



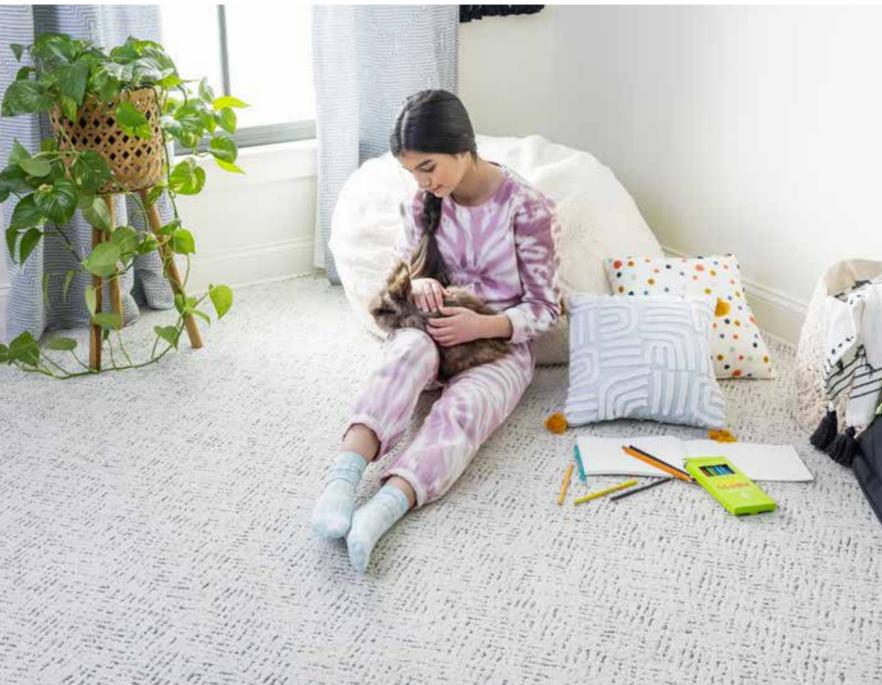
sustain[HUMAN]ability®

SUSTAINABILITY REPORT 2021



COMPANY OVERVIEW

- 4 CEO Letter
- 5 By The Numbers
- 6 Brands
- 7 Sustainability Leadership Letter
- 8 Materiality
- 9 Our Promise
- 10 Key Performance Indicators



HEALTH & WELLBEING

- 11 Promise Statement
- 12 Overview
- 13 Approach
- 14 Case Study: EcoWorx®

CLIMATE CHANGE

- 15 Promise Statement
- 16 Overview
- 17 Approach
- 18 Case Study: EcoSolution Q100™

CIRCULARITY

- 19 Promise Statement
- 20 Overview
- 21 Approach
- 22 Case Study: ReWorx™

PEOPLE

- 23 Promise Statement
- 24 Overview
- 25 Approach
- 28 Case Study: MOSAIC

SUPPLY CHAIN

- 29 Introduction
- 30 Approach



APPENDIX

- 32 About This Report



sustain[HUMAN]ability®

What does sustaining human ability mean?

At Shaw, it means keenly focusing on the ingredients that go into products as well as the impacts of sound, moisture, cleanability and other design considerations because we know the spaces where we learn, create and come together to solve our greatest challenges impact our wellbeing. We're addressing environmental health and human experience at the same time.



TAKING AN
OUTSIDE-IN
APPROACH

Dear Stakeholders,

At Shaw, our innate curiosity and customer-centric approach drive us to constantly ask, “How might we...?” in our constant quest to do better and to achieve more.

That drive led to impressive results in 2021 despite the challenges Shaw, our customers and associates experienced. By taking an outside-in approach, anticipating shifts in customer preference and translating insights into actions, we learn, innovate and invest in our people and operations.

That investment can take many forms. For example, in 2021, we:

- Began a \$400 million expansion of our residential fiber manufacturing facility in Aiken County, S.C. That investment alone will create more than 300 new jobs.
- Purchased a controlling interest in Watershed Geo and signed a letter of intent to acquire controlling interest in Watershed Solar — long-time Shaw partners that sell innovative and patented environmental solutions for utility, waste management, erosion control, and mining industries.
- Introduced a Living Lab concept space in Dalton, Ga., where we can test residential products for performance attributes such as cleanability, sound/noise levels and the design’s overall impacts on mood and wellbeing via fully furnished apartments that also provide housing for Shaw trainees and others.

These represent only a few of the wide range of investments we continue to make to help create a better future for our customers, associates and communities. It’s all part of Shaw’s commitment to sustain[HUMAN]ability and put people at the heart of all we do.

Tim Baucom, President and CEO

Shaw Industries Group, Inc. offers a diverse portfolio of carpet, resilient, hardwood, tile & stone and laminate flooring products, synthetic turf and other specialty items for residential and commercial markets worldwide via its brands Anderson Tuftex®, COREtec®, Floorigami®, Patcraft®, Philadelphia Commercial®, Shaw Contract®, Shaw Floors®, Shaw Sports Turf®, Southwest Greens® and more.

Headquartered in Dalton, Georgia, Shaw has annual revenues in excess of \$6 billion and is a wholly-owned subsidiary of Berkshire Hathaway, Inc. The company employs more than 20,000 associates in: R&D, manufacturing, warehousing and distribution locations and product showrooms throughout the U.S., as well as Australia, Belgium, Brazil, Canada, Chile, China, France, India, Mexico, the Netherlands, Singapore, United Arab Emirates and the United Kingdom.



● Shaw plants, sales offices and showrooms
● Shaw global distribution network

WE ARE 20,000+ INDIVIDUALS BOUND TOGETHER BY A COMMON VISION TO CREATE A BETTER FUTURE. BY COMBINING DEEP MARKET KNOWLEDGE WITH NEW WAYS OF THINKING, WE DRIVE INNOVATION INTO OUR BUSINESS AND SET THE STANDARD FOR NEXT GENERATION MANUFACTURING.

OUR MISSION

Great people,
great products,
great service.
Always.

OUR VISION

Creating a better future:
for our people,
for our customers,
for our company and
for our communities.

OUR VALUES

Honesty,
integrity
and
passion.

21,116
ASSOCIATES WORLDWIDE

36
MANUFACTURING FACILITIES

37,800
SKUs

51
DISTRIBUTION FACILITIES



RESIDENTIAL FLOORING



COMMERCIAL FLOORING



SPECIALTY MARKETS





OPTIMIZING OUR
PRODUCTS TO
CRADLE TO CRADLE®
DESIGN PRINCIPLES

Dear Stakeholders,

Shaw's unwavering focus on putting people at the heart of our sustainability efforts — what we call sustain[HUMAN]ability® — has allowed us to make continued progress during a tumultuous year filled with continued supply chain disruptions, uncertainty due to COVID-19, and myriad events around the world that have impacted our personal and professional lives.

I'm humbled and proud that amidst it all we made significant strides in our sustainability journey in 2021 — supporting our associates, customers and communities; introducing innovative products to help our customers create sustainable spaces; and advancing important initiatives related to the wellbeing of people and the planet.

In 2021, we conducted our third materiality assessment. Marrying those findings with our commitment to always strive to achieve more, we've refined our sustainability efforts — all with the goal of optimizing 100 percent of our products to Cradle to Cradle® design principles by 2030. Our efforts include a keen focus on material health, clean air and climate protection, product circularity, water and soil stewardship and social fairness — regardless of whether a product has been Cradle to Cradle Certified®.

Key achievements in 2021 include:

- Achieving new Cradle to Cradle Certified milestones
 - Almost 90 percent of the products Shaw manufactures are Cradle to Cradle Certified
 - We introduced our first product to be Cradle to Cradle Certified Gold (v3.1) — Patcraft's Reverse collection
 - Our EcoWorx carpet tile became the first product in the world to be Cradle to Cradle Certified Silver under the new more rigorous version 4.0 standard
- Assessing almost 1.8 billion pounds of materials for material health in 2021
- Setting a new goal to achieve net zero enterprise operations by 2030 and to begin measuring and reporting Scope 3 emissions as part of our focus on climate protection
- Supporting our associates and communities through programs and initiatives focused on helping them achieve their full potential, including:
 - Launching our seventh Associate Resource Group — MOSAIC, recognizes and harnesses the power of physical, emotional and neurological diversity
 - Setting a 2030 diversity and inclusion goal for our talent pipeline to reflect available talent in our communities
 - Providing more than 1 million hours of training and education
 - Donating more than \$6.5 million to charitable causes

I invite you to learn more about these and other people-centric efforts and achievements throughout our 13th annual corporate sustainability report.

Kellie Ballew, Vice President of Global Sustainability

SETTING LONG-TERM STRATEGY AMID AN EVER-EVOLVING SUSTAINABILITY LANDSCAPE CAN BE DAUNTING. IT REQUIRES CAREFUL MONITORING OF THE WORLD AROUND US, DEEP ENGAGEMENT WITH STAKEHOLDERS AND A SOLID UNDERSTANDING OF WHO WE ARE AS A COMPANY.

We conducted our first materiality assessment in 2015. Then again in 2018. And again in 2021. On the heels of a tumultuous 2020 in which we faced a global pandemic, social unrest, and political divisiveness, we knew it was time to get a pulse of the market to ensure we were appropriately focusing our resources where we could have the most impact and where our stakeholders expected.

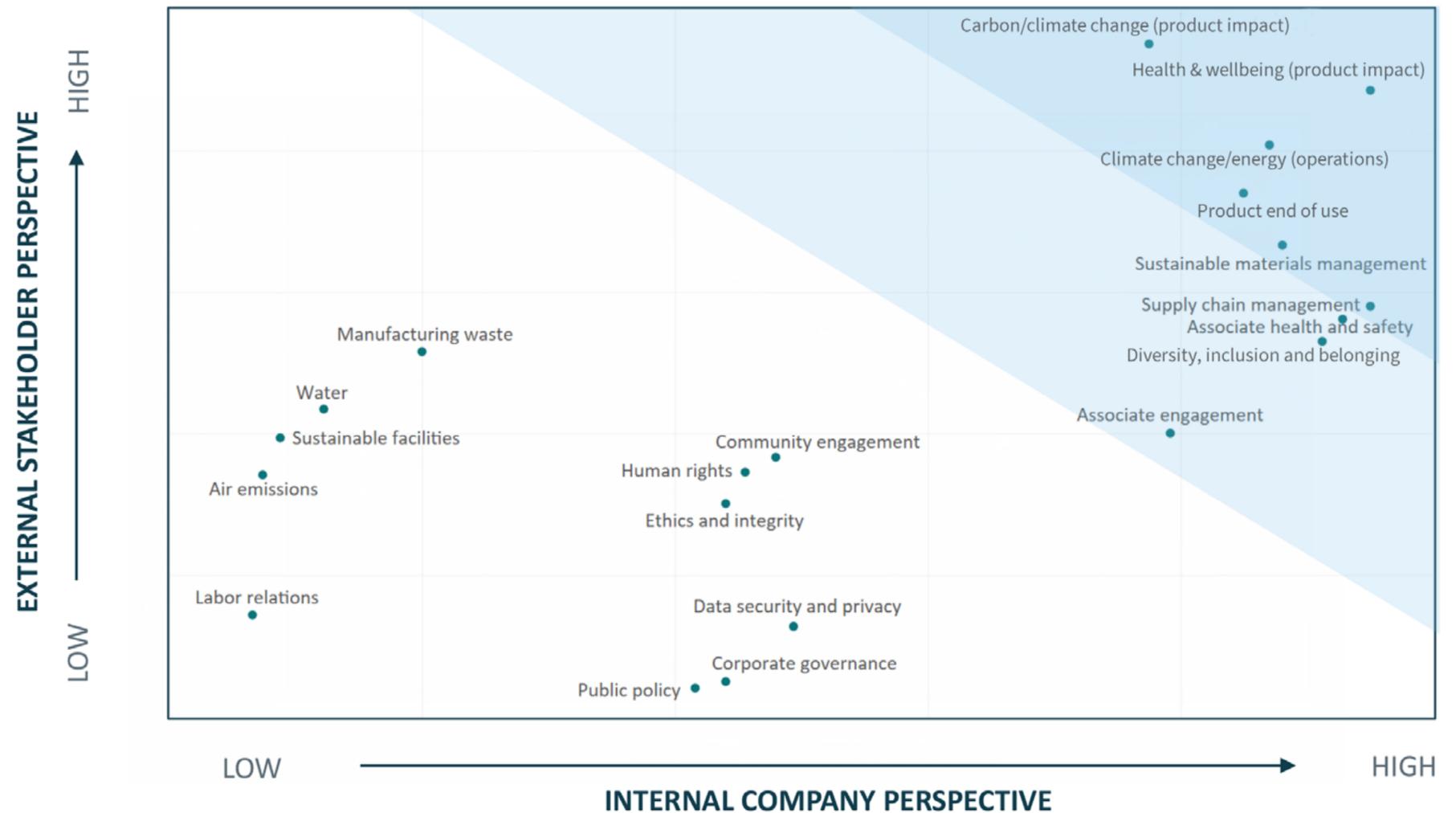
While all 21 social and governance issues presented to our stakeholders are important, a materiality assessment strives to prioritize those issues by asking the key question, “What should Shaw most urgently address over the next 3-5 years?” What we found was a growing focus on health & wellbeing across all our stakeholder groups — a theme we’ve been seeing since our initial materiality assessment and a topic that has been core to our sustainability focus for more than two decades.

At the same time, there is increased and evolving focus on the impact all businesses can have on mitigating climate change. In particular for Shaw, our commercial customers are increasingly focused on the embodied carbon footprint of the products we sell in addition to our operational footprint as a manufacturer.

And the market expects manufacturers to consider their products’ end of use, how to incorporate recycled content and how they can contribute to a circular economy. It’s an area we’ve been focused on since the late 1990s, one that can help mitigate climate change, and for which we must carefully evaluate material ingredients to ensure products are safe and circular.

It’s all interdependent. But at the heart of it all are people.

What should Shaw most urgently address over the next 3-5 years?
2021 MATERIALITY ASSESSMENT RESULTS



OUR PROMISE

At Shaw, we strive to create a better future and a better world. A world in which we collectively value and invest in the health, wellbeing, and success of **all people AND our planet**. A future that's safe and safeguarded for generations to come.

Design products focused on the **health & wellbeing** of the planet and its people.

Be a positive force in the global effort to mitigate **climate change**.

Fuel the **circular economy** with safe, sustainable, cradle-to-cradle inspired products.

Create positive social change and **a more just world for all**.

OUR 2030 GOAL

OPTIMIZE 100% OF OUR PRODUCTS TO CRADLE TO CRADLE® DESIGN PRINCIPLES

- material health
- clean air & climate protection
- product circularity
- water & soil stewardship
- social fairness

UN SDG Alignment:

The UN Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a **universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity**. Shaw's sustain[HUMAN]ability efforts contribute most significantly to the following SDGs.



AS WE WORK TOWARD OUR GOAL TO OPTIMIZE 100 PERCENT OF OUR PRODUCTS TO CRADLE TO CRADLE® DESIGN PRINCIPLES, WE HAVE SET AMBITIOUS TARGETS AND HAVE ESTABLISHED KEY PERFORMANCE INDICATORS (KPIs) TO MEASURE OUR PROGRESS AND ADJUST OUR APPROACH AS NEEDED.

Almost 90%
of the products
Shaw manufactures are
Cradle to Cradle Certified®

Reduced our
landfill waste
intensity to
3.19%
**Target:
0 by 2030**



Introduced our first
Cradle to Cradle Certified
Gold flooring collection

Reclaimed and recycled
nearly 1 billion lbs
of carpet since 2006



**More than 42% of
our allowable spend
was with small and
diverse suppliers,
up from 30% in 2020**



**Reduced our carbon footprint by
more than 50% compared to 2010
(Scope 1 and Scope 2)**

D&I 2030 Goal:
For our talent pipeline to
reflect available talent in
our communities



Shaw and its associates contributed
nearly \$6.5 million
to philanthropic organizations



Provided more than
1 MILLION TRAINING HOURS
to associates and customers

Reduced
EcoWorx carpet
tile carbon
footprint by
40% since
introduction

**EcoWorx became the
1st product**
in the built environment
to achieve the new,
more rigorous Cradle to
Cradle Certified v4 standard

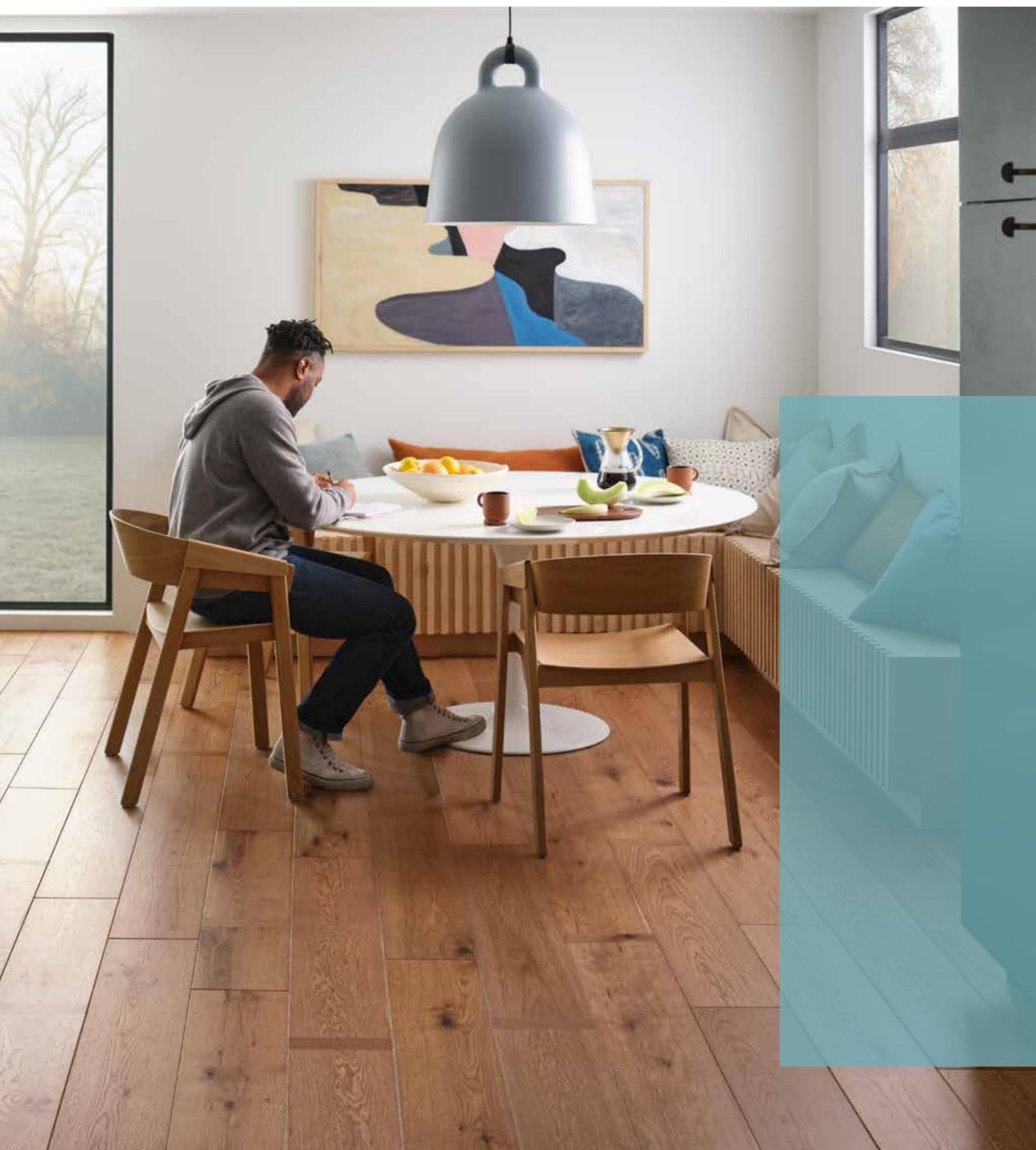
**NEARLY
1.8
BILLION
LBS**
of material
were assessed
for material
health in 2021

New Climate Goal:
Net Zero enterprise
operations by 2030

Our use of environmentally
friendly samples packaging
will reduce our use of plastic by
~3.5M
square feet each year

OUR PROMISE:
DESIGN PRODUCTS FOCUSED
ON THE HEALTH & WELLBEING
OF THE PLANET AND ITS PEOPLE.





**ALMOST 90% OF
THE PRODUCTS
WE MAKE
ARE CRADLE
TO CRADLE
CERTIFIED®**

Living through a pandemic has forced everyone to carefully reconsider how we live — indoors and out. Even in this highly dynamic time, we spend almost all of our time indoors. And research reveals that where and with whom we sit impacts our wellbeing more than our genetics or lifestyle choices. Knowing the profound impact the built environment has on the planet and its people has long influenced our product design.

It's why for more than two decades we have designed our products according to Cradle to Cradle® principles. What began with a single product — our EcoWorx-backed carpet tile — now permeates all we do. We're proud that almost 90 percent of the products we make are Cradle to Cradle Certified and that those same principles are embedded in our sustainable sourcing policy and supplier terms and conditions. No matter where or by whom a product or ingredient is made, it is held to the same high standards. (Read more about our supply chain management efforts beginning on page 29.)

AT SHAW, OUR APPROACH IS TO:

- AIM TO KNOW AS MUCH AS POSSIBLE ABOUT OUR PRODUCTS
- SEEK THIRD-PARTY CERTIFICATION
- EMPLOY A SUSTAINABLE SOURCING POLICY
- EMPOWER PRODUCT INNOVATION AND DESIGN TEAMS

INGREDIENTS

We aim to know as much as possible about our products: what goes into them and thus what might come out. This begins with raw material choices. Shaw's stewardship process includes a rigorous, enterprise-wide workflow and raw material ingredient approval. Approximately 1.8 billion pounds of materials were assessed in 2021.

Our product development is guided by the Cradle to Cradle® design philosophy, and the Cradle to Cradle Products Certification Program provides third-party assessment and verification of our efforts. It keeps us focused on material health, product circularity, clean air and climate protection, water and soil stewardship, and social fairness. Whether a product is seeking certification or not, we follow this process in addition to hazard screening and risk assessment. Regardless of where or by whom a product or ingredient is manufactured, we maintain the same standards.

THIRD-PARTY CERTIFICATION

Shaw values third-party verification and validation of our sustainability efforts. They communicate simply a product's sustainability attributes and help us avoid the skepticism that often comes with self-disclosed information.

The Cradle to Cradle Product Standard focuses on safe ingredients; the effective use of raw materials, energy and water resources; and supply chain labor and community practices. It is crucial to our approach to creating sustainable products. Importantly, it balances transparency about what is in our products with protecting intellectual property.

We also ensure our products meet indoor air quality performance for VOC (volatile organic compounds) emissions using Green Label Plus, FloorScore® and GREENGUARD certification programs. And in 2021, Shaw carpet and resilient products were the first flooring products to achieve Greenhealth Approved™. Certification demonstrates manufacturing to the highest standards and meeting all requirements for indoor air quality, rigorous performance, and heavy metals and ortho-phthalate content. And we provide product ingredient and disclosure information via Health Product Declarations (HPDs) and Declare labels.

SUSTAINABLE SOURCING POLICIES

We strive to ensure that the products we source are held to the same standards we set for our own operations by incorporating our principles into our sustainable sourcing policy and supplier terms and conditions. This work stands to benefit Shaw, our customers and the industry

more broadly as new chemistry options become available. (Read more about our sustainable sourcing and supply chain practices on page 29.)

PRODUCT R&D AND DESIGN

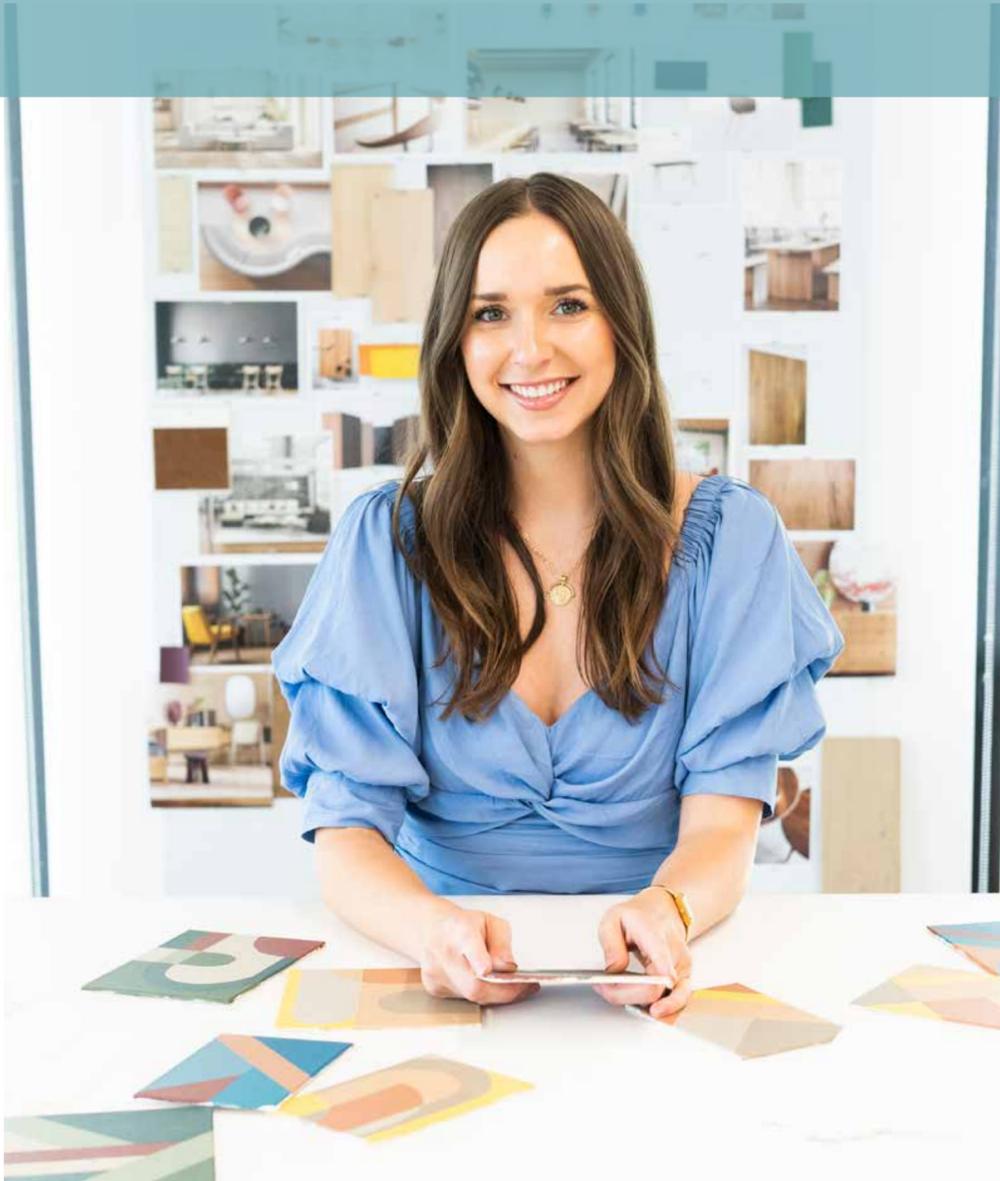
Shaw's product research and development, design and technical teams stay abreast of trends — in color, texture and technical capabilities plus market demand for sustainable products. Cradle to Cradle design principles are fundamental to our product innovation as showcased in the case studies throughout this report.

NATURAL RESOURCES

Our focus on people and planet also helps protect natural resources. The Cradle to Cradle Certified Products Program requires a product manufacturer to report water usage. Additionally, at the Silver level and above, process chemicals that could potentially impact runoff water quality are assessed according to the material health assessment criteria.

Further, the Cradle to Cradle certification process requires manufacturers to research ecosystem health and identify watershed threats in waterways near our manufacturing locations and provide evidence of effective management practices to prevent industrial contamination.

We have taken significant measures to minimize water use in our operations and manufacturing processes to achieve our 2030 goal of reducing our water intensity by 50 percent compared to 2010. As a result, in 2021, we used 37 percent less water (per pound of finished product) than if we were operating as we did in 2010 reducing our impact by more than a third over the past decade.



NEARLY
1.8 BILLION
POUNDS OF
MATERIALS WERE
ASSESSED IN 2021

ECOWORX®

Our introduction of EcoWorx-backed carpet tiles in 1999 set us on a Cradle to Cradle® design journey that has spurred countless innovations. What began with a focus on one product is now ingrained throughout our business. In fact, almost 90 percent of the products we manufacture are now Cradle to Cradle Certified®, and Shaw has the most certifications of any company in the world.

And our innovation of that original product hasn't stopped. With our focus on continuous improvement and designing products for people and the planet, we're perpetually enhancing this flagship product.

CONTINUING TO SET THE STANDARD

EcoWorx was our first PVC-free carpet tile. It was also the first flooring product in the world to be Cradle to Cradle Certified.

Decades later, we're still achieving firsts.

In 2021, we introduced our first Cradle to Cradle Certified Gold (v3.1) collection (the Reverse collection from Patcraft), and our expansive EcoWorx platform achieved the new more rigorous Version 4 of the Cradle to Cradle Certified Products Standard at the Silver level. That achievement meant we have the first product in the built environment to be Cradle to Cradle Certified under Version 4, the first product of any type made in the U.S. and China to be certified.



MATERIAL HEALTH

By understanding as much about our products as possible and assessing our ingredients against stringent Cradle to Cradle design standards, we carefully evaluate the need for each ingredient we use. Doing so ensures our products are deemed safe and circular, designed for people and the planet.



CARBON FOOTPRINT

Through careful material selection, the removal of unnecessary materials, and the increased usage of recycled content, we've reduced the carbon footprint of EcoWorx by more than 40 percent since its introduction (when used with EcoSolution Q100™).

OUR PROMISE:
BE A POSITIVE FORCE IN THE
GLOBAL EFFORT TO MITIGATE
CLIMATE CHANGE.



**OUR GOAL:
NET ZERO
ENTERPRISE
OPERATIONS
BY 2030**

At Shaw, our vision is to create a better future for our customers, associates, company and communities. The challenges we face in creating a better future — for people and the planet — can be complicated and daunting.

Climate change is a complex issue that requires a global response. No one person, organization or corporation can solve it alone. Collective action has a cumulative positive effect. As a product manufacturer, our actions can help those who purchase and use our products make a positive impact and achieve their sustainability goals.

In 2012, we set an ambitious goal to reduce our greenhouse gas (GHG) emissions intensity by 40 percent by 2030. Reducing energy use, switching to cleaner fuels, and employing renewable energy, enabled us to achieve that goal nearly a decade early (in 2020). Now we're setting a new, aggressive target: net zero operations by 2030.

And as we focus on our operations, we are also making strides to reduce the embodied carbon footprint of our products.

AT SHAW, OUR COMPREHENSIVE APPROACH TO OUR CARBON FOOTPRINT INCLUDES:

- OPERATIONS
- PRODUCTS
- VALUE CHAIN

OUR OPERATIONS

Shaw operates more than 85 manufacturing, distribution, and corporate facilities globally. In 2012, we set an ambitious goal to reduce our greenhouse gas (GHG) emissions intensity (the amount of GHG emissions we produce per pound of finished product) by 40 percent by 2030. We achieved that goal in 2020, almost a decade early.

Our approach: reduce our footprint, switch to cleaner fuels, employ renewable energy where possible, and offset what we're not yet able to remove from our operations. In 2021, our Scope 1 and Scope 2 GHG emissions were 0.33 and 0.62 respectively — a reduction of more than 50 percent compared to 2010. And our commercial carpet facilities worldwide have been carbon neutral since 2018.

Our new goal: achieve net zero operations by 2030 across our enterprise while reducing the carbon footprint of our products and our value chain. In doing so, we remain committed to reducing our energy intensity (BTUs per pound of finished product) by 40 percent compared to 2010. Our 2021 energy intensity represented approximately a 19 percent reduction compared to that baseline.

OUR PRODUCTS

Many of our customers make purchase decisions based upon a product's carbon footprint, particularly in the commercial market.

We have been systematically measuring more and more of our products' footprints through comprehensive lifecycle assessments (LCAs) for more than a decade and creating Environmental Product Declarations (EPDs) to share with customers what we know. Those LCAs have also been instrumental in helping us identify the greatest opportunities to further reduce our products' footprints. For example, we know that with our EcoWorx carpet tile, the use of recycled material plays a major role in helping achieve a lower footprint.

In 2021, we introduced a new yarn system (EcoSolution Q100™) and expanded our carbon neutral commercial product offerings through our Patcraft and Shaw Contract brands. By allocating 100 percent recycled content* and offering more carbon neutral collections, we are enabling our customers to more readily make low carbon and carbon neutral purchase decisions. (Read more on page 18.)

Similar efforts are taking place across our portfolio.

OUR VALUE CHAIN

Reducing the carbon footprint of our products and our operations requires a deep understanding of the impacts of our choices of: materials, suppliers, how our products are used, their opportunity to be recycled and more. As we increasingly understand the GHG emissions associated with our value chain, we will begin measuring, reporting, and setting targets to reduce our Scope 3 emissions using science-based targets.

OUR COMMERCIAL CARPET OPERATIONS WORLDWIDE HAVE BEEN CARBON NEUTRAL SINCE 2018

*Post-industrial recycled content allocated from our waste minimization and collection efforts

LOW CARBON & CARBON NEUTRAL SOLUTIONS:

In 2021, Shaw introduced its lowest carbon footprint carpet products yet. And our commercial brands, Patcraft and Shaw Contract, expanded their carbon neutral product offerings using verified carbon offsets to negate what we haven't yet been able to reduce.

The introduction of EcoSolution Q100 exemplifies our commitment to continually seeking low carbon solutions that meet our customers' project needs.

ECOSOLUTION Q100™

OUR ECOSOLUTION Q100 YARN SYSTEM OFFERS 100 PERCENT POST-INDUSTRIAL RECYCLED CONTENT ALLOCATED FROM WASTE MINIMIZATION AND COLLECTION EFFORTS TURNING MANUFACTURING WASTE INTO A VALUABLE RESOURCE BY REINSERTING IT INTO OUR YARN MANUFACTURING PROCESSES.

LOW EMBODIED CARBON FOOTPRINT

WHEN PAIRED WITH OUR ECOWORX BACKING, OUR CARPET TILE COLLECTIONS USING ECOSOLUTION Q100 HAVE A LOW EMBODIED CARBON FOOTPRINT OF 4.73 KG CO² EQUIVALENT*

Cradle to gate, based on average 19.6 ounce weight product

OUR PROMISE:
FUEL THE CIRCULAR ECONOMY
WITH SAFE, SUSTAINABLE,
CRADLE-TO-CRADLE
INSPIRED PRODUCTS.



**NEARLY
1 BILLION
POUNDS
OF CARPET
RECYCLED
SINCE 2006**

At Shaw, we strive to create a second life for materials that would otherwise be discarded as waste.

Circular design encourages us to rethink business models, how we make products, and to consider the system surrounding them. We also need to think about the materials we use to ensure that resources can be used again and again. Materials matter.

Our design philosophy has long held that we can choose materials that are safe and circular, building a better offering for our customers, while ensuring that the products and services we create are part of a circular economy.

Guided by Cradle to Cradle design principles, material health and product circularity considerations go hand-in-hand. What began with the introduction of a single product in 1999 — our EcoWorx® backed carpet tile — has become foundational to our product design. Today, almost 90 percent of the products we make are Cradle to Cradle Certified®.

And we've recycled nearly a billion pounds of carpet since 2006 and converted billions of single-use plastic bottles into carpet annually for more than a decade.

It's all part of our quest to fuel the circular economy with safe, sustainable, cradle-to-cradle inspired products.

OUR CIRCULARITY JOURNEY BEGAN IN EARNEST IN THE LATE 1990s.

Our flagship EcoWorx® backed carpet comes with an Environmental Guarantee — our way of saying, “We want it back.” All EcoWorx products have a toll-free number (800-509-SHAW) and URL (ShawRecycles.com) printed on the back. Shaw will transport and recycle EcoWorx tile or broadloom carpet at no cost. Returning EcoWorx is simple and hassle-free for our customers, making it easy to recycle used carpet — helping create a better future for people and the planet.

**500 square yard minimum*

FLOORING RECYCLING

Shaw’s re[TURN]® Reclamation Program has recycled nearly 1 billion pounds of carpet since 2006. We are continually looking for new solutions to the technical, economic and logistical challenges to creating a more circular economy. We strive for safe and circular solutions through research and development, industry partnerships, academic research and other innovation.

We are applying all that we have learned in reclaiming and recycling carpet to perpetually exploring and testing solutions for our wider range of products. For example, we’re turning end-of-life synthetic turf fields into a new turf product with our patented and patent-pending NXTPlay® performance pad from Shaw Sports Turf®.

And Shaw is continually finding viable uses for recycled content from other industries to use in our products.

SINGLE-USE PLASTIC BOTTLES

We are finding myriad uses for single-use plastic bottles, for example. We’ve been turning clear plastic bottles into carpet fiber for more than a decade — including recycling billions of bottles a year at Clear Path Recycling®, our joint venture with DAK Americas.

At Shaw, innovation happens when we ask: What if? Clear Polyethylene Terephthalate (PET) has the highest value and widest variety of applications for recycling. Color-enhanced PET is appealing and distinctive in its first use, but it is often unwanted by recyclers and manufacturers due to the color limitations. What if we could use the harder-to-reuse green plastic bottles? What if we used ones with a bit of soda residue or debris from the collection process?

This constant questioning led, in 2003, to a way to incorporate harder-to-use green plastic bottles into our EcoLogix® backing. And we didn’t stop there. We’ve perpetually refined our processes over the past decade to process lower-value plastic. As we invest \$250 million in our Andalusia, Ala., facility, for example, we are expanding upon our innovative technology to process more recycled PET and to use a broader range of clear plastic bottles while maintaining the quality of the final product.

Our research and concepting continually results in innovative products such as our ReWorx PET hybrid product boasting the visual of a soft surface and durability of a hard surface. (Read more on page 22.)

ONGOING WASTE REDUCTION/REUSE

We consistently categorize, measure and channel waste toward the best possible use, whether repurposed within our own manufacturing processes or used by other industries. Detailed insights help identify opportunities for improvement, allowing us to reduce the amount of waste we send to the landfill by millions of pounds. In 2021, our landfill waste intensity was 3.19 percent. Recycled input materials make up nearly 21 percent (by weight) of what goes into manufacturing Shaw’s products.

**IN 2021, SHAW
TURNED MORE THAN
2.5 BILLION PLASTIC
BOTTLES INTO
FLOORING**

REWORX™

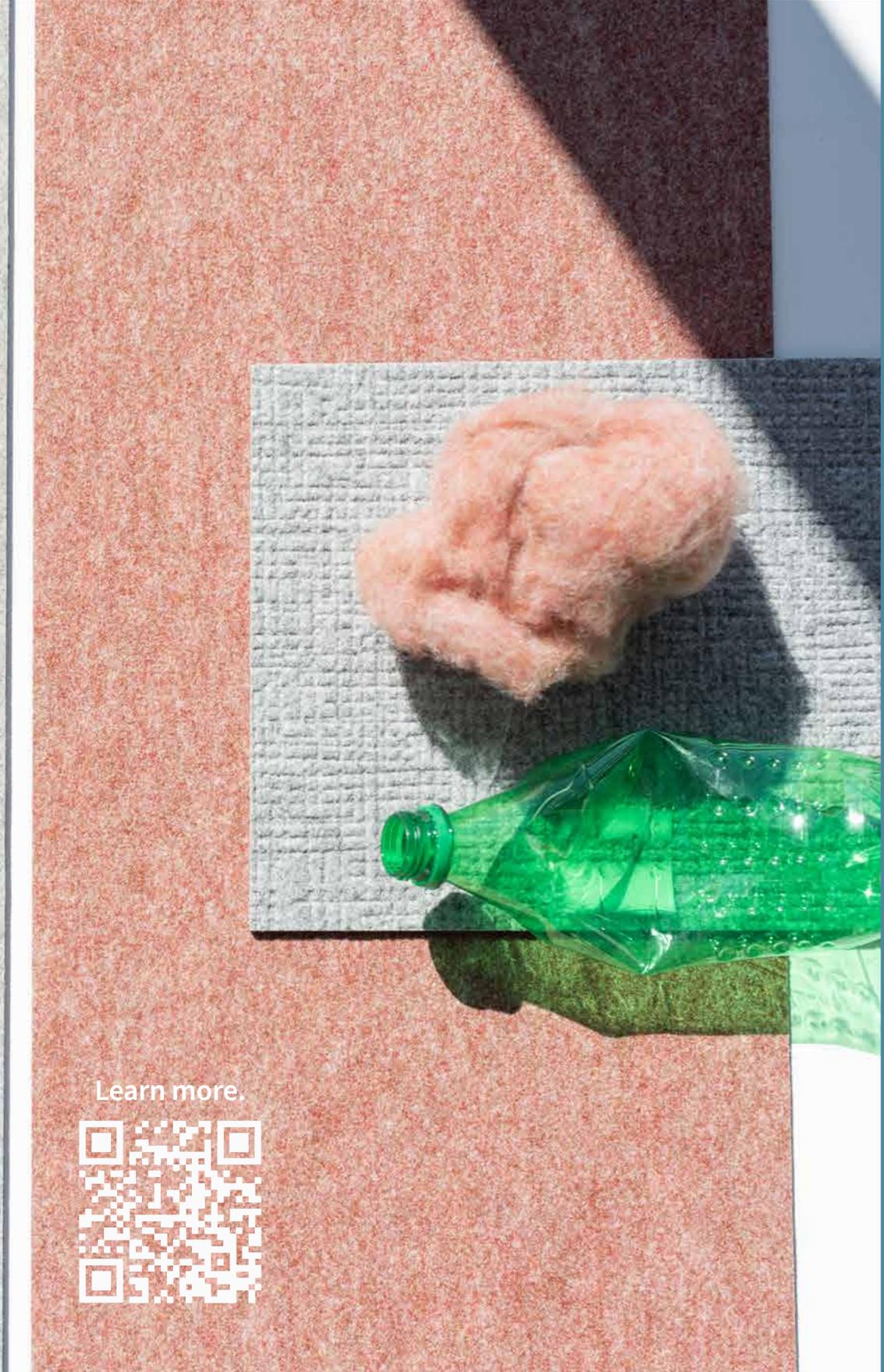
Waste reimaged.

Today's plastic bottles can have a new life as carpet fiber, cushion backing, and new innovations — like ReWorx, which was introduced to the commercial interior design industry in 2021.

Made of 100% PET, ReWorx is a patent-pending hybrid product boasting the visual of a soft surface and the performance of a hard surface. And with an average of 61 plastic bottles per square yard, we hope to inspire those who walk on ReWorx to recycle their single use plastic for a new generation of flooring.

**REWORX IS A REVOLUTIONARY
NEW PLATFORM CONSTRUCTED
WITH 30% POST-CONSUMER
RECYCLED BOTTLES, TAKING
YOUR WASTE BOTTLES AND
RECYCLING THEM INTO A
BEAUTIFULLY DESIGNED,
HIGHLY DURABLE FLOORING.**

**MADE IN THE USA, REWORX
IS PVC-FREE, CONTAINS
NO PLASTICIZERS AND NO
CHLORINE AND IS RECYCLABLE
BACK INTO ITSELF.**

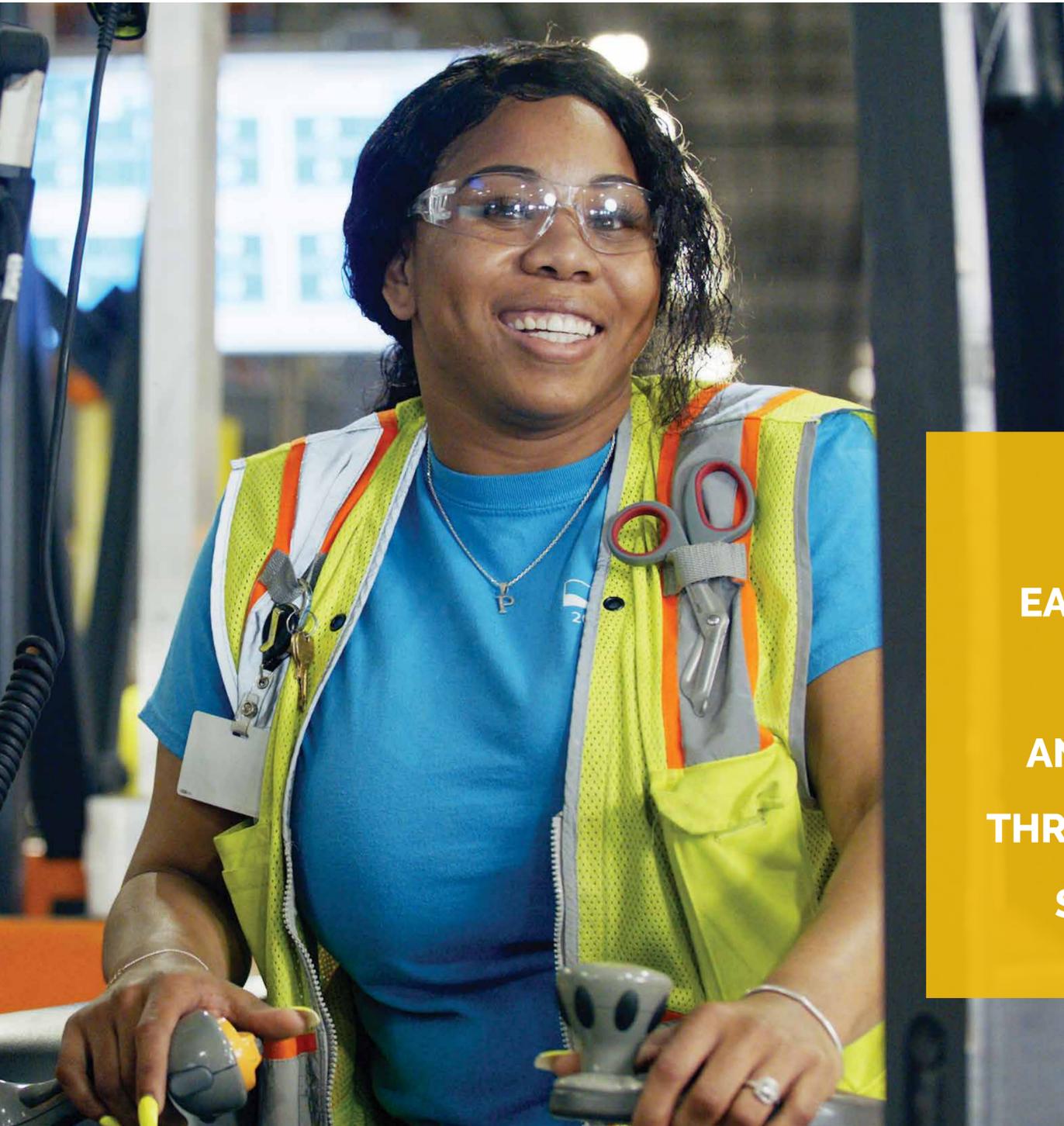


Learn more.



OUR PROMISE:
CREATE POSITIVE SOCIAL
CHANGE AND A MORE
JUST WORLD FOR ALL.





**WE SUPPORT
EACH OTHER, OUR
COMMUNITIES
AND OUR FUTURE
THROUGH POSITIVE
SOCIAL CHANGE**

We know that in order to sustain[HUMAN]ability, we must help create positive social change and a more just world for all. At Shaw, that begins with our associates and continues throughout our value chain including in the communities where we operate, across our supply chain, and with our customers.

By working diligently to hire and retain diverse talent, we bring fresh perspectives, unique points of view and varied experience into the organization that spark growth and innovation. And we maintain a culture of continuous improvement — one that helps each associate achieve their full potential and creates a rewarding work experience.

Our commitment to helping individuals excel is evident in our community giving and philanthropy. We leverage our combined talents and financial resources to provide fundamental community needs, to help create economic opportunity by empowering the workforce of the future, and to support causes that have a lasting impact on people and the planet.

It's all a vital part of how we sustain[HUMAN]ability.

CARING FOR OUR ASSOCIATES

At the heart of our business are the more than 20,000 Shaw associates who we support in reaching their full potential to deliver quality products and fresh thinking to our customers — so that we can all create a better future together.



SAFETY

In every department, every location, every area of our business, every future counts. That's why we prioritize the safety and wellbeing of our associates on the job. We take time to prevent accidents, assess risk, encourage open dialogue about any potential dangers, and continually invest in new safety training, procedures and technology changes to improve workplace safety. By communicating about safety on an ongoing basis and maintaining an environment where everyone takes accountability for protecting every individual, we ensure we are united in safety. In 2021, our corporate incident rate (or OIR) was 2.76 overall and 2.37, excluding OSHA recordable COVID cases.

The safety culture that is cultivated in our plants extends outside our facilities as well. Shaw Emergency Response Volunteers learn life saving skills, including first aid treatments so they are prepared if an emergency arises. By going beyond their job requirements to serve and assist others, these individuals have saved lives at work, at home and in our communities.

HEALTH AND WELLNESS

To give our associates and their families every opportunity to succeed and thrive, we offer a range of resources and benefits to support physical, mental and financial wellness. From comprehensive health insurance and retirement savings plans, to tuition reimbursement and GED support, we take a holistic approach to understanding our associates' needs.

In 2021, we enhanced our Employee Assistance Program (EAP) by adding a digital Cognitive Behavioral Therapy (CBT) program called myStrength. This program offers free counseling, legal

guidance, financial resources and more, all intended to positively impact and support associates and their families. Behavioral health services at the Shaw Family Health Center in Dalton, Ga. have also been added, so associates have even more options for potentially life-saving help.

GROWTH AND DEVELOPMENT

We create an environment where associates can pursue their passions through a wide range of career disciplines and give them the tools and resources to succeed. By providing clarity and transparency around the knowledge, experience, competencies, and personal attributes critical for each position, associates can target training opportunities aligned with long-term goals. In fact, we deliver more than 1 million training hours each year across more than 20,000 instructor-led and online, self-paced educational modules. But beyond the metric is the quality of the content, as well as the variety of offerings to ensure instruction is inclusive for diverse learners — an effort that results in our associates being our top source of talent for leadership opportunities at every level.

We're proud to consistently receive recognition for our robust efforts to help our associates achieve their full potential. Shaw was named a 2022 Training APEX Award winner by Training magazine for its efforts in 2021 — ranking as the highest flooring manufacturer on the list and marking the 18th consecutive year Shaw has been honored by Training magazine. In 2021, Shaw was ranked among Elearning! Magazine's Learning! 100 for the 12th time. And in the same year, our education and training efforts contributed to Shaw being named a Forbes Best-in-State Employer once again.

DIVERSITY & INCLUSION

At the foundation of creating a more just world for all is the ability to respect and value the unique perspectives we each bring. At Shaw, we know that harnessing that individuality for a common goal can create stellar results.



INCLUSIVE LEADERSHIP

We strive for an environment where all associates feel safe, included, empowered, and accountable. This begins with honoring a zero-tolerance policy for discrimination or harassment of any kind, setting high expectations for treating others with respect, and upholding inclusive leadership as a core competency by which individuals are evaluated. To this end, leaders are held accountable for demonstrating self-awareness, championing diversity and inclusion, and using diversity as an advantage. They understand their role in creating a place where everyone can make a difference, where we engage in healthy debate, challenge each other, and take risks to move the organization forward.

By embedding these principles throughout our talent management processes and providing opportunities to better understand other perspectives — from education on cultural fluency to creating space for connection, reflection and empathy — we continue to learn and grow together.

HIRING DIVERSE TALENT

We are committed to making investments in attracting and developing diverse talent and have set a goal for our talent pipeline to reflect available talent in our communities by 2030.

In addition to established efforts to incorporate diverse interview teams and remove bias in the hiring process, we significantly expanded our virtual recruiting efforts in 2021. This is already playing a key role in progressing toward our target goal. Virtual recruiting allows us to engage with candidates who may have been overlooked in traditional, in-person recruiting due to distance limitations primarily driven by cost. And it allows us to include a wider range of associates in the interview process, pulling in diverse, internal stakeholders to evaluate potential new talent for Shaw.

ASSOCIATE-LED RESOURCE GROUPS

Shaw’s commitment to fostering an inclusive and diverse corporate culture is supported by Associate Resource Groups (ARGs). These affinity groups help drive engagement within the company by connecting associates with both similar and different perspectives to harness and enable member’s talents and goals, foster innovation and provide insight into potential business opportunities.

There are active groups focused on the needs and interests of female, Hispanic and Latino, Black and multicultural, LGBT+, veterans, physical, emotional and neurological diversity, and sales associates. By connecting thousands of associates in a variety of networking and professional development opportunities, these efforts spark growth through inclusive leadership. In every facet of our approach, we strive to build an environment where diverse perspectives and ideas are heard, and value is placed on both the seen and unseen characteristics and experiences our 20,000+ associates bring to the organization. Learn more at <https://shawinc.com/Diversity>.

OUR COMMUNITIES

In 2021, Shaw associates along with the company donated more than \$6.5 million to community organizations.



COMMUNITY

Our commitment to helping individuals achieve their full potential is evident in our community giving and philanthropy, which includes leveraging our talents and financial resources to provide fundamental community needs, to help create economic opportunity by empowering the workforce of the future, and to support causes that have a lasting impact on people and the planet.

Shaw supports numerous non-profit organizations that are adept at providing education, basic needs, health and more. In 2021, Shaw associates, along with the company, donated more than \$6.5 million to community organizations.

ST. JUDE CHILDREN'S RESEARCH HOSPITAL

Shaw's partnership with St. Jude Children's Research Hospital® continues to strengthen as we support their mission to help children battling cancer and other life-threatening diseases. Shaw's partnership with St. Jude, which began in 2012, includes multiple programs, each of which has been embraced by our associates, partners and customers.

We have established co-branded product lines, are an annual sponsor and exclusive flooring provider for the St. Jude Dream Home® Giveaway, and have participated in other fundraisers. Shaw customers and associates frequently take part in the St. Jude Memphis Marathon Weekend, the St. Jude Walk/Run to End Childhood Cancer, and other fundraising events. Through these efforts we've raised more than \$17 million, including \$2.2 million in 2021. And we were once again the top corporate fundraising team for the St. Jude Memphis Marathon, setting a new company record with our associates and marathon team members raising almost \$330,000.

UNITED WAY

Shaw believes strongly in supporting United Way's mission to "improve lives by mobilizing the caring power of communities around the world to advance the common good." Recognizing that the pandemic only intensified the needs in our communities, our employees rose to the challenge, and along with the company contributed nearly \$2.5 million.

COMMUNITY EDUCATION

Education and opportunity are the keys to future innovation — ours and the world's.

From reading to robotics, kindergarten to college, Shaw supports education efforts that will help create the workforce of the future — fostering greater innovation at Shaw, bolstering local economic development, and spurring rewarding careers. Shaw sees this investment in people as important as any we make in new equipment or technology.

In 2020, Shaw supported the development of the Junior Achievement Discovery Center of Greater Dalton. The 15,000 sq. ft. facility, which opened in 2021, serves 13 school districts and more than 13,000 middle school students across Northwest Georgia. Students who visit the Discovery Center will have the opportunity to learn from a simulated economy about business and the career opportunities available in their community.

Shaw's partnership with the Great Promise Partnership (GPP), which began in 2015, continues to expand throughout northwest Georgia and into Savannah. GPP helps students complete high school while gaining real-world job skills at a Shaw facility. High school students in our communities also have an opportunity to participate in Shaw's formal apprenticeship program, which introduces students to mechatronics and manufacturing careers.

Shaw leaders also coach and mentor Shaw-sponsored FIRST® Robotics, FIRST® Technology and FIRST® Lego Competition teams.

Across these efforts, Shaw encourages participation from diverse and underrepresented groups to ensure that all students have the opportunity to identify their passion and aptitude for STEAM careers. Mentorships and coaching from Shaw associates are instrumental in these programs, ensuring that students can see themselves and their future potential.

Leveraging the capabilities and insights of individuals with diverse backgrounds, cultures, styles, abilities and motivation is imperative to our success.

At Shaw, we strive for an environment where all ideas are heard and valued, and an expectation of inclusive leadership is required at every level of the organization. Diversity and inclusion are necessary for innovation and growth, allow us to better understand our customers and their needs, and position us to attract and retain the best talent.

Associate Resource Groups (ARGs) are one of the key tools for creating that inclusive environment — by engaging, educating and empowering.

In late 2021, Shaw launched its seventh ARG:



Mosaic recognizes and harnesses the power of physical, emotional and neurological diversity. This ARG focuses on Shaw associates and/or their family or community members.



EVERY ONE OF SHAW'S 20,000+ ASSOCIATES HAVE UNIQUE ABILITIES, INCLUDING INDIVIDUALS WITH DISABILITIES BOTH SEEN AND UNSEEN. INSTEAD OF FOCUSING ON POTENTIAL LIMITATIONS, INCLUSIVE LEADERSHIP DEPENDS ON LEVERAGING WHAT PEOPLE CAN DO. WHEN PEOPLE SEE THEMSELVES AND OTHERS FOR THEIR ABILITIES, RATHER THAN THEIR DISABILITIES, WE CREATE AN ENVIRONMENT WHERE EVERYONE CAN CONTRIBUTE TO OUR COLLECTIVE SUCCESS.



Jim Cusick, Strategic Project Leader, and Matt Pulford, Innovation Project Manager, share their perspectives as Mosaic members and part of the ARG's steering team.

NO MATTER WHERE OR BY WHOM A PRODUCT OR INGREDIENT IS MADE, IT IS HELD TO THE SAME STANDARDS THAT SHAW SETS FOR ITSELF.





**MORE THAN
42% OF OUR
ALLOWABLE
SPEND* IS
WITH SMALL
AND DIVERSE
BUSINESSES**

Sustainable sourcing and integrated supply chain management are critical to our business success and our ability to have a positive impact on people and the planet. While supply chain management has been a material issue for our stakeholders for several years now, it's no surprise that there is increasing focus on this topic amid the supply chain uncertainty and disruptions of the past two years.

At Shaw, we are committed to ensuring that no matter where in the world a product or ingredient is made or sourced, it is held to the same high standards that Shaw sets for itself.

What we purchase matters — whether in our day-to-day lives as individuals or as a global manufacturer. At Shaw, we have the ability to influence markets and our supply chain with the significant purchasing power of a \$6 billion global company.

Each purchase we make sends a signal to the market regarding what we value. We support our communities by prioritizing local sources whenever possible. In 2021, 67 percent of our overall supplier spending occurred in the 31 U.S. states where we operate Shaw facilities.

We also bring our focus on diversity and inclusion to the way we manage our supply chain. We can have a significant impact on the businesses in our community by providing equal access to Shaw's purchasing opportunities to all qualified suppliers. To promote supplier participation that is reflective of our customers and communities, we intentionally expanded our supplier diversity program to include small-, women-, veteran-, minority- and LGBT-owned businesses. Our success and theirs is interconnected. Our supplier diversity spend is consistently increasing. In 2021, it was more than 42 percent of allowable spend.*

**Allowable spend is domestic (U.S.) spend in categories in which we have diverse suppliers from which to choose. Non-allowable spend categories are categories in which we do not have domestic, small or diverse suppliers available to meet our needs.*

Each step we take to understand the materials used, or to help our suppliers improve their sustainability performance, has a ripple effect that can create a wave of change — not only for Shaw's products but for the industry.

THE UN GLOBAL COMPACT

Shaw is a proud signatory to the United Nations Global Compact, a set of principles for corporations to uphold and protect human rights, labor, environment and anti-corruption standards. The UN Global Compact and its principles align with our culture and operations. As such, we also incorporate those principles into our supplier expectations.

Shaw is among more than 12,000 companies and 3,000 non-business entities from 160+ countries worldwide to sign the UN Global Compact — including many of Shaw's customers and business partners. We share a deep commitment to doing what is right by people and for people.

The principles include taking a precautionary approach to environmental challenges, taking steps to promote environmental responsibility, encouraging environmentally-friendly technologies, working to effectively abolish child labor, supporting and respecting the protection of internationally proclaimed human rights, and others.

OUR SUSTAINABLE SOURCING POLICIES

Since 2018, our sustainable sourcing policy has incorporated the Ten Principles of the UN Global Compact as well as Cradle to Cradle® design principles — bringing even greater transparency into our supply chain by requiring disclosures about the ingredients that go into the products we make and sell. This extends the positive impact Shaw is making beyond our own operations to a vast array of suppliers providing goods and services to Shaw.



REPORTING CYCLE

Our sustainability reporting follows an annual cycle based on the calendar year. This report covers January 1, 2021, to December 31, 2021. Our most recent sustainability report was published in 2021 for the calendar year 2020. Previous reports can be accessed at: shawinc.com/reports/

CONTACT

To request hard copies of this report, please email sustainability@shawinc.com. For questions regarding the contents of this report, please email Susan Farris at susan.farris@shawinc.com.

SCOPE & BOUNDARY

This report includes data from all directly-owned operations and wholly-owned subsidiaries, as well as joint ventures in which Shaw holds at least a 50 percent financial stake. Exceptions are noted where applicable. Scope, boundary and measurement methods are consistent with prior reports. There are no limitations on scope or boundary in this report.

ADDITIONAL CONTEXT

- The vast majority of Shaw associates are not covered by collective bargaining agreements. Shaw's Pro Installations, Inc. is a signatory on a number of collective bargaining agreements. However, Shaw does not track the small number of associates impacted.
- There were no significant changes in size, structure, ownership or supply chain in 2021.
- In 2021, we had no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.
- In 2021, Shaw had zero incidents of non-compliance with regulations and voluntary codes concerning our marketing communications.
- Shaw had no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of our key products across their lifecycle in 2021.
- All references to currency are in U.S. dollars.

Cradle to Cradle Certified® is a registered trademark of the Cradle to Cradle Products Innovation Institute.

FIRST®, FIRST® Robotics Competition, and FIRST® Tech Challenge, are registered trademarks of FIRST®

FloorScore® is a registered trademark of the Resilient Floor Covering Institute.

The Greenhealth Approved™ name, logo, and wordmark are registered trademarks of Practice Greenhealth and administered by Greenhealth Exchange.

ST. JUDE CHILDREN'S RESEARCH HOSPITAL is a trademark of American Lebanese Syrian Associated Charities, Inc..

All other word trademarks cited in this report are registered trademarks of Shaw Industries Group, Inc. or its affiliates.

FEATURED PRODUCTS**Cover:**

Shaw Floors, Pet Perfect Collection

Page 3:

Shaw Floors, Pet Perfect Collection

Page 11:

Shaw Contract, Collective Collection

Page 12:

Anderson Tuftex, Reawaken Collection

Page 17:

Shaw Contract, Dialogue Collection

Page 19:

Shaw Floors, Pet Perfect Collection

Page 22:

Patcraft, Spatial Palette Collection +
Shaw Contract, Bottle Floor Collection
Photo Credit: Kristin Faye Photography

Page 29:

Patcraft, Subtle Impressions
Photo Credit: Kristin Faye Photography

Page 31:

Shaw Contract, Color Frame Collection



Shaw Industries Group, Inc.
616 E. Walnut Avenue
Dalton, GA 30721 USA
sustainHUMANability.com
sustainability@shawinc.com

© 2021 Shaw, a Berkshire Hathaway Company.

