

# SUPPLEMENTAL ENVIRONMENTAL DISCLOSURE AND CLIMATE CONSIDERATIONS



## ENVIRONMENTAL MANAGEMENT SYSTEM

As part of our Stakeholder Impact 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 into our Stakeholder Impact Committee, our EMS is managed by a senior executive of the company [Executive Vice President, General Counsel and Secretary] and reports on environmental and climate-related issues to the senior management team [through our Stakeholder Impact 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 sustainability matters from a cross-functional working group comprised of a select group of senior-level team members, primarily as part of our Stakeholder Impact Committee, which meets on a quarterly basis.

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

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. Nursery goods and trees sold by SiteOne may contribute to carbon sequestration.

## 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. In our assessment of climate-related risks and opportunities, our Executive Vice President, General Counsel and Secretary received input from our Stakeholder Impact Committee on the potential impacts that a change in climate may have on our business and strategy. Our assessment focused on three areas where we believe climate may impact our business: our branches, our fleet and our products.

# SUPPLEMENTAL ENVIRONMENTAL DISCLOSURE AND CLIMATE CONSIDERATIONS

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>Opportunity: Given the basic, modest layout and design of most of our branch locations, it may take less time to have a branch back online after a natural disaster, resulting in an opportunity to serve our communities before other businesses may be able to</p> <p>Opportunity: With our growing branch count and expanded geographic footprint, business at nearby branches not affected by a natural disaster, resulting in recouped or increased sales</p> <p><b>Fleet</b></p> <p>Risk: Physical damage to our fleet as a result of a natural disaster, resulting in our inability to serve our customers</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>Opportunity: Our centralized fleet dispatch capabilities may provide us with a competitive advantage to avoid certain extreme weather events and serve customers after those weather events, resulting in increased sales</p> <p><b>Products</b></p> <p>Risk: Damage to or loss of nursery goods and other products resulting in 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: Damage to property may result in the need for replacement products to be purchased and installed, resulting in increased sales</p> <p>Opportunity: Less vulnerable to extreme weather events given our geographic footprint and diverse product lines and product options (such as hardscapes) within each line of business</p>

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Category	Description	Time Horizon	Potential Impact to Our Business and Financial Effect
Chronic Physical	Long-term shifts in climate patterns including a rise in temperatures and/or rise in sea level	Long-term	<p><b>Branches</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>Risk: A rise in temperatures or a shortage in rainwater would require additional watering of our nursery products, resulting in higher operating costs</p> <p>Risk: Additional risks associated with our branch footprint could lead to an increase in our insurance costs, 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>
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></p> <p>Risk: Increased fossil fuel costs and other transportation costs, resulting in higher operating costs</p> <p><b>Products</b></p> <p>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 products that we offer (such as irrigation, erosion control, agronomic products), resulting in higher sales</p>



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Category	Description	Time Horizon	Potential Impact to Our Business and Financial Effect
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 sustainable products (such as regulated sprinkler heads), resulting in increased sales</p>
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.

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## POTENTIAL IMPACTS ON OUR BUSINESS

Our Stakeholder Impact Committee re-evaluated the potential impacts that climate change may have on our business at its meeting in the second quarter of 2023. We believe we are still in the early stages of evaluating a changing climate's impact on our business. 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].