



sustain[HUMAN]ability®

SUSTAINABILITY REPORT 2022



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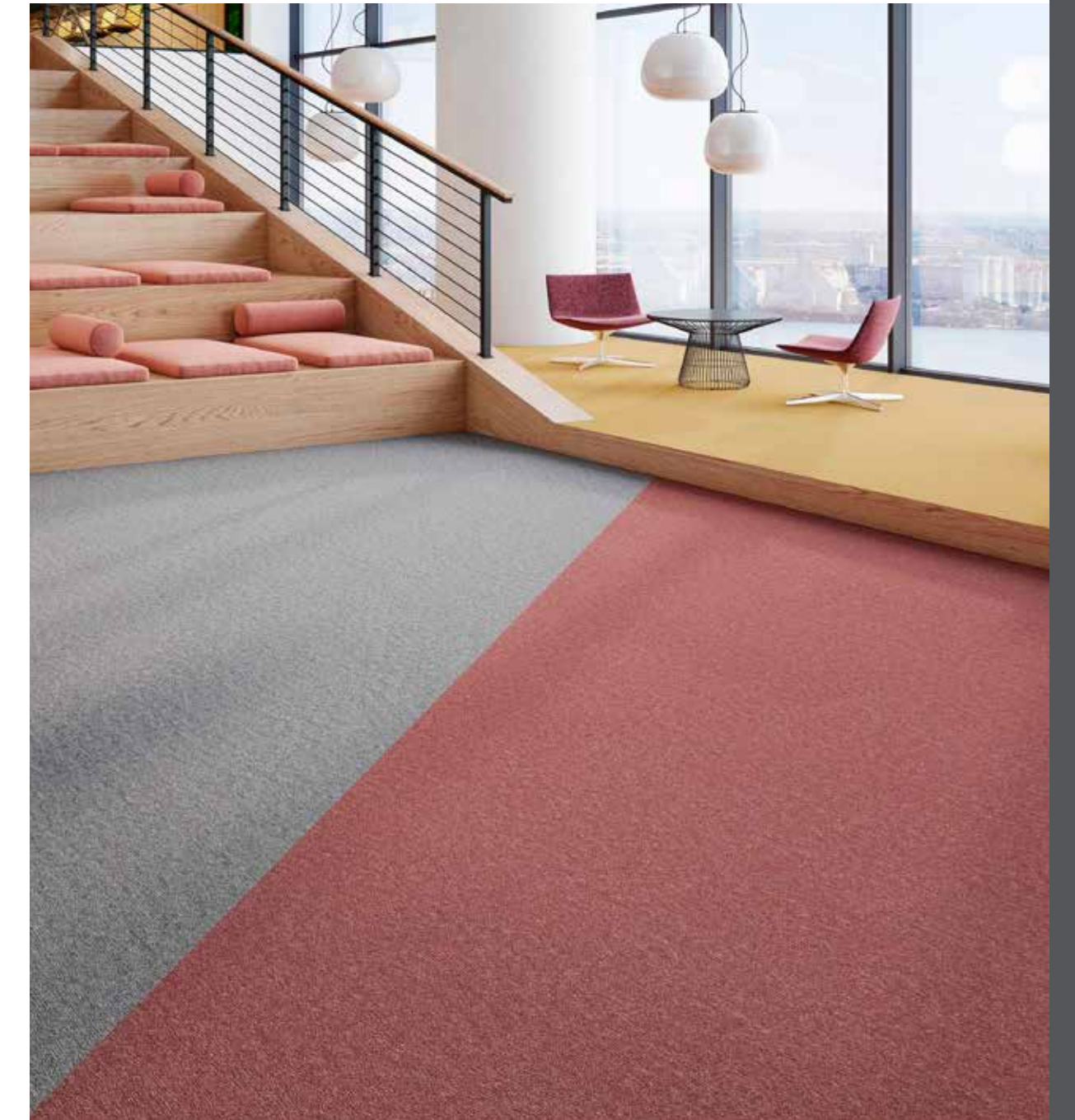
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sustain[HUMAN]ability®

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



RELENTLESS
CURIOSITY
AND FOCUS

Dear Stakeholders,

At Shaw, our relentless curiosity and focus on customer needs inspire us to explore new possibilities. Things have changed over our 56-year history, but Shaw has always created solutions that support people from the ground up.

In 2022, we earned a record-breaking revenue of over \$7 billion, illustrating our success in adapting in an increasingly complex global market. Our teams harness technology and data to swiftly adapt and respond to potential disruptions. And, our robust logistics network is equipped to manage diverse situations, from extreme weather events to fluctuating costs and unforeseen geopolitical changes.

Innovation remains at the forefront of our priorities. We continue to diversify, fortifying our partnership with Watershed Geo®. In early 2023, Shaw completed the purchase of a controlling interest in Watershed Solar®, which provided patented renewable energy solutions and merged into Watershed Geo. The technology, branded PowerCap™, supplies low profile, high output solar arrays on top of landfills, coal ash closures, and rooftops — turning liabilities or underused spaces into renewable energy assets.

Sustainability is a core aspect of Shaw's vision as we endeavor to support our customers in achieving their objectives alongside our own. As we strive for a sustainable future, our focus on people and innovation remains steadfast, guiding our path to success.

Our historic strength in flooring and emerging expertise in adjacent markets allows us to provide customers solutions through a range of products, services, and technologies. Through our robust portfolio of brands, our customer-centric approach leverages our innovation, operational excellence and technical prowess to meet ever-changing market needs.

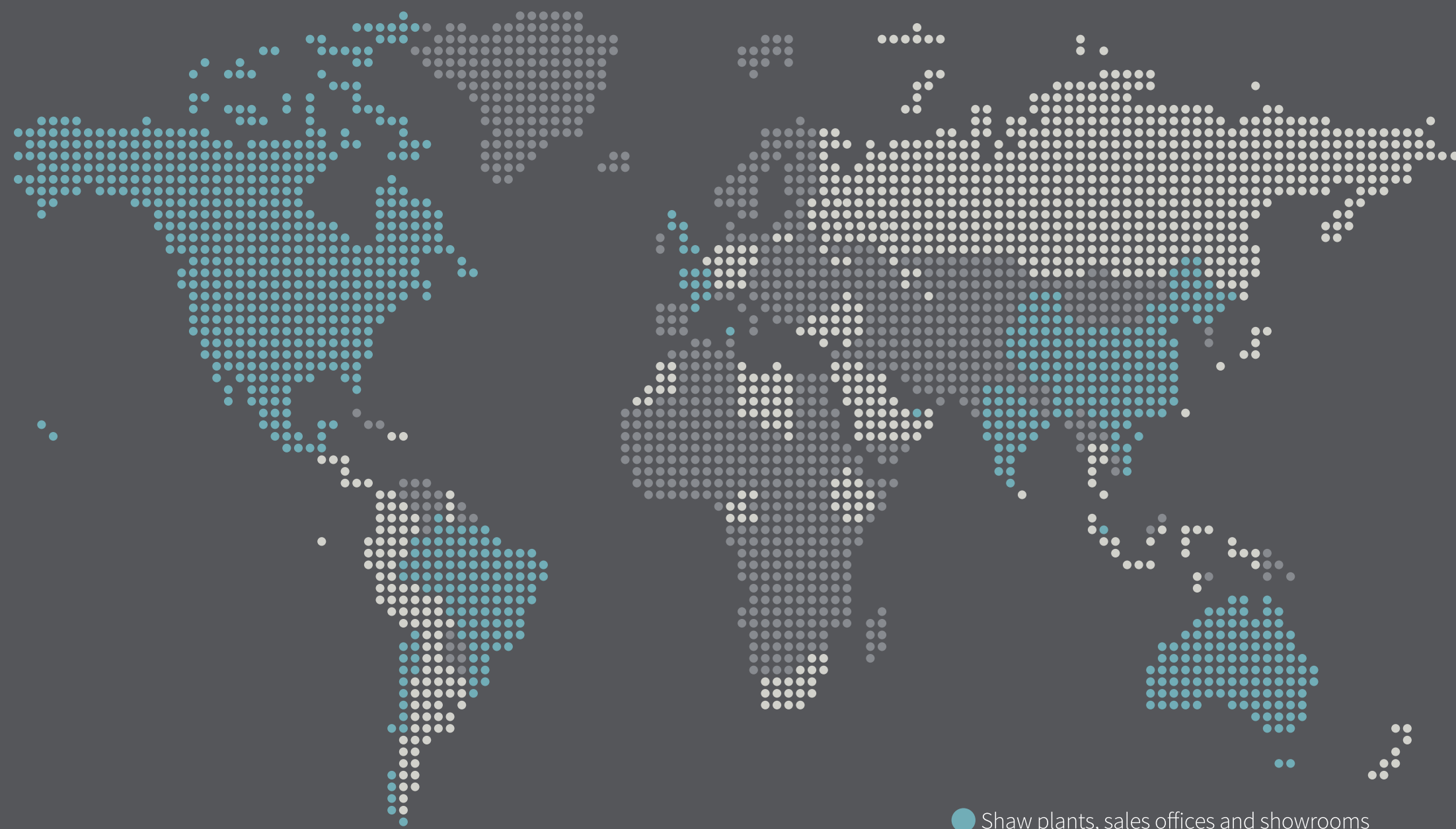
I'm excited about the future and where our customer-centric approach will take us.

Sincerely,

Tim Baucom, President and CEO

Shaw Industries Group, Inc. offers a diverse portfolio of carpet, resilient, and hardwood flooring as well as tile & stone, 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®, Shawgrass®, Southwest Greens®, Watershed Geo® and more.

Headquartered in Dalton, Georgia, Shaw has annual revenues in excess of \$7 billion and is a wholly-owned subsidiary of Berkshire Hathaway, Inc. The company employs more than 20,000 associates in research and development, manufacturing, warehousing and distribution locations and product showrooms throughout the U.S., as well as Australia, Belgium, Brazil, Canada, Chile, China, France, India, Mexico, the Netherlands, Singapore, United Arab Emirates, the United Kingdom and Vietnam.



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

WE ARE 20,000+ INDIVIDUALS BOUND TOGETHER BY A COMMON VISION TO CREATE A BETTER FUTURE. BY COMBINING DEEP MARKET KNOWLEDGE WITH NEW WAYS OF THINKING.

OUR MISSION

Great people,
great products,
great service.
Always.

OUR VISION

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

OUR VALUES

Honesty,
integrity
and
passion.

20,784
ASSOCIATES WORLDWIDE

35
MANUFACTURING FACILITIES

34,500
SKUs

55
DISTRIBUTION FACILITIES



RESIDENTIAL FLOORING

ANDERSON
TUFTEX®



COMMERCIAL FLOORING

patcraft.



ShawContract®



SPECIALTY MARKETS

shawgrass®



WG WatershedGeo®
Unearthing Solutions



[totalworx]™





SHAW'S UNWAVERING
COMMITMENT TO
sustain[HUMAN]ability®

Dear Stakeholders,

This year has been a testament to Shaw's unwavering commitment to sustain[HUMAN]ability®. Despite continued supply chain disruptions and geopolitical uncertainty, we have not only persevered but also achieved remarkable progress in our sustainability journey.

I take great pride that we have continued to make significant strides in material health, clean air and climate protection, product circularity, water and soil stewardship, and social fairness. We have remained committed to our goal of optimizing 100 percent of our products to these Cradle to Cradle® design principles by 2030. Through continuous improvement and collaboration across our product portfolio, we have delivered even more sustainable and innovative solutions while addressing the ever-changing needs of our customers and the world around us.

In 2022, we also made substantial progress towards our goal of achieving net-zero emissions in our enterprise operations by 2030. We continue to build on last year's foundation in measuring Scope 3 emissions, which demonstrates our comprehensive and proactive approach to leveraging the scale of our global footprint and supply chain.

As we address the ever-changing needs of customers and the world, our commitment to sustainability remains steadfast, driving innovation and impact across our portfolio. Highlights include:

- Almost 90 percent of the products Shaw manufactures are now Cradle to Cradle Certified. Notably, in 2022, we broadened our portfolio of certified products with the introduction of ReWorx hybrid flooring and expanded certification to additional synthetic turf products.
- We assessed more than 2 billion pounds of materials for material health in 2022.
- Our Scope 1 and Scope 2 emissions are now 60 percent lower than our 2010 baseline.
- We lowered the embodied carbon footprint of numerous product lines while also making them carbon neutral.
- Shaw continued to demonstrate our commitment to fueling the circular economy by introducing a recyclable hybrid flooring product (ReWorx), developing a takeback program for our Shaw-made resilient flooring and identifying new partners to help recycle an additional 2 million pounds of Shaw's carpet manufacturing waste each year.
- At the same time, we reduced our water intensity by 43 percent compared to our 2010 baseline.
- Our teams increased Shaw's diversity spend to 60 percent of allowable spend in 2022, up from 42 percent in 2021.
- Shaw provided more than 1 million hours of training and education to our associates and customers in 2022.
- Shaw and our associates donated more than \$6.7 million to charitable causes last year.

We invite you to explore our 15th annual corporate sustainability report to learn more about our people-centric efforts and achievements.

Kellie Ballew, Vice President of Global Sustainability and Innovation

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

It's important that we periodically reassess the market and our business priorities to ensure we are appropriately focusing our resources where we can have the most impact and where our stakeholders expect. One way we do so is through a comprehensive materiality assessment, completed every few years. Our most recent assessment was conducted in mid-2021 and guides our sustainability strategy.

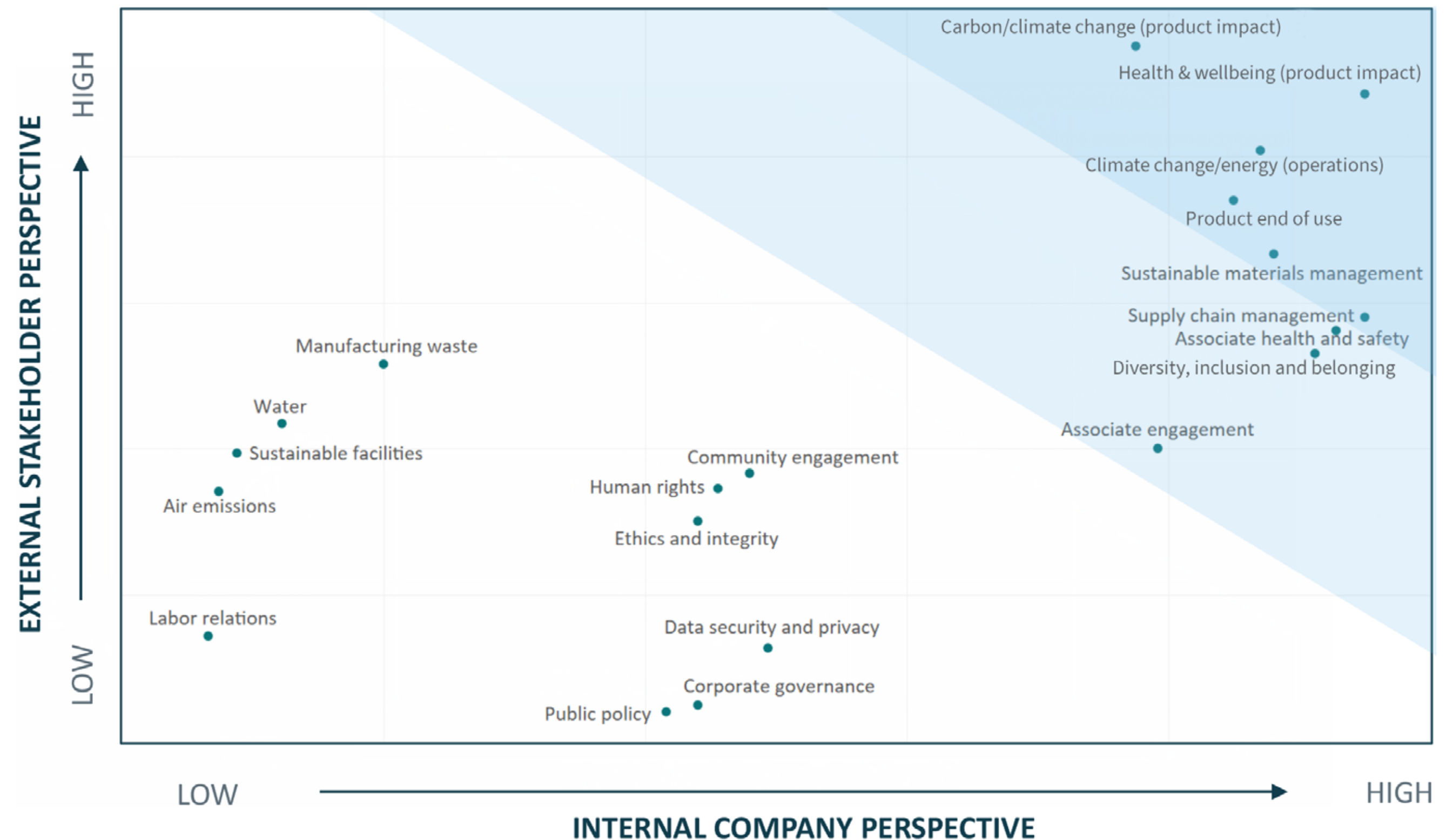
While all environmental, social and governance (ESG) issues presented to our stakeholders are important, a materiality assessment strives to prioritize those issues by asking the key question, "What should Shaw most urgently address over the next 3-5 years?" What we found was a growing focus on health & wellbeing across all our stakeholder groups — a theme we've been seeing since our initial materiality assessment in 2015 and a topic that has been core to our sustainability focus for more than two decades.

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

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

And perhaps as no surprise given the unprecedented supply chain disruptions and geopolitical considerations of the past several years, supply chain management remains a critical area of focus for Shaw and our customers.

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



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

OUR PROMISE

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

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

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

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

OUR 2030 GOAL OPTIMIZE 100% OF OUR PRODUCTS TO CRADLE TO CRADLE® DESIGN PRINCIPLES

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

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



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

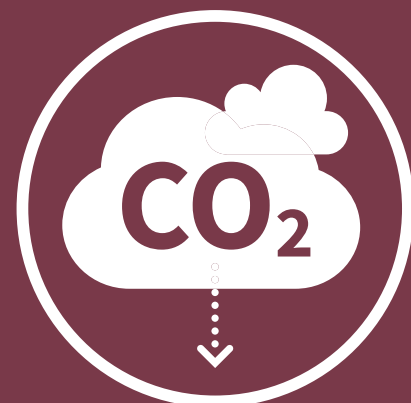
Almost 90%
of the products
Shaw manufactures are
Cradle to Cradle Certified®

Identified an outlet
for an additional
2 MILLION POUNDS
of manufacturing
waste annually

More than 60%
of our allowable spend was with
small and diverse suppliers,
up from 42% in 2021



Reclaimed and recycled
nearly 1 billion
pounds of carpet since 2006



Reduced our carbon footprint by
more than 60% compared to 2010
(Scope 1 and Scope 2 emissions)

Turned
more than
2.7 billion
recycled plastic
bottles into flooring



Shaw and its associates contributed
more than \$6.7 million
to philanthropic organizations



Provided more than
1 MILLION TRAINING HOURS
to associates and customers

MORE THAN 2 BILLION POUNDS
of material were
assessed for
material health
in 2022

Used 43% less water
per pound of
finished product
compared to 2010



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



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

Research continues to show that our surroundings, including where we sit and who we sit with, have a significant impact on our wellbeing — even more so than genetics or lifestyle choices. Knowing the profound impact the built environment has on the health of our planet and its people has long influenced our product design.

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

AT SHAW, OUR APPROACH IS TO:

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



INGREDIENTS

We aim to know as much as possible about our products: what goes into them and thus what might come out. This begins with raw material choices. Shaw’s stewardship process includes a rigorous, enterprise-wide workflow and raw material ingredient approval; more than 2 billion pounds of materials were assessed in 2022. We also formalized a chemical management policy and restricted substance list, both unveiled in 2023. These documents are an added step in ensuring our stakeholders understand our longstanding requirements and expectations, including suppliers of materials used to make products we sell globally across our brands, and sourced finished goods.

Our product development is guided by the Cradle to Cradle design philosophy, and the Cradle to Cradle Products Certification Program provides third-party assessment and verification of our efforts. It keeps us focused on material health, product circularity, clean air and climate protection, water and soil stewardship, and

social fairness. Whether a product is seeking certification or not, we follow this process in addition to hazard screening and risk assessment. Regardless of where or by whom a product or ingredient is manufactured, we maintain the same standards.

THIRD-PARTY CERTIFICATION

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

The Cradle to Cradle Product Standard is crucial to our approach to creating sustainable products. Importantly, it balances transparency about what is in our products with protecting intellectual property.

We also ensure our products meet indoor air quality performance for VOC (volatile organic compounds) emissions using Green Label Plus, FloorScore® and GREENGUARD certification programs. And we provide product ingredient and disclosure information via Health Product Declarations (HPDs) and Declare labels.

SUSTAINABLE SOURCING POLICY

We strive to ensure that the products we source are held to the same standards we set for our own operations by incorporating our principles into our sustainable sourcing policy and supplier terms and conditions. This work stands to benefit Shaw, our customers and the industry more broadly as new chemistry options become available. (Read more about our sustainable sourcing and supply chain practices on page 29.)

PRODUCT R&D AND DESIGN

Shaw’s product research and development, design and technical teams stay abreast of trends — in color, texture and technical capabilities plus market demand for sustainable products. Cradle to Cradle design principles are fundamental to our product innovation.

NATURAL RESOURCES

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

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

We have taken significant measures to minimize water use in our operations and manufacturing processes to achieve our 2030 goal of reducing our water intensity by 50 percent compared to 2010. As a result, in 2022, we used 43 percent less water (per pound of finished product) than if we were operating as we did in 2010, significantly reducing our impact over the past decade.

**MORE THAN
2 BILLION POUNDS
OF MATERIALS
WERE ASSESSED
IN 2022**

TOTALWORX™

In 2022, we introduced TotalWorx™, a unified flooring accessories brand for residential and commercial markets. By consolidating various accessory brands under TotalWorx, our customers and installers can make informed decisions more easily.

As we aligned this portfolio, Shaw delved even deeper with our suppliers in pursuit of our goal to have 100 percent of our products optimized to Cradle to Cradle® design principles by 2030. These principles were a crucial part of our product and vendor selection processes.



The brand includes PrepWorx™ for floor prep products, GroundWorx™ for cushion and underlayment, LokWorx® for seam tape and adhesives, FinishWorx™ for trims and stair treads, and CareWorx™ for cleaners and disinfectants, catering to diverse flooring needs.

Shaw leads the world in Cradle to Cradle Certified product certifications, with approximately 90 percent of all the products we manufacture achieving the certification. And we apply these same principles to sourced materials and products.

OUR PROMISE:

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



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

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

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

In 2012, we set an ambitious goal to reduce our greenhouse gas (GHG) emissions intensity 40 percent by 2030. Reducing energy use, switching to cleaner fuels, and employing renewable energy enabled us to achieve that goal nearly a decade early (in 2020). In 2022, we set a new, aggressive target: net zero operations by 2030.

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

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

- OPERATIONS
- PRODUCTS
- VALUE CHAIN

OUR OPERATIONS

Shaw operates more than 90 manufacturing, distribution, and corporate facilities globally.

Our goal: achieve net zero operations by 2030 across our enterprise while reducing the carbon footprint of our products and our value chain. In doing so, we remain committed to reducing our energy intensity (BTUs per pound of finished product) by 40 percent compared to 2010. Our 2022 energy intensity represented a 23 percent reduction compared to that baseline.

How we'll get there: continue to reduce our footprint, switch to cleaner fuels, employ and invest in renewable energy where possible, and offset any remaining operational footprint. In 2022, our Scope 1 and Scope 2 GHG emissions were 0.31 and 0.5 (GHG in millions of metric tons of CO2 equivalents) respectively — a reduction of more than 60 percent compared to 2010. And our commercial carpet facilities worldwide have been carbon neutral since 2018.

OUR PRODUCTS

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

We have been systematically measuring more and more of our products' footprints through comprehensive lifecycle assessments (LCAs) since 2004 and creating Environmental Product Declarations (EPDs) to share with customers what we know. Those LCAs have also been instrumental in helping us identify the greatest opportunities to further reduce our products' footprints. For example, we know that with our EcoWorx carpet tile, the use of recycled material — in particular in our yarn — plays a major role in helping achieve a lower footprint.

Therefore, in 2021, we introduced a new yarn system (EcoSolution Q100™) and expanded our carbon neutral commercial product offerings through our Patcraft and Shaw Contract brands. We've since increased the number of products available and extended these features to products available from Philadelphia Commercial. By allocating 100 percent recycled content* and offering more carbon neutral collections, we are enabling our customers to more readily make low carbon and carbon neutral purchase decisions.

Similar efforts to measure, reduce and offset our products' embodied carbon footprint are taking place across our portfolio.

OUR VALUE CHAIN

Reducing the carbon footprint of our products and our operations requires a deep understanding of the impacts of our choices of materials, suppliers, how our products are used, their opportunity to be recycled and more. In 2022, we delved further into our value chain by more systematically collecting data that will allow us to measure, report and set targets to reduce our Scope 3 emissions using science-based targets.

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

OUR COMMERCIAL CARPET OPERATIONS WORLDWIDE HAVE BEEN CARBON NEUTRAL SINCE 2018



OUR JOURNEY TO NET ZERO

Shaw's approach to reducing our footprint is to switch to cleaner fuels, employ renewable energy where possible, and offset what we're not yet able to remove from our operations. Our efforts include bolstering energy awareness among our 20,000+ associates; making behavioral improvements based upon that awareness; investing in efficiency efforts and new technologies; and continually exploring opportunities to add renewables to our portfolios.

In 2022, our Scope 1 and Scope 2 GHG emissions were 0.31 and 0.5* respectively — a reduction of more than 60 percent compared to 2010. And our commercial carpet facilities worldwide have been carbon neutral since 2018.

**GHG in millions of metric tons of CO2 equivalents*



Electric spotter truck at Shaw Plant 32 in Cypress, Ca.

OUR PROMISE:

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



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

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

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

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

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

We've recycled nearly a billion pounds of carpet since 2006, converted billions of single-use plastic bottles into carpet annually for more than a decade, and expanded our re[TURN] Reclamation Program to include our ReWorx hybrid flooring and Shaw-made resilient.

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

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

Our flagship EcoWorx® backed carpet comes with an Environmental Guarantee — our way of saying, “We want it back.” All EcoWorx, ReWorx, and Shaw-made resilient products have a toll-free number (800-509-SHAW) and/or URL (ShawRecycles.com) printed on the back to make the recycling of these products simple and hassle-free.



IN 2022, SHAW TURNED MORE THAN 2.7 BILLION PLASTIC BOTTLES INTO FLOORING

FLOORING RECYCLING

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

We are applying all that we have learned in reclaiming and recycling carpet to perpetually exploring and testing solutions for our wider range of products. For example, we turn end-of-life synthetic turf fields into a new turf product with our patented NXTPlay® performance pad from Shaw Sports Turf®. Since the product’s launch, we’ve already reclaimed more than 7.5 million pounds of synthetic turf and converted it into our innovative performance pad. And efforts throughout 2022 led to us adding Shaw-made resilient flooring to our portfolio of recyclable products in early 2023. (Read more on page 22.)

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

SINGLE-USE PLASTIC BOTTLES

Just one example of Shaw’s use of recycled content from other industries is with single-use plastic bottles. We’ve been turning clear plastic bottles into carpet fiber for more than a decade — including recycling billions of bottles a year at Clear Path Recycling®, our joint venture with DAK Americas.

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

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

Our research and concepting continually results in innovative products. In 2022, our COREtec brand introduced Soft Step, a new attached underlayment made from recycled plastic bottles. Our award-winning ReWorx hybrid flooring, which boasts the visual of a soft surface and the durability of a hard surface is made with 100 percent PET fiber, including a minimum of 20 post-consumer plastic bottles per 12” x 48” plank. This flooring also can be recycled into more ReWorx flooring at the end of its useful life on the floor.

ONGOING WASTE REDUCTION/REUSE

We consistently categorize, measure and channel waste toward the best possible use, whether repurposed within our own manufacturing processes or used by other industries. Detailed insights help identify opportunities for improvement, allowing us to reduce the amount of waste we send to the landfill by millions of pounds. For example, in 2022, we identified an avenue to recycle an additional 2 million pounds of carpet manufacturing waste from our operations annually — beginning in 2024.

In 2022, our landfill waste intensity was 3.66 percent. Recycled input materials make up nearly 23 percent (by weight) of what goes into manufacturing Shaw’s products.

SHAW-MADE RESILIENT

Now Eligible for Recycling.

Beginning in Q1 2023, products manufactured at Shaw Plant RP in Ringgold, Ga., now include a back-stamp with the 800-509-SHAW phone number. At the end of the products' life on the floor, customers may call the number to initiate the reclamation process with the re[TURN] Reclamation Team. Projects can also be initiated via a form at ShawRecycles.com — which also houses information on the Environmental Guarantee, staging guidelines, and frequently asked questions.

The addition of Shaw-manufactured resilient expands upon our efforts to divert material from the landfill, providing an avenue for more pounds of flooring to be recycled.

AS PART OF THE ENVIRONMENTAL GUARANTEE, SHAW PROMISES TO PICK UP SHAW-MANUFACTURED RESILIENT FOR RECYCLING AT THE END OF ITS FIRST LIFE ON THE FLOOR AT NO COST TO THE CUSTOMER (FOR A 5,000 SQUARE FOOT MINIMUM).

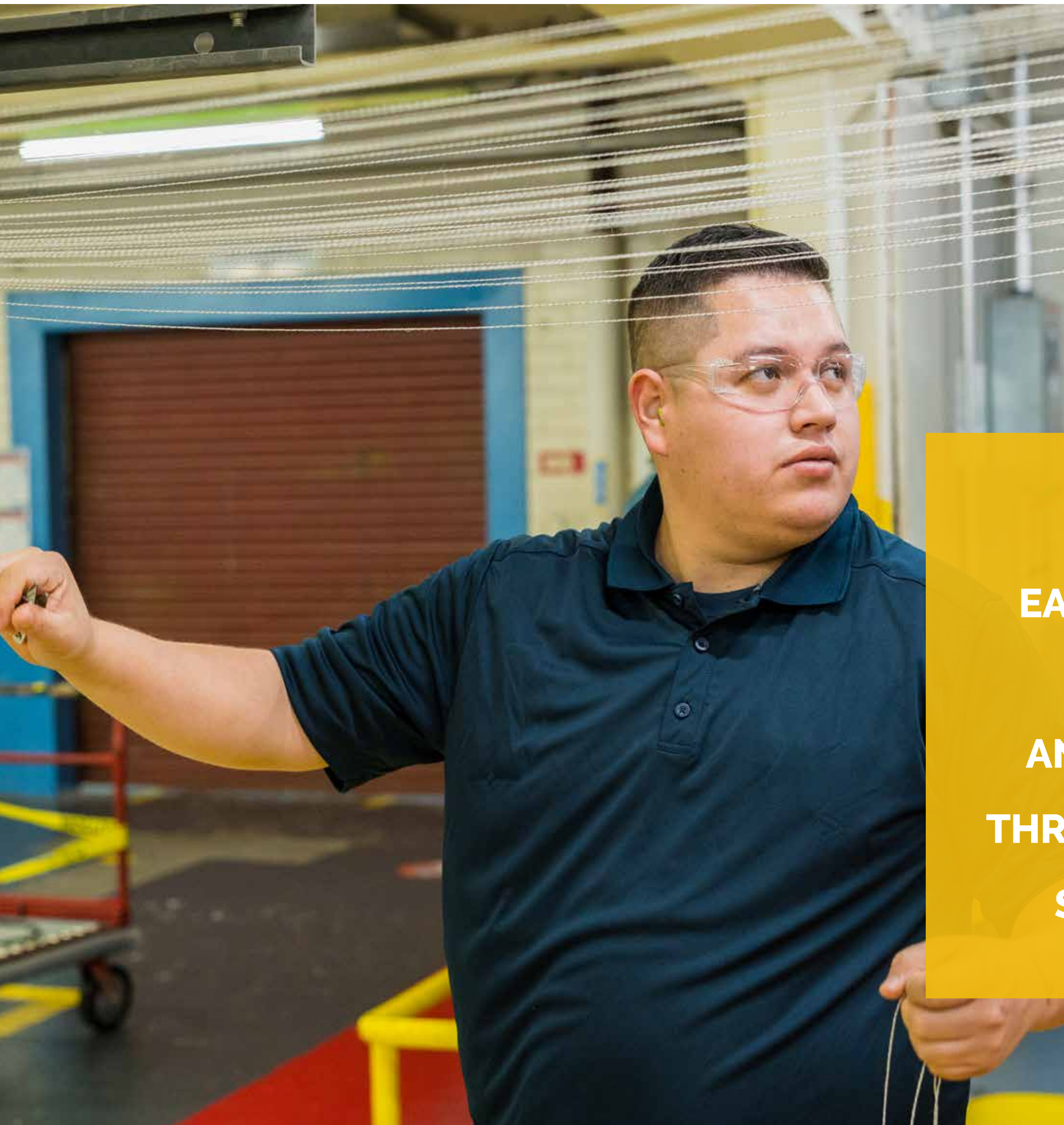


Learn more.





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



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

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

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

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

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

CARING FOR OUR ASSOCIATES

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



SAFETY

In every department, every location, every area of our business, every future counts. That's why we prioritize the safety and wellbeing of our associates on the job. We take time to prevent accidents, assess risk, encourage open dialogue about any potential dangers, and continually invest in new safety training, procedures and technology changes to improve workplace safety. By communicating about safety on an ongoing basis and maintaining an environment where everyone takes accountability for protecting every individual, we ensure we are united in safety. In 2022, our corporate incident rate (or OIR) was 2.19, excluding OSHA recordable COVID cases.

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

HEALTH AND WELLNESS

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

In 2022, we opened our third Shaw Family Health Center. The new facility, located in Cartersville, Ga., is located near several of Shaw's manufacturing, marketing and product development

operations. The facility offers associates a wide variety of high-quality care options, including primary care, acute care, behavioral health and wellness services. Care is available to Shaw associates and their dependents regardless of whether they participate in Shaw's health benefit plans.

GROWTH AND DEVELOPMENT

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

We're proud to consistently receive recognition for our robust efforts to help our associates achieve their full potential. Shaw was named a 2023 Training APEX Award winner by Training magazine for our efforts in 2022 — once again ranking as the highest flooring manufacturer on the list and marking the 19th consecutive year Shaw has been honored by Training magazine. And our education and training efforts contributed to Shaw being named to Forbes' 2022 List of Best Employers in Georgia, marking our fourth consecutive year on the list.

DIVERSITY & INCLUSION

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



INCLUSIVE LEADERSHIP

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

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

We're proud to be named a Best Employer for Diversity by Forbes in 2022 and to be recognized by Newsweek as one of America's Greatest Workplaces for Diversity 2023 for our efforts to foster an inclusive and diverse company culture.

HIRING DIVERSE TALENT

We are committed to making investments in attracting and developing diverse talent and have set a goal for our talent pipeline to reflect available talent in our communities by 2030. In addition to established efforts to incorporate diverse interview teams and remove bias in the hiring process, we significantly expanded our virtual recruiting efforts in 2022 and continue to see the key role that plays in progressing toward our target goal. Virtual recruiting allows us to engage with candidates who may have been overlooked in traditional, in-person recruiting due to distance limitations primarily driven by cost. And it allows us to include a wider range of associates in the interview process, pulling in diverse, internal stakeholders to evaluate potential new talent for Shaw.

ASSOCIATE-LED RESOURCE GROUPS

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

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

OUR COMMUNITIES

In 2022, Shaw associates along with the company donated more than \$6.7 million to community organizations.



COMMUNITY

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

Shaw supports numerous non-profit organizations that are adept at providing education, basic needs, health and more. In 2022, Shaw associates, along with the company, donated more than \$6.7 million to community organizations.

ST. JUDE CHILDREN'S RESEARCH HOSPITAL

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

We have established co-branded product lines, are a national sponsor and exclusive flooring provider for the St. Jude Dream Home® Giveaway, and have participated in other fundraisers. Shaw customers and associates frequently take part in the St. Jude Memphis Marathon Weekend, the St. Jude Walk/Run to End Childhood Cancer, and other fundraising events. Through these efforts we've raised more than \$19 million, including almost \$2.2 million in 2022. And we were once again the top fundraising team for the St. Jude Memphis Marathon®, setting a new company record with our associates and marathon team members raising more than \$475,000.

UNITED WAY

Shaw believes strongly in supporting United Way's mission to "improve lives by mobilizing the caring power of communities around the world to advance the common good." Recognizing that the pandemic only intensified the needs in our communities, our employees rose to the challenge, and along with the company contributed more than \$2.5 million to the organization and its agencies in 2022.

HOMES FOR OUR TROOPS

Since 2019, Shaw has partnered with Homes For Our Troops® (HFOT) — a nonprofit organization that builds and donates specially adapted custom homes nationwide for severely injured post-9/11 veterans. As one of our signature enterprise programs, we are the exclusive flooring provider for the homes developed for these wounded veterans. Since 2004, HFOT has built more than 350 specially adapted homes nationwide. Shaw provided flooring for 22 HFOT homes in 2022. The organization also offers pro-bono financial planning to all home recipients to ensure their success as a homeowner and a peer mentoring program consisting of veterans and spouses in the HFOT program.

COMMUNITY EDUCATION

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

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

Shaw and our associates partner with a wide range of organizations including Junior Achievement, Great Promise Partnership, FIRST® Robotics, FIRST® Tech and FIRST® Lego Competition teams to fulfill this objective. And 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.

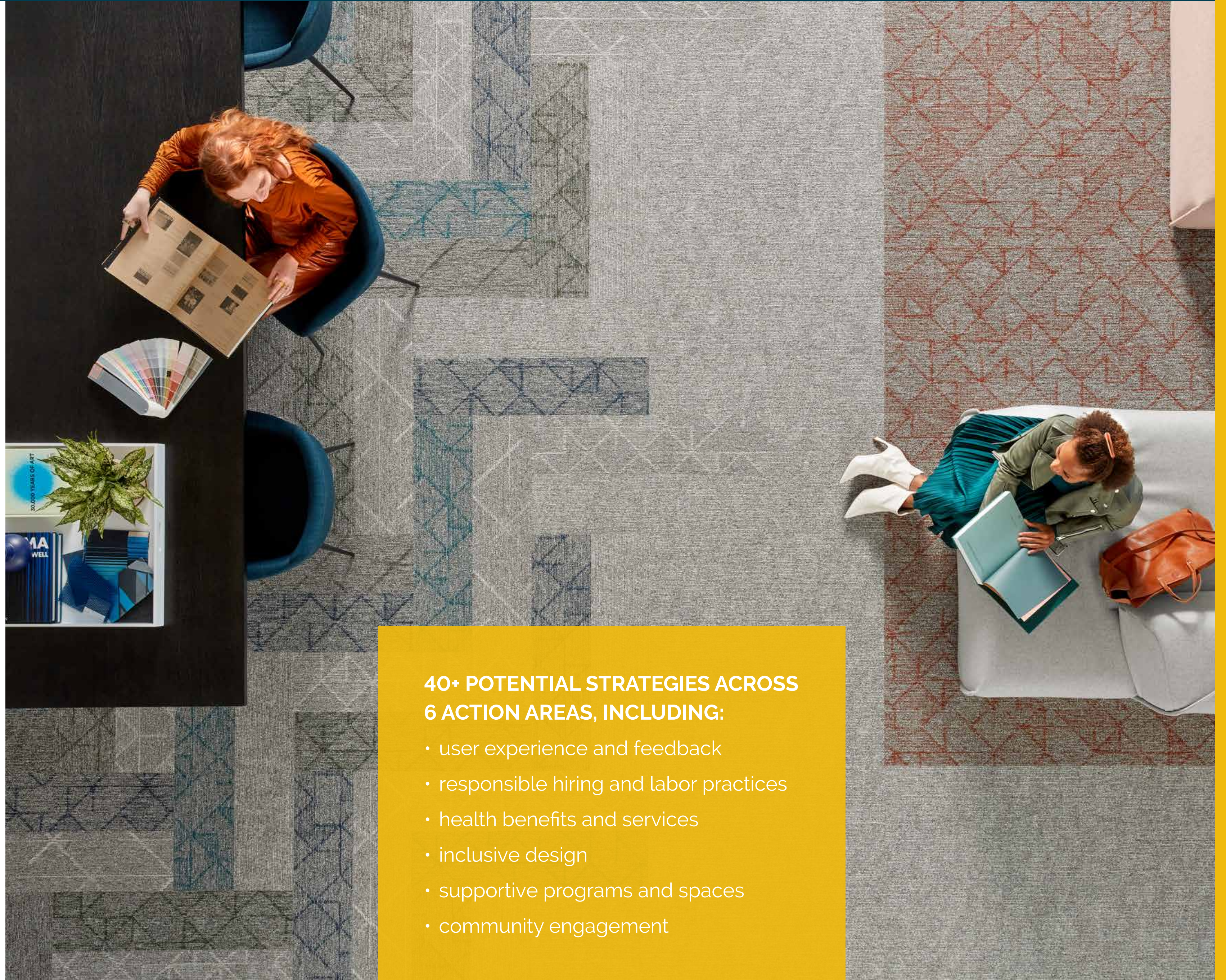
Across our community education efforts, Shaw encourages participation from diverse and underrepresented groups to ensure that all students have the opportunity to identify their passion and aptitude for STEAM careers. Mentorships and coaching from Shaw associates are instrumental in these programs, ensuring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

WELL EQUITY RATING

In December 2022, Shaw became one of the first organizations in the world to enroll in pursuit of the International WELL Building Institute’s (IWBI) WELL Equity Rating, which will advance our diversity, inclusion and accessibility goals, and further enhance company culture and employee health. The Equity Rating is a set of evidence-based strategies drawing from the IWBI’s WELL Standard — oriented around transforming how places are designed, operated, and managed to create environments where everyone can thrive.

The WELL Equity Rating aligns with Shaw’s commitment to creating a better future for both people and the planet. Adopting an action-oriented approach, Shaw aims to create equitable, people-first spaces addressing the needs of marginalized and underserved populations. The rating serves as an added, tangible path to uphold our DEI commitments, transforming workplaces into environments where everyone thrives and shows up authentically. In 2023, Shaw will undergo third-party verification to validate our policies and actions in accordance with the standards of the rating.

Pursuing the WELL Equity Rating is part of Shaw’s culture of continuous improvement, focusing on hiring and retaining diverse talent, fostering growth and innovation. Studies demonstrate that diverse and inclusive workplaces lead to increased job satisfaction, innovation, productivity, and profitability.



40+ POTENTIAL STRATEGIES ACROSS 6 ACTION AREAS, INCLUDING:

- user experience and feedback
- responsible hiring and labor practices
- health benefits and services
- inclusive design
- supportive programs and spaces
- community engagement

NO MATTER WHERE OR
BY WHOM A PRODUCT
OR INGREDIENT IS MADE,
IT IS HELD TO SHAW'S
SUSTAINABILITY STANDARDS.



**60% OF OUR
ALLOWABLE
SPEND* IS
WITH SMALL
AND DIVERSE
BUSINESSES**

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

At Shaw, we are committed to ensuring that no matter where in the world a product or ingredient is made or sourced, it is held to Shaw's sustainability standards.

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 \$7 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.

We also bring our focus on diversity and inclusion to the way we manage our supply chain. We can have a significant impact on the businesses in our community by providing equal access to Shaw's purchasing opportunities to all qualified suppliers. To promote supplier participation that is reflective of our customers and communities, we intentionally expanded our supplier diversity program to include small-, women-, veteran-, minority- and LGBT-owned businesses. Our success and theirs is interconnected. Our supplier diversity spend is consistently increasing. In 2022, it was 60 percent of allowable spend up from 42 percent in 2021.*

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

The UN Global Compact and its principles align with our culture and operations. Shaw is a proud signatory, and these standards and expectations extend to our suppliers.

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

OUR SUSTAINABLE SOURCING POLICY

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

CHEMICAL POLICY & RESTRICTED SUBSTANCES LIST

Shaw Industries has long been committed to sustainable sourcing policies and processes to monitor its supply chain and make informed decisions for creating safer and more sustainable products. In early 2023, we publicly released our Chemical Policy & Restricted Substances List (RSL) for suppliers, streamlining the process and enhancing transparency. This move facilitates suppliers’ compliance with Shaw’s requirements, ensuring that the supply chain aligns with our sustainability goals.

The RSL consists of chemicals and substances that Shaw either prohibits or limits in its products due to potential negative health or environmental impacts. Adhering to the principles of Cradle to Cradle design, Shaw assesses the ingredients used in our products against stringent standards, helping to ensure they are safe, circular, and designed for people and the planet. By making the RSL public and easily accessible, Shaw Industries demonstrates our commitment to sustainability, material health, and environmentally responsible practices throughout our supply chain.

TEN PRINCIPLES OF THE UN GLOBAL COMPACT

- 

1 SUPPORT
and respect the protection of internationally proclaimed human rights
- 

2 ENSURE
that your company is not complicit in human rights abuses
- 

3 UPHOLD
the freedom of association and the effective recognition of the right to collective bargaining
- 

4 ELIMINATE
all forms of forced and compulsory labor
- 

5 ABOLISH
child labor
- 

6 ELIMINATE
discrimination in the workplace
- 

7 SUPPORT
a precautionary approach to environmental challenges
- 

8 PROMOTE
greater environmental responsibility
- 

9 ENCOURAGE
the development and dissemination of environmentally friendly technologies
- 

10 WORK
against corruption in all its forms, including extortion and bribery

REPORTING CYCLE

Our sustainability reporting follows an annual cycle based on the calendar year. This report covers January 1, 2022, to December 31, 2022. Our most recent sustainability report was published in 2022 for the calendar year 2021. 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

- In 2022, 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 2022.
- All references to currency are in U.S. dollars.

FEATURED PRODUCTS**Page 3:**

Anderson Tuftex, Grand Estate Collection

Page 11:

Patcraft, Spacial Palette

Page 12:

COREtec Collection

Page 14:

Shaw Floors, Retro Apiary Collection

Page 17:

Patcraft, Colour and Texture Fusion Collection

Page 19:

Philadelphia Commercial, Collective Energy Collection and Color Scope

Page 23:

Shaw Contract, Shifting Fields Collection

Page 28:

Shaw Contract, Teamwork Collection

Page 29:

Shaw Floors, Simply the Best Collection

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