Introduction

Dear Suppliers,

Shaw Industries Group, Inc. (Shaw) is committed to doing business in a responsible, ethical and sustainable manner. It is important to us that you are dedicated to these same principles. Our suppliers play an integral role in our business, and their actions are an extension of Shaw’s own actions and reputation.

This Supplier Guide is designed to communicate the requirements that drive Shaw’s sustainable business strategy. The content in the Supplier Guide is not new to our organization nor to our suppliers it is simply a better way to communicate in one document the principles for doing business. We encourage you to become familiar with our sustainability principles to help align your actions in ways that benefit us all.

At Shaw, we will do business with suppliers who share our vision and values. Ensuring high standards in all dealings with our suppliers remains an important business goal and part of our Shaw Internal Code of Conduct.

As is our practice, suppliers who do not follow the expectations set forth in this document will not do business with Shaw. We will work with suppliers to establish action plans and timing to conform to any expectation(s) deemed needing improvement.

We look forward to working with you in a way that will enhance the performance of Shaw and its suppliers as we both continue our long-standing commitment to create a better future.

Sincerely,

Sustainable Sourcing Vision:

Create a transparent and collaborative partnership with suppliers resulting in a better future for our associates, customers, suppliers and the global community.

Sustainable Sourcing Mission Statement:

Shaw’s Global Sourcing organization will ethically engage with its suppliers to drive innovation, protect and efficiently use resources and promote long-term financial success.
A. Social Responsibility

Health and Safety

Shaw is committed to achieving a work environment that is free from occupational injuries and illnesses. We foster an environment in which all Shaw associates are expected to contribute to safety improvements by clearly understanding their role and obligation to support occupational safety and health objectives, conform to Shaw’s standards, and comply with applicable safety and health regulations. Our suppliers, third-party manufacturers and contractors who do business with our company are expected to have a focus on safety and health that is consistent with ours.

Workplace

Suppliers shall provide all workers with access to a safe and healthy workplace including, but not limited to, accessible and clean toilets, potable water, sanitary facilities for food storage and adequate fire exits. Suppliers are expected to have a worker health and safety program addressing physical, chemical and biological hazards in the workplace, and they must provide the appropriate personal protective equipment.

Child Labor

All workers must be at least the minimum working age, but not less than 16 years old, regardless of local regulation. Workers exposed to conditions that are hazardous to health and safety must be at least 18 years old.

Forced Labor

All workers may join and leave the suppliers employment of their own free will, provided they comply with any advance notice required by local law. Use of slave or indentured labor, requiring monetary deposits in order to work, or retention of identity papers or work permits for profit-making enterprises is not acceptable.

Equal Opportunities

Suppliers shall provide equal opportunity to all applicants and workers without regard to race, religion, age, gender, national origin, ancestry, disability, sexual orientation, sexual identity, veteran status or any other status protected under applicable law.

Abuse

Workers shall not be subjected to corporal punishment, mental coercion, physical contact, sexual coercion, verbal abuse or the use of gestures, language or graphic materials that are threatening, abusive or exploitive.

Work Hours and Compensation

All workers shall be subject to working hours in accordance with applicable laws and standards. Overtime shall be administered and compensated fairly and in accordance with local laws. All wages and fringe benefits must be defined and meet the legal and industry minimums.
Freedom of Association and Collective Bargaining

All workers shall have the right to join or leave groups of a person's own choosing, and for the group to take collective action to pursue the interests of members.

B. Environmental Stewardship

Regulatory Compliance

Shaw is committed to operating in compliance with all applicable environmental regulations. We have implemented an environmental management system (EMS) that is based on ISO 14001 principles at all our manufacturing and distribution facilities. Shaw facilities are periodically audited for both system conformance and regulatory compliance.

Shaw requires its suppliers to operate in compliance with all applicable environmental permits, plans and regulations. We strongly encourage our suppliers to consider using an EMS framework for managing their environmental obligations.

Cradle to Cradle® Philosophy

We strive to include sustainability principles in the choice of materials and services we use and the products we manufacture and sell. These principles are:

- Materials are safe for humans and the environment
- Production processes are energy efficient, using alternative and renewable sources as appropriate and available
- Water is conserved and efficiently used
- Products are designed to facilitate reuse and recycling at end of life
- Manufacturers are socially engaged

Suppliers are encouraged to be familiar with Cradle to Cradle® principles and to identify opportunities to support Shaw’s efforts in this regard.

Emissions and Discharges

Suppliers will measure waste water and air discharges into the environment. Suppliers should strive to look for ways to reduce these emissions.

Conservation

Suppliers should actively work to reduce the consumption of energy, water and other natural resources.

Consumer Safety

Shaw is committed to ensuring the products it launches in markets worldwide are substantiated as safe and compliant with all applicable regulatory requirements. Shaw products as well as those sourced from third-party manufacturers undergo safety evaluations and comprehensive risk assessments, including a review of available scientific and environmental data on product components and special considerations associated with their intended use. We require suppliers to provide us with raw materials, products and
solutions that meet or exceed these safety and quality standards, enabling us to protect the safety of our consumers, as well as the reputation of our global brands. We also require that safety-related data are made available to Shaw, if needed, to support our participation in the Cradle to Cradle Certified™ Products Program and safety certifications.

**Raw Material Ingredient Transparency and Disclosure**

Suppliers will have adequate systems in place designed to identify and disclose to Shaw chemicals in their products and product sub-components that are regulated by the governments and/or competent authorities in the regions where they are being used and are deemed hazardous, toxic or carcinogenic. Shaw subscribes to a number of voluntary product transparency and disclosure programs; we also have many customers who have set expectations for us in regards to disclosing our products’ ingredients and related safety and health information. Recognizing that patent protected and trade secret information may be involved, Shaw expects its raw material suppliers to support Shaw’s transparency and disclosure efforts by choosing one or more of the following options:

- Disclose to Shaw’s third-party certification assessors via confidential agreement full raw material formulations;
- Disclose to Shaw all raw material ingredients that are on Shaw’s product screening lists and present above 100 ppm by weight, to include function and whether intentionally added or not;
- Provide Shaw with all raw material ingredients (with percentage present) that can be shared publicly with Shaw customers.

Additional supplier information may be requested on a case by case basis, in order for Shaw to fulfill its regulatory and customer reporting obligations.

**Shaw Sustainability Metrics & Goals**

Our customer and stakeholder demands for sustainable solutions are increasing, and we must deal with resource constraints. To address these demands and ensure a sustainable future, we have developed the following long-term, 2030 Sustainability Goals:

- 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

We strongly encourage our suppliers to support our efforts in these areas, especially those areas relevant to a particular supplier’s business.
C. Ethical Practices

Compliance with Applicable Laws

Shaw expects suppliers to fully comply with applicable local, state, federal/national and international laws, rules, regulations, standards or codes. In addition, suppliers doing business internationally shall comply with the following:

- The Foreign Corrupt Practices Act
- The Dodd-Frank Act governing the use of conflict minerals
- The Lacey Act governing the import of hardwood timber and wood fibers
- OFAC rules and regulations
- Transparency in Supply Chains Act of 2010 (S.B. 657)
- All other applicable laws and regulations

Fair Dealing

At Shaw, we are committed to fair dealing with our customers and suppliers. We strive to treat our suppliers with honesty, fairness and respect. Shaw’s sourcing and purchasing activities will be conducted in accordance with the highest ethical standards and practices, as set forth in our Code of Conduct. We expect the same ethical treatment in return.

Conflicts of interest

Shaw associates avoid situations that may give rise to conflicts of interest or the appearance of conflicts of interest. Shaw demands the same of its suppliers.

Anti-corruption

Shaw prohibits payment or acceptance of bribes or kickbacks, or creating the impression or suspicion of such. Shaw also expects the same of its suppliers.

Supplier Relations

Shaw buys solely based upon quality, performance, suitability of the product or service, and cost. The giving and receiving of gifts is not permissible beyond a level which is infrequent, low value, and reasonable and customary under the circumstances of the business relationship. We do not accept or give any gifts that could make the recipient feel that he/she should do, or promise to do, anything in return.

Supplier Diversity and Inclusion

Shaw encourages and seeks ways to enhance business with diverse suppliers, as defined by the Small Business Administration (SBA). These diverse suppliers include Small Business Enterprises (SBC), Small Disadvantaged Businesses (SDB), Minority-Owned Business Enterprises (MBE), Women-Owned Business Enterprises (WOB), Veteran-Owned Businesses (VOB), Service-Disabled Veteran-Owned Small Businesses (SDV), and Hub Zone Small Businesses (HBZ).

Shaw’s Supplier Diversity Policy was developed and implemented to provide all suppliers with a fair and equal opportunity to do business with Shaw. Shaw’s plan is to ensure that it receives products and
services of value at the best price, while balancing the total cost of ownership. Because of Shaw’s dedication to the widest, reasonably possible scope of suppliers, we welcome bids from qualified small and diverse businesses.

Confidentiality

Confidential information related to supplier relationships will be held in strict confidence and will not be shared with anyone outside the company, unless otherwise mutually agreed with the supplier.

D. Governance

Sub-suppliers

Suppliers shall put policies in place to ensure that their own suppliers meet the expectations set forth in this document.

Documentation

Suppliers must maintain documentation necessary to demonstrate conformance with these expectations and compliance with applicable laws and regulations.

ESE Self-Assessment

In order to manage our Global Sourcing Sustainability program, which includes environmental, social, and economic (ESE) impacts, we want to ensure our suppliers are doing the same as our internal facilities. To that end, we are engaging with our supplier community to encourage integration of ESE sustainability principles into the core decision-making and implementation of leading practices to improve overall supply chain sustainability performance.

We will use a questionnaire to obtain a comprehensive, objective profile of our suppliers in a harmonized and collaborative approach. This tool allows Shaw to collect information on the steps being taken by suppliers to effectively identify and manage ESE risks and opportunities.

By addressing these topics with our partners, we can mutually identify efficiencies, and realize cost savings and productivity benefits that will set the stage for risk mitigation, product improvement and innovation.

Supply Chain Risk Management

Supply chain risk is a foremost concern in today’s global business environment. As Shaw expands its scope to include international manufacturing and sales operations, our supply chain management has increasingly become a critical function. The policies and actions of Shaw as a buying firm play a large role in identifying both internal and external risk. Our sustainable sourcing efforts are increasing the expectation for our managers to improve internal practices and to expect the same from Shaw suppliers. We encourage our suppliers to pursue strategies that recognize that supply chain risk and sustainability are directly connected. For all goods that are imported into the United States, all suppliers should familiarize themselves with the applicable standards of the Customs-Trade Partnership Against Terrorism (C-TPAT) program. C-TPAT is a voluntary supply chain security program led by U.S. Customs and
Border Protection and is focused on improving the security of private companies’ supply chains with respect to terrorism.

Management Systems

Suppliers shall have a training program to ensure an appropriate level of knowledge, skills and abilities to meet these expectations.

E. Continuous Improvement

Shaw is dedicated to continuous improvement. Shaw has adopted Six Sigma and Lean methodologies throughout its global manufacturing operations to reduce variation and eliminate waste. Shaw encourages Suppliers to use Lean and Six Sigma or similar methodologies at their facilities.

F. Contact Us

For additional information or guidance on these expectations, including reporting any actions that are inconsistent with the expectations established in this document, please contact Shaw's Sustainable Sourcing Team at:

Diana Rosenberger
Global Sourcing Manager of Sustainability
Shaw Industries Group, Inc.
616 E Walnut Ave, Dalton, GA 30721
Email: Diana.Rosenberger@ShawInc.com
Phone: (706) 532-4584