

## CLIMATE STRATEGY

# Organization's processes for identifying and assessing climate-related risks

Scenario analysis is a critical tool to test both the resiliency of Oshkosh Corporation's business models and adapt strategic planning to reflect emerging realities in the marketplace. Through scenario analysis, our business planning can address disruptive technologies, changing customer preferences, government policies and other micro- and macro-economic factors. Oshkosh Corporation utilized the TCFD framework to identify climate-related risks as part of its ERM process. This assessment focused on physical and transitional risks. The assessments were performed on Oshkosh Corporation properties to identify their risk to extreme weather events (wind and heat), surface water flooding, coastal inundation, freeze thaw, extreme wind and extreme heat.

Oshkosh Corporation continuously evaluates the vulnerability of our locations regarding acute physical risks based on assessments provided by external partners and data collected internally. We leveraged the latest climate science and data from global climate models used in the sixth assessment report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) and includes three scenarios from that report:

**RCP 2.6**

**RCP 4.5**

**RCP 8.5**

We have conducted scenario analysis to understand climate-related impacts in the short-term (one to two years), medium-term (three to five years) and long-term (five or more years). In 2023, Oshkosh locations were evaluated and the risks below were identified as priority according to the potential physical risks.

Top locations with physical risk of surface water flooding, extreme weather (wind/hail):

Appleton, WI – USA (flooding, wind)	Bedford, PA – USA (flooding)	Bradenton, FL – USA (flooding, wind)
Dodge Center, MN – USA (hail)	Garner, IA – USA (hail)	Kewaunee, WI – USA (wind)
Ogden, UT – USA (flooding, wind)	Orlando, FL – USA (wind)	Oshkosh, WI – USA (flooding)
Tianjin, China (flooding, wind)		

Hazards and associated risks expected in the near term (at 1.5°C global warming) project the frequency and intensity of heavy precipitation will increase. Mitigation efforts include drainage improvements, retention ponds, flood warnings, flood emergency preparedness planning and building reinforcement.

## Physical risks

Increased severity and frequency of extreme weather events.

**Risk type:** Acute.

**Description:** The IPCC assessment reports find extreme weather conditions will worsen because of climate change. Under a high emissions scenario (RCP 8.5), we can assume an increases in severity of heavy rainstorms. Under a low emissions scenario (RCP 2.6), extreme weather is still expected to increase, though not to the extent of the high emissions scenario. We have begun to assess and monitor impacts of climate change.

## IMPACT

Time horizon: Long-term

Likelihood: Likely

Magnitude of impact: Medium

Potential financial impact: Increased operating costs to mitigate impacts of extreme weather

## CLIMATE CHANGE ADAPTATION

Since 2014, Oshkosh Corporation has developed goals focused on GHG emission reduction, waste minimization and diversion and reduction of emissions along our value chain. We have submitted our targets to the Science Based Targets Initiative (SBTi) proposing to reduce absolute GHG emissions in our operations by 57.7% by 2033 and achieving net-zero by 2050. In 2020, we expanded our assessments to review water consumption use in high stress to minimize our adverse local effects of water consumption and use. We annually review our global footprint using the Aqueduct Water Risk Atlas from the World Resources Institute (WRI). We monitor and measure our water consumption in these areas and have implemented efforts to reduce impacts at our Leon, Mexico facility.

Oshkosh Corporation views climate risk as a meaningful strategic risk and opportunity to the company. Therefore, subject matter experts from key disciplines within the company assess climate risks to understand the likelihood and impact of a risk occurring. The risks are then prioritized and any risks deemed moderate or higher is assigned a risk owner and formal mitigation plans are identified and monitored. The scope of the assessment includes all our owned facilities based on our short, medium and long-term climate-related risks and opportunities. The qualitative scenario analysis assessed the sensitivity of each risk and opportunity relative to each of the two scenarios and the associated level of impact.

Part of the assessment was performed to identify climate-related risks and opportunities relevant to the business to drive the transition to a lower-carbon economy. Our assessment is based on potential scenarios for emerging regulations, technological advancements or market conditions. These risks and opportunities were evaluated for likelihood and impact and the final compilation of risks and opportunities was assessed through the ERM strategic process.

## Transition risks

Transition to lower emissions technology.

**Risk type:** Technology

**Description:** We would anticipate demand for electric equipment to increase more in a low emissions climate scenario (RCP 2.6) than a high emissions scenario (RCP 8.5). The transition to clean energy solutions could lead to increased business costs, undermines the viability of certain products or services, or affects asset value. The markets in which we operate are highly competitive. We compete worldwide with a number of other manufacturers that produce and sell similar products. If competition in our industry intensifies, we may lose revenue. We will continue to monitor and mitigate risks to ensure we meet customer specifications and evolving regulations. Advancing a lower-carbon economy is part of our strategy to manage climate change through reducing energy consumption, developing lower-emissions products and building more resiliency into our business and supply chain. Additional information can be found in our most recent TCFD disclosure and Sustainability Report.

## IMPACT

Time horizon: Short- term

Likelihood: More likely than not

Magnitude of impact: Medium