



THE INTERSECTION OF ETHICS AND TRANSPARENCY

*Floor Covering Division
Global Sustainability Report*

Edition Three

Milliken[™]

LETTER FROM JIM McCALLUM

Milliken Floor Covering Division President

For more than a decade, Milliken has been named one of the World's Most Ethical Companies® by the Ethisphere® Institute. This recognition—which is more than a desired accolade—reaffirms Milliken's long-standing commitment to building a better future for our associates, customers and communities through ethical practices, innovation leadership and corporate citizenship. Ethics underpin every action at Milliken, including our commitment to examining our current actions to ensure they are the best possible course.

We have learned that listening to our customers and stakeholders is critical to our success. In this year's global sustainability report, our third annual, we have expanded our focus to reflect the advancements of priorities that stakeholders have deemed most important, including reviews of chemicals and ingredients that construct Milliken flooring solutions. In this edition, entitled "The Intersection of Ethics and Transparency," we illustrate how Milliken is embracing both environmental and material transparency around the world with revolutionary initiatives.

At Milliken, we take pride in our heritage as innovators fueled by deep science. Our purpose and passion for making the world a better place inspire us to solve some of the world's most difficult questions with the right course of action. Our stakeholders challenged us to redefine the meaning of the word safe by going beyond government regulation to include the best available science on materials and ingredients for our industry-leading flooring solutions.

This philosophy has also helped us understand our stakeholders' expectations—how full transparency requires a pivot in how we conduct business with our suppliers, in how we design our products, and in how we think differently about materials and ingredients.

We recognize the responsibility that comes with being one of the World's Most Ethical Companies, and we constantly challenge ourselves to lead the industry in solving issues of material transparency and traceability through ethical innovation and science.

We have embraced what it truly means to be sustainable, as well as the challenges it presents. Our willingness to listen and respond to our stakeholders, along with our unwavering core values, reinforce our ability to ethically approach and transparently report our actions.

Milliken's involvement in environmental stewardship dates back to 1901 with our first recycling policy. It was something we prioritized then not because our customers expected it, but because we knew it was simply the right thing to do. We implemented the policy because we expected it of ourselves.

Today, as the industry collectively demands sustainability from all manufacturers, we are sharing what we have learned from our century-long journey so others can draw from our success—and we can continue to progress towards what is most meaningful for our customers and the environment.

It is in this spirit of learning and sharing that I am humbled to discuss the intersection of ethics and transparency.



Sincerely,

Jim McCallum
President of the global Milliken floor covering division

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Lapidus, an award-winning collection, is Living Building Challenge Compliant.

"WE CONSTANTLY *challenge ourselves to* **LEAD THE INDUSTRY** *in*
solving issues of **MATERIAL TRANSPARENCY** *and* **TRACEABILITY"**

LETTER FROM PHILIP IVEY

Milliken Floor Covering Division Strategic Sustainability Leader

We appreciate you taking time to dive into our third annual sustainability report for the Milliken floor covering division. As the Global Strategic Sustainability Leader, I am honored to work with a company where behaving ethically is not only an expectation but a point of pride, as we work to add true value to people's lives, improve health and safety, and help make this world more sustainable.

We are also excited to introduce a deeper level of insight into our work in material transparency. We implemented significant initiatives to improve how we share the environmental and material health performance of our flooring solutions. In this report, we share more about programs measuring and tracking biodiversity and environmental impacts through life cycle assessment and how we approach material transparency with third-party partnerships, piloting a new LEED v4 credit for MR Building Product Disclosure and Optimization - Material Ingredients (Option 3), and chemical transparency reporting in the form of Declare labels and Health Product Declarations (HPDs). We are also re-approaching how we report our resource consumption, and we will soon introduce science-based targets and goals, along with better key performance indicators (KPIs), to reflect our growing business.

We have long shared our commitment to meaningful innovation and acting ethically throughout every facet of our business. Now, we're being transparent in how these two intersect—defining how they impact the decisions we make daily. Our shareholders have prompted us to share publicly how we believe we are acting ethically, allowing you, in turn, to fully understand our multifaceted initiative. We strive for transparency in the way we approach large-scale sustainability, so we can share our successes, but also open ourselves up to critique, feedback and even collaboration.

We hope this report inspires you to think differently about sustainable architecture and design, as this annual process has challenged us to do so.



Sincerely,



Philip Ivey
Strategic Sustainability Leader for the global
Milliken floor covering division



Arcadia, inspired by idyllic patterns found in the wilderness, grounds Media Ocean in Chicago, IL. Design by Garnett. Photography by James John Jetel.

"We strive for **TRANSPARENCY** in the way we approach **LARGE-SCALE SUSTAINABILITY**"

ABOUT MILLIKEN FLOOR COVERING

The Milliken floor covering division is part of Milliken & Company, an innovation company that has been exploring, discovering and creating ways to enhance people's lives since 1865. One of the largest privately held companies in the world, the Milliken & Company community of innovators developed one of the larger collections of United States patents held by a private U.S. company. Designers, facility managers and homeowners are inspired by Milliken's innovative broadloom and modular carpet, luxury vinyl tile, and entry flooring solutions, which are carried under the Milliken brand and designed with superior aesthetics and functionality to enhance work environments, hotels, airports, homes and other global commercial interiors.

Milliken* is a privately held for-profit corporation divided into three regions: Americas, EMEA and Asia Pacific. The company is headquartered in Spartanburg, South Carolina, and operates design and manufacturing facilities in the United States, United Kingdom, Australia and China. The floor covering division is a business unit of Milliken & Company, which is governed by an independent board of directors. The chairman of the board is also the company president and CEO.

*All references to Milliken here forward refer to the global floor covering division of parent company Milliken & Company.

OUR FLOORING INCLUDES
Commercial and residential carpet, rug, entryway and luxury vinyl tile solutions.

Topography, seen at JLL Asia Pacific headquarters in Shanghai, China, the first WELL-certified building in China.



Artistic Liberties, constructed with Aquafil ECONYL® 100% regenerated nylon yarn, available in EMEA.

ABOUT THIS REPORT

As the third annual sustainability report for Milliken, this report encompasses key performance indicators from fiscal year 2016 across the company's global commercial, residential, hospitality, entryway and mats markets. All facilities and operations associated with this business are included.

This report is limited to the global operations of Milliken with organizational data from floor covering operations in the United States, China, United Kingdom and Australia. Data from Milliken & Company, the parent company, is not included.

This report meets the requirements of LEED v4 MRc3 credit by providing: Option 1: Raw Material Source and Extraction Reporting.

Milliken is providing this report as a third-party reviewed corporate sustainability report, which includes environmental impacts of extraction operations and activities associated with Milliken's products and product supply chain. This report was created using the Global Reporting Initiative (GRI) Sustainability Reporting framework. Our GRI Index is located on page 47.

For any questions about this report, please contact millikencarpet@milliken.com.



Unearthed, Mantle, manufactured using up to 43% renewable energy through hydroelectric credits and capturing methane gas from the LaGrange, GA landfill.

HOW WE ENGAGE STAKEHOLDERS

At Milliken, we rely on our network of stakeholders to help shape our conversation on sustainability. In preparation for this report, we engaged a panel of stakeholders to share feedback on our sustainability performance to date and help craft our sustainability activities for years to come. Over the course of more than 50 conversations, our stakeholders provided insights into the strengths, weaknesses and opportunities for our sustainability program.

Our stakeholders represent groups and organizations that are directly or indirectly affected by our operations, have a direct interest in our activities, and/or have the ability to influence outcomes and decision-making processes. For this report, our stakeholders comprise customers, architecture and design firm sustainability leaders, competitors, academics with flooring knowledge, flooring installers, environmental nonprofits, industry associations, and local community members.

We approached our conversations with these five key stakeholder groups using the following principles:

CUSTOMERS

Ensure customer satisfaction with our products and our long-term sustainability strategy by inviting open feedback.

SUPPLIERS

Maintain close interaction to deliver high-performance, sustainable products.

ASSOCIATES

Establish regular engagement on performance, policies and issues relating to meeting personal and business needs.

NEIGHBORS

Invite open discussions regarding safety with those who live around Milliken manufacturing sites.

EXTERNAL ORGANIZATIONS

Collaborate within and outside of our industry to further our understanding of issues affecting the sustainability of our business.

Indirect stakeholder feedback was supported through Milliken's involvement in various organizations and associations, which are listed on page 46. These annual industry-wide involvements help us identify, map, prioritize and engage with a variety of local, national and international stakeholders on integral topics related to our operations.



Color Field, manufactured with zero process waste sent to landfill, at the University of Wisconsin-Madison, 333 Building. Photography by Tricia Shay.

STAKEHOLDER EXPECTATIONS

In years past, our stakeholders defined five sustainability focus areas for Milliken to report on, prioritizing what Milliken should address. These priorities included:

- Resource Consumption
- Chemical and Human Health Impacts
- Recycled Content and Recyclability
- Supply Chain Impacts of Products
- Being an Employer of Choice

While engaging stakeholders for our third annual sustainability report, it was recommended that these five topics merge into two key areas: ethics and transparency. One stakeholder shared, "If you are acting ethically—and being transparent about what your ethical behavior looks like—what more can we ask?"

For this report, we are centering on how Milliken believes ethics and transparency intersect and influence each other, as well as the results when they work together.

ACTING ETHICALLY

- Using resources responsibly
- Taking action to reduce our environmental impact
- Conducting global business reputably
- Being an employer of choice
- Creating products with the environment in mind
- Designing flooring solutions with human health in mind
- Working to resolve conflicts between environmentally preferable products with questionable human health impacts and vice versa
- Partnering with suppliers who adhere to and behave with similar ethical behavior

BEING TRANSPARENT

- Publicly reporting resource consumption
- Communicating Milliken's role in protecting the environment
- Sharing our employment practices and metrics related to being an employer of choice
- Verifying the environmental performance of our products
- Providing the human health performance of our products
- Demanding transparency in our supply chain through traceability, transparency and accountability
- Maintaining open lines of communication for feedback

Acting ethically and being transparent begins with a corporate culture rewarding behavior that goes beyond business as usual. Milliken's values and policies, centered on environmental stewardship, quality, safety, chemical use, and employee and supplier codes of conduct, demonstrate how ethics and transparency are deeply integrated into our corporate culture and imperative to our success as a values-based business.

*"We do not simply follow the letter of the law;
WE FOLLOW AND EXCEED the spirit of the law."*

OUR VALUES

How Milliken achieves success is as important as the success we achieve. We believe ethical behavior is the right thing to do as an organization and as a community. As a long-held, core value of our company and of our shareholders, it is the foundation of our lasting business success.

Honesty, integrity and ethical behavior are the personal responsibility of every Milliken associate. We must conduct ourselves in accordance with the highest business standards, provide safe environments for our associates and manufacture with sustainable practices.

The Milliken & Company Code of Conduct is our guide to ethical business behavior. It cannot address every situation or circumstance, but it can be summarized in one simple idea: "Do what is right."

Milliken & Company **ENVIRONMENTAL STATEMENT**

Designing innovative products and solutions for our customers is of the utmost importance. Through meaningful design, deep science and unique insights, we advance product development to the next level while supporting Milliken's efforts to increase sustainable results and minimize environmental impact of all products.

Milliken's holistic approach to innovation encompasses all stages of the life cycle - from material sourcing and manufacturing practices to end-of-life management. Our commitment to transparency, health, safety, quality and sustainability allows us to put our customers, associates and communities first.

Milliken & Company **ENVIRONMENTAL POLICY**

Milliken & Company is committed to operating our plants and facilities in complete compliance with all applicable environmental regulations and to operate in a manner that protects the quality of our environment and the health and safety of our associates and the public.

We are committed to strive for a goal of zero waste generation to all media—land, air, water—to be achieved by continual improvement in all of our operations. This goal will guide the conduct of our manufacturing operations, the development of new products and our interaction with our suppliers and customers. Recycling of materials is an integral part of this ongoing effort.

We are committed to encouraging our families, our associates and our communities, through education and leadership, to conserve our natural resources and protect the environment in our daily lives.

We reaffirm our commitment to work with local, state and federal authorities to develop effective environmental solutions that meet tests of practicality and feasibility.



Lapidus, 2016 Best of NeoCon winner for Carpet: Modular, seen with Freelay Heritage Wood LVT.

Milliken & Company **QUALITY POLICY**

Milliken & Company is dedicated to the continuous improvement of all products and services through the total involvement of all associates.

All associates are committed to the development and strengthening of partnerships with our external and internal customers and suppliers.

We will continually strive to provide innovative and better quality products and services to enhance our customer's continued long-term profitable growth by understanding and exceeding their requirements and anticipating their future expectations.

Milliken & Company **SAFETY POLICY**

The safety and health of all its people is of primary importance to Milliken & Company.

Milliken will devote resources to train our people to perform their jobs safely, to ensure equipment can be operated in a safe manner, to eliminate workplace hazards, and to comply with applicable safety and health laws and regulations.

Milliken believes that all injuries are preventable, all health risks are controllable and management is accountable.

Milliken & Company **CHEMICAL POLICY**

Milliken & Company is committed to operating in a manner that protects the quality of our environment and the health and safety of our entire value chain, including suppliers, associates, customers and the public. We seek to offer customers and organizations of all sizes products that are inherently safer for human and environmental health throughout their life cycle.

We are committed to a goal of zero human health impacts to anyone who comes into contact with any aspect of Milliken & Company's operations and products. This is to be achieved through a continual improvement process that includes the evaluation of all existing, new and proposed products and processes.

Furthermore, we are committed to being a leader in safer chemistries and in the development of products that do more good than harm. We are committed to considering our families, our associates and our communities as we design and develop new products, and we must consider the environment and human health in those decisions. Specifically, we adhere to the following principles:

1. Fully Understand Product Chemistry Risks and Hazards, and Embrace the Appropriate Disclose of Product Chemistry. We will identify the substances associated with and used in our products across their life cycle, and we will increase the transparency of the chemical constituents of our products, including public disclosure of chemicals of high concern and third-party certification(s).

2. Intentionally Assess and Avoid Hazards. We will do this through the following actions:

1) We will determine the hazard characteristics of chemical constituents and formulations in our products using publicly available third-party methodologies.

2) We will strive to use chemicals identified as having inherently low hazard potential.

3) We will prioritize chemicals of high concern for elimination and minimize exposure and risk when hazards cannot be prevented.

4) We will allocate resources towards the redesign of products and processes in an effort to eliminate the use and generation of hazardous chemicals.

3. Commit to Continuous Improvement. We will establish operational governance structures, policies and practices to create a framework for the regular evaluation of product and process chemistry and work to redesign products with inherently lower hazard potential.

4. Support Public Policies and Industry Standards. We will support the advancement of policies and standards that are aligned with the principles above, that support the development of comprehensive, accurate and public hazard data and that take action to eliminate or reduce known hazards and promote a green chemistry research and education.

The above four principles shall be managed and acted upon within our ISO 14001 structure and audited accordingly for ongoing compliance.

This policy shall include all floor covering products, all manufacturing operations that produce floor covering products, all suppliers that produce and/or sell goods used in the manufacturing of floor covering products and all packaging used in the internal and external distribution of floor covering products.

Milliken & Company **ASSOCIATE CODE OF CONDUCT**

The Milliken Code of Conduct is reviewed by 100% of our associates. It has been translated into the languages of every country in which we do business and is evaluated annually by Milliken's internal Committee on Compliance and Ethics and the Milliken & Company Board of Directors.

In addition to top-down oversight, associates within the floor covering division serve as compliance and ethics points of contact for the entire Milliken family of companies.

The Milliken Code of Conduct includes policies on how associates should approach:

- Conflicts of interest
- Information security
- Policy management
- Gifts and entertainment
- Anti-corruption / bribery
- Environmental protection
- Antitrust / competition
- Workplace harassment
- Equal employment opportunity / diversity / discrimination
- Fair employment / fair labor standards
- Company asset protection
- Social media
- Financial integrity and fraud
- Data privacy
- Misconduct investigations
- Procurement integrity / interacting with suppliers / supply
- Chain oversight
- Intellectual property
- Workplace health and safety
- Non-retaliation

Milliken believes acting ethically is **USING RESOURCES RESPONSIBLY**

Milliken believes behaving ethically encompasses responsibly using resources, such as energy, waste and water. In 1990, Roger Milliken authored our first environmental policy, which directs us “to strive for a goal of zero waste generation to all media—land, air, water—to be achieved by continual improvement in all of our operations.” This goal still guides the conduct of Milliken manufacturing operations, the development of new Milliken products and our interaction with our suppliers and customers.

For six years, Milliken has been diligently working to reduce our operational footprint with four lofty goals: achieving a 20% reduction in carbon emissions, energy use, water consumption and waste generation by 2020, as compared to our 2010 baseline.

Since 2010, we have achieved reductions of 9% to 49% in respective categories; however, we recognize these reductions are not as telling as we like, especially in an exciting period of company growth.

For example, in 2016, we saw a more than 15% increase in our production, and therefore, our Scope 1 Emissions increased by 8.89% and Scope 2 emissions increased by 11.17%. Emissions grew less than production; however, our current emissions tracking method identified this as a negative rather than a positive.

For 2017, Milliken is committing to the following:

Encouraging continual improvement by discontinuing our carbon negative certification from the Leonardo Academy. By doing so, we are establishing a mindset that there is always more we can do to reduce our carbon footprint.

Shifting from absolute greenhouse gas (GHG) emissions targets to science-based targets. Through science-based targets, we will have a newly defined pathway for future-proof emissions reductions. We are currently defining these targets through 2017 and will announce updated goals upon completion.

Developing better KPIs on emissions per unit of production to connect positive business performance to positive sustainability performance.

As we strive to ethically manage our consumption of resources, we also want to improve the quality of the information available for Milliken to make informed decisions on how we impact the environment. Therefore, we will be refining our sustainability dashboard to offer normalized and absolute targets reflecting an appropriate science-based goals methodology. We are not abandoning our goal of 20% reduction by 2020; rather, we are expanding the parameters of that goal for more impact.

Milliken believes behaving ethically encompasses responsibly using resources, such as energy, waste and water.



Milliken believes acting ethically is
TAKING ACTION TO REDUCE ENVIRONMENTAL IMPACT

As a global flooring manufacturer, we are actively engaged in reducing our environmental impact. Milliken executives routinely interact with the states of Georgia and South Carolina regarding environmentally responsible manufacturing practices, because we firmly believe that Milliken can grow our business while decreasing our environmental footprint. In fact, Milliken emphasizes that many practices to help protect our environment are also good for business, such as making operations more efficient.

Milliken also played a role at the annual Global Green Pre-Oscar Party in Los Angeles in February 2016. The event raised funds for critical environmental initiatives and created global awareness for solutions to climate change. Leading by example, Global Green showcased green lifestyles by featuring everything from a sustainable green carpet and an all-organic menu, to making the event zero-waste and having celebrities arrive in eco-friendly vehicles. All of these efforts appropriately dubbed this party as the green event of Oscar week.

At the center of it all was the launch of the green carpet, manufactured by Milliken using Aquafil's sustainable ECONYL® nylon yarn, which greeted celebrity guests as they arrived. Made completely from various nylon waste materials—such as abandoned fishing nets—ECONYL® yarns breathe new life into old products that would otherwise pollute the world's oceans and landfills. The PVC-free green carpet represented just one of the sustainable solutions at this event.

As the U.S. affiliate of Green Cross International, Global Green's signature programs include greening affordable housing, schools, neighborhoods and cities, as well as rebuilding communities that have suffered from the impacts of climate change, sea level rise and environmental degradation.

Milliken believes acting ethically is
CONDUCTING GLOBAL BUSINESS REPUTABLY

Every day our associates make millions of decisions, each one hinging on a shared set of values that has been ingrained into their decision-making framework. This collective system of decisions positively or negatively impacts our ability to act ethically and conduct a socially and environmentally responsible business in a global economy.

Many companies make claims about ethical behavior, but Milliken's approach to values-based business has been consistently recognized and honored. In 2016, Milliken celebrated its 10th consecutive year of being named to Ethisphere® Institute's list of the World's Most Ethical Companies®. This designation recognizes organizations around the world that have a material impact on the way business is conducted by fostering a culture of ethics and transparency at every level of the company. Designation is based on scores generated in five key categories: ethics and compliance program (35%), corporate citizenship and responsibility (20%), culture of ethics (20%), governance (15%), and leadership, innovation and reputation (10%).

Milliken makes a conscious effort to instill strong ethical values throughout its daily business practices. The World's Most Ethical Company designation has even prompted our associates to start using the question, "What would the World's Most Ethical Company do in this situation?" as a decision-making framework.

To reinforce this culture of ethical behavior, we maintain an Ethics Help Line for associates to call anonymously. If at any time an associate believes our company's values of honesty, integrity, ethical behavior or compliance with the law may be at risk, the associate can anonymously report their concerns through direct access.



ETHICS HELP LINE DIALING INSTRUCTIONS

CALLING FROM	PHONE NUMBER
United States	1-866-327-8419
Australia	1-800-316-385
China	400-600-2617
France (Telecom)	0-800-99-0011 + 866-327-8419
France (Telecom Development)	0-805-70-1288 + 866-327-8419
India	000-117 + 866-327-8419
Mexico	001-844-367-1592
United Kingdom	0-500-89-001 + 866-327-8419

Accessing the Ethics Help Line from any other country is a two-step process:
 1. Dial the country-specific direct access code. A list of access codes for each country can be found at the following site: <https://www.business.att.com/bt/access.jsp>.
 2. After dialing the direct access code, you should hear a prompt. You should then dial 866-327-8419.

Milliken believes acting ethically is **BEING AN EMPLOYER OF CHOICE**

Ethical behavior begins with our associates, which is why we hire exceptional people and invest in their growth. Milliken has a culture of oneness, trust and continuous learning, enabling our associates to grow their personal capabilities and reach their full potential. One of our greatest strengths is the diversity of our associates' talents and ideas. We seek innovators to lead in our quest for discovery, scientists and engineers to lead in our quest for continuous improvement, and strategic thinkers to lead in our quest for future growth.

While no day is the same at Milliken, every day is spent with a purpose and passion for making the world a better place, in ways both big and small. It is a way of being that combines deep science, meaningful design and unique insights to open our minds to the possibilities all around us; to consider challenges with fresh approaches and vigor. It is the way we solve problems and what makes our company unique.

Milliken & Company is an equal opportunity employer. All qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age, status as a protected veteran or status as a qualified individual with a disability.

Milliken believes acting ethically is **CREATING PRODUCTS WITH THE ENVIRONMENT IN MIND**

At Milliken, we deeply understand we only have one planet Earth, which is why we aim to do everything possible to consider it when we manufacture products, when our customers use our products, and when our products reach the end of their useful life.

We are constantly seeking more information about the environmental impacts of the raw materials we select, looking to better understand the impacts of our products in their installation and use, and to design and redesign its recyclability.

For Milliken, acting ethically means employing a holistic perspective: assessing the entire life of our products when evaluating environmental responsibility, and using Life Cycle Assessments and Environmental Product Declarations to measure and communicate their performance.

Simply by recommending the appropriate flooring and installation requirements, we can
PREVENT 75% TO 95% OF FUTURE ENVIRONMENTAL IMPACT – *reducing waste and the need to replace floor covering with new products.*

Life Cycle Assessments (LCA)

LCAs allow us to evaluate the environmental impacts of Milliken flooring from raw material sourcing through the end of their usable life. LCAs measure the carbon impact of our products, total embodied energy, and contribution to smog, acidification and eutrophication to help identify areas where we can fine tune green attributes. At the time this report was published, we have conducted LCAs for 100% of the commercial flooring solutions we produce globally and are in the process of completing LCAs for all new products, including those for residential interiors.

Our LCA strategy includes evaluating any new products or any major changes to existing products, and reviewing current collections every three to five years. Our goal is to maintain completed LCAs on 100% of our products by the end of 2017—and 90% of them are already complete.

Environmental Product Declarations (EPD®)

EPDs communicate the results of our LCAs in a 12-15 page summary. EPDs act as a nutrition label of sorts, to highlight the stages across our products' value chains that have the largest environmental impact. Milliken has 29 EPDs available, which cover all standard Milliken modular carpet collections in the Americas, EMEA and Asia Pacific. We are committed to providing EPDs for 100% of Milliken flooring solutions by 2020.

To manage the life cycle impacts of constructing and producing Milliken floor covering, we utilize our Design for the Environment (DfE) framework, which ensures responsible material selection and production processes.

We use LCAs to determine both positive and negative outcomes of using new products and ingredients. Our LCA data shows us that between 75% and 95% of our products' environmental impacts result from the sourcing and manufacturing of raw materials. When

possible, we develop relationships with suppliers providing locally sourced raw materials or materials with positive environmental attributes, such as bio-based ingredients or those containing high percentages of recycled content.

Milliken's DfE framework also guides product design and application evaluation. We have found the single most environmentally impactful action we can take is to correctly specify flooring solutions for their ideal application. Simply by recommending the appropriate flooring and installation requirements, we can prevent 75% to 95% of future environmental impact – reducing waste and the need to replace floor covering with new products. In addition, we can provide innovative solutions to mitigate or resolve past product issues from other manufacturers—flooring failure from subfloor moisture issues as a primary example.

One significant way we promote the proper product for the correct application is by keenly focusing on the carpet backing.

The type of carpet backing, rather than fiber type or face weight, is the chief factor in creating carpet that performs with longevity and durability.

Milliken cushion-backed carpet is designed for a longer usable life, meaning there will be fewer needs to replace it over the long term.

Further, our cushion-backed products are among the industry's best to manage subfloor moisture, which is a common challenge in installing modular carpet.

Moisture management issues in interior environments can become very messy, costly and extremely difficult to repair. In most cases, our modular carpet with cushion backing uniquely safeguards environments and reduces the potential for mold and mildew issues, which could otherwise require total replacement.



A custom Milliken floor covering grounds the Wellington International Airport in New Zealand.

Milliken believes acting ethically is
**DESIGNING FLOORING SOLUTIONS
WITH HUMAN HEALTH IN MIND**

We are committed to understanding 100% of the chemical ingredients used in the materials we select for Milliken flooring solutions. We go above and beyond federal and state regulations to collect chemical and ingredient information from our suppliers. We have procedures in place to ensure that collecting ingredient information takes place before we ever purchase materials for production.

Using the GreenScreen® for Safer Chemicals methodology, the Healthy Building Networks Red List, the California Proposition 65 List and the Green Science Policy Institutes Six Classes, we screen and assess the chemicals used in potential materials. If we identify any issues during this assessment process, we either search for safer chemicals or further explore risks from exposure. Regardless of the outcome, Milliken is committed to being transparent about the chemicals and ingredients used in our products, while also working to promote and advance material science with new levels of safe products.

Milliken’s concern for human health impacts extends beyond the end users of our products.

We place equal emphasis on the human health impacts of our associates and the communities in which we operate, our suppliers’ associates, the truck drivers who transport our raw materials, the communities where our raw materials travel, and those who are exposed to our products at the end of their useful life. We evaluate the whole life of flooring when we assess our product’s human health performance and use the following tools to communicate the results.

HEALTH PRODUCT DECLARATION®

Health Product Declaration® (HPD) denotes the potential human health risks and hazards of products produced by Milliken. HPDs disclose product components and include environmental and human toxicity components to signal health-related product implications.

DECLARESM

DeclareSM is a voluntary labeling program and database operated by the International Living Future InstituteSM. Declare transparency labels are offered for 14 commercial modular carpet collections in the Americas and EMEA, and all cushion-backed collections in China. Milliken modular carpet collections comply with the Red List imperative of the Living Building Challenge. Notably, Milliken was the first carpet manufacturer to offer Declare labels in China.

DESIGN FOR HUMAN HEALTH (DFHH)

To manage the impacts of our materials on human health, we evaluate all new and existing supplier materials to understand their human health impacts before purchasing. We do so using our Design for Human Health strategy, developed through WAP Sustainability’s Value Chain Chemical Management System (VCCM®).

Our partnership with WAP Sustainability helps us manage the information needed to consider regulatory and voluntary market restricted and cautionary substance lists. This defined business process is a core component of Milliken’s new material approval process. Nothing goes into production without evaluation and approval. Further, this process has been third-party verified by GreenCircle Certified, signifying Milliken’s operational control of its chemical and ingredient evaluation process.

Another example where we seek positive health and wellness attributes is to consider our products’ correct applications and uses.

In heavy traffic areas or areas where standing occurs, we recommend modular carpet with PVC-free cushion backing, which absorbs shock from thousands of footsteps each day. In workplaces providing sit-to-stand desks, the cushion backing helps reduce muscle fatigue as much as 24%. The addition of cushion backing also allows Milliken modular carpet to retain surface appearance up to 40% longer than non-cushioned carpet tiles. This performance is equivalent to a rating of ‘severe’ against the most rigorous test (TARR) in the industry.

Milliken’s cushion-backed modular carpet also absorbs up to 50% more noise than hard-backed carpets and up to 12 times more than hard surface and rubber flooring, creating quieter indoor acoustics deemed imperative for today’s open-concept workplaces.

Finally, as mentioned in our DfE examples, our cushion backing enables subfloor moisture vapor to be wicked away rather than trapped. This can improve indoor air quality by reducing damp conditions that attract mold and mildew.



Milliken believes acting ethically is
**WORKING TO RESOLVE CONFLICTS
BETWEEN ENVIRONMENTALLY PREFERABLE
PRODUCTS WITH QUESTIONABLE HUMAN
HEALTH IMPACTS—AND VICE VERSA**

Naturally Drawn, made with Aquafil
ECONYL® regenerated nylon yarn,
featured at NNDKP, Bucharest, Romania.

Like many manufacturers addressing sustainability, we struggle with what to do when a slightly healthier product has a much larger environmental burden, and vice versa.

A product's sustainability, as well as health and wellness attributes, are broad and complicated topics. Though the talking points may be simple, the reality is far from black and white. To have an honest conversation about how green or how healthy any given product or company is, we have to account for the fact that competing, and sometimes contradictory, factors are inherent to any holistic environmental or health and wellness strategy.

One example of this conflict can be seen in Milliken's commitment to eliminate Red List Chemicals within our flooring products where possible, such as polyvinyl chloride (PVC) in broadloom and modular carpet. Currently Red-Listed, PVC is used to manufacture select Milliken products, including entry matting and luxury vinyl tile. PVC has long been debated in the carpet industry, and while PVC does have a low carbon intensity compared to similar products, it is difficult to control 100% of the product at the end of its life. Therefore, we use virgin PVC in our performance-driven luxury vinyl tile to ensure stable construction and consistent materials, and to keep the most visible supply chain.



At Milliken, we marry chemical evaluation with LCA, providing the information necessary to make the most ethical, responsible and informed environmental and health decisions.

Milliken believes acting ethically is **PARTNERING WITH SUPPLIERS WHO ADHERE TO & BEHAVE WITH SIMILAR ETHICAL BEHAVIOR**

Henry Ford envisioned an integrated vertical supply chain where he had total control and maintained complete ownership. That vision would make managing ethical behavior of an entire supply chain much easier, because all suppliers would operate under the same parent organization.

Ford's strategy is more difficult for Milliken, as we maintain relationships with more than 50 global suppliers. Since we do not control 100% of our supply chain, Milliken's Supplier Code of Conduct defines our ethical business expectations for suppliers, which they must review and sign before entering into a business arrangement with us.

Milliken expects our suppliers will operate in an environmentally responsible manner. At a minimum, suppliers should comply with all applicable environmental laws, regulations and standards, including requirements governing chemical and waste management and disposal, recycling, industrial wastewater treatment and discharge, air emissions controls, environmental permits and environmental reporting. Each supplier is also required to implement an environmental management system, which may include: goals to reduce environmental impact, measures and controls (including audits), reporting and training.

Milliken's Supplier Sustainability Program requires all suppliers and vendors to:

- Execute Milliken's Supplier Code of Conduct
- Provide Milliken a material safety data sheet (SDS) for every material
- Provide chemical and ingredient information to 100 parts per million (ppm)
- Provide packaging information with each specific product shipment
- Sign a written agreement assuring no forced or child labor is used
- Create a general plan for community involvement
- Commit to comply with all environmental and safety regulations
- Complete a signed and legally binding procurement policy

Applewood LVT reduces noise at Snohomish Library in Snohomish, WA, with the performance of resilient flooring. Photography by Jeff Beck.



We collaborate with our major suppliers to provide more accurate data for LCAs, so our environmental impact evaluations are, in turn, more accurate. By 2020, we aim to expand this throughout our supply chain to all Tier 1 suppliers, to achieve a value chain filled with high-quality LCAs. The result is streamlined data to enable informed decisions about our product ingredients, constructions, applications, installations and cleaning methods.

As Milliken works to promote transparency for our customers, we are also partnering with our suppliers to promote healthier materials and ingredients.

We implemented a program to provide suppliers feedback on the chemical and ingredient performance of products they provide to Milliken, and we have a mechanism to facilitate dialogues on product substitutes and replacements.

Making demands to our suppliers is a two-way street. Milliken is committed to treating our suppliers with the highest level of integrity and respect, and this commitment is reflected in our strong supplier relationships. Milliken acknowledges and respects the differences in culture and legal requirements throughout our global supply chain. In addition to demanding more than producing supplies and performing services in strict compliance with all applicable laws, we require supplies and services be produced or performed in an ethically, socially and environmentally responsible manner.



Glazed Glay, featuring Aquafil ECONYL® 100% regenerated nylon yarn, at Office Twelve, Leicester, U.K.

Milliken believes being transparent is **PUBLICLY REPORTING RESOURCE CONSUMPTION**

For Milliken, being transparent means being held accountable for our performance. While we have made great strides in reducing our consumption of resources like energy, waste, water and carbon, we have yet to achieve our stated goals. By being transparent with our performance to date, we hope to hold ourselves to a higher level of accountability.

Stewarding the natural resources we consume is a core value for Milliken & Company. The floor covering division has performed favorably in reducing resource consumption during periods of flat growth, but with increased production outputs, we are seeing progress towards our absolute reduction targets decline. We are not on track to meet our 2020 goals of 20% reduction in carbon emissions, energy and waste.

Milliken intends to do our part to protect the environment by using resources responsibly. To improve our performance, we have separated ourselves from our third-party carbon negative certification from the Leonardo Academy Cleaner and Greener® program. Instead, we shifted the conversation internally to one acknowledging we still have work to do. Further, new KPIs and goals normalized to production numbers, hours of operation and number of employees, and the introduction of science-based goals will help us continue to improve our responsible use of resources.

2016 MILLIKEN RESOURCE CONSUMPTION AND CARBON EMISSIONS

	SCOPE 1 EMISSIONS (MT CO2e)	SCOPE 2 EMISSIONS (MT CO2e)	ENERGY (MMBtu)	WATER (m3)	WASTE (tonnes)
Base Year 2010	31,032	56,379	952,258	1,811,782	8,330
2015	27,900	50,506	822,654	923,598	7,241
2016	30,381	56,150	890,389	876,946	7,101
Percent Reduction 2015	-9.02%	-10.42%	-13.61%	-49.02%	-13.08%
Percent Reduction 2016	-2.09%	-0.4%	-6.50%	-51.60%	-14.75%
Target Number	24,825	45,103	761,806	1,449,426	6,665
2015 Percent Left to Achieve Goal	10.98%	9.58%	6.39%	0%	6.92%
2016 Percent Left to Achieve Goal	17.91%	19.6%	13.5%	0%	6.54%
Percent Reduction by Year from 2015	2.20%	1.92%	1.28%	0%	1.38%
Percent Reduction by Year from 2016	4.48%	4.90%	3.38%	0%	1.64%

Milliken believes being transparent is **COMMUNICATING OUR ROLE IN PROTECTING THE ENVIRONMENT**

The Paris Agreement in 2015 saw 195 of the world's governments commit to addressing climate change by limiting global warming to well below 2 degrees Celsius. This signified the importance for businesses to play their part in the transition to a low-carbon economy. Milliken wants to demonstrate we have the innovation, expertise and intentions to play our part in the international efforts to limit global temperature rise.

We commit to transparently communicate our efforts to reduce our footprint while increasing our production—and we want to ensure our actions are aligned with current climate science by setting science-based targets.

Science-based targets play an integral part in our efforts to reduce resource consumption. Targets to reduce carbon emissions are considered science-based if they are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius, compared to pre-industrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5). Science-based targets help reinforce our desire to approach global carbon emissions responsibly and ethically.

The Paris Agreement also highlighted transparency as an important aspect of an organization's commitment to protecting the environment. Milliken will revisit its science-based targets every five years to refine our goals within the parameters of science, to report publicly on how well we are achieving our targets, and to track progress towards achieving our long-term goal through sustainability reporting. By 2018, we will revise our 2020 goals to be science-based goals, and will communicate these goals as a sign of our commitment to the Science Based Targets initiative.

Unearthed, Bedrock 2, manufactured using up to 43% renewable energy through hydroelectric credits and capturing methane gas from the LaGrange, GA landfill.



We commit to transparently communicate our efforts to reduce our footprint while increasing our production.

Milliken believes being transparent is SHARING EMPLOYMENT PRACTICES & METRICS RELATED TO BEING AN EMPLOYER OF CHOICE

At Milliken, we aspire to be a company for which people want to work. We recognize associates ultimately choose their employer, and we want to be every associate's first choice. We encourage our global community of innovators to redefine the status quo by pushing the limits of innovation, even if it means failing. It is that bold, unafraid spirit that moves innovation forward.

The floor covering division employs 1,645 associates around the world, and 16% of those associates (257) joined our team in 2016. Milliken celebrated the return of 84% of our work force in 2016, signifying we are an employer of choice for those 1,381 associates.

A key performance indicator for being an employer of choice is if our associates chose to return to work after taking parental leave. In 2016, we had 16 females and three males take parental leave. All 19 associates returned to work.

Gender equality is another important indicator regarding employer of choice, and Milliken creates equal opportunities for all regardless of gender, race or sex. Of our 1,645 total associates, 62% are male and 38% are

female. While the majority of Milliken associates are male, women occupy more than 39% of our management roles, with four out of every 10 management roles led by women. Of the 257 new hires in 2016, 61% were male and 39% were female.



Milliken showroom in Chicago, IL, USA, certified LEED® Gold.

In 2016, 1,645 associates participated in the Personal Responsibility: Code of Conduct ACE compliance training, representing 1,645 training hours. This means 100% of our 2016 employees were trained on how Milliken associates should approach:

- | | | |
|---------------------------|---|---|
| Conflicts of interest | Workplace harassment | Data privacy |
| Information security | Diversity / equal employment opportunity / discrimination | Misconduct investigations |
| Policy management | Fair employment / fair labor standards | Procurement integrity / dealing with suppliers / supply chain oversight |
| Gifts and entertainment | Company asset protection | Intellectual property |
| Anti-corruption / bribery | Social media | Workplace health and safety |
| Environmental protection | Financial integrity and fraud | Non-retaliation |
| Antitrust / competition | | |



Milliken is committed to being a fair and equitable employer.

We provide excellent benefits, including health, dental and vision coverage. We offer group life insurance, temporary disability insurance for injuries or sickness, long-term disability insurance and death benefits, which cover certain causes of death. To help provide a stable financial situation for associates later in their lives, we also offer employer-provided retirement plans, defined benefit pension plans and defined contribution pension plans.

Promoting fair business practices is important to Milliken, as our associates are free to organize and associate; however, only 22 associates are covered by collective bargaining agreements. Milliken obtained those 22 associates through its acquisition of Ontera Modular Carpets Pty Ltd in Australia.

Milliken also encompasses associate actions when defining elements of employer or choice, ensuring colleagues conduct themselves in accordance with Milliken's shared values. Every year, 100% of our associates review the Milliken Code of Conduct. It is translated into the languages of every country in which we do business, and it is reviewed annually by Milliken's Internal Committee on Compliance and Ethics and the Milliken & Company Board of Directors.

As a direct result of this annual training, Milliken is pleased to report that in 2016, we saw no incidences of discrimination and no grievances related to human rights.

Part of holding ourselves to the highest ethical employment standards is caring deeply about the health and well-being of those who manufacture Milliken products.

Our emphasis on safety has positioned Milliken as one of the nation's top three United States companies for the number of sites receiving the coveted OSHA Voluntary Protection Program (VPP) STAR Certification. Our truck fleet, owned by Milliken & Company, is repeatedly recognized for its safety record by organizations such as the National Safety Council and the National Private Truck Council. Moreover, we have one of the lowest total incidence and injury rates of North American manufacturers.

In 2016, Milliken experienced a year-to-date incidence rate of 0.88*. All incidents were recorded and investigated to understand the root cause and reduce future risk. Incidents range in severity, though there were no operational fatalities during 2016. In fact, Milliken has never had a fatality in our global floor covering division since it started in 1973.

Recordable incidence rate per 200,000 work hours by manufacturing operation:

GLOBAL MANUFACTURING AND WAREHOUSE LOCATIONS

Live Oak	0.00
Alma	3.07
DMS/KexII	0.00
Dalton	0.00
Middleton	1.44
Beech Hill	2.18
Zhangjiagang	0.45
Ontera	1.22
TOTAL	0.88



Milliken believes being transparent is
VERIFYING THE ENVIRONMENTAL PERFORMANCE OF OUR PRODUCTS

Milliken shares the environmental impacts of its products using Life Cycle Assessments (LCAs) and Environmental Product Declarations (EPDs). These standardized processes allow Milliken to calculate and communicate the environmental impacts for each product across seven life cycle impact categories.

Beyond LCAs and EPDs, we want to be transparent about the primary materials in our flooring solutions, and where those materials come from. The following table highlights the amount of materials by weight (between 90-95%) of our commercial carpet products made in the U.S. and China, and the raw material extraction location by country. EMEA raw material extraction information is available by request.

MILLIKEN CARPET RAW MATERIALS BY WEIGHT & COUNTRY OF EXTRACTION

CARPET LAYER	RAW MATERIALS	WEIGHT	RAW MATERIAL EXTRACTION LOCATION*
Tufted Face Fiber	Nylon 6 or nylon 6,6	20-30%	United States (Gulf of Mexico, Texas), China, Thailand, India, Canada
Primary Backing	Polypropylene or polyethylene terephthalate (PET), nylon 6 and recycled PET	4-6%	United States (North Dakota), Canada
Primary Coating	Combination of calcium carbonate and polymer adhesives	10-14%	United States (Alabama)
Secondary Backing	Polypropylene-based thermoplastic layer with rheology modifiers that vary by region	35-45%	United States (Gulf of Mexico, Texas), Canada
Fiberglass Layer	Fiberglass	1-5%	United States (Gulf of Mexico, Texas)

*Americas and Asia Pacific products only

MILLIKEN LVT RAW MATERIALS BY WEIGHT & COUNTRY OF EXTRACTION

CARPET LAYER	RAW MATERIALS	WEIGHT	RAW MATERIAL EXTRACTION LOCATION*
Adámas™ Polyurethane Coating	Polyurethane Acrylate	1%	China
Transparent Wear Layer	Soybean Oil, Calcium Stearate, Zinc Stearate	2%	China
Printed Layer	Carbon Black	< 1%	China
Core Layer	PVC	34%	China
Backing Layer	Calcium Carbonate	55%	China
Non-Skid Backing	DOTP	4%	China

*Americas and Asia Pacific products only

MILLIKEN FLOORING SOLUTIONS CONTAIN A RANGE OF POST- AND PRE-CONSUMER RECYCLED MATERIALS

The table below details product lines containing recycled content, and the percentages of post-industrial and post-consumer materials used within the products.

RECYCLED CONTENT IN MILLIKEN MODULAR FLOORING

BACKING	BACKING TYPE	POST-INDUSTRIAL RECYCLED CONTENT	POST- CONSUMER RECYCLED CONTENT
ES/ESP Comfort Plus®	Polyurethane cushion backing	10-46.5%	0-13%
ES/ESP Underscore®	Polyurethane cushion backing	10-46.5%	0-13%
Comfort Plus® / Comfort Lite*	Polyurethane cushion backing	10-18%	0-13%
Function Plus™*	Polymer modified bitumen hard back	0-5%	0-1%
B2®*	Thermoplastic	0%	0%
Luxury Vinyl Tile	Vinyl core and backing layers	0%	0%

*Not available in all regions

MILLIKEN CONSIDERS THE ENVIRONMENTAL IMPACTS OUR PRODUCTION PROCESSES AND RAW MATERIAL EXTRACTION LOCATIONS HAVE ON BIODIVERSITY

As a family of companies, we are committed to ecologically responsible land management and to reducing the long-term impacts of our activities.

Within our LCA process, we measure the ecological impacts of our products through eutrophication, acidification, and contribution to smog and ozone depletion. We recognize the ecological impacts of these categories, and we are working to reduce these categories as part of our LCA and product optimization strategy. We review these impact categories every five years, as well as when we evaluate new products, materials, ingredients or manufacturing processes.

BACKING	EUTROPHICATION POTENTIAL (kg (PO4)3-Eq.)	ACIDIFICATION POTENTIAL (kg (SO2-Eq.))	SMOG FORMATION POTENTIAL (kg (Ethen Eq.))	OZONE DEPLETION POTENTIAL (kg (CFC11-Eq.))
ES/ESP Comfort Plus® SDN 6,6 (ES Version)	4.6E-03 to 8.10E-03	3.1E-02 to 4.89E-02	4.9E-03 to 7.72E-03	1.3E-08 to 1.41E-08
ES/ESP Underscore® SDN 6,6 (ES Version)	4.3E-03 to 7.78E-03	2.9E-02 to 4.63E-02	4.5E-03 to 7.33E-03	1.30E-08 to 1.39E-08
Comfort Plus2®** SDN 6,6, 900-1000 gsm version	5.7E-3	3.69E-2	6.23E-3	4.72E-8
Function Plus™*	No Data	No Data	No Data	No Data
B2®* Digital Dye 6,6 Version	5.94E-03	4.50E-02	4.04E-03	2.65E-08
TractionBack®*	No Data	No Data	No Data	No Data
Luxury Vinyl Tile	8.52E-03	1.25E-01	6.17E-03	1.63E-07

* As described by A1-A3 in Milliken's Environmental Product Declarations ** Not available in all regions

As a family of companies, **WE ARE COMMITTED TO ECOLOGICALLY RESPONSIBLE LAND MANAGEMENT AND TO REDUCING THE LONG-TERM IMPACTS** of our activities.

EUTROPHICATION

The Environmental Protection Agency defines eutrophication as the “enrichment of an aquatic ecosystem with nutrients (nitrates, phosphates) that accelerate biological productivity (growth of algae and weeds) and an undesirable accumulation of algal biomass.”

In short, it is the scientific term for the environmentally detrimental effects of fertilizer runoff, phosphate-rich detergents and sewage. Although eutrophication happens naturally, human activity can rapidly speed up the process. For example, agricultural activity applies natural and synthetic substances with high nitrate and phosphate content to land. Only a portion of these substances remain on the land on which they are applied. The portion that does not remain is often carried by rain to neighboring water bodies, where it accumulates and serves as a dense source of nutrients for algae, weeds and other plant life. This plant life grows at such a rapid rate that the aquatic animals and fish cannot feed on the plant life fast enough to keep its growth in check. The result is a water body low in oxygen with limited biodiversity.



Unearthed, Gypsum, manufactured using up to 43% renewable energy through hydroelectric credits and capturing methane gas from the LaGrange, GA landfill.

ACIDIFICATION

Relevant Generic Material Sourcing Declaration Categories for LEED: Biodiversity, Local Water Quality, Habitat

Acidification occurs predominantly through the increase of hydrogen ions (H+) in the environment, due to the direct release of acids (such as nitric acid or sulfuric acid), or by the addition of substances that chemically react to transform other air pollutants into acids. These acids are then deposited onto the soil or into water bodies causing severe

imbalances in the environment that can limit the biodiversity of plant and animal life. A few examples of negative biodiversity impacts of acidification include coral bleaching, death of acid-sensitive plants, and negative changes in the reproduction potential of organisms such as frogs, fish and salamanders.

SMOG FORMATION POTENTIAL

Relevant Generic Material Sourcing Declaration Categories for LEED: Biodiversity, Habitat

Many people who live in industrial regions are familiar with smog. Smog is created in the layer of the atmosphere that is closest to the ground, and it is produced when VOCs and nitrogen oxides react with sunlight. Significant sources of these VOCs and nitrogen oxides are coal-burning power plants and combustion engines.

Smog is also referred to as ground-level ozone. Although ozone high in the atmosphere serves to protect humans,

animal life and plant life from UV radiation, ozone near the ground has detrimental ecological effects on biodiversity. For instance, smog has been shown to reduce the photosynthetic rate of many important tree species. It has also been shown to increase plants' sensitivity to disease, severe weather and insect damage. By reducing the durability and growth rate of plants, smog serves to negatively change overall habitat quality and reduce the overall efficiency of ecological water and nutrient cycles.

OZONE DEPLETION

Relevant Generic Material Sourcing Declaration Categories for LEED: Biodiversity, Habitat

As previously discussed above, ozone near the ground is harmful to the environment; however, ozone at higher levels of the atmosphere is a good thing. This good ozone, sometimes referred to as “stratospheric ozone,” protects humans, animals and plants from extremely harmful solar radiation. Stratospheric ozone is depleted through the atmospheric release of many industrial chemicals.

Without a protective layer of ozone in the stratosphere, health issues such as skin cancer and cataracts in humans would increase significantly. From a biodiversity perspective, stratospheric ozone depletion shifts the solar UV balance plants and

animals have evolved with for millions of years. This causes the developmental and nutrient cycles of plants to change, ultimately slowing or impeding growth. Another major ecological change of ozone depletion occurs in the oceans. Changes in UV radiation from ozone depletion reduce the productivity of phytoplankton. Phytoplankton are small plant-like animals that serve as the food web foundation of ocean ecosystems. A strong phytoplankton base promotes biodiversity and thus, without a phytoplankton base, ocean ecosystems would begin to crash. A similar effect can happen in terrestrial aquatic systems and their adjacent land ecosystems.



Eero Freelay LVT, FloorScore® certified, meets strict indoor air requirements.

Milliken believes being transparent is

PROVIDING THE HUMAN HEALTH PERFORMANCE OF OUR PRODUCTS

REVOLUTIONIZING VALUE CHAIN TRANSPARENCY

Being transparent about 100% of the chemicals and ingredients in products requires a significant shift in managing supplier relationships.

Milliken began our journey to become more transparent with the chemicals and ingredients used in our floor covering solutions by establishing a formal process. This process started with knowing what we should be asking suppliers for, and it expanded to create procedures and work flows for supplier management going forward. This included:

1 Creating specific processes for how to collect information from new suppliers.

2 Understanding what to do when a supplier changes a formulation.

3 Determining the stage in research and development when we evaluate chemicals and ingredients in a new product.

In addition to managing the exchange of data, we also developed concrete procedures for how to provide transparent feedback on how supplier materials scored in material health.



GreenCircle Certified third-party verified the entire process, to ensure Milliken met the requirements of the USGBC LEED v4 MRc4 Option 3 Credit.

This credit rewards manufacturers who engage in validated safety, health, hazard and risk programs to document at least 99% (by weight) of the ingredients used to make the product; it also ensures processes are in place to communicate and transparently prioritize chemical ingredients along the supply chain according to available hazard, exposure and use.

TRANSPARENCY TOOLS

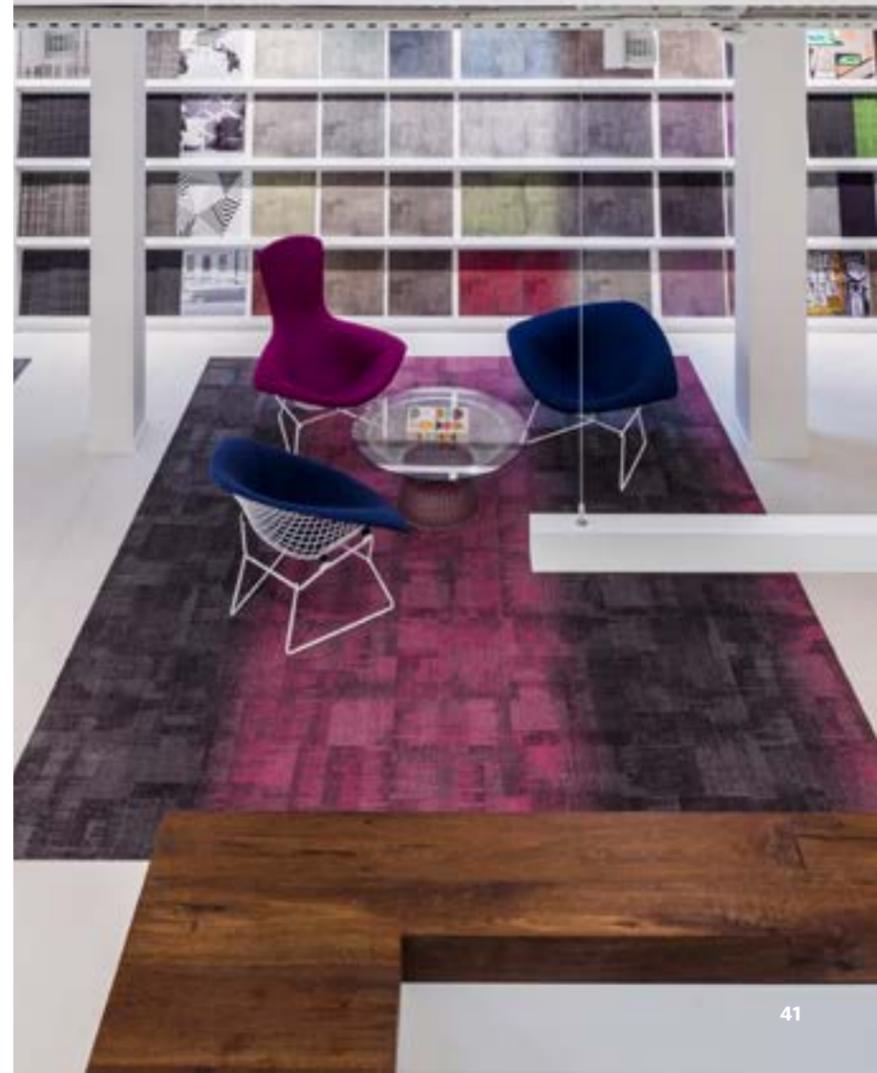
In addition to being the first floor covering company to obtain this new LEED v4 MRc4 Option 3 certification, Milliken promotes transparency using Health Product Declarations (HPDs), Declare labels and Google Portico. What we learned from the HPD, Portico and Declare processes is that completing accurate and reliable chemical transparency documents can be extremely difficult. Suppliers are often reluctant to share proprietary or intellectual property, which is imperative to create adequate material transparency tools. For this reason, we learned the process of full chemical transparency requires creative solutions, education and negotiation.

As of 2016, Milliken is still working towards completing supply chain data collection for 100% of our materials. This project will be completed in 2017 globally.

Driving the intent for collecting and screening 100% of our chemicals and ingredients is Milliken's goal to phase out any hazardous Red List chemicals used currently in our flooring products by 2020, at the latest. Currently, we have one identified Red-Listed ingredient, polyvinyl chloride (PVC), used in manufacturing select Milliken products, including entry solutions and luxury vinyl tile.



We are fully engaged and working diligently with every one of our suppliers to collect, screen and evaluate all chemicals and ingredients used in our products.



Milliken showroom in London, U.K. Design by M Moser Associates. Photography by Gareth Gardener.

Milliken believes being transparent is

DEMONSTRATING TRANSPARENCY IN OUR SUPPLY CHAIN THROUGH TRACEABILITY, TRANSPARENCY & ACCOUNTABILITY

As a part of Milliken's overarching efforts to prioritize reducing environmental impacts and promoting health and safety of our workers and customers, we approached our supply chain to better understand the chemistries of the products supplied to us. In these efforts, we reached out to all raw material suppliers within our U.S. flooring operation to understand the chemicals in their raw materials at 100 parts per million, unless otherwise specified.

Milliken believes being transparent is

MAINTAINING OPEN LINES OF COMMUNICATION FOR FEEDBACK

Milliken wants to foster an environment of openness and transparency, which is why we are asking for your feedback about this report, our goals and our intentions. We want to maintain open lines of communications at all times.

Please contact us via:
Email - millikencarpets@milliken.com

Or you may directly contact:
Philip Ivey, *Milliken Strategic Sustainability Leader*
Phone - 706.302.3245

Clerkenwell, using Aquafil ECONYL®
100% regenerated nylon yarn, featured at
Amidar, Tel Aviv, Israel.

As a part of our 2016 initiatives, we required our supply chain to provide us the following information regarding their own environmental, health and safety management systems:

ISO 14001/9001 Certification

- ISO 14001 certification confirms the supplier has a documented and verified EMS system in place.
- ISO 9001 certification confirms the supplier has a documented and verified quality system in place.

Material Health Impacts Policy

- Milliken now expects suppliers to have a material health impact policy. We also look for training, chemical knowledge and screening, and supplier data sheet (SDS) documentation.

Chemicals of High Concern Avoidance

- Milliken requests a policy or approval process for lists or tools our suppliers use to screen chemicals.

Chemical SDS Documentation

- As a part of the "right to know" legislation, Milliken asks suppliers if their company maintains a list of chemicals used in their facilities, along with the corresponding SDS documentation, and if this list is readily available to all associates.

Chemical Information Beyond Requirements

- Milliken is also asking our supply chain what chemical information they collect above legal requirements and what percentage of their supply chain complies with the collection requirement.



As our partnerships advance, we will continue to ask our supply chain to confirm they have the appropriate chemical, environmental, health and safety management processes in place, and we plan to further communicate with our suppliers currently using flagged hazard materials.

Our intent is to collaborate with the suppliers who report select products contain chemicals with associated hazards. We expect our suppliers to develop management systems and plans, which address chemical safety and health with specific targets and goals. These plans should include how the supplier intends to eliminate the use of hazardous ingredients, to minimize the use of hazardous ingredients when elimination is not possible, to transition to more effective control measures where hazardous ingredients remain, and to manage those remaining hazardous ingredients responsibly with a goal of zero exposure and discharge to humans and the environment.

2016 MILLIKEN AWARDS

PRODUCTS



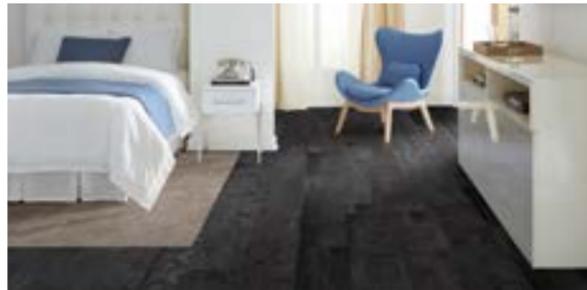
Contract's Best of NeoCon Gold winner for Carpet: Modular - Lapidus



IIDA/HD Product Design Competition winner for Resilient Flooring - Eero, Freelay



Metropolis' #MetropolisLikes at NeoCon winner - Lapidus



BUILDINGS' Product Innovations Awards Merit award for flooring - Freelay



Interior Design's Best of Year Awards finalist for Flooring: Carpet/Modular - Uearthed



Interior Design's HiP at NeoCon Awards finalist for Workplace: Hard Surface - Freelay

PROJECTS



2016 ASID Wisconsin Design Awards, Gold - Milwaukee Bucks Corporate Office by Eppstein Uhen Architects, which features Walk The Line in open and private offices

2016 Starnet Design Award, Gold Winner Education - The New Jersey City University School of Business, Jersey City, New Jersey for Flooring: Carpet/Modular - Uearthed

2016 Starnet Design Award, Grand Prize Winner & Gold Winner Corporate - IMM TI, Boulder, Colorado, by OZ Architecture Denver

MILLIKEN & COMPANY AWARDS



2016 World's Most Ethical Companies® by Ethisphere® Institute, 10th consecutive year



South Carolina Governor's School for Science and Mathematics 2016 Townes Award



R&D Magazine's R&D 100 Award, Westex ShieldCXP™



SC InnoVision Award for Technology Integration, Milliguard™ UVX200 HF

AWARDS SPONSORED BY MILLIKEN



Fifth Annual International Interior Design Association (IIDA) Educator of the Year Award



Second Annual Interior Designers of Canada (IDC) Design Research Award

MILLIKEN MEMBERSHIPS AROUND THE WORLD



THE AMERICAS

Carpet and Rug Institute (CRI™)
 Carpet America Recovery Effort (CARE)
 Health Product Declaration® (HPD) Collaborative
 International Living Future InstituteSM (ILFI)
 International Interior Design Association (IIDA)
 International Facility Management Association (IFMA™)
 Interior Designers of Canada (IDC)
 Joint Committee on NSF-140
 U.S. Green Building Council (USGBC)*

EMEA1

British Standards Institution (BSI)
 Carpet Recycling U.K. (CRUK)
 European Carpet & Rug Association (ECRA)
 Gemeinschaft umweltfreundlicher Teppichboden (GUT)*
 International Facility Management Association (IFMA™)
 Spain Green Building Council® (SpainGBC)
 U.K. Green Building Council (UKGBC)
 Union Francais Tapis et Moquette (UFTM)

ASIA PACIFIC

China Carpet Standardization Technical Committee
 Green Building Council of Australia (GBCA)
 New Zealand Green Building Council (NZGBC)

BUILDING A BETTER FUTURE AROUND THE GLOBE

Milliken Community Impact Campaign in the U.S.

Milliken's Corporate Impact Campaign took a new form in 2016, looking to broaden philanthropic endeavors in Spartanburg, South Carolina—our global headquarters. Milliken associates had the opportunity to designate their donation to the Strategic Community Impact Organizations of their choosing with missions that align with core Milliken & Company values: vibrant culture, health and safety, and quality education.

DesigningFutures@CDW in the U.K.

In 2016, Milliken hosted the launch of a new initiative called DesigningFutures@CDW, developed to address young people's issue of access to the design, interiors and construction sectors. DesigningFutures@CDW, which featured work experience and skills training, was championed by Jade-Ilike Creative Solutions and supported by Clerkenwell Design Week, Sketch Studios and Milliken.

STANDARD DISCLOSURES

Page	Standard Disclosures	Page	Standard Disclosures
2	1.1 Statement from the most senior decision-maker of the organization	8	3.5 Process for defining report content
11	1.2 Description of key impacts, risks and opportunities	7	3.6 Boundary of the report
6	2.1 Name of the organization	7	3.7 State any specific limitations on the scope or boundary of the report
6	2.2 Primary brands, products and/or services	47	3.12 Table identifying the location of the Standard Disclosures in the report
6	2.3 Operational structure of the organization, main divisions, operating companies, subsidiaries and joint ventures	7	3.13 Policy and current practice with regard to seeking external assurance for the report
6	2.4 Location of organization's headquarters	8	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body
6	2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	33	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided
6	2.6 Nature of ownership and legal form	12, 13, 14, 15	4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance, and the status of their implementation
6	2.7 Markets served, including geographic breakdown, sectors served and types of customers/beneficiaries	21	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses
7	2.8 Scale of the reporting organization	46	4.13 Memberships in associations and/or national/international advocacy organizations
None	2.9 Significant changes during the reporting period regarding size, structure or ownership	9	4.14 List of stakeholder groups engaged by the organization
45	2.10 Awards received in the reporting period	9	4.15 Basis for identification and selection of stakeholders with whom to engage
7	3.1 Reporting period for information provided	8	4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group
2016	3.2 Date of most recent previous report	10, 11	4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns
7	3.3 Reporting cycle		
7	3.4 Contact point for questions		

ENVIRONMENTAL

Page	Performance Indicators	Page	Performance Indicators
34, 35	EN1 Materials used by weight or volume	36	EN12 Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
35	EN2 Percentage of materials used that are recycled input materials	30	EN16 Total direct and indirect greenhouse gas emissions by weight
30	EN3 Direct energy consumption by primary energy source	30	EN22 Total weight of waste by type and disposal method
30	EN4 Indirect energy consumption by primary energy source	36	EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation
30	EN8 Total water withdrawal by source		

HUMAN RIGHTS

Page	Performance Indicators	Page	Performance Indicators
28	HR1 Percentage and total number of significant investment agreements and contacts that include clauses incorporating human rights concerns, or that have undergone human rights screening	32	HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights
28	HR2 Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	28	HR6 Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor
33	HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	28	HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor
33	HR4 Total number of incidents of discrimination and corrective actions taken	33	HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms

LABOR PRACTICES & DECENT WORK

Page	Performance Indicators	Page	Performance Indicators
32	LA1 Total workforce by employment type, employment contract, and region, broken down by gender	32	LA4 Percentage of employees covered by collective bargaining agreements
32	LA2 Total number and rate of new employee hires and employee hires and employee turnover by age group, gender, and region	33	LA7 Rates of injury, occupational disease, lost days, and absenteeism, and number of work related fatalities by region and by gender
32	LA15 Return to work and retention rates after parental leave, by gender		

PRODUCT RESPONSIBILITY

Page	Performance Indicators
23, 36	PR1 Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services subject to such procedures

SOCIETY

Page	Performance Indicators	Page	Performance Indicators
33	SO3 Percentage of employees trained in organization's anti-corruption policies and procedures	31	SO5 Public policy positions and participation in public policy development and lobbying
15	SO4 Actions taken in response in incidents of corruption		

Edition Three

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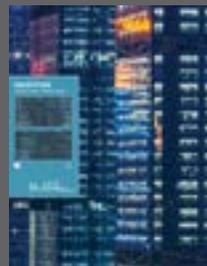
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