

2022 ESG REPORT



Contents

3	A Message from our CEO
7	Introduction to TopBuild
15	ESG Materiality Assessment
19	Environmental
29	Social
50	Governance
62	About this Report
64	Reporting Indexes
66	Endnotes



Section 1

A Message from our CEO



A Message from our CEO

At TopBuild, increasing energy efficiency in the built environment through insulation and insulation-related products is what we do. Every day our professionally trained installation and specialty distribution warehouse and driver teams deliver solutions to sustain and improve the thermal qualities of residential homes, commercial buildings, and industrial sites. Through our work we help to lower energy costs and reduce greenhouse gas (GHG) emissions in built environments, all while improving safety, comfort, indoor air quality, and health outcomes in the spaces where people live, work, and play.

Guided by our core values and enabled by the high and efficient operational standards in place across our 400+ locations, our commitment to environmental, social, and governance (ESG principles) aligns with how we conduct our business to consistently deliver these benefits for our stakeholders.

OUR ESG PERFORMANCE BEGINS WITH OUR PEOPLE

With more than 13,000 employees in the United States and Canada, we consider the health, safety, and well-being of every employee our top priority. We are committed to a diverse and inclusive culture focused on talent development, innovation, transparency, and strong and equitable management practices. We embrace our responsibility to support the many communities in which we operate, and are continuously driven to deliver business accountability through the policies and practices of our company and the activities of our team members.

Our ESG commitment starts at the top of our organization – but it doesn't stop there. The principal elements of our ESG program are woven into the daily practices of our business. From our Board of Directors to our employees, suppliers, investors, and customers, everyone in the TopBuild family plays a role in bringing our ESG commitments to life.



Robert Buck,
President and CEO

In 2022, we continued to deliver against our ESG goals and commitments. For example, we

- Increased ESG disclosures in our financial filings
- Enhanced our benefits to further support employee well-being and continue to serve as an employer of choice for top talent
- Reported our best annual results ever with regards to our safety performance
- Developed internal Employee Resource Groups to help provide necessary resources to our valued employees
- Collaborated with leading insulation manufacturers to evaluate and bring new sustainable materials to market through thorough review and testing
- Piloted the use of electric vehicles (EVs) in our operations to assess how electrification may help us optimize our fuel consumption, reduce GHG emissions, and improve fleet efficiency
- Launched Leadership Expectations, a new model that builds on three core principles – Respect, Grow, and Perform, to empower and foster leadership and support our diversity and inclusion goals at every level of the organization
- Maintained overall representation of diverse employees above construction industry averages

SEEKING INPUT TO REFINE OUR APPROACH

We are proud that ESG is inherent in all facets of our operating model as we focus on driving profitable growth in our business while employing sustainable methods to deliver the benefits of insulation and insulation-related products and services to our customers and communities. But we also accept the opportunity to receive input, learn about best practices, and consider how we may improve in the future.

In 2022, TopBuild partnered with a leading independent advisory firm to conduct a materiality assessment to inform and refine the focus of our ESG strategy and efforts. Through this process, we gathered objective feedback from across the TopBuild stakeholder universe and obtained greater clarity on their expectations of our ESG program .

Throughout this fifth annual ESG report, we will spotlight insights from the materiality assessment to help punctuate the successes of our current program and identify potential areas of opportunity for the future as we continue to grow.



OUR JOURNEY CONTINUES

As a business dedicated to delivering energy efficiency with a history of commitment to employee health and safety and a track record of strong corporate governance, our focus on ESG is not new. Our parallel commitment to company values of continuous improvement and innovation means that striving to improve how we practice ESG is a natural part of our company DNA.

We remain dedicated to supporting our customers in achieving their sustainability goals through our energy-efficient insulation products, delivered through our best-in-class distribution and installation services. And we will continue to build the type of company that treats all customers, shareholders, employees, supplier partners, and communities with honor, dignity, inclusivity, and respect.

We are proud of our progress in 2022 and are committed to continuing our journey into 2023 and beyond. I invite you to learn more about how we draw on our values, ESG strategy, and business practices to deliver for our stakeholders and to create a stronger, more resilient and sustainable company.

Thank you,



Robert Buck
President and Chief Executive Officer





Section 2

Introduction to TopBuild



Introduction to TopBuild

WHO WE ARE

We are the leader in residential, commercial, and industrial insulation and related building materials across the United States and Canada.

WHAT WE DO

We combine local expertise with national resources to improve energy efficiency across a wide range of residential and commercial spaces, making them more comfortable while reducing their carbon footprint.

Our diversified business model includes installation and specialty distribution of insulation and related products to the residential, commercial, and industrial end markets, where we service more than 17,000 job sites every day through our installation business alone.

With more than 13,000 employees in more than 400 branch locations, we have the reach and local expertise to support our customers' needs – from small, single-site requests to larger regional and national requirements.

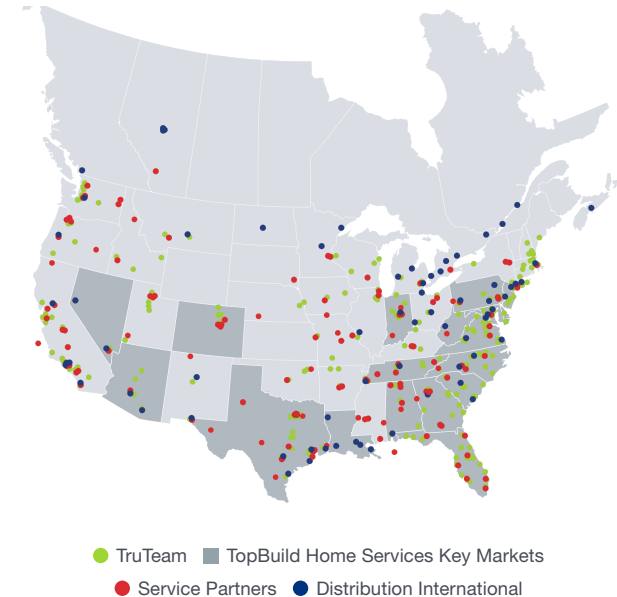
We recognize that one size does not fit all. Our branches are experts in local climate zones, product application options, and building code requirements, ensuring that our installation, fabrication, and distribution services are focused on specific customer and project needs and deliver the desired energy efficiency outcomes.

HEADQUARTERS
DAYTONA BEACH, FL

REVENUE
\$5.0B

EMPLOYEES
~13,000

TOTAL BRANCHES
~410



OUR BUSINESSES

INSTALLATION

We deliver the energy-saving benefits of insulation by installing directly, or helping contractors to install, materials that improve the thermal performance of new homes and commercial and industrial facilities.

Our Installation business is comprised of two divisions: TruTeam® and TopBuild Home ServicesSM.



TruTeam is the leading installer of residential insulation to the U.S. construction industry. Through a network of approximately 235 branches, TruTeam handles every stage of the installation process, including material procurement, project scheduling and logistics, multi-phase professional installation, and installation quality assurance.

Sustainability is at the core of our installation team's everyday mission. TruTeam's insulation install process begins through consultation with the customer on what level of energy efficiency, comfort, or energy cost savings they want or need to achieve. Based on that, TruTeam designs a product and install plan to deliver those efficiency goals.



TopBuild Home Services, Inc. (TBHS), a partner division to TruTeam, applies the latest knowledge of building science to help insulators and builders design and construct new homes that are more comfortable and energy efficient.

As one of the largest Home Energy Rating Systems (HERS) Index raters in the U.S., and deeply knowledgeable about climate zone code requirements and advanced energy efficiency methods, TBHS offers builders a number of sustainability-focused services, including pre-construction energy modeling for house plans, onsite energy efficiency testing, certification for many leading home energy efficiency programs and training on how to reduce home energy consumption through insulation and air sealing.



Victor M
TruTeam

TBHS also partners internally with TruTeam to advise on changing energy code requirements, support installer training, and develop innovative solutions to efficiency challenges.

TBHS's proprietary Environments for Living® program provides a direct energy savings guarantee to owners of newly constructed homes. As a long-standing partner to the ENERGY STAR® for Homes certification program, TBHS has received ENERGY STAR awards for more than 15 consecutive years.

Specialty Distribution

Our Specialty Distribution business is a leading distributor and fabricator of insulation materials for the residential, commercial, and industrial end markets in North America.

Focused on supplying both high-quality insulation products and highly technical insulation applications, TopBuild Specialty Distribution supports customers in identifying energy-efficient solutions by offering the unique combination of product selection, with deep expertise and industry knowledge, and on-time jobsite delivery.

The Specialty Distribution segment is comprised of two divisions: Service Partners® and Distribution International.



Service Partners is a leading distributor of building insulation and insulation accessories in the U.S. serving the residential and commercial end markets. With a nationwide network of more than 75 distribution centers, Service Partners is a one-stop shop for top-grade building insulation, air sealing, and related products for residential and commercial projects. Service Partners offers a variety of value-added services including spray foam training, rig design and repair for aspiring contractors, jobsite delivery, and product application training.



Humberto D
Service Partners



Distribution International is a leading distributor of mechanical insulation and related accessories for the industrial and commercial end markets across North America. With more than 100 branches, including 17 in Canada, Distribution International serves a wide variety of industries and customers including chemical plants, oil refineries, power plants, marine, and mining.

In addition to the distribution of a wide range of mechanical insulation products, Distribution International offers a variety of highly specialized custom fabrication services and targeted insulation products, serving as a single-source solution for mechanical insulation needs.

Read our most recent [Annual Report](#) for additional information about our business and segments.

HOW WE DELIVER

We are a values-driven organization aligned around a shared vision and mission and supported in execution through clear leadership principles and a diverse and inclusive culture. We have built a strong foundation for growth, driving operational excellence and consistent execution throughout our organization, which in turn supports our sustainability priorities and efforts.

OUR VISION To achieve sustainable, profitable growth through the installation and distribution of insulation and related products throughout the United States and Canada.

OUR MISSION To lead our sector while driving operational efficiency and excellence, exceeding customer expectations, operating according to our values, and promoting safety and ethics.



Fabrication Machine
Distribution International

OUR LEADERSHIP PRINCIPLES

To improve the communities that we serve, modeling the behaviors we expect from our supplier partners and embracing our role as custodians of our planet.

OUR VALUES

Beyond words on a page, our team's goals and deliverables are anchored in a key set of essential company values that help to guide our priorities and our behaviors every day. Many of our values, including Safety, Unity, and Innovation directly contribute to our ability to weave ESG priorities into our operating business.



SAFETY

We put the **safety** of our **people** first.



INTEGRITY

We deliver results with **integrity**, **respect** and **accountability**.



FOCUS

We are **customer-focused**, grounded in strong relationships.



INNOVATION

We are **continuously improving** and encourage idea sharing.



UNITY

We are united as **one team**, valuing **diversity**.



COMMUNITY

We **make a difference** in the communities we serve.



EMPOWERMENT

We are **empowered** to be our best, individually and as a team.

OUR STAKEHOLDERS

One of TopBuild's core operating strengths is the breadth, diversity, health, and capability of our stakeholder network, which includes employees, customers, suppliers, investors, and the communities in which we work and live.

Our ongoing interactions with our network offer unparalleled access to leading products, industry expertise, and best practices which help to fuel our business and growth objectives. This network also informs our approaches to ESG and sustainability by providing insights on priorities and feedback on our progress and potential for improvements.

Engaging with employees

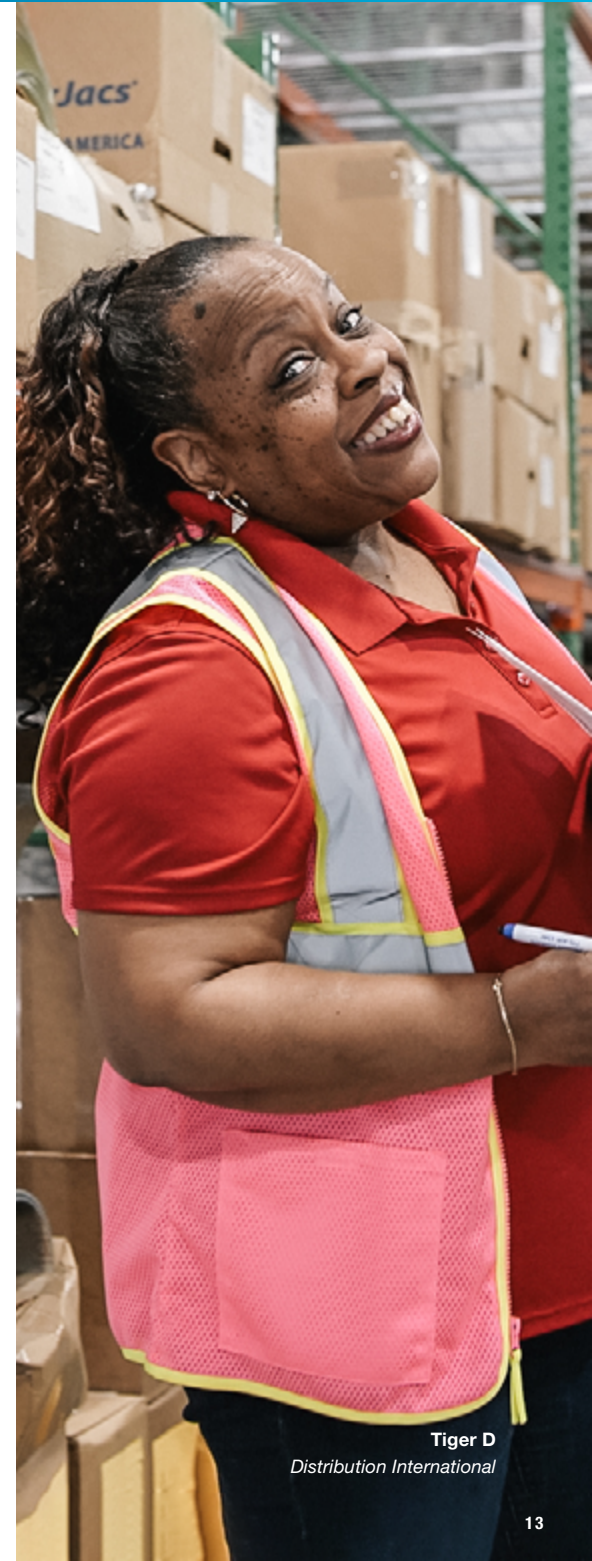
With more than 13,000 employees in the U.S. and Canada, the health, safety, and well-being of our people is our top priority.

To better understand what our employees need and expect of us, we engage with our employees regularly through training, voice-of-employee surveys, manager discussions, and diversity and inclusion council meetings.

Daily interaction with customers and suppliers

Our customers and suppliers lie at the heart of everything we do, and they rely on us to bring the latest insights and materials to help them best serve their stakeholders.

Through direct contact on job sites or in the office, we work with our customers to create solutions that enhance the energy efficiency of their projects, whether they be residential, commercial, or industrial. This feedback loop informs how we collaborate with our suppliers to anticipate and address customer needs. Our commitment to continuous education on key changes and trends in products, codes, incentives, building processes, and application best practices helps our local teams to provide expert knowledge, training, and consultative support to our customers and is a powerful channel for our suppliers.



Tiger D
Distribution International

Proactive investor calls and events

We focus on ongoing communications with our shareholders to better understand their priorities and determine how to address their expectations while supporting our overall growth strategy.

We seek input from investors throughout the year at sell-side sponsored industry conferences, on quarterly earnings conference calls, and during individual meetings and conference calls. In 2022, our CFO and investor relations team participated in 11 sell-side industry conferences, hosted an investor day, and conducted individual investor meetings with more than 160 separate institutions. While most discussions concern our operations, business performance, and long-term strategy, we also emphasize our commitment to managing and growing our business in a sustainable and socially responsible manner in line with our core values.

Community service and engagement

We take great pride in helping to strengthen our communities.

As a leading installer and specialty distributor of energy-saving insulation products and accessories to the construction industry in North America, we have a presence in more than 400 communities throughout the U.S. and Canada. These are not only branches or job sites – they are homes to our customers, employees, and their families. We want them to be healthy, comfortable, and prosperous places to live, work, and play. Through charitable activities, individual acts of service, and donations on both a national and local level, we actively engage with our communities to better understand and address their needs.

Our deep commitment to our mission, values, and leadership expectations, informed by the voices of our stakeholders, underpin our business strategy and guide our sustainability efforts to areas where we can deliver the greatest impact.



Earth Day 2022
TopBuild



Section 3

ESG Materiality Assessment



ESG Materiality Assessment

PURPOSE AND PROCESS

Sustainability is fundamental to our core business model. Our commitment to continuous improvement and innovation also drives us to seek objective perspectives on how we are performing now and how we can continue to evolve our efforts.

In 2022, we conducted our first formal materiality assessment to identify, validate, and prioritize ESG topics that are critical to both our stakeholders and to our business. The assessment, supported by an independent, leading third-party advisory firm, highlighted priority ESG topics and associated actions that will be the most impactful for the company and in our community.

This process included:

- Identifying potential ESG priority topics through extensive research
- Refining and clarifying topics via interviews and surveys
- Prioritizing material topics through additional quantitative analysis
- Understanding strengths and potential areas of opportunity in these areas through peer benchmarking, ratings analysis, and broader stakeholder feedback

To start, we considered and compared TopBuild's efforts and priorities against global ESG standards and frameworks, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD). We also analyzed TopBuild's performance on commonly used ESG ratings such as MSCI. We then examined additional sources,



Armando D
TruTeam

including industry and policy research, and media analysis to identify emerging topics and trends. This analysis produced a list of potential topics of importance to our stakeholders, which we then tested via interviews and surveys.

We analyzed each ESG topic and assigned weightings associated with their importance to our business performance and to our stakeholder groups, including our investors, employees, customers, suppliers, regulators, and community. This analysis yielded four topics considered most material to our business, which inform the content in this report, as well as topics to consider as we refine and evolve our ESG program.

RESULTS: OUR MATERIAL ESG TOPICS

TopBuild has been highly invested in the safety lifestyle and inclusive environment of its employees and the “Materiality Assessment” performed in 2022 only further highlighted that TopBuild was already prioritizing the right ESG areas important to its stakeholders. Some of these key areas of focus are as follows:

Combatting climate change through sustainable products

Continued focus on products that provide inherent environmental efficiencies, decreasing energy use and emissions, ultimately reducing environmental impacts and protecting the climate.



Employee health, safety and engagement

Continuing to provide all employees with a safe, healthy, and engaging work environment through TopBuild policies and initiatives.



Diversity and inclusion

Continuing to create a workplace that is diverse, inclusive, and representative of the communities we serve, where team members are valued for their differences and provided opportunities for advancement.



Business model resilience

Managing social, environmental, and regulatory risks and opportunities to promote resilience throughout our business model.



LOOKING AHEAD: ENHANCING OUR ESG STRATEGY AND EFFORTS

In addition to defining our priority ESG topics, we also compared our performance on these topics versus peers, best practice, and accepted ESG ratings, including MSCI. The benchmarking yielded a number of areas of strength, along with potential opportunities to further evolve our efforts.

In the following pages we provide information on our current efforts in these areas and offer ways we may build on that work in the future.

We are also committed to ongoing engagement with stakeholders and benchmarking of our performance as we seek to strengthen our ESG program and efforts.



Khalid K and Jacques B
TruTeam



Section 4

Environmental



IN THIS SECTION

Combating Climate Change with Sustainable Products
Driving Operational Sustainability

Environmental

COMBATTING CLIMATE CHANGE THROUGH SUSTAINABLE PRODUCTS



The Business of Saving Energy

As a leading insulation provider in the U.S. and Canada, we are in the business of helping our customers and their end users achieve the full energy-saving benefits that insulation products have to offer. This focus on combatting climate change through our business is one of our and our stakeholders' top sustainability priorities and emerged as one of our four priority material ESG topics.

Buildings are responsible for nearly 40 percent of global energy-related greenhouse gas emissions (GHG). But insulation, when properly installed, can help reduce energy demand and the resulting emissions over the full lifecycle of any structure – potentially by up to 50 percent. In fact, the Natural Resources Defense Council has called energy efficiency in homes alone, through measures such as improved insulation, the single largest intervention to tackle GHG emissions in the U.S.¹

Insulation products are a critical component of the overall thermal and energy efficiency of a building and the sustainability of the built environment more broadly. In short: insulation helps buildings stay comfortable longer without additional energy demand. Energy savings can translate to cost savings and lower GHG emissions, which ultimately benefit the economy, homeowners, and the environment.

But insulation in a bag will not produce the energy efficiency and associated GHG reduction that the material's core qualities inherently offer. Those materials must be accurately, efficiently, and safely sold and installed in line with best practice and the latest building science and energy codes.

This is where TopBuild's expertise comes into play. Every day we select, sell, install, test, and certify

insulation solutions to improve energy usage and produce the many benefits of insulation in new and existing homes and buildings, driving reduced energy consumption and a more sustainable built world.

Product Partnerships to Deliver Insulation's Environmental Potential

TopBuild's network of product partners helps create great access to materials and value-added services. It also offers us the ability to bring materials with highly sustainable attributes including recycled content, improved indoor air quality and reduced emissions, to our installation and distribution customers. Through our network of leading and emerging product manufacturers, TopBuild is able to maximize the environmental benefits of existing insulation products and evaluate and help nurture and mature new products.

Through ongoing engagement with our largest partners TopBuild is able to evaluate and implement legacy and new materials as they are developed and launched. We are proud to be a first-stop resource to manufacturers for testing and providing feedback and recommendations on how changing or new products may perform in the distribution, fabrication and install markets. We deeply appreciate the trust our partners offer us through the opportunity to evaluate and help to evolve their product portfolio.

Our additional focus on creating relationships with start-up companies and research organizations creates access to new partners with the potential to bring innovative products to market. By maintaining testing and in-field programs with emerging suppliers over time, our hope is to help introduce new products and applications that will help drive the future of energy-efficient insulation.

TopBuild Sustainable Solutions

Many of our long standing and new partners are committed to improving environmental impacts in the built world by expanding energy efficiency and reducing the carbon impact of insulated buildings. This multi-faceted approach to building and maintaining relationships and product knowledge across the spectrum of insulation businesses helps TopBuild stay informed of emerging trends and ready to bring to market new materials with potential to deliver customer value and environmental impact.

To more fully leverage this capability and access, in 2023 we will continue building TopBuild Sustainable Solutions, a curated selection of products and services that can help our customers achieve their sustainability and ESG goals. Through evaluating, testing, and tailoring a slate of both existing and



TruTeam

SUSTAINABLE BY DESIGN⁶

Adding to insulation's ability to create a net environmental benefit is the use of recycled materials in its production.

60%

recycled glass in
typical fiberglass
insulation

75%

average post-
industrial recycled
content in mineral
wool

85%

maximum recycled
material content in
cellulose insulation,
including recycled
paper products

new products with our supply partners, we believe TopBuild can help our customers better translate sustainability intentions to in-market execution. And coupled with our strategic consultative input on building science and training support on changing energy codes and incentives, we hope to provide both value and expertise.

Three partner relationships and products offer insight into how we imagine featuring both legacy and new materials with high impact environmental values via TopBuild Sustainable Solutions: Knauf, BASF and TimberHP.

Environmental Impact through Legacy Materials



Knauf EcoBatt®

Fiberglass insulation is the core insulating material that TopBuild sells and installs across our footprint. As our largest current fiberglass supply partner, we are glad to provide a strong channel to Knauf Insulation North America and their suite of products that are creating improved energy efficiency in homes and businesses. A significant portion of the fiberglass insulation we deploy in the market is from the environmentally-forward Knauf EcoBatt® product line. In addition to providing high insulating performance to reduce energy consumption and heating and cooling costs, this product line is:

- UL Environment-certified for recycled content with an average of 61 percent of the material being made from recycled content.
- Made with a bio-based binder, reducing the carbon emissions and petrochemical content of this highly energy-efficient product.
- Formaldehyde-free. All unfaced and Kraft faced EcoBatts are Living Building Challenge (LBC) Redlist Free of more than 800 environmentally challenging chemicals².

Every day, TopBuild passes these high-impact environmental benefits on to the customers of our distribution and installation businesses, helping them to enjoy improved energy efficiency and reduced exposure to harmful chemicals along with the benefits of recyclable materials. As Knauf continues its sustainability journey, we look forward to serving as a channel for the advances that are yet to come.



Ding D
TruTeam

Improved Sustainability through Maturing Innovative Products



BASF Spray Foam Products

Over the last 20 years, spray foam insulation has advanced from a niche innovation to a meaningful part of our insulation solutions portfolio. TopBuild companies were there every step of the way, helping to review, test, and improve the insulating and energy-efficiency impact of spray foam products through the feedback of our professional teams. During the course of this journey and today, TopBuild is proud to partner with BASF to bring their spray foam products to the breadth of our distribution and installation channels. Sustainability is at the core of what BASF does and their continued innovation of high-performance materials drives a variety of sustainability objectives across the entire value chain and offers customers meaningful sustainability benefits.

All BASF spray foam systems currently sold by TopBuild are ENERGY STAR certified insulations that carry UL GREENGUARD Gold certification and can help achieve key green building status including LEED³. Screened for more than 15,000 Volatile Organic Compounds (VOCs) and certified as low emitting, these products deliver critical energy efficiency, and help our customers to create safer, more comfortable and healthier indoor environments.

BASF and TopBuild are also engaged in the process to shift spray foam blowing agents from hydrofluorocarbon-based (HFC) to hydrofluoroolefin-based (HFO) to help reduce the overall GHG emissions for spray foam applications and improve total environmental impact in construction. Industry-wide Environmental Product Declarations (EPDs) show that HFO-based spray foams would generate only one-fifth of the global warming potential (GWP) produced by HFC-based foams^{4,5}. Throughout this transition process, TopBuild's professional teams have reviewed, tested, and provided feedback on the performance of BASF HFO products and currently offer HFO solutions in several U.S. markets.

We look forward to continuing the roll-out of low-GWP HFO products, bringing the benefits of reduced carbon emission spray foams to more TopBuild customers over time, while engaging in the next evolution of BASF's product strategies to reduce embodied carbon in the built environment through spray foam products.



New Material Innovations to Drive Future Sustainability



TimberHP TimberFill™ Blown-In Wood Fiber Insulation

TopBuild has long been a leader in helping to introduce and mature new products into the insulation market. In a continuation of this heritage, we are proud to partner with TimberHP, a U.S. based start-up that is working to introduce wood fiber insulation to the North American construction market building on the material's success in Europe over more than twenty years. A carbon-negative material, wood fiber insulation also has critical thermal, fire, pest, water, and energy efficiency properties⁷.

As TimberHP's first installation partner for TimberFill blown-in wood fiber insulation, TopBuild's field, supply chain, and innovation teams have tested the product and considered the potential impact of wood fiber fill insulation in our markets, and we are excited to help introduce the energy efficiency and environmental promise offered by wood fiber.

In addition to traditional insulation benefits and the ability to reduce carbon impact, TimberFill is non-toxic, created from sustainably sourced softwood fiber waste and fully recyclable, offering potential to be an infinitely renewable material. The immediate value of a blown-in solution in key residential markets makes this a strong and natural first opportunity for TopBuild's teams to test the product's capabilities and bring the product's innovative and environmental value to our customer base.

TimberHP is focused not only on selling sustainable products, but on functioning as a sustainable business. TimberHP's initial manufacturing facility is powered by local hydroelectricity and is part of a substantial community revitalization program to retool a previously defunct manufacturing plant and retrain workers to support their new product focus. TopBuild is pleased to be the first installation partner to help bring these values and the high-impact product benefits of TimberFill to our customers through the scale of our footprint beginning in 2023.



DRIVING OPERATIONAL SUSTAINABILITY

Sustainable practices have always been embedded in our standard business operations. Beyond the benefit to the environment, these practices help our business become stronger and more resilient. We manage our daily performance with a keen focus on driving efficiencies and continuity in all facets of the business. For example:

- *Environmental compliance and waste management* – Through our environmental compliance efforts and expertise we minimize waste by optimizing recycling, re-using materials, and reducing impacts on natural resources
- *GHG measurement and management* – We are focused on better understanding and quantifying direct and indirect emissions while identifying reduction opportunities across our operations
- *Fleet management* – We operate our fleet efficiently, leveraging telematics and logistics technology to reduce fuel use via route optimization, and seek to optimize our mix of vehicles

Environmental Compliance and Waste Management

Our Environmental Compliance team spearheads programs that include waste management, such as those covered by the U.S. Resource Conservation and Recovery Act (RCRA), along with all facets of environmental compliance to reduce our impact across a wide range of natural resources, including air, land, and water. The team also assists in training our operations staff on best practices to drive alignment, consistency, and accountability across all functions of waste minimization and elimination, including through recycling and reuse.

Our national resources and support teams offer added value to our local branches giving them access to our enterprise-level hazardous waste disposal program and environmental compliance support visits. These programs not only help drive the right behaviors throughout our business but also help mitigate environmental and regulatory risk associated with inconsistent or incorrect actions.

Looking ahead we are considering further enhancements to our waste, recycling, and re-use programs.

“We work together as a team to unlock the full sustainability potential of insulation to improve energy efficiency, reduce carbon footprint and contribute to interior comfort and health. This is achieved through our best-in-class installation and distribution services.”

Robert Buck

TopBuild President and CEO

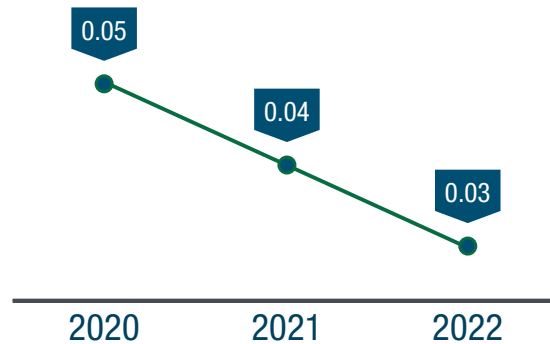
GHG Management

In 2021, we began quantifying our direct (Scope 1) GHG emissions to better understand the impact of our operations on the environment. Our direct emissions are comprised mainly of emissions from fuel combustion and hydrofluorocarbons (HFCs), which comprise a portion of the blowing agents used as a propellant for spray foam insulation. Emissions from fuel combustion are primarily generated by the vehicles we use to take our installation crews and materials to and from job sites and from the delivery vehicles used in our specialty distribution business.

We calculated our emissions intensity by dividing direct emissions over revenue which showed a reduction of 40 percent over the last two years while our business has grown by 84 percent. This was achieved through a combination of increased fleet efficiency and reduced usage of HFC-containing spray foam while our fleet has grown in support of our growing business.

DIRECT EMISSIONS INTENSITY

(metric tons CO₂e/revenue)



Emissions Source	2020	2021	2022
Fuel Combustion Emissions	86,661	97,027	119,491
Fugitive HFC Emissions	46,152	41,226	28,299
Total Direct Emissions (metric tons CO ₂ e)*	132,813	138,253	147,790
Revenue (in thousands)	\$2,718,038	\$3,486,207	\$5,008,744
Direct Emissions Intensity	0.05	0.04	0.03

*Excludes refrigerants, heating gas, 2020 data is metric tons CO₂ and excludes CH₄ and N₂O

Fleet Management

With more than 17,000 job sites visited on an average day, making sure materials and people get where they need to be efficiently, safely, and as sustainably as possible is our primary goal. Given that vehicle fuel usage is the main source of our direct emissions, we continue to look for ways to reduce this environmental impact, including through fleet management processes and technologies, delivery and transport productivity, and pilot adoption of lower-carbon vehicles.

Focusing on Fuel Efficiency through Centralized Fleet Management

Our fleet includes a diverse mix of 6,600 vehicles, ranging from commercial light and medium-duty vans and trucks at all of our locations, to large box trucks and semi-tractor trailers at our distribution branches, to passenger vehicles supporting sales and management personnel.

To ensure fuel efficiency and trip productivity are consistently managed across our distributed footprint and broad array of vehicle types, TopBuild's centralized fleet team has implemented telematics to optimize routes for efficiency and monitor driver road behaviors. Combined with our daily vehicle inspections and centralized maintenance management programs, TopBuild is able to use data to help reduce drive time, reinforce efficient driver actions, and ensure proper scheduled maintenance, all of which help reduce total fuel consumption and ultimately direct GHG emissions.

Optimizing our Fleet

Each year we also evaluate new vehicle offerings to determine which may help advance TopBuild's ongoing commitment to reduce the environmental impact from our fleet.

In 2022, we piloted the use of 11 Ford e-Transit vans to assess the potential viability of electric vehicles (EVs) in our operations. Pending manufacturer availability, we aim to expand our fleet electrification program in 2023 and 2024 by adding a pilot group of medium-duty box trucks.

Recognizing that the market for electric commercial vehicles is in its nascent stages, we will continue to assess how electrification may help us optimize our fuel consumption, reduce GHG emissions, and improve fleet efficiency as availability improves.

OUR FLEET

2.5 hours
average drive time per day

stationary 70%
of the workday



TruTeam



Section 5

Social



IN THIS SECTION

Developing and Engaging Employees
Prioritizing Employee Health and Safety
Fostering Diversity and Inclusion
Strengthening our Communities

Social

TopBuild is proud to be certified as a Great Place to Work®. We are even more proud that this recognition is based on the direct feedback of our employees, whose opinions and experiences help shape our decisions and practices. 80 percent of employees said TopBuild is a great place to work compared to 57 percent of employees at a typical U.S.-based company. This overall sentiment is underpinned by positive survey results in specific areas including:

- Employees feeling they can be themselves in an inclusive environment
- TopBuild being a welcoming place for new hires
- Ability to take time off and have meaningful responsibility in roles
- Having a sense of pride in what is accomplished

We believe every employee plays an important role in creating a culture of belonging and an environment where we can all thrive, and we look forward to celebrating this achievement and to continuing to ensure TopBuild remains the best place to work for our team members.



We continue to build a company where talented people perform meaningful work and where they know they can grow their careers, fulfill their potential, and have an impact – on the organization and beyond.

Our team of more than 13,000 talented employees is the key to our success.

From installers to delivery drivers, from warehouse/fabrication leaders to energy raters, from our office staff to sales professionals, and up to our senior leadership team, we value and respect each and every one of our employees. We are committed to being an employer of choice, fostering a diverse and inclusive workplace where professional development and safety thrive, and where our people are empowered and encouraged to give back to our communities.

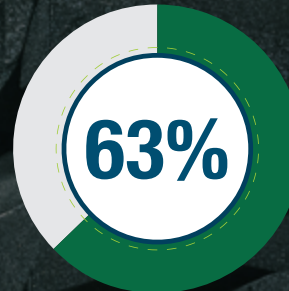
WORKFORCE AT A GLANCE*



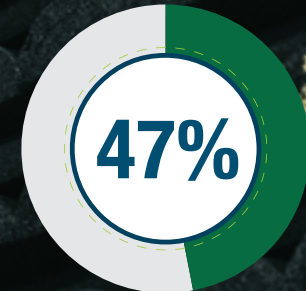
13,119
TOTAL EMPLOYEES



7,832
INSTALLERS



ETHNIC
DIVERSITY



MANAGEMENT
GENDER DIVERSITY**

*As of December 31, 2022 **Branch center support/corporate office figures only



DEVELOPING AND ENGAGING EMPLOYEES

Companies are facing one of the most competitive hiring environments in recent history. More than ever, it is important that we create a positive employee experience and are a company where people can see themselves building a rewarding career over the long term. In 2022, we continued to strengthen our talent programs by enhancing compensation and benefits and expanding our referral, intern, and management development programs.

Compensation and Benefits

To support our position as an employer of choice, we offer competitive total compensation and a comprehensive suite of benefits that consider changing employee needs and that are affordable, complete and competitive. In 2022, we bolstered our compensation and benefits by improving total compensation, enhancing paid time off (PTO), and adding paid parental leave for eligible employees.

Select benefits include:

- Flexible scheduling
- Hybrid workplace options
- Tuition reimbursement
- Wellness program with incentives
- Matching 401k contributions
- Multiple dental and medical plan options
- Paid time off and holidays
- Employee referral program

Employee Engagement

TopBuild's success as a company depends on the innovation, productivity, and engagement of our employees at every level. We also want our employees to be fulfilled in their work. To understand our employees' needs, we must ask and listen to them.

100%

of employees working
more than 30 hours
per week have access
to benefits



Asael M
TruTeam

EMPLOYEE HEALTH AND WELLNESS

We are committed to supporting wellness programs to enhance the quality of life of all our employees. To help maintain a healthy workforce, we offer education on fitness, flexibility, hydration, and functioning in extreme temperatures.

We offer comprehensive healthcare plans for employees and their families:

- At-Work Weight Loss Programs
- Biometric Screenings: BMI, height and weight, blood pressure, cholesterol
- Employee Mental Health Assistance Plan
- Subsidized Fitness Center Memberships
- Tobacco Cessation Programs

SUPPORTING MENTAL HEALTH

Recognizing the importance of mental health, we offer an Employee Assistance Plan (EAP) to all employees on our benefits plan, along with their families. The EAP provides 24/7, confidential and free resources that support mental health. For many employees who join TopBuild via acquisition, this is typically an enhancement to their benefits.

Employee engagement is a critical focal point of our efforts. In addition to using a number of ongoing feedback channels, we undertake formal employee engagement surveys every two years. We seek employee input on a wide range of issues, from diversity and inclusion, to recruitment and onboarding, to training, support, and rewards.

In our last formal engagement survey, employee responses were overwhelmingly positive, with the results indicating that most of our employees have high job satisfaction and view their work and our safety-first culture as integral to the success of TopBuild.

An important measure of our success is workforce wellness and satisfaction, and the extent to which all employees feel valued and heard. To keep ourselves accountable, we use results from a range of employee feedback channels, including regular engagement surveys as well as lifecycle surveys for those entering and exiting the company, as performance indicators. We use these insights to develop action plans to address areas for improvement.

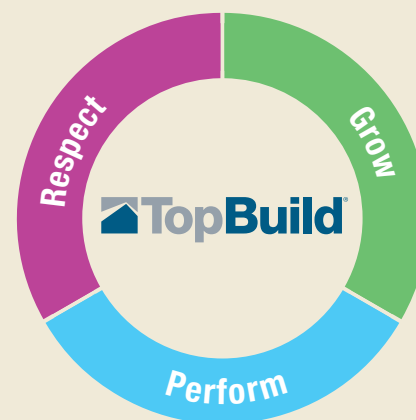
Leadership Development

When it comes to the internal development of talent, we believe we are at the forefront of our industry. We pride ourselves on nurturing talent from within and enabling career advancement through upskilling and focused training.

Leadership Expectations

We seek to empower and foster leadership at every level of the organization. In 2022, we developed Leadership Expectations, a new model for leadership that builds on three core principles: Respect, Grow, Perform.

- **Respect:** Promoting a respectful culture where we are united as one team and all employees feel valued and heard.
- **Grow:** Improving skills and contributions to the organization.
- **Perform:** Accomplishing goals and objectives through an organized effort of collaboration, accountability, and keeping true to our Core Values.



Leadership Expectations outlines the behaviors that demonstrate how employees – from hourly team members to senior leaders – should behave on a day-to-day basis, sets the foundation to develop and evaluate talent, helps drive engagement and retention, and promotes an inclusive culture.

The model is being formally implemented and embedded into all people practices throughout 2023.

Manager in Training Program

To build a pipeline of leadership talent, we recruit internally and externally into our Manager in Training (MIT) program, which fosters development of participants into leaders of our company and high performers in our industry. Launched in 2005, the program is high touch and laser focused on the skills needed to excel in management positions. Participants start in the field or warehouse, and for one to two years move throughout the business, learning all aspects of our operations while directly serving and supporting customers and suppliers. Upon completion of the program, graduates are promoted to branch leadership roles. At any given time, we have 15-20 active MIT participants.

Since its founding in 2005, numerous employees have participated in the program. Many graduates are now serving in leadership roles, from Production Managers to VP of Operations.

The MIT program also enhances our D&I efforts. In 2022, more than 50 percent of MIT graduates were women.

Employer of Choice for Direct Labor

Installers are the lifeblood of our business. They comprise more than 60 percent of our workforce and often serve as the face of our company to customers. What's more: competition for direct talent such as installers is fierce.

We take proactive steps to recruit construction labor, targeting a wide array of candidates in the communities in which we operate, including veterans, refugees, and trade school students and graduates.

“I don’t think I’ve ever worked for a company that I have so many mentors that I feel I can look up to and feel so supported by while still feeling like I have the autonomy and authority to run with and make decisions that are going to better the branch.”

Madison B
Asst Branch Manager
Service Partners
MIT Grad 2022



“TopBuild took a risk on me and it’s paid off for both the Company and me. I’m grateful every day to work with my team and I always think about where I started. I’m grateful for TopBuild.”

Orlando D
Service Partners

Orlando’s story is one of personal perseverance and taking advantage of opportunities. In just six years Orlando went from contingent employee to the Branch Manager of one of the largest and highest performing Specialty Distribution branches. This is a testament to his drive and ability to grow as a leader.

TopBuild prides itself on cultivating an atmosphere where anyone can succeed and be given an opportunity to grow as a leader. Building leaders for the future is incredibly important and we are always looking for ways to develop leadership from within.

2022 Product Expo
Service Partners
Pottstown PA

We have had particular success with our Friends and Family Referral Program, which we created in 2020 and expanded in 2022. The retention rate of installers hired through this program is nearly 10 percent higher than for installers recruited through other channels.

To attract and retain installers, we provide competitive compensation along with a full suite of benefits, bonus opportunities, and ongoing training and development. This is in contrast to many smaller installation firms, which often provide few benefits beyond monetary compensation. We also offer a clear career path with options to learn more about the business and to transition into leadership roles, including through the Manager in Training (MIT) program, or direct promotion as production managers.



1,400+

installers hired and
trained under our
Friends & Family
Program in 2022

Alberto A and Saul A
TruTeam





PRIORITIZING EMPLOYEE HEALTH AND SAFETY

Safety is not a choice. It is one of our core values and a top priority to our stakeholders, and we recognize its impact on the long-term success of our company. Our focus on safety is fundamental to our desire to run our company ethically and to support the work our employees do on behalf of our customers. We prioritize an organization-wide culture of safety that constantly innovates better and safer ways to work, continually emphasizes best practices, and recognizes ongoing improvements in our practices and performance. We believe that this is a key differentiator in our industry and our stakeholders agree.

Employing 13,000 individuals requires great care and responsibility. As part of the TopBuild family, we strive for zero safety incidents. We know we have hit our mark when employees return home safely to their families and loved ones at the end of the workday.

In 2022, we reported our best year ever with regards to our safety and personal injury rate. We will continue to invest in safety training and management to improve incident tracking and to better assist us in predicting the potential for future incidents or concerns and developing additional prevention programs.

Safety-first Culture

Embracing our safety-first culture is both a company and an individual responsibility that we support at all levels of the organization. For example, our compensation program for all levels of leadership, from local managers to senior leadership, reinforces the importance of safety by tying a percentage of incentive compensation to the company's safety performance. This helps to ensure that we are encouraging proper behaviors, driving accountability, and addressing safety incidents or concerns that may occur in the business.

We also promote a “speak up” culture so our team members feel empowered to actively raise health and safety concerns they may see in their workplace or on job sites. Our branch managers conduct regular safety support visits to job sites to ensure safety protocols and regulations are being followed.



Claudio M
TruTeam

HIGHLIGHTS OF OUR CONNECTED TO SAFETY LIFESTYLE CULTURE

- Making safety personal for each employee of the organization
- Zero-incident safety culture
- Signed pledge and commitment to safety first, required of all field employees
- Weekly/monthly Tool-Box Talks, Near Miss discussions, incident reporting and construction safety trainings
- Technology-enabled processes and incident management
- Leadership and executive compensation linked to safety targets
- Safety committees with field and management representation
- Safety Team maintains industry recognized certifications in their field including CSP, ASP and CHST
- Daily claims reporting and transparency to all levels of the organization
- TopBuild's Calgary and Edmonton facilities were awarded Certificate of Recognition (COR) through Canada's Alberta Province Partnerships in Injury Reduction Program. The Certificate of Recognition is a voluntary employer certification program intended to motivate employers to take a proactive role in occupational health and safety. The COR program recognizes and rewards employers who go beyond the current legal requirements, implement an effective occupational health and safety management system (OHSMS), and pass a certification audit to the standards set out by the Board.

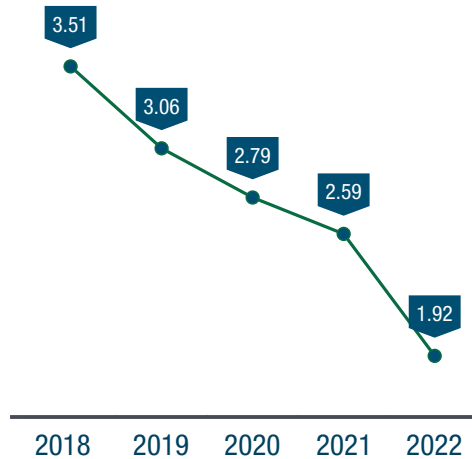
Safety Performance

Good safety management requires good data. In 2021, we invested in new safety management software to improve incident tracking, outcomes, investigations, and root cause analyses. Using this safety data, we gather actionable insights to better assist us in predicting the potential for future incidents or concerns and developing additional prevention programs. For example, safety analytics reports are made available to every business leader on a monthly basis. This information is then used to refine safety programs and training as needed.

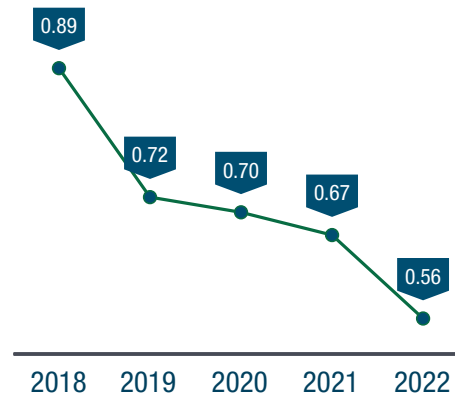
To measure the performance of our safety program and practices, we incorporate OSHA-recognized safety analytics, including Total Recordable Injury Rate (TRIR) and Lost Time Case Rate (LTCR). The steady decline in TRIR and LTCR since 2018 is a key indicator of the effectiveness of our safety program.

For 2022, the total incident rate incurred was 1.92, which remained well below the industry average of 3.4⁸. This marked the fifth consecutive year of improvements.

TOTAL INCIDENT RATE



LOST TIME CASE RATE



45% decrease
in Total Incident Rate since 2018

37% decrease
in Lost Time Case Rate since 2018

5 years
of consecutive improvements

Safety Training

Safety begins with training and awareness. We strive to achieve continuous improvement in safety by providing our employees with ongoing, specialized safety training sessions, information, and programs.

Training commences at hiring and continues with regular sessions delivered to our workforce at various locations throughout the year.

Training is provided live in-person, online, or on-demand with specific training assigned by job and work scope. Participants are then evaluated through written, verbal, or skill-based assessments, and their progress is monitored and reviewed. All safety training programs are available in languages specific to our employee base.

All new hires must complete a standard safety curriculum, then we require a minimum number of hours of training annually thereafter. Beyond the minimum, we also offer a number of training opportunities for our field and other personnel to enrich their understanding and practice of health and safety principles in the construction industry.

Safety Management

We have a formal health and safety management system that applies to all businesses, branches, and projects across the company, as well as certain central staff. Programs in our safety management system are based on relevant international, federal, and local laws and regulations, as well as applicable standards, including the American National Standards Institute (ANSI), technical body directives and guidelines from the National Institute for Occupational Safety and Health (NIOSH), OSHA, and the Canadian Centre for Occupational Health and Safety.

The TopBuild safety team is strategically placed throughout North America to provide 24/7 safety support to field branches. At any moment, our team can deploy and be on site within 24 hours.

Our safety organization outlines the policies and practices required across all locations, and in line with the relevant certifications, verifies and documents the status of management systems during scheduled audits.

100%

new hires complete initial safety course before starting work

17.4

average hours of safety training required in 2022



Fall Protection Demo
TruTeam

SAFETY TRAINING FOR NEW-HIRE INSTALLERS

New hires must pass a comprehensive practical safety evaluation demonstrating competency based on their job function including:

- DOT compliance
- Driver safety
- Fall protection
- Ladder safety
- Respiratory protection
- Scaffolding safety
- Stilt safety
- Use of Personal Protection Equipment





FOSTERING DIVERSITY AND INCLUSION

Fostering diversity and a sense of inclusion for all employees is one of our company's top priorities, and was identified by our stakeholders as a material ESG topic.

We embrace the characteristics and differences that make our employees unique, including gender, race, ethnicity, culture, sexual orientation, personal background and abilities, and more. By embracing these differences and helping our teams to understand how to drive collaboration by leveraging them, we are working to build an inclusive community at work where everyone feels safe to be themselves.

A Culture of Fairness and Respect

We are committed to promoting fair and equal opportunity through our hiring practices and our culture of respect. Everyone plays a role in upholding this commitment. Managers are responsible for implementing our policies as part of their day-to-day management of employees. Employees are responsible for implementing our policies in their day-to-day work and interactions with colleagues and customers. To ensure that every employee embraces individual responsibility for building a more diverse and inclusive business, our expectations are articulated in a number of formal policies.

Equal Opportunity Employer

We are committed to non-discrimination and non-harassment, and to treating people with respect and dignity in all aspects of employment, and employee and community relations.

Harassment-free Workplace

We are committed to providing a professional and productive work environment for our employees. We will not tolerate verbal or physical conduct (whether by employees or others) that harasses, disrupts, or interferes with another person's work performance or that creates an intimidating, offensive, or hostile environment.

Human Rights Policy

We have adopted a formal Human Rights policy to further promote a workplace where employees know that their perspectives and contributions are heard and valued.

[See the full list of policies on our website.](#)



Ana C and Lesly L
TruTeam

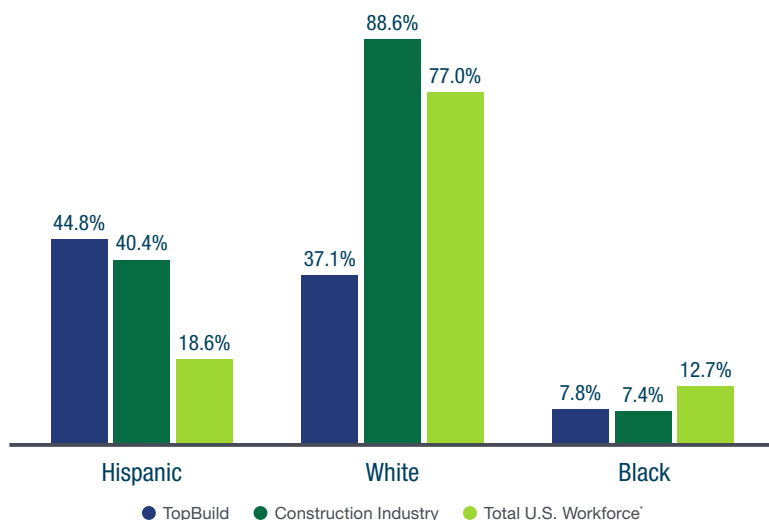
D&I Programs and Supports

In addition to company policy, we bring our commitment to diversity and inclusion to life through a number of other efforts, including:

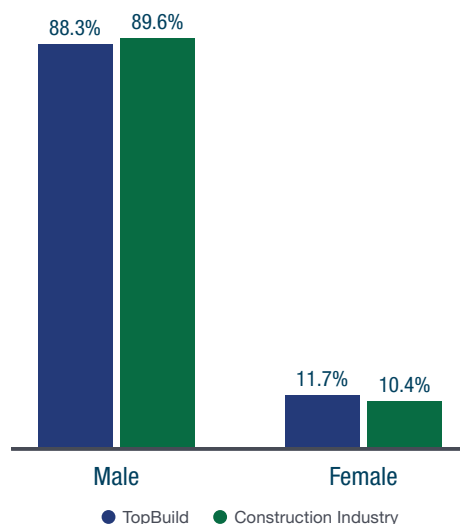
- a comprehensive Affirmative Action Plan to ensure we are targeting all candidate groups during the recruitment process and providing equal opportunities for all our coworkers
- salary banding that defines a salary range for each role based on market and internal value to drive pay equity across all employee groups
- biennial companywide anti-harassment training and frequent training on discrimination and unconscious bias in the workplace, and fair hiring and employment practices
- a Diversity and Inclusion Council and Employee Resource Groups (ERGs)
- publicly pledging the CEO Action for Diversity and Inclusion

Our efforts have proven successful. Today, 47 percent of our leaders (manager and above) self-identify as female, and 24 percent self-identify as non-white or undisclosed, a higher percentage of diverse employees by gender and ethnic/racial background than the construction industry average.

WORKFORCE RACE RATIOS



WORKFORCE GENDER REPRESENTATION



“I can walk around the building and can hear people speaking Spanish or I can see people with different color skin and a diverse environment which I think is very beneficial to TopBuild. People coming from different parts of the world, different cultures, different backgrounds, they give different perspectives.”

Rodrigo K
TopBuild



Women in Construction

Of the millions of people working in construction, women comprise only about 11 percent. We are working to change that.

TopBuild is a proud partner and supporter of National Association of Women in Construction (NAWIC), an organization focused on strengthening and amplifying the success of women in the construction industry.

[Click here](#) to check out our 2022 Women in Construction campaign.

Employee Resource Groups

As we continue our Diversity and Inclusion journey, we have had increased employee interest in starting additional Employee Resource Groups (ERGs). These are groups that are employee created and led, and company supported with an executive sponsor and resources for each. Our two newest ERGs are:

- PRIDE @ TopBuild for those who identity as LGBTQ+ and their allies
- Women in Industry for female employees of TopBuild and their supporters

These groups are intended to provide support, community, networking and mentoring opportunities.

“The longer I work for TopBuild I realize over and over again that I am where I should be. This company cares, is diligent, and empowering. There are so many perks to working for TopBuild. I am always learning new things, whether it be at the local level or corporate level everyone is always incredibly helpful and willing to extend a friendly hand. I’m beyond grateful for the opportunities that have come my way and excited for the possibilities in my future with TopBuild.”

Evelin V
Office Manager, TruTeam
D&I Council Member



Military Employee Resource Group (MERG)

Formed in 2022, TopBuild's MERG supports and represents over 200 active and veteran military employees, as well as employees who are spouses, parents, children, or allies of military personnel and veterans, helping to provide:

- Career mentorship and personal development support
- Cross-functional relationship development at all levels
- Resume review and hiring support for managers in hiring veterans
- Veterans Administration Health Experience & Resources
- Educational opportunities
- Health and wellness, including mental health support
- A celebration of the commitment, service, and sacrifice of veterans and their families



Employee-led, this ERG is championed by Vice President of Fleet, Neil Hartzell, a veteran of the United States Air Force.

Spotlight: From the Air Force to TopBuild: Veteran Joel L

We are proud to partner with organizations to support veterans' transitions from service to industry. Joel L, a veteran avionics technician of the United States Air Force, and currently a Senior Fabrication Manager with Distribution International, shares his unique employee experience and his transition from the Military to TopBuild.

[Hear from Joel directly.](#)

"The training from the Professional Military Education in leadership and management as both an enlisted member and as and an Air Force officer truly set the foundation for my ability to perform at the management level and ability to lead teams as a professional and drive high expectations."

Joel L
Distribution International





Left to Right: Todd B, Mason B, Robert Buck, Neil H, John S, Tim P

STRENGTHENING OUR COMMUNITIES

Our communities are home to our customers, suppliers, employees, and their families. We want them to be great places to live, work, and play, and we take great pride in contributing to our communities and empowering our employees to make a difference wherever we operate.

Community relations plays a vital role in attracting and retaining the best people and is consistent with our core values of Unity and Community. Creating positive and lasting impact in the communities we serve extends beyond providing employment and goods and services. It means supporting local programs that provide practical assistance where needed.

We also provide opportunities for employees to donate time and resources to causes they are passionate about.

Guided by a spirit of service, we support regional and national philanthropic organizations including:

- **Habitat for Humanity** – One of our most impactful relationships is with Habitat for Humanity and we have hosted an annual fundraising event for this group each year for more than 7 years, raising a total of \$3.8 million over that time. In addition to monetary support, our teams in the field support families on their journey towards home ownership by donating material, volunteering their time at local Habitat Builds, and attending dedication ceremonies, where the impact of living our core values of Unity and Community is truly seen and felt.
- **Salvation Army** – We are a sponsor of the Salvation Army's Angel Tree program, providing new clothing and toys to families in need during the holiday season.
- **NASCAR Foundation** – We recently expanded our sponsorship commitment to fund and build playsets for pediatric cancer patients.
- **Payit4ward** – We sponsor Payit4ward's annual summer Back to School Drive and for the last five years have provided supplies and backpacks to more than 3,000 children.
- **American Red Cross** – We regularly donate to the American Red Cross, helping to ensure that they have the necessary funding throughout the year to assist families recovering from natural disasters. In 2022, TopBuild matched employee giving and donated more than \$35,000 for those affected by Hurricanes Ian and Nicole.



“When I was presented with the opportunity to partner with my DI and Silvercote teammates to build a playground set for Lela, a beautiful child stricken with Cancer, I couldn’t volunteer fast enough. I can’t recall having the opportunity to do something so heartwarming in the 30+ years of my professional career. I’m truly grateful and honored for the opportunity provided by TopBuild and their wonderful partnership with the NASCAR Foundation to build a playground set for such a deserving child and her wonderful family.”

Ron C
Distribution International

**Nascar Foundation, Building Hope for Lela
Distribution International and Silvercote Teams**
*Left to Right: Brent G, Davy C, Stephanie R, Dan S,
Todd H, Randy S, Ron C, Bayley Currey with Nascar,
Bill J, Rafael M*





Section 6

Governance



IN THIS SECTION

Strengthening Business Resilience

Leading with Integrity

Upholding our Ethical Standards

Managing Risks for Resilience

Building Resilience in our Supply Chain

Protecting Data Privacy and Driving Cyber Security

Governance

TOPBUILD BOARD OF DIRECTORS

STRENGTHENING BUSINESS RESILIENCE



The resilience of our business is critical to our stakeholders and remains a top aim of our ESG efforts. Through our core insulation business, we deliver improved energy efficiency, emissions reductions, and improved home and business comfort and air quality, providing a significant net environmental benefit. To execute successfully against this business model, we are focused on embedding ESG considerations – both risks and opportunities – into our broader business policies and planning, as well as our risk management processes. Underpinned by strong governance practices, this intentional integration supports our goals and strategy and enhances the resilience of our business.

LEADING WITH INTEGRITY

Board Leadership

Our Board of Directors is our governing body and is responsible for assuring we achieve profitable growth and conduct our business in an ethical manner. The leadership and oversight the Board provides results in accountability, trust, and transparency for our shareholders, employees, suppliers, and customers.

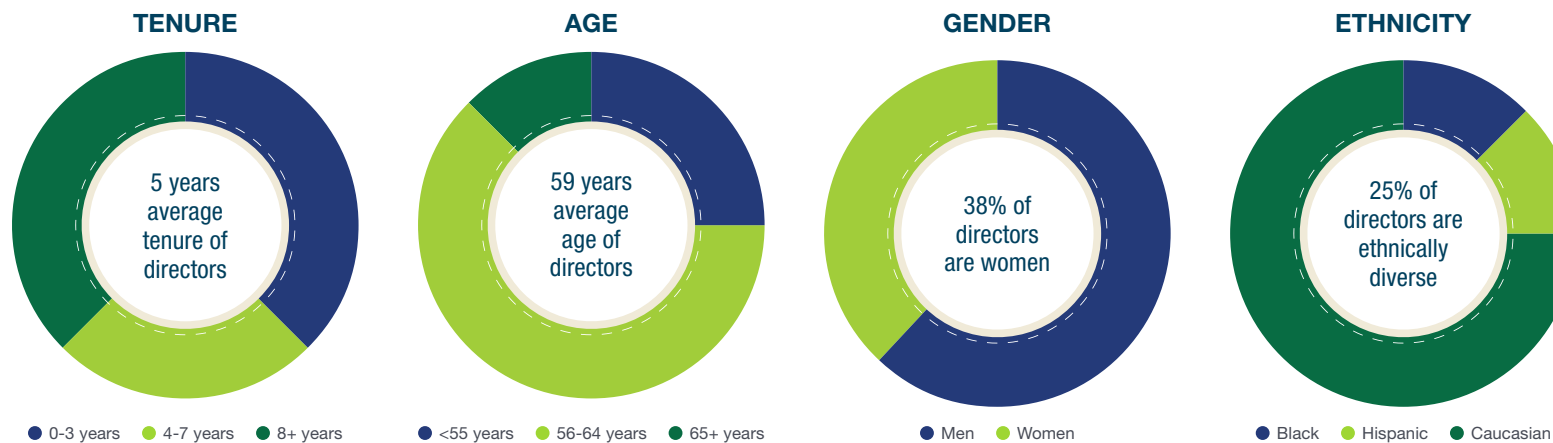
Our Board members believe that setting the tone at the top with a strong governance structure is critical to our long-term success. They have adopted Corporate Governance Guidelines that contain general principles regarding the responsibilities and function of our Board and Committees. The Guidelines set forth the governance practices with respect to leadership structure, meetings, access to senior management, director compensation, director qualifications, Board performance, management evaluation and succession planning, and enterprise risk management.



Left to right: Robert Buck, Alec Covington, Ernesto Bautista III, Joe Cantie, Tina Donikowski, Deirdre Drake, Mark Petrarca, Nancy Taylor

Board snapshot – strong governance is part of our culture:

- Board is composed of eight members, seven of whom are independent
- Average Board member tenure is less than four years
- Board members are elected annually
- The position of Chairperson of the Board and CEO are separate
- The Board has established three standing committees: Audit, Compensation, and Governance
- All members of the committees are independent directors
- Independent directors regularly meet in private sessions without management present
- The Compensation Committee regularly engages an independent compensation consultant



Board Oversight of ESG

The Board has retained oversight of the Company's ESG practices rather than delegating oversight to a committee. In addition, each standing Committee has assumed ESG responsibilities under the Board's oversight and Committee charters reflect such responsibilities.

Executive Oversight of ESG

While the Board oversees our overall ESG strategy, the ESG Management Committee is responsible for executing that strategy, advancing our companywide culture of sustainability, and reporting on our progress to the Board. The ESG Management Committee is chaired by our Chief Executive Officer and includes our executive officers and other company leaders. Our Vice President of ESG is tasked with leading the development and implementation of ESG priorities across our operations and functions.

Executive Leadership

TopBuild is led by a team of highly experienced executives who bring a diversity of perspectives and a wealth of experience from within and outside the company. Our team brings an average tenure of nine years at TopBuild – and a collective 200 years of industry experience. More than 40 percent of our top leadership team are diverse in gender or ethnic background.



ROBERT BUCK
President & Chief
Executive Officer
Joined: 1997



ROB KUHNS
Chief Financial
Officer
2018



LUIS MACHADO
General Counsel &
Secretary
2020



SRI PULLAREDDY
Chief Information
Officer
2007



JENNIFER SHOFFNER
Chief Human
Resources Officer
2020



ROBIN STENNET
Chief Growth
Officer
2019



JOEY VISELLI
Chief Operating
Officer
2009



JEFF FRANKLIN
President, Specialty
Distribution
2015



RIP HUBBARD
Senior Vice President,
Supply Chain
1999



STEVE RAI
President,
TruTeam
2015



TABITHA ZANE
Vice President,
Investor Relations
2015

UPHOLDING OUR ETHICAL STANDARDS

Our ethical standards strengthen resilience by building trust, managing risk, protecting reputation, improving employee engagement, and ensuring compliance with legal and regulatory requirements. Our values guide us in making the right decisions in all that we do. To uphold the trust our stakeholders place in us and reduce risks, we have also proactively built and actively maintain a culture of ethics, integrity, and legal compliance across our company. All employees must also align with our high ethical, legal, and professional standards in our interactions with each other, and with our customers, suppliers, and the public at large.

Three important underpinnings of our ethical standards include our Code of Business Conduct and Ethics, training and awareness, and our ethics hotline. We also outline standards we expect of our suppliers, and publish a comprehensive set of policies that govern specific areas.

[Learn more about our policies.](#)

Code of Business Conduct and Ethics

We require that our employees perform their duties and responsibilities in an ethical manner and in compliance with applicable laws and regulations in all places where we conduct business or interact with third parties. Our [Code of Business Conduct and Ethics](#) (the “Code”) applies to all of our employees and informs our expectations for the day-to-day conduct of our business. The Code is the foundational policy for ethics at TopBuild and provides guidance on our policies, the laws and regulations that affect our operations, and, along with our values, how to make sound business decisions in complex situations.

Topics addressed by the Code include, for example, compliance with laws and regulations, avoiding conflicts of interest, and fair business dealings. As a condition of employment, we require all employees to review and comply with our Code of Business Conduct and Ethics, and all employees, other than direct labor, complete ethics training and a conflicts of interest questionnaire annually.



William S
TruTeam

Training and Awareness

A critical component to driving effective ethical behavior is continuous education of and communication to our employees about our ethics and values. We deliver and track mandatory recurring training on ethics topics, practices, and policies, addressing such issues as anti-bribery, fraud, anti-harassment, workplace violence, and performance.

Our internal audit team, in their ongoing audit function and under the leadership of our Director of Internal Audit, also checks overall compliance and safety training when conducting audit visits to our branch locations. When locations are reported to have potential compliance or safety concerns, we provide resources and education to support improvements or address any concerns.

Ethics Hotline

Employees are expected and encouraged to report any issues or concerns related to possible conduct inconsistent with the Code, applicable legal requirements, or our values. The Code outlines a number of channels for discussing questions or reporting concerns.

We also maintain a third-party Whistleblower and Ethics hotline and provide an email address and phone number to allow anonymous reporting of any issues or concerns, 24 hours a day, 7 days a week.

All reports are logged, investigated by the appropriate corporate function, or escalated to senior leadership or a third party, as required by our Compliance Reporting Policy. Investigations are closed in a timely manner and results are reported to the Board on a quarterly basis.

Employees can report good faith concerns and/or participate in internal investigations without fear of retaliation.

SEE
something
SAY
something



MANAGING RISKS FOR RESILIENCE

A primary way TopBuild has always driven continuity and mitigated risk is through our robust Enterprise Risk Management (ERM) process, an important means of aligning and managing material risks across the enterprise, and ultimately, supporting the resilience of our business.

As discussed in our [annual report on Form 10-K](#), our ERM process identifies risks to our business. These risks include attracting, developing, and retaining top talent and labor, securing reliable access to materials that we distribute and install, Cybersecurity, M&A and other economic matters. Our scale and flexible business model offer supply access, hiring and retention advantages, and the ability to respond quickly to changing conditions, mitigating operational risks identified in a timely and efficient manner.

We recognize that the nature and scope of business risks, including those relating to climate change, are constantly evolving. Our ERM process, established and overseen by our Board of Directors and executed by our leadership team, is built to assess evolving risks, including those identified in connection with our ESG analysis and reporting program.

For example, the ESG Management Committee brings together cross-functional leaders, including risk and audit, to understand emerging global risks and address them through ERM systems and processes. ESG risks will be specifically addressed on an ongoing basis as part of this process, with appropriate guidance and oversight from the Board.

In addition, our Board regularly reviews information regarding the company's credit, liquidity, and operations, including the risks and potential ESG drivers associated with each.



Carter M
TruTeam

BUILDING RESILIENCE IN OUR SUPPLY CHAIN

The reliability of our supply chain is one of the most important elements of the resilience of our business. Given the importance of supply chain management and business resilience to our stakeholders, we will continue to focus on partnering with suppliers to enhance policies, standards, and disclosures to manage and mitigate business risk.

Supplier Practices

We hold our suppliers to the same high standards we hold ourselves, and have implemented clear policies and practices related to product safety and quality, as well as other factors related to our suppliers' operations. We also work closely with suppliers to help ensure reliable and timely access to materials.

Our [Supplier Business Practices Policy](#) outlines our expectations of our supplier base with respect to ethical behavior, worker and product safety, working conditions, compliance with laws and regulations, and environmental standards relating to their operations. Our expectation is that goods produced for us come from facilities in which working conditions, environmental protection, and human rights practices are monitored and the supplier complies with laws, regulations, and policies applying to those areas.

All suppliers are expected to comply with our supplier policy. These standards apply whether the supplier is a TopBuild company, an affiliate, or a third party.

Product Quality and Safety

To support implementation of the supplier policy and standards, and to mitigate risks related to product quality and safety, we have also outlined a series of standard [Terms and Conditions](#) in contractual agreements between suppliers and TopBuild and its subsidiaries. These Terms and Conditions are a strict requirement to do business with TopBuild. These include, but are not limited to, the following provisions:

- Total and full indemnity and defense obligations to TopBuild from all suppliers in the event of recalls, and issues with quality of materials or workmanship
- Payment credit for nonconforming supplies
- Certificate of Conformance, which requires that suppliers of building materials furnish a certificate of conformance to the attention of our Quality Assurance Manager on request, stating compliance to the specifications for the supplies and all purchase order requirements including our terms and conditions



Lesly L
TruTeam

- Recall responsibilities, which state that suppliers will be responsible for all processes and costs relating to any recall
- Limitations on our liability
- Specific limits on insurance coverage
- Priority inspections and investigation

We also focus on working with suppliers with industry-leading practices and certifications related to quality (e.g., ISO9001), health and safety management (e.g., ISO45001), and environmental and energy management (e.g., ISO14001 and 50001), among others. In fact, all six of our largest suppliers maintain, or are in the process of seeking, relevant certifications from this list and beyond. Our Senior Vice President of Supply Chain and the Supply Chain Team make routine onsite visits to manufacturer plant locations to ensure that our relationships with our suppliers remain aligned with our corporate values.

In addition, our suppliers provide relevant formal documentation or certification about the environmental, health, and safety impacts of products, such as Environmental Product Declarations or GREENGUARD certifications.

In the case of prior non-conformance, suppliers have insured, indemnified, and defended us when put on notice. In the past five years, no material quality or defect claims have been reported in our financials.

To further reduce residual risk exposure in the case of product issues, we maintain an insurance program that provides excess coverage in the hundreds of millions of dollars.



Lenwood M
TruTeam

Reliability of Supply

Having reliable access to high-quality, safe products is critical to our business. To that end, we maintain a network of leading suppliers across our product lines and do not engage in contract exclusivity. As needed, we can shift our material suppliers should product defects, shortages, or quality issues arise. We work primarily with large manufacturers with proven track records, with the majority of our material purchases made with the top fiberglass batt and blown-in insulation manufacturers, and the top three spray foam insulation suppliers.

We also work closely with our suppliers to provide forecasts to mitigate variability in demand and support predictability.

Selected Key Suppliers



For more information on our engagement with suppliers, please visit our [Suppliers webpage](#), which includes our Suppliers Business Practices Policy, our processes to manage and comply with conflict mineral regulations, and other information that applies to our purchasing practices.



TruTeam

PROTECTING DATA PRIVACY AND DRIVING CYBERSECURITY

Cybersecurity threats and targeted cyberattacks pose a risk to global information technology systems, including ours. Our operations and in turn our business resilience, are dependent upon our information technology systems, including systems run by third-party suppliers, to manage our business processes including supply chain, customer orders, jobs, payroll, and all other business critical systems on a timely basis. Given the centrality of technology to our business, we maintain a constant focus on understanding and reducing risks related to digital threats.

Our cybersecurity program is led by the Director of IT Security, who reports to the Chief Information Officer (CIO) with a mission to strengthen our data security and privacy practices to identify, address, and mitigate these risks and enhance the resilience of our business and processes. They are responsible for all facets of information security including network security, threat intelligence, vulnerability and identity management, response and recovery strategies, and continuous improvement across information security domains. To punctuate the essential nature of this work, the Board of Directors and executive team oversee the security program and review its status and progress against identified goals at scheduled meetings.

To support our daily efforts, TopBuild has established security policies, processes, and defenses designed to help identify and protect against intentional and unintentional disruption of our information technology systems and operations. Our multi-faceted program includes:

- regular testing and tabletop and cybersecurity exercises
- ongoing systems audit and maintenance
- direct employee awareness and training
- a formal process for risk evaluation and setting of controls
- company policies and monitoring practices to protect our information and reduce data privacy and security risks
- third-party specialists to routinely assess our systems, provide information about emerging risks, and recommendations for improvement



Dave R
TopBuild Home Services

One of the most important lines of defense is to teach our employees how to spot and respond to potential digital threats. We work to reduce cyber risks by providing our employees with recurring education and training on how to protect company data, systems, and assets from avoidable cybersecurity threats, such as phishing.

Our policies and programs have been developed based on best practices from multiple frameworks to define the elements most relevant to our business and have a set of controls that integrates guidance from the U.S. National Institute of Standards and Technology's (NIST) cybersecurity framework.

We have built-in escalation paths with dedicated leaders and our legal team to quickly manage any incidents that may arise in the course of standard operations.

We report material data privacy and information security breaches in our annual 10-K report. To date, we have not experienced a material information security breach.



Thomas F
TruTeam

About this Report

TopBuild's 2022 ESG Report provides information on the management and performance of our commitments to address environmental, social, and governance priorities while building long-term value for our stakeholders. This report covers calendar year 2022 unless otherwise noted and references the relevant sector standards from the Sustainability Accounting Standards Board.

We are committed to transparency in ESG reporting, and we are working to continually improve our reporting as our sustainability journey and industry best practices evolve.

To learn more about TopBuild, please visit our website at www.topbuild.com.

FORWARD LOOKING STATEMENTS

Statements contained herein reflect our views about future periods, including our future plans and performance, constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "will," "would," "anticipate," "expect," "believe," "designed," "plan," or "intend," the negative of these terms, and similar references to future periods. These views involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in our forward-looking statements. We caution you against unduly relying on any of these forward-looking statements. Our future performance may be affected by a number of risks including but not limited to the material risks under the caption entitled "Risk Factors" in our most recent Annual Report, as filed with the SEC, as well as under the caption entitled "Risk Factors" in subsequent reports that we file with the SEC. Our forward-looking statements in this report speak only as of the date of this report. Factors or events that could cause our actual results to differ may

emerge from time to time and it is not possible for us to predict all of them. Unless required by law, we undertake no obligation to update any forward-looking statements as a result of new information, future events, or otherwise. The Company believes that the non-GAAP performance measures and ratios that are contained herein, which management uses to manage our business, provide additional meaningful comparisons between current results and results in our prior periods. Non-GAAP performance measures and ratios should be viewed in addition, and not as an alternative, to the Company's reported results under United States GAAP. Additional information about the Company is contained in the Company's filings with the SEC and is available on TopBuild's website at www.topbuild.com.

Reporting Indexes

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

Accounting Metric	Reference
Amount of defect- and safety-related rework costs	2022 ESG Report page 58
Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	2022 ESG Report page 58
(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	2022 ESG Report page 40
Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	2022 ESG Report page 54

GLOBAL REPORTING INITIATIVE (GRI)

GRI Standard	Disclosure	Location
GRI 2: General Disclosures	2-1 Organizational Details	2022 ESG Report pages 8-11
	2-2 Entries included in the organization's sustainability reporting	2022 ESG Report pages 8-11
	2-9 Governance structure and composition	2023 Notice of Annual Meeting & Proxy Statement
	2-10 Nomination and selection of the highest governance body	2023 Notice of Annual Meeting & Proxy Statement
	2-11 Chair of the highest governance body	2023 Notice of Annual Meeting & Proxy Statement
	2-14 Role of the highest governance body in sustainability reporting	2022 ESG Report pages 52-53
	2-21 Annual total compensation ratio	2023 Notice of Annual Meeting & Proxy Statement
	2-22 Statement on sustainable development strategy	2022 ESG Report page 6
	2-23 Policy commitments	2022 ESG Report page 54
	2-24 Embedding policy commitments	2022 ESG Report page 54
	2-26 Mechanisms for seeking advice and raising concerns	2022 ESG Report page 55
	2-29 Approach to stakeholder engagement	2022 ESG Report page 14
	2-30 Collective bargaining agreements	Annual Report Form 10-K
GRI 3: Material Topics 2021	3-1 Process to determine material topics	2022 ESG Report page 16
	3-2 List of material topics	2022 ESG Report page 17
	3-3 Management of material topics	2022 ESG Report pages 17-18
GRI 301: Materials 2016	301-2 Recycled input materials used	2022 ESG Report page 22
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	2022 ESG Report page 27
	305-4 GHG emissions intensity	2022 ESG Report page 27
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annual Report Form 10-K
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	2022 ESG Report page 41
	403-2 Hazard identification, risk assessment, and incident investigation	2022 ESG Report page 41
	403-4 Worker participation, consultation, and communication on occupational health and safety	2022 ESG Report pages 38-41
	403-5 Worker training on occupational health and safety	2022 ESG Report page 41
	403-6 Promotion of worker health	2022 ESG Report pages 32-33
	403-8 Workers covered by an occupational health and safety management system	2022 ESG Report page 41
	403-9 Work-related injuries	2022 ESG Report page 40
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	2022 ESG Report pages 34-35
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2022 ESG Report page 44, 52

Endnotes

- 1 [**UN Environment Programme**](#)
- 2 [**EcoBatt® batts and rolls - Transparency Catalog**](#)
- 3 [**GreenGuard Certification I UL**](#)
- 4 [**Environmental Product Declaration - HFO/HFC**](#)
- 5 [**Environmental Product Declaration - HFC**](#)
- 6 [**U.S. Department of Energy, Insulation Materials**](#)
- 7 [**TimberHP Sustainable Financing Framework**](#)
- 8 [**Bureau of Labor and Statistics for NAICS 23831 \(2021\)**](#)

