2023 Investor Update – G.S. Precision Case Study
G.S. Precision is a leading provider of complex, highly engineered components and assemblies for the aerospace and defense industry. The company has diverse machining capabilities ranging from computer numerical control (“CNC”) Swiss multi-axis lathes to one of the largest installations of 5-Axis machining centers in the industry.

G.S. Precision’s expertise includes the machining of nickel-based aircraft alloys, titanium, stainless steel, and aluminum from bar, plate, and castings. The company has a unique platform with a vertically integrated model that includes multiple National Aerospace and Defense Contractors Accreditation Program (“NADCAP”) certified special processes and in-house manufacturing of fixtures and cutting tools. The company has developed numerous dedicated part family manufacturing cells and has robust employee training programs that are the result of its commitment to Continuous Improvement and Lean Manufacturing principles.
ATTRACTING AND RETAINING A QUALITY WORKFORCE

Attracting and retaining skilled, high-quality employees remains a large challenge for manufacturing companies.

The manufacturing industry lost 578,000 jobs during the pandemic year 2020, representing 6 years of job gains. However, job openings in the United States are at a near-all-time high of 800,000. Nearly three-quarters of respondents (74.9%) to The National Association of Manufacturers Q1 2023 Manufacturers’ Outlook Survey listed attracting and retaining a quality workforce as a primary business challenge.

To enhance its talent acquisition pipeline, G.S. Precision started an internal apprenticeship school of manufacturing technology. To support employees/students in putting application behind the theory and to foster career development, G.S. Precision partnered with Vermont Technical College to launch the GSP School of Manufacturing Technology. The accredited program provides apprenticeship certification to candidates classified as full-time employees with G.S. Precision (including benefits) while working towards an Associate Degree.

The program consists of 10 different 8-week shop rotations throughout four different facilities. During the day, the students work an 8-hour shift in their assigned department. Each evening Monday to Thursday, they attend classes to work toward a machinist’s certification/apprenticeship. The school is run internally at the South Plant in Brattleboro, Vermont, and is taught by G.S. Precision engineers. G.S Precision pays for all costs associated with the coursework (tuition, books, materials, etc.) with a 2-year obligation upon completion by the graduates.

In November of 2022, G.S. Precision was approved for a Federal and State approved apprenticeship program as announced by a live press conference from the school by State Governor Phil Scott. In addition to being certified by G.S. Precision, the Federal and State Governments will recognize graduates as fully accredited apprentices. It is a testament to the success of the program that 72.9% of graduates remain at G.S. Precision after finishing their 2-year commitment. The program is currently in its 6th cohort as the school was launched in 2013 as a long-time dream of G.S. Precision’s founder, George Schneeberger.

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3 “Creating pathways for tomorrow’s workforce today”, Deloitte, 2021
4 “Manufacturers must keep producing new talent strategies amid labor shortages”, Deloitte, 2023
5 “2023 First Quarter Manufacturers’ Outlook Survey”, National Association of Manufacturers, 2023
EMISSIONS AND ENERGY MANAGEMENT

G.S. Precision has a strong commitment to sustainability and has implemented initiatives such as:

- Calculating Scope 1 and Scope 2 GHG emissions for 2021 and 2022.
- Instituting a “Shut It Off” campaign to shut equipment, lights, and air compressors during down hours, weekends, and holidays.
- Checking heating ventilation and air conditioning equipment and exploring a long-term strategy for replacement with more efficient and reliable units. G.S. Precision is working with Efficiency Vermont, a local non-profit organization focused on energy efficiency, and Dubois & King, an engineering firm, on this initiative.
- Conducting audits of equipment and machines that use compressed air to identify and repair leaks and replace aging equipment (over 20 years old) with more efficient air compressors.
- Performing energy audits at its plants in collaboration with GMP and Eversource.
- Investing in an off-site solar generation facility which generated 9% of its 2022 electricity consumption.
- Procuring a further 37% of its electricity from renewable sources during 2022.

SCRAP SEPARATION INITIATIVES

G.S. Precision has put in place several initiatives at its Vermont and Keene, New Hampshire plants to improve methods by which it separates scrap metal commodities to sell to scrap buyers for recycling such as:

- Running a plant-wide operator awareness campaign on the value of scrap and how it is sold.
- Developing metrics and metric collection templates to measure improvements.
- Installing changeovers for machines related to different material types to include clean-out procedures.
- Educating supervisors and operators on how to make improvements.

After implementing the scrap separation initiatives, on average, G.S. Precision saw an increase in scrap revenue of roughly $40,000 per month while maintaining constant production.