

2021 TCFD INDEX

TOGETHER FOR TOMORROW

Milliken™



2021 Milliken Task Force Climate-Related Financial Disclosures

The Task Force on Climate-Related Financial Disclosures (TCFD) provides a consistent framework by which companies can provide climate-related risk disclosures to their stakeholders. In this report, we have aligned with the TCFD framework for the first time.

| TCFD Disclosure | Recommended Disclosure | Milliken's Progress |
|-----------------|--|---|
| Governance | Describe the board's oversight of climate-related risks and opportunities. | Milliken's Board provides oversight to our 2025 Strategy including our sustainability strategy, which includes GHG emissions reduction targets and renewable energy targets. Our Board reviews our long-term strategic plans and principal risks and opportunities, including climate-related risks and opportunities. Our Board reviews critical sustainability concerns as they arise (across 5 board meetings annually), and formally reviews economic, environmental, and social risks twice annually, specifically including climate-related risks and opportunities. The Board is actively engaged with management on related topics, such as management of human capital, environmental metrics and circularity product metrics. There are 4 board committees (Finance, Audit, Human Resources & Compensation, Nominating & Governance), each chaired by a director of the board and committee members are all directors. The Audit Committee oversees effective internal controls and specifically oversees sustainability reporting and metrics, including climate. |
| Governance | Describe management's role in assessing and managing climate-related risks and opportunities. | Sustainability's executive sponsor is our General Counsel and Senior Vice President, reporting directly to the CEO. The Sustainability function reports 13 times per year to the Senior Leadership Team, which includes the senior executives who lead one or more of our twelve 2025 Sustainability Goals, against which progress is reported publicly in Milliken's annual Sustainability Report, as well as the divisional leads and CEO. The Sustainability function works closely with the Enterprise Risk Management Steering Committee (consisting of our Chief Financial Officer, Chief Strategy Officer, and General Counsel) to align our climate risk assessment with our enterprise risk assessment. In addition, Milliken's new capital expenditure projects are reviewed for impacts on our 2025 Sustainability Goals, including impacts to our GHG emissions. Milliken's leadership compensation is based, in part, on successful performance of our sustainability strategy, including our GHG emissions reductions targets and renewable energy targets. |
| Strategy | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | Our climate risk assessment aligns with our Enterprise Risk Management process. As such, climate risks adopted the same time horizon as our Enterprise Risk Management, which identifies a short-term horizon (referred to by Milliken as velocity) as up to 3 years, a medium-term horizon is defined as 3-10 years, and a long-term horizon is defined as >10 years. Our climate risk assessment included risks and opportunities along Milliken's value chain for both transitional and physical risk. We identified carbon pricing as an emerging regulation as a long-term risk and opportunity. We identified changing customer behaviors as a medium-term risk and opportunity. We identified shifts in consumer preferences as a short-term risk and opportunity. Specific opportunity drivers include development of new products or services through research and innovation, use of lower-emission sources of energy and the market value of carbon neutrality/commitments. |
| Strategy | Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning. | While our climate risk assessment process occurred as a stand-alone process, indicators for financial impact, velocity, and probability aligned with those used in Milliken's current Enterprise Risk Management process. This allowed our climate risk assessment results to be put into context of our traditional risk evaluations. Both transitional risks, such as reputational risks associated with customer expectations and regulations, and physical risks, such as disruptions in supply chains, and potential flood damage at facilities were evaluated. Identified potential impacts on Milliken's business, strategy, and financial planning include increased capital expenditures, increased indirect (operating) costs, impacts to revenues due to changes in demand for certain product and services, returns on investment(s) in low-emission technology(ies) and impacts to revenues based on access to new and emerging markets. |
| Strategy | Describe the resiliency of the organization's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario. | Representative Concentration Pathway (RCP) 8.5 was used in Milliken's Climate Risk Assessment process to develop a "business as usual" scenario to evaluate the potential physical impacts on our facilities and suppliers. RCP8.5 was selected as a worst-case base scenario and used to assess possible implications through 2050. The 2050 horizon is relevant to Milliken as it aligns with our ongoing evaluation of additional climate targets. Additionally, this is the recommended time horizon that many stakeholders within our relevant industries use to evaluate climate risks. Using this information, facility and supplier locations were given a risk score. All Milliken facilities across all our main businesses were evaluated. Domestic and international facilities were included in our evaluation. RCP8.5 was overlaid with business performance information such as production, energy spend, sales, and revenue to develop a prioritization of facilities based on a "risk score." Prioritized facilities will continue to be evaluated and monitored with key stakeholders, including risk managers, and insurance carriers. |
| Risk Management | Describe the organization's processes for identifying and assessing climate-related risks. | In 2021, we engaged an external consultant (WAP Sustainability Consulting) to assess potential climate-related risks and opportunities. The assessment included short-, medium-, and long-term time horizons along our value chain for both transitional and physical risk. While the process occurred as a stand-alone process, indicators for financial impact, velocity and probability aligned with those used in our current risk management process. This allowed results to be put into the context of what Milliken traditionally evaluated. Both transitional risks, such as reputational risks associated with customer expectations and regulations, and physical risks, such as disruptions in supply chains, and potential flood damage at facilities, were evaluated. Through an iterative process, these risks and opportunities were presented to Milliken's risk manager, the Enterprise Risk Management Steering Committee, our senior leadership team, and the Board. Refinement occurred at each level of review. Subsequently, the risks have been integrated into Milliken's already established risk register and will be monitored. A full climate risk assessment will occur on an annual basis. |
| Risk Management | Describe the organization's processes for managing climate-related risks. | We manage climate-related risks across a variety of priorities that are regularly monitored, including: (1) continual monitoring of emerging regulations and carbon pricing mechanisms; (2) assessing where available and considering pathways to obtain more carbon data through life cycle assessments; (3) priorities to collect better primary data for analysis in our annual climate risk assessment; (4) evaluating additional carbon reduction targets, including science-based targets options; (5) assessing carbon neutral product options; and (6) improving carbon accounting capabilities. |

| Risk Management | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | Through an iterative process, our climate risks and opportunities were presented to our Enterprise Risk Management Steering Committee, senior leadership team, and the Board of Directors. The risks have been integrated into our established risk register and will be monitored throughout the year. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|---------------|-----------|-----------|------|------|-----------|---------------------------------|------|------|------|------|------|----------------------------------|-----|----|-----|-----|------|--------|------|------|------|------|-----------------------------|---------|---------|---------|---------|--------------------|-----|-----|------|------|--|---------|---------|---------|---------|--------------------|-----|-----|------|------|-------------------------------|---------|---------|---------|---------|--------------------|-----|-----|------|------|-----------------------------|-----------|-----------|-----------|-----------|------------------|---|---|-------|--------|
| Metrics and Targets | Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | Our climate risk assessment informs our 2025 sustainability strategy, including our climate-related targets, specifically reducing GHG emissions and scaling renewable energy. By tracking our performance across these metrics and continuing to understand where and how we might scale our climate-related targets, we can reduce our potential climate risks and advance our climate-related opportunities. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Metrics and Targets | Disclose Scope 1, Scope 2 and, if appropriate Scope 3 GHG emissions and the related risks. | <table border="1"> <thead> <tr> <th>GHG Emissions</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2025 Goal</th> </tr> </thead> <tbody> <tr> <td>Scope 1-2 GHG Intensity (MT/MT)</td> <td>1.28</td> <td>1.31</td> <td>1.27</td> <td>1.22</td> <td>0.96</td> </tr> <tr> <td>GHG Intensity % Change from 2018</td> <td>N/A</td> <td>2%</td> <td>-1%</td> <td>-5%</td> <td>-25%</td> </tr> </tbody> </table> <p>ABSOLUTE METRICS</p> <table border="1"> <thead> <tr> <th>Metric</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Scope 1 Emissions (MT CO2e)</td> <td>323,886</td> <td>300,811</td> <td>249,401</td> <td>280,304</td> </tr> <tr> <td>% Change from 2018</td> <td>N/A</td> <td>-7%</td> <td>-23%</td> <td>-13%</td> </tr> <tr> <td>Scope 2 Market Based Emissions (MT CO2e)</td> <td>309,372</td> <td>298,421</td> <td>226,008</td> <td>209,143</td> </tr> <tr> <td>% Change from 2018</td> <td>N/A</td> <td>-4%</td> <td>-27%</td> <td>-32%</td> </tr> <tr> <td>Scope 1&2 Emissions (MT CO2e)</td> <td>633,258</td> <td>599,232</td> <td>475,409</td> <td>489,447</td> </tr> <tr> <td>% Change from 2018</td> <td>N/A</td> <td>-5%</td> <td>-25%</td> <td>-23%</td> </tr> <tr> <td>Scope 3 Emissions (MT CO2e)</td> <td>1,603,112</td> <td>1,647,987</td> <td>1,479,062</td> <td>1,624,473</td> </tr> <tr> <td>GHG Offsets (MT)</td> <td>0</td> <td>0</td> <td>2,215</td> <td>19,512</td> </tr> </tbody> </table> | GHG Emissions | 2018 | 2019 | 2020 | 2021 | 2025 Goal | Scope 1-2 GHG Intensity (MT/MT) | 1.28 | 1.31 | 1.27 | 1.22 | 0.96 | GHG Intensity % Change from 2018 | N/A | 2% | -1% | -5% | -25% | Metric | 2018 | 2019 | 2020 | 2021 | Scope 1 Emissions (MT CO2e) | 323,886 | 300,811 | 249,401 | 280,304 | % Change from 2018 | N/A | -7% | -23% | -13% | Scope 2 Market Based Emissions (MT CO2e) | 309,372 | 298,421 | 226,008 | 209,143 | % Change from 2018 | N/A | -4% | -27% | -32% | Scope 1&2 Emissions (MT CO2e) | 633,258 | 599,232 | 475,409 | 489,447 | % Change from 2018 | N/A | -5% | -25% | -23% | Scope 3 Emissions (MT CO2e) | 1,603,112 | 1,647,987 | 1,479,062 | 1,624,473 | GHG Offsets (MT) | 0 | 0 | 2,215 | 19,512 |
| GHG Emissions | 2018 | 2019 | 2020 | 2021 | 2025 Goal | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 1-2 GHG Intensity (MT/MT) | 1.28 | 1.31 | 1.27 | 1.22 | 0.96 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GHG Intensity % Change from 2018 | N/A | 2% | -1% | -5% | -25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Metric | 2018 | 2019 | 2020 | 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 1 Emissions (MT CO2e) | 323,886 | 300,811 | 249,401 | 280,304 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change from 2018 | N/A | -7% | -23% | -13% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 2 Market Based Emissions (MT CO2e) | 309,372 | 298,421 | 226,008 | 209,143 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change from 2018 | N/A | -4% | -27% | -32% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 1&2 Emissions (MT CO2e) | 633,258 | 599,232 | 475,409 | 489,447 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change from 2018 | N/A | -5% | -25% | -23% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 3 Emissions (MT CO2e) | 1,603,112 | 1,647,987 | 1,479,062 | 1,624,473 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GHG Offsets (MT) | 0 | 0 | 2,215 | 19,512 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Metrics and Targets | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | We have a 2025 target to reduce our Scope 1 and Scope 2 GHG emissions intensity by 25% from our 2018 baseline. The denominator of the intensity metric is metric tons processed in all facilities. Our Scope 2 emissions are market-based and include reductions from renewable energy credits. We plan to achieve our 2025 GHG emissions reduction target by improving energy use efficiencies and by replacing high carbon fuels with lower carbon ones. We also have a 2025 target to increase renewable consumption to 100,000 MWh/Year. We plan to meet this target by sourcing onsite solar, purchasing renewable energy credits and by evaluating new applicable opportunities or technologies. Planning and implementation of Scope 3 calculations, potential targets, and preparation for additional reporting began in 2021. We also implemented an enterprise system for capturing GHG impacts from all sizes of initiatives on our operations. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



Printed on 10% recycled fiber using bio-renewable inks.
Consider recycling after reading this report.

**LEARN MORE ABOUT SUSTAINABILITY AT MILLIKEN
SUSTAINABILITY.MILLIKEN.COM**



@MillikenandCo | #DiscoverMilliken