



WHEREAS: Following George Floyd’s murder by police officers on May 25, 2020, a majority of Russell 1000 corporations made public statements expressing their plans to address racial justice, thereby taking the first step to acknowledge diversity, equity, and inclusion as core to their business. Unlike the majority of companies in the Russell 1000, Mohawk Industries Inc. did not release a racial justice statement, nor did it amplify its public disclosure related to diversity, equity, and inclusion (DEI).

Mohawk’s racial equity policies and practices are hidden from shareholder view. Without proper oversight, transparency, and disclosure, it is impossible to say whether Mohawk is building an equitable work environment for its employees.

According to a November 2022 Racial Justice Scorecard, Mohawk scored only 2%.¹ Mohawk’s low score is due, in part, to a lack of publicly accessible diversity, equity, and inclusion targets and lack of disclosed data concerning recruitment, retention, and promotion rates of people of color within the Company. Mohawk is significantly falling behind its peers in its diversity, equity, and inclusion policies, practices, and outcomes. Mohawk’s score ranks below that of peer company Armstrong World Industries, which scored an 8%. Additionally, Mohawk is ranked 108 out of 122 companies in the Consumer Discretionary Sector, highlighting the failure of the Company to further racial equity compared to its peers.²

We encourage Mohawk to evaluate its behavior through a racial equity lens.

Failing to act on racial equity and disclose related policies and quantifiable data raises the material risk of reduced brand value. A McKinsey study cites material corporate benefits associated with corporate policies promoting racial justice:³

- Companies with the strongest racial and ethnic diversity are 35% more likely to outperform their industry medians for earnings before interest and tax;
- Companies with the most ethnically/ culturally diverse boards are 43% more likely to earn higher profit; and

¹ <https://www.asyousow.org/our-work/social-justice/racial-justice>

² <https://www.asyousow.org/our-work/social-justice/racial-justice>

³ <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity>



AS YOU SOW

30 YEARS 1992 – 2022

2023 Shareholder Resolution
Mohawk Industries Inc | Racial Equity Audit

- For every 10% increase in racial and ethnic diversity among senior executives, EBIT rises 0.8.

Mohawk can reduce this risk and play an important role in furthering racial equity by promoting diversity, equity, and inclusion within our Company.

BE IT RESOLVED: Shareholders of Mohawk industries urge the Board of Directors to oversee a racial equity audit analyzing Mohawk’s current DEI policies and practices and their effects on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, should be publicly disclosed on Mohawk’s website.