I. Introduction

Audia International, Inc., on behalf of its current and future subsidiaries (collectively hereafter, the "Company"), is a privately-owned international plastics producer and supplier. The Company is guided by our values, which include ethics, safety and wellness, quality, and sustainability. As a global leader in the plastics industry, the Company is focused on building a more sustainable future by working with our customers, suppliers, and employees. The Company strives to lower operation costs without compromising natural and capital resources by operating with fewer emissions and waste, with a goal to achieve zero-landfill waste. Reducing the Company's carbon footprint is central to the Company's sustainability efforts. As such, in this Climate Related Financial Risk Report (the "Report") we focus on the climate risks to our plants and operations in the US, Mexico, Europe, and China, so that we can continue to strategically plan and respond to the uncertain impacts of climate change. This Report is intended to publicly communicate climate-related financial risks and opportunities identified during such assessments in a format that meets the disclosure requirements of California Senate Bill (SB) 261 (Stern, 2023, codified in California Health and Safety Code § 38533) ("SB 261").

II. Purpose and Reporting Framework

The Company is committed to minimizing our environmental footprint by continually improving our environmental performance through climate action, sustainable operations, and innovation. The Company complies with all applicable environmental laws and regulations and proactively aims to exceed compliance standards. The Company's focus areas include reducing waste, improving resource efficiency, procuring from sustainably conscious suppliers, renewable energy sourcing, renewable materials, and assessing environmental risks and impacts across our value chain.

The California Air Resources Board ("CARB") has provided guidance with respect to the content of the Report and suggests reporting entities use one of the following two Frameworks:

- Task Force on Climate-related Financial Disclosures ("TCFD")
- The International Financial Reporting Standards Sustainability Disclosure

CARB's recommendations are largely based on the TCFD framework; as such, this Report applies the TCFD framework to report on client-related financial risks. The TCFD was established in 2015 by the International Financial Stability Board ("FSB") in response to a request from the G20 Finance Ministers and Central Bank Governors. Due to the uncertainty that climate change presents to the global economy, the FSB created the TCFD to improve disclosure of climate-related risks to stakeholders. The TCFD has set forth *voluntary* recommendations that inform corporate disclosures about climate-related risks and opportunities. These disclosures can provide greater transparency for stakeholders, including customers, and regulators, into the types of climate-related risks and opportunities companies face, and how they manage them. While traditional climate-related reporting focuses on a business's impact on the environment, the TCFD provides a lens on how climate change impacts each business. The analysis required to meet the TCFD recommendations can drive increased levels of awareness and knowledge throughout a business of climate-related risks, informing processes and strategy.

The Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), published in June 2017 by the TCFD, was referenced as a framework for constructing this report. Table 1 lists the TCFD recommended disclosures included in this report to meet the minimum requirements of CARB.

The TCFD structured its recommendations around four core elements that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets (Figure 1 and Table 1).

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Figure 1: TCFD Core Elements of Recommended Climate-Related Financial Disclosures
See https://www.fsb-tcfd.org/publications/

Table 1: TCFD Recommended Disclosures

Core Element	Recommended Disclosure
Governance	Describe board oversight of climate-related risks and opportunities.
	Describe management's role in assessing and managing climate-related risks and opportunities.
Strategy	Describe climate-related risks and opportunities the organization has identified over the short, medium, and long term.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios.
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.
	Describe the organization's processes for managing climate-related risks.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Since the Company is privately-owned and does not publicly report financial performance, only qualitative potential financial impacts are included in this report.

III. Governance

The Audia Board of Directors ("Audia Board") monitors and guides the Company's sustainability strategy and oversees climate-related financial risks and opportunities. The Audia Chief Executive Officer ("Audia CEO") is accountable to the Board for operational performance, risk management, and execution of the Company's

sustainability strategy. Sustainability activities are owned and managed at the company level by the Sustainability & Stewardship Manager, who works with the Company Steering Committee across various departments to carry out activities related to environmental, social, and governance ("ESG") targets, with assistance from the Company Sustainability & Stewardship Team.

This oversight includes our climate-related strategy, which addresses emissions reduction objectives, consumption of electricity and water, investments in renewable energy, waste management, and policies governing our supply chain. The Sustainability & Stewardship Manager and Team, along with the Global Director of HSE, who is a part of the Company Steering Committee, provide input and guidance in the development of our climate-related strategy, as well as a managerial approach to environmental and climate-related issues.

The Company Steering Committee reviews the proposed climate-related strategy to determine, from an operations perspective, the implementation process and effectiveness of the climate-related strategy. The Steering Committee is a collection of business unit experts who come from diverse professional backgrounds, giving them the experience, depth of knowledge, judgment, and vision to challenge the Sustainability & Stewardship Team's assumptions and continuously improve our strategies.

The Audia CEO and Company Presidents review the climate-related strategy presented and determine if the objectives align with the Company's short and long-term business plans and goals.

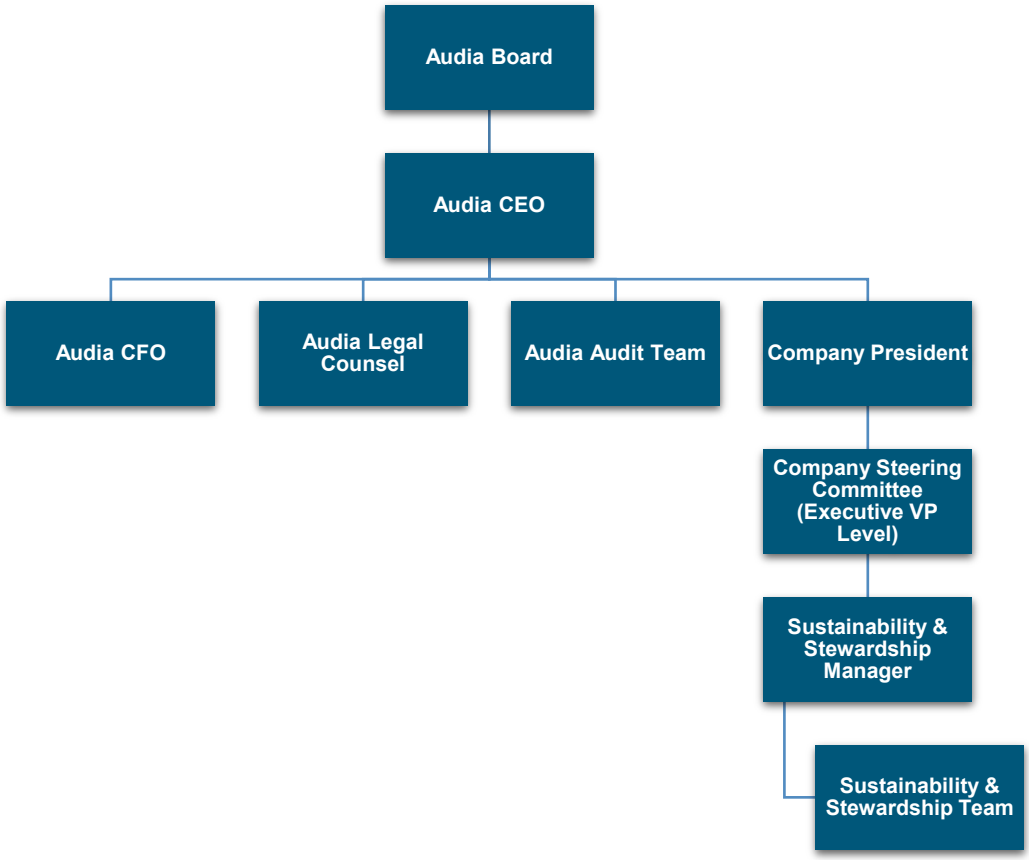

Figure 2: Audia Corporate Sustainability Governance

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IV. Strategy

Sustainability strategy at Audia considers two major categories of climate-related risks as described by the TCFD report: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impact of climate change. Transition risks include those related to the following sub-categories: policy/legal, technology, market, and reputation. Physical risks are grouped as acute or chronic.

Table 2: Timeline for physical and transition risks

Timeline	Short-term	Medium-term	Long-term
Physical and Transition Risks	0-2 years	2-5 years	> 5 years

Table 3: Climate-related risks, potential financial impacts, and potential mitigation and resilience measures

Risk Type	Risk Sub-Type	Climate-Related Risks (● short-term, ● medium-term, ● long-term)	Potential Financial Impact to Audia	Potential Mitigation & Resilience Measures
Transition Risks	**Policy & Legal**	-- Increased pricing of GHG emissions ● -- Enhanced emissions-reporting obligations ● -- Mandates on and regulation of existing products ● -- Exposure to litigation ● --Carbon pricing mechanisms ●	-- Increased operating costs -- Increased costs and/or reduced demand for products resulting from fines and judgments	-- Alignment with Operation Clean Sweep principles -- Proactive environmental monitoring and preventive remediation -- Engage with non-governmental organizations (NGOs) -- Biodiversity & carbon Sequestration programs
	Technology	-- Substitution of existing products with lower emissions options ● -- Costs to transition to lower emissions technology ●	-- Research and development (R&D) expenditures in new and alternative technologies -- Capital investments in technology development -- Costs to adopt/deploy new practices and processes	-- Expand available certified carbon offsets generated by Audia-owned My Green Earth™ ranch property
	Market	-- Changing customer behavior (e.g. reuse, recycling) ● -- Increased cost of raw materials ●	-- Reduced demand for goods due to a shift in consumer preferences -- Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment) -- Abrupt and unexpected shifts in energy costs	-- Raw material supplier diversification strategy (e.g. qualify multiple vendors to leverage lower costs) -- Investment in capital projects to increase energy efficiency, reduce outgoing solid waste, reduce water consumption -- Increase share of renewable or zero-emission energy purchases
	Reputation	-- Shifts in consumer preferences to non-polymer materials ● -- Misperceptions or stigmatization of the plastics industry ● --Awareness and public scrutiny of forever chemicals, e.g. PFAS ●	-- Reduced revenue from decreased demand for goods/services -- Reduced revenue from decreased production capacity (e.g. delayed approvals, supply chain interruptions)	-- Educational outreach events to promote the Audia sustainability culture and circular-ready products -- Participate in industry associations (e.g. Suppliers Partnership for the Environment)

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			-- Reduced revenue from negative impacts on workforce management and planning (e.g. employee attraction and retention) -- Increase costs for testing and marketing PFAS-free products.	--Conduct testing for proof of PFAS-free products and help educate Customers.
Physical Risks	**Acute**	-- Increased severity of extreme weather events such as tornadoes, floods ●	-- Reduced revenue from decreased production capacity (e.g. transportation difficulties, supply chain disruptions) -- Increased capital costs (e.g. damage to facilities, pellet spill cleanup)	-- Supplier diversification strategy (e.g. backup sources for raw materials, critical equipment) -- Investment in capital projects to increase energy efficiency, reduce outgoing solid waste, and reduce water consumption
	Chronic	-- Changes in precipitation patterns and extreme variability in weather patterns ● -- Rising mean temperatures ● -- Operating in water-stressed geographic locations (Mexico, China) ●	-- Reduced revenue from decreased production capacity (e.g. transportation difficulties, supply chain disruptions) -- Increased capital costs (e.g. damage to facilities, pellet spill cleanup)	-- Supplier diversification strategy (e.g. backup sources for raw materials, critical equipment) -- Investment in capital projects to increase energy efficiency, reduce outgoing solid waste, reduce water consumption

Table 4: Climate-related opportunities and potential financial impacts

Opportunity Type	**Climate-Related Opportunities** (● short-term, ● medium-term, ● long-term)	**Potential Financial Impact to Audia**
Resource Efficiency	-- Use of more efficient modes of transport ● -- Use of more efficient production and distribution processes ● -- Use of recycling ● -- Reduced water usage and consumption ●	-- Reduced operating costs (e.g. though efficiency gains and cost reductions) -- Increased production capacity, resulting in increased revenues -- Increased value of fixed assets (e.g. highly rated energy-efficient buildings) -- Benefits to workforce management and planning (e.g. improved health and safety, employee satisfaction) resulting in lower costs
Energy Source	-- Use of lower-emission sources of energy (e.g. renewable or zero-emission) ●	-- Reduced operational costs (e.g. through use of lowest cost abatement) -- Reduced exposure to future fossil fuel price increases -- Reduced exposure to GHG emissions and therefore less sensitivity to change sin cost of carbon -- Returns on investment in low-emission technology -- Reputational benefits resulting in increased demand for products
Products	-- Development and/or expansion of low-emission products (e.g. recycle content, carbon offsets, mass balance) ● -- Development of new products through R&D and innovation ● -- Ability to diversify business activities ● -- Shift in consumer preferences away from higher emission polymers to lower emission and “circular-ready” custom-engineered polyolefins, TPEs, color masterbatches ●	-- Increased revenue though demand for lower emissions products -- Increased revenue due to better competitive position to reflect shifting consumer preferences

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Markets	-- Access to new markets ●	-- Increased revenues through access to new and emerging markets
Resilience	-- Participation in renewable energy programs and adoption of energy-efficiency measures ● -- Resource substitutes/diversification ●	-- Increased market valuation resilience planning (e.g. infrastructure, land, buildings) -- Increased reliability of supply chain and ability to operate under various conditions -- Increased revenue through new products related to ensuring resiliency and security of supply to customers

V. Risk Management

Climate-related risks are identified, assessed, and managed through joint collaboration between the Audia Board, Audia executive leadership (CEO, CFO), Audia legal counsel, Audia audit team, and company-level management (President, VP Sales, VP Technology, Sustainability & Stewardship Manager), following the Audia Risk Management Framework. This framework includes the following steps: (1) risk identification, (2) assessment of impact and likelihood estimation, (3) prioritization using a risk map, and (4) determining an adequate response plan to mitigate any risks identified and prioritized.

Figure 3: Audia Risk Management Framework Process

Examples of climate-related risks considered in the reporting year of this report are as follows:

- Substances of concern in post-consumer recycled raw materials
- New state-level environmental disclosure regulations (e.g. CA SB 253, CA SB 261)
- Extended producer responsibility regulations (e.g. NJ Electric and Hybrid Vehicle Battery Management Act, OR PPRMA, CO HB 22-1355, CA SB 54, MN HF 3911, WA SB 5284, ME SSP, MD SB 901)
- Polymer pellet containment at manufacturing sites
- Recycle polymer market cost pressures

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VI. Metrics and Targets

Starting in 2024, Audia has established and externally communicated the following climate-related targets in Table 5.

Table 5: Audia Sustainability Commitments est. 2024

Metric	Target vs. 2019 baseline	2024 Progress vs. 2019 baseline
GHG Emissions Intensity ($kgCO_2$-e/kg)	40% GHG intensity reduction by 2030 for scopes 1, 2, and 3*.	22.8% reduction
Renewable or Zero Emission Energy (% of total purchase)	50% renewable or zero-emission energy sourced globally by 2030.	38% renewable or zero emission energy sourced globally
Waste-to-Landfill (MT)	50% reduction in landfilled waste by 2035.	10.8% reduction in waste-to-landfill relative to production

** Scope 3 includes outbound freight, waste-to-landfill, and employee headcount as of this reporting year.*

The Company actively tracks our Scope 1, 2 and 3 greenhouse gas (GHG) emissions and reports these metrics annually to the Audia Board. Scope 1 emissions include direct emissions from sources owned or controlled by the company. The Company reports all emissions data containing Scope 2 (indirect) emissions using the market-based Scope 2 calculation method, in accordance with the GHG Protocol Scope 2 Guidance, unless otherwise specified. Scope 3 emissions are calculated using an EPA-developed, spend-based Environmentally-Extended Input-Output (EEIO) methodology.

Waste-to-landfill reduction activities include, but are not limited to, equipment upgrades for dust collection and dust escapement prevention, diversion to waste-to-energy converters, sieve waste recycling, and resale of poly liner and shrink wrap packaging waste that is not compatible for internally recycling with polyolefins.

VII. Forward-Looking Statements

This Report contains forward-looking statements regarding our future business expectations, climate-related goals, emissions reduction targets, sustainability initiatives, and environmental impact assessments. Words such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "plan," "predict," "project," "should," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those related to climate science, regulatory developments, technological advancements, market transitions, and environmental conditions.

Forward-looking statements are not guarantees of future performance and involve risks and assumptions. Our actual results may vary materially from those indicated or anticipated in these forward-looking statements if one or more risks or uncertainties materialize, or if underlying assumptions prove incorrect. Potential risks and uncertainties that could cause actual results to differ from results predicted include, but are not limited to:

- Changes in climate-related laws, regulations, and reporting requirements;
- Evolving scientific understanding of climate change and its impacts;
- Technological limitations in measuring, monitoring, and reducing emissions;
- Market and economic factors affecting the transition to a low-carbon economy;
- Physical climate risks to our operations, supply chain, and stakeholders;
- Availability and cost of renewable energy sources and carbon offsets; and
- Changes in stakeholder expectations regarding environmental performance;

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You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. We expressly disclaim any current intention to update publicly any forward-looking statement contained in this climate-related disclosure report, whether as a result of new information, future events, changes in assumptions, or otherwise, unless required by applicable law or regulation.

Data Accuracy and Methodologies

The climate-related data, metrics, and assessments contained in this report are based on methodologies, standards, and assumptions we believe to be reasonable and appropriate at the time of preparation. However, the measurement, collection, and reporting of climate-related data involve inherent limitations and uncertainties. We have relied on industry standards and best practices for data collection and calculation methodologies, but these standards continue to evolve. Future reports may reflect updated methodologies, resulting in data that may not be directly comparable to data presented in this Report.

While we have made reasonable efforts to ensure the accuracy and completeness of the information presented, this information has not been subject to the same level of internal controls and procedures designed for our financial reporting.

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