



**PRENTISS  
SMITH & CO**

Socially Responsible Investment Report for:

# SIMPSON MANUFACTURING

Pleasanton, CA

Ticker: SSD US Equity

Website: [www.simpsonmfg.com](http://www.simpsonmfg.com)

Last Updated: 7-28-2021

## I. Exclusionary Screening

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Does SIMPSON MFG appear on any of the following lists? In our exclusionary screening, a single appearance disqualifies an investment.

### Fossil Fuels & Precious Metals Mining

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- BICS - Oil, Gas & Coal
- BICS - Precious Metals Mining
- Carbon Underground 200

### Pornography, Gambling & Tobacco

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- BICS - Casinos
- BICS - Tobacco
- Pornography

### Agrochemicals & Animal Cruelty

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- BICS - Crop Chemicals & Fertilizers
- Cruelty Free Investing 10 Worst

### Defense & Retail Gun Sales

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- BICS - Defense Primes
- SIPRI Top 100
- Gun Retailer
- NRA Top Industry Allies

### Private Prisons

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- BICS - Security Services

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BICS = Bloomberg Industry Classification Systems

SIPRI = Stockholm International Peace Research Institute  
NRA = National Rifle Association

## II. Research Narrative

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What else has our research process told us about how SIMPSON MFG conducts business, in terms of its products and services, its environmental impact, and its approach to governance?

### Summary

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Simpson Manufacturing, through its subsidiary Simpson Strong-Tie, produces a variety of products designed to secure wood and concrete structures. These products, such as connectors, truss plates, fastening systems, adhesives, and reinforcing fiber materials, are critical components for the construction sector. Founded in 1956 as an expansion of a family business, Simpson Strong-Tie now employs over 3,500 people and manufactures products across four continents.

The social benefits of Simpson Strong-Tie are central to its business model. The company's products are an essential component of new and existing homes, and will become even more essential as part of a climate change adaptation strategy. Simpson Strong-Tie designs its products to resist earthquakes, high wind speed storms and hurricanes, and the natural deterioration of concrete structures. The products therefore increase the resiliency of built infrastructure and, in theory, decrease the need to construct new homes or demolish and landfill existing buildings.

Simpson Strong-Tie prides itself on its gender representation in senior management. In the heavily male-dominated manufacturing industry, women hold over 30% of the top five executive positions and board seats at Simpson Strong-Tie. The company's CEO, Karen Colonias, started at the company as an engineer in 1984 and worked her way up in Simpson Strong-Tie to become one of the San Francisco Bay Area's "Most Influential Women" according to the San Francisco Business Times. Despite this progress within the company, Simpson Strong-Tie has much room for continued improvement. Only 22% of its global workforce is female, with the same percent of women represented in senior management. This figure is typical for the manufacturing sector within the United States.

Simpson Strong-Tie also lacks any comprehensive policy to address racial and ethnic diversity at the company or within its management. While the company highlights its gender diversity in its

ESG report, people of color are drastically underrepresented in executive management positions and on the board of directors. Finally, while Simpson Strong-Tie reports metrics for some of its resource use and recycling programs, many materials are left unreported. Simpson Strong-Tie should work to increase the metrics it reports for the many materials it currently says are recycled.

## Products & Services

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Simpson Manufacturing is the holding company for wholly-owned subsidiary Simpson Strong-Tie, a leading manufacturer of construction products designed to secure wood and concrete structures, such as connectors, truss plates, fastening systems, adhesives, and reinforcing fiber materials.<sup>1</sup> These products serve specific, essential purposes for the construction industry. In 1956, after taking over his father's small window screen business, Barclay Simpson expanded into metal fixture manufacturing and founded Simpson Strong-Tie.<sup>2</sup> Simpson Manufacturing is now headquartered in Pleasanton, California and employs over 3,500 people.<sup>3</sup> Simpson Strong-Tie continues to pursue the principles of its late founder, chiefly that a company ought to have a long-term focus, build close relationships with customers, and give back to its community.<sup>4</sup>

## Environment

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As a manufacturing company, Simpson Strong-Tie focuses its environmental efforts on reducing resource use and increasing materials recycling. Simpson Strong-Tie employs lean manufacturing practices and prioritizes research and development efforts on minimizing material use.<sup>5</sup> Since it began reporting in 2015, Simpson Strong-Tie has increased its steel recycling by nearly 40%. The company only reports recycling metrics for steel, but says that it is working to increase recycling of other materials such as aluminum, plastics, paper, and wood.<sup>6</sup> Simpson Strong-Tie has also reduced its water consumption in its manufacturing process by over 40%. The company does not report metrics for energy consumption, but it does list several initiatives centered around efficient lightbulb use and solar power adoption at several of its manufacturing facilities.<sup>7</sup> Following Simpson Strong-Tie's mission of reducing construction waste, the company also boasts that its

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<sup>1</sup> <https://ir.simpsonmfg.com/home/default.aspx>

<sup>2</sup> [https://bancroft.berkeley.edu/ROHO/narrators/simpson\\_barclay.html](https://bancroft.berkeley.edu/ROHO/narrators/simpson_barclay.html)

<sup>3</sup> <https://ir.simpsonmfg.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=14748631>

<sup>4</sup> <https://www.strongtie.com/featured/genuine-commitment>

<sup>5</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

<sup>6</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

<sup>7</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

concrete construction products increase the longevity of concrete structures and reduce the need for demolition.<sup>8</sup> Importantly, Simpson Strong-Tie's construction products are compliant with several sustainable building standards, including LEED, NAHB Green, and regionally specific green building codes.<sup>9</sup>

While Simpson Strong-Tie tracks, reports, and works to improve its environmental impact metrics, perhaps its most interesting environmental contribution is in its core business model of climate change adaptation. The structural connectors and fasteners manufactured by Simpson Strong-Tie will become increasingly important as the changing climate increases the frequency and severity of hurricanes and high-wind speed storms. This is an indirect impact of Simpson Strong-Tie products, but a notable environmental and social benefit of the company's mission.

## Management Integrity and Ethics

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Simpson Manufacturing has been led by President and CEO Karen Colonias since 2012. Ms. Colonias began at Simpson Strong-Tie in 1984 as an engineer designing and testing new products. Ms. Colonias became Vice President of Engineering in 1998 and rose through the company, becoming Chief Financial Officer in 2009. Prior to joining Simpson Strong-Tie, Ms. Colonias worked as a civil engineer for the Bechtel Corporation.<sup>10</sup>

Simpson Strong-Tie focuses its diversity and inclusion efforts on gender diversity and representation. The company reports that in 2015 it was one of 11 companies in the San Francisco Bay Area where women held over 30% of the top five executive positions and board seats.<sup>11</sup> Of the eight members on Simpson Strong-Tie's board of directors, four are women and one is a person of color.<sup>12</sup> In 2018, CEO Karen Colonias was listed by the San Francisco Business Times as one of the "Most Influential Women in Bay Area Business."<sup>13</sup>

Despite this recognition, women continue to be under-represented in Simpson Strong-Tie's overall workforce, in similar proportion to the U.S. manufacturing sector in general. While in 2015, 38% of Simpson Strong-Tie's top five executive positions and board seats were held by women,<sup>14</sup>

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<sup>8</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

<sup>9</sup> <https://www.strongtie.com/resources/product-use-information/faq/green-building-and-lead>

<sup>10</sup> <https://ir.simpsonmfg.com/governance/executive-management/default.aspx>

<sup>11</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

<sup>12</sup> <https://ir.simpsonmfg.com/governance/board-of-directors/default.aspx>

<sup>13</sup> <https://www.bizjournals.com/sanfrancisco/c/most-influential-women-in-bay-area-business-a-to-m.html>

<sup>14</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

in 2021 the percentage has fallen to 30% (the metric is 38% if Karen Colonias is double counted as CEO and board member).<sup>15,16</sup> Of the global workforce, only 22% of employees are women, with the same percentage of women represented in senior leadership positions.<sup>17</sup> According to the Bureau of Labor Statistics, women represent 29.5% of the total U.S. manufacturing sector.<sup>18</sup> The company's racial and ethnic diversity metrics are typical for its industry: 58% White, 20% Latinx, 11% Black or African American, and 10% Asian.<sup>19,20</sup> While Simpson Strong-Tie is not a lagging outlier in the manufacturing industry—and while the company has made progress in its gender diversity—the industry as a whole has much work remaining to close the gender and racial/ethnic representation gap.

Simpson Strong-Tie focuses its charitable efforts in four key areas: construction and building repair, disaster relief, disaster preparedness and resilience, and construction trades education. Since 2007, Simpson Strong-Tie has donated \$8 million to Habitat for Humanity and \$1 million more to other nonprofits that increase the resiliency of homes and help communities recover from disaster.<sup>21</sup> Simpson Strong-Tie also provides \$200,000 of scholarship funding annually to students studying architecture, structural and civil engineering, and construction management.<sup>22</sup> The company also supports several university programs throughout the U.S., through monetary donations and financing for dedicated Simpson Strong-Tie Demonstration Labs.<sup>23</sup>

Our research did not find that Simpson Manufacturing is involved in any significant, material legal proceedings.

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<sup>15</sup> <https://ir.simpsonmfg.com/governance/executive-management/default.aspx>

<sup>16</sup> <https://ir.simpsonmfg.com/governance/board-of-directors/default.aspx>

<sup>17</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

<sup>18</sup> <https://www.bls.gov/cps/cpsaat18.htm>

<sup>19</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

<sup>20</sup> <https://www.bls.gov/cps/cpsaat18.htm>

<sup>21</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

<sup>22</sup> <https://www.strongtie.com/about/company/scholarships>

<sup>23</sup> <https://ir.simpsonmfg.com/esg/default.aspx>

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