

Strengthening and Sustaining Our People, Community and Environment

Corporate Social Responsibility Report 2021



Bennett Plant



Strengthening and Sustaining Our People, Community and Environment

The Environment. Severe weather and challenges from the continuance of the COVID-19 pandemic impacted all aspects of our operations. Reductions in natural gas and energy usage overall followed the production shortfall. The plants continued to sustain strong energy efficiency through regular communications and ongoing technology improvements. Capital expenditures at several large plants improved efficiencies, eliminated high risk jobs and reduced waste generation. In 2021, Acme established its first Key Performance Indicator (KPI) for recycling and was able to save more than 236 tons of waste from being landfilled. The launch of a new Electronic Management Information System (EMIS) in 2021 brought the capability to track regulatory requirements, injury and near miss reporting, audit findings with corrective actions and environmental metrics tracking.

Safety. Providing a safe and healthy workplace for our associates continues to be our goal as we strive to eliminate all injuries and measure more proactive (i.e., leading) indicators. In the last five years, we have reduced our injury rate by 36% and severity of injuries by 75%. In 2021 we initiated near-miss reporting in our production facilities and had more than 300 reported near misses with follow-through corrective actions. We also launched a Learning Management System (LMS) that will provide effective, trackable training across all job positions and disciplines. Acme's Environmental Health and Safety (EH&S) Corporate team continues to conduct EH&S Audits across the operations with a year-on-year improvement in audit scores averaging 14%.

Philanthropy. We seek to strengthen our communities and to contribute to a higher quality of life in the form of money, time or products. This philosophy engages our associates and leaders across the company and enables them to see the results of their efforts. During 2021, Acme Brick Company and our associates donated more than \$61,000 in monetary donations, contributed almost 200 tracked hours of service and provided more than \$21,000 in product donations of our brick, concrete block, flooring and a wide array of other products to those in need. This combined effort benefited more than 50 non-profit organizations.

Culture. We are dedicated to cultivating the success of our Associates through encouragement and culture-based initiatives via the Acme Brick Culture Circle, formed in 2019. The Culture Circle, a diverse group of 16 associates hailing from all lines of service and regions of the company, is working to strengthen our company culture within the framework of our Cultural Beliefs and Pillars.

We care about our communities and believe that it is our privilege to give back to those we serve.

Our leadership team led by CEO Dennis Knautz (Center). Front L to R: Vice President of Accounting Elaine Suleski, Vice President of IT Janya Kieffer and Vice President of HR Carol Kiburz. Back L to R: Senior Vice President of Sales Stan McCarthy, Executive Vice President of Operations Ed Watson, Senior Vice President of Sales Rusty Haile and Senior Vice President of Sales Norris Watson.





From the Earth, For the Earth

While 2021 was a difficult year, these challenges demonstrated our resolve and displayed our commitment to one another, our customers and communities and the environment. Despite the turbulence and delays caused by the pandemic, Acme Brick managed to finish the 4th quarter strong, setting record-breaking sales in both November and December. Because of the efforts of our more than 1,500 Associates, our building products were made, sold and delivered to hospitals, subdivisions and other projects energizing the economy in these communities.

Continuous Improvement and Corporate Responsibility for Our Customers, Our Community, Our Associates and Our Environment

Acme Brick understands the world is constantly changing. To be part of the future, we must remain open to new ways of working. Sustainability is about long-term thinking and leadership. By aligning our corporate responsibility and sustainability vision, we believe we can achieve our KPI goals and continue to make a positive economic profit.

In 2021, we launched a new EMIS, VelocityEHS. This system assures all locations, production and sales are connected to a central system that monitors and tracks regulatory requirements, provides consistency in injury management and up to the minute reporting and collects environmental data.

As we move forward, Acme Brick will look for opportunities to increase efficiency and reduce waste. Upgrades to production operations in 2021 included new equipment and technological advancements at several locations which yielded production efficiency improvements, waste and bat loss reductions, improved energy efficiencies and decreased maintenance downtime hours. Acme continues to focus on sustainability at all levels of operation while prospering financially and driving innovation.



Our EH&S team led by EH&S Director Mary Ann Keon (Right). From L to R: Dave Hillary, Adrian Salazar, Jason Winner and Michael Sutter.



Making A Difference in Our Associates' Lives

Safety is demonstrated through our actions and proven through our results. Year after year, Acme continues to make a difference in our associates' lives. We accomplish this by reducing our number of incidents, reporting near misses, auditing, training and reducing exposure to silica and noise.

Our focus on Total OSHA Recordable Incidents (TRI) and Days Away, Restricted or Transferred Incidents (DART) have made a direct impact on the Severity (total number of days away or restricted duty) of our cases. Severity is an indication of the seriousness of an incident. The lower the severity, the less time an associate's life is negatively affected and the more time they can spend being productive at work and spending quality time with their family.



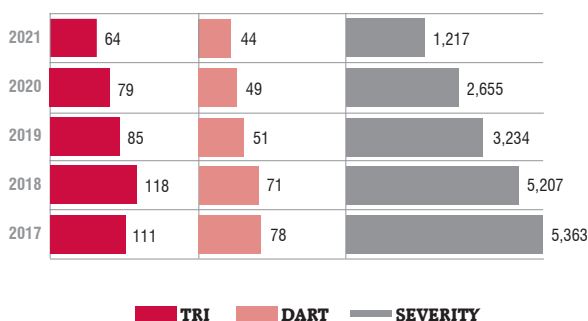
A Zero Injury goal isn't possible without every Associate's help. Please continue to report hazards, near misses and questions or concerns about safety.

TRI, DART and Severity have been decreasing steadily since 2017, the first year we started measuring and setting KPIs around these indicators. The number of TRI cases was 111 in 2017 and 64 in 2021, a 42% reduction. DART cases totaled 78 in 2017 and 44 in 2021, a 44% reduction. Severity decreased from 5,363 to 1,217, a 77% reduction!

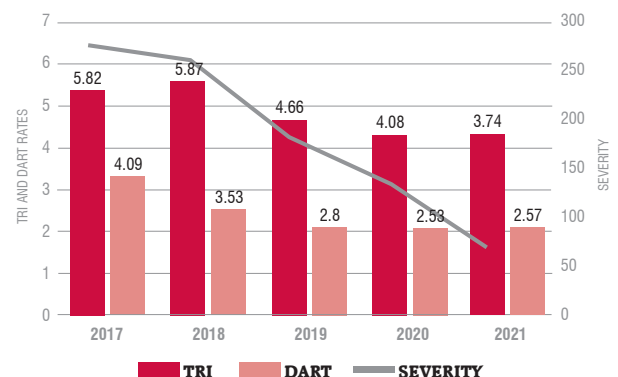
During that time, however, there were several locations closed due to market conditions. In order to account for these changes, the TRI, DART and Severity can be expressed in a rate calculation which takes into account total number of hours worked at a location, division or company and relating it to a 100-person location (OSHA's standard). Using rates, it is possible to account for plant closures as well as compare small and large plants. Rates also allow us to gauge our performance with other companies within the same business group and industry.

As shown in the graph, we have likewise achieved significant reductions in the TRI, DART and Severity Rates. Since 2017, the TRI, DART and Severity rates decreased by 36%, 37% and 75%, respectively. We continue to believe every accident is preventable, and our goal is Zero Injuries. With that in mind, in 2021, we started to formally report near misses. By reporting and addressing a "near miss" we believe we can and will prevent further injury.

Number of TRI and DART Incidents and DART Days (Severity)



TRI, DART and Severity Rates



Health and Safety Audit Testimony:
The interviews from our Health & Safety Audit bring to light several items that can be addressed. I believe we will now be able to improve over the next few months. Thank your staff for conducting the audit; as always, they were very professional and courteous!
~ Tracy Bruton, BTP Plant Manager



Since 2019, we have audited our facilities using an approach focused on seven key areas: Management Involvement, Accident and Incident Investigation, Training and Associate Involvement, Written Documentation, Industrial Hygiene, Plant Conditions and Proactive Opportunities. Collectively, these areas can define the safety culture at a location. After a physical review of the plant equipment and conducting Associate interviews, we develop an overall score from which we action plan needed improvements.

Audit scores have been shown to be directly related to incident history, i.e., higher scoring plants have lower incident rates, lower scoring plants have higher incident rates. Focused corrective actions in these seven key areas have yielded audit score improvements of 14% year on year.

Noise Exposure

Over the last few years, we have made great strides in both identifying and reducing noise exposure in our plants, protecting our Associates from future hearing loss. Four primary job positions where we made the most difference

have seen an average reduction of 9%. We attribute the decrease to implementing engineering controls such as sound absorption panels, enclosures and general maintenance of our equipment.

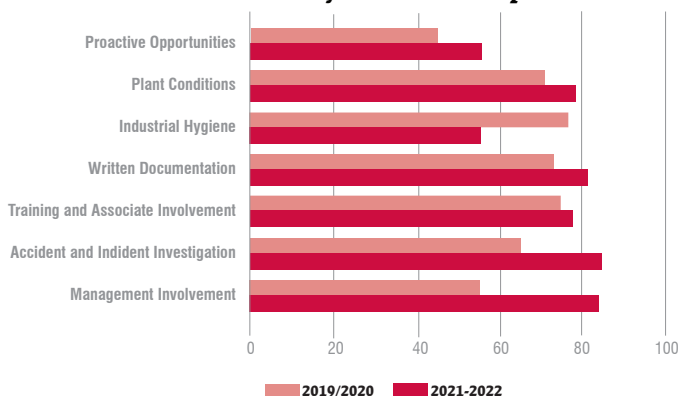
Silica

Acme has performed silica exposure monitoring since 1998 and has made great strides in reducing and eliminating harmful levels of silica exposure. With only a few exceptions, these efforts have reduced exposure levels at most locations to below the OSHA action level. We continue to monitor and develop solutions to eliminate silica exposure in our plants.

Training

Training is a key component in effective Associate development. In 2021, Acme implemented a company-wide learning management system (LMS) that facilitates training across all job positions and disciplines. Through the LMS platform we know our Associates receive both regulatory-required training and training designed to improve their knowledge and leadership skills.

Health & Safety Audit Score Comparison





Energy Usage and Greenhouse Gas Emissions

For the past several years, Acme has hosted routine “Energy Champion” meetings where delegates from each production facility can share ideas, successes and help others solve energy related issues. It is the learnings from these discussions that has helped the production facilities maintain and improve the energy efficiency of their kilns.

~ Jim Krueger, Manager – Research and Production

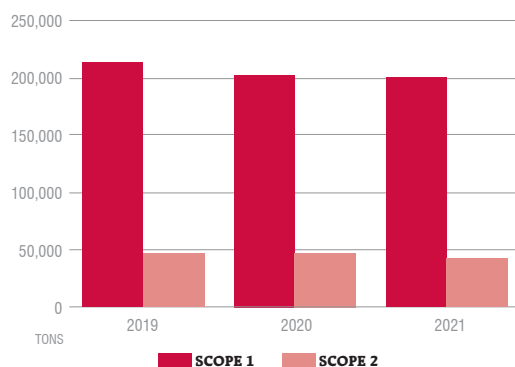


Brick manufacturing is highly energy-intensive because of the nature of the drying and firing process. Acme’s 15 operating brick plants account for 97% of the total energy use by the company. Ninety percent of that energy is from natural gas alone. The production facilities continually strive to improve their efficiency. Because the dryers and kilns operate 24/7, efficiency is mainly dependent on production volume.

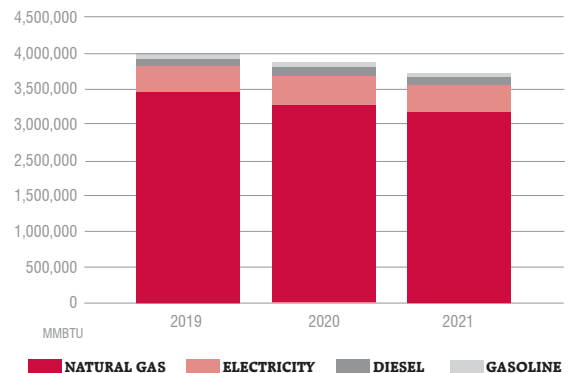
Acme’s businesses were deemed “essential” during the COVID-19 shutdowns. However, the ability to operate given the combined issues of COVID illnesses, associate absences, shipments and raw material disruptions created production issues. In 2021, complications from the extreme weather caused significant production shortfalls at all but two of our brick production facilities. Production volume and natural gas usage decreased by 7% and 8%, respectively, year over year.

Acme’s greenhouse gas emissions, as expressed in CO₂e, saw a 7% decrease as a result of the natural gas reductions from the 2019 baseline year. Despite the weather and COVID-19 disruptions, Acme plants have sustained their efficiency. The energy intensity value of Btu/ton supports this by showing a modest reduction of 1% against the 2019 base year.

Greenhouse Gas Emissions (CO₂e)



Energy Use in MMBTU





In 2021 Acme spent a significant portion of its capital investment budget, more than \$11.9M, on major projects intended to improve efficiencies, eliminate high-risk tasks, reduce bat loss and long associate work hours. A few of these projects included:

- A new setting machine at Elgin (ELP) and updates to the setting and dehacking equipment at Elgin (ENP). We designed the Elgin projects to improve yield by up to 30%, lower losses from 10% to 7% and replace high hazard tasks with more technical and higher-paying opportunities.
- A new dryset upgrade at Sealy (SFP). We project the installation to improve efficiency by 35%, lower losses by 2% and reduce overall costs and work hours.
- Upgrades to the setting machine at Perla Westgate (PWP). This improvement increased a sustainable run rate by 21%, reduced losses by 2% and work hours by almost 50%.

In 2020, Acme signed an agreement with Ryder System, Inc. and transitioned the majority of the heavy fleet to them for brick delivery. Ryder’s specialization in transportation and logistics is expected to provide efficiency improvements in supply chain management. The southeast division continues to operate its 67 trucks under the Acme name.

We recalculated the fuel, mileage and Greenhouse Gas (GHG) data for 2019 and 2020 to remove contributions from the fleet now operating under Ryder. From 2019 to 2021, the southeast division fleet showed a 13% reduction in driven miles, an 8% reduction in diesel usage and a 5% improvement in miles per gallon. The fleet’s onboard computers installed in 2018 and 2019 allow the fleet manager to track and work to improve hard braking events, idling time and, consequently, fuel usage and miles per gallon rating.

We calculated gasoline usage for the company-owned fleet of cars and the business miles driven by Acme’s sales

representatives. Car fleet mileage and gasoline usage both decreased by 19%. The reduction in mileage, both in the car and heavy fleet, is likely a direct result of the COVID-19 disruptions and extreme weather event in 2021.





Water Usage & Waste Generation



Responsible Water Usage

Acme Brick is committed to optimizing our water consumption and identifying opportunities to reduce our water footprint.

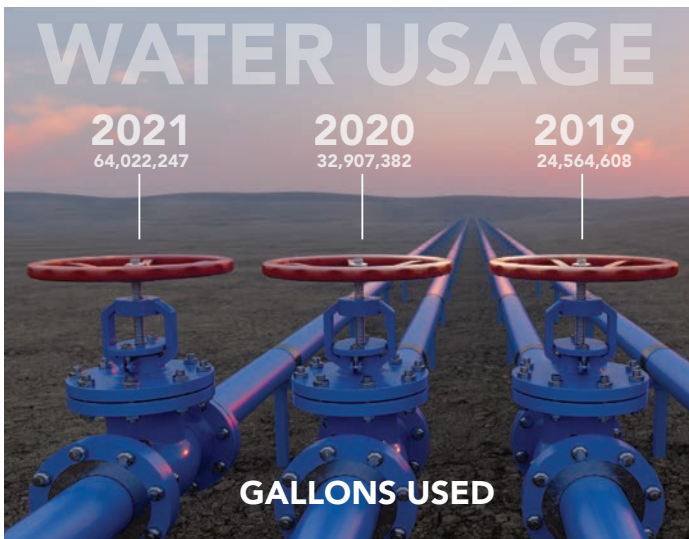
In 2021, our production facilities used more than 64 million gallons of water, the equivalent of 97 Olympic-sized swimming pools. The average plant uses 4.2 million gallons annually for production, equipment washing, showers and domestic use. We continue to improve our methods for calculating water usage as shown in the year-on-year differences.

Waste Generation Improvement

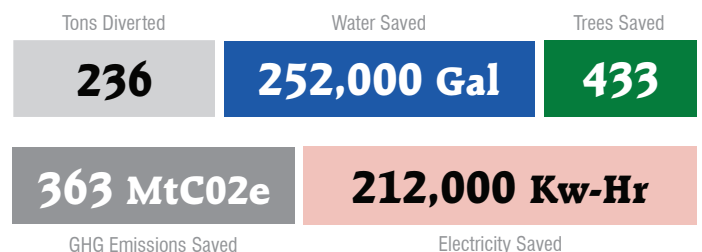
We measure and channel waste toward the best possible use, whether repurposed within our manufacturing processes or through offsite recycling. In 2021, we established our first recycling KPI of 10%. Through our National Contract with Waste Management, we were able to start recycling programs at FWGO, most production facilities and several sales locations.

Because the program did not start until mid-year, we only achieved 4.5% recycling for the year. But, the 4.5% was a diversion of 236 tons from landfills, an estimated saving of 433 trees.

Acme Brick shares the concern over the growing threat waste poses to our communities and local manufacturing environments. To scale and divert future waste will require more cooperation at every business unit. As we move forward, the collaboration with Waste Management will determine the best approach to recycle the identified waste at our facilities.



By the Numbers





Our Operational Footprint



Brick is made primarily from clay and shale, a non-renewable resource. We mine clay, grind it to suitable particle size, mix with water and additives, form it to specific sizes, dry it, fire in a tunnel kiln and package for distribution. The manufacturing of brick is an efficient process losing, on average, only 5% of all material mined during the mining process and 5 to 10% during the manufacturing process. Both sources of “loss”, overburden from mining and brick bats and scrap material from manufacturing, are typically reused or recycled at the mine or in manufacturing. Waste heat from the kiln is reused to heat the dryers, further reducing our natural gas usage.

Our operational footprint includes air pollutants emitted from our kilns and other production operations and stormwater runoff that carries sediments and other pollutants into neighboring streams and rivers. All of these emissions or releases are governed by state and federal site-specific regulatory permits with discharge limits and reporting and recordkeeping requirements. Air pollution control devices at eight of our plants reduce toxic emissions by up to 98%, while

stormwater runoff controls minimize or eliminate sediments and other pollutants from leaving the site.

State and federal environmental permits for Acme’s facilities include 21 air emission permits, 10 individual wastewater discharge permits, 32 plant and mine stormwater permits and numerous stormwater permits for all offsite mining locations. Acme is required to meet specific pollutant limits in these permits and verify compliance through testing, monitoring, reporting and recordkeeping. These permits must be renewed periodically, and limits can change or become more stringent.

Acme continues to monitor federal and state regulatory changes that could impact our operations. Acme’s mining operations are also governed by permits that include reclamation plans to be followed once mining is completed. The goal of reclamation is to restore the site back to a “like original” landscape which could include creating a productive ecosystem or wetlands.



TOTAL TONS OF POLLUTANTS							
	PM	VOC	NOx	CO	SO ₂	HF	HCL
2021	494.10	103.64	189.07	941.35	683.04	82.08	49.89
2020	565.02	83.52	214.70	1028.26	805.06	76.14	53.21
2019	379.46	108.04	225.21	1043.22	920.38	108.38	63.01



Acme Brick believes in serving as a positive influence across the communities in which we operate. Whether our “giving” occurs in the form of money, time or products, such efforts are made to support and strengthen our communities. We strive to contribute to a higher quality of life that may not otherwise be possible.

Rather than have one company-wide focus, we find making most of these decisions at the local level more impactful. This philosophy engages our Associates and

enables us to see the results of our efforts. We have responded to our cultural beliefs of “Doing Right” and “Take Ownership.” Together, we have taken the initiative to get involved, contribute and help those in need.

During 2021, Acme Brick and our associates donated more than \$61,000 in monetary donations, contributed almost 200 tracked hours of service and provided more than \$21,000 in product donations of our brick, concrete block, flooring and other products to those in need.

Our combined effort benefited more than 50 non-profit organizations.





Fort Worth General Office

Thank you, Fort Worth General Office, for more than \$33,500 in monetary donations, 27 organizations assisted and 89 hours of outreach and community support. You made a positive impact on your community!

Non-Profit Partners:

- 6 Stones Mission Network
- Alzheimer's Association of North Central Texas
- American Heart Association
- Arthritis Foundation
- Boys and Girls Club of Tarrant County
- Burleson Police Officer's Association
- CASA of Tarrant County
- Center For Transforming Lives
- Children's Medical Center – Dallas
- Chisholm Trail High School
- Cook Children's Hospital
- Fort Worth Cancer Care
- Fort Worth Independent School District
- Fort Worth Rotary
- Heart of Gold Foundation
- LSU Athletic Foundation
- Meals on Wheels
- Rescue Her
- Restoration Family Church Thanksgiving Food Give-Away
- Tarrant Area Food Bank
- Texans Can Academies
- Texas Central Bleeding Disorders / Hemophilia Association
- The Jordan Elizabeth Harris Foundation
- YMCA of Metropolitan Fort Worth
- Youth Advocate Programs

North Texas Production Region

Thank you, North Texas Production Region, for your generous food and toy donations. You made a positive impact on your community!

West Texas Sales Region

Thank you, West Texas Sales Region, for \$12,500 in monetary donations and \$4,000 in in-kind Acme product donations supporting the Habitat for Humanity Lubbock Chapter and MTK Foundation. You made a positive impact on your community!

Central Texas Sales Region

Thank you, Central Texas Sales Region, for more than \$1,700 in monetary donations, \$3,200 in in-kind Acme product and other donations, 9 organizations assisted and 4.5 hours of outreach and community support. You made a positive impact on your community!

Non-Profit Partners:

- 21st Annual Construct A Kid's Christmas Toy Drive
- Belton Independent School District
- City of Longview
- City of San Antonio
- Haven for Hope
- Lonestar Day of Protecting the Lives of All Youth (P.L.A.Y.)
- San Antonio Food Bank
- San Antonio Humane Society
- Texas Special Children's Project

Central Sales Region

Thank you, Central Sales Region, for more than \$1,800 in in-kind Acme product donations. You made a positive impact on your community!

Southeast Central Sales Region

Thank you, Southeast Central Sales Region, for more than \$450 in monetary and other in-kind donations supporting the Laura Crandall Brown Foundation. You made a positive impact on your community!



Southeast Production Region

Thank you, Southeast Production Region, for your in-kind donations supporting Sheperd Supply. You made a positive impact on your community!

Midwest and Midwest Sales Regions

Thank you, Midwest and Midwest Sales Regions, for more than \$8,300 in monetary donations, \$7,300 in in-kind Acme product donations and 3 organizations assisted. You made a positive impact on your community!

Non-Profit Partners:

- American Cancer Society
- Habitat for Humanity
- Habitat for Humanity's Resale Store

South Texas Production Region

Thank you, South Texas Production Region, for more than \$2,000 in monetary donations, 9 organizations assisted and 102 hours of outreach and community support. You made a positive impact on your community!

Non-Profit Partners:

- American Cancer Society
- Austin County Fair Youth Showmanship
- Bellville Food Bank
- Bellville High School Athletics
- Brazos High School
- Sealy Chamber of Commerce
- Sealy Community Foundation
- Sealy High School Athletics
- St. Mary's Catholic Church

Midwest Production Region

Thank you, Midwest Production Region, for more than \$800 in monetary donations supporting the Boys and Girls Club of Malvern. You made a positive impact on your community!

Southern Sales Region

Thank you, Southern Sales Region, for more than \$2,200 in monetary donations, more than \$5,400 in in-kind Acme product donations and 4 organizations assisted. You made a positive impact on your community!

Non-Profit Partners:

- Boy Scouts of America
- Hope House for Women of Domestic Violence
- Non-Profit Church
- St. Jude Children's Hospital – Memphis



In 2021, the Culture Circle continued to strengthen Acme's cultural foundation, support their fellow Associates and to assist in making Acme Brick a greater place to work. We accomplished this by implementing **Associate Celebration Days**, utilizing **Culture Champions**, enhancing **leadership engagement** and improving the **new hire onboarding experience**.

Associate Celebration Days. The Culture Circle planned four quarterly celebration days in which locations would take some time out of the day to share a laugh and a treat with their fellow Associates. We began 2021 with National Fun Day at Work. Q2 we celebrated Acme's 130th birthday with our logo contest. Q3 we beat the summer heat with Cold Treat Day and in Q4 we held Focused Recognition Day. Response regarding the quarterly celebration days has been overwhelmingly positive! Associates genuinely look forward to the celebration days; they engage associates and can be a huge morale booster when everyone has a chance to relax and enjoy each other's company.

Culture Champions. The Champions have been a vital part of the Circle's morale boosting efforts. They plan their location's celebration days, maintain an associate celebration board, encourage participation in culture activities and serve as ambassadors of our Cultural Beliefs. They provide valuable feedback to the Culture Circle about successes and improvements that could be made. They are indispensable to the success of our cultural initiatives.

Leadership Engagement. The Culture Circle worked closely with our leaders to share the importance of culture programs by speaking at meetings whenever possible. When all management levels are engaged, associates feel supported and part of the team.

New Hire Onboarding. To better support our newest associates and reduce our turnover rate, the Culture Circle began work on improving and standardizing the onboarding experience. We created an onboarding video, featuring our executive leaders and associates, to welcome and inform our new hires. HR created a benefits video to provide helpful information. Work is continuing on line-of-service specific onboarding guides, an onboarding checklist to be utilized by the hiring managers and a post-onboarding survey. All this will be available on the new Onboarding page that will launch in Spring 2022.





How COVID-19 Shaped our World in 2021

The COVID-19 pandemic, which emerged in 2020, continued into 2021. Protecting our associates and customers is important to Acme and aligns with our cultural beliefs of “Doing Right” and “Take Ownership.”

Strong demand for our products existed throughout 2021. This demand put incredible stress on our workforce to maintain our production throughout the pandemic-related interruptions. We salute the hard work and commitment of our associates for seeing us through the pandemic in 2021.

Throughout the year we continued to develop and revise health and safety guidelines in accordance with the Centers for Disease Control and Prevention (CDC) and local, state and federal health agencies to mitigate the spread of the virus. This guidance was made available to our associates via leadership, emails, our intranet and print.

Our associates were provided face coverings and disinfectants. We maintained masking, social distancing and quarantines as indicated by the CDC. Our facilities modified areas to ensure recommended social distancing. Our corporate office in Fort Worth imposed health and safety measures to include visitors by appointment only and the wearing of face coverings in indoor public areas. As a company we chose to incent our associates to get fully vaccinated by including full vaccination as an additional eligibility criterion for the wellness incentive for 2022.

These protocols remain in place as we balance the safety of our associates with the critical needs of our customers. Moving forward, the company will continue to monitor CDC guidance and revise these guidelines as needed. Protecting our associates and customers is key for Acme to continue to be a **Great Place to Work**.





Our Organization Partners

21st Annual Construct A Kid's Christmas Toy Drive	Habitat for Humanity
6 Stones Mission Network	Habitat for Humanity's Resale Store
Alzheimer's Association - North Central Texas Chapter	Haven for Hope
American Cancer Society	Heart of Gold Foundation
American Heart Association	Hope House for Women of Domestic Violence
Arkansas Valley Habitat for Humanity Re-Store	Laura Crandall Brown Foundation
Arthritis Foundation	Lonestar Day of P.L.A.Y.
Austin County Fair Youth Showmanship	LSU Athletic Foundation
Barling Elementary School	Meals on Wheels
Bellville Food Bank	MTK Foundation
Bellville High School Athletics	Non-Profit Church
Belton Independent School District	Rescue Her
Boy Scouts of America	Restoration Family Church Thanksgiving Food Give-Away
Boys and Girls Club of Malvern	San Antonio Food Bank
Boys and Girls Club of Tarrant County	San Antonio Humane Society
Brazos High School	Sealy Chamber of Commerce
Burleson Police Officer's Association	Sealy Community Foundation
CASA of Tarrant County	Sealy High School Athletics
Center For Transforming Lives	Shepherd Supply
Charles Haley's Tackle Tomorrow Food Drive	Special Touch Ministries
Children's Medical Center – Dallas	St. Jude Children's Research Hospital
Chisholm Trail High School	St. Mary's Catholic Church
City of Longview	Tarrant Area Food Bank
City of San Antonio	Texans Can Academies
Cook Children's Hospital	Texas Central Bleeding Disorders/Hemophilia Association
Fort Worth Cancer Care	Texas Special Children's Project
Fort Worth Independent School District	The Jordan Elizabeth Harris Foundation
Fort Worth Rotary	YMCA of Metropolitan Fort Worth
Freedom Pantry of Denton	Youth Advocate Programs



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