
Charles River Laboratories Task Force on Climate Related Financial Disclosures (TCFD)-Aligned Summary Report

September 2024

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This TCFD-aligned report discloses Charles River Laboratories' recent climate-risk and opportunity efforts, where Charles River conducted a corporate-wide risk and opportunity assessment with scenario analysis to determine which parts of our operations are most sensitive and exposed to potential climate-related impacts.



Charles River is committed to both transparency in our climate disclosures and in building resilience by adapting the business to endure potential physical and transition risk impacts as we transition towards a low carbon economy.

Our Commitment to Climate Change

Charles River Laboratories International, Inc. ("Charles River Laboratories" or "Charles River") is committed to reducing our greenhouse gas emissions (GHGs) emissions and our impact on climate change. At the same time, we recognize that climate change may pose significant risks including potential adverse health impacts, increased severity of severe weather events, potential impacts to our personnel and operations globally, as well as potential impacts to our supply chain. It is in that context that as of January 2021 we have approved [Science-Based Targets](#) to reduce GHG emissions from our facilities (scope 1 & 2 emissions) 50% and value chain emissions (scope 3) 15% by 2030. Through 2023 we have reduced our scope 1 & 2 emissions 37% vs our 2018 baseline and we are already delivered on our commitment to achieve 100% renewable electricity globally in early 2024, six years ahead of our 2030 goal. Our scope 3 (value chain) GHG emissions have increased by 30% from a baseline year of 2019 due to increased spending with our suppliers to support our growing business. However, we remain committed to meeting our 2030 scope 3 reduction target with even further engagement with our supplier, and as of March 2023 via our role as a sponsor in [Energize](#), a program designed to increase access to renewable energy for pharmaceutical supply chains.

Charles River is committed to both transparency in our climate disclosures and in building resilience by adapting the business to endure potential physical and transition risk impacts as we transition towards a low carbon economy. Through our existing ESG disclosures, Charles River annually reports on scope 1, 2 and 3 greenhouse gas (GHG) emissions, progress towards our climate and renewable energy targets, and climate change-related impacts as well as mitigation activities in our [CDP Climate](#) and [Corporate Citizenship Reports](#). You can learn more about our environmental, social, and governance (ESG) efforts on the [Corporate Citizenship](#) section of our website.

This TCFD-aligned report discloses Charles River Laboratories' recent climate-risk and opportunity efforts, where Charles River conducted a corporate-wide risk and opportunity assessment with scenario analysis to determine which parts of our operations are most sensitive and exposed to potential climate-related impacts. As part of this assessment, Charles River has developed management and realization methods along with key performance indicators (KPIs) to track progress and monitor the changing climate. Additionally, to analyze the exposure of physical risk on 42 critical company assets, Charles River determined financial and presumptive risk on these sites through scenario and decadal exploration. This TCFD-aligned Summary Report provides an

overview of this assessment that will help the company plan for and adjust to the changing climate moving forward, assist with the development of a low-carbon climate transition plan, and determine when it is important to re-prioritize actions to implement mitigation methods and realization strategies. This report builds on existing TCFD-aligned disclosures in our annual [CDP Climate Change Reports](#). Note that in 2023 Charles River received a score of A- for CDP Climate for the third consecutive year, again placing us in the leadership category.

Governance

a. The Board's oversight of climate-related risks and opportunities

Execution of Charles River Laboratories' ESG strategy is overseen by Charles River's senior management team through the ESG Council chaired by our Chief Operating Officer (COO). The Charles River ESG Council was established in 2022 to promote a more formal and centralized oversight mechanism of all ESG governance functions. The ESG Council is a cross-functional, senior leadership steering committee that is responsible for integrating Charles River's ESG strategy within our overall business strategy, including visibility, oversight, risk identification and management, disclosures, and metrics. The ESG Council reports regularly on ESG initiatives and progress to the Chief Executive Officer (CEO), Board Committees, and full Board. The ESG Council met twice in 2023 and intends to meet on this cadence annually in order to discuss relevant ESG priorities including climate-related risk and opportunities.

Charles River's full Board oversees Charles River's ESG programs, goals and objectives, and supports the implementation of ESG priorities within the business. ESG matters are regularly part of the Board's agenda. Specific ESG topics are overseen by the Board committee responsible for the subject matter. For example, the Corporate Governance and Nominating Governance Committee has oversight responsibility for the corporate governance aspects of ESG, such as oversight of Charles River Laboratories' program relating to corporate responsibility/corporate governance and sustainability, including ESG matters. The Audit Committee generally oversees risk exposures related to ESG.

Climate-related risks are also a part of Charles River Laboratories' broader multi-disciplinary, company-wide risk management process. Charles River has a dedicated ERM team responsible for assessing the company's enterprise-wide risks, including incorporating climate-related risks and their potential financial and strategic impacts.

b. Management's role in assessing and managing climate-related risks and opportunities

The Charles River Sustainability Team is responsible for identifying climate-related risks and opportunities and integrating them into the broader

Enterprise Risk Management (ERM) process. The Sustainability Team is also responsible for assessing the feasibility of global sustainability initiatives aligned with the organization's business strategy. Charles River's Board of Directors receives periodic written updates on climate actions and progress as well as an annual briefing on climate-related issues including GHG emissions reduction efforts.

The responsibilities of the COO include managing annual budgets for Charles River's businesses inclusive of any climate mitigation and GHG emissions reduction efforts. The responsibilities of the Chief Financial Officer (CFO) include overall responsibility for Charles River's ERM process. The ERM process includes assessing and managing climate-related risks and opportunities, as well as ensuring adequate coverage of all other ERM responsibilities. Charles River's CEO direct reports (the COO and CFO) have overall responsibility for assessing and managing climate-related risks and managing annual budgets for climate mitigation activities.

The Charles River ERM and sustainability teams collectively are responsible for identifying, assessing, responding, and escalating climate-related risks and opportunities through relevant operational structures, up to and including the COO, CFO and CEO and the Board of Directors. The ERM team's efforts are led by the ERM Sponsors (CVP Corporate Tax and Senior Director of Risk Management), the ERM Executive Sponsors (CFO and COO), Steering Committee Members, (senior managers, functional leaders), and working groups (risk leaders). These individuals perform the assessment process for individual risks, including those that are climate related. Charles River has identified management and ownership roles over both physical and transition risks related to climate change. These stakeholders are responsible for monitoring and planning strategies around the impacts of these risks.

As Charles River continues to emphasize the importance of making progress toward its ESG goals, including its GHG reduction goals, beginning in 2023 the CEO, with concurrence of the Compensation Committee, is eligible to adjust a percentage to cash bonus payouts for leaders, based on progress toward goals.

Strategy

a. Charles River's climate strategy and transition plan

Charles River worked with our energy and carbon management consulting partner Schneider Electric during 2023 and early 2024 to conduct a company-wide, comprehensive climate-related risk and opportunity assessment. This assessment enabled Charles River to identify and assess current and emerging climate-related issues within the company's operations across short, medium, and long-term time horizons as well as to identify functional owners and existing plans to mitigate or realize the issues and opportunities to bring those strategies to fruition. The assessment also

included initial steps in understanding Charles River’s value chain exposure to climate-related risks and opportunities. The value chain analysis focused on understanding climate-related impacts to Charles River’s main supplier sectors and did not include supplier specific information.

As part of this engagement, Charles River conducted a climate-related scenario analysis using a diverse set of scenarios from the International Energy Agency (IEA) (i.e., Net Zero Emissions by 2050, Announced Pledges Scenario, and Stated Policies Scenario) and Intergovernmental Panel on

Climate Change (IPCC) (i.e., RCP8.5/SSP5-8.5, RCP6.0/SSP3-7.0, RCP4.5/SSP2-4.5, and RCP2.6/SSP1-2.6). This scenario analysis enabled Charles River Laboratories to analyze hypothetical climate futures identify opportunities to improve the organizations’ capabilities, strategies, and policies to respond and adapt to the changing climate.

Charles River’s sustainability actions and disclosures include having approved science-based GHG reduction targets (which enabled Charles River’s robust methodological approach to defining decarbonization targets), committing to RE100 by 2030 (which we have reached in 2024), preparing bi-annual Corporate Citizenship Reports starting in 2019, reporting annually to CDP Climate (an important tool in ensuring transparency and ongoing report in relevant sustainability topics for Charles River and its stakeholders), and most recently completing a transitional and physical climate-related risk assessment with scenario analysis (an important step in ensuring business continuity). These initiatives have contributed to the foundational elements for a climate transition plan. Charles River is on a steady path to create an actionable plan to both mitigate and realize Charles River’s climate-related risks and opportunities, respectively.

b. Climate-related risks and opportunities identified over the short, medium, and long-term

Timeframe	Years	Definition
Short-term	0 – 3	Aligned to capital and budget planning horizons as well as synchronized with planning horizon for Environment, Health and Safety & Sustainability (EHS&S) Strategic Plan.
Medium-term	3 – 5	Charles River Laboratories is currently executing its EHS&S Strategic Plan and continually updates its three-year planning horizon.
Long-term	5 - 27	Charles River Laboratories’ long-term climate strategy through 2050.

Top 5 - Transition Risks:
 Transition risks are those that might materialize throughout the transition to a low carbon economy and are more likely to materialize in the short and medium-term.

- Current and emerging regulation - Carbon pricing mechanisms
- Current and emerging regulation - Enhanced emissions-reporting obligations
- Current and emerging regulation - Mandates on / regulation of existing products and services
- Technology - Transitioning to lower emissions technology
- Reputation - Increased stakeholder concern or negative stakeholder feedback

Top 5 - Opportunities:
 Opportunities are realized areas for change or growth. These are more likely to materialize in the medium and long-term.

- Energy Source - Use of lower-emission sources of energy
- Resilience - Participation in renewable energy programs and adoption of energy-efficiency measures
- Resource Efficiency - Move to more efficient buildings and/or retrofit existing buildings
- Energy Source - Use of new technologies
- Resource Efficiency - Use of more efficient modes of transportation

Top 5 - Physical Risks:
 2050, RCP 7.0/SSP3-7.0: Physical risks resulting from climate change can be event-driven or perceived as long-term shifts in climate patterns that are more likely to materialize in the medium and long-term.

- Temperature extremes (heat stress)
- Fluvial flooding
- Pluvial flooding
- Water stress
- Wildfire

c. Impact of climate-related risks and opportunities on Charles River’s businesses, strategy, and financial planning
 Charles River, as with many other companies, may face several potential physical risks related to climate change. For example, climate change could increase the frequency and intensity of temperature extremes and harsh weather conditions in the regions where Charles River operates, and drastic atmospheric temperature changes could increase both energy consumption and energy costs to maintain stable internal temperature conditions at each facility. Additionally, a stable and accessible source of water is important

for the operation of Charles River's business activities. Climate change may cause significant changes to precipitation patterns, resulting in more frequent and intense droughts that could impair Charles River's ability to effectively access water. Water-use restrictions enforced by regulatory agencies in affected regions could impact Charles River's ability to operate at full capacity. Charles River operations could also be negatively affected by flood damage due to increased frequency and intensity of tropical storms, heavy precipitation events, and other weather-related events. These physical risks, while limited in scope, could produce a high magnitude impact to impacted Charles River facilities.

Charles River understands that both acute and chronic physical risk drivers, though difficult to predict, are necessary to address. Increased severity of weather events pose a significant risk to property as changing weather patterns and increased severity of weather events can lead to increases in insurance premiums. Increased severity of weather events may also hinder the supply chain through blocked roads and other shipping disruptions as well as possibly directly impacting operations at supplier sites. To help prepare for and anticipate severe weather events, Charles River utilizes an emergency management software system to monitor extreme weather events in the regions where our facilities are located.

To help prepare for potential severe weather events, Charles River utilizes property insurers that not only assess physical business risks but that also provide construction recommendations to mitigate potential damages caused by severe weather events. Further, where feasible, Charles River strives to build redundancy in its operations to minimize potential business interruptions including those related to climate change. Additionally, with regards to the siting of new facilities, geographical climate risks are evaluated and our planners navigate away from high-risk areas such as locations prone to flooding. Sustainable design concepts are also included in new designs to mitigate the potential effects of severe weather events, natural disasters such as flooding, and chronic changes in the natural environment.

From a transition risks perspective, Charles River monitors and anticipates current and emerging regulations, such as the California Climate Laws and the pending SEC Climate Disclosure regulations as they trend towards becoming more stringent and create deadlines regulatory required GHG emissions and climate risk reporting. Future carbon pricing and taxation in the countries where Charles River operates could also impact Charles River through additional operating expenses although Charles River has decreased its exposure to these potential taxes by utilizing 100% renewable electricity globally as of 2024. Charles River constantly evaluates changes in technologies, and a successful transition to lower-emissions technologies would limit our potential risks to future carbon taxes. Further, we continue

to evaluate new technologies and alternatives to our current methods of scientific research such as our [Alternative Methods Advancement Project or AMAP](#), which may also have the ability to reduce our carbon footprint.

Charles River is committed to reducing our carbon footprint and in support of this vision we have approved science-based GHG reduction targets through the [Science-based Targets initiative \(SBTi\)](#) to reduce scope 1 and 2 GHG emissions 50% and scope 3 GHG emissions 15%, both by 2030. Charles River also has a renewable electricity target, as committed to [RE100](#), to use 100% renewable electricity globally by 2030 – a goal [we have already achieved in 2024](#). Our GHG reduction goals influence our capital expenditures, where the costs of mitigating risks (including climate risks) and capitalizing on opportunities (i.e. decarbonization) are included in Charles River's capital planning process such as our investment in energy efficiency projects.

In support of our efforts to reduce our environmental impact in December 2019, Charles River's CEO announced the Charles River Sustainability Capital Fund, a \$5M annual commitment to support our sustainable design efforts and reduce Charles River's environmental footprint. Since its established in 2020, \$13.5M has been approved for over 100 sustainability capital projects globally. These projects represent emissions reductions and avoidances of over 12,800 metric tons in GHG emissions, representing over 7% of Charles River's baseline year scope 1 & 2 GHG emissions.

d. Resilience of Charles River's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Charles River focused its climate-related scenario analysis on the following two questions: 1) How might prioritized climate-related risk and opportunities plausibly affect Charles River's operations and value chain over the next 20 to 30 years? 2) What actions can Charles River take to mitigate potential risks and realize opportunities, and when should Charles River consider implementing strategic initiatives? The scenario analysis encompassed business and financial impacts over both Charles River's existing operations and capabilities as well as considered new activities the business may implement to enhance business resiliency.

Charles River is aware of the potential financial implications linked to both physical and transition climate-related risks. Under the most severe physical scenarios, physical risks are likely to manifest through indirect cost increases that may result from drastic temperature changes and thus increased energy consumption. Transition risks may also cause indirect cost increases. The costs that may most likely be linked to transition risk are enhanced emissions-reporting obligations, carbon pricing/taxation mechanisms, and/or costs associated with delayed or unsuccessful transition to lower carbon

technologies. (Note: Charles River is pursuing a transition to lower carbon operations and has already achieved [RE100 as of 2024](#).)

Charles River takes business continuity planning seriously and is committed to both promoting and incorporating climate resilience in its business continuity plans. Further, we have already implemented several sustainability initiatives such as setting science-based GHG reduction targets across scopes 1, 2 and 3 and [reporting annually on our progress](#); committing to and [achieving RE100](#); and implementing sustainable design efforts supported by our \$5 million annual Sustainability Capital Fund. Our global engineering teams, project managers, and key external architectural and engineering partners are aware of our sustainability goals and initiatives and support the incorporation of sustainable design and climate resiliency into new project designs.

Through climate-related scenario analysis, Charles River has identified, assessed, and prioritized potential climate-related risks and opportunities. Impacts from risks and opportunities have been categorized by time horizon (short, medium, and long-term) and by IEA scenario (Net Zero Emissions by 2050, Announced Pledges Scenario, and Stated Policies Scenario) and Intergovernmental Panel on Climate Change Scenario (IPCC) (RCP8.5/SSP5-8.5, RCP6.0/SSP3-7.0, RCP4.5/SSP2-4.5, and RCP2.6/SSP1-2.6). Both RCP4.5/SSP2-4.5 scenario from IPCC and Net Zero emissions by 2050 scenario from IEA meet the recommendation from TCFD to include a 2°C or lower scenario. Charles River has developed management and realization methods along with KPIs to track progress and internal owners to implement the initiatives.

This climate-related scenario analysis is enabling us to:

- Build consensus within Charles River with regards to understanding climate-related risk impacts, valuation, disclosure, and governance.
- Continue to assess climate-related risks and opportunities and impact to Charles River's business, financial planning, and strategy.
- Enable climate-related risk disclosure in alignment with TCFD recommendations and in preparation for emerging regulations such as California and SEC Climate Disclosures (including alignment with CDP Climate).
- Support the vision for establishing effective governance over climate-related risks and opportunities.

Additionally, Charles River has identified environmental, innovation, and financial performance-related indicators to be used as "signposts" to monitor which future climate-related scenario the world may be moving towards. Charles River plans to monitor these signposts over time to identify key

trends, events, and drivers of each potential IEA scenario to help Charles River determine which climate mitigation and realization strategies to implement.

Risk Management

a. Processes for identifying, assessing, and managing climate-related risks and integration into Charles River's overall risk management process

The Charles River ERM and sustainability teams collectively are responsible for identifying, assessing, responding to, and escalating climate-related risks and opportunities through relevant operational structures, up to and including as appropriate the COO, CFO and CEO and the Board of Directors. The ERM team's efforts are led by the ERM Sponsors (CVP Corporate Tax and Senior Director of Risk Management), the ERM Executive Sponsors (CFO and COO), Steering Committee Members, (senior managers, functional leaders), and working groups (risk leaders). These individuals perform the assessment process for individual risks, including those that are climate related. This group assesses risks and opportunities for Charles River, collaborates with the appropriate stakeholders on implementing risk mitigation efforts, and then reports on their activities to executive leadership on a quarterly basis, and to the Board on an annual basis.

The Charles River team uses its ERM model to score and monitor risks in general inclusive of those associated with both physical and transition climate-related risks. The Charles River ERM process includes identifying a prioritized list of the most pertinent enterprise-wide risks to mitigate. Opportunities to explore have been introduced in 2024 and will allow Charles River to allocate resources to address climate-related issues as appropriate. Charles River has assigned stakeholders to manage, address, and identify risks identified through the ERM process while the Board is made aware of the potential financial impacts and associated mitigations associated with these risks. Charles River will analyze the trends of each risk's magnitude and mitigation status annually to determine if further action is required. With this year-over-year analysis, based in several risk criteria, Charles River possesses both an ERM score correlating with each analyzed risk as well as a mitigation score to determine progress and prioritize risks and opportunities to allocate internal resources.

In terms of a financial threshold with regards to the impact of all risk, including climate-related risk, Charles River considers a negative impact to operating income over \$35 million to be substantive.

Metrics and Targets

a. Metrics used by Charles River to assess climate-related risks and opportunities in line with its strategy and risk management process

While assessing climate-related risks and opportunities, Charles River

identified methods to mitigate and avoid risks as well as pursue opportunities. To track progress towards managing a risk or realizing an opportunity, Charles River will be utilizing KPIs to demonstrate appropriate climate action taken. Charles River has identified organizational owners of the KPIs, who are responsible for ensuring that the respective initiative begins implementation by the proposed timeline and appropriate KPIs are tracked. Examples of some of the KPIs that are tracked by the Charles River team are listed below and are also updated annually in the Charles River [ESG Library](#).

- GHG inventory, which includes scope 1, 2 and 3 emissions
- Near term (2030) scope 1 & 2 and scope 3 GHG reduction targets and progress towards achievement
- RE100 targets, to use 100% renewable electricity use globally by 2030. (Note: [Goal achieved in 2024](#))

b. Scope 1, scope 2, and scope 3 GHG emissions

Metric	Unit	2023
Scope 1 (direct) Emissions	MT CO ₂ e	85,723
Scope 2 (energy - indirect) Emissions – market based	MT CO ₂ e	18,031
Scope 3 (other indirect) Emissions	MT CO ₂ e	435,589

Scope 3 GHG emissions are calculated using a mix of methodologies per category. For example, scope 3 Category 1 (purchased goods and services) uses a hybrid-based and spend based method within the calculation. This mixed method approach using relevant emission factor databases is consistent throughout the scope 3 assessment.

To ensure public disclosure of climate-related metrics and targets, Charles River created an [ESG Library](#), to serve as a repository for ESG data including GHG emissions, renewable electricity use, and progress toward 2030 goals. [External third-party verification assurance letters](#) are also located within our ESG Library.

c. Targets used by Charles River Laboratories to manage climate-related risks and opportunities as well as performance against targets

Charles River Laboratories set the following climate targets for scope 1, 2, and 3 GHG emissions:

- SBTi Near-term Target: Scopes 1&2: reduce 50% of scope 1 and 2 GHG emissions from Charles River facilities by 2030 (from a 2018 baseline); 37% of this goal has been met as of 2023.
- SBTi Near-term Target: Scope 3: reduce 15% of scope 3 GHG emissions by 2030 (from a 2019 baseline); scope 3 emissions have increased 30% as of 2023.
- RE100: 100% share of low-carbon or renewable energy by 2030; 92% of this goal has been met as of 2023 and [the goal has been achieved as of January 2024](#).

