TCFD Disclosures

Governance	
Recommended Disclosures	**Response**
a. Describe the board's oversight of climate-related risks and opportunities.	**Board of Directors** - The Company's Board of Directors has an increased focus on environmental, social, and governance matters – inclusive of climate-related matters including risks and opportunities. Climate-related risks and opportunities are assessed annually as part of the Company's enterprise risk management (ERM) process. **Governance and Nominating Committee** - The Governance and Nominating Committee (G&N Committee) comprises three or more independent directors and is responsible for providing counsel to the full Board concerning environmental, social, and governance (ESG) strategy and initiatives. This includes assisting in the development and implementation of the Company's Corporate Governance Guidelines and ensuring the independence of the Board as it exercises its corporate governance and oversight roles for the benefit of shareholders and the Company's other constituencies. **Audit Committee** The Audit Committee comprises three or more independent directors and assists in fulfilling the oversight responsibilities of the Board relating but not limited to the integrity of the Company's financial statements and financial reporting process; the integrity of the Company's systems of internal accounting and financial control, including the Company's systems to monitor and manage enterprise business risk, which may or may not include matters of climate-related risks meeting specified criteria for financial materiality.
b. Describe managements role in assessing and managing climate-related risks and opportunities.	**CRRO Working Group** - Led by the Company's ESG Manager, the internal Climate-related Risks and Opportunities (CRRO) Working Group includes the Company's Chief Audit Executive, Chief Accounting Officer, Deputy General Counsel, VP of FP&A, Director of FP&A, Manager of Accounting, Senior Accountant, and the Company's Environmental & Sustainability Program Manager. The Working Group is responsible for performing more in-depth analysis of climate-related risks and opportunities to discern their relevance and potential for financial materiality. While some ESG topics, including climate-related risks, are included in our company's Enterprise Risk Management (ERM) assessment, they may not make the final register and do not typically include climate-related opportunities.

TCFD Disclosures

Strategy

Recommended Disclosures	Response
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. **b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.** **c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**	Valvoline Inc. evaluates physical (acute, chronic) and transition (policy & legal, technology, market, reputation) across short (0-1 year), medium (2-10 years), and long-term (10+ years) time horizons. In fiscal 2024, Valvoline Inc.'s internal Climate-Related Risks and Opportunities (CRRO) working group conducted an initial climate risk assessment to identify opportunities and quantify the potential financial impacts of climate-related risks under the best and worst climate scenarios while assessing the resilience of our operations and business strategy under those conditions*. The analysis was performed using climate models aligned with the Sixth Assessment Report (AR6) by the Intergovernmental Panel on Climate Change (IPCC), and the Shared Socioeconomic Pathways (SSPs) scenarios, with a focus on physical risks (acute and chronic) for company-owned stores located in the United States (96% of total company-owned stores). The CRRO also assessed physical risks that may impact our franchise operations, although financial impacts were considered de-minimis. For acute physical risks, management used sales revenue figures from our company-owned and operated stores to develop ranges of financial impact based on the number of days a store may need to close after experiencing an extreme weather event and created four categories: · Nominal impact–1 sales day closure · Moderate impact–7 sales day closure · Catastrophic impact–21 sales day closure · Permanently closed Using this methodology, management evaluated the following physical risks in 2024's assessment: · Acute - Flooding - Wildfires · Chronic - Heat (includes heat waves and days of extreme heat) These potential hazards were modeled across three climate scenarios for the short, medium, and long-term time horizons: · SSP1-1.9, 1.5°C by 2100 · SSP3-7.0, 3.6°C by 2100 · SSP5-8.5. 4.4°C by 2100

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Strategy	
Recommended Disclosures	**Response**
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. **b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.** **c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**	**Physical Risks** **Physical—acute, flooding** · Approximately 5% of our company-owned and operated stores are situated in regions that may be vulnerable to extreme climate events over the next 1 to 30 years. Our stores are strategically located across a diverse range of geographic areas throughout the United States and Canada. Canada was not included in this assessment for FY24 but will be assessed in FY25/FY26. While management acknowledges that a small fraction of our total footprint is in areas identified as at risk for potential flooding events, it is worth emphasizing that it is unlikely that all locations would experience severe flooding simultaneously. In the improbable scenario that every identified location was to sustain catastrophic damage, leading to store closures of 21 sales days or fewer, the estimated financial implications on company revenues would remain minimal, well below USD 5 million. Valvoline is committed to ongoing monitoring and risk mitigation strategies to safeguard its assets and ensure continued operational resilience in the face of climate challenges. · Likelihood–not likely · Financial impacts–de-minimis, well under USD 5M **Physical—acute, wildfires** · Approximately 3% of our company-owned and operated stores are situated in regions predicted to experience extreme climate events such as wildfires over the next 1 to 30 years. The locations identified as being "at risk" through this assessment are geographically dispersed across various regions of the United States, making it improbable that all at-risk locations would be simultaneously affected by wildfires. Should a scenario arise in which all stores face closure due to a catastrophic wildfire for 21 sales days or fewer, the anticipated financial impact on revenues would be under USD 5 million. · Likelihood–not likely · Financial impact–de-minimis, under USD 5M **Physical—chronic, heat*** · Approximately 28% of our company-owned and operated stores are situated in regions identified as potentially experiencing an increase in the number of days with temperatures exceeding 96°F. Following OSHA guidelines, on days when temperatures reach 95°F or higher, employers are mandated to provide employees with a minimum of a 10-minute preventative cool-down rest every two hours, as well as ensure access to water, shade (for outdoor work), and the implementation of training and emergency protocols. Considering the additional cool-down breaks required for a standard-length shift, we anticipate that these measures will not significantly affect our operational capabilities. If extreme heat conditions necessitate the temporary closure of multiple stores or adjustments to operating hours, management does not expect a material financial impact on our revenues. The insights gained from this assessment will serve as a foundation for enhancing our training and safety protocols related to heat stress and expanding the geographic reach of team members that undergo Heat Injury Prevention Plan (HIPP) training. · Likelihood–likely · Financial impact–de-minimis, under USD 5M

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Strategy

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a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. **b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.** **c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**	**Transition Risks** **Transition—Market, Changing Customer Expectations on Sustainability** Increasing ESG transparency requirements from large enterprise customers may result in lost contracts if the Valvoline Inc. fails to disclose emissions and align with net-zero goals. · Likelihood–low, unlikely · Financial impact–not reported · Impact on emissions–none/not reported **Transition—Policy & Legal, Shareholder Lawsuits & Climate Risk** Failing to properly assess, disclose, or mitigate climate-related financial risks may result in shareholder activism, lawsuits, and financial penalties. · Likelihood–low · Financial impact–low · Impact on emissions–none/not reported **Transition—Policy & Legal, Legal Repercussions from Anti-ESG Governments** If governments with anti-ESG sentiment retaliate against companies with climate and sustainability targets, Valvoline Inc. may face financial, legal, and reputational risks. · Likelihood–medium · Financial impact–low · Impact on emissions–none/not reported

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Strategy	
Recommended Disclosures	**Response**
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. **b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.** **c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**	**Opportunities** **Opportunities—Resilience, Automated Emissions & ESG Compliance Tools** Reporting automation has the potential to decrease time demands on subject matter experts, ESG/sustainability teams and increase the amount of time spent focused on the implementation and execution of strategic ESG priorities. Reducing regulatory compliance costs may result in strengthened investor confidence and improved ESG/sustainability reporting. · Likelihood—medium, likely · Financial impact—low, annual savings of 10,000-500,000 USD · Impact on emissions—none/not reported **Opportunities—Energy source, Community Solar** In certain markets where Valvoline Inc. operates, there are opportunities to participate in community solar. Participation in community solar allows Valvoline to support a just transition for beneficial electrification and the diversification of energy grids through indirect monetary support of renewable energy projects. This option does not require us to install onsite solar but provides the benefit of a bill credit of up to 10%. · Likelihood—medium, likely · Financial impact—low, annual savings of 10,000-50,000 USD · Impact on emissions—none/not reported **Opportunities—Energy source; Resource efficiency, Onsite Solar & Battery Storage for Commercial Buildings** In some markets where Valvoline Inc. operates, energy demands are rising while grid stability and reliable electricity supply are not keeping up. This has resulted in more frequent power outages and rolling blackouts. By procuring onsite solar energy (behind-the-meter), Valvoline Inc. would be able to store and use power during peak demand times. This approach could lead to lower electricity costs and lessen the strain on the grid while allowing Valvoline Inc. to continue operations (generating revenue) during power outages. · Likelihood—low, not likely due to geographic spread of sites and limited rooftop space · Financial impact—low, ROI period is extensive · Impact on emissions—potential decrease of 2,809mt CO_2e in year 1, equivalent to a 7% reduction in total emissions based on FY24 figures

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Strategy	
Recommended Disclosures	**Response**
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Risk Management	
Recommended Disclosures	**Response**
a. Describe the organization's processes for identifying and assessing climate-related risks. **b. Describe the organization's processes for managing climate-related risks.** **c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.**	At Valvoline Inc., Board-level committees oversee risk assessment and risk management responsibilities. The company's Chief Audit Executive reports directly to the Audit Committee of the Valvoline Inc. Board of Directors and administratively reports to the company's Chief Financial Officer. The Chief Audit Executive is responsible for preparing and implementing a risk-based audit plan to assess, report on, and make suggestions for improving the company's key strategic, financial, and operational activities and internal controls. The Chief Audit Executive is responsible for leading the annual enterprise risk management (ERM) process which includes participation from members of Executive and Senior Management and the Board. ESG matters, including climate-related risks, are within the scope of the ERM process and are assessed annually; results are aggregated and reported annually to Executive and Senior Management and the Board. To further track Valvoline Inc.'s risks and opportunities, the company engages with internal and external stakeholders to assess material issues relating to its industry. Although management conducts a formal materiality assessment every 3-5 years, discussing and defining issues of materiality is an ongoing process that involves continuous stakeholder engagement to ensure the company is aware of the latest and most pressing areas of stakeholder concern. In addition to any formal and informal engagement processes, the company leverages reporting frameworks like GRI, SASB, and TCFD to help align its strategic business priorities with relevant issues of environmental and social sustainability. Valvoline Inc. also participates in active rankings such as the S&P Global Corporate Sustainability Assessment (CSA) to stay abreast of trending ESG topics while understanding how it is performing relative to its peers in those areas. Ratings and rankings further assist the company in identifying areas of risk and opportunity, and management reviews results annually to assess whether the company needs to start, stop, or continue areas of focus. At the site-specific level, while it is primarily the responsibility of facility managers to understand and address site-specific risks, there is a feedback mechanism embedded in company processes that allows for consideration of site-level concerns in organizational and enterprise-wide initiatives relating to climate risks and opportunities. For example, in fiscal 2024 Valvoline Inc. joined the EPA's Green Power Partnership (GPP) and works with individual market leaders, as well as members of management, to realize opportunities to expand Valvoline's use of renewable energy while reducing operating expenses at the site level. This level of cross-functional collaboration is the key to successful climate action.

TCFD Disclosures

Metrics and Targets	
Recommended Disclosures	**Response**
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	- Operational efficiency—water use intensity, energy use intensity, (greenhouse gas) emissions intensity for Scope 1 and Scope 2 (Market-based and Location-based), renewable energy consumption (Green e certified RECs), waste-to-landfill, and waste diversion rate (includes refined waste oil in gallons). - Asset management—when assessing physical risks and opportunities relating to the Company's physical assets (leased and owned) we rely on Shared Socioeconomic Pathways (SSPs) for modeling different potential outcomes for future climate scenarios. On a scale of 1-7, with 7 being the highest likelihood and 1 being the lowest, we consider sites with a score of 5 or higher to be "at risk".
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Energy Management
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	On March 1st of 2023, Valvoline Inc. completed the sale of the Global Products business. Historically, climate-action activities (such as energy management, water management, and waste reduction efforts) and targets were primarily focused on the manufacturing side of the business, as it was the largest producer of various scopes and categories of emissions. Valvoline Inc. is evaluating its baseline performance and developing a retail-focused climate strategy that balances environmental needs with opportunities to strengthen its business operations and create long-term, sustainable value. This work is ongoing.