

# Task Force on Climate-Related Financial Disclosures (TCFD) Report

Advansix is publishing a stand alone public climate-related risk report and has voluntarily published TCFD framework-aligned disclosures in our annual sustainability reports as well as in various third-party disclosures. This report covers TCFD’s four recommended disclosures: governance, strategy, risk management, and metrics and targets and is available on our public [website](#).

## GOVERNANCE DISCLOSURE

- a. Describe the board’s oversight of climate-related risks and opportunities
- b. Describe management’s role in assessing and managing climate-related risks and opportunities.

Our Board of Directors is responsible for overseeing the activities of Advansix. The Board acts as the ultimate decision-making body and selects the Chief Executive Officer and appoints the executive officers, who are charged with conducting the business of the company.

Each Committee of the Board of Directors plays an important role in assisting the Board with its ESG oversight responsibilities. The Board exercises oversight with respect to ESG matters including:

- Ensuring that the Nominating and Governance Committee conducts a periodic assessment of sustainability categories, which include climate themes, to confirm they are appropriately captured within the chartered responsibilities of applicable Committees;
- A periodic assessment of sustainability-related matters escalated by applicable Committees, from time to time, for full Board oversight; and
- A periodic evaluation of applicable sustainability-related enterprise risk management considerations.

Responsibility for managing Advansix’s ESG program, which includes climate-related issues such as physical and transition risk, is delegated by the Nominating and Governance Committee of our Board of Directors to our executive leadership team. Our Chief Executive Officer has delegated oversight of our ESG program to our Senior Vice President and General Counsel who has responsibility for managing the enterprise sustainability program and overseeing our public ESG-related disclosures. Together, they report quarterly on relevant ESG topics to the Nominating and Governance Committee of our Board of Directors. They are advised by our sustainability team as well as high-level subject matter experts from across the company. External consultants are engaged whenever necessary for specific areas of interest and benchmarking.

## STRATEGY

- a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning
- c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Advansix has assessed climate related risks and opportunities across our businesses in alignment with the TCFD recommendations. Both transitional and physical risks and opportunities were assessed under predefined climate scenarios with multiple stages of our value chain being considered (upstream, direct operations, and downstream).

Transitional risks and opportunities were focused under the International Energy Agency (IEA) Announced Pledges Scenario (APS) lens, which assumes net zero by 2050 and limits temperature rise to less than 2 degrees Celsius by the end of the century. Risk categories considered market, legal & regulatory, technology, reputational, resource efficiency, energy sources, products & services, markets, and resiliency risks. These were assessed across short-term (0-4 years), medium-term (5-10 years), and long-term (beyond 10 years) time horizons.

Acute and chronic physical risk quantification, including peril metrics, were assessed using climate risk modelling software to compare the current climate baseline to potential end-of-century time horizons using the following scenarios:

- SSP2-4.5: Representative of likely scenario if current pledges and voluntary agreements of the Paris accord were implemented in full
- SSP5-8.5): Representative of a worst-case scenario which assumes no major global effort to limit GHG emissions will go into effect.

Below is a matrix summary of material risks and opportunities.

Category	Driver & Likelihood	Time Frame	Impact
Transition: Legal & Regulatory	There is a likely risk for GHG limiting regulations or carbon tax policies to place a cost on GHG emissions generated by manufacturing.	Long Term	This could cause us to incur increased operational costs or incur additional capital spend on GHG emission reduction technologies.
Transition Technology	There are likely risks related to the need to transition to lower emission operational technologies, which are still emerging or cost prohibitive.	Long Term	This could cause us to incur additional capital spend on GHG emission reduction technologies.
Transition: Energy Availability Concern	Since we use fossil fuels in our manufacturing processes there are possible risks of being able to secure reliable and cost-effective energy.	Long Term	These risks could cause us to incur additional operational or capital costs which could adversely affect our business, financial condition, and results of operations.
Transition: Market	There are possible risks related to our input costs increasing as our raw material and utility suppliers face increased costs for climate transition.	Long Term	These risks could possibly cause us to incur additional operational costs which could adversely affect our financial condition.
Transition: Products & Services	There are very likely opportunities to seek new markets for products with sustainable content.	Short Term	This category of opportunities could lead to improved revenues.
Physical: Acute	Perils related to heat, precipitation, and wind have the highest risk exposure for our supply chain partners.	Medium Term	These risks could adversely affect the results of our operations as well as cause us to incur additional operational costs which could have a negative impact on our financial results.
Physical: Chronic	Chronic perils could limit our ability to source from preferred suppliers or force us to move away from preferred logistics channels or modes.	Long Term	This could cause us to incur additional operation costs which have a negative impact on our financial results.

## RISK MANAGEMENT

- a. Describe the organization's processes for identifying and assessing climate-related risks.
- b. Describe the organization's processes for managing climate-related risks
- c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Our climate risk assessment process uses a focused team of subject matter experts and is led by an external consultant with expertise in climate related risk and scenario analysis. The team participates in group or individual interview sessions to understand climate transition risks and opportunities across the enterprise. Using a structured approach these teams provide their input on transition-related risks as well as acute and chronic physical risks using scenario analysis. These scenarios were developed by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC), which have long been used by scientists and policy analysts to assess future vulnerability to climate change.

Aligned with our enterprise-wide risk assessment methodology, risk quantification involves a matrix of likelihood and potential impact a risk or opportunity may have on key business indicators such as earnings or sales. The overall risk rating determines the prioritization and oversight necessary to manage the potential risk. We classify risks from 'insignificant' up to 'major'. Likelihood of a potential risk can be rated from "rare" to "virtually certain". Overall risks are prioritized by determining an overall risk score which takes into account both impact and likelihood, with the highest risk scores being material. This climate risk assessment supports AdvanSix's strategic management of enterprise risk, allocation of resources and capital and planning for the future as well as prioritizes highest, or substantive, risk categories so they can be monitored.

Consistent with the outcomes from our climate risk assessment, we continue to evaluate the best long-term strategy associated with the continued reduction of our carbon footprint and scope new projects with the intent to minimize climate impacts. We continue to leverage continuous improvement efforts to optimize our energy and emissions footprint on a routine and on-going basis.

## METRICS & TARGETS:

- a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes.
- b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

AdvanSix targets no net increase in greenhouse gas emissions. As part of the sustainability reporting process, we evaluate our enterprise-wide emissions inventory and track it against prior years with a formal evaluation of both absolute emissions to identify and evaluate aspects of our process we can improve. We track our emission reduction efforts formally in our public-facing reports and disclosures related to climate topics. Our scope 1, scope 2, and total GHG emissions are covered by our annual limited assurance report in conjunction with public voluntary disclosures. Prior year emissions from 2024 were 1,890,546 metric tons of CO<sub>2</sub>e for Scope 1 emissions and 166,089 metric tons of CO<sub>2</sub>e for Scope 2 location based emissions. This was a reduction of 15% compared to our 2018 GHG emissions. Our Scope 1 and Scope 2 emissions are calculated in alignment with the GHG Protocol and presented in our limited assurance scope as part of our annual sustainability report.