



Forests 2016 Information Request Masco Corporation

Module: Introduction

Page: F0. Introduction

F0.1

Please give a general description and introduction to your organization

Masco Corporation is a global leader in the design, manufacture, marketing and distribution of branded home improvement and building products. The following are our primary product and service categories.

- **Cabinets and Related Products:** With operations in the U.S. and the U.K., the Company is one of the largest U.S. manufacturers of kitchen and bath cabinetry. This segment includes value-priced, stock and semi-custom assembled cabinetry for kitchen, bath, storage, home office and home entertainment applications as well as integrated bathroom vanity and countertop products
- **Plumbing Products:** The Company is a world leader in manufacturing plumbing products, which includes faucets, showerheads, handheld showers, valves, bathing units, shower enclosures, toilets, spas and exercise pools and brass and copper plumbing system components and other plumbing specialties.
- **Decorative Architectural Products:** The Company is one of the largest suppliers of architectural paint and exterior wood care products to the United States and Canadian do-it-yourself channels. In addition to paints, primers, specialty paint products, stains and waterproofing products, this segment also includes branded cabinet, door, window and other hardware.
- **Other Specialty Products:** Masco is one of the leading manufacturers of vinyl and fiberglass windows, principally in the western United States. This segment includes windows, patio doors and composite and panel doors and related products, and manual and electric heavy duty staple guns, hammer tackers, glue guns and rivet tools, staples, glue and rivets.

While Masco Corporation has cabinetry operations in both the United States and the U.K., the following disclosure is representative of only Masco Cabinetry, the United States operation. Masco Cabinetry is a subsidiary of Masco Corporation. Masco Cabinetry manufactures three nationally recognized cabinetry brands, KraftMaid®, Merillat® and QualityCabinets® and has manufacturing plants and branches/service centers in various locations in the United States.

F0.2

Please select the stages of the value chain which best represent your organization's area of operation pertaining to forest risk commodities. If your organization is diversified or vertically integrated, please select all that apply

Trading
Manufacturing
Retailing

F0.3

Are there any parts of your direct operations that are excluded from this disclosure?

Yes

F0.3a

Please identify the parts of your direct operations that are excluded from your disclosure

Exclusion	Description of exclusion	Potential for deforestation risk	Please explain
Other: Business Unit	Information contained in this report is only for the Masco Cabinetry operation, exclusive of other Masco Corporation operations	Don't know	

F0.4

Are there any parts of your supply chain that are excluded from this disclosure?

No

F0.5

Do you produce or use materials that contain any of the forest risk commodities? Please complete the table

Forest risk commodity	Produce/use forest risk commodity	Explanation if not disclosing but produce/use the commodity
Timber	Yes	
Palm Oil	No	
Cattle Products	No	
Soy	No	
Other		

F0.6

Please confirm which commodities you will be disclosing on

Timber

F0.7**Please state the start and end date of the year for which you are reporting data**

Reporting year
Thu 01 Jan 2015 - Thu 31 Dec 2015

Further Information**Module: Current State****Page: F1. Context****F1.1****How does your organization use your selected commodities? Please provide details on the form and source of the commodities you use or produce**

Forest risk commodity	Activity	Form of commodity	Source	Country of origin	% of procurement spend	Comment
Timber	Input into manufacturing process (e.g. power generation)	Sawn timber, veneer, chips Paper Boards, plywood, engineered wood	Trader/ broker/ commodity market Contracted suppliers (manufacturers)	Brazil Canada China Japan Russian Federation United States of America Other: Estonia, Latvia	51-60%	Country of origin and % of procurement spend is inclusive of all three activities combined.
Timber	Input into product manufacturing	Sawn timber, veneer, chips Paper Boards, plywood, engineered wood	Trader/ broker/ commodity market Contracted suppliers (manufacturers)	Brazil Canada China Japan Russian Federation United States of America Other: Estonia, Latvia	51-60%	Country of origin and % of procurement spend is inclusive of all three activities combined.
Timber	Retail/ onward sale of commodity or product containing commodity	Sawn timber, veneer, chips Paper Boards, plywood, engineered wood	Trader/ broker/ commodity market Contracted suppliers (manufacturers)	Brazil Canada China Japan Russian Federation United States of America Other: Estonia, Latvia	51-60%	Country of origin and % of procurement spend is inclusive of all three activities combined.

F1.2**Please indicate the percentage of your organization's revenue that was dependent on each of your selected forest risk commodities in the reporting year**

Forest risk commodity	% of revenue dependent on commodity in the reporting year	Comment
Timber	91-99%	

F1.3**Has your organization experienced impacts related to forest risk commodities that have generated a substantive change in your business operations, revenue or expenditure in the past five years?**

Yes

F1.3a**Please identify the impacts related to forest risk commodities that have generated a substantive change in your business operations, revenue or expenditure in the past five years**

Forest risk	Impact driver	Impact	Description of	Financial	Response	Description of
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commodity			impact	impact	strategy	response strategy
Timber	Regulatory: International law and bilateral agreements	Higher operating costs		Low	Engagement with suppliers Supplier diversification Greater due diligence	
Timber	Regulatory: National legislation	Higher operating costs		Low	Engagement with suppliers Supplier diversification Greater due diligence	
Timber	Regulatory: Import tariffs	Higher operating costs		Low	Supplier diversification Greater due diligence	
Timber	Other: Volatility in North American hardwoods pricing	Higher operating costs		Low	Engagement with suppliers Supplier diversification Greater due diligence	

Further Information

Module: Risk Assessment

Page: F2. Risk assessment

F2.1

Please select the option that best describes your procedures with regard to assessing deforestation risks and opportunities

Forest risk commodity	Deforestation risk assessment procedure	Operational coverage	Please explain
Timber	Integrated into a comprehensive, company-wide risk assessment process	Direct operations Supply chain Partial direct operations Partial supply chain	Masco Cabinetry adheres to its parent company's corporate policy in which Masco Corporation has a formal and ongoing Enterprise Risk and Management (ERM) program to anticipate and minimize corporate risk and, where possible, to convert potential risks into business opportunities. This is supported by risk mitigation activities with ownership and action plans, allowing the company to better manage potential risks. Masco Corporation's Audit Committee is responsible for reviewing policies related to risk, but it is the responsibility of the Masco Corporations' Chief Executive Officer and senior management to determine the appropriate level of risk.

F2.1a

Please provide further details on your risk assessment procedures with regard to deforestation risks and opportunities

Forest risk commodity	Frequency of monitoring	To whom are results reported?	Scale of risk assessment	How far into the future are risks considered?	Please explain
Timber	Annually	Senior manager/ officer	Specific business units only	1-3 years	

F2.1b

Please identify which of the following criteria are factored into your organization's deforestation risk assessments

Criteria	Timeframe	Relevance	Please explain
Changes in availability and quality of forest risk commodities	Current	Relevant, included	
Impact of activity on the status of ecosystems and habitats			
Regulation	Current	Relevant, included	
Tariffs or price increases	Current	Relevant, included	
Loss of markets			
Stakeholder conflicts concerning forest risk commodities			
Brand damage related to forest risk commodities	Current	Relevant, included	
Corruption	Current	Relevant, included	
Other			

F2.1c

Please provide any additional information about your approach to assessing deforestation risks here

Supply chain audits go back to the source of the standing timber with some of our suppliers.

F2.1d

If you have conducted a partial risk assessment, please identify any exclusions in the following table

Forest risk commodity	Exclusion	Please explain
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Further Information

Module: Implications

Page: F3. Risks

F3.1

Have you identified any inherent risks related to producing, marketing or sourcing forest risk commodities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Please select all that apply

Forest risk commodity	Risk
Timber	Operational risks driven by changes in physical parameters Risks driven by changes in regulation Reputational risks

F3.1a

For your selected forest risk commodities, please describe any inherent operational risks in your direct operations or supply chain driven by changes in physical parameters that have the potential to generate a substantive change in business operations, revenue or expenditure

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
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F3.1b

For your selected forest risk commodities, please describe any inherent risks in your direct operations or supply chain driven by changes in regulation that have the potential to generate a substantive change in business operations, revenue or expenditure

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
Timber	International law and bilateral agreements	Global		Increased operational cost	>6 years	Direct operations and supply chain	Likely	Low-medium	
Timber	National legislation	Global		Increased operational cost	>6 years	Direct operations and supply chain	Likely	Low-medium	
Timber	Import tariffs	Global		Increased operational cost	>6 years	Direct operations and supply chain	Likely	Low-medium	
Timber	Reporting obligations	Global		Increased operational cost	>6 years	Direct operations and supply chain	Likely	Low-medium	

F3.1c

For your selected forest risk commodities, please describe any inherent reputational risks in your direct operations or supply chain that have the potential to generate a substantive change in business operations, revenue or expenditure

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
Timber	Negative media coverage	Global		Increased operational cost Reduced demand for goods/service Reduced stock price (market valuation)	>6 years	Direct operations and supply chain	Exceptionally unlikely	Unknown	

F3.2

If you indicated in question F3.1 that you do not consider your organization to be exposed to operational risks related to producing, marketing or sourcing any of your selected commodities, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain
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F3.3

If you indicated in question F3.1 that you do not consider your organization to be exposed to risks related to producing, marketing or sourcing any of your selected commodities driven by changes in regulation, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain
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F3.4

If you indicated in question F3.1 that you do not consider your organization to be exposed to reputational risks related to producing, marketing or sourcing any of your selected commodities, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain
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Further Information

Page: F4. Opportunities

F4.1

Have you identified any opportunities related to producing, marketing or sourcing these commodities sustainably that have the potential to benefit your organization?

Forest risk commodity	Opportunities?
Timber	Don't know

F4.3

Please explain why you don't know if there are any opportunities for your organization associated with producing, marketing or sourcing these commodities sustainably

Forest risk commodity	Primary reason for not knowing if there are opportunities	Please explain
Timber	No requirement from management to seek out opportunities	No perceived demand from customer base

Further Information

Module: Measure & Monitor

Page: F5. Measurement

F5.1

Do you own or manage land used for the production of any of your selected commodities? Please complete the table

Forest risk commodity	Own and/or manage land?	Size (Hectares)	Type of control	System in place to monitor deforestation?	Recent infractions?	Please explain
Timber	Don't own or manage land					

F5.2

Does your organization collect production and/or consumption data for your selected commodities?

Forest risk commodity	Production and/or consumption data available?
Timber	Data available, but not disclosing

F5.3

Please explain why your organization is not disclosing production and/or consumption data for your selected commodities

Forest risk commodity	Primary reason for not disclosing production/consumption data	Please explain
Timber	Data considered confidential	

Further Information

Page: F6. Traceability

F6.1

Do you have a system in place to track and monitor the origin of raw materials for your selected commodities?

Forest risk commodity	System to track and monitor origin of raw materials?
Timber	No

F6.2

Please explain why you do not have a system in place to track and monitor the origin of raw materials for your selected commodities

Forest risk commodity	Primary reason for not having a system in place	Please explain
Timber	Insufficient data on operations	

F6.3

Please provide details on the level of traceability your organization has for your selected commodities

Forest risk commodity	% of total production/ consumption traceable	Traceability system	Point to which traceable	Exclusions	Exclusion description, if applicable	Comment
Timber						

F6.3a

Please describe your organization's approach to establishing traceability

We track what is required for the Lacey Act declarations.

Further Information

Module: Response

Page: F7. Governance and strategy

F7.1

Please indicate where the highest level of direct responsibility for deforestation risk lies within your organization and detail the frequency and nature of engagement on the issue

Highest level of responsibility	Name/position of individual or name of committee	Frequency of briefing	Nature of engagement
Senior Manager/Officer		Annually	

F7.2

Have you evaluated how the availability or quality of forest risk commodities could affect your organization's growth strategy?

Yes, evaluated over the next 1 year

F7.2a

Please explain how you evaluated the effects of the availability or quality of forest risk commodities on the success (viability, constraints) of your organization's growth strategy

Our commodities strategy serves as our risk and opportunities assessment framework within this space.

Further Information

Page: F8. Policies

F8.1

Does your organization have a policy that recognizes the role of reducing deforestation for climate change mitigation and sets out clear goals and guidelines for action?

Policy	Please explain
Yes, a company-wide policy that is not publicly available	Masco Cabinetry adheres to Masco Corporation's corporate policies where operations expect suppliers to follow good environmental and sustainable forestry practices.

F8.2

Has your organization made a commitment to reduce or remove deforestation and forest degradation from your direct operations and/or supply chain?

F8.4

Do you have commodity specific sustainability policies?

Forest risk commodity	Commodity specific sustainability policies?	Criteria	Cut-off date, if applicable	Please explain
Timber	Yes	Legality	No cut-off date	Lacey Act compliant

Further Information

Page: F9. Standards and targets**F9.1**

Do you have any environmental standards for the production of raw materials for your selected commodities, other than third party certification schemes?

Forest risk commodity	Production standards in place?	Please describe your production standards	Comment
Timber	No		

F9.2

Does your organization enforce any procurement standards that impact your sourcing of forest risk commodities?

Forest risk commodity	Procurement standards in place?	Monitor compliance?	Impact on sourcing activities	Please explain
Timber	Yes	Yes	Factored into supplier selection process	Particularly around Lacey Act compliance. Supplier engagement strategy is tied to level of perceived risk

F9.3

Are you involved in any multi-partnership or stakeholder initiatives relating to the sustainability of these commodities? Please describe your role

Forest risk commodity	Involved in initiatives?	Initiatives	Please explain
Timber	No		

F9.4

Do you specify any third party certification schemes for your selected commodities? Please indicate the percentage of total production and/or consumption currently certified

Forest Risk Commodity	Specify third party certification schemes?	% of total production/ consumption certified	Certification scheme breakdown	Please explain
Timber	No certification schemes specified			

F9.5

Do you have any quantified targets for third party certified materials in your direct operations and/or supply chains?

Forest risk commodity	Quantified targets for third party certification?	Certification scheme breakdown	Baseline year	Target year	Coverage	% of materials third party certified in target year	Please explain
Timber	No quantified targets						

F9.6

Do you have any quantified targets for sustainable production and/or procurement, other than third party certification?

Forest risk commodity	Quantified targets for sustainable production/ procurement?	Type of target	Baseline year	Target year	Coverage	% of materials to meet requirements in target year	Please explain
Timber	No						

Further Information**Page: F10. Engagement****F10.1**

Have you identified sufficient sources of sustainable materials to meet your operational needs? Please explain what you are doing to ensure security/continuity of supply

Forest risk commodity	Current demand	Future demand	Actions to ensure security/ continuity of supply	Please explain
Timber	Yes	Yes	Other: Forecasting & capacity planning process used with suppliers	

F10.2

Are you working with smallholders to encourage and support sustainable forest management practices?

Forest risk commodity	Working with smallholders?	Please explain
Timber	Do not source from smallholders	

F10.3

Are you working with your direct suppliers to support and improve their capacity to supply sustainable materials?

Forest risk commodity	Working with direct suppliers?	Supplier engagement strategy	Please explain
Timber	Yes	Developing or distributing supply chain mapping tool Encouraging certification Supplier questionnaires on environmental and social indicators Workshops and training Supplier audits	

F10.4

Are you working beyond the first tier of your supply chain to manage and mitigate risk?

Forest risk commodity	Work beyond first tier of supply chain?	Please explain
Timber	No	

F10.5

Do you engage in activities that could either directly or indirectly influence the market for sustainable forest risk commodities?

Activity	Please explain
Not engaging in activities to influence market for sustainable materials	

Further Information

Module: Challenges

Page: F11. Barriers and challenges

F11.1

Please describe any key barriers or challenges to achieving deforestation free direct operations and supply chains

F11.2

Please describe any measures that would improve your organization's ability to manage deforestation risk

Further Information

Module: Sign Off

Page: F12. Sign off

F12.1

Please provide the following information for the person that has signed off (approved) your CDP forests response

Name	Job title	Corresponding job category
Renee Straber	VP, Chief Human Resources Officer	Other:

Further Information

CDP: [D][-,][D2]