



FIRECLAY TILE

# 2020 Impact Report



## Message from our CEO

Fireclay Tile was founded in 1986, and in 2014 we relaunched our brand to be fully vertically integrated and transform the tile industry while demonstrating that businesses can do well while doing good. Today, our 180 teammates and our “GANAS” drive are more focused than ever on delivering this promise.

As we look back on 2020, we are so proud of what we accomplished and the impact we made. We kept our team safe during the COVID-19 pandemic, shipped more than 1M square feet of tile (a new record), launched our new Desert Collection, added new teammate benefits, found new giving partners, and codified our B Corps passion under a new “Made for Good” umbrella. In addition we became Certified Employee Owned, and today our teammates own more than 30% of Fireclay Tile, including our Aromas HQ and factory. We upgraded our digital experience, added numerous features to our internal scheduling and technology support systems, and took our training and development to new levels to ensure our team had the support it needs. We did all of this while operating with Honesty, practicing our Five Core Values, and delivering an exceptional client experience that garners consistent 80+ NPS.

As a legal Benefit Corporation, we track and report our public benefit annually, and this year are taking it to a new level in terms of transparency and data. While being a B Corp remains very rare for any company, as there are less than 4,000 globally, we believe these rigorous, universal guidelines help us examine where we are today—and to envision where we want to be in the future so we can continue to create positive impact at an ever-increasing scale. This report is a celebration of our teammates incredible GANAS and dedication, and is a continued call for accountability from you, our incredible community.

Eric, CEO

*[note...we are grateful to our customer Warby Parker for the overall format of this document and inspiration]*

## Overview

Fireclay Tile is a 180-person tile manufacturer and retailer located in Northern California with operations in 7 U.S. states. We make more than 95% of what we sell, and 95% of where we sell is in the United States. Because we are fully vertically integrated, we have direct visibility to the manufacturing and distribution of our products, giving us huge advantages against almost any other tile brand and most other design brands into the true social and environmental footprint of our products. Our goal in this report is to share where we are and where we hope to go. Because, well, we are never really there, are we?

## Our Mission

Do good by crafting products intentionally, transparently and collaboratively.  
We are the makers who support the dreamers.

## Our Values

- **Honesty**  
We are dedicated to making things the right way. How? By investing in our local economies, paying our people fairly and using business as a force for good. We support a culture of transparency in all areas of manufacturing as well as business. It's how we keep ourselves honest, and why our customers choose us.
- **Measure Twice, Cut Once. Details matter.**  
Taking the extra step to ensure we've made the right measurement or communicated the right message ensures that we take care of our customers and each other. We must constantly work towards being our strongest team by never making assumptions, speaking up when things go wrong, and holding ourselves and each other accountable to excellence.
- **Kindness**  
We can only do right by our clients, our community, and our planet if we lead with kindness. When we support one another in times of change and lift each other up when the going gets rough, we're reminded of the things in life that matter most. It's the glue that makes us a team, and our company is all the stronger for it.
- **Tread lightly on our earth**  
We only have one earth, so we treat it that way. This means a ruthless examination of our materials and how we manufacture. We buy used, we repurpose, we take care of what we have, and we use recycled materials whenever possible. It's not easy, but it's a challenge that makes us all the more creative, innovative, and self-reliant.
- **GANAS**  
Spanish for "desire," Ganas is the force that propels us forward. With an artisan's expertise and a revolutionary's drive, we're here to change the world one tile at a time. Fueled by our need for continuous improvement and boundless learning, every team member sweats the small stuff so we can achieve big dreams. Call us obsessive. We call it passion.

## Benefit Corporation & Stakeholder Philosophy

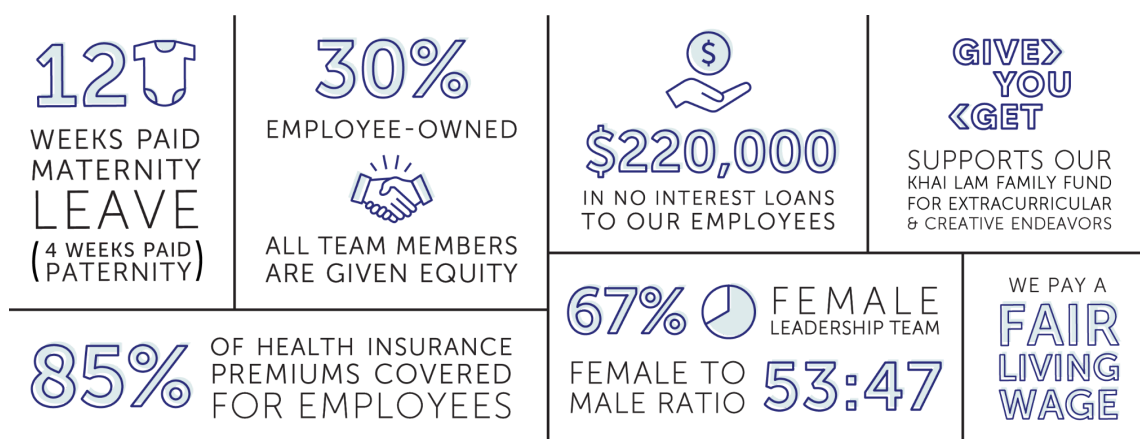
As a legal Benefit Corporation and [Certified B Corp](#), we take our clients, teammates, community, environment, and our partners into every decision that we make. But don't just take our word for it, know that we certify ourselves against 3rd party standards and publicly share our impact in each of these areas. Our stakeholder-centric ethos is one of the reasons we're excited and proud to come to work each day.

### Our Clients

- We treat customers the way they'd like to be treated—with warmth, helpfulness, empathy, and incredible service

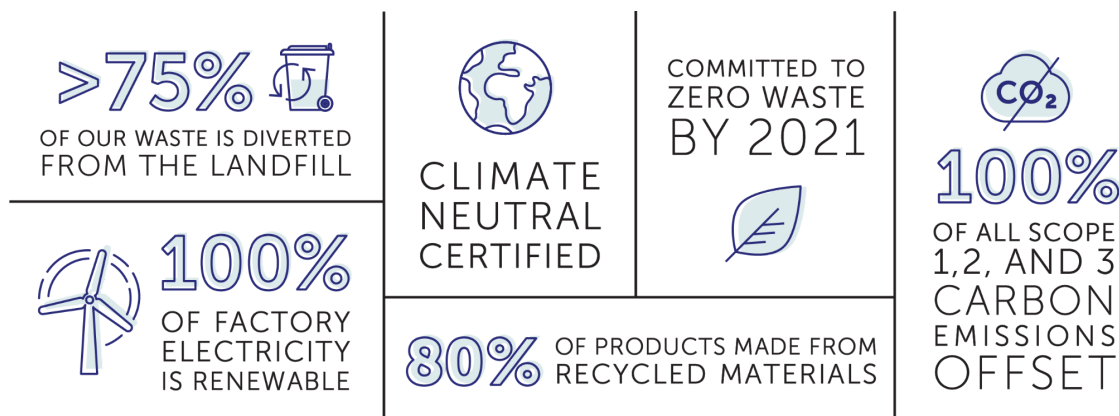
### Our Teammates

- We start at a fundamental level by creating a work environment in which teammates can think big, have fun, achieve personal growth, and engage with the community.



### Our Environment

- We are proud to be Certified Climate Neutral and actively work to reduce our environmental impact through our Zero Waste initiatives



## Our Community

- From nonprofit collaborations with the National Parks Conservation Association to our Pledge1% commitment and Fireclay Gives program, we believe that social change comes in many forms.



## Our Partners

- We carefully select our investors and partners (i.e. vendors) and hold them to the same high standards as we hold ourselves.

As a Certified B Corp, we do a number of things including:

- Recertify as a B Corp at least every 3 years. Our impact is publicly displayed for all to see at <https://bcorporation.net/directory/fireclay-tile> and ensures that we hold ourselves accountable to the highest social responsibility standards in the world.
- Publish an annual Benefit Report, which our 2020 Impact Report exemplifies and previous versions of which you can find on our website.
- Our B Corp mandate is part of job descriptions and is included in our Articles of Incorporation - our legal mandate is to benefit all stakeholders, not just shareholders.
- We have a Four-person Board of Directors, including two independent directors. Our Board is 25% female. Our CEO is accountable to the Board, who is responsible to all of our Stakeholders.
- A full list of our Leadership Team, Board of Directors, and other Fireclay Teammates can always be found on our website under Our Team.

## Our Teammates

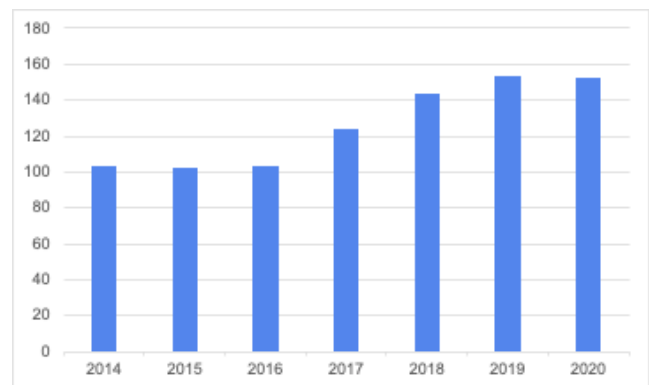
Our Fireclay teammates are everything to us and our number one priority. Since we relaunched our business in 2014 from a wholesale manufacturer to a vertically integrated tile brand, we've grown from 100 to over 152 teammates at YE 2020, and as of the publishing date this report in April 2021 we are over 180 teammates.

### GANAS Culture

Engagement is a key goal for our team, and we measure this often throughout the year to ensure Fireclay teammates are motivated, feel supported, and believe they can thrive here. In December 2020, our Engagement Survey revealed that 85% of teammates would recommend Fireclay to a friend, and 87% felt that their manager treated them with respect. We focus on both big and small wins, including awesome Fireclay swag and uniforms, team lunches and treats, Weekly Huddles open to all teammates where performance is shared, and Quarterly All Hands for the entire organization.

### Our Teammates

We depend on our teammates, and because we make, market and sell almost everything, ensuring we have a healthy, diverse, engaged team is essential. While the majority of our team is located in California, we have teammates across seven states and have both a vibrant in office community as well as distributed team that we work hard to support. Our team is also wonderfully diverse, and we are focused on making sure that our team accurately represents the areas in which we operate and that all teammates receive fair and equal treatment and are included in everything we do. Training becomes a key part of this, and for an organization of our small size, we actually have a full-time teammate 100% focused on the training and development of our entire organization - that's how important training is at Fireclay!





ETHNIC DIVERSITY						
	Not Specified	Multiracial - 2+	Asian	Black	Hispanic	White
<i>Fireclay Tile</i>	12.4%	2.9%	2.4%	1.8%	58.2%	22.4%
San Benito County	8.2%	2.3%	2.8%	0.7%	59.2%	27.2%
California	-	3%	15%	6%	39%	37%
United States	-	3.7%	5.6%	12.2%	18.5%	60.1%

GENDER DIVERSITY		
	Female	Male
2021	52.4%	47.6%

AGE DIVERSITY						
	18-24	25-34	35-44	45-54	55-64	64+
2021	14.7%	32.4%	30.0%	14.7%	7.6%	0.6%

## Pay Equity & Fair Living Wage

We believe the most undervalued part of any DE&I program is Equity - ensuring our teammates have opportunity for financial success is essential. We look at pay closely and now conduct an annual gender pay equity analysis that we share with our Board of Directors to ensure fairness across gender and role.

Since 2016, we've also been focused on paying a Fair Living Wage, as measured by the [MIT Living Wage Calculator](#). This has led our Starting Wage to move from \$12.00 to \$15.00 per hour, or more than 46% increase since 2014. The chart below shares our headcount growth along with annual compensation changes highlighting that as Fireclay has grown, the financial opportunity for our team has also grown. In addition to the below, since 2014 we've had a company wide bonus plan so that our teammates can share in the financial success of our business, and in the past several years this has been very successful for our team.

	2014	2015	2016	2017	2018	2019	2020	Growth	
								Annual	6 Year
FTE	103	102	103	124	144	153	152	7.0%	47.6%
Average Annual - All	\$ 34,685	\$ 36,861	\$ 39,771	\$ 40,501	\$ 40,200	\$ 43,764	\$ 50,855	6.7%	46.6%
Starting Hourly Rate- All	\$ 10.00	\$ 11.50	\$ 12.00	\$ 12.00	\$ 13.29	\$ 13.75	\$ 15.00	7.1%	50.0%
Average Hourly Rate - Production	\$ 12.00	\$ 13.37	\$ 14.11	\$ 15.26	\$ 15.41	\$ 16.03	\$ 16.83	5.8%	40.3%
Average Annual - Production	\$ 26,398	\$ 31,232	\$ 31,916	\$ 35,313	\$ 34,699	\$ 37,517	\$ 40,076	7.4%	51.8%

*\*Data is not inclusive of Bonus, Commission or Overtime, which has historically been high at Fireclay. Thus, this chart significantly underestimates true earnings.*

## Teammate Ownership

In 2020 we announced the Fireclay is now Certified Employee Owned. Since 2013, through the Fireclay Tile Employee Stock Option Plan, all teammates have received ownership in Fireclay starting on Day 1 of employment. Going into 2020, more than 14% of Fireclay was owned by our teammates. In 2020, through a Founder Buyout, we announced the creation of an additional 23% option pool, that we were handing out an additional 10% of Fireclay's ownership to our team, and that over time our team would be able to have an opportunity to own almost 40% of Fireclay. Today more than 30% of Fireclay Tile is Employee Owned.

In the spirit of transparency and open communication, we also share all financials with our team and communicate openly and often about the state of the business and our goals and performance. A goal for 2021 is to teach everyone a new “The Business of Fireclay” course that goes into our business and how it works.

### **Fireclay Benefits**

Great benefits are essential to our Teammates success, and in 2020 we unveiled publicly our full benefit offering at [www.fireclaybenefits.com](http://www.fireclaybenefits.com), something we modeled after Paypal. Benefits are equitable throughout the entire organization, and a few key benefits that we offer include:

- **15 Days PTO:** Employees receive a minimum of 15 days PTO (13 PTO + Birthday + Volunteer Day) in addition to 7 paid Holidays.
- **Great Health and Wellness Benefits:** All teammates receive access to medical insurance (we aim to cover 85% of teammate premiums and 40% of dependent premiums) life and short/long term disability insurance, a subsidized HSA account and access to FSA, domestic partner / same-sex marriage spousal benefits, up to \$2K annual education reimbursement, subsidized vision and dental coverage
- **Maternity/Paternity:** We offer 12 weeks paid maternity and 4 weeks paid paternity leave including the 1st month of diapers for the Baby(ies) on us. In addition we offer Milk Stork so that traveling moms can ensure access to breast milk for their little ones.
- **4% 401K Match:** Full-time regular employees are eligible to participate in our company-matched 401K program at 4% of base pay.
- **No Interest Loan Program:** Since 2014 we have helped provide over \$225,000 in No Interest Loans, saving our team tens of thousands of dollars in interest payments.
- **Fireclay Tile Teammate Relief Fund:** Emergencies happen, and in 2020 we unveiled our first emergency relief program so that in the case of emergencies, teammates could access up to \$2,500 in relief funds with no tax consequences.

### **Safety**

As a manufacturer, the safety of our team is always our first priority. We’ve taken many steps to ensure a more safe work environment, and a more safe, higher-quality tile for our clients. Fireclay Tile has a rigorous safety program in place including a full-time Environmental, Health and Safety Specialist since 2019. In 2018-2020 we invested more than \$500,000 in electrical improvements to ensure safety and reliability. We have protocols for eye, respiratory, and auditory protection, along with PPE for all team members at all times. In 2020 we introduced a new Safety Boot program to ensure proper foot protection for all team members. This year we also introduced Lessonly for safety and environmental training, ensuring that all team members have the proper background and understanding of how to make sure they are safe and we have a safe workplace. In addition, when workplace injuries happen, we have excellent alternate work opportunities for our teammates.

### **Training**

In 2019, we promoted one of our longtime teammates into the fulltime Learning & Development Specialist role and in 2020 we introduced Lessonly as our Learning Management System. We also created a new GANAS group for focused training for our managers and supervisors. A more robust onboarding process - we call it Tile U - has also helped ensure new teammates are better equipped to have success faster at Fireclay than ever. And lastly in 2020 we introduced Guru, a knowledge base for our Sales, Marketing and Support teams to ensure that teammates had access to answers faster than ever.



## Our Clients

### Vertical Integration = Client Success!

Fireclay was founded in 1986, but it took us almost 30 years to figure out our business model. In 2014, believing that the tile buying process for clients was broken, we relaunched our business to be 100% vertically integrated, connecting clients more closely with the makers. Having operated in the traditional manufacturer-->distributor-->retailer world for too long, we saw the numerous challenges in this model, and more importantly, saw an opportunity for clients to form a connection with the manufacturer in a way that was not being done. And we believed we could do this at scale.

Seven years later, we are more confident than ever in our decision to go direct, to work with architects, designers, brands, contractors, installers, and the homeowners themselves. Our 80+ Net Promoter Score certainly validates this, as does our 8.5x increase in revenue during this time period. But more than anything, by controlling the entire client experience, we've been able to delight clients in a way that no other tile brand has been able to before.

### Move to 100% Recycled Body

In 2020, after almost 25 years of manufacturing our White Body tile, we discontinued the product so we could focus 100% on our Recycled Clay Body. After three years of R&D, our Engobe application had been perfected (this allows our Recycled Clay Body to act more like a white clay body tile), and we were ready to transition all of our colors to our Recycled Body. This was a win-win-win for everyone, as it reduced complexity for clients, allowed our team to focus on only one clay body rather than two, and also removed a sealing application at the end of the manufacturing process that was required with our White Body.

### Makers Guarantee

This year we introduced our Makers Guarantee to make our commitment to our Clients even stronger:



**All Fireclay projects are made to meet the most rigorous standards of craftsmanship, beauty, and durability. Order with confidence knowing that we will always have your back.**

We also launched the Makers Guarantee Plus, a first-of-its kind extended warranty where we will go so far as to help protect clients even when their installation goes poorly due to an error by the installer or themselves.

### Lead Times

2020 brought so many challenges, including lead times for almost every manufactured material. We achieved 95% on time in Q4 2020, meaning that when clients order with us they can trust they will receive their material on time. We also took steps to ensure that when client orders are late, we proactively notify them of the inconvenience and do everything we can to help get it corrected. For clients with very tight timelines, we offer Rush and Premium Rush options, which now provide ways for clients in a true bind to achieve success meeting their timeline.

**Quickship Offering**

In 2020 we expanded our new Quickship offering to more than 20 SKUs. For years we put off the idea of holding stock - mostly due to a lack of warehouse space in our facility - but after seeing the success of this program we will likely extend it further.

**Website & Ecommerce**

This past year was one of our most successful for web and digital experience. We found a new Partner for both design and engineering, and with that we reconfigured key parts of our site to reduce friction and increase ease. As a result, our clients are having easier times engaging with our brand, ordering samples, and using our full digital offering.

## Our Environment

We started making tile because we believed there was a better way. Since Fireclay's founding, we've been hard at work finding the most sustainable ways to manufacture our products and run our business.

Everything we make has an impact on people and the planet. So does everything you buy. The building materials and design industry contribute up to 22% of global emissions and in the U.S., more than 500 million tons of debris from the built environment are discarded each year. Furthermore, in many developing countries and even here in the U.S., manufacturing workers often find themselves in unsafe working conditions and working for low wages and without benefits. That's why we make high-quality tile with recycled materials and promote social responsibility throughout our organization. We are Made for Good!

### Our Operations

- Aromas, CA: We own our Aromas factory which is on 5 acres and has 30,000 SF of manufacturing and office facilities. By year end 2022 this will total over 105,000 SF across 7 acres.
- San Francisco, CA: We lease 9,000 SF of showroom and office space.
- Gilroy, CA: We lease 15,000 SF of warehouse and office space.
- New York, NY: We lease 500 SF of office space.
- Up to 50 of our team members are remote across California and 6 other States

### 100% Carbon Neutral / Certified Climate Neutral

As a company that makes and ships a physical product, we can't ignore our carbon footprint. We are Certified Climate Neutral and have been measuring and offsetting carbon from various parts of our business since 2014. In 2019 we took the step to offset all Scope 1, 2 and 3 emissions, and we maintained this commitment in 2020 by offsetting over 6,300 metric tonnes of carbon. We measure our footprint as best as we possibly can each year, and use that data to plan for improvements and optimization of a lower carbon footprint. We then purchase carbon credits to best offset all harm done through the remaining emissions. We purchase through partners such as CarbonFund and Pachama who are working to restore nature to fight climate change. Pachama is leveraging data, artificial intelligence, and automation to protect ecosystems, restore forests, and improve carbon markets. Because we manufacture 95% of what we sell and we ship it directly to our clients, we have significant visibility into our emissions. For our 2020 emissions we use industry standard estimates through Climate Neutral's Brand Emissions Calculator (BEE). In addition, for our shipping we leveraged the GLEC Framework.

*To put it simply, any tile sampled or purchased from Fireclay Tile has had 100% of its carbon emissions offset. In practicality, we are the first and only 100% Carbon Free Tile on the market! The entire production, raw materials, transportation and shipping, as well as business operations' entire carbon impact, has been offset.*

### Source 100% Renewable Energy

We procure 100% Renewable Energy for both our Aromas, CA production facility and San Francisco, CA showroom provided by [Monterey Bay Community Power](#) and [CleanPowerSF](#). While we pay a slight premium for this electricity, we believe it is the absolute right thing to do, especially given how accessible it is for us. A majority of this renewable power is generated from Hydropower. We have aspirations to electrify almost every part of our business, and in 2021-2022 will be working to add on-site solar to our Aromas facility.

### Energy Efficiency Projects Have Helped Reduce Emissions by 50% over 3 years

Over the past several years, with improved scheduling and utilization of kilns and other efficiency projects, we've massively improved our therms and kwh per SF, meaning we are using far less carbon than before.

	2016	2017	2018	2019	2020	4 Year Efficiency
<b>Total SF Produced</b>	562,352	559,814	729,161	843,871	951,700	
<b>Gas - Therms</b>	548,166	640,666	643,615	402,956	292,581	
<b>Therms/SF</b>	0.97	1.14	0.88	0.48	0.31	69% Decrease Gas per SF
<b>Electricity - kWh</b>	956,163	959,254	1,016,346	992,396	916,977	
<b>kWH/SF</b>	1.70	1.71	1.39	1.18	0.97	43% Decrease Electricity per SF

These efficiency gains are significant, and we believe with continued focus on quality, especially in our Handpainted and Tile production, we can drive this number down further.

### Made in America

Of the 3BN square feet of tile consumed in the U.S. annually, more than 70% of it is made abroad. By keeping our production local to North America, we are ensuring that there are fewer emissions from ocean freight. Also, because we only make what is ordered, or keep very low inventory levels for Quickship because we can quickly replenish, we are making very efficiently without risking waste by forecasting what someone may want a year or three from now.



### Zero Waste by 2021!

In 2019 we set a target for our Aromas, CA factory to be certified as a Zero Waste by 2021. We are excited to say that we are on track to make this happen!

To limit the waste we create in our owned and operated facilities, we have recycling and composting collection at all facilities where it is possible; have phased out the majority of single-use plastics from our purchasing practices and are working to fully remove shrink wrap from our shipments; we train our employees on zero-waste initiatives; we digitize most of our accounting, payroll, and people processes; we've installed waste stations and proper signage so teammates properly sort trash, recycling and compost; we recycle all of our scrap tile, some of it even back into our tile; and ensuring that all marketing collateral are recyclable, while working to increase modularization of many of our shipping and sampling systems.

Over the past two years we've taken a very active approach to measuring our waste. We successfully diverted 84.3% of our waste and reduced our trash volume by 78% and at our factory we went from 3 on-site trash dumpsters removed weekly to 1. Today, we measure diversion weekly, and we are currently diverting over 90% of our waste to recycle or compost alternatives. In 2020 we also started a large scale

plastic recycling initiative for single use plastic wrap. We now cart van loads of plastic away every few months to a local recycler. This past year, we partnered with two new companies to support our tile scrap recycling. One partner receives our material, crushes it, sorts it, and de-magnifies it so that we can use it as a grog in our clay body. For excess material, we partnered with a local recycling company to divert our tile scraps from landfill that otherwise do not go back into our tile.

In our own production, we try to collect and recycle all of our glaze overspray back into our clay body, as well as the waste water from around our facility. That said, recently we've noticed quality issues with this process, so we are looking into alternate uses for both materials and additional ways to clean and recycle. We've purchased several cardboard shredders to reuse all cardboard as packing fill for our outbound shipments. In doing so we removed the use of packing peanuts. In 2020, we moved to pallets made from partially recycled wood.

Our Partner Code of Conduct encourages our partners to help support our Zero Waste initiatives, and whenever we purchase materials, we are always looking for the recycled items, especially for office supplies like paper and pens.

### **3rd-Party Annual Environmental Audit**

We hold ourselves to the highest standards and engage an independent California State qualified 3rd party Environmental Auditor to conduct annual inspections at our Aromas facility. In 2020, our inspection was very successful, which followed a similarly successful audit in 2019. This is beneficial for our teammates on-site, and also to be sure we operate in compliance within the state.

### **Removal of Hazardous Materials**

To support our environmental initiatives, we have been working harder to remove any and all hazardous materials from our glazes. In 2020, we set out to accomplish a massive glaze reformulation project to both better standardize our glazes for higher quality and superior reproducibility, as well as to remove as many potentially harmful materials from our glazes. While Fireclay was one of the first to remove all leaded glazes from our offering in the early 1990's, many glazes are still produced with zinc and barium, which are hazardous materials. We are working to eliminate these from our offering, as well as limit the use of encapsulated cadmium stains (we use only trace amounts), and only using them when the color is not attainable with other stain compositions. We ensure that all teammates have the proper protection, ventilation, and other safety supplies so that there is no harm caused. As of today we have eliminated pretty much all barium from our glazes and zinc is only used in fritted form, so is not soluble.



### **Dust Mitigation**

Another environmental area we made significant progress in 2020 was in our dust mitigation. Dust can be a big problem in ceramic environments, and in 2020 we successfully transitioned almost all of our glazes from our older spray application to our new velo/waterfall application. By not using a spray mist to apply glaze to tile and rather a waterfall based application, we dramatically reduced dust in our factory environment. At our extruder, we also introduced new misting technologies to reduce dust during our clay mixing process. We also invested in a new floor sweeper so that weekly factory floor cleans could successfully remove even more dust from our environment.

### **Life Cycle Assessment**

In 2020, we completed the first Environmental Product Declaration (EPD) and followed it with a life cycle assessment (LCA) optimization plan of our tile in partnership with WAP Sustainability. We are working with WAP to think about ways to improve our environmental footprint, and we will continue to stay focused on publishing LCAs as we mature. The EPD was useful to better help us understand our current state so that we could make improvement plans more transparently.

We have big aspirations for 2021 and beyond, especially on the material side of our business. We hope to find more locally sourced clay materials, while making progress on removing as many potentially harmful chemicals from our glaze materials as possible. Finding ways to leverage superior materials to improve the quality of our product is another large opportunity.



## Our Community

We are nothing without our local Aromas/California community, as well as the Design community. Furthermore, we've always been an organization passionate about the environment, and we've worked hard to reduce the harm we've caused. As we think about community, we want to be both giving with our most valuable currency - tile - as well as with money and our time.

### Give, You Get

In 2016, we tragically lost one of our beloved teammates - Khai Lam - in an accident. As we sought to remember Khai, we also realized that to make the most impact, we would need to come up with a mechanism to honor Khai with a never-ending financial commitment to his legacy. Out of this was born *Give, You Get*, an innovative giving model whereby we encourage clients to pay us with eCheck rather than Credit Card. Because credit cards charge merchants such high transaction fees - upwards of 3.5% - we replace these fees with our Client giving into our Khai Lam Fireclay Tile Family Fund and they in turn get a refund. Since launching this unique giving program in 2017, we've helped offset over \$300,000 in credit card merchant fees and translated this into more than \$150,000 to support our teammates and their extracurricular activities in their local communities with grants up to \$150 for each of them and their family members. More recently we've leveraged this pool of capital, which grows as we grow, to support other charitable causes.

### Pledge1%

Since 2015, we've been part of Pledge1% and have committed 1% of equity and 1% of product to non-profits. In 2019 we donated over 10,000 SF of tile to projects in need, and in 2020 we provided over 20,000 SF of tile. Recipients have included local non-profits building public works projects, Detroit Prep Charter School in Detroit, MI, the San Jose Unified School District and many, many more via our Fireclay Gives program.

In 2018, we also launched a partnership with the National Parks Conservation Association (NPCA) to donate 1% of our revenue of Glazed Thin Brick for protection and restoration projects. Over \$45,000 has been provided to the NPCA since 2019 for their important work.

### Volunteering & Charitable Matching

Since 2018 we have provided 1 Volunteer Day Off for each teammate to have a paid volunteer day to support their local community. In 2020 we volunteered over 400 hours. Part of this time went to The Aromas School, our local elementary school that we have "adopted" to support since 2018. We provide them with volunteer hours as well as financial support, which last year totaled over \$5,000.

In 2020, we also introduced a \$250 charitable match for all teammates. Organizations that our team has supported and with which we have provided matching resources include:

- Atlanta Solidarity Fund
- Black Artists & Designers Guild
- Black Earth Farms
- Black Lives Matter
- Black Visions
- Brooklyn Community Bail Fund, Inc.
- Campaign Zero
- Colorado Freedom Fund
- Equal Justice Initiative
- Hands up Act Petition

- Innocence Project
- Know your Rights Camp
- Mighty Cause- Dismantle Collective
- Minnesota Freedom Fund
- NAACP - LDF
- National Bail Out
- Northwest Community Bail Fund
- People's Breakfast Program
- Philadelphia Community Bail Fund
- Stand up Sundays
- The Bail Project
- Women for Political Change
- Commonwealth
- KQED
- Undestructable
- USO - Wounded Warrior

### **Memberships & Advocacy**

Fireclay Tile is proud to support a number important local and national organizations focused on climate and education. Fireclay is also committed to industry collaboration and partnership with key trade groups as well as other manufacturers to share and learn from each other. Below is a list of organizations that we support:

- **[B Lab](#)**: B Lab is a non-profit that certifies Benefit Corporations. We have partnered with B Lab since 2014 for our Benefit Corporation Certification.
- **[Climate Neutral](#)**: Climate Neutral is a non-profit that certifies companies to be Climate Neutral. Fireclay first became Climate Neutral Certified in 2019.
- Fireclay is proud to be one of the first 100 Climate Neutral Certified brands as a strong supporter of Climate.
- **[CalRecycle](#)**: Fireclay Tile is a proud recipient of a CalRecycle RMDZ (Recycling Material Development Zone) grant and loan that have helped support innovative R&D for recycling materials into our products.
- **[National Parks Conservation Association](#)**: The NPCA helps protect our national parks. Since 2018, Fireclay has contributed 1% of all sales of our Brick to the NPCA, totaling over \$40,000.
- **[Material Bank](#)**: Material Bank is an innovative platform to make sampling easier and more sustainable for architects and designers. Since 2018, Fireclay has been a proud Founding Member of the service.
- **[Pledge1%](#)**: Fireclay Tile has both pledged 1% of Equity and 1% of Product to nonprofits via Pledge1%.
- **[CertifiedEO](#)**: Certified Employee Owned is a non-profit that certifies companies to be Employee Owned. Fireclay first introduced Employee Ownership in 2013, and became Certified Employee Owned in 2020.
- **[The Good Future Design Alliance](#)**: The GFDA is an alliance of design and build professionals on a mission to reduce our building material and construction waste by 50% over the next five years. Fireclay has been a founding member since 2019.

## Our Partners

The Fireclay supply chain is so unique in the tile and design industry because we manufacture 95% of what we make and sell, so we have enormous control over the entire process. We also manage almost all of our fulfillment outside of leveraging Material Bank for about 25% of our sample shipments.

We ask that all Partners, i.e. vendors, acknowledge and sign a copy of our Partner Code of Conduct (see Appendix 1). While we do not currently audit each of our partners, we talk to them often and have visited almost all of them at least once. Most of our partners have been in our industry for decades, and many are partners that we have long standing relationships with and are almost members of our team.

In 2020, we worked harder than ever to get to know our partners better by asking them more questions about their businesses, their products, and their commitment to environmental and stakeholder philosophies. We also hosted an open and transparent partner call and invited them all, and we asked each Fireclay teammate to rate each partner so that we could come up with our 2020 Partner of the Year. Allied Kiln, our long time kiln maker, was our winner!

## Certifications

Certifications can be misleading, but when used correctly can help ensure teammates and clients that a company is serious about its people, our environment, and our communities. In the past several years, Fireclay has pursued far more certifications than in the past to demonstrate our commitment to being the most sustainable and socially responsible tile company in the U.S. Some of the certifications we care most deeply about include:

- **Certified B Corp**

B Lab is an organization empowering companies to unite in an effort to balance purpose with profit. These companies strive to value the people that work for them, the environment, and the community they live in. We are a B-corp and have recently improved our score to 115.4. This is a 26% improvement from our previous 91.5, and a 45% increase over the minimum score - 80. We made our largest improvements in the Environment, Community, and Workers categories.

- **Climate Neutral Certified**

Climate Neutral is a goal to Identify one's carbon emissions so we are able to reduce and offset them.

- **EPD / Life Cycle Assessment- LCA**

With the help of an independent 3rd party - WAP Sustainability - we completed a Life Cycle Assessment (LCA) of our Tile in 2020. The LCA is a data sheet that lets us know the environmental impact, or global warming impacts of our product as it pertains to carbon emissions. The team gathered data from sourcing material, manufacturing material, and shipping material to come up with the final calculations. The overall findings are explained in a report called an EPD - Environmental Product Declaration. These reports have pointed us to the main areas of use - 1. Sourcing clay and granite, 2. Electricity used in the facility and thermal energy to fire the tiles in kilns, 3. transporting heavy materials by Air freight. In the next steps we will look at these areas with our team, assess how we can improve our process and make an optimization plan for the future. This EPD falls in line with our commitment to transparency and improvement. The process will also help us secure projects from clients who have the same values.

- **Health Product Declaration (HPD)**

HPDs are the environmental equivalent of a nutrition label. This lists the materials that make up your product. We currently have a preliminary HPD that we plan to put more work and effort into over the next year. As we reformulate our glazes, we will have new information to input into this system.

- **LEED Certification**

The LEED certification is one of the most commonly used certifications in our industry. We currently contribute LEED points to a project due to our recycled content, proximity of projects (when in California), and the low emitting materials. We have recently gained an additional 1.5 points by putting together our EPD and will gain another .5 points when we submit our optimization plan.

- **Prop 65**

Fireclay Tile takes the proper steps to ensure clients are notified which product(s) have required warning labels due to exposure levels, as well as the associated chemical(s) requiring the appropriate warning label.

## Appendix 1 - Partner Code of Conduct



# Code of Conduct

### Overview and Purpose

As a manufacturer and BCorp, Fireclay Tile views our business as an opportunity. Not only to do good, but to be influenced and influence others in doing better. It is our belief that we must do all we can to care for our environment and people. This document details the minimum expectations for our vendors and suppliers.

#### FORCED LABOR

We do not tolerate forced labor and human trafficking. This includes work in the form of prison labor, indentured labor, bonded labor or otherwise. Suppliers must also procure their raw materials and/or components from sources that do not utilize forced labor or engage in human trafficking.

#### UNDERAGE LABOR

No worker should be employed at an age younger than 14, or under the age for completing compulsory education, or under the minimum age for employment in the country of manufacture, whichever is greater.

#### HARASSMENT OR ABUSE

We believe that all workers should be treated with dignity. Suppliers must not engage in, condone, or tolerate physical, verbal, mental or sexual harassment against or among their workers.

#### NONDISCRIMINATION

We respect cultural and individual differences, and believe discrimination should not be tolerated. No person should be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

#### SUPPLY CHAIN TRANSPARENCY

Fireclay Tile is committed to complying with federal laws and regulations requiring disclosure of the use of conflict minerals in our products. Thus, we expect our suppliers to responsibly source and assist us in reporting any conflict minerals.

#### B-CORP

We proudly stand with over 3100+ companies worldwide with the intention of creating systems that serve society through B Corp. We ask that all of our suppliers help be a part of the "B The Change" and at a minimum complete the B impact assessment and share the results with Fireclay Tile.

#### NO BRIBERY

We seek business partners who aspire to the highest ethical standards in their business practices and their interactions with us. It is the express policy of the Company that you are prohibited from, either directly or indirectly, accepting, receiving, or agreeing to receive anything of value for yourself or for any other person or entity (other than your paycheck from the Company) for or in connection with any transaction or business of the Company that has a value of \$50 or more. As with the other standards outlined herewith, Fireclay Tile Members are held to the same standards and are strictly prohibited from engaging in solicitation of anything of value from business partners.

#### CARBON OFFSETTING

To make an impact, we ask for all our vendors assistance in measuring, reducing, and offsetting our carbon footprint.

#### HEALTH & SAFETY

Suppliers must provide a safe and healthy working environment that complies with local laws. This includes training employees in safe procedures, plans, or work instructions. Suppliers must also protect employees from any retaliation for reporting unsafe working conditions.

#### ENVIRONMENTAL

Suppliers should not only adhere to their local and national laws regarding the protection and preservation of the environment, they should also set goals to reduce the environmental impact caused by their everyday business.

#### ZERO WASTE

We are working towards having a zero waste facility and ask that our vendors assist us in finding innovative ways to reduce unnecessary waste or design changes to create a end-of-life plan to minimize the negative impact on human health and environment.

#### WAGES

We encourage suppliers to commit to the betterment of wages and benefits to improve the lives of workers and their families in the communities where they live. At the very minimum, employees must be compensated with fair living wages set by the local government or must match the average local industry wage. In addition to their compensation for regular hours of work, employees must be compensated for overtime hours at such a premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

#### WORKING HOURS

Anything over 40 hours per week is to be considered overtime work and should be paid a premium rate.

Vendor Company \_\_\_\_\_ Rep Signature \_\_\_\_\_

Vendor Rep \_\_\_\_\_ Date \_\_\_\_\_

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# Thank you!