

LOOKING AHEAD

SHAW INDUSTRIES
SUSTAINABILITY
REPORT **2012**



SUSTAINABILITY THROUGH INNOVATION™ — THAT'S THE SHAW GREEN EDGE®.

It's our commitment to creating the most beautiful—and sustainable—flooring in the world. And to helping create a better planet for our customers, our associates and our communities in the process.

Rooted in our drive to continuously improve every aspect of our business, the Shaw Green Edge® guides everything we do, every day—from maintaining the health and well-being of our people and communities, conserving energy and water and recycling raw materials—to designing Cradle to Cradle® products that can be remanufactured over and over again.

Because setting the standard for environmental excellence, social responsibility and product design is more than our responsibility.

It's also good business. And it's our legacy.



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PRINCIPLES

DEAR STAKEHOLDER,

It is refreshing to introduce our latest annual sustainability report by saying that the future looks very bright.

While 2012 remained steady for our organization overall, we continued to see very strong growth in our commercial business. And for the first time in the five years we've been sharing our journey with you, we also started seeing positive improvement in our residential business.

As referenced in our previous reports, the US housing market is one of the most direct economic drivers for flooring demand and for our business. As a result, declines in this market over the past five years have had a very real impact on demand for residential flooring—and on our business overall.

With available housing inventory now at a 30-year low, an increase in the number of housing formations over the past two years, more new residential construction, and rising home sales in 2012, we are now seeing the emergence of a strengthening residential market.

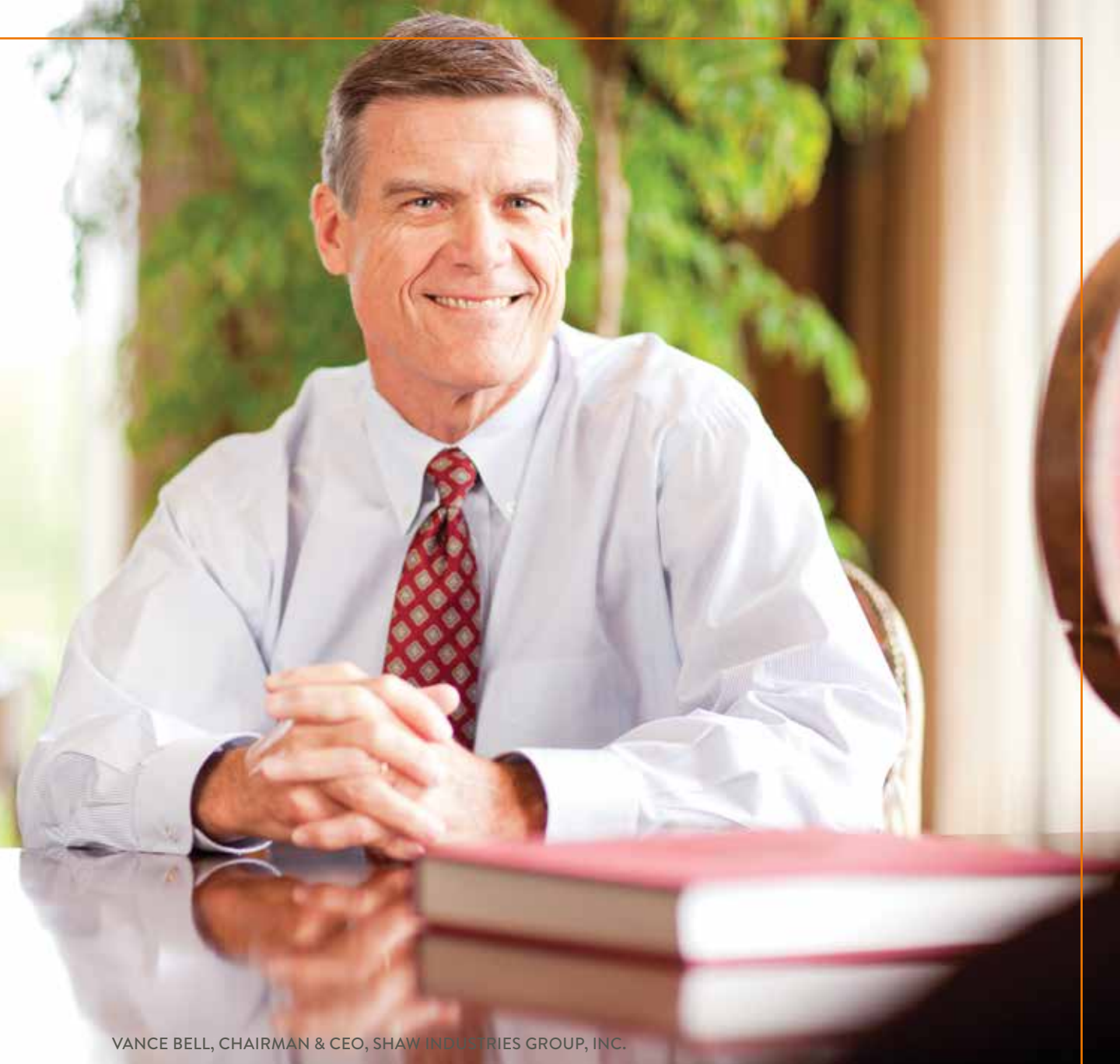
As we participate in this renewed market growth—including the ongoing expansion of our commercial market—we have also been taking stock of the ways our company is ready to take advantage of a revitalizing economy.

First and foremost, our customers and our people have remained our priority. Even throughout the right-sizing of our business over the past few years, we maintained an absolute commitment to supporting our associates with the resources and opportunities they need, and to continuing to deliver only the highest quality products and services.

We have also made major capital investments in our business—driving our commitment to Sustainability Through Innovation™ with investments of more than one billion dollars in new equipment, new technology and new processes over the past few years. The results of these investments are evident in many of our latest products—from our LokDots® installation system for carpet tile to our new Caress and Soft Shades residential carpet—some of the softest, best performing products in the industry.

And we have also continued diversifying our overall business. Today, we are the second largest and fastest growing US hardwood producer; we are continuing to expand our synthetic turf business with significant opportunities in non-flooring markets, and over the past two years we have introduced exciting and innovative new resilient flooring products—giving us a strong stake in that market segment.

Throughout 2012, we also continued investing in global expansion, proceeding with construction of our new manufacturing facility in Nantong, China. Scheduled to open in 2013, the facility will be LEED® certified and will manufacture our Cradle to Cradle Certified^{CM} EcoWorx® carpet tile exclusively for the Asia/Pacific market—the first manufacturing facility in China to create Cradle to Cradle® products.



VANCE BELL, CHAIRMAN & CEO, SHAW INDUSTRIES GROUP, INC.

In other words, as the following pages demonstrate, we spent 2012 looking ahead—investing in resources and opportunities to position us all for success. And while this report may offer only a glimpse into this latest stage of our journey, what we share here is drawn in part from what we believe to be of interest to you, our stakeholders. It also directly reflects what we know to be material and relevant to our corporate objectives, as well as the long- and short-term objectives of our company.

Most of all, we hope it will share with you some further insight into our collective commitment to creating a better future—for our customers, our people, our company, and our communities.

Vance Bell
Chairman & CEO, Shaw Industries Group, Inc.

CORPORATE PROFILE

The world's largest carpet manufacturer and a leading floor covering provider, Shaw Industries Group, Inc. is a vertically integrated, fully aligned manufacturer that supplies carpet, rugs, hardwood, laminate, resilient, stone/tile flooring products and synthetic turf to both residential and commercial markets around the globe.

A wholly owned subsidiary of Berkshire Hathaway, Inc., we are headquartered in the United States in Dalton, Georgia. We also operate wholly owned administrative, distribution, and manufacturing operations within the US as well as several joint venture companies in the US and one in Mexico. We have salespeople and/or sales offices located throughout the United States as well as Australia, Canada, China, Hong Kong, Mexico, Singapore and the United Kingdom.

In 2012, we broke ground on construction of a new manufacturing facility in Nantong, China in order to better serve our customers in the Asia/Pacific region. The facility is slated for completion in 2013.



- Shaw sales offices & showrooms
- Shaw global distribution network



2012 BY THE NUMBERS

OUR VISION

Creating a Better Future: for our customers, for our people, for our company and for our communities.

OUR MISSION

Great People. Great Products. Great Service. Always.

OUR VALUES

Honesty, Integrity and Passion.

CORPORATE OBJECTIVES

- The health and safety of our associates.
- Growing our business and exceeding our customers' expectations.
- Serving as the employer of choice for a talented and diverse workforce.
- World-class performance in key business metrics.
- Innovation leadership.
- Sustainability and environmental leadership.
- Exceeding Berkshire Hathaway's expectations for return on investment.

22,416
associates worldwide

2,489
associates hired

450
jobs created

447
associate lay-offs

4
facility closings

0
changes to
capital structure



SUSTAINABILITY GOVERNANCE & MANAGEMENT APPROACH

We are governed by a board consisting of 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. Our procedures for overseeing the identification and management of economic, environmental, and social performance are embedded in our Growth & Sustainability Council.

Comprised of our CEO, CFO, President, and Executive Vice President of Operations, along with senior leadership from all functional areas of the company, the 26-member council uses three pillars of sustainability (corporate citizenship & social responsibility; operational & environmental excellence; innovative products & services) as the basis for defining environmental and social responsibility goals and setting strategy that align with our corporate objectives as well as with the issues we recognize as most important to our business and our stakeholders.

Organizational, environmental and social performance are also measured and mapped as part of our corporate SUM2 scorecard system. This system assigns a performance scorecard to each of our key business units, including human resources, operations, research and development, innovation, and sales and marketing. The scorecards offer a best practice framework and key performance indicators (KPIs) for all aspects of each business unit's operations, including environmental and social responsibility. Many of these KPIs are disclosed in this annual corporate sustainability report.

Ultimately, our overall sustainability performance—including progress towards key goals and objectives—is measured holistically against a triple bottom line: our company's social, environmental and economic impacts. This progress and performance is also shared annually with internal and external stakeholders through our corporate sustainability reporting.

In 2012, the Growth & Sustainability Council approved new forward-looking environmental goals designed to help drive our performance—and our company—towards a better future. The reduction goals are based on the baseline year relevant to that metric.

2030 Environmental Performance Goals

- Reduce energy intensity 40%
- Reduce total waste to landfills 100%
- Reduce hazardous waste 100%
- Reduce water intensity 50%
- Achieve an OSHA incident rate of ZERO
- Design 100% of our products to Cradle to Cradle protocols

BRANDS

A vertically integrated, fully aligned flooring manufacturer, we produce many of our own ingredient materials as well as branded flooring solutions for the commercial, residential, and specialty markets.

MARKET BRANDS



patcraft.

shaw contract group®

shaw hospitality group™

INGREDIENT BRANDS

eco✱worx®

eco✱solution Q®

Lok✱Dots™
by Shaw™





Shaw

FLOORS





AWARDS

Best of NeoCon Gold Award—
Shaw Contract Group, Dye Lab™ carpet tile

Best of NeoCon Gold Award—
Shaw Commercial Hard Surface,
Quiet Cover™ underlayment

Best of NeoCon Silver Award—
Shaw Industries, LokDots™ carpet tile
installation system

California Product Stewardship Council
Golden Arrow Award for overall excellence
in product stewardship

Central Valley Water Basin (California)
Industrial Use of Recycled Water Award

Chattanooga Area Employment Consortium
Outstanding Employer Award for Project
SEARCH, a Shaw work-training program for
young adults with developmental disabilities.

Elearning magazine's 2012 'Learning 100 List'

Floor Covering News Awards of Excellence:

- Best Overall
- Environmental Leadership
- Best Rug Manufacturer

Floor Focus 2012 Retailer Survey honors:

- Area rugs—first in service, quality and design
- Broadloom—first in service, quality and design
- Ceramic—third in service
- Hardwood—Shaw and Anderson Hardwood first in service, quality and design
- Laminate—second in service, quality and design

Floor Covering Weekly GreenStep Awards:

- Pinnacle Award Honoree—post-consumer carpet reclamation & recycling
- Promotion Award Honoree—HGTV HOME Flooring by Shaw

Floor Covering Weekly ReCo Market Intelligence Report rankings:

- Top Carpet Supplier
- Top Hardwood Supplier
- Top Laminate Supplier
- Top Ceramic Tile Supplier

Floor Focus Future Focus Awards for young professionals

- Employee Development/Human Resources—winner & honorable mention
- Marketing—winner & honorable mention
- Manufacturing—winner & honorable mention
- Research & Development/Product Design—winner

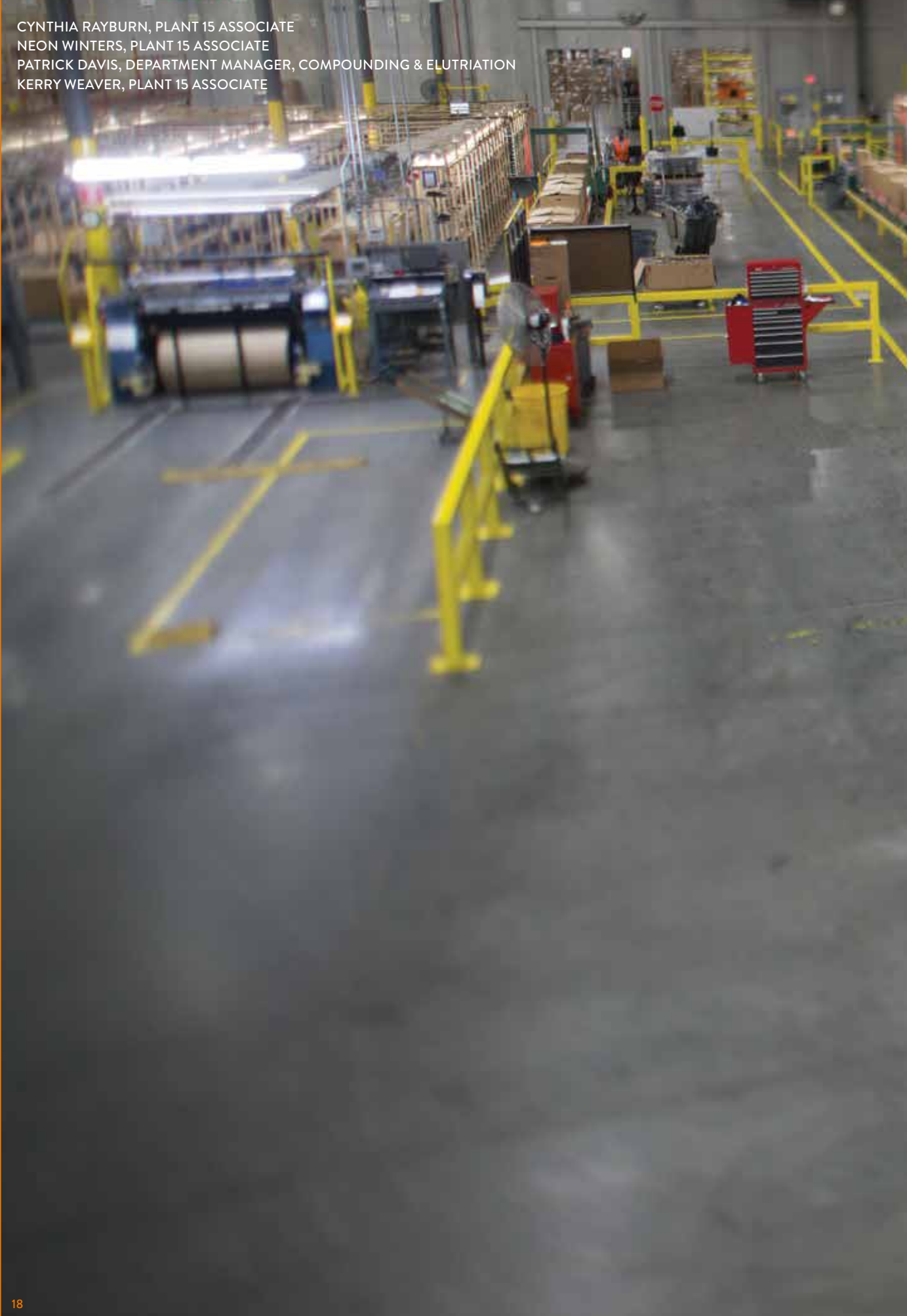
Floor Trends 2012 Readers Choice Award
for Shaw's Kingsgrove resilient flooring

Industrial Environmental Association
Environmental **Excellence & Sustainability Award**

Nightingale Award—Silver—
Patcraft Cultural Layers Collection

Training magazine 2012
'Top 125 Training Company'

CYNTHIA RAYBURN, PLANT 15 ASSOCIATE
NEON WINTERS, PLANT 15 ASSOCIATE
PATRICK DAVIS, DEPARTMENT MANAGER, COMPOUNDING & ELUTRIATION
KERRY WEAVER, PLANT 15 ASSOCIATE



A photograph of a factory floor with workers walking along yellow safety lines. An orange speech bubble contains the word 'PEOPLE'.

PEOPLE

STAKEHOLDERS

In short, we consider anyone who uses our product to be a stakeholder. While that may sound like a pretty wide audience, it's also an indication of the importance we place on doing the right thing—from the products we make, to the way we do business.

To help ensure we're meeting (or better yet exceeding) expectations, we have identified a number of specific stakeholder groups with whom we actively engage on a regular basis, including:

- Berkshire Hathaway, Inc
- Flooring industry trade associations
- Governmental and regulatory groups
- Members of the architecture & design industry
- Members of communities in which our facilities are located
- Non-governmental organizations (NGOs)
- Customers (commercial & residential)
- Shaw associates
- Shaw flooring dealers and retail partners
- Strategic accounts (large, often multi-national customers)
- Shaw suppliers and vendors
- Media
- Bi-annual convention for Shaw Flooring Network aligned dealers
- Customer and supplier participation in roundtables and advisory panels focused on product design, supply chain, sustainability, innovation, and more
- Focus groups, market research and surveys inviting open feedback from customers and market leaders
- One-on-one meetings with customers, community leaders, and government representatives
- On-site visits and tours of our facilities
- Participation in major market events such as NeoCon, Hospitality Design, the US General Services Administration (GSA) conference, the US Green Building Council (USGBC) Greenbuild conference, and others
- Residential market customer events in eight major cities across the US

In 2012, the insights and feedback from these communications helped us identify several key aspects of sustainability material to our stakeholders:

- Better recognition and understanding of the different needs and requirements of customers in globally diverse markets
- Continuing to refine our design for environment framework with attention to the safety and health of our ingredient materials, and a Cradle to Cradle®* approach to product design
- Ensuring our products meet stringent global sustainability and indoor air quality standards
- Product stewardship and a sustainable supply chain
- Transparency regarding our company and our products
- Active membership and/or participation in community, industry, trade, special interest and non-governmental (NGO) organizations and groups

Every year, we work to improve the ways we engage with these groups and our broader stakeholder audience. Our goal is to continue gaining insight and understanding of what is most important and relevant to those whose lives and work our company touches—especially with regard to environmental and social responsibility. In 2012, our efforts included:

HEATHER WILLIS, GLOBAL & STRATEGIC ACCOUNTS SALES & OPERATIONS ADMINISTRATOR
GARY BARNES, CUSTOMER DEVELOPMENT MANAGER





MEMBERSHIPS, PARTNERSHIPS AND AFFILIATIONS

American Association of
Textile Chemists and Colorists

American National
Standards Institute

ASTM International

Canadian General Standards
Board

Carpet and Rug Institute™

Carpet America
Recovery Effort

Cleaning Industry Research
Institute

Clean Production Action
- BizNGO
- Green Screen for
Safer Chemicals

The Climate Registry®

The Cradle to Cradle Products
Innovation Institute

The Conference Board®

CoreNet

EHS Roundtable

Forest Stewardship Council

Floor Covering Industry
Foundation

Georgia Association of
Manufacturers

Georgia Chamber of
Commerce

Georgia Clean Air Campaign

Green Chemistry Commerce
Council

Greenguard® Environmental
Institute

Hardwood Federation

Hardwood Forestry Fund

Hardwood Plywood and
Veneer Association

HGTV®

International Facility Managers
Association

International Federation of
Interior Designers

International Interior Design
Association

Make It Right® Foundation

Masco Environments for
Living®

McDonough Braungart Design
Associates

National Association of Floor
Covering Distributors

National Association of
Manufacturers®

National Safety Council®

National Science Foundation

National Wood Flooring
Association®

Partnership for Sustainable
Georgia

Public Architecture

Scientific Certification
Systems

Simon Institute

St. Jude Children's Research
Hospital

South Carolina Manufacturers
Association

UL Environment

United States Chamber of
Commerce

US Department of
Energy Better Buildings,
Better Plants Program

United States Environmental
Protection Agency (EPA)
SmartWay® Transport
Partnership

US EPA WasteWise

United States Green Building
Council®

United Way®

World Floor Covering
Association

ASSOCIATES

We strive to be the employer of choice for a talented, diverse workforce. Today, more than 22,000 associates worldwide are part of the Shaw community.

Year-round dialogue between all members of our community is a vital part of our culture and a valuable part of creating an inviting, inclusive and engaging workplace. In 2012, we facilitated this dialogue through a variety of channels, both formal and informal, including:

- Cross-functional work teams dedicated to addressing issues such as diversity and inclusion, green building improvements, social responsibility, and generational differences
- Informal lunches and roundtables for small groups of associates with senior leadership
- Kaizen continuous improvement projects and groups
- New associate orientation and training programs
- Regular town hall meetings at individual facilities
- Sales training programs

Our annual Associate Engagement Survey also offers insight into the needs of hourly and salaried associates throughout the organization. The results are used to help develop strategy and direction for new and ongoing initiatives and programs for attracting and retaining talented, diverse professionals. The 2012 survey revealed improvement and increased associate confidence in several key performance areas, including the frequency and quality of management-workforce communications, associate satisfaction with a fair, open work environment, and the availability of resources and tools for successful performance. These areas continue to be our focus moving forward.

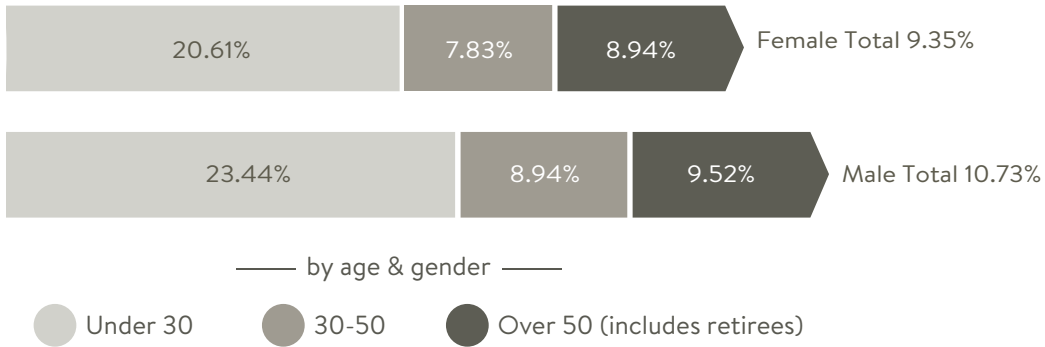
ASSOCIATES BY EMPLOYMENT TYPE, CONTRACT TYPE & GENDER

| | US | | Canada | | Asia/Pacific | | UK | | Total | |
|-----------|--------|-------|--------|----|--------------|----|----|---|--------|-----------|
| | ♂ | ♀ | ♂ | ♀ | ♂ | ♀ | ♂ | ♀ | | |
| FULL-TIME | 14,077 | 8,101 | 64 | 12 | 12 | 14 | 1 | 5 | 22,286 | Fixed |
| | 22 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 26 | Temporary |
| PART-TIME | 59 | 45 | 0 | 0 | 0 | 0 | 0 | 0 | 104 | Fixed |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Temporary |

TOTAL ASSOCIATES 22,416

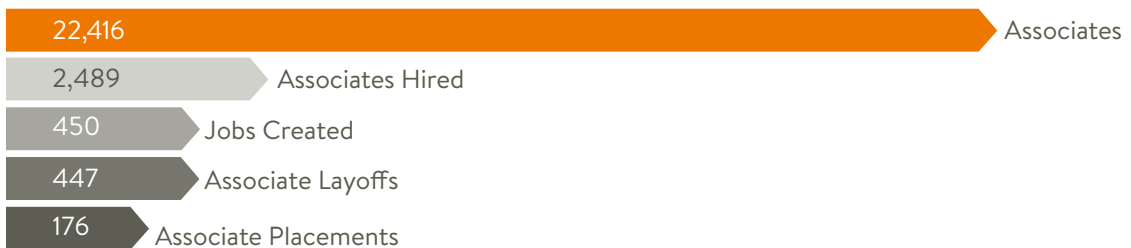
64% Male 36% Female

ASSOCIATE TURNOVER



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

IMPACT OF OPERATIONS ON COMMUNITIES



Hires: Associates who begin their employment with Shaw either as a “hire or rehire.” (A rehire denotes that the individual has previously been employed at Shaw); Placements: Associates whose jobs have been eliminated and who have been placed by our Central Employment group in a vacancy within the company; Jobs Created: New jobs created within the reporting year that did not previously exist within the company.

SARAH DARNELL, ADMINISTRATIVE ASSISTANT
JENNIFER AUSTIN, RN, DALTON FACILITIES LEAD



HEALTH & WELLNESS

On-site and online, our health and wellness programs offer associates resources and tools for managing their personal well-being and achieving a healthy work-life balance. In addition to health insurance programs with 100% coverage for preventive healthcare visits, our associates also have access to regular on-site health screenings and a variety of education, engagement and support opportunities. Key components of our wellness program include:

- 24-hour online access to personal health and wellness records and resources
- Annual health and wellness assessment participation incentives
- On-site health management and education programs at our main campuses for the prevention and management of a variety of health concerns, including chronic obstructive pulmonary disease, diabetes, smoking cessation and weight management
- On-site occupational health nurses at most facilities
- Payroll deduction options for fitness programs and gym memberships
- Programs for pregnancy and new parent support, including lactation rooms at many of our facilities

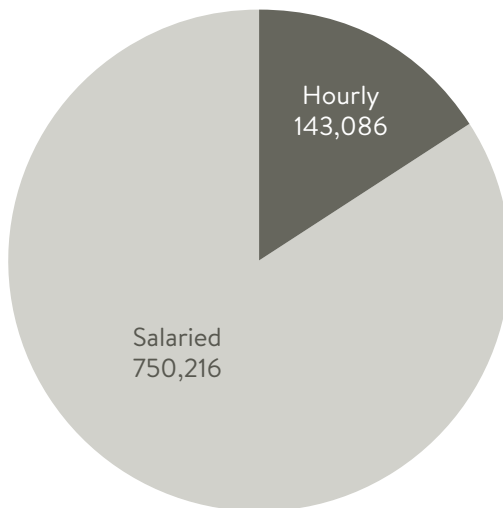
EDUCATION, TRAINING & LEADERSHIP

Each year, we offer co-op and management trainee programs for university students and recent graduates. We also offer a variety of on-site and online training programs through the Shaw Learning Academy for both associates and customers. Each year, thousands of participants take part in interactive learning on topics ranging from sales, leadership and diversity to safety, industrial maintenance, technology and business.

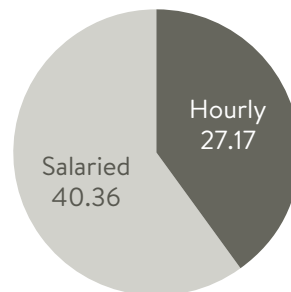
General Education Diploma (GED), MBA and other continuing academic education opportunities are also available to our associates in conjunction with area educational institutions. In 2012, 225 associates took advantage of our tuition reimbursement program, receiving a total of \$439,367 to help further their education.

In 2012, Shaw was ranked 26th on *Training* magazine's 'Top 100 Training Companies' for 2012—the eighth consecutive year we have been named to the ranking. We were also named to *eLearning* magazine's 'Learning 100' list for the second consecutive year.

ASSOCIATE TRAINING HOURS



893,302 Total Annual Training Hours



37.45 Average Annual Training Hours per associate

DIVERSITY & INCLUSION

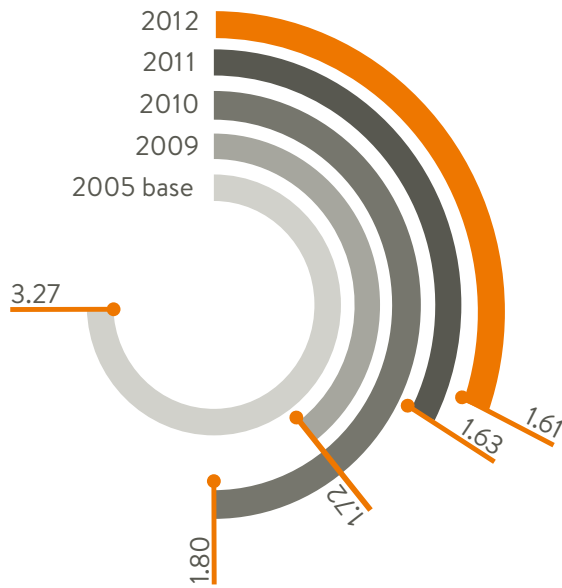
Creating a welcoming and inclusive workplace at every Shaw facility worldwide is a commitment we celebrate. Our associates represent a diverse array of talent, expertise, perspective and backgrounds—including more than 70 countries. And as we continue to expand our international business with the construction of a new manufacturing facility in Nantong, China, along with the opening of showrooms in China, Mexico and Singapore, our Shaw community is more globally diverse than ever.

To help foster a culture of diversity and inclusion, we manage a variety of programs to educate, include, develop, support and engage associates in creating a community that reflects—and welcomes—our differences. In 2012, these programs included:

- Corporate Diversity Council to set strategy and lead our organizational diversity and inclusion initiatives
- Diversity Councils at our key facilities to engage associates in learning activities and events designed to celebrate and enhance the diversity of the Shaw community
- Designated Diversity Champions throughout our organization who serve as leaders, mentors and representatives to our Corporate Diversity Council
- Reverse Mentorship program that pairs seasoned associates with young, top talent to develop rising talent and future leaders while sharing—and learning from—perspectives on generational differences and expectations within the workplace

Our Supplier Diversity Policy also helps ensure our commitment to diversity and inclusion is also reflected in the way we do business with the suppliers we work with. When and where possible, our sourcing teams actively solicit proposals from and foster working relationships with small, hub-zone, veteran-owned, woman-owned and other small businesses.

RECORDABLE INCIDENT RATE



This rate represents the number of US Occupational Safety & Health Administration (OSHA) recordable injuries and illnesses per 200,000 work hours.

LOST TIME CASE RATE



This rate represents the number OSHA recordable lost time incidents per 200,000 work hours.

LOST DAY RATE



Lost Day Rate (Severity Rate) is defined as the number of lost days (capped by OSHA at 180) per 200,000 work hours. Lost days are calendar days beginning the day after the reported incident.

SAFETY AND HEALTH COMPLIANCE AND CITATIONS

| 2005 base | 2009 | 2010 | 2011 | 2012 | |
|-----------|----------|-------|---------|---------|-------------------------------------|
| 2.61% | 1.37% | 1.35% | 1.36% | 1.35% | Absentee Rate |
| 1 | 0 | 0 | 0 | 0 | Employee Fatalities |
| 0 | 5 | 0 | 3 | 2 | Number of Safety & Health Citations |
| \$0 | \$15,170 | \$0 | \$1,200 | \$7,000 | Safety & Health Fines Paid |

SAFETY AND HEALTH

1.35 Injury Rate

0.26 Occupational Disease Rate

1.05 DART* Rate

88% Percentage of the total workforce represented in formal joint management-worker health & safety committees

*Days Away from work, Restricted work or job Transfer injury and illness" (DART) rate as defined by US OSHA.

SAFETY

Our 360-degree approach to associate and organizational safety drives us to uphold the highest possible standards for training, regulatory compliance, practices and processes. And because people come first, we place as much emphasis on regular associate engagement and safety education as we do on compliance. (Read our Health, Safety and Environmental Policy at <http://www.shawgreenedge.com/SHEP>).

In 2012, 88% of our associates were represented in joint hourly/management safety committees; including plant level safety committees that require representation from every department on each shift within that facility (at least 50% of the members are hourly associates). Also in place were an Ergonomic Task Force for each facility, and Behavior Based Safety (BBS) Teams, which represent all work groups on each shift.

Our safety team also works collaboratively with operations and management teams and departments across our organization, helping ensure that safety considerations and procedures are integral to all our ongoing and new projects and initiatives. Under the umbrella of the Shaw Management System (SMS), these collaborations include work with our Corporate Engineering and Reliability and Energy teams to help establish best safety practices for standard equipment performance and efficiency audits as well as setting protocols and safety procedures for non-routine maintenance.

Based on ISO 9001, ISO 14001 and OHSAS 18001 standards, SMS brings together our Quality, Total Productive Manufacturing, Environmental, Health, and Safety systems. By providing a one-stop shop for most job procedures and specific environmental, health, and safety protocols, the system helps increase safety and efficiency by ensuring all job steps are followed the same way, every time.

In addition to SMS, the cornerstones of our approach to safety and safety management also include:

- **Safety Compliance Audits**—Regular safety compliance audits at each of our manufacturing and logistics facilities is one of the key ways we work to ensure the effectiveness of the safety programs we implement. A required function of SMS, the audits encompass state and federal OSHA requirements as well as best safety practices.
- **Behavior Based Safety Program (BBS)**—BBS engages teams of associates in collaboration with co-workers on best behavioral practices for working safely on the job. The formation of “new” safe habits and milestones are celebrated as a means of communicating improvement and progress.
- **Actively Caring**—Many of our facilities are also using an Actively Caring initiative to complement our BBS program. The Actively Caring initiative motivates associates through additional in-depth training, engagement in open communication through surveys and focus groups, and recognition of individual efforts to improve work environments, safety knowledge, and safe behaviors.

COMMUNITY

As one of the largest employers in many of the areas in which we have operations, our economic impact in communities where our associates live and work is significant.

In addition to serving as a responsible corporate citizen in the communities where we work, Shaw associates also share a passion for giving back. Every day, in every corner of our company, associates can be found sharing their time, resources and expertise with community causes large and small. From individual volunteerism to active leadership roles with social and environmental organizations, we believe that our actions reflect our values—and that our work can help create a better future.

In 2012, our associates voluntarily contributed \$1,469,132 to United Way. And through a corporate contribution to United Way, we collectively contributed \$2,214,802 to help organizations in areas where our associates work and live.

2012 also marked the beginning of our new partnership with St. Jude Children’s Research Hospital®. Through our sponsorship of the *St. Jude Dream Home*® Giveaway, we are contributing flooring for approximately 30

homes across the US. In the process, we are helping raise valuable funds and support for the life-saving research and work at the hospital. To further drive these efforts, we also launched a residential carpet pad collection—Shaw Carpet Cushion for St. Jude—with a portion of proceeds from the collection benefiting the hospital.

We also support a variety of other local, regional, national and global causes, including:

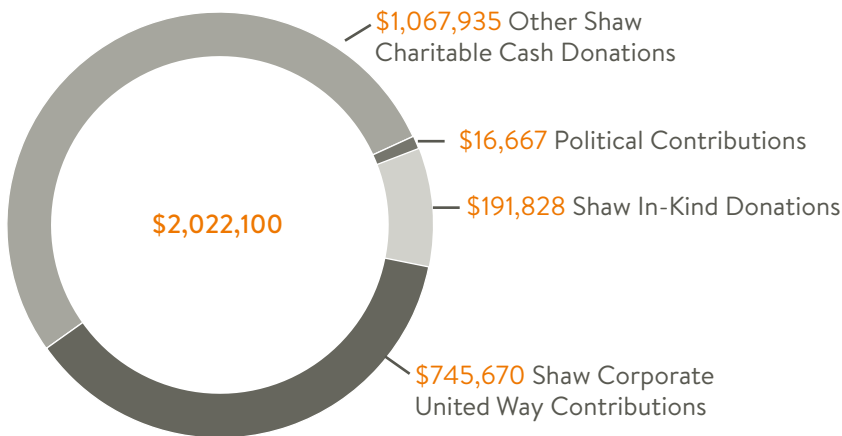
- The 1% Program for Public Architecture
- Alzheimer’s Foundation
- Boys & Girls Clubs of America
- China Social Welfare Foundation Free Lunch Program
- Design Industries Foundation Fighting AIDS
- Floor Covering Industry Foundation
- Junior Achievement
- Make It Right Foundation
- MASS Design
- United Way

ASSOCIATE VOLUNTEERS

56,196 associate volunteer hours

820 board seats held by 409 associates

CORPORATE FINANCIAL CONTRIBUTIONS



in US dollars



SAM BARRY, DIRECTOR OF RETAIL & HOSPITALITY MARKETS, SHAW CONTRACT GROUP
KATHERINE BUKOWSKI, COMMERCIAL SPECIALIST, SHAW CONTRACT GROUP
ELOA MENEZES, COMMERCIAL SPECIALIST, SHAW CONTRACT GROUP



A blurred photograph of a modern office interior. In the foreground, a conference table is partially visible, with several grey office chairs tucked under it. The background shows a large room with a whiteboard and a person standing near it. The lighting is soft and even. An orange speech bubble with a white border is positioned in the upper right quadrant, containing the word "DESIGN" in white, bold, uppercase letters.

DESIGN

DESIGNING RESPONSIBLY

We create products that enhance living and work spaces around the world. As a result, they need to meet an array of expectations for a diverse, global market—from performance and aesthetics to global standards for sustainability.

To help ensure our products and services meet—and ideally exceed—our customers' expectations, we conduct annual trade surveys with our flooring dealers, as well as a biannual consumer research survey. We also regularly engage with consumers through a variety of social media, including shawfloors.com, Facebook and Pinterest.

In 2012, through these and other channels, we identified sustainability as one of the components consumers now look for in their product checklist, along with style, color, value and performance. In addition, we also recognized that cause marketing and social partnerships, such as our own partnership with St. Jude Children's Research Hospital, is of growing importance to consumers.

DESIGNING FOR THE ENVIRONMENT

Achieving Cradle to Cradle Certification^{CM} for our products remains our ultimate goal. Our Design for Environment framework helps ensure the design of all our new products—and the continuous improvement of existing products—upholds stringent sustainability standards.

Drawing upon Cradle to Cradle design principles, the framework provides an internal standard against which we can continually measure, monitor and improve the sustainability and responsibility of our products across every stage of their life cycle including:

- Innovation and design (environmentally responsible materials and methods)
- Raw materials (materials chemistry and supply chain management)
- Manufacturing (energy, water, emissions, waste)
- Packaging (quantity and type)
- Distribution and transportation (fuel efficiency and transit methods)
- Use (maintenance, cleaning, extension of product life)
- End-of-Life options (reclamation, landfill diversion, recycling and energy recovery)

Through this approach to innovation and design, raw materials, manufacturing, packaging, distribution, use and end-of-life stewardship, the Design for Environment Framework provides us with a road map for continuous product improvement and new product innovation—putting both on a path to the Cradle to Cradle standard.

A CRADLE TO CRADLE COMMITMENT

When we pioneered the world's first Cradle to Cradle Certified^{CM} flooring nearly a decade ago, we also pioneered a new way of thinking about environmentally and socially responsible flooring design. Today, we approach the design of every new product “with the end in mind,” creating products that are made from responsible ingredient materials, and ensuring viable options for reclamation and recycling or reuse of those products at the end of their useful lives. And we continue to look for ways to move even more of our existing products towards Cradle to Cradle certification.

Developed by architect William McDonough and chemist Dr. Michael Braungart, the Cradle to Cradle Certified^{CM} program is one of the world's most rigorous product sustainability certifications. As part of the certification process, a product's ingredient materials are assessed for human and environmental health and safety at a level of 100 parts per million (ppm), or one-hundredth of one percent. Issued by the Cradle to Cradle Products Innovation Institute, the third-party certification is awarded based on a comprehensive quality rating system based on five categories:

- Safe and appropriately sourced materials
- Material reutilization
- Renewable energy
- Water quality
- Social Responsibility

Today, more than 60% of our total product sales come from Cradle to Cradle Certified^{CM} products—including all Nylon 6 EcoWorx[®] commercial carpet tile and broadloom products, all Nylon 6 residential styles and all Shaw Hardwood products.



JADA MCCAMY, STYLIST

PRODUCT STEWARDSHIP

As global interest in product responsibility continues to grow, so do our efforts to anticipate and address the concerns and questions our customers and stakeholders may have about the products they routinely select and use as part of their day-to-day lives. From the careful selection of chemicals and other ingredient materials to the environmental and social impacts of a product throughout its life cycle, our approach to product stewardship seeks to address these needs and continuously improve our products and services through a focus on:

- The safety and responsibility of the chemicals and materials we use
- The environmental impacts of our products' raw materials, energy and water consumption, and overall life cycle
- Our relationships with environmentally and socially responsible suppliers
- The responsible, efficient use of materials in both products and packaging
- Transparent, collaborative relationships throughout the supply chain

We had no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle in 2012. In addition, we had no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2012.

LIFE CYCLE ASSESSMENTS

Life Cycle Assessments (LCAs) are a key component of our approach to product stewardship. For the past several years, we have used LCAs to measure and assess the total environmental impacts of our key products across their life cycle—from raw materials to end of use. Conducted in accordance with the ISO 14040 series, we also use LCAs to assess the environmental impacts of many of our processes—including Evergreen Nylon Recycling. We are in the process of conducting LCAs on key products within each of our main product groups—using the data and insights we gain from each new LCA to help refine and inform our product design and manufacturing processes moving forward.





GLOBAL CERTIFICATIONS AND STANDARDS

Meeting (or exceeding) some of the world's most rigorous sustainability standards and certifications is one of the many investments we make in building open relationships with our customers. Ensuring compliance with third-party certifications and assessments is one more way of assuring stakeholders that when it comes to taking responsibility for our products and processes, we mean what we say. Many of our products meet or exceed global sustainability standards and certifications, including the following:

- California Air Resources Board (CARB)
- Cradle to Cradle Certified^{CM}
- Environmental Choice New Zealand
- EPA Design for Environment
- Forest Stewardship Council Chain of Custody (FSC)
- Floor Score
- Good Environmental Choice Australia
- GREENGUARD Indoor Air Quality
- Israeli Green Mark
- National Wood Flooring Association Responsible Procurement Program from US Renewing Forests
- NSF 140 Sustainable Carpet Assessment Standard
- Singapore Green Label
- UK Building Research Establishment (BRE) Environmental Assessment Method

The majority of our commercial products and many of our flooring categories also contribute to the United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) Green Building Rating System.

SUSTAINABLE SUPPLY CHAIN

As we continue to expand our global presence, ensuring a sustainable, responsible process for managing our supply chain is more important than ever. Our Sustainable Sourcing Framework helps us drive our commitment to Sustainability Through Innovation up and down the supply chain. Established to help us source and select the most environmentally and socially responsible materials—and suppliers—the framework is helping us move towards:

- Greater transparency across the supply chain
- Minimizing unnecessary purchasing
- Reducing community and environmental impacts
- Minimizing greenhouse gas emissions
- Minimizing waste to landfill
- Optimizing energy and water efficiency
- Facilitating innovation across our value chain
- Setting goals for the use of environmentally preferable ingredients in our products

In addition, our Global Sourcing and Raw Material Purchasing teams take a collaborative approach to supply chain management, seeking to partner with key suppliers to help:

- Ensure access and use of the most responsible raw materials and ingredients
- Reduce the impacts of raw materials for our processes, products and packaging
- Work together to assess and develop supplier sustainability practices and policies, from chemicals and materials to goal-setting, progress reviews and the development of an Environmental Purchasing Policy

We are also actively committed to working with locally based suppliers when possible, seeking to work with suppliers of materials, products and services in the same geographic markets within which we have a significant presence of 80 associates or more. On this basis, 86.82% of our 2012 supplier spend occurred in the 15 US states where 96% of our associates are located.

When our standard terms and conditions of purchase are utilized for contracts and purchase orders, our suppliers are also required to comply with all applicable laws and regulations, including laws and regulations concerning freedom of association, collective bargaining and child labor, where applicable.

GLOBALIZING LOCAL MANUFACTURING

In June 2012, we broke ground on what will become Shaw's first manufacturing facility in China. Located in Nantong, the carpet tile facility is a next step in manufacturing our product locally for a global market, allowing us to better serve customers in our fast-growing Asia/Pacific region with products tailored to regional aesthetics—as well as the Cradle to Cradle standards and quality we are known for.

The Nantong facility will manufacture EcoWorx® carpet tile exclusively for the Asia/Pacific market, but our ability to deliver a broader range of products to customers in that region more quickly will also help to grow our carpet tile manufacturing operations in the US. In addition to importing product from the US to China, the Nantong facility will also use yarn manufactured by our US operations to produce carpet tile for the Asia/Pacific region.

Slated to open in 2013, the new facility will eventually employ 200-250 associates and ultimately produce more than five million square yards of carpet tile annually. In keeping with our commitment to sustainable buildings, the Nantong facility will also be LEED certified and the first manufacturing facility in China to create Cradle to Cradle Certified^{CM} products.

As part of the ongoing process of making Shaw a local brand across the globe, we opened new showrooms or sales offices in 2012 in China in Beijing, Chengdu and Shanghai, and in Mexico City, Mexico. A showroom in Hong Kong is also slated to open in 2013.



NANTONG FACILITY

TERRY LILES, SCIENTIST





RESPONSIBILITY

We're not only one of the world's largest flooring providers; we're also one of the most vertically integrated. From ingredient materials to product manufacturing, distribution, and recycling—not to mention our facilities and buildings—our footprint encompasses the full spectrum of resources and infrastructure we need to create products with the performance, quality and aesthetics our customers count on.

Why is this important? Because we believe owning such a comprehensive footprint gives us the opportunity to truly measure, mitigate and ultimately improve the true impact of our operations—from start to finish.

Because we recognize these impacts are interconnected, our operations teams work both independently and collaboratively to address energy, greenhouse gas, water, waste and facilities efficiency and responsibility across our divisions and our physical operations.

As part of this collaborative approach, in 2012 we established aggressive new environmental performance goals designed to help us drive towards an even lower-impact future—while pushing us to work for greater short-term improvements in the meantime. The reduction goals are based on the baseline year relevant to that metric. As with our prior environmental performance goals, we'll be sharing our progress in our sustainability report each year.

2030 Environmental Performance Goals

- Reduce energy intensity 40%
- Reduce waste to landfills 100%
- Reduce hazardous waste 100%
- Reduce water intensity 50%
- Achieve an OSHA incident rate of ZERO
- Design 100% of our products to Cradle to Cradle protocols



BUILDING SUSTAINABLY

With manufacturing and administrative facilities, sales offices, showrooms and other locations across the US and around the world, we have a significant opportunity to reduce our environmental impacts through step change improvements to our physical properties—from lighting and plumbing retrofits to full LEED® certification for our flagship locations.

So that's just what's happening. Every day across the company, our management teams are working to identify economically responsible, environmentally smart approaches to reducing the energy, water, carbon and waste impacts of our buildings.

As of 2012, the following Shaw facilities achieved LEED certification:

- Plant 95—LEED Gold
- Shaw Contract Group Showroom Shanghai—LEED Gold

In addition, as of year-end 2012, we were actively pursuing certification for the following facilities:

- Re2E
- New manufacturing facility in Nantong, China
- Patcraft Showroom—Chicago
- Plant 72—Administrative building on corporate campus





SHAW CONTRACT

ENERGY CONSERVATION & GREENHOUSE GAS REDUCTION

Over the past few years, we've moved to a more balanced approach in our energy strategy, leveraging ongoing project development and implementation through a further focus on making the smartest use of the resources we already have. It's an approach that's helping us identify opportunities and solutions designed to realize the most significant improvement across as much of our footprint as possible.

Knowing that equipment reliability is tied to energy efficiency (and vice versa), we aligned our energy and reliability teams in late 2011 to better leverage the combined skills, resources and knowledge of the experts on each team. The full integration of these teams in 2012 helped us evaluate and begin redefining standards and best practices for reliability and energy efficiency. We also leveraged our continued investment in equipment and controls upgrades designed to maximize energy savings across many of our facilities.

In 2012, we invested more than \$5 million in energy efficiency and greenhouse gas improvements, including the continuation of several 2011 initiatives:

- **Compressed Air Upgrades**—A vital component of our fiber extrusion and yarn manufacturing operations, compressed air is also expensive to generate. In 2012, we continued the introduction of plant-wide compressed air system controls to help monitor and meet demand more efficiently. As production volumes change, the new systems adapt to plant load—starting or stopping compressors as needed, saving energy and increasing equipment reliability in the process.
- **Chiller Upgrades**—Maintaining consistent air temperatures and humidity levels is an important part of many of our fiber extrusion and yarn manufacturing processes. Upgrading our chiller systems is helping us better manage ambient temperatures and humidity.

In 2012, a continued rise in commercial manufacturing volumes and the fruition of many of our energy improvement investments yielded a notable decrease in our energy intensity—the second consecutive year of positive improvement towards reducing both our energy and carbon footprint. Changes in utility fuel mix and the rebalancing of our overall fuel consumption to include more natural gas also helped contribute to increased energy efficiency and a 14% decrease in our emissions.

In fact, we recognize that every energy improvement investment we make is also an investment in greenhouse gas reduction—making it a key consideration of any new energy improvement initiative. With this in mind, we have been a Founding Reporting Member of The Climate Registry since 2008, and also report as a supplier to the Carbon Disclosure Project at the request of several of our large, multi-national customers.

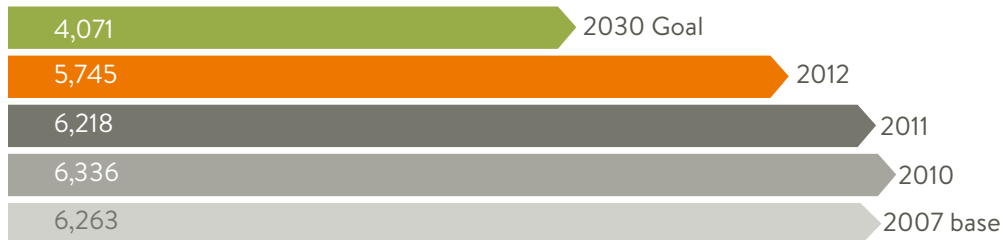
2012 ENERGY IMPROVEMENT INVESTMENT & SAVINGS

| Thermal MMBtu Savings | Electricity kWh Savings | MMBtu Total | |
|-----------------------|--------------------------|-------------|---------------------------------------|
| 71,098 | 39,768,257 | 206,787 | Total Energy Savings |
| from Fuel Savings | from Electricity Savings | Total | |
| 3,904.9 | 23,906.8 | 27,812 | CO ₂ Savings Totals |
| 3.1 | 8.4 | 12 | CH ₄ Savings Totals |
| 4.6 | 116.2 | 121 | N ₂ O Savings Totals |
| 3,908.7 | 24,031.4 | 27,940 | GHG: CO ₂ e Savings Totals |
| 71,098 | 39,768,257 | 39,839,355 | Energy Savings (MMBtu) |

Total Capital Investment in Energy \$5,998,115

———— in tons ————
 Total energy savings reflects savings in 2012

ENERGY INTENSITY



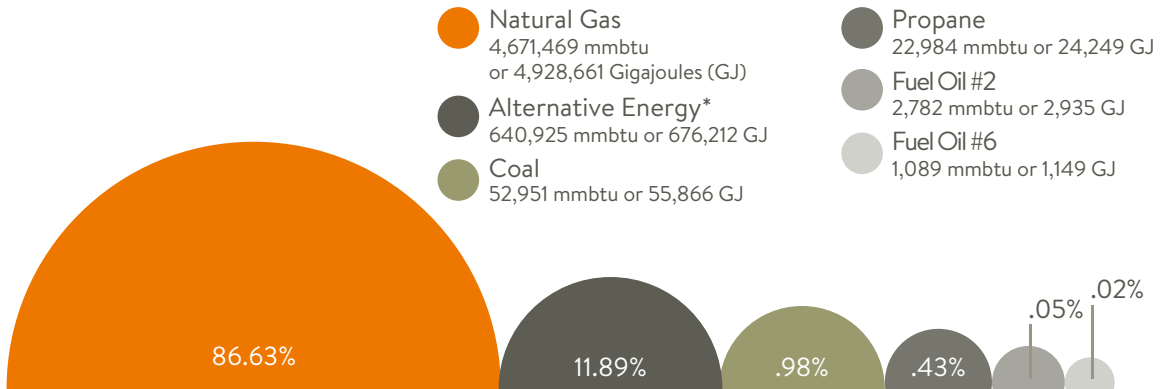
———— BTUs per lb. finished product ————

Note: We choose to report our energy performance using BTUs in order to provide a consistent and accurate reflection of the functional units by which we measure organizational efficiency, manage our operations and set performance goals. Does not include transportation related energy use.

CARBON DISCLOSURE PROJECT SCORES

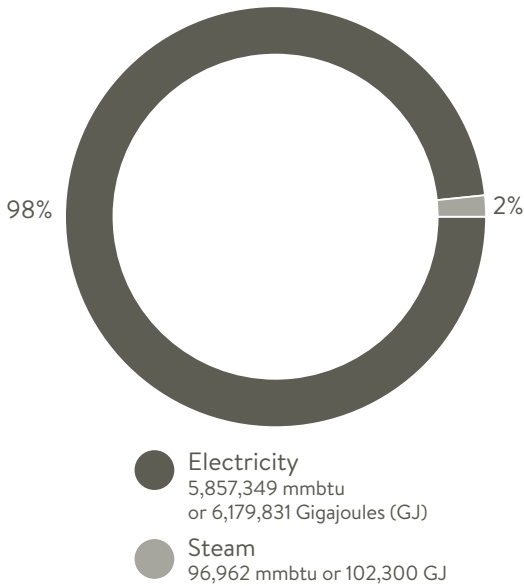
| Disclosure Score | Performance Band |
|---------------------------|--------------------------|
| Shaw Industries 84 | Shaw Industries B |
| Industry Group Average 49 | Industry Group Average D |
| Overall Average 48 | Overall Average D |

DIRECT ENERGY USE BY SOURCE

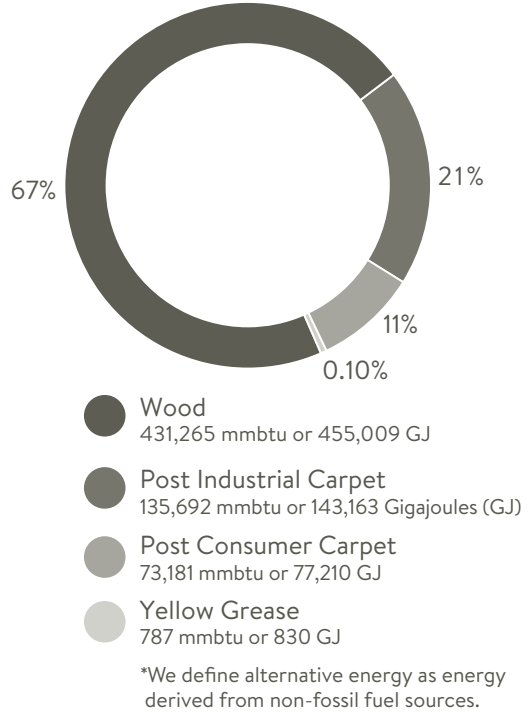


Note: Stationary source energy use only; does not include transportation energy of 1,135,619 MMBtu (1,076,359 GJ) – representing 16% of total energy. This is managed separately.

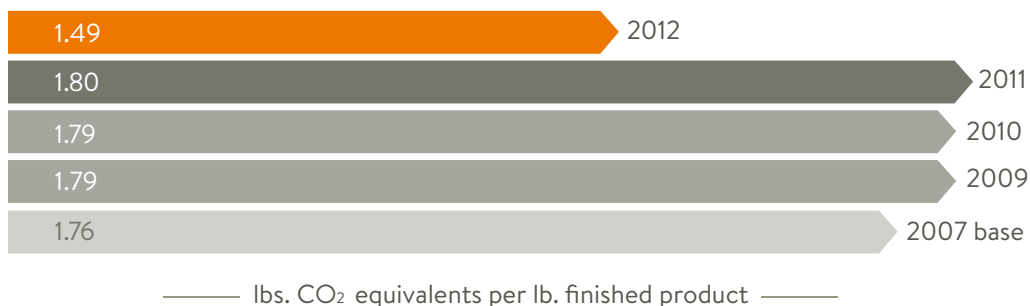
INDIRECT ENERGY USE BY SOURCE



ALTERNATIVE ENERGY USE BY SOURCE*



GREENHOUSE GAS EMISSIONS INTENSITY

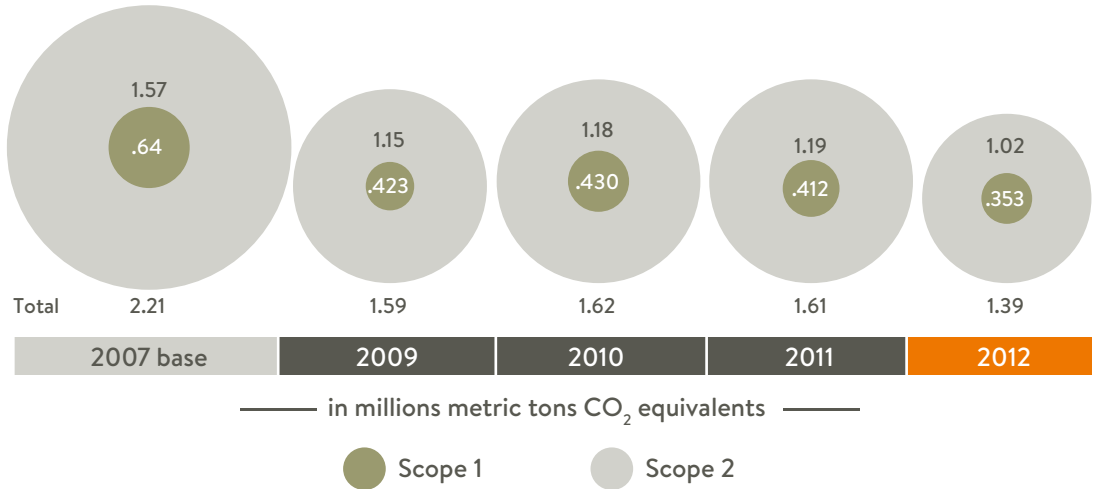


Does not include biogenic sources of CO₂
 Total GHG emissions and GHG intensity numbers for 2009, 2010 and 2011 have been restated to correct minor calculation errors and to incorporate an estimation of minor sources of GHG emissions. This has resulted in an average change of less than 3% for GHG Scope 1 and Intensity for each of three years.



DIRECT & INDIRECT GREENHOUSE GAS EMISSIONS BY SCOPE & WEIGHT

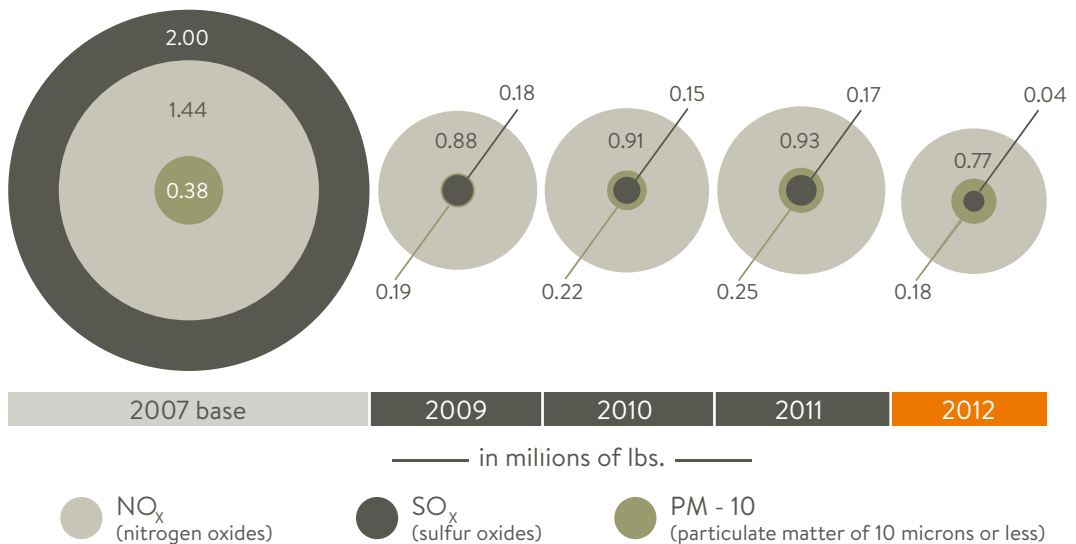
GHG in millions of metric tons of CO₂ equivalents



Does not include biogenic sources of CO₂. Total GHG emissions and GHG intensity numbers for 2009, 2010 and 2011 have been restated to correct minor calculation errors and to incorporate an estimation of minor sources of GHG emissions. This has resulted in an average change of less than 3% for GHG Scope 1 and Intensity for each of three years.

CRITERIA AIR POLLUTANT EMISSIONS

SO_x, NO_x, & PM



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



TRANSPORTATION

Our global distribution network includes the 40th largest privately owned transportation fleet in the US—and a distribution network that delivers both ingredient materials and finished products around the world—and around the clock. So for the past several years, our transportation team has been putting our drive for Sustainability Through Innovation™ to work, partnering with Volvo to employ state-of-the-art tractors with some of the most innovative safety and efficiency features available today.

A long-time US Environmental Protection Agency (EPA) SmartWay® Transportation Partner, we also work alongside other members of the freight transportation industry to collaborate with the US EPA on monitoring and improving fuel consumption and carbon footprint for our transportation business.

Because improving miles per gallon is one of the most direct ways to increase fuel efficiency and reduce greenhouse gas emissions for our transportation fleet, we've been focusing on introducing new technologies and approaches to increasing the miles per gallon of our existing fleet — as well as exploring innovations with the potential to help us improve future performance.

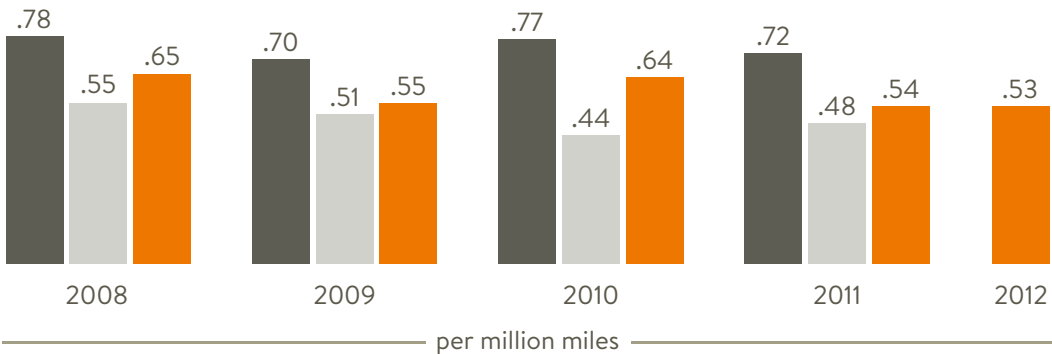
In 2012 these included continuing to move to the use of smaller, more efficient engines, lighter weight materials, and automated mechanical transmissions in our trucks. It also meant a return to providing bio-diesel for our trucks from our own on-site fuel station—a transition that resulted in a savings of 1.34 million pounds (611 metric tonnes) of greenhouse gas emissions for our transportation operations for the year.

We also continued to take a holistic approach to transportation safety and responsibility with initiatives:

- **Driver health and wellness**—Driving our trucks and tractor/trailers is a physically and mentally demanding job. We work to continuously provide equipment upgrades, training and support resources to help our drivers work safer, smarter and more comfortably—from automatic transmissions (with easier shifting) and ergonomically designed equipment to driver safety training and health and wellness resources and support.
- **Automatic tire inflation and monitoring**—We continued retrofitting existing equipment with automatic inflation systems for tires to help support better fuel economy, improve tire wear and help reduce potential accidents. During 2012, we also placed 44 new trailers into service with the automatic inflation systems, which are now part of our standard specification for all new trailers. In addition, our new tractors are equipped with continuous monitoring systems to alert drivers when one of the vehicle's tires has lost pressure—giving the driver chance to get off the road safely and address the problem.
- **Smart freight logistics**—When it comes to cross-country hauling, an empty truck is an inefficient truck. To make the most of our transportation fleet, we partner with other logistics companies to help ensure our trailers always come back with a full load — whether they're carrying raw materials from one of our locations to another, or transporting consumer goods for a partner company.



DOT REPORTABLE ACCIDENT RATE



● US Common Carrier DOT ● US Private Fleet DOT ● Shaw Fleet DOT

US Department of Transportation (DOT) Common Carrier and US DOT Private Fleet rates are provided for purposes of comparison to the Shaw DOT rate. 2012 US Common Carrier and US Private Fleet DOT data was not available at the time of this report's publication.

TRANSPORTATION FUEL EFFICIENCY



average miles per gallon (MPG)

WATER REDUCTION

With our headquarters located in Northwest Georgia—a region hit hard by significant periods of drought over the past decade—we have first-hand insight into the way water supply and consumption can affect our customers, our people, our communities, our environment—and our business. That’s why we recognize that every drop of water we conserve is one more step towards helping ensure the accessibility and availability of water for our stakeholders, helping reduce energy demand, and helping us move towards even more water-efficient operations.

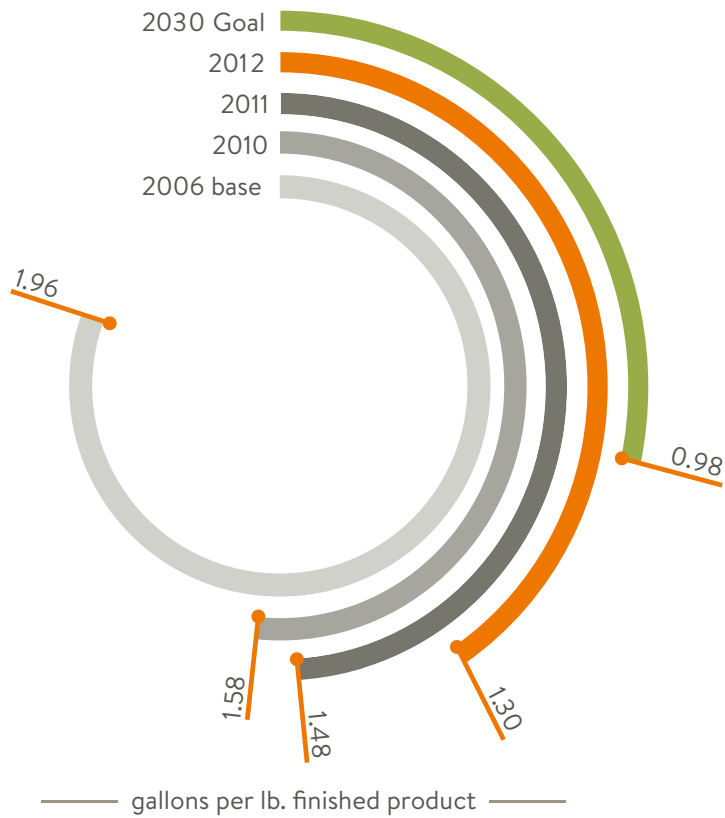
Our new water intensity goal challenges us to reduce our water intensity by 50% by 2030—in addition to the significant progress we’ve made over the past decade. That’s why we’ve been focusing our attention—and investment—for the past several years on continuing to optimize our existing water reduction initiatives. In 2012, this focus on improving existing water efficiency initiatives helped us continue reducing our water intensity. These initiatives included (see our 2011 report for details):

- Continuous Dye Systems
- Single Step Carpet Treatment
- Wet Pick-Up Washing

For our Tuftex carpet manufacturing facilities in California, this commitment to water reduction has also included an increased use of recycled water. Working in partnership with the Los Angeles, California area’s Central Valley Water District, the facilities have increased their use of recycled water to 40% of the operations’ total consumption.

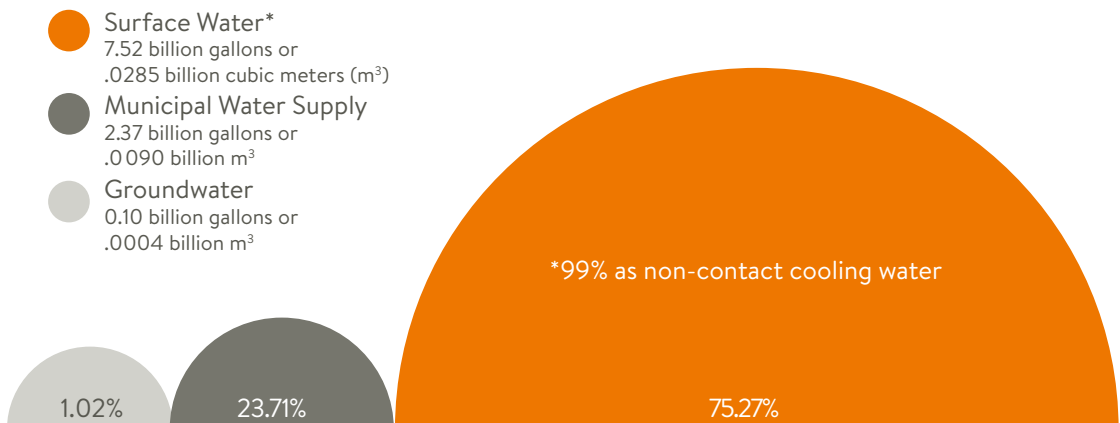
The recycled water we used in 2012 was equivalent to 13.5% of our total water consumption.

WATER INTENSITY



Note: We choose to report our water performance using gallons in order to provide a consistent and accurate reflection of the functional units by which we measure organizational efficiency, manage our operations and set performance goals.

WATER WITHDRAWAL BY SOURCE



WASTE MANAGEMENT

Trying not to create waste in the first place is the foundation of our approach to waste management—and the driver behind the goal we’ve set to reduce our total landfill waste intensity 100% by 2030.

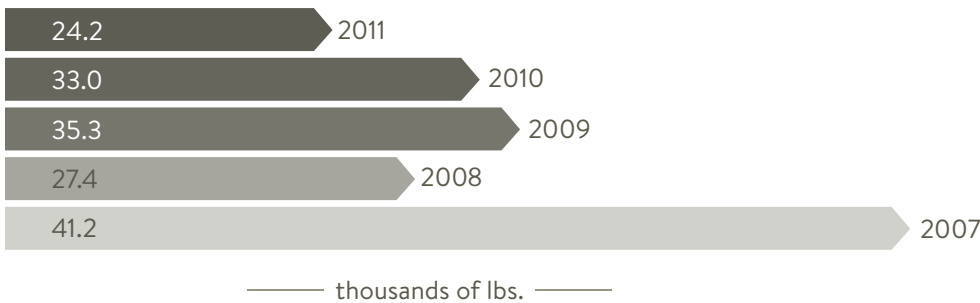
In keeping with our Cradle to Cradle design philosophy, that means we focus on making smart material selections and continuously improving our product design and manufacturing processes, recognizing that as long as we classify, measure and repurpose left-over material from our operations and manufacturing processes, we’re helping that material stay within a valuable cycle of use and reuse. With this in mind, our waste management strategy remains simple: minimize the waste we still create—and maximize its value by channeling it through the highest and best options for reusing, recycling, or otherwise diverting it from landfill.

In 2012, the full implementation of our Material Resource Management system (MRM) moved us another step closer to significantly reducing our waste to landfill. In addition to enabling us to more completely track and channel any waste generated at our facilities, MRM helps us identify further options for keeping that material in a cycle of use and reuse for as long as possible.

We also made significant steps towards further waste reduction in our hardwood operations in 2012 by focusing on ways to increase the volume of product we can create from the raw lumber we use. Through ongoing investment in new technology and equipment designed to help make optimal use of each piece of wood, we’re continuing to maximize product yield—while minimizing waste.

In 2012 we had zero significant environmental spills (defined by Shaw as a chemical exceeding US EPA Reportable Quantity (RQ) values and migrating off site).

REPORTABLE ENVIRONMENTAL RELEASES UNDER EPA TOXIC RELEASE INVENTORY (TRI)

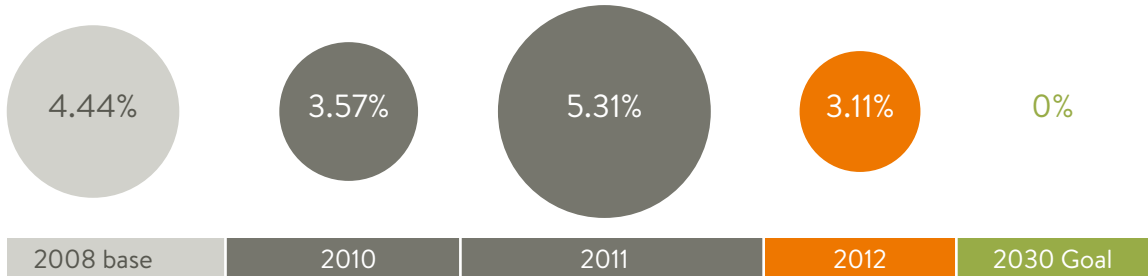


*TRI Inventory numbers for 2012 were not available at the time of this report’s publication.

HAZARDOUS CHEMICAL WASTE DISPOSAL



TOTAL LANDFILL WASTE INTENSITY

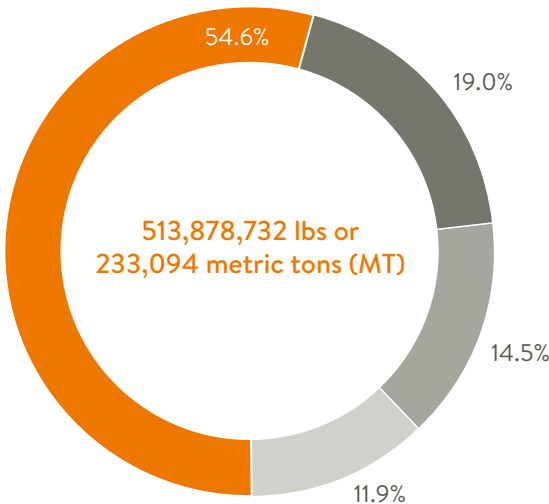


— percent lbs. landfill waste per lb. finished product —

As a combined result of fully implementing the MRM system and some one-time maintenance and improvements to our Evergreen Nylon 6 recycling facility, we realized a significant decrease in our total landfill waste intensity. While we are proud of this decrease, we anticipate that this progress will balance out across 2013.

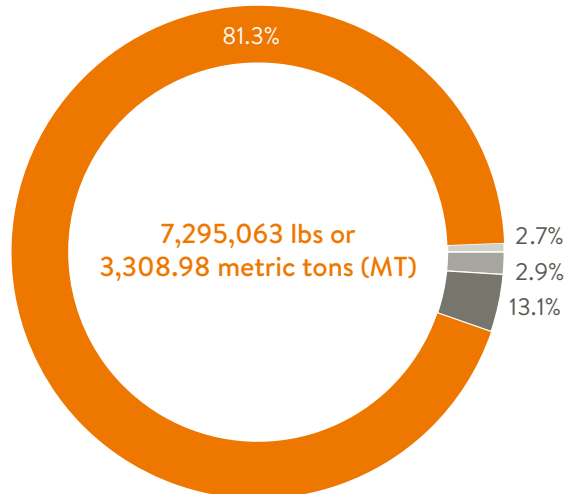
We choose to report our waste performance using pounds in order to provide a consistent and accurate reflection of the functional units by which we measure organizational efficiency, manage our operations, and set performance goals.

TOTAL WASTE BY TYPE & DISPOSAL METHOD



- Externally Recycled
280,544,974 lbs or 127,254 MT
- Total Utilized for Energy Recovery
97,526,000 lbs or 44,238 MT
- Internally Recycled
74,400,510 lbs or 33,748 MT
- Sent to Landfill
61,407,248 lbs or 27,854 MT

INDUSTRIAL CHEMICAL WASTE



- Non-Hazardous
5,933,583 lbs or 2,691.42 MT
- Hazardous
194,828 lbs or 88.37 MT
- Used Oil
207,989 lbs or 94.34 MT
- Universal Waste
958,663 lbs or 434.84 MT



RECYCLING

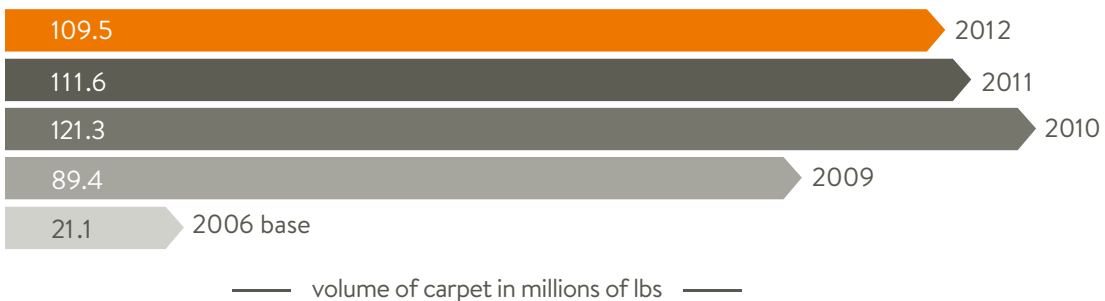
Each year, post-consumer carpet that could be reclaimed and reused often ends up in the landfill. Yet this valuable material could be reclaimed and reused—by recycling it into new carpet or into other products, or reusing it as an alternative energy source.

With this in mind, we’ve made significant steps towards reducing this number over the past several years. Today, we have recycling partners located in most major markets in the US. Through these efforts, we reclaimed 109 million pounds of carpet in 2012. And on average, 80 percent of the carpet we reclaim is channeled back into carpet recycling processes.

We also passed a critical milestone in our post-consumer carpet recycling efforts in 2012, reclaiming more than 600 million pounds of post-consumer carpet (and successfully diverting it from landfill) since we began these efforts in 2006. This milestone was the result of partnerships formed with entrepreneurs, small businesses, and other materials collectors across the US—all sharing our commitment to keeping carpet out of landfills.

In addition to actively continuing to expand our reclamation and recycling network, we work directly with large commercial customers to help reclaim and recycle their post-consumer carpet after its useful life. Regardless of brand, when a customer installs Shaw carpet in an office or institution, we reclaim the existing used carpet and then (depending upon the carpet’s ingredient materials) find the highest and best channel for keeping that carpet out of the landfill. And when a customer installs our EcoWorx® product in its place, we also provide a global Environmental Guarantee, assuring the customer that when their new product reaches the end of its useful life, we’ll be there to collect and recycle it.

SHAW TOTAL VOLUME OF CARPET RECLAIMED & RECYCLED



2012 CARPET DISPOSITION FOR THE US*

351 million pounds of carpet diverted from landfills in the US in 2012.

*As reported by Carpet America Recovery Effort (CARE) 2012 annual report.

FIBER TO FIBER

Our Evergreen Nylon 6 Recycling facility in Augusta, Georgia, has the capacity to process an average of 100 million pounds of Nylon 6 post-consumer carpet each year. In fact, we have now collected more than 500 million pounds of post-consumer carpet for Evergreen alone. The only facility of its kind in the world, Evergreen converts the post-consumer Nylon 6 fiber back into caprolactam, the “building block” or monomer of Nylon 6, so it can be re-extruded back into new Nylon 6 at one of our fiber facilities. Caprolactam recycled at Evergreen is mixed with virgin caprolactam during the fiber manufacturing process. According to life cycle assessment data, the use of the caprolactam recovered from Evergreen also represents a 30% energy savings, on average, as compared to the use of virgin caprolactam.

FROM CARPET TO OTHER PRODUCTS— AND OTHER PRODUCTS TO CARPET

When the material we reclaim can't be recycled into new carpet, we're finding innovative solutions that allow us to divert it through other avenues of recycling and reuse—such as channeling it to the automobile industry for the manufacturing of car parts. These efforts are formalized into a business unit focused exclusively on materials recovery.

As a way of helping reduce landfill waste beyond our own industry, we're also looking at opportunities to recycle other products into carpet or carpet materials. That's why we launched Clear Path Recycling in 2010—a joint venture with DAK Americas with the technology to help us recycle more than 1 billion plastic drink bottles each year into recovered PET for use in our ClearTouch® residential PET carpet fiber.

CARPET TO ENERGY

Depending upon the material a carpet is made from, some carpets simply cannot be recycled back into new carpet (or even into other products). In the past, this has meant that the product was destined for the landfill at the end of its useful life, but in 2010, we launched Re2E (“Reclaim to Energy”), the world's first energy generation facility powered specifically by used carpet that cannot be recycled by any other means.

After a two-year phased launch, in 2012 Re2E began to convert carpet into steam energy, providing a steady, cost-stable alternative power supply for two adjacent carpet manufacturing facilities. Engineered to convert as much as 84 million pounds of carpet annually to produce up to 50,000 pounds of steam energy per hour, the fossil fuel savings will be the equivalent of the fuel needed to power 7,500 homes annually. Re2E will eventually co-generate enough electrical energy to help sustain its own operations as well.

In addition to Re2E, our other gasification facility in Dalton, GA converts post-industrial carpet and wood waste into an energy rich “syngas” which is used to produce steam for an adjacent manufacturing facility. In 2012, that facility converted almost 15 million pounds of wood waste and 11.5 million pounds of carpet waste into steam energy.





A blurred industrial background featuring a prominent coiled green cable in the foreground. To the left, there is a yellow structure, possibly part of a machine or safety barrier. The overall scene is dimly lit, with some bright spots from industrial lighting.

LOOKING AHEAD



PAUL MURRAY, VICE PRESIDENT - SUSTAINABILITY & ENVIRONMENTAL AFFAIRS

DEAR STAKEHOLDER,

It is refreshing to introduce our latest annual sustainability report by saying that the future of sustainability at Shaw looks great! I believe Shaw's vision of Creating a Better Future for our customers, our people, our company, and our communities requires that we never lose focus on sustainability as a business model.

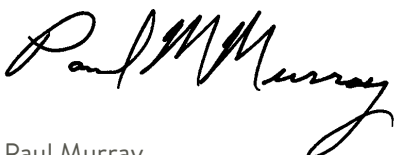
As you have seen in the previous pages, 2012 marked another year of progress, and learning for our company. One of the hallmarks of our work over the past year has been the process of continuing to evolve our holistic approach to sustainability.

Our 360-degree approach to managing our environmental impacts and working to serve as a responsible global corporate citizen means that every member of the Shaw community—from associates to customers and suppliers, to the communities in which we operate—has the potential, and the opportunity, to join with us on this journey.

To help drive our progress through the year 2030 and beyond, in 2012 we introduced new environmental performance goals for our energy, waste and water impacts and for product innovation. The new goals encourage us to keep looking ahead—and to remember our company's commitment to creating a better future, knowing that every decision we make and every action we take today has the potential to affect our world tomorrow.

Now, as we reflect on our work and investment in 2012, we are also setting our sights on the future ahead. For us, that means focusing on key strategies and initiatives for sustainability performance—from even more engagement with our customers and stakeholders, to ongoing investment in the continuous improvement of our products and processes, and in opportunities to grow and expand our social responsibility work.

Along the way, we hope that our efforts will serve as one more step towards ensuring a better future for everyone.



Paul Murray
Vice President, Sustainability & Environmental Affairs

OTHER DISCLOSURES

EQUAL EMPLOYMENT OPPORTUNITY

Shaw Industries Group, Inc. strongly believes in the importance of each person and in a company policy of absolute and impartial fairness to everyone. We are an Equal Opportunity Employer and are firmly committed to a workplace free of discrimination, harassment, and retaliation. It is our policy to recruit, hire, train, and promote individuals in all job classifications without regard to race, color, religion, age, sex, national origin, disability, veteran status, sexual orientation, or any other legally protected status.

HUMAN RIGHTS & SOCIAL RESPONSIBILITY

It is the policy of Shaw Industries Group, Inc. and our subsidiaries to comply with all laws and regulations that apply to any of Shaw's activities and operations, including laws and regulations of the US that may create liability for Shaw, for Berkshire Hathaway, Inc., or for persons employed by Shaw. Shaw officers, directors and associates must also comply with our Code of Conduct, our Prohibited Business Practices Policy, and the Berkshire Hathaway, Inc. Code of Ethics. In addition, they must abide by all applicable laws and regulations, and exercise great care not to take or authorize any actions that may create the appearance of impropriety. Shaw personnel who violate these policies are subject to appropriate disciplinary action.

Compliance with applicable laws and regulations includes compliance not only with the laws and regulations of the US, but also with the respective local laws and regulations in the countries in which Shaw does business.

Shaw has and will continue to conduct business in a responsible and ethical manner. We respect international human rights principles aimed at promoting and protecting human rights and social responsibility, including the United Nations Declaration on Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights, and the Declaration on the Right to Development. We believe that adherence to our Code of Conduct, practice, and Prohibited Business Practices Policy is consistent with and not in conflict with the principles outlined in the covenants and declarations mentioned above.

The Shaw Code of Conduct, which includes guidance on anti-competitive behaviour and compliance, can be accessed at shawgreenedge.com/CoC, and the Berkshire Hathaway, Inc. Code of Ethics can be accessed at berkshirehathaway.com/govern/ethics.pdf.

In 2012, 1,781 of our management associates (97.27%), and 5,998 of our non-management associates (27.23%) received ethics, code of conduct, legal and regulatory training, which includes anti-corruption policies and procedures, through the Shaw Ethics & Compliance program.

RISK ASSESSMENT

Shaw's Internal Audit Group conducts an annual risk assessment that analyzes 100% of the business areas within the company. The assessment covers internal controls and business risk and included targeted questions concerning fraud and corruption. The results of the risk assessment are shared with Senior Management as well as management of Berkshire Hathaway. The risk assessment determines the areas of the company that will have audits planned within the year.

ABOUT THIS REPORT

ASSURANCE

This report was prepared at the GRI 3.1 Application Level B. We also obtained an independent review by Deloitte and Touche LLP to achieve the B+ level. See page 72 for the Independent Accountants' Review Report.

BOUNDARY

The content of our annual sustainability report focuses on all directly owned operations and wholly owned subsidiaries. It also includes joint-ventures for which Shaw holds a financial stake of fifty percent or more. There have been no changes from previous reporting periods in the scope, boundary or measurement methods applied in this report. Total GHG emissions and GHG intensity numbers for 2009, 2010 and 2011 have been restated to correct minor calculation errors and to incorporate an estimation of minor sources of GHG emissions. This has resulted in an average change of less than 3% for GHG Scope 1 and Intensity for each of three years. There are no limitations on scope or boundary to this report.

CURRENCY

All references to currency are in US dollars.

DATA MEASUREMENT & INFORMATION INTEGRITY

Shaw Industries Group, Inc. and its management are responsible for the preparation and integrity of the information provided in this 2012 corporate sustainability report. Through an internal audit and quality process, including a review by internal subject matter experts, we believe this information fairly represents our environmental, social and economic impacts in 2012. Where applicable, the GRI 3.1 Indicator Protocols are used as a basis of data measurement and calculation for the performance indicators used in this report. Operational definitions for each indicator are outlined in the report. The Climate Registry General Reporting Protocol, which embodies GHG accounting best practices, is used for the calculation of GHG emissions (see pages 50-54).

MATERIALITY & SCOPE

In this 2012 report, we focus on the ways we're putting our commitment to Sustainability Through Innovation™—the Shaw Green Edge®—to work each and every day across our company. Using three pillars of sustainability as a foundation (corporate governance and social responsibility; environmental health and safety; innovative products and services), our effort at creating a bright, sustainable future for our company, our people and our planet is an ongoing journey. The stories and content we provide are selected and included because the work they reflect is material to both our overall corporate sustainability strategy and direction, and more specifically to our operations. In other words, we choose to disclose in this report only information and data that is materially relevant to the operations of our company, the needs and interests of our associates, and the needs and interests of our stakeholders as we currently understand them.

As of 2012, we changed our reporting approach to reflect all violations and penalties in the year that they were assigned, and all monetary fines in the year that they were paid. This approach has been applied retroactively for all years within the report.

REPORTING CYCLE

Our sustainability reporting follows an annual cycle based on the calendar year January 1–December 31. This report covers January 1–December 31, 2012. Our most recent sustainability report was published in 2012 for the calendar year 2011. Previous reports can be accessed at shawgreenedge.com/sustainability.

CONTACT

To request additional hard copies of this report, please email info@shawgreenedge.com. For questions regarding the contents of this report, please email Susan Rich at susan.rich@shawinc.com.



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors Shaw Industries Group, Inc. and Subsidiaries Dalton, Georgia

We have reviewed the accompanying Corporate Sustainability Report of Shaw Industries Group, Inc. ("Shaw") for the year ended December 31, 2012. The Company's management is responsible for the Corporate Sustainability Report.

We conducted our review in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review consists principally of applying analytical procedures, considering management assumptions, methods, and findings, and making inquiries of and evaluating responses from persons responsible for corporate social and operational matters. It is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Corporate Sustainability Report. Accordingly, we do not express such an opinion. A review of the Corporate Sustainability Report is not intended to provide assurance on the entity's compliance with laws or regulations.

The preparation of the Corporate Sustainability Report requires management to interpret the criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. Different entities may make different but acceptable interpretations and determinations. The Corporate Sustainability Report includes information regarding the Company's corporate sustainability initiatives and targets, the estimated future impact of events that have occurred or are expected to occur, commitments, and uncertainties. Actual results in the future may differ materially from management's present assessment of this information because events and circumstances frequently do not occur as expected.

Based on our review, nothing came to our attention that caused us to believe that the Corporate Sustainability Report does not include, in all material respects, the required elements of the Global Reporting Initiative G3.1 Sustainability Reporting Framework for Application Level B; that the 2012 and 2011 amounts included therein have not been accurately derived, in all material respects, from the Company's records, or that the underlying information, determinations, estimates, and assumptions of the Company do not provide a reasonable basis for the disclosures contained therein.

The comparative disclosures for periods prior to 2011 were not reviewed by us and, accordingly, we do not express any form of assurance on them.

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

June 17, 2013







Statement GRI Application Level Check

GRI hereby states that **Shaw Industries Group, Inc.** has presented its report "Looking Ahead - Shaw Industries 2012 Corporate Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 29 May 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint background watermark of a globe.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Shaw Industries Group, Inc. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 23 May 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

SHAW PERFORMANCE INDICATOR & 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. GRI is committed to continuously improving and increasing the use of these guidelines, which are freely available to the public.

This report is based on the GRI G3.1 guidelines, application level B.

● FULLY REPORTED ◐ PARTIALLY REPORTED ○ NOT REPORTED

| STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES | | | |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PROFILE DISCLOSURE | DESCRIPTION | REPORTED | PAGE #/CROSS-REFERENCE/ DIRECT ANSWER/ REASON FOR OMISSION/EXPLANATION |
| 1. STRATEGY & ANALYSIS | | | |
| 1.1 | Statement from the most senior decision-maker of the organization. | ● | 8,9 |
| 1.2 | Description of key impacts, risks, & opportunities. | ● | 8,9 |
| 2. ORGANIZATIONAL PROFILE | | | |
| 2.1 | Name of the organization. | ● | cover; 10 |
| 2.2 | Primary brands, products, and/or services. | ● | 14, 15 |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | ● | 10; 13 |
| 2.4 | Location of organization's headquarters. | ● | 10 |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | ● | 10 |
| 2.6 | Nature of ownership and legal form. | ● | 10 |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | ● | 10 |
| 2.8 | Scale of the reporting organization. | ◐ | 10-11; 24-25. Shaw Industries Group, Inc is a privately held subsidiary and our governance board is not structured in a manner similar to a publicly held company. Economic information is proprietary. |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | ● | 11; 71 |
| 2.10 | Awards received in the reporting period. | ● | 17 |
| 3. REPORT PARAMETERS | | | |
| 3.1 | Reporting period for information provided. | ● | 71 |
| 3.2 | Date of most recent previous report. | ● | 71 |
| 3.3 | Reporting cycle. | ● | 71 |
| 3.4 | Contact point for questions regarding the report or its contents. | ● | 71 |
| 3.5 | Process for defining report content. | ● | 8-9; 24; Shaw recognizes our customers, suppliers, retailers, industry and trade groups, non-governmental organizations, our own associates, and Berkshire Hathaway as our primary stakeholder groups. We identified these groups based on their direct investment and/or influence on our business. The issues we address in this report are determined in part as a result of frequent communication through our corporate organization and our brands with these stakeholder groups on key topics and concerns raised by these groups. |
| 3.6 | Boundary of the report. | ● | 71 |
| 3.7 | State any specific limitations on the scope or boundary of the report. | ● | 71 |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | ● | 71 |

STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

| PROFILE DISCLOSURE | DESCRIPTION | REPORTED | PAGE #/CROSS-REFERENCE/ DIRECT ANSWER/ REASON FOR OMISSION/EXPLANATION |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. REPORT PARAMETERS, CONT. | | | |
| 3.9 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | ● | 71 |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement. | ● | 71 |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | ● | 71 |
| 3.12 | Table identifying the location of the standard disclosures in the report. | ● | 76-85 |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | ● | 71 |
| 4. GOVERNANCE, COMMITMENTS & ENGAGEMENTS | | | |
| 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | ● | 13 |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | ● | 13 |
| 4.3 | For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members. | ● | Not applicable; unitary board structure does not exist for this organization. |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | ● | 24; Shaw recognizes our customers, suppliers, retailers, industry and trade groups, non-governmental organizations, our own associates, and Berkshire Hathaway as our primary stakeholder groups. We identified these groups based on their direct investment and/or influence on our business. The issues we address in this report are determined in part as a result of our frequent communication through our corporate organization and our brands with these stakeholder groups on key topics and concerns raised by these groups. |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | ● | 13 |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | ● | Shaw has an ethics and compliance program that addresses conflict of interest issues. This program includes policies and procedures with regards to conflict of interest. Every two years, all associates receive code of conduct training which includes training on conflict of interest issues. In addition, specific conflict of interest training is provided to all salaried employees on a periodic basis. When associates are hired, and every two years thereafter, associates are required to update their conflict of interest questionnaire. A process for review of any identified conflicts is in place. The process involves the immediate supervisor, HR, Corporate Compliance, & Senior Management. Disciplinary procedures are implemented when conflicts are discovered which were not reported by the associate. |
| 4.7 | Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity. | ● | Shaw Industries Group, Inc. is a privately held subsidiary and our governance board is not structured in a manner similar to a publicly held company. This process question is applicable to publicly traded entities, which we are not. We are governed by a board consisting of our CEO, our President, and the CFO of Berkshire Hathaway, Inc., our sole shareholder. |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | ● | 11; throughout report |

STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

| PROFILE DISCLOSURE | DESCRIPTION | REPORTED | PAGE #/CROSS-REFERENCE/ DIRECT ANSWER/ REASON FOR OMISSION/EXPLANATION |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. GOVERNANCE, COMMITMENTS & ENGAGEMENTS, CONT. | | | |
| 4.9 | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | ● | 13; the Growth & Sustainability Council serves as an evaluative and regulatory body for monitoring and measuring the economic, environmental and social performance of our entire organization—including the highest levels of organizational governance. |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | ● | 13; the Growth & Sustainability Council serves as an evaluative and regulatory body for monitoring and measuring the economic, environmental and social performance of our entire organization—including the highest levels of organizational governance. As part of this process, the governance body reports on performance in these areas during Council meetings. |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | ● | 36-38; Shaw has a long history of being proactive in the development of products which are sustainable. We adhered to the precautionary principle, which in practice is the effort to try and remove potentially harmful substances from our manufacturing processes and products. To help us implement this principle, we use a cradle to cradle manufacturing philosophy. |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | ● | 36-37; 41; 70 |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; Or <ul style="list-style-type: none"> • Views membership as strategic. | ● | 23 |
| 4.14 | List of stakeholder groups engaged by the organization. | ● | 20-23 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | ● | 20; Shaw recognizes our customers, suppliers, retailers, industry and trade groups, non-governmental organizations, our own associates, and Berkshire Hathaway as our primary stakeholder groups. We identified these groups based on their direct investment and/or influence on our business. The issues we address in this report are determined in part as a result of frequent communication through our corporate organization and our brands with these stakeholder groups on key topics and concerns raised by these groups. |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | ● | 20-26; Shaw does not currently have a formal stakeholder engagement process; however, we frequently engage each primary stakeholder group regularly throughout the year. We engage with customers, suppliers, NGOs, industry organizations, community groups and associates on a regular basis through surveys, focus groups, participation in market events (conferences, meetings), in-person meetings with Shaw representatives, visits to our facilities and other avenues of communication. |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | ● | 20-23; Shaw frequently engages each primary stakeholder group regularly throughout the year. We engage with customers, suppliers, NGOs, industry organizations, community groups and associates on a regular basis through surveys, focus groups, participation in market events (conferences, meetings), in-person meetings with Shaw representatives, visits to our facilities and other avenues of communication. |

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH

| G3.1 DMAS | DESCRIPTION | REPORTED | PAGE #/CROSS-REFERENCE/ DIRECT ANSWER/ REASON FOR OMISSION/EXPLANATION |
|------------------------------------------------------------------------|--------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DISCLOSURE ON MANAGEMENT APPROACH: ECONOMIC | | | |
| Aspects | Economic performance | ○ | Shaw Industries Group, Inc. is a privately held subsidiary and our governance board is not structured in a manner similar to a publicly held company. Economic information is proprietary. |
| | Market presence | ● | 10-11; 14-15 |
| | Indirect economic impacts | ● | 8-9; 25 |
| DISCLOSURE ON MANAGEMENT APPROACH: ENVIRONMENTAL RESPONSIBILITY | | | |
| Aspects | Materials | ● | 36-42; 60-61 |
| | Energy | ● | 50 |
| | Water | ● | 58 |
| | Biodiversity | ○ | Does not exist. Information not measured or tracked. |
| | Emissions, effluents and waste | ● | 50, 60, 63 |
| | Products and services | ● | 36-43 |
| | Compliance | ● | 60 |
| | Transport | ● | 56-57 |
| | Overall | ● | 46-64 |
| DISCLOSURE ON MANAGEMENT APPROACH: LABOR | | | |
| Aspects | Employment | ● | 70 |
| | Labor/management relations | ● | 24-29 |
| | Occupational health and safety | ● | 31 |
| | Training and education | ● | 28 |
| | Diversity and equal opportunity | ● | 29; 70 http://diversity.shawinc.com |
| | Equal remuneration for women and men | ○ | Does not exist. Information not measured or tracked. |
| DISCLOSURE ON MANAGEMENT APPROACH: HUMAN RIGHTS | | | |
| Aspects | Investment and procurement practices | ● | 42; http://diversity.shawinc.com/Home/Supplier.aspx |
| | Non-discrimination | ● | 70 |
| | Freedom of association and collective bargaining | ● | Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor. |
| | Child labor | ● | Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor. |
| | Prevention of forced and compulsory labor | ● | Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor. |
| | Security practices | ○ | Does not exist. Information not measured or tracked. |
| | Indigenous rights | ○ | Does not exist. Information not measured or tracked. |
| | Assessment | ○ | Does not exist. Information not measured or tracked. |
| | Remediation | ○ | Does not exist. Information not measured or tracked. |
| DISCLOSURE ON MANAGEMENT APPROACH: SOCIAL RESPONSIBILITY | | | |
| Aspects | Local communities | ● | 25, 32, 70 |

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH

| G3.1 DMAS | DESCRIPTION | REPORTED | PAGE #/CROSS-REFERENCE/ DIRECT ANSWER/ REASON FOR OMISSION/EXPLANATION |
|------------------------------------------------------------------------|------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DISCLOSURE ON MANAGEMENT APPROACH: SOCIAL RESPONSIBILITY, CONT. | | | |
| | Corruption | ● | 70; Shaw has an ethics and compliance program that addresses conflict of interest issues. This program includes policies and procedures with regards to conflict of interest. Every two years, all associates receive code of conduct training which includes training on conflict of interest issues. In addition, specific conflict of interest training is provided to all salaried employees on a periodic basis. When associates are hired, and every two years thereafter, associates are required to update their conflict of interest questionnaire. A process for review of any identified conflicts is in place. The process involves the immediate supervisor, HR, Corporate Compliance, & Senior Management. Disciplinary procedures are implemented when conflicts are discovered which were not reported by the associate. |
| | Public Policy | ● | 70 |
| | Anti-competitive behavior | ● | 70 |
| | Compliance | ● | 70 |
| DISCLOSURE ON MANAGEMENT APPROACH: PRODUCT RESPONSIBILITY | | | |
| Aspects | Customer health and safety | ● | Shaw's Safety, Health and Environmental policy can be found at www.shawgreenedge.com/SHEP |
| | Product and service labeling | ● | 36-41 |
| | Marketing communications | ◐ | In addition to a thorough internal review process for our marketing and communications materials, Shaw is committed to upholding the United States Federal Trade Commission (FTC) Green Guides for communicating our environmental initiatives and the sustainability of our products. |
| | Customer privacy | ○ | Does not exist. Information not measured or tracked. |
| | Compliance | ● | 36-41 |

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

| PERFORMANCE INDICATOR | DESCRIPTION | REPORTED | PAGE #/CROSS-REFERENCE/ DIRECT ANSWER/REASON FOR OMISSION/EXPLANATION |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ECONOMIC | | | |
| ECONOMIC PERFORMANCE | | | |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | ◐ | Shaw Industries Group, Inc is a privately held subsidiary and our governance board is not structured in a manner similar to a publicly held company. Economic information is proprietary. Community investment information can be found on page 32. |
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | ◐ | 50 |
| EC3 | Coverage of the organization's defined benefit plan obligations. | ○ | |
| EC4 | Significant financial assistance received from government. | ○ | |
| MARKET PRESENCE | | | |
| EC5 | Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation. | ○ | |
| EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | ● | 42; http://diversity.shawinc.com/Home/Supplier.aspx |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | ○ | |

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

| PERFORMANCE INDICATOR | DESCRIPTION | REPORTED | PAGE #/CROSS-REFERENCE/ DIRECT ANSWER/REASON FOR OMISSION/EXPLANATION |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------|
| ECONOMIC, CONT. | | | |
| INDIRECT ECONOMIC IMPACTS | | | |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | ● | 32 |
| EC9 | Understanding and describing significant indirect economic impacts, | ○ | |
| ENVIRONMENTAL | | | |
| MATERIALS | | | |
| EN1 | Materials used by weight or volume. | ○ | |
| EN2 | Percentage of materials used that are recycled input materials. | ○ | |
| ENERGY | | | |
| SHAW | Total Energy Intensity | ● | 51 |
| SHAW | Alternative Energy Use by Source | ● | 52 |
| EN3 | Direct energy consumption by primary energy source. | ● | 52 |
| EN4 | Indirect energy consumption by primary source. | ● | 52 |
| EN5 | Energy saved due to conservation and efficiency improvements. | ● | 51 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | ● | 36-38; 50 |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | ◐ | 36-38; 50 |
| WATER | | | |
| SHAW | Total Water Intensity | ● | 59 |
| EN8 | Total water withdrawal by source. | ● | 59 |
| EN9 | Water sources significantly affected by withdrawal of water. | ○ | |
| EN10 | Percentage and total volume of water recycled and reused. | ● | 58 |
| BIODIVERSITY | | | |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | ○ | |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | ○ | |
| EN13 | Habitats protected or restored. | ○ | |
| BIODIVERSITY | | | |
| EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity. | ○ | |
| EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | ○ | |
| EMISSIONS, EFFLUENTS & WASTE | | | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | ● | 54 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | ○ | |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | ● | 50 |
| EN19 | Emissions of ozone-depleting substances by weight. | ○ | |
| EN20 | NO _x , SO _x , and other significant air emissions by type and weight. | ● | 54 |
| EN21 | Total water discharge by quality and destination. | ○ | |
| SHAW | Total Landfill Waste Intensity | ● | 61 |
| EN22 | Total weight of waste by type and disposal method. | ● | 61 |

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| ENVIRONMENTAL, CONT. | | | |
| EN23 | Total number and volume of significant spills. | ● | 60 |
| SHAW | Hazardous Chemical Waste Disposal | ● | 60 |
| SHAW | Industrial Chemical Waste | ● | 61 |
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | ◐ | 60-61; Shaw reports Hazardous Chemical Waste Disposal and Industrial Chemical Waste |
| EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | ○ | |
| PRODUCTS & SERVICES | | | |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | ● | 36-42; 46-64 |
| SHAW | Total volume of carpet reclaimed and recycled. | ● | 63 |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. | ○ | |
| COMPLIANCE | | | |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | ● | In 2012 we had 3 notices of violations of non-compliance with environmental laws and regulations. Of these, only 1 was assessed a penalty totaling \$9625. |
| TRANSPORT | | | |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | ● | 56-57 |
| OVERALL | | | |
| EN30 | Total environmental protection expenditures and investments by type. | ○ | |
| SOCIAL: LABOR PRACTICES & DECENT WORK | | | |
| EMPLOYMENT | | | |
| LA1 | Total workforce by employment type, employment contract, and region, broken down by gender. | ● | 25 |
| LA2 | Total number and rate of new employee hires and employee turnover by age group, gender, and region. | ◐ | 25 |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | ○ | |
| LA15 | Return to work and retention rates after parental leave, by gender. | ○ | |
| LABOR/MANAGEMENT RELATIONS | | | |
| LA4 | Percentage of employees covered by collective bargaining agreements. | ○ | |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | ○ | |
| OCCUPATIONAL HEALTH & SAFETY | | | |
| LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. | ● | 31 |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender. | ◐ | 30 |
| LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | ● | 27 |
| LA9 | Health and safety topics covered in formal agreements with trade unions. | ○ | |

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| SOCIAL: LABOR PRACTICES AND DECENT WORK, CONT. | | | |
| TRAINING & EDUCATION | | | |
| LA10 | Average hours of training per year per employee by gender, and by employee category. | ○ | 28; note: gender data is not available for this indicator. |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | ● | 28-29 |
| LA12 | Percentage of employees receiving regular performance and career development reviews, by gender. | ○ | |
| DIVERSITY & EQUAL OPPORTUNITY | | | |
| LA13 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | ○ | |
| EQUAL REMUNERATION FOR WOMEN & MEN | | | |
| LA14 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation. | ○ | |
| SOCIAL: HUMAN RIGHTS | | | |
| INVESTMENT & PROCUREMENT PRACTICES | | | |
| HR1 | Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening. | ○ | |
| HR2 | Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken. | ○ | |
| HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | ● | Shaw conducted 3,513.21 hours of diversity and inclusion training with 1,310 full-time, US-based Shaw associates (.06% of our total associates) in 2012. This training included education on policies and procedures concerning aspects of inclusiveness and anti-harassment most relevant to our operations. In addition, new Shaw associates receive diversity, inclusiveness and anti-harassment training as part of our new employee orientation, and all Shaw full-time salaried associates complete annual training on policies and procedures concerning aspects of diversity, inclusiveness and anti-harassment. |
| NON-DISCRIMINATION | | | |
| HR4 | Total number of incidents of discrimination and actions taken. | ○ | |
| FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING | | | |
| HR5 | Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated at significant risk, and actions taken to support these rights. | ● | Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor. |
| CHILD LABOR | | | |
| HR6 | Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor. | ● | Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor. |
| FORCED & COMPULSORY LABOR | | | |
| HR7 | Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor. | ● | Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor. |

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| SOCIAL: HUMAN RIGHTS CONT. | | | |
| SECURITY PRACTICES | | | |
| HR8 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | ○ | |
| INDIGENOUS RIGHTS | | | |
| HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken. | ○ | |
| ASSESSMENT | | | |
| HR10 | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. | ○ | |
| REMEDIATION | | | |
| HR11 | Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms. | ○ | |
| SOCIAL: SOCIETY | | | |
| LOCAL COMMUNITIES | | | |
| SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs. | ◐ | 24-25; 32 |
| SO9 | Operations with significant potential or actual negative impacts on local communities. | ○ | |
| SO10 | Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. | ○ | |
| CORRUPTION | | | |
| SO2 | Percentage of total number of business units analyzed for risks related to corruption. | ● | 70 |
| SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | ● | 70 |
| SO4 | Actions taken in response to incidents of corruption. | ○ | |
| PUBLIC POLICY | | | |
| SO5 | Public policy positions and participation in public policy development and lobbying. | ○ | |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | ● | 32; contributions disclosed are for US only. |
| ANTI-COMPETITIVE BEHAVIOR | | | |
| SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. | ○ | |
| COMPLIANCE | | | |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | ● | 70; As is stated in Shaw's code of conduct, our company will comply with all applicable laws and regulations. As evidence of this, Shaw has not been subject to any material monetary fines, nor have there been any significant non-monetary sanctions within the past year. |
| SOCIAL: PRODUCT RESPONSIBILITY | | | |
| CUSTOMER HEALTH & SAFETY | | | |
| PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | ● | 36-38 |
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | ● | 38 |

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| SOCIAL: PRODUCT RESPONSIBILITY, CONT. | | | |
| PRODUCT SERVICE & LABELING | | | |
| PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | ○ | |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. | ● | 38 |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | ◐ | 20; 36 |
| MARKETING & COMMUNICATIONS | | | |
| PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | ◐ | 41, In addition to a thorough internal review process for our marketing and communications materials, we're committed to upholding the United States Federal Trade Commission Green Guides for communicating our environmental initiatives and the sustainability of our products. We also provide our customers with third-party verification of the sustainability claims of our products through some of the world's most stringent environmental product standards and certifications. |
| PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes. | ○ | |
| CUSTOMER PRIVACY | | | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | ○ | |
| COMPLIANCE | | | |
| PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | ● | 38 |