

# THE VISIONARY

PriorityPlastics 

## Continuous Improvement

We talk about Continuous Improvement (CI), but what does that really mean?

- CI is an ongoing process of making us more efficient, streamlined, and sustainable.
- It is not always about making big changes all at once, but rather about making small improvements, monitoring them, and adjusting as we go.
- Continuous Improvement projects may focus on organization, process standardization, safety or quality improvements, efficiency, or cost savings.

### Our Vision

**To rally in service of people so that we grow together and enrich lives**

### How We Achieve Our Vision

**Believe in the potential of people**

**Seek to understand and listen**

**Courageously improve**

**Contribute to a secure and adaptable foundation**

**Pledge enduring support to each other**

CI projects start by looking at the entire process. What do we do well? And, not so well? Using Six Sigma, we aim to identify and reduce variation in the process. The less variation in the process, the more predictable and reliable the process becomes; this creates less deviation in the products we make.

This framework for Continuous Improvement is called the **DMAIC process**: Define the problem, Measure (collect data), Analyze (find the root cause), Improve (develop and implement improvements), Control (monitor and sustain improvements).



There are many examples of successful CI projects in our plants. One project that has benefited all plants is the automation of **Certificates of Compliance (C of C)**, which are sent to our customers with every shipment. All three plants had different standards and methods of manual entry, which often resulted in customers waiting for needed documentation, wasted time and opportunities for errors.

- To improve this process, packing slips now include a standard compliance message and customer-specific information pulled directly from TMM.

This is an example of a streamlined process that saves time and additional

## Ready for Change

Krystal Smith, Regional Continuous Improvement Manager, has earned her *Six Sigma Green Belt* certification, which enables her to successfully lead projects and provide training. "Continuous Improvement cannot be successful with just one person. Success comes from everyone contributing by giving input, feedback, details on processes and issues", according to Krystal. "Speaking to your managers about plant challenges or participating in Listening Sessions are great ways to get involved in CI."



Krystal Smith is Regional Continuous Improvement Manager.

handling. There is now no waiting for someone to type information into a separate form, we reduce paper, and we improve data accuracy to our customers. To date, 88% of Customer C of Cs are automated, resulting in an estimated \$25k in savings (labor, time waiting, materials and filing).

Continuous improvement projects not only help us become better and more efficient in our plants, they can also result in better service to our customers which improves long term satisfaction and loyalty.



Jennifer Glenn is Director of Human Resources.

# Pretzels/Hershey's Salty Snacks: A New Chapter

Our supplier relationship with Pretzels Inc. goes back as long as many of us can remember. Always a top customer for our Colorado plant, 2025 marks a transitional year for our partnership as Portland becomes the primary facility supplying what is now a division of Hershey's Inc.

This Bluffton Indiana facility, operating as Hershey's Salty Snacks since a December 2021, has stocked 2 styles of PVC pretzel tubs from our Denver plant since 2013. In fact, they were a customer of CCW when they were acquired by Priority Plastics. Tens of millions of containers have made the 1200 mile trip multiple times each month to meet snacking and stocking demands. This relationship is now changing for the better!

Effective late this summer, production shifts from Arvada/Denver to Portland's twin Cypet ISBM platforms. There are many tangible benefits for both parties:

- Significant shipping savings. The cost to travel the 28 miles between Portland and Bluffton is a fraction of the present shipping costs.

- Lead times. Shorter shipping distances help create faster lead times – less time in transit.

- More sustainable solutions. The change from PVC to PET provides more recycling opportunities. PET better addresses the restrictions many states have in place prohibiting the use of non-recyclable materials like PVC.

"Over the past year, we've invested heavily to make our customers' transition to new equipment seamless," says Nicole Harnden, Vice President of Operations. "We've brought in a seasoned PET process expert, dedicated engineering talent to perform on-site R&D work, and built a skilled operator team from the ground up. These efforts ensure not only top-tier quality but also the confidence that this product will run at its best from day one," she concluded.

The transition of this major product has rolled-out over an extended time period to allow both parties to adjust and troubleshoot. The i5000 (100 ounce) tub is the PET equivalent of Denver's 670. In the past 12 months, we have made and delivered over 4.5 million items.



It is exciting and gratifying to help a long-term customer transition to more sustainable products and a smaller carbon-footprint while saving money on packaging.

Recognition and THANKS to the following dedicated team members aiding in this transition:

- Todd Miller
- Nova Cassidy
- Jared Conyers
- Lane Allen
- Matthew Shelton
- Dave Cromeenes, Plant Manager



Michael Davidson is Director of Marketing and Customer Experience.

## Denver – Fewer Items and Less PVC

Over the past 12-18 months, we created a focused plan to pare-down the total number of PVC and PET items produced in our Denver facility. This plant had historically developed a business approach that heavily relied upon hundreds of smaller customers placing relatively small orders very infrequently. Many of these "stock" items were produced for single customers.

The cost and time consequences of these frequent mold changes and the lack of higher-volume runs had significantly eaten into our operating margins. We made the difficult decision to resign many of our smallest and

least-profitable accounts and over 100 small customers received "Obsolete" notifications and timelines for "last-run" of their wares. While it is always painful to release customers, this strategy is in alignment with the long-term goals for the Denver Plant.

Environmentally, some states have strictly curtailed or restricted the use of PVC in commercial products. PVC is also problematic at some community recycling centers. All these factors lead us to plan for a long-term diminished reliance on PVC products in favor of a shift to thin-wall HDPE canisters as a means to grow our Denver customer base.

# Plant Vision Team Hosts Chili Cook-Off



Salvador's Pork Green Chile stole the show at Denver's 1st ever Chili Cook-Off, May 22 at the plant. It was no surprise that Salvador Perez's entry was the overwhelming consensus winner. He comes to Priority Plastics with "professional" kitchen skills.

His love for creating dishes began in the fast-paced environment of working in a Japanese restaurant where he first honed his skills. He continued to expand his use of vibrant flavors by discovering recipes on YouTube® that he refined and experimented with.

## Salvador's Green Chile Triumph: A Culinary Journey

In 2017, Salvador took a leap of faith and started his own business, cooking for others with a focus on bold, crowd-pleasing dishes. By 2022, he had launched his own food truck serving up an array of offerings like burritos, quesadillas, tacos, tortas, and more. Ultimately, the demanding pace pulled him away from family time and he made the tough decision to close his truck.

His passion for food remains. He hopes to someday open a small space and cook all his favorites with his family at his side. Among his favorite dishes to cook are his award-winning Green Chile, Tacos Gobernador and Carne Asada.



Salvador Perez receives his first prize - \$100 gift card - presented by Will Finch, Denver Quality Manager and Plant Vision Team Leader.

Congratulations to Salvador for being named BEST OF SHOW. What's the secret to his winning "Chile Verde" recipe? He prefers to keep it a secret.

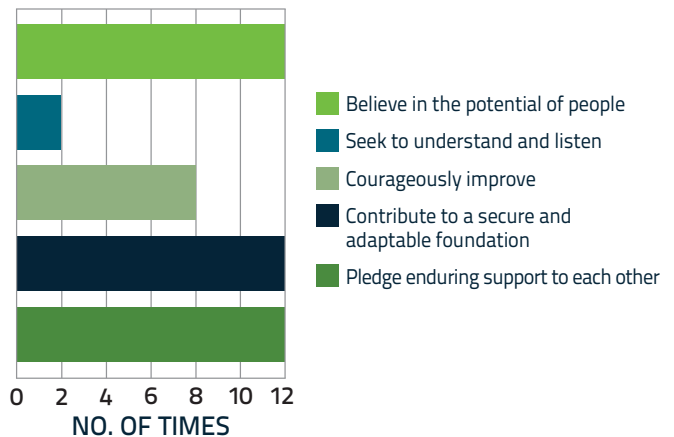
**Will Finch** is Quality Manager and Plant Vision Team Leader.



Did you know the Above & Beyond program is an easy way for you to recognize your coworkers for a job well done?

So far this year, there have been 21 Above & Beyond submissions, recognizing 35 different employees. To date, Denver and Portland teams total 9 nominations each; Grinnell, 3. This is a testament to our focus on VISION-IN-ACTION and indicates we have great people here at Priority Plastics!

### VISIONARY PILLARS RECOGNIZED



Let's continue to celebrate our coworkers by submitting those Above & Beyond forms! It's simple:

1. Locate the proper nominating form within your plant.
2. Answer all questions and fill the form out in its entirety.
3. Return the completed form through your proper plant channel – suggestion box, HR representative or plant Vision Team member.
4. Your nomination will be reviewed by plant management and posted on the VISION CAST (TV) screens for everyone to know and appreciate.



**Jennifer Glenn** is Director of Human Resources.



## Understanding Your Bonus Program

Everyone comes to work not only to earn a paycheck – most people want to make a “difference” and a positive contribution at Priority Plastics. Our Hourly Bonus Program is designed to recognize improvement and reward performance. When we make positive gains in production, these achievements pass through to the bottom line.

We track this through 3 KPI's (Key Performance Indicators). As these are measured and reviewed throughout our daily work, we can create a positive impact on Priority Plastics' financial health.

### The 3 KPI's are:

**1. Output per hour.** We count the average good pieces produced per production hour per machine. This number can be positively influenced when machine and quality issues are properly identified and addressed in a timely manner. By correcting problems quickly, we increase the amount of good bottles produced and decrease unscheduled downtime.

**2. Scrap.** Similar to output, scrap rates can be influenced by all team members. By sharing information and letting EBM's know when a machine isn't running properly, or bottle quality isn't acceptable, we can make corrections quickly. This helps reduce the amount of scrap we produce.

■ Did you know that scrap costs the company hundreds of thousands of dollars annually? We are unable to reuse all the scrap bottles that we produce, there's just too much of it! From October '24 through May '25 Priority Plastics sold over 600,000 lbs. of regrind and scrap resin on the secondary market. We received about 50% or less of the purchase price we pay for virgin resin.

**3. R&A – Returns and Allowances.** This third KPI can also be influenced by plant team members. Returns and

allowances from customers can be a large burden on a plant. There is a labor impact from having to sort through returned products – and, a material impact as a result of scrapped items.

By staying attuned to your daily tasks and making good bottles while reducing scrap, we will generate fewer returns and allowances. Making and shipping good bottles on-time and in-full creates customer satisfaction – and, gets us all closer to achieving our bonus plan.



Nathan Lefeld is a Financial Analyst and works in our Portland, IN Corporate Offices.

## Developing Trends:

### The State of Our Business

#### Tariff Impact:

The new tariff environment in North America has brought forth some uncertainty to Priority Plastics' supply chain. There could be some impact on our sourcing costs of components that go into our products – such as closures with liners that use foil, and certain caps and lids. Our procurement and planning teams are dedicated to securing a reliable supply chain of approved raw materials sourced from the U.S. when possible, and managing those sourced outside the U.S. and North America. We also intend on using this situation to strengthen relationships with our customers by being direct and transparent in communications as the tariff situation continues to evolve.





## Our Path to a More Sustainable Future

At Priority Plastics, we care about doing the right thing — for our customers, our teams, and our planet. That's why we created **GreenLite™**, our company's sustainability program.

GreenLite helps us improve how we do business in three main ways:

- 1. Strategy** – We follow important rules and set company goals to reduce waste. We also follow sustainability guidelines and state regulations.
- 2. Products** – We design packaging using recycled materials (up to 100% PCR) and look for ways to use less plastic while keeping quality strong.
- 3. Operations** – We track our waste and energy use to run cleaner, smarter factories.

## Marketing Plan

This program isn't just about checking boxes — it's about making real progress. In fact, this year we earned **Committed EcoVadis sustainability rating**, which measures how well companies protect the environment, treat people fairly, and do business responsibly. This rating gives us a strong starting point — and shows customers we take sustainability seriously.



## GreenLite Ambassadors

We're proud to have launched a GreenLite Ambassador program at each plant leading our waste management efforts. These team members are helping identify where we create waste and how we can collect, reuse, or even sell materials instead of throwing them away. We're still in the early stages, but their work is key to building a better process at every site.

GreenLite is also a business tool. More customers want recyclable packaging. With GreenLite, we can meet their needs — and stand out from the competition.

Everyone at Priority has a role to play. Thank you for being part of this journey. GreenLite is our future — and we're just getting started. GreenLite — Go Sustainable!



Stephanie von Vultee (Oliva) is Director of Sustainability.

## Developing Trends:

### The State of Our Business

### Market Capacity/ Pricing Pressures:

Looking back on the Covid-19 pandemic, Priority Plastics achieved some of our best performing years during those times of uncertainty. While the pandemic is in the rearview mirror, there are lasting impacts and lessons for our company and the industry as a whole.

During the pandemic, many companies faced uncertainty in their supply chains and their ability to reliably source products. As a result, many purchased excess inventory to have safety stock and ensure they could satisfy their customers' needs. Priority Plastics experiences increases in our business to satisfy the increased immediate demand. This filled up our machines and many companies in the plastics molding industry invested in new machinery. Demand has now tapered back to pre-pandemic levels and has left an excess in blow molding capacity in the plastics industry.

This, paired with increases in efficiency from new technology, has caused pricing pressures from current and prospective customers to both keep and win new business. While these pressures can cause pain points at times, Priority Plastics continues to invest in our customers by adding strategic machinery that allows us to meet customer needs and be competitive in the plastics market.

This makes our push to find operational efficiencies that much more important. This allows us to stay competitive in the continually changing market.



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**HANDLE  
HARD  
BETTER.**  
2025

"We all wait in life for things to get easier.  
It will never get easier.  
What happens is you handle hard better ...  
So make yourself a person that handles hard well."

- Kara Lawson, Head Coach for Duke's Women's Basketball Team, Olympic Gold Medalist, and a former WNBA player.



Lane Allen

Thank you, Lane Allen, for helping me change a water line on M32, that included crawling into a tight and dirty space I couldn't fit into. It saved a lot of time and got the machine up and running again quickly.

- Levi Albertson, Portland Maintenance Tech

After machine 23 had a hard down, Doug Oberlander jumped in, thought outside of the box and dove into fixing the line turning a projection of getting the line running from a month to a week.

- Will Finch, Denver Quality Manager



Doug Oberlander



Brandon Masterson &  
Steve Redwine

When a customer needed extra deliveries for the week, Brandon Masterson and Steve Redwine, came in on their scheduled day off work to load trucks.

- Valerie Cranston, Grinnell Warehouse Supervisor

**Above &  
BEYOND**

**Pledge  
Enduring  
Support  
to Each Other  
and Believe  
in the  
Potential  
of People**

PriorityPlastics