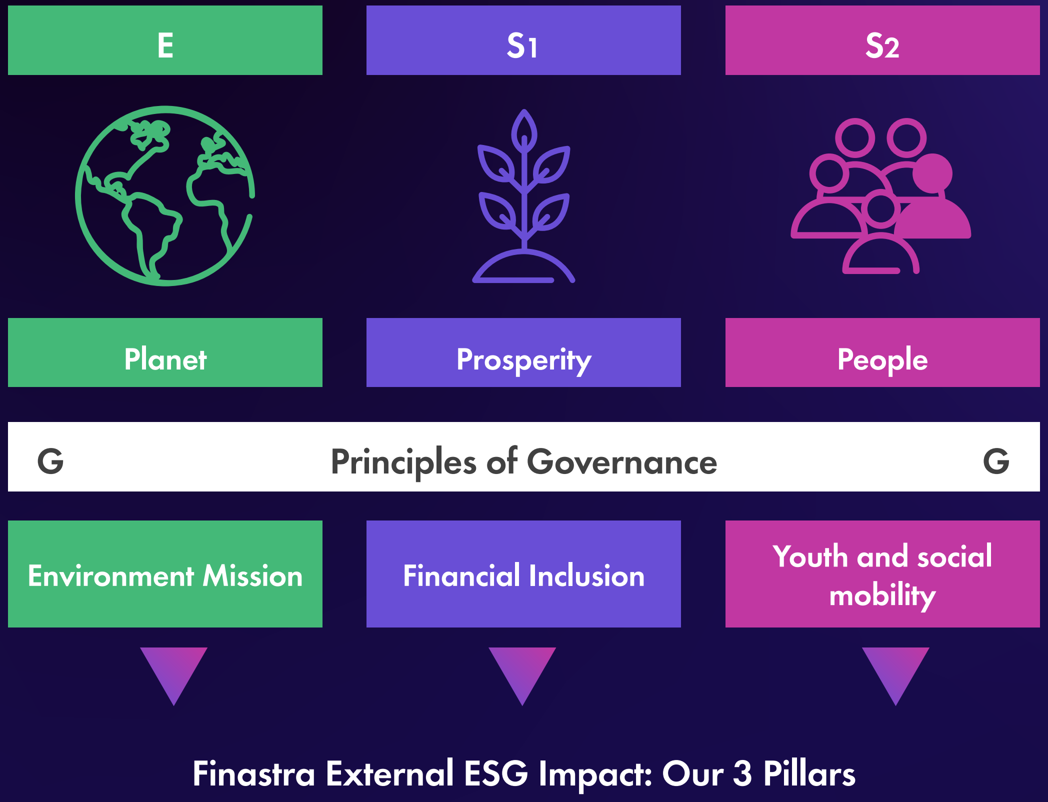
Our ESG strategy links directly to our Reach Beyond corporate strategy as we consider the 'triple bottom line' of Planet, Prosperity, and People in every strategic business decision. One initiative of our Reach Beyond strategy is to drive modernization of our solutions under our Accelerate Cloud initiative. Moving to carbon-neutral cloud-based infrastructure has important carbon benefits but is also beneficial to our customers and their customers.

"ESG is at the center of our Reach Beyond corporate strategy, as we seek to unlock the potential of people, businesses, and communities everywhere and deliver on our purpose of doing well by doing good. For example, by enabling carbon-friendly services for our clients, we are supporting the transition to a net-zero world."

Ines Zucchino
SVP of Strategy & ESG, Finastra

Transition to Finastra ESG, Purpose and Impact

The triple bottom line and 4Ps: WEF-IBC Stakeholder Capitalism framework



'Triple Bottom Line' of planet, prosperity and people to be considered in every strategic business decision with consideration to the following stakeholders:

- **One Finastra**
- **Our Customers**
- **Our Partners**
- **Our Communities**
- **Our Planet**

Finastra External ESG Impact aligns to the Triple Bottom Line through our three 'Impact' pillars.

"Modernizing from less efficient legacy software helps the planet while providing access to our latest capabilities. It's a win-win."

Neil Blagden
EVP, Chief Operating Officer, Finastra

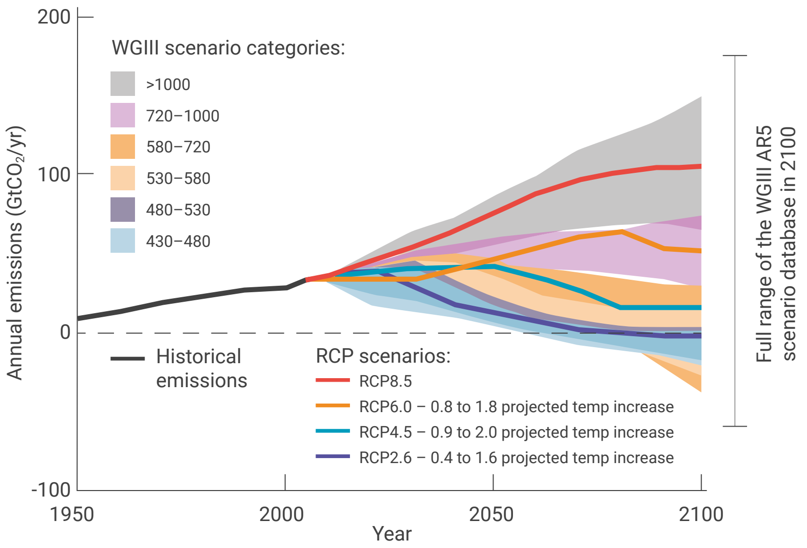
Initial Scenario Analysis

Our Global Risk Management team considers the risks to the company across a broad spectrum of outcomes.

This approach provides insight into various strategic opportunities and risks that may arise as we pursue our governing purpose and objectives.

We present our scenario planning below based on the recommended climate scenarios by the IPCC (Intergovernmental Panel on Climate Change).

Annual anthropogenic CO_2 Emission



Source: https://www.ipcc.ch/site/assets/uploads/2018/02/SYR_AR5_FINAL_full.pdf

> *"The damage to our climate was caused by the inaction of generations. Finastra is doing its part by acting as a force for good to help mitigate climate change."*

Chuck Farmer
Governance Specialist,
Finastra

With no mitigation (approx. 4.0 to 5.0°c increase in temperatures) RCP 6.0
In this scenario, the world remains focused on short-term challenges with few or no steps taken to limit emissions. Extreme weather events (e.g., extreme temperature) will drastically increase. These impacts are expected to be significantly more pronounced under a 'no mitigation' scenario compared to the lower temperature rise pathway.

Finastra will see lower legislative risks as the world does not react to climate change. Our technology costs will not increase due to carbon taxes. However, availability and supply chain issues will impact the costs and supply of technology. Finastra will continue to bring to market sustainability-focused software options, which will not be in significant demand until we reach a climate tipping point. The company will continue to protect its reputation as a sustainable software solution provider.

With the current stated policy (2.5°c increase in temperatures) RCP 4.5
The world takes its current approach to reducing carbon and governments are not coordinated in their efforts. Longer-term (and potentially irreversible) shifts in climate patterns will increase over time. Carbon pricing schemes will continue to vary by country.

Presently, the world's approach to reducing carbon emissions is disjointed, with governments needing coordination in their efforts. As time passes, there will be a gradual escalation of climate pattern changes that could be long-term and irreversible. Additionally, carbon pricing schemes are expected to differ across countries.

Finastra will see some inconsistent updates to country-specific legislation, as countries are unpredictable in their decarbonizing efforts. Both sporadic carbon tax schemes and supply chain issues will impact our technology.

With the Paris ambition (1.5°c increase in temperatures) RCP 2.6
In a 1.5°c scenario, governments will focus on legislation, greatly impacting Finastra as a multinational. With significantly higher carbon prices, there will be increased supply costs for the technology needed to support our customers.

Demand for sustainable solutions will skyrocket, creating more competition in the marketplace. From a reputational standpoint, customers will be hyper-focused on a company's sustainability position, leading to increased pressure to be more sustainable.

Conclusion

Finastra will continue collaborating with our customers, partners, employees, and other stakeholders to mitigate the significant threat of climate change.

By embedding sustainability into our governance, strategy, risk management, and product lines, Finastra is well-situated to contribute to managing an uncertain future.

While Finastra is very proud of our efforts to reduce our carbon footprint to date, we recognize that there is more work to be done from within Finastra and, more importantly, through the ecosystems that Finastra can influence.

Metrics and Targets

Commitments Made

Finastra's overall carbon emissions are low relative to its employee and revenue base. We are an enabler in the climate transition, assisting our clients and their customers in their carbon reduction journey. We have a path to net zero by 2030 and have seen a significant carbon reduction, even pre-COVID-19, but certainly accelerated by shifts in travel and workplaces.

TCFD-Related Metrics

Topic	Metric	CY 2021
Carbon	Scope 1 emissions (MT of CO_2e)	294
	Scope 2 emissions (MT of CO_2e)	7,397
	Scope 3 emissions (MT of CO_2e)	4,521
	Total emissions (MT of CO_2e)	12,211
Workplaces and Data Centers	Green-certified buildings	13
	Number of buildings using green energy	6
	# of data center cloud migrations	10
Waste	% Recyclables	92%

Conclusion

Methodology
Scope 1 and Scope 2 GHG emissions in the Greenhouse Gas Emissions Statement and related notes have been prepared following the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and the GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard (collectively referred to as the "GHG Protocol"). Scope 3 GHG emissions have been devised with reference to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard: Supplement to the GHG Protocol Corporate Accounting and Reporting Standard.

Reporting Scope
Finastra uses the operational control approach to set organizational boundaries and consolidate GHG emissions, meaning we account for emissions from operations over which we have full authority to introduce and implement operating policies. Finastra presents emissions from activities within our value chain, but scope 3 emissions are outside the firm's operational control.

Scope 3 categories include: Category 3, Fuel and Energy-Related Activities Not included in Scope 1 or Scope 2, Category 5: Waste Generated in Operations Category 6, Business Travel.

Disclaimer
As we continue to improve the methods for data collection and broaden data capture within its scope, we recognize that we may need to review and adjust our efforts to achieve net-zero targets.

This report includes ESG data that are non-financial and non-audited. It has been prepared for general informational purposes only and is not intended to be relied upon as an ESG, legal, or any other advice nor to constitute any form of guarantee or to be binding in any other way. Finastra has taken reasonable care to prepare the report according to recognized ESG methodologies where applicable and practicable and believes the contents to be correct as of the date of publication.

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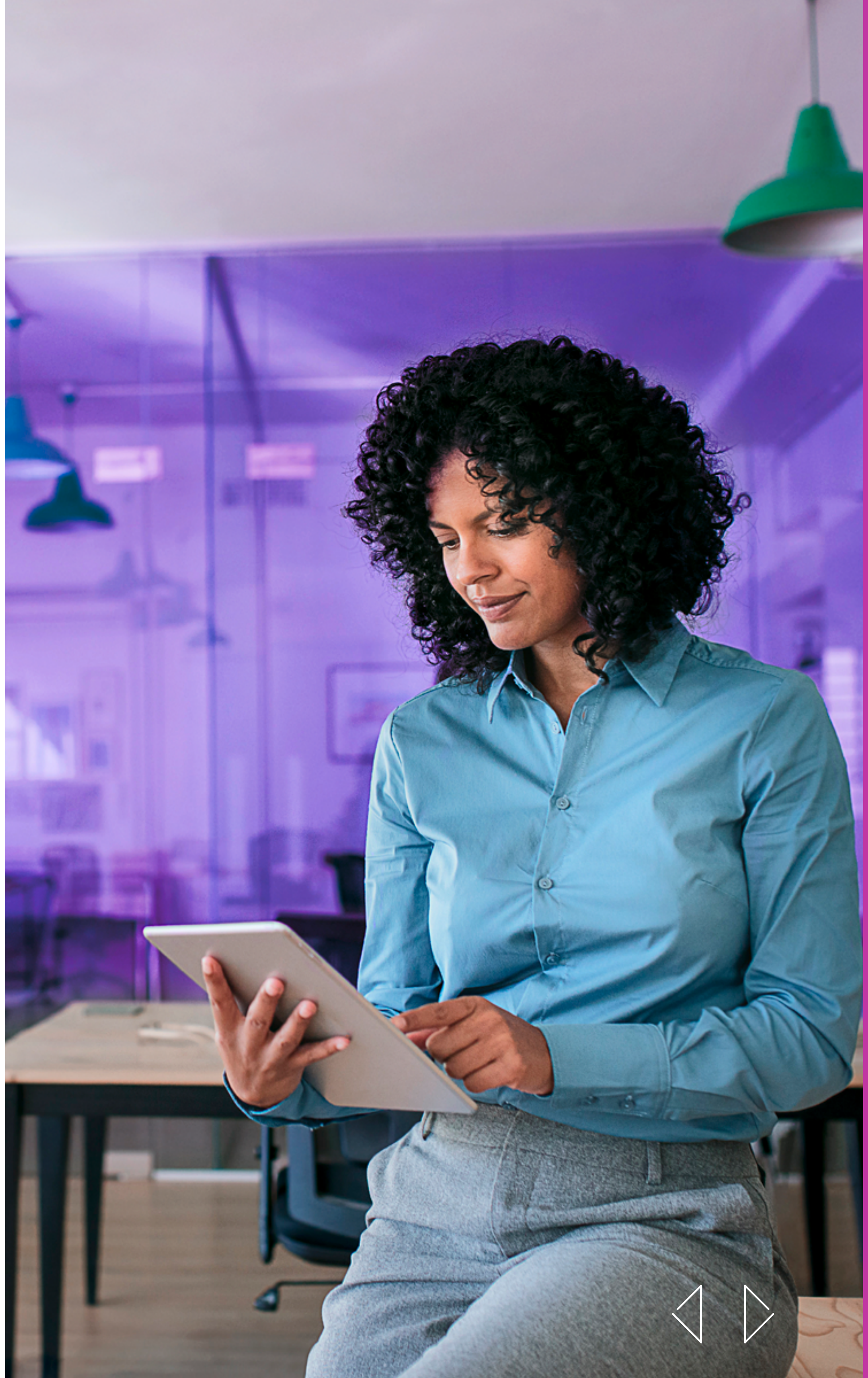
This report covers Finastra's owned and operated businesses and does not address the performance or operations of suppliers, contractors, customers, or partners unless otherwise noted.



FINANCE IS OPEN

Finastra unlocks innovation across the world of financial services, through our trusted software and open platform.

Contact us on finastra.com

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (digital, retail and commercial banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, **finastra.com**

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