

# sustain[HUMAN]ability™





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## COMPANY OVERVIEW

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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 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.



sustain[HUMAN]ability™

Putting people at the heart  
of our sustainability efforts.





Vance D. Bell, Chairman and CEO

Dear Stakeholders,

Shaw Industries has grown globally from our founding in north Georgia more than half a century ago. We have built on our legacy in carpet to include floorcoverings for every possible place and space. Generations of associates have invented, innovated and designed products for evolving preferences and needs.

The world in which we operate today is unrecognizable from the one in which we were established. But one thing has never changed: our unwavering commitment to integrity.

Our approach to our work is rigorous. We are serious about accountability. We are focused on the long-term, and we pursue both innovation and continuous improvement.

## Built on integrity and powered by innovation.

Our products are carefully scrutinized and optimized for the human experience whether that's in your homes, classrooms, offices, playrooms or playing fields.

We understand that we must work every day to help you fulfill our customers' design vision and everyday performance needs. We know that we have the humbling opportunity to be the foundation of the places where people raise their families and pursue their ambitions.

To be a successful company in the 21st century, we not only have to accept change—we have to drive it. Doing so requires constantly striving to better understand our customers and their preferences and pain points, improving our products and operations, and investing in people and processes.

Over the past five years, Shaw has invested more than \$1.5 billion in new and existing facilities in the U.S. alone.

In 2018 and the first half of 2019, key investments in our operations included:

- Modernizing plants in Andalusia, Ala., Decatur, Tenn., and Chickamauga, Ga. focused on key components of our carpet manufacturing;
- Expanding manufacturing and warehouse space at our carpet tile facility in Adairsville, Ga.;
- Investing in our logistics and distribution network;
- Acquiring STS—a Scotland-based carpet tile manufacturer with further investment to upgrade and expand their capabilities.

This continued investment wouldn't be possible without our talented, passionate associates. We proudly invest in their success and reward their innovation. We're honored to have been recognized by Forbes and Ethical Corporation in the past year for our focus on diversity and inclusion. Our education and training programs continue to receive accolades and help us rank among elite businesses as an employer of choice. Our product innovation and sustainability achievements have been recognized by our customers and formally at The Edison Awards.

We are grateful for the opportunity to create a better future—together—by putting people first.

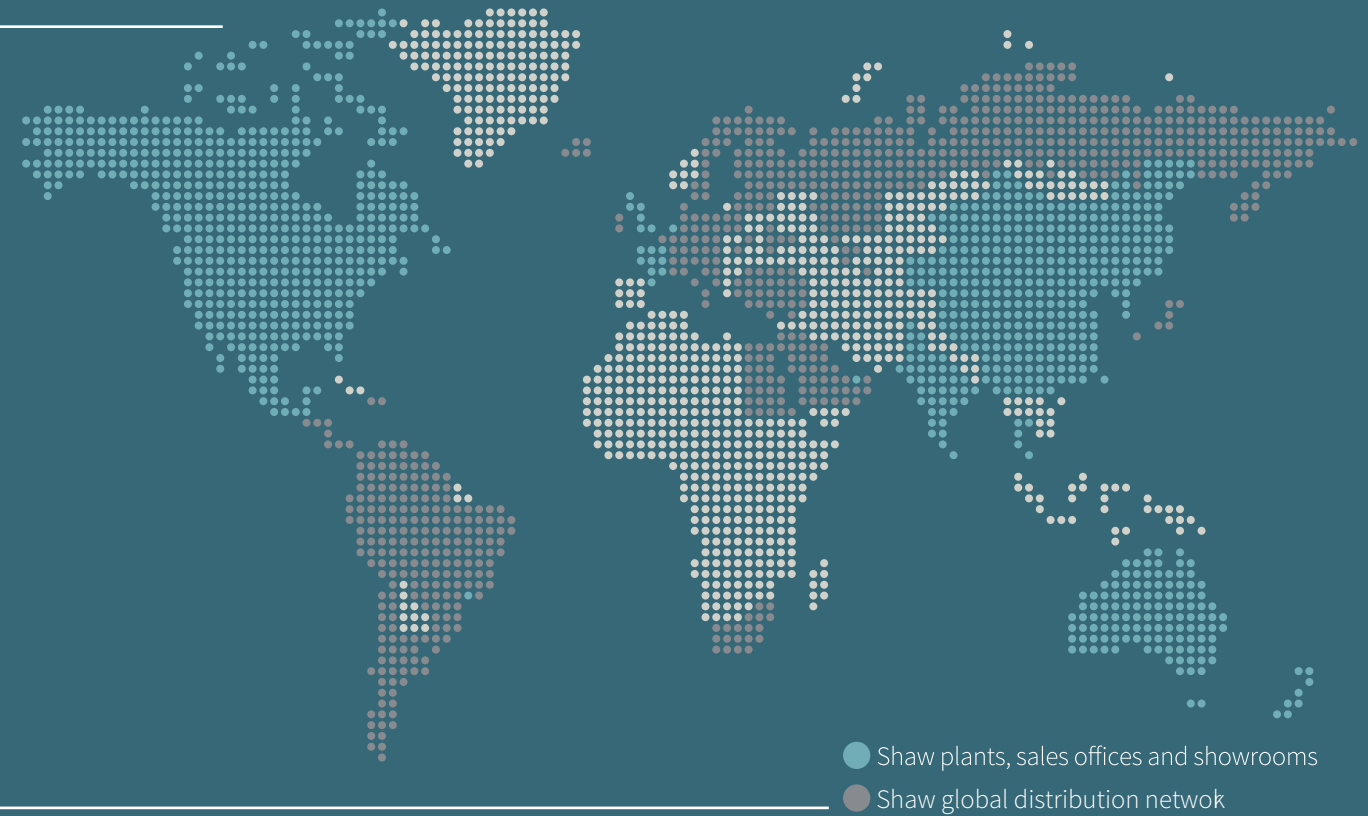
Sincerely,

**Vance D. Bell**  
Chairman 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, Patcraft, Philadelphia Commercial, Shaw Contract, Shaw Floors, Shaw Sports Turf, Southwest Greens and more.

Headquartered in Dalton, Georgia, Shaw has annual revenues of more than \$6 billion and is a wholly-owned subsidiary of Berkshire Hathaway, Inc. The company employs more than 22,000 associates with offices; R&D, manufacturing, warehousing and distribution locations; product showrooms; and/or salespeople 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.



## BY THE NUMBERS

We are 22,000+ 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 VISION

Creating a Better Future:  
For Our People,  
For Our Customers,  
For Our Company and  
For Our Communities.

### OUR MISSION

Great People.  
Great Products.  
Great Service.  
Always.

### OUR VALUES

Honesty,  
Integrity  
and  
Passion.

22,590

Associates worldwide

44

Manufacturing facilities

1

Closings/dispositions

2

Openings/  
acquired facilities

38,000

SKUs

49

Distribution facilities

0

Changes to capital structure





RESIDENTIAL FLOORING



COMMERCIAL FLOORING



SPECIALTY MARKETS



SERVICES





# MATERIALITY

## MARKET CONTEXT

Sometimes moving forward means taking a minute to pause and check the pulse of what matters the most to us: People.

Realizing that our company touches the lives of so many people—customers, associates, suppliers, communities and other stakeholders—we paused in 2018 to ask: What’s important to you?

Understanding that people spend, on average, 90% of their time indoors, it’s no surprise that in what some are calling the “second wave of sustainability” the definition of sustainability is broadening to include potential impacts on our human experiences in addition to traditional attributes of energy, water, waste and emissions.

The human experience within the built environment is increasingly important.

We’ve heard you, our customers and consumer advocacy groups, ask for greater transparency related to the ingredients that go into our products and their potential impact on us. Impacts on people as well as the planet.

We’ve seen sustainable building programs, design standards and policy changes evolving to include human health factors such as material health and acoustics.

Throughout this report you’ll see how Shaw is responding to the evolving sustainability landscape through our ongoing initiatives.

## MATERIALITY ASSESSMENT PROCESS

In 2018, Shaw engaged Framework, LLC, a sustainability consulting firm, to update our materiality assessment, which was first conducted in 2014, to ensure our sustainability priorities and goals aligned with current market expectations.

This effort included a robust survey of customers from our various commercial and residential business segments, our current and potential workforce, NGOs (Non Governmental Organizations), community leaders, industry trade associations and other key stakeholders. Those direct survey responses were supplemented with a document review to ensure we were looking beyond current market expectations to those emerging globally—inside and outside our industry.

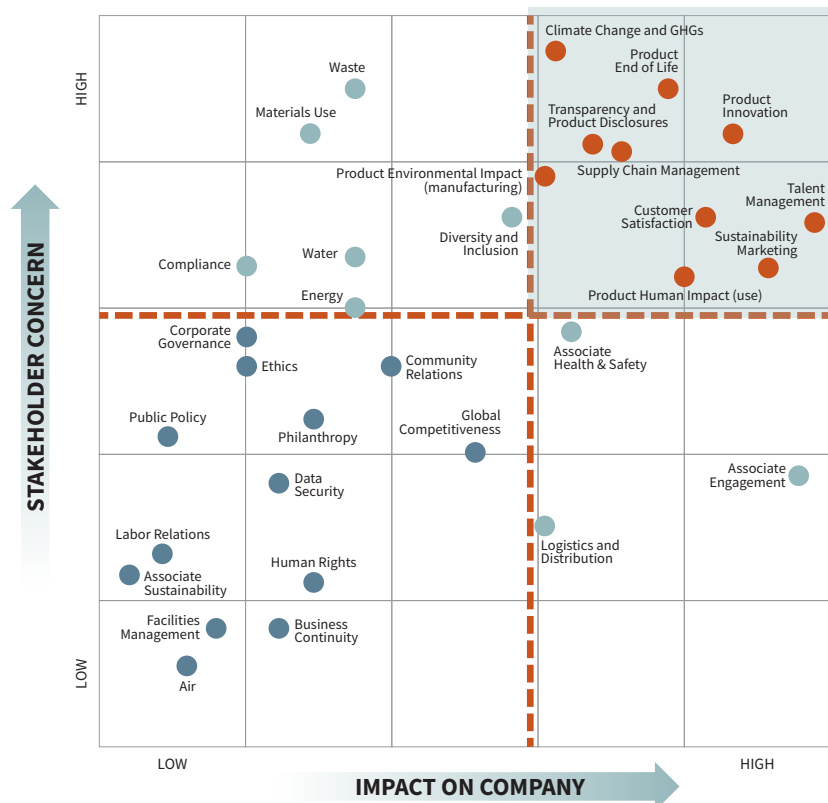
Those results were plotted in a materiality assessment grid alongside issues deemed to have the most impact on Shaw’s business by our senior leaders. This process identified 10 material issues (in alphabetical order):

- Climate Change and GHGs
- Customer Satisfaction
- Product End of Life
- Product Environmental Impact (Manufacturing)
- Product Human Impact (Use)
- Product Innovation
- Supply Chain Management
- Sustainability Marketing
- Talent Management
- Transparency and Product Disclosures

## KEY ISSUES BY STAKEHOLDER

Throughout this report you’ll see how Shaw is responding to the evolving sustainability landscape through our ongoing initiatives and our progress to date. We are currently re-evaluating our previously published 2030 Goals to ensure they align with these material items and will include updated goals in our 2019 Corporate Sustainability Report.

STAKEHOLDERS—OUR PEOPLE	ENGAGEMENT CHANNELS—WAYS WE INTERACT	KEY ISSUES IN 2018
Commercial Customers	<ul style="list-style-type: none"> <li>• Participating in RFPs and customer surveys</li> <li>• Engaging customer focus groups</li> <li>• Leading and attending market events, such as hosting segment specific round tables</li> <li>• Engaging with designers around the world at our global showrooms and through the Annual Global Design Award</li> </ul>	<ul style="list-style-type: none"> <li>• Product Human Impact (Use)</li> <li>• Product Environmental Impact</li> <li>• Climate Change &amp; GHGs</li> <li>• Product End of Life</li> <li>• Transparency &amp; Product Disclosures</li> <li>• Supply Chain Management</li> </ul>
Residential Customers	<ul style="list-style-type: none"> <li>• Convening customer focus groups</li> <li>• Participating in RFPs and customer surveys</li> <li>• Participating in the International Builder Show</li> <li>• Attending national and regional industry events and conferences</li> <li>• Reviewing industry research</li> </ul>	<ul style="list-style-type: none"> <li>• Product Innovation</li> <li>• Customer Service</li> <li>• Materials Use</li> <li>• Product Environmental Impact</li> <li>• Product Human Impact (Use)</li> <li>• Product End of Life</li> <li>• Supply Chain Management</li> <li>• Transparency &amp; Product Disclosures</li> </ul>
The Workforce	<ul style="list-style-type: none"> <li>• Conducting associate engagement surveys</li> <li>• Interacting with Shaw’s Corporate Diversity &amp; Inclusion Council</li> <li>• Engaging with Shaw Associate Resource Groups (ARGs)</li> <li>• Town hall meetings</li> <li>• Corporate management meetings</li> <li>• Executive luncheons with leaders and associates</li> <li>• Company-wide events</li> <li>• Focus Groups</li> </ul>	<ul style="list-style-type: none"> <li>• Talent Management</li> <li>• Climate Change and GHGs</li> <li>• Product Environmental Impact</li> <li>• Supply Chain Management</li> <li>• Waste</li> <li>• Associate Health &amp; Safety</li> <li>• Customer Satisfaction</li> </ul>
Advocacy Groups & NGOs	<ul style="list-style-type: none"> <li>• Actively participating in community, industry, trade and non-governmental organizations</li> <li>• Document reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change and GHGs</li> <li>• Transparency &amp; Product Disclosures</li> <li>• Product End of Life</li> <li>• Product Innovation</li> <li>• Product Human Impact (Use)</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Participating in industry certification programs</li> <li>• Hosting and participating in major industry events including NeoCon, Sustainable Brands, Greenbuild and Domotex</li> <li>• Document reviews</li> <li>• Engaging with trade associations</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change and GHGs</li> <li>• Transparency &amp; Product Disclosures</li> <li>• Product End of Life</li> <li>• Product Innovation</li> </ul>
Supply Chain	<ul style="list-style-type: none"> <li>• Conducting site visits of supplier locations</li> <li>• Engaging and evaluating supplier relationships</li> <li>• Engaging in innovation projects</li> <li>• Participating in conferences</li> <li>• Participating in supplier presentations</li> </ul>	<ul style="list-style-type: none"> <li>• Product Innovation</li> <li>• Customer Service</li> <li>• Product Environmental Impact</li> <li>• Product Human Impact (Use)</li> <li>• Supply Chain Management</li> <li>• Transparency &amp; Product Disclosures</li> <li>• Climate Change &amp; GHGs</li> </ul>
Policy Makers	<ul style="list-style-type: none"> <li>• Informing government stakeholders</li> <li>• Fostering relationships with lawmakers</li> <li>• Advocating for our communities, company customers and people</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change &amp; GHGs</li> <li>• Transparency &amp; Product Disclosures</li> <li>• Product End of Life</li> <li>• Product Innovation</li> </ul>







Susan Farris, Vice President of Sustainability

Dear Stakeholders,

At Shaw, sustainability means sustaining HUMAN ability—putting people at the center of sustainability.

The world around us shapes who we are. The spaces where we learn, create and come together to solve our greatest challenges have a significant impact on our wellbeing.

## Starting with the human element.

Our products are often at the center of those spaces. Underfoot in offices around the world. In classrooms where students learn about our shared history and plan for a remarkable future. On amateur and professional sports fields where friendships are forged and champions are created. In homes where countless memories are made.

Sometimes our products are intentionally in the background; other times they are the star of the show. In either scenario, our customers can count on Shaw to innovate and to drive change—in performance, design and sustainability (in the myriad ways it can be defined).

We're committed to leading by example, by staying true to who we've always been: A company founded on putting people first. A business built on integrity and powered by innovation. We perpetually take the next step forward, across every element of our sustainability strategy. Starting with the human element.

It's why we're focused on the ingredients that go into products and the impacts of sound, moisture and other design elements so we can create a better future. We believe in a future comprised of spaces and places that support the wellbeing of people and the planet.

It's why we're deeply entrenched in the communities where we operate through civic engagement, volunteerism, education and job creation. It's why we're dedicated to creating rewarding career opportunities for our associates and providing countless opportunities to learn and grow. It's all instrumental to our shared quest to sustain HUMAN ability.

We look forward to sharing more about our approach and our progress through this report.

*Susan Farris*

**Susan Farris**  
**Vice President of Sustainability**



SUSTAINABLE  
**SPACES**  
PLACES  
PEOPLE  
PLANET

The spaces where we learn, create and come together to solve our greatest challenges have a significant impact on our wellbeing.

That is why we're focused on the ingredients that go into products and the impacts of sound, moisture, occupant comfort and other design elements. Our goal is to create a better future—a future comprised of spaces and places that support the wellbeing of people and the planet.



Spaces and places that support people and the planet.





On average, people spend approximately 90% of their time indoors.

With this being the reality for so many of us, it's no surprise that the definition of sustainability has broadened beyond traditional operational measures (such as energy, water and recycled content), and even social and philanthropic impacts, to an increased interest in material health and how commercial and residential spaces impact people.

There are a number of factors pointing to and driving this market shift. Sustainable building programs and design standards are evolving to embrace and consider factors such as material health and noise alongside other building performance metrics. At the same time, new standards have emerged such as the WELL Building Standard, with a stated mission to improve human health and wellbeing in buildings and communities throughout the world. The U.S. Green Building Council's latest LEED certification (LEED v4.1) includes a focus on material health and there is a proliferation of new certifications and reporting tools available to assess or disclose chemical ingredients. This shift is not limited to the building industry. Global retail brands, including outdoor and online retailers and others, have unveiled chemical strategies in the past few years.

#### BEHIND THE EVOLUTION

NGOs (non-governmental organizations, i.e. nonprofits and advocacy groups) are publishing reports, engaging with media and fostering relationships with elected officials and like-minded organizations who are advocating for policy changes.

Industry and mainstream media are elevating the focus on wellness in the built environment. And, there is an increase in consumer consciousness of wellness topics. What was once the territory of niche media has now become common coverage for more broad-based print media, TV news and radio.

Discussions about chemicals of concern that were previously limited to technical conferences or solely focused on food, cosmetics

and consumer products are now common topics within the built environment sector.

With greater access to information, consumers are increasingly curious about what ingredients are going into their homes, workplaces and schools. It's a journey we've been on for decades, but the market is ever-evolving; new information emerges daily; and technology frequently changes. It presents an opportunity to continually think about how we can best create a positive human experience with our actions.

Our pioneering 20-year commitment to Cradle to Cradle principles provides a framework that focuses on material health and the ingredients that go into our products. Additionally, our sustainability efforts not only include ongoing evaluation and improvement of our operational footprint, but also an ever-broadening range of topics, from moisture to sound abatement through the sustainability lens.

We believe that everyone should have access to sustainable products for their homes and workspaces. We're proud that almost 90 percent of the products we manufacture are Cradle to Cradle Certified.

We take seriously our responsibility to help make these spaces as comfortable as possible, as sustainable as possible, and—of course— as beautiful as possible.

Why? So that the possibilities of what people can achieve within the confines of four walls or the boundaries of a sports field are limitless!





Everyone should have access to sustainable products for their homes and workspaces.

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

## KNOWING OUR PRODUCTS

We aim to know as much about our products as possible—what goes into them (ingredients) and thus what might come out of them. That begins with raw material choices. We educate and train our technical development groups to use an enterprise-wide raw material approval process, and our sourcing groups ensure purchase orders are not issued without completing this review process.

We use the Cradle to Cradle Certified™ Products Program material health assessment methodology to characterize the hazards of chemicals present in a product and to assess any relevant routes of exposure to hazardous chemicals during the intended use and end-of-use phases of a product's lifecycle. Chemical composition data for materials is required down to the 100 ppm level (0.01%) to generate full assessment ratings. This program's material health rating system was developed to identify the continuum of risk—from those chemicals that pose the greatest hazard to those that pose little to no hazard.

Almost 90 percent of the products we manufacture are Cradle to Cradle Certified, and we follow this internal evaluation process as well as hazard screening and risk assessment for all new raw materials, regardless of whether the final product is pursuing or already certified to the Cradle to Cradle Certified Products Program standard.

## SEEKING THIRD-PARTY CERTIFICATION

Shaw values third-party verification and validation of our sustainability efforts both as a way to simply communicate a product's sustainability attributes and to avoid the skepticism that often comes with unvalidated, self disclosed information. Cradle to Cradle certification—with its focus not only on safe ingredients, but also the effective use of raw materials and energy and water resources, and labor and community practices in the supply chain—is key to our approach to creating sustainable products. Importantly, it also resolves the tension between the desire to know more about what is in our products and the need to protect 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.

In addition to these third-party certifications, we also provide product ingredient and disclosure information via Health Product Declarations (HPDs) and Declare labels, to be responsive to marketplace expectations for manufacturers to be more transparent about the footprint of their manufacturing processes and the materials used.

## IMPLEMENTING SUSTAINABLE SOURCING POLICIES

We strive to ensure that the products we source from others are held to the same high standards we set for our own operations, and our global sourcing group is an active participant in this effort. Learn more about our sustainable sourcing efforts and the impacts on how suppliers disclose information on page 23. Our sustainable sourcing work stands to not only benefit Shaw and its customers, but industry more broadly as new chemistry options become available.

## ENGAGING PRODUCT R&D AND DESIGN TEAMS

Shaw's product research and development, design and technical teams stay abreast of trends—not only in color, texture and technical capabilities, but market demand for sustainable products. Cradle to Cradle® design principles are fundamental to our product innovation.





Even when sitting alone in a quiet spot, there is still noise—the hum of an appliance, music in the background, a bird chirping outside the window, traffic in the street, or the low rumble of an airplane overhead.

These are the constant sounds of our everyday lives, and research shows that sound has a powerful impact on us.

## IMPACT ON PEOPLE

Sound affects how we feel, how we work, how we sleep and how we learn. Too much noise can lead to stress, fatigue, lack of focus, anxiety and lengthy healing times.

Prolonged exposure to loud noises can raise our blood pressure, accelerate breathing, cause irritability and anxiety. It can affect our quality of sleep. It can increase our sensitivity to pain, as well as impair our comprehension, memory and reading ability.

## IMPACT ON BUSINESS

From student apartments and hotels to offices and hospitals, sound can positively or negatively impact how people experience a building.

According to a survey of multifamily property managers, noise is the third most frequent complaint made by residents. And these complaints aren't just idle chatter: 20 percent of residents say they would move if there were noisy or annoying neighbors.

Depending upon the sound environment in a restaurant, someone may leave early or stay for dessert. Fifty percent of people who work in office cubicles say noise interferes with productivity.

## TRENDS

Increased demand for hard surface flooring and the preference for open floor plans and communal work/study space can mean a bit of a trade-off when it comes to noise.

Not surprisingly, building certifications are evolving and increasingly taking acoustics into account when evaluating a space's performance. The U.S. Green Building Council LEED v4.1 now includes a focus on airborne sound and in-room sound for commercial buildings, schools and healthcare facilities. And the International WELL Building Institute has set benchmarks for the numerous ways a building and its systems can support human health and wellness, including through sound abatement.

Even without such certifications, owners, managers, housing directors and contractors recognize the value in noise abatement when creating a superior, competitive building. The good news is that there are materials and tools in the marketplace that can help us understand and mitigate noise.

## WHY IIC RATINGS ON PRODUCTS AREN'T ENOUGH

Floor covering products are labeled with an IIC (Impact Insulation Class) rating. IIC ratings represent impact sound transmission. Impact sound is the sound that comes from the impact of an object on a floor or ceiling: Footsteps, dropped objects, jumping, dancing and the countless things that can seem purposefully annoying over time. Impact sound is sound that is transferred from one room to another below or next door.

The higher the IIC rating, the less noise you hear. The target IBC codes require a 50 IIC rating. However, IIC ratings on a product are not enough. They don't tell the whole story. Floor and ceiling construction play a critical role in determining IIC.

Recognizing this gap in the marketplace, we've conducted extensive testing to provide an estimated IIC rating based on specific floor and ceiling construction, paired with particular flooring types and installation methods where underlayment is and isn't used. This testing produced not only an IIC number but a sound file that allows you to hear the difference.



## MAKING A SOUND CHOICE

At Shaw, we extensively researched, tested and patented the award-winning acoustics tool—Sound Advisor®—to provide customers with data and a sound file that lets them actually *hear* the difference between different flooring options.

Using the tapper device employed to obtain IIC ratings, we created innovative audio files to bring meaning to the data previously available to product specification teams and others.

By bringing science-based decision-making to building design, room design and product selection, we empower customers to make the right choice for their needs.

We're already seeing trends that will shape how we advise designers and facility managers through product selection. This information will also shape how we develop products in the future.

To learn more [www.soundadvisor.com](http://www.soundadvisor.com).

 **Sound Advisor®**  
PATENT PENDING





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 2018, 70 percent of our overall supplier spending occurred in the 21 U.S. states where 96 percent of Shaw associates live and work.

In 2018, our sustainable sourcing policy incorporated the Ten Principles of the UN Global Compact as well as 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.

Each step we take to understand the materials used, or 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. In 2018, through close collaboration among our sourcing, product development and management, sustainability, legal teams and others, we remain focused on refining and improving those processes as part of our commitment to continual improvement.

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 supplier diversity spend increased from 25 percent of allowable spend in 2017 to 30 percent in 2018.

## 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 approximately 9,000 companies and 4,000 non-business entities from 170 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.

- SUPPORT** and respect the protection of internationally proclaimed human rights
- ENSURE** that your company is not complicit in human rights abuses
- UPHOLD** the freedom of association and the effective recognition of the right to collective bargaining
- ELIMINATE** all forms of forced and compulsory labor
- ABOLISH** child labor
- ELIMINATE** discrimination in the workplace
- SUPPORT** a precautionary approach to environmental challenges
- PROMOTE** greater environmental responsibility
- ENCOURAGE** the development and dissemination of environmentally friendly technologies
- WORK** against corruption in all its forms, including extortion and bribery



SUSTAINABLE  
SPACES  
PLACES  
PEOPLE  
PLANET

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Through civic involvement, community giving and philanthropy, expansive STEAM education programs and strategic sourcing to local and diverse suppliers, we stand to leave a lasting positive impact in the hundreds of communities where we operate...and beyond.

We strive to create better futures for people and the environment we share.



We're all in this together.





Sustaining human ability means helping our communities and the people in our communities thrive.

Shaw supports many non-profit organizations that are adept at providing education, basic needs, health and more. We work side-by-side with these experts to help solve problems and to share our resources—both time and financial—so that together we can have an even bigger impact.

Along with our associates, Shaw donated more than \$5.6 million to community organizations in 2018. In addition to these financial contributions, Shaw associates volunteered more than 33,000 hours raking and painting, providing technical support and professional skills and many other activities to meet community needs.

In 2018, we refined our long-standing philanthropy efforts to focus on key areas where we can have the most impact and best lend our insights and expertise. Our community grants and sponsored volunteer efforts prioritize local education (STEAM—Science, Technology, Engineering, Arts & Math), workforce development and United Way affiliated agencies in the communities where our associates live and work.

Shaw's signature partnerships with two nationally recognized organizations that share our commitment to the people in our community continue to flourish. Shaw's work with both The United Way and St. Jude Children's Research Hospital® is multifaceted and includes close collaboration, associate participation and financial support.

**THE UNITED WAY**

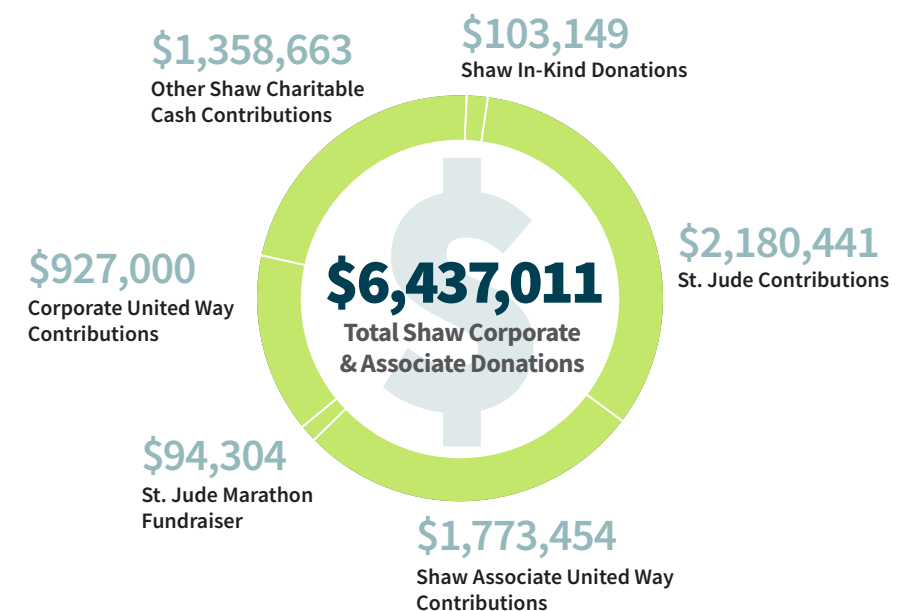
Shaw believes strongly in supporting the United Way's mission to "improve lives by mobilizing the caring power of communities around the world to advance the common good." Our associates support their local United Way by serving in leadership roles as well as in program administration. In 2018, Shaw and our associates donated more than \$2.7 million to United Way.

**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. Their impact has been significant as treatments invented at St. Jude have helped raise the overall childhood cancer survival rate from 20 percent when the hospital opened in 1962 to more than 80 percent today. And St. Jude won't stop until no child dies from cancer. Families never receive a bill from St. Jude for treatment, travel, housing or food—because all a family should worry about is helping their child live.

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, sponsored the St. Jude Dream Home® Giveaway and participated in other fundraisers. Shaw customers and associates participated in the St. Jude Memphis Marathon Weekend and the St. Jude Walk/Run to End Childhood Cancer raising more than \$94,000. In 2018, our support of the St. Jude Dream Home Giveaway and our co-branded product lines resulted in total company donations that totaled more than \$2.2 million.

**CORPORATE & ASSOCIATE CONTRIBUTIONS**  
201-1, 203-1, 203-2 IN U.S. DOLLARS







From reading to robotics,  
kindergarten to college.

## 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. We partner with several organizations that are doing the work on the ground to help people develop job skills, technological expertise and leadership strengths. Depending on the specific needs of each organization, we provide financial, learning and development expertise and in many cases extensive mentor and volunteer support.

Our community education investments are focused where we see the greatest need in our community and our business: Science, Technology, Engineering, Art and Math (STEAM) skills. We work with local schools and community non-profits on after-school programs, summer camps and competitive robotic teams from elementary through high school and beyond.

### ELEMENTARY & MIDDLE SCHOOL

The summer camps (Camp D.E.M. and others like it) are free, week-long, STEAM-focused programs for middle school students that Shaw helped develop and implement in 2011. The camps have grown from 29 students to more than 300 students in 2018 in three locations. These 12–14 year-olds explore career opportunities in manufacturing, and get hands-on experience with rapid prototyping, electronics, laser-integrated design, robotics, energy and carpet design.

Shaw and its associates in South Carolina support the DIG STE(A)M Festival—a celebration of Science, Technology, Engineering, Art and Math [STE(A)M] in rural communities that attracts 4,000 spectators and participants each year.

### HIGH SCHOOL

Shaw leaders serve as guest speakers and we provide funding for laboratories and projects with the College and Career Academies and other high school programs. Shaw leaders also coach and mentor Shaw-sponsored FIRST® Robotics, FIRST® Technology and FIRST® Lego Competition teams. These programs foster innovative

problem solving and technical acumen beginning in elementary school and continuing through high school.

Shaw's partnership with the Great Promise Partnership (GPP), which began in 2015, continues to expand throughout northwest Georgia including Bartow County where a couple of dozen students work in Shaw's four manufacturing facilities. 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.

### AND BEYOND

For students pursuing training beyond high school, Shaw provides and supports mechanical, electrical and maintenance skills training—including through classroom teaching, computer-based learning, and lab instruction at Georgia Northwestern Technical College in addition to our expansive co-op and trainee programs.

Shaw supports students with disabilities through a program called Project SEARCH with Cross Plains Community Partners. Since 2012, Shaw has partnered with Cross Plains for this nine-month employment preparedness program for individuals with intellectual and learning disabilities. Participants receive invaluable training and workplace skills, preparing them to enter the workforce. Upon completion, graduates may be placed into jobs within their local community that fit their skills and abilities. Shaw has a long history of offering mutually beneficial employment to participants. The most recent graduates are all currently employed at Shaw.

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 is instrumental in these programs, ensuring that students can see themselves and their future potential.



SUSTAINABLE  
SPACES  
PLACES  
PEOPLE  
PLANET

We are more than a flooring company—we are 22,000+ people who are united in creating a better future for our customers, for our people, for our communities and for our company.

The success of our company, and the success of our associates go hand-in-hand.

Our approach to talent management, diversity and inclusion, education and training, and health and safety reflects our strong commitment to our associates. It's one of the many ways we sustain HUMAN ability.



Invested in people—first.





We believe in each other and in the power of people and human ingenuity. We love working together to solve problems. We're at our best when we're iterating and innovating side by side.

## GROWTH & DEVELOPMENT

Where will we find the next great idea or thought leader? At Shaw, we look everywhere: local schools, small businesses, and, of course, within our 22,000+ associates.

Lifelong learning is vital to our success. From kindergarten to college and throughout our associates' careers, we support innovative education and training programs as a pathway to rewarding work and an impactful life.

We offer more than 20,000 instructor-led and online, self-paced educational modules to our associates and customers.

But it's not about quantity, it's about quality. We're proud to consistently receive external recognition for our robust efforts to help our associates—and customers—achieve their full potential. Since 2005, Shaw has ranked in the Training Top 125. In 2018, Shaw was ranked among Elearning! Magazine's Learning! 100 for the eighth time.

We offer:

**Internal Mobility:** Our talent model provides a clear definition of what it takes to be successful in a job, function or area. This allows our associates to understand what is required to move across opportunities and assignments within the company.

### Leadership & Skills Training:

Our approach to talent management responds to the changing needs of our people and the changing needs of our business. 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.

**Multiple Career Paths:** We create an environment where associates can pursue their passions through careers across a wide range of disciplines. With options for keeping skills current and planning future moves, our associates are our top source of talent for leadership opportunities at every level.

The road to innovation is often a bumpy one, and we embrace these bumps in the road as learning opportunities on our path to success.

At the heart of that are the more than 22,000 Shaw associates who strive every day to reach their full potential, to deliver quality products and fresh thinking to our customers—so that we can all create a better future together. Innovation is never the responsibility of a single individual or team. Each Shaw associate is a leader with the capacity to identify and promote new solutions.

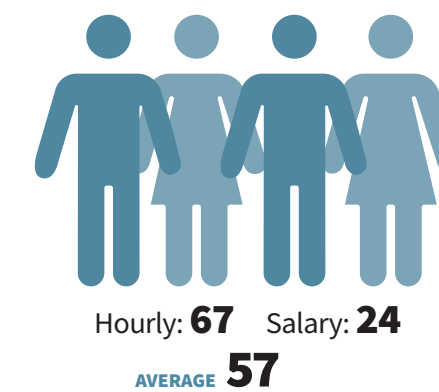
In recent years, our talent management processes have identified leadership imperatives and competencies necessary for our future success as an organization and as individuals. As part of this effort, we established clear expectations for each job, function and level. These are integrated across our talent management systems to support a positive, innovation-focused environment. This also supports career planning and development for associates.

We begin setting the tone of Shaw's culture for associates even before they are hired. From the hiring process through orientation and then throughout their career at Shaw, we provide the training, tools and resources they need to succeed. In fact, we offer more than 1 million training hours each year—an average of 57 hours per person annually.

We provide associates with ongoing support through education, training, development and leadership opportunities. Our Performance Experience process helps managers and associates work together to identify development opportunities that align individual goals and strengths with business needs. We also support associate development, recruitment and retention through programs such as associate resource groups, mentor relationships, volunteer activities and community events.

We recognize the value of our associates' well-being. 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 and provide health and wellness resources and benefits to offer our associates and their families every opportunity to succeed and thrive.

## TRAINING HOURS & TRAINING HOURS PER ASSOCIATE -404-1







Knowledge is power.

### At Shaw, we build bridges, skills and careers.

We strive for an environment where all ideas are heard and valued, a culture that empowers our associates to bring their diverse, whole selves—with unique experiences and talents—to work. An expectation of inclusive leadership is required at every level of the organization. It's paramount to our success and a vital part of how we sustain HUMAN ability.

#### TRAINING

Putting our diversity principles in action, we foster learning for our associates through a variety of work teams focused on opportunities for innovation and leadership.

From educating our associate base about cultural fluency to serving underrepresented communities with targeted programs, Shaw's way of developing talent and cultivating leaders positively influences every facet of the organization.

For example, our future workforce development programs leverage community partners and educational programs focused on STEAM (Science Technology Engineering, Art and Math) skills and career opportunities. Shaw also has a number of programs keenly focused on showcasing STEAM careers to underrepresented populations through mentorship, coaching and skills training. We also participate in Project SEARCH, a special internship program for young people with intellectual and developmental disabilities.

With every initiative, we encourage on-the-job learning in an effort to develop our associates for success and prepare them for greater responsibility. At every turn, we build bridges, skills and careers.

#### ASSOCIATE-LED RESOURCE GROUPS

Shaw's commitment to fostering an inclusive and diverse corporate culture is supported by the development of Associate-led Resource Groups (ARGs). These affinity groups help drive engagement within the company by connecting associates with both similar and different perspectives.

Open to all Shaw associates, our ARGs focus on the needs and interests of female, Hispanic and Latino, black and multicultural, LGBT+, veterans and sales associates. In 2018, our ARGs connected more than 2,000 associates in a variety of networking and professional development opportunities in an effort to spark growth through inclusive leadership.

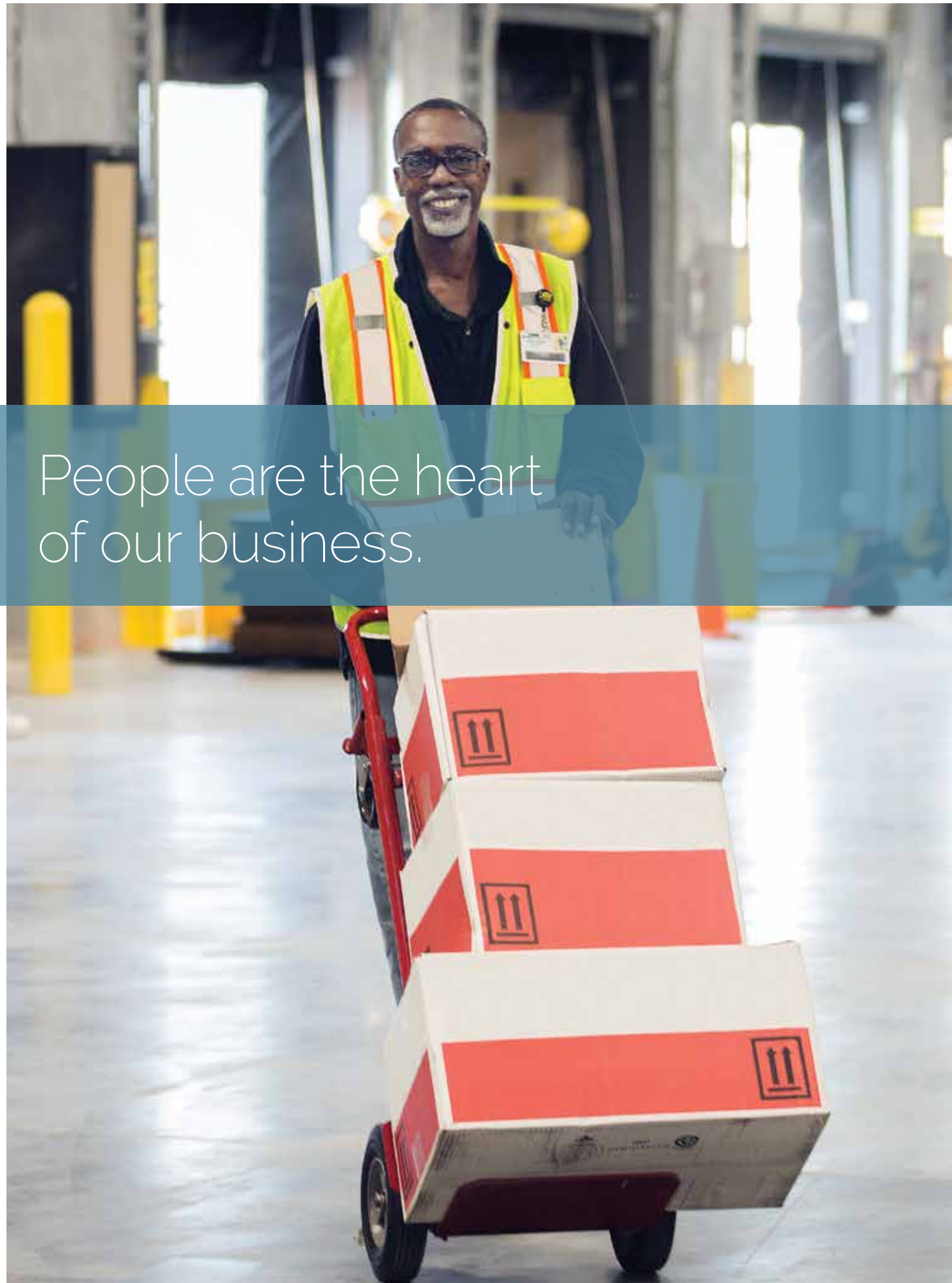
In every facet of our approach, we strive to build an environment where diverse perspectives and ideas are heard, and value is placed on both the seen and unseen characteristics and experiences our 22,000+ associates bring to the organization.

#### AWARDS & RECOGNITION

In 2018, Shaw Industries was recognized as one of the Best Employers for Diversity by Forbes Magazine. In collaboration with analytics firm Statista, Forbes identified The Best Employers for Diversity through an independent survey of more than 50,000 U.S. employees working for companies employing at least 1,000 people within their U.S. operations. The evaluation was based on four different criteria, and the 500 companies receiving the highest total scores were selected.

Shaw was also recognized by the Ethical Corporation at its ninth annual Responsible Business Awards for promoting a corporate culture of diversity and inclusion. The aim of the Responsible Business Awards is to showcase leading responsible business strategies from across the globe. Among the 400 entries, Shaw was recognized as one of the top three finalists in the Diversity and Inclusion category.



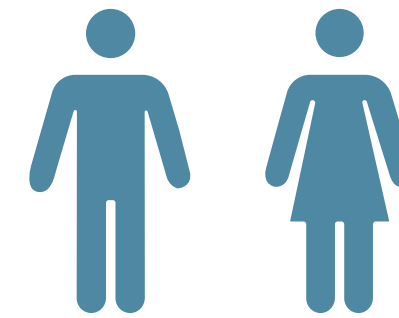


People are the heart of our business.

## ASSOCIATES BY EMPLOYMENT TYPE, CONTRACT TYPE & GENDER

102-7, 102-8

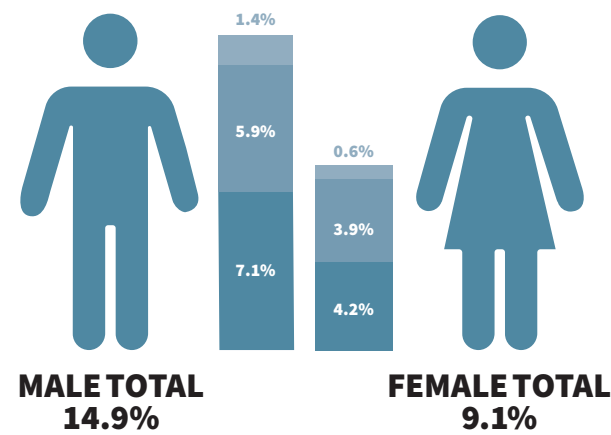
	U.S.		ASIA/PACIFIC		CANADA		EUROPE		S. AMERICA		TOTAL	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE		
FULL-TIME	<b>13,717</b>	<b>8,134</b>	<b>127</b>	<b>160</b>	<b>49</b>	<b>20</b>	<b>105</b>	<b>35</b>	<b>2</b>	<b>4</b>	<b>22,353</b>	FIXED
	49	19	0	0	0	0	0	0	0	0	68	TEMPORARY
PART-TIME	<b>90</b>	<b>57</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>148</b>	FIXED
	15	6	0	0	0	0	0	0	0	0	21	TEMPORARY



**62.7% MALE 37.3% FEMALE**

**TOTAL ASSOCIATES: 22,590**

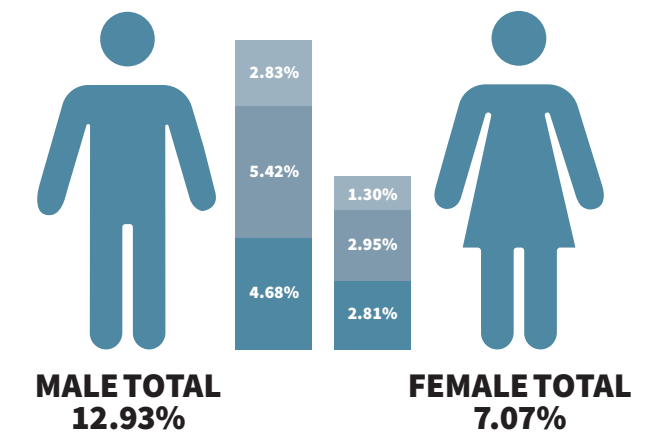
## ASSOCIATE HIRE RATES (U.S. ASSOCIATES) - 401-1



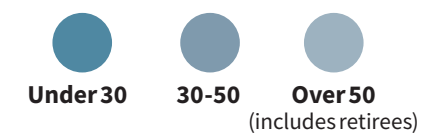
**TOTAL HIRES: 5,305**

Hire rate calculated as a percentage of total hires for region.

## ASSOCIATE TURNOVER BY AGE & GENDER (U.S. ASSOCIATES) - 401-1



Associate turnover by age group and gender as a percent of total associates in that group





SUSTAINABLE  
SPACES  
PLACES  
PEOPLE  
PLANET

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Our sustainability efforts aren't confined to the interior spaces our products occupy.

We remain focused on climate, energy, water, waste and other environmental initiatives that have been core to our sustainability journey for decades. We steadily make progress within our operations and seek solutions to our shared global challenges to protecting the place we all call home—planet Earth.



Protecting the place  
we call home.





## Creating a second life for materials that would traditionally be discarded as waste.

### SAFE AND CIRCULAR

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

If you can choose materials that are safe and circular, you can build a better offering for your customers, while ensuring that the products and services created fit within a circular economy.

This has long been Shaw's design philosophy. Guided by Cradle to Cradle design principles, material health and material reutilization considerations go hand-in-hand for us. 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.

### PRODUCT END OF LIFE

Our flagship EcoWorx backed carpet comes with an Environmental Guarantee—our prominent way of saying, “We want it back.” All EcoWorx products have a toll-free number printed on the back—800-509-SHAW. Call and Shaw will transport and recycle EcoWorx tile or broadloom carpet at no cost. Recycling EcoWorx is simple and hassle-free, making it easy to recycle used carpet, saving valuable time and money on landfill fees, and helping create a better future for people and the planet.

Through these and other efforts in the commercial and residential markets, Shaw has recycled nearly 1 billion pounds of carpet since 2006. We are continually looking for new solutions to the technical, economic and logistical challenges that everyone focused on creating a more circular economy faces. Through our own research and development, industry partnerships, academic research and other innovation efforts, we strive for safe and circular solutions.

### TURNING WASTE INTO A RESOURCE

But that's not the only way we're turning what was once seen as waste into a resource.

Shaw is continually finding viable uses for a wider variety of single-use plastic bottles. Plastic bottle recycling has long been a part of our circular economy efforts. We've been turning clear plastic bottles into carpet fiber since 2009—recycling more than 3 billion bottles a year at Clear Path Recycling, our joint venture with DAK Americas. Clear recycled PET is converted into carpet fiber, with up to 50 percent recycled fiber content in Shaw's Clearly Bold Platinum residential products.

At Shaw, innovation happens when we ask: “What if?” What if we took something that is initially used for only a few hours...or even minutes...and give it a new life?

Clear PET has the highest value and widest variety of applications for recycling. Color-enhanced PET (while it may create appeal and distinction in its first use) 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?

As a result of this constant questioning that's innate to our culture, we found a way to incorporate harder-to-use green plastic bottles into our Ecologix backing in 2003.

But we didn't stop there. We've perpetually refined our processes over the past decade. In 2018, we took another step forward in our ability to process lower-value plastic. As we invested \$250 million in our Andalusia, Ala. facility, we expanded upon innovative technology used in other Shaw facilities to be able to process more recycled PET and to use a broader range of clear plastic bottles while maintaining the quality of the final product.

And in 2018, our research and concepting resulted in the opportunity for a new product category—PET resilient flooring. The innovative product was named among BuildingGreen's Top 10 Products for 2019.

### ONGOING WASTE REDUCTION/REUSE

Beyond plastic bottles, 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 our waste by millions of pounds. Recycled input materials make up more than nine percent (by weight) of what goes into manufacturing Shaw's products.

Shaw will continue its journey—making progress, one square foot at a time.



## OCEAN PLASTIC

If your bathtub is overflowing, the first thing you do is turn off the tap.

As discarded plastic piles up around the world and pools in the ocean, this analogy puts Shaw's long standing focus on finding uses for single-use plastic bottles into a new context—one that is increasingly important. By 2050, oceans are expected to contain more plastics than fish (by weight), and the entire plastics industry will consume 20 percent of total oil production, and 15 percent of the annual carbon budget.\*

As discarded plastic piles up around the world and pools in the ocean, this critical issue is drawing increased attention from global corporations, NGOs and consumers. From awareness campaigns and commitments to use less plastic (especially single-use and hard-to-recycle plastic) to initiatives to manufacture products differently and create better recycling streams, there are many efforts underway to find new solutions that improve the lives of people and our ecosystems. There are numerous worthwhile ocean cleanup efforts underway. Those shouldn't stop. But there is tremendous benefit to stopping the input from land.

At Shaw, we are focused on “turning off the tap”—not just with our water use. By perpetually looking for new uses for single-use plastic like PET drink bottles, we aim to not only convert this perceived waste into a resource but to keep it out of the world's oceans.

Since 2009, Shaw has helped recycle more than 3 billion bottles a year at Clear Path Recycling, a joint venture with DAK Americas, not to mention use of recycled PET from other sources. What began as a fiber source for our residential carpet products progressed into the use of green plastic bottles in our EcoLogix carpet tile backing and most recently led us to conceive of an entirely new flooring product category: PET resilient, a concept unveiled at NeoCon 2018.

\*This is the budget that must be adhered to in order to achieve the internationally accepted goal to remain below a 2°C increase in global temperatures.





### Climate change is a complex, global issue that requires a global response.

It's a topic that touches human health, agriculture and food security, water supply, transportation, energy, ecosystems and other important areas of sustainability. As a company that puts people at the center of its sustainability efforts, our carbon mitigation strategy is a key component of how we strive to sustain HUMAN ability.

No one person, organization or corporation can solve problems at this scale alone. Our collective contributions have a cumulative positive affect.

## Together, we can make a difference.

#### HOW WE DO IT

Shaw's approach to energy and greenhouse gas (GHG) management is multifaceted and includes reducing energy consumption, switching to cleaner fuels and producing renewable energy at our own facilities. We also address climate change by incentivizing additional renewable energy development and usage through the purchase of renewable energy credits.

So what are we doing to fulfill our corporate commitment to minimizing our impact and supporting global change initiatives?

In 2018, we began operating a Combined Heat & Power (CHP) plant at our Columbia, S.C. fiber production facility. It reduces the plant's annual greenhouse gas emissions by an estimated 26,000 metric tonnes—an impact equal to removing almost 5,500 passenger vehicles from the road each year.

We also achieved carbon neutrality in our commercial carpet manufacturing operations. This achievement encompasses all commercial carpet manufacturing facilities that Shaw owns and operates globally, including those for Patcraft, Philadelphia Commercial, Shaw Contract and STS.

In September 2018, Shaw Contract joined the World Green Building Council's Net Zero Carbon Buildings Commitment as part of the momentous Global Climate Action Summit in San Francisco. With 37 founding signatories, the initiative is designed to drive the scale and pace of action necessary to reduce carbon emissions by transforming the way buildings are designed, built and operated. Comprised of 12 businesses, 22 cities, four states and multiple regions, we aim for these commitments to inspire others (industries and governments) to develop aggressive strategies that will continue to impact generations to come.

#### THE IMPACT OF CHANGE

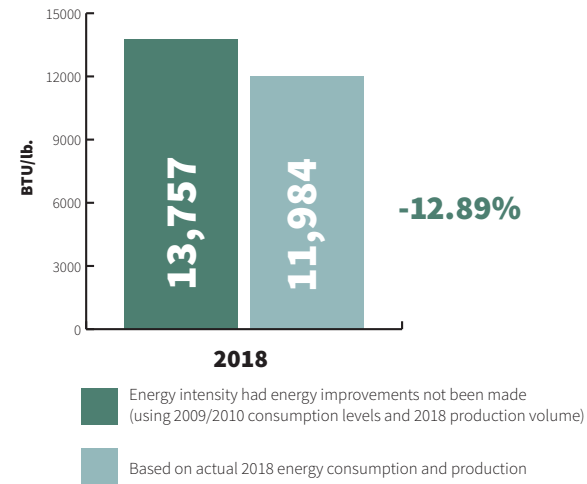
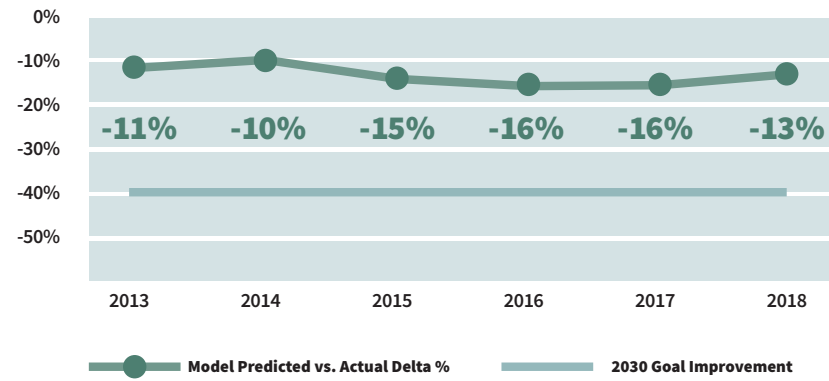
As a result of Shaw's investments to help reduce our energy and greenhouse gas (GHG) impact, we have cut our Scope 1 & 2 emissions in half from our 2010 baseline. We also have reduced our GHG intensity by 32 percent compared to 2010 (per pound of finished product).

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—are often complex and daunting, but we persevere because people matter.

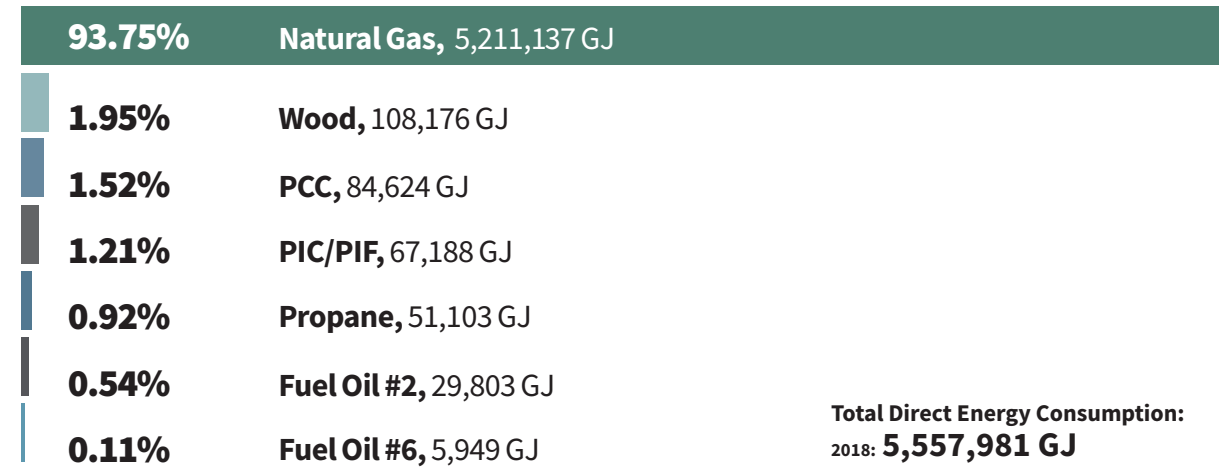


# ENERGY & EMISSIONS

## ENERGY INTENSITY IMPROVEMENT -302-3



## DIRECT ENERGY CONSUMPTION BY SOURCE -302-1



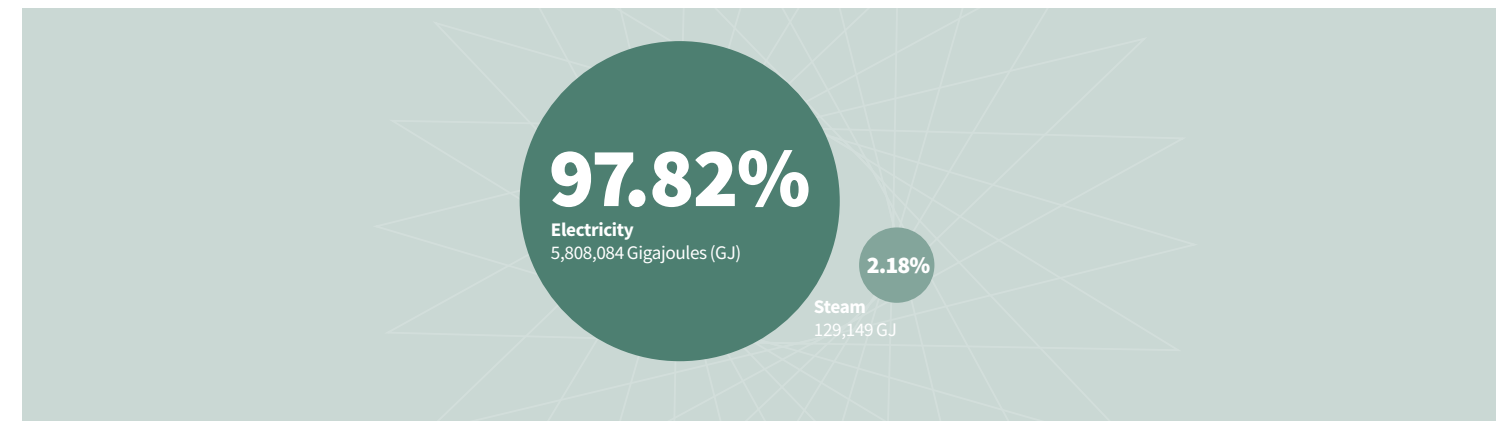
NOTE: Transportation is not included in this metric. PCC is post consumer carpet, PIC is post industrial carpet and PIF is post industrial fiber.

## GREENHOUSE GAS EMISSIONS INTENSITY -305-4

lbs. CO<sub>2</sub> equivalents per lb. finished product

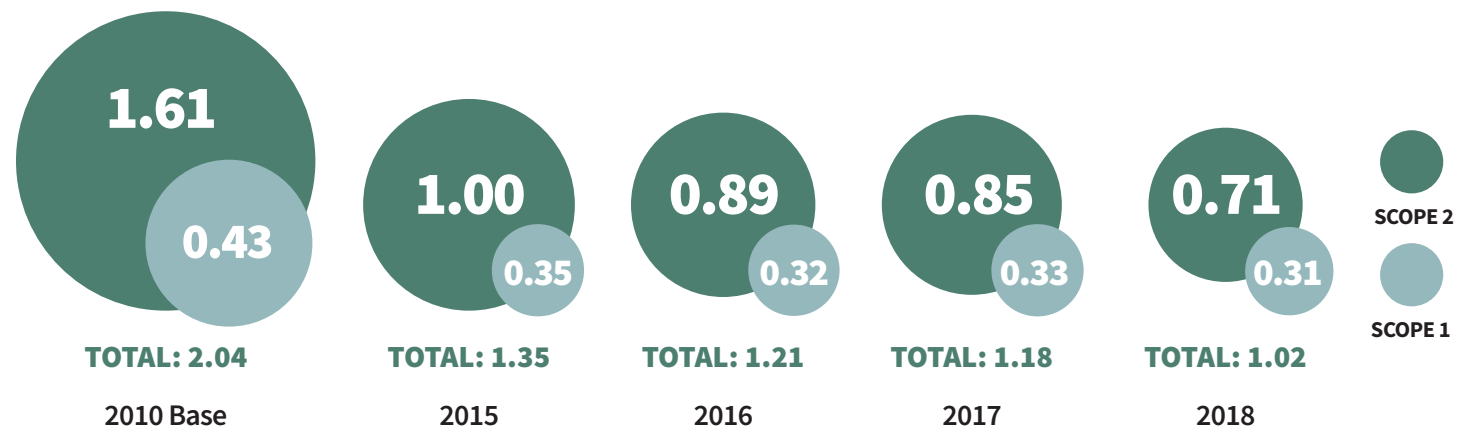


## INDIRECT ENERGY USE -302-1



## DIRECT & INDIRECT GHG EMISSIONS BY SCOPE & WEIGHT -305-1, 305-2

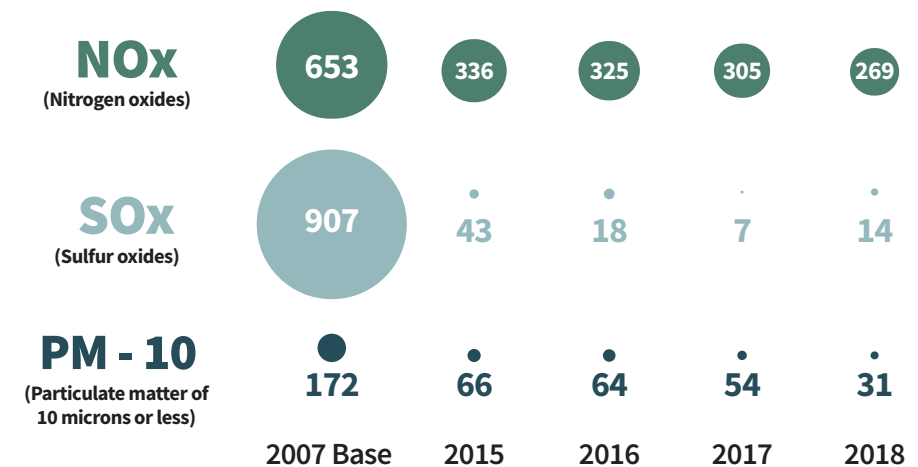
GHG in millions of metric tons of CO<sub>2</sub> equivalents



NOTE: This indicator was calculated using the Climate Registry General Reporting Protocol V 2.0 until 2014. Starting 2016, we started calculating this indicator using the GHG Protocol Corporate Standard.

## CRITERIA AIR POLLUTANT EMISSIONS -305-7

In metric tons



NOTE: Emissions of selected criteria air pollutants from fossil fuel combustion in Shaw operations by weight. Does not include emissions from transportation-related energy use.



# Conserving Water, Sustaining Life

Water is an essential substance of life. Yet more than two billion people lack access to safe drinking water, and water scarcity already affects four out of every 10 people around the world.

Knowing this critical resource sustains life, Shaw makes it our responsibility to use water wisely, especially considering that many of our facilities operate where local water scarcity is not a future threat, but a current reality.

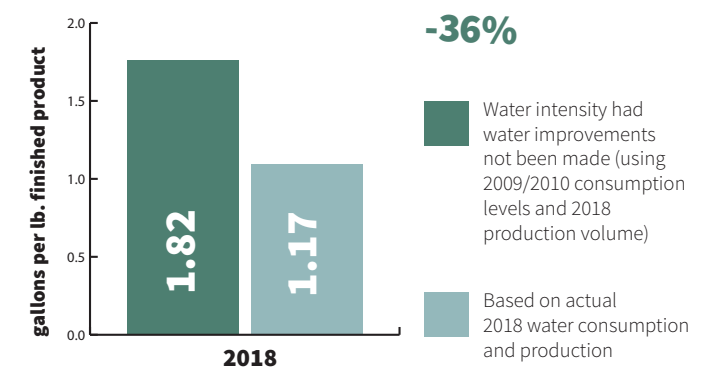
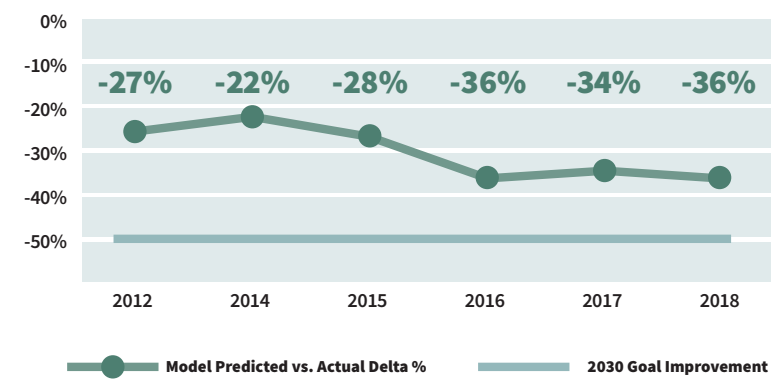
We have taken significant measures to minimize water use in our operations and manufacturing processes. Because water use and energy are so closely linked, we report water data in alignment with the energy and emissions data and baseline. We've reduced our water usage per pound of finished product by a third in less than a decade. In 2018, we used 36 percent less water than if we were operating as we did in 2010, and more than 14 percent of our water usage was from recycled or reused sources. We continue to push for further improvements.

Not only have we instituted systems that reuse water and improved our facilities to save more and use less, but Shaw is focused on identifying new technologies and innovative solutions to further reduce water use within our operations. We also partner with organizations that work to safeguard water resources and engage people in the conservation conversation.

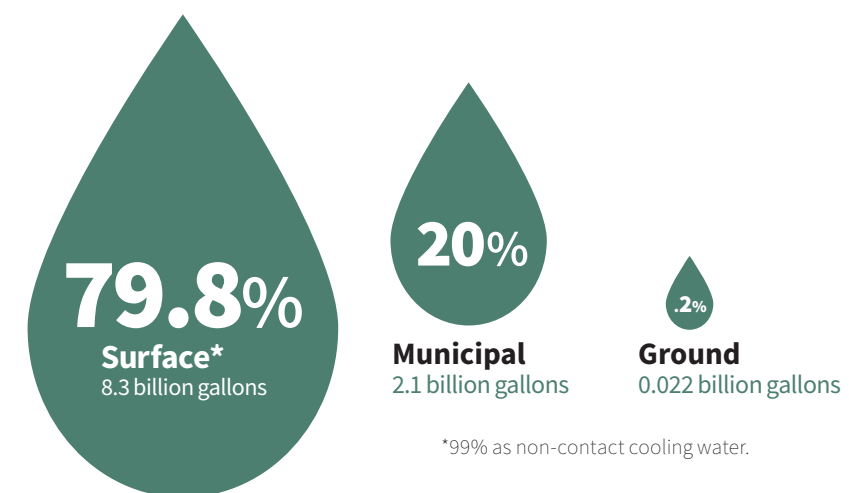
When it comes to conserving water and preserving life, every drop counts.

## WATER INTENSITY

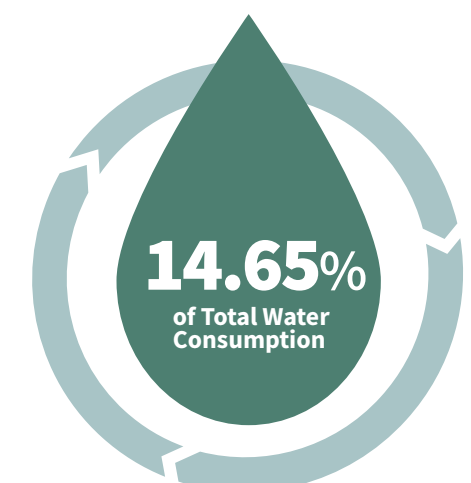
gallons per lb finished product



## WATER WITHDRAWAL BY SOURCE -303-1



## PERCENT OF RECYCLED & REUSED WATER -303-3





APPENDIX

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sustain[HUMAN]ability™





## About This Report

### DATA MEASUREMENT & INFORMATION INTEGRITY

Shaw Industries Group, Inc. and our management are responsible for the preparation and integrity of the information provided in this 2018 corporate sustainability report. Through an internal audit and quality control process that includes reviews by internal subject matter experts, we believe this information accurately represents our environmental, social and economic impacts in 2018. The disclosures based on the GRI Standards Sustainability Reporting Framework are used as the basis of data measurement and calculation for the performance indicators in this report where applicable. Operational definitions for each indicator are outlined in the report. The World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol), which embodies GHG accounting best practices, is used for the calculation of GHG emissions.

### REPORTING CYCLE

Our sustainability reporting follows an annual cycle based on the calendar year. This report covers January 1, 2018 to December 31, 2018. Our most recent sustainability report was published in 2018 for the calendar year 2017. Previous reports can be accessed at: [shawinc.com/reports/](http://shawinc.com/reports/)

### CONTACT

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

### SUSTAINABILITY GOVERNANCE & MANAGEMENT APPROACH

Shaw's top governance body includes the CEO and president of Shaw Industries Group, Inc., and the CFO of Berkshire Hathaway, Inc. Executive compensation is linked to the company's annual performance. Shaw's Sustainability team engages with leadership from all areas of the company and is responsible for establishing goals and developing strategies that incorporate sustainability into Shaw's innovative products and services.

Shaw's sustainability performance is measured and reported against key social, environmental and economic goals and objectives established by senior leadership.

Our progress and performance is shared with all stakeholders through this annual corporate Sustainability Report.

### 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 2018.
- This 2018 report does not include restatements of information from prior reports, except where noted.
- In 2018, we had no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.
- In 2018, 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 2018.
- All references to currency are in U.S. dollars.



COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.





## Awards & Recognition



### ENVIRONMENTAL SUSTAINABILITY

- WELL Silver—Shanghai, Shaw Contract
- Home Depot—Environmental Partner of the Year

### SOCIAL—DIVERSITY, PHILANTHROPY, COMMUNITY

- United Way of Northwest Georgia—Campaign Coordinator of the Year Award, LaRuthie Mason and Wyatt Rollins
- United Way of the Midlands
  - Gold Award, Plant 8S
  - Best in Class Award, Plant 8S
  - Best Event Campaign Director Award Nomination, John Godwin
- United Way of Greater Chattanooga—GIVE Award
- Bill Gregory Healthcare Classic—Corporate Participation Award
- Modern Woodman Hometown Hero Award—Brian Cooksey
- St. Jude Children's Research Hospital—3rd place in team fundraising for 2018 St. Jude Memphis Marathon
- Manufacturing Institute—Women in Manufacturing STEP Ahead Awards—Lisa Buice, commercial human resources director; Annie Cowart, client contact center director; and Brooklyn Lynam, process engineer
- Service Providers Association for Developmental Disabilities (SPADD)—2018 Employer of the Year
- The American Society of Mechanical Engineers (ASME)—Moench apparatus designated a Historic Mechanical Engineering Landmark
- S.C. Manufacturing Extension Partnership—Outreach Award

### WORKPLACE/TRAINING

- Forbes—Best Employers for Diversity
- The Talent Board—North American Candidate Experience (CandE) Awards
- Selling Power magazine—50 Best Companies to Sell For
- eLearning! magazine—Learning 100
- Training magazine—Training Top 125
- Ethical Corporation—Responsible Business Awards Finalist for Diversity and Inclusion

### PRODUCTS AND OPERATIONS

- CarpetsPlus Colortile—Outstanding Performance Award, Welton Davison
- Lowe's—2018 Innovation Vendor Partner of the Year
- Best of NeoCon
  - Carpet Tile—Dichroic, Patcraft—Silver
  - Carpet Tile—Haven, Shaw Contract—Gold
- Metropolis Likes—Artefact, Patcraft
- Interior Design Magazine
  - Best of the Year—Flooring (Modular Carpet)—Inside Shapes, Shaw Contract
  - HiP Award—Best Workplace Flooring (Carpet)—Inside Shapes, Shaw Contract
  - HiP Award—Best Workplace Flooring (Hard Surface)—Woodtone, Patcraft
  - HiP Honoree Manufacturer—Seller—Megghan Hoyt
- Floor Covering Weekly Dealer's Choice Award
  - Hardwood—Anderson Tuflex
  - WPC—COREtec
- The Academy of Interactive and Visual Arts (AIVA)
  - Davey Award, Silver—digital excellence in website construction
  - W3 Award—Advertising and Marketing Features—Sound Design, Sound Advisor®
  - W3 Award—Websites—Construction, Sound Advisor®
  - W3 Award—Websites—Strange and Unusual, Sound Advisor®
- Floor Covering News Award of Excellence:
  - Best Laminate Manufacturer—Shaw Floors
  - Best Hardwood Manufacturer—Shaw Floors
  - Best Carpet and Hardwood Manufacturer—Anderson Tuflex
  - Best WPC/Rigid Core Manufacturer—USFloors
- Floor Covering Weekly Green Step Awards:
  - Pinnacle—Supply Chain
  - Practice/Process—Combined Heat & Power Plant
  - Promotion—Built Positive workshop series
  - People—Women's Innovation Network
- Homebuilder Executive—Innovation Award—hardwood
- Sherwin Williams—vendor partner of the year





## Memberships & Associations

- Alliance for Innovation and Sustainability
- American Heart Association
- American Society of Interior Designers
- Canada Green Building Council
- Carpet America Recovery Effort<sup>SM</sup>
- Carpet and Rug Institute<sup>TM</sup>
- Coosa River Basin Initiative
- The Center for Green Schools
- The Center for Health Design
- Centers for Bioplastics & Biocomposites
- ChemSec Business Group
- Cleaning Industry Research Institute
- Clean Production Action—BizNGO
- The Cradle to Cradle Products Innovation Institute
- The Conference Board<sup>®</sup>
- Decorative Hardwoods Association
- Emirates Green Building Council
- FIRST<sup>®</sup> (For Inspiration and Recognition of Science and Technology)
- Floor Covering Industry Foundation
- Georgia Association of Manufacturers
- Georgia Chamber
- Georgia Conservancy
- Great Promise Partnership
- Green Building Council Brasil
- Green Building Council of Australia
- Hardwood Federation
- Hardwood Forestry Fund
- International Interior Design Association
- International Living Future Institute<sup>TM</sup>
- International WELL Building Institute<sup>TM</sup>
- Investing in Manufacturing Communities Partnership
- Joint Center for Housing Studies
- Manufacture Alabama
- Masco Environments for Living<sup>®</sup>
- National Association of Manufacturers<sup>®</sup>
- National Safety Council<sup>®</sup>
- National Wood Flooring Association<sup>®</sup>
- North American Laminate Flooring Association<sup>®</sup>
- Public Architecture
- Resilient Floor Covering Institute
- Rivers Alive
- St. Jude Children's Research Hospital<sup>®</sup>
- Society of Corporate Compliance and Ethics
- South Carolina Manufacturers Alliance
- Sustainable Brands<sup>®</sup>
- Sustainable Purchasing Leadership Council
- U.K. Green Building Council
- U.S. Department of Energy Better Buildings<sup>®</sup>
- U.S. Department of Energy Better Plants<sup>®</sup>
- United States Environmental Protection Agency (EPA) SmartWay<sup>®</sup>
- United States EPA WasteWise
- United Way<sup>®</sup>
- U.S. Green Building Council<sup>®</sup>
- World Green Building Council



# GRI Index



The Global Reporting Initiative (GRI) produces the world’s most comprehensive sustainability reporting framework to facilitate greater organizational transparency. The framework, including the reporting guidelines, sets out the principles and indicators organizations can use to measure and report their economic, environmental and social performance. This Report is organized and presented in accordance with the GRI standards, using the “Core” option.

STANDARD	INDICATOR DESCRIPTION	OMISSIONS	PAGE #
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102-1	Name of the organization.		6
102-2	Primary brands, products and services.		6
102-3	Location of organization’s headquarters.		6
102-4	Countries where the organization operates.		6
102-5	Ownership and legal form.		6
102-6	Markets served (including geographic breakdown, sectors served and types of customers and beneficiaries)		6
102-7	Scale of the organization (total number of employees).		7
102-8	Information on employees and other workers.		7, 32–37
102-9	Supply chain.		22–23
102-10	Significant changes to the organization’s size, structure, ownership or supply chain.		51
102-11	The organization addresses the precautionary approach.		22–23
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102-14	CEO Letter.		5
102-15	Key topics raised by stakeholder engagement and responses.		11
102-18	Organizational governance structure.		51
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102-44	Key topics raised by stakeholder engagement and responses.		11
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102-46	Process for defining report content and aspect boundaries.		51
102-47	List of material topics.		10
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## FEATURED PRODUCTS:

**Cover:** Anderson Tuftex, Old World Herringbone

**Pages 2–3:** Patcraft, Mixed Materials Converge, shown at Criteo. *Photo Credit: Dish Design LLC*

**Pages 14–15:** Anderson Tuftex, Devin Retreat

**Page 16:** Shaw Contract, Modern Edit, shown at Habraken Rutten. *Photo Credit: Sebastian van Damme*

**Page 18:** Patcraft, Mixed Materials Converge, shown at Pine Street Elementary. *Photo Credit: Robbins Photography Inc.*

**Pages 48–49:** Shaw Contract, Noble Materials and Alternature, shown at Ellucian. *Photo Credit: Garrett Rowland*

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**Page 56:** Shaw Contract, Canvas - Custom, shown at National Building Museum. *Photo Credit: Timothy Schenck*

**Page 58:** Philadelphia Commercial, Transcend





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UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

The bottom right section features the United Nations Global Compact logo, which includes a globe icon and the text "UN GLOBAL COMPACT" and "COMMUNICATION ON PROGRESS". To the right of the logo, there is a vertical line followed by two paragraphs of text. The first paragraph states: "This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals." The second paragraph states: "We welcome feedback on its contents."