PELOTON

FY21
TCFD INDEX

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As part of our ongoing commitment to transparency with our stakeholders, Peloton follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is our first year reporting in alignment with TCFD recommendations, and we plan to expand and improve our climate strategy going forward to support TCFD, as we recognize the ongoing importance of disclosing climate-related financial information. Additionally, this index also reflects information that can be found in our 2022 CDP climate change questionnaire responses, which includes FY21 data.

Disclosure focus area	Response
Governance: Disclose the organization's governance around climate-related risks and opportunities.	
a. Describe the board's oversight of climate-related risks and opportunities.	The nominating, governance, and corporate responsibility committee of the Board (NGCR Committee) is responsible for oversight of ESG, including climate. This committee reviews and oversees climate-related strategy and initiatives, as well as reviewing and providing guidance on risk management policies, including climate-related issues, which are integrated into our risk management process. In 2021, the Board received and reviewed the 2021 ESG Report prior to publication. The NGCR Committee receives updates from the ESG Steering Committee at most regular quarterly meetings. These updates cover ongoing initiatives and strategies under development, climate-related impacts such as our carbon footprint, any climate-related risks and opportunities, and any climate-related disclosures.
b. Describe management's role in assessing and managing climate-related risks and opportunities.	The VP of ESG Strategy reports to the Chief Strategy Officer, who reports directly to the CEO. The VP of ESG Strategy is responsible for Peloton's sustainability program, including setting climate and sustainability targets, developing and implementing sustainability initiatives, conducting climate scenario analyses (in partnership with the Risk team), measuring progress, and reporting internally and externally as required. The ESG Steering Committee convenes quarterly and has oversight of ESG issues, including climate. The ESG Steering Committee advises on strategy and initiatives, helps facilitate cross-functional collaboration on sustainability and climate initiatives as required, reviews climate risk and opportunity process and assessments, and approves climate targets and disclosures. The VP of ESG Strategy is the ESG Steering Committee Chair.

Disclosure focus area	Response
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	The Enterprise Risk Management (ERM) program assesses risks across our company’s full value chain, from sourcing/procurement and operations to end user experience. Risk factors from 18 risk categories and across 4 thematic pillars are reviewed annually and updated as needed. A Risk Committee composed of cross-functional senior leaders champions the ERM program. Members of the Risk Committee review the company’s risk universe on an annual basis to ensure all potentially impactful risks are included and updates to the Risk Universe are made as necessary. The Committee also participates in a Risk Survey in which they select the top 10 most impactful risks facing the company from the Risk Universe. Risks are rated on a scale of likelihood, occurrence and management capability. Progress of the ERM program is presented to the Audit Committee at least annually. The top identified risks are discussed, along with action plans to mitigate the risks and any other relevant risk information discussed. Lastly, relevant risk factors that could materially affect the business and financial results are disclosed in the Annual Report on Form 10-K. We identify risks in the “short term” as 1–3 years; “medium term” as 3–10 years; and “long term” as 10–30 years. The following climate-related risks and opportunities have been identified: **Emerging regulation risks:** The potential for carbon pricing on goods and services and/or import tariffs on the carbon content of finished products presents a potential risk of upward pressure on the cost of doing business. Like other public companies, our business faces increasing regulatory requirements focused on climate risk disclosure and transparency on our impacts, i.e., emissions, in geographies where we operate. That said, we already engage in voluntary disclosure and reporting in our annual ESG Report, include our full business operations (Scopes 1, 2, and 3) in our emissions accounting, and are expanding our reporting capabilities so the impact of this risk is low. **Reputation risk:** Stakeholder expectations for business action on climate change are increasing. If Peloton does not meet, or is perceived not to meet, our obligations on sustainability due to inadequate action and/or inadequate disclosure on climate-related topics, we could potentially lose the support of ESG-concerned investors and other stakeholders, including but not limited to current and prospective talent, Members, and corporate customers. **Acute physical risk:** Global climate change is forecast to increase the frequency and severity of extreme weather events. Given the global nature of our supply chain and operations, such severe weather events could pose a disruption risk to our facilities and supply chain partners, which may impact inventory, production/delivery timelines, and workforce productivity. **Resource efficiency opportunity:** Our products and services enable us to maintain long-term relationships with our Members, which presents opportunities for resource efficiency and recovery. We see clear opportunity in recouping value from materials and reducing the life cycle environmental impacts of our products through refurbishment and the recycling of components at products’ end of life. **Products and services opportunity:** Peloton defined the connected fitness category. We see potential to increase our brand love and Member loyalty by exceeding expectations on sustainability and climate action. Based on Member engagement conducted in 2021, we know that many of our Members care about environmental issues, meaning that action on climate can even further align our values with our Members.

Disclosure focus area	Response
b. Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	**Products and services:** With changing consumer demands we are looking at increasing pilots around refurbished product options to address consumer demand for low-carbon product alternatives. **Supply chain and/or value chain:** With escalating likelihood of climate-related weather events and as we are increasing ownership of our climate impacts, we are beginning to identify, assess, and manage our suppliers' environmental impacts, risks, and opportunities. We have recently completed our first year of Conflict Minerals diligence and reporting and have launched a supplier ESG transparency program that includes a greenhouse gas (GHG) assessment. We are undertaking this work to build resilience against possible supply chain disruption, to identify and mitigate risk, and to find opportunities that we can collaborate with suppliers on. **Operations:** With the potential for future environmental emissions-related regulation, we have decided to conduct a materiality assessment and GHG inventory to better understand our emissions baseline and understand how any future regulations would impact us. **Climate-related risks also impact us through indirect costs and capital expenditures:** We understand the importance of making capital allocation decisions in a way that is informed by our understanding of how climate risks and opportunities could impact our business. In order to position ourselves to have the data necessary to inform these types of decisions, we have allocated funding (indirect costs) to support the prerequisite steps, including conducting a full GHG inventory, risk and opportunity materiality assessment, environmental reporting, and qualitative climate risk and opportunity assessment. By measuring our environmental impact and conducting a materiality assessment, we have begun to develop a strategy that will minimize and mitigate climate-related risks and highlight relevant climate opportunities. We have begun to pursue energy-efficiency measures, such as electric forklifts in field operations and fan installations to reduce heating, ventilation, and air conditioning (HVAC) loads.
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We do not currently have a strategy that aligns with 1.5°C as we are in the early stages of our environmental journey; however, we understand the importance of developing a transition plan. Our first step is conducting a full GHG inventory and responding to CDP. In our 2022 ESG Report, we share our newly adopted climate targets and initiatives and will move quickly on high-opportunity initiatives in the coming year to make meaningful progress.

Disclosure focus area	Response
Risk management: Disclose how the organization identifies, assesses and manages climate-related risks.	
a. Describe the organization's processes for identifying and assessing climate-related risks.	Inherent in the Audit Committee's role is to have risk oversight over cross-functional risks impacting the company, including both climate-related risks, and the company's plan to mitigate the risks that have a potential material impact on the company. The ERM program was thus designed to promote a culture of risk awareness, facilitate open dialogue among management to understand critical business risks, and address and monitor high-priority risks. A Risk Committee composed of cross-functional senior leaders champions the ERM program. Members of the Risk Committee review the company's Risk Universe on an annual basis to ensure all potentially impactful risks are included and updates to the Risk Universe are made as necessary. The Committee also participates in a Risk Survey in which they select the top 10 most impactful risks facing the company from the Risk Universe. Risks are rated on a scale of likelihood, occurrence, and management capability. Progress of the ERM program is presented to the Audit Committee at least annually. The top identified risks are discussed, along with action plans to mitigate the risks, and any other relevant risk information discussed. Lastly, relevant risk factors that could materially affect the business and financial results are disclosed in the Annual Report on Form 10-K.
Metrics and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	FY21 was our first year conducting a GHG inventory and reporting to the CDP climate change questionnaire. We measured Scopes 1, 2, and 3 categories as defined by the Greenhouse Gas Protocol.
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 1 18,367 Scope 2 (location-based) 6,147 Scope 2 (market-based) 6,214 Scope 3 1,942,507 (FY21 data in metric tons CO_2e) Note: Precor was acquired in April 2021 near the end of our organization's reporting cycle. For this reason it was excluded from our FY21 GHG inventory.
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We released our initial sustainability targets in our 2022 ESG Report and will subsequently expand the scope of our targets.

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