

SUSTAINABLE SOURCING POLICY AND SUPPLIER CODE OF CONDUCT





PARTNERING FOR INTEGRITY AND IMPACT

At Shaw, we believe that strong partnerships are built on shared values, mutual respect, and a commitment to doing business the right way. Our suppliers, consultants, vendors, and contractors play a vital role in helping us deliver quality products and services to our customers and communities. Our Supplier Code of Conduct, which includes our Sustainable Sourcing Policy, outlines the standards we expect from all those who work with us. It reflects our commitment to integrity, ethical conduct, and responsible sourcing — and we ask that you uphold these principles in every interaction with and for Shaw.

Thank you for your collaboration and your commitment to excellence. Together, we stand for quality, integrity, and a better future.

Sincerely,

Tim Baucom
President & CEO

OUR SUPPLIER CODE IS BUILT ON THESE KEY COMMITMENTS:





THE FUTURE
STARTS HERE.
IT STARTS
WITH YOU.

It is the policy of Shaw Industries Group, Inc. to do business in a legal, ethical, and sustainable manner. This Sustainable Sourcing Policy and Supplier Code of Conduct (“Supplier Code”) sets important social, environmental, and ethical criteria for the suppliers and subcontractors of Shaw Industries Group, Inc. 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.

The Supplier Code is founded on the Ten Principles of the UN Global Compact in conjunction with the United Nations Guiding Principles on Business and Human Rights, the eight Fundamental Conventions of the International Labour Organization, and the International Bill of Human Rights. Outlined below are supplier requirements that must be adhered to along with best practices we encourage our suppliers to adopt.

SUPPLIER REQUIREMENTS

There are three supplier requirements of Shaw’s Supplier Code:

- ▶ All suppliers of Shaw Industries are required to adhere to the [Ten Principles of the UN Global Compact](#), along with the expectations outlined in this Code.
- ▶ All suppliers must conduct business within the scope of US economic sanctions.
- ▶ All suppliers of raw materials, sourced products, and packaging materials 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. In alignment with these principles, Shaw outlines specific expectations related to ethics, labor, health, safety, environment, and management systems.

Ethics

BUSINESS INTEGRITY

Suppliers are expected to strictly comply with all laws and regulations that apply to any of their activities and operations, or that may give rise to the risk of liability for Shaw, its subsidiaries, or persons employed by any of them. Suppliers must not engage in or tolerate any form of corruption, blackmail, bribery, or embezzlement. Suppliers are not allowed to give Shaw employees gifts or any other type of personal benefit arising from their business relationships with them that are illegal or against Shaw company policy.

FAIR COMPETITION

Suppliers shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition by treating competitors, suppliers, customers, and colleagues in an ethical manner.

PRIVACY & INTELLECTUAL PROPERTY

If a supplier has access to Shaw confidential information, it must maintain the confidentiality of such information entrusted to them, except when disclosure is authorized by an appropriate Shaw associate or written agreement.

IDENTIFICATION OF CONCERNS

Employees should be able to report complaints or potentially illegal activity in the workplace.

RESPONSIBLE WOOD SOURCING

Shaw is firmly committed to the legal trade of wood products and asserts that commitment in our Responsible Wood Procurement Policy. As such, we expect the same commitment from our suppliers. We will not knowingly purchase or use wood, wood fiber, or products for distribution that originate from illegal logging.

CONFLICT MINERALS

Shaw is committed to the responsible sourcing and reporting of conflict minerals throughout our supply chain. To advance supply chain transparency and comply with legal requirements, we contact all of our associated suppliers and verify that materials sourced are in compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. We expect complete cooperation and responsiveness from each of our suppliers.



Labor

CHILD AND FORCED LABOR

Suppliers will not employ or use any form of forced labor, including but not limited to indentured labor, bonded labor, military labor, or child labor, or use corporal punishment or other forms of mental and physical coercion as a form of discipline. Supplier will verify its operations and supply chain are free from slavery and human trafficking and shall comply with all applicable modern slavery legislation. Suppliers shall abide by all local laws regarding legal working age. Suppliers are also encouraged to ensure adequate protections for workers who are above the legal working age but still below age 18.

DIVERSITY & INCLUSION/FAIR TREATMENT

Suppliers will provide a workplace free of discrimination, retaliation, and harassment without regard to race, color, religion, age, sex, national origin, veteran status, sexual orientation, and any other legally protected status. Suppliers' workplaces will be free of harsh or inhumane treatment including any form of sexual harassment, sexual abuse, corporal punishment, or torture, mental or physical coercion, or verbal abuse of employees, or the threat of any such treatment. Shaw encourages suppliers to provide an inclusive and supportive working environment that supports diverse associates.

FREEDOM OF ASSOCIATION

Suppliers should respect the rights of workers to join, form, or not to join an association of their choice without fear of reprisal, interference, intimidation, or harassment. In countries where the right to freedom of association is regulated, restricted, or prohibited by law, the supplier should not hinder alternative forms of independent and free worker representation.

WORKING HOURS, WAGES, AND BENEFITS

Working hours for suppliers' employees will not exceed the maximum set by the applicable law. Compensation paid to employees will comply with applicable wage laws and all legally mandated benefits must comply with applicable laws. Shaw encourages suppliers to provide a living wage that covers the necessities for life as defined in its local context including, but not limited to, food, water, housing, healthcare, and education.



Health, Safety, and Environment

HEALTH, SAFETY, ENVIRONMENTAL, AND QUALITY REGULATIONS

Shaw expects that all suppliers comply with environmental and material health compliance initiatives. In support of alignment and transparency, Shaw requests that all suppliers disclose and/or provide information in English. Additionally, businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

OCCUPATIONAL HEALTH AND SAFETY

Suppliers should provide appropriate controls, safe work procedures, preventative maintenance, and necessary technical protective measures to mitigate health and safety risks in the workplace. When hazards cannot be adequately controlled by these means, suppliers will provide employees with appropriate personal protective equipment. Safety information relating to hazardous materials (any material capable of posing a risk to health, safety, property, or the environment) should be available to the workforce. A safe and healthy working environment also includes potable drinking water; adequate lighting, temperature, ventilation, and sanitation facilities; and if applicable, safe and healthy company living quarters. Facilities must be constructed in accordance with local laws and building, electrical, and fire safety codes.

EMERGENCY PREPAREDNESS, RISK INFORMATION, AND TRAINING

Suppliers should identify and assess likely and potential emergency situations in the workplace and minimize their impact by implementing emergency plans and response procedures.

WASTE AND EMISSIONS

Suppliers will abide by all legal and regulatory requirements for waste and emissions. In addition, Shaw encourages its suppliers to track water usage and waste generation in an effort to reduce the environmental impact of their processes.

SECURITY

All suppliers must comply with the standards of the C-TPAT Program. The C-TPAT (Customs-Trade Partnership Against Terrorism) Program, led by US Customs and Border Protection, establishes requirements to improve the security of supply chains for all goods imported into the United States with respect to terrorism. Suppliers are required to implement and maintain all necessary measures to meet C-TPAT standards.



Management Systems

COMMUNICATION OF SUSTAINABILITY CRITERIA IN SUPPLY CHAIN

Suppliers should communicate the principles set forth in this Sustainable Sourcing Policy and Supplier Code of Conduct to their supply chain.

COMMITMENT AND ACCOUNTABILITY

The allocation of sufficient resources to meet the standards outlined in this Sustainable Sourcing Policy and Supplier Code of Conduct is expected of all suppliers.

RISK MANAGEMENT

The incorporation of risk identification, assessment, and management mechanisms in all fields covered by this Sustainable Sourcing Policy and Supplier Code of Conduct is encouraged.

TRAINING AND COMPETENCY

Appropriate training providing employees adequate knowledge and understanding of the contents of this Sustainable Sourcing Policy and Supplier Code of Conduct is encouraged.

QUALITY AND CONTINUOUS IMPROVEMENT

Shaw expects its suppliers to maintain a quality management system (QMS) suitable to the products provided to Shaw. Suppliers are expected to continuously improve their sustainability and quality performance by implementing appropriate measures.



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 chemical restrictions and disclosure requirements to ensure the products we provide are deemed safe and healthy. These requirements are detailed in [Shaw's Chemical Policy](#).

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

POLICY ENFORCEMENT

Shaw 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 the requirements in the Supplier Code. A supplier's failure to comply with the requirements of the Supplier Code 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.



SUPPLIER BEST PRACTICES

Our customers and other key stakeholders increasingly demand sustainable solutions. The regulatory environment is ever-evolving, and we're cognizant of natural resource constraints and the need to minimize our and our customers' impact. As Shaw enters new markets around the world and as we expand our offerings within existing markets, we are committed to not only being legally compliant but raising the bar on our sustainability efforts. Shaw values the following supplier best practices and encourages our suppliers to adopt these practices.

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 and the expectations set forth in Shaw's Sustainable Sourcing Policy and Supplier Code of Conduct.
- 2 Suppliers are encouraged to develop long-term sustainability goals and actively support Shaw's commitment to:
 - ▶ *Design products focused on the wellbeing of the planet and its people*
 - ▶ *Be a positive force in the global effort to mitigate climate change*
 - ▶ *Fuel the circular economy with safe, sustainable, cradle-to-cradle inspired products*
 - ▶ *Help people reach their full potential*
- 3 Suppliers are encouraged to familiarize themselves and their supply chains with the principles of Cradle to Cradle® that include:
 - ▶ *Material Health — Ensuring materials are safe for humans and the environment*
 - ▶ *Product Circularity — Enabling a circular economy through regenerative products and process design*
 - ▶ *Clean Air & Climate Protection — Protecting clean air, promoting renewable energy, and reducing harmful emissions*
 - ▶ *Water & Soil Stewardship — Safeguarding clean water and healthy soils*
 - ▶ *Social Fairness — Respecting human rights and contributing to a fair and equitable society*
- 4 Suppliers are encouraged to develop supplier diversity programs that give all qualified businesses access to business opportunities.
- 5 Suppliers are encouraged to create an environmental protection policy by using an EMS (Environmental Management System) such as [ISO 14001](#).
- 6 Comply with the standards of the [CTPAT Program](#). This program is led by US Customs and Border Protection and establishes requirements to improve the security of supply chains for all goods imported into the United States.
- 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 and Supplier Code of Conduct.

IN CLOSING

At Shaw, we have always been committed to excellence and integrity and recognize the critical role our suppliers play in carrying on our legacy.

You are a key contributor to our success. We rely on you to share our commitment and follow this Supplier Code in all you do. Remember, we are here when you need support or additional guidance.

Thank you for all you do to help Shaw build a better future.

