

WHAT IF SUSTAINABLE BUSINESS
MEANS SMARTER BUSINESS?

SHAW INDUSTRIES GROUP, INC.
Corporate Sustainability Report 2010

IN THE FEW MONTHS SINCE I JOINED SHAW,
ONE THING HAS ALREADY BECOME CLEAR:
WE ARE A COMPANY DRIVEN BY A DEEP
CONVICTION THAT BUSINESS PRACTICES PROMOTING
SOCIAL AND ENVIRONMENTAL RESPONSIBILITY
ARE THE RIGHT BUSINESS PRACTICES FOR THE
FUTURE. AND AS YOU WILL SEE IN THE PAGES
OF THIS REPORT, IT'S A CONVICTION THAT DRIVES
US TO CONSTANTLY LOOK AHEAD, THINK AHEAD
AND WORK AHEAD, EXPLORING NEW IDEAS,
NEW PROCESSES AND NEW APPROACHES TO
SUSTAINABILITY THROUGH INNOVATION™.



Paul Murray
Vice President of Sustainability

SUSTAINABILITY THROUGH INNOVATION™ THAT'S THE SHAW GREEN EDGE®.

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

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

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

WHAT IF..

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Barrett Morton, Director, Commercial Innovation

...sustainable business means **SMARTER** business?

Providing the most beautiful — and sustainable — flooring in the world has been, and always will be, our number one objective. But the challenges associated with delivering on this promise change every year. Today, sustaining business in an increasingly competitive global marketplace requires more than great product, quality, performance and, of course, great design. It demands foresight, agility, and innovation — plus the ability to listen and adapt to the changing needs of the associates, customers and communities we serve.

Today's decisions define TOMORROW'S WORLD

Throughout history there are moments at which economic, social or environmental conditions serve to point that decisions we make today define the nature of our world tomorrow. For Shaw and other manufacturers and organizations around the world, 2010 was such a reminder.

Maneuvering through continuing changes in the global economy, including an unstable energy market, changes in the availability and cost of raw materials, and ongoing struggles in the housing and new construction sectors (sectors that bear direct impact on both our business and the businesses of many of our customers), reminded us of our responsibility to consider the effects of our actions today on our associates, customers, communities and stakeholders tomorrow. And in order to grow and thrive in this changing global landscape, we must continue adopting new strategies for doing business — fostering a spirit of optimism and innovation every step of the way. A spirit that drives each of us to envision an economy and a world in which sustainability isn't an optional approach, it's simply the way companies do business.

Despite some of the most challenging economic conditions our industry has experienced in more than a generation, we worked hard to carry this spirit through 2010, envisioning ways to expand our already extensive carpet recycling program, create our own recycled ingredient material for carpet fiber and use post-consumer carpet as a source of alternative energy. As with our myriad other sustainability initiatives, each of these projects started with a simple question: What if?

The process of answering those questions — of turning the vision of a single associate or group of associates into an impactful, viable, successful asset for our business — is what our commitment to Sustainability through Innovation™ is all about.

It's a commitment made even more poignant in 2010 as shifting market demand and market conditions also necessitated the closing of some plants. These decisions were not easy and as proud as we are of our new energy reclamation facility, our new plastic bottle recycling facility, and the multitude of other sustainability initiatives we implemented during the year, we are equally disheartened by the direct impact these changes had upon individual lives and upon the communities we touch.

These experiences clarified for us the importance of looking and thinking ahead. Of drawing upon our collective resilience to weather these changes and to focus on the opportunities before us — the chance to continue to develop or improve the systems, processes and products that allow us to create new jobs, new opportunities, and new business directions for our company — and more importantly, for our associates, our customers and our stakeholders.



By asking questions for which we may not yet have the answers, we will help ensure the process of sustainability and innovation lives on within our company for generations — fueled by the power of a simple question: What if?

Vance Bell

Vance Bell – CEO, Shaw Industries Group, Inc.



Innovation and risk equal LONG-TERM SUCCESS

As the world continues to face some of the most challenging economic conditions in decades, innovation — and the ability to recognize opportunities where others do not — becomes increasingly vital to a company's long-term success.

Shaw Industries has long demonstrated the importance — and value — of using innovation as a platform from which to drive business practices that are as environmentally and socially responsible as they are fiscally sound.



In fact, Shaw's investment in "sustainability through innovation," is helping the company lead the way towards a bright future. One in which more companies recognize that investing in our people, our communities and our environment is as important as investing in our economy. And one in which the questions we ask are ultimately as valuable as the ideas we generate.

Warren Buffett – CEO, Berkshire Hathaway Inc.

2010 BY THE NUMBERS

\$4.024 billion annual revenue	1 corporate acquisitions
\$0.01 billion debt	8 facility closings
\$2.8 billion equity	24,561 associates
\$4.14 billion total assets	1,061 associate lay-offs
95% U.S.-based revenue	433 jobs created
95% U.S.-based operating costs	3,439 associates hired
1.975 billion lbs. total annual product	0 changes to capital structure

2010 REVENUE, EARNINGS & CAPITAL EXPENDITURES

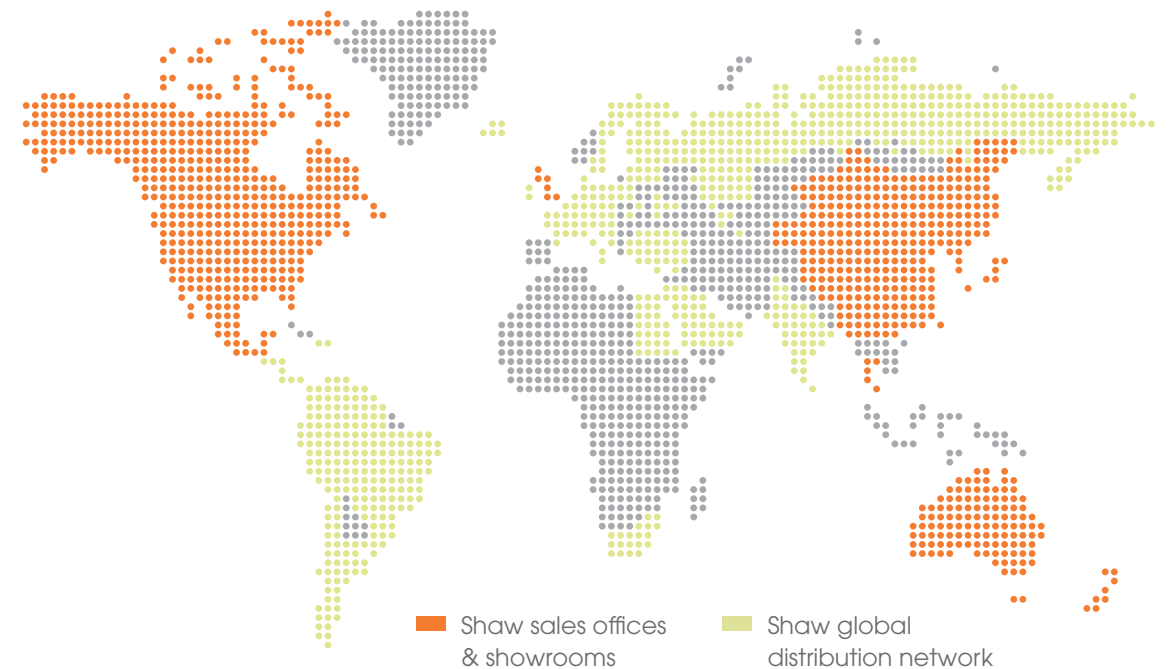
	2006	2007	2008	2009	2010
Revenue	\$5.83	\$5.37	\$5.05	\$4.01	\$4.05
Earnings	\$.60	\$.44	\$.21	\$.14	\$.16
Capital Expenditures	\$.19	\$.14	\$.17	\$.19	\$.18

*All values represented in billions

WHO WE ARE

Shaw Industries Group, Inc., a wholly owned subsidiary of Berkshire Hathaway, Inc., is a vertically integrated, fully aligned, global flooring manufacturer located in Dalton, Georgia in the United States. The world's largest carpet manufacturer and a leading floorcovering provider, we supply carpet, rugs, hardwood, laminate, resilient, stone/tile and synthetic turf flooring products to the residential and commercial markets.

We are governed by a board consisting of the CEO and the President of Shaw Industries Group, Inc., and the CFO of Berkshire Hathaway, Inc. The Company's procedures for overseeing the organization's identification and management of economic, environmental and social performance are embodied in the work of our Growth & Sustainability Council, which is made up of members of the highest governance body. Executive compensation is linked to the Company's performance each year.



We operate wholly owned administrative, distribution and manufacturing operations within the U.S., as well as several joint-venture companies in the U.S. and a joint-venture company in Mexico. We also have sales offices located outside the U.S. in Australia, Canada, China, Singapore and the United Kingdom.



Greg Cook, Vice President, Corporate Development

RESPONSIBLE BUSINESS is the way we do business

To help us manage and integrate sustainability strategy across our organization, we established the Shaw Growth & Sustainability Council in 2007. Comprised of our executive team and senior leaders from all business and functional areas of our company, the council sets goals and oversees progress in the key areas of economic, environmental and social responsibility that we recognize as most material to our organization and our stakeholders.

The council uses the three pillars of sustainability — corporate governance & social responsibility, operational & environmental excellence, and innovative products & services — as the basis for defining goals and setting strategy that aligns with our long- and short-term corporate objectives. In turn, movement towards these objectives is measured according to the impact of our work on our triple bottom line. This progress is shared with all internal and external stakeholders in our annual corporate sustainability report.

OUR MISSION

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

CORPORATE OBJECTIVES:

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

ENVIRONMENTAL GOALS:

- Reduce energy intensity by 25% by 2017
- Reduce greenhouse gas intensity by 20% by 2017
- Reduce post-industrial landfill waste by 90% by 2011
- Reduce water intensity by an additional 40% by 2016



Brenda Knowles, Vice President, Commercial Marketing & Product Development

Today's ideas are TOMORROW'S ANSWERS

Anticipating the future needs of our associates, customers, suppliers and other partners drives our commitment to Sustainability through Innovation™. Understanding the concerns, demands and future challenges faced by each of these stakeholder groups helps inform the way we manage and operate our business — from the development of new products and services to our approach to corporate governance and social responsibility.

To stay connected, we invite regular, open communication with our diverse stakeholder groups year-round. For external stakeholders, these outreach activities include site visits, sales meetings and conferences for dealers and retailers, customer and supplier surveys, advisory panels, focus groups and roundtables for product development and design — all designed to invite direct, open feedback on our products, our services and our company. In addition, “town hall” meetings, roundtables, surveys, cross-functional work teams and regular associate surveys encourage internal stakeholders to share their individual perspectives, ideas and recommendations.

Many of the projects and initiatives we launched or completed in 2010 were due in part to our strong relationships with customers, suppliers, associates and other stakeholders. For instance, increased customer demand for materials with more recycled content and more options for end-of-life stewardship helped us recognize the need to further diversify our recycling and reclamation infrastructure with multi-million dollar investments in two new facilities: Clear Path Recycling LLC, a plastic bottle recycling facility, and Re2E (Reclaim to Energy), a new energy generation facility designed to use post-consumer carpet as an alternative fuel source. Both are investments that will help us responsibly address our stakeholders’ and our business’s needs today, and for years to come.

OUR ASSOCIATES COMPLETED 10,380 HOURS OF DIVERSITY TRAINING in 2010.

DIVERSITY AT SHAW

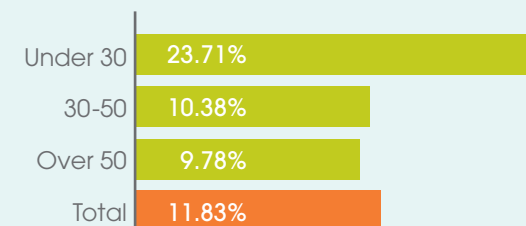
Our company is made up of a diverse group of talented individuals from a broad array of backgrounds, experiences and perspectives — and our focus on valuing these differences has been part of our belief system since our very beginning. Today, diversity in the workplace is more important than ever before. The changing and varied makeup of our company, our customers and the general population — as well as the increased visibility of our brands around the world — means there is no better time to ensure we are committed to valuing and welcoming the contributions of all associates, customers, suppliers and other stakeholders. And to building stronger communities in the process. More information, including our diversity policy and commitment, and our statements on affirmative action and discrimination and harassment can be found at diversity.shawinc.com.

2010 ASSOCIATE PROFILE

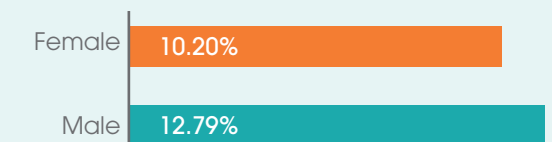
	DOMESTIC			INTERNATIONAL			
	Fixed Contract	Temporary Contract	Total	Australia	UK	Canada	Asia/Pacific
Full-Time	24,290	30	24,320	14	5	74	10
Part-Time	138	0	138	0	0	0	0
Total	24,428	30	24,458	14	5	74	10
Domestic Turnover			International Turnover				
			11.83%	36.36%	0%	13.07%	21.05%

Total Associates 24,561

Turnover by Age



Turnover by Gender



Shaw turnover rates include acquisitions, attendance, resignations, relocations, severances, personal reasons, and violations of rules. Turnover does not include lay-offs, which are reported separately.



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



memberships & partnerships

Carpet and Rug Institute™ (CRI)	International Interior Design Association (IIDA)
Carpet America Recovery Effort™ (CARE)	The Keystone Center - Green Products Roundtable
The Conference Board®	National Association of Manufacturers® (NAM)
CoreNet	National Safety Council® (NSC)
Floor Covering Industry Foundation (FCIF)	National Wood Flooring Association® (NWFA)
Georgia Traditional Manufacturers Association (GTMA)	South Carolina Forestry Association (SCFA)
Hardwood Federation (HF)	South Carolina Manufacturer's Association (SCMA)
Hardwood Federation Political Action Committee (HFPAC)	United States Chamber of Commerce (USCC)
Hardwood Forestry Fund (HFF)	United States Green Building Council® (USGBC)
Hardwood Plywood and Veneer Association®	World Floor Covering Association® (WFCA)
International Facility Managers Association (IFMA)	
International Federation of Interior Designers (IFI)	

affiliations

American National Standards Institute® (ANSI)	The Make It Right® Foundation (MIR)
Alzheimer's Foundation	Masco Environments for Living®
BizNGO	McDonough Braungart Design Chemistry (MBDC)
Clean Production Action - Green Screen for Safer Chemicals	National Science Foundation
The Climate Registry®	Partnership for Sustainable Georgia (PSG)
The Cradle to Cradle Products Innovation Institute	Public Architecture
EPA SmartWay® Transport Partnership	Scientific Certification Systems (SCS)
EPA Waste Wise	UL Environment
Forest Stewardship Council	United States Department of Energy
GREENGUARD® Environmental Institute	United States Environmental Protection Agency
HGTV	United Way®

2010 awards

- *Georgia Trend* magazine's [2010 Best Places to Work](#)
- United States General Services Administration (GSA) [Evergreen Award](#)
- 13th in *Training* magazine's ["Training Top 125"](#)
- First flooring manufacturer inducted into [American Textile Hall of Fame](#)
- Georgia Department of Labor (Cartersville) [Employer of the Year](#)
- California Water Environment Association [Facility of the Year Award](#) for environmental stewardship
- Hardwood Forestry Fund [Gifford Pinchot Award](#) for sustainable forestry
- Catoosa County, Georgia Chamber of Commerce [Large Employer of the Year](#)
- United Way of Georgia's [Outstanding Adult Volunteer Group](#)
- Chester Klevins [Outstanding Workplace Literacy](#) Program award from the Commission on Adult Basic Education (COABE)
- [Prestigious Partner in Adult Learning Award](#) from the Georgia Department of Technical & Adult Education
- CalRecycle's [Waste Reduction \(WRAP\) Awards](#) for waste reduction leadership at four manufacturing facilities in Santa Fe Springs, CA

Paul Murray, Vice President, Corporate Sustainability & Environmental Affairs





...corporate responsibility is PERSONAL?

Our business affects thousands of individual lives and livelihoods every day — making how we work just as important as what we make. Choosing safe and responsible ingredient materials and processes, implementing fair policies and strategies, serving as an engaged participant in the communities we touch, and creating a diverse, forward-thinking work environment are all part of our commitment to good global citizenship — a commitment each of us takes personally.



Tina Ward, R&D Lab Technician; Donna Eaker, Technical Analyst, Corporate Risk Management; Cynthia Dunn, Corporate Environmental Manager

a safe workplace is a COLLABORATIVE workplace

We approach the health and safety of everyone in and around our facilities as our collective responsibility. In addition to strict compliance with workplace health and safety standards, our Behavior Based Safety (BBS) program encourages a collaborative approach to on-the-job safety. A supplement to our regular safety training program, BBS teaches teams of associates to demonstrate and recognize proper safety behaviors, then coach and mentor co-workers to do the same — fostering a collaborative, supportive and positive approach to creating an environment safe for associates and visitors alike. Our Safety, Health and Environmental policy reinforces the importance we place on safety and well-being company-wide. Available in full at www.shawgreenedge.com/SHEP, the policy includes our commitment to:

- Complying with applicable safety, health and environmental laws and regulations
- Ensuring the safety of our associates, visitors and communities
- Taking responsibility for our products

Safety & Health Compliance & Citations

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

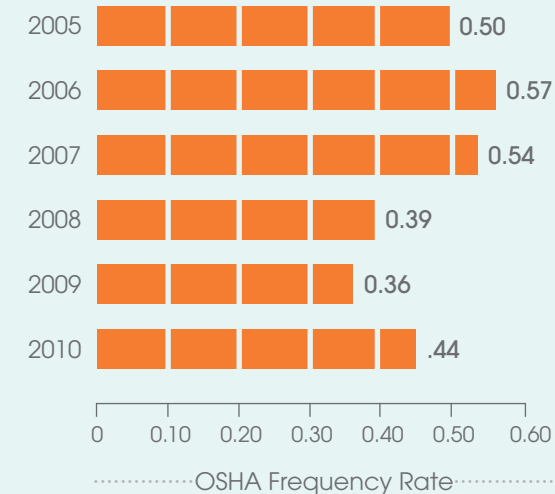
ENVIRONMENTAL HEALTH & SAFETY

Occupational Safety & Health Administration (OSHA) Incident Rate (OIR)



Number of OSHA recordable injuries & illnesses per 200,000 work hours.

Occupational Safety & Health Administration (OSHA) Frequency Rate



Number of lost time incidents per 200,000 work hours.

Total Manufacturing OIR* for U.S.

Year	OIR
2005	6.3
2006	6.0
2007	5.6
2008	5.0
2009	4.3

* Non-fatal occupational injuries & illnesses incident rate from U.S. Bureau of Labor Statistics & OSHA. Source: OSHA

Total Manufacturing Frequency Rate for U.S.

Year	Frequency Rate
2005	1.5
2006	1.4
2007	1.3
2008	1.2
2009	1.0

* Lost time incidents per 200,000 work hours for U.S. manufacturing. Source: OSHA

Each Shaw manufacturing and distribution facility has an active Safety Committee. Each shift's Safety Committee includes representation from every department within that facility and **at least 50%** of the committee members are hourly associates.

Total Number of Significant Spills

	2007	2008	2009	2010
Total Reportable Environmental Spills	0	0	0	0

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



Herschel Watson, GED Graduate

continuing education IS PART of the job

The varying demands of balancing career and home commitments can make continuing education a very real challenge. To ensure all associates have the opportunity to continue their professional education, Shaw Learning Academy expanded the scope of its training programs in 2010. In addition to making classroom courses available during regular work hours, associates now have 24-hour access to additional skills-based and professional development courses through the Shaw Learning Academy website. Associates who wish to continue their academic education also have access to General Education Diploma (GED) and Master of Business Administration (MBA) programs offered in partnership with nearby colleges and universities.

We received the 2010 Chester Klevins Outstanding Workplace Literacy Program Award from the Commission on Adult Basic Education in recognition of our GED and English as a Second Language programs. We were also named a Prestigious Partner in Adult Learning by the Georgia Department of Technical & Adult Education.

To make continuing education more accessible, we also provide a tuition reimbursement program to provide financial assistance for associates pursuing either undergraduate or post-graduate education.

228 ASSOCIATES RECEIVED MORE THAN \$550,000 IN TUITION REIMBURSEMENT IN 2010.

SHAW LEARNING ACADEMY

In 2010, Shaw Industries, and Shaw Learning Academy, was named 13th on *Training* magazine's Top 125 Training Companies — our seventh consecutive year on the list. Comprised of an award-winning group of eight "Centers of Excellence," Shaw Learning Academy is dedicated to delivering training and development opportunities across the following areas: leadership, technology, business management, operations, retail, ethics & compliance, individual training and sales. The Academy also provides in-house and online skills-based training in areas such as product knowledge, technology, industrial maintenance, process improvement and safety/risk management, as well as online and in-house training programs for our retailers and dealers, including:

- Leadership development training
- Manufacturing facility tours
- Performance and profitability training
- Sales associate training

4,100 CUSTOMERS COMPLETED SHAW LEARNING ACADEMY TRAINING PROGRAMS IN 2010.

ASSOCIATE TRAINING HOURS

SALARY 122,014
Total hours trained
22.63 average per associate

HOURLY 1,074,960
Total hours trained
52.94 average per associate

1,196,974
TOTAL HOURS TRAINED
46.58 average per associate

GED Adult Education

1,450 Shaw GED program graduates over the past 10 years

5,427 classroom hours completed in 2010

START Industrial Maintenance Training Program

1,300 associates participating in technical skills training during 2010

32,618 training hours completed by our maintenance workforce as part of our Total Productive Manufacturing (TPM) program

English as a Second Language Training

59 associates improved their language proficiency skills through our ESL training program in 2010

3,680 hours of ESL instruction provided to associates in 2010

the tools for a healthy work-life BALANCE are available 24/7

Balancing the diverse responsibilities of home, family and personal needs with the demands of work is a challenge most of us face on a daily basis. Finding time for exercise, health education, disease management and basic wellness are all part of that challenge — so we've been working to give our associates some of the tools they need to make tackling these and other work-life issues a little easier.

Our Wellness Program offers quick, convenient access to resources and tools designed to help associates take active ownership of their own health and well-being — and to support their families and loved ones in doing the same. In addition to a broad range of in-house tools, education and healthcare expertise available both in person and online, the program includes:

- Health education and management programs for diabetes, chronic obstructive pulmonary disease, cardiovascular health, smoking cessation, weight loss and healthy pregnancy.
- Payroll deduction options and discounts in fitness and gym program memberships in local communities.
- Access to approximately 60 occupational health nurses on site at many of our facilities.
- 100% coverage for preventive screenings and annual physicals.
- 24-hour online access to health and wellness resources and personal health information through our WorldDoc program and our insurance providers.

Through the program, associates also receive regular communications about health screenings, wellness tips and approaches to maintaining a healthy work-life balance. In 2010, more than 50% of our associates also received a \$100 incentive for completing an optional annual health assessment. As well as providing participants with additional insight and data on their progress toward individual health goals, the assessments also help support the development of new health and wellness resources for all associates.





Emma Williams, Environmental Communications Manager (& Humphrey)



Curtis Callaway, Marketing Communications Manager

SHAW ASSOCIATES
REPORTED VOLUNTEERING
MORE THAN 69,300
HOURS OF PERSONAL
TIME IN 2010.

THANKS TO NOMINATIONS
FROM OUR OWN
ASSOCIATES, WE WERE
PROUD TO BE NAMED
ONE OF THE TOP TEN
"BEST PLACES TO WORK"
FOR 2010 BY GEORGIA
TREND MAGAZINE.

going to work doesn't ALWAYS mean going to the office

For a growing number of qualified Shaw associates, going to work doesn't always require a lengthy commute. Initiated by our IT department to help team members achieve better work-life balance, the telework program now allows associates in several different areas of our company to work from home part or all of the time — reducing energy consumption and greenhouse gas emissions from commuting, increasing productivity, and most important, helping improve associate quality of life in the process.

an hour of service adds up to a COMMUNITY of CHANGE

Every day, in every corner of our company, our associates can be found supporting community and charitable causes of all kinds. And while we don't require our associates give a minimum amount of volunteer time, the contributions made by each associate add up fast — proving even the smallest contributions have the power to make a very real difference.

In addition to giving personal time, our long-standing relationship with United Way also allows every member of the Shaw family to voluntarily make a payroll contribution that can be channeled to charitable organizations and causes within their own communities. Many teams and departments also organize regular food and clothing drives, fundraisers and volunteer projects to support United Way programs in Shaw communities. In 2010, those causes included mentoring and after-school programs, blood donations, cook-offs and other fundraising events, clothing collections and food drives.



2010 FINANCIAL CONTRIBUTIONS & COMMUNITY SUPPORT

- 576** board seats held by Shaw associates
- 69,321** reported Shaw associate volunteer hours
- \$46,595** Shaw in-kind donations
- \$683,500** Shaw corporate contribution to United Way
- \$1,396,700** associate contributions to United Way
- \$2,080,200** total Shaw & associate contributions to United Way
- \$1,239,240** other corporate charitable contributions

changing communities **CHANGES** lives

Shaw volunteers give their time to United Way organizations such as the Boys and Girls Clubs, Boy Scouts and Girl Scouts, YMCA and a variety of other agencies involved in youth and family services in the communities where our associates live and work. In 2010, we also provided corporate support and support through our market brands for a broad spectrum of social and environmental causes and organizations, including:

1% for Public Architecture — a program that connects non-profit organizations in need of design assistance with architecture and design firms willing to donate their time on a pro bono basis.

Dalton State College — located near our corporate headquarters, we partner with Dalton State College to help provide education and training courses for our own associates (including an MBA program – see page 23) and for the Dalton community at large.

DIFFA — Design Industries Foundation Fighting AIDS (DIFFA) supports direct care for people living with HIV and AIDS, as well as preventive education for those at risk.

Georgia Meth Project — a statewide public education campaign highlighting the dangers of using methamphetamines, an often fatal drug.

Make It Right — a foundation dedicated to rebuilding the hardest hit neighborhood in New Orleans following the damage inflicted by Hurricane Katrina.

Ross Woods Adult Day Services — located in Dalton, Georgia, home to our corporate headquarters, the Ross Woods center provides support for adults who live at home but may need care while their families are at work during the day.

MAKING IT RIGHT IN NEW ORLEANS

Soon after Hurricane Katrina decimated New Orleans, we joined forces with the Make It Right Foundation to help bring new life back to one of the city's hardest hit communities, the Lower 9th Ward. Founded by Brad Pitt, architect William McDonough and New Orleans-based Graf Architects, Make It Right is dedicated to building affordable, sustainable housing in the Lower 9th Ward — homes that feature Cradle to CradleSM design elements like our Anso[®] nylon carpet. In 2010, five years after the storm, more than half the planned 150 homes are nearing completion, and hope is returning to this once vibrant community.



Make it Right Homeowner



Carrie Edwards, Director, Workplace Markets, Shaw Contract Group

...design was our customers' **ONLY** concern?

Today, more than ever, customers are faced with myriad concerns over the safety, responsibility and sustainability of the products they choose, both at home and at work. That's why we base our approach to product design on a single principle: design with the end in mind. It's a strategy that empowers us to source and use the safest, most responsible ingredient materials and to design products that can be reclaimed and recycled back into themselves at the end of their useful lives — time and time again. Because we think the safety and sustainability of our products should be our responsibility — and our customers' concerns should come down to quality, value, performance and, of course, style.

product INNOVATION starts with product stewardship

Around the world, customer interest over the safety and responsibility of the products they use is rising. So too is their concern over the chemicals and other raw materials contained in those products — making our commitment to product stewardship more critical than ever before. In order to continually measure, monitor and improve the environmental and social impacts of our products, we use regulations, a Design for Environment framework, a sustainable sourcing initiative (see pg 41), and governance and measurement tools such as life cycle assessments and product standards and certifications across each stage of the product life cycle, including:

- Innovation & design (the materials we choose)
- Raw materials (supply chain management)
- Manufacturing (energy, emissions, waste, water, etc.)
- Packaging (quantity & type)
- Distribution & transport (vehicles & transit methods)
- Use (maintenance, cleaning, extending product life)
- End-of-life (product take-back options & recycling)

We have conducted Life Cycle Assessments (LCAs) in accordance with the ISO 14040 series to assess the health and safety impacts of many of our processes, including Evergreen Nylon Recycling (see pg 67). While it is not currently practical to apply an LCA study to all our products, our product development is inspired by life cycle assessment-based Cradle to Cradle thinking. To date, more than 50% of our product sales are from Cradle to Cradle certified products.

Collaborating with other stakeholders to determine how best to deliver sustainable product features and benefits is another vital part of our product stewardship approach. To this end, we partner with many customers, government agencies, non-governmental organizations (NGOs) and academic experts to clarify, simplify and offer a credible suite of product choices.

Dennis McGavis, Director, Product Stewardship & Regulatory Affairs



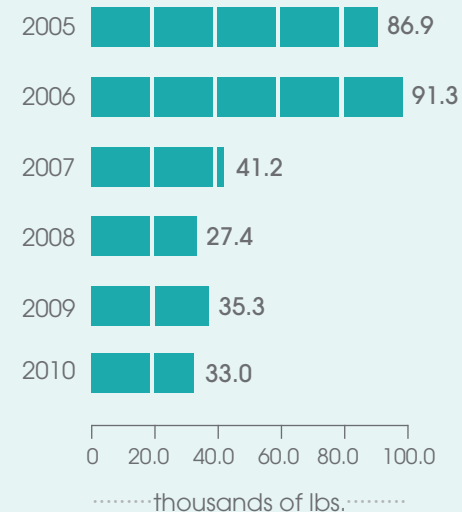
Chris Yarborough, Director, R & D Technical Development

DESIGN FOR ENVIRONMENT (DFE) FRAMEWORK

To further drive our commitment to product stewardship across product development, sourcing, design, manufacturing and innovation, we introduced a set of Design for Environment (DFE) standards that all Shaw Eco products must meet. Developed to ensure all new Eco products are designed according to Cradle to CradleSM principles, the DfE framework sets internal standards for intelligent materials choices, sustainable manufacturing processes and product management at end of life.

ENVIRONMENTAL HEALTH & SAFETY

Reportable Environmental Releases Under EPA Toxic Release Inventory (TRI)



TRI Releases in the U.S.

2005	4.363
2006	4.319
2007	4.108
2008	3.861
2009	3.370

billions of lbs.

* TRI releases from regulated industries in the U.S.

Source: U.S. EPA

The reformulation, design and manufacturing of new products using raw materials that are as responsible as possible for human and environmental health is a fundamental part of our product stewardship program. We look to source raw materials and equip our design and manufacturing resources with ingredients that carry the most optimal regulatory and health profiles possible.

In 2010, we received **ZERO FINES** for non-compliance concerning the provision and use of our products and services.

we design with the END IN MIND

We were the first manufacturer in the world to offer fully certified Cradle to CradleSM flooring products, offering our customers objective, third-party assurance that our products meet some of the world's most rigorous criteria for environmental and social responsibility. Open to all manufacturers and any product, the process of Cradle to Cradle certification includes the toxicity assessment of a product's ingredient materials down to 100 parts per million (ppm), or one-tenth of one percent. In addition to this assessment for safe and healthy materials, products are also evaluated according to standards for material reutilization, renewable energy, water stewardship and social responsibility.

True to our design philosophy, earning Cradle to Cradle certification for all of our products is our ultimate goal. **We offer hundreds of Cradle to Cradle certified flooring options made with the following certified ingredient materials:**

- [Anso[®]](#) Nylon 6 residential carpet fiber
- [Eco Solution Q[®]](#) Nylon 6 commercial carpet fiber
- [Eco Made](#) rugs
- [EcoWorx[®]](#) commercial carpet tile backing
- [EcoWorx Broadloom](#) commercial carpet backing
- [EcoWorx Performance Broadloom](#) commercial carpet backing
- [Epic[®]](#) Hardwood
- [EverTouch[®]](#) Nylon 6
- [Shaw Hardwoods](#)
- [TekLok[®]](#) commercial carpet backing
- [Ultraloc Pattern](#) commercial carpet backing
- [Zeftron[®]](#) Nylon fiber



MORE THAN 50% OF OUR
SALES ARE FROM CRADLE TO
CRADLE CERTIFIED PRODUCTS.





ANSO® NYLON

Cradle to CradleSM Silver certified Anso Nylon is our premium branded Nylon 6 residential carpet fiber. As well as providing exceptional performance and crush resistance, Anso contains 25 percent post-consumer recycled content* sourced from our Evergreen Nylon 6 Recycling facility (see page 67) as certified by Scientific Certification Systems (SCS).

* System Equivalent Certification based on allocated output of recycled fiber material from Shaw's Evergreen Nylon recycling facility calculated as a percentage of total Anso nylon fiber output; actual recycled content will likely vary.



ECO SOLUTION Q® NYLON

Our premium branded Nylon 6 commercial carpet fiber, Eco Solution Q contains 45% recycled content - including 20% pre-consumer recycled content and 25% post-consumer recycled content sourced from our Evergreen Nylon 6 Recycling facility*. In addition to helping divert used carpet from landfills, Eco Solution Q made with caprolactam recovered from Evergreen uses 40% less energy than fiber made exclusively with virgin caprolactam according to Life Cycle Assessment data verified by PE Five Winds International.

* Recycled content is based on allocated nylon fiber from Shaw's total nylon fiber production and determined as a percent of total Eco Solution Q nylon output; actual recycled content will likely vary.

ECOWORX® CARPET TILE: ONE BILLION SQUARE FEET & COUNTING

Little more than ten years after introducing EcoWorx, the world's first fully certified Cradle to Cradle Silver carpet tile, we made the product's landmark one billionth square foot. EcoWorx is a flagship example of our commitment to sustainability through innovation. PVC-free, fully recyclable and 44% lighter than traditional carpet tile, EcoWorx is more efficient to produce and transport than traditional carpet tile. Made with 44% recycled content, EcoWorx is also backed by a Global Environmental Guarantee that pledges we'll collect and recycle it back into new EcoWorx at the end of its useful life*. As of 2010, manufacturing EcoWorx instead of traditional carpet tile has helped save:

- 594,785 barrels of oil
- 224.6 million lbs. CO₂ emissions
- 3.5 trillion BTUs energy

* For complete Environmental Guarantee requirements, visit shawgreenedge.com/enviroguarantee





global certifications & standards provide PEACE OF MIND

When it comes to selecting sustainable products — and partners — our customers have more choices than ever before. That's why we're committed to ensuring everything we make, say and do reflects our deep commitment to honesty and integrity. And while we believe actions speak louder than words, we understand the peace of mind that comes with knowing a company meets rigorous standards for its products — and its business practices.

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. **And we're committed to providing our customers with third-party verification of the sustainability of our products through some of the world's most stringent environmental product standards and certifications, including:**

- [California Air Resources Board \(CARB\)](#) air quality standard — the airborne toxic control measure to reduce formaldehyde emissions from composite wood products
- [CRI Green Label Plus®](#)
- [EPA Design for Environment \(DfE\)](#)
- [Forest Stewardship Council® \(FSC\)](#) Chain of Custody
- [Good Environmental Choice Australia](#)
- [Good Environmental Choice New Zealand](#)
- [GREENGUARD®](#) Indoor Air Quality
- MBDC [Cradle to Cradle CertifiedSM](#)
- National Wood Flooring Association's [Responsible Procurement Program](#) Certified from U.S. Forests Label
- [NSF 140](#) Sustainable Carpet Assessment Standard
- [Singapore Green Label](#)
- [UK Building Research Establishment \(BRE\)](#) Environmental Assessment Method

Many products in all flooring categories — including the majority of our commercial products — also help contribute to the United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) Green Building Standard.

OUR SUPPLIER DIVERSITY POLICY CAN
BE FOUND AT DIVERSITY.STAWINE.COM.

greening our supply chain GREENS our suppliers

We're working towards establishing the most sustainable, responsible supply chain in our industry — but achieving that goal requires the shared commitment of our vendors and suppliers. That's why we approach supply chain management as a collaborative process — one that partners our Global Sourcing and Raw Material Purchasing teams with our key suppliers to reduce the impacts of raw materials for our processes, products and packaging. Together, we assess and develop supplier sustainability policies and practices, from new questions on our supplier RFP to goal setting, progress reviews in key sourcing areas, and the development of a new Environmental Purchasing Policy.

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, which includes laws and regulations concerning freedom of association, collective bargaining, and child labor where applicable.

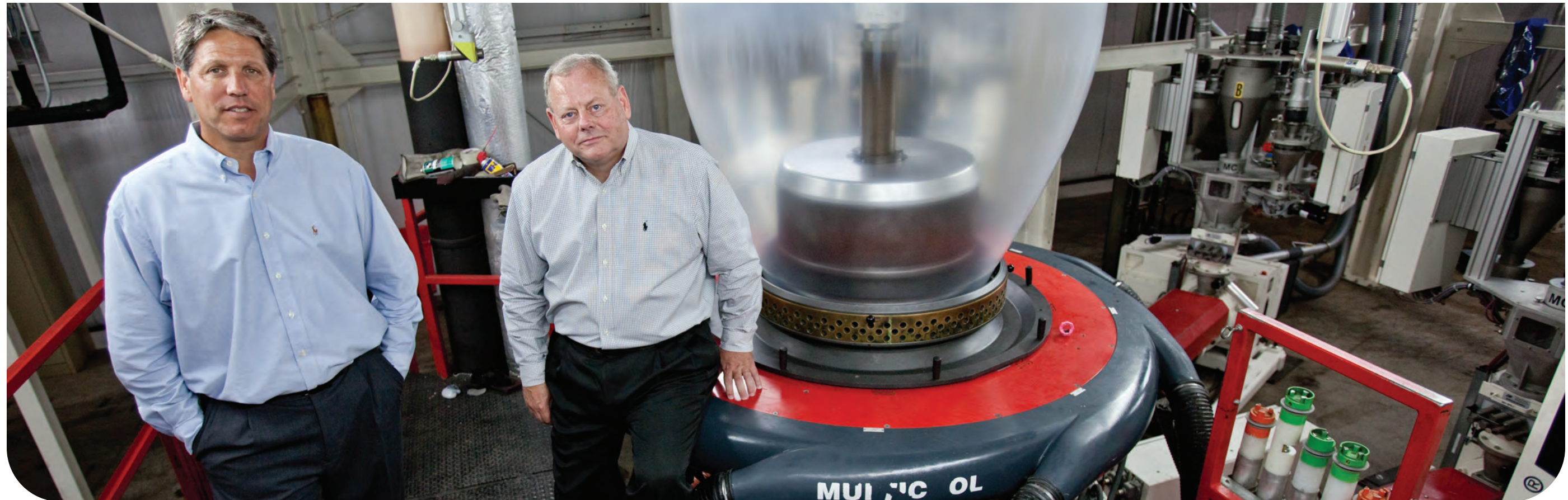
In 2010, as the next step towards creating an even more responsible supply chain, we also introduced the first phase of our new Sustainable Sourcing Framework. Designed to drive our commitment to Sustainability through Innovation™ across our supply chain, the framework specifies objectives for sourcing and selecting the most socially and environmentally responsible materials, including:

- Minimizing unnecessary purchasing
- Minimizing waste
- Reducing community & environmental impact
- Optimizing energy & water efficiency
- Minimizing greenhouse gas emissions
- Facilitating innovation across our value chain

NEXT GENERATION CARPET WRAP

The new Next Generation Carpet Wrap from local supplier P#0 Packaging near our headquarters in Dalton, Georgia, is one of several new products and processes developed as part of our supplier collaboration process. An example of P#0's own commitment to sustainability, the wrap uses an alternative blend of polyethylene and PE resins to achieve a film that uses 20% less material by volume and 12.6% less material by mass than standard carpet wrap — with even better performance. The result? We can now wrap the same number of carpet rolls — with significantly less packaging.

Dale Brockman, President & CEO, P & O Packaging & Doug Hayes, Director of Sales, P & O Packaging





Mollie Surratt, Director, Marketing Anderson Hardwood

sourcing hardwood locally SAVES forests GLOBALLY



Our Anderson Hardwood brand has long been at the forefront of efforts to advocate for responsible forestry practices and global legality documentation. The first company to receive the National Wood Flooring Association's Responsible Procurement Program Certified from U.S. Renewing Forests label, Anderson is a charter member of the FSC Procurement Group, which partners with forest industry companies and major environmental groups to encourage landowners to pursue Forest Stewardship Council certification. As a result of collaborations like these, the volume of hardwood growing in American forests has increased 90 percent over the past 50 years.

Knowing customers still want the look and feel of tropically grown hardwood, Anderson has also developed an innovative PermaColor process designed to give domestically sourced hardwood the color, style and texture of its exotic counterparts. Combined with a commitment to sourcing the majority of domestic hardwood within 500 miles of our facilities, this means customers can now have the beauty of exotic hardwood *and* peace of mind.

ANDERSON HARDWOOD IS CRADLE
TO CRADLE SILVER CERTIFIED.

2010 GIFFORD PINCHOT AWARD

Anderson received the 2010 Hardwood Forestry Fund's Gifford Pinchot Award for its work promoting sustainable forestry, and for its leadership in providing customers with environmentally conscious products. The brand was recognized for:

- Educating people about America's vast and renewable forest resources
- Raising the bar on the sourcing of legal products
- Leading efforts to expand tree replacement in national forests
- Converting wood waste to energy



2010 HGTV GREEN HOME

When HGTV built its third annual "green" home in The Pinehills, an innovative master-planned community just eight miles north of Cape Cod in Plymouth, Massachusetts, we once again served as the official flooring provider and sponsor. Designed to educate consumers about the latest cost-efficient, accessible and eco-friendly approaches to living, the 2,100 square foot home showcases construction and design elements known to contribute to an energy efficient, cleaner and healthier living environment, including our own Cradle to Cradle Silver certified Anso® Nylon carpet and Cradle to Cradle Silver certified Epic® hardwood.



BEST OF NEOCON AWARDS

For 10 consecutive years, our Shaw Contract Group brand has won Best of Neocon awards for product design and innovation at the annual NeoCon furniture and furnishings world trade fair.





...changing
our thinking
CHANGED
our **IMPACT?**

As the needs of our customers evolve, the demands on our infrastructure change, too. So when it comes to managing our footprint, it takes more than process-level changes to make a difference. We're also seeking innovative technologies and fresh approaches to managing the environmental impact of our footprint today — and as we expand to meet the demands of new and changing markets.

IMPROVING our infrastructure REDUCES our footprint

We have the flooring industry's largest — and most vertically integrated — footprint. That means we own the processes and facilities we need to produce our own carpet fiber, carpet backing, hardwood and laminate. And we're responsible for the environmental, social and economic impacts that go along with them.



David Wilkerson, Director, Sustainability & Environmental Affairs

But we understand the size of our footprint isn't necessarily as important as the way we manage it. That's why we annually invest significant amounts of time and resources into making our physical infrastructure — as well as our operations — as efficient and responsible as possible. Using the strategy and objectives set by our Growth & Sustainability Council as a guide (see page 11), our charter Growth & Sustainability teams work with our operations and facilities groups to address opportunities to reduce energy, greenhouse gas emissions, water and waste — closing the loop between global corporate strategy and operations and improving quality of life for associates at each of our facilities in the process.

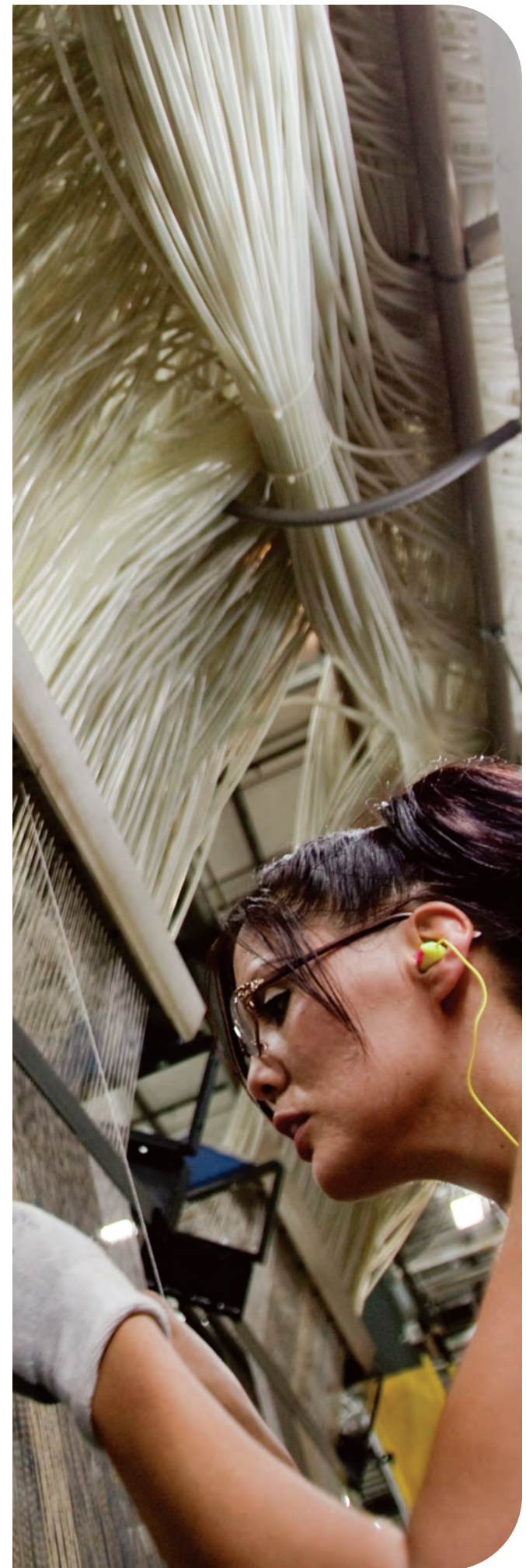
Recognizing the opportunity to help us make real progress toward key environmental goals, we increased our focus on improving our infrastructure in 2010, specifically our physical facilities. Beyond tactical changes in our manufacturing operations, we implemented upgrades and changes at many of our key administrative sites, including the installation of low-flow plumbing and bathroom fixtures, motion-sensor lighting, new HVAC control systems and the installation of nine thermal storage coolers at Plant 72, our main administrative facility. Used to lower peak power demand, the thermal storage coolers generate and store ice each night, then use it to help cool the building during the day — a process that also helps reduce Scope 2 greenhouse gas emissions. (Plant 72 is on track to receive LEED certification in 2011).

*in 2010, our PATCRAFT
COMMERCIAL BRAND
RECEIVED LEED SILVER
CERTIFICATION FOR ITS
CHICAGO SHOWROOM.*

SAVING energy is as simple as CHANGING a light bulb

Sometimes, upgrading existing technologies can make as big an impact (or bigger) as introducing new equipment or processes. That was certainly the case in 2010, when an energy audit revealed that our lighting and our ovens were two of our biggest energy saving opportunities — representing a significant percentage of our electricity and natural gas usage, respectively. Simply changing the light fixtures — and the light bulbs — from high intensity discharge metal halide to fluorescent lighting in 15 manufacturing facilities helped us reduce lighting electricity consumption 20-40 percent alone in those facilities. What's more, because the fluorescent lights can be turned off and on relatively quickly, new occupancy sensors in many of our warehouses are helping reduce that consumption even further.

Like our light fixtures, we also identified the opportunity to reduce our natural gas consumption through a series of upgrades and improvements to our ovens and dryers. Used in the latex coating and fiber dyeing parts of the carpet manufacturing process, many of the ovens and dryers were originally built for function — not conservation. To determine the best approach to improving the efficiency of this vital equipment, we partnered with engineering specialists at the Georgia Institute of Technology who helped us determine the optimal moisture levels for the ovens' exhausts. We also began the process of installing moisture sensors and making upgrades to 14 ovens at manufacturing facilities in Georgia and California.



Adelaida Rendon, Tufting Associate



Kenneth Cox, Associate

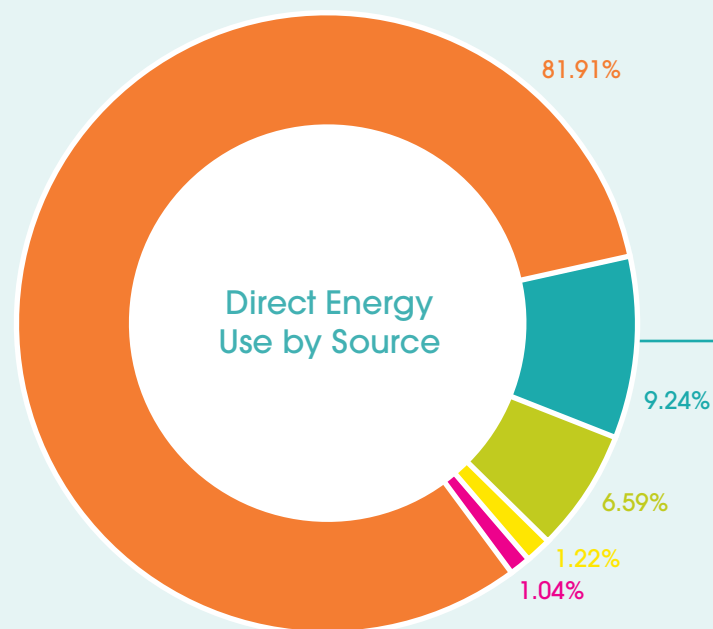
2010 CAPITAL INVESTMENT IN ENERGY IMPROVEMENTS

	Thermal MMBtu Savings	Electricity kWh Savings	MMBtu Total
Total Energy Savings	207,327	57,297,198	402,881
Percentage Energy Savings	3.08%	3.23%	3.15%

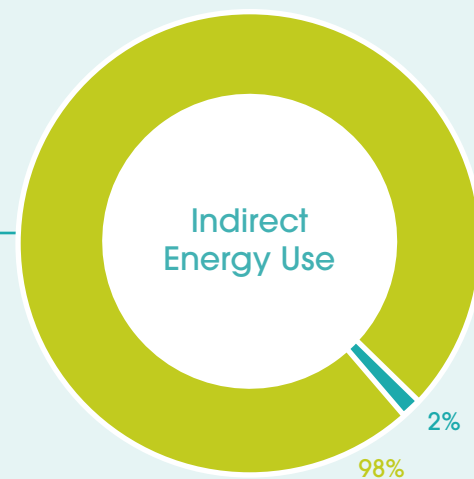
	from Fuel Savings	from Electricity Savings	Total
CO ₂ Savings Totals (tons)	12,077	44,749	56,826 tons
PM-10 Savings Totals (tons)	0.6	6.6	7 tons
SO _x Savings Totals (tons)	0.1	263.6	264 tons
NO _x Savings Totals (tons)	10.1	97.4	107 tons

Total \$5,556,788

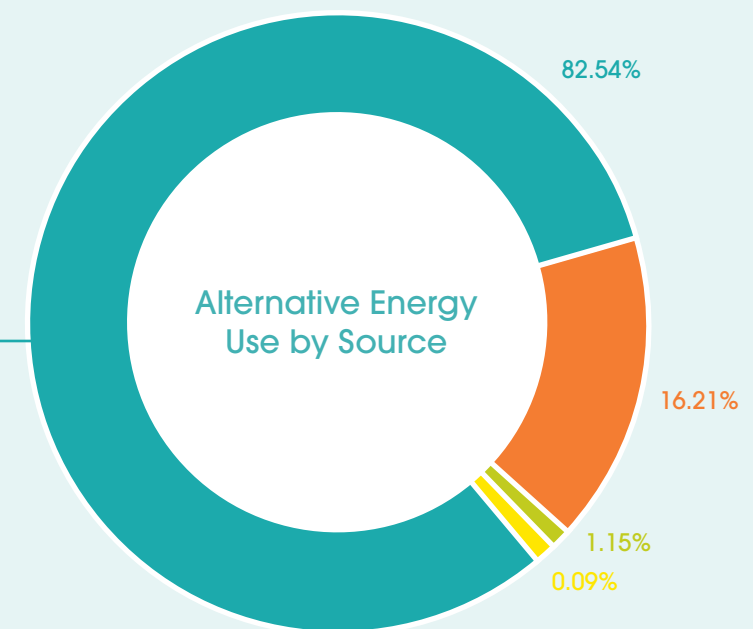
ENERGY



- Natural Gas
5,289,587 mmbtu
- Alternative Energy
596,221 mmbtu
- Coal
425,559 mmbtu
- Fuel Oil #2
78,922 mmbtu
- Propane
67,165 mmbtu



- Steam
150,530 mmbtu
- Electricity
6,256,898 mmbtu



- Wood
492,143 mmbtu
- Post Industrial Carpet
96,672 mmbtu
- Yellow Grease
6,854 mmbtu
- Biodiesel
552 mmbtu

ENERGY TREASURE HUNTS

We use Lean/Six Sigma principles and practices, including Kaizen sessions like our Energy Treasure Hunts, to generate impact-reducing ideas and initiatives within our individual facilities. Introduced in 2010, each Energy Treasure Hunt brings 15-20 associates from a particular manufacturing facility together with associates from other types of Shaw facilities to define a road map for pushing that plant towards greater energy and greenhouse gas reductions. Focused on uncovering less obvious ideas and steps for improving efficiency, the Treasure Hunts include true "what if?" brainstorming sessions and best practice sharing. The three-day sessions culminate in a list of 25-100 action items that are in turn assigned to Treasure Hunt participants for follow up and implementation.



Fleurette Fitch, Production Manager

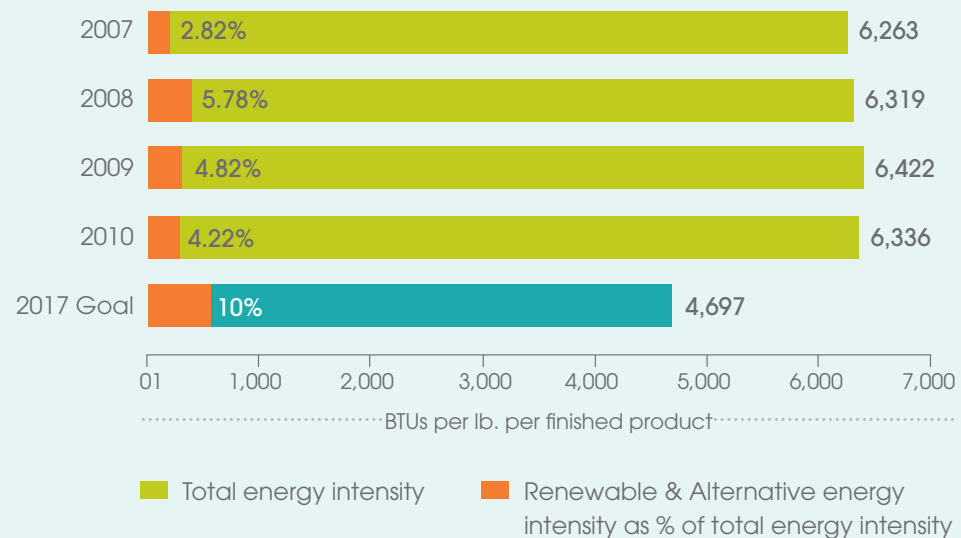
new technology DRIVES fuel EFFICIENCY

Transporting our ingredient materials and finished products to customers, retailers and facilities around the world presents a significant sustainability challenge — from the health and safety of Shaw Transportation associates and partners, to the environmental impacts of our tractor-trailer fleet. In 2010, we worked to further reduce the carbon emissions and energy consumption of our tractor-trailer fleet. In addition to becoming one of the first in the U.S. to introduce new over-the-road tractors featuring engines that use Selective Catalytic Converter (SCR) technology (designed to virtually eliminate NO_x air emissions from the fuel exhaust), we further reduced diesel consumption and improved fuel efficiency by equipping the tractors with battery powered auxiliary units. Designed to provide heating, cooling and electricity, the units provide drivers with an alternative source of energy during breaks and mandatory 10-hour rest periods. As well as introducing new tractor-trailers to our fleet, we also introduced enhanced technologies for our existing fleet — including:

- Installing wide-base "super single" Michelin drive tires to improve fuel efficiency through lower rolling resistance and decreased vehicle weight.
- Adding automatic air inflation systems to support maximum fuel economy by maintaining consistent air pressure in each tire — a process that also extends the life of each tire tread and casing.
- Continuing our partnership with the U.S. Environmental Protection Agency (EPA) SmartWaySM Transportation program. (*The SmartWay system is used to measure and score the environmental impact of an organization that ships goods. Scores are based on the fleet's previous year's specification and fuel economy data, and are publicly reported*).

ENERGY

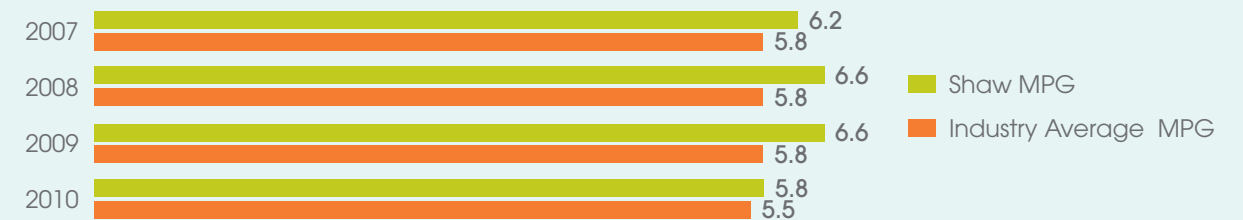
Energy Intensity



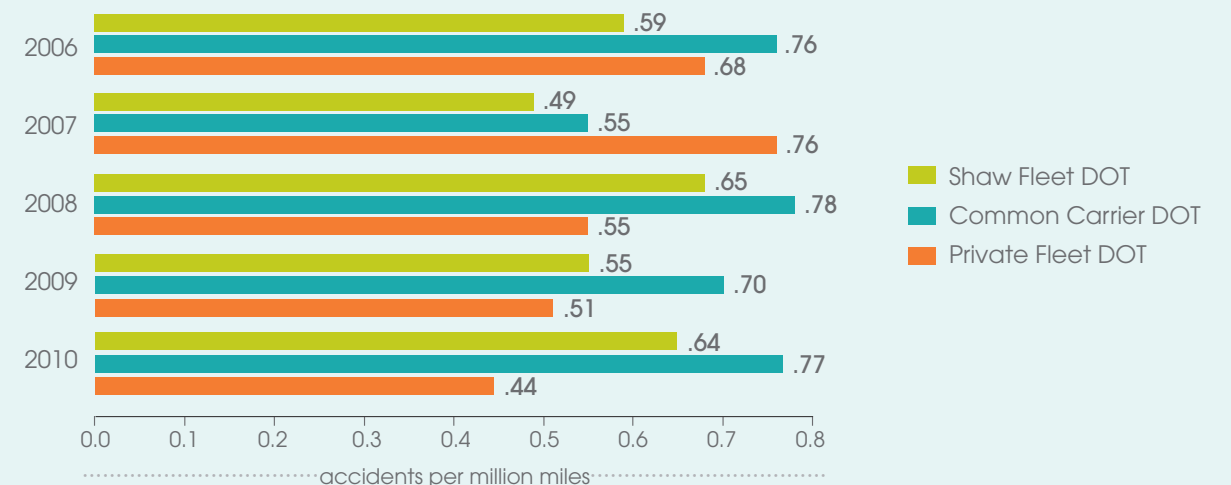
Shaw energy intensity is calculated as the total energy consumed (in BTUs) per lb. of finished product.

TRANSPORTATION

Transportation Fuel Efficiency



Transportation Safety - Department of Transportation Accident Rate

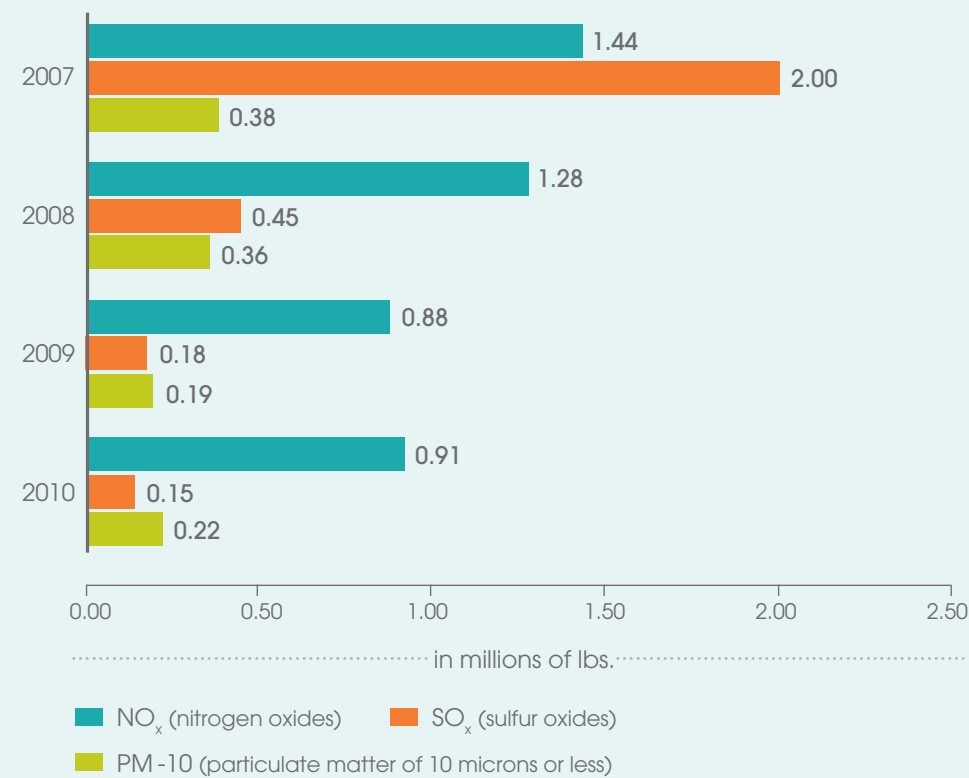


MANAGING OUR CARBON FOOTPRINT

Our commitment to reducing greenhouse gas emissions goes hand in hand with our commitment to saving energy. That's why all our operations and product development projects pay specific attention to energy/fuel reduction and GHGs in their work processes — including our Design for Environment (DFE) framework and an energy portfolio that includes an increasing amount of alternative energy, from the gasification of pre-consumer carpet and wood waste to the use of post-consumer carpet as an alternative fuel source at our new Re2E facility (see page 69). We're also a founding member of The Climate Registry — a non-profit collaboration among North American states, provinces, territories and Native Sovereign Nations to set consistent, transparent standards for GHG reporting.

CRITERIA AIR POLLUTANT EMISSIONS

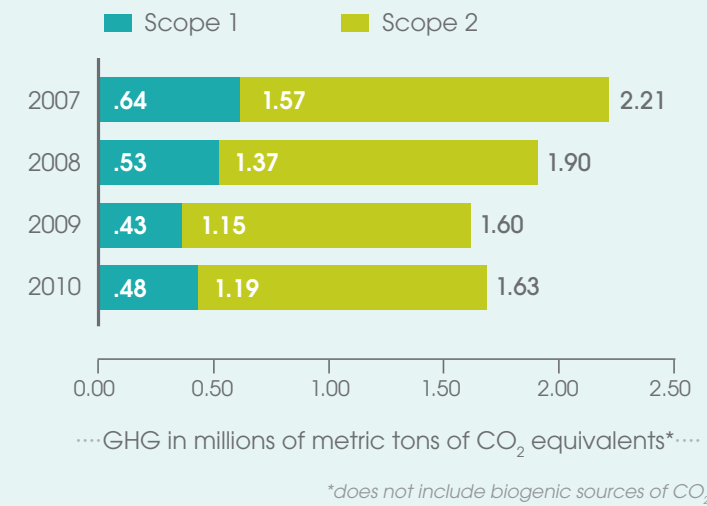
SO_x, NO_x & PM



Emissions of selected criteria air pollutants from fossil fuel combustion in Shaw operations by weight.

Direct & Indirect Greenhouse Gas Emissions

By scope & weight per The Climate Registry protocol.



Greenhouse Gas Emissions Intensity

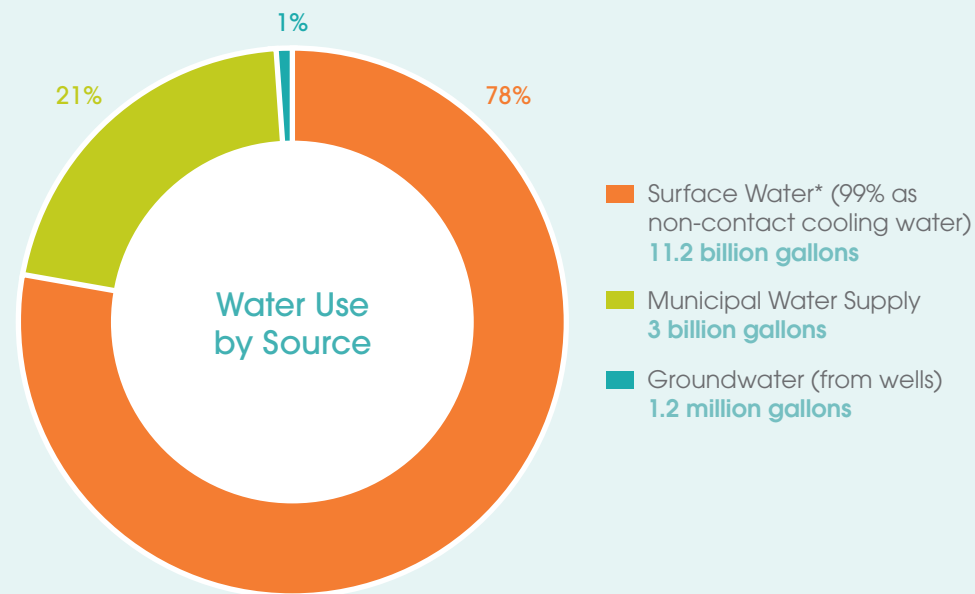


Shaw uses The Climate Registry General Reporting Protocol, which embodies GHG accounting best practices for the calculation of GHG emissions. The protocol requires assessment of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (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.

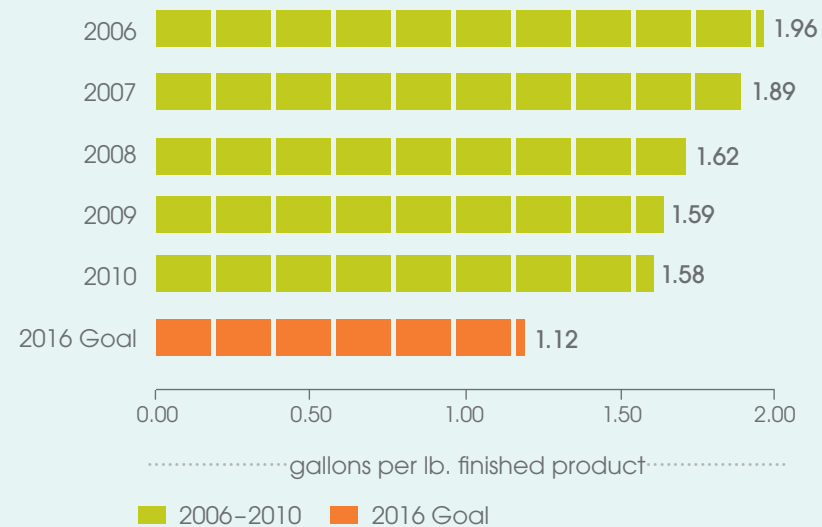
CONSERVING water conserves community

With our headquarters in North Georgia — a region that has faced significant water supply challenges in recent decades — water quality and conservation are topics that hit very close to home. That’s why we take an “every drop counts” approach to water management — from low-flow faucets and bathroom plumbing in our facilities to ongoing improvements in water process efficiency at our manufacturing plants.

WATER



Water Intensity



20% OF OUR TOTAL PROCESS WATER CONSUMPTION IS RECYCLED WATER.

Shaw water intensity is calculated as the total gallons of water consumed per lb. of finished product.

*Does not include non-contact cooling water



TUFTTEX WATER EFFICIENCY IMPROVEMENTS

In 2010, our Tuftex facility in Santa Fe Springs, California, earned the 2010 Facility of the Year award from the California Water Environment Association, and the Los Angeles County Water District Visionary Stewardship Award for water stewardship and conservation practices. Used to dye and finish nylon fiber and manufacture rugs, the facility sources its water from the Colorado River (which provides water for the local county), an area that has been in drought for more than a decade. To further conserve these already limited water supplies, we installed a system designed to recycle backing process wastewater on site, reducing the facility’s demand for municipal water. We also treat dyeing process wastewater by oxidizing dyes in the wastewater — a process that reduces the treatment burden on the local utility. An additional system monitors wastewater pH levels, automatically stopping the flow of wastewater when low pH is detected so it can be properly neutralized prior to discharge back into the local sewer system.



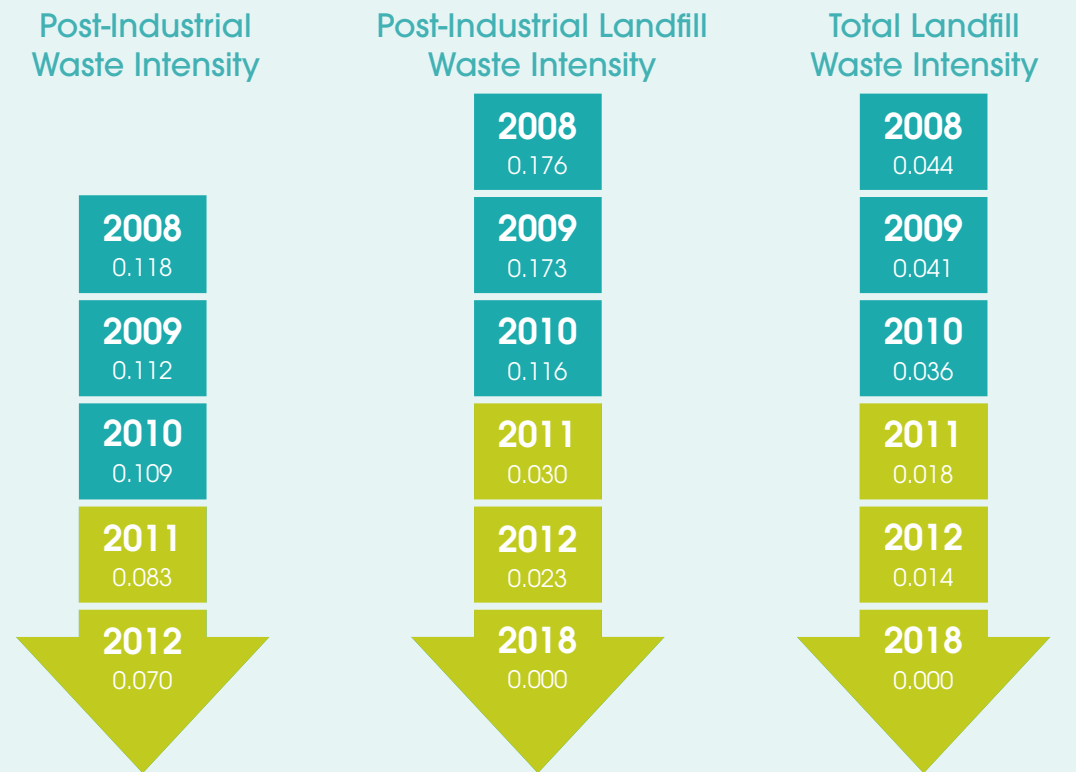
we eliminate the **CONCEPT** of waste

What if we simply stopped classifying waste as waste — and instead categorized it as a valuable product that could be measured, tracked, monitored and ultimately channeled into new cycles of use and reuse? That's the question we asked a few years ago — and as a result, our Material Resources Management (MRM) system was launched in 2010.

Designed to revolutionize the way we define and manage waste from our manufacturing processes, MRM brings together previously disparate processes within our waste management systems.

MRM provides manufacturing teams with the infrastructure they need to capture material previously considered waste, including standardized scales and weighing systems in each facility, and a centralized reporting system for sharing the availability of material type and volume with our waste management team. In turn, the team uses this data to recycle the material through our own reclamation and manufacturing systems or to other companies for use in the manufacture of other products.

WASTE



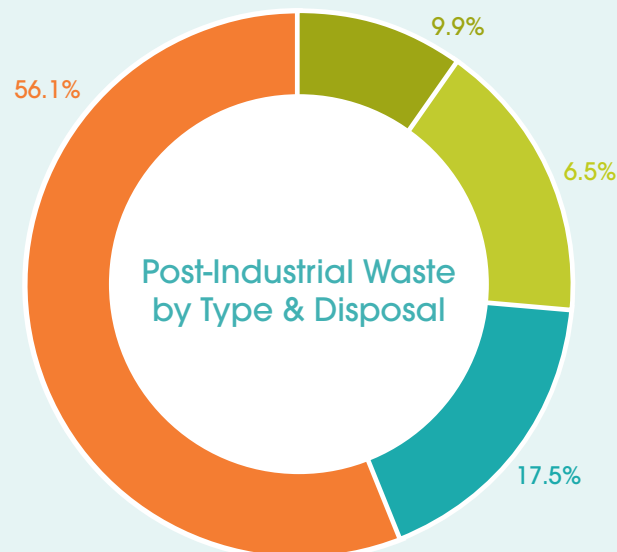
* Shaw Post-Industrial Waste Intensity is calculated as the total post-industrial waste per lb. of finished product.

* Shaw Post-Industrial Landfill Waste Intensity is calculated as the total lbs. of post-industrial landfill waste per lb. of total post-industrial waste.

Shaw Total Landfill Waste Intensity is calculated as the total lbs. of landfill waste per lb. of finished product.

* Post-industrial waste intensity and post-industrial landfill waste intensity do not include waste from our Evergreen facility or waste from our Plant 81 waste to energy.

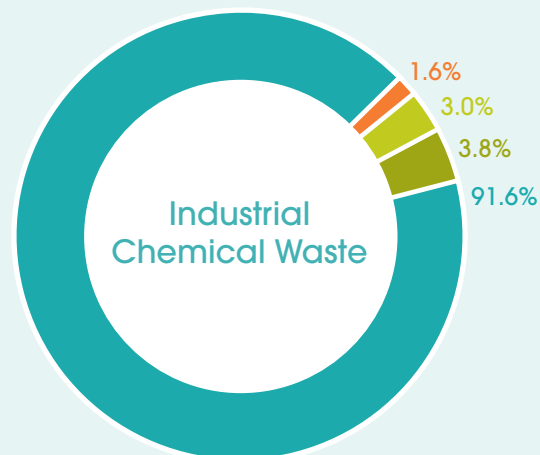
Actual
Goals



253.4 million lbs. total post-industrial waste

Post-industrial waste disposal in millions of lbs.:

Externally Recycled	142.2
Utilized at WTE	44.4
Internally Recycled	41.8
Sent to Landfill	24.9



9.7 million lbs. total chemical waste

Industrial chemical waste in millions of lbs.:

Non-Hazardous	8.90
Used Oil	0.37
Universal Waste	0.29
Hazardous*	0.15

information technology leads to INNOVATIVE technology

Information Technology (IT) innovation is an integral part of almost every sustainability initiative we undertake — especially when it comes to developing the IT tools and services we need to support major system upgrades or changes like Materials Resource Management.



Todd Clark, IS Production System Manufacturing Support

The biggest IT sustainability innovation to date, the MRM system's one-of-a-kind software was developed by our own in-house IT specialists in conjunction with waste management and operations. In addition to MRM, our IT group is also focused on improving existing systems and developing new tools and resources to support:

- Electronic meeting forums & telecommuting technologies to limit travel
- "Anywhere" access to mobile devices for associates working remotely
- Energy Star compliant hardware
- Responsible, centralized power management for servers & personal computers

IMPROVEMENTS TO OUR DIGITAL WORKFLOW SYSTEMS HAVE HELPED REDUCE SYSTEMS-RELATED PAPER CONSUMPTION FROM A PROJECTED PEAK OF 500 MILLION PAGES PER YEAR TO LESS THAN 20 MILLION IN 2010.



...there is NO
SOMEWHERE
else?

More than three billion pounds of post-consumer carpet is landfilled each year — valuable material that could be reclaimed, reused or recycled back into new carpet or other products. As available landfill space decreases, reclaiming and recycling post-consumer carpet is becoming an important fundamental part of our business — and one of the many ways we're using our commitment to Sustainability through Innovation™ to find new opportunities to responsibly expand, grow and sustain our business for the long term.

John Conyers, Director, Material Management Resources



Russ Delozier, Manager, Post Consumer Carpet Reclamation

carpet DOESN'T have to go to landfill

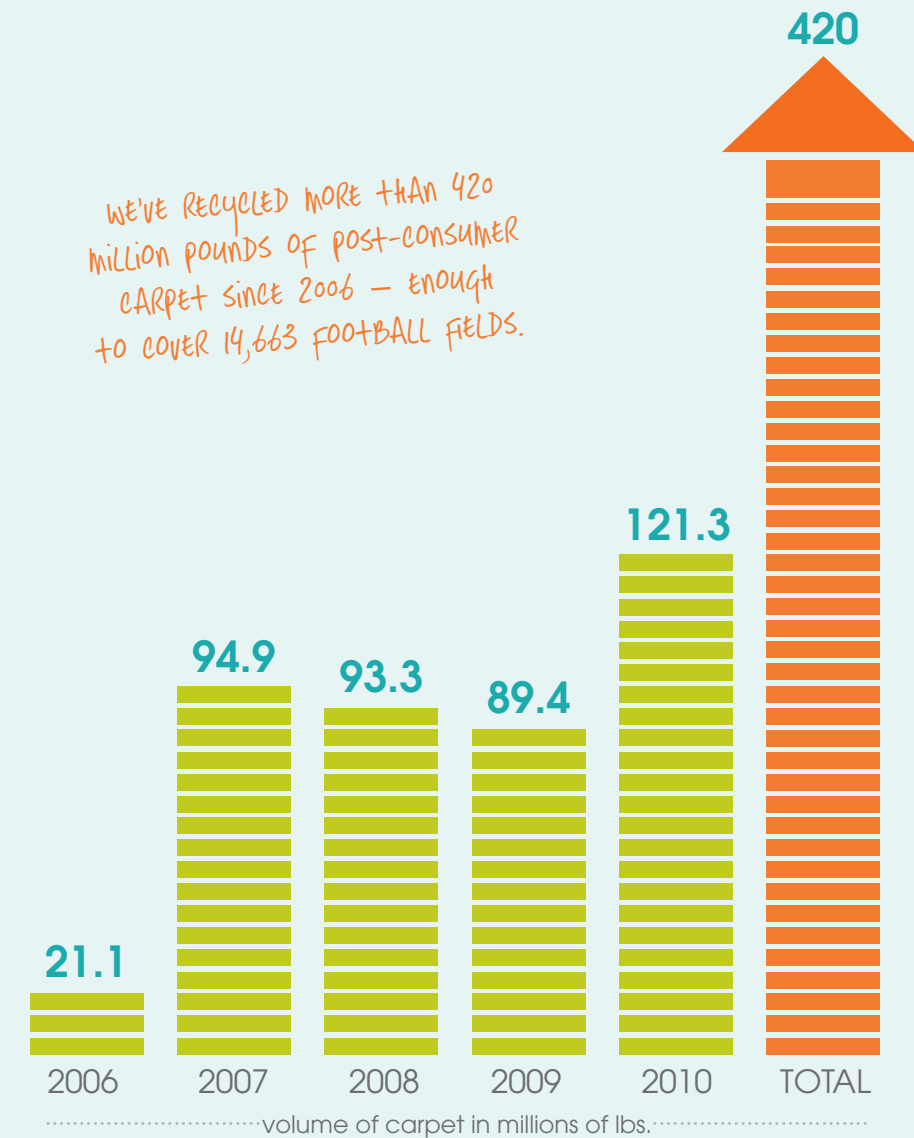
Our sustainability efforts must support a triple bottom line that includes both social and economic responsibility as well as environmental — and our carpet recycling program is no exception. Over the past five years, we've expanded and diversified our portfolio of post-consumer recycling processes to better address the billions of pounds of carpet that still hits landfills every year.

Today, we reclaim all brands and types of post-consumer carpet, making us the largest carpet recycler in the world. Gathered through a global carpet reclamation program — including a network of independent collection partners across the United States — 85% of the carpet we reclaim each year is recycled directly back into new carpet. When the material we reclaim can't be recycled into new carpet, we divert it through other avenues of recycling and reuse — including using it in the manufacture of carpet cushion, or channeling to the automobile industry for the manufacture of car parts. We've formalized these efforts into a business unit focused exclusively on materials recovery, giving us the opportunity to push the boundaries of traditional carpet recycling technologies even further and to explore even more options for recycling carpet that might otherwise become waste.

We're also working hand in hand with organizations like the Carpet America Recovery Effort (CARE), the Carpet and Rug Institute (CRI) and a multitude of non-governmental organizations and government entities to facilitate approaches to product stewardship and carpet recycling that will prove viable for our customers, retailers and suppliers — as well as other manufacturers within the flooring industry. In 2010, this work included supporting and collaborating with the state of California on AB 2398, a carpet stewardship bill designed to incentivize the recycling of carpet within California.

RECLAMATION

Total Volume of Carpet Reclaimed & Recycled



U.S. Statistics on Carpet Disposition

3.5 billion pounds of carpet sent to landfills in 2010

8,500 landfills that would accept carpet 20 years ago

1,800 landfills that will accept carpet today

338 million pounds of carpet reported by CARE as diverted from U.S. landfills in 2010

121 million pounds Shaw diverted from landfill in 2010

old fiber becomes NEW fiber

We recycle more than 100 million pounds of post-consumer Nylon 6 carpet through our Evergreen Nylon 6 Recycling facility in Augusta, Georgia, every year. Acquired in 2005 and the only commercial-scale facility of its kind in the world, Evergreen uses a process that de-polymerizes and then recovers caprolactam, the monomer or “building block” of Nylon 6, so that it can be re-polymerized and extruded into new Shaw Nylon 6 carpet fiber, including our Cradle to CradleSM Silver certified ANSO[®] and Eco Solution Q[®] fibers.


In 2010, we commissioned PE Americas and Five Winds International to study the environmental impact of caprolactam made out of recycled post-consumer Nylon 6 carpets in comparison with virgin caprolactam made from crude oil. The Life Cycle Assessment (LCA) confirmed that Nylon 6 fiber manufactured using recovered caprolactam offers measurable environmental benefits as compared to Nylon 6 fiber manufactured using virgin caprolactam across key impact categories such as global warming potential, acidification potential, photochemical ozone creation potential (smog), eutrophication potential and the consumption of fossil and renewable energy.

Indistinguishable from fiber made with virgin caprolactam, Nylon 6 fiber manufactured from caprolactam recovered through Evergreen uses significantly less energy from fossil fuel sources, and it represents a 30 percent life-cycle energy savings over Nylon 6 fiber made with virgin caprolactam.

In addition to Evergreen, we have also completed Life Cycle Assessments (LCAs) with Five Winds International and Scientific Certification Systems (SCS) on our EcoWorx[®] Carpet Tile, EcoWorx Broadloom, EcoWorx Performance Broadloom, Ultraloc Pattern and TekLok[®] products.

FIBER MADE WITH CAPROLACTAM RECOVERED FROM EVERGREEN IS VIRTUALLY INDISTINGUISHABLE FROM FIBER MADE WITH VIRGIN CAPROLACTAM.





used carpet has the POWER to generate ENERGY

The ingredient materials in some reclaimed carpet means it simply cannot be recycled back into new carpet — or into other products — leaving the landfill as the only option in the past, and creating an opportunity to develop innovative new strategies for making use of this potentially valuable material. That's the goal of Re2E, or "Reclaim to Energy," the new energy generation facility we launched in late 2010 to reclaim energy from carpet that cannot be recycled by any other means.

RE2E WILL SAVE
ENOUGH FOSSIL FUEL
EACH YEAR TO POWER
7,500 HOMES.

Using post-consumer carpet as an alternative fuel source, Re2E's first phase will convert approximately 84 million pounds of reclaimed carpet each year into 50,000 pounds of steam per hour. The steam will provide a steady, cost-stable supply of energy for two adjacent carpet manufacturing facilities and eventually generate enough electricity to help power itself in the process.

In addition to Re2E, our existing waste-to-energy facility — designed to turn post-industrial carpet and wood waste into steam for an adjacent manufacturing facility — also converted 13.3 million pounds of wood waste and 11.3 million pounds of carpet waste into energy last year.



Gary Nichols, Energy Manager



CLEAR PATH WILL SAVE MORE THAN 1.9 TRILLION BTUS OF ENERGY ANNUALLY—ENOUGH TO POWER MORE THAN 20,000 U.S. HOMES EACH YEAR.

plastic bottles become BEAUTIFUL carpet

As soon as we recognized that customer demand for carpet made with filament PET fiber was growing, we began investing in additional PET fiber extrusion capacity to help meet future needs. Our research and development team began working on technology that allows us to become the first flooring manufacturer to successfully blend post-consumer “flake” from plastic PET beverage bottles with virgin resin in the production of new filament PET carpet fiber (sold under our ClearTouch® label). Last year, to further ensure our ability to meet growing demand, we also launched the first phase of Clear Path Recycling, LLC. A joint-venture with DAK Americas LLC, Clear Path recycles plastic bottles for use in products like our ClearTouch PET filament residential carpet fiber.

Located in Fayetteville, North Carolina, the facility currently has the capacity to recycle up to 160 million pounds or 3 billion PET bottles per year. In addition to increasing our ability to provide customers with the attractive, durable and environmentally responsible flooring they desire, Clear Path is also creating more than 100 permanent jobs for the Fayetteville community.

CLEAR TOUCH FIBER

ClearTouch is the industry's first continuous filament PET fiber produced with a blend of both virgin and recycled PET. A residential carpet fiber known for its outstanding softness as well as its exceptional performance characteristics, appearance retention and long-term wear, ClearTouch contains at least 25% recycled content sourced from our Clear Path PET recycling facility and certified by UL Environment. ClearTouch also features Shaw's patented R2x® Stain and Soil Resistance System for enhanced protection against spills and tracked-in dirt, making ClearTouch carpets the only PET products available that offer such enhanced stain and soil resistance.

REPORT Scope and Boundary

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, 2010.

SCOPE

Our 2010 sustainability report focuses on our commitment to Sustainability through Innovation™ — the Shaw Green Edge® — through the three pillars of sustainability: corporate governance and social responsibility, environmental health and safety excellence, and innovative products and services. The process for defining the content of this report has been guided by the Global Reporting Initiative G3 guidelines and is focused on the key topics in which our stakeholders are most interested, including supplemental performance indicators and metrics with specific relevance to our company. This report, along with our other most recent sustainability reports (2008 and 2009), is available electronically at shawgreenedge.com. Hard copies of the report may also be requested through shawgreenedge.com.

BOUNDARY

The content of our annual sustainability report focuses on operations that represent the majority of our environmental, social and economic impacts, including all Shaw Industries Group, Inc. administrative, manufacturing and sales operations and facilities in North America. Unless otherwise noted, these include wholly owned subsidiaries and joint-ventures for which Shaw holds a more than 50 percent financial stake. 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.

DATA MEASUREMENT & INFORMATION INTEGRITY

Shaw Industries Group, Inc. and its management are responsible for the preparation and integrity of the information provided in this 2010 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 2010. Where applicable, the GRI Indicator Protocols are used as a basis of data measurement and calculation for the performance indicators included in this report. Operational definitions for each performance indicator are outlined in the report.

CURRENCY

All references to currency are in U.S. dollars.

CONTACT

For questions regarding this report or its contents, please email info@shawgreenedge.com

Other DISCLOSURES

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 U.S. 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 U.S., but also with the respective local laws and regulations of 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 of 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 www.shawgreenedge.com/CoC, and the Berkshire Hathaway, Inc. Code of Ethics can be accessed at berkshirehathaway.com/govern/ethics.pdf.

In 2010, 1,889 of our management associates (99.9%), and 8,774 of our non-management associates (39.67%) received ethics, code of conduct, legal and regulatory training through the Shaw Ethics & Compliance (E&C) program.





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.

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.

SHAW PERFORMANCE INDICATOR & GRI INDEX

The Global Reporting Initiative (GRI) drives sustainability reporting by all organizations. GRI produces the world's most comprehensive Sustainability Reporting Framework to enable 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.

For more information on the Global Reporting Initiative, visit globalreporting.org. An expanded version of the GRI index for this report is available at shawgreenedge.com/sustainabilityreport-GRI.

STANDARD DISCLOSURES

1.1-1.2	Strategy & Analysis	●	7, 9, 11
2.1-2.10	Organizational Profile	●	10-13, 18
3.1-3.13	Governance, Commitments and Engagement <i>See shawgreenedge.com/GRI-2010index</i>	●	10-13, 17
	Disclosures on Management Approach (DMA) <i>See shawgreenedge.com/GRI-2010index</i>	●	

ECONOMIC PERFORMANCE

EC 1	Direct economic value generated & distributed	●	10
EC 6	Policy, practices & proportion of spending on locally based suppliers <i>See shawgreenedge.com/GRI-2010index</i>	●	41

ENVIRONMENTAL PERFORMANCE

EN 3	Direct energy consumption by primary energy source	●	51
EN 4	Indirect energy consumption by primary energy source	●	51
EN 5	Energy saved due to conservation & efficiency improvements	●	51
EN 6	Initiatives to provide energy efficient or renewable energy-based products & services	●	33, 35, 49 - 50, 69
SHAW	Alternative energy consumption by source	●	52
SHAW	Total energy intensity	●	53
SHAW	Total alternative energy intensity	●	53
EN 8	Total water withdrawal by source	●	57
EN 10	Percentage & total volume of water recycled & reused	●	57
SHAW	Total water intensity	●	57
EN 16	Total direct & indirect greenhouse gas emissions by weight	●	56
EN 17	Other relevant greenhouse gas emissions by weight	●	56
EN 18	Initiatives to reduce greenhouse gas emissions & reductions achieved	●	49 - 56
EN 20	NO _x , So _x & other significant air emissions by weight	●	55
SHAW	Greenhouse gas emissions intensity	●	56
EN 22	Total weight of waste by type & disposal method	●	61
EN 23	Volume & number of significant spills	●	21
SHAW	Total landfill waste intensity	●	61
SHAW	Total post-industrial waste to landfill intensity	●	61
SHAW	Total post-industrial by-product material intensity	●	61
EN 26	Initiatives to mitigate environmental impacts of products & services, & extent of impact mitigation	●	33 - 35, 41, 43, 66 - 70
EN 28	Monetary value of significant fines & total number of non-monetary sanctions for non-compliance	●	21
EN 29	Significant environmental impacts of transporting products & other goods	●	54

LABOR

LA 1	Total workforce by employment type, contract & region	●	14
LA 2	Total number & rate of employee turnover by age group, gender & region	●	14
LA 6	Percentage of total workforce represented in formal joint management-worker health & safety committees	●	22
LA 7	Rates of injury, occupational diseases, lost days, & absenteeism, & number of work-related fatalities by region	●	22
LA 8	Education, training, counseling, prevention & risk control programs to assist workforce members, their families, & community members regarding serious diseases	●	23 - 25
LA 10	Average hours of training per year per employee	●	24
LA 11	Programs for skills management & lifelong learning	●	23 - 25

HUMAN RIGHTS

HR 3	Total hours of employee training concerning aspects of human rights relevant to our operations & percentage of employees trained.	●	14
HR 5	Operations identified in which the right to exercise freedom of association & collective bargaining may be at significant risk & actions taken	●	74
HR 6	Operations identified as having significant risk for incidents of child labor	●	74

COMMUNITY

SO 2	Percentage & total number of business units analyzed for risks related to corruption	●	74
SO 3	Percentage of employees trained in organization's anti-corruption policies & procedures	●	74

PRODUCT RESPONSIBILITY

PR 1	Life cycle stages in which health & safety impacts of products & services are assessed for improvement, and percentage of products & services categories subject to such procedures	●	33
PR 3	Type of product & service information required by product & service labeling procedures	●	40
PR 6	Programs for adherence to laws, standards & voluntary codes related to marketing communications	●	40
PR 9	Monetary value of significant fines for non-compliance with laws & regulations concerning the provision and use of products & services.	●	34



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