



# IMPACT REPORT 2021

*People before profits, now and always*



**HMTX**  
INDUSTRIES™

Passionate.  
Dedicated.  
Global.

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## A MESSAGE FROM OUR CEO, HARLAN STONE

HMTX Industries is more than just a global flooring provider. Our team is made up of innovators, leaders, truth-tellers, and changemakers setting new standards for performance, sustainability and transparency; and now, with this report we are leading in societal impact. HMTX is an enterprise deeply rooted in history and family values; these roots give us a clear vision of a future where we all can do more good in the world.

I am immensely proud of our organization for publishing our first *Impact Report*, an endeavor fueled by our rich past and the passion of our people. This report embodies who we are as a company and as a family.

In the report, we highlight our accomplishments in sustainable and transparent practices as the global leader in innovative resilient flooring solutions. It reflects not only what is important to HMTX—it also demonstrates our attention to the priorities of our stakeholders.





Since its inception, the HMTX Industries Impact Initiatives team has been hard at work integrating HMTX sustainability strategies throughout all our activities, products, and programs. In alignment with the internal and external stakeholders, this *Impact Report* showcases and strengthens our environmental, social, and governance (ESG) commitments. Through these specific endeavors we have carved a clear roadmap to become a key leader in Sustainability and Impact.

The report encompasses the significant impact we have made as an organization for our people, our communities and our customers, and the planet. Perhaps this broadens the entire notion of ESG to reflect our motto: **People before profits, now and always.**

This brings a core, comprehensive value to the enterprise: being the best we can be to attract and retain the right talent; being able raise capital to invest in our growth; and best of all, doing well while doing good.

The HMTX *Impact Report* discloses how we communicate with our stakeholders, how we

govern, and the steps we take to maintain our ethical and accountable behavior. We discuss our environmental goals and the sustainable improvements in our operations and products. We talk about sustainability and how it is part of our business mindset and informs our approach to the circular economy. It is also a milestone for our company as we set our baseline actions and data from which we will build... day in, day out, and for years to come.

One of our biggest accomplishments in 2021 was breaking ground on what will be a physical manifestation of our environmental commitment: a brand new 24,000-square-foot HMTX world headquarters that has been called “the greenest building in the state of Connecticut,” set to be completed in the fall of 2022.

“The House Up on The Hill” (as we affectionately call it) is designed to represent the core values on which our company was built and has grown. It will merge nature and sustainability with innovation and collaboration. It will provide a unique space for artists, engineers, designers,

and architects, as well as creative and disruptive thinkers, to exchange ideas and thoughts.

At its heart, “The House Up on The Hill” will be a testament to our commitment to sustainability, design, and innovation. It will demonstrate to our customers, our employees, and all other stakeholders HMTX’s vision to make a positive impact within our communities and on the greater environment. I believe we can influence others to do the same, leading by example.

My dream will come true in 2022 with a unique place where people can come together to think, create, and maybe even make the world a better place through collaboration. Somebody has to do it. It might as well be us.

**HARLAN STONE**  
CEO of HMTX Industries



## ABOUT THIS REPORT

At HMTX Industries, we are honored to publish our first **Corporate Impact Report**, a comprehensive summary of our most relevant environmental, social and governance efforts during 2021.

**We are proud to highlight our accomplishments in sustainable and transparent practices.**

This report reflects the strong commitment to **integrate HMTX's impact strategy within our business operations**, products, plans, and goals. It is a snapshot of the progress we made in 2021 and it aligns with the sustainable awareness and impact efforts of our stakeholders.

We are proud to highlight our accomplishments in sustainable and transparent practices within our organization as the global leader in innovative and sustainable resilient flooring solutions.

The report shows our impact commitments and our motivations to empower our employees, suppliers, clients and the communities we work with to drive change in the world we live in and do business.

This report was developed following a comprehensive **materiality assessment that was conducted in 2022** to identify the critical topics in ESG that are key for our organization in line with stakeholders' priorities, both internal and external. To prepare the report and select the topics and metrics to be included, we used



the principles and guidelines recommended under the GRI (Global Reporting Initiative) standards. The report also highlights how we are aligning our sustainability and impact strategies with the **Sustainable Development Goals** (SDGs) adopted by the United Nations as part of the 2030 Agenda.



A modern office interior featuring a long hallway with glass-walled rooms on the left and a lounge area on the right. The floor is made of light-colored wood. The lounge area includes two blue armchairs, a low wooden table, a potted plant, and a small wooden cabinet with a lamp. Three large, cylindrical pendant lights hang from the ceiling. The ceiling has exposed wooden beams and pipes.

# HMTX: DESIGN AND INNOVATION

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CHAPTER 1



# HMTX: DESIGN AND INNOVATION

Since the 1970s, our company has **specialized in floor coverings**. In 1974, we became one of the first companies to produce vinyl tiles featuring a decorative film.

## Our Company

We are a global **flooring company**, serving a diverse cross-section of the construction and renovation marketplace through our reliable and well-known subsidiaries and brands. HMTX is headquartered in Norwalk, Connecticut, with satellite offices in North America, Europe, Asia, and Australia. Our products are sold in over 50 countries.

With more than a century of experience, the Stone family, through four generations, has built the leading global business we are now, becoming an industry powerhouse.



Our history dates back more than 100 years. The Stone Family started selling build materials in 1912, then paper goods, and over 70 years ago put the two together and began selling paper-backed sheet goods in upstate New York, thereby entering the flooring industry.



Today, our company is fueled by the same passion and dedication, ensuring the Stone family's building blocks of excellent design, spirit of innovation, and high quality remain unchanged.

At HMTX, we have demonstrated since the beginning that **sustainability and impact are at the heart of everything we do:**

- We work to protect and enhance the planet and have incorporated a company-wide commitment to support people in need and to fight for social justice. (page 52)
- Our efforts to promote transparency in ingredients help inform our customers of the materials used in the products that are installed in their businesses and homes. (page 67)

**Our manufacturing processes, product materials, and workplaces reflect our firm commitment and dedication to sustainability, maximizing social impact and ensuring transparency in HMTX's operations.**

Awards that we have received from our big-box retail customers include: Innovation Award, Vendor of the Year, Supply Chain Supplier of the Year, and Ecommerce Supplier of the Year.

At HMTX, we are committed to positively impacting people's lives, the planet, and all inhabitants. Our mission has helped us define our corporate **purpose statement:**

**"We strive to make beautiful products that improve the quality of people's lives. We are driven by an innovative spirit, care for the planet and compassion for all its inhabitants. Together, we will make a difference."**

We also recognize the importance of listening to our customers and treating all HMTX's stakeholders and the planet with the respect they so justly deserve.



**People before profits, now and always.**





## Our Core Values

Millions of people throughout the world have used our products and put their trust in HMTX as a result of our values and principles.



### Be a Part of the Family

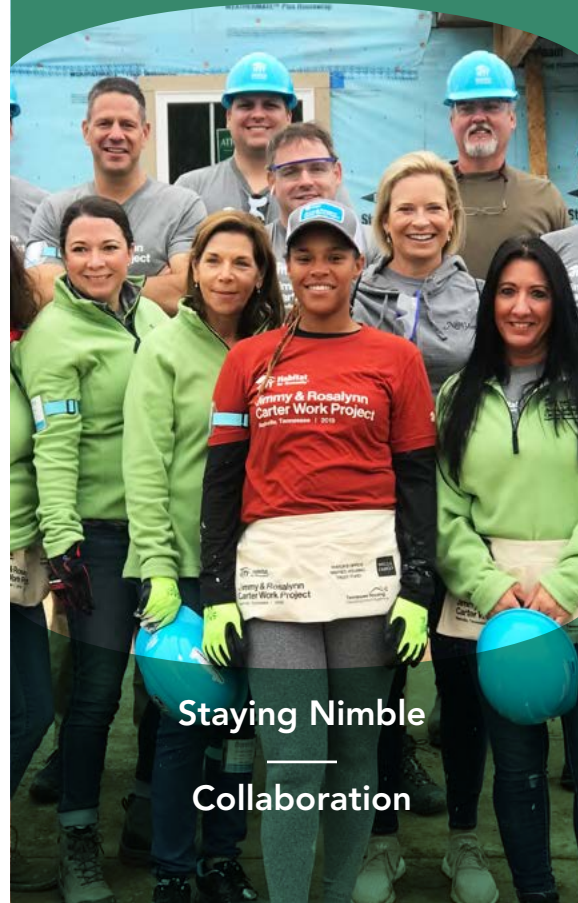


Exemplifying Integrity

Embracing Diversity



### Make an Impact



Staying Nimble

Collaboration



### Shape the Future



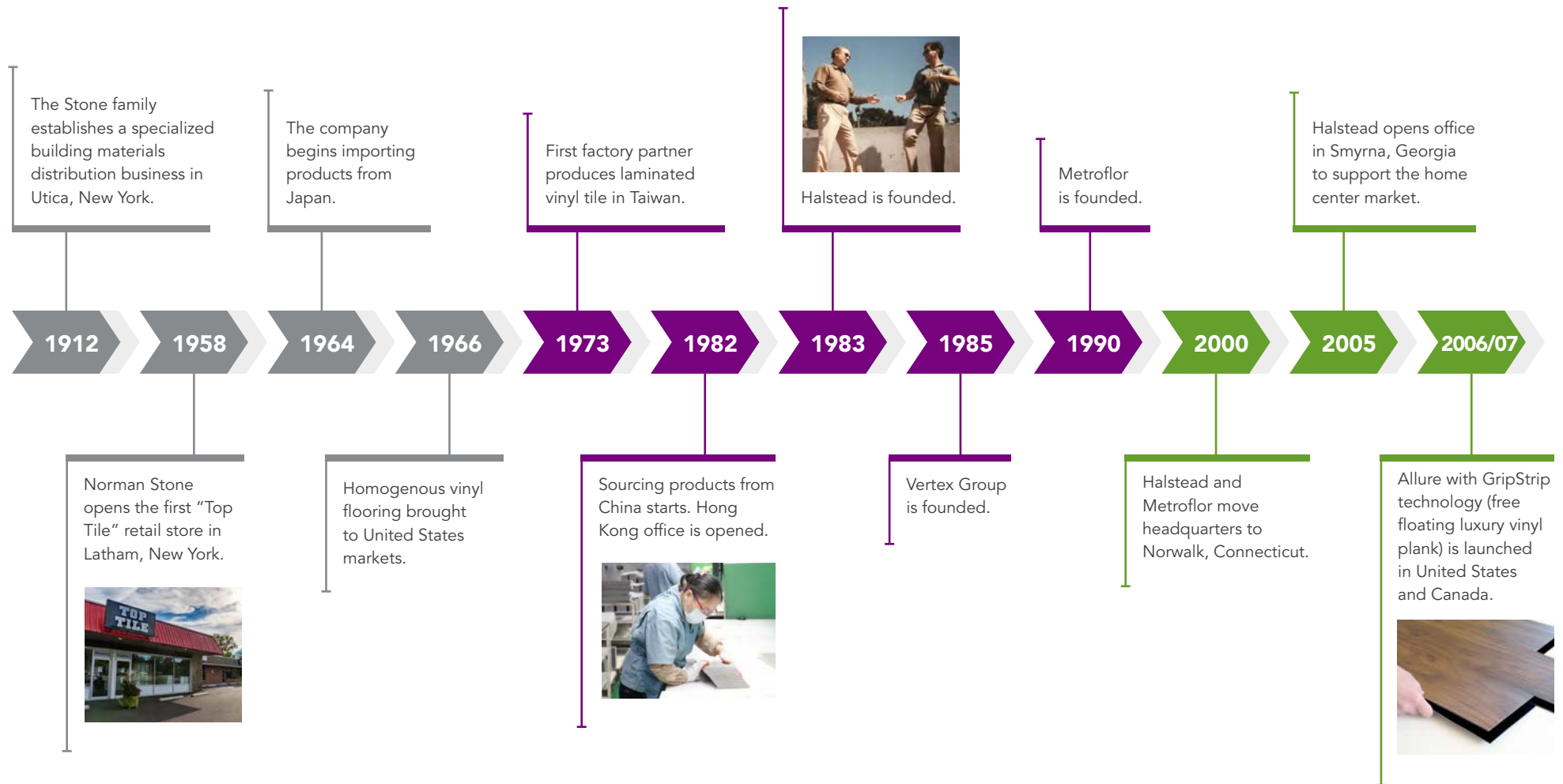
Customer Centricity

Innovation

These values are fundamental to how we approach our work and engage with others. The core principles signify our beliefs and conduct in everything we do. They make us unique as a company, encouraging excellence, dedication, and passion with a commitment to listen to our customers and partners and rapidly respond to their changing needs.

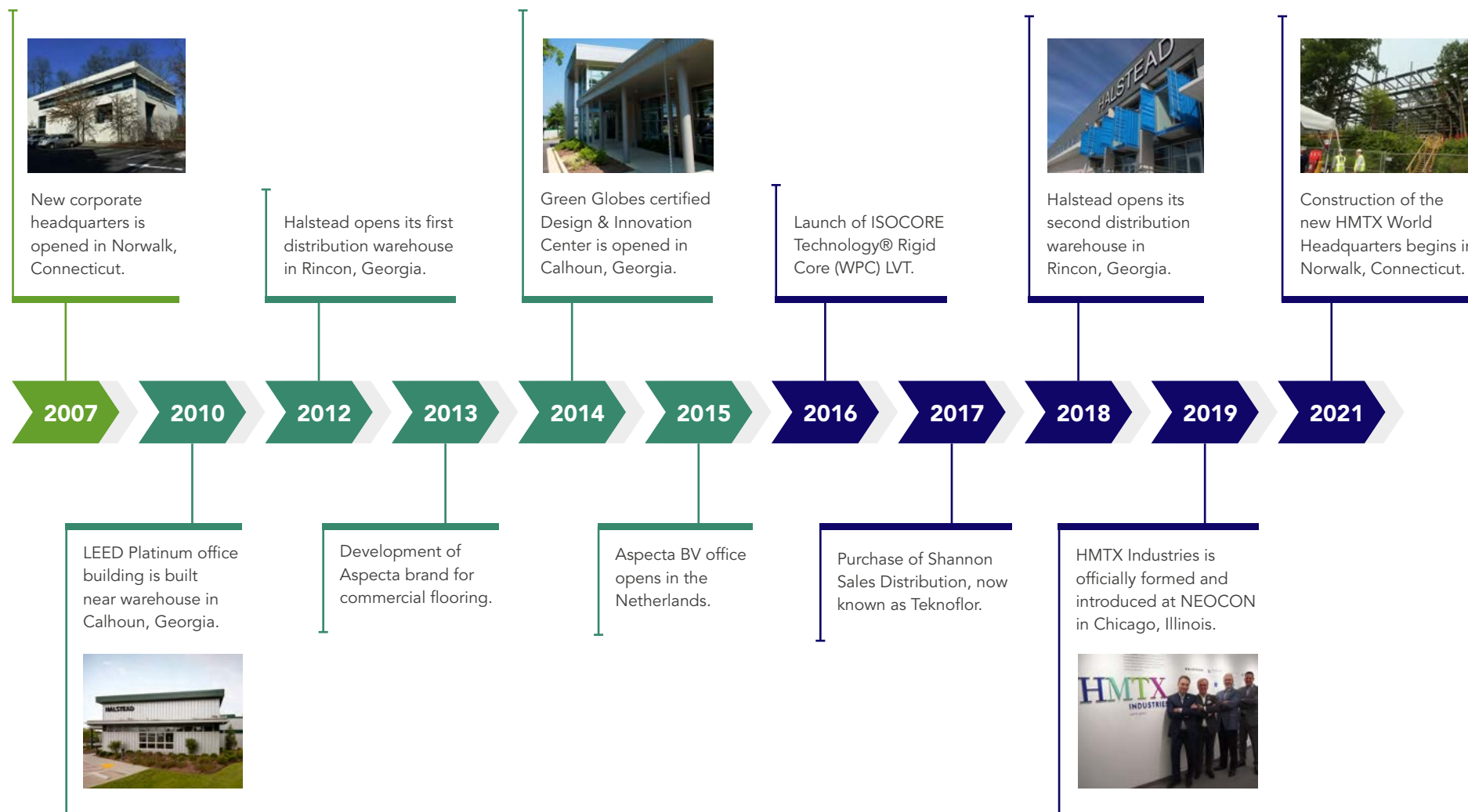


## Evolution of Our Company





## Evolution of Our Company





## Our Subsidiaries and Brands

Through our diverse and consolidated variety of resilient flooring brands, we demonstrate our firm commitment to quality, innovation, sustainability and transparency. We are all working together to improve our accelerated growth. Our family of brands includes:

### Halstead



### Metroflor®



### Teknoflor®



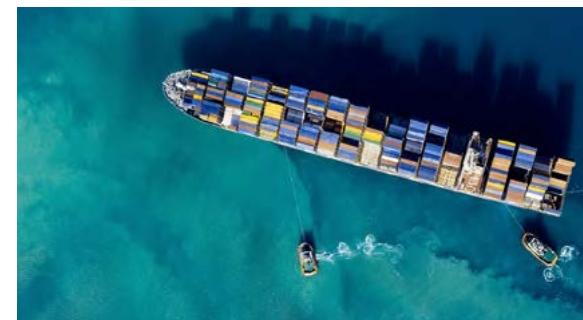
### Aspecta®



### Allure®



### VerteX







## Halstead

The largest division at HMTX, Halstead is the leading supplier of high-quality resilient flooring in the United States and Canada for the home center market. The Halstead headquarters in Calhoun, Georgia consists of two green-building certified office buildings (LEED and Green Globes), located in a wooded area, ensuring healthy, comfortable, and energy-efficient workspaces for our employees.

Our associated global offices continuously develop and improve our innovative and sustainable products to enhance people's lives while protecting the environment.

### Our Product Types:

#### Click-Lock:

Our authentic and durable vinyl flooring is phthalate-free and formaldehyde-free with the latest technology in surface coatings.



#### GripStrip:

This patented vinyl flooring is water-resistant, lightweight and durable, featuring a ceramic bead coating for enhanced scratch and stain resistance.





## Metroflor®

Our Metroflor brand represents one of the largest assortments of quality vinyl flooring in the industry today, with a diverse and unique portfolio of flooring options for both residential and commercial.

At Metroflor, we are proudly represented by a first-class network of independent distributors, retailers and contractors that help us to **set the industry standard for technical product authority** and deliver an unparalleled customer experience.

Metroflor is synonymous with **design, performance, and service**, as well as its assorted product lines: Metroflor LVT, Genesis, Inception, Metrostone, Artistek, Metroforms and Attraxion™ Magnetic Attachment Technology.



We offer floors with outstanding performance qualities and impressive designs. Our broad range of functional and stylish products, known for their durability and low maintenance, are affordable and easy to install.





Teknoflor® Naturescapes HPD™ was the first resilient flooring product to achieve Petal Certification under the Living Product Challenge, one of the most advanced product sustainability standards in the world.

## Teknoflor®

With a **rich legacy of innovation**, Teknoflor meets the demands of a wide range of commercial environments with such flooring products as resilient sheet, luxury vinyl tile and plank, and cutting-edge chlorine-free flooring. These products can be used in multiple areas, from Healthcare and Government to Corporate and Education.

The success of the Teknoflor brand is based on our continued focus on **excellence in service and quality** to ensure alignment with customer expectations.

One important milestone in our history was the **launch of Naturescapes HPD™** in 2018, a chlorine-free resilient sheet made with ecuran, a material botanically derived from castor seed oil and natural minerals.





## Aspecta®

Through this unique brand, we provide **luxury flooring products** to architects, designers and commercial contractors for a broad range of high-end commercial and residential applications. Our luxury vinyl flooring is characterized by high quality surface textures, superior design and color, as well as durability, safety and warmth underfoot.

Aspecta is headquartered in the Netherlands with **sales and operations in more than 40 countries** spread across North America, Europe, the Middle East and Asia Pacific.



We were the first resilient flooring brand to publish Declare labels for its entire portfolio of products, thereby allowing consumers to make informed choices by way of transparency in ingredients.



The brand offers more than 200 designs and a variety of formats through its **seven beautiful collections**: Aspecta One, Aspecta One Ornamental, Aspecta Five, Aspecta Ten, Aspecta Tilt & Tones, Aspecta Contours, and Elemental by Aspecta.

As leaders in the global luxury flooring market, we have set the standard for healthy, sustainable, high performing and biophilically designed products.

We issue **Health Product Declarations (HPD) and Environmental Product Declarations (EPD)** for all our products, providing a full disclosure of the relevant health and environmental information. We are committed to not only encouraging transparency but to creating a sense of brand trust and safety for everyone using our products.





## Allure®



Our Allure brand of resilient residential flooring offers the latest in advanced designs and trend-setting styles, in an easy-to-install format. Blending function and style, Allure flooring has a rich history of performance and innovation among both do-it-yourselfers and experienced installers.

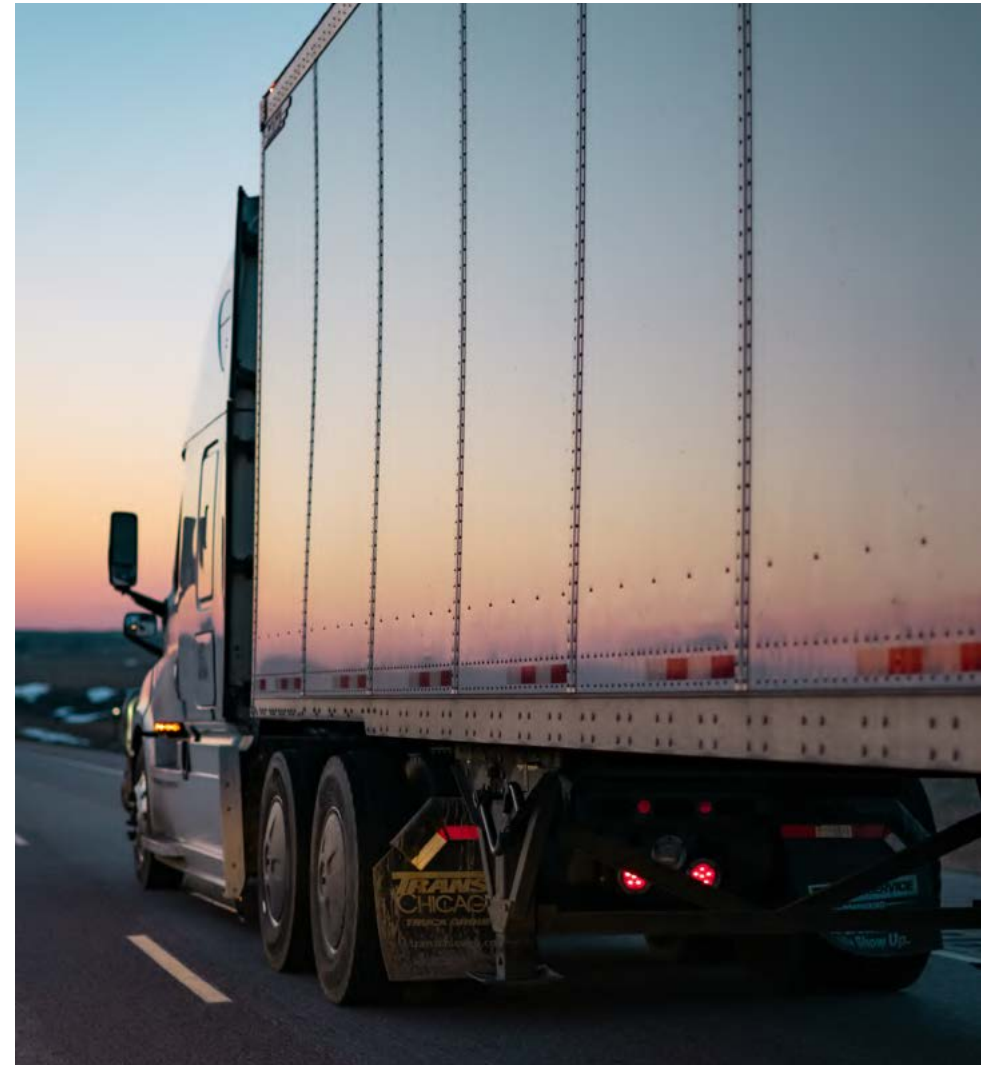
Our Allure brand of resilient flooring started the free-floating luxury vinyl tile and plank industry with our patented Grip Strip technology launched in 2006-2007, providing the ultimate do-it-yourself home improvement flooring.



## Vertex

Focused on serving customers outside of North America, our Vertex brand has positioned itself as a unique partner to flooring companies in Europe, Asia, Africa, the Middle East, Australia and South America with a full portfolio of luxury vinyl flooring products.

**We are not only supplying the most reliable products, but also working closely with our international customers to bring unique offerings to each market.**





## Sustainability Commitment

At HMTX we are committed to meeting our targets and also to challenging ourselves to lead the flooring industry in impact and sustainability.

On our way to position ourselves as the global leader in innovative and sustainable products, we are setting industry standards for high performing and biophilically designed products. Our manufacturing processes and product ingredients are essential to build



a **solid sustainability strategy that supports people and the planet.**

In order to reinforce these ambitious commitments and ensure that sustainability is embedded across every function of the global enterprise, we created the **Impact Initiative Team** in 2020 to strengthen our ESG efforts and stay connected to our colleagues and clients.

Under the direction of HMTX's Chief Sustainability and Impact Officer, the **Sustainability, Transparency, Impact, and Community team (STIC)** is involved in all aspects of the product cycle: sustainability throughout the organization, transparency in the product's ingredients, testing and compliance, innovation, quality and performance.

“  
**People and the planet are at the heart of everything we do.**



On our path to reinforce people and planet commitments, we are working on the first materiality assessment, an important step to consolidate our ESG roadmap in line with stakeholders' needs and expectations.

The main purpose of this assessment is to understand and identify the main priorities and focus areas that significantly impact our company and stakeholders, such as our employees and our customers, business partners, local communities and nonprofit organizations.

Based on this assessment, we will be able to address our short- and long-term sustainability objectives and targets, setting goals to help us grow our business holistically.

For its preparation, our stakeholders are **rating the topics on a scale** to determine the most relevant ESG aspects for the business. The feedback received will be critical to build our ESG roadmap in line with the business strategy and activity, aligned with broader stakeholder requirements.

To develop this assessment, we are working with an **external consulting agency** to identify the most relevant topics and key steps we need to follow in our ESG journey. In addition, we are working on the following actions to build our materiality survey:

- **Compiling a preliminary list of material topics** based on the nature of the flooring industry, in-house expertise, ESG frameworks, Global Reporting Initiative (GRI) guidelines, and the Sustainability Accounting Standards Board (SASB).
- **Narrowing the list of the most material topics to our organization and industry**, which will allow us to make the greatest impact on our ESG focus areas.

- **Conducting surveys and interviews** with internal and external stakeholders to identify the most germane issues for them and for our company.
- **Using the aggregate data from the surveys and interviews** to determine the three material topics that are of greatest impact for each stakeholder group.

We will conclude our first Materiality Assessment by April 2022, and the results and findings of this work will be released in our 2022 Corporate Impact Report.

At HMTX, we attribute great value to the perspectives of our stakeholders, as they will help us prioritize the areas in which we will make the greatest impact.





## Sustainable Development Goals (SDGs) Commitment

The SDGs approved by the United Nations in 2015 as part of its 2030 Agenda were created to **set global goals to bring peace and prosperity** for all people and the planet from the present to the future.

As a reflection of our commitment towards achieving the SDGs, we support the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption, integrating those principles as part of our strategy, culture and daily operations.

At HMTX, we are aware of the vital role our sector plays in **contributing to the 2030 Agenda** by rethinking our innovation model and products to mitigate the effects of climate change and create sustainable economic development.

We are convinced that pursuing a sustainability and impact strategy based on the SDGs' guidelines is critical for achieving **inclusive and sustainable economic growth**, a fairer society and the protection of our planet. To this end, we are committing significant resources to fully incorporate these SDGs in every aspect of our business activity.

The SDGs represent a global commitment to address the major social, economic and environmental challenges through 17 goals and 169 targets that guide the actions set with a 2030 horizon.





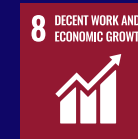
Our sector and our company can make significant contributions to achieve the following SDGs in line with HMTX's business model and operations.



**SDG 3 – Good health and well-being,**  
by improving the health and safety of  
products and workplace.



**SDG 4 – Quality education,** by  
providing college education, training and  
talent management to all employees,  
supporting trade education and providing  
school supplies to children.



**SDG 8 – Decent work and economic  
growth,** by creating decent job  
opportunities and sustainable  
economic development.



**SDG 11 – Sustainable cities and  
communities,** by creating shared values  
and actions within our communities.



**SDG 13 – Climate Action,** by  
developing initiatives to reduce  
HMTX's carbon footprint.



**SDG 16 – Peace, justice and strong  
institutions,** by promoting strong  
ethics, integrity and transparency in  
our operations.

We also adhere to the **Global Reporting Initiative (GRI)** standards as a key tool for improving the impact monitoring and reporting of the company. These guidelines are fully aligned with the SDGs, enhancing our contribution to sustainable and impactful development through core business activities.



## Key Figures

### Our Company

**100+**

years of experience

**6**

brands

**50+**

countries  
global reach



### Our Team

**268**

employees

**53%**

women

**98%**

full-time  
employees

**4,650**

hours of training



### Social Contribution

**41%**

of our  
employees  
were engaged  
in community projects and events



Employees participated in volunteer  
events in **the United States** and **Europe**



**\$384,000**

raised through HMTX  
Cares since 2019

### Environmental Impact



**3,373.86** tCO<sub>2</sub>e

generated  
(Scope 1 & Scope 2)

**1.78** kWh/ft<sup>2</sup>

purchased electricity  
consumption globally

**0.02** gal/ft<sup>2</sup>

water consumption in our  
facilities and offices in Calhoun,  
Norwalk, Rincon (United  
States) and the Netherlands

**130.30** gal/ft<sup>2</sup>

fuel consumption in our facilities  
and offices in Calhoun, Norwalk,  
Rincon (United States) and  
the Netherlands



## Interaction With Our Stakeholders

We actively listen to and interact with our stakeholders to align with their changing expectations and rapidly respond to the demands of our business partners, employees and society.

**HMTX's stakeholders are playing a key role in building our materiality assessment in line with their priorities and needs, so we can set common goals and actions to grow our environmental, social and governance efforts.**

### Our Stakeholders



#### Employees

Our employees are the cornerstone of our company and play a pivotal role in our leadership position in sustainability within our sector. We are continuously looking for ways to enhance the tools needed to ensure their health and well-being, development, and success.



#### Customers

We work hard to ensure we meet the high-quality standards required to provide the best products in line with our customers' needs and expectations.



#### Nonprofit Organizations

We collaborate with a number of organizations to make our world a better place, support those in need through different programs, by volunteering in hands-on activities and providing significant financial support.



#### Business Partners

The interaction with business partners is essential to ensure their participation in guiding our strategy in key aspects of our activities, acting with transparency and setting common objectives. This helps us reach our ambitious goal to make beautiful products that improve the quality of people's lives.



#### Local Communities

We prioritize our efforts in making a positive contribution through job creation and local development, offering a variety of support to our communities across different segments and needs held by society.





We are certain that the involvement of our stakeholders is **essential to strengthen the positive effects of our ESG actions**, widening the area of influence and promoting responsible business practices. We use different communication channels to **engage with our stakeholders** and keep them informed and updated about our ESG goals and achievements:

Stakeholder Groups	Communication Channels
Employees	Internal Newsletter, HMTX Life Magazine, Office Monitors, Training Sessions, Meetings, Surveys, Town Halls
Customers	Meetings, Workshops, Surveys, Conferences, Social Media, HMTX Website, Emails, Surveys
Business Partners	Conferences, Meetings, Surveys, Presentations, Emails
Nonprofit Organizations	Meetings, Training, Surveys, Volunteer Activities
Local Communities	HMTX Website, Meetings, Events, Training Programs, Social Media





OUR TEAM

CHAPTER 2



## OUR TEAM

### People at HMTX

We are one innovative, customer-oriented HMTX family and we work ethically and with integrity to form the foundation of our success.

Our people are considered the **cornerstone of HMTX's strategy**, and we provide them with opportunities to improve their skills and knowledge and to fulfill their potential. This enables us to:

Attract and retain driven  
and innovative talent

Offer products of the highest  
quality to our customers

Become reputable leaders  
in our sector



**Maria Stolfi**  
Chief People Officer

At HMTX, we strive to create  
a workplace that reflects the  
communities we serve and  
where everyone feels included  
and empowered to bring their  
unique selves to work.





In 2021, we were a team of 268 employees, with 53% female representation. In addition, as shown in the table *Employment Classifications*, 98% of our people are regular full-time employees, which aligns with our HMTX Employment Policy: to provide full-time employment as the primary basis of our workforce.

**Regular full-time employees** work at least 30 hours per week and are eligible for all regularly offered benefit programs and plans. **Regular part-time employees** work fewer than 30 hours per week and are eligible for pro-rated holiday pay, paid time off and some policies on a limited basis. These employees are typically non-exempt and subject to overtime rules.

Our employees also are classified as either exempt or non-exempt according to provisions of federal, national, regional, state, or provincial law. HMTX will designate employees as exempt or non-exempt upon hiring or reassignment of duties.

At HMTX, human capital is  
our most valuable asset and  
motivator to achieve our goals.



## The HMTX Family in 2021

Total Number of Employees

142



Female

126



Male

268



Total

## Employment Classifications

Regular Full-Time  
Employees

140



122

Regular Part-Time  
Employees

0



0

Temporary Full-Time  
Employees

1



2

Temporary Part-Time  
Employees

1



2

Total

142



126





In 2021, 36 new employees joined our company and 55 left, including retirements and both voluntary and involuntary separations.

### New Hires and Separations by Region

	North America (United States & Canada)	Europe	Asia	Total
<b>New Employees</b>	29	5	2	<b>36</b>
Voluntary Separations	26	2	1	29
Involuntary Separations	18	-	-	18
Retirements	5	2	1	8
<b>Total Separations</b>	<b>49</b>	<b>4</b>	<b>2</b>	<b>55</b>

\* As a company with our business operations, we do not always replace the total headcount turnover on a one-to-one basis.



People are at the heart of our business and HMTX's six core values drive our strategy to achieve a thriving culture for our organization:



Our six core values focus on the development of our people, fostering talent, diversity and innovation, and promote continuous learning to employees with various opportunities to succeed.

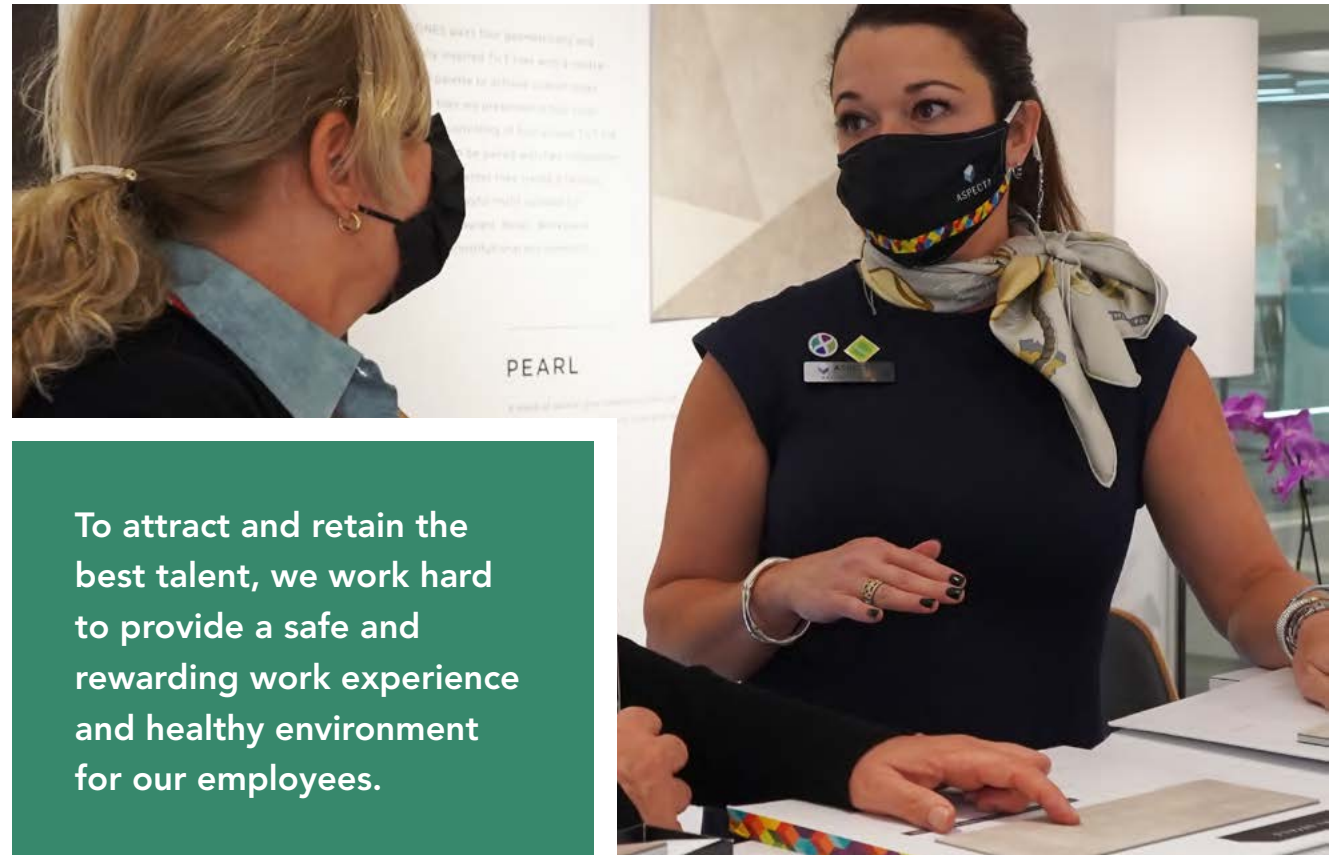


## Committed to Talent Development

We encourage a long-term learning approach that encompasses personal, technical and professional development to benefit both the business and our people.



At HMTX, we are committed to making a meaningful investment in our people, providing them with training and professional development programs to build and retain a performance-driven workforce in line with our commitment to the U.N. **SDG 4: Quality Education.**



To attract and retain the best talent, we work hard to provide a safe and rewarding work experience and healthy environment for our employees.



## Our Performance Management Approach

As part of our talent management strategy, we have developed the **HMTX Performance Management (PM) Program**, to create a positive impact on our employees and local communities, generate prosperity, and to contribute to direct and indirect economic growth.

Our PM Program not only enables employees to improve their skills and expand their knowledge and experience, but it helps our organization to focus on long-term business strategies and successfully execute strategic projects.



The PM Program also enables employees to **address and evaluate their core values**, behaviors and job function responsibilities in phases throughout the year. Our employees meet with direct manager/s on a quarterly basis to review their performance:

- Quarter one, beginning of the fiscal year, the individual performance plan is developed by setting company oriented and professional development goals.
- Second quarter update, addressing needs or adjusting plan to improve execution.
- Third quarter, mid-year review to evaluate progress.
- Fourth quarter, year-end evaluation of overall performance and consideration for bonus eligibility.







As part of our People Strategy to monitor progress and measure performance against our common goals, we are establishing concrete competency levels in each job description to define the current performance and set a target level for all employees. In doing so, we are implementing a global **job architecture project** to establish the rating system for these competencies, supported by the Human Resources Information System (HRIS) software. Expected project completion is June 2023.

Additionally, ongoing coaching and feedback sessions with our HMTX employees take place throughout the year to support them in their performance improvement and career development.

Our open and welcoming culture embraces new talent that joins our company, and we want them to be part of our family. We provide a comprehensive **onboarding process** for new hires to help them learn about our history, activities, expectations and training opportunities.

## Our Remuneration Policies

To ensure our employees are rewarded in a fair and consistent manner, we are committed to **equitable compensation for all employees** performing the same or similar work, eliminating systematic bias and gender discrimination as reflected in our Gender Pay Equity Policy.

Also, in accordance with our **Pay-Scale Equity Policy**, we are committed to providing

competitive pay and periodic rewards to employees who demonstrate high performance with a bonus based on the individual's results and the organization's profitability.

In addition, we conduct **annual pay equity audits** to identify and correct variances in pay class between employees who differ in age, color, race, ethnicity or any other category.



We go beyond the minimum wage requirements set forth by the U.S. Fair Labor Standards Act (FLSA) by utilizing Salary Central Management: Salary Analysis & Benchmarking Tool to determine the minimum living wage needs of our employees.



Our Training and Education Policy shows our commitment to support, sponsor and contribute to the continuing education, training and skill development of our employees.

## Our Training & Development Programs

Our **Learning Management System (LMS)** is an important tool to help employees improve their knowledge and skills. LMS is available 24/7, including via a free mobile app. Through the platform, employees are provided with a range of courses related to their specific job functions and others that allow them to acquire new skills and/or knowledge. To ensure maximum participation, we encourage our employees to access the platform through Corporate Communications announcements, monthly newsletters, Town Halls and our HMTX Life magazine.

Our training programs also include **educational opportunities** through partnerships with local colleges and universities to provide further learning courses for employees based on company needs and goals.

To further reinforce HMTX's growth and talent development, our **Leadership Academy** and our Organizational Development Team (OD Team) communicate regularly to address the training needs of our corporate teams and define the processes, contents and methods to guide their career development. Business leaders and managers are also involved in the discussions to ensure employees' performance goals are met.

The Leadership Academy was established in late 2018 for our North American employees. Over the years we have expanded to all our employees globally. The Academy is broken into 10 schools of excellence: Business Management, Communications & Marketing, Customer Engagement, Health & Wellness, Operations, People & Culture, Product Knowledge, Sales, Sustainability, Transparency, Impact & Community (STIC), and Technology & Productivity.



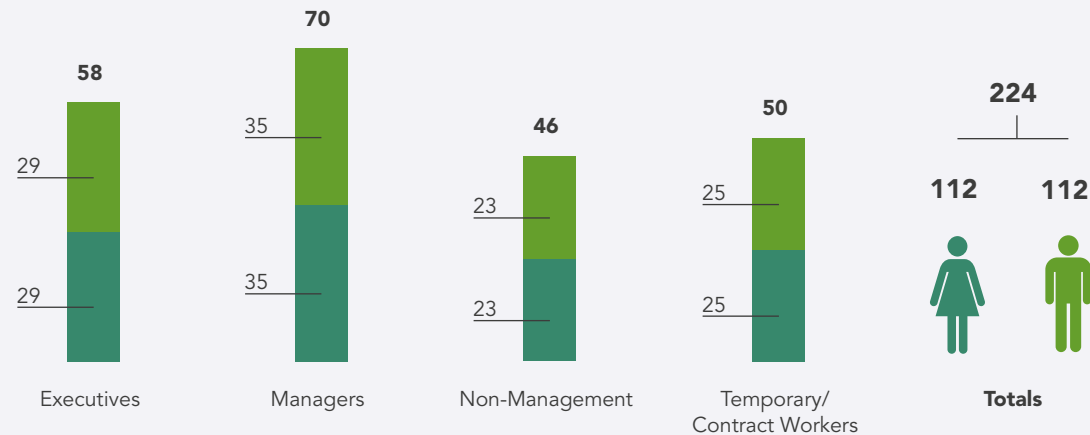
The build out of the curriculum is an ongoing process to meet the demands and needs of our employees.

Specific training sessions are conducted weekly with warehouse operations staff to ensure a safe and healthy working environment.

In order to identify areas for improvement and to understand our performance in the industry, we participated in the **Training APEX Awards**, organized by Training Magazine, that recognizes organizations excelling at employee development and training. The ranking is based on benchmark statistics and a range of qualitative and quantitative factors, including detailed training programs, budget allocation and scope of training.

The results - HMTX ranked 57 out of 95 companies that were recognized for excellence in training while also gaining greater insight into our strengths and improvement opportunities to reinforce our talent and development areas.

### Total Hours of Training per Gender and Professional Category Globally



**During 2021, our employees dedicated an average of 17 hours to engage in training and professional development programs.**



## Our Health & Safety Commitments



We recognize that we should provide our people with a workplace that is safe and healthy; offers opportunities to grow; and rewards their contributions to our success.



We are committed to promoting a wellness culture that fosters employee health and well-being. We are equally committed to investing in workplace health programs. These commitments are established and evaluated in line with our Physical Health and Well-being Policies.





## Inclusion, Equity & Diversity

Building diverse and inclusive teams that reflect the diversity of our customers and communities is a **driving force in the success of our company**. Our goal is to provide a safe workplace for our people where different opinions are heard, encouraged and valued to drive transformative change.

An example of our great commitment to diversity is one of our six core values —**embracing**

**diversity**— an integral part of the HMTX Code of Conduct & Legal Compliance Policy.

In addition, through our **Inclusion, Ethnic & Racial Diversity Policies**, we embrace a diverse, inclusive and equitable workplace in which all HMTX employees, regardless of gender, color, race, ethnicity, national origin, age, sexual orientation, identity, education or disability, feel respected and valued.

We strive to ensure a **non-discriminatory approach**, providing equal opportunities for employment across all our business functions and locations and respecting diverse life experiences and heritages. We also make great efforts to ensure the hiring, retention and promotion of a racially and ethnically diverse employee body, creating a culture where all individuals have the opportunity to succeed.

At HMTX, we are firmly committed to providing a fair and equitable environment for our employees and the entire community, where we work and live, to ensure everyone feels included and empowered.





Aligned with our Gender Diversity Policy, we aim to ensure a gender diverse workforce that has equitable representation in senior leadership, executive and board roles, fostering recruitments and promotions of traditionally underrepresented groups.

In 2021 we began our process of diversifying our Board of Directors and welcomed our first female board member, beginning our process of making positive changes in all areas of our company.

At HMTX, thanks to our diversity and inclusion approach, we have seen multiple positive effects within our organization, including improved problem-solving skills, increased customer satisfaction feedback, and growth in the levels of creativity and innovation, leading to an overall increase in business profits and financial performance.

To ensure compliance with our diversity and inclusion commitments, employees must **report any inappropriate behavior** that conflicts with our policies via their supervisor, the People & Culture team, HMTX CEO or anonymously through EthicsPoint– HMTX's third party hotline provider. All reports received are properly investigated and managed with discretion and confidentiality, and any infraction will receive corrective action, up to and including termination.



In 2020, we achieved an important milestone, becoming the first manufacturer in the world to obtain the JUST<sup>SM</sup> 2.0 social transparency label, a recognition for organizations that promote social equity and justice. The JUST<sup>SM</sup> 2.0 social transparency label reflects our continuous efforts in this area that started with the achievement of the JUST 1.0 social justice label in 2018 for our Chinese factory partners, Elegant Home Tech-Co. Ltd. and Yihua Rundong New Material Co. Ltd.— a first for any company in Asia.



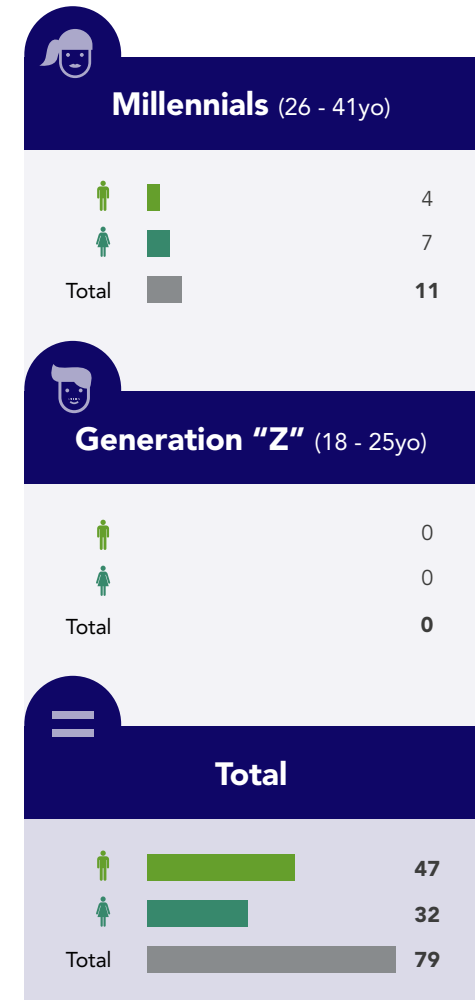
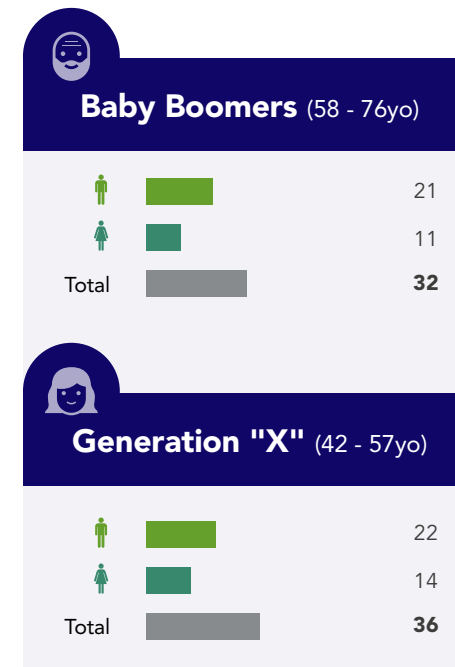
Under the JUST<sup>SM</sup> 2.0 label, we reported data and policy documentation against **22 indicators** across six different categories: diversity and inclusion, equity, employee health, employee benefits, stewardship, and purchasing and supply chain. This helped us to enhance our programs and policies to develop our people and to foster talent, diversity and continuous learning.

In addition, we **track progress** on diversity and equity by monitoring the share of women within different professional categories, the various generations in the organization, and different ethnic groups.



## U.S. Employees by Generation and Professional Category

U.S. Top Management Career Level 4\*

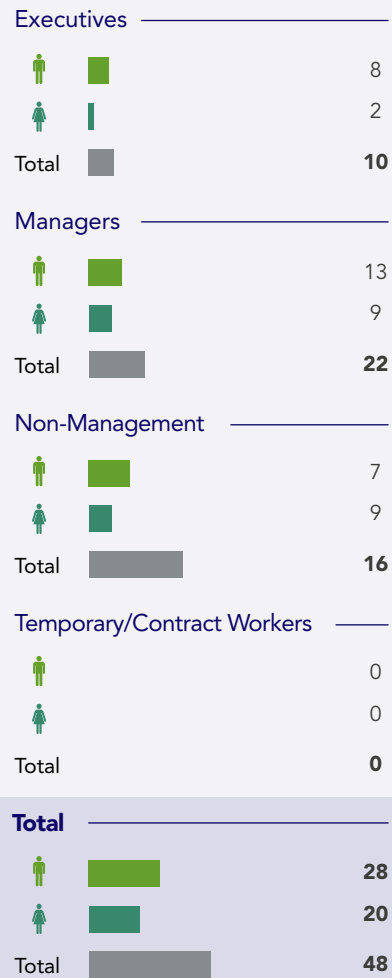


\* HMTX job functions are categorized at 4 levels (1-lowest, 4-highest) depending on role & responsibilities, number of direct reports and/or overall compensation.

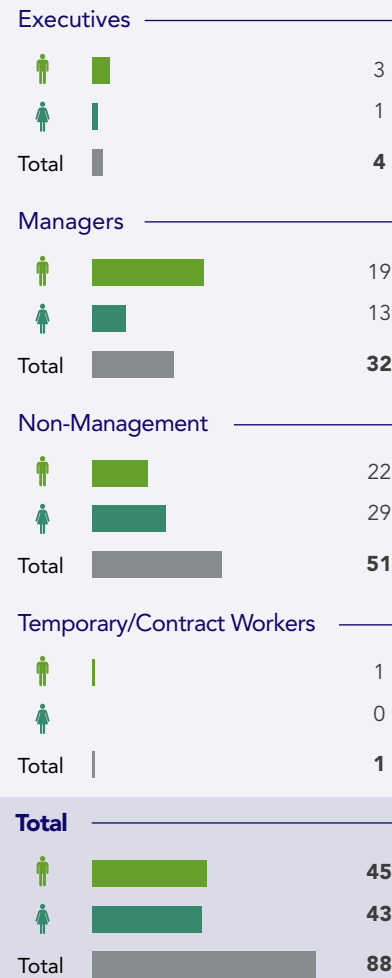




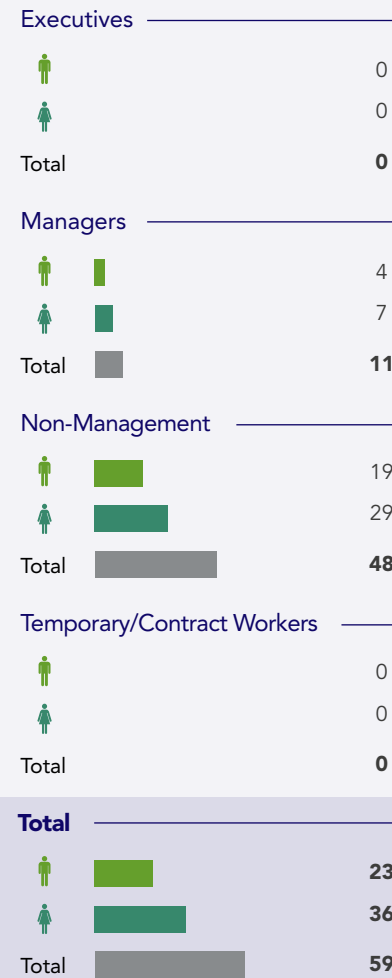
## Baby Boomers (58 - 76yo)



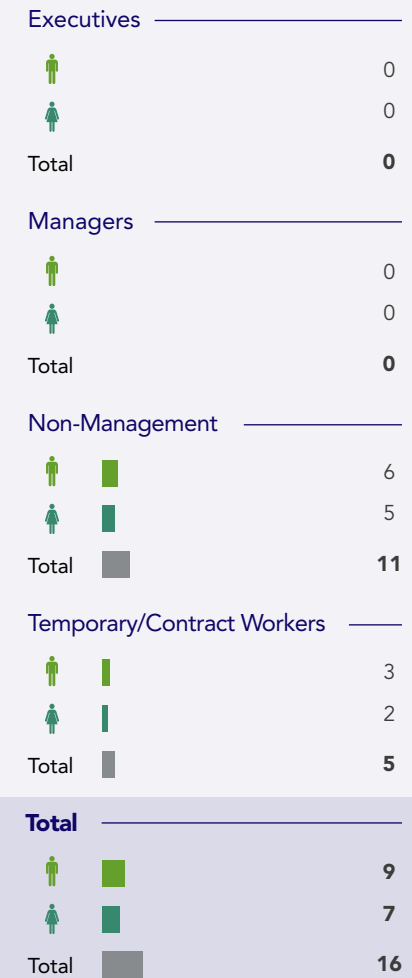
## Generation "X" (42 - 57yo)



## Millennials (26 - 41yo)



## Generation "Z" (18 - 25yo)





## Employees by Ethnicity in the United States

	White	Non-White	Not Reported	Total
Number of Executives	10	1	2	13
Number of Managers	41	4	19	64
Number of Non-Management	65	21	43	129
Number of Temporary/Contract Workers	1	2	3	6
<b>Total Number</b>	<b>117</b>	<b>28</b>	<b>67</b>	<b>212</b>
Executives as % of U.S. Workforce	5%	0.5%	1%	6%
Managers as % of U.S. Workforce	19%	2%	9%	30%
Non-Management as % of U.S. Workforce	31%	10%	20%	61%
Temporary/Contract Workers as % of U.S. Workforce	0.5%	1%	1.5%	3%
<b>Total</b>	<b>55%</b>	<b>13%</b>	<b>32%</b>	<b>100%</b>

\* Percentages may not sum to 100 due to rounding.

## Employees by Gender and Generation Globally

	Silent Generation	Baby Boomers	Gen X	Millenials	Gen Z	Total
<b>North America (United States &amp; Canada)</b>						
	0	29	45	23	9	106
	3	20	43	36	7	109
<b>Europe</b>						
	0	1	5	1	0	7
	0	0	6	5	1	12
<b>Asia</b>						
	0	0	5	8	0	13
	0	2	9	9	1	21
<b>Total</b>	<b>3</b>	<b>52</b>	<b>113</b>	<b>82</b>	<b>18</b>	<b>268</b>



# OUR ENVIRONMENTAL COMMITMENT

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## CHAPTER 3





# OUR ENVIRONMENTAL COMMITMENT

## Environmental Management

We are firmly committed to **minimizing our environmental impact** by reducing our carbon emissions, improving the efficiency of HMTX's resource use, and optimizing the environmental management of our operations.

Our environmental commitment is at the center of our business and an important focus of our sustainability impact strategy.



**Rochelle Routman**  
Chief Sustainability  
& Impact Officer

Honest and moral corporations must show their planetary compassion through action.





We promote sustainable business practices that improve the quality of life for people and wildlife, protect the planet's natural resources and contribute significantly to achieving the SDGs.



In line with HMTX's commitment to the U.N. SDG 13: Climate Action, we fully recognize the **urgency to take action to address climate change** in accordance with the Paris Agreement and the 2021 UN Climate Change Conference (COP 26).

Our strategy includes engagement and collaboration with our vendors and suppliers in an effort to find innovative solutions to **lower the carbon footprint of our products**.

As part of this process, we have set the ambitious goal of **reducing our Scope 1 and Scope 2 greenhouse gas emissions (GHG) by 50% by 2030** from our 2021 base year.

To achieve these critical objectives, we focus our efforts **on identifying areas where we will have the greatest impact** to reduce the carbon footprint of our products, foster a circular economy, reduce the use of natural resources, and lower the manufacturing impact by improving energy efficiency and increasing the use of renewable energy.

An example of our commitment to address climate change is the launch of Nature's Tile and Plank HPD Bio-Polyurethane Flooring in 2021: the first carbon neutral product offered at our Teknoflor division, along with Naturescapes HPD, the first resilient flooring product to have achieved Petal Certification under the International Living Future Institute's Living Product Challenge.





Photo credit: Filip Agoo/Everland  
Project: Wildlife Works Kasigau Corridor

Through Everland's Kasigau Corridor REDD+ Project in Southeast Kenya, we have committed to offset 1,000 tons of carbon emissions in the region.



Photo credit: Filip Agoo/Everland  
Project: Wildlife Works Kasigau Corridor

Our **Carbon Offsetting Project**, developed in partnership with Everland, is another example of the steps we have taken to mitigate HMTX's carbon footprint and to combat climate change. Our partner, Everland, is an organization that assists companies in purchasing carbon offsets to halt deforestation in endangered landscapes and provides financial assistance to project developers, local communities and governments.

Thanks to this impactful initiative, we are doing our part in the effort to preserve more than 772 square miles of dryland forest, which will protect endangered species on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species, while **increasing positive social impact** through long-term jobs creation, community support and providing homes to 116,000 local people.

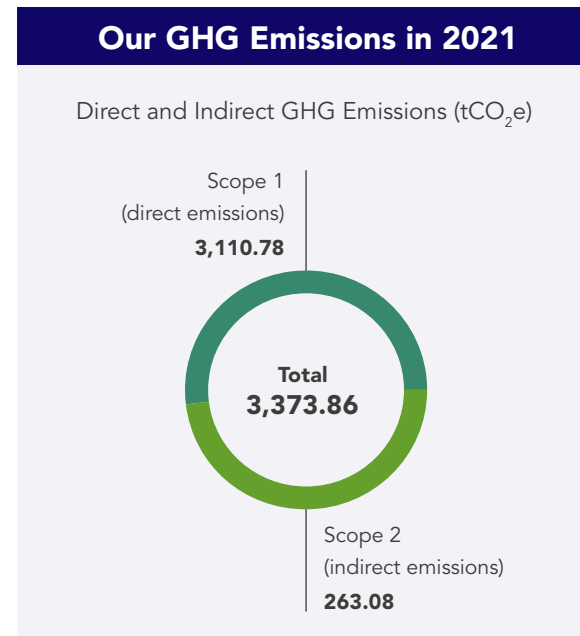
In addition, our primary factories are certified in accordance with **ISO 14001 – Environmental Management System**, demonstrating our strong commitment to ensure compliance with the international environmental standards, which helps to refine processes and identify opportunities for further improvement.



As part of our environmental management approach, we completed a **Greenhouse Gas inventory** of our owned offices and facilities in the United States in 2021 based on the methodology of the Greenhouse Gas Protocol to help us understand what actions would have the greatest impact in increasing efficiency and reducing our carbon footprint. As this is the first year that we are calculating carbon emissions, and putting in place the appropriate processes, resources and training, our aim is to constantly improve the data collection process and to ensure maximum consistency and accuracy.

Our 2021 environmental data includes our utilities usage in our owned and rented facilities and offices globally. Our data is collected differently or through various channels and we plan to streamline the process over time. To that, we have provided the most accurate data, without estimates, and have put systems and policies in place for future reporting. We plan to expand the transparency of our data reporting and give our stakeholders a complete overview of our environmental consumption over time.

The GHG emissions are broken down into Scope 1 (direct emissions that are controlled or owned by the company) and Scope 2 (indirect emissions associated with the purchase of electricity). For Scope 2 emissions, the calculations were determined by a location-based approach.







## Product Certifications Aligned With Our Environmental Commitments

Our commitment to positive products through a safe and sustainable approach seeks to avoid harm to the planet, improve product safety and support the transition to a circular and low-carbon economy.

This commitment includes assessing the products' life cycle, from conception to design, manufacturing, sale, use, reuse and disposal.

In line with our Positive Products Policy, we are proud of our contributions to a more sustainable and transparent business, reflected through the following product certifications:







## Living Product Challenge (LPC)

One of the most advanced product sustainability standards, The Living Product Challenge (LPC) encourages the creation of healthy products through seven performance areas: place, water, energy, health + happiness, materials, equity, and beauty. Naturescapes HPD, of our Teknoflor brand, was the first hard surface flooring product in the world to obtain Petal Certification under the LPC.



## FloorScore®

Administered by SCS Global Services, FloorScore® is one of the most recognized and stringent indoor air quality standards for hard surface flooring materials, adhesives, and underlayments. At HMTX, we have achieved this certification for all products sold in the United States and Canada.



## ASSURE Certified™

ASSURE is a third-party verified certification program that places equal emphasis on the performance and safety of rigid core flooring products. Products must meet strict requirements for VOC emissions (typically, by way of FloorScore®), heavy metals, and ortho-phthalates. Products must also pass all performance requirements established by ASTM F3261, the specification standard for rigid core products. All of our rigid core products sold in the United States and Canada are ASSURE Certified™.



## Indoor Advantage™ Gold

Available for our most popular wall-tile products in the United States and Canada, the Indoor Advantage Gold standard demonstrates compliance with rigorous indoor air quality emissions requirements while ensuring the factories that manufacture these products have established and adhere to strict quality control measures.



## Eurofins Indoor Air Comfort GOLD Program

This certification is an example of compliance with low VOC (Volatile Organic Compounds) emissions for all products sold outside of the United States and Canada, including additional alignment with the criteria of the most relevant ecolabels in the European Union.



## Environmental Product Declaration (EPD)

EPDs ensure a complete environmental footprint assessment through a full life cycle perspective, including third-party verification. At HMTX, we have product specific EPDs for all Aspecta and Elemental by Aspecta products and for our Teknoflor Bio-Polyurethane Flooring products (Naturescapes HPD, Nature's Plank HPD, Nature's Tile HPD). We are also working to obtain EPDs for our most popular Metroflor products and nearly all remaining Teknoflor products.



## Cradle to Cradle Certified®

Through this standard, we ensure the safety, circularity and responsibility of materials and products across five categories of sustainability performance: material health, material reutilization, renewable energy and carbon management, water stewardship, and social fairness. Our Bio-Polyurethane flooring products available under the Teknoflor brand - Naturescapes HPD, Nature's Plank HPD and Nature's Tile HPD - are certified Silver under version 3.1 of this standard.

Through our product  
certifications, we  
demonstrate our  
commitment to reduce  
the environmental  
impact of our products  
and a practice of  
transparent reporting.





## Sustainable Use of Resources

### Energy Efficiency

As part of our efforts to reduce HMTX's environmental impact, we strive to **improve the energy intensity of our facilities and offices** by increasing energy efficiency and reducing consumption.

To reach our targets, we are working to explore alternative sources of energy. For example, our new HMTX World Headquarters in Norwalk, Connecticut, scheduled for completion in 2022, will be powered by **renewable solar energy** that produces zero carbon emissions. The new central offices will also allow for natural sunlight in every area of the building, reducing energy consumption and expenditure. This building is expected to be carbon positive, using less energy than it consumes.

Our new HMTX Headquarters will represent our core values and continued commitments to drive sustainability with innovation and collaboration that we want to support as a business.





The new headquarters will have two charging stations to encourage the **use of electric vehicles** by employees and guests, thereby reducing their use of traditional gasoline.

We plan to have an energy assessment and modeling expert conduct **energy audits** of our other facilities in the United States to identify additional opportunities for improvements in energy efficiency.

## Our Energy Consumption in 2021



### Fuel Consumption

130.30 gal/ft<sup>2</sup>



### Electricity Consumption

1.78 kWh/ft<sup>2</sup>

## Sustainable Use of Water

At HMTX, we recognize the importance of safeguarding **water**, a critical resource that is necessary for life on earth.

To **address water scarcity**, we are committed to ensuring the efficient use of water and working to find improvements across our operations to contribute to the preservation of this indispensable resource.

For this reason, we are working on strategies to manage water responsibly, with the aim of **increasing efficiency, as well as reusing and recycling water** in our manufacturing processes and products. In addition, the new HMTX World Headquarters will reduce water usage by capturing and reusing rainwater.

## Our Water Consumption in 2021



### Total Water Consumption

0.02 gal/ft<sup>2</sup>







## Circular Economy

As part of our efforts to conserve resources and protect the environment, we strive to **minimize waste generation** across the product life cycle and to promote a circular economy.

To support this commitment, we seek to reduce waste in manufacturing by **recycling scrap material** created during HMTX manufacturing and repurpose it as raw material for flooring.

In addition, to create sustainable products that meet customers' demands, we actively collaborate with outside organizations in the resilient flooring industry as well as trade associations to **identify and implement recycling methods** that optimize material use, extend product life and reduce environmental impact.

Through the new SRP rigid core product, we aim to confront the challenge of **reducing single-use plastics** by integrating end-of-life plastic bottles into a fully recyclable, environmentally conscious solution, recycling planks and making a circular product.



We are working on an innovative flooring product concept, SRP rigid core flooring, that will transform used plastic bottles into an eco-friendlier flooring.

“At HMTX, implementing circularity initiatives to reduce, reuse and recycle materials is a priority.”



# OUR SOCIAL COMMITMENT

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## CHAPTER 4



# OUR SOCIAL COMMITMENT

## Our Communities

At HMTX, we seek to create a positive social impact across our operations, supply chain and regions where we operate and do business as a family-owned company.

Our mission is to make a difference in the world and improve the lives of those in need by working closely with our communities so they can benefit economically and socially from our ongoing efforts.

As a global manufacturer operating in various markets, we have a unique opportunity to **engage with diverse communities** where our employees live and work. Through our philanthropic work, we support the needs of our people, our neighbors and the most vulnerable groups in our communities. Currently, HMTX puts an emphasis on causes that relate to affordable housing, education, the environment, health, and hunger.



Our mission is to make a difference in the world and improve the lives of those in need.





## HMTX Cares



**HMTX Cares** (formerly the Halstead/Metroflor Addiction Crisis Charity – HMAAC), our humanitarian organization, supports addiction rehabilitation, aftercare and education facilities; the aim is to combat addiction and mental illness. HMTX Cares has expanded its focus to encompass mental health as an important part of its mission, as addiction and mental illness often go in tandem to destroy lives and even lead to death through overdose or suicide. HMTX Cares primary mission contributes to our commitment to U.N. **SDG 3: Good health and well-being**.



Our core purpose is to support organizations and facilities by providing **rehabilitation, education and hope for those suffering from Substance Addiction Disorders (SADs)** and mental disorders, which inflict an alarming and increasing number of Americans each year. According to a 2018 report by the U.S. National Institute on Drug Abuse, more than 37% of people struggling with substance abuse disorders also suffer from mental illnesses, which were exacerbated by the COVID-19 pandemic lockdowns.

Our goal at HMTX Cares is to raise \$1 million USD in donations through various events, including “The Big Bang Event” in 2021. Since 2019, we have collected over \$384,000 through the generous donations of our employees and business partners. Our goal is to hit \$500,000 by the end of 2022. HMTX Cares raises donations from our people, clients, suppliers, and with the generous match from our CEO, Harlan Stone.





**Contributions to HMTX Cares fund scholarships in mental health and addiction rehabilitation facilities for those in need who cannot otherwise afford treatment.**

In order to maximize our impact, we have **partnered with several addiction, rehabilitation & mental health organizations** in New York, Connecticut, Georgia and North Carolina and organized several fundraising activities to support the cause, one of which is the Golf Tournament & Fundraiser event in Calhoun, Georgia.

The total amount collected is fully matched by HMTX Industries' CEO, Harlan Stone, and donated to the organizations we are currently supporting, which include: The Blanchard Institute, Genesis Ministries, Hope House Ministries, Thomas' Hope Foundation, and The David Direction Foundation. Our aim is to provide support for 125 families in need due to a family member suffering from addiction. We understand that addiction affects not only the patient but the family that is trying to support their loved ones, and we want to provide the funds that are so desperately needed.



## Community Projects



We are committed to investing our skills, as well as our people's valuable time and financial resources, to participate in a significant number of community projects around the world that provide long-term growth. These projects align with our commitment to achieve U.N. **SDG 8: Decent work and economic growth** and U.N. **SDG 11: Sustainable cities and communities**.

In accordance with our **Charitable Giving Policy**, we select organizations that operate ethically and efficiently and demonstrate a significant positive social and environmental impact, as well as financial responsibility and alignment with our corporate social responsibility priorities. These charities operate in our communities and allow us to support different causes that focus on the most disadvantaged members of our societies as well as specific philanthropic efforts in Education, Addiction and Mental Health, and Disaster Relief areas.

## The Nonprofit Organizations We Support with Our Hearts, Hands and Resources:

### Women in Sustainability Leadership Awards (WSLA) Alumnae Group

[www.wsla.global](http://www.wsla.global)

The WSLA Alumnae Group is a nonprofit that was founded by Rochelle Routman, Chief Sustainability and Impact Officer at HMTX. Rochelle serves as President and Chairman of the Board at WSLA. The award is highly prestigious and recognizes accomplished women in the field of sustainability. It is a global award and over 85 women are now in the network of past winners. The winners are passionate and driven women who come from various industries, nonprofits, educational, and governmental entities, and their work is dedicated to environmental and social justice causes. The WSLA Alumnae Group supports lifelong alliances and friendship with a mission "to create a more sustainable world by growing awareness, promoting advancement, and supporting the development of women in sustainability leadership." Every year, the organization selects 10 winners from a pool of talented candidates who applied during

the open enrollment period. In May 2021, the organization hosted its seventh annual ceremony to announce its latest slate of winners. The ceremony was held virtually due to the COVID-19 pandemic.

The WSLA Alumnae Group was founded in 2017 by Rochelle Routman and became a 501(c)(3) in 2021 with the support of HMTX Industries' CEO, Harlan Stone, and HMTX Industries. HMTX continues to provide in-kind contributions to the organization, hosting the web site and providing IT support for the judging process and the general meetings. WSLA has continued to succeed not only due to the support from HMTX and other sponsors, but also because of the dedicated work of its officers, board members, and volunteers. What began as a passion project is now one of the most prominent accolades in the industry.



### "I Have A Dream" Foundation

The organization empowers children in under-resourced communities to pursue higher education, fulfill their potential and achieve their dreams.

We provide strategic support and resources and our CEO has been a member of the Board of Directors since 2018.

### Multiple Myeloma Research Foundation (MMRF)

The organization works to find a cure for multiple myeloma by enhancing innovation to accelerate the development of treatments for cancer.

Our CEO is fully involved in the MMRF mission and thanks to his engagement the foundation has been able to drive progress in expanding access to healthcare and promoting more equitable patient outcomes.

### Nuvance Health (Norwalk Hospital Foundation)

The foundation services western Connecticut and mid-Hudson Valley in New York State and seeks to improve the early detection and outcomes for patients affected by pancreatic cancer.

Our CEO has made a three-year financial commitment to the organization.

### University of Pennsylvania

Our CEO, a graduate of UPenn, is deeply engaged with the University, helping nurture collaboration and innovation through different means:

- Serving as a Member of the Board of Advisors at the School of Engineering and Applied Science
- Providing support for UPenn Engineering's foremost strategic priorities, including the endowment of a professorship and financial support for undergraduate and graduate students
- Collaborating on the construction of a new Data Science Building
- Serving on the Abramson Cancer Center Innovation Advisory Board
- Supporting the Basser Center for BRCA at Penn Medicine and the Innovation Accelerator for Tumor Sequencing and Analytics Fund



## Habitat for Humanity

A nonprofit housing organization supporting local communities across all 50 states in the United States and in approximately 70 countries around the world, Habitat for Humanity's mission is to work with families in need to provide affordable housing and help them build strength, stability and self-reliance.

As a leading manufacturer of flooring, we are in a unique position to provide support to this important cause through a variety of actions:

- Donating \$2 million USD in funds, sponsorships and materials
- Providing materials and employee volunteers to install flooring in the homes
- Helping to raise awareness and visibility of Habitat's work through Harlan Stone's dedication to its mission
- Finding new ways to engage youth with Habitat for Humanity



Over the years, we have been recognized by our partners and Habitat for Humanity as upstanding corporate citizens for our contributions and volunteer efforts in making the world a more equitable place.





Our volunteer efforts are a powerful way to implement the 2030 UN Agenda and increase the involvement and commitment of our employees to contribute to the achievement of the Sustainable Development Goals.

In addition, we have participated in several charity initiatives to strengthen the communities where we work and live to provide meaningful impact. We support **The Home Depot Foundation** by helping to raise funds to improve the homes and lives of U.S. veterans and to rebuild communities impacted by natural disasters. We contribute monetary donations and volunteer time to causes that are important to our company's mission.

To maximize positive impact and ensure meaningful participation, we **engage with a wide variety of stakeholders** that help broaden our area of influence and contribute to the development of our local communities.

At HMTX, we strongly encourage our employees to participate in volunteer projects around the world and are proud when they decide to become ambassadors for organizations seeking to promote positive change. As part of our efforts to strengthen our communities, we have created our **Community Volunteer Policy**, which has allowed us to support various missions such as advocating for social justice issues, environmental restoration work and home-building for low-income families.



## Causes Supported by Our Employees:



### Mental health and addiction rehabilitation

Raising funds to fight the disease of addiction and co-occurring mental illness through **HMTX Cares**, our charitable organization



### Crohn's disease and ulcerative colitis

Helping **Crohn's & Colitis Foundation** to find cures and improve the quality of life of people affected by these chronic intestinal diseases



### Climate action

Supporting **Save the Sound** organization, whose mission is to fight climate change, save and protect endangered lands and restore ecosystems in Connecticut and all along the shores of Long Island Sound



### Rehabilitation and conservation of world oceans

Working with **Ocean Blue Project** in Oregon to protect oceans, beaches and rivers through awareness and education



Since 2017, we participate annually in “International Coastal Clean-up Day” organized by The Ocean Conservancy in Washington D.C. to support the mission of trash removal from our beaches and waterways and to help ensure a healthier and sustainable environment. HMTX volunteers and members of the local public collect between 80 to 120 pounds of trash. Globally, the event sees to the removal of approximately 20 to 25 million pounds of trash in one day.

In 2021, our community efforts have been scaled-back due to the impact of the COVID-19 pandemic. We expect an increase in our social projects in 2022 - projects that will continue to contribute to community development and maximize positive social impact.







## Responsible Supply Chain

At HMTX, we are committed to upholding the highest ethical and sustainable business practices and expect the same from our suppliers.

The baseline standards and principles that our suppliers, vendors, contractors and consultants must adopt when interacting with our company are set out in the HMTX **Supplier Code of Conduct**, a set of guidelines to ensure alignment with our values, policies and commitments.

Our suppliers are expected to adhere to HMTX's sustainability and impact commitments, **promoting a responsible and ethical business model** based on transparency and mutual trust with our stakeholders.



Sharing our sustainability commitment with our suppliers is a way to empower ourselves and to drive change together.





In line with these goals, we are committed to maintaining business relationships with suppliers that act in a responsible and sustainable way with respect to:



### Human Rights

Acting in strict accordance with human rights legislation wherever they operate to ensure no type of forced, compulsory or child labor is carried out. Suppliers must also ensure equal opportunities and diversity and inclusion in their workplace, eliminating any form of harassment, discrimination, or abuse.



### Business Ethics

Upholding the most rigorous ethical standards and principles and the highest degree of integrity and transparency, not tolerating any form of bribery or corruption within business activities.



### Animal Welfare

Ensuring none of HMTX's products are tested on animals, in line with our strong commitment to prevent the harm, abuse and torture of animals and safeguard their humane treatment within our supply chain, aligned with customers' needs and demands.



### Health & Safety

Promoting a safe, secure and healthy working environment with no detriment to the well-being of suppliers' employees to ensure all facilities are constructed and maintained in accordance with relevant health and safety laws and regulations.



### Legal Compliance

With local, national and international laws and regulations in force in the countries and regions where they operate, including the provisions set out in our Supplier Code of Conduct and reporting any suspected infringements or unethical behaviors.



### Environment

Acting in a responsible and sustainable way with respect to the planet and complying with all applicable environmental laws and regulations and relevant industry codes in the applicable countries. We expect our suppliers to:

- Maintain an appropriate environmental management system, using natural resources in a responsible and efficient manner and ensuring proper waste management
- Secure raw materials from fully transparent, sustainable sources whenever possible
- Respect and support local communities that may be impacted by operations



As part of our sourcing strategy, our Aspecta division has implemented a management system to make certain that its most popular products comply with **BES 6001**, a standard by which products are assessed and certified by a third party as being responsibly sourced.

The standard provides a framework for manufacturers to manage the supply of products in accordance with a set of agreed upon principles of sustainability, including, but not limited to, Responsible Sourcing Policy, Greenhouse Gas Emissions, Legal Compliance, and Supplier Management System.

BES 6001 is recognized by **BREEAM** (Building Research Establishment Environmental Assessment Methodology) and the Code for Sustainable Homes.

## Key Objectives of BES 6001



Promote responsible sourcing of products



Provide clear guidance on the sustainability and quality aspects to be addressed



Demonstrate confidence that materials and products are being responsibly sourced



Provide the means to obtain credits that can be awarded for construction products

A modern living room with a large window, a sofa, a coffee table, and a painting of a pool scene. The room is bright and airy, with a large window on the right side providing a view of a lush green landscape. A light-colored sofa with several pillows is positioned in front of the window. A low, grey coffee table sits in the center of the room, holding a small potted plant and some decorative items. To the left of the coffee table is a teal armchair and a wooden stool. On the wall to the left of the window is a framed painting of a swimming pool with people relaxing around it. The floor is covered with a light-colored rug.

# ETHICS AND CORPORATE GOVERNANCE

CHAPTER 5





# ETHICS AND CORPORATE GOVERNANCE

## Business Ethics

At HMTX, we are committed to building a business culture based on transparency, ethics and integrity, raising awareness among our employees about the importance of complying with the laws and regulations of the communities and countries we serve and the need to hold ourselves accountable to our core values and principles.



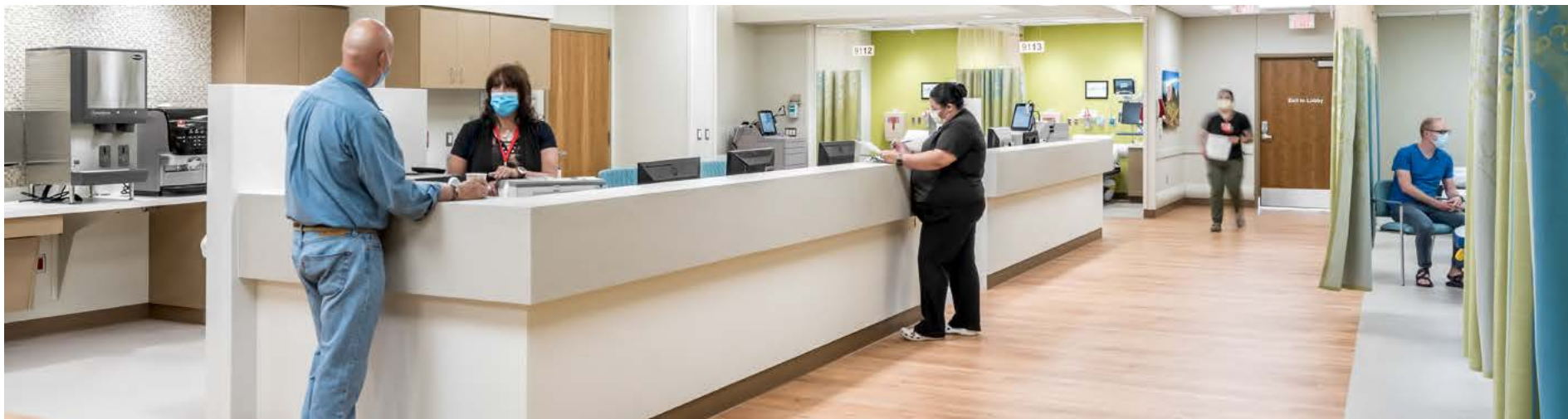
Our commitment is reflected in the HMTX **Code of Conduct & Legal Compliance**, to which we require adherence by our employees, suppliers, vendors, contractors, consultants and all other providers of goods and services.

HMTX's Code of Conduct encompasses Human Rights, Business Ethics, Health & Safety, Environment, Animal Welfare, and Legal Compliance, to ensure all stakeholders are aligned with HMTX's values and to promote best practices within our organization.



As part of our sustainability and impact strategy, we seek to collaborate with suppliers and partners that meet our environmental, social and ethical requirements.





In line with our commitment to uphold the most rigorous ethical practices in all business activities, we do not tolerate any form of bribery, corruption, nor any actions that are contrary to our Code of Conduct.

The code reinforces our intention to ensure **compliance with all applicable local, national and international laws and regulations**, as well as all internal policies and procedures.

With the aim to ensure compliance with the provisions set out in the Code of Conduct, we

have a **confidential procedure for suppliers to report concerns** about any irregular or illegal behavior, as well as appropriate mechanisms to address any related issues.

In addition, our employees can report any conduct in conflict with HMTX policies to their supervisor, People & Culture, HMTX CEO, or file an anonymous report through **EthicsPoint**, HMTX's third-party hotline provider. Any infraction or inappropriate behavior is properly managed and will result in corrective action, including but not limited to immediate termination.

HMTX has **zero tolerance** for child labor, forced labor, and threats of violence, harassment or intimidation. Our employees have the power to terminate their own employment, enjoy freedom of movement, and are paid for hours worked in accordance with the regulations of the country in which they are employed.

At HMTX, we support the **principles of Freedom of Association** and the right of collective bargaining, to ensure the representation of collective interests and address economic and social concerns that sustain the well-being of individuals and enterprises.



## Transparency and Corporate Governance

At HMTX, we recognize the importance of transparency in our products, and in promoting responsible and sustainable business standards that meet customer demands.

HMTX's efforts to ensure transparency in products are demonstrated through our dedication to the **highest standards of quality**, documented through several labels that reflect this commitment:

### Declare.

#### Declare™

Commonly referred to as “nutrition labels” for building products, Declare labels allow manufacturers to clearly and concisely answer three key questions: 1) Where is the product made? 2) What end-of-life options are available for the product? 3) What ingredients are found in the product? Ingredients are screened against the International Living Future Institute's Red List. HMTX and its family of companies have published over 25 Declare labels - available for all Aspecta and Elemental by Aspecta products and for many of its most popular Teknoflor and Metroflor products.





## Health Product Declaration® (HPD)

Developed by the Health Product Declaration Collaborative (HPDC), the HPD Open Standard provides manufacturers with a standardized way of reporting material contents of building products. The contents of such products are scored per GreenScreen for Safer Chemicals and screened against over 70 priority hazard lists, including California Proposition 65 and REACH SVHC. HMTX and its family of companies have published over 35 HPDs - available for all Aspecta and Elemental by Aspecta products and many of its most popular Teknoflor & Metroflor products.



## Just.

### JUST<sup>SM</sup>

JUST is a transparency platform for organizations to disclose their operations, including employee protection and engagement, as well as social contributions. At HMTX, we have achieved the JUST label for the entire scope of our United States operations - becoming the first manufacturer in the world to have obtained a JUST label under v2.0 of the JUST standard.



Products from our Aspecta, Metroflor and Teknoflor brands are listed on **mindful MATERIALS**, a free digital library for the building materials industry that allows users access to sustainability and transparency information and to evaluate products against a baseline of sustainability criteria.

As part of our efforts to promote responsible business practices, we are proud to be pioneers in the production of a detailed transparency document for LifeProof™ branded LVT rigid core flooring.



This document, titled ***Transparency: Beyond Ingredients***, has been created in partnership with The Home Depot with the goal of providing consumers with the information they need to make informed choices.





## Governance Structure

The HMTX **Board of Directors** provides governance and sets business direction regarding key business issues, meets quarterly, and is chaired by Harlan Stone, Chief Executive Officer (CEO).

Our Board of Directors is composed of five experienced leaders who share HMTX's commitments and values while ensuring the long-term viability and success of our company.

This governing body has established three **committees** that report directly to the Board and manage key issues in compensation, audit, and finance.

## Our Board of Directors

**Harlan Stone**  
Chairman

**Michael Kaminsky**  
Member

**Donald Meltzer**  
Member

**Karen Twitchell**  
Member

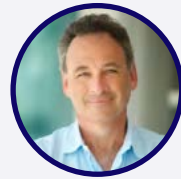
**Fred Warren**  
Member

Our senior management team is firmly committed to ensuring the company is run in a responsible and sustainable manner, promoting best business practices and aligning with the expectations of our employees, customers and local communities.





## Our Leadership Team



**Harlan Stone**  
Chief Executive Officer  
(CEO)



**John Henkel**  
Chief Financial Officer  
(CFO)



**Michael Kaminsky**  
Chief Operating Officer  
(COO)



**Kevin Rausch**  
Chief Digital  
Transformation Officer



**Rochelle Routman**  
Chief Sustainability  
and Impact Officer



**Maria A. Stolfi**  
Chief  
People Officer



**Brian Greene**  
Chief Supply Chain  
Officer



**Eric Anderson**  
President,  
Halstead



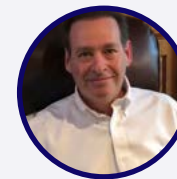
**Jeff Collum**  
President,  
HMTX Commercial



**Marcel Kies**  
President,  
HMTX Global



**Russell Rogg**  
President,  
Metroflor



**Peter Stone**  
President,  
Vertex



**Margaret Walker**  
Vice President,  
Legal Affairs



## Sustainability and Impact Structure

The Impact Initiatives Team ("Impact Team") monitors the execution and implementation of our impact strategy and is responsible for managing the collection and reporting of ESG data - including all of the data disclosed in this report. The Impact Team also communicates the results of this effort and educates all internal and external stakeholders on the HMTX Industries Impact Initiative.



## Our Impact Team

The Impact Team was created in 2020 with the mission to integrate HMTX sustainability strategy in all activities, products, and initiatives, strengthening our ESG commitments and supporting our mission to become a leader in impact and sustainability.

**We are firmly committed to the reinforcement of our environmental, social and governance efforts, meeting stakeholders' expectations and focusing on making a positive impact on people and the planet.**



**Rochelle Routman**  
Chief Sustainability  
and Impact Officer

Rochelle Routman formed the Impact Team in 2020 and is the Chief Sustainability and Impact Officer of HMTX Industries. Rochelle leads the Sustainability, Transparency, Impact and Community (STIC) Team. This team of experts supports the entire HMTX enterprise with the integration of sustainability in all activities, products, and initiatives, product testing, community engagement, impact reporting, and transparency initiatives, certifications, and carbon reduction efforts.

Rochelle's current role also includes serving on the Diversity, Equity and Inclusion Steering Committee. Rochelle's work in transparency has transformed the building products industry, resulting in greater openness in both product ingredients and social justice.

She has been a sustainability leader in the flooring industry since 2012, and

prior to that, she developed and led sustainability initiatives in the electric utility and aerospace industries. Rochelle's work continues to evolve with a current focus on sustainability and IMPACT strategy, leadership and reporting.

Rochelle draws from her education in the natural sciences and her passion for ecology and human health and is a staunch supporter of those that are taking action to address pressing environmental and social justice issues.



**Arthur Clarke**  
Director of Sustainability  
and Impact

Arthur is responsible for helping to manage and implement HMTX's sustainability and transparency strategy and commitments across all divisions.

Arthur's efforts are focused on such programs as Declare, Health Product Declaration Open Standard, Cradle to Cradle, FloorScore, and ASSURE Certified, as well such digital libraries as mindful MATERIALS, which reflect our strong commitment to promote transparency and sustainability in the flooring industry. Arthur works with industry peers via several NGOs to promote these commitments across the entire building materials ecosystem, including mindful MATERIALS and the Health Product Declaration Collaborative.

Equally remarkable are Arthur's efforts towards achieving Living Product Challenge Petal certification for Teknoflor Naturescapes HPD and the JUST<sup>SM</sup> 2.0 social transparency label, with HMTX becoming the first manufacturer in the world to obtain the latter.

Thanks to the efforts of Arthur and the STIC team, HMTX and its family of companies have published over 25 Declare labels and 35 Health Product Declarations (HPDs) covering more than 50 product lines to help position our company as a leader in transparency.





**Gena Maurrasse**  
Regional Sales Manager,  
Pro Northeast

As Halstead Regional Sales Manager - Pro Northeast, Gena supports the non-retail Home Depot Pro sales team of account representatives focused on selling Halstead's flooring products to end users. Thanks to Gena's work, products are completely aligned with customer expectations.

Gena has been part of the Impact team since its 2020 inception, evaluating programs and defining the course of action for HMTX's ESG reporting. She completed a course by the University of California, Berkeley Law School Executive Education division to meet the requirements of sustainable capitalism and ESG.

Beyond customer relationships, during her 20+ years with Halstead, Gena has served as a Halstead liaison with the charitable endeavors of The Home Depot through its Home Depot Foundation. Gena has volunteered for the Home Depot Foundation's building events for Habitat for Humanity, among other hands-on projects.

Gena's community service dedication extends beyond The Home Depot Foundation. She was part of the initial team that started HMTX Cares, a philanthropic program established in 2019. She serves on the HMTX Cares volunteer committee which plans to raise \$500,000 USD by the end of 2023. Specifically, Gena is the direct liaison regionally between HMTX and Hope House Ministries, Thomas' Hope, and Center for Cognitive and Dialectical Behavior Therapy (CCDBT), all based in New York State.





**Kevin Frazier**  
Senior Manager, People and Culture

Kevin, after serving in the U.S. Army for 24 years, joined the company in 2018, as a human resource business partner in Rincon, Georgia. During his time with the company, he has primarily supported the warehouse and distribution teams in the United States.

Kevin was one of the original members of the Impact Team and was hand-picked by HMTX's CEO and Chief and Sustainability Officer to contribute to the impact strategies of the company. He attended a course hosted by the University of California, Berkeley Law School Executive

Education division to better understand the requirements of sustainable capitalism and ESG.

Kevin's previous experience in the Army has made him a strong and compassionate advocate for employees' working conditions, well-being, and personal and professional development. As a senior manager in the People & Culture team, Kevin has worked tirelessly to enhance and promote the company's culture of "People before Profits" by developing strong interpersonal relationships with the HMTX employees and leads through servant leadership.

He is a strong advocate of training and development programs and supports

the employees through the Leadership Academy and the Organizational Development Team, helping to create and design content that supports employee's growth within the organization. In addition, he is heavily involved in the community outreach events in Rincon where he works with local community leaders in economic development, education, and charitable organizations such as United Way, Habitat for Humanity, Veteran to Civilian Transition Services, and B&B Care supporting the communities workforce. As he is an advocate for training and development, he is also a strong supporter of employee engagement initiatives such as HMTX's School Supply Drive and Holiday Assistance program every year.



**Maria Genova**  
Senior Manager,  
Sustainability & Impact

During the writing of this report in 2022, Maria joined the Impact Team, supporting the launch of our first Impact Report. In her role as a sustainability and impact senior manager, she is tasked with the environmental, social, and governance reporting and is part of the Sustainability, Transparency, Impact and Community Team.

Maria gained experience in diversity, equity and inclusion and corporate social responsibility from her career in the technology and data analytics industry. She continues to be involved in diversity policies, employee resource groups and global responsibility campaigns.

Maria is currently a member of the International Living Future institute (ILFI) Organizational Equity Technical Advisory

Group and is involved in the drafting of disclosures for better working conditions and diversity policy requirements in the building industry.

Maria brings her knowledge, including experience in grantmaking and human rights policies and practices, to her current role at HMTX.



**Rick Taylor**  
Director of Training  
& Senior Director,  
Community Engagement

Rick joined the company in 2001 and has performed a variety of roles including Sales in our countertop business. Other roles included Home Depot Store Support Representative, New Product Development,

Customer Service & Claims Manager, and Technical Services Specialist. His contributions include building a learning and development culture within our organization, helping to expand our Learning Management Systems (LMS) for all employees, and promoting continuous training, education and skill development to reinforce our talent pool.

He is a member of the Organizational Development Team, Impact Team, Carbon Neutral Team, and the Leadership Academy. He also contributed to preparing HMTX's application to the Training APEX Awards organized by Training Magazine, which saw our company ranked #57 out of 95 organizations that were recognized for excellence in training.

Rick has also organized employee volunteer events in cooperation with community partners to keep our coastal and inland waterways clean and help bring awareness to the issue of global plastic pollution.



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CHAPTER 6





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#### **Metroflor**

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