



# Changing the way the world lives outdoors

Sustainability Starts Inside Trex



SUSTAINABILITY REPORT | 2018



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Dear Stakeholders:

I often say that sustainability is in the DNA of Trex because the company was founded on a premise that ingenuity can help us extract value from what was once seen as waste. When Roger Wittenberg co-founded our company, he did so because of the amount of plastic bags his bread crumb business was discarding after processing day-old bread he sourced from bakeries. Thinking there had to be embedded value in the material, he developed the process for combining plastic from discarded bags with reclaimed sawdust to create a durable, low-maintenance composite board. Since then, Trex has perfected the process to become the world's top brand of composite decking and railing, a leader in high-performance, low-maintenance outdoor living products and a leading national provider of custom-engineered railing systems.

Today, Trex is one of the largest recyclers of discarded plastic shopping bags and polyethylene film wrap in North America, serving as one of the best proof-of-concepts for building a successful business model based on recycled material and ingenious design. Our decking products contain 95% recycled material that diverts plastic from landfills and repurposes sawdust as a wood source to avoid cutting down more trees.

With this inaugural sustainability report, we wish to communicate our positive contributions to the environment and the communities we serve. Not just because they appeal to consumers looking for more environmentally desirable products, but also because they lower our cost to manufacture products that are longer lasting, lower maintenance and more aesthetically pleasing. Our sustainable business model and

high quality products are driving significant sales growth with net sales for the year ended 2018 of \$684 million, up 21% from the \$565 million reported for the year ended 2017.

The entrepreneurial spirit of our founders lives on in our dedicated employees who continually look for opportunities to reuse or recycle items to reduce our environmental footprint. For example, we now use vegetable oil instead of petroleum-based fluids in some hydraulic systems and we prioritize process water reuse in closed loop systems, thereby lowering our consumption of water and conserving this important resource.

Many employees, including myself and others on our leadership team, collect used shopping bags that are then used as raw materials in our manufacturing process, and our company holds an annual plastic film recycling challenge where hundreds of schools across the nation compete against each other to recycle the most plastic film. We also sponsor local recycling programs in universities and communities throughout the country. While these efforts don't make up a significant percentage of our total recycled plastic film material, they do build awareness of our efforts and create a better understanding and appreciation for the importance of recycling and the value it can deliver. These initiatives help to generate more social responsibility while also furthering our mission to create environmentally friendly outdoor living spaces.

It is this interaction between Trex employees and their communities that is one of the keys to our positive culture. Our employees drive our success and I'm proud that even though we are not the largest employer in the Shenandoah Valley, we are the largest contributor to our local United Way chapter, based

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on employees' donations and the Trex match. It's a generous spirit reflected in efforts at all our facilities and bolstered by providing fair compensation and generous benefits, supporting career growth and rewarding community participation.

We appreciate your interest in this sustainability report and the progress we are making in demonstrating continued business success with environmental responsibility, employee empowerment and community engagement as guiding principles. We are committed to continued improvement and look forward to keeping you updated as we proceed.

Sincerely,



President & Chief Executive Officer





## THE BUSINESS OF TREX

There's a reason Trex is the world's #1 decking brand – we're changing the way the world lives outdoors. We pioneered the introduction of high-performance, low-maintenance composite decking and railing that combines the natural beauty of wood with the durability of recycled plastic and reclaimed wood fiber. Now, more than 25 years later, we're the world's largest manufacturer of composite decking and railing products that are sold at more than 6,700 retail locations worldwide. True to our mission statement that we will maximize opportunities that leverage our extrusion expertise and are tied to our recycling heritage, we continue to lead the way in applying our proprietary technology to a wide variety of outdoor applications and expanding our offerings in a range of styles for residential and commercial settings. Our aesthetically pleasing, durable, low-maintenance and long-lasting solutions encourage luxurious outdoor living that is a truly environmentally responsible choice.

Trex is a publicly traded company with common stock listed on the New York Stock Exchange (NYSE) since April 1999 – under the ticker symbol "TREX". Trex has two reportable segments – Trex Residential Products and Trex Commercial Products, which was acquired in July 2017. Consolidated net sales for the year ended December 31, 2018 were \$684 million, a 21% increase over the prior year.



Trex Residential Products offers a comprehensive set of aesthetically appealing and durable, low-maintenance product offerings in the decking, railing, fencing, steel deck framing and energy-efficient outdoor lighting categories.



Trex Commercial Products designs and engineers custom railing solutions typically used in professional and collegiate sports facilities, and standardized architectural and aluminum railing and staging systems for the commercial and multi-family market, including performing arts venues and sports stadiums.

Trex has approximately 1,214 full-time employees (as of December 31, 2018) with approximately 837 employees working in manufacturing operations. With headquarters and manufacturing facilities in Winchester, Virginia, We also lease a total of approximately 1.7 million sq. ft. of warehouse and facility space.



In Winchester, VA, we own and operate manufacturing facilities and a research and development technical facility on approximately 92 acres of land.



In Fernley, NV, we own and operate a manufacturing facility on approximately 37 acres of land.



We also lease a total of approximately 1.6 million sq. ft. of warehouse and facility space.

## TREX SUSTAINABILITY HIGHLIGHTS

### TREX DECKS AND RAILING

- Trex decking is made from 95% reclaimed wood fiber and recycled plastic film
- Proprietary protective polymer shell enhances long-term resistance to fading, staining, mold and scratching
- Protected from rot and insect infestation without chemical treatment
- 25-year limited residential warranty that our decking and railing products will remain free from material defects in workmanship and materials; high-performance decking products have an additional 25-year limited fade and stain warranty
- A minimum of 50% of the aluminum used in our Residential Products line is from recycled sources
- Approximately 70% of the aluminum and stainless steel used in our Commercial Products line is from recycled sources
- Durability and low-maintenance attributes lower lifetime ownership costs

## TREX BY THE NUMBERS

#1 World's #1 decking brand

\$684M Net sales in 2018

2.4M Sq. ft. of manufacturing, warehouse and operations space

500M+ Pounds of recycled plastic film diverted from landfills and reclaimed wood fiber used annually

6,700+ Retail locations worldwide

1,214 Employees

25+ Years in business

### TREX MANUFACTURING AND OPERATIONS

- Trex is one of the largest recyclers in North America of plastic film from a variety of sources, ranging from the overwrap on paper towels to dry cleaner bags, sandwich bags, newspaper sleeves and grocery and shopping bags
- An average 500 sq. ft. composite Trex deck may contain approximately 140,000 recycled plastic bags
- We use locally sourced, reclaimed scrap wood fiber
- Proprietary, eco-friendly processing method minimizes greenhouse gas emissions
- Bi-coastal factories reduce fuel consumption and greenhouse gas emissions
- Nearly 100% of Trex factory scrap is recycled back into the manufacturing line
- Trex focuses on innovation to decrease the company's environmental footprint



# Trex's Approach to Governance, from Top Down & Bottom Up

## CORPORATE GOVERNANCE

At Trex, strong and effective corporate governance is the foundation of a well-run, sustainable business. Our corporate governance practices set clear expectations and responsibilities for leaders, employees and partners that ultimately create long-term competitive returns for shareholders and lasting value for all stakeholders. Our [most recent proxy](#) is available on our website and includes a more detailed discussion of our corporate governance and director and executive compensation.

Our Board of Directors is collectively responsible for the leadership, control, development and long-term success of the company. The Board oversees and provides policy guidance on our business and monitors corporate performance, the integrity of financial information and the effectiveness of legal compliance and enterprise risk management programs. The Board has three standing committees – Audit, Compensation and Nominating/Corporate Governance. The [Board Committee Charters](#) are available on our website. The Board also oversees our senior management team, which is responsible for managing environmental and social risks and opportunities, and succession plans for key executives.

Annually, the Board works with the senior management team on a detailed multi-year strategic plan and reviews progress towards stated goals on a quarterly basis. Meanwhile, the executive team provides day-to-day leadership and is responsible for executing the long-term strategy and achieving the established financial objectives. Our [Corporate Governance Principles](#) are available on our website. These guidelines, in conjunction with the Restated Certificate of Incorporation, By-Laws and Board Committee Charters, form the company's governance framework.

The Board is led by a non-executive Chairman, and other than our Chief Executive Officer, our Board's directors are independent under NYSE and Trex independence standards. We also have a Lead Independent Director who is appointed biannually by the Board.

We are committed to conducting our business activities with the highest standards of integrity, business ethics and accountability and in accordance with all applicable laws and regulations. Our legal and ethical compliance program, under our Board's oversight and our executive team's leadership, consists of a number of elements designed to help our employees, officers and directors understand, implement and consistently reinforce our commitment to ethical business practices. Our program includes the [Trex Company Code of Conduct and Ethics](#) (the "Code of Ethics") outlining all compliance requirements, the Trex Corporate Governance Hotline for 24/7 anonymous reporting of actual or potential violations, and ethics training courses and communications, including our Employee Handbook. We have policies that address employee relations, including strict anti-discrimination and anti-harassment policies, employee and facility safety, product quality and safety, company records, funds and property, antitrust, conflicts of interest, environmental, financial reporting, insider trading, data privacy and whistle-blowing. Our Code of Ethics specifically forbids retaliation against any employee who makes a report in good faith.



## ENVIRONMENTAL & SOCIAL GOVERNANCE

Our Board of Directors and senior management team recognize the importance of environmental, social and governance (“ESG”) matters and how they impact our stakeholders. At Trex, appropriately responding to ESG issues is an important component of corporate social responsibility and comprehensive fiscal management. In light of the continued importance surrounding ESG matters, we’re active in establishing and improving programs, practices and policies that benefit the company, our stockholders, our employees and the communities we impact. Strong ESG programs and practices are critical to attracting the best talent, executing on our strategies, maintaining a robust supplier and channel partner base and innovating to meet consumers’ evolving expectations.

We are committed to conducting operations and activities in a manner that provides and maintains safe and healthful working conditions, protects the environment and conserves natural resources. In meeting this commitment, it is our policy that no employee shall engage in any conduct that violates any environmental, health or safety law or is otherwise inconsistent with the health and safety needs of our employees and the environmental needs of our communities. We are also committed to the prevention of pollution and the continual improvement of our environmental management systems and environmental, health and safety programs.

Issuing this inaugural sustainability report is part of the company’s ongoing strategy to communicate Trex’s management of environmental risks and opportunities. Our commitment to limiting environmental impact includes developing and offering more sustainable products to the market as well as reducing the environmental footprint of the company’s activities. Trex also meets or exceeds all standards established by appropriate regulatory agencies for natural resources including air, water and wastewater. Trex leadership recognizes that investors are increasingly interested in companies’ strategies for managing climate-related risks and opportunities. Trex uses a proprietary, eco-friendly processing method that minimizes greenhouse gas emissions and reduces risk exposure to carbon pricing considerations and trends.

Our [Environmental Policy](#), which is posted on our website, outlines our foundational commitment to conducting business in an ethical and socially responsible manner that respects the environment by:

- Preventing pollution by maintaining environmental management as a core value;
- Leading environmental performance through management example, employee involvement and employee empowerment;
- Developing and using environmentally acceptable, safe and efficient production methods;
- Using recycled, reclaimed and other waste resources and materials whenever possible to avoid the unnecessary use of virgin natural resources or virgin industrial materials;
- Identifying and complying with all legal and statutory requirements;
- Analyzing our commitment through the use of key performance indicators for continuous improvement.

Relevant environmental matters are the responsibility of the senior management team, including the President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, and General Counsel.

## HUMAN RIGHTS

Trex supports fundamental standards that underscore our commitment to value and respect our employees, business partners, customers and communities. We have adopted a Human Rights Policy that shares our philosophy about the way we conduct business and sets forth our values related to working conditions and human rights. We comply with all applicable national laws and international treaties concerning human rights, social rights and labor rights, consistent with the principles of the United Nations Universal Declaration of Human Rights. A copy of our [Human Rights Policy](#) is available on our website.

## VENDOR AND CUSTOMER CODE OF CONDUCT AND ETHICS

Trex expects all parties providing goods and service to us, and all channel partners who distribute, sell and/or install Trex products, to conduct their business activities with the same high standards of business ethics that we have committed to, and in accordance with all applicable laws and regulations. We have a Vendor and Customer Code of Conduct and Ethics that outlines our expectations for external partners, and our selection and continued use of suppliers and customers is based on compliance to these standards with respect to the goods and services we purchase and sell. A copy of our [Vendor and Customer Code of Conduct and Ethics](#) is available on our website.

Learn more at <https://www.trex.com/our-company/corporate-governance/>.

# Trex Products

Trex Residential Products offers decking, railing, fencing, steel deck framing and energy-efficient outdoor lighting products that are sold to distributors and home centers for final resale primarily to the residential market in more than 6,700 locations worldwide.

Trex Commercial Products designs and engineers custom railing systems and staging equipment, which are prevalent in professional and collegiate sports facilities, commercial and high-rise applications and performing arts, sports and event production and rental applications. Trex aims to provide eco-friendly products for the architectural railing market and promote an effort for design innovation that decreases our environmental footprint. With our team of devoted engineers, industry-leading reputation for quality and dedication to customer service, Trex Commercial Products are sold through specifiers and contractors.

## TREX RESIDENTIAL PRODUCTS

<b>DECKING</b>	Our principal decking products are Trex Transcend®, Trex Enhance® and Trex Select®. Our decking products are comprised of a blend of 95% reclaimed wood fiber and recycled plastic film and feature a proprietary protective polymer shell for enhanced protection against fading, staining, mold and scratching. We also offer Trex Hideaway®, a hidden fastening system for grooved boards.
<b>RAILING</b>	Our railing products are Trex Transcend Railing, Trex Select Railing and Trex Signature® aluminum railing. Trex Transcend Railing, our composite railing made from approximately 40% recycled content, is available in the colors of Trex Transcend decking and finishes that make it appropriate for use with Trex decking products as well as other decking materials. Trex Select Railing, made from approximately 40 percent recycled content, is ideal for consumers who desire a simple, clean finished look for their deck. Trex Signature aluminum railing, made from a minimum of 50% recycled content, is available in three colors and designed for consumers who want a sleek, contemporary look.
<b>FENCING</b>	Our Trex Seclusions® fencing product is offered through two specialty distributors. This product consists of structural posts, bottom rail, pickets, top rail and decorative post caps and contains 95% recycled content consisting of reclaimed wood fiber and recycled plastic film.
<b>STEEL DECK FRAMING</b>	Our triple-coated steel deck framing system called Trex Elevations® leverages the strength and dimensional stability of steel to create a flat surface for our decking. Made from approximately 50% recycled content, Trex Elevations provides consistency and reliability that wood does not and is fire resistant.
<b>OUTDOOR LIGHTING</b>	Our outdoor lighting systems are Trex DeckLighting™ and Trex Landscape Lighting™. Trex DeckLighting is a line of energy-efficient LED dimmable deck lighting, which is designed for use on posts, floors and steps. The line includes a post cap light, deck rail light, riser light and a recessed deck light. The Trex Landscape Lighting line includes an energy-efficient well light, path light, multifunction light and spotlight.

## TREX COMMERCIAL PRODUCTS

<b>ARCHITECTURAL RAILING SYSTEMS</b>	Our architectural railing systems are pre-engineered guardrails with options to accommodate styles ranging from classic and elegant wood top rail combined with sleek stainless components and glass infill, to modern and minimalist stainless cable and rod infill choices.
<b>ALUMINUM RAILING SYSTEMS</b>	Our aluminum railings, made from approximately 70% recycled content, are a versatile, cost-effective and low-maintenance choice for a variety of interior and exterior applications that blend form, function and style. They are often used in sports stadiums and arenas, office buildings and high-rise condominium and resort projects and offer safety and durability to stairs, public walkways and balconies. They are available in picket or glass infills with a selection of top cap styles, color finishes and mounting capabilities.
<b>CUSTOM RAILING OPTIONS</b>	We can design, engineer and manufacture custom railing systems tailored to the customer's specific material, style and finish. Many railing styles are achievable, including glass, mesh, perforated railing and cable railing.
<b>STAGING EQUIPMENT AND ACCESSORIES</b>	Our advanced modular, lightweight custom staging systems include portable platforms, guardrails, stair units, barricades, camera platforms, VIP viewing decks, ADA infills, DJ booths, pool covers and other custom applications. Our systems provide superior staging product solutions for facilities and venues with custom needs. Our modular stage equipment is designed to appear seamless, feel permanent and maximize the functionality of the space.



## OPTIMIZED MANUFACTURING

Our quality products are the result of manufacturing processes we've optimized over the years. Products produced at our Winchester, Virginia and Fernley, Nevada manufacturing facilities are primarily made from reclaimed wood fiber and scrap polyethylene using a process that involves mixing wood particles with plastic, then heating and extruding the highly viscous material through profile dies. Meanwhile, commercial products manufactured at our Brooklyn Park, Minnesota manufacturing facility are primarily manufactured from aluminum and stainless steel, with a process that involves cutting, machining, welding and finishing.

We seek to continuously improve our manufacturing processes using Six Sigma and Lean Manufacturing methodologies throughout our plant operations and in the planning and execution of business-critical projects. We use many proprietary and skill-based advantages in our manufacturing process, and we have made substantial investments in manufacturing process improvements that have enabled us to increase manufacturing line production rates, facilitate development of new products, and produce improvements in our existing products' dimensional consistency, surface texture and color uniformity.



RECLAIMED WOOD FIBER AND RECYCLED PLASTIC FILM ARE PURCHASED



PLASTIC FILM IS CLEANED AND GROUND INTO GRANULES



PLASTIC FILM AND WOOD FIBER ARE COMBINED AND HEATED



MIXTURE IS MIXED TO A SOFT, PLIABLE CONSISTENCY



MIXTURE IS FORMED INTO BOARDS USING PROFILE DIES



BOARDS ARE COOLED AND CUT TO LENGTH



BOARDS ARE INSPECTED BY QUALITY CONTROL FOR DEFECTS, STRENGTH AND COLOR ACCURACY



FINISHED BOARDS ARE WRAPPED AND SHIPPED



## LEED CERTIFICATION CONTRIBUTIONS

Our decking products meet LEED requirements for builders and our commercial products have contributed to the LEED certifications of some high profile venues. LEED is a point-based system created in part by the U.S. Green Building Council (USGBC), which Trex participates in, to reward points to building projects that incorporate efficient and safe, eco-friendly products.

Trex residential decking products **can add up to five points to a project**—four points in the Materials and Resources category for being composed of up to 95% recycled materials, and one point in the Innovation and Design category.

Our commercial railing products also typically contribute to LEED certification points in the Materials and Resources category based on recycled aluminum, steel, stainless steel and glass content.

LEED-designated buildings (Silver, Gold or Platinum) tend to attract higher demand, premium rates and longer occupancy leases, thereby supporting continued and growing demand for products that can facilitate LEED designations.



## PRODUCT WARRANTIES

Trex products are made to last. Our **25-year warranty protection** gives customers assurance that Trex decks will not rot, warp or crack and are resistant to damage from insects. And while all of our decking and railing products offer a 25-Year Limited Residential Warranty against material defects, our high-performance decking products include an additional layer of coverage with our 25-Year Limited Residential Fade and Stain Warranty for added confidence that these beautiful decks will endure what Mother Nature sends their way.







## INTELLECTUAL PROPERTY

Our success depends, in part, upon our intellectual property rights relating to our products, production processes and other operations. We rely upon a combination of trade secret, nondisclosure and other contractual arrangements, and patent, copyright and trademark laws, to protect our proprietary rights. We hold several U.S. Patents and U.S. Patent Applications for technologies related to decking, staging systems and accessories.

## SUPPLY CHAIN SUSTAINABILITY

Currently, approximately 95% of our supply vendors are based in the United States. We ensure that purchases are made from sources that operate with ethical and responsible business practices, and we continue to optimize our supply chain through strategic sourcing and risk management activities. These practices include having agreements with key suppliers and identifying dual/multi sourcing strategies to facilitate continued availability of materials for production. For significant purchases and business opportunities, we conduct supply chain assessments, including in-person reviews and operating facility tours. See our website for our [Vendor and Customer Code of Conduct and Ethics](#).

We work with our suppliers to reduce environmental impact across the supply chain, using post-consumer and post-industrial content in raw materials and purchased finished goods where possible. In addition to using a recycled polyethylene supply base, aluminum extrusions purchased for use in our residential products contains a minimum of 40-50% recycled content. In addition, approximately 70% of the aluminum and stainless steel used in the commercial products is from recycled sources. Trex maximizes the use of

all materials, including joining the [Operation Clean Sweep](#) (OCS) pledge supported by the American Chemical Council and the Plastics Industry Trade Association to implement the OCS program for achieving Zero Pellet Loss for the plastic we use during manufacturing.



The International Code Council Evaluation Service® (ICC-ES) under the Sustainable Attributes Verification and Evaluation (SAVE) Program™ [verified and authenticated 95% reclaimed/recycled content for Trex decking](#). ICC-ES SAVE is a nonprofit, limited liability company that does technical evaluations of building products, components, methods and materials. The evaluation process culminates with the issuance of technical reports that, because they directly address the issue of code compliance, are extremely useful to both regulatory agencies and building product manufacturers.

## END OF LIFESPAN CONSIDERATIONS

Trex decks last for decades, minimizing a deck's lifetime cost and reducing the likelihood of replacement needs. Our products are also stable and inert, minimizing the risk of product degradation and associated greenhouse gas emissions when disposed of in a landfill. That said, Trex is not aware of any landfill diversion programs or product material recovery programs in place for Trex products. A lack of efficient collection processes prevents used Trex decking/railing products from being recycled at the end of their lifespan. As composite use becomes more widespread and collection programs are developed, Trex will make all efforts to advance these programs.

# Natural Resources Management at Trex

## TREX BY THE NUMBERS

### ENERGY AND GREENHOUSE GAS EMISSIONS

Trex prioritizes the use of clean technology in its residential manufacturing operations, thereby minimizing greenhouse gas emissions. Because Trex does not contribute significant emissions and has intrinsically tied its financial growth targets to this clean technology, Trex has minimized its exposure to carbon trends including carbon pricing.

### ENERGY SAVINGS

Trex prioritizes energy savings as part of its ongoing evaluation and optimization of business operations and manufacturing processes. Year-over-year for the 2017-2018 calendar year, approximately 8% energy savings was achieved across gas (3-4%) and electricity (4%) via several energy reduction initiatives. We continued to achieve benefits from our efforts throughout 2018. Primary energy savings came from impactful initiatives, including installing energy-saving lighting systems across many Trex manufacturing and warehousing operations, installing cooling towers and using variable speed equipment. Secondary savings came from installing motion sensors to control lights, installing LED lights and using heat exchangers to reuse heat.

### TRANSPORTATION EFFICIENCY

While customers control much of the transportation processes for Trex products, we are prioritizing sustainability in our logistics. Currently, 98% of Trex's transportation needs are accomplished with semi-trailer trucks, with the remaining 2% associated with rail and other transportation. Trex is working to shift more shipping to rail transportation to reduce associated energy use and emissions (each railcar can accommodate approximately 250,000 lbs. of goods, compared to 40,000+ lbs. in a semi-trailer truck). We also plan to prioritize route optimization processes in 2019 for greater efficiency.

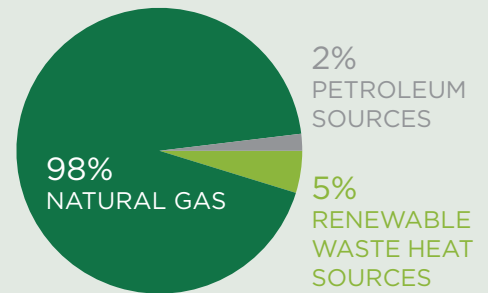
Other initiatives include replacing gas-powered lifts with propane- and electric-powered lifts where possible and using GPS systems to optimize warehouse equipment utilization. Trex has a voluntary car pool program to encourage the workforce to reduce the impact of their personal transportation activities on the environment.

### AIR QUALITY

Trex manufacturing processes do not generate any appreciable NOx (Nitrogen Oxide) or SOx (Sulphur Oxide) that would typically negatively affect air quality. Trex monitors and manages air quality across our manufacturing operations, and our manufacturing sites operate under air permits through their respective state departments of environmental protection/quality. We have installed air pollution control equipment for particulates, VOCs (volatile organic compounds) and some state-specific air toxins to maintain and control these pollutant categories well below federal and state permit standards.

### ENERGY

#### ENERGY SOURCE MIX




### WATER

#### ESTIMATED ANNUAL WATER SAVED AT EACH PLANT FROM OUR CLOSED-LOOP SYSTEMS



**110M+**  
GALLONS PER YEAR  
AT WINCHESTER



**50M+**  
GALLONS PER YEAR  
AT FERNLEY

### PLASTIC & WOOD

#### ESTIMATED ANNUAL RECYCLED PLASTIC FILM AND RECLAIMED WOOD FIBER USED



**500M+**  
POUNDS PER YEAR





LIFECYCLE ANALYSIS RESULTS

# COMPARING TREX® COMPOSITE DECKING & PRESSURE-TREATED LUMBER DECKING

Compared to wood decking (redwood, pressure-treated lumber and cedar), Trex composite decking is more durable, longer lasting and easier to maintain. Trex composite decking avoids many of the resource-intensive production and maintenance aspects associated with wood decking.



**MORE DURABLE**



**LONGER LASTING**



**EASIER TO MAINTAIN**

**FOR EXAMPLE:**

Wood decking needs seasonal painting, staining or sealing, and it can fade and stain easily.

**Trex composite decking will look and feel great for decades, with only a little soap and water or a quick power washing needed for maintenance.**

Wood decking becomes a safety hazard when it rots, splits and splinters, or when insects cause extensive structural damage.

**Trex composite decking resists rotting, splitting and insect infestations.**

Wood decking contributes to deforestation.

**Trex composite decking is made from 95% recycled materials and repurposes sawdust as a wood source to avoid cutting down more trees.**

**SUMMARY OF LCA ENVIRONMENTAL IMPACT RESULTS FOR TREX DECKING AND ACQ TREATED LUMBER OVER A 25 YEAR PERIOD**

Per 1 million board feet (Mbf) of Trex Decking vs. 2.5 Mbf of ACQ-Treated Wood\*

IMPACT CATEGORIES	TREX DECKING	ACQ TREATED LUMBER
GHG emissions (g/CO2e)	1,395,000	2,190,000
Criteria air pollutants (microDALYs/g)	220	415
Fossil fuel use (MJ)	24,410	15,310
Acidification (mole hydrogen-ion eq.)	244	1,510
Eutrophication (g-N-eq.)	74	375
Ecological toxicity (g-2, 4-D eq.)	238	3,550
Smog (g-NOX eq.)	150	319
Public supply process water use (liters)	5,080	2,920
Cooling water use (liters)	2,670	N/A

A lifecycle analysis (LCA), conducted by an independent third-party in 2016, established baseline energy, emissions, water and waste performance metrics for Trex. This LCA focused on our 1" X 6" decking, our largest product by volume. Trex compares very favorably to decking from Alkaline Copper Quaternary (ACQ) pressure-treated lumber used in wood decking, over the 25-year warranted period of a Trex deck.

Our operations have not materially changed relative to production since the 2016 LCA and we are confident the metrics provide a reasonable reference point for our energy, emissions, water and waste performance overall.

**IN CONTRAST TO ACQ-TREATED LUMBER DECKING\* OVER A 25 YEAR PERIOD, TREX DECKING LIFECYCLE IMPACTS ARE:**

↓ **36% FEWER**  
GHG EMISSIONS

↓ **47% FEWER**  
CRITERIA AIR POLLUTANTS

↑ **59% MORE**  
ENERGY USE AND  
FEEDSTOCKS

↓ **84% LESS**  
ACIDIFICATION

↓ **80% LESS**  
EUTROPHICATION

↓ **53% LESS**  
SMOG

↓ **93% LESS**  
ECOLOGICAL TOXICITY

↑ **74% MORE**  
PUBLIC SUPPLY  
PROCESS WATER USE

*(figures rounded to the nearest %)  
\*This comparison equates 25 wood decks to 10 Trex decks; ACQ-treated wood decking typically has a 10 year lifespan, while Trex decking has an assumed 25 year lifespan.*





## CHEMICALS IN MANUFACTURING

Trex uses very small amounts of chemical additives in the manufacturing process and these are added at levels well below safety thresholds for worker health and the environment. Some of these chemicals already exist naturally in the material inputs.

## WATER CONSERVATION

Water management is of critical importance to both the company and the local communities where we operate, given that Trex sources all water for business and manufacturing needs from municipal supplies. Operations at Winchester and Fernley include closed-loop water recirculation processes that reuse the vast majority of consumed water, the rest of which is lost to evaporation. Trex's Virginia Poly Operations plant is implementing a process water conservation project that is scheduled to be operational by the end of Q1 2019. Upon completion, this site improvement is expected to reuse nearly 50% of consumed water.

## WASTEWATER

All Trex manufacturing operations operate under wastewater permits from their respective local municipal wastewater treatment plants and actively maintain compliance with these permits. Based on annual rainfall for their locations, some of the Trex manufacturing operations have been granted general storm water discharge permits by their state department of environmental protection/quality, requiring quarterly in-house inspections and monitoring. These operations are in compliance with the requirements of these storm water permits.

## SOLID AND HAZARDOUS WASTE

All internally generated scrap products from manufacturing operations are recycled internally on site. All Trex manufacturing operations are listed with the Federal Environmental Protection Agency (EPA) under the RCRA (Resource Recovery Act) as a CESQG/VSQG (Conditionally Exempt/Very Small Quantity Generator) that does not accumulate more than 2,205 lbs. of hazardous waste at any one time. Universal wastes, a subset of hazardous wastes that includes mercury relay fluorescent light tubes and batteries, are properly accumulated and stored and then sent off-site for appropriate

recycling. Scrap paper, cardboard, metals and plastic strapping are also accumulated on site and then sent off-site to be recycled.

## RECYCLING

Trex has taken steps to reduce raw material needs and lower waste going into landfills by increasing our focus on using polyethylene film scrap directly in operations (plant & plant pellets) and minimizing manual sorting and film waste. Trex recycles all packaging materials, including pallets, corrugate, strapping, metal, oil, wire, etc. and reuses our own manufacturing scrap. All of Trex's plastic and wood packaging is recycled as part of Trex's internal manufacturing processes.

*An average 500 sq. ft. composite Trex deck may contain approximately 140,000 recycled plastic bags, films and wraps, which makes Trex one of the largest scrap film polyethylene recyclers in North America.*

Nearly all of Trex's recycled plastic film comes from post-consumer sources -- ranging from the overwrap on paper towels to dry cleaner bags, sandwich bags, newspaper sleeves, package liners and shopping bags to shrink wrap and stretch film used to palletize boxes and equipment. This used plastic film is sourced from approximately 15,000 retail collection locations (grocery stores, major retailers, etc.) where the general public can drop off scrap polyethylene for recycling. Additional sources include distribution centers for food, auto parts and consumer goods where large amounts of shrink wrap are removed from pallets.

## WOOD SOURCING

Trex is committed to the responsible sourcing of reclaimed wood materials. We source a significant percentage of reclaimed wood fiber from suppliers whose wood products are certified by leading forestry management organizations. We have contracts in place for wood sourcing, which have helped the company manage wood sourcing costs over time.

# Trex Culture & People



MUCH LIKE OUR PRODUCTS, OUR PEOPLE ARE HIGH-PERFORMING, UNYIELDING AND INNOVATIVE. WE BELIEVE ONE OF OUR GREATEST COMPETITIVE ADVANTAGES IS OUR PEOPLE. KNOWING THIS, WE FOSTER THE DEVELOPMENT AND ENGAGEMENT OF OUR EMPLOYEES IN MANY WAYS, AND HAVE EARNED INDUSTRY RECOGNITION AS A RESULT OF OUR EFFORTS.

## EMPLOYEE INCENTIVES & RETENTION

We offer competitive benefits in the form of health care, wellness programs, a generous 401(k) match, an employee stock purchase program and bonus/incentive compensation for eligible employees. These incentives and benefits encourage employee retention with favorable results. Over the last five years, our voluntary turnover rate for employees with more than one year of service is less than 5%; in 2017, that number was 3%.

## EMPLOYEE TRAINING & DEVELOPMENT

We recognize the importance of developing our current and future leaders within the company and we have developed a five-part training program for all employees who manage people or processes. This is one of many steps being taken to make sure development needs are being addressed. Additionally, a great deal of effort has been put into executive development as it relates to preparing high-performing individuals for more senior roles to ensure continuity of successful operations.

All salaried employees participate in a regular performance review process that includes goal-setting (professional and developmental), coaching and feedback, and formal mid-year and end-of-year review sessions.

## EMPLOYEE ENGAGEMENT

We conduct periodic engagement surveys for all Trex employees at all levels. The results were shared with all department leaders and many actions have been put in place to cultivate our identified strengths and to help close identified gaps.

Year-over-year results of our annual employee engagement survey compare favorably, revealing our workforce's commitment to staying with Trex over time.

**For example, in our surveys, a high percentage of employees indicate they intend to work at Trex in two years' time, and that percentage still rose 11% year-over-year from 2016 to 2017.**

2016

2017



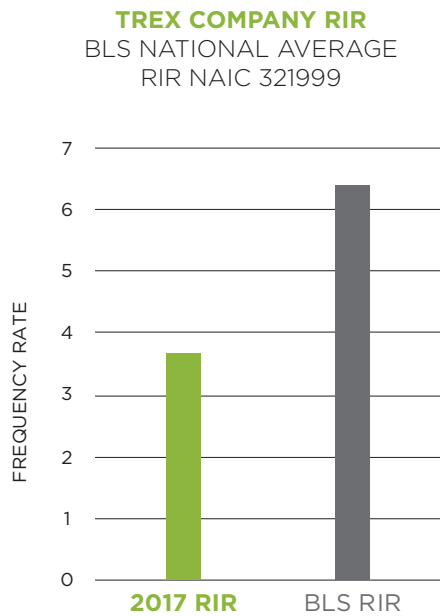
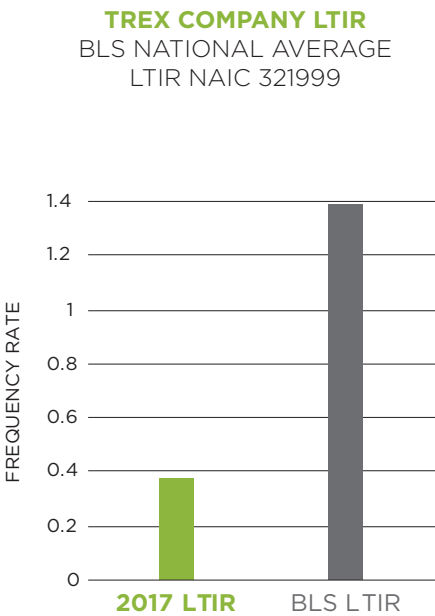
# OCCUPATIONAL HEALTH & SAFETY

The safety of our employees is paramount to ensuring Trex's success. Trex is an active member of Voluntary Protection Programs Participants' Association, Inc. (VPPA), the National Safety Council and the National Fire Protection Association.

Lost time incident rate (LTIR) refers to the amount or number of lost time injuries—that is, injuries that occurred in the workplace that resulted in an employee's inability to work the next full work day, which occurred in a given period relative to the total number of hours worked in the accounting period. In many countries, the figure is typically calculated per 1,000,000 hours worked. A recordable incident rate (RIR) describes the number of employees per 100 full-time employees that have been involved in an Occupational Safety and Health Administration (OSHA) recordable injury or illness.

LTIR performance for Trex has earned the company safety awards. We maintain an [Occupational Health and Safety Policy](#) that can be found on our website and outlines our commitment to plan, perform all operations and operate in a manner that is safe and efficient for employees, the environment and local communities. We recognize that all Trex employees play a critical role in sustaining a compliant and safety conscious work environment and that Trex leadership is responsible for keeping safety at the forefront of business planning and execution by continuously improving operational discipline and safety culture.

## TREX COMPANY LTIR AND RIR COMPARED TO BUREAU OF LABOR STATISTICS (BLS) NATIONAL AVERAGE RATES FOR ALL OTHER MISCELLANEOUS WOOD PRODUCT MANUFACTURING NAIC 321999



Trex LTIR and RIR performance in 2017 is well below national averages determined by the BLS, reflecting the positive outcomes of our unwavering commitment to safety across our manufacturing operations.





## COMMUNITY ENGAGEMENT

Trex takes its role as a corporate citizen seriously. An internal committee identifies needs within the communities in which Trex operates to focus charitable giving initiatives, including schools, clinics, museums, and many different programs built to assist those in need. Employees also suggest causes for consideration. Trex prides itself for its involvement in the following initiatives.

### WINCHESTER MEDICAL CENTER HEALING GARDEN

In 2016, Trex Residential Products contributed \$550,000 of cash and in-kind gifts for the construction of a Healing Garden in the Valley Health Cancer Center at Winchester Medical Center. Trex provided two miles of decking product, if placed end-to-end, to create this serene setting for patients and visitors. Trex has provided long-standing support for the hospital's cancer center development, acting as a sponsor by providing cash and product donations. Results of the project were shared with Trex employees as recently as September 2017.

### CITY OF WINCHESTER AND THE MUSEUM OF THE SHENANDOAH VALLEY

Trex is actively working to create a new park with more than three miles of beautiful trails that will open 90 acres of Winchester landscape to the community for the first time. Trex has provided a total donation value of \$140,000 in products, including seven miles of decking and fascia, placed end-to-end.

### UNITED WAY

For the last 10 years, Trex has been the largest contributor to the United Way of the Northern Shenandoah Valley, led by employee giving efforts that we match. During the last five years alone, Trex and its employees have contributed over \$800,000.

### SCHOOL TRAINING

Trex is currently cultivating relationships with schools in the community to support developmental programs for high school students to develop job-related technical skills.



## COMMUNITY RECYCLING PROGRAMS

### THE PLASTIC FILM RECYCLING CHALLENGE, PLASTIC SCHOLASTIC

Every year hundreds of schools across the nation compete against each other to recycle the most plastic film. In addition to promoting fun and healthy competition, the Trex Plastic Film Recycling Challenge provides students a better understanding and appreciation for the importance of recycling. By motivating more schools to participate in the Trex Plastic Film Recycling Challenge, we're helping to generate more socially responsible students. Thousands of students across the country have prevented millions of plastic bags from ending up in landfills. Trex donates a high-performance composite bench to the winning school, and bestows honorary awards to every school that participates.

The challenge begins each year on America Recycles Day. Trex provides participating schools with promotional materials and three recycling bins. A volunteer must weigh and report the collected materials every month before delivering them to one of our participating drop-off retailer locations. Winners are announced on Earth Day.

### UNIVERSITY AND COMMUNITY RECYCLING PROGRAMS

Trex is proud to sponsor local recycling programs in universities and communities throughout the country. If a team can collect more than 500 lbs. of plastic refuse in a six-month span (more than 40,000 plastic bags), Trex will donate a high-performance composite bench to the school or community. Trex provides promotional materials and recycling bins, and a volunteer must weigh and report the collected materials every month before delivering them to one of our participating drop-off retailer locations.

## COMMUNITY ENERGY SHARING

Trex participates in the EnerNoc on-demand energy load sharing program on an ongoing basis. This community energy management program allows the local grid to request that Trex reduce its energy use to better supply the local community in times of need.

*Trex decking and outdoor living solutions contribute to the tranquility of the healing garden enjoyed by Valley Health Cancer Center patients, employees and visitors (images left and below).*



# Industry Recognition

Trex is recognized often for our environmental stewardship, product integrity, design innovation and commitment to our employees and the communities where we operate. Select recent industry accolades include the following awards and recognition.



Green Builder magazine Readers' Choice for greenest decking brand for the past eight years



Environmental Vendor of the Year by The Home Depot in 2016



Houzz "Best of Houzz" design award for the fourth consecutive year in 2018



Design Journal Awards for Design Excellence (ADEX) Platinum and Gold awards in 2015 and 2016

## Builder

Secured the highest number of top spots in the Builder magazine 2018 Brand Use Study for the 11th year in a row - an unprecedented streak achieved by no other manufacturer.

"Brand used most" and "Brand used most in the past two years" for the composite/PVC decking category

"Quality" category top position

## Professional Builder

Professional Builder and Professional Remodeler Magazine "Top 100" lists, compiled based on reader input, featured Trex Enhance® and Trex Transcend® in 2017



Builder and Developer readers voted Trex "Best Decking" in 2016

Other awards include accolades from Professional Remodeler, Ocean Home, Remodeling, This Old House, Peninsula Publishing and a Hardware + Building Supplier Golden Hammer award.











# Materiality Assessment Process

Trex assesses the materiality of environmental, social and governance (ESG) aspects of our business as part of our corporate governance process. To determine important topics for discussion in this inaugural sustainability report, we evaluated our business using the Sustainability Accounting Standards Board (SASB) Building Products & Furnishings standard, and supplemented this standard with topics of interest for other leading industry ratings agencies, including MSCI, Sustainalytics and ISS. We then compared this range of potentially material topics with corporate priorities as set by the Board and executive team, using the SASB five factor test to evaluate risks and opportunities associated with each topic and their level of critical importance to the business' bottom line.

We compiled our corporate policies and positions for inclusion in this report and have provided an accompanying narrative outlining relevant business updates and considerations. We will review and update our materiality assessment in subsequent reporting periods to ensure ongoing relevance to our business priorities, risks and opportunities.

Organizations referenced to determine materiality topics:







# Key Metrics, Data & Topics in the Trex 2018 Sustainability Report

## BUSINESS METRICS

2018 NET SALES	\$684 Million
NUMBER OF EMPLOYEES	1,214
WORLDWIDE RETAIL LOCATIONS	6,700
MANUFACTURING & OPERATIONS SPACE	2.4 Million sq. ft.

## TOPICS DISCUSSION & DATA

ENERGY MANAGEMENT & SOURCING	See Natural Resources Management at Trex, <a href="#">page 12</a>
CARBON FOOTPRINT	See Natural Resources Management at Trex, <a href="#">page 12</a>
GHG EMISSIONS	See Natural Resources Management at Trex, <a href="#">page 12</a>
TOXIC WASTE, EFFLUENTS & EMISSIONS MANAGEMENT	See Natural Resources Management at Trex, <a href="#">page 15</a>
PRODUCT LIFECYCLE ENVIRONMENTAL IMPACT MANAGEMENT	See Trex Products, <a href="#">pages 8-11</a>
WOOD SOURCING	See Natural Resources Management at Trex, <a href="#">page 15</a>
OCCUPATIONAL HEALTH & SAFETY	See Trex Culture & People, <a href="#">page 17</a>
CORPORATE GOVERNANCE	See Trex's Approach to Governance, from Top Down & Bottom Up, <a href="#">page 6</a>

*The topics discussed and data provided in this report reflect certain guidance that leading industry reporting frameworks and ratings organizations offer surrounding ESG factors they deem important for companies to manage. Information included in this report was determined as a result of our materiality assessment process. Certain disclosures in this report may be considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The "Cautionary Statement" in the "Management Discussion and Analysis of Financial Condition and Results of Operation" section of our most recent Form 10K should be read in conjunction with such statements.*





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