



# Code of ethics and business conduct policy

## Our key values

The code of ethics and business conduct contains principles that have long been a part of Hypertherm's core values and ethical beliefs. Our key values define who we are as individuals and as a company – to each other, and to our customers, shareholders, suppliers, competitors and communities.

Doing the right thing without compromise. We stay true to what we believe and trust people to do the right thing. We are straightforward and transparent in our communications and actions: we do what we say. We take responsibility for our actions and admit our mistakes. We do the right thing even when it's hard. We hold ourselves to the highest standards of honesty and fairness.

Each of us is expected to demonstrate these key values in our work as Hypertherm Associates.

## Purpose of the code of business conduct

This code of ethics and business conduct (code) is a guide to help Hypertherm Associates live up to Hypertherm's high ethical standards – and their own. It summarizes many of the principles that Hypertherm and its Associates are expected to live by. The code goes beyond the legal minimums by describing the ethical values we share as Hypertherm Associates.

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This code is neither a contract nor a comprehensive manual that covers every situation Hypertherm Associates throughout the world might encounter. It highlights key issues and identifies policies and resources to help Hypertherm Associates reach decisions that will make Hypertherm proud.

## Responsibility and accountability

As Hypertherm Associates, each of us is responsible for abiding by this code and the laws that apply to our work. If you have any questions or concerns about illegal or unethical acts, discuss them with your leader immediately. Failure to abide by this code and the law will lead to disciplinary measures appropriate to the violation, up to and including dismissal.

Each Hypertherm Associate is expected to read the entire code. No code can guarantee ethical behavior though. Only we can.

## Additional responsibilities of leaders

Hypertherm team leaders are expected to live according to our standards of ethical conduct, in both words and actions. Leaders are responsible for promoting open and honest two-way communications. Leaders must be positive activists and role models who show respect and consideration for each of our Associates. Leaders must diligently look for indications that unethical or illegal conduct has occurred and report it. If you ever have a concern about unethical or illegal activities, you are expected to take appropriate and consistent action, and inform your leader immediately.

## To Hypertherm Associates

### Respect for the individual

We will treat each other with respect and fairness at all times, just as we wish to be treated ourselves. We will value the difference of diverse individuals from around the world. Employment decisions will be based on business reasons, such as qualifications, talents and achievements, and will comply with local and national employment laws.

### Reflections

We recruit, train, develop, promote, and reward Associates based on their performance and contributions. Where appropriate, we will include measures of ethical conduct in performance planning and our performance reviews.

## Harassment

Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. We have the responsibility to speak out if a co-worker's conduct makes us uncomfortable and to report harassment if it occurs.

## Health and safety

We are all responsible for maintaining a safe workplace by following health and safety rules and practices. We are responsible for immediately reporting accidents, injuries and unsafe equipment, practices or conditions to a supervisor or other designated person. Hypertherm is committed to keeping its workplaces free from hazards.

To protect the safety of all Associates, each of us must report to work free from the influence of any substance that could prevent us from conducting work activities safely and effectively.

Threats or acts of violence or physical intimidation are prohibited.

## To our customers

### Product quality and safety

Maintaining Hypertherm's valuable reputation requires complying with our quality processes and safety requirements. We damage our good name if we ship products or deliver services that fail to live up to Hypertherm standards.

### Sales and marketing

We will build long-term relationships with our customers by demonstrating honesty and integrity. Our marketing and advertising will be accurate and truthful. Deliberately misleading messages, omissions of important facts or false claims about our competitors' offerings are unacceptable.

We will obtain business legally and ethically. Bribes or kickbacks are unacceptable. Guidance on customer gifts, travel and entertainment is in the Conflicts of Interest section of this Code. We ensure that those who seek to do business with Hypertherm have fair opportunities to compete for our business.

### Customer information

We must protect customer information that is sensitive, private or confidential – just as carefully as we protect our own. Only those who have a need to know should have access to confidential information.

## To our business partners

### Doing business with others

We will not do business with others who are likely to harm Hypertherm's reputation. For example, we will avoid doing business with others who intentionally and continually violate the law. These laws include, for example, local environmental, employment, safety and anti-corruption statutes. All arrangements with third parties must comply with Hypertherm policy and the law. We will not use a third party to perform any act prohibited by law or by the Hypertherm code of business conduct.

### Agents and consultants

Commission rates or fees paid to dealers, distributors, agents, finders or consultants must be reasonable in relation to the value of the product or work that is actually being done, consistent with law, policy and local practice. We will not pay commissions or fees that we have reason to believe will become bribes.

### Subcontractors

Subcontractors play a vital role in fulfilling many of our contracts. In some cases, the subcontractor is highly visible to our customers. That is why it is very important to ensure that our subcontractors preserve and strengthen Hypertherm's reputation by acting consistently with our code of business conduct.

### Strategic alliances

Hypertherm strives to ally with companies that share our commitment to ethics. We will work to make the standards of our strategic alliance ventures compatible with our own.

### Purchasing practices

Purchasing decisions must be made based solely on Hypertherm's best interests. Suppliers win Hypertherm business based on product or service suitability, price, delivery and quality. Purchasing agreements should be documented and clearly identify the services or products to be provided, the basis for earning payment and the applicable rate or fee. The amount of payment must be commensurate with the services or products provided.

## To our fellow shareholders

### Protecting Hypertherm assets

We have a responsibility to protect and preserve the Hypertherm assets entrusted to us from loss, damage, misuse or theft. Hypertherm assets, such as funds, products, computers, business opportunities, and intellectual property, may only be used for business and other purposes approved by your team's leader.

Hypertherm assets may never be used for purposes that violate law or company policy, and should be used for Hypertherm's benefit. We use company assets for personal purposes strictly on an infrequent basis with negligible expense to Hypertherm.

### Proprietary information

We will safeguard all proprietary information by marking information accordingly, keeping it secure, and limiting access to those who have a need to know to do their jobs. Proprietary information includes any information that is not generally known to the public and is helpful to Hypertherm or would be helpful to competitors. It also includes proprietary information that suppliers, customers and others have entrusted to us. The obligation to preserve proprietary information continues even after employment ends.

### Inside information and securities trading

Hypertherm Associates are not allowed to trade in securities or any other kind of property based on material information that comes from their jobs, if that information has not been reported publicly. It is against the laws of many countries, including the United States, to trade or to "tip" others who might make an investment decision based on inside job information.

### Accuracy of company records

To make responsible business decisions, we require honest and accurate recording and reporting of information. This includes such data as quality, safety and personnel records, as well as all financial records.

All financial books, records, accounts, and disclosures must accurately account for transactions and events that reflect the economies of our underlying businesses. They must also conform to required accounting principles, laws, regulations, and to Hypertherm's system of internal controls. We will strive to produce internal and external reports that are verifiably accurate, timely, reliable, relevant, consistent, and transparent to the intended users. When a payment is made, it can be used only for the purpose spelled out on the supporting document.

## Recording and retaining business communications

All business records and communications should be clear, truthful and accurate. Business records and communications often become public through litigation, government investigations and the media. We will avoid exaggeration, guesswork, legal conclusions, and derogatory remarks or characterizations of people and companies. This applies to communications of all kinds, including e-mail and informal notes or memos. Records must be retained and destroyed according to Hypertherm's record-retention policies.

### Audits and investigations

Hypertherm Associates are required to fully cooperate with all audits and inquiries as requested by the company. We will also cooperate with reasonable requests for information from government agencies and regulators and consult with the Chief Financial Officer before responding to any non-routine requests. All information provided must be truthful and accurate. We will not conceal, alter or destroy documents or records in response to an investigation or other lawful request.

## To competitors

### Competitive information

We value open and fair competition and respect the rights of our customers, suppliers and competitors just as we expect our rights to be respected.

We respect the rights and property of others, including their intellectual property, and only accept their confidential or trade secret information after we clearly understand our obligations as defined in a non-disclosure agreement or similar document.

We must never use any illegal or unethical methods to gather competitive information. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present Associates of other companies is prohibited.

If information is obtained by mistake that may constitute a trade secret or confidential information of another business, or if we have questions about the legality of information gathering, we should consult with the Chief Financial Officer.

## Fair competition and antitrust

We will compete fairly without collusion or collaboration with competitors to divide markets, fix prices, restrict production, or allocate customers. Hypertherm and all our Associates are required to comply with the antitrust and unfair competition laws of the many countries in which we do business. These laws are complex and vary considerably from country to country. They generally concern:

- Agreements with competitors that harm customers, including price fixing, bid rigging and agreements not to compete for customers or contracts.
- Agreements that unreasonably limit the freedom of a customer or supplier to sell a product, including establishing the resale price of a product or service or improperly conditioning the sale of products, technologies or services on an agreement to buy other Hypertherm products and services.
- Attempts to monopolize, for example, by abusing a dominant position in the market unfairly to prevent others from competing.

Hypertherm Associates who question whether an action may violate competition laws should consult with the Chief Financial Officer.

## To communities

### Community service

We serve society by providing products and services at a fair price, and by actively supporting the communities in which we operate. Hypertherm and Hypertherm Associates throughout the world provide generous financial and voluntary support to others through community programs.

### Personal community activities

Hypertherm Associates are free to support community, charity and political organizations and causes of their choice, as long as they make it clear that their views and actions are not those of Hypertherm. Associates' outside activities must not interfere with job performance.

No Hypertherm Associate may pressure another Associate to express a view that is contrary to a personal belief, or to contribute to or support political, religious or charitable causes.

## Environment

We respect the environment by complying with all applicable environmental laws in all countries in which we conduct operations. Hypertherm is committed to protecting the environment by minimizing the environmental impact of our operations and operating our businesses in ways that foster sustainable use of the world's natural resources. Hypertherm Associates must comply with Hypertherm's environmental policies and programs. Notify your team's Leader if hazardous materials come into contact with the environment or are improperly handled or discarded.

### Communicating with external audiences

Hypertherm will provide fair, accurate, timely and easy to understand information to the public when appropriate. To ensure professional and consistent handling, requests from the media should be forwarded to an Associate in Public Relations. Unfortunately, many well-intentioned interviewees have had their stories misinterpreted by reporters. Let the experts handle such situations.

Requests from outside financial analysts and shareholders must be forwarded to the Chief Financial Officer or Treasurer.

## To governments

### Compliance with the law

Hypertherm Associates around the world must comply with all applicable laws and regulations wherever we do business. Perceived pressures from supervisors or demands due to business conditions are no excuse for violating the law. When we have any questions or concerns about the legality of an action, we are responsible for checking with our direct management or the Management Team. We will strive to be aware of current and changing laws and regulations.

### Hypertherm political activities

No Hypertherm Associate may, except with approval from the Management Team, make any political contribution for Hypertherm or use Hypertherm's name, funds, property, equipment or services for the support of political parties, initiatives, committees or candidates. This includes any contribution of value. Lobbying activities or government contacts on behalf of Hypertherm, other than sales activities, should be coordinated with the Management Team.

## Anti-corruption laws

Hypertherm complies with the anti-corruption treaties and laws of the countries in which it does business, including the U.S. Foreign Corrupt Practices Act (FCPA), which applies to its global business. Hypertherm Associates will not directly or indirectly offer or make a corrupt payment to government officials, including Associates of state-owned enterprises. These requirements apply both to Hypertherm Associates and agents, such as third-party sales representatives, no matter where they are doing business. If you are authorized to engage agents, make sure that they are reputable and require them to agree in writing to Hypertherm's standards in this area.

## Crossing national borders

When importing or exporting products, services, information or technology, Hypertherm complies with applicable U.S. and other national laws, regulations and restrictions. When we travel internationally on company business, we are subject to laws governing what we import and export. Hypertherm Associates are responsible for knowing the laws that pertain to them and for asking questions when in doubt.

## To prevent conflicts of interest

### General guidance

Hypertherm Associates should avoid actual or apparent conflicts of interest in our personal and professional relationships. Business decisions and actions must be based on the best interests of Hypertherm and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect our independent and sound judgment on behalf of Hypertherm. General guidelines to help Hypertherm Associates better understand common situations that may cause a conflict of interest are listed below. However, Hypertherm Associates are required to disclose any situation that may be, or appear to be, a conflict of interest, in accordance with policy. When in doubt, it is best to disclose and to take steps to implement safeguards and take steps to prevent conflicts of interest from materializing.

### Outside employment

Hypertherm Associates may not work for or receive payments for services from any competitor, customer, distributor or supplier of Hypertherm without approval in accordance with policy. Any outside activity must be strictly separated from Hypertherm employment and should not harm job performance at Hypertherm. Skills learned and used at Hypertherm must not be used in a way that could hurt the business of Hypertherm.

## Board memberships

Serving on a board of directors or similar body for an outside company or government agency requires advance approval in accordance with policy. Helping the community by serving on boards of non-profit or community organizations is encouraged and does not require prior approval.

## Family members and close personal relationships

We may not use personal influence to get Hypertherm to do business with a company in which our family members or friends have an interest. We should disclose any close relationship that might make it appear we could favor another company to the detriment of Hypertherm's interests.

## Investments

Hypertherm Associates may not allow their investments to influence, or appear to influence, their independent judgment on behalf of Hypertherm. This could happen in many ways, but it is most likely to create the appearance of a conflict of interest if a Hypertherm Associate has an investment in a competitor, supplier, customer or distributor and his decisions may have a business impact on this outside party. If there is any doubt about how an investment might be perceived, it should be disclosed to your team's leader.

We are also prohibited from directly or indirectly buying, or otherwise acquiring rights to any property or materials, when we know that Hypertherm may be interested in pursuing such an opportunity and the information is not public.

## Giving/Receiving of gifts/Entertainment

Business entertainment and small business gifts can build goodwill and are a part of normal relationships with our business partners. However, gifts, whether given or received, can also create a perception of conflict of interest that can undermine the integrity of our business relationships and could be subject to potential abuse.

A gift is defined as anything of value that is given to or received by an Associate. Gifts can include: meals, lodging, loans, cash, gratuities, favors, entertainment, fees, commissions, favorable terms or discounts on any product or service, services, equipment, prizes, transportation, use of vehicles, vacation properties, or other facilities, stocks or other securities, home improvements, tickets, gift certificates/cards, discount cards, memberships, or any other form of compensation or benefit. To demonstrate our commitment to the Code, all Associates must abide by the following policy requirements.

## Receiving gifts

No gifts of any kind, that are offered by current or future vendors, suppliers, or customers, no matter the value, will be accepted by any Associate, at any time, with the few exceptions noted below.

### Exceptions

- Token items displaying a company logo (pens, shirt, trade show bag).
- An occasional business meal. Repetitive mealtime meetings should be discouraged. Meals associated with pure entertainment, where business is not being discussed are not considered business meals.
- Plants, food or holiday gift baskets may be accepted if shared with other Associates.

If a prohibited gift is received and cannot be returned, it must be raffled off to Associates and the proceeds donated to a corporate charity of choice.

## Giving gifts

No gifts of any kind, will be given to current or future vendors, suppliers, or customers, no matter the value, by any Associate, at any time, with the few exceptions noted below.

### Exceptions

- Token items displaying our company logo (pens, shirt, trade show bag).
- An occasional business meal. Repetitive mealtime meetings should be discouraged. Meals associated with pure entertainment, where business is not being discussed are not considered business meals.

Because of tax and other legal reporting rules, it is essential that our expense records are accurately reported. Gifts must be properly recorded to state the purpose of the gift/entertainment, provide a detailed explanation for the charges and name the person/entity receiving the gift.

When working with government organizations, the Associate is responsible for knowing the specific rules related to the giving of gifts. Special prohibitions apply in case of anything of value given to a foreign government official.

If you are uncertain, check with your leader or HR.

## To communicate

Have questions about the Hypertherm code? The first place to turn is to your team leader. If you're uncomfortable discussing the issue with your leader, please talk to another member of Human Resources or the Management Team. Our open office environment means you can approach any level of management with your concerns.

## Key values

It would be wonderful if the right thing to do were always perfectly clear. In the real world of business, however, things are not always obvious. If you find yourself in a situation where the "right thing" is unclear or doing the right thing is difficult, remember our key values:

### Does my action reflect Hypertherm's key values of integrity and respect?

To Hypertherm Associates? To customers? To business partners, competitors and shareholders? To the government? To the public?

If you wouldn't want your action to be reported in the media, it's probably not the right thing to do.

## Human Resources, Management Team, and the Board of Directors

Human Resources offers information, advice and suggestions. Use it to discuss any concern or problem – not just for emergencies. Human Resources strives to make sure that all questions or concerns are handled fairly, discreetly and thoroughly.

The Management Team is also accessible for any interested party with a concern about Hypertherm's accounting, internal controls or audit matters. Reported violations of this Code will be presented to Hypertherm's Board of Directors at a minimum of once annually. We ensure that such reports made in good faith will be acted upon responsibly.

## Reporting concerns

Taking action to prevent problems and protect Hypertherm's reputation is part of the Hypertherm culture. If you see possible unethical or illegal conduct, you are expected to report your concerns. Hypertherm offers a silent whistle reporting option, accessible through online or telephone/fax.

Retaliation against any Associate who honestly reports a concern to Hypertherm about illegal or unethical conduct will not be tolerated. At the same time, it is unacceptable to file a report knowing it to be false. We create a workplace where we feel free to express our opinions and to raise questions or concerns in a safe and supportive environment, without fear of harassment, retribution, or retaliation by peer Associates or team leaders.

## Revision history

Last reviewed/revised date: January 15, 2019.

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Environmental stewardship is one of Hypertherm's core values, and it is critical to our success and our customers' success. We are striving to reduce the environmental impact of everything we do. For more information: [www.hypertherm.com/environment](http://www.hypertherm.com/environment).

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