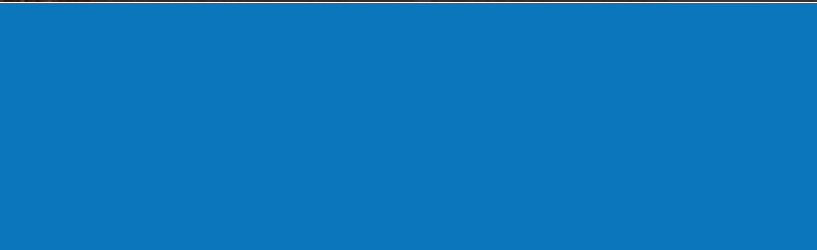




Environmental,
Social, and
Governance
(ESG) Report

2022



MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

Welcome to Thrive Home Builders' first-ever corporate ESG report. While this is new for us, writing this first report was a much more gratifying experience than I expect it would be for a lot of companies. For us, the process of writing this report was an opportunity to take stock of a remarkable path of accomplishment that stretches back to our founding 30 years ago.

When my father, Gene Myers, founded this company as Greentree Homes in 1992, I can't imagine that he had any idea where this company would be 30 years later. From one house built from structural insulated panels and a set of off-the-shelf plans, he started a journey that brought us to the zero energy, fully electric homes that we're capable of building today.

For a small homebuilder in Denver, Colorado, we've managed to build credentials that are unparalleled within our industry. As just one example, RESNET named us the most energy-efficient builder in the US and Canada in 2021.

So where do you go next if you're already the most energy-efficient builder in the country?

The answer means facing a harsh reality: while we've made a lot of progress on reducing the operational carbon footprint of our homes, we can't yet say that we've made much impact on the embodied carbon in our homes. Building a home remains an energy and resource-intensive process, even if that home is extremely energy-efficient once it is built.

Will our attempt at measurement be perfect? Most certainly not, and neither will our means of offsetting our carbon debt. But the old adage applies here: never let the perfect be the enemy of the good. We've got to start somewhere.

Why is this important to us?

It's because climate change is no longer a theoretical notion of a degree or two of temperature on a graph. Right here in the Denver area, the Marshall Fire damaged or destroyed 1,000 homes in suburban areas that were never thought to be prone to wildfire, including one of our own communities where we were actively building at the time.

While we're not a large company, we're working to innovate the path for industry change. Together as an industry we can make a larger impact to reduce global carbon emissions. Governments around the world, from the national to the local level, are setting ambitious targets for reducing carbon emissions and addressing climate change. If you're a builder, there's a good chance that these policies are being enacted in a market where you're already building or hope to build in the future.

Our goal is to be a part of the solution. In the process, perhaps we'll have the opportunity to show that it's possible to run a successful business while doing our part to make things better. If you're a fellow builder, or otherwise a participant in our industry, I encourage you to jump on board with us.

There's so much we can accomplish together!



Stephen Myers
Chairman and Chief
Executive Officer

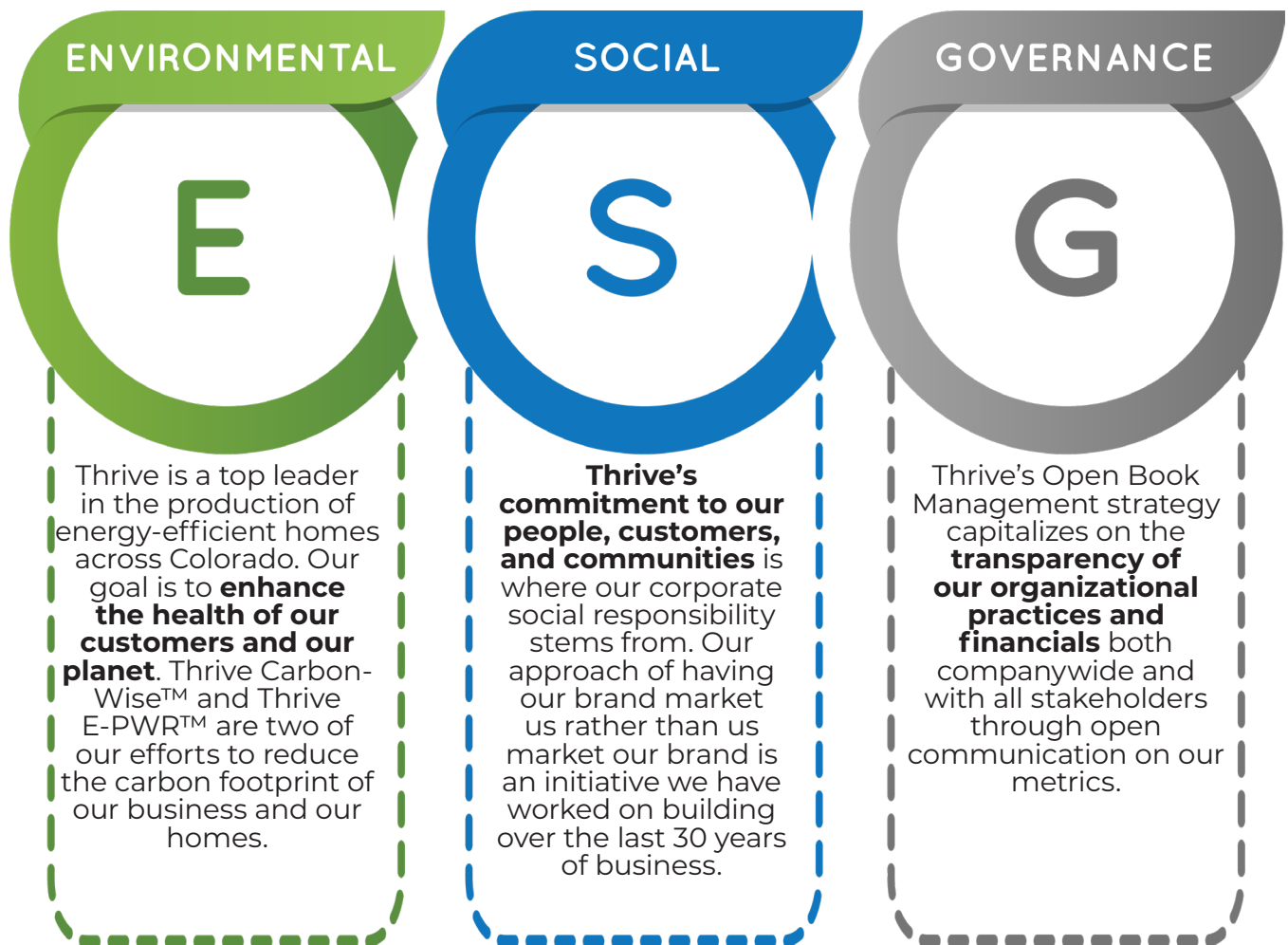


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REPORT PURPOSE AND STRUCTURE

This report summarizes Thrive's accomplishments to date, priorities moving forward, and goals for the coming year. The purpose of this report is to **provide transparency and communication with Thrive stakeholders** in relation to our current sustainability practices and Environmental, Social, and Governance (ESG) commitments. Our goal as a company is not just to do good for ourselves, but also to do good for others. This vision underscores our unceasing desire to work hand in hand with our trade partners to improve the lives of our homeowners in ways they never thought possible. Our promise is that Thrive will continue to evolve through the utilization of innovative technologies and sustainable, locally sourced products. Thrive believes the true luxury of owning a healthy home is the peace of mind that comes from knowing you have done all you can for the people you love. **Thrive continues to lead the homebuilding industry into the next frontier.**



SHARING OUR STORY

THRIVE IS COLORADO'S LEADING HIGH-PERFORMANCE HOME BUILDER

Thrive is a Denver-based company that has been building energy-efficient and healthy homes in Colorado for the last 30 years. Our building practices make us a leader in the industry for high performance homes that provide homeownership for entry to luxury homebuyers. Thrive homes utilize innovative building practices that incorporate the **highest standards of energy efficiency and sustainability** with the homeowner's health in mind.

WHAT SUSTAINABILITY MEANS TO US

Our name, 'Thrive', was chosen specifically to represent our commitment to energy-efficient, healthy homes, and to differentiate us from others in the homebuilding industry. The US Department of Energy's Zero Energy Ready Homes (ZERH) program is more than just another certification for us, it is a large part of who Thrive is. As a small, niche builder in a market that is otherwise dominated by large, national builders, it is essential for us to **differentiate our product**.

Sustainability and innovation are at the forefront of Thrive's building practices. Thrive is pursuing the path beyond zero energy homes and to advance as an environmentally conscious company towards carbon neutrality. This report is the benchmark for our company and will ultimately help us track our improvement over time.

THRIVE'S ZERO ENERGY READY HOMES ARE:

- ◆ LEED Certified
- ◆ Energy Star Certified
- ◆ EPA Indoor airPLUS Certified

HOW THRIVE STANDS OUT IN THE INDUSTRY

Over the years, Thrive has consistently been recognized as a top production builder in the Metro Denver Area, even while focusing on high-performance building.



Thrive is proud to be among the top local builders in Colorado. Centering our business around energy-efficiency, health, and sustainability has allowed us to differentiate ourselves among the top builders in the industry. Our business structure is centered around our customers and creating a sense of connectivity by being their neighbor. Our mission of creating a product that will benefit them from the time of purchase to the time they move on to their next journey is just one of the ways we hold ourselves accountable to our customers.

SUSTAINABILITY BY THE NUMBERS

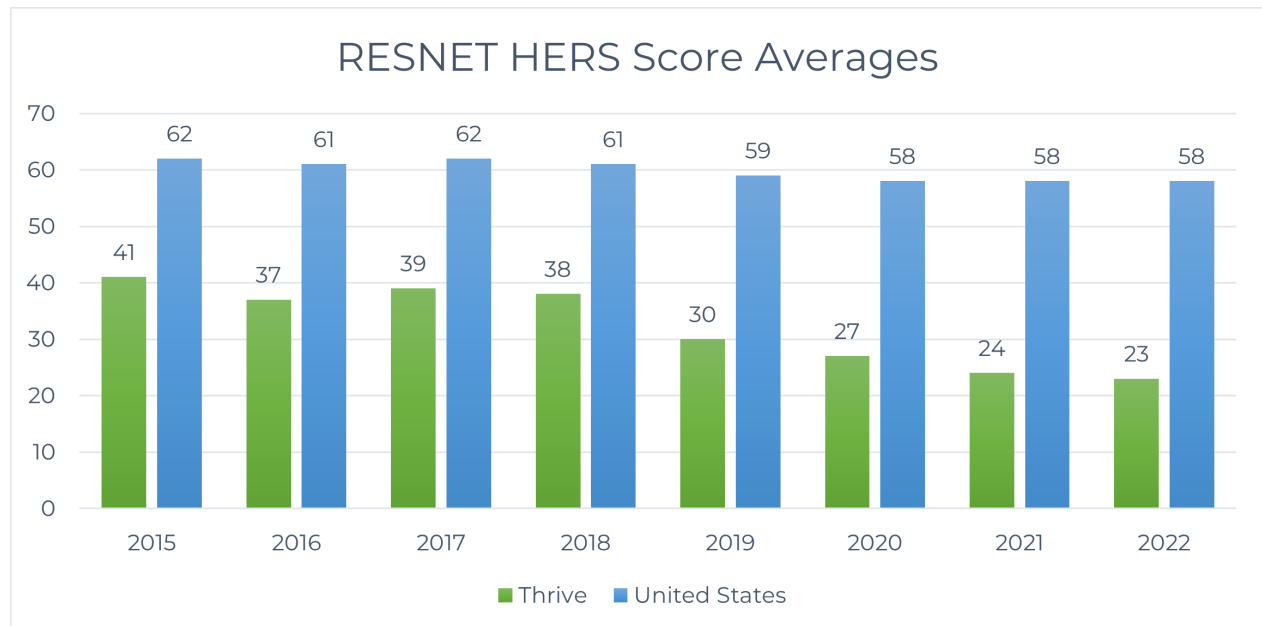
Thrive has been building DOE Zero Energy Ready Homes (ZERH) since 2013. As a company, we have constructed 1,225 homes in the program through the end of 2021. This places us among the **largest ZERH builders in America**.

Since EPA Indoor airPLUS is a requirement of DOE ZERH, the data is the same as our ZERH for homes built that meet this standard. **Thrive has received the Grand Award for Housing Innovation more than any other builder.** With a 30-year history of innovation, Thrive believes carbon neutrality is the “next frontier” for high-performance homes and improved quality-of-life.

Thrive’s first registered home in the Energy Star program dates back to 2003. Since then, Thrive is among the **top builders in the Energy Star program** and has constructed 2,028 homes that meet this standard to date. Thrive received the New Millennium Builder Rising Star Award in this program in 2005 and 2006 along with the Market Leader Award in 12 of the last 13 years.

Every home built by Thrive is LEED Certified. In fact, **Thrive builds the most LEED Certified homes in Colorado** under the USGBC LEED for Homes Program and was named a LEED Power Builder in 2018.

RESNET HERS SCORE PROGRESSION OVER THE YEARS



Thrive homes’ Home Energy Rating System (HERS) scores are like a car’s MPG, except that the lower the homes’ HERS score, the more energy-efficient they are. Independent energy raters test each Thrive home to confirm it performs as designed. As depicted in the graph, Thrive falls far below the US average, saving our customers more money than other builders. Today, Thrive homes achieve a HERS score that is less than half of the national average. Our low HERS ratings led us to winning RESNET’s President’s Cup for building the most energy-efficient homes in the US and Canada.



SUSTAINABLE PRODUCT EVOLUTION

Vitality

2021: This series was a milestone for us as it was tailored around living in the midst of a pandemic, so it emphasized the importance of indoor air quality and featured a whole house HEPA filtration system. Best in show at PCBC, platinum BALA, and received the DOE Grand Award in Housing Innovation for Production Homes.

Panacea

2018: This home was our first foray into the luxury segment of Denver's Central Park neighborhood, bringing zero energy performance and healthy home features. Thrive wins the DOE Grand Award in Housing Innovation for Production Homes this year.

Vita

2017: Thrive launches first health-focused home collection that also integrates EPA Indoor airPLUS, ERVs, and active radon mitigation.

Lowry Courtyards

2017: Our first age-targeted series of homes to receive the DOE Grand Award in Housing Innovation for Production Homes.

Perrins Row Townhomes

2014-2015: Thrive's first ever 3-story DOE ZERH townhomes debut, making this collection Thrive's first DOE Grand Award in Housing Innovation for Multifamily.

Solaris Single Family

In 2009, Thrive meets Energy Star requirements and makes solar standard. In 2012, Thrive produces DOE Zero Energy Ready homes. In 2013, Thrive wins its first DOE Grand Award in Housing Innovation for Production Homes.



Panacea 2

2022: This series was designed to illustrate how building for resiliency and climate change adaptation is unique to Thrive in Colorado. These homes feature all-electric, zero energy, and HEPA filtration in the luxury segment.

Westridge

2020: This series was a brownfield development that included environmental remediation prior to development. Thrive wins the DOE Grand Award in Housing Innovation for Production Homes this year.

ZEN 2.0

2018: The ZEN collection evolves to include prewiring for car charging, a Tesla PowerWall and comes with zero energy standard. Thrive also wins the Grand Award in Housing Innovation for Production Homes this year.

Elements Affordable Townhomes

2017: Thrive develops income qualified homes that don't compromise quality or performance. These include DOE Zero Energy Ready and EPA Indoor airPlus certifications. Thrive wins its first DOE Grand Award for Affordable Housing.

RidgeGate 2-Story & 3-Story Townhomes

2016: This is Thrive's first location in the suburbs where we expanded our energy-efficient product to a new market. The 2-story townhomes mark our first zero energy multifamily product. Thrive also wins the DOE Grand Award in Housing Innovation for Multifamily.

ZEN - Zero Energy Now

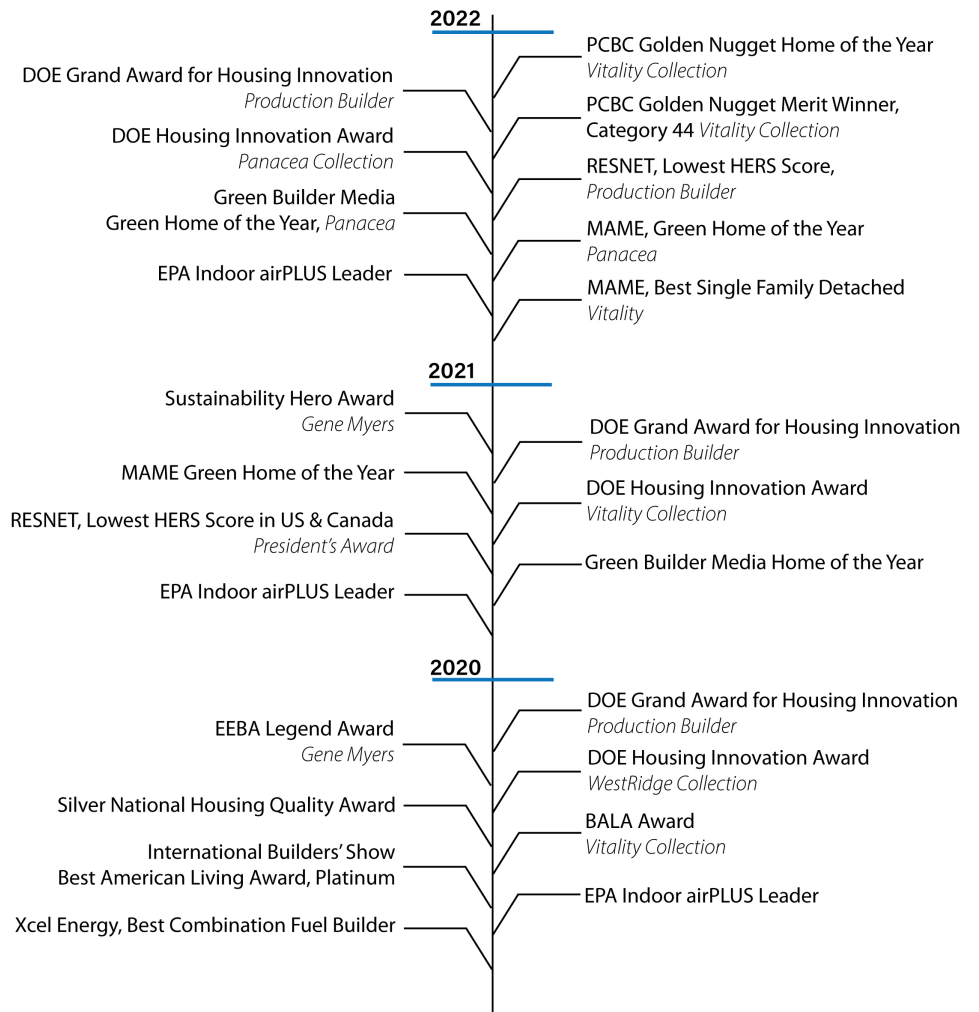
2013: Zero energy becomes a standard feature for the ZEN home series. In 2014, Thrive wins the Grand Award in Housing Innovation for Production Homes.



AWARDS AND RECOGNITION

Thrive continually earns national recognition for our dedication to energy efficiency, winning **thirteen Grand Awards for Housing Innovation from the U.S. Department of Energy over the past ten consecutive years.**

This is more than any other builder. Thrive is recognized by the U.S. Environmental Protection Agency as an Indoor airPLUS Leader in the industry annually over the last five years. In 2019, Thrive won the top prize: Leader of the Year. Our dedication to improved indoor air quality led Thrive to earning LEED Gold and LEED Platinum certifications. Although Thrive ranks 158 nationally on Professional Builder Magazine's Housing Giants Rankings and is considered to be a relatively small builder among the large builders in the Denver market in terms of annual sales, Thrive is proud to be **paving the way** for the rest of the industry **in housing innovation, energy efficiency, and health.**



Receiving an award means more to us than an acknowledgment of our performance. **Awards depict how Thrive continually evolves as a homebuilder** to ensure that the current market needs are being met while also going above and beyond to reach our goals of innovation and sustainability in the industry.



ENVIRONMENTAL

- ◆ **The Backbone**
Importance of reporting and our corporate goals.
- ◆ **History of Sustainability Leadership**
Energy efficiency as the cornerstone of our sustainability commitment.
- ◆ **Environmental Organizations**
Work with environmental organizations to meet our sustainability goals.
- ◆ **Corporate Carbon Accounting**
Overview, methodology, results and next steps of our findings.
- ◆ **Carbon Neutrality**
What defines a carbon neutral home
What Thrive is doing to commit to our carbon neutrality goals.
- ◆ **Building Innovation**
Paving the way for sustainability through building initiative marketing
Overview of current and future projects with sustainability in mind.
- ◆ **Building for Resilient Communities**
Resiliency and durability in a time of increased natural disasters
Continuation and development of responsible sourcing of materials.
- ◆ **UN SDG's Environmental Commitments**

THE BACKBONE

The three legs of the Thrive brand are **'Efficient. Healthy. Local.'**, and our tagline is **'Homes that do more.'** These depict what our brand stands for and the values that we hold each of our projects to.

EFFICIENT. HEALTHY. LOCAL.

The name Thrive represents our **commitment to healthy homes and a desire to build a brand that speaks directly to the customer's well-being.** Thrive works hard to develop our brand, and our brand works hard for us. Thrive is at the forefront of environmental responsibility in our industry. People are attracted to our brand as a result. This report is a measurement of Thrive's impact on and contribution to the environment and society.

THE 3 PILLARS OF THRIVE

- ◆ **Efficient**
Peace of mind comes from knowing that an independent rating firm certifies the energy efficiency of each Thrive home to save our customers money.
- ◆ **Healthy**
All Thrive homes are built from the ground up with clean indoor air quality in mind.
- ◆ **Local**
Thrive's focus is caring about our customers because we are their neighbor. We focus on staying local so we can do our best for the community we are in.

HISTORY OF SUSTAINABILITY LEADERSHIP

Thrive Home Builders began in 1992 when Gene Myers, our CSO, Chairman and Former CEO, founded Greentree Homes. At the company's origin, Greentree provided a guaranteed annual heating bill.

Thrive's founder and chairman believed in **building an eco-friendly home that leaves a smaller footprint on the environment than other builders** as awareness surrounding the impact the construction industry has on the world became increasingly more apparent.

In 1999, Thrive shifted focus to New Urbanist development and changed the company's name to New Town Builders. It was here where he began to build a national reputation for energy efficiency and innovation. Gene's drive for innovation ultimately brought him to a new focus on health and indoor air quality and now carbon neutrality. As we evolve, so does our name. With our growing expertise in zero energy housing, innovative building techniques, standard solar panels, and a new focus on building healthy homes, we knew a name change was needed to fully encompass our dedication to efficient, healthy, and local home building. As a result, in 2015, we became Thrive Home Builders.



ENVIRONMENTAL ORGANIZATIONS

To be the most energy-efficient builder, one needs to **work with other forward thinkers** that are just as passionate on advancing the industry towards a sustainable future for all. Thrive works with several environmental organizations to stay ahead of the sustainability curve.

US EPA

The US Environmental Protection Agency (EPA) provided the framework and significant resources for our evolution as a high-performance builder. In the early 2000's Thrive embarked on constructing EnergyStar rated homes. As the requirements of EnergyStar evolved, version by version, Thrive tapped into EPA's building science, construction, and marketing resources to build better homes and learn how to communicate their value to our customers. Thrive has been recognized as a leading builder within the EPA programs.



To whom it may concern (and it should concern everyone!), Every successful business has a set of key relationships without which they couldn't achieve their goals and objectives, perhaps even their dreams. For EnergyLogic, our relationship with Thrive has been more than key or strategic, it has been foundational. For the many years we've worked together, Thrive has pushed us to be ever better. They have been open and honest with us when we've fallen short, and they've been appreciative of our hard work. It's the rare business relationship in which you feel you can be completely transparent about the things that you are struggling with. I can't imagine a more constructive and beneficial relationship than the one that we enjoy with Thrive.

– Steve Byers, Co-Founder and CEO EnergyLogic

ENERGYLOGIC

EnergyLogic has been Thrive's long-term partner in building better homes since the late 2000's. They are our energy rater and more. EnergyLogic served as Thrive's applied building science resource as Thrive emerged from the Great Recession and helped us up our game from EnergyStar to DOE Zero Energy Ready, EPA Indoor airPLUS, zero energy, and LEED. From working with us during concept and design through final field verification, EnergyLogic's partnership helped Thrive stay on the leading edge of high-performance production homebuilding.



HOUSING INNOVATION ALLIANCE

Thrive is an active member of the Housing Innovation Alliance, which convenes thought leaders from the homebuilding industry to advance innovation. Areas of emphasis include ESG, offsite construction, and the implementation of build for rent. Thrive staff are members of the Advisory Board and frequent contributors to Housing Innovation Alliance events.

US DOE

Thrive was an early adopter of the US Department of Energy's (DOE) Zero Energy Ready Home (ZERH) program. The program adopts energy efficiency requirements of Energy Star, indoor air quality requirements from EPA Indoor airPLUS, and the indoor water conservation measures of EPA WaterSense. It has been estimated by the DOE that only the top 1% of builders in America meet the ZERH standard. Thrive has been a perennial leader in the ZERH program winning 12 Housing Innovation Awards and 13 Grand Awards for Housing Innovation over the last 10 consecutive years, more than any other builder.

”

As I have worked with Thrive throughout the past decade promoting DOE Zero Energy Ready Homes, they have been a constant source of valuable insight into how to make the program work for builders. Their feedback has led us to improve multiple program requirements including solar-ready features, hot water delivery requirements, and window requirements, and have pointed out needed resources such as guides to where to find low-emittance cabinets. They have always been quick to try our marketing collateral, working with us to test local google ads and promoting the use of the Zero Energy Ready Home label to other builders.

Collaboration is what has defined Thrive in the time I have known them. Their leadership position in the industry allows them to lead by example. They have used that example to bring the rest of the industry along with them, and their reach goes beyond their 1200+ (as of 2022) DOE Zero Energy Ready Homes to thousands of other homes.

– Joe Nebbia, DOE Zero Energy Ready Home Operations Director

EEBA

For over 35 years the Energy and Environmental Building Alliance (EEBA) has provided the most trusted resources for building science information and education in the construction industry. Thrive has been a key collaborator since 2015, including the initiation of the following programs:

- ◆ Partnering with the Solar Decathlon
- ◆ Builder Benchmark Group
- ◆ Media partnerships with Green Builder Media and ProBuilder Magazine
- ◆ Ultimate Z.E.N. Demonstration Home
- ◆ EEBA Academy
- ◆ EEBA Designations for Site Supervisor; High Performance Builder and Zero Energy Professional
- ◆ NextGen Scholarship Fund



CORPORATE CARBON ACCOUNTING

PURPOSE

In 2022, we developed our **first Corporate Greenhouse Gas (GHG) emissions inventory** to gain a more thorough understanding of our corporate-wide impacts. The purpose of developing this inventory is to claim and bring to market a thorough understanding of our corporate carbon footprint, cultivate transparency, and develop a baseline upon which to track our progress moving forward. By establishing a baseline, we've been able to gain a better understanding of where our largest impacts are coming from. This will allow us to target those areas of highest impact with mitigation measures to reduce future emissions. In addition, we're able to gain a better understanding of what parts of our operations are most efficient and use that as a model for best practices moving forward.

METHODOLOGY

Our GHG inventory was calculated by a third party partner, SMS Collaborative, in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. By following this standard, we can ensure our carbon emissions are calculated with the utmost integrity and following industry standards. This protocol covers accounting for the seven greenhouse gases covered by the Kyoto protocol: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

The year 2021 was used as our baseline and will be a reference point moving forward to track our progress. Our baseline GHG inventory currently accounts for our Scope 1 and Scope 2 emissions. Scope 3 emissions, which is an optional reporting category under the GHG Protocol, have been omitted at this time.

SCOPE 1-3 EMISSIONS DEFINITIONS

- ◆ **Scope 1 Emissions:** Direct greenhouse gas emissions that occur from sources owned or controlled by the company (e.g. temporary heating of model homes, sales offices, construction offices, company-owned generators, vehicles, and machinery).
- ◆ **Scope 2 Emissions:** Indirect emissions from the generation of purchased electricity consumed by the company (e.g. headquarters, sales offices, model homes, and production homes).
- ◆ **Scope 3 Emissions:** Other indirect GHG emissions that are a consequence of the activities of the company but occur from sources not owned or controlled by the company.

MARKET V. LOCATION-BASED METHODOLOGY

- ◆ **Market-Based Method:** A method for setting operational boundaries that is intended to reflect the emission impacts of differentiated electricity products that companies have purposefully chosen to procure (e.g. supplier-specific emission rates and power purchasing agreements).
- ◆ **Location-Based Method:** A method for setting operational boundaries that reflects the average emissions intensity of grids on which energy consumption occurs. This method uses grid-average emission factors for calculating GHG emissions.



OUR SCOPE 1 AND 2 EMISSIONS AND SOURCES INCLUDED IN OUR 2021 GHG INVENTORY

Site Types	Scope	Emissions Source
Headquarters Office	Scope 2	Purchased Electricity
Sales Offices	Scope 1	Natural Gas, Propane
	Scope 2	Purchased Electricity
Construction Offices	Scope 1	Natural Gas, Generator Diesel Fuel
	Scope 2	Purchased Electricity
Model Homes	Scope 1	Natural Gas
	Scope 2	Purchased Electricity
Production Homes	Scope 1	Natural Gas, Propane, Diesel Fuel
	Scope 2	Purchased Electricity

In addition to calculating our Scope 1 and Scope 2 emissions results, we've applied an intensity factor using the activity-related method. With this, we're able to normalize our carbon emissions data to provide a comparison year after year. The metric we chose as our intensity factor is CO₂e in metric tons per 1,000 square feet of home delivered.

RESULTS OF OUR 2021 GHG EMISSIONS BENCHMARK

Our 2021 GHG emissions were calculated using both the market-based and location-based methods in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Therefore, we've shared our results using both methods.

Thrive's 2021 Market-Based GHG Emissions	
Scope 1 GHG Emissions	98.23 CO ₂ e in metric tons
Scope 2 GHG Emissions	164.20 CO ₂ e in metric tons
Total Scope 1 & 2 GHG Emissions	262.43 CO ₂ e in metric tons
Total Scope 1 & 2 GHG Emissions Activity-Related Intensity	1.08 CO ₂ e in metric tons per 1,000 SF of Home Delivered

1.24 metric tons CO₂e
per 1,000 SF of Home Delivered in 2021

Thrive's 2021 Location-Based GHG Emissions	
Scope 1 GHG Emissions	98.23 CO ₂ e in metric tons
Scope 2 GHG Emissions	203.13 CO ₂ e in metric tons
Total Scope 1 & 2 GHG Emissions	301.36 CO ₂ e in metric tons
Total Scope 1 & 2 GHG Emissions Activity-Related Intensity	1.24 CO ₂ e in metric tons per 1,000 SF of Home Delivered

1.08 metric tons CO₂e
per 1,000 SF of Home Delivered in 2021

NEXT STEPS

- ◆ Track and report our annual GHG emissions using 2021 data as baseline year.
- ◆ Commit to our carbon goals by establishing our first corporate carbon reduction targets.
- ◆ Take a deeper look into our 2021 emissions to understand where our greatest opportunities for reductions are and purchase credible offsets for the rest.
- ◆ Establish carbon-reduction initiatives that can be implemented in the years to come.



CARBON NEUTRALITY

WHAT IS THRIVE DOING TO BUILD CARBON NEUTRAL HOMES?

Thrive has currently laid out a 4-step process to achieve our goals in relation to building carbon neutral homes as follows:

01

To assess our corporate carbon footprint and develop corporate carbon reduction targets.

Ensuring that we have targets set in place around our corporate carbon footprint further establishes our commitment to reducing our overall carbon footprint.

02

Operational carbon reduction.

The inclusion of electrification and rooftop solar generation will be implemented in all future projects.

03

To assess the embodied carbon footprint of all homes built and purchase an offset for each home.

Our goal is to begin this analysis of our footprint in late 2022 so by the end of 2023 we can fully implement this across all our homes. We currently work towards the minimization of our operational carbon for our homes. We implement this through low energy initiatives to promote low carbon emissions.

Our primary focus is on the footprint of our homes, excluding the overall transportation of goods/materials to the site that fall under Scope 3. Our goal is to purchase a local offset or create a local carbon inset within the community to **reach carbon neutrality of our homes.**

WHAT DEFINES A CARBON NEUTRAL HOME?

At Thrive, we define a 'carbon neutral' home as one that meets:

- ◆ **Operational Carbon Neutrality**
 - ◆ All electric powered home that utilizes no fossil fuels.
 - ◆ The electric power is generated with 100% renewable energy.
- ◆ **Embodied Carbon Neutrality**
 - ◆ Components of our homes are optimized for carbon reduction and cost.
 - ◆ Offsets are purchased for the embodied carbon of the home that are not minimized by our initiatives.

BUILDING INNOVATION

THRIVE E-PWR™

Thrive is set to launch a series of all-electric homes called Thrive E-PWR™. These modern, all-electric homes are set to be more comfortable, energy-efficient and healthier for homeowners and the planet. They will utilize highly efficient electric appliances for heating and cooling, heating water, drying clothes, and cooking as well. Incorporation of rooftop solar will offset the consumption of electricity for our homes.

Thrive will debut our first all-electric home community in the new Loretto Heights, which signifies the next chapter of this historic community and for Thrive. Each home will also be Zero Energy Ready, LEED Certified, Energy Star Certified and EPA Indoor airPLUS certified. The Thrive E-PWR™ all-electric homes series in the historic Loretto Heights melds the past and present. We believe trademarking our efforts will be attractive to our target audience of homebuyers and partners as we label the community as being all-electric and thus paving the way for building innovation.



THRIVE CARBON-WISE™

Thrive Carbon-Wise™ is our trademark for producing carbon neutral homes. This pioneering construction method focuses on reducing the embodied carbon from the components of the home and operational carbon from heating, cooling, and lighting of our homes. The result is a home that lessens the harsh impacts of carbon on the environment and helps combat climate change.

Thrive Home Builders will produce homes for the first time with this building approach in a community named Sonders in Fort Collins, Colorado. At Sonders, all-electric components such as an electric heat pump will be used in place of a gas furnace and carbon offsets will be purchased for embodied carbon identified in the home products utilized that we cannot offset with other building practices.

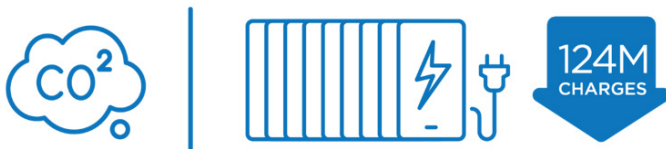


SONDERS VISION HOME

We have introduced our Thrive Carbon-Wise™ building approach in 2022 as an option for our 220 homes planned for the Sonders project. This project will host the Vision Home for Green Builder Magazine, where we will share our carbon reduction experience with the industry. As Thrive Carbon-Wise™ is fully implemented in 2023, it is estimated that a total of 1,023 tons of carbon emissions will be reduced by 40% when compared to a 2021 International Energy Conservation Code (IECC) home. This data was taken directly from EnergyLogic, our HERS energy rater, who compared our demonstration house's footprint at Sonders to an IECC home.

As a result, the home will be healthier for the homeowner and the adverse effects on the environment will be significantly diminished. The decarbonization practices used by Thrive in Fort Collins is equivalent to:

124M fewer smartphones needing to be charged



1,211 acres of U.S. forests not absorbing carbon emissions



PANORAMA HOUSE

Located in Breckenridge, Colorado, the Panorama House is a 6,000 SF home that will showcase how energy-efficiency, fire resiliency, and comfort can be met in any climate. Construction of the home will begin in spring of 2023 and will implement innovative building approaches and materials.



Using a BIM database, the carbon footprint will be calculated, and a carbon offset will be purchased, making the home verifiably carbon neutral. Throughout this process, Thrive will also learn how to replace carbon intensive products used in homes and the cost of the offset. The results will be shared with the industry through collaboration with ProBuilder Magazine.

The idea behind the Panorama House is to test products and methods that may be incorporated into Thrive's production building practices along Colorado's Front Range. The location has a harsh mountain climate and is located adjacent to a national forest, a challenging location to meet the standards set forth. If these practices and products work here, they will work anywhere in Colorado as well as climates similar to the Centennial State. This location is in a strong location for large custom second homes in Colorado's ski country. We feel confident that upon completion, there will be a strong market for this "one-off" design.

WHAT THE PANORAMA HOUSE DEMONSTRATES

- ◆ Factory building (offsite construction) for quality and affordability
- ◆ Fire resiliency
- ◆ Low carbon alternatives to concrete, OSB, and other materials
- ◆ All-electric, zero energy (and therefore zero carbon from an operational standpoint)
- ◆ Health of the home (EPA Indoor airPLUS)
- ◆ Climate zone 7 heat pump technology



BUILDING FOR RESILIENT COMMUNITIES

NAUTRAL DISASTERS

Our goal is to insulate our homeowners from the negative effects of climate change and natural disasters. Natural disasters are becoming more prevalent as the reality of climate change becomes more evident throughout the country. Colorado sees the most significant impacts of climate change such as deforestation, high winds, drought, wildfire, hail, and flooding. Climate events are shaping our consumer preferences, so we must evolve to meet their demands.



DURABILITY

We ensure that the materials specified for the construction of our homes are safe and durable. Air tightness and effective water management ensure that these components perform as designed for a long life of the home.

We prioritize the utilization of materials with the smallest carbon footprint in our specifications to our vendors. Our current specifications go above code for all the programs we are a part of. The products specified have been vetted to ensure that Thrive is hitting every aspect of the requirements and providing the added benefits to our homeowners. This is done by acquiring certifications from third parties on low emission materials.

ALL-ELECTRIC RESILIENCY

The electric grid is often unreliable, especially during climate events. As more homes go all-electric, including those built by Thrive, grid instability will increase. Rooftop solar and battery backup of the grid are built into our homes to provide our homeowners with a measure of independence and safety.






THRIVE'S RESILIENCY STRATEGY

- ◆ Utilize strong, resilient building materials
- ◆ Build with effective thermal, air, and water management
- ◆ Quality assurance during installation
- ◆ Proper and routine testing during all phases of construction
- ◆ Inclusion of rooftop solar and battery backup to insulate our homeowners from climate events





UNITED NATIONS GOALS ENVIRONMENTAL

The United Nations (UN) has set forth a collection of 17 global goals that any country, organization, or entity can choose to commit to based on their overarching internal goals. These goals, known as the Sustainable Development Goals (SDGs), are designed for overall peace and prosperity for both people and the planet to create a sustainable future for all. As a team, we have conducted research on the UN SDGs we deem to align with Thrive's environmental goals and objectives as follows:

Goal	Goal Description	Thrive's Alignment with UN SDG
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being for all at all ages.	3.9 – Thrive aligns with this target through our creation of healthy homes that implement practices to achieve the reduction of deaths and illnesses due to the listed hazards. This is achieved through our continual EPA indoor air quality initiatives that are implemented in all our projects. We are continually recognized by EPA Indoor airPLUS for our efforts in human health and the environment in relation to indoor air quality.
 <p>6 CLEAN WATER AND SANITATION</p>	Ensure availability and sustainable management of water and sanitation for all.	6.3 – Thrive aligns with this target through our building process and the utilization of manufacturers who support us in this initiative. 6.b – Thrive aligns with this target through our low water landscaping initiatives and indoor water conservation measures that are implemented in all of our projects.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Ensure access to affordable, reliable, sustainable, and modern energy for all.	7.2 – Thrive aligns with this target through utility cost control and reduction through home advanced energy efficiency specifications in all our new homes.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	9.1 – Thrive aligns with this target through our resilient infrastructure techniques, such as the creation of resilient homes and our commitment to the continual growth of affordable housing in our projects. 9.4 – Thrive aligns with this target through our home designs. Thrive plans to make all our future projects completely electric and include standard solar PV, ultimately taking them off of gas completely and promoting resource-use efficiency and the adoption of clean, environmentally sound technologies.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Make cities and human settlements inclusive, safe, resilient, and sustainable.	11.1 – Thrive aligns with this target through our continued efforts in seeking out affordable housing projects. 11.3 – Thrive aligns with this target through seeking out New Urbanist communities that are design for social and community engagement. Universal design standards for accessibility and aging in place are also enacted in these communities. 11.5 – Thrive aligns with this target through resilient home initiatives. Being from a place such as Colorado that is seeing an influx in natural disasters, durability and resiliency are at the forefront of our building product selection and plans. 11.7 – Thrive aligns with this target through seeking out communities that included the use of public green spaces to build on the sense of community within the neighborhoods. In one of our projects that is focused on senior living, Sonders in Fort Collins, communal green areas are prioritized to promote health and wellbeing among the members.



UNITED NATIONS GOALS ENVIRONMENTAL

Goal	Goal Description	Thrive's Alignment with UN SDG
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns.</p>	<p>12.4 - Thrive aligns with this target through our home designs and healthy home initiatives we implement in each project.</p> <p>12.5 - Thrive aligns with this target through our waste reduction efforts that are enforced by municipalities, such as our project in Superior. This initiative is being expanded on in our other projects.</p> <p>12.6 - Thrive aligns with this target by being a well-renowned leader in green homebuilding. We continue our efforts in encouraging other companies to follow our way through sharing information on best practices in relation to sustainability and innovation. By demonstrating how we calculate our GHG emissions and work towards reducing them, others can follow in these efforts.</p> <p>12.8 - Thrive aligns with this target of sustainable development awareness and harmonious living with nature through customer and community engagement along with education efforts throughout the project's completion. We host Meet Your Neighbor events where we invite individuals to meet our staff and understand the healthy components of their home. We also share our sustainability, healthy home, and energy efficiency practices with the industry at conferences such as IBS, PCBC, EEBA, and RESNET. Our Dwell Home Maintenance program assists in these efforts as well.</p>
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impacts.</p>	<p>13.3 - Thrive aligns with this target of improved education and awareness on climate change mitigation and impact reduction through the implementation of our existing customer education known as Dwell Home Maintenance. Our corporate move towards carbon neutrality also capitalizes on this awareness companywide.</p>
 <p>15 LIFE ON LAND</p>	<p>Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>	<p>15.1 - Thrive aligns with this target through the utilization of sustainable lumber, particularly beetle-kill lumber from the trees affected here in Colorado and surrounding areas. We implement the DOE ZERH standards for what goes into our homes, which is a performance-based initiative rather than prescriptive based.</p> <p>15.2 - Thrive aligns with this target by being a well-renowned leader in green homebuilding. We continually share information on best practices in relation to sustainability and innovation. By demonstrating how we calculate our GHG emissions and work towards reducing them, others can follow in these efforts.</p> <p>15.4 - Thrive aligns with this target through customer and community engagement along with education efforts throughout the project's completion. This is also in relation to our Dwell Home</p>

SOCIAL

- ◆ **Our Values**
Our purpose, mission, mantra, strategy, and overall objective
- ◆ **Our Community**
Addressing affordable housing in the communities we work within
Corporate giving initiatives
- ◆ **Our Customers**
Dwell Home Maintenance
Our homeowner appreciation initiatives
Customer testimonials
- ◆ **Our People**
Diversity, equity, and inclusion
Employee engagement survey
Jobsite safety training
- ◆ **Our Industry Partnerships**
Vendor Council
Trade Relationships
- ◆ **UN SDG's Social Commitments**

OUR VALUES

Thrive is committed to our customers, trades, associates, partners, developers, and cities. To ensure that we are living by our values, we promote each of them on our weekly One Pager. The One Pager is the means by which our company is governed and will be elaborated on later in this report. All of our staff understand and live by the One Pager daily as it outlines our mantra, purpose, mission, strategy, and objective. Our efforts companywide are portrayed on this one page so each employee understands not only their job duty but also the overall company culture.



Thrive’s One Pager assists our employees in “always doing the right thing,” by following the below guidance.

HOW DO I KNOW IF I AM “DOING THE RIGHT THING?”

- ◆ I have considered and consulted all employees, trade partners, and customers affected by my decision.
- ◆ I have asked questions, gathered information, and used my supervisor to coach me.
- ◆ I agree to “disagree and commit” if the decision goes in a different direction than my recommendations.

WE ARE EMPOWERED TO MAKE DECISIONS BY HOLDING OURSELVES TO THE FOLLOWING STANDARDS:

- ◆ I am responsible for implementing my decision even if it is delegated to others.
- ◆ I stand by the decision and know it’s in the best interests of employees, trades, and customers.
- ◆ I would be comfortable putting this decision on a billboard for all to see.



OUR COMMUNITY

ADDRESSING AFFORDABLE HOUSING

In Colorado, the housing market is creating a larger gap between who can afford a home and who cannot. At Thrive, we believe equity and access to housing for all is crucial to the well-being of the community as a whole. We take it a step further by providing energy-efficient homes to those individuals who in a typical market would not have access to them. No one needs an energy-efficient and healthy home more than an income qualified homebuyer. A focus on human health and the environment should be readily available to individuals of all backgrounds, no matter their financial status.

BELLE CREEK/CENTRAL PARK

In the late 1990's a precursor company of Thrive's, New Town Builders, was selected to build a 1,000 dwelling unit master planned community in Henderson, Colorado with a unique set of goals. These included half of the homes priced at 80% of Area Median Income (AMI) or below. New Town served as the master developer overseeing planning, zoning, platting, and development of all 1,000 homes in the development.

The project was ultimately called Belle Creek. New Town's partner and land seller who imposed the affordable housing development goal was Gary-Williams Real Estate. Sam Gary was one of the Denver area's most generous philanthropists. Sam's vision for New Town's project was to bring people together from low and moderate income families through their children at the new Belle Creek Family Center.

Belle Creek reached national acclaim as a model for mixed income communities. It received multiple awards at the Pacific Coast Builders Conference Gold Nugget Awards including its highest award, the Gold Nugget, for the town plan of Belle Creek. In addition, it was selected as the cover project for an Urban Land Institute book entitled "The New Shape of Suburbia."

Belle Creek was a landmark project for New Town and ultimately Thrive. As our first New Urbanist community, it enabled us to become a major builder in other New Urbanist

377

Total Affordable Units Closed Since 2008

\$79,350,994

Total Sales Revenue From 2008-2022

\$210,480

Average Sales Price From 2008-2022

communities such as Bradburn Village and the Stapleton project, now known as Central Park. It was also our successful entry into the planning and construction of for-sale affordable housing, most notably in the Central Park project.

In collaboration with Forest City and as part of Denver 80238's Affordable Housing program, our Central Park project was focused on providing energy-efficient homes for individuals who earned below 80% of the area's median income (AMI). This exemplified how with the right funding you can produce high quality homes for individuals who may not typically be able to afford them.



CORPORATE GIVING

Our mission is **'to be a force for good'** in the community. We strive to inspire employees by being a company worth believing in. While we have put our resources and employees behind numerous charitable causes and service projects over the years, we believe it is also essential to be an exemplary corporate citizen.

We have laid out our charitable contributions since 2020 to outline some of the organizations our company backs for the betterment of the communities we work in. We have tracked our corporate contributions from 2020 through 2022.

THRIVE'S CHARITABLE PROJECTS

- ◆ Home Builders Foundation
- ◆ St. Elizabeth's School Scholarship
- ◆ Swenson Family Scholarship
- ◆ HomeAid
- ◆ Challenge Foundation
- ◆ Lone Tree Arts Center
- ◆ Westminster Legacy Foundation
- ◆ Energy and Environmental Building Alliance
- ◆ Housing Innovation Alliance
- ◆ Schweiger Ranch Foundation
- ◆ Solar Decathlon
- ◆ First United Methodist Church
- ◆ HeartBuild
- ◆ National Energy Education Development
- ◆ DU Student Sponsorship
- ◆ Institute for the Built Environment Foundation

“ I am truly honored to serve as a board member for HomeAid Colorado. However, I am more humbled by the support and engagement of my fellow Thrivers in their contributions of expertise and time.

– Joe Hemmelgarn, Director of Extended Warranties and Maintenance, Thrive

Our employees are just as dedicated to philanthropy as they are working for us. A large majority of our employees work with charitable organizations that we support as a company. In relation to these projects, we work alongside philanthropic organizations, such as HomeAid Colorado, that creates housing opportunities for individuals at risk of homelessness.

\$167,735.00

2020 Donation Total

\$127,964.76

2021 Donation Total

\$80,627.80

2022 Donation Total



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HOME BUILDERS

HOMEAID

HomeAid Colorado brings together construction industry professionals and affiliates to complete construction projects and provide critical resources to non-profit care providers who assist those in our community at a high risk of homelessness.

As the charity of choice for the Colorado Association of Home Builders, HomeAid matches licensed, construction industry professionals with non-profit care providers who assist those at high risk of homelessness, to complete construction projects that fit their scope and size of work. This partnership allows non-profit care providers to focus their energy and resources on providing direct services to those experiencing homelessness while builders provide construction-related technical assistance, labor, and donated materials to complete construction projects at a fraction of the cost.

HOME BUILDERS FOUNDATION

For over 25 years, the Home Builders Foundation (HBF) has enabled individuals with disabilities and their families to live more independent, elevated lives. Skilled volunteers and collaborative partners come together to create home modifications that empower greater access, reinforce safety, and equip clients with the ability to tackle everyday tasks.

In the early 2000's Thrive built one of HBF's very first Inspiration Houses. The Inspiration House is a fundraising initiative where a Denver home builder and its trade partners collaborate to raise funds through the sale of a newly constructed home. The proceeds from this home are then donated to HBF following the sale.

In 2019 Thrive was approached to revive the Inspiration House concept at HBF that had been discontinued in the 2008 housing recession. Thrive partnered with 15 of our trade partners who volunteered to help with the Inspiration House for HBF. In total, Thrive donated \$103,000 in 2020 to HBF for this cause, the largest donation in HBF's recent history at that time. Thrive continues to support HBF financially.

THRIVE'S SUPPORT FOR HOMEAID

- ◆ Thrive constructed a home for Volunteers of America for homeless female veterans with children.
- ◆ Thrive has served as the underwriting sponsor of HomeAid's fall fundraiser, Growlers and Grapes since 2019.
- ◆ Thrive served as the Builder Captain for the rezoning, design and permitting of the Inspire Home for Girls at the Denver Children's Home, Colorado's oldest nonprofit. The Inspire Home for Girls was just dedicated on December 13, 2022.

THE CHALLENGE FOUNDATION

The Challenge Foundation helps smart, ambitious, and hard-working students break the cycle of poverty through educational opportunities. Challenge takes a whole-student approach, awarding tuition scholarships and individualized support services to students from under-served communities. From middle school, at a college preparatory school, and continuing through college, Challenge sees the big picture: the potential in Challenge scholars and their dreams of higher education, the impact they will make in their communities, and the way that giving back to the world is a privilege we should all strive to earn.

THRIVE'S SUPPORT FOR CHALLENGE

- ◆ Financial support
- ◆ Internships
- ◆ Jobs
- ◆ Adopt a Family
- ◆ Furniture donations
- ◆ Field trips and Career Days
- ◆ Summer Program lunches
- ◆ Volunteering

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HOME BUILDERS

OUR CUSTOMERS

WHO ARE THEY?

- ◆ “The green consumer revolution has been led by women aged between 30 and 49 with children and better-than-average education. They are motivated by a desire to keep their loved ones free from harm and to secure their future” - Jacquelyn A. Ottman, The New Rules of Green Marketing
- ◆ Age-targeted communities attract Baby Boomers
- ◆ Multifamily communities attract young, first-time homebuyers

HOW DHM BENEFITS OUR CUSTOMERS

- ◆ Lower utility costs
- ◆ Fewer service disruptions and repair costs
- ◆ Longer life spans for appliance and mechanical components
- ◆ A healthier, safer, and more comfortable home
- ◆ Is a trusted service provider and concierge in coordinating appointments with certified professional technicians, when needed

What are our customers' main concerns?

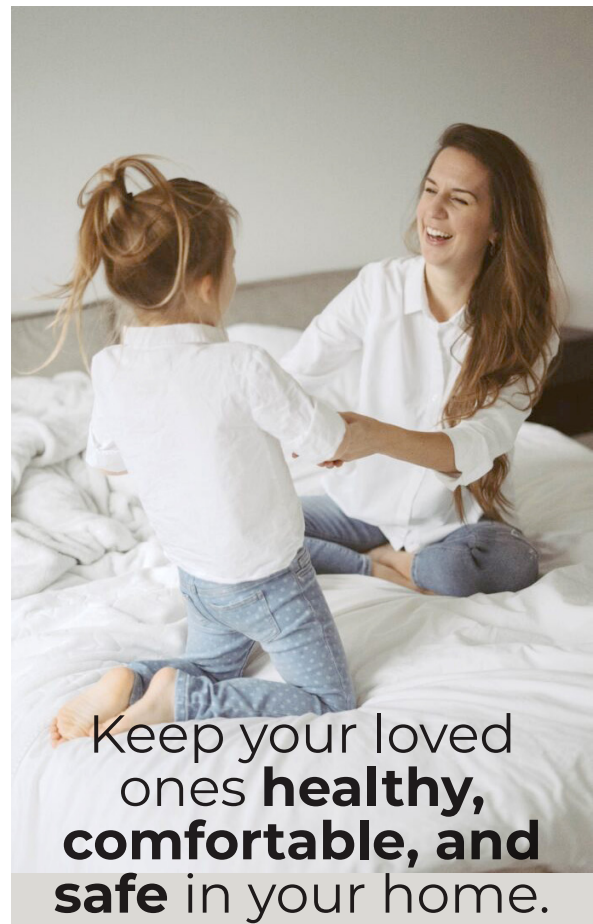
We believe our customers look for authenticity, honesty, and credibility from the brands they trust. Thrive exemplifies this in our third party credibility, best building practice standards, and transparency in our product.

How do we meet their concerns?

We meet the needs of our customer by providing them with a product they can trust. We inform our customers on the various components of their home to ensure that it runs as efficiently as possible.

DWELL HOME MAINTENANCE

In order to ensure and offer the best homebuying experience for our customers, we started Dwell Home Maintenance (DHM). It's been stated that for every dollar spent on your home's preventive maintenance, you are likely to save \$100 in potential repairs. Dwell Home Maintenance assists Thrive homeowners with a proactive maintenance management plan that can greatly reduce the ongoing cost of homeownership.



Keep your loved ones **healthy, comfortable, and safe** in your home.

OUR HOMEOWNERS

Thrive treats customers with respect, offers great service, and builds relationships. Thrive reinforces a culture of customer service for all employees in all departments and adheres to the mantra, 'Always do the right thing.' We achieve this through our dedication to treating our homeowners with transparency throughout the construction process by sharing progress reports over the course of completion. We understand there may be delays in construction, especially during the hard times of Covid on our supply chain, so we ensure that we are making our customers feel as informed as possible.



Thrive hosts **'Meet Your Neighbor'** events for homebuyers and homeowners in each of our communities. Thrive believes it is important, especially as a small local homebuilder, for our homebuyers to meet our CEO and the entire management team along with other Thrivers. We have found these events truly make our buyers begin establishing relationships between neighbors even before they move into their new home. We brought back 'Meet Your Neighbor' in the summer of 2022 where we hosted a Pickleball Social in our Denver Central Park neighborhood.



My husband and I recently had our first child, and we are quickly outgrowing our 2-bedroom town home. We have had our eye on the homes being built in the last filing of Central Park (formerly known as Stapleton) and Thrive quickly rose to the top of our list of builders because of their strong reputation for healthy and energy efficient homes. The indoor air quality inside our house has become even more important over the past year, with the global pandemic and historic forest fires, and especially now with a 6-month-old daughter. We also appreciate the fact that our zero-energy home will help reduce the impact on the environment. We have always valued sustainability, and now it is even more important because we have a child who will inherit the climate and live in this world for what we hope is a very long time to come. Ultimately, the quality, efficiency and health of Vitality is why we chose to make it our forever home.

-Central Park Homeowner



OUR PEOPLE

DIVERSITY, EQUITY, AND INCLUSION (DEI)

Thrive prioritizes equal employment opportunity to ensure **fair treatment in employment, promotion, training, and other personnel actions** without regard to race, color, religion, sex, age, national origin, reprisal, physical or mental disability, parental status, and sexual orientation as defined by the U.S. Equal Employment Opportunity Commission. We post all our positions internally on our SharePoint and externally on our website so there is no question on who can apply for the role, qualifications, or when it is available. The qualifications are clear and concise for each role posted, so there is an understanding of what is needed and no controversy over who can be eligible. Just employment is important to Thrive as we **advocate for a culture of care** across the company.

At Thrive, we implement a multi-step interview process where potential new hires go through several rounds of interviews with individuals from all levels of leadership to holistically access their credentials. This multi-step process builds on our **culture of inclusivity and just employment** beyond the predetermined description for the role by allowing several employees to look at the new employee's predictive index that they complete upon acceptance of employment.

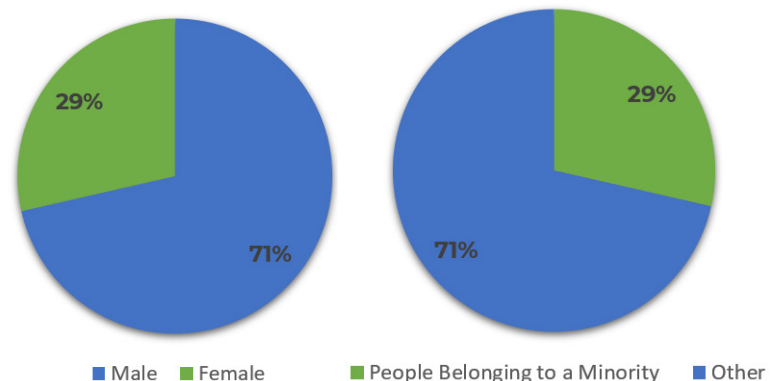
Through the utilization of our One Pager, Open Book Management strategies, and Huddles, **we create a working environment based on inclusivity**. Our One Pager allows for everyone within the organization to share their win and gratitude for the week. Typically, the gratitude is another team member, further creating a sense of community. We strive for diversity and equity in the company by allowing equal opportunities for all to share their values during our monthly Huddles. By encouraging our employees to have a voice through our Open Book Management mentality, we create an environment where inclusion is at the heart of our organization.

WHAT IS THE ONE PAGER AND OPEN BOOK MANAGEMENT?

- ◆ **One Pager**
Thrive's business plan condensed to only one page. It outlines Thrive's values, sets key performance indicators (KPIs), and provides for a cadence of team meetings to foster communication and accessibility.
- ◆ **Open Book Management**
This governing style involves transparency with employees, sharing data, training employees to embrace leadership roles, and sharing financial statements openly.

LEADERSHIP GROUP DIVERSITY

The construction industry as a whole needs to prioritize their focus on diversity and inclusion holistically. As a company, Thrive is seeking out ways to boost diversity and inclusion in our leadership team, starting with the hiring process. Finding candidates that come from a diverse background will ultimately increase workplace productivity and performance alongside new perspectives. By creating an environment that exemplifies inclusivity and respect, we are able to operate at our fullest potential companywide.



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HOME BUILDERS

EMPLOYEE ENGAGEMENT SURVEYS

We conduct an annual employee engagement survey to understand how our employees view the overall company and determine any areas where we may need to focus our efforts regarding a positive work environment.

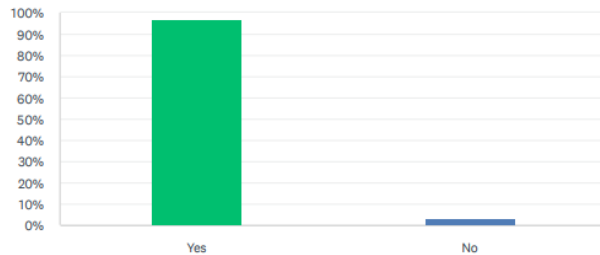
As depicted in the survey results, **our overall company culture is what makes our employees excited for work each day.** Through the creation of a work environment where employees are heard and opinions valued, they are more willing to share their thoughts and further promote change in the company. Employees understand who we are as a company which further promotes transparency companywide. This creates engagement with what is going on outside of their direct role and fosters **working together to make our mission a reality.**

Each employee has the opportunity to apply for advancement and is considered for the role based off their capabilities and qualifications. **We value our employees' opinions,** so we conduct annual employee engagement surveys to get a better understanding on the areas we could improve upon and the areas in which we are thriving.

2022 Employee Engagement Survey

Q7 I believe Thrive is committed to a diverse, inclusive, and equal workplace.

Answered: 30 Skipped: 1

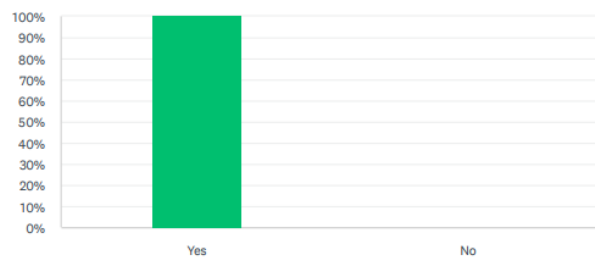


ANSWER CHOICES	RESPONSES	
Yes	96.67%	29
No	3.33%	1
TOTAL		30

2022 Employee Engagement Survey

Q6 I believe my opinions are heard and valued at Thrive.

Answered: 31 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	31
No	0.00%	0
TOTAL		31



QUALITY ASSURANCE PROGRAM

We have created an internal Quality Assurance Department to develop continuous improvement across all departments including construction, purchasing, architecture, warranty, and vendor-partner relations. The ultimate objective is to deliver the highest level of excellence and value and **increase our customer satisfaction and customer experience through exceptional performance** by every member of Thrive.

The Quality Assurance Department has implemented a quality assurance management program called FTQ360. This program allows us to document and correct issues during construction, as well as review best practices, through a series of quality assurance (QA) checklists at critical stages of construction. All QA checklists are based on manufacturer's installation guidelines and building science best practices compiled through working with industry experts and product manufacturers. FTQ360 allows for simple and efficient communication between our Construction Project Managers and our vendor partners cataloging issues and their completed correction. It also generates internal reports that help us find trends in vendor performance, identifying areas for future trainings. The Quality Assurance Department then audits the inspections to assure their accuracy.

The Quality Assurance Department supports other departments including Warranty, Construction, Purchasing, and Architecture. The Quality Assurance and Warranty departments review repetitive warranty issues to catch the problems during construction rather than after closing. The department supports construction with buildability issues they may encounter; supports purchasing with Scopes of Work and specifications; and supports architecture with vendor feedback on drawings and details to assure the best building practices are being used during construction. **Collaboration among departments strengthens our company culture and commitment to efficiency and longevity of our product.**

HOW WE UTILIZE THIRD PARTY PEER REVIEW

- ◆ **Safety**
 - ◆ SFI performs safety inspections twice a month and conducts our monthly construction safety meeting.
- ◆ **Stormwater Management**
 - ◆ Summit Site Services comes out twice a week to inspect our stormwater and BMPs on each project.
- ◆ **Construction Quality and Code Compliance**
 - ◆ SBSA and ABCO come out to perform manufacture installation inspections to meet compliance.

JOBSITE SAFETY TRAINING

The safety of our employees and trade partners is more important to us than the product we produce. Adequate jobsite safety training prior to work is crucial. Thrive's in-house Quality Assurance Manager performs safety audits and training in order to ensure the safety of our employees.

OSHA MASTER BUILDER

Thrive understands the importance of Occupational, Safety, and Health Administration (OSHA) certification. Thrive has achieved the status as a Master Builder through a yearly application in partnership with HomeSafe Colorado, the Home Builders Association (HBA) of Metro Denver, and the Denver and Englewood Area Offices of OSHA to further improve worker health and safety in our residential home construction processes.

The overarching goal of HomeSafe Colorado is to encourage employers in the residential homebuilding industry to strive for accident-free job sites through effective safety and health training, jobsite audits, and enforcement. Thrive exemplifies these means by requiring all field employees to be 10-hour OSHA certified and 100% of the Project Managers to be 30-hour certified. Thrive conducts all the safety orientations to meet the Level 3 Master Builder Member Qualifications, **one of only four builders in the Denver Metro Area that do so.**



OUR INDUSTRY PARTNERSHIPS

THRIVE VENDOR COUNCIL

Building state of the art homes successfully and profitably requires an enormous amount of coordination with our trades. As leaders in innovation, we must have trade partners that believe in, and are willing to, join us in our journey. Given the very constrained labor market, Thrive has put tremendous focus on trade partner relationships and partnerships over the last five years and will continue in doing so.

ABOUT THE VENDOR COUNCIL

- ◆ **Run by vendor partners** with an elected Chair, Co-Chair and Secretary
- ◆ **All major trades are represented** on the council
- ◆ **Documentation on monthly agendas** are shared with all trade partners openly
- ◆ **Open communication** through vendor council email
- ◆ **Thrive is represented** by our VP of Construction, Director of Purchasing, and Quality Assurance Manager

TOP THINGS THRIVE DOES WELL FROM TRADE FEEDBACK

- ◆ “One thing I love about Thrive is the awards they give out. It **makes you feel appreciated and valued**, overall it’s nice to know when you’re doing a good job.”
- ◆ **Rewards** - none of my other builders send out rewards for good work. It might not seem like much to some but I think everyone enjoys when they get recognized for a job well done”
- ◆ **Best building practices** - NO ONE builds a better home.”
- ◆ “They are really good at getting back to us in a **timely manner** when we reach out with questions or concerns.”
- ◆ “They **communicate very well** when changing/updating programs. They also take the time to walk you through those changes. That’s something I really appreciate.”
- ◆ “Works hard to **take care of homeowners** after close.”
- ◆ “**Always there to help** you with what you don’t understand.”

The Vendor Council meetings help us to identify opportunities for improvement and provide industry updates on supply and material issues that may be occurring. We continually make improvements on how we communicate with our trade partners based on feedback. We utilize a software program, BuildPro/SupplyPro, which provides two-way communication, in real time, between Thrive and our trade partners regarding purchase orders, schedules, changes, issues with installation, and much more. This open communication and transparency push us forward in our efforts to optimal efficiency and trust among trades.



OUR TRADE RELATIONSHIPS

We understand that **we do not build our homes, our trade partners do.** A successful, professional relationship is largely based on a partnership where feedback is welcomed and can be given on both sides. To our trades, we hold quarterly meetings to hold us accountable as well as our trades accountable. We hold a year-end meeting for transparency on coming year goals for both the company and our trades. At this meeting, we provide our survey results received from our customers to our trades. We believe the best way to stay true to our goals is by reflecting on how far we have come.

HOW WE WORK ALONGSIDE OUR TRADES

- ◆ Quarterly owner to owner update calls/meetings
- ◆ Weekly trade partner lunches
- ◆ Host quarterly trade partner appreciation days where we provide lunch for the workers on every job site
- ◆ Hold trade partner awards to demonstrate appreciation and gratitude for those that exceed expectations

ANNUAL TRADE PARTNER SURVEY

Survey Category	2022 Mean	2021 Mean	2020 Mean	National Mean
Organization	5.05	4.92	4.94	4.7
Systems & Support	5.18	4.98	5.05	4.8
Feedback	4.85	4.55	4.6	4.01
Goals	5.3	5	4.99	4.81
Values	5.31	5.06	5.12	4.94
Rewards	5.04	4.9	4.81	4.65
Overall	5.11	4.9	4.92	4.66

Five years ago, we introduced **TrueNorth Development's TradeCOMM supplier/trade feedback system** to get honest, independently measured information from trades on how to improve towards becoming the 'builder of choice'. We learned a great deal from the implementation of this program. TradeCOMM allows any trade to submit a concern to the council on something they want to pursue and receive direct support and feedback on that matter in a timely manner. We used the feedback from TradeCOMM to drive specific improvement efforts for 2018. Thrive resurveyed trade partners at the end of the 2018 exercise






focus. The results were astounding. Each category score improved from below the national mean to above the national mean and has continually gone in this direction since.

Thrive is committed to improving our processes and systems, and in 2020, we surveyed our trade partners again. The Overall TradeCOMM Scores increased once again from 4.39 (2018) to 4.80 (2019) to 4.92 (2020) where the National Mean Score is 4.65. Thrive's commitment to the trade feedback system guided the company towards its goal of truly becoming the **'builder of choice'** for our trades.



UNITED NATIONS GOALS SOCIAL

The United Nations (UN) has set forth a collection of 17 global goals that any country, organization, or entity can choose to commit to based on their overarching internal goals. These goals, known as the Sustainable Development Goals (SDGs), are designed for overall peace and prosperity for both people and the planet to create a sustainable future for all. As a team, we have conducted research on the UN SDGs we deem to align with Thrive's social goals and objectives as follows:

Goal	Goal Description	Thrive's Alignment with UN SDG
 <p>1 NO POVERTY</p>	End poverty in all its forms everywhere.	1.4 and 1.5 – This target is a continual effort that Thrive expresses in our commitment to affordable housing projects across Colorado. We are continuing these efforts in communities where housing is not affordable, leaving individuals unable to meet the standard of living in their communities.
 <p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls.	5.1 and 5.5 - Thrive aligns with this target through the implementation of equal pay, equal opportunity, and corporate diversity measures here at Thrive. Thrive uses an unbiased system for hiring that focuses on qualifications, not an individual's ethnicity and background.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.5 - Thrive aligns with this target through the implementation of equal pay and equal opportunity for individuals of all backgrounds here at Thrive. 8.8 - Thrive aligns with this target of promoting safe and secure working environments for all workers through the implementation of our Vendor Council. This Council ensures that we are working for our trades as much as they are working for us. We also host weekly Trade Partner lunches where we take out a different trade each week to create a strong relationship of trust and accountability.
 <p>10 REDUCED INEQUALITIES</p>	Reduce inequality within and among countries.	10.2, 10.3, and 10.4 – Thrive aligns with this target of equal opportunity and reduction in inequalities of outcome through ensuring there is no discrimination occurring in our workplace. We promote equality and advancement at Thrive through qualifications rather than any of the listed discriminations. At Thrive, we ensure that our employees are paid adequately even when times get hard.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels.	16.7 - Thrive aligns with this target by including individuals from all departments in our decision making. 16.b - Thrive aligns with this target through the implementation of nondiscriminatory efforts in our affordable housing projects.



GOVERNANCE



- ◆ **Corporate Governance**
What governance means to us
Fair and just employment initiatives in place
Our open book management strategy
Our One Page Business Plan
- ◆ **Corporate Collaborations**
Working alongside other forward-thinkers
Sharing our industry expertise
- ◆ **Economic Sustainability**
Employee enrichment through training and onboarding initiatives
EEBA Builder Benchmark Group
Quality Assurance Program – ensuring our homes run efficiently
- ◆ **UN SDG's Governance Commitments**

CORPORATE GOVERNANCE

Accountability and transparency are at the forefront of our business practices. Our Executive Team and Leadership Team both ensure responsible business conduct by promoting our core values. Our commitment to our ESG initiatives will be assessed quarterly by our internal sustainability team who helped to construct and gather information for this report. This team consists of individuals from all branches of our company including but not limited to HR, Purchasing, Construction, Marketing, Sales, and Operations.

OPEN BOOK MANAGEMENT STRATEGY

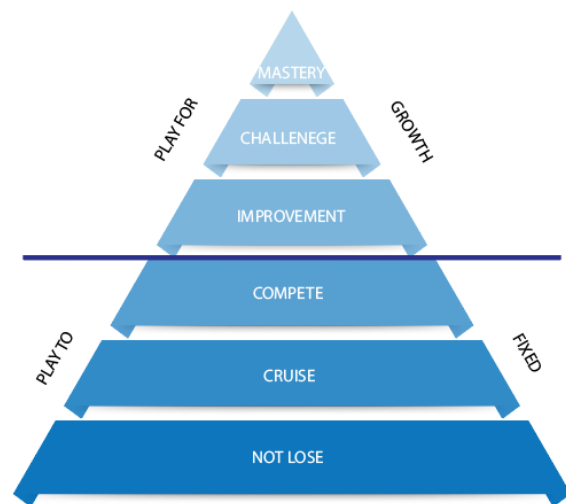
Thrive's version of open book management embraces the principles in "The Great Game of Business," by Jack Stack.

All Thrivers read this book and learn from it in a "book club" format. Its principles include review of key performance indicators (KPIs), transparency, and collaboration among employees, leadership, and executive members. Ultimately, it outlines our approach to running a company where the gap is closed between management and employees. The importance of bringing individuals from different departments together is what the book is all about. The elimination of hierarchical barriers and allowing input from all levels leads to employee engagement and productivity.

Through our open book management strategy we hold ourselves accountable to our customers, stakeholders, and each other. This strategy further promotes the respect shared between all Thrivers through transparency surrounding our mission and goals.

The basic unit of our business is not the department; rather, it is each of our projects. We believe the best chance for solving the persistent challenges of our business is to embrace a culture with empowered employees creating solutions from the bottom up. We embrace open book management and transparency and focus our reporting, problem solving, and management at the project level first, then by department, while also embracing a philosophy of 'Above the Line Thinking.'

ABOVE THE LINE THINKING



In support of open book management, a 'rollup' of the financial results of the entire company is also presented in the monthly Huddle to help position each project's contribution to the overall success of the company. This initiative helps build trust and transparency throughout each project, so all employees are aware of what is going on financially in the company. Further, by implementing this strategy to demonstrate how each specific project is contributing to the overall success of Thrive, each employee is imbued with a sense that their hard work is being recognized from all levels of the company.



ONE PAGE BUSINESS PLAN (One Pager)

The One Page Business Plan (One Pager) is a document every Thrive employee refers to during weekly department huddles. The intent of the document is multifaceted:

01

Serves as a constant reminder of our corporate purpose, mission, mantra, strategy, objective, and annual themes.

02

It outlines our annual, quarterly, monthly, and weekly goals set forth by each employee, project, and company.

03

It provides employees with a guide for enlightened decision-making to assist with the occasional challenge of determining how to “Always Do the Right Thing.”

04

It provides the framework to ensure departmental and individual goals are aligned with company goals. All employees are empowered to embrace decision making by following the tenets of the One Pager.

The objective of the One Pager is to prevent the everyday challenges requiring our attention from obscuring our larger objectives; or more simply put, **to prevent the urgent from taking the place of the important.**

Additionally, placing our long-term corporate vision and each employee’s weekly goals on the same document helps ensure alignment between our daily activities and our long-term objectives.

We prioritize our employees, customers, and trade partners equally; having a strategy that lays out what is going on across all parties is crucial to achieving our goals.

The open book management strategy also allows Thrivers to further understand what is going on in the company beyond their own daily tasks for a holistic understanding of our mission. Building a culture of inclusion allows all parties to feel confident and comfortable sharing their feedback in an open manner. **Everyone has a voice, and at Thrive we encourage everyone to use it.**

TRANSPARENCY IS ENCOURAGED AND PRACTICED THROUGH:

- ◆ Our All-Hands Huddle topics
- ◆ Words from our CEO
- ◆ Key performance indicator (KPI) reporting by the Executives, Department Heads, and Community Teams
- ◆ Our Quarterly Project meetings



CORPORATE COLLABORATIONS

Our corporate governance is best described as one that focuses on **inclusivity through strong leadership** that protects the interests of the company and its long-term success. We hold ourselves accountable through the creation of policies surrounding the purchase of sustainable materials and to our reporting thereof with our sustainability team.

We work with several external entities to ensure that our management practices are strategically executed to promote economic sustainability within the organization. We value our employees as much as our customers. Thrive has participated in an unusually broad range of industry collaborations. Collaborators are attracted to Thrive's track record of innovation and reputation for openly sharing what we learn.

PROBUILDER

Thrive constructed a ProBuilder/EEBA demonstration home called the Ultimate Z.E.N. Home. Z.E.N. stands for Zero Energy Now. The home was featured in ProBuilder Magazine through a series of articles documenting the journey of designing and building an all-electric, zero energy home with features like battery backup power, whole house HEPA filtration, heat pump water heating, and heat pump heating and air conditioning. The culmination of the project served as the centerpiece of EEBA's High-Performance Home Summit at its annual conference.

The Ultimate Z.E.N. home was recognized as Home of the Year at the Gold Nugget Awards at the 2022 Pacific Coast Builders Conference, winner of the 2021 Grand Award for Housing Innovation from the Department of Energy, and the Platinum Best in American Living Award from the International Builders Show. Currently Thrive is collaborating with ProBuilder on the Panorama House. This is a showcase for zero energy, health, and carbon neutrality planned for construction in 2023 in Summit County, Colorado. The objective of both homes is to share Thrive's lessons learned while **pushing the state of the art of high-performance building** with the mainstream homebuilding industry.

GREEN BUILDER

Thrive launched a Green Builder Magazine Vision Home in its Sonders Development in Ft. Collins, Colorado. Completion is slated for early 2023. This is a zero energy, carbon neutral production home that will be featured in Green Builder Magazine in 2023. The objective of this project is to show green builders throughout the nation how carbon neutrality can be achieved in a production home setting.



UNIVERSITY OF DENVER

Thrive and the University of Denver Burns School of Real Estate are collaborating on multiple levels. Graduate students are evaluating the best tools for the calculation of embodied carbon for home builders. While there are many such tools available, the students are utilizing multiple platforms and ranking them for accuracy and ease of use. The test house is the Green Builder Vision Home in Ft. Collins.

The University plans to publish results in academic papers while Green Builder Magazine shares results with the industry. In addition, Thrive shares best practices with students, provides sponsorships for students to attend industry conferences, and offers internships to students. The objective of this collaboration is to offer academic rigor in Thrive's decarbonization efforts and for Thrive to offer real-world opportunity and relevance to students.



MITEK

MiTek and Thrive have joined forces to streamline tools for calculating the carbon footprint of production homes. An essential element of quantifying the carbon footprint is to develop a detailed bill of materials. This can be done using MiTek's 3-D design software. MiTek has undertaken the task of converting Thrive's construction drawings for its Sonders project into MiTek's design tools. From there Thrive and MiTek will integrate those plans with the carbon footprint calculation platform identified in the University of Denver study.

MiTek is also assisting Thrive on its Panorama House collaboration with ProBuilder magazine. In addition to converting the Panorama House construction plans into MiTek software, MiTek has facilitated offsite construction with Alpine Lumber for roof trusses, wall panels, and floor cassettes. In addition MiTek will deploy its offsite kitting and scheduling approaches to streamline construction and reduce construction costs.

“Thrive has provided me with the opportunity of being their intern while working towards my Master's at the University of Denver. I could not be more grateful for the experiences I have been given since working here and getting to work with one of the best green builders in the country. They promote growth in their employees.

-Anna Mishel, Sustainability Associate

SHARING OUR INDUSTRY EXPERTISE

EEBA BUILDER BENCHMARK GROUP

EEBA's Builder Benchmark Group was conceived by then EEBA Board Chair and Thrive's Chairman and CSO, Gene Myers in 2019. The Builder Benchmark Group is a group of non-competitive high-performance builders with open forum sharing across a broad range of categories. The major benefit is peer support from fellow high-performance builders for problem solving, learning best practices, and camaraderie.

BUILDER BENCHMARK CATEGORIES

- ◆ High-performance building techniques
- ◆ Operations
- ◆ Marketing campaigns
- ◆ Financials
- ◆ Best practices
- ◆ Stories from the build site

We focus on sharing our subject matter expertise in environmental and sustainability best practices within the homebuilding and construction fields to our local community through participation in conferences and other events.

CONFERENCES PRESENTED AT SINCE 2020

- ◆ EEBA Summit 2020-2022
- ◆ International Builders Show 2020-2022
- ◆ Pacific Coast Builders Conference 2022
- ◆ APA Conference 2022
- ◆ Portland BuildRight Conference 2022
- ◆ Builder 100 2022
- ◆ Electric Power Research Institute Electrification 2022
- ◆ Getting to Zero Forum 2021



Thrive Home Builders has been one of our greatest supporters for the Energy and Environmental Building Alliance (EEBA) mission over the past 3 years. Not only does Thrive point the way for others in building high-performance healthy homes, but they are constantly willing to share their wealth of knowledge and experience with builders in the EEBA community through time, education sessions and participation in our Builder Benchmark Group.

Thrive has also supported EEBA through both financial contributions and donations of time to serve on our executive committee and board and their guidance has been critical to helping our non-profit grow and thrive over the past several years.

- Aaron C. Smith, Executive Director Energy & Environmental Building Alliance (EEBA)

ECONOMIC SUSTAINABILITY

EMPLOYEE ENRICHMENT

Focusing our efforts on employee retention and engagement is crucial to the success of our business. We know that it takes a well-trained team to run our business smoothly. We focus on making sure that all our staff are set up for success through adequate training. Our training in relation to governance can be broken down into onboarding, technical, sales, and financial literacy.

ONBOARDING

Proper onboarding for each employee is at the forefront of promoting our culture of excellence at Thrive. We believe these measures further promote the development of relationships across all sectors of the company and how we can support each of them so they can prosper in their role.

ONBOARDING STEPS

- ◆ Complete Paycom quizzes over employee handbook and overall company culture/initiatives.
- ◆ Assigned to a mentor based on who HR deems a good match.
- ◆ Mentor oversees the schedule that is personalized by HR to ensure all new employees are introduced to the individuals they will be working with throughout the company from all levels of leadership.
- ◆ The Executive team outlines what makes us different during onboarding in the open book management process for each new hire.

TECHNICAL

We are committed to the continuing education of our details for building science and construction best practices. Thrive has partnered with manufacturer representatives and third party consultants to provide training for our vendors and employees.

THIRD PARTY TRAINING

- ◆ Home performance (EnergyLogic)
- ◆ Construction liability issues (SBSA)
- ◆ Energy recovery ventilators (Broan)
- ◆ Tyvek installation best practices (DuPont)
- ◆ Proper insulation installation (Owens Corning)
- ◆ Correct siding installation (James Hardie and LP products)

SALES

At Thrive, we are proud to be leaders in the building industry, but that also means it's up to us to educate prospective buyers about the benefits of a Zero Energy Ready home and the indoor air quality improving features of Indoor airPLUS included in Thrive homes. Now, we also need to focus on educating our buyers and homeowners of all-electric homes and carbon neutrality as these are our new focal points for future communities. We believe once a customer properly understands the benefits of an energy efficient and healthy home, they will seek out this product. It is our priority to have our Sales Team trained on our commitments to energy efficiency and health and now carbon neutrality and fully all-electric so we can best leverage our product.


FINANCIAL LITERACY

Employees are educated on how to read and understand the financials reported on the One Pager to promote financial literacy across the company. Thrive's monthly All-Hands Huddle serves as a venue for continuous improvement programs in relation to our current sales and financial status. Educating, empowering, and engaging employees at all levels of the company creates a thriving business in today's competitive marketplace.



UNITED NATIONS GOALS GOVERNANCE

The United Nations (UN) has set forth a collection of 17 global goals that any country, organization, or entity can choose to commit to based on their overarching internal goals. These goals, known as the Sustainable Development Goals (SDG), are designed for overall peace and prosperity for both people and the planet to create a sustainable future for all. As a team, we have conducted research on the UN SDGs we deem to align with the Thrive's governance goals and objectives as follows:

Goal	Goal Description	Thrive's Alignment with UN SDG
	<p>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.</p>	<p>17.14 - Thrive aligns with this target of enhanced policy coherence through local advocacy and marketing strategies in relation to our sustainable development efforts.</p> <p>17.16 - Thrive aligns with this target of enhanced global partnership on these commitments through our formal commitment to these UN SDGs. Our partnerships, such as with local colleges, allows us to share knowledge and expertise with the community to achieve our sustainability goals. This knowledge will be shared publicly, so our efforts will be shared internationally with other likeminded individuals.</p> <p>We currently have a partnership with a company called MiTek whom we are working with to benchmark our GHG emissions and carbon reduction targets to UK and Sweden standards.</p>



SUSTAINABILITY REPORTING

ESG

REPORT

2022

- ◆ **Letter from Our CSO**
- ◆ **Carbon Reduction Plan**
Our vision for the future of our practices
- ◆ **Marketing and Communication Strategy for Future**
ESG Commitments
Our external statements around our ESG commitments
Leveraging our commitments

LETTER FROM OUR CHAIRMAN AND CHIEF SUSTAINABILITY OFFICER

Congratulations! You are an intrepid reader if you have waded through this, Thrive's first corporate ESG report. I suspect that our homebuyers will be reassured that their builder has an ESG report, but may have gotten lost in the weeds along the way. Our lenders and investors will be encouraged by this report but probably will just check a box that we have such a report. So reader, who are you? Perhaps a fellow builder on the journey towards carbon reduction or one of our stakeholders at EPA or DOE. In any event **I want to share with you what I have learned in this report's creation.**

But first some thanks are in order. Thanks to Stephen, Bill, and Jeff and all of my fellow Thrivers who have supported this effort. It seems like over the years we have worked on this, the idea of a private builder bothering with an ESG report has evolved from fringe to almost mainstream. Thanks for believing in this extension of our high-performance home journey, something that seemed like a detour but has become the freeway of our intentions at Thrive. And a special thanks to Anna Mishel who came to Thrive as an intern during her graduate studies at University of Denver and has become the primary author of our ESG report. Well done, Anna. You have served your fellow Thrivers well.

I confess to my own misgivings about this project. While I felt that Thrive needed an ESG report to be taken seriously in our carbon reduction efforts, most ESG reports are focused on the greenhouse gas emissions from corporate operations. I suspected that our corporate operations were almost insignificant compared to the emissions from constructing and operating the homes we built. It turns out that our annual corporate emissions equate to roughly two of the

thousands of homes that Thrive has built. If you are a fellow builder, I think our ESG effort has been worthwhile. However, **the real impact that we as builders can have on climate action is to reduce the operational and embodied carbon emissions of the homes we build.** I encourage that as a starting point for you.

I have been a homebuilder for over 30 years. From the beginning we have focused on energy efficiency, sustainability, and the environment. More recently we sharpened that focus to also incorporate the health of our customers as influenced by the indoor air quality of our homes. We now feel an urgency to expand our scope to address climate change. We have now come to realize that we cannot achieve our goal of enhancing the health of our customers if the health of the environment around us continues to degrade. While global effects of climate change are well documented, the quality of life in Colorado has been seriously degraded by drought, deforestation from the pine beetle epidemic, Colorado wildfires, and smoke from fires from all over the American West. All of these are the effects of climate change. Thus, climate change is no longer an abstraction. All of the jurisdictions in which Thrive operates have adopted aggressive climate action goals. We believe that our customers are now prepared to do their part. We have committed to our own climate goals to support those of the cities where we build and to satisfy the desire of our customers to act.



01

Develop a benchmark and offset the carbon footprint of our corporate operations.

Our corporate operational footprint consists of the carbon emissions that occur because of the operation of our headquarters, our branch and project offices and travel. This report is our first ESG (Environmental, Social and Governance) report. In addition to benchmarking our operational carbon footprint it establishes our position on United Nations Sustainable Development Goals.

02

Eliminate the operational carbon emissions of the homes we build.

Thrive is at the apex of energy efficient builders in North America. As a result, these emissions are already lower than homes built by others. We are eliminating the use of fossil fuels by converting to fully electric-powered homes. In locations like Ft. Collins and the Denver metro area where the fuel mix for power generation is rapidly moving to renewable energy, electrification is the most effective means of reducing the operational footprint of Thrive-built homes. By including rooftop solar production, this footprint can be brought to zero. Our goal is that by the end of 2023, all Thrive homes will have a zero-carbon operational footprint after accounting for the renewable energy that exists on the power grid.

03

Quantify and offset the embodied carbon of Thrive-built homes.

This involves evaluating the carbon footprint of tens of thousands of pieces and parts that go into the construction of our homes. The capacity to do so is nascent. Thrive is leading with a team of design consultants, manufacturers, academics, software developers and database managers to make this process more accurate and available throughout the American homebuilding industry. Once the embodied carbon footprint is known, we will minimize that footprint where possible by substituting carbon intensive components with more benign options. After minimizing the embodied carbon to the optimal level, we will purchase a verifiable carbon offset for each home. Our goal is to complete this for every home we build by the end of 2023.

Thrive is committed to using its reputation as an innovator and its position as an industry leader to build homes and neighborhoods that are good for the health of its customers and the health of the planet. Thank you for reading this report. **We invite you to join us on the journey to combat climate change. Surely a bright future for us all depends on it.**



GENE MYERS
Chairman and Chief
Sustainability Officer



CARBON REDUCTION PLAN

ALL-ELECTRIC HOMES

Code advancement is real. In the very near future, many of Thrive's differentiating features will become "table stakes," at least in certain markets. All-electric homes, for example, will become essential in meeting minimum code requirements. Denver is already considering making this mandatory in their 2024 code! At Thrive, we have always tried to stay ahead of the market rather than evolve with it. We believe all-electric, zero-carbon construction is the future of homebuilding, and we are already there. We expect to expand our all-electric offering to other new communities and plan to only construct all-electric homes with solar as our standard offering in the next few years.

SUSTAINABLE PRODUCTS AS OUR DIFFERENTIATOR

As utilities move to accelerate closure of coal plants and replace them with renewable energy, all-electric homes become an effective measure for reaching carbon neutrality. While the technology for zero energy, all-electric, and rooftop solar is widely available, the widespread market implications will be challenging for typical home builders, such as finding the equipment and experienced labor. This also means Thrive will need to find new ways of differentiating ourselves through innovation and sustainable products.

ENHANCE 'NEW HOME SERVICES' STRATEGIES

We all recognize that providing good customer service is the right thing to do, but it is also a great opportunity to look at customer service differently. A home maintenance schedule is important for a high-performance home. Owning a high-performance home is a big responsibility, and homeowners could use some help

in caring for their home. Thrive is evaluating a home inspection and maintenance program which may include checking the exterior, appliances, HVAC, plumbing, and electrical systems.

PROACTIVELY ADDRESS CLIMATE CHANGE

The impacts of climate change are already happening. The frequency and severity of extreme weather events is double what they were just a few decades ago. The time has come to expect more from a new home. Building a resilient home that can deal with the consequences of climate change is becoming an important consideration when building any new home. This may be driven by a combination of code advancement and market demand, but as homebuilders, perhaps we are the ones who should proactively address these challenges.

SYSTEMS INTEGRATION

Systems integration in the home could start appearing on the horizon in a 5-year timeframe. In a world of intelligent appliances, automated lighting and keyless car and home security systems, the 'smart home' also offers opportunities to constantly monitor indoor air quality and trigger ventilation systems before pollutants reach hazardous levels. This is a real emerging technology. The goal is a home capable of monitoring, sensing, and controlling the indoor air quality, and potentially outdoor air contaminants that may breach the home and responding to those conditions without input or intervention from the occupant. This is key to a truly effective indoor air quality/ventilation strategy. Indoor air quality is where Thrive, and other like-minded builders, can continue to differentiate. All Thrive homes are built above code when it comes to indoor air quality.



MARKETING STRATEGY FOR ESG COMMITMENTS

Marketing is one of our focal points for the forthcoming year and is something we have expanded on in 2022 with our revamped marketing team. With home buying drastically changing in recent years, it is increasingly transforming into an online experience. In the time leading up to making a home purchase, prospective buyers are now searching for the answers directly on the internet; they are no longer looking to a salesperson as their primary source of information. Marketing of our ESG Commitments will be capitalized on throughout our various social media platforms as well as internally for feedback.

COMMUNICATION STRATEGY

- ◆ **Internal**
 - ◆ Send out the report to all staff upon publication
 - ◆ Review at our monthly All Hands Huddle the month of publication
 - ◆ Allow open and honest communication on report commitments
- ◆ **External**
 - ◆ Share report on all social media platforms with link to site as well
 - ◆ Post report on our website in a dedicated section where all future reports will be published

By expanding on our marketing efforts towards our ESG commitments, we will gain more traction from potential homebuyers. In addition to homebuyers, industry partners, and investors will also see our efforts and share this knowledge across the industry. Our goal is to be a force for good, and the best way to exemplify this is through transparency and accountability in our practices. There is no better way to share your subject matter expertise than by laying it out online and sharing via social media for all to see and have easy access to.

SUSTAINABLE REPORTING COMMITMENTS

- ◆ Data collection of GHG emissions and carbon footprint material throughout the year on one spreadsheet
- ◆ Leadership support for commitments to promote accountability for reporting
- ◆ UN SDG goal target tracking and annual reporting updates

Transparent and honest messaging are at the forefront of our marketing commitments. By leveraging our marketing tactics towards the unique features of our homes, we will further advocate our mission to create change in the industry. Accountability to our customers through open, honest, and accurate information fosters an environment where their decisions can be well-informed. Expanding our marketing efforts and finding unique, innovative techniques to reach our target audience will help us leverage our commitments holistically.

We will evaluate how our GHG emissions differ each year and calculate them accordingly to best understand where we can optimize our operations while cutting our carbon footprint. We believe that the best way for us to be leaders in the industry is by continually evolving our efforts towards innovative solutions. All of us at Thrive commit to our corporate ESG efforts and will continue to document our progress throughout this journey. In relation to our social commitments, we will continually work with our philanthropies of choice and work for the betterment of our community as a whole.





Homes that do more.

For more information on our commitment to environmental, social, and governance (ESG) reporting, please visit:
<https://www.thrivehomebuilders.com/>

1875 Lawrence Street, Suite 900
Denver, CO 80202
Office: (303) 707-4400
Sales: (303) 707-4411