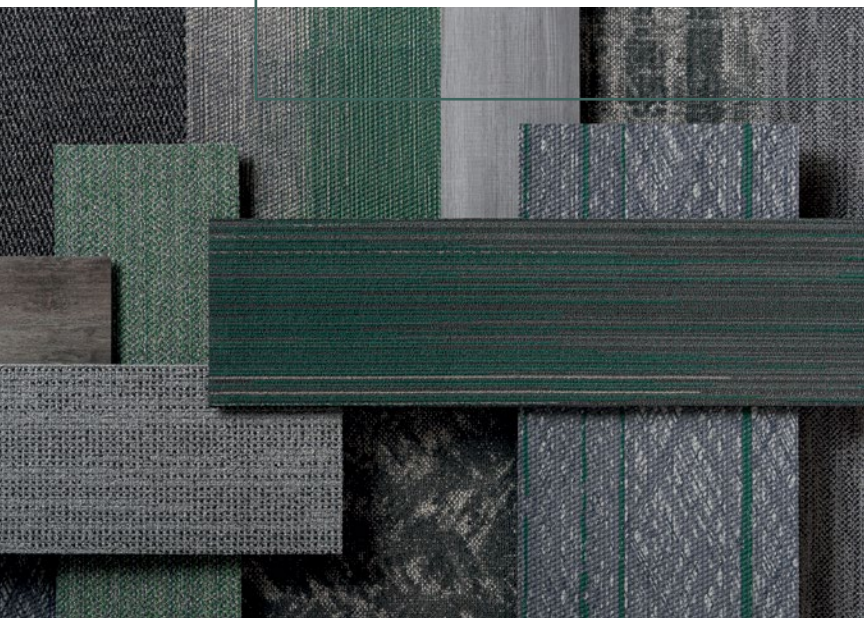




# SUSTAINABILITY

OUR STORY





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# GREEN SMART

A COMMON SENSE APPROACH TO SUSTAINABILITY

GREEN SMART REPRESENTS ENGINEERED FLOORS' SUSTAINABILITY PHILOSOPHY, BY REDUCING ENERGY USAGE, LIMITING WASTE, AND SUPPORTING RENEWABLE ENERGY CARBON OFFSET PROJECTS, WE ARE PURSUING OUR SHARED GOAL OF BETTERING THE PLANET, ONE FLOOR AT A TIME.





**ROBERT E. SHAW**

ENGINEERED FLOORS IS THE IDEAL SIZE TO PROVIDE FLEXIBLE, FAST PRODUCTION AND SHIPPING, WITHOUT SACRIFICING CRITICAL RESOURCES OR RELENTLESS CUSTOMER SERVICE.

# MEET OUR FOUNDER ROBERT E. SHAW



**4,700+**  
EMPLOYEES ACROSS ENGINEERED FLOORS  
FAMILY OF BRANDS IN NORTHWEST GEORGIA

Fifty years ago, Mr. Robert E. Shaw turned the flooring industry on its head when the company bearing his name became the first carpet manufacturer to break into the Fortune 500. He guided the company to further growth as CEO until his retirement in 2006. But that's not the end of the story.

In 2008, during the teeth of the recession, Mr. Shaw had a vision for a new flooring company. Mr. Shaw's vision was so compelling that he left retirement and invested in what he called 'disruptive methods' - innovative technology that changed the way carpet had 'always been done'. Knowing that he was taking a risk, yet believing it would pay off, in 2009 he founded Engineered Floors, LLC, and acquired J+J Flooring in 2016.





11,000,000


SQ. FT. OF MANUFACTURING FACILITIES





# TYPICAL INDUSTRY MANUFACTURING PLANT FLOW



 **250 MILES**  
INDUSTRY AVERAGE TRUCK MILES  
PER UNIT OF PRODUCTION

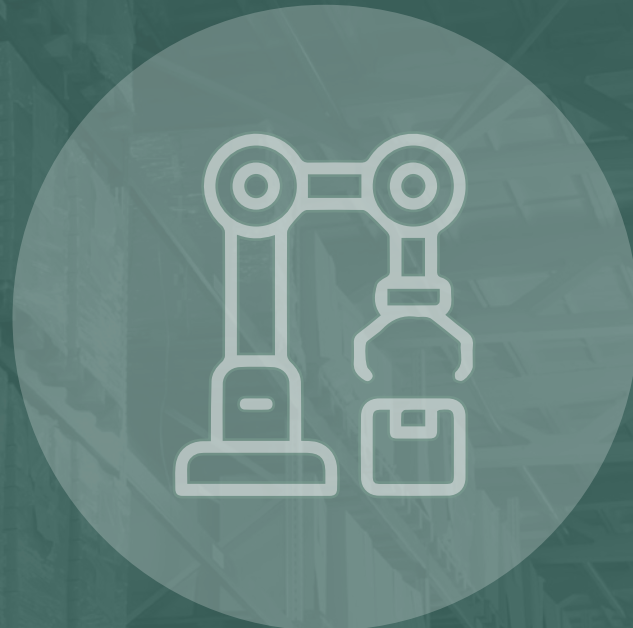
# OUR MANUFACTURING PLANT FLOW



RAW  
MATERIALS



EXTRUSION  
YARN PRODUCTION



COATING  
DISTRIBUTION



FINISHED PRODUCT  
TO CUSTOMER



**2.5 MILES**

OUR CARPET ONLY TRAVELS 2.5 MILES FROM THE BEGINNING TO THE END OF PRODUCTION, AND THAT IS GOOD FOR THE PLANET!



# CONSERVATION IS AT OUR CORE

**AS RESPONSIBLE STEWARDS OF THE ENVIRONMENT, J+J FLOORING BELIEVES IN USING ALL RESOURCES AS EFFICIENTLY AND JUDICIOUSLY AS POSSIBLE, PRIORITIZING CONSERVATION, AND CONSUMPTION REDUCTION BEFORE RECYCLING OR REUSE.**

With conservation at the heart of our sustainability philosophy, finding alternatives for (and preventing the excessive use of) valuable resources is the basis of our approach to environmental impact management.

We believe true sustainability requires full attention to the potential impacts of every aspect of our business. Like other leading companies, we gauge our progress by measuring our environmental and social performance with as much stringency as our financial performance.

# TRANSPARENCY

**IN ADDITION TO J+J FLOORING'S OWN MEASUREMENTS, WE RELY ON INDEPENDENT AUDITING AND CERTIFICATION AGENCIES TO ENSURE THE ACCURACY AND VERIFIABILITY OF OUR EFFORTS.**

These neutral external services provide us with the credibility we know the marketplace deserves from us.

We verify the material health and environmental responsibility of all modular, broadloom and Kinetex products using Environmental Product Declarations (EPDs) and Health Product Declarations (HPDs) based upon third-party verified Life Cycle Assessment data.





# R4 PROGRAM

**IN 2007 WE DEVELOPED THE INDUSTRY-LEADING R4 PROGRAM - RETURN, REUSE, RECYCLE, REDUCE - TO FACILITATE THE RECYCLING OF ALL CARPET, LVT AND KINETEX SAMPLES AND ARCHITECT FOLDERS THAT ARE NO LONGER NEEDED.**

Architecture and design firm libraries and dealer showrooms experience a seemingly continuous replacement and restocking of samples and folders. Our goal is that none of these items ever reach a landfill. Because of the R4 Program, those samples are either returned to our sample inventory to be reused for other projects or they are recycled.

On average, we recycle/reuse 9,400 pounds of samples each month, enabling us to divert over 112,000 pounds of waste from landfills each year. In addition, the extensive reuse of our samples reduces the overall material usage in the design and specification process across the industry.

**WE CREATED THE R4 PROGRAM TO HELP ENSURE J+J FLOORING ARCHITECT FOLDERS OR FLOORING SAMPLES WILL NEVER REACH A LANDFILL. IT'S WORKED FOR WELL OVER A DECADE.**

REDUCE  
REUSE  
RECYCLE  
RETURN








# EFFICIENT SOLUTION DYE

J+J Flooring was one of the first commercial flooring manufacturers to extrude their own solution dyed yarn, which reduces water usage, energy consumption and carbon emissions compared to other yarn dye techniques.

**ENGINEERED FLOORS IS THE LARGEST EXTRUDER OF SOLUTION DYED CARPET FIBER IN THE WORLD.**



**30%**  
LESS ENERGY



**87%**  
LESS WATER



**42%**  
LESS GREENHOUSE GAS EMISSIONS





# ENERGY USE

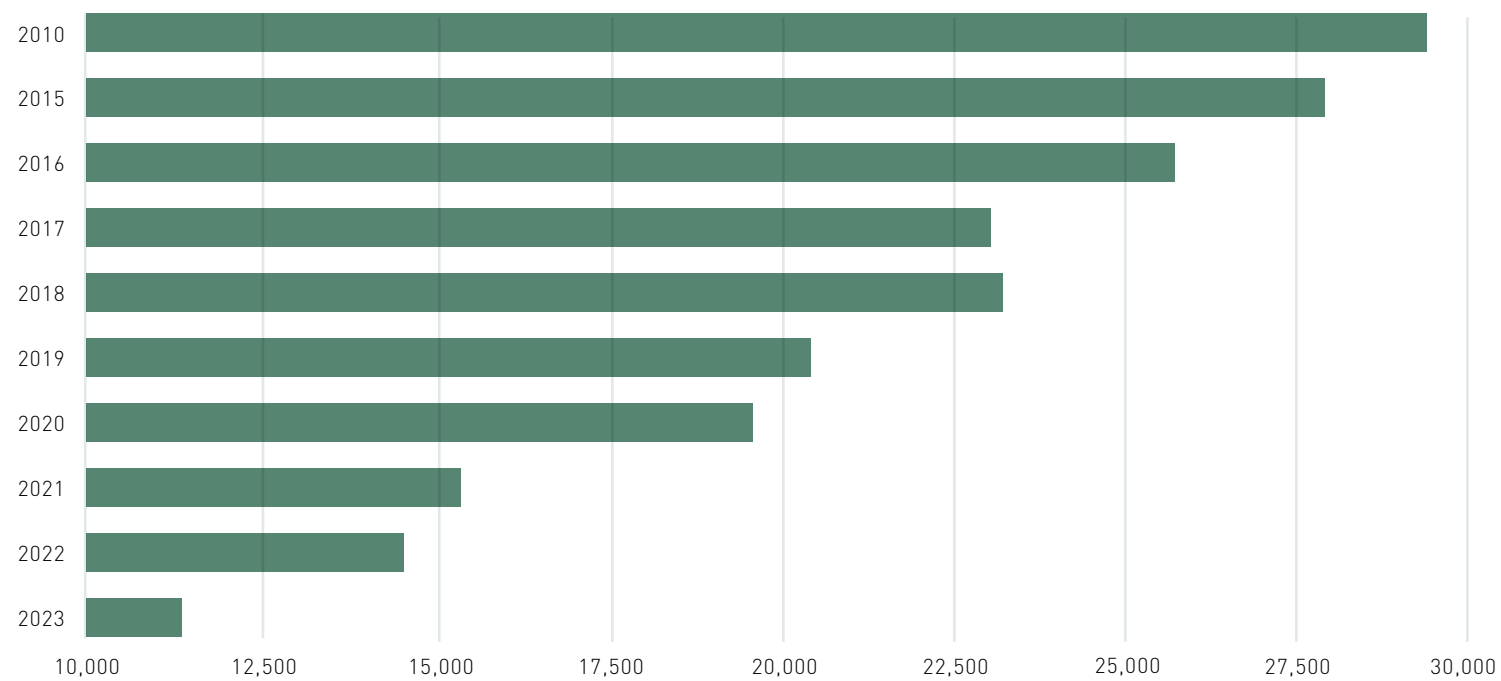
OUR HISTORY SAYS IT ALL. SUSTAINED EFFORTS OVER THE YEARS DEMONSTRATE OUR COMMITMENT, PROGRESS, AND REALISTIC ADJUSTMENTS TO OUR BUSINESS AND OUR PLANET'S REALITIES. WE ARE PROUD TO SHARE THESE METRICS.




**60.6%**  
REDUCTION SINCE 2010

Since 2010 we have achieved a 60.6% reduction in overall energy use in all our facilities, reducing BTU utilization from just under 30,000 to now 11,820.

ENERGY INTENSITY (BTU/1000 YD2)



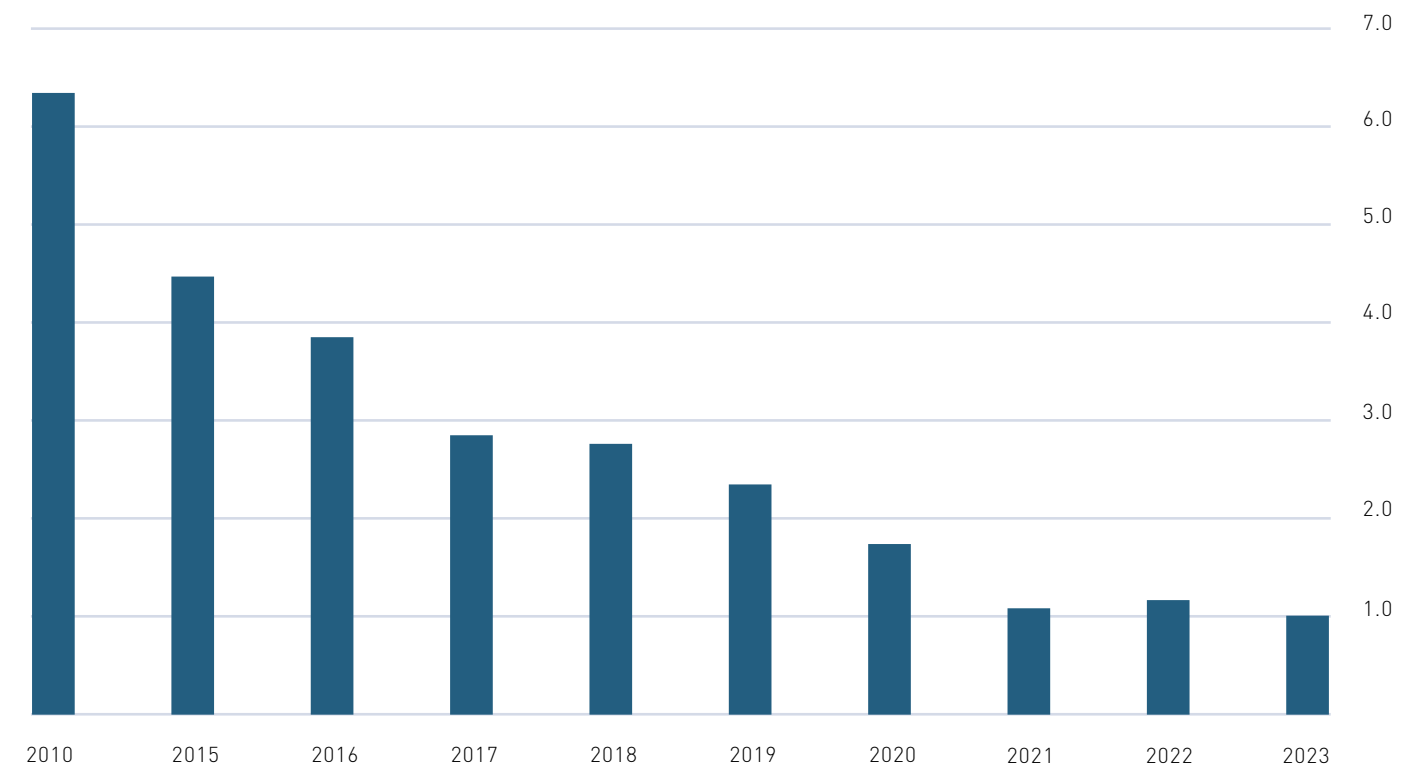
# WATER CONSERVATION



**84.2%**  
REDUCTION SINCE 2010

Similar to our energy utilization achievements, our company has also reduced its water usage-by 84.2% since 2010. This is particularly remarkable in view of the role of water in the flooring manufacturing process. We will continue to strive for even more ambitious water reduction goals in the years ahead.

WATER INTENSITY (GALS/YD2)







# GREENHOUSE GAS EMISSIONS



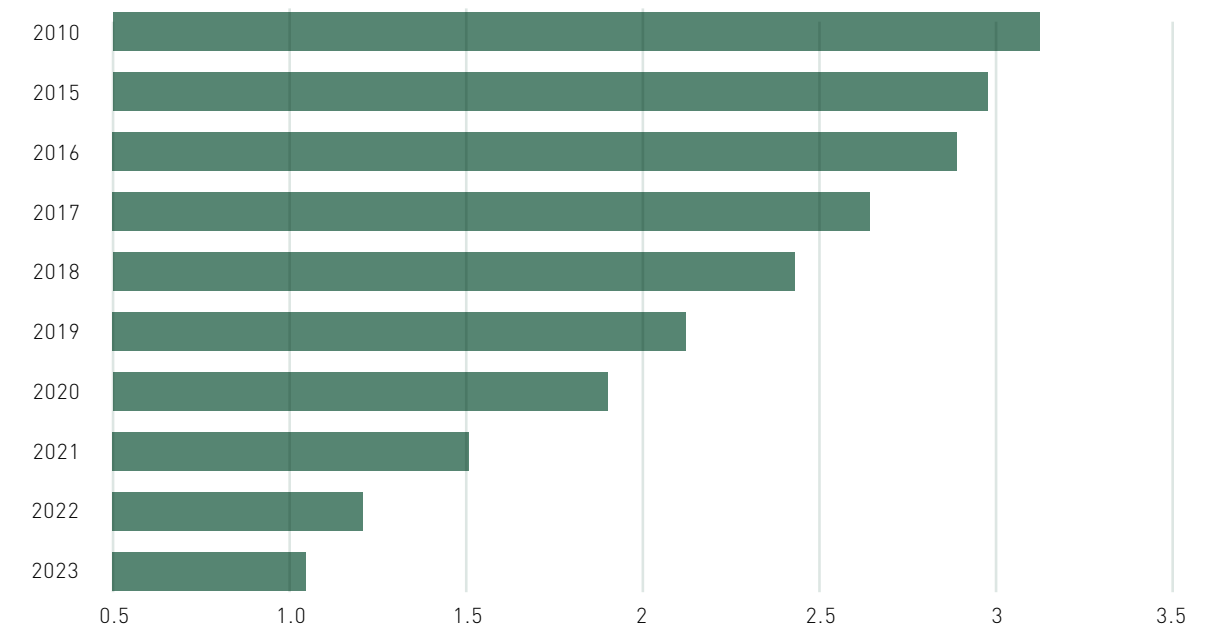
**66.5%**  
REDUCTION SINCE 2010

## REDUCING DIRECT GHG EMISSIONS REMAINS OUR TOP PRIORITY TOWARD DECARBONIZATION.

We continue to improve processes, invest in more efficient production equipment, and optimize our product design to reduce our carbon impact directly. For example, in 2018, we invested in leading technology and opened our newest modular flooring plant.

With over 550,000 square feet of space, this state-of-the-art plant allows us to be more efficient. We have also retrofitted many of our existing plants with more efficient infrastructure and equipment and have engineered our products to have the smallest carbon footprint possible.

GREENHOUSE GAS INTENSITY (MT CO<sub>2</sub>-EQ.1000 YD<sup>2</sup>)





# CONTINUED REDUCTIONS

**WHILE OUR PROGRESS HAS BEEN SIGNIFICANT, WE ALSO RECOGNIZE THAT MORE WORK NEEDS TO BE DONE GLOBALLY.**

Each year we purchase carbon offsets from projects verified under a leading, internationally recognized verification standard. We apply these high-quality renewable energy offsets to all annual production of our Kinetex and Nexus Cushion modular carpet products.

**IF YOU WANT A PRODUCT OTHER THAN OUR CARBON NEUTRAL KINETEX AND NEXUS CUSHION, WE CAN MAKE THAT ORDER CARBON NEUTRAL.**

**IN SUMMARY, THE SUSTAINABILITY PHILOSOPHY OF ENGINEERED FLOORS COMMERCIAL DIVISION IS A COMMON SENSE APPROACH.**

At the forefront is the investment in the most-efficient manufacturing facilities in the industry, using less energy and producing industry-leading quality levels, which means less waste. We design our products from the ground up to lead the pack in durability, while also integrating raw materials with recycled content wherever possible. Our commercial sustainability efforts are guided by continuous and quantifiable improvement, big-picture thinking, and full transparency.

The primary focus is to create the smallest environmental footprint possible through the engineering of our products, processes, and facilities. To further reduce that impact, Engineered Floors currently supports renewable energy carbon offset projects, of utmost importance in helping the world to achieve its goal in lowering global GHG emissions to offset the emissions of some of our product lines. Our carbon offsets are centered around renewable energy and are easier to quantify, which leaves less question as to how the offsets are calculated.



For transparency, our offset purchases were calculated based on 100% of the A1-A3 GWP values reported publicly in our 3rd party verified Environmental Production Declarations (EPD) for all annual Kinetex and Nexus Cushion production. This commitment has allowed us to meet the verification requirements to offer these products as carbon neutral. Additionally, these carbon offsets incentivize us to push for further carbon reductions within our product lines by acting as an internalized cost to the carbon we are responsible for.





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**FLOORING**  
A DIVISION OF ENGINEERED FLOORS