# 2025 Task Force on Climate-Related Financial Risk Report

## INTRODUCTION:

Wayfair is the destination for all things home, and we believe our business thrives when our people, communities, and planet do too. This Task Force on Climate-Related Financial Disclosures ("TCFD") Report ("Report") outlines how Wayfair identifies, assesses, and manages climate-related financial risks and opportunities. When used in this Report, the terms "we," "us," "our," the "company," and "Wayfair" mean Wayfair Inc.

This Report aligns with TCFD recommendations and has been prepared to satisfy the requirements of California Senate Bill 261 ("SB 261"). This Report reflects our current understanding of how climate-related financial risks may impact Wayfair as of fiscal year 2025, unless otherwise noted. In accordance with SB 261, Wayfair will update this report on a biennial basis. The information reported here covers all TCFD framework recommendations with the exception of Scope 1-3 emissions disclosures which will be reported in line with Senate Bill 253 ("SB 253") requirements.

## Governance

**a. Describe the board's oversight of climate-related risks and opportunities.**

The Board of Directors, through its Nominating and Corporate Governance Committee ("NCGC"), periodically reviews Wayfair's Environmental, Social, and Governance ("ESG") strategy, initiatives, and policies. The NCGC receives updates from management responsible for significant ESG activities. Management responsible for significant ESG activities discloses ESG-related risk to the Board of Directors through its Audit Committee, which is responsible for enterprise risk management ("ERM"). Responsible parties will continue to assess climate-related matters as they arise based on the best interests of Wayfair and its stockholders.

Additional details about our corporate governance, including our policies, can be found on our **Investor Relations webpage**.

**b. Describe management's role in assessing and managing climate-related risks and opportunities.**

Wayfair's cross-functional leaders embed sustainability, purpose, and inclusion into our business. They set goals, guide execution, and track progress to turn commitments into meaningful action across our operations, products, and communities.

The Sustainability team functions as a center of excellence, setting sustainability strategy and goals while embedding execution in business units. The Sustainability team drives key initiatives, tracks and reports progress, and manages compliance and reporting initiatives.

Wayfair's ERM function monitors ESG-related risks and provides insights to management and the Board of Directors through its Audit Committee. This work also informs the Risk Factors in our 10-K and other Securities and Exchange Commission ("SEC") filings, complementing company-wide risk management efforts.

## Strategy

**a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.**

Wayfair assesses climate-related financial risks and opportunities through internal and external reviews, including a recent double materiality assessment and qualitative scenario analysis. This analysis considered both physical and transitional climate-related financial risks across short, medium, and long term time horizons.

**Climate-Related Financial Risks**
**Physical Risks:**

i. **Operational, supplier and logistics disruption from extreme weather events**
Our operations, or those of our suppliers, could be negatively impacted by various events beyond our control, including, without limitation, natural disasters, such as hurricanes, tornadoes, floods, earthquakes, extreme cold events and other adverse weather conditions, negative global climate patterns, especially in water stressed regions, or other catastrophic events, such as fires or other disasters occurring at our or our suppliers' facilities, whether occurring in the U.S. or internationally. These events could disrupt our business operations, including the operations of our corporate offices and physical retail locations, as well as the operations of our global supply chain and those of our third-party partners, including our suppliers, vendors and logistics carriers. These events could make it more difficult and costly for us to deliver our products to customers and could impact our reputation and operational results.

ii. **Grid disruption from extreme weather events**
System interruptions that impair customer access to our sites or other performance failures or incidents involving our logistics network, our technology infrastructure or our critical technology partners could damage our business, reputation and brand and substantially harm our business and results of operations. For example, if our cloud provider fails or suffers an interruption or degradation of services, we could lose customer data and miss order fulfillment deadlines, which could harm our business. Our systems and operations, including our ability to fulfill customer orders through our logistics network, are also vulnerable to damage or interruption from inclement weather, fire, flood, power loss, telecommunications failure, earthquakes and similar events. In the event of a system outage or degradation, the failover to another site or a back-up could take substantial time, during which time our sites could be completely shut down. Further, our back-up services may not effectively process spikes in demand, may process transactions more slowly and may not support all of our sites' functionality.

**Transitional Risks:**

iii. **Reputational risks due to increased stakeholder expectations**
Our aspirations and disclosures related to corporate responsibility matters expose us to risks that could affect our reputation and performance. We have established and publicly announced sustainability goals, including our commitment to reduce our Scope 1 and 2 greenhouse gas ("GHG") emissions by 63% by 2035 compared to a 2020 baseline and our goal to achieve zero waste (90%+ waste diversion from landfill and incineration) across Wayfair operations globally by 2030. Such announcements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our failure to adequately update, accomplish or accurately track and report on these goals on a timely basis, or at all, could adversely affect our reputation, financial performance and growth,

and expose us to increased scrutiny from the investment community, special interest groups and regulators. Our ability to achieve any sustainability objective is subject to numerous risks, some of which are outside of our control. Examples of such risks include the availability and cost of low- or non-carbon-based energy sources and low-carbon building conditioning and transportation solutions, the availability of materials and suppliers that allow us to meet our sustainability goals on our timelines, and competing strategic growth opportunities, such as increasing the scale of our physical retail footprint.

Standards for tracking and reporting sustainability matters continue to advance and statements about our sustainability-related initiatives and progress toward any sustainability objective may be based on standards that are still developing, internal controls and processes that continue to evolve, and assumptions that may be subject to change in the future. Our election to publicly report on sustainability matters in accordance with voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. Methodologies for reporting sustainability data may be updated and previously reported sustainability data may be adjusted to reflect improvement in availability and quality of data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances. Our processes and controls for reporting sustainability matters are evolving alongside the multiple disparate standards for identifying, measuring, and reporting sustainability metrics. These standards continue to evolve, and this lack of certainty could result in increased compliance efforts and costs, reduced Sustainability resources for non-compliance initiatives, and heightened non-compliance risks. This evolution may also require significant adjustments to previously reported sustainability data, including data regarding our current goals, and may impact the estimated timeline or overall ability to achieve these goals. If our sustainability practices do not meet evolving investor or other stakeholder expectations and standards, then our reputation or our attractiveness as an investment, business partner, service provider or employer could be negatively impacted.

**Climate-Related Financial Opportunities:**

i. **Low emission good and services**

Businesses that innovate and develop new low-emission products and services may improve their competitive position and capitalize on shifting consumer and producer preferences. Increased mandates and regulations on existing products and services could pose an opportunity to some businesses, as consumers are driven to either decarbonize or switch to low emission products and services that comply with regulations. Wayfair is committed to supporting responsible practices across our business, including showcasing more sustainable products through our Shop Sustainably program.

**b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.**

Though several physical and transitional risks were identified through the assessments as outlined above, after considering both the potential impact and probability of occurrence, we do not believe the climate-related financial risks identified are material to our business, largely due to the structural advantages of our globally diversified platform e-commerce business model. We incorporate these risks into our ongoing business plans and will continue to monitor and evaluate these risks going forward.

**c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**

Wayfair proactively integrates climate resilience into its operational and sustainability strategy. Our approach emphasizes data-driven decision making, cross-functional collaboration, and continuous improvement to strengthen our logistics network, supply chain, and facilities. Through ongoing energy efficiency initiatives and renewable energy investments as part of our science-aligned greenhouse gas reduction target and our commitment to reducing operational waste, we are building long-term resilience aligned with a low carbon future. We continue to evaluate and adapt our strategy to maintain reliable operations and sustainable growth under a range of climate-related scenarios.

## Risk Management

**a. Describe the organization’s processes for identifying and assessing climate-related risks.**

To identify and understand Wayfair's potential climate-related financial risks, we conducted a series of internal and external assessments, including a double materiality assessment (2025), a quantitative climate risk report (2022, reviewed for accuracy and relevance in the current reporting year), and a qualitative scenario workshop (2025).

Our scenario analysis workshop included crossfunctional leaders from across Wayfair and qualitatively assessed both physical and transitional risks across two Intergovernmental Panel on Climate Change scenarios, Representative Concentration Pathway (RCP) 8.5, representing a business-as-usual trajectory, and RCP 4.5, reflecting an emissions-constrained pathway to 2100. Physical risks include potential impacts from natural disasters or gradual ecosystem changes on our assets, supply chains, distribution partners, and operational capacity. Transitional risks encompass challenges associated with a global shift toward a low-carbon economy, such as regulatory changes, reputational changes, and general market risks.

**b. Describe the organization’s processes for managing climate-related risks.**

As mentioned above, Wayfair's governance structure for climate-related matters involves the Board of Directors, cross functional leadership, and the Sustainability and ERM teams. This structure ensures identification, assessment, and management of climate-related financial risks and opportunities and informs our overall corporate responsibility strategy.

**c. Describe how processes for identifying, assessing and managing climate related-risks are integrated into the organization’s overall risk management.**

As outlined above, the ERM team monitors potential climate-related financial risks and provides insights to management and the Audit Committee. The Board will act on climate-related issues in a manner determined to be in the best interest of Wayfair and its stockholders.

## Metrics and Targets

**a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes.**

Though several physical and transitional risks were identified through the assessments as outlined above, after considering both the potential impact and probability of occurrence, we do not believe the climate-related financial risks identified are material to our business, largely due to the structural advantages of our globally diversified platform e-commerce business model. Wayfair does monitor and disclose a variety of ESG metrics and targets in its Corporate Responsibility report, including our GHG emissions metrics.

**b. Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.**

We have calculated and publicly reported our global Scope 1, 2, and 3 GHG emissions since 2020, using quantification methodologies aligned with the Greenhouse Gas Protocol (see **Methodology**). We intend to disclose our Scope 1, 2 and 3 emissions in compliance with SB 253 and expect to publish our fiscal year 2025 GHG emissions during our fiscal year 2026 in our Corporate Responsibility report. The latest Corporate Responsibility report is available **here**.

**c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.**

We have two public environmental goals: to reduce our Scope 1 and 2 greenhouse gas emissions by 63% from a 2020 baseline by 2035, and to achieve zero waste (90%+ diversion from landfill and incineration) across our global operations by 2030. These aspirational goals guide our climate and waste reduction strategies, driving initiatives such as renewable energy procurement, energy efficiency improvements, sustainable packaging, and circularity programs that minimize waste through reuse, recycling, and damage prevention.