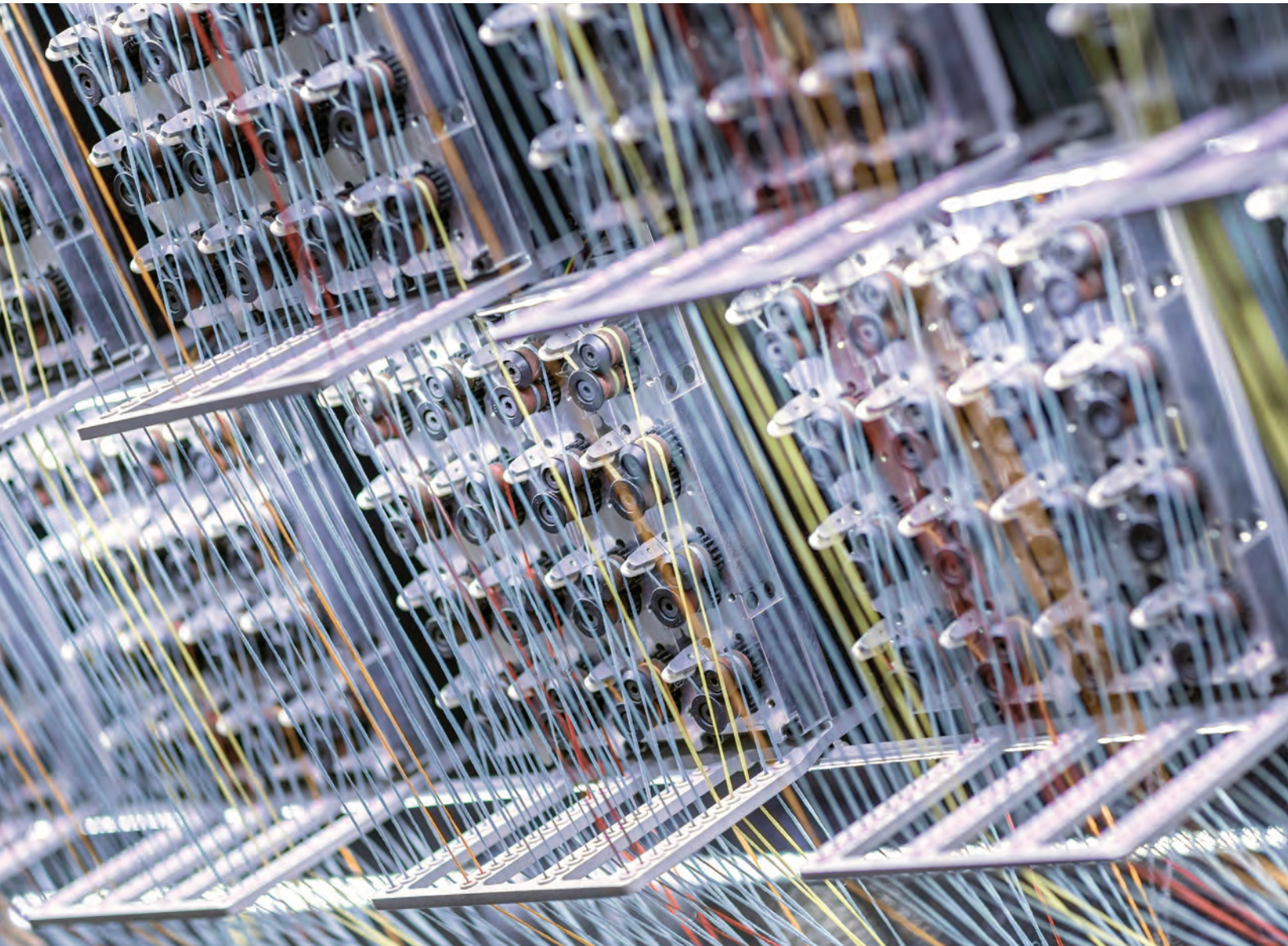


BUILDING MOMENTUM

2016 Corporate Responsibility Report





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David Jolly, president (right) & Josh Hall, VP of operations (left), at the site of our new manufacturing facility in Dalton, GA.



Building Momentum

In 1957, J+J Flooring Group founders Rollins Jolly and Tom Jones saw an opportunity to transform surplus yarn from nearby carpet mills into beautiful rugs. Sixty years later, our company is still driven by that same sense of ingenuity.

It's a legacy we celebrate every day in every part of our company, from the innovative, beautiful flooring we create to the experience we seek to provide our customers. And it's a legacy that lives on through our people and our values – supporting one another, giving back to our community, and protecting our environment.

When we merged J+J Flooring Group with Engineered Floors in early 2016, we did so knowing that our shared values and aligned strengths will create generations of new opportunity for growth, innovation and service to our associates, customers and communities – starting with our hometown of Dalton, Georgia.

A year later, our company is already at the cusp of what stands to be the most exciting era in our history. In the past year, we have started construction on a new 520,000 square foot floor tile manufacturing facility not far from our main campus in Dalton, introduced a record number of new products into the market, and continued to make significant strides towards our Vision 20/20 goals for environmental performance. And we have accomplished all this and more thanks to the vision and ingenuity of every person within the J+J family.

We are excited about the new momentum we are building and enthusiastic about the bright future ahead for our people and our company. And, as I hope the pages of this latest sustainability report demonstrate, we look forward to moving ahead by leaning on the same priorities that have brought us this far: doing the right thing, leading by example, and always putting our people first.

David Jolly, *President*
May 2017



About Our Company

For more than 60 years, J+J Flooring Group has intelligently crafted beautiful commercial flooring products for diverse applications. As a division of Engineered Floors, LLC, we are proud to be a part of the third largest carpet company in North America. With our range of products including broadloom and modular carpet, Kinetex textile composite flooring and luxury vinyl tile – we engineer all of our flooring solutions with a steadfast commitment to design, quality, service, integrity, and sustainability. Visit engineeredfloorsllc.com and jjflooringgroup.com to learn more.

Our Mission

J+J Flooring Group is a diversified manufacturer of commercial modular and broadloom flooring products. We are a family company guided by fairness and Christian principles. By delivering a Premium Customer Experience, we seek to be the provider of choice for flooring solutions. This guiding ethic drives our work every day as we strive to positively impact our associates, customers and community. By putting our people first, we produce products with pride, provide value to our customers, and make a difference in our community.

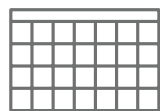
720 employees



58%
Male



42%
Female



30%
Salary



70%
Hourly



Headquartered in Dalton,
Georgia, with offices and
showrooms in Chicago,
Washington D.C. and
New York City

950,000 square feet
of facilities on 80 acres
(including 20 acres of
designated wetlands)



2016 AWARDS

Product Innovation Awards
Leadership Category

Architectural Products Magazine

Sustainability Greenie Award
Coosa River Basin Initiative



Daniel Stewart and Genia Bartlett

Forging Long-Term Relationships

Cultivating lasting relationships with the people connected to our company as associates, customers, industry partners, friends and neighbors is an investment in our company for today, and tomorrow. And we take great pride in nurturing stakeholder relationships that grow with our company over time. Across every one of our business units and every part of our operations, the perspective, ideas and needs of our stakeholders play a significant role in guiding our short and long-term strategies.

We take an **ask, listen, respond** approach to stakeholder engagement, striving to create as many opportunities as possible to find out what stakeholders want and need – then look to ensure our practices, processes, products and services remain relevant to those needs. In addition to continuous engagement with stakeholders through day-to-day relationships and interaction, we orchestrate several formal opportunities for stakeholder engagement throughout the year.

The content included in this report has been informed, in part, by our understanding of stakeholder interests based upon these engagements.

Employee Engagement

- Our **Open-Door Policy** means every employee at J+J has access to our leadership team to ask questions and share ideas for making our company the best possible place to work, and for delivering a premium customer experience to every customer, every time.
- In keeping with our family style atmosphere and culture, quarterly **Cook-outs** and other company-wide events invite employees from across our company to regularly connect, collaborate and spend time together in an informal setting.
- A **2016 Employee Survey** helped us identify future opportunities to ensure we're providing the benefits, services and support our employees need and want.

Customer Engagement

- On-site **Road Trips** give customers the opportunity to tour our Dalton facilities, meet the people behind our products and engage with our design, product development, sustainability and operations teams for a firsthand look at how we work together to deliver the flooring solutions and services they need.
- Regional **Glimpse** events are a chance for members of the architecture and design community to offer their ideas and perspective on new product solutions and upcoming designs.
- Annual **Design Symposiums** invite customers to participate in professional development and collaborative sessions focused on design trends, research and innovation across our key market verticals (education, healthcare, retail, senior living, etc.).

Empowering Partnerships

As an active community member and industry leader, we participate in local, national and international organizations relevant to our business.

- Alliance for Innovation & Sustainability (AIS)
- American Academy of Healthcare Interior Designers (AAHID)
- American Institute of Architects (AIA)
- American National Standards Institute (ANSI)
- Association of College and University Housing Officers (ACUHO)
- Leadership in Educational Facilities (APPA)
- Carpet America Recovery Effort (CARE)
- Carpet & Rug Institute (CRI)
- Center for Health Design (CHD)
- Commercial Flooring Alliance (FUSE)
- Georgia Association of Manufacturers (GAM)
- International Facility Managers Association (IFMA)
- International Interior Design Association (IIDA)
- The Hospitality Industry Network (NEWH)
- Worldwide Commercial Flooring Partnership (Starnet)
- United States Green Building Council (USGBC)
- United Way

Serving Our Community

Our company has been a proud member of the Dalton, Georgia, community for more than sixty years. We believe providing meaningful work and career opportunities for the people who call Dalton home is part of our responsibility to the community that has supported us for more than six decades. We also believe it's our responsibility to give back by using our time and resources to help support causes, organizations and projects focused on making our community – and our customers' communities – even better.

Charitable Organizations Supported in 2016

- Adopt-a-Mile
- Blood Assurance
- Boys and Girls Clubs
- Christian Heritage High School
- Compassion House
- Conasauga River Clean Up
- Coosa River Basin Initiative
- Covenant College
- Dalton State College
- Family Support Council Make-A-Difference Day
- Fellowship of Christian Athletes
- Friendship House
- Georgia Meth Project
- Harvest Outreach Museum
- Junior Achievement
- Make-A-Wish Foundation
- The Northwest Georgia and Chattanooga, TN Food Banks
- Northwest Georgia Health Partnership
- Ross Woods Foundation
- Salvation Army
- TC Thompson Children's Hospital
- United Way
- Upper Room Mission



Brian Johnson, Lisa Brown and Theresa Woodall
pack boxes for our local food bank

37
community service
projects completed
by J+J employees
in 2016





Ana Pimentel



Putting People First

We know our company is only as strong as the people we rely on every day for their talents, skills, ideas and perspectives. So while our company may have changed a lot during the past sixty years, our passion for putting people first has not. In fact, we're more committed than ever to creating a world-class workplace – one our employees are proud to call their own.

36% of our employees have been with J+J for

10+ YEARS

Inspiring Successful Careers

We want our employees to enjoy successful, rewarding careers with our company whether they're part of our team for a few years or a few decades. To help employees design and direct their own professional pathways, we offer a variety of in-house and external training, development and continuing education opportunities each year. In addition to required safety, environmental and human resources training to optional skills-development and academic programs, we encourage every employee to define and work towards his or her own career goals, offering support along the way.



PUTTING PEOPLE FIRST



\$24,300 tuition reimbursement for employee continuing education

100% employees engaged in on-the-job training, self-directed e-learning professional development workshops focused on systems support, ISO 14001, OSHA compliance and more

Embracing Diversity

Each year our markets become more global and dynamic – and we are working hard to ensure our company reflects that diversity throughout our organization. While we still have work to do, we are working hard to expand the diversity of our workplace knowing different ideas, perspectives and experiences make our workplace stronger, more vibrant and more connected to our customers' needs.



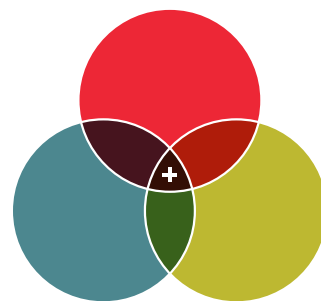
*Bob Bethel, Irasema Licon,
Brian Daniels and Mario Gomez*

Supporting Bright Futures

As a host company for the Northwest Georgia College & Career Academy Advanced Manufacturing & Business Academy program, we provide local high school students with career apprenticeships designed to prepare students for a progressive career in manufacturing. In 2016 three high school students gained real-world work experience across a range of business areas, including operations, IT and marketing.

Encouraging Work-Life Balance

Every year, we look for more opportunities to better support our associates from a whole-life perspective through a program we call Working for Life. Encompassing three core aspects of wellness – physical health, emotional health and financial health – Working for Life includes year-round programs and resources along with a variety of workshops, classes and events designed to offer our associates the support they most need to plan for – and enjoy – happy, healthy lifestyles at work and at home.



Physical Health

- 24/7 nurse hotline & access to an on-site nurse for health checkups and health management
- Diabetes management classes
- Health insurance
- On-site health screenings
- On-site walking treadmills
- Weight-loss programs and healthy eating classes
- Free preventative care screenings

80% of our employees participated in our 2016 biometric screening



282 employees took part in 2K, 5K, 10K and half-marathon events as a group



387 associates received flu shots



Emotional Health

- Career planning support
- Employee assistance program



Our employee assistance program gives every employee access to 6 free, confidential counseling visits each year.

104 employees took advantage of this free service to help improve their emotional well-being.

Financial Well-Being

- Retirement planning
- Company-funded 401(k) with contribution matching



100 employees completed a new Smart Dollar financial wellness program

83% of our employees participate in our 401(k) matching program (note: plan was auto enroll)

Kathleen Kale



On-Site Nurse's Station

To provide immediate support for personal health and potential first aid needs, we also introduced 24/7 nurse care for employees in 2016.

A fully equipped nurse's station at our main Dalton campus is staffed by a registered nurse five days a week during regular business hours, and on-call nurses are available after hours. In addition, a 24-hour nursing hotline is also available to employees via phone.

Prioritizing Safety

Every year, the safety of our employees and those who visit our facilities is our absolute priority. Guided by a Campus Safety Team comprised of hourly and salaried employees, our ongoing efforts include regular safety training for all employees plus specialized equipment safety training for manufacturing employees. Manufacturing employees also participate in daily safety briefings through a meeting or “huddle” at the beginning of each work shift.

In 2016, to help us stay even more focused on our ultimate goal of zero safety incidents, we introduced a new Safety Management System (SMS). Aligned with our Environmental Management System (EMS), our SMS provides clear, consistent protocols for best safety practices, resources and processes for all employees. To ensure our compliance with these safety protocols, 16 of our 20 annual EMS audits also included a safety audit.

ZERO
safety incidents is
always our goal

Nina Roach, Kevin Williams, Kevin Ortiz, Cruz Rodriguez, David Harrold, Natalia Carrell, Kathy Wilkins, Mario Dominguez and Tim Bailey



OSHA Recordable Incident Rate:

2.81

Inviting Insight

Every month, employees are invited to share their ideas for ways we can work better, and smarter. From safety practices to sustainability, employees are asked to submit their OFIs (Opportunities for Improvement) to our Campus Safety Team. The team decides which projects to implement. As an added incentive, all employees are invited to vote on the best implemented idea each month – and the employee who submitted the winning idea receives \$100.



Meadow 2093

Caring for Tomorrow Today

Sustainability, by definition, is driven by a focus on the future – and careful consideration of how our current activities and decisions will affect people and our planet generations from now. So as our company opens the door to a dynamic new future powered by fresh ingenuity and opportunity, we are also paying close attention to how our growth stands to affect people and our planet in the coming decades.

This isn't a new approach for us.

When our founders started J+J sixty years ago, they did so with the same core values we lean on today – prioritizing people, and respecting our environment. And in recent years, our Vision 20/20 goals set forth a series of environmental performance goals for our company for the year 2020. Thanks to collaboration and innovation across our organization, we have made great progress towards reaching those goals – achieving Zero Waste to Landfill status in 2015, and successfully reducing our energy intensity by a full 20% in 2016.

So what's next? What will our sustainability objectives look like for 2040, 2060, and beyond? With 2020 firmly in our sights, this is the question we are beginning to explore more deeply. And while we may not have all the answers, we do know one thing for certain: the right decisions today will help ensure an even better world tomorrow.



Russ DeLozier, *Director of Environmental Innovation*





Our Sustainability Priorities

We frame our sustainability efforts around three key areas: conserving the resources we use, responsibly sourcing the materials we need, and minimizing the environmental and social impacts of our operations and products.

Knowing the environment is our biggest area of impact, we have embedded a set of key environmental performance goals for the year 2020 into our operations. Called **20/20 Vision**, these are the six critical targets we are working to achieve by the year 2020.



**20/20 VISION
BY 2020**



**Eliminate
our use of
landfills**

*Achieved
in 2015**



**Reduce
water
usage
by 66%**



**Reduce
energy
intensity
by 20%**

*Achieved
in 2016*

Creating a Lighter Footprint

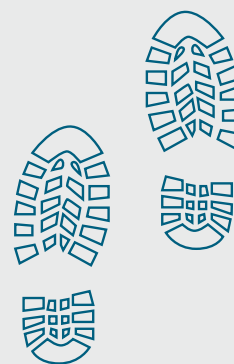
Improving environmental performance is a process that involves every member of the J+J community, and our progress to date is the direct result of the forethought, teamwork and ingenuity of people in every corner of our company. From systems efficiency to material health, we're working to improve our operations and practices now to ensure a lighter footprint tomorrow. And because our facilities are located on a single campus, we have the agility to invest in and swiftly implement the changes we think stand to affect the greatest returns for our company – and our planet.

ISO 14001 Certification

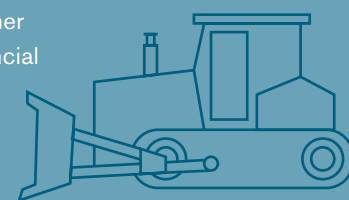
ISO 14001 Certification serves as a global benchmark for the highest standards of environmental safety and responsibility. In addition to participating in a recertification audit every three years, we conduct regular internal audits to identify new opportunities to improve our environmental health and safety practices – and ensure our continued compliance.

Along with making steady progress towards our Vision 20/20 environmental performance goals in 2016, we took significant steps towards improving our material health and expanding viable pathways for increasing recycled content in our products. With the completion of our new commercial floor tile manufacturing facility on the horizon for 2017, our campus environmental team also turned their attention to the immediate future, collaborating with our planning and operations teams to ensure our new facilities will demonstrate state-of-the-art efficiency.

In collaboration with our suppliers we took the step in 2016 of making all our modular and broadloom carpet stain resistance products **fluorochemical free**, opting for a stain resistance process that performs as well or better using a greener chemistry.



Our **Campus Environmental Team** monitors our operational progress towards these and other shorter term environmental impact goals with the same stringency we use to measure our financial performance. Guided by our executive group and under the leadership of the Management and Process Services manager, the team holds responsibility for assessing and implementing enterprise-wide sustainability strategy and activity across all key business units.

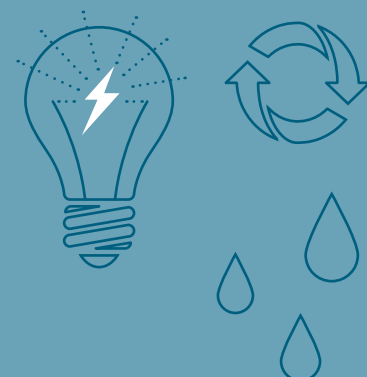


○ —————
Increase our use of renewable energy to at least 10% of our total energy consumption

○ —————
Cut our greenhouse gas (GHG) emissions by 20%

○ —————
Increase recycled, bio-based or renewable content in our products to 33%

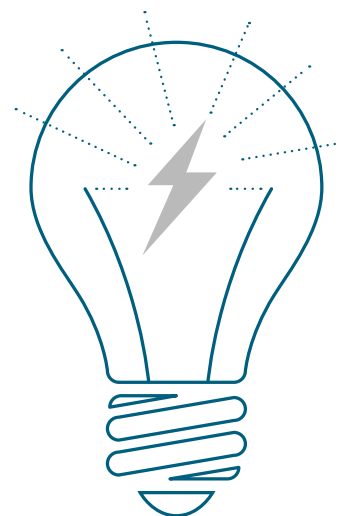
**Certification assessed by GreenCircle Certified, LLC.*



Energy

A ready supply of energy will always be key to making flooring, so when we set out to reduce our energy consumption by 20% based on our 2010 performance, we knew it was one of many steps on our path towards even smarter energy stewardship. It was also a milestone we were delighted to achieve and exceed in 2016 – four years ahead of our Vision 20/20 schedule. Now, we're focusing our attention on the next challenge: further reducing our reliance on energy from non-renewable sources while increasing our consumption of energy from renewable sources – all while looking for every opportunity to use the smallest amount of energy to begin with.

In 2016, as a result of upgrades to our equipment, continued improvements to our process efficiency, and a rebalanced product mix, we successfully exceeded our Vision 20/20 energy goal four years ahead of our 2020 deadline, decreasing our energy consumption by 23% against our 2010 benchmark. In addition, we offset more than 50% of our direct energy consumption with the purchase of renewable energy credits through the US Environmental Protection Agency (EPA) Green Power Partnership – another step in our journey towards reducing our reliance on energy from non-renewable sources.



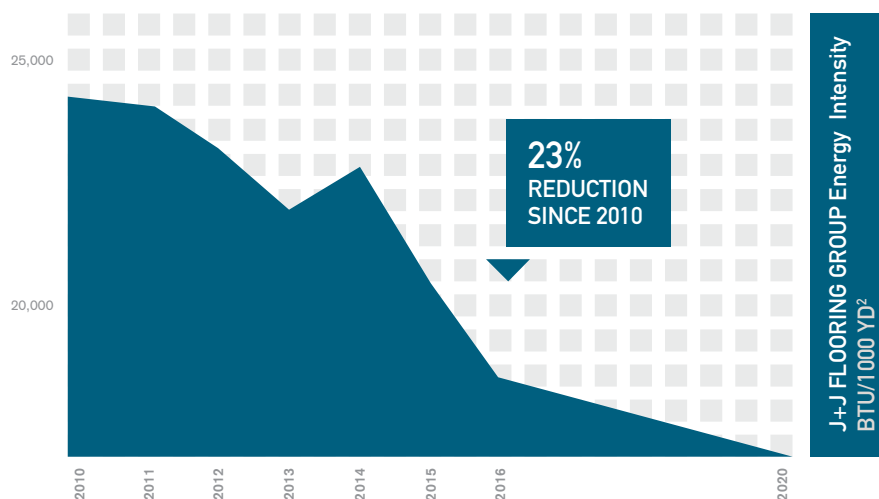
J+J

CARING FOR TOMORROW TODAY



VISION 20/20:

Reduce
energy
intensity
by 20%



J+J FLOORING GROUP Total Energy Consumed BTUs

ELECTRICITY



175,760 (MM BTU)

NATURAL GAS



77,670 (MM BTU)

Equipment updates, improved process efficiency and a rebalanced product mix helped us exceed our 20/20 energy reduction goal four years ahead of our 2020 deadline.

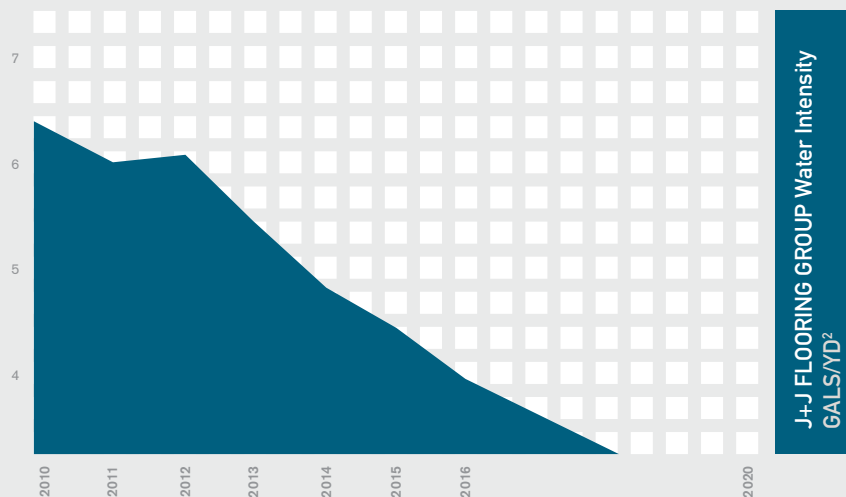
Water Usage

Reducing our water consumption by every means possible has long been central to our environmental responsibility efforts. After all, we've always said the most sustainable water is the water we don't use to begin with. Over the years, increased efficiencies in our manufacturing, along with a changing product mix, have helped us make significant progress towards using less and less water across our processes. In 2016, further improvements in the efficiency of our dyeing processes and significant increases in market demand for space dyed vs. beck dyed yarns and finishes meant we reduced our water usage by an additional 10.9%. As a result of this success, we no longer use enough water in our manufacturing systems to continue running Aquafinity®, the proprietary water reclamation system we introduced to the flooring industry in 2011 as a step towards greater water efficiency. While pausing our use of Aquafinity for the time being is another great milestone on our journey, we've already turned our attention to even more opportunities to reduce our water impact on the approach to 2020 and beyond.



VISION 20/20:

**Reduce
water
usage
by 66%**



Waste

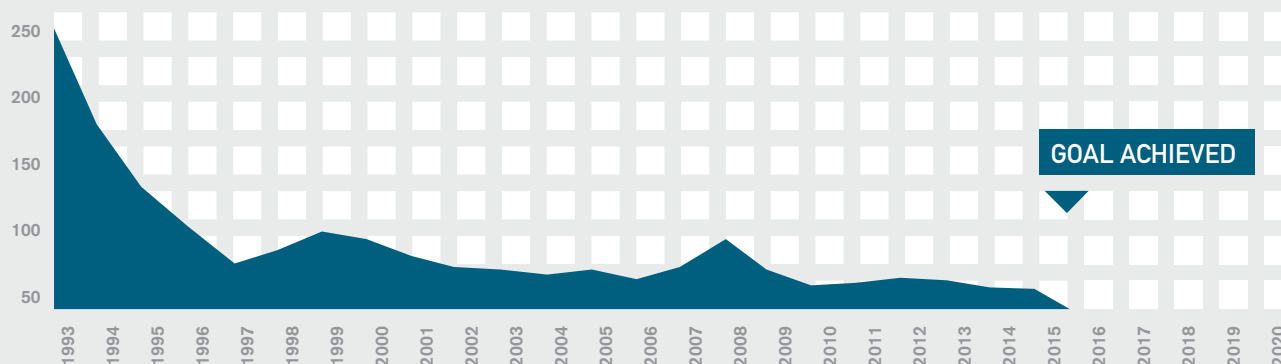
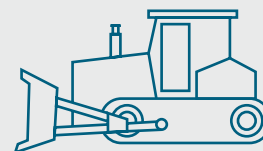
In 2016, we remained one of the handful of companies in the US – and the only US flooring manufacturer – to have achieved Zero Waste to Landfill certification*. Maintaining this status as our business volume grows requires continuous attention to our process efficiency and waste management practices – a focus we continue to keep.

*Certification assessed by GreenCircle Certified, LLC.



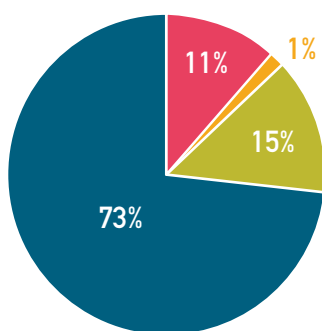
VISION 20/20:

Eliminate our use of landfills



J+J FLOORING GROUP Waste Intensity • Lbs of Landfill/1000 yd²

J+J FLOORING GROUP
Total Waste by Type & Weight



- RECYCLED**
3,874,419 LBS
- WASTE TO ENERGY**
605,500 LBS
- REUSED IN THE SAME PROCESS**
38,099 LBS
- REUSED IN A DIFFERENT PROCESS**
764,625 LBS

5,282,643 LBS

Recycled Content

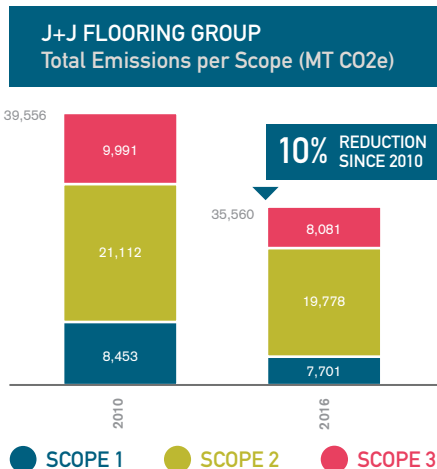
While our overall progress towards increasing recycled, bio-based or renewable content in our products remained steady in 2016, we did form a new connection with nearby automotive manufacturer, Volkswagen, to help find a new life for the calcium carbonate by-product from the car maker's state-of-the-art dry system paint process. Now, material previously considered waste plays an important role in ensuring our PremierBac® broadloom backing contains 15% post-industrial recycled content.

We continue to be the
only Zero Waste to
Landfill Certified flooring
manufacturer in the US.



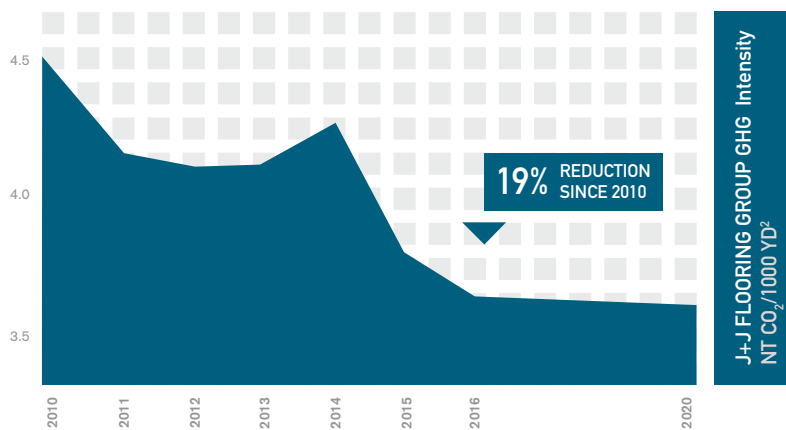
Greenhouse Gas Emissions

Reductions in our energy and water use in 2016 also spurred additional reductions in our GHG emissions – driving us closer to our Vision 20/20 goal.



VISION 20/20:

Cut our greenhouse gas emissions by 20% since 2010



Nancy Dollar and Chuck Todd



Relativity, Connection 2218



Designing Forward

Like our company's story, our design story is one of **ingenuity, creativity and responsibility**. Just as our founders saw an opportunity to repurpose unwanted yarn into new flooring (a practice emulated today with our Paradigm collections), we look for opportunities to deliver new product options for our customers every year, knowing they rely on us as a one-stop source for multiple flooring solutions.



36 new product introductions in 2016 (50% more than 2015)



In 2016, we increased the scale of our efforts by introducing more commercial broadloom and floor tile options than ever in a single year. Driven by increasing demand, we also expanded our fast-growing Kinetex product with new visual effects, applied pattern approaches and applications for this one-of-a-kind flooring category. Through our partnership with Engineered Floors, we also began the process of introducing luxury vinyl tile and hard surface into our product portfolio – further positioning us as the go-to provider for all our customers' flooring needs.

In early 2017, to keep our footprint to a minimum while maximizing the number of design options available to customers across all our product collections, we introduced Annexe, a program that offers customers access to an expanded library of tile and broadloom designs via digital renderings and samples.



Our new online rendering tool expands our customers' creative capacity by giving them space to envision various products, patterns and colorways in their spaces – reducing our material and environmental impacts by limiting the number of physical samples we need to produce.

Product Transparency

When customers choose our flooring solutions, they're choosing products to enhance physical environments for a long time. Knowing the health, safety and responsibility of those products is a critical part of their decision process. To offer peace of mind and ensure transparency, we measure and share our products' environmental and social impacts through Life Cycle Assessments (LCAs), product labeling including Environmental Product Declarations (EPDs) and Health Product Declarations (HPDs), and participation in sustainable product databases like Portico and Declare.



As of mid-2017 all of our products will be listed and declared in Declare, a transparency platform and free product database created by the Living Future Institute. Declare helps designers and other product specifiers quickly answer questions about a product's environmental impact, including its ingredient materials, whether Red List* chemicals are present, and where the product goes at the end of its useful life. Declare labels that achieve a declaration status of "Red List Free" or "Declared" can also help products become eligible for LEED V4 Building Product Disclosure and Optimization Credits, option 1.

**The Living Future Institute Red List is a list of chemicals commonly used in the building industry that can potentially pollute the environment, bio-accumulate in the food chain until they reach toxic concentrations, and cause harm to construction and factory workers.*

Sustaining Our Supply Chain

A strong network of materials suppliers is pivotal to the long-term sustainability of our company – and the sustainability of the products we create every day. As our business expands, so have our efforts to deepen our supply chain responsibility efforts in the near future, knowing clear standards for supplier responsibility are increasingly required as part of our own environmental and social performance and compliance standards. While we do not yet require our suppliers to comply with specific sustainability standards, we do prioritize local suppliers and consider their own commitment to community engagement, environmental responsibility, health and safety, human rights, labor practices and material health as part of our basis for doing business with them.



Mark Loveless and Billy Taylor





About This Report

Our report follows the fiscal year from January 1st through December 31st, 2016. Previous reports may be found at jjflooringgroup.com/sustainability/sustainability-report.

Boundary

The content of this report focuses on all wholly owned J+J operations and facilities. The data included in this report is provided on a fiscal year basis, with the exception of Greenhouse Gas data, which is provided on a calendar year basis. There have been no changes from previous reporting periods in scope, boundary or measurement methods applied to this report.

Currency

References to currency are in US dollars.

Materiality & Scope

This 2016 report addresses our commitment to corporate sustainability and our efforts to measure, manage and reduce our environmental impacts. We believe the content included in this report best addresses some of the primary interests and concerns most relevant to our stakeholders, including our employees, our customers, our suppliers and our communities.

Contact

For questions about this report, contact Russ DeLozier at russ.delozier@jjflooringgroup.com. For more information about our sustainability commitment and practices, visit jjflooringgroup.com/sustainability.

Tiffany Hiles





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FLOORING GROUP

carpet | lvt | kinetex

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