

# Wayfair Greenhouse Gas Reporting Methodology

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# 1. Introduction & Background

This document describes Wayfair’s corporate greenhouse gas (GHG) emissions inventory for the reporting period of January 1, 2025, through December 31, 2025. The inventory was prepared in 2026 and quantifies emissions across Wayfair’s operations and value chain in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Standard.

Wayfair utilizes Watershed as its carbon accounting platform to manage, calculate, and report GHG emissions data. Emissions calculations are based on activity or spend data provided by internal business stakeholders and external suppliers, using emission factors managed through Watershed and sourced from recognized authorities, including the Intergovernmental Panel on Climate Change (IPCC), the U.S. Environmental Protection Agency (EPA), International Energy Agency (IEA), and other datasets as applicable.

## 1.1 Purpose & Goals

The goal of this inventory is to provide a transparent and data-driven assessment of Wayfair’s carbon footprint across Scopes 1, 2, and 3. This includes understanding both direct emissions from company-controlled operations and indirect emissions throughout the broader value chain. By quantifying emissions across these scopes, Wayfair is better equipped to identify major emission sources, monitor trends over time, set meaningful reduction targets, and take action on climate-related risks and opportunities. This inventory serves as a foundation for future emissions reductions and reporting aligned with evolving global ESG expectations.

## 1.2 Boundaries & Scopes

Wayfair defines its organizational boundary using the **operational control approach**, as outlined by the GHG Protocol. Emissions are classified based on where Wayfair has the authority to introduce and implement operating policies with those emissions falling under Scopes 1 and 2. This method was selected because it best reflects Wayfair’s ability to directly manage and influence operational emissions through the implementation of policies, procedures, and performance improvements across its operations, regardless of ownership

structure. This approach also ensures consistent and accurate reporting across our diverse global footprint.

The 2025 GHG inventory includes all facilities and operations under Wayfair's operational control during the reporting period of January 1, 2025, through December 31, 2025. Sites acquired, opened, closed, divested, or otherwise entering or exiting operational control during the reporting year are included for the portion of the year during which Wayfair maintained operational control.

Under this approach, the inventory is broken down by emissions from Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased electricity, steam, heat, and cooling), and a wide range of Scope 3 (value chain emissions) categories. For reporting purposes, Scope 3 emissions are grouped into the three following categories:

- Products & Services – Purchased Goods and Services, End-of-Life Treatment of Sold Products.
- Transportation & Distribution – Upstream and Downstream Transportation & Distribution.
- Other – Capital Goods, Fuel- and Energy-Related Activities, Waste Generated in Operations, Business Travel, Employee Commuting, and Upstream Leased Assets.

Emissions are reported in metric tons of carbon dioxide equivalents (tCO<sub>2</sub>e), which standardizes the impact of different greenhouse gases using Global Warming Potential (GWP) values. These values reflect both the efficiency of a gas in trapping heat and its atmospheric lifetime.

## 1.3 Nonrelevant & Excluded GHG Emission Categories

Wayfair evaluates all 15 Scope 3 categories outlined by the GHG Protocol and includes all categories that are considered material to our operations and value chain. Categories determined to be relevant are included in the public GHG inventory using best available data, calculation methodologies, and emissions factors. Some categories are not relevant to Wayfair's business model and are therefore excluded from emissions reporting. This includes:

- Category 3.9 (Downstream Transportation & Distribution) – This is not reported separately because Wayfair customers do not arrange or pay for shipping; all distribution is paid for and managed by Wayfair and therefore captured under Category 3.4 (Upstream Transportation & Distribution). This is consistent with GHG Protocol guidance.
- Category 3.10 (Processing of Sold Products) – not relevant – Wayfair sells finished consumer goods that do not require further manufacturing or transformation after purchase.
- Category 3.13 (Downstream Leased Assets) – not relevant – This includes emissions from buildings or equipment owned by the reporting company and leased to third parties. This is not relevant as Wayfair does not own any assets that it leases out, but subleases spaces that are leased to it.
- Category 3.14 (Franchises) – not relevant – Wayfair does not operate any franchises.
- Category 3.15 (Investments) – not relevant – Wayfair does not hold investments in external companies that would require reporting under the GHG Protocol.

Wayfair also evaluates Category 3.11 (Use of Sold Products) annually and develops an internal estimate for planning and analytical purposes. However, this category is currently excluded from Wayfair's public greenhouse gas inventory due to significant methodological uncertainty and a lack of widely accepted industry calculation approaches for the broad range of products sold through Wayfair's platforms. Wayfair actively participates in industry initiatives, including a Retail Industry Leaders Association (RILA) working group focused on developing standardized methodologies and emission factor databases for use-phase emissions. Wayfair will continue to monitor emerging guidance and industry practices and

will reassess public disclosure of Category 3.11 as more consistent and broadly accepted methodologies become available.

These exclusions are made in accordance with GHG Protocol standards and are reviewed annually to ensure continued accuracy.

## **1.4 Baseline**

Wayfair established calendar year 2020 as the baseline year for its greenhouse gas inventory. Since then, we have conducted comprehensive GHG assessments annually, enabling us to track performance and identify trends over time. This consistent year-over-year reporting provides the foundation for setting emissions reduction targets, evaluating progress, and informing future climate strategy. The 2025 inventory represents the sixth consecutive year of emissions reporting.

## **1.5 Recalculation Policy**

Wayfair is committed to maintaining consistency and accuracy in its greenhouse gas reporting. To ensure meaningful year-over-year comparisons, prior-year emissions will only be recalculated when changes are expected to result in a difference of greater than 5% at the total GHG emissions scope level. Triggers for recalculation may include:

- Improved data availability or quality.
- Revisions to calculation methodologies or assumptions.
- Adoption of updated industry guidance or standards.
- Corrections due to previously identified inaccuracies.
- Structural changes to Wayfair's business compared to the base year.

All recalculations are documented with rationale and impact clearly tracked for relevant reporting periods.

## 1.6 Carbon Accounting Software

In 2024, Wayfair transitioned from spreadsheet-based GHG tracking to a dedicated online carbon accounting platform, Watershed, to enhance the accuracy, transparency, and efficiency of our emissions reporting. This shift enables better version control, real-time collaboration across global teams, and more robust data validation. The platform also improves audit readiness by standardizing calculation methods, streamlining Scope 3 estimates, and providing detailed documentation for emission factors and assumptions. Key updates include:

- Refined emission factor selection using the most recent country- and region-specific data for electricity, fuels, and refrigerants.
- Improved methodologies for estimating missing utility data using U.S. government energy benchmarks by building type.
- Enhanced refrigerant emissions calculations leveraging updated global and regional sources, including the EPA, IPCC, and CARB.
- Revised operational boundaries and emissions categorization based on lease types and control models aligned with the GHG Protocol.
- Incorporated supplier-specific emission factors and improved spend category mapping for more accurate Scope 3 estimates.
- Adjusted assumptions for customer waste handling by region, accounting for product types and local disposal practices.

This transition reflects our ongoing investment in building reliable, scalable ESG data systems. At this time, Scope 3 emissions for 2020, 2021, and 2022 are listed as “N/A” as they have not been recalculated using the new platform. Historical recalculation efforts prioritized Scope 1 and 2 emissions for 2020–2023 in alignment with our public reduction goals and 2023 Scope 3 emissions to enable year-over-year trend analysis.

# 2. Results

## 2.1 Reporting Year

Wayfair’s 2025 greenhouse gas emissions originate overwhelmingly (99%) from Scope 3 value chain activities, consistent with expectations for a global e-commerce business focused on home goods. As Wayfair owns relatively few manufacturing or fuel-intensive facilities, Scope 1 (direct emissions) and Scope 2 (purchased electricity) contributions remain small in comparison. The largest share of emissions comes from Purchased Goods and Services, reflecting the embodied carbon in the products Wayfair sells.

**Table 1: Wayfair 2025 Emissions Overview**

EMISSION SCOPE	EMISSION CATEGORY	2025 EMISSIONS (MT CO <sub>2</sub> e)	EMISSIONS % OF TOTAL
Scope 1	Natural Gas	11,511	<0.1%
	Refrigerants	2,328	<0.1%
	Ground Transportation	1,213	<0.1%
Scope 1 Total		15,067	<0.1%
Scope 2 (Location-Based)	Electricity	20,501	<0.1%
Scope 2 (Market-Based)	Electricity	11,624	<0.1%
Scope 2 Total (Market-Based)		11,626	<0.1%
Scope 1 & 2 Total (Market-Based)		26,693	<0.1%

**Table 1: Wayfair 2025 Emissions Overview (Cont.)**

EMISSION SCOPE	EMISSION CATEGORY	2025 EMISSIONS (MT CO <sub>2</sub> e)	EMISSIONS % OF TOTAL
Scope 3	3.1 Purchased Goods & Services	2,871,217	7.3%
	3.2 Capital Goods	26,174	<0.1%
	3.3 Fuel- & Energy- Related Activities	8,267	<0.1%
	3.4 Upstream T&D	711,485	1.8%
	3.5 Waste	8,124	<0.0%
	3.6 Business Travel	22,403	<0.1%
	3.7 Employee Commuting	26,825	<0.1%
	3.8 Upstream Leased Assets	550	1.8%
	3.12 End-of-Life Treatment of Sold Products	3,087,526	7.8%
Scope 3 Total		6,762,571	99.9%
Overall Total		6,789,264	100.0%

Note: Due to rounding, the sum of results presented may not equal the total shown.

## 2.2 Time Series

Since setting our public climate goal in 2022, Wayfair has prioritized reductions in Scope 1 and Scope 2 emissions in alignment with our reduction targets and sustainability commitments. During this period, emissions from these scopes have declined driven by footprint optimization efforts, energy efficiency initiatives, and continued renewable energy investments, including our virtual power purchase agreement, which have led to an increased share of renewable electricity across our global operations. While Scope 3 emissions continue to represent the majority of Wayfair’s carbon footprint, progress in Scope 1 and 2 reductions reflects our strategic focus on decarbonizing areas under our direct operational control as a foundational step toward broader value chain engagement.

**Table 2: Wayfair Baseline & Year-Over-Year Emissions Summary**

EMISSION SCOPE	EMISSION CATEGORY	2020 EMISSIONS (MT CO <sub>2</sub> e)	2024 EMISSIONS (MT CO <sub>2</sub> e)	2025 EMISSIONS (MT CO <sub>2</sub> e)
Scope 1	Natural Gas	9,199	12,371	11,511
	Refrigerants	1,219	2,246	2,328
	Ground Transportation	4,660	1,311	1,213
Scope 1 Total		15,221	15,947	15,067
Scope 2 (Location-Based)	Electricity	20,143	20,189	20,503
Scope 2 (Market-Based)	Electricity	20,277	17,216	11,626
Scope 1 & 2 (Market-Based) Total		35,498	33,163	26,693
Scope 1 & 2 (Location-Based) Total		35,363	36,136	35,570
Scope 3	3.1 Purchased Goods & Services	N/A	2,732,363	2,871,217
	3.2 Capital Goods	N/A	27,030	26,174
	3.3 Fuel- & Energy-Related Activities	N/A	7,745	8,267
	3.4 Upstream T&D	N/A	783,302	711,485
	3.5 Waste	N/A	8,444	8,124
	3.6 Business Travel	N/A	23,802	22,403
	3.7 Employee Commuting	N/A	27,297	26,825

**Table 2: Wayfair Baseline & Year-Over-Year Emissions Summary (Cont.)**

EMISSION SCOPE	EMISSION CATEGORY	2020 EMISSIONS (MT CO <sup>2</sup> e)	2024 EMISSIONS (MT CO <sup>2</sup> e)	2025 EMISSIONS (MT CO <sup>2</sup> e)
Scope 3	3.8 Upstream Leased Assets	N/A	1,129	550
	3.12 End-of-Life Treatment of Sold Products	N/A	481,195	3,087,526
Scope 3 Total		N/A	4,092,307	6,762,571
Overall Total		N/A	4,125,467	6,789,264

Note: Due to rounding, the sum of results presented may not equal the total shown.

### 3. Calculation & Methodology

Wayfair applies a combination of primary and secondary data sources to calculate greenhouse gas emissions across Scopes 1, 2, and 3. Primary data — such as utility bills, fuel use, and supplier-specific emission factors — is used when available, particularly for Scopes 1 and 2. For many Scope 3 categories, we rely on secondary data sources including spend-based estimates, industry averages, and proxy data. As our data collection capabilities evolve, we are working to expand the use of primary and activity-based data for greater accuracy in Scope 3 reporting.

Emission calculations are supported by a carbon accounting software platform, Watershed, which houses and maintains up-to-date emission factor databases from recognized sources such as the U.S. EPA, IEA, IPCC, UK Department for Environment, Food & Rural Affairs (DEFRA), and other recognized regional and industry-specific datasets, as applicable. Reported values reflect the best available data at the time of reporting, and estimates are used when actual data is unavailable.

## 3.1 Scope 1

Wayfair's Scope 1 emissions include direct greenhouse gas emissions from sources owned or controlled by the company. These sources consist of:

- Natural gas consumption at operational facilities.
- Fuel use for warehouse and yard equipment, including diesel and gasoline for yard shunters and propane for forklifts and other small equipment as applicable.
- Refrigerant emissions from facility HVAC systems.
- Fuel combustion from Wayfair's owned delivery fleet.

Primary data is used wherever possible. Fuel and natural gas data are collected directly from utility invoices and fleet fuel logs, providing high-confidence activity data for most Scope 1 sources. For facilities where natural gas data is unavailable, estimates are based on industry benchmark fuel usage per square foot. Refrigerant emissions are estimated in Watershed using industry-standard methodologies and refrigerant-specific global warming potentials.

Wayfair's emissions calculations rely on recognized and reputable emission factor sources to ensure consistency and comparability. Emission factors are sourced primarily through Watershed and are primarily derived from EPA, DEFRA, IPCC, and other region-specific fuel and refrigerant datasets, depending on the emissions source and geographic location. These sources are maintained and updated within our carbon accounting software to reflect the latest available guidance.

Wayfair continues to improve data collection systems to minimize the use of estimates and enhance the accuracy of Scope 1 reporting over time.

## 3.2 Scope 2

Wayfair's Scope 2 emissions represent indirect GHG emissions from purchased electricity, steam, heat, and cooling across its global operations. Primary data is used wherever possible with electricity consumption taken directly from utility invoices. For facilities where electricity data is unavailable, usage is estimated through Watershed using energy intensity benchmarks by building type.

Emissions are calculated using both the location-based and market-based methods in line with the GHG Protocol:

- Market-based emission factors are sourced from Green-e for U.S. facilities and the International Energy Agency (IEA) for European operations, reflecting supplier-specific or contractual electricity sourcing. Where market-based emission factors are not available, location-based emission factors are used.
- Location-based emission factors are sourced from eGRID for the U.S., DEFRA for the UK, and IEA regional factors for other countries.

The location-based method calculates emissions using the average emissions intensity of the regional electricity grid where energy is consumed. This approach reflects the carbon intensity of local power generation and does not account for any specific procurement actions by the company. In contrast, the market-based method reflects emissions based on contractual electricity purchases, such as renewable energy certificates (RECs) or utility green power programs. This method is used to account for Wayfair's proactive investments in lower-carbon energy sourcing.

### 3.3 Scope 3

Wayfair's Scope 3 emissions include indirect greenhouse gas emissions that occur across our value chain, both upstream and downstream. Where possible, supplier-specific or activity-based data is used to improve accuracy. When such data is not available, emissions are estimated using spend-based or proxy models supported by our carbon accounting platform.

Wayfair currently reports on the following Scope 3 categories, in accordance with the GHG Protocol:

- **Category 3.1 – Purchased Goods and Services**  
Primarily captures the embodied emissions in products sold on Wayfair's platforms, as well as any indirect goods or services that are purchased by Wayfair. Emissions are calculated using spend-based estimates mapped to U.S. Bureau of Economic Analysis (BEA) industry codes with CEDA emission factors applied. When available, supplier-specific emissions data is incorporated to improve accuracy.
- **Category 3.2 – Capital Goods**  
Includes emissions from investments in warehouses, equipment, and other long-term assets. This category is also calculated using a spend-based approach with U.S. BEA codes linked to CEDA emission factors.
- **Category 3.3 – Fuel- and Energy-Related Activities**  
Accounts for upstream emissions associated with the production and transmission of fuels and electricity consumed under Scope 1 and 2. Calculations are based on Scope 1 and 2 activity data with emission factors sourced through Watershed from U.S. EPA, IEA, and UK DEFRA.
- **Category 3.4 – Upstream Transportation and Distribution**  
Covers emissions from third-party logistics partners moving goods to and from Wayfair facilities and customers. Emissions are estimated using a weight-distance approach with mode-specific emission factors sourced from Ecoinvent and other transportation lifecycle datasets available through Watershed.
- **Category 3.5 – Waste Generated in Operations**

Emissions from the disposal (landfill, recycling, composting) of operational waste. Where available, primary data on waste volumes and treatment types is used. In the absence of direct data, site-level estimates based on similar facilities are applied. Emission factors come from the U.S. EPA , UK DEFRA , and other relevant emissions factor hubs.

- **Category 3.6 – Business Travel**

Includes emissions from air travel, rental cars, rail transportation, and hotel stays. Calculated using primary data (e.g., travel routes, booking records) with emission factors sourced through Watershed from the U.S. EPA, UK DEFRA, and other travel-specific emissions datasets applied based on travel distance, class, and region.

- **Category 3.7 – Employee Commuting**

Accounts for emissions from travel to Wayfair offices and warehouses, as well as remote employee home energy use. Estimates are based on location-specific assumptions regarding commuting mode and distance.

- **Category 3.8 – Upstream Leased Assets**

Applies the same methodology as Scope 1 and Scope 2 for emissions from facilities that are leased but not directly controlled by Wayfair.

- **Category 3.12 – End-of-Life Treatment of Sold Products**

Estimates emissions from the disposal of products sold after consumer use. Calculations are based on the material composition of products and regional average waste treatment assumptions with emission factors sourced through Watershed from the U.S. EPA, UK DEFRA, and other datasets as applicable.

Wayfair calculates emissions for Category 3.11 – Use of Sold Products annually for internal use but does not publicly report them due to significant inconsistencies in industry methodologies and a high degree of uncertainty in product use assumptions. To support progress toward a standardized approach, Wayfair is actively participating in a Retail Industry Leaders Association working group and will evaluate public disclosure once a consistent, credible methodology is established.

### 3.4 Review & Approval Process

Wayfair follows a structured approval and QA/QC process to ensure the accuracy and reliability of greenhouse gas emissions data. This includes both manual and system-based checks throughout the inventory process:

- Initial data collection is performed by relevant business teams, who provide activity data for Scope 1, 2, and 3 sources.
- The data is then reviewed by the Sustainability team lead for completeness, consistency, and alignment with expected values before being uploaded to the carbon accounting platform.
- The carbon accounting platform performs automated QA checks, flagging anomalies such as large year-over-year deviations, unexpected spikes or drops, and missing or incomplete data. In addition, Watershed's data analytics specialists also conduct an annual footprint review to evaluate inventory completeness, identify significant variances, and help ensure the accuracy, consistency, and quality of the greenhouse gas inventory.
- Both activity data and calculated emissions are reviewed again by the Sustainability team. Any significant changes or variances are investigated and flagged to the relevant business teams for clarification and/or correction.
- Final values are only included in the report once reviewed and approved by the responsible business owners.

This approach helps ensure that Wayfair's GHG reporting reflects the best available data and maintains integrity over time.