

sustain[HUMAN]ability™



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COMPANY OVERVIEW

What does sustaining human ability mean?

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



Putting people at the heart
of our sustainability efforts.

sustain[HUMAN]ability™



Susan Farris, Vice President of Sustainability

Dear Stakeholders,

It's impossible to reflect on 2019 without acknowledging the unprecedented circumstances we've each faced personally and professionally thus far in 2020. A global pandemic, cries for racial justice that spread throughout the world, and economic volatility are just three examples. Each called our attention to overt and underlying conditions that challenge not only our collective sustainability endeavors but for many sustainability in the truest sense of the word—our very existence.

People are key to solving the puzzle.

As I reflect on how to reconcile the significant progress we made as a company in 2019 with the Herculean challenges that we and the world have faced in 2020, there are two common threads: people and connectivity.

Our efforts have long-been focused on people. So, when we began defining our sustainability approach with the newly coined term: sustain[HUMAN]ability™ last year, it was a natural fit. We quite literally put humans at the center of sustainability.

This reflected the priority we put on the impact our products can have on people. It also encompassed the investment we make in our associates, our customers, our supply chain partners, our communities and others that are so critical to our success. We've navigated the opportunities of 2019 and the challenges of 2020 with the same unwavering focus on people at the heart of all we do.

The complexity of it all—and how interconnected each of our actions is—has never been more apparent. At a conference late last year, a colleague drew the analogy of the work we do to the puzzle cube many of us played with as children. As she wisely observed, you can't focus on only one side of the cube or the rest will be irrevocably scrambled. You must focus on all sides simultaneously in order to succeed. That captures our approach to sustainability. At Shaw, we're carefully focusing on where we can have the most impact without losing sight of the myriad of other important aspects of our sustainability work where we can contribute to change in partnership with others.

People are the key to solving the puzzle. I hope you find that reflected in this year's annual sustainability report—and in all that we do.

Based upon our materiality assessment, we were in the midst of revisiting our 2030 corporate sustainability goals to ensure they aligned with our current operations and market expectations when the pandemic struck. Our intent is to continue these discussions and carefully take into consideration the inevitable changes in stakeholder priorities and expectations amid and following all that is happening globally to reshape our lives.

We look forward to sharing that journey with you.

Susan Farris
Vice President of Sustainability

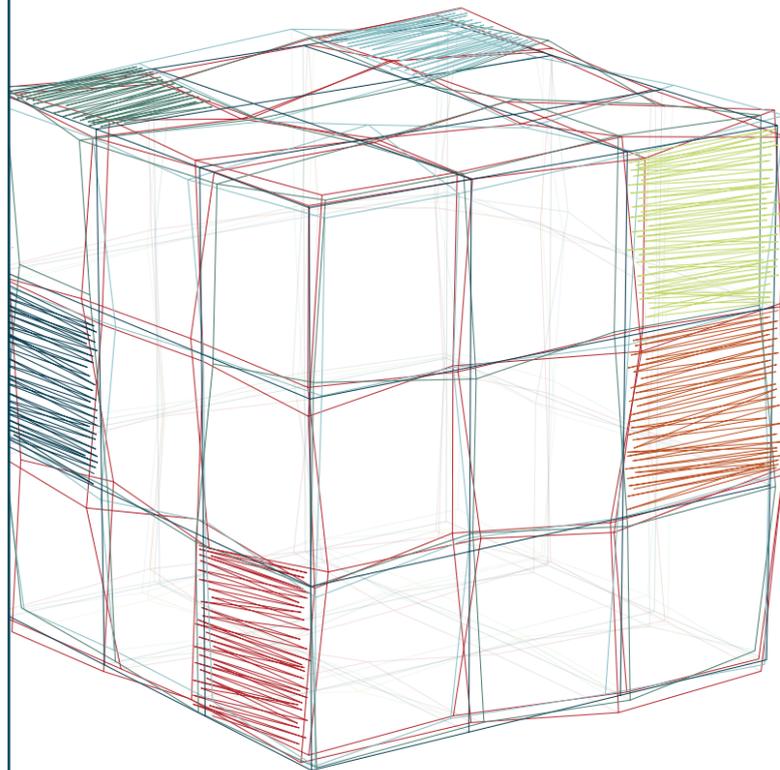
WHAT MATTERS

We spend a whopping **90% of our time indoors**—at home, at school, at work, in restaurants, stores, hospitals, sports venues, and more.

It's no wonder the spaces where we learn, create, and come together to solve our greatest challenges have a significant impact on our **wellbeing**. We've become an indoor species.

So, how do we create a nurturing “new” habitat?

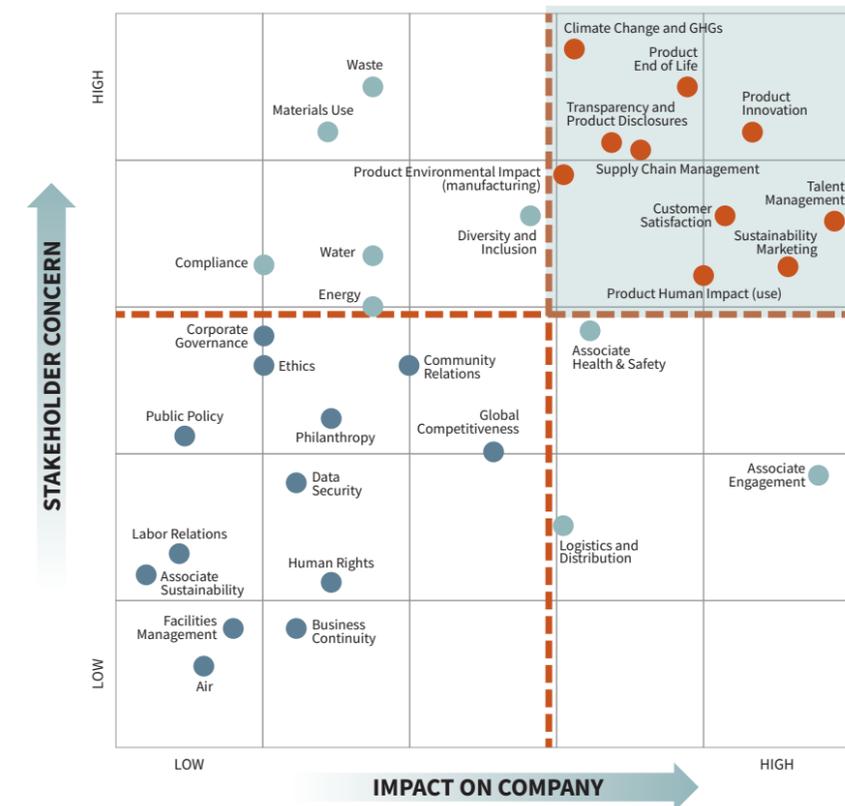
That question is why we at Shaw are keenly focused on the ingredients that go into our products and the impacts of sound, moisture and other design elements on people...how our products impact the human experience in addition to global challenges like climate change and ocean plastics. It's about **people AND the planet**.



And, there's no one-size-fits-all solution. You can't just focus on one issue. **You have to focus on all sides of the puzzle to solve the challenges we all share.**

Regardless of which aspect(s) we're working on, people are at the heart of our efforts, we take a human-centric approach. At Shaw, sustainability means **sustaining HUMAN ability**.

Based upon our most recent materiality assessment, these are the issues that Shaw and its stakeholders have deemed most important for the company to focus on.



Given the unprecedented events of 2020, we will be revisiting that stakeholder engagement to reassess these rankings to ensure our efforts align with stakeholder expectations and market realities of the new normal.

Achievements

Through our focus on the interconnected aspects of sustainability in 2019, we made significant strides and identified further opportunities to partner with our customers and others to Create a Better Future.

We did so by carefully assessing the impacts our products have on people and the spaces they occupy to create a positive human experience; increasing the pounds of carpet we've recycled and turned back into more EcoWorx carpet tile; providing our associates (and customers) with countless education sessions and opportunities to grow with us; and so much more.

With this solid foundation, we're well poised to tackle the great puzzle that is sustainability in 2020 and beyond as we continue our 20+-year sustainability journey.

NO MATTER WHERE OR BY WHOM A PRODUCT OR INGREDIENT IS MADE, IT IS HELD TO THE SAME HIGH STANDARD. SHAW'S COMMITMENT TO CRADLE TO CRADLE AND UNITED NATIONS GLOBAL COMPACT PRINCIPLES ARE EMBEDDED IN OUR SUPPLY CHAIN THROUGH OUR SUSTAINABLE SOURCING POLICY AND PRACTICES.

ALMOST 90%
of the products Shaw manufacturers
are Cradle to Cradle Certified™

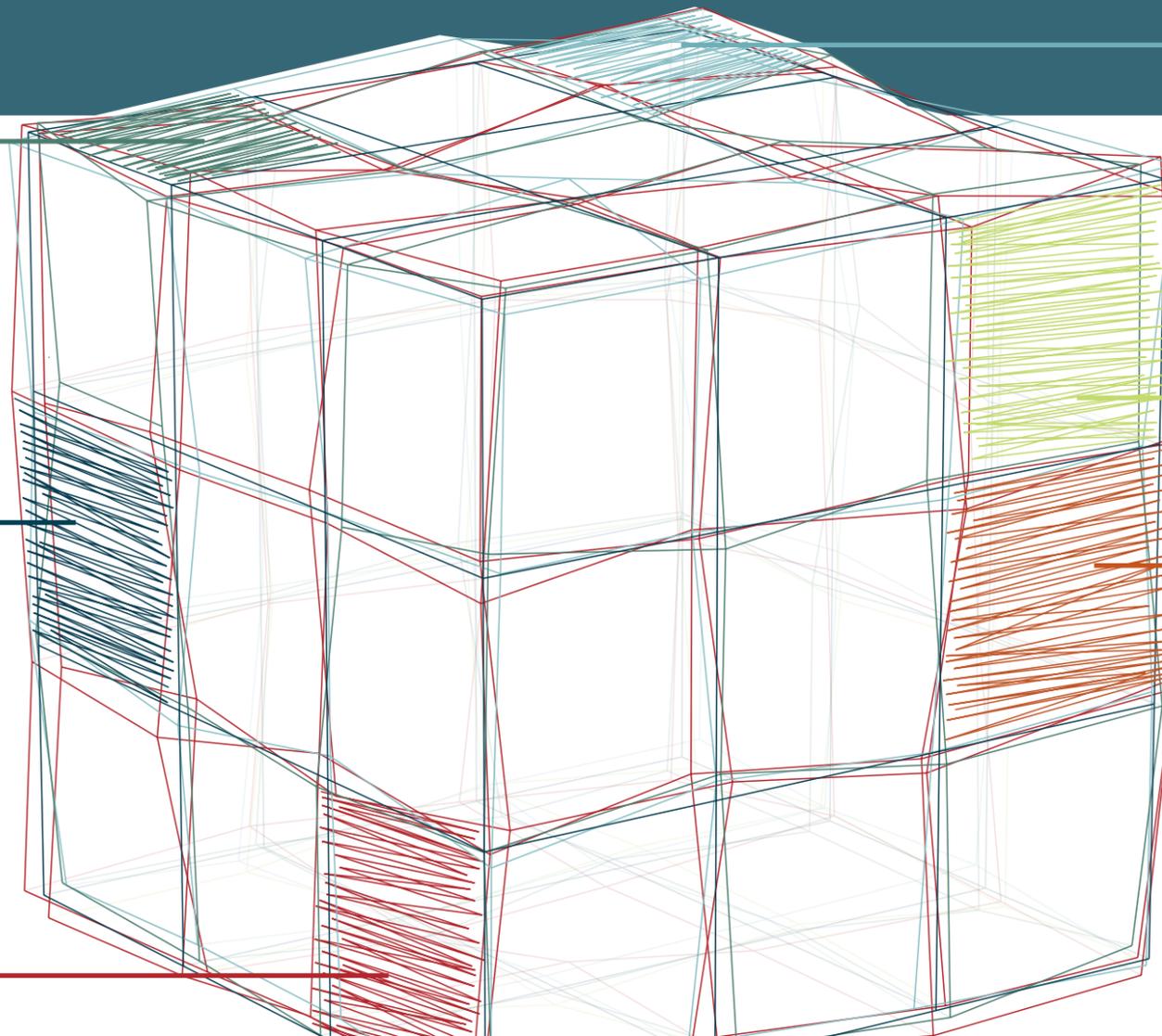
Shaw and its
associates contributed
\$6.7M
to nonprofit/philanthropic
organizations in 2019

Shaw provides
1 MILLION+
hours of training hours annually

Shaw has reclaimed and recycled
~1 BILLION LBS
of carpet since 2006

1.6 BILLION+
pounds of raw material assessed
for material health in 2019

Shaw has reduced its
carbon footprint by
**MORE
THAN 50%**
compared to 2010
(scope 1 and 2)





Vance D. Bell, Chairman and CEO

Dear Stakeholders,

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

When I shared a similar perspective in last year's sustainability report, I had no idea what changes lie ahead for 2020. While this report is focused on 2019, I'd be remiss not to acknowledge the tremendous circumstances we find ourselves in thus far in 2020.

Our people-first approach is fundamental to how we sustain[HUMAN]ability™.

Amid a global pandemic and an increased focus on the fair treatment of people, Shaw's people-first approach underpins our commitment to operating safely and making prudent financial decisions while meeting customer and stakeholder needs.

The incredible efforts by our teams are continuing to drive innovation. We strive for world-class customer experience amid a remarkable time of change. And we are rapidly adapting to the next normal and anticipating future shifts.

Over the past five years, Shaw has invested more than \$1.5 billion in new and existing facilities in the U.S. alone—with similar investment in the prior five years. Our investments in people and processes in 2019 lay a solid foundation for 2020 and beyond. Notably, in 2019, we:

- Aligned our residential sales force to enable decision-making closer to the customer to enhance customer experience
- Continued modernizing our carpet manufacturing facility in Andalusia, Ala.—advancing that \$250 million multi-year investment—and investment in our resilient (LVT) manufacturing operations in the U.S.
- Expanded manufacturing and warehouse space at our carpet tile facility in Adairsville, Ga., and enhanced capabilities at our carpet tile manufacturing facility in Sanquhar, Scotland
- Invested in our logistics and distribution network and further bolstered our supply chain operations

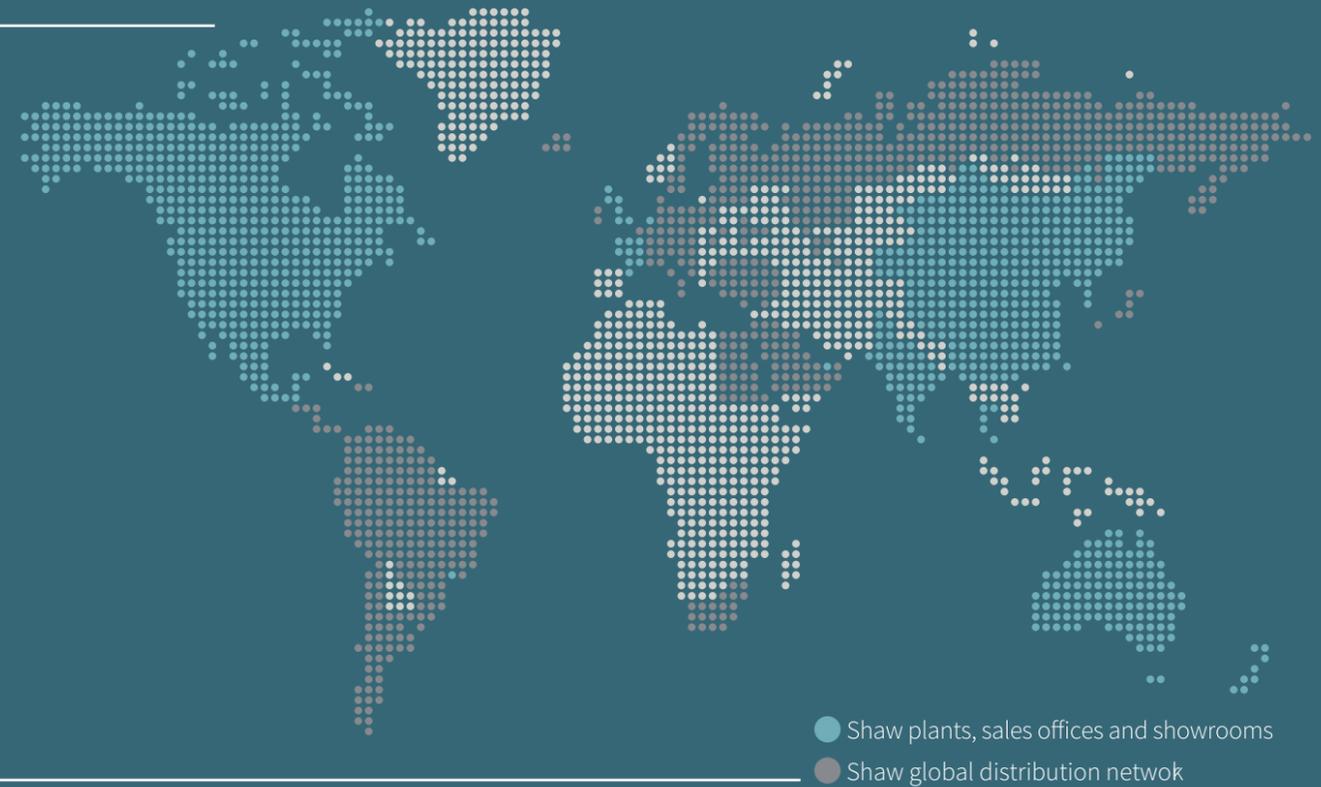
Our people-first approach is also fundamental to how we sustain[HUMAN]ability™. We are driven by a respect for people and an appreciation for the diverse backgrounds and perspectives that shape our experiences. Diversity—and equal access to opportunity and a culture that fosters inclusion and belonging—are instrumental to our success and continued innovation.

Shaw is committed to attracting and retaining a diverse workforce that will help us continue to bring the best thinking, products and services to our customers and to meet the needs of our wide range of stakeholders globally.

Vance D. Bell
Chairman and CEO

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

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



BY THE NUMBERS

We are 20,000+ individuals bound together by a common vision to create a better future. By combining deep market knowledge with new ways of thinking, we drive innovation into our business and set the standard for next generation manufacturing.

OUR VISION

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

OUR MISSION

Great People.
Great Products.
Great Service.
Always.

OUR VALUES

Honesty,
Integrity
and
Passion.

21,094

Associates worldwide

44

Manufacturing facilities

38,000

SKUs

49

Distribution facilities



RESIDENTIAL FLOORING



COMMERCIAL FLOORING



SPECIALTY MARKETS



SERVICES



SUSTAINABLE SPACES PLACES PEOPLE PLANET

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

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



Designing spaces that support people and the planet.

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

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

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

BEHIND THE EVOLUTION

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

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

Discussions about chemicals of concern that were previously limited to technical conferences or solely focused on food, cosmetics and consumer products are now common topics within the built environment sector.

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

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

We believe that everyone should have access to sustainable products for their homes and workspaces. We're proud that almost 90 percent of the products we manufacture are Cradle to Cradle Certified™. This multi-attribute design philosophy and certification program provides a guiding vision for our multifaceted, interconnected approach and third-party verification of our efforts.

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

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





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

At Shaw, our approach is to:

- Aim to know as much as possible about our products
- Seek third-party certification
- Employ a sustainable sourcing policy
- Empower product innovation and design teams

KNOWING OUR PRODUCTS

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

We use the Cradle to Cradle Certified Products Program material health assessment methodology to characterize the hazards of chemicals present in a product and to assess any relevant routes of exposure to hazardous chemicals during the intended use and end-of-use phases of a product's lifecycle. Chemical composition data for materials is required down to the 100 ppm level (0.01%) to generate full assessment ratings. This program's material health rating system was developed to identify the continuum of risk.

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

SEEKING THIRD-PARTY CERTIFICATION

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

We also ensure our products meet indoor air quality performance for VOC (volatile organic compounds) emissions using Green Label Plus, FloorScore and GREENGUARD certification programs. Shaw is one of the first manufacturers to achieve the Assure Certified™ standard and certification for rigid core luxury vinyl tile (LVT). Assure was established to create a uniform standard of quality for all Rigid Core LVT. Certification allows manufacturers globally to demonstrate that their vinyl rigid core flooring has been manufactured to the highest standards and meets all requirements for indoor air quality, rigorous performance, and heavy metals and ortho-phthalate content.

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

IMPLEMENTING SUSTAINABLE SOURCING POLICIES

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

ENGAGING PRODUCT R&D AND DESIGN TEAMS

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

PRODUCT CERTIFICATIONS AND DISCLOSURE





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

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

IMPACT ON PEOPLE

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

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

IMPACT ON BUSINESS

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

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

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

TRENDS

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

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

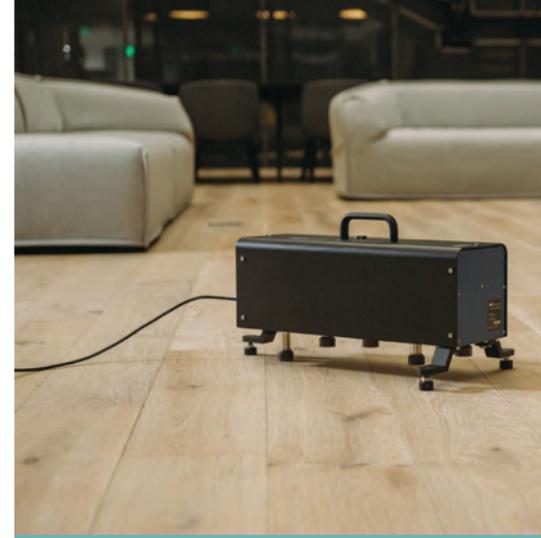
Even without such certifications, owners, managers, housing directors and contractors recognize the value in noise abatement when creating a superior, competitive building. The good news is that there are materials and tools in the marketplace that can help us understand and mitigate noise.

WHY IIC RATINGS ON PRODUCTS AREN'T ENOUGH

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

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

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



MAKING A SOUND CHOICE

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

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

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

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

To learn more www.soundadvisor.com.





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

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

Each purchase we make sends a signal to the market regarding what we value. We support our communities by prioritizing local sources whenever possible. In 2019, 73 percent of our overall supplier spending occurred in the 28 U.S. states where we operate Shaw facilities.

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

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

products but for the industry. Through close collaboration among our sourcing, product development and management, sustainability, compliance teams and others, we remain focused on refining and improving those processes as part of our commitment to continual improvement.

We also bring our focus on diversity and inclusion to the way we manage our supply chain. We can have a significant impact on the businesses in our community by providing equal access to Shaw’s purchasing opportunities to all qualified suppliers. To promote supplier participation that is reflective of our customers and communities, we intentionally expanded our supplier diversity program to include small-, women-, veteran-, minority- and LGBT-owned businesses. Our success and theirs is interconnected. Our supplier diversity spend in 2019 was almost 32 percent of allowable spend.

THE UN GLOBAL COMPACT

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

Shaw is among more than 9,000 companies and 3,000 non-business entities from 160+ countries worldwide to sign the UN Global Compact—including many of Shaw’s customers and business partners. We share a deep commitment to doing what is right by people and for people.

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

<p>1 SUPPORT and respect the protection of internationally proclaimed human rights</p>	<p>2 ENSURE that your company is not complicit in human rights abuses</p>	<p>3 UPHOLD the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>4 ELIMINATE all forms of forced and compulsory labor</p>	<p>5 ABOLISH child labor</p>
<p>6 ELIMINATE discrimination in the workplace</p>	<p>7 SUPPORT a precautionary approach to environmental challenges</p>	<p>8 PROMOTE greater environmental responsibility</p>	<p>9 ENCOURAGE the development and dissemination of environmentally friendly technologies</p>	<p>10 WORK against corruption in all its forms, including extortion and bribery</p>

SUSTAINABLE
SPACES
PLACES
PEOPLE
PLANET

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

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



Creating places where
people thrive.



Caleb
At age 18 | St. Jude Patient

Making an impact
one step at a time.

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

Along with our associates, Shaw donated more than \$6.7 million to community organizations in 2019. In addition to these financial contributions, Shaw associates volunteered countless hours raking and painting, providing technical support and professional skills and many other activities to meet community needs.

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

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

UNITED WAY

Shaw believes strongly in supporting United Way's mission to "improve lives by mobilizing the caring power of communities around the world to advance the common good." Our associates support their local United Way by serving in leadership roles and through myriad volunteer activities.

ST. JUDE CHILDREN'S RESEARCH HOSPITAL

Shaw's partnership with St. Jude Children's Research Hospital® continues to strengthen as we support their mission to help children battling cancer and other life-threatening diseases. Their impact has been significant as treatments invented at St. Jude have helped raise the overall childhood cancer survival rate from 20 percent when the hospital opened in 1962 to more than 80 percent today.

And St. Jude won't stop until no child dies from cancer. Families never receive a bill from St. Jude for treatment, travel, housing or food—because all a family should worry about is helping their child live.

Shaw's partnership with St. Jude, which began in 2012, includes multiple programs, each of which has been embraced by our associates, partners, and customers.

We have established co-branded product lines, and are an annual sponsor and exclusive flooring provider for the St. Jude Dream Home® Giveaway and participated in other fundraisers. Shaw customers and associates frequently take part in the St. Jude Memphis Marathon Weekend, the St. Jude Walk/Run to End Childhood Cancer, and other fundraising events.



\$6.7M+ (USD)
**CONTRIBUTED BY SHAW
AND ITS ASSOCIATES IN 2019**



From reading to robotics,
kindergarten to college.

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

From reading to robotics, kindergarten to college, Shaw supports education efforts that will help create the workforce of the future—fostering greater innovation at Shaw, bolstering local economic development and spurring rewarding careers.

Shaw sees this investment in people as important as any we make in new equipment or technology. We partner with several organizations that are doing the work on the ground to help people develop job skills, technological expertise and leadership strengths. Depending on the specific needs of each organization, we provide financial, learning and development expertise and in many cases extensive mentor and volunteer support.

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

ELEMENTARY & MIDDLE SCHOOL

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

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

HIGH SCHOOL

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

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

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

AND BEYOND

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

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

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

SUSTAINABLE
SPACES
PLACES
PEOPLE
PLANET

We are more than a flooring company—we are 20,000+ people who are united in creating a better future for our customers, for our people, for our communities and for our company.

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



Investing in people—first.



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

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

At the heart of that are the more than 20,000 Shaw associates who strive every day to reach their full potential, to deliver quality products and fresh thinking to our customers—so that we can all create a better future together. Innovation is never the responsibility of a single individual or team. Each Shaw associate is a leader with the capacity to identify and promote new solutions.

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

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

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

We recognize the value of our associates' well-being. In every department, every location, every area of our business, every future counts. That's why we prioritize the safety and wellbeing of our associates on the job and provide health and wellness resources and benefits—offering our associates and their families every opportunity to succeed and thrive.



1.1M+
TRAINING HOURS
IN 2019

Where will we find the next great idea or thought leader? At Shaw, we look everywhere: local schools, small businesses, and, of course, within our 20,000+ associates.

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

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

But it's not about quantity, it's about quality. We're proud to consistently receive external recognition for our robust efforts to help our associates—and customers—achieve their full potential. Since 2005, Shaw has ranked in the Training Top 125. In 2019, Shaw was ranked among Elearning! Magazine's Learning! 100 for the ninth time.

We offer:

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

Leadership & Skills Training: Our approach to talent management responds to the changing needs of our people and the changing needs of our business. By providing clarity and transparency around the knowledge, experience, competencies and personal attributes critical for each position, associates can target training opportunities aligned with long-term goals.

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



Knowledge is power.

At Shaw, we build bridges, skills and careers.

We strive for an environment where all ideas are heard and valued, a culture that empowers our associates to bring their whole selves to work so we benefit from each other's unique experiences and talents. Inclusive leadership that fosters a sense of belonging is required at every level of the organization—it's paramount to our success and a vital part of how we sustain[HUMAN]ability.

TRAINING

Putting our diversity principles in action, we foster associate learning through a variety of opportunities that drive greater understanding, innovation and leadership.

From educating our associate base about cultural fluency to serving underrepresented communities with targeted programs, Shaw's way of developing talent and cultivating leaders positively influences every facet of the organization and aims to ensure everyone knows they belong and have a critical role to play.

For example, Shaw hosts table discussions on key diversity topics and conducts training classes on unconscious bias, microaggressions, generations in the workplace and more. Our future workforce development programs leverage community partners and educational programs focused on STEAM (Science Technology Engineering, Art and Math) skills and career opportunities. to showcase STEAM careers to underrepresented populations through mentorship, coaching and skills training. We also participate in Project SEARCH, a special internship program for people with intellectual and developmental disabilities.

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

ASSOCIATE-LED RESOURCE GROUPS

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

Our ARGs focus on the needs and interests of female, Hispanic and Latino, black and multicultural, LGBT+, veterans and sales associates. By connecting thousands of associates in a variety of networking and professional development opportunities, these efforts spark growth through inclusive leadership.

In every facet of our approach, we strive to build an environment where diverse perspectives and ideas are heard, and value is placed on both the seen and unseen characteristics and experiences our 20,000+ associates bring to the organization. The success of Shaw and its associates are inextricably linked.

AWARDS & RECOGNITION

In 2019 and 2020, Shaw Industries was recognized as one of the Best Employers for Diversity by Forbes Magazine. In collaboration with analytics firm Statista, Forbes identified The Best Employers for Diversity through an independent survey of 60,000 U.S. employees working for companies employing at least 1,000 people within their U.S. operations. The evaluation was based on four criteria, with the 500 companies receiving the highest total scores selected as the "The Best Employers for Diversity."

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

SUSTAINABLE
SPACES
PLACES
PEOPLE
PLANET

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

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



Protecting the place
we call home.



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

SAFE AND CIRCULAR

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

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

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

PRODUCT END OF USE

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

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

TURNING WASTE INTO A RESOURCE

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

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

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

Clear PET has the highest value and widest variety of applications for recycling. Color-enhanced PET (while it may create appeal and distinction in its first use) is often unwanted by recyclers and manufacturers due to the color limitations. What if we could use the harder-to-reuse green plastic bottles? What if we used ones with a bit of soda residue or debris from the collection process?

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

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

And, our research and concepting has resulted in innovative new products such as a 100 percent recyclable trade show carpet like our COMFOR³T™ product unveiled in late 2019.

ONGOING WASTE REDUCTION/REUSE

Beyond plastic bottles, we consistently categorize, measure and channel waste toward the best possible use, whether repurposed within our own manufacturing processes, or used by other industries. Detailed insights help identify opportunities for improvement—allowing us to reduce our waste by millions of pounds. Recycled input materials make up more than nine percent (by weight) of what goes into manufacturing Shaw's products.

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



OCEAN PLASTIC

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

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

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

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

Since 2009, Shaw has helped recycle billions of plastic bottles a year through Clear Path Recycling, a joint venture with DAK Americas, as well as through the use of recycled PET from other sources. What began as a fiber source for our residential carpet products progressed into the use of green plastic bottles in our EcoLogix carpet tile backing and most recently led us to conceive of a recyclable tradeshow flooring made with recycled PET.

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

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

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

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

Together, we can make a difference.

HOW WE DO IT

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

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

Here are a few examples. The Combined Heat & Power (CHP) plant at our Columbia, S.C. fiber production facility stands to reduce the plant's annual greenhouse gas emissions by an estimated 26,000 metric tonnes. That's an impact equal to removing almost 5,500 passenger vehicles from the road each year.

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

THE IMPACT OF CHANGE

As a result of Shaw's investments to help reduce our energy and greenhouse gas (GHG) impact, we have cut our Scope 1 & 2 emissions in half from our 2010 baseline. We also have reduced our GHG intensity by almost 37 percent compared to 2010 (per pound of finished product).

Our vision is to create a better future for our customers, associates, company and communities. The challenges we face in creating a better future—for people and the planet—are often complex and daunting, but we persevere because people matter.

50%



Conserving Water, Sustaining Life

39%



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

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

As with many other aspects of the sustainability puzzle, water is interconnected with a number of other issues—including material health and energy. This is reflected in the Cradle to Cradle design philosophy's look at both water quantity (which contributes to energy use) and water quality (which aligns with our focus on material health).

The Cradle to Cradle Certified Products Program requires a product manufacturer to not only disclose water usage, but at the Silver level and above, process chemicals that could potentially impact runoff water quality are assessed according to the material health assessment criteria.

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

We have taken significant measures to minimize water use in our operations and manufacturing processes. As a result, we've reduced our water usage per pound of finished product by more than a third in less than a decade. In 2019, we used more than 39 percent less water than if we were operating as we did in 2010. We continue to push for further improvements.

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

When it comes to conserving water,
every drop counts.

APPENDIX



sustain[HUMAN]ability™



About This Report

REPORTING CYCLE

Our sustainability reporting follows an annual cycle based on the calendar year. This report covers January 1, 2019 to December 31, 2019. Our most recent sustainability report was published in 2019 for the calendar year 2018. Previous reports can be accessed at: shawinc.com/reports/

CONTACT

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

SCOPE & BOUNDARY

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

ADDITIONAL CONTEXT

- The vast majority of Shaw associates are not covered by collective bargaining agreements. Shaw's Pro Installations, Inc. is a signatory on a number of collective bargaining agreements, however, Shaw does not track the small number of associates impacted.
- There were no significant changes in size, structure, ownership or supply chain in 2019.
- In 2019, we had no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.
- In 2019, Shaw had zero incidents of non-compliance with regulations and voluntary codes concerning our marketing communications.
- Shaw had no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of our key products across their lifecycle in 2019.
- All references to currency are in U.S. dollars.



FEATURED PRODUCTS

Cover:

Shaw Floors, Floorigami

Pages 2–3:

Shaw Contract Inside Shapes & Resurgence

Shown at Shaw Create Centre

Photo Credit: Connie Zhou

Page 16–17:

Shaw Floors, Bellera

Page 18:

Shaw Contract, Custom Engineered Hardwood

Shown at Hana at Park District

Page 20:

Patcraft, Cube & Colour

Shown at Walnut Grove Elementary School

Photo Credit: kristenfaye

Page 40:

Shaw Specialty Products, COMFOR³T

Page 46:

Patcraft, Color Your World

Shown at LinkedIn NYC

Photo Credit: Eric Laignel Photography

Page 48:

COREtec, Lumber



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

We welcome feedback on its contents.