



Shaw Inc. Modern Slavery Statement for Financial Year 2019

Introduction

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and constitutes Shaw Industries Group's slavery and human trafficking statement for the financial year ending December 31, 2019.

Our Business

Shaw Industries Group, Inc. supplies carpet, resilient, hardwood, laminate, tile and stone flooring products and synthetic turf to residential and commercial markets worldwide. We are a wholly owned subsidiary of Berkshire Hathaway, Inc. with more than 20,000 associates worldwide. Shaw is headquartered in Dalton, Georgia, with salespeople and/or offices located throughout the U.S. as well as Australia, Brazil, Canada, Chile, China, France, India, Mexico, Singapore, United Arab Emirates, and the United Kingdom.

Shaw commits to conduct our business in an ethical and responsible manner that supports and respects the protection of human rights. Shaw will work to identify and do business with partners who aspire to conduct their business in a similar manner. Specifically, Shaw condemns the use of child labor, forced labor, and human trafficking throughout our supply chain.

Our Supply Chain

Shaw's suppliers are primarily located in the United States, Canada, China, India, Mexico, South Korea, and Vietnam. Procurement activities are carried out predominantly by a United States-based team with a Global Sourcing support office located in Shanghai, China. These teams oversee more than \$4 billion in annual purchases.

Shaw Industries Group weighs several factors when selecting suppliers. Among those factors are quality, service, price, innovation leadership, environmental stewardship, technology, logistics, social responsibility, and diversity.

During 2019 Shaw has:

- Verified product supply chains to evaluate and address risks of human trafficking and slavery.
- Performed geographical risk assessments of our finished product and raw material suppliers. The risk assessments are conducted using both internal and external tools. The results of these assessments did not reveal any indications of forced labor or slavery within our supply chain at this time.



- Reserved the right to audit suppliers to evaluate supplier compliance with Shaw's trafficking and slavery in supply chains. Shaw has developed standards for supplier behavior and has developed a [Sustainable Sourcing Policy](#) as a basis for audits.
- Conducted risk-based due diligence reviews on 100% of new international suppliers. Additionally, we conducted on-site third-party audits on 24% of our international suppliers who have been identified as at risk for slavery and human trafficking. Those audits did not expose any forced labor or slavery activities at those suppliers.
- Contractually required suppliers to comply with the laws of the countries in which they do business, including laws against child labor, slavery, and human trafficking, and unsafe working conditions.
- Implemented internal accountability standards and procedures for employees, contractors, and suppliers who fail to meet our policies regarding slavery and trafficking. Shaw has internal accountability standards for our employees and has developed a Sustainable Sourcing Policy for our suppliers.

Risk Assessment

Our supply chain is assessed to determine the risk forced labor and slavery poses to Shaw. This is accomplished by using tools such as the Cradle to Cradle Product Innovation Institute's Social Fairness pillar, the Social Hotspots Database, third-party due diligence reports and onsite audits of supplier's facilities.

International suppliers undergo a two-part background check including financial, media and regulatory action (in English and the native language).

When a risk score is high based on geography and industry information, a second level of investigation is triggered, and we complete a formal due diligence report. This report is produced by the third-party team that reviews search results and provides a detailed report outlining any findings of adverse information. That report is reviewed by Shaw to make determinations on how to proceed with the supplier.

As a third step, Shaw works with various auditors - internal and/or third-party to conduct on-site audits of facilities.

Training

Shaw regularly conducts training with our supply chain associates on issues of human trafficking and slavery; particularly with respect to mitigating risks within the supply chain. All Supply Chain managers and staff are required to participate in training on slavery and human trafficking. Currently, this training is available via E-learning.



Anti-slavery and Supply Chain Policy

Shaw is committed to sourcing our products from suppliers who have agreed to operate their supply chains in a socially responsible manner, as required in our Sustainable Sourcing Policy and proven by our commitment to the UN Global Compact to which we became a signatory in 2017.

Key Performance Indicators

Shaw Industries Group weighs several factors when selecting and continuing to do business with suppliers. Among those factors are quality, service, price, innovation leadership, environmental stewardship, technology, logistics, social responsibility, and diversity.

In addition to consulting various industry resources and NGOs, Shaw works closely with the [Cradle to Cradle Products Innovation Institute](#). As of 2019, almost 90% of Shaw manufactured products are third-party Cradle to Cradle Certified™ based on the products material health, water use, renewable energy and carbon management, re-utilization of materials, and social fairness principles. Social fairness principles are defined by the [Social Hotspots Database](#) as:

- Child labor
- Forced labor
- Excessive work time
- Provision of a living wage
- Worker health and safety
- Wage assessment where the potential average wage is being less than the non-poverty guideline
- Toxicity and chemical exposure in the workplace

Non-compliance with Shaw's Standard Terms and Conditions of Purchase including the Sustainable Sourcing Policy will result in a material breach of any supplier agreement. Shaw will evaluate the supplier partnership and choose an acceptable action plan including but not limited to the termination of such agreement.

This statement has been approved by the executive management team of Shaw Industries Group, Inc. and signed on March 17, 2020.

A handwritten signature in black ink that reads 'Vance D. Bell'.

Vance D. Bell
Chairman & CEO
Shaw Industries