



**HYPERTHERM
ASSOCIATES™**

SHAPING POSSIBILITY®

2022 Corporate Culture and Social Responsibility Report



We believe

any long-term sustainable business is value-creating, not just for financial stakeholders, but also for customers, suppliers, employees, communities, and the environment.

The vision of Hypertherm Associates is to be the agent of innovation in industrial cutting operations globally, working together as a company of Associate owners to make positive change, create shared value, and bring out the full potential of every Associate.

We believe our triple bottom line management approach, to positively balance our impact on people, profits, and the planet, makes our business stronger for the long term. We engineer technologies, products, services, and solutions that provide superior value to our customers, our Associate owners, and our planet. At Hypertherm Associates we embed this strategic and transformational stewardship approach across all aspects of our work.

2022 at a glance

Community

- **40 hours of Community Service Time (CST)** for most Associates
- **525 Associates used all their available volunteer hours**
- **32,228 total hours** of global volunteer time

Building belonging

- **Established a new Associate resource group aligned with** our Recovery Friendly Workplace designation
- **Recognized as a Platinum-Impact New Hampshire Veteran-Friendly Business** for the second time
- **Approved by US Department of Defense (DOD) as participating employer** in Skillbridge Program
- **Tablets made available to all manufacturing Associates** for ease of digital information and training access
- **HR team established AskHR service to centralize and improve support** to all Associates

Ownership culture

- **Awarded over 360 Ownership Vesting Coins**
- **New Hypertherm Associates corporate branding structure initiated to bring all Associate owners and technologies under one collective brand**

Environment

- **Scope 1 emissions down 3%**
- **100% Renewable Energy Certificates (REC) for global locations:** Scope 2 emissions for 2022 = 0
- **Landfill waste down 45% from 2021**
- **Circularity grade improved to B- from a C in 2021**
- **Reduced commuting miles by 20,000** due to vanpooling
- **Outbound logistics emissions down 26%**

Letter from our leaders



EVAN SMITH,
Hypertherm Associates
President & CEO

The accomplishments of 2022 covered a wide spectrum of impact to our communities, our environment, and our Associates. We built upon our previous environmental sustainability successes by securing 100% Renewable Energy Certificates for all global locations, reducing outbound logistics emissions and our own commuting miles, and finding more ways to reduce the amount of waste going to landfills. Our commitment to belonging and inclusion also expanded through the renewal of our Platinum-Impact Veteran-Friendly Business designation and the addition of an Associate resource group for those in recovery from substance use disorders.

One of the most meaningful investments of 2022, however, was increasing the available paid community service time to 40 hours per year for most Associates. This change resulted in 32,228 hours contributed to our communities, our largest annual contribution ever.



JENNY LEVY,
EVP of People, Community,
& Environment

The hours our Associates spent serving their communities provided valuable support to global non-profits focused on wildlife conservation, health and wellness, education, recreation, food distribution, and more. We also know from our Associate engagement surveys that this investment of time gives Associates a stronger feeling of connection and purpose in their communities and in their workplace. Serving side-by-side with their coworkers strengthens bonds and increases team effectiveness when they are back at work. We are proud to see the company's investment have such an incredible impact on so many and grateful to our Associates who find the most meaningful ways to contribute to others.

Each year, we find that the compilation of our Corporate Culture and Social Responsibility Report is a valuable reflection on our most recent accomplishments, but more than that, it is a powerful motivator for the important work ahead of us to meet our commitments to our global Associates and the world around us.



Community

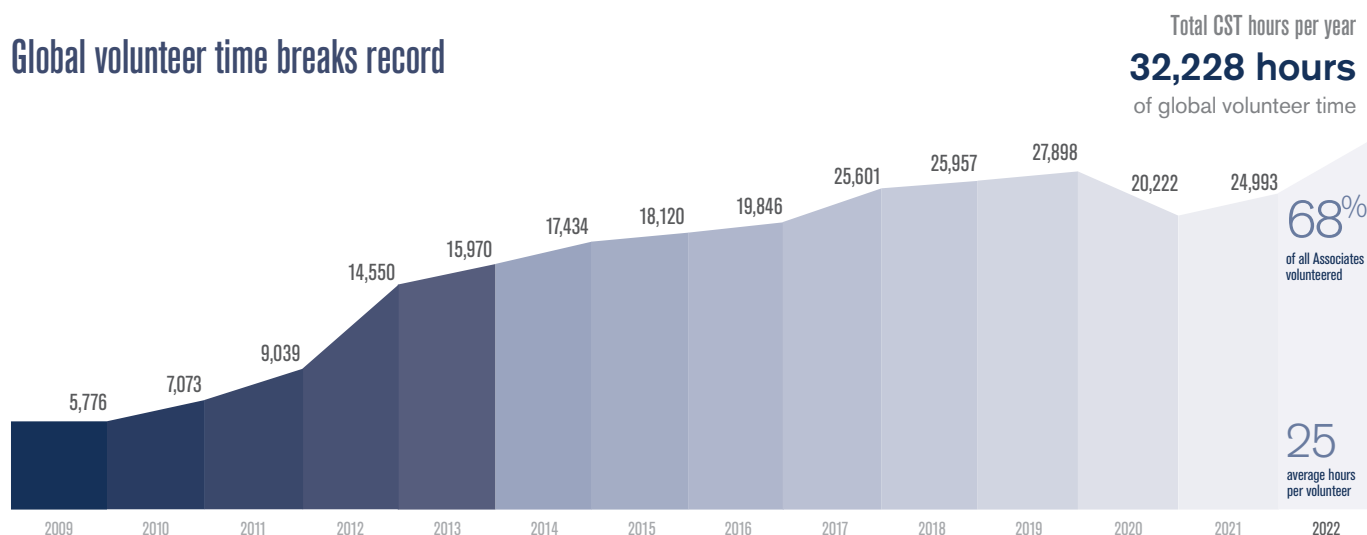
In 2022 we proudly reached a best practice benchmark of providing 40 hours per person annually to volunteer in our communities. The additional hours have afforded Associates the time for recurring volunteering options including nonprofit board support, education support and mentoring, coaching, and town government participation.

Even with an extra 8 hours to spend on community service, 525 people used all their CST and became part of the 100% CST Club. This was an increase of 7% over the previous year. Our newest location in Washington state already reached 30% participation, 20% utilization, and 39 members were in the 100% club.

Doing good, virtually

The COVID-19 pandemic prompted many creative ways for Associates to give back, sometimes connecting with global colleagues. Associates across continents were able to meet live online to work on projects that supported youth education and growth in finance, STEM, career guidance, and personal affirmation.

Global volunteer time breaks record





Hypertherm Associates Community Hero Award
winners: Mariah Whitcomb, Gabrielle Lucke



HOPE Foundation philanthropy

In addition to giving time, our Associates are also generous with their financial support of local causes. The HOPE Foundation, the company's nonprofit grantmaking arm, is led by groups of Associates in our US and regional offices who make decisions on the grants we provide to requesting nonprofits across our communities. In 2022 we made the commitment to PEAK Grantmaking (Principles, Equity, Advocacy, Knowledge) inclusive grantmaking principles to remove barriers for our grantees to access funds.

Other notable HOPE support in 2022



Gary Gaudette Exemplary Service Award presented to Associate Lori Hibner, former Trustee of HOPE Foundation Board and HOPE Team liaison.

Associates in New Hampshire planned, led, and participated in a golf tournament fundraiser to support HOPE's philanthropic work, raising \$7,505.

To grow our diverse perspectives, we added many new HOPE subcommittee members from a variety of teams across the company.

Associates responded to the Ukraine Humanitarian crisis through volunteer time and financial donations, matched by the HOPE Foundation.



Cornerstone Hall of Fame
Inducted by New Hampshire Businesses for Corporate Social Responsibility

HOPE strategic plan

In 2022 we implemented the first phase of our new strategic plan to deepen our support of key pillars.



STEM

Associates used CST to support 500 students who came through our NH sites for STEM programs.

- LEGO® robotics regional qualifier competition
- High school STEM camp
- Job shadowing opportunities for high school students and recent graduates



Early Childhood

We expanded our family-friendly workplace practices, and in NH, we worked with a local community committee on solving our local child-care crisis.

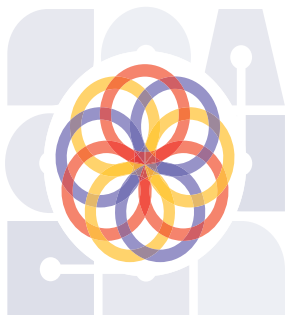


Substance Use Disorders (SUD)

We shared our Recovery Friendly Workplace practices with other employers through calls, podcasts, and articles.



Hypertherm Associates participated in the White River Junction (VT) Pride Parade with event sponsorship from the HOPE Foundation and a parade float organized and ridden by members of the Owners with Pride group.



Inclusion
and
Diversity

Inclusion and Diversity mission

We are committed to building an inclusive workplace and diverse workforce at Hypertherm Associates.

All owners have an equal opportunity to succeed and be their best and true selves.

We accept, respect, and welcome difference because it makes us stronger.

Associate resource groups

Hypertherm Associates sponsors internal workplace communities for support, camaraderie, and advocacy.



Owners
with
Pride



US Veterans
Community



Recovery
Network

Growth of LGBTQ+ group—Owners with Pride

We know that an inclusive work environment and diverse workforce brings out the best in all of us. Our Owners with Pride resource group was eager to share this message within our business and with our communities in the US through engagement in our NH, MN, and WA facilities to promote visibility of the LGBTQ+ community and support resources available.

Growth of US Veterans Community

Hypertherm Associates is proud to honor all who currently serve or have served as a member of the US Armed Services. Our internal US Veterans group led the application process for Veteran-friendly workplace designations and volunteered on Veterans Day to support fellow Veterans at the **NH Veterans Home** in Tilton, NH.

For the second time, the NH Department of Military Affairs and Veterans Services (DMAVS) recognized Hypertherm Associates as a **Platinum-Impact NH Veteran-Friendly Business**—validation of the multiple support systems for Veterans that we have established across our organization.

In 2022 we earned approval from the US Department of Defense as a participating employer in its **Skillbridge Program**, which supports Service Members' transition from military to civilian careers.



Launch of Recovery Network

As a Recovery Friendly Workplace, we are committed to providing an inclusive and supportive work environment for Associates in recovery from substance use disorders. The Hypertherm Associates Recovery Network provides those in recovery with a workplace community for support, camaraderie, and advocacy. In 2022 the group represented Hypertherm Associates at the International Overdose Awareness Day vigil in White River Junction, VT.



“While living at Headrest and working at Hypertherm Associates in my very early recovery, I was able to cultivate an attitude of integrity. I learned what it was to be a valued member of a team, to show up in life even when it was difficult and especially when I did not want to. After five months as a temporary Associate, I was hired full-time. For the first time, I had benefits, health insurance, paid time off, and more. It was revolutionary.”

— Jamie Green



Ownership culture

Our Ownership culture empowers Associates to impact our business through such shared principles as focusing on our customers, continuous improvement, supporting our communities and environment, maintaining high safety standards, and always acting in alignment with our Core Values.



Focus on the customer

Rae Ripple became a Powermax® user when Hypertherm Associates sent her a Powermax45® XP to help keep her fledgling metal art business going. A wonderful partnership was born as Rae experienced the superior performance of her new plasma cutter and continued to grow her business. Her increasing popularity, including participating in the Netflix series Metal Shop Masters, took her following to a new level in social media and cemented her role as an inspiration to people from all walks of life.

Rae visited our plasma system and consumables manufacturing sites in New Hampshire and shared her story of tenacity and courage to overcome childhood trauma and homelessness through her determination to succeed as a tow truck driver, firefighter, welder, artist, author, and inspirational speaker. In addition to two live presentations, Rae spent the day and night meeting Associates on all shifts and telling them the value of their work and its impact on her career.

Internal trade shows

To help our Associates experience the thrill our customers get when they see our products in action, we held two "trade shows" during the year. Associates were able to cut with a Powermax SYNC® plasma torch and learn how their hard work produces a world-leading cutting system. Representatives shared information from across the organization and businesses to show Associates how our shared business operates.

Continuous improvement through digitalization

The increasing digitalization of business processes and move away from paper is a great improvement for lessening our waste streams. However, through focus groups aimed at assessing our digital infrastructure, it became clear that there was a growing digital divide between Associates who work in roles requiring laptops and those who work on the manufacturing floor.

Associates from IT, Communications, and Manufacturing collaborated on a solution to this gap—a company-assigned digital tablet for all Associates working in Operations. All Associates who have requested a tablet now have easier access to company information and training and development opportunities. Additionally, the tablets will set the groundwork for the digitalization of how we do manufacturing work.



AskHR focuses on Associate well-being

In their efforts to optimize their work, the Human Resources (HR) team uncovered many processes that relied on knowing the right person to call about employment-related questions. With Associates around the globe, across time zones, and on multiple shifts, our HR team planned and implemented a new system that allows Associates to go to one place to ask their HR-related questions and get timely and effective answers. The team fields questions, guides people to self-service on the company intranet, and elevates complicated issues to subject matter experts.

Environmental Health and Safety (EHS)

The safety of our Associates is a core value at Hypertherm Associates. In 2022 we addressed workplace lacerations by implementing a project for machine tool covers and evaluating our knife use policies and standards.

After seeing a great reduction in the ergonomic-related injuries in our Upper Valley facilities, we deployed our ergonomic risk reduction program at our Minnesota and Washington locations.

Ethics

Our commitment to conducting business in an ethical and honest manner is fundamental to why Hypertherm Associates is the world's leading industrial cutting company. We hold ourselves to the highest standards of honesty and fairness. We trust Associates to do the right thing, even when it's hard.

During 2022, we launched a campaign to increase compliance awareness with a 'doing the right thing' celebration week. This included promoting the silent whistle reporting tool and launching new micro-learnings to educate Associates about conflicts of interest and social media.

New company branding harnesses the power of Associate Ownership

Since the acquisition of OMAX in 2019, our customers and Associates have been eager for clarification on how acquired brands and business units fit together. In 2022 we introduced a new branding strategy to recognize the many ways our company is growing with the new company name Hypertherm Associates. This new corporate branding structure places our people—our Associate owners—at the center and moves the existing company brands into the role of technology and product brands.



Through 2022 we maintained five sites at OSHA VPP Star Status.



Total Case Incident Rate
1.9 to 1.7
in 2022



Environment

We continued to make progress toward our 2030 environmental goals that we established at the end of 2020. While we built those goals on the preceding accomplishments of a smaller company, we are excited to see our growth toward these goals while incorporating our WA State Waterjet facilities into our goals and action plans.

Scope 1, 2, and 3 carbon emissions

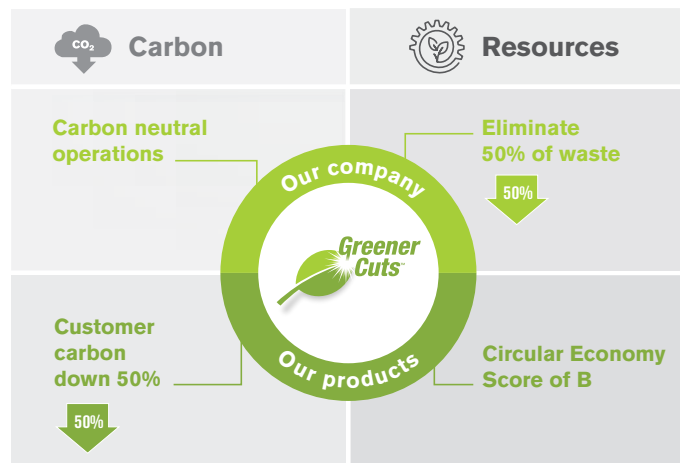
Scope 3	Scope 2	Scope 1	Scope 3
Upstream activities			Downstream activities
Leased assets Employee commuting Purchased goods/services Business travel Transport and distribution Fuel/energy Capital goods/distribution Waste	Purchased electricity	Refrigerants Company facilities Gas for company vehicles Heating fuel	Transport and distribution Use of products sold End of life treatment

Scope 1: Direct impacts from our use onsite of heating fuel, gas for company vehicles, and refrigerants

Scope 2: Indirect impacts from purchased electricity

Scope 3: Indirect impacts from everything else that supports business operations, i.e., transport of inbound materials, business travel, and products in use.

2030 Sustainability goals



Carbon neutrality for Scope 1 and 2

Our 2030 goals are measured against our 2019 numbers, since 2020's energy use was so significantly affected by the way business was transacted due to COVID-19.

Scope 1: Emissions down 3%. The best way to reduce our Scope 1 emissions is through the electrification of our heating needs.

Scope 2: Renewable Energy Certificates (RECs) represent the environmental attributes of one megawatt-hour (MWh) of electricity that is generated and delivered to the electricity grid from a renewable energy resource. As a market-based financial and legal instrument, a REC allows the purchaser to account for, track, and claim the use of renewable energy. Hypertherm Associates has been purchasing RECs for 11 years, and 2022 is the first year we can claim 100% renewable energy use, through the purchase of RECs, for our total global electricity needs.



"2022 saw the return of the Hypertherm Associates vanpool to one town with many Associates. As gas prices rose, we organized and subsidized this commuting option, saving 20,000 commuting miles and reduced commuting emissions for 12 Associates."

Reduce customer carbon by 50%

This is the most challenging goal for us to achieve, since it requires us to effectively influence our customers in how they use our products. But, since customer carbon is by far our largest carbon emissions (260x bigger than Scope 1), it is an area where we know we can have a large impact. Carbon from products in use is down 11%, which is remarkable given the double-digit sales growth over the same period.

Reduce all waste by 50%

In 2022 we reused 48% more materials than we reused in 2021 and increased our recycling waste stream by 20%. We also reduced our waste to landfill by 45% compared to 2021 and maintained our high composting level. Our NH facilities have maintained the 2020 goal achievement of <1% to landfill, and all of our facilities combined sent only 3.2% of our waste to landfill in 2022.

Reduce water waste by 50%

By creating a closed loop for the cooling water needed for the work of one of our reliability labs and adding a coolant to the water, we project savings of 600,000 gallons (about the volume of an Olympic-size swimming pool) of water annually.



Circularity

Circulytics is a leading globally recognized platform and measurement tool that reveals the extent to which a company has achieved circularity across its entire operations. Our Circulytics grade improved from a C to a B- in 2022. This improvement was the result of advancements in several categories:

- Training: required for all Design Engineers and General Managers, available to all Associates
- Guidance: an environmental sustainability playbook is available to all leaders
- Accountability: Associate performance to environmental goals for all levels of leaders at the company

To evaluate extended lifecycle impacts and circularity, we also surveyed 80% of our supplier direct spend and gained understanding of their social and environmental responsibility. Each supplier received a score and a set of risk flags that help us partner with the most responsible and sustainable suppliers.

Environmental Protection Agency (EPA) Green Power Partner

Recognizing the use of 100% green power



Energy consumption (gigajoules)

302-1	Total energy consumption by year	2019	2021	2022
	Total fuel (non-renewable)	26,628	24,681	24,943
	Total electricity	73,775	76,199	75,056
	Total	100,403	100,880	99,999

Non-renewable fuel consumption by year

Natural gas	8,160	7,964	9,770
Liquefied propane gas	17,472	16,670	15,131
Heating oil	983	0	0
Diesel	13	47	42
Total	26,628	24,681	24,943

Emissions (metric tons CO₂e)

305-1	Scope 1 Emissions	2019	2021	2022
	Heating fuels	1,493	1,377	1,395
	Fleet	433	339	278
	Refrigerants	103	277	294
	Total Scope 1 CO₂e	2,029	1,993	1,967

305-2	Scope 2 Emissions	2019	2021	2022
	Electricity (purchased, location-based)	5,590	5,462	5,403
	Electricity (market-based, net CO ₂ e)	1,300	484	0

305-3	Scope 3 Emissions	2019	2021	2022
	Business travel	1,194	472	1,337
	Commuting	1,663	1,086	772
	Outbound logistics	9,928	13,666	9,727
	Products in use	574,767	557,470	515,583
	Total Scope 3 CO₂e	587,552	572,694	527,419

Waste by disposal method (metric tons)

306-3	Non-hazardous waste	2019*	2021	2022
	Reuse	173	91	135
	Recycling	2,271	2,631	2,727
	Composting	45	50	45
	Recovery	21	17	16
	Landfill	32	177	98
	Destruction or treatment	0	8	9
	Incineration (with energy recovery)	0	3	4
	Incineration (without energy recovery)	0	1	0
	Total non-hazardous	2,542	2,979	3,032

Hazardous waste

Recovery	7	10	9
Destruction or treatment	0	0	1
Incineration	15	24	21
Landfill	0	0	0
Total hazardous	22	34	30
% to landfill	1.24%	5.88%	3.19%

*2019 did not include OMAX

All data now includes our Washington state facilities except for commuting, logistics, and products in use. Emission and conversion factors are from the US Environmental Protection Agency and US Energy Information Administration. Greenhouse Gas Protocol methodologies were used to calculate emissions. Gases included are: CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆. Energy and waste data presented in this report is in reference to the Global Reporting Initiative. All waste is taken off-site and disposed of by our waste vendor.

SHAPING POSSIBILITY®

PLASMA | LASER | WATERJET | AUTOMATION | SOFTWARE | CONSUMABLES

www.hyperthermassociates.com

OMAX is a registered trademark of OMAX Corporation. Powermax is a trademark of Hypertherm, Inc. and may be registered in the United States and/or other countries. All other trademarks are the property of their respective owners.

© 10/2023 Hypertherm, Inc.



**HYPERTHERM
ASSOCIATES™**

As 100% Associate owners, we are all focused on delivering a superior customer experience. www.hyperthermassociates.com/ownership

The HOPE Foundation partners with nonprofit organizations that strengthen and create sustainable, positive change in the community and environment. <http://www.hyperthermhopecfoundation.com/>

Environmental stewardship is one of Hypertherm Associates' core values. www.hyperthermassociates.com/environment

100% Associate-owned

