



# **Corporate Responsibility and Sustainability Report 2023**

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# Letter from the President

It is my pleasure to report on the accomplishments of our global team and our approach to Corporate Responsibility and Sustainability initiatives. We have focused on our people, sustainability, and our communities as areas we can continue to improve.

Our foundations include fostering, cultivating, and preserving a culture based on shared core values. These values encourage creativity, collaboration, and innovation in our workplace while fostering our global communities. We have built an inclusive family environment making all our team members feel valued. At the heart of our values is a simple truth, we embrace all differences and respect all individuals. Simply put, we treat each other as we would want to be treated and exercise humility and honesty, the pillars of our core values.

We are committed to the protection of human rights throughout our supply chain. This is accomplished with compliance and social audits to assure safe labor conditions, and the health and safety of our team. Fostering our communities with volunteer and outreach programs is something we value very deeply. We support our team's passion projects with nonprofit organizations to uplift communities during their most difficult times.

It is not enough to efficiently manufacture and build products with sustainability in mind. We are committed to the environment and reducing our carbon footprint by concentrating on four areas:

- *Increasing energy efficiency*
- *Working towards zero waste*
- *Using post-consumer recycled materials*
- *Becoming environmental stewards*

This report will help showcase our work towards our goals while reporting our goal achievements and those challenges we still need to work on. One of our core values is to Support the Student Within, and we have with the launch of our corporate sustainability training program in 2023. We have also collaborated with our vendors including our energy providers to assure we exceed our goals.

We are proud to release our first annual impact report and we invite you to join us on this important journey as we continue to make a positive difference. We will highlight our climate survey scores and the progress we are making to assist retail customers we service to improve their environmental impact.

We know our investment into a more sustainable, equitable and kinder world has made us more effective and resilient. I am incredibly proud of the work we have accomplished; please know we understand just how critical it is for us to succeed. Finally, thank you to my team, our customers, and our vendors for making this work possible.

Janet Sofy  
President HMS Mfg. Co.



# Commitment to Sustainability

At HMS, we are dedicated to leading the way in sustainable practices within the injection molding industry. We recognize the environmental challenges our world faces, and we are committed to minimizing our carbon footprint while continuing to deliver high-quality products to our customers. Our commitment to sustainability has several key areas of focus:

## Scrap Reduction

HMS is committed to minimizing waste generation in our production processes. We have implemented waste reduction strategies to ensure we are maximizing diversion of waste from landfills and minimizing defective parts. Over the course of a 12-month period concluding in September 2023, we achieved a 38% reduction in rejected parts at our Little Rock factory.

## Innovation

We recognize the significance of leading technological advancements and innovations in the raw material space. We have dedicated projects and research to push the boundaries of sustainability for injection molding. Over the last year, we have validated and integrated products manufactured with Post-Consumer Recycled (PCR) material. We intend to grow our PCR product line to align with expanded use of recycled materials in the consumer product market.

## Sustainability Governance

HMS believes that employee engagement is crucial to achieving our sustainability goals. We have created a multidisciplinary team across all departments at the company to drive projects in sustainability and brainstorm new ideas to reduce our environmental impact. The committee meets to discuss the status of ongoing projects and brainstorm new ideas. Committee members are actively monitoring regulatory developments to comply with any changes to national and state requirements. At HMS, sustainability is truly a full team effort. All employees are encouraged to suggest improvements to any area of the company that could improve our sustainability impact on the planet through regular surveys. Our senior leadership encourages sustainability by embracing ideas provided by the team and completing training courses to further their knowledge.



# Sustainability Governance Structure



- Board of Directors
- President
- Vice President of Operations
- Sustainability Committee
- Engineering
- Quality
- Human Resources
- Maintenance
- Warehouse
- Packaging
- Marketing
- Product Development

# Sustainability Goals

In 2022, we identified opportunities to create more sustainable products, improve resource efficiency, and the resilience of HMS and the injection molding industry.

2



Obtained additional sources for PCR (Post-Consumer Recycled Material) to use in storage tote manufacturing.

0



Sourced 100% of pulp-based products, including product labels from certified renewable resources

2



Required molding facilities to maintain an EMS (Environmental Management System).

2



Added sustainability to HMS vision statement

In 2023, we continued to engage employees and industry stakeholders to identify opportunities for improvement.

2



Achieved Zero-waste certification at our Ohio warehouses

0



Purchased clean energy credits  
- Purchased emissions-free energy credits in Arkansas  
- Researched programs in Ohio and Michigan

2



Created annual Corporate Responsibility and Sustainability Report

3



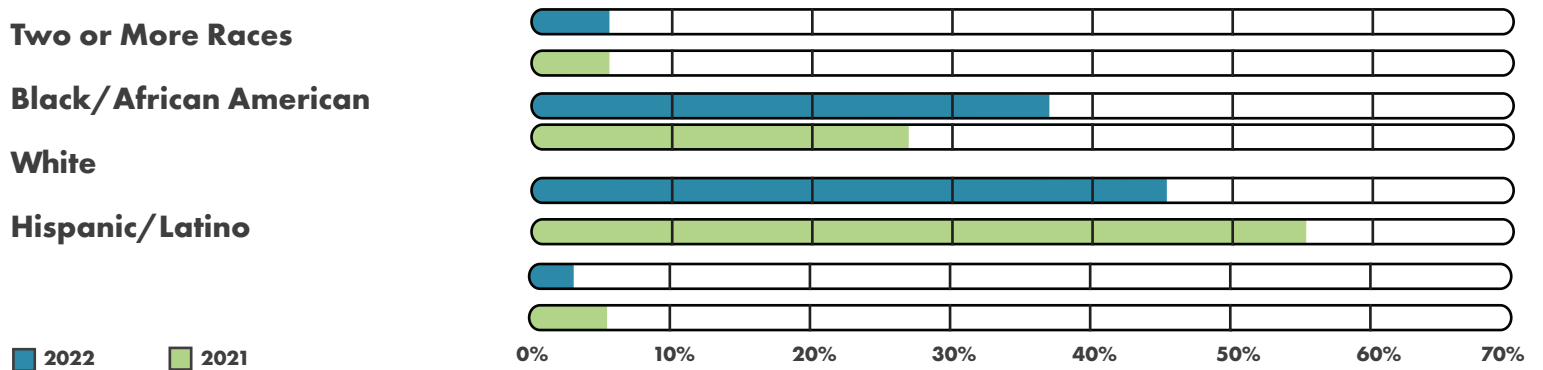
Created incentives for HMS employees to participate in sustainability programs



# Commitment to Diversity, Equity & Inclusion

HMS is committed to hiring, training, and advancing people of all backgrounds. HMS is an equal opportunity employer. It is the policy of HMS that no employee or applicant for employment will be discriminated against based on any protected class or characteristic established under applicable federal, state, or local law. Simply put we treat each other as we would want to be treated and exercise humility and honesty, the pillar of our core values.

## Company Workforce





Diversity, Equity & Inclusion are fundamental tenants of our company culture. We believe we are stronger when we celebrate our differences and actively strive for a company culture where all people have opportunities for growth and personal development.



We are excited about what we do and how we do it. We are more than just business; we are a partner to our retail customers and the global communities we operate in.



We support all opportunities to develop and grow as individuals, as professionals and as a team. We continue to learn from our experiences and adapt to stay relevant in a changing world.



Integrity is the foundation of everything we do. We are admired and respected for our commitment to honesty, trust, and transparency.



People are the most important part of our business. We work together and trust each other which allows us to be innovative and overcome obstacles.



We put our internal and external customers first and strive every day to exceed their expectations. We appreciate open and honest feedback and take accountability for our actions.



We foster an environment where every team member feels valued and appreciated. Simply put we treat others as we would want to be treated.



## Employee Wellbeing

- Commitment to safety “A Moment of Safety Lasts a Lifetime”
- Tracking days and training employees to maximize days without lost time accidents
- Training on safety – “Lunch and Learns”, monthly training committee meetings
- Healthy snacks twice a week
- Flexible work hours

## Community Outreach

- HMS Employees receive time off each year to participate in charity events.
- Some of the charity events we attended over the past year:
  - Food drive for multiple community food banks
  - Attend multiple charity events hosted by our retail customers

## Employee Development

- On-the job training
- Technical training
- Leadership training
- Sustainability training
- Grant training

## HMS supports communities in a variety of ways:

- Product donations to non-profit charities and shelters
- Provide opportunities for employees to volunteer



# HMS Employee Contribution Recognition

We would like to recognize two employees who have gone above and beyond in their commitment to making HMS more sustainable.



**Bill**

Bill, Facilities Manager, in Troy, Michigan, has led several projects, including but not limited to retrofitting all lighting to LED and installing motion activated sensors. He has also taken the lead in implementing workflows and purchasing equipment to accurately monitor our waste diversion rate.



**Todd**

Todd, Quality Special Projects Lead in Youngstown, Ohio, prepared the Ohio warehouses for Zero-Waste certification by authoring the Zero-Waste Manual and leading training for the team. He also tracks carbon emissions from business travel across all facilities.

# Women's Business Enterprise



HMS Mfg. Co. is certified as a Women's Business Enterprise (WBE) by the Women's Business National Council (WBENC), the nation's largest third-party certifier of businesses owned and operated by women. The WBENC certifies businesses which are at least 51% owned, controlled, operated, and managed by a woman or women.

Certification with the WBENC allows HMS Mfg. Co. to use the WBE Seal on our website, presentations, business cards, and labeling.

The WBENC provides networking opportunities with leaders across several industries with interest in supporting the growth of Women's Buiness Enterprises.



# Completed Projects



In the past year, we have made progress on several practical solutions for energy and waste reduction which also support our annual sustainability goals. Across all HMS operating locations, we strive to make decisions to support our policy to be environmental stewards. Sustainability is always considered when investing in new equipment or infrastructure for HMS Mfg. Co.'s operations.

## Energy Reduction

Since 2019, HMS has been working to improve energy efficiency across our operating locations. We have replaced fluorescent lighting with more energy-efficient LED lighting at all HMS owned locations. We have replaced all lighting with either new LED fixtures, retrofitted LED tube lighting, or screw in LED bulbs.

### Troy, Michigan

We updated lighting in our corporate office in Troy, Michigan, our Design Center building on the same campus, the storage units where we maintain product inventory for replacements, and our Photography Studio. In 2023 we installed automatic light sensors in the Troy, Michigan office bathrooms. Since many of the employees in Troy work a hybrid schedule, the automatic light sensors are particularly effective on days with lower office traffic.

### Little Rock , Arkansas

Before opening our factory and warehouse in Little Rock, Arkansas, we installed LED lighting in all areas of operation including the offices, warehouse, and production floor. Our intention was to minimize energy waste from the first day of operations in Arkansas.

In our Little Rock, Arkansas factory and warehouse, we have prioritized energy efficiency for all facility equipment. The injection molding presses used to manufacture the waste cans, laundry hampers, and storage totes are state-of-the-art for energy efficiency. They utilize servo-driven hydraulics and variable





speed compressors to prevent overconsumption during normal operation. The chillers, a crucial component of the injection molding system, utilize variable speed drivers to prevent more consumption than necessary.

In addition to conserving energy operating manufacturing equipment, all vehicles used in the Little Rock, Arkansas facilities are electric. Our standard and clamp-mounted forklifts are charged when not in use (on operator breaks as well as shift hand-off) to prevent a larger pull on the local electric grid than necessary. Other lifts and transportation vehicles at the facility are electric instead of gas-powered.

## **Youngstown, Ohio**

We have replaced or retrofitted all fluorescent lighting in our two warehouses in Youngstown, Ohio with LED lighting. This includes all exterior and interior building lighting.

## **Waste Reduction**

We recycle production components and production scrap whenever possible instead of sending the components to a landfill. We recycle paper products, corrugate, shrink-wrap, plastic scrap, aluminum cans, and metal wire. When possible, we recycle plastic scrap on-site through our regrind machines, which converts production waste into usable resin for production.

## **Youngstown, Ohio**

In 2022 we began a zero-waste certification process at the main warehouse in Youngstown, Ohio. This effort was soon expanded to include the auxiliary warehouse. A facility that is zero-waste certified or partially zero-waste certified tells our customers that we take all aspects of our business very seriously as well as being good stewards of the environment. Becoming zero-waste certified in its most basic form is to ultimately send zero percent of any waste byproduct generated from activities at this location to any landfill for disposal. A broader definition of being zero-waste certified is for our facilities to commit to the constant improvement of all processes and procedures and become more efficient and environmentally aware of everything we do on a daily basis. This certification is a badge of honor for all the effort made by the employees at both facilities which tells our customers we are on the top of our game and to show the world that we lead the way in a greener and cleaner future for all. On August 30, 2023 we were certified to an 88.78% diversion rate.

At the Ohio HMS warehouses we are constantly working to eliminate waste. This includes waste generated in our general operations, as well as waste from packaging and damaged products. We aim to avoid waste altogether through innovation, design, and operational efficiencies.

Our Zero-Waste Program is also used to track the amount of waste we generate, how much of that waste is recycled, and how much waste we send to landfills. Over time we can analyze our overall waste as well as by individual waste category to access which processes and policies can be improved to reduce the percentage of waste in total as well as strive towards our ultimate goal of diverting all waste from landfills.

We have installed a series of standards for waste management and search out new ways for improvement daily. Our goal is to avoid creating waste from the smallest amounts produced in our offices to potentially massive amounts of waste that may be generated from the processes of receiving, warehousing, and shipping of our products from to our customers. When we are not eliminating waste through increasing our efficiencies, we increase the amount of waste we recycle. Sending waste to landfill is always our last resort.

We work hand in hand with several vendors to process our waste and recyclable materials. HMS and our waste and recycling partners have learned new ways to become more efficient in waste management. We believe successful waste management is crucial to our success now and in the future.





# Upcoming Projects

At HMS, we have made tremendous progress toward reducing our environmental impact from operations over the past two years. We remain forward-looking, identifying continued opportunities for growth in sustainability.



In 2023, we began collecting waste disposal data from our Troy, Michigan offices. We tracked this information for our facilities in Youngstown, Ohio and Little Rock, Arkansas, since 2022, and with the addition of data from Troy, Michigan we will be able to determine our annual waste diversion rate in 2024. As we expand the information available to us, we also expand the opportunities for measured improvement.

Beyond the improvements available to us from direct action, we are also encouraging our suppliers to develop their own sustainability programs and set annual targets. Just as our retail partners motivate us to reduce our environmental footprint, we want our suppliers to partner with us for continuous improvement opportunities.



# Tonnage CO2 by Month from Electricity

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
HMS Headquarters (Design Center)	6.29	6.1	5.54	5.68	5.02	8.08	8.5	8.17	7.79	7.04	6.67	7.84
HMS Headquarters (Main Building)	14.09	15.54	13.05	12.21	13.29	14/32	16.81	17.47	15.03	11.88	11.41	12.02
Little Rock Manufacturing	25.74	22.26	23.97	23.59	28.27	39.85	376.47	39.46	40.54	35.04	23.91	27.2
Little Rock Warehouse	183.42	230.86	234.02	230.86	224.53	237.18	253	253.9	275.13	253	215.05	218.21
Main Warehouse	41.46	36.88	37.73	33.73	29.25	29.3	42.22	40.7	38.06	31.73	31.03	37.91
Aux Warehouse	14.1	16.57	14.23	14.12	15.27	17.73	16.76	15.42	12.27	12.11	13.18	15.09
Hong Kong Office	0.5	0.32	0.56	0.52	0.55	0.88	0.71	0.63	0.66	0.46	0.54	0.41

# Tonnage CO2 by Month from Gas

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
HMS Headquarters (Design Center)	2.56	2.49	1.85	1.15	0.29	0	0	0	0	0	0.48	0.75	9.56536
HMS Headquarters (Main Building)	8	8.34	6.26	4.39	1.29	0.12	0.06	0.07	0.03	0.6	2.26	6.71	38.1292
Little Rock Manufacturing	126.4	109.98	28.38	0.3	0.09	0.21	0.18	0.15	0.18	0.4	0.4	72.79	339.44906
Little Rock Warehouse	136.96	181.36	119.75	86.01	56.49	8.09	3.58	0	0.01	12.01	56.2	104.91	765.36655
Main Warehouse	1.57	7.01	4.46	3.07	1.58	0.2	0.15	0.11	0.12	0.28	0.37	1.68	20.6074
Aux Warehouse	35.59	59.56	34.6	20.61	11.82	1.71	11.85	1.71	0.94	0.94	0.72	1.1	181.14125
Hong Kong Office	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A





# Total Tonnage CO2 by Month

	Jan	Feb	Mar	Apr	May	June	
HMS Headquarters (Design Center)	9	9	7	7	5	8	Lights and Facility Power
HMS Headquarters (Main Building)	22	24	19	17	15	14	Lights and Facility Power
Little Rock Manufacturing	152	132	52	24	28	40	Lights and Facility Power
Little Rock Warehouse	320	412	354	317	281	245	Injection Molding Manufacturing Power
Main Warehouse	43	44	42	37	31	30	Lights and Facility Power
Aux Warehouse	50	76	49	35	27	19	Lights and Facility Power
Ohio Warehouses	23	26	18	15	19	19	Truck Fuel
Hong Kong Office	0.499	0.324	0.558	0.516	0.551	0.881	Lights and Facility Power
	July	Aug	Sep	Oct	Nov	Dec	
HMS Headquarters (Design Center)	8	8	8	7	7	9	Lights and Facility Power
HMS Headquarters (Main Building)	17	18	15	12	14	19	Lights and Facility Power
Little Rock Manufacturing	377	40	41	35	24	100	Lights and Facility Power
Little Rock Warehouse	257	254	275	265	271	323	Injection Molding Manufacturing Power
Main Warehouse	42	41	38	32	31	40	Lights and Facility Power
Aux Warehouse	29	17	13	13	14	16	Lights and Facility Power
Ohio Warehouses	20	25	16	17	18	19	Truck Fuel
Hong Kong Office	0.708	0.628	0.663	0.462	0.540	0.407	Lights and Facility Power



# About this Corporate Responsibility and Sustainability Report

This Corporate Responsibility and Sustainability Report will remain an integral part of our business operations for the foreseeable future. We will continue to engage with our consumers, customers and others proactively and regularly on sustainability related topics.

Our HMS teams are knowledgeable about sustainability related goals and work to produce measurable results. This report is intended to highlight our progress towards meeting its goals.

## Sustainability

HMS focuses on our voluntary sustainability goals and works to exceed these goals.

## Social Welfare

HMS has a compliance program to promote organizational ethics and adherence to applicable laws and regulations.

## Commitment to Diversity, Equity & Inclusion

HMS Mfg. Co. is an equal opportunity employer. It is the policy of HMS Mfg. Co. that no employee or applicant for employment will be discriminated against based on any protected class or characteristic established under applicable federal, state or local law.

## Employee Spotlight

The successes of HMS Mfg. Co. depend largely on the talents and efforts of our team members, and our ability to nurture an inclusive culture.

## Community Engagement and Support

HMS supports communities in several ways. We offer a paid time off day for employees to volunteer for a cause of their choice, we donate products to charitable organizations, and we participate in community blood drives.



This report may contain information such as “forward-looking statements” that may be identified with words such as “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “strategy,” “future,” “likely,” “may,” “should,” “will”, “forward- looking” and similar references to future periods.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on HMS’s current beliefs, expectations, and assumptions regarding the future of its business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Actual results may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause the actual results to differ materially from those indicated in the forward-looking statements include, among others, the following: changes in customer demand, public health crises, local, regional, national and international economic conditions, disruptions in the supply chain and/or labor shortages.

Any forward-looking statement made by HMS in this Corporate Responsibility and Sustainability Report is based only on information currently available and speaks only as of the date on which it is made. HMS does not undertake an obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

\* All information in this report is provided by HMS Mfg. Co. on an as is basis and HMS does not make nor will it make any representation or warranty, either express or implied, as to its accuracy. HMS shall not be subject to any liability to anyone or entity resulting from any inaccuracies or incompleteness of the information disclosed herein and/or resulting therefrom.

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