

*Creating a
Better Future*



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SUSTAINABILITY REPORT 2016

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*With every
material,
every process,
every action,
we are creating
a better future.*

Shaw Floors, LifeGuard, Broadloom

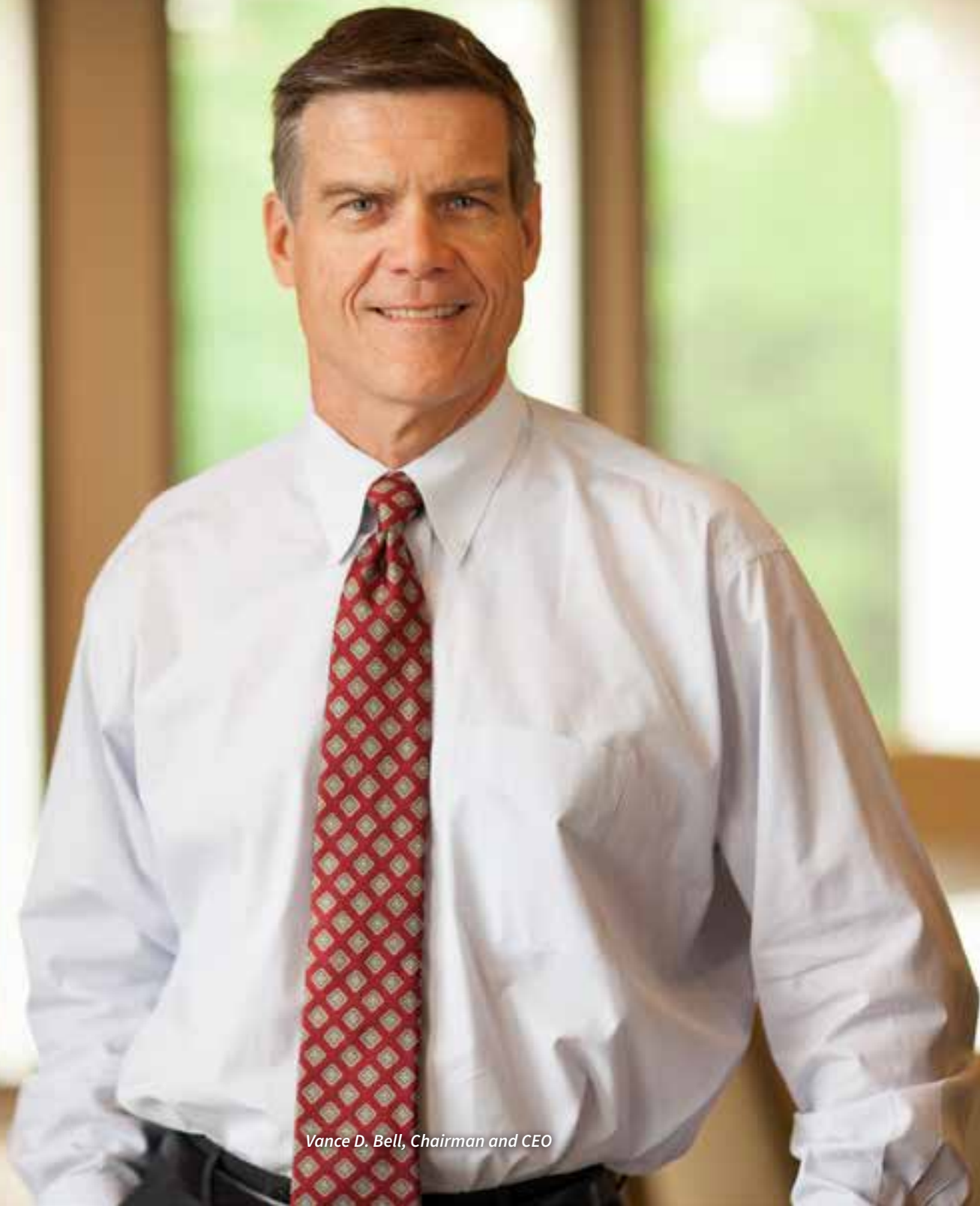
Better, together.

We believe that every step we take should lead us forward. Every decision we make should bring us—associates, customers, stakeholders, communities—closer together. Designing for the future means designing not just for people, but for the planet we share.

At Shaw, sustainability is more than an approach. It's a path to success. It's how we drive innovation into our business, and get more out of it. It's how we challenge ourselves—and engage our people and partners—to be good stewards of our environment by protecting and using shared resources wisely.

And, yes—it's also a strategic part of our plan for smart, long-term financial success.

After all, we want our growth to be sustainable, too.



Vance D. Bell, Chairman and CEO

Dear Stakeholders,

Each year, millions of families, workers, patients, students, athletes, and others step foot on new Shaw floors and fields. Our company provides the beautiful, safe, healthy foundation upon which memories are made, patients heal, students learn, athletes shine, scientists discover, artists create, entrepreneurs innovate, communities come together, and everyday life happens.

In addition to the positive impacts our products make on our customers, Shaw touches the lives of more than 20,000 associates, their families and the communities in which they live and work.

As an industry leader and the largest employer in many of our communities, we recognize our significant role in creating rewarding careers that contribute to economic prosperity. We continued, in 2016, to invest in our people, products and processes to exceed customer expectations in quality, service and performance.

Most notably, this past year, we:

- Opened our new carpet tile manufacturing facility in Adairsville, Ga., an \$85 million facility that adds production capacity and recycling capability
- Began construction on our Create Centre in Cartersville, Ga., a collaborative environment that will house our commercial division's marketing, design and innovation associates
- Acquired USFloors, further expanding our strong position in the resilient luxury vinyl tile and hard surface markets
- Brought its \$100 million resilient manufacturing facility in Ringgold, Ga. fully online. The facility, which will ultimately create more than 240 new jobs, currently employs more than 100 associates, with further expansions planned for 2017 in support of the USFloors business

And we paved the way for other significant investments in 2017, including the expansion of our distribution network with a new facility being constructed in Savannah, Ga.; enhanced capacity at our resilient manufacturing facility in Ringgold, Ga., to more fully leverage the USFloors acquisition; and an extensive modernization of our fiber production facility in Andalusia, Ala.

As we celebrate our first five decades in business, we recognize that the foundations of our success in the past 50 years will serve us well in the next 50. However, going forward, we must also think differently, be even more nimble and strive for even deeper market insights. Shaw is investing and evolving to succeed amidst ever accelerating change in every market in which we compete.

Sustainability will continue to be an important catalyst for the sort of innovation that will drive our enduring success.

A handwritten signature in black ink that reads "Vance D. Bell". The signature is written in a cursive, flowing style.

Vance D. Bell
Chairman and CEO

More than a flooring company.

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

OUR VISION

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

OUR MISSION

Great People. Great Products. Great Service. Always.

OUR VALUES

Honesty, Integrity and Passion.



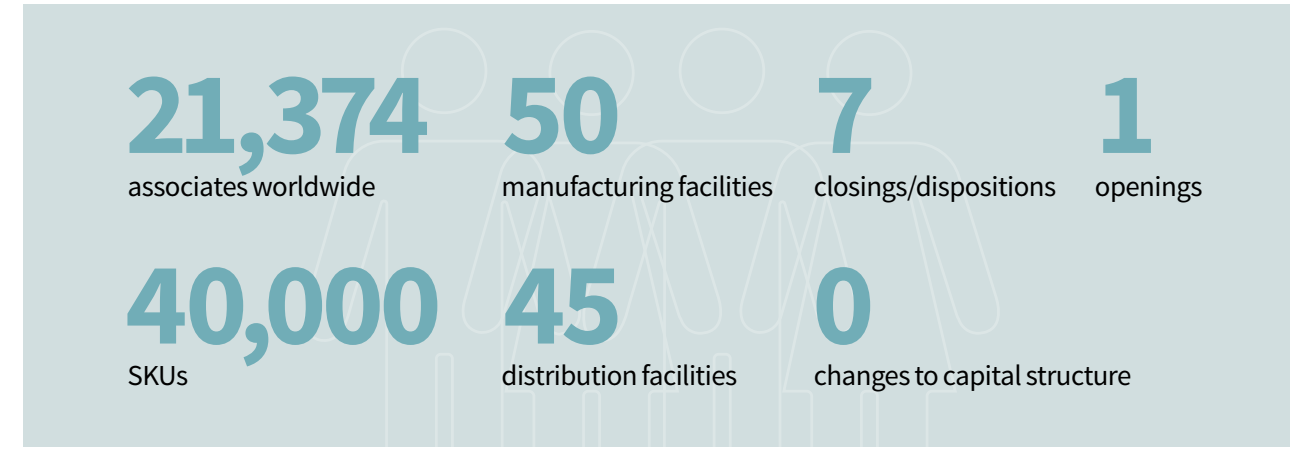
Shaw Industries Group, Inc. offers a diverse portfolio of carpet, resilient, hardwood, tile & stone, laminate flooring products, synthetic turf and other specialty items for residential and commercial markets worldwide.

Headquartered in Dalton, Georgia, Shaw is a wholly owned subsidiary of Berkshire Hathaway, Inc. with \$4.9 billion in annual sales and offices, showrooms, salespeople, manufacturing, warehousing, and distribution facilities located throughout the U.S., as well as Australia, Belgium, Brazil, Canada, Chile, China, France, India, Mexico, Singapore, United Arab Emirates, and the United Kingdom.

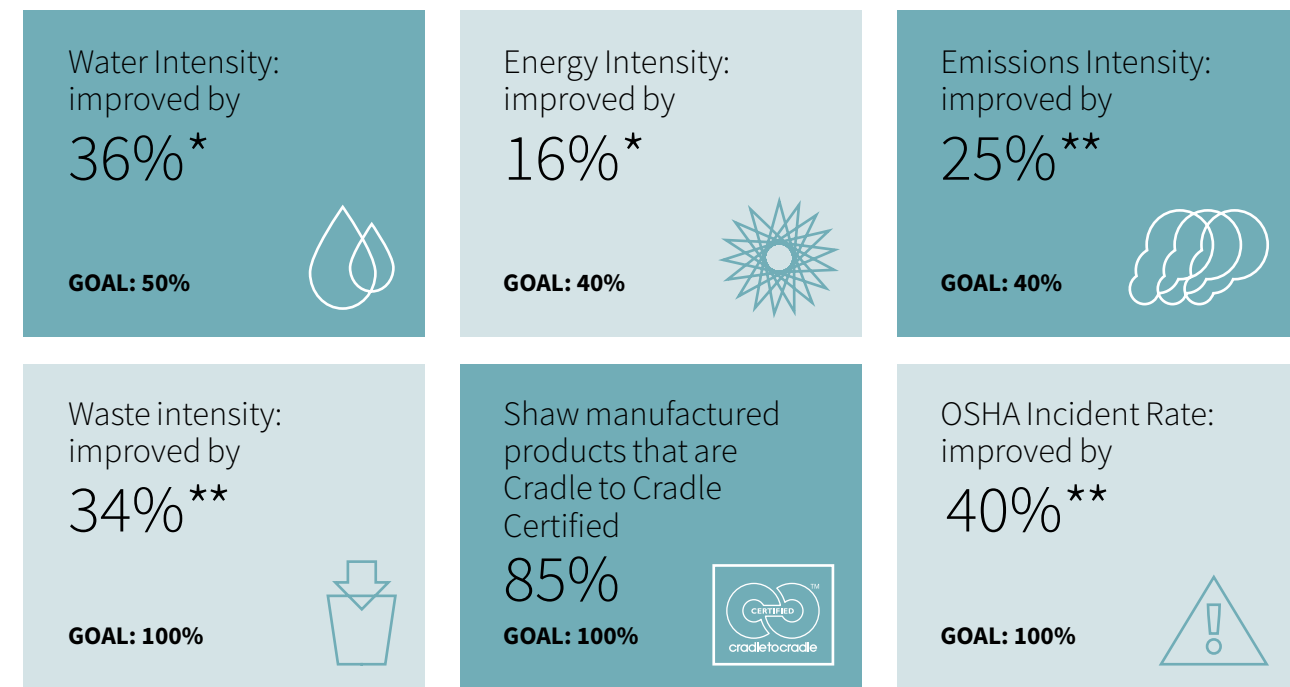


● Shaw plants, sales offices and showrooms
● Shaw global distribution network

BY THE NUMBERS



PROGRESS TOWARD SHAW'S 2030 GOALS



*Percent change in actual vs modeled intensity in 2016. **Percentage improvement from baseline year.

BRANDS



RESIDENTIAL FLOORING



COMMERCIAL FLOORING



SPECIALTY MARKETS



SERVICES



What we're made of.

When it comes to sustainability, you can see right through us. That's because we're committed to staying transparent—clear, open and honest—about our practices, processes and choices, and how they impact our environment. This report reflects that commitment. From listening to our stakeholders, to actively participating in community and industry organizations, to continually monitoring, disclosing and reducing our environmental impact—we're clearly committed to staying transparent about our business.

A collective challenge, a collaborative effort.

In 2016, we engaged stakeholders in our sustainability commitments through various efforts and events.

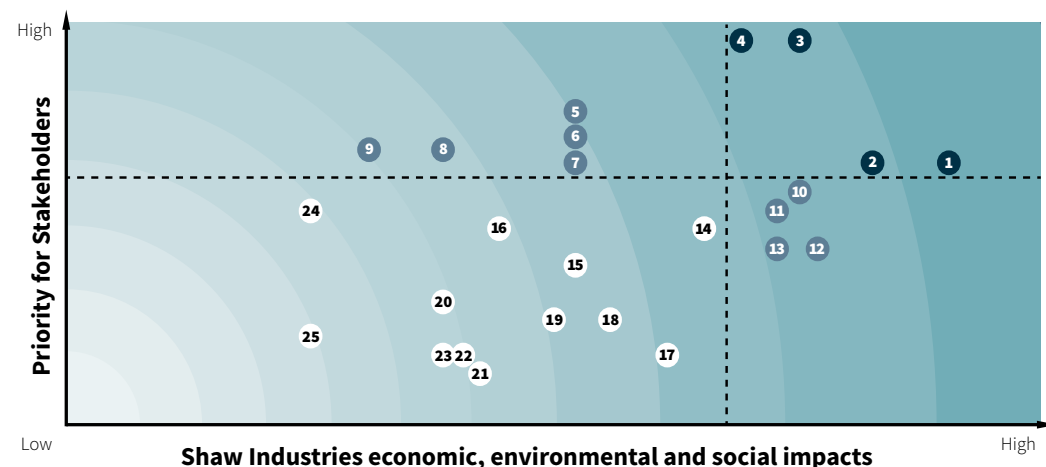
- Actively participating in community, industry, trade and non-governmental organizations
- Convening the biannual convention for Shaw Flooring Network's aligned dealers
- Offering on-site visits and facility tours
- Hosting roundtables and advisory panels with our customers and suppliers
- Leading conversations at the Berkshire Hathaway sustainability summit
- Hosting one-on-one meetings with customers, community leaders and government representatives
- Attending major industry events including NeoCon, Sustainable Brands and Greenbuild, as well as residential market events in major U.S. cities
- Conducting focus groups, market research and surveys of our associates and external stakeholders
- Engaging the Cradle to Cradle Certification Program's Community of Practice

The graphic below summarizes key topics raised by specific stakeholder groups.



Understanding Perspectives, Responsibilities, Opportunities

Shaw conducted a third-party materiality assessment in 2014. The goal of this assessment was threefold: to understand our stakeholders' priorities, to understand our customers' views across the business segments and communities in which we operate, and to understand the perspectives of industry associations, NGOs/nonprofits and other partnerships. This analysis was designed to capture both current data and future trends, and helps Shaw focus our sustainability strategy and reporting each year.

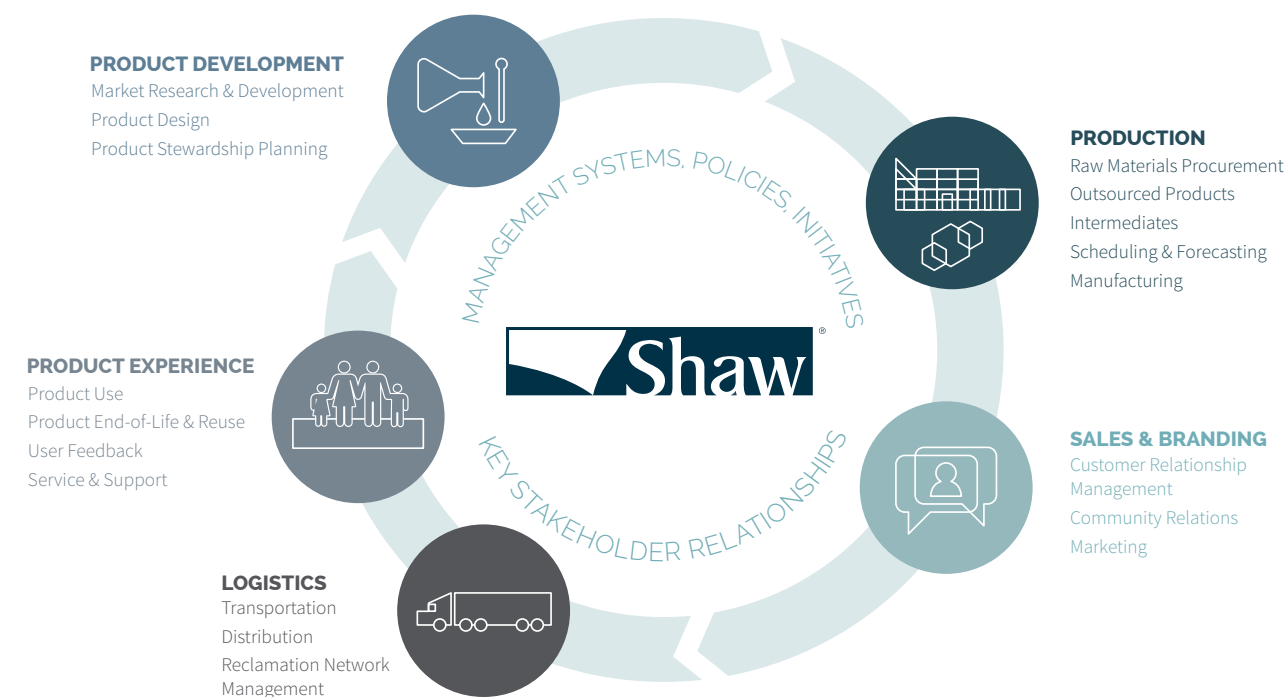


MATERIAL	PRIORITY	IMPORTANT	IMPORTANT
1. Talent Management	7. Energy	14. Global Competitiveness	21. Business Continuity
2. Branding & Marketing	8. Community Relations	15. Associate Health & Safety	22. Philanthropy
3. Product Stewardship	9. Climate Change/GHG	16. Water	23. Air Emissions
4. Materials Use	10. Associate Engagement	17. Logistics & Distribution	24. Facilities Management
PRIORITY	11. Customer Satisfaction	18. Diversity & Inclusion	25. Public Policy
5. Waste	12. Product Innovation	19. Labor Relations	
6. Management Oversight of Corporate Responsibility	13. Supply Chain Management	20. Human Rights	

MATERIAL TOPIC	BOUNDARY WITHIN SHAW	BOUNDARY OUTSIDE SHAW
Talent Management	Shaw	None
Branding & Marketing	Shaw	Customers
Product Stewardship	Shaw	Customers, Communities, Suppliers
Materials Use	Shaw	Customers, Communities, Suppliers

Achieving Sustainability Across Our Value Chain

As responsible manufacturers, we understand the importance of knowing and reducing our environmental impact across our value chain. We carefully monitor and disclose our energy, emissions, water, and waste data. We develop programs and projects in response to stakeholder feedback, including efforts and initiatives in talent management, Associate Resource Groups, community workforce development, transparent material assessments and third-party verifications, our focus on supplier management, and more.





Paul Murray, Vice President, Sustainability & Environmental Affairs

Dear Stakeholders,

Throughout this report, you'll find metrics reporting our progress toward our corporate vision of creating a better future and our 2030 sustainability goals. While each is important, we're particularly proud that based on unit sales, 85 percent of the products Shaw manufactures are Cradle to Cradle Certified™.

In our daily quest to help create safe, healthy spaces that foster innovation, promote healing, encourage learning, and bring people together, Cradle to Cradle is an invaluable tool for assessing our performance – for material health as well as recyclability, energy, water, and social fairness.

Our significant progress is underscored by ever-changing market priorities, evolving customer preferences, and an increasingly diverse array of products and business segments. Each presents challenges and opportunities: A plethora of considerations regarding advances in technology, chemistry, manufacturing, and other processes; new business norms; and at the heart of it all, the diverse needs of all those who step foot on our products.

The keys to Shaw's success is our business strategy to:

- Drive innovation into the business
- Protect and make efficient use of resources
- Engage our associates, customers, stakeholders, and communities
- Focus on long-term financial success

As with all our business efforts, continuing to meet customer expectations and to have a positive impact on the many lives we touch requires agility, innovation, and more collaboration than ever before.

We look forward to creating a better future together.

Paul Murray
Vice President,
Sustainability & Environmental Affairs

*Designed
with
intention.*

Shaw Contract, Mindful Play, Carpet Tile

*Dedicated to
our future.*

At Shaw, sustainability is an engine for innovation. From the products and services we develop, to the practices and processes we implement, this commitment drives us to continually create that which is smarter. Safer. State of the art. Success and sustainability go together every step of the way.

Each year, millions of people step onto new Shaw products. We make the foundations where families grow, patients heal, students learn, thinkers create, and champions are made. Our products can influence a lifetime. That's why we consider the lifetime of every product—from design, to end of life, and every step in between—across every dimension: resources, recyclability, human and environmental health, and beyond. It's a holistic, cradle-to-cradle approach. And it's why Shaw products are as sustainable as they are beautiful.



Greater goods, greater good.

What goes around comes around. At Shaw, we see truth in these words. We also see opportunity. As part of our commitment to embracing a more circular economy, we're diligently working within our own operations and with industry partners to convert materials historically seen as mere waste into valuable resources.

Recycled plastic bottle flakes, Plant WM, Dalton, Ga.

Reclaiming and Recycling Millions of Pounds of Carpet

Since 2006, Shaw has reclaimed and recycled nearly 940 million pounds of post-consumer carpet—ours and other manufacturers'. We're actively working to create an even more robust reverse-distribution system to encourage greater return of our EcoWorx® backed carpet tile products, as well as to develop similarly innovative approaches across our portfolio.

Driving Innovation Through Recycling Research & Development

In 2015, we introduced a first-of-its-kind recycling process for nylon and polyester fiber at our Evergreen Ringgold facility. This process is revolutionary, but is not yet technically viable on a commercial scale. So, in 2016, the plant scaled back operations to focus on post-consumer carpet recycling research and development. This allows us to both refine our recycling process, and to identify other technologies, processes, partnerships, and business models best suited for the opportunities and challenges of today—and tomorrow.

Bridging the Supply-Demand Gap for Post-Consumer Carpet

Shaw continues to contribute to the funding of the voluntary product stewardship (VPS) program through the Carpet and Rug Institute™, and the Carpet America Recovery Effort™. This support provides financial assistance to qualified U.S. collectors as a bridge while new technologies and applications are developed to increase

market-driven demand for all post-consumer carpet.

Turning Used Bottles Into New Carpet

The Clear Path Recycling facility in Fayetteville, N.C., a joint venture with DAK Americas, recycles approximately three billion plastic drink bottles annually. Each year, 100 million pounds of the clear flake they produce is turned into new Shaw polyester carpet fiber. Across our primary products, recycled post-consumer and post-industrial content made up 9.84 percent based on testing of our total input materials in 2016.

Continuing our Commitment to Renewable Materials

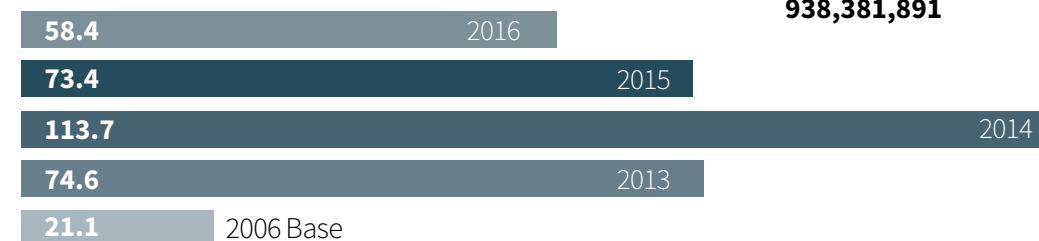
In 2016, Shaw's use of non-renewable materials was down slightly from 2.62 billion pounds to 2.42 billion pounds, while our use of renewable materials increased to 824 million as a result of the changing product mix driven by market demand.*

Reducing Waste Through Material Resource Management

Our extensive Material Resource Management (MRM) system helps us consistently categorize, measure, and channel waste toward the best possible end, whether recycling or reuse, within Shaw or through other industries. In 2016 alone, Shaw supplied more than 200 million pounds of post-industrial waste to other businesses for a variety of recycled content needs. Learn more about our MRM system on page 31.

TOTAL VOLUME OF CARPET RECLAIMED & DIVERTED

volume of carpet in millions of lbs.



**Pounds of carpet reclaimed/diverted since 2006:
938,381,891**

*The materials included in these results are those used in the production of our primary products: carpet, hardwood, laminate, resilient, tile, and stone.

Honesty rules.

It's clear—we value transparency. And so do our stakeholders. We know, because we asked. That commitment to asking questions, seeking honest answers, mining real data, and opening our business and our products to independent analysis is vital to our continued sustainability efforts and our success. Shaw participates in third-party programs designed to verify the environmental and health impacts of our products, and we transparently share the results.

Shaw Floors, Loveland Pass, Hardwood

TRANSPARENCY, VERIFICATION & EVALUATION

Programs vary by product, and include:

The Cradle to Cradle Certified™ Products Program

Among the most rigorous third-party assessment programs in the world, Cradle to Cradle focuses on safe materials, material reutilization, renewable energy, water stewardship, and social fairness. The Cradle to Cradle Products Innovation Institute verifies that certified products include only chemicals and components that are safe, and that can be recycled or reused. In 2016, 85 percent of the sales of Shaw manufactured product were Cradle to Cradle Certified, a 30 percent increase over last year. The increase was due to the certification of our polyester carpet products. Our goal is to design 100 percent of our products to this standard by 2030.

Environmental Product Declarations (EPDs)

Shaw reports life-cycle environmental impact of products following a structure that is independently verified. Shaw's EPDs are prepared in accordance to ISO 14025, relying on Life Cycle Assessment (LCA) to provide information of environmental impacts of products over their life cycle. Shaw has third-party verified EPDs for the vast majority of our commercial and residential carpets.

GREENGUARD Certification

Administered by UL Environment, GREENGUARD Certification assures that products designed for indoor spaces meet strict limits for chemical and particle emissions to support healthy indoor air quality. All of Shaw's hardwood and laminate flooring is GREENGUARD certified.

Green Label Plus®

An independent testing program of the Carpet and Rug Institute, Green Label Plus (GLP) verifies that carpet, adhesive, and cushion products meet rigorous standards for low volatile organic compound (VOC) emissions. All Shaw manufactured carpet are GLP certified. Many of the carpet adhesive and carpet cushion products also meet this standard.

Health Product Declaration® (HPD)

HPDs are a standard report format for transparent disclosure of material contents and potential health hazards. Shaw's HPDs cover all EcoWorx carpet tile products as well as the majority of our commercial carpet portfolio.

ILFI Declare™

The International Living Future Institute (ILFI) administers the Declare labeling program, which seeks to provide transparent disclosure of the ingredients in a building including any ingredients on the Red List of Chemicals. Shaw's EcoWorx Tile has achieved Living Building Challenge Compliant status in the Declare program and is free of Red List chemicals.

NSF/ANSI 140

A sustainability assessment for carpet that focuses on quantifiable metrics, NSF/ANSI 140 covers public health and environmental components. EcoWorx carpet tile is available in NSF 140 Platinum, and all EcoWorx carpet tile and broadloom products, along with all Ultraloc®, Stalok®, and Classicbac® broadlooms, are NSF 140 Gold Certified.

Our word is our brand.

Our branding and marketing efforts reflect our company-wide commitment to living our core values—honesty, integrity, and passion. As part of this commitment, everyone at Shaw shares responsibility for communicating our brand in ways that are transparent, consistent, and open. Whether it's in a CEO message, or a national marketing campaign, we want every stakeholder to know that they can always take us at our word.

Shaw Floors, Harwich, Resilient

Shaw associates at every level of our organization recognize the critical impact of communication, actions, and reputation on our ability to meet customer expectations and succeed into the future. In our materiality review, Shaw's internal stakeholders ranked branding as the most important item.

Transparent Disclosure of Product Information

Our product labels, sales materials, and websites provide detailed product information related to construction, care, and sustainability. We ensure the accuracy and transparency of these materials through a multilayered and thorough review process. Shaw recognizes and upholds the United States Federal Trade Commission's Green Guides for communicating our environmental initiatives and the sustainability of our products. Many Shaw product labels include logos and branding that reflect our participation in voluntary sustainability certification programs. These programs include Cradle to Cradle Certified, GREENGUARD, and others listed on page 23. These labels help enable informed purchase decisions based upon the sustainability and performance attributes our customers desire.

Promoting the Sustainability Advantages of Shaw Products

We seek to raise the profile of our extensive portfolio of responsible flooring choices. We focus on ensuring that decision-makers, influencers, customers, and consumers are informed about the full scope of our sustainability efforts and our portfolio of sustainable products. In 2016, Shaw participated in a variety of show-home projects to showcase the sustainable products available, including donating flooring to and sponsoring the Greenbuild KB Home Project, a demonstration home intended to predict future trends and

bring flexible, sustainable design to the masses.

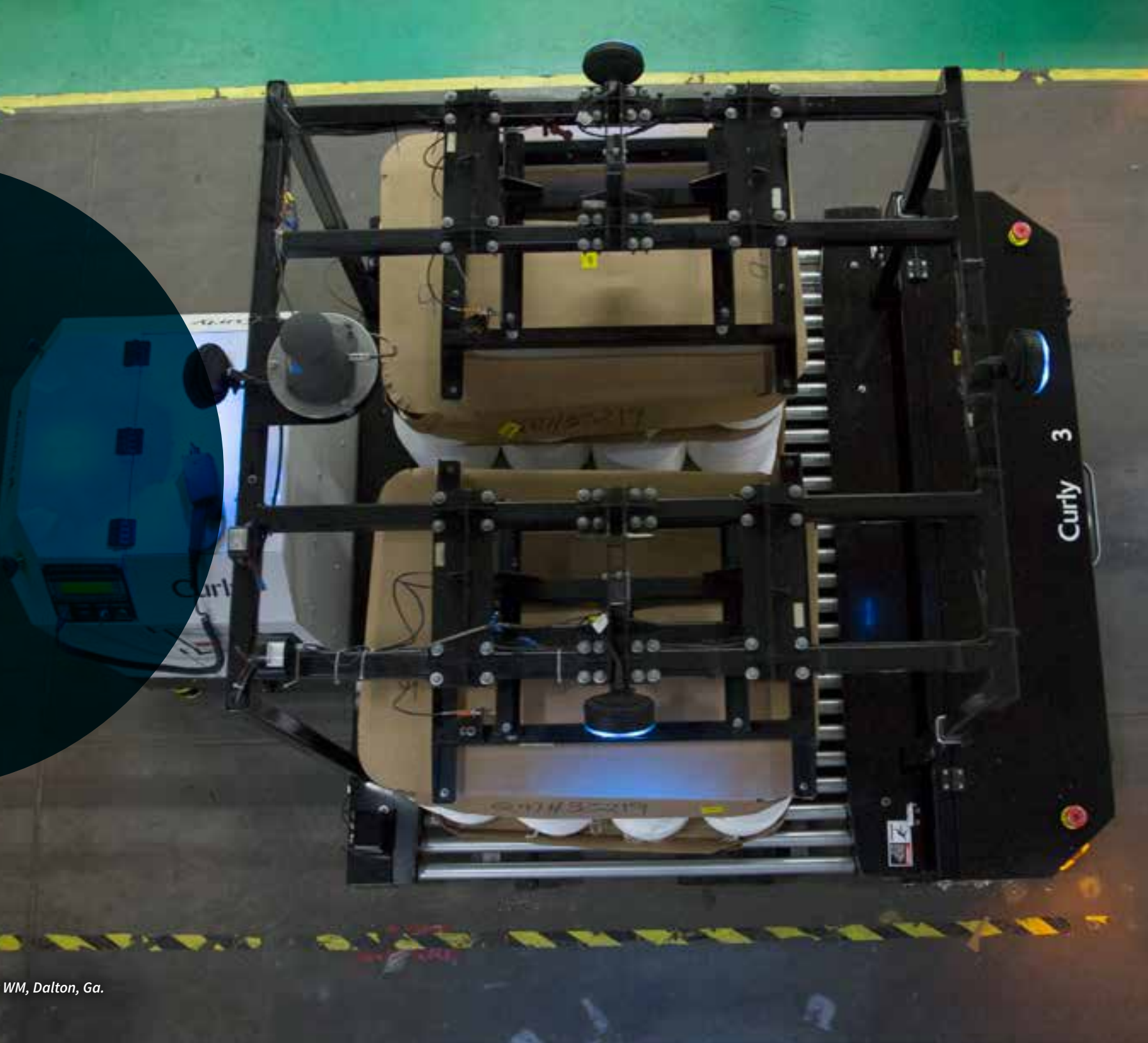
Strategic Sustainability Partnerships / Thought Leadership

Shaw has established strategic partnerships with nonprofit organizations to promote the environmental and social causes that are important to us, our associates, and our customers. In 2016, we partnered with the Cradle to Cradle Innovation Institute on a series of Built Positive workshops aimed at raising knowledge and awareness of the circular economy among commercial property architects, designers, building owners, and other leaders. We also sponsored and spoke at multiple sessions at Sustainable Brands, advancing the conference's focus on "Activating Purpose" as one of Shaw's many efforts to not only propel our company and our industry forward, but to collaborate with and share challenges and best practices with peers across a wide range of industries. Among our numerous local-level activities, Shaw supported the Georgia Conservancy, an organization whose mission is to protect and conserve Georgia's natural resources through advocacy, engagement, and collaboration. In 2016, we participated in multiple events during the year, including coordinating a Shaw associate volunteer day to help maintain one of Georgia's beautiful state parks.

Commitment to Fairness and Ethical Action

While each Shaw brand has independent brand strategies and a unique marketplace identity, there is a common thread—an unwavering commitment to fairness and ethical action. In 2016, Shaw had zero incidents of non-compliance with regulations and voluntary codes concerning our marketing communications.

*Because
“how”
matters.*



Finding a better way—every day.

At Shaw, we’re always looking to make more of the best—but not at the expense of our planet. We don’t just create more sustainable products. We create smarter, more sustainable ways of producing them.

As new technologies, best practices, and market demands emerge, we evolve. We invest in proven systems to measure and track our energy and water use; our waste; and our emissions. We ensure equipment and facilities are continually upgraded to meet high standards of safety and sustainability. We choose building designs, materials, and furnishings that support a safe, healthy and eco-friendly work environment. Why? Because “how” matters.

Laser-guided autonomous delivery vehicle, Plant WM, Dalton, Ga.

Connected by trust.

Customers around the world rely on us for quality flooring. That's why we seek suppliers we can trust. We make big promises to provide the best for our people, which means our suppliers must meet Shaw standards: provide a diverse range of products and services; operate sustainably and responsibly; and, most importantly, share our vision for excellence. We partner with people that care. More than that, we find suppliers that demonstrate this care—in their interactions and their consistently exceptional products.

To serve our customers, Shaw purchases supplies ranging from professional services to machinery. We're picky about our partners. Each of our carefully vetted suppliers is essential in helping us reach the standard of production and service we offer our customers every day.

Origins matter to us. So, we try to source close to home as often as we can. In 2016, 75 percent of the total we spent on suppliers occurred in the 15 states where 95 percent of our associates are located. In addition, 25 percent of Shaw's allowable spend goes to small and diverse businesses. In 2016, Shaw made the commitment to join the Sustainable Purchasing Leadership Council (SPLC) in order to strengthen our sustainable sourcing efforts. This has allowed us to collaborate with cross-industry sourcing (supply chain) professionals and drive business to suppliers who are being innovative about sustainable solutions aimed at creating a better future.

Year after year, we seek out partnerships with organizations that prioritize responsible and sustainable operations—just like us. Shaw's suppliers are held to the same high standards

for quality that we set for ourselves. In 2016, we continued to ingrain our sustainable sourcing guide for our suppliers. Additionally, Shaw hosted our first Supplier Expo, at which qualified suppliers and Shaw associates were brought together under one roof to form partnerships aimed at solving business needs. Suppliers were given an opportunity to pledge their support to sustainable business practices, including raw material disclosure and supply chain transparency. Our products, regardless of location or manufacturer, must meet stringent guidelines.

The same is true for our finished product suppliers. We set expectations and conduct testing prior to entering into an agreement to ensure they're meeting our standards. We also continue to test, randomly and periodically, for as long as the supplier relationship continues. Additionally, Shaw participates in many certification programs that include evaluations by third-party organizations, such as the Cradle to Cradle Certified Products Program and Underwriters Laboratories (UL). These stamps of approval help us sell products with confidence in the end result—customer satisfaction.

Less is more.

As a manufacturer, we love making things. Waste is not one of them. We're actively working to reduce, reuse, recycle, and identify new ways to decrease our company's contribution to landfills. That means cutting back, being creative with our leftovers, and rethinking our processes from start, to finish, and back. We think of it as taking lots of small steps toward a smaller footprint.

Carpet Recycling, Plant 15, Cartersville, Ga.

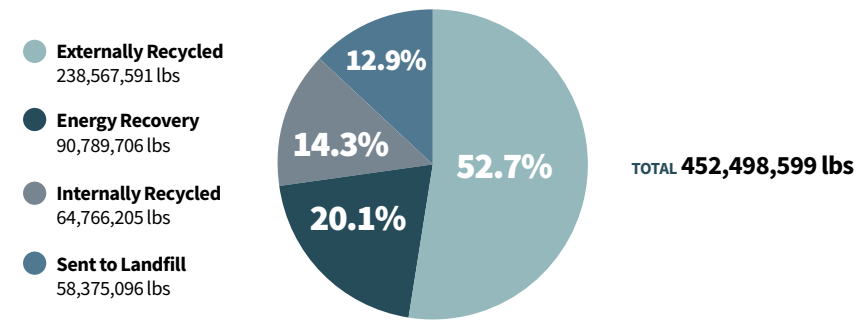
As part of our circular economy philosophy, we're committed to reducing the waste created by our manufacturing processes. We recognize that waste can be turned into a resource, and we're always identifying productive uses for the byproducts of our processes. Shaw continues to work towards our goal of completely eliminating landfill and hazardous waste by 2030.

We rely on our sophisticated data management system, Material Resource Management (MRM), to help us consistently categorize, measure and channel waste toward the best

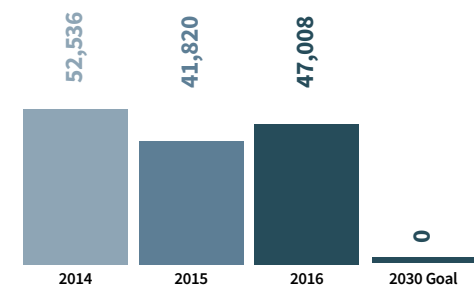
possible use—whether that be through recycling or reuse, within Shaw or another industry.

Both our hazardous waste and our waste intensity increased in 2016 due to the shifting usage of the Evergreen Ringgold recycling and plant adjustments resulting from the addition of new facilities and manufacturing processes. Waste intensity has improved by 34% from the 2008 baseline of 4.44%. There were zero significant spills in 2016.

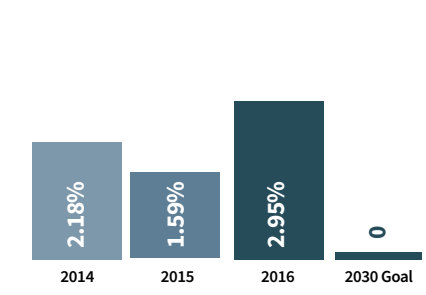
TOTAL WASTE BY TYPE AND DISPOSAL METHOD* - G4-EN23



HAZARDOUS CHEMICAL WASTE DISPOSAL* - G4-EN25
units represented in lbs.



WASTE INTENSITY* - G4-EN25
percent lbs. landfill waste per lb. finished product



* Does not include waste totals from our China Plant. Regulated chemical wastes, representing approximately 1% of the total waste stream, are managed separately and are not included in these values.

Powered by progress.

Expending less energy and producing fewer emissions means investing more—in efficient technology, equipment, and processes.

We've been busy at Shaw, working hard to make our world a little bit cleaner. We've found new ways of increasing sustainability across our facilities, from installing more efficient lighting, to revamping our entire transportation and distribution network. Our goals are big. But so are our achievements.

Solar Panels, Plant 15, Cartersville, Ga.

In 2016, we took a close look at our environmental impact as a company. We invested nearly \$5 million in new equipment and systems with the goal of reducing the energy and emissions intensity related to making our products. These investments involved installing more eco-friendly equipment in new, expanded, and upgraded facilities, ranging from compressors and manufacturing equipment to lighting.

These 2016 projects resulted in 233,137 gigajoules of energy savings, which translates to 11,719 metric tons of carbon dioxide equivalent (CO₂e). That's an impact roughly equal to removing 2,475 passenger vehicles from the road each year.

Our goal is to reach 40 percent reduction in actual versus modeled energy intensity per pound of finished product by 2030, using methodology adopted by the U.S. Department of Energy's Better Plants program.*

In order to achieve this goal, Shaw is involving the entire company in our efforts. It's a more cross-functional approach to energy management that's centered on product design and development, since these areas can have a significant impact on overall sustainability (including and beyond energy consumption).

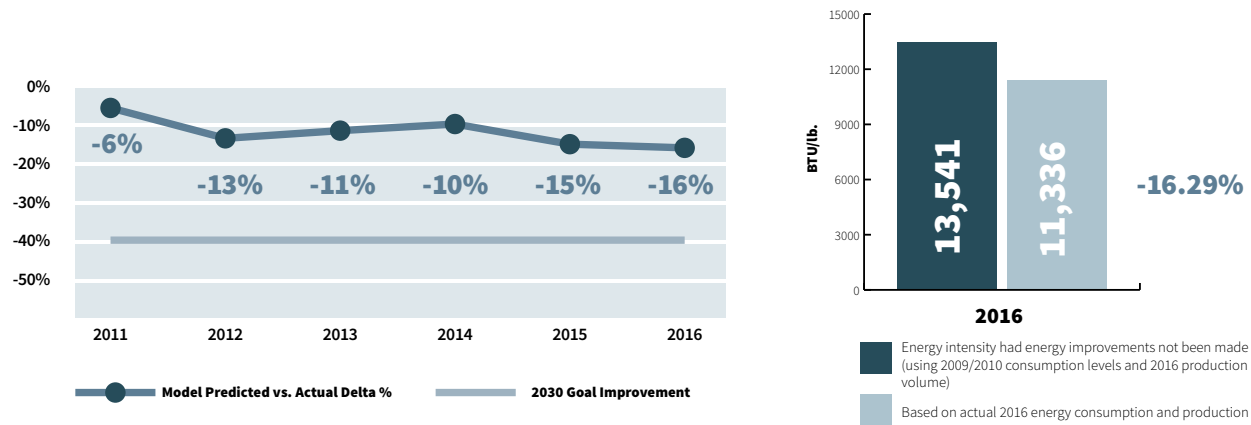
In 2016, our actual usage was 11,336 BTUs per pound of finished product—a 16 percent improvement from our modeled energy intensity.

Shaw also made progress toward our greenhouse gas emissions reduction goal in 2016. The investments we made in decreasing energy usage helped advance that goal. In 2016, Shaw's emissions intensity improved to 1.35 lbs. of CO₂e per pound of finished product, a 24.6 percent improvement from our 2010 baseline. Each year, Shaw submits our third-party verified carbon emissions to CDP. In 2016, Shaw's CDP overall score was a B compared to the industry average of D.

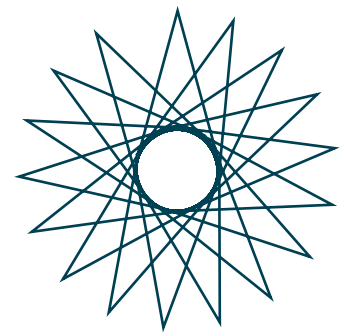
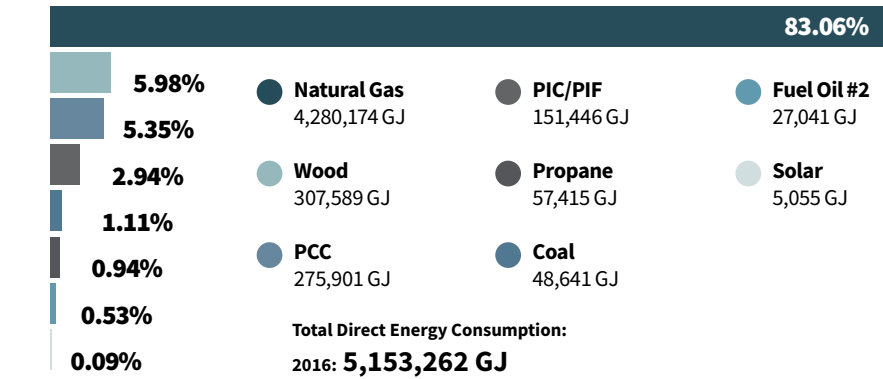
A significant portion of our efforts in 2016 were dedicated to improving Shaw's extensive transportation and distribution network, which includes more than 800 tractors and 3,000 trailers supporting 45 local and regional distribution facilities. We operate a large private transportation fleet and are committed to decreasing environmental impact while also meeting customer deadlines. Empty trucks are inefficient trucks. So, we partner with logistics companies to maximize the use of our vehicle miles and help ensure that our trailers are full on return trips—even if they're not full of Shaw products alone. We continued to replace our heavy-duty tractor fleet with more efficient vehicles in 2016, helping improve our overall fleet miles per gallon from 6.64 in 2015 to 6.98 in 2016.

*To learn about our participation in the Better Plants program and its energy performance methodology, visit: <http://energy.gov/eere/amo/better-plants>

ENERGY INTENSITY IMPROVEMENT - G4-EN5



DIRECT ENERGY CONSUMPTION BY SOURCE - G4-EN3

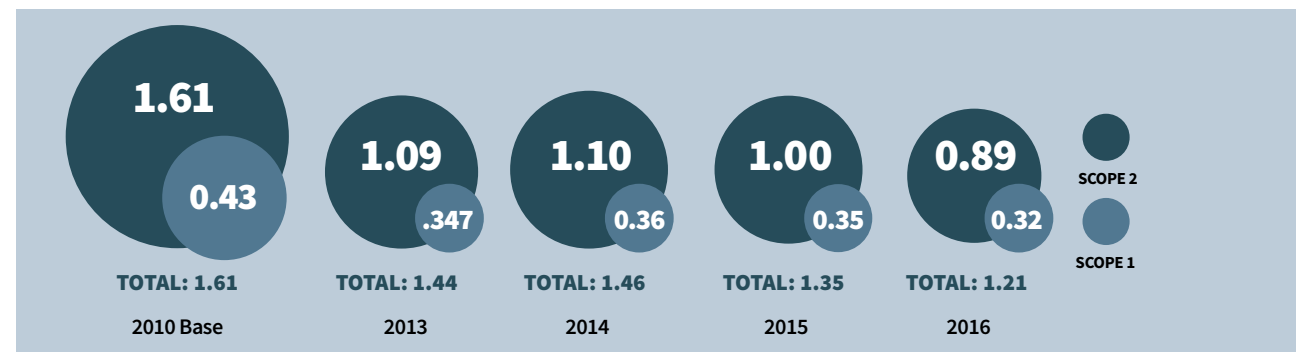


NOTE: Transportation is not included in this metric. PCC is post consumer carpet, PIC is post industrial carpet and PIF is post industrial fiber.

GREENHOUSE GAS EMISSIONS INTENSITY - G4-EN18
lbs. CO₂ equivalents per lb. finished product

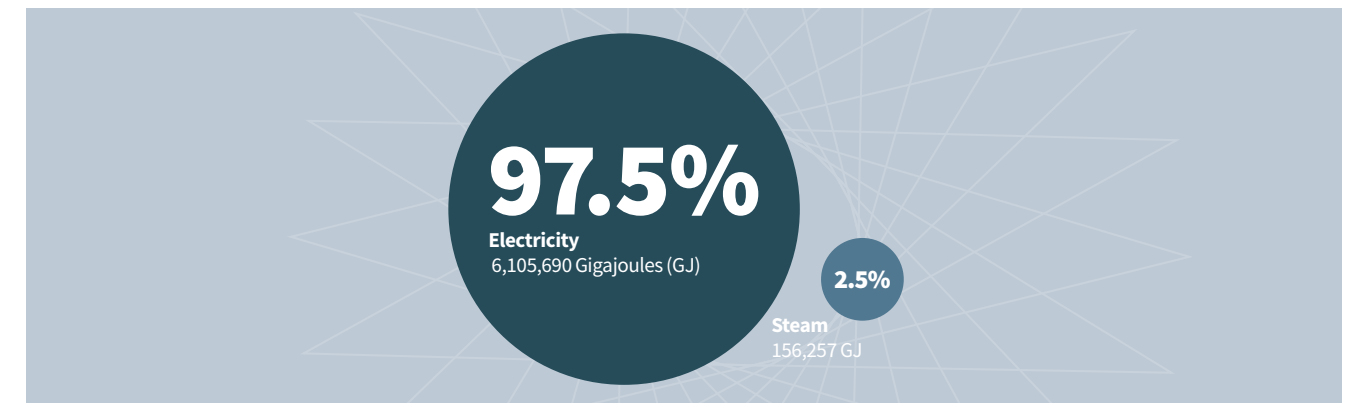


DIRECT & INDIRECT GHG EMISSIONS BY SCOPE & WEIGHT - G4-EN15, G4-EN16
GHG in millions of metric tons of CO₂ equivalents

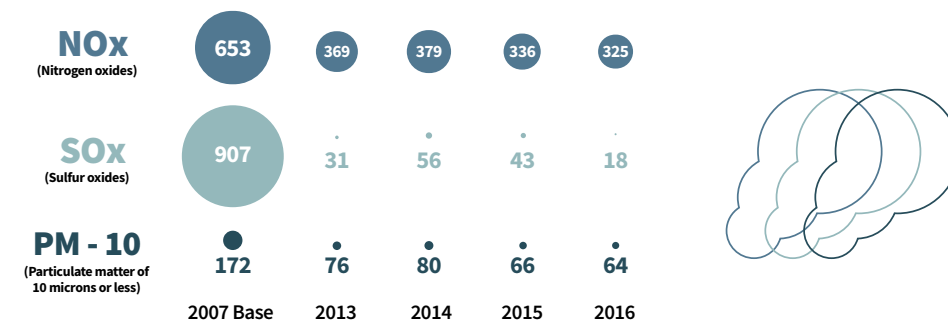


NOTE: This indicator was calculated using the Climate Registry General Reporting Protocol V 2.0 until 2014. Starting 2016, we started calculating this indicator using the GHG Protocol Corporate Standard.

INDIRECT ENERGY USE - G4-EN3



CRITERIA AIR POLLUTANT EMISSIONS - G4-EN21
In metric tons



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

Every drop counts.

We can't manufacture water. This essential resource sustains life in local communities and around the world, and we make it our responsibility to use water wisely. That's why we have taken great measures in 2016 to minimize its use in our operations and manufacturing processes. We believe that conserving water reduces our impact and, even more importantly, preserves life on Earth.

Process Water, Plant 4, Dalton, Ga.

With recent drought conditions surrounding some of Shaw's facility locations, such as in north Georgia and California, we have been particularly aware of our water use. While our manufacturing process does require water, we have established systems to reuse water whenever possible and made facility-wide improvements to save more and use less.

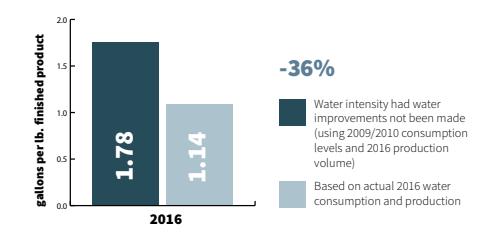
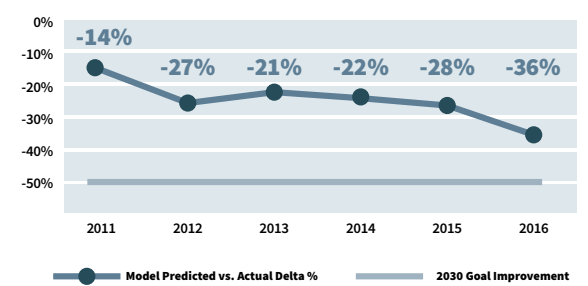
Shaw's goal is to reduce actual versus modeled water intensity per pound of finished product by 50 percent by 2030. To meet this goal, we're focused on identifying new technologies and innovative solutions to reduce water use within our operations.

We measure our intensity in gallons of water used per pound of finished product. Because water use and energy are so closely linked, we report water data in alignment with the energy and emissions data and baseline. In 2016, we used 1.14 gallons of water per pound, down from 1.26 in 2015, and achieved a 36 percent reduction in actual versus modeled water intensity in 2016.

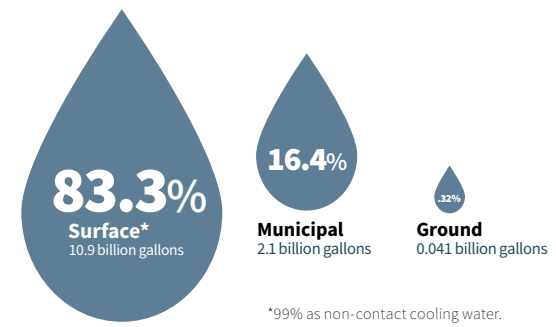
Of our total water consumption in 2016, we recycled or reused 14.46 percent based on testing of the water brought in.

WATER INTENSITY

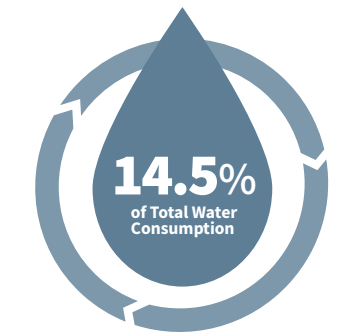
gallons per lb finished product



WATER WITHDRAWAL BY SOURCE - G4-EN8



% OF RECYCLED & REUSED WATER - G4-EN10





Working together, redefining 'better,' delivering our best.

Shaw's 50th Anniversary Celebration, Dalton, Ga.

We're a team.

Shaw associates are colleagues and collaborators, leaders and supporters, big thinkers and high achievers. We're a dedicated team of talented individuals driven by passion and committed to delivering our best. The year 2017 marks a full half century of excellence at Shaw Industries. That's 50 years of devoted associates building this company, together.

Today, every day, more than 20,000 associates at Shaw are working to positively impact our customers, our company, and our communities. Our team's innate desire to protect and serve our world, and our resulting company-wide sustainability efforts, are one big reason we believe we have the greatest associates in the business. And that's saying something.

A photograph of a man and a woman in business attire looking at documents on a table. The man is on the right, wearing a dark jacket over a blue and white checkered shirt. The woman is on the left, wearing a red top. They are both looking down at the documents on the table. The background is a whiteboard with some text on it.

Investing in people – first.

Every team at Shaw is built with intention, fueled by our vision, and valued for its contributions—without exception. We ensure the talented individuals that make up our company feel respected, heard, supported and equipped from day one. Our goal is to develop leaders, to meet needs and exceed expectations, and to establish clear, honest communication across our entire workforce. We grow together, encouraging one another to develop our own unique skills, and to find challenge, success and advancement in our personal and professional lives. At its core, our talent management philosophy is simple: Invest in people, and they'll return your investment—with dividends.

Dhruvi Patel and Daniel Collins, Plant 94, Cartersville, Ga.

TALENT MANAGEMENT

At Shaw, every day is an exploration; a chance to learn about ourselves, our company, and each other. Making the most of these opportunities involves constantly listening and responding to our associates as our company grows and as the needs of our workforce shift. We're focused on creating meaningful connections between our associates in order to build a strong company centered around a shared vision and business objectives.

From the Beginning

First impressions are important. That's why we're adamant about creating a welcoming environment and a smooth transition for all new associates. From the very first conversations during the hiring process, we warmly welcome new Shaw associates to our team. We ensure that from the earliest days, our associates are set up for long-term success with the training, tools, and resources they need to reach their full potential. The orientation period serves as an introduction to the company and the starting point of our commitment to the training and development of each associate.

Continuous Growth

After orientation, we seek to provide ongoing support through education, training, development, and leadership opportunities. Our performance management process helps managers and associates work together to identify business development opportunities that align individual goals and strengths with business needs.

Other key programs that help support associate development, recruitment and retention include affinity groups, mentor relationships, volunteer activities, and community events.

We also support shared knowledge and culture through our intranet site, which serves as a virtual connection for the entire community of Shaw associates.

A System for Success

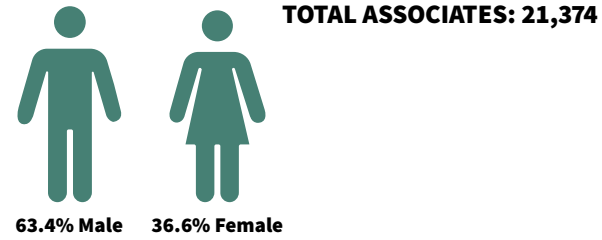
We recognize that needs are changing with each new generation at Shaw. In this rapidly changing environment, Shaw has outlined leadership imperatives and competencies required for the future success of our associates. In order to promote a positive, innovation-focused environment, we have outlined clear expectations for each job, function and level, and these are integrated throughout all talent management systems. From hiring decisions to compensation, Shaw's leadership competency model helps our entire team focus on supporting and developing a workforce that will achieve our business strategy and sustainability objectives, while advancing toward personal development goals.

Recent surveys and accolades validate the success of these efforts. In 2016, Great Place to Work®, a third-party workplace survey, engaged more than 700 Shaw associates to provide feedback and analysis of the company's status as an employer of choice. Associates rated Shaw highly for "Great Pride" (95 percent), "Great Communications" (91 percent) and "Great Atmosphere" (93 percent). Additionally, the survey revealed that 90 percent of associates feel a sense of pride in what they accomplish at work, and 88 percent feel good about the ways the company contributes to the community. Each of these categories improved from the prior year. We're also proud to have been named to Forbes America's Best Large Employers list 2016.

ASSOCIATES BY EMPLOYMENT TYPE, CONTRACT TYPE & GENDER

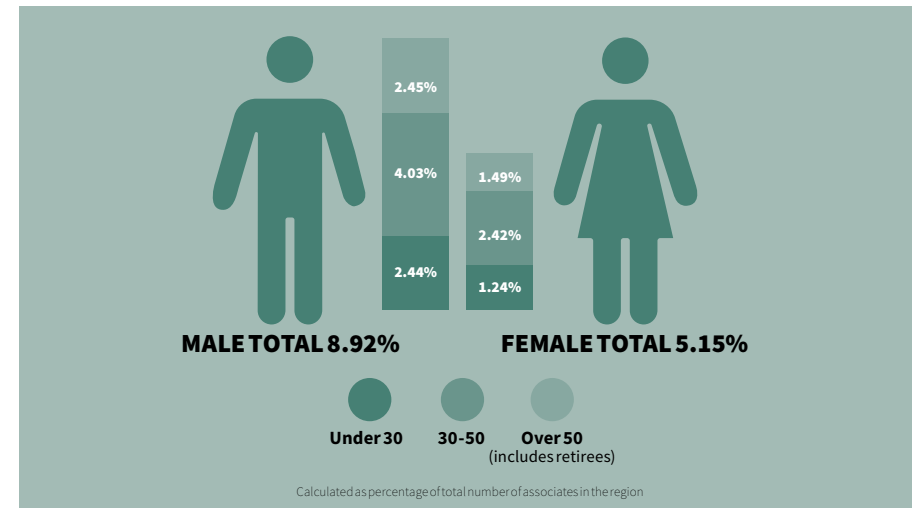
G4-9, G4-10

	U.S.		ASIA/PACIFIC		CANADA		EUROPE		S. AMERICA		TOTAL	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE		
FULL-TIME	13,300	7,623	109	142	59	15	3	13	3	2	21,269	FIXED
	16	3	0	0	0	0	0	0	0	0	19	TEMPORARY
PART-TIME	45	29	0	0	0	0	0	0	0	0	74	FIXED
	10	2	0	0	0	0	0	0	0	0	12	TEMPORARY



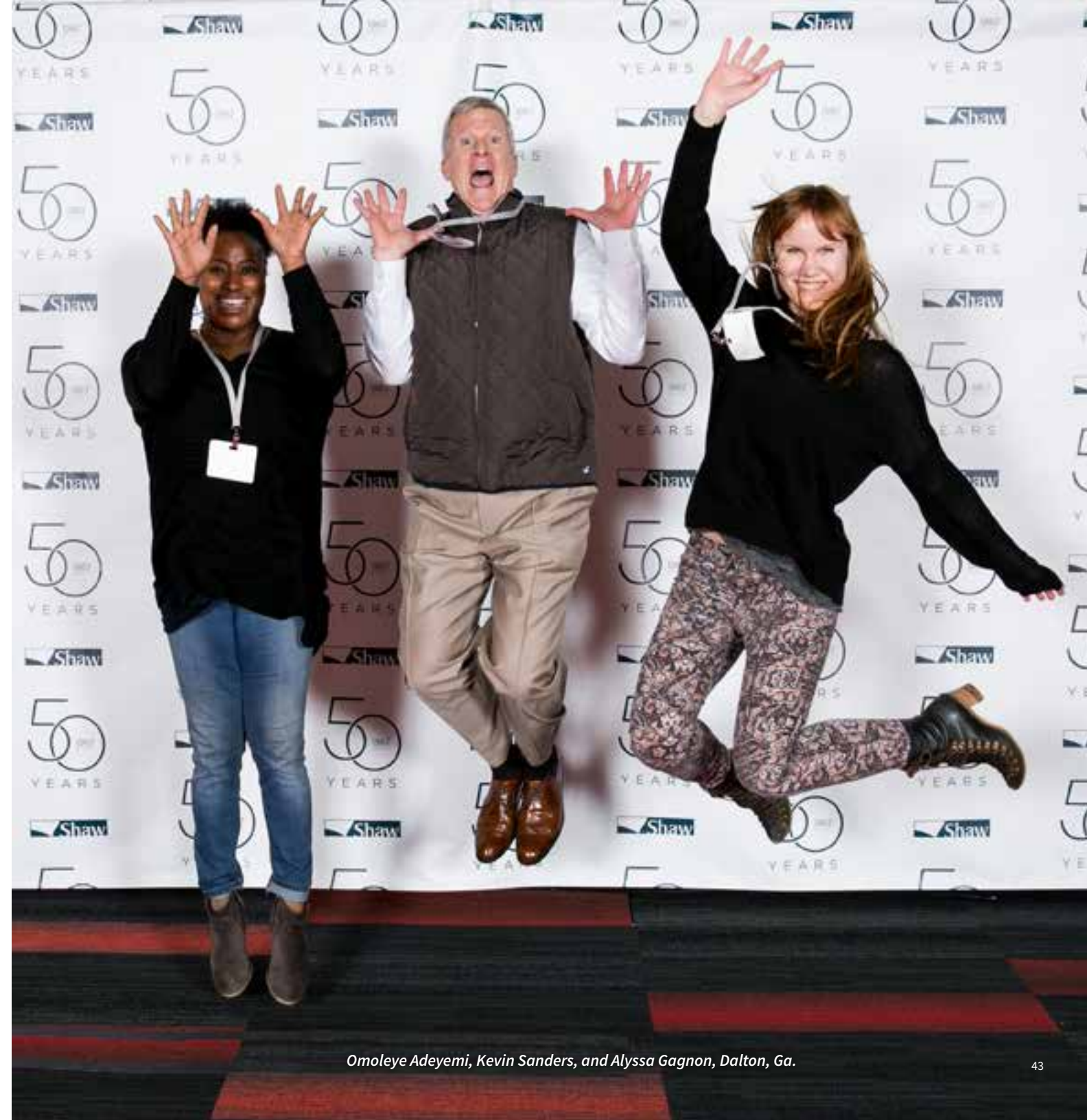
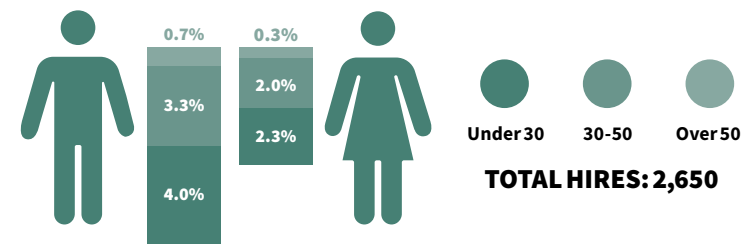
ASSOCIATE TURNOVER BY AGE & GENDER (U.S. ASSOCIATES)

G4-LA1



ASSOCIATE HIRE RATES (U.S. ASSOCIATES)

G4-LA1



Omoleye Adeyemi, Kevin Sanders, and Alyssa Gagnon, Dalton, Ga.



Curiosity trumps conformity.

Innovation doesn't come from homogeneous ideas. It comes from multifaceted knowledge, skills, and opinions, ranges of experience and perspective, and diverse people—all working together. Shaw strives to create a culture of inclusion because we know that people thrive when they are able to offer up their most authentic selves. We're committed to sustaining a diverse leadership team with all kinds of backgrounds, ideas, contributions, and approaches—but with shared goals. One of these goals is to ensure that high-caliber thinking and questioning flow through every level of our company.

Diversity and inclusion are instrumental to achieving our business goals. We bring together diversity of thought and background in an inclusive environment where everyone's perspective offers valuable insight. This approach fosters innovative thinking and problem solving, brings forth richer market insight, and helps our associates learn and grow to reach their full potential.

Shaw's Council for Diversity and Inclusion (CDI) is responsible for setting our Diversity and Inclusion strategy. The council is driven by the vision to spark growth through inclusive leadership and carries a mission to engage, educate, and empower. To meet those goals, the CDI plan focuses on talent optimization; leadership skills development; and associate, customer, and community engagement.

Shaw's local Diversity Councils support these Diversity and Inclusion efforts, which operate at several key facilities and work at the local level to initiate programs and activities. Shaw's talent model sets the expectations for "Demonstrating Inclusive Leadership" as a key competency for all associates. In fact, it's the only competency that is constant no matter what the organizational role is, whether support, professional or even mid- and senior-level leader.

Two of the key actions highlighted under the inclusive leadership competency are self-awareness and the willingness

to work to identify our own biases. Shaw now offers Unconscious Bias training as an educational opportunity to help associates explore the way the mind perceives difference and how that perception impacts business. In addition, associates can practice new strategies to recognize and mitigate bias.

In 2016, Shaw added new Associate Resource Groups (ARGs), which are designed for associates with similar backgrounds and experiences to support and engage with each other. The ARGs help to ensure that diverse insights and experiences are embedded throughout the company and spur the robust conversations required to develop the next generation of products, services, systems and processes to propel us all forward.

ARGs support Shaw's inclusive culture by fostering collaboration and connectivity, promoting productivity, cultivating our associates' many talents, and helping to inspire growth and innovation. In 2016, Shaw began the process of expanding ARGs to include Conexión for Latino & Hispanic associates and Spectrum for Black/Multicultural associates. These groups officially launch in 2017, joining the existing Women's Innovation Network, or WiN, and ShawVET, which focuses on veterans. ARGs help ensure we recognize and leverage our people's unique talents.

We don't climb ladders.

We build bridges, skills and careers. Each Shaw associate carves a unique career path. Our job is to support them in achieving their own highest potential. We help develop leaders at every level and prepare them for greater responsibility when they're ready for more. Opportunity for growth is built into all positions, and each associate is encouraged to take advantage of on-the-job learning and training. The goal? To give every associate the professional direction they need to flourish and move forward. Because a sustainable business demands a capable, knowledgeable and curious workforce.

Alyssa Heldreth, Plant WH, Shaw Learning Academy

EDUCATION & TRAINING

Customer demands, market conditions and technologies are always changing. So, the complexity and kinds of work that Shaw associates do each day must change too. We actively and proactively adapt for success.

Shaw associates pursue careers across a wide range of disciplines. We offer a variety of opportunities in fields including engineering, manufacturing, design, distribution, customer service, technical development, sales and marketing, information services and corporate administration. Essentially, we're a company of go-getters, lifelong learners and multiple-hat-wearers. And we like it that way. In fact, it's part of our strategic approach to smart, sustainable growth.

A wide diversity of company roles and our ever-changing marketplace require Shaw Learning Academy (SLA) to deliver training in thoughtful, effective and adaptive ways; ways that help our associates and our company anticipate future needs and respond in advance, and with agility. We offer extensive technical education and training for associates responsible for the operation, maintenance, and repair of our sophisticated manufacturing facilities. And we provide functional, leadership and professional development training to ensure that our

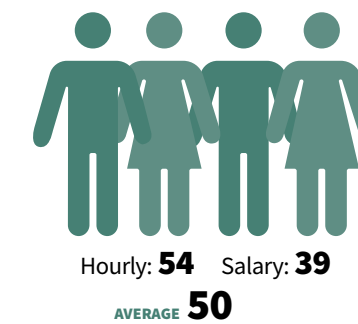
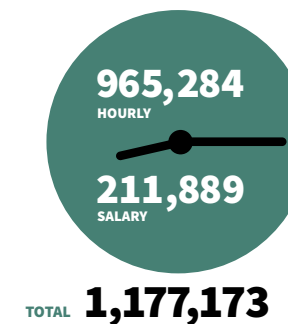
human resources, IT, marketing and sales teams are well equipped to succeed at each stage of their careers.

SLA aims to help each associate reach the full extent of his or her own leadership potential. Our training supports the skills and competencies identified for every individual within our people-focused talent model. This enables associates to select training opportunities that are directly aligned with their own interests and the company's business needs—allowing both associates and company to flourish.

Altogether, Shaw delivered nearly 49 hours of training per associate in 2016. That equates to more than one million total training hours for the year. SLA not only provides training in quantity, but of quality. Both our associates and third parties have consistently recognized the value of our industry-leading training programs.

Since 2005, we have ranked in the Training Top 125. Also in 2016, we were ranked 11th in Elearning! Magazine's Learning! 100. Honored for the sixth consecutive year, Shaw was among top private sector companies cited for high performance, organizational culture, innovation, and collaboration.

TRAINING HOURS & TRAINING HOURS PER ASSOCIATE - G4-LA9



We take care of each other.

At Shaw, “wellbeing” isn’t a buzzword—it’s a byword. Everyone has the right to a safe and healthy work environment. That’s why we ensure the protection of our associates and visitors any time they’re at a Shaw facility. As a manufacturer, we recognize the potential for risks and hazards in many forms, and we respond with comprehensive safety programs. We’re establishing not just rules and regulations, but an entire culture built around health, safety, and wellbeing, with on-the-job training and constant communication between leadership and associates. After all, taking care of customers, partners, and our planet starts with taking care of each other.

Kenneth Cox, Plant 15, Cartersville, Ga.

Providing a healthy and safe workplace for our associates is among the most important responsibilities we have. Our safety programs are comprehensive and rigorous, encompassing both our physical work environments and ongoing training to support a culture of health and safety. We seek to meet or exceed all safety regulations at each facility—and it shows. Many of our locations have been recognized with awards from the Georgia Association of Manufacturers, South Carolina Manufacturers Alliance, and the National Safety Council.

Our 2030 safety goal is to achieve an OSHA incident rate of zero. While Shaw’s safety statistics did not improve as we’d hoped in 2016, we’re already taking the steps needed to change this trajectory. We’re working to foster a culture of safety, and have identified several programs focused on making progress toward our safety goals. Our OSHA incident rate has improved 40 percent from the 2005 base of 3.27.

In 2016, we supplemented safety training with new training videos to provide examples of specific safe actions, and reinforce the importance of safe practices. We launched a campaign to emphasize our Lockout Program that focuses on controlling hazardous energy to our machinery and processes while performing maintenance and repairs. We also created an internal contest to recognize safety advancements in ergonomics. Award-winning ergonomics projects in 2016 included installing new equipment to transport yarn more safely, designing a new station to automate unwinding and cutting materials, and creating a new twister creel table that reduced bending at the waist and eliminated the need to squat or kneel.

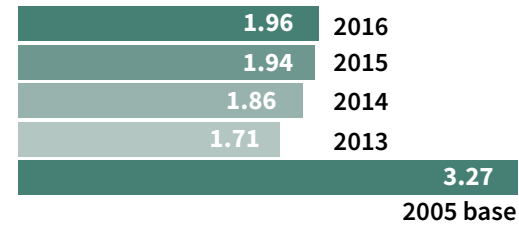
These key advancements are driven from the front lines at Shaw’s manufacturing facilities, and led by the Safety Committees at each location. These committees include Shaw associates representing every department and every shift, to ensure full engagement in identifying risks and solutions. In 2016, 82 percent of associates in operations were represented in these joint safety committees. Each committee is made up of at least 50 percent hourly associates. The safety committees review relevant incidents at their locations, identify solutions, prioritize next steps, direct implementation, and follow up.

Shaw convenes additional safety committees to address specific safety concerns for ergonomics and behavior-based safety. The Ergonomic Task Force is charged with looking closely at the posture and physical requirements within the facility. Behavior Based Safety Teams focus on identifying at-risk behaviors, developing safer behaviors, and reinforcing those safe behaviors until they become habits.

Shaw works to ensure safety is addressed as a priority in each ongoing and new project and initiative through collaboration between the safety team, and operations and management teams across the organization. The Shaw Management System (SMS) helps standardize safety processes and procedures, such as best safety practices and equipment protocols. The SMS is based on ISO 9001, ISO 14001 and OHSAS 18001 standards. By bringing together our Quality, Total Productive Manufacturing, Environmental, and Health and Safety systems, this unified interface supports consistency and efficiency across the organization.

RECORDABLE INCIDENT RATE

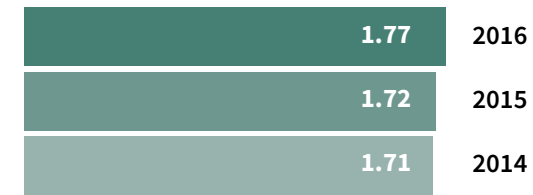
G4-LA6



This rate represents the number of US Occupational Safety & Health Administration (OSHA) medical recordable incidents x200,000/hours worked.

INJURY RATE

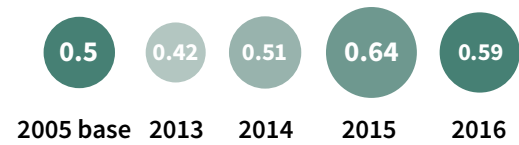
G4-LA6



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

LOST TIME CASE RATE

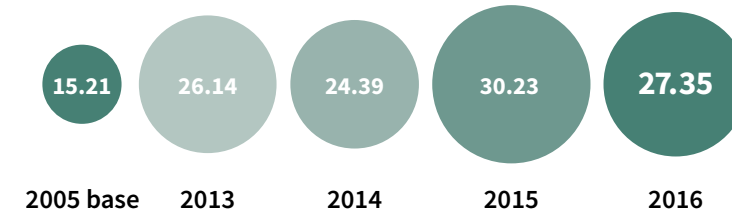
G4-LA6



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

LOST DAY RATE

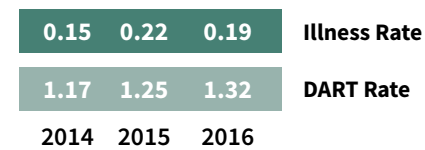
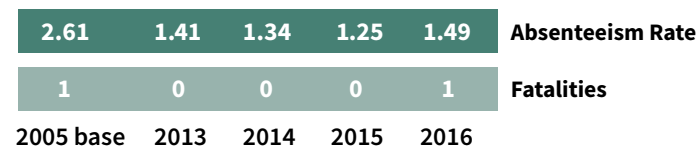
G4-LA6



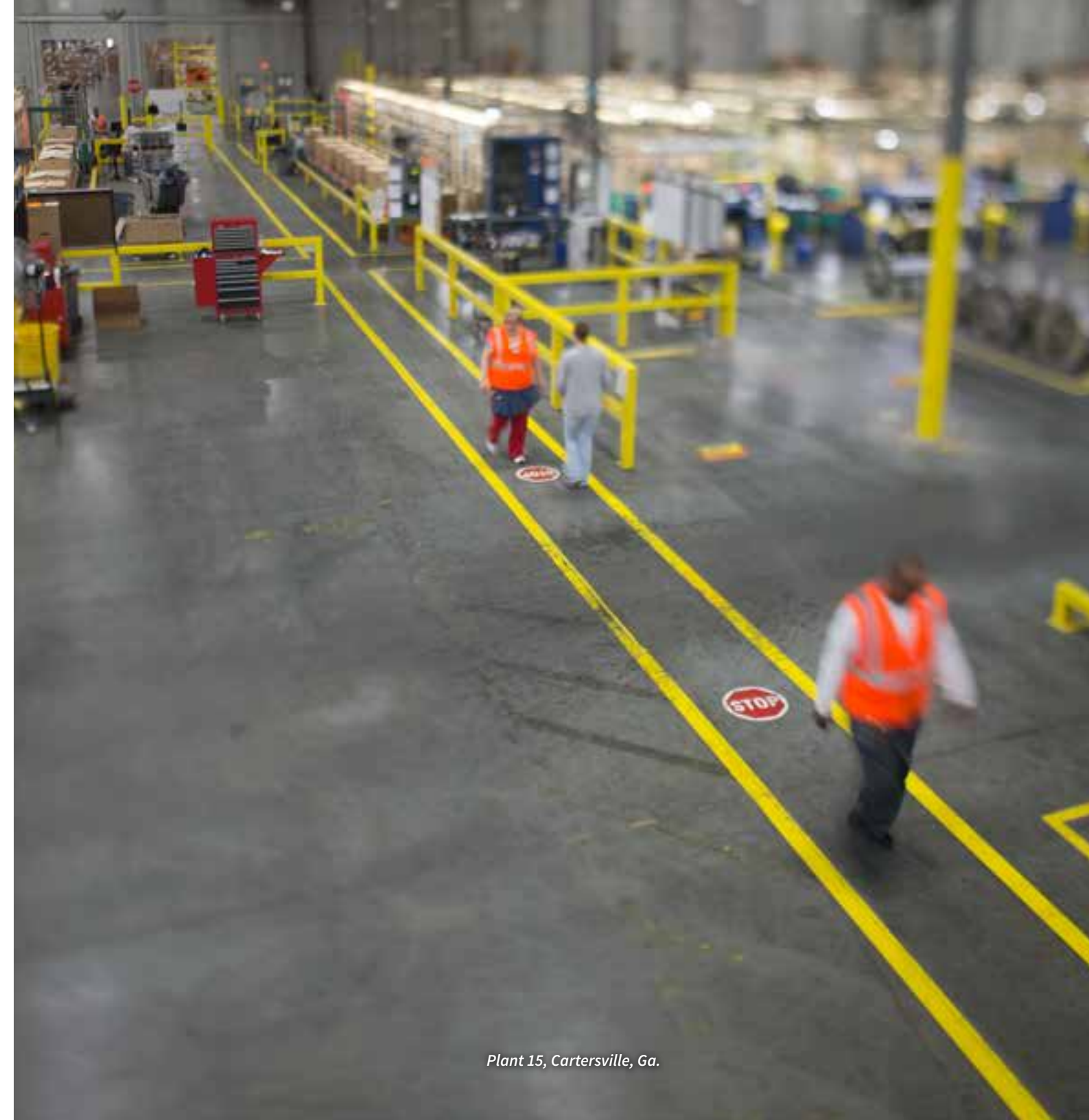
Lost Day Rate (Severity Rate) is defined as the number of lost days (capped by OSHA at 180) per 200,000 work hours. Lost days are calendar days beginning the day after the reported incident.

SAFETY AND HEALTH

G4-LA6



*DART (Days Away Restricted or Transferred) is an OSHA (Occupational Safety and Health Administration) metric that identifies how many workplace injuries and illnesses require associates to miss work, perform restricted work activities or transfer to another job.



*Looking within,
giving back.*

Associates Volunteering, United Way Week of Service

*We build
community from
the inside out.*

We value our people, and we value opportunities to serve with them outside the workplace by helping our communities thrive. We work with national organizations like United Way and St. Jude Children's Research Hospital, and give to Science, Technology, Engineering and Math (STEM) educational programs to help create better futures for individuals and the environment we share.

Shaw also engages with local nonprofits to support people in the neighborhoods where we work and live. We know that giving back makes us a stronger company, and more caring, attentive members of our communities. And we believe that we can make a difference, together. Perhaps that's why nine out of 10 Shaw employees report satisfaction with our community initiatives.



We're all in this together.

We believe creating stronger communities means sharing the wealth—of our time, our talents, and our resources. In 2016, we committed to supporting our signature partnerships, as well as other important local charities and initiatives, by donating both financial and physical resources to their worthy endeavors. From the neighborhood level to national nonprofits, we're proud to contribute so that these passionate, tireless organizations can continue strengthening communities and transforming lives.



St. Jude patient MiErickis, age 7, sickle cell disease

Shaw's long-term success is interconnected with the health and well-being of our communities, future generations, and future workforce. The most significant aspects of our giving and volunteering strategy are built around long-standing partnerships with United Way in our local communities and with St. Jude Children's Research Hospital® nationally.

In 2016, Shaw and our associates donated more than \$5.3 million to community organizations. This includes more than \$84,000 of in-kind donations. Our financial investments are supported by more than 43,000 hours of associate volunteer time at a wide array of organizations important to our communities. Our associates contributed their time and their expertise, from raking and painting, to technical support and professional skills.

Our signature partnerships:

United Way

Shaw's long-standing support of United Way is based on a shared focus on meeting community needs at the local level. Shaw associates are engaged with their local United Way in leadership roles as well as in the program administration. In 2016, 875 Shaw associates participated in the Summer of Service, completing 90 projects at United Way agencies and schools in northwest Georgia and southeastern Tennessee. In 2016, Shaw and our associates donated more than \$2.5 million to United Way.

St. Jude Children's Research Hospital

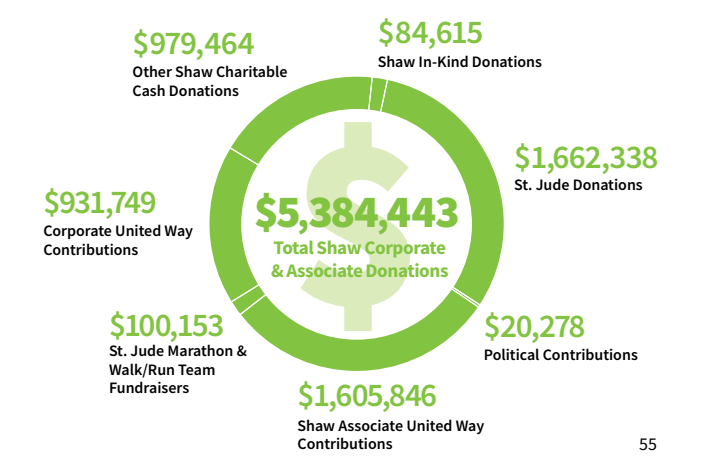
Shaw associates, partners, and consumers have been inspired by the impact of St. Jude Children's Research Hospital on children battling cancer and other life-threatening diseases and their families. We're proud to support one of the world's premier pediatric cancer research centers as St. Jude continues to make progress toward improving childhood cancer survival rates. In fact, treatments invented at St. Jude have helped raise the overall

childhood cancer survival rate from 20 percent when the hospital opened in 1962 to more than 80 percent today. And St. Jude won't stop until no child dies from cancer.

Shaw's partnership with St. Jude, which began in 2011, has been embraced with enthusiasm throughout our organization. As a result, the components of our partnership and the funds contributed continued to expand. In 2016, we continued to support the St. Jude Dream Home Giveaway and expanded the sales and number of our co-branded product lines. Company donations from these initiatives totaled more than \$1.6 million in 2016, and have surpassed \$6.4 million to date. In addition, Shaw customers and associates participated in the St. Jude Memphis Marathon Weekend and the St. Jude Walk/Run to End Childhood Cancer. Shaw fundraising from these events contributed more than \$100,000. All together, these funds help St. Jude keep its promise that no family will ever receive a bill from St. Jude for treatment, travel, housing or food. That's because St. Jude believes that families should only be focused on helping their child defeat their illnesses. We agree.

CORPORATE & ASSOCIATE CONTRIBUTIONS

G4-EC1, G4-EC7, G4-EC8 IN U.S. DOLLARS



Every child deserves to dream.

We see a world in which the future of each new generation is brighter than the last. That's why we've made it our responsibility to support children and young adults as they develop valuable skills to meet an ever-changing world. We help prepare students for possible technical careers, provide mentorships, and encourage boys and girls to overcome traditional barriers in the workforce and chase down their dreams. Because nothing should stop them from creating their best possible future (and ours)—not their gender, race, disability, or background.

Northwest Georgia College & Career Academy
FIRST Robotics Team Member, MakerSpace, Dalton, Ga.

The increasingly complex nature of Shaw's business, our industry, and our communities will rely on a workforce that's more technologically sophisticated than prior generations. We see investing in the workforce of the future—innovators, problem solvers, and critical thinkers—as a vital complement to the significant investments we've made in new equipment, technology and processes in recent years. Shaw has established a broad range of partnerships—including funding and volunteer support—with organizations that promote the development of job skills, technological expertise, and leadership proficiencies designed to help create a better future for our communities.

In order to anticipate and meet the needs and challenges coming our way, our community training investments focus on promoting Science, Technology, Engineering and Math (STEM) skills. Camp D.E.M.—a free, week-long, STEM-focused summer camp for middle school students Shaw helped develop and implement in 2011, grew from 29 students to 120 students in 2016; expanding from one program in one community into a total of three communities. Participating students learn about career opportunities in manufacturing, and get hands-on experience with rapid prototyping, electronics, laser-integrated design, robotics, energy and carpet design.

In 2016, Shaw supported STEM education for girls through programs at City Park Elementary School and Chattanooga

Girls Leadership Academy. Shaw volunteers mentored students from these schools to encourage female participation in traditionally male-dominated fields.

At the high school level, Shaw remains actively engaged with the College and Career Academies and other high school programs. Shaw's experts serve as guest speakers, and we provide funding for laboratories and projects. We continued, for the second year, to support the Great Promise Partnership, which helps at-risk students complete high school while gaining real-world job skills at a Shaw facility. We also continued to invest in Shaw's formal apprenticeship program for high school students. This program introduces students to mechatronics and manufacturing careers. Additionally, Shaw sponsored the FIRST® Robotics Competition and FIRST® Tech Challenge events and/or teams in Georgia, with associates serving as coaches and mentors.

For students of higher learning, Shaw provides and supports mechanical, electrical and maintenance skills training—including through classroom teaching, computer-based learning, and lab instruction at Georgia Northwestern Technical College. Shaw also supports work skills development for young adults with disabilities as they transition into the workforce through the Project SEARCH internship program.



Shaw Floors, Coliseum, Tile & Stone



Philadelphia Commercial, Beyond Basic, Carpet Tile

ABOUT THIS REPORT

Data Measurement & Information Integrity

Shaw Industries Group, Inc. and our management are responsible for the preparation and integrity of the information provided in this 2016 corporate sustainability report. Through an internal audit and quality control process that includes reviews by internal subject matter experts, we believe this information accurately represents our environmental, social and economic impacts in 2016. The disclosures based on the GRI G4 Sustainability Reporting Framework are used as the basis of data measurement and calculation for the performance indicators in this report where applicable. Operational definitions for each indicator are outlined in the report. The World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol), which embodies GHG accounting best practices, is used for the calculation of GHG emissions.

Reporting Cycle

Our sustainability reporting follows an annual cycle based on the calendar year. This report covers January 1, 2016 to December 31, 2016. Our most recent sustainability report was published in 2016 for the calendar year 2015. 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.

Sustainability Governance & Management Approach

Shaw's top governance body includes the CEO and president of Shaw Industries Group, Inc., and the CFO of Berkshire Hathaway, Inc. Executive compensation is linked to the company's annual performance. Shaw's 26-member Growth and Sustainability Council is responsible for oversight of the company's economic,

environmental and social performance. The council includes our CEO, CFO, president and executive vice president of operations, and most senior leadership from all areas of the company. The committee is responsible for establishing goals and developing strategies that incorporate sustainability into Shaw's innovative products and services.

Shaw's sustainability performance is measured and reported against key social, environmental and economic goals and objectives established by the Growth and Sustainability Council mentioned above.

Our progress and performance is shared with all stakeholders through this annual corporate Sustainability Report.

Scope & Boundary

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

Additional Context

- The vast majority of Shaw associates are not covered by collective bargaining agreements. Shaw's Pro Installations, Inc. is a signatory on a number of collective bargaining agreements, however, Shaw does not track the small number of associates impacted.
- Aside from the acquisition of USFloors, which is not covered in this report, there were no significant changes in size, structure, ownership or supply chain in 2016.
- This 2016 report does not include restatements of information from prior reports, except where noted.
- This 2016 report does not include changes in scope and aspect boundaries from prior reports.
- In 2016, we had no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.
- 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 2016.
- Deloitte & Touche LLP assures this Sustainability Report. The corresponding external assurance statement is on page 67.
- All references to currency are in U.S. dollars.



Anderson, Fired Artistry, Engineered Hardwood

AWARDS & RECOGNITION

- *Georgia Trend* magazine's "100 Most Influential Georgians" (Vance Bell, chairman and CEO)
- *Training Magazine's* "Training Top 125"
- *Forbes America's* Best Large Employers
- *The Manufacturing Institute's* Women in Manufacturing STEP (Science, Technology, Engineering and Production) Award:
Kim Seijo, Business Intelligence and MDM (Product Domain) Director; LaRuthie Mason, START Industrial Maintenance Training Manager; and Erika Swartz, Senior Process Engineer
- *Applied Market Information, Ltd.* Turf Industry Award:
Dr. Phil Stricklen, Director of R&D for Shaw Industries
- *United Way of Bartow County's* Pinnacle Award:
Kyle Harding, Director of Service, Hard Surfaces and Specialty Business
- *Catoosa County Chairman's* Award
Suzan Gibson, director, HR Payroll Services
- *Junior Achievement of Northwest Georgia's* Business Hall of Fame – Shaw first company (non-individual) Hall of Fame inductee
- *United Way Chattanooga* - Corporate Volunteers of the Year award
- *Coosa River Basin Initiative* (CRBI) Water Conservation Greenie
- *Symplicity's* 2016 Best Places to Work for Recent Grads
- 2015 *Kentico Site of the Year* in the industry and manufacturing category – Shaw Floors' consumer facing website
- *Manufactured Housing Institute* (MHI) Supplier of the Year - Specialty Markets Division
- 2016 *Floor Covering News* Awards of Excellence - Environmental Leadership Award, Laminate and Carpet (Tuflex)
- *Elearning!* Magazine's 2016 Learning! 100
- 2016 *Best of NeoCon* Competition:
- *Carpet Broadloom* - Silver: Shaw Contract - Modern Edit
- *Healthcare Flooring* - Silver: Patcraft - Admix
- *Software for Specifications* - Gold: Shaw Contract - Shaw Contract Design Tool
- *Selling Power* Top 50 Companies to Sell For
- Project SEARCH 100% employment
- South Carolina Wildlife Federation WAIT certification (Plant 8S, Columbia, SC)
- *Floor Focus* Favorite Carpet Manufacturer survey: Number one in service, quality, design, performance, and value
- *The Employer Support of the Guard and Reserve* (ESGR) Seven Seals award and Pro Patria awards
- Hanley Wood Brand Builder Gold Award - Best Website Design & Marketing Strategy
- Floor Covering Weekly ReCo Awards
- Top Carpet Brand
- Top Laminate Brand
- Top Hardwood Brand
- GreenStep Pinnacle Award - Honorable mention (process) for green building designations and (product) for Patcraft's Deconstructed Black Tile Carpet



Tuftex, Sundance, Broadloom

MEMBERSHIPS/PARTNERSHIPS

- Alliance for Innovation and Sustainability
- Carpet and Rug Institute™
- Carpet America Recovery Effort
- Catoosa River Basin Initiative
- Cleaning Industry Research Institute
- Clean Production Action
 - BizNGO
 - Green Screen for Safer Chemicals
- The Climate Registry®
- The Cradle to Cradle Products Innovation Institute
- The Conference Board®
- EHS Roundtable
- FIRST®
- Floor Covering Industry Foundation
- Georgia Association of Manufacturers
- Georgia Chamber of Commerce
- Georgia Clean Air Campaign
- Georgia Conservancy
- Great Promise Partnership
- Hardwood Federation
- Hardwood Forestry Fund
- Hardwood Plywood and Veneer Association
- International Interior Design Association
- International Living Futures Institute
- Investing in Manufacturing Communities Partnership
- Masco Environments for Living®
- Manufacture Alabama
- McDonough Braungart Design Associates
- National Association of Manufacturers®
- National Safety Council
- National Wood Flooring Association®
- North American Laminate Flooring Association
- Public Architecture
- Resilient Floor Covering Institute
- Scientific Certification Systems
- St. Jude Children's Research Hospital
- South Carolina Manufacturers Alliance
- Sustainable Brands
- UL Environment
- United States Department of Energy Better Buildings, Better Plants Program
- United States Environmental Protection Agency (EPA)
- SmartWay® Transport Partnership
- United States EPA WasteWise
- U.S. Green Building Council®
- United Way®
- World Green Building Council



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

**Board of Directors
 Shaw Industries Group, Inc.
 Dalton, Georgia**

We have reviewed the accompanying Corporate Sustainability Report of Shaw Industries Group, Inc. (the "Company") for the year ended December 31, 2016. The Company's management is responsible for preparing and presenting the Corporate Sustainability Report in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework under its Core option. Our responsibility is to express a conclusion on the Corporate Sustainability Report based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the Corporate Sustainability Report in order for it to be presented in accordance with the criteria. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the Corporate Sustainability Report is presented in accordance with the criteria, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

The preparation of the Corporate Sustainability Report requires management to interpret the criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. Measurement of certain amounts and metrics, some of which may be referred to as estimates, is subject to substantial inherent measurement uncertainty. Obtaining sufficient, appropriate review evidence to support our conclusion does not reduce the inherent uncertainty in the amounts and metrics. The selection by management of different but acceptable measurement methods, input data, or model assumptions, or a different point value within the range of reasonable values produced by the model, may have resulted in materially different amounts or metrics being reported.

Based on our review, we are not aware of any material modifications that should be made to the accompanying Corporate Sustainability Report of the Company for the year ended December 31, 2016, in order for it to be presented in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework under its Core option. Information included for the years ended December 31, 2015, 2014, 2013, 2012, and 2011 has been derived from Corporate Sustainability Reports that we have previously reviewed. The information for the years ended December 31, 2010 and prior were not reviewed by us and, accordingly, we do not express any form of assurance on them.

Deloitte & Touche LLP

August 21, 2017

The Global Reporting Initiative (GRI) produces the world’s most comprehensive sustainability reporting framework to facilitate greater organizational transparency. The framework, including the reporting guidelines, sets out the principles and indicators organizations can use to measure and report their economic, environmental and social performance. This Report is organized and presented in accordance with the GRI G4 guidelines, using the “Core” option. Deloitte & Touche LLP has provided a limited level of assurance on our sustainability report as a whole. See statement of assurance on page 59.

GENERAL STANDARD DISCLOSURES		
GENERAL STANDARD DISCLOSURES	DESCRIPTION OF INDICATOR	PAGE #
STRATEGY & ANALYSIS		
G4-1	CEO letter.	P. 5
ORGANIZATIONAL PROFILE		
G4-3	Name of the organization.	P. 8
G4-4	Primary brands, products and services.	P. 8, 10
G4-5	Location of organization’s headquarters.	P. 8
G4-6	Countries where the organization operates.	P. 8
G4-7	Nature of ownership and legal form.	P. 8
G4-8	Markets served (including geographic breakdown, sectors served and types of customers and beneficiaries).	P. 8
G4-9	Scale of the organization.	P. 8-9, 42
G4-10	Workforce profile.	P. 9, 42
G4-11	Percentage of employees covered by collective bargaining agreements.	P. 61
G4-12	Description of organization’s supply chain.	P. 29
G4-13	Significant changes to the organization’s size, structure, ownership or supply chain.	P. 61
G4-14	The organization addresses the precautionary approach.	P. 19-21
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives.	P. 65
G4-16	Memberships & associations.	P. 65
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in financial statements.	P. 8
G4-18	Process for defining report content and aspect boundaries.	P. 14
G4-19	List of material aspects.	P. 14
G4-20	Internal aspect boundaries for each material aspect.	P. 14
G4-21	External boundaries for each material aspect.	P. 14
G4-22	Disclosure on restatements from prior reports.	P. 61
G4-23	Significant changes in scope and boundary from prior reports.	P. 61

GENERAL STANDARD DISCLOSURES			
GENERAL STANDARD DISCLOSURES	DESCRIPTION OF INDICATOR		PAGE #
STAKEHOLDER ENGAGEMENT			
G4-24	Stakeholder groups.		P. 13-14
G4-25	Basis for identifying stakeholder groups for engagement.		P. 13-14
G4-26	Approach to stakeholder engagement.		P. 13-14
G4-27	Key topics raised by stakeholder engagement and responses.		P. 13
REPORT PROFILE			
G4-28	Reporting period.		P. 61
G4-29	Date of most recent report.		P. 61
G4-30	Reporting cycle.		P. 61
G4-31	Contact point for questions regarding the report or its contents.		P. 61
G4-32	“In accordance rather than ’ option and GRI Content Index.		P. 68
G4-33	External assurance.		P. 68
GOVERNANCE			
G4-34	Organizational governance structure.		P. 61
G4-36	Executive-level position with responsibility for economic, environmental and social topics.		P.61
ETHICS AND INTEGRITY			
G4-56	Organizational values, principles, standards and norms of behavior.		P. 6
SPECIFIC STANDARD DISCLOSURES			
DMA AND INDICATORS	PAGE OR LINK/DIRECT ANSWER	OMISSIONS	PAGE #
CATEGORY: ENVIRONMENTAL			
ASPECT: MATERIALS			
G4-DMA	Disclosure of Management Approach - Materials.		P. 21
G4-EN1	Materials used by weight or volume.		P. 21
G4-EN2	Percentage of materials used that are recycled input materials.		P. 21
ASPECT: ENERGY			
G4-DMA	Disclosure of Management Approach - Energy.		P. 33
G4-EN3	Energy consumption within the organization.		P. 35
G4-EN5	Energy intensity.		P. 34
G4-EN6	Reduction of energy consumption.		P. 33

INDICATORS	DESCRIPTION OF INDICATOR	OMISSIONS	PAGE #
CATEGORY: ENVIRONMENTAL			
ASPECT: WATER			
G4-DMA	Disclosure of Management Approach - Water.		P. 37
G4-EN8	Total water withdrawal by source.		P. 37
G4-EN10	Percentage and total volume of water recycled and reused.		P. 37
ASPECT: EMISSIONS			
G4-DMA	Disclosure of Management Approach - Emissions		P. 33
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).		P. 34
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).		P. 34
G4-EN18	Greenhouse gas (GHG) emissions intensity.		P. 34
G4-EN19	Reduction of greenhouse gas (GHG) emissions.		P. 33
G4-EN21	NOx, SOx and other significant air emissions.		P. 35
ASPECT: EFFLUENTS AND WASTE			
G4-DMA	Disclosure of Management Approach - Effluents and Waste.		P. 31
G4-EN23	Total weight of waste by type and disposal method.	Does not include China plant, hazardous waste (which is reported under G4-EN25), and nonhazardous chemical waste (due to missing data on disposal methods of this type of waste).	P. 31
G4-EN24	Total number and volume of significant spills.		P. 31
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous.	Hazardous waste is reported as aggregate and not broken down by transportation method, since Shaw has no visibility on this type of information from the external vendors who manage the company's hazardous waste.	P. 31
ASPECT: PRODUCTS AND SERVICES			
G4-DMA	Disclosure of Management Approach - Products and Services.		P. 21
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.		P. 21
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.		P. 21
CATEGORY: SOCIAL			
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
ASPECT: CUSTOMER HEALTH AND SAFETY			
G4-DMA	Disclosure of Management Approach - Product Responsibility.		P. 23
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.		P. 23
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services.		P. 61

INDICATORS	DESCRIPTION OF INDICATOR	OMISSIONS	PAGE #
CATEGORY: SOCIAL			
ASPECT: PRODUCT AND SERVICE LABELING			
G4-DMA	Disclosure Of Management Approach - Product and Service Labeling.		P. 23
G4-PR3	Product and service information labeling.		P. 23
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		P. 61
G4-PR5	Results of surveys measuring customer satisfaction.		P. 13
ASPECT: MARKETING AND COMMUNICATIONS			
G4-DMA	Disclosure of Management Approach - Marketing and Communications.		P. 25
G4-PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.		P. 25
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes.		P. 25
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
ASPECT: EMPLOYMENT			
G4-DMA	Disclosure of Management Approach - Employment.		P. 41
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.		P. 42
ASPECT: TRAINING AND EDUCATION			
G4-DMA	Disclosure of Management Approach - Training and Education.		P. 47
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Reporting on this disclosure does not cover breakdown by region or by gender or employee category. This data is currently unavailable. Systems will be in place to collect and report on this data within the next 3-5 years.	P. 47
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		P. 47
ASPECT: OCCUPATIONAL HEALTH & SAFETY			
G4-DMA	Disclosure of Management Approach - Occupational Health and Safety.		P. 49
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		P. 49
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Reporting on this disclosure does not include breakdown by region or gender. This data is currently unavailable. Systems will be in place to collect and report on this data within the next 3-5 years.	P. 50

INDICATORS	DESCRIPTION OF INDICATOR	OMISSIONS	PAGE #
CATEGORY: ECONOMIC			
ASPECT: ECONOMIC PERFORMANCE			
G4-DMA	Disclosure of Management Approach - Economic Performance.		P. 55
G4-EC1	Corporate Financial Contributions.	Economic value distributed is omitted. Not applicable: As a privately held subsidiary, Shaw's economic information is proprietary.	P. 55
ASPECT: INDIRECT ECONOMIC IMPACTS			
G4-DMA	Disclosure of Management Approach - Indirect Economic Impacts.		P. 55
G4-EC7	Development and impact of infrastructure investments and services supported.		P. 21, 55
G4-EC8	Significant indirect economic impacts, including the extent of impacts.		P. 55
ASPECT: PROCUREMENT PRACTICES			
G4-DMA	Disclosure of Management Approach - Procurement Practices.		P. 29
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.		P. 29

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