Rackspace Technology, Inc. Task Force on Climate-Related Financial Disclosures (TCFD) Risk Report

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California SB 261 Statement

This report was prepared by Rackspace Technology, Inc. ("Rackspace") through its wholly owned subsidiaries globally, together with Rackspace referred to herein as "we," "our," and "us," with reference to the requirements of California Senate Bill No. 261 (the Climate-Related Financial Risk Act) and discloses climate-related financial risk information to the best of our ability in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (June 2017). This report is published voluntarily. We will update this disclosure as appropriate as reporting requirements are finalized. We have prepared our Report in accordance with the following TCFD Recommendations and Supporting Recommended Disclosures:

- Governance (a) and (b)
- Strategy (a), (b), and (c)
- Risk Management (a), (b), and (c)
- Metrics and Targets (a), (b), and (c)

Additional information on climate-related opportunities can be found in our 2025 Sustainability Report.

Introduction

Rackspace is the foremost hybrid cloud and AI solutions expert. We combine our expertise with the world's leading technologies – across applications, data, and security – to deliver end-to-end solutions. We have a proven record of advising customers based on their business challenges, designing solutions that scale, building and managing those solutions, and optimizing returns into the future. As a global, hybrid cloud and AI technology services pioneer, we deliver innovative capabilities of the cloud to help customers build new revenue streams, increase efficiency, and create incredible experiences. Named a best place to work, year after year, according to Forbes and Newsweek, we attract and develop world-class talent to deliver the best expertise to our customers. Everything we do is wrapped in our obsession with our customers' success – our Fanatical Experience™ – so they can work faster, smarter, and stay ahead of what's next.

At Rackspace, sustainability is a long-term priority that informs how we think, build, and support our customers. We made meaningful progress by investing in the tools, data,

and expertise needed to scale our efforts. We strengthened emissions measurement, improved efficiency across key facilities, and expanded how our services help customers achieve their sustainability goals. These actions reflect a broader shift in how sustainability is integrated across our business, from technology and service delivery to internal decision-making and strategic planning.

We will continue to invest in innovative technologies, enhance our measurement capabilities, and strengthen our partnerships to deliver sustainable solutions for our customers and communities. Our journey toward sustainability is not just about reducing our environmental impact – it's about reimagining how technology can be a force for positive change in the world.

Governance
a. Describe the board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities.
CDP Question alignment: 4.1.2, 4.3

Sustainability is governed at the highest levels of our organization. Our Board of Directors provides strategic oversight of our sustainability initiatives, regularly reviewing progress against our targets and ensuring alignment with our long-term business strategy. The full Board is mandated with responsibility for the oversight of the Company's environmental, social, and governance (ESG) efforts, as per Rackspace's Corporate Governance Guidelines.

Rackspace's VP AI and Sustainability leads the reporting and management of these issues to the Board and reports directly to the CHRO. Day-to-day execution of sustainability objectives is managed through our Executive Sustainability Committee and cross-functional Sustainability Steering Committee, which is led by the VP AI and Sustainability and promotes accountability and integration across all business functions.

In 2025 Rackspace completed its first Double Materiality Assessment (DMA), which included a climate risk assessment process that was consistent with the TCFD Recommendations; the results of the analysis are presented in this report.

Strategy
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
CDP Question alignment: 2.1, 3.1[.1], 3.6[.1], 5.1[.1, .2], 5.2, 5.3.1[.2], 5.14[.1]

Climate-Related Risk Disclosure

In a rapidly changing global landscape defined by advancing digital transformation, the accelerating adoption of AI, and growing urgency around climate action, Rackspace sees opportunity in adaptation and innovation. Guided by our purpose to empower the world's inspiring missions through digital transformation, we help organizations reduce their environmental footprint while meeting both their operational and sustainability goals. Our infrastructure is optimized for both performance and sustainability, enabling customers to report meaningful emissions reductions tied to their technology operations. Risk identification and mitigation are key to continuous improvement, opening the door for opportunities to enhance how we help our customers work faster and smarter and stay ahead of what’s next.

The process for identifying and assessing climate-related risks and opportunities was aligned with the company’s DMA and, where possible, internal Enterprise Risk Management (ERM) processes.[1] Relevant climate-related risks and opportunities identified for strategic action are summarized in Table 1.

[1] The relevant risks were identified based on magnitude and likelihood criteria.

The time horizons applied in this assessment, aligned with CSRD, are defined as follows:

- **Short-term:** less than one year (within the reporting cycle)
- **Medium-term:** one to five years
- **Long-term:** greater than five years

Table 1: Relevant climate-related risks and opportunities

Climate risk or opportunity	Risk type	Risk description	Time horizon	Location in value chain	Potential business impact	Measures adopted to reduce risk and adapt
Physical effects of climate change	Physical: Acute & Chronic	Rising temperatures and other physical impacts of climate change could increase operational costs and require additional capital investments to maintain the safe and efficient use of facilities.	Medium-term	Direct operations & Upstream	Increased capital expenditures & repair and replacement costs	• Tailored emergency response plans at all sites to protect facilities • Global footprint and diversified operational network provide resilience against localized disruptions
Carbon tax on operations	Transition: Regulatory	Introduction of carbon tax or emissions regulations on operations in key regions, such as the EU (Netherlands, Germany, Belgium), could increase operational costs for data centers and office spaces.	Medium-term	Direct operations & Upstream	Increased indirect (operating) costs	• Improvement in energy efficiency across operations • Expanded use of renewable energy through purchase agreements and on-site generation where feasible • Commitment to science-based climate targets through near-term and net zero targets validated by the Science Based Targets initiative • Optimizing data center design for sustainability • Evaluation of carbon offset and removal solutions as needed

Climate risk or opportunity	Risk type	Risk description	Time horizon	Location in value chain	Potential business impact	Measures adopted to reduce risk and adapt
Volatility of energy prices	Transition: Regulatory	Energy price volatility may be driven by uneven implementation of national climate change regulation, or other climate-related effects, including the larger transition to renewable energy.	Short-term	Direct operations & Upstream	Increased indirect (operating) costs	• Improvement in energy efficiency across operations • Expanded use of renewable energy through purchase agreements and on-site generation where feasible, in alignment with RE100 • Commitment to science-based climate targets through near-term and net zero targets validated by the Science Based Targets initiative
Increased demand for low-carbon cloud services	Transition: Market	An increasing number of businesses are seeking greener, more sustainable cloud services. This is driving data center competition and encouraging investment in clean energy sourcing or other sustainability projects. Lagging progress in these areas could reduce competitiveness in a market increasingly focused on sustainability.	Medium-term	Downstream	Decreased revenues due to reduced demand for products and services	• Commitment to transparent emissions reporting • Strategic engagement with customers to co-develop green solutions • Moving companies to shared resources and facilities, reducing the number of duplicative, high energy-consuming data centers across an enterprise through cloud adoption

Climate risk or opportunity	Risk type	Risk description	Time horizon	Location in value chain	Potential business impact	Measures adopted to reduce risk and adapt
Increased revenue through sustainability & circularity leadership	Opportunity: Market	Enhanced sustainability performance through climate action, including increased transparency and disclosure on climate-related performance, could position the company as a leader in sustainable cloud solutions. This could be a differentiator in a competitive market, appealing to customers and investors focused on sustainability goals.	Medium-to long-term	Downstream	Increased revenues resulting from increased demand for products and services	• Embedding climate performance into Rackspace's core growth strategy • Accelerating transition to 100% renewable energy through purchase agreements, on-site generation & verified renewable energy credits • Enhancing transparency by providing customers with detailed carbon reporting • Improving data center performance through ongoing efficiency initiatives • Strengthening market positioning through public climate commitments, including SBTi-validated near-term and long-term emissions reduction targets, RE100 & participation in sustainability-focused alliance

The identified risks and opportunities indicate where targeted actions could mitigate potential negative financial effects on the company and strengthen competitive positioning.

Resilience & Scenario Evaluation

The scenario analysis conducted as part of the climate risk assessment was both quantitative and qualitative. Two bespoke transition scenarios were identified to assess what Rackspace's climate-related risk profile could look like under an emissions-reduced future and a business-as-usual future.

The first bespoke transition scenario considered an emissions-reduced future, with reductions occurring at a pace that would keep the global increase in temperature at or below 1.5ºC by the end of the century. This corresponds to a significant global reduction of CO_2e emissions. As this is the most aggressive transition plan, using this scenario serves as a qualitative and quantitative stress test to identify the potential market, reputation, and regulatory risks with the potential to impact Rackspace.

The second bespoke transition scenario considered a business-as-usual pathway that would result in global warming of 4.0ºC and above by the end of the century. Using this scenario qualitatively and quantitatively helps identify the range of potential impact that could originate from relevant market and regulatory risks.

In addition, bespoke physical scenarios were used to qualitatively and quantitatively assess Rackspace facilities' exposure to acute physical risks (e.g., hurricanes and flooding) and chronic physical risks (e.g., sea level rise). Acute physical risks were assessed using historical data to identify those sites likely to be most at risk of natural hazards that could become more frequent or severe with climate change and increasing emissions on a trajectory towards increasing global temperature (qualitative test). For chronic physical risk, projections for sea level rise were made under different emissions scenarios up to the 2030 and 2050 time horizons (quantitative test), to align with longer-term strategic planning time horizons.

The assessment did not identify climate-related risks expected to compromise the resilience of Rackspace's strategy or business model over the horizons evaluated. Exposure is concentrated in transition and market risks rather than physical risks to our facilities, and is managed through the measures described in Table 1.

Risk Management
a. Describe the organization's processes for identifying and assessing climate-related risks. b. Describe the organization's processes for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
CDP Question Alignment: 2.1, 2.2[.1, .2]

Rackspace initiated a Double Materiality Assessment (DMA) covering all global operations in 2024 and completed it in 2025. As part of the DMA, a value chain mapping and climate risk assessment exercise was conducted, which took into account upstream, own operations, and downstream activities and considered the dependencies, impacts, risks, and opportunities that could arise across the value chain. This represents Rackspace's first formal evaluation of climate- and water-related risks and opportunities aligned to TCFD and the European Sustainability Reporting Standards (ESRS), the frameworks in effect at the time the analysis was conducted.

The assessment included short-, medium-, and long-term time horizons (aligned to CSRD) along Rackspace's value chain for both transition and physical risks. Stakeholders across various functions are engaged in this process, ensuring comprehensive input into identifying environmental impacts. The results of the assessment were presented to the VP AI and Sustainability and members of the Sustainability Steering Committee.

The indicators for financial impact and probability used are aligned with those used in the Company's Enterprise Risk Management (ERM) process. This allowed results to be put into the context of what the Company has traditionally evaluated in its ERM process. Rackspace has established an ERM Framework to guide the assessment of all risks, including those related to the environment. Because 2024 was the first year in which we established a more formal climate and water-related risk assessment process, and the assessment was completed in 2025, work to integrate the outcomes into the Company's ERM is ongoing. When environmental risks are identified, such as climate-related supply chain disruptions or regulatory changes, the ERM team, in collaboration with risk owners, assesses these risks based on their likelihood and potential impact.

Ultimately, the Executive Leadership Team (ELT) is responsible for managing identified risks, including climate-related risks, and setting the company's risk appetite and tolerance. Decisions to mitigate, accept, or control risks are based on the likelihood of their impact on business operations and strategy. For example, Rackspace may invest in renewable energy as a mitigation measure to reduce its carbon emissions and exposure to energy market fluctuations. In addition to ELT oversight, Rackspace has two key mitigation teams:

- The Business Continuity Team, which focuses on maintaining operations, including during climate-related disruptions, and ensuring resilience in areas like physical security and cybersecurity.
- The Supply Chain Contingency Team, which monitors supply chain exposure, including climate-related risks, such as resource shortages or transportation delays due to extreme weather.

By assessing risks holistically and implementing effective internal controls, Rackspace aims to strengthen its business outcomes and minimize the impact of environmental risks.

Metrics and Targets
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.
CDP Question alignment: 7.52, 7.53[.1, .2, .4], 7.54[.1, .2], 7.6, 7.7, 7.8[.1], 12.1[.1, .3], 12.3

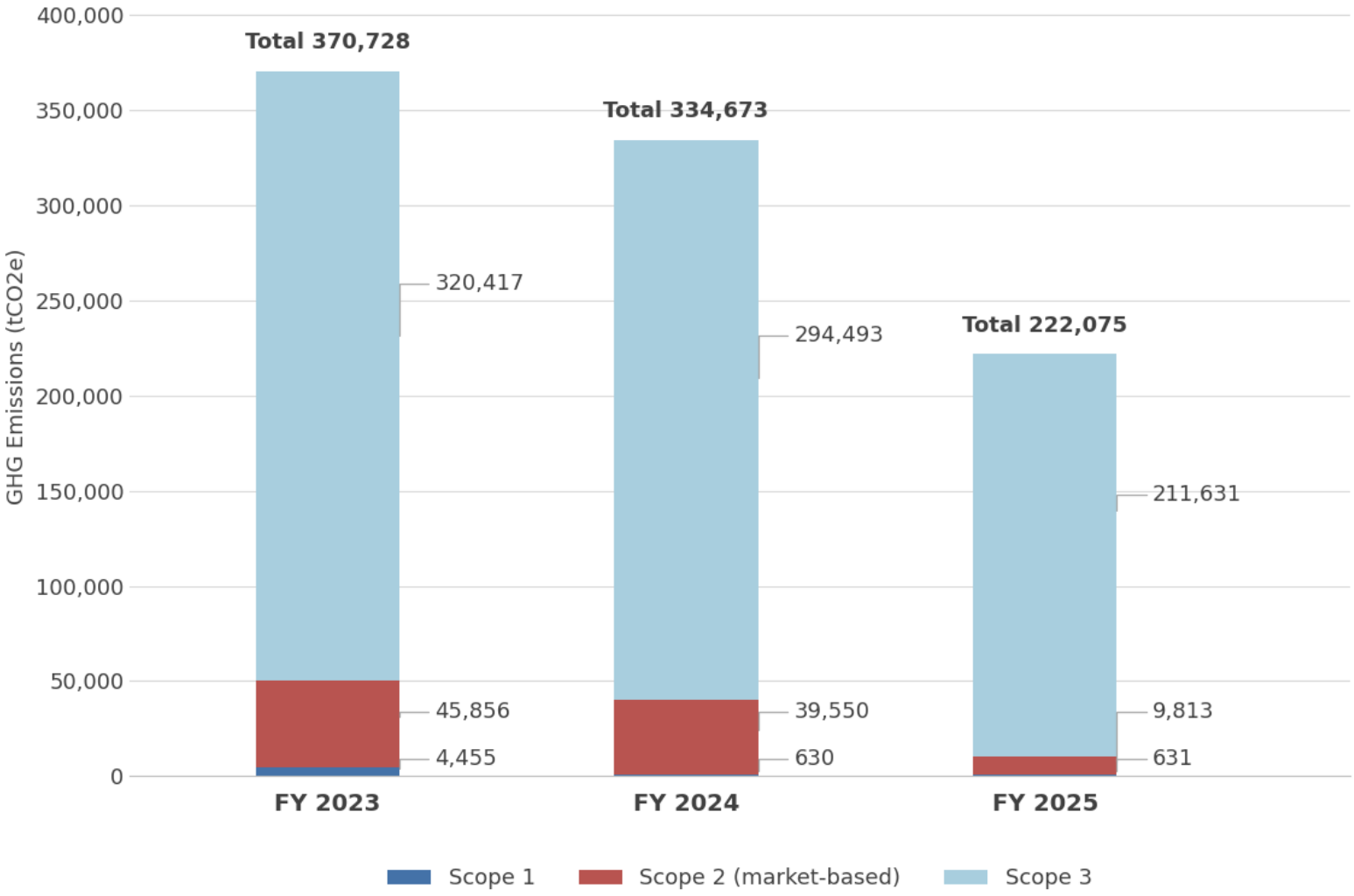
At Rackspace, sustainability is a long-term priority that informs how we think, build and support our customers. We have made meaningful progress by investing in the tools, data and expertise needed to scale our efforts by strengthening emissions measurement, improving efficiency across key facilities, and expanding how our services help customers achieve their sustainability goals.

We report key metrics related to our business via annual disclosure to CDP (formerly the Carbon Disclosure Project), EcoVadis, and the publication of our Sustainability Reports which align to industry best practice reporting frameworks like SASB and the United Nations Sustainable Development Goals. Internally, we have developed a tool informed by the outcomes of our DMA that collates all business-relevant KPIs that Rackspace intends to use to monitor progress on priority sustainability initiatives.

The disclosure of Rackspace’s annual greenhouse gas (GHG) emissions inventory, conducted in alignment with the GHG Protocol, is considered best practice in transparency and accountability across all reporting frameworks.

Our fiscal year 2023 -2025 GHG inventory was independently verified in accordance with ISO 14064-3.

Figure 1: Rackspace GHG Inventory (FY23 to FY25)



Rackspace actively participates in several prominent environmental collaborative frameworks and initiatives, including RE100 and Sustainable IT.org. As a member of RE100, Rackspace is part of a coalition of over 400 companies that have pledged to transition to '100% renewable' energy, a commitment Rackspace has upheld since 2016.

Furthermore, Rackspace submitted its near-term and long-term emissions reduction targets for validation by the Science Based Targets initiative (SBTi) in 2024, receiving validation on July 3, 2025. These targets align Rackspace's ambitions to a 1.5°C pathway and commit us to achieve the following:

- Reduce absolute scope 1 and 2 GHG emissions 50.4% by 2032 from a 2023 base year,
- Reduce absolute scope 3 GHG emissions from purchased goods and services 30% within the same timeframe, and
- Reach net-zero greenhouse gas emissions across the value chain by 2045.

This independent validation provides our customers with a trusted framework to support their own Scope 3 reporting and sustainability goals. Today, we power approximately 85% of our global data center estate with renewable energy, and we're advancing toward 100% through new partnerships and efficiency initiatives.

Conclusion

At Rackspace, we recognize that addressing climate-related risks is essential to building a resilient, future-ready business. Through our governance, strategy, and risk management processes, we are integrating climate considerations into how we operate, innovate, and support our customers.

Our technology solutions help organizations reduce emissions, optimize energy use, and strengthen their own climate resilience. As we continue to advance our decarbonization efforts and expand the use of renewable energy across our operations, we remain committed to transparency and accountability in our climate disclosures. Rackspace intends to continue to evaluate emerging risks and opportunities – turning insights into action that enables a more sustainable future for our business and our customers.

Disclaimer and Forward-Looking Statements

The risks and opportunities identified and described in this report are intended to be informational. The climate-related risk assessment described in this report has not been subject to independent assurance; our greenhouse gas emissions inventory is separately verified as described under Metrics and Targets. This report does not purport to provide an exhaustive consideration of all risks that may be relevant to Rackspace. Additional risks and uncertainties of which we are unaware, or that we consider immaterial today, may become important factors that adversely affect Rackspace's business in the future as climate science, regulation, and market conditions change.

This report contains information that may constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding our emissions reduction targets, our renewable energy commitments, and our expectations concerning climate-related risks and opportunities. Forward-looking statements may be identified by words such as "expects," "intends," "will," "anticipates," "believes," "continue," "targets," "goals," "objectives," "plans," and similar expressions. These statements reflect management's beliefs and assumptions based on information available at the time of publication. Rackspace Technology cautions that such statements are subject to risks and uncertainties, many beyond our control, that could cause actual events or results to differ materially from those stated or implied, including the risk factors described in Rackspace Technology, Inc.'s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the Securities and Exchange Commission. Undue reliance should not be placed on any forward-looking statement, and we undertake no obligation to publicly update or revise any forward-looking statement, whether in response to new information, future events, or otherwise, except as required by law.