



Sustainable Sourcing Policy and Supplier Code of Conduct

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 set 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 Sustainable Sourcing Policy and Supplier Code of Conduct are 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 Labor 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 Sustainable Sourcing Policy and Supplier Code of Conduct:

- All suppliers of Shaw Industries are required to adhere to the [Ten Principles](#) of the [UN Global Compact](#), along with the expectations outlined below.
- 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. 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.



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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, 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 that 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.



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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.

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.

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.



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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

Where applicable, 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.

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.



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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 (<https://shawinc.com/ChemicalPolicy>). In addition to the restrictions in the Chemical Policy, the following disclosures are also required:

- Any chemical listed on California Proposition 65 at levels that require a warning label on Shaw's products. (<https://oehha.ca.gov/proposition-65/proposition-65-list>)

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 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 the requirements in the Sustainable Sourcing Policy and Supplier Code of Conduct. A supplier's failure to comply with the requirements of the Sustainable Sourcing Policy and Supplier Code of Conduct 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 health & wellbeing of the planet & 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
 - Create positive social change and a more just world for all



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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. 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. Where applicable, 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 and Supplier Code of Conduct.

A handwritten signature in black ink, appearing to read "Tim Baucom", with a stylized flourish at the end.

Tim Baucom
President & CEO
Shaw Industries