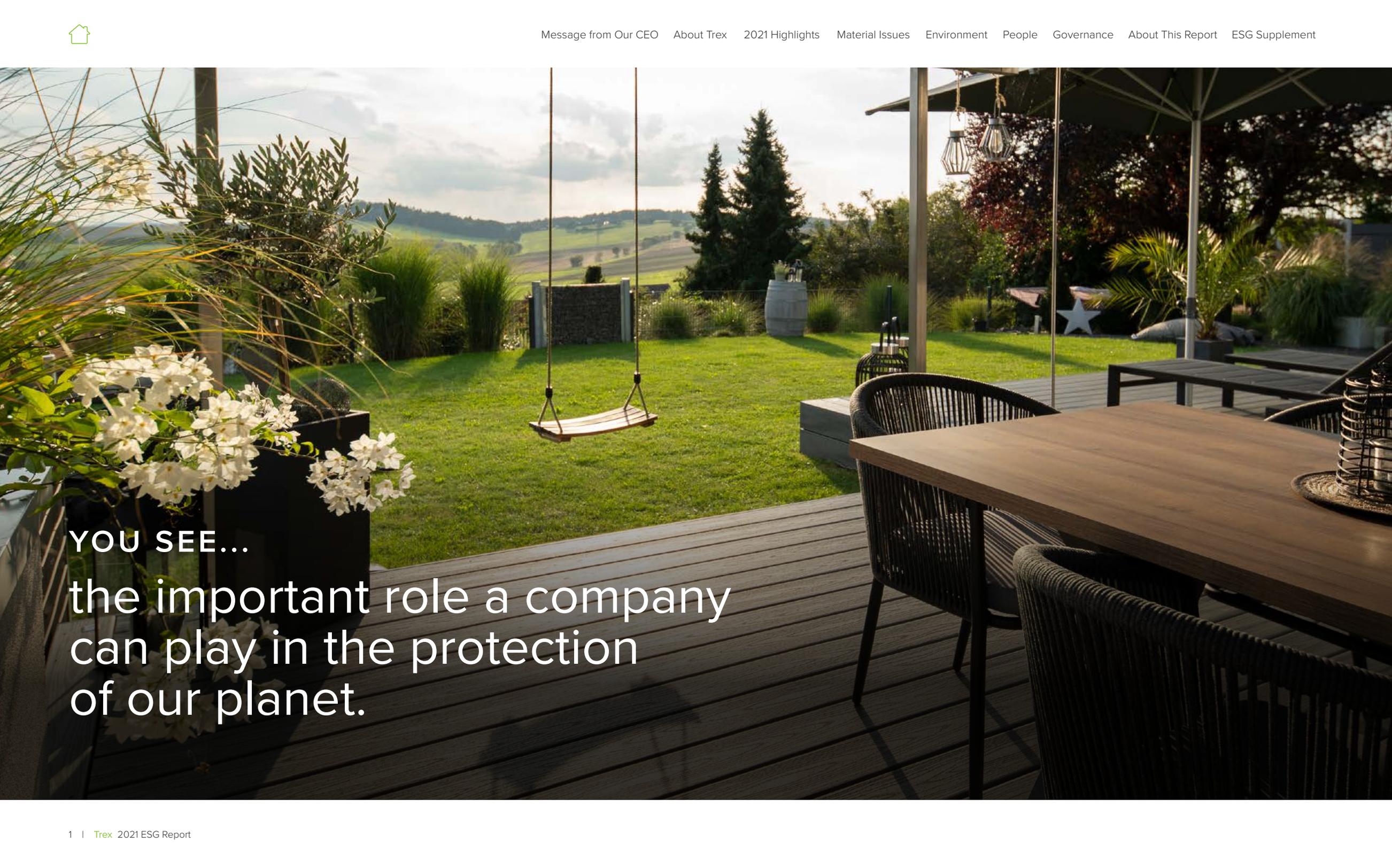


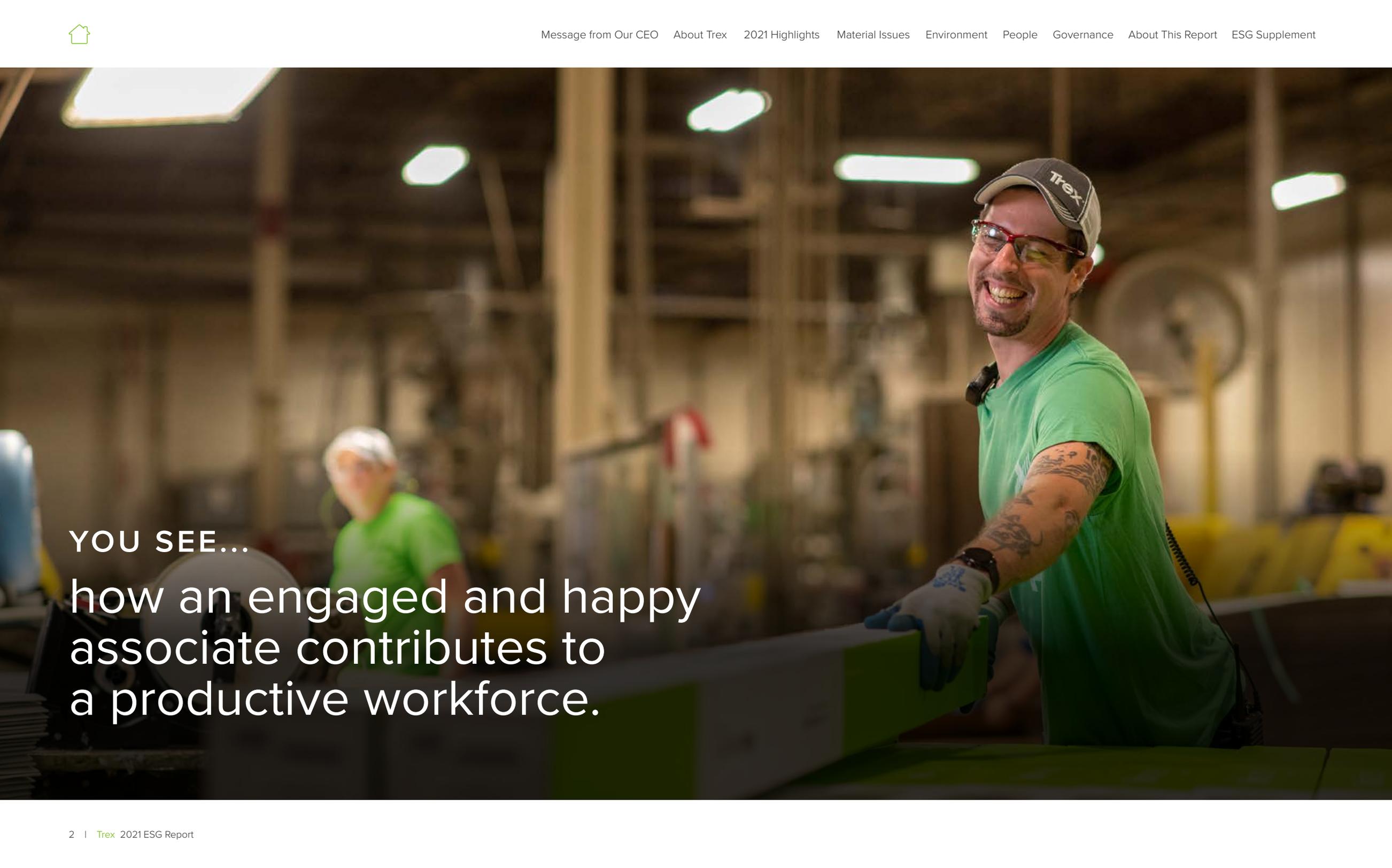


Building a Better Tomorrow Together

2021 Environmental, Social and Governance Report



YOU SEE...
the important role a company
can play in the protection
of our planet.

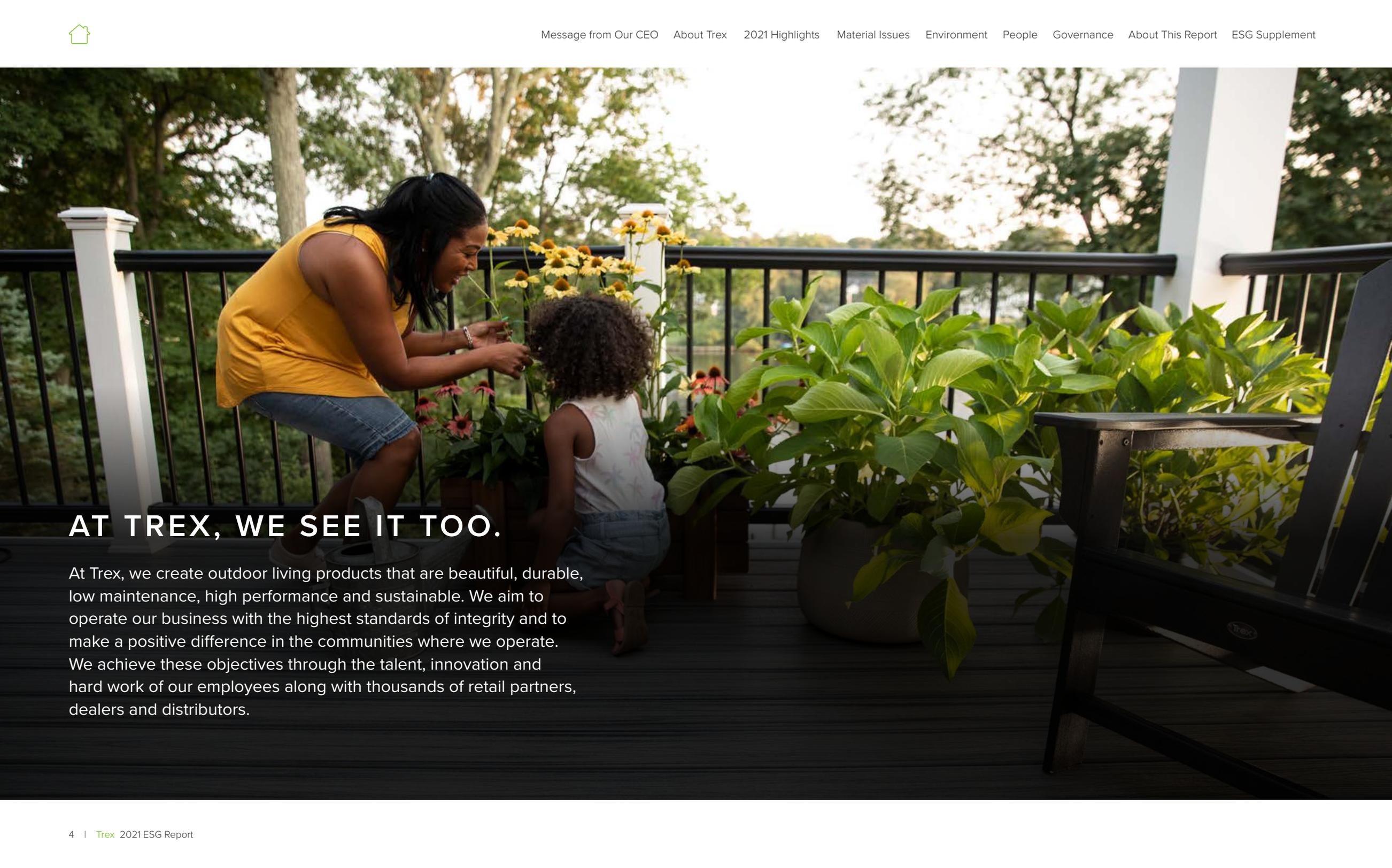


YOU SEE...
how an engaged and happy
associate contributes to
a productive workforce.



YOU SEE...

a responsibility for caring for
the communities where we
work, live and play.

A woman in a yellow sleeveless top and denim shorts is kneeling on a wooden deck, tending to a large potted plant with yellow flowers. A young child with curly hair, wearing a white tank top and denim shorts, is kneeling next to her, also looking at the plant. The deck is surrounded by lush greenery and trees in the background. A black metal railing with white posts is visible. A black outdoor chair is partially visible on the right side of the frame.

AT TREX, WE SEE IT TOO.

At Trex, we create outdoor living products that are beautiful, durable, low maintenance, high performance and sustainable. We aim to operate our business with the highest standards of integrity and to make a positive difference in the communities where we operate. We achieve these objectives through the talent, innovation and hard work of our employees along with thousands of retail partners, dealers and distributors.



Table of Contents

Message From Our President and CEO	6
About Trex	8
Financial Performance Highlights	11
Our Strategic Focus	12
ESG Highlights	13
Material Issues	14
Environment	15
Sustainable by Design	16
Manufacturing Lower Impact	20
People	25
Health and Safety	26
Promoting Diversity and Inclusion	29
Fair and Equitable Pay	32
Investing in Our People	33
Social Impact in Our Communities	36
Governance	38
Corporate Governance	39
Sustainability Governance	41
Ethics	43
About This Report	44
ESG Supplement	45
UN Sustainable Development Goals	46
Sustainability Accounting Standards Board Index	51





Message From Our President and CEO

For more than 30 years, Trex has harnessed the power of hard work and innovation, becoming the world's largest manufacturer of high-performance, low-maintenance, eco-friendly composite decking, railing and outdoor living products and a leading national provider of custom-engineered commercial railing systems. Never content to settle, we made significant accomplishments in 2021. As we added capacity and drove record sales, we remained focused on growing the business in a sustainable and socially responsible manner and accelerated our commitment to people and the planet. In this, our 2021 Environmental, Social and Governance (ESG) Report, we share our progress and performance from the fiscal year.

Record sales and expansion position Trex for sustainable long-term growth

Statistics tell the story of our hard work. During 2021, we achieved all-time record sales of \$1.2 billion, representing 36% year-over-year growth. As our sales grow, so does Trex's positive impact on the environment by using recycled and reclaimed materials to manufacture the most aesthetically pleasing and long-lasting decking and railing products in the market.

To support the current and future demand for our products, we implemented capacity expansion initiatives at our Virginia and Nevada facilities, increasing total capacity approximately 85% above 2019 volume levels. Additionally, we recently announced plans to develop a third U.S.-based Trex Residential manufacturing facility in Little Rock, Arkansas. This plant will open in 2024 and has the potential to become our largest manufacturing facility over time.



During this exciting time of growth, we remained steadfast in our commitments to protect the environment and operate in a socially responsible manner by emphasizing employee well-being and safety and by supporting the communities in which we work. We are proud of our 2021 performance across our most material ESG issues, including our work to support the [United Nations Sustainable Development Goals \(UN SDGs\)](#).

Protecting the environment is at the heart of our business

As consumer demand for more sustainable products has grown, so has interest from companies to deliver upcycled and circular products. Trex has been committed to sustainability since our inception more than 30 years ago, creating eco-friendly products from reclaimed and recycled materials. Our high-performance, low-maintenance composite decking is made from 95% recycled and reclaimed materials. This year alone, we diverted more than 1 billion pounds combined of polyethylene film destined for landfill and reclaimed wood for use in our products.

In addition to offering consumers sustainable alternatives to wood decking, we remain committed to improving our environmental footprint and advancing sustainability in our operations. We continued to invest in energy-efficient technology in 2021 to reduce our carbon footprint. As a result of these efforts, our Scope 1 and 2 emissions intensity decreased by 33% compared to 2020. At our Trex Residential manufacturing sites, we recycled more

than 16.5 billion gallons of water and upcycled our factory scrap and plastic packaging back into our production line.

Increasing diversity and supporting our communities are integral to our business

To meet future needs, in addition to expanding capacity and driving profits, we added approximately 400 employees to the Trex team in 2021. Diversity, equity and inclusion are essential to that growth. To bring new ideas and perspectives to our workplace, we have expanded our recruiting and promotion efforts to further increase diversity across all roles. In the management ranks, women and ethnically diverse talent increased 400 basis points to 26% and 10%, respectively, compared with 2020. And all full-time employees now take diversity, equity and inclusion training.

Neither our products nor our environmental efforts would be possible without the energy and diligence of our employees. We consistently prioritized safety practices and emphasized actions that support their well-being. In 2021, employees completed 65,000-plus hours of leadership, safety, onboarding and professional development training. Further, 42% of Trex Residential employees took advantage of our wellness program, focusing on their physical and mental health. With many new employees, we have doubled down on our safety management program by adding new leadership and upgrading both staff and tools to improve safety performance.

In addition to investing in people, we also support the communities in which we live and work through charitable donations, employee volunteer efforts and our recycling program, NexTrex®. Through NexTrex, we collect plastics and educate our communities on the importance of plastics recycling. During 2021, 2,500 community groups and schools participated in the program. More important than the volume of plastic recycled through the program, this program gives Trex the opportunity to educate the next generation about recycling and share awareness of our brand and products at home.

Ethics and strong governance underpin our work

Just as we support our employees, they support Trex by upholding our high ethical standards in everything they do, day in and day out. Our stakeholders trust us to do no less; maintaining that trust is key to our continued success. In 2021, Trex was named the [most trusted outdoor decking brand](#) by Lifestory Research.

We recognize that maintaining stakeholder trust is more than manufacturing excellent products. Stakeholders also want to know that we are doing our part to manage ESG risks and opportunities — protecting our environment; optimizing relationships with employees, suppliers, customers and communities; and maintaining and improving solid governance. For this reason, in 2021 we added oversight of ESG to the charter of our Nominating/Corporate Governance Committee, ensuring the

Board receives regular updates and has a forum to provide direct guidance on ESG matters. We also formalized ESG oversight at the executive level, naming Leslie Adkins Vice President, Marketing and ESG Development. Long involved with steering the Trex brand, Leslie has also been a steward of our ESG efforts since inception. These steps further our commitment to sustainability and advance ESG initiatives as a strategic focus for our leadership.

Thank you to our people and partners for propelling us to a bright future

The COVID-19 pandemic presented tremendous challenges to both businesses and individuals over the last two years. I would like to recognize and thank our exceptional employees, who continued to deliver great results throughout these extraordinary times, and our channel partners, distributors and professional contractors, who are the best in the business. Together, their talent, hard work and innovation drove our success and ESG progress in 2021. I am confident this progress will continue and I am inspired by what we will achieve next.

Bryan Fairbanks
President and Chief Executive Officer



About Trex



About Trex

Trex Company, Inc. is the world's largest manufacturer of high-performance, low-maintenance wood-alternative decking and railing, and a leading provider of custom commercial railing systems. With more than 30 years of product experience, we meld innovation, environmental responsibility and beauty, all while doing the right thing for our employees and communities.

Our Vision

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

Our Mission

Design and market high-performance outdoor living products that offer superior aesthetics and quality.

Maximize opportunities that leverage our manufacturing expertise and are tied to our recycling heritage.

Achieve this through human talent, world-class manufacturing innovation and our preeminent brand.

Our Values

Do the Right Thing

We operate as a team, prioritizing the well-being of our employees and holding each other accountable to the highest levels of integrity.

Act With Boldness and Authenticity

We deliver results that exceed customer and employee expectations through decisive action, positive intent and respect.

Drive Sustainability

We ground ourselves in our recycling heritage and social responsibility while cultivating long-term business growth.

Innovate + Adapt

We actively listen to our customers and employees to continuously improve and invent creative solutions to tomorrow's problems.



Business Overview

Trex is the world’s No. 1 brand of wood-alternative decking and railing. We are the leader in high-performance, low-maintenance, eco-friendly outdoor living products for the residential market and a leading provider of custom-engineered commercial railing systems. Trex currently operates in two reportable segments: Trex Residential Products (Trex Residential), the company’s principal business based on net sales, and Trex Commercial Products (Trex Commercial). We are headquartered in Virginia, with additional manufacturing operations in Nevada and Minnesota. In addition, we recently announced plans to develop a new manufacturing facility in Arkansas, with initial production output expected to begin in mid-2024.

Trex Residential offers eco-friendly outdoor living products, including decking and railing, for use in replacement and remodeling, as well as new construction. Our decking combines the look of real wood with superior durability. It is composed of an innovative blend of recycled polyethylene film and reclaimed wood, maximizing the sustainability credentials of our decking. Trex outdoor living products are marketed under the brand name Trex® and manufactured in the United States. As of 2021, our residential products are stocked in more than 6,700 retail locations worldwide and sold to distributors and home centers for final resale primarily to the residential market.

Trex Commercial is a leading national provider of custom-engineered railing systems for the commercial and multi-family market, including sports stadiums and performing arts venues.

ESG Recognition



America’s Most Trusted Outdoor Decking Brand

According to Lifestory Research.

#12

America’s Best Mid-Size Companies

Trex ranked number 12 on Forbes’ list of 100 companies.



Readers’ Choice for “Greenest” Decking

For the 12th consecutive year, Trex won *Green Builder* magazine’s Readers’ Choice award for greenest decking. In addition, we received their best Brand Index score in the decking category for the third consecutive year.





2021 Financial Performance Highlights

\$1.2B

Net sales

29.8%

Adjusted EBITDA margin¹

\$67M

Income tax expense

\$2.10

Adjusted Diluted EPS

\$243M

Adjusted Net Income

\$159M

Capital expenditures

\$258M

Cash provided by operating activities

809,099

Shares of common stock repurchased

\$357M

Adjusted EBITDA¹

¹Adjusted Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA), and Adjusted EBITDA margins are considered non-GAAP measures. A reconciliation of EBITDA to net income and EBITDA margin to net income as a percentage of net sales can be found in our [earnings press release](#), issued on February 28, 2022, for the year ended December 31, 2021.



Our Strategic Focus

Meeting Demand, Sustainably

Outdoor living continues to show strong momentum as one of the fastest growing categories within the repair and remodel sector. Coupled with continued consumer interest in our environmentally friendly, low-maintenance product portfolio, Trex aims to capitalize on this growth by expanding our manufacturing capacity to offer high-quality and aesthetically pleasing products and achieving a greater market share conversion from wood.

To support the current and future demand for our products, we implemented capacity expansion initiatives at our Virginia and Nevada facilities, increasing total capacity approximately 85% above 2019 volume levels.

In October 2021, we announced our plan to develop a third U.S.-based Trex Residential manufacturing facility in Little Rock, Arkansas. Taking a modular development approach, this site will allow us to increase production capacity in alignment with demand trends. Site construction began in 2022 and the first production output is expected in 2024. Over time, our Arkansas site has the potential to become our largest manufacturing facility to date. When completed, Trex will have the strategic advantage of unmatched geographical coverage, with sites servicing the East Coast, West Coast and Central regions that will provide our domestic and international customers with improved access to Trex Residential products when and where they need them.

Sustainability is at the core of our company and has been at the forefront of our growth strategy. The Arkansas location was chosen for a number of reasons, including proximity to raw material suppliers and growth markets, helping us reduce the carbon footprint of product transportation. We are also building sustainability into the site from the ground up. Similar to our Virginia and Nevada facilities, our Arkansas facility will aim to recycle 100% of site process water. We are also actively working with local utilities on clean energy options.

Our expansion efforts will only be successful if we have the right people to meet future needs and support our growth. In 2021, we added approximately 400 employees to the Trex team, expanded our recruiting efforts to further increase diversity and sustained our focus on bringing new ideas and perspectives to our company. The well-being of our employees is important to us and we continually emphasize employee safety and wellness during the ongoing COVID-19 pandemic.



2021 ESG Highlights

Our Impact in 2021

As a leader in high-performance, low-maintenance outdoor living products for more than 30 years, we strive to make a positive difference in the world around us by innovating to reduce our environmental impact, supporting our people and communities, and governing our business with integrity.

Environment

1 billion+

Pounds of reclaimed wood and polyethylene film diverted from landfill for use in our products

33%

reduction in our greenhouse gas emissions intensity compared to 2020

16.5 billion

Gallons of water recycled in our manufacturing operations

People and Communities

2,000+

Full-time employees

4

percentage point increase in women and ethnically diverse talent in management each compared with 2020

65,000+

Leadership, onboarding and professional development training hours completed by employees

2,500

Community groups and schools participated in NexTrex, recycling more than 1 million pounds of plastic film

Governance

8

Independent directors on our 10-member Board

3

Women on our Board

ESG Oversight

Formalized at the Board level through its addition to the charter of the Nominating/Corporate Governance Committee and formalized at the executive level, naming Leslie Adkins Vice President, Marketing and ESG Development



Material Issues

Trex assesses the materiality of environmental, social and governance (ESG) topics through our corporate governance process. We review our material issues annually and conduct in-depth materiality assessments every few years to ensure we remain focused on the ESG areas most important to our business and stakeholders. Our most recent in-depth materiality assessment was conducted in 2020.

We determine our material topics by evaluating against leading frameworks and standards, including the Sustainability Accounting Standards Board (SASB) Building Products & Furnishings standard and the United Nations Sustainable Development Goals (UN SDGs). This is the first year Trex has included a disclosure on our work to support the SDGs. See page [46](#) for more information.

We also include topics of interest to other leading ESG ratings providers, including MSCI ESG Research, Sustainalytics and Institutional Shareholder Services (ISS). We then compare the full range of potential material topics against the corporate priorities set by the Trex Board of Directors and executive team, evaluating the risks and opportunities associated with each topic and their importance to our business' bottom line.

This report outlines relevant business updates and considerations, as well as our applicable corporate policies and positions on our material topics.



Environment



Sustainable by Design

As consumer demand for more sustainable products has grown, so has interest from companies to source recycled materials as manufacturing inputs. Unlike newer players in the recycled material arena, Trex was founded on the premise that ingenuity can help us extract value from what was once seen as waste and has been committed to sustainability since our inception. For more than 30 years, we've been making composite decking from recycled and reclaimed materials.

Our composite decking products are made from 95% recycled and reclaimed content, primarily using two materials that are waste products of other industries: polyethylene (PE) plastic film and wood dust. Early on, we recognized the potential value of these materials, which were traditionally sent to landfills, and we designed a proprietary process to transform them into a highly-durable and aesthetically-pleasing product. Once installed, Trex decks provide decades of enjoyment without warping, rotting, fading or needing to be resealed.

We're continuously innovating to expand our reach of recycled material and the type of materials that can be utilized in Trex products. From identifying ways to use contaminated PE to recycling our own internally-generated waste on-site, we work hard to embed sustainable practices throughout our operations.

We're proud of our legacy of providing customers with upcycled products that are not only attractive and durable – an environmental benefit on its own – but that offer extended life to valuable raw materials that would have otherwise gone to waste.





Made from Recycled and Reclaimed Raw Materials

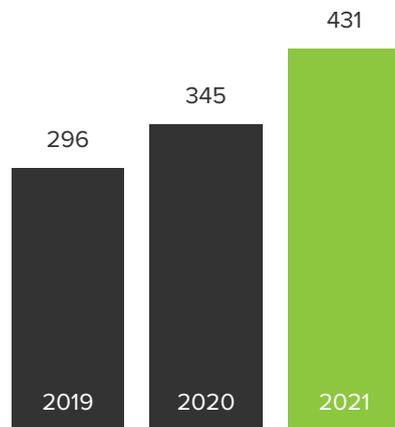
How We Source Recycled Plastic

As one of the largest recyclers of waste PE in North America, with more than 30 years of recycling experience, Trex has invested in partnerships and sophisticated research and development processes that unlock the value of waste plastic and ensure the quality of our products.

We recycle waste PE from retailers, industrial, consumer and agricultural sources. As our production volume has increased over time, so has our use of recycled PE. In 2020 and 2021, we expanded our partnerships with retailers amid the growing use of online shopping during the pandemic. Our partners include leading online fashion retail brands such as Rent The Runway and Urban Outfitters that recycle their single use poly bags into Trex products.

Amount of Recycled PE¹

(million pounds)



¹2019 and 2020 data have been restated due to a difference in how we measure and report the recycled PE used in our products.

Sources of Recycled Plastic Film



- Post-retail sources include stores that use plastic bags or wrap in back-of-house operations before items reach the sales floor.
- Post-consumer sources include used plastic bags, wrap, bubble mailers, dry cleaning bags and other packaging that end users deposit in our NextTrex® bins in retail stores.
- Post-industrial sources include manufacturing hubs and/or distribution centers that frequently use plastic film to wrap pallets for transport.
- Post-agricultural sources include farming operations that use plastic sheeting to cover plants for moisture or temperature control.



Sources of Reclaimed Wood



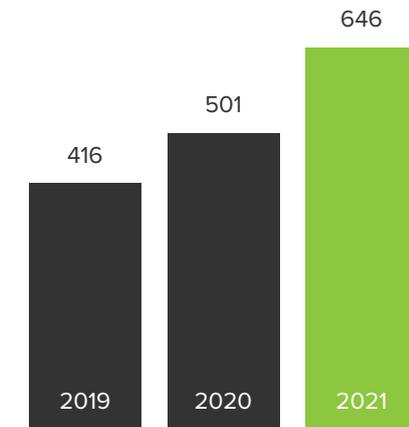
Trex sources reclaimed wood from lumberyards, sawmills, flooring and cabinetmakers as well as other operations.

How We Source Reclaimed Wood

As our business grows, we continue to seek new avenues to capture wood fiber, such as wood dust, offcuttings, pallets and other waste streams for our products. The majority of our reclaimed wood originates in North America through partnerships with cabinet makers, wood flooring installers, sawmills, lumberyards and other entities that collect wood byproducts from their operations.

Amount of Reclaimed Wood¹

(million pounds)



¹2019 and 2020 data have been restated due to a difference in how we measure and report the reclaimed wood used in our products.



Other Materials

In addition to composite decking and fencing, our product portfolio includes railings and accessories made of aluminum, other composite materials and stainless steel. In 2021, our railing products used at least 40% recycled aluminum. The percentage of recycled aluminum varies slightly from year to year due to supplier limitations.

LEED and ICC-ES

The recycled and reclaimed materials used in our products make them the preferred choice for our customers who pursue Leadership in Energy and Environment Design (LEED) certification and ICC-ES validation. Our decking has been validated by ICC-ES as conforming to United States National Green Building Standards, LEED requirements and California Green Building Standards for each category assessed. Use of Trex decking can add up to five points to a project on LEED rating assessments.

Taking a Lifecycle Approach

To stay competitive in an ever-evolving marketplace, we continually seek ways to improve our products and processes, from raw material sourcing to product innovation to operational efficiency. As demand for our products grows, our efforts to scale production – while streamlining our manufacturing process and making our products more resource-efficient – become increasingly important.

In 2016 and 2019, we partnered with a third-party firm to conduct independently peer-reviewed lifecycle assessments (LCAs) on our decking products to understand the full scope of their environmental impact. A summary of results from these studies can be found on our [website](#). LCAs provide useful mileposts to gauge our progress on reducing the footprint of our products. From 2016 to 2019, we reduced water usage, greenhouse gas emissions, air pollutants and more across the production process of our decking products¹. We have plans to conduct an updated LCA following the opening of our new Arkansas facility.

Helping our customers go LEED

Our commercial railing and staging products are often used in LEED-certified building projects. In 2021, these building projects included:



Climate Pledge Arena

[More](#)



Resorts World Las Vegas

[More](#)



UBS Arena

[More](#)

What are LEED and ICC-ES?



LEED is a globally recognized green building point-based rating system that accredits building projects incorporating efficient, safe and eco-friendly products based on sustainability criteria.



ICC-ES is a subsidiary of the International Code Council (ICC) that evaluates building products, materials and systems, and validates compliance with building codes and standards, including sustainable building standards.

¹During the product lifespan per one million board feet.



Manufacturing Lower Impact

We embrace the challenge of reducing Trex’s environmental impact — across emissions, energy, waste and water — even as our business expands. Trex manufacturing facilities in Virginia, Nevada and Minnesota use environmentally responsible processes designed to minimize adverse environmental impacts and conserve natural resources.

Strong attention to sustainability in our manufacturing operations is even more crucial as we expand to keep pace with the demand for Trex products and ensure that our capacity to service Trex channel partners will remain aligned with both current demand and expected future growth.

The recent expansion initiatives at our Virginia and Nevada facilities in 2020 and 2021 have positioned us to effectively meet customer demand in 2022 by increasing total manufacturing volume by 85%, compared with 2019 levels. Our capacity continues to grow substantially, with construction beginning in 2022 on our new Little Rock, Arkansas facility. With production output expected to begin in 2024, this site has the potential to become our largest manufacturing facility over time.

Environmental Policy

We assess environmental impacts at each stage of our manufacturing process and systematically strive to improve our performance across three key areas:

- Energy use and climate emissions
- Waste and recycling
- Water use

Fundamental differences in the manufacturing operations of Trex Residential and Trex Commercial influence their respective environmental practices and priorities. For example, Trex Commercial uses limited amounts of wood and almost no water to manufacture its commercial railing and staging products. Thus, its environmental focus is on reducing energy use and emissions along with recycling waste.

Our companywide [Environmental Policy](#) guides us in conducting business with complete respect for the environment. Key policy tenets include:

- Using recycled, reclaimed and other waste resources whenever possible in our manufacturing process.
- Preventing pollution by maintaining environmental management as a core value.
- Developing and using environmentally acceptable, safe and efficient production methods.
- Identifying and complying with all legal and statutory requirements.



Energy and Climate Impact

We design Trex facilities to run efficiently, which includes installing the best available energy-saving equipment and increasing transportation efficiency. For example, at our Virginia and Nevada operations, our cooling towers use water recycled from our manufacturing operations. By replacing air-cooled refrigerant systems and implementing other changes, we reduce cooling-related energy use. Additionally, in 2021, we continued to install energy-efficient LED light fixtures at our new and existing facilities.

Our Scope 1 and 2 emissions in 2021 totaled 124,095 MTCO₂e, an increase of 3% compared with 2020. Our energy use in 2021 was 404,771 MWh, an increase of 10% compared to 2020. The increase in emissions and energy use is primarily due to our significant capacity expansion during the year. Although our absolute emissions and energy increased, our efforts to mitigate our impact helped reduce our intensity. In 2021, our emissions intensity was .10 MTCO₂e per \$ million sales, a decrease of 33% compared with 2020. Our energy intensity was .34 MWh per \$ million sales in 2021, a decrease of 23% compared with 2020.

Our focus in 2022 and beyond is shifting from expansion toward optimization of Trex manufacturing operations to further reduce energy and climate impact through greater efficiency. We plan to implement various tools and processes as a foundation for achieving lean manufacturing gains as well as continuous improvement across safety, quality, delivery and costs.

Transportation

We take a number of steps to decrease automotive fuel consumption and greenhouse gas (GHG) emissions from transporting inbound raw materials and outbound finished products at our sites. For example, we are seeking to move more of our freight via carriers that are certified through the Environmental Protection Agency (EPA) SmartWay® program, which supports companies in improving transportation efficiency.

In 2021, we shipped approximately 13 million pounds of Trex Residential products to customers by rail instead of truck, helping to reduce emissions associated with product transport. In addition, we work closely with our customers to ensure we maximize the weight and volume of each outbound shipment. Our plans in 2022 include meeting with our rail providers to review how we could increase the number of available rail cars for additional Trex shipments.

At our Virginia manufacturing facility, we implemented a new program in July 2021 to reduce the time outbound trucks spend idling while they wait for their trailers to be loaded. Certain carriers now have the option to leave their empty flatbed when they arrive at the site and pick up a loaded flatbed for transport. This change reduces idling by two hours per load on average. We completed 277 drop loads in 2021, leading to an estimated annual emissions reduction of approximately 9,900 pounds of CO₂e.²



Energy Use and GHG Emissions¹

	Units	2019	2020	2021
GHG emissions (Scope 1 and 2)	Metric tons CO ₂ e	108,740	120,410	124,095
GHG emissions intensity	Metric tons CO ₂ e/ \$ million sales	0.16	0.15	0.10
Total energy use (electricity, natural gas and fuels)	MWh	331,920	366,690	404,771
Energy use intensity	MWh/\$ million sales	0.48	0.44	0.34

¹Data is for Trex Residential only.

²U.S. Energy Information Administration. CO₂ emissions calculation is based on estimated diesel fuel consumption at idle of 0.8 gallons per hour.



Biodiversity

As part of our commitment to minimize environmental impact from Trex operations, we seek to protect biodiversity in planning for new Trex construction.

Prior to acquiring the nearly 300-acre parcel for our new Arkansas facility, we hired independent consultants to conduct environmental assessments that spanned geotechnical engineering, wetlands delineation and protected species habitat. Based on the overall biodiversity evaluation, we contoured our Arkansas site map to avoid disturbing nearby wetlands.

In 2021, we completed a similar process for our new corporate headquarters in Virginia before breaking ground in January 2022.

Waste and Recycling

In our manufacturing process, we utilize Kaizen and Lean approaches to eliminate waste and improve productivity. These approaches rely on empowering employees at all levels to suggest improvements, a philosophy supported by our culture.

In instances where waste is generated, we aim to recycle as much as possible. For non-hazardous waste, we recycle paper, cardboard and metals. For hazardous waste, our recycling efforts include items such as mercury relays, fluorescent light tubes and batteries.

At our Trex Residential manufacturing facilities, we recycle select factory scrap and plastic packaging back into the production line. Trex Commercial also recycles as much manufacturing waste as possible. In 2021, our Minnesota plant began sending plastic film from its operations for reuse in our Trex Residential decking production. In 2022, we expect to launch a pilot program for recycling Trex installation waste and discarded boards at end of life. We regularly carry out process optimization activities like these throughout the year.

Hydraulic Fluid

Trex Residential Products manufacturing sites use biodegradable, vegetable-based hydraulic fluid in our walking floor trailers that deliver wood to the production process and in our truck tipplers that empty our pellet containers. This alternative to petroleum-based oil allows us to recycle or dispose of used fluid without harming the environment.



Waste Disposed and Recycled¹

	Units	2019	2020	2021
Non-hazardous waste disposed	Tons	9,681	15,149	18,937
Non-hazardous waste recycled (including energy recovery)	Tons	38	47	58
Hazardous waste disposed	Tons	1.0	0.5	0.5
Hazardous waste recycled (including universal waste)	Tons	10	5	6

¹Data is for Trex Residential only.



~99%

Water recycled annually by closed-loop recirculation systems at our Virginia and Nevada manufacturing facilities.

Water Use and Treatment

Trex manufacturing facilities comply with all applicable water permits issued by state and municipal wastewater treatment authorities where we operate. We strive to go beyond compliance by further minimizing stormwater runoff from our operations.

In 2021, our manufacturing operations used 233 million gallons of water from the public supply and more than 16.5 billion gallons of recycled water, compared with 178 million gallons and nearly 13 billion gallons, respectively, in 2020.

Wastewater Recycling

Closed-loop recirculation systems at our Virginia and Nevada manufacturing facilities run water through multiple cycles of use in our production process before returning it to the municipal wastewater stream. More than 99% of the water used at these sites is recycled.

Controlling Runoff

Each of our manufacturing sites is equipped with water collection and filtration systems to control the runoff of phosphorus, nitrogen and other particulates from our operations. Our systems also reduce or eliminate environmental impacts in the event of an accidental spill or leakage.

The systems at our Virginia site help protect the Chesapeake Bay Watershed and enable us to comply with stringent permit requirements for reducing stormwater runoff in the area. Also, the bioretention pond at our Virginia plant helps maintain ecologically healthy levels of phosphorus and nitrogen for local wildlife.

Water Use¹

	Units	2019	2020	2021
Water from public supply	Million gals	160	178	233
Water recycled	Million gals	4,444	12,724	16,659

¹Data is for Trex Residential only.



Environmental Compliance

Our efforts to be a leader in environmental stewardship include working to surpass the minimum environmental requirements at each of our locations. We ensure that all Trex manufacturing operations fully comply with various municipal, state and federal regulations. In 2021, Trex was not subject to any fines related to non-compliance with environmental laws or regulations.

Chemicals Management

The manufacturing process for Trex Residential relies heavily on heat to combine our wood and plastic materials and only requires a small amount of chemical additives. The chemicals are used at levels well below the established thresholds for worker safety and environmental health.

Trex Commercial uses compressed gas in the manufacturing process to cut and weld various products. We manage these and other chemicals in accordance with all applicable regulations.

A licensed and certified waste management company handles the recycling and disposal of materials containing potentially hazardous chemicals from all Trex manufacturing operations. We store and handle ancillary chemicals in accordance with permit requirements and our stringent internal safety standards.



Clean Air Technologies

Trex manufacturing processes do not generate any appreciable non-CO₂ emissions that would negatively affect air quality. We control emissions of particulates, volatile organic compounds (VOCs) and other air toxins at levels well below federal and state standards. For example, our newest production facility in Virginia features a state-of-the-art regenerative thermal oxidation (RTO) unit that destroys at least 95% of VOC emissions. This RTO unit reduces VOCs, particulates and other airborne pollutants without using chemicals to treat the air stream. Our other plants use air scrubber technology on each ventilation system to control emissions.

Environmental Compliance Data

	Units	2019	2020	2021
Environmental compliance (waste, water, chemicals, air emissions)	Fines	None	None	None



People



Health and Safety

From the plants that manufacture our products to the breakrooms in our offices, establishing safe workspaces for Trex employees is a top priority. The rapid expansion of our production capacity during 2020 and 2021 resulted in an increase in new hires who required training to familiarize themselves with our safety protocol. Consequently, there was an associated increase in our Lost Time Incident Rate (LTIR).³ In response to this increase, in 2021 we comprehensively updated our environmental health and safety (EH&S) strategy. This included paying particular attention to training new employees, strengthening EH&S leadership, increasing the staffing of our safety teams and changing the structure of our work areas to focus on safety.

³ Defined by the Occupational Safety and Health Administration as the number of incidents that result in time away from work, divided by the total number of hours that employees worked during a given time period.

Our [Occupational Health and Safety Policy](#) expresses Trex's commitment to plan and perform all operations, at all facilities, in a manner that is safe for our employees. We consistently prioritize employee health and safety and believe this is a shared responsibility between the company and its employees. We also believe all accidents are preventable and that every job, no matter how important or urgent, should be done safely. In addition to physical safety, we also support our employees' emotional and mental health. Our new strategic framework lays out objectives, tactics and benchmarks for measuring improvement across five EH&S areas:

- Maintaining clean and organized sites
- Reducing the risk of serious injuries and fatalities
- Recognizing and controlling hazards
- Improving incident response
- Ensuring safety is part of the daily conversation

Maintaining Clean and Organized Sites

We take a proactive approach to maintaining the cleanliness of our facilities. Our actions in 2021 included hiring dedicated production housekeeping staff; standardizing methods for marking safety equipment; and improving safety zones, exit routes and aiseways.

Reducing the Risk of Serious Injuries and Fatalities

While Trex's ultimate goal is zero accidents and injuries, we focus our greatest efforts on preventing catastrophic incidents that could put lives at risk. These include motor vehicle collisions, falls from 10 feet or higher, fires and explosions, and being struck by heavy objects or equipment. As an initial step in 2021, we enacted new lifesaving rules at all manufacturing sites and created daily safety messages focused on serious injuries and fatalities. Our plans in 2022 include conducting detailed investigations of near-misses and devoting additional new hire training to the prevention of catastrophic incidents.

Recognizing and Controlling Hazards

We encourage employees to report any hazards or concerns to their Plant Safety Manager or a representative from the Plant Safety Committee. They can also submit concerns using our online reporting system.

As part of our updated strategy, we launched an electronic system for reporting hazardous conditions or behaviors and updated our process for tracking corrective actions. These efforts dovetail with our new hazard recognition and correction program — “Find It, Fix It” — for Trex employees. Along with teaching them what hazards to look for, “Find It, Fix It” establishes a process for employees to document hazardous conditions or behaviors and either fix the issue themselves or propose a solution.

Improving Incident Response

We are creating a more consistent process for investigating safety incidents, identifying the root causes, determining corrective actions and verifying that those actions were implemented. One area where we aim to improve incident response includes providing additional training to investigative teams and standardizing the types of data they collect.

Ensuring Safety is Part of the Daily Conversation

Along with encouraging Trex employees to be more proactive in identifying hazards through “Find It, Fix It” and other programs, we began daily safety messaging to our manufacturing and warehouse crews in August 2021. At the start of each shift, supervisors review the message with their team and lead a group discussion. Topics have included “hot work” — welding, soldering, cutting, grinding and other activities that could start a fire — safe ladder use and the traits of a strong safety culture.



Safety Staffing

Each of our manufacturing sites has a dedicated health and safety manager and committee. The Plant Safety Manager ensures safety is at the forefront of our manufacturing operations every day. Employee representatives on the Site Safety Committee meet monthly to collect, discuss and act upon safety feedback from their colleagues.

To keep pace with the rapid growth across Trex, in 2021 we bolstered the leadership of our EH&S team by hiring a new Director of Environmental, Health and Safety and increased the size of our EH&S team by 62% compared with 2020.

Safety Training for Employees

All Trex production line workers receive regular health and safety training. We continually seek to make both our in-person and online training modules even more interactive and dynamic.

Onboarding for new employees includes three days of training that spans topics such as fire safety, hearing-loss prevention, hazards in confined spaces and proper use of personal protective equipment. Since 2020, employees have also completed our training module on COVID-19 prevention in the workplace.

We expect all Trex employees to complete safety training annually. In 2021, we achieved a 96% employee training completion rate.

Bilingual Support

As of 2021, all employees at our Nevada and Virginia locations can choose to receive 100% of their training and testing in Spanish. We translate all our safety communications and signage into Spanish at both locations.

Memberships and Certifications

We stay current on the latest health and safety guidance through multiple sources, including our memberships in the Voluntary Protection Programs Participants' Association, the National Safety Council and the National Fire Protection Association. Members of our plant Site Safety Committees also received training through state occupational safety and health programs in 2021. Also, Trex supports plant safety managers in becoming Certified Occupational Safety Specialists and obtaining the Certificate for Occupational Safety Managers through programs offered by the federal Occupational Health and Safety Administration.



Employee Health and Safety Training

	2019	2020	2021 ¹
Number of Trex Residential ¹ employees who completed training	848	1,093	1,782
% of Trex Residential employees who completed training	72%	70%	96%

¹Trex Residential Products comprises 93% (1,924) of Trex's total employees. Employees at Trex Commercial Products receive similar training through Trex Commercial's safety program.



Health and Safety Performance

Eliminating incidents that result in serious injury to employees is a top priority for Trex. Our focus on this area remained critical as we faced several health and safety challenges during 2021. Like many other companies, Trex navigated a turbulent labor market posed by the ongoing COVID-19 pandemic that resulted in increased turnover. At the same time, we grew our workforce by approximately 400 employees to support our capacity expansion. The pandemic negatively impacted our ability to conduct in-person safety training for our new hires and replacement employees, and the amount of time for them to become immersed in our safety protocols.

During this period of rapid growth amidst an ongoing pandemic, our LTIR increased as we hired and trained new employees on our safety standards. We consider our health and safety performance in 2021 to be unacceptable and are committed to improving our performance in 2022 and beyond through focused training, improved hazard recognition and reporting practices, additional safety personnel and other initiatives outlined in our EH&S strategy.

Employee Safety Incidents

	2019	2020	2021	Bureau of Labor Statistics Industry Average ²
Lost Time Incident Rate ¹	0.45	0.82	1.31	1.2

¹Data shows Trex's LTIR, defined by the Occupational Safety and Health Administration as the number of incidents that result in time away from work, divided by the total number of hours that employees worked during a given time period. Data represents Trex Residential employees only.

²Industry average relates to North American Industry Classification System (NAICS) code 321999. This average is for the calendar year 2020, the most recent year available as of this report publication.

Performance Benchmarking

In 2021, we rolled out a new EH&S achievement program that will establish targets and measure progress at each Trex production site. The program will set clear expectations for improving safety performance, sustaining those gains,

completing internal and external site assessments, and evolving the safety culture. Our near term goal is to achieve parity with the industry LTIR average of 1.2 by 2022. From there, we aim to improve measurably over time against the average and position our company as the industry leader for safety.

We set four levels of achievement: Bronze (fundamental), Silver (compliance), Gold (prevention) and Platinum (leadership). Trex sites will be able to progress at different rates toward standardized safety benchmarks that are aligned with meeting or surpassing our industry average LTIR.

Employee Wellness

We encourage employees to be proactive about their well-being through our Wellness Program. Full-time employees participating in the company's health insurance coverage are eligible to enroll in the Wellness Program and receive a reduced out-of-pocket premium on their health insurance. In 2021, about 42% of Trex Residential employees took part in this program.

Biometric Screenings

Each year, we hold biometric screenings to give employees a snapshot of their overall health and alert them to any issues. We encourage employees to visit a primary care physician for a preventative health check-up, including age-appropriate health screenings, and we offer free flu shots.

Supporting Employees Amid COVID-19

Throughout the ongoing pandemic, we continued to follow measures based on guidance from the Centers for Disease Control and Prevention and state and local protocols, in addition to our own safety measures, to help protect Trex employees and their families. Our priorities in 2021 included ensuring employees had easy access to free COVID-19 vaccines.

We track the rates of positive cases in communities in which Trex operates, and particularly among our employees, to guide our decisions regarding protocols such as masking, social distancing and hybrid telecommuting options.



Promoting Diversity and Inclusion

We believe that attracting a diverse workforce, upholding equity for all employees and nurturing an inclusive culture enriches our organization, contributes to our long-term value creation and fosters an environment of creativity and innovative thinking, which will bring forth new ideas and challenge the status quo. We also recognize that fostering a diverse, equitable and inclusive workplace requires continual improvement.

We seek to enhance diversity, equity and inclusion (DE&I) among our employees through:

- **Assessment** of where our strengths and weaknesses exist, which starts with understanding the experiences of all employees at Trex.
- **Recruitment** that expands our ability to connect with the most talented candidates representing a broad spectrum of backgrounds.
- **Training** that builds awareness, communication and support of DE&I as a fundamental value at all levels of our company.

Listening to DE&I Experiences and Perceptions

In early 2021, we enlisted a third party to conduct a survey to understand how our employees experience DE&I at Trex. More than 40 interviews were conducted with employees of different genders and backgrounds at various Trex locations. The assessment generated open-ended dialogue that, when combined with results from DE&I-related questions in our regular [employee engagement surveys](#), provided comprehensive insight into our employees' priorities and perceptions of DE&I at Trex.

The assessment shed light on how employees define DE&I, perceived barriers to enhancing DE&I in our current workplace culture, and the experiences of women and people of all racial and ethnic backgrounds across our company. The results break down the key drivers that shape how employees feel about working here, specific actions they believe would have the greatest positive impact on our culture and recommended next steps.

We are using the assessment to help refine our current employee engagement approaches as well as shape a new DE&I strategic framework.

Inclusive Recruitment

Inclusivity forms the core of our approach to recruitment, training, engagement, retention and career development. We want all employees to see themselves growing a successful career at Trex and powering the growth of our business.

In 2021, we continued expanding the scope of our overall recruiting efforts along with launching strategic campaigns to attract an increasing percentage of diverse candidates in specific roles and geographic areas. For example, we increased our Spanish-language job ads and ads tailored toward female candidates.





Our [Trex Careers](#) website and other recruitment channels increasingly reflect the ethnic and gender diversity that we aspire to grow. We actively recruit on diverse and inclusive employment sites to reach as many diverse candidates as possible.

We work closely with universities and high schools in the communities in which we operate to build interest in careers with our company among diverse groups of students. Trex representatives participate in many job fairs, classroom visits and other opportunities to connect with future graduates who are underrepresented in the manufacturing industry. For example, we have long-term partnerships with Virginia Tech and the Council for the Advancement of Minority Engineering Organizations. We regularly post our job openings at historically Black colleges and universities, including Howard University, Norfolk State University and Fayetteville State University. Our recruiters also visited a number of other university campuses with diverse student populations in 2021.

We remain focused on recruiting current and former members of the military. For the second year, Trex was certified as a preferred employer by the Virginia Values Veterans program, which focuses on educating the business community about the value of bringing military veterans into their workforce.

We seek to minimize unconscious bias in our hiring practices. Our HR team reviews all Trex job descriptions to ensure they use clear and inclusive language.

Diversity in our Employee Base

We are encouraged by the progress we've seen in our diversity efforts. Amid rapid growth across Trex, our proportion of female and ethnically diverse employees continued to rise in 2021.

At the end of 2021, women comprised 25% of our workforce, compared with 23% in 2020. Female representation in management roles also grew, from 22% in 2020 to 26% in 2021. Ethnically diverse employees comprised 20% of our overall workforce, compared with 17% in 2020, and held 10% of management roles in 2021, compared with 6% the prior year.

In addition, women held three of the 10 positions on our Board of Directors. Although we are proud of our progress thus far, we remain committed to furthering diversity and inclusion across our company.

Female and Diverse Employees

	2019	2020	2021
Female employees ¹	22%	23%	25%
Diverse employees ¹	15%	17%	20%
Women in management ²	22%	22%	26%
Diverse employees in management ²	6%	6%	10%

¹Based on employees who have self-identified their gender and ethnicity.

²"Management" is defined as employees who have direct reports and select executive leaders who may not have direct reports.



Diversity and Inclusion Training

We strive to grow a diverse and inclusive culture at Trex where all people feel welcomed, respected and supported to work at their best. DE&I training is key to reinforcing the company's policies and values in these areas. We also believe each person in our company plays a crucial role in identifying and eliminating practices and behaviors that conflict with our DE&I objectives.

Trex hired external experts to lead multi-hour sessions with employees in our offices and production facilities. Areas of focus include the value of diverse perspectives to our business, respecting individual differences, communicating inclusively, recognizing unconscious biases and refraining from harassment or other behaviors that create a hostile work environment.

Nearly all full-time Trex employees completed our DE&I training in 2021. Moving forward, we plan to conduct biannual training sessions for new hires.



Fair and Equitable Pay

We ensure all Trex employees receive fair and equitable pay as part of our fundamental commitment to equal employment opportunity. More than that, we aspire to be an industry leader in our overall compensation for both salaried and hourly employees.

Our approach includes using a compensation grade structure to set the pay range for each position at Trex before we consider applicants to fill that role. We also perform an external competitive analysis to help assess how the pay ranges for our salaried and hourly positions compare with those in our industry.

For positions in specific departments where Trex must work especially hard to attract the most qualified candidates, we apply additional market studies and gauges to ensure we are offering a highly competitive compensation package. As part of our efforts to maintain equitable pay and help retain talent at all levels, we conduct regular peer-to-peer comparisons across our salaried roles and quarterly benchmarking of our hourly wages in each local market in which we operate.

Our assessments during 2021 confirmed that Trex offers market-leading compensation overall. We also identified that our pay mix is weighted toward variable incentives. These insights will help us continue to hone a balanced compensation strategy that optimizes our ability to compete for top talent. We also continue to seek additional sources of market data to offer attractive salaries.

Trex strives to be highly competitive as well as consistently fair in how we reward our valued employees for their work.

Pay Equity by Gender and Ethnicity

We regularly review our compensation structures for signs of emerging inequities along gender or ethnicity lines. Given that the hourly wages in our manufacturing operations are standardized by position, we primarily focus on identifying issues in salaried positions.

Based on the results of our pay equity analyses in 2020, less than 2% of positions fell outside the acceptable ranges. These outliers were addressed promptly. In 2021, we shifted our focus toward assessing how Trex compares with the overall market and strengthening our leadership position in both salaried and hourly compensation.

We will continue analyzing pay equity across our job classifications and monitoring the external market to help ensure Trex remains highly competitive as well as consistently fair in how we reward our valued employees for their work.



Employee Compensation

	2019	2020	2021	
Median annual employee compensation ¹	\$68,243	\$71,830	\$63,446	
National median annual household income ²	\$69,560	\$67,521	Not available at time of publication	
CEO-to-employee pay ratio vs. national average ³				
	Trex	40.6 : 1.0	39.8 : 1.0	64.3 : 1.0
	National average	276.2 : 1.0	307.3 : 1.0	Not available at time of publication

¹The decrease in median annual employee compensation from 2020 to 2021 is primarily due to the significant increase in entry-level positions that were opened in 2021 to support our manufacturing capacity expansion.

²Source: United States Census Bureau.

³Source: Economic Policy Institute.



Investing in Our People

We strengthen the foundations of our long-term success by creating opportunities for employees to grow professionally and make their voices heard in conversations about how our company can continue to improve.

Culture Assessments

Hundreds of new team members joined Trex over the past two years, each of them bringing distinctive experiences and perspectives to the workplace. To better understand how our culture is evolving as a result of this rapid growth in our employee base and other factors, we began working with a third party to conduct a culture assessment among our manufacturing employees beginning in fall 2020.

After successfully piloting the assessment with focus groups at our Nevada plant, we expanded it to our Virginia-based manufacturing employees in 2021. Their input is helping shed light on Trex's cultural strengths as well as aspects of our workplace that could weaken employees' motivation. Our interactive workshops involving employees in executive and hourly lead roles help define how we communicate with our people with respect and provide consistent feedback on their performance.



We are organizing more focus groups in 2022 and using feedback to target processes and behaviors that interfere with our efforts to build a more supportive culture. Insights from the assessment are also helping us tie more meaningful operational and financial metrics to our leadership roles, which contributes to setting clear expectations and holding people accountable in our corporate culture.

Training and Professional Development

Trex runs on the fuel that our employees generate through their talent, motivation and innovation. We invest in skill-building, leadership development and continuing education at all levels to help our people achieve their professional goals. These programs also help Trex attract highly engaged and diverse employees who contribute to improving the quality of our products and delivering greater customer satisfaction.

In 2021, we provided more than 65,000 person-hours of instruction and expanded the selection of on-demand courses available to employees. We also reinforce professional development goals through annual performance reviews for salaried employees, 100% of whom completed this process in 2021.

Onboarding Employees

Smoothly integrating new employees into Trex operations and workplace culture became even more pivotal during 2021 as we addressed greater competition to fill job openings. Our 2021 priorities for new hire onboarding included immersing employees in on-the-job safety best practices, making sessions more interactive and delivering content that closely matches employees' specific job responsibilities.



Our trainers provided more than 50,000 person-hours of onboarding training to new hires in 2021. We also gave new hires at our Nevada location the option to receive their training in Spanish. We are hiring bilingual trainers and preparing Spanish-language onboarding materials to use at our Virginia operations in 2022.

LinkedIn Learning

Employees in all Trex offices and manufacturing sites receive free access to LinkedIn Learning, which offers more than 16,000 online courses in English, Spanish and several other languages. In December 2021, we kicked off a LinkedIn Learning Challenge that encourages employees to take courses on a specific theme each month. After viewing the course, participants can answer questions to become eligible for monthly prizes.

Internships

Trex offers internship opportunities each year for recent college graduates in engineering, information technology and other professional fields. Many of our interns move on to full-time positions with us. Our plans for 2022 include piloting an enhanced co-op program for engineering graduates and placing interns from an even broader array of degree programs.

Spanish Classes

Having offered courses in English as a second language to employees for several years, in 2021 we began piloting a Spanish language class for workers in Trex manufacturing operations. We believe these bilingual classes will contribute to improved teamwork and foster a more collaborative environment at our plants.

Trex University

Trex University is a state-of-the-art training facility near our Winchester manufacturing operations where retailers, contractors and other partners can learn about our product lines. In 2021, Trex University training was made available to all new Trex office-based employees. Due to COVID-19 restrictions on travel and gatherings, we largely closed Trex University to external visitors in 2021, but it was reopened in the second quarter of 2022.

Leadership Development

Employees just starting in leadership roles as well as our more experienced leaders can hone their skills through an array of training opportunities. In 2021, 254 Trex employees collectively received more than 2,500 hours of leadership development training that spanned fundamental managerial skills such as communication, performance evaluation and adapting to change. Leadership courses include:

- Priority Setting and Organization and Communication
- Coaching and Delivering Effective Feedback
- Teamwork, Managing Difference and Collaborative Work Culture
- Problem Solving and Decision-Making
- Management Essentials

Our Leadership Training program expanded in 2021 to include workers in Nevada, who previously needed to travel to our Virginia site for these courses. We had 100 participants attend the inaugural Nevada sessions.

We also piloted a four-hour Business Acumen course tailored to our company's financial philosophy and strategies. More than 70 employees completed this training in 2021.



Mentorship

In September 2021, we piloted a new opportunity for employees to receive support and advice from different managers with experience spanning various parts of our business. The Trex Mentor Program is designed to encourage knowledge sharing across functional areas — such as between a production manager and a marketing or finance executive — and give employees additional tools to use in advancing their careers.

We received excellent reviews from the initial participants and are pairing more employees with mentors throughout 2022.

100%

Reimbursement of permanent full-time employees' tuition and book expenses for continuing education courses in programs related to our business. Trex also offers a tuition reimbursement program for permanent full-time employees pursuing associate's, bachelor's and master's degrees.

President's Award for Teamwork

Now in its third year, the President's Award for Teamwork recognizes high-performing teams that exemplify cross-functional collaboration. Our 2021 awards recognized 21 employees in the engineering, manufacturing, quality, supply chain and materials sourcing departments for their work on several projects related to optimizing the use of recycled content in our production lines.

Employee Engagement

Every 18 months, we conduct a companywide engagement survey to capture feedback on our corporate culture, opportunities within the company, quality of leadership and other topics. Our 2021 engagement survey garnered input from more than 700 employees.

Employees scored Trex the highest on topics such as understanding the results expected of them, feeling they are treated with respect as an individual and believing that Trex is a customer-focused company. Areas of opportunity identified include effective communications and decision-making as well as efficient and effective company structure and process. Survey results are shared with leadership so they can develop action plans to address the opportunities identified.





Social Impact in Our Communities

Trex is deeply connected to the communities in which we operate as well as the places that our customers call home. We contribute to building strong and healthy communities through our recycling programs, employee volunteer efforts and charitable donations.

Environmental Outreach Through NexTrex®

As one of the largest recyclers of polyethylene film bags, wraps and packaging in North America, we focus a significant portion of our environmental outreach on engaging communities on the importance of recycling.

Through our community outreach and collection program, NexTrex®, we partner with schools and community groups to provide informational campaigns promoting the environmental benefits of removing polyethylene film from the waste stream and educating people on how to recycle it. We also host collection efforts between America Recycles Day (November 15) and Earth Day (April 22), during which community members gather and recycle as much polyethylene plastic film as possible and bring it to one of our approximately 32,000 NexTrex® collection stations. This material then goes to Trex’s warehouse, where it is processed for use in our products.

In 2021, school and community recycling participants helped divert more than 1 million pounds of plastic film from landfills.

In 2021, school and community recycling participants helped divert more than 1 million pounds of plastic film from landfills.

NexTrex® Collection Programs

	2019	2020	2021
Community drop-off locations	N/A	>32,000	>32,000
Participating schools	730	330 ¹	720
Participating community groups	>800	>2,500	1,800
Total material recovered, in pounds	537,810	850,000	1,066,780

¹ The significant drop in participating schools from 2019 to 2020 was due to pandemic-related school closures.

NexTrex® Recycling Label

To help eco-conscious consumers more easily identify packaging that can be recycled through our programs, we launched a free labeling initiative in 2021. Retail packaging designers, producers and brand owners simply submit a packaged product sample for testing. We then provide the retailer with a report assessing three criteria: recyclability, risk of product contamination and risk of non-recyclable “look-alike” package contamination. Using this assessment, retail packaging providers can adjust as needed to meet Trex recyclability standards. Once validated, the brand can use our NexTrex® Recycled Packaging label at no cost.



Community Investment

Trex supports many charitable organizations through donations and the volunteer efforts of our employees. We direct our corporate donations toward nonprofits that cater to the most pressing needs of the communities in which we operate, with a focus on advancing educational and environmental initiatives as well as improving the lives of children.

Together with our employees, we donated over \$280,000 to community investment initiatives in 2021. Our total contributions declined from 2020 largely due to the increase in contributions that were made in 2020 in response to the COVID-19 pandemic.

United Way

We seek to improve people’s lives in the communities in which we work through our longtime partnership with the United Way. We are proud to support United Way chapters in Virginia, Nevada and Minnesota in advancing education, employment, financial stability, health and other critical needs.

For our annual United Way fundraising campaign, we match employees’ donations and organize a Day of Caring volunteer event to benefit the [United Way of Northern Shenandoah Valley](#). In 2021, the local United Way chapter recognized Trex for conducting the most successful employee-led fundraising campaign in 2021 — our 13th consecutive year receiving this honor. The chapter also presented its Volunteer of the Year award to Jay Rudolph, Trex Vice President of Human Resources.

In addition, we partnered with United Way of Northern Shenandoah to hold Project Connect in June 2021. This free event featured more than 50 local organizations offering services such as medical exams, housing assistance, educational opportunities and more to the community.

Employees at our Nevada plant supported the United Way of Northern Nevada and the Sierra by donating more than 3,100 books for at-risk children during the local chapter’s book drive in May 2021. Engaging in a friendly competition between crews, the employees collected more than five times their original goal.

Likewise, Trex Commercial Products employees actively support the Greater Twin Cities United Way chapter in Minneapolis. Through the chapter’s Home for Good campaign, employees donated more than 850 kitchen supply kits for local families in 2021. Members of Trex Commercial Products also volunteered their time filling 200 backpacks with new school supplies for students as part of the local United Way chapter’s Action Day 2021.

The Yellow Ribbon Fund

Through our three-year partnership with the Yellow Ribbon Fund, a charity that supports military veterans and their families, we have committed to donate at least \$180,000 between 2020 and 2022. In addition, Trex is matching employees’ donations dollar-for-dollar. Our support helps the Yellow Ribbon Fund provide housing, transportation and family support to severely wounded, ill and injured service members.

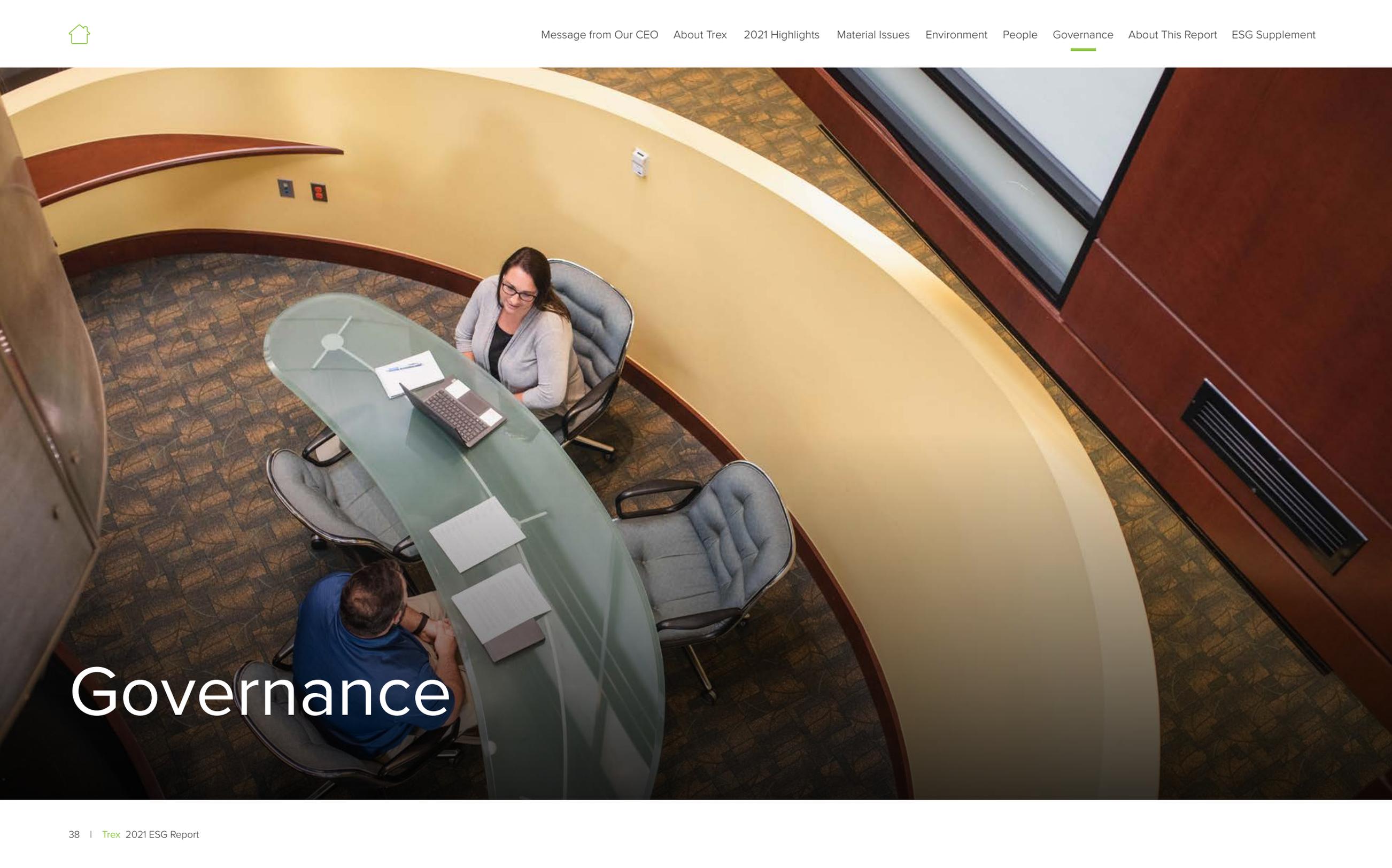


Community Investment

	2019	2020	2021 ²
Total community investment	\$416,000	\$512,000	\$284,000
Corporate donations ¹	\$310,000	\$416,000	\$219,000
Employee cash donations	\$106,000	\$96,000	\$65,000

¹Includes corporate in-kind donations.

²Our total contributions declined between 2020 and 2021 largely due to the increase in contributions that were made in 2020 in response to the COVID-19 pandemic.



Governance



Corporate Governance

Governing our business transparently and with strong principles is essential to Trex’s success. Our corporate governance practices enable us to manage risks, ensure our actions align with our values and foster a culture of integrity.

Trex’s Board of Directors and senior management team are collectively responsible for the leadership, control, development and long-term success of our company. Annually, senior management presents a multi-year strategic plan, including goals, to the Board. Progress toward the goals is assessed by the Board and senior management quarterly.

Our Board is led by James E. Cline, the non-executive Chairman, and has three standing committees:



The Audit Committee

Oversees matters related to the company’s accounting, auditing, and compliance with legal and regulatory requirements



The Compensation Committee

Reviews, determines and approves compensation and benefits of the company’s officers



The Nominating/Corporate Governance Committee

Recommends candidates for election to the Board and its committees; oversees matters related to environmental, social and governance (ESG) initiatives; succession planning; and nonemployee director compensation

An independent director chairs each committee as a vital element of the Board’s governance and leadership.

Leslie Adkins, Vice President of Marketing and ESG Development, oversees ESG at the executive level. In 2021, we added oversight of ESG to the charter of our Nominating/Corporate Governance Committee. This move further ingrains ESG as a vital strategic focus for our leadership. It also ensures the Board receives regular updates and opportunities for input on ESG matters. Read more about each Committee’s [charter](#).

Our Board provides diverse, independent and experienced oversight to our business. We are committed to selecting Board members who bring diverse viewpoints and backgrounds, as reflected

in our Director Nominations Policy criteria. Other than Bryan Fairbanks, our current President and Chief Executive Officer, and Chairman James E. Cline, Trex’s President and Chief Executive Officer from 2015 to 2020, all Board members are considered independent under applicable legal and stock exchange standards. More detail on our Board is available in our [Proxy Statement](#).

In accordance with federal law and our Code of Conduct and Ethics, Trex donated no corporate funds for political advocacy or other political purposes during 2021.

Read more about our Corporate Governance Principles and our Board members on our [website](#).

Trex Board Diversity

(as of December 31, 2021)

	2019	2020	2021
Number of women	2	2	3
% of women ¹	25%	22%	30%
Number who identify as ethnically diverse	-	-	1
% who identify as ethnically diverse	-	-	10%

¹2019 data was restated to adjust for the percentage as of December 31, 2019.



Stock Ownership

Our Stock Ownership Guidelines ensure that our directors' and officers' interests align with those of our shareholders. These guidelines require Trex's CEO to hold shares in Trex that equal at least three times his or her base salary (based on the market value of our common stock). For our other officers, the requirement ranges from 1 to 1.5 times their base salary. Our outside directors are required to hold at least three times their annual cash retainer in shares. New officers and directors have five years to comply. As of December 31, 2021, only one director and one officer who were recently hired have not yet met the stock holding requirements.

Stock Holdings¹

	Officers			Outside Directors		
	2019	2020	2021	2019	2020	2021
Required shares	62,014	59,359	44,175	32,082	23,919	21,318
Shares owned and held	260,163	467,532	421,419	106,022	173,698	178,236
Multiple of requirement held	4.20	7.88	9.54	3.30	7.26	8.36

¹ Data is presented as an aggregate number of shares held by officers and directors, respectively. Data as of December 31, 2021. Figures vary from those in our 2019 ESG Report due to a two-for-one stock split of the company's common stock in September 2020, as well as increases in the company's stock price.



Sustainability Governance

Respect for people and the environment is part of Trex’s values. Our [Environmental Policy](#) forms the backbone of our sustainability governance. It details our commitment to conducting business in an ethical and socially responsible manner with complete respect for the environment.

Environmental governance matters are overseen by the Nominating/Corporate Governance Committee of the Board and action on these items are the responsibility of the executive management team. In 2021, we formalized ESG oversight at the executive level, naming Leslie Adkins Vice President, Marketing and ESG Development. We also established an ESG Steering Committee that is chaired by Leslie Adkins and comprises functional leaders from across the company who are responsible for driving progress within their focus area. Moving forward, the full committee will meet twice annually to discuss progress, performance and approach, and will have smaller meetings throughout the year as needed. The committee will report to the Nominating/Corporate Governance Committee quarterly.

Additionally, the President and Chief Executive Officer; the Senior Vice President and Chief Financial Officer; and the Senior Vice President, Chief Legal Officer and Secretary all contribute to our sustainability governance.

We regularly review the sustainability issues that are [most material to our business](#) to ensure we remain focused and aware of current and upcoming topics of concern. We engage our stakeholders regularly on sustainability issues through various channels, including our investor presentations and conferences, reports, website and periodic news articles. Our CEO and other senior executives also hold informal conference calls with stakeholders to help answer questions and gather input.

Cyber Risk

We recognize that our IT networks and infrastructure may be vulnerable to unpermitted access caused by hackers, unintentional breaches, employee error or other incidents. We diligently guard against any compromise of our data security and our customers’ confidential information.

Our actions to reduce the risk of a cybersecurity incident include:

- Partnering with an enterprise-grade security solutions integrator to help build and run holistic cybersecurity programs as well as perform regular audits to evaluate our current security posture and prioritize our improvement plans
- Training our employees on information security best practices and compliance requirements
- Maintaining cybersecurity insurance to protect against risks related to cyber-attacks and other security breaches

Our Environmental Policy



Use recycled, reclaimed and other waste resources whenever possible in our manufacturing process



Recycle packaging materials



Re-use our production waste in the manufacturing process



Prevent pollution by maintaining environmental management as a core value



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



Develop and use environmentally acceptable, safe and efficient production methods



Identify and comply with all legal and statutory requirements



Evaluate our progress against key performance indicators to enable continuous improvement



Our Supply Chain

We work closely with our suppliers to reduce environmental impacts across our supply chain. We expect business partners to comply with all applicable environmental laws and regulations. We also encourage our suppliers to minimize their use of natural resources while reducing the environmental impact of their operations. Our [Vendor and Customer Code of Conduct and Ethics](#) outlines our expectations for suppliers and customers. Suppliers must adhere to these standards in order to work with us.

We purchase approximately 95% of our raw materials (in dollar value) from suppliers located in the United States and Canada. As a result, we are less exposed to the risks faced by companies with global supply chains. We conduct risk assessments to determine whether vendors meet our social and quality standards. Where necessary, we require new vendors to complete a virtual self-assessment of their compliance with our standards. These assessments cover supplier quality, labor practices, safety and compliance with government regulations. We also conduct operating facility tours and on-site social and quality audits. In 2021, we continued to rely more heavily on vendors' self-assessments due to ongoing pandemic-related travel restrictions and safety protocols.



Ethics

Our values come to life in how we treat our employees, customers and suppliers, and in how we engage with the communities in which we operate. At all times, we expect our employees to act with integrity and uphold a culture of respect, fairness and continuous improvement.

We expect all employees to conduct business according to the high standards laid out in our [Code of Conduct and Ethics](#). We designed this code to ensure employees understand the basic principles and standards that govern our business. We communicate our Code of Conduct and Ethics to all employees and share our expectations for ethical behavior in our employee handbook. We also assign online ethics training modules to all office-based employees at least once a year. In 2021, 100% of those employees completed the coursework. We plan to add in-person ethics training for all employees at our manufacturing plants in 2022.

Trex only works with vendors and customers who uphold our high standards of ethical behavior. We expect all vendors and customers to adhere to applicable laws and regulations as well as meet the standards set out in our [Vendor and Customer Code of Conduct and Ethics](#).

We are deeply committed to respecting and upholding the rights of all our employees, business partners, customers and communities. Our [Human Rights Policy](#) underscores this commitment and details our approach to human rights issues such as working hours, discrimination, and child and forced labor. The policy details that we comply with all applicable national laws and international treaties concerning human rights, social rights and labor rights, and is consistent with the principles of the United Nations Universal Declaration of Human Rights.

Reporting Concerns

We encourage employees to report suspected violations of our Code of Conduct and Ethics or legal requirements. Employees can raise concerns directly through their supervisor, Employee Relations Manager, the Vice President of Human Resources or the General Counsel. Anyone, including third parties, can raise a concern anonymously through our Corporate Governance Hotline available 24 hours a day, 365 days a year; the toll-free telephone number is listed on our website. Investors and other interested parties can contact the Board via the hotline or in writing. An independent third party maintains the Corporate Governance Hotline and all calls are immediately directed to the attention of the General Counsel and the Senior Vice President and Chief Financial Officer, who are responsible for investigating any reports. If a violation is confirmed, we identify and implement corrective measures to prevent a reoccurrence.



100%

Completion of ethics training in 2021 by in-office and remote Trex employees.



About This Report

The content of this report is informed by our most recent materiality analysis as well as the reporting requirements of the [Sustainability Accounting Standards Board \(SASB\)](#) standard for Building Products and Furnishings. SASB sets industry-specific sustainability disclosure standards focused on matters judged to be financially material to the company and relevant to investors.

The report also highlights our performance and commitment to other environmental, social and governance areas important to a broader range of stakeholders, including our employees and customers.

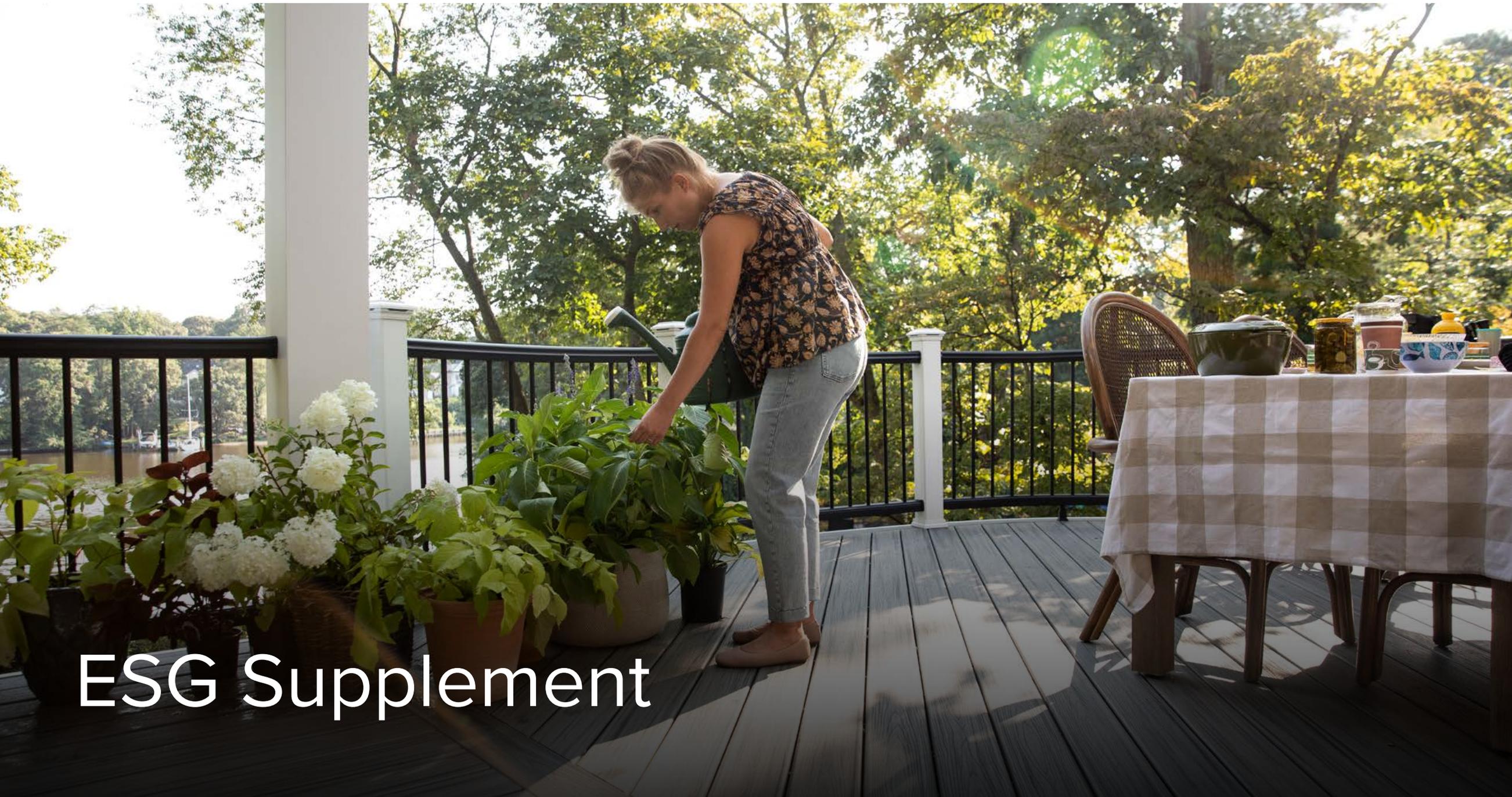
Scope

Unless otherwise stated, all performance reporting covers our fiscal year 2021, from January 1 to December 31, 2021, and includes data for Trex Company, Inc.

Forward-Looking Statements

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 at the start of the “Management Discussion and Analysis of Financial Condition and Results of Operation” section of our most recent [Annual Report](#) on Form 10-K should be read in conjunction with such statements.





ESG Supplement



UN Sustainable Development Goals

At the core of our environmental, social and governance (ESG) approach is an aim to have a positive impact on people and the planet. This includes contributing to the United Nations Sustainable Development Goals (UN SDGs).

Here, we summarize our contribution to the SDG targets where we can make the greatest impact.

SDG Indicator



3. Ensure healthy lives and promote well-being for all at all ages

Relevant Targets

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all

3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Trex Contribution

Wellness Program

2021 proof points:

- 42% of Trex Residential employees participated in our Wellness program and as a result received a reduced out-of-pocket premium on their health insurance.
- Each year, we hold biometric screenings to give employees a snapshot of their overall health and alert them of any issues.
- Ensured employees access to free COVID-19 vaccines.

Environmental Policy

2021 proof points:

- Each of our manufacturing sites is equipped with water collection and filtration systems to control the runoff of phosphorus, nitrogen and other particulates from our operations.
- The manufacturing process for Trex Residential Products requires only a small amount of chemical additives. A licensed and certified waste management company handles the recycling and disposal of materials containing potentially hazardous chemicals from all Trex manufacturing operations.
- Trex manufacturing processes do not generate any appreciable non-CO2 emissions that would negatively affect air quality. We control emissions of particulates, volatile organic compounds (VOCs) and other air toxins at levels well below federal and state standards.



SDG Indicator

Relevant Targets

Trex Contribution



4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

DE&I Program

2021 proof points:

- Increased our Spanish-language job ads and ads tailored toward female candidates.
- Employees in all Trex offices and manufacturing sites receive free access to LinkedIn Learning, which offers more than 16,000 online courses in English, Spanish and several other languages. More than 23% of Trex employees used LinkedIn Learning last year and completed 12,400 hours of courses.



5. Achieve gender equality and empower all women and girls

5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

DE&I Program

2021 proof points:

- Women comprise 30% of Trex’s Board of Directors.
- Women in management increased by 4 percentage points compared to 2020.



6. Ensure availability and sustainable management of water and sanitation for all

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

Environmental Policy

2021 proof points:

- 16.5 billion gallons of water recycled in our manufacturing operations.
- 99%+ of process water at our Nevada and Virginia facilities is recycled.

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity



7. Ensure access to affordable, reliable, sustainable and modern energy for all

7.3 By 2030, double the global rate of improvement in energy efficiency

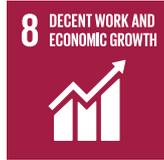
Environmental Policy

2021 proof points:

- 23% reduction in energy intensity, compared to 2020.
- We continue to offer our customers energy-efficient lighting options through Trex Residential Products.



SDG Indicator



8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Relevant Targets

8.4 Improve progressively through 2030 global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants and those in precarious employment

Trex Contribution

Environmental Policy

Our products are made from 95% recycled content, and are inherently resource-efficient by turning waste into high-performance, eco-friendly outdoor living products.

DE&I Program

Learning and Development Program

2021 proof points:

- Achieved pay equity in our workforce based on our most recent assessment in 2020. We will conduct future assessments to ensure we maintain pay equity.
- 65,000+ hours of training completed by Trex employees.

Occupational Health and Safety Policy

Human Rights Policy

2021 proof points:

- Launched a new EH&S strategy.
- 96% of Trex Residential employees participated in safety training.



9. Build resilient infrastructure, promote sustainable industrialization and foster innovation

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Trex Residential offers customers a comprehensive set of eco-friendly outdoor living products, such as decking made from recycled content and energy-efficient outdoor lighting.



SDG Indicator



10. Reduce inequality within and among countries

Relevant Targets

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.4 Adopt policies, especially fiscal, wage and social protection policies and progressively achieve greater equality

Trex Contribution

DE&I Program

Human Rights Policy

2021 proof points:

- We increased women and ethnically diverse talent in our workforce 2 percentage points and 3 percentage points, respectively, compared to 2020.
- We increased women and ethnically diverse talent in management 4% each, compared to 2020.

DE&I Program

2021 proof points:

- Achieved pay equity in our workforce based on our most recent assessment in 2020.



SDG Indicator

Relevant Targets

Trex Contribution



12. Ensure sustainable consumption and production patterns

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

Environmental Policy

Our products are made from 95% recycled content, and are inherently resource-efficient by turning waste into high-performance, eco-friendly outdoor living products.

2021 proof points:

- 33% reduction in emissions intensity, compared to 2020.
- 23% reduction in energy intensity, compared to 2020.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Environmental Policy

Our products are made from 95% recycled content, and are inherently resource-efficient by turning waste into high-performance, eco-friendly outdoor living products.

2021 proof points:

- We recycled more than 58 tons of non-hazardous waste materials, an increase of 23% from 2020.

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

We report our environmental performance and progress annually through our ESG Report.



13. Take urgent action to combat climate change and its impacts

13.2 Integrate climate change measures into national policies, strategies and planning

Environmental Policy

2021 proof points:

- 33% reduction in emissions intensity, compared to 2020.
- 23% reduction in energy intensity, compared to 2020.



Sustainability Accounting Standards Board (SASB) Index

Building Products and Furnishings Standard

Trex is the world's largest manufacturer of composite decking and railing products and a leading provider of custom-engineered railing systems for the commercial and multi-family market. Our SASB Index is aligned with the Building Products and Furnishings standard.

SASB Code	Metric	Response for 2021
Energy Management in Manufacturing		
CG-BF-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	See page 21 of our 2021 ESG Report.
Management of Chemicals in Products		
CG-BF-250a.1	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	See page 24 of our 2021 ESG Report.
CG-BF-250a.2	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	Not applicable. Trex end-user products do not emit any appreciable VOCs.
Product Lifecycle Environmental Impacts		
CG-BF-410a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	See page 19 of our 2021 ESG Report.
CG-BF-410a.2	(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled	In 2021, Trex upcycled more than 1 billion pounds of waste polyethylene film and reclaimed wood. Find further detail on pages 17-18 and 22 of our 2021 ESG Report.



SASB Code	Metric	Response for 2021
Wood Supply Chain Management		
CG-BF-430a.1	(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, (4) percentage certified to other wood fiber standards, and (5) percentage by standard	In 2021, Trex used more than 646 million pounds of reclaimed wood fiber. See page 18 of our 2021 ESG Report for further detail on how Trex sources reclaimed wood.
Activity Metric		
CG-BF-000.A	Annual production	Not disclosed for confidentiality purposes.
CG-BF-000.B	Area of manufacturing facilities	See Part I, Item 2, Properties in our 2021 Annual Report on Form 10-K.



160 Exeter Drive
Winchester, VA 22603-8605
[Trex.com](https://www.trex.com)

We appreciate feedback. If you have questions, need help locating information or want to find the latest on our work, please contact: ESG@Trex.com.