Climate-related Risks Disclosure

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Introduction

At Callaway Golf, we recognize climate change as a significant challenge that brings both risks and opportunities for our business, stakeholders, and the broader global community. In line with our commitment to transparency and responsible corporate governance, we are aligning our climate-related disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This report details our approach to identifying, addressing, and disclosing climate-related risks and opportunities across four key pillars: Governance, Strategy, Risk Management, and Metrics & Targets. By embedding climate considerations into our business strategy and risk oversight processes, we aim to strengthen our long-term performance, enhance our resilience, and contribute to the transition toward a low-carbon economy.

Cautionary Information and Forward-Looking Statements

This report contains statements regarding our plans for sustainable growth and environmental, social and governance information, including without limitation, metrics, targets, goals, commitments, values, plans and sustainability objectives (collectively, the "Sustainability Information"). The Sustainability Information may consider disclosure recommendations and broader definitions of materiality used by certain voluntary external frameworks and reporting guidelines that differ from mandatory regulatory reporting, including the Securities and Exchange Commission ("SEC"). Accordingly, any Sustainability Information may be presented from a different perspective and in more detail than Topgolf Callaway Brands Corp.'s regulatory reporting, and materiality and any use of the term "material" in the context of the Sustainability Information may be distinct from such term as defined for SEC reporting purposes. Any inclusion of Sustainability Information in this report is not an indication that the subject or information is material to us for SEC reporting purposes. Additionally, Sustainability Information may be based on current or historic goals, targets, commitments, estimates, assumptions, standards, metrics, methodologies, frameworks and currently available data, which continue to evolve and develop, and any statements made in connection with our goals, targets and commitments are not guarantees or promises that they will be met. The Sustainability Information is as of the date referenced, subject to change without notice and may be regarded as indicative and for illustrative purposes only. Sustainability Information may include the use of financial and non-financial metrics and/or other information that vary in source, quality, timeliness and completeness and are subject to significant measurement uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions and/or underlying data that is obtained from third parties, often which we cannot independently verify.

Additionally, certain statements in this report may constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our sustainability-related plans, targets, goals and commitments, including among other things, our plans to improve efficiency, safeguard supply chains, protect our facilities and continue operations during climate-related events. Forward-looking statements may use words such as "anticipate," "target," "expect," "hope," intend," "plan," "goal," "believe," and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would," and "could" to identify forward-looking statements. Forward-looking statements are not based on historical facts but reflect management's current expectations, plans or forecasts and are not guarantees of future results or performance. Accurately estimating the forward-looking statements is based upon various risks and unknowns, certain of which we have identified in our Annual Report on Form 10-K for the year ended December 31, 2024, as well as other risks and uncertainties described in our other SEC filings. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

This report was published on January 12th, 2026, and we undertake no obligation to update or revise any of the statements, including without limitation, forward-looking statements, to reflect the impact of circumstances or events that arise after the date the statement was made.

The scope of this report includes Topgolf Callaway Brands Corp.'s businesses other than the Topgolf business. For information on Topgolf's Climate-Related Financial Risks, please see www.topgolf.com.

Governance

Disclosure	Response
Board's oversight of climate-related risks and opportunities	Our Board of Directors ("Board") and senior management team are committed to the highest standards of ethics and integrity in their corporate governance. Our strong corporate governance practices position our business for growth and create long-term value for all our stakeholders. The entire Board oversees the Global Sustainability Program and receives updates at least annually. In addition, the Board's Nominating and Corporate Governance Committee reviews our Environmental, Social, and Governance ("ESG") performance quarterly. The Board is currently composed of 10 members and is led by an independent, non-executive Chairman. The Audit Committee of the Board oversees risk assessment, risk management, and legal and compliance requirements. The Compensation and Management Succession Committee of the Board monitors succession planning for executive officers and sets compensation policies and programs. The Nominating and Corporate Governance Committee recommends, reviews, and assesses Board candidates, along with setting corporate governance policies and guidelines and overseeing environmental and social risks. For further information, please see our Corporate Governance webpage.
Management's role in assessing and managing climate-related risks and opportunities	The Executive Sustainability Committee, consisting of our CEO, CFO, all executive officers, and our General Counsel, receives quarterly updates on sustainability matters and reports directly to the Board on important matters. This committee holds the responsibility of reviewing and approving our sustainability strategy and goals, allocating resources to support the implementation of sustainability initiatives across the organization, and overseeing sustainability-related risks, among other key responsibilities. Our Executive Sustainability Committee receives quarterly updates on the progress of the Global Sustainability Program and important internal and external trends related to sustainability. The program is supported by a Global Sustainability and Compliance Steering Committee, representing our various brands, regions, and functional areas, including Facilities, Compliance, Legal, Research and Development, Product Development, Logistics, Human Resources, and more. These leaders direct large-scale global projects, promote employee-driven initiatives locally, and monitor and report on external trends to the Sustainability Team, who oversee the Global Sustainability Program overall. The Steering Committee meets quarterly to exchange updates, discuss progress, refine the overall program strategy, and subsequently provide updates to the Executive Sustainability Committee.

Disclosure	Response
Climate-related risks and opportunities identified over the short, medium and long-term	See Appendix 1.
Impact on business, strategy and financial planning	We have a global footprint, with key facilities and supply chain partners located across multiple countries, regions, and climates. This broad operational presence creates a diverse and complex climate-related risk profile for our business and brands. As climate change accelerates and disrupts global weather patterns, our exposure to physical risks, such as flooding, extreme heat, hurricanes, and sea-level rise, will likely increase. At the same time, we may encounter transition risks linked to the shift toward a low-carbon economy, including new policies, regulatory requirements, and evolving consumer and investor expectations. Recognizing both the challenges and the opportunities ahead, we are committed to anticipating and responding to climate-related risks to protect our people and operations, delivering superior products to our customers, and strengthening our long-term business performance. **Facility Management** Our Facilities team takes a proactive approach to maintaining the reliability and performance of our sites through targeted infrastructure improvements. As some of our key operational locations face increased exposure to extreme heat, we are taking steps to protect our workforce and ensure their continued productivity. Planned investments in improved warehouse cooling systems, HVAC upgrades, and weatherproofed loading stations will help safeguard employees during heat waves and severe weather events, while also enhancing overall energy efficiency and comfort. Looking ahead, our team is also exploring a deeper analysis of flammable materials, vents, and landscaping management to reduce wildfire risk at our more exposed sites. To support long-term planning, we regularly collaborate with risk management experts to evaluate potential threats to our major facilities through specialized climate impact assessments. These assessments help us prioritize resilience measures and guide long-term planning. At our North American Distribution Center, for example, we've installed emergency energy generators that allow critical operations to continue in the event of grid disruptions from extreme weather or major storms. Similarly, a fuel cell system is being installed at our Chicopee location to help maintain production during utility outages.

Disclosure	Response
Impact on business, strategy and financial planning (cont.)	We develop and maintain comprehensive Emergency Response Plans (ERPs) for key locations to address a wide range of potential threats, including specific protocols for floods, fires, and severe weather. Our ERPs provide clear, detailed instructions for preparing each facility, as well as guidance on evacuation or shelter-in-place procedures. Additionally, the ERPs align with the Incident Command System (ICS), a standardized on-scene, all-hazard incident management approach used by emergency responders. To complement these efforts, the team also develops Business Continuity Plans (BCPs) that outline the policies, procedures, and structures needed to sustain or quickly restore critical business operations during and after a disruption. Together, ERPs and BCPs help safeguard our people and property, and ensure operations can resume quickly and efficiently once an emergency has passed. **Supply Chain Resilience** We are building resilience into our global supply chain by focusing on supplier diversification, sustainable material sourcing, and proactive engagement with our partners. Regional diversification is the most important strategy for managing climate-related risks. By leveraging a global network of suppliers, including partners in Vietnam, Indonesia, and Peru, we benefit from access to diverse sourcing options across varying geographies and climates. This broad footprint not only supports supply chain agility but also strengthens our ability to adapt to any regional climate challenges. Many of our suppliers provide multi-country sourcing, which enhances our flexibility and responsiveness. This strategic diversification helps us protect product availability, sustain business continuity, and mitigate financial risks, ensuring we remain well-positioned to serve our customers in a changing climate. Additionally, we actively engage with our supply chain partners to advance environmental stewardship across the value chain. This includes auditing water usage and waste practices, encouraging the use of renewable energy such as solar, and prioritizing suppliers that demonstrate strong environmental performance and waste reduction. These collaborative efforts help us strengthen long-term supply chain stability while supporting our broader sustainability efforts. We continue to explore and source materials that are both sustainable and climate-resilient. Across our apparel and soft goods products, we incorporate recycled materials such as recycled polyester, recycled nylon, and alternatives to conventional cotton. We closely monitor cotton market conditions in collaboration with suppliers and analytics providers to mitigate climate risks.

Disclosure	Response
Impact on business, strategy and financial planning (cont.)	In the event of supply constraints, we have worked with strategic partners to secure materials early or lock in pricing through mill-level agreements. Looking ahead, we are tracking innovations in regenerative agriculture, recycled fabrics and trims, and drought-resistant cotton strains to help future-proof our sourcing strategy. **Regulatory Compliance and Stakeholder Engagement** We closely track regulatory changes, market dynamics, and stakeholder priorities related to climate change and sustainability to ensure ongoing compliance and prepare for future regulatory shifts by proactively investing in internal systems and resources to ensure regulatory readiness. Across our brands, we continuously engage with customers and key accounts to understand their expectations. Through periodic surveys and other forms of research, we gain valuable insights into customer and retailer expectations and assess broader consumer sentiment toward sustainability. These insights help guide and right-size our sustainability strategy while serving as a valuable tool for understanding and adapting to stakeholder expectations and consumer preferences. **Resource Efficiency** We are committed to reducing our environmental footprint by implementing energy-efficient practices across our operations and expanding the use of renewable energy where appropriate. These investments not only benefit the environment but also lower operating costs. Regular, strategic upgrades to our facilities globally help us cut costs while reducing resource consumption and waste generation. The Carlsbad HQ implemented a series of efficiency projects in 2024 projected to significantly reduce its energy costs and lower its emissions by 10% compared to 2023. By mapping energy use and identifying the most impactful sources, we introduced targeted measures to reduce non-essential consumption. We have also increased renewable energy use from 40% in 2021 to 70% in 2024 at the Carlsbad HQ, with a goal of reaching 100% by 2027 through the Direct Access energy procurement program. Additionally, the facility's battery storage system charges during off-peak hours, helping to power operations during peak demand and easing strain on the local power grid. At our Chicopee, Massachusetts golf ball manufacturing facility, equipment upgrades over the past five years have nearly doubled output while keeping energy use flat, supported by a full transition to LED lighting. The site recycles 95% of its process water through a closed loop system, with a new filtration system expected to save an additional 42,000 gallons annually. In Monterrey, Mexico, our manufacturing facility uses 100% LED lighting with motion sensors and 19 skylights to maximize natural daylight, reducing reliance on artificial lighting. The facility operates without industrial process water, and all discharged water is treated and reused for irrigation. These initiatives reflect our broader commitment to driving resource efficiency and lowering our environmental impact.

Disclosure

Organizational resilience and impact of different scenarios, including 2 degrees or lower

Response

We consider two distinct climate-related scenarios to assess potential impacts to our business: a High Carbon Scenario and a Low Carbon Scenario. These scenarios are aligned with commonly used climate modeling pathways known as Representative Concentration Pathways (RCPs).

High Carbon Scenario: Likely increase of 4°C or more above pre-industrial levels by 2100. Aligned with RCP 8.5, representing a “business as usual” pathway with limited climate policy or mitigation actions. Under this trajectory, global carbon emissions continue to rise at or near current rates, leading to more frequent and severe climate impacts. Potential business and operational implications include:

- Increased frequency and severity of weather events (storms, heatwaves, wildfires, droughts)
- Disruption of supply chains and infrastructure from physical climate risks
- Decreased agricultural productivity and crop failures, affecting material sourcing
- Biodiversity loss and ecosystem degradation impacting resource availability
- Demographic shifts and labor availability challenges due to climate migration
- Increased costs from energy and water scarcity
- Escalating insurance premiums and capital expenditures to address physical risk

Low Carbon Scenario: Global warming limited to below 2°C above pre-industrial levels by 2100. Aligned with RCP 2.6, assuming early and aggressive global mitigation. This scenario assumes coordinated international efforts to reduce emissions, accelerate energy transition, and limit global warming. Likely business implications include:

- Strong policy actions such as carbon pricing, emissions caps, and stricter environmental regulations
- Rapid decarbonization of energy systems, including a shift to renewables and electrification of transport and operations
- Increased investor and consumer demand for climate-aligned products and sustainable practices
- Expanded reporting and disclosure requirements (e.g., climate risk, emissions transparency)
- Competitive advantage for companies with robust climate strategies, innovation in low-carbon technologies, and circular business models

We are actively strengthening the resilience of our business and supply chain while identifying opportunities to reduce emissions across our operations. Resilience measures are integrated into facility design, site selection, construction planning, business continuity planning, and broader strategic areas such as supply chain management and stakeholder engagement. Our sustainability strategy continues to evolve in response to a dynamic landscape of climate-related environmental, social, and regulatory risks and opportunities.

Risk Management

Disclosure	Response
Processes for identifying and assessing climate-related risks	We employ a comprehensive approach to identify, assess, and manage various types of risks that we may encounter. Among other things, we face risks in the following four categories: operations, manufacturing, and technology risks; regulatory and compliance-related risks; financial and tax risks; and industry and general economic risks. The Audit Committee of the Board of Directors is primarily responsible for risk oversight and compliance, and our executive leaders are responsible for managing risks within their respective functions. In addition, the Nominating and Corporate Governance Committee of the Board of Directors oversees environmental and social risks. The General Counsel oversees regulatory and compliance-related risks, and the Vice President of Treasury and Risk Management focuses on purchasing appropriate insurance for risk mitigation. Additionally, the Senior Director of Internal Audit plays a key role in conducting internal risk management activities and leading the enterprise risk management ("ERM") process.
Processes for managing climate-related risks	To assess and identify risks across different areas of the business, we utilize an ERM analysis. This process is planned to occur every other year, and involves a third-party consultant interviewing key members about risks, followed by discussions to categorize the severity and likelihood of identified risks. While the ERM analysis follows a structured schedule, operational-level risk assessments are ongoing and mitigation strategies are subject to updates based on changing circumstances.
Integration into overall risk management framework	The overall responsibility for determining and implementing risk mitigation strategies lies with the business leaders in each function. These leaders, in collaboration with the CEO, CFO, and, in some cases, Vice President of Treasury and Risk Management, decide on the most appropriate strategies to mitigate risks, with oversight from the Board of Directors. Controls and measures are established to minimize the impact of potential risks, varying by the type of risk. In addition, we follow standardized frameworks to monitor and control certain risks, such as auditing, internal controls, and cybersecurity. Ongoing monitoring of identified risks is integrated into regular business meetings, such as monthly business reviews and quarterly Compliance Committee meetings. The status of risks and mitigation efforts is regularly discussed, and adjustments are made if significant changes or developments occur. Formal policies and documentation, including the Audit Committee's charter and the Code of Conduct, govern our overall risk management processes. For detailed disclosure on risk management, please refer to our Proxy Statement and 10-K filings.

Metrics and Targets

Disclosure	Response
Metrics used by the organization to assess climate-related risks and opportunities	Emissions of Topgolf Callaway Brands during FY2024 (January 1, 2024 to December 31, 2024): • Scope 1 Emissions: 87,167 metric tons of CO_2e • Scope 2 Emissions (Location-based): 72,563 metric tons of CO_2e • Scope 2 Emissions (Market-based): 72,014 metric tons of CO_2e Emissions of Callaway, TravisMathew and Jack Wolfskin during FY2024 (January 1, 2024 to December 31, 2024): • Scope 1 Emissions: 8,243 metric tons of CO_2e • Scope 2 Emissions (Location-based): 19,053 metric tons of CO_2e • Scope 2 Emissions (Market-based): 17,726 metric tons of CO_2e For more information, please refer to the 2024 ESG Data Table.

Appendix 1: Climate-related Risks

Risk: Increased intensity, frequency, and duration of storms, extreme temperatures, and other severe weather events driven by climate change may lead to increased operational disruptions at our key operating facilities.

Description

We own and operate in several facilities that are critical to our business continuity, including the golf ball manufacturing facility in Chicopee, MA, the distribution center in Fort Worth, TX, the club assembly facility in Monterrey, Mexico, the corporate offices in Carlsbad, CA and other facilities. Additionally, we operate globally through distribution centers in Japan, Korea, the UK and other countries. Climate-related events such as flooding, drought, extreme heat, and wildfires could negatively impact our operating costs by increasing facility and equipment damage, inventory loss, utility outages, reduced worker productivity and delays in product distribution. Over time, these hazards may also increase insurance costs and reduce asset value.

Scenario Analysis

High Carbon Pathway

Under a high-carbon scenario, we may face escalating physical climate risks that impact operational continuity. While our global operations are exposed to various climate hazards, key facilities in Fort Worth, TX; Monterrey, Mexico; and Huntington Beach, CA are projected to be among the most affected, with heightened risks from extreme heat, flooding, and wildfires.

By 2050, Fort Worth could see 60 additional days over 95°F, and Monterrey 43. These increases in temperature may strain HVAC systems, raise maintenance and repair costs, and reduce labor productivity. Extreme heat can also disrupt energy supply and transmission, contributing to higher utility rates. Our energy demand is expected to increase significantly with rising temperatures, leading to increased cooling costs. Intensifying precipitation raises flood risks at Fort Worth and the TravisMathew headquarters in Huntington Beach, CA. The TravisMathew HQ also faces mild indirect storm surge threats from sea-level rise. Under a high-emissions pathway, nearby areas could be inundated during major flood events, potentially disrupting operations. Localized flooding at the Fort Worth distribution center may delay shipments, interrupt operations, and cause inventory loss. Wildfire risks are projected to worsen in California, Texas, and Mexico. The Callaway Golf HQ and the TravisMathew HQ in California already face elevated wildfire exposure, which is expected to intensify, increasing the risk of facility damage or temporary closure. While facilities in Monterrey and Texas may avoid direct fire damage, indirect impacts—such as poor air quality and infrastructure disruptions—could impair operations and drive-up insurance costs.

Low Carbon Pathway

In a low-carbon scenario, global mitigation efforts are expected to help limit warming, slowing the increase in extreme weather events and contributing to more stable long-term climate conditions. While some of Callaway's operational sites may continue to face climate-related risks in the short term, the long-term operational impacts are expected to be significantly reduced compared to a high-carbon scenario.

For example, the Fort Worth distribution center may face 27 additional days over 95°F by 2050, more than 50% fewer than in the high-carbon pathway. Extreme precipitation may still intensify, but with lower frequency and severity than the high-carbon scenario, comparatively reducing localized precipitation-induced flood risks for Fort Worth and the TravisMathew HQ. Wildfire risk at the TravisMathew HQ, already in a high-risk area, is expected to persist. However, in a low-emissions scenario, reduced drought severity and extreme heat are likely to lessen wildfire frequency and intensity. Overall, while climate risks remain, they are expected to be more episodic than systemic, leading to more manageable and predictable operational impacts.

Appendix 1: Climate-related Risks

Risk: Increased climate events such as extreme heat, wildfires, and floods, could disrupt the global supply chain and impact our ability to source products and materials in a timely and cost-effective manner.

Description

We rely on a variety of materials across our product lines, including steel, aluminum, rubber, polyester, and cotton, etc. Climate-related disruptions, including extreme weather and long-term shifts in climate conditions like drought and heat, could reduce the availability of these materials and drive-up costs. We also depend on a global supplier network to manufacture and distribute products. Extreme weather events could disrupt supplier operations or impact key transportation hubs. These disruptions can lead to production and shipping delays.

Over time, ongoing climate volatility may reduce supply chain reliability, increase sourcing costs, and require greater investment in diversification, and contingency planning.

Scenario Analysis

High Carbon Pathway

Under a high-carbon scenario, key input materials, particularly climate-sensitive ones like cotton, may become increasingly difficult or expensive to procure. By 2030, climate-driven droughts are expected to disrupt cotton production more frequently, as seen in 2022 when poor harvests contributed to price increases of 3–15% above inflation for everyday cotton goods. By 2040, up to 40–50% of cotton-growing regions may experience shorter growing seasons and heightened exposure to extreme weather, with escalating effect projected through 2050 and beyond.[1] These changes could shift viable growing zones, increase supply volatility and affect both quality and availability of cotton.

Second, our supplier operations could be increasingly disrupted by extreme weather, particularly in Southeast Asia, where lower adaptive capacity and high exposure to climate hazards present compounded risks. Suppliers in Southeast China, Myanmar, and Vietnam face heightened flood risk due to sea-level rise and intensifying tropical storms. Vietnam, for example, ranks first globally in flood damage risk and eighth in cyclone-related losses, with cyclone frequency projected to increase by more than 10% by 2050.[2] Indonesia faces similar vulnerabilities, with 11–12 million people projected to relocate due to sea level rise and a sharp rise in heatwave frequency and duration expected by 2050. Intensifying extreme heat may further reduce worker productivity and limit production capacity across Southeast Asia.

Finally, climate-related disruptions to global logistics may increase. Recent examples include drought-related slowdowns at the Panama Canal, wildfires near key transport corridors in Los Angeles, and hurricanes affecting the Port of Houston, which are all projected to worsen under a high-carbon scenario. While the Port of Los Angeles is relatively insulated from direct wildfire damage, intensifying fires in the nearby area may degrade air quality, reduce worker productivity and cause infrastructure shutdowns. Meanwhile, Houston's vulnerability to hurricanes and flooding is expected to worsen, raising the likelihood of cargo handling delays and higher logistics costs. The Panama Canal, which is critical for global east-west shipping, is especially vulnerable to prolonged drought, which may increasingly constrain throughput and ripple across the supply chain.

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[1] *Source: Forum for the Future*

[2] *Source: Climate Change Knowledge Portal - Vietnam*

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Over time, ongoing climate volatility may reduce supply chain reliability, increase sourcing costs, and require greater investment in diversification, and contingency planning.

Scenario Analysis (cont.)

Low Carbon Pathway

Similar challenges may arise under a low-carbon scenario, particularly in the short term, as the world navigates rapid decarbonization. Over the long term, however, a low-carbon scenario is expected to result in more stable, predictable climate patterns than the high-carbon pathway.

In terms of materials, cotton remains the most vulnerable input. Climate change is already affecting cotton yields and prices, with major producing regions, including the U.S., China, and India, already experiencing disruptions to growing conditions. These challenges are expected to continue, contributing to increased supply volatility. At the same time, demand for alternative fibers such as regenerative cotton and hemp may grow, especially as consumers become more eco-conscious under the low-carbon scenario. These alternatives generally require fewer resources to produce and offer greater climate resilience, maintaining higher output under climate stress and potentially serving as more reliable inputs over the long term.

High-emissions or petroleum-based materials, such as steel, aluminum, and polyester, are likely to face increased regulation and declining consumer demand. At the same time, demand for low-carbon alternatives, such as “green” steel and recycled polyester is expected to grow. This rapid shift may outpace technological development and market readiness, leading to short-term supply volatility. Additionally, a rapid transition away from fossil fuels under a low-carbon scenario could result in short-term fuel price volatility or spikes, increasing the cost of logistics and shipping. The shift toward greener transportation solutions may require significant upfront investment and introduce cost uncertainty during the transition period. However, as technologies mature and the market adapts, these risks are expected to subside over the long term.

In the short term, climate-related extreme weather is likely to persist, causing disruptions to supplier operations and global logistics, but the frequency and severity of these events are projected to be significantly reduced compared to a high-carbon scenario. Over the long term, climate conditions under a low-carbon scenario are expected to stabilize, with less dramatic increases in extreme events. Disruptions are likely to become more localized rather than widespread across multiple regions.

Appendix 1: Climate-related Risks

Risk: Shifting climate conditions and an increase in extreme weather events may alter golf participation patterns, including changes in seasonality and regional demand.

Description

The impact of climate change on golf participation is complex and multifaceted. Increases in acute weather events, such as extreme heat, wildfires and intense storms, may reduce the number of golf rounds played globally. At the same time, chronic climate shifts could gradually alter participation patterns by redefining traditional golf seasons and redistributing play across regions. These changes may impact rounds played, regional demand for equipment and apparel, seasonality, and consumer preferences. If we are unsuccessful in adapting to these changes, the company could face reduced sales, inventory inefficiencies, and long-term financial impacts related to loss of market share or slowed revenue growth.

Scenario Analysis

High Carbon Pathway

Under a high-carbon pathway, changes in climate patterns as well as increases in acute, unfavorable weather conditions could negatively impact golf participation in some markets. Hotter regions like Texas, Florida, and California are particularly vulnerable to extreme heat, heavy precipitation, and natural disasters such as wildfires and hurricanes. For instance, Texas could face up to 77 extreme heat days annually, which is 43 more than today, likely depressing summer play. Similarly, Florida could see an increase in both extreme heat and intense hurricanes, affecting both residential and tourist playability. Over the long term, chronic shifts in climate patterns may alter the seasonality and geographic distribution of golf participation. Warmer average temperatures could extend the playable season in cooler regions such as New York and parts of northern and central Europe, while also shifting demand toward cooler months in warmer areas. According to the National Golf Foundation, each 1°F increase in average temperature is associated with a 0.76% rise in the number of golf rounds played in the United States. However, a more holistic analysis is needed to assess whether these potential benefits will be offset by increasingly erratic weather patterns, including heavier precipitation, prolonged droughts, and more frequent natural disasters, which could challenge turf management, course accessibility, and overall playability.

As climate volatility reshapes traditional playing seasons and regional demand patterns, this could introduce greater uncertainty into key business decisions such as product sales forecasting and marketing strategies. Proactive financial planning and geographic market diversification will be essential to sustaining long-term growth.

Low Carbon Pathway

A low-carbon pathway is expected to result in a climate future that more closely resembles current conditions. While both acute weather events and chronic climate shifts will continue to rise, the changes are projected to be less pronounced and more predictable than in a high-carbon scenario. In the short term, acute events such as wildfires and extreme heat days will increase, but much more moderately. This relative stability may help preserve golf playability in many markets, reducing the number of unplayable days during peak seasons. In the long term, shifts in average temperature and precipitation patterns will still occur, but less drastically. Cooler markets like northern and central Europe may benefit from extended golf seasons due to warming trends. Similarly, regions near the 45°N latitude, such as the U.S. Northeast and Midwest, could become increasingly attractive golf markets. However, these gains may be partially offset by changes in precipitation patterns, underscoring the need for localized analysis. Overall, a low-carbon scenario provides a more stable and familiar pattern of golf participation both seasonally and regionally, thus supporting more consistent long-term sales and financial planning.

Appendix 1: Climate-related Risks

Risk: Complex regulatory requirements, regulatory uncertainty and increased cost to comply.

Description

Global regulations, such as pricing of greenhouse gas emissions, reporting requirements, product and material sustainability standards and supply chain transparency requirements, can increase the cost of compliance. Regulatory uncertainty, including shifting requirements, compressed timelines, and varying mandates across different jurisdictions, can complicate compliance strategies. Non-compliance could lead to fines or other types of penalties.

Scenario Analysis

High Carbon Pathway

Under a high-carbon pathway, where global policy responses to climate change remain limited, delayed, or fragmented, we may face minimal regulatory pressure in the near term, particularly in the U.S, but moderate regulatory pressure in the EU where complex regulations have already been introduced. Regulations related to product, packaging, materials and supply chain, are complex and require investment in systems and other resources to ensure compliance.

In the long-term, we might see potential reactive policy shifts and a patchwork of inconsistent regulations across U.S. states and international markets under the high-carbon scenario, due to lack of a consistent global approach. As some jurisdictions move toward accelerated climate regulation to meet global commitments, while others delay or oppose such policies, this fragmentation in regulatory expectations could create compliance challenges and increased complexity for us as we manage misaligned reporting and compliance requirements.

Low Carbon Pathway

Under a low-carbon scenario, we anticipate a significant rise in aggressive global regulatory measures aimed at accelerating emissions reductions in both the near and long term. This could lead to increased regulatory pressure related to climate disclosures, greenhouse gas pricing, renewable energy mandates, and product and packaging sustainability requirements. In the U.S., a growing number of states, along with potential federal action, will likely adopt stricter standards to accelerate the transition to a lower-carbon economy, similar to those already in place in Europe. These may include mandates on recycled content, packaging recyclability, complex reporting requirements, and supply chain traceability.

Complying with these regulations will require investments in data infrastructure, product and material innovation, and other capabilities, resulting in higher annual compliance costs and potential capital investments. Stricter enforcement may also elevate the risk of significant penalties for non-compliance.

Over the long term, we expect global climate policy to become more systematic and harmonized across markets under this scenario, as governments take concerted and consistent efforts toward decarbonization, thus reducing uncertainty and regulatory fragmentation. While compliance costs may rise, this scenario also presents opportunities through expanded policy incentives, such as rebates and renewable energy tax credits introduced under the Inflation Reduction Act (IRA), which could help offset some of these costs.

Appendix 1: Climate-related Risks

Risk: Evolving consumer expectations around sustainability, such as demand for lower-carbon products.

Description

Navigating shifting consumer preferences across different markets and demographic groups, especially in an increasingly polarized ideological landscape, can present a challenge for our sustainability strategy and messaging. We could risk losing market share if we fail to implement or communicate our sustainability efforts. This could lead to declining brand reputation, reduced customer loyalty, and long-term financial impacts.

Scenario Analysis

High Carbon Pathway

Under a high-carbon pathway, consumer expectations around climate action are still expected to rise, but the shift may be less pronounced and the pace slower. In this scenario, reputational risk related to sustainability commitments and performance is expected to be minor. However, if our sustainability commitments and practices are perceived as inconsistent or inadequately communicated, we could still face a potential loss in market share, particularly among younger consumers and value-driven customer segments.

Retailers may also adopt inconsistent approaches to sustainability, varying in focus and stringency, with some increasing the stringency of product-level sustainability screening, while others may relax their criteria, adding complexity to our customer engagement on sustainability-related efforts.

Low Carbon Pathway

In a low-carbon pathway, we expect to see a stronger societal focus on climate action, resulting in intensified consumer expectations around sustainability. In this scenario, we may face increased pressure from consumers and retailers to demonstrate clear progress on emissions reduction, resource efficiency, and responsible business practices.

In this scenario, retailers will likely become more aggressive in sustainability expectations. Retailers may introduce more stringent sustainability requirements on products, including preferences for those with recognized certifications, as part of their efforts to meet their own emissions reduction goals. Failure to meet these expectations, or failure to effectively communicate our efforts with consumers and retailers, could result in a decline in customer loyalty, damage to brand reputation, and loss of market share.

As sustainability becomes a more decisive factor in discretionary spending decisions under the low-carbon scenario, particularly in markets subject to aggressive climate action, proactive investment in and transparent communication of our sustainability strategy will be more important to maintaining brand value and customer loyalty.