

Climate-related Financial Risk and Opportunities

McCarthy Holdings, Inc. (“MHI”) is a holding company whose principal operating subsidiary is McCarthy Building Companies, Inc. (“MBC”), a general contractor and construction firm with operations throughout the United States. MHI provides administrative and centralized support services for MBC and other subsidiaries.

This report addresses climate-related risks and opportunities across MHI and its consolidated operating subsidiaries. Unless otherwise indicated, references in this report to the “Company,” “we,” “our,” or “us” refer to MHI together with its consolidated subsidiaries, including MBC. Where this report discusses construction operations, project delivery, and jobsite activities, those references principally relate to MBC.

With more than 160 years of experience collaborating with clients to solve complex building challenges, MBC has established a national reputation as one of the oldest privately held construction companies in the United States. As part of an employee-owned enterprise, MHI’s subsidiaries focus on delivering complex construction projects with an emphasis on safety, quality, and partnership, while creating long-term value for employee owners and the communities we serve.

The Company strives to follow best practices in transparency and reporting. We assess climate-related risks and opportunities in alignment with the Task Force on Climate-related Financial Disclosures (TCFD¹), coupled with the 2021 Implementing Guidance (October 2021 Annex²) and the WBCSD Construction and Building Materials Preparer Forum’s Practical Implementation Guidance³. Read collectively, these interconnected sections covering four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets, provide a holistic and comprehensive view of how our Company identifies, evaluates, and responds to climate-related risks and opportunities, particularly within the construction industry. Through this disclosure, we affirm our commitment to transparency, accountability, and meeting the evolving expectations of our stakeholders regarding environmental considerations. Our approach reflects a pragmatic assessment of potential climate-related impacts, acknowledging that stakeholder expectations and regulatory frameworks will continue to evolve.

This report has been prepared pursuant to California Senate Bill 261 (SB 261). Given the limited and evolving guidance currently available for SB 261, this report reflects current statutory requirements and

¹ Task Force on Climate-related Financial Disclosures. *Recommendations of the Task Force on Climate-related Financial Disclosures*, June 2017, <https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf>

² Task Force on Climate-related Financial Disclosures. *Implementing the recommendations of the Task Force on Climate-related Financial Disclosures: October 2021 Annex*, Financial Stability Board, October 2021. https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf

³ World Business Council for Sustainable Development. *Construction and Building Materials TCFD Preparer Forum*, Green Finance Platform, July 2020, <https://www.greenfinanceplatform.org/research/construction-and-building-materials-tcfd-preparer-forum>

the most recent guidance from the California Air Resources Board (CARB)^{4,5}. In accordance with CARB's recommendation for initial reporting in 2026, this report represents a good faith effort based on the most recent and best available data for calendar year (CY) 2024 onward and applies the TCFD framework and other resources referenced. The eleven recommended disclosures in the TCFD framework are addressed in this report. Consistent with SB 261, this consolidated report covers McCarthy Holdings and its subsidiaries, including McCarthy Building Companies, Inc. Future updates may be necessary as regulations and guidance develop, but will occur at a minimum as required by law.

GOVERNANCE

Board Oversight and Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

Our Director of Sustainability, positioned within the Office of Ethics and Compliance, provides oversight and coordination of climate strategy and risk. This role coordinates cross-functional efforts to identify and assess climate-related risks and opportunities, develop response strategies, and monitor progress on initiatives. Responsibilities include tracking regulatory changes, managing emissions data, and supporting disclosure requirements under frameworks such as California SB 261. Within this framework, MBC's management is responsible for proactively addressing climate-related risks and incorporating opportunities for resilience and innovation into business strategy. Climate-related matters, including risks, are reported through the Office of Ethics and Compliance to the Board of Directors, enabling systematic evaluation of material climate considerations and appropriate Board-level oversight and guidance on an as-needed basis.

STRATEGY

To determine which climate-related risks and opportunities are material, we applied a structured assessment process that considers qualitative factors, including the likelihood of occurrence and the magnitude of potential financial impact. This evaluation included reviewing potential effects on revenue, cost structure, project delivery, workforce, client relationships, as well as operational resilience and compliance obligations. Risks and opportunities were prioritized based on their relevance to the Company's business model and strategic objectives.

Our climate-related strategy reflects this assessment across multiple time horizons. We have evaluated potential impacts to our consolidated operations (principally MBC's construction activities), workforce, supply chain, and client relationships to understand how climate-related factors may affect our business model and strategic priorities. The following sections outline the material climate-related risks and opportunities we have identified in the short-, medium-, and long-term.

⁴ California Air Resources Board. *Climate Related Financial Risk Report Checklist*, November 2025, <https://ww2.arb.ca.gov/our-work/programs/corporate-ghg-reporting/resources>

⁵ California Air Resources Board. *California Corporate Greenhouse Gas Reporting and Climate-related Financial Risk Disclosure Programs: FAQs Regarding California Climate Disclosure Requirements*, November 2025, <https://ww2.arb.ca.gov/our-work/programs/corporate-ghg-reporting/resources>

For the purposes of this disclosure, climate-related risks are categorized by time horizon as follows: short-term (0–2 years), medium-term (2–5 years), and long-term (greater than 5 years). These time frames help distinguish between immediate operational risks, such as acute weather events, and longer-term strategic risks, such as regulatory changes or market shifts, so that mitigation strategies are tailored to the nature and duration of each risk. These periods were selected based on typical strategic planning cycles and the expected time scale of climate impacts, allowing us to align risk management actions with business planning and investment decisions. In this section, we describe:

- a) the material climate-related risks and opportunities the Company has identified over the short, medium, and long term, and
- b) the qualitative impact of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning.

We further distinguish risks into two categories: physical risk and transitional risk. Physical risks are further delineated by acute physical risks (sudden, event-driven hazards such as floods, hurricanes, and extreme heat) from chronic physical risks (gradual, long-term changes such as sustained temperature increases, sea-level rise, or shifting precipitation patterns), recognizing that each manifests over different time frames and has the potential for distinct operational and financial implications.

Physical Risks and Opportunities

In the Materials & Buildings sector, construction firms face elevated exposure to both acute and chronic weather-related risks, given the sector's capital intensity and field-based operations, which arise primarily from MBC's construction activities. Similarly, opportunities often center on products and practices that reduce energy use, improve efficiency, and enable closed-loop solutions.

Short-Term Physical Risks (0–2 years) – Acute

With MBC being a construction company with significant field-based operations, acute weather events (e.g., intense heat, severe storms, and localized flooding) pose direct challenges to project execution and worker safety.

- **Workforce safety and productivity.** Extreme weather conditions, including intense heat, severe storms, flooding, and other acute events, create heightened safety hazards for MBC's field personnel. Protecting worker health and safety remains our highest priority. Acute weather events may require enhanced safety protocols, additional protective equipment, and modified work schedules to mitigate the effects of intense heat and other weather-related risks.
- **Project delivery and costs.** Acute weather events or conditions have the potential to disrupt construction schedules and project timelines. Equipment failures caused by weather exposure, damage to in-process work, and reduced workforce productivity during adverse conditions can result in project delays and associated cost implications. These disruptions may affect MBC's ability to meet contractual deadlines and could influence client satisfaction and our competitive positioning.

Medium- to Long-Term Physical Risks (2-5 years and >5 years) – Chronic

Over longer horizons, chronic physical changes—such as sustained increases in average temperatures—can influence site selection, construction methods, and lifecycle maintenance considerations. These chronic shifts may also affect heat stress, shaping local permitting timelines, productivity windows, and resilience investments (e.g., materials selection, shade/cooling infrastructure, temporary enclosure strategies). We see chronic physical risks having the same challenges to project execution and worker safety as acute physical risks, but with the added implication of:

Insurance Pricing and Availability. Broader industry trends in weather-related claims may drive higher premiums or constrained coverage in certain geographies, affecting project economics and our overall risk posture. Changes in insurance costs and coverage terms may impact project economics and our overall risk management approach.

Transition Risks and Opportunities

Medium- to Long-Term Transition Risks (2-5 years and >5 years)

Over the medium and long term, we have identified material transition risks related to evolving regulatory requirements and shifting market expectations. These material risks are enhanced climate-related reporting obligations and the evolution of client values regarding sustainability and environmental performance.

- **Enhanced and Inconsistent Reporting Obligations.** Regulatory frameworks governing climate-related disclosure continue to evolve at both the domestic and international levels. We anticipate that reporting requirements applicable to the Company, as well as disclosure expectations related to the products and materials MBC utilizes in construction projects, will become more comprehensive and standardized over time. The expansion of reporting obligations presents several potential operational and financial implications:
 - Compliance may require additional internal resources and personnel with specialized expertise in climate accounting, data collection, and disclosure preparation, resulting in increased administrative costs.
 - Suppliers face similar reporting requirements; they may experience compliance challenges that could affect material availability, pricing, or delivery schedules.
 - Regional variations in reporting standards and requirements could create additional complexity for construction operations across different markets, potentially resulting in project delays or increased costs as our supply chain partners and we work to meet divergent expectations.
- **Evolution of Client Values.** Client expectations regarding environmental performance and sustainability commitments are evolving. An increasing number of clients are establishing their own climate-related targets and goals and are seeking to work with partners whose values and practices align with their sustainability objectives. Companies that are not perceived as meeting those expectations may face competitive disadvantages when pursuing specific projects or maintaining relationships with sustainability-focused clients.

Transition Opportunities

While this shift in client values presents risk, it also creates opportunities for the Company to strengthen its market position:

- **Leadership in disclosure and compliance.** Building internal capacity for climate accounting and reporting positions the Company as a trusted partner for clients seeking transparency and sustainability leadership. Investment in smart, practical data systems may reduce future compliance risk and allow more streamlined differentiation for MBC in competitive bids and proposals.
- **Partnership and market differentiation.** As clients set increasingly ambitious climate and sustainability goals, we see an opportunity for MBC to partner in achieving those goals – delivering projects that not only meet performance standards but also reflect shared values and long-term environmental commitments. Demonstrating alignment with client sustainability objectives can strengthen relationships and open new business growth.
- **Innovation and capability development.** We aim to adapt our business strategies to address sustainability considerations by enhancing transparency, developing informed pragmatic capabilities that support client climate objectives, and developing partnerships with suppliers and subcontractors who share similar commitments. This approach may include pursuing innovations in construction methodologies and integrating climate resilience into project design and delivery.

As we refine our strategic approach, we will continue to engage with clients to understand their evolving expectations and assess how our services and capabilities can best support their sustainability objectives while creating value for our Company.

Strategic Resilience and Adaptation

Our strategy recognizes that climate-related risks and opportunities will continue to evolve, and that flexibility and adaptability will be essential to long-term business resilience. We are taking a measured approach to assessing these factors, focusing on areas where climate-risk considerations are material to the Company. While quantitative scenario modeling is not part of our current strategy, to further enhance our understanding of potential climate-related impacts on our business in the medium to long term, we are exploring the use of different climate-related scenarios as a strategic planning tool (including a 2° C or lower scenario) and transition scenarios leveraging the latest climate science.

RISK MANAGEMENT

Climate Risk Identification and Assessment

Our Director of Sustainability led a cross-functional, internal stakeholder engagement process to identify and assess climate-related risks and opportunities specific to our operations. These collaborative sessions brought together leaders from Operations, Risk, Safety, and other relevant functions to examine how climate change may affect existing business risks and to identify emerging climate-specific challenges.

Operations leaders provided on-the-ground insights into how changing weather patterns and physical conditions impact project execution. Safety personnel highlighted how climate factors are creating new workforce protection challenges or intensifying existing ones. Our Legal and Compliance teams monitored evolving climate-related regulatory requirements and disclosure obligations, while Risk Management professionals qualitatively assessed materiality and potential financial implications. By combining these perspectives, the Director of Sustainability gained a more nuanced understanding of how climate-related factors are reshaping our risk landscape.

This engagement revealed that climate change could exacerbate many risks already managed within individual departments. For example, worker safety has long been a core focus of our risk management efforts, supported by established protocols and practices to protect our workforce. However, the increasing frequency and severity of extreme weather events, heat stress conditions, and other climate-related factors are amplifying these existing safety risks and requiring enhanced mitigation strategies. Similarly, project scheduling risks, equipment management, and supply chain considerations, which have historically been part of our operational risk management, are now being influenced by changing climate patterns and evolving regulatory requirements.

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Risk Management, Response and Mitigation

Our approach recognizes that climate-related impacts will continue to evolve and that our response strategies must remain flexible and practical. When climate-related risks are identified, we are committed to assessing and developing mitigation strategies appropriate to the timespan and scope of the potential impact. Our response approach is tailored to the nature and magnitude of each identified risk.

To address short-term material physical risks, we are evaluating enhanced weather monitoring capabilities, reviewing project scheduling practices to build in greater flexibility, and assessing modifications and enhancements to our safety protocols and equipment standards to protect our workforce under changing conditions.

For the longer-term material transitional risks of evolving regulatory requirements or shifting client expectations, our response involves building shared-services capabilities, monitoring regulatory developments, and supporting MBC and other operating subsidiaries as they adapt their business strategies to address changing market conditions. We are monitoring regulatory developments in conjunction with our current data collection and reporting capabilities and building internal capacity to respond to enhanced disclosure requirements as these frameworks mature.

Integration of Climate Risk into Overall Risk Management

We integrate climate considerations into operational decision-making across the Company by identifying how climate change intersects with our existing risk portfolio. In many cases, we are enhancing and adapting risk management practices that have served us well historically. This approach enables us to leverage our existing risk management expertise and infrastructure while evolving our capabilities to meet emerging challenges.

By systematically identifying how climate change intersects with our existing risk portfolio and integrating climate considerations into our operational decision-making, we are working to build resilience across the Company. Our approach positions us to respond more effectively to unexpected impacts, adapt to changing conditions, and maintain our commitment to safety, quality, and client service in the face of evolving climate-related challenges. This integration leverages established processes for safety, project planning, and compliance, allowing climate-related risks to be addressed alongside other operational and strategic risks.

We recognize that climate risk management is an ongoing process that will continue to evolve as our understanding deepens, as climate impacts materialize, and as industry best practices develop.

METRICS AND TARGETS

The section addresses the three disclosure elements outlined in the TCFD framework for Metrics and Targets: (a) the metrics we use to assess climate-related risks and opportunities, (b) our Scope 1, Scope 2, and relevant Scope 3 greenhouse gas emissions, and (c) our approach to targets and performance against them.

Material climate-related metrics were identified through a structured materiality assessment, ensuring alignment with sector-specific risk exposures and the Company's strategic priorities. These metrics reflect the areas most relevant to our transition pathways and complement our existing operational, safety, and business development tracking systems and provide a foundation for informed decision-making.

- **Safety and Workforce Resilience.** Recognizing that extreme weather events and conditions (acute and chronic physical risks) pose a relevant consideration for our operations (principally MBC's field activities), we monitor weather-related project delays, work stoppages, and climate-related safety incidents. These metrics help our operational subsidiaries adapt project planning and strengthen safety protocols as weather patterns evolve – such as extreme heat, wildfires, or icy conditions. Worker safety remains our top priority, and tracking these incidents enables us to evaluate the effectiveness of our protocols and identify areas for improvement.
- **Market and Customer Dynamics.** We observe trends in client sustainability requirements within requests for proposals and bid opportunities, which provide valuable insight into evolving market expectations.
- **Environmental Footprint Metrics.** We track greenhouse gas emissions across Scopes 1 and 2, and relevant Scope 3 categories, as well as our energy consumption. Our GHG emissions data for the 2024 calendar year is publicly disclosed on the sustainability page of the corporate website at: <https://www.mccarthy.com/about/sustainability>. These metrics provide visibility into our operational profile and inform capital investment decisions, including vehicle replacement and facility management considerations across the Company.

These metrics provide a foundation for monitoring climate-related risks and opportunities across our operations and value chain. While we currently measure these indicators, we do not plan to establish quantitative climate-related targets at this time. Our focus is on building a robust baseline through consistent measurement and monitoring to inform future decision-making. This deliberate progression allows any future commitments to be grounded in robust data, aligned with regulatory requirements and stakeholder priorities, and in line with our material risks and opportunities. We recognize that our metrics and targets will continue to evolve as our capabilities mature and climate impacts become better understood.

At our Company, we strive to operate responsibly while pursuing practical innovations that add value. We are working to consider climate-related factors throughout our businesses, from project design and material selection to construction practices and stakeholder engagement. Our focus remains on delivering exceptional results for our clients while responding to emerging industry standards and expectations. Our goal is to create value that extends beyond individual projects, managing potential climate-related risks while identifying opportunities that benefit our Company, our clients, and the communities we serve.