

2023
FULL-CIRCLE REPORT



RODUCTS, PEOPLE, PLANET.



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## **About This Report**

This 2023 FULL-CIRCLE Report is an annual report highlighting AZEK's business performance, corporate activities as well as environmental sustainability, social impact and corporate governance initiatives for the period October 1, 2022 to September 30, 2023 and covers activities of AZEK and its consolidated subsidiaries, in each case unless otherwise noted. This FULL-CIRCLE Report reports information as of September 30, 2023, except as otherwise noted. The report also provides select data from past years in order to facilitate year-over-year analysis.

Our data collection, measurement and reporting on these topics are informed by industry-leading frameworks, including the United Nations Global Compact (UNGC) and the United Nations Sustainable Development Goals (UNSDGs), as well as guidelines and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). The metrics contained in this report relating to sustainability topics, including those informed by these frameworks, are not financial measures determined in accordance with generally accepted accounting principles and have not been the subject of an audit, examination or review by our independent auditors. This report is intended to provide information that could be of interest to a broad range of stakeholders. Disclosures included in this report may be more expansive, or present information from a different perspective, than the disclosures we are required to make in our regulatory reports, including The AZEK Company's Annual Report on Form 10-K for the year ended September 30, 2023, as amended, and our other filings with the U.S. Securities and Exchange Commission (SEC). Words used in this report, including "ESG", "sustainable", "goals", "important", "significant", "material" or similar words, should not be understood to have the meanings ascribed to them under regulations or other legal or industry frameworks. For example, although matters described in this report may be important to us or various stakeholders, they should not be read as necessarily rising to the level of materiality used for the purposes of complying with the securities laws and regulations (including sustainability related laws), even if we use words such as "material" or "materiality assessment" in this report.

The methodologies, assumptions and estimates underlying our sustainability data, strategy and analysis (including those used to calculate greenhouse gas emissions) continue to develop and evolve, including because of regulatory, scientific, technological, methodological and other developments. In addition, certain information in this report

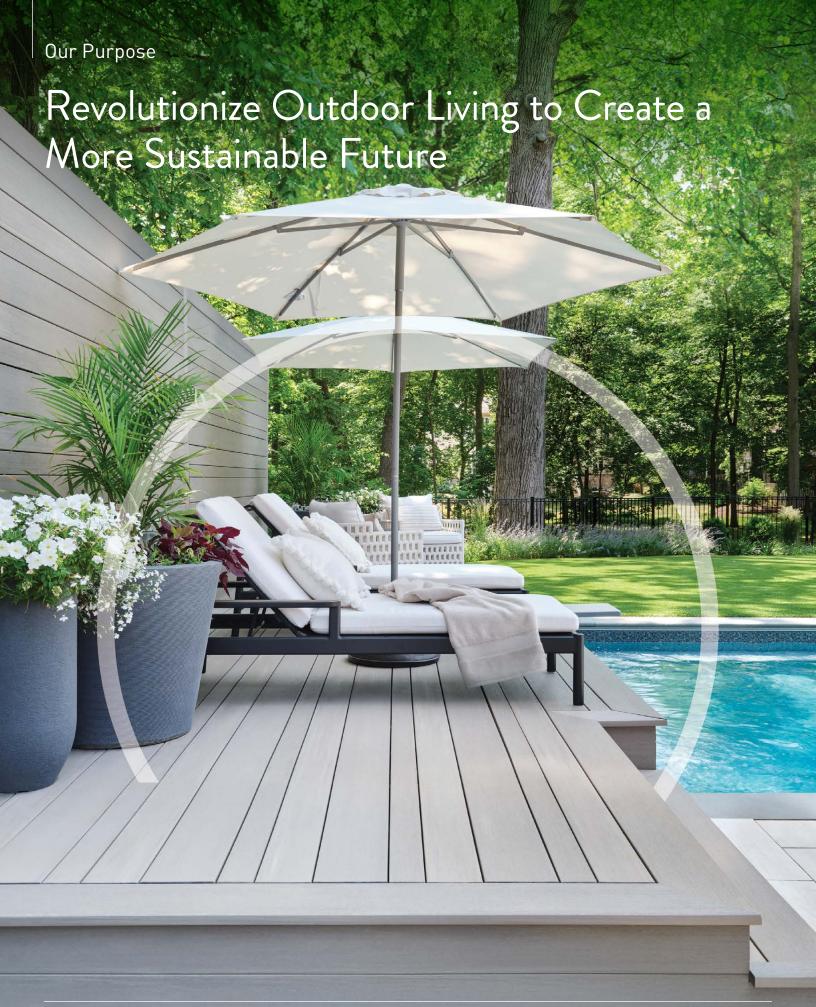
incorporates or otherwise relies on data provided to us by third parties, which may have been prepared or be presented in ways that are not consistent with our methodologies or practices. We have not, and do not undertake any obligation to, independently verify such third-party information. As a result of these and other factors, information disclosed in this report might differ from those contained in our past disclosures, and we may include information in future disclosures that differs from those contained in this report. We undertake no obligation to update this report or any information contained herein. You should refer to the most recent FULL-CIRCLE Report available on our website for the latest information on our sustainability strategy and performance.

None of the content in this FULL-CIRCLE Report shall be deemed to be incorporated by reference in any documents we have filed or will file with the SEC. In addition, we reference our and third-party websites throughout this Report, but the content of such websites or any other information they refer to are not incorporated by reference into this report. This report is not intended to provide any representation as to the sustainability performance of any product or any third party, or as to the accuracy or completeness of any third-party information.



#### FORWARD LOOKING STATEMENTS

This FULL-CIRCLE Report contains forward-looking statements, including statements regarding our environmental sustainability, social impact and corporate governance goals, commitments, programs and aspirations and other business plans, initiatives and objectives. These statements are typically accompanied by the words "believe," "will," "may," "anticipate," "intend," "could," "would, "expect," "aim," "strive," "hope," "target," "estimate," "plan," "aspire" or similar words or the negatives of such words. Such forward-looking statements are subject to a number of risks, uncertainties and assumptions, any of which could cause future events, trends and achievements to differ materially from those anticipated or implied by these forward-looking statements. For more about the risks and uncertainties associated with our forward-looking statements, please refer to the "Forward-Looking Statements" and "Risk Factors" sections of our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and other information we file with the SEC, as well as factors listed in "About this Report" above. We undertake no obligation to update or revise any forward-looking statements, except as required by law.



## A Responsibility to Sustainability

The AZEK Company stands at the forefront of sustainable innovation with our visionary initiative: FULL-CIRCLE. As custodians of our shared Earth, we recognize the pressing need to embrace sustainability practices that not only preserve natural resources but also pave the way for a brighter, more sustainable and circular future.

FULL-CIRCLE embodies our dedication to always doing the right thing at every point in our journey. At its core, FULL-CIRCLE is about taking collective action, driving impact and unlocking vast repurposing opportunities. It's a mission deeply ingrained in the ethos of AZEK, as we harness the collective power of our employees, customers, dealers, suppliers, and contractors nationwide to propel the circular economy forward. Our aim is clear: to transform waste and scrap—otherwise bound for landfills—into beautiful, low-maintenance and sustainable outdoor living products that not only serve a purpose but are also designed to contribute to positive environmental impact.

The audacious goal of FULL-CIRCLE is to integrate one billion pounds of recycled waste and scrap material annually into our manufacturing processes. While undeniably ambitious, our journey towards this milestone has already seen remarkable progress. We've leveraged our research and development capabilities to reformulate or introduce products that prioritize recycled materials, reduce deforestation, and are recyclable at the end of their service life.

Furthermore, our commitment extends beyond product innovation. We're continuously strengthening and advancing a culture that fosters teamwork, collaboration, inclusion and belonging, and continuous improvement, all while setting new standards for service, quality, and safety. We also participate in philanthropic activities to cultivate relationships with organizations in the regions where we operate, supporting their efforts to foster stronger and more vibrant communities.

Our FULL-CIRCLE efforts are not limited to our products and people; they extend to the very planet we call home. We're dedicated to reducing our carbon footprint across the entire value chain, setting ambitious greenhouse gas reduction targets, enhancing energy efficiency in our facilities, and reducing energy consumption from non-renewable sources and increasing our use of emissions-free energy sources. Collaboration with suppliers on sustainability and social stewardship further underscores our commitment to act responsibly.

#### **Our FULL-CIRCLE Journey**



#### At the heart of our FULL-CIRCLE journey lie three critical pillars: Products, People, and Planet.

Together, they form the foundation of our commitment to creating a brighter, more eco-friendly future. We're proud of the strides we've made and excited to share our progress. With each step forward, we reaffirm our commitment to nurturing the Earth, engaging and inspiring every individual we encounter and pioneering a path towards lasting environmental impact and a better tomorrow. And, we invite you to join us on this journey.

## A Letter From our Chairman, and President and CEO

TO OUR VALUED STAKEHOLDERS:

# It is with great pride that we present to you our 2023 FULL-CIRCLE Report, a testament to our unwavering commitment to sustainability, innovation and the core values that drive every aspect of our business.

Over the past year, we have made significant strides in advancing our sustainability initiatives. Our dedication to reducing our environmental impact, engaging and inspiring stakeholders across our value chain and demonstrating sustainable, responsible business growth has never been stronger.

This report highlights our progress and aspirations as we continue this journey—a journey that is guided by a clear vision: to revolutionize outdoor living to create a more sustainable future. With our FULL-CIRCLE initiatives at the forefront, we aspire to integrate one billion pounds of recycled waste and scrap material into our manufacturing processes annually, crafting beautiful, low-maintenance, high-performance and sustainable outdoor living products that stand the test of time.

One of our key achievements this year has been the expansion of our product portfolio to include materials that are not only beautiful and durable but offer top-rated fire resistance and are designed to withstand the increasing threats posed by climate change. Our product innovations, such as TimberTech Advanced PVC decking and AZEK trim, directly respond to the growing need for resilient building materials that can help protect homes and communities from the devastating effects of wildfires and floods.

We understand that our responsibility extends beyond our products. It encompasses our carbon footprint, our communities, and our people. That is why we are committed to setting ambitious greenhouse gas reduction targets and engaging our employees, partners, customers and communities in ways that resonate with our core values.

The expansion of our FULL-CIRCLE PVC RECYCLING Program is a prime example of our innovative spirit. By recycling and processing post-construction PVC material, which now includes end-of-life vinyl siding, we are not only preventing landfill disposal but also breathing new life into our AZEK and TimberTech products. This circular approach is a cornerstone of our mission to lead the industry towards a more sustainable future and lower our carbon footprint through the increasing use of recycled waste and scrap material. For example, in part because of our increasing use of recycled material over the last several years, our carbon intensity (measured in tons of carbon emissions equivalent per \$1 million of net sales) decreased by approximately 44% between fiscal 2019 and fiscal 2023. Because of our year-over-year and cumulative decrease in carbon intensity, AZEK has been recognized as one of America's Climate Leaders by USA Today for the second consecutive year.



In 2023, we rolled out the AZEK Star program, an employee recognition initiative, launched three new Employee Resource Groups to further create a sense of belonging and promote inclusion across our company, and introduced the AZEK Accelerated Leadership Development Program to develop rising leaders in our organization. Our annual employee engagement scores continue to strengthen with an overall 2023 score of 79 (out of a possible score of 100), maintaining the top quartile of company engagement scores. Our dedication to employee engagement, growth and well-being fosters a culture where continuous improvement is not just encouraged—it is expected.

Our efforts have not gone unnoticed. AZEK has been named one of Chicago Tribune's Top Workplaces for the third year in a row, a Best Company to Work For in the construction and materials industry by U.S. News and World Report, and one of America's Most Responsible Companies by Newsweek.

As we navigate the complexities of our world, we remain focused on delivering excellence in all facets of our business. From fostering a safe work environment and providing professional development opportunities to ensuring rigorous quality standards and best-in-class customer service, our commitment to sustainability, innovation, and long-term sustainable value creation remains unwavering.

Our governance structure, including a focused management team and an engaged and experienced Board of Directors, ensures that environmental stewardship and social impact considerations are appropriately integrated into our strategic decision-making process.

Looking ahead, we are excited about the opportunities to further integrate sustainability into every facet of our business. We are committed to setting and progressing towards ambitious goals, driving innovation, and collaborating with our stakeholders to create a lasting positive impact on the environment and society.

In closing, we invite you to join us on this journey. Your support, feedback, and collaboration are invaluable as we strive to make a positive impact on people, products, communities, and the planet—in other words, the full circle. Together, we can build a sustainable and resilient future for generations to come.

Thank you for your continued trust in The AZEK Company.



5 Exfender

Gary Hendrickson
Chairman of the Board



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Jesse Singh
President, CEO and Director

August 2024



# About AZEK >



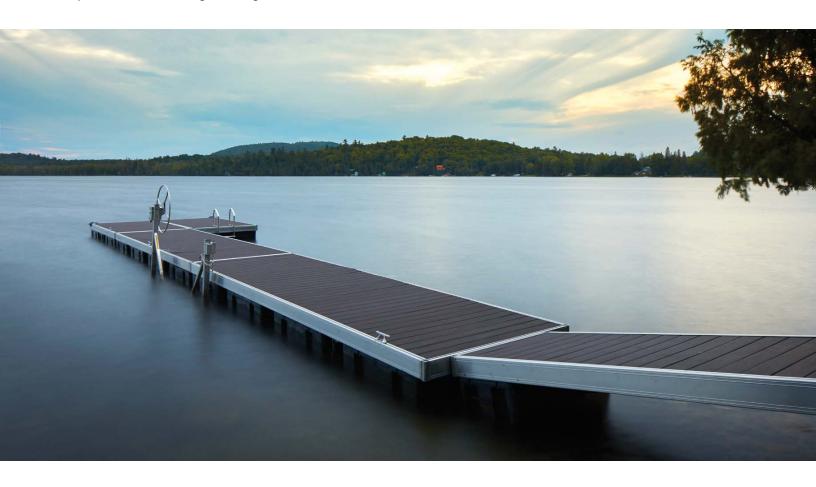
products that are beautiful, long-lasting,

low-maintenance and sustainable.

The AZEK Company | 2023 FULL-CIRCLE Report

### Our Vision

At AZEK, we have an opportunity to drive real and lasting change with a sustainable, profitable business well positioned for long-term growth and success.



#### BEAUTIFULLY ENGINEERED TO LAST

Over our nearly 40-year history, The AZEK Company has grown into the industry-leading designer and manufacturer of beautiful, low-maintenance and environmentally sustainable outdoor living and building products led by our TimberTech®, AZEK® Exteriors, Versatex® and StruXure® brands. We participate in large and growing markets that are experiencing a long-term secular trend of converting away from wood and towards our types of sustainable, long-lasting, low maintenance and high-quality materials.

Our innovative portfolio includes products that have been purposefully designed to utilize increasing amounts of recycled material and are sustainably engineered to last beautifully.

Made from up to 85% recycled waste and scrap material, and backed by our industry-leading warranties, our products help customers create nature-inspired, sustainable outdoor living spaces that they can enjoy for decades to come. We believe we are uniquely positioned to accelerate the use of recycled material, our largest raw material input. Since 2019, we have used 2.1 billion pounds of waste and scrap, which otherwise might have been destined for landfills, to manufacture products across our portfolio. In doing so, we believe that we are acting on our promise—our corporate purpose— to revolutionize our industry to create a more sustainable future.

Timber Tech



STRU%URE

VERSATEX









## Headquartered in Chicago

~2,000 Employees



~420 million pounds

of scrap and waste incorporated into our products in fiscal 2023

## The Innovation Leader in Outdoor Living and **Exteriors**

#1 Brands Most Used in composite/PVC decking, railing and exterior trim1

U.S.-based manufacturing and recycling facilities



## Fiscal 2023 Financial Highlights

\$1.37в

\$62м

\$284<sub>M</sub>\_



Returned to shareholders via share repurchases

\$363м

Operating Activities

\$274<sub>M</sub>



According to 2023 JLC Brand Use Study by Zonda.

<sup>2</sup>The information above represents a snapshot of certain financial metrics for our fiscal year ended September 30, 2023. Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures and are not intended to be considered in isolation or as a substitute to the financial information prepared and presented in accordance with GAAP. Please refer to the Appendix of this report for a reconciliation of their most comparable GAAP measures.

## **ESG Ratings**



As of July 2024, The AZEK Company received an MSCI ESG Rating of 'A.'



As of August 2024, The AZEK Company had an ESG Risk Rating of 11.1 and was assessed by Sustainalytics to be at LOW risk of experiencing material financial impacts from ESG factors.



In 2023, AZEK responded to CDP's Climate Change Questionnaire for the first time and received a score of B-.



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### Who We Are at Our Core

Our core values guide how we work—influencing our decisions, our interactions with colleagues and customers and our standards for behavior. It is in part due to our fundamental commitment to living our core values that our employees are inspired to be part of our winning team and culture.



#### Always Do the Right Thing

We make decisions according to what is right, not what is cheapest, fastest or easiest. We always strive to operate with integrity, transparency and courage. This core value is the foundation of AZEK's overarching commitment to being a good corporate steward, including with respect to environmental sustainability and social impact.

#### It Starts and Ends with the Customer

For every action we take, we ask ourselves, "How will this affect our customers?" Our responsibility is to understand their expectations, then surpass them.

#### Value Every Individual

We strive to truly understand our colleagues' everyday realities and empathize with their challenges and aspirations. We are committed to providing an inclusive culture where every individual feels engaged, safe, respected and supported with the necessary tools to be successful.

#### **Lead Through Innovation**

We consistently bring unique, high-tech and environmentally sustainable products to market. We invest in the art of the impossible, creating new solutions to address needs customers don't yet know they have.

#### The Best Team Wins

Our goal is to win, period. We hire and develop the most talented individuals, with a focus on bringing diverse perspectives together in pursuit of this shared goal.

#### **Better Today Than Yesterday**

We always ask, "How can we do this better?" We accomplish every goal by rigorously implementing the AZEK Integrated Management System (AIMS). Our continuous improvement methodology includes Policy Deployment, Lean Six Sigma, Sales and Operations Planning, Stage Gate and Digital.

#### AZEK VALUES COMMITTEES: CREATING A WORKPLACE ALIGNED TO OUR VALUES

Our manufacturing plants have local Values Committees created to promote and drive AZEK's intended culture and encourage a workplace where all team members can thrive. These committees are comprised of a cross-functional team that ensure different voices within the company are heard, creating cohesion across various departments, and serve as catalysts for action that drive programming related to company culture, inclusion, and engagement.



#### **Recycling Initiatives**

~420 million pounds

of scrap and waste re-manufactured into our products, which may otherwise have been sent to landfills

100%

of the wood fiber we use is from recycled sources



#1

Largest vertically integrated recycler of PVC in the United States

~99%

of scrap generated in our Wilmington, Scranton and Boise manufacturing facilities is re-used

~85%

Amount of recycled content in TimberTech Composite decking

~60%

Amount of recycled content in TimberTech Advanced PVC decking—the highest recycled content of PVC on the market today

~30%

Increased the percentage of recycled content in AZEK Exteriors Trim to approximately 30%

## **Environmental Sustainability**

44% lower carbon intensity

Our carbon intensity (tCO2e per \$1 million net sales) decreased by 44% between fiscal 2019 and fiscal 2023

### TimberTech decking outperforms wood

TimberTech decking has a lower life cycle footprint than both its pressure-treated pine and Brazilian tropical IPE alternatives according to the results of our Life Cycle Assessments



#### **Pursuing LEED certification**

at our 355,000 square foot Boise manufacturing facility

#### Zero waste to landfill

certification for the TimberTech Championship, a PGA Tour Champions event—the first and only event in PGA Tour Champions history





## **Social Impact**

~27% improvement

Achieved in safety performance year over year

~56% board diversity\*

Gender and/or race/ethnic diversity

~67% executive diversity

Gender and/or race/ethnic diversity

Launched three new Employee Resource Groups:

- African Americans@AZEK
- Pride@Δ7FK
- Mindful Living@AZEK

Named...



- One of America's Most Responsible Companies by Newsweek
- One of Chicago Tribune's Top Workplaces for the third year in a row
- One of the Best Companies to Work For by U.S. News and World Report in the construction and materials category

#### **Corporate Governance**

Dedicated to being aligned with investment community and public company best practices





Environmental sustainability, social impact and corporate governance goals are a component of individual performance under our 2023 management annual incentive plan

The Board of Directors is responsible for overseeing the integration of environmental sustainability, social impact and corporate governance risks and opportunities into the Company's strategy



#### **Our FULL-CIRCLE Ambitions**

Committed to Reducing the Carbon Footprint across The AZEK Company value chain and set ambitious targets in alignment with climate science

Aspire to Use One Billion Pounds of Recycled Material annually

Strive to positively impact our employees, customers and communities through Purposeful & Inclusive Engagement



## Awards & Recognitions

#### CORPORATE RECOGNITIONS

















#### PRODUCT RECOGNITIONS

## **TimberTech**



#1 Brand Most Used and #1 in Quality for Composite/PVC Decking\* #1 Brand Most Used for Railing\*

#1 Brand Most Used for Exterior Trim\*



















### The Company We Keep

Consistent with our dedication to being aligned with best practices, we participate in several industry organizations and peer networks to stay informed on the latest trends.

#### $Key\ memberships\ include:$

- United Nations Global Compact signatory
- World 50
- National Association of Home Builders
- North American Deck & Railing Association
- US Green Building Council—Gold Member
- Vinyl Sustainability Council
- Health Product Declaration® Collaborative
- Women's Business Enterprise National Council
- Design Leadership Network

<sup>\*</sup>Source: 2023 JLC Brand Use Report by Zonda (categories ranked include Decking: Composite/PVC and Exterior: Decorative Moulding/Trim/Columns).

## Engaging Our Stakeholders

#### WHAT'S AT STAKE FOR OUR STAKEHOLDERS

Cultivating relationships, building trust and loyalty, and increasing transparency are some of the goals of AZEK's stakeholder engagement approach. By maintaining open dialogue and communication with our valued stakeholders, we are able to drive meaningful, successful and sustainable outcomes.

"At AZEK, we aim to build sustainable and lasting value for all stakeholders. Through ongoing engagement, gathering and listening to feedback, and inclusive collaboration, we constantly evaluate our efforts to ensure they have a positive and enduring impact."



Amanda Cimaglia Vice President Corporate Affairs

### How We Engage Throughout the Year

Stakeholder Group	Example
Employees	Core Values, Code of Conduct, Leadership Behaviors Annual engagement surveys; Periodic pulse surveys Annual and mid-year performance reviews Town Hall meetings hosted by the CEO and/or senior leadership Lunch and Learns Professional training, development and mentorship programs Safety training Employee Resource Groups (ERGs) Community engagement activities AZEK Academy, a learning management system for tailored learning curricula aligned to role responsibilities and personal development
Dealers and Customers	<ul> <li>Regular sales calls and customer service interactions</li> <li>Marketing and promotional activities including through 1x1 interactions, websites, events, newsletters and media (TV, magazines, social media, etc.)</li> <li>AZEK University, a training program designed for distributors, dealers, architects and contractors</li> <li>AZEK FULL-CIRCLE Recycling program education</li> </ul>
Suppliers	Supplier Code of Conduct, Policy on Human Rights     Engagement on various business, environmental sustainability and social responsibility matters
Investors	<ul> <li>Quarterly earnings calls</li> <li>Annual and quarterly financial disclosures</li> <li>Key industry conferences and events</li> <li>Non-deal roadshows</li> <li>Direct interactions</li> <li>Annual FULL-CIRCLE Report</li> </ul>
Communities	<ul> <li>Donations and community outreach</li> <li>Volunteerism and sponsorships</li> <li>The AZEK CARES Foundation</li> </ul>

## Advancing the United Nations Sustainable Development Goals

In 2020, The AZEK Company became a signatory to the United Nations Global Compact, a voluntary initiative to implement universal sustainability principles and to take steps to support the United Nations Sustainable Development Goals (SDGs).

With seventeen goals in total, the SDGs focus on the biggest and most complex global challenges of our time—challenges that demand innovation, leadership and action. The private sector has an important role to play in advancing a more sustainable, resilient and inclusive future. At AZEK, our true north is embodied in our core value of Always Do the Right Thing.

We believe that our operations, values and impact are most closely aligned with the SDGs discussed below, but we acknowledge that this is a journey. The AZEK Company will always strive to be Better Today Than Yesterday. Through this report, we reaffirm our support of AZEK's ongoing commitment to the United Nations Global Compact (UNGC).



Sustainable Development Goals	AZEK Commentary
3 GOOD HEALTH AND WELL-BEING	People are at the heart of everything we do. AZEK offers comprehensive benefits, wellness services and support for all employees through access to resources that foster and promote their physical, emotional and cognitive health. We recently launched Mindful Living @ AZEK, one of our newest Employee Resource Groups, formed to promote access to preventive, supportive, and recovery-focused treatment resources that promote mental wellness, individual growth, and psychological health as well as reduce the stigma regarding mental health. We seek to remind employees that mental health and emotional well-being matter, reinforcing our commitment to fostering a supportive and inclusive work environment. Consistent with our core value of Always Doing the Right Thing, our first priority has been and will continue to be the safety and wellbeing of our employees, our partners and our communities.
6 AND SANITATION	Embracing a circular, sustainable economy is essential for protecting our ecosystems and maximizing resource efficiency, which means reducing contamination of ecosystems, and increasing the treatment, recycling and safe reuse of wastewater as a source of water, energy and nutrients. That's why we have implemented closed-loop water filtration systems that recycle approximately 97% of water used annually in our Wilmington, Ohio; Boise, Idaho; and Scranton, Pennsylvania facilities.
8 DECENT WORK AND ECONOMIC GROWTH	Sustained and inclusive economic growth can drive progress, create good jobs for all and improve living standards. Through our sustainable business practices, we contribute to job creation and economic development in the communities where we operate. We prioritize fair labor practices, invest in employee training and development, and responsible sourcing. By promoting inclusive growth and providing opportunities for meaningful employment, we believe that we are helping to build more resilient and prosperous societies.
9 NUSTRY INVOATION AND AND AND AND AND AND AND AND AND AN	We are building a more sustainable future and our relentless commitment to innovation is a key differentiator for AZEK.  Over the past several decades, our focus on innovation, new product development, material science and research and development has enabled us to capitalize on favorable secular growth trends that are accelerating material conversion away from traditional materials such as wood, to our types of sustainable, low-maintenance and recyclable outdoor living and building products. AZEK's products, such as decking and trim, are designed to withstand harsh weather conditions and resist rot, mold, and insect damage. This resilience contributes to the longevity and durability of housing infrastructure, reducing the need for frequent repairs and replacements, thereby reducing the environmental impact of construction. We also own and operate an expansive rigid PVC recycling network called FULL-CIRCLE Recycling. A first of its kind program, we developed the infrastructure to collect and recycle post-consumer and construction and demolition PVC waste, thereby diverting it from landfills and instead, turning it into beautiful, durable products across our portfolio.

## Advancing the United Nations Sustainable Development Goals (continued)

## Sustainable Development Goals

AZEK Commentary



Green homes and buildings are the fabric of sustainable communities and cities. They are healthier, more productive places for us to live, learn, work and play—and place less stress on the environment as well. Because of their high percentages of recycled content, several AZEK products are Leadership in Energy and Environmental Design (LEED) credit eligible, meaning they satisfy certain environmental criteria necessary for materials used in construction or retrofitting of buildings and homes and can help a project achieve LEED certification. In addition, several of our TimberTech decking products offer top-rated fire resistance, including an Ignition Resistant designation, Class A flame spread rating and/or Wildland Urban Interface (WUI) compliance. Our commitment to producing fire- resistant building materials not only helps to protect homes and structures but also supports the creation of safer communities. By providing innovative solutions that prioritize safety and sustainability, we believe that TimberTech can play a vital role in building more resilient communities for future generations.



We have created an operating platform that is centered around sustainability. It is a platform that has been purposefully designed to repurpose waste and scrap that may have otherwise been bound for landfills, instead using it to manufacture our long-lasting, beautiful products, thus, supporting the global transition to a circular economy. This extends across our value chain from product design to raw material sourcing and manufacturing. We are committed to expanding our recycling programs and introducing sustainable products that increasingly utilize recycled materials, reduce deforestation and are recyclable at the end of their useful lives. In fiscal 2023, we incorporated approximately 420 million pounds of scrap and waste into our products, which may otherwise have been sent to landfills. Our ambition is to utilize one billion pounds annually in the future. We expect our suppliers to hold themselves to the same environmental and social standards we hold for ourselves. Furthermore, AZEK educates consumers about the environmental benefits of its products and supports sustainable purchasing decisions.



We are dedicated to mitigating climate change impacts through innovative practices and the use of recycled materials. By accelerating our use of recycled waste and scrap materials, we are making significant strides in reducing greenhouse gas emissions. Our TimberTech decking collections, which incorporate high percentages of recycled raw materials, have been rigorously analyzed through a Life Cycle Assessment. This assessment revealed that our products not only require less energy and resources to manufacture compared to traditional wood options like pine and Ipe but also contribute to forest conservation and lower carbon emissions over their life cycles. In addition, we are dedicated to implementing energy-efficient practices, utilizing emissions-free energy sources, and optimizing transportation logistics. These efforts are integral to minimizing the greenhouse gas emissions associated with our business activities.



Forests are vitally important for sustaining life on Earth and play a major role in the fight against climate change. By providing durable and long-lasting building materials, AZEK helps reduce the need for frequent replacement of outdoor living products, which can contribute to deforestation. AZEK's products offer a sustainable alternative to wood, helping to protect ecosystems and preserve biodiversity. Since 2001, we estimate that the equivalent of over three million trees has been saved because customers chose TimberTech decking over wood. We believe that AZEK's products have life spans that are significantly longer than the life spans of the traditional materials they replace (including exotic hardwoods cut from rainforests) with very little need for maintenance or cleaning chemicals. Our vertically integrated recycling capabilities, the increasing percentage of recycled content incorporated into our products and our use of 100% recycled wood fibers enable us to divert waste that may have ended up in landfills and protect forests by reducing deforestation.





## Making a Positive and Sustainable Impact

## At AZEK, we look at the FULL CIRCLE and we believe that the world needs companies like AZEK to lead the way by making sustainability a core part of their mission, process and products.

In alignment with our commitment to positively impacting our products, our people and our planet, we have created an operating platform that is centered around sustainability, which extends across our value chain from product design to raw material sourcing and manufacturing, and we continue to utilize plastic waste, recycled wood and scrap in our

products. Because of our unique position as both a recycler and consumer of hundreds of millions of pounds of otherwise landfill-bound waste and scrap each year, we believe that we can fulfill our goal to revolutionize outdoor living to create a more sustainable and circular future.

## Environmental Sustainability

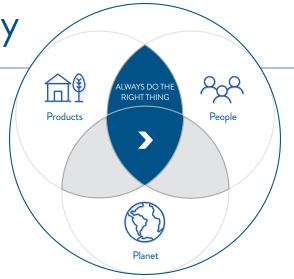
#### **Our FULL-CIRCLE Ambitions**

#### Be a world class leader in recycling...

aspiring to use one billion pounds of recycled waste and scrap material annually

#### Build a more sustainable, circular future...

by improving the sustainability performance and reducing the carbon footprint across our value chain, including product life cycles, and setting ambitious targets in alignment with climate science





## Research & Development: Investing in the Art of the Impossible

Over our nearly 40-year history, we believe we have developed a reputation as the industry-leading innovator by leveraging our differentiated manufacturing capabilities, material science and research and development (R&D) expertise to capitalize on favorable secular growth trends that are accelerating material conversion from traditional building materials such as wood, to sustainable, low-maintenance engineered materials.



## We Lead Through Innovation

Our product managers and marketing team actively analyze proprietary consumer research and work with architects, contractors and consumers to identify and develop new products that incorporate consumer feedback, expand our portfolio and extend the range of style and design options we offer. Our R&D team then designs, prototypes and tests these new products prior to full scale production. Sustainability considerations are critical to the design phase of the R&D process. This is true for both designing new products to incorporate recycled materials and re-formulating existing products to include more recycled content. Our rigorous R&D process then incorporates in-house analytical capabilities and comprehensive product testing with more than 260 distinct tests, including accelerated weathering, for optimal performance and longevity.

As of September 30, 2023, we had...

~400

trademark registrations

~172

issued patents and pending patent applications in the United States and other countries

In fiscal 2023, we invested nearly \$9.2 million in R&D. We are able to create award-winning products and back them with some of the industry's longest warranties, such as the 50-year fade & stain limited warranty that we offer on our TimberTech Advanced PVC decking product line. We are committed to continuing to invest in our R&D capabilities to further strengthen our ability to regularly introduce new products that set us apart from our competition and accelerate future growth.

## At The AZEK Company, the Environment is Our World

## The plastic waste crisis is one of the greatest challenges facing Planet Earth. Thus, our commitment to revolutionize outdoor living to create a more sustainable future is more critical than ever.

At AZEK, not only are we processing and recycling hundreds of millions of pounds of plastic waste each year, but we are also uniquely positioned to consume that amount and more.

Recycled material is the largest raw material input we use, and we have two distinct capabilities in plastics recycling: polyethylene plastic and PVC plastic. Today, we are the largest vertically integrated recycler of PVC plastic in the United States. Not only does recycled plastic represent up to a 50% cost savings compared to virgin plastic, but its carbon footprint is also 75% to 80% lower.

Our team continues to seek out new recovery channels for plastic waste and scrap that might be otherwise destined for landfills as we continue our path towards our goal of reaching a billion pounds annually.

Across our industry-leading portfolio, we are proud to offer a number of high-quality products made from up to approximately 85% post-consumer and post-industrial recycled materials. In addition, the majority of our TimberTech, AZEK Exteriors and Versatex products are recyclable at the end of their useful lives via our FULL-CIRCLE Recycling Programs, meaning they can be transformed into a usable raw material, made into new products with lifespans up to 50 years and kept out of landfills.



When we say that the environment is our world, we mean that we are thinking about sustainability at every point in our journey because we want to create a better tomorrow. Today.

## Vertically Integrated Recycling Capabilities

In 2018, AZEK transformed its business strategy to accelerate the use of recycled materials in our products, becoming vertically integrated and changing operations, formulations of our products and the technology we used. Today, AZEK is the largest vertically integrated recycler of PVC in the United States. This distinction not only sets us apart as an industry and innovation leader but also underscores our commitment to environmental stewardship and sustainability.

In 2019, we unveiled our 100,000-plus square foot cutting-edge polyethylene recycling facility in Wilmington, Ohio. This dedicated ecofriendly facility accepts post-consumer and post-industrial recycled polyethylene materials from retailers, waste management companies and municipalities for reprocessing into multiple product lines. In 2020, AZEK acquired Return Polymers, a leader in PVC recycling and

compounding. This acquisition has enabled AZEK to accelerate its sustainability mission by in-housing PVC recycling capabilities leveraged by its TimberTech, AZEK Exteriors, and Versatex brands and products. With nearly 30 years of operating history, Return Polymers brings full-service recycled material processing, sourcing, logistical support and scrap management programs to AZEK's expanding capabilities.

#### TimberTech Decking is Made From Mostly Recycled Materials...



## ...and is Recyclable at End of Life Through our FULL-CIRCLE Recycling Programs

~2.1 billion

Through our recycling programs, we have incorporated approximately 2.1 billion pounds of scrap and waste into the manufacturing of our products since 2019, including approximately 420 million pounds in fiscal 2023, thereby diverting that material that otherwise might have been sent to landfills.

## Our Goal: Use One Billion Pounds of Recycled Material Annually





## AZEK's FULL-CIRCLE Recycling Programs

ADVANCING THE CIRCULAR ECONOMY BY BRINGING IT FULL-CIRCLE

Exterior building products like trim, mouldings, decking and siding are commonly made out of PVC material due to its durability, versatility and flame-resistant properties, but one concern has always been the lack of proper disposal for jobsite scraps and cuts-offs. The same concern is true for end-of-life PVC building materials like vinyl siding, flooring and pipe, which often end up in a landfill. Anything as long lasting as PVC does not belong in a landfill, which is why we created and launched AZEK's FULL-CIRCLE PVC Recycling program in 2020.

This innovative and first-of-its kind PVC recycling program further expands AZEK's recycling initiatives and creates a new end market for post-construction PVC material, thereby diverting material that would otherwise likely be disposed of in landfills and turning it into new, long-lived AZEK and TimberTech products. AZEK's FULL-CIRCLE RECYCLING Program is an on-site collection program for contractors, dealers, lumberyards, recycling centers and mill shops that provides a real solution to PVC disposal concerns. Our partners deliver collapsible

totes (for scraps and cutoffs) or large bins (for vinyl siding) to customers and once full, the scraps are brought to Return Polymers, our vertically integrated recycler. Return Polymers then sorts and processes the PVC and supplies clean recycled material back to our manufacturing plants for reuse across multiple product lines. Establishing this program and the infrastructure to support will also enable us to collect end-of-life TimberTech decking and AZEK Exterior trim when the time comes.







## 1,200+ FULL-CIRCLE Bins and Totes in Circulation Throughout the U.S.

Totes to collect PVC scrap, waste and cutoffs



Large bins to collect end-of-life vinyl siding or flooring and construction and demolition PVC waste + scrap  $\,$ 



## **FULL-CIRCLE** Recycling in Action





"Sustainability is very important to a lot of our customers. We want to make sure that they know that what is important to them is also important to us. This [FULL-CIRCLE Recycling] program impacts our business because people want to know what we do with the materials like old vinyl siding that we're tearing off their homes.

This program makes it easy for us to recycle it, keep waste out of landfills and be a good steward of our environment because we know that this waste will be turned into new products like the TimberTech AZEK boards we use on our decks."

#### Kevin Lacev

Vice President and Owner of Bo Lacey Construction Mansfield, Ohio









"We were proud to be the first contractor in California to participate in FULL-CIRCLE and now have become ambassadors of this program, encouraging other contractors and lumberyards to participate.

We want to help bring products back through

FULL-CIRCLE and hopefully use new TimberTech deck

boards in the future that we recycled at one point in time."

#### Jake Johnson

Owner of Stone Ridge Decking Meadow Vista, California



## Partnerships Advancing Our Recycling Goals

In November of 2022, AZEK announced a recycling partnership with thredUP, one of the largest online resale platforms for apparel, shoes and accessories, to responsibly transform plastic waste into long-lasting, low-maintenance outdoor living products.

Through this ongoing recycling partnership, AZEK is collecting 100% of thredUP's polyethylene plastic Clean Out Bags after the contents have been processed by thredUP, as well as thredUP's post-industrial plastic film waste, and transport them to AZEK's vertically integrated polyethylene recycling facility in Wilmington, Ohio. There, the materials

are processed and incorporated into new TimberTech Composite decking, AZEK's premium composite decking line that offers the natural beauty of wood, is made from approximately 85% recycled material and engineered to last a lifetime.

#### **Circular Fashion Meets Sustainable Building Products**



"It is unique collaborations with innovative and like-minded companies such as thredUP that will help us meet our goal of recycling one billion pounds of material annually. We are two companies revolutionizing two industries—fashion and building products—to create a more sustainable future, each of us with a FULL CIRCLE commitment to have an outsized impact on the world, while growing a sustainable business. We are proud to have thredUP join us as a partner. Together, we are saving trash and saving carbon."

#### Jesse Singh

CEO of The AZEK Company



thredUP's bags processed at AZEK's Recycling Plant



~220,000 Pounds

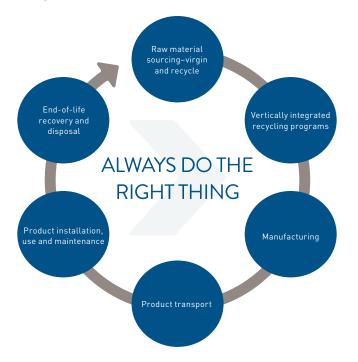
recycled by AZEK since 2022

## Product Life Cycles: The FULL CIRCLE

To build a more sustainable future, we must understand the environmental impacts of our products at all stages of their life—from design and manufacturing to use and maintenance to end-of-life recovery. In other words, the FULL CIRCLE.

### **Illustrative Life Cycle of AZEK Products**

We are committed to producing increasingly sustainable products and validating our work through science-based, peer-reviewed evaluations.



We must also understand where improvements can be made to reduce our impact. To that end, we have completed science-based Life Cycle Assessments (LCA) on some of our core decking products to better quantify the environmental impacts associated with a product's life cycle, identify areas of improvement and more clearly differentiate our products' environmental performance when compared to traditional materials such as wood.

As in all of our business decisions, we are guided by a core set of beliefs that start with Always Doing the Right Thing. Another example of how we live our values, our commitment to continuous improvement drives our behavior to be Better Today Than Yesterday. The objective results of an LCA help us prioritize our most important environmental initiatives so that we can take impactful actions to lower the life cycle environmental impacts of our products, and, by extension, our corporate footprint.

Through our FULL-CIRCLE Recycling Program, we have the infrastructure in place to take back end-of-life decking, railing and trim. While end-of-life recycling is not the primary purpose of the recycling program today, we expect that need to grow in time. In either case, our goal is to continuously close the loop by recycling those products into new versions of themselves or other high-value products.





#### Better Tech. Better Deck. Better Planet.

To better understand the environmental impacts of our composite decking and conventional treated wood decking, AZEK commissioned the first-in-industry, peer-reviewed comparative Life Cycle Assessments (LCA) of these materials.





## **ACQ Treated Pine**



#### **Brazilian Tropical Ipe**

LCAs are a standardized, well-defined practice used to model environmental impacts. In 2019, we used an LCA to evaluate the "cradle-to- grave" performance of our TimberTech decking products, including TimberTech Composite decking and TimberTech Advanced PVC decking, compared to sustainably harvested alkaline copper quaternary (ACQ) treated pine—a popular wood decking material. The LCA was conducted in accordance with the ISO 14044, a globally recognized standard for life cycle assessments, and critically reviewed by a panel of three independent experts. We are currently in the processes of formally updating our LCA model for TimberTech decking to reflect the manufacturing and sourcing performance improvements we have made since 2019, including, for example, incorporating more recycled content and shifting to emissions-free energy. We look forward to sharing the updated LCA results for TimberTech decking in the near future.

In 2021, we commissioned a second LCA study, this time, for Ipe, a tropical hardwood harvested both legally and illegally from the Brazilian Amazon and one of the most sought-after materials for premium hardwood decks. Also the first study of its kind for Ipe, the AZEK team

set out to address the lack of credible life cycle inventory data on tropical lpe hardwood, produce an LCA, and make the data widely available for all practitioners. To do that, we knew we needed a partner based in Brazil that had worked in the sector. After some effort, we were pleased to identify a suitable partner in local practitioner ACV Brasil. Additionally, ACV Brasil retained Marco Lentini, a widely published expert in tropical hardwood certification, for an independent peer review.

For background, illegal harvesting is a widely known issue in tropical hardwood markets. The chain of custody from remote forest to sawmill to ocean freight is long, the number of ports is large, and oversight can be difficult. As much as 30 percent or more of the tropical hardwood that is marketed worldwide is illegally harvested, which is the baseline used in our LCA study. The results shown on the following page illustrate the assessment of the environmental impacts associated with all stages of each product's life cycle, including raw material supply and product manufacturing, distribution to market, installation, maintenance and end-of-life.

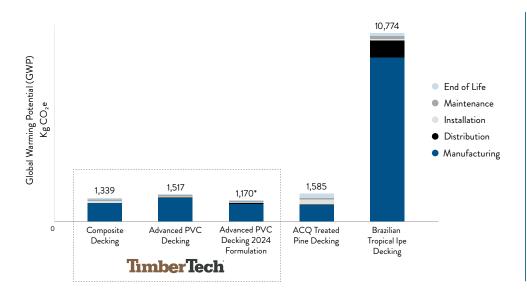


#### LCA Results

#### TIMBERTECH OUTPERFORMS WOOD

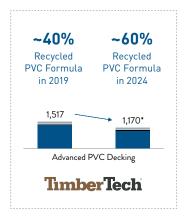
When evaluated side by side under our LCAs, the TimberTech products outperformed both sustainably harvested ACQ treated pine and Ipe tropical hardwood on a 100-year total Global Warming Potential (GWP) basis, i.e., the global warming or climate change impacts of those products over a 100-year time horizon.

#### 2019 LCA Results on Decking



## Sensitivity Analysis: 2024 Formulation

The more recycled PVC we use in Advanced PVC Decking, the lower the carbon footprint



As an engineered decking material, TimberTech is a much more eco-friendly choice than traditional wood alternatives thanks to our commitment to sustainability which includes using recycled materials, embracing sustainable manufacturing and ensuring maintenance is both safe and environmentally friendly. On top of that, consumers who choose TimberTech decking get all of the benefits of our industry-leading technology and warranties.

#### TimberTech decking is everything wood should be:

- ✓ Natural, nuanced beauty
- ✓ Impressive durability for a long lifespan
- ✓ Long-term value with minimal maintenance
- ✓ A sustainable choice that's better for you and the planet



The LCA studies assume a net area of 1,000 ft2, a 50-year lifetime and approximately 40% recycled PVC for TimberTech Advanced PVC decking, an average 27.8-year lifetime for TimberTech Composite decking, a 25-year lifetime for lipe decking and a 10-year lifetime for pine decking. The LCA study on IPE decking assumes a base case of 30% illegal harvesting and includes emissions associated with land-use change. For TimberTech decking, the location-based method was used to measure the emissions from electricity use in the manufacturing phase of the LCA. A location-based method reflects the average emissions intensity of the electrical grid on which energy consumption occurs. We believe this method is the most conservative approach. A copy of the LCA Report on lipe decking can be found here: <a href="https://acvbrasil.com.br/uploads/AZEK">https://acvbrasil.com.br/uploads/AZEK</a> LCA ipe wood decking.pdf.

<sup>\*</sup>According to company estimates.

## Improving Product Stewardship: Our Journey Ahead

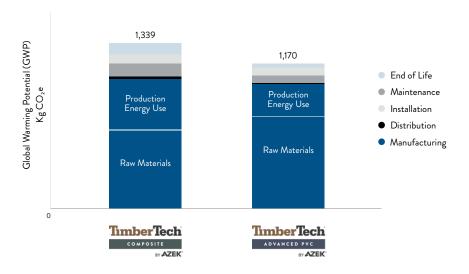
As we seek to act on our FULL-CIRCLE ambitions to create a more sustainable future, our product life cycle assessment revealed that the greatest opportunity to reduce the carbon and environmental impacts of our products is concentrated in the manufacturing phase, which makes up more than 75% of each product's carbon footprint.

When the manufacturing phase is split out between raw material inputs, inbound transportation and production energy use, the chart below illustrates that a reduction in GWP of TimberTech Composite decking is greatest in the areas of raw material supply and electricity use in manufacturing, suggesting further increases in the use of recycled polymers and reduction of energy intensity or increasing the share of

electricity from renewable and/or emissions-free resources would result in further improvement. The single greatest reduction potential in GWP of TimberTech Advanced PVC decking is represented by raw material inputs, specifically, virgin-polymer supply, suggesting further increases in the use of recycled polymers could provide even greater benefits.

#### LCA Results on TimberTech Decking

Today, we use approximately 60% recycled PVC in our TimberTech Advanced PVC decking formulation, which we estimate lowers the GWP from 1,517 Kg C02e (based upon approximately 40% recycled PVC in our 2019 formulation) to 1,170 Kg C02e. In the future, as we use more recycled PVC, this should further reduce the GWP.



In summary, with an organization-wide commitment to continuous improvement, it is through a portfolio of actions, informed by the scientific outcomes of the LCA, that we can lower the carbon footprint of our products.

- First, our aspiration to use one billion pounds of recycled waste and scrap material annually is expected to help us significantly lower the carbon footprint of our raw material procurement.
- Second, our team is committed to lowering the carbon footprint of our manufacturing and recycling facilities by improving energy efficiency and sourcing renewable and emission-free energy, among other actions.
- And, third, we intend to assess our suppliers through supplier surveys and scorecards to identify where the greatest environmental impacts in our supply chain occur and prioritizing our engagement activity accordingly.

Beyond these examples, we are always researching new and innovative materials that will help us lower our environmental impact, and we intend to conduct product life cycle assessments on a periodic basis to track progress, all with a purpose to revolutionize outdoor living to create a more sustainable future.

## Setting the Industry Standard with Top-Rated Fire Resistance

Wildfires are among the worst natural and man-made disasters currently facing the United States, especially in the Wildland Urban Interface (WUI), where structures and other human development meet or intermingle with undeveloped wildland.



More than 46 million residences in 70,000 communities are at risk from WUI fire, with the highest concentration of homes in California. Today, factors such as climate change and reduced land management practices are significantly contributing to the cause, the increasing frequency and the greater intensity of wildfires, particularly in the WUI.

Wildland fire codes like the WUI Code help increase a community's resilience to wildland fire with standards specifically designed to mitigate the risks to life and property. Some jurisdictions designated as WUI areas, especially in California, Colorado, and Nevada, require that certain building products meet the Class A Flame Spread Index rating. Flame spread ratings are based on the measure of how quickly and how far flames travel across the surface of a material. This indicates a material's resistance to fire and its potential to contribute to the spread of flames. In California, and surrounding states that have adopted their standards, "ignition resistant" refers to building materials that resist catching fire or burning easily and that may slow the spread of flames. In 2024, TimberTech Advanced PVC Vintage Collection and Landmark Collection were the first in the composite decking industry to receive an Ignition Resistant designation from California's State Fire Marshal. Ignition-resistant decking is less likely to catch fire compared to traditional and composite decking materials.

When it comes to decking, wood, even when treated with fire-resistant chemicals, is often not the best choice for fire-prone areas. It is important to understand that no wood or composite decking is truly fireproof. However, with Ignition-resistant, WUI-Compliant and Class A Flame Spread Rating options from TimberTech, consumers have a better choice for homes in fire zones.



#### TimberTech's fire-resistant decking is in a class of its own

No other decking matches the beauty or performance of TimberTech Advanced PVC **and** features an Ignition Resistant designation, Class A Flame Spread Rating, and/or WUI Compliance.

Collection	Fire-Resistance Classifications
TimberTech Vintage	Ignition Resistant, Class A Flame Spread Rating & WUI Compliant
TimberTech Landmark	Ignition Resistant, Class A Flame Spread Rating & WUI Compliant
TimberTech Harvest	Class B Flame Spread Rating & WUI Compliant
TimberTech Porch	Class B Flame Spread Rating & WUI Compliant
TimberTech Reserve	WUI Compliant
TimberTech Premier	WUI Compliant

## We Keep a Tight Lid on Chemicals and Emissions

# Throughout The AZEK Company, we believe our responsibility is not only to our customers and stakeholders, but also to the planet. Our concern and respect for the environment is evident through our continued efforts to design and produce sustainable products with long life spans.

In some cases, our decking products last upwards of 50 years— significantly longer than the traditional materials they replace. This ultimately limits Volatile Organic Compounds (VOC) emissions by requiring a minimal amount of maintenance or cleaning with harsh chemicals, and enables us to deliver products that are versatile and recyclable at the end of their useful lives.

We use a minimal amount of chemical additives in the manufacturing of our products. Chemicals are used at levels far lower than the established thresholds for worker safety and environmental health. When applicable, a licensed and certified waste management company handles the recycling and disposal of materials containing hazardous chemicals. We store and handle ancillary chemicals in accordance with permit requirements and our rigorous internal safety standards.



Several of the products in our Scranton Products portfolio, including bathroom partitions and lockers, have received the GREENGUARD Gold certification. GREENGUARD Certification is an internationally recognized product emissions certification labeling

program for manufacturers of low emitting indoor products, furnishings and materials. When products meet the Gold standard, it means they meet stricter certification criteria, considering safety factors to account for sensitive individuals (such as children and the elderly), making the product acceptable for use in environments such as schools and healthcare facilities. Products that meet the Gold standard have emission limits that meet and exceed the California Department of Public Health Standard Method.



The AZEK Company is a proud member of the Health Product Declaration Collaborative (HPDC). HPDC members champion the continuous improvement of the building industry's material health performance through transparency,

openness and innovation in the practices of ingredient reporting, disclosure, specification and selection. Health Product Declaration information is available in our LEED Playbook and in the HPD Repository.



## LEED Playbook

#### SPECIFYING FOR LEED

The LEED® Green Building Rating System is a voluntary, consensus-based, market-driven program that provides third-party verification of high-performance, energy-efficient sustainable buildings. LEED® is the preeminent program for the design, construction, maintenance and operations of high-performance green buildings.

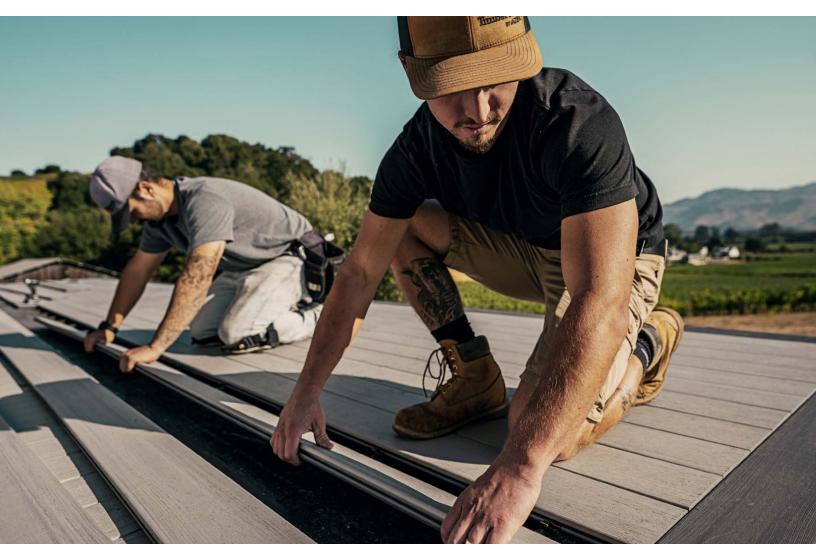
LEED V4.1 is the newest version of LEED, but V4 is still in use since many projects are long term and began prior to implementation of V4.1. It is designed to better focus on the materials used in a project, specifically looking at their effects on human health and the environment, as well as their overall performance. This is where AZEK fits in. Many of the products in AZEK's portfolio can help project teams achieve LEED credits, thus, enabling architects, designers and specifiers to reach their LEED certification goals.

LEED", and its related logo, is a trademark owned by the U.S. Green Building Council $^\circ$  and is used with permission.



AZEK's LEED Playbook is a resource for architects and project teams, detailing the many potential credit contributions of our products. Please visit our website www.azekco.com for more detail.





#### TimberTech Homeowner Stories

Homeowners making sustainable choices—no matter how big or how small—can truly make a difference in their lives and the lives of future generations. When it comes to building an outdoor living space, many want a sustainable deck material that's a better choice for not only their families, but the planet.

#### EGYPT AND MIKE'S MULTI-PURPOSE OUTDOOR SPACE

As both industry professionals and parents, HGTV hosts Egypt and Mike love the beauty and durability of TimberTech. By choosing TimberTech decking, they ensure that their outdoor haven is not only beautiful but also built to last with minimal environmental impact. TimberTech's Composite decking, made from up to 85% recycled materials, reduces the reliance on virgin wood and helps divert waste from landfills. This sustainable choice aligns perfectly with Egypt and Mike's dedication to creating a stylish, functional, and environmentally responsible outdoor space for their family and guests to enjoy.



#### PADDI'S SUSTAINABLE SANCTUARY

Paddi never liked the wood deck on her previous home, as well as the upkeep it required. Sustainability is a priority for her; so, when she and her husband remodeled their new home and yard, Paddi explored more sustainable options—and her contractor introduced her to TimberTech. Impressed by the wide range of uniquely authentic wood styles and colors, as well as the company's eco-minded manufacturing processes, she knew she found her decking. "It was just so different from the other products I looked at," said Paddi, "I wanted a sustainable option and that made TimberTech the obvious choice."



#### JASON AND KELLY'S DIY DECK REPLACEMENT

As self-described outdoor people, Jason and Kelly seldom used their old wood deck, but spent plenty of time maintaining it. With family encouragement and plenty of DIY research, they decided to upgrade their deck to TimberTech. "Once we finished the deck, it was absolutely stunning. We're really excited about creating our own family space and without all the wood maintenance, more time to enjoy it." For Jason and Kelly, modeling a sustainable lifestyle for their kids is key. "It's great for them to see that we're doing our part for the environment by using recycled products," Kelly says. And making sustainable choices—no matter how big or how small—can truly make a difference for our lives and the lives of future generations. When it comes to building an outdoor living space, you want a sustainable deck material that's a better choice for not only your family, but the planet.



## Environmental, Safety and Health: Pursuing Best Practices

The AZEK Company is committed to leadership and excellence in Environmental, Safety and Health (ESH) throughout our operations, businesses and products. In order to fulfill this commitment, we develop, implement and work to continually improve our global management systems, ESH standards and performance measures.

#### In pursuit of ESH Excellence, we are committed to the following:

- Workplace Safety and Responsibility
- Compliance
- Training
- Employee Engagement
- Business Integration
- Best-in-Class Work Practices
- Sustainability
- Customers
- Community
- Reporting
- Continuous ESH Improvement

"Our commitment to ESH extends beyond mere compliance; it forms the very core of our operations. By proactively identifying and mitigating risks, we aim to create safer work environments, enhance operational resilience, and build stakeholder trust. Every decision we make is consistently guided by ESH principles, so that our actions reflect our values and promote a culture of responsibility and accountability."



Sundeep Kasimsetty
Vice President of QESH and Operational Excellence

## Promoting ESH Awareness Through Training and Engagement

## We train our employees so they have the awareness, knowledge and skills to work in a safe and environmentally responsible manner.

In our ongoing commitment to ESH excellence, we consistently evaluate and enhance our ESH performance through continuous training, goal setting, and robust management systems. We empower our employees to take an active role in ESH Management and decision making by fostering an environment of transparency and collaboration. We embed practices promoting our Environmental, Safety, Health, and Wellness initiatives across all aspects of our operations—from business process to product development to facilities management. We actively encourage our employees to report any behavior inconsistent with our ESH policies to management and to express ideas to enhance our ESH performance.

Our Scranton-based team recently marked a successful year of running the inaugural "Spin the Wheel" program. This program calls on leadership to recognize and reward examples of exceptionally safe behavior, active participation in safety education and activities, and commitment to upholding safe practices. Associates who receive recognition are awarded tokens and entered into an endof-year drawing. The ESH team anticipates even greater success of the program as more associates are recognized for their valuable contributions.



### LEED Certified Corporate HQ

## In late 2018, The AZEK Company moved its headquarters to a LEED Gold Certified building in Chicago's thriving Fulton Market neighborhood.

LEED is the most widely-used green building rating system in the world. LEED provides a framework for healthy, highly efficient and cost-saving green buildings. In 2019, the building was recertified LEED Platinum, the highest certification in environmental sustainability awarded by The U.S. Green Building Council (USGBC).

## Our Turf, Our Terms



The 20,000 square foot office features an open, functional design that is both conducive to collaboration and environmentally friendly. We often hold corporate happy hours and gatherings in our rooftop garden, which also serves as a home to our building's own honeybee hive.

#### **Minimizing Business Waste**

We strive to minimize business waste generation in our corporate office locations while promoting recycling and responsible disposal practices, including recycling of cardboard, plastic and glass bottles, aluminum cans, paper, electronics, and more. In our Chicago office, we also have compost bins in common areas and kitchens, allowing employees to easily separate organic waste such as food scraps, coffee grounds and compostable food packaging from other recyclables and trash. Through regular education and training sessions, we empower our employees to adopt responsible waste management practices, such as proper sorting and disposal techniques, to minimize waste generation in their daily activities.

## Sustainable Manufacturing Practices

We are committed to pursuing sustainable and responsible manufacturing practices across our operations. This commitment includes reducing waste, minimizing carbon emissions, optimizing energy and water use, and sourcing materials responsibly. Our goal is to create high-quality products while preserving natural resources and contributing positively to the communities and ecosystems we impact.

~133 million gallons

~97% of our water is reused annually\*

#### PURSUING LEED AT OUR NEWEST MANUFACTURING FACILITY IN BOISE

In 2022, we opened our newest manufacturing facility in Boise, Idaho—our first facility in the western part of the United States. When we originally announced Boise as our new location, we also committed to investing the time and resources required to design, retrofit and operate this 355,000 square foot facility in alignment with the superior energy and environmental requirements necessary to pursue LEED certification. LEED-certified manufacturing facilities are designed and operated to consume less water, less energy, fewer natural resources and are ultimately aimed to reduce the overall impact of the development on the local environment. Some of the specific initiatives we implemented at this facility include LED lighting upgrades, installation of efficient water-cooled chillers, gender-neutral bathrooms, a state-of-the-art AZEK University training center, rainwater harvesting systems, bicycle facilities, electric vehicle charging stations and a robust construction and demolition waste management and recycling plan.

#### RESPONSIBLY CONSERVING WATER

As a manufacturing company, we recognize the imperative to manage water resources responsibly. Our facilities in Wilmington, Ohio; Scranton, Pennsylvania; and Boise, Idaho employ a closed-loop water filtration system that reuses and recycles millions of gallons of water every day, constituting approximately 97% of our water use annually.

Informed by the World Resources Institute Aqueduct Water Risk Atlas tool, we have identified that only one of our 14 manufacturing and recycling locations falls within the extremely high-risk category for water stress—our Boise facility. As part of our commitment to environmental stewardship and sustainability, this facility was purposefully designed and retrofitted to achieve LEED certification. During construction of the Boise facility, we implemented closed-loop water recycling systems for our production lines allowing us to recycle

**837** kg (~1,846 lbs.)

FY 2023 Total amount of Hazardous waste across AZEK facilities

#### MINIMAL HAZARDOUS WASTE

Very little hazardous waste is generated from our manufacturing process. Across our various locations, we fall into the category of Very Small Quantity Generators (VSQG) as defined by the EPA, meaning that our facilities generate and ship out less than 100kg or less per month of hazardous waste. All waste that is classified as Hazardous Waste due their ignitable, corrosive, reactive, or toxic characteristics, including but not limited to paint and aerosol paint cans, is transported, disposed of, and/or recycled through companies licensed to handle Hazardous Waste. Opportunities to reduce or eliminate the generation of hazardous waste are evaluated regularly.



the vast majority of water used, building-level water metering to closely monitor usage, reduced outdoor irrigation via native plantings, and installed a rainwater harvesting system to collect and store installed rainwater for non-potable uses such as toilets. These measures not only conserve valuable water resources but also enhance the facility's sustainability and resilience in this water-stressed region.

\*In our Wilmington, Ohio; Scranton, Pensylvania; and Boise, Idaho facilities

## Sustainable Manufacturing Practices (continued)

#### SUSTAINABLE PACKAGING, RECYCLING AND WASTE REDUCTION

Sustainable packaging is another important factor in reducing the environmental footprint across our value chain. We strive to minimize excess packaging materials, optimize packaging designs for efficiency, and implement recycling and reuse strategies. For example, Cornerboards, one of the packaging components used to protect our decking and railing products during shipping, are made from recycled paper and polyethylene. Use of Cornerboards enables more pieces per pallet which reduces freight and storage costs. They are also recyclable and reclaimable at the end of use. Additionally, because we are a vertically integrated recycler of low-density plastic film, we also collect, recycle, internally process and reuse stretch wrap, pallet wrap, packaging wrap and other types of plastic film that we may receive at our facilities from inbound shipments. In alignment with our commitment to continuous improvement, we continue to explore additional sustainable packaging options for products across the AZEK portfolio.



#### SUSTAINABILITY IN TRANSPORTATION AND SHIPPING

We continually evaluate and consider ways in which we can reduce our carbon footprint and enhance efficiency in our transportation and shipping logistics programs. In general, we transport inbound raw materials and outbound finished products via railcar whenever possible, which is less carbon intensive than shipping via truck. In 2023, we partnered with our transportation team to begin tracking the shipping volume moving via carriers that participate in the EPA's Smartway Program, a program that helps companies identify and select more efficient freight carriers, transport modes, equipment, and operational strategies to improve supply chain sustainability and lower costs from goods movement. Currently, more than 50% of our spend is with Smartway Carrier Partners and we are working with our freight partners to increase that amount in the future.



#### WE WOOD NEVER

We are committed to zero deforestation, which means no forest areas are cleared or converted for purposes of supplying raw material inputs to make our products. Rather, at AZEK, 100% of the wood used in AZEK's TimberTech Composite products are secondary materials—chips, sawdust and other wood products—left over from primary markets like flooring, furniture and cabinet industries. All of AZEK's wood suppliers routinely certify that they purchase wood legally from domestic sources and follow state forestry guidelines or third-party forestry chain of custody certifications like Sustainable Forestry Initiative (SFI) to ensure product sustainability.

#### BIODIVERSITY

#### We are working to support healthy ecosystems and protect biodiversity

through responsible sourcing of raw materials, responsible production and chemical management practices, effective waste management, water conservation and other actions. Furthermore, our team has engaged in rehabilitating degraded ecosystems including through local reforestation, wetland restoration, and other habitat improvement activities. When appropriate, we will engage an independent consultant to conduct environmental assessments of new sites that we may seek to purchase or lease that includes an assessment of relevant biodiversity issues.



#### Greenhouse Gas Emissions

At AZEK, we continuously measure and manage our greenhouse gas (GHG) emissions to understand our impact on the environment and to drive meaningful reductions in our carbon footprint. The following pages detail AZEK's most recent GH metrics and performance.



In accordance with the internationally recognized GHG Protocol, we accounted for Scope 1, 2, and 3 emissions, as outlined below.

Scope 1

**Direct emissions** from sources owned or controlled by AZEK, with the main categories being fuel to power our vehicle fleet, heat our buildings and power our backup generators.

Scope **2** 

**Indirect emissions** sources generated off-site, but purchased by AZEK (i.e. purchased electricity).

A **location-based** method reflects the average emissions intensity of grids on which energy consumption occurs.

A market-based method reflects emissions from electricity that AZEK had purposefully chosen, which is certified 100% carbon-free for a majority of its facilities' energy purchases.

Scope 3

**Indirect emissions** from relevant upstream and downstream across AZEK's value chain.

**Upstream emissions** are indirect GHG emissions related to purchased or acquired goods and services, such as virgin and recycled raw materials. Like most manufacturing companies, raw material supply is the largest source of emissions as a percentage of our total footprint.

**Downstream emissions** are indirect GHG emissions related to sold goods and services, such as product distribution.



## Climate and Energy: Our Impact, by the Numbers

#### **Greenhouse Gas (GHG) Emissions**

	Emissions* (tCO <sub>2</sub> e)		
	FY23	FY22	FY21
Total Scope 1 Emissions	13,894	13,425	11,549
Total Scope 2 Emissions - Location Based	80,320	80,663	86,378
Total Scope 2 Emissions - Market Based	506	26,237	38,523
Total Scope 3 Emissions	694,006	723,718	755,044
Purchased Goods & Services	498,537	503,880	557,761
Direct	486,831	488,485	543,227
Indirect	11,515	15,053	14,208
Water	191	342	326
Capital Goods	14,932	32,860	39,805
Upstream Fuel- and Energy-Related Activities (not included in Scope 1 or Scope 2)	9,481	19.973	20,057
Upstream Transportation & Distribution	22,185	11,268	10,147
Waste Generated in Operations	6,769	11,078	7,506
Business Travel	3,294	5,128	1,951
Employee Commuting	3,924	3,451	5,622
Downstream Transportation & Distribution	82,970	81,445	58,414
Processing of Sold Products	458	719	3,412
End-of-Life Treatment of Sold Products	51,353	53,621	50,003
Downstream Leased Assets	103	295	366
Total (Location-Based)	788,219	817,806	852,971
Total (Market-Based)	708,405	763,379	805,116

#### INDEPENDENT ASSURANCE

We engaged Industrial Ecology Consultants to conduct an independent assurance of our fiscal 2023 total Scope 1, Scope 2, and Scope 3 GHG emissions. The Independent Assurance Statement can be found at <a href="investors.azekco.com">investors.azekco.com</a>.

<sup>\*</sup>To facilitate year-over-year comparison in this report, fiscal 2022 emissions were re-stated and Fiscal 2023 emissions were reported excluding emissions associated with Vycom operations, as the Vycom business was sold in November 2023 and is no longer under AZEK's operational control. Fiscal 2021 emissions were calculated and reported including emissions from companies acquired by AZEK in fiscal 2022, as if they were under AZEK's operational control during all of fiscal 2021 and fiscal 2022.

## Calculation Methodologies and Assumptions

The GHG accounting and reporting procedure is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition (GHG Protocol), the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions. AZEK's GHG inventory is consolidated using, and the GHG data included in this report reflect, the operational control approach to organizational boundaries.

This analysis covers all categories deemed relevant to AZEK's business operations. To facilitate year-over-year comparison in this report, fiscal 2022 emissions were recalculated and fiscal 2023 emissions were reported excluding emissions associated with Vycom operations, as the Vycom business was sold in November 2023 and is no longer under AZEK's operational control. Additionally, fiscal 2021 emissions were calculated and reported including emissions related to companies acquired by AZEK in fiscal 2022, as if they were under AZEK's operational control during all of fiscal 2021 and fiscal 2022.

Both a location-based and market-based method were used to measure the emissions from electricity use, by site, for fiscal 2021, fiscal 2022 and fiscal 2023. The location-based method reflects the average emissions intensity of grids on which energy consumption occurs. The market-based method reflects emissions from electricity that The AZEK Company had

purposefully chosen covering fiscal 2021, fiscal 2022 and fiscal 2023, which was certified 100% carbon-free for a majority of its facilities' energy purchases, significantly reducing their carbon impacts.

The GHG data included in this report are subject to estimates, assumptions and limitations further discussed in the "About this Report" section of this report. In particular, the Scope 3 data in this report reflects our current estimate based on reasonably available information, and is subject to meaningful inherent uncertainty. For example, for the Scope 3 category of purchased goods and services (raw materials), emissions factors used in this analysis were based on industry or market averages. In the future, we intend to use supplier surveys and scorecards to better quantify the actual performance (vs. using industry or market averages) in AZEK's supply chain.



## Using More Recycled Materials Lowers Our Carbon Footprint

# Our commitment to revolutionizing outdoor living to create a more sustainable future is most clearly demonstrated and quantified by the increase in recycled materials we use each year. Today, our largest raw material input is recycled plastic, and for good reason.

Not only are we keeping hundreds of millions of pounds of waste and scrap out of landfills each year, the carbon footprint of recycled polyethene and recycled PVC is approximately 75% to 80% less than their virgin material counterparts. The more recycled material (vs. virgin) we use, the lower the carbon footprint of the products we manufacture and the lower the carbon footprint of AZEK's total operations and value chain. Additionally, recycled materials typically cost less than virgin materials, so in addition to lowering our carbon footprint, could save up to 50% in raw material cost per pound (vs. virgin materials).

Between fiscal 2019 and fiscal 2023, The AZEK Company's annual net sales increased from approximately \$794 million in fiscal 2019 to approximately \$1.4 billion in fiscal 2023, or approximately 73%.

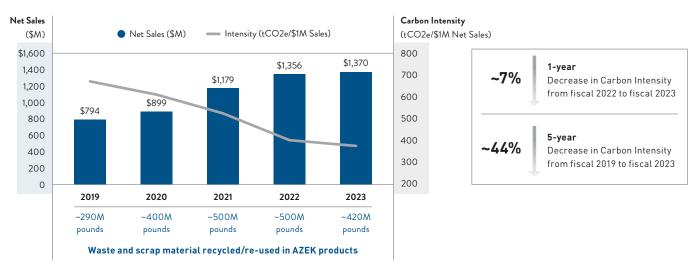
During that same period, we increased the amount of recycled waste and scrap raw material inputs from approximately 290 million pounds annually in fiscal 2019 to approximately 420 million pounds annually in fiscal 2023.

Primarily because of the annual increase in recycled waste and scrap materials used to manufacture our products between fiscal 2019 and fiscal 2023, combined with the increase in emissions-free energy sourced for our manufacturing and recycling operations, our Carbon Intensity (Tons of Carbon Emissions Equivalent per \$1M of Net Sales) decreased by approximately 44%. In other words, we produced and sold more products, but emitted less carbon on an intensity basis over the reporting period.

## Repurposing With a Purpose

#### Carbon Intensity\*

#### tC02e per \$1M Net Sales



<sup>\*</sup>The calculation of Carbon Intensity (Metric Tons of CO2e per \$1M net sales) presented above includes Scope 1 and Scope 2 emissions, plus the Purchased Goods and Services category of Scope 3 emissions, which includes the emissions related to our raw material purchases including virgin and recycled material.

#### **OUR ONE BILLION POUNDS GOAL**

With a commitment to accelerate our use of recycled material, and further, our ambition to divert and utilize one billion pounds of—what otherwise would have been landfill bound— waste and scrap annually in the manufacturing of our products, we believe we are uniquely positioned to have a positive, lasting impact on the world and advance a more sustainable, circular future.

## Climate Impact: Our Path Ahead

## Climate change is a complex global challenge that impacts us all, but there are solutions— if we are bold and act fast.

Making "sustainability" sustainable means looking at every resource we use and rethinking how we can utilize it more efficiently. Due to their design, formulation and longevity, AZEK's products inherently advance a more sustainable and circular future, but our aim is to be better, do better and create better. We also believe that our responsibility goes beyond just our manufacturing operations to include Scope 3, or value chain, emissions— both upstream and downstream—perhaps one of our biggest sustainability challenges and opportunities ahead. Now that we have several years of data to compare and analyze, we have a better understanding of where improvements can be made and what goals can be set.

#### SCIENCE-BASED NEAR TERM TARGETS—IN PROCESS

In 2022, we committed to set near term greenhouse gas emissions reduction targets that are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement—to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. We are currently conducting a feasibility analysis to identify and plan for the actions AZEK can take to achieve near term reduction targets.

We look forward to updating you on our goals and action plans in the near future.





## Doing More for Our Planet

Our team has made meaningful progress on several GHG reduction initiatives in recent years.

Our actions primarily focus on product innovation, recycling expansion, energy efficiency, energy procurement and supply chain engagement as outlined below.

Decarbonization Pathways	Recent Progress	
Product Innovation	<ul> <li>Increased the percentage of recycled content in:</li> <li>TimberTech Composite decking to ~85% (up from ~80% in fiscal 2021)</li> <li>TimberTech Advanced PVC decking to ~60% (up from ~50% in fiscal 2021)</li> <li>AZEK Exteriors Trim to ~30% (up from ~ 20% in fiscal 2021)</li> </ul>	
Recycling	Sourced and used approximately 2.1 billion pounds of recycled waste and scrap since 2019     Expanded our in-house recycling capacity for both polyethylene and PVC enabling us to process more post-consumer and post-industrial waste and scrap internally (vs. sourcing externally)     Expanded our FULL-CIRCLE Recycling program to collect construction and demolition PVC waste	
Vehicles	Began transitioning some of our sales vehicle fleet to hybrid vehicles when available     Installed electric vehicle charging stations at various facilities	
Energy Efficiency	During fiscal 2023, we invested approximately \$474,000 to retrofit some of our manufacturing and recycling facilities with LED lighting, resulting in an estimated \$132,000 annual savings on energy and maintenance costs and reducing our energy consumption at those sites by approximately 1,013,000 kWh      Pursuing LEED Certification at our Boise manufacturing site	
Renewable Energy and Emission Free Energy	Transitioned the energy contracts at our largest facilities to certified 100% emissions-free electricity and expanded our use of renewable energy through our acquisition of Intex Millwork	
Supply Chain Engagement	Formalized our supply chain stewardship program for suppliers and conducted a survey to benchmark and better understand where they are on their environmental sustainability journeys	



We look forward to updating you, our stakeholders, as we continue to make progress on these initiatives.

#### Zero Waste, Better Planet,



## The TimberTech Championship Is the First Tournament in PGA TOUR Champions History to Achieve Zero Waste to Landfill Certification

Our commitment to creating a more sustainable future extends beyond the walls of our organization, which is why we committed to making the TimberTech Championship a certified zero waste to landfill event—the first in PGA TOUR Champions History.

For the 2021, 2022 and 2023 TimberTech Championship events, our team developed and implemented a comprehensive event waste management plan identifying streams that can be repurposed, recycled, composted, donated and/or re-used, working in partnership with the PGA TOUR Champions team, several local Boca Raton area partners as well as our FULL-CIRCLE Green Team of volunteers to help us achieve this goal.

#### FROM BAGS TO BEAUTY

Because we use recycled plastic bags to make some of our TimberTech decking collections, we asked tournament attendees to bring us their plastic grocery and shopping bags, which were later sent to our polyethylene recycling facility in Wilmington, Ohio and processed into TimberTech decking. With the equivalent of approximately 30,000 plastic bags collected during the 2023 tournament week, we were thrilled to see such robust engagement around this collection drive.









2023

#### TimberTech Championship Diverts 100% of Waste From Landfills

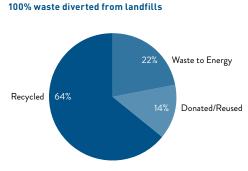
2022

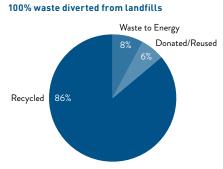
Recycled 49%

16% Donated/Reused

Composted

2021







#### Focused On What Matters

## Bright minds, innovative thinkers and people dedicated to creating a more sustainable future—that is the face of AZEK.

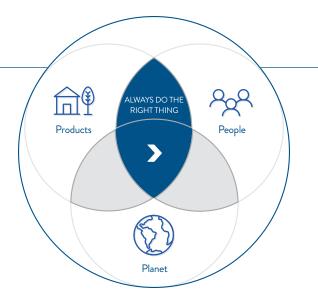
People are the cornerstone of our winning culture and the foundation of our company. Our success is fueled by the ideas and dedication of our team and we are committed to providing an inclusive environment where diversity of all kinds is sought out, valued, respected and appreciated. We have an unwavering customer-centric focus. Our responsibility is to understand customer expectations, then surpass them. We are also committed to working with business partners and suppliers whose

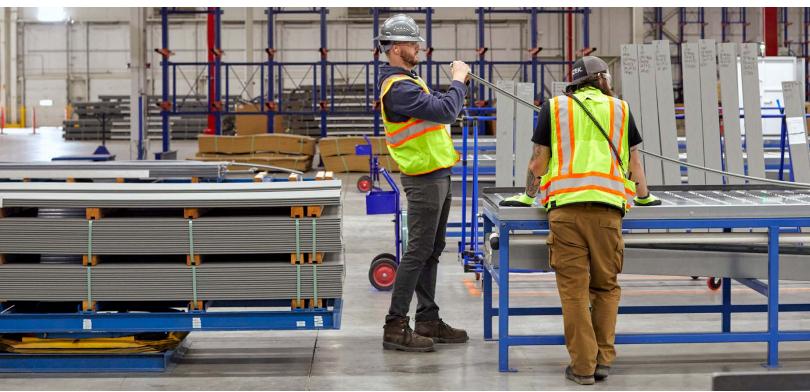
values and practices mirror our own. Through our philanthropy and volunteer activities, we seek to tangibly show our gratitude to the communities that have warmly welcomed us and support the charitable organizations that our employees care most about. To make a positive impact on our employees, customers and communities, we are focused on what matters.

## Social Impact

#### **Our FULL-CIRCLE Ambitions**

Positively impact our employees, customers and communities through purposeful and inclusive engagement





### On Culture: We're All in This Together

AZEK's culture is driven by a shared passion for our values, mission and performance. It is a culture of amazing, innovative, growth-minded people from diverse backgrounds whose values include Always Doing the Right Thing, continuous improvement and solving problems for our customers and partners.

We strive to be inclusive of all those we encounter and to truly understand our colleagues' everyday realities and empathize with their challenges and aspirations. We are dedicated to providing a safe work environment, excellent benefits and a rewarding, energetic experience leading to a long-term career. We believe that having the best, most diverse team is a source of competitive differentiation. To that end, we hire and develop the most talented individuals, bringing diverse perspectives together in pursuit of a shared goal—so that the Best Team Wins!

In 2023, AZEK was named a Top Workplace by the Chicago Tribune (for the third consecutive year), one of America's Climate Leaders by USA Today, and one of the best companies to work for in the Construction and Materials Industry by U.S News and World Report. These awards validate the company's dedication to operating with integrity, transparency and courage, leading through innovation, and always striving to be better today than yesterday. Thank you to our amazing team as they continue to inspire and revolutionize our industry.

### What are we building? An award-winning workplace...

















## Many Players, One Team

At AZEK, our people are our strongest differentiator, which is why we recognize the importance of selecting the best talent, developing their skills and providing an inclusive culture where everyone feels engaged, safe, respected and supported with the necessary tools to be successful.

We believe that by Always Doing the Right Thing, fostering innovation and empowering all team members to take ownership of the company's success, every employee can maximize operational performance and grow both personally and professionally.

## Always Doing the Right Thing











#### Total Rewards

At AZEK, we know our people are what make us successful, and we understand the importance of investing in our employees. We offer a comprehensive compensation and benefits total rewards package to attract and retain talent, including:

#### FINANCIAL WELLNESS

- 401k with company match
- Employee Stock Purchase Plan with company match
- Employee Product Purchase Program
- Employee Referral Bonuses

#### TIME OFF AND LEAVE

- Competitive Paid-Time Off
- Paid Military Leave
- Paid Parental Leave, enabling all full-time employees
  welcoming a new child to receive four weeks paid time to
  bond with their child. The leave is for both mothers and
  fathers and includes new family additions through birth,
  adoption, foster care and surrogacy.

#### **HEALTH AND WELLNESS**

- Competitive Health Insurance
- Company-Paid Life and AD&D insurance
- Short and long-term disability
- Dental and Vision Plans
- Flexible Spending Accounts (FSA)
- Health Savings Accounts (HSA)
- Employee Assistance Program

#### LEARNING AND PROFESSIONAL DEVELOPMENT

- Tuition Reimbursement
- AZEK Learning Academy with 400 courses+



#### Mike Lee, Production Manager in our Boise location,

joined AZEK because of the exciting opportunities to make a visible contribution, accelerate his career and surround himself with passionate teammates driven by the same mission. He could build his team and cultivate a culture that values every individual and strives to, above all, always do the right thing.

On participating in the 2023 Accelerated Leadership Development Program, Mike says, "I've really enjoyed the material in the course and the interaction with upper management has been great."

## **Employee Engagement**

#### OUR EMPLOYEE ENGAGEMENT APPROACH CENTERS ON TRANSPARENCY AND ACCOUNTABILITY.

We use a variety of channels to facilitate open, direct and honest communication. We have open forums with executives through periodic town hall meetings and we foster continuous opportunities for discussion and feedback between employees and managers, including regular performance conversations and reviews aligned with career development.

We value honest and timely feedback. Annually, we engage a third-party firm to conduct anonymous employee-wide engagement surveys. The results of these surveys allow us to identify areas of strength and opportunities for improvement to ensure continued satisfaction and retention of our employees. Both organizational and management drivers of employee engagement are measured.

Our latest survey demonstrates that we have maintained the top quartile of company engagement scores, with an overall score of 79 (out of a possible score of 100). The continued improvement of our engagement scores year after year reflects our commitments and actions to create a culture where our employees feel engaged, respected and valued. The survey also highlighted opportunities for improvement in several specific areas including autonomy, communication as it relates to strategic direction and safety culture. As part of our commitment to be better today than yesterday, leaders (by site and business unit) have created and implemented action plans to address these areas of opportunity to ensure we appropriately and actively respond to employee feedback on these matters. Additionally, the participation in our survey has seen a significant increase, rising from 50% in 2021 to

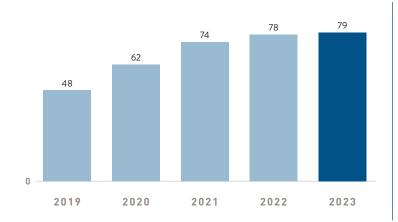
80% in 2023. This trend underscores the growing confidence our workforce places in the survey process and the subsequent actions we undertake in response to their input.

Additionally, in 2023, we launched the Listen to Learn Feedback Form which allows our team members to provide feedback at any time throughout the year. Feedback is reviewed regularly, and associated action plans are made based on what our team members tell us is important to them. We value input from our employees and strive to take action that makes AZEK a great workplace.



**2,236**Number of AZEK employees as of 9/30/2023

### **AZEK Employee Engagement Score**



"When employees are engaged, they feel energized. They are devoted to their organization and passionate about their work. We continuously strive to create a culture where our employees feel like they are part of not only a great team, but a great company."



Sandra Lamartine
Senior Vice President and
Chief Human Resources Officer

## 2023 Employee and Community: Engagement Highlights

#### BAGS TO BOARDS—EMPLOYEE PLASTIC FILM RECYCLING PROGRAM

As part of our commitment to sustainability, we recycle common types of plastic, such as shopping bags and grocery bags. To further involve our employees in our recycling efforts, we introduced the "Bags to Boards" recycling program at selected locations in 2022. Recently, we expanded this initiative to include all our sites, encouraging and motivating employees to take part. When our recycling bins are full of plastic bags, the material is combined with other plastic film waste from shipping and receiving. It is then sent to our Wilmington polyethylene recycling plant for processing and transformed into new TimberTech products.

In 2023, our team collected and recycled an estimated equivalent of 275,000 plastic bags.





#### J.P. MORGAN CHICAGO CORPORATE CHALLENGE

In May of 2023, nearly 40 of our Chicago-based team members took to the streets of downtown Chicago as a part of the J.P. Morgan Corporate Challenge. As the world's largest corporate running event, the Corporate Challenge is a 3.5-mile race encouraging fitness, friendly competition, and fun. Hundreds of teams from various companies across all industries came together to complete the race and spend quality time outside of work. After crossing the finish line, teams celebrated

over food, beverages, and live entertainment—luckily it was a beautiful evening in Chicago! Each year, the Corporate Challenge selects a beneficiary that receives a portion of the race proceeds. This year, J.P. Morgan was proud to support UCAN, a social services agency that helps build strong youth and families through compassionate healing, education, and empowerment.



## Internship Program

#### STUDENTS ON DECK

Launched in 2023, AZEK's Students on Deck internship program is an initiative aimed at fostering young talent in various fields by providing them with hands-on experience, mentorship, and opportunities for growth. The program is designed to empower students by offering them real-world exposure and practical skills that complement their academic learning.





Overall, AZEK's Students on Deck program is designed to equip students with the tools, experiences, and connections they need to succeed in their chosen career paths and make a meaningful impact in their respective fields. It also provides AZEK a pipeline of potential talent. In the summer of 2023, we hosted eleven interns across various departments, including engineering, product management, HR and accounting. Four students continued their internship into the fall of 2023 and one into the spring of 2024. Thus far, two interns were offered full time positions and started with the company in May 2024.

"The entire program was amazing. For its first year, I honestly thought it was something the company was doing for the last 10 years. Thank you!"

#### **Participant**

2023 AZEK Students On Deck

#### Key features of AZEK's Students on Deck program include:

#### **Internship Opportunities**

The program offers internships to students, allowing them to gain valuable work experience in their chosen field. These internships are often structured to provide a balance of learning and practical application, enabling students to apply their academic knowledge to real-world projects.

#### Mentorship

Participants in the program have access to mentorship from experienced professionals within AZEK. Mentors provide guidance, support, and advice to help students navigate their career paths and achieve their goals.

#### **Networking Opportunities**

The program facilitates networking opportunities for students to connect with industry professionals, potential employers, and peers. These connections can be invaluable for future career growth and development.

#### **Projects and Challenges**

Students may be involved in various projects and challenges as part of the program, allowing them to apply their skills to real-world problems and gain practical experience in project management, problem-solving, and collaboration.



## Building a Culture of Inclusion and Belonging

#### **OUR COMMITMENT STATEMENT**

We are committed to providing an equitable and inclusive workplace where diversity of all kinds is valued, respected and appreciated. We are building and promoting a culture of belonging where everyone feels empowered to bring their full, authentic selves to work. It fuels our innovation, drives operational excellence and is a source of our competitive differentiation, while connecting us closer to our customers and the communities we serve.

This commitment similarly extends to our supplier partners. We believe that partnering with suppliers who provide innovative ideas, flexibility, and new efficiencies—in addition to delivering excellent material goods and professional services—can yield differentiated competitive advantages for our company. As such, we are committed to building relationships with a wide range of entrepreneurs, including, among others, minority and veteran owned entrepreneurs as well as Woman-Owned Business Enterprises in communities across North America, providing them with relevant support, as and when necessary.



## Our Inclusion Roadmap

We have made notable progress in our inclusion journey since 2020. Recognizing we will always have room for improvement, we have developed an Inclusion & Belonging Roadmap focused on the following principles:

#### INCLUSION IN THE WORKFORCE

- Encouraging diverse representation throughout our organization
- Creating strategic partnerships that enhance representation of candidates
- Ensuring equal opportunity in recruitment, hiring, training, development and advancement



#### **CULTURE AND WORKPLACE BELONGING**

- Cultivating an environment where every employee feels included and valued for who they are
- Expanding and embedding Employee Resource Groups as an important part of our culture
- Expanding quarterly engagement events and educational programming



#### TALENT DEVELOPMENT AND TOTAL REWARDS

- Expanding inclusive leadership and frontline manager training programs
- Enhancing our performance process year over year to ensure objective feedback
- Ensuring equity and inclusivity in pay, benefits and total rewards programs



#### SUPPLIER, CUSTOMER AND COMMUNITY IMPACT

- Expanding our supplier pool to support equal opportunities for diverse suppliers
- Establishing community engagement plans that impact our local markets
- Engaging customers with resources and information that promotes belonging



### 2023 Progress

#### **CULTURE AND WORKPLACE INCLUSION**

Bringing Forward the Best of AZEK is a culture campaign, which was launched in 2022 as a result of feedback we received in the 2021 Employee Engagement Survey. At the core of the campaign, we commit to prioritize a culture that is purposefully designed for our employees and contains three main pillars:

- 1. Reinforcing our core values,
- 2. Prioritizing inclusion and belonging in everything that we do, and
- Developing leaders that drive a strong culture and place employee needs at the forefront.





- Launching the Accelerated Leadership Development Program (ALDP), a program that
  develops rising leaders in our organization, exposing them to different functions and
  sites to promote diversity of thought and experiences. ALDP encourages sustainable,
  long-term professional growth while also providing opportunities for self-reflection
  and mentorship.
- Rolling out the AZEK Star program, an employee recognition program that rewards our employees whose actions demonstrate how they embody our core values.
- Launching African American, Pride and Mental Health-focused Employee Resource Groups (ERGs), which are open to all employees, providing resources to our team members and support vulnerable populations in our local communities.
- Developing six company-wide events that brought various cultural experiences, perspectives and celebrations to our team members. As a part of these campaigns, we hosted a Women in Leadership Panel where leaders across functions and sites talk through their experiences working in the Building Products industry. Additionally, as a part of our focus on wellness, we brought in an expert who shared the science of Mental Health and practical tips our team members could implement to enhance their well-being.







#### SUPPLIER, CUSTOMER, AND COMMUNITY IMPACT

At AZEK, we worked to enhance the benefits we make in our local markets by pursuing strategic partnerships that uplift our communities. Through our Employee Charitable Matching Program, which matches employee donations and volunteer hours to charitable organizations dollar-for-dollar, AZEK and our team members gave back more than \$17,000 to our communities from launching the program in June of 2022

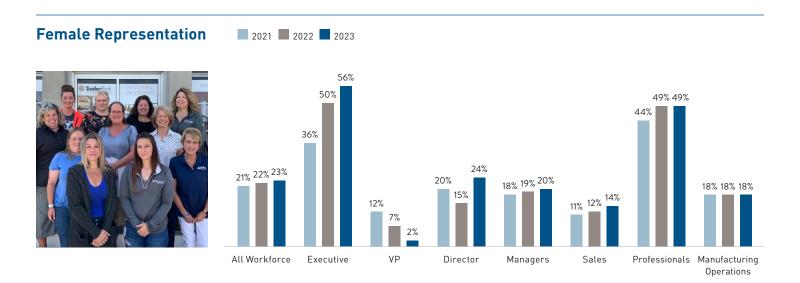
through September of 2023. Additionally, we participated in volunteer events and made donations to charities through our AZEK Cares Foundation and other funds totaling more than \$100,000. Beyond our local communities, we also strive to engage a supplier base that reflects the communities where we live, work and serve as part of our supply chain stewardship program, and thus expanding our pool of suppliers.

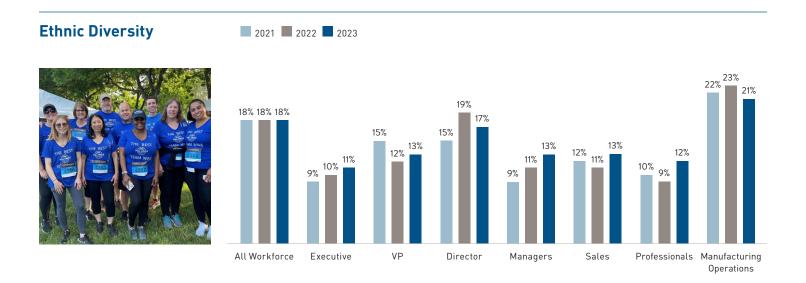
## Workforce Makeup

AZEK follows equal employment opportunities principles and complies with the letter and spirit of the laws regarding fair employment practices and non-discrimination. Please visit our website to view our latest EEO-1 report.

AZEK does not tolerate discrimination, harassment, violence or threatening behavior of any kind. Our policy of non-discrimination applies to all aspects of employment, including hiring, salary, advancement, benefits, discipline, termination or retirement, on the basis of gender,

race, religion, age, nationality, mental or physical disability, sexual orientation, gender identity, marital status, pregnancy, veteran status, political opinion, social or ethnic origin or any other characteristic protected by applicable law.





Note: There may be differences in the data displayed above as compared to prior FULL-CIRCLE Reports published by AZEK as well as our EEO-1 reported data, primarily because reporting is captured as of a certain date and 'Managers' are defined differently for federal EEO-1 purposes. Data displayed above is as of September 30, 2023 for all categories except 'Executive' which is reported as of the date of this FULL-CIRCLE Report's publication. Within the context of this FULL-CIRCLE Report, AZEK defines 'Managers' as: (1) employees with at least one direct report and/or (2) employees with 'manager' in their job title.

### Safety Absolutes

#### OUR COMMITMENT TO SAFETY

#### The AZEK Company has made safety a top priority, with oversight by the Board of Directors.

The company is dedicated to maintaining a strong safety culture that goes above and beyond industry standards, and continually works towards improving safety performance. This is achieved through the leadership of a dedicated environmental, health and safety team, led by the Vice President of QEHS and Operational Excellence, who is responsible for managing, auditing, and executing unified safety and compliance programs company-wide. The Vice President of QEHS and Operational Excellence reports directly to the Senior Vice President of Operations and provides monthly updates to the CEO.

In addition to these efforts, The AZEK Company has established a set of non-negotiable safety values known as the "AZEK Company Safety Absolutes". These values are deeply ingrained in all aspects of the organization, so that that safety is taken seriously at every level, and so that all employees understand the importance of maintaining a safe working environment.

Overall, The AZEK Company is committed to creating a culture of safety, with a focus on exceeding industry standards and continuous improvement. Our dedication to safety is reflected in company-wide programs, leadership structure and commitment to "The AZEK Company

Safety Absolutes". We prioritize the execution of our safety commitments and begin each safety meeting with a thorough review and discussion of our Safety Absolutes. Moreover, we are committed to constructing, maintaining and operating our manufacturing facilities in accordance with applicable local, state, and federal environmental, health, and safety regulations, as well as AZEK policies and standards.

Our Environmental, Health, and Safety (EHS) Policy outlines our management programs and expectations throughout our operations and businesses. We continually assess and manage operational hazards and risks to provide safe and healthy workplaces for our employees, visitors, contractors, customers, and the communities in which we operate. Our commitment to safety is reflected in our ongoing training, objectives, and management systems, which are continually reviewed and improved to ensure we meet or exceed industry standards.

Overall, our dedication to safety is a top priority at The AZEK Company, and we are committed to creating a culture of safety that permeates every aspect of our operations. By prioritizing safety, we aim to provide safe and healthy workplaces for our employees and ensure that we continue to exceed industry standards in every aspect of our business.

## Plant the SEED for Safety





## AZEK is a member of the following organizations:

- National Safety Council
- National Fire Protection Association
- American Society of Safety Professionals

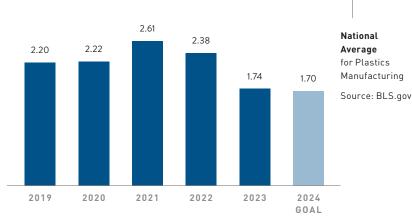
### Safety Absolutes (continued)

In 2019, we rolled out a corporate-wide Behavior-Based Safety program designed to influence employee actions toward safer outcomes, ideally by preventing an accident or injury before it occurs. This program, combined with ongoing improvements, our Safety Absolutes, formalized Safety Committees and periodic safety audits have enabled us to improve safety performance by approximately 21% in fiscal 2023 vs. fiscal 2019. We also act on hazard reports from our teams and report near misses as they happen.

#### Total Recordable Incident Rate (TRIR)

Total Recordable Incident Rate (TRIR) is used by the Occupational Safety and Health Administration (OSHA) to track and report work-related injuries and illnesses. According to published U.S. Bureau of Labor Statistics (BLS) data, **AZEK has outperformed our industry on TRIR**.

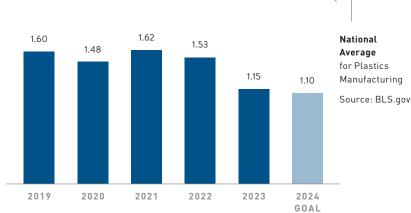




#### Days Away, Restricted or Transferred (DART)

OSHA uses Days Away, Restricted or Transferred (DART) rates to track and report work-related injuries and illnesses that result in lost time, restricted duty or transfer to another work function. AZEK outperforms our industry on DART and this metric has continued to decrease over the last several years.





 $During\ fiscal\ 2023,\ there\ were\ zero\ fatalities\ recorded\ within\ our\ operations\ and\ our\ near-miss\ frequency\ rate\ was\ was\ 7.91.$ 

### **Quality Absolutes**

#### AZEK IS COMMITTED TO MEETING AND EXCEEDING EXPECTATIONS FOR PRODUCT QUALITY.

Our extensive material science expertise, distinguished R&D capabilities, and unwavering commitment to quality have enabled us to produce award winning products and offer some of the industry's longest warranties. For instance, our TimberTech Advanced PVC decking product line comes with a limited lifetime product warranty and 50-year fade & stain limited warranty.

As part of our commitment to quality, we have established The AZEK Company Quality Absolutes, a set of quality values designed to help our sites ensure process discipline, identify risks and opportunities, take necessary actions, quickly address issues and achieve efficiency and effectiveness.

Throughout the manufacturing journey, AZEK products undergo rigorous testing, conducted both internally and in collaborations with external firms, against the highest standards of quality and safety.

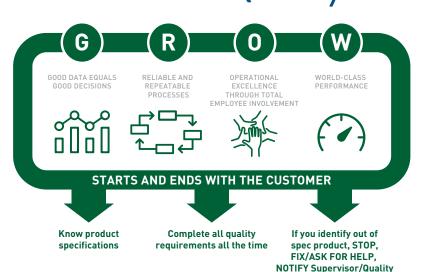
Our products are also subjected to, as required, evaluations for wind uplift resistance, strength, stiffness, structural performance, durability, fire safety and other critical quality metrics. From our smallest fasteners to our largest deck boards, every product undergoes stringent evaluations before making its way to our customers.

Quality Management Systems are implemented across product portfolios and are audited and/ or certified by external organizations such as Intertek, NSF International, FM Global and Underwriters Laboratories (UL). For example, our decking, porch boards, cladding and handrail products receive at least annual external assurance from Intertek, certifying we meet or exceed ICC-ES AC174 (deck and handrail quality) requirements as specified by the International Code Council (ICC), the International Building Code (IBC) and/or the International Residential Code (IRC).

In addition, at our polyethylene recycling facility in Wilmington, Ohio, the manufacturing line turns recycled material into a raw material that is then extruded into a composite. Critical to this process are sampling stations strategically placed at key junctures to uphold quality standards. Our skilled technicians gather these samples and conduct rigorous quality tests in our state-of-the-art analytical lab, ensuring the maintenance of all material standards throughout the manufacturing process.

In Fiscal 2023, AZEK experienced no product recalls. This reflects our ongoing commitment to maintaining the highest standards of product quality and safety. Even so, we recognize the importance of being prepared. If a recall becomes necessary, our team is committed to managing it swiftly and effectively.

## **GROW** with Quality





#### It Starts and Ends With The Customer

## We have an extensive network of contractors, dealers and distributors serving as AZEK brand advocates.

Our extensive network consists of approximately 40 distributors with over 170 branch locations and more than 10,000 professional dealer and lumber locations and home improvement retail outlets, including both stocking and special order locations across the United States and Canada. Contractors and home builders purchase our products through dealers and retailers. We believe our strong relationships with dealers and contractors are driven by the trust and reliability that we have generated through product innovation, superior quality and performance, and the continuing service and support that we offer.

#### KLASSIC CUSTOM DECKS



"We love working with TimberTech materials and the people that stand behind them."

#### Phil (and Jackie) Klonowski

Owners

#### Klassic Custom Decks Greenville, SC



#### KAMHOLZ OUTDOOR LIVING



"TimberTech products are by far our go-to products due to their workability, aesthetics, and resiliency to our weather extremes in Buffalo, NY."

#### Jeremy Kamholz

Partner

Kamholz Outdoor Living Buffalo, NY



## **AZEK University**

#### A TRAINING PROGRAM DESIGNED FOR DISTRIBUTORS, DEALERS, ARCHITECTS AND CONTRACTORS.

In 2010, we launched AZEK University, a two-day training program consisting of product knowledge sessions, hands-on workshops, plant tours and relationship-building—all designed to help AZEK's distributor, dealer, architect and contractor partners build their businesses and

educate their customers on AZEK's industry-leading product lines, including TimberTech decking and railing, AZEK Exteriors products and more. We've had over 8,500 AZEK University training and plant tour attendees since 2020.





## Supply Chain Management

## In alignment with our core value of 'Always Do the Right Thing', we seek to partner with our suppliers to further develop the sustainability performance of our supply chain.

At AZEK, we care about creating a sustainable and ethically managed supply chain to make the world a better place for all. We continue to pursue sustainable supply chain management practices as a key element of our sustainability strategy, mitigating risk and reducing adverse impacts across the value chain. In addition to the sustainability advantages and cost benefits of our vertically integrated in-house manufacturing operations, our supplier base is located primarily in the United States, making us less susceptible to trade disruptions or supply chain dislocations than other companies with more globalized supply chains.

In alignment with our core value of 'Always Do the Right Thing,' we want to partner with our suppliers to further develop their sustainability performance in our supply chain. Further, we seek to contribute to the economic growth of a diverse business community by developing relationships with qualified businesses that meet our high standards for quality and cost effectiveness. Our Supplier Code of Conduct outlines the expectation of our suppliers with respect to ethical business and labor practices, freedom of association, human rights, regulatory compliance and environmental standards, among other topics. We require our suppliers to sign our Supplier Code of Conduct, committing them to abide by its terms. In addition, we perform on-site audits of key new suppliers, including all international suppliers, to ensure their ability to comply. When we have become aware of potential non-compliance, we have taken measures, such as engaging outside consultants and conducting diligence into the particular supplier, to remediate any actual non-compliance.

We regularly engage with our supply chain partners on various topics throughout the year. As part of this effort, we conducted a survey to benchmark and gain deeper insights into their commitments and progress on environmental sustainability initiatives.



As expected, the maturity of environmental sustainability initiatives across our supply chain partners varies. However, over 80% of the supplier responses indicated a moderate to high interest in environmental sustainability initiatives, including emissions reductions, waste reduction, packaging optimization and more. As we seek to further engage our value chain partners on the topic of sustainability, we plan to launch a supplier scorecard to better track and measure actual performance or our suppliers' sustainability and environmental impacts. In the future, this will enable us to obtain actual data for the calculation of our carbon footprint (specifically, Scope 3 value chain emissions), reducing our reliance on using industry averages.

#### **POLICY ON HUMAN RIGHTS**

The AZEK Company is committed to protecting and advancing human rights in accordance with the UN Guiding Principles on Business and Human Rights, the United Nations Universal Declaration of Human Rights and the International Labor Organization's Fundamental Conventions. At AZEK, we recognize that companies have an important role to play in promoting human rights and urge our suppliers to uphold these same principles within their own organizations. We contribute to the fulfillment of human rights through compliance with laws and

regulations wherever we operate, as well as through our policies and programs. Our policy on human rights is reinforced in our employment, ethics and procurement policies, which are designed to promote, protect and respect human rights within AZEK and our suppliers. Additionally, our commitment to comply with all human rights laws is also captured in our Code of Business Conduct and Ethics, which should be read in conjunction with our position on human rights.

Our policy on human rights is reinforced in our employment, ethics and procurement policies, which are designed to promote, protect and respect human rights within AZEK and our suppliers.

### Giving Back

At The AZEK Company, we are committed to being responsible and respected citizens in the communities in which we live and work, partnering with organizations whose values match our own. We are actively working to develop an even more robust community engagement and corporate giving strategy to further amplify our impact in the communities we serve.



#### EMPLOYEE CHARITABLE MATCHING AND VOLUNTEER HOURS PROGRAM

Each year since the program launched in 2022, AZEK has matched financial donations made by our employees up to \$500 in total donations, per employee, per year, and for every 8 hours of personal time that an employee spends volunteering for a registered charity, AZEK will donate \$100 to said charity. The program has been well received by our employees, with employee and company donations totaling over \$17,000 through September 2023.





#### 7,064 TREES PLANTED ACROSS THE U.S. IN 2023

As a result of our 2023 Earth Day Social Media Engagement Campaign, we made a \$7,064 donation to One Tree Planted. In partnership with this organization, for every \$1 donated, 1 tree is planted.





#### CHIPPING FOR CHARITY

During the 2023 TimberTech Championship, we held our 3nd Annual "Chipping for Charity" challenge for PGA TOUR Champions players in the tournament. Winners received a \$5,000 donation from The AZEK Cares Foundation to the charity of their choice.





#### **GARDEN OF CEDAR**

AZEK donated materials to create flower beds in the Garden of Cedar, a unique, functional urban community garden, park and children's discovery area located in Scranton, Pennsylvania. The space serves as a community park and garden where local organizations and neighborhood residents can reserve spots at no-cost to garden and help combat food insecurity. The Garden has also hosted community events such as: backpack giveaways, mobile food pantries, and summer lunch programs for area school-aged children, and other fundraising events.



#### Volunteerism

## As our company continues to grow, we recognize and take pride in our efforts to support the communities that help us grow.

Our teams volunteer their time and expertise to support their communities in many ways. We are thankful to our team members who make a difference in our community, further standing by our core value to Always Do The Right Thing, whether it's related to our customers, community, coworkers or the world around us.

#### 2023 Volunteerism Highlights

#### **DECK FOR A SOLDIER**

Former military members and their families have a special place at The AZEK Company, and they have an active employee resource group (ERG) for meeting, discussing, and acting on common issues. In 2023, members of this ERG joined with the North American Decking and Railing Association (NADRA) Deck for a Soldier organization and other contractors to

Beach, New Jersey. AZEK was proud to provide over 2,400 board feet of decking from the Landmark Collection for this project. SSG Minard chose Castle Gate for the primary decking and Boardwalk (appropriate for New Jersey!) for the trim. Cortex fasteners, bits, and matching plugs were supplied as well.

build a deck for a deserving veteran in Union





AZEK veterans Scott Prince and Will Eppley from Scranton and Tim Dombroski and Chuck Lewis from Intex participated in the build alongside numerous other contractors and deck builders from the region. Bruce Verblaauw, from NJ Decks and Railings, was the project lead. The jobsite featured recycling bins from the AZEK Full-Circle Recycling Program. Old materials removed from the previous deck were collected and shipped off for recycling into new decking and more. Following the build, SSG Minard and his AZEK hosts toured the manufacturing facility in Scranton, PA, where he saw how some of the materials for his new deck were made, and how some of the recycled materials from his old deck may be used.

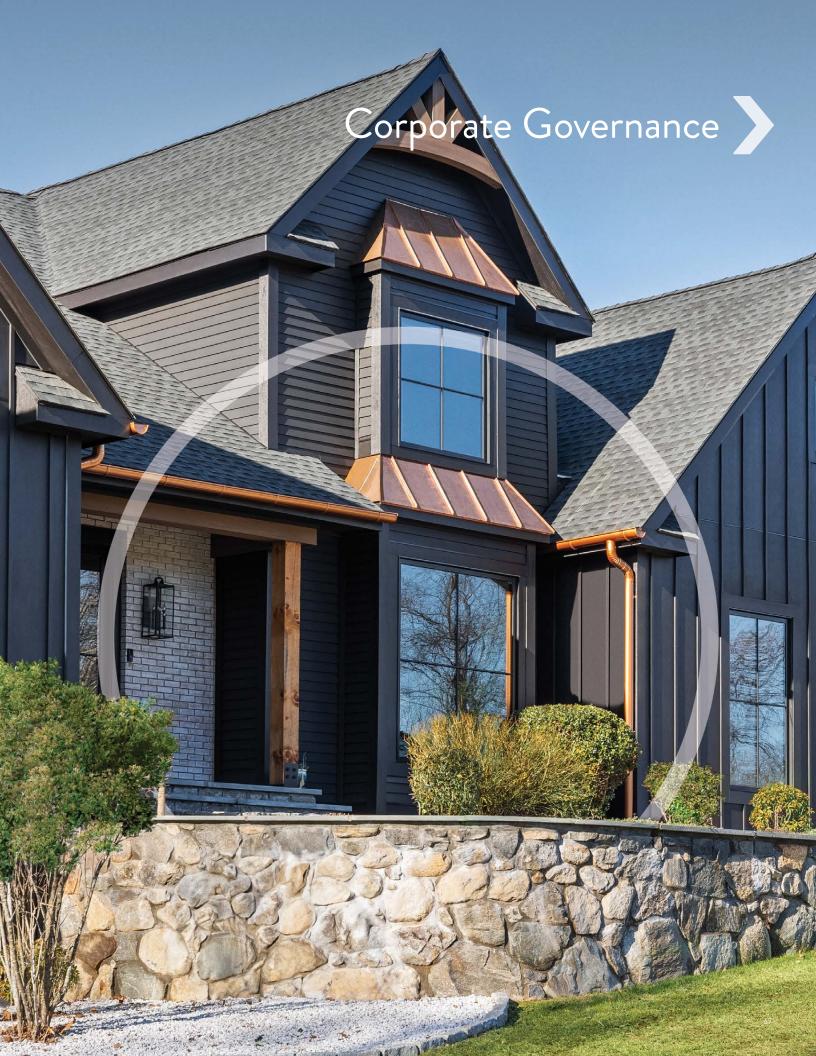


#### THE WILD MILE IN CHICAGO WITH URBAN RIVERS

The Wild Mile is a floating eco-park that is creating a new environment for habitat, recreation, and education along the North Branch Canal of the Chicago River. Several members of our team participated in trash cleanup by kayak, filling mussel bunkers with sand and dispersing seed bombs to grow more native plants.







## Operating with Integrity and Accountability

Ethics and integrity are the bedrock of all that we do. And, we strive to maintain a transparent work environment. Our corporate governance policies are designed to set clear expectations and responsibilities for our leaders, employees and business partners to ensure we conduct our operations in a manner that is consistent with the highest standards of business ethics and accountability.



#### **BOARD OF DIRECTORS**

Our board of directors is responsible for the supervision and oversight of our business affairs. In executing this responsibility, our board of directors establishes corporate policies, sets strategic direction and oversees management.

#### Our Board of Directors has three standing committees:

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee

#### CODE OF CONDUCT AND ETHICS

Our Code of Conduct and Ethics details the standards of ethics and professional behavior expected of directors, officers and employees. The Code covers topics such as ethical risk, provides guidance on recognizing and dealing with ethical issues, including the ethical handling of conflicts of interest, and provides mechanisms to report unethical conduct. It is meant to foster a culture of honesty and accountability, deter unethical behavior, promote compliance with applicable laws and governmental rules and regulations, ensure the protection of AZEK's legitimate business interests, including corporate opportunities, assets and confidential information and promote fair and accurate disclosure and financial reporting.

#### ETHICS AND COMPLIANCE TRAINING

Our employees receive ongoing training on our ethics and compliance practices and policies, including anti-corruption, on at least an annual basis.

#### **OUR BOARD OF DIRECTORS**

~56%
Gender and

ethnic diversity\*



**Gary Hendrickson**Chairman of the
Board of Directors



Jesse Singh
Director, President and CEO



Sallie Bailey
Director



Pamela Edwards
Director



Howard Heckes
Director



Vernon J. Nagel
Director



Harmit Singh
Director



Brian Spaly
Director



Fiona Tan
Director

#### **OUR LEADERSHIP TEAM**

~67%

Gender and ethnic diversity



**Jesse Singh** Chief Executive Officer, President and Director



Peter Clifford Senior Vice President, Chief Operations Officer and Chief Financial Officer



Jon Skelly President—Residential and Commercial



Morgan Walbridge Senior Vice President, Chief Legal Officer and Secretary



Sandra Lamartine
Senior Vice President and
Chief Human Resources Officer



Chris Latkovic
Senior Vice President of Operations



**Samara Toole** Senior Vice President and Chief Marketing Officer



Michelle Kasson Vice President and Chief Information Officer



**Amanda Cimaglia** Vice President, Corporate Affairs

<sup>\*</sup>Post AZEK's 2024 Annual Meeting of Stockholders

#### **FULL-CIRCLE GOVERNANCE**

The Board of Directors is responsible for overseeing the Company's strategic direction, including the integration of risks and opportunities related to our FULL-CIRCLE strategy, including with respect to environmental sustainability, social impact and corporate governance. Each Board committee also plays an important role in overseeing such aspects of our FULL-CIRCLE strategy, and provides regular updates to the full Board on its specific areas of oversight responsibility. The Board, taking into account these reports, monitors FULL-CIRCLE related risks and opportunities as part of its overarching risk management and strategy responsibilities. At the management level, we have also established a FULL-CIRCLE Steering Committee consisting of leaders from across our organization. The FULL-CIRCLE Steering Committee generally meets monthly and is responsible for oversight of the day-to-day management of FULL-CIRCLE matters, as well as formulating strategies for achieving FULL-CIRCLE targets and tracking performance to completion. In addition, our Vice President of Corporate Affairs oversees our day-to-day initiatives and execution and reports directly to our CEO on these matters. All levels of the organization support the board of directors with its oversight of our FULL-CIRCLE strategy.



Responsible for establishing ambitious but achievable environmental sustainability, social impact and corporate governance targets as well as day-to-day management of FULL-CIRCLE matters

#### STOCKHOLDER ENGAGEMENT

We maintain a robust year-round stockholder engagement program to properly understand stockholder interests, and our senior management and investor relations team routinely communicate with our stockholders to solicit their views with respect to key corporate matters, such as such as corporate strategy, corporate governance, risk oversight, executive compensation, environmental sustainability, social impact and corporate governance matters and human capital deployment. In fiscal year

2023, we interacted with stockholders who owned shares of common stock representing approximately 74% of the outstanding shares of our common stock as of September 30, 2023. We believe our proactive engagement approach has resulted in constructive feedback and input from stockholders and we intend to continue these efforts.



#### RISK OVERSIGHT

Our board of directors takes an active role in the oversight of risk management, while management is responsible for addressing the day-to-day risks facing our company. While our board of directors has primary responsibility for overseeing risk management, our board of directors also delegates certain oversight responsibilities to its committees. For example, our audit committee oversees management of financial risks, including those related to our internal control over financial reporting and disclosure controls and procedures, audit and auditor matters and other accounting matters. With the assistance of our independent compensation consultant, our compensation committee

regularly considers and evaluates risks related to our cash and equity-based compensation programs. Our nominating and corporate governance committee oversees management of risks associated with director independence, conflicts of interest, composition and organization of our board of directors, director succession planning and corporate governance. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, our full board of directors keeps itself regularly informed regarding such risks through committee reports and otherwise.

#### **CYBERSECURITY**

Cybersecurity continues to be a particularly acute area of risk for companies of all sizes and in all industries, including AZEK. While management is responsible for our cybersecurity program and managing our cybersecurity risks, including our procedures and day-to-day operations, our audit committee oversees our enterprise risk assessment and management program, which includes oversight of cybersecurity risks, including related to artificial intelligence. In performing its oversight responsibilities, our audit committee receives regular reports from, and meets with, our Chief Information Officer and Chief Information Security Officer at least semi-annually to review our information technology and cybersecurity risk profile and to discuss our activities to manage those risks. We use a variety of security products and vendors to protect our information technology infrastructure and data. Our programs continue to adapt and mature as threats continue

to evolve. We maintain data encryption, monitoring, loss prevention, data storage, identity / authentication controls, including two-factor authentication tools, and anti-malware and anti-virus solutions. We perform periodic penetration tests to identify and address vulnerabilities and perform cyber simulations to practice our incident response procedures. Our cybersecurity response plans are reviewed not less frequently than annually, and we prioritize new and updated programs as needed to respond to the evolving cybersecurity risks we face. We train employees on cybersecurity risks semi-annually and generate internal phishing campaigns to assess the effectiveness of the training. We also regularly review and update our privacy policies in light of evolving data privacy regulations that are applicable to us. We update our privacy policies on our website following such updates.

#### WHISTLEBLOWER POLICY

We have an independent third-party hotline available for 24/7 anonymous reporting by any of our stakeholders of any ethical violations or concerns. All reports are taken seriously. We do not tolerate acts of retaliation against any director, officer, employee, or other stakeholder who makes a good faith report of known or suspected acts of misconduct or other violations. More information can be found at <a href="investors.azekco.com">investors.azekco.com</a>.

#### POLITICAL CONTRIBUTIONS

We do not make political contributions or engage in political advocacy.



#### Conclusion



At The AZEK Company, we believe in collective action, recognizing that we are all stakeholders in creating a better future. By revolutionizing the industry with sustainable and innovative solutions, we believe we have the power to positively impact our people, our products, our communities, and the health of our planet.

Through strategic teamwork, innovative tactics, and an unwavering commitment to our values, we continually strive to do what is right, promoting a brighter and more sustainable tomorrow for all.

Thank you for being part of our journey.



## Non-GAAP Reconciliations

### **Adjusted EBITDA Reconciliation**

Year ended September 30, 2023

(U.S. dollars in thousands)	(As Restated)	
Net income	\$ 62,361	
Interest expense, net	39,293	
Depreciation and amortization	132,544	
Tax expense	22,138	
Stock-based compensation costs	18,704	
Acquisition and divestiture costs <sup>1</sup>	6,890	
Secondary offering costs	1,065	
Other costs <sup>2</sup>	843	
Total adjustments	221,477	
Adjusted EBITDA	\$ 283,838	

### **Free Cash Flow Reconciliation**

(U.S. dollars in thousands)	Year ended September 30, 2023
Net cash provided by operating activities	\$ 362,542
Less: Purchases of property, plant and equipment	[88,545]
Free Cash Flow	\$ 273,997
Net cash used in investing activities	\$ (88,504)
Net cash provided by (used in) financing activities	

<sup>&</sup>lt;sup>1</sup> Acquisition and divestiture costs reflect costs directly related to completed acquisitions of \$3.9 million, and costs related to divestiture of \$3.0 million.

<sup>&</sup>lt;sup>2</sup> Other costs reflect reduction in workforce costs of \$0.5 million and costs for legal expenses of \$0.3 million.

## SASB Index

SASB Index Disclosure Number	Topic	Accounting Metric	Response
CG-BF-130a.1	Energy Management in Manufacturing	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	In fiscal 2023, AZEK's total energy consumption was 880,472 gigajoules, including stationary combustion and purchased electricity. 100% of the electricity purchased was supplied from grid electricity, with the majority of our recycling and manufacturing facilities covered by emissions-free energy contracts. We are currently exploring opportunities to further improve our energy efficiency, reduce consumption and increase our use of renewable and emission-free electricity. We will report our progress on this initiative in future reports.
CG-BF-250a.1	Management of Chemicals in Products	Discussion of processes to assess and manage risks and/or hazards associated with chemicals	In the manufacturing of our products, we use only small amounts of chemical additives, amounts of which are well below the thresholds for a safe and healthy work environment. We conduct health and safety assessments for any new chemicals, materials or equipment that will be introduced in our company. Material safety data sheets and/or health product declarations are available for products in our portfolio. See page 33 for more detail.
CG-BF-250a.2	Management of Chemicals in Products	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	100% of our eligible products meet VOC emissions and content standards. While the majority of our products are used outdoors, all AZEK products used indoors (100%) meet indoor air quality standards for low VOC emissions. For example, all Scranton Products brands are GREENGUARD Gold Certified, meaning they meet strict chemical emissions limits. See page 33 for more detail.  Additionally, we are associate members of the Health Product Declaration Collaborative, a group of leading manufacturers that seek to improve material health in buildings and the environment.
CG-BF-410a.1	Product Lifecycle Environmental Impacts	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	We operate our business in a manner that is centered on sustainability and promotes environmental stewardship across our value chain from product design to raw material sourcing and manufacturing and we utilize plastic waste, recycled wood and scrap in our products. The majority of the products in our portfolio are recyclable at the end of their useful lives. As part of the building materials industry, we believe that we can play a role in advancing the circular economy to create a more sustainable future by increasing the recycling of wood, plastic and water, monitoring our product life cycle, reducing our carbon footprint and encouraging those in our supply chain to do the same. To demonstrate our commitment to sustainability, some of our actions include investing in a state-of-the-art recycling facility, increasing the amount of recycled content in our products, repurposing the scraps from our board-making process back into production, and deliberately sourcing and reusing hard-to-recycle materials that would traditionally end up in landfills.  Additionally, in fiscal 2020, we commissioned a first-in-the-industry ISO 14044 Life Cycle Analysis comparing PVC, composite decking and wood alternatives. Please see pages 28 to 31 for more details.

## SASB Index (continued)

SASB Index Disclosure Number	Topic	Accounting Metric	Response
CG-BF-410a.2	Product Lifecycle Environmental Impacts	Weight of end-of-life material recovered	Through our recycle programs in fiscal 2023, we incorporated approximately 420 million pounds of scrap and waste into the manufacturing of our products, which may otherwise have been sent to landfills. See pages 22–26 and 43 for more detail.
CG-BF-410a.2	Product Lifecycle Environmental Impacts	Percentage of recovered materials recycled	Virtually 100% of the scrap PVC material, less contamination, that was recovered by AZEK during fiscal 2023 was recycled and diverted from landfills. Approximately 99% of the scrap internally generated by AZEK is reused.
CG-BF-430a.1	Wood Supply Chain Management	<ul> <li>(1) Total weight of wood fiber materials purchased,</li> <li>(2) percentage from third-party certified forestlands,</li> <li>(3) percentage by standard, and</li> <li>(4) percentage certified to other wood fiber standards,</li> <li>(5) percentage by standard</li> </ul>	In fiscal 2023, AZEK purchased approximately 130 million pounds of recycled wood fiber. All of AZEK's wood suppliers purchase wood legally from domestic sources and follow state forestry guidelines or third-party forestry chain of custody certifications including the Sustainable Forestry Initiative (SFI) to ensure product sustainability.
CG-BF-000.A	Annual Production	Production shall be disclosed in typical units tracked by the entity such as number of units, weight, and/or square feet.	For commercially sensitive reasons, AZEK does not disclose this metric.
CG-BF-000.B	Area of Manufacturing Facilities		Approximately 3.4 million square feet



## Task Force on Climate-related Financial Disclosures (TCFD) Index

As an industry leader in sustainable outdoor living and building materials, we understand the critical role that businesses play in addressing climate change. By integrating sustainability into our business strategies, we believe we can mitigate risks associated with climate change and capitalize on opportunities in the transition to a low-carbon, circular economy.

Through the lens of the Task Force on Climate-related Financial Disclosures (TCFD) framework, we aim to provide stakeholders with a holistic view of our climate-related strategies, risk management processes, and performance metrics, as detailed below.

#### **GOVERNANCE**

#### Describe the board's oversight of climate-related risks and opportunities.

The Board of Directors is responsible for overseeing AZEK's strategic direction, including the integration of risks and opportunities related to our FULL-CIRCLE strategy, including with respect to environmental sustainability, social impact and corporate governance. Please see the section on "FULL-CIRCLE GOVERNANCE" within this report for more information.

#### Describe management's role in assessing and managing climaterelated risks and opportunities.

At the management level, we have established a FULL-CIRCLE Steering Committee consisting of leaders from across our organization. The FULL-CIRCLE Steering Committee is responsible for establishing ambitious but achievable environmental sustainability, social impact and corporate governance targets as well as day-to-day management of FULL-CIRCLE matters. All levels of the organization support the board of directors with its oversight of our FULL-CIRCLE strategy. Please see the section on "FULL-CIRCLE GOVERNANCE" within this report for more information.

#### STRATEGY

## Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

AZEK focuses on the following areas to seize opportunities and mitigate climate-related risks over the short, medium and long term:

#### Opportunities:

- Increased Demand for Sustainable Products: The growing market demand for sustainable and resilient outdoor living and building products presents a significant opportunity for AZEK. Our focus on producing high-quality, low-maintenance, and sustainable outdoor living products positions us well to capitalize on this trend. Our products are made using up to 85% recycled waste and scrap material, which is increasingly important to environmentally conscious consumers and builders.
- Fire-resistant Materials: With the increasing threat of wildfires due to climate change, there is a rising demand for fire-resistant building materials. Several products in AZEK's TimberTech decking portfolio meet WUI Code Compliance, maintain a Class A Flame Spread Rating and/or have an Ignition Resistant designation, allowing homeowners to build a better deck for fire-prone areas. We are committed to

- Waste Reduction and Recycling: AZEK's commitment to using recycled waste and scrap materials not only supports environmental sustainability and diverts waste from landfills, but also reduces reliance on virgin raw materials. This helps in lowering sourcing and production costs and enhances the company's reputation for sustainability and circularity. Our goal to use one billion pounds of waste and scrap annually highlights this opportunity.
- Enhanced Operational Resilience: Having various manufacturing and recycling facilities located across different regions in the U.S. and supply chain diversification helps mitigate risks from extreme weather events. This enhances the company's operational continuity and reliability.

#### Transition Risks:

- **Regulatory Changes:** Stricter climate regulations and policies could lead to increased operational costs due to the need for compliance.
- Legal Risks: Potential lawsuits related to climate change impacts or non-compliance with environmental regulations could result in financial and reputational damage.
- Technological Advancements: The rapid pace of technological innovation in sustainability could require significant investments in new technologies to stay competitive. Failure to adopt new technologies could result in a loss of market share.
- Changing Consumer Preferences: As consumers become more environmentally conscious, there is a risk that products perceived as less sustainable may experience reduced demand. We must continuously educate our stakeholders and innovate and improve the sustainability profile of our products to meet consumer expectations.
- **Reputational Risk:** Any negative publicity related to environmental performance or sustainability practices could harm AZEK's brand reputation. Maintaining transparency and actively communicating sustainability efforts are crucial to mitigating this risk.

#### **Acute Physical Risks:**

• Extreme Weather Events: Increased frequency and severity of extreme weather events (such as hurricanes, floods, and wildfires) could disrupt supply chains, damage facilities, and negatively impact production and installation of our products.

#### TCFD Index (continued)

#### **Chronic Physical Risks:**

 Long-term Climate Changes: Gradual changes in climate patterns, such as increased temperatures and altered precipitation patterns, could affect the availability and cost of raw materials, energy consumption, and overall production efficiency.

## Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

AZEK integrates climate-related considerations into our overall business strategy and financial planning by focusing on sustainability, product innovation, operational efficiency and resilience, and supply chain management.

- **Product Innovation:** We invest in R&D to design and manufacture sustainable outdoor living and building products with lower carbon footprints, increased longevity and durability, reduced waste, and longer lifespans as compared to wood products. By offering products such as composite decking made primarily from recycled waste and scrap materials, we help homeowners create beautiful, low-maintenance and sustainable outdoor living spaces. The increased demand for sustainable and fire-resistant outdoor living and building materials drives product diversification and market leadership. By both expanding our in-house recycling and processing capabilities and using up to 85% recycled waste and scrap materials to manufacture our products, we reduce raw material costs, stabilizes our supply chain, lowers our reliance on virgin materials and protects ourself against increases in commodity inflation.
- Operational Efficiency and Resilience: Having multiple manufacturing locations in different regions across the U.S. and diversified supply chains mitigates potential operational risks from extreme weather events. Through initiatives such as optimizing production processes, investing in emissions-free energy sources and energy conservation measures, and implementing waste reduction initiatives, we aim to minimize our carbon footprint while enhancing operational efficiency and performance.
- Supply Chain Management: We collaborate with suppliers to enhance transparency and resilience in our supply chain. This includes promoting use of renewable energy sources, encouraging investment in energy conservation measures, and sourcing materials responsibly to minimize emissions throughout the value chain.

Financially, capital allocation towards R&D, more efficient production technologies and sustainability initiatives balances operational costs with long-term savings, revenue growth, and risk mitigation, ensuring the company's robust response to climate challenges and opportunities.

#### **RISK MANAGEMENT**

## Describe the organization's processes for identifying and assessing climate-related risks.

AZEK considers climate-related risks in our enterprise risk management process, which is overseen by the Audit Committee. This includes regular reviews of top enterprise risks and mitigation plans by executive leadership. Risks are assessed in terms of their potential financial and strategic impact, considering both quantitative and qualitative factors.

For more information, please see the "Risk Factors" sections of our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and other information we file with the SEC, the "RISK OVERSIGHT" section within this FULL-CIRCLE Report and the commentary on the impact of climate-related risks and opportunities within this TCFD index.

#### Describe the organization's processes for managing climate-related risks.

AZEK manages climate-related risks through our enterprise risk management process overseen by the Audit Committee. This process includes regular identification, assessment, and prioritization of risks based on their potential financial and strategic impact. It covers AZEK's direct operations, upstream supply chains, and downstream impacts. Mitigation strategies are adopted to ensure operational continuity and long-term sustainability. For more information, please see the "Risk Factors" sections of our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and other information we file with the Securities and Exchange Commission (SEC) as well as the "RISK OVERSIGHT" section within this report.

#### METRICS AND TARGETS

#### Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.

AZEK uses several metrics to assess climate-related risks and opportunities in alignment with our strategy and risk management process. These metrics include the percentage of recycled waste and scrap material used to manufacture our products, total waste diverted from landfills, Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, energy consumption, and progress toward the goal of using one billion pounds of waste annually. These metrics are regularly monitored and reported to track performance and drive continuous improvement in AZEK's sustainability practices. Additionally, AZEK ties 10% of each executive officer's annual incentive compensation to FULL-CIRCLE objectives, ensuring accountability and alignment with certain environmental goals.

## Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

For AZEK's most recent Scope 1, Scope 2, and Scope 3 emissions, see page 41 of this FULL-CIRCLE Report for more details.

#### Describe the targets used by the organization to manage climaterelated risks and opportunities and performance against targets.

AZEK has set a target to use one billion pounds of recycled materials annually and is in the process of setting near-term science-based emissions reduction targets for Scope 1, Scope 2 and Scope 3 emissions. Progress towards these and other sustainability targets is regularly monitored and reported. See pages 41 - 44 of this FULL-CIRCLE Report for more details.

## Corporate Information

#### FOR YOUR REFERENCE

The AZEK Company has published the following materials relevant to our FULL-CIRCLE initiatives, which serve as additional background on our FULL-CIRCLE-related policies, strategies and communications. Please visit www.azekco.com for more detail.

- 2023 Form 10-K
- Corporate Governance Guidelines
- Related Party Transaction Policy
- Environmental, Health & Safety Policy
- Code Of Conduct And Ethics
- Anti-Bribery Policy
- Supplier Code Of Conduct
- Policy on Human Rights

#### **Corporate Headquarters**

THE AZEK COMPANY 1330 W Fulton Street Suite 350 Chicago, IL 60607

#### **Investor Relations**

312-809-1093 ir@azekco.com

#### Stock Listing

The AZEK Company's Class A common stock is listed on the New York Stock Exchange under the symbol "AZEK."





**TimberTech** 



STRUXURE

**VERSATEX** 







