

# Climate-Related Financial Risk Report

Produced to Satisfy California Senate Bill 261

**Kenan Advantage Group, Inc.**

December 2025 | FY 2024-2025

4366 Mount Pleasant Street NW, North Canton, OH 44720

## 1. Reporting Framework

This report is prepared in conformance with the **Task Force on Climate-related Financial Disclosures (TCFD)** framework (June 2017) per HSC § 38533(b)(3)(A).

Pillar	Recommendation	Status
Governance	Management oversight and accountability	Disclosed
Strategy	Risks, opportunities, impacts identified	Disclosed
Strategy	Scenario resilience	Partial
Risk Mgmt	Identification, assessment, management processes	Disclosed
Metrics	Performance metrics and targets	Disclosed
Metrics	GHG emissions (Scope 1, 2, 3)	In Development

**Omissions:** Quantitative scenario analysis deferred to 2028. Third-party verified GHG data under development per SB 253 timeline.

## 2. Governance

### 2.1 Management Accountability

**Executive Leadership Team:** Ultimate oversight of climate program strategy, policy, and resource allocation. Annual review of climate risks and capital approvals. Implementation responsibility remains with functional leads.

**EVP, Safety, Sustainability & Training:** Accountable executive for climate initiatives. Oversight for risk assessment process, emissions reduction strategy, regulatory compliance (SB 253/261), and Drivewyze Safety+ deployment supporting fuel efficiency and climate related risk reduction.

**EVP, Maintenance:** Fleet modernization, alternative fuel evaluation, renewable diesel procurement, California ACF compliance.

**VP, Continuous Improvement NA:** Continuous improvement program, Fuel Management and procurement strategy.

**Regional VPs, Operations:** Driver coaching implementation, weather event response, route optimization, terminal efficiency.

**Sr Director, Property & Environment:** Regulatory monitoring, emissions data management, CARB coordination, SmartWay reporting.

### 2.2 Sustainability Working Group

Cross-functional team (Safety, Fleet, Operations, Compliance, Procurement, Finance, IT) meets periodically to coordinate initiatives, track KPIs, and finalize contributions to regulatory filings.

## 3. Strategy

### 3.1 Climate-Related Risks

#### *Physical Risks*

- **Acute:** Hurricanes (Gulf Coast), wildfires (West), flooding, winter storms causing road closures, terminal damage, customer facility interruptions
- **Chronic:** Rising temperatures affecting driver conditions, equipment performance, temperature-sensitive product quality

### **Transition Risks**

- **Policy:** California ACF zero-emission mandates, CARB reporting (SB 253/261), potential federal GHG regulations
- **Technology:** Uncertain ZEV total cost of ownership, limited tank truck applications, infrastructure gaps, stranded asset risk
- **Market:** Long-term petroleum volume shifts; offset by renewable fuel and industrial gas growth
- **Reputation:** Customer sustainability requirements and Scope 3 data demands

### **3.2 Climate-Related Opportunities**

- **Renewable energy transportation:** Renewable diesel, SAF, hydrogen logistics (Merchant Gas division)
- **Operational efficiency:** Drivewyze Safety+ fuel optimization, route optimization, driver coaching
- **Customer solutions:** Scope 3 reporting services, carbon-neutral shipping options

### **3.3 Strategy Resilience**

Resilience factors: product/geographic diversification, essential service nature, flexibility to transport traditional and alternative fuels, ongoing fleet modernization. Qualitative scenario planning in development.

## **4. Risk Management**

### **4.1 Identification**

Sources: regulatory monitoring (CARB focus), weather/climate data analysis, customer sustainability requirements, industry associations (AMTA, CTA, NTTC), operational disruption data, Drivewyze efficiency analytics.

### **4.2 Assessment**

Criteria: likelihood, financial magnitude (capex, opex, revenue), time horizon, geographic scope, control effectiveness. Prioritized risks feed into capital allocation and operational planning.

### **4.3 Management Actions**

- **Regulatory compliance:** Dedicated resources, CARB engagement
- **Fleet technology:** Platform Science for routing and driver compliance, Drivewyze Safety+ for fuel efficiency optimization
- **Business continuity:** Regional plans for weather disruptions, distributed terminal network
- **Supplier management:** Veriforce integration for contractor compliance visibility

## 5. Metrics and Targets

### 5.1 Key Metrics

Metric	Unit	Purpose
Fleet Fuel Consumption	M gal/year	Emissions driver
Fleet Fuel Efficiency	MPG	Efficiency
Emissions Intensity	MT CO2e/M miles	Normalized perf.
Renewable Fuel %	% of total	Transition
CA ZEV Count	Vehicles	ACF compliance
Drivewyze Efficiency Score	Score/driver	Coaching

### 5.2 Emissions

To be reported on under SB 253 scope reporting mandate Q1/Q2 2026

### 5.3 Targets

Target	Goal	Date	Owner
Fuel Efficiency	+5% MPG	2030	<b>EVP Maint</b>
Emissions Intensity	-7.5% CO2e/mi	2030	<b>EVP Safety</b>
Alternative Fuels	15% blend	2028	<b>EVP Maint</b>
CA ACF Compliance	Per regulation	Per CARB	<b>EVP Maint</b>
Drivewyze Deployment	100% fleet	2026	<b>EVP Safety</b>
Idle Reduction	-20%	2027	<b>Regional VPs</b>

### 5.4 FY 2024-25 Progress

- Drivewyze Safety+ pilot deployment for fuel efficiency optimization
- Renewable diesel expanded in Canadian and California markets
- Customer Scope 3 reporting capability Initiated
- Veriforce contractor management project launched

## 6. Reduction and Adaptation Measures

### 6.1 Emissions Reduction

- **Fleet modernization:** Latest emissions controls, fuel efficiency specs
- **Telematics/coaching:** Drivewyze Safety+ for speed management, idle reduction, acceleration optimization; Platform Science for fleet telematics, routing, and operational efficiency.
- **Route optimization:** Minimize out-of-route and empty miles
- **Alternative fuels:** Renewable diesel/biodiesel where available
- **Facility efficiency:** LED lighting, programmable HVAC

### 6.2 Adaptation

- **Business continuity:** Regional weather response plans, distributed terminal network
- **Emergency response:** Rapid mobilization capability for weather events
- **Infrastructure:** Flood risk, backup power in facility planning
- **Driver programs:** Adverse weather training and technology support

### 6.3 Compliance Investments

California ACF, SB 253/261, EPA SmartWay, state/local emissions regulations.

## Contact

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