



**VELOCITY**

**2025**  
Environmental, Social &  
Governance (ESG) Report





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# A Note from Our CEO



Thank you for your interest in Velocity! We're glad you're here and are excited for you to learn more about our Environmental, Social & Governance (ESG) work. It's been a big year for us, as we reached a significant milestone,

proudly receiving a Bronze medal from EcoVadis in recognition of our environmental and labor practices. And we're not stopping there.

Velocity is a special place. We've moved beyond ESG as a standalone program; it's now part of Velocity's DNA, as evidenced by our new company-wide continuous improvement program that invites all employees to propose ESG projects. ESG remains aligned with our core values, and we're able to see how these practices drive business efficiencies and outcomes. ESG is truly a win in every way.

Our dedicated team is our heartbeat, and our people are why Velocity is such a unique company. We're focused on scaling culture, along with operational and financial growth, and are making intentional, significant investments for more than 600 employees. One example is adding an overlay benefit that provides access to on-demand primary and urgent care via telehealth or house visits for staff and their families, all at no cost to them. Efforts like this have led to continually increasing engagement survey scores and a high retention rate of 83%.

The support of our investment partners, Graham Partners, is also immeasurable, bringing valuable ESG expertise that has helped expedite our journey. The strength of our collective team positions us to deliver unwavering stability and top-of-the-line solutions to our customers while innovating and advancing our craft.

Continuous improvement isn't just a buzz phrase at Velocity. We ask every employee to provide input, big or small, about how we can become a better company. We're constantly working to reduce waste, along with water and energy use. We're improving recycling programs, lowering greenhouse gas emissions, increasing cybersecurity and much more.

For these efforts and others, we're leaning into AI and other technology, which helps us work more efficiently and deliver more impactful results for our customers, end users and our business as a whole.

We know people are our future. In 2025, over 36% of our promotions went to women and almost 30% were to people who are members of underrepresented groups. While we're proud of the progress made, we remain committed to bringing a company forward that's reflective of the communities we live and work in, and the international communities we serve.

In the year to come, we're dedicated to creating space to grow our people and impact. Sometimes this will be literal, such as a planned community garden at our Brooklyn Park facility, which will foster connection between people and the planet while supporting our team's mental health. Other times, it will mean making room for ideas, empowerment and new ways of doing things.



*We've moved beyond ESG as a standalone program; it's now part of Velocity's DNA."*

ESG is strongest when it's generated from the ground up, where it goes beyond corporate programming and produces meaningful results. At Velocity, we encourage a growth mindset and have worked hard to help people feel safe and know their ideas don't have to be perfect. With an ongoing commitment to our people, our communities and the planet, we are ready to continue embracing the journey and keep working to make the world a better place. Thanks for coming along with us for the ride.

**Dave Hemink**  
Chief Executive Officer

# About Velocity

We solve unique manufacturing challenges.

Velocity is the industry leader in state-of-the-art custom contract manufacturing, injection molding, precision machining and tool building for complex and highly regulated applications.

For more than 60 years, our team has provided the expertise and capabilities to take projects from concept to completion, developing solutions for medical device, life sciences, pharmaceutical manufacturing, military use and industrial applications.

We offer a complete range of manufacturing capabilities, along with the latest technologies to deliver creative solutions and solve virtually any manufacturing or engineering challenge. Headquartered in Forest Lake, our Minnesota-based company has a skilled team of over 600 people who provide solutions for the entire world.

Since 2020, Velocity has been part of Graham Partners' investment portfolio, which focuses on investing in companies that drive innovation in the advanced manufacturing and industrial technology spaces.

The Velocity family of companies provides fully integrated, end-to-end solutions to address all aspects of the process, from design support to manufacturing. This unified brand approach helps simplify vertical integration efforts for customers and provides a breadth of expertise and capacity for complex projects, specifically:

- + Injection molding
- + Precision machining
- + Tool design and manufacturing
- + Contract manufacturing
- + Design for manufacturing
- + Design support and engineering
- + Program transfer
- + Quality assurance
- + Tool sampling and process development
- + Technology transfer
- + Mold maintenance and repair

With over 250,000 square feet of state-of-the-art facilities, including expansive ISO Class 7 and Class 8 cleanrooms, we have the space needed to support our partners in a vast array of solutions. We take pride in our culture of collaboration and transparency, as well as our cutting-edge machining, contract manufacturing and design-for-manufacture capabilities. Our cleanroom assembler expertise provides the highest standards in cleanliness and precision for our customers' projects.

Velocity is agile, adaptable and vertically integrated. We have three internal tool shops, proudly keep all our manufacturing in the U.S.A. and are well-versed in working with the most common engineering software, such as SOLIDWORKS, Esprit, Moldflow, MasterCam and Creo.

**VELOCITY**  
*Family of Brands*



## Our Integrated Team of Experts

The Velocity team, comprised of problem solvers by nature, consists of experts from a diverse range of manufacturing disciplines.

With a holistic perspective, we leverage superior engineering skills and design-for-manufacturing processes to meet the critical technical demands in the medical, defense and industrial markets, including specifically medical device manufacturing.

We rely on the efforts of many different types of people to help us achieve our goals and meet our customers' needs. From mold makers and engineers to administrative professionals and machine operators, each member of our team is a valued asset.

## By the Numbers

**1,400+** unique part numbers produced per year

**10+** state-of-the-art Class 7 and Class 8 cleanrooms

**100+ million** parts shipped per year

More than **150** molds built per year

More than **250,000** square feet of production capacity across **four** facilities

**600+** employees and **40+** engineers to support new product development

**100+** companies served; **140+** countries receive our products

**16-year** average tenure among top 10 customers

### OUR PURPOSE

Improving lives by accelerating innovative solutions.

### OUR MISSION

We deliver innovation in the healthcare and defense markets while enhancing value for our stakeholders.

### OUR VISION

To be the world's best contract manufacturer in the healthcare and defense markets.

## The Heart of Velocity: Core Values



### INTEGRITY

We do the right thing regardless of the consequences.



### CONTINUOUS IMPROVEMENT

We embrace opportunities to learn and grow while striving to be the best.



### RESULTS-DRIVEN

We are accountable and deliver on our commitments to all stakeholders.



### CUSTOMER SATISFACTION

We commit to delivering innovative solutions and quality products that delight our customers.



### COLLABORATION

We embody team spirit, passion and a positive attitude to ensure the success of our employees, company, customers and suppliers.



### ENVIRONMENTAL, SOCIAL & GOVERNANCE

We strive to build sustainable, equitable, healthy and diverse communities that align with our company's robust environmental, social and governance compass.



## ESG at Velocity

### Velocity's ESG Roadmap

Although elements of ESG have always been a part of Velocity, it hasn't always been formalized. Several years ago, Velocity leadership realized the importance of formalizing the company's commitment to ESG and crafted a plan for integrating it into the business. The first step was adopting this mindset across the organization. We discovered and aligned areas of ESG materiality and business strategy. From there, we appointed ESG leads within the company.

With this foundation in place, Velocity focused on building a culture of sustainability. We trained employees in ESG areas like anti-bribery, and health and safety. Beyond that, we initiated a data management system to track energy and water consumption, waste and scrap. We also rolled out an employee engagement survey for the first time.

As these initiatives became more embedded in daily operations, we introduced a continuous improvement tracker and developed new initiatives based on areas material to our company's performance and impact like recruitment and retention, and near-miss reporting. We also developed our first ESG report.

Moving into the future, Velocity will continue to prioritize ESG – not as a program but as an integral part of the company. In 2024, Velocity added ESG as one of its core values and incorporated ESG value demonstration into its Team Player of the Month recognition program in early 2025.

**BRONZE | Top 35%**

**ecovadis**

Sustainability Rating

**AUG 2025**



*Receiving a Bronze medal is really impressive and shows the hard work Velocity has done in the ESG space. I admire Velocity for how deeply they care about ESG and the people who work there."*

**- Kate Tetreault**

ESG ASSOCIATE, GRAHAM PARTNERS

## EcoVadis Bronze Medal

As an important step in our ESG journey, last year we completed the EcoVadis sustainability assessment that evaluated our ESG progress. For our efforts, we received a Bronze award, presented to us in 2025.

Our Bronze medal signifies that we are in the top 35% of the companies that were assessed through EcoVadis. Velocity improved its performance across all four EcoVadis themes - Environment, Ethics, Labor & Human Rights and Sustainable Procurement - demonstrating its continued commitment to responsible business practices.

The Sustainable Procurement score rose from 40 to 63 (out of 100) following the implementation of a formal Sustainable Procurement Policy and the introduction of a new Supplier Code of Conduct.

Environment improvements included increasing the score from 50 to 61 (out of 100) through enhanced energy efficiency initiatives, expanded waste reduction programs, stronger monitoring of greenhouse gas emissions and updated sustainability and environmental policies.

**In order to earn a medal, a company must achieve a minimum score of 30 points out of 100 in each of the following areas:**



**ENVIRONMENT**



**ETHICS**



**LABOR & HUMAN RIGHTS**



**SUSTAINABLE PROCUREMENT**

## 2025 ESG Focus Areas

While Velocity works to make ESG be part of its business strategy, we identify focus areas to improve each year. For 2025, that included:

- Continuing to invest in people
- Leaning into AI and other technology to improve efficiency
- Continuous improvement (CI)

Everything starts with our people. Creating a strong foundation with our team guides the rest of our ESG priorities.

From there, CI is another ESG focal point. Metrics related to health, safety, environmental sustainability and more need to be measured to reflect the organization's commitment to social responsibility and the stewardship of our planet's resources.

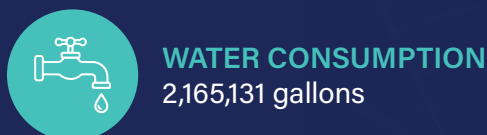
This is also important as we look to implement AI and other technologies to make our business more efficient – for the benefit of our employees, our business and the environment.

As Velocity moves forward, we bring this mindset into virtually every aspect of the business. We are more than manufacturers; we are leaders in driving sustainable innovation, operational excellence and ethical business practices.



Our commitment to ESG principles prioritizes that sustainability – in all aspects of the definition – remains a core pillar of our operations to meet the needs of today while building a better future.

## Velocity 2025 at a Glance



# Continued Investment in People

At Velocity, our people are critical to our success. We want our employees to feel valued and appreciated for the work they do, and to be proud of the company they work for.

In order for our team members to be invested in their work, Velocity knows the importance of offering competitive wages and quality benefits, focusing on safety and ensuring a fair work and personal life balance to create a positive internal culture.

“If you take care of your people, they’ll take care of the business,” said Janet Janiszewski, chief human resource officer for Velocity. “To me, it’s just common sense and is the right thing to do.”



In 2025, Velocity focused on prioritizing employee wellness, along with continuing to create the best team with a wide array of experiences and cultivating a positive work culture as the business grows.

## It's the Little Things

While a customized water dispenser may not seem like it would make a huge difference to a company, sometimes it's the little things that can make people smile.

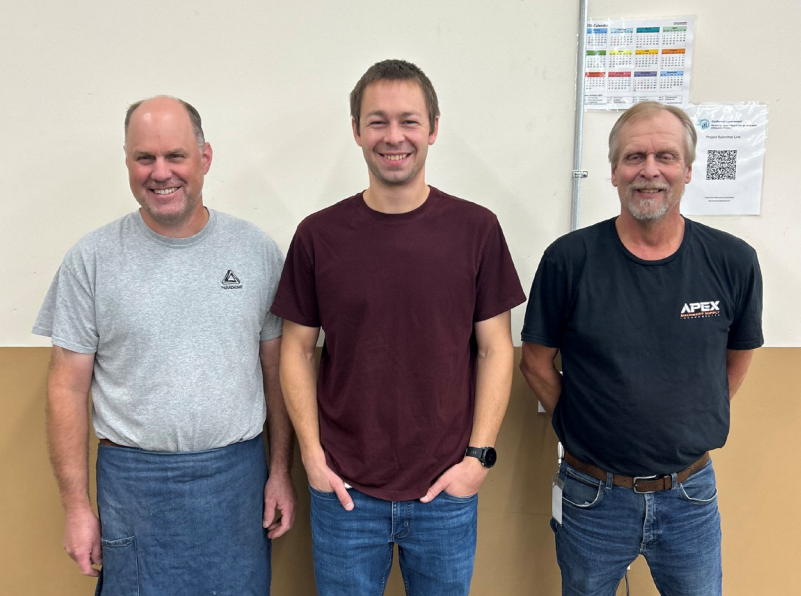
In April 2025, Velocity installed a dispenser in each of its buildings where employees can customize their water options. They start by choosing regular or carbonated water, and then can add flavors, vitamins, electrolytes or caffeine. The water – however customized – is free for employees.

“It’s so simple, but people love it,” Janiszewski said. “We are constantly refilling it, which means people use it frequently.”

Not only is the customized water free for employees, but it also encourages a healthy hydration option and cuts down on waste since employees use their own reusable bottles when filling from the dispenser.

In 2025, Velocity employees saved 94,000 plastic water bottles from entering landfills by using the customized water dispenser to fill their own reusable bottles.





## Employee Wellness

In April 2025, Velocity added Kavira, a same-day medical appointment program, to provide a better healthcare experience for employees and their families. This program is a supplement to our full coverage health insurance. Kavira provides an experienced team of clinicians that provide same-day primary and urgent care via home visits and telehealth. Employees don't need to take as much time off to go to the doctor, as all care is provided through house visits, visits to the Velocity job site or via their mobile app.

Velocity offers private, secure and comfortable places onsite for these appointments, if the employees choose a job site visit. This makes healthcare convenient and a priority for our team, and it saves them time and money. Visits are 100% free, as are nearly 350 prescriptions, which are delivered to their home. This added benefit gives employees the comfort of having a visit where it is most convenient for them, at home or at work. We provide Kavira to every employee who is on our health insurance – an additional benefit at no cost to them. The benefit is also available to their family members, even if they aren't insured on our plan.

While the supplemental healthcare is a benefit for employees, it also helps Velocity as a business. When employees use this convenient service, it keeps the cost of these visits from impacting our primary health insurance claims, which in turn can lower our future premiums. Lower premiums are good for the employee as well as the company.

Also, having on-site appointments with a health care provider allows employees to be more productive at work and not have to take valuable PTO to drive back and forth to visit the doctor.

"The feedback about the supplemental healthcare has been extremely positive from employees, as they are saving time and money, and it helps the business – a win-win situation," Janiszewski said.

## Supplemental Healthcare Use

*In 10 months (April 2025 – January 2026)*

**12%** usage rate (target usage rate is 9%)

**447** visits

**188** free Rx issued

**97** labs provided

**3** X-rays

**40** onsite visits

**72** home visits

**102** video/phone visits

**233** text visits

Velocity's cost in this time period was **\$100,000** and the value provided for free to employees was **\$166,095**.

Beyond benefits, Velocity strives to host activities throughout the year to support employee wellness in other ways. Last year, Velocity held its first Health Fair, which offered:

- Biometrics screening
- Flu and COVID shot clinic
- Dental and vision benefits information
- Free toothbrushes
- Healthy recipes
- A variety of fruits and vegetables to try

Many employees expressed appreciation for the offerings at the Health Fair, including one person who discovered he had diabetes through the biometric screening. This gave him the necessary information to seek help from his healthcare team and get tools to help him live a healthy life with his new-found condition.



Other Velocity-sponsored wellness activities in 2025 included a walking challenge in the summer and a weight loss challenge over the holidays.

"Employees have said they appreciate the [wellness] information and the opportunity to participate in these activities," Janiszewski said.



*It's great that we can provide people with another place to encourage them to be well and healthy, and do it together as a team."*

**- Janet Janiszewski**  
CHIEF HUMAN RESOURCE OFFICER,  
VELOCITY





## Kavira Health:

Supplemental healthcare life-changing for Velocity employee and her family

For Beka, a senior quality engineer at Velocity, using Kavira Healthcare changed how her family receives medical care. When Beka first started using Kavira, she was going through cancer treatment, which required numerous appointments, lab work and medications, all of which were physically and mentally draining.

Kavira stepped in, meeting Beka where she was at – literally. Kavira staff provided IV treatments, hydration, glucose support and frequent lab work in Beka’s home or at work, multiple times per week. Plus, the healthcare service took care of managing and ordering medications, taking another task off Beka’s plate.

“Not having to get in the car, sit in waiting rooms or figure out how to physically get myself to yet another appointment made an enormous difference,” Beka said. “It wasn’t just convenience. It took pressure off my body when I had nothing left to give, and it gave me back a sense of control during a time that felt completely out of control.”

Kavira also became a resource for Beka’s family. She could schedule healthcare home visits for her kids when they weren’t feeling well, and her spouse arranged preventative care check-ups after putting them off for years.

“Life is busy and scheduling appointments is a barrier people underestimate,” Beka said. “Having care come to our home made it realistic to finally prioritize those things. Kavira has made preventative care possible.”

Plus, it supported Beka through her cancer treatment, assistance she called “lifesaving.”

“Kavira can have a real impact, and in my case, it made an incredibly hard season of life a little more manageable,” Beka said.



*It wasn't just convenience. It took pressure off my body when I had nothing left to give, and it gave me back a sense of control during a time that felt completely out of control."*

– Beka  
SENIOR QUALITY ENGINEER, VELOCITY

## Internal Promotions and Inclusive Hiring

When it comes to creating the best team, Velocity looks within for its hires. “We make a conscious effort at Velocity to celebrate promotions and encourage employees to pursue new roles and opportunities,” Janiszewski said.

Managers and leaders are continually communicating and helping employees with professional development goals and programs, career path aspirations and sharing information on open positions at Velocity. We also offer tuition reimbursement for courses or training for employees. Plus, teams make it a point to celebrate when someone is promoted.

Velocity offers internships for college students, pairing them with an internal mentor and giving them the opportunity to present a capstone project upon completion of their program. It’s also a way we have discovered new talent to add to the team.

When hired at Velocity, employees are part of our GO (General Orientation) Program, which teaches them about Velocity – our mission, products, customers, marketing, operations, HR and many other aspects – to understand the company. In 2025, 80 new hires were part of the GO Program.

Velocity also supports employees with sponsorship for professional organization memberships. As one example, Velocity is a corporate member of Women in Manufacturing (WiM), which has enabled a number of employees to join this organization. Since joining last year, we have sent employees to the group’s annual conference for professional development and networking opportunities. Supporting women in their development is important to Velocity. In 2025, 36% of promotions at Velocity went to women, who make up 32% of the workforce.

Along with putting time and effort into developing employees, Velocity also looks to bring in people with a diverse range of experiences. Throughout 2025, Velocity increased the number of employees from underrepresented communities from 28% to 34%.



*When we think about diversity, it means having multiple perspectives and a variety of ideas that are generated by individuals with various backgrounds and experiences. We bring these ideas together, which allows us to enhance our continuous improvement efforts. When you have people with different experiences, it can lead to better problem solving and new ideas.”*

**– Janet Janiszewski**  
CHIEF HUMAN RESOURCE OFFICER,  
VELOCITY



## A Holistic Approach to Culture

For Velocity, growing a business also means scaling a culture – one can't be done without the other. Taking a holistic approach to this growth means Velocity is committed to living out its values no matter the size of the company, especially when it comes to supporting its employees by offering them a safe and positive place to work.

“We like being a people-first culture, which leads to long-tenured employees and low turnover rates,” Janiszewski said. “We are proud of our low 14% voluntary turnover rate.”

Since 2022, Velocity has utilized an employee engagement survey conducted by Gallup to monitor and understand how people feel about working at Velocity. The once-per-year, confidential survey has 12 questions that includes a few open-ended questions to allow for written feedback. Company-wide results are shared with all employees, and results for each worksite and even each team are shared with those respective employee groups.

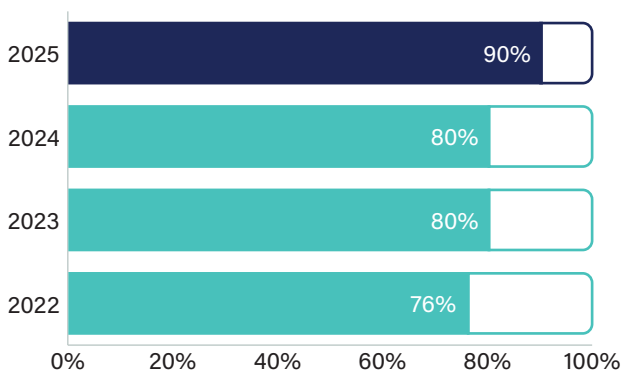
Having a holistic internal culture for Velocity also means supporting the communities we belong to through volunteering, making donations and providing other opportunities. Each year, Velocity employees have the opportunity to participate in about six community events.

In April, Velocity hosts an Earth Day activity in which employee volunteers collect trash to help make their communities cleaner. During other times of the year, we volunteer at organizations such as Feed My Starving Children, which works to fight global food insecurity and provide nutrition to people who need it.

There is also a collaborative effort to put on a silent auction at several Velocity worksites to raise money for the Invisible Wounds Project, which provides resources for veterans, first responders, frontline medical staff, corrections professionals, 911 dispatchers and their families. School supply donations are gathered at Velocity for elementary students in the fall, and toys are collected toward the end of the year for those in need.

In addition to supporting employees as a company, people are able to encourage their teammates through Velocity's peer-to-peer recognition program called Team Player of the Month. Team members may nominate a peer who demonstrates Velocity's core values, including ESG, through their work. In 2025, 265 nominations were submitted by employees who wanted to recognize their peers.

**Gallup Employee Engagement Survey Participation Rate**



## How Investing in People Fits into ESG

The people and the culture of a company fit directly into the Social aspect of ESG. As we grow the business at Velocity, we want to weave our company values into everything we do. One of our values is ESG – it's not just an HR or operations program. It's part of the DNA of the company.

# Technology and Artificial Intelligence

At Velocity, artificial intelligence (AI) and technology investments are essential to staying at the forefront of manufacturing innovation, improving customer value and keeping the workforce future-ready and competitive.

We began formally investing in AI capabilities in 2024 and 2025, driven by three primary needs:

1. Productivity and scalability across knowledge work (engineering, quality, finance and operations)
2. Data-driven decision-making in a complex, regulated manufacturing environment
3. Responsible adoption of AI as these tools are embedded in core platforms like Microsoft 365

Rather than adopting AI in an ad hoc manner, we intentionally paused broad rollout until governance, security and training structures were in place, culminating in the formation of the Velocity AI Council.

## AI Framework

Velocity operates under a formal AI governance framework that was developed over several months by the information technology (IT) team with cross-functional input.

The framework was informed by a variety of standards and best practices from leading technology providers and organizations, including Microsoft best practices, external governance briefings, internal risk assessments and more.

We will soon finalize and roll out two employee training tracks through Udemy, AI Basics and Technical AI Integration, to help employees feel comfortable with the technology and are empowered to begin exploring its use in an effective and secure manner.

## Compliance Focus

While AI-specific certifications are evolving industrywide, Velocity intentionally anchors AI usage within existing, audited compliance frameworks rather than creating parallel standards. Our AI governance was developed to align with several certification and compliance standards, including:

- CMMC/NIST SP 800 171
- ITAR & EAR
- ISO 27001
- Microsoft Responsible AI principles

## How AI Enables Growth

Velocity uses several AI-powered tools across the organization to automate manual tasks, make more strategic decisions, execute deeper research and much more. These technology investments free up our staff's time to focus on more strategic work that drives the organization forward – often eliminating time-consuming, repetitive or frustrating work and ultimately improving job satisfaction.

The AI Council has approved the use of several AI tools across the organization, including the Microsoft 365 suite of products with Copilot integrations, such as Microsoft Office, Sharepoint, Power BI and more. Additional AI solutions our team members use include Microsoft Purview for data governance and risk management, Cassidy.ai for tracking industry trends, and a variety of AI agents developed with Microsoft Copilot Studio.

A major focus for the IT department in 2026 will be promoting the comprehensive use of Microsoft solutions to maximize the company's investment in these tools.



## AI Council:

### Overseeing Responsible Use of Emerging Technology

The emergence of AI tools across all industries and job roles has introduced the need for formal guidance and policies for its responsible usage, particularly for companies like Velocity that serve heavily regulated and privacy-oriented industries like defense, medical and aerospace. To this end, we created an AI Council that provides cross-functional governance for AI use across the organization to guide innovation that aligns with security, compliance and ethical standards.

Co-chaired by CEO Dave Hemink and director of information technology Jason Holien, the nine-person council developed the company's formal AI governance framework that provides guidelines and support for employees who see opportunities to implement the technology.

The AI Council is comprised of employees representing the executive team, IT, security, quality, HR, finance and operations who meet monthly to provide a comprehensive view of how AI impacts day-to-day functions throughout the company. Our council's core duties are to act as a centralized approver of AI use cases, enforce security and privacy controls, set clear boundaries on data access and model usage, and align the company's AI governance framework with requirements for the regulated industries we serve.

"The digital transformation that the AI Council is driving is also facilitating a cultural transformation for the end user," said Holien. "You start improving the technology and then the cultural transformation starts to happen. People learn how to use the tools and start thinking differently – they're more efficient."

In the year ahead, the AI Council has ambitions to equip current AI end-users with more of the tools and training they need to use the technology most effectively. A further goal is to increase the use of automated AI agents developed with Microsoft Copilot for a variety of applications to help streamline manual work.

"It means a lot to me that the AI Council is taking this work seriously," said AI Council member Ben Laclaire, continuous improvement engineer. "I love getting feedback that an AI tool is helping save my coworkers time."

## Cybersecurity Improvements

In 2025, Velocity improved and fortified its cybersecurity initiatives to keep sensitive information safe. We also conduct IT awareness trainings and issue monthly phishing tests to keep employees educated on the latest cyberthreats and how to protect confidential company information.

In 2026, the company will finish requirements to become CMMC Level 2 certified and continue compliance checks with ITAR consultants.

### SECURITYSCORECARD:

A Rating

### BITSIGHT CYBERSECURITY POSTURE RATING:

Advanced – 800 out of 820

### CMMC:

Enhanced Security Bracket

### NIST SP 800-171:

Completed Framework & Foundation

## Technology Aids Sustainability

Our current technological footprint is just the beginning of the journey toward implementing additional solutions to create more sustainable products and operations.

In order to reduce the amount of paper used on the manufacturing floor and inspection areas, we deployed real-time data collection software that automates measurement results to avoid both the time it takes for employees to manually write down the information on a piece of paper, as well as the paper itself.

AI is also a key tool in Velocity's scrap analysis program as it identifies common scrap drivers, analyzes root causes of waste, prioritizes corrective actions and improves material sourcing competitiveness – all while focusing on the efforts that create the most value.

## Balancing Act

Of course, the use of AI requires resources – both tangible and intangible – and can create worry about job security. Throughout every level of leadership within Velocity, the message is clear: AI is not meant to replace employees, but rather be used to augment and elevate team members' skills, increase productivity and expand their impact.

Our team's use of AI is intentionally guided by the cross-functional AI Council. This approach prioritizes using the solutions and tools to create net positives for the company and professional development opportunities for employees. The council also takes a stance on when not to use AI, such as for tasks that require skilled physical handling of product, nuanced human judgment or empathy, or relationship-based decisions.

AI tools may also require additional physical resources, such as electricity and water, which is not yet fully understood. The AI Council aims to develop a dashboard to track metrics around our AI use that takes into account metrics such as carbon emissions, paper waste reduction, adoption rates, training participation and more, to better understand its benefits and drawbacks.

## How Technology Contributes to ESG

Technology and AI are critical components of our ESG program, covering each area:

### ENVIRONMENTAL

Velocity's investments in advanced AI-powered solutions reduce waste throughout the manufacturing process, particularly through efficiency, reduced scrap and smarter operations.

### SOCIAL

Our employees are empowered to learn and develop new professional skills through AI and technology trainings, as well as stronger communication and collaboration between teams and partners.

### GOVERNANCE

The use of AI is governed and guided by a formal vision and plan that gives employees and partners the security, efficiency and reliability they need to succeed.

Looking ahead to 2026, we will continue expanding the incorporation of AI into additional areas of the business.

Several AI-driven initiatives are already underway, such as an API integration between our CRM platform and AI solutions for automating complex and repetitive workflows across departments; an Overall Equipment Effectiveness (OEE) project at the Brooklyn Park facility to network machines on the manufacturing floor to glean better insights into sources of issues and provide recommended restorative actions; and encouraging a larger number of employees to use AI and technological solutions for more complex applications.



## Continuous Improvement

**Continuous improvement (CI) is one of Velocity's core values: always embracing opportunities to learn and grow, while striving to be the best.**

This core value received strong investment in 2025, with hundreds of CI projects suggested by team members from across every department that moved forward throughout the year. Our approach to CI comes from a mindset of trying to do things better than they were done the day before. This mindset is rewarding on multiple fronts: creating a safer work environment, reducing waste and empowering employees to strive for excellence.

The CI program's 2025 goal was \$750,000 in manufacturing process cost savings. The program was very successful: the goal was surpassed by the third quarter and ultimately reached \$933,000+ in cost savings by the end of the year.

### Incremental Growth

Our CI program gained momentum in 2024 with the company's first full-time CI hire at the Forest Lake facility and has grown incrementally since.

Heading into 2025, the program was equipped with established baselines and a standard method of tracking results, as well as an ideas submission form open to all Velocity employees.

In late 2025, we brought on a second CI engineer to oversee efforts at the Brooklyn Park facility and open opportunities for increased visibility and collaborative cross-facility efforts.

From humble beginnings, our CI program earned broader recognition from Graham Partners, earning the Graham Impact Award in October 2025.



*I'm proud of what we have been able to accomplish – and motivated to keep pushing the boundaries of improvement, innovation and impact."*

– Tyler Mataczynski  
SENIOR CONTINUOUS IMPROVEMENT  
ENGINEER, VELOCITY

## Employee Spotlight:

Tyler Mataczynski, senior continuous improvement engineer

Tyler Mataczynski leads continuous improvement efforts at our Forest Lake facility. After starting as a quality engineer on the manufacturing team, Tyler became Velocity's first full-time CI team hire in 2024.

His first priorities? Establishing a baseline for the company, implementing incremental changes and setting up a simple submission process for anyone across the company to share ideas for potential projects.

2025 was the CI program's first full year of activity, and under Tyler's leadership, the program received 313 idea submissions from employees, and more than doubled the number of completed projects from 27 to 64.

Tyler's leadership has been so successful that he was one of just four individuals from across Graham Partners' portfolio of 21 companies to receive the Graham Impact Award, which Tyler accepted on the company's behalf at the Annual Shareholders Meeting in October.

"It's been rewarding to see our CI program deliver meaningful results and even more exciting to see what's ahead," Mataczynski says. "I'm proud of what we have been able to accomplish – and motivated to keep pushing the boundaries of improvement, innovation and impact. I'm excited to keep building on this momentum into 2026 and beyond!"

# Employee Engagement

At the heart of Velocity’s CI program is a philosophy of employee engagement and empowerment. The program welcomes all staff across departments to fill out a simple form to suggest areas of improvement, regardless of the size of the project. The CI team reviews submissions on a regular basis and selects projects to implement and designates internal “champions” who help move them forward.

At Velocity, submitting and championing CI projects is rewarding – literally! Employees who suggest or champion projects receive entries into the CI Rewards Program where they can earn valuable prizes such as exclusive company apparel and additional paid time off.

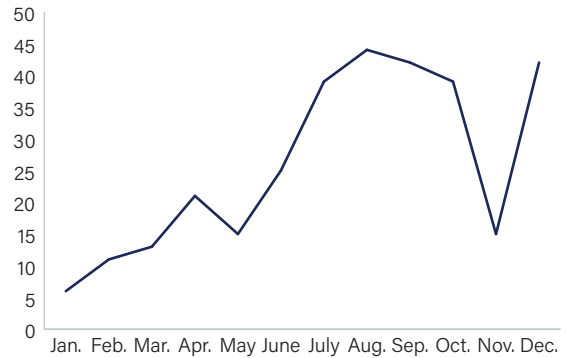
The rewarding nature of the CI program goes beyond prizes and incentives – Velocity employees are empowered to keep an eye out for operations and processes that could be made more efficient, and encouraged to speak up to share their ideas. Each CI suggestion submission receives individualized follow-up so team members feel heard and valued for taking the initiative.

In 2026, the CI team is looking forward to increasing the number of submissions it receives from employees who aren’t currently engaged with the program and facilitating even more cross-departmental involvement. A key initiative for 2026 is a dedicated Six Sigma Green Belt training for a select group of individuals who will oversee a CI project of their own by the end of the year.

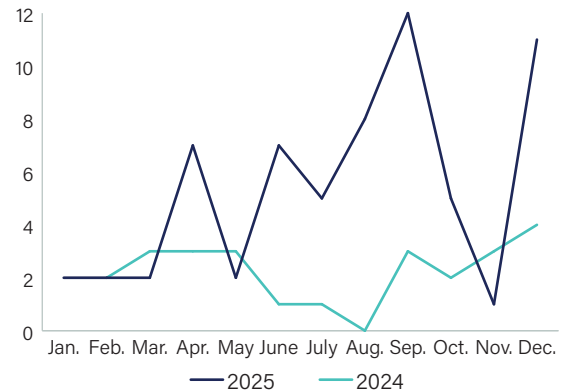
## IN 2025, THE CONTINUOUS IMPROVEMENT PROGRAM:

- Received **313** project idea submissions
- Completed **64** projects
- Realized **\$933,000+** in cost savings

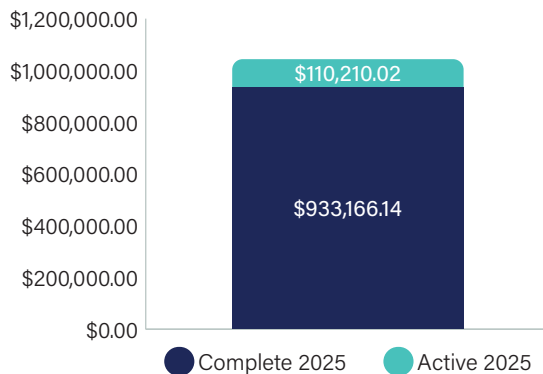
### 2025 Project Submissions



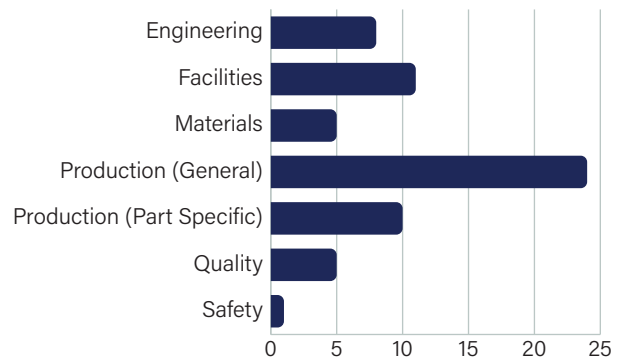
### Closed Projects



### 2025 Cost Reduction Totals



### 2025 Projects by Category



## Health and Safety

Employee health and safety is our No. 1 priority – and it starts with the simple act of caring. This care for our employees extends far beyond complying with regulations and guidelines – it’s a responsibility we take seriously and demonstrates our accountability for the safety of our team members.

Velocity’s comprehensive safety program continues to expand its reach to staff through Right to Know trainings, annual refresher courses, access to enhanced personal protective equipment (PPE) and a robust onboarding and safety training process for each new team member.

We also implemented new processes last year for employees to share about safety concerns. These processes included having on-the-floor employee safety meetings and creating a page on Velocity’s intranet for employees to anonymously report near-miss incidences for us to take swift corrective action.

In 2025, the safety team lead efforts to reduce the total reportable incidences by a massive 76%. Our dedication to health and safety was recognized by the Minnesota Safety Council, which awarded Governor’s Safety Awards to our Brooklyn Park and Forest Lake facilities.

### 2025 SAFETY IMPROVEMENTS INCLUDED:

- Reducing total reportable incidences by 76%
- Conducting a fire drill in 4.5 minutes or less at all facilities
- Implementing anonymous near-miss incident reporting





## Increased Recycling

Another focus area for the CI program is reducing waste and improving opportunities to recycle materials and other inputs to shrink our overall environmental footprint.

Velocity's water chemistry project has significantly reduced the amount of water used in the manufacturing process (see additional details in the inset below), and an initiative to recycle silicone and polymers was successful in finding recyclers that would pay for the waste, rather than having it entering the waste stream for disposal. We also developed several recycling improvements in 2025. We now use a local electronics recycler just five miles away – reducing the carbon footprint of shipping it to a recycler farther away. Strides were made to capture more accurate cardboard recycling data, and we were able to begin recycling wooden pallets.

Looking ahead to 2026, there are several CI project ideas in the works, as well as other green initiatives, such as employee trash cleanup events and an onsite garden.

## How CI Contributes to ESG

Velocity's CI program is a key element of the company's dedication to ESG.

Environmentally, CI projects are responsible for reducing a significant amount of waste across the company – a top priority to decrease our carbon footprint. From a social perspective, the program enhances safety activities, encourages deeper cross-departmental collaboration and demonstrates a commitment to valuing and taking employees' ideas seriously, building trust and retention.

Cost-savings from this program are a major governance KPI, feeding directly into our mission of enhancing value for stakeholders.

Looking ahead to 2026, the program will continue to mature, scaling and accelerating results across the entire organization as it grows to a larger group of employees. Already, the team is exploring new ideas for increasing safety activities, reducing hazardous waste and setting up a "green team" at each of our facilities.



## Continuous Improvement Case Study:

### Water Chemistry Changes Save Thousands of Gallons and Dollars

Water is a precious resource, and one that Velocity does not take for granted as an essential part of its manufacturing process.

Without a closed-loop system in place, we were using 185 gallons of water per hour in our manufacturing cycles. After the cross-departmental CI board reviewed and approved the project idea, we brought in a new water company to evaluate our processes.

They ultimately determined that a change in the water's chemical compounds could reduce the amount of water needed for bleed-offs by 60%.

As a result of the updated water chemistry, we now use less than a third of the original total – just 61 gallons per hour – and simultaneously realized more than \$13,000 in cost savings.

# Velocity: A Forward-Thinking Company

We have made it clear – ESG is not just a program, but a part of Velocity’s DNA, becoming a core value and impacting nearly every business decision.

We want to continue to expand and accelerate our ESG lens and the forward thinking it takes to drive the business into the future. To do that, we take accountability by being part of the Science Based Targets initiative (SBTi) for carbon emissions reduction targets and implementing an ESG data-collection platform.

Both of these actions will keep our team organized and accountable and will help prepare us for being able to share quantitative data that inform our business goals.

## Setting Science-Based Emissions Targets

In order to make even more change around our carbon footprint at Velocity, we know we need to lean on science-backed research, metrics and tracking methods.

Two years ago, Velocity committed to the SBTi, an organization dedicated to helping companies develop ESG standards that also offers tools and guidance on how companies can do their part to reduce their carbon footprints. SBTi has a mission for the corporate sector to take action to limit the Earth’s warming to 1.5 degrees Celsius, with a vision to transition toward a net-zero and equitable economy by 2050.

During the past two years, we have committed to learning more about the types of targets that will make a difference, how to track data to reach specific targets, and other tools needed on our SBTi journey. We are currently in the process of drafting and finalizing our science-based targets. While we are not ready to share them yet, part of the work will be developing our target for Scope 3 carbon emissions: indirect emissions from purchases, other areas of the supply chain and more.



*This is a public commitment to reduce carbon emissions that signals transparency, seriousness and real progress. This helps Velocity stand out as a responsible, future-focused supplier.”*

**– Kate Tetreault**  
ESG ASSOCIATE, GRAHAM PARTNERS



This has been a true team effort, bringing in experts from across the company to share thoughts and hone in on even more specific reductions.

“It’s amazing to see how the Velocity team has come together to dig in and do the work,” Tetreault said. “They are really working hard on these efforts, and the collaboration with them has been outstanding.”

## An ESG-Focused Data Platform

While developing these emissions targets, Velocity realized it needed a better system to track data for the initiative.

In 2025, we started using Gravity, a carbon and energy platform that allows us to track and analyze information for our sustainability reporting all in one place.

The metrics tracked by the platform include:

- Energy
- Water
- Waste
- Emissions

At Velocity, we recognize the pivotal role manufacturers play in shaping sustainable practices and advancing environmental responsibility. Our commitment to sustainability permeates nearly every aspect of our operations, from material selection to innovative manufacturing processes. We champion eco-conscious practices by integrating energy-efficient techniques, waste reduction strategies and circular economy principles into our operations. These efforts enable us to align with evolving customer expectations, offering eco-friendly solutions, fostering supply chain transparency and ensuring compliance with regulatory standards.



*Calculating the carbon footprint is challenging. Data collection used to be very manual, but having a platform to gather all the information has made it a lot easier and more efficient for Velocity and reporting ESG metrics."*

**- Kate Tetreault**  
ESG ASSOCIATE, GRAHAM PARTNERS

# Highlights of our ESG Work in 2025

We continue to see progress in our policies as ESG has become a cornerstone for Velocity and our business decisions. It takes every single one of us working together to make a difference, creating a company where we are proud to work. We are thankful for our dedicated and insightful team for their meaningful participation throughout 2025.

## HIGHLIGHTS FROM THE YEAR INCLUDE:

- We formed the Velocity AI Council to oversee training structure creation, governance and security of AI to promote responsible use among the company.
- Cybersecurity initiatives were improved and fortified, including receiving an A Rating from SecurityScorecard and an Advanced score of 800 out of 820 for our Bitsight overall cybersecurity posture.
- The CI program surpassed its goal of saving \$750,000 in manufacturing process cost, ultimately reaching \$933,000+ in cost savings by the end of the year.
- Velocity CI leader Tyler Mataczynski earned the Graham Impact Award from Graham Partners in October 2025 in recognition of advances to our CI program.
- In 2025, the safety team lead efforts to reduce total reportable incidences by 76%, and the Brooklyn Park and Forest Lake facilities received Governor's Safety Awards from the Minnesota Safety Council.
- We implemented a supplemental healthcare program that has a 12% use rate - 3% above the target use rate.
- 36% of promotions at Velocity went to women, which is higher than the average of other manufacturing companies at 32%.

While our work in ESG is never complete, it's important we celebrate our progress and what these highlights mean for Velocity as a company as we move forward and continue to make a difference in all areas of ESG.





# VELOCITY

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