



Carbon Neutral Approach 2023

In 2022, Shaw set a goal to achieve net zero operations (Scope 1 and Scope 2) by 2030. Our approach:

- Reduce energy use
- Switch to cleaner fuels
- Employ renewable energy
- Purchase renewable energy credits to offset what we can't yet reduce

Calculating our footprint

Our global greenhouse gas emissions are calculated annually and undergo third-party verification and limited assurance in accordance with ISO 14064-3:2019, using the World Resources Institute / World Business Council for Sustainable Development's "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard." This includes our commercial carpet operations worldwide (manufacturing, showrooms, design centers and other properties associated with this business), which have been carbon neutral since 2018.

Additionally, we calculate the embodied carbon footprint for many of our products through comprehensive lifecycle assessments (LCAs), from which we create publicly available, third-party verified product-specific Environmental Product Declarations (EPDs) to provide insights into the environmental impacts of our products. We utilize our product EPDs to determine the cradle-to-grave global warming potential (GWP) impact of our products. This process allows us to identify opportunities to minimize our products' footprints through material selection and other product design and manufacturing optimization.

Achieving carbon neutral

While we work to reduce our operational and product carbon footprints, we use Verified Carbon Offsets to mitigate what we haven't yet been able to reduce. In addition to our commercial carpet operations being carbon neutral, we offer a wide portfolio of carbon neutral products. Following is how we determine whether a product qualifies for carbon neutral designation.

Carbon Neutral product sales are tracked monthly for carbon offset allocations. Using this sales data and the cradle-to-grave GWP impact by product type, we calculate the total GWP impact for those products monthly and allocate Carbon Offsets to neutralize the impact.

To track these allocations, we maintain an internal Carbon Credit Tracker that works much like a checkbook. The tracker maintains all documentation related to inputs and outputs of the mass balance allocation of Carbon Offsets to ensure accurate accounting, including tracking our Carbon Neutral operational emissions and product sales, our third-party verified



Carbon Offset purchases and documentation, and a ledger of the applied offset allocations to ensure all marketing claims are met and substantiated.

While we do not have a third-party carbon neutral certification, as part of our participation in the Cradle to Cradle Products Innovation Institute’s Cradle to Cradle Certified® program, our internal tracker is reviewed and verified by both the assessor body and certification body regularly to ensure proper tracking and allocation of credits.

The carbon offset purchases applied to offset both the commercial operational emissions and our carbon neutral products’ embodied carbon emissions for 2023 are detailed below.

Carbon Offset Seller	Offset Registry	Project ID	Registry Project Name	Project Location	Offset Type	Emissions Calculation Protocol
STX	CDM	ID4118	Asahan 1 Hydroelectric Power Plant 2 x 90 MW	Indonesia	Avoided	ACM0002 ver. 11
STX	CDM	BR9301	Teles Pires Hydropower Plant	Brazil	Avoided	ACM0002 ver. 13
STX	Verra	Project 12	Chuanwei Group 24MW Waste Gas based Captive Power Plant	China	Avoided	ACM0002
STX	Verra	Project 10	BAESA	Brazil	Avoided	ACM0002

(FY2023 Information provided in accordance with California AB 1305.)