

Climate-Related Financial Risk Disclosure

Prepared in accordance with California Senate Bill 261 and the Task Force on Climate-related Financial Disclosures [TCFD] framework

Company Overview

TACenergy, LLC (the “Company”) distributes refined petroleum products and renewable fuels throughout the lower 48 states. The Company sources product from bulk terminals and refineries and delivers to end-users via tanker truck below the bulk storage network. Operations support commercial, industrial, agricultural, and retail customers.

The Company recognizes that climate-related factors present both physical and transition risks that may have a material impact on its operations, financial condition, and long-term resilience. This disclosure summarizes the principal categories of risk, potential financial implications, and the Company’s mitigation and adaptation strategies.

The Company acknowledges ongoing uncertainty in the scope and timing of climate-related impacts. It will continue to refine its assessments, integrate climate considerations into financial planning, and expand disclosures consistent with SB 261 and TCFD recommendations.

The Company believes proactive management of climate-related financial risk enhances operational reliability, regulatory compliance, and long-term value creation for stakeholders.

1. Climate Related Financial Risks

Physical Risks

The Company’s operations face exposure to acute and chronic climate impacts:

1. Extreme weather events (e.g., hurricanes, floods, blizzards, wildfires) that disrupt road transport, damage refining and loading facilities, and delay deliveries.
2. Temperature extremes that affect driver safety, equipment performance, and fuel handling.
3. Regional droughts and heat trends that may affect renewable fuel feedstock supply chains and pricing or interfere with refining output.

Such conditions may increase compliance costs, reduce customer utilization, and require additional investment in infrastructure resilience.

Transition Risks

Transition to a lower-carbon economy introduces several strategic and financial exposures:

1. Policy and regulatory developments, including federal and state carbon reduction mandates, Renewable Fuel Standard (RFS), and Low Carbon Fuel Standard (LCFS) programs, which may alter product mix and compliance costs.
2. Market and demand shifts as customers transition toward or away from renewable fuels or electrification, reducing or increasing demand for conventional liquid fuels.
3. Technology evolution in vehicle electrification and alternative fuels that could displace part of the Company’s traditional market.
4. Reputational and legal considerations as public and investor expectations increase regarding climate performance and transparency.

These factors could influence revenues, margins, asset values, and the long-term viability of conventional distribution operations.

2. Potential Financial Impacts

1. Revenue: Reduced fossil fuel volumes may compress revenue.
2. Operating Costs: Increased regulatory compliance, reporting, and certification costs under state and federal low-carbon programs.
3. Insurance and Financing: Potential increases in premiums and borrowing costs as climate risk is incorporated into underwriting and lending standards.
4. Supply-Chain Volatility: Climate-driven disruptions to renewable feedstock or refinery operations could impact product availability and cost.

3. Risk Management and Mitigation Strategies

The Company has established governance, assessment, and operational strategies to manage these risks:

1. Governance and Oversight: Senior leadership oversight of climate-related financial risks and periodic integration into enterprise-risk management.
2. Scenario and Sensitivity Analysis: Evaluation of low-carbon transition and severe-weather scenarios to inform investment and operational planning.
3. Fleet and Infrastructure Resilience: Adoption of cleaner fleet technologies, idle-reduction practices, and climate-resilient facility standards.
4. Supply Diversification: Expanded access to renewable fuels and terminals to ensure flexibility under regulatory or weather-related constraints.
5. Emergency Preparedness: Updated business-continuity and disaster-response plans for extreme weather events.
6. Stakeholder Engagement: Collaboration with regulators, suppliers, and customers to align operations with evolving low-carbon policies and market trends

4. Forward Looking Considerations

The Company acknowledges ongoing uncertainty in the scope and timing of climate-related impacts. It will continue to refine its assessments, integrate climate considerations into financial planning, and expand disclosures consistent with SB 261 and TCFD recommendations.

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