



Fiscal Year 2023

Sustainability Report

Advanced Drainage Systems, Inc.

www.adspipe.com

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A Letter from our CEO

Advanced Drainage Systems, Inc. (ADS) remains committed to our brand promise to protect and manage water, the world’s most precious resource, safeguarding the environment and communities. At ADS, Our reason is water™, and we will continue to bring innovative products to market to mitigate the impact of higher frequency and increasingly volatile stormwater events. In addition, we will continue pursuing innovative ways to incorporate more recycled material in ADS products, as we strive to not only protect water but to reduce plastic landfill waste in the process.



In 2022, there were 17 stormwater-related natural disasters in the United States that cost over \$1 billion. These large-scale disasters, which include severe storms, tropical cyclones, flooding, droughts, and winter storms, cost a staggering \$174 billion. By comparison, if we look back 20 years, there were just five of these events in 2002. ADS recognizes the significant role we play in developing solutions that reduce the damage from significant stormwater events and are currently working alongside communities to improve stormwater and onsite septic wastewater regulations considering the higher frequency and increased volatility of these events.

Further, we recognize that as industry experts we have a role to play in raising awareness, education, and importance the stormwater and onsite septic wastewater markets have in this evolving landscape. The growing concern

of water scarcity in the United States creates an opportunity for groundwater to become an increasingly viable water source. Retention and detention systems, as well as water quality and active onsite septic treatment systems, will become increasingly important for impacted geographies.

We therefore view the long-term opportunity for ADS solutions, which are more sustainable and cost effective than traditional products, as significant. Our outlook for growth via continued market penetration is further bolstered by the long-term growth prospects of the stormwater and onsite septic wastewater markets. Water is a precious and finite resource we must protect.

In Fiscal 2023, we continued to make progress towards achieving the 10-year sustainability goals we released last year. These goals are built around our REASON, water, and we remain committed to achieving these ambitious goals

in the areas of Recycling, Environmental impact, Accountability, Social purpose, Operational excellence, and News. In part because of the strong commitment to these goals, ADS is being recognized as an environmental leader for the commitments included within these 10-year goals, including inclusion in the inaugural list of America's Climate Leaders by USA Today as well as a finalist in Fast Company's 2023 World Changing Ideas Awards in the water category. Additionally, in August 2023 we became a signatory to the UN Global Compact, joining the world's largest corporate sustainability initiative. The UN Global Compact enables us to align our strategies with other like-minded companies as we work towards the collective goal of achieving a better world.

Finally, in Fiscal 2023 we broke ground on an important, new Engineering and Technology Center near ADS' corporate headquarters in Hilliard, OH. This facility will be one of the world's most advanced stormwater engineering centers in the world, bringing together teams from material science, product innovation and

manufacturing engineering to further impact two of our most important goals: protecting water and creating long-term solutions that use recycled material.

I personally thank you for taking the time to learn more about the great work ADS is doing to create a more sustainable business, lessen our impact on the environment and increase our positive contributions to society. As always, we look forward to continuing to share our progress towards building a better tomorrow together every day.



D. Scott Barbour

D. Scott Barbour
President & CEO



About Us

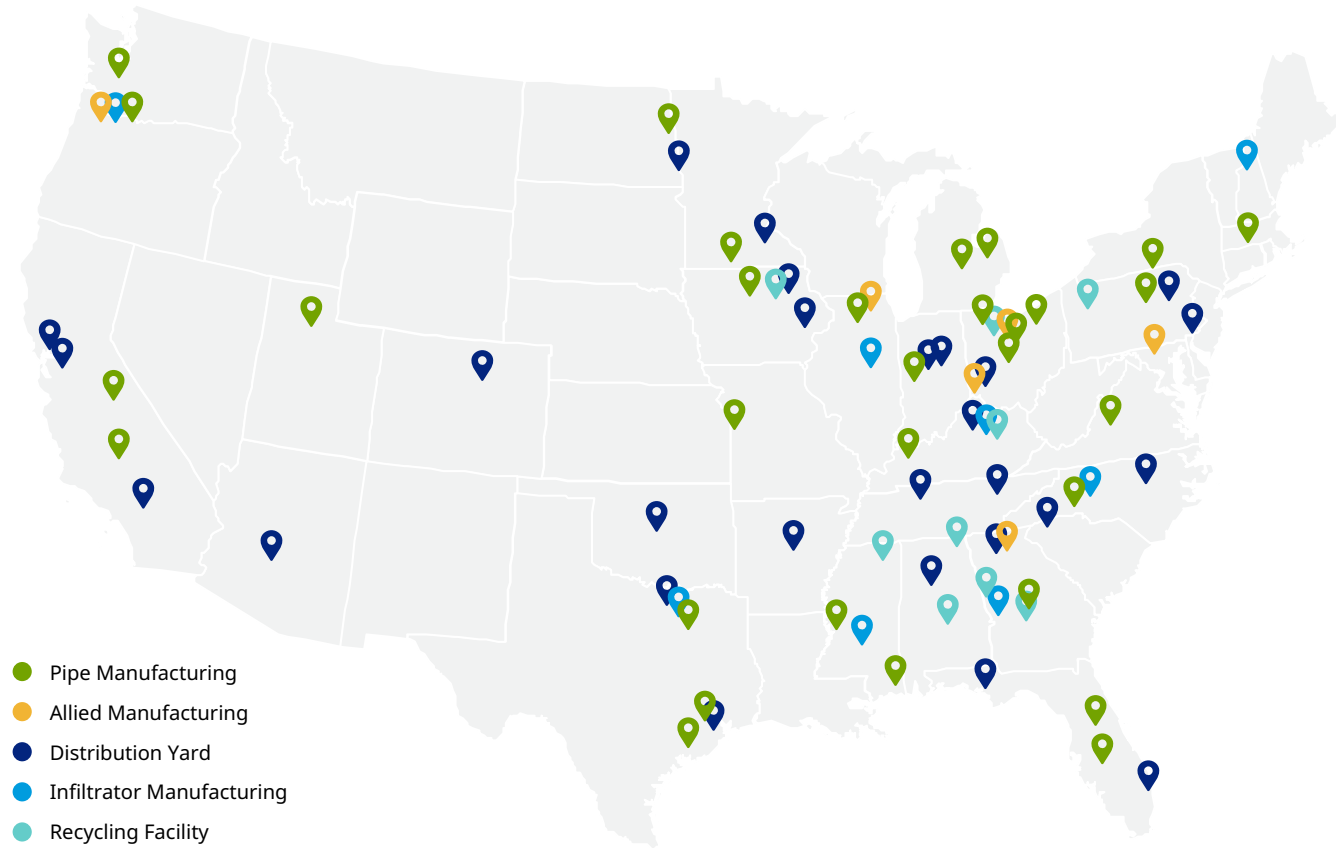
Advanced Drainage Systems is a leading manufacturer of sustainable stormwater and onsite septic wastewater solutions, with headquarters in Hilliard, Ohio, USA. Our operations spread across the United States, Canada, Mexico and South America. We provide a comprehensive suite of water management products and superior drainage solutions for use in the underground construction and agriculture marketplace. ADS' broad product line includes corrugated high-density polyethylene pipe, corrugated polypropylene pipe, related water management products and plastic leach field chambers and septic tanks. ADS products

are generally lighter, more durable, more cost effective, have a lower carbon footprint¹ and are easier to install than comparable alternatives made with traditional materials.

We have a large, active customer base of approximately 16,000 customers, spanning national and independent waterworks distributors, major national retailers that carry drainage products, and buying groups and cooperatives in the United States that serve the construction, agriculture, plumbing, hardware, irrigation and landscaping markets.

¹ Plastics Pipe Institute (PPI) conducted a Life Cycle Analysis on stormwater pipe in 2021 and results confirmed lower carbon footprint for stormwater pipe made with plastic.

United States Pipe and Allied Product Facilities



Business Footprint

In addition to our manufacturing and distribution facilities across the U.S., we also own manufacturing facilities in Canada to produce our products for sale in the Canadian markets. Additionally, we serve other international markets primarily in Mexico and South America through joint ventures with local partners. Our joint venture strategy has provided us with local and regional access to key markets such as Mexico, Brazil, Chile, Argentina and Peru. Our international joint ventures produce pipe and

related products to be sold in their respective regional markets. We also have wholly owned subsidiaries that distribute our pipe and related products in Europe and the Middle East.

Combining local partners' customer relationships, brand recognition and local management talent, with our world-class manufacturing and process expertise, broad product portfolio and innovation creates a powerful platform and exciting opportunities for continued profitable international expansion.

Business Overview			
Sale of the Organization	Fiscal 2021	Fiscal 2022	Fiscal 2023
Net Sales (\$ in millions)			
United States	\$1,805	\$2,548	\$2,830
Canada	\$119	\$138	\$155
Other International	\$59	\$83	\$87
Total	\$1,674²	\$2,769	\$3,071
Manufacturing Plants²			
United States	52	57	53
Canada	4	5	5
Mexico ³	4	4	4
South America ^{2,4}	4	4	4
Other ⁵	-	-	-
Total	64	70	66
Distribution Centers			
United States	21	24	27
Canada	5	4	4
Mexico ²	-	4	3
South America ^{2,3}	5	5	5
Other ⁴	1	1	1
Total	32	38	40

² Fiscal 2021 net sales data does not include results from Infiltrator.

³ Manufacturing plants and distribution centers in Mexico and South America are owned or leased by our joint ventures.

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⁵ The other facility is located in the Netherlands.

Fiscal 2023 Sustainability Highlights



Environmental



17% decrease
in scope 1 and 2 GHG emissions intensity



540 million
pounds of recycled materials processed



15% decrease
in energy intensity



57%
Pipe revenue derived from recycled products



Operational



\$13 million
investment in capital projects related to environmental, health and safety projects to mitigate risk across our manufacturing network



Broke ground
on our Engineering and Technology Center in Hilliard, OH



Social & Governance



94,000 hours
training hours provided to our workforce



39%
increase in diversity and representation at management level

REASON

At ADS, we view sustainability not as a destination, but a journey. While we have made significant progress in recent years, we continue to recognize the importance of identifying areas for continuous improvement.






To that end, and to further align our business with positive impact globally, we became a signatory to the UN Global Compact in August 2023.

Additionally, we recently completed a materiality assessment to confirm our goals are focused on areas most important to our business from both a stakeholder and financial impact. The results of the materiality assessment are presented in this report and will provide an important foundation to inform future areas of focus.

Progress towards our 10-Year Goals

Last year, we were proud to announce ADS' 10-year goals, created to guide our operations towards having a more positive impact. Our reason is water. As such, our 10-year Goals are based on the REASON in our tagline:

Our reason is **water.**TM

Goal		Fiscal 2023 Progress
	Recycling 1 billion pounds recycled material used annually by 2032.	540 million pounds of recycled material purchased in Fiscal 2023. In Fiscal 2023, ADS broke ground on its Engineering and Technology Center in Hilliard, OH. This facility will enable us to incorporate additional recycled material in our products. ADS continues to partner with The Recycling Partnership, whose goal is to provide equitable access to recycling across the United States.
	Environmental Impact Reduction Reduce absolute GHG emissions through science-based targets in line with 1.5°C.	ADS signed the Science Based Targets initiative (SBTi) commitment letter on April 21, 2022. The next step is to submit science-based targets to the SBTi for approval in Fiscal 2024. Internally, we have developed a path to achieve these targets and will report additional information once the science-based targets are approved.
	Accountability Continued transparency in reporting annual progress toward 10-year goals. Implementation of a supplier sustainability program. To be a responsible and transparent corporate citizen.	ADS launched a supplier code of conduct in the first quarter of Fiscal 2024. ADS became a signatory to the United Nations Global Compact in the first quarter of Fiscal 2024.
	Social Purpose Increase focus on Diversity, Equity & Inclusion (DE&I) Continue supporting communities through the ADS Foundation. Develop and foster community partnerships.	ADS established the Culture Exchange Council in Fiscal 2023. In Fiscal 2023, diversity at the management level increased 39%. In Fiscal 2023, culture of belonging training was completed for leadership at the manufacturing facilities. ADS contributed \$4 million to charitable organizations. \$3 million was contributed through the ADS Foundation.
	Operational Excellence Reduce Total Recordable Injury Rate (TRIR) to below 1.0 by Fiscal 2032. Commit to Operation Clean Sweep. Implement closed loop water usage at 100% of the Legacy ADS pipe manufacturing locations.	Fiscal 2023 TRIR was 2.6, a 3% improvement from Fiscal 2022. We continue to focus on safety and lowering the TRIR. ADS is an active member of Operation Clean Sweep. 87% of the legacy ADS pipe manufacturing facilities utilize closed loop water systems. We are currently evaluating remaining sites and developing plans to implement closed loop water systems.
	News We will keep lines of communication open and transparent and will share news of our progress on a regular basis via the ADS sustainability website and our annual sustainability report.	Published annual sustainability report.

Alignment with the United Nations Sustainable Development Goals

In connection with becoming a signatory to the UN Global Compact in August 2023, we have also made efforts to identify how ADS is acting in support of the United Nations Sustainable Development Goals (“UNSDGs”), a comprehensive framework created to enable a more sustainable world by 2030. Identifying our alignment with the UNSDGs underscores how we are demonstrating our commitment to be a conscientious corporate citizen and connecting the success of our business with positive impact for communities globally. We have called out the SDGs for which our business has the greatest impact below and call out relevant sections of content germane to each of these SDGs throughout the report.



Sustainable Development Goal 6:

Clean Water and Sanitation

Our reason is water™, and our products play a key role in safely managing stormwater runoff and providing effective drainage and treatment.



Sustainable Development Goal 9:

Industry, Innovation and Infrastructure

Our long-lasting plastic products are more cost-effective and easier to install than traditional material equivalents, enabling effective installation of stormwater conveyance infrastructure, and our continued investments in innovation and safe manufacturing facilities contribute positively to the communities in which we operate.



Sustainable Development Goal 12:

Responsible Consumption and Production

As one of the largest plastic recyclers in North America, ADS plays a vital role in creating a circular economy for plastics – in Fiscal 2023, we purchased nearly 540 million pounds of recycled plastic for use in our products. As such, our operations contribute meaningfully to the creation of a circular economy.



Sustainable Development Goal 13:

Climate Action

Our commitment to climate action is two-fold. We are taking meaningful efforts to decarbonize our own operations, including our commitment to set emissions reductions goals in line with limiting global temperature rise to 1.5°C, as verified by the Science Based Targets Initiative. The reduced weight of our products as compared to traditional materials also helps reduce the carbon intensity for new infrastructure installation as well.



Sustainable Development Goal 17:

Partnerships for the Goals

ADS makes strong efforts to partner with like minded organizations, both commercial and community-based, globally to further our ability to achieve sustainability-related initiatives.



Fiscal Year 2023 Performance Indicators

Energy Consumption		Usage ⁶		
Energy Consumption	Unit of Measure	Fiscal 2021	Fiscal 2022	Fiscal 2023
Purchased Electricity ⁷	Gigajoules (GJ)	1,291,986	1,653,838	1,549,135
Purchased Natural Gas	GJ	57,934	129,691	129,196
Total Energy Consumption	GJ	1,349,920	1,783,530	1,678,331
ADS Sales	\$, in millions	\$1,654	\$2,769	\$3,071
Energy Intensity	GJ per thousand revenue dollars	813	644	546

GHG Emissions ⁸			
Scope 1 Emissions (Metric tons CO2e)	Fiscal 2021	Fiscal 2022	Fiscal 2023
Direct GHG Emissions by Type			
Fuel	70,524	72,008	65,662
Natural Gas	2,911	6,529	6,504
Total Direct GHG Emissions	73,435	78,537	72,167
Scope 2 Emissions (Metric tons CO2e)			
Indirect GHG Emissions by Type			
Purchased electricity	154,195	174,480	161,299
Total Indirect GHG Emissions	154,195	174,480	161,299
Scope 3 Emissions (Metric tons CO2e)			
Scope 3 GHG Emissions by Type			
Purchased goods and services ⁹	Not calculated	968,243	745,353
Total Indirect GHG Emissions	Not calculated	1,126,214	920,767

⁶ Fiscal 2023, Fiscal 2022 and Fiscal 2021 data does not include Cultec (acquired in May 2022), Jet Polymer (acquired in December 2021), the joint venture facilities in Mexico or Other International sales, which represent less than 5% of net sales. In addition, Fiscal 2021 data does not include Infiltrator Water Technologies (Infiltrator) (acquired in August 2019). Fiscal 2022 data has been updated to include additional invoices received.

⁷ 100% grid electricity. We did not purchase any renewable energy in Fiscal 2023, 2022 or 2021.

⁸ Fiscal 2023, Fiscal 2022 and Fiscal 2021 data does not include Cultec (acquired in May 2022), Jet Polymer (acquired in December 2021), the joint venture facilities in Mexico or Other International sales, which represent less than 5% of net sales. In addition, Fiscal 2021 data does not include Infiltrator Water Technologies (Infiltrator) (acquired in August 2019). Fiscal 2022 data has been updated to include additional invoices received. In addition, Fiscal 2022 and Fiscal 2023 greenhouse gas emissions from energy and natural gas were calculated using Market-based Emissions Inventory within Resource Advisor, a cloud-based energy and sustainability platform provided by Schneider Electric. The Fiscal 2021 data was calculated using a factor of 0.9472 kWh to pounds of carbon. Therefore, Fiscal 2021 data may not be comparable.

⁹ All other scope 3 categories are less than 10% of the total emissions.

Emissions Intensity				
	Unit of Measure	Fiscal 2021	Fiscal 2022	Fiscal 2023
Total GHG Emissions	Metric tons CO2e	227,630	253,017	233,466
Total sales	\$, in millions	1,654	2,769	3,071
Total GHG Emissions Intensity	GJ per thousand revenue dollars	137	91	76

Employee Health and Safety ^{10,11}				
Total Recordable Injury Rate ¹²		3.1	2.7	2.6
Fatality Rate		0.00	0.00	0.02
Near Miss Frequency Rate ¹³		11.7	9.5	9.4

Remanufactured Product Revenue				
	Unit of Measure	Fiscal 2021	Fiscal 2022	Fiscal 2023
Percent of revenue from remanufactured products	% of gross sales	61.5%	59.2%	58.5%
Percent of pipe revenue from Remanufactured products	% of gross pipe sales	65.7%	60.8%	56.7%

Fleet Metrics				
Fleet Efficiency	Unit of Measure	Fiscal 2021	Fiscal 2022	Fiscal 2023
Fuel Economy	Miles per gallon (MPG)	6.4	6.5	6.5
Payload Efficiency	Pounds shipped per miles traveled	24.8	23.7	22.0
Fuel Consumed	GJ	1,164,786	1,016,622	920,720

¹⁰ Safety statistics are representative of the ADS Legacy operations in the United States and Canada (all years), Infiltrator (included in Fiscal 2023 and Fiscal 2022 data), Jet (included in Fiscal 2023 data) and Cultec (included in Fiscal 2023 data). The data does not include facilities in Mexico or Other International, which represent less than 5% of ADS Legacy net sales.

¹¹ Rates are calculated as: (Statistic count x 200,000) / hours worked.

¹² TRIR: A work-related injury or illness is considered a recordable incident if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Additionally, a significant injury or illness diagnosed by a physician or other licensed health care professional is considered a recordable incident, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

¹³ Near Miss Frequency Rate: A work-related near miss is defined as an unplanned incident in which no property or environmental damage or personal injury occurred, but where damage or personal injury easily could have occurred but for a slight circumstantial shift.

Materiality Assessment

We believe that ongoing stakeholder engagement is crucial to maintain a leading Sustainability program. In Fiscal 2023, we completed a materiality assessment to further refine how our key stakeholders view the key issues that impact our business. The results of this assessment will help ADS better integrate material issues into our risk management and strategic planning processes in the future and guide our forward-looking sustainability priorities.

Evaluating and Prioritizing Impacts

In collaboration with a third-party consultant, we evaluated ADS' sustainability-related risks and opportunities using the dual lenses of stakeholder and financial impact. This approach ensures our reporting meets the expectations of all stakeholders and better aligns the company with its long-term business and sustainability goals.

Our assessment reflects guidance from relevant third-party frameworks (i.e., the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI)) as well as an in-depth review of our industry landscape. Following this exercise, we engaged a selection of our internal leaders and external stakeholders (e.g., customers, investors) through in-depth interviews to better understand what mattered most.

The results were shared with stakeholders interviewed and are provided below:

ADS' Material ESG Issues

Enhancing ability to attract and retain talent

Providing solutions to support customer and community resilience to extreme weather and water scarcity

Decarbonizing ADS' own operations and supply chains

Increasing the use of recycled plastics through partnerships and innovation

Deploying automation technologies across ADS' manufacturing network

Fostering a diverse, equitable, and inclusive workforce

Integrating sustainability-related risks, opportunities, and impacts into ADS corporate governance

Enhancing the measurement and disclosure of ADS' product impact

Building ADS' operational resilience (including supply chain) to extreme weather

Environmental Impact

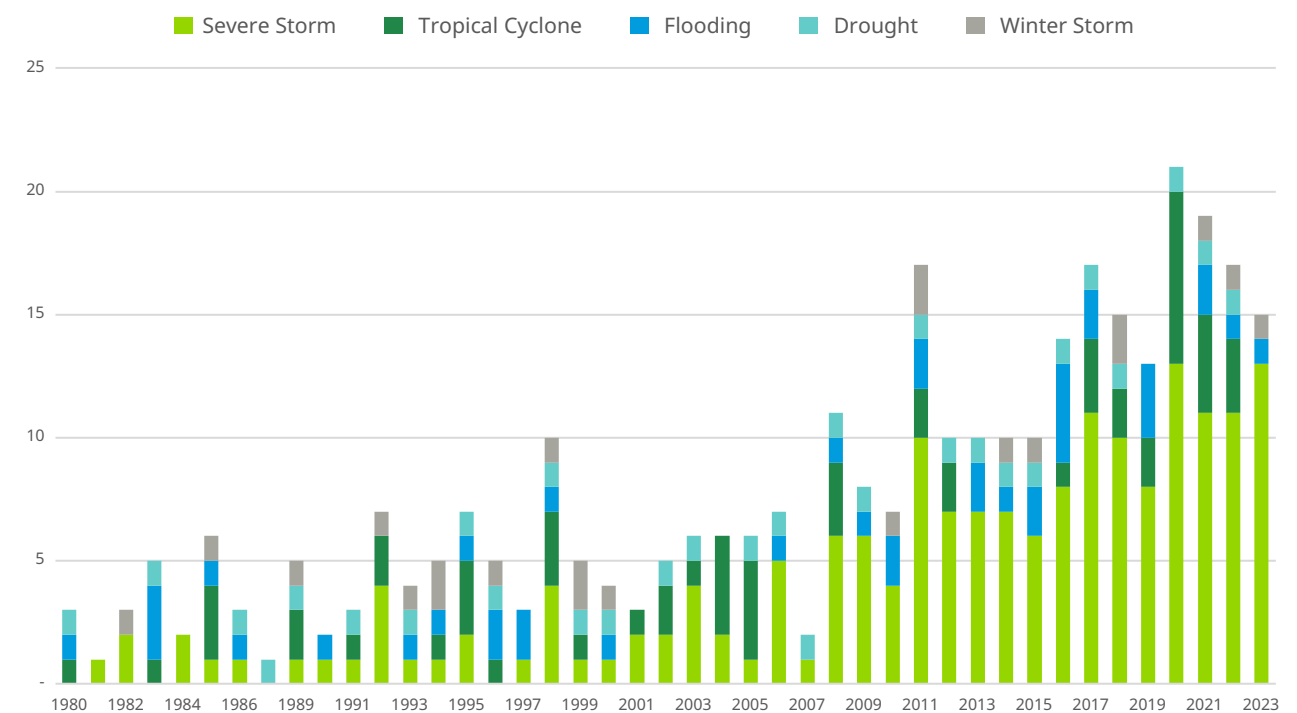
ADS seeks to reduce our environmental impact twofold: by developing products that assist communities as they plan for and recover from increasingly frequent storm events and unprecedented rainfall, and by reducing the impact of our own operations where practicable. As the climate warms, the amount of water that can potentially be stored in the atmosphere is increasing, causing more threats of severe storms with higher amounts of precipitation. As shown in the chart below, the frequency of billion-dollar stormwater management related disasters, particularly severe storms, is increasing. ADS' stormwater products help communities address problems associated with this threat and help

keep their residents safe from flooding and other problems associated with increased rainfall.

ADS has also committed to setting and achieving science-based targets for greenhouse gas emissions to do our part in mitigating climate change, in parallel with broader efforts to improve efficiency and robust data collection on environmental impacts across our company.

In this section we will share what we are proactively doing in the environmental arena to reduce our environmental impact and increase our positive impact through stormwater management.

Billion Dollar Stormwater Management Related Disasters in the U.S. since 1980



Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2023). 2023 Data is through June.

Lifecycle of a Raindrop

ADS provides stormwater management solutions that cover the lifecycle of a raindrop. From the moment that raindrop hits the ground until it is returned to the environment, the ADS product portfolio is built around, capturing, conveying, storing and treating before returning that raindrop back to the environment. Proper stormwater management prevents flooding, pollution, destruction, erosion and many other environmental and health issues.

Global population growth results in increased construction of buildings, homes, roads and highways, all of which disrupt the natural ability of stormwater to infiltrate the ground. ADS' solutions provide for safe and efficient stormwater management with products that have a lower carbon footprint than competing products and allow communities to be resilient in both planning for the future and recovering from major storm events.



Capture: The first step in protecting our world's most precious resource, water, ADS capture structures collect and direct stormwater runoff on project sites to an underground conveyance system.

Conveyance: To prevent flooding, which could lead to significant structural and environmental problems, ADS pipe, fittings, and other products safely move water away from developed sites to be reintroduced to the water cycle.

13+ billion feet of ADS pipe are installed around the world

Storage: To mitigate erosion and flooding, ADS retention and detention systems manage infiltration and recharge stormwater prior to the treatment process.

The current footprint of installed StormTech® retention/detention chambers can infiltrate **3+ billion gallons** of stormwater runoff

Treatment: ADS water quality products remove trash, debris and pollutants from stormwater runoff collected in previous steps, ensuring only clean water is discharged back into our communities.

ADS Barracuda water quality units in place can manage **2+ million gallons of water per minute** during storm events.

Water Scarcity, Stress and Planning

We believe that rigorously tracking and sharing our water data and analysis with stakeholders increases transparency and highlights the efforts we undertake to lessen our impact. For example, we have made efforts to reduce our water consumption through implementation of closed-loop water at our manufacturing facilities. We use water during our pipe production process to cool smaller diameter pipe during the extrusion process, with no water consumed in the pipe production process.

We utilize a closed-loop cooling process in 87% of the legacy ADS pipe production facilities, which means water is reused multiple times in the cooling process before discharging.

Additionally, we have plans to implement closed-loop cooling processes across the remainder of

our Legacy ADS pipe manufacturing footprint as part of our 10-year goals.

In Fiscal 2023, we completed an update of our water risk analysis across all our manufacturing facilities, including the recently acquired sites of Jet Polymers. The water risk analysis was conducted using Aqueduct Water Risk Atlas, developed by the World Resources Institute. As water scarcity is one of the defining issues of the 21st century, we are focused on being mindful of water consumption, particularly in areas of water stress. The results of our analysis are provided in the tables below. Baseline water stress is defined as a measure of the ratio of total water withdrawals to available renewable surface and groundwater supplies.

We are using the results of the water risk analysis to begin reducing our impact in a mindful way. As previously mentioned, as part of our 10-year goals, we are planning to implement closed-loop manufacturing at all of our pipe manufacturing locations.

Baseline Water Stress		
Baseline Water Stress	Percent of ADS Manufacturing Facilities	Number of ADS Manufacturing Facilities
Extremely High	5%	3
High	3%	2
Medium-High	28%	16
Low-Medium	16%	9
Low	48%	28

Water Consumption Data				
Water Consumption	Unit of Measure	Fiscal 2021 ¹⁴	Fiscal 2022 ¹⁵	Fiscal 2023
Total Water Intake ¹⁶	Megaliters	348	517	493

¹⁴ Fiscal 2021 data does not include Infiltrator.

¹⁵ Fiscal 2022 data has been updated to include Infiltrator. Infiltrator water intake is included in Fiscal 2022 and Fiscal 2023 data.

¹⁶ Water intake data is not yet available for the following: Jet Polymers (acquired in Fiscal 2022), Cultec (acquired in Fiscal 2023), Joint Ventures in Mexico and South America, domestic facilities that utilize well water, and offices or distribution centers where water is included in the lease.

Energy

ADS is committed to decarbonizing our operations and providing solutions that help the rest of the world decarbonize. Our recycled HDPE pipe has a lower carbon footprint compared to competing products,¹⁷ allowing communities around the world to manage stormwater with less negative carbon impact. Additionally, we continue to invest in setting science-based targets for greenhouse gas emissions in line with limiting global temperature rise to 1.5°C. In Fiscal 2023, we made further progress on our science-based targets proposal and plan to submit to the Science Based Targets Initiative for approval in Fiscal 2024.

In Fiscal 2023, ADS continued to track energy and emissions data from our U.S. and Canada operations on a facility level.

Approximately 99% of our energy is consumed in the manufacturing processes. ADS continues to evaluate opportunities to reduce our energy consumption through adopting more efficient technologies throughout our manufacturing footprint and reducing scrap and improving equipment effectiveness. Through the proactive actions of our engineering team, during Fiscal 2023, ADS upgraded 5 extruder motors from direct current to variable speed alternating current motors, resulting in an average energy

Energy Usage ¹⁸				
Energy Consumption	Unit of Measure	Fiscal 2021	Fiscal 2022	Fiscal 2023
Purchased Electricity ¹⁹	GJ	1,291,986	1,653,838	1,549,135
Purchased Natural Gas	GJ	57,934	129,691	129,196
Total Energy Consumption	GJ	1,349,920	1,783,530	1,678,331
ADS Sales	\$, in millions	\$1,654	\$2,769	\$3,071
Energy Intensity	GJ per thousand revenue dollars	813	644	546

¹⁷ Plastics Pipe Institute (PPI) conducted a Life Cycle Analysis on stormwater pipe in 2021 and results confirmed lower carbon footprint for stormwater pipes made with plastic.

¹⁸ Fiscal 2023, Fiscal 2022 and Fiscal 2021 data does not include Cultec (acquired in May 2022), Jet Polymer (acquired in December 2021), the joint venture facilities in Mexico or Other International sales, which represent less than 5% of net sales. In addition, Fiscal 2021 data does not include Infiltrator

¹⁹ 100% grid electricity. We did not purchase any renewable energy in Fiscal 2023, 2022 or 2021.

savings of 4% to 7%. As equipment in our manufacturing facilities ages, replacements will continue to be made with more efficient equipment.

Transportation Efficiency

ADS operates the largest company owned fleet in our industry, which allows for optimal customer service. We are constantly working to reduce the fleet's environmental impact and we are proud to have partnered with Smartway, a program established by the United States EPA, designed to help companies advance supply chain sustainability by measuring, benchmarking, and improving freight transportation efficiency. We are continuously optimizing our vehicle use, fleet routes and shipping methods to meet our efficiency goals and reduce fleet impact.

The ADS fleet is comprised of custom drop side trailers, tractor trailers, box trucks and flat beds designed for efficient jobsite delivery. The logistics team chooses the best trailer for the job depending on products, delivery site and distance. Regardless of the job, our fleet can deliver what the customer needs, when they need it. We continue streamlining our fleet capabilities by more efficiently shipping certain non-core deliveries, including less than full truckload shipments, retail deliveries and certain long-distance or one-way trips, via third-party

logistics partners designed with the specific load of trip type in mind.

In Fiscal 2023, fuel economy was flat to the prior year. Based on the age of our current fleet assets, we believe we are near peak MPG. We have a significant number of assets on order as a part of our fleet refreshment strategy, which have better fuel economy and will improve this metric as these assets are delivered in Fiscal 2024 and in the future. Payload efficiency decreased 7.2% to 22.0, and fuel consumption decreased 9.4% to 920,720 GJ. Both decreases are primarily related to a reduction in shipping volume in Fiscal 2023 compared to Fiscal 2022.

ADS continues to execute initiatives to increase compliance, improve driver training and further adopt monitoring technology. Through

compliance and driver training programs, we increased awareness of route management, load optimization and other value-added activities. Additionally, further adoption of monitoring technology has allowed us to provide additional oversight to our driver practices as well as implement preventative repair and maintenance strategies. We believe there is further opportunity to improve fleet efficiency through adoption of additional technology solutions, active tire monitoring and self-inflation technologies, managed maintenance programs and training programs focused on reducing idle time, improving MPG and improving engine efficiency. We have annual internal targets for payload efficiency which drives continuous improvement in route optimization and load maximization.

Fleet Metrics				
Fleet Efficiency ²⁰	Unit of Measure	Fiscal 2021	Fiscal 2022	Fiscal 2023
Fuel Economy ²¹	Miles per gallon (MPG)	6.4	6.5	6.5
Payload Efficiency ²²	Pounds shipped per miles traveled	24.8	23.7	22.0
Fuel Consumed ^{23,24}	GJ	1,164,786	1,016,622	920,720
NOx emissions ²⁵	Grams per mile (g/m) Grams per ton mile (g/tm)	Not Available	3.25 [4.65] 0.26 [0.26]	3.02 [4.03] 0.29 [0.29]
CO2 emissions ²²	Grams per mile (g/m) Grams per ton mile (g/tm)	Not Available	1,610 [1,510] 107 [107]	1,601 [1,491] 105 [105]
Particulate matter emissions ²²	Grams per mile (g/m) Grams per ton mile (g/tm)	Not Available	0.0445 [0.0445] 0.0028 [0.0028]	0.0052 [0.0332] 0.0017 [0.0028]

²⁰ Fleet efficiency data is representative of the entire ADS fleet, which operates in the United States and Canada.

²¹ MPG is defined as total miles traveled divided by total fuel consumed. MPG is tracked through a third-party telematics program. Telematics are installed on all ADS medium- and heavy-duty ADS trucks.

²² ADS defines payload efficiency as the total pounds shipped on ADS fleet divided by the total miles traveled on the ADS fleet. ADS uses payload efficiency as a measure of capacity utilization.

²³ Fuel is tracked through a third-party telematics program. Converted from gallons to GJ at a rate of 0.14652 GJ per 1 gallon.

²⁴ Fuel Usage data for Fiscal 2021 has been corrected to account for more accurate tracking and a previous conversion error.

²⁵ As part of our commitment to the Smartway Program, NOx, CO2 and Particulate Matter emissions are tracked on a calendar year basis. Values for Fiscal 2023, represent calendar year 2022 data, Fiscal 2022 values represent calendar 2021 data, and Fiscal 2021 values represent calendar 2020 data. Data in brackets represents data for the ADS fleet in Canada, which is tracked and reported to the US EPA Smartway Program separately.

Greenhouse Gas Emissions

GHG Emissions ²⁶			
Scope 1 Emissions (Metric tons CO ₂ e)	Fiscal 2021	Fiscal 2022	Fiscal 2023
Direct GHG Emissions by Type			
Fuel	70,524	72,008	65,662
Natural Gas	2,911	6,529	6,504
Total Direct GHG Emissions	73,435	78,537	72,167
Scope 2 Emissions (Metric tons CO ₂ e)	Fiscal 2021	Fiscal 2022	Fiscal 2023
Indirect GHG Emissions by Type			
Purchased electricity	154,195	174,480	161,299
Total Indirect GHG Emissions	154,195	174,480	161,299
Scope 3 Emissions (Metric tons CO ₂ e)	Fiscal 2021	Fiscal 2022	Fiscal 2023
Scope 3 GHG Emissions by Type			
Purchased goods and services ²⁷	Not calculated	968,243	745,353
Total Indirect GHG Emissions	Not calculated	1,126,214	920,767
Emissions Intensity	Fiscal 2021	Fiscal 2022	Fiscal 2023
Total GHG Emissions (Metric tons CO ₂ e)	227,630	253,017	233,466
Total Sales (\$, in millions)	1,654	2,769	3,071
Total GHG Emissions Intensity	137	91	76

²⁶ Emissions data is representative of the ADS Legacy business in the United States and Canada. The data does not include joint ventures facilities in Mexico or Other International, which represent less than 5% of ADS Legacy net sales. Fiscal 2021 data does not include Infiltrator, which was acquired in Fiscal 2020. In addition, Fiscal 2022 and Fiscal 2023 greenhouse gas emissions from energy and natural gas were calculated using Market-based Emissions Inventory within Resource Advisor, a cloud-based energy and sustainability platform provided by Schneider Electric. The Fiscal 2021 data was calculated using a factor of 0.9472 kWh to pounds of carbon. Therefore, Fiscal 2021 data may not be comparable.

²⁷ All other scope 3 categories are less than 10% of the total emissions.



Scope 1 GHG emissions decreased 8.1% in Fiscal 2023, primarily due to the reduction in fuel consumption by the ADS fleet. Scope 2 GHG emissions decreased 7.6%, primarily due to the decrease in manufacturing volume.

In Fiscal 2023 we continued to track energy usage and emissions data using Resource Advisor. Fleet emissions data was tracked using Smartway as previously described in the Transportation Efficiency section of the report.

As part of our ongoing efforts to improve our environmental impact, we are in the process of formalizing SBTi's to reduce our GHG emissions from our baseline, limiting our emissions to align with a global 1.5°C maximum temperature increase. In accordance with the Paris Climate Accord, ADS submitted a letter of intent signaling our commitment to science-based targets for GHG emissions in April 2022. In Fiscal 2023, we continued to work on our set science-based targets proposal and plan to submit to the SBTi for approval in Fiscal 2024.

Position on Climate Change

ADS recognizes climate change to be one of the most critical global challenges facing our environment, communities and global economies today. Everyone has an important role in combating this global challenge and we are proactively doing our part by implementing sustainable environmental practices and manufacturing products to protect our most precious resource: **water**.

Water is integral to the health of communities everywhere, and ADS produces effective, reliable and sustainable water management products and solutions. Further, our products and solutions help address various effects of climate change on the water cycle, such as shifts in precipitation patterns due to a warming atmosphere.

We are well positioned to meet the needs of the many cities, contractors and developers proactively working to improve stormwater management practices as well as protect and restore water quality.

While ADS currently implements a sustainable business model that directly addresses water-related climate change risks, we are also focused on improving our internal operations, procedures and policies to respond to this global challenge. We are committed to monitoring and managing climate-related risks and opportunities related to our business strategy, product solutions and operations.

Climate-Related Risks and Opportunities

In our assessment of climate-related risks and opportunities, we have identified potential transition and physical impacts across three core areas: our manufacturing, our fleet and the demand for our products and services.

Managing Climate-Related Risks

The transition to a low-carbon economy can raise several risks for our industry. As such, preparing for these potential impacts is important to our overall business. From a regulatory standpoint, the potential introduction of CO2 prices, limits on emissions and stricter environmental standards may introduce additional costs to our manufacturing processes and to our fleet. Further, potential shifts in the demand and supply of our key raw materials, including recycled and virgin plastic, could impact the cost of doing business, while stakeholder concerns about the plastics industry may create reputational risks across our value chain.

Additionally, the physical risks associated with climate change, such as extreme weather events and changes to weather patterns may lead to disruptions in our supply chain, the transportation of our products and potential slowdowns in revenue. However, most of these adverse impacts are short-term in nature. Over the long term, our products and services can protect communities against extreme weather events and changes in precipitation patterns, as discussed below.

In the effort to address climate-related risks, we are working hard to reduce our carbon footprint, limit energy consumption and improve fuel efficiency. In Fiscal 2023, we continued collecting data to monitor our energy and fuel consumption

as well as greenhouse gas emissions at our manufacturing facilities, distribution yards and corporate facilities across the United States and Canada. Tracking this information will be essential to achieving our science based targets for GHG emissions, which are included in our 10-year goals.

Seizing Climate-Related Opportunities

As a water management solutions provider, we believe we can help communities mitigate some of the most damaging transitory and physical effects of climate change.

Our innovative solutions preserve the integrity of the natural resource most at-risk to climate change: water. Our stormwater management solutions, particularly storm pipes, retention/detention systems and sediment removal products, are paramount to reducing water runoff, improving water quality and preserving water in communities facing extreme weather events.

Cities, governments, contractors and engineers are more focused than ever on reducing their carbon footprints through the adoption of more energy efficient solutions. Our manufactured products are more energy efficient than traditional materials, requiring less heavy machinery during installation and fewer deliveries per jobsite. Most importantly, ADS' plastic pipes have a lower carbon footprint than that of traditional reinforced concrete and corrugated steel pipes. Our plastic products are beneficial to the communities we serve and can help these communities achieve their sustainability and climate change-related goals.

Finally, the transition to a low-carbon economy also presents meaningful operational opportunities for ADS. Our strategic manufacturing initiatives currently focus on improving efficiency through reducing downtime and minimizing scrap and our logistics and transportation initiatives are working towards increasing payload efficiency and reducing fleet miles per gallon. Successful execution of these important initiatives will not only reduce our carbon footprint, but also cut future operating costs.

The table below outlines key climate-related risks and opportunities related to our industry and the potential impacts to ADS.

Transition Risks and Opportunities	Examples of Relevant Trends and Developments	Impacts to ADS
Policy, Legal, and Regulatory	Increased regulatory reporting requirements	<p>ADS MANUFACTURING</p> <p>Risks: We may face a potential increase in the cost of operations and capital expenditures due to higher carbon prices and the additional costs associated with fitting plants and buildings to meet environmental standards.</p> <p>Opportunities: We may use policy incentives to shift towards lower- emission energy sources.</p> <p>Capital investments in greener equipment, machinery and facilities will result in more energy-efficient operations.</p> <p>ADS FLEET</p> <p>Risks: Transportation-related policies may lead to a potential increase in costs related to improving fuel efficiency of our fleet, or could lead to current fleet being regulated out in certain geographies.</p> <p>Opportunities: Our efforts to improve the fuel efficiency of our fleet may result in improved network optimization.</p> <p>DEMAND FOR ADS PRODUCTS</p> <p>Opportunities: With recycled plastics making up 60 percent of our raw pipe materials, we are in a strong position to benefit from an increased demand of recycled material products. Higher environmental standards for buildings and infrastructure may also increase demand for our products.</p> <p>ADS CORPORATE</p> <p>Risks: We may face costs associated with increased reporting obligations.</p> <p>We may be exposed to litigation related to resin pellets by suppliers.</p>
	CO2 prices	
	Phasing out of fossil fuel subsidies	
	Emission limits	
	Introduction of strict environmental standards for industrial plants and buildings	
	Policies to support recycling	
Transportation: support for electric mobility, energy efficiency and alternative fuels		

Transition Risks and Opportunities	Examples of Relevant Trends and Developments	Impacts to ADS	Transition Risks and Opportunities	Examples of Relevant Trends and Developments	Impacts to ADS
Market	<p>Shifts in demand of our products and services.</p> <p>Shifts in supply and demand of raw materials, including plastic (a petroleum-based product)</p> <p>Shifts in supply and demand of transportation fuel</p>	<p>ADS MANUFACTURING Risks: We may face increased cost of raw materials (virgin and recycled plastic); decreased availability of recycled material.</p> <p>ADS FLEET Risks: We may face increased cost of fuel.</p> <p>DEMAND FOR ADS PRODUCTS Opportunities: We believe there is a significant opportunity to partner with governments and communities as our products are part of the climate-change mitigation solution. As we seek opportunities in new markets to diversify and better position our company in the transition to a lower-carbon economy, we may capitalize on public-sector incentives related to our offerings.</p> <p>Our products and services are, by design, more energy efficient than traditional materials, requiring less heavy material and fewer deliveries per job site.</p> <p>While plastic is a petroleum-based product, it has a lower carbon footprint compared to incumbent pipe materials.</p> <p>ADS CORPORATE The growing market for sustainable investments may create additional financial opportunities for our company as our products address key climate-related challenges.</p>	Reputational	Reputational risk tied to changing customer or community perceptions	<p>Risks: We recognize the climate-related risks associated with the use of plastic as a potential reputational risk.</p> <p>Opportunities: We are deliberate in our efforts to use recyclable materials in our production and manufacturing, and to source our raw materials in a responsible manner.</p>
Technology	Changes in technologies that support the transition to lower-carbon and energy-efficient products	<p>Opportunities: Our existing products constitute the lower-carbon and energy-efficient alternatives on the market. We will continue to monitor for new technologies and materials that allow for further carbon footprint improvements and energy savings.</p> <p>We plan to develop adaptive capacity to respond to changing market needs through new product development.</p>	Acute Risk	Increased severity of weather events, such as cyclones, hurricanes and floods	<p>ADS MANUFACTURING Risks: We may need to allocate additional capital expenditures to secure our facilities from extreme weather conditions.</p> <p>We may face supply chain interruptions, as extreme weather events may cause shortages.</p> <p>ADS FLEET Risks: We may face disruptions to transportation availability.</p> <p>DEMAND FOR ADS PRODUCTS Risks: Market disruptions may result in short-term revenue slowdowns.</p> <p>Opportunities: Our products serve as direct solutions to addressing the physical impacts of climate change. Therefore, we see a significant opportunity for increased demand for our products and services over the long term.</p>

Circularity

The circular economy, or circularity, is an economic system based on the reuse and regeneration of materials or products, especially as a means of continuing production while eliminating waste. The circular economy aims to retain the lifespan of products through repair and maintenance, reuse, redistribution, remanufacturing, or recycling.

As one of the largest plastic recyclers in North America, ADS plays a vital role in creating a circular economy for plastics. ADS products have contained recycled plastic for over 30 years. In Fiscal 2023, we purchased nearly 540 million pounds of recycled plastic for use in our products. Once again, ADS was named one of the largest plastic recyclers in North America by U.S. Plastics News in 2023. We remain confident that we will reach our ambitious goal to recycle

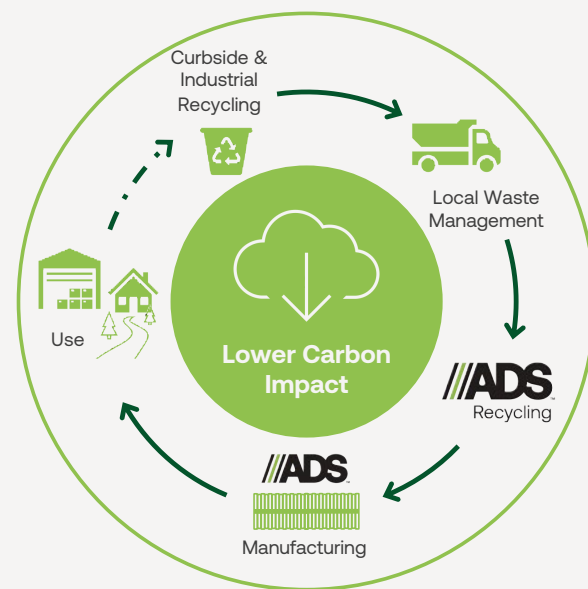
one billion pounds of material per year by Fiscal 2032 as we continue researching ways to increase our use of recycled plastics.

With our stakeholders having identified increasing the use of recycled plastics through partnerships and innovation as material from both a financial and overall stakeholder perspective during our recent materiality assessment, we believe the work ADS is doing to promote circularity is more important than ever. ADS has vertically integrated recycling operations. ADS Recycling purchases both both post-industrial and post-consumer recycled plastic materials. This material is brought into our recycling facilities where it is sorted, washed, shredded, granulated, blended and extruded into pellets. This material is then used in production to make durable goods that last 50 to 100 years.

Creating a Circular Economy for Plastics

ADS products are designed to last for decades, **significantly extending the life of single use plastics.**

Not only does ADS create a solution for plastic waste, **using recycled plastic reduces our carbon impact by over 70%.**



ADS partners with local waste management companies to source recycled post-consumer plastics.

As a well-known industry partner, ADS also purchases recycled post-industrial plastics, and **ADS is a sought-out partner for end-of-life collaboration.**

We process two thirds of the recycled plastics we consume in house, and source the remainder through other recycling partners. **ADS is one of the largest recycling companies in North America.**

Our Recycling Process

In Fiscal 2023, we consumed **25%** of the recycled pigmented HDPE bottles in the United States.

The amount of recycled plastic we consumed in Fiscal 2023 reduced our Greenhouse Gas emissions by over 650 million pounds, which amounts to taking **63,000** cars off the road.



In Fiscal 2023, we consumed **25%** of the recycled pigmented HDPE bottles in the United States.

These bottles as well as other plastics and recyclable materials are picked up through curbside recycling programs and taken to recycling centers.

At the recycling centers, materials are sorted and packed into bales. The bales are then taken to our recycling facilities.

We sort, shred and wash the material, turning it into clean plastic flakes. We test all plastic material for quality assurance.

Flake may be further pelletized and is then used in the manufacturing process.

ADS pipe products are installed in stormwater systems that are designed to last over **100 years**

<1 year
LIFE SPAN

100+ years
LIFE SPAN

Figures based on "Life Cycle Impacts For Postconsumer Recycled Resins: PET, HDPE and PP" report prepared for the Association of Plastics Recyclers by Franklin Associates, A Division of Eastern Research Group, published in December 2018.

ADS is dedicated to doing our part to help transition to a fully circular economy. In addition to containing recycled material, many of our products are also recyclable at the end of life. To measure ADS' impact on the circular economy, we calculate and share our remanufactured product revenue from products that contain recycled plastic material. These products primarily include certain high-density polyethylene (HDPE) pipe product lines such as our single wall pipe, Mega Green N-12 pipe and flexible N-12 pipe, as well as onsite septic wastewater products. Additionally, certain allied products such as pipe fittings include recycled material.

While total revenue from remanufactured products and pipe revenue from remanufactured products decreased year-over-year, this lower mix of recycled revenue is primarily due slower residential and agriculture end market demand relative to the non-residential and infrastructure end markets. Certain products that are more heavily weighted to sales in the residential and

agriculture end markets include our onsite septic wastewater products as well as single wall, Mega Green N-12 and flexible N-12 pipe, all of which contain a higher content of recycled material than certain products sold into our other end markets.

ADS remains committed to maximizing our contribution to the circular economy by converting recycled plastics into durable stormwater and onsite septic wastewater management products with a life span of up to 100 years. ADS is continually looking for ways to increase diversion of plastics from landfill, in particular HDPE and polypropylene (PP), and ensure recycled material is available for our business. Through our ongoing relationship with The Recycling Partnership, we are helping increase equitable access to recycling across the United States. Additional information about ADS' partnership with The Recycling Partnership can be found in the Partnership & Collaboration section of this report.

Investing in the Circular Economy

ADS is a signatory to the United States Environmental Protection Agency's (EPA) America Recycles Pledge, a commitment to build on the existing efforts to address the challenges facing the United States recycling system and to identify solutions that create a more resilient materials economy and protect the environment. The pledge establishes the goal to increase the national recycling rate to 50% by 2030, and ADS is committed to doing our part to help achieve this goal.

To further progress the world's use of recyclable plastic through the development of new, innovative solutions for water management, ADS announced plans to build, a new world-class, state-of-the-art Engineering and Technology Center in Hilliard, OH. Once complete, this facility will be one of the most advanced stormwater engineering centers in the world. This facility will focus on product engineering, material science, increasing the use of

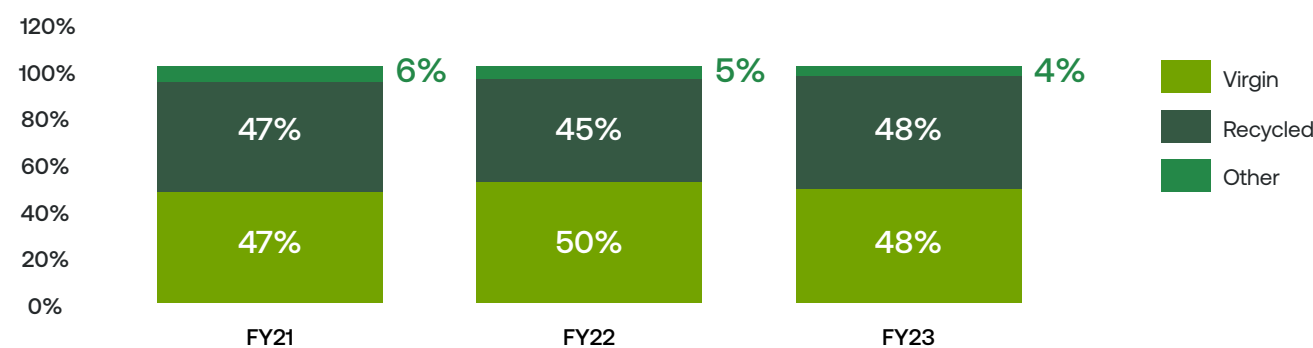
recycled materials, and manufacturing process innovation. This investment will push ADS closer to achieving our 10-year sustainability goals, such as recycling 1 billion pounds of material every year into durable goods as well as reducing the greenhouse gas emissions in our manufacturing operations through more energy efficient processes.

These initiatives support the following UN SDGs:



Performance Indicators				
Remanufactured Product Revenue	Unit of Measure	Fiscal 2021	Fiscal 2022	Fiscal 2023
Percent of revenue from remanufactured products	% of gross sales	61.5%	59.2%	58.5%
Percent of pipe revenue from remanufactured products	% of gross pipe sales	65.7%	60.8%	56.7%

Material Purchases



Operational Excellence

Health & Safety

Fiscal 2023 was no exception to our everyday commitment to ensuring the health and safety of all employees. Our operations follow a comprehensive, proactive safety and health management system that includes a collaborative process to find and fix workplace hazards prior to injury occurrence. Our U.S. facilities follow all Occupational Safety and Health Act (OSHA) safety and health standards, as required by law; and our Canadian facilities follow the Canadian Federation of Construction Safety Association (CFCSA) Certificate of Recognition (COR) program, as required by law.

In Fiscal 2023, ADS spent \$13 million in capital projects related to environmental, health and safety projects to mitigate risk across our manufacturing network.

Downstream manufacturing processes are some of our biggest safety challenges. To mitigate this concern, we are focused on automating these systems to improve both safety efforts and employee retention in addition to preparing for future workforce composition. We do this with the participation of our employees, who are encouraged to share their automation and other improvement ideas through our sharing operational improvements program.

Our sharing operational improvements approach is designed to share knowledge among manufacturing locations and engage team members to improve safety, reduce cost and improve quality. Once a team member identifies an improvement practice, they submit a form to our continuous improvement team. The concept is reviewed and distributed to applicable plants, who categorize the implementation effort and effectiveness of the solution. Based on feedback and viability, plants receive direction as to whether it is a must implement solution or should be considered for implementation, including freedom to create

an alternative best practice that achieves the same result in certain situations. This process encourages creativity and accountability among our employees.

The ADS Environmental, Health and Safety (EH&S) Team

In Fiscal 2023, ADS appointed a Vice President of Environmental, Health and Safety to lead our efforts going forward. The Vice President of EH&S works in conjunction with our Chief Executive Officer to oversee compliance with applicable safety standards. The EH&S team includes regional safety coordinators who monitor a group of facilities, while each facility has a dedicated safety committee. Safety committees meet at least monthly to identify trends, discuss injuries and address issues. Regional safety coordinators meet weekly to share best practices, improvements, progress and assess the current environment.

The EH&S team is focused on improving safety performance by focusing on behaviors and processes. We utilize continuous improvement programs to improve processes, including safety risk assessments, finding ways to utilize automation to make processes safer and engineering out risk from a process. In addition, our manufacturing and transportation organizations work with the EH&S team to find opportunities for heavier automation, especially in areas where safety is a concern.

Improvement in our safety performance from these process improvements is demonstrated in the data we collect. Equally important as engineering safety in our processes is the focus on behavior and its impact on safety. We encourage all our employees to think about safety in every step of their jobs. We deployed a "Take 5 for Safety" program throughout our operations to encourage employees to focus on safety. At the beginning of each shift, manufacturing leaders meet with operators to



talk about a safety topic. The topic is in focus for a period of time and employees are encouraged to share ideas to make things safer or improve processes. As part of the Take 5 for Safety program, we also assess personal protective equipment, our approach to housekeeping and maintain a clear and safe physical work environment, conduct root cause analysis, conduct Gemba walks and implement our Stop Work Program, discussed in more detail below.

Hazard Identification, Risk Assessment and Incident Investigation

The first factor in our safety program is hazard identification.

ADS uses the web-based program, Velocity EHS, to manage hazard identification and incident investigation. This system tracks observations and hazards and then creates preventative and corrective action suggestions. All employees are encouraged to report hazards directly to Velocity EHS or by a paper form submitted to the plant supervisor.

In addition to hazard identification, ADS performs regular risk assessments to ensure a safe work

environment for employees. In Fiscal 2023, we continued to track the action items from the risk assessments previously completed at the Focus Few facilities to completion. "Focus Few" facilities are those facilities that exhibit a higher risk for employee safety. All sites identified as "Focus Few" sites receive additional attention to improve employee safety. The TRIR at the "Focus Few" sites reduced by 56% in Fiscal 2023.

In conjunction with the facility risk assessment, all historical injury and near miss data were collected to facilitate task risk assessments and identify risk mitigation. We plan to phase in these risk assessments across all facilities to ensure appropriate actions are being taken and best practices are being shared across all groups.

We continued the Stop Work Program during Fiscal 2023. This program empowers every ADS team member, visitor or contractor with the authority, responsibility and obligation to initiate a Stop Work intervention when the control of safety, health and environmental risks are not clearly established.

Stopping unsafe work is authorized and there is no retaliation towards any employee, visitor or contractor for doing so. Further, work is not resumed until the parties concerned all agree the risk has been mitigated and it is safe to continue.



Photo courtesy of Andrew Pearks

Worker Participation, Consultation and Communication

Employee safety is under constant review, and we operate under a continuous improvement mindset for safety practices. Each location has an active safety committee comprised of employees from different departments with leadership support. We believe the best way to establish effective solutions to safety issues is to include employees in creating mitigation actions. Interviews with injured employees are conducted following an incident and employees are involved in designing practices and procedures to mitigate risk.

Training

- NEW HIRE TRAINING**

All new hires and position changes are assigned curriculum-based training courses and hands-on activities, as applicable, specific to their position. New hires are also assigned general safety onboarding, which include day 1, 2, 30, 60 and 90 safety training requirements as well as a no touch period. Annual refreshment courses on relevant topics are required for all employees.

- TRAINING THROUGH SUPERVISORS**

Shift supervisors are encouraged to start each shift with a current safety-related topic. Plant supervisors provide weekly safety action items from the Focus of the Week distribution to be completed by the plant employees as well as periodic updates to safety procedures. On a monthly basis, we provide the required virtual training and require a documented toolbox talk. A toolbox talk is a short, informal safety meeting that heightens awareness of hazards or safe practices related to a specific job. They are intended to supplement formal training and are a good way to promote safety culture and facilitate discussions onsite.

- FLEET SAFETY TRAININGS**

In addition to our manufacturing and distribution footprint, ADS operates the industry's largest company-owned fleet, and the safety of every driver is important to us. To aid in driver hazard recognition and reduce the risk of injury, we communicate daily safety messages to every driver to reinforce the importance of every employee leaving work in the same condition they showed up in, every day.

Safety Performance

The primary cause of recordable injuries is related to strains and sprains in specific employee groups; primarily related to highly manual tasks and new employees. While we continue to conduct training and awareness to reduce risk, the goal is to mitigate risk where feasible, including automating processes and updating equipment to reduce touchpoints.

We continued to make progress across key health and safety metrics in Fiscal 2023 and remain dedicated to ensuring our facilities are operating to the highest safety standards.

The EH&S team has identified 5 high-risk tasks at the plants and is working with the manufacturing engineering team to develop engineered solutions to mitigate risk. TRIR at our "Focus Few" facilities decreased 56% in Fiscal

2023, proof that targeting locations with the highest safety concern is working. We reevaluate the "Focus Few" locations annually to ensure we are focused on the right locations. Our current automation efforts are focused on downstream automation for our stick pipe products (gasket application, trimming, length adjustments), automated coiling machines for our more flexible pipe products, automated stacking for chamber products and other machinery to simplify operator tasks and circumvent risk.

Additionally, ADS has deployed capital to improve fleet safety. In Fiscal 2023, 12 new trailers specialized for safe agricultural drainage pipe delivery were deployed and 29 newly designed, safer aluminum drop side trailers were deployed.

Employee Health and Safety ^{28,29}	Fiscal 2021	Fiscal 2022	Fiscal 2023
Total Recordable Injury Rate ³⁰	3.1	2.7	2.6
Fatality Rate	0.00	0.00	0.02
Near Miss Frequency Rate ³¹	11.7	9.5	9.4

²⁸ Safety statistics are representative of the ADS Legacy operations in the United States and Canada and Infiltrator, Jet Polymers and Cultec data is included starting in Fiscal 2023. The data does not include legacy ADS facilities in Mexico or Other International, which represent less than 5% of ADS Legacy net sales.

²⁹ Rates are calculated as: (Statistic count x 200,000) / hours worked.

³⁰ TRIR: A work-related injury or illness is considered a recordable incident if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Additionally, a significant injury or illness diagnosed by a physician or other licensed health care professional is considered a recordable incident, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

³¹ Near Miss Frequency Rate: A work-related near miss is defined as an unplanned incident in which no property or environmental damage or personal injury occurred, but where damage or personal injury easily could have occurred but for a slight circumstantial shift.



Employees, Community and Partnerships

We believe that by fostering diversity and employee engagement, creating relationships with the communities we live, work and play in, and forming long lasting partnerships with like-minded organizations, we are laying the foundation for future success. Throughout Fiscal 2023, ADS continued our mission to create our culture of belonging, to make our workplace one where every ADS employee feels valued, heard and respected.

Employees

Diversity, Equity & Inclusion

From the start of our Diversity, Equity & Inclusion (DE&I) journey, we have been committed to making our efforts more than just a high-level program – we have made strong efforts to ensure DE&I is woven into the fabric of our company. Over the past two years, a tremendous amount of work has been done to ensure we are fully committed to our company's core values of Safety, People, Process and Performance, while fully integrating these into our DE&I strategy.

In Fiscal 2023, diversity representation at the management level increased by 39%.

From the front lines of our manufacturing operations to our board of directors, ADS has been working over the past year to strengthen our culture of belonging. Our objective is to show that ADS' commitment to DE&I is evident in how we operate the business every day, both inside and outside the walls of our company. In recognition of the progress we have made, ADS introduced the inaugural Culture ICON Award this past year. The Award was presented at our annual awards banquet to an employee who exemplifies an on-going commitment and accountability to the ADS Culture Statement.

In Fiscal 2023, ADS completed DE&I training for the senior leaders on our manufacturing floors. We realize that culture is not built overnight but requires thoughtful planning and ongoing nurturing to develop. We are committed to continuously working to help that culture grow within the company. To that end, we also established The Culture Exchange Council, which brought together a group of more than 20 ADS employees from diverse backgrounds across the organization to help guide our DE&I initiatives. These employees on the Culture Exchange Council are from a variety of racial, ethnic, and societal backgrounds and experiences, helping to grow and promote a culture of belonging. The Culture Exchange Council is a safe space for these employees to share their thoughts and experiences openly and honestly with management to drive our DE&I efforts forward.

CULTURE STATEMENT

At ADS, passion, innovation and continuous improvement will always be at the **heart of our work.**

We believe it's this spirit that positions us to be an industry leader.

We value diverse perspectives because they lead to **better ideas.**

Better ideas lead to better processes.

Better processes lead to better performance.

Better performance leads to more opportunities for all.

We believe our employees are the enablers of our success, and each of us has an important role in creating a more diverse and inclusive environment at ADS.

Together we commit to creating a workplace where every employee:

- Feels valued, heard and respected
- Can bring their whole self to work
- Carries a personal responsibility to be an active participant in our culture
- Influences others to drive positive impact
- Trusts we are a company that lives what we believe
- Understands how we collectively contribute to tomorrow

Employee Information

As of March 31, 2023, in our domestic and international operations, the company and its consolidated subsidiaries had about 5,870 employees, including about 3,885 hourly personnel and about 1,985 salaried employees. As of March 31, 2023, approximately 210 hourly personnel in our Mexican joint venture were covered by collective bargaining agreements.

Employees	Fiscal 2021	Fiscal 2022	Fiscal 2023
Full-time³²			
Male	4,095	4,530	4,630
Female	555	720	860
Total	4,650	5,250	5,490
Part-time³⁰			
Male	15	20	15
Female	15	15	30
Total	30	35	45
By Region			
United States	4,340	4,945	5,195
Canada	340	340	340
Other	320	350	335
Total	5,000	5,635	5,870

³² Includes U.S. and Canada employees at ADS, Infiltrator, Jet Polymers and Cultec, Inc.

Training

In Fiscal 2023, ADS employees completed **94,000 hours of training, or approximately 16 hours per employee.**

Attracting and Developing Future Leaders

Advanced Drainage System's multi-year Developing Leadership Program gives recent college graduates the opportunity to hone leadership and functional skills while preparing for an operations management career. The faceted rotational program supplements a structured training plan with mentorship by senior managers and hands-on experience across our many manufacturing facilities. Participants will develop their operations and project management skills before advancing to focus on financial fundamentals and talent management, all while transitioning through a variety of supervisory and managerial roles.

Within the first two years in the Program, participants will be leading teams within key functional areas, becoming active members of leadership committees and leading corporate global-impact projects. At the end of the Developing Leadership program, they will possess the skills to:

- work with people of differing backgrounds, generations and personalities;
- assess and leverage the talents of their teams;
- set clear expectations and manage team performance;
- manage change, conflict and critical conversations; and
- develop and coach teams toward extraordinary achievements.

We are dedicated to building a best-in-class team at ADS and our Developing Leadership Program provides a strong foundation for successful future leaders at ADS.

Training for New Leaders

Our Exceptional Management training program is designed to help new managers cultivate and strengthen their leadership skills. Participants are trained on a variety of topics including talent management, development and coaching, managing conflict and change, as well as setting goals and expectations. We believe this program results in reduced turnover and improved team performance.

Educational Assistance Program

ADS believes in promoting education and professional certification for employees and offers a tuition reimbursement program to qualifying employees. We believe this will help us attract and retain talent and offers our employees another avenue for professional growth, ultimately a benefit for both the company and our employees.

Manufacturing Certification Program

We have a manufacturing certification program for employees seeking to achieve a greater level of expertise in their role. Employees complete role-based curriculum and at least 90 days of on-the-job training before starting the certification test. To encourage participation in this training program, the employee receives a financial reward in the form of an hourly increase and/or lump sum amount, as applicable once the certification is successfully completed. This certification pay is intended to reward an employee for achieving certification of certain skills and is considered separate from their regular pay increases. Further, employees may be certified for a role that is not their primary role, promoting education on the manufacturing process outside of day-to-day activities.

ADS Employee Policies & Benefits

Workplace Flexibility and Benefits

At ADS, we understand the importance of work life integration and invest in our culture focused on supporting the diverse needs of our employees and their families.

Where possible, we allow employees the flexibility to work with their managers to establish schedules to meet their needs. In addition, manufacturing positions offers 8-hour and 12-hour shifts – in first, second and third rotations – to provide flexibility and address employee needs during evening hours. We have established a Remote Work policy for emergencies or adverse situations, such as weather, unsafe working environment or public health emergencies. These policies are approved on an as needed basis.

We also offer employees the flexibility to transition between full-time to part-time roles across all departments when opportunities are present and/or if the employee is seeking this arrangement.

Our benefit programs and practices are designed to look at all aspects of their lives – work, safety, along with physical, mental, and financial wellbeing. Below are some highlights of our programs. More details can be found at <http://www.adspipe.com/legal>.

- **Bereavement Leave:** ADS provides bereavement leave to employees, as necessary. If additional time is needed by an employee due to extended travel or other personal needs, including supporting family members or friends, their manager may approve as appropriate.
- **Family Medical Leave Act (FMLA):** ADS abides by all FMLA rules and offers intermittent leave as necessary (including dependent care).

- **Global Anti-corruption Policy:** ADS is committed to conducting business fairly, honorably, with integrity, and in compliance with all applicable laws. Standards apply to all employees, officers and directors of ADS and its subsidiaries with respect to the U.S. Foreign Corrupt Practices Act and anticorruption laws.

- **Health & Welfare Programs:** We offer our employees access to competitive, comprehensive health and welfare benefits which include medical, wellness, dental, vision, disability, and life insurance.

- **Military & Reserve Policy:** ADS supports its military employees by providing up to 5 years of leave with subsidized pay to active-duty employees.

ADS is a proud member of the Employer Support Guard and Reserve Group, which encourages cooperation, understanding and flexibility between members of the Army National Guard® and Reserves as well as their civilian employers.

- **Open Door Policy:** It is ADS' philosophy to maintain an open and free exchange of information, problems and complaints between managers and employees. No supervisor or manager should discourage employees in any way from discussing their problems with a higher level of supervision or from seeking a review of any decision at a higher level, or at the corporate level.

- **Parental Leave:** In Fiscal 2023, ADS implemented a parental leave policy which provides paid leave for new parents (in addition to short-term disability, as appropriate). Parental leave is available to all employees with at least one year of service and includes benefits for both birth and adoptive parents.

- **Personal Leave:** ADS offers time off for reasons outside of listed policies, as needed, in 30-day increments. Multiple increments may be approved depending on circumstances.

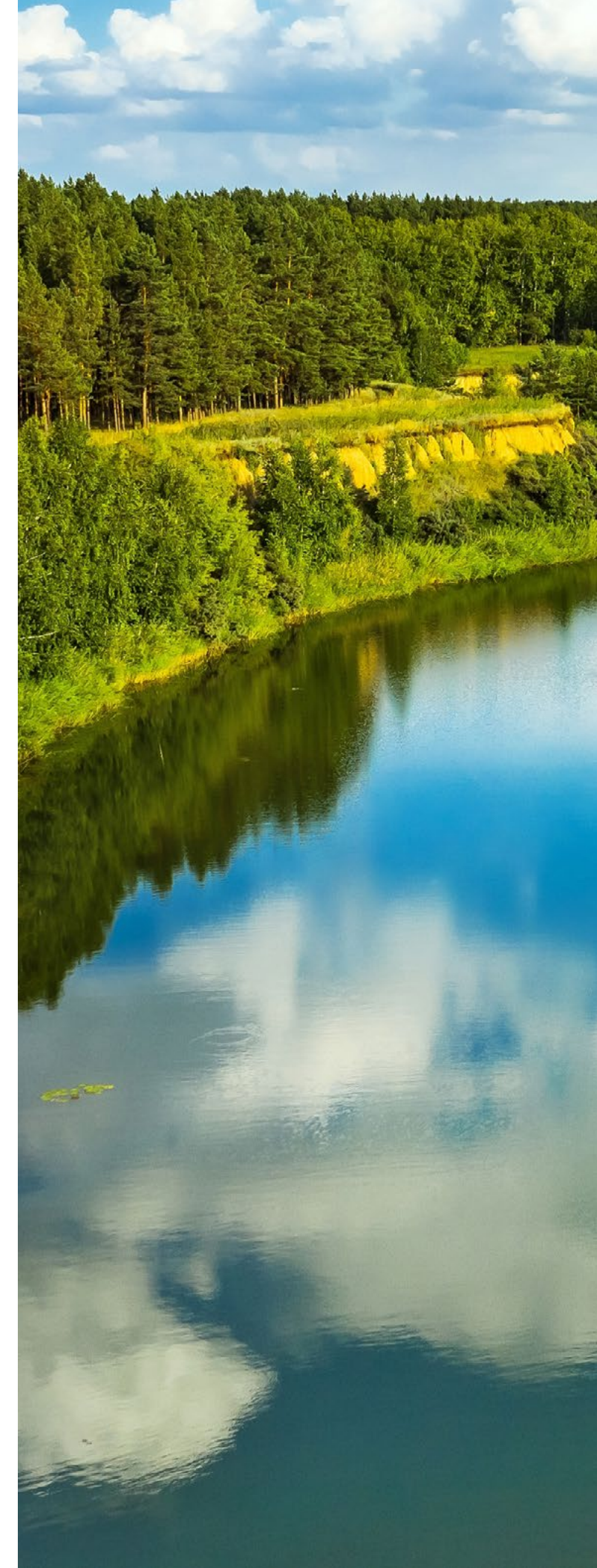
- **Retirement Assistance:** ADS is invested in the financial wellbeing of our employees; both in the short and long term. We offer employees a competitive retirement program with a match feature, along with company paid access to certified financial expert resources to assist in short, mid, and long-range planning.

- **Vacation Policy:** ADS' vacation policy addresses employees' need to take time off.

- **Whistleblower Policy:** ADS' policy encourages reporting of any suspected violations of accounting, securities, and other laws, rules, regulations, policies, and standards and of ADS' various Codes of Ethics. ADS has a third-party operated confidential ethics hotline and online reporting site that allows for anonymous reporting. Any person who, in good faith, reports a suspected violation is protected against retaliation as provided by law.

Collective Bargaining

Advanced Drainage Systems prides itself on being a good corporate citizen and respects the rights of its employees, including the right to exercise freedom of association and collective bargaining. Our company policies and procedures adhere to all applicable laws concerning freedom of association and collective bargaining, nondiscrimination, forced labor and underage workers in the workplace. We have not identified any operations in which employee rights to exercise freedom of association and collective bargaining have been violated or are at significant risk. As of March 31, 2023, approximately 210 employees in our Mexican Joint Venture were covered by collective bargaining agreements.



Partnerships & Collaboration

The ADS Foundation

Founded on a vision to lead the way for organizations and communities in preserving clean water, promoting recycling and advancing quality of life through new opportunities, the ADS Foundation continued to give back in Fiscal 2023. The ADS Foundation has three pillars: Water, Recycling and Community and is committed to improving the availability and recovery of plastic waste while promoting a

circular economy, increasing access to and enjoyment of clean water while ensuring conservation of wetlands, and improving the quality of life for the underserved while promoting diversity, equity and inclusion.



Mission Statement

Our mission is to inspire social equity for organizations that develop clean water and recycling solutions available to the public.



\$3M FY23 Donations



ADS Foundation creates the Advanced Drainage Systems Behavioral Health Professional Development Fund at **Nationwide Children's Hospital**.



ADS Foundation donates to **The Nature Conservancy** to aid in water conservation efforts in four states: California, Florida, North Carolina and Texas.

www.adspipe.com/ads-foundation



In Fiscal 2023, ADS announced a 3-year, \$500,000 commitment by the ADS Foundation to The Nature Conservancy to support water conservation efforts in 4 key states: California, Florida, North Carolina and Texas. Specifically, the gift will support work to create water project demonstration sites, enhance freshwater resources, engage community stakeholders, forge equitable access to water, restore natural infrastructure, and foster potential volunteer employee engagement opportunities with ADS

and other companies in those regions. The ADS Foundation is committed to protecting and enhancing the communities we live, work and play in and these four states are key regions where many of our employees call home. At ADS, our reason is water™, and we work to preserve it both through our stormwater management solutions and key donations such as this that can make a positive impact in our communities.



In Fiscal 2023 the ADS Foundation donated \$3 million dollars to Nationwide Children's Hospital to create the Advanced Drainage Systems Behavioral Health Professional Development Fund to support professional development in pediatric behavioral health. This local investment by the ADS Foundation will have a nationwide impact. The fund will provide scholarships for current employees who want to pursue an advanced degree or continuing education opportunities. To promote the next generation of behavioral health professionals, the fund will also expand existing internship programs, support undergraduate internship opportunities and help those seeking a graduate degree in a behavioral health-related field/ The ADS Foundation has a vision to lead the way for organizations and communities in preserving clean water, promoting recycling and advancing quality of life, and we believe this is one important way we can do that in ADS' own backyard with an impact nationwide.



The ADS Foundation continued to be a funding partner to The Recycling Partnership in Fiscal 2023 to assist with their mission to increase equitable access to recycling to underserved communities. Through our support of The Recycling Partnership, we are enabling access to and education on recycling in underserved communities across the U.S. We agree with The Recycling Partnership that "recycling only works if everyone can participate, and the materials collected can be processed."

ADS is also a member of The Recycling Partnership's Polypropylene Coalition to help advance polypropylene collection and recycling. The recycling process is complex and not all

plastics are accepted for recycling, sorted and available for recycling despite the inherent value to companies like ADS that are working to increase the recycled content of our products.

ADS currently uses over 500 million pounds of recycled material each year and is always pushing the boundaries of what is possible with recycled materials. As previously mentioned, ADS has set an ambitious goal to recycle a billion pounds of material a year by 2032 and our partnerships with The Recycling Partnership through both ADS and the ADS Foundation are critical to increasing the amount of post-consumer recycled plastic available in the United States to help ADS achieve our long-term recycling goals.



ADS continued our collaboration with The Ohio State University in Fiscal 2023, as a founding member of The Sustainability Institute. Through this collaboration with Ohio State University, ADS is working with students, faculty and staff to support stormwater management research, enhance student learning, and make campus more sustainable.

In Fiscal 2023, the donated StormTech™ chambers were installed on campus in the newly developed Innovation district. Additionally, ADS is providing philanthropic support to urban stormwater research. The purpose of the research is to investigate the performance of novel stormwater management systems (the ADS units) in terms of key water quality indicators against the traditional use of a retention pond at the same site (Ohio State's Carmenton). ADS' Fiscal 2023 donation will cover the time of two graduate research assistants to set up monitoring instrumentation and start collecting data.

ADS also supported capstone projects for students in the Food, Agriculture and Biological Engineering Department, as well as the Environment, Economy, Development and Sustainability program in the School of Natural Resources. ADS employees also participated as guest speakers in several classes and programs including the Engineering Scholars program, Intro to Sustainability in Business, Design of Urban Stormwater Controls class and the OSU SUSTAINS learning community. Through interaction with the OSU students across multiple disciplines, ADS is taking steps to strengthen company recognition at OSU and assist with enhancing ability to attract and retain talent, a stakeholder and financially material issue identified in our most recent double materiality assessment.

ADS provided financial support for the Diversity, Outreach and Inclusion office in the College of Engineering. The funding was used to provide programming for the Learning Community for Engineers, Architects and Planners including:

- ADS participated in the Early Arrival Program by offering site tours to second-year residents,
- Industry Night,
- Two minority engineering seminar presentations, and
- Inaugural career/professional day held by Ohio State's Office of Diversity & Inclusion.

ADS hired seven students from Ohio State as part of its summer 2023 internship program. The students are supporting a range of business functions across the company including sustainability, automation, engineering services, material science, sales, and product development. Providing an opportunity to help these students develop their soft skills and learn from a world-class manufacturing and sales operation.

In Fiscal 2023, ADS' investment in the Sustainability Institute was used to support outreach to the business community to explore collaborations around sustainability outcomes.



Columbus Blue Jackets

In Fiscal 2023, ADS continued to be the official sustainability partner of the Columbus Blue Jackets and the presenting sponsor of the Blue Jacket's participation in NHL Green Week, with teams across the league showcasing and promoting environmentally conscious and sustainable activities.

ADS also continues to be the presenting sponsor of the hockey club's "Between the Pipes" fundraising initiative. As part of the initiative, ADS donates \$5 for every regulation save and \$10 for every shootout save by Blue Jackets goaltenders during all games. Donations benefit the Blue Jackets Foundation, dedicated to promoting and supporting youth health and wellness in central Ohio.

Florida Disaster Fund

The ADS Foundation contributed to the Florida Disaster Fund in support of Hurricane Ian and Hurricane Nicole recovery in the state. ADS is heavily invested in protecting Florida's watersheds and water resources, supporting communities across the state, and assisting those most impacted by recent hurricanes. The Florida Disaster Fund distributes funds to organizations that serve individuals within their communities with disaster response and recovery.

In addition to the donation, ADS and its employees, distributor and contractor partners, and the engineering community in Florida worked with local communities to ensure stormwater systems and other water management infrastructure, damaged by these hurricanes, were repaired and improved to continue to protect these areas from the devastating effects of hurricanes and flooding in the region.

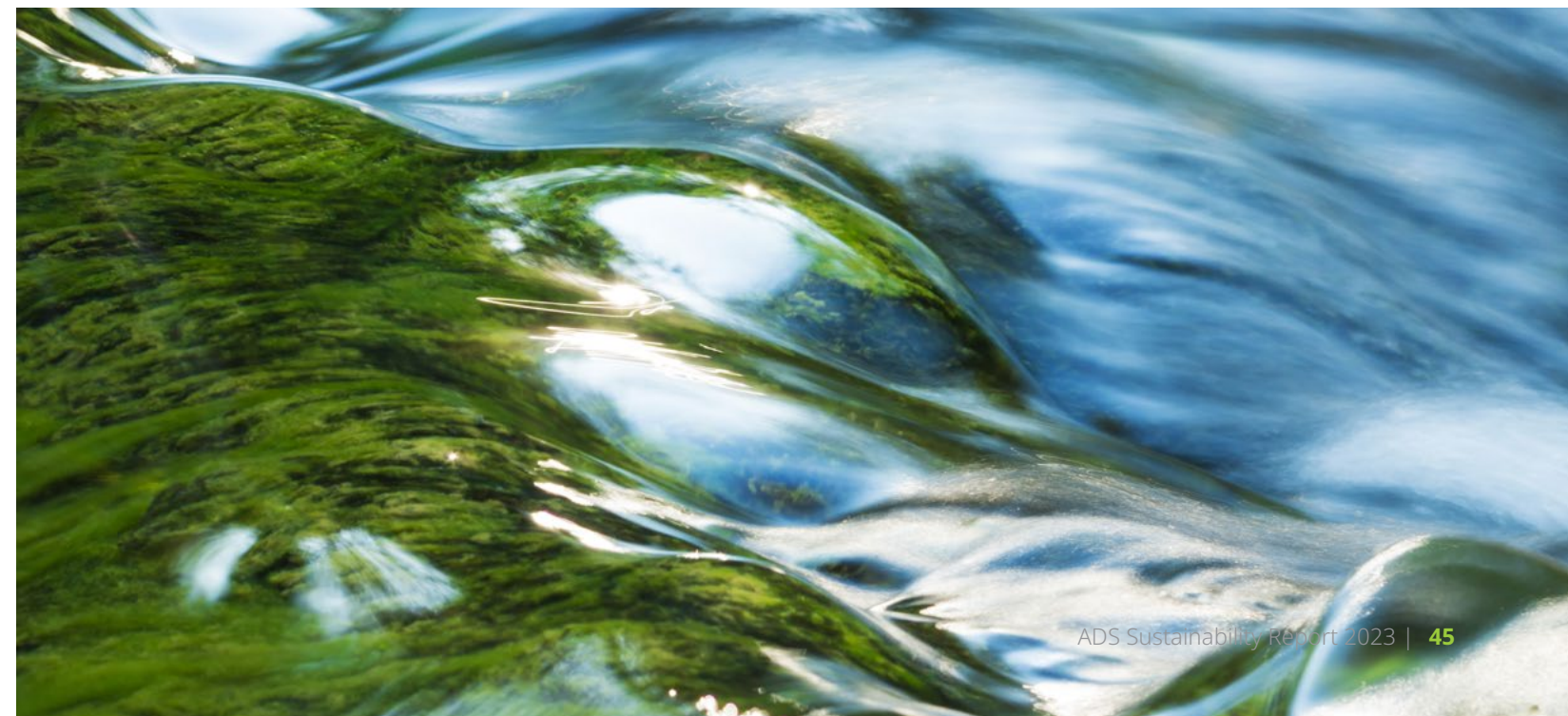


In Fiscal 2023, Infiltrator donated over 24 septic systems, valued at over \$70,500, to 21 different Habitat for Humanity partners across 12 states. Septic system donations from Infiltrator are used in both new homes built by Habitat and to help existing homeowners complete necessary repairs to their septic systems through Habitat for Humanity's home repair program. In addition to financial and environmental benefits, septic tanks also help reduce the risk of exposure to unhealthy drinking water, infections, or disease. The partnership between Infiltrator and Habitat has been growing for the past five years and is a natural fit. Infiltrator shares Habitat's commitment to empowering more families with eco-friendly, cost-effective, affordable housing solutions.



ADS is collaborating with the National Academy of Sciences Repurposing Plastic Waste in Infrastructure Committee. The committee had the opportunity to tour ADS' Pandora, OH and Findlay, OH sites in Fiscal 2023. The visit was an opportunity for ADS to demonstrate how recycled materials can be incorporated into valuable pieces of infrastructure. The National Academy of Sciences Repurposing Plastic Waste in Infrastructure Committee was tasked by Congress, as part of the Save Our Seas Act of 2020, to research and identify domestic and international examples of transportation and non-transportation infrastructure projects and solutions that have used recycled plastic materials.

As part of its research, the committee has invited materials experts and industry representatives to give presentations answers to questions about the viability of recycled materials in infrastructure. ADS provided one such presentation. The tour gave the committee an opportunity to learn more about ADS' recycling process, which includes sorting, separating, removing contaminants and quality control that allows for single use plastics to be converted into durable goods. The lifespan of an ADS pipe made from recycled HDPE is 50 to 100 years.



Governance & Stakeholder Engagement

ADS Code of Business Conduct & Ethics

ADS expects all employees to adhere to the [ADS Code of Business Conduct and Ethics](#) (The Code). To be fully transparent, we are including a link in this report to our Code of Business Conduct and Ethics. All ADS employees to complete training on the Code of Business Conduct and Ethics on an annual basis. The Code covers the following topics:

- Equal Employment Opportunity
- Non-discrimination
- Non-retaliation

Cybersecurity

In the conduct of our business, we collect, use, transmit and store data on information systems, which are vulnerable to disruption and an increasing threat of continually evolving cybersecurity risks. Cybersecurity attacks may threaten our confidential information, disrupt operations and result in harm to our reputation and adversely impact our business and financial performance. Cybersecurity attacks across industries are sophisticated and frequent and may range from uncoordinated individual attempts to targeted measures. These attacks include but are not limited to, malicious software or viruses, including “ransomware” attempts to gain unauthorized access to, or otherwise disrupt, our information systems, attempts to gain unauthorized access to business, proprietary or other confidential information, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Cybersecurity failures may be caused by employee error, malfeasance, other corporate or governmental actors, system errors or vulnerabilities, including vulnerabilities of our vendors, suppliers, and their products.

While we have been subject to cybersecurity attacks in the past that (based on information known to date) did not have a material impact on our financial condition or results of operations, we may experience such attacks in the future, potentially with more frequency or sophistication which may have a material impact on our financial condition or results of operations. The occurrence of any of these events could adversely affect our reputation and could result in litigation, regulatory action, financial loss, project delay claims and increased costs and operational consequences of implementing further data protection systems.

Failures of our IT systems as a result of cybersecurity attacks or other disruptions could result in a breach of critical operational or financial controls and lead to a disruption of our operations, commercial activities or financial processes. Cybersecurity attacks or other disruptions impacting significant customers and/or suppliers could also lead to a disruption of our operations. Despite our attempts to safeguard our systems and mitigate potential risks, there is no assurance that such actions will be sufficient to prevent cyberattacks or security breaches that manipulate or improperly use our systems or networks, compromise confidential or otherwise protected information, destroy or corrupt data, or otherwise disrupt our operations. The occurrence of such events could have a material adverse effect on our business, financial condition and results of operations.

All of these risks are also applicable where we rely on outside vendors to provide services. We are dependent on third-party vendors to operate secure and reliable systems which may include data transfers over the internet. Any events which deny us use of vital operating or information systems may seriously disrupt our normal business operations. Additionally, our key partners, distributors or suppliers could experience a compromise of their information

security due to a cybersecurity attack, which may have an impact on our business and financial performance.

The Audit Committee is tasked with cybersecurity oversight as it relates to monitoring, minimizing or controlling risks and exposures to ADS related to cybersecurity. The Audit Committee receives a quarterly cybersecurity update, whether as a separate update from management or as part of the Internal Audit and Enterprise Risk Management discussion. The full Board also receives periodic cybersecurity updates as part of its review and assessment of risks facing ADS and management’s approach to addressing such risks.

Human Rights

Advanced Drainage Systems, Inc. is committed to protecting and advancing human rights in accordance with the UN Guiding Principles on Business and Human Rights. At Advanced Drainage Systems, Inc. we recognize that companies have an important role to play in promoting human rights and urge our suppliers to uphold these same principles within their own organizations. We contribute to the fulfillment of human rights through compliance with laws and regulations wherever we operate, as well as through our policies and programs. Our position on human rights is reinforced in our employment, ethics and procurement policies, which are designed to promote, protect and respect human rights within ADS and our suppliers. Also, our commitment to comply with all human rights laws is captured in our Code of Business Conduct and Ethics, which should be read with our position on human rights.

Our guidelines include:

- Commitment to complying with child labor laws and laws prohibiting any form of forced, bonded or indentured labor.
- Providing a healthy and safe working environment.
- Promoting equal opportunity of all employees and applicants regardless of race, color, religion, sex, age, national origin ancestry, pregnancy status, gender, marital

status, medical condition, sexual orientation, gender identity, disability, veteran status, or any other category protected by law.

- Maintaining work environments free from any form of illegal harassment and are dedicated to the prevention of harassment in the workplace.
- Protecting individual privacy.
- Providing compensation and benefits that are competitive and comply with applicable laws for minimum wages, overtime hours and mandated benefits.
- Encouraging open communication between management and employees.

We will continue to evaluate and review how best to strengthen our approach to addressing human rights, including labor rights. We believe that while it is primarily the role of government to safeguard human rights, we also believe that Advanced Drainage Systems, Inc. can help promote respect for human rights through the example of its actions and its values.

Public Policy

ADS established a Political Action Committee (PAC) to provide opportunities for employees to participate in the American political process. The ADS PAC is a nonpartisan organization run and overseen by ADS employees. When choosing to contribute to a candidate, the ADS PAC considers candidates’ views on issues that impact ADS and its employees as well as the presence of ADS facilities or employees in the candidate’s district or state. The PAC executive board made up of ADS employees reviews and approves all recommendations for PAC contributions.

In Fiscal 2023, the Advanced Drainage Systems, Inc. PAC contributed \$63,150 toward political candidates and organizations. ADS has not contributed corporate funds or dollars to any political institution. Additional information on the Advanced Drainage Systems, Inc. PAC contributions can be found at www.fec.gov.

Public Policy

Primary Objectives

The ADS PAC has three primary objectives that guide its political donations. The objectives reflect betterment of society, in addition to supporting Advanced Drainage Systems' interests.



1. FOSTERING OPEN COMPETITION FOR MATERIALS

Current legislation gives states the autonomy to bid and select a single material for culvert pipes (which includes stormwater pipe). Culvert pipes are the only product within the Federal Highway Code to have an exclusion from federal oversight in the procurement process. The ADS PAC supports legislation to fix this anomaly, which causes significant cost disadvantages for developers, municipalities and public agencies. Open competition would remedy this issue as well as promote quality and encourage technological development, which benefits society overall. The ADS PAC supports legislation that defines system performance requirements and requires bidding of all technically qualified materials.



2. ENCOURAGING RECYCLING PROGRAMS AND THE USE OF RECYCLED MATERIAL

With recycling at the heart of ADS' operations, the ADS PAC advocates for the use of recycled plastic in construction materials, creating a circular economy for plastics. ADS supports legislation that encourages recycling – from educating consumers to improving the recycling material stream – as well as the use of recycled material in construction.



3. INCREASING FUNDING FOR INFRASTRUCTURE

ADS supports federal funding for infrastructure because investments are key to promoting economic growth and job creation. Infrastructure spending results in higher economic output, which in turn leads to many benefits including construction and land development. Additionally, there is a gap in infrastructure needs and available funding, and ADS supports legislation to bridge this gap.

In November 2022, the Texas Department of Transportation (TxDOT) issued an approval for the use of thermoplastic pipe in stormwater applications. The issuance of this approval is a significant step forward in ADS' advocacy efforts to put our environmentally friendly products on an even playing field with traditional materials. We have teams of engineers that work with local regulators,

contractors, engineers and distributors to educate them on the benefits of plastic pipe, including the environmental benefit from a circular economy perspective. Because plastic pipe is the largest use market for recycled High-Density Polyethylene (HDPE) in North America, ensuring open material competition is vital to the circular economy for plastics.

Corporate Governance

Corporate governance serves as the foundation of how we do business, providing a necessary framework for the roles, responsibilities, processes and procedures across the organization. Our corporate governance framework also allows us to better address the needs of our stockholders, employees, customers, suppliers and communities.

ADS' Corporate Governance Guidelines outline the key components of our corporate governance framework, including the role of the Board, our director nomination process, Board independence, Board leadership, our performance evaluation process for the Board and management team, our compensation philosophy for directors and executives and how we engage with stockholders.

Finally, but most importantly, honesty and professionalism are core to who we are and guide our Code of Business Conduct and Ethics. This code applies to all members of our organization, including employees, managers, executives, and Board members. You will find these documents along with other information regarding our corporate governance practices on our website.

The Role of the Board

Our Board of Directors serves as the cornerstone of our corporate governance structure. The Board oversees and provides guidance on the business and affairs of ADS. The Board oversees our strategic and business planning processes and monitors corporate performance as well as the integrity and effectiveness of our controls, legal, ethics and compliance programs. The Board is also responsible for appointing Board leaders, the

Chief Executive Officer and other directors and officers. Finally, the Board reviews and assesses risks facing ADS and management's approach to addressing such risks.

Board Leadership

We believe that strong and independent leadership at the Board level is essential to the success of our corporate governance program. While we do not have a formal policy on whether the roles of Chair and CEO should be separate or combined, we believe that our stockholders are currently best served by separate Chair and CEO roles.

Separate Chair and CEO roles promote balance between the Board's independent authority and oversight of the business and management, while allowing the management team to focus on day-to-day operations and responsibilities. Separating the Chair and CEO roles also fosters accountability, creates an environment that is more conducive to objective evaluation of management's performance and enhances the effectiveness of the Board as a whole. Currently, D. Scott Barbour serves as our Chief Executive Officer, and Robert Eversole serves as the Chair of the Board.

Board Committees

Our Board has established the following five key committees:

1. **Audit Committee**
2. **Compensation and Management Development Committee**
3. **Nominating and Corporate Governance Committee**
4. **Executive Committee**
5. **Sustainability Committee**

All members of our key committees are independent directors. Our Board has adopted written charters that outline the roles and responsibilities of the Audit Committee, the Compensation and Management Development Committee, the Nominating and Corporate Governance Committee and Sustainability

Committee. You can find these charters [on our website](#). Read more about committee composition, roles and responsibilities in our 2023 proxy statement.

Board Composition

Our Board comprises a group of diverse, highly qualified and accomplished individuals in their respective fields, each bringing a wealth of skills, experience, knowledge and valuable expertise.

All Board members, except for the CEO, are independent directors per New York Stock Exchange (NYSE) listing rules and in accordance with our Corporate Governance Guidelines. Currently, our Board includes three female directors and three directors of a diverse racial background.

Our directors bring a wealth of knowledge and expertise to the board, including skills and experiences that are relevant for our strategy development and long-term sustainable performance. Many of our directors have extensive executive leadership experience, with several having served as CEOs of public companies, and additional experience in mergers and acquisitions, strategic planning and operations. Further, several of our board members have direct knowledge and experience

related to the industrial sector both in terms of technical knowledge and in relation to the markets we operate. Additional skills and backgrounds of our directors that bring significant value to our board include accounting and finance, engineering and innovation, public policy and government contracting and international operations.

Board Self-Evaluation Process

We believe that a robust Board evaluation process is critical to maintaining an effective and dynamic Board. Our nominating and corporate governance committee authorizes our Board Chair to conduct an annual evaluation of the overall performance of the Board and each of its members. In addition, each committee conducts an annual performance evaluation. These performance evaluations, along with an assessment of the Board's compliance with Corporate Governance principles as well as areas of potential improvement, are presented to the Board in a report annually.

Board Engagement on Diversity

DE&I strategies, goals and results are discussed with the Compensation Committee of the Board at each quarterly meeting.

Individual	Role	Years on Board	Other Public Company Boards	Gender
D. Scott Barbour	CEO	6	1	Male
Anesa Chaibi	Independent Director	3	1	Female
Michael B Coleman	Independent Director	5	0	Male
Robert M Eversole	Independent Director	15	0	Male
Alexander R Fischer	Independent Director	9	0	Male
Tanya Dianne Fratto	Independent Director	10	1	Female
Kelly Gast	Independent Director	1	0	Female
Mark A Haney	Independent Director	9	0	Male
Ross Marshall Jones	Independent Director	5	0	Male
Carl A Nelson Jr	Independent Director	7	1	Male
Manuel Perez de la Mesa	Independent Director	4	1	Male
Anil Seetharam	Independent Director	2	0	Male

Director's combined skills, experiences and backgrounds

As the leading manufacturer of innovative water management solutions in the stormwater and onsite septic wastewater industries, ADS benefits from a Board with a diverse and expansive set of skills, experiences, and backgrounds. We are confident that our director nominees offer an effective mix of relevant experience and skills to assist the Board with executing its duties and generating value for ADS shareholders. Below is a list of select skills and experiences that we consider to be important for our Board to possess:



Executive Leadership Experience

Directors with significant leadership experience, including as chief executive officers, contribute to the Board a practical understanding of how to effectively lead an organization, develop a culture to fit the organization's goals, as well as means by which to drive towards strategic goals. Further, their own significant leadership skills and experiences enable them to help identify and develop other leaders.



M&A/Strategy

Directors with a background in setting and implementing a company's business strategy, along with navigating unforeseen circumstances, and reviewing and executing on transactions in the context of a Company's strategic direction provide the Board with necessary expertise as it oversees ADS' long-term strategy. These directors have in depth understanding of the capital markets environment and possess experience developing and overseeing an organization's inorganic and organic growth, in addition to evaluating, financing, executing, and implementing transactions as part of an overall capital allocation strategy.



Accounting & Finance

Directors who possess an understanding of accounting and financial reporting processes, particularly in large, global businesses, provide the Board with valuable insights into the financial planning needed to lead ADS. ADS employs several financial targets to measure its performance, and accurate financial reporting is critical to ADS legal compliance and overall success. Directors with financial experience are essential for ensuring effective Board oversight of the ADS financial measures, reports, internal controls, and financial planning for investments in new projects and other items.



Operations & Logistics

Directors with a background in operations add valuable perspective to the Board as it provides oversight to management as it operates the business, looking to drive efficiencies where possible. Directors with expertise in strategizing, supervising, and implementing logistics management systems can provide useful insights to the management team as it is responsible for ADS' distribution footprint.



Industry-Relevant Experience

Directors with a background in operations add valuable perspective to the Board as it provides oversight to management as it operates the business, looking to drive efficiencies where possible. Directors with expertise in strategizing, supervising, and implementing logistics management systems can provide useful insights to the management team as it is responsible for ADS' distribution footprint.



Engineering & Innovation

Directors with experience in engineering and innovation have experience designing, improving, and implementing new products, materials, systems, and technologies. This provides to the Board unique insights as it oversees ADS' efforts to continue to innovate and deliver consistent, high-quality customer products.



Enterprise Risk Management

Directors with experience implementing and adopting practices to identify, monitor and manage the most significant risks facing a company is critical to the Board's role in oversight and protecting shareholder value. These individuals bring important perspectives when assessing and mitigating competitive, regulatory, legal, cybersecurity or technological risks across an enterprise. Directors with this experience play an integral part in the Board's oversight of risk management processes.



ESG

Directors who possess a background in advancing and implementing ESG strategy, programs, policies, and practices provide valuable insight to the Board as it looks to ensure ADS operates in a socially and environmentally responsible manner. Directors with a keen understanding of ESG issues, such as human capital, environmental stewardship such as recycling, and corporate governance offer the Board critical expertise. In-depth knowledge of corporate governance gained through public company Board experience is particularly important to the Board as it enables the Board to support management accountability, transparency, and protection of shareholder interests.

Our Board's annual self-evaluation process allows us to assess the effectiveness of the Board in fulfilling its duties and responsibilities related to strategy development, the review of business plans and the monitoring of operational and financial performance and compliance with laws and regulations. In addition, the annual self-evaluation process gives the Board an opportunity to review the

effectiveness of the administrative process, such as the number and duration of Board meetings, the amount, quality and timing of information that directors receive and the agenda and conduct at Board meetings. Further, the annual evaluation helps the Board assess its strategic needs related to Board size, Board composition, Board renewal and relevant skills and expertise.

	2023
Size of Board	12
Number of Independent Directors	11
Average Age of Directors	61
Average Director Tenure (in years)	6
Annual Election of Directors	Yes
Mandatory Retirement Age	No
Gender and Diversity	50%
Majority Voting in Director Elections	Yes
Independent Presiding Director	Yes
Code of Conduct for Directors, Officers and Employees	Yes
Supermajority Voting Threshold for Mergers	Yes
Proxy Access	Yes
Shareholder Action by Written Consent	No
Shareholder Ability to Call Special Meetings	No
Poison Pill	No
Stock Ownership Guidelines for Directors and Executive Officers	Yes
Anti-Hedging and Pledging Policies	Yes
Clawback Policy	Yes

Board Oversight of Sustainability

Historically, our full Board has been responsible for monitoring and assessing ESG risks. In Fiscal 2022, our Board established a Sustainability Committee to oversee our programs, policies and practices pertaining to sustainability and environmental issues, as well as monitor sustainability and environmental trends and risks impacting our business activities. From Fiscal 2021 until we established the Sustainability Committee in 2022, we had an informal sub-committee of the Nominating and Corporate Governance Committee that was referred to as the ESG sub-committee to develop and review ADS' corporate citizenship and sustainability programs as well as our environmental, health and safety, and business ethics policies.



Shareholder Engagement and Governance Improvements

Our commitment to good governance practices extends to building trusting relationships and partnerships with our stockholders through continued engagement and accountability.

Our engagement with our stockholders serves a crucial role in preserving a robust and effective corporate governance program that serves their long-term interests and positions us for sustainable growth. We engage with our stockholders regularly to understand their perspective and ensure that our practices are aligned with expectations.

Over the last several years, our Board and stockholders have declassified the Board, reduced the supermajority vote requirements for certain charter and bylaws changes and adopted a majority cote standard for uncontested director elections (with a plurality carve-out for contested elections). We continue to value the views of our stockholders as we strive for continuous improvement across our corporate governance practices and processes.

Management Incentives

Our Board and management team believe in a strong performance culture, and we strive to regularly adopt compensation practices that reflect our commitment to performance-based pay. Importantly, by rewarding performance that meets or exceeds the goals established by our Compensation Committee and the Board, our compensation programs also align our executives' interests with those of our stockholders. Our compensation programs aim to drive our culture and company values, reward sustained performance and attract, retain and motivate top talent. To achieve these objectives, we are guided by our compensation principles, which seek to structure compensation within a competitive market range, place emphasis on at-risk, variable pay and link executive compensation to sustainable stockholder value using equity awards. Read more about ADS' compensation program in our [2023 proxy statement](#).

Awards & Recognition

Plastics News

Plastic News named ADS one of the largest recyclers in North America for 2023. ADS is proud to maintain our position as one of the top recyclers and continues to expand our recycling and use of recycled material as we pursue our 2032 goal of consuming 1 billion pounds per year of recycled material.



America's Climate Leaders according to USA Today and Statista

ADS achieved a spot on the inaugural list of America's Climate Leaders published by USA Today in March 2023 and powered by data from Statista largely because of the company's work in reducing greenhouse gas emissions. Two thousand companies with revenue of over \$50 million in 2021 were evaluated and the top 400 made the list. The list evaluated company-wide greenhouse gas emissions intensity, scope 1 & 2 emissions and the organization's commitment to the Science Based Targets initiative, among other criteria between 2019 and 2021.



21st Annual American Business Awards

ADS was recognized as Company of the Year in both Materials and Construction as well as Large Manufacturing at the 21st Annual American Business Awards, the only company to win the Gold Stevie® Award. In addition, ADS was honored for achievement in corporate social responsibility and environmental, social and governance with two Silver Stevie® Awards.



Fast Company's World Changing Ideas Awards

ADS was named a finalist in Fast Company's 2023 World Changing Ideas Awards, for its work protecting water by turning single use plastics into pipes that manage stormwater runoff.

Fast Company's annual World Changing Ideas Awards honor the businesses and organizations that are developing creative solutions to the most pressing issues of our time.



ADS continues our participation in Operation Clean Sweep blue, a joint program by the American Chemistry Council and the Plastics Industry Association focused on zero plastic resin loss to the environment. As a member of Operation Clean Sweep blue, ADS is committed to training employees on awareness and accountability for pellet loss prevention, containment and clean-up, periodic internal Operation Clean Sweep audits, employee feedback mechanism, written procedures and checklists for pellet management, periodic site inspections, training for transportation partners and sharing of BMPs with other Operation Clean Sweep Blue members, American Chemistry Council and/or the Plastics Industry Association.



ADS recognizes the importance of third-party assessments of our sustainability practices. This past year our rating with MSCI remained AA.



The Environmental Education Council of Ohio awarded ADS with the Ohio Alliance for the Environment Award in 2023 in recognition of ADS' dedication to fostering a climate of cooperation for resolving environmental issues.

Disclosures

SASB Index					
Topic	Accounting Metric	Category	Unit of Measure	Code	Location in Report
Energy Management	Total energy consumed	Quantitative	Gigajoules (GJ), Percentage (%)	RT-IG-130a.1	Pg. 14, 22 <small>(GRI index, separate document)</small>
	Percentage grid electricity				
	Percentage renewable				
Employee Health & Safety	Total recordable incident rate (TRIR)	Quantitative	Rate	RT-IG-320a.1	Pg. 15, 35
	Fatality rate				
	Near miss frequency rate (NMFR)				
Fuel Economy & Emissions in Use- phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Gallons per 1,000 ton-miles	RT-IG-410a.1	Not applicable
	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Gallons per hour	RT-IG-410a.2	Not applicable
	Sales-weighted fuel efficiency for stationary generators	Quantitative	Watts per gallon	RT-IG-410a.3	Not applicable
	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	Quantitative	Grams per kilowatt-hour	RT-IG-410a.4	Not applicable
	Description of the management of risks associated with the use of critical materials	Discussion & Analysis	N/A	RT-IG-440a.1	Not applicable

SASB Index					
Topic	Accounting Metric	Category	Unit of Measure	Code	Location in Report
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting currency	RT-IG-440b.1	Pg. 15, 30
Greenhouse Gas Emissions (SASB standards for Road Transportation sector)	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO2-e	TR-RO-110a.1	Pg. 14, 22
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against targets	Discussion & Analysis	N/A	TR-RO-110a.2	Pg. 20, 22, 23
	(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	Quantitative	Metric tons (t)	TR-RO-110a.3	Pg. 15, 21

Definitions

The following terms are defined in this report:

ADS – Advanced Drainage Systems, Inc.

CFCSA – Canadian Federation of Construction Safety Association

COR – Certificate of Recognition (related to CFCSA)

DE&I – Diversity, Equity and Inclusion

EH&S – Environmental, Health and Safety

EPA – Environmental Protection Agency

GHG – Greenhouse Gas

GJ – Gigajoules

GRI – Global Reporting Initiative

HDPE – High-Density Polyethylene

Infiltrator – Infiltrator Water Technologies

kWh – kilowatt hours

LCA – Lifecycle Assessment

MPG – Miles per Gallon

NYSE – New York Stock Exchange

OSHA – Occupational Safety and Health Act

PAC – Political Action Committee

PP – Polypropylene

PPI – Plastics Pipe Institute

SASB – Sustainability Accounting Standards Board

SBTi – Science Based Targets initiative

The Code – the ADS Code of Business Conduct and Ethics

TRIR – Total Recordable Injury Rate

TxDOT – Texas Department of Transportation

UN SDG – United Nations Sustainable Development Goals



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* Effective June 1, 2023

Our reason is **water.**TM

About Advanced Drainage Systems, Inc.



Advanced Drainage Systems is a leading manufacturer of innovative stormwater and onsite septic wastewater solutions that manages the world's most precious resource: water. ADS and its subsidiary, Infiltrator Water Technologies, provide superior stormwater drainage and onsite septic wastewater products used in a wide variety of markets and applications including commercial, residential, infrastructure and agriculture, while delivering unparalleled customer service. ADS manages the industry's largest company-owned fleet, an expansive sales team, and a vast manufacturing network of approximately 70 manufacturing plants and 40 distribution centers. The company is one of the largest plastic recycling companies in North America, ensuring over half a billion pounds of plastic is kept out of landfills every year. Founded in 1966, ADS' water management solutions are designed to last for decades.

To learn more, visit the company's website at www.adspipe.com.



Advanced Drainage Systems, Inc.
4640 Trueman Blvd.
Hilliard, OH 43026
www.adspipe.com