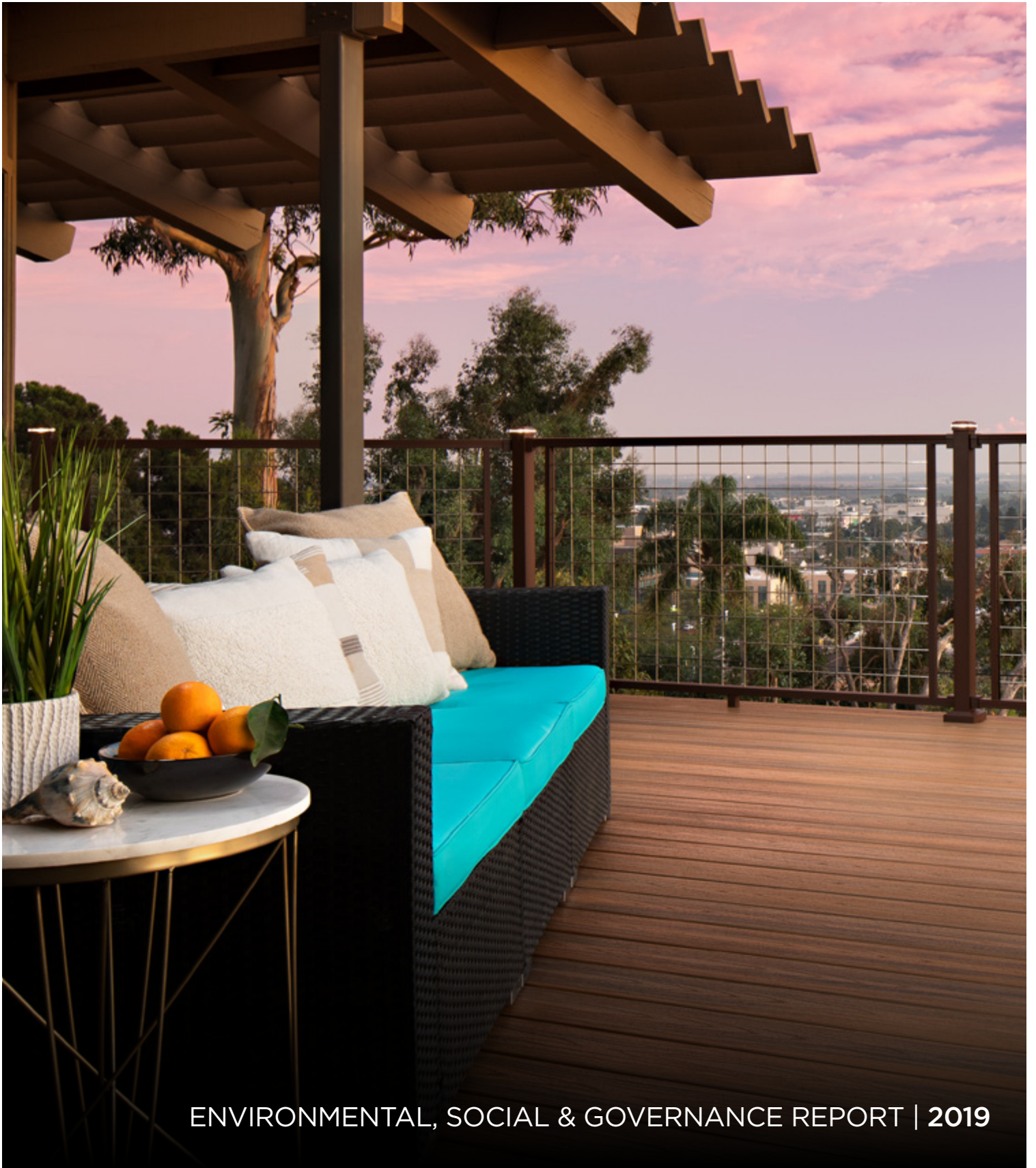




# SUSTAINABLE PERFORMANCE FOR OUTDOOR LIVING



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Navigate through the sections below using these wayfinder symbols:



Financial



Social



Governance



Environmental





# Message from our President & CEO



In our inaugural 2018 Environmental, Social and Governance Report, we highlighted the strengths of Trex's culture and the strong interaction between our employees, leadership and our local communities. Our cultural strengths are on full display in 2020 as we responded to the COVID-19 pandemic to safeguard the health and wellness of our employees and to ensure uninterrupted operations. We also looked for opportunities to "give back" to the communities in which we operate. We fabricated face shields, contributed proceeds from decking sample sales to Feeding America, and supported the COVID-19 Relief Fund of our local United Way, supplementing our annual fund-raising campaign. Built over decades, our "do the right thing" culture is the bedrock of our response and actions during this challenging time.

With a well-established leadership team and a dedicated workforce aligned to the Company's values, we delivered strong performance across financial, environmental, social and governance dimensions. Our consolidated net sales in 2019 were \$745 million, an increase of 9% compared to 2018, and net income was \$145 million, or \$2.47 per diluted share. We were also recognized for being the "greenest" decking by Green Builder Media Readers' Choice Awards and maintained strong employee engagement scores. These results reaffirm that our long-standing commitment to our employees, to innovation and to our heritage of converting waste into high-performance, eco-friendly outdoor living products is good business.

In this 2019 Environmental, Social and Governance Report, I am pleased to share the details and highlights of our many accomplishments. Environmental stewardship is embedded in the Trex DNA, and we continually seek ways to strengthen that legacy. In 2019, we launched NexTrex™, a groundbreaking collection program that expanded the reach of our recycling initiatives and increased our base of participating retailers and consumers. Trex used more than 850 million pounds of polyethylene film and reclaimed wood fibers in our products. Additionally, Trex invested in closed-loop water recirculation systems at our manufacturing facilities in Virginia and Nevada that recycled approximately 99% of the water used in 2019.

One of Trex's greatest competitive advantages is our employees and their dedication to innovation and continuous improvement. As President and CEO, one of my principle goals is to further develop and reinforce the benefits of our highly engaged workforce by expanding direct contact between leadership and employees. Our employee engagement surveys are positive and signal a widespread commitment to the Company's mission and values. Diversity, inclusion, training and development continue to be priorities across the organization. Trex team members received more than 1,600 hours of leadership development training in 2019 and two-thirds of leadership positions were filled from within the Company. In 2019, we also welcomed Kristine Juster to our Board of Directors, and increased the number of women in leadership roles within the Company to 22% in 2019.

As proud as I am about our outstanding accomplishments in 2019, I am even more excited about our strategic initiative to accelerate the conversion from wood decking to sustainable Trex composite decking. This initiative will result in more plastic being diverted from landfills and allow us to employ more people, which will in turn benefit the communities in which we operate. To do so, in 2019 we announced a multi-year capital plan that will increase capacity by 70% across our Virginia and Nevada facilities. Our disciplined and conservative approach to manage our balance sheet underpins both this initiative and our ongoing success.

In closing, I commend and thank our employees and leadership team for seamlessly deploying our business continuity and emergency response plans during this pandemic and for continuing to enthusiastically embrace the challenges of operating during this challenging time. The Trex team remains fully committed and energized to execute on our strategies, and I believe we have great opportunities ahead of us. We appreciate your interest in our Company and are proud to share the positive impact of our environmental, social and governance business practices and initiatives.

Sincerely,

Bryan Fairbanks, President and CEO

# About Trex

Trex Company, Inc. is the world's #1 brand of decking and railing and leader in high-performance, low-maintenance, eco-friendly outdoor living products, and a leading provider of custom-engineered railing systems.

Trex Residential Products offers a comprehensive set of aesthetically appealing and durable, eco-friendly low-maintenance outdoor living products including decking, railing, fencing, steel deck framing and energy-efficient outdoor lighting. Our decking products offer the look of real wood with the durability of recycled polyethylene plastic and reclaimed wood fiber. As an environmentally responsible outdoor living products leader for more than 25 years, our products are available in more than 6,700 retail locations worldwide and sold under the brand name Trex® primarily to the residential market, which includes replacement, remodeling and new construction.

Trex Commercial Products is a leading national provider of custom-engineered railing and staging systems for the commercial and multi-family market, including performing arts venues and sports stadiums. Trex Commercial Products provides 75% of sports stadium railings in North America.

## OUR VISION

To enhance the lives of people by engineering what's next in outdoor living.

## MISSION

- Trex will design and market high-performance outdoor living products that offer superior aesthetics and quality.
- We will also maximize opportunities that leverage our manufacturing extrusion expertise and are tied to our recycling heritage.
- We will do this through human talent, world-class manufacturing innovation and our preeminent brand.



## OUR CORE VALUES

**DO THE RIGHT THING**  
with integrity and respect

**AMBITION**  
creates opportunity

**BE ACCOUNTABLE**  
for your actions

**TAKE PRIDE**  
in accomplishments

**DETERMINED**  
to be the best

**WIN**  
through teamwork

**PASSION**  
drives results

**BIAS**  
towards action

**AUTHENTICITY**  
builds trust



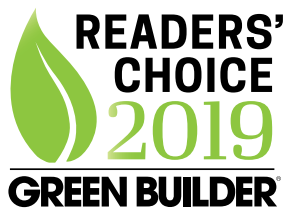
# ESG Leadership & Recognition in 2019

We are honored that our environmental stewardship and product integrity are recognized year after year in the marketplace.



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For the 12th consecutive year, Trex earned the top spot across three key performance areas for the composite/PVC decking category including “brand familiarity,” “brand used the most” and “brand used in the past two years”.



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For the ninth consecutive year, Trex was selected as the “greenest decking,” receiving nearly three times as many votes as the closest competitor.



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Trex ranked #1 in all four key performance areas: “brand familiarity,” “brand used the most,” “brand used in the past two years” and “quality”.



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Trex Enhance®, Trex CustomCurve® and Trex RainEscape® were among the 2019 Remodelers’ Choice 100, representing the products that drove the most reader inquiries over the course of a year (April 2018-March 2019).



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Trex was recognized by Green Builder as a 2019 Eco-Leader in the building industry. Trex was selected by the Green Builder editorial team in recognition of its ongoing company-wide commitment to sustainability.



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Trex earned a “Best of Houzz” design award in 2019, representing the 5th consecutive year for this recognition.

# At a Glance: Trex Impact 2019

At Trex, we encourage outdoor living that is beautiful, durable, low maintenance, high performance and eco-friendly. We do it with the talent, innovation and hard work of more than 1,300 employees, thousands of retail partners and distributors, and a vast network of builders, do-it-yourself homeowners and independent contractors.

## FINANCIAL

<b>\$745 M</b>	net sales
<b>\$45 M</b>	income taxes
<b>\$145 M</b>	net income
<b>\$202 M</b>	EBITDA*
<b>27.1%</b>	EBITDA margin
<b>\$2.47</b>	diluted EPS
<b>\$67 M</b>	capital expenditures
<b>500,000</b>	shares of common stock repurchased
<b>5</b>	manufacturing plants

## SOCIAL

<b>1,300+</b>	employees
<b>1,600+</b>	leadership training hours
<b>6,700+</b>	retail customers
<b>\$310,000</b>	corporate community investment

## ENVIRONMENT

<b>400+ M</b>	pounds of diverted polyethylene film from oceans and landfills
<b>1 of the</b>	largest buyers of discarded polyethylene film bags, packaging and film wrap in North America
<b>450+ M</b>	reclaimed wood fibers used
<b>~ 99%</b>	approximately 99% of waster used in our manufacturing facilities in Virginia and Nevada was recycled in 2019 via our closed-loop water systems

## GOVERNANCE

Our leadership team believes in our collective ability to achieve our vision and execute on our mission, ensuring the long-term success of the company.

To foster leadership alignment to our mission and vision, our officers and directors must own and hold a minimum number of shares of Trex common stock, relative to either their base salary or director's fees.

**Our directors and executive officers respectively hold more than 3 times the minimum requirement, demonstrating an impressive commitment to and confidence in our business and future.**

\*Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA) and EBITDA margin are considered non-GAAP measures. A reconciliation of EBITDA to net income and EBITDA margin to net income as a percentage of net income can be found in our [earnings press release](#) issued on February 24, 2020 for the year ended December 31, 2019.



# Strategic Initiatives

## DRIVING CONVERSION TO TREX DECKING FROM WOOD

With our full suite of outdoor living solutions and industry-leading presence in the decking market, Trex remains focused on driving accelerated conversion to our composite decking from the wood decking market. This strategy will result in more polyethylene film being diverted from landfills, allowing us to continue our positive contributions to the environment. Our new Trex Enhance® Basics and Naturals products significantly expand our addressable market, enabling us to meet the needs of our more cost-conscious DIY consumers, while our flagship Trex Transcend product continues to win market share. Our capital expansion program ensures that we will meet increasing demand while our strong operations, engineering and R&D teams continue to drive product innovation, throughput increases and cost-saving opportunities for years to come.

## POSITION FOR GROWTH: CAPITAL EXPANSION

In June 2019, we announced a \$200 million multi-year capital expansion program to keep pace with demand for our products and to meet future projected growth related to our strategy of converting consumer demand for wood to Trex Residential Products wood-alternative composite decking. A new decking facility at our Virginia site and installation of additional production lines at our Nevada site will increase production capacity by at least 70% .

## ENRICHING GOVERNANCE AND LEADERSHIP

Advanced our leadership succession plan with transition of our President and CEO to Chairman of the Board and our CFO to President and CEO in Q2 2020.

### Female directors



## COMMITMENT TO ETHICS

- All employees complete ethics training on an annual basis.
- Updated key ethics policies such as [Vendor and Customer and Code of Conduct and Ethics](#), which includes supply chain assessments, effective date of the policy and sign-off of executive management.





## COMMITTED TO OPERATIONAL EXCELLENCE



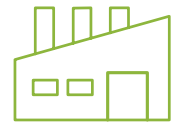
**Applied Design for Safety**  
policies and procedures  
at Virginia facilities



**Increased**  
manufacturing  
efficiencies in  
energy and water



**Implemented** water  
conservation policies



**Optimized** plant level  
materials movement

## NEXTREX™: CIRCULAR ECONOMY IN ACTION

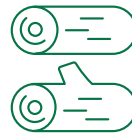
In 2019, we launched NexTrex, our improved and expanded polyethylene films collection program for retailers and consumers. Our goal is to meaningfully increase the amount of post-consumer polyethylene film bags, wraps, and packaging that can be brought back to stores and added to our recycling program.

The polyethylene film bags, wraps and packaging that we can accept in our recycling programs provides a solution to manufacturers' polyethylene film waste problems and helps address a serious concern for consumers and society.



## BIODIVERSITY

Biodiversity is a fundamental consideration when new buildings are planned. We engage independent consultants to conduct environmental risk analysis and a biodiversity study before purchasing land. Before breaking ground on a new manufacturing building at our Virginia site, we conducted an engineering study, which included a Phase I Environmental Transfer Assessment.



## TRANSFORM RECYCLED WOOD FIBER OPTIONS

2019 marked the start of an initiative to transform our recycled wood options. Along with extensive R&D and manufacturing evaluations, testing and trials to ensure alternative materials are equivalent to current supplies, we are working directly with wood source generators and processors on rapid supply chain development.



# ESG at Trex

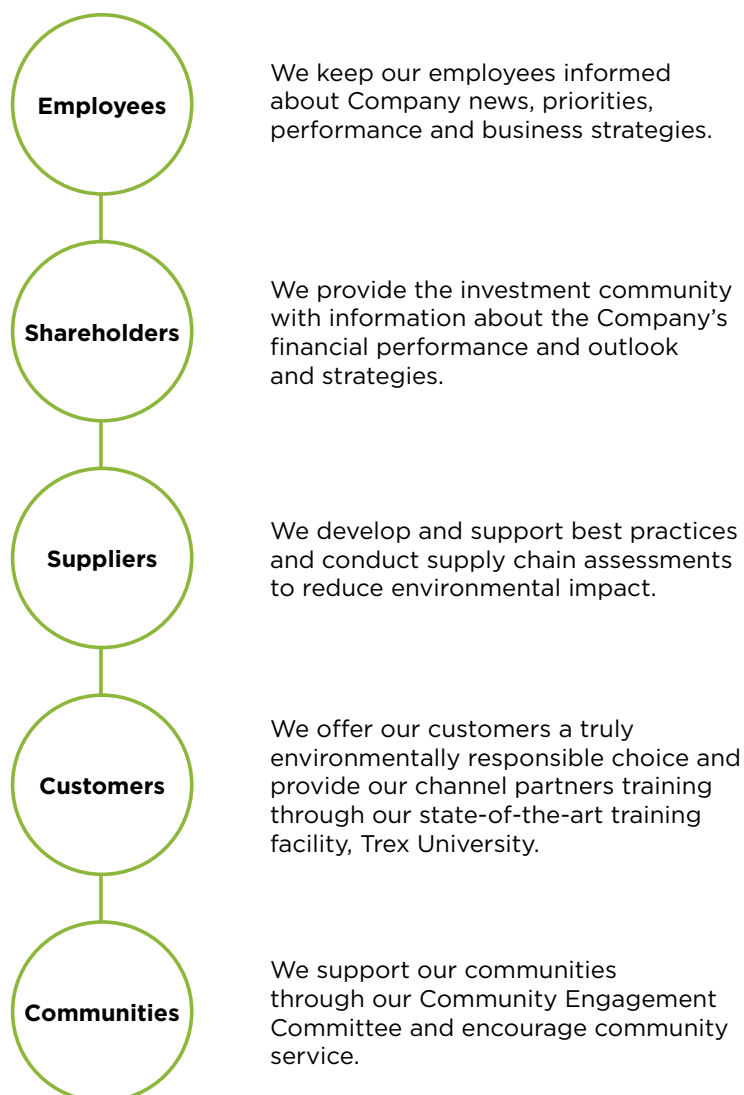
## TOP-DOWN AND BOTTOM-UP APPROACH

With more than 20 years as a public company, we have a rigorous corporate governance model, world-class workforce, ethical operating policies, and tight connections with our communities. Our 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. All of these qualities provide a resilient foundation for a sustainable business.

Our Board of Directors and senior management team recognize the importance of environmental, social and governance 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.

## STAKEHOLDER ENGAGEMENT

Our ESG approach starts with acknowledging that our stakeholders must be beneficiaries of our company's success.



### OUR APPROACH TO ESG:

Conducting our business with integrity and transparency


Delivering value to our customers through our low-maintenance, high-performance, eco-friendly products and bringing new products to market that address unmet consumer and trade professional needs

Engaging with the communities in which we operate

Inspiring our employees through:

- Training and education
- Fostering diversity and inclusion
- Fair compensation and benefits

Taking an active role to ensure our supply vendors operate with ethical and responsible business practices and deal fairly and ethically with our suppliers

 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 ESG GOVERNANCE BEST PRACTICE CHECKLIST

All principles and policies are reviewed, approved and overseen by our executive management team.



### Occupational health and safety

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### Environmental policy

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### Code of conduct and ethics

- Compliance with laws and regulations
  - Anti-discrimination and anti-harassment
  - Whistleblower policy
  - Supply chain assessments
  - Business practices
- 



### Human rights policy

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### Vendor and customer code of conduct and ethics

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### Responsible marketing standards



Go here for a complete reference to our [policies and codes](#).



# Social Impact

## OUR PEOPLE

We believe one of our greatest competitive advantages is our people, who, much like our products, are high-performing, unyielding and innovative. Knowing this, we foster the development and engagement of our employees in many ways.

How we develop, support and protect our team is mission critical to our success and position as a market leader. 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.



**2/3**  
of leadership positions  
are filled from within the  
company



**For 2019, our voluntary  
turnover rate for employees  
with more than one year of  
service was only 7%**

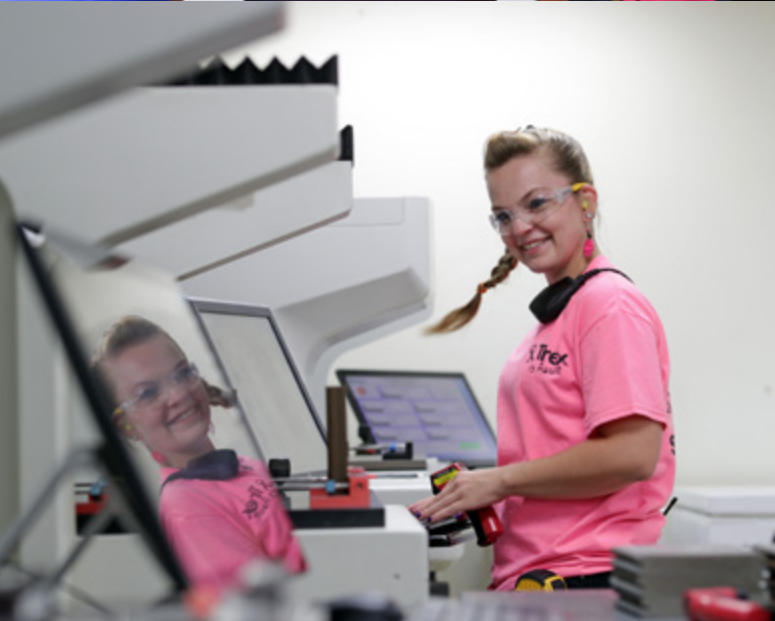




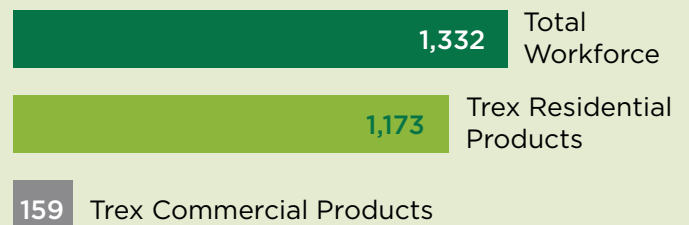
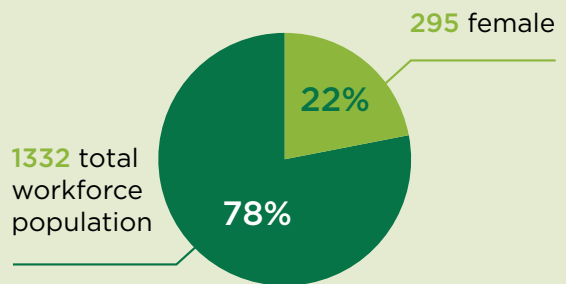
## WORKFORCE DIVERSITY AND INCLUSION

Our workforce reflects the diversity of the communities where we operate. We focus on attracting and hiring the best possible talent by offering attractive compensation and benefits, a welcoming environment and a rewarding work experience.

The Company is an equal opportunities employer. We make decisions about recruitment, promotion, training and other employment issues solely on the grounds of individual ability, achievement, expertise and conduct. We don't discriminate on the basis of gender, gender identity, race, color, religion, ethnicity, cultural heritage, age, social background, mental or physical ability or disability, national origin, sexual orientation or any other reason not related to job performance or prohibited by applicable law.



### WOMEN IN WORKFORCE



### WOMEN IN MANAGEMENT

**22%** of our managers are female



## NEW ONBOARDING SUCCESS

As part of our continuous improvement of processes, we recently focused on our onboarding program where improvements resulted in an increased retention rate. An increase of over 25% in retention in hourly workers signals higher levels of workforce satisfaction and engagement, and the ability to align staff with knowledge and skills needed.



Leadership development training programs prepare Trex employees to lead as managers. Trex team members received over 1,600 person hours of training in 2019.



English classes for ESL (English as Second Language) employees.



Tuition reimbursement for associate's, bachelor's and master's degrees. Reimbursed 100% of tuition fees and books each year for continuing education courses.



Trex University, our state-of-the-art training facility located near our Virginia manufacturing plant, is designed to educate and train retailers, contractors and other partners on the benefits of Trex's aesthetically pleasing, high-performance and low-maintenance outdoor living products.

## CULTIVATING FUTURE TREX EMPLOYEE CANDIDATES



Annual engineering internship program.



Maintenance technician trainee development programs in partnership with local community college to develop internal talent.





## EMPLOYEE WELLNESS PROGRAM

Our wellness program encourages employees to be proactive about their health and engage in annual check-ups.



### HEALTH SCREENINGS

Trex holds yearly biometric screenings so employees can keep track of their vital stats and red flags (e.g., cholesterol, triglycerides, etc.). Follow-ups with physicians are encouraged.



### HEALTH CHALLENGES

Employees are encouraged to participate in different initiatives or health “challenges” to promote healthy behaviors like more movement, packing a healthier lunch, eating more fruits and vegetables and drinking more water. The activities put basic building blocks of health front-and-center for employees.

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## ANNUAL EMPLOYEE ENGAGEMENT SURVEYS

The results of our annual employee engagement surveys are shared with all department leaders and concrete actions are taken to cultivate our identified strengths and help close identified gaps.

### A MAJORITY OF SURVEY RESPONDENTS BELIEVE TREX:

- Will be successful in the future
- Produces high-quality products
- Is customer-focused
- Has a performance-focused culture and high level of collaboration within teams

### ENGAGEMENT SURVEY RESULTS CONFIRM THAT EMPLOYEES ARE:

- Provided a strong understanding of how their jobs relate to the organization’s overall strategic priorities and goals
- Committed to the Company’s long-term strategy
- Provided competitive benefits in the form of health care, wellness programs, a generous 401(k) match, and an employee stock purchase program

In order to provide a more robust dialogue between management and employees, determine areas of interest and foster cross-functional collaboration, we have instituted listening tours and roundtable meetings with our CEO and groups of employees across the Company.

Additionally, we expanded our internal communication channels with a focus on open exchanges of information and feedback across all levels of the organization, and established a more predictable and routine cadence to our communications.

In 2019, we launched our “Trex Residential Products President’s Award for Teamwork” to annually recognize high-performing teams who exemplify the cross-functional collaboration that drives our business today and into the future.



## FAIR AND ETHICAL PAY

Our employees are our most important asset and we strive to compensate our team fairly.

### Trex median employee annual compensation

including all full-time, part-time and seasonal workers not including our CEO:

**\$68,243 or \$1,312 per week**

### 2018 national median annual household income:

**\$61,937 or \$1,191 per week**

### CEO to employee pay ratio

**40.6 : 1.0**

### National average\*

**278 : 1.0**

\*Source : Economic Policy Institute



Full discussion of the "Pay Ratio Disclosure" can be found in the Company's [proxy](#).





## DESIGN FOR SAFETY PROGRAM

Trex leadership is responsible for keeping safety at the forefront of business planning and execution by continuously improving operational discipline and safety culture. The Board of Directors has overall responsibility for ensuring management sustains a compliant and safe work environment. Our CEO is responsible for ensuring that the presidents and leaders of our residential and commercial operations properly and effectively manage employee health and safety. Management and employees are responsible for continuously improving our operational discipline and safety culture.

Our Design for Safety Program makes sure safety is a consideration from the beginning and not something that is retrofitted into our operations after an incident occurs. Even with a significant increase in production across all facilities in 2019, we improved on or maintained our safety performance during the same period. Trex indicators are significantly lower than the industry average of the Bureau of Labor & Statistics and our lost time incident rate (LTIR) performance has earned the company safety awards.

### PROGRAM FEATURES:

Managers review and build safety into every project from conception through completion.

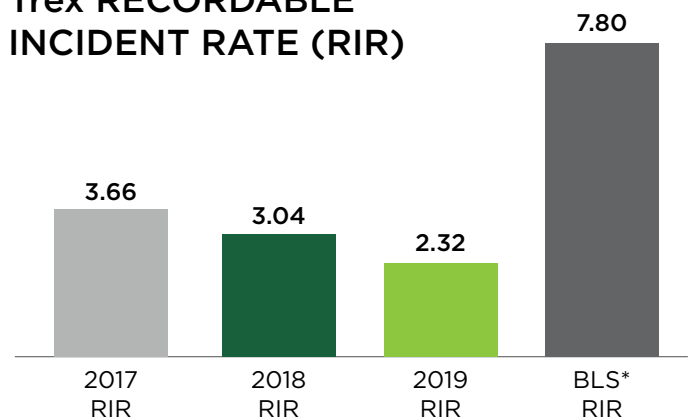
Our Plant Safety Committee is required to successfully complete an Occupational Safety and Health Training course sanctioned and accredited by the U.S. Department of Labor/Occupational Safety and Health Administration.

We apply industry best practices for monitoring and reporting incidents and for implementing safety systems similar to OHSAS 18001. Employee Health and Safety Managers are Certified Occupational Safety Specialists and Certified Occupational Safety Managers.

Trex maintains membership in the Voluntary Protection Program Participants Association, the National Safety Council, and the National Fire Protection Association.

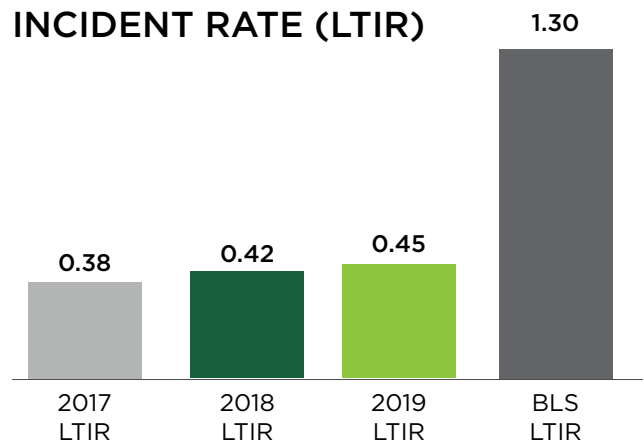


### Trex RECORDABLE INCIDENT RATE (RIR)



\* Bureau of Labor & Statistics

### Trex LOST TIME INCIDENT RATE (LTIR)



\* Bureau of Labor & Statistics

 [Go here for our \*\*Occupational Health & Safety Policy.\*\*](#)



## SHARING AND CARING IN OUR LOCAL COMMUNITIES

Our Community Engagement Committee identifies needs within our communities to focus our charitable giving initiatives, and employees also suggest charitable causes for Committee consideration.



**United Way of Northern Shenandoah Valley**

### RECORD BREAKING 2019 UNITED WAY CAMPAIGN

Our 2019 United Way campaign marks 11 years as the most successful employee-led campaign, based on dollars raised, in support of the United Way of the Northern Shenandoah Valley. Our local United Way supports residents of four counties in Virginia and the City of Winchester. Trex's campaign is the largest contributor with \$211,000 in donations from employees and a company match, all of which was 6% more than our record-setting 2018 campaign. During the last six years alone, Trex and its employees have contributed over \$1 million in support of programs that help area residents.



Trex Live United Team 2019







## TREX BEGINS PARTNERSHIP WITH YELLOW RIBBON FUND

In 2019, we announced a partnership with the Yellow Ribbon Fund, which helps veterans and wounded servicemen and servicewomen and their families.

Trex will donate \$180,000 between 2020 and 2022 to support our country's wounded servicemen and servicewomen and their families in the communities where we live and work.

*We will also match employee contributions, dollar-for-dollar, during this period.*



Yellow Ribbon Fund

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

Trex is supporting the creation of a new art 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. It is scheduled to be completed in November 2020.

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## 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.



# Governance

We recognize that 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.

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. 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, senior management, led by our President and Chief Executive Officer, provides day-to-day leadership and is responsible for executing the long-term strategy and achieving the established financial objectives.

 [Go here to read about the qualifications of our board.](#)

## TREX COMPANY BOARD OF DIRECTORS



**Bryan H. Fairbanks**

President and Chief Executive Officer and Director



**James E. Cline**

Chairman



**Ronald W. Kaplan**

Vice Chairman



**Michael F. Golden**

Director



**Jay M. Gratz**

Director



**Kristine L. Juster**

Director



**Richard E. Posey**

Director



**Patricia B. Robinson**

Lead Independent Director



**Gerald Volas**

Director

## THREE STANDING BOARD COMMITTEES



 [Go here to read about our board charters.](#)



## BOARD AND EXECUTIVE LEADERSHIP GOVERNANCE COMMITMENTS

- Align the team with our core values
- Conduct our business activities with the highest standards of integrity, business ethics and accountability
- Reinforce guidelines for appropriate workforce, supplier and customer business ethics
- Foster a culture of reciprocal respect, employee fairness, and continuous improvement
- Collectively responsible for the leadership, control, development and long-term success of the Company
- Oversee and provide policy guidance on our business and monitors corporate performance, the integrity of financial information and enterprise risk management programs
- Work with the senior management team on a detailed multi-year strategic plan and review progress toward stated goals on a quarterly basis

## SENIOR MANAGEMENT TEAM ACCOUNTABILITIES

- Executing vision and mission
- Providing day-to-day leadership and execution of the long-term strategy
- Achieving the established financial objectives
- Fostering team culture and values
- Managing environmental and social risks and opportunities
- Planning the succession of key executives
- Developing and offering more sustainable products to the market
- Reducing the environmental footprint of the Company's activities
- Continually improving environmental management systems and environmental, health and safety programs
- Complying with all applicable laws and regulations including human slavery and trafficking

## OUR DIRECTORS AND OFFICERS HOLD MORE THAN 3X THEIR REQUIRED MINIMUM STOCK HOLDINGS

	Executive Officers	Directors
Required Shares	62,014	32,082
Shares Owned and Held	260,163	106,022
Multiple of Requirement Held	4.20	3.30

Board committee charters and corporate governance principles are available on our website.

[Board Committee Charters](#)

[Corporate Governance Principles](#)



Please refer to our recent [proxy](#) available on our website for a more detailed discussion of our corporate governance and director and executive compensation.





## TREX COMPANY CODE OF CONDUCT AND ETHICS

**Employee handbook and ethics training courses** ensure understanding of individual rights and responsibilities.

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**Corporate Governance Hotline** provides anonymous reporting of actual or potential violations, 24/7, 365 days a year.

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**Suspected violations or potential violations** of the code can be raised with an employee's supervisor, Employee Relations Manager, VP of HR, or the General Counsel.

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**All calls are immediately directed to the General Counsel and Chief Financial Officer's attention**, who are responsible for investigating any reports.

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**Matters of accounting and auditing** can be reported to the Audit Committee Chairman.

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**Investors and other interested parties can contact the [Board](#)**, as noted on our website.

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**Our Code of Conducts & Ethics** specifically forbids retaliation against any employee who makes a report in good faith.

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## VENDOR AND CUSTOMER CODE OF CONDUCT AND ETHICS

Trex expects all suppliers and channel partners who distribute, sell 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. Our selection of suppliers and customers is contingent on meeting this expectation.

Trex takes an active role to ensure our supply vendors operate with ethical and responsible business practices. We conduct supply chain assessments, including in-person reviews, operating facility tours, and work with our suppliers to reduce environmental impact across the supply chain. We make it a practice to use post-consumer and post-industrial content wherever possible.

Trex Company purchases over 95% of its raw materials (in dollar value) from suppliers located in the United States and Canada.



A copy of our [Vendor and Customer Code of Conduct and Ethics](#) is available on our website.

# 95%

Raw materials purchased from suppliers located in the United States and Canada

## HUMAN RIGHTS POLICY

Trex supports fundamental standards that underscore our commitment to value and respect our employees, business partners, customers and communities.



A copy of our [Human Rights Policy](#) is available on our website.

We adopted this Human Rights Policy across all of our operations in order to set forth our values related to working conditions and human rights, and to underscore our philosophy about the way we conduct our business.



# ENVIRONMENTAL GOVERNANCE

We are committed to minimizing negative environmental impacts in our operations and developing and offering sustainable products to the market. Environmental matters are the responsibility of the executive management team, including the President and Chief Executive Officer, Vice President and Chief Financial Officer, and General Counsel.



Go here for our [Environmental Policy](#).

## WE CONDUCT BUSINESS IN AN ETHICAL AND SOCIALLY RESPONSIBLE MANNER THAT RESPECTS THE ENVIRONMENT BY:

Preventing pollution by maintaining environmental management as a core value

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Leading environmental performance through management example, employee involvement and employee empowerment

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Developing and using environmentally acceptable, safe and efficient production methods

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Using recycled, reclaimed and other waste resources and materials whenever possible to avoid the unnecessary use of virgin natural resources or virgin industrial materials

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Identifying and complying with all legal and statutory requirements

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Analyzing our commitment through the use of key performance indicators for continuous improvement

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# Environmental Impact

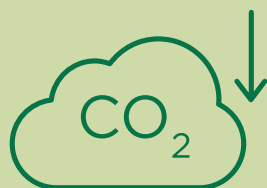
Environmental sustainability is what got us started and keeps us going.

## SUSTAINABILITY-DRIVEN INNOVATION IS WHO WE ARE

Environmental sustainability-driven innovation in creating value from waste is what got us started and it continues to be at the core of everything we do. We serve our customers and communities through creative and responsible post-consumer and post-industrial material sourcing, enabling us to produce quality, long-lasting and beautiful products with minimal impact on the environment.

Trex founders invented composite deck boards over 25 years ago to reuse discarded plastic bags. Our decking products replace the need to use virgin wood by combining reused polyethylene film packaging, bags and wraps with sawdust and other waste wood by-products. Our decking products are also stable and inert, minimizing the risk of product degradation and associated greenhouse gas emissions at the end of product life.

Our eco-friendly manufacturing processes that reclaim factory waste, minimize greenhouse gas emissions and eliminate the use of harmful chemicals, and an innovation-driven culture fueled more than 25 years of leadership.



## CARBON AND CLIMATE CHANGE: IMPACT AND RISK

Trex's manufacturing process is as green as its final product. Trex uses an eco-friendly processing method that minimizes greenhouse gas emissions and reduces risk exposure to carbon pricing considerations and trends.

Trex focuses on innovation to decrease the Company's environmental footprint and continuously evaluates options for cost and carbon-cutting, energy reducing clean technologies.

## SUSTAINABILITY-DRIVEN INNOVATION IS WHAT WE DO

One of the largest recyclers of polyethylene film in North America

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Recycled materials comprise 95% of our decking products and our aluminum railing is made from a minimum of 50% recycled content

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800+ million pounds per year of recycled polyethylene film, bags, wraps, and packaging and wood fiber by-products

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An average 500 sq. ft. composite Trex deck contains approximately 140,000 recycled polyethylene film bags, wraps and packaging

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Investment in plant exhaust scrubber systems for greater output with reduced volatile organic compound emissions

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Energy efficiency initiatives generating 8% energy savings

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Scrap recovery system for virtually 100% reintegration into manufacturing

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# POLYETHYLENE RECYCLING PROGRAMS

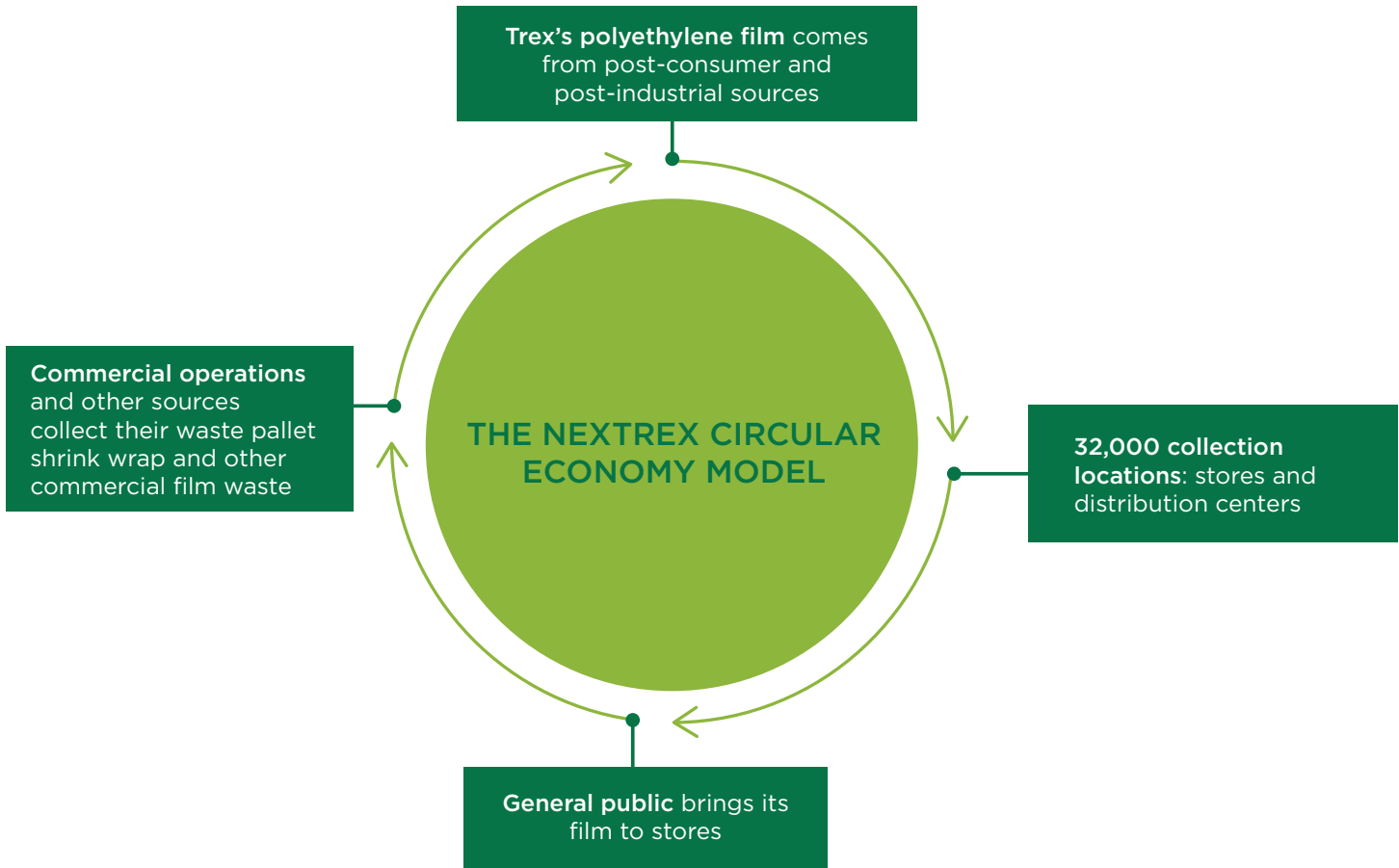
**Closing the loop: diverting polyethylene film waste from landfills and oceans,** Trex is one of the largest buyers of recycled polyethylene film (such as polyethylene film bags, wraps and packaging) in North America.

## **NEXTREX™: The Premier Circular Economy Model for Polyethylene Film**

### EXPANDING POLYETHYLENE FILM RECYCLABILITY

We are one of the largest recyclers of polyethylene film bags, wraps and packaging in North America and a leader in educating and engaging both the commercial and consumer sectors in recycling efforts. In 2019, Trex rebranded its store collection program, which currently has over 32,000 locations across the United States and Canada. Participating consumers, industries, and brand owners benefit from knowing their waste polyethylene film (bags, wraps and packaging) will be recycled in the U.S. by Trex.

Trex also works with packaging developers and brand companies to provide free testing and certification that their packaging is acceptable for the NexTrex grocery and retail program. Trex plans to significantly expand this program in 2020 and beyond.



## POLYETHYLENE FILMS INCLUDE:

- Distribution and manufacturing stretch-film
- Grocery and retail bags
- Bread and produce bags
- Case overwraps
- Dry cleaning bags/film
- Ice and salt bags
- Ziploc™ and other reclose-able bags
- Polyethylene packaging, such as bubble wrap and foam
- Flexible polyethylene e-commerce mailers
- Cereal box liners
- Wood pellet bags
- Mattress bags



*“Trex was founded on sustainable principles – and we continue that legacy today with numerous community initiatives that not only help keep polyethylene film out of landfills but provide us with the material we need to create beautiful, durable decking for today’s eco-conscious homeowners.”*

*- Dave Heglas, Senior Director, Supply Chain Excellence*



Watch [this video](#) on the polyethylene recycling process.



## COMMUNITY RECYCLING PROGRAMS

Trex has seen substantial growth year-over-year in programs



**School programs increased**  
nearing 750 registrants



**Community programs grew**  
to more than 800 in 2019  
(includes churches, retirement communities,  
Lions Club, Girl Scout troops, etc.)



### THE PLASTIC FILM RECYCLING CHALLENGE FOR K-12 STUDENTS

Our Plastic Film Recycling Challenge educates young people and their parents about recycling. Thousands of students across the country have prevented millions of polyethylene film wraps and pieces of film packaging from ending up in landfills. In fact, from 2011 to 2019 over 2 million pounds of polyethylene waste was diverted from landfills as a result of this program. In 2019, 732 schools participated nationwide. Each year Trex donates a high-performance composite bench to the winning school, and bestows honorary awards to every participating school.

### UNIVERSITY AND COMMUNITY RECYCLING PROGRAMS

**Grew from just a few participants in 2010**  
**to more than 800 in 2019.**

Trex sponsors local recycling programs in universities and communities throughout the country. If a team can collect more than 500 lbs. of polyethylene film refuse in a six-month span, 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.





## OPERATIONAL ENERGY SAVINGS

Beginning in 2017, Trex prioritized energy savings through ongoing optimization of business operations and manufacturing processes. As a result, from 2017-2019 we achieved energy savings across gas and electricity of approximately 8% per year via several energy reduction initiatives.

Energy savings resulted from installing energy-saving lighting systems across many Trex manufacturing and warehousing operations, installing cooling towers and using variable speed equipment.

**~8%**  
annual energy savings 2017-2019



gas



electric





Since Trex primarily uses wood and heated plastic in manufacturing, we use 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. Trex manufacturing processes do not generate any appreciable NOx (Oxides of Nitrogen) or SOx (Oxides of Sulphur) that would negatively affect air quality.



## CLEAN AIR TECHNOLOGIES

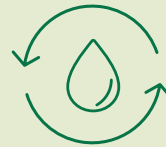
Trex operates under state departments of environmental protection/quality air permits. We have installed air pollution control equipment for particulates, volatile organic compounds and some state-specific air toxins to maintain and control these pollutant categories well below federal and state permit standards.

In 2019, even with more production, our Virginia facility achieved a 30% facility-wide drop in certain air emissions due to investments in an additional air emission scrubber.



## 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.



## WATER CONSERVATION

Water management is important to both the company and our communities. Since Trex sources all water for business and manufacturing needs from municipal supplies, we continuously search for and implement water reduction solutions.

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**Efficient water systems delivering 39% reduction in use and 41% reduction in cost** at the Virginia Polyethylene Recycling Operation facility.

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**Operations at our Virginia and Nevada manufacturing facilities** include closed-loop water recirculation systems that recycled approximately 99% of water used in 2019.



## WASTEWATER

All Trex manufacturing operations operate under 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 stormwater discharge permits by their state department of environmental protection/quality, requiring quarterly inspections and monitoring. These operations are in compliance with the requirements of these stormwater permits.

Our Virginia facility lies within the Chesapeake Bay Watershed, placing the facility under more intense stormwater run-off controls.

## SOLID AND HAZARDOUS WASTE

All Trex manufacturing operations are listed with the Federal Environmental Protection Agency under the Resource Conservation Recovery Act as a Conditionally Exempt/Very Small Quantity Generator.

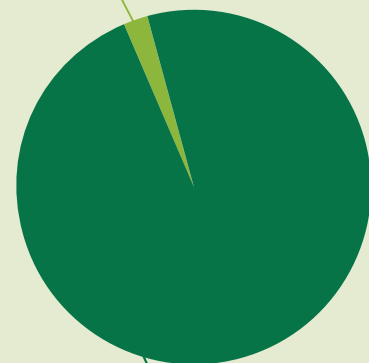
Universal waste, a subset of hazardous waste that includes mercury relays fluorescent light tubes and batteries, are properly accumulated, stored and directed to recycling facilities.

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

All Trex's plastic and wood packaging is recycled as part of our internal manufacturing processes.

## ENERGY SOURCE MIX

5%  
RENEWABLE ENERGY  
FROM WASTE SOURCES



95%  
FOSSIL FUELS

98% natural gas  
2% petroleum





# Lifecycle Analysis

## 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	ACQ TREATED LUMBER	TREX DECKING 2016	TREX DECKING 2019
GHG emissions (g/CO <sub>2</sub> e)	2,190,000	1,395,000	1,263,000
Criteria air pollutants (microDALYs/g)	415	220	214
Fossil fuel use (MJ)	15,310	24,410	21,900
Acidification (mole hydrogen-ion eq.)	1,510	244	213
Eutrophication (g-N-eq.)	375	74	37
Smog (g-NOx eq.)	7,980	3,790	3,710
Public supply process water use (liters)	2,920	5,080	3,710
Cooling water use (liters)	N/A	2,670	2,608



IN CONTRAST TO ACQ-TREATED LUMBER DECKING\* OVER A 25 YEAR PERIOD, TREX DECKING LIFECYCLE IMPACTS FOR 2019 ARE:

↓ 42% FEWER  
GHG EMISSIONS

↓ 48% FEWER  
CRITERIA AIR POLLUTANTS

↑ 43% MORE  
ENERGY USE AND  
FEEDSTOCKS

↓ 86% LESS  
ACIDIFICATION

↓ 90% LESS  
EUTROPHICATION

↓ 54% LESS  
SMOG

↑ 27% MORE  
PUBLIC SUPPLY  
PROCESS WATER USE

(figures rounded to the nearest %)

\*This comparison equates 25 wood decks to 10 Trex decks; Alkaline Copper Quaternary (ACQ)-treated wood decking typically has a 10 year lifespan, while Trex decking has an assumed 25 year lifespan.



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

Trex completed a benchmark lifecycle analysis (LCA) of its 2019 operations as part of its ongoing commitment to continuous environmental monitoring and impact reduction. The results show that environmental impacts assessed by the current LCA are lower for Trex decking in 2019 than in 2016, which in turn continues to show the environmental impacts for Trex decking are lower than those associated with Alkaline Copper Quaternary (ACQ) pressure-treated lumber used in wood decking, over the 25-year warranted period of a Trex deck. The LCA focused on our 1" X 6" decking, our largest product by volume.

Given the challenges in producing a new product design, sourcing more materials, and in upgrading manufacturing operations that Trex experienced over the last 2 years, the weighted product averages indicate that the environmental footprint for Trex decking has actually improved (reduced impacts) in all impact categories. Water conservation efforts created a reduction in use of water from public supplies and there were reductions in most other impact categories.

All of this indicates that Trex has maintained or improved the environmental footprint of its decking products on average. Given that Trex will be updating manufacturing operations in Nevada in the coming months and years, it is likely that the weighted average environmental footprint of Trex decking will see further environmental impact reductions.

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 trees.**

## UNLIKE WOOD, TREX COMPOSITE DECKING WON'T:

-  Rot, Warp or Splinter
-  Need Seasonal Painting, Sealing or Staining
-  Fade or Stain
-  Become Food for Termites



# Trex Products

## RESIDENTIAL PRODUCTS: A FULL SUITE OF OUTDOOR LIVING PRODUCTS

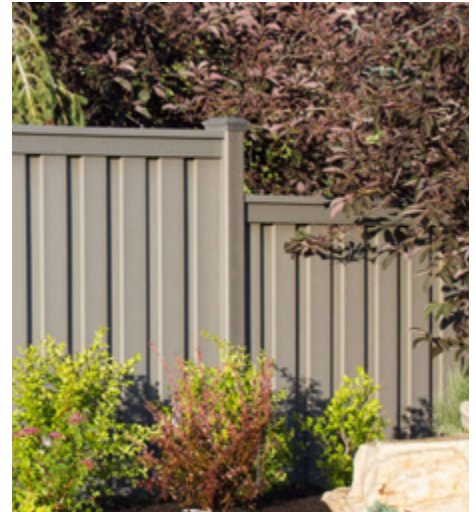
Trex Residential Products is the world's largest manufacturer of high-performance, low-maintenance, eco-friendly wood alternative composite decking and residential railing products, which are marketed under the brand name Trex® and manufactured in the United States. We offer a comprehensive set of aesthetically appealing and durable, low-maintenance products in the decking, railing, fencing, steel deck framing, and outdoor lighting categories. Unlike wood, Trex composite decking won't: rot, warp, or splinter; need seasonal painting, sealing or staining; fade, stain or become food for termites. Trex products are eco-friendly and leverage recycled materials to the fullest extent possible. Trex Residential decking products are composed of an innovative blend of up to 95% reclaimed wood and polyethylene film, and 40% to 50% of the aluminum used is from recycled sources.



**Decking:** Trex Enhance®, Trex Select®, Trex Transcend®



**Railing:** Trex Select®, Trex Enhance®, Trex Transcend®, Trex Signature® Aluminum Railing



**Trex® Fencing**



**Trex Elevations® Steel Deck Framing**

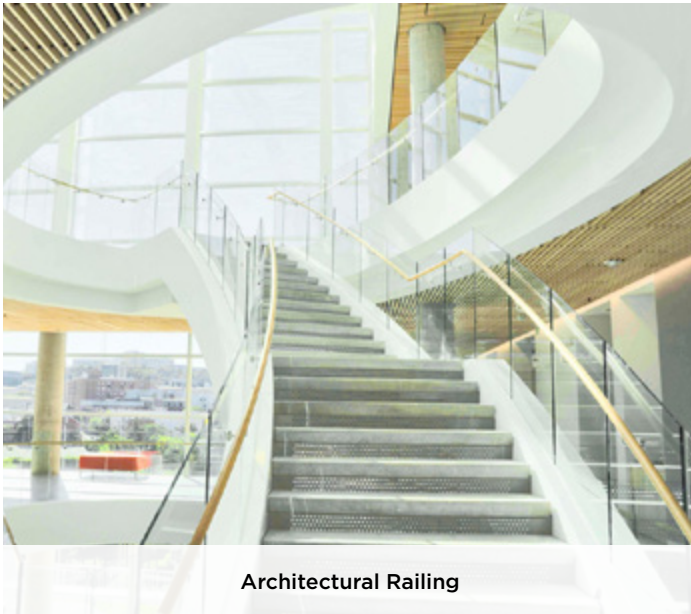


**Trex® Outdoor Lighting™**



## COMMERCIAL PRODUCTS: ENGINEERED RAILING AND STAGING SYSTEMS

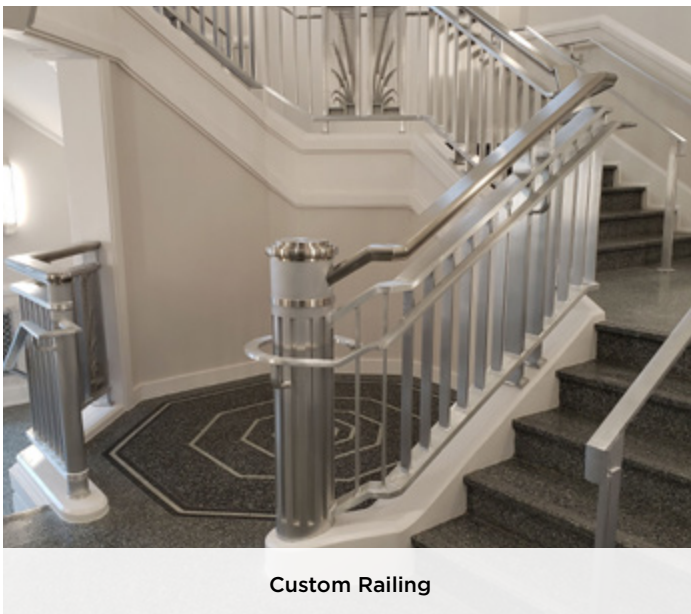
Trex Commercial Products designs and engineers custom railing systems and staging equipment, which are prevalent in professional and collegiate sports facilities, commercial, high-rise and rental applications and performing arts, sports and event production. Trex aims to provide eco-friendly products for the architectural railing market and promote design innovation that decreases our environmental footprint. With our team of devoted engineers and an industry-leading reputation for quality and dedication to customer service, our role is more than just a fabricator of a designer's concepts. To us, it is about becoming a meaningful partner from the conceptual beginning to the successful end result.



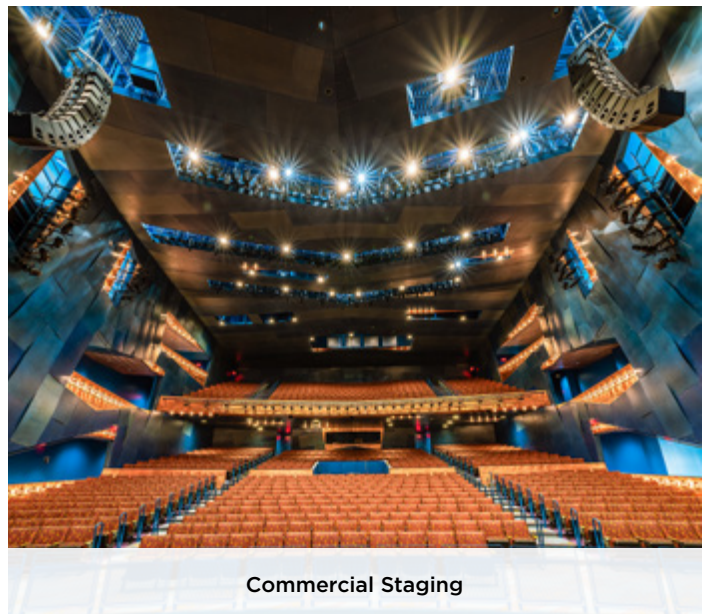
Architectural Railing



Aluminum Railing



Custom Railing



Commercial Staging



## 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, 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.

## SUPPLY CHAIN

**Approximately 95% of our 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 contain a minimum of 40-50% recycled content. 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 non-profit, 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. 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 and 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. A solution to this challenge will require collaboration from various organizations across the industry.



# Materiality Assessment

Trex assesses the materiality of environmental, social and governance (ESG) topics within our corporate governance process. To determine important topics for discussion in our ESG 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 providers, including MSCI ESG Research, 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.

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## ORGANIZATIONS REFERENCED TO DETERMINE MATERIALITY TOPICS:





# Key Metrics, Data & Topics 2019

BUSINESS METRICS	
2019 Net Sales	\$745 Million
Number of employees	1300+
Worldwide retail locations	6,700
Manufacturing facilities	5

TOPICS DISCUSSION & DATA	
Energy management & sourcing	<a href="#">pages 24, 28</a>
Carbon footprint	<a href="#">page 24</a>
GHG emissions	<a href="#">page 31</a>
Toxic waste, effluents & emissions management	<a href="#">pages 29, 31</a>
Product lifecycle environmental impact management	<a href="#">pages 31, 32</a>
Wood sourcing	<a href="#">page 29</a>
Occupational health & safety	<a href="#">pages 11, 17</a>
Diversity & inclusion	<a href="#">page 13</a>
Training & development	<a href="#">page 14</a>
Community engagement	<a href="#">pages 18, 19, 27</a>
Corporate governance	<a href="#">pages 20-23</a>
 Finance	<a href="#">page 7</a>
 Social	<a href="#">pages 7, 12-19</a>
 Governance	<a href="#">pages 7, 20-23</a>
 Environmental	<a href="#">pages 7, 24-32</a>



Go here for our [Annual report](#) for the year ended December 31, 2019.



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 Annual Report on Form 10K should be read in conjunction with such statements.