

Environmental, Social, and Governance Report 2021



2021 Highlights

Increased the number of ESG data metrics tracked and collected from 6 to 18



Conducted an internal materiality analysis and published a SASB Index



Calculated our Scope 1 and Scope 2 carbon footprint



Published targets for our health and safety performance



Increased our employee engagement score by 11% from 58% in 2018 to 69% in 2021

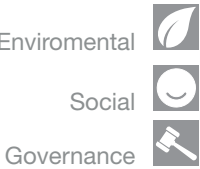
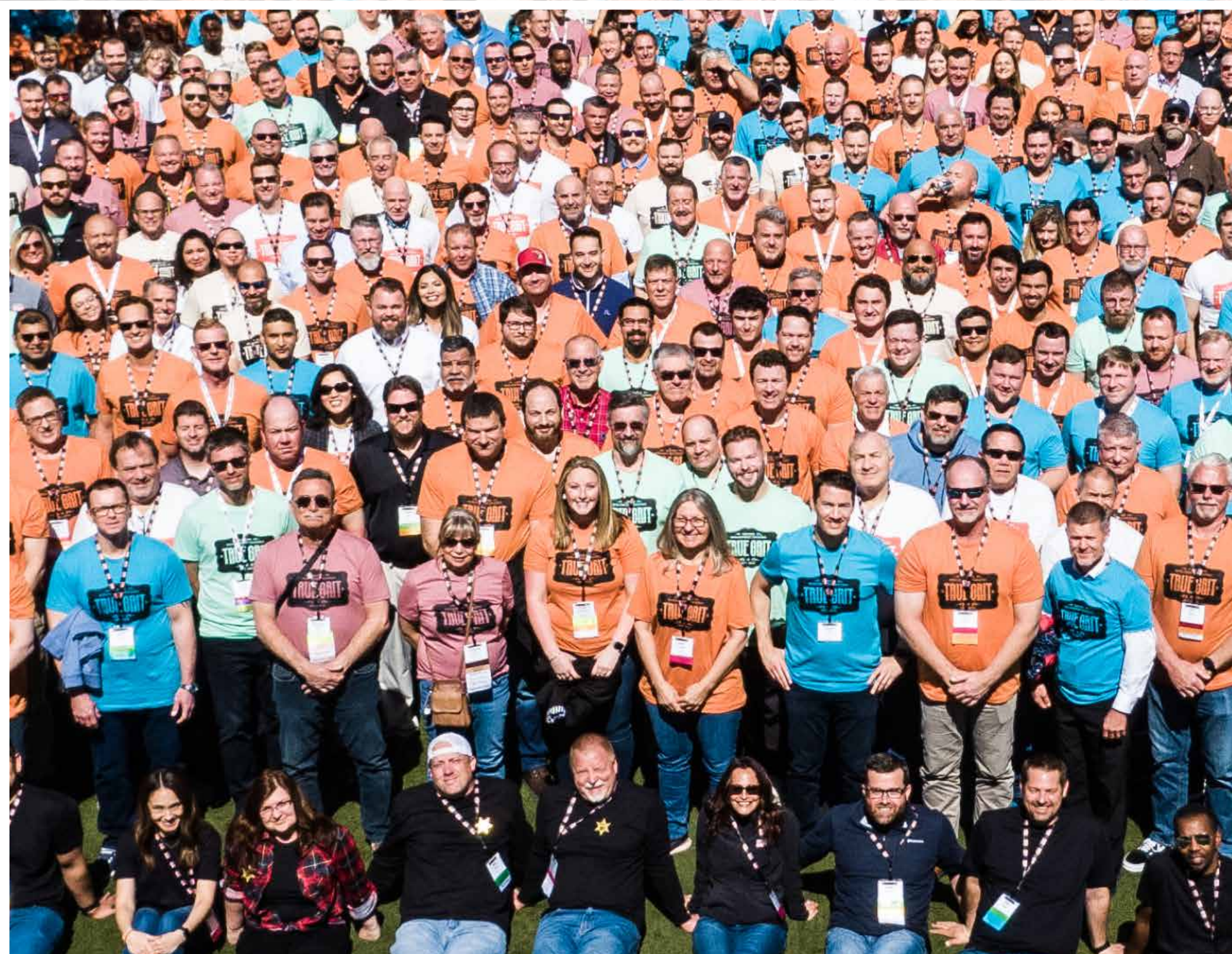


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Company Description

Simpson Strong-Tie is the world leader in structural solutions — products and technology that help people design and build safer, stronger homes, buildings, and communities. As a pioneer in the building industry, we have an unmatched passion for problem solving through skillful engineering and thoughtful innovation.

Our structural systems research and rigorous testing enable us to design code-listed, value-engineered solutions for a multitude of applications in wood, steel, and concrete structures.

Our dedication to pursuing ever-better construction products and technology and to surrounding our customers with exceptional service and support has been core to our mission since 1956.



Dear Stakeholders,

As we continued to face ongoing challenges and changes with COVID-19, climate change, and crucial social justice and equity movements, the importance of connection to our global community and our employees, customers, and business partners was integral to our performance.

Our connection to our communities, both locally and internationally, required us to take a closer look at our ESG initiatives. We have expanded both the methods and the metrics we use to track our progress. We adopted a new, more comprehensive Environmental, Health, and Safety policy, and we continue to support initiatives like Do What You Can Day, our annual day of service, that reflect our Company Value No. 8 – Give Back. Our goal is to positively impact our communities not only where we work and live, but across the world.

Our people are the most vital part of our business. Maintaining a strong connection with them as they work with each other and our customers helped teams and individuals stay engaged with our company goals, both short- and long-term. Our companywide program — focused on every employee living our company values and commitments — drives thought, discussion and behavior on upholding our ethical standards while uniting all employees in a shared understanding of accountability, responsibility and leadership.

Equally important in navigating year two of the pandemic was our keen focus on employee health and safety. We instituted a Remote Work policy for many of our office employees. For employees essential to operating our manufacturing facilities, we implemented social distancing protocols, provided telecom equipment to allow for effective collaboration, upgraded air filtration systems, and enhanced our cleaning and sanitization procedures. We amended our US Time Off and Leave of Absence Policies to provide additional time off for employees who were either sick or at home due to mandated COVID-19-related quarantines.

In addition, we've also undertaken the important work of developing a meaningful Diversity, Equity and Inclusion (DEI) strategy. We conducted an extensive review of our DEI practices involving interviews, focus groups, and analysis to gain a clearer picture of what we're doing well and where we need to improve. From the data we are creating a roadmap that will guide our DEI efforts for years to come.

The connection we have with our suppliers, vendors and supply chain partners is also critical to our business. Our Supplier Code of Business Conduct and Ethics is a clear and comprehensive guide outlining our expectation that our partners hold themselves the same high standards to which we hold ourselves. Our Position on Human Rights is a new commitment we have made to support our partners in recognizing and abiding by international human rights principles.

We continue to foster and strengthen these connections to benefit our Environmental, Social, and Governance initiatives now and into the future, ensuring our business, communities, employees, and collaborators flourish.

Karen Colonias, President CEO



Materiality

To shape our sustainability strategy and reporting, we identify the ESG topics that have an outsized impact on both our risks and opportunities.

To determine material areas, we rely on internal meetings, external frameworks such as SASB (Sustainability Accounting Standards Board), and the methodologies of leading ESG ratings services including International Shareholder Services and MSCI ESG Rating.

This approach helps to ensure that we direct our ESG efforts where they are most impactful for both our business and stakeholders.

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 Business, as described by Barc, are our Company Values, and we keep the Secret Sauce alive and well by living them every day.

E S G

For us, sustainability is nothing new. The Nine Principles have historically shaped our approach to business and are closely aligned with our Environmental, Social, and Governance practices.



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. Have Fun, Be Humble. The company is a demanding but a fun place to work, where people take their responsibilities, but not themselves, seriously.



Environment



We have an important role to play in safeguarding our natural environment and are committed to designing and manufacturing our products with environmental conservation in mind.

Our solutions 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 mitigate the economic and community impact of these events.

Environmental considerations have long influenced our business practices. We expect to see long-term financial benefits that come from managing our environmental impact. We also know that improperly managing our environmental footprint exposes the business to risks such as damage to our reputation and negative impacts on our customer, supplier and vendor relationships. Environmental stewardship is aligned with management of regulatory risk. To minimize the risk of fines, we consistently monitor proposed environmental regulations that may impact our business and maintain regular dialogue with environmental regulators.

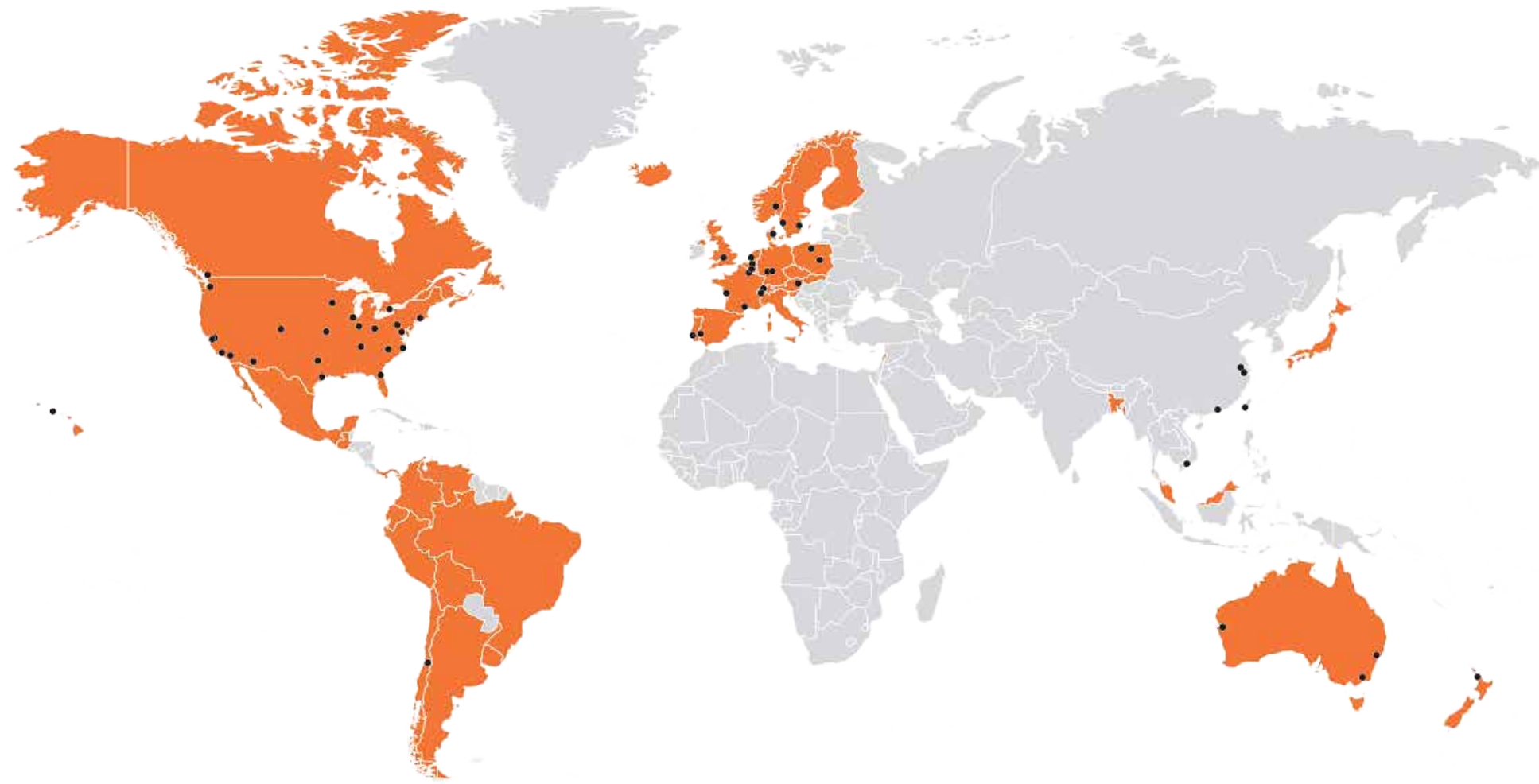
Our EHS Policy

At Simpson Strong-Tie, we operate in a safe and environmentally responsible manner, benefiting society, the economy and the environment.

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

We continuously seek opportunities to decrease the environmental impact of our operations and manage risks that stem from poor environmental performance. The second principle of the Nine Principles of Business is to take a Long-Range View. We are committed to never sacrificing tomorrow for the sake of today.

Our new [EHS policy](#) guides our approach to both environmental and health and safety management.



Manufacturing Facilities

Management of energy, chemicals, and hazardous materials and waste is the primary environmental focus at our manufacturing facilities. Five of our facilities are ISO 14001 certified, and this year, we expanded the number of environmental metrics we track from each of our manufacturing locations.

We are making progress in understanding the environmental impact of our business and, through the collection of data from our manufacturing facilities, we have established a baseline for environmental performance. We expanded our tracking to include the usage of energy procured from the grid, renewable energy, fuel, and natural gas, enabling us to calculate our Scope 1 and Scope 2 emissions. We will use this information to determine our actions to improve efficiency and reduce emissions.



Chemicals

Several Simpson Strong-Tie product lines require the use of chemicals, some of which are classified as environmentally hazardous. The majority of our chemical manufacturing takes place in our West Chicago, IL plant, which is focused on our concrete product line. Our objective is to make our products as safe as possible for our employees, our customers, and the environment, while ensuring the integrity of our products.

Throughout our operations, our products are subject to regulatory compliance globally. We adhere to the Global Harmonized System (GHS) for our classification and labeling. In some countries, our procedures differ slightly and we apply a stricter standard. For example, at our European production sites, the Hazard Communication Standard (HCS) varies, so different procedures are in place to comply with the local governing entity.

Our Research and Development (R&D) department regularly reviews our products to determine whether the environmental impact can be decreased while maintaining or improving performance and price.

When testing chemicals, R&D examines the associated hazards through their lifecycle. Safety Data Sheets detailing environmental impact are available internally and on the company website.

Our R&D team is continually evaluating alternative, non-toxic materials while maintaining our high performance standards and competitive costs.

Project Spotlight Using Alternative Chemicals

Chemical anchors use epoxy resins and curing agents to produce high-strength adhesives. These materials are hazardous.

Our customers look for a product that provides maximum strength in a minimum amount of time, and performs at low temperatures. To achieve this, competing products use phenol, a hazardous accelerant.

To improve the safety of Simpson Strong-Tie products, we extensively searched for less hazardous options for use in our latest anchoring adhesive, SET-3G™ high-strength epoxy adhesive. Through a long-standing relationship with one of our key suppliers, we were given early access to new technology providing the chemical acceleration needed, while eliminating hazards. Using this new technology, our R&D department developed a superior-performing anchoring adhesive without using hazardous chemicals.

As a result, we are able to provide our customers with a safer alternative compared to other epoxy anchoring adhesives on the market while still providing No-Equal® performance.

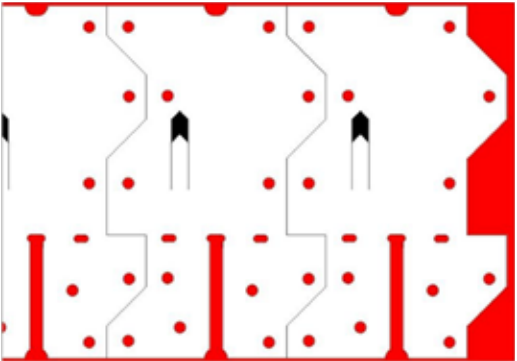


Waste

Waste is a byproduct of our manufacturing processes. With many materials, especially steel, it is in our financial interest to minimize the amount of unused raw materials and waste generated.

Our metal-stamping production and dies and factory tooling are designed to help minimize steel waste and maximize the amount of raw material that is used in our products, reducing our cost of goods sold.

Where we are unable to eliminate waste material from our production process, the preferred alternative is to recover cost by selling unused materials. When this is not possible, we attempt to recycle any waste.



The red areas are waste that is recycled and the black areas are cut out and shaped into other products.

The final product.

During fiscal year 2021, we expanded the number of waste and recycling streams for which we collect data to include rubbish, regulated waste, municipal recycling, steel scrap, and corrugated paper. By establishing a baseline, we will be able to quantify the extent to which our future initiatives impact our performance.

Waste Metrics — Tons

| | 2019 | 2020 | 2021 |
|----------------------------|--------|--------|--------|
| Garbage Rubbish | | | 824 |
| Regulated Waste | | | 551 |
| Municipal Recycling | | | 340 |
| Steel Scrap (In thousands) | 35,902 | 29,805 | 39,640 |
| Corrugated Paper Cardboard | | | 448 |

Product Impact and End-of-Life

About Our Products

Since 1956, Simpson Strong-Tie has continuously manufactured structural connectors used in residential, light industrial and commercial applications. The principal raw material used in our products is steel. We also use carbon fiber, fiberglass, mortars, grouts, epoxies and acrylics to create our No-Equal® products.

Our products have a negligible environmental impact during their use phase. Environmental impact of our products takes place during the creation and disposal phases. To better understand the environmental impact of our products throughout their lifecycle, we are conducting Environmental Lifecycle Assessments of our connector and fastener product lines. We expect the results of this analysis to be released in 2022 to inform our environmental impact strategy.

Financial Planning

Accurately forecasting product demand minimizes the environmental impact of unsold inventory. Last year, we completed a three-phase SKU reduction program, eliminating over 12,000 non-moving or slow-moving SKUs and converting our customers over to replacement products. In addition, we carried out rapid improvement events in our US production facilities, resulting in efficiency enhancements as well as improved management of inventory and purchasing practices. Accurately forecasting product demand reduces the environmental impact of sourcing, producing, storing, and disposing of unsold goods. The SKU reduction project not only reduced the environmental impact of our products but also reduced our costs, leading to margin expansion.





Water Stewardship

We seek to use water resources responsibly in the communities in which we operate. This year, we built upon our previous disclosure of gallons of water used per employee by analyzing our water footprint. In addition to examining our overall water usage, we looked at the geographic locations of our manufacturing facilities. We conducted a qualitative analysis to understand how each of our manufacturing facilities uses water in its operational processes.

Geographic Footprint

Using the WRI Aqueduct water risk atlas, we found that four of our sites operate in medium- to high-risk locations. In the next year, we will implement water-saving initiatives at these locations.

Manufacturing Water Usage

Large quantities of water are not critical to our manufacturing operations. Machine cleaning is the largest use of water; however, the quantity needed is not substantial. Within our operations, most of our water usage is in kitchens, bathrooms, and landscaping. We reuse and recycle most of the relatively small amount of water we use in our manufacturing process.

We don't foresee a potential water shortage impacting our production capabilities.

Water Usage — Gallons

| | 2019 | 2020 | 2021 |
|---|---------|---------|---------|
| Water Usage | 258,710 | 444,484 | 446,341 |
| Water Consumption per Employee | 111 | 187 | 169 |
| Water Consumption per Dollar of Revenue | 8.04 | 12.38 | 10.02 |

Energy

The machinery we use to bend and shape steel requires electricity. We work to improve energy efficiencies at our facilities and ensure eco-friendly, cost-effective operations.

We make efforts to decrease the carbon intensity of our energy sources. Both our Stockton, California and Sewen, Switzerland facilities are powered by solar energy, providing a significant reduction in our carbon emissions. We continue to evaluate when and where it makes sense to install solar energy at our other manufacturing and office locations.

The largest opportunity to reduce our environmental impact is through energy conservation. This past year, we continued to install energy-efficient lighting, heating and cooling systems. These upgrades took place throughout our operations. We continue to install LED lights, which contributes to a noticeable energy savings at our plants.

In North America, several of our facilities reclaim the heat generated from their air compressors and pump it into the plant during the winter months to heat the building. We also have invested in high-performance dual-pane windows, insulated walls, thermal control zones, and surface-reflective roof coatings to maximize heating and cooling efficiency.

Energy Metrics

| | 2019 | 2020 | 2021 |
|--------------------------------|---------|---------|---------|
| Amount of Energy Used | 249,703 | 261,838 | 282,548 |
| Percent of Renewables | 7.14% | 6.79% | 6.58% |
| Percent Supplied from the Grid | 42,946 | 50,677 | 50,584 |
| Natural Gas | 35,235 | 34,522 | 77,852 |
| Renewable Sources | 15,693 | 17,132 | 15,693 |



Climate

Climate change is already taking place. Our business is positively correlated with the construction industry, which is dependent on weather conditions. Unseasonably hot, cold, or wet weather can delay installation of some of our products, impacting our revenue. In addition, some of our manufacturing facilities are located in geographic regions that have experienced major natural disasters, such as floods, hurricanes and earthquakes, which may disrupt our operations in the future.

Both mitigation and adaptation are needed to address the threat of climate change. Simpson Strong-Tie has a role to play in both solutions.

Mitigation

We strive to reduce the greenhouse gas emissions associated with our operations. This year we calculated our Scope 1 and Scope 2 footprint. In 2021, our Scope 1 emissions were 4,150 tCO₂e and our Scope 2 emissions were 15,360 tCO₂e.

Project Spotlight How Boulstrup, Denmark Reduced 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%.

Locations

Our headquarters are located in Pleasanton, California. Most of our environmental impact takes place at our manufacturing sites and within our supply chain. However, our intent is to manage environmental issues at all of our office locations.

Prior to the COVID-19 pandemic, our efforts were focused on waste reduction and recycling. We promote recycling of aluminum cans, plastic and glass bottles, cardboard, paper, and electronic waste at each of our offices.

Our Remote Work program, resulting from COVID-19, reduced the environmental impact we manage at our office locations. With fewer employees working at our onsite locations, we have reduced waste, water, electricity usage, and emissions from commuting.

Our Remote Work policy and procedures have changed some aspects of how we interact with each other, our customers and our suppliers. Increasingly, we conduct meetings and appointments virtually instead of taking business trips, further decreasing our greenhouse gas emissions.



Social



Culture

Our Secret Sauce culture is one of the main reasons our employees choose to build their careers here, and we often talk about what it means to be a part of a No-Equal® company. In our early days, engineers would often specify our products in their plans and include the ≠ symbol next to the Simpson Strong-Tie product to let the builder or contractor know not to substitute a competitor's part for ours. They believed, and still do, that there is no substitute for the quality and workmanship of our products. For us, that belief applies not only to our products, but extends to our company, our culture and our people.

At Simpson Strong-Tie, you'll find talented, passionate, dedicated, humble and genuinely kind and helpful people who are all connected by our shared mission — to provide solutions that help people design and build safer, stronger structures.

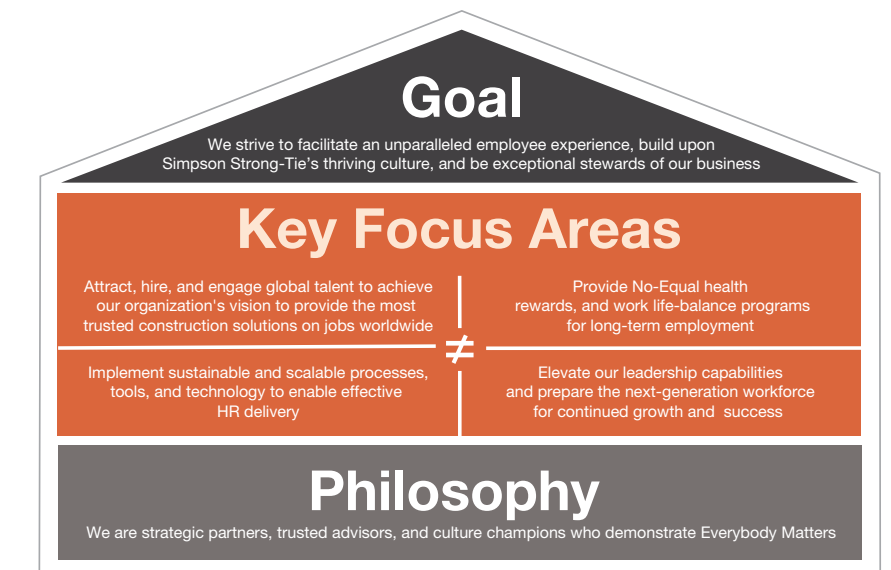
It's this mission and our strong values, which encourage our people to use good judgment, challenge the status quo and do what's right, that have made Simpson Strong-Tie a unique place to work for more than 65 years.

Here are the philosophies guiding our personal commitments to the company, our customers and each other:

- We set our own standard; competitors' standards are not our gauge for adequate performance.
- We meet our commitments and always act in a way that makes others trust us.
- If we have a problem, we fix it. We don't hide it.
- We believe it's better to try something and fail, than not to try.
- We comply with safety standards, and everyone strives to maintain a healthy work environment.
- We invest in the people required to meet our customers' changing needs.
- We do not compromise our long-term, hard-earned reputation for short-term gain.

Our company is changing every day. We create new products, acquire new companies, establish new customers and hire new employees on an ongoing basis. To maintain our culture, we keep our people, values and customers always top of mind.

Our Commitment to Employees





Diversity, Equity and Inclusion

We strive to ensure all employees agree that we demonstrate our Value No. 5 — **Everybody Matters**. We foster diversity in our workforce and maintain representation of all genders, ages, ethnicities, and abilities. Doing so helps us attract talent and provides diverse perspectives to solve challenging issues.

In 2021, we worked with a consultant to assess and benchmark diversity, equity and inclusion (DEI) at Simpson Strong-Tie in the United States. This included conducting interviews with members of our senior leadership team, holding virtual employee focus groups, analyzing diversity metrics of our workforce, and reviewing our policies and guidelines that impact diversity, equity and inclusion.

To ensure all employees have learning and career growth opportunities at Simpson, we are enhancing our performance management and succession planning programs. Through these initiatives, we challenge our employees to meet high expectations, and we are diligently bolstering our promotional efforts and career pathing tools.

In addition, we recently updated our comprehensive Code of Business Conduct and Ethics that describes behavioral expectations of our leaders, our employees and other representatives of the company. The Code outlines our prohibition of harassment, whether it be sexual or of a different nature. In addition to the Code, employees will receive training to ensure their understanding of our policies and principles.

In 2022, to better attract a diverse slate of candidates for key positions, we have committed to broadening the number of job boards targeting historically underrepresented groups.

Equal Pay

The Simpson Strong-Tie compensation philosophy is to attract, retain, motivate, and differentiate employees through our rewards programs. We believe people should be paid for what they do and how they do it, regardless of their gender, race, or other personal characteristics, and we are committed to internal pay equity. Our Board of Directors, through its Compensation and Leadership Development Committee, monitors the relationship between the pay received by our executive officers, and Human Resources monitors the relationship of pay received by all other employees. We believe our compensation philosophy and strategy are strongly aligned with our corporate strategic priorities and our vision for stockholder value creation.

Global Age Demographics — December 2021

| Age Range | All Global Employees | Individual Contributors | Middle Management | Senior Leadership |
|-----------|----------------------|-------------------------|-------------------|-------------------|
| Under 30 | 671 | 654 | 17 | |
| 30 - 50 | 2,084 | 1,716 | 359 | 9 |
| Over 50 | 1,116 | 897 | 203 | 16 |

Global Age Demographics — December 2021

| | All Global Employees | Individual Contributors | Middle Management | Senior Leadership |
|--------------|----------------------|-------------------------|-------------------|-------------------|
| Female | 912 | 790 | 116 | 6 |
| Male | 3,009 | 2,518 | 472 | 19 |
| Not Declared | 61 | 52 | 9 | |

U.S. Diversity Distribution by Level — December 2021

| | Individual Contributor | Middle Management | Senior Leadership |
|---|------------------------|-------------------|-------------------|
| American Indian or Alaska Native | 13 | 1 | |
| Asian | 235 | 29 | 2 |
| Black or African American | 270 | 7 | |
| Hispanic or Latin | 411 | 33 | |
| Native Hawaiian or Other Pacific Islander | 8 | 1 | |
| Two or More Races | 35 | 8 | |
| White | 1,192 | 304 | 21 |



Operating Safely During the COVID-19 Pandemic

At the onset of the COVID-19 pandemic in 2020, our Environmental, Health and Safety (EHS) team, in partnership with our HR team and operational leadership, acted to ensure the health of our employees was not compromised at our facilities. We instituted a Remote Work policy for many of our office employees to limit the number of people onsite. For employees essential to operating our manufacturing facilities, we implemented social-distancing protocols, provided telecom equipment to allow for effective collaboration in a machine-based working environment, upgraded air filtration systems, installed satellite hand sanitizing units, enhanced our cleaning and sanitization procedures, and distributed personal protective equipment (PPE) to minimize the spread of the COVID-19 virus.

In addition, we partnered with CVS Health to provide our employees with drive-through COVID-19 testing and amended our US Time Off and Leave of Absence Policies to provide additional time off for workers who were either sick or at home due to mandated COVID-19-related quarantines.

Our executive leadership team receives regular updates on COVID-19 metrics and continues to monitor and evaluate the latest information and guidance from the CDC and the WHO to continue providing a safe and healthy working environment. COVID-19-related information is regularly communicated to our employees through our intranet and town hall meetings as well as a monthly companywide email update sent by our CEO.

Employee Benefits

Wellness

Through our Strong For Life employee program and app, we promote a culture of total well-being. Our holistic program provides:

- No-cost training sessions
- Tools and resources that educate and empower employees and their spouses to improve their physical, emotional and financial health as well as earn rewards for participation and engagement in the program

Employees can also enroll their spouse in Strong For Life. Through its self-guided courses and healthy-habit guides, the app provides ways to be active and live well. By completing health assessments, getting a flu shot, or participating in a financial wellness course, employees and spouses can earn up to \$50 each to redeem for gifts.

In addition, employees and their dependents have access to our Employee Assistance Program that provides confidential, professional support with legal, financial and personal challenges at no cost to the employee.

Compensation

We offer our employees a total rewards compensation package that includes base pay, a performance-based quarterly bonus, healthcare benefits (in our US operations), and a stock purchasing plan. To support employees in their pursuit of higher education, we provide tuition assistance for both undergraduate and graduate programs. The company pays 100% of allowable expenses, up to a maximum of \$5,250 per calendar year.

Project Spotlight Teams Compete to Count Steps

As part of our Strong For Life program, employees had the opportunity to participate in a quarterly steps challenge. Competitive teams were formed to track performance. In 2021, there were 41 teams registered, 20 of which reached the final virtual destination of Machu Picchu. We had 187 individual participants. The branch with the most steps received the honor of keeping the traveling Barc Simpson trophy. The winning branch was Riverside, California. Riverside reached an impressive total of 13,608,831 steps. West Chicago, Illinois came in second place with 8,157,950 steps.



Employee Engagement

We use a variety of tools and metrics to assess and monitor employee satisfaction, including a biannual culture and leadership survey. The results of this survey are a prime indicator of our performance. It enables us to evaluate the effectiveness of our efforts to attract, retain and develop the best people. Additionally, it provides us with insight into areas where we can direct our future improvement efforts. Our culture and leadership survey score was 69% in 2020, which is more favorable than benchmark data and an 11% improvement from our previous score of 58% in 2018. Our goal is to increase our score by 5% in the 2022 culture and leadership survey.

My Commitments

To help foster a values-based culture, the company introduced the My Commitments initiative in 2019 to facilitate monthly, targeted, thoughtful conversations. Based on the results of our 2018 culture and leadership survey, My Commitments focuses on three areas: Build Trust, Speak Up Listen Up, and Show Others They Matter.

Build Trust includes discussion topics and behaviors around communication, keeping commitments, and addressing tough issues. Speak Up Listen Up focuses on raising concerns without hesitation, listening genuinely, and addressing concerns effectively. Show Others They Matter centers around showing respect to every person, encouraging varying viewpoints and ideas, and frequently recognizing others for their contributions.

For each monthly discussion, we provide manager guides to facilitate engaging team conversations. The program also helps drive teams to effect behavioral change.

Speak Up Listen Up

Along with being one of the areas included in our My Commitments initiative, Speak Up Listen Up is also a program providing employees with a hotline, Speak Up Strong-Tie, to raise concerns about unethical behavior confidentially and anonymously, at any time, by phone or online through a third-party vendor. Speak Up Listen Up reinforces open communication and our intent to identify and address behavior that does not align with our ethical standards and company values. A manager toolkit has been provided to leaders to effectively demonstrate the Listen Up aspect of this initiative. It includes topics such as fostering a Speak Up Listen Up Culture, Handling Employee Reports of Misconduct, and a Manager Responsibilities Checklist. In 2022, we will provide all leaders and employees with training on our Code of Business Conduct and Ethics to keep this topic continually top of mind within our organization.

An additional metric we monitor to determine engagement is our employee turnover rate. Employees who are more engaged tend to stay longer and are more productive in their roles. We have set a 2022 goal not to exceed a 12% employee turnover rate.

| Year | Employee Turnover |
|-----------|-------------------|
| 2019 | 14.40% |
| 2020 | 13.67% |
| 2021 | 17.25% |
| 2022 Goal | 12% |

Employee Training

At Simpson Strong-Tie, Everybody Matters is our Company Value No. 5 and one of the ways we support that value is through employee training. We continuously invest in the development of our more than 3,900 full-time employees by offering online and in-person classes and workshops.

Developing a highly skilled workforce increases productivity and promotes retention and employee engagement. We care deeply about our employees’ opportunities to thrive and succeed and provide both internal and external resources to achieve this goal.

Leadership

At Simpson Strong-Tie, everyone has leadership qualities to help them in their current position and in the future.

We offer two leadership programs: Strong Leaders for people managers, and Emerging Leaders for individual contributors. In the past five years, more than 400 managers have completed the Strong Leaders program. These programs provide 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.

Interview Skills and Hiring Selection

In 2021 we introduced a series of interview trainings for managers and other interviewers of potential job candidates. The training provides innovative tools and techniques to help managers and interviewers hire effectively. The training sessions explore both the art and science of behavioral interviewing. As of December 2021, over 200 managers completed the training.

Project Spotlight Crowd-Sourced Sales Training

Our Sales team is the best resource we have for understanding our customers’ needs and providing insights into the markets we serve. As we continue to focus on our customer-centric business model, it’s essential that our Sales team looks at customers’ needs holistically and can recommend products and services that best meet those needs.

To educate our sales professionals on these responsibilities and the product knowledge they need, the Training department created “Expertise Exchange” — a Sales video contest. Our outside salespeople at each of our North American branches were invited to create short videos on how they sell a product or group of products for a specific end-use market.

Sixty videos were submitted, resulting in multiple hours of crowd-sourced training that is used by our existing salesforce and can be used to train new Simpson Strong-Tie salespeople. The library of videos was shared as a training asset and all of our employees have access to these resources on our intranet.



Health and Safety

Throughout our operations, we dignify the contribution of every employee at every level. This is especially relevant within our manufacturing facilities, where we are committed to providing the highest standard of safety and creating a healthy working environment. Doing so enhances our reputation, reduces lost time due to injury costs, and makes good on Company Value No. 5: Everybody Matters.

Goal

In 2021, we challenged ourselves to improve the global Total Recordable Incident Rate (TRIR) to below 2.75 for the calendar year. We also set the best-in-class goal to improve our global TRIR to below 2.0 by 2025, the gold standard according to relevant international experts.

Our global Environmental, Health and Safety (EHS) team develops and nurtures a world-class safety culture. Their objective is to send all employees home each day healthy and safe. Each manufacturing facility has dedicated EHS staff focused on implementing best practices.

Our EHS team proactively manages decision-making and takes steps to instill a culture of safety at our facilities.

Our Health and Safety program is based on education, prevention and action. We inform our employees about the risks associated with our manufacturing processes and, through training and example, we seek to increase our employees' safety behavior to prevent potential injuries. In addition, both our French and UK facilities are ISO 45001 certified. This certification reflects an internationally applied standard for occupational health and safety management systems.

In 2021, we began tracking our Near Miss Frequency Rate (NMFR). As we analyze near misses, or events where an accident almost occurred, we will identify areas where safety improvements can be made prior to an injury. The addition of this metric is indicative of our evolution to proactive EHS management. We believe that the NMFR will be a key leading indicator to forecast our TRIR. In addition, it will continue to grow our culture of safety awareness and proactivity.

To improve performance in 2022, we are instituting our observation program, an initiative encouraging and tracking employee health and safety observations. Employees provide real-time feedback to management on their working environment and opportunities for improvement.

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

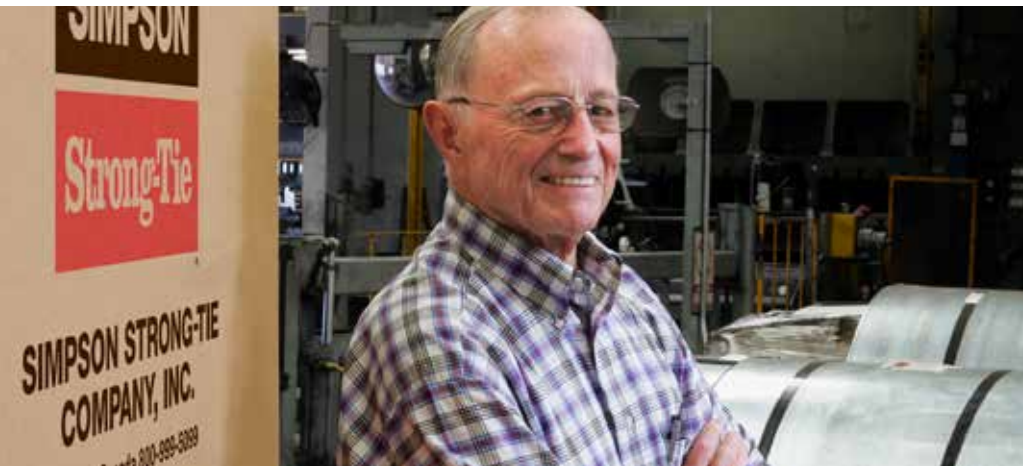
| | 2019 | 2020 | 2021 |
|---------------------------------------|------|------|-------|
| Total Recordable Incident Rate (TRIR) | 3.09 | 2.41 | 1.91 |
| Near Miss Frequency Rate (NMFR) | | | 20.81 |

Project Spotlight Reducing Minor Hand and Arm Injuries

At our McKinney, Texas production facility, our EHS team observed an increase in minor hand and arm lacerations. Our primary raw material, steel, enters our factory in large coils, bound by heavy steel banding. It must be debanded before being fed into our presses to be stamped and shaped into final product. During the debanding process, employees suffered minor hand and arm lacerations. In a few extreme cases, lacerations were severe enough to require suturing.

The McKinney EHS team analyzed the situation and found several opportunities for improvement, including tool and PPE upgrades, process enhancements, and Job Hazard Assessments updates. These actions resulted in a dramatic reduction in the number of lacerations sustained by our employees. In the nine months since implementation, there have been zero hand or arm laceration incidents requiring treatment beyond basic first aid.

The program also has helped reduce medical expenses and indirect costs including investigation time, lost production, employee turnover, and a degraded reputation.



Social Impact

“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, Nine Principles of Business

Our approach to positively impacting our global community is based on our founder’s belief that it is our responsibility to help others. Give Back is Company Value No. 8 and ingrained in our culture. Our social impact efforts focus on initiatives that leverage our core competence: building. We make both monetary and product donations that address construction building and repair, disaster relief, disaster preparedness and resilience, and construction trades education. We also provide organizations with technical expertise and volunteers, and we support our employees in their give back endeavors.

Company Sponsorships and Initiatives

Simpson Strong-Tie donates to a variety of local and national nonprofit organizations.

Habitat for Humanity

Habitat for Humanity and Simpson Strong-Tie share a similar vision to provide safe, strong and affordable housing throughout the world. Along with monetary donations, Simpson Strong-Tie donates products to regional Habitat affiliates, provides volunteers to build in Habitat communities, and offers technical expertise in the design and construction of Habitat homes. Over the past three decades, our monetary and product donations have resulted in hundreds of homes for individuals and families who otherwise would not be able to afford decent housing.

Since 2007, the company has donated over \$4 million in cash and product to Habitat for Humanity.

Habitat Strong

Simpson Strong-Tie is the leading sponsor of Habitat for Humanity International’s Habitat Strong program, renewing its support for the sixth consecutive year. Habitat Strong was established to promote the building of homes that are more durable, more resilient and physically stronger. Habitat homes in areas susceptible to flooding, earthquakes, hurricanes, high winds, and wildfires can benefit from Habitat Strong building standards, which include a suite of fortified codes and best practices developed specifically to make homes more resilient in the face of severe weather and other disasters. Available to all Habitat organizations across the country, the Habitat Strong program was created to offer Habitat for Humanity homeowners long-lasting safety benefits at affordable costs. Simpson Strong-Tie increased its monetary contribution to the program from \$85,000 in 2015 to \$150,000 in 2017 and now contributes \$250,000 each year. We have donated more than \$1 million to the program overall.

Through the Habitat Strong program, Simpson Strong-Tie is supporting efforts to evaluate equity in housing, including barriers to Black homeownership.

Building Talent Foundation

Building Talent Foundation (BTF) is a nonprofit organization focused on connecting young and underserved people to skills, trades, training, and career opportunities. Its mission is to advance the education, training, and career progression of young people and people from underrepresented groups as skilled technical workers and business owners in residential construction. Simpson Strong-Tie has partnered with BTF and in 2021 committed to donating \$600,000 in funding over the next three years.

Disaster Relief, Preparedness and Resilience

Because earthquakes, tornadoes, hurricanes and other weather and climate disasters affect so many people around the globe, 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. In addition, our engineers often donate their time to assess structural damage in order to help increase building safety in the future.

Simpson is also a leading supporter of the US Resiliency Council (USRC) and the Dr. Lucy Jones Center for Science and Society.

Construction Trades Education

This year, the company partnered with Habitat for Humanity’s California East Bay/Silicon Valley affiliate on a Trades Support pilot program to encourage youth and individuals who have been out of the workforce for an extended time to consider construction trades as a viable career path. The all-day event included product demonstrations, hands-on activities and presentations on soft skills. As we continue to refine and expand the program, our intent is to provide a model for other Habitat affiliates across the country to follow, increasing interest and employment in construction trades.



Employee Giving and Volunteerism

Simpson Strong-Tie encourages and provides our employees with opportunities to give back to their communities.

Do What You Can Day

Do What You Can Day is our national day of service at Simpson Strong-Tie. Each year, employees take time to deliver on our Company Value No. 8 – Give Back.

This year, 750 of our employees built water filters to give hundreds of people clean water for 10 years. Together with Wine To Water, a nonprofit organization focused on addressing the world's water crisis, our employees directly impacted the lives of people who have limited access to clean water. In addition, many of our locations planned and participated in their own giving efforts on Do What You Can Day, including food and clothing drives and construction projects.

Community Hero Award

The Barc Simpson Community Hero Award was created in 2015 to commemorate the life of our company founder. The 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 their dedication to community service.

Each year, up to five nominees receive the Barc Simpson Community Hero Award. Recipients receive a donation to the nonprofit organization of their choice.

This year, organizations benefiting from the award included the Penguin Project at the Children's Community Theatre in DeKalb, Illinois, the annual first responders' Thanksgiving dinner hosted by Heritage Church in Vancouver, Washington, and Cap City Athletic Association in Columbus, Ohio.

From inception to 2021, the company has provided \$64,000 to 33 nonprofit organizations on behalf of employees receiving the award.

Matching Gift

Through our Matching Gift program, employees can request a dollar-for-dollar company match for their charitable donations. When an employee contributes to an eligible nonprofit organization and then participates in our program, the nonprofit receives two gifts — one from the employee and the matching gift from Simpson Strong-Tie.

| | 2019 | 2020 | 2021 |
|--------------------|-------------|-------------|-------------|
| Employee Giving | \$44,929 | \$43,447 | \$59,496 |
| Cash Contributions | \$1,242,367 | \$1,158,630 | \$2,021,691 |

Our Value Chain

We seek to manage ESG risks within our supply chain, and we expect our business partners to always maintain compliance with the laws of the countries in which we do business. The main product we source is steel. We do not operate blast furnaces or steel mills and have no steel production capabilities.

Most critical materials we source, including steel, are commodities. Thus we seldom face limits on availability, though we may encounter rising costs. We operate in a competitive environment and, should commodity prices increase, our industry peers will face similar market conditions. As a result, we will not be at a competitive disadvantage. In certain instances, we engage in hedging activities to guard against the fluctuation of commodity prices.

To reduce the risk of short-term supply restrictions, we keep an inventory of raw materials on hand. In addition, if the supply of a material becomes restricted, we prioritize the SKUs that are most important to our customers and our business. Lastly, wherever possible and particularly when there is a single-sourced critical material, we will diversify the vendor base for that material.

Our products require many raw materials, each critical to the manufacturing process. A restriction in supply of any individual input can halt production. The proactive steps we take help mitigate this risk. This year, we formalized our environmental and social standards within our supply chain with the addition of two policies: our Supplier Code of Business Conduct and Ethics and our Position on Human Rights.

Supplier Code of Conduct

Suppliers, vendors, consultants, agents, contractors, and their subcontractors and other third parties must follow our Supplier Code of Conduct and observe the same high standards to which we hold ourselves.

Violations to our Supplier Code of Conduct, our policies or the law can result in corrective action, up to and including termination of the business relationship. Under certain circumstances, our Compliance or Purchasing departments may be compelled to take measures they deem necessary to ensure full compliance with the Supplier Code, most notably by requesting responses to questionnaires or conducting (by an internal team or third party) specific audits at a business partner's and their sub-contractors' premises.

If it is determined that a business partner is not in compliance with our Supplier Code of Conduct, the business partner will be expected to promptly correct its actions to become compliant. Simpson Strong-Tie reserves the right to cease doing business with any business partner that does not follow our Supplier Code of Conduct.

Position on Human Rights

We believe that we have an opportunity to positively impact the protection of human rights within our sphere of influence. We encourage and support our suppliers and other business partners in their efforts to act in accordance with internationally recognized human rights standards. Our commitment is guided by the principles set forth in US Human Rights laws, the United Nations' Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact.



Governance



Board of Directors

Upholding sound corporate governance practices is a top priority for the company’s Board of Directors. Strong corporate governance measures ensure our shareholders are aligned with the operations of our company. Further, they set the standard for our strong ethical culture.

The Board of Directors is elected annually by our shareholders. The Board, comprising seven independent directors and our CEO Karen Colonias, is 87.5% independent. Our Corporate Governance Guidelines reflect the Board’s commitment to monitor the effectiveness of policy-making and decision-making at both the Board and management level, and provide the framework for the governance of the company. Directors are elected on an annual basis, and we maintain a majority voting standard for uncontested elections.

The Board has four committees: Audit and Finance, Compensation and Leadership Development, Nominating and Governance, and Corporate Strategy and Acquisitions.

The first three committees consist entirely of independent directors, and we maintain a split Chair/CEO leadership structure. Our independent Chair of the Board, Mr. Andrasick, participates in setting the agenda for Board and committee meetings and leads the Board’s self-evaluation process.

The Board has a regular practice of assessing its own effectiveness as well as the diversity of skillsets of its members, the alignment of areas of expertise with the company’s strategy and priorities, and stewardship of company performance.

To ensure diversity in the opinions and experiences at the Board level, we seek directors with expertise from a variety of backgrounds and industries. Female directors comprise 50% of all directors and ethnically diverse directors comprise 12.5% of all directors.

The Board is committed to holding itself to the highest ethical standard. It has adopted and oversees the enforcement of the company’s Code of Business Conduct and Ethics (the “Code”) that governs the conduct of the company’s business and affairs and requires strict compliance with applicable laws by all employees and management, including members of the Board. The company’s management is responsible for, and the Board is committed to, ensuring that Simpson Strong-Tie and its employees operate in a legal and ethically responsible manner and in conformance with the Code.

During the year, we added one director to our Board, Kenneth Knight. Mr. Knight has been the Chief Operating Officer at Invitae, a genetic testing company, since 2020. Prior to that, he was Vice President, Amazon Transportation Services, at Amazon from 2019 to 2020, and was its Vice President, Global Delivery and Fulfillment, Human Resources from 2016 to 2019. Mr. Knight also serves as a member of the Georgia Tech President’s Advisory Board. He currently serves on the Audit and Finance Committee and the Nominating and Governance Committee. With the addition of Mr. Knight, the average tenure of our independent directors is 10.6 years.

Board Experience

| | |
|------------------------------|---|
| Female Directors | 4 |
| Male Directors | 4 |
| Ethnically Diverse Directors | 1 |
| Racially Diverse Directors | 1 |

Domain Experience

The Board has engaged the Ellig Group to evaluate the existing skills and experience represented on the Board as well as what additional skills and experience would add to the overall effectiveness of the Board in light of its current strategy.

ESG Governance

Sustainable, environmental and social responsibility is an integral component of our business strategy. Our Board of Directors plays an essential role in overseeing our sustainability strategy and progress. Started in 2019, our legal team provides regular updates on sustainability performance to the Board. Sustainability performance is managed by our Environmental, Health and Safety team, which reports to senior management.

Throughout the year, we engage with our stakeholders about topics important to them. In FY21, our Board and management team regularly engages with stakeholders to discuss a variety of ESG issues. In addition, management regularly holds meetings with employees to discuss their concerns and the company’s direction.

Political Contributions

It is against our policy to use corporate funds for political purposes. In 2021, Simpson Strong-Tie did not give money to any political candidates.

Anti-Corruption Policy

The General Counsel role is responsible for our anti-bribery and anti-corruption program. Simpson Strong-Tie policy covers company requirements and expectations regarding business practices, including potential bribery, corrupt practices, accounting records, and business entertainment and gifts. A violation, or even an accusation of a violation, of any anti-corruption law can result in serious consequences for the company and individuals involved. Employees are advised to consult with the Global Compliance team or CFO as appropriate when questions arise, instead of making any judgments or decisions on their own.

SASB Index

Industrial Machinery and Goods

| SASB Code | Metric | Response |
|--------------|---|--|
| RT-IG-130a.1 | (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable | In 2021, our Total Energy Consumed: 282,548 GJ, the percentage of Electricity Produced from the grid: 50,584 GJ, and the Percentage of renewable: 11,765 GJ |
| RT-IG-320a.1 | (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near-miss frequency rate (NMFR) | In 2021, our TRIR was 1.91, we had zero fatalities, and our NMFR was 20.81. |
| RT-IG-440a.1 | Description of the management of risks associated with the use of critical materials | To reduce the risk of short-term supply restrictions, we keep inventory of raw materials upon which we can draw. In addition, if the supply of a material becomes restricted, we prioritize the SKUs that are most important to our customers and business. Lastly, wherever possible and particularly with a single-sourced critical material, we will diversify the vendor base for that material. |
| RT-IG-440b.1 | Revenue from remanufactured products and remanufacturing services | Three of our products are CDPH Standard Method Certified: SET-3G, SET-XP and AT-XP. In 2021 these products represented 2.3% of Simpson Strong-Tie's total revenue. |

Industrial Machinery and Goods

| SASB Code | Metric | Response |
|----------------|---|---|
| CG-BF-250a.1.1 | Discussion of the business and operational processes it employs to assess and manage potential risks and hazards associated with the use of materials, chemicals, and substances (hereafter “chemicals”). | <p>For chemicals that may be detected at certain levels in the company’s finished products, we have set company processes and procedures to adhere to proper communication of hazards. We base this communication on the Globally Harmonized System of Classification and Labeling of Chemicals. Product information is communicated to employees and customers through Safety Data Sheets (SDS). SDS discuss composition, hazards, first aid, handling and storage instructions, and additional national standard classifications. All product SDS are available on our website.</p> <p>We pay close attention to chemicals used in the manufacturing process. Our safety procedures apply to chemicals that are used for facility maintenance and used in our finished goods. We use SDS to determine appropriate handling, storage, and PPE needed to keep employees and equipment safe.</p> |
| CG-BF-250a.1.2 | Description of whether its approach to chemicals management is characterized by a hazard-based, risk-based, or other approach | Our chemical management processes use both a hazard and risk-based approach. Hazard-based aspects are used when taking information from the SDS about human health and environmental toxicological information. We pay close attention to exposure rates and levels to ensure we are well within safety parameters. We use a risk-based approach when assessing the impact of prolonged exposure to a chemical and how to either prevent exposure or change procedure, use PPE, or substitute chemicals to lessen hazards. We will never use any chemical or material that is considered extremely hazardous to human health or the environment and we continually look for less hazardous chemicals as substitutes. |

Industrial Machinery and Goods (cont.)

| | | |
|----------------|---|--|
| CG-BF-250a.1.3 | Operational processes employed for chemicals management | <p>To maintain safe working conditions for our employees, we have safeguards in place to reduce the use of chemical materials and ensure that the chemical materials used are handled safely. We take a holistic approach to hazardous substance management and address challenges through the full lifecycle of a product. Our R&D team ensures certain environmental or health hazardous chemicals are omitted from our product formulas. Beginning in the research and development phase, we consult with our Environmental, Health and Safety (EHS) team to understand the impact of a chemical and whether it is suitable for our product. Only when materials have been cleared by the EHS team do we procure.</p> <p>Throughout the process, our Product Management team works with our Safety team to ensure correct labeling and marketing of our products. When the bill of materials and formulations are finalized, we communicate known hazards and obtain the correct PPE for our employees. We are working to track chemical replacements to formally document this process.</p> |
| CG-BF-250a.1.4 | Approach to chemicals management in the context of each stage in its products’ lifecycles | <p>From procurement to finished goods, we follow our raw materials through their lifecycle. When R&D tests for chemicals, they examine the associated chemical hazards. After consulting the Safety team and going through the testing process for chemical performance, we then move to procuring raw materials in bulk. Once raw materials are obtained, they are properly labeled, hazards are communicated to production employees, and steps for correct handling are provided, if needed. Storage is based on SDS and raw material manufacturer recommendations. While production begins for finished goods, SDS are created and published, and the Safety team works with the Marketing department to ensure hazards and any additional required HAZMAT information is included with labels and packaging.</p> <p>While we do not use any specific assessment tool to track hazards, our R&D department assesses the environmental and physical hazards associated with any new chemical products. We also periodically reevaluate chemicals and will never source a more hazardous substance if a material is in short supply.</p> |

Industrial Machinery and Goods (cont.)

| | | |
|----------------|---|---|
| CG-BF-250a.1.5 | Description of chemical prioritization for reduction and/or elimination from its products. | See chemicals section. |
| CG-BF-250a.1.6 | Third-party verification of chemical content. | Testing is performed on each batch of every product. Exact testing is product-dependent and can include: FTIR, gel time, viscosity, density, and adhesive pull-off strength. FTIR is the most rigorous of these for chemical composition -- spectra is evaluated from 4000-cm to 650-cm measured every 4-cm, passing criteria is a correlation coefficient of 0.999 or better, which represents a consistent chemical content greater than 99% of all batches of that product. NSF audits our quality records and tests our listed products annually. UL, ICC-ES, or IAPMO audits our quality records semi-annually. Some products are audited by multiple agencies. For products that are code-listed, the agency or agencies that audit and test our materials are listed online and in our product catalogs. |
| CG-BF-250a.1.7 | Chemicals management policies and practices by geographic region. | Throughout our operations, our products are subject to regulatory compliance, which leads to many similarities globally. We adhere to GHS for our classification and labeling, but our procedures differ slightly in different regions. At our European production sites, Hazard Communication varies. We set different rules set by additional governing entities. Our concrete business unit requires the most attention to chemical hazards. Other business segments use chemicals for maintenance and coatings. |
| CG-BF-250a.1.8 | Identified chemicals for reduction or elimination. | We currently do not have any chemicals that we have actively identified for change. The company is working on establishing a procedure to identify and document chemical changes. We currently have no specific products that require this. We pay close attention to IARC Monographs/ Annex XVII to for listed chemicals and do not use these substances. |
| CG-BF-250a.2 | Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards | Simpson follows CDPH Standard Method v1.2 Compliance Certified by UL for three of our products: SET-3G, SET-XP and AT-XP. In 2021, this represented 79% of our revenue from applicable products. |

Industrial Machinery and Goods (cont.)

| | | |
|--------------|---|--|
| CG-BF-410a.1 | Description of efforts to manage product lifecycle impacts and meet demand for sustainable products | In 2021, Simpson Strong-Tie began work with a third party to conduct lifecycle assessments of specific products. |
| CG-BF-410a.2 | (1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled | In 2021, Simpson Strong-Tie recycled 39,640 thousand pounds of steel. |



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