



Our Commitment to
Sustainability

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Sustainability By-the-Numbers

ENVIRONMENTAL



2nd Largest
recycling company
in North America



550 Million¹
pounds of
recycled plastic
purchased



7% decrease
in greenhouse
gas emissions
(sales weighted)



66%
of pipe revenue derived
from remanufactured
products



44%¹ increase
in purchased
recycled plastic



3% decrease
in energy intensity



OPERATIONAL



12% decrease
in near-miss
frequency rate
(NMFR)



\$4 Million
approved for safety-
related capital projects
in FY20



12% decrease
in scrap rate



4% increase
in payload
efficiency



16% decrease
in downtime rate



2% increase
in fleet MPG

SOCIAL & GOVERNANCE



**ADS
Philanthropic
Foundation**
Established in 2020



400+
employees
participated in
leadership training



2 enhancements
made to corporate
governance program



\$2 Million
donated to charitable
organizations



Engaged with
40% of institutional
shareholder base around
corporate governance
effectiveness and
sustainability efforts



**ESG Board of
Directors
Sub-Committee**
Established in 2020

¹Includes Infiltrator Water Technologies purchases.

CEO Letter



At Advanced Drainage Systems, sustainability is at the core of what we do. As the second largest plastic recycler in North America and a leading water management provider, we are guided by our commitment to preserve and protect Earth's most precious resource: water. While there is still much left to do, I am proud of the work we've done this year towards building a stronger and more sustainable business while improving the communities in which we operate.

Fiscal 2020 was a landmark year for Advanced Drainage Systems as we built the foundation for a best-in-class Environmental, Social and Governance (ESG) program with valuable input from our Board of Directors, the investment community and from our employees and customers. Given the unprecedented times and unique challenges the world is facing today – navigating through a pandemic and a global fight against social injustice – establishing and continuously improving upon our ESG program provide us the necessary foundation to becoming an even better corporate citizen.

Our first priority in response to the Coronavirus pandemic was the health and safety of ADS employees. Primarily deemed an essential business, we took swift action to implement social distancing and appropriate health protocols across all our facilities so we could remain open to deliver critical water management solutions to our customers and the communities they serve. To further minimize risk, we transitioned employees to working from home where possible to limit physical interaction and used a thorough case management process to work through and mitigate any potential cases. The ADS Environmental, Health and Safety (EH&S) team was paramount to our ability to remain open and running, limiting the number of cases and preventing transmission within our facilities. I am very proud of them and the entire team's response to support our businesses, our customers, and the communities they serve.

As an indication of our continued commitment to developing a best-in-class ESG program, this year's sustainability report was developed in accordance with the Sustainability Accounting Standards Board (SASB) reporting framework. Over the last year, we set up processes and procedures to start tracking our use of resources and emissions output efficiently throughout our large network of facilities. As we move forward, our reporting will be focused on our footprint, recycling programs, fleet efficiency and employee safety. We chose the SASB framework because it focuses on the most material aspects of sustainability to our business. Integrating these initiatives into ADS' overall strategy will make us better operators and employers as well as promote efficiency throughout the business while reducing our impact on the environment.

Among the progress made this year are the significant changes the Board of Directors has implemented to strengthen our corporate governance practices in alignment with the feedback and priorities of our shareholders. These improvements include declassifying the board structure and eliminating supermajority voting requirements for charter and bylaw changes that require shareholder approval. In addition, the Board introduced the majority vote standard for the uncontested election of our directors (with a plurality carveout for contested elections). Further, we established an ESG sub-committee of the Board to review ADS' corporate citizenship, sustainability programs and ESG policies. This sub-committee will be led by Michael Coleman, former Mayor of Columbus, Ohio who has unique experience in driving these types of initiatives.

This report is the culmination of the hard work and investments we have put towards ESG this year. You will find baseline data for employee safety, Greenhouse Gas (GHG) emissions, energy usage, as well as recycling and fleet efficiency that will guide future reporting, in addition to detailed disclosures on the processes and procedures that we are implementing into our day-to-day activities. Over the next year, we plan to continue advancing our sustainability efforts and establish executable goals to be released in the Fiscal 2021 sustainability report. Specifically, we will focus on employee health and safety as well as furthering our diversity and inclusion programs, among many other initiatives. We are committed to addressing the social challenges in our communities and you can count on meaningful changes across our business and in the workplace in the coming year. The progress made this year is an important step in our ESG journey as we increase transparency around important topics like climate change, employee programs and public policy objectives, there is always room for improvement.

I want to thank you for taking the time to learn more about the important things we are doing at Advanced Drainage Systems to create a more sustainable business. We look forward to providing insights into our progress in the future and building a better tomorrow together.

Scott Barbour
President and CEO

Multi-Stakeholder Engagement

Overview

ADS believes engaging with our investors, customers and employees to consider their views as we make formative decisions is integral to building a leading ESG program. Over the past year, we engaged with more than 2,000 key stakeholders, including investors representing nearly 40% of our institutional shareholder base. ADS' outreach covered a range of objectives, including:

- **Measuring the importance of ESG in stakeholder decisions;**
- **Analyzing familiarity with ADS' ESG initiatives and program;**
- **Gauging our program's effectiveness; and**
- **Identifying key areas of improvement and characteristics of a best-in-class ESG program.**

In part as a result of shareholder feedback, our Board recently approved corporate governance enhancements including the declassification of the board, the elimination of supermajority vote requirements for changes to the bylaws and charter, and the adoption of the majority vote standard for director elections.



2,011
investors, customers
and employees
surveyed



86%
of employees believe
ESG is important when
considering a job or
career



79%
of investors surveyed use
ESG as an investment
criterion



87%
of customers surveyed
believe ADS' program to
be effective



Corporate Governance



Our Commitment to 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 shareholders, 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 shareholders.

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 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 the Company. 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 the Company 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 Chairman and CEO should be separate or combined, we believe that our shareholders are currently best served by separate Chairman and CEO roles.

Separate Chairman and CEO roles ensure 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 Chairman and CEO roles 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, Scott Barbour serves as our Chief Executive Officer, and Robert Kidder serves as the Chairman 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. Stock Repurchase Committee

In addition, we introduced a sub-committee under the responsibilities of the Nomination and Governance Committee to focus on the monitoring and coordination of our efforts around sustainability issues (referred to as the ESG sub-Committee) in fiscal 2020.

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, and the Nominating and Corporate Governance Committee. You can find these



charters on our [website](#). Read more about committee composition, roles, and responsibilities in our [2020 proxy statement](#).

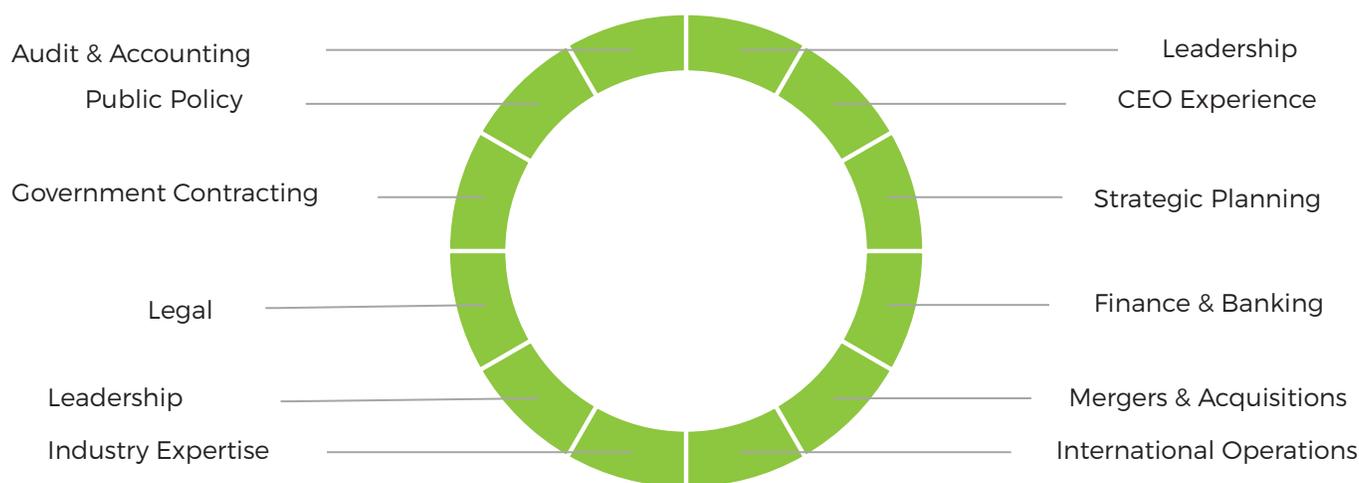
Board Composition

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 NYSE listing rules and in accordance with our Corporate Governance Guidelines. Currently, our Board includes two female directors and two directors of a diverse racial background.

Individual	Role	Years on Board	Other Public Company Boards	Gender
Scott Barbour	CEO	3	0	Male
Michael B Coleman	Independent Director	2	0	Male
Robert M Eversole	Independent Director	6	0	Male
Alexander R Fischer	Independent Director	6	0	Male
Tanya Dianne Fratto	Independent Director	6	3	Female
Mark A Haney	Independent Director	6	1	Male
Ross Marshall Jones	Independent Director	2	0	Male
Charles Robert Kidder	Independent Director	6	0	Male
Carl A Nelson Jr	Independent Director	4	1	Male
Manuel Perez de la Mesa	Independent Director	1	1	Male
Anesa Chaibi (2020 Nominee)	Independent Director	New Nominee	1	Female

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 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 in 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 legal expertise, audit and accounting, public policy and government contracting, and international operations.

Our Board's Skills





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.

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.

Building a High-Caliber ESG Program

"We made meaningful improvements to ADS' and Infiltrator's environmental impact this year by implementing green initiatives focusing on water management, water quality and green building."



Dan Figola

Director of Sustainability Development

We believe that a strong ESG program will increase the long-term sustainability and resiliency of our business model and that is why our commitment to robust environmental, social, and governance practices is a key element of our business strategy. In our daily operations, we are dedicated to promoting environmental stewardship through our products and solutions, led by the work of our Director of Sustainability Development, Dan Figola, as well as creating a safe work environment for our employees while making a positive impact in the communities we serve. We also adhere to strong corporate governance principles by adopting best practices to strengthen our relationship with shareholders.

Our focus on sustainability helps us to better assesses material risks and opportunities for our business and make more informed decisions related to business planning, investments, and allocation of capital. Overall, this commitment builds us into a stronger company.

In fiscal 2020, we made significant strides in building the foundation of our ESG program through:

- The formation of a Board ESG sub-committee (under the nominating and corporate governance committee) responsible for the oversight of sustainability practices;
- The establishment of processes for collecting and regularly tracking data related to our environmental impacts;
- Our review and selection of sustainability reporting standards and frameworks to guide our ESG program development and create business-oriented key performance indicators (KPIs) in alignment with best practice standards;
- Our engagement with internal and external stakeholders (investors, customers, and employees) and third parties to assess the perception of our existing practices for the purposes of our ESG program development; and
- The creation of platforms to increase ESG-related disclosures, including increased and improved transparency about our sustainability practices in our sustainability report and the renovation our website to better communicate our ESG efforts.

Board Oversight of Sustainability

Historically, our full Board has been responsible for monitoring and assessing ESG risks. In fiscal 2020, we took steps to increase our focus and coordination of our ESG efforts through the establishment of a sub-committee of the Nominating and Corporate Governance Committee. The ESG sub-committee is chaired by Mr. Coleman with participation from other members of the Board, including Messrs. Fischer and Barbour, to develop and review ADS' corporate citizenship and sustainability programs as well as our environmental and employee health & safety policies. The ESG sub committee periodically reviews the Company's sustainability strategy and performance, including, but not limited to, material environmental, social, and governance (ESG) trends and related long- and short-term Company impacts, as well as the Company's ESG reporting and disclosure practices.



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 past year, we engaged with investors representing approximately 40% of our stockholder base around the effectiveness of our corporate governance program and our sustainability efforts.

As a result of an internal review of our governance practices and the feedback we receive during this outreach, our Board approved enhancements to our corporate governance program that are up for a vote at this Annual meeting, including the proposal to declassify the Board and the reduction of the supermajority vote requirements for certain charter and bylaws changes. We also intend to adopt a majority vote 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 shareholders.

Our compensation programs aim to drive our culture and company values, reward sustained performance, and attract, retain and motivate top talent. In order 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 shareholder value using equity awards.

Read more about ADS' compensation program in our [2020 proxy statement](#).

Code of Business Conduct and Ethics

Our success as a company is built on the Honesty, Professionalism, and Core Values of our employees, directors, and agents. These three tenets serve as the guiding principles of our Code of Business Conduct and Ethics (the "Ethics Code").

- **Honesty:** We believe in always being honest in dealing with our customers, suppliers, and others and complying with all laws and regulations applicable to our business at all levels.
- **Professionalism:** We believe in providing our products and services in a prompt and professional manner, gaining the loyalty and trust of our customers and suppliers.
- **Core Values:** We believe in certain "core values" centered upon ensuring quality throughout our product and organization for long-term growth and profitability.

The Ethics Code provides a framework by which we maintain the highest ethical standards in the conduct of our business and is an integral part of implementing our vision of ethically and sustainably maximizing value. All members of our organization are expected to adhere to each of the policies of the Ethics Code, while also employing good ethical judgment. The Ethics Code provides guidelines in relation to conflicts of interest, fair dealing, confidential information and intellectual property, fair employment practices, environmental health and safety, and improper payments to third parties, among many other areas of ethical business conduct.

Non-Retaliation Policy

As part of the Ethics Code, we uphold a strong culture of compliance by ensuring that all employees and agents feel comfortable questioning company policies and reporting concerns. To support these efforts, we are committed to a strict "no retaliation" standard with respect to reports of violations of company policies as well as reports of violations of law. There are no reprisals for raising concerns or reporting violations in good faith. We also protect our employees and agents from retaliation for participating in any investigation of possible violations. ADS has a zero-tolerance policy against retaliation and retains the right to take the appropriate disciplinary action against the retaliating person, up to and including termination of employment, if a retaliation complaint is substantiated.

Commitment to Sustainability

ESG Sub-Committee

Company established an informal sub-committee of the Nominating and Corporate Governance Committee that is referred to as the ESG sub-committee, chaired by Mr. Coleman and with participation from other members of the Board, including Messrs. Fischer and Barbour, to develop and review ADS' corporate citizenship and sustainability programs as well as our environmental and employee health & safety policies. The ESG sub-committee periodically reviews the Company's sustainability strategy and performance, including, but not limited to, material environmental, social, and governance (ESG) topics and related long- and short-term Company impacts, as well as the Company's ESG reporting and disclosure practices.

As discussed above, with the support and guidance of the ESG sub-committee, in the first few months of the committee's existence, we took important steps to set the foundation for an effective oversight of our sustainability practices, including the establishment of processes for collecting and regularly tracking data related to our environmental impacts, our review and selection of sustainability reporting standards, and the creation of business-oriented key performance indicators in alignment with best practice standards.

Committee Members



Michael Coleman

Michael Coleman became a director in 2018 and serves on the Audit Committee. Prior to joining ADS, Mr. Coleman served as Mayor of Columbus, Ohio from 2000 to 2015. Mr. Coleman was the longest-serving mayor in Columbus history and the longest-serving incumbent African American mayor among major U.S. cities.



Alex Fischer

Alex Fischer became a director in 2014 and serves on the Company's Audit as well as Nominating & Corporate Governance Committees. In the past, he has served on the board of directors for a variety of non-profit and not-for-profit organizations, and currently serves on the boards of Nationwide Children's Hospital, The Ohio State University, Experience Columbus, Columbus 2020, and The Ohio State Innovation Foundation.



Scott Barbour

Scott Barbour joined Advanced Drainage Systems, Inc in September 2017 and serves as President and Chief Executive Officer. In addition to his responsibilities at ADS, Mr. Barbour serves as a board member for Recreation Unlimited, a not-for-profit organization serving individuals with physical and developmental disabilities through sports, recreation and education.



Environmental Stewardship

Commitment to Environmental Stewardship

We are committed to developing innovative solutions that protect our Earth's most precious resource, water, while keeping millions of pounds of plastic out of landfills each year.

Our focus on water management constitutes a key element of our environmental stewardship. At Advanced Drainage Systems, our products and solutions keep waterways safe from pollution and prevent excessive stormwater runoff. Our long history of bringing innovative solutions and industry-leading technologies to market has helped develop standards that have transformed the stormwater management industry over the years.

Another element of our environmental stewardship is the use of environmentally sustainable materials in our products. Our expertise in incorporating recycled material into our products has fundamentally changed—and ultimately shaped—our approach to environmental stewardship and the way the industry views and uses recycled plastic in construction projects today.

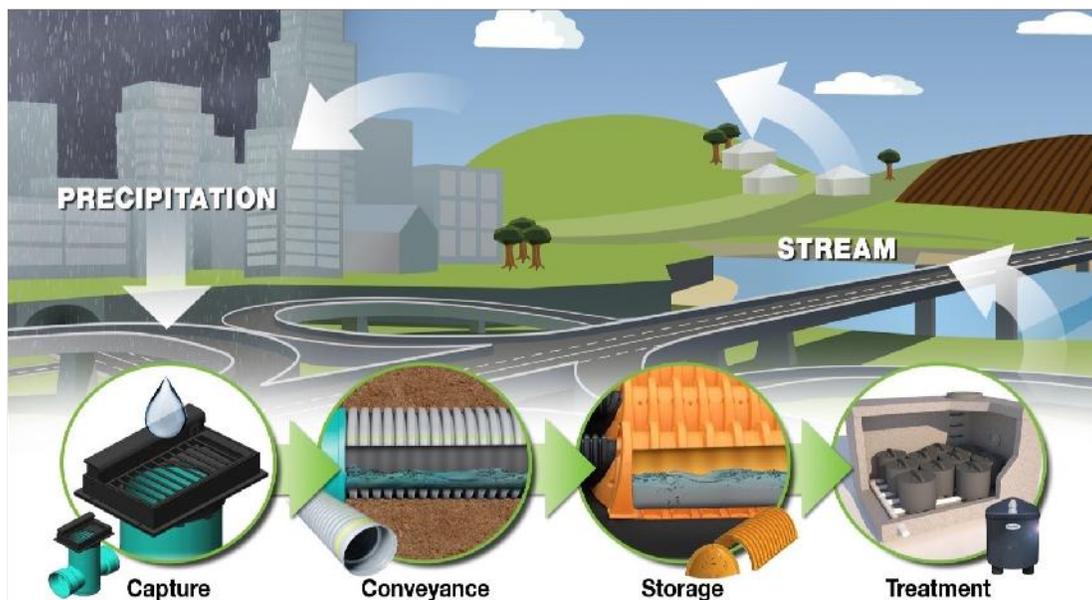
Management of a Precious Resource

Water is precious and the source of life. Preserving this natural resource for present and future generations is among our highest priorities. At the heart of our mission is the creation of sustainable water management solutions that keep waterways free of pollution and prevent unnecessary stormwater runoff and erosion.

Advanced Drainage Systems works closely with cities, towns, and communities around the world to provide sustainable water management systems that address their challenges and help advance their sustainability goals. Today, our products help contractors, engineers, and architects meet sustainability goals for programs such as Leadership in Energy and Environmental Design (“LEED”), the International Green Construction Code and the Institute for Sustainable Infrastructure’s Envision program.

Water Management Solutions

ADS products are designed to manage the entire lifecycle of a raindrop, from the moment water hits the ground until it is released back into the ecosystem. Our product portfolio is built around each step of this lifecycle. Neglecting stormwater management can result in flooding, pollution, destruction, erosion, and many other environmental and health issues. Construction of buildings, housing, roads and highways disrupts the natural ability of stormwater infiltration but is a key component of a growing society. Our solutions safely and efficiently manage stormwater with environmentally friendly products.





- **Capture:** As the first step in preserving the planet's most precious resource, water, our structures collect and direct stormwater runoff on project sites to an underground conveyance system.
- **Conveyance:** To prevent flooding at job sites, which could lead to significant structural and environmental problems, our pipe, fittings and other products safely move stormwater away from developed sites to be reintroduced back into the water cycle.
 - 10+ Billion feet of ADS Pipe are installed around the world.
- **Storage:** To mitigate erosion and flooding, our retention and detention systems manage infiltration and recharge stormwater prior to the treatment process.
 - Our current footprint of StormTech® retention/detention chambers has infiltrated 2+ billion gallons of stormwater runoff.
- **Treatment:** Our Water Quality products remove trash, debris and pollutants from the stormwater runoff collected in previous steps, ensuring only clean water is discharged back into our communities.
 - Our Barracuda water quality units treat 420,000+ gallons of water per minute during storm events.

Supporting Agriculture



ADS' products support and enable the agriculture industry, which drives economic growth, employment and increased food security across the U.S. Specifically, we help domestic agriculture farms, particularly with row crops like corn and soybeans, that rely on stormwater drainage to keep fields from flooding and strengthen crop yields. In fiscal 2020, ADS helped over 7,600 farm fields install water management solutions.



Installing drainage in a farm field (often referred to as tiling) prevents fields from flooding which can ruin crops and cause erosion in addition to yielding many additional benefits to farmers. Tiling lowers the water table below ground, removing water to a level that will not interfere with plant root growth and development. This leads to a healthier plant overall, generating more consistent yields and reducing the frequency of disease in plants. Additionally, tiling allows for earlier and more timely planting, once the season opens, improves harvesting conditions, and increases land value. Importantly, tiling can increase the yield by up to 30% for farmers, resulting in higher food security for the communities served and improved contribution to economic development.

The importance of appropriate drainage in farm fields has intensified over the last several years as more frequent significant rain events have left farmers unable to plant crops. In the spring of 2019, record rainfall and flooding in the Midwest caused a record of approximately 20 million acres of land in the United States to go unplanted. Our Single Wall, Flexible Dual Wall and Fittings products help farmers maintain their land and improve the quality of their yield.

Environmental Benefits of Our Products

The Plastics Pipe Institute conducted a life cycle analysis¹ to evaluate the true environmental impact of plastic pipes, from production to final use. By looking at factors like carbon footprint to water consumption, this study showed that our industry-leading solutions are superior to traditional materials. Compared to pipe using recycled plastic, traditional materials have higher waste generation, water consumption and greenhouse gas emissions.

Findings like these are shared throughout our industry, so we can all do our part in protecting the environment's precious natural resources through innovative recycling and manufacturing practices. For additional information, please see our website.

1. As reported in "LIFE CYCLE ASSESSMENT OF NORTH AMERICA MUNICIPAL STORMWATER PIPE SYSTEMS" prepared for The Plastics Pipe Institute by Franklin Associates, A Division of ERC, October 2019, using the recycled at end-of-life evaluation with cutoff method.



Materials

Material Efficiency

A pillar of our continuous improvement initiative, ADS achieves material efficiency through the use of recycled materials in our production process as well as minimizing scrap and manufacturing by-product. Our primary raw materials are HDPE and PP resin, derived from ethylene and propylene, respectively. Ethylene and propylene are derived from natural gas liquids or crude oil derivatives in the U.S. We currently purchase in excess of 1 billion pounds of virgin and recycled material annually, including approximately 560 million pounds of recycled material, or 51% of our purchased material.

As a high-volume buyer of resin, we are able to achieve economies of scale to negotiate favorable terms and pricing. Additionally, we have relationships with most of the North American producers of virgin high-density polyethylene and impact copolymer polypropylene as well as with several of the largest environmental companies which provide us with post-consumer HDPE recycled materials and several key post-industrial HDPE suppliers. We do not purchase any materials that would be considered critical materials by SASB.

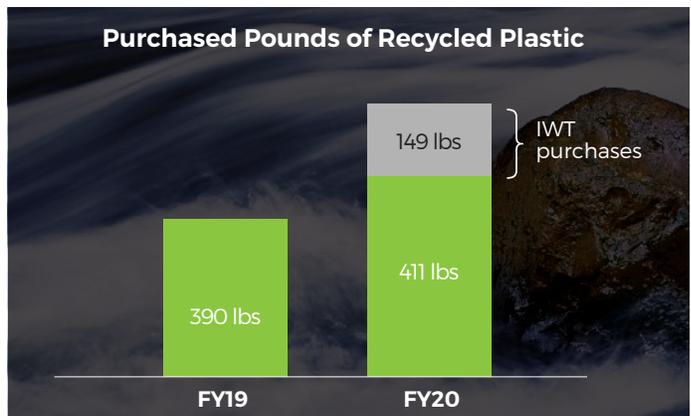
One of our primary operations goals is reducing the amount of scrap that is produced in the manufacturing process. In Fiscal 2020, we reduced our scrap rate by 12% through efficiency initiatives, including standardizing the changeover process. Reducing the scrap rate improves energy efficiency and reduces risk, however our manufacturing process allows us to limit the amount of material waste in our production process to virtually none. When a product does not meet our quality standard, we reincorporate the scrap into the manufacturing process by regrinding it into flake and using our material science expertise to include the scrap in a new material blend.

Along with reworking scrap that would otherwise be discarded to landfills, we reuse materials to reduce cost and our carbon footprint. For example, in order to transport the recyclables to our plants, we reuse gaylord boxes to eliminate the use of new packaging material.

Recycling

Advanced Drainage Systems and Infiltrator Water Technologies combine to create one of the five largest plastic recyclers in North America through our vertically integrated recycling operations. We purchase millions of pounds of used plastic from post-consumer and post-industrial sources. Certain ADS and Infiltrator products extend the short shelf life of consumer items such as bottles, caps and everyday household product containers to over 100 years.

Over half of the plastic we purchase is recycled, made possible by our innovative plastic-blending program, company-owned and -operated recycling facilities and our unmatched expertise in engineering. We have five recycling facilities that take in recycled plastic in various stages of reprocessing. ADS purchases bales, flakes and pellets of recycled HDPE from post-consumer and post-industrial sources. We internally reprocess bales and flakes before the pipe extrusion process. In fiscal 2020, we reprocessed 81% of the recycled HDPE purchased by ADS through our recycling operations. Infiltrator primarily purchases flakes and pellets of recycled HDPE and polypropylene from post-industrial and post-consumer sources. We internally reprocess some flake before the injection molding process. In fiscal 2020, we reprocessed 27% of the recycled plastic purchased by Infiltrator through our recycling operations. Infiltrator generally does not purchase bales of plastic; therefore, a smaller portion of their purchases need to be reprocessed before being used in manufacturing. Reprocessing gives us control over operations, quality, and environmental byproducts.





Performance Indicators

Remanufactured Product Revenue ¹	Unit of Measure	Fiscal 2019	Fiscal 2020	Change
Percent of revenue from remanufactured products	% of gross sales	54.0%	55.2%	+1.2%
Percent of pipe revenue from remanufactured products	% of gross pipe sales	63.3%	65.8%	+2.5%

Remanufactured product revenue is calculated as the percentage of revenue from products that contain recycled plastic material. These products primarily include certain high-density polyethylene (HDPE) pipe product lines, such as our Mega Green N-12 pipe, singlewall pipe and Flexible N-12 pipe products. Certain Allied product offerings such as pipe fittings and on-site septic chambers also include recycled material.

The overall increase in total revenue from remanufactured products is driven by the increase in pipe revenue from remanufactured products, which is due to:

- Continued acceptance of products containing recycled material. Where possible, we encourage our customers to use our N-12 pipe products that contain recycled material over our N-12 pipe products that contain virgin material only. Due to regulatory requirements, pipe products sold into certain applications may not contain recycled material.
- A 35% increase in domestic agriculture sales. Agriculture products use a high content of recycled material.

The increase in pipe revenue from remanufactured products was partially offset by a higher mix of allied products, which do not contain as high of a percentage of recycled materials, in overall sales.

We plan to establish a goal related to our recycling operations in our 2021 Sustainability Report.

1. Remanufactured product revenue is representative of the ADS Legacy sales in the United States and Canada. The data does not include sales in Mexico or Other International, which represent less than 5% of ADS Legacy net sales. The data does not include Infiltrator Water Technologies, acquired in fiscal 2020. Infiltrator Water Technologies results will be included in the Sustainability Report issued in 2021.

How Our Recycling Process Works



In fiscal 2020, we consumed **29%** of the recycled pigmented HDPE bottles in the United States.

The amount of recycled plastic we consumed in fiscal 2020 reduced our Greenhouse Gas emissions by over 730 million pounds, which amounts to taking

70,000 cars off the road.



In fiscal 2020, we consumed 29% 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.

Climate Change, Energy and Efficiency

Advanced Drainage Systems is committed to helping our businesses, our customers, and the world increase energy efficiency and reduce Greenhouse Gas (GHG) emissions. In addition, we offer innovative solutions that have lower GHG emissions than alternative materials used for the same purpose.

Our sustainability team is collaborating with internal and external stakeholders to identify project opportunities to reduce our energy and emissions intensity. Through these engagements, we ensure the development of a sustainable business that benefits our stakeholders and the environment.

In fiscal 2020, we began to collecting energy and emissions data from our US and Canadian facilities. We are partnering with Schneider Electric to help track environmental data at the facility level. As part of our ongoing efforts to improve our sustainability impact, we plan to establish long-term goals and strategies to reduce our energy and greenhouse gas intensity in our Fiscal 2021 Sustainability Report.

Energy Usage

Energy Consumption	Unit of Measure	Fiscal 2019	Fiscal 2020	% Change
Purchased Electricity ¹	Gigajoules (GJ)	1,155,552	1,224,544	+6.0%
Purchased Natural Gas ^{2,3}	GJ	63,711	64,757	+1.6%
Total Energy Consumption	GJ	1,219,262	1,289,301	+5.7%
ADS Sales	\$, in thousands	\$1,385	\$1,506	+8.8%
Energy Intensity	GJ per thousand revenue dollars	881	856	-2.8%

Approximately 95% of our energy consumption is from our pipe production and recycling facilities. In Fiscal 2020, our energy consumption increased 6%, primarily due to a 8% increase in pipe production pounds. Corresponding manufacturing footage decreased 1% compared to the prior year. Since taking actions in Fiscal 2017 to rationalize our manufacturing footprint, we have reduced our number of pipe production facilities by 16% without impacting our production capacity.

We achieved the year-over-year improvement in energy intensity by executing on our operational excellence objectives, including more efficiently manufacturing by reducing downtime and scrap. Additionally, we made headway on capital projects to improve our environmental footprint, including upgrading to LED lighting and investing in more efficient machinery at 5 facilities. We continue to evaluate opportunities to reduce our environmental footprint throughout our operations. For more information, please reference the Operational Excellence section of this report.

In fiscal 2019 and the majority of fiscal 2020, our pipe production and recycling facilities self-reported energy data through the Resource Advisor system from Schneider Electric. In fiscal 2020, we transitioned all facilities, including distribution yards, allied production facilities and office locations in the US and Canada to Resource Advisor for utility information including energy, natural gas and water consumption.

In our 2021 Sustainability Report, we plan to establish a baseline for water consumption in our operations.

1. 100% grid electricity. We did not purchase any renewable energy in Fiscal 2020 or Fiscal 2019.
2. Converted from kilowatt hours (kWh) to GJ at a rate of 0.0036 GJ per 1 kWh.
3. Converted from therms to GJ at a rate of 0.10548 GJ per 1 therm.



Emissions

Scope 1 Emissions (Metric Tons CO ₂ -e)	Fiscal 2019	Fiscal 2020	% Change
Direct Greenhouse Gas Emissions by Type			
Fuel	73,887	69,001	-6.6%
Natural Gas	3,207	3,260	+1.6%
Total Direct GHG Emissions	77,094	72,261	-6.3%

Scope 2 Emissions (Metric Tons CO ₂ -e)	Fiscal 2019	Fiscal 2020	% Change
Indirect Greenhouse Gas Emissions by Type			
Purchased Electricity	137,909	146,143	+6.0%
Total Indirect GHG Emissions	137,909	146,143	+6.0%

Emissions Intensity	Fiscal 2019	Fiscal 2020	% Change
Total GHG Emissions (Metric Tons CO ₂ -e)	215,004	218,405	+1.6%
Total sales (\$, in millions)	1,385	1,506	+8.8%
Total GHG Emissions Intensity	155	145	-6.6%

Direct GHG emissions decreased 6% in fiscal 2020, primarily due to a reduction in diesel fuel consumed by our fleet. The reduction in fuel consumption was driven by an increase in the use of a third-party logistic partner for certain deliveries, as well as an increase in driver compliance and further adoption of monitoring technology.

Our operations team continues to evaluate the most efficient modes of transportation used for deliveries. The ADS fleet is designed for jobsite delivery, with custom trailers designed for efficient unloading on site. We are streamlining our fleet capabilities by more efficiently shipping certain non-core deliveries, such as 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 2020, we piloted using a third-party logistics partner for retail deliveries in certain geographies. Retail orders are primarily less than a full truckload of product. Our early results show a significant improvement in service levels for the customers in the pilot program, as well as shorter lead times for construction jobsite deliveries and multi-truckload deliveries due to our increased fleet capacity. With the success of the pilot, we are considering rolling this out to additional geographies as necessary.

Indirect GHG emissions increased 6% primarily due to an 8% increase in pipe production. Our operational excellence objectives to manufacture more efficiently by reducing downtime and scrap overall resulted in an improved production rate and less energy consumed on a per pound basis (for more information, please see the Energy Consumption discussion above).

The 7% reduction in GHG emissions intensity is primarily a result of the factors above. We plan to establish an emissions intensity goal in our Sustainability Report issued in 2021.

In fiscal 2019 and the majority of fiscal 2020, our pipe production and recycling facilities self-reported energy data through the Resource Advisor system from Schneider Electric. In fiscal 2020, we transitioned all facilities, including distribution yards, allied production facilities and office locations in the US and Canada to Resource Advisor. Fleet emissions data is monitored using SmartWay, an EPA program that helps companies advance supply chain sustainability by measuring, benchmarking, and improving freight transportation efficiency.

While GHG Emissions information is not included in the SASB recommendation for the Industrial Machinery & Goods sector, we believe this metric is important to investors, customers and other stakeholders as well as to the effectiveness of our overall ESG program. The Scope 1 emissions data presented does not include fuel for forklifts used in our manufacturing plants or yards because the data is not readily available, and the administrative burden associated with collecting and managing this data is not practical at this time.

Note: Emissions data is representative of the ADS Legacy business in the United States and Canada. The data does not include facilities in Mexico or Other International, which represent less than 5% of ADS Legacy net sales. The data does not include Infiltrator Water Technologies, which was acquired in fiscal 2020. Infiltrator Water Technologies results will be included in the 2021 Sustainability Report.

Transportation Efficiency

With the industry's largest company-owned fleet, Advanced Drainage Systems provides a tremendous service to its customers. We are a proud partner of SmartWay, an EPA program 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.

Our fleet is comprised of drop-side trailers, tractor trailers, box trucks and flat beds. We choose the best trailer for the job, depending on products, delivery site and distance. Regardless of job location, our fleet can deliver what the customer needs, when they need it.

Performance Indicators

Fleet Efficiency ¹	Unit of Measure	Fiscal 2019	Fiscal 2020	% Change
Fuel Economy ²	Miles per Gallon (MPG)	6.47	6.60	+2.1%
Payload Efficiency ³	Pounds shipped per miles traveled	22.7	23.7	+4.2%
Fuel Consumed ^{4,5}	Gigajoules (GJ)	945,868	887,017	-6.2%

In fiscal year 2020, the improvement in fleet efficiency was primarily due to an increase in compliance, driver training and further adoption of 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, managed maintenance programs and training programs focused reducing idle time, improving MPG and improving engine efficiency. We have annual internal targets for payload efficiency and will include fleet efficiency as a component of our GHG emissions intensity reduction goals we plan set in our 2021 Sustainability Report.

The reduction in fuel consumption in fiscal 2020 was driven by an increase in the use of a third-party logistic partner for certain deliveries, as well as an increase in driver compliance and further adoption of monitoring technology.

SASB recommends companies in the Industrial Machinery & Goods sector report on fuel economy and emissions in the use-phase. ADS and Infiltrator products are not powered by fossil fuels and do not release greenhouse gases and other air emissions during use. We have therefore taken a modified approach to this topic. We reviewed the SASB-recommended Road Transportation sector standards and incorporated a portion of these metrics. Fleet-related GHG metrics are included in the emissions discussion on the previous page of this section. Finally, we are setting up processes to track air quality emissions (including NOx, SOx and particulate matter) through our partnership with SmartWay and plan to begin reporting these metrics in our 2021 Sustainability Report.

1. Fleet efficiency data is representative of the entire ADS fleet, which operates in the United States and Canada.
2. 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.
3. 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.
4. Fuel is tracked through a third-party telematics program.
5. Converted from gallons to GJ at a rate of 0.13176 GJ per 1 gallon.

Position on Climate Change

Advanced Drainage Systems 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 combatting 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.



550 million

pounds of recycled plastic ADS purchased in FY20



50+ years

service life of ADS products



7%

decline in GHG emissions in FY20 compared to FY19

With water being integral to the health of communities everywhere, ADS takes our responsibility to produce effective, reliable, and sustainable water management products and solutions very seriously. More so, our products and solutions address some of the primary 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.

Board Oversight

Our Board of Directors is committed to improving ADS' sustainability efforts, including climate-related risks and opportunities. As discussed above, the recently established ESG sub-committee develops and reviews the company's sustainability strategy. This oversight committee periodically reviews the company's strategy and performance around sustainability and climate-related issues, including material trends, the Company's environmental footprint, and the Company's reporting practices on these topics.

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 2020, we began collecting historical data and building processes 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. These processes mark ADS' first big step towards improving energy efficiency in our facilities and meaningfully reducing our carbon footprint.

Our View on Plastics

At ADS, we believe we are part of the solution to end plastic waste. We consciously purchase approximately 550 million pounds of recycled plastic, primarily high-density polyethylene (HDPE) and polypropylene (PP), annually from both post-consumer and post-industrial sources to manufacture our products, certain of which have a service life of 100 years. Using recycled plastic in our manufacturing process directly reduces ADS' carbon footprint as well as the carbon footprint of jobsites when our products are used in place of concrete materials.

Seizing Climate-Related Opportunities

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

As discussed above, our innovative solutions preserve the integrity of our 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 the global 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 and we look to join our downstream counterparts in these efforts. Our manufactured products are more energy efficient than traditional materials by design, 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 global 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 on 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
<p>Policy, Legal, and Regulatory</p>	<ul style="list-style-type: none"> • Increased regulatory reporting requirements • 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 	<p>ADS MANUFACTURING 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. Opportunities: We may use policy incentives to shift towards lower-emission energy sources. Capital investments in greener equipment, machinery and facilities will result in more energy-efficient operations.</p> <p>ADS FLEET Risks: Transportation-related policies may lead to a potential increase in costs related to improving fuel efficiency of our fleet. Opportunities: Our efforts to improve the fuel efficiency of our fleet may result in improved network optimization.</p> <p>DEMAND FOR ADS PRODUCTS 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 Risks: We may face costs associated with increased reporting obligations. We may be exposed to litigation related to resin pellets by suppliers.</p>
<p>Market</p>	<ul style="list-style-type: none"> • Shifts in demand of our products and services. • Shifts in supply and demand of raw materials, including plastic (a petroleum-based product) • Shifts in supply and demand of transportation fuel 	<p>ADS MANUFACTURING Risks: Increased cost of raw materials (virgin and recycled plastic); decreased availability of recycled material.</p> <p>ADS FLEET Risks: 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. Our products and services are, by design, more energy efficient than traditional materials, requiring less heavy material and fewer deliveries per job site. 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 financing opportunities for our company as our products address key climate-related challenges.</p>



Transition Risks and Opportunities	Examples of Relevant Trends and Developments	Impacts to ADS
Technology	<ul style="list-style-type: none"> 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>
Reputational	<ul style="list-style-type: none"> 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>
Physical Risks and Opportunities	Relevant Actions	Impacts to ADS
Acute Risk	<ul style="list-style-type: none"> Increased severity of weather events, such as cyclones, hurricanes, and floods 	<p>ADS MANUFACTURING</p> <p>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</p> <p>We may face disruptions to transportation availability.</p>
Chronic Risk	<ul style="list-style-type: none"> Changes in precipitation patterns and extreme variability in weather patterns Rising temperatures Rising sea levels 	<p>DEMAND FOR ADS PRODUCTS</p> <p>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>



Health and Safety

Safety Programs and Culture

Employee safety is our highest priority and a key component of the company culture we want at ADS. Thousands of employees help us achieve operational excellence and they all deserve a safe environment focused on injury prevention.

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.

The ADS Environmental, Health and Safety Team

In 2019, we hired a director of Environmental, Health and Safety (EH&S) who, in conjunction with our CEO, is responsible for overseeing compliance with these 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. In fiscal 2020, we conducted 410 safety inspections.

The EH&S team is focused on continuously improving safety performance, focused on the below initiatives:

- Risk assessment and abatement
- Enhanced training
- Increased frequency of safety inspections
- Problem solving and root cause analysis of injuries
- Adding authorized OSHA outreach trainers to our teams

Hazard Identification, Risk Assessment and Incident Investigation

The first factor in our safety program is hazard identification. ADS uses Velocity EHS, a web-based program, 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 2020, we completed a facility risk assessment at each of our **Focus Few** facilities and identified corrective actions, which these facilities are in the process of working through. 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.

In fiscal 2020, we also introduced the **Stop Work Program**. 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

Spotlight: Focus Few Facilities

Though historical injury analysis, our EH&S team determined that seven facilities in our network represented an outsized proportion of our injuries. To reduce the risk at these facilities, we developed a comprehensive strategy for each location and increased our oversight of these facilities. Now called the "Focus Few," the progress was reported more frequently with increased management focus and dedicated problem solving techniques. Cross functional engagement was established to increase continuous improvement initiatives and accelerate automation opportunities. Overall, the TRIR at these facilities decreased by 14% in Fiscal 2020. Though there is still significant progress to be made, we plan to continue using this methodology in Fiscal 2021 to put additional focus on developing the culture, processes and procedures that mitigate high-risk locations.



towards any employee, visitor or contractor for doing so. Further, work is not resumed until the concerned parties all agree the risk has been mitigated and it is safe to continue.

Finally, as part of the rollout of our **Green Line Operating System** and our commitment to safety, we have engaged a third-party consulting company to help us introduce continuous improvement and lean manufacturing principles into our facilities. We use this training to investigate incidents and determine corrective action.

Worker Participation, Consultation and Communication

Employee safety is under constant review and we are working under a continuous improvement mindset for safety practices. 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

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 on-boarding, which include day 1, 2, 30, 60 and 90 safety training requirements. Annual refresh courses on relevant topics are required for all employees.

Shift supervisors are encouraged to start each shift with a current safety related topic. Plant supervisors provide weekly safety action items to be completed by the plant employees as well as periodic updates to safety procedures. On a monthly basis, we provide 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.

Employee Health and Safety ^{1,2}	Fiscal 2019	Fiscal 2020	% Change
Total recordable incident rate (TRIR) ³ Goal: 2.5 TRIR by Fiscal Year 2025	2.9	3.1	+6.4%
Fatality rate	0.03	0.00	-100.0%
Near miss frequency rate (NMFR) ⁴	9.6	8.5	-11.7%

Performance Indicators

In fiscal year 2020, we identified that a majority of our incidents were related to strains and sprains in specific employee groups and primarily related to highly manual tasks. While we continue to conduct training and awareness to reduce risk, the ultimate goal is risk avoidance, including automating processes and updating equipment to reduce touchpoints. In fiscal 2020, we continued our work to automate gasket installations on all pipe diameters 12” and larger as well as installing auto-coiling machines for our single wall pipe. Further, we identified the “Focus Few” locations, where the majority of incidents occur. Our targeting these locations to improve safety has begun to pay off, with 5 of the 7 “Focus Few” locations improving TRIR by over 20% in fiscal 2020. We plan to reevaluate the “Focus Few” locations and continue with this approach in fiscal 2021.

1. Safety statistics are representative of the ADS Legacy operations in the United States and Canada. The data does not include facilities in Mexico or Other International, which represent less than 5% of ADS Legacy net sales. The statistics do not include Infiltrator Water Technologies, acquired in fiscal 2020. Infiltrator Water Technologies results will be included in the Sustainability Report issued in 2021.
2. Rates are calculated as: (Statistic count x 200,000) / hours worked.
3. 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.
4. NMFR: 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.

Finally, we believe the decrease in NMFR is a result of proactively approaching risk by increasing the focus on behavior risk observation and hazard identification in fiscal 2020. The process for classifying, identifying, and reporting near misses is the same as for reporting a hazard. All employees are encouraged to report near misses through our tracking system, Velocity EHS, or request a plant manager or member of the safety committee to log the report. Once a near miss is identified and reported into the system, it is investigated for root cause and corrective actions are implemented, just as an injury event.

Safety Case Study

At our facility in Muncy, PA, we had a Near Miss while taking a pipe sample for quality testing. The sample was caught between the product and equipment, which could have resulted in injury to the downstream technician or quality technician. After root cause analysis, the team determined the situation occurred because the product had moved too far downstream when the sample was taken. To prevent this potential injury from occurring in the future, the team implemented a safe zone for sampling which is now clearly identified on the floor of the plant.



Product Safety

Manufacturing and Production

Downstream manufacturing processes are some of our biggest safety challenges. In order to mitigate this concern, we are focused on automating these processes 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 process is designed to share knowledge among manufacturing locations and engage team members in an effort 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, affected 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.

We made progress in the below areas of focus in Fiscal 2020 and remain dedicated to ensuring our facilities are operating to the highest safety standards.

- **Automated Gasket Installations:** In fiscal 2020, we continued automating all gasket stretching for pipe manufacturing in diameters 12" and larger. This significantly reduces sprain and strain injury risk from manual installation.
- **Auto-Coiling:** We introduced a machine that automates downstream pipe coiling, reducing the risk of injury and improving both rate and quality in our process. Our second machine is on order for installation in Fiscal 2021.



Product Installation

Our approach to safety during product installation is reducing exposure to risk. ADS products are made to be a safer alternative to those manufactured with different materials for use in the same application.

The Occupational Safety and Health Administration (OSHA) identifies exposure minimization as the most effective method to control risk. In line with OSHA recommendations, ADS focuses on a variety of ways to minimize exposure and reduce jobsite risk.

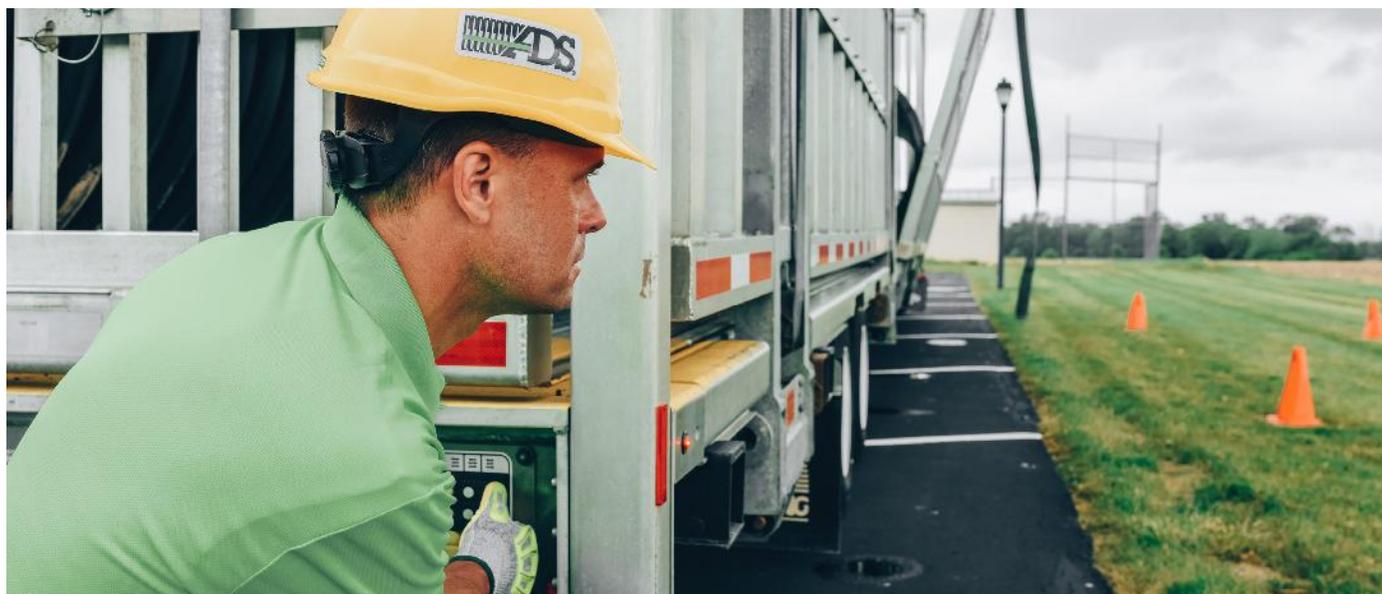
Reduced Risk in Jobsite Delivery

- ADS' customized fleet of trailers maximizes the amount of product delivered on a single load and reduces the number of trucks required per jobsite. Based on one mile of pipe, that is 60%+ fewer trucks than the alternative materials.
- The risk of the jobsite delivery extends beyond just trucks on the road. We're minimizing the number of trucks slowing down to pull off on the side of the road, the number of times the site supervisor interrupts a process to oversee unloading and the number of people involved in unloading our product.
- The customized trailers also self-unload, eliminating risk of the high touch unloading process using heavy machinery.

Reduced Risk on Jobsite

- Our products are produced from a high-strength low-weight plastic material, making them significantly lighter in weight than the leading alternative materials used in stormwater and onsite septic systems. The lighter weight results in ease of maneuverability and smaller equipment to operate when necessary. On average, our plastic pipe weighs 96% less per foot than the leading alternative material.
- Our pipe product is primarily manufactured in twenty-foot lengths. The industry standard for the leading alternative material is eight feet. By designing and manufacturing longer products, we reduce the number of connective joints by 60%, which is where the product is handled during installation. Each reduction in joint is a 1:1 reduction in the number of times the product is handled, thereby exposing the contractor to less risk. This design decision also significantly reduces the risk associated with moving and pivoting heavy equipment required during installation.
- Through feedback from our customers, we found that putting gaskets on pipe was a pain point. Installing gaskets on a pipe can result in muscle strains and other injuries, especially among inexperienced workers. To mitigate against this risk, we brought the process inside to be handled by our trained downstream technicians. Now, we're automating this process at our facilities (see Automation discussion above).

The benefits from our product installation safety initiatives also include time savings. On average, our products install approximately three times faster than the leading alternative material, a significant decrease in time exposed to potential incidents.





Manufacturing Efficiency and Innovation



Manufacturing Efficiency

Manufacturing efficiency is a cornerstone of our operational excellence program and a key area of focus for ADS. Within the four walls of our plants, we closely track key performance indicators such as downtime and scrap production to measure manufacturing efficiency across our facilities. These indicators are measured daily at the plants, monitored weekly and monthly by management and ultimately tied to the performance goals of the operations management team. This process is designed not only to offset inflationary costs, but to also build lean experts and drive a continuous improvement mindset throughout the organization.

To further our manufacturing efficiency efforts, we have made significant supply chain investments. The planning tools developed have allowed us to more efficiently use our raw materials by establishing inventory targets that tie to demand and improve overall inventory health. We are working towards ensuring that we have the right products in the right place at the right time in order to meet the needs of our customers as efficiently as possible. We are also centralizing production planning to reduce changeover frequency, downtime and inter-plant freight cost.

In fiscal 2020, we began to roll out principles of lean manufacturing at our facilities in phases across our expansive footprint. Lean manufacturing focuses on minimizing waste within manufacturing systems while simultaneously maximizing productivity. Within this methodology, the definition of waste is expanded to include any non-value-added activity such as defects, overproduction and extra processing. This past year, we focused on establishing regional centers of excellence at six locations. These facilities receive targeted training on Safety, 5S Systems, Value Stream Mapping, Problem Solving, Daily Management and Standard Work, bolstered by dedicated continuous improvement leaders within the facility.

Changeovers Case Study

One of the largest contributors to downtime is the process of changing over a production line to a new set of tooling. We use production planning to minimize the number of changeovers at a facility because of the downtime, scrap and energy associated with a line changeover. We complete thousands of line changeovers each year, moving our tooling assets throughout our manufacturing network. In fiscal 2020, we continued our focus on standardizing and improving the changeover process by focusing on the highest changeover volume production lines. Rolling out these standard operating procedures resulted in a 16% reduction in average time to complete this process on certain production lines in Fiscal 2020. As we gained traction with standardization on these lines, we started the process on the next largest volume opportunity.

Reducing the time associated with the changeover process is important because it reduces time, risk and production waste while improving energy efficiency. Changeovers will remain a focus for our continuous improvement and lean manufacturing initiatives.

Operational Excellence

In order to efficiently serve our customers, ADS has built a large local presence. Our network of 64 manufacturing facilities and 32 distribution yards is seven times larger than our largest plastic pipe extrusion peer, which gives us a significant competitive advantage but also elevates the importance of operational excellence. We manage operational efficiency through our Green Line Operating System, which is guided by four principles: Safety, People, Process, and Performance. This process-driven approach allows us to focus on continuous improvement initiatives to ensure we are managing our material and energy use, while also optimizing the use of our network and prioritizing the safety of our team.






Innovation

Our innovation efforts are focused on expanding and optimizing our product offerings to help solve the worlds' water management challenges. Our solutions address the increasing regulations around water management set by the Clean Water Act (EPA Phase I and II). The Clean Water Act controls the quantity and quality of stormwater being released back into the environment on any construction site that disrupts one acre or more of land. We help contractors satisfy these requirements through environmentally friendly product alternatives that often incorporate recycled materials.

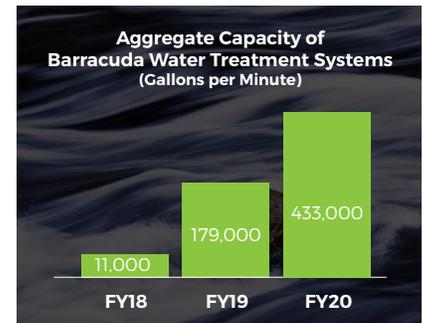
Material Science

We are exploring innovative new ways to incorporate more recycled material into our material streams, especially into our fast-growing polypropylene products, such as our HP Pipe products and StormTech retention/detention chambers, which do not currently contain recycled material. In Fiscal 2020, we began development work to expand the range of material formulations for these products to include wide-spec and recycled material with the goal of reducing our cost and environmental impact. Additionally, to minimize our use of resources, we introduced tooling that reduces the weight of materials required during manufacturing without compromising quality.

Product Innovation

ADS is committed to bringing new products to market to help serve our customers needs and drive the industry forward.

- N-12® Flex
 - To support agriculture markets, ADS introduced the flexible dual-wall pipe solution. This innovative new product combines the benefits of single wall and dual wall pipe for farmers – fast, safe installation and increased flow rates.
- Barracuda
 - We introduced the Barracuda, a high-performance water separation unit that removes sediment and other debris from storm water runoff, further protecting water resources. The Barracuda is designed with revolutionary internal “teeth,” that reduce turbulence in the storage chamber to prevent re-suspension of captured pollutants.
- Recycled pipe for public markets
 - For years we have been proponents of incorporating recycled plastic material into pipe products that are used in public markets. After a long history of working with the American Association of State Highway and Transportation Officials, specifications were recently published that allow us to begin manufacturing this product for use publicly funded infrastructure projects.



Support Tools

ADS has an innovate suite of free online and mobile tools that is unparalleled by anything offered by our peers. In an industry that is slow to adopt new technology, we are committed to bringing technological solutions to market for engineers, contractors and owners.



ADS Design Tool 2.0

- The ADS Design Tool 2.0 enables engineers to design a custom-tailored, underground stormwater management system.
- The design application enables customers to incorporate site-specific information, quickly create customized layouts, as well as edit and save these designs for future use.
- The ADS Design Tool 2.0 also allows customers to evaluate the feasibility of aboveground pond replacement, alternative underground products, land values and usage, regulatory compliance, rainwater harvesting, storm water quality and green infrastructure applications.



Other Tools



Product Configurators for Baysaver, Nyloplast and InsertaTee



Mobile Apps, including the ADS Agriculture Drainage Resource and StormTech SiteAssist

A scenic landscape at sunset. The sun is low on the horizon, casting a warm, golden glow over the scene. In the background, there are several layers of mountains, with the most prominent one in the center. The foreground is filled with tall, green grass that is slightly out of focus, creating a sense of depth. A dark, semi-transparent rectangular box is overlaid on the middle of the image, containing the text "Employees and Community" in white, bold, sans-serif font.

Employees and Community

Employees

“Employees are the backbone of this organization. We empower our employees to create change, drive improvement and exhibit safe behaviors in everything they do.”

– Scott Barbour, President and CEO



Diversity and Inclusion

As a global company, Advanced Drainage Systems is dedicated to fostering an inclusive culture, empowering employees and communities by embracing the dynamics of different backgrounds, experiences and perspectives. Advanced Drainage Systems is committed to creating an environment where employees feel valued, respected, and fully engaged to contribute to our future success.

In 2019, Advanced Drainage Systems launched the **ADS Women’s Network** to help foster a culture that attracts, inspires, engages and retains diverse talent, including women. With executive leadership participation from EVP, CFO and Secretary, Scott Cottrill, and EVP, Engineering and R&D, Ron Vitarelli, the network is focused on professional development, cultivating leadership skills, influencing the company’s vision and executing ADS strategic initiatives. One of the primary pillars of the group is fostering a culture that inspires and retains diverse talent to support the growth of ADS. Though primarily for women, men are also encouraged to attend events in an effort to support diversity of thought and understanding.

ADS is also a corporate partner of Women for Economic and Leadership Development (WELD), an organization focused on developing and advancing women’s leadership. WELD provides women with specific tools and skills to enhance their individual economic status and helps mobilize women to become more active participants in leadership. Through our membership with WELD, we provide women at ADS the opportunity to attend in-person events and monthly webinars designed to grow professional and interpersonal skills as well as expand their network.

To further promote women in the workplace, ADS signed the Columbus Commitment: Achieving Pay Equity. The Columbus Commitment is a voluntary, employer-led initiative to close the wage gap in Columbus, OH where our corporate headquarters is located. Although it is locally focused, this message permeates throughout our organization. ADS is dedicated to supporting women and minorities through equal pay.

We are making strides towards building a more diverse company with the number of female employees up 14% in Fiscal 2020. ADS also has a significant minority employee base, making up 20% of our domestic team. We are working to implement thoughtful action and initiatives to champion diversity, equity and inclusion in the workplace and across our business in the coming year.

Equal Opportunities, Non-Discrimination and Non-Retaliation

Advanced Drainage Systems believes in 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.

We base hiring and promotional decisions on job qualifications, such as work records, performance history and length of service, to ensure equal opportunity to all. We also ensure equal opportunity across all relevant aspects of employment such as recruiting, job assignment, compensation, benefits, transfers, promotional opportunities, company sponsored training, and recreation programs, among others.

We have a zero-tolerance policy for harassment in the workplace and take all reasonable steps to protect workers from harassment by management, other employees, clients, independent contractors, and others that maintain a relationship with the company. Such actions are considered a serious offense for which immediate actions are taken.

In the event an employee or related party needs to report an incident, a 24-hour ethics hotline is available to all employees to utilize as needed, which can be accessed at <http://ads-pipe.alertline.com> and 1-888-234-4790.

Once an employee reports a harassment incident or any other violation of company policy or law, that employee is protected against any potential retaliation. ADS is committed to a strict anti-retaliation standard as part of our efforts to build a comfortable work environment that welcomes questions about company policies and reporting concerns. We ensure that there are no reprisals for raising concerns or reporting violations in good faith. Retaliation for participating in any investigation of possible violations is prohibited as well. If a complaint of retaliation is substantiated, then appropriate disciplinary action will be taken against the retaliating person, up to and including termination of employment.

Formal policies (including Equal Employment Opportunity, Harassment Free Workplace and Anti-Retaliation standards) are clearly documented and conveyed to all employees by management and posted on our internal and public websites. The policies may be accessed at <https://sustainability.ads-pipe.com/corporate-purpose/policies>.

Workplace Flexibility and Benefits

At ADS, we understand the importance of work-life integration and work hard to implement the benefits and practices that support it. 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 emergency or adverse situations, such as weather, unsafe working environment or public health emergencies, like the ongoing coronavirus global pandemic. These policies are approved on an as needed basis.

Advanced Drainage Systems also offers 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.

Additionally, Advanced Drainage Systems provides many services to its employees based on a desire for all employees to achieve physical, financial and personal well-being. Advanced Drainage Systems offers the following types of leave to employees:

- **Vacation Policy:** addresses employees' need to take time off.
- **Employee Assistance during COVID-19:** Employees are given two additional weeks of paid leave if they are unable to come to work due to extraneous circumstances (including childcare, elderly care, sickness, etc.) during a pandemic.
- **Bereavement Leave:** If additional time is needed by the employee due to extended travel or other personal needs, including supporting family members or friends, their manager may approve as appropriate.
- **FMLA:** Advanced Drainage Systems abides by all FMLA rules and offers intermittent leaves (including dependent care).
- **Personal Leave:** ADS offers time off for reasons outside of other policies listed above, as needed, in 30-day increments. Multiple increments may be approved depending on circumstances.
- **Military & Reserve Policy:** Advanced Drainage Systems supports its military employees by providing up to 5 years of leave with subsidized pay to active duty employees.

Advanced Drainage Systems 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.

Collective Bargaining

Advanced Drainage Systems prides itself on being a good corporate citizen and respects the rights of its employees, including the rights 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, 2020, approximately 225 employees in our Mexican Joint Venture were covered by collective bargaining agreements.

Training and Education

Developing the skills and capabilities of our employees is a key part of our priority to cultivate talent and leadership development. We offer a variety of ways to support our employees' professional growth, and training is a key part of this effort.

Attracting and Developing Future Leaders

Advanced Drainage Systems has a multi-year Developing Leadership Program to give 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 have to 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 helps us attract and retain talent and also offers our employees another avenue for professional growth, ultimately a benefit for both the company and our employees.

ADS Scholarship Program

Each year ADS grants five scholarships to the children of employees. This program provides financial assistance to high school seniors who want to pursue higher education. Recipients are selected on the basis of academic achievement, demonstrated leadership, participation in community service and extracurricular activities and financial need.

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.

Community

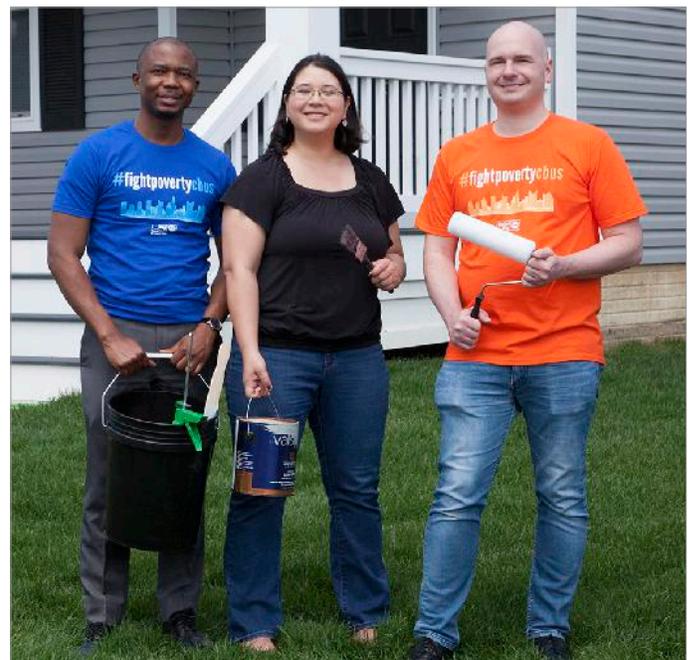
At Advanced Drainage Systems' core, we are working towards a better society for future generations and improving quality of life for all. Preservation and smart management of water—the resource that makes life on Earth possible—is an essential part of achieving that goal. Still, we have always felt a need to do more and use our resources for good.

We do this by volunteering and donating to charitable organizations, deepening our connection to the communities in which we operate.

In fiscal 2020, ADS donated \$2 million to charity. Here are some of the things we did to give back to our community this year:

- We established the **ADS Philanthropic Foundation** to deepen our ties to the community. This philanthropic foundation will provide assistance and education to causes that align with our Environmental, Social and Governance priorities. This past year, we funded the foundation with a \$1 million contribution with the goal of setting annual contribution targets in fiscal 2021.
- We have been contributing funds to the **Nationwide Children's Hospital** Foundation for over a decade. In 2019, we made a commitment to donate \$1 million to Nationwide Children's Hospital by 2022. In fiscal 2020, we contributed \$630 thousand as part of our commitment.
- As part of our broader employee philanthropic efforts, ADS employees engage in social and charitable events to raise money and donate time/resources to a selected charity annually. The company then matches the donation amount raised by employees. This year, our employees selected the Furniture Bank of Central Ohio and FOCUS Recovery and Wellness Community as their charities of choice and we donated a combined total of over \$75,000 to these organizations.
- Since 1994, we have partnered with the **United Way** to help fight for the health, education, and financial stability of our community. We continued that partnership in fiscal 2020, contributing funds to the COVID-19 Community Response Fund.

Finally, we are also proud to support veterans and their families by offering financial benefits during active duty and we have a benefit committee dedicated to supporting the families of members serving in the United States Armed Forces. To support these efforts, our employees started **America's Dedicated Service Members** to provide support to our families with members serving, or who have served, in any branch of the United States Armed Forces. Founded in 2004, this employee-led organization has given back to 65 families and veteran organizations over the past 15+ years.



Storming the Field at KIPP Columbus



Advanced Drainage Systems donated

300 

StormTech chambers
to build a stormwater retention system
below the athletic campus.

On October 24, 2019, KIPP (“Knowledge Is Power Program”) Columbus, a free college preparatory public school serving nearly 2,000 students from 6 weeks old through the 12th grade from under-served communities, held a ribbon cutting ceremony at their newly constructed football field in Columbus, OH. The following day, the school’s first class of graduating seniors hosted their first and only home football game of the year. This milestone event was a long time coming and marked the unwavering commitment of school leaders through a number of construction obstacles.

KIPP works with families and communities to create joyful, academically excellent schools that prepare students with the skills and confidence to pursue the paths they choose - college, career, and beyond - so they can lead fulfilling lives and create a more just world. Nationally, there are 242 KIPP schools serving more than 100,000 students and more than 12,000 KIPP alumni who are graduating from college at a rate of three times their peers. Founded in 2008 with 50 students in the 5th grade, KIPP Columbus has grown to serve nearly 2,000 students from birth through twelfth grade. The spring of 2020 represents a landmark for KIPP Columbus as they celebrate their first class of graduating seniors from KIPP Columbus High School.

When the project first broke ground, contractors quickly discovered six feet of peat, or soil material consisting of decaying plants, below the surface. With its low strength level and high compressibility, contractors knew quickly the peat had to be removed. However, the removal and replacement presented its own challenges, including unexpected associated costs and build time and more importantly, a new way to manage stormwater on the build site given the high water retention of peat.

As part of Advanced Drainage Systems’ continued commitment that began in 2008 when we helped to initially build the KIPP Columbus High campus, we donated 300 StormTech chambers to build a stormwater retention system under the athletic campus last year. The system went in fast, enabling construction to continue and eventually finish in time for that one and only home football game of 2019.

Advanced Drainage Systems is proud to be a part of this milestone for KIPP Columbus as we strive to be a good community partner where our employees live and work.

Go Jaguars!



Human Rights

Advanced Drainage Systems is committed to protecting and advancing human rights in accordance with the UN Guiding Principles on Business and Human Rights. At Advanced Drainage Systems, 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 across our organization and supply chain. Additionally, our commitment to comply with all human rights laws is also captured in our Code of Business Conduct and Ethics, which should be read in conjunction with our position on human rights.

Our guidelines include:

- 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.
- 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 can help promote respect for human rights through the example of our actions and values.



Public Policy

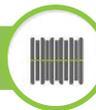
Advanced Drainage Systems established a political action committee (PAC) to provide opportunities for employees to participate in the American political process. The Advanced Drainage Systems, Inc. PAC (ADS PAC) is a nonpartisan organization run and overseen by ADS employees. When choosing to make a contribution 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 2019, the Advanced Drainage Systems, Inc. PAC contributed \$15,350 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.

Primary Objectives

The ADS PAC has three primary objectives that guide its political donations. The objectives reflect betterment of society as a whole, 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.



**Appendix:
Performance Indicators,
SASB Disclosures and
Organizational Profile**

Performance Indicators

Energy Consumption (GJ)	Fiscal 2019	Fiscal 2020	% Change
Purchased Electricity	1,155,552	1,224,544	+6.0%
Natural Gas	63,711	64,757	+1.6%
Total Energy Consumption	1,219,262	1,289,301	+5.7%
ADS Sales (in thousands)	\$1,385	\$1,506	+8.8%
Energy Intensity ¹	881	856	-2.8%

Remanufactured Product Revenue ²	Fiscal 2019	Fiscal 2020	% Change
Percent of revenue from remanufactured products	54.0%	55.2%	+1.2%
Percent of pipe revenue from remanufactured products	63.3%	65.8%	+2.5%

GHG Emissions (metric tons)	Fiscal 2019	Fiscal 2020	% Change
Direct (Scope 1)			
Fuel	73,887	69,001	-6.6%
Natural Gas Used	3,207	3,260	+1.6%
Total Direct GHG Emissions	77,094	72,261	-6.3%
Indirect (Scope 2)			
Purchased Electricity	137,909	146,143	+6.0%
Total Indirect GHG	137,909	146,143	+6.0%
Total GHG emissions	215,004	218,405	+1.6%
ADS Sales (in millions)	\$1,385	\$1,506	+8.8%
GHG Intensity ³	155	145	-6.6%

Safety	Fiscal 2019	Fiscal 2020	% Change
Total Recordable Incident Rate (TRIR)	2.9	3.1	+6.4%
Fatality Rate	0.03	0.00	-100.0%
Near miss frequency rate (NMFR)	9.6	8.5	-11.7%

Fleet Efficiency	Fiscal 2019	Fiscal 2020	% Change
Miles per Gallon (MPG)	6.47	6.60	+2.1%
Payload Efficiency ⁴	22.8	23.7	+4.1%
Fuel Consumed (GJ)	945,868	887,017	-6.2%

1. Total Energy Consumption / ADS Sales.

2. Include certain high-density polyethylene (HDPE) pipe product lines, such as our Mega Green N-12 pipe, singlewall pipe and Flexible N-12 pipe products, certain pipe fittings and on-site septic chambers.

3. Total GHG Emissions / ADS Sales.

4. Payload efficiency - All shipped fleet pounds / all fleet miles.

Definitions: Gigajoules (GJ)

SASB Disclosures

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. 18
	Percentage grid electricity				
	Percentage renewable				
Employee Health & Safety	Total recordable incident rate (TRIR)	Quantitative	Rate	RT-IG-320a.1	Pg. 27
	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
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion & Analysis	N/A	RT-IG-440a.1	Not applicable
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting currency	RT-IG-440b.1	Pg. 16

SASB Disclosures (cont'd)

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	LOCATION IN REPORT
Greenhouse Gas Emissions (SASB standards for Road Transportation sector)	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO ₂ -e	TR-RO-110a.1	Pg. 19
	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 and Analysis	N/A	TR-RO-110a.2	Pg. 19
	(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	Quantitative	Metric tons (t)	TR-RO-110a.3	Pg. 19

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	LOCATION IN REPORT
Number of units produced by product category	Quantitative	Number	RT-IG-000.A	Not applicable
Number of employees	Quantitative	Number	RT-IG-000.B	Pg. 47

Organizational Profile

Overview

Advanced Drainage Systems (“ADS”) is the leading manufacturer of high performance thermoplastic corrugated pipe, with headquarters in Hilliard, Ohio, USA, and operations across the United States, Canada, Mexico, South America, Europe and the Middle East. We provide a comprehensive suite of water management products and superior drainage solutions for use in the underground construction and infrastructure marketplace. Our broad product line includes corrugated high-density polyethylene (or “HDPE”) pipe, polypropylene (or “PP”) pipe, related water management products and plastic leach field chambers and septic tanks. We refer to our ancillary product categories as Allied Product & Other and to our plastic leach field chamber and septic tank products as Infiltrator Water Technologies. Our products are generally lighter, more durable, more cost effective and easier to install than comparable alternatives made with traditional materials.

We have a large, active customer base of approximately 20,000 customers, spanning national and independent waterworks distributors, major national retailers that carry drainage products (The Home Depot, Lowe’s, Ace Hardware and Do it Best) and buying groups and co-ops in the United States that serve the plumbing, hardware, irrigation and landscaping markets. Two customers, Ferguson Enterprises and Core and Main, each represented more than 10% of annual net sales. These two customers accounted for 24.3% of fiscal 2020 net sales on a consolidated basis. Our customer base is diversified across the range of end markets that we serve.

Advanced Drainage Systems, Inc. is incorporated in Delaware, publicly held, and listed on the New York Stock Exchange (NYSE: WMS). We conduct our operations primarily through our subsidiaries and substantially all of our consolidated assets are held by our subsidiaries, which include BaySaver Technologies, StormTech LLC, Green Line Polymers, Inc., Inlet Pipe and Protection, Inc., Sewer Tap, Inc. and Infiltrator Water Technologies Ultimate Holdings, Inc.

Our products have been displacing traditional materials, such as reinforced concrete, corrugated steel and PVC, across an ever expanding range of end markets, including non-residential, residential, agriculture and infrastructure applications:



Non-residential construction represented approximately 52% of our revenue in FY 2020, outperforming the broader market by 4%



Residential construction¹ represented approximately 32% of our revenue in FY 2020, outperforming the broader market by 74%



Infrastructure construction represented approximately 8% of our revenue in FY 2020, outperforming the broader market by 5%



Agriculture business represented approximately 8% of our revenue in FY 2020, underperforming the broader market by 15%

1. Includes Infiltrator Water Technologies results.

Note: market performance based on management estimates.

Organizational Profile

Business Footprint

We have a leading domestic and international manufacturing and distribution infrastructure, **servicing customers in all 50 U.S. states** as well as approximately **80 other countries** through **64 manufacturing plants** and **32 distribution centers**, including **8 manufacturing plants** and **5 distribution centers** owned or leased by our joint ventures.



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.

Scale of the Organization	FY 2019	FY 2020
Net Sales (\$ in MM)		
United States	\$1,224	\$1,520
Canada	94	97
Other International	67	57
Total	\$1,385	\$1,674
Manufacturing Plants		
United States	44	52
Canada	4	4
Mexico ¹	4	4
South America ^{1,2}	4	4
Other ³	-	-
Total	56	64
Distribution Centers		
United States	21	21
Canada	5	5
Mexico ¹	-	-
South America ^{1,2}	5	5
Other ³	1	1
Total	32	32

¹Manufacturing plants and distribution centers in Mexico and South America are owned or leased by our joint ventures.

²Manufacturing plants and distribution centers owned or leased by our South America joint venture are not consolidated.

³The other facility is located in the Netherlands.

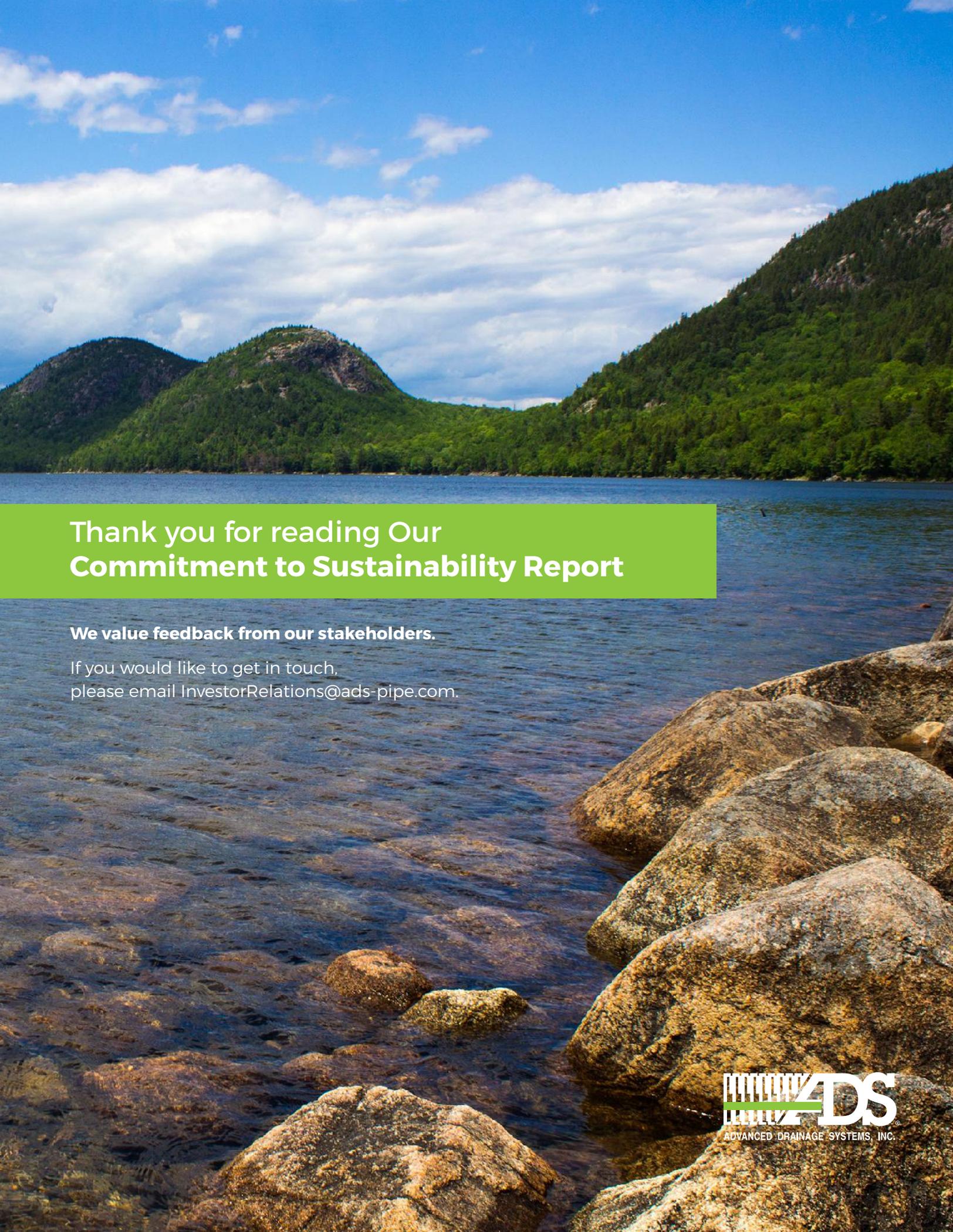
Organizational Profile

Employee Information and Breakdown

As of March 31, 2020, in our domestic and international operations, the Company and its consolidated subsidiaries had approximately 4,950 employees, consisting of approximately 3,400 hourly personnel and approximately 1,550 salaried employees. As of March 31, 2020, approximately 225 hourly personnel in our Mexican joint venture were covered by collective bargaining agreements.

Employees	FY 2019	FY 2020
Full-time¹		
Male	3,470	4,010
Female	490	560
Total	3,960	4,570
Part-time¹		
Male	10	20
Female	10	10
Total	20	30
By Region		
United States	3,670	4,290
Canada	310	310
Other	420	350
Total	4,400	4,950

¹ Include U.S. and Canada employees at ADS and Infiltrator.



Thank you for reading Our Commitment to Sustainability Report

We value feedback from our stakeholders.

If you would like to get in touch,
please email InvestorRelations@ads-pipe.com.

