Mohawk Task Force on Climate-Related Financial Disclosures Report 2025

Introduction

Mohawk Industries, Inc. ("Mohawk" or the "Company") maintains a deep commitment to sustainability, transparency, and responsible business practices, which guides the Company's actions on climate-related matters. During the past two decades, extreme weather events have highlighted the increasing unpredictability of climate patterns. In particular, there has been greater variability in the frequency and intensity of hurricanes, tornadoes, hailstorms, and wildfires during this period. As a manufacturer, the Company's operations often require significant operational investments, with many products being manufactured at specific key locations. These sites are vulnerable to substantial damage from natural disasters—such as floods, tornadoes, hurricanes, and earthquakes—as well as from fires or other unforeseen events. Additionally, a shift toward a lower carbon economy will give rise to changes in regulation and markets, including with respect to the procurement of raw materials and energy and in terms of customer preferences and other stakeholder expectations. Climate considerations are not only integral to Mohawk's business strategy but also crucial to valuing and protecting the communities where we operate. As such, we actively monitor, evaluate, and adapt to the risks and opportunities presented by evolving climate conditions as part of our overall risk assessment and management strategies.

Given the critical role climate change plays in Mohawk's business, this report outlines the Company's comprehensive strategy for addressing climate-related risks and opportunities, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") 2017. This report follows and complies with all the recommendations of the TCFD 2017. Mohawk plans to continue to provide climate-related financial risk disclosures, as required by California SB 261 (codified at Cal. Health & Safety Code § 38533).

Governance

Disclose the organization's governance around climate-related risks and opportunities.

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

Mohawk's Chief Executive Officer ("CEO"), Board of Directors (the "Board"), and the Executive Stewardship Council develop, update, and lead the Company's sustainability and climate-related strategy, including identification, evaluation, and assessment of climate-related risks and opportunities.

ESG Governance Structure

CEO and Board of Directors

- Ultimate responsibility for the Company's ESG-related programs and initiatives

Nominating and Corporate Governance Committee / Audit Committee

- Nominating and Corporate Governance ("NCG") Committee oversees the Company's ESG-related programs
- Helps formulate strategies to respond to public policy, legislative, regulatory, political and social topics, as well as trends related to environmental and social risks that may significantly affect the business operations, financial performance or public image of the Company
- Audit Committee oversees risk management as it relates to the Company's sustainability strategy

Executive Stewardship Council

- Reviews and approves sustainability strategy
- Works with the Board to provide oversight and guidance to the business
- Engages in risk planning to identify and understand sustainability impacts to the Company, including regulatory changes as well as physical, operational and climate change-related risks
- Applies understanding of risks to inform our sustainability strategy
- Sets environmental and social goals

Chief Sustainability Officer

- Defines and executes Mohawk's sustainability strategy across the global enterprise
- Partners with functional areas to increase alignment and optimize global efforts for carbon reduction, product circularity, resource conservation and commitments to workplace excellence

People Council / Planet Council

- Multi-business, multi-level stakeholder leadership groups tasked with aligning business direction and decision-making with sustainability goals
- Develops sustainability strategy, including goals and objectives
- Identifies metrics to track performance and provide business segment feedback, including best practice sharing

Board Oversight

The NCG Committee and the Audit Committee of the Board each have climate-related governance mandates as set forth in each committee's respective charter.

- The NCG Committee has specific oversight responsibility for the Company's sustainability initiatives, including assisting the Board with respect to formulating strategies to respond to public policy and legislative, regulatory, political, and social issues and trends related to environmental, health and safety, and sustainability performance that may significantly affect the operations, financial performance, or public image of the Company or its businesses.
- The Audit Committee assesses the adequacy of the Company's internal accounting procedures and controls, as well as risk management related to climate and sustainability, including identification of risks and opportunities.

Management Oversight

Mohawk's Executive Stewardship Council consists of the Company's Chief Financial Officer ("CFO"), Vice President of Business Strategy & General Counsel, President and Chief Operating Officer ("COO"), Chief Sustainability Officer ("CSO"), and the presidents of each of the Company's three reporting segments – Flooring North America ("FNA"), Flooring Rest of World ("FROW"), and Global Ceramic ("GC").

The Executive Stewardship Council is responsible for:

- Reviewing and approving sustainability strategy.
- Working with the Board to provide oversight and guidance across the Company's business units.

- Engaging in planning to identify and understand sustainability risks and opportunities for the Company, including climate-related risks that might arise from changes in regulation, as well as physical or operational risks.
- Applying understanding of risks and opportunities to inform the Company's sustainability strategy.
- Setting environmental and social goals.

The CSO delivers quarterly and ad hoc updates to the Executive Stewardship Council and to the Board—including the NCG and Audit Committees—on the Company's progress in advancing its sustainability initiatives, which also covers climate-related matters. These updates are informed by the CSO's active leadership and involvement in the Executive Stewardship Council and other relevant subgroups and committees, such as the Global Planet Council, ensuring the Board stays aligned with the latest developments and strategies in sustainability and remains adequately informed of the Company's progress in such areas.

The Global Planet Council is comprised of a multi-business, multi-level stakeholder leadership group tasked with aligning business direction and decision-making with sustainability goals. The Global Planet Council develops sustainability strategy, including goals and objectives, and identifies metrics to track performance and provide business segment feedback, including best practice sharing. The Company's Global Planet Council provides critical insight and leadership in identifying and assessing climate-related risks and opportunities across the Company.

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

The CSO and other members of the Company's management team, including sustainability leadership from across the Company's three reporting segments – FNA, FROW, and GC – collaborate closely with the NCG Committee and Audit Committee to provide oversight and ensure that sustainability risks and opportunities are effectively managed using adequate controls and various mitigation strategies.

Key roles of the CSO in leading the implementation and assessment of the Company's global sustainability strategy include:

- Overseeing the Corporate Sustainability team, which is responsible for:
    - Global sustainability data collection and analysis;
    - Providing information to management for strategic development;
    - Publishing the Company's annual Impact Report; and

    - Helping to ensure the Company can meet new and evolving compliance standards and legislation related to sustainability matters.
- Leading the Executive Stewardship Council and providing updates from the Global People and Global Planet Councils.
- Providing quarterly and ad hoc updates to the Board.

Key roles of management in assessing and managing climate-related risks and opportunities include:

- Implementing procedures to track performance across specific metrics and key performance indicators (“KPIs”);
- Presenting key findings to the Global People Council and the Global Planet Council, the Executive Stewardship Council, the Board, including the NCG and Audit Committees, and other relevant internal stakeholders for increased accountability and transparency.
- Engaging with various stakeholders, including employees, customers, and investors, to gather feedback and ensure that the Company’s sustainability strategies align with stakeholder expectations. This engagement also helps in identifying new opportunities and risks, allowing for timely adjustments to the Company’s sustainability strategy.

For further information on how the Company assesses climate-related risks and opportunities, see section Risk Management (c) below.

<u>Strategy</u>

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.

See tables below. For a discussion of the processes used to determine which risks and opportunities could have material financial impacts on the Company, see section Risk Management (a) below.

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

See tables below.

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

See tables below.

Transition Risk: Increased Cost and Lack of Availability of Energy

Type	Subtype	Description	Scenario	Time-Horizons	Potential Impact to Mohawk	Existing and Planned Adaptation and Mitigation Measures
Transition	Market	Increased cost and lack of availability of energy	*Business-as-usual	*Medium-term (1–5 years) *Long-term (>5 years)	*There is an expected increase in operating expenditure costs for operations reliant on natural gas. *Costs associated with purchasing fossil fuels would be expected to remain high, and their emissions costs may increase through 2050.	*Develop and implement natural gas price management, utilization, and optimization strategies to mitigate cost increases and price volatility. *Identify methods of diversifying the potential fuels usable by key production and logistics assets in case of financial or supply disruption of fossil fuels markets. *Install onsite renewable generation where practical to secure a reliable, affordable, and less impactful long-term energy source.
			*Net-zero	*Short-term (>1 year) *Medium-term (1–5 years) *Long-term (>5 years)	*Fuel prices would be expected to increase as policymakers enact measures to reduce the availability of fossil fuels. Fossil fuel reliant processes and products would reduce profit margins as embedded and operating expenditure costs increase. *The cost of emissions releases could also increase due to regulatory changes designed to reduce greenhouse gas emissions.	*Develop and implement strategies to shift fossil-powered fleets, processes, assets, and operations to renewable electricity or sustainable fuels where feasible to limit exposure to high-cost fossil fuels and potential emissions costs through the mid-2030s as renewable energy prices decrease and carbon prices increase.

Physical Risk: Business Disruption Due to Extreme Weather Events

Type	Subtype	Description	Scenarios	Time-Horizons	Potential Impact to Mohawk	Existing and Planned Adaptation and Mitigation Measures
Physical	Acute	Increased frequency and severity of extreme weather events (e.g., hurricanes, tornadoes, etc.)	*Business-as-usual	*Short-term (<1 year) *Medium-term (1–5 years) *Long-term (>5 years)	*Potential relocation of facilities in regions or locations highly vulnerable to flooding or other effects. *Increased operating costs due to operational downtime. *Increase in health & safety incidents from storm damage or heat events. *Property insurance premiums may rise significantly due to increases in the frequency and severity of adverse weather events.	*Manage insurance and exposures of physical company assets. *Retrofit and harden facilities and/or install flood barriers to mitigate storm and flood damage. *Development of region-or business-specific emergency response plans to reduce recovery time and operational disruption and minimize risks for employees.
			*Net-zero	*Short-term (<1 year) *Medium-term (1–5 years) *Long-term (>5 years)	*Grid power consistency could be negatively impacted by a large increase in renewable power generation, such as solar and wind. *Property insurance premiums may rise due to increases in the frequency and severity of adverse weather events.	*Manage insurance and exposures of physical company. *Retrofit and harden facilities and/or install flood barriers to mitigate storm and flood damage. *Development of region-or business-specific emergency response plans to reduce recovery time and operational disruption and minimize risks for employees.

Opportunity: Waste and Product Circularity

Type	Subtype	Description	Scenario	Time-Horizons	Potential Impact to Mohawk	Existing and Planned Adaptation Measures
Opportunity	Market	Reduce waste from operations and increase circularity for product inputs and outputs	*Business-as-usual	*Medium-term (1–5 years) *Long-term (>5 years)	*Potential for higher revenues and market share if consumer demand for sustainable products grows and the Company capitalizes on low-carbon product opportunity. *Increased competition and new market entrance opportunity. *Reduced relative Mohawk capital expenditure for projects from potential subsidies and financing.	*Mohawk has an ongoing post-consumer ReCover Recycling Program in participating markets for circular economy opportunities. *Develop and implement a waste management strategy to identify opportunities and investments to reduce waste.
			*Net-zero	*Medium-term (1–5 years) *Long-term (>5 years)	*Prices increase for materials, encouraging efficiencies or alternatives. *Reduced relative Mohawk capital expenditure for projects from potential subsidies and financing. *Improved public perception. *Potential for decreased cost of recycling inputs and processes as circular economy matures.	*Mohawk has an ongoing post-consumer ReCover Recycling Program in participating for circular economy opportunities. *Develop and implement a waste management strategy to identify opportunities and investments leading to reduced usage.

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.

In January 2024, Mohawk completed a climate risk assessment ("CRA") led by third-party climate risk experts wherein the Company considered a variety of climate-related risks and opportunities, identified within a universe of risks using relevant disclosures and expert databases, to understand how each may manifest now and into the future under two scenarios: business-as-usual (2°C+ warming) and net-zero (1.5°C warming).

Defining the Universe of Risks and Opportunities

1. The Company defined the climate-related risk and opportunity landscape with the support of external subject matter experts and based on climate-related regulation, peer disclosures, and other research and feedback from key stakeholders throughout the value chain.
2. The Company narrowed the universe of risks and opportunities to a list of 20 ranked risks and opportunities based on additional research such as consultant databases, climate tools, and peer disclosures, and feedback from the Company's three reporting segments – FNA, FROW, and GC – as well as the Corporate Support Teams.
3. Sustainability stakeholders from each business unit and executive leadership provided feedback to support the selection of risks and opportunities for scenario analysis.
4. Ten out of 20 risks were then selected for scenario analysis based on input provided by the Company's stakeholders in a workshop conducted with leadership, incorporating feedback from FNA, FROW, and GC.
5. Of the 10 risks that leadership identified as having potential materiality, two were found to be material: (1) increased cost and lack of availability of energy, and (2) increased frequency and severity of extreme weather events.

Scope of Assessment

The scope of the CRA includes all the Company's manufacturing and non-manufacturing sites, as well as the Company's most critical suppliers, and encompasses the entire value chain, including both upstream and downstream activities that directly influence Mohawk operations. The Company's activities were screened by location, spend, and energy type.

To ensure a comprehensive evaluation of the Company's climate-related risks and opportunities under different possible future climate conditions, the Company analyzed each of those highlighted relevant CROs in the context of various climate scenario analysis – specifically Representative Concentration Pathways ("RCPs"), Shared Socioeconomic Pathways ("SSPs"), and specific topic scenarios such as the IEA Net Zero Emissions by 2050 Scenario ("NZE Scenario") and Network for Greening the Financial Systems ("NGFS").

Scenarios included both a business-as-usual (2°C+ warming) and net-zero (1.5°C warming) model.

Evaluation of Risks

Physical risks were evaluated for the Company's operations and suppliers using short- (<1 year), medium- (1–5 years), and long-term (>5 years) horizons. The Company identified the top physical climate risks based on an evaluation of the (a) location of our manufacturing sites and facilities around the world, (b) the location of supplier sites and facilities, (c) the Company's transportation line routes, and (d) geographic areas where severe weather persists.

Transition risks were globally assessed throughout the Company's value chain using the same short-, medium-, and long-term time horizons as applied in the assessment for physical risks.

The Company's resilience analysis is considered a forward-looking statement. Management believes that these forward-looking statements are reasonable as and when made; however, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. There can be no assurance that the forward-looking statements will be accurate because they are based on many assumptions, which involve risks and uncertainties. Important factors that could cause future results to differ from historical experience and our present expectations or projections include, but are not limited to, the following: changes in economic or industry conditions; the impact of tariffs; competition; inflation and deflation in raw material prices, freight, and other input costs; inflation and deflation in consumer markets; currency fluctuations; energy costs and supply; timing and level of capital expenditures; timing and implementation of price increases for the Company's products; impairment charges; identification and consummation of acquisitions on favorable terms, if at all; integration of acquisitions; international operations; introduction of new products; rationalization of operations; tax and tax reform, product and other claims; litigation; geopolitical conflicts; regulatory and political changes in the jurisdictions in which the Company does business; and other risks identified in Mohawk's United States Securities and Exchange Commission reports and public announcements.

(b) Describe the organization's processes for managing climate-related risks.

Mohawk's overall risk management process includes ongoing assessments, stakeholder engagement, and data-driven analysis to assess and manage climate-related risks and opportunities. The Company continues to monitor emerging risks across its value chain, including, but not limited to, acute physical risks related to severe weather events, chronic physical risks such as rising sea levels, resource scarcity, policy and legal risks, technology risks, market risks, and reputational risks. The Company's strategic climate-risk planning includes a detailed plan in the short-term horizon (<1 year), a general plan in the medium term (1–5 years), and a directional plan in the long term (>5 years). Notably, manufacturing asset investments are made assuming that the assets will be operational into the long-term horizon. The Company's processes for managing climate-related risks vary by business unit, and are specific to each business's geography, supply chain, and manufacturing footprint. Business units within each of the Company's three reporting segments – FNA, FROW, and GC – implement risk mitigation strategies within their respective businesses, with oversight from the Company's leadership team, the Global Planet Council, and the Executive Stewardship Council.

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

The Board of Directors provides oversight of the financial, operational, legal, and other business risks to the Company on an ongoing basis. The Company faces a number of risks, including economic, climate related, financial, cybersecurity, legal and regulatory risks, and others. The Company's leadership team is responsible for the day-to-day management of risks, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board is responsible for satisfying itself that the Company's risk management processes are adequate and functioning as designed. While the Board is ultimately responsible for risk oversight, the Audit Committee has primary responsibility for the financial, legal, climate related, cybersecurity, and other operational risks. Each of the committees of the Board routinely reports to the full Board on material issues considered by such committee, which may include issues of risk. A risk is considered to have a substantive financial impact within Mohawk when it could have a material adverse effect on the Company's business, financial condition, reputation, and results of operations. A survey featuring a universe of risks, including climate-related risks, is administered by a third party annually. The survey is sent to business leadership who respond with written feedback. The third party analyzes the responses and determines the most salient risks based on the feedback received. The most salient risks are then incorporated into each business units' risk management program.

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.

The Company assesses climate-related risks and opportunities by measuring its progress against the following goals.

- Product Circularity: The Company understands that moving to a circular economy is an important step in operating a more sustainable business and is actively committed to embedding the principles of a circular economy into its operations. These efforts not only reduce waste but also assess and mitigate climate-related risks by building supply chain resilience and adapting to changing customer expectations.
  - In 2025, the Company achieved a 55% reduction in waste-to-landfill intensity over 2010 baseline year.
  - Goal: 30% reduction by 2025.
- High-Performing Workforce: We maintain safe, healthy workplaces worldwide, minimizing risks and prioritizing employee well-being.
  - In 2025, the Company had a 1.17 recordable incident rate (RIR), creating safe, hazard-free environments that support health and well-being, including minimizing the impact of climate-related risks to employees.
  - Goal: 1.0 RIR by 2030.
- Climate-Positive Future: The Company recognized early that its manufacturing sites were important sources of greenhouse gas emissions, especially in locations where the electricity grid has high emissions intensity due to continued reliance on coal-fired power.
  - In 2025, the Company achieved a 31% reduction in Scope 1, 2 and biogenic emissions intensity over 2010 baseline year.
  - Goal: 25% reduction by 2025.

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

[*GHG emissions disclosure*]

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

The Company set a goal to reduce Scope 1 and Scope 2 biogenic emissions intensity by 25% by 2025. According to the Company's 2025 Impact Report released in July 2026, the Company exceeded its emissions intensity goal with a reduction of 31% from its 2010 baseline.

The Company also follows the goals discussed in section Metrics and Targets (a) above.