



**HYPERTHERM
ASSOCIATES™**

SHAPING POSSIBILITY®

2023 Corporate Culture and Social Responsibility Report



Corporate Culture and Social Responsibility at Hypertherm Associates

We believe any long-term sustainable business is value-creating, not just for financial stakeholders, but also for customers, suppliers, Associates, 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.

2023 Impact

Corporate Social Responsibility and Environmental Sustainability was once again the highest-rated category in the 2023 Associate Engagement Survey, with 89% of Associates agreeing that Hypertherm Associates is committed to environmental sustainability and supporting our communities and, most importantly, provides them with opportunities to contribute to these objectives.

Community

 **33,940** hours volunteered in our communities

Record
585 Associates used 100% of their Community Service Time 

 Hosted FIRST LEGO® Robotics event for 100 students and coaches from 11 area middle schools

Building belonging

Associate Resource Groups participated in **volunteer events** to support their communities 

 Provided **free lunch** to service members and Veterans on Veterans Day


Created dedicated **Inclusion & Diversity Director** role 

**What
were our
Associates
proud of in
2023?**

Ownership culture

Renewed our OSHA Voluntary Protection Program (VPP) status 

1,500 Continuous Improvement Actions (CIAs) executed 

230 Associates participated in 25 collaborative decision-making and listening sessions 

Environment

 **9** teams completed **new** Green Leaf certifications

13 teams executed **successful** audits on existing certifications 

 Completed **life cycle assessments** across all enterprise technologies



JENNY LEVY,
EVP, People, Community,
& Environment and
HOPE Foundation President

EVAN SMITH,
Chief Executive Officer

Letter from our Leaders

Measuring the impact of corporate social responsibility is never an easy task. We know the number of volunteer hours served, dollars donated to non-profit organizations, and volumes of waste diverted from landfills. These are all important measurements to track and report. However, the true impact of these initiatives can seem intangible. It's the parent who had a hot meal after another long day in the children's hospital, the person who reached a caring hotline responder when in crisis, and the family getting the relief of needed home repairs. We can report the statistics and totals, but the measurements we care about most are the stories and affirmations from those feeling the value of our contributions.

We are always proud to be recognized by partners and experts for our innovative programs and practices. In 2023, we were honored to receive three awards related to corporate social responsibility:

- Sustainability Award in Systemic Leadership, NH Businesses for Social Responsibility (NHBSR)
- Partnership for Innovation Award, NHBSR
- New Hampshire's 2023 Aquarion Environmental Champions Award

When presenting the Sustainability Award in Systemic Leadership, Michelle Veasey, NHBSR's Executive Director, shared "Hypertherm Associates continues to take on big sustainability challenges head on and excels in achieving their goals, while also sharing best practices with the broader business networks."

Our approach to sustainable CSR is exactly that: empower Associates to develop solutions to the biggest problems, and share what we've learned with other businesses to expand the collective impact.

Because Associates are so deeply involved, their sense of pride and accomplishment is clear. Questions about community engagement and environmental sustainability were the highest rated category in our 2023 Engagement Survey with 89% of Associates agreeing that Hypertherm Associates is truly committed to corporate social responsibility and provides opportunities for them to actively contribute.

This report is intended to show the impact behind the numbers, directly from the Associates improving our workplace, our communities, and our earth every day. Their engagement is what makes our influence genuine and sustainable, and we could not be more grateful.



Jenny Levy and Stacey Chiocchio
accepting the **Sustainability Award**
from NHBSR

Community



Associates participate in programs sponsored by the HOPE Foundation, the company-supported nonprofit philanthropic organization, in a number of meaningful ways.

Total CST hours in 2023

33,940

Service to our communities

All Associates are encouraged to contribute to their communities through their 40 hours of company-paid Community Service Time (CST). We are proud to report that 2023 was another record-breaking year with a total of 33,940 volunteer hours. 73% of all global Associates spent time contributing to their community with an average of 25 hours per Associate.



**2023 Gary Gaudette
Exemplary Service
Award:** Jeff Cornish



**2023 Hypertherm
Associates Community
Hero Award winners:**
Carolyn Maloney,
Lloyd Miles

“I appreciate the opportunity to serve in our community with fellow Associates because it **strengthens our bonds and creates a supportive and collaborative environment** that extends beyond our workplace. This meaningful work unites us, builds closer relationships, and enhances our teamwork.”

Amy Chong,
Singapore Office Manager,
Asia Regional Team



Strategic impact

The HOPE Foundation's grantmaking decisions and execution of its key strategic pillars are led by Associates. The HOPE Team operates through sub-committees that focus in large part on three critical priorities for our communities: STEM education, Early Childhood care and development, and Substance Use Disorder (SUD) prevention and recovery.



STEM



The Associate STEM Hero volunteers continue to strengthen the impact of our in-house school visitation programs through hands-on activities and small-group or individual job shadows and career exploration. In addition, Hypertherm Associates hosted two major STEM education events in 2023. Girls Technology Day provided an inspiring experience for female students from six area high schools, and a FIRST LEGO® Robotics regional qualifying competition brought 100 students and coaches from 11 middle schools into one of our production facilities in New Hampshire.

Early Childhood



To expand on our commitment to being a family-friendly employer, the Early Childhood sub-committee partnered with the Facilities team to create designated Nurturing Nooks for lactating parents in our largest US facilities; at the same time, additional equipment was purchased for more spaces to be provisioned in smaller facilities when needed. The sub-committee also developed internal opportunities for Associates to share information and support one another in navigating early parenting.

Substance Use Disorders (SUD)



As a Recovery Friendly Workplace, Hypertherm Associates and the HOPE Foundation work to support both prevention and recovery programs. Knowing that prevention and recovery rely heavily on mental wellness and intervention for mental illness, the SUD sub-committee partnered with Mental Health First Aid USA to provide in-depth training for Leaders.

To promote the benefits of being a Recovery Friendly Workplace and encourage other employers to adopt similar principles, we were grateful for the opportunity to contribute to an article in Fortune magazine in July 2023. The article highlighted the recovery friendly practices of five employers and includes an interview with Jamie Green, Environmental Specialist and SUD sub-committee Chair.



“Engaging in STEM events at work is both exciting and fulfilling. It offers a wonderful opportunity to demonstrate to the next generation that STEM isn’t just about equations and lab coats; it can lead to an exhilarating career path. **Inspiring others to pursue STEM by sparking their curiosity and watching it ignite is truly rewarding.**”

Daniela Shumacher,
Manufacturing Operations Project Engineer,
Central Operations

Building belonging



Hypertherm Associates believes in fostering inclusive and diverse teams so that all Associate owners have an equal opportunity to succeed and be their best and true selves.



Raising awareness

Our Associate Resource Groups continue to promote the benefits of an inclusive and supportive work environment through celebrations and recognitions, such as International Overdose Awareness Day and Recovery Month. These events provide reminders of our commitments to inclusivity as well as the opportunity for Associates to connect on important topics.

Deepening our commitment

During a time when many organizations are reducing or removing staff dedicated to diversity, equity, inclusion, and belonging (DEIB) work, we are proud to say that a new Inclusion & Diversity Director role was created in 2023. Ali Eko, a valued member of our HR Team, has enthusiastically taken on this new position to guide the organization's DEIB strategy and program execution. We look forward to Ali's contributions in this new capacity!

“At Hypertherm Associates, **we are dedicated to creating an environment where Associate owners feel heard, valued, and engaged by having a sense of belonging** and confidence in their role. In this role, I will be partnering with Leaders on improving our inclusive workplace policies, procedures, and behaviors to engage every Associate owner to bring their best self to work.”

Ali Eko, Inclusion & Diversity Director



Community connections

In recent years, Associate Resource Group members have built strong connections with local non-profit organizations and one another through volunteering.

“Volunteering within the LGBTQ+ community has allowed me to gain a deeper understanding of the needs of many important, vulnerable members of our society. **The LGBTQ+ community offers a safe and welcoming space for volunteers**, where I feel I can immediately impact the lives of its members. I appreciate this opportunity that Hypertherm Associates has given me, which inspires me to do more in both my personal and professional life.”

Mark Knox-Ova, Frontline Leader, Waterjet Team



“Using my Community Service Time (CST) to support the Veterans in our community is very important to me. All Veterans have made sacrifices to serve our country, and spending any amount of time giving back to them is special work. Volunteering with our Hypertherm Associates’ US Veterans Community also **creates opportunities to build relationships with fellow Veterans while giving back.**”

Kylie Flynn, Parts Life Cycle Management Specialist,
Heavy Industrial Plasma Team



US Veterans Community members helping with fall clean-up for Veterans Day at the White River Junction, VT VA Hospital

Ownership culture



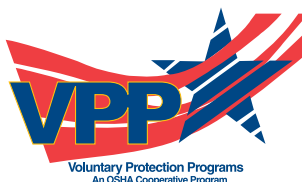
Hypertherm Associates is 100% Associate-owned with a culture that empowers Associates to impact our business through strongly held Core Values. These values include a passionate focus on safety, continuous improvement, and ethical business practices.

Environmental Health and Safety (EHS)

One workplace injury is too many for our standards, so we find our long-standing partnership with OSHA as a member organization in their Voluntary Protection Program (VPP) to be a valuable way to continuously assess our practices. We were proud to renew two of our five VPP Star Status US manufacturing locations in 2023 through a series of voluntary audits and look forward to applying even more industry best practices in the future.

The proactive approach to safety and the encouragement for Associates to be involved in identifying and addressing safety risks is felt by the workforce. 91% of Associates agreed that their workplace is physically safe during the 2023 Engagement Survey, and we reduced our Total Case Incident Rate from 1.7 in 2022 to 1.6 in 2023.

Through 2023 we maintained five sites at OSHA VPP Star Status.



Total Case Incident Rate reduced from
1.7 to 1.6
in 2023

91% of Associates agreed that their workplace is physically safe





“ I find it most rewarding when I can address inefficiencies at the core of success for our business: making our products. We work hard to establish a culture of owning the work we do and collaborating as a team to make improvements successful. By reducing waste, improving output, and directly impacting our profitability and the quality of our products, I feel a sense of achievement in knowing that we overcame a challenge and solved a puzzle.”

Hunter Wells, Manufacturing Process Engineer,
Light Industrial Plasma Team

Continuous improvement

For any cultural value to be a genuine way of working, there need to be grassroots programs that empower people to take action. Our Continuous Improvement Activities (CIA) program encourages Associates to make value-add improvements in their area of work, and in 2023, Associates completed nearly 1,500 CIAs. In addition to creating more efficient workflows, increasing Associate satisfaction, and meeting customer needs, these improvement projects are projected to save the company more than \$1 Million!

Each year, Associates vote for the best CIAs completed in multiple categories. The 2023 CIA Expo Winner was a project led by Hunter Wells in the Light Industrial Plasma Consumables Team to improve a parts inspection process. Leaders, Technical staff, and Assemblers enabled the success of the project with brainstorming, installation, and reporting. The implemented improvement has dramatically reduced downtime and scrap and has prevented \$20,000 in future scrap costs.

**\$1
Million**

improvement
projects
**projected
savings**

Nearly
1,500

Associates
completed
CIAs
in 2023

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. Each year, all Associate owners participate in ethics, conflict of interest, and legal compliance trainings related to their role and receive reminders of the multiple ways to report a concern or ask a question.

Participatory decision-making

Participatory decision-making programs allow Leaders or teams with a business challenge to collect ideas from a wide range of Associates and hear potential solutions from multiple perspectives. In 2023, 230 Associates participated in cross-functional problem-solving sessions on topics such as wellness programs, product accessories, career development, and facilities maintenance.

230

Associates
participated in
cross-functional
problem-solving
sessions

Environment

2030 Sustainability goals



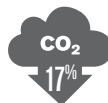
Progress toward 2030 goals

Our 2030 goals were developed in 2020 when our prior set of 10-year goals retired. With the pandemic year 2020 being abnormal in many ways, we used 2019 as our baseline for our 2030 goals.



Carbon neutral operations:

From 2019 to 2023, Scope 1 emissions have so far remained unchanged; however, we expect an impact in future years as we begin investments in heat and fleet electrification. Our Scope 2 market-based emissions are at zero, as we purchase more than 100% of our global electricity as voluntary renewable energy certificates (RECs).



Customer carbon reduction:

Customer carbon, a Scope 3 emission for us, has improved through a 17% decrease in electricity use of our products since 2019 as newer, more efficient products replace legacy products.



Waste reduction:

Teams are working on waste reduction innovation in our manufacturing processes, supplier packaging partnerships, and waste reuse at a large scale. In 2023, waste sorting mistakes meant the percentage of our waste going to the landfill increased slightly to 1.25% in our NH facilities. The amount of landfill waste for our total organization is 2.95%, down from a baseline of 7.3% in 2019.



Circular economy score improvement:

Our Circulytics score has improved to a B- from a baseline score of C because of waste stream improvements, a product return program, and circularity training.

Green improvements

Reliability Team's green improvement

saves
280,000
gallons of water per year

Associate owners are actively encouraged to improve upon the sustainability of their work environment through our Green Leaf and Green Continuous Improvement Activities (CIA) programs. In 2023, nine new Green Leaf certifications and 116 Green CIAs were completed to address waste streams, energy consumption, and water use.

As a shining example of the power of Associate involvement to drive meaningful change, the Reliability Team for the Heavy Industrial Business implemented an improvement that reduces our water use by 280,000 gallons per year. Jeremy Williams designed a new closed-loop system to cool the testing processes with a water and propylene glycol mixture that is chiller-cooled and self-contained, resulting in no water down the drain.

Energy consumption (gigajoules)

302-1

| Total energy consumption by year | 2019 | 2021 | 2022 | 2023 |
|-----------------------------------------------|----------------|----------------|----------------|---------------|
| Total fuel (non-renewable) | 26,409 | 25,224 | 25,265 | 26,792 |
| Total electricity | 73,874 | 76,249 | 75,002 | 70,972 |
| Total | 100,283 | 101,473 | 100,267 | 97,764 |
| Non-renewable fuel consumption by year | | | | |
| Natural gas | 7,941 | 8,507 | 10,092 | 9,335 |
| Liquefied propane gas | 17,472 | 16,670 | 15,131 | 17,400 |
| Heating oil | 983 | 0 | 0 | 0 |
| Diesel | 13 | 47 | 42 | 57 |
| Total | 26,409 | 25,224 | 25,265 | 26,792 |

Emissions (metric tons CO₂e)

305-1

| Scope 1 Emissions | 2019 | 2021 | 2022 | 2023 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Heating fuels | 1,482 | 1,475 | 1,393 | 1,489 |
| Fleet | 433 | 339 | 278 | 250 |
| Refrigerants | 103 | 277 | 294 | 155 |
| Total Scope 1 CO₂e | 2,018 | 2,091 | 1,965 | 1,894 |

305-2

| Scope 2 Emissions | 2019 | 2021 | 2022 | 2023 |
|---------------------------------------------------|-------|-------|-------|-------|
| Electricity (purchased, location-based) | 5,716 | 5,413 | 5,450 | 5,190 |
| Electricity (market-based, net CO ₂ e) | 2,291 | 392 | 0 | 0 |

305-3

| Scope 3 Emissions | 2019 | 2021 | 2022 | 2023 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Business travel | 1,194 | 472 | 1,337 | 1,547 |
| Commuting | 1,663 | 1,813 | 1,220 | 1,448 |
| Outbound logistics | 10,735 | 13,358 | 8,635 | 3,824 |
| Products in use | 574,767 | 557,470 | 515,583 | 478,833 |
| Total Scope 3 CO₂e | 588,359 | 573,113 | 526,775 | 485,652 |

Waste by disposal method (metric tons)

306-3

| Non-Hazardous waste | 2019 | 2021 | 2022 | 2023 |
|----------------------------------------|--------------|--------------|--------------|--------------|
| Reuse | 173 | 91 | 135 | 132 |
| Recycling | 2,271 | 2,650 | 2,745 | 2,394 |
| Composting | 45 | 50 | 45 | 63 |
| Recovery | 21 | 23 | 17 | 30 |
| Landfill | 32 | 180 | 100 | 80 |
| Destruction or treatment | 0 | 10 | 10 | 9 |
| Incineration (with energy recovery) | 0 | 3.3 | 4.0 | 3.4 |
| Incineration (without energy recovery) | 0 | 1 | 0 | 0 |
| Total Non-Hazardous | 2,542 | 3,008 | 3,056 | 2,712 |
| Hazardous waste | | | | |
| Recovery | 7 | 10 | 9 | 5 |
| Destruction or treatment | 0 | 0 | 1 | 0 |
| Incineration | 15 | 24 | 21 | 11 |
| Landfill | 0 | 0 | 0 | 0 |
| Total Hazardous | 22 | 34 | 31 | 16 |
| % to landfill | 1.24% | 5.91% | 3.25% | 2.95% |

Data demonstrates the environmental impact of all global operations and products in use, except for WA state logistics and OMAX 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.



“ I appreciate the opportunity to suggest and implement a variety of improvements at Hypertherm Associates, especially those with a green impact. We rely on multiple finite resources and managing them is important. I've always appreciated the outdoors and so **preserving the environment for future generations to appreciate and continue to thrive in it is special to me.** ”

Jeremy Williams, Engineering Technician II,
Heavy Industrial Plasma Team



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PLASMA | LASER | WATERJET | AUTOMATION | SOFTWARE | CONSUMABLES

Learn more at: www.hyperthermassociates.com/csr

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As 100% Associate owners, we are committed to caring for our Associates, our communities, and our environment. www.hyperthermassociates.com/ownership

The HOPE Foundation partners with nonprofit organizations that strengthen and create sustainable, positive change in the community and environment. The HOPE Foundation does not fund organizations that discriminate based on race, gender, gender identity, sexual orientation, religion, or ethnicity. <http://www.hyperthermhopecfoundation.com>

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



100% Associate-owned

