



Corporate Social Responsibility

2015 Annual Report



Letters from our leaders



At Hypertherm, we have an internal vision statement that I keep in a reserved place on my desk. Like most such statements, it leads with the “what”, namely our desired impact and place in our customer markets. But unlike most visions, the longer portion of the statement is devoted to the “how”. That portion reads: “. . . [by] working together as a company of owners to make positive change, create shared value and bring out the full potential of every Associate.”

“Company of owners” of course refers to our 100% Associate ownership and the customer focus, organizational alignment and long-term orientation we strive towards. Part of that long-term orientation is our view of “shared value.” Long-term owners think less about generating a risk adjusted return than they do about creating sustainable wealth. To us, wealth is not just defined financially, but also in terms of meaningful purpose, positive impact, and legacy.

These motives are innate in all of us and are brought out when we live and work in community. Bringing out “the full potential of every Associate” means creating community in the workplace and expecting and fostering the best in every community member. It also means putting ourselves in the community where we live as both local and global citizens.

I’m enormously proud of our company of owners and the many ways in which we partner together and with you to create shared value and sustainable wealth.

A stylized, handwritten signature in black ink, appearing to read 'Evan'.

Evan Smith
Chief Executive Officer

As an Associate-owned company we take the long view. We clearly see the investments we make in enriching our communities and environment paying off for our business, our associates, our communities, and the environment. Our strategies enhance our long-term value creation. We are a stronger business because of our triple-bottom line focus. We strive to set a positive leadership example of what is possible for an industrial manufacturing company to achieve.



This is our sixth annual corporate social responsibility report summarizing our accomplishments and challenges. Last year was a pivotal year for our initiatives. Most notably, we are halfway on our environmental stewardship path from 2010 to achieving our 2020 goals. Our organization has been transformed by this work and we know the path ahead will only be possible in continued partnership with our suppliers, customers, and community. Our community engagement has continued to mature, with a strategic focus on STEM activities; opening our doors to dozens of school groups, engaging students in a summer internship program, coaching many Robotics and Lego teams, and funding many after-school and in-school programs and resources.

Since our founding in 1968, we have been grounded by our collective corporate values and ethics. Our approach to creating shared value endures even as our global society and economy experience rapid change. We continue to be committed to sharing our journey with you through this report and ongoing collaboration and communication.

A stylized, handwritten signature in black ink, appearing to read 'Jenny'.

Jenny Levy
Vice President,
Corporate Social Responsibility

Click on a fact to learn more

81% of Associates
volunteer

88%

Favorable workforce
engagement



75 green
champions

7,000
students



involved
in STEM
activities
funded by
HOPE



Values
in action

9 core values that guide us

100% ethics
training
completed by all Associates



\$110,000 saved
from new energy efficiency
projects started in 2015

250

Associates and their families
enrolled in primary care



12 Associates

make grant
decisions for the
HOPE Foundation



2.2% of waste
goes to landfill

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Community engagement

We are all closely interconnected to the global communities where we live and work.

We strive to make a positive difference in those communities through our leadership as a values-driven corporation and through our volunteerism as a compassionate group of Associates. Every Hypertherm Associate receives 24 hours of paid volunteer time every year that we are encouraged to use as we choose. Many of us serve above and beyond those levels.

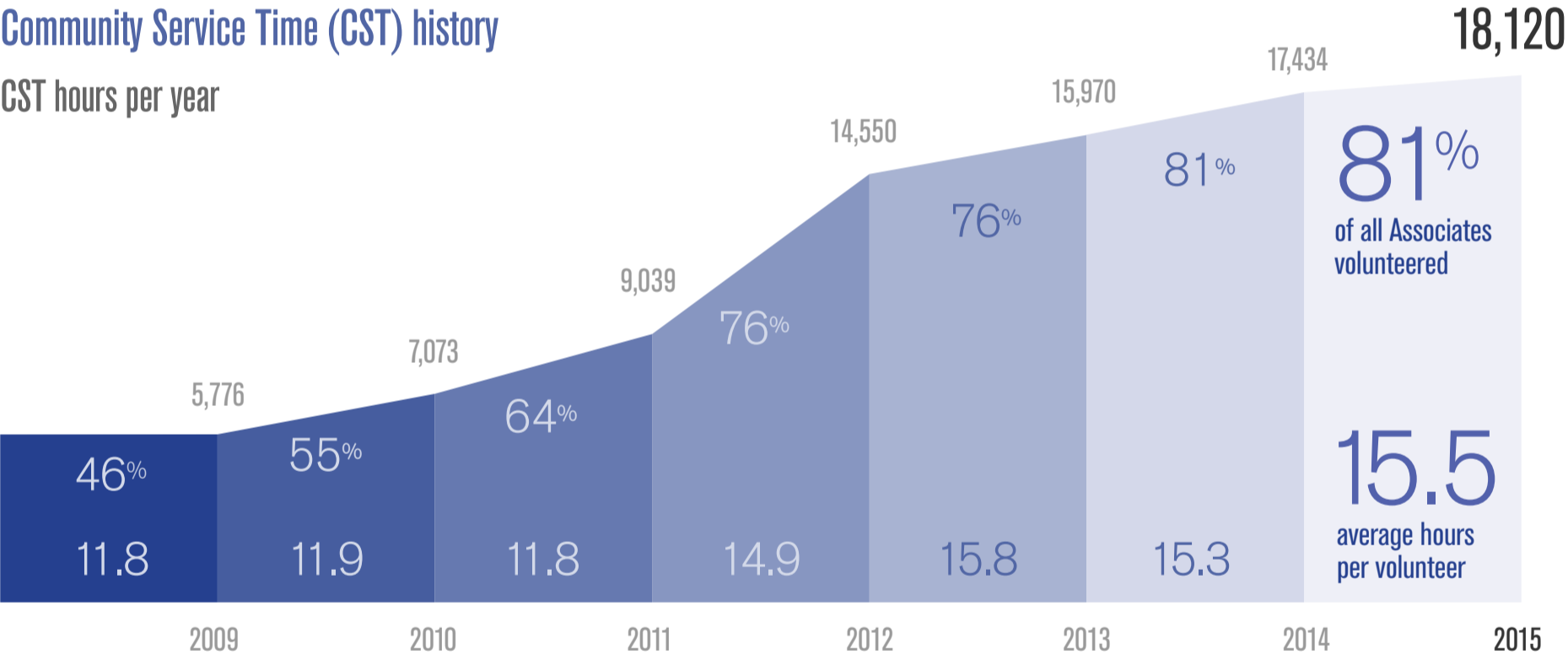
In 2015 we augmented our Community Service Time program to expand the opportunity for nonprofit organizations to leverage the professional competencies of our Associates through “skills-based volunteering.” While all volunteer opportunities require skill, some needs of nonprofit organizations require specific expertise, credentials, and certifications that may not be readily available in the general population.

Our collective long-standing desire to respond to the needs of the community grew to new heights in 2015.



Community Service Time (CST) history

CST hours per year



See what some of our Associates had to say about their community service:



Tandy Tang
New Business Development,
New Hampshire

“ What inspires me about using my Community Service Time cooking at the LISTEN dinner is the priceless reaction of the guests. Their giant smile tells me they know we are not there to just get some food on the table, but we will prepare a meal they will truly enjoy. I cannot imagine what it would be like to not be able to cook a nice dinner for my family in my home. This is why I continue to volunteer at the dinners. ”

Hypertherm Associates
volunteered in
15
countries



“ I like to use my CST time so that I can give back to people in need within our local community. I really like the Hypertherm sponsored CST days because without them I probably would not have enough free time outside of work to volunteer for these events. ”

Allen Rogers
Senior Application Engineer,
New Hampshire



“ In Mexico City we helped CRIT-Teleton by setting up their charity bazaar. CRIT focuses on children and teenagers with disabilities and cancer, promoting and safeguarding human values through actions that promote justice, truth, peace, fraternity and progress. It felt great to volunteer for this project. ”

Associates from the Mexico Team
Ulises Muñoz, Technical Service Engineer, Mexico
Marco Espinoza, Office Manager, Mexico
Pablo Pacheco, Sales Manager, Mexico



“ At the Young Women in Engineering event four Hypertherm female Engineers changed the lives of more than just one girl that warm October day. The excitement on the 16 girls’ faces after they cut with plasma was priceless. They realized they could do it even though they were small, maybe not as strong as a boy, or they had a ponytail, or were a girl. By the end of the day, there was a line of 50+ girls lined up to cut because the 16 girls had told their friends about their experience. ”

Brenda Melius
Mechanized Design Engineer, New Hampshire

The Hypertherm Owners' Philanthropic Endeavors (HOPE) Foundation combines financial funding with the thousands of hours we volunteer to accelerate the positive impact we hope to have in our communities. A group of diverse Associates from across our organization are empowered to make the funding decisions for the Foundation.



I have the privilege and honor of presiding over the HOPE Team and HOPE Foundation. When we created the HOPE Team and launched our Community Service Time program in 2003, we had no idea how powerful it would be in defining the culture at Hypertherm. Corporate Social Responsibility, specifically philanthropy and volunteerism, is the biggest driver of engagement at Hypertherm. By encouraging and enabling our worldwide Associates to volunteer in their communities, we not only strengthen those communities but our Associates as well. They return to the workplace with a renewed sense of purpose and self.

When we launched the Hypertherm HOPE Foundation in 2010, we were overwhelmed by the desire of our Associates to contribute, to be part of its philanthropic mission. The governance structure, comprised of both Hypertherm Associates and public members serving on the HOPE Foundation Board, places grant making in the hands, hearts and minds of Hypertherm Associates. A more powerful corporate philanthropy model I have not seen.

It is with equal amounts of pride and gratitude that I serve the Hypertherm HOPE Foundation.

A handwritten signature in black ink that reads "Barbara".

Barbara J. Couch
President, HOPE Foundation

2015 HOPE highlights

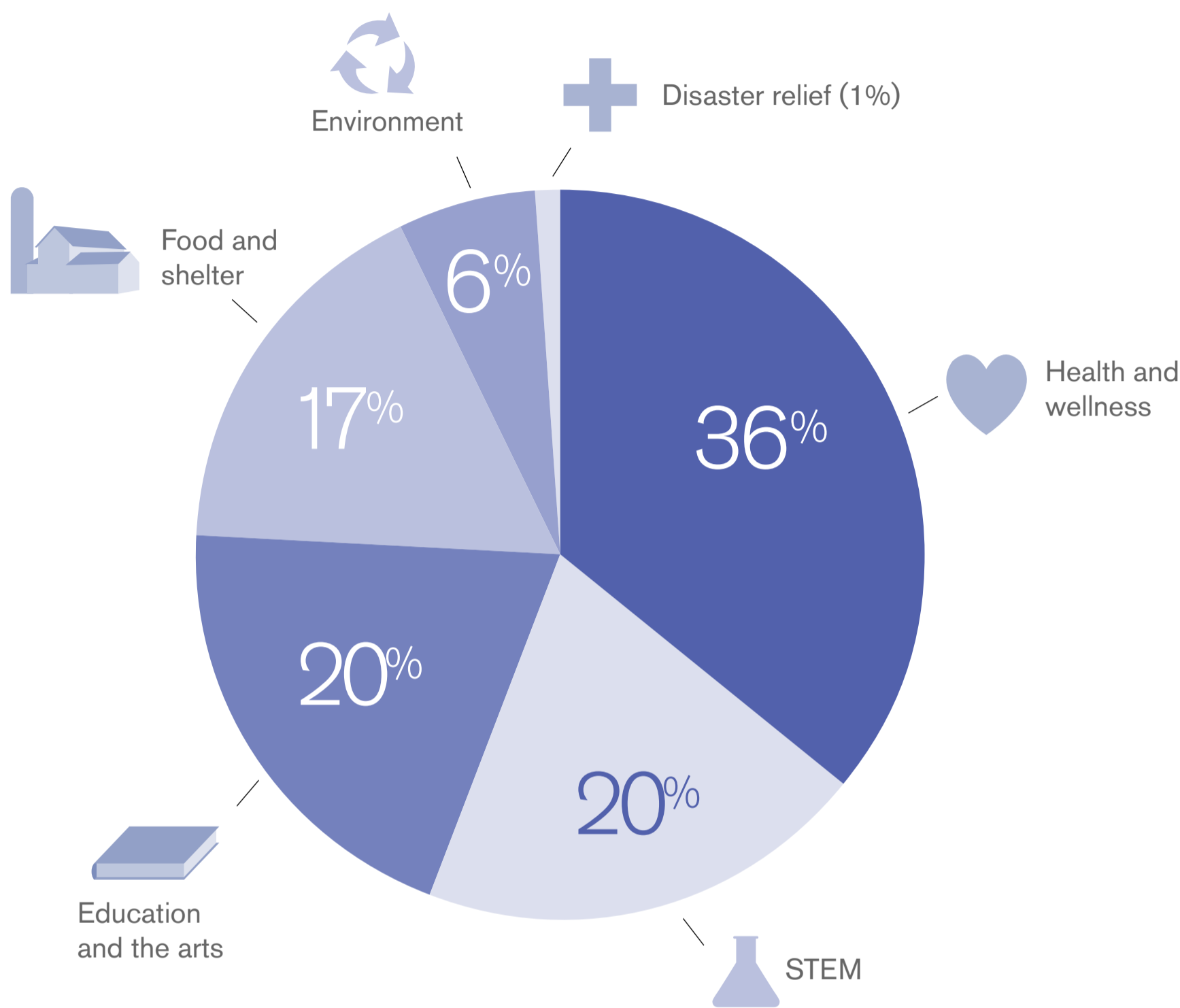
107 grants awarded to nonprofit partners

12 Associate-owners across Hypertherm have made all the funding decisions for the HOPE Foundation

75 Associates involved in leading our corporate philanthropy efforts (HOPE Team, committees, and champs)



2015 grant allocation by focus area



View a list of organizations we have supported:
www.hypertherm.com/csr/HOPE_Foundation/community_impact.jsp



SCIENCE, TECHNOLOGY, ENGINEERING AND MATH (STEM) FOCUS AREA

Hypertherm is a high-technology manufacturer with a long history of innovation in our engineering, operations, and service areas. As such, it is of great strategic importance to us that upcoming generations are engaged and capable in all areas of Science, Technology, Engineering and Math (STEM). To that end, our Hypertherm Owners' Philanthropic Endeavors (HOPE) Foundation is focused on providing strategic funding in this area. In 2015 alone, STEM funding from the HOPE Foundation reached more than 7,000 students. In addition, Hypertherm volunteers are increasingly engaged in opportunities such as robotics coaching. As a business we hosted more than 700 students in our facilities for educational tours, job shadows, and hands-on workshops.

“ We have used our new learning lab for family programs, school groups, and an after-school young Maker's club. Students have explored simple machines, chain reactions, gears, basic electronics, and magnetism. A number of high school students volunteer as student leaders for these programs. One student recently said to us “I wouldn't be the person I am today without the museum. ”

Ann Lawless

Executive Director, American Precision Museum

“ We're the Ponytail Posse, an all-girls FTC robotics team from Shoreview, MN. Robotics is a fun but expensive sport, and we rely on the generosity of our sponsors to participate. This year (2015), the HOPE Foundation has been one such sponsor by providing funds for robot parts and tournament registration. It has given us the opportunity to develop technical and business skills that will help us for the rest of our lives. We're extremely grateful for their support and are proud to have Hypertherm as one of our sponsors! ”

Rose (student)

The Ponytail Posse

“ As the Summer STEM coordinator, the HOPE Foundation Grant made our STEM program possible. Due to the grant, we were able to provide materials and bring professionals working in the STEM field to our students. Forty students per week for two weeks, between the ages of 11 and 14, had access to STEM programs that would not have been possible without the HOPE Foundation. As a rural community, these opportunities are few and far between for Kearsarge Students. ”

Dom Dominick

Teacher, Kearsarge Middle School

“ The hands on and team work experiences provided by participation on a FIRST Robotics Competition team provides critical supplementary training for all STEM students. ”

Christopher Pillsbury

Assistant Coach and Former Member of FRC Team 95, The Upper Valley Grasshoppers
Design Engineer T&C Mechanized Team, Hypertherm US

Environmental stewardship

HALFWAY TO 2020



In 2015 we reached the halfway point to our 2020 goals on our journey of environmental stewardship. We have been relentless about embedding our triple-bottom line mission across all areas of our organization.

The last five years have been a tremendous learning experience for us around becoming a better steward of our environment. We have measured baselines to understand our starting point and opportunities. We have created and utilized tools and techniques for making and measuring improvements. We have developed or hired a talented team and other integrated resources throughout our organization. We have tapped into strong passions among our Associates and our existing continuous improvement culture. In short, we have seen our organization transform itself in fundamental ways that have allowed us to achieve significant progress to date and will enable us to meet or exceed our goals.

Looking ahead to 2020 and beyond, we have renewed conviction that we will set an example of how to excel at being both an environmental steward and a successful industrial manufacturer. We will achieve this by continuing to transform how we work, innovating on the products we deliver to the world, and building partnerships with aligned stakeholders.

Environmental sustainability dashboard for 2020

We have set goals to mark our achievements along our journey to address our greatest negative environmental impacts across the life cycle of our work.

	Waste	Energy efficiency	CO ₂ Carbon impacts
Our products	100% All of our new products are reusable, recyclable, or properly reclaimed at the end of their useful life	20% ↑ Improve the energy efficiency of our product portfolio by 20%	20% ↓ Decrease the carbon impact of our products in use across the globe by 20%
Our logistics	30% ↓ The volume and weight of the packaging of our products is reduced by 30% and recyclable	Greener Cuts	
Our business operations	0 ZERO WASTE We produce no landfill waste and no unnecessary water waste	30% ↑ Improve the energy efficiency of our global business operations by 30%	50% ↓ Decrease the carbon impact from our global business operations by 50%

Goal: 0 waste to landfill

Progress since 2010

Our landfill waste has declined from 211 tons in 2010 to 47 tons in 2015. We have added specialty recycling streams, compost collection bins in all New Hampshire buildings, and created a returnable packaging system with key suppliers. Team-based landfill audits drive teams to understand and eliminate their waste.

In 2015

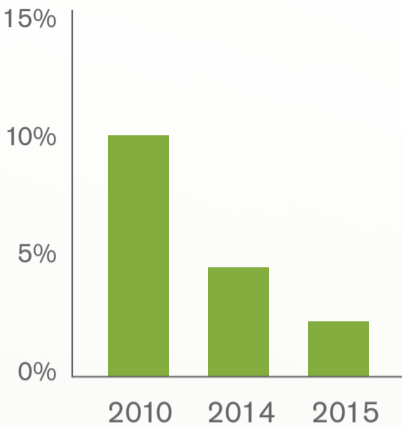
We started a regional cooperative recycling center with our waste partner. Our donated

space has allowed consolidation of recycling streams from twelve regional organizations enabling new recycling opportunities for all.

Path to 2020

Our focus continues to be on elimination and reuse of waste, thereby reducing all waste streams. We plan to continue to work with suppliers on reduction, innovate our processes and materials to be inherently less wasteful, and continuously engage and educate our global Associates.

Percent of waste sent to landfill
2020 goal: 0%



Goal: 30% improvement in the energy efficiency of our global business operations

Progress since 2010

We started our efficiency work by embedding our electricity usage and expenses into our operational management. Our commitment was further demonstrated by our achievement of LEED Gold in our newest mixed use building which opened in New Hampshire in 2012. We have improved the energy efficiency of all of our buildings through capital equipment upgrades and sophisticated metering systems.

In 2015

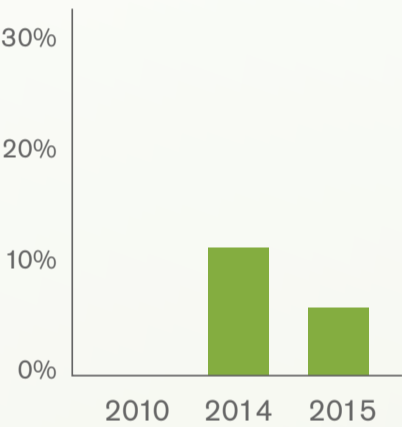
We deepened our operational electricity efficiencies by creating comprehensive standardized reporting, analytical tools, and monthly targets for every team. These were

further enhanced by hundreds of continuous improvement activities implemented by process experts from all teams. Together, these bring our total electricity cost avoidance since 2011 above \$1.1 million.

Path to 2020

We recognize that the path to 2020 will be difficult. Our aggressive goal can only be achieved through our continued commitment to energy efficient capital equipment purchases, improved real-time reporting at the team level, and relentless pursuit of energy waste reduction. When we reach our goal in 2020 we anticipate we will have saved more than \$7 million in electricity costs.

Improvement in energy efficiency
2020 goal: 30%



Goal: 50% carbon impact reduction from our global business operations

Progress since 2010

We recognize our responsibility to dramatically reduce our climate-changing carbon emissions. We started to measure and manage the carbon impacts from our heat, fleet, business travel, commuting, and electricity. We launched low impact commuting benefits that include incentives for carpooling and for the purchase of low emission vehicles, as well as subsidized vanpools.

In 2015

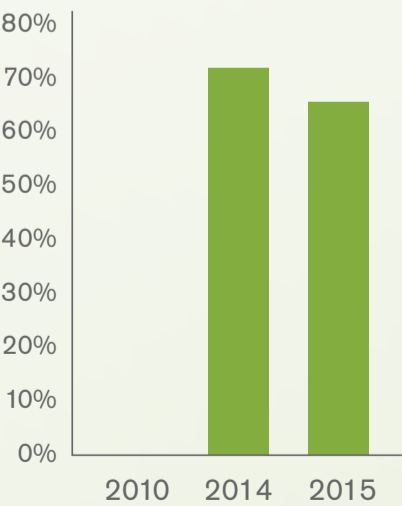
Our commitment since 2012 has been to purchase 100% of our electricity with Green-e certified renewable energy credits. This and our comprehensive energy efficiency

strategies were recognized in 2015 with the EPA's Green Power Purchasing Leadership Award. Our Low Impact Commuting benefits collectively saved 122 trips around the earth. We further reduced our carbon impacts through travel optimization and remote meeting practices.

Path to 2020

In addition to our continued commitment to purchasing renewable energy credits, we will diversify our energy generation portfolio to include on-site renewables such as solar, wind, and biomass. We need to continue to find innovative ways to encourage lower impact commuting methods through collaborative partnerships within our communities.

Carbon impact reduction
from global business
2020 goal: 50%



Goal: 100% recyclable and 30% reduction in the weight of outbound packaging

Progress since 2010

Since 2011 we have made progress on this multifaceted goal and been able to reduce our packaging weight by 15%. A major contributor to this reduction was switching to an industry standard sized pallet and telescoping corrugated sleeve for consolidated shipments. Since 2011 we have increased our packaging recyclability by 24%.

In 2015

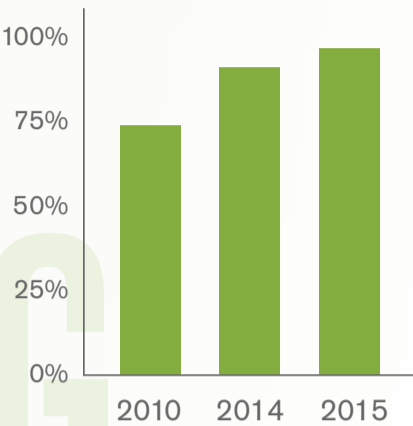
One of our biggest success stories of 2015 was replacing our PVC plastic consumable clamshells with rPET clamshells. This new packaging design represents a 19% reduction in packaging volume. We partnered with a company

that reclaims post-consumer PET material and extrudes this material into recycled PET roll stock to produce our clamshells. This closed loop process conserves natural resources while reducing landfill waste. In 2015 98% of our outbound packaging materials were recyclable.

Path to 2020

We will continue to optimize pallet loads, select innovative and environmentally friendly materials and implement packaging weight reductions. We are in the final stages of eliminating the last non-recyclable material from our product family. All new product packaging will be designed to reduce packaging weight, increase recyclability and offer superior product protection.

Outbound packaging is 100% recyclable
2020 goal: 100%



Goal: 50% carbon impact reduction from our global logistics network

Progress since 2010

Almost all of our products are manufactured in New Hampshire, USA and then shipped to our global customers, resulting in a large logistics carbon footprint. To decrease our impacts we have engineered lighter products and made changes to our logistics to ship more by lower impact ocean freight.

In 2015

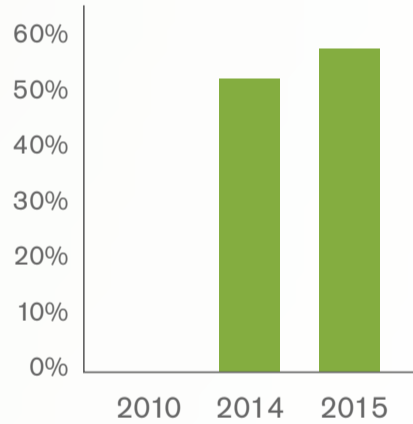
We opened a new New Hampshire distribution center. This will enable greater shipping efficiencies, including a higher proportion of

lower impact ocean freight shipments. We went from shipping 10% of our shipments via ocean in 2010 to 23% last year, with the goal of continued progress.

Path to 2020

Our engineers continue to measure all new products against our light-weighting goal to deliver increased functionality and performance with fewer materials. As our global customer base grows, our global distribution centers will meet this demand through lower impact logistics practices.

Carbon impact reduction from global logistics network
2020 goal: 50%



Goal: 100% of our products are recyclable, reusable, or properly reclaimed

Progress since 2010

We formally assessed the recyclability of our products with a full tear-down of three products from different product families. This showed that our products are 100% recyclable. We also assessed the recycling markets in North America, which showed us that about 93% of our systems and consumables are actually recycled.

In 2015

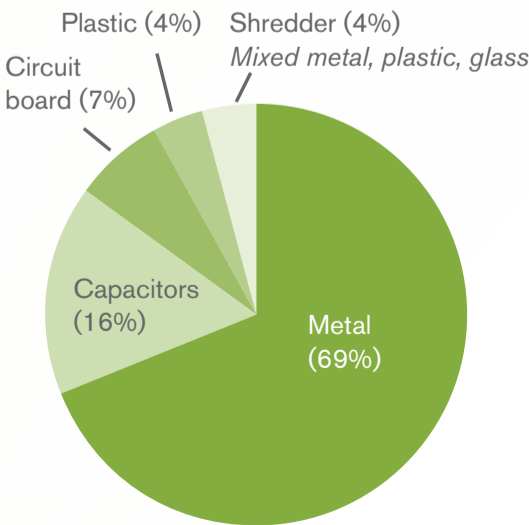
The waste reduction hierarchy starts with eliminating and reducing the use of resources, as well as reusing materials, before considering recycling as a solution.

We have therefore collaborated with engineers across the organization to create a product design scorecard that includes metrics to encourage designing for long life, repairability and serviceability, as well as using recycled content and recyclable materials.

Path to 2020

We have embarked on a long-term project to seek ways to reuse our systems when they have reached the end of their industrial cutting lives. Collaboration with our channel partners and customers will be required to devise product takeback for consumables or systems in cases where takeback or refurbishment can reduce environmental impacts.

Percent recycling by category of a Powermax105®
Recycling end market category



Goal: 20% improved energy efficiency of our product portfolio

Progress since 2010

We have measured and continually improve our wall to torch power conversion efficiency for our plasma systems, which are currently 88–92% efficient. In addition, we measure the cutting efficiency in in²/kWh (inches squared cut per kilowatt hour.) In order to deliver increased performance and power with the smallest systems possible, we also measure watts/weight of product.

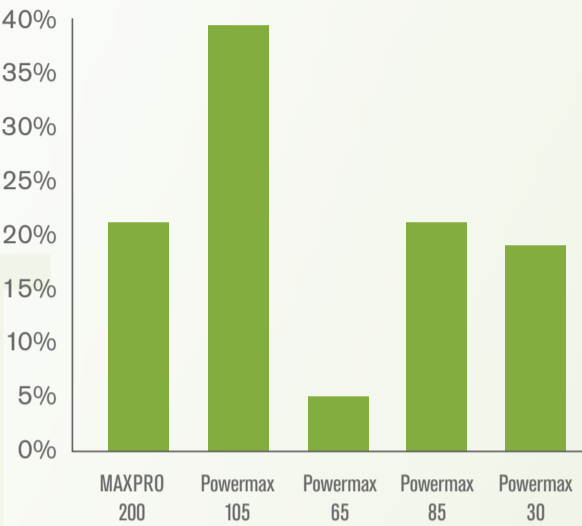
In 2015

Our engineers apply our product design scorecard to all new products. This includes considering the tradeoffs between weight reduction, energy use, and material choice. We are creating and using new metrics for our industry.

Path to 2020

In order to achieve this goal, engineers will embrace the challenge of designing around the additional constraint of increasing energy efficiency. We also need to educate and collaborate with our customers to understand their energy use goals. We aim to make lower energy use our standard without compromising the quality and ease of use of our products.

Inches squared/kWh % efficiency improvement of new product over predecessor
2020 goal: 20%



Goal: 20% decrease of the carbon impacts of our products in use

Progress since 2010

Our internal analyses of the full life cycle environmental impacts of three major products show that the vast majority of impacts come from the use of our products by customers in the field. Ninety percent of the carbon impact of these systems comes from the electricity used, or if broadening the boundary, the scrap steel generated by cutting. These numbers are not third-party verified, but result from the assessment by expert Life Cycle Analysis (LCA) practitioners.

In 2015

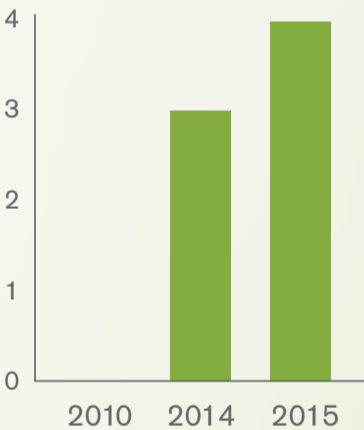
Hypertherm engineers have continued to design our new products using design for sustainability principles. We have a new design for sustainability scorecard that allows a balanced approach to designing to

multiple constraints. Our software team began measuring and optimizing nesting software to minimize scrap generated during customer use. We completed another LCA on consumables this year.

Path to 2020

As we have built understanding in this space, we have realized that this is an aggressive goal. In 2016, we will continue to strive to meet the goal by completing additional LCA's in all of our product families. The sustainability criteria are driving innovation and pushing us to think of our work in different ways across our portfolio of industrial cutting solutions.

Life Cycle Analyses completed



Goal: 80% under sustainable scorecard management

Progress since 2010

As we embarked on our journey to reduce our own environmental impacts we quickly realized this can only be done in partnership with our upstream supply chain. Most of our waste comes from non-value add materials and packaging from our suppliers. We hired two packaging engineers to design returnable packaging solutions that reduce waste and improve ergonomics, safety and quality. We designed and launched a sustainability supplier scorecard process that builds metrics and communication around best practices and opportunities.

In 2015

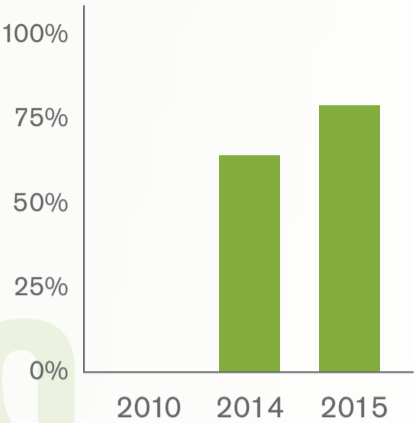
Our sustainability supplier scorecard was rolled out across all of our supply chain areas in 2015, bringing 78% of our direct material spend under this comprehensive management system.

We ask for practices and results in environmental sustainability areas such as greenhouse gas reduction strategies and waste management practices, as well as in social sustainability areas such as fair labor practices and community citizenship programs. We hosted our inaugural two-day Supplier Sustainability Summit in 2015 with ten strategic suppliers to discuss shared challenges and best practices.

Path to 2020

We will continue to deepen our long-standing partnerships with all new and existing suppliers. Continued sharing from our sustainable scorecard process will allow all of us to achieve our operational and sustainability goals. We will also expand these conversations and goals to service partners.

Supply chain % under sustainable management
2020 goal: 80%



Goal: Associate engagement

Progress since 2010

Hypertherm's strength in any area comes from our Associate-owners. In 2010 we tapped into the passions of our Associates by building a channel within our continuous improvement culture that focused on environmental impact reduction. Since then our Associates have completed more than 1,100 green-focused continuous improvement ideas, and every team sets and measures a "Green Business Indicator." One of our high level corporate priority pillars is focused on environmental stewardship.

In 2015

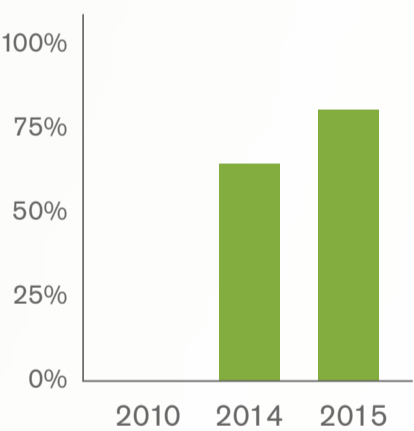
We now have in excess of 70 Green Champions from across dozens of teams who spearhead the environmental impact reduction work within their team. Teams conduct their own landfill

waste audits, meter their own energy usage, and have revised processes to improve energy and material efficiencies. As measured by our engagement survey in 2015, our top positive drivers of engagement were our commitment to our communities and pride in our environmental stewardship actions.

Path to 2020

Most of the ideas for our highest savings have come from Associates who are doing the work in that area. Our goals are aggressive, yet we are confident we will achieve them because of our highly engaged global Associates.

Teams that are Green Leaf certified
2020 goal: 100%





Environmental footprint

Even as a privately owned company, we choose to share our environmental impact data because, as an industrial manufacturer, we have a large impact. We believe that transparency will build understanding and inspire more collective action.

Scope 1 (Oil, propane, fleet)

Our scope 1 emissions have fallen from our 2010 baseline year yet did not improve from 2014. We continue to optimize the use of better automated building controls.



Scope 2 (Electricity)

Our scope 2 emissions from electricity are net negative due to our continued commitment to purchasing renewable energy credits for all of our U.S. energy consumption. Our absolute kWh consumption decreased from 2014. This was achieved through organization-wide efficiency efforts.



Scope 3 (Travel, commute, logistics, installed base)

Our scope 3 emissions intensity remained improved versus our 2010 baseline. We have seen the largest absolute and intensity based improvement from our global logistics network. Our low impact commuting programs continue to drive those impacts down. We continue to innovate when it comes to our largest contribution to scope 3 emissions which is products in use.



2010 2015

As 2015 is our sixth year of reporting our footprint data, we see a clear directional trend that shows a marked decrease in intensity from our 2010 baseline year. While our 2020 environmental sustainability goals are generally driven by metrics tied to our sales and product volume, we also strive for the ideal of absolute impact reduction. We share both in this report with the absolute data in the chart and the intensity results in the graphics.

Absolute impacts	2010 metric tons CO ₂ e	2014 metric tons CO ₂ e	2015 metric tons CO ₂ e
Scope 1:			
Heating fuels	763	945	986
Fleet	634	653	594
Scope 2:			
Electricity	5,638	-2,616	-2,073
Scope 3:			
Business travel	1,437	1,521	1,509
Commuting	4,303	4,860	4,944
Outbound logistics	39,226	28,056	24,772
Products in use	303,864	449,059	420,934
Water (gallons)			
Process water discharge	8,430,112	1,118,564	2,514,543
Sanitary water discharge	2,159,408	2,672,683	1,958,658
Solid waste (tons)			
Landfill trash	211	108	47
Cardboard recycle	173	165	143
Wood recycle	63	89	79
General recycle	14	138	46
Copper recycle	1,250	1,715	1,547
Other metals recycle	300	452	541
Hazardous waste	47	50	36
Compost	n/a	29	41
Filmy plastics	n/a	5	32
Reuse	0	29	56
Landfill rate	14%	4.4%	2.2%

All of these footprint numbers are not third party verified and reflect our impacts to the best of our measurement ability at this time. They may be revised for accuracy in the future.

Safety

We stand firm in our belief that no Associate should be injured at work. Our goal is zero workplace injuries or illnesses at all of our global locations.

Safety excellence at Hypertherm starts with a high level of Associate engagement. We understand the importance of working together to ensure the safest workplace possible. The cornerstone of our program is a culture which promotes Associate involvement and teamwork at all levels of our organization. All team members regardless of geographic location work in the interactive design of workplace enhancements to improve our overall wellbeing.

“Part of our mission at Hypertherm is to provide for the wellbeing of our Associates and this includes creating a culture that is focused on safety. Our ultimate goal is zero incidents,” explains Evan Smith, President and CEO of Hypertherm.

In order to focus our efforts, Hypertherm is fully committed to the goal of meeting and exceeding the requirements of OSHA’s Voluntary Protection Program (VPP) for all of our manufacturing locations.

VPP certification requires the operation of a comprehensive safety and health management system that includes management leadership and employee involvement, worksite analysis, hazard prevention and control, as well as safety and health training.

More than 200 of our Associates are trained in first aid. In addition, we also offer training to family members. In the past 5 years alone, we are aware of 10 life-saving events carried out by Hypertherm Associates. Only three of those events took place at a Hypertherm facility. The remaining seven events occurred in the community, allowing our Associates to save the lives of community members.



2015 safety highlights

96 Associates who serve on a safety committee

191 Associate reports of incidents (mostly near misses and first aid) demonstrating high awareness of potential safety challenges

6 of 8


Voluntary Protection Programs
An OSHA Cooperative Program

U.S. manufacturing facilities are recognized as OSHA VPP Star Worksites

1.9

Hypertherm

4.3

Industry average

In 2015, Hypertherm’s efforts focused on reducing repetitive motion injuries through a two pronged approach. We worked to prevent such injuries by shortening the length of time spent on any one task, and also getting Associates aggressive physical therapy at the first sign of symptoms. Although these efforts did not reduce our total recordable rate, we do believe this approach was successful as our rate would have otherwise been even higher. In 2015 we are proud to have posted an incident severity rate of zero lost time incidents.

Health and wellness

Hypertherm is committed to investing in Associate wellness and healthy lifestyles for our Associates. We do this not only because we believe healthy Associates are more productive and better able to contribute to our company and community, but also because it is the right thing to do.



A highlight of our health and wellness program is an on-site wellness center known as the “HAWC” for Hypertherm Associate Wellness Center. Staffed with medical personnel from Dartmouth Hitchcock Medical Center, Hypertherm tries to make the HAWC as convenient as possible by providing services from more than one of our buildings and scheduling appointments at hours that are convenient for Associates working all three shifts.

The team offers primary care and chronic disease management to Associates, spouses, and dependents over the age of 16 on the Hypertherm medical plan, as well as acute medical care free of charge to all Associates.

Early feedback shows us the HAWC is working. HAWC primary care patients have a lower health risk and fewer care gaps because of increased engagement in their own health, and are projected to cost us 37% less than Associates not part of the HAWC’s Primary Care practice. With more than 250 members at the end of 2015, we are well on the way to reaching our target of 400 primary care patients.



Associates working all three shifts as well as spouses and dependents 16 and older can use a variety of gym equipment and take free fitness classes like boot camp, TRX, yoga, meditation, Pilates, cardio conditioning, and core strengthening. An additional 320 Associates joined one of these fitness classes last year. We also added fitness equipment to three of our Upper Valley locations to encourage and promote physical activity during the workday.

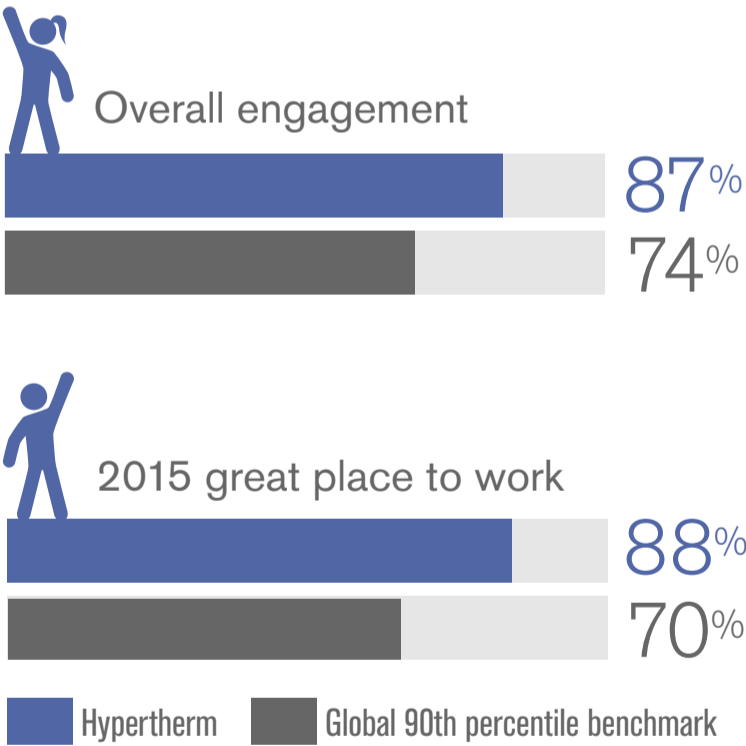
Our Associates organize and participate together in many athletic leagues, group fitness activities, and pick-up games, including road and mountain biking, outdoor and indoor soccer, ultimate Frisbee, basketball, downhill ski racing, snowshoeing, X-country skiing, pond hockey, walking, running and table tennis.

Healthy options in our vending machines and cafeterias are an important part of the wellness initiatives and are less expensive than unhealthy options. We offer an Easy Choice program in our cafeterias to clearly show Associates which menu options are healthiest. In addition, our cafeterias use local ingredients when available.

Associate engagement

What makes Hypertherm “tick” is the personal and collective passion and drive of our Associates. Together we cultivate a culture of mutual caring, respect, honesty and integrity that enables every Associate to be happy, healthy, and fulfilled by their work. Every year we measure all dimensions of engagement.

It reflects our emotional and rational commitment to the job, the team, and the company. We are proud to see our engagement continue to rise because we know we are fulfilling the second part of our corporate mission, which is to promote the wellbeing and development of our Associates. In 2015, our corporate social responsibility programs were once again a top driver of engagement. There is a sense of pride and commitment to social responsibility that continues to be a cornerstone of our Hypertherm culture.



Ownership

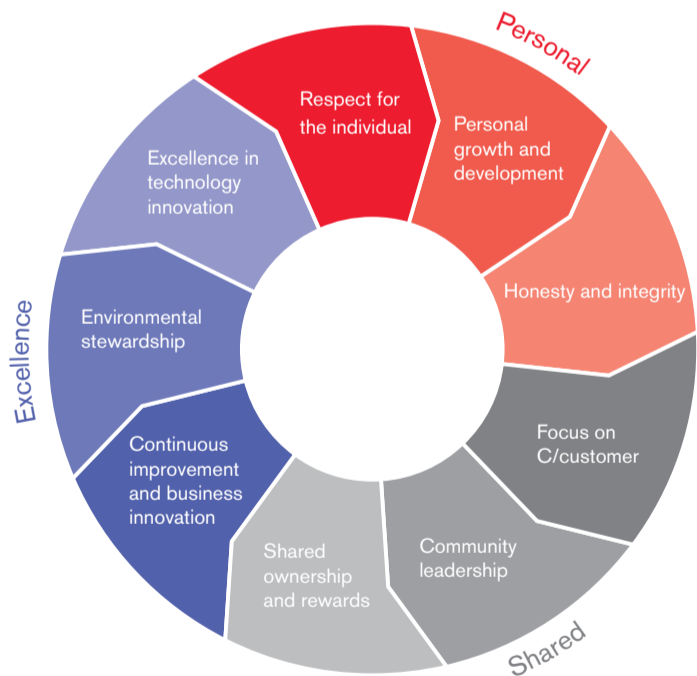
Hypertherm is a 100% Associate-owned company. We are not just employees, we’re owners. Customers, not investors, are our top priority, so we make sure every product is built to the highest quality and our service is second to none.

Our ownership culture includes a strong belief in continuous improvement. This is celebrated in many ways including the addition of a new rotating Associate-designed and built “Ownership CIA” (Continuous Improvement Activity) trophy. Another example of ownership in action in 2015 – a trip to Washington, D.C. In attending the ESOP (Employee Stock Ownership Plan) Association’s annual conference, a group of Associate-owners was given a unique opportunity to both learn from and share with other employee owned companies. Back in New Hampshire, people arriving at our main facility were greeted with an impressive lighthouse constructed entirely out of canned and packaged food for our “Owners Against Hunger” fall food drive. In total, more than 1,500 pounds of food was collected and donated to a local food kitchen.

These are but a few ways our Associate-owners are sharing in the wealth they help create. We are committed to making decisions in the best long-term interest of the company. We take pride in doing what is right for each other, our customers, our community, and our environment.



Ethics and integrity



Hypertherm was founded in 1968 on the same core values that continue to guide us today. Our Code of Ethics and Business Conduct guides Associates in their journey to meet high ethical standards. Hypertherm culture is powered by the pride of each Associate, and a shared focus on excellence.

We strive to reach high ethical standards because it is right. Still, it is gratifying when others see the value in the work we do. In 2015, we were honored by our selection as a World’s Most Ethical Company by the Ethisphere organization. This designation recognizes organizations for having a material impact on the way business is conducted by fostering a culture of ethics and transparency at every level of the company.

Hypertherm was one of eleven companies new to the list, and one of only three companies in the Machine Tools & Accessories sector.

“This honor underscores Hypertherm’s commitment to leading ethical business standards and practices ensuring long-term value to key stakeholders including our associates, customers, and suppliers,” said Evan Smith, President and CEO of Hypertherm.

Awards and recognition

While the awards and recognition Hypertherm receives are gratifying, they are by no means the end game. They reinforce our beliefs and behaviors and inspire us to do more.

Green Power Leadership

Awarded by the Environmental Protection Agency (EPA) in recognition of Hypertherm's commitment to using green energy and our support of green power usage in the community.



NHBSR Cornerstone award

Hall of Fame for continued corporate social responsibility work and dedication to our Associates, community, and the environment.



Learn more at:
www.hypertherm.com/csr

Partners for Community Wellness (PCW)

2015 Business Leadership award



Communitas

Leadership award recognizes exceptional businesses, organizations and individuals for excellence in community service and corporate social responsibility.



Spirit of New Hampshire Pillar Award

Recognizes an outstanding member of the community whose work has fostered the civic engagement of others and provided a lasting impact on NH citizens.



LEED Gold certification

Awarded by the U.S. Green Building Council to our 71 Heater Road building.



Ethisphere Institute

World's Most Ethical Companies
(Machine Tools & Accessories category)

Please contact us with questions or comments:
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