

where sustainability is personal





Shaw Industries Group, Inc.
Corporate Sustainability Report 2009

Sustainability through Innovation™ That's the Shaw Green Edge®

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

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

Because setting the standard for environmental excellence, social responsibility and product design is more than our responsibility. It's also good business. And it's our legacy.



Cradle to CradleSM and Cradle to Cradle Certified^{CM} are service and certification marks of MBDC.

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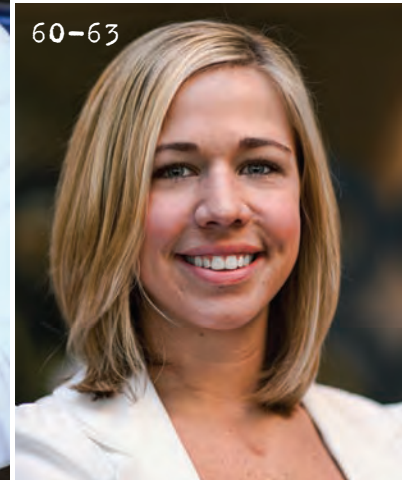
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For as long as we've been in business, the tenets of sustainability have been part of Shaw's DNA.

Our belief in making sure our products and practices meet the highest standards for human and environmental health, safety and responsibility is a fundamental part of the way we do business. And our belief that private enterprise can and will be the driver of change in addressing the environmental and social challenges faced by today's world underscores our commitment to sustainability through innovation – the Shaw Green Edge®.

The Shaw Green Edge is our strategy for sustainability — one that encompasses the continuous improvement of our products, processes and practices to make them better for our consumers, our communities and our planet. Over the years, this commitment has helped us provide comfort, warmth and inspiring design to indoor environments around the world — all the while knowing the products we create are as sustainable as they are beautiful. It's a commitment driven by the recognition that the companies who willingly seek out and adopt new protocols for

sustainable business today stand to make a difference now — and for generations to come.

Sustainability is also a commitment shared personally by each and every Shaw associate. As you will see in the following report, it's one we try hard to demonstrate in everything we do, every day.

Individually and collectively, this drive was stronger than ever in 2009 as we faced the ongoing challenge of the global economic downturn. More than ever before, declines in the housing market and construction industry, along with continued fluctuations in fuel and raw materials costs, challenged every aspect of our business.



While our financial stability and essentially debt-free balance sheet helped ensure our continued long-term success, the plant closings and workforce reductions we have had to enact in the short term weighed heavily upon us. As a result, we spent last year working even harder to strengthen our triple bottom line — investing in people, processes and an increasingly diverse product portfolio to support our environmental, social and economic sustainability far into the future.

Guided by our Growth & Sustainability Council, we focused on expanding our family of eco products with innovative product design and increased product recycling capacities, continuing to improve the health and safety of our people, promoting social responsibility at the associate and organizational level and moving closer to achieving our environmental goals for energy, greenhouse gas, water and waste reduction. While our progress in some areas was affected by lower efficiencies in our operations due to slow economic conditions, the initiative and dedication of associates across our organization helped keep us on the path forward.

We also invested significant capital last year in major projects designed to drive our leadership in sustainability within the flooring industry. These projects include Re2E, a new energy facility using proprietary technology that will dramatically increase our capacity for reclaiming post-consumer carpet and our access to a sustainable source of alternative fuel; Clear Path Recycling, LLC, a joint-venture with DAK Americas to build and operate the largest plastic bottle recycling facility in North America and a new strategic business unit whose sole mission is to create innovative products from post-consumer carpet.

The further diversification of our product portfolio in 2009 included the introduction of hardwood to our already broad collection of Cradle to Cradle Certified^{CM} products. With its concepts of reverse engineering, waste elimination, safe chemistries and closed-loop technologies, Cradle to CradleSM design helps us ensure our products meet some of the world's most rigorous standards for human and environmental health and safety. In fact, two of our fastest growing — and most profitable — products (EcoWorx[®] carpet tile and broadloom, and Epic[®] Hardwood) are Cradle to Cradle Silver Certified.



Beyond bricks, mortar and products, however, our work last year was also far more personal.

Our people are truly the foundation of our sustainability strategy; our accomplishments last year — and our accomplishments every year — are thanks to the ingenuity, experience, skill and dedication of one of the world's most talented groups of professionals.

Together last year, our associates self-reported more than 130,000 hours of personal time to hundreds of meaningful causes in communities across the United States and around the world. From tutoring and mentoring in local schools and after-school programs to building homes or serving meals for those in need, there is no better demonstration of our core values at work than the collective commitment to doing good and giving back shared by all Shaw associates.

In a world that continues to struggle with the weight of the economic crisis, we remain hopeful, optimistic and committed to showing — by example — that sustainability and innovation are inextricably linked and that they are indeed the primary guarantors of long-term success.

Vance D. Bell, CEO, Shaw Industries Group, Inc.



A Note from Warren Buffett

Companies today have to consider what kind of impact their decisions will have on both their businesses and the planet — ten, twenty, thirty or forty years from now. And when in doubt, it's wise to err on the side of the planet.

Shaw Industries has consistently worked on the side of the planet and good business, operating at that all-important intersection between innovation and sustainability. As a result, Shaw has continued to find strength and opportunity in the face of some

of the most challenging economic conditions the flooring industry has ever faced. And as we move toward a new and ultimately stronger economic landscape, Shaw's continued investment in people and innovation, and its commitment to corporate transparency, accountability and responsibility, ensure the company is well-positioned for a bright and sustainable future.

Warren Buffett, CEO, Berkshire Hathaway Inc.

About Shaw Industries Group, Inc.

Headquartered in the United States in Dalton, Georgia, Shaw Industries Group, Inc. is the world's largest carpet manufacturer and a leading floor covering provider with more than \$4 billion in annual sales and 25,000 associates worldwide. Shaw is a C corporation and is a wholly owned subsidiary of Berkshire Hathaway Inc.

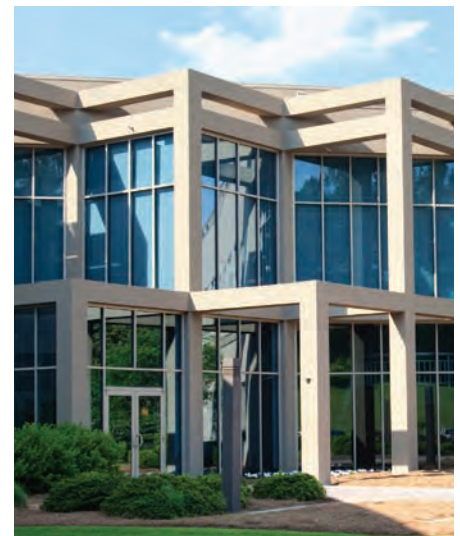
A full flooring provider to the residential and commercial markets, Shaw supplies carpet, rugs, hardwood, laminate, resilient, and tile/stone flooring products, as well as synthetic turf. Ninety-five percent of Shaw's products are distributed within the US, and five percent worldwide. The company operates wholly owned administrative, distribution and manufacturing operations within the US, as well as several joint-venture companies in the US and a joint-venture company in Mexico. Shaw also operates sales offices in Australia, Canada, China, Singapore and the United Kingdom as well as the US.

Our Mission

We will exceed our customers' expectations in quality, service and value, while continually increasing our value to stakeholders and providing growth opportunities for our people. We will accomplish this in an environment that values and respects the varied backgrounds of all people.

Operational Structure

The company has five primary operating divisions: Residential Carpet, Commercial Carpet, Hard Surfaces, Shaw Living and Spectra Contract Flooring.



Governance

Shaw Industries Group, Inc. is governed by a board consisting of the CEO and President of Shaw Industries Group, Inc., and the CFO of Berkshire Hathaway, Inc. Strategy is set by the senior management group of Shaw Industries Group, Inc. Resolutions are submitted via the Berkshire Hathaway shareholder process. To ensure sustainability is fully integrated into our business model, Shaw has implemented a Growth & Sustainability Council comprised of senior leadership from all business and functional areas of the organization. Employee engagement and consulting on the company's economic, environmental and social performance are facilitated through charter work teams implemented by the Shaw Growth & Sustainability Council. (See page 16 of report for more information).



Seated: **Hal Long**, Executive VP Operations; **Vance Bell**, CEO
Standing: **Ken Jackson**, CFO; **Randy Merritt**, President

2009 Revenue, Earnings & Capital Expenditures

Although market conditions resulted in changes to our anticipated revenue and earnings for 2009, we continued to maintain an essentially debt-free balance sheet for the year.

	2006	2007	2008	2009
Revenue	\$5,834	\$5,373	\$5,052	\$4,011
Earnings	\$594	\$436	\$205	\$144
Capital Expenditures	\$189	\$144	\$173	\$186

**all values represented in millions*

2009 at a Glance

- 25,108 associates
- \$4.011 billion annual revenue
- < \$10 million debt
- \$2.5 billion equity
- \$3.5 billion total assets
- 95% revenue US-based; 5% revenue from rest of world
- 95% operating costs US-based; 5% in rest of world
- 1.975 billion pounds total annual product
- 1 facility acquisition; 8 facility closings
- No changes to capital structure

** all values USD*

Our Brand



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

Market Brands



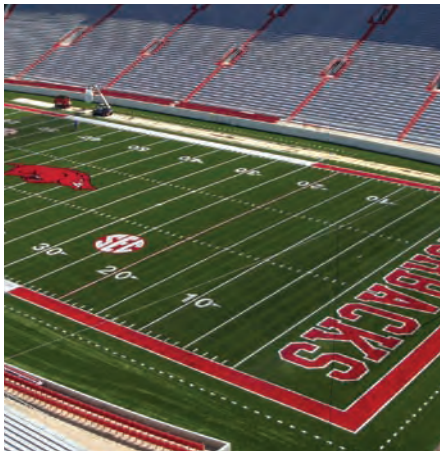
shaw contract group®

shaw | HOSPITALITY GROUP™



Product Ingredient Brands





Our Products

Carpet	Laminate
Carpet Tile	Tile & Stone
Rugs	Resilient
Hardwood	Sports Turf



Associate Profile

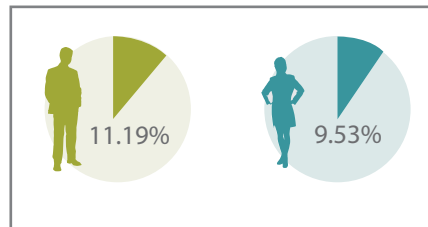
Our associates reflect the fact that diversity is about more than race, age or gender. It's about respect for each other. As we employ and develop talented people with varied backgrounds and experience, we solidify our commitment to the highest standards of social responsibility — and our position as a world-class company.

	DOMESTIC			INTERNATIONAL					
	Fixed Contract	Temporary Contract	Total	Australia	UK	Canada	Asia/Pacific	Associate Total	
Full-time	24,852	20	24,872	8	5	79	9		
Part-time	135	0	135	0	0	0	0		
Total	24,987	20	25,007	8	5	79	9		
Domestic Turnover			International Turnover						
10.56%			0%	20%	14%	0%			

Turnover by Age

Under 30	23.05%
30-50	8.92%
Over 50	8.60%
Total	10.56%

Turnover by Gender



Randy Merritt

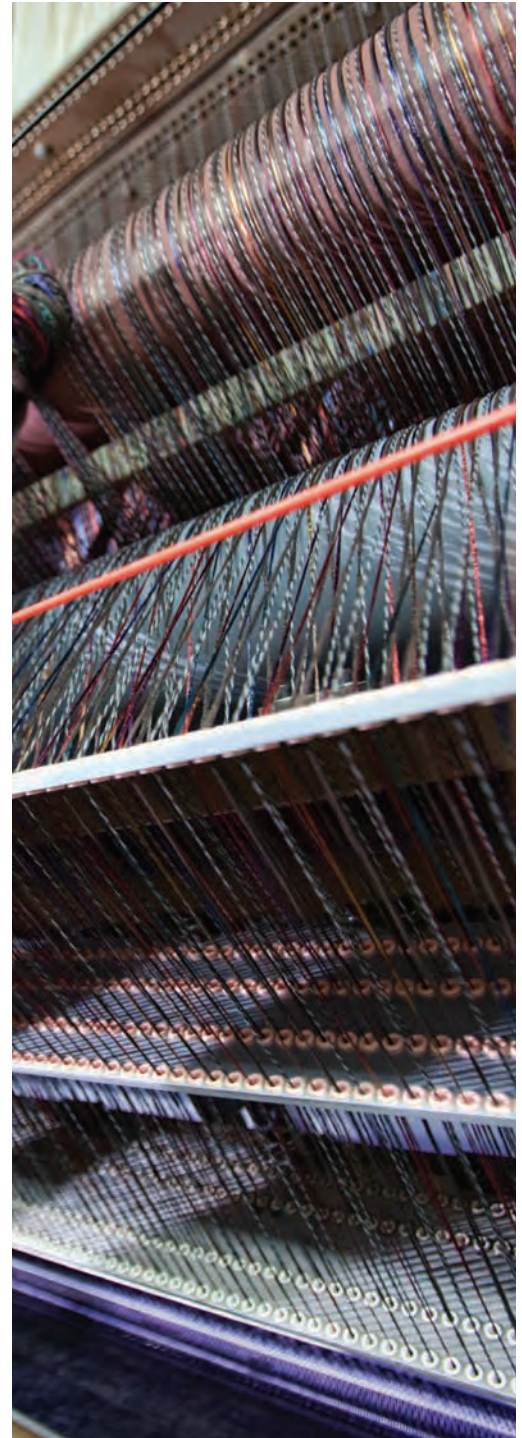
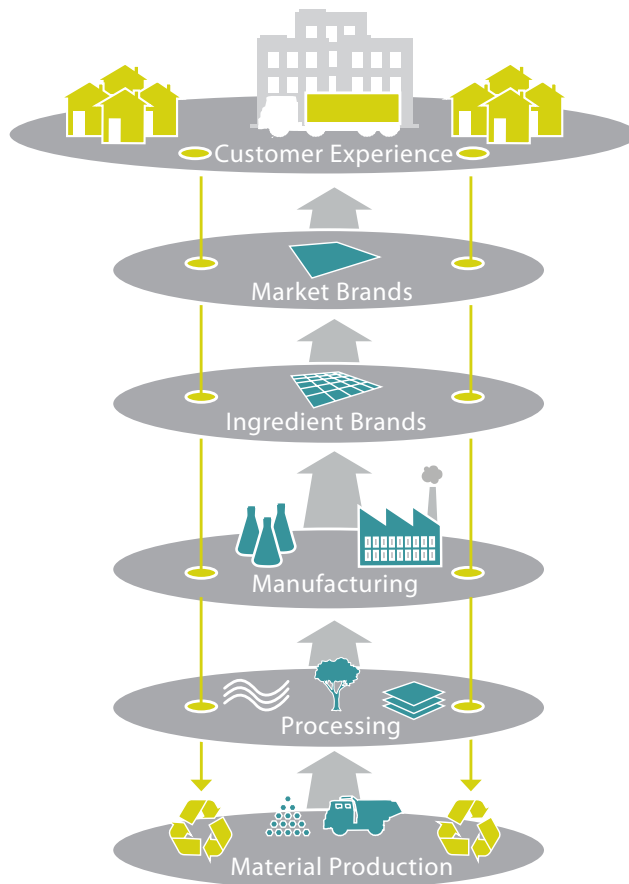
“We are proud of the diversity of our organization and know that embracing the contributions made by all associates is key to achieving our collective best. We are committed to being an inclusive company where all people are recognized for their individuality, promoted based on performance and encouraged to reach their full potential. This diversity makes Shaw a stronger, more vital business — and a place where great people of different experiences and talents come together.”

Randy Merritt, *President*

Vertical Integration

From raw materials to sales, marketing, distribution and project management, we are a fully vertically integrated organization. Our footprint includes:

- Nylon monomer and polymer manufacturing
- Largest carpet fiber extrusion capacity in the world (Shaw manufactures 95 percent of the fiber necessary for our carpet manufacturing operations)
- Carpet backing manufacturing
- 30th largest private distribution fleet in the United States
- Evergreen, the world's only full scale commercial depolymerization facility for recycling Type 6 nylon





where doing business means doing
the right thing

"The decisions we make as a company can have a direct impact on our environment, and on our communities. That's why it's important to me to be part of an organization that shares my commitment to doing the right thing, every time."

Jeremy Tran

Financial Systems Co-op



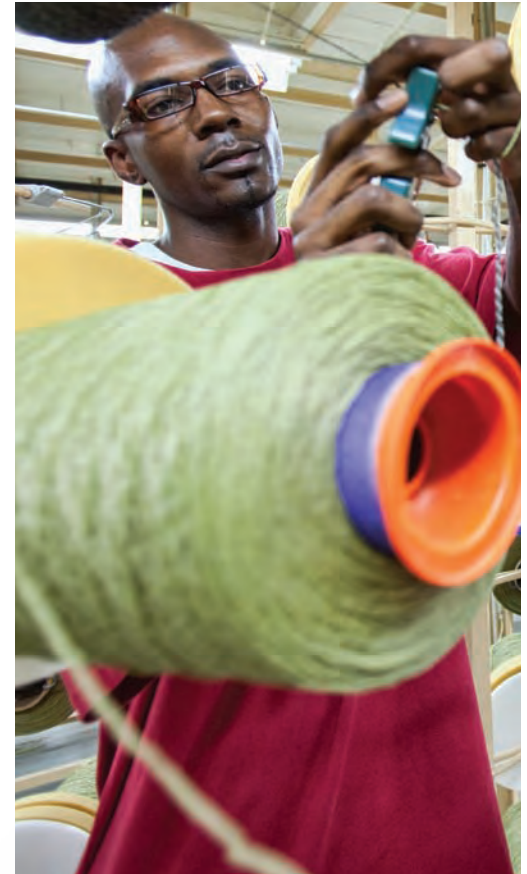
Our company was built on dedication to doing the right thing — and doing it well.

That's why sustainability at Shaw is an integral part of our collective drive to make sure our business — and our actions — reflect constant attention to our triple bottom line: social, environmental and economic responsibility. It's also the reason we're constantly looking for new ways to improve every aspect of our business, every day.

Built upon the three pillars of sustainability — corporate governance and social responsibility, operational and environmental excellence and innovative products and services — our commitment to sustainability drives us to do just that: innovate now for a better tomorrow.

A Cradle to Cradle Philosophy

Our commitment to developing innovative, sustainable products is built on a Cradle to Cradle philosophy. Based on nature's own cycle, Cradle to Cradle design principles include a commitment to using ingredient materials that are as safe as possible for human health and our environment — and to designing products so they can be reclaimed, disassembled and remanufactured back into themselves at the end of their useful lives. Again and again, and again.



Michael Larson, Manufacturing Associate

Corporate Strategic Objectives

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

**We're driven by
three core values:**

**Honesty, Integrity and
Hard Work**



Awards & Recognition

Our sustainability leadership is widely acknowledged within the flooring industry and beyond. In 2009, we received the following awards and recognition for our leadership in product innovation, environmental responsibility and social responsibility:

- **Recycler of the Year** award from the Carpet America Recovery EffortSM (CARE) for leadership in the reclamation and recycling of post-consumer carpet
- **CalRecycle's Waste Reduction (WRAP) Awards** for Shaw's waste reduction leadership at four manufacturing facilities in Santa Fe Springs, California
- Georgia Department of Labor **Director's Safety Award**
- Named to *Selling Power*[®] magazine's "Top Manufacturing Companies to Sell For"
- Named to *Training* magazine's "Training Top 125"
- American Floorcovering Alliance **Floortek Environmental Award** for sustainability leadership and our Evergreen Nylon Recycling facility
- *Architect* magazine **R&D Award** for Shaw's Cradle to Cradle Silver Certified^{CM} EcoWorx[®] Broadloom and Performance Broadloom commercial carpeting
- *Floor Covering Weekly* **First Annual GreenStep Awards**:
 - **GreenStep Pinnacle Award** for sustainability leadership
 - **GreenStep Process Award** for Shaw's Evergreen Nylon Recycling facility
 - **Environmental Leadership Promotion Award** for the Shaw Green Edge
 - **Environmental Leadership Pinnacle Award** in recognition of Anderson Hardwood's Don Finkell's leadership on the United States Lacey Act amendment

For previous years' awards and recognition, please visit www.shawgreengedge.com/recognition.shtml.

Our Strategy

We recognize sustainability as a vital element of our long-term business model,

so in 2007 we established the Growth & Sustainability Council to drive sustainable business practices through every aspect of our business. Comprised of our executive team and senior leaders from across the company, the Council convenes quarterly to assess progress, set goals and ensure the alignment of our sustainability strategy with Shaw's long- and short-term corporate objectives. The Council also oversees strategic work teams that facilitate, manage and report to the Council on five critical areas of sustainability and growth at Shaw:

- Materials recovery and stewardship
- A Shaw family of 'eco' products
- A competitive, sustainable energy strategy
- Safety, health and environmental excellence
- Corporate social responsibility



Richard Ramirez

Our Goals

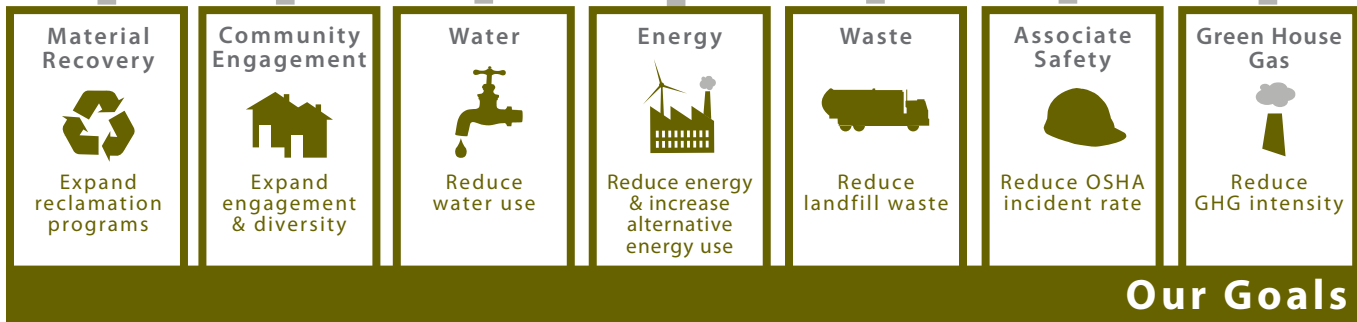
To help reduce our environmental footprint, the Council has set the following measurable, deadline-driven goals:

- Reduce energy intensity by 25 percent
- Increase use of energy from alternative sources to 10 percent by 2017
- Reduce post-industrial waste to landfill by 90 percent by year-end 2011, starting with a 25 percent reduction by year-end 2009, and a 50 percent reduction by year-end 2010
- Further reduce water intensity by 25 percent by year-end 2010, and 40 percent by year-end 2016
- Meet OSHA Incidence Rate of less than 1.0 by year-end 2010
- Reduce greenhouse gas (GHG) intensity by 20 percent by year-end 2017

"Shaw, as have the majority of progressive corporations, has made the business case for sustainability. Our leadership team has integrated sustainability into our business model, strategy and operational plans to assure long- and short-term business success. What differentiates our sustainability journey is our people. The daily commitment, innovation and passion of our associates to drive sustainable business practices for the benefit of our customers, our communities and our company, is the engine of our continuing industry leadership in sustainability and provides Shaw with a unique competitive advantage."

Richard Ramirez, VP Corporate Sustainability & Environmental Affairs

Sustainability through Innovation™ That's the Shaw Green Edge®



Safety, Health & Environmental Policy

As a global manufacturing leader, Shaw Industries Group, Inc. is firmly committed to safety, health and environmental excellence, both in its facilities and in the communities in which it operates.

Shaw is committed to complying with all applicable safety, health, and environmental laws and regulations.

Our people, products, and operations respect and comply with all applicable safety, health, and environmental laws and regulations. We educate associates in safe and healthful work practices and environmental protection measures, and expect compliance to safety, health, and environmental requirements.

Shaw is committed to ensuring that our operations are focused on reducing their impact on the environment and are safe and healthful for our associates and visitors and the surrounding community.

Shaw is dedicated to designing, constructing, maintaining and operating our facilities and transportation assets in a manner that protects our people, our communities, the environment and our physical resources.

All Shaw associates, and those who work on our behalf, have a personal responsibility for preventing harm to themselves, others and the environment by understanding and following the company's safety, health, and environmental rules and procedures.

Shaw is committed to continuous improvement, assessing and reporting our progress, and sharing best practices throughout all levels of the organization.

We establish challenging objectives and measure our progress to ensure continuous improvement in safety, health, and environmental performance.

We hold ourselves accountable for implementing this policy through regular management reviews, by setting goals, measuring and communicating our performance and progress, and by fostering a culture of continual improvement.

Shaw is committed to improving the positive interaction of our businesses with our people, the environment, our communities and our customers with methods that are socially responsible, scientifically based, and economically sound.

We actively pursue and implement innovative processes to reduce our impacts on the environment through recycling and other measures and, the conservation of natural resources.

We encourage our associates to give back to their community through volunteering and serving in leadership positions within community organizations. Shaw promotes healthy lifestyles through education, programs and incentives for wellness initiatives.

Shaw is committed to designing the most sustainable products possible.

Consistent with Shaw's commitment to a Design for Sustainability framework and the Cradle to CradleSM philosophy, which applies safe materials and processes with products designed to be deconstructed and remanufactured back into themselves over and over again, we expect our associates and our suppliers to comply with Shaw's standards.

Shaw is committed to taking responsibility for our product.

We are committed to strategic partnerships and investments to reclaim and find innovative uses for our products at the end of their useful life. To this end, Shaw will educate and inform its customers and partners about the benefits of Cradle to Cradle design, life cycle studies and, the environmental benefits of product reclamation.

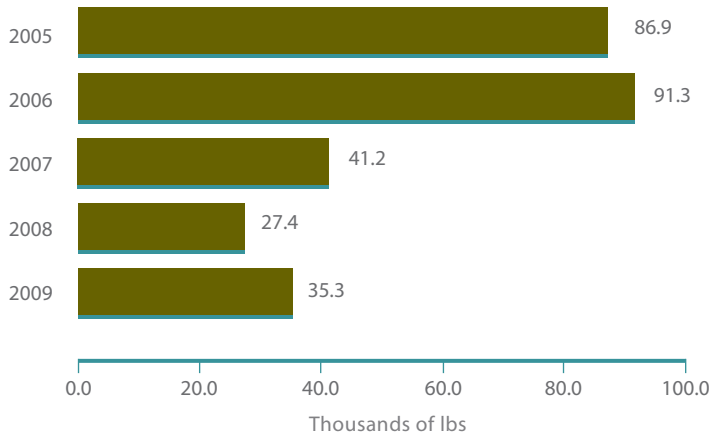
Shaw is committed to promoting awareness, implementation and compliance assurance of its Safety, Health, and Environmental Policy.

Safety, health, and environmental considerations are an integral part of our corporate strategic objectives, our Shaw Green Edge Sustainability Commitment, Enterprise Excellence, and our Code of Conduct. We continually strive toward a culture of safety, health, and environmental performance excellence. We communicate this policy publicly and to our associates, suppliers, partners and other stakeholders.

Management has the responsibility for assuring that this policy is implemented through specific management systems, programs, initiatives, practices and procedures.

Environmental Performance

Reportable Environmental Releases Under EPA Toxic Release Inventory (TRI)



TRI Releases for the US	
2005	4.363
2006	4.319
2007	4.108
2008	3.861

* in billions of lbs

Source: USEPA

The increase in TRI releases in 2009 (compared to 2008) can be attributed to on-site wastewater treatment operations, not to any increased releases from Shaw's manufacturing processes.

The US Environmental Protection Agency (EPA) Toxic Release Inventory reporting rule applies to environmental releases to air, water and land above threshold quantities defined by the EPA for over 650 chemicals and chemical categories. The rule now comprises almost 22,000 reporting facilities in the US. Shaw's 2008 TRI releases represent less than 0.001 percent of the 2008 TRI releases reported.

Total Number of Significant Spills

	2007	2008	2009
Total Reportable Environmental Spills	0	0	0

A reportable environmental spill is defined at Shaw as a chemical exceeding US EPA Reportable Quantity (RQ) values and migrating off-site.

Compliance/Environmental Citations

	2005	2006	2007	2008	2009
Number of Notices Citation Events	0	1	1	1	2
Environmental Fines Paid (total in USD)	\$0	\$11,660	\$10,821	\$10,020	\$9,400
Number of EPA Final Administrative Penalty Orders (US Total)	2,273	4,624	2,256	2,084	1,916
Administrative & Judicial Penalties Assessed (Millions USD)	\$153.9	\$123.8	\$70.5	\$126.6	\$90.1

Source: USEPA

where **partnerships**
shape our future

"Every day brings a new challenge, and I love the fact that I'm always learning something new, but there's nothing better than knowing I have fulfilled a customer's needs. I'm proud to be part of a company dedicated to creating a better planet for everybody — and I know it's important to the customers I work with on a daily basis. They share our belief that it's good for the business, good for our environment and good for all of us."

Ramona Reyes-Perez

Customer Specialist



Now more than ever, consumers have very real concerns about the sustainability of the products they choose...

and the companies behind those products. That's what makes our relationships with our customers, our suppliers, our stakeholders, and our own associates so important: the more we understand their needs, the better we're able to meet those needs.

Customer Engagement

We see our relationships with customers as the cornerstone of our business.

So, in addition to the many individual connections our service, sales and customer service representatives forge with flooring retailers, builders, facilities managers, sourcing managers, architects and designers, we invite regular feedback and communication through customer surveys, focus groups and councils — all with a single intent: to share the needs, ideas and perspectives that will help all of us grow.

"Every customer is different — and if we can make products to match their diverse needs and tastes, we can sustain our business for the long term. In 2009 we continued to diversify our product mix by expanding our hard and soft surfaces divisions (including commercial, pad, rugs and sports turf), and by continuing the development of eco-friendly flooring in every product category — making sure we offer products that are varied enough to fit every budget, every workplace and every lifestyle in the process."

Kathy Young, Creative Director



Kathy Young (L) with **Heather Yamada**, Marketing Manager



Joyce Fownes

"There was a day when, as interior designers, we thought primarily about aesthetics, durability and cost. Although these issues are still extremely important, sustainability now takes precedence. Recognizing that flooring can have a major effect on indoor air quality, landfill waste and other potential environmental impacts, Shaw always meets or exceeds our expectations for taking environmental and social responsibility for their products. With our shared philosophies and objectives for sustainability, we consider Shaw a partner in shaping the future of how we will protect, preserve and restore our environment."

Joyce Fownes, RID, LEED AP, Principal, Perkins+Will, Atlanta, Georgia, US

Associate Engagement

Our associates are the driving force behind the strategies and initiatives that make sustainability an integral part of our business plan. The following opportunities are some of the myriad of ways we ensure a “closed loop” of engagement, dialogue and action from our executive leadership and senior management through to every corner of our organization:

- **Quality Improvement Teams and LEAN/Six Sigma** work groups convene regularly to address opportunities to make our operations faster, easier and more efficient.
- **Weekly “first day back” meetings** provide time and opportunity for associates at our manufacturing facilities to get important safety updates, as well as ask questions and share ideas.
- **Monthly lunch gatherings** offer our executive team the opportunity to connect directly with associates throughout our organization.
- **Town hall meetings, engagement surveys and regular internal communications** give all associates frequent opportunity to engage in dialogue about the quality of work and life at Shaw.



Rotilio Calderon, Manufacturing Associate



Lisa Rodriguez-Seda

“Everything we do at Shaw affects our customers, our communities, and our people. That’s why we have a responsibility to make sure their values and their needs are reflected in the decisions we make and the culture we create. It starts with our commitment to fostering a work environment that allows all Shaw associates the opportunity to use — and to be recognized for — their diverse skills, experiences and talents.”

Lisa Rodriguez-Seda, Diversity Manager

Supplier Engagement

We believe our suppliers should represent the same diversity as our customers and our associates.

They should also share our commitment to environmental and social responsibility. That's why we are committed to strong supplier relationships which are some of the most important partnerships we can have. We make sure each supplier has a direct, personal contact at Shaw to offer help, answer questions and, most important, listen to their needs.

In September 2009, we introduced a supplier survey designed to assess a supplier's commitment to sustainability. The survey asked each supplier to share information about their company's commitment to environmental responsibility, diversity, human rights and ethical business practices. Used in conjunction with our formal supplier qualification process, the survey data helps us ensure our suppliers' sustainability practices are aligned with our own.



Shannan Billings



"Sustainability is not limited to our raw materials and finished products. It encompasses our sourcing practices with small and diverse suppliers, our interaction with our communities, and the way we engage our associates. Because our suppliers are such a critical part of this commitment, we're constantly working to make sure the materials and services we source come from companies that share our dedication to the highest standards of environmental and social responsibility."

Shannan Billings, Raw Materials Purchasing Manager

Supplier Diversity Policy

We're dedicated to working with the widest possible scope of suppliers for all aspects of our business, and it's our policy to provide all suppliers with a fair and equal opportunity to conduct business with us. We welcome bids from qualified small and diverse businesses and actively encourage our associates to foster working relationships with those businesses — including small disadvantaged businesses, woman-owned businesses, hub zone small businesses, veteran-owned small businesses and service-disabled veteran-owned small businesses. Our Sourcing Teams are also encouraged to include qualified small and diverse businesses on all lists of qualified bidders receiving requests for proposals from Shaw.

Stakeholder Engagement

Taking an active role in trade and industry organizations is an essential part of shaping our future. In addition to the professional memberships and leadership roles held by individual Shaw associates and divisions, we hold corporate and/or organizational memberships in the following:

Corporate Memberships

- Carpet and Rug Institute™ (CRI)
- Carpet America Recovery EffortSM (CARE)
- Floor Covering Industry Foundation (FCIF)
- Georgia Traditional Manufacturers Association (GTMA)
- Hardwood Plywood and Veneer Association® (HPVA)
- Hardwood Federation (HF)
- Hardwood Federation Political Action Committee (HFPAC)
- Hardwood Forestry Fund (HFF)
- National Association of Manufacturers® (NAM)
- National Safety Council® (NSC)
- National Wood Flooring Association® (NWFA)
- South Carolina Forestry Association (SCFA)
- South Carolina Manufacturer's Association (SCMA)
- The Conference Board®
- United States Chamber of Commerce (USCC)
- United States Green Building Council® (USGBC)
- World Floor Covering Association® (WFCA)



Corporate Affiliations & Partnerships

- The American National Standards Institute® (ANSI)
- Clean Production Action - Green Screen for Safer Chemicals
- The Climate Registry®
- Cradle to CradleSM/McDonough Braungart Design Chemistry (MBDC)
- EPA SmartWay® Transport Partnership
- EPA Waste Wise
- GREENGUARD® Environmental Institute
- The Green Products Innovation Institute (GPII)
- The Keystone Center – Green Products Roundtable
- The Make It Right® (MIR) Foundation
- Masco Environments for Living®
- Partnership for Sustainable Georgia (PSG)
- Scientific Certification Systems (SCS)
- United States Department of Energy
- United Way®





where **vision** meets investment

“We know the impact of our business extends far beyond the bottom line. That’s why our approach to economic responsibility is simple: invest for the long-term in resources that aren’t just good for the balance sheet, they’re good for the communities and the environment.”

Ken Jackson

Chief Financial Officer

It's easy to lose sight of the triple bottom line during challenging economic times, but we believe that's when it matters most.

Although a continued downturn in the residential housing and construction markets affected our short-term financial performance in 2009, we continued to invest for the long term in innovations designed to support our social, environmental and economic commitment to sustainability. In 2009, our significant investments included:

Clear Path Recycling™ - We formed a joint-venture with DAK Americas to build Clear Path, the largest plastic bottle recycling facility in the United States. Located in Fayetteville, North Carolina, Clear Path is slated to open in 2010.

Re2E or "Reclaim to Energy"- We announced Re2E, the world's first energy facility fueled totally by reclaimed carpet and carpet production waste. Located in Dalton, Georgia, Re2E will use post-consumer carpet and carpet waste from our manufacturing operations in a proprietary process to generate steam energy and electricity for an adjacent manufacturing facility. Following its launch in 2010, Re2E will convert more than 84 million pounds of reclaimed carpet into energy.

We reclaimed energy from 11.4 million pounds of wood flour waste and 9.9 million pounds of post-industrial carpet waste last year at our existing waste to energy facility in Dalton, Georgia.

Shaw Sportex Construction Services - Shaw acquired one of the leading synthetic turf companies in North America. Sportex has demonstrated industry leadership in both quality and innovation for more than two decades with over 700 successful installations.



Re2E construction site

"Re2E was designed to help us divert even more post-consumer carpet from landfills, and to use the energy in that carpet to provide steam for the manufacturing of new carpet. In addition to producing steam, the facility will also generate electricity — further reducing our use of coal, oil and natural gas. This is the first facility of its kind in our industry, and another way we are working to develop newer, more innovative methods for eliminating landfill waste. It's also one more way we are working to make the earth an even better place."

Reese Graves, Staff Engineer, Corporate Engineering

Creating New Jobs

Last year, our two most profitable products were also two of our most innovative and sustainable.

Demand for our Epic hardwood® and EcoWorx® carpet backing (both Cradle to Cradle Certified™ products) increased significantly in 2009 despite challenging market conditions. As a result, we actively invested in the resources and people we need to continue to meet rising market demand for these and other environmentally responsible products.

We also invested in our new Clear Path Recycling™ facility in Fayetteville, North Carolina last year to help us meet demand for environmentally friendly residential products made with fiber from recycled PET. During the first phase of construction, Clear Path will generate new jobs for members of the Fayetteville community and surrounding area.

A shift in customer demand from staple yarn products to filament yarn products resulted in the closing of several Shaw facilities. To meet this filament demand — and to bring jobs back to a community hit hard by the economic downturn — we recommissioned an idled facility in Calhoun, Georgia.

Working in partnership with the Gordon County, Georgia Development Authority and the State of Georgia, we began the recommissioning process in late 2009. Scheduled to reopen in 2010, this facility will generate as many as 200 new jobs for residents of the Calhoun area.

And through our partnership with the Georgia Quick Start® program, the new (and returning) Shaw associates also will have the opportunity to participate in training programs designed to help them hone vital skills and experience operating the most current manufacturing systems and processes. Recognized as one of Georgia's key assets for supporting new and expanding industries, the Georgia Quick Start program provides classroom-based and on-site workforce training and skills development throughout the state of Georgia.



Israel Olquin, Manufacturing Associate



where people are our
most valuable resource

“I have a personal obligation to help offer the same opportunities to my co-workers as those I have had during my 32 years (and counting) with Shaw — including helping find new and different ways of making our company better today than the day before. From maintaining our grounds and buildings to finding ways to make our products with less environmental impact and less waste, it’s my job to help make the changes we need to leave as small a footprint as possible. Every day offers a new and different challenge — and a new and different opportunity to make a difference.”

Bobby Stout

Maintenance Supervisor



Our people share a dedication to creating products that lend warmth, comfort and style to indoor environments around the world.

We share an equal dedication to making sure the environment in which we create those products is one in which personal safety, health, well-being and professional advancement are clearly a priority.

Personal Safety

In 2009, Shaw received the Georgia Department of Labor's Director's Safety Award for our job safety training, performance and leadership.

Our Behavior Based Safety Program is one of the many safety improvement initiatives that help us maintain such high safety standards. In addition to conducting regular mandatory safety training, facilities participating in the Behavior Based Safety Program work with small teams of associates to identify at-risk behaviors to further improve safety through peer-to-peer coaching and collaboration.

In addition, all Shaw facilities have an active Safety Committee on each shift. Each joint management-worker committee includes a representative from each department active within that facility, and at least 50% of the representatives are hourly associates. It is also acceptable for a Safety Committee to be comprised entirely of hourly associates.

Achieving an OSHA* Incidence Rate of less than 1.0 by year-end 2010 is one of our key sustainability targets toward our goal of zero injuries.

It's also one more way we're committed to maintaining the safest possible work environment for our associates.

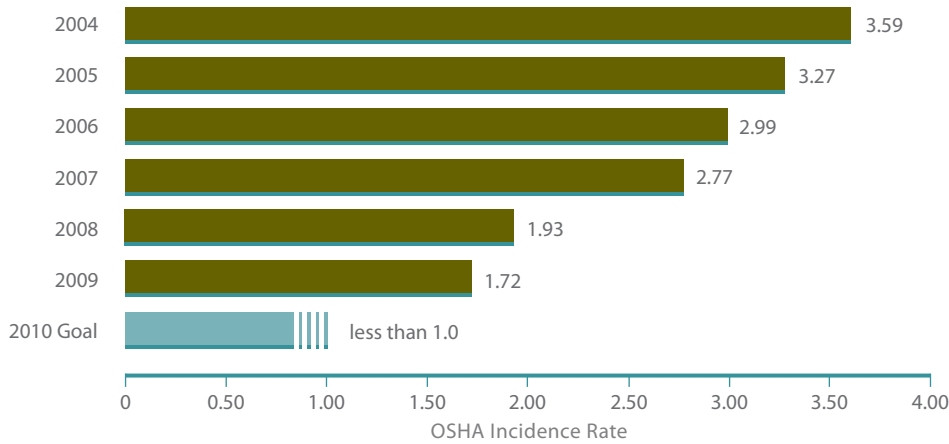
**US Occupational Safety & Health Administration*



Larry Martin, Johnny Fairbanks, Jody Bennett, Charles Mabry, Bobby Holt, Manufacturing Associates (L-R)

OSHA Incidence Rate (OIR)

Number of OSHA Recordable Injuries & Illnesses per 200,00 Work Hours*



* Due to updated calculations for 2004-2008 OIR data, numbers vary from last year's report.

U.S. Manufacturing OIR*

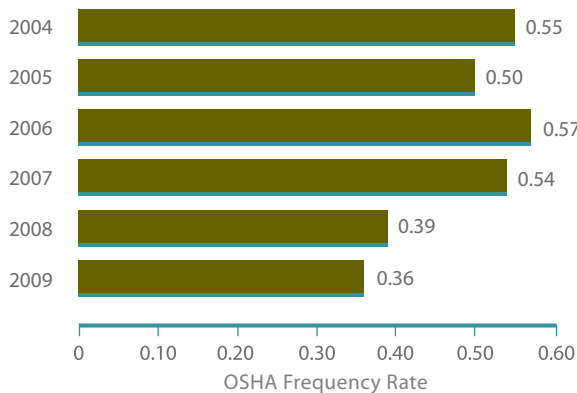
2004	6.6
2005	6.3
2006	6.0
2007	5.6
2008	5.0

Source: OSHA

* Non-fatal occupational injuries and illnesses incidence rate from U.S. Bureau of Labor Statistics and OSHA.

OSHA Frequency Rate

Number of Lost Time Incidents per 200,00 Work Hours



"Keeping our associates safe is what motivates me to do my job — and making Shaw a safe place to work is one of the most important things I do. We each have a role in how we take care of our communities and our planet, and our commitment to social and environmental responsibility is one of the many reasons I'm proud to be part of Shaw. We care about the safety of our associates — and we care about the communities we live in."

Brent Boatwright, Safety & Training Manager

Safety & Health Compliance & Citations

	2004	2005	2006	2007	2008	2009
Absentee Rate	2.59%	2.61%	1.86%	1.66%	1.31%	1.37%
Employee Fatalities	0	1	0	1	1	0
Number of Safety & Health Citations	10	0	2	1	2	5
Safety & Health Fines Paid	\$4,700	\$0	\$2,750	\$1,500	\$2,825	\$15,170
Nationwide OSHA Violations	NA	83,307	83,913	88,846	NA	NA

Source: OSHA

Personal Health

Helping associates maximize their personal health and well-being is a commitment that embraces all aspects of the work-life balance. Our continued investment in programs to support personal health and well-being in 2009 included:

Disease management programs for diabetes, chronic obstructive pulmonary disease (COPD), cardiovascular health and high-risk maternity.

More than 60 on-site nursing professionals at Shaw facilities coordinate health management programs and help associates with health and safety

Coverage of major health screenings under the Shaw medical plan, including annual physical exams, mammograms, prostate checks and flu shots

A Smoking Cessation program in which associates are paid to take a course to help them stop using tobacco products

Facility-based and corporate weight loss programs

Work-Life Balance

Shaw offers a work-from-home program for qualified associates.

As part of our continuing effort to accommodate the challenges and demands of today's diverse lifestyles, the program provides individuals with the tools they need to telecommute. Qualified associates receive technological resources and personal coaching to help them better balance the responsibilities of work and home.



Erika White-Jones, Nurse, & Linda Bennett, Finishing Safety/Training



Kelly Dunn, Residential Sales

Education & Training

Each and every Shaw associate has the opportunity to continue their personal and professional development through the Shaw Learning Academy.

A nationally recognized in-house training and development facility, the Shaw Learning Academy was ranked 18th on *Training* magazine's list of Top 125 Training Companies for 2009.

Through eight aligned "Centers of Excellence," including leadership, technology, business management, operations, retail, ethics and compliance, individual development, and sales, the Academy provides classroom and intranet-based education and development programs for associates, including:

- Career counseling, mentoring, and job rotations
- Certifications and orientation
- Diversity
- Industrial safety and risk management
- Leadership and management development
- Process improvement
- Sustainability
- Technology

Associate Training Hours

	Total Hours Trained	Average Training Hours
Salary	96,920	17.85
Hourly	164,774	8.40
Total	261,6924	10.45*

**Does not include all hours associated with on-the-job training.*

Shaw Learning Academy also offers a broad spectrum of training and development opportunities for Shaw customers. Specifically tailored to the demands they face as business owners and flooring retail dealers, these programs are one more way we work to support our customers' needs as well as our own.

Shaw associates have the option of continuing their personal education through GED (General Education Diploma) undergraduate, and MBA programs. Since the program's start in 1995,

1,406 Shaw associates have earned a GED, including 63 associates in 2009. 13 associates earned an MBA in 2009.



2009 Shaw Associate GED Graduating Class

"The educational opportunities at Shaw are so important for both the personal and professional growth of associates. Earning my GED through the Shaw program made it a lot easier for me to complete my education."

Jason Moore, Material Control





where environmental responsibility
and design converge

“Being part of a company that makes sustainability a priority gives me peace of mind. I know we’re doing everything we can to give back, make responsible products and help ensure the well-being of our people and our planet. That means I’m free to push the boundaries of visual design — all the while knowing the products I help create aren’t just environmentally and socially responsible, they’re also aesthetically successful.”

Ashley Olson

Product Designer

Using ingredient materials that are sustainable is an inherent part of our design process.

Just as a tree uses fallen leaves as nutrients to help it grow, we create Cradle to Cradle™ products using ingredient materials that can be recovered and reused in the manufacturing of new products — time and time again. Our Cradle to Cradle products also receive third-party certification through McDonough Braungart Design Chemistry (MBDC), ensuring they meet some of the world's most rigorous standards for human and environmental health and safety, including an ingredient analysis down to 100 parts per million (ppm).



Pamela Rainey

“Sustainability shouldn't just be a ‘thing’ we do — it should be part of our lives, our culture. I'm proud of the way our Cradle to Cradle products and our reclamation program are giving our customers more environmentally responsible options for the products they use. And I'm proud to say to our customers that all Shaw Hospitality Group carpeting is Cradle to Cradle — including our new Eco Evolution™ print base. It's the first Cradle to Cradle print base in our industry, and like all our products, it proves you don't have to sacrifice aesthetics to have a sustainable carpet.”

Pamela Rainey - ASID, Product Design Manager



Ten Years of Sustainable Carpet

In 2009, we celebrated the 10th anniversary of our flagship sustainable flooring product: EcoWorx, a PVC-free, fully recyclable alternative to traditional carpet tile backing.

Designed to be broken down into its constituent parts at the end of its useful life, then remanufactured back into itself time and time again, EcoWorx® was introduced in 1999 — and in 2003 it received the Presidential Green Chemistry Award for its innovative, environmentally responsible design. In 2003, EcoWorx became the world's first Cradle to Cradle Silver Certified™ flooring product, and in 2007 we introduced Cradle to Cradle Silver certified EcoWorx broadloom. Both EcoWorx carpet tile and broadloom are also certified under the ANSI®/NSF 140 Carpet Sustainability Assessment Standard, and are backed by our global Environmental Guarantee (must meet terms of guarantee), which pledges we will reclaim and recycle EcoWorx at the end of its useful life at no cost to our customer.

In 2010, we will have produced more than 1 billion square feet of EcoWorx...and counting.

eco✱worx®



Expanding Our Eco Products

The expansion of our eco family of products continued last year with the introduction of Cradle to Cradle Certified^{CM} hardwood flooring for our residential and commercial markets. All Anderson[®] hardwood, as well as EPIC[®], our flagship engineered hardwood, received Cradle to Cradle Silver Certification.

We also introduced Eco Evolution[™], the hospitality industry's first fully recyclable, Cradle to Cradle Silver Certified printed carpet base.



"We owe it to our customers and to ourselves to invest in the projects and processes that will help us find better ways of managing the use of natural resources and even better ways of taking responsibility for the impact of our products. EcoWorx is a great example of this investment. Ten years ago, it was the first carpet designed according to Cradle to Cradle principles. Today, it is one of the most environmentally responsible carpet choices in the world."

Shirley Stone, Regional VP, Sales, United Kingdom & Ireland

HGTV Green Home

We served as the exclusive flooring provider for the second annual HGTV Green Home in 2009. A Spanish contemporary-style cottage, the home was designed to showcase an affordable, accessible approach to eco-friendly living — including Shaw carpet made with our Cradle to Cradle Certified™ 100% recyclable Anso nylon, and our Cradle to Cradle Certified EPIC hardwood. Certified by the United States Green Building Council's LEED* for Homes rating system, the Green Home is located in a sustainable master-planned community in Port St. Lucie, Florida. The community features seven residential neighborhoods that showcase green design and conservation elements, and a 150-acre campus made up of LEED certified research buildings.

**Leadership in Energy and Environmental Design*



Sustainable Partnerships

Preserving hardwood forests in North America and protecting valuable hardwood resources around the world is critical to the stability and well-being of our entire global ecosystem. Shaw has taken a stand against illegal logging through our support of the Lacey Act amendment, which makes it a federal offense to possess illegally sourced hardwood within the United States, and through the National Wood Flooring Association® Responsible Procurement Program. By advocating sustainable forest management, chain of custody regulation and the protection of ecologically diverse — and fragile — areas like the South American rainforest, we are working to make sure our forests and other valuable woodlands are here for centuries to come. We're also giving our customers peace of mind that our raw materials are legally sourced and manufactured in our own facilities, and that we have maximum control over the hardwood manufacturing process.



In 2009, Shaw became the first and only organization in the world to offer Cradle to Cradle Silver Certified hardwood, including our Anderson® and Shaw® hardwood products.

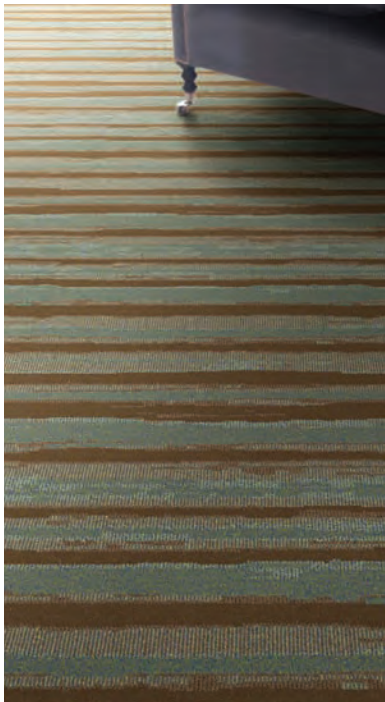


William McDonough

“Cradle to Cradle is not about being less bad. It is about becoming 100% good — using new innovative technologies, eliminating questionable materials, and designing products to safely remain in biological or technical cycles. Shaw pioneered this concept in the carpet sector and has been a primary catalyst in the Cradle to Cradle revolution. Shaw is a great example of Cradle to Cradle in practice.”

William McDonough, Architect, Designer & Author; Founder & Principal, McDonough Braungart Design Chemistry





Thom Filicia

“Shaw’s commitment to quality, design and sustainability makes it the perfect partner. From a Cradle to Cradle product philosophy, the intelligent use of natural resources and eco-manufacturing processes to post-consumer carpet reclamation and recycling, Shaw was my top choice for a flooring company partnership.”

Thom Filicia, Designer & Television Host

Green Product Certifications & Standards

Giving our customers the peace of mind that comes with third-party verification is important to us. We make sure Shaw products in all flooring categories meet or exceed some of the world’s most stringent environmental product standards and certifications, including:

- MBDC Cradle to Cradle Certified^{CM}
- CRI Green Label Plus[®]
- NSF 140 Sustainable Carpet Assessment Standard
- GREENGUARD[®] Indoor Air Quality
- Forest Stewardship Council[®] (FSC) Chain of Custody
- California Air Resources Board (CARB) - the airborne toxic control measure to reduce formaldehyde emissions from composite wood products
- EPA Design for Environment (DfE)
- UK Building Research Establishment (BRE) Environmental Assessment Method
- Good Environmental Choice Australia
- Good Environmental Choice New Zealand
- Singapore Green Label





where carpet becomes carpet
over & over again

“Carpet should be recycled today just like paper, plastic and other products. That’s why I’m dedicated to helping our sales representatives and customers recycle every piece of carpet we’re replacing with new carpet. By helping make this process as seamless, cost-effective and environmentally sound as possible, we’re helping to make carpet recycling a standard procedure — not an optional one. And by taking initiative in the stewardship of the products we manufacture, we’re setting new standards for recycling within the flooring industry.”

Bea Brahmhatt

Reclamation Manager

Since 2006, we've reclaimed nearly 300 million pounds of post-consumer carpet through our nationwide carpet collection network.

But we know there's still more work to be done. That's why the continued growth of our carpet recycling program and our drive to find new ways to recover and reuse the material in post-consumer carpet are so critical to the long-term success for our business — and our entire industry.

For three consecutive years, we've received awards from the Carpet America Recovery EffortSM (CARE) for our recycling innovation and leadership, including the 2007 CARE Large Recycler of the Year award, the 2008 EPA/CARE Innovations in Carpet Recycling award, and most recently the 2009 CARE Recycler of the Year award for recycling more post-consumer carpet than all other carpet manufacturers combined.

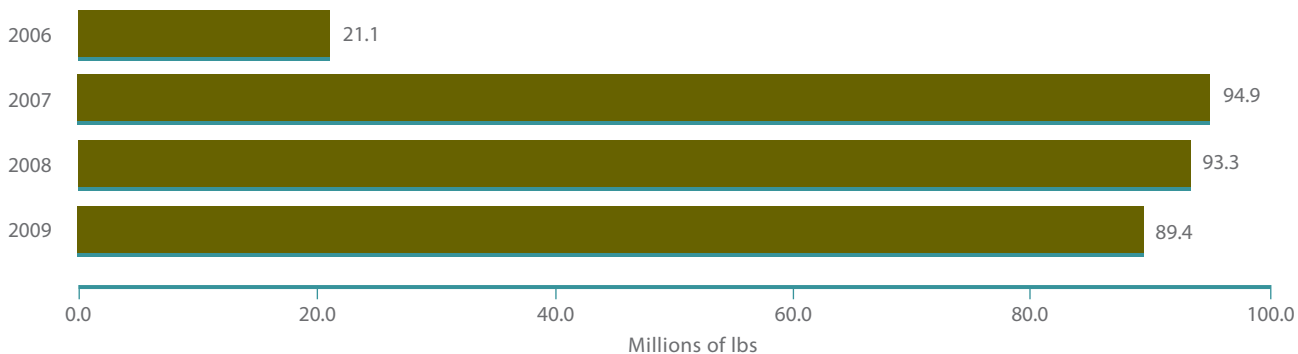


US Statistics on Carpet Disposition

- Pounds of carpet sent to landfills in 2009: 3 billion
- Landfills that accepted carpet 20 years ago: 8,500
- Landfills that accept carpet today: 1,800
- Pounds of carpet diverted from landfills in 2009: 311 million

2009 figures approximate. Based on 2010 updated data from CARE (Carpet America Recovery EffortSM).

Post-Consumer Carpet Reclaimed & Reprocessed by Shaw



Evergreen Nylon Recycling

Our Evergreen Nylon Recycling facility in Augusta, Georgia, is the only Nylon 6 depolymerization recycling facility of its kind in the world.

In 2009, Evergreen recycled almost 100 million lbs of Nylon 6 carpet, including Eco Solution Q®, our Cradle to Cradle Silver Certified™ Nylon 6 commercial fiber, and Anso®, our Cradle to Cradle Silver Certified Nylon 6 residential fiber (as well as other Nylon 6 fibers). The facility breaks down the fiber into caprolactam, the monomer or “building block” of Nylon 6, so that it can be repolymerized and delivered to our fiber extrusion facilities for use in the production of new fiber.

In an example of true sustainability through innovation, “co-product” generated during the Evergreen nylon recycling process is then used as an alternative energy source to create steam for fuel boilers at a partner company in Cartersville, Georgia. Following this energy recovery process, the remaining mineral matter — calcium carbonate — is returned to our Cartersville manufacturing facilities for use as post-consumer recycled content in our EcoWorx® carpet tile backing.

“Last year, we noticed a growing demand from our customers for eco-friendly carpet for their respective multi-family housing projects, and we dedicated ourselves to providing a truly ‘green’ flooring choice. Shaw’s Cradle to Cradle Silver Certified Type 6 nylon fiber products — and their commitment to keeping carpet out of landfills — made them our only choice. Today, we send four to eight tractor-trailers of used carpet each month to our Shaw carpet collection partner in Morrisville, North Carolina for transport to the Shaw Evergreen Nylon Recycling Facility. We’ve also started a program to recognize our own customers as ‘Eco Partners’ when they make the switch to Shaw’s Type 6 Cradle to Cradle nylon products. In addition to reducing our waste to landfill and cutting our dumpster fees in half, working with Shaw to recycle post-consumer carpet is something our whole company takes pride in sharing. Our partnership has positioned us as a green leader in our market. Better yet, it’s something our people and our customers are having fun with, and we feel we are doing our part to save a generation.”

Brent Rice, Owner, Diversified Flooring, Inc., Charlotte & Raleigh, NC

ANSO® Nylon Recycled Content

Anso Nylon, our premium branded Cradle to Cradle Silver Certified Nylon 6 residential carpet fiber, received certification last year for its recycled content. Awarded by Scientific Certification Systems (SCS), the certification confirms that Anso Nylon contains 25 percent post-consumer recycled content* from post-consumer Nylon 6 fiber recovered at our Evergreen Nylon Recycling Facility.



**System Equivalent Certification based on allocated output of recycled fiber material from Shaw’s Evergreen Nylon recycling facility calculated as a percentage of total ANSO Nylon fiber output.*





where **innovation**
is an everyday word

“Sustainability is no longer a cliché: it’s a growth enabler. We have an obligation to be good stewards of the resources given to us, so it’s our responsibility to find new uses for what were once considered disposable materials. By creating new products, processes and potentially whole new businesses based on this kind of innovation, we have the opportunity to influence both the environmental and economic sustainability of our organization. The work we do now will help us deliver products and services that will improve our customers’ lives for decades.”

Peter Sigmon

Vice President, Innovation

Every day, in every part of our company, our people are looking for new ways to save energy, reduce greenhouse gas emissions, eliminate landfill waste, use less water and improve the efficiency of our transportation fleet.

They're also working to improve the environmental responsibility of the products we create — and to develop innovative solutions that help us find sustainable economic value in materials previously considered waste.

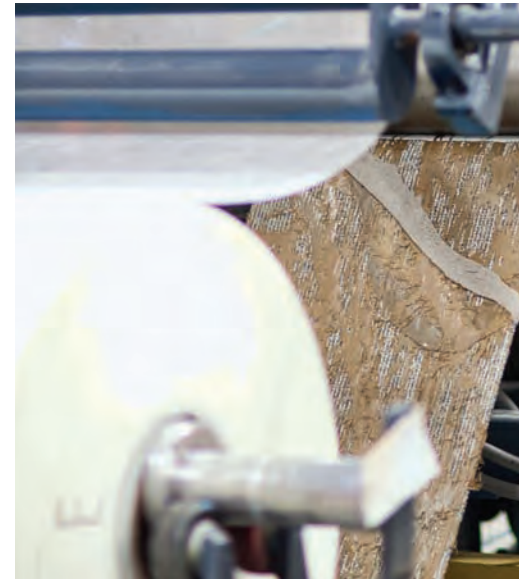
New Uses for Old Carpet

As an industry leader we have a responsibility to divert post-consumer carpet from landfills and into other channels of reuse.

Because not all carpet can be recycled through traditional means, we created a Materials Recovery Strategic Business Unit (SBU) in 2009 to focus exclusively on finding new ways to use the materials in post-consumer carpet. The SBU has already launched multiple innovation projects, and these efforts will become part of a portfolio of solutions that will fulfill our extended producer responsibility and generate opportunities for further business growth.



Kellie Ballew



"Our commitment to using less materials, re-purposing existing materials and re-engineering our products to last longer drives every aspect of my job. From raw material selection to material reduction to repurposing reclaimed materials, I help create the sustainable products and processes that ensure our industry is a good steward of our planet and our customers. I grew up with a sincere appreciation for nature, and I believe our global community owes that same opportunity to future generations. It's our social responsibility to re-invest in our community and to re-invest in our world."

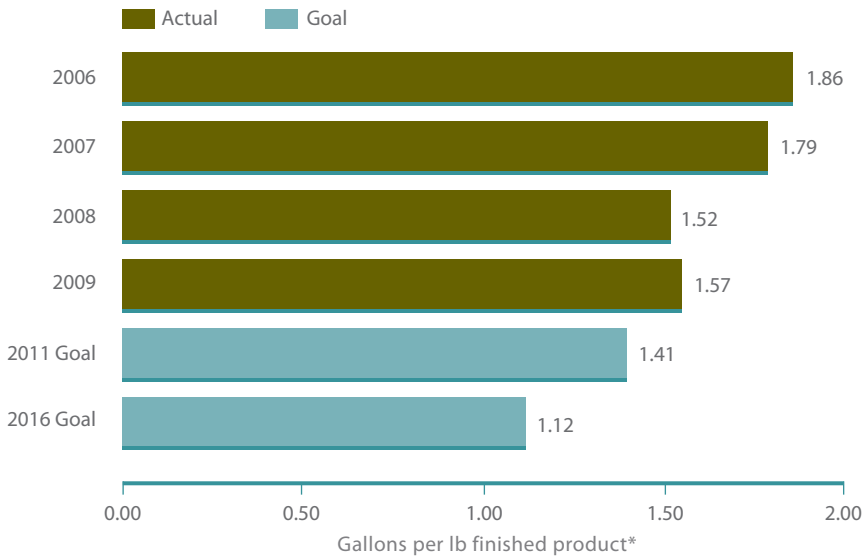
Kellie Ballew, Senior Project Engineer - Sustainability

Water Conservation

Along with our corporate headquarters, many of our manufacturing facilities are located in North Georgia, a part of the United States that has struggled with periodic droughts for many years. To support conservation efforts, we've reduced our total water consumption by more than 45 percent in our carpet manufacturing facilities over the past decade — and we're committed to reducing it an additional 40 percent by year-end 2016. To get there, Shaw associates throughout the company are finding new ways to continue making sure our water use is as responsible as possible. Last year, this process provided several new innovations in our carpet manufacturing facilities, including:

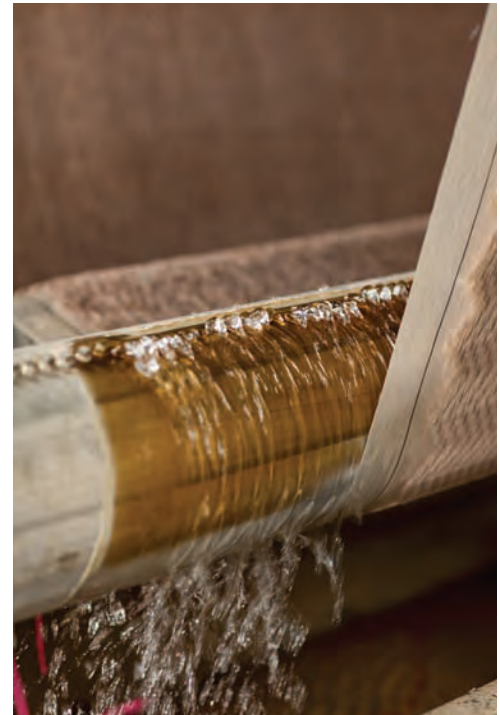
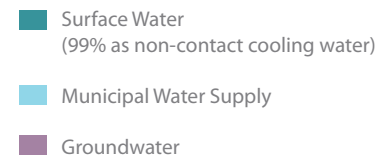
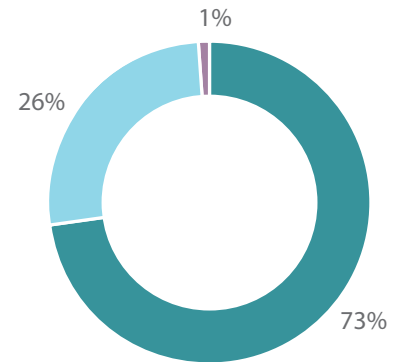
- A new system for re-using water employed during fiber dyeing
- System improvements to our carpet rinsing process
- New processes for re-using water used by pumps for drying of new carpet

Water Intensity



*Does not include non-contact cooling water

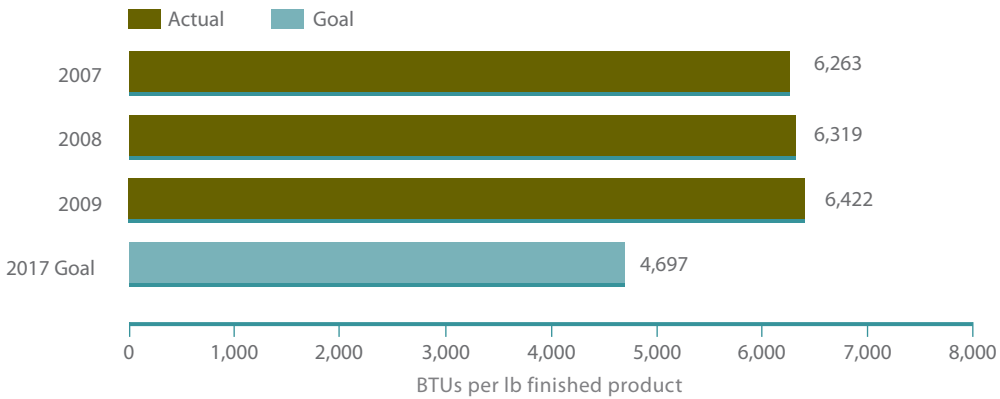
Water Use by Source



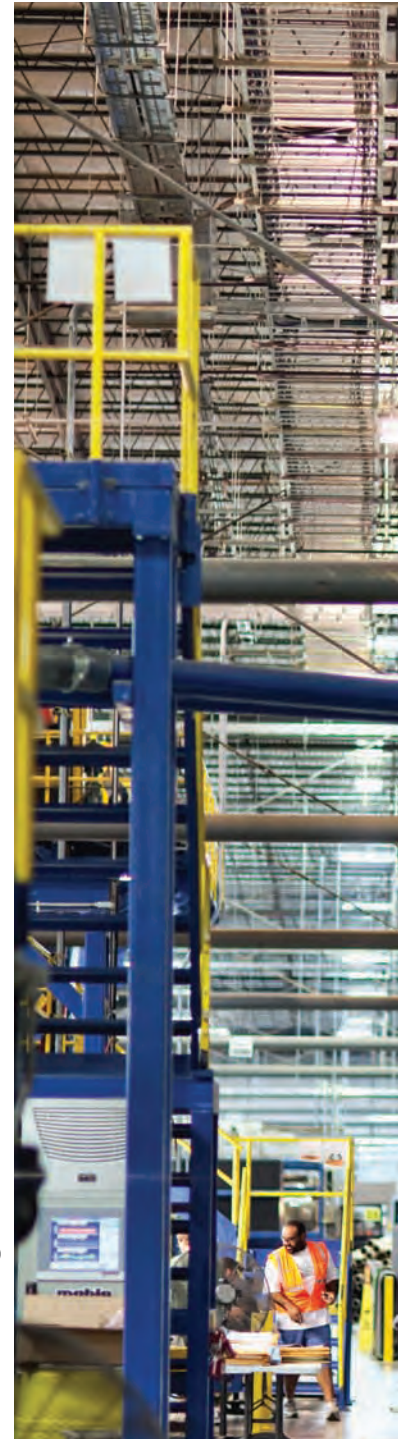
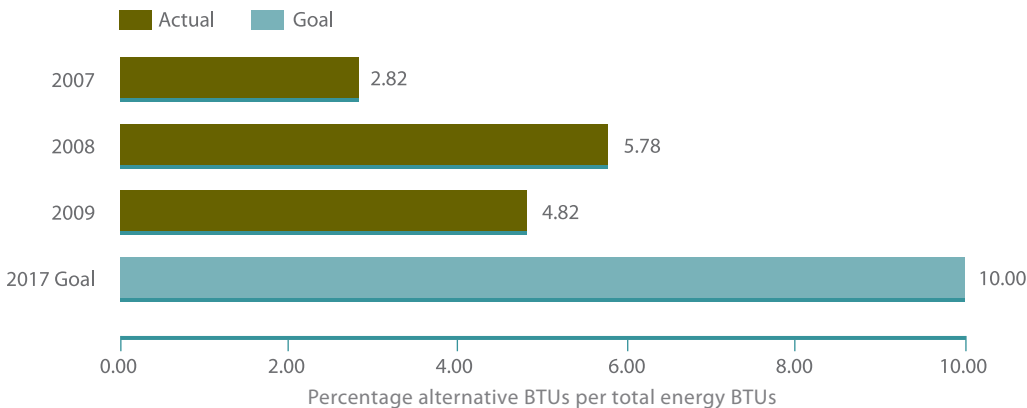
Energy

As one of the first members of the US Department of Energy (DOE) Save Energy Now® LEADER program, we're committed to reducing our energy intensity 25 percent by 2017 — and to help set a precedent for other manufacturers in the process. While our overall progress was challenged last year by economic conditions and reduced manufacturing volume, we made significant progress within our facilities to help maintain and improve energy efficiency across our entire organization.

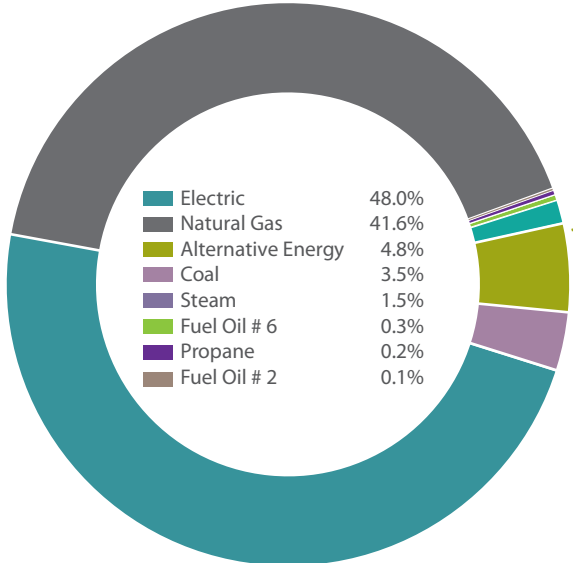
Energy Intensity



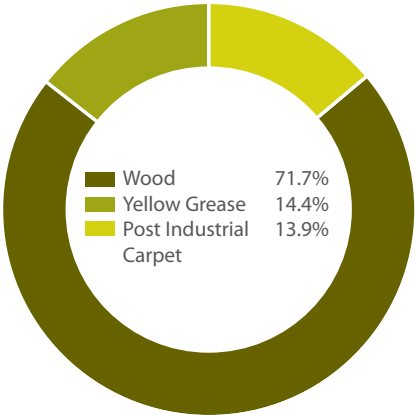
Alternative/Renewable Energy Intensity



Energy Use by Source



Alternative Energy Use by Source



(L-R) **Frank Dawson**, Staff Engineer; **Rick Ramirez**, VP Corporate Sustainability & Environmental Affairs; **Gary Nichols**, Corporate Energy Manager

Carbon Footprint

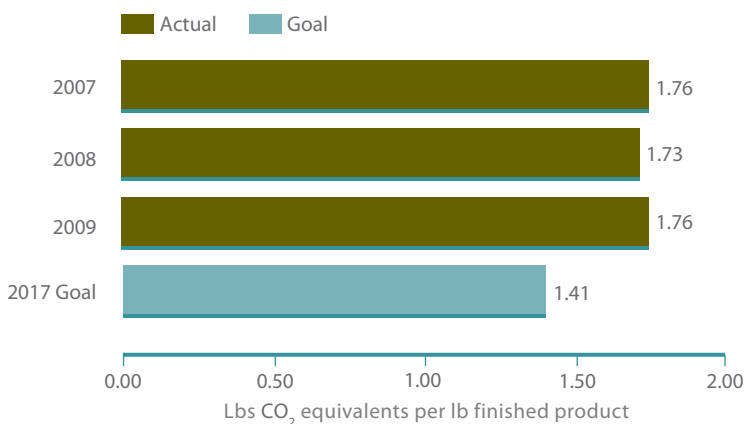
Shaw is committed to measuring, verifying and reporting our greenhouse gas (GHG) emissions each year. We are a founding member of The Climate Registry, a non-profit collaboration among North American states, provinces, territories and Native Sovereign Nations to set consistent and transparent standards for GHG reporting. As part of this commitment, we established a GHG reduction goal of 20 percent by 2017. Because our carbon footprint is so closely tied to our energy consumption, it's a target we plan to reach in conjunction with our energy reduction goal.



David Morgan, Vice President Manufacturing

Greenhouse Gas Emissions Intensity

Includes Scope 1 and Scope 2 GHG Emissions
Per The Climate Registry Protocol*



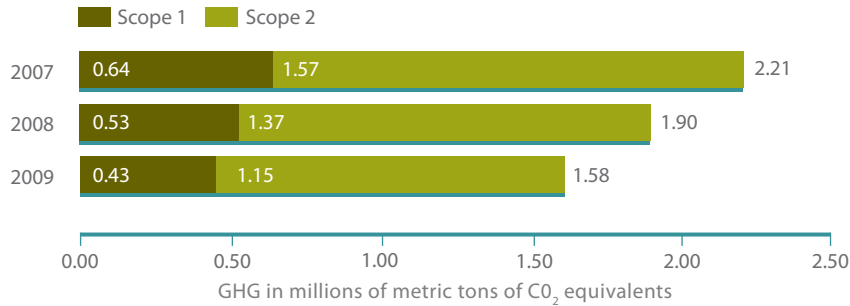
*Biogenic emissions not included and are less than 5% in each year reported



Shaw utilizes The Climate Registry® General Reporting Protocol for calculation of greenhouse gas (GHG) emissions which embodies GHG accounting best practices. The Protocol requires assessment of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆) emissions which are converted to carbon dioxide equivalents (CO₂eq) for reporting purposes. In its most recent report, the USEPA reported total US greenhouse gas emissions for 2007 and 2008 (in CO₂eq) as 7,168.1 million metric tonnes and 6,956.8 million metric tonnes, respectively.

Direct & Indirect Greenhouse Gas Emissions

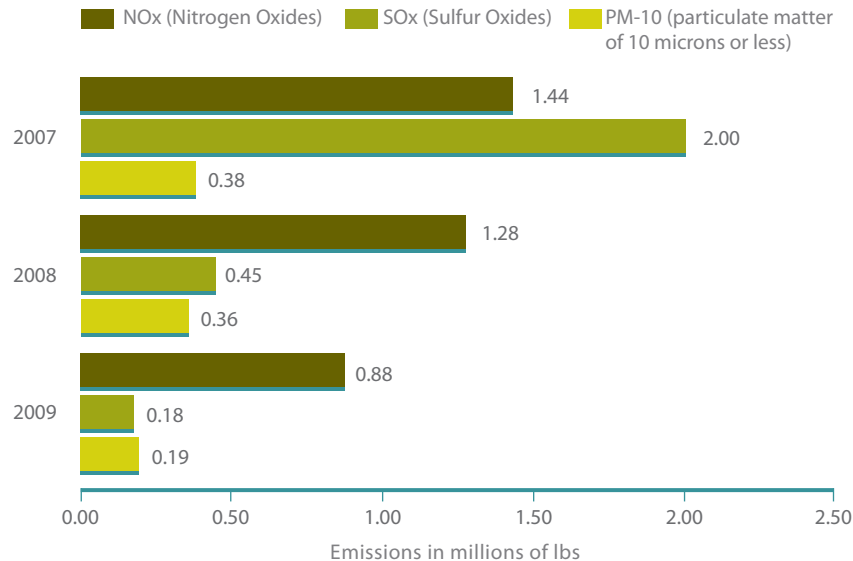
By Scope and Weight Per The Climate Registry Protocol*



*Biogenic emissions not included and are less than 5% in each year reported

NOx, SOx, PM-10 & Other Significant Air Emissions

Represents emissions of selected criteria air pollutants from fossil fuel combustion in Shaw operations by weight



GHG Commitment

Although our GHG intensity remained flat in 2009 due to slow economic conditions and lower operating efficiencies, we decreased our absolute emissions by 25% last year compared to our 2007 baseline. All Shaw operations and product development projects consider GHG in their work processes, with specific attention to energy/fuel reduction and the design of products through a Design for Sustainability framework. Our fuel mix/portfolio and other forms of alternative energy are currently being evaluated by our Energy & Water team. These options are aimed at employing non-fossil fuel use and reducing GHG emissions compared to coal or fuel oil. In addition, we are evaluating alternative energy options such as the current gasification process of producing steam from carpet and wood waste at one of our facilities in Dalton, GA via a Purchase Power Agreement that has provided stable, competitive energy pricing. In 2009 we invested in a second energy reclamation facility, Re2E, which will begin operations in 2010. Shaw is a founding member of the US Department of Energy's Save Energy Now® LEADER program with a commitment of reducing energy intensity by 25% by 2017.

Smart Transportation

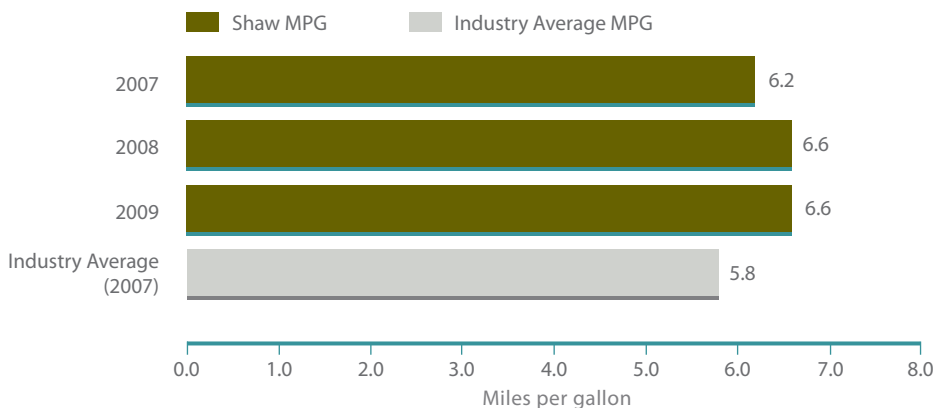
We began partnering with a major US tire manufacturer last year to help develop and road-test “super single” tires on Shaw tractor trailers.

By replacing two side-by-side tires with one large “super single” tire, we’re improving the tractor trailer’s overall efficiency and reducing carbon emissions. As the owner of the 30th largest private fleet in the United States, we’re also an active participant in the US Environmental Protection Agency’s SmartWay® Transportation Program, a voluntary collaboration between members of the freight industry and the EPA to reduce greenhouse gas emissions, increase fuel efficiency and implement energy saving innovations.



Greg Tanner, Over the Road Transportation

Transportation Fuel Efficiency



Superflyer Rail Transport

How can we get our products to the West Coast faster and more efficiently? That’s the question Shaw Transportation Logistics associates answered in early 2009 when we launched our Superflyer Rail Transport Program. And because rail transportation is three times more efficient than road, we’ve improved shipping times, decreased fuel consumption and significantly reduced our greenhouse gas emissions — just by making the switch.

- 362 tons of CO₂* saved per week in 2009
- 18,821 tons CO₂ saved in 2009

**CO₂ savings is measured on a per mile basis taking into account the total miles on route (rail miles vs. truck miles) and multiplying by a factor of three.*

Staying Safe on the Road

Each year, Shaw associates at our Regional Distribution Centers (RDC) receive an average of 24 hours of safety training, and Shaw Transportation Drivers receive an average of 27 hours of safety training annually.

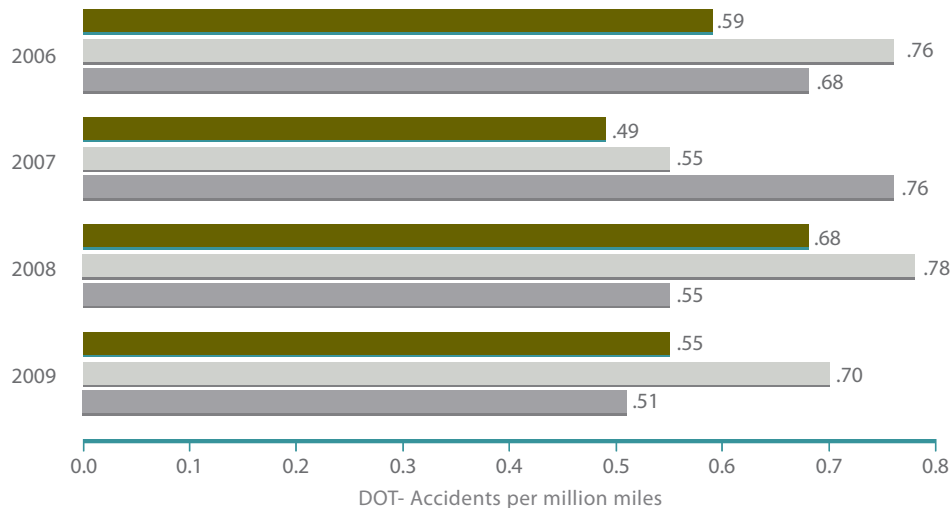


EPA SmartWay®

We are an active participant in the EPA SmartWay Transportation Partner Program, a voluntary collaboration between the EPA and members of the freight industry designed to increase energy efficiency and significantly reduce greenhouse gas emissions and air pollution. Earning a score of 1.25 in 2008 and 2009, Shaw Transport has achieved the maximum performance rating in the program, and we report our progress to the EPA annually.



Transportation Safety - DOT Accident Rate



- Shaw Fleet DOT
- Common Carrier DOT
- Private Fleet DOT

* Due to updated calculations for 2006-2008 DOT data numbers vary from last year's report.

Waste Reduction

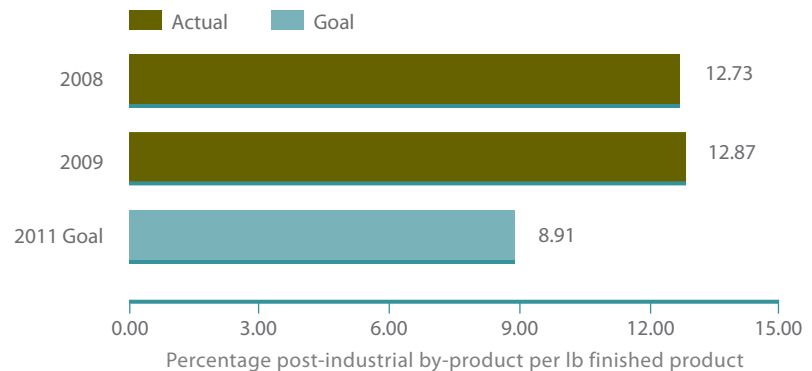
While achieving a zero waste footprint is our ultimate goal, we know it takes a lot of smaller steps to get there. That's why our waste reduction goal commits us to reducing post-industrial waste to landfill by 90 percent by year-end 2011, starting with a 25 percent reduction in 2009 and a 50 percent reduction in 2010. Progress towards our 2009 landfill waste intensity goal was affected by capacity and equipment constraints in implementing new technologies for processing carpet by-products.

Achieving Zero Waste

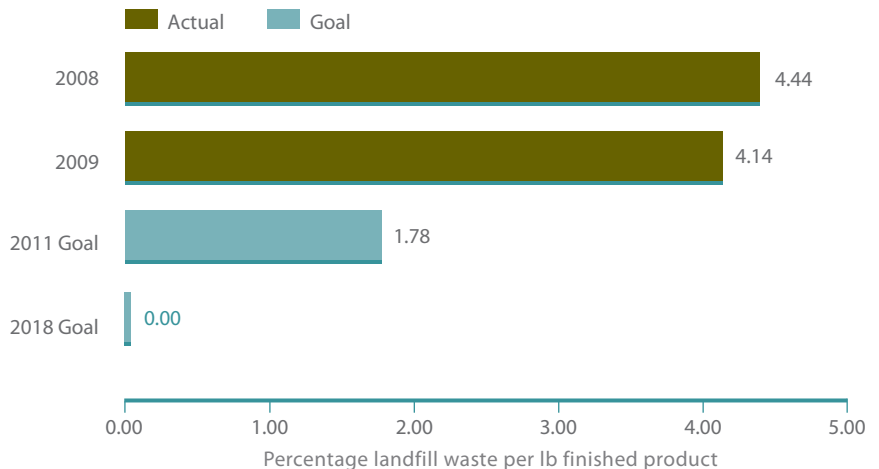
With the largest regional landfill near Santa Fe Springs, California slated for closure in 2013, our two Tuftex facilities in that area are leading the way to zero waste for Shaw — and for the local community. In addition to recycling all possible waste from their respective sites, last year the facilities began working with a local partner to use non-recyclable waste from the plants as an alternative fuel source for the generation of electric power — power that is ultimately returned to the local grid. It's a process that earned both facilities Zero Waste to Landfill status — and demonstrated that reducing the volume of manufacturing waste sent to landfills is more than achievable: it contributes to the sustainability of our own communities at the same time.

Our fiber extrusion facility in Clemson, South Carolina also achieved Zero Waste to Landfill status in 2009. In addition to recycling all possible plastics, paper, cardboard and metal, the facility is working with a local company to recycle additional waste into liquid absorption material for the treatment of non-hazardous waste.

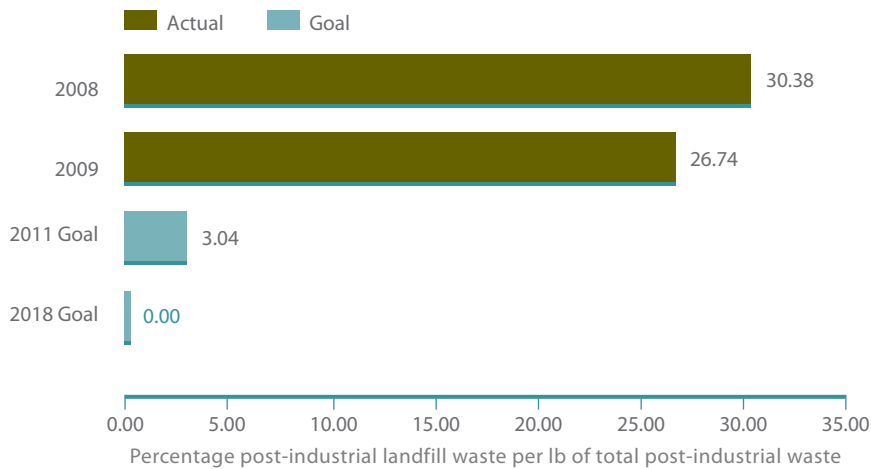
Post-Industrial By-Product Material Intensity



Total Landfill Waste Intensity



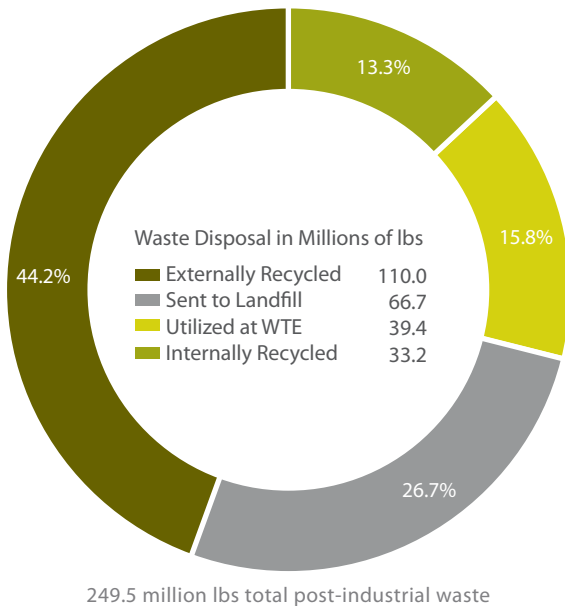
Total Post-Industrial Landfill Waste Intensity



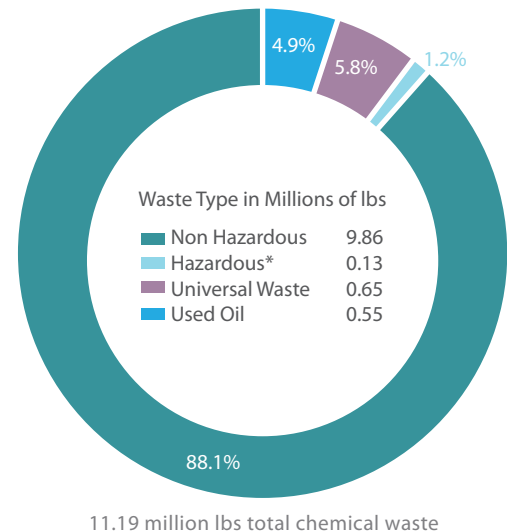
“Shaw’s leadership in the diversion and reutilization of waste goes a long way towards supporting the City of Santa Fe Springs’ own landfill diversion goals. The company’s local partnerships are a model of environmental stewardship for other companies — and the community benefit generated when organizations work together.”

Anita Jimenez, Recycling Coordinator for the City of Santa Fe Springs, California

Post-Industrial Waste by Type & Disposal



Industrial Chemical Waste



*Does not include liquid waste at Augusta, GA facility which is responsibility of 3rd party site owner

Total waste for 2009 is limited to post-industrial. Total organizational waste will be reported in future years.

where company & community work hand in hand

“People look to our company as an example of how to be a sustainable, socially responsible company. I believe this is because we make a point of really walking our talk — from environmentally friendly products to the way we give back to our communities. We are all on earth to help each other, and there are plenty of opportunities at Shaw to use our individual talents to help others. Everyone has something they can contribute, and I have seen even the smallest gifts make a huge impact.”

Allison Finkell

Hard Surface Marketing Manager



In 2009, Shaw associates volunteered 130,000 hours of personal time to community causes — large and small.

In addition, many Shaw facilities, departments and teams participated in their own service projects on behalf of our company, including:

- Mentoring and after-school programs
- Clothing collections
- Cook-offs and other fundraisers
- Blood donations
- Food drives

Living (and Working) United

Through our payroll deduction program, our associates contributed \$1,435,912 from their own earnings last year, contributions we matched with a \$683,000 corporate donation — for a total contribution of \$2,118,912.

Channeled right back into local communities, the contributions help to fund after-school programs, family counseling, food assistance, shelters for families, women and children, and much more. In addition, Shaw teams, departments and divisions from across our company frequently hold special events and fundraisers to help support local United Way® agencies.



"We know it's very important to give money, but we also know we need to go beyond writing a check. That's why Shaw associates actively support, encourage and connect with people in need in their communities. Showing up, sorting food, delivering food, mentoring, tutoring and giving personal time — the rewards are so much more than what we give."

Ron Gullede, Commercial Sales

Giving Our Time

Last year, we began asking our associates to voluntarily report of the countless hours they spend contributing personal time, expertise and talent to an array of social causes. 1,406 associates from across our company responded, sharing their involvement as volunteers and board members for programs and organizations in communities across the United States and beyond. While these associates represent a small percentage of our whole company, their work is a testament to the priority all Shaw associates place on helping people live better lives.

- Reported hours volunteered: 131,052
- Board seats held by Shaw associates for non-profit organizations and programs: 1,029



Ron Gullede



“Our company is comprised of a diverse array of people with a broad range of knowledge and experience, but each of us shares the same concern for our communities and the world around us. Knowing I work with a company that makes people its highest priority is part of what motivates me to do my job. So is knowing that my work here is one more way I’m helping ensure my grandchildren will have the same opportunity I did: to explore and enjoy the natural world.”

Pat Sane, Corporate Facilities Manager

Pat Sane

Taking Small Steps to Make a Big Impact

With hundreds of associates in hourly and salaried office roles working at our corporate headquarters, the energy, water and waste reductions we make can have a hefty impact on our progress towards key environmental goals. During 2009, Shaw associates on our corporate campus joined together to help reduce energy consumption, eliminate waste and save water through an array of initiatives designed to help all of us work even more responsibly by:

- Continuous paper, plastic and aluminum recycling in all break rooms, office areas, meeting rooms and community spaces
- Removing in-office printers and installing shared printers
- Installing sensor-based lighting in offices and meeting rooms
- Installing low-flow faucets and fixtures in all bathrooms
- Replacing traditional burner-based coffee pots with efficient thermal carafes
- Removing light bulbs from the vending machines in break rooms

We also partnered with the Dalton/Whitfield County Solid Waste Management “On Target” program to help Shaw associates in the Dalton area increase recycling at home. Drop-off receptacles located on our corporate campus give associates a quick, convenient place to bring recyclables from home, including cardboard, mixed paper, aluminum and plastic bottles.

Giving Back at Work

Associates at almost all Shaw facilities participated in a giving back program last year in addition to their contributions of personal resources and time. The “Giving Back” programs conducted at our Santa Fe Springs, California, and Yuma, Arizona facilities last year included summer and holiday season food drives, volunteer time at the local food bank and a blood drive. In 2009, associates at the three facilities:

- Collected more than 3,500 pounds of food
- Packed 1,798 food boxes to support area emergency food programs
- Donated more than 40 pints of blood

At our Distribution Plant 47, located near Chattanooga, Tennessee, each department challenged the others to help support the local food bank and the “Coats for Kids” campaign — both supported by the United Way of Greater Chattanooga. During the 2009 holiday season, the departments held contests to see how much canned food and how many coats they could collect. As a result, Plant 47 contributed 38 percent of the coats gathered through the campaign — along with more than 700 canned goods. Giving back means helping members of the community where our associates live and work.

Standard Disclosures

1.1-1.2	Strategy & Analysis	●	4-7, 16
2.1-2.10	Organizational Profile	●	6-11, 14-15
3.1-3.13	Report Parameters	●	64-66
4.1-4.17	Governance, Commitments, and Engagement	●	7, 22-25
	Disclosure of Management Approach	●	14-18

Environmental Responsibility

EN 3	Direct energy consumption by primary energy source	●	53
	Alternative energy consumption by source	▲	53
	Total energy intensity per lb finished product	▲	52
	Total alternative energy intensity per lb finished product	▲	52
EN 8	Total water withdrawal by source	●	51
	Total water intensity per lb finished product	▲	51
EN 16	Total direct and indirect greenhouse gas emissions by weight	●	55
	Greenhouse gas emissions intensity per the Climate Registry Protocol	▲	54
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved	◐	54-57
EN 20	NOx, SOx, and other significant air emissions by weight	●	55
EN 22	Total weight of waste by type and disposal method	●	59
	Total landfill waste intensity	▲	58
	Total post-industrial waste to landfill intensity	▲	58
	Total post-industrial by-product material intensity	▲	59
	Total industrial chemical waste by type and weight	▲	59
EN 23	Total number and volume of significant spills	●	19
	Toxic Release Inventory (TRI)	▲	19
EN 26	Initiatives to mitigate environmental impacts of products and services	◐	45-50
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance	●	19
EN 29	Significant environmental impacts of transportation	◐	56-57
	Transportation fuel efficiency	▲	56
	Transportation EPA SmartWay Transportation Program Score	▲	57
	Transportation DOT accident rate	▲	57
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services subject to such procedures	◐	38-40
	Volume of post-consumer carpet reclaimed and recycled	▲	46

Economic Responsibility

EC 1	Economic value generated and distributed	●	7, 62
EC 6	Policy, practices & proportion of spending on locally based suppliers	●	24

Social Responsibility

LA 1	Total workforce by employment type, employment contract, and region	●	10
LA 2	Total number and rate of employee turnover by age group, gender and region	●	10
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees	●	32
LA 7	Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region	●	33
LA 8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	18, 32-35
LA 10	Average hours of training per year per associate per associate category	●	35
LA 11	Programs for skills management and lifelong learning that support continued employability of associates and assist in career endings	●	32-35
SO 1	Nature, scope & effectiveness of any programs and practices that assess and manage impact of operations on communities	●	29
SO 2	Percentage & total number of business units analyzed for risks related to corruption	●	65
SO 3	Percentage of associates trained in organization's anti-corruption policies and procedures	●	65
SO 6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	65

Other Disclosures

Shaw's Internal Audit conducts an annual risk assessment which analyzes 100% of the business areas within the company. The assessment covers internal controls and business risk, and includes targeted questions concerning fraud and corruption. An additional and more focused risk assessment devoted entirely to fraud and corruption is conducted annually with key executives. This risk assessment addresses corruption in business areas on a materiality basis.

In 2009, 1,956 of our management associates (99.9%) and 16,115 of our non-management associates (69.8%) received ethics, code of conduct, legal and regulatory training through the Shaw Ethics and Compliance (E&C) program.

In 2009, Shaw did not make financial or in-kind contributions to political parties or political institutions.



This report meets the requirements for the Global Reporting Initiative™ (GRI) C level. Our inaugural sustainability report was published in August 2009 for calendar year 2008. This report, published in 2010, covers the calendar year 2009. Future reports will follow the same annual reporting cycle. Between 2008 and 2009, Shaw acquired Sportex, an artificial turf manufacturer, and launched the Clear Path Recycling™ joint venture with DAK North America. Unless otherwise noted, this report includes performance data from all joint ventures where Shaw ownership exceeds 50 percent, and all Shaw subsidiaries. Costs related to leased facilities and outsourced operations are also included in Shaw Industries Group financial statements. For additional information about this report or the topics covered therein, please visit www.shawgreenedge.com or contact us at info@shawgreenedge.com.

Pictured on Cover

*Front: (background photo L-R) **Carol-Ann Kahian**, Commercial Sales; **Kristin Jordan**, Residential Sales; **Tracy Roan**, Commercial Sales; **Kelly Dunn**, Residential Sales; **Michael Bowers**, Commercial Sales
(bottom photos L-R) **Tommie Mack**, IS Manager; **Bobby Stout**, Maintenance Supervisor; **Megha Shah**, Marketing Manager*

*Inside Front: (L-R) **Jeff Segars**, **Kellie Ballew** & **Jeff Wright**, Technical Development*

*Inside Back: (L-R) **Alli Khan** & **Darryl Covington**, Manufacturing Associates*

*Back: (background photo L-R) **Kelley Fain**, Commercial Sales; **Kelly Harrison**, Commercial Sales; **Bryna Wiggins**, Commercial Sales; **Mark Law**, Commercial Sales
(bottom photos L-R) **Emily Morrow**, Design Director; **Rachel Fisher**, Plant Manager; **Ismael Cruz**, Manufacturing Associate*

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A photograph of two men in a factory or industrial setting, overlaid with a semi-transparent green filter. The man on the left is wearing safety glasses and a hard hat, looking slightly to the right. The man on the right is also wearing safety glasses and a hard hat, looking towards the camera. The background shows industrial equipment and shelves.

where the **future** is in our hands



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