

# Ergon TCFD Report

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# 1. About the Report

Climate change presents wide-ranging potential risks that reach across social, technological, environmental, political and economic systems. Governments, investors and businesses are increasingly focused on understanding these risks. These expectations continue to shape how companies plan for long-term resilience and manage the impacts that climate change may have on people, operations and supply chains.

Companies in the oil and gas sector face unique challenges in this changing landscape. Ergon is a family of businesses built to support industries essential to manufacturing and infrastructure around the world. Its operations fall within three primary business segments — **Energy & Specialty Solutions**, **Pavement & Coating Resources**, and **Integrated Services & Logistics** — and include crude oil processing; the development, production and marketing of naphthenic, paraffinic and sustainable specialty oils, thermoplastic resins, specialty asphalt products, and bridge and pavement preservation products and machinery; transportation and terminaling of crude oil, petrochemicals and refined products; propane marketing; industrial and commercial construction; and real estate services. More than 5,000 employees contribute to these efforts as we support customers and partners in over 100 countries. Since 1954, Ergon has grown from a small Mississippi fuel distributor into a diversified, technically capable organization with a long history of meeting needs, supporting families and serving customers.

The Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board, provides a widely recognized framework for communicating climate-related risks, opportunities and their potential financial impacts. These recommendations form the foundation of Ergon's climate-related disclosures and support our efforts to integrate climate considerations into how we plan, operate and manage risks across our businesses.

This TCFD Report reflects Ergon's commitment to responsible disclosure, sound operations and long-term stewardship. Ergon's sustainability philosophy is guided by our commitment to *Doing Right — With Our Products, For Our Planet, By Our People and Through Our Principles* — reflecting Ergon's belief that long-term success depends on environmental stewardship, social responsibility and ethical governance.

This report follows the TCFD's four core elements — **Governance**, **Strategy**, **Risk Management** and **Metrics and Targets** — drawing on insights from its Double Materiality Assessment, greenhouse gas (GHG) emissions accounting and sustainability initiatives underway throughout the organization. These efforts help Ergon manage climate-related risks, stay dependable for the industries it serves and continue delivering quality solutions worldwide.

**Forward-Looking Statements**
This report contains forward-looking statements, including statements regarding climate scenarios, potential risks and opportunities, and Ergon's plans and goals. These statements are based on current expectations, assumptions, and third-party data and scenarios that are subject to significant uncertainty, and actual results may differ

materially. Scenario analysis is a hypothetical exercise and does not represent a forecast or prediction. Ergon undertakes no obligation to update these statements.

## 2. Governance

Ergon operates through three primary business segments, each contributing to climate resilience and sustainability in distinct ways.

**Energy & Specialty Solutions (ESS)**
ESS develops high-value specialty oils, thermoplastic resins and process-critical additives used in products worldwide. Ergon's refineries transform molecules that would traditionally be combusted into specialty products that are used in low-emission applications and are purpose-engineered to enhance industrial performance and efficiency.

**Pavement & Coating Resources (PCR)**
PCR delivers solutions for roadway durability, roofing performance, protective coatings, bridge and pavement preservation. PCR's asphalt and emulsion technologies help agencies improve roadway conditions while reducing environmental impacts.

**Integrated Services & Logistics (ISL)**
ISL operates a comprehensive network of marine, trucking, terminaling, construction, maintenance and real estate services supporting both Ergon operations and external customers.

This TCFD-aligned report outlines how climate-related factors influence Ergon's oversight, planning and performance.

It demonstrates how climate-related risks and opportunities are integrated into:

- Corporate governance and Board oversight
- Investment decisions and operational strategy
- Regulatory preparedness
- Performance monitoring through metrics and targets

As Ergon continues to strengthen its understanding of climate-related issues across the business, it is equally important to ensure that appropriate oversight and accountability structures guide this work. The following section outlines the governance systems, responsibilities and leadership roles that support effective management of climate-related risks and opportunities.

## 2.1. Board's Oversight on Climate Change

As a leader in the energy and manufacturing industries, Ergon recognizes its responsibility and business opportunities to contribute to environmental stewardship. Ergon's Board of Directors oversees climate-related risks and opportunities as part of its broader oversight of enterprise risk. The Board considers climate-related factors in Ergon's strategy, operating and capital allocation processes and oversees compliance with environmental regulations globally.

- One of the Board's primary roles and functions is to provide oversight and strategic guidance to senior management. The full Board regularly receives updates from senior management on financial, regulatory, reputational, market, health and safety risks facing Ergon in the short-, medium- and long-term, with climate-related risks addressed as part of this broader risk review.
- The Board includes Independent Directors and family ownership, ensuring a balance of governance continuity and external perspective.

## 2.2. Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

Management plays an important role in addressing climate change issues — including climate-related risks and opportunities — and pursuing a lower-carbon future. Responsibility for identifying, assessing and mitigating climate-related risks rests with the Chairman of the Board and the CEO.

Ergon's Executive Leadership Team is responsible for implementing sustainability and climate-related strategies across the Energy & Specialty Solutions (ESS), Pavement & Coating Resources (PCR), and Integrated Services & Logistics (ISL) business segments. Management works closely with cross-functional teams to identify and assess climate-related risks and opportunities, incorporating insights from the company's Double Materiality Assessment and industry benchmarking to inform decision-making and operational planning.

The Product Stewardship Department also plays a central role in informing management about climate-related issues. This department conducts assessments on climate risks, opportunities, financial implications and mitigation actions. It receives input from stakeholders embedded within each business segment and corporate function, who gather climate-related information. The Product Stewardship Department consolidates these inputs and its assessments into reports and updates for the Executive Leadership Team.

# 3. Strategy

Ergon assesses and evaluates the risks and opportunities related to climate change. Climate-related risks are analyzed with respect to physical and transition risks as per TCFD recommendations. They are identified through short-, medium- and long-term time frames. The physical risk assessment covers Ergon's own operations, while the transition risk assessment also considers impacts across Ergon's value chain.

## 3.1. Physical Risks

Physical risks are those associated with the impacts of climate change. These risks can be event-driven (acute) or associated with longer-term shifts in climate patterns (chronic)[1]. Ergon believes that conducting physical climate risk assessments is crucial to evaluating exposure and vulnerabilities to climate change hazards such as flooding, heatwaves, droughts and storms. These assessments help identify the most vulnerable business operations and assets, determine likely impacts on productivity and continuity, and enable appropriate adaptation measures to strengthen resilience. Therefore, as a part of physical risk assessment, Ergon engaged Sphera Solutions (Sustainability Consultants) to conduct a detailed scenario analysis. The analysis considers Representative Concentration Pathway (RCP) 4.5, RCP 7.0 and RCP 8.5 scenarios, as well as Shared Socioeconomic Pathway (SSP) scenarios, as defined by the Intergovernmental Panel on Climate Change (IPCC).[2]

*Table 1: Scenarios Considered for Physical Risk Assessment*

| Climate Scenario | Description |
|---|---|
| **SSP2/RCP 4.5** | A moderate climate change scenario where global greenhouse gas emissions peak around mid-century and then decline due to mitigation efforts such as renewable energy use, improved efficiency and reforestation. This pathway leads to warming of about 2°C - 3°C by 2100, assuming sustained but achievable climate action. |
| **SSP3/RCP 7.0** | A high-emissions scenario in which greenhouse gas emissions continue to rise until late in the century because of growing energy demand and limited climate policy. It represents warming of roughly 3°C - 4°C by 2100, reflecting a future with partial mitigation but continued reliance on fossil fuels. |
| **SSP5/RCP 8.5** | A very high-emissions scenario in which greenhouse gas emissions continue to rise throughout the 21st century, driven by rapid, fossil fuel-intensive economic growth. It represents warming of roughly 4°C - 5°C by 2100 and is generally considered a high-end, less likely pathway used to test resilience under worst-case conditions. |

[1] *U.S. EPA*

[2] *Representative Concentration Pathways (RCPs) are greenhouse gas concentration trajectories adopted by the IPCC. They focus on greenhouse gas concentration levels in the atmosphere and their radiative forcing effects. Shared Socioeconomic Pathways (SSPs) describe plausible alternative trends in the evolution of society and ecosystems over the 21st century. Together, RCPs and SSPs provide numerical representations of different greenhouse gas emission trajectories, atmospheric concentration pathways and socioeconomic development scenarios.*

## Boundary of Assessment

The assessment provides a comprehensive analysis of Ergon's physical climate risks, focusing on asset-level exposure across Ergon’s portfolio. The assessment covers 256 Ergon locations in the United States and excludes ErgonArmor sites divested in November 2025. The analysis utilizes three primary data sources: the Intergovernmental Panel on Climate Change (IPCC); Aqueduct Water Risk Atlas and Climate Impact Explorer. This initial assessment of physical risks employs a low-geographic resolution approach, providing a broad overview of potential risks.

## Methodology and Data Sources

*IPCC Atlas*

The IPCC Atlas provides climate projections for temperature, precipitation and extreme weather events. For each hazard, projected changes are compared against a 1995 - 2014 baseline to estimate magnitude and trend. Changes are categorized as very low, low, medium, high or very high using percentile-based thresholds (P5 - P95).

*Aqueduct Water Risk Atlas*

The Aqueduct tool quantifies chronic water stress, defined as the ratio of total withdrawals to renewable water supply. Asset-level data are extracted for Ergon’s locations using geographic coordinates under SSP3 RCP7.0 — or the business as usual (BAU) scenario — and SSP5 RCP8.5 (high-temperature scenario) for 2030, 2050 and 2080. Note that the BAU scenario for the Aqueduct tool uses SSP3 rather than SSP2 due to the lack of availability of SSP2 data for this tool; SSP3 has been selected as the closest available alternative. Water stress levels are harmonized with IPCC magnitude categories to ensure consistency across datasets.

*Climate Impact Explorer*

The Climate Impact Explorer provides projections for tropical cyclones, river floods and wildfires under SSP2-RCP4.5 and SSP5-RCP8.5. Median values are analyzed across five-year intervals (2015 - 2065) and aggregated to match IPCC timeframes. Global averages establish reference thresholds to classify risk levels using the same percentile-based magnitude scale as the IPCC Atlas.

*Integration and Outputs*

Data from the three tools are combined to create a unified physical risk profile for Ergon’s global portfolio. Each asset is evaluated individually, with risk magnitudes normalized to a consistent five-point scale. This integrated framework provides a comparable and comprehensive view of Ergon’s exposure to key climate hazards across multiple climate scenarios and timeframes.

### 3.1.1. Physical Acute Risk

Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes or floods. For this assessment, the following acute risks were evaluated:

*Table 2: Acute Hazards Considered During Risk Assessment*

| Hazard | Description |
|---|---|
| **Heavy Storms** | Increased frequency of extreme rainfall leading to localized flooding and surface water accumulation, particularly in urban areas. |
| **Riverine Flooding** | More frequent and intense rainfall events altering river flow regimes, resulting in increased likelihood and severity of river flooding. |
| **Wildfire** | Greater incidence of fire-favorable weather due to a combination of higher temperatures, reduced humidity, stronger winds and prolonged dry periods. |
| **Extreme Heat/Heat Waves** | New extremes of high temperatures, more frequent hot days and longer-lasting heat waves. |
| **Drought** | Increased occurrence and duration of dry periods due to reduced precipitation and higher evaporation rates leading to water scarcity. |
| **Heavy Precipitation** | Intensification of short-duration, high-intensity rainfall events, increasing the risk of flash flooding, erosion and drainage system overload. |

### 3.1.2. Physical Chronic Risk

Chronic risks refer to long-term shifts in climate patterns (e.g., sustained increases in temperature) that can lead to impacts such as sea level rise or persistent heat waves. For this assessment, the following chronic risks were evaluated:

*Table 3: Chronic Hazards Considered During Risk Assessment*

| Hazard | Description |
|---|---|
| **Changing Mean Temperature** | Long-term shift in average surface air and/or sea-surface temperatures, altering the prevailing climate baseline and affecting many climate processes. |
| **Heat Stress** | Increased incidence of elevated temperatures (and associated heat) challenges human, ecological and infrastructure systems, driven by higher, persistent mean temperatures. |
| **Changing Wind Patterns** | Alterations in the prevailing speed, direction and frequency of winds over time, as part of the changing climate (e.g., through shifts in circulation) affecting weather and climate-related hazards. |
| **Changing Precipitation Patterns** | Long-term changes in the amount, timing, intensity and distribution of precipitation (rain/snow) across regions, shifting from historical baselines. |
| **Sea Level Rise** | An increase in the average height of the ocean surface (globally and locally) because of changes in ocean mass (e.g., ice melt) and/or changes in ocean density/volume (thermal expansion) and land/subsidence interactions. |
| **Water Stress** | A condition occurring when water demand (e.g., human use) exceeds supply (precipitation, storage, replenishment), resulting in reduced availability of fresh water for key uses. |

### 3.1.3. Physical Risk Results

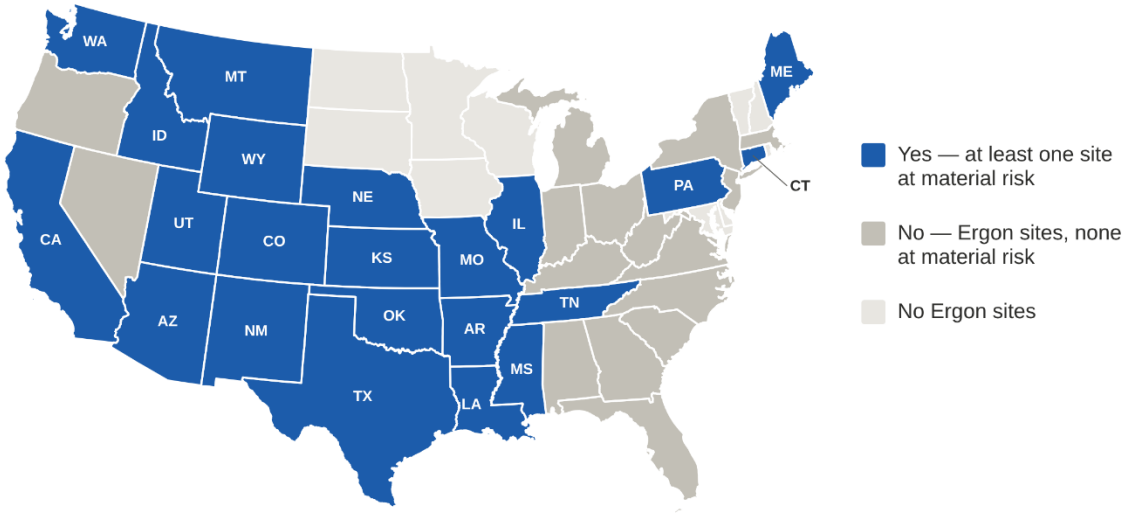
Under the IPCC climate scenarios used in this assessment (SSP2-4.5 and SSP5-8.5), climate-related hazards are projected to increase gradually, which may influence Ergon's assets and operations over time. The level of potential impact will depend on future changes in exposure, vulnerability, socioeconomic conditions and adaptive capacity. Under both the BAU and high-temperature scenarios, the assessment indicates increasing exposure to physical climate risks over time. This screening-level assessment uses regional climate data and does not reflect site-specific conditions or existing protective measures such as levees and flood controls; results identify locations for further evaluation rather than predict site-level impacts.

| | **Business-as-Usual** | **High Temperature** |
|---|---|---|
| **Impact** | The number of assets at material physical risk is projected to rise from **one asset** in the short term (2021 - 2040) to **82** in the midterm (2041 - 2060) and **199** in the long term (2081 - 2100). This escalating exposure represents a small portion of Ergon's total asset value at risk in the short term, increasing in the midterm and further in the long term. EBITDA exposure follows a similar trajectory, rising from minimal levels in the short term to higher levels in the midterm and long term. | The number of assets at material physical risk is projected to rise from **0** in the short term (2021 - 2040) to **87** in the midterm (2041 - 2060) and **226** in the long term (2081 - 2100). This escalating exposure represents a small portion of Ergon's total asset value at risk in the short term, increasing in the midterm and further in the long term. EBITDA exposure follows a similar trajectory, rising from minimal levels in the short term and continuing to increase in the midterm and long term. |

#### Key Insights From Physical Risk Scenario Analysis

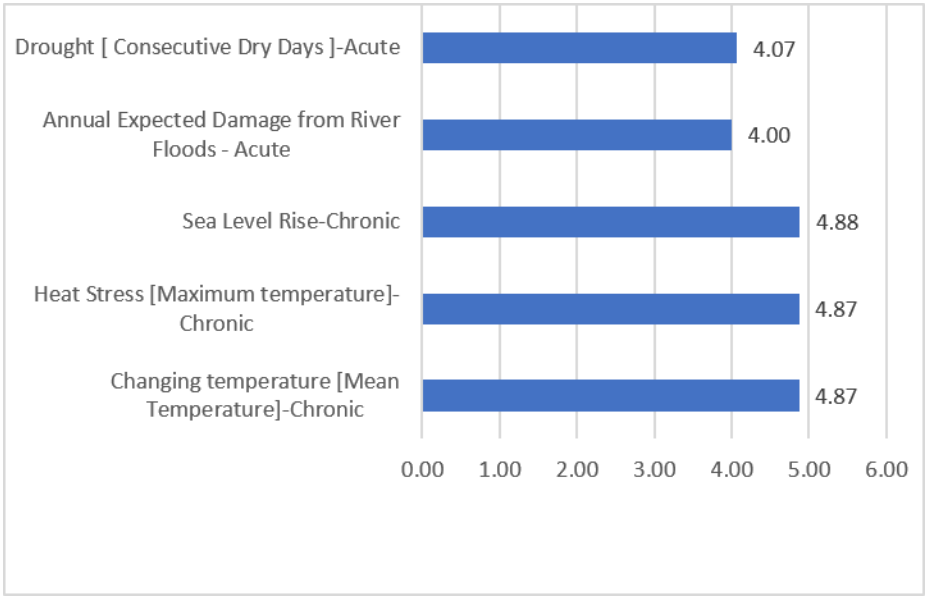
As shown in Figure 1, the geographic distribution of Ergon's assets at material physical risk under the BAU scenario for the medium term (2041 - 2060) indicates that exposure is primarily associated with operations across the western and central U.S., where climate-related physical risks are projected to intensify. This pattern reflects the regional distribution of Ergon's U.S. operations, with medium-term risks most evident in areas vulnerable to chronic heat, drought and temperature-related changes.

**Figure 1: States with Sites at Material Physical Risk – BAU – Medium Term (2041 - 2060)**




82 of 256 U.S. sites at material physical risk under the business-as-usual scenario (SSP2-4.5), 2041–2060. A state is shown as "Yes" if any Ergon site in it is at material risk, regardless of how many sites or how much asset value. Source: Sphera climate risk assessment (Jan. 2026).

**Figure 2: Key Physical Climate Risks for Ergon – BAU – Medium Term (2041 - 2060)**




To better understand the specific threats facing these regions, Figure 2 outlines the dominant physical climate hazards projected under the BAU scenario. The results indicate that both **acute** and **chronic** risks contribute to Ergon's exposure:

- **Drought (consecutive dry days)** and **changing wind patterns** are projected to pose *high* acute and chronic risks (around 4.0 magnitude).
- **Sea level rise** (chronic; 4.88 magnitude) **and river flood risk** (acute; 4.0 magnitude) also score high. Because these scores are assigned at a regional

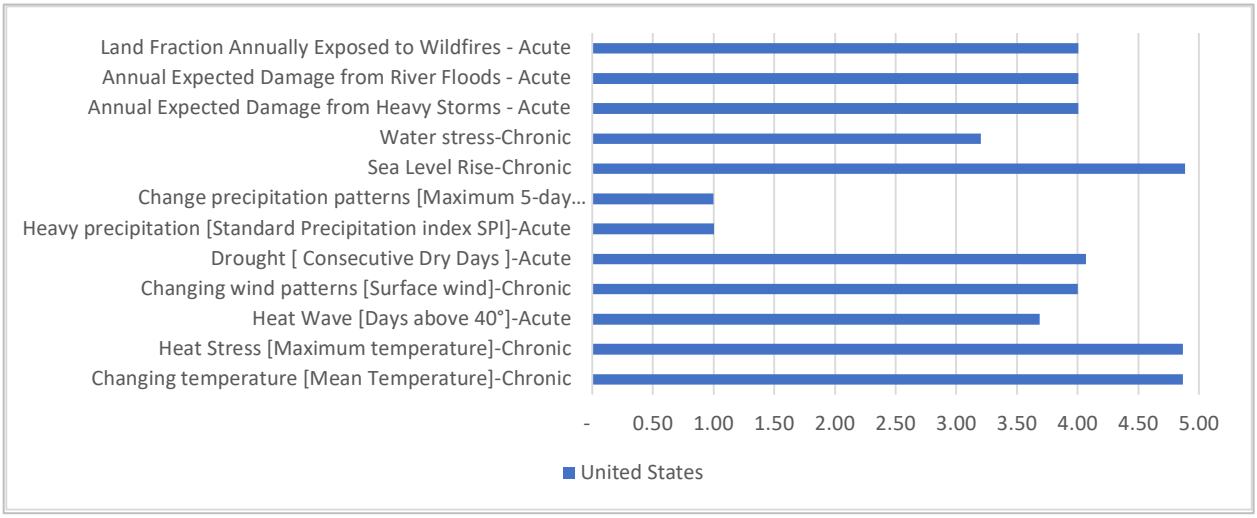
level, they reflect broad regional exposure rather than conditions at individual coastal or riverside sites.

- **Heat stress** and **rising mean temperature** are identified as the most severe chronic hazards, reaching *very high* levels (approximately 4.9 magnitude), underscoring persistent exposure to extreme heat and long-term warming trends.

Expanding this assessment across Ergon's full portfolio (Figure 3), the analysis shows that the company faces a combination of acute and chronic climate hazards, with chronic temperature- and heat-related risks being most significant. Among the acute hazards, wildfires, river floods and heavy storms are projected at high magnitudes (around 4.0), indicating potential for operational disruption. Drought and heatwaves also register elevated risks, while water stress appears as a moderate chronic concern.

Overall, the findings suggest that Ergon's medium-term physical climate exposure is driven primarily by chronic temperature-related risks, with heat stress, increasing mean temperatures, sea level rise and river flooding emerging as the key drivers of physical climate risk across its U.S. operations.

**Figure 3: Physical Climate Risks for Ergon – BAU – Medium Term (2041 - 2060)**




## 3.2. Transition Risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technological and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risks to companies. The Shared Socioeconomic Pathways (SSPs) look at five different ways in which the world might evolve in the absence of climate policy and how different levels of climate change mitigation could be achieved when the mitigation targets of RCPs are combined with the SSPs.

Ergon assessed transition risks and opportunities using two scenario pairs, each combining an International Energy Agency (IEA) energy scenario with an IPCC

socioeconomic pathway: a lower-carbon pathway (IEA Net Zero Emissions by 2050 with SSP1, approximately 1.4°C of warming) and a business-as-usual pathway (IEA Stated Policies Scenario with SSP2, approximately 2.5°C). The risks and opportunities in the tables below were assessed under the business-as-usual pathway. The two pathways are summarized below:

| SSP 1/NZE | SSP 2/STEPS |
|---|---|
| • A gradual but pervasive shift toward a more sustainable future. Inclusive development that respects environmental boundaries.<br>• Management of the global commons slowly improves.<br>• Educational and health investments accelerate the demographic transition.<br>• Economic growth shifts toward a broader emphasis on human well-being.<br>• Inequality is reduced both across and within countries.<br>• Consumption is oriented toward low material growth and lower resource and energy intensity. | • A path in which social, economic and technological trends do not shift markedly from historical patterns.<br>• Development and income growth across countries proceed unevenly.<br>• Global and national institutions make slow progress in achieving SDGs.<br>• Environmental systems experience degradation, although there are some improvements in the overall intensity of resource and energy use.<br>• Global population growth is moderate in the second half of the century.<br>• Challenges to reducing vulnerability to societal and environmental changes remain. |

## 3.2.1. Risk and Opportunities Assessment

### CLIMATE-RELATED TRANSITION RISKS AND POTENTIAL FINANCIAL IMPACTS:

| Risk Type | Risk | Risk Description | Value Chain Stage(s) Impacted | Potential Financial Impact |
|---|---|---|---|---|
| **POLICY & LEGAL** | **Increased pricing of GHG emissions**<br><br>(Medium Term) | Under the BAU scenario, Ergon would face modest direct emissions costs, primarily around electricity and fuel for its operations, and limited exposure via customer requirements in export markets. Although such cost pressures are expected to grow incrementally, they are unlikely to cause significant financial disruption in the near term. | Upstream, Operational, Downstream | Revenue Increase<br><br>OPEX Increase<br><br>COGS Increase<br><br>Qualitative Impact: Medium |
| **POLICY & LEGAL/REPUTATION/MARKET** | **Enhanced emissions-reporting obligations/Shifts in consumer preferences and behavior**<br><br>(Medium-to-Long-Term) | Under the BAU scenario, Ergon faces a moderate risk of increased emissions reporting. While the impact of this risk is financially minimal, it is essential that Ergon monitors new regulations as non-compliance could impede access to global markets. Compared to jurisdictions such as the EU, U.S. product-level sustainability compliance remains less demanding under the STEPS (BAU) scenario, but customer expectations are expected to slowly shift toward international norms. | Upstream, Operational, Downstream (EU) | OPEX Increase<br><br>Qualitative Impact: Low |
| **POLICY & LEGAL** | **Mandates on and regulation of existing products and services**<br><br>(Medium-to-Long-Term) | Given Ergon's role as a manufacturer and marketer of various refined products — including specialty naphthenic, paraffinic and sustainable base oils — Ergon may face gradual adaptation to product-level requirements under the BAU scenario. Demand for conventional fuels and asphalt is expected to remain steady in domestic markets. However, product-level mandates in export markets (such as the EU) and international customers will likely increasingly demand products that meet renewable content or lifecycle intensity thresholds. | Operational, Downstream | OPEX Increase<br><br>Revenue Decrease<br><br>COGS Increase<br><br>Qualitative Impact: Low - Medium |

| | | | | |
|---|---|---|---|---|
| **TECHNOLOGY** | **Substitution of existing products and services with lower emissions options**<br><br>(Medium Term) | Under the BAU scenario, Ergon's more traditional fossil fuel-based products will continue to generate revenue over the next few years in both domestic and global markets; however, a moderate market downturn toward the end of the decade could occur due to a shift in customer and consumer demand away from emissions-intensive products. | Upstream, Operational, Downstream | Revenue Decrease<br><br>Qualitative Impact: Low |
| **MARKET** | **Increased cost of raw materials**<br><br>(Medium-to-Long-Term) | Under the BAU scenario, Ergon's business segments remain exposed to volatility in the cost of feedstock (i.e., crude oil) and other raw materials. Current IEA and industry projections point to stable or moderately declining crude oil and asphalt prices through 2030, although oil prices are inherently volatile and difficult to predict. Ergon could mitigate spikes in raw material costs by diversifying inputs and developing specialty solutions less dependent on these commodities. | Upstream, Operational, Downstream | COGS Increase<br><br>Qualitative Impact: Low |
| **MARKET/REPUTATION** | **Uncertainty in market signals**<br><br>(Medium-to-Long-Term) | Under the BAU scenario, uncertainty in market trends and timing may pose a financial risk for Ergon. Ergon's business segments cover the production and marketing of base oils, chemicals and asphalt; its services include logistics and transportation of these products domestically and globally. Ambiguity around the adoption of new technologies and demand for Ergon's main products and services present a dual challenge: avoiding overexposure to fossil fuel-linked segments, while ensuring maintained competitiveness in lower-carbon products and solutions. | Upstream, Operational, Downstream | COGS Increase<br><br>CAPEX Increase<br><br>Qualitative Impact: Low |

## CLIMATE-RELATED TRANSITION OPPORTUNITIES AND POTENTIAL FINANCIAL IMPACTS:

| Opportunity Type | Opportunity | Opportunity Description | Value Chain Stage(s) Impacted | Potential Financial Impact |
|---|---|---|---|---|
| **RESOURCE EFFICIENCY** | **Use of more efficient production and distribution processes**<br><br>(Medium Term) | Under the BAU scenario, the opportunity to adopt more efficient production and distribution processes throughout Ergon's operations remains highly relevant. Regardless of future carbon pricing regulations, any efficiency gains present an investment that lowers both emissions and operational costs. | Operational, Downstream | OPEX Decrease<br><br>Qualitative Impact: Low |
| **ENERGY SOURCE** | **Use of lower-emission sources of energy**<br><br>(Short-to-Long-Term) | Under the BAU scenario, investments in lower-emission sources of energy at the operational level — such as on-site solar, electrification or more efficient equipment — could reduce energy costs and emissions where economically viable. Ergon's existing solar projects in Mexico provide a basis for evaluating similar opportunities at other facilities. | Operational | OPEX Decrease<br><br>Qualitative Impact: Low |
| **PRODUCTS & SERVICES** | **Development and expansion of low emission goods and services**<br><br>**Development of new products or services through R&D and innovation**<br><br>(Short-to-Medium-Term) | Under the BAU scenario, demand for less carbon-intensive products and services may increase in the medium-to-long-term; companies that are able to adapt to these demand shifts may benefit from a financial perspective.<br><br>Ergon continues to develop lower-carbon options where customer demand supports them, building on its existing capabilities in renewable and recycled raw materials. | Operational | Revenue Increase<br><br>Qualitative Impact: Low |

## 3.3. Integration of Risks and Opportunities Into Ergon's Business Strategy

Ergon is actively working to incorporate climate risk and opportunity considerations into its business strategy and operations to ensure that it is prepared for the anticipated impacts of a changing climate globally. The table below outlines a few of the steps Ergon has already taken, and plans to take, to manage climate-related risks and capture opportunities across its business segments.

| | |
|---|---|
| **PHYSICAL** | Ergon recognizes that physical climate risks may financially impact its organization across its supply chain, including upstream and downstream activities. Initial assessments indicate varying levels of exposure across assets throughout the U.S., with higher risk exposure for those assets located in Louisiana, Texas, Illinois, Oklahoma and Kansas.<br><br>Building on these insights, Ergon continues to evaluate potential adaptation options for high-risk locations, including conducting infrastructure assessments and collaborating with local stakeholders to better understand site-specific vulnerabilities. These options include enhancing building and drainage durability in areas prone to flooding, improving cooling and water efficiency systems in regions facing rising temperatures and water scarcity, and reviewing business continuity plans for assets exposed to extreme weather events. These ongoing evaluations aim to strengthen Ergon's overall preparedness and adaptive capacity in response to evolving physical climate risks. |
| **POLICY and LEGAL** | Ergon's indirect emissions from purchased electricity (Scope 2) are relatively small. Direct emissions, primarily from fuels used in operations and transport (Scope 1), account for about 6% of its footprint, while its value chain (Scope 3) accounts for about 93%. These value chain emissions hot spots include the emissions that result from the use of its sold products in the downstream and those from purchased goods and transportation in the upstream.<br><br>Ergon's ongoing sustainability initiatives — refinery efficiency projects, lifecycle assessments (LCAs), ISCC PLUS certifications and incorporation of renewable feedstocks — strengthen long-term stability and allow for emissions reductions. These efforts support clearer disclosure and customer alignment, while helping mitigate associated costs. Ergon's work with LCAs and innovative lower-carbon products provides a solid foundation for future carbon reductions, but scaling these initiatives and collecting the requisite data from its global suppliers will require sustained investment. |
| **TECHNOLOGY** | Ergon is aware of and regularly monitors customer requests related to lower-carbon products. For example, Ergon offers standalone vegetable oil solutions and blends of its naphthenic and vegetable oils to meet customer demand for renewable and partially renewable raw materials in the process oils market.<br><br>Ergon also offers recycled options for the process oils and base oils industries. Ergon continues to develop innovative products as the global market shifts, including the current shift toward sustainable chemistries. Ergon's PCR business is actively working to develop next-generation asphalt technologies, including an asphalt emulsion-based carbon sequestering solution and technology that will allow roofing shingles to be recycled in the future. |
| **REPUTATION** | Ergon continues to advance its environmental stewardship through Life Cycle Assessments (LCAs), which are used to evaluate potential environmental impacts of products from raw material extraction through manufacturing and transportation to its customers. LCAs give Ergon's customers a clearer understanding of product-level impact while reinforcing Ergon's commitment to responsible practices. Ergon has also obtained ISCC PLUS certification for renewable feedstocks. [3]<br><br>Ergon's combined intensity-based emission reduction goal of 25% by 2028 for its ESS business demonstrates the company's continued commitment toward reducing emissions across its operations. |

[3] Source: Ergon's 2024 Doing Right Report

# 4. Risk Management

## 4.1. Risk Identification and Assessment

Ergon's Product Stewardship and Risk Management Departments collaborate in identifying and assessing Ergon's climate-related risks. The results of the climate risk assessment are intended to complement Ergon's broader enterprise risk management process, which considers a wide range of risks facing the company.

In 2025, Ergon's Product Stewardship, Finance and Risk Management teams, together with representatives from its business segments and in collaboration with external sustainability consultants, worked jointly to identify and assess climate-related risks and opportunities. The assessment followed a structured methodology aligned with the recommendations of the TCFD. Climate-related risks were evaluated through a consistent framework that examined potential drivers, underlying events, likelihood, magnitude and resulting financial impact over the short, medium and long term, and covered both physical and transition risks related to climate change.

External experts provided analytical support and quantitative climate scenario modeling based on recognized IPCC and IEA scenarios. The results were shared with Ergon's Executive Leadership Team in December 2025 to help inform future strategic and operational planning and to identify potential mitigation actions.

## 4.2. Processes for Identifying and Assessing Climate-Related Risks

Ergon evaluated climate-related risks and opportunities across both transition and physical dimensions, consistent with the recommendations of the TCFD. Transition risks and opportunities were assessed over short (0 - 1 year), medium (1 - 5 years) and long-term (>5 years) timeframes. Physical risks were evaluated over short (2021 - 2040), medium (2041- 2060) and long-term (2081 - 2100) horizons to reflect the progressive nature of projected climate-related impacts.

Relevant stakeholders from across Ergon's business functions participated in the climate risk assessment exercise, through which a total of 12 transition risks and five transition opportunities were screened, of which 10 risks and four opportunities were assessed financially. In addition to qualitative descriptions, the engagement captured quantitative scoring for each risk and opportunity on parameters such as likelihood, magnitude and duration, providing a structured basis for prioritizing the most material risks.

## 4.3. Scenario Analysis for Identified Risks and Opportunities

The transition scenarios used in the climate risk assessment capture a plausible range of risks and uncertainties across both physical and transition dimensions. The more ambitious pathway reflects the highest expected exposure to transition risks and opportunities due to aggressive policies and technology shifts, while the moderate (BAU) pathway provides a baseline for comparison under current policy trajectories and consumer preferences.

In 2025, Ergon applied moderate and high temperature trajectories to assess physical risk exposure at the asset level in both moderate and worst-case global temperature outcomes. Combining IEA and IPCC scenarios provided a comprehensive perspective — the IEA offering energy-system and market dynamics, and the IPCC capturing macroeconomic and socioeconomic developments — for a balanced view relevant to Ergon's operations and business.

### 4.4. Process of Managing Climate-Related Risks

Ergon's climate risk methodology was developed in alignment with TCFD's recommendations and is aimed at analyzing and prioritizing the material risks of climate change, specifically, the relevant physical and transition risks that may impact the company's financial performance, operations, assets, markets and suppliers.

Ergon is using the results of the 2025 assessment to evaluate potential mitigation and adaptation actions, such as energy-efficiency projects, supplier engagement on emissions data and development of lower-carbon products. As this work progresses, Ergon plans to consider how climate-related risks can be incorporated into its existing business continuity planning and enterprise risk reporting.

## 5. Metrics and Targets

For Ergon, metrics play a pivotal role in guiding and evaluating its sustainability and climate-related efforts, providing a clear framework for assessing progress over time. Ergon is also working to establish targets where appropriate —such as its Energy & Specialty Solutions emissions reduction goal — to help drive action and track progress toward specific outcomes. Together, these efforts support disclosure, accountability and communication with stakeholders, customers and regulatory bodies, while helping Ergon identify areas for improvement and make informed decisions aligned with its broader sustainability priorities.

This section of the TCFD report outlines the key environmental performance metrics Ergon currently tracks.

## Emissions

Table 4: Total Emissions

| Scope | 2024 Emissions [t $CO_2e$] (Excl. Biogenic $CO_2$) | Percentage |
|---|---|---|
| Scope 1 | 879,426 | 6% |
| Scope 2 (location-based) | 113,765 | 1% |
| Scope 3 | 13,329,713 | 93% |

Table 5: Scope 3 Emissions

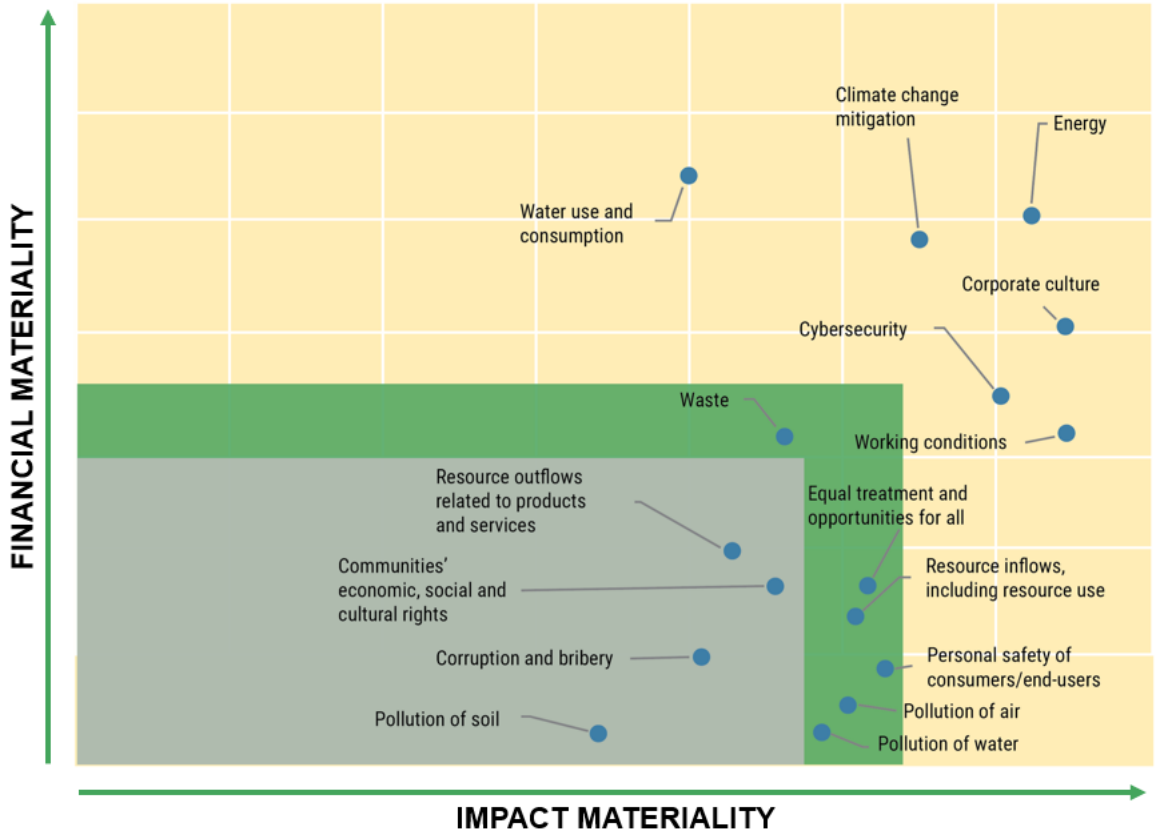
| Scope 3 Category | 2024 Emissions [t $CO_2e$] (Excl. Biogenic $CO_2$) | Percentage |
|---|---|---|
| Purchased goods and services | 5,151,934 | 39% |
| Capital goods | 17,615 | 0.1% |
| Fuel-and-energy-related activities | 245,167 | 2% |
| Upstream transportation and distribution | 557,032 | 4% |
| Waste generated in operations | 5,179 | 0.04% |
| Business travel | 2,436 | 0.02% |
| Employee commuting | 14,437 | 0.1% |
| Upstream leased assets | NA | NA |
| Downstream transportation and distribution | 128,490 | 1% |
| Processing of sold products | 342,516 | 3% |
| Use of sold products | 6,827,794 | 51% |
| End-of-life treatment of sold products | 22,897 | 0.2% |
| Downstream leased assets | 14,217 | 0.1% |
| Franchises | NA | NA |
| Investments | NA | NA |

## Double Materiality

In 2025, Ergon carried out a Double Materiality Assessment (DMA) to identify the issues that matter most for both its business and its impact on the world. The DMA was performed by a globally recognized sustainability consulting services and software provider and included industry benchmarking, management interviews, internal and external surveying of over 170 key stakeholders, and analysis by sustainability subject matter experts and cross-functional Ergon representation.

The results of the materiality assessment reaffirm the direction Ergon has taken over the past five years with our commitment to *Doing Right — With Our Products, For Our Planet, By Our People and Through Our Principles*. Ergon will continue to focus on these material topics, while recognizing that all topics in the assessment help to inform its strategic sustainability initiatives.

Ergon has identified energy consumption, climate change mitigation, water use, materials, waste and pollution as some of the metrics that help address climate change risks.[4]




[4] Ergon's 2025 Doing Right Report

| Theme | Material Topics | Definition | |
|---|---|---|---|
| **Products** | Resources inflows, including resource use | Virgin raw materials sourced and used by the company in its own operations and upstream supply chain including resource efficiency and sustainable sourcing. | ●●○ |
| | Resource outflows related to products and services | Materials and waste resulting from the company's operations and use of its products, including improvements in durability and recycling. | ●○○ |
| **Planet** | Energy | Efforts to adopt more energy-efficient practices and technologies in the company's operations and throughout its value chain. | ●●● |
| | Climate change mitigation | Actions taken by the company to reduce or prevent GHG emissions. | ●●● |
| | Water use and consumption | The impacts of freshwater use and withdrawal for the company's operations, production processes and upstream supply chain, particularly short-supply regions. | ●●● |
| | Waste | The company's infrastructure and approach to improving hazardous and nonhazardous waste management. | ●●○ |
| | Pollution of air | Release of emissions to the air (e.g., SOx, Nox, H2S and VOCs) that result from the company's own operations or supply chain. | ●●○ |
| | Pollution of water | Discharge of pollutants into water from the company's own operations or incidental spills and industrial hazards connected to infrastructure decommissioning or abandoned assets. | ●●○ |
| | Pollution of soil | Releases of harmful substances into sand, silts, shells and gravel, as well as the underlying groundwater resources as a result of regular company activities or along its supply chain. | ●○○ |
| **People** | Working conditions | Policies and practices that address adverse impacts on the company's own workforce. | ●●● |
| | Equal treatment and opportunities for all | Policies and practices that integrate equal treatment and opportunities among all company employees — also includes employee trainings and measures against workplace violence and harassment. | ●●○ |
| | Personal safety of consumers and/or end-users | The company's approach to identify and manage any actual and potential adverse impacts on its consumers and/or end-users of its products. | ●●○ |
| **Principles** | Corporate culture | Policies, commitments and values embedded within the company, fostering good governance, integrity, transparency and compliance. | ●●● |
| | Cybersecurity | Company programs, policies and governance structures regularly updated to mitigate data breaches and other cyber risks. | ●●● |
| | Corruption and bribery | Measures and policies implemented by the company to prevent, detect and address allegations or incidents of corruption and bribery. | ●○○ |
| | Communities' economic, social and cultural rights | Includes actual or potential impacts the company has on communities' rights to adequate housing and food, water and sanitation, land-related impacts and security-related impacts. | ●○○ |

●●● Crucial ●●○ Relevant ●○○ Informative

Metrics and targets play a critical role in guiding Ergon's climate-related and sustainability efforts. By establishing clear indicators and measurable goals, Ergon can track performance consistently, demonstrate accountability and ensure that climate considerations remain integrated into operational and strategic decisions. Ergon is using the results of the 2025 Double Materiality Assessment, aligned with the TCFD recommendations, to reaffirm and enhance the metrics tracked for *Doing Right — With Our Products, For Our Planet, By Our People and Through Our Principles*. These metrics help evaluate Ergon's progress on key priorities — such as greenhouse gas emissions, energy efficiency, environmental compliance, safety, supply chain responsibility and ethical business practices — and identify areas where continued improvement is needed. This framework strengthens Ergon's ability to manage climate-related risks, communicate clearly with stakeholders and support long-term stability across our global operations.

# 6. TCFD Index

| Governance | Strategy | Risk Management | Metrics and Targets |
|---|---|---|---|
| Organization's governance around climate-related risks and opportunities.<br><br>Governance | Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.<br><br>Strategy | Describe the organization's processes for identifying and assessing climate-related risks.<br><br>Risk Identification and Assessment | Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.<br><br>Metrics and Targets |
| Board's oversight of climate-related risks and opportunities.<br><br>Board's Oversight on Climate Change | Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.<br><br>Physical Risks; Transition Risks; Integration of Risks and Opportunities Into Ergon's Business Strategy | Describe the organization's process for managing climate-related risks.<br><br>Process For Managing Climate-Related Risks | Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.<br><br>Metrics and Targets |
| Management's role in assessing and managing risks and opportunities.<br><br>Management's role in assessing and managing climate-related risks and opportunities | Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including two degrees or lower scenarios.<br><br>Physical Risks; Transition Risks; Scenario Analysis for Identified Risks and Opportunities | Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.<br><br>Risk Identification and Assessment; Process of Managing Climate-Related Risks | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.<br><br>Metrics and Targets |