



Building A More Sustainable Future

Sustainability, Environmental and Social Responsibility Report 2020

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A Message from Our CEO

Dear Stakeholders,

Since our founding by Barclay Simpson in 1956, we've established deep-rooted core values that continue to define our business today. At the forefront of these values is doing what's right for our people, customers, communities and environment. Through this inaugural report, we're striving to better communicate our sustainability, environmental and social responsibility efforts over the years to showcase why Simpson Strong-Tie is an attractive investment beyond just the numbers. Our mission has always been to provide solutions that help people design and build safer, stronger structures. This has not only fostered financial success over our 64-year history, but has made Simpson Strong-Tie a safe and purposeful place to work.

At Simpson Strong-Tie, we believe in the contribution of every employee at every level. Our people are the most vital part of our business, and providing a safe, healthy and sustainable working environment is of fundamental importance. With manufacturing facilities across the globe, we understand our operations have inherent risks. Ensuring the safety of our employees and minimizing risk are our top priorities, and we remain focused on them every day at every location.

We remain dedicated to our employees and their families not only by offering a variety of programs designed to enhance their physical, mental and financial well-being, but also by committing time and resources toward strengthening the communities where they work and live. From our support of Habitat for Humanity International to "Do What You Can Day" — our annual companywide effort to support local communities — we honor our commitment to society in various ways.

The contributions of our founder, Barclay Simpson, to the company and our employees, to the construction industry, and to the nonprofit community were immeasurable. He instilled the core values and created the strong culture — what we fondly call our "Secret Sauce" — that have made Simpson Strong-Tie a unique and inspiring place to work and have established our reputation as a quality, trusted manufacturer. As a company, we're honored to continue his legacy as a strong corporate citizen.



Karen Colonias

Chief Executive Officer

About Simpson Strong-Tie

Our Mission Statement is the reason we exist. It defines what we do every day. It's what brought many of our employees to this company and what continues to fuel our passion for innovation and our high standards for quality and customer service.

Our Mission

We provide solutions that help people design and build safer, stronger structures.

Simpson Strong-Tie has been focused on making structures safe and secure since our initial entry into the connector business in 1956. We design, engineer and manufacture structural connectors, anchors, and other products for new construction, retrofitting and do-it-yourself (DIY) markets in North America, Europe and the Pacific Rim. We also provide engineering services in support of our products and increasingly offer design and other software that facilitates the specification, selection and use of our products.

The Simpson Strong-Tie Difference

We believe that Simpson Strong-Tie benefits from strong brand-name recognition among the architects and engineers who frequently specify the use of our products. We also believe our ability to achieve industry-leading results is due to the high level of value-added services that we provide to our customers. Aside from our strong brand recognition and trusted reputation, Simpson Strong-Tie is well-known for its:

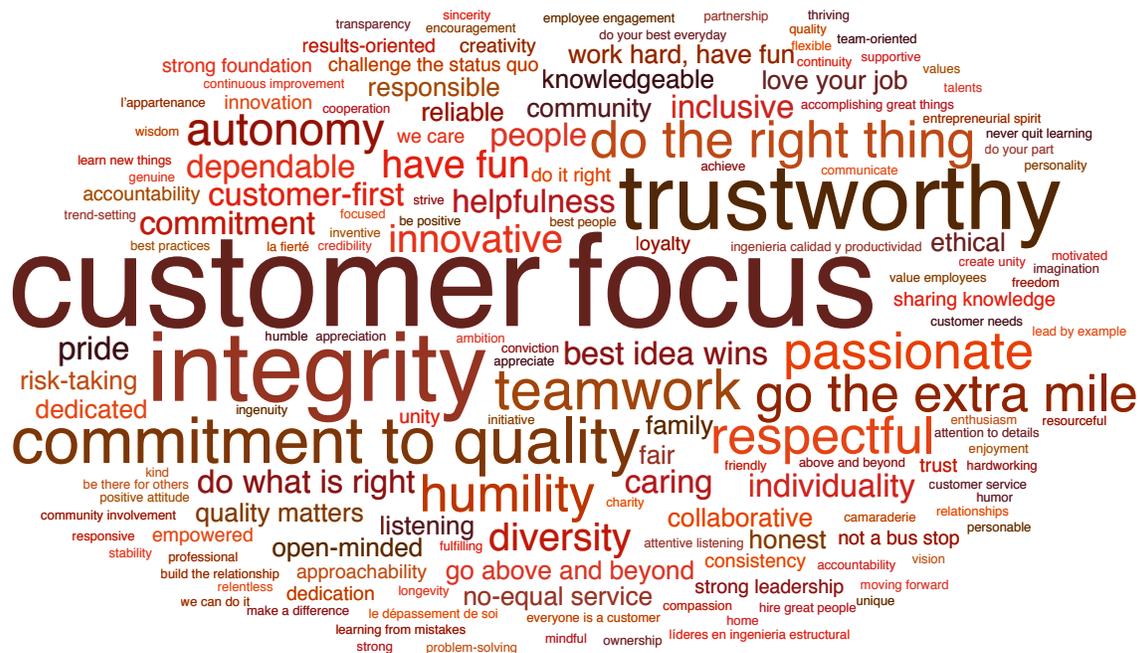
- ▣ Extensive product testing capabilities at our state-of-the-art test labs
- ▣ Strong customer support and education for engineers, builders and contractors
- ▣ More than four decades of deep-rooted relationships with engineers that get our products specified on the blueprint and pulled through to the jobsite
- ▣ Exceptional product availability with delivery typically in 24 hours or less
- ▣ Active involvement with code officials to improve building codes and construction practices

Barclay Simpson's *Nine Principles of Doing Business* Our Company Values

At Simpson Strong-Tie, we describe the unique culture of our organization as our “Secret Sauce.” This name stems from the idea that our company culture is created from all of the unique characteristics and talents contributed by every one of our employees. When Barclay Simpson started the company, he outlined the essential ingredients for company and employee success. Those *Nine Principles of Doing Business*, as described by Barc, are our Company Values, and we keep the Secret Sauce alive and well by living them every day.

1. **Relentless Customer Focus.** The focus, the obsession, is on customers and users.
2. **Long-Range View.** People never sacrifice tomorrow for the sake of today.
3. **High-Quality Products.** The company makes quality products that contribute to the quality of life in a significant way.
4. **Be The Leader.** The company is the leader in its core business.
5. **Everybody Matters.** The company dignifies the contribution of every individual employee at every level.
6. **Enable Growth.** People are excited about their jobs and the possibilities for growth.
7. **Risk-Taking Innovation.** Innovation and creativity are encouraged; success is seldom achieved without taking risks.
8. **Give Back.** The company feels an obligation to the system and the country that spawned it, as well as to humanity in general.
9. **Be Humble, Have Fun.** The company is a demanding but fun place to work, where people take their responsibilities, but not themselves, seriously.

How Simpson Strong-Tie employees describe our culture.



Environmental Responsibility

Our Products

Whether it's in new construction or retrofit projects, we're committed to designing and manufacturing product solutions that help make homes and buildings more resilient to earthquakes and high winds. Products such as our moment frames, shearwalls, structural connectors, anchors, fasteners and fiber-reinforced polymers are designed to keep structures safe and strong. After a disaster strikes, our products help keep structures intact and usable, which can greatly reduce the economic and community impact.

Environmental Protection, Health and Safety Management Policy

At Simpson Strong-Tie, we operate in a safe and environmentally responsible manner to protect our employees, customers and communities, while benefiting society, the economy and the environment.

In addition to creating seismic and high-wind-resisting structural solutions, our engineers are focused on product innovations that reduce material waste, labor and installation cost.

Our passion for innovation not only drives us to design ever-better products, it also guides how we make them. We're continually improving our production workflows and technology to ensure we're delivering the highest-quality solutions by the most efficient means. From automated manufacturing cells to precision robotic welding, we invest in advanced manufacturing systems that bring our products to market as fast and economically as possible.

Our No-Equal Standard

We believe there's no substitute for quality and workmanship of our products. For us, that belief applies not only to our products, but also to our company, our culture and our communities. At Simpson Strong-Tie, this starts at our workplace. Our first priority is maintaining our employees' safety and well-being. Our culture was built on the importance of helping others, and we also try to honor those values through our involvement in our local communities and efforts to help protect our environment.

We're confident that our founder would be proud to see how passionately we continue his legacy of creating safer, stronger communities.

Continuous Improvement

We strive for continual improvement in our environmental, health and safety programs and in the sustainability of our products, processes and services.

Manufacturing Processes

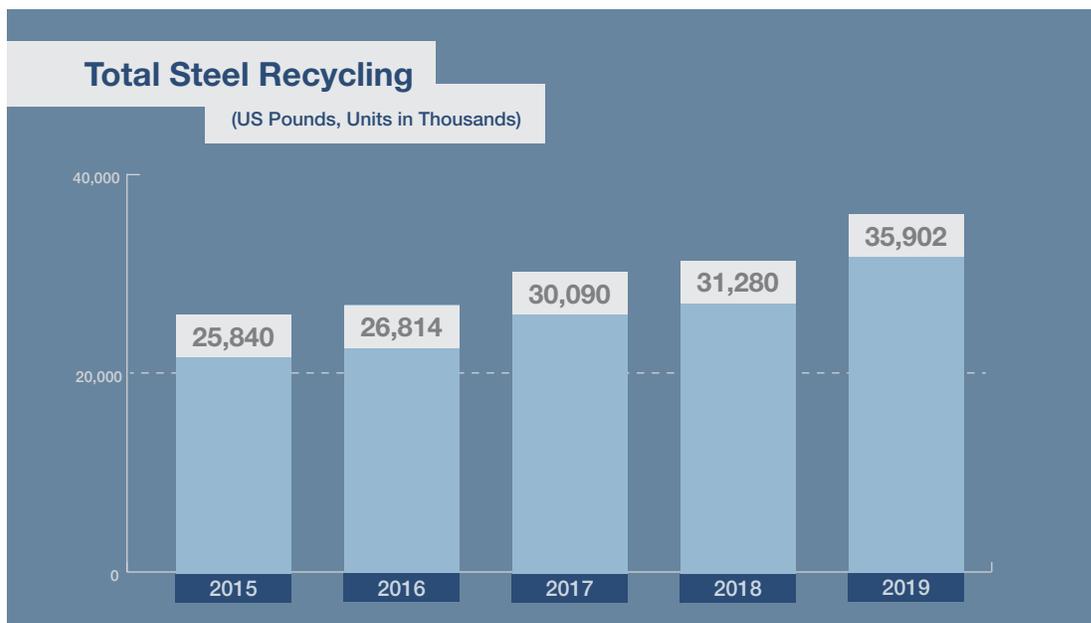
We look to minimize the amount of waste generated by our manufacturing processes through companywide Lean practices. Our production lines and facilities operate in a practical manner that does not produce regulated external emissions. Our R&D engineers are focused on material efficiencies and innovative product features that minimize waste in our steel connector, anchor and fastener designs.

Our concrete construction products contribute to the longevity and sustainability of the projects on which they're used. Some of these products are used to rehabilitate and reinforce structures. The strengthening provided by these products reduces the need for complete demolition and removal of deteriorated materials to landfills. We recognize that some of the raw materials used in our concrete construction products contain chemicals that are considered hazardous and we work methodically to ensure they are properly handled and applied. After fabrication, these chemicals are inert and no longer reactive.

We continuously seek opportunities to improve our operations and their effect on the environment.

Recycling

As a purchaser of large quantities of steel for use in our manufacturing processes, Simpson Strong-Tie supports the Circular Economy by minimizing our recognized waste streams and sending unused steel from our processes back upstream for reintroduction into the material supply chain. Our metal stamping production dies and factory tooling are designed to help minimize steel waste, and we recycle the scrap steel resulting from our manufacturing process at all facilities around the world.



Simpson Strong-Tie recycled more than 35 million pounds of scrap steel in 2019 and has recycled over 149 million pounds total over the past five years.

In addition to steel recycling, we reduce our impact on the environment by recycling many other materials we use:

Aluminum cans

Plastic and glass bottles

Cardboard

Paper

Obsolete product literature and office paper waste is recycled, and company records are recycled annually as allowed by law. Our sales representatives use electronic devices in the field, reducing the need to carry printed literature. Our literature is also available online.

Wood pallets

Used to store or deliver materials; reused onsite and eventually returned to our vendors for repair, reuse or recycling.

Electronic waste

Computers, batteries and accessories, monitors and cell phones are data-cleansed before being sent for recycling.

Water

We reuse and recycle most of the relatively small amount of water we use in our manufacturing process.

Liquids

Oils, coolants and lubricants.

Stretch film

Low-density polyethylene.

Water Management

Our manufacturing process requires minimal amounts of water.



Simpson Strong-Tie reduced its water consumption every year for the past five years.

Energy Conservation

We work hard to improve energy efficiencies at our facilities to ensure eco-friendly, cost-effective operations. Energy-efficient lighting, heating and cooling systems further decrease our impact on the environment, including reducing our carbon emissions.

Lighting

- ▣ Our McKinney, Texas and Stockton, California plants use T8 lighting, a type of fluorescent lighting commonly used in more energy-efficient manufacturing factories and workshops.
- ▣ Our St. Gemme La Plaine, France plant introduced bi-color lighting (yellow and white), which more accurately represents natural lighting. This also allows for lower wattage illumination, helping to cut energy consumption and costs.

Heating/Cooling

- ▣ Multiple North American facilities reclaim the heat generated from their air compressors and pump it into the plant during winter and outside during summer.
- ▣ Our Riverside, California plant has several environmentally-friendly features: high-performance dual-pane windows, insulated walls, thermal control zones and surface reflective roof coating to help maximize heating and cooling efficiency.

Solar

- ▣ Both our Stockton, California (our largest manufacturing facility) and Sewen, Switzerland facilities are powered by solar energy, which contributes to a significant reduction in our carbon emissions.

How Boulstrup, Denmark Reduces Its Annual Oil Requirements by 65%

As part of Denmark's drive to cut carbon emissions, our Boulstrup facility is mostly powered by green energy.

The facility uses hydropower from Norway and windmill-generated electricity from Denmark. A local heating supplier uses straw from farmers and converts this to energy. This is both CO₂ friendly and a lower-cost alternative for Boulstrup's water and heating requirements, enabling the facility to reduce its annual oil requirements by 65%.

Sustainable Building Practices

For many years, we have actively supported sustainable building practices, such as those established by the US Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System™, NAHB Green, and state- and city-specific green building codes.

Use of Nontoxic Materials

Connector products that require painting are processed using either water-based paints or powder coating. Powder paint has no volatile organic compounds (VOCs), poses no fire hazard and does not produce toxic fumes while drying. Water-based paint has minimal VOC content. Submerging our products in water-based paint rather than spraying eliminates risk of the paint being atomized into the air, further reducing the effect on air quality. We use nontoxic powder for powder-coated products, and filter and recirculate the water used in this process in powder-coated wash tanks. This prevents wastewater from entering groundwater. Both methods eliminate the volatile organic emissions associated with solvent-based paints.

Our Suppliers

It's important for us to ensure that our suppliers adhere to humane workplace standards, comply with all applicable labor and workplace laws and regulations, and operate in a socially and environmentally responsible manner in accordance with our Code of Business Conduct and Ethics and Global Purchasing Policy. We build and maintain long-term, mutually profitable and ethical supplier relationships. Suppliers doing business with us must be committed to providing a healthy and safe working environment for their employees, free from discrimination or intimidation, as well as to respecting human rights and the environment.

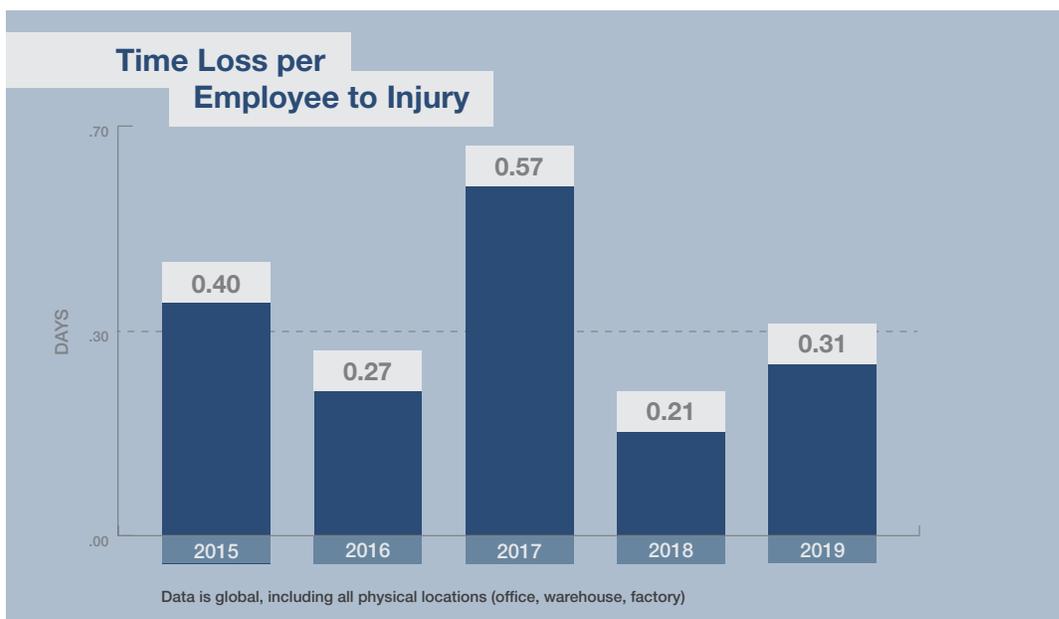
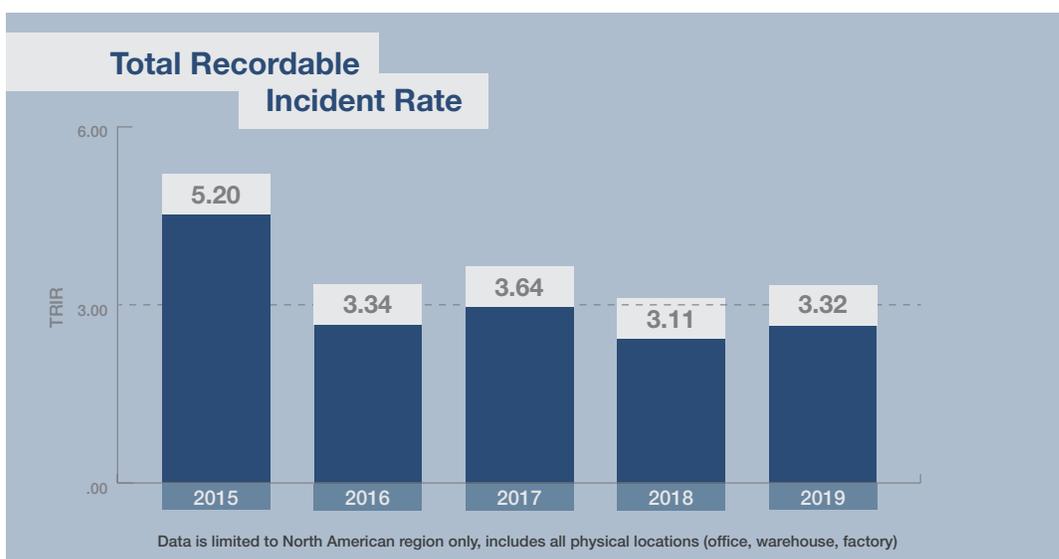
Safety

Our people are the most vital part of our business, and providing a safe, healthy and sustainable working environment is of fundamental importance.

We value the safety of all employees, and we continually work to minimize employee exposure to potential risk.

In 2019, the Total Recordable Incident Rate (TRIR) for all of our North American facilities was 3.32 — the second lowest rate in the past five years.

The TRIR describes the number of “recordable incidents” (injuries defined by OSHA) that a company experiences per 100 full-time employees in any given time frame. We had no fatalities over the same period.



Global Health and Safety Initiatives

The goal of the Simpson Strong-Tie Occupational Health and Safety program is to educate employees about the potential risks associated with our processes and change behavior to enable employees to adopt new safety skills. We are focused on implementing various program enhancements on a global scale, including overcoming language barriers and internal or external cultural challenges; instituting appropriate safety management maturity at the site level; and achieving commitments to employee safety throughout the company to ensure all of our employees are made a top priority within the organization.

In addition, we unveiled “Safety Voice,” a new communication form on our intranet, which allows employees across all our North America branches to report any safety concern to our companywide Safety Program Manager, or to give recognition to their coworkers for safe practices.

Driver Safety Program

In 2019, we launched a safe-driver monitoring program for the more than 500 drivers from our Sales team and other departments to help identify safety risks, rate drivers based on safe-driving practices, and provide support through training. We're very proud of our fleet of No-Equal® drivers, who delivered a 99% score in our acceptable safety range in 2019.

Supporting Our Employees

At Simpson Strong-Tie, we continue to invest in the development of our more than 3,300 full-time employees.

Leadership Programs

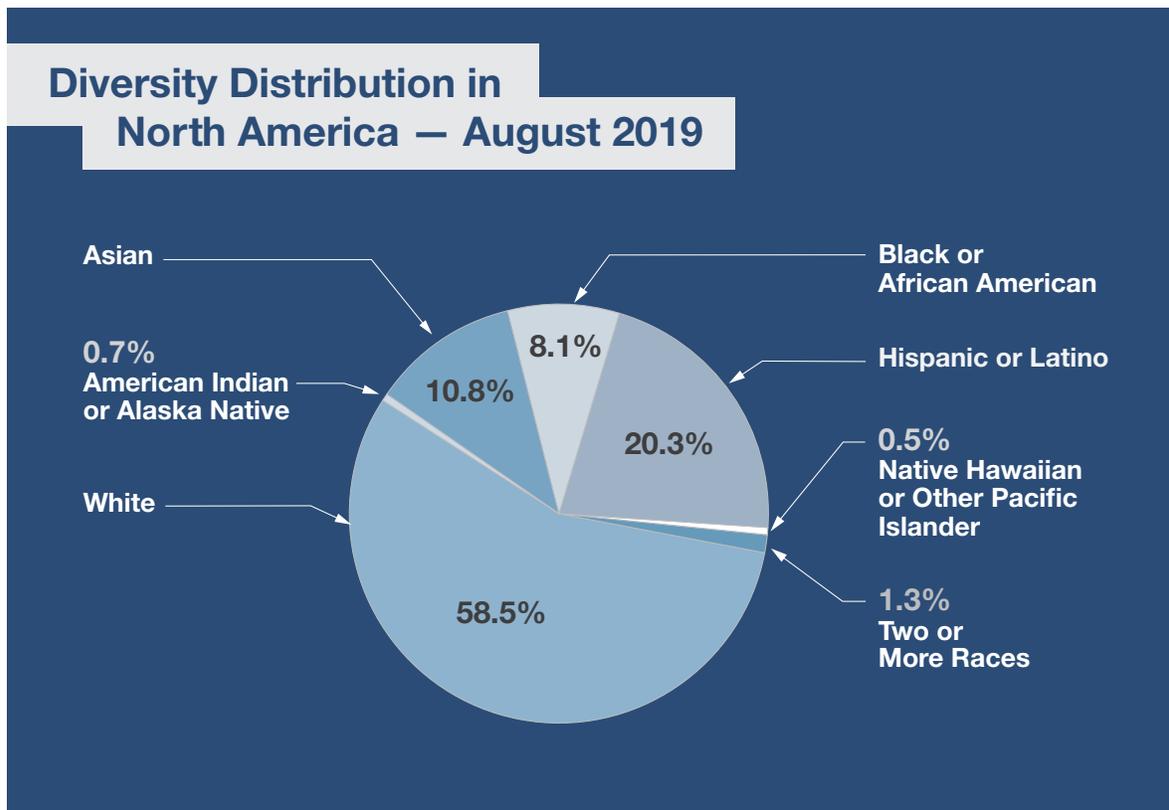
Our Company Value No. 5 is Everybody Matters. We care deeply about our employees' opportunities to thrive and succeed. Our ethos is that leadership is everyone's business. Anybody can be a leader — we can all show up as leaders, every day, in everything that we do.

Our Strong Leaders Program (for managers) and our Emerging Leaders Program (for non-managers) provides employees with training, tools and experiences to develop their full leadership potential. Both programs are long-term investments in the future of leadership at Simpson Strong-Tie.

Diversity

At Simpson Strong-Tie, we pride ourselves on our diverse culture of employees of all genders, ages, ethnicities and abilities, and we benefit from their unique perspectives across our entire company.

- ▣ Simpson Strong-Tie was recognized in the first-ever Watermark Index as modeling the way for gender diversity in corporate leadership. In 2015, we were one of only 11 companies in the San Francisco Bay Area where women held 30% or more of the top five executive positions and board seats. Currently, women hold 38% of the company's top five executive positions and board seats, helping to pave the way for gender diversity in corporate leadership.
- ▣ Simpson Strong-Tie was named a Finalist for NACD NXT, a multi-year initiative to highlight breakthrough corporate boardroom practices that promote greater diversity and inclusion to foster long-term value creation and help develop the next generation of boardroom leadership.
- ▣ Simpson Strong-Tie Chief Executive Officer Karen Colonias was honored as one of the *Most Influential Women in Bay Area Business 2018* by the *San Francisco Business Times*.



Equal Pay

We believe our executive compensation should be internally consistent and equitable to motivate employees to create shareholder value. We're committed to internal pay equity, and the Compensation and Leadership Development Committee monitors the relationship between the pay executive officers receive and the pay our nonmanagerial employees receive.

Employee Well-Being

Through our Strong For Life employee program, Simpson Strong-Tie fosters a culture of total well-being by providing no-cost trainings, tools and resources that educate and empower employees and their spouses to improve their physical, emotional and financial health as well as to earn rewards for participation and engagement in the program. We also offer an Employee Assistance Program to employees and their dependents for confidential, professional support with legal, financial and personal challenges at no cost to the employee.

Supporting Our Communities

“ We’re all connected in some way and are all part of a greater community. Look for small ways to give back every day. ”

Barclay Simpson
Founder

Charitable Giving

Do What You Can Day

We established Do What You Can Day in 2016. Every year, our employees are encouraged to participate in a voluntary charitable activity in commemoration of our founder, Barclay Simpson, to continue his philanthropic legacy.

- In 2016, we packed over 63,000 nutritious meals for children and families across the globe, and employees also participated in food, necessities, clothing and toy drives.
- In 2017, we packed more than 60,000 meals, held 11 food drives and donated 15,000 pounds of food.
- In 2018, we packed over 17,000 meals and 1,700 kits and backpacks for the homeless and donated more than 2,600 pounds of food. Employees built a temporary house for a homeless family in Chile, revamped a dog re-homing shelter in the UK, and assembled 63 bikes and 200 duffel bags with necessities for children in foster care.
- In 2019, we painted 40 murals for patients in long-term stays at local hospitals and held 10 food drives.

Matching Gift Program

In 1996, we started a Matching Gift program where employees can request a dollar-for-dollar company match for their charitable donations. In each of the years 2018 and 2019, we matched over \$50,000 in employee contributions.

“ Giving back to our communities is an integral part of our business. Our founder believed it was our responsibility to help others, and we carry on that legacy in our communities today. ”

Karen Colonias
CEO

Barc Simpson Community Hero Award

The Hero Award recognizes outstanding volunteer contributions by Simpson Strong-Tie employees in their communities. Barc was a dedicated philanthropist, and this award recognizes employees who exemplify similar values through community service. Twenty employees have received the award since it was created in 2015.

Charitable Giving Focus Areas

To focus our charitable giving efforts, Simpson Strong-Tie is committed to giving back to our communities in four key areas:

1. Construction and Building Repair

Habitat for Humanity

Simpson Strong-Tie has been a national sponsor of Habitat for Humanity International since 2007, donating more than \$8 million in cash, products and volunteer hours to support Habitat houses across North America as well as internationally. Simpson Strong-Tie Vice President and General Manager of Connectors and Lateral Systems Sam Hensen was appointed to the board of directors of Habitat for Humanity East Bay/Silicon Valley in mid-2019.

Habitat Strong

Simpson Strong-Tie is the lead sponsor of Habitat for Humanity's Habitat Strong program, designed to promote the building of homes that are more durable, resilient and structurally sound. Available to all local Habitat organizations across the country, the Habitat Strong program was created to offer long-lasting safety benefits to Habitat for Humanity homeowners at affordable costs. We increased our monetary contribution to the program from \$85,000 in 2015 to \$150,000 in 2017 and to \$200,000 in 2019. In total, we have donated \$670,000 to the program.

2. Disaster Relief

Simpson Strong-Tie supports disaster relief and recovery efforts primarily through the American Red Cross Disaster Relief Fund. We have made substantial monetary donations to help individuals and families get back on their feet after a disaster. Our engineers often donate their time to assess structural damage in order to help increase building safety in the future. Simpson Strong-Tie has donated more than \$425,000 since 2010 to the American Red Cross Disaster Relief Fund and other organizations.

3. Disaster Preparedness and Resilience

Our engineers work in conjunction with groups like FEMA (Federal Emergency Management Agency) and FLASH® (Federal Alliance for Safe Homes) to evaluate the performance of design and construction methods and structural systems in areas affected by disasters in order to learn about making structures more resilient.

4. Construction Trades Education

Collaboration with Academia

To better understand how structures perform, we regularly collaborate with other researchers or research facilities across the United States. We often donate money and products to universities for testing purposes, and our engineers volunteer their time to teach courses.

- In 2016, we established the Simpson Strong-Tie Excellence Fund by pledging \$800,000 over eight years to create the Simpson Strong-Tie® Research and Testing Lab at Washington State University (WSU) in Pullman, WA. In addition to the lab, the Excellence Fund supports fellowships for professors and graduate students to present research findings and conduct continuing education training.
- WSU faculty have conducted research with Simpson Strong-Tie for more than 20 years in a number of areas, including new product testing, deck safety and seismic risk mitigation.
- We donated \$50,000 to Clemson University for the Wood Utilization + Design Institute, which educates, conducts research and develops technical and design solutions. A representative from Simpson Strong-Tie serves on the Institute's advisory board.
- We've collaborated with California State Polytechnic University (Cal Poly), San Luis Obispo, for over 20 years, including on the construction of the Simpson Strong-Tie Materials Demonstration Lab.
- We've teamed with researchers at Colorado State University to conduct seismic testing of multi-story wood-frame buildings.
- We donated products and provided technical expertise for a series of earthquake tests for cold-formed steel-framed buildings at Johns Hopkins University.

Scholarships

- The Simpson Strong-Tie Student Scholarship program awards 100 scholarships every year to provide financial assistance to civil/ structural engineering, architecture and construction management students at participating colleges and universities throughout the United States. First-time recipients have the opportunity to participate in the Simpson Strong-Tie Student Fellowship, where they visit our company facilities to meet executives and to network with each other and with industry professionals. Since the program was established in 1999, we've awarded more than 850 scholarships to students at nearly 100 participating universities, providing more than \$1.2 million in total support.
- The Simpson Strong-Tie Put Something Back Scholarship program awards dependent children of our employees with academic scholarships for continuing education. More than 250 scholarships have been awarded since the program began in 1998, with a total of more than \$1.8 million awarded to date.

Sponsorships and Fellowships

- *Building Safety Month*. Since 2011, Simpson Strong-Tie has sponsored the International Code Council (ICC) Building Safety Month — an international campaign celebrated every May — to raise awareness about what it takes to create and maintain safe and sustainable structures.
- *FLASH® (Federal Alliance for Safe Homes) Partnership*. In 2008, the company sponsored an interactive and educational weather experience entitled StormStruck: A Tale of Two Homes™ at INNOVENTIONS at Epcot® at the Walt Disney World® Resort in Lake Buena Vista, Florida. The 3D weather experience enabled guests to experience a powerful “storm” in learning how to prepare for adverse weather events. The company sponsored a scholarship offered as a higher-education extension of StormStruck for graduate students seeking degrees in furtherance of disaster safety and mitigation.
- *Build Change Fellowship for Engineering Excellence*. In 2017, Simpson Strong-Tie began a partnership with international non-profit social enterprise Build Change on the Simpson Strong-Tie® Fellowship for Engineering Excellence. The fellowship allows innovative engineers the opportunity to provide impactful contributions to Build Change programs and engineers' professional development in developing nations around the world. The company has provided over \$300,000 for the fellowship.

- ▣ *Seismic Resilience Initiative.* Simpson Strong-Tie sponsors efforts by the Seismic Resilience Initiative to build public awareness of what community resilience consists of and support for legislation in California to help increase such resilience.
- ▣ *Dr. Lucy Jones Center for Science and Society.* Simpson Strong-Tie is the Founding Gold Sponsor of the Dr. Lucy Jones Center for Science and Society, established in 2016. The Center works to increase the resilience of communities faced with disasters and other global changes by using science to make better-informed decisions about how to mitigate risk. The company has already donated \$75,000 to support the Center.
- ▣ *Solar Decathlon.* Simpson Strong-Tie manufacturing facilities have supported university student projects in the US Department of Energy's biennial Solar Decathlon for over six years by providing products, monetary support and technical expertise. This support has extended to the Solar Decathlon Europe event.
- ▣ *ACE Mentor Program.* The ACE (Architecture, Construction and Engineering) Mentor Program helps mentor high school students and inspires them to pursue careers in design and construction. Our facility in Riverside, California, spearheaded the effort to open a new chapter of ACE in Las Vegas, including soliciting sponsors, mentors and students.
- ▣ *Lincoln High School Engineering and Construction Academy.* The company's facility in Stockton, California, has formed a partnership with the Engineering and Construction Academy at Lincoln High School. Simpson Strong-Tie was a founding sponsor of the academy and continues to support the academy and the school with product and monetary donations. The Stockton facility established the Barclay Simpson Educational Scholarship in 2014, providing students pursuing degrees in architecture, construction and engineering with financial support for college.
- ▣ *Girls Inc. of Alameda County.* Simpson Strong-Tie is a strong supporter of Girls Inc. of Alameda County. The organization's headquarters in Oakland, California, is named the Simpson Center for Girls in honor of Barc Simpson and his family for their long-standing support. We've provided an annual donation of \$10,000 starting in 2016 and have hosted field trips to benefit Girls Inc.

Accountability Standards

At Simpson Strong-Tie, we hold ourselves accountable for conducting our business with integrity through adherence to a strict set of standards and policies which are intended to create a safe, sustainable, respectful and healthy work environment. The following policies and procedures are made accessible to every Simpson Strong-Tie employee through our intranet site:

- ▣ Anti-Corruption
- ▣ Anti-Hedging and Anti-Pledging
- ▣ Child Labor Law
- ▣ Code of Business Conduct & Ethics
- ▣ Conflict Minerals
- ▣ Data Privacy
- ▣ Environmental Health and Safety
- ▣ Equal Employment Opportunity
- ▣ Global Purchasing
- ▣ IT Security
- ▣ Prohibition of Sexual and Other Workplace Harassment
- ▣ Reporting Financial Misconduct
- ▣ Speak Up Listen Up/Whistleblower
- ▣ Supply Chain Disclosure