Every day, the impact that a single person can make in the world becomes more evident to me. Simply by limiting water use, waste, and energy consumption in daily life, one person can tremendously help protect the environment over his or her lifetime, and inspire others to do their part. The results are exponential - and incredibly meaningful.

We believe the same is true for a company - our company.

For 150 years, Milliken’s community of innovators has worked to make a positive impact on the world. We innovate with the purpose to ‘do good’ - to add value to daily lives, improve health and safety, and help make the world more sustainable.

Milliken has been a leader in environmental sustainability for more than a century. In fact, Milliken’s first recycling policy was established in 1900, and we began investing in renewable energy in 1912. By 1960, Milliken had formal policies in place to protect natural resources. Soon after entering the floor covering industry, we introduced the first PVC-free carpet tile in North America in 1986.

At Milliken, we hold our role as environmental and business stewards in the utmost regard. We continue to improve our operations on a daily basis, and through this dedication, we have made great progress toward achieving our goals to reduce our environmental footprint. Our products are also helping customers around the world achieve their goals - whether it is to reduce volatile organic compound emissions, create welcoming interiors that are easy on the environment, or design sustainable spaces that will perform under the rigors of heavy foot traffic within tight deadlines.

The journey to sustainability is constantly evolving, and we’re keeping score of our progress. Milliken has tracked wastewater and energy use since 1971 - but now we’re sharing our achievements with you. This report is the beginning of an established, transparent framework for annually measuring and publicly reporting our advancements.

Sustainability is at the core of Milliken’s philosophy to ‘do good’ for the world. With our unique combination of resources - passionate and talented associates around the world, unparalleled technological capabilities, and unique insights into what constitutes meaningful design - we are able to create revolutionary products and practices that improve productivity, preserve resources, and make the world a better place. We’re proud of our achievements so far, and we look forward to continuing our commitment to the community - and the planet.

As we publish the inaugural sustainability report for the Milliken Floor Covering Division, the opportunity to enhance our efforts becomes more evident. I believe in our people. I believe in our products. I believe that the policies and practices we have in place to preserve and protect our environment - and our dedication to continually improve them - will continue to have a great impact on the global community.

Jim McCullum
President of the global Milliken Floor Covering Division

ABOUT MILLIKEN FLOOR COVERING

Milliken floor covering enhances work environments, hotels, airports, homes, and commercial interiors around the world. Designers, architects, and home owners are inspired by our innovative broadloom and modular carpet with superior aesthetics and unparalleled functionality, which are produced through certified carbon-negative manufacturing methods.

Milliken floor covering is carried under the Milliken brand and includes commercial and residential carpet, rug, entryway, and flooring products.

The Milliken Floor Covering Division 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 facilities in the United States, United Kingdom, and China. The Milliken 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 not an executive officer.

*The Milliken family of companies is a carbon-negative manufacturer certified by the Leonardo Academy Cleaner and Greener® Program.

ABOUT THIS REPORT

As the inaugural sustainability report for the Milliken Floor Covering Division, the report encompasses key performance indicators from fiscal year 2014 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 the Milliken Floor Covering Division with organizational data from floor covering operations in the United States, China, and the United Kingdom. Data from Milliken & Company, the parent company of Milliken Floor Covering, is not included.

This report meets the requirements of LEED V.4 MRc3 credit by providing:

Option 1: Raw Material Source and Extraction Reporting

Milliken Floor Covering is providing this report as a third-party-reviewed corporate sustainability report, which includes environmental impacts of extraction operations and activities associated with Milliken Floor Covering’s product and product supply chain. This report was created using the Global Reporting Initiative (GRI) Sustainability Reporting framework. Our GRI Index is located on Page 5.

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

### 2014 MILLIKEN GRI MATRIX

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<thead>
<tr>
<th>Standard Disclosures</th>
<th>Page</th>
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<td>2.6 Nature of ownership and legal form</td>
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<td>4.2 Indicate whether the Chair of the highest governance body is also an executive officer</td>
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<td>9</td>
</tr>
</tbody>
</table>
Every day, we ask ourselves how we can ‘do good.’ This question drives our involvement with each associate, each customer, and every square yard of flooring material we produce. We also recognize that our business plays an important role in the local communities where we live and work. We acknowledge our role as a global floor covering company - and we take responsibility for our actions within our communities, with government agencies and regulators, with our suppliers, with our customers, and with non-governmental organizations.

For this report, Milliken Floor Covering Division’s first sustainability report, we assembled a panel of stakeholders to provide honest feedback on our sustainability performance to date. Through a series of direct discussions, surveys, questionnaires, and meetings, these stakeholders provided insights into the strengths and weaknesses of our sustainability program. These stakeholders helped shape our conversation on sustainability.

We define a stakeholder as an individual, group, or organization that is directly or indirectly affected by our operations, has a direct interest in our activities, and/or has the ability to influence outcomes and decision-making processes. Stakeholders selected for this report included customers, architecture and design firm sustainability leaders, competitors, academics with flooring knowledge, installers, environmental nonprofits, industry associations, and local community members.

We carefully engaged with five key stakeholder groups using the following principles:

• Customers: Ensure that customers are satisfied not only with our products, but also 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: Open discussions regarding safety with those who live around Milliken Floor Covering Division manufacturing sites
• External Organizations: Collaborate with external organizations both within and outside our industry to contribute and aid our understanding of the issues affecting the sustainability of our business

Indirect stakeholder feedback was also collected using additional mechanisms, including:

• Hosting or attending supplier discussions that focus on product design, product innovation, supply chain, sustainability, and more
• Surveying associates annually
• Actively participating in community, industry, trade, and non-governmental organizations and groups
• Offering on-site visits and tours of our facilities
• Participating in major industry events such as GreenBuild® International Conference and Expo, NeoCon®, and Clerkenwell Design Week

Indirect stakeholder feedback was supported through Milliken Floor Covering’s involvement in various organizations and associations. A full list of memberships and associations with which Milliken Floor Covering engages can be found on the next page.
CORPORATE MEMBERSHIPS

THE AMERICAS

U.S. Green Building Council (USGBC)*
Carpet and Rug Institute (CRI)
Carpet America Recovery Effort (CARE)
Health Product Declaration® (HPD) Collaborative
International Living Future Institute (ILFI)
Institute for Market Transformation to Sustainability (MTS)
International Interior Design Association (IIDA)
International Facility Management Association (IFMA)
Leonardo Academy’s Cleaner and Greener® Certification
Interior Designers of Canada (IDC)
NSF 140 Joint Committee

EMEAI

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

ASIA PACIFIC

China Carpet Standardization Technical Committee

*Denotes founding member

Milliken’s annual industry-wide involvements help us identify, map, prioritize, and engage with a variety of local, national, and international stakeholders on topics related to our floor covering operations.

THE FIVE PILLARS

Milliken Floor Covering stakeholders expressed interest in increasing efforts in five key categories:

1. CHEMICAL AND HUMAN HEALTH IMPACTS
2. RECYCLED CONTENT AND RECYCLABILITY
3. RESOURCE CONSUMPTION
4. SUPPLY CHAIN IMPACTS OF PRODUCTS
5. EMPLOYER OF CHOICE

These highly material issues for Milliken Floor Covering directed the content of our inaugural sustainability report. Through our focused framework on the five pillars of sustainability, stakeholders expect that Milliken Floor Covering will continue to improve and report on progress.
Milliken Floor Covering is committed to credible and transparent sustainability efforts. When possible, our sustainability communications are verified by third parties, such as Underwriters Laboratories (UL®), Institut Bauen und Umwelt e.V. (IBU) life cycle assessments, NSF International, and Building Research Establishment Environmental Assessment Method (BREEAM®). Our Environmental Product Declarations® (EPDs) have been verified by UL, our sustainability efforts as part of NSF 140 are reviewed by NSF International, and our Health Product Declarations® (HPDs) have been published to Google’s Portico and were compiled using Full GreenScreen® Assessments. Our Declare® labels are approved by the Living Building Challenge™.

- To prevent greenwashing, our marketing and sales communications are verified against the Federal Trade Commission Green Guides as part of an internal procedure to ensure claims hold true. Third-party support is invited if there is additional concern.
- The goal of our sustainability efforts is to ‘do good,’ and ‘doing good’ starts with communicating in an honest, credible, and transparent manner.
- 100% of Milliken Floor Covering products and 100% of ingredients over 100ppm have been assessed for their environmental and human health impacts.
- Our product responsibility efforts include the use of life cycle assessments and GreenScreen Assessments to evaluate the health and environmental impacts of Milliken Floor Covering products across the value chain and from cradle to grave.

Life cycle assessments (LCA) allow us to evaluate environmental and human health product responsibility for 100% of all products and any ingredient over the 100ppm threshold. Additionally, material selections are screened against environmental legislative criteria. Milliken Red Lists and third-party voluntary screening, such as Declare and GreenScreen, are used to assess floor covering products to 100 ppm for all major product lines, furthering our understanding of human health risks and hazards associated with ingredients used to make our flooring products. Combined, LCA and other chemical assessments provide us with the information we need to ‘do good’ by choosing safe ingredients for our products while minimizing their environmental impact.

To promote transparency, we offer a number of tools to share critical product responsibility data:

- Environmental Product Declarations (EPDs) are available for Milliken standard modular carpet products in the Americas and EMEAI, which identify the lifetime impact of our floor covering collections on the environment.
- Declare transparency labels are offered for commercial modular carpet collections in the Americas and EMEAI, and cushion-backed collections in China. Declare is a voluntary labeling program and database operated by the International Living Future Institute™, and Milliken modular carpet collections comply with the Red List imperative of the Living Building Challenge. Notably, Milliken is the first carpet manufacturer to offer Declare labels in China.

Milliken Floor Covering products are created using up to seven primary materials. Depending on the product style and manufacturing region, Milliken tailors product composition to take advantage of local sustainable materials and minimize material transportation. Essentially, every Milliken broadloom and modular carpet is made of these six to seven material types:

- Tufted Face Fiber
- Primary Backing
- Primary Coating
- Secondary Backing
- Fiberglass Layer
- Cushion & Bottom Layer

<table>
<thead>
<tr>
<th>LAYER</th>
<th>MATERIALS</th>
<th>WEIGHT*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tufted Face Fiber</td>
<td>Nylon 6 or nylon 6,6</td>
<td>20%</td>
</tr>
<tr>
<td>2. Primary Backing</td>
<td>Polypropylene or polyethylene terephthalate (PET), nylon 6, and recycled PET</td>
<td>4%</td>
</tr>
<tr>
<td>3. Primary Coating</td>
<td>Combination of calcium carbonate and polymer adhesives</td>
<td>12%</td>
</tr>
<tr>
<td>4. Secondary Backing</td>
<td>Polypropylene-based thermoplastic layer with rheology modifiers that vary by region</td>
<td>39%</td>
</tr>
<tr>
<td>5. Fiberglass Layer</td>
<td>Fiberglass</td>
<td>1%</td>
</tr>
<tr>
<td>6. Cushion &amp; Bottom Layer</td>
<td>Blended polymer felt and polyurethane</td>
<td>23%</td>
</tr>
</tbody>
</table>

* Percent total weight of finished product

The face fiber, primary backing, and secondary backing are typically constructed with synthetic oil-based textiles to maximize our products’ performance. We also incorporate recycled materials to enhance their life cycle analysis. Our most environmentally minded products contain as much as 80% recycled content, with the other products offering between 2% and 41% recycled content.
Milliken Floor Covering relies on supply chain partners to create products with high recycled content. Three suppliers in particular provide unique materials that help us achieve a product with up to 80% recycled content, depending on the region.

**ECONYL® - The world’s first and only 100% sustainable polymer**
Select Milliken modular carpets are created with Aquafil ECONYL Solution-Dyed Nylon for increased recycled content. Uniquely, Aquafil recovers Nylon Type 6 from waste materials, such as fish nets, carpet, and clothing, which is then transformed into virgin raw material to create new products.

**Celceram® - Pre-consumer recycled content**
To reduce raw material consumption, Milliken uses Celceram - a composite of solid and semi-solid calcium aluminosilicate glass spheres, recovered from the manufacture of 100% coal energy. USGBC LEED® program and NSF 140 accept Celceram as a viable source of pre-consumer recycled content to contribute toward third-party certifications. With Celceram, not only can we reduce our use of virgin materials, but also improve product stability and decrease product weight for added benefits.

**Polyurethane - Post-industrial recycled content (EMEAI)**
Milliken Comfort Plus2® backing features a high-density cushion layer comprised of 90% post-industrial recycled polyurethane. Sourced in the U.K., this waste stream results from the manufacture of material supplied to the automotive and interior furnishing industries.

In addition to creating products with high recycled content, Milliken Floor Covering engineers products that can be recycled or reused at the end of life.

**Landfill Diversion Program**
Continuing our heritage of over a century of environmental stewardship and our “No Carpet to Landfill Pledge,” established in 2002, Milliken Floor Covering offers a variety of programs to support landfill diversion and recyclability of our products.

**WHY IS IT GOOD?**
Diverting carpet from landfill is good for the environment, good for the economy, and good for humanity. Milliken Floor Covering embraces our social and environmental responsibility to divert carpet from the landfill, and we strive to provide easy and simple ways for our customers to divert their carpet.

The U.S. Environmental Protection Agency estimates that carpet makes up 2% of material volume in U.S. landfills. Intervention is paramount as most carpet is not biodegradable and will not break down. According to the CARE Yardage Calculator, for every 250,000 yards of carpet that is diverted from landfill, we save more than 5,500 cubic yards of landfill space.

When you divert carpet from landfill with Milliken, you can be assured that we will follow industry best practice guidelines, such as those from Carpet America Recovery Effort (CARE) or Carpet Recycling U.K. (CRUK).

**REUSE**
Globally, we partner with local third-party organizations to ensure responsible material recovery with minimal transport impact. In North America, for example, we partner with Burns & McDonnell Global Reuse Services to find second homes for well-maintained carpet. Often, any costs associated are related to freight from the job site to a local reuse partner, such as Habitat for Humanity® ReStore® locations. In the U.K., Milliken partners with GreenStream, which gives products a second life typically in social housing, such as foster care.

**RECYCLE**
When carpet cannot be reused, it will need to be recycled. To begin the recycling process, we will determine the correct recycling method for the carpet type depending on its construction. Examples of recycling include down-cycling into products, such as equestrian flooring, and converting into energy. Milliken’s B2 hard-back product construction, which is available in Asia, is designed to enable the backing to be re-extruded into tile backing.

**RENEWAL SAMPLE RETURN PROGRAM**
We provide customers the option of returning used floor covering samples for reuse. Milliken sales associates will either pick up samples in person, or include return labels in the original shipment to allow customers to send samples back to our facility where we will reuse them for another project.
Reducing Milliken’s resource consumption is a vital component of our sustainability journey across the company. Our goals are lofty - and we’re committed to achieving them.

**MILLIKEN FLOOR COVERING RESOURCE CONSUMPTION REDUCTION GOALS BY 2020**

- 20% reduction in Scope 1 and Scope 2 GHG Emissions
- 20% reduction in Energy Consumption
- 20% reduction in Water Consumption
- 20% reduction in Waste Generation

**GREENHOUSE GAS EMISSIONS**

Globally, Milliken Floor Covering generated 25,594 MT of Scope 1, direct greenhouse gas emissions, and 52,761 MT of Scope 2, or indirect greenhouse gas emissions, in 2014. Since 2010, Scope 1 emissions have reduced by 17.5% and Scope 2 emissions have decreased by 6.4%. On a per-unit basis, Milliken Floor Covering has seen a 5.6% decrease in per-product unit total greenhouse gas emissions since 2010.

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Floor Covering Scope 1</th>
<th>Scope 1 Americas</th>
<th>Scope 1 EMEAI</th>
<th>Scope 1 Asia Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>25,594</td>
<td>20,568</td>
<td>4,548</td>
<td>479</td>
</tr>
<tr>
<td>2010</td>
<td>31,032</td>
<td>24,846</td>
<td>5,879</td>
<td>306</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Floor Covering Scope 2</th>
<th>Scope 2 Americas</th>
<th>Scope 2 EMEAI</th>
<th>Scope 2 Asia Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>52,761</td>
<td>40,926</td>
<td>5,052</td>
<td>6,783</td>
</tr>
<tr>
<td>2010</td>
<td>56,379</td>
<td>45,878</td>
<td>4,735</td>
<td>5,766</td>
</tr>
</tbody>
</table>

*All units provided in MT CO2e; In accordance with the 2009-2010 Greenhouse Gas Reporting Rules, biogenic fuels are not included.

**Percent Reduction of Scope 1 Greenhouse Gas Emissions (2010, 2014):**

- 2010: -17.5%
- 2014: -6.4%

**Energy Consumption**

Milliken Floor Covering consumed 822,277 MMBTU of energy from direct and indirect sources in 2014. Energy use has decreased since 2010 on a per-product basis from 4.86 MMBTU per unit to 4.31 MMBTU in 2014. We’ve reduced our energy use by 13.6% since 2010, and as a result, we are on track to exceed our 2020 goal years ahead of schedule.

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>651,748 MMBTU</td>
<td>764,593 MMBTU</td>
</tr>
<tr>
<td>EMEAI</td>
<td>119,057 MMBTU</td>
<td>143,990 MMBTU</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>51,472 MMBTU</td>
<td>43,674 MMBTU</td>
</tr>
</tbody>
</table>

**Percent Reduction of Energy Consumption (2010, 2014):**

- 2010: -13.6%

Milliken Floor Covering energy consumption is most significant in the Americas where we operate four manufacturing facilities, compared to two manufacturing facilities in EMEAI and one in Asia Pacific. We’re aggressively scaling our energy efficiency programs in each region to meet our 2020 goals.

**Renewable Energy**

We look to green energy sources to help meet our needs. In the Americas, 46% of the energy used to manufacture Milliken carpet is renewable through a combination of landfill methane harvesting and company-owned hydroelectric facilities, such as Lockhart Power Company. In fact, Milliken harvests more than 80% of the methane emissions generated by the LaGrange, Georgia, landfill. In EMEAI, renewable energy is purchased to power operations. As we further our sustainability efforts, we’re sharpening our focus to rely even more on renewable energy.

*Renewable Energy - Milliken harvest at the LaGrange, Georgia landfill.*
Water Consumption

By 2020, Milliken Floor Covering is committed to reducing water usage by 20%. Water is a critical resource for our planet and operations. In the Americas, water in the state of Georgia is a highly competitive natural resource. Recent droughts have created water restrictions that have made water conservation a core focus for Milliken Floor Covering.

In conducting life cycle assessments on Milliken Floor Covering products, we learned that nylon manufacturing is the most significant consumer of water within carpet tile production. We recognized that the most impactful way to reduce water consumption was to reduce the fiber weight of our products. This helps us decrease the overall footprint of the product, and reduce the amount of water needed to process our products. Efficiently using and light-weighting nylon face fiber allows us to significantly reduce the water required for production.

Between 2010 and 2014, Milliken Floor Covering decreased overall water consumption by 35.7%, withdrawing a total of 307,656,604 gallons of water. Water use per pound of product also decreased from 2.44 gallons in 2010 to 1.61 gallons in 2014. We’re meeting our goal of 20% reduction by 2020 and have practices and policies in place to sustain it.

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>437,992,000 gallons</td>
<td>273,825,500 gallons</td>
</tr>
<tr>
<td>EMEAI</td>
<td>29,928,076 gallons</td>
<td>15,092,998 gallons</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>19,702,142 gallons</td>
<td>18,738,106 gallons</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>478,622,218 gallons</td>
<td>307,656,604 gallons</td>
</tr>
</tbody>
</table>

Water discharge equals water withdrawn for the Milliken Floor Covering Division.

Across our regions, water use per unit remains the highest in the Americas where the majority of our dying operations exist. We’re imparting strategies to reduce water use, including increased use of solution-dyed yarns and improved water reduction efforts paired with future water reclamation initiatives.

Waste Generation

Waste generated by Milliken Floor Covering consists of product waste and general plant waste. In 2014, Milliken Floor Covering generated 8,158 tons of solid waste – 11.2% less than the amount of waste generated in 2010.

Across all three regions, the Asia Pacific has led the company with an 18.6% reduction in waste generated since 2010. Operations in EMEAI reduced waste by 11.1% since 2010, and the Americas followed with a waste reduction of 10.6% from 2010 to 2014.

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2014</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>11,063,270 lbs</td>
<td>9,942,442 lbs</td>
<td>-10.6%</td>
</tr>
<tr>
<td>EMEAI</td>
<td>5,015,305 lbs</td>
<td>4,459,083 lbs</td>
<td>-11.1%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>975,763 lbs</td>
<td>794,449 lbs</td>
<td>-18.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,366,341 lbs</td>
<td>16,316,802 lbs</td>
<td>-11.2%</td>
</tr>
</tbody>
</table>

We aim to reduce waste generation 20% by 2020. Data confirms we are on track to meet our target, but we won’t stop there. We are constantly exploring future waste strategies, such as becoming a complete zero-waste facility, to ensure we never settle with waste reduction efforts.

Percent Reduction of Water Consumption (2010, 2014):

-35.7%


-11.2%
Product sustainability at Milliken Floor Covering considers the total life cycle impacts of our products. We recognize that the individual impact per product we manufacture is a vital measurement of sustainability, not fluctuations in overall business performance.

To manage and measure our products’ environmental impacts, we use life cycle assessments (LCA) as our environmental yardstick. Evaluating our cradle-to-grave impacts - and working with our suppliers upstream and customers downstream to manage those impacts - allows us to create innovative flooring products that have continually shrinking footprints.

Our LCA strategy includes evaluating any new products and any major changes to existing products. In fact, existing products are reviewed every three to five years. Our goal is to have LCAs on 100% of our products by 2017.

We work with our major suppliers to provide more accurate data for LCAs. 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 and accurate LCAs. The results: streamlined data to help us make informed decisions about our product ingredients, constructions, applications, installations, and cleaning methods.

PRODUCT SUPPLY PARTNERSHIPS

Milliken Floor Covering is committed to treating our suppliers, customers, communities, and the environment with the highest level of integrity and respect. This commitment is reflected in our strong supplier relationships, high-quality products, associate welfare, community reputation, industry-leading safety record, and minimal environmental impact. In providing our material and service needs, we believe our suppliers must share this commitment.

Milliken acknowledges and respects the differences in culture and legal requirements throughout our global supply chain. Nevertheless, we require more than producing supplies and performing services in strict compliance with all applicable laws. We require that supplies and services also be produced or performed in an ethically, socially, and environmentally responsible manner.

The Milliken team proudly adheres to our own internal code of conduct. We require that all of our associates reconfirm their compliance with our code on an annual basis. Similarly, we expect our suppliers to uphold the ethical business principles of Milliken’s Supplier Code of Conduct (or their own code, if substantially similar) and the highest applicable international standards.

Milliken Floor Covering also expects that our suppliers will operate in a manner protective of the environment. At a minimum, suppliers should comply with all applicable environmental laws, regulations, and standards, such as requirements regarding chemical and waste management and disposal, recycling, industrial waste water treatment and discharge, air emissions controls, environmental permits, and environmental reporting. Each supplier should also have an environmental management system in place, which includes, as appropriate: goals to reduce environmental impact, measures and controls (including audits), reporting, and training.

To manage our suppliers, 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 (MSDS) for every material
- Provide packaging information with each specific product shipment
- Sign a written agreement stating 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

Advancing Supplier Transparency

As Milliken works to increase transparency for our customers, we are also looking to our suppliers to increase transparency. To accomplish this, we conducted a supplier sustainability survey to gain a deeper understanding of practices for a number of sustainability-related issues. Survey items included ethical codes of conduct, environmental policies, renewable energy practices, Environmental Product Declarations, Health Product Declarations, disaster recovery plans, and quality policy and control arrangements, among others.

Moving forward, we will begin requiring more transparency from our suppliers with minimum expectations that help us comply with our customer expectations. This effort is imperative as we continue to ensure our floor coverings are the most sustainable products in the market.
SUPPLIER RELATIONSHIPS

Milliken Floor Covering has elected to engage with suppliers that demonstrate excellence in environmental and sustainability management, seen in examples of our existing supplier collaborations.

Product Component: Tufted Face Fiber

Example Supplier: Aquafil

Milliken Floor Covering supplier Aquafil developed the ECONYL Regeneration System as an innovative industrial regeneration system introduced in 2011. The process creates nylon 6 polymer from post-consumer waste, recycling polyamide 6 from products at the end of their first life, including fishing nets, fluff (the top of carpets and rugs), and rigid textiles, and pre-consumer waste such as oligomers, scraps, and other leftover material generated from producing nylon 6.

ECONYL helps recover tens of thousands of tons of waste, which would otherwise end up in landfills, saving large amounts of natural non-renewable resources, reducing atmospheric emissions, and safeguarding protected marine life. The ECONYL Regeneration System produces high-quality nylon 6 while minimizing environmental impact, both during the production cycle and in terms of the life of the finished product.

As reclaimed materials used in regenerated nylon 6 completely replace the hydrocarbons utilized in the production of caprolactam, the ECONYL Regeneration System enables an estimated saving of over 70,000 barrels of oil for every 10,000 tons of ECONYL caprolactam.

More extensive use of the ECONYL Regeneration System will also help with the selective recovery and regeneration of a large amount of waste. Every year, approximately 4,000,000 tons of nylon 6 products are manufactured. At the end of their lives, most products end up in incinerators or landfill. The ECONYL Regeneration System helps to decrease this number.

Product Component: Primary Backing

Example Supplier: William Barnet and Son, LLC (Barnet)

William Barnet and Son was founded in 1898 with sustainability as the basis on which business would be conducted. The company defines sustainability as reducing the amount of mass that enters landfills, keeping our air and water clean, and reducing our dependence upon fossil fuels.

Barnet’s business focuses on sustainability by reclaiming both post-consumer and post-industrial waste by-products from the fiber, yarn, and polymer industries and redefining their usability. These sustainable solutions are carried out by either changing the actual physical form of the by-product through mechanical means or by melting the material and fashioning it into another product. These newly recycled products are then used either in the markets in which they were intended as a recycled raw material, or are used as an entirely new product in another market.

While Barnet’s core business is recycling, the company is also a steward of the environment. Barnet Polymers, the company’s polymer recycling facility, was awarded the Excellence in Corporate Responsibility Award by the South Carolina Manufacturers Alliance in 2012. This award reflects a manufacturing company’s efforts of sustainability by going beyond what is traditionally expected.

Barnet will continue to strive toward higher levels of sustainability by monitoring, measuring, and improving operation standards. Sustainability is not a marketing tool that Barnet has implemented, it is its business - and has been for more than 100 years.

Product Component: Primary Coating

Example Supplier: OMNOVA Solutions (OMNOVA)

OMNOVA Solutions is committed to reducing the environmental impact of its operations and increasing its offering of products with sustainable features. OMNOVA has established sustainability goals, set metrics, and put tools in place to help reach significant milestones.

GUIDING PRINCIPLES

1. OMNOVA will make the best efforts to offer solutions that support customer needs and sustainability goals.
2. OMNOVA will incorporate sustainability principles across decision-making processes and strive to reduce its environmental footprint.
3. Company actions will be consistent with the business objectives of continuous improvement and financial performance.
4. Efforts at OMNOVA will promote health and safety and encourage environmentally responsible practices.

OPERATIONAL FOCUS

OMNOVA has set continuous improvement goals related to:

- Total energy consumed
- Greenhouse gases generated
- Solid waste to landfill
- Hazardous waste
- Water usage
- Safety

PRODUCT FOCUS

As an integral part of the development process, OMNOVA seeks to reduce the environmental impact of its products where possible. For example:

- Incorporating bio-based and/or recycled content
- Eliminating heavy metal content
- Reducing product volatile organic compound (VOC) emissions for improved indoor air quality
- Reducing the use of solvents in manufacturing products
- Promoting recyclability, including the development of product reclamation programs where viable
- Reducing packaging and using recycled packaging materials
Product Component: Secondary Backing
Example Supplier: Boral

As an international resources-based manufacturing company, Boral acknowledges that its shareholders, employees, and the community at large expect responsible environmental practices. Boral continually works to identify and minimize environmental risk at all company operations and, wherever practicable, eliminate adverse environmental impacts.

Specifically, Boral is committed to:

- Complying with environmental legislation, regulations, standards, and codes of practice relevant to the particular business as the absolute minimum requirement in each of the communities in which they operate
- Reducing greenhouse gas emissions from processes, operations, and facilities, including appropriate use of alternative fuels and/or carbon offsets
- Eliminating waste in all its forms, by application of LEAN manufacturing principles, leading to:
  - Efficient use of energy and conservation of water
  - Minimization and recycling of waste production materials and energy
  - Prevention of pollution
  - Effective use of virgin and recovered resources and supplemental materials
- Open, constructive engagement with communities surrounding operations
- Protecting biodiversity values at and around facilities

Through communication and training, Boral associates are encouraged and assisted to enhance Boral’s environmental performance.

Product Component: Fiberglass Layer
Example Supplier: Johns Manville Engineered Products Group (JM)

JM is committed to conducting business in a way that demonstrates respect and consideration for the environment. The well-being of our planet, its inhabitants, and the natural systems that comprise the global ecosystem plays a critical role in allowing JM to continually thrive today and into the future. JM recognizes that the raw materials and process inputs needed to manufacture products are derived from the planet, and that elements including weather, climate change, and geo-political issues resulting from ecological challenges may influence the company’s ability to conduct business.

JM manages environmental impacts by:

- Developing and using innovative technology and processes to prevent adverse impacts from company operations on public and employee health or the environment
- Conducting both internal and independent assessments of compliance, continuously tracking the health, safety, and environmental performance of each operating facility while complying with all applicable laws and regulations in each location in which the company operates
- Providing leadership within company business segments to establish effective environmental, safety, and occupational health standards and procedures
- Periodically reviewing its environmental policy in light of current and planned activities
- Holding every employee responsible for implementing safety practices and corporate health, safety, and environmental policy
- Manufacturing and selling products that can be used safely when appropriate work practices are followed
- Using life cycle analysis (LCA) as a business value lever to enable the success of JM’s business units, and continuing to participate in industry LCA activities

JM is equally dedicated to advertising and marketing the features of its products in a truthful and transparent manner. JM adheres to Federal Trade Commission (FTC) policies and guidelines, adjusting communication practices as necessary to achieve full compliance. JM has also been proactive in challenging competitors that may promote false or misleading claims within the industry with respect to green or environmental product attributes.

Product Component: Cushion Bottom Layer
Example Supplier: Textile Rubber & Chemical Co., Inc. (TRCC)

THE KEYS: The key and foundation to a good and successful business is its employees and its commitment to the local community. Textile Rubber & Chemical Co., Inc. believes in both.

The 1st Key: Company employees and their well-being are a top priority at TRCC, which results in an average employment tenure of 12+ years for more than 500 salaried and hourly employees. In today’s business world, this is an impressive statistic. Along with excellent health and insurance benefits, TRCC offers in-house scholarship programs for its employees’ children to attend the college of their choice and achieve the goal of higher education.

The 2nd Key: Commitment to the local community is also a priority. TRCC supports its communities through involvement in various civic programs through monetary donations to more than 50 state and local charities. This commitment is also evident in its environmental leadership, which includes waste-reduction programs and green energy usage.

Through charitable support, combined with employee volunteer hours with national, state, and local charities, TRCC is dedicated to making a difference. Indeed, the company takes its responsibilities as a corporate citizen seriously.
2014 Floor Covering Division & Company* Awards

1. AIA Charlotte Sponsor of the Year
2. ARCHIDEX New Product Award: The Moment Collection
3. ASID Wisconsin Annual Design Awards Bronze for Corporate Office Move and Renovation: Baker Tilly Milwaukee Office
4. ASID Wisconsin Annual Design Awards Platinum for Historic Renovation: Global Water Center
5. BCA 10: Best Businesses Partnering with the Arts in America for 2014 by Americans for the Arts*
7. Ethisphere® Institute’s World’s Most Ethical Companies® for the eighth consecutive year*
8. IIDA New England Design Awards Best Office Award: Zipcar® Headquarters
9. IIDA New England Design Awards People’s Choice Award: Zipcar Headquarters
10. Interior Design Best of Year for Flooring, Carpet/Broadloom: The Altered Form Collection
11. Interior Design Best of Year for New Low Environmental Impact Solution: The Inis Mór Collection
12. Interior Design HiP at NeoCon Design Solution Underfoot Winner: The Lume e Lustro Collection
13. Interior Design HiP at NeoCon People Marketer/Brand Ambassador Honoree: Barbara Haakasma
15. Starnet® Design Awards Bronze Winner Education: Scranton Middle School
16. Starnet Design Awards Gold Winner Corporate: AMC Theatre Support Center
17. Starnet Design Awards Gold Winner Hospitality - Public Space: Corporate Client Meeting Space
18. Starnet Design Awards 2014 Grand Prize Winner: Corporate Client Meeting Space

An Ethisphere® Institute World’s Most Ethical Company® for 8 Consecutive Years

The World’s Most Ethical Companies designation recognizes those organizations that have had a material impact on the way business is conducted by fostering a culture of ethics and transparency at every level of the company.

Scores are 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%).

Workforce and New Hires

- Total associates in 2013 = 1480
- New hires in 2013 = 229 (15.5%)
- Total associates in 2014 = 1455
- New hires in 2014 = 174 (12%)
- Associates covered by collective bargaining agreements = 0%
- Number of associates who did not return to work after parental leave in 2014: 1
- Minimum notice for operational changes: 4 weeks
- Number of jobs posted locally to encourage hiring locally = 100%
- 62% of all associates are male, 38% female
- New hires were 58% male and 42% female
- 37% of management was female in 2014

Associate Code of Conduct

Milliken Floor Covering strives to be an employer of choice. Our purpose to ‘do good’ extends to our associates, our treatment of our associates, and our expectations for our associates to conduct themselves ethically.

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 reviewed annually by Milliken’s Internal Committee on Compliance and Ethics and the Milliken & Company Board of Directors. In addition to top-down oversight, Milliken has associates located within the Milliken Floor Covering Division who serve as compliance and ethics points of contact for the entire Milliken family of companies.

The Milliken Code of Conduct includes policies on how Milliken Floor Covering associates should handle:

- 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
- Protecting company assets
- Social media
- Financial integrity and fraud
- Data privacy
- Misconduct investigations
- Procurement integrity / dealing with suppliers / supply chain oversight
- Intellectual property
- Workplace health and safety
- Non-retaliation

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Associate Training

Associates are also formally trained on compliance and ethics through the Milliken ACE (Awareness in Compliance and Ethics) Program. Approximately 96% to 100% of Milliken’s workforce has received training on the Code of Conduct in the previous two years. In 2014, 1,958 hours were spent in ACE training within the Milliken Floor Covering Division, and 100% of our management and administrative associates have received this training.

Some formal ACE training topics include:

- Updates on industry or economic trends or risks
- Updates on significant regulatory changes
- Fair employment / labor standards
- Fair dealing
- Procurement integrity / dealing with supplier / supply chain oversight
- Antitrust / competition
- Workplace harassment
- Political contributions and activities / lobbying
- Financial integrity and fraud
- Non-retaliation
- Anti-corruption / bribery
- Workplace health and safety
- Data privacy
- Equal employment opportunity / diversity / discrimination

Workplace Safety

Training extends ethics and compliance into our manufacturing process where safety and non-discrimination is of utmost importance.

In 2014, the Milliken Floor Covering Division experienced 13 incidents that resulted in a year-to-date incident rate of 0.87*. All incidents were recorded and investigated to understand the root cause and reduce future risk. Incidents range in severity, though there were no fatalities in our operations during 2014.

Associates are also provided a non-discrimination hotline to call in the event that they feel discriminated against, abused, bullied, or treated unfairly. During 2014, 10 calls were made to the Milliken Hotline, one of which required corrective action.

*MILLIKEN GIVING BACK

Milliken Floor Covering Division values contributing to the advancement of philanthropic work within the architecture and design community. Whether it is sponsoring a city-wide day of service, teaming up with a design firm, or advancing student education, our outreach tells the story of our commitment to ‘do good’ around the world.

**Milliken-RSS E3 District Design Competition**

In 2014, we connected with Rowan-Salisbury School District in North Carolina for the first-ever Milliken-RSS E3 District Design Competition - a challenge meant to inspire students’ imaginations and aid in their development of valuable skill sets. Students from elementary, middle, and high schools across the district were challenged to create their ideal learning environments to exemplify Extraordinary Education Everyday (E3). The task: Create artwork showcasing their designs and produce a video presentation to demonstrate their work.

This required students to use creativity and imagination and provided vital training in soft skills, which are necessary for future careers. The winning designs were printed on individual custom Milliken logo floor mats, and winners visited Milliken's headquarters for a personal tour and met with various Milliken associates to discuss different career possibilities.

Making an Impact with Architecture for Humanity New York

In 2014, the first annual Architecture for Humanity New York (AFHny) Day of Impact invited the local architecture and design community to bring positive and measurable social impact to areas in need. From rebuilding homes damaged by Hurricane Sandy to forest restoration, projects engaged volunteers across New York City with various organizations, including Rebuilding Together NYC, Build it Green! NYC, Publicolor, MillionTreesNYC, and Concrete Safaris.

To celebrate the event volunteers, Milliken hosted the Night of Impact at our New York Showroom and provided T-shirts and water bottles for the day of service.

It was a natural fit for Milliken to join forces with Architecture for Humanity New York. The day of service aligned with our purpose to ‘do good’ in our communities, and the activities themselves are values and beliefs that Milliken holds very highly.

**Milliken Cushions Giant Charity Water Slide in U.K.**

Milliken offered a comfy descent as a giant 110-meter water slide took over Wigan town center in August 2014. The Ticket to Slide event benefitted Wigan & Leigh Hospice and proved a resounding success as members of the public launched themselves down the white-knuckle chute built using hay bales donated by farmers and cushion backing donated by Milliken.

The two-day event raised approximately £10,000 for the Wigan & Leigh Hospice, a charity that provides specialty end-of-life care and extended support for people living with life-limiting illnesses.

The Milliken Breeze Program in China

In China, there are more than 260 million migrant workers, many of whom are unable to support their families with the low-paying jobs they find after relocating to larger cities.

In support of these families, Milliken associates in China developed the Breeze Program - an effort to help underprivileged children of migrant workers through donations such as updated computer labs in schools, one-on-one mentoring, and campus beautification programs.

Nearly all Milliken employees in China participate in the Breeze Program, with each office developing its own customized project based on local needs. Recent projects include:

- Carpet donation and installation at the Zhangjiagang Xudong Migrant, Pugang Migration, and Zhangjiagang Bailu elementary schools
- Wall murals for the Tongxing Kindergarten in Pudong
- Computer labs, music rooms, science rooms, gym, and library upgrades for various schools
- Science, arts, English, and history mentoring
- Charity auction to benefit Milliken Breeze Programs that raised 3,885 Chinese yuan

**ASSOCIATES GIVING BACK**

Milliken Floor Covering associates give back to their communities – both personally and professionally. In a global survey of Floor Covering Division associates, more than 63% of respondents were actively engaged in volunteer work and community outreach during their personal time, many volunteering in leadership roles and serving more than 100 hours a year.

Our associates who pursue volunteer roles in their communities range from new team members to those who have served Milliken for more than 20 years.
The 2015 Milliken Floor Covering Division Sustainability Report is the inaugural annual report documenting our holistic approach to sustainability as it applies to the environment, our associates, and the world as a whole.

Since our company’s inception 150 years ago, we have maintained a steady commitment to ‘do good’ by enhancing people’s daily lives, improving health and safety, and leading the industry in environmental stewardship. Here are highlights of our achievements in 2014, according to five critical categories.

**CHEMICAL AND HUMAN HEALTH IMPACTS**
- 3 Third-party-verified environmental certifications/labels: NSF 140, Declare, and EPDs
- 100% of Milliken PVC-free broadloom and modular carpets have been assessed for environmental and human health impacts

**RECYCLED CONTENT & RECYCLABILITY**
- 5 Ways to recycle used carpet with Milliken’s Landfill Diversion Program, finding the highest form of recovery for each piece
- 2-80% Range of recycled content in Milliken carpet

**RESOURCE CONSUMPTION**
- Emissions Since 2010:
  - Scope 1 emissions reduced by 17.5%
  - Scope 2 emissions reduced by 6.4%
- Energy Consumption: Reduced energy use by 13.6%
- 46% of energy used was renewable
- Water Consumption: Reduced by 35.7%
- Waste Generation: Reduced by 11.2%

**SUPPLY CHAIN IMPACTS OF PRODUCTS**
- 7 Requirements in the Milliken Supplier Sustainability Program

**EMPLOYER OF CHOICE**
- 1,958 Associate training hours
THE JOURNEY FORWARD

Our company has been driven by the goal of continually innovating sustainable products and practices for more than 100 years, and it takes an unwavering commitment to environmental stewardship to achieve the level we hold today.

Following the release of our inaugural sustainability report, expect to see advancements across multiple Milliken initiatives. We’re increasing the recycled content we incorporate into products, enhancing the Milliken Carpet Landfill Diversion Program, expanding product transparency efforts, re-engaging with stakeholders, and partnering with our suppliers - all for the purpose of ‘doing good.’

We are committed to evolving our program to be the most robust, holistic sustainability program in the industry.

Thank you for joining us on our journey of environmental stewardship.