



# Task Force on Climate- Related Financial Disclosures

Toast FY2024 Report



## About this Report

This report has been prepared by Toast to satisfy the disclosure requirements of California Senate Bill 261 (SB 261), codified in California Health & Safety Code § 38532. In accordance with SB 261 and the California Air Resources Board's (CARB) implementing guidance, this report aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework covering Toast and its consolidated subsidiaries for the period January 1, 2024, through December 31, 2024, the most recent full fiscal year, unless otherwise noted.

## Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, statements about Toast's ESG commitments and goals, expectations or plans regarding Toast's investment in certain research and development areas, Toast's strategy and action plans regarding climate change and diversity and inclusion, future events, and financial performance of Toast. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Toast's actual results, performance, or achievements to differ materially from results expressed or implied in this document. Risks that contribute to the uncertain nature of the forward-looking statements include, among others, risks listed or described from time to time in Toast's filings with the Securities and Exchange Commission. Any forward-looking statements contained in this document are based on assumptions that Toast believes to be reasonable as of this date. Except as required by law, Toast assumes no obligation to update any statement included in this document.

## Governance

TCFD Recommendation	Disclosure
<b>Board oversight of climate-related risks and opportunities</b>	<p>Since our public offering in 2021, our Nominating and Corporate Governance (NCG) Committee, a board-level committee, has overseen ESG, including climate. By its charter, the NCG Committee has overarching oversight of corporate social responsibility and sustainability, including ESG, climate, and corporate citizenship, and periodically reports on ESG to the full Board. The NCG Committee receives periodic ESG-related updates, including internal ESG and climate initiatives, and external developments, regulations, and voluntary standards.</p> <p>The NCG Committee discusses ESG strategy, including our climate risks, opportunities, and strategy, at least once a year, and additionally as appropriate, and subsequently provides a report to the full Board. While our NCG Committee has overall oversight for ESG, including climate, our Audit Committee receives quarterly updates on risks and oversees compliance around securities rules and regulations, including periodic updates on applicable ESG and climate-related regulatory requirements as necessary.</p>
<b>Management's role in assessing and managing climate-related risks and opportunities</b>	<p>Toast's ESG Working Team, led by Toast's Vice President of Investor Relations, Treasury, and ESG, works cross-functionally across the business to craft ESG strategy, meet company commitments on ESG topics, and achieve regulatory compliance in ESG areas. Toast's ESG Disclosure Strategy group, which features representatives from Toast functions, such as Legal, Investor Relations, SEC Reporting, and Corporate Communications, ensure the rigor and validity of Toast's ESG disclosures.</p> <p>Toast's Corporate Social Responsibility Executive Committee, composed of C-suite executives including Toast's CEO and Co-Founders, provides broader oversight on ESG strategy, roadmap and goals.</p>

## Strategy

TCFD Recommendation	Disclosure
<b>Climate-related risks and opportunities the organization has identified over the short, medium, and long term</b>	<p>Climate-related risks are formally evaluated through the Enterprise Risk Assessment process, utilizing a standardized risk measurement methodology to determine potential risk impact, including material financial impact on the organization. Physical and transition climate-related risks have been primarily assessed as low, with a few of those risks assessed as low to moderate.</p> <p>Toast considers the following time horizons when assessing climate-related risks and opportunities:</p> <ul style="list-style-type: none"> <li>• Short term: 0-1 year</li> <li>• Medium term: 1-3 year</li> <li>• Long term: 3 5 years</li> </ul> <p>We currently consider the following risk types:</p> <ul style="list-style-type: none"> <li>• Current regulation</li> <li>• Emerging regulation</li> <li>• Legal risk</li> <li>• Technology risk</li> <li>• Market risk</li> <li>• Reputation risk</li> <li>• Acute physical risks (brief and high impact)</li> <li>• Chronic physical risks (ongoing impacts)</li> </ul>
<b>Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</b>	<p>Assessing climate-related risks and opportunities have influenced our business strategy and offerings in the following ways:</p> <ul style="list-style-type: none"> <li>• <b>Products and services:</b> Toast offers free recycling for 100% of Toast hardware sold in the United States, Canada, Ireland, and the United Kingdom. We engage third-party electronics recyclers with 100% landfill-free commitments and Responsible Recycling (R2v3) Certification, which establishes standards for environmental impact, data erasure and sanitization, and ethical labor practices.</li> <li>• <b>Supply chain:</b> Toast considers ESG and climate-related criteria in new vendor selection, including for hardware manufacturing and packaging. In 2024, Toast adopted the Responsible Business Alliance (RBA) Code of Conduct for hardware suppliers of Toast designed products.</li> <li>• <b>Operations:</b> in 2024, Toast invested in energy attribute certifications (EACs) for facilities that do not currently participate in utility green-power programs or invest in EACs directly. Toast has certain energy-efficient practices and technologies in its facilities, and we have implemented electric submetering at certain offices to better understand our energy usage.</li> </ul>

## Strategy

### TCFD Recommendation

### Disclosure

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

Toast performed a climate scenario analysis in 2023 with cross-functional stakeholders to evaluate the effects of different climate risks. This analysis included identification of core sources of emissions, projection of emissions growth over time, and development of emissions reduction strategies aligned with a 1.5 degree pathway. The results of this analysis were incorporated into the Enterprise Risk Management (ERM) Program.

## Risk Management

TCFD Recommendation	Disclosure
<b>Describe the organization's processes for identifying and assessing climate-related risks</b>	<p>Risks are identified through various means, including by risk owners, risk committees, regulatory requirements, external advice, changes to businesses or processes, and industry guidance and best practices. Identified climate-related risks are documented in our enterprise risk register, which serves as the inventory of known risks at Toast, and are categorized in accordance with the enterprise risk taxonomy. Toast performs Enterprise Risk Assessments for risks across Toast, including relevant climate-related risks, on a regular basis, at least annually, primarily focused on short-term exposures.</p> <p>The risk assessment process evaluates the magnitude of impact should the risk materialize and the likelihood the risk will materialize, and determines whether any risks have the potential to have substantive impact on the company. As a part of the overall enterprise risk assessment process, risks are assessed by relevant business and corporate functions, such as the people team, supply chain management, customer success, product development teams, finance, etc.</p>
<b>Describe the organization's process for managing climate-related risks</b>	<p>Starting in 2021, Toast identified and incorporated a number of ESG-related risks into the Enterprise Risk Assessment process. In 2023, working with a third-party consultant, the ESG Team conducted a more in depth assessment of climate-related risks and opportunities covering short, mid and long-term time horizons, to support identification and risk assessment of climate risks in alignment with the TCFD framework. The findings were shared with the Nominating and Corporate Governance Committee and Audit Committee. In 2025, Toast conducted a targeted refresh of climate-related risks and opportunities focused on Toast's direct operations. The results of this assessment have been integrated into our Enterprise Risk Management process and the risks are regularly assessed with relevant stakeholders.</p> <p>Toast has also identified some opportunities and potential opportunities, however, these are not likely to reach the threshold to be considered substantive, based on criteria of revenue thresholds, market share gain, and potential impact to the business.</p>

## Risk Management

TCFD Recommendation	Disclosure
<b>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</b>	<p>Toast maintains an enterprise risk program that identifies, measures, mitigates, monitors, and reports the company's risks and compliance with legal and regulatory requirements. Toast's ERM team works in collaboration with senior leadership, with the business units, and with the legal, privacy, finance, people and security teams to ensure risks, including climate-related risks impacting the business, are assessed regularly and mitigation actions are identified and completed. Risk management activities and relevant updates are reported to senior leaders through the Enterprise Risk and Compliance Committee and ultimately reported to and overseen by the Audit Committee.</p>

## Metrics & Targets

TCFD Recommendation	Disclosure
<b>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</b>	<p>Toast calculates and annually discloses its GHG emissions inventory, by scope and category, using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Scope 2 Guidance, and Corporate Value Chain (Scope 3) Standard. Toast also calculates and reports key performance indicators, such as emissions intensity, energy consumption, renewable energy, waste generation, and water consumption. These metrics support our efforts to assess areas of climate-related risk. Additional detail can be found in the Appendix of <a href="#">our FY24 ESG Report</a>.</p>
<b>Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</b>	<p>Please refer to the GHG Inventory in the Appendix of <a href="#">our FY24 ESG Report</a> for the disclosure of our 2024 GHG emissions inventory, which includes Scope 1, Scope 2 (both market and location-based reporting), and relevant streams of Scope 3 emissions.</p>
<b>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</b>	<p>In 2022, we achieved our first greenhouse gas reduction goal - net-zero Scope 2 emissions from electricity consumption - and we have maintained this in 2023 and 2024. We achieved our target through our 100% renewable energy commitment through green power purchases and energy attribute certificates (EAC). Please refer to the GHG Inventory in the Appendix of <a href="#">our FY24 ESG Report</a> for more detail on our renewable energy purchases, and standards and frameworks used.</p> <p>Toast received limited assurance of our 2024 GHG inventory and net-zero Scope 2 emissions from electricity from Apex Companies, LLC. Our verification statements can be found on <a href="#">our ESG Investor Relations webpage</a>.</p>