



# Stewards of Life Out Here

Task Force on Climate-Related Financial Disclosures Report 2021

# Introduction

In our nearly 85 years of business, Tractor Supply has been driven by our commitment to our Company's Mission and Values every day and by embedding sustainability in every aspect of our business. We remain focused on our purpose-driven efforts by evaluating and implementing policies, programs and projects that benefit all stakeholders. We know that we must remain stewards of all our resources so that we can continue to do the right thing for our Company, our customers and our communities.

Tractor Supply shares the common belief with our customers that we must be good stewards of the land and our natural resources so that future generations can enjoy the same benefits from these resources that we enjoy today. This desire to protect our natural resources for our children and grandchildren is what drives our commitment to mitigating our contribution to climate change and reducing our carbon footprint.

In September 2021, we announced new, robust goals to further reduce our carbon footprint as part of the Company's longstanding commitment to sustainability and stewardship. We adopted new absolute carbon reduction goals to further reduce emissions from our operations by 20% by 2025 and by 50% by 2030 from a 2020 baseline. We also committed to achieving net zero emissions across all operations by 2040. Additionally, in April 2022, we announced an ambitious 3-year water conservation goal to conserve 25 million gallons of water by 2025. These commitments to the climate and society reinforce Tractor Supply's vision that a healthy environment, properly managed resources and vibrant communities are keys to a secure and prosperous future.

In this next phase of our sustainability journey, Tractor Supply will increase efforts to procure renewable energy, continue investments in energy efficiency and cleaner technologies, avoid future emissions through better design of both stores and distribution centers and refine our Scope 3 emissions through our new supplier engagement program with the intent to reduce value chain emissions. As sustainability becomes even more imbedded in Tractor Supply's operations and strategy, we look forward to establishing further commitments and reporting on our progress.

# **Forward-looking Information**

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. The Company desires to take advantage of these provisions. This document contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected herein and in any other statements made by company officials in communications with the financial community and contained in documents filed with the Securities and Exchange Commission (SEC). Forward-looking statements are not based on historical information and relate to future operations, strategies, financial results or other developments. Furthermore, forward-looking information is subject to numerous assumptions, risks and uncertainties. In particular, statements containing words such as "expect," "anticipate," "believe," "goal," "objective," "may," "should," "estimate," "intends," "projects," "will," "assumes," "potential," "target," "outlook" or similar words as well as specific projections of future results generally qualify as forward-looking. Tractor Supply undertakes no obligation to update such forward-looking statements. For a discussion of assumptions, risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in the forward-looking statements, see our most recent reports on Form 10-K and Form 10-Q filed with the SEC.



#### **About Us**

Tractor Supply Company (NASDAQ: TSCO), the largest rural lifestyle retailer in the United States, has been passionate about serving its unique niche, targeting the needs of recreational farmers, ranchers and all those who enjoy living the rural lifestyle, for more than 80 years.

Tractor Supply offers an extensive mix of products necessary to care for home, land, pets and animals with a focus on product localization, exclusive brands and legendary customer service for the Out Here lifestyle. With more than 46,000 Team Members, the Company's physical store assets, combined with its digital capabilities, offer customers the convenience of purchasing products they need anytime, anywhere and any way they choose at the everyday low prices they deserve. As of December 25, 2021, the Company operated 2,003 Tractor Supply stores in 49 states, a consumer mobile app, and an e-commerce website at www.TractorSupply.com.

Tractor Supply Company also owns and operates Petsense, a small-box pet specialty supply retailer focused on meeting the needs of pet owners, primarily in small and mid-size communities, and offering a variety of pet products and services. As of December 25, 2021, the Company operated 178 Petsense stores in 25 states. For more information on Petsense, visit www.Petsense.com.

# **About this Report**

In this report, we discuss our approach to evaluating and managing climate change risks and opportunities and following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This report includes financial and nonfinancial information about the Company's activities and metrics related to environmental sustainability for the fiscal year 2021, unless otherwise noted.

# 2021 Financial Performance Highlights:

**Net Sales** 

\$12.73B (+19.9%)

**Comparable Store Sales** 

+\$16.9%

Adjusted EPS Growth\*

+25.3%

**Neighbors Club Members** 

23.6M

**Team Members** 

46,000+

\*Adjusted to exclude non-cash impairment charge – see non-GAAP reconciliation at IR.<u>TractorSupply.com</u>





# Governance

# **Board Oversight**

#### **Full Board of Directors**

# **Corporate Governance and Nominating Committee**

Oversight responsibility for ESG matters, including the Company's environmental initiatives and progress in meeting environmental goals

# **Management Oversight**

#### **Executive Committee**

The highest policy making body in the Company.
The Committee monitors risks to the Company, including climate-related risks, through regular reporting from several functional areas and plays a critical role in the Company's enterprise risk management process

#### **ESG Committee**

Responsible for developing and implementing ESG initiatives, monitoring results and reporting on those results

SVP, General Counsel and Corporate Secretary

EVP, Chief Stores Officer

EVP, Chief Supply Chain Officer EVP, Chief Technology, Digital Commerce and Strategy Officer

# **Board Oversight**

Board-level oversight of climate-related issues sits with members of the Corporate Governance and Nominating Committee (the Corporate Governance Committee) of the Board of Directors. In 2021, climate-related topics were discussed during select full board meetings. Climate topics will be placed on the committee and board meeting agendas in 2022 to provide relevant updates on emerging climate-related issues and/or progress on our decarbonization strategy.

The Corporate Governance and Nominating Committee of the Board of Directors has within their charter direct responsibility for Environmental, Social and Governance (ESG) matters. The Company's Senior Vice President, General Counsel and Corporate Secretary (General Counsel) has direct oversight for the Company's environmental sustainability efforts which includes initiatives to reduce our carbon footprint. Reporting to the General Counsel is our Director of Sustainability who has direct responsibility for the development of the Company's sustainability strategy and platform implementation. The General Counsel directly reports to the CEO on all ESG matters.

The Board of Directors approves the Company's annual operating and capital budgets, which include operating expenses and capital investments related to climate change. In preparing our budgets, we make assumptions regarding the impact of weather on the business and then discuss with the Board on a quarterly basis the actual results compared with the budget. In recent years, the annual capital budget has included capital expenditures for projects designed to mitigate the impact of climate change on the business, such as our LED lighting conversion project for our stores, which significantly reduced energy consumption by the Company. The budget also includes expenses related to the impact of severe weather on our stores, including capital costs to repair stores damaged by severe weather events.

The Board of Directors and senior management consider the impacts of climate change in determining the strategy for the Company and in determining Risk Management policies and budgets. See the <u>Strategy and Risk Management</u> section below for a description of how climate change impacts the Company's strategy and risk management policies.

# **Senior Management**

The Executive Committee (EC) is comprised of the most senior business unit leaders across the organization and has responsibility for the execution of the company's strategic direction, known as Life Out Here. It is comprised of the Executive Vice President and Chief Financial Officer; Executive Vice President, Chief Human Resources Officer; Executive Vice President, Chief Merchandising Officer; Executive Vice President, Chief Stores Officer; Executive Vice President, Chief Supply Chain Officer; Executive Vice President, Chief Technology, Digital Commerce and Strategy Officer; Senior Vice President and General Manager of Petsense; Senior Vice President, Marketing; Senior Vice President, General Counsel and Corporate Secretary. The EC reports to our Chief Executive Officer (CEO) and interacts daily to fulfill our business objectives including climate-related goals, i.e., reducing carbon emissions in our operational footprint. As a member of the EC, the General Counsel has oversight over the functional areas of Legal, Sustainability, and Compliance which includes Risk Management. Reporting to the General Counsel is our Director of Sustainability who has direct responsibility for the development of the Company's sustainability strategy and platform implementation.

Climate related risks and opportunities are shared with the EC and CEO annually by the General Counsel and the Director of Sustainability. The General Counsel is provided a focused update on climate-related risks and opportunities on a semi-annual basis by the Director of Sustainability who also provides regular progress reports on the Company's sustainability platform. In addition, the Company has an Environmental, Social and Governance (ESG) Committee, and several other committees critical to the implementation and success of the sustainability platform. The ESG committee is a cross-functional committee composed of representatives from key areas of the company including energy management, Quality Assurance, Information Technology, Human Resources, Government Relations, Investor Relations, Internal Audit, Transportation, Supply Chain, Risk Management, Environmental and Safety, Merchandising and Product Sourcing. The ESG committee members provide valuable insight on ESG.

The Executive Vice President, Chief Stores Officer, has responsibility for energy management and recycling programs in stores, and the Executive Vice President, Chief Supply Chain Officer, has responsibility for these areas in the distribution centers as well as disruptions in logistics and ensuring efficient distribution and transportation of goods. The Executive Vice President, Chief Technology, Digital Commerce and Strategy Officer has responsibility for business continuity and supply chain disruptions.



# **Strategy and Risk Management**

# **Climate Change Impact On Business Strategy and Financial Planning**

As a rural lifestyle retailer, climate change impacts our business in a number of ways, from our operations and supply chain to our product offerings. Operationally, we have invested significantly in making our facilities more energy efficient. We have also made substantial investments in sustainable products and sourcing. We are committed to helping our customers lead a more sustainable lifestyle and have expanded the number of products we offer that are more energy efficient, incorporate solar cells as well as recycled content. In our supply chain, we continue to look for ways to drive efficiency and reduce impact on the environment. This includes striving towards more local and regional sourcing of products, adding new distribution centers and mixing centers (mini-distribution centers for high velocity products), increasing use of rail transportation, participating in the EPA's Smart Way program and implementing other steps to reduce our fuel consumption.

### **Climate Change Influence on Strategy**



#### **Products and services**

We have expanded the number of products that are environmentally-friendly and help our customers lead a more sustainable lifestyle. This is influenced by increased sales of sustainable and energy-efficient products.



# **Supply Chain and Value Chain**

We continue to drive the efficiency of our supply chain by decreasing the number of stem miles required for product delivery. Initiatives include more local and regional sourcing of products, the addition of new distribution centers and mixing centers, increased use of rail transportation, participation in the EPA's Smart Way program and other steps to reduce our fuel consumption. This is influenced by increased efficiencies and lower costs.



#### **Investment in R&D**

We have made substantial investments in sustainable products and sourcing. This is influenced by increased sales and lower costs.



#### **Operations**

The Company has invested significantly in making its facilities more energy efficient using more sustainable building design. These investments include three major facilities that are LEED® Silver Certified.



# **Process to Determine Climate-Related Risk and Opportunities**

Tractor Supply evaluates and identifies climate-related risks and opportunities through our company-wide Enterprise Risk Management (ERM) process and through business unit or department level specific evaluations.

Our ERM process uses periodic surveys, external research, planning processes, analytics and other tools to identify and evaluate the operational, financial, environmental, reputational, strategic and other risks that could adversely affect our business. Our General Counsel, with assistance from the Director of Risk Management administers our ERM process. The Company's leadership is refining the ERM process to include a deeper review of potential climate-related risks. Tractor Supply recognizes that climate change is one of the most pressing issues of our generation. In response, we established ambitious carbon reduction goals in September of 2021 in an effort to make our business more resilient.

This commitment will reduce carbon emissions from our operations by 20% by 2025; 50% by 2030 and achieve net zero emissions by 2040. At the same time, the Company developed a holistic view of sustainability and strategic roadmap for achieving greenhouse reduction goals. The carbon roadmap provides a systematic approach to reducing our carbon footprint by actively pursuing opportunities to reduce energy consumption through efficiency measures, transitioning fossil fuels to renewables and finding operational improvements that contribute to carbon reduction.

Business units also consider climate-risks and opportunities as part of their strategic planning. For example, our energy management team is actively pursuing opportunities to procure renewable energy, manage our energy usage and set energy goals for the Company. These considerations are taken into account during the design, construction and maintenance of our distribution centers and stores. For example, the Company has 3 LEED® Silver Certified buildings and we are currently constructing a new distribution center that is planned to be LEED® Gold Certified. Tractor Supply is also a member of the Environmental Protection Agency's SmartWay program. This program is focused on reducing our carbon footprint, improving freight efficiency in ways that reduce costs while benefiting the environment and strengthening our nation's economy and energy security. During negotiations with carriers, the SmartWay relationship is discussed in depth and is a crucial factor when considering onboarding a carrier. We are proud to say that in reporting year 2021, 100% of Tractor Supply's carriers were SmartWay carriers, compared to an average of 97% among our peers. Effective in 2022, it is a requirement that new carriers for Tractor Supply become SmartWay certified. Using higher performing SmartWay carriers is one way that we reduce our total emissions. In addition, our Merchandising team, led by our Executive Vice President, Chief Merchandising Officer, evaluates opportunities to add products to our assortment that support our customers' desire to live more sustainably.

Our new supplier engagement program will allow us to refine our modeled Scope 3 data using actual supplier energy intensity data while identifying interventions to drive down value chain emissions. This work is foundational for us to evaluate setting a science-based target. Tractor Supply intends to understand better how our vendors incorporate sustainability practices into their operations, their steps to reduce their emissions and how they can partner with us to achieve further reductions.

Finally, while focusing first and foremost on emissions reductions from our operations and value chain, Tractor Supply is evaluating how it can contribute to carbon reduction and carbon removal opportunities in our communities. Our farms, forests and landscapes all play vital roles in addressing climate change. Tractor Supply is committed to embedding more sustainable practices throughout our business that enhance the health and the sustainability of customers, farms, gardens and ranches. Critical to our mission in enriching Life Out Here is making sure we are a strong partner to our customers by providing more environmentally friendly products on our shelves and connecting our customers with tools and resources to improve their own sustainability and reduce greenhouse gas emissions. Through improved climate and sustainability commitments, Tractor Supply seeks to offer products and services that create a win-win for all.



#### **Factors Considered in Climate Risk Assessments**

In our climate-related risk assessments, we consider current and emerging regulation, technology, legal, market, reputation, acute and chronic physical risks, as discussed in the table below.

#### **Current regulations**

We believe environmental regulations relating to store and distribution center operations and products could increase our operating costs and the prices for the products we sell, which could result in lower demand for our products. These regulations include, but are not limited to, extended producer responsibility requirements, recycling requirements, product restrictions, product efficiency standards and product labeling requirements. These regulations also create potential opportunities for increased sales of higher efficiency and more sustainable products. For example, the restriction of specific products in some states (OPE, refrigerants) can result in short-term loss of sales but offers the opportunity to innovate on alternative products for those markets and a broader national segment of green consumers.

#### **Emerging regulations**

The Company monitors emerging regulations directly or indirectly related to climate change. State-by-state regulation tracking and implementation can drive additional managerial requirements. Depending on the type of regulation, there may be a short-term loss of sales, but it could also offer an opportunity to innovate on alternative products for those markets and a broader national segment of green consumers.

#### **Technology**

We utilize technology from third-party providers to monitor and forecast weather trends, natural disasters and climate-related risks that can impact sales and store operations. We also utilize and evaluate technologies that can monitor and reduce energy consumption.

#### Legal

Legal risks related to climate change and environmental issues are considered and steps are taken to mitigate these risks, including the development of environmental compliance programs to ensure compliance with relevant laws and regulations.

#### Market

We monitor market risks relating to climate change and have increased our offerings of sustainable products to help customers reduce their carbon footprint and adapt by becoming more resilient in a world with more extreme weather conditions. Further, continued increases in extreme weather events and changes in average temperatures may result in additional changes to customer buying patterns and the types of products we sell.

# Reputation

The Company values the perspectives of our stakeholders for Tractor Supply to reduce carbon emissions while transitioning to a low-carbon economy. We are committed to transparency around our progress towards carbon reduction goals and efforts to improve our operational footprint and product offerings.

#### **Acute Physical**

The Company considers the rapid and direct impact on operations, supply chain and surrounding communities from extreme climate events such as wildfires, droughts and floods. Recognizing the importance of taking action to mitigate damage, we have a 24/7 service that provides real-time weather updates and alerts. The Company also has disaster recovery plans designed to quickly restore business operations.

# **Chronic Physical**

The Company considers changing weather patterns and shifting climatic zones and their impact on operations, supply chain, and product availability and selection. We recognize these changes may lead to higher operating costs for the Company, leading to an investment in sustainable technologies for a more resilient building portfolio. We also consider alternative scenarios in our supply chain and sourcing models to minimize disruption. We believe the impact in changing weather patterns and shifting climatic zones on our customers will require new products to help adapt their home, farm or ranch to become more resilient.



# **Tractor Supply Distribution Centers and Locations**

The operation of our distribution centers is crucial to our business operations. If our distribution centers experience closures due to climate-related events, whether temporary or sustained, we could sustain significant adverse impacts related to the flow or availability of products to our stores and customers. Any of these circumstances could adversely affect our ability to deliver inventory in a timely manner, which could impair our ability to meet customer demand for products and result in lost sales, increased supply chain costs, or damage to our reputation.

In fiscal 2021, our Tractor Supply stores received approximately 76% of merchandise through this network while the remaining merchandise shipped directly from our vendors to our stores or customers. We believe this flow facilitates the prompt and efficient distribution of merchandise that allows us to be a dependable supplier to our customers for their "Out Here" lifestyle solutions by enhancing in-stock inventory positions, while minimizing freight expense and improving the inventory turn rate. We have eight distribution centers located throughout the United States. As these distribution centers are critical for our business operations, we have put in place processes to mitigate operational disruptions, including those associated with changing climates and weather events. Our distribution facilities, located in Arizona, Georgia, Indiana, Kentucky, Maryland, Nebraska, New York and Texas represent a total distribution center capacity of 6.1 million square feet.



#### Frankfort, New York

1938 Country Mile, Frankfort, NY 13340

# Franklin, Kentucky

100 Raines Dr, Franklin, KY 42134

#### Pendleton, Indiana

320 Enterprise Dr, Pendleton, IN 46064

#### Macon, Georgia

151 Tractor Dr, Macon, GA 31216

#### Waco, Texas

2801 Corporation Pkwy, Waco, TX 76712

#### Casa Grande, Arizona

1337 W Peters Rd, Casa Grande, AZ 85193

# Hagerstown, Maryland

11935 Hopewell Rd, Hagerstown, MD 21740

#### Waverly, Nebraska

12851 Dovers St, Waverly, NE 68462



# Scenario Analysis

Tractor Supply conducted an initial assessment and scenario analysis to understand the impacts of setting a science-based target to reduce the Company's carbon emissions. We considered IPCC reports and the United States' Nationally Determined Contributions (US NDCs), among other resources. As a result of this assessment, in 2021 we announced new Scope 1 and 2 goals, released our first Scope 3 inventory as well as initiated a supplier engagement program to help refine our inventory and provide insight into ways to reduce our supply chain emissions. In addition, we currently use climate-related scenario analysis in our risk assessment and disaster planning processes for critical infrastructure such as information technology, communications systems and supply chain.

#### **Climate-Related Risks and Opportunities**

Tractor Supply considers climate change risks across the following time horizons, which are consistent with our other business practices. We consider the next one to three years to be a short-term time horizon, the next three to five years to be mediumterm, and the next five to ten years to be a long-term horizon.

#### **Climate Risks**

Increased severity and frequency of extreme weather events such as cyclones, hurricanes, tornadoes, fires, drought, and floods, as well as changes in average temperatures (acute and chronic physical risk, unknown time horizon)

We identified acute and chronic physical events due to a changing climate to be our main climate-related risk. These risks include, but are not limited to, the potential for extreme weather events and trends to increase our operating costs, disrupt our supply chain and distribution centers, change buying patterns, result in store closures and impede access to our stores. Changes in average temperatures may result in increases in our operating costs and changes in demand for our products.

To mitigate the risks associated with physical climate-related risks, among other physical risks, we have developed risk mitigation and disaster recovery plans for our stores, supply chain, distribution centers, store support center and information technology infrastructure. Similarly, risks associated with increased operating costs due to changes in average temperature are mitigated through our Energy Management Program. For risks associated with customers changing their buying patterns, Tractor Supply is passionate about offering products and services that meet our customer's Life Out Here needs and will continue to do so as our customer evolves.

#### Mandates on and regulation of existing products and services (transitional, short-term time horizon)

Product efficiency and product labeling regulations and standards could potentially increase the prices of the products Tractor Supply sells, which could lead to reduced demand for these products. New regulations for product labeling could increase the costs and potentially result in lower margins on the product. Further, the need to raise the retail prices to match the cost increase may lead to reduced demand for affected products. We serve a needs-based lifestyle so that our customers can care for their homes, land, animals and pets. Informing and educating our strategic suppliers is important to mitigate the financial exposure to emerging regulations. Further, our Merchandising and Government Relations teams monitor risks associated with current regulation that might change efficiency standards or costs for the products we sell, as well as opportunities that might create new business opportunities for sustainable product offerings.



# **Climate Opportunities**

#### Building efficiency (transitional, long-term time horizon)

We have benefited from the adoption and integration of energy-efficient technology throughout our stores, which has resulted in cost reductions. Since converting all existing stores to LED lighting in 2017, we've saved \$12 million per year on energy costs. We also opened all new stores with LED lighting, which saves \$8,400 per year, per store versus fluorescent lamps in energy (kWh). We currently open approximately 80 new stores per year. The Company has reduced the load profile of its locations by more than 50MW per year. In 2021 additional LED lighting was being retrofitted for external store signage, external wall sconces and distribution center high bay applications.

For Tractor Supply stores, the Energy Management System (EMS) manages lighting and HVAC usage as well and actively pursues making that usage more efficient. For lighting, there are defined schedules for lighting during open hours, a reduced number of lights during the time periods without customers and when the store is vacant only egress required lights are on. Exterior lights are based on GPS coordinates to avoid excess usage. These lighting controls match the need for lighting and energy usage and avoid excess usage. For HVAC needs, the EMS employs a 'Smart Start' program for scheduling, in that to meet the described set points for store hours, units will be brought online in a staged sequence to minimize utility expenses and reduce wear on the units. In addition, stores are set up with a rotational schedule to limit the number of units at any one time.

In 2021, the Company deployed new HVAC systems with leading efficiency standards. We replaced all legacy beverage coolers throughout stores with new energy-efficient coolers that use a refrigerant with a much lower Global Warming Potential (GWP1). New beverage coolers use R290, a refrigerant grade propane with a GWP of 3.3 versus R134, a HFC refrigerant with a GWP of 1,430. In addition, the entire cabinet structure is foamed-in-place using ecomate, a high density, polyurethane insulation that has zero ozone depletion potential (ODP) and zero global warming potential (GWP).

Enhanced building designs under consideration include incorporating clean energy and solar power into new stores as we continue to retrofit existing stores to higher energy efficiency standards. The Company is also excited to test new, more climatefriendly technologies including electric forklifts and EV charging stations at store locations across the country.

### Low-carbon products (transitional, unknown time horizon)

Potential regulations could create opportunities for increased sales of higher efficiency and more sustainable products, as customers adapt to climate and new regulations. This would also provide opportunities to provide customers with the products that they desire for a sustainable lifestyle.

Tractor Supply listed over 450 products under the solar umbrella. These products range from solar-powered lights to solarpowered gate openers. In addition, the Company sells the Tuff Stuff brand products for stock tanks, feed pans and mixing tubs that are made from 100% recycled LDPE flexible plastic. The Company sells weather-stripping, pipe insulation and foam insulation to help our customers save and reduce energy usage. These products are available through our store footprint and online.



# GHG EMISSIONS REDUCTION TARGETS AND METRICS

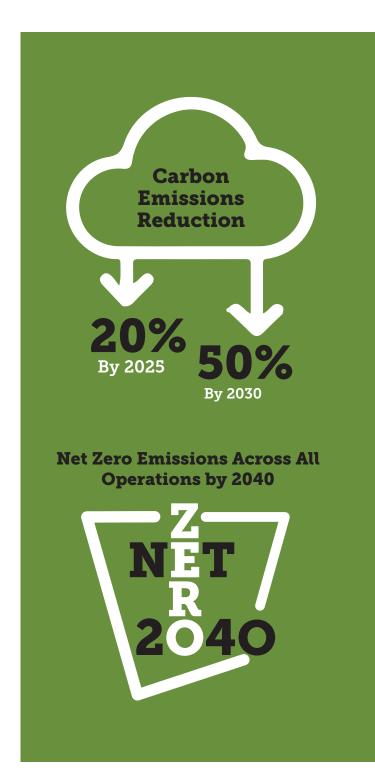
#### **Our Current Goals**

We set new absolute carbon reduction goals in September 2021 to further reduce emissions from our operations by 20% by 2025 and by 50% by 2030 from a 2020 baseline. We will rely on a portfolio of solutions to achieve the needed reductions to meet our goals. The largest portion of our Scope 1 emissions - natural gas and propane used to heat stores and distribution centers - will be reduced over time by transitioning to alternatives such as electric heat pumps and the use of renewable energy sources while continuing to increase efficiency measures. Tractor Supply is also committed to reducing emissions from our owned-vehicles fleet by transitioning to electric, hybrid and alternative-fueled vehicles as they become more widely available in the market. Improving efficiency across our buildings, installing renewable energy technologies such as solar, and purchasing renewable energy, when needed, will reduce Tractor Supply's Scope 2 emissions.

Additionally, we have set a goal of net zero emissions across all operations by 2040. In this next phase of our sustainability journey, we will continue investments in energy efficiency and renewable energy technologies. To avoid future emissions, we will incorporate better design in both stores and distribution centers. We will also continue to refine our Scope 3 emissions through our new supplier engagement program. That program will allow us to better quantify our Scope 3 emissions and identify interventions to reduce our Scope 3 footprint.

# What's Next

Tractor Supply's total physical operations increased from 2,105 site locations in 2020 to 2,181 site locations in 2021. The square footage correspondingly increased in 2021 versus 2020, as well. However, while the number of locations and square footage increased, the intensity ratio dropped. In the future, Tractor Supply will be working with electricity suppliers and renewable energy developers across markets to install or procure renewable energy as well as evaluating options for Community Solar, Power Purchase Agreements (PPAs) and Virtual Power Purchase Agreements (VPPAs).



# **Climate Metrics**

GHG Emissions	Unit	2021	2020	2019
Scope 1	Metric tons CO2e	68,574	63,622	67,375
Scope 2 (location-based)	Metric tons CO2e	167,832	171,927	176,338
Scope 2 (market-based)	Metric tons CO2e	167,641	185,409	189,108
Scope 1 + 2 (market-based, absolute)	Metric tons CO2e	236,215	249,031	256,483
Scope 1 + 2 (market-based, intensity)	Metric tons CO2e per 1,000 square foot	4.26	4.66	5.00
Scope 1 + 2 (intensity)	Metric tons CO2e per million USD revenue	18.55	23.45	30.71
Scope 3 Business travel	Metric tons CO2e	6,711	2,046	-
Scope 3 Capital goods	Metric tons CO2e	131,808	56,549	-
Scope 3 Downstream transportation and distribution	Metric tons CO2e	2,519	36,601	-
Scope 3 Employee commuting	Metric tons CO2e	92,785	47,563	-
Scope 3 End of life treatment of sold products	Metric tons CO2e	1,019,803	675,961	-
Scope 3 Fuel-and-energy-related activities	Metric tons CO2e	71,730	46,894	-
Scope 3 Purchased goods & services	Metric tons CO2e	4,184,179	2,526,830	-
Scope 3 Upstream transportation and distribution	Metric tons CO2e	267,137	236,293	-
Scope 3 Use of sold products	Metric tons CO2e	7,829,092	7,462,011	-
Scope 3 Waste generated in operations	Metric tons CO2e	50,730	59,815	-



Energy	Unit	2021	2020	2019
Total energy use (absolute)	MWh	786,328	742,676	739,733*
Total energy use (intensity)	MWh per 1,000 square foot	14.47	13.9	14.43
Percentage of total energy consumed supplied from grid electricity* (%)	Percent	57.9%	58.1%	55.25%
Renewable Energy**	Percent	6.8%	1.1%	0.5%
Sustainable Buildings	Unit	2021	2020	2019
LEED certified (absolute)	Number	3	3	3
LEED certified (intensity)	Percent of square footage	5%	5%	5%

<sup>\*</sup> The 2019 TCFD report reported grid electricity sourced as a percentage of total electricity consumed. The 2020 TCFD report reflects a metric of grid electricity sourced as a percentage of total energy consumed.

<sup>\*\*</sup>The 2019 TCFD report reported renewable electricity sourced as a percentage of electricity consumed. The 2020 TCFD report reflects a metric of renewable electricity sourced as a percentage of total energy consumed.



