



Fiscal Year 2022

Sustainability Report

Advanced Drainage Systems, Inc.

www.adspipe.com

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A Letter from our CEO

Dear Fellow Shareholders,

Sustainability and resiliency are at the core of what we do at Advanced Drainage Systems, Inc., (ADS). As the largest plastic recycler in North America and a leading water management company, we are guided by our commitment to preserve and protect Earth's most precious resource: water. I am proud of the work we've continued this year towards building a stronger, more sustainable and resilient business while also working to improve the communities in which we operate.



In Fiscal 2022, we continued our journey to improve upon an already strong commitment to Environmental, Social & Governance standards.

We became the largest recycler in North America, reduced our energy and greenhouse gas emissions intensity, improved our total recordable injury rate, increased our focus on diversity, continued to make an impact through charitable contributions, initiated key external partnerships and established the Board Sustainability Committee.

Since the announcement of our 10-year goals in January 2022, we have been working diligently to map our path to achieving these ambitious and achievable goals as well as working to make progress toward achievement of the goals. Progress to date will be shared throughout this report.



Our 10-year goals are built around REASON, a nod to our company tagline **"Our reason is water™."**

For more detailed information on the steps we are taking to reduce our impact and increase our positive contributions, please keep reading.

I want to thank you for taking the time to learn more about everything we are doing at ADS to create a more sustainable business. We look forward to sharing our progress in the future and building a better tomorrow together.

Sincerely,

D. Scott Barbour
President and CEO

10-year Goals



At ADS, simply put, Our Reason is Water™. We have an established history of operating in a socially and environmentally responsible manner. With the publication of our 10-year goals we are furthering our commitment to the triple bottom line: people, planet and product. Our inaugural 10-year goals have been developed to address the areas that we believe are most material to our business, based on stakeholder feedback and represents the areas where we believe our business can make the greatest impact. For decades we have been dedicated to recycling, water and community. With the announcement of our 10-year goals, we have expanded our commitment to be more inclusive in the areas of Environmental Impact, Operational Impact, Supply Chain Engagement and Diversity, Equity and Inclusion. ADS has aligned our 10-year goals with the United Nations Sustainable Development Goals (UN SDGs).

Our reason is water™. As such, our 10-year Goals are based on the REASON in our tagline:



Recycling

1 billion pounds recycled material used annually by 2032.

Environmental Impact Reduction

Science Based Targets in line with 1.5°C.

Accountability

Continued transparency in reporting annual progress toward 10-year goals; implementation of a supplier sustainability program.

Social Purpose

Continued good work through our ADS Foundation, community partnerships, and an increased focus on Diversity, Equity & Inclusion.

Operational Excellence

Reduce TRIR to below 1 by 2032; Commit to Operation Clean Sweep; Implement closed loop water usage at 100% of manufacturing locations.

News

We will keep lines of communication open and transparent and will share news of our progress on a regular basis via the ADS sustainability website and our annual sustainability report.

Our commitment to expand our Community



In the 5 months since announcing our 10-year goals, we are pleased to report we have already made positive strides towards achieving those goals.

Recycling

Goal:
We have set a goal to use 1 billion pounds of recycled material annually by 2032.
600 million pounds used in Fiscal 2022.

Goal Progress:

- The acquisition of Jet Polymers in 2022, helped to advance our recycled material goal.
- ADS continues to be a funding partner of The Recycling Partnership whose goal is to increase equitable access to recycling across the United States.

Environmental Impact

Goal:
We have set a goal to set and achieve Science Based Targets in line with 1.5°C.

Goal Progress:

- ADS signed the Science Based Targets initiative (SBTi) commitment letter on April 21, 2022.
- ADS has taken the first step in our Science Based Targets by signing the commitment letter in April 2022.
- Next step is submit ADS scope 1, 2 & 3 targets to the SBTi for approval. This is expected to happen by the end of Fiscal 2023.

Accountability

Goal:
We have set a goal to implement a supplier sustainability program by 2032.
ADS is developing a Supplier Code of Conduct.

Goal Progress:

- ADS has been working on developing a Supplier Code of Conduct to be implemented in Fiscal 2023.

Social Purpose

Goal:
We have set a goal to continue our work through the ADS Foundation, community partnerships and increased focus on Diversity, Equity and Inclusion.

Goal Progress:

- ADS issued our Diversity, Equity and Inclusion culture statement in Fiscal 2022.
- In Fiscal 2022, 55% of Director level hires were women.
- ADS contributed \$2 million to charitable organizations.
- ADS Women's Network held a fireside chat with board members Anesa Chaibi and Tanya Fratto.

Operational Excellence

Goal:
Reduce Total Recordable Injury Rate (TRIR) to less than 1.0 by 2032.
Fiscal 2022 TRIR = 2.7 (15% improvement over prior year).
Implement Operation Clean Sweep (OCS) blue.
ADS implemented OCS blue in 2022.
Implement closed loop water at all manufacturing sites by 2032.
87% of ADS sites are operating with closed loop water.

Goal Progress:

- Focus on safety continues in order to continue lowering the TRIR.
- Committed to zero resin pellet loss across the ADS manufacturing footprint.
- ADS is evaluating remaining sites and developing plans to implement closed loop water across all the manufacturing sites.

We welcome feedback from all stakeholders. If you would like to share your thoughts, please contact: InvestorRelations@adspipe.com

Industry Leading Recycling Solutions

Fiscal 2022 Achievements



Largest

plastic recycling company
in North America



**770 million
pounds**

of GHG emissions
avoided



GHG emissions avoided
amounts to taking

**74,000 cars
off the road**



**Consumed
28%**

of the recycled HDPE
bottles in the US in 2021

**Sustainability is at the core
of who we are and what we do.**



We are proud of the important work we are doing to have a positive environmental, operational and social impact. We are the largest plastic recycling company in North America. In Fiscal 2022, we purchased over 600 million pounds of recycled plastic, keeping it out of landfills and further preventing over 770 million pounds of Greenhouse Gas emissions (GHG) from being released into the atmosphere. Our industry-leading resin blending programs convert this recycled plastic into pipe, chambers and other products that can support America's stormwater management and onsite septic needs.

Fiscal 2022 Sustainability Highlights



Environmental



31% decrease
in GHG emissions
intensity



602 million
pounds of
plastic recycled



59%
of pipe revenue derived
from re-manufactured
products



22% decrease
in energy intensity



Operational



15% improvement
in total recordable
incident rate (TRIR)



Partnership established in 2022



3% increase
in miles per gallon



13% reduction
in fuel consumption



Social & Governance



\$2 million
contributed
to charitable
organizations



**Sustainability
Committee**
established by the Board
of Directors in 2022



55%
of FY22 director hires
and promotions were
diverse candidates



THE OHIO STATE UNIVERSITY
SUSTAINABILITY INSTITUTE

Partnership established in 2022

Environmental Impact

Environmental Stewardship

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

Our focus on water management constitutes a key element of our environmental stewardship. At ADS, 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.

Every day we contribute to the circular economy by using 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.

Additionally, as announced in January 2022, we are expanding our environmental stewardship into other material areas of the business. As demonstrated by our 10-year goals, we are committed to reducing our greenhouse gas emissions and water consumption at our manufacturing facilities, among other important initiatives.

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. With the increasing frequency and intensity of storms, management of this precious resource will continue to be a focus for infrastructure improvements.

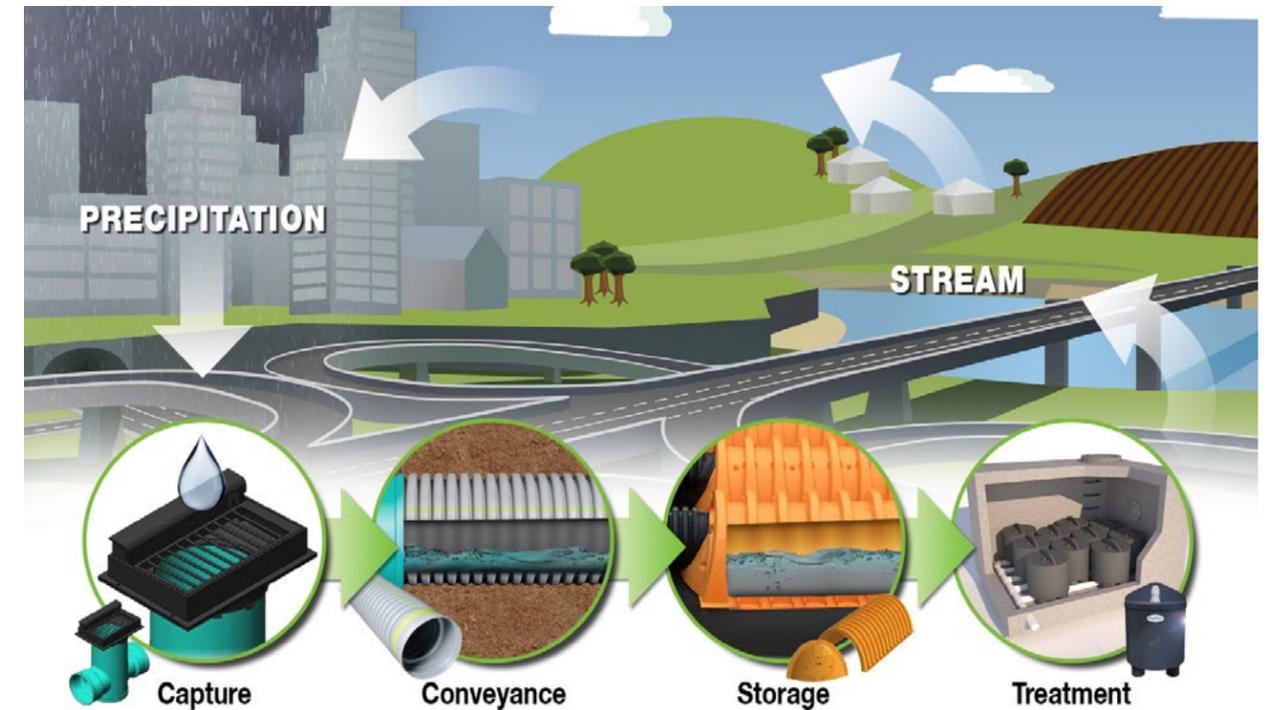
ADS works closely with cities, towns and communities around the world to provide sustainable water management systems that address their challenges and help advance their sustainability goals. Today, our products help contractors, engineers and architects meet sustainability goals for programs such as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

Managing the Lifecycle of a Raindrop

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 sustainable and resilient 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.
 - 12+ 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 can infiltrate 2.7 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.

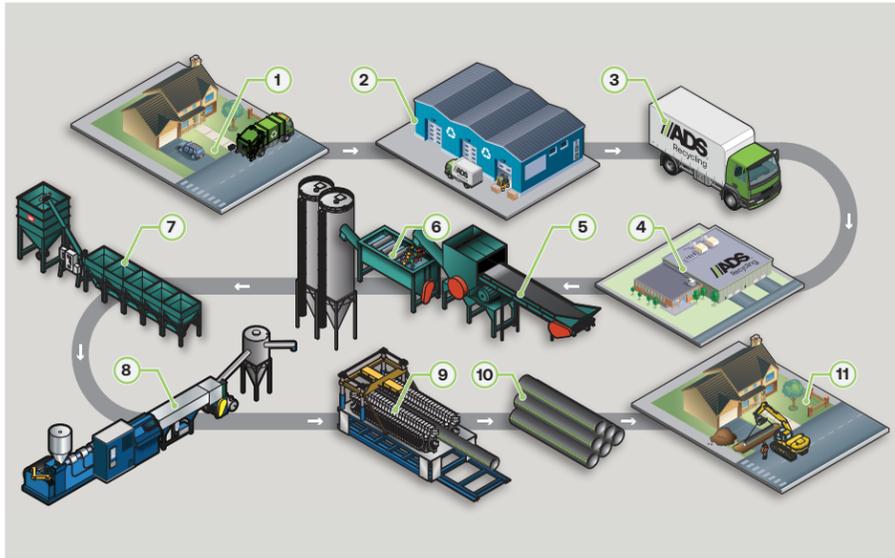
- Our Barracuda water quality units treat 1.3 million gallons of water per minute during storm events.

Recycling & Circular Economy

ADS is now the largest plastic recycler in North America. In Fiscal 2022, we purchased 600 million pounds of recycled plastic, incorporating this material into products that last decades. We primarily source recycled plastics through our vertically integrated recycling operations, ADS Recycling. We internally reprocess the majority of the recycled material we consume into durable products designed to last 50 to 100 years.

We are dedicated to doing our part to ensure that the transition from a take, make, waste economy to a circular economy becomes a reality. Our products are made from recycled content and fully recyclable at end of life.

Remanufactured product revenue is calculated as the percentage of revenue from products that contain recycled plastic material. These products primarily include certain high-density polyeth-



ylene (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 onsite septic chambers also include recycled material.

Total revenue from remanufactured products and pipe revenue from remanufactured products were flat year-over-year.

		Performance Indicators		
Remanufactured Product Revenue 1	Unit of Measure	Fiscal 2020	Fiscal 2021	Fiscal 2022
Percent of revenue from remanufactured products	% of gross sales	55.2%	61.5%	59.2%
Percent of pipe revenue from remanufactured products	% of gross pipe sales	65.8%	65.7%	60.8%

ADS remains committed to maximizing our contribution to the circular economy by converting recycled plastics into durable stormwater and onsite septic wastewater management products with a life span of up to 100 years. In Fiscal 2022, recycled materials as a percent of overall direct material purchases remained constant at 47%.



How Our Recycling Process Works

In Fiscal 2022, we consumed **28%** of the recycled pigmented HDPE bottles in the United States.

The amount of recycled plastic we consumed in Fiscal 2022 reduced our Greenhouse Gas emissions by over 770 million pounds, which amounts to taking **74,000** cars off the road.



In Fiscal 2021, we consumed 28% of the recycled pigmented HDPE bottles in the United States.

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

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

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

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

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

<1 year LIFE SPAN

100+ years LIFE SPAN

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

ADS continues to look at ways to increase the amount of plastic diverted from landfills and ensure recycled material is available to support our business. Through our membership as a funding partner in The Recycling Partnership, we are helping to increase equitable access to recycling across the United States. Additional information related to The Recycling Partnership is available in the partnerships section of this report. Additionally, ADS is a signatory to US Environmental Protection Agency's (U.S. EPA's) America Recycles Pledge, a commitment to build on the existing efforts to address the challenges facing the U.S. recycling system and to identify solutions that create a more resilient materials economy and protect the environment. The U.S. EPA established The National Recycling Goal to increase the national recycling rate to 50 percent by 2030, and ADS is committed to doing our part to help achieve this goal.

As a leader in the recycling industry, we continue to push the limits of what is possible. Our 10-year goal is to recycle 1 billion pounds of material each year by 2032.

Energy & GHG Emissions

ADS 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.

We continue to collaborate with both internal and external stakeholders to identify project opportunities to reduce our energy usage and GHG emissions on an absolute basis. Through these engagements, we ensure the development of a sustainable business that benefits our stakeholders and the environment.

In Fiscal 2022, we continued collecting energy and emissions data from our US and Canadian facilities. All data is tracked at the facility level.

As discussed in the 10-year goals section of this report, we are proud to announce that as part of our ongoing efforts to improve our environmental impact we are planning to pursue Science Based Targets to reduce our GHG emissions by 42% from our baseline, limiting our emissions to align with a global 1.5°C maximum temperature increase.

		Energy Usage ¹		
Energy Consumption	Unit of Measure	Fiscal 2020	Fiscal 2021	Fiscal 2022
Purchased Electricity ^{2,3}	Gigajoules (GJ)	1,225,544	1,291,986	1,643,351
Purchased Natural Gas ⁴	GJ	64,757	57,934	114,027
Total Energy Consumption	GJ	1,289,301	1,349,920	1,757,378
ADS Sales	\$, in millions	\$1,506	\$1,654	\$2,769
Energy Intensity	GJ per thousand revenue dollars	856	813	635

1. Data does not include Infiltrator Water Technologies data for Fiscal 2020 or 2021. Data is representative of the ADS Legacy business in the United States and Canada. The data does not include joint ventures facilities in Mexico or Other International, which represent less than 5% of ADS Legacy net sales.
2. 100% grid electricity. We did not purchase any renewable energy in Fiscal 2022, 2021 or 2020.
3. Converted from kilowatt hours (kWh) to GJ at a rate of 0.0036 GJ per 1 kWh.
4. Converted from therms to GJ at a rate of 0.10548 GJ per 1 therm.

In accordance with the Paris Climate Accord, ADS submitted a letter of intent signaling our commitment to set Science Based Targets for Greenhouse Gas emissions on April 22, 2022. We are currently in the process of developing our proposed targets for submittal to SBTi for approval and plan to submit for approval in Fiscal 2023.

Approximately 99% of our energy consumption is from our manufacturing operations. In Fiscal 2022, our absolute energy consumption increased 30%, primarily due to the addition of the Infiltrator Water Technologies sites in our tracking.

We achieved the year-over-year improvement in energy intensity by executing on our operational excellence objectives, including more efficient 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 several of our 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.

Transportation Efficiency

With the industry's largest company-owned fleet, ADS 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.

		Fleet Metrics		
Fleet Efficiency ¹	Unit of Measure	Fiscal 2020	Fiscal 2021	Fiscal 2022
Fuel Economy ²	Miles per Gallon (MPG)	6.60	6.35	6.56
Payload Efficiency ³	Pounds shipped per miles traveled	23.7	24.8	23.7
Fuel Consumed ^{4,6}	Gigajoules (GJ)	1,175,953	1,164,786	1,016,622
NOx emissions ⁵	Grams per mile (g/m)	Not Available	Not Available	3.25 [4.65]
	Grams per ton mile (g/tm)			0.26 [0.26]
CO2 emissions ⁵	Grams per mile (g/m)	Not Available	Not Available	1,610 [1510]
	Grams per ton mile (g/tm)			107 [107]
Particulate matter emissions ⁵	Grams per mile (g/m)	Not Available	Not Available	0.0445 [0.0445]
	Grams per ton mile (g/tm)			0.0028 [0.0028]

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. Converted from gallons to GJ at a rate of 0.13176 GJ per 1 gallon
5. As part of our commitment to the USEPA Smartway Program, NOx, CO2 and Particulate Matter emissions are tracked on a calendar year basis. Values for FY21, represent calendar year 2020 data since the majority of our fiscal year 2021 falls in calendar year 2020. Data in brackets represents data for ADS Canada fleet which is tracked and reported to USEPA Smartway Program separately.
6. Fuel Usage data for FY20 & FY21 has been corrected to account for more accurate tracking and a previous conversion error.

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.

In Fiscal 2022, the 4.4% decline in year-over-year payload efficiency was due to the following: 1) lack of inventory health at our manufacturing locations after strong sales in first quarter of Fiscal 2022, 2) out of area deliveries and work being completed by our operations team on focus SKU establishment, as well as 3) soft demand in our agriculture business in the third and fourth quarters of Fiscal 2022.

ADS continues to execute on initiatives to increase compliance, improve driver training and further adopted 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, active tire monitoring and self-inflation technologies, managed maintenance programs and training programs focused on reducing idle time, improving MPG and improving engine efficiency. We have annual internal targets for payload efficiency which drives continuous improvement in route optimization and load maximization.

In Fiscal 2022, ADS experienced a 3.3% increase in fuel efficiency (MPG) year-over-year. This strong improvement in miles per gallon (MPG) is attributable to new tractors and trailers out into service in Fiscal 2022.

The reduction in fuel consumption in Fiscal 2022 was driven by the above noted increase in fuel efficiency (MPG) as well as labor market challenges with drivers, which resulted in higher utilization of a third-party logistics partner for longer deliveries, as well as an increase in driver compliance and further adoption of monitoring technology.

Sustainable Accounting Standards Board (SASB) recommends companies in the Industrial Machin-

ery & 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.

Direct GHG emissions decreased 12.7% in Fiscal 2022, for the same reasons noted above with respect to the reduction in fuel usage.

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 2022, we continued using a third-party logistics partner for retail deliveries in certain geographies. Retail orders are primarily less than a full truckload of product. Results continue to demonstrate a significant improvement in service levels for the customers in the program, as well as shorter lead times for construction jobsite deliveries and multi-truckload deliveries due to our increased fleet capacity.

Indirect GHG emissions increased 27%, primarily due to the inclusion of data from the recently acquired Infiltrator Water Technologies business. 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 31% reduction in GHG emissions intensity is primarily a result of the factors above. With the release of our 10-year goals, our Science Based Target established for GHG emissions includes an absolute reduction target of 42% for 2032.

	GHG Emissions		
Scope 1 Emissions (Metric Tons CO2-e)	Fiscal 2020	Fiscal 2021	Fiscal 2022
Direct Greenhouse Gas Emissions by Type			
Fuel	69,001	70,524	61,554
Natural Gas	3,260	2,911	5,729
Total Direct GHG Emissions	72,261	73,435	67,283

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Scope 2 Emissions (Metric Tons CO2-e)			
Indirect Greenhouse Gas Emissions by Type			
Purchased Electricity	137,909	146,143	154,195
Total Indirect GHG Emissions	137,909	146,143	154,195

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Estimated Scope 3 Emissions (Metric Tons CO2-e)			
Scope 3 Greenhouse Gas Emissions by Type			
Purchased Goods and Services*	Not Calculated	Not calculated	968,243
Total Scope 3 GHG Emissions	Not Calculated	Not Calculated	1,126,214

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Emissions Intensity			
Total GHG Emissions (Metric Tons CO2-e)	218,405	227,630	263,412
Total sales (\$, in millions)	1,506	1,654	2,769
Total GHG Emissions Intensity	155	145	95

Note: Emissions data is representative of the ADS Legacy business in the United States and Canada. The data does not include joint ventures facilities in Mexico or Other International, which represent less than 5% of ADS Legacy net sales. The data does include Infiltrator Water Technologies, which was acquired in Fiscal 2020. All other scope 3 categories are less than 10% of the total emissions.

In Fiscal 2020, we transitioned all facilities, including distribution yards, allied production facilities and office locations in the US and Canada to Resource Advisor. In Fiscal 2021 & 2022, we continued to collect data for scope 1 & 2 GHG emissions via 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. More information on Fleet Impact and efficiency can be found in the Operational Excellence section of this report.

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.

Position on Climate Change

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

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. Moreso, 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 at-

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

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

Climate-Related Risks and Opportunities

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

Managing Climate-Related Risks

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

Additionally, the physical risks associated with climate change, such as extreme weather events and changes to weather patterns may lead to disruptions in our supply chain, the transportation of our products and potential slowdowns in revenue. However, most of these adverse

impacts are short-term in nature. Over the long term, our products and services can protect communities against extreme weather events and changes in precipitation patterns, as discussed below.

In the effort to address climate-related risks, we are working hard to reduce our carbon footprint, limit energy consumption and improve fuel efficiency. In Fiscal 2022, we continued collecting data to monitor our energy and fuel consumption as well as greenhouse gas emissions at our manufacturing facilities, distribution yards and corporate facilities across the United States and Canada. Establishing these processes marked ADS' first big step towards improving energy efficiency in our facilities and meaningfully reducing our carbon footprint. This will be essential to setting Science Based Targets for GHG emissions, which are a component of our 10-year goals.

Our View on Plastics

At ADS, we are part of the solution to end plastic waste. We use over 600 million pounds of recycled plastic annually, primarily high-density polyethylene (HDPE) and polypropylene (PP), from both post-consumer and post-industrial sources. This plastic is then used 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 competing materials.

Seizing Climate-Related Opportunities

As a water management solutions provider, we believe we can help 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 the natural resource most at-risk to climate change: water. Our stormwater management solutions, particularly storm pipes, retention/detention systems and

sediment removal products, are paramount to reducing water runoff, improving water quality and preserving water in communities facing extreme weather events.

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

Finally, the transition to a low-carbon economy also presents meaningful operational opportunities for ADS. Our strategic manufacturing initiatives currently focus on improving efficiency through reducing downtime and minimizing scrap and our logistics and transportation initiatives are working towards increasing payload efficiency and reducing fleet miles per gallon.

Successful execution 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
Policy, Legal, and Regulatory	Increased regulatory reporting requirements	<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.</p> <p>Opportunities: We may use policy incentives to shift towards lower- emission energy sources.</p> <p>Capital investments in greener equipment, machinery and facilities will result in more energy-efficient operations.</p> <p>ADS FLEET Risks: Transportation-related policies may lead to a potential increase in costs related to improving fuel efficiency of our fleet, or could lead to current fleet being regulated out in certain geographies.</p> <p>Opportunities: Our efforts to improve the fuel efficiency of our fleet may result in improved network optimization.</p> <p>DEMAND FOR ADS PRODUCTS 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.</p> <p>We may be exposed to litigation related to resin pellets by suppliers.</p>
	CO2 prices	
	Phasing out of fossil fuel subsidies	
	Emission limits	
	Introduction of strict environmental standards for industrial plants and buildings	
	Policies to support recycling	
Transportation: support for electric mobility, energy efficiency and alternative fuels		

Transition Risks and Opportunities	Examples of Relevant Trends and Developments	Impacts to ADS
Market	Shifts in demand of our products and services.	<p>ADS MANUFACTURING Risks: We may face increased cost of raw materials (virgin and recycled plastic); decreased availability of recycled material.</p> <p>ADS FLEET Risks: We may face increased cost of fuel.</p> <p>DEMAND FOR ADS PRODUCTS Opportunities: We believe there is a significant opportunity to partner with governments and communities as our products are part of the climate-change mitigation solution. As we seek opportunities in new markets to diversify and better position our company in the transition to a lower-carbon economy, we may capitalize on public-sector incentives related to our offerings.</p> <p>Our products and services are, by design, more energy efficient than traditional materials, requiring less heavy material and fewer deliveries per job site.</p> <p>While plastic is a petroleum-based product, it has a lower carbon footprint compared to incumbent pipe materials.</p> <p>ADS CORPORATE The growing market for sustainable investments may create additional financial opportunities for our company as our products address key climate-related challenges.</p>
	Shifts in supply and demand of raw materials, including plastic (a petroleum-based product)	
	Shifts in supply and demand of transportation fuel	

Transition Risks and Opportunities	Examples of Relevant Trends and Developments	Impacts to ADS
Technology	Changes in technologies that support the transition to lower- carbon and energy- efficient products	<p>Opportunities: Our existing products constitute the lower-carbon and energy-efficient alternatives on the market. We will continue to monitor for new technologies and materials that allow for further carbon footprint improvements and energy savings.</p> <p>We plan to develop adaptive capacity to respond to changing market needs through new product development.</p>
Reputational	Reputational risk tied to changing customer or community perceptions	<p>Risks: We recognize the climate-related risks associated with the use of plastic as a potential reputational risk.</p> <p>Opportunities: We are deliberate in our efforts to use recyclable materials in our production and manufacturing, and to source our raw materials in a responsible manner.</p>

Physical Risks and Opportunities	Relevant Actions	Impacts to ADS
Acute Risk	Increased severity of weather events, such as cyclones, hurricanes and floods	<p>ADS MANUFACTURING Risks: We may need to allocate additional capital expenditures to secure our facilities from extreme weather conditions.</p> <p>We may face supply chain interruptions, as extreme weather events may cause shortages.</p> <p>ADS FLEET Risks: We may face disruptions to transportation availability.</p> <p>DEMAND FOR ADS PRODUCTS Risks: Market disruptions may result in short-term revenue slowdowns.</p> <p>Opportunities: Our products serve as direct solutions to addressing the physical impacts of climate change. Therefore, we see a significant opportunity for increased demand for our products and services over the long term.</p>

Water Scarcity, Stress & Planning

In Fiscal 2020, ADS began collecting data on water input and wastewater discharge across our manufacturing footprint to calculate our water consumption. We are committed to sharing our water impact with our stakeholders to increase transparency and share the efforts we are undertaking to reduce our impact. In addition to collecting the data, we also took a critical look at how we use water at our pipe manufacturing facilities. During the pipe production process, water is used to cool down smaller diameter pipe products after the plastic is extruded. Water is not consumed in the pipe production process. We utilize a closed-loop water design in 87% of our pipe production facilities, which means the water is recycled multiple times and reused in cooling process.

In 2022, we updated our water risk analysis across our manufacturing facilities to include the Infiltrator Water Technologies facilities that were acquired in 2020. The water risk analysis was conducted using Aqueduct Water Risk Atlas, developed by the World Resources Institute. Water scarcity is one of the defining issues of the 21st century. It is of the utmost importance we are mindful of water consumption, particularly in areas of water stress. The results of our analysis are provided in the tables below. Baseline water stress is defined as a measure of the ratio of total water withdrawals to available renewable surface and groundwater supplies.

Baseline Water Stress		
Baseline Water Stress	Percent of ADS Manufacturing Facilities	Number of ADS Manufacturing Facilities
Extremely High	7%	4
High	4%	2
Medium - High	29%	16
Low-Medium	16%	9
Low	44%	24

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

Water Consumption Data			
Water Consumption	Unit of Measure	Fiscal 2021	Fiscal 2022
Total Water Intake ¹	Megaliters	348	409

1. Water intake data does not include Infiltrator. Additionally, water intake data is not yet available for 8 of 48 manufacturing facilities, 8 of 25 distribution yards and 3 of 6 offices and is therefore also not included. We plan to include data for these locations in future reports.

Operational Excellence

Health & Safety

Fiscal 2022 was no exception to our everyday commitment to ensuring the health and safety of all employees. Our operations follow a comprehensive, proactive safety and health management system that includes a collaborative process to find and fix workplace hazards prior to injury occurrence. Our U.S. facilities follow all Occupational Safety and Health Act (OSHA) safety and health standards, as required by law; and our Canadian facilities follow the Canadian Federation of Construction Safety Association (CFCSA) Certificate of Recognition (COR) program, as required by law.

The ADS Environmental, Health and Safety Team

The Director of EH&S, in conjunction with our CEO, is responsible for overseeing compliance with applicable safety standards. The EH&S team includes regional safety coordinators who monitor a group of facilities, while each facility has a dedicated safety committee. Safety committees meet at least monthly to identify trends, discuss injuries and address issues. Regional safety coordinators meet weekly to share best practices, improvements, progress and assess the current environment.

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

Improvement in our safety performance from these process improvements is demonstrated in the data we collect. Just as important as engineering safety into our processes is the focus on behavior and its impact on safety. We encourage all of our employees to think about safety in every step of their jobs. We deployed a “Take 5 for Safety” program throughout our operations to encourage employees to focus on safety. At the beginning of each shift, manufacturing leaders meet with operators to talk about a safety topic. The topic is in focus for a period of time and employees are encouraged to share ideas to make things safer or improve processes. As part of the Take 5 for Safety program, we also assess personal protective equipment, our approach to housekeeping and maintain a clear and safe physical work environment, root cause analysis and our Stop Work Program, discussed in more detail below.

Hazard Identification, Risk Assessment and Incident Investigation

The first factor in our safety program is hazard identification.

ADS uses 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 2022, we continued to track the action items from the risk assessments previously completed at the Focus Few facilities to completion. “Focus few”

facilities are those facilities that exhibit a higher risk for employee safety. All sites identified as “Focus Few” sites receive additional attention to improve employee safety.

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 2022, we continued 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 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.

Worker Participation, Consultation and Communication

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

Training

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 as well as a no-touch period. 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 from the Focus of the Week distribution to be completed by the plant employees as well as periodic updates to safety procedures. On a monthly basis, we provide 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.

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

ADS has deployed currency and capital to improve fleet safety. In Fiscal 2022, 58 trucks with state-of-the-art safety features were deployed and 25 newly-designed, safer aluminum drop-side trailers were deployed.

Infiltrator Water Technologies (Infiltrator) business are being reported with the ADS safety related results for Fiscal 2021 & 2022. The majority of our recordable injuries are related to strains and sprains in specific employee groups; primarily related to highly manual tasks and short service employees. While we continue to conduct training and awareness to reduce risk, the goal is to mitigate risk where feasible, including automating processes and updating equipment to reduce touchpoints. The EH&S team has identified 5 high-risk tasks at the plants and are working with engineering to develop engineered

solutions to mitigate the risk. TRIR at our Focus Few facilities decreased 21% over the prior year, proof that targeting locations with the highest safety concern is working. We reevaluate the “Focus Few” locations annually to ensure we are focused on the right locations.

In Fiscal 2022, ADS spent \$4.5 million in capital projects related to environmental, health and safety projects to mitigate risk.

Downstream manufacturing processes are some of our biggest safety challenges. 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 to improve safety, reduce cost and improve quality. Once a team member identifies an improvement practice, they submit a form to our continuous improvement team. The concept is reviewed and distributed to applicable plants, who categorize the implementation effort and effectiveness of the solution. Based on feedback and viability, plants receive direction as to whether it is a must implement solution or should be considered for implementation, including freedom to create an alternative best practice that achieves the same result in certain situations. This process encourages creativity and accountability among our employees.

We continued to make progress in the below areas of focus in Fiscal 2022 and remain dedicated to ensuring our facilities are operating to the highest safety standards. Our current automation efforts are focused on downstream automation for our stick pipe products (gasket application, trimming, length adjustments), automated coiling machines for our more flexible pipe products, automated stacking for chamber products and other machinery to simplify operator jobs and circumvent risk.

Employee Health and Safety ^{1,2}	Fiscal 2020	Fiscal 2021	Fiscal 2022
Total recordable incident rate (TRIR) ³	3.1	3.1	2.7
Fatality rate	0.00	0.00	0.00
Near miss frequency rate (NMFR) ⁴	8.5	11.7	9.5

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 for Fiscal 2020 do not include Infiltrator Water Technologies, acquired in Fiscal 2020. Infiltrator Water Technologies results are included in the Fiscal 2021 data and will continue to be included moving forward.
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.



Employees, Community & Partnerships

ADS is dedicated to our employees, the communities we live, work and play in and forming lasting partnerships with likeminded organizations that will help build a more resilient and sustainable future. Fiscal 2022 was a year of successes across all three of these areas. During Fiscal 2022, ADS refined our diversity, equity and inclusion (DE&I) strategy and created our Culture Statement. ADS continued to make an impact through charitable contributions stemming from the ADS Foundation as well as localized efforts from the company during Fiscal 2022 despite the challenging environment for volunteer activities posed by the on-going covid pandemic. ADS also entered several key partnerships in Fiscal 2022 that we will discuss in more detail in this section of the report.

Employees

Diversity, Equity & Inclusion

ADS is dedicated to fostering an inclusive culture, empowering employees and communities by embracing the dynamics of different backgrounds, experiences and perspectives. ADS is committed to creating an environment where employees feel valued, respected and fully engaged in contributing to the future success of the company. In 2022, our executive team participated in a diversity, equity and inclusion awareness experience as a commitment to our continued journey to build a culture of belonging. Building culture does not happen overnight, that's why we are taking the time to consciously build a solid foundation for growth. Steadfast commitment, focus, leadership and accountability is our path.

In Fiscal 2022, 55% of our director level hires and promotions were diverse. Additionally, ADS hired or promoted 5 females to plant manager in Fiscal 2022. These are just a few steps that demonstrates our commitment to increasing diversity at ADS. ADS is building diverse leadership to grow into the executives of the future.

Board Engagement

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

Four Pillar DE&I Strategy

DE&I are at the heart of our values and play an important part of our company's success and growth strategy. Our ambition is to harness the power of DE&I by attracting, retaining and developing a diverse workforce at all levels of our organization. To achieve our focus, we have an intentional focus on:

- **Workforce:** Enhance throughout our organization:
 - Executive and Sr. Leadership level diversity expansion
 - Targeted development for top diversity talent
 - Build diversity recruiting network
 - Diversity entry-level professional development programs
- **Workplace:** Cultivate throughout our actions:
 - DE&I communication programs
 - DE&I educational and training experiences
 - Employee two-way feedback and engagement
 - Workplace policies and programs evolution
- **Partners:** Drive throughout our operations:
 - XBE customer growth and penetration, Fiscal 2022 our sales to XBE customers increased 78%
 - XBE supplier and spend expansion
 - DE&I professional association partnerships
 - University and vocational diverse talent programs
 - ADS partnered with The Ohio State University (OSU) Minority Engineering program, Engineering House Learning Community (EHLIC) and the Minority Engineering PREFACE program.

- **Community:** Support throughout our communities
 - DE&I purposed philanthropic support and engagement
 - Employee volunteerism
 - External company messaging and branding

Expanding our Diverse Recruiting and Sourcing Strategy

Our team is partnering with universities and professional organizations to support the development and placement of diverse talent.

ADS Women's Network

ADS Women's Network celebrated their third year helping to foster a culture that attracts, inspires, engages and retains diverse talent, including women. The executive team at ADS believes

in the mission and vision of the ADS Women's Network and executive sponsors include Executive Vice President and CFO, Scott Cottrill; and Executive Vice President of Supply Chain, Darin Harvey. 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 to support diversity of thought and understanding.

We are working to implement additional thoughtful actions and initiatives to champion diversity, equity and inclusion in the workplace and across our business.

CULTURE STATEMENT

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

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

We value diverse perspectives because they lead to better ideas.

Better ideas lead to better processes.

Better processes lead to better performance.

Better performance leads to more opportunities for all.

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

Together we commit to creating a workplace where every employee:

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

Equal Employment Opportunity, Non-Discrimination and Non-Retaliation

In Fiscal 2022, ADS reaffirmed what has been and continues to be our position on equal employment opportunity. ADS supports an inclusive workplace that values diversity of thought, experience and background. We celebrate the power of our differences to create better solutions for all of our stakeholders by ensuring employees can be their authentic selves each day. ADS is an Equal Opportunity/Affirmative Action employer. All qualified applicants will receive consideration for employment without regard to race, religion, national origin, ancestry, age, physical or mental disability, sex, sexual orientation, gender identity/expression, pregnancy, veteran status, marital status, creed, status with respect to public assistance, genetic status, or any other status protected by federal, state, or local law.

We strive to maintain a workplace where our employees are free from being discriminated, harassed or retaliated against for any reason.

We strive to base hiring and promotional decisions on job qualifications, such as work records, performance history and length of service, so as to ensure equal opportunity to all.

We strive to ensure equal opportunity in all human resource decisions including compensation, benefits, transfers, promotional opportunities, company sponsored training and recreation programs.

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.ethicspoint.com/> and 1-888-234-4790. All reports made via the hotline may be made anonymously.

ADS investigates all complaints of ethical wrongdoing promptly, including complaints of discrimination and harassment. Retaliation for bringing a complaint or participating in an investigation is never tolerated. Anyone who is found to have violated ADS policy or the law, such as discriminatory conduct or retaliation, is subject to disciplinary action 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 implement the benefits and practices that support it. Where possible, employees work with their managers to establish schedules to meet their needs. 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.

ADS 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, ADS 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 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.

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.

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, 2022, approximately 240 hourly personnel 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.

In Fiscal 2021, ADS partnered with the Leadership Alliance to improve our talent selection and development capability. In conjunction with The Leadership Alliance, ADS created a leadership competency model, designed a leadership assessment, assessed the capability of employees at director level and above and revised the talent planning tools and processes, including succession planning. Through our work with the Leadership Alliance, we have improved our ability to categorize the capability and potential of our talent, leaving the company poised for successful growth. During Fiscal 2021, over 50 employees, director level and above participated in the leadership assessment. The number of employees involved with this program will continue to grow as the company grows and the program matures.

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 possess the skills to:

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

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

Training for New Leaders

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

Educational Assistance Program

ADS believes in promoting education and professional certification for employees and offers a tuition reimbursement program to qualifying employees. We believe this 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 seven 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 contributing to charitable organizations and volunteering when possible, deepening our connection to the communities in which we operate.

In Fiscal 2022, ADS donated \$1.5M to the ADS Foundation and made charitable contributions to other organizations totalling \$500K. Here are some of the things we did to give back to our community this year:

- We continued our work through the philanthropy of the ADS Foundation, which began in Fiscal 2020, to deepen our ties to the community. This foundation will provide assistance and education to causes that align with our Environmental, Social and Governance priorities, water, recycling and community. This past year, we funded the foundation with a

\$1.5 million contribution.

- 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 2022.
- ADS Foundation provided access and support to individuals with physical or mental disabilities via grants to The Miracle League, Down Syndrome of Central Ohio, Recreation Unlimited and the American Heart Association.

Partnerships



The Recycling Partnership

In Fiscal 2022, the ADS Foundation continued to participate as a funding partner for The Recycling Partnership (TRP). The mission of TRP is to increase equitable access to recycling for underserved communities. Through our support of The Recycling Partnership we are enabling access to and education on recycling in underserved communities across the US. We agree with TRP that “recycling only works if everyone can participate and the materials collected can be processed”.

ADS is also a member of The Recycling Partnership's Polypropylene Recycling Coalition. Through our membership in the Polypropylene Recycling Coalition, we are working to increase recycling rate and availability of recycled polypropylene. The recycling process is complex and not all plastics are accepted for recycling, sorted and available for recycling at the same despite the inherent value to companies like ADS that are working to increase the recycled content of our products.

Our partnership with TRP is critical to advancing ADS' commitment to developing innovative solutions that promote environmental stewardship by protecting water and keeping millions of pounds of plastic out of landfills each year.

In Fiscal 2022, ADS recycled over 600 million pounds of plastic and avoided 770 million pounds of greenhouse gas emissions through our use of recycled plastic. ADS is proud of our partnerships and the results and is looking forward to advancing our recycling efforts and participation in the circular economy. We feel strongly that this partnership will be critical to ADS achieving our ambitious 10-year goal of 1 billion pounds of recycled material per year by 2032.



The Ohio State University Sustainability Institute Partner

ADS is a foundational member of The Ohio State University (OSU) Sustainability Institute. Through this collaboration with OSU, ADS is working with students, faculty and staff to support stormwater management research, enhance student learning, and make campus more sustainable.

As part of the partnership, ADS has donated two stormwater management systems for the Innovation District that is under development on West campus as well as the funds to install the units. Additionally, ADS has provided OSU with a financial donation to support research and teaching opportunities, promote diversity and inclusion by supporting Engineering House Learning Community and will help the university improve recycling on campus. Our commitment to OSU is in excess of \$1MM for Fiscal 2022.

The partnership with Ohio State will allow students to learn about and conduct stormwater research in an urban setting. Additionally, the donated stormwater management systems will help to ensure that the Innovation District is prepared to handle the increasing intensity of rain events due to climate change while protecting the campus ecosystem from sediment and other potential pollutants in stormwater run-off. ADS is excited for the opportunity to contribute to a hands-on stormwater lab learning experience on campus.



Additionally, part of the financial donation went to the “Recycle Right” campaign on campus to improve recycling and expand campus recycling to collect polypropylene such as the kind you might find in yogurt containers (often referred to as PP, no. 5 plastic). This project will help expand access to recycled polypropylene to be used by manufacturers like ADS for raw material.



Official Sustainability Partner of the Columbus Blue Jackets

In Fiscal 2022, ADS continued to be the official sustainability partner of the Columbus Blue Jackets and the presenting sponsor of the Blue Jacket’s participation in NHL Green Week, with teams across the league showcasing and promoting environmentally conscious and sustainable activities.

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



Rapid 5 Project Support

ADS is a proud funding partner for the Rapid 5 Project that kicked off in Columbus in 2021. The stated goal of the project is to develop a vision for an integrated open space network in central Ohio that will prescribe how to best use our natural assets to benefit our economy, manage growth, provide access for recreation, education and health; preserve natural resources and environmental health. It is a vision to reframe the connectivity of the region based on the natural geography defined by our waterways; to connect all Franklin County residents to the region’s natural resources, cultural and economic resources for recreation, commuting, commerce, education and relaxation.



Habitat for Humanity

In Fiscal 2022, Infiltrator Water Technologies donated over 25 septic systems, valued at over \$90,000, to 27 different Habitat for Humanity partners across 19 states. Septic system donations from Infiltrator are used in both new homes built by Habitat and to help existing homeowners complete necessary repairs to their septic systems through Habitat’s home repair program. In addition to financial and environmental benefits, septic tanks also help reduce the risk of exposure to unhealthy drinking water, infections, or disease. The partnership between Infiltrator and Habitat has been growing for the past five years and is a natural fit. Infiltrator shares Habitat’s commitment to empowering more families with eco-friendly, cost-effective, affordable housing solutions.

Governance & Stakeholder Engagement

Stakeholder Engagement

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 2 years, 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.
- Identifying key areas of improvement and characteristics of a best-in-class ESG program.

In part because of shareholder feedback, last year our Board 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.

ADS gathers feedback from internal sources to better understand how the company interacts with key stakeholders. This analysis is conducted on an on-going basis. The table below shares some of our many stakeholder engagement practices. Although it is not inclusive of all stakeholder engagement practices, it summarizes the core elements of how the company engages stakeholder groups on topics of interest.

Stakeholder Group	How ADS Engages	Issues of Interest
Employees	<ul style="list-style-type: none"> Company straight talk meetings with CEO Regular employee communications from executive leadership team Training Employee networks Employee hotline Employee surveys Employee roundtable Wellness programs Volunteerism 	<ul style="list-style-type: none"> Company performance and strategy Business opportunities Benefits program Compensation Community outreach Volunteering Education & training programs
Customers & Distributors	<ul style="list-style-type: none"> Direct contact through sales and customer / distributor relationship partners Customer service call centers Surveys Trade shows Industry meetings Technical applications and support Training sessions and workshops 	<ul style="list-style-type: none"> New products Product performance Product specification Carbon footprint of products Costs Business process improvements
Shareholders	<ul style="list-style-type: none"> One on one meetings Quarterly earnings calls Conference calls Investor conferences News releases and SEC filings Annual Report Annual meeting of shareholders Online investment center Environmental, Social and Governance Assessment 	<ul style="list-style-type: none"> Financial performance and outlook Pricing, input costs and outlook Capital allocation priorities Growth opportunities Mergers & acquisitions Innovation Sustainability program maturity Dividend Commitment
Suppliers	<ul style="list-style-type: none"> One on one meetings Contract negotiations Performance reviews 	<ul style="list-style-type: none"> Growth opportunities Quality Cost Innovation Sustainability of business relationship

Stakeholder Group	How ADS Engages	Issues of Interest
Communities	<ul style="list-style-type: none"> Interaction with civic organizations Public education support and interaction Local sponsorships Community volunteerism Visit by community emergency services 	<ul style="list-style-type: none"> Jobs/employment Safety Environmental protection Charitable giving
Government & Regulatory Agencies	<ul style="list-style-type: none"> Industry trade organizations Visits with elected officials Direct contact Plant tours and site visits for government officials Grassroots advocacy 	<ul style="list-style-type: none"> Advocate for open materials competition, advancing recycling and increasing funding for infrastructure Job preservation and creation
Philanthropic and non-profit organizations	<ul style="list-style-type: none"> Charitable contributions and employee giving Employee volunteerism and giving programs Local sponsorships Collaborative partnerships 	<ul style="list-style-type: none"> Giving programs Employee engagement and community involvement Collaboration and partnerships primarily focused on water and recycling
Third party ESG Ratings agencies	<ul style="list-style-type: none"> ESG Surveys 	<ul style="list-style-type: none"> ESG and financial performance



Material Topics

Material Aspect	Internal Boundary	External Boundary
Economic Performance	All operations	Governmental agencies, communities surrounding our manufacturing locations, investors, customers & distributors, NGOs
Energy	All operations	Governmental agencies, communities surrounding our manufacturing locations, investors, customers & distributors, NGOs
Greenhouse Gas Emissions	All operations	Governmental agencies, communities surrounding our manufacturing locations, investors, customers & distributors, NGOs
Transportation Efficiency	ADS Fleet	Governmental agencies, communities surrounding our manufacturing locations and transportation routes, investors, customers & distributors, NGOs
Employee Health & Safety	All operations	Governmental agencies, communities surrounding our manufacturing locations, investors, customers & distributors, NGOs
Recycling	All operations	Governmental agencies, communities surrounding our manufacturing locations, investors, customers & distributors, NGOs
Water	All operations	Governmental agencies, communities surrounding our manufacturing locations, investors, customers & distributors, NGOs
Diversity, Equity & Inclusion	All operations	Governmental Agencies, investors, NGOs
Ethical Supply Chain	All operations	Customers & Distributors, suppliers, governmental organizations, NGO

ADS 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. ADS conducts annual training on the Code of Business Conduct and Ethics for all Employees.

Non-Retaliation Policy

As part of the Ethics Code, we uphold a strong culture of compliance by ensuring that all employees 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 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.

Position on Human Rights

In addition to the ADS Code of Business Conduct and Ethics, we also have a Position on Human Rights which further explains our guidelines with respect to human rights including:

- Commitment to child labor laws.
- Providing a safe and healthy working environment.
- Promoting equal opportunity of all employees and applicants regardless of race, color, religion, sex, age, national origin ancestry, pregnancy status, gender, marital status, medical condition, sexual orientation, gender identity, disability, veteran status, or any other category protected by law.
- Maintaining work environments free from any form of illegal harassment and are dedicated to the prevention of harassment in the workplace.
- Protecting individual privacy.
- Providing compensation and benefits that are competitive and comply with applicable laws for minimum wages, overtime hours and mandated benefits.
- Encouraging open communication between management and employees.



Public Policy

ADS 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 contribute to a candidate, the ADS PAC considers candidates' views on issues that impact ADS and its employees as well as the presence of ADS facilities or employees in the candidate's district or state. The PAC executive board made up of ADS employees reviews and approves all recommendations for PAC contributions.

In Fiscal 2022, the Advanced Drainage Systems, Inc. PAC contributed \$26,900 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, 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.

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. Sustainability Committee (approved in Fiscal 2022)

In addition, a sub-committee under the responsibilities of the Nomination and Governance Committee focused on the monitoring and coordination of our efforts around sustainability issues (referred to as the ESG sub-Committee) in Fiscal 2022.

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 [2022 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

	2022
Size of Board	12
Number of Independent Directors	11
Average Age of Directors	63
Average Director Tenure (in years)	4
Annual Election of Directors	Yes ¹
Mandatory Retirement Age	No
Gender and Diversity	36%
Majority Voting in Director Elections	Yes
Independent Presiding Director	Yes
Code of Conduct for Directors, Officers and Employees	Yes
Supermajority Voting Threshold for Mergers	Yes
Proxy Access	Yes
Shareholder Action by Written Consent	No
Shareholder Ability to Call Special Meetings	No
Poison Pill	No
Stock Ownership Guidelines for Directors and Executive Officers	Yes
Anti-Hedging and Pledging Policies	Yes
Clawback Policy	Yes

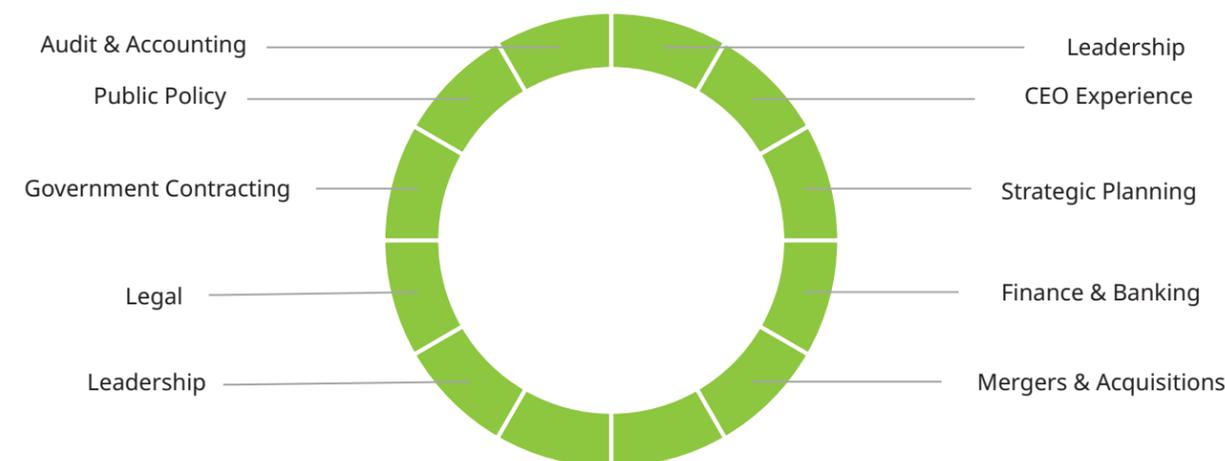
¹ fully implemented in 2023

our Corporate Governance Guidelines. Currently, our Board includes two female directors and two directors of a diverse racial background.

Our directors bring a wealth of knowledge and expertise to the board, including skills and experiences that are relevant for our strategy development and long-term sustainable performance. Many of our directors have extensive 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.

Individual	Role	Years on Board	Other Public Company Boards	Gender
D. Scott Barbour ¹	CEO	5	0	Male
Michael B Coleman	Independent Director	4	0	Male
Robert M Eversole	Independent Director	8	0	Male
Alexander R Fischer	Independent Director	8	0	Male
Tanya Dianne Fratto	Independent Director	8	3	Female
Mark A Haney	Independent Director	8	0	Male
Ross Marshall Jones	Independent Director	4	0	Male
Charles Robert Kidder ²	Independent Director	8	0	Male
Carl A Nelson Jr	Independent Director	6	1	Male
Manuel Perez de la Mesa	Independent Director	3	1	Male
Anesa Chaibi	Independent Director	2	1	Female
Anil Seetharam	Independent Director	0	0	Male

Our Board's Skills



¹ Mr. Barbour joined the Board of Directors of Allison Transmission Holdings, Inc. on May 4, 2022.

² Mr. Kidder did not stand for re-election at the 2022 Annual Meeting of Stockholders and retired from the Board as of July 21, 2022. Upon conclusion of his term, Mr. Eversole succeeded Mr. Kidder as Board Chair, effective July 21, 2022. In order to fill the newly created vacancy resulting from Mr. Kidder's retirement, Ms. Kelly Gast was elected at the 2022 Annual Meeting of Stockholders. Ms. Gast brings broad financial experience as well as business strategy and commercial expertise to the Board.

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.

Board Oversight of Sustainability

Historically, our full Board has been responsible for monitoring and assessing ESG risks. In Fiscal 2021, we continued our focus and coordination of our ESG efforts through the work 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 subcommittee periodically reviews the Compa-

ny'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. 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 2022 proxy statement.

Awards & Recognition

Plastic News' Largest Recycler, North America



Plastic News named ADS the largest recycler in North America for 2022. ADS is proud to claim this top spot and continues to expand our recycling and use of recycled material as we pursue our 2032 goal of 1 billion pounds a year recycled material.

Operation Clean Sweep



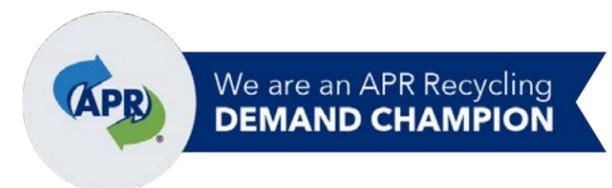
ADS joined Operation Clean Sweep blue, a joint program by the American Chemistry Council and the Plastics Industry Association focused on zero plastic resin loss to the environment. As a member of Operation Clean Sweep blue, ADS is committed to: training employees on awareness and accountability for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

MSCI Rating – AA



ADS recognizes the importance of third party assessments of our sustainability practices. This past year our rating with MSCI improved from A to AA. And while we don't do what we do for the recognition, it is nice when your efforts and progress as company are recognized.

Demand Champion by the Association of Plastic Recyclers (APR)



ADS was named a Demand Champion by the Association of Plastic Recyclers (APR) for contributing to an additional 138 million pounds of demand for recycled plastic in calendar year 2021.

Disclosures

Performance Indicators			
Energy Consumption (GJ)	Fiscal 2020	Fiscal 2021	Fiscal 2022
Purchased Electricity	1,224,544	1,291,986	1,643,351
Natural Gas	64,757	57,934	114,027
Total Energy Consumption	1,289,301	1,349,920	1,757,378
ADS Sales (in millions)	\$1,506	\$1,654	\$2,769
Energy Intensity ¹	881	856	635

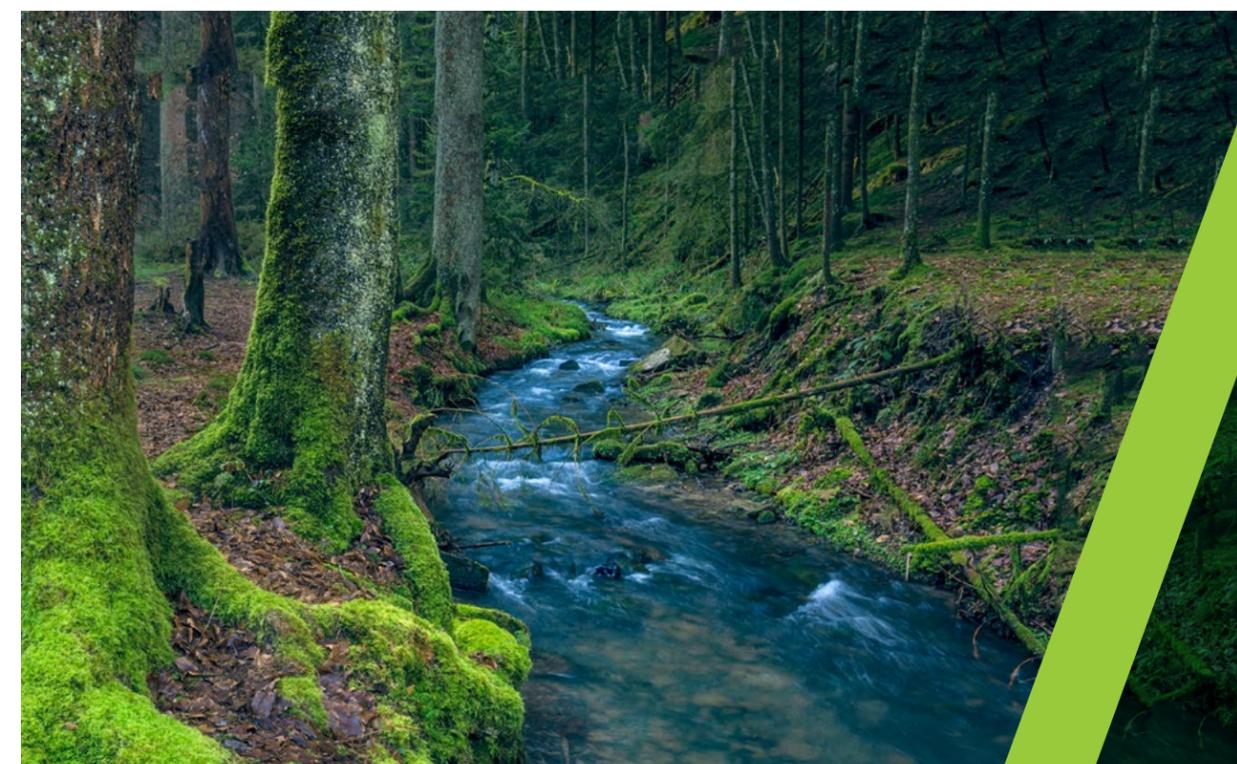
Remanufactured Product Revenue ²	Fiscal 2020	Fiscal 2021	Fiscal 2022
Percent of revenue from remanufactured products	55.2%	55.2%	59.2%
Percent of pipe revenue from remanufactured products	65.8%	65.7%	60.8%

GHG Emissions (metric tons)	Fiscal 2020	Fiscal 2021	Fiscal 2022
Direct (Scope 1)			
Fuel	69,001	70,524	61,554
Natural Gas Used	3,260	2,911	5,729
Total Direct GHG Emissions	72,261	73,435	67,283
Indirect (Scope 2)			
Purchased Electricity	146,143	154,195	196,129
Total Indirect GHG	146,143	154,195	196,129
Total GHG emissions	218,405	227,630	263,412
Scope 3 ⁸			
ADS Sales (in millions)	\$1,506	\$1,654	\$2,769
GHG Intensity³	145	137	95

Safety	Fiscal 2020 ⁴	Fiscal 2021 ⁴	Fiscal 2022 ⁵
Total Recordable Incident Rate (TRIR)	3.1	3.1	2.7
Fatality Rate	0.03	0.00	0.00
Near miss frequency rate (NMFR)	8.5	11.7	9.5

Fleet Efficiency	Fiscal 2020 ⁴	Fiscal 2021 ⁴	Fiscal 2022 ⁵
Miles per Gallon (MPG)	6.47	6.60	6.35
Payload Efficiency ⁶	22.8	23.7	24.8
Fuel Consumed (GJ) ⁷	1,088,207	1,057,491	1,047,449

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. FY19 & FY20: Data revised from previous year's report to account for increased accuracy in tracking and correction to conversion from gallons to gigajoules.
5. Fiscal 2021 Safety data includes Infiltrator Water Technologies (IWT); previous years data do not include IWT data.
6. Payload efficiency - All shipped fleet pounds / all fleet miles.
7. Definitions: Gigajoules (GJ)
8. Fiscal 2022 data includes infiltrator, Fiscal 2021 data did not include infiltrator.



Organizational Profile

Overview

Advanced Drainage Systems (“ADS”) is the leading manufacturer of high-performance thermo-plastic 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, have a lower carbon footprint and are 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. Our customer base is diversified across the range of end markets that we serve.

Advanced Drainage Systems, Inc. (ADS) 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, ADS Recycling, Inc., Inlet Pipe and Protection, Inc., Sewer Tap, Inc. and Infiltrator Water Technologies Ultimate Holdings, Inc.

Business Footprint

In addition to our manufacturing and distribution facilities across the U.S., we also own manufacturing facilities in Canada to produce our products for sale in the Canadian markets. Additionally, we serve other international markets primarily in Mexico and South America through joint ventures with local partners. Our joint venture strategy has provided us with local and regional access to key markets such as Mexico, Brazil, Chile, Argentina and Peru. Our international joint ventures produce pipe and related products to be sold in their respective regional markets. We also have wholly owned subsidiaries that distribute our pipe and related products in Europe and the Middle East.

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

Scale of the Organization	FY 2020	FY 2021	FY 2022
Net Sales (\$ in MM)			
United States	\$1,520	\$1,805	\$2,548
Canada	\$97	\$119	\$138
Other International	\$57	\$59	\$83
Total	\$1,385	\$1,674	\$2,769
Manufacturing Plants			
United States	52	52	57
Canada	4	4	5
Mexico ¹	4	4	4
South America ^{1,2}	4	4	4
Other ³	-	-	-
Total	64	64	70
Distribution Centers			
United States	21	21	24
Canada	5	5	4
Mexico ¹	-	-	4
South America ^{1,2}	5	5	5
Other ³	1	1	1
Total	32	32	38

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.

Employee Information

As of March 31, 2022, in our domestic and international operations, the company and its consolidated subsidiaries had approximately 5,000 employees, consisting of approximately 3,450 hourly personnel and approximately 1,550 salaried employees. As of March 31, 2021, approximately 225 hourly personnel in our Mexican joint venture were covered by collective bargaining agreements.

Employees	FY 2020	FY 2021	FY 2022
Full-time¹			
Male	4,010	4,095	4,530
Female	560	555	720
Total	4,570	4,650	5,250
Part-time¹			
Male	20	15	20
Female	10	15	15
Total	30	30	35
By Region			
United States	4,290	4,340	4,945
Canada	310	340	340
Other	350	320	350
Total	4,950	5,000	5,635

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

Topic	Accounting Metric	Category	SASB Index		
			Unit of Measure	Code	Location in Report
Energy Management	Total energy consumed	Quantitative	Gigajoules (GJ), Percentage (%)	RT-IG-130a.1	Pg. 12
	Percentage grid electricity				
	Percentage renewable				
Employee Health & Safety	Total recordable incident rate (TRIR)	Quantitative	Rate	RT-IG-320a.1	Pg. 25
	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

Topic	Accounting Metric	Category	Unit of Measure	Code	Location in Report
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. 45
Greenhouse Gas Emissions (SASB standards for Road Transportation sector)	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO2-e	TR-RO-110a.1	Pg. 45
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against targets	Discussion & Analysis	N/A	TR-RO-110a.2	Pg. 45
	(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	Quantitative	Metric tons (t)	TR-RO-110a.3	Pg. 45

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. 49

Current Board of Directors

Robert Kidder
Chairman

Scott Barbour
Director, President and Chief Executive Officer

Anesa Chaibi
President and CEO
Coolsys, Inc.

Michael B. Coleman
Partner
Ice Miller LLP

Robert M. Eversole
Managing Partner
Stonehenge Partners, Inc.

Alexander R. Fischer
President and Chief Executive Officer
Columbus Partnership

Tanya Fratto
Retired President and Chief Executive Officer
General Electric Superabrasives

M.A. (Mark) Haney
Retired Executive Vice President
Olefins and Polyolefins
Chevron Phillips Chemical Company LP

Ross M. Jones
Managing Director
Berkshire Partners

Carl A. Nelson, Jr.
Retired Managing Partner
Arthur Andersen

Manuel J. Perez de la Mesa
Retired President and Chief Executive Officer
Pool Corporation

Anil Seetharam
Managing Director
Berkshire Partners

Current Executive Officers

Scott Barbour
Director, President and Chief Executive Officer

Scott A. Cottrill
Executive Vice President,
Chief Financial Officer, Secretary

Darin Harvey
Executive Vice President, Supply Chain

Brian King
Executive Vice President
Product Management and Marketing

Robert M. Klein
Executive Vice President,
Market Management

Roy E. Moore, Jr.
Executive Vice President, Infiltrator

Kevin C. Talley
Executive Vice President and
Chief Administrative Officer

Michael Huebert
Senior Vice President, Sales

Thomas Waun
Senior Vice President, International,
Product Development and Material Sciences

Chairman Emeritus

Joe Chlapaty
Chlapaty Investments LLC
Retired Chairman, President and
Chief Executive Officer
Advanced Drainage Systems

About Advanced Drainage Systems, Inc.



Advanced Drainage Systems is a leading provider of innovative water management solutions in the stormwater and onsite septic wastewater industries, providing superior drainage solutions for use in the construction and agriculture marketplace. For over 50 years, the Company has been manufacturing a variety of innovative and environmentally friendly alternatives to traditional materials. Its innovative products are used across a broad range of end markets and applications, including non-residential, residential, infrastructure and agriculture applications. The Company has established a leading position in many of these end markets by leveraging its national sales and distribution platform, overall product breadth and scale and manufacturing excellence. Founded in 1966, the Company operates a global network of approximately 60 manufacturing plants and 30 distribution centers. To learn more about ADS, please visit the Company's website at www.adspipe.com.



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