

SUSTAINABILITY AT WORK

SHAW INDUSTRIES GROUP, INC.
CORPORATE SUSTAINABILITY REPORT 2011



On the cover: Nylon 6 fiber production
at our Dalton, Georgia fiber facility.

Sustainability at Work

Sustainability Through Innovation™ – That's the Shaw Green Edge®. It's our commitment to creating the most beautiful – and sustainable – flooring in the world. And to helping create a better planet for our customers, our associates and our communities in the process.

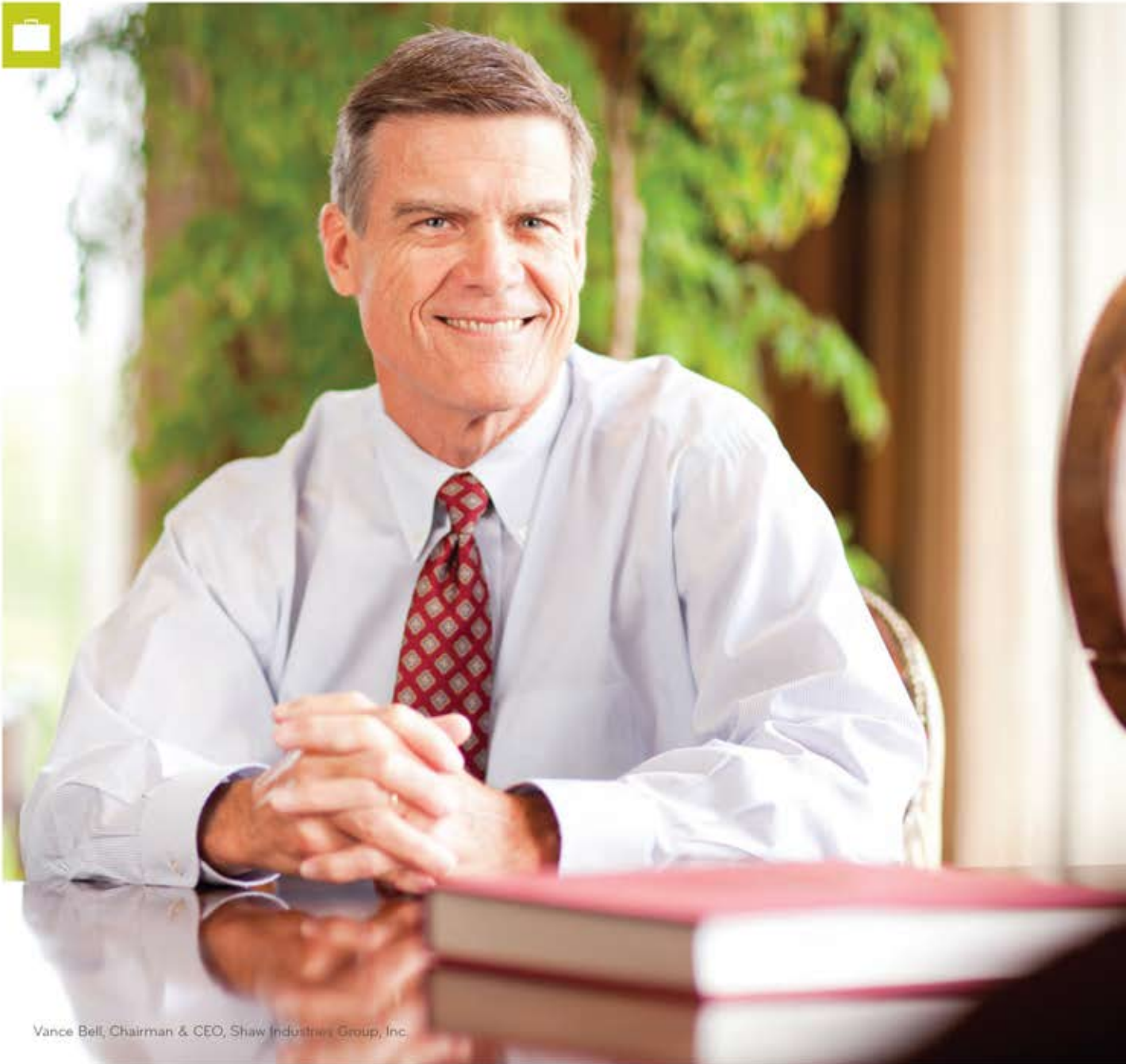
Rooted in our drive to continuously improve every aspect of our business, the Shaw Green Edge® guides everything we do, every day – from maintaining the health and well-being of our people and communities, conserving energy and water and recycling raw materials – to designing Cradle to Cradle® products 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.



Table of Contents

	PRINCIPLES AT WORK	7
	Executive Messages	7
	About Shaw	11
	Governance & Sustainability Management Approach	13
	Brands	15
	Awards	16
	PEOPLE AT WORK	19
	Engaging Stakeholders	22
	Memberships & Affiliations	23
	Empowering Associates	26
	Training & Leadership	27
	A Diverse Workplace	31
	Working Safely	34
	Working for Community	37
	DESIGN AT WORK	43
	Product Stewardship	45
	Cradle to Cradle Design	46
	Global Certifications & Standards	50
	Greening our Supply Chain	51
	RESPONSIBILITY AT WORK	57
	Sustainable Buildings	59
	Operating Efficiently	61
	Energy & Greenhouse Gas Reduction	64
	Distribution & Transportation	69
	Saving Water	73
	Eliminating Waste	77
	Product Reclamation & Recycling	81
	WORKING AHEAD	89
	Sustainability Leadership Message	89
	Other Disclosures	93
	About this Report	95
	Independent Accountants' Review Report	97
	GRI Application Level Check	99
	GRI Index	100



Vance Bell, Chairman & CEO, Shaw Industries Group, Inc.

Principles at Work

Dear Stakeholder,

In the four years that we have been sharing our sustainability journey with you through our annual sustainability reports, we've weathered a variety of challenges — most notably the global economic downturn and the US housing crisis, as well as fluctuations in raw material costs, and the shifting product preferences and needs of our customers as they evolve with today's changing lifestyles.

As noted in previous reports, these issues have had a direct and ongoing effect on our business for the past four years, forcing us to right-size our operations and workforce, and to adjust and diversify our product mix.

Through it all, we have stayed true to our commitment to Sustainability Through Innovation™ – and to our passion for creating the most beautiful, sustainable flooring in the world. Driven by a collective and steadfast commitment to honesty and integrity in our individual actions and in our greater role as a corporate citizen, we have continued to seek out the highest and best ways to strengthen and grow our business while reducing our environmental impacts and serving as a responsible, engaged employer and community member – both in our home state of Georgia, and around the world.

As a result, we ended 2011 with a renewed sense of optimism and energy, celebrating a year that we believe marked the beginning of a slow but steady upturn for our business. Over the past 12 months, we successfully re-hired many of the associates we were forced to lay off in 2009 and 2010. Our commercial business saw a strong recovery. And, we continued to diversify our business portfolio by announcing a future carpet tile manufacturing facility in Nantong, China. Slated for completion in summer 2013, the planned facility is an initial step towards better serving our growing commercial customer base in the Asia-Pacific region.

While the journey is far from over, we believe celebrating the progress we make is as important as our drive to identify our next opportunities for improvement, innovation and sustainability. With that in mind, this latest report focuses less on marquee investments and initiatives, and more on the ways our commitment to Sustainability Through Innovation can be found at work – and working – throughout our organization at every hour of every day.

What we share in the following pages is drawn in part from what we believe to be of interest to our stakeholders, including our parent company, Berkshire Hathaway, Inc. It also directly reflects what we know to be material and relevant to our corporate objectives, as well as the short- and long-term sustainability of our company. Like the others before it, we hope this report offers you a window into the vision, talents and skills of our associates as we work towards Sustainability Through Innovation.



Vance Bell
Chairman & CEO, Shaw Industries Group, Inc.



Our Vision

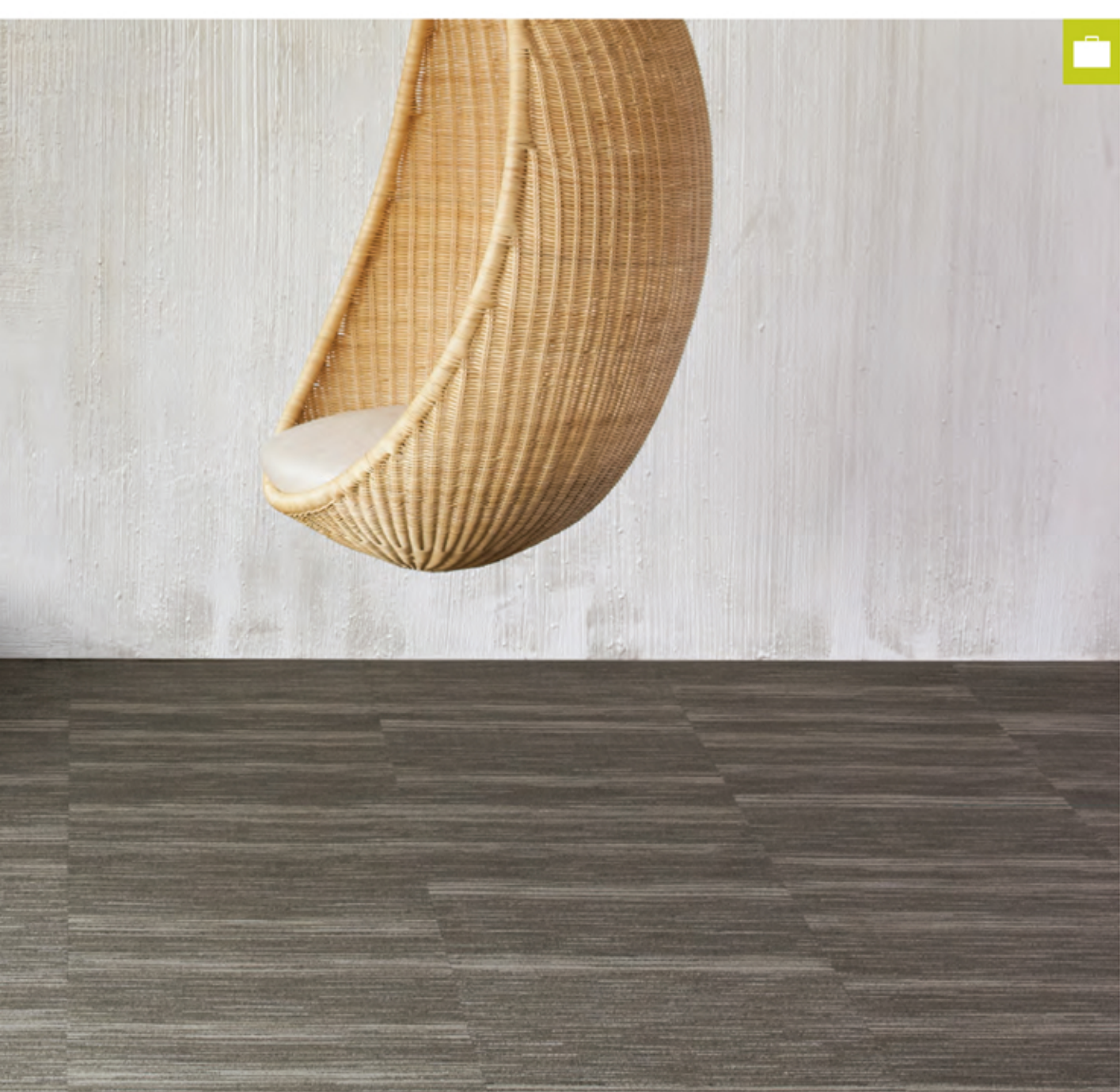
Creating a Better Future for our customers, our people, our company and our communities.

Our Mission

Great People. Great Products. Great Service. Always.

Our Values

Honesty, Integrity and Passion.



Corporate Objectives

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

Corporate Profile

About Our Company

The world's largest carpet manufacturer and a leading floorcovering provider, Shaw Industries Group, Inc., is a vertically integrated, fully aligned manufacturer that supplies carpet, rugs, hardwood, laminate, resilient, stone/tile and synthetic turf flooring products to both residential and commercial markets around the globe.

A wholly owned subsidiary of Berkshire Hathaway, Inc., we are headquartered in the United States in Dalton, Georgia. We also operate wholly owned administrative, distribution, and manufacturing operations within the US as well as several joint-venture companies in the US and one in Mexico. We have sales offices located throughout the United States as well as Australia, Canada, China, Singapore and the United Kingdom.





Season Chapman, Director - Human Resources

2011 By the Numbers

\$4.24

billion annual revenue

92%

US-based revenue

283

jobs created

\$0.01

billion debt

98%

US-based
operating costs

2,281

associates hired

\$2.86

billion equity

8

facility closings

0

changes to
capital structure

\$4.21

billion total assets

22,739

associates

1.96

total billion lbs
finished product

1

corporate
acquisitions

1,497

associate lay-offs

Revenue, Earnings & Capital Expenditures

2006	2007	2008	2009	2010	2011	
\$5.83	\$5.37	\$5.05	\$4.01	\$4.05	\$4.24	Revenue
\$.60	\$.44	\$.21	\$.14	\$.16	\$.12	Earnings
\$.19	\$.14	\$.17	\$.19	\$.18	\$.13	Capital Expenditures

*All values represented in billions



Governance and Sustainability Management & Approach

We are governed by a board consisting of 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. Our procedures for overseeing the identification and management of economic, environmental and social performance are embodied within our Growth & Sustainability Council.

Comprised of our CEO, CFO, President and Executive Vice President of Operations in addition to senior leadership from all business and functional areas of the company, the 26-member council uses the three pillars of sustainability – corporate citizenship & social responsibility, operational & environmental excellence, and innovative products & services – as the basis of defining goals and setting strategy that aligns with our corporate objectives and with the issues we recognize as most important to our business and to our stakeholders.



We also map and measure our environmental and social performance as part of our SUM2 scorecard system. This system assigns a performance scorecard to each of our key business units, including human resources, operations, research and development, innovation, and sales and marketing. The scorecards offer a best practice framework and key performance indicators for all aspects of that business unit's operations, including social and environmental responsibility. Many of these key performance indicators are, in turn, disclosed in our annual corporate sustainability report.

Our overall environmental and social performance – including progress towards key objectives – is ultimately measured according to our triple bottom line: social, environmental and economic impact. This progress is shared annually with all internal and external stakeholders through our annual corporate sustainability report.

Our Products & Brands



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

Market Brands



Ingredient Brands



2011 Awards & Recognition

CalRecycle **Waste Reduction Awards Program (WRAP) Award**

Georgia Trend magazine **Best Places to Work 2011** (2nd consecutive year)

Georgia Department of Labor (GDOL) **Commissioner's Cup Award** for workplace safety

Floor Covering Weekly **2011 GreenStep Pinnacle Award: Environmental Leader of the Year**
– Anderson Floors

Floor Covering Weekly **2011 GreenStep Pinnacle Award Honoree:** Shaw Industries, Inc.

Floor Covering Weekly **2011 GreenStep Pinnacle Award Honoree:** Re2E (Reclaim to Energy) facility

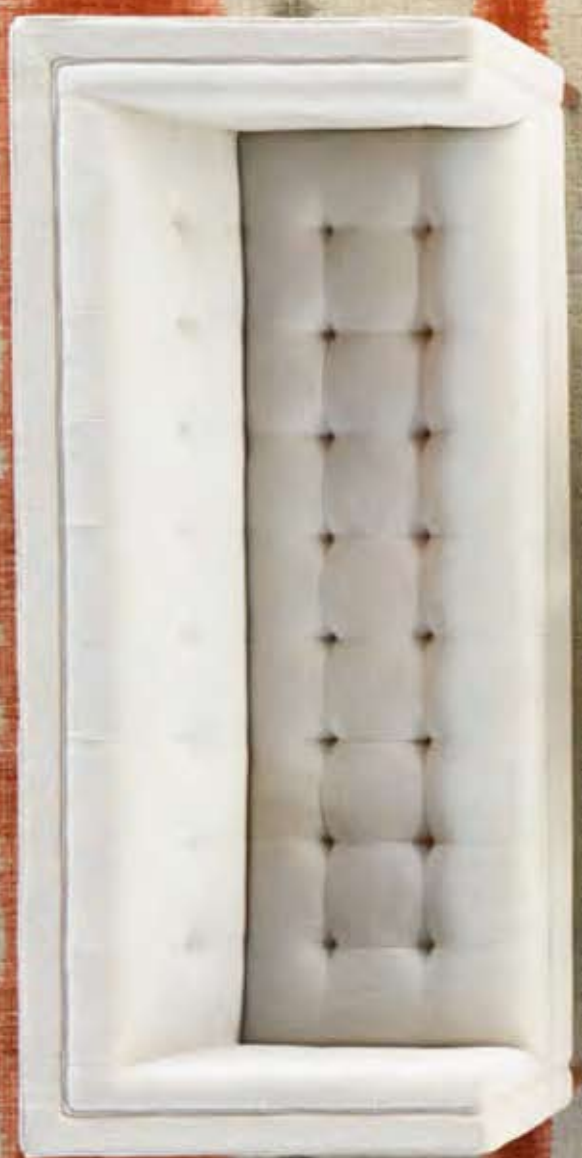
Floor Covering Weekly **2011 GreenStep Product Award:** Anderson Floors

National Institute for Occupational Safety and Health (NIOSH) & the National Hearing Conservation Association (NHCA) **"Safe-in-Sound" Award**

Best of NeoCon Award 2011: Shaw Contract Group (10th consecutive year)

Shaw Learning Academy 13th on *Training* magazine's list of **'Top 125 Training Companies 2011'**









PEOPLE AT WORK

At its heart, our business is about helping to create a better future for our people and our planet through the products we create and the work we do to serve as a responsible corporate citizen. That's why we focus on creating programs and initiatives designed to enhance the lives of everyone connected to our company, both around the world and right here at home.

On a daily basis, that means putting to work our long-standing commitment to fair, ethical practices across our business. And it means investing our time building strong associate and stakeholder relations; creating safe, healthy and diverse work environments, and of course, carrying on a deep-rooted tradition of community service.







Paul Richard, Vice President - Human Resources

Engaging Stakeholders

We know our business is only as strong as the relationships we build. So every day, everywhere around our company, we're connecting with (and learning from) people and groups with an interest in our business and our work.

While we are still developing a formal process for engaging external stakeholders, our commitment to understanding their future (and current) needs encompasses a long history of relationship building and outreach. On any given day, these engagements can occur through a spectrum of channels – all designed to help us build strong, long-lasting working relationships with our stakeholders now – and years from now:

- Communications with customers, community leaders, government.
- Participation in market events such as NeoCon, the US General Services Administration (GSA) conference, the US Green Building Council's Greenbuild Conference, and others.
- Participation in community, trade, special interest groups and non-governmental organizations (NGO).
- Hosting site visits and facilities tours.
- Inviting customer and supplier participation in issues roundtables and advisory panels.
- Inviting open feedback from our markets through focus groups and surveys.



Memberships & Partnerships

Shaw holds a membership stake or partnership with the following organizations:

- | | |
|---|---|
| Carpet and Rug Institute™ | International Federation of Interior Designers |
| Carpet America Recovery Effort | International Interior Design Association |
| The Conference Board® | The Keystone Center - Green Products Roundtable |
| CoreNet | National Association of Manufacturers® |
| Floor Covering Industry Foundation | National Safety Council® |
| Georgia Association of Manufacturers | National Wood Flooring Association® |
| Georgia Chamber of Commerce | South Carolina Manufacturer's Association |
| Georgia Clean Air Campaign | United States Chamber of Commerce |
| Hardwood Federation | United States Green Building Council® |
| Hardwood Forestry Fund | World Floor Covering Association® |
| Hardwood Plywood and Veneer Association® | |
| International Facility Managers Association | |



Atlanta Commercial Sales Team

Affiliations

Shaw is affiliated with the following organizations:

American National Standards Institute®

Alzheimer's Foundation

Clean Production Action

- BizNGO

- Green Screen for Safer Chemicals

The Climate Registry®

The Cradle to Cradle Products Innovation Institute

EHS Roundtable

US Environmental Protection Agency (EPA) SmartWay® Transport Partnership

US EPA WasteWise

Forest Stewardship Council

Green Chemistry Commerce Council

Greenguard® Environmental Institute

HGTV

Keystone Group

The Make It Right® Foundation

Masco Environments for Living®

McDonough Braungart Design Chemistry

National Association of Floor Covering Distributors (NAFCD)

National Science Foundation

Partnership for Sustainable Georgia

Public Architecture

Scientific Certification Systems

St. Jude Children's Research Hospital

UL Environment

US Department of Energy Save Energy Now LEADER program

United Way®

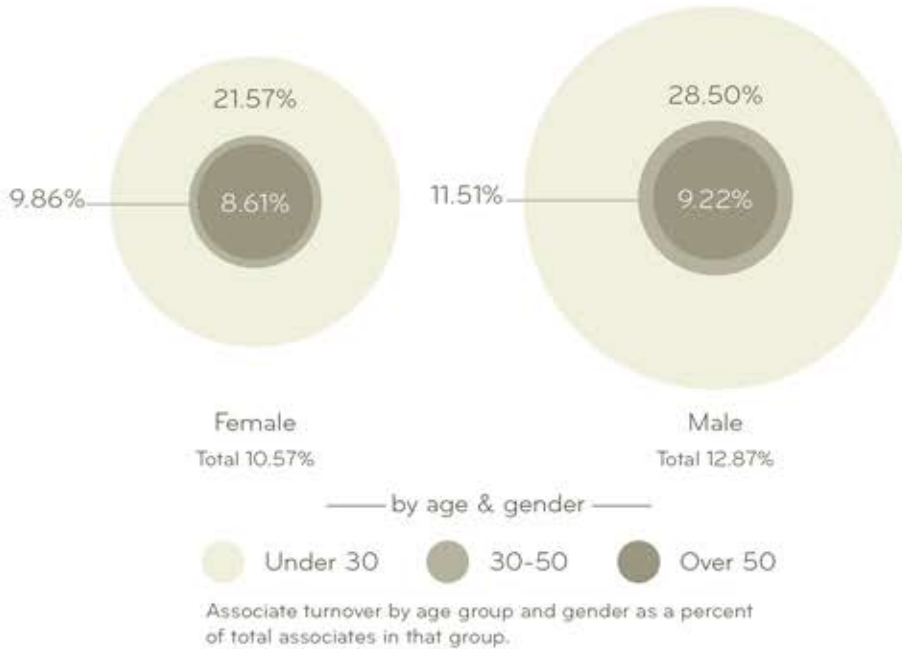
Associates by Employment Type, Contract Type & Gender

	US		Asia/Pacific		Australia		Canada		UK		Total	
	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀		
FULL-TIME	14,314	8,179	6	12	6	9	65	10	1	4	22,606	Fixed
	27	1	0	0	0	0	0	0	0	0	28	Temporary
PART-TIME	53	52	0	0	0	0	0	0	0	0	105	Fixed
	0	0	0	0	0	0	0	0	0	0	0	Temporary

TOTAL ASSOCIATES 22,739

64% Male 36% Female

Associate Turnover



Impact of Operations on Communities



Hires: Associates who begin their employment with Shaw either as a "hire or rehire." (A rehire denotes that the individual has previously been employed at Shaw); Placements: Associates whose jobs have been eliminated and who have been placed by our Central Employment group in a vacancy within the company; Jobs Created: New jobs created within the reporting year that did not previously exist within the company.



Empowering Associates

Today's workplace is changing rapidly. The way we communicate, the way we operate and the way we do business is constantly evolving to meet the diverse needs of our growing global market. And that means the individual skills, talents and expertise of our associates are more valuable than ever before. In fact, they are the heart of our business.

That's why we spent much of 2011 working to find more opportunities to keep our associates connected and engaged – with our company, and most importantly, with each other.

Our annual Associate Engagement Survey provided the platform for our work. Comprised of 20 questions about our policies, practices and the general state of our workplace and culture, the survey helps highlight many of the key concerns and questions our associates share during a given year. Responses to the survey help us inform strategy and direction for new human resources and operational initiatives at both the corporate and departmental level, as well as help us continue improving and refining our internal communications.

In addition to our annual survey, we invite continuous associate communication and dialogue through a variety of channels – both formal and informal, including:

- Cross-functional work teams dedicated to addressing a specific issue (diversity councils, green building improvements, social responsibility etc.).
- Focus groups.
- Informal lunches and "roundtables" for small groups of associates with senior executives.
- Kaizen continuous improvement projects and groups.
- New associate training programs.
- Regular "town hall" meetings at individual facilities.
- Sales training programs.



Danny Crutchfield, Director - HR Corporate Training

Training & Leadership

Our award-winning Shaw Learning Academy offers both our associates and our customers skills-based training across eight "Centers of Excellence." From sales to safety and risk management, diversity to industrial maintenance, the Academy's courses are available on-site and online – making skills training and professional development accessible virtually any time.

In 2011, Shaw was ranked 13th on *Training* magazine's list of Top 125 Training Companies – making us the only floorcovering manufacturer to receive this distinction for seven consecutive years.

Associates seeking to continue their academic education also have access to our General Education Degree (GED) and Master of Business Administration programs offered in partnership with nearby colleges and universities. To make continuing education more accessible, associates can also take advantage of our tuition reimbursement program, designed to provide financial assistance to associates pursuing either an undergraduate or post-graduate education.

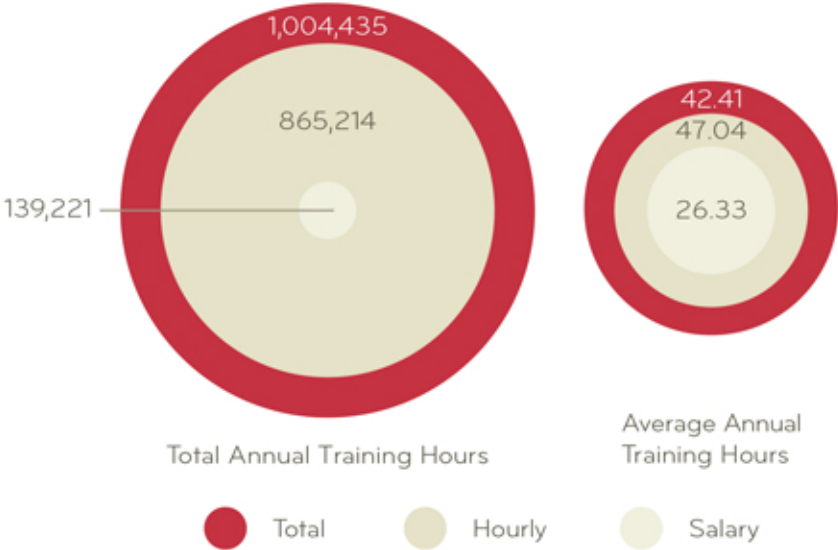
In 2011...

23,682 associates received training from Shaw Learning Academy.

224 associates received more than **\$400,000** in tuition reimbursement.



Associate Training Hours



Health & Wellness

Our on-site and online wellness programs offer associates resources for achieving and maintaining a healthy work-life balance. In addition to tools for managing personal health and well-being, associates and their families have access to health insurance plans with covered preventative visits and online wellness tips. They also have access to regular on-site health screenings and more:

- Health education and management programs for diabetes, chronic obstructive pulmonary disease, cardiovascular health, smoking cessation, weight management and pregnancy.
- Payroll deduction options and discounts for fitness programs and gym memberships.
- On-site occupational health nurses at most facilities.
- 24-hour online access to health and wellness records and resources.
- Annual health assessment participation incentives.



Krista Wiley, Marketing Manager - Spectra Contract Flooring, husband, KC, and daughters, Jasmin & Sophia



Stacy Springs, Associate & Jeff Case, Associate

A Diverse Workplace

As our business becomes more global in scope, so do the people who count themselves as part of the Shaw family, giving us more opportunity than ever to celebrate the array of backgrounds, talents and perspectives our associates, customers, suppliers and stakeholders have to offer.

In fact, 2011 was a breakthrough year in our commitment to diversity and inclusion as we translated our commitment to diversity into very real action — including several new initiatives and programs designed to make our company an even more vibrant, dynamic environment for all who work with us.

Using feedback and insight from our first annual Diversity Champions Forum (a gathering of trained Diversity Champions from across our company), we identified key diversity issues for associates within our organization, along with strategies, goals and metrics for helping address and assess progress on those issues in coming years (and at future forums).

Several new initiatives and programs were launched or expanded in 2011 as a result of the Diversity Forum and in response to the voices of our associates and other stakeholders:

Diversity Councils

Following the lead of our long-standing corporate Diversity Council, we created additional Diversity Councils at each of our main facilities to lead diversity and inclusion efforts for co-workers at their respective sites. These councils help encourage not only tolerance, but acceptance through:

- Leading the integration of diversity & inclusion principles into safety awareness campaigns.
- Facilitating associate seminars on topics like harassment, bullying, and discrimination.
- Organizing recognition events for culturally diverse holidays and customers.

Generational Mentorship

As an organization with a significant population of "baby boomers" – and a growing population of recent college graduates – we recognized an important opportunity to share perspectives and experiences through a new Generational Mentorship program. Designed to help our current and future leaders learn from one another – and to facilitate greater understanding of generational approaches to work-life balance, career paths, and personal and professional development, the program pairs early and mid-career associates with long-term leaders from throughout our company.

Supplier Diversity

Our established Supplier Diversity Policy is one of the many ways we work to ensure all potential suppliers have a fair and equal opportunity to conduct business with us. When and where possible, our sourcing teams actively solicit proposals and foster working relationships with small, hub-zone, veteran-owned, woman-owned and other small businesses as part of our commitment to diversity.

Our supplier diversity policy and other information about our commitment to a fair, inclusive workplace (including our corporate diversity policy), can be found at diversity.shawinc.com.



Patricia Neal, Associate

Working Safely

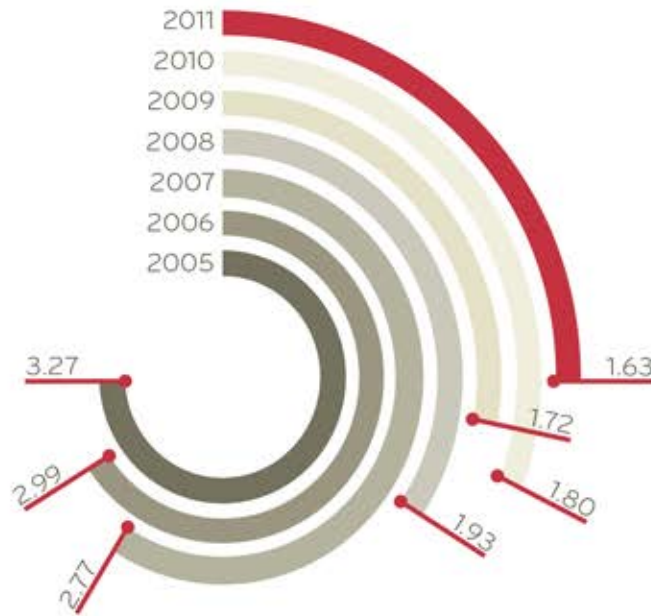
A successful workplace is a safe workplace. Period. Through associate engagement, structured safety processes and a commitment to responsible materials sourcing, we're continually managing and improving our standards for personal and organizational safety every day.

By regularly training and educating associates on best practices and safe behaviors as well as measuring and communicating our safety performance, we've created a culture of safety and awareness both on the job – and off.

In 2011, 90% of our associates were represented in joint hourly/management safety committees. These committees include the plant level safety committees which require representation from every department on each shift within that facility (at least 50% of the members are hourly associates), an Ergonomic Task Force for the facility, and our Behavior Based Safety (BBS) Teams, which represent all work groups on each shift.

In 2011, we were selected from 200,000+ employers in the state of Georgia to receive the Georgia Department of Labor's Commissioner's Cup Award for workplace safety. Our Fiber Division Plant WM also received the "Safe-in-Sound" Award from the National Institute for Occupational Safety & Health (NIOSH) and the National Hearing Conservation Association (NHCA) for measures taken to reduce hearing loss.

Recordable Incident Rate



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



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

Lost Day Rate



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 & Health Compliance & Citations

2005	2006	2007	2008	2009	2010	2011	
2.61%	1.86%	1.66%	1.31%	1.37%	1.35%	1.36%	Absentee Rate
1	0	1	1	0	0	0	Employee Fatalities
0	2	1	2	5	0	3	Number of Safety & Health Citations
\$0	\$2,750	\$1,500	\$2,825	\$15,170	\$0	\$7,900	Safety & Health Fines Paid

Safety & Health

1.45	Injury Rate	1.11	DART* Rate
0.18	Occupational Disease Rate	90%	Percentage of the total workforce represented in formal joint management-worker health & safety committees

*Days Away from work, Restricted work or job Transfer injury and illness" (DART) rate as defined by US OSHA.

Behavior Based Safety (BBS)

In 2011, we continued our highly successful BBS program, through which teams of associates collaborate with co-workers on best behavioral practices for working safely on the job. The program trains associates to identify safe behaviors, then positively reinforces them through routine observations and feedback based on the observations. Successful formation of a "new" safe habit and other safety milestones are celebrated as a means of communicating improvement and progress.

In an effort to continually improve our safety process, we have also been enhancing our safety culture based on the concept of "Actively Caring." Launched in 2011 in our Fibers Division, this initiative motivates associates by providing additional in-depth training, engaging co-workers in open communication through surveys and focus groups, and recognizing efforts to improve work environments, safety knowledge and safe behaviors.

Shaw Management System (SMS)

Maintaining our commitment to the highest standards for environmental, health, and safety demands that our associates know – and comply – with a range of specific maintenance, operations, and safety requirements. Four years ago, in an effort to make understanding, following, and managing these procedures as simple as possible, we put our commitment to Sustainability Through Innovation™ to work and created the Shaw Management System (SMS).

Based upon the combination of ISO 9001 and 14001 standards and OHSAS 18001, SMS brought the company's Quality, Total Productive Manufacturing (TPM), Environmental, Health, and Safety Systems under one umbrella. Today, SMS provides associates with a "one-stop shop" for most job procedures as well as their specific environmental, health, and safety protocols to ensure all job steps are followed the same way each and every time.

Safety Compliance Audits

Benchmarking against our other facilities, setting performance goals, and measuring our progress are all ways we monitor and drive the success of our safety initiatives. But to make sure the safety programs we implement are truly effective, we also conduct regular safety compliance audits at each of our manufacturing and logistics facilities and operations.

These audits are a required function in SMS as a means of assessing the effectiveness of our management system and safety process. Safety compliance audits encompass state and federal OSHA requirements as well as best safety practices which are included in SMS such as ergonomics, BBS, and health and wellness.

Our Safety, Health & Environmental Policy is available in full at shawgreenedge.com/SHEP.

Working for the Community

Whether they're right next door or thousands of miles away, we're committed to serving as a responsible member of the communities in which all of us live, work and play. And as our strong tradition of community service shows, every Shaw associate shares this commitment.

Shaw associates contributed 57,084 volunteer hours and more than \$1,400,000 to charitable causes in 2011. 330 associates also held 658 board positions for non-profit organizations in their communities.

In addition to our corporate support of community, educational, environmental and health-focused service organizations, Shaw associates can be found working to make a difference within their own neighborhoods, schools, community organizations and service programs – every single day.

United Way

Through our long-standing partnership with United Way, Shaw associates have the opportunity to participate in a payroll deduction program. In 2011, Shaw associates contributed \$1,405,662 to United Way through the program. Combined with Shaw's corporate contribution, our total contribution to United Way topped \$2.1 million dollars.

St. Jude Children's Research Hospital

In 2011, we announced our sponsorship of the St. Jude *Dream Home* Giveaway. Since its inception, the program has raised more than \$224 million to support the lifesaving research and work of St. Jude Children's Research Hospital. Beginning in 2012, we'll be donating a variety of flooring products to approximately 30 new homes constructed for the campaign, including carpet, hardwood, laminate, tile & stone, resilient flooring and area rugs.

We also continued our work with a variety of health, education and housing organizations across the United States, including the Alzheimers Foundation, DIFFA (Design Industries Foundation Fighting Aids), the 1% for Public Architecture program and the Make It Right Foundation.

Corporate Financial Contributions



in US dollars



Clay Osborn, Director - Natural Division | Chair for the United Way Campaign, 2012



Associate Eric Taylor (above) stands in front of the home he rebuilt after the April 2011 tornadoes.

After the Storm

April 27th, 2011 is a day most people in the Southeastern United States won't soon forget. That's the day massive tornadoes ripped through parts of Alabama, North Georgia and Tennessee – just a few miles from our Dalton, Georgia headquarters. The tornadoes severely damaged many of the communities a significant number of our associates call home – and their devastating intensity destroyed hundreds of houses, schools and businesses, drastically changing the lives of our people overnight.

Despite what the storm may have cost them personally, our associates came together to help. Individually and collectively, they volunteered time and resources to help friends, neighbors, customers and co-workers return to some sense of every day life as soon as possible. In addition to helping clean up the hardest hit areas, Shaw associates also raised money for victim relief.

Because this disaster hit so close to home, we also established the Shaw Associate Tornado Disaster Relief Program to provide associates directly affected by the storm with financial



assistance towards temporary living expenses such as hotels, clothing and necessities (including insurance deductibles) – all in an effort to help them rebuild their homes – and lives.

Knowing the recovery effort would require more funds and resources from local community relief organizations than ever before, we also made a corporate contribution of \$50,000 to local Red Cross organizations and offered the support of our transportation fleet. To help local teachers in the hardest hit areas purchase the basic supplies needed to get students back in the classroom, we provided 250 teachers with \$150 American Express gift cards. We also partnered with Staples to help deliver and distribute eight pallets of school supplies across local school systems.

While none of these efforts can totally repair or replace the losses suffered by co-workers, friends and neighbors in our local communities, we hope these and other recovery support initiatives helped restore even a small piece of normalcy for those we depend on most.







DESIGN AT WORK

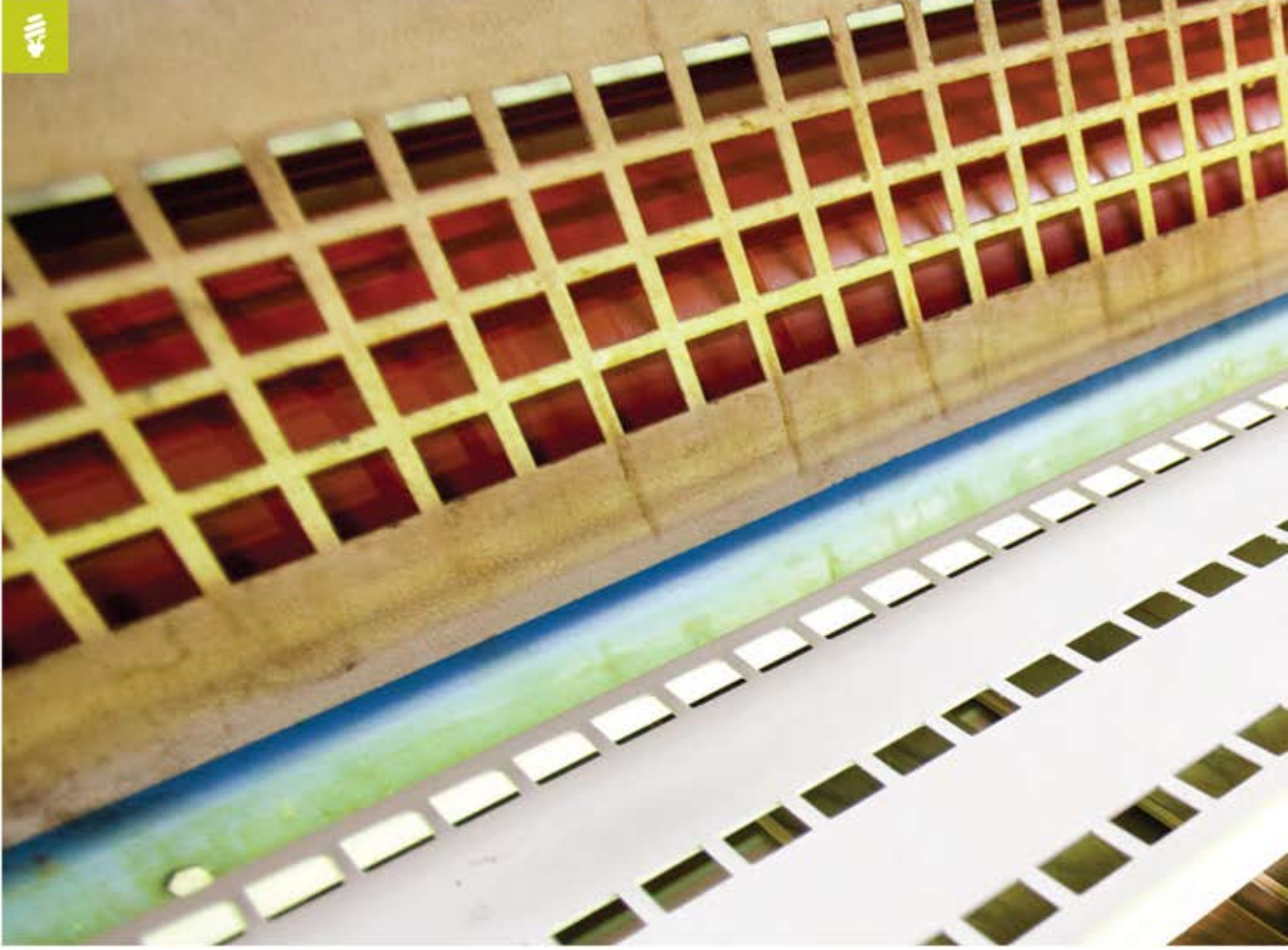
Every day, we work to translate global design trends into flooring that enhances the living spaces and work environments of people around the world. Flooring that's as sustainable as it is beautiful.

It's a commitment built around the recognition that our customers want flooring that not only meets their aesthetic requirements; it offers them the peace of mind that comes with knowing it's also made with ingredient materials that are as safe and responsible as possible for human health and the environment.





Shaw Contract Group's Brandy Southerland, Product Development, Reesie Duncan, Design Director & Maggie Beitler, Associate

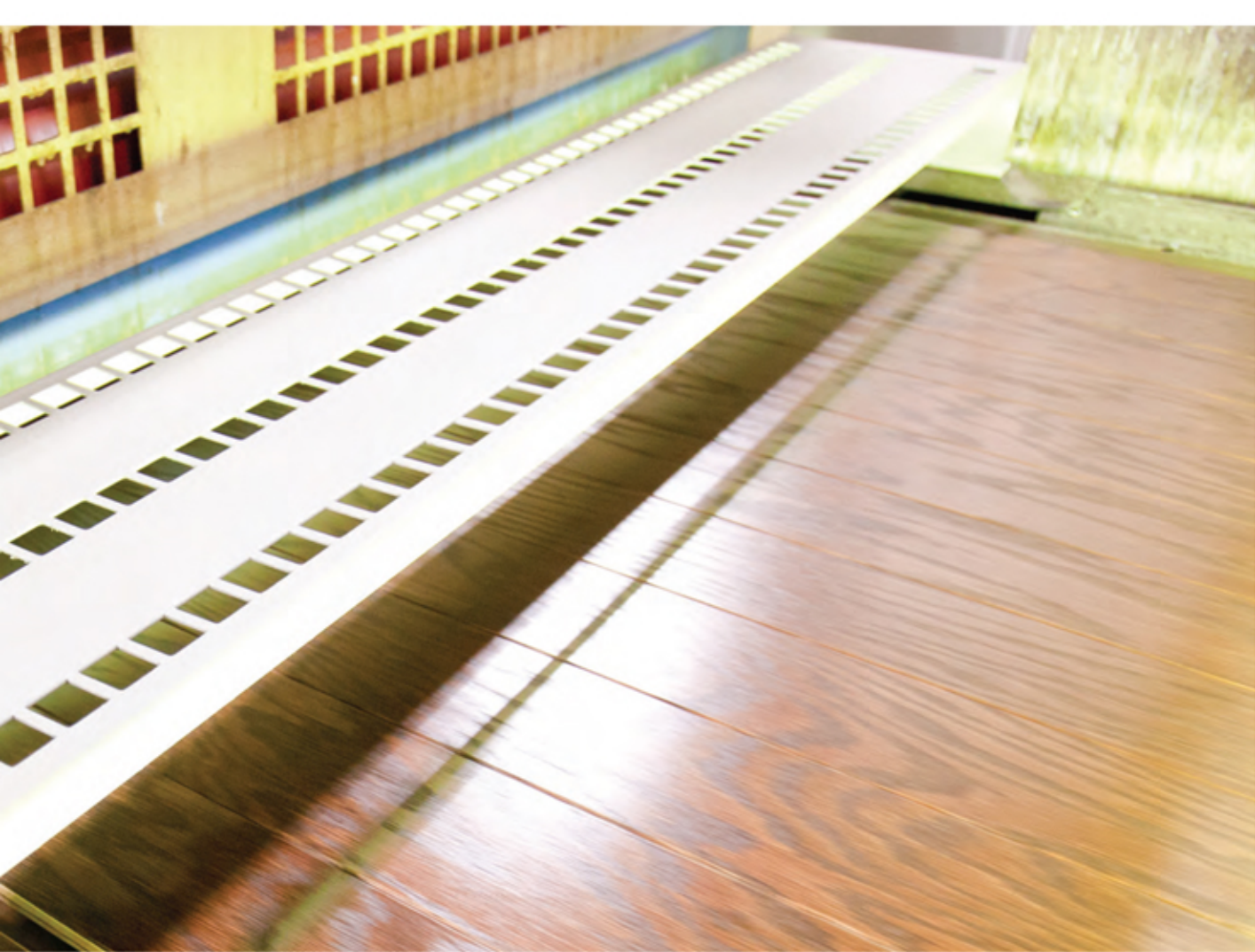


Product Stewardship

As global interest in product responsibility grows, so does our effort to anticipate the questions and concerns shared by customers and stakeholders worldwide about all the products they select and use on a daily basis, including:

- The safety and responsibility of chemicals in the products they choose – and the regulation of those chemicals.
- The environmental and social impacts of a product's raw materials, energy and water consumption, and overall lifecycle.
- A manufacturer's relationships with environmentally and socially responsible suppliers.
- The responsible, efficient use of materials in both products and packaging.
- Transparency up and down the supply chain.

We had no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle



in 2011. In addition, we had no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2011.

Cradle to Cradle Design

More than a decade ago, our introduction of PVC-free, 100% recyclable EcoWorx® carpet tile with Eco Solution Q® Nylon 6 fiber changed the definition of sustainable flooring for our industry. When we earned Cradle to Cradle Certified^{CM} Silver for these products (becoming the first manufacturer in the world to introduce Cradle to Cradle® flooring), we changed that definition again. We also changed our company.

In 2011, over 55% of our sales came from Cradle to Cradle certified products.

Pioneering Cradle to Cradle certified flooring products, and subsequently embracing Cradle to Cradle as both a design principle and a rigorous product certification has helped us push the envelope of Sustainability Through InnovationTM for our organization – and for our industry – ever since.

Today, our commitment to sustainable, responsible product design and manufacturing processes is built upon Cradle to Cradle® design principles. These principles also help us ensure viable, responsible options for reclaiming and reusing/recycling our products at the end of their useful lives.

And we continue to pave the way, producing more fully certified Cradle to Cradle flooring products than any other manufacturer in the world. In 2011 alone, more than 55% of our total product sales came from Cradle to Cradle Certified^{CM} products – including more than 80% of our specified commercial carpet sales and more than 55% of our residential carpet sales.

Cradle to Cradle Certification

Developed by world-renowned architect William McDonough and chemist Dr. Michael Braungart, Cradle to Cradle certification is one of the most rigorous sustainable product certifications in the world. As part of the certification process, a product's ingredient materials are assessed for potential human and environmental toxicity at a level of 100 parts per million (one-hundredth of one percent).

Hundreds of Shaw carpet, carpet tile, rugs and hardwood products are Cradle to Cradle certified, including all residential and commercial broadloom carpet and carpet tile products made with type 6 nylon fiber, and all hardwood products.

Assessed and awarded by the Cradle to Cradle Products Innovation Institute, Cradle to Cradle certification is then awarded based on a comprehensive quality rating system for the assessment and continuous improvement of products across five categories:

- Safe and appropriately sourced materials
- Material reutilization
- Renewable energy
- Water quality
- Social responsibility



Mark Dothard, Product Development - Patcraft

LokDots

In 2011, we introduced LokDots®, the world's first Cradle to Cradle Certified™ installation system for use with EcoWorx carpet tile. A pressure-sensitive adhesive, LokDots is a fast, efficient and environmentally responsible alternative to traditional wet adhesive installation systems. LokDots:

- Reduces materials 97% by weight compared with traditional alternatives.
- Virtually eliminates VOCs and odors for improved indoor air quality.
- Installs easily in any environment, including high moisture environments with up to 12pH, 10lbs vapor emissions and 95% relative humidity.
- Installs over almost any floor, including concrete, raised access floors, vinyl asbestos tile (VAT), vinyl composite tile (VCT), and wood.

An ergonomically designed handheld applicator makes LokDots comfortable and easy for installers. To date we have already delivered enough LokDots to install 700,000 square yards of EcoWorx tile worldwide. Visit lokdots.com for more information.



Troy Virgo, Director - Sustainability

Eco Design

Achieving Cradle to Cradle certification for all our products is our ideal goal. In the meantime, many of our products are still evolving. To ensure these Eco products are designed according to equally stringent standards for sustainability – and to ensure the responsible stewardship of our products, our Design for Environment (DFE) framework draws on Cradle to Cradle design principles to provide an internal standard against which we can continually measure, monitor and improve the sustainability and responsibility of our products across every stage of their life cycle, including requirements for:

- **Innovation & Design** (environmentally responsible materials and methods).
- **Raw materials** (supply chain management).
- **Manufacturing** (energy, water, emissions, waste).
- **Packaging** (quantity and type).
- **Distribution & transportation** (fuel efficiency and transit methods).
- **Use** (maintenance, cleaning, extension of product life).
- **End-of-Life options** (reclamation, landfill diversion, recycling and energy recovery).

Life Cycle Assessments (LCAs)

In keeping with our commitment to Cradle to Cradle design principles and our dedication to continuous improvement, we measure the environmental and social impacts of our products through Life Cycle Assessments. Conducted in accordance with the ISO 14040 series, we use LCAs to assess the health and

safety impacts of many of our processes, including Evergreen Nylon Recycling (see page 80). While it is not currently practical to conduct an assessment for every one of our products, the data and insights we gain from each new LCA help refine and inform our product design and manufacturing processes moving forward.

Global Certifications & Standards

The trust of our customers, associates and communities is one of the things we value most. Meeting (or exceeding) some of the world's most rigorous sustainability standards and certifications is one of the many investments we make in building this trust. We offer all our stakeholders the assurance that, when it comes to taking responsibility for our products and processes, we mean what we say.

Product Certifications

- **California Air Resources Board** (CARB) air quality standard
- **Cradle to Cradle^{CM}**
- **CRI Green Label Plus**
- **EPA Design for Environment**
- **Forest Stewardship Council** (FSC) Chain of Custody
- **Floor Score[®]**
- **Good Environmental Choice Australia**
- **Good Environmental Choice New Zealand**
- **GREENGUARD** Indoor Air Quality
- National Wood Flooring Association **Responsible Procurement Program** from US Renewing Forests
- **NSF 140** Sustainable Carpet Assessment Standard
- **Singapore Green Label**
- **UK Building Research Establishment** (BRE) Environmental Assessment Method

Green Building Materials & Standards

The majority of our commercial products and many of our flooring categories also contribute to the United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED[®]) Green Building Standard.

Greening Our Supply Chain

We approach supply chain management as a collaborative process – one that partners our Global Sourcing and Raw Material Purchasing teams with our key suppliers in an effort to help us reduce the impacts of raw materials for our processes, products and packaging. Together, we have assessed and developed supplier sustainability practices and policies, from chemicals and materials used in our products, to goal-setting, progress reviews in key sourcing areas, and the development of a new Environmental Purchasing Policy – the first phase of our Sustainable Sourcing Framework.

In 2011, as the next step on our journey towards creating an even more responsible, sustainable supply chain, we introduced the second phase of our Sustainable Sourcing Framework. Designed to drive our commitment to Sustainability Through Innovation™ across our supply chain, the framework specifies objectives for sourcing and selecting the most socially and environmentally responsible materials, including:

- Moving towards greater transparency.
- Minimizing unnecessary purchasing.
- Reducing community and environmental impact.
- Minimizing greenhouse gas emissions.
- Minimizing waste.
- Optimizing energy and water efficiency.
- Facilitating innovation across our value chain.
- Setting goals for the use of environmentally preferable ingredients in our products.

When our standard terms and conditions of purchase are utilized for contracts and purchase orders, our suppliers are also required to comply with all applicable laws and regulations, including laws and regulations concerning freedom of association, collective bargaining, and child labor where applicable.



Kimberly Colquette, Global Sourcing Manager



2011 HGTV GREEN HOME

Each year, the HGTV Green Home demonstrates the newest in environmentally responsible design and eco-friendly living. As the exclusive flooring sponsor of the HGTV Green Home since 2008, we provide residential carpet, hardwood and laminate floors and area rugs from the HGTV Home Flooring by Shaw collection for the home each year, along with stone and tile accents.



2011 HGTV Green Home, Stapleton, Colorado

Featuring 2,400 square feet of open, airy living space, the 2011 HGTV Green Home is located in the family-friendly, sustainable community of Stapleton, Colorado. The highly anticipated shelter project attracted thousands of visitors looking for home design and green lifestyle inspiration. For more information about the HGTV Green Home, visit hgtv.com/green-home/index.html.







RESPONSIBILITY AT WORK

We own every step of the manufacturing process for the majority of our products. From making carpet fibers and backing to reclaiming and recycling our products at the end of their useful lives, our vertical integration means our organizational footprint is significant. And measuring, monitoring and ultimately mitigating the environmental impact of that footprint is one of our biggest opportunities – and areas of investment.

Every year, driven by our commitment to Sustainability Through Innovation™, we focus people and resources on making further improvements to our existing operations in an ongoing effort to further reduce the impact of these facilities and processes. In addition to driving greater efficiencies within our existing operations, we actively seek out and invest in the innovations that stand to help expand our opportunity to affect true environmental change.





In recent years, these investments have included Re2E or “Reclaim to Energy,” our alternative energy generation facility powered by post-consumer carpet, Clear Path Recycling LLC – a plastic bottle recycling facility slated to become the largest operation of its kind in North America, and an investment in GeoHay, an innovative start-up company working to repurpose reclaimed post-consumer carpet for other environmentally responsible purposes – including erosion control and water filtration.

In 2011, we channeled our efforts and resources towards ensuring these still-new investments were equipped and on track towards becoming fully integrated parts of our operations.

Sustainable Buildings

Improving the sustainability of our buildings is a fundamental part of our approach to mitigating our environmental footprint – not to mention one more



Jason Bowling, Corporate Assets Facilities Director & Rhonda Allen, Facilities Manager

way of helping support the health and well-being of our people. While we're a long way from achieving Leadership in Energy and Environmental Design (LEED®) certification from the United States Green Building Council (USGBC®) for all our buildings, we are committed to employing the most environmentally responsible and efficient practices for all our facilities.

We've been steadily demonstrating this commitment through the systematic upgrade of key systems and infrastructure – especially within some of our highest impact buildings. From plumbing fixture upgrades to recycling opportunities in offices and breakrooms, a sustainable purchasing policy for office, cleaning and maintenance equipment, we're quietly pushing our multitude of existing and long-inhabited buildings towards greater standards of energy efficiency, air quality and waste management. Additionally we're using flagship facilities as benchmarks and best practice models for the rest of our organization – including Plant 95, our LEED and ENERGY STAR® certified corporate facility in Dalton, Georgia. LEED Silver certification is also planned in 2012 for our Re2E facility in Dalton and for our new Shaw Contract Group showroom in Shanghai.



Dalton's First LEED® Certified Commercial Building

In mid-2011, we earned LEED Gold certification for Plant 95, one of our administrative buildings in Dalton, Georgia – home to our corporate headquarters. The first commercial building in Dalton to achieve certification under the LEED Existing Buildings: Operations and Maintenance rating system, and the second of our facilities to achieve LEED certification, the 32,335 square foot facility also earned the rigorous US EPA ENERGY STAR rating in 2010. Along with its high level of energy efficiency, the building now serves as a model for improving environmentally responsible sourcing and purchasing, green cleaning, water efficiency and waste reduction at our other administrative facilities.

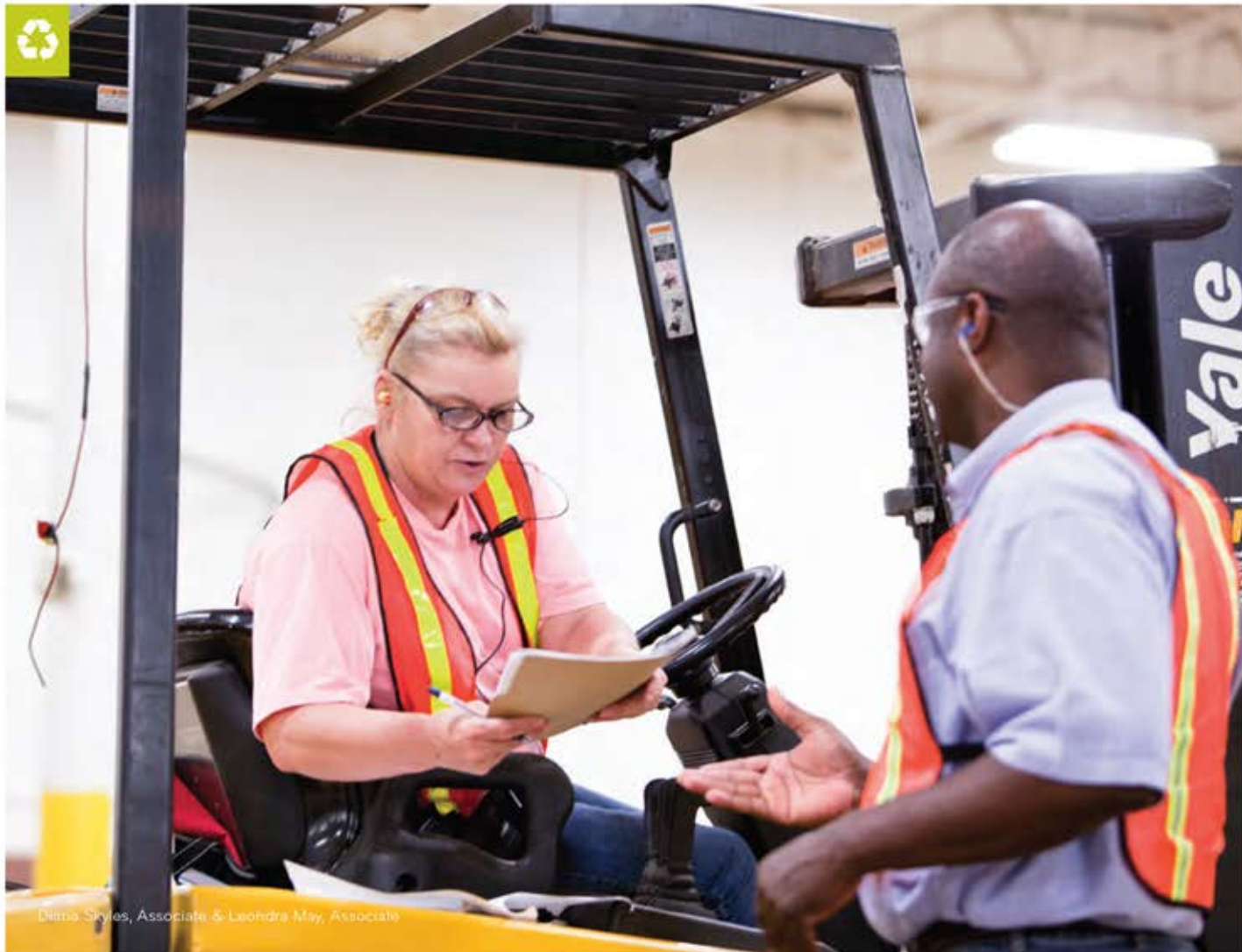
Operating Efficiently

As a vertically integrated manufacturer with facilities in several locations across the United States, measuring energy and water consumption, greenhouse gas emissions and waste can sometimes seem like a tall order. Especially when so many of our facilities manufacture different products and employ different processes.

While the teams of people who keep these facilities up and running each day share a collective dedication to reducing the environmental impacts of their facilities in any way possible, we also recognize that enterprise-wide change will happen faster (and more efficiently) with the advent of enterprise-wide solutions.

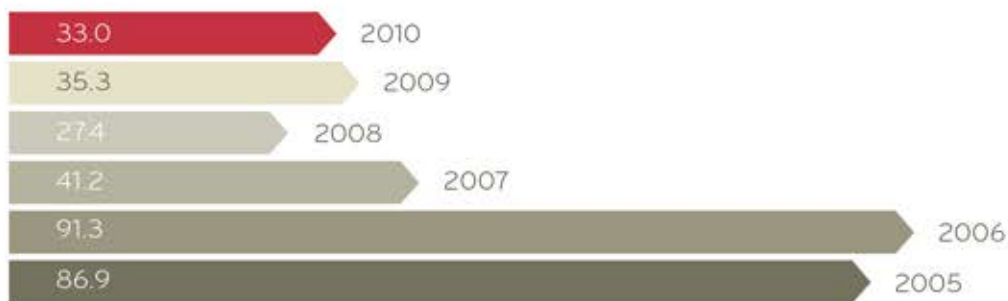
That's why much of our effort over the past several years has been on the development of goals, objectives and solutions designed to bring together previously disparate (yet aligned) efforts to reduce our environmental impacts. As a result of this work, our operations teams have successfully helped standardize safety, quality and environmental procedures, create and implement a new waste management system, take significant steps towards organizational reductions in energy, greenhouse gas, water and waste, and increase our capacity for turning post-consumer carpet waste into valuable materials and beautiful new product.





Diana Styles, Associate & Leandra May, Associate

Reportable Environmental Releases Under EPA Toxic Release Inventory (TRI)



— thousands of lbs. —

*TRI Inventory numbers for 2011 were not available at the time of this report's publication.

We had 7 notices of violations for non-compliance with environmental laws and regulations in 2011. Of these 7, only 3 were assessed a monetary penalty totaling \$8,200. We had zero significant environmental spills in 2011 (defined by Shaw as a chemical exceeding US EPA Reportable Quantity (RQ) values and migrating off site).

Energy and Greenhouse Gas Reduction

When it comes to reducing energy consumption and greenhouse gas reduction, we've got lots of options. After all, like almost all manufacturers, our operations are energy intensive – and that means we have plenty of opportunity to find new ways to reduce that intensity. It also means we have to be strategic (and forward-thinking) about when, where and how we invest in those opportunities.

So when we invested more than 9 million dollars in energy and greenhouse gas efficiency improvements in 2011 (nearly double our previous year's investment), we focused on continuing or completing existing energy and greenhouse gas projects, and launching new initiatives that stand to affect the greatest savings and the greatest change across our entire enterprise. In other words, we're focusing our investments on improvements, upgrades and innovations that can be scaled across multiple facilities – not just one or two.

Last year these investments, coupled with a rise in manufacturing volume and continued improvements to our overall efficiency, resulted in our first significant decrease in energy intensity in two years – a positive step towards both a recovering market and a reduced energy and carbon footprint.

2011 Energy Improvement Investment & Savings

Thermal MMBtu Savings	Electricity kWh Savings	MMBtu Total	
225,962	28,875,779	324,487	Total Energy Savings
4%	2%		Percentage Energy Savings
from Fuel Savings	from Electricity Savings	Total	
0.6	3.3	4	PM-10 Savings Totals
0.1	132.8	133	SO _x Savings Totals
11.0	49.1	60	NO _x Savings Totals
15,769.6	19,582.0	35,352	CO ₂ Savings Totals
4.7	6.5	11	CH ₄ Savings Totals
24.5	99.7	124	N ₂ O Savings Totals
15,798.8	19,688.2	35,487	GHG: CO ₂ e Savings Totals
225,962	98,524	324,487	Energy Savings (MMBtu)

Total Capital Investment in Energy \$9,299,635

———— in tons ————

Total energy savings reflects savings in 2011



Compressed Air Upgrades

Compressed air is a vital component of our fiber extrusion and yarn manufacturing operations, but it's also an expensive utility to generate. To help ensure maximum efficiency, we conduct regular compressed air system surveys and audits at each of our plants. Last year, we also began introducing plant-wide compressed air system controls to monitor and meet plant demand more efficiently. The new system knows the capacity and performance of each compressor in a facility, automatically operating them in a way that will best meet demand. As production changes, the system adapts to changes in plant load, starting or stopping compressors as needed – saving energy and extending equipment reliability in the process.

Enthalpy Controls

We've been systematically installing enthalpy controls across our facilities for several years. Now, many of our fiber extrusion and yarn facilities requiring ambient temperature and humidity control as part of their operations have new enthalpy controls, which monitor and compare the air temperature and humidity both outside and inside the facility. The systems then use the best mix of external air and inside air to mitigate the continual use of internal air controls while keeping conditions inside the facility just right. To date, we've installed enthalpy controls at sixteen of our manufacturing facilities – including three in 2011 – for a savings of 46,450,000 kilowatt hours (kWh) of energy each year – enough to power the equivalent of 4,000 US homes.

Lighting Retrofits

For the past few years, we've been systematically replacing metal halide or T12 lighting systems in our manufacturing facilities with energy efficient T8 and/or T5 lighting systems along with automatic on/off occupancy control switches where appropriate (see our 2010 sustainability report for more information). In 2011, these continued upgrades accounted for 7.6 percent of our energy savings.

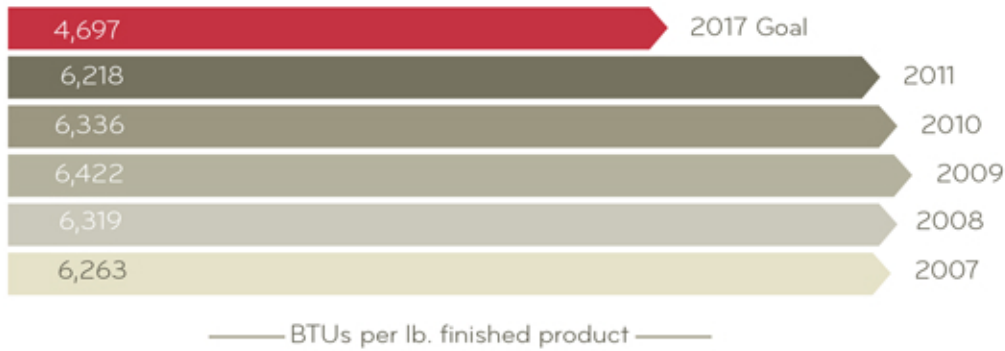
Variable Frequency Drives

Many of our fiber extrusion and yarn facilities require processes that involve the use of air and cooling water. To better control the flow of air and cooling water for these processes, we've been installing variable frequency drives (VFDs) on fans and pump motors. Using automatic sensors that can be programmed to modulate fan or pump speed, the VFDs are one more way we're working to help match manufacturing volume and energy demand more consistently – balancing energy load during peak times and saving energy during non-peak times.

Waste Heat Economizers

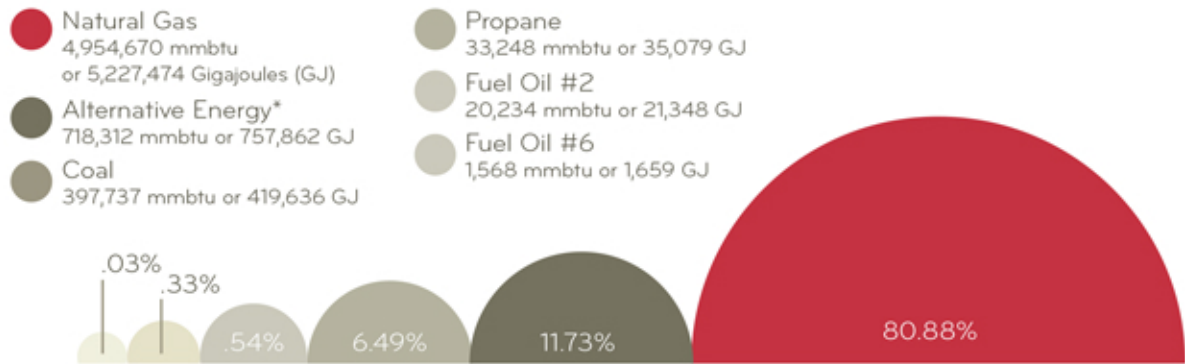
We've also been installing waste heat economizers at facilities using steam for processing yarn and carpet, and where boilers use natural gas as their primary fuel. The economizers capture the heat in exhaust stacks/gases and use it to help pre-heat incoming boiler feed water – adding as much as five percent efficiency to the overall boiler operation and limiting the emission of radiant heat into the atmosphere.

Energy Intensity



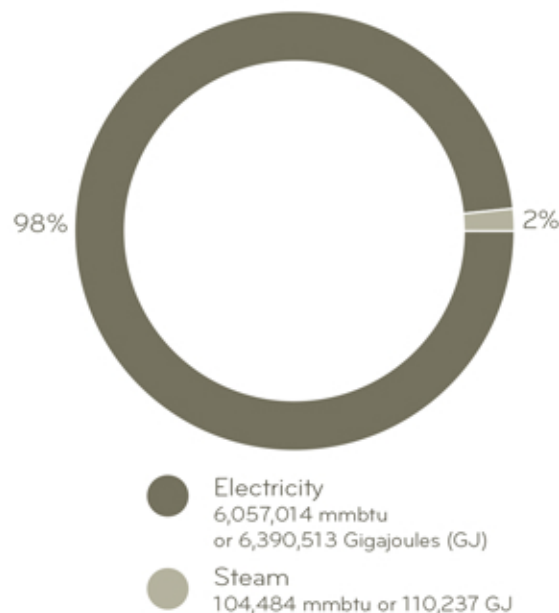
Note: We choose to report our energy performance using BTUs in order to provide a consistent and accurate reflection of the functional units by which we measure organizational efficiency, manage our operations and set performance goals. Does not include transportation related energy use.

Direct Energy Use by Source

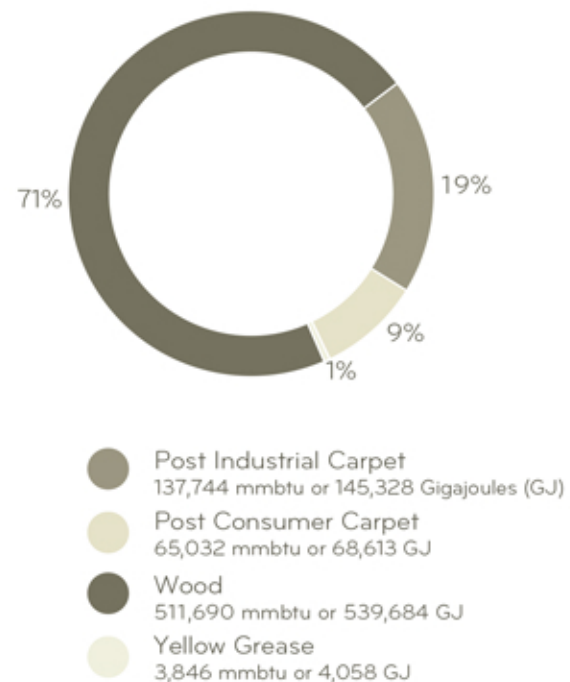


Note: Stationary source energy use only; does not include transportation energy of 1,135,619 MMBtu (1,076,359 GJ) – representing 16% of total energy. This is managed separately.

Indirect Energy Use by Source



Alternative Energy Use by Source*



*We define alternative energy as energy derived from non-fossil fuel sources.

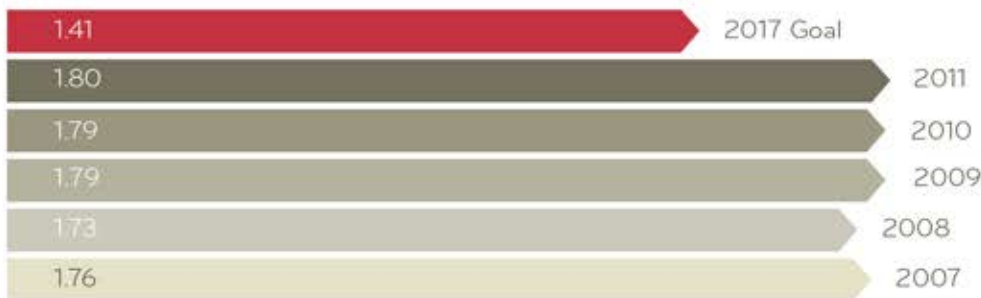
Managing Our Carbon Footprint

Greenhouse gas (GHG) reduction is a critical concern for us – and for our stakeholders. Because our manufacturing processes are so energy intensive, the majority of our carbon footprint is directly tied to our energy use, so we approach energy efficiency and greenhouse gas reduction simultaneously.

Every time we take another step towards reducing energy consumption, we're taking another step towards reducing our carbon footprint. That's why we consider our energy efficiency improvements as carbon footprint improvements, too – and the reason greenhouse gas emissions reduction is always a consideration for any new energy or transportation initiative.

Knowing many of our stakeholders share our interest in carbon footprint measurement and reduction, we have served as a Founding Reporting Member of The Climate Registry for five years. We also report as a supplier to the Carbon Disclosure Project as requested by several of our large, multi-national customers.

Greenhouse Gas Emissions Intensity



— lbs. CO₂ equivalents per lb. finished product —
does not include biogenic sources of CO₂



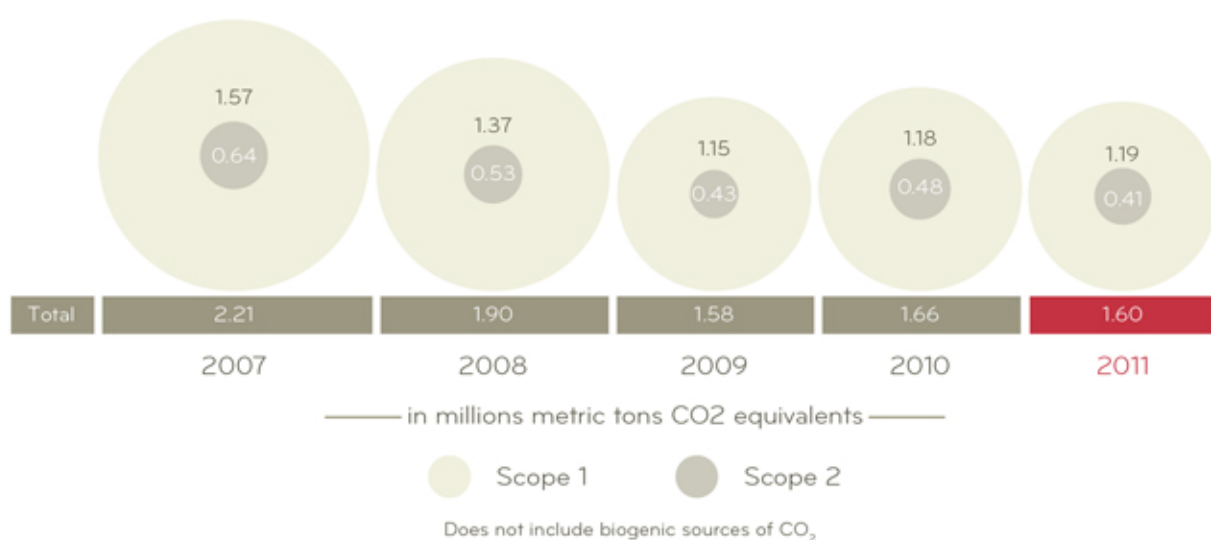
Climate Registered™

Shaw uses The Climate Registry General Reporting Protocol, which embodies GHG accounting best practices for the calculation of GHG emissions. 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. The U.S. EPA reported total greenhouse gas emissions for the United States as 6,633 million metric tons for 2009.



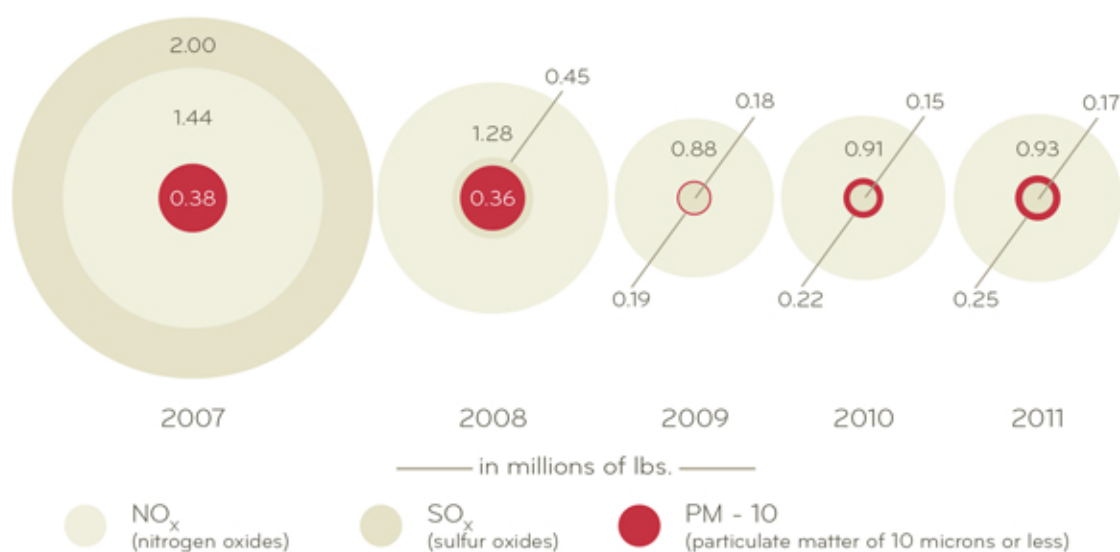
Direct & Indirect Greenhouse Gas Emissions by Scope & Weight

GHG in millions of metric tons of CO₂ equivalents



Criteria Air Pollutant Emissions

SO_x, NO_x & PM



Emissions of selected criteria air pollutants from fossil fuel combustion in Shaw operations by weight. Does not include emissions from transportation related energy use. Calculation based on site specific data.

Distribution and Transportation

Through a global distribution network that includes the 38th largest privately owned transportation fleet in the US, our distribution and transportation team can be found hard at work delivering finished products, ingredient materials around the clock. But having 800 trucks as part of our organizational footprint is something of a responsibility – especially when it comes to the environment.

In an ongoing effort to reduce the impact of our over-the-road distribution – and continue meeting the expectations of our customers for speed, efficiency and reliability – we're putting our drive for Sustainability Through Innovation™ to work across our transportation fleet.

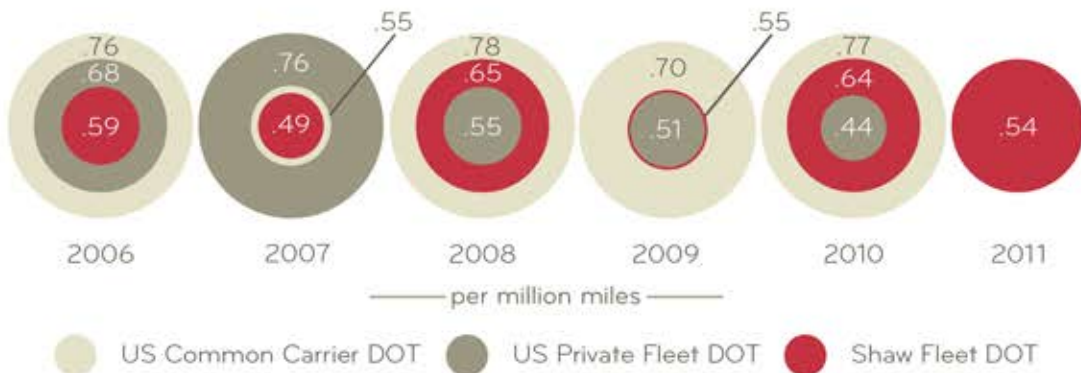
A long-time US Environmental Protection Agency (EPA) SmartWay Transportation Partner, we work alongside other members of the freight transportation industry to collaborate with the US EPA on monitoring and improving fuel consumption and carbon footprint for our transportation business.

And because improving miles per gallon is one of the most direct ways to increase fuel efficiency and reduce greenhouse gas emissions for our transportation fleet, we've been focusing our energy on introducing new technologies and approaches to increasing the miles per gallon of our existing fleet – as well as exploring innovations with the potential to help us improve future performance.

Transportation Fuel Efficiency



Reportable Accident Rate



US Common Carrier and US Private Fleet DOT rates are provided for purposes of comparison to the Shaw DOT rate. 2011 US Common Carrier and US Private Fleet DOT data was not available at the time this report's publication.



Mark Ackerman, Vice President - Logistics



Automatic Tire Inflation and Monitoring

A safety issue as well as an environmental concern, properly inflated tires help extend miles per gallon, reduce potential accidents and extend the usable life of the tire itself. Starting in 2010, we began specifying that all our new tractors is equipped with a continuous monitoring system to alert drivers when one of the vehicle's tires has lost pressure or is in danger of blowing out – giving the driver chance to get off the road safely and address the problem.

In addition, we also specify that all our new trailers are equipped with a new automatic tire inflation system, and we are in the process of retrofitting our existing trailers with the same system. When low trailer tire pressure is detected, the vehicle's air system will automatically inflate the low tire – helping increase safety and ensure consistent miles per gallon along the way.

Driver Health & Wellness

Driving our delivery trucks and tractor-trailers is a physically and mentally demanding job – a job upon which the functions of much of the rest of our company depend. Taking care of the people who play such a critical role in our organization is one of the most important things we can do.

Every year, we work hard to provide equipment upgrades, training and other support resources that help our drivers work safer, smarter and more comfortably. Automatic transmissions (with easier shifting), ergonomically designed equipment, driver safety meetings, and health and wellness resources and support, which includes physical exams as well as stretching, exercise and nutrition guidance, are just a few of the ways we've been working to support our drivers in recent years.



And in 2011, we invested in 39 more new Volvo sleeper tractors fitted with auxiliary power units (APUs). Drivers with the new trucks can use the APUs for heating and air conditioning and other comforts during mandatory rest breaks and overnights. Not only are our drivers reporting a better (and quieter) night's sleep as a result – the new tractors are also reducing fuel consumption by eliminating unnecessary idling.

Smart Freight Logistics

When it comes to cross-country hauling, there's a fuel cost associated with bringing an empty truck back from its destination. In fact, when it comes to distribution logistics, an empty truck is usually an inefficient truck. To make the most of our transportation fleet, we partner with other logistics companies to help ensure our trailers always come back with a full load – whether they're carrying raw materials from one of our locations to another, or transporting consumer goods such as detergent or cereal for a partner company.

Thanks to their shared commitment to environmental responsibility and innovation, our longstanding relationship with Volvo isn't simply that of customer and vendor. We also partner with the motor vehicle company on research and development, and pilot programs designed to help test some of the world's most cutting edge technologies for fuel and energy savings and driver health and safety.



José Enríquez, Associate & Michael Peck, Associate

Saving Water

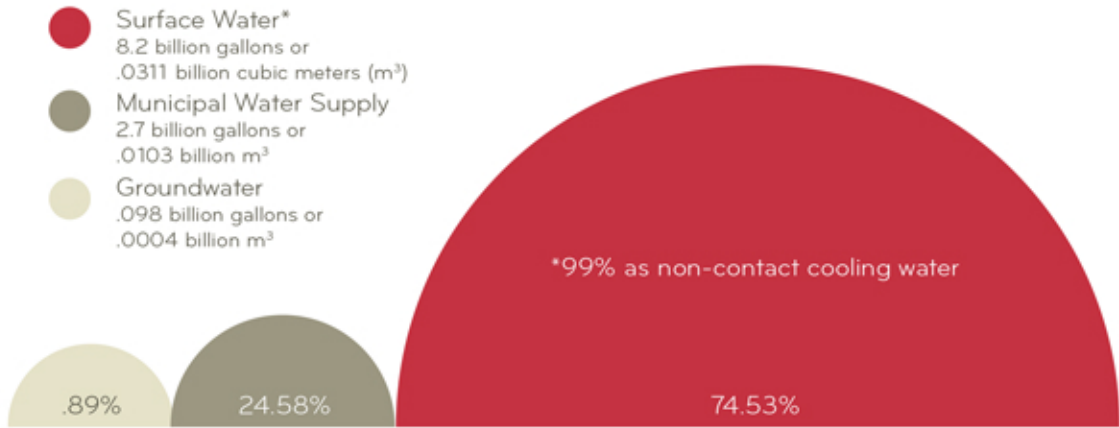
Water conservation is one aspect of environmental responsibility that hits very close to home for us. With headquarters in Northwest Georgia – a region that has experienced significant periods of drought over the past decade – we know first-hand the critical importance of reducing

The recycled water we use is equivalent to 15% of our total water consumption.

water consumption. As part of our responsibility as a corporate citizen, we reduced our water consumption more than 40 percent from 1999 to 2008, and we're currently continuing to work towards an additional 25 percent reduction.

While many of our manufacturing processes demand very little water, several aspects of our operations are quite water intensive. That's why we've been focusing our attention – and investment – for the past several years on optimizing our existing water reduction initiatives. This continued focus on improving existing water efficiency initiatives helped us reduce our water intensity by an additional six percent in 2011.

Water Withdrawal by Source



Water Intensity



Note: We choose to report our water performance using gallons in order to provide a consistent and accurate reflection of the functional units by which we measure organizational efficiency, manage our operations and set performance goals.

Continuous Dye Systems

The myriad colors of the carpet fibers we produce and use are key to the beauty of our carpets and rugs. But achieving these saturated hues involves dyeing processes that can be potentially water intensive. In 2011, we phased out another large segment of our beck dyeing process, leaving only a small specialty operation using this process. Today the vast majority of the carpet is colored through a “continuous dye” process. One of the most efficient methods of dye application, carpet is dyed through a conveyor system that washes, dyes, rinses and dries finished tufted carpet in a continuous process. Forty percent of the water used in our dye house processes is recycled or reused.

Single Step Carpet Treatment

Our Single Step Treatment (SST) process is exactly that: a single step for the application of carpet finishes and stain resistance treatments. Traditionally, two water-intensive steps are required for applying these



treatments to finished carpet, then rinsing and washing the finished carpet after the treatments are applied. By comparison, the proprietary SST process makes it possible to treat and wash the carpet in a single step – capturing and reusing rinse water as part of the process.

Wet Pick-Up Washing

Most continuous dye systems use a fixed flow of water to wash carpet as it completes the dye process. That means water volumes for the washing process are typically set to accommodate the heaviest weight, most wash-intensive products. In 2011, we continued to introduce variable water controls for the washing component of the dye process. It's a step that helps reduce water consumption by enabling us to match the volume of water we use with the type of carpet we're producing – ensuring the lightest weight carpets use the least amount of water.



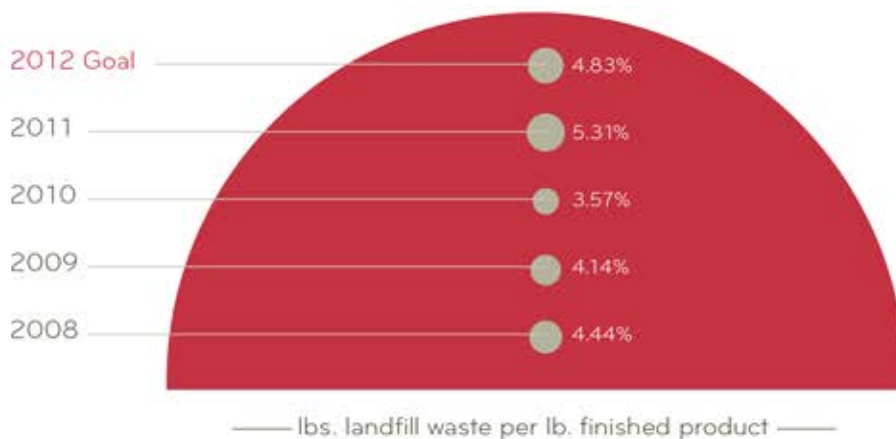
Eliminating Waste

Our approach to waste has always been simple: try not to create it in the first place – and if we do create it, find the highest and best options for reusing, recycling or diverting that material from landfill.

True to the Cradle to Cradle thinking that guides our materials choices and product design, we know that as long as we classify, measure and re-purpose leftover material from our operations and manufacturing processes, that material still has value. As long a material has value, it can remain part of a viable cycle of use and reuse – either within our own production cycle, or as part of another manufacturer's production cycle.

In other words, we operate with the idea that ultimately there should be no such thing as waste.

Total Landfill Waste Intensity



The expansion of our materials recovery processes in 2011 including Re2E and Evergreen (see pgs 77-82), helped us continue our commitment to our landfill diversion efforts. However, some of these processes also yielded additional by-product material, resulting in an increase to our waste intensity from 2010 to 2011. We are currently working to find new channels of use and reuse for this material.

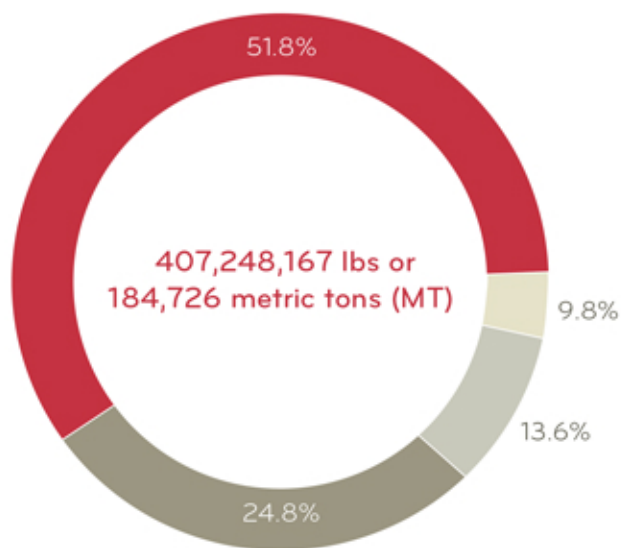
Note: We choose to report our waste performance using pounds in order to provide a consistent and accurate reflection of the functional units by which we measure organizational efficiency, manage our operations, and set performance goals. Total waste intensity does not include waste from Anderson and Stuart hardwood manufacturing facilities.

Hazardous Chemical Waste Disposal

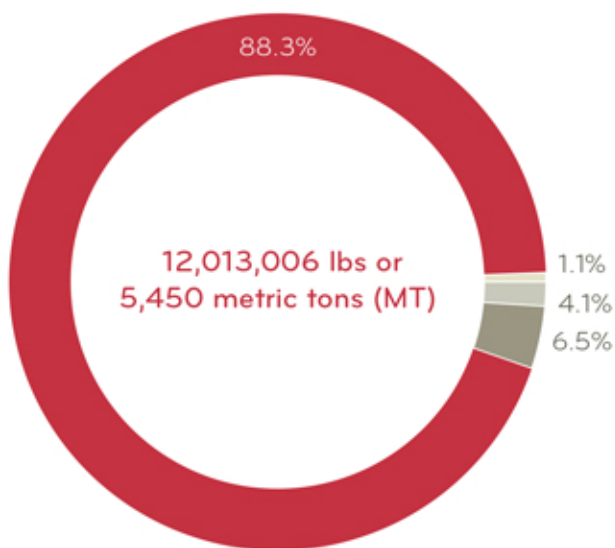




Total Waste By Type & Disposal Method — Industrial Chemical Waste



- Externally Recycled
211,186,238 lbs or 95,793 MT
- Sent to Landfill
101,061,107 lbs or 45,841 MT
- Total Utilized for Energy Recovery
55,234,263 lbs or 25,054 MT
- Internally Recycled
39,766,559 lbs or 18,038 MT



- Non-Hazardous
10,601,511 lbs or 4,809 MT
- Hazardous
782,060 lbs or 355 MT
- Universal Waste
491,646 lbs or 223 MT
- Used Oil
137,789 lbs or 63 MT



Debbie Blount, Associate

Materials Resource Management

We took our approach to waste one step further with the 2010 introduction of our Materials Resource Management (MRM) system – a significant innovation and investment (see our 2010 sustainability report) that evolved from the idea that waste still has inherent value.

In 2011, much of our attention and many of our resources were focused on rolling out MRM across our enterprise. In just one year, we have now brought all of our manufacturing facilities on-line with the MRM system – creating a centralized system and consistent protocol for categorizing, measuring and channeling materials previously identified as waste.

Through the implementation process (and because it's still a work in progress), we also identified some new sources of waste in 2011. While the identification of these new waste sources means a short-term increase in our overall waste intensity, it's also a sign our new system is already working: the more waste we capture, the more opportunity we have to divert it from landfills – and constructively repurpose or recycle it instead.

eSave

The result of a collaboration between our Information Technology and Waste Management teams, our new eSave initiative (launched in 2011) is an internal database dedicated to helping repurpose existing assets across our organization – at a projected savings of more than \$150,000, hundreds of labor hours and significant material waste each year. From single office chairs to specific parts for our carpet tufting machines, associates can quickly upload photos and details of unused assets – allowing people in other parts of our organization (and at other locations) to search for and acquire available assets before having to purchase new ones.



Product Reclamation & Recycling

We have recycled more than half a billion pounds of post-consumer carpet from 2006 through 2011 – a major milestone in the growth of our carpet reclamation and recycling business.

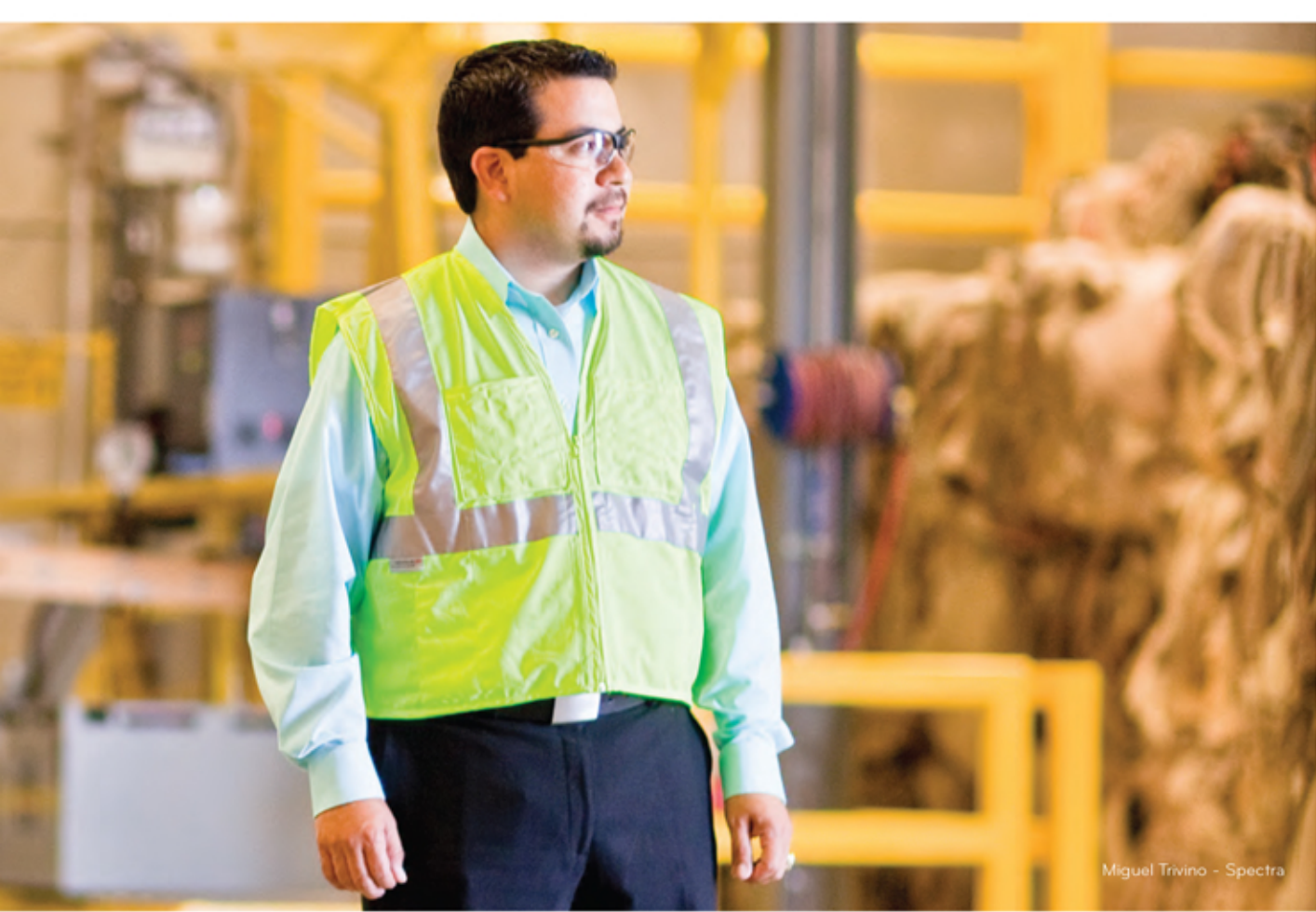
What started as a simple commitment to recycling our Cradle to Cradle Certified^{CM} Nylon 6 residential and commercial carpet fibers (and the acquisition of our Evergreen Nylon Recycling facility) has evolved into the world's largest post-consumer carpet reclamation and recycling operation. It has also become a flagship example of how our commitment to Sustainability Through InnovationTM is helping drive the growth of our business – breaking new ground for our company and our industry.

2011 Carpet Disposition for the US*

3.8 billion pounds of carpet discarded in the US each year.

333 million pounds of carpet diverted from landfills in the US in 2011.

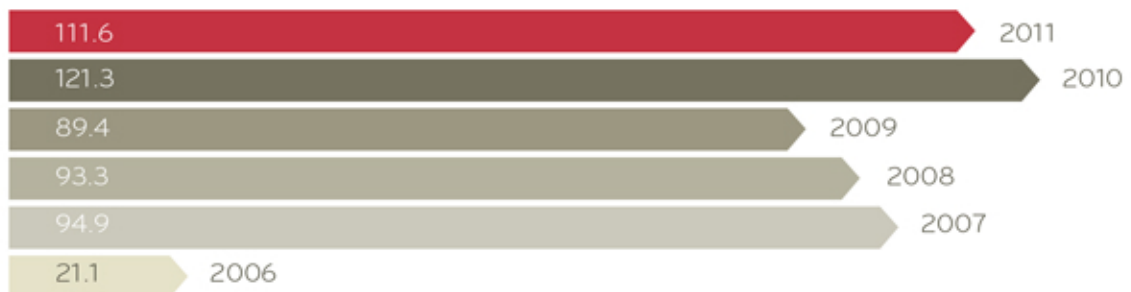
*As reported by Carpet America Recovery Effort (CARE) 2011 annual report.



Miguel Trivino - Spectra

Today, we reclaim more post-consumer carpet than any other company in the world, and on average, 80 percent of the carpet we reclaim is recycled into new carpet. We're also working hand in hand with the Carpet America Recovery Effort (CARE), the Carpet and Rug Institute (CRI) and a multitude of other not-for-profit, non-governmental and governmental organizations on ways to promote and facilitate carpet recycling and product stewardship in ways that are sustainable and viable for customers, retailers, suppliers and other manufacturers.

Shaw Total Volume of Carpet Reclaimed & Recycled



— volume of carpet in millions of lbs —



Wyatt Rollins, Materials Reclamation Manager

Carpet Reclamation Network

As pioneers of carpet reclamation and recycling, we're still learning – and our reclamation network and processes are still evolving. Over the past few years, we've formed partnerships with materials collectors (often entrepreneurs and small businesses) at approximately 50 locations across the US to help us collect commercial and residential post-consumer carpet for recycling. While we know this means some customers still may not have ready access to a collection point, it's a network that's growing on a regular basis – and one that we're actively expanding.

In addition, we also work directly with large commercial customers to help reclaim and recycle the carpet they no longer need. Regardless of brand, when a customer installs Shaw carpet in their office or institution, we'll reclaim their used carpet then (depending upon the carpet's ingredient materials) find the highest and best channel for reusing or recycling the post-consumer product.

Evergreen

Our Evergreen Nylon Recycling facility in Augusta, Georgia is the only Nylon 6 recycling facility of its kind in the world. Developed to recover caprolactam (the monomer or "building block" of Nylon 6) from Nylon 6 fiber, Evergreen has the capacity to process an average of 100 million pounds of post-consumer carpet each year. Not only is Nylon 6 fiber made with recovered caprolactam virtually indistinguishable from fiber made using virgin caprolactam, third-party life cycle assessment data shows this process uses 31 percent less energy compared to creating caprolactam from traditional fossil fuel sources. Compared to Nylon 6 fiber made using virgin caprolactam, fiber made using caprolactam recovered from Evergreen represents significant life cycle energy savings and reductions in numerous potential environmental impacts, such as acidification (acid rain), photochemical ozone chemicals (smog), eutrophication (water quality), and the consumption of fossil fuels and renewable energy.

Re2E - Reclaim to Energy

Because of their ingredient materials, some reclaimed carpets simply cannot be recycled back into new carpet (or into other products). In the past, this meant the landfill was their last and only option. But in 2010, we launched Re2E or "Reclaim to Energy" – the world's first energy generation facility powered specifically by post-consumer carpet that cannot be recycled by any other means.



We spent 2011 completing the first phase of Re2E's launch. As it enters full operation in 2012, the facility will convert a projected 84 million pounds of carpet each year into 50,000 pounds of steam energy per hour – saving enough fossil fuel to power the equivalent of approximately 7,500 homes annually. The steam generated at Re2E will provide a steady, cost-stable alternative energy supply for two adjacent carpet manufacturing facilities – and eventually co-generate enough electrical energy to help sustain its own operations.

In addition to Re2E, we also have a waste-to-energy facility dedicated to turning post-industrial carpet and wood waste into steam for an adjacent manufacturing facility. In 2011, that facility converted 17.6 million pounds of wood waste and 15.3 million pounds of carpet.

To see our new video about Re2E, visit shawgreenedge.com/Re2Evideo.

Clear Path Recycling

2011 also marked the first full year of operation for Clear Path Recycling LLC, our new plastic bottle recycling facility in Fayetteville, North Carolina. A joint-venture with DAK Americas LLC, Clear Path recycles plastic drink bottles for use in products like our ClearTouch® PET filament



residential carpet fiber. Projected to become the largest plastic bottle recycling facility in North America, Clear Path has the capacity to recycle up to 160 million pounds or 3 billion PET bottles each year – a savings of more than 1.9 trillion BTUs of energy annually – enough to power the equivalent of 20,000 US homes.

For more about Clear Path Recycling, watch the video at shawgreenedge.com/clearpathvideo.

GeoHay

Diversifying our portfolio of viable channels for reclaiming, reusing and recycling post-consumer carpet doesn't stop with our own company. As an investor in GeoHay, we're supporting another organization committed to helping keep carpet out of landfills – and part of a continuous cycle of use and reuse.

Headquartered in Spartanburg, South Carolina, GeoHay is an innovative start-up that provides solutions for erosion and sediment control, along with water filtration and diversion. Made from post-consumer carpet, GeoHay products offer yet another sustainable option for carpet otherwise destined for the landfill. Visit geohay.com to learn more.









Paul Murray, Vice President - Sustainability & Environmental Affairs

Working Ahead

Dear Stakeholder,

In this, my first full year at Shaw, I have witnessed firsthand the dedication, vision, talent and skill shared across every part of our company as we work towards Sustainability Through Innovation™. If the progress we have made to date is any indication, I know that we are on the right path - one that will lead to an even brighter future for all of us.

But the process of reflecting on the myriad ways we put sustainability to work in 2011 has also yielded fresh perspective and insight into our successes, and into the opportunities that lie ahead for us in 2012 and beyond. Most notably, we have recognized the chance to define new long-term goals and objectives for our environmental performance (something we will be introducing in mid-2012), and the need to further the conversation around sustainability issues like product stewardship and product recycling. These are issues that are both critical to the long-term sustainability of our industry, and that stand to have an environmental, social and economic impact on our customers and other stakeholders. I look forward to sharing our engagement and progress on these and other issues with you in the coming months, and, of course, in future reports.



This process of reflection has also been a good reminder that the sustainability journey is a long one – and we are not yet near the finish line. It offers a good opportunity to remember that ultimately, sustainability is about one thing: ensuring the choices we make and the actions we take as individuals and as an organization are good for people, good for our planet, and good for business.

Whether we're recycling breakroom waste or developing another Cradle to Cradle product, the same principle applies. It's simply part of the way we work – and the way we have always worked. You might even say it's part of our DNA.

Paul Murray
Vice President, Sustainability & Environmental Affairs





Other Disclosures

Equal Employment Opportunity

Shaw Industries Group, Inc. strongly believes in the importance of each person and in a company policy of absolute and impartial fairness to everyone. We are an Equal Opportunity Employer and are firmly committed to a workplace free of discrimination, harassment, and retaliation. It is our policy to recruit, hire, train, and promote individuals in all job classifications without regard to race, color, religion, age, sex, national origin, disability, veteran status, sexual orientation, or any other legally protected status.

Human Rights & Social Responsibility

It is the policy of Shaw Industries Group, Inc. and our subsidiaries to comply with all laws and regulations that apply to any of Shaw's activities and operations, including laws and regulations of the US that may create liability for Shaw, for Berkshire Hathaway, Inc., or for persons employed by Shaw. Shaw officers, directors and associates must also comply with our Code of Conduct, our Prohibited Business Practices Policy, and the Berkshire Hathaway, Inc. Code of Ethics. In addition, they must also abide by all such applicable laws and regulations, and exercise great care not to take or authorize any actions that may create the appearance of impropriety. Shaw personnel who violate these policies are subject to appropriate disciplinary action.

Compliance with all applicable laws and regulations includes compliance not only with the laws and regulations of the US, but also with the respective local laws and regulations in the countries in which Shaw does business.

Shaw has and will continue to conduct business in a responsible and ethical manner. We respect international human rights principles aimed at promoting and protecting human rights and social responsibility, including the United Nations Declaration on Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights, and the Declaration on the Right to Development. We believe that adherence to our Code of Conduct, practice, and Prohibited Business Practices Policy is consistent with and not in conflict with the principles outlined in the covenants and declarations mentioned above.

The Shaw Code of Conduct can be accessed at shawgreenedge.com/CoC, and the Berkshire Hathaway, Inc. Code of Ethics can be accessed at berkshirehathaway.com/govern/ethics.pdf.

In 2011, 1,757 of our management associates (96.70%), and 5,895 of our non-management associates (28.18%) received ethics, code of conduct, legal and regulatory training through the Shaw Ethics & Compliance (E&C) program.

Risk Assessment

Shaw's Internal Audit Group conducts an annual risk assessment that 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.





About This Report

Assurance

This report was prepared at the GRI 3.1 Application Level B. We also obtained an independent review by Deloitte and Touche LLP to achieve the B+ level. See page 97 for the Independent Accountants' Review Report.

Boundary

The content of our annual sustainability report focuses on all directly owned operations and wholly owned subsidiaries. It also includes joint-ventures for which Shaw holds a financial stake of fifty percent or more. There have been no changes from previous reporting periods in the scope, boundary or measurement methods applied in this report, and there have been no restatements of information provided in earlier reports.

Currency

All references to currency are in US dollars.

Data Measurement & Information Integrity

Shaw Industries Group, Inc. and its management are responsible for the preparation and integrity of the information provided in this 2011 corporate sustainability report. Through an internal audit and quality process, including a review by internal subject matter experts, we believe this information fairly represents our environmental, social and economic impacts in 2011. Where applicable, the GRI 3.1 Indicator Protocols are used as a basis of data measurement and calculation for the performance indicators used in this report. Operational definitions for each indicator are outlined in the report. The Climate Registry General Reporting Protocol, which embodies GHG accounting best practices, is used for the calculation of GHG emissions (see page 64).



Materiality & Scope

In this 2011 report, we focus on the ways we're putting our commitment to Sustainability Through Innovation™ — the Shaw Green Edge® — to work each and every day across our company. Using the three pillars of sustainability as a foundation (corporate governance and social responsibility; environmental health and safety; innovative products and services), our effort at creating a bright, sustainable future for our company, our people and our planet is an ongoing journey. The stories and the content we provide are selected and included because the work they reflect is material to both our overall corporate sustainability strategy and direction, and more specifically to our operations. In other words, we choose to disclose in this report only information and data that is materially relevant to the operations of our company, the needs and interests of our associates, and the needs and interests of our stakeholders as we currently understand them.

Reporting Cycle

Our sustainability reporting follows an annual cycle based on the calendar year January 1–December 31. This report covers January 1–December 31, 2011. Our most recent sustainability report was published in 2011 for the calendar year 2010. Previous reports can be accessed at shawgreenedge.com/sustainability.

Contact

To request additional hardcopies of this report, please email info@shawgreenedge.com. For questions regarding the contents of this report, please email Emma Williams at emma.williams@shawinc.com.



Deloitte & Touche LLP
191 Peachtree St.
Suite 2000
Atlanta, GA
USA
Tel: +1 404 220 1500
Fax: +1 404 220 1583
www.deloitte.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Shaw Industries Group, Inc. and Subsidiaries
Dalton, Georgia

We have reviewed the accompanying Corporate Sustainability Report of Shaw Industries Group, Inc. (the "Company") for the year ended December 31, 2011. The Company's management is responsible for the Corporate Sustainability Report.

We conducted our review in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review consists principally of applying analytical procedures, considering management assumptions, methods, and findings, and making inquiries of and evaluating responses from persons responsible for corporate social and operational matters. It is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Corporate Sustainability Report. Accordingly, we do not express such an opinion. A review of the Corporate Sustainability Report is not intended to provide assurance on the entity's compliance with laws or regulations.

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. Different entities may make different but acceptable interpretations and determinations. The Corporate Sustainability Report includes information regarding the Company's corporate social responsibility initiatives and targets, the estimated future impact of events that have occurred or are expected to occur, commitments, and uncertainties. Actual results in the future may differ materially from management's present assessment of this information because events and circumstances frequently do not occur as expected.

Based on our review, nothing came to our attention that caused us to believe that the Corporate Sustainability Report does not include, in all material respects, the required elements of the Global Reporting Initiative G3.1 Sustainability Reporting Framework for Application Level B; that the 2011 amounts included therein have not been accurately derived, in all material respects, from the Company's records, or that the underlying information, determinations, estimates, and assumptions of the Company do not provide a reasonable basis for the disclosures contained therein.

The comparative disclosures for periods prior to 2011 were not reviewed by us and, accordingly, we do not express any form of assurance on them.

May 23, 2012





Statement GRI Application Level Check

GRI hereby states that **Shaw Industries Group, Inc.** has presented its report "Sustainability at Work: Shaw Industries Group, Inc. Corporate Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 24 May 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Shaw Industries Group, Inc. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 22 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Shaw Performance Indicator & GRI Index

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. GRI is committed to continuously improving and increasing the use of these guidelines, which are freely available to the public.

This report is based on the GRI G3.1 guidelines, application level B.

● Fully Reported ◐ Partially Reported ○ Not Reported

STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

1. STRATEGY AND ANALYSIS

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER/ REASON FOR OMISSION/EXPLANATION
1.1	Statement from the most senior decision-maker of the organization.	●	8-Jul
1.2	Description of key impacts, risks, and opportunities.	●	7-9, 13-14

2. ORGANIZATIONAL PROFILE

2.1	Name of the organization.	●	cover; 11
2.2	Primary brands, products, and/or services.	●	15
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	11
2.4	Location of organization's headquarters.	●	11, back cover
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	11
2.6	Nature of ownership and legal form.	●	11
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	11
2.8	Scale of the reporting organization.	●	11, 12, 15
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	95
2.10	Awards received in the reporting period.	●	16

3. REPORT PARAMETERS

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	96
3.2	Date of most recent previous report (if any).	●	96
3.3	Reporting cycle (annual, biennial, etc.)	●	96
3.4	Contact point for questions regarding the report or its contents.	●	96
3.5	Process for defining report content.	●	7-8, 20, 95; Shaw recognizes our customers, suppliers, retailers, industry and trade groups, non-governmental organizations and our own associates as our primary stakeholder groups and the users of our 2011 report. We identified these groups based on their direct investment in and/or influence on our business. The issues we address in this report are determined in part through frequent communication with these stakeholder groups. While Shaw does not currently have a formal stakeholder engagement process; we are in the process of forming a comprehensive stakeholder engagement framework designed to bring together the diverse channels through which our corporate organization and our brands are already engaging with customers, retailers, industry and trade groups, non-governmental organizations and our own associates on key topics and concerns identified by these and other groups. We plan to complete a formal stakeholder engagement strategy and approach in 2013.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	95
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	95

STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

3. REPORT PARAMETERS

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER/ REASON FOR OMISSION/EXPLANATION
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	95
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	95
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	95
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	95
3.12	Table identifying the location of the Standard Disclosures in the report.	●	99
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	95

4. GOVERNANCE, COMMITMENTS AND ENGAGEMENTS

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	13-14
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	13
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	●	Does not exist. Not applicable: Unitary board structure does not exist.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	13-14, 22-26
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	13
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	93; Shaw has an ethics and compliance program that addresses conflict of interest issues. This program has the following policies and procedures in place; There are policies and procedures with regards to conflicts of interest. Every two years all employees receive code of conduct training which includes training on conflict of interest issues. In addition, specific conflict of interest training is provided to all salaried employees on a periodic basis. When associates are hired and every two years thereafter employees are required to update their conflict of interest questionnaire. A process for review of any identified conflicts is in place. The process involves the immediate supervisor, HR, Corporate Compliance, & Senior Management. Disciplinary procedures are implemented when conflicts are discovered which were not reported by the associate.
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	Shaw Industries Group, Inc is a privately held subsidiary and our governance board is not structured in a manner similar to a publically held company. This process question is applicable to publically traded entities, which we are not. We are governed by a board consisting of our CEO, our President, and the CFO of Berkshire Hathaway, Inc., our sole shareholder.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	10; throughout report
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	13-14
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	13-14; the Growth & Sustainability Council serves as an evaluative and regulatory body for monitoring and measuring the economic, environmental and social performance of our entire organization - including the highest levels of organizational governance. As part of this process, the governance body reports on performance in these areas during Council meetings.

STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

4. GOVERNANCE, COMMITMENTS AND ENGAGEMENTS

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER/ REASON FOR OMISSION/EXPLANATION
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	46-48; Shaw has a long history of being proactive in the development of products which are sustainable. We adhered to the precautionary principle, which in practice is the effort to try and remove potentially harmful substances from our manufacturing processes and products. To help us implement this principle, we use a cradle to cradle manufacturing philosophy.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	93
4.13	Memberships in associations (such as industry associations) and/ or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	23-24
4.14	List of stakeholder groups engaged by the organization.	●	23-24
4.15	Basis for identification and selection of stakeholders with whom to engage.	◐	22; Shaw does not currently have a formal stakeholder engagement process; we are in the process of forming a comprehensive stakeholder engagement framework designed to bring together the diverse channels through which our corporate organization and our brands are already engaging with customers, retailers, industry and trade groups, non-governmental organizations and our own associates on key topics and concerns identified by these and other groups. We plan to complete a formal stakeholder engagement strategy and approach in 2013.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	22-26; Shaw does not currently have a formal stakeholder engagement process; however, we frequently engage each primary stakeholder group regularly throughout the year. We engage with customers, suppliers, NGOs, industry organizations, community groups and associates on a regular basis through surveys, focus groups, participation in market events (conferences, meetings), in-person meetings with Shaw representatives, visits to our facilities and other avenues of communication.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	"22-26; Shaw is in the process of forming a comprehensive stakeholder engagement framework and process designed to bring together the diverse channels through which our corporate organization and our brands are already engaging with customers, retailers, industry and trade groups, non-governmental organizations and our own associates on key topics and concerns identified by these and other groups.

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)

DISCLOSURE ON MANAGEMENT APPROACH EC

G3.1 DMAs	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER
Aspects	Economic performance	●	12
	Market presence	●	11-12,15
	Indirect economic impacts	●	7-12,35

DISCLOSURE ON MANAGEMENT APPROACH EN

Aspects	Materials	●	45-51,77-86
	Energy	●	61-72
	Water	●	73-76
	Biodiversity	○	NOT APPLICABLE
	Emissions, effluents and waste	●	77-86
	Products and services	●	43-51
	Compliance	●	63
	Transport	●	65
	Overall	●	53-82

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)

DISCLOSURE ON MANAGEMENT APPROACH LA

G31 DMAs	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER
Aspects	Employment	●	93
	Labor/management relations	●	22-26, 36, 93
	Occupational health and safety	●	34-36
	Training and education	●	27-28
	Diversity and equal opportunity	●	29-30
	Equal remuneration for women and men	○	NOT APPLICABLE

DISCLOSURE ON MANAGEMENT APPROACH HR

Aspects	Investment and procurement practices	●	51, www.diversity.shawinc.com/Home/Supplier.aspx
	Non-discrimination	●	93
	Freedom of association and collective bargaining	●	93
	Child labor	●	93
	Prevention of forced and compulsory labor	●	93
	Security practices	●	93
	Indigenous rights	○	NOT APPLICABLE
	Assessment	○	NOT APPLICABLE
	Remediation	○	NOT APPLICABLE

DISCLOSURE ON MANAGEMENT APPROACH SO

Aspects	Local communities	●	25,93
	Corruption	●	93
	Public policy	●	93
	Anti-competitive behavior	●	93
	Compliance	●	93

DISCLOSURE ON MANAGEMENT APPROACH PR

Aspects	Customer health and safety	●	Shaw's Safety, Health and Environment policy can be found at www.Shawgreenedge.com/SHEP
	Product and service labelling	●	45-50
	Marketing communications	●	In addition to a thorough internal review process for our marketing and communications materials, Shaw is committed to upholding the United States Federal Trade Commission Green Guides for communicating our environmental initiatives and the sustainability of our products.
	Customer privacy	○	NOT APPLICABLE
	Compliance	●	45-50, 63

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

ECONOMIC

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER
	ECONOMIC PERFORMANCE		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	12; 37; Shaw Industries Group, Inc is a privately held subsidiary and our governance board is not structured in a manner similar to a publicly held company. Employee compensation information is proprietary. Community investment information can be found on page 37.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	○	61-63
EC3	Coverage of the organization's defined benefit plan obligations.	○	
EC4	Significant financial assistance received from government.	○	NOT APPLICABLE
	MARKET PRESENCE		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	○	NOT APPLICABLE
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	51, www.diversity.shawinc.com/Home/Supplier.aspx
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	○	

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

ECONOMIC

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER
	INDIRECT ECONOMIC IMPACTS		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	37-40
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	○	

ENVIRONMENTAL

ENVIRONMENTAL			
	MATERIALS		
EN1	Materials used by weight or volume.	○	
EN2	Percentage of materials used that are recycled input materials.	○	
	ENERGY		
EN3	Direct energy consumption by primary energy source.	●	66
EN4	Indirect energy consumption by primary source.	●	66
EN5	Energy saved due to conservation and efficiency improvements.	●	64
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	●	45-50, 61-66
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	45-50, 61-66
	SHAW Total Energy Intensity	●	66
	SHAW Alternative Energy Consumption by Source	●	66
	WATER		
EN8	Total water withdrawal by source.	●	74
EN9	Water sources significantly affected by withdrawal of water.	○	
EN10	Percentage and total volume of water recycled and reused.	●	73
	SHAW Total water intensity	●	74
	BIODIVERSITY		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	○	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	○	
EN13	Habitats protected or restored.	○	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○	
	EMISSIONS, EFFLUENTS AND WASTE		
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	68
EN17	Other relevant indirect greenhouse gas emissions by weight.	○	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	64-68
EN19	Emissions of ozone-depleting substances by weight.	○	
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	●	68
	SHAW Greenhouse Gas Emissions Intensity	●	67
EN21	Total water discharge by quality and destination.	○	
EN22	Total weight of waste by type and disposal method.	●	78
EN23	Total number and volume of significant spills.	●	63
	SHAW Total Landfill Waste Intensity	●	77
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	○	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	○	

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

ENVIRONMENTAL

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER
	PRODUCTS AND SERVICES		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	43-86
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	○	
	COMPLIANCE		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	63
	TRANSPORT		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	●	69-72
	OVERALL		
EN30	Total environmental protection expenditures and investments by type.	○	

SOCIAL: LABOR PRACTICES AND DECENT WORK

	EMPLOYMENT		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	●	25
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	●	25
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	○	
LA15	Return to work and retention rates after parental leave, by gender.	○	
	LABOR/MANAGEMENT RELATIONS		
LA4	Percentage of employees covered by collective bargaining agreements.	○	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	○	
	OCCUPATIONAL HEALTH AND SAFETY		
LA6	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.	●	34
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	●	35
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	27-29
LA9	Health and safety topics covered in formal agreements with trade unions.	○	NOT APPLICABLE
	TRAINING AND EDUCATION		
LA10	Average hours of training per year per employee by gender, and by employee category.	◐	28; note: gender data is not available for this indicator.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	27-28
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	○	
	DIVERSITY AND EQUAL OPPORTUNITY		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	○	
	EQUAL REMUNERATION FOR WOMEN AND MEN		
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	○	
	INVESTMENT AND PROCUREMENT PRACTICES		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	○	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	○	

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

SOCIAL: HUMAN RIGHTS

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	Shaw conducted 3,485.10 hours of diversity training with 1,298 full-time, US-based Shaw associates (.06% of our total associates) in 2011. This training included education on policies and procedures concerning aspects of inclusiveness and anti-harassment most relevant to our operations. In addition, new Shaw associates receive diversity, inclusiveness and anti-harassment training as part of our new employee orientation, and all Shaw full-time salaried associates complete annual training on policies and procedures concerning aspects of diversity, inclusiveness and anti-harassment.
	NON-DISCRIMINATION		
HR4	Total number of incidents of discrimination and actions taken.	○	
	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	●	93; Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor.
	CHILD LABOR		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	●	93; Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor.
	FORCED AND COMPULSORY LABOR		
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	●	51, 93; Shaw is not aware of any operations or significant suppliers that have been identified as having significant risk to the right to exercise freedom of association, collective bargaining, child labor or forced or compulsory labor.
	SECURITY PRACTICES		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	●	Shaw conducted 3,485.10 hours of diversity training with 1,298 full-time, US-based Shaw associates (.06% of our total associates) in 2011. This training included education on policies and procedures concerning aspects of inclusiveness and anti-harassment most relevant to our operations. In addition, new Shaw associates receive diversity, inclusiveness and anti-harassment training as part of our new employee orientation, and all Shaw full-time salaried associates complete annual training on policies and procedures concerning aspects of diversity, inclusiveness and anti-harassment.
	INDIGENOUS RIGHTS		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	○	
	ASSESSMENT		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	○	
	REMEDATION		
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	○	
SOCIAL: SOCIETY			
	LOCAL COMMUNITIES		
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	●	23; 25; 37
SO9	Operations with significant potential or actual negative impacts on local communities.	●	25
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	●	25-26

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

SOCIAL: SOCIETY

PERFORMANCE INDICATOR	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER
	CORRUPTION		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	●	93
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	93
SO4	Actions taken in response to incidents of corruption.	○	
	PUBLIC POLICY		
SO5	Public policy positions and participation in public policy development and lobbying.	○	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	37; contributions disclosed are for US only.
	ANTI-COMPETITIVE BEHAVIOR		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	○	
	COMPLIANCE		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	93; As is stated in Shaw's code of conduct, our company will comply with all applicable laws and regulations. As evidence of this, Shaw has not been subject to any material monetary fines, nor have there been any significant non monetary sanctions within the past year.

SOCIAL: PRODUCT RESPONSIBILITY

	CUSTOMER HEALTH AND SAFETY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	43-50
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	●	45
	PRODUCT AND SERVICE LABELLING		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	○	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	○	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	○	
	MARKETING		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	50, In addition to a thorough internal review process for our marketing and communications materials, we're committed to upholding the United States Federal Trade Commission Green Guides for communicating our environmental initiatives and the sustainability of our products. We also provide our customers with third-party verification of the sustainability claims of our products through some of the world's most stringent environmental product standards and certifications.
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.	○	
	CUSTOMER PRIVACY		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	○	
	COMPLIANCE		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	47-48



Cover: Conservation PCF 100, manufactured by Neenah Papers, is FSC certified and 100% PCF and free of processed chlorine.

Text pages: Opus 30 Sheets is manufactured by SAPPI with 30% PCF. FSC certified.

Inks: Printed with UV based inks.

Shaw Industries Group, Inc.
616 East Walnut Avenue
Dalton, GA 30721 USA
800.720.7429 • sustainability.shawgreenedge.com
info@sustainability.shawgreenedge.com
© 2012 Shaw, a Berkshire Hathaway Company