



Building a Better Tomorrow Together

2020 Environmental, Social and Governance Report

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Message from Our President and CEO

Operating for the good of our employees, communities and planet has always been central to Trex's heritage. In 2020 — a year of historic challenges on so many fronts — teams across Trex worked tirelessly to continue advancing the company's environmental, social and governance (ESG) objectives.

As proud as I am of our employees' outstanding accomplishments in 2020, I am equally proud of our consistent and sustainable financial performance, which resulted in one of our most successful years to date. And I'm pleased to share the results of our collective efforts in this, Trex's third annual ESG report.

Environmental sustainability is at the core of our products and operations

We strengthened our long-term strategy to convert consumers from the use of wood products to eco-friendly Trex composite decking, which is made from 95% recycled and reclaimed materials. Our manufacturing process upcycles these materials by transforming them into higher-value products. In 2020, we upcycled more than 900 million pounds of plastic film and reclaimed wood, most of which would otherwise be destined for landfills.

We made further strides in minimizing the environmental impact of Trex operations even as our company grew. Nearly all of our factory scrapped boards are recycled back into the manufacturing process and used to make new products. Additionally, our ongoing efforts to improve energy efficiency in our plants helped reduce the company's energy use related to cooling by approximately 40% in 2020.

We were honored to receive the [2020 Sustainability Leadership Award](#) from Business Intelligence Group in recognition of our commitment to environmentally responsible manufacturing, as well as our commercial and community recycling programs. Consumers also continue to recognize the company's sustainability benefits, with Green Builder readers in North America voting Trex the "greenest decking" for the 11th straight year in 2021.

Amid the pandemic, we immediately prioritized our employees' health and well-being

Our Crisis Management Team developed a COVID-19 pandemic response plan that incorporated guidance and requirements from health authorities to continue our essential manufacturing operations under safe conditions.

We supported our workers in manufacturing and office-based roles with revised safe working arrangements. And, we provided flexible time for all employees affected by the COVID-19 pandemic — whether to recover from the virus, safely quarantine, look after a family member or to manage childcare.

Our team's creativity and dedication are powering rapid expansion

Despite the headwinds of the COVID-19 pandemic, we completed a \$200 million multi-year expansion program in the first half of 2021 that increased Trex production capacity by 70% when compared to 2019 levels. This is good news not just for our customers and business but also for our recycling efforts. As Trex continues to grow, we will upcycle more reclaimed wood and polyethylene waste — resulting in more plastic film being diverted from landfills and further reducing its environmental impact — while providing customers with sustainable outdoor living options.

We foster a culture that upholds the values of diversity, equity and inclusion

We're mindful of the need for all Trex employees to feel respected and empowered to perform at their best. In 2020, we focused on identifying unconscious bias in Trex's hiring practices and on

reimagining our recruitment advertising to reflect broader ethnic and gender diversity. We reviewed our compensation practices and were pleased to find no gender pay gap. We will continue along this path by conducting additional pay equity studies across all protected categories in 2021.

To further ingrain these values throughout the Trex culture, we launched our first-ever diversity and inclusion training initiative with virtual and in-person sessions during the second half of 2020. The training has been well-received by employees and will be ongoing.

We continue to support the communities where we work

Our company's growth and success depend on a strong foundation of local support. We nurture those roots by giving back through community-based organizations and programs. In 2020, Trex and our employees collectively invested around \$512,000 in local communities. For example, we matched employee donations to United Way and gave more than \$211,000 in 2020, including a special donation to support United Way's COVID-19 pandemic relief efforts. We also contributed \$120,000 from our deck sample sales to support Feeding America in 2020.

We are building a better tomorrow together

Although 2020 was unprecedented in many ways, it was also an excellent testimony to the stability at Trex that flows from our consistent strategy and our ongoing commitment to succession planning. This facilitated a seamless leadership transition that included my election by the Board to the CEO role, and it will foster the company's continued growth and success. I congratulate and thank our 1,700-plus employees — which includes approximately 350 people who joined us in 2020 — along with our extended family of shareholders, retailers, dealers, contractors and distributors. Together, they enabled Trex to deliver exceptional results in a challenging year.

The integrity of our business strategy and the strength of our ESG commitment have positioned us for lasting success. We began 2021 firmly committed to our environmentally responsible heritage as we continue to grow, innovate and reach new frontiers.

Sincerely,



Bryan Fairbanks

President and Chief Executive Officer

About Trex

About Trex

Trex Company, Inc. is the world's largest manufacturer of wood-alternative decking and railing. As a leader in high-performance, low-maintenance outdoor living products for nearly 30 years, we meld innovation, environmental responsibility and beauty.



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 extrusion expertise and are tied to our recycling heritage
- Achieve this through human talent, world-class manufacturing innovation and our preeminent brand

Our Core Values

- **Do the right thing** with integrity and respect
- **Ambition** creates opportunity
- **Be accountable** for your actions
- **Take pride** in accomplishments
- **Determined** to be the best
- **Win** through teamwork
- **Passion** drives results
- **Bias** towards action
- **Authenticity** builds trust

Business Overview

Trex Company, Inc. is the world's No. 1 brand of wood-alternative decking. 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. Our company is headquartered in Virginia, and also has operations in Nevada and Minnesota.

We seek to achieve sales growth by continually expanding and enhancing our product platform, developing and promoting Trex as the premium outdoor living brand, and providing innovative solutions to the commercial railing market.

Trex Residential Products offers a comprehensive set of aesthetically pleasing, low-maintenance, eco-friendly outdoor living products. These include decking, railing, fencing and energy-efficient outdoor lighting 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 95% recycled polyethylene film and reclaimed wood, maximizing the sustainability credentials of our decking.

As an environmentally responsible outdoor living products leader for nearly 30 years, we make our products available in more than 6,700 retail locations worldwide under the brand name Trex®.

Trex Commercial Products is a leading national provider of custom-engineered railing systems for the commercial and multi-family market, including sports stadiums and performing arts venues. We have a dominant share of the market for railings used in newly built professional stadiums in North America.

Amid one of the most challenging business environments in recent history, our company achieved record growth in 2020 and further strengthened its position as the industry leader in composite decking. We successfully navigated through the COVID-19 pandemic — and the resulting rapid changes required — without interruption to our operations. We made the safety of all our employees and their families paramount. The remarkable business resiliency we experienced during these difficult circumstances is thanks to the flexibility and commitment of Trex employees.



Sustainability Leadership Award

Trex received this 2020 [award](#) from the Business Intelligence Group in recognition of our ongoing commitment to sustainability demonstrated through our manufacturing process, commercial and community recycling programs, and progress to reduce the environmental impact of our business.



FORTUNE: Fastest-Growing Companies Worldwide

Trex was named to FORTUNE Magazine's 2020 list of the 100 fastest-growing companies worldwide. Ranked 57th, we are the highest-ranked building materials manufacturer on the [list](#).



Forbes: America's Best Mid-Size Companies

Forbes Magazine ranked Trex 12th overall on its 2021 list of [America's Best Mid-Size Companies](#).

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2020: Financial Performance Highlights

\$881M

Net sales

\$187M

Cash provided by operating activities

\$1.51

Diluted EPS

\$59M

Income tax expense

\$252M

EBITDA¹

\$173M

Capital expenditures

\$176M

Net income

28.6%

EBITDA margin¹

884,018

Shares of common stock repurchased

¹Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA) and EBITDA margin are considered non-GAAP measures. A reconciliation of EBITDA to net income and EBITDA margin to net income as a percentage of net income can be found in our [earnings press release](#) issued on February 22, 2021 for the year ended December 31, 2020.

Strategic Initiatives

Winning More Business

With growth across all our residential product lines in 2020, we continue to focus on accelerating gains in our market share against wood (our largest competitor) through greater awareness of our benefits: quality, longevity and sustainability. Over the past year, we converted an estimated 2% of the decking market — worth about \$100 million — and see further opportunity to expand. Our consolidated net sales grew 18% to \$881 million for the year, including a 39% increase in sales in the fourth quarter alone.

Growing Our Operations Sustainably

As our company grows, we uphold our commitment to sustainability by applying the best available technologies and practices in our operations. This includes ongoing innovation in our manufacturing operations to manage any adverse impacts on air, water and land. In the second quarter of 2021, we completed our \$200 million, multi-year capital expansion program to fulfill rising demand for Trex outdoor living products and keep pace with projected future growth. Production at a new, approximately 200,000-square-foot facility at our Virginia site started in January 2021, and we added new production lines at our Nevada site during 2020. Along with adding approximately 350 new jobs, our expansion will increase production capacity for our residential products by at least 70%. This capacity increase will also enable us to divert even higher volumes of recycled plastic and reclaimed wood for use in our products.



2020 Highlights

A photograph of a family enjoying a backyard deck. A woman in sunglasses stands near a grill, a man sits on the deck with a dog, and another man stands on the right holding red tomatoes. The deck is surrounded by lush green trees and a hot tub is visible in the background.

Our impact in 2020...

At Trex, we create outdoor living products that are beautiful, durable, low maintenance, high performance and sustainable, and promote design innovation for the commercial railing market. 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.



...on our environment

362 million
pounds of polyethylene film diverted from landfills in 2020

547 million
pounds of reclaimed wood used in our products in 2020

~99%
water recycled annually by closed-loop recirculation systems at our Virginia and Nevada manufacturing facilities

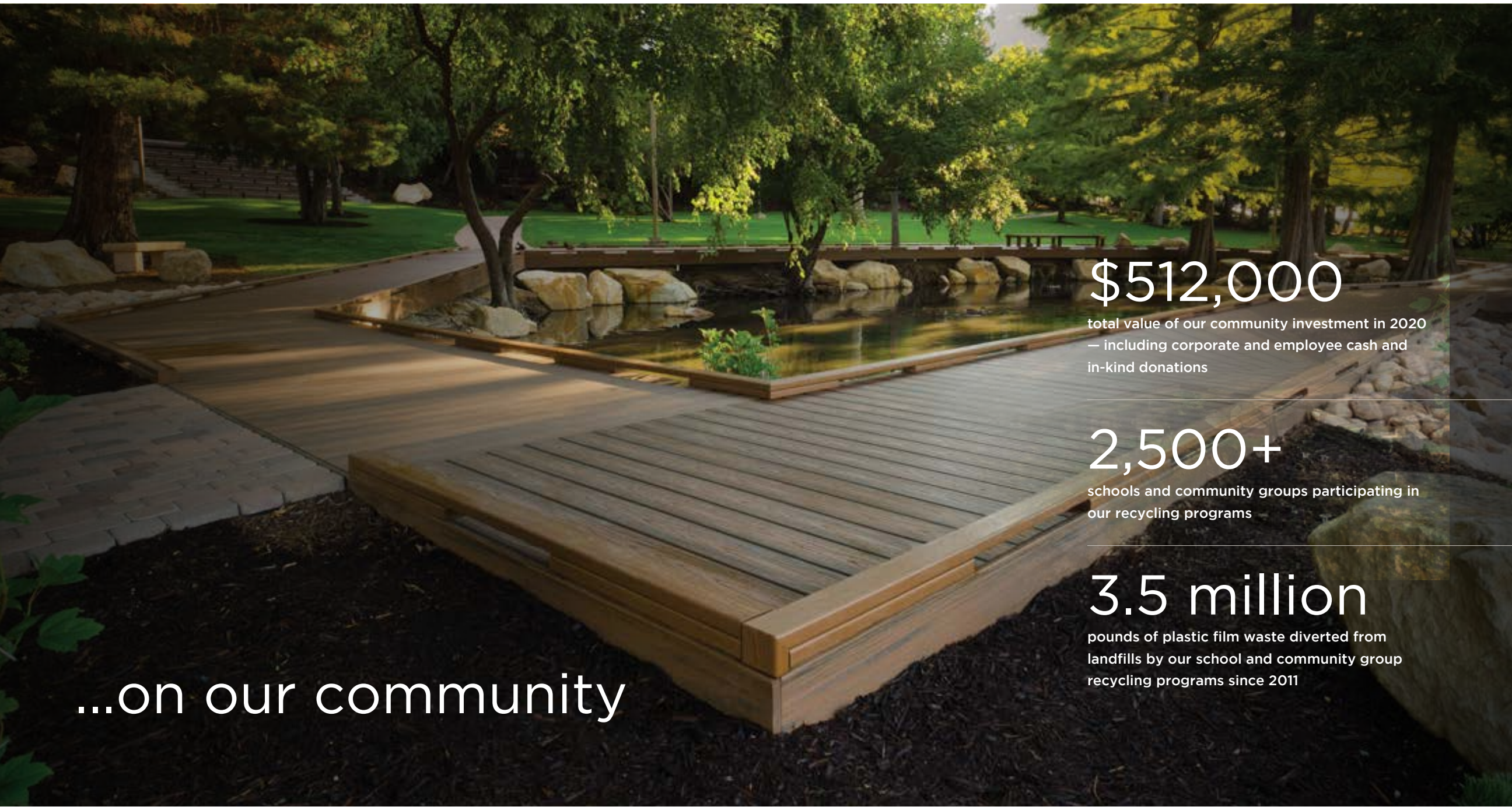


...on our people

1,700+
Trex full-time employees

22,000+
person hours of leadership, onboarding and professional development training

100%
reimbursement of permanent full-time employees' tuition for continuing education courses related to our business



...on our community

\$512,000

total value of our community investment in 2020
— including corporate and employee cash and
in-kind donations

2,500+

schools and community groups participating in
our recycling programs

3.5 million

pounds of plastic film waste diverted from
landfills by our school and community group
recycling programs since 2011



Trex
Company

8

independent directors on our 10-member Board

3

Board committees: Audit, Compensation, and Nominating/Corporate Governance

641,230

shares owned and held by Trex directors and officers, which is significantly higher than the required minimum under our Stock Ownership Guidelines

...for responsible governance

Leadership and Recognition

We are honored that our environmental stewardship and product integrity are recognized year after year:



2020 Sustainability Leadership Award

Business Intelligence Group honored Trex for our ongoing commitment to sustainability demonstrated through our manufacturing process, commercial and community recycling programs, and progress to reduce the environmental impact of our business. Key to earning this award is our highly effective NexTrex® Plastic Film Recycling Program, which makes it easy for retailers, distributors and consumers to responsibly dispose of unwanted plastic waste.

Builder BRAND LEADER 2020

2020 and 2021 Builder Magazine Brand Use Study

For 14 consecutive years, Trex has earned the top spot across three key performance areas for the composite/PVC decking category: “brand familiarity,” “brand used the most” and “brand used in the past two years.” In 2020, our brand also received the “highest in overall quality” honors.



2020 and 2021 Green Builder Readers' Choice Awards

The magazine's readers selected Trex as the “greenest decking,” receiving nearly three times as many votes as the closest competitor in 2020. In 2021, Trex was selected again for the 11th straight year. For the second straight year, we also received the best Brand Index score in the decking category, a new addition to the Green Builder program in 2020.





Material Topics

Material Topics

Trex assesses the materiality of environmental, social and governance (ESG) topics through our corporate governance process. We regularly review our assessments to ensure our sustainability work and reporting focus on the areas that are the most important to our business and our stakeholders. We last reviewed our material topics in 2020.

To determine our priority topics, we evaluate against the Sustainability Accounting Standards Board (SASB) Building Products and Furnishings standard. In addition, we include topics of interest to other leading ESG ratings providers, including MSCI ESG Research, Sustainalytics and Institutional Shareholder Services (ISS). We then compare this range of potential material topics against the corporate priorities set by the Board 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 and includes our applicable corporate policies and positions.



Environment

Products Born from Sustainable Innovation

Since our founding in 1996, we have built sustainability into our products, from the inside out. Our starting point was to solve a long-lasting waste problem for society: what to do with the mountain of single-use plastic film packaging generated every day that is not being recycled?

It is estimated that each consumer in the United States disposes of 100 pounds of single-use plastic packaging a year. This amounts to a total annual waste stream of about 32 billion pounds. Of this, only approximately 12% is recycled and 16% burned for heat recovery, leaving more than 70% relegated to landfills.¹

The genius of Trex is our process for combining waste plastic film, bags and wraps with reclaimed wood to produce highly durable, low-maintenance decking materials that withstand harsh outdoor conditions for a warranted period of 25 years. Trex diverts from landfills and upcycles approximately 362 million pounds of plastic film, bags and wraps each year, nearly all of which come from post-consumer sources.

This combination of waste and reclaimed raw materials, coupled with product longevity, make Trex one of the most sustainable decking materials. See [Product Lifecycle Impacts](#) for more information.

¹Source: [McKinsey & Company](#).



About Our Products

Trex decking is made from 95% recycled polyethylene plastic and reclaimed wood. Our proprietary manufacturing process is optimized to re-use factory waste and minimize emissions.



Trex environmental benefits are recognized in LEED certification by the United States Green Building Council. LEED is a point-based system that accredits building projects incorporating efficient and safe, eco-friendly products.

Innovating Through Lifecycle Assessment

Committed to understanding our environmental impact, we have conducted two lifecycle assessments (LCAs) of our flagship composite decking products. The first LCA occurred in 2016, to establish benchmarks and use as an input into decision-making around manufacturing expansion and process changes. Our second LCA in 2019 reflected investments made in our manufacturing plants and demonstrated a consequential reduction in our environmental footprint.

The findings of our LCAs help us establish a roadmap based on science to inform decisions on changes to our manufacturing process or supply chain. We will continue to employ LCA studies to gauge our progress at relevant milestones and to guide decision-making as our company expands.

Trex environmental benefits are recognized by the receipt of the Leadership in Energy and Environmental Design (LEED) certification by the United States Green Building Council. LEED is a point-based system that accredits building projects incorporating efficient and safe, eco-friendly products. Trex decking can add up to five points to a project —

four points in the Materials and Resources category for being composed of 95% recycled and reclaimed materials, and one point in the Innovation and Design category. Our commercial railing products also typically contribute to LEED certification points in the Materials and Resources category based on recycled aluminum, steel, stainless steel and glass content.

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

Other Trex Products

Alongside Trex decking, our product range includes other outdoor construction materials such as railing and fencing. In addition to composite materials similar to our decking products, other materials used for Trex railings are aluminum and PVC. Aluminum achieves relatively high recycling rates due to the material's value and suitability for returning it to the smelting process. Our aluminum railing contains approximately 40-50% recycled content.



95%

Our decking is made from 95% recycled and reclaimed materials and lasts for decades

Upcycling Our Raw Materials

Trex has always been fully dedicated to using diverted wastes rather than virgin raw materials. We believe that sustainability matters. Our decking is made from 95% recycled and reclaimed materials and lasts for decades. Our combination of long-life and diverted waste raw materials gives Trex environmental and economic advantages in our marketplace.

Obtaining consistent supplies of the required quality of these materials requires innovation and expertise beyond simply purchasing virgin wood and plastic. It would be easier to buy and manufacture with virgin materials, but Trex doesn't do that.

That's why we work so hard to solve the logistical and technical challenges enabling us to source and use waste polyethylene film, bags and wraps as one of our two main raw materials. The second major component of our decking is wood, and we go to great lengths to source reclaimed wood to make the core of our decking.

We don't just recycle these materials. We upcycle them, meaning we create a product of higher value and greater utility than the original materials.

How We Source Polyethylene Film for Upcycling

Trex is one of the largest buyers of recycled polyethylene film in North America. We have spent years developing many sources of waste polyethylene film. In 2020, we upcycled more than 350 million pounds of plastic film otherwise destined for incineration or landfills. As we expand our business, we are continually researching new sources of material to upcycle.

We have contracts with major retailers, manufacturers and distribution centers to secure this supply in bulk. We collect post-consumer plastic film through our NexTrex® program from a network of approximately 32,000 collection stations at stores and distribution centers across the United States and Canada. NexTrex brings together consumers, retailers and brand owners to collect the bulk of our recycled plastic needs.

In addition, our school and community recycling programs are designed to spread awareness of the importance of recycling plastic bags and film and engage people in grassroots collection and recycling. Schools and community groups involved in our programs collect their waste polyethylene packaging and drop it off at the many local collection points Trex has established. Despite the challenging circumstances in 2020, we diverted approximately 850,000 pounds of plastic film from landfills for recycling. Since the start of the programs in 2011, we have recycled approximately 3.5 million pounds of waste plastic film through community outreach. See [Environmental Outreach](#) for more information.





Expanding Our Plastic Film Upcycling

We continue to experience strong broad-based demand for our products and benefit from our long-term strategy to convert consumers from wood decking to Trex composite decking. As demand grows, we continually evaluate and develop additional sources of recycled polyethylene film to ensure the availability of quality recycled material to manufacture our products. Sources under consideration include polyethylene film from agriculture, municipal waste and manufacturing scrap. At the same time as we are growing our capacity to upcycle waste plastic film, more corporate producers of this waste are motivated by pressure from ESG investors to avoid sending waste materials to landfills. Consequently, supply is increasing with our demand.

How We Source Reclaimed Wood for Upcycling

Trex is committed to responsibly sourcing reclaimed wood materials. We source a significant percentage of reclaimed wood fiber from suppliers whose wood products are certified by leading forestry management organizations.

We purchase reclaimed wood for our manufacturing sites in Virginia and Nevada, including sawdust produced by the wood fabrication industry, mixed wood scrap from many sources and agricultural waste wood.

As with polyethylene, to maintain our principle of using the absolute minimum of virgin materials, we actively research new sources of reclaimed wood to feed our growing needs.



Product Lifecycle Impacts

As part of our ongoing commitment to continuous environmental innovation and impact reduction, we use lifecycle assessment (LCA) for our flagship composite decking products. This identifies opportunities to reduce the environmental footprint of our products and process. We publish a summary of our LCA data so that our customers can more fully understand the environmental impacts of our products when making a purchase decision.

We take a rigorous scientific approach to LCA, employing an independent consulting organization, Boustead Consulting & Associates, Ltd., to conduct the assessments. Boustead's assessment conforms to the international standards ISO14040/44 and is peer reviewed by two independent third parties. To date, we have conducted two LCAs (2016 and 2019).

We use the findings to help us establish a current baseline and enable us to make decisions based on science when making changes to our supply chain, manufacturing process or product specifications. We will continue to employ LCAs to document our impacts and to check our progress at relevant milestones. After we conclude our current investment in an expansion of our manufacturing operations, we will conduct our next LCA, which is planned for 2022.

Our 2019 assessment reflects the investments we made in our manufacturing plants to make our process more efficient and less environmentally impactful. The 2019 LCA demonstrated a reduction in our environmental footprint from 2016, documenting reductions in energy use, greenhouse gas (GHG) emissions and public water use.





The Environmental Benefits of Trex Decking

Customers and stakeholders have a choice in the products they purchase and the companies they support. Choosing Trex provides documented environmental benefits due to the sustainable practices of our company and the reduced environmental impacts of our products.

Our 2019 LCA confirmed significant environmental reductions in the footprint of our decking products just since 2016. And we are continuing to make further advances in reducing our impacts.

Trex believes transparency is important and publishes summary LCA data for our customers, investors and other stakeholders. The claims we make for our decking are supported by scientific data.

Trex Product Footprint Improvements

We reduced the lifecycle footprint per foot of our decking in every impact category between 2016 and 2019 (find the data on page 29)...

↓9.5%
GHG emissions

↓10.3%
Fossil fuel use

↓50%
Eutrophication

↓27%
Water use from public supply

↓2.7%
Air pollutants

↓12.7%
Acidification

↓2.1%
Smog

↓2.3%
Cooling water use

Lifecycle Environmental Impacts of Trex Decking

The table below shows the impact of Trex decking during the product lifespan per one million board feet.¹

Impact Categories	ACQ-Treated Lumber	Trex Decking 2016	Trex Decking 2019
GHG emissions (g/CO ₂ e)	2,190,000	1,395,000	1,263,000
Criteria air pollutants (microDALYs/g)	415	220	214
Fossil fuel use (MJ)	15,310	24,410	21,900
Acidification (mole hydrogen-ion eq.)	1,510	244	213
Eutrophication (g-N-eq.)	375	74	37
Smog (g-NO _x eq.)	7,980	3,790	3,710
Public supply process water use (liters)	2,920	5,080	3,710
Cooling water use (liters)	N/A	2,670	2,608

¹Comparison based on 2011 LCA of ACQ-treated lumber per 2.5 million board feet. Assumed lifespans: ACQ-treated lumber — 10 years; Trex Decking — 25 years.

Environmental Stewardship in Our Manufacturing

We create Trex products through environmentally responsible manufacturing methods designed to minimize adverse impacts and conserve natural resources. Our manufacturing facilities in Virginia, Nevada and Minnesota employ the best available technologies for managing our environmental impacts on air, water and land. We divert nearly all our manufacturing-related waste from landfills by re-using them in our production process or recycling them off-site.

Through the \$200 million capital expansion project that we completed in the first half of 2021, we are increasing our Trex Residential production capacity by 70%, compared with 2019 volume levels. With this growth comes even greater responsibility to operate in a sustainable way.

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

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

This is our first year publicly reporting our environmental impact data. Increases between 2019 and 2020 are associated with the expansion of our manufacturing capacity this year.

Our [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 strive to reduce energy use and associated greenhouse gas (GHG) emissions in Trex manufacturing operations by designing our facilities to run efficiently. This includes the use of a low-carbon manufacturing process and energy-saving equipment in our production lines.

Cooling Towers

We have replaced air-cooled refrigerant systems at our Virginia and Nevada locations with cooling towers that use water recycled from our manufacturing operations. This change and associated actions have reduced our energy use related to cooling by approximately 40% in 2020.

LED Lighting

We installed energy-efficient LED light fixtures, which consume up to 80% less electricity¹ compared with incandescent or compact fluorescent bulbs, at our new and remodeled facilities in 2020. We plan to conduct energy assessments for existing buildings and future projects across the company.

¹Source: [United States Department of Energy](#).

Energy Use and GHG Emissions

Data in this table is for Trex Residential.

	Units	2018	2019	2020
GHG emissions (scope 1 and 2)	Metric tons CO ₂ e	99,344	108,743	120,409
GHG emissions intensity	Metric tons CO ₂ e/ \$ million sales	0.162	0.157	0.145
Total energy use (electricity, natural gas and fuels)	MWh	295,100	331,922	366,689
Energy use intensity	MWh/\$ million sales	0.481	0.478	0.443

Transportation

We seek to reduce automotive fuel consumption and GHG emissions by optimizing inbound and outbound loads at our plants. For example, we take steps to ensure that raw materials can be

delivered directly to the Trex manufacturing site rather than a storage facility whenever possible. We are also seeking to transport more of our products and materials by rail, to ensure we fill as much of the available container space in each shipment as possible.

Biodiversity

We make biodiversity a fundamental consideration in our planning for new construction. Before starting our recent capacity expansion, we engaged independent consultants to conduct an environmental risk analysis that helped guide our plans and mitigate impacts on the natural environment in and around our campus. We take this step each time we contemplate an expansion or start building at a site.

Waste and Recycling

Trex recycles nearly 100% of factory scrap back into the manufacturing line and reintegrates scrapped boards into new products. We do the same with Trex’s wood and plastic packaging. Our stream of universal waste — a subset of hazardous waste that includes mercury relays, fluorescent light tubes and batteries — is properly separated and sent to recycling facilities. Scrap paper, cardboard, metals and plastic strapping from Trex operations are sent for recycling off-site.

We are exploring new avenues to channel waste from other parts of our business, such as the

plastic utensils used in our dining areas and breakrooms, into our production stream. We are also studying potential ways to convert waste material left over from our manufacturing process into packaging for Trex products.

Hydraulic Fluid

As of 2020, we use biodegradable, vegetable-based hydraulic fluid in the production process at all of our sites. This alternative to petroleum-based oil allows us to recycle or dispose of our used fluid without harming the environment.



~100%

Factory scrap recycled back into our manufacturing process in 2020

Waste Disposed and Recycled

	Units	2019	2020
Non-hazardous waste disposed	Tons	9,680.7	15,149.2
Non-hazardous waste recycled (including energy recovery)	Tons	37.9	46.7
Hazardous waste disposed	Tons	1.0	0.5
Hazardous waste recycled (including universal waste)	Tons	9.7	5.1

Water Use

All Trex manufacturing facilities operate under permits from their local municipal wastewater treatment authorities. We actively comply with these permits and work to further reduce stormwater runoff from our operations.

Closed-Loop Wastewater Recycling

Our Virginia and Nevada manufacturing facilities have closed-loop recirculation systems that run water through multiple cycles of re-use before being returned to the municipal wastewater stream. We increased the water usage cycle rates at our Virginia facilities by approximately 15% in 2020 compared with the previous year. Our systems treated and recycled approximately 99% of the water we used in 2020.

Through additional improvements in the closed-loop system at our Nevada facility, we aim to reduce the site's water use by 25% in 2021 compared with 2020 levels.

Controlling Runoff

We maintain extensive water collection and filtration systems on the rooftops, downspouts and drains at each manufacturing site. These systems

Water Use

	Units	2018	2019	2020
Water from public supply	Million gals	158.05	159.97	178.14
Water recycled	Million gals	3,512.14	4,443.66	12,724.17

enable us to control the runoff of phosphorus, nitrogen and other particulates from our operations.

As a result, we comply with the stringent permit requirements for reducing stormwater runoff at our Virginia facilities, which lie within the Chesapeake Bay Watershed Area. Our systems also help reduce or eliminate negative environmental impacts in the event of an accidental spill or leakage.

In 2020, construction of our new 200,000-square-foot decking plant in Virginia included a bioretention pond to offset the loss of vegetation in that area. This pond helps maintain ecologically healthy levels of phosphorus and nitrogen for local wildlife.



~99%

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

Environmental Compliance

Trex manufacturing operations comply with various municipal, state and federal regulations governing each of our locations. We seek to surpass the minimum required standards as part of our efforts to be a leader in environmental stewardship.

Chemicals Management

Since we primarily combine wood and heated plastic to create Trex residential products, our manufacturing process requires only small amounts of chemical additives. We use these chemicals at levels well below the established thresholds for worker safety and environmental health.

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

Clean Air Technologies

Trex’s manufacturing process does not generate any appreciable non-CO₂ GHG 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.

Pollution control measures at our plants include air emission scrubber technology on each ventilation system. In addition, our newly built facility in Virginia features a state-of-the-art regenerative thermal oxidation (RTO) unit that keeps our campus-wide VOC emissions below the federal air permit threshold. This RTO unit reduces VOCs, particulates and other airborne pollutants without using chemicals to treat the air stream, which scrubbers require. We expect the RTO unit to destroy 95% of VOC emissions from our new production lines.



A Clean Record. Trex recorded zero environmental compliance issues at its manufacturing operations in 2020.

Environmental Compliance Data

	Units	2018	2019	2020
Environmental compliance (waste, water, chemicals, air emissions)	Fines	None	None	None

People



Health and Safety

The safety and well-being of our employees is a top priority at Trex, and we work to promote a company-wide culture of safety and accountability. Our commitment to this important area is outlined by our [Occupational Health and Safety Policy](#).

Health and safety is a core focus at all our operations, but especially at the plants that make our products. Each site has a dedicated health and safety manager and committee, and we provide employees with regular, role-appropriate training. The Plant Safety Manager ensures safety is at the forefront of how our manufacturing facilities operate every day, while employee representatives from the Site Safety Committee collect and discuss feedback from colleagues on the plant floor.

Our Design for Safety Program ensures safety is factored into every decision we make. The program outlines safety protocols, such as proper labeling of machinery, to ensure all the equipment at our plants is safe to use.

As part of our commitment to maintaining a safety-conscious working environment, we encourage employees to report any hazards or concerns to the Plant Safety Manager or a representative from the Plant Safety Committee. We install boxes in breakrooms where employees can leave a note detailing any concerns. Our memberships in the Voluntary Protection Program Participants Association, the National Safety Council and the National Fire Protection Association help us to stay abreast of the latest health and safety guidance.

Employee Training

Our production employees receive regular health and safety training. We deliver group training sessions for production employees at the beginning of each biweekly crew rotation. All new production employees receive three days of online training on topics including fire safety, hazards in confined spaces and hearing loss prevention. In 2020, we added a training module on COVID-19 prevention in the workplace.

Members of our plant safety committees continued to receive training through state occupational safety and health programs in 2020. We continue to support plant safety managers to become [Certified Occupational Safety Specialists \(COSS\)](#) and [Certificate for Occupational Safety Managers \(COSM\)](#), although the pandemic resulted in some delay to course access.

In 2020, as we expanded our operations and hired approximately 350 new people, we maintained the proportion of employees that received health and safety training. We plan to scale up training to reach more employees.

Employee Health and Safety Training

	2018	2019	2020
Number of Trex Residential ¹ employees who completed training	747	848	1,093
% of Trex Residential employees who completed training	72%	72%	70%

¹Trex Residential Products includes 90% (1,555) of Trex's total employees. Employees at Trex Commercial Products receive similar training through Trex Commercial's safety program.



Listening to Our Employees

Safety concerns reported by employees led to significant improvements. We made it safer to use our bundle saw machine by improving protective machine guarding and eliminating ergonomic risks. We also reduced hazards while using hydraulic equipment by adding hose restraints.

Health and Safety Performance

Rapid expansion in our production capacity resulted in an increase in new hires who required training to familiarize themselves with our safety protocols. Consequently, our Recordable Incident Rate (RIR) and Lost Time Injury Rate (LTIR) increased in 2020. While our injury rates remain below the industry averages, we are committed to improving our performance. Our goal is a 30% reduction in RIR and LTIR in 2021. To achieve this, we are creating an executive level position to oversee and manage health and safety at our manufacturing facilities, and we are increasing the number of safety professionals by 50% across our Virginia and Nevada manufacturing facilities.

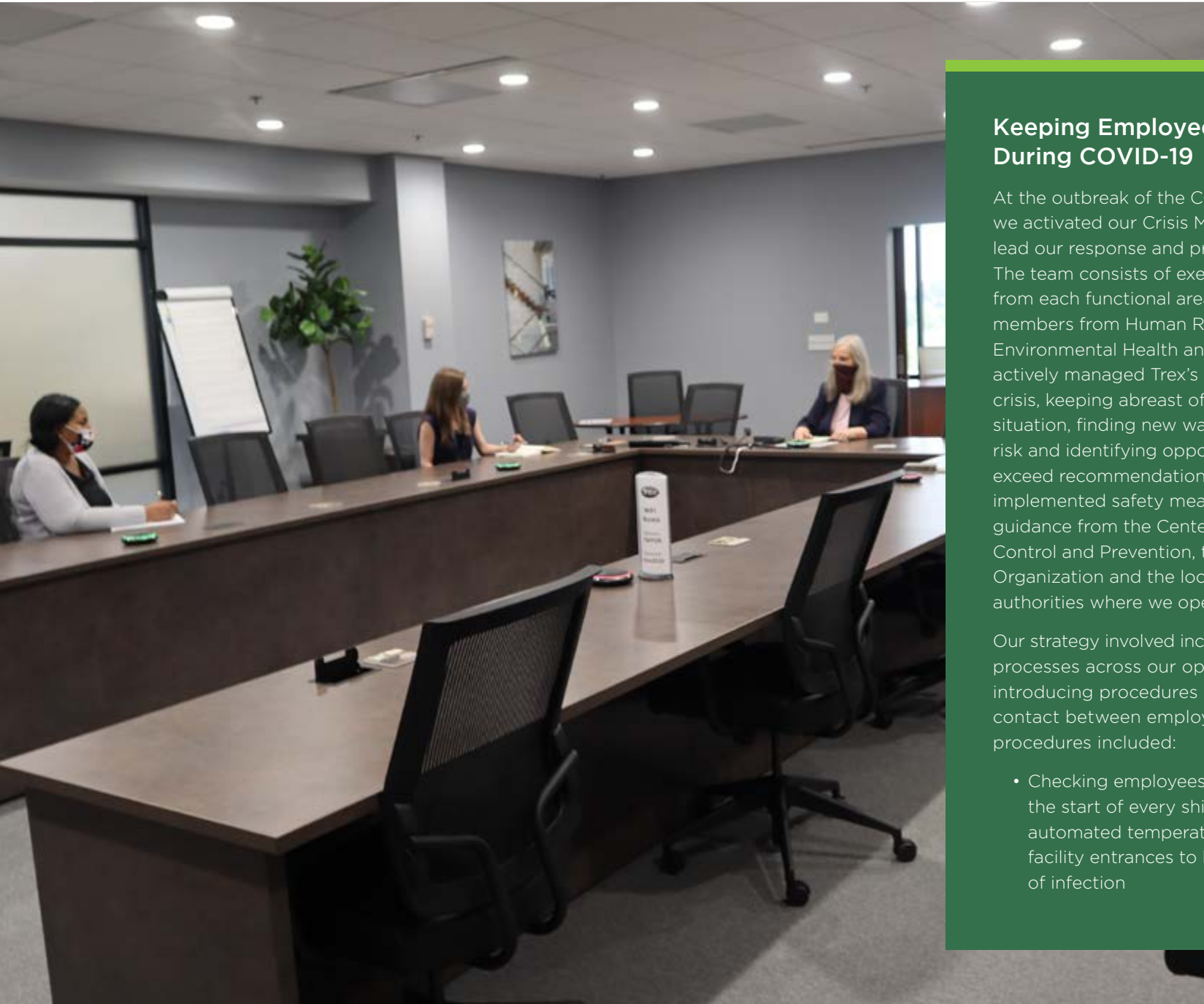


Employee Incident Rates¹

	2018	2019	2020	Bureau of Labor Statistics Industry Average ²
Recordable Incident Rate	3.04	2.32	3.93	4.1
Lost Time Incident Rate	0.42	0.45	0.82	1.2

¹Data shows Trex's Recordable Incident Rate and Lost Time Incident Rate, as defined by the Occupational Safety and Health Administration.

² Industry averages relate to North American Industry Classification System (NAICS) code 321999.



Keeping Employees Safe During COVID-19

At the outbreak of the COVID-19 pandemic, we activated our Crisis Management Team to lead our response and protect our workforce. The team consists of executive management from each functional area, as well as several members from Human Resources and Environmental Health and Safety. The team actively managed Trex's response to the crisis, keeping abreast of the rapidly evolving situation, finding new ways to help mitigate risk and identifying opportunities for us to exceed recommendations. We efficiently implemented safety measures based on guidance from the Centers for Disease Control and Prevention, the World Health Organization and the local public health authorities where we operate.

Our strategy involved increasing sanitation processes across our operations and introducing procedures to minimize contact between employees. New procedures included:

- Checking employees' temperatures at the start of every shift by implementing automated temperature scanners at facility entrances to help identify cases of infection

- Introducing portable wash stations and hand sanitizer stations at site entrances and other frequently used access points
- Fitting offices and breakrooms with air purifiers and air filters that remove airborne pathogens
- Sanitizing work areas at least twice per shift
- Building dividers between workstations in our warehouses
- Establishing remote-working arrangements for employees in roles where this was feasible, including updating IT systems to ensure employees could work from home effectively
- Distributing face masks and other protective equipment to all employees across all our facilities
- Introducing social distancing measures at all our sites

If an employee tests positive for the virus, we require them to isolate for 14 days of paid sick leave and we conduct a contact tracing investigation to identify co-workers at high risk of exposure.

Employee Wellness

We continue to encourage employees to be proactive about their well-being through our Wellness Program. During 2020, the Wellness Program was available to Trex Residential Products employees enrolled in our benefits program, with 50% of these employees choosing to participate. We also worked to open the program to Trex Commercial Products employees and, in 2021, both Trex Residential and Trex Commercial have Wellness Programs.

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.

In addition to our Wellness Program, we organized a financial wellness workshop where employees could learn more about personal finance matters including saving for retirement.



Diversity and Inclusion

Trex is committed to offering a diverse, equitable and inclusive work environment. We believe these characteristics strengthen our company by attracting employees with varied experiences and perspectives, leading to creative problem solving and innovation.

In 2020, we continued refining our strategy to increase diversity in our workforce and ensure that all Trex employees feel supported and empowered to thrive in their roles. Inclusivity forms the core of our approach to recruitment, training, engagement, retention and career development.



Inclusive Recruitment

We have always recognized that hiring the best available talent is crucial to our ongoing success. Our recruiting strategy includes broad-based outreach as well as targeted campaigns geared toward increasing the proportion of diverse employees in specific roles or geographic locations.

We have re-engineered our [Trex Careers](#) website and recruitment advertising to reflect broader ethnic and gender diversity. Also, our company actively recruits on diverse and inclusive employment sites, such as Diversity.com and all major job boards, as well as on university campuses that have diverse and inclusive student populations.

We are developing relationships with universities and high schools in the communities where Trex operates to build interest in careers with our company among women, ethnic minorities and other diverse groups of students. Trex representatives participate in job fairs, classroom visits and other opportunities to connect with future graduates who are underrepresented in the manufacturing industry. At Virginia Polytechnic Institute and State University (Virginia Tech), we work closely with the Council for the Advancement of Minority Engineering Organizations to promote career opportunities at Trex.

Female and Diverse Employees

	2018	2019	2020
Female employees	259 (23%)	292 (22%)	387 (23%)
Diverse employees	174 (15%)	202 (15%)	289 (17%)
Women in management	34 (21%)	36 (22%)	37 (22%)
Diverse employees in management	8 (5%)	10 (6%)	10 (6%)

In 2020, we launched a recruiting campaign specifically for Spanish-speaking job seekers and enhanced our focus on reaching out to current and former members of the military. The [Virginia Values Veterans](#) program, which focuses on educating the business community about the value of hiring military veterans, certified Trex as a preferred employer in 2020. This certification recognizes our commitment to bring veterans into our workforce.

As part of our efforts to identify and eliminate the potential for unconscious bias in Trex’s hiring practices, we implemented new candidate assessment tools for select positions starting in 2020. Initial steps included revising our job

descriptions to ensure they use clear and inclusive language. We teamed with outside experts to develop and conduct pre-employment screening and testing of applicants who may lack an educational diploma or industry-specific experience but can show their aptitude in other ways.

We aim to add well-qualified employees from diverse backgrounds throughout our operations. In 2020, the proportions of female and ethnically diverse employees were 23% and 17%, respectively. We will continue activities to grow our business in an inclusive way. In March 2021, the company welcomed Gena Lovett to the Board of Directors, which increased the percentage of women on our Board to 30%.



Diversity and Inclusion Training

At Trex, we want to grow a diverse and inclusive culture where all feel welcome and respected. With this in mind, we launched our first-ever company-wide diversity and inclusion (D&I) training initiative in late 2020.

All employees are required to participate in these training sessions, which are moderated by outside experts. Focal points include valuing differences, communicating inclusively, recognizing unconscious biases and refraining from harassment or other behaviors that create a hostile work environment. We had provided D&I training to almost all our corporate office employees by the end of March 2021, and training for our manufacturing employees will begin later this year.

Advancing Our Commitment

We will continue to communicate openly with people across Trex about the company's goals to foster a diverse, equitable and inclusive work environment. As part of our next biennial Employee Engagement Survey in 2021, we are developing additional questions to help gauge the level of satisfaction with our approach and progress among our employees. Our Human Resources Team will work with Trex senior management to pinpoint areas for improvement and further Trex's D&I efforts.

Fair and Equitable Pay

As an equal opportunity employer, Trex is committed to providing fair and equitable pay for all employees across the company. We strive to be an industry leader in terms of hourly wages, salary and total compensation.

We use a compensation grade structure as part of our process to determine the appropriate grade level for each position at Trex. As a result, we set the pay range for each position before considering who we might hire to fill that role.

As a further step in adhering to fair and equitable compensation practices, we added an external competitive analysis to our approach in 2020. This analysis helps us evaluate the appropriate pay range for a specific role across different companies, not just in comparison with similarly graded roles at Trex. In a few specific departments

Trex strives to be an industry leader in terms of hourly wages, salary and total compensation.

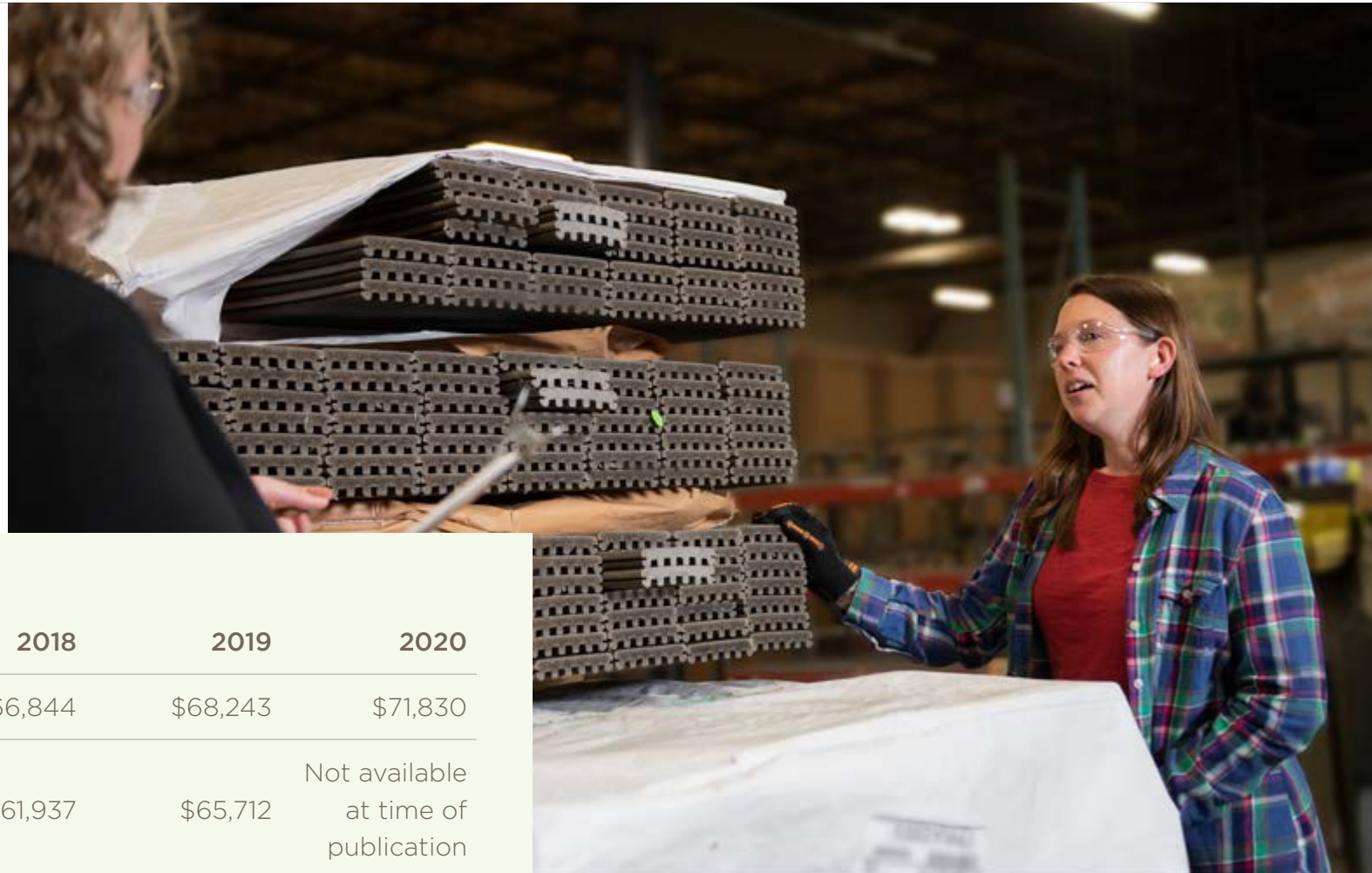
for which we must compete especially hard to attract top candidates, we apply additional gauges and market studies to help ensure we pay employees fairly and equitably.

More broadly, we continue to investigate additional sources of credible external market data for Trex to use in developing salary offers. We believe that greater reliance on qualified data will help prevent our company from perpetuating any pay inequities that might already exist.



Addressing Gender and Ethnicity Issues in Our Pay Practices

We regularly review our compensation structures for signs of emerging inequities along gender or ethnicity lines. In 2020, we conducted a gender-based pay equity assessment to identify any potential biases or other issues. This in-depth analysis of all roles in the company found no gender pay gap. Moving forward, we plan to conduct ongoing pay equity analyses to help us identify areas of concern across all classifications and adjust accordingly.



Employee Compensation

	2018	2019	2020
Median annual employee compensation	\$66,844	\$68,243	\$71,830
National median annual household income ¹	\$61,937	\$65,712	Not available at time of publication
CEO-to-employee pay ratio vs. national average			
Trex	39.4 : 1.0	40.6 : 1.0	39.8 : 1.0
National average ²	282.5 : 1.0	276.2 : 1.0	307.3 : 1.0

¹Source: United States Census Bureau.

²Source: Economic Policy Institute. Data for early-reporting companies in [2020 and 2019](#), and for the first half of [2018](#).

Training and Professional Development

Trex thrives on the talents and motivation that our employees bring to work every day. We seek to attract, develop and retain a highly engaged and diverse workforce by providing valuable opportunities for employees to grow throughout their careers at Trex.

Our investment in skill-building, leadership development and continuing education at all levels of the company contributes to higher-quality products and greater customer satisfaction. Robust training and development programs help us reduce employee turnover and move further ahead in our competitive industry.

In 2020, we formed a new department focused solely on employee training and development. Despite the challenge of conducting many programs virtually amid the COVID-19 pandemic, we managed to deliver more than 22,000 person hours of training over the course of the year. Our programs grew to accommodate a 29% increase in full-time employees year-over-year.

Onboarding of Employees

Our recent employee engagement surveys yielded a clear message that we needed to improve integrating new people into Trex operations and the company's culture. After successfully piloting key improvements to our onboarding program at our Virginia facility in 2019, we rolled out these changes in our Nevada operations in 2020. New hires collectively received more than 20,700 person hours of training last year.

Onboarding for our employees is now more interactive, and more closely aligned to specific roles and responsibilities. The program maintains a core focus on [safety at our production plants](#) to equip incoming employees with the knowledge for a safe and successful career with Trex.

We also established a new full-time training specialist role within each of our production plants. These dedicated trainers are available throughout each shift to answer questions, reinforce best practices and help ensure every employee feels supported.



LevelUp

We created the Trex LevelUp Program in 2020 to help identify job candidates with a high potential for promotion in our production operations. Workers enrolled in LevelUp start as a line operator and can be promoted to line technician after six months. Along with specialized classroom and on-the-job training, LevelUp graduates receive follow-up support to continue developing their skills. Current Trex employees can also apply to participate in LevelUp.



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.

Internships

We offer several internship opportunities each year for recent college graduates. In 2020, this included opportunities for students in engineering and technology degree programs. We aim to grow this program and include more departments across the company in the coming years.

ESL Classes

Trex has provided instruction in English as a second language (ESL) to all interested employees for several years. Although the company halted in-person ESL courses during 2020 due to the pandemic, we intend to resume this program as soon as conditions allow.

Trex University

Located near our Virginia manufacturing plant, Trex University is a state-of-the-art training facility where we educate retailers, contractors and other partners about the company's product lineup. This

program helps Trex partners better understand how we produce our aesthetically pleasing, high-performance and low-maintenance, eco-friendly outdoor living products. More than 200 dealers, distributors and TrexPro® deck installers attended Trex University courses in early 2020, before the pandemic forced us to curtail in-person sessions. In a typical year, more than 1,100 people attend Trex University.

Leadership Development

We provide an array of voluntary training for both new and experienced leaders across Trex to help strengthen their managerial skills in areas such as team building, communication and performance evaluation. These offerings included more than 1,400 person hours of leadership development training in 2020.



President's Award for Teamwork

2020 marked the second year of this award, which we created to recognize high-performing teams within Trex that exemplify cross-functional collaboration. We recognized 67 employees, representing multiple departments throughout the company, with this award in 2020 including for work on expansion activities at our Virginia and Nevada manufacturing facilities.

Online Training Resources

In 2021, we will offer most Trex employees a subscription to [LinkedIn Learning](#) as an additional resource for professional development in a broad range of business-oriented topics such as leadership, management and corporate finance. This website provides access to more than 16,000 courses in English, Spanish and several other languages.



Training and Employee Development

	2019	2020
Person hours of training		
Leadership	1,600+	1,400+
Onboarding	-	20,700+
Voluntary turnover rate for Trex Residential employees with >1 year of service	7%	5%

Social Impact in Our Communities

At Trex, we believe in taking care of the environment and giving back to the communities we call home. Through our recycling programs and community investment projects, we make a lasting impact on people and the planet.



Environmental Outreach

We are one of the largest recyclers of polyethylene film bags, wraps and packaging in North America and a leader in educating and engaging both the commercial and consumer sectors in recycling efforts. Our school and community recycling programs inform people about the importance of recycling plastic bags and film, and engage them in collection and recycling. Schools and community groups involved in our programs collect their waste polyethylene packaging and drop it off at local collection points Trex has established through our NexTrex® store collection program.

Our NexTrex program has over 32,000 collection locations across the United States and Canada. After collection, the polyethylene is sent to Trex's warehouse where it is processed for use in Trex products. Participating consumers, retailers and brand owners benefit from knowing their waste polyethylene film will be recycled in the United States by Trex.



Despite the challenging circumstances in 2020, we diverted approximately 850,000 pounds of plastic film from landfills through our school and community recycling programs. Our programs were disrupted by the COVID-19 pandemic, particularly as some collection points were temporarily closed. But many of our dedicated community groups continued efforts to collect plastic. Since the start of the programs in 2011, we have recycled approximately 3.5 million pounds of waste plastic film through community outreach.

Community Program

Community groups from across the country — including church groups, retirement communities, Lions Clubs and Girl Scout troops — participate in our recycling program. We donate a high-performance Trex composite bench to any group that collects more than 500 pounds of polyethylene film in a six-month period as a reward for their outstanding contribution. In 2020, more than 2,500 community groups took part in the program.



School Program

Our Plastic Film Recycling Challenge for K-12 Students educates students and their families about the importance of recycling. Schools across the country sign up for the challenge and compete to collect the most plastic film. We donate a high-performance composite bench to the winning school, and smaller prizes including birdhouses, planter boxes and certificate frames to the other participating schools. In 2020, 331 schools participated, with the winning school, Eisenhower Elementary in Russell, Pennsylvania, collecting more than 7,300 pounds of plastic waste.

Community Investment

We support charitable organizations that serve our local communities through donations and volunteering events. We directly support non-profits that cater to the most pressing needs of the communities where we operate, with a focus on advancing educational and environmental initiatives as well as improving the lives of children. In 2020, together with our employees, we donated around \$512,000 to community investment initiatives.

In 2020, we responded to the COVID-19 pandemic by directing community investments to non-profit partners addressing urgent local needs as well as national organizations supporting COVID-19 pandemic relief efforts across the United States. We supported local hospitals by donating face masks.

United Way

Our longstanding partnership with the [United Way of Northern Shenandoah Valley](#) helps improve the lives of people in the communities where we work. Trex’s annual fundraising campaign supports United Way to run local initiatives focused on improving health, education and financial stability. We match employee donations to the campaign and, in 2020, together we donated more than \$191,000. We were the largest contributor to the Northern Shenandoah Valley branch in 2020 and received a Gold Award from United Way for our donation.

Community Investment

	2019	2020
Total community investment	\$416,000	\$512,000
Corporate donations ¹	\$310,000	\$416,000
Employee cash donations	\$106,000	\$96,000

¹Includes corporate in-kind donations.

Trex expanded support beyond our local United Way in Virginia — the United Way of Northern Shenandoah Valley — to include donations to the Nevada and Minnesota branches of United Way. During the pandemic, we made an emergency donation of \$10,000 each to the Nevada and Minnesota United Way programs to support local COVID-19 pandemic relief efforts.

Our 2020 Day of Caring, where Trex employees spend a day volunteering locally, was held in September during our United Way campaign. Despite the pandemic, our employees found ways to safely give back to their communities. Volunteering activities included landscaping and clean-up projects for local non-profits.

The Yellow Ribbon Fund

Trex is in the first year of our three-year partnership with the [Yellow Ribbon Fund](#), a charity that supports military veterans and their families. We’ve committed to donate \$180,000 between 2020 and 2022, matching additional employee donations dollar-for-dollar. Our donation will support the Yellow Ribbon Fund to provide housing, transportation and family support to severely wounded, ill and injured service men and women.

Feeding America

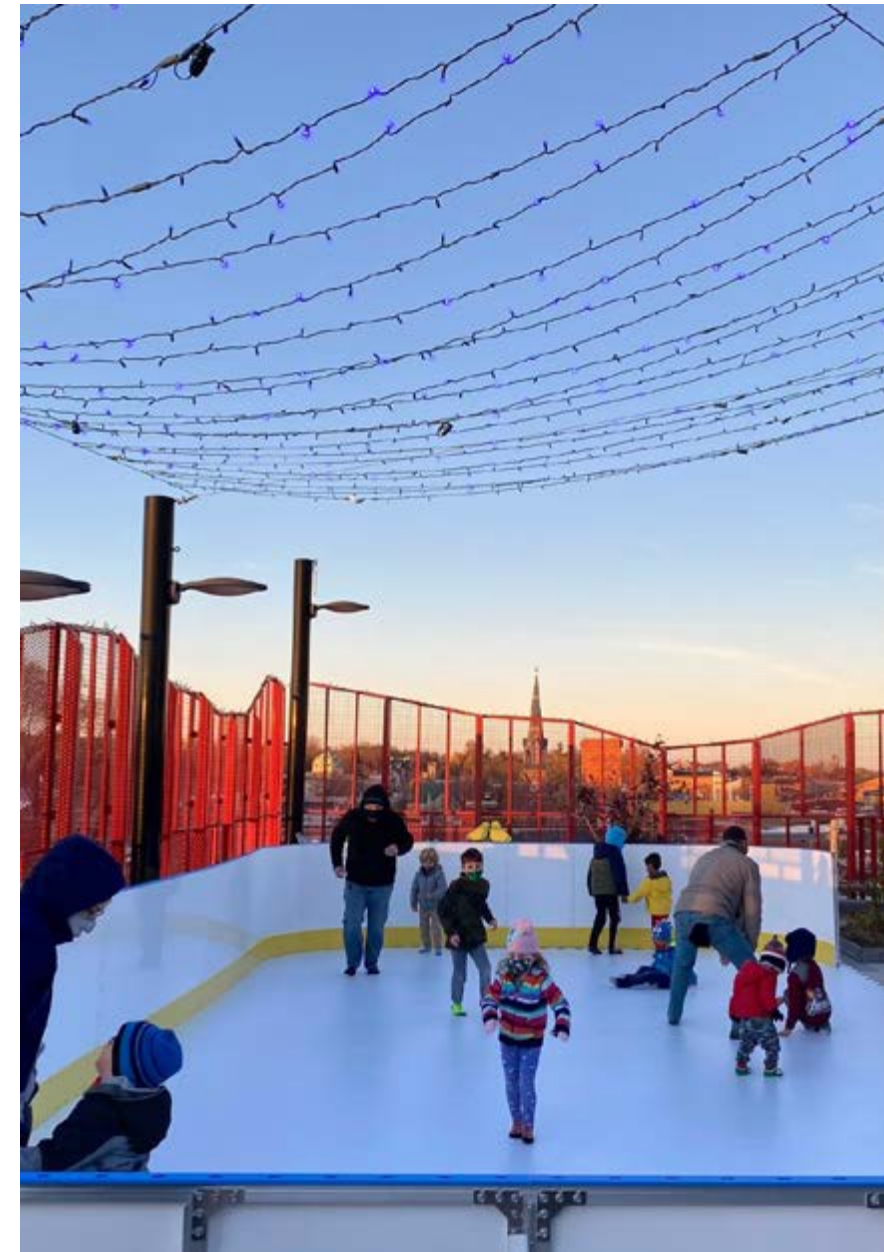
In response to the COVID-19 pandemic, we donated \$120,000 from sales of decking samples to [Feeding America](#), the nation's largest domestic hunger relief organization. It's estimated that [45 million people](#) may have faced food insecurity in the United States during 2020 in the wake of the pandemic. Our donation supported Feeding America's nationwide network of 60,000 food pantries and meal programs to provide for people in need.



Other Investments in Our Communities

We are proud to support organizations that fund initiatives and programs that make a positive impact on children's lives. In 2020, a donation from Trex helped fund a pop-up "sock skating" rink on the roof of the [Shenandoah Valley Discovery Museum](#) — offering a way for kids to have fun safely during the pandemic.

We also continued efforts to help those in crisis in our communities. Examples include donating to [Response, Inc.](#), which provides safe housing and support services to those suffering domestic violence, and to the [Winchester Area Temporary Thermal Shelter](#), which offers homeless people a place to shelter from the elements.



Governance

Corporate Governance

Strong corporate governance is essential to the success of our business. Our corporate governance practices enable us to manage risks, ensure our actions align with our values and foster a culture of integrity.

The Board of Directors and the senior management team are collectively responsible for the leadership, control, development and long-term success of our company. Their responsibilities include providing policy guidance, monitoring corporate performance and the integrity of financial information, and overseeing enterprise risk management programs.

Our Board of Directors, led by non-executive Chairman, James E. Cline, provides stable, experienced and diverse oversight to our business. Annually, the senior management team prepares a multi-year strategic plan which is reviewed by the Board. The Board and senior management team work together to review progress towards the stated goals quarterly.

Our Board has three standing committees:

- The Audit Committee, which oversees matters related to the company's accounting and auditing
- The Compensation Committee, which reviews, determines and approves compensation and benefits of the company's officers
- The Nominating/Corporate Governance Committee, which recommends candidates for election to the Board and its committees, as well as oversees matters including corporate governance, succession planning and non-employee director compensation

Each of these committees plays an important role in the governance and leadership of our Board and each is chaired by an independent director. Read more about each Committee's charter [here](#).

Other than current President and Chief Executive Officer, Bryan H. Fairbanks, and former President and Chief Executive Officer, James E. Cline, who is now Chairman of our Board, all our Board members are considered independent under applicable legal and stock exchange standards. During 2020, our Board membership included two women (one of whom was the Lead Independent Director) and, in March 2021, we increased this to three female Board members.



In 2020, no corporate funds were donated for political advocacy or other political purposes. We also updated our voting procedures for electing directors, introducing majority rather than plurality voting. This ensures that every decision is truly representative of our shareholders' preferences. Read more about our [Corporate Governance Principles](#) and our [Board members](#).

Board of Directors

As of May 2021



James E. Cline

Chairman



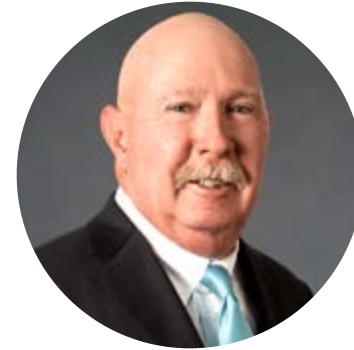
Ronald W. Kaplan

Vice Chairman



Bryan H. Fairbanks

President and
Chief Executive Officer



Michael F. Golden

Director



Jay M. Gratz

Director



Kristine L. Juster

Director



Gena C. Lovett

Director



Richard E. Posey

Lead Independent
Director



Patricia B. Robinson

Director¹



Gerald Volas

Director

¹Patricia B. Robinson was our Lead Independent Director during 2020.

Stock Ownership

Since December 2013, 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 three times the value of shares in Trex as their base salary (based on the market value of our common stock), and our directors to hold three times their annual cash retainer. For our other officers, between 1-1.5 times their base salary is required. New officers and directors have five years to comply. As of December 31, 2020, directors and officers held significantly more shares than their required minimum stock holdings and all directors, except one who was appointed in October 2019, met requirements.



Stock Holdings¹

	Officers	Outside Directors
Required shares	59,359	23,919
Shares owned and held	467,532	173,698
Multiple of requirement held	7.88	7.26

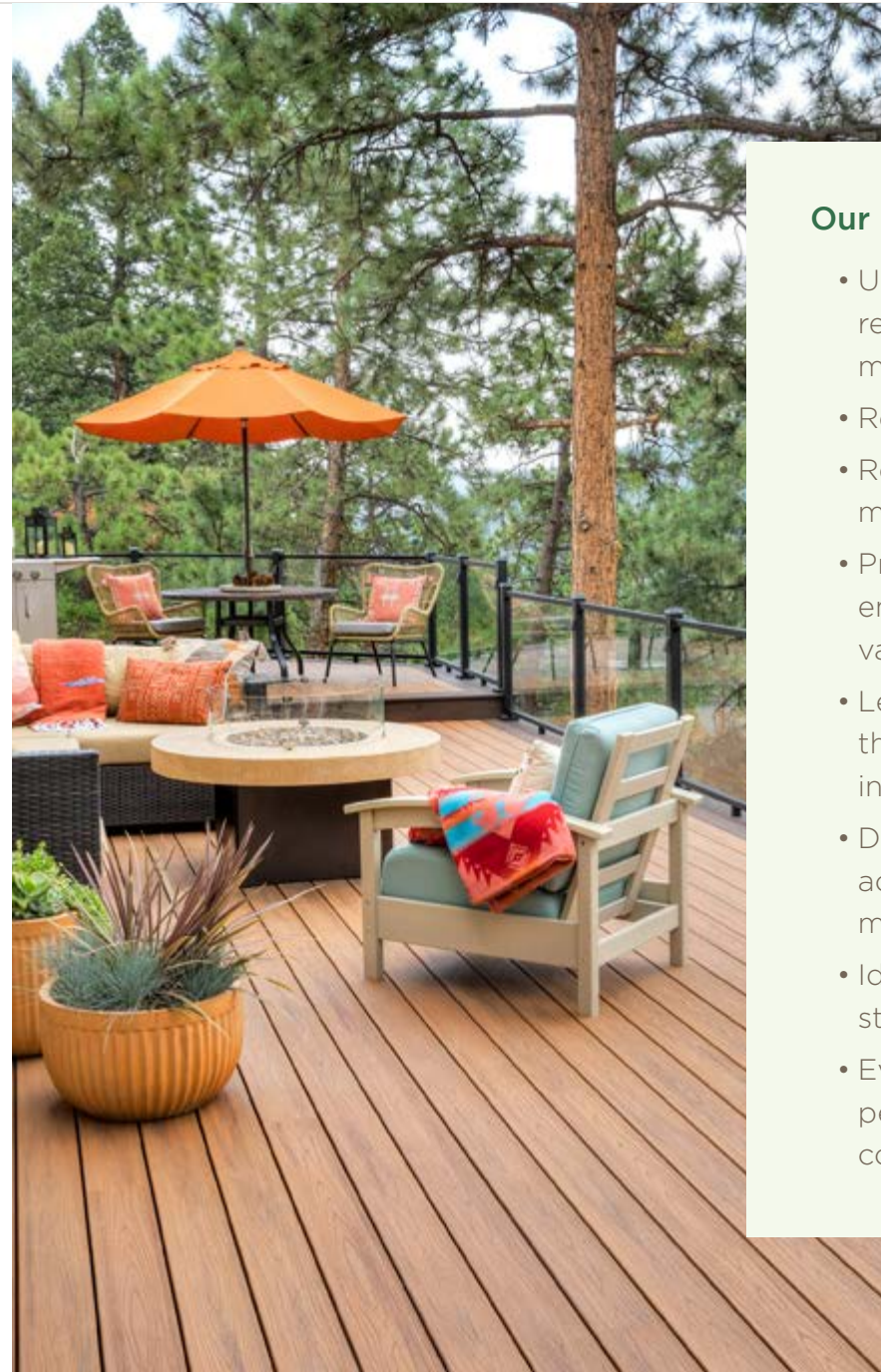
¹Data is presented as an aggregate number of shares held by officers and directors, respectively. Data as of December 31, 2020. Figures vary from those in our 2019 ESG Report due to a two-for-one stock split of the company's common stock in September 2020, as well as increases in the company's stock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

Sustainability Governance

Respect for the environment is part of Trex's values. We are committed to operating in a way that reduces our impact on the planet and creating eco-friendly products that last.

Trex regularly reviews the issues [material to our business](#). This helps us focus on the environmental and social topics of greatest concern to our shareholders and material significance for our impact on the planet and our communities.

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 the responsibility of the executive management team, including the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, and the Senior Vice President, General Counsel and Secretary. We regularly engage our stakeholders on sustainability issues through various communications channels, including our investor presentations and conferences, reports, website and regular news articles.



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

Together with our suppliers, we work to reduce environmental impacts across our supply chain. We expect business partners to comply with all applicable environmental laws and regulations, and encourage them to minimize their use of natural resources while reducing the environmental impact of their operations. The Trex [Vendor and Customer Code of Conduct and Ethics](#) outlines our expectations for suppliers and customers. Who we work with is dependent on compliance with these standards.

We purchase approximately 95% of our raw materials (in dollar value) from suppliers located in the United States and Canada. This means we are not as exposed to the same supply chain 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 to ensure they meet our standards. These assessments cover supplier quality, labor practices, compliance with government regulations and safety. Periodically, we also conduct operating facility tours and on-site social and quality audits, particularly for vendors outside of the United States. In 2020, on-site audits were disrupted by the COVID-19 pandemic, so we relied more heavily on self-assessments. We will resume on-site audits when it is safe to do so.

Ethics

Acting with integrity is one of our core values at Trex. We strive to always uphold a culture of respect, employee fairness and continuous improvement. Our values are reflected in how we treat our employees, customers and suppliers, and how we engage with the communities where we operate.

We expect all Trex employees to conduct business according to the high ethical standards laid out in our [Code of Conduct and Ethics](#). This code is designed to ensure employees understand the basic principles and standards that govern the conduct of Trex's business.

We communicate our Code of Conduct and Ethics to all employees and share our expectations for ethical behavior in our employee handbook to ensure all employees are aware of their ethical and legal responsibilities. We also assign online ethics training modules to all office-based employees at least once a year.

Trex expects all vendors and customers to adhere to applicable laws and regulations and uphold our high standards of ethical behavior, as outlined in our [Vendor and Customer Code of Conduct and Ethics](#). We only work with vendors and customers who share our standards for ethical and responsible business practices.

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 including working hours, discrimination, and child and forced labor. The policy clearly states 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 by a toll-free telephone number 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 General Counsel and Chief Financial Officer's attention, who are responsible for investigating any reports. If a violation is confirmed, we identify and implement corrective measures to prevent a reoccurrence.



SASB Index

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, including sports stadiums and performing arts venues. Our SASB Index is aligned with the Building Products and Furnishings standard.

SASB Code	Metric	Response for FY20
Energy Management in Manufacturing		
CG-BF-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	See page 31 of our 2020 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 35 of our 2020 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.

SASB Code	Metric	Response for FY20
Product Lifecycle Environmental Impacts		
CG-BF-410a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	See pages 21-29 of our 2020 ESG Report.
CG-BF-410a.2	(1) Weight of end-of-life material recovered (2) Percentage of recovered materials recycled	In 2020, Trex upcycled more than 900 million pounds of waste polyethylene film and reclaimed wood. Trex recycled nearly 100% of internally generated product waste back into our manufacturing process. Find further detail on pages 11, 23-25 and 33 of our 2020 ESG Report.
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 (5) Percentage by standard	In 2020, Trex used 547 million pounds of reclaimed wood fiber. See page 25 of our 2020 ESG Report for further detail on how Trex sources reclaimed wood.
Activity Metrics		
CG-BF-000.A	Annual production	Not reported.
CG-BF-000.B	Area of manufacturing facilities	See page 22 of our 2020 Annual Report .

About This Report

The content of this report is informed by 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. Please refer to our [SASB Index](#) for further information on Trex’s reporting related to SASB metrics.

The report also highlights our performance and commitment to other ESG areas important to a broader range of stakeholders, including our employees and customers. We include information on how our business responded to the COVID-19 pandemic.

Scope

Unless otherwise stated, all performance reporting covers our fiscal year 2020, from January 1 to December 31, 2020, 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.





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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.

