

# SUPPLEMENTAL ENVIRONMENTAL DISCLOSURE AND CLIMATE CONSIDERATIONS



## ENVIRONMENTAL MANAGEMENT SYSTEM

As part of our ESG Steering Committee, SiteOne utilizes an environmental management system (“EMS”) framework to help review, evaluate, and improve the company’s environmental performance. We believe that utilizing our EMS for consistent review and evaluation will identify opportunities for improving and implementing environmental performance of the organization. Since our EMS is integrated in to our ESG Steering Committee, our EMS is managed by a senior executive of the company (Executive Vice President, General Counsel and Secretary) and regularly reports on environmental and climate-related issues to the senior management team (through our ESG Steering Committee) and up to the Company’s Nominating and Corporate Governance Committee (“NCGC”) of the Board of Directors (“Board”). Our Executive Vice President, General Counsel and Secretary receives input on ESG and sustainability matters from a cross-functional working group comprised of a select group of senior-level team members.

Our Board, specifically the NCGC, retains ultimate oversight for our environmental stewardship and corporate responsibility initiatives, including policies and operational controls of environmental, health and safety, social risks, and climate-related risks and opportunities and is committed to supporting our efforts to operate as a good neighbor in our communities.

## CARBON SEQUESTRATION—ENVIRONMENTAL IMPACT OF OUR NURSERY PRODUCTS

Our product offerings include a wide variety of nursery goods, including evergreen trees, ornamental trees and shade trees. A key “feature” of a tree is that trees sequester carbon – the process of removal and long-term storage of carbon dioxide (“CO<sub>2</sub>”) from our atmosphere. The combination of CO<sub>2</sub> removal from the atmosphere, carbon storage in wood and the cooling effect makes trees extremely efficient tools in fighting the greenhouse effect on our environment.

Planting trees remains one of the most cost-effective means of drawing excess CO<sub>2</sub> from the atmosphere. In 2021, SiteOne sold over 800,000 trees. During one year, a mature tree will absorb more than 48 pounds of carbon dioxide from the atmosphere and release oxygen in exchange<sup>1</sup>. Using these estimates, trees sold by SiteOne during 2021 could sequester 19,871 tons of CO<sub>2</sub> per year at maturity.

Year	Trees	Tons
2017	841,699	21,042
2018	769,256	19,231
2019	772,900	19,322
2020	840,362	21,009
2021	827,954	19,871
<b>Total (Five Years)</b>	<b>4,052,171</b>	<b>100,475</b>

<sup>1</sup>European Environmental Agency, Trees Help Tackle Climate Change

## CLIMATE CONSIDERATIONS

SiteOne is disclosing information in line with the Task Force on Climate-related Financial Disclosures framework to improve and increase reporting of climate-related financial information. We expect our disclosures to grow over time as we craft our strategy and refine our policies. In our assessment of climate-related risks and opportunities, our Executive Vice President, General Counsel and Secretary receives input on the potential impacts that a change in climate may have on our business and strategy as part of our EMS process. Our assessment focused on three areas where we believe climate may impact our business: our branches, our fleet, and our products.

Category	Description	Time Horizon	Potential Impact to Our Business and Financial Effect
Acute Physical	Increased severity and frequency of extreme weather events such as drought, floods and hurricanes	Short-term	<p><b>Branches</b></p> <p>Risk: Closure of branches or inability for customers to access branches as a result of a natural disaster, resulting in decreased sales</p> <p>Risk: Physical damage to branches as a result of a natural disaster, resulting in increased capital expenditure</p> <p><b>Fleet</b></p> <p>Risk: Short-term disruption or inability to deliver product to branches or customers in the field, resulting in unpredictable timing or inability to deliver product</p> <p><b>Products</b></p> <p>Risk: Damage to or loss of nursery goods and other products resulting higher operating costs or inventory write-downs</p> <p>Risk: Product shortages or supply chain disruption may trigger less supply for our products, resulting in decreased sales</p> <p>Opportunity: Products that are resilient to natural disasters may experience higher demand, resulting in increased sales</p> <p>Opportunity: Less vulnerable to extreme weather events given our geographic footprint and diverse product lines and product options within each line of business</p>
Chronic Physical	Long-term shifts in climate patterns including a rise in temperatures and/or rise in sea level	Long-term	<p><b>Branch</b></p> <p>Risk: A rise in temperatures would require additional cooling of our branches and increased electricity use, resulting in higher operating costs</p> <p><b>Products</b></p> <p>Risk: Decreased demand for non-resilient products (such as live goods) that cannot withstand a rise in temperature, resulting in lower sales</p> <p>Opportunity: Increased demand for resilient products (such as hardscapes, irrigation stormwater, erosion control or energy/water efficient products) that help customers prepare for and respond to a rise in temperature or shifting weather patterns, resulting in higher sales</p> <p>Opportunity: Less vulnerable to long term shifts in climate patterns given our geographic footprint and diverse product lines and product options within each line of business (i.e., if one product sees less demand, other products may see increased demand)</p>

Category	Description	Time Horizon	Potential Impact to Our Business and Financial Effect
Market	Shift in consumer preferences; changes in the supply of raw materials to our suppliers; changes in the supply and demand of fossil fuels	Medium-term	<p><b>Fleet</b> Risk: Increased fossil fuel costs resulting in higher operating costs</p> <p><b>Products</b> Risk: Decreased supply or increased demand for our suppliers' raw materials ultimately resulting in higher prices for our products and potentially lower operating margins</p> <p>Opportunity: Increased consciousness among end-customers of their environmental impact could lead to increased demand for certain sustainable or eco-friendly products that we offer (such as irrigation, erosion control, agronomic products) resulting in higher sales</p>
Current Regulation; Emerging Regulation; Legal	Enhanced reporting requirements; product labeling regulations; carbon tax; renewable energy mandate; fossil fuel limitations; recycling directives	Short-term	<p><b>Branches</b> Risk: Investment to satisfy facilities energy mandate or recycling directives resulting in higher capital expenditures</p> <p>Opportunity: Investment in more energy-efficient facilities could ultimately result in lower operating cost</p> <p><b>Fleet</b> Risk: Investment to satisfy fleet emissions or carbon mandates resulting in higher capital expenditures and/or increased operating costs</p> <p>Opportunity: Investment in more energy-efficient fleet could ultimately result in lower fuel costs</p> <p><b>Products</b> Risk: Increased environmental regulations, including packaging, labeling and management of certain chemicals present in our products, resulting in increased prices to our products, reduced demand for those products and/or increased costs to comply with such laws</p> <p>Risk: Introduction of regulations relating to greenhouse gas emissions, resulting in increased environmental compliance expenditures for new product design</p> <p>Opportunity: Introduction of efficiency requirements could create opportunities to sell additional eco-friendly products (such as regulated sprinkler heads), resulting in increased sales</p>



Category	Description	Time Horizon	Potential Impact to Our Business and Financial Effect
Technology	Improvements in technologies that support energy efficiency or a lower carbon impact	Medium-term	<p><b>Branches</b> Opportunity: Utilization of energy reducing technologies that could create more energy efficient branches, leading to reduced energy costs</p> <p><b>Fleet</b> Opportunity: Investment in new tracking technologies, such as our transportation management system, that can streamline distribution resulting in shorter lead times, lower fuel cost and/or improved distribution network utilization</p> <p><b>Products</b> Opportunity: New product technologies, such as artificial turf, energy efficient irrigation and lighting products or reduced carbon agronomic products, could lead to higher demand for our products resulting in increased sales</p>
Reputation	Actual and perceived impact on community related to climate action (or inaction).	N/A	Part of our Vision is to deliver superior quality, service and value to our customers and Be the distributor of choice for our suppliers. As such, we view reputational risk as tied to other risk types listed and our business objectives remain focused on ensuring our strong reputation continues. Our response, or failure to respond, to the other categories of risk will have a direct impact on our reputation. For example, we believe that bringing the latest technology and keeping up with customer preferences will lead to a stronger reputation for our company.

## MATERIALITY ASSESSMENT

To evaluate climate-related risks and opportunities, we utilized our ERM process to evaluate financial materiality, presenting the Audit Committee with certain risks identified by the EMS. Ultimately, the ERM process determined no climate-related opportunities or risks to be material to our business at this time. Given the size and scope of our operations, and the difficulty in projecting the eventual costs, none of the identified climate impacts would be considered financially material at the aggregate level.

We believe we are still in the early stages of evaluating a changing climate’s impact on our business – both as a risk and an opportunity. Our initial goals were to identify potential impacts and resulting financial exposure that climate-related issues could have on our business and strategy. While we did identify areas in which we may be impacted by climate change, we don’t believe such impact is unique to SiteOne. Instead, the identified risks and opportunities would be applicable to virtually all similarly-situated distributors in the industrial sector. Furthermore, we believe we may be able to mitigate certain climate-related risks given our vast geographic footprint and diverse product lines and product options within each line of business [i.e., if one product sees less demand, we have another product that sees increased demand].

