



## Shaw Industries Group, Inc. Sustainable Sourcing Policy 2017

It is the policy of Shaw Industries Group, Inc. to do business in a legal, ethical and sustainable manner. Our sustainable sourcing vision is to create transparent and collaborative supplier partnerships resulting in a better future for our people, our customers, the company and our communities.

- I. Supplier Requirements.** There are three supplier requirements of Shaw's sustainable sourcing policy:
- All Suppliers must adhere to the [Ten Principles](#) of the [UN Global Compact](#)
  - All suppliers must conduct business within the scope of US economic sanctions.
  - All suppliers of raw materials and sourced products must adhere to disclosure requirements

### **Requirement I**

All suppliers of Shaw Industries are required to adhere to the [Ten Principles](#) of the [UN Global Compact](#). These principles are aligned with our values and we believe them to be essential to creating a better future while ensuring long-term financial success.

### **Human Rights**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure they are not complicit in human rights abuses

### **Labor**

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

### **Environment**

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmental friendly technologies.

### **Anti-Corruption**

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



**Requirement II**

All suppliers are required to check their supply chain against the [Denied Parties List](#) as maintained by the US Department of Treasury’s [Office of Foreign Asset Control](#). This list ensures business is being conducted within the scope of US economic sanctions.

**Requirement III**

All suppliers of raw materials and sourced goods are required to adhere to Shaw’s disclosure requirements to ensure the products we provide are deemed safe and healthy.

Shaw requires disclosure of chemicals present at greater than to 100 ppm that are classified as CMR (Carcinogenic, Mutagenic, or Reproductive Toxins) according to the below programs:

**Carcinogenic:**

<ul style="list-style-type: none"> <li>MAK III, 1, 2, 3B</li> </ul>	<ul style="list-style-type: none"> <li>IARC Group 1, 2A, 2B</li> </ul>
<ul style="list-style-type: none"> <li>TLV A1, A2, A3</li> </ul>	<ul style="list-style-type: none"> <li>GHS Category 1A, 1B, 2</li> </ul>
<ul style="list-style-type: none"> <li>GHS Hazard Statement H350 or H351</li> </ul>	

**Mutagenic:**

<ul style="list-style-type: none"> <li>GHS Category 1A, 1B, 2</li> </ul>	<ul style="list-style-type: none"> <li>MAK IX, 1, 2, 3A, 3B</li> </ul>
<ul style="list-style-type: none"> <li>GHS Hazard Statement H340 or H341</li> </ul>	

**Reproductive Toxin:**

<ul style="list-style-type: none"> <li>MAK Group A or B</li> </ul>	<ul style="list-style-type: none"> <li>Oral NOAEL &lt;50 mg/l BW/day</li> </ul>
<ul style="list-style-type: none"> <li>Inhalative NOAEL &lt;0.25 mg/l 6-8 hr/day</li> </ul>	<ul style="list-style-type: none"> <li>GHS 1A, 1B, 2</li> </ul>
<ul style="list-style-type: none"> <li>GHS Hazard Statement H360, H361, or H362</li> </ul>	

Shaw requires disclosure of chemicals present at greater than 1,000 ppm that are listed on the Cradle to Cradle™ Certified Product Standard V3.1 [Table A-1 Banned List of Chemicals as Technical Nutrients](#) and [Table A-2 Banned List of Chemicals for Biological Nutrients](#) (pages 108- 109).

Shaw takes our sustainability initiatives seriously and we participate in various programs including but not limited to Cradle to Cradle™. We reserve the right to establish additional product specific requirements, as applicable.



## II. Supplier Best Practices

As Shaw expands into global markets, we are constantly raising the bar to be both legally compliant and sustainable. The regulatory environment is changing and we are dealing with resource constraints while our stakeholders increasingly demand sustainable solutions. We have identified (8) best practices that we encourage all suppliers to adopt:

1. Suppliers are encouraged to hold their own supply chains accountable to the [Ten Principles of the UN Global Compact](#).
2. Suppliers are encouraged to develop long-term sustainability goals, and actively support Shaw's 2030 Sustainability Goals that include:
  - Design 100% of our products to Cradle to Cradle Certified™ standards
  - Reduce energy intensity 40%
  - Reduce total waste to landfills 100%
  - Reduce hazardous waste 100%
  - Reduce water intensity 50%
  - Achieve an OSHA incident rate of Zero
3. Suppliers are encouraged to familiarize themselves and their supply chains with the principles of Cradle to Cradle™ that include:
  - [Material Health](#) - Making products out of materials that are safe and healthy for humans and the environment
  - [Material Reuse](#) - Designing products that can be reused or recycled at end of life
  - [Renewable Energy & Carbon Management](#) - Production processes are energy efficient, using alternative and renewable sources as appropriate and available
  - [Water Stewardship](#) - Conserving water by using it efficiently
  - [Social Fairness](#) - Treating all people involved in the process in socially responsible ways
4. Suppliers are encouraged to develop Supplier Diversity programs that give all qualified businesses access to business opportunities. Diverse businesses include, but are not limited to:
  - Small Businesses as defined by the [Small Business Administration](#) (US Only)
  - Women-Owned Businesses
  - Veteran-Owned/Service-Disabled Owned Businesses
  - Minority-Owned Businesses
  - Lesbian Gay Bisexual Transgender-Owned Businesses
5. Suppliers are encouraged to create an environmental protection policy by using an EMS (Environmental Management System) such as [ISO 14001](#).
6. Suppliers are encouraged to familiarize themselves with the standards of the [C-TPAT Program](#). This is a voluntary program led by the US Customs and Border Protection focused on improving the security of supply chains for all goods imported into the US with respect to terrorism.



7. Suppliers are encouraged to focus on continuous improvement and follow methodologies such as [Lean Six Sigma](#) to reduce variation and eliminate waste.
8. Suppliers are encouraged to have training programs and documentation to show their ability to comply with the requirements of this Sustainable Sourcing policy.

### **III. Policy Enforcement**

Shaw Industries values working in partnership with our suppliers. Our hope for this policy is to grow mutually beneficial relationships based on the principles and actions expressed. It is our expectation that suppliers will comply with all requirements in the Sustainable Sourcing Policy. A supplier's failure to comply with the terms of the Sustainable Sourcing Policy will result in a material breach of any supplier agreement and Shaw will evaluate the supplier partnership and choose an acceptable action plan including but not limited to the termination of such agreement.