



2022 Impact Report



A Letter from Eric Edelson

CEO, Fireclay Tile

2022 was the year we doubled down on American manufacturing and in my 14 years leading Fireclay, I have never been more excited for what's ahead. By investing significantly in our manufacturing operation and our teammates, we are better prepared than ever to meet the growing demand for our offering.

In 2022 we purchased Quarry Tile, a 122,000 Square Foot, 60-year-old tile factory in Spokane Washington, adding 80 new Makers to the Fireclay

Tile Team. We completed a 42,000 Square Foot expansion to our Aromas, CA Factory and HQ, installing a second kiln and adding needed warehouse space. With this expanded capacity we completed 10,647 unique orders averaging more than 150 Square Feet each while living up to our Makers Guarantee commitment.

We continued to be the only known tile company producing 100% Carbon Free Tile, validated via an independent 3rd party Climate Neutral Certification and our new sustainability partners, WAP Sustainability. We reduced the impact of our raw materials by sourcing our most widely used material closer to our facility, and transitioned transport methods from truck to rail. These efforts and more were recognized by San Benito County awarding us Green Business of the Year.

For our growing team, we increased our starting wage to \$17/hr while increasing our average base wage to over \$19.51/hour plus overtime and bonus. We helped employees invest almost \$1M into their 401ks, including

\$315,000 provided via our 4% Match 401K match. We diverted over \$150,000 from merchant fees via Give, You Get and provided over \$60,000 through our Khai Lam Fireclay Tile Family Funds to Teammates and their families.

For our community, we helped raise more than \$69,000 to support Black women pursuing architecture via the Architects Foundation, provided over \$75,000 in cash donations to our partners, including the National Parks Conservation Association (NPCA) and Allies in Arts, and maintained our Pledge1% commitment and provided over 15,000 SqFt to projects in need.

We owe our success and the good we're able to accomplish because of it to our team, our GANAS, and our mission to do good by crafting products intentionally, collaboratively, and transparently. We are the Makers who support the Dreamers.



What It Means to Be USA Made

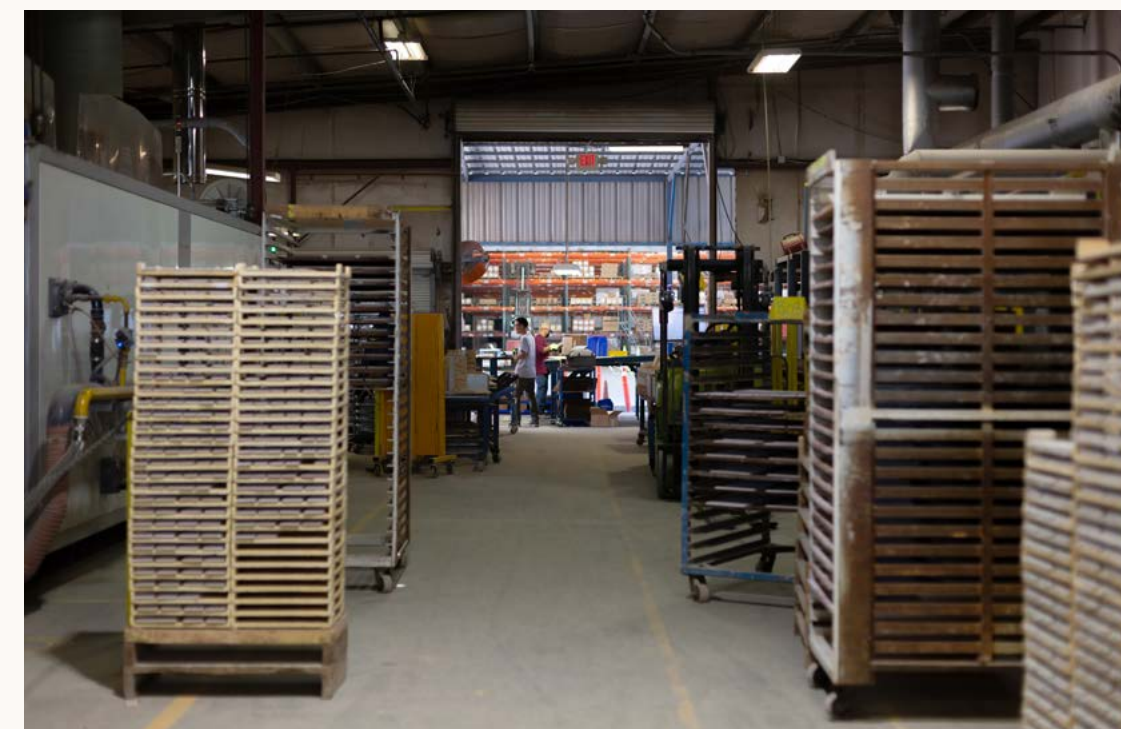
In the United States, only 28% of the ceramic tile sold is manufactured domestically.¹ And in 2022, only one US tile company could stand behind the verifiable values of B Corp Certification: Fireclay Tile.

At Fireclay, American manufacturing is central to our ethos of making it our business to do good. Our commitment to our stakeholders—our environment, our teammates, our communities, our clients, and our partners—always begins with our decision to manufacture tile in the United States.

This dynamic has driven Fireclay since our founding in 1986, but in 2022 we took a massive step forward in making those commitments even more impactful in both our expansion of our Aromas, California

facility and our acquisition of legacy tile brand Quarry Tile in Spokane, Washington, together allowing us to increase capacity 600%.

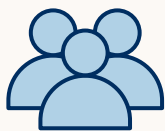
Our values and mission are only as good as our reach. Our expansion in 2022 enables us to offer significantly more sustainably and ethically made tile to a broader customer base. Our growth demonstrates a demand in the design industry for not just beautiful products but ones that meet the rigors of discernible clients and the challenges of our time.



Fireclay Spokane (top); Fireclay Aromas (bottom).

¹ 2022 U.S. Ceramic Tile Market Update

Fireclay At-a-Glance



340

NUMBER OF
TEAMMATES



2

NUMBER OF U.S.
MANUFACTURING FACILITIES



15,749

SQUARE FEET OF TILE DONATED
(RETAIL VALUE: \$323,787)



1.7M

SQUARE FEET OF
TILE PRODUCED



2

NUMBER OF
SHOWROOMS



12,157

HOURS OF TEAMMATE
TRAINING



We have a responsibility to 5 stakeholders: our Clients, our Teammates, our Environment, our Community, and our Partners. Since 2014, B Corp Certification has been an instrumental tool to keep us aligned and accountable to each of our stakeholders in a holistic approach. B Corp Certification not only communicates our values and commitments to customers, it informs us of where we're focused as a team and what is possible to achieve in the future.

[LEARN MORE](#)

B Corp Q&A

How do you achieve the exact number for your B Corp certification and why is it so specific?

B Corp certification is achieved by completing the B Impact Assessment and then having your responses reviewed by the B Lab certification committee. Companies recertify every 2 or 3 years, which is when your score is updated. Fireclay's score has not historically gone down, as we've moved from an 80.5 to 94 to 115.4. The score is specific as the Assessment has hundreds of questions which each have a different point value.

Why B Corp instead of another certification?

We have found the B Corp to be the most well rounded, most holistic certification on the market that is inclusive of Corporate Governance, Employee welfare, Environmental stewardship, Community involvement, and benefits to our customers. We are also Climate Neutral Certified, which is specifically focused on our measurement, reduction, and offsetting of carbon emissions, and we are also Certified Employee Owned.

Who at Fireclay is in charge of the B Impact Assessment and B Corp Recertification?

We have a team of people including representatives from our People, Accounting, Production and Marketing team take part in our certification process. We discuss our B Corp certification on our website and in our annual Impact Report and invite the company as well as our Board of Directors to inform themselves on our process and score.

What areas of the B Lab Assessment and are we working to improve?

Areas that we are working more on are improving benefits and feedback to our Teammates, introducing even more rigor and consistency around our environmental initiatives, and improving how we support the community. For example, we have always offered 1 paid volunteer day, but only 30% of Teammates took advantage of it. This year we are closing our company on June 12th to try to get as close to 100% participation as possible.

Environment



The Truth About Overseas Manufacturing

We're proud that all of our products are Climate Neutral Certified, fully offsetting all Scope 1, 2, & 3 carbon emissions. But as they say, a penny saved is a penny earned and the same goes for carbon.

In addition to the many efficiency projects we've completed, we still feel like our number one advantage is producing tile where our customers live. Overseas shipping is a major contributor to global greenhouse gas emissions. It is estimated that international shipping emissions account for about 2–3% of global greenhouse gas emissions.

According to the International Maritime Organization (IMO), international shipping in was responsible for the annual emission of around 1.076 billion tonnes of CO₂ in 2018. That's more than the emissions from Germany, the UK, and Canada combined.

The primary source of emissions from overseas shipping is the burning of fossil fuels by ships, particularly heavy fuel oil. This produces carbon dioxide (CO₂) emissions, as well as other pollutants such as sulfur oxides (SO_x), nitrogen oxides (NO_x), and particulate matter.

The emissions from overseas shipping are not limited to the actual operation of ships. Other sources of emissions include the production and transport of the fuel used by ships, the construction and maintenance of ships, and the handling and processing of cargo at ports.

Compounding this, outsourcing production to countries with weaker environmental regulations has led to increased pollution and greenhouse gas emissions.

While we're happy to balance our carbon expenditures with offsets, helping fund renewable energy projects around the globe, it is our first priority to limit the emissions we are responsible for in the first place.

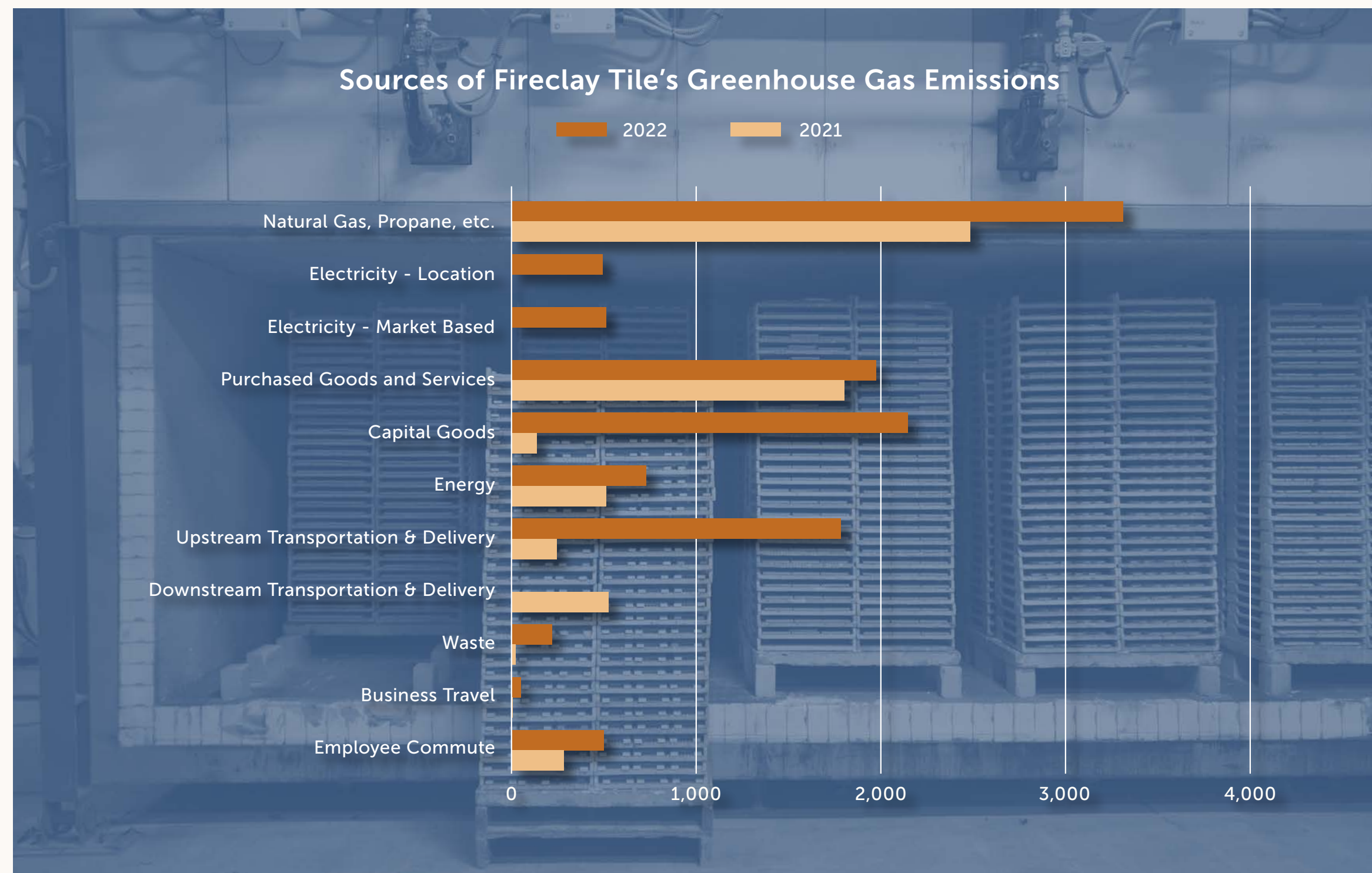


100%
OF ALL SCOPE 1,2,
AND 3 CARBON
EMISSIONS OFFSET

By the Numbers

In early 2023 we partnered with [WAP Sustainability](#) to, among other things, help us achieve a more detailed understanding of where our emissions are coming from and how we can most efficiently reduce them.

Acquiring a second factory in 2022 substantially increased our GHG emissions, particularly around natural gas use, capital goods, and transportation. These three categories represent our largest opportunities to reduce emissions following science-based targets.



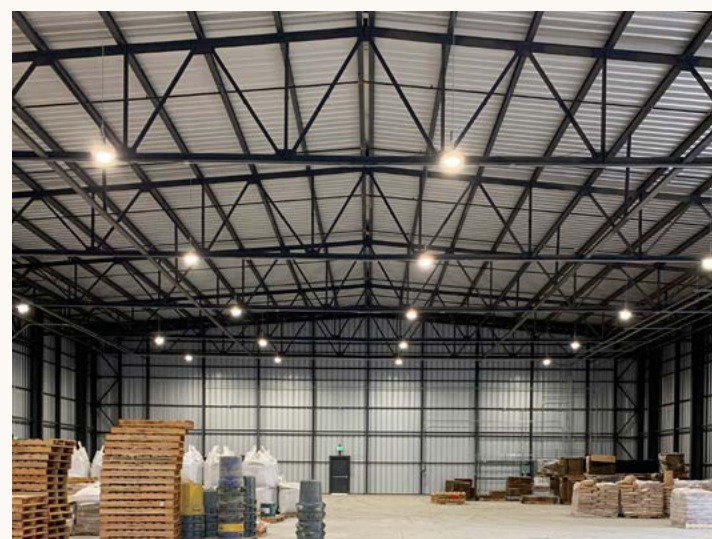
Energy Efficiency Projects

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 SqFt, meaning we are using far less carbon than before. 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. We also have procured new machinery, including a more efficient Handpainted kiln to help lead to further reductions.

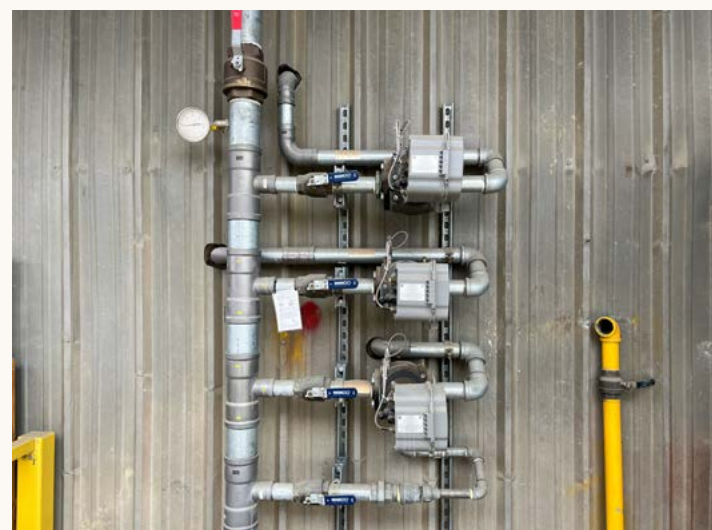
	2016	2017	2018	2019	2020	2021	2022
Total SqFt Produced	562,352	559,814	729,161	843,871	951,700	1,310,910	1,644,728
Gas Therms	548,166	640,666	643,615	402,956	292,581	403,803	496,765
Therms/SqFt	0.97	1.14	0.88	0.48	0.31	0.31	0.30 (2% Improvement YoY)
Electricity	956,163	959,254	1,016,346	992,396	916,977	1,200,052	1,419,449
kWh/SqFt	1.70	1.71	1.39	1.18	0.97	0.95	0.86 (6% Improvement YoY)

Efficiencies



LED Lighting

In 2022, we converted all lighting fixtures in our Aromas facility to LED light bulbs. LEDs use at least 75% less energy and last up to 25 times longer than traditional incandescent bulbs.² In 2023, we are planning to make the same upgrades to our facility in Spokane.



Gas Meters

We installed gas meters in our gas fired kilns to track gas usage on a per-fire basis and optimize our consumption. This data will inform future CapEx projects for energy efficiency improvements. In 2023, we are planning to make the same upgrades to our facility in Spokane.



Regionally Sourced Materials

Not only is our tile manufactured in the United States, we source our materials domestically as well, often as close as 90 miles from our factory.



Layout

During our expansion, we went from 30,000 SqFt of manufacturing and office space to a combined 80,000 SqFt. We took this opportunity to lay out our manufacturing process in a way that increased capacity with more efficient energy use while also creating fewer opportunities for accidents or waste.

² "LED Lighting," Energy.gov, <https://www.energy.gov/energysaver/led-lighting>

Greenhouse Gas Reduction Plan

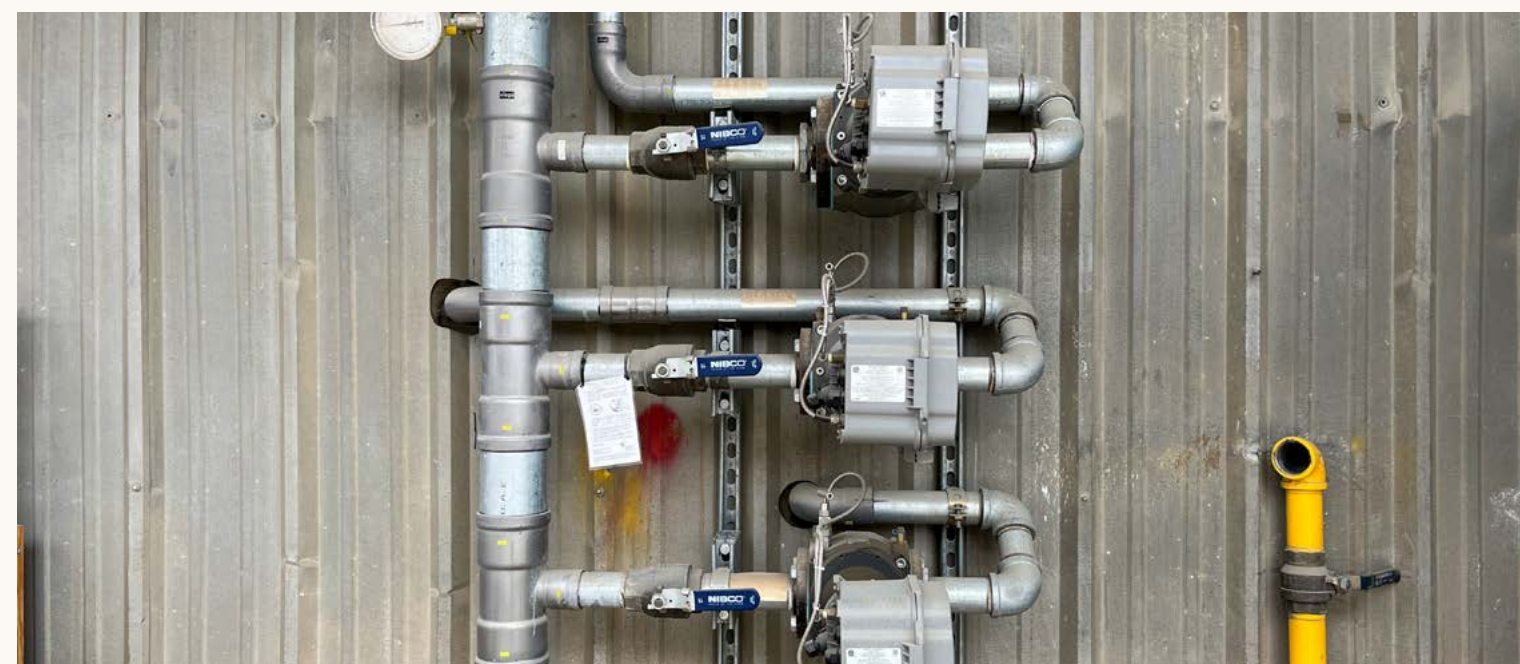
Artists are always refining their process and creating tile at scale allows us to constantly scrutinize and improve our manufacturing operations. While carbon offsets are an important stop gap that fund important clean energy and carbon sink projects around the world, our ultimate goal is to mitigate all unnecessary emissions. Here are some of our efficiency projects already underway.

Completed in 2022

- Reduce the emissions from our 13 Handpainted Skutt kilns by installing a new modern Electric Kiln
- Replace all lighting in our Aromas facility
- Installed gas meters

Planned for 2023

- Create an onsite micro grid to better manage our electricity usage
- Re-engineer our clay body to be able to source more local materials
- Install solar panels on site in our California facility
- Improve scheduling process in Spokane to reduce energy need per SqFt of tile production
- Review and improve overall product packaging



Electric Handpainted Kiln (top); Gas Meters (bottom).

Waste Diversion

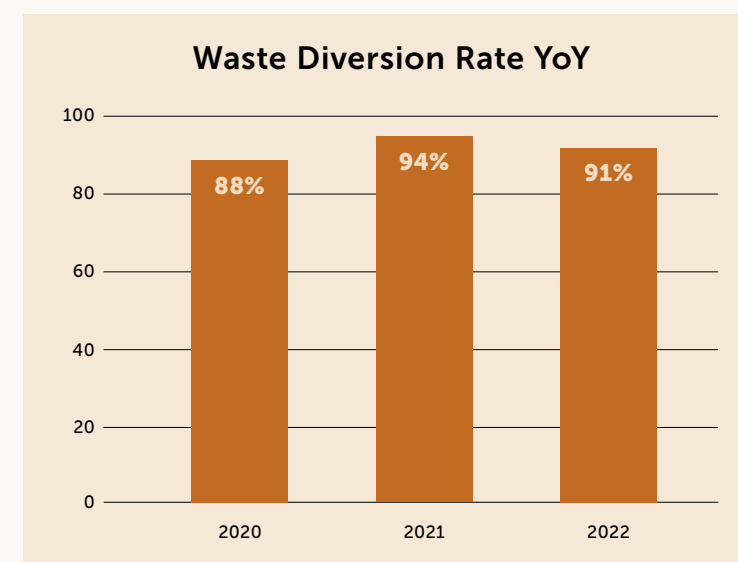
Carbon emissions make up only part of our climate crisis. Physical waste flooding our landfills spoils landscapes and habitat, contaminates soil and water, and creates methane and other harmful greenhouse gasses.

We recycled over 1 million pounds of tile waste, plastic waste, PPE, and compost waste, achieving an impressive 91% diversion rate. We recycled 159,037 gallons of water from our tile manufacturing process, and this number will increase with a new filter press installed in December 2022.

We also made sustainable changes for our team by switching from plastic forks to bamboo, using green-labeled cups and plates, and continuing to use Green label certified janitorial supplies.

Thanks to the team's efforts, we received Green Business certification from San Benito County and were honored as the county's Green Business of the Year. We also extended our sustainability initiatives to our new facility in Spokane, Washington, where we are currently recycling tiles.

And in a win for our environment, business, and clients, we began selling factory seconds online, diverting less than perfect tile away from landfills and into inspired projects at a significantly discounted rate.





Tile Takes a Team

Our teammates have always been the focal point of our identity. From our Factory Friday tours on Instagram to our celebration of teammate ownership, we believe raw materials are only just that without the artisans who turn them into the luxurious products we decorate our homes and businesses with.

By introducing our clients and followers to our teammates, we humanize a manufacturing process that can easily go unnoticed or deliberately obscured.

Not all building products are made equally. Forced labor affects nearly 25 million individuals worldwide, while child labor impacts around 160 million children aged five to 17. The construction industry is particularly plagued by instances of forced labor, constituting a form of modern slavery.

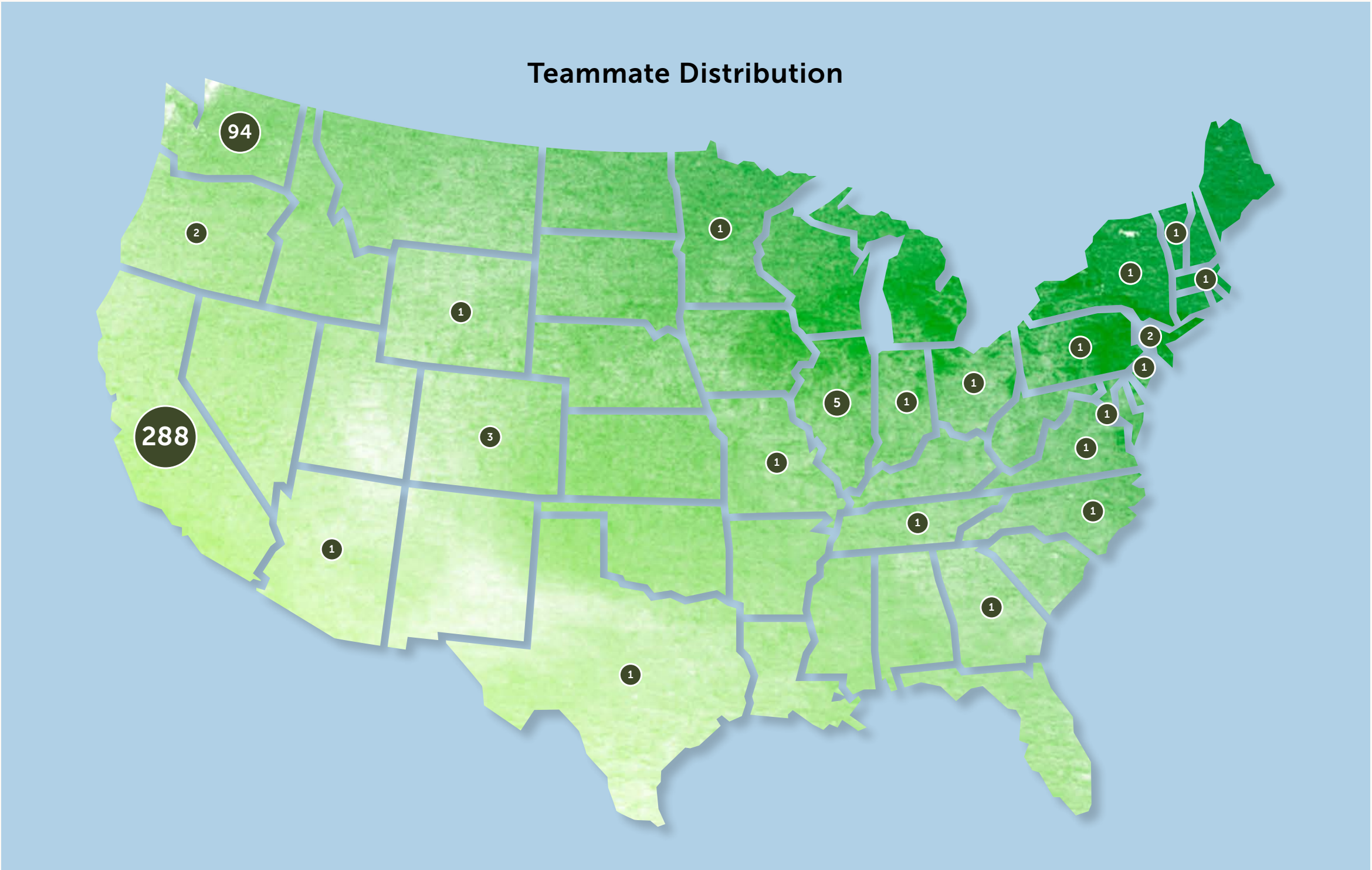
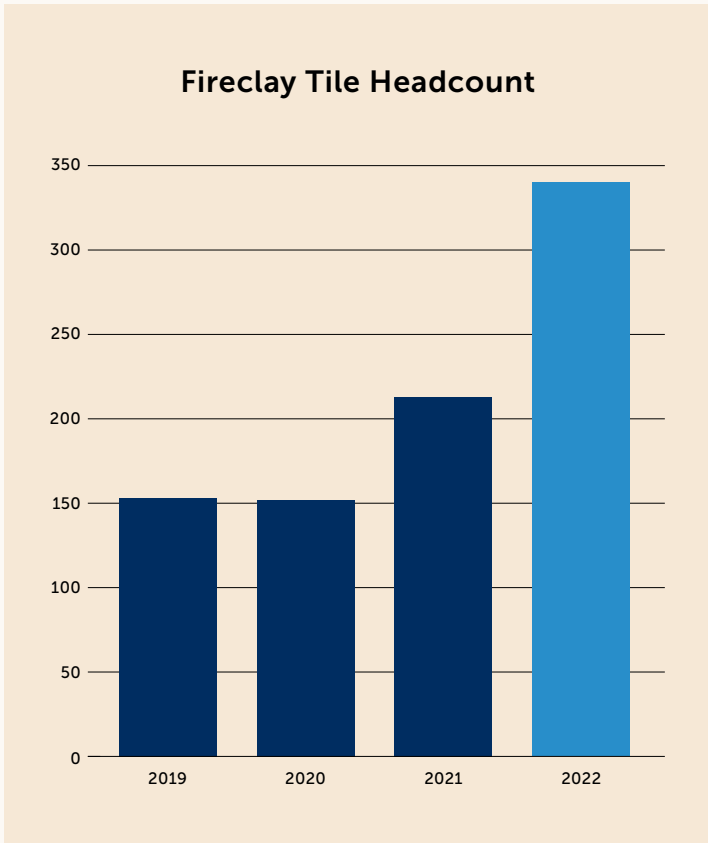
Even in less extreme instances, overseas manufacturers can take advantage of weak labor laws in order to produce tile cheaply leading to unsafe working conditions and poorly compensated workers.

Put simply, we support our team because it's their hands that make our handmade tile.



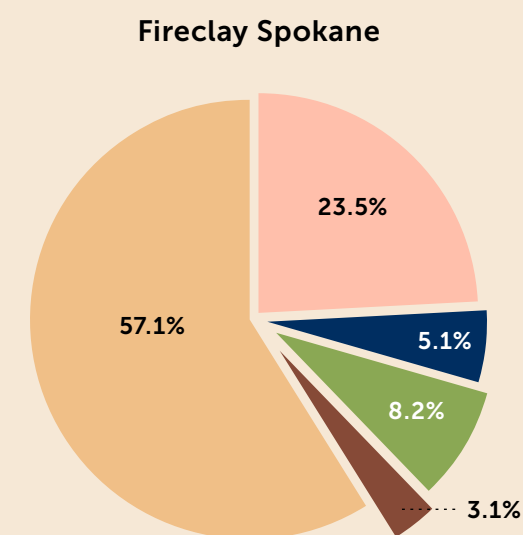
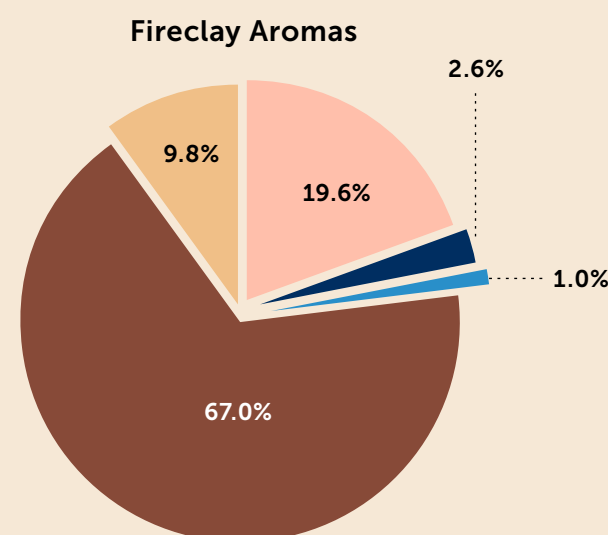
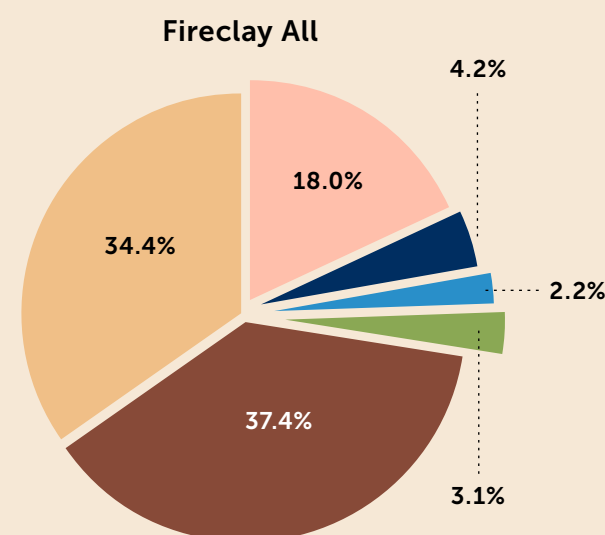
Home Grown

At year-end 2021 Fireclay consisted of 213 teammates. As of today we are over 340 teammates strong, a 59% increase year over year. This scaling included an immediate onboarding of 80 teammates from our acquisition of Quarry Tile, bringing the growth and vision of Fireclay to an entire new team and factory.

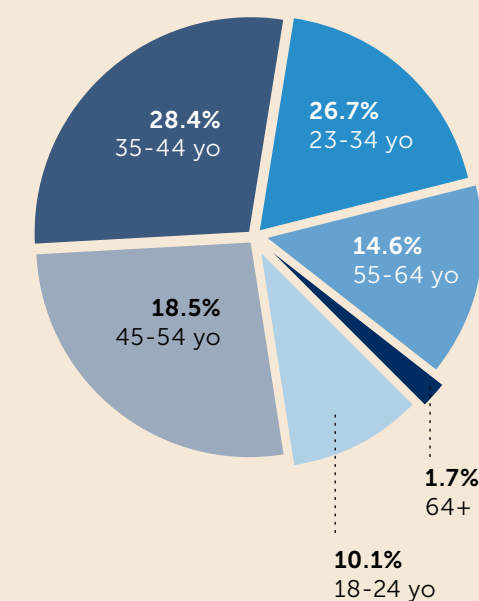


Diversity at Fireclay Tile (as of 4/21/23)

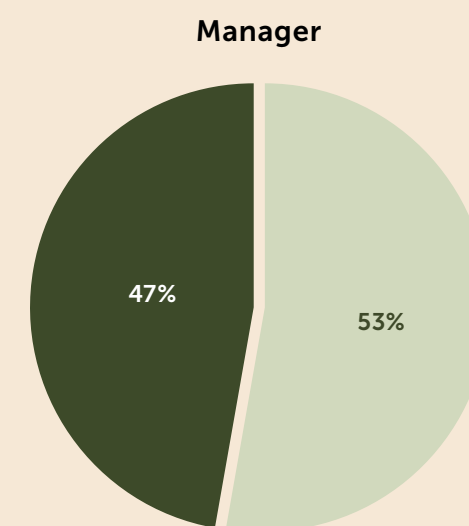
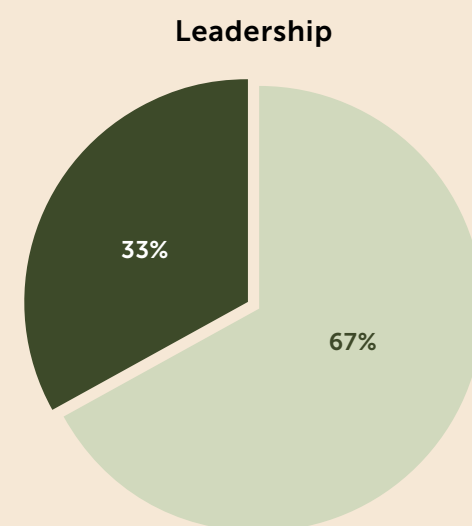
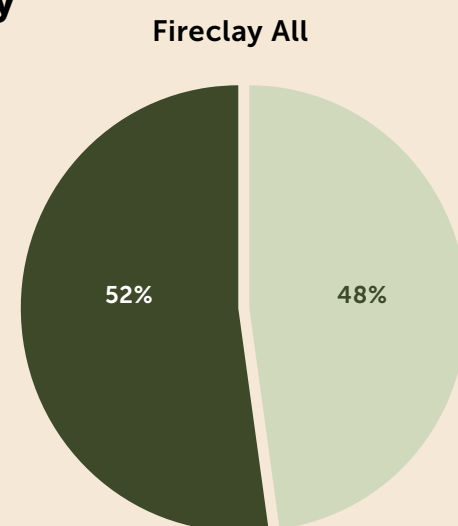
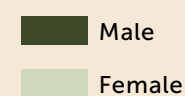
Race/Ethnicity



Age Diversity



Gender Diversity



Certified Employee Owned

Every teammate at Fireclay Tile is a part owner in our company and since 2013 we have been Certified Employee Owned. We’ve grown our headcount to over 340, creating 143 new owners of Fireclay in the process.

Ownership gives everyone in the company a stake in our success and strengthens our team with a shared vision of the future far beyond the next pay day.

In 2021, current and former employees were able to sell some of their ownership to outside investors at as much as 70x their original exercise price.

30% of Fireclay is either owned by current and former employees or reserved for future employees, making our collective team the largest shareholder of the entire business.

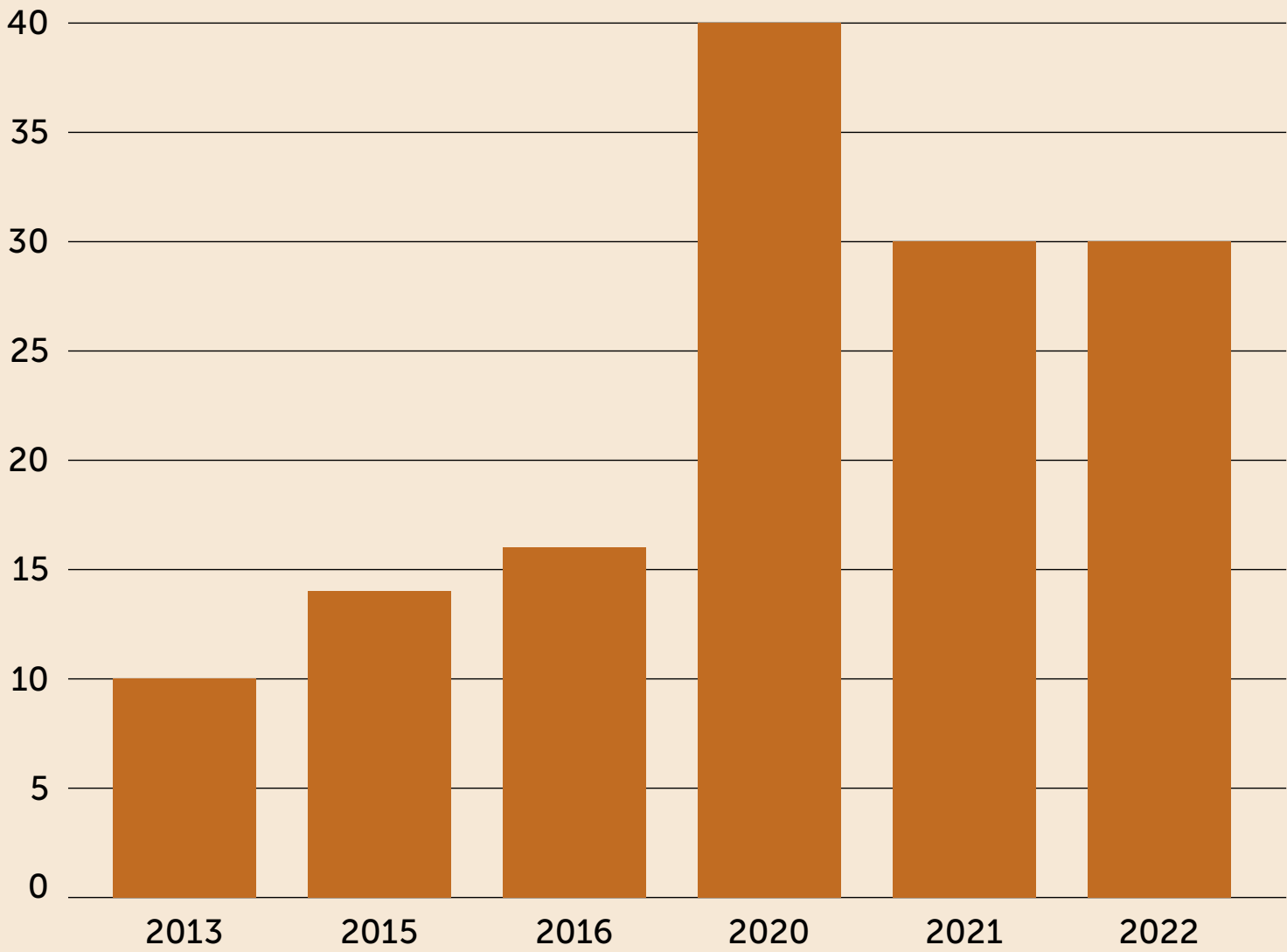


30%

OF FIRECLAY TILE IS OWNED BY CURRENT & FORMER EMPLOYEES



Employee Ownership



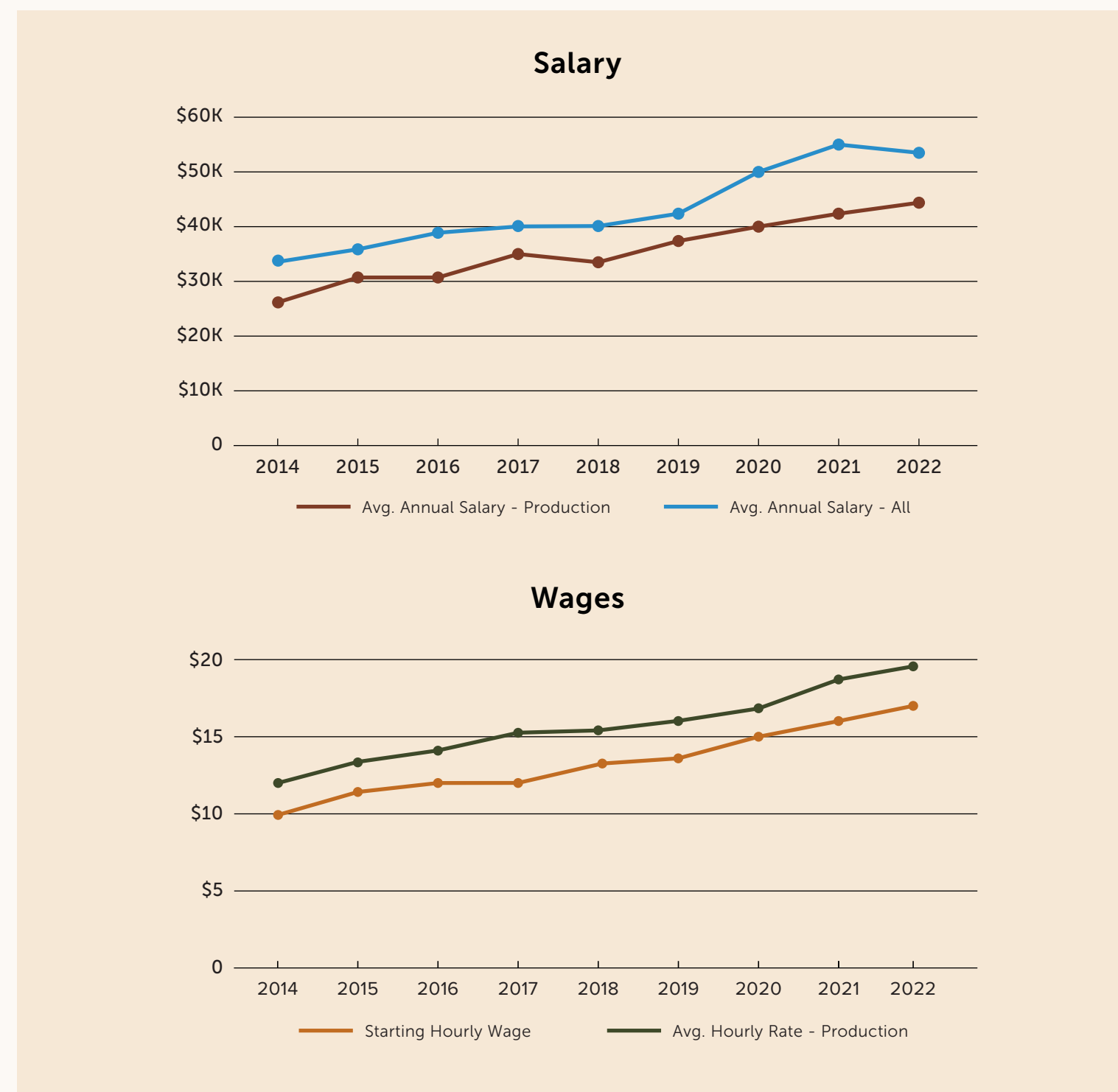
Equal Pay

Studies have shown that gender pay disparities are pervasive and affect women of all backgrounds, although the degree of disparity varies depending on factors such as race, ethnicity, and education level. Addressing gender pay disparities requires a multifaceted approach that includes policy changes, cultural shifts, and individual actions.

Some potential solutions include the promotion of women into leadership roles, and the implementation of policies such as paid parental leave and flexible work arrangements that can help to reduce the burden of unpaid care work that often falls disproportionately on women. We're proud to have done each of these but wanted to push further to support this initiative with clearer data and third-party direction.

We began studying compensation in 2016 working with internal and external partners. In 2020, we hired an outside compensation expert to help ensure we were always providing equal pay for equal work. This partnership informed our 2021 and 2022 studies. The data we collected was shared with our board of directors and will help inform decision-making around compensation in the future.

Upward mobility and higher pay happens at a slower rate for females as compared to males in production. Much of this trend is explained by tenure and meeting the physical requirements of some jobs. That said, we aspire to improve and are intentional about change. We will continue to challenge ourselves, educate and improve our talent acceleration practices to close gaps.



Bi-Annual Merit Cycle

In 2021, we listened to feedback that our team wanted more consistent performance and merit reviews and introduced Talent Acceleration and Merit Cycles. The purpose of the merit cycles was to have every manager review every Teammates' pay at least once per year. We also introduced salary ranges using an outside 3rd party independent consultant that was reviewed by our Board to ensure equity throughout the organization based on role and responsibility.

Our Merit Cycle budget is based on company performance and planned future growth and profitability. We do not benchmark our merit cycle increases on inflation. That said, since 2014 inflation has grown 26%, while the Starting wage at Fireclay has increased 70% and the average wage has increased 51.7% not accounting for overtime, bonus and commissions.

Between Merit Increases, our 2022 Annual Discretionary Bonus, and the increased investment in Benefits, we increased our investment into our teammates by over \$1M annually in 2022.



Engagement Survey

We conduct bi-annual engagement surveys to gauge the level of employee engagement within our company. These surveys are carefully designed to gather feedback on various aspects of the employee experience, including job satisfaction, sense of belonging, career development opportunities, and overall well-being.

To ensure anonymity and encourage open and honest responses, we employ a confidential survey platform that allows employees to express their opinions without fear of identification. We also emphasize the importance of participation and make every effort to create a supportive and inclusive atmosphere that motivates employees to share their thoughts.

Once the survey period concludes, our dedicated HR team meticulously analyzes the data, identifying trends and patterns that enable us to understand the sentiments and needs of our workforce. By examining the survey results, we can pinpoint areas of strength where we excel and areas of improvement that require our attention.

With the insights gained from these surveys, we are able to develop targeted strategies and initiatives to enhance employee engagement and create a positive work environment. Our goal is to align the aspirations and well-being of our employees with the organizational objectives, ultimately driving success for both the individuals and the company as a whole.



Safety

Teammate safety is our most important metric when evaluating the performance of our facilities and we invest significant resources to ensure a safe environment. We employ a full-time Senior EH&S (Environmental Health and Safety) Manager to implement and oversee procedures at both factories in addition to a full-time safety specialist on the floor at each factory.

In 2022 we saw daily recordable incidents drop 32% from the previous year, more than doubling our goal of 15% for the year.

Our factory expansion incorporated several facility safety upgrades including a state-of-the-art fire suppression system and automatic gated railroad crossing.

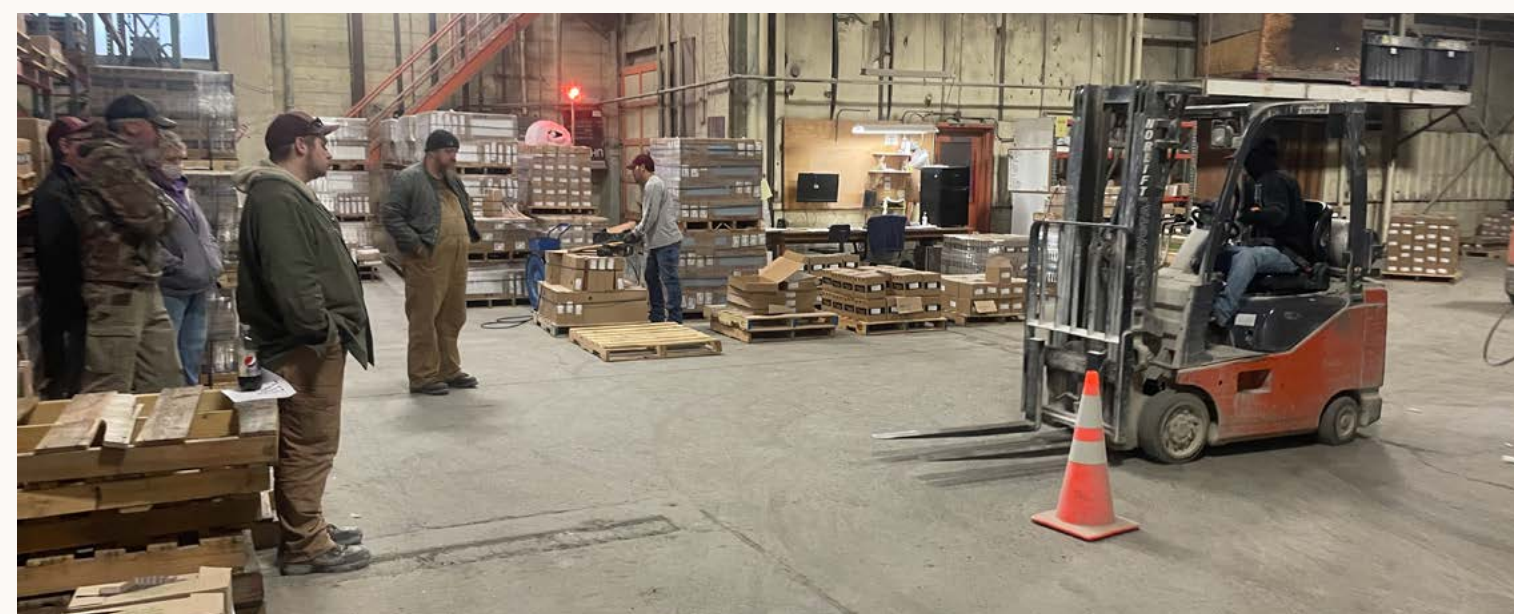
Our work was confirmed by San Benito County environmental inspection with zero citations.

We instituted new policies in our Spokane facility and sponsored our safety boot program to outfit our team with proper safety equipment. In 2023 we hired the facility's first full-time Safety Specialist.

Respectful Workplaces

We delivered our first set of Respectful Workplaces learning sessions designed to heighten awareness of harassment and other forms of offensive behavior in the workplace. We now offer tools to equip teammates on recognizing and disrupting offensive behavior should they encounter it.

Our goal is to build a more inclusive and respectful environment—where everyone can thrive because it is critical to our continued success. Preliminary data suggests the training was effective as measured by fewer people relations matters stemming from teammate conduct.



Newly installed fire suppression system at our Aromas Factory (top, left); Fitting a production teammate with a respirator mask (top, right); Forklift certification course at our Spokane Factory (bottom).

Community

Putting Money Where Your Mouth Is

Manufacturing in the United States doesn't simply benefit our own team, it benefits our broader communities as well. When we source goods and employ teammates locally, the money that we pay our team and partners is turned around and spent on other goods and services in the community.

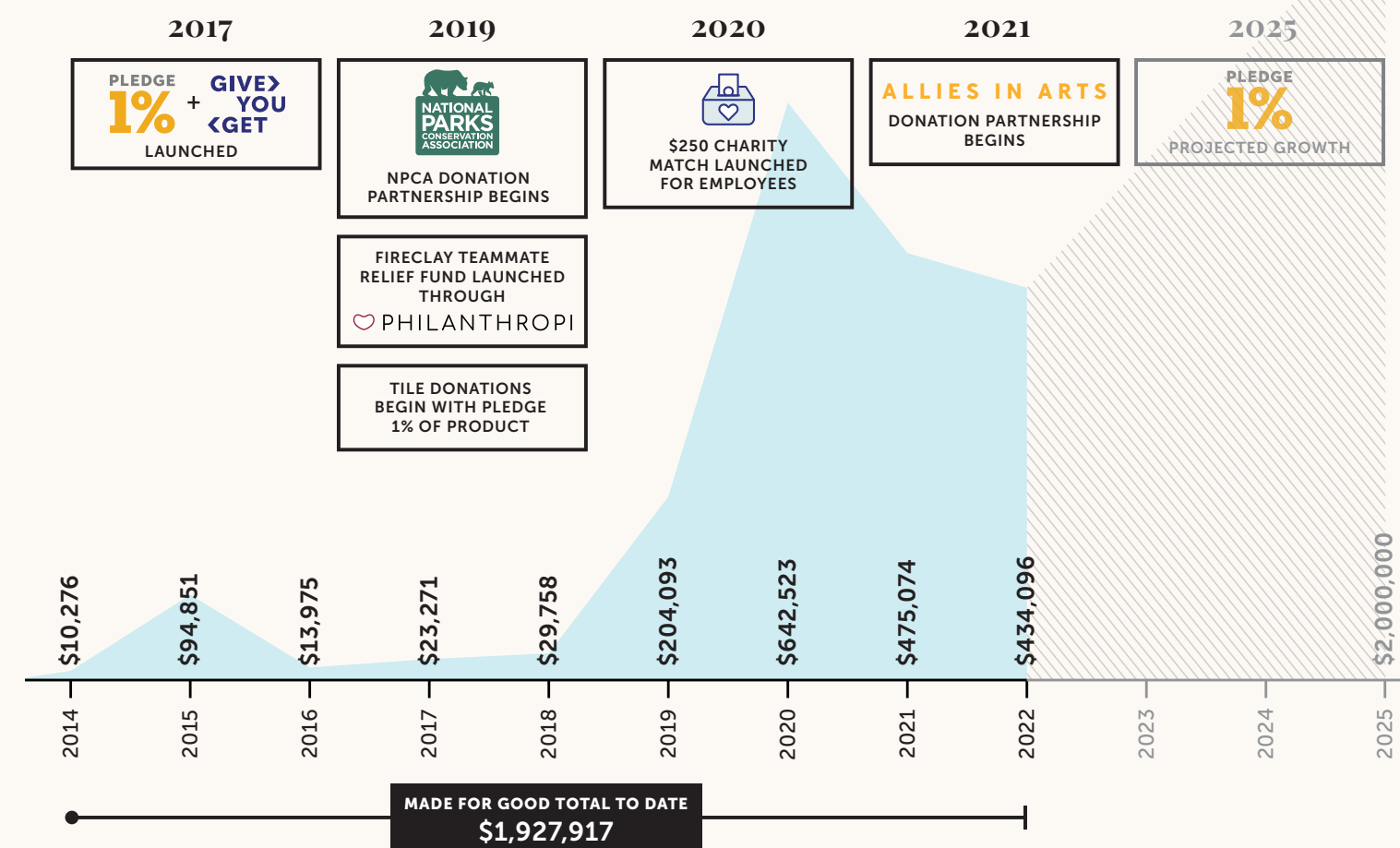
Every dollar of value-added in domestic manufacturing generates \$3.60 of economic activity in other sectors of the economy. Similarly, for every manufacturing job created, there are 3.4 jobs generated in nonmanufacturing industries.³ These figures are unparalleled by any other sector.

As local businesses and workers earn more income, they pay more taxes, which generates additional revenue for the local government. This revenue can be used to fund public services, such as schools, roads, and public safety.

Globalization since the late 20th century has led to significantly more international trade and greater economies of scale, but as evidenced in hundreds of communities across our country, it has also led to widespread job displacement and income inequality.

We believe that now is the time to invest in business models that increase the quality of life in our communities and believe that helping revive American manufacturing is the most effective way of doing so.

Made for Good GIVING AMOUNTS BY YEAR



³ Daniel J. Meckstroth, Ph.D., "The Manufacturing Value Chain Is Much Bigger Than You Think!," MAPI Foundation Policy Analysis (2016): Page 1.

Pledge 1%

In 2022, we continued our pledge to donate 1% of our revenue and product to charitable causes. Last year we donated 15,749 SqFt of tile with a retail value of \$323,787, nearly 5x more tile than in 2021.

We expect our initial \$300,000 seeded into our Fireclay Gives fund in 2021 to exceed \$2,000,000 in the coming years to help fund projects in line with our values.

Recipients of tile via Fireclay Gives:

- The Joyce Hotel
- National Women's Law Legal Non-profit
- And Then A New Day
- Vidiots
- Detroit Achievement Academy
- Pie Ranch
- Aromas Community Park
- Sleepy Hollow
- Cathedral Village Apartments
- Yale Building Project
- La Traverse Women's Center
- Building Audacity



Detroit Achievement Academy (top, left & right); Proposed Headquarters & Community Education Center for Keep Tahoe Blue (bottom, left)

Fireclay Tile Diversity Advancement Scholarship

For the second year in a row, we partnered with the Architects Foundation to raise money for their Diversity Advancement Scholarship.

The Diversity Advancement Scholarship was created in 1970 with an initial grant from the Ford Foundation, after civil rights leader Whitney Young Jr. challenged architects in 1968 to create a more responsible and equitable field.

In 2022, we were honored with the official naming of the Fireclay Tile Diversity Advancement Scholarship which we raised \$69,333 in support of.

Values in Action

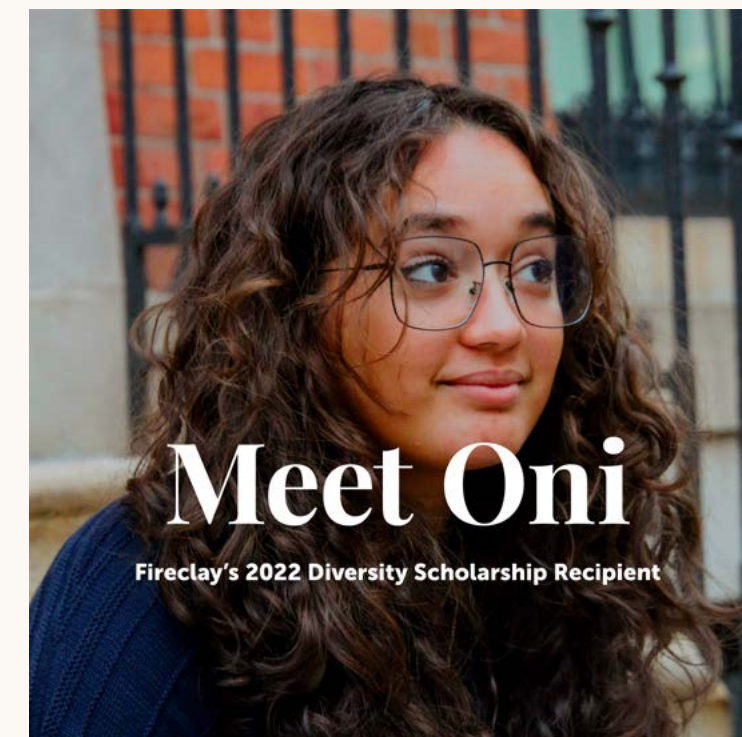
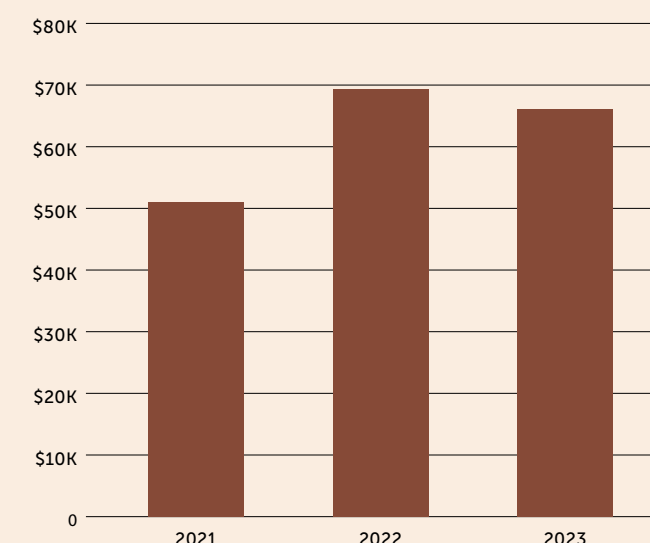
The inaugural recipient of the Fireclay Tile Diversity Advancement Scholarship was Oni Thornell of Brooklyn, NY who will receive \$4,000 per year towards tuition for up to five years to attend Syracuse University.

Oni's dedication to making meaningful change, her desire to lean into sustainable practices, and most importantly, her advocacy for equal access to the rights inherent in architecture resonated strongly with our team at Fireclay and aligns with our ethos of continuous improvement in building an inclusive world.

Our Action Recognized

For our work raising funds for the Fireclay Tile Diversity Advancement Scholarship, we were named Best in Diversity, Equity, & Inclusion - Partnership or Collaboration, Silver Medal Class at the inaugural 2022 Anthem Awards.

Donations Raised by Year



Thanks to Our Partners



Being an Ally

Since 2021 we've partnered with Allies in Arts, a national nonprofit that supports underrepresented individuals in creative industries through exhibitions, screenings, grants, and paid partnerships with donors—like us! 5% of proceeds from our Block Shop x Fireclay handpainted collection are donated to Allies in Arts to help even the odds for the next generation of courageous creatives.

By year end 2022 we've donated \$9,650.

Our funds support programs like Transanta—through anonymous and safe gift-giving, trans and queer youth who are houseless, in foster care, or otherwise without vital support receive the gifts and affirmation they need from people all over the world.

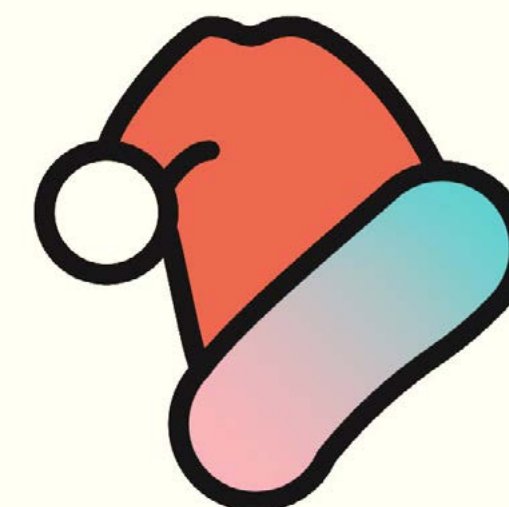
ALLIES IN ARTS

As long as there's discrimination, we need Allies. Let's even the odds. Together.



\$9,650

TOTAL FUNDS
DONATED IN 2022

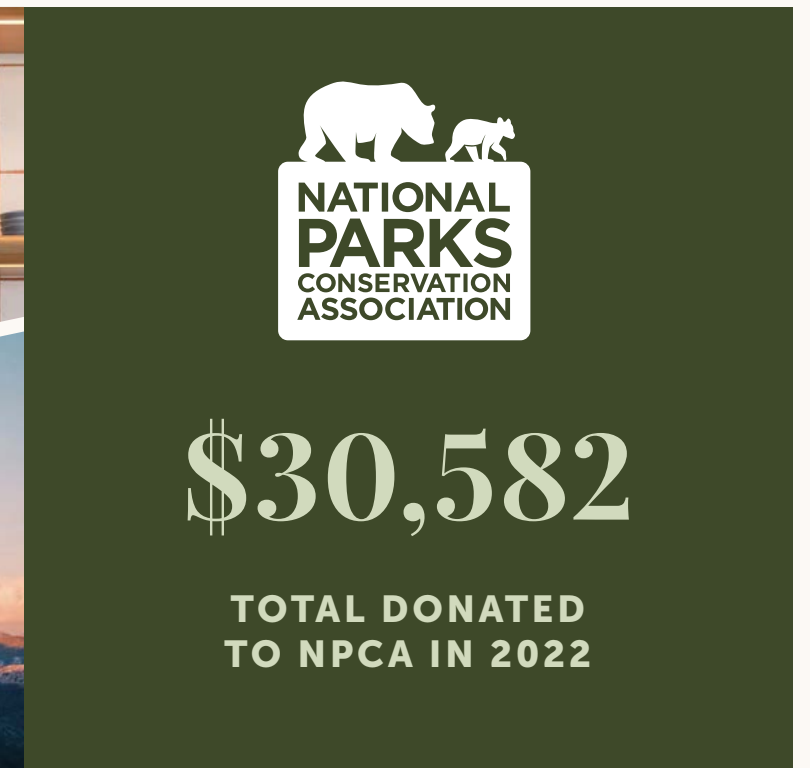


@transanta

National Parks Conservation Association

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. The National Parks Conservation Association is the only independent, nonpartisan membership organization devoted exclusively to advocacy on behalf of the National Parks System. Its mission is “to protect and enhance America's National Park System for present and future generations.”

In 2022 we continued this effort, and to date we’ve helped provide over \$100,000 to the NPCA for their important work protecting our parks. These funds helped NPCA achieve victories for wilderness, wildlife, and access including preserving the Grand Canyon from a proposed mega-development, restoring migration routes for Yellowstone’s pronghorn, and challenging an administration proposal to triple certain park entrance fees.

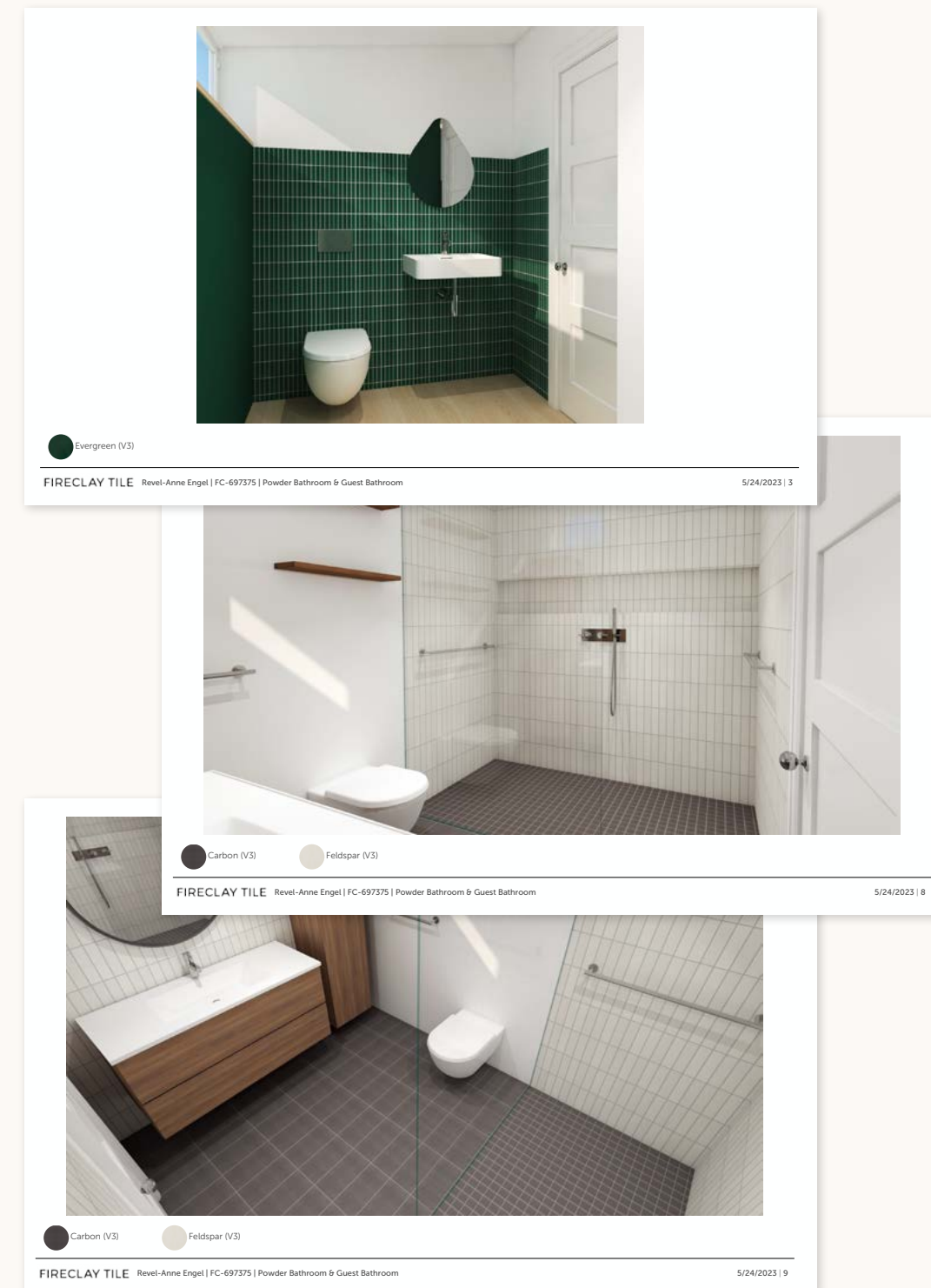


Customers

Tile to the People

2022 was a big year for our clients—80% of whom are US based designers, architects and commercial firms. This past year we sold a record 1.7M square feet (SqFt) of tile, expanded our product offerings, and increased our ability to offer more artisan tile at scale to broader audience of consumers.

In addition to our physical products we worked hard on improving our client services in 2022. With the addition of Spokane, we also benefit from a new Creative Services team, capable of mosaic and mural renderings and production not yet known to Fireclay through the new capabilities of our three waterjet machines. This team is complemented by our existing Design Rendering experience, which we significantly improved in 2022 with the introduction of our Premium and Concierge Rendering levels which has already helped hundreds of clients create 3D photorealistic images of their projects. Investing more in tile design as a service will further simplify the purchasing process for clients and further separate us from peers in our category.



Products

\$10 Essentials

Our new in-stock Essentials Collection launched in June 2022 has been our best product launch by far. We knew there was a big appetite for Fireclay Tile at the \$10/SqFt price range, and Essentials has been our most successful product launch in our 36 year history.

Essentials is emblematic of our push to offer ethically and sustainably made tile to a broader demographic of clients.

Our Quick Ship (in-stock) offering is roughly 10% of today's sales, and we see this growing to 30% in the not-too-distant future.

Better Prices on Brick

Amid inflation throughout the economy, we decreased our Glazed Brick pricing to \$14/SqFt, while still donating 1% of sales to the preservation of our National Parks via the NPCA. In 2022, our total commitment to NPCA surpassed \$100,000.

Total Donated to NPCA in 2022: \$30,582.40

The core of our business continues to be made-to-order tile and we could only deliver our tile within reasonable lead times by producing our tile in the country where they live and work. Continued supply chain disruptions as well as internal challenges with storage and production capacity amid our Aromas expansion taught us meaningful lessons to vastly improve our lead times moving into 2023.

Lead Times

Our biggest development came from our increased capacity in our Spokane facility, capable of turning out 7,000 SqFt per day with a potential of over 15,000 SqFt. Made-to-order tile from our new Natural Press collection will be available in just 3-4 weeks. This doesn't just make us more dynamic, it makes our commercial and architectural clients more dynamic as well.



Partners

Partner Code of Conduct

We ask that all Partners, i.e. vendors, acknowledge and sign a copy of our Partner Code of Conduct. This document details the minimum expectations for our vendors and suppliers including supply chain transparency, commitments against forced and underage labor, harassment, abuse, and discrimination, as well as other social and environmental standards we uphold.

In 2023 we are upping the ante, asking each of our vendors to submit a formal survey to develop a product material database (VCCM) that allows us clearer oversight and the ability to disclose every material that goes into our products.

Our Top Suppliers

SHIPPING & PACKAGING PARTNERS

- Old Dominion
- R+L Carriers, Inc.
- UPS
- Veritiv Operating Company
- Material Bank

INSURANCE PARTNERS

- Cigna Insurance
- Star Insurance Company

RAW MATERIAL PARTNERS

- H.C. Muddox
- Ferro Corp
- Christy Minerals Co
- Fusion Ceramics

UTILITY PARTNERS

- PG&E
- Constellation Energy Resources



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 15, 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.

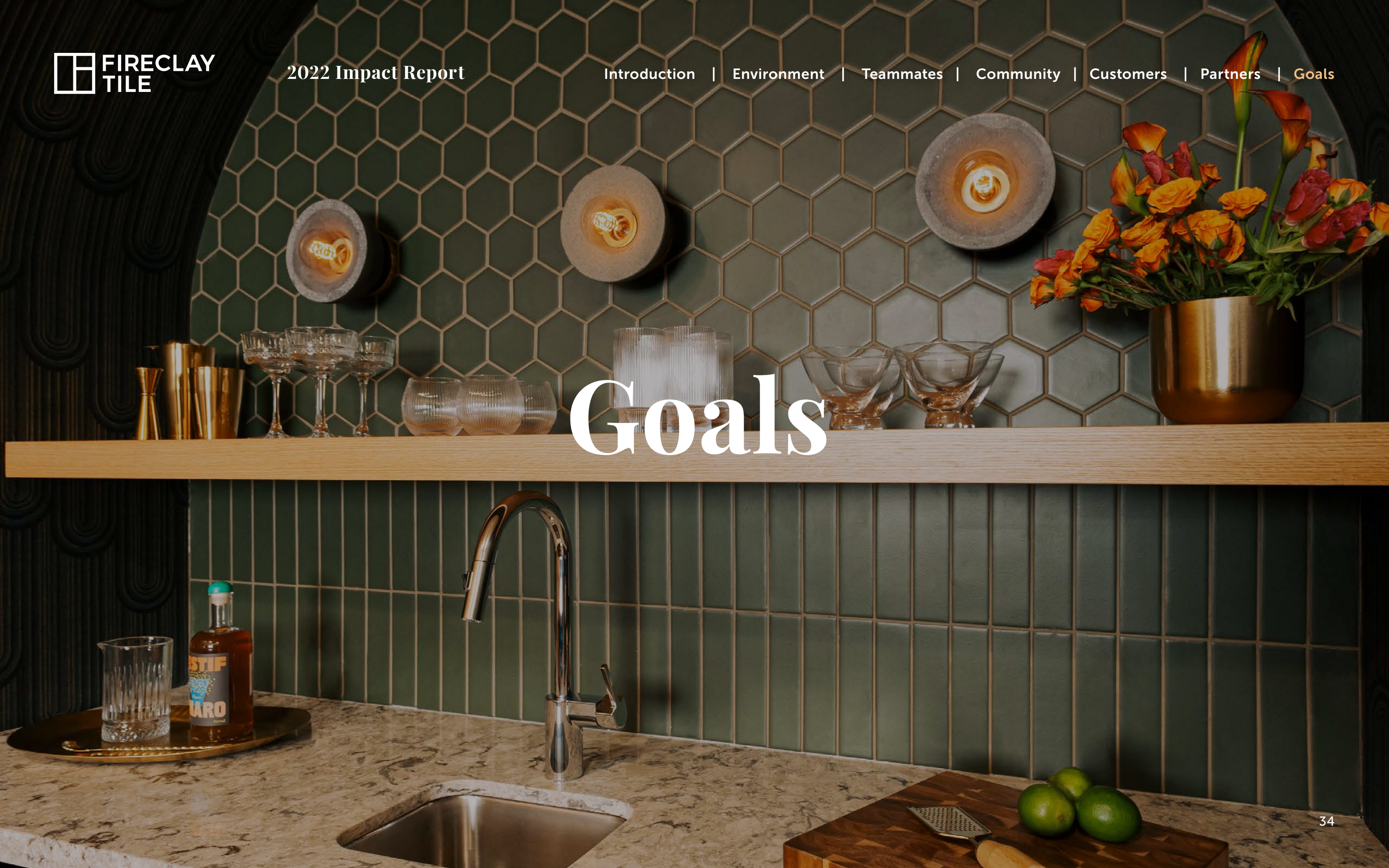
WORKING HOURS

Suppliers must not allow working hours that exceed the applicable legal limit, or 60 hours per week, whichever is less. Regularly paid hours must not exceed 48 per week and overtime hours must not exceed 12 hours per week or the amount specified by local law, whichever is less. Only in exceptional cases, may working hours exceed 60 per week. Overtime work must always be voluntary and paid at a premium rate. Workers must have at least 1 full non working day in every 7-day period.

Vendor Company _____ Rep Signature _____

Vendor Rep _____ Date _____

Goals



Holding Ourselves Accountable

In the 2021 Impact Report, we outlined 8 goals for 2022:

1. Install New Handpainted Kiln

5. Move into New Facility

2. Continue Review \$/Hr and Benefits

6. Raise Quality to Reduce Waste

3. Ensure Teammate Safety

7. Find Product Development Efficiencies

4. Achieve Zero Waste

8. Complete Solar Installation

1. Install New Handpainted Kiln

In March we ran our first fire on our new handpainted kiln manufactured by Blaauw. This modern, custom designed Handpainted kiln helped us reduce our energy use firing Handpainted Tile by 10% on a per SqFt basis.



Electric Handpainted Kiln

2. Continue Review \$/Hr and Benefits

The People Department hit a solid stride in key areas of talent acceleration, compensation, as well as learning and development. The programs and initiatives are having a positive impact on our culture and teammates at all levels.

KEY WINS

Annual Pay Equity Study:

- We completed our annual Pay Equity study to review equity and pay across teams, gender, and ethnicity
- The exercise gives insight into opportunities to drive equal pay for equal jobs while accounting for other factors, such as an incumbents experience level, job performance and tenure

Talent Acceleration Cycles Fully

Adopted:

- We reinforced our feedback and coaching models with our managers getting us closer to a culture of continuous feedback
- More managers are equipped to have difficult conversations than ever before

In-person Respectful Workplaces Learning Sessions

- Effectiveness was high as indicated by a reduced number of behavior type people relations matters
- During our learning sessions, we built on DEI pillars, reset expectations for appropriate workplace conduct, and stressed our zero tolerance for harassment policy; the content was complimented with an emphasis on our values, especially kindness
- The curriculum was designed specifically for our company and aimed to foster engagement by resetting expectations

3. Ensure Teammate Safety

With a goal of 15% reduction in recordable incidents we more than doubled our effort to achieve a 32% reduction. This was a huge achievement led by our Safety team and implemented by managers, leads, and teammates across all departments. These reductions can be attributed to best-in-class training and oversight as well as creating the safest possible environment for our teams during our Aromas expansion and Spokane reorganization.



Team training



4. Achieve Zero Waste

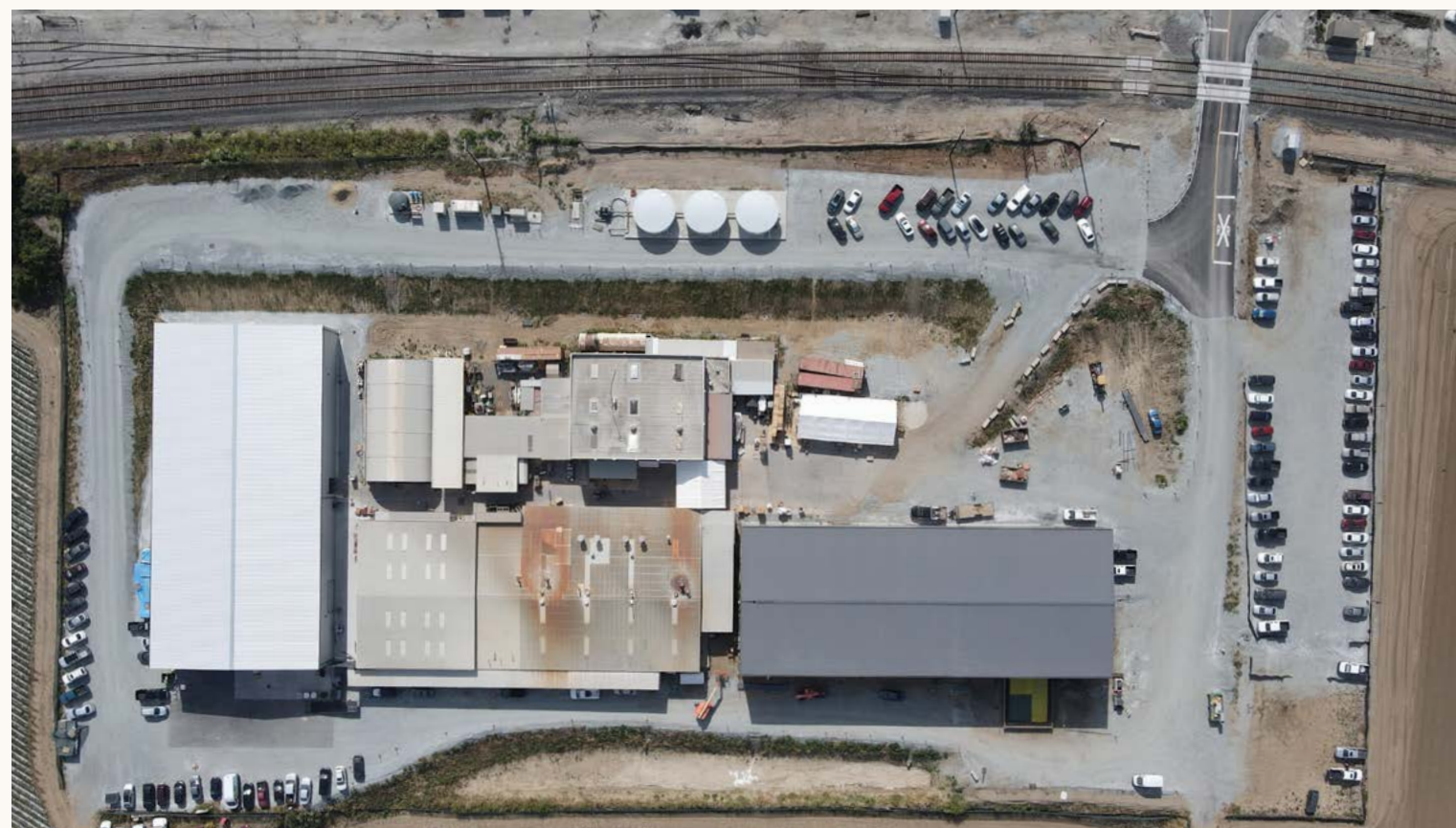
While we did not receive accreditation by a third-party audit to be officially considered Zero Waste, we did achieve 91% waste reduction, well surpassing the 90% threshold required for certification.

We are currently working on reducing waste in our Spokane facility and preparing for a third-party audit.

5. Move into New Facility

We obtained occupancy in our two main buildings by December 2021, and by November 2022 all buildings were connected with fire department sign-off. The result is a vastly improved property with 80K SqFt under one roof that will allow us to produce and ship upwards of \$80M+ of tile annually.

We were able to bring our logistics and warehouse team back from Gilroy, bring the entire production process under one roof, and streamline many parts of our manufacturing.



Aromas Expansion



6. Raise Quality to Reduce Waste

Following our Measure Twice, Cut Once value, we set a goal to increase 1st quality yield to 95%, reducing overall waste.

Ceramics has always been challenging, and this past year supply chain disruptions and managing our materials on hand against our available storage, as well as creeping up against capacity issues for many of our small batch partners, led to long lead times and at times challenging quality. Our average for the year was 90%.

For 2023 we'll continue the incredible initiatives on quality, and bring our learnings from both our Aromas and Spokane factories to the other.

7. Find Product Development Efficiencies

2022 saw us consolidate more of our product offerings in house. With the acquisition of Quarry Tile we were assumed complete control over the production of our Essentials collection. We also purchased the manufacturing equipment of our glass tile supplier and are now producing our own glass tile. These consolidations have given allowed us to fold more products into our existing systems to find scheduling, manufacturing and shipping efficiencies.

With our own manufacturing facilities, we can closely monitor every stage of production, from sourcing raw materials to the final product. This level of oversight allows us to maintain consistent quality standards and promptly address any issues that may arise, ensuring that our customers receive products of the highest quality with less waste and energy use.

We can also collaborate more seamlessly between our color development team and the production team, facilitating faster communication, eliminating potential bottlenecks, and ensuring that color specifications are accurately translated into the final product.

8. Complete Solar Installation

We are behind schedule on our solar installation at our Aromas facility. We currently have earmarked \$2M toward the project and will be complete in the summer of 2023.



Where We Go From Here

Progress depends on onward movement and our achievements of 2022 put us in an inspiring position to take on ambitious goals for 2023.

■ Install in-house water filtration to remove water delivery and reduce carbon footprint

■ Reclaim kiln heat for central heating of facility

■ Reduce 15% in recordable incidents

■ Apply for VVP program with OSHA

■ Complete Onsite Solar in Aromas

■ Replace all lighting in Spokane facility to LED

■ Improve scheduling process in Spokane to reduce energy need per SqFt of tile production

■ Review and improve overall product packaging

■ Consolidate shipping in regional distribution centers

■ Complete B Corp Recertification

Sharing What We’ve Learned

Since 1986, our values have always been the same, but the results we celebrate today have only come from years of experimentation and effort to find what works. Those lessons aren’t just valuable to us but to any responsible business seeking a similar approach.

<p>Be Transparent</p> <p>Publish results internally and externally. The exercise will spur rigorous analysis and lead to deeper understanding with your teams and community.</p>	<p>Start Small</p> <p>Our challenges are only conquerable by breaking them into smaller pieces. We started with just offsetting business emissions, then added our own factory and shipping, and then our supplier emissions.</p>
<p>Work With Partners</p> <p>Outside partners like Carbonfund, WAP, and Climate Neutral have kept us honest and on the cutting edge with expert analysis, certification, and services.</p>	<p>Think Beyond the Product</p> <p>Your clients care about your product and how you make it. Certifications like B Corp communicate your bona fides and build trust with your customers.</p>
<p>You Don’t Have to Make It Up Yourself</p> <p>Standardized processes and emulation will dramatically ramp up your impact. Find best in class scorecards like the B Impact Assessment to guide your business.</p>	<p>Form an Internal Team</p> <p>Identify evangelists in every department to form a small team dedicated to areas of impact who can educate and encourage those around them to make impact a part of everyone’s role.</p>



Thank you!

