



# OPERATING TO A HIGHER STANDARD **TO BUILD A BETTER WORLD**

.....  
2021 Sustainability Report





**HIGHER  
STANDARD™**

2025 STRATEGY

# TABLE OF CONTENTS

INTRODUCTION	4
--------------	---

HOW WE MANAGE & OVERSEE ESG	10
-----------------------------	----

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## 2025 STRATEGY PEAKS



CUSTOMER FOCUSED	18
------------------	----

SOLUTIONS & VALUE	22
-------------------	----

OPERATIONAL EXCELLENCE	28
------------------------	----

EMPLOYEE DEVELOPMENT & ENGAGEMENT	42
-----------------------------------	----

---

SUSTAINABILITY PERFORMANCE SUMMARY	54
------------------------------------	----



# INTRODUCTION





# CEO LETTER

At Lincoln Electric, our purpose is to operate by a higher standard to build a better world. Since 1895, we have measured our success by consistently innovating solutions that deliver value to customers and continuously improving our operations. We believe the long-term drivers of our success generate superior value and align with our stakeholders' environmental, social, and governance priorities. Our story is rooted in history, but our operations continue to grow and evolve.



In 2021, we expanded the oversight and governance of our sustainability initiatives by adding a new leadership position: the VP, Environmental, Health, Safety & Sustainability. This new position oversees sustainability initiatives and reporting and engages three new committees: our Executive Leadership Sustainability Committee, our Product Sustainability Committee, and our ESG Disclosure Committee. We are pleased to present our stakeholders with our first printable sustainability report, aligned with SASB to enhance our disclosures.

At Lincoln Electric, we aim to nurture an engaged, high-performance culture led by The Golden Rule, ethics, and integrity. Our employees are foundational to our success, and we strive to be the “employer of choice” in our industry through industry-leading employee development and engagement initiatives. Our Higher Standard 2025 Strategy reflects our focus on employee development and integrates sustainability into four strategic business areas.

To measure our progress, we set a series of robust, purposeful sustainability goals influenced by ESG trends and our aim to operate responsibly. These trends include:

- Addressing climate change through emissions, energy, water, and waste reductions.
- Responding to and providing innovative solutions to the low carbon economy transition.
- Focusing on hiring and developing a diverse workforce that reflects the communities in which we operate.

In the last year, we have made significant strides in achieving these goals. Notably, our product stewardship investments have advanced our operating, product, and package designs to reduce our carbon footprint and support our customers' safety and waste management goals. We are also creating new solutions to support the electrification of the transportation sector and enable the fabricators responsible for the transition to renewable energy. Each example, and many more, exemplify our partnerships with customers to help build a better world.

We are proud of our progress and are focused on advancing our sustainability journey as we achieve our 2025 goals. I encourage you to learn more about our values, culture, policies, and initiatives that define our global organization, long-term success, and sustainability journey.

**Chris Mapes**  
Chairman, President & CEO



John C Lincoln, Co-Founder & Chairman 1895 to 1929

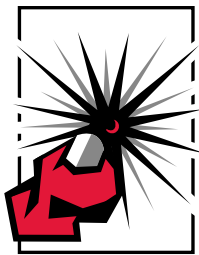


James F Lincoln, Co-Founder & Chairman 1929 to 1965

## COMPANY OVERVIEW

At Lincoln Electric, we operate to a higher standard to build a better world. We are the world leader in the design, development, and manufacture of arc welding products, automated joining, assembly and cutting systems, as well as plasma and oxyfuel cutting equipment. We are also positioned as a global leader in brazing and soldering alloys.

We are recognized as The Welding Experts® for our leading material science, software development, automation engineering, and application expertise, which advance customers' fabrication capabilities. We leverage these strengths, our global presence, and a broad distribution network to serve customers across end markets including:



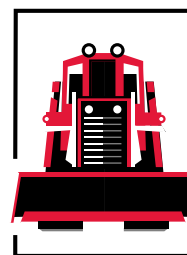
General metal fabrication



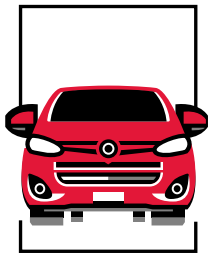
Energy projects, including renewable infrastructure like wind turbines



Structural steel construction and infrastructure (commercial buildings and bridges)



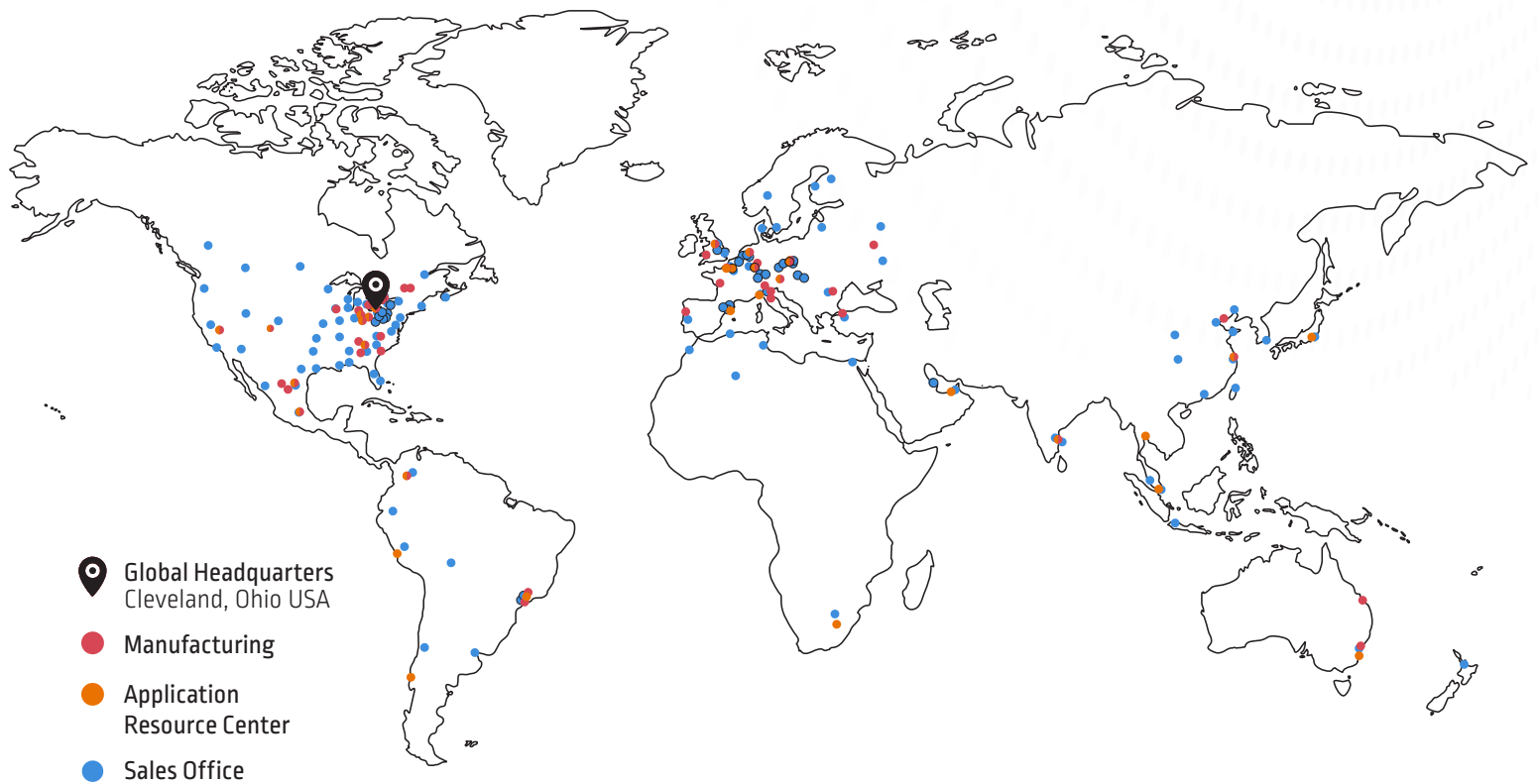
Heavy industries, like agriculture, mining, construction, rail equipment, and shipbuilding



Automotive and transportation



# OUR OPERATIONS



**56**

manufacturing  
locations in  
19 countries

**\$3.2bn**

in sales during  
FY2021



Headquartered  
in Cleveland,  
Ohio USA

# HIGHER STANDARD 2025 STRATEGY

We are pursuing our long-term Higher Standard 2025 Strategy (2025 Strategy), to deliver superior value to all stakeholders. Launched in 2019, the 2025 Strategy focuses on achieving best-in-class operational, financial, and sustainability performance, as well as amplifying employee engagement and development in the 2020 to 2025 strategic period.

We are focused on enhancing our performance in four key areas, which are critical to our long-term success. These areas are represented by four peaks in our strategy logo. We recognize that our industry leadership position reflects our “customer first” approach and our track record of developing innovative solutions that have a measurable impact on their operations. We also recognize that our employees are our number one asset and need to be engaged professionally through training and career planning to maximize their potential. We believe that operating smartly and responsibly is not only an obligation but a key competitive advantage.

We are pleased to issue this sustainability report to highlight the initiatives, goals, and actions that we have taken to address sustainability in each of the 2025 Strategy’s four peaks. Through this strategy, we aim to build value for our stakeholders and drive alignment with our operations, products, and ESG-related initiatives. To learn more about the financial goals of our 2025 Strategy, refer to our [2021 Annual Report](#).





# SUSTAINABILITY HIGHLIGHTS

## 2025 Higher Standard Strategy Goals



### SAFETY

2025 Goal: 52% Reduction in  
Total Recordable Case Rate (TRCR)

**19% Reduction**

(2021 vs 2018)



### GHG EMISSIONS

2025 Goal: 10% Reduction in  
Scope 1 and 2 GHG emissions

**18% Reduction**

(2021 vs 2018)



### ENERGY INTENSITY<sup>1</sup>

2025 Goal: 16% Reduction

**7% Increase**

(2021 vs 2018)



### RECYCLING

2025 Goal: 80% Rate

**75% in 2021**



### LANDFILL AVOIDANCE

2025 Goal: 97% Rate

**96% in 2021**



### WATER USAGE

2025 Goal: 14% Reduction

**21% Reduction**

(2021 vs 2018)

ETHISPHERE®  
WORLD'S MOST  
ETHICAL  
COMPANIES®  
**2018-2021**

CEO **ACT!ON** FOR  
DIVERSITY & INCLUSION

Forbes **2021**  
WORLD'S BEST  
EMPLOYERS  
POWERED BY STATISTA

"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC. The CEO Action for Diversity & Inclusion™ is the largest CEO-driven business commitment to advance diversity and inclusion within the U.S. workplace.

<sup>1</sup> Energy intensity is total energy consumption per total labor hours worked. In 2021, total energy consumption declined 6% vs. the 2018 baseline.

# HOW WE MANAGE & OVERSEE ESG





# BOARD OVERSIGHT

Our Board of Directors recognizes the importance of aligning our goals, including those related to sustainability, with the interests of our key stakeholders. Accordingly, the Board's oversight responsibility for Environmental, Social, and Governance (ESG) matters is reflected in our Governance Guidelines. The Board's oversight role includes reviewing our progress towards our long-term safety and sustainability metrics and our other sustainability initiatives. We also have safety and sustainability goals incorporated into the annual performance goals of the CEO and other executives.

In addition, we have a robust enterprise risk management (ERM) program that includes aspects of sustainability and ESG. Our ERM process assesses material risks that impact us, and the Board provides oversight as to how management is addressing these risks. An internal corporate risk committee, comprised of members of our business units and various functional leaders (e.g., IT, Finance, Legal), is led by our Vice President of Enterprise Risk Management. High-priority risks facing the organization are identified each year and assigned, as appropriate, to be reviewed with either the full Board or various Board Committees. Information security and cybersecurity are currently considered high-priority risks, and the Audit Committee receives related updates at each meeting. Our ESG initiatives, including our safety and sustainability progress and goals, were also reviewed with the Board during 2021.

## ESG Executive Leadership Committee

Our Management Committee sets the Company's sustainability strategy, and our CEO leads the committee, which comprises the Company's top executives, including business segment and functional leaders.

Our ESG Executive Leadership Committee ensures that the Management Committee recognizes the ESG factors that could impact the business and oversees implementation of the sustainability strategy. Senior leaders from EHS & Sustainability, Finance, Human Resources, Investor Relations, Financial Reporting, Risk Management, Legal and Compliance, and our business segments comprise the committee. This cross-functional team is in place to ensure engagement and alignment between the business units, regions, and functional areas within the business surrounding our ESG initiatives and projects.

Lincoln Electric's Executive Vice President, General Counsel & Secretary, is the executive sponsor for our ESG Executive Leadership Committee. Our Vice President, Environmental, Health, Safety & Sustainability, leads the ESG Executive Leadership Committee and manages sustainability strategy execution, metrics tracking, and reporting. Two additional internal ESG-related committees further support the ESG Executive Leadership Committee:

- **Product Sustainability Committee:** drives actions in the areas of sustainable procurement, product lifecycle assessment, and eco-design
- **ESG Disclosure Committee:** ensures that robust processes and systems are in place to support public disclosures and reporting

# STAKEHOLDER ENGAGEMENT

We rely on key internal and external stakeholder groups to inform our prioritization and approach to ESG topics. Our primary stakeholders include:



## Customers

We serve a diverse global customer base, including industrial gas distributors, manufacturers across an array of industries, engineering firms, metal fabrication shops, wholesalers, retailers, educational institutions, and students. We engage through one-on-one discussions, joint development projects, our global network of thirty-nine (39) Application Resource Centers, industry tradeshows, surveys, seminars, and various media and social media channels.

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## Employees

Our employees represent the foundation of our great Company and our future success. We engage employees through regular meetings, intranet platforms, employee engagement surveys, resource groups, health and safety communications and initiatives, training and development, employee wellness and assistance programs, and an ethics hotline.

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## Community

We are active members in the communities where we live and work. We participate in community meetings and local business associations; offer plant visits; provide grants to nonprofit organizations; and donate resources and time through in-kind gifts, employee volunteerism, and nonprofit Board service.



## Investment Community

We maintain active dialogue with our shareholders, analysts, and prospective investors through an investor relations program that includes regular financial filings, meetings (equity and ESG-focused), conferences, non-deal roadshows, an annual shareholder meeting, tradeshow tours, periodic surveys, and investor relations and sustainability websites. Our General Counsel, VP Investor Relations, and VP Environmental, Health, Safety & Sustainability conduct annual briefings with our largest shareholders on ESG topics.

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## Industry Associations & Officials

We actively engage with industry and trade associations, academic and research partners, and with government agencies to participate in initiatives to advance innovation and safety in our industry and contribute to evolving codes and standards, as well as benefit from providing us with an in-depth view of emerging issues and opportunities, shifts in industry-specific trends, technologies, and regulations.

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## Suppliers

We engage with suppliers during the supplier development process and at conferences and associations. We work together to ensure ethical, safe, sustainable practices and compliance in our supply chain.



# CORPORATE GOVERNANCE

## Code of Conduct

When John and James Lincoln started Lincoln Electric over 125 years ago, they envisioned a company that operated by the “Golden Rule” — treating others with respect and dignity, the way every individual wants to be treated. The Golden Rule is our guiding principle and is foundational to our culture, values, and our [Code of Conduct](#).

It is our policy to be a good corporate citizen. Our Code Of Conduct contains our guidelines for conducting business ethically across all of our global operations. It applies to our Board and employees at every level within the organization, wherever located. Compliance is mandatory. We also expect our representatives, agents, suppliers and consultants to uphold the standards in our Code of Conduct. Our Code of Conduct covers environmental, social and community matters, in addition to other topics, and is available in 13 languages.

Our Director of Compliance, who reports to our General Counsel, manages our ethics and compliance program, supports our business leaders on compliance matters and oversees compliance training initiatives. Our Director of Compliance also leads our internal Compliance Committee, which is comprised of executive leaders from various functions (Legal, Finance, Human Resources, etc.) and helps ensure that our compliance objectives are met. The Audit Committee of our Board of Directors receives updates on our compliance program and initiatives at each meeting and reviews the compliance program overall annually.



As part of our compliance program, we require mandatory training on our Code of Conduct on an annual basis — this also applies when we acquire a new company. Each year, all non-manufacturing employees are required to attend online training on the Code of Conduct and sign an acknowledgment that they have read it and will abide by it. We also assign various other mandatory compliance training depending on job responsibility. Some of the common topics include Anti-Corruption, Conflicts of Interest, Data Privacy, Anti-Harassment, Trade Compliance, Fair Competition, Intellectual Property/Proprietary Information, Insider Trading, and Keeping Accurate Books and Records. During 2021, 100% of our salaried employees completed required online compliance training courses, and over 2,600 global employees attended live training sessions on various topics.

Our Code of Conduct also includes our non-partisan political position and our practice to neither contribute corporate funds for political candidates, nor support an employee PAC program.

## Human Rights & Modern Slavery

We are determined to safeguard human rights throughout our global operations. The UN's Universal Declaration of Human Rights serves as the foundation for our [Human Rights Policy](#). We expect all employees to comply with this policy as part of our commitment to ethical operations.

## Supply Chain Management

We encourage our suppliers to maintain rigorous ethics and compliance programs to adhere to applicable laws and regulations. We expect our suppliers to act responsibly and ensure that no illegal conditions exist in their supply chains. We outline these expectations in the [Supplier Code of Conduct](#), which covers the following areas:

- Human rights and labor standards
- Compensation
- Health, safety, and the environment
- Ethics

We are committed to taking internal actions to leverage a responsible supply chain. We comply with federal laws and regulations requiring disclosure of the use of Conflict Minerals. With oversight from the VP, Environmental Health, Safety & Sustainability, our cross-functional Conflict Minerals team manages our [Conflict Minerals Policy](#) and related due diligence procedures globally. In 2016, we included a provision in new and renewed supplier contracts that requires suppliers to implement identification procedures and mitigate the risk of purchasing Conflict Minerals sourced from the Democratic Republic of Congo (DRC) or its surrounding areas.

We also believe in supporting a supplier base that reflects the diversity of our employees, communities, and customers worldwide. We work with many small and diverse suppliers to leverage the unique value and perspectives they lend to our shared success. In 2021, our primary U.S. business directed approximately 26% of its purchasing spend to ~1,000 U.S. businesses owned by women, ethnic and racial minorities, veterans, and service-disabled veterans, as well as businesses designated as small business enterprises.





## Data Privacy & Cybersecurity

Our Global Information Security team is dedicated to protecting digital information across the enterprise, including customer and supplier data. The team continuously monitors the threat landscape to adjust our cybersecurity strategy, making updates to software and data security processes.

As part of our focus on cybersecurity, the Global Information Security team works to secure our automated technology and digital service products. Preventing system compromises both protects our customers and establishes trust in our technology.

Every year, we conduct a penetration exercise to test our systems against breaches and vulnerabilities, like ransomware attacks. We provide biannual information technology training to employees and conduct phishing tests every two weeks. Additionally, the Global Information Security team publishes a monthly newsletter for employees, highlighting the team's actions and providing employees with tips to protect themselves at home.

When onboarding a new supplier, we review contract provisions to ensure the proper security protocols are in place. Contractors must also maintain compliance with our cybersecurity protocols.



## Product Stewardship

To ensure product compliance and reduce the environmental impact of our products, we consider life cycle impacts during the selection of raw materials. We also focus on product packaging and manufacturing process enhancements that reduce raw material consumption and waste.

The Company's chemical information system (CIS) is a key enabler of our global compliance strategy. For consumable products, the information in our CIS, which includes hazardous product ingredients and potential fume constituents, is incorporated into product compliance specifications and outlined in Globally Harmonized System Safety Data Sheets (GHS SDS), label templates, and safe use guidelines.

We distribute our GHS SDS, including any updates or revisions, directly to customers via email. The GHS SDS are available to all current and prospective customers or end users through our [SDS search tool](#).

We recognize that product compliance is a key priority for our customers and can be challenging for them to manage. As partners, we actively consult with customers on global product compliance.

We support the European Union's (EU) Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) objectives and comply with REACH regulations. Where required and relevant, consumable substances and mixtures manufactured in and imported into the EU by Lincoln Electric have been registered in the EU and comply with REACH. Similarly, our electrical and electronic equipment complies with applicable global regulatory requirements, such as the European Union's Restriction of Hazardous Substances (ROHS) Directive. For more information about our product stewardship efforts or to access product certificates of conformity, please visit our [website](#).

## Open Reporting















We strive to create an environment of open, honest communication. We want employees, officers, directors, vendors, and commercial partners to feel comfortable reporting any conduct they believe violates our Code of Conduct, other policies, or laws. Our global "Speak Up" policy, available in our Code of Conduct, provides information and guidance to help individuals understand our reporting requirements and the resources available to report potential misconduct and raise questions or concerns. Employees have an option to report anonymously, and we do not tolerate retaliation against individuals who speak out.



Individual employees may speak directly with our Compliance or Legal department. We also partner with EthicsPoint® to provide a confidential helpline and email address for reporting. The toll-free telephone hotline is available 24 hours a day, seven days a week, in the local language for each of our locations. Additionally, individuals may submit a report at [www.lincolnelectric.ethicspoint.com](http://www.lincolnelectric.ethicspoint.com). In 2021, 100% of hotline cases were closed, with 62% of the case reporters being named individuals.

# UNITED NATIONS SDGs

We support the United Nations 2030 Agenda for Sustainable Development. As part of our 2025 Higher Standard Strategy, we integrate sustainability considerations into our operations, product, and community engagement initiatives, and align our efforts to the UN Sustainable Development Goals (SDGs). We contribute to the UN SDGs by:

2025 Goal or Initiative	UN SDG
<b>2025 Strategy – Customer Focus</b>	
Continuing to invest approximately 2% of our revenue in research and development (R&D), including investments in new solutions and engineering expertise to support the infrastructure and energy end markets. For example, automated 3D plasma and welding solutions for structural steel fabrication, our Hyperfill solution for more efficient production of earth-moving/construction equipment, and our Long Stick Out (LSO) solution for wind turbine fabrication.	
<b>2025 Strategy – Solutions &amp; Value</b>	
Maintain a leading new product Vitality Index score, which is a measure of our innovation and commercial success (calculated as the percentage of annual sales from new products launched within the last five years). In 2021, our Vitality Index was 33% for total sales and 57% for equipment.	
<b>2025 Strategy – Employee Development &amp; Engagement</b>	
Working towards greater gender parity and ethnic diversity in our workforce. As of 2021, 21% of our global workforce identifies as female, and three of our 10 Board directors are women.	 
Introducing career development opportunities by offering an industry-leading tuition reimbursement program with a new \$125,000 student loan forgiveness option (US only).	 
Continuing to contribute to the \$35+ million donated by the Lincoln Foundation in grants and scholarships that support programs that work to alleviate poverty and illness, promote education, provide health and human services, and bring cultural vibrancy to our communities.	  
<b>2025 Strategy – Operational Excellence</b>	
Prioritizing the health and safety of our workforce and communities by reaching a 52% reduction in safety incidents by 2025 (vs. 2018 baseline).	
Reducing water consumption across our operations by 14% by 2025 (vs. 2018 baseline).	
Making significant waste reductions across our operations and achieving a recycling rate of 80% and a landfill avoidance rate of 97% by 2025.	
Reducing our greenhouse gas emissions by 10% by 2025 (vs. 2018 baseline).	
Reducing our energy intensity by 16% by 2025 (vs. 2018 baseline).	



# CUSTOMER FOCUSED







## SDG 9

## CREATING VALUE

We aim to bring value, service, and reliable solutions to our customers. We leverage our experience, global presence, and broad distribution network to serve customers across various end markets, including general metal fabrication, energy, construction, infrastructure, heavy industry, and automotive/transportation. We provide training and product testing opportunities worldwide for customers to access the latest welding technology.

We have a long history of partnering with customers and supplying solutions that support the clean energy transition. The rapidly growing markets of energy and infrastructure continue to represent a valuable opportunity for the company to collaborate with the broader industry to address global issues like climate change.

### Application Resource Centers



Our global Application Resource Centers (ARC) drive collaboration and customized solutions for our customers.

We operate 39 ARC locations worldwide to facilitate the most efficient and productive ways for customers to use our products. Each ARC offers training, product demonstrations, and procedure development capabilities that showcase our latest technologies in welding, cutting, welding education, and automation solutions. Additionally, each ARC includes classroom areas for customer training and product testing. Our engineers and technicians at each ARC location can advise and offer support based on our customers' unique needs.

The ARCs provide a space for us to create dialogue and initiate joint development with our customers. At these centers, we can problem-solve with our customers to meet the needs of end markets where sustainability is a critical outcome, such as energy, infrastructure, and transportation. Such markets require highly skilled workers from local trade unions, technology, and trade schools to close the workforce gap. We invest globally in education and training, including ARCs, to meet customer needs and conduct workforce training that contributes to industry expansion.

# INVESTING IN ENERGY TRANSITION

## Building the Offshore Wind Factories of the Future

Our goal is to help the global renewable energy industry reduce the time required to fabricate offshore wind tower foundations. We aim to accomplish this by providing our customers with the latest submerged arc welding solutions. Our Power Wave® AC/DC 1000® SD platform, industry-leading Oerlikon brand consumables, and long stick out (LSO) welding technology are integral to the success of the offshore wind factories of the future.

The Global Wind Energy Council announced in September 2022: “If the world is to get on track for a 1.5°C-compliant pathway to net zero, annual global wind energy installations must quadruple by 2030 to around 390 GW per year, according to the [International Energy Agency](#), and by 2050, wind energy must generate more than one-third of global electricity, up from 6% today.”

We are a leading supplier to the offshore wind industry and play a critical role in the global expansion of the supply chain. Our experience began decades ago with the first towers installed in Europe. Our history of knowledge in wind tower assembly and shipbuilding, combined with our innovative product portfolio, allows us to supply fabricators across the value chain.

The offshore wind factory of the future is underway now, with new sites under construction worldwide. With the urgency to boost offshore wind capacity by 2030, key industry leaders and new fabricators are investing significantly in supply chain capacity. These new factories are incorporating Lincoln Electric welding technology and automation for metal forming, welding, and material handling to manage the complexity of producing such large structures.



Our technology, products, and expertise help customers reduce the time to manufacture the foundations needed for the next generation of wind turbines, soon to exceed 20 megawatts. For example, our welding process improvements have allowed the LSO technology to optimize plate preparation in narrow groove. Our technology helps wind industry manufacturers lower the welding hours required to fabricate offshore foundations, reducing costs and energy requirements.

With higher levels of welding automation technology provided by Lincoln Electric and its global partners, we are helping the renewable industry to achieve the ambitious installed capacity targets by 2030 by delivering automation technology. These cooperative industry building blocks are critical to increasing the global supply chain capacity to support the offshore wind industry and its key players' ambitions.



Our dedicated engineers, business developers, and commercial teams engage with all levels of the global leaders in wind energy fabrication. We are proud members of the International Partnering Forum (IPF) for Offshore Wind and we plan to join the Global Wind Energy Council (GWEC) to support future expansion of the industry.

## Designing for Electrification

**Charging Systems:** We recently announced a new initiative to design and manufacture an electric vehicle (EV) charging system at our operations in Cleveland, Ohio. The Company's 50-kilowatt DC fast charger power module has a scalable architecture that can deliver power levels over 300 kilowatts and a single charge port pedestal compatible with CCS-1 vehicles. We hope to alleviate the "range anxiety" that EV owners experience and contribute to the broader adoption of EV and plug-in hybrid cars in the United States. The Company aims to launch our latest product in 2023 and seeks commercial development partners.

**Battery Trays:** Battery trays in electric vehicles must meet a complex set of rigidity, thermal resistance, and weight requirements. As the primary structural element of the battery, these trays must protect the modules throughout the vehicle's life while supporting optimum range and performance. The Hot Wire Laser Welding process is ideal for fabricating these because of its high travel speed, high quality, and ability to alloy the weld to avoid cracking in 6061 aluminum.

In Hot Wire Laser processing, a resistance heated wire contacts the workpiece in a puddle created by a laser beam. Lincoln Electric's Power Wave R450 with Precision Power Laser (PPL) Waveform supports applications like tray fabrication, which requires high travel speeds and low heat input. The Precision Power Waveform actively monitors the condition of the wire throughout the process and can suppress any sustained arcing. This capability maximizes the weld's consistency and robustness of the process. Manufacturers can use PPL in cladding, welding, brazing, or additive manufacturing. The additional benefits of this process include avoiding flammable materials used in laser powder cladding and thermal spray processes, minimization of fumes, and a potential reduction in waste materials generation.



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This exciting new initiative [EV charging systems] reinforces the long-term value we believe we can generate from our innovation, operational capabilities, and R&D engineers as we seek to accelerate growth as part of our Higher Standard 2025 Strategy.

**Christopher Mapes** Lincoln Electric CEO



# SOLUTIONS & VALUE



# PRODUCT DEVELOPMENT

Part of our Higher Standard 2025 Strategy includes building value for our customers through innovative product solutions. As a leader in welding technology and safety, we have identified several key areas to make a positive impact, including automation products and enhanced software solutions. At the core of our product offerings, we keep our customers' sustainability efforts in mind by seeking opportunities to improve product energy efficiency, safety, logistics, and reductions in packaging.

## New Product Vitality Index

We measure our innovation and sales success through our Vitality Index score. In 2021, we invested \$56 million in R&D spend, which helped us launch over 80 new product families and increase our Vitality Index to 33% from 31% in 2020. We also increased our Vitality Index for equipment systems to 57% from 54%. The Vitality Index represents the percentage of 2021 sales from new products launched in the last five years, excluding the International Welding segment and customized automation sales.

**33%**

Vitality Index score achieved in 2021, calculated as the percentage of new product sales launched in the last five years

**\$56m**

spent on research and development in 2021





SDG 9

## INNOVATIVE PRODUCT SOLUTIONS

We are committed to optimizing our product offerings to our customers while lowering the carbon footprint of these products.



**Inverter-Based Technology:** Today, 85% of our welding machine product families are based on digital, inverter-based, technology. Inverter-based equipment reduces energy consumption by up to 26% compared to traditional equipment. To allow customers to determine their potential energy savings, we have created, through our website, an Inverter Energy Calculator that compares traditional equipment energy use to its inverter-based equivalent.

Customers will often upgrade a group of traditional equipment at one time to maintain consistency and realize significant energy savings. A typical inverter-based welding machine will use 1,526 kWh less energy per year to operate as compared with a traditional machine. Transitioning 5 traditional welding machines to 5 inverters will reduce GHG emissions at the same rate as taking one automobile off the road.

Portable and lightweight, when compared to traditional equipment, inverter-based welding power sources provide precise arc-starting capabilities and advanced output controls that allow welders to fine tune their welding output to desired parameters. The technology behind these units provides manufacturers with a power source that can perform high- and low-amperage flux-cored, stick, TIG and MIG welding, not to mention arc gouging and even CV submerged arc.

Today's re-imagined inverter models deliver multi-process welding capabilities, offering faster arc response, smoother arc action and a more consistent bead appearance. This yields quality welds the first time around, eliminating the need to re-weld and also lessening the incidence of scrap.





**Automation:** Robotic and mechanized arc welding and cutting solutions help address the acute shortage of skilled welders while improving weld quality, productivity, and safety for customers' operations. We are the industry leader in providing automated solutions with the most comprehensive portfolio of solutions. Our new line of cobots (collaborative robots) enables small-to-medium-sized fabricators to realize the benefits of automation with easy drag-and-drop programming and versatility to support low volume and high mix operations.



**Virtual Learning – VRTEX®:** We are proud to offer comprehensive educational solutions to prepare the next generation of welders. Our VRTEX® virtual reality welding training simulators offer instructors and customers an innovative solution for more time- and cost-efficient training while reducing material use, waste, and energy intensity.

Through virtual welding training, educators and customers administrating the welding courses can achieve:

- Lower training costs
- Accelerated training times
- Improved student safety as virtual welding eliminates the use of metal (electrodes and coupons), sparks, heat, shielding gas, or weld fume removal
- Reduced overall energy consumption by requiring less energy than a traditional welding machine, feeder, and fume control system



**Additive Solutions:** Our proprietary, [large-scale metal 3D printing solution](#) prints parts in less time. With the world’s largest platform of its kind, we help industrial, aerospace, and energy-sector customers source replacement parts, tooling, molds, and prototypes that measure up to eight feet and 8,000 pounds in weight.

Additive technology produces substantially less waste than traditional forging or milling operations, and projects are measured in weeks versus months. Additive manufacturing streamlines the prototyping process, doing away with unneeded prototypes that add cost, use more resources, and produce more waste.

CASE STUDY

Considerate Packaging Design

Just a decade ago, our Cleveland operations offered custom packaging solutions for our welding consumables. While the variety of packaging solutions added shelf appeal, the various designs added waste and cost. Our product teams worked together to optimize our consumable packaging strategy, simplify our packaging options, and support our sustainability initiatives. These initiatives included encouraging customers to move to larger packaging options, consolidating packaging, and ensuring the use of recyclable material where possible.

We simultaneously optimized our packaging strategy for welding equipment - going from 45 different packaging options down to just five. This not only increased production efficiency but it reduced inventory and waste. Current packaging for equipment and consumables is in brown kraft, which has allowed us to reduce our reliance on plastic and bleaching processes while enhancing recyclability and reducing downstream waste for our customers.



## CASE STUDY

## Enhancing Circularity

Our vertically integrated manufacturing process allows us to reduce the life cycle impacts of our consumables and recycle and reuse many materials both inside and outside of our operations. Examples of how we close the loop, reduce raw material usage and impact product life within our consumables business include:

- **Stick electrodes:** If stick electrode are manufactured outside our specifications, become damaged, or are returned under warranty, where possible, we remove coatings, clean and straighten the core rod material, and reuse this material in other manufacturing applications.
- **MIG wire:** We look for opportunities to reduce packaging throughout our consumables line. This includes supplying customers with Accu-Pak® boxes instead of package configurations that are more difficult to recycle, and helping customers buy in bulk to reduce cardboard cartons, pallets, and spools.
- **SuperArc XLS:** We recently introduced this novel MIG wire solution to provide enhanced corrosion-resistance properties that are especially useful in the automotive industry. Used in combination with our suggested welding process parameters, this solution produces a clean weld having improved paint adherence properties and corrosion-resistance. When used to join auto frames, chassis and suspension components, these properties can extend the life of the vehicle.
- **Submerged Arc Wire and Flux (SAW):** As a strategic partner, we help our customers to reuse the flux in their submerged arc welding applications as repeatedly as possible. Our European facilities work relentlessly on optimizing grain size and hardness to enable more reuse cycles. It means less material is used in the end-to-end supply chain to perform the same job. A trial process is underway in our Cleveland operations to help our customers create a circular material flow. The customer ships its SAW slag, a by-product of the welding process, back to Lincoln Electric. Once received, we convert the raw material into new flux for the customer to use in manufacturing.





# OPERATIONAL EXCELLENCE



# ADVANCING SAFETY & ENVIRONMENTAL PERFORMANCE

Safety and environmental stewardship are a priority at Lincoln Electric, and a major component of our Higher Standard 2025 Strategy. We strive to improve our performance annually across key safety and environmental metrics to deliver superior value to all stakeholders. Our goals for safety, greenhouse gas emissions, energy intensity, recycling, and water use demonstrate our commitment to best-in-class performance and reducing our operational footprint.

## 2025 Strategy Sustainability Goals

Goals reflect targeted 2025 performance versus our 2018 baseline:



### SAFETY

52% Reduction  
vs. 2018 baseline  
(-10% YoY)  
Total Recordable  
Case Rate



### GREENHOUSE GAS (GHG) EMISSIONS

10% Reduction  
vs. 2018 baseline  
(-1.5% YoY)  
Scope 1 and 2  
GHG Emissions



### ENERGY INTENSITY

16% Reduction  
vs. 2018 baseline  
(-2.5% YoY)



### RECYCLING

80% Rate  
(All Waste)



### LANDFILL AVOIDANCE

97% Rate



### WATER USE

14% Reduction  
vs. 2018 baseline  
(-2.1% YoY)







**66%**

of all manufacturing sites and 100% of major manufacturing sites were **ISO 14001** certified in 2021.

**23%**

of all manufacturing facilities were also certified to the **ISO 45001** standard for occupational safety and health.

Lincoln Electric ISO certifications can be found [here](#).

SDG 3

## SAFETY & HEALTH

Our vision is an accident-free workplace with zero safety incidents. We follow a rigorous safety and health program that adheres to stringent safety standards and best practices to help ensure our manufacturing operations, related processes, and products do not negatively impact the health and welfare of our employees, customers, and neighbors.

Lincoln Electric Canada in Toronto is our first ISO-50001 certified site. Since its initial certification, the site has reduced its energy consumption by ~180 kWh/1,000 lbs of product. These savings are a result of the implementation of several large capital projects, including lighting, equipment, and motor upgrades.



We manage environmental, health, and safety (EHS) using a management system approach that includes:

- [EHS Policy](#) and Global EHS Directives that establish the Company's standard expectations, which often exceed our compliance obligations, and framework for EHS performance across our operations.
- Training across a wide variety of safety topics, including peer-to-peer observations and interventions.
- Employee-led joint management safety committees that focus on improving our safety culture by identifying and addressing unsafe conditions, reinforcing safe acts, and instructing one-on-one safe work practices.
- Commitment to International Standards Organization (ISO) 14001 implementation at all major manufacturing locations.
- Extensive auditing, measurement, and process redesign to enhance Safety & Health.
- Regular monitoring of our safety performance, which enables accountability at all levels of the organization.
- Award and recognition programs, including our annual Chairman's Awards for safety excellence and operational improvement, as well as business unit President Awards and citation awards for high performing employees who make superior contributions to the business.
- In addition to Company-led programs and employee engagement in behavior-based safety and wellness committees, we are actively engaged on Safety & Health standard development committees at key industry organizations such as the American Welding Society (AWS), the International Institute of Welding (IIW), and across various ISO committees to help establish best practices for our employees and end users.



## Safety Performance

We monitor and measure several safety metrics across our operations, including DART (Days Away, Restricted or Transferred Case Rate) and TRCR (Total Recordable Case Rate), which measure the frequency of safety incidents that occur within our facilities.

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**In 2021, there were zero workplace fatalities among our employees and contractors, which is consistent with the last eight years.**

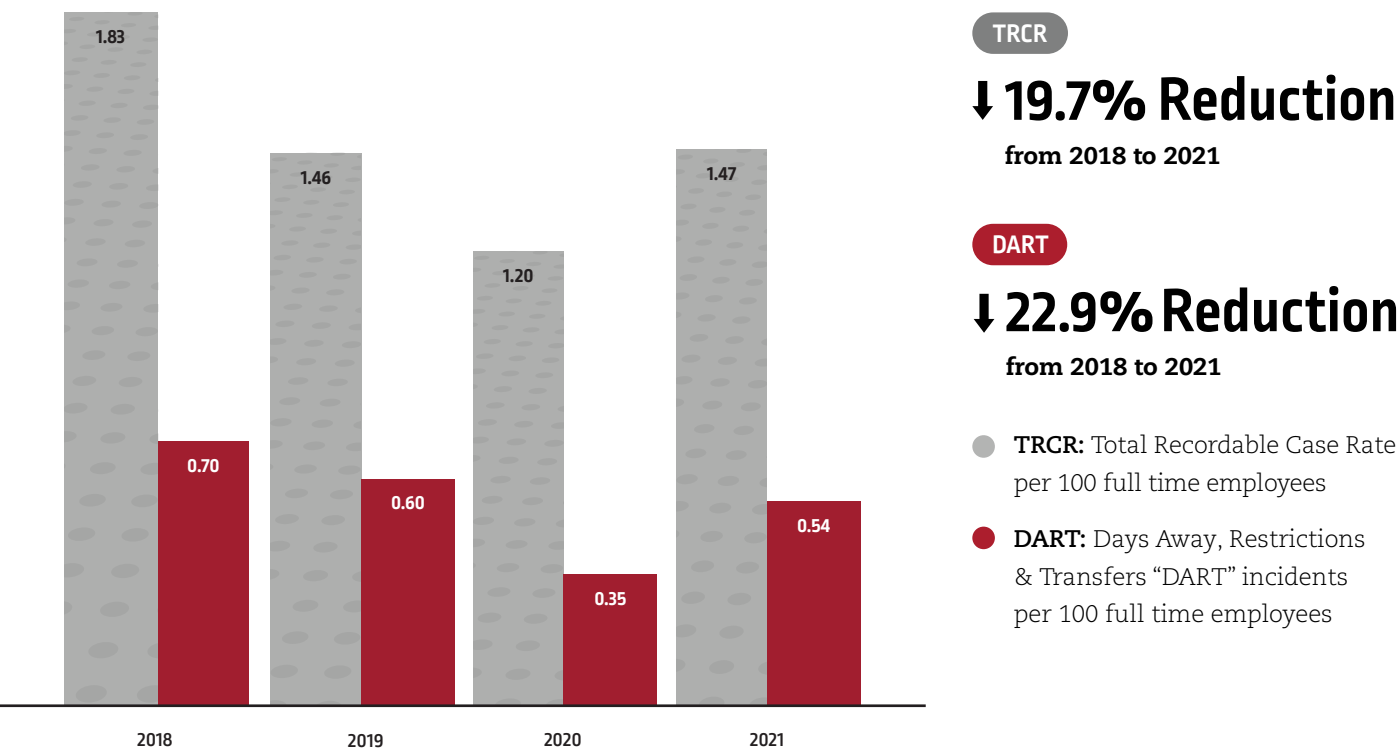
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We also track and measure leading safety indicators such as percentage completion of task or function-specific training, the closure rate of audit findings, and the closure rate of unsafe conditions and unsafe acts observed at our manufacturing sites.

Our 2025 global safety goal uses the TRCR safety metric because TRCR includes DART and all incidents other than first aid, making TRCR a more comprehensive metric (and more commonly used in peer reporting).

- Our 2025 goal is to reduce our TRCR by 52% as compared with our 2018 baseline.
- In 2021, TRCR declined 19% to 1.48 as compared with our 2018 baseline.

## 2018–2021 Safety Performance<sup>1</sup>



Annual data as of December 31 — end of each reporting year

<sup>1</sup> TRCR and DART are calculated per the US OSHA definition for the Total Recordable Incident Rate (TRIR) and the Days Away, Restricted or Transferred (DART) Rate.

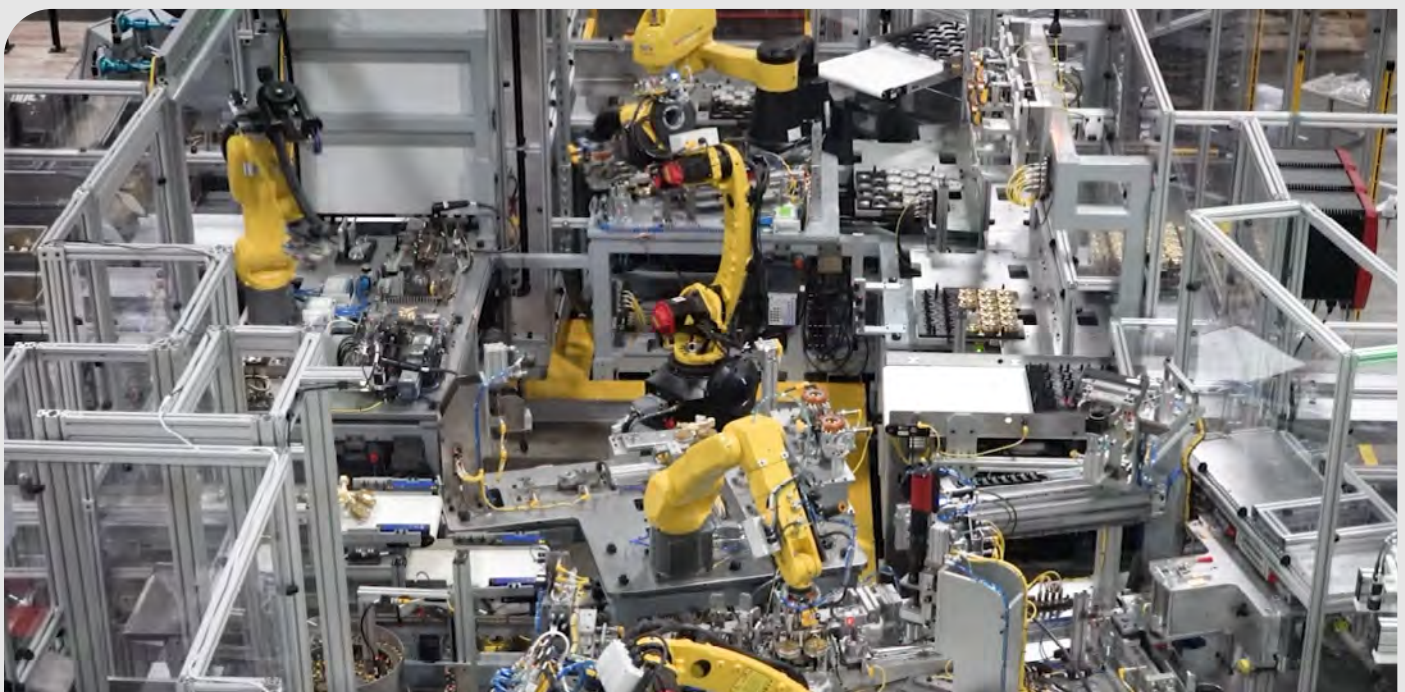
## CASE STUDIES

## Investing in Automation to Deliver on Safety

The filler rod wire room at the Mentor, Ohio facility handles millions of pounds of material per year. In recent years, steel suppliers started sending larger bundles of wire to Lincoln Electric. The larger bundles meant workers in the Filler Rod department had to manually separate the coils into smaller sizes to introduce them to the line. The extra workload not only added labor and timing constraints but also presented a risk to our employees' occupational safety and health. To address these challenges, we invested over \$10 million in automated equipment and workforce training. New automated lines that can handle and separate coils will run 24/7 to meet customer demands and effectively mitigate the ergonomic risk to our employees.

## Targeting Safety and Quality

The Harris Products Group recently installed a new robotic automation system in its Gainesville facility, to manufacture gas regulators. The investment is estimated to have eliminated over 2.1 million turns of the wrist or fingers per year by employees. It includes state-of-the-art camera identification systems, critical torque monitoring, quick change capabilities, and semi-automatic testing of each regulator. The camera assembly that runs the robotic arms can detect a variety of defects, including a misplaced component or improper torquing. Designed, built and installed by Lincoln Electric Automation in Churubusco, Indiana, the new automation system significantly improves both safety and quality.





## SDG 13

# GREENHOUSE GAS EMISSIONS & ENERGY INTENSITY

We are committed to reducing our carbon footprint through the reduction of greenhouse gas (GHG) emissions. In 2021, we reduced absolute Scope 1 and 2 GHG emissions by 18% compared with our 2018 baseline. We achieved these reductions through continued investment in energy efficiency projects within our operations. To continue to drive these operational investments, we track energy intensity and GHG emissions reduction as key metrics. Energy intensity is the total amount of energy consumed per labor hour worked. We target reducing our energy intensity by 16% in 2025 (or 2.5% per year) compared with our 2018 baseline.

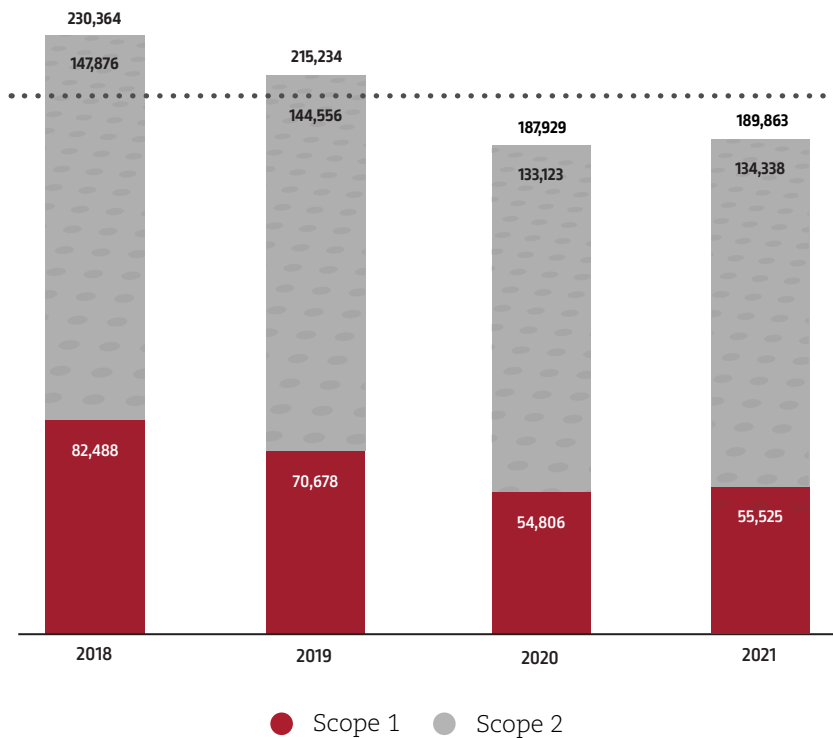
- Scope 1 GHG (direct) emissions constituted 29% (approximately 55,525 metric tons) of total GHG emissions in 2021 and increased 1.3% compared with the prior year due to production activity increase as a result of recovery from pandemic restrictions.
- Scope 2 GHG (indirect from purchased energy) emissions constituted the remaining 71% (approximately 134,338 metric tons) of total GHG emissions in 2021 and increased 1% compared with the prior year. We plan to increasingly source electricity from renewable sources such as wind, hydroelectric, and solar to reduce our Scope 2 emissions.
- Our energy intensity performance has been unfavorably impacted by a reduction in production hours related to operational consolidation and improved productivity. Absolute energy use declined 6% in 2021 versus to the 2018 baseline. When measured as function of revenue, energy intensity for the Company increased by 0.1% in 2021 compared to a 2018 baseline.



## Renewable Energy

In 2011, we installed the largest known urban wind tower in North America capable of producing 2.5 megawatts of electrical energy, or approximately 10% of the Cleveland campus' requirements. This installation represents the Company's commitment to integrating renewable energy sources into its manufacturing processes. Even more importantly, it stands as a symbol of our commitment to the wind tower fabrication industry — showcasing the unique benefits our products and welding solutions offer to this prominent business segment.

## Absolute Metric Tons CO<sub>2</sub>e of GHG



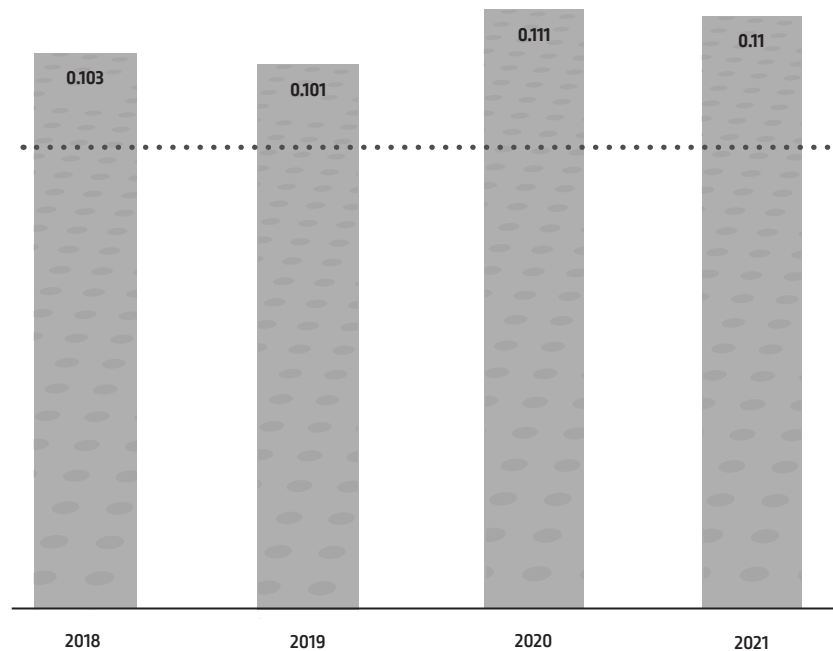
**2025 GOAL**

**↓ 10% Reduction**  
from 2018 baseline

**OUR PROGRESS**

**↓ 17.6% Reduction**  
total tons CO<sub>2</sub>e from  
2018 baseline to 2021

## Energy Intensity by Year



**2025 GOAL**

**↓ 16% Reduction**  
from 2018 baseline

**OUR PROGRESS**

**↑ 7% Increase**  
from 2018 baseline to 2021

GHG data reflects the use of energy sources, including electricity, natural gas, coal, fuel oil, and liquefied petroleum gas, at all Lincoln Electric manufacturing facilities worldwide. The data reflects use of the IEA (International Energy Agency) Emission Factors 2018 Edition, the IPCC (Intergovernmental Panel on Climate Change) AR5 Edition and the GHG Protocol 2001 in its calculation values. Energy intensity is total energy consumption per total labor hours worked.

Scope 2 GHG emissions are calculated using the location-based method as outlined in the GHG Protocol Scope 2 Guidance 2015.

CASE STUDIES

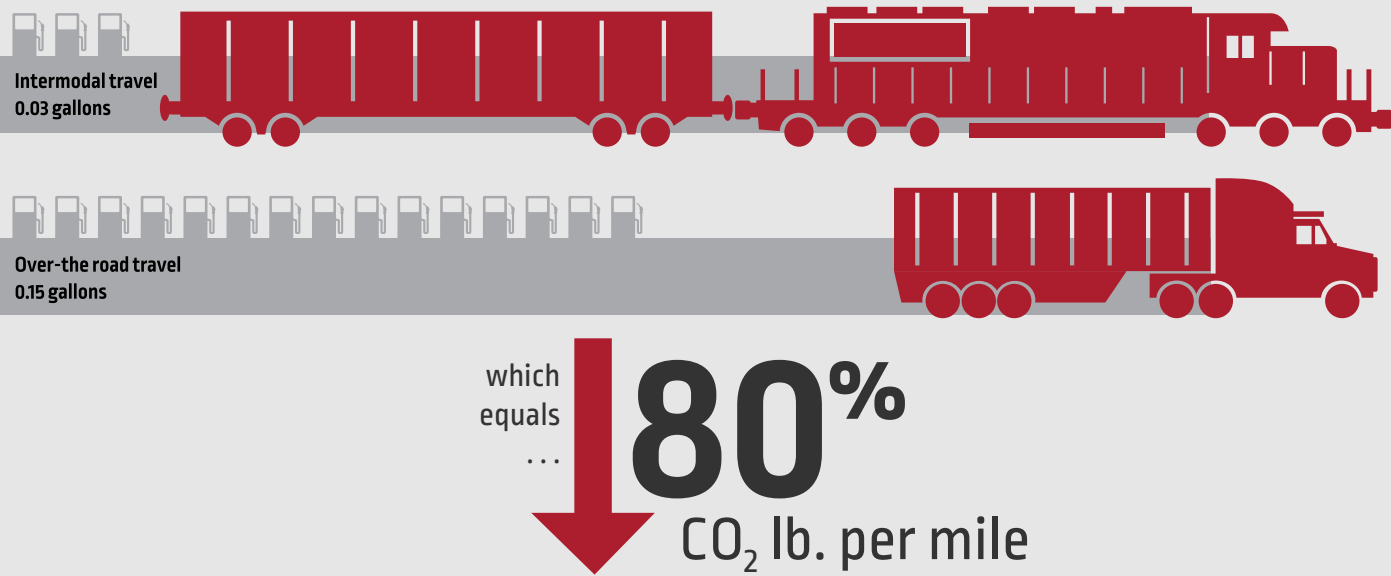
# Encouraging More Efficient Transportation

We recognize that an efficient product transportation model must be part of our broader environmentally conscious logistics strategy for a large company with a broad product offering and a geographically expansive customer base. As such, our Cleveland operation, the largest manufacturing operation in the Lincoln Electric family and our global headquarters, has transitioned domestic shipments to a more efficient intermodal transportation solution that combines rail and truck transportation and allows us to both optimize the movement of products from our northeast Ohio facility to regional service centers across the country and reduce greenhouse gas emissions in our value chain.

By using an intermodal solution and consolidating shipments, we are maximizing space utilization, reducing the number of shipments required, and reducing “empty miles.” The net results have been highly favorable. In 2019, the first year of using this approach, we reduced our shipping-related GHG emissions by 197 metric tons, or 57%, compared to equivalent freight volumes in 2016. This is the equivalent of planting 5,117 mature trees, removing 42 cars from the road, or eliminating the electricity consumption of 29 households.

## FUEL CONSUMPTION PER MILE

average trip spanned 4,768 miles





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## Lighting Improvements in Cleveland Operations

Our plants in Northeast Ohio, the largest in the Lincoln family, use mixed forms of overhead lighting. The current outdated lamps require more energy and are less efficient than newer LED lamps. Over the next four years, we will spend approximately \$3 million to upgrade our lighting, which will reduce our energy intensity by 3.75% and our GHG emissions by more than 3,700 metric tons CO<sub>2</sub>e. The new LEDs will last longer than traditional lamps, improve lighting throughout our facilities, and contribute to ISO 45001 and 14001 certifications.

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## Roof Coatings to Reduce Facility Energy Intensity

India's excessive heat and humidity during summer months increases the risk of heat stress and the dependence on climate control systems. To mitigate rising indoor facility temperatures at Chennai, India, the facility roof was covered with a specially designed acrylic thermal resistivity roof coating. The coating reduced the roof temperature by 7 to 10 degrees Celsius during direct sunlight hours and reduced the facility temperature — lowering energy requirements from the climate control system.

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## Energy Metering

In Corsalone, Italy, energy meters were used to compare energy efficiency between similar production lines. The facility then optimized the configuration of the more energy-intensive line using the metered data. The changes resulted in an extension of the life of the tooling used on the line and an annual savings of approximately 180,000 kWh of electricity.

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## Heat Energy Recovery

In Bielawa, Poland, waste heat from a powder paint drying process is recovered and reused. A heat exchanger transfers heat from the 150°C air exiting the oven to the incoming water for the parts washer that prepares parts to be painted. Recovery of this waste heat, which was previously exhausted outside of the building, will result in an annual savings of 28,800 kWh of electricity.

SDG 12

# RECYCLING & LANDFILL AVOIDANCE

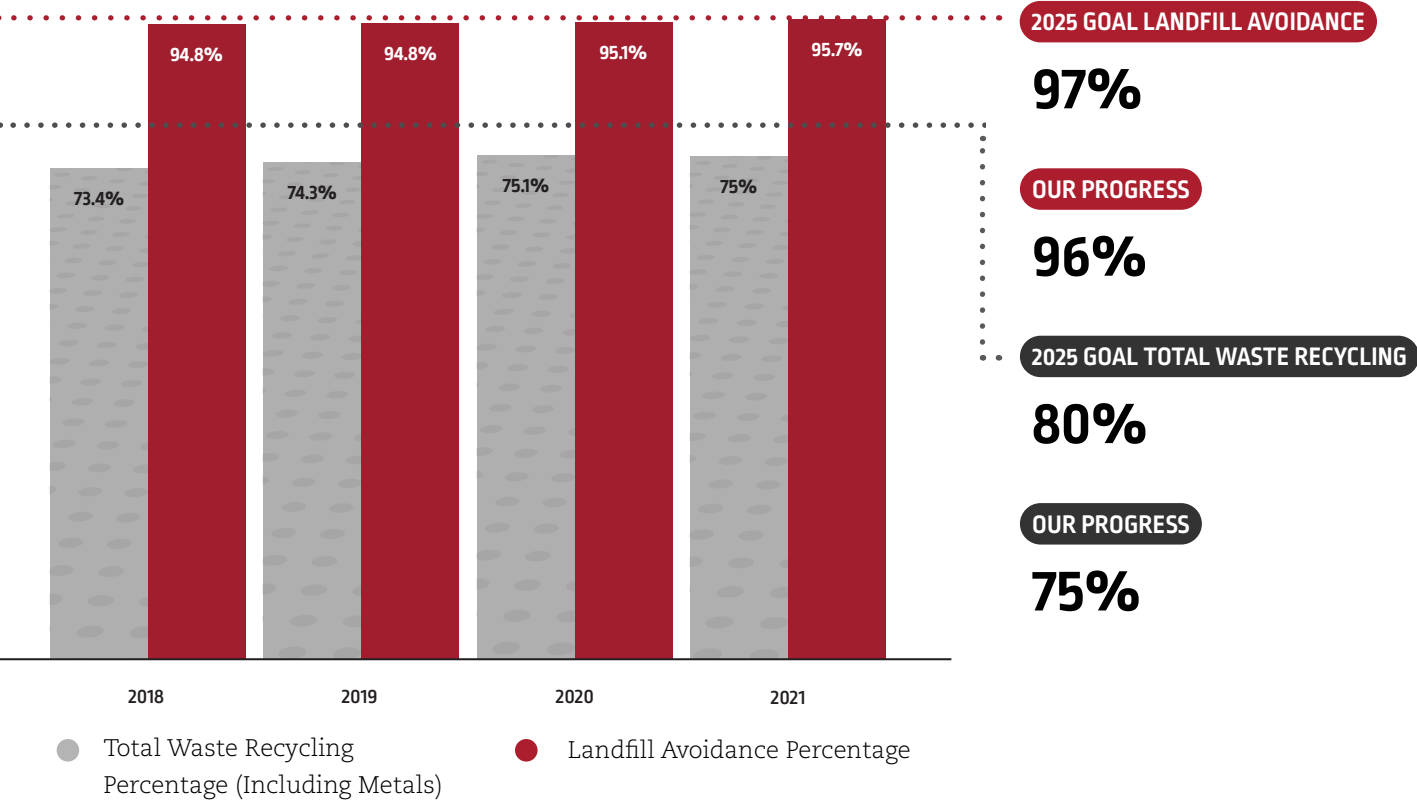
We aspire to achieve zero waste from our operations. Our waste management program prioritizes a “reduce, reuse, and recycle” approach to divert waste from landfills, leverage waste as a resource, and increase recycling in our operations. This includes expanding the use of our waste as a feedstock for third parties and introducing collection and handling systems that allow us to increasingly capture and reuse materials.

We measure the percentage of all waste that we can reuse or recycle, the percentage of permissible waste<sup>1</sup> that can be diverted from landfills, and the percentage of hazardous waste.

- In 2021, we achieved a 75% recycling rate of total waste, which advances our performance toward our 2025 goal of 80%.
- In 2021, 5.9% of all waste materials, or 3,697 metric tons, was hazardous waste, compared with 5,573 metric tons in 2018. The Company is actively working to eliminate hazardous waste by implementing alternative technologies.

1 Permissible waste is waste that is non-hazardous (per the local country definition).

## Total Waste Recycling & Landfill Avoidance



## CASE STUDIES

## Powder Paint Waste Reuse

The powder coating process at our Torreon, Mexico, facility produces several metric tons of waste per year. The powder is circulated through the system until it no longer meets quality specifications, at which point it becomes waste. The facility identified an alternate user for this waste material. The sale of used powder paint has reduced the facility's total waste stream by 10% and its waste to landfill by over 12 metric tons since 2018.

## Packaging Waste Reduction

In Dzierzoniow, Poland, the team replaced plastic shrink wrap that was used to bind a series of devices to backing boards. These devices were then later separated into individual saleable packaged devices.

The new process uses zip ties to attach each device individually to a backing board and avoids a subsequent in-house separation step that used a cutting device. The facility reduced internal and consumer waste by nearly 6 metric tons per year and improved employee safety.



## In-Line Flux Recovery System

In our facility in Mason, Ohio, excess spill-over flux from the filling process was previously disposed of as waste during the manufacture of flux cored wire. Use of a new in-line sifting system allowed this excess flux to be separated from debris and reused immediately, thus significantly reducing both waste and raw material usage. In 2021, waste from this process was reduced by 15%.



SDG 6

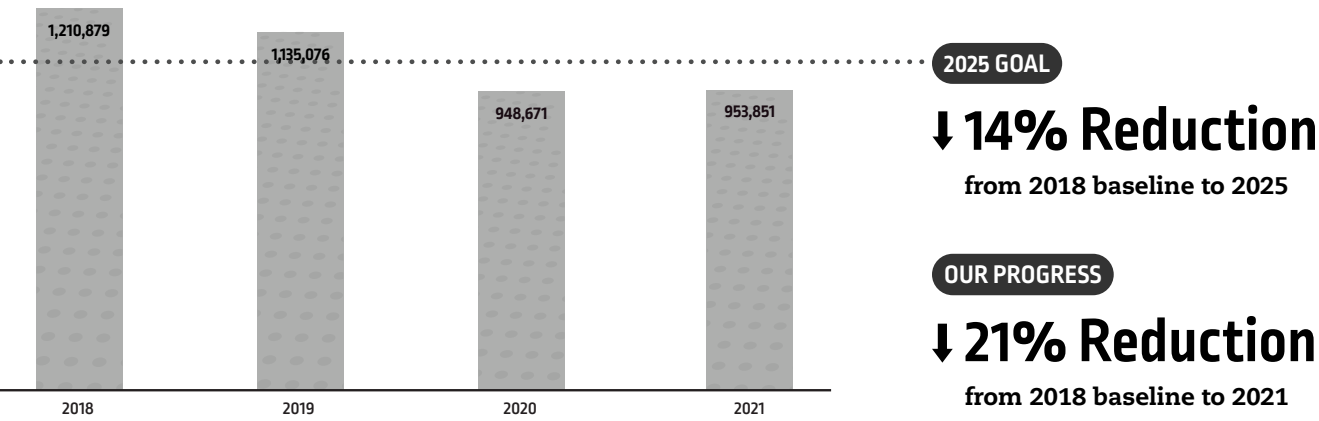
# WATER MANAGEMENT

Water is an important natural resource and we acknowledge our responsibility to manage water use carefully. Water is predominantly used in our consumable manufacturing processes. We monitor and measure absolute water use and water intensity (cubic meters of water used per hour worked).

We have focused our water management initiatives on reducing water use and our reliance on freshwater.

- In 2021, we achieved a 21% reduction or 953,851 cubic meters compared to our 2018 baseline. This performance exceeds our 2025 target reduction of 14%.
- We achieved this reduction by increasing the reuse and recycling rate of our water through improved wastewater treatment initiatives. We have also invested in manufacturing processes that have lower water requirements and achieved greater water efficiency.
- We currently have two “zero water discharge” facilities and several manufacturing facilities capture rainwater for reuse in manufacturing processes or for fire protection.

## Water Usage (Cubic Meters)



## CASE STUDIES

## Conserving Rainwater

To conserve water and reduce dependency on municipal water sources, our facility in Mexico City, Mexico, installed a 300,000-liter water retention cistern. The tank collects stormwater from the facility's roof and parking lot, which is then filtered through a vortex separator. The facility's plumbing was retooled to use this reclaimed water to supply the facility's new fire protection system, cooling towers, scrubbers, and bathroom facilities. This project reduced the facility's municipal water consumption by 25%.

## Chemical Replacement Projects

Our Chattanooga, Tennessee facility has implemented several projects to reduce hazardous chemical waste, including the replacement of welding anti-spatter material, chemical cleaners, and coolant with less hazardous options. The facility also removed excess oil from waste coolant to avoid special waste handling and disposal for these materials.

## Water Savings Through Data Monitoring

As part of a plant-wide implementation of interconnected smart sensors, our Chennai, India facility upgraded the pump and monitoring system of its cooling water towers. The upgrades enabled the towers to operate at a reduced, but stable flow rate. The system currently operates based on demand by using a variable drive pump. This has reduced water use and evaporative loss by over 300,000 gallons per year.

## Chemical Plating Recovery

At our Mentor, Ohio facility, the team implemented a new filtration process to extend the useful life of their copper plating baths and reduce the frequency of chemical treatments before disposal. Significant water savings were achieved as fewer fresh plating baths are needed, and less water is used for the chemical treatment of spent plating baths. In 2021, the filtration process generated up to a 44% reduction in various plating and water treatment chemicals and reduced the facility's water consumption by over 1.5 million gallons.

# EMPLOYEE DEVELOPMENT & ENGAGEMENT





## SDG 8

# INCENTIVE MANAGEMENT



Lincoln Electric's founders established a way of doing business that remains central to who we are today. The "Golden Rule" (treating others as one wants to be treated) is at the

heart of how we conduct ourselves as a business and a community and lays the foundation for the Company's core values of integrity, performance, quality, employee development, commitment, and customer focus. Together with Incentive Management, the Golden Rule helps us focus on development strategies rooted in inclusion and seek success for all employees as an outcome.

Our co-founder, JF Lincoln, designed Lincoln Electric's renowned Incentive Management System to align stakeholder interests around a performance-based system that encourages employees to maximize their potential, rewards operational efficiency and excellence, and generates superior value for shareholders.

Lincoln Electric was recognized in 2020 and 2021 by Forbes as "One of the World's Best Employers" and as one of the "World's Top Female Friendly Companies" in 2021.



Today, all of our global businesses operate under an incentive management philosophy, including performance-based compensation programs, profit sharing, and an open door policy. We strongly believe that this philosophy creates the best atmosphere for employees to thrive, learn, grow, and be rewarded for exceptional performance. Fueled with initiative, opportunities to learn and grow, and a collective commitment to the core values, our people are united in a shared mission to build a better world.

## JF Lincoln's Incentive Management System

### Key Components



#### Pay for Performance

Production employees can maximize their earnings through piecework compensation (per-unit basis) as opposed to a standard hourly rate.



#### Guaranteed Employment ("no layoff policy")

Eligible employees will not be laid off for an economic downturn.



#### Profit Sharing

Eligible employees receive an annual, merit-based profit-sharing bonus.



#### Open Door Policy

Employees have informal access to executive management to foster open communication.



SDG 8

## EMPLOYEE ENGAGEMENT

Being a diverse, highly engaged organization is critical to our success. We foster a workplace that engages employees — helping to ensure that they are aligned with our core values, can actively contribute to the success of the organization, and can be confident in their future with us.

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In late 2021, Lincoln Electric conducted an Employee Discovery Survey of all 11,000+ global employees. Results were reviewed with the Board of Directors and followed by team meetings and action plans activated across all Lincoln Electric locations. Smaller group listening sessions provided further insight into improving the employee experience.

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To promote active engagement and an inclusive environment we support:

- An open door policy up to the Chairman's office to ensure transparency and collaboration.
- A global employee survey and topic/regional-specific surveys to provide valuable insights that shape future initiatives.
- Competitive, performance-based compensation and benefits programs, including our unique Incentive Management System that rewards engagement and excellence through profit-sharing bonuses, as well as competitive medical benefits, an employee assistance programs, student loan debt forgiveness in the US, and education reimbursement, among other offerings.
- A formal employee suggestion program that encourages all employees to submit creative and constructive ways to drive continuous improvement across the organization.
- Skills and Career Development programs to enable professional development and reinforce promotions from within the organization and a strong succession pipeline.
- Resource groups, such as our Cleveland-based Diversity Councils, Young Professionals, Veterans, and Women in Lincoln Leadership (WILL), that are employee led and organized around special interests. Resource group initiatives are supported by senior executives.
- A Wellness Committee to promote healthy living and positive lifestyles for our employees and their families. Employee volunteers organize a variety of programs at our facilities that focus on athletic events, fundraisers, weight loss challenges, and onsite health and wellness resources and expos.
- Company-supported volunteerism and giving programs, including Company matching for donations made in the United States.
- Team-led flexible work where customer, team, and business needs replace rigid top-down workplace rules, as well as designated remote roles that help to widen the talent net and promote a more inclusive workforce.
- A multilingual intranet communications portal and mobile app that encourages employees to share success stories, peer-to-peer recognition, and updates on initiatives. The platform accommodates feedback through comments, likes, and polls.





SDG 5

SDG 10

# DIVERSITY, EQUITY, & INCLUSION

We have a longstanding commitment to equal opportunity in all aspects of employment — including employee compensation, job placement, and promotion regardless of gender, race, or other personal characteristics. Our guiding principle, The Golden Rule of “treating others as you would like to be treated,” is foundational. It challenges employees to share the responsibility to safeguard an equitable and inclusive workplace where each individual’s unique contribution is encouraged.

## CEO **ACTION** FOR DIVERSITY & INCLUSION

Our commitment to diversity and inclusion (D&I) starts at the top. Our Chief Executive Officer and Chief Human Resources Officer lead our D&I initiatives and our CEO is a signatory of the “[CEO Action for Diversity & Inclusion](#).” Both leaders report on the progress of our D&I, talent attraction and retention, and succession planning initiatives to the Board of Directors at least twice annually. Our leadership team is also committed to this effort, and our senior leaders have D&I objectives as part of their annual performance goals.

To support a diverse pipeline of new employees, we have focused on diverse talent sourcing strategies and partners with external organizations that develop and supply diverse talent. This includes partnering and recruiting with associations such as the National Society of Black Engineers, the Society of Hispanic Professional Engineers, the Society of Women Engineers, and at Historically Black Colleges and Universities (HBCUs).

Our D&I programs focus on:

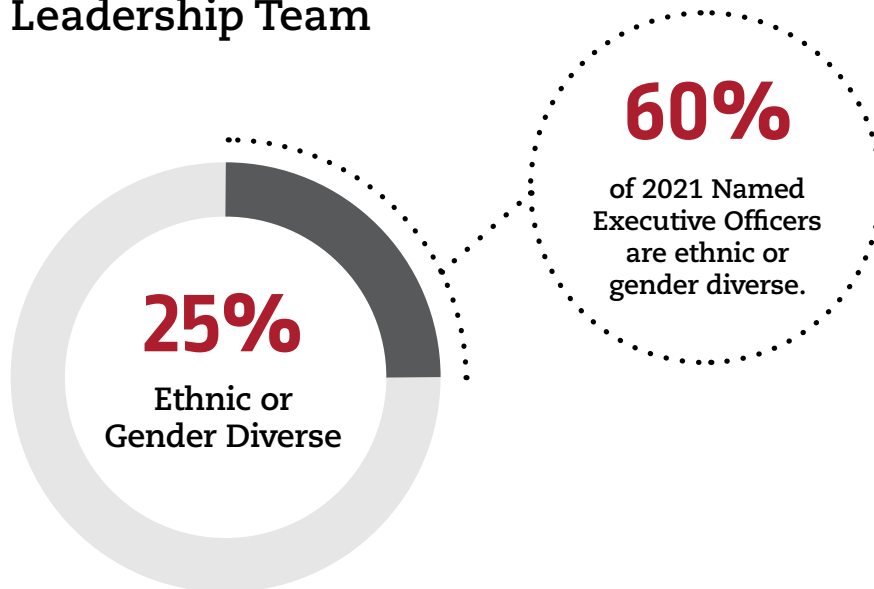
- A performance management competency framework that measures how well employees value the unique differences of others and treat coworkers with respect and dignity
- Internal D&I education and training programs to better appreciate our differences and the value that inclusiveness creates an environment of mutual respect — which reinforces our guiding principle of The Golden Rule
- Employee development programs that build a bench of talent that enables promotion from within
- Internal campaigns to emphasize the benefits of an inclusive environment
- Partnering with diverse customers and suppliers to understand their expectations and collaborate effectively

Our U.S. organization actively promotes D&I through:

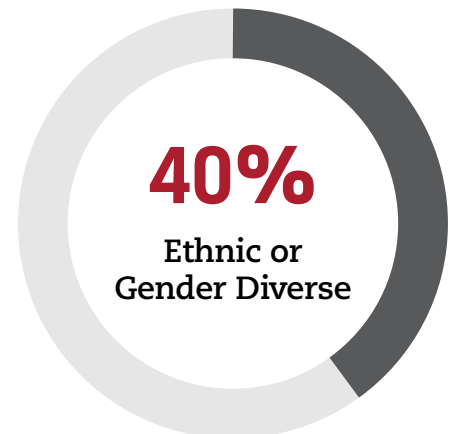
- Employee resource groups, such as our “Diversity Councils,” “Young Professionals,” “Veterans,” and “Women in Lincoln Leadership”, that volunteer time to support local nonprofit organizations that positively impact D&I in our communities

## Lincoln Electric Demographics

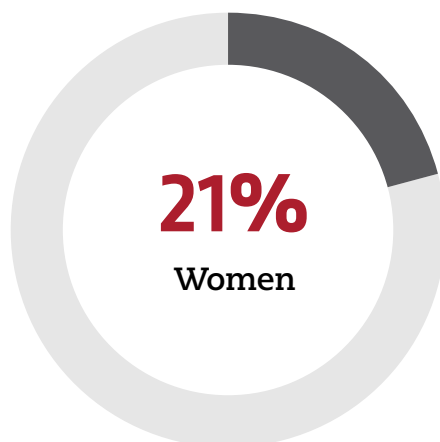
### Leadership Team



### Board of Directors



### Global Workforce



<sup>1</sup> Lincoln Electric's definition of Racially & Ethnically Diverse is based on the historically underrepresented groups defined by the U.S. Equal Employment Opportunity Commission and reported through the Company's EEO-1 filing.

SDG 4

SDG 8

## DEVELOPING OUR PEOPLE



Employee development is one of the four core peaks of the Higher Standard 2025 Strategy.

Investment in our employees and their career development is a crucial element in our Company's long term success. The Lincoln Electric Employee Development (LEed) program was successfully launched as a global learning experience offering employees a broad array of curated wellness, experiential, technical, leadership, and collaborative topics. Since its inception, over 3,000 individual employees have participated in 225 different course offerings. We have recently expanded our global learning course catalog to include content for all career levels, including training on business skills, technology and developer skills, productivity, and collaboration tools, among others.

### Key Training & Development Programs Offered At Lincoln Electric

**Leadership Development Program (LDP):** A two-year, challenging, and immersive personal and professional learning journey, the LDP has graduated many current Lincoln Electric senior leaders. In each cohort, 25 high-potential employees from across the global business are provided the opportunity to develop leadership skills that accelerate their careers and Lincoln Electric's success. The current LDP cohort includes the most geographically, ethnically, and gender-diverse group of future Lincoln leaders in the program's history.

**Engineering and Technical Sales Trainee Development Program:** We have a longstanding tradition of developing talent through our Engineering and Technical Sales Programs. We partner with colleges and universities to identify the talent needed to create a pipeline for long-term, diverse talents necessary for the Company to succeed. Our training and development programs offer students and recent graduates the opportunity to learn and grow professionally while actively contributing to the success of the Company. Many of our former Development Program graduates have gone on to be CEOs, presidents, vice presidents, and esteemed subject matter experts in their fields. Our 2021 class included 26 trainees, 38% of whom were diverse (women and minority groups), and are graduates from 12 different universities.





**Skilled Trade Apprenticeships:** We are committed to developing, growing, and retaining a diverse and skilled workforce through apprenticeships. Our apprenticeship programs combine on-the-job learning with related instruction in technical areas, such as Industrial Maintenance, Machining, Welding, and Tool & Die, to produce qualified, highly productive employees for careers requiring precision skills. Apprenticeship training ensures workers have the knowledge and competencies companies need for today and tomorrow.

**Junior Board:** For over 75 years, Lincoln Electric has nominated rising young professionals to serve a three-year term on our Junior Board. Junior Board members engage with senior management on special projects and initiatives that address business challenges and that can drive continuous improvement and excellence in the organization. Members gain practical, hands-on experience on a cross-functional team and learn skills essential to long-term leadership success.

**Internship and Co-op Programs:** We sponsor an intern and co-op program to provide undergraduate students with an opportunity to gain real world experience while investing in their education. The program offers opportunities for multiple rotations in various departments and provides exposure

to our world class Weld School, professional development, educational seminars, as well as networking opportunities with executives, managers, and other young professionals. When students return to school, we encourage former interns to serve as Student Ambassadors on campus and engage future interns through a formalized engagement program. Our 2021 summer intern program hosted 40 students, who were 45% diverse (women and minority groups) and represented 11 universities. Our program has been recognized as a “top 100 U.S. internship program,” as well as a “top five Northeast Ohio” program.

**Middle School and High School Programs:** We partner with educators and nonprofit partners to educate local middle school students about the opportunities and career pathways available in the manufacturing sector. We also partner with select high schools to offer experiential training in a manufacturing environment to supplement traditional classroom learning. To help recruit future employees in manufacturing, we participate in career fairs at numerous high schools and career centers. At these events, we highlight the various career paths at Lincoln Electric and offer post-secondary tuition reimbursement and skilled trade apprenticeships if students join Lincoln Electric post-graduation.



SDG 4

# COMMUNITY SKILLS TRAINING

We are dedicated to teaching the art and science of welding and supporting a strong pipeline of industry-ready welders. We recognize the exciting career pathways available for students and young professionals who leverage welding as a core skill. We actively work with schools, military, and youth organizations that share our passion for science, technology, engineering, and math (STEM), as well as our vision for the future of welding. We are working together to excite the next generation and reinforce our industry’s high standards for education, safety, and quality for years to come. Our key collaborative programs include:

## Community Skills Training

We founded the James F. Lincoln Foundation (JFLF) in 1936, as a non-profit welding education organization when the arc welding industry was in its infancy. The JFLF is dedicated to disseminating arc welding information, educating students of all levels on the art and science of arc welding, encouraging them to pursue welding careers and granting cash awards to recognize technical achievements in welding projects.



## Training With Industry (TWI) Partner

We participate in the U.S. military’s Training With Industry (TWI) program which embeds service members into our organization for twelve months to help develop and perfect their arc welding and cutting skills and position them as an instructor in welding processes and procedures. The TWI experience provides leading on-the-job experience and industrial skills that are then carried back to the military, where TWI service members spend two years actively teaching what they learned.



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## American Welding Society® (AWS)

Since 2011, we have partnered with AWS to support the AWS Careers in Welding Trailer to promote welding education and careers. The trailer successfully covers 11,000 miles annually, highlighting our immersive virtual reality training.

Additionally, we actively support several scholarships with AWS to promote STEM and welding-related degrees.



## SkillsUSA®

SkillsUSA is a partnership of students, teachers and industry representatives, working together to ensure America has a skilled work force. It is a national organization serving teachers and high school and college students who are preparing for careers in technical, skilled and service occupations, including health occupations. We are proud to be a sponsor of their welding competition. Lincoln Electric is also engaged with other regional Skills organizations.



## 4-H

4-H offers opportunities in communications, leadership, career development, livestock, home improvement, and computer technology to seven million American youth. Programs are found in rural and urban areas throughout the country and similar programs around the world.



## Future Farmers of America (FFA)

We have been a sponsor of the Future Farmers of America (FFA) — a premiere youth leadership organization. For over 60 years, we have partnered with FFA to promote welding technology and safety to the next generation of future leaders.



## Scouts BSA

We are a proud sponsor of Scouts BSA — one of the nation's largest and most prominent values-based youth development organizations. Scouts BSA believes that introducing youth to skilled trades like welding is a key to building a more conscientious, responsible, and productive society. In 2012 the Scouts BSA developed a new welding merit badge in conjunction with the American Welding Society and Lincoln Electric.



## WorldSkills International

WorldSkills International is a not-for-profit membership association open to agencies or bodies which have a responsibility for promoting vocational education and training in their respective countries/regions. WorldSkills International provides a unique means of exchange and comparison of world-class competency standards in the industrial trades and service sectors of the global economy. We are proud to exclusively sponsor their international welding competition.







SDG 1

SDG 2

SDG 3

## PHILANTHROPY

We are proud of the many programs and initiatives that connect us with our communities and meet the philanthropic goals of our employees. Together, we are working to build a better world and make a difference.

### Lincoln Electric *foundation*

**The Lincoln Electric Foundation:** The Lincoln Electric Foundation (the “Foundation”) has been an active partner in our communities since 1952, dedicated to improving the quality and well-being of the communities where our employees live and work. Since its founding, the Foundation has donated over \$35 million in grants and scholarships that support programs that work to alleviate poverty and illness, promote education, provide health and human services, and bring cultural vibrancy to our communities.

The Foundation partners with over 70 nonprofit organizations annually to support programming that we believe makes a sustainable impact. Organizations include the American Red Cross, United Way, and the American Cancer Society.

In 2021, the Foundation issued approximately \$1.4 million in grants and initiated over \$900,000 in pledges to support diversity and inclusion in welding with the Women Who Weld organization, and to support the growth of manufacturing in Northeast Ohio through The Manufacturing Advocacy and Growth Network’s (MAGNET) Blueprint initiative. In early 2022, the Foundation expanded its giving to include a \$500,000 pledge to the Greater Cleveland Food Bank to help expand their facilities and programming to better address hunger in our communities.

**Employee Engagement Initiatives:** Employees worldwide sponsor local events and partner with nonprofit organizations in support of local community initiatives. We support these activities through corporate giving.

**Employee Gift Matching Program:** The Lincoln Electric Employee Gift Matching Program supports U.S. employees with the opportunity to double their donation to the nonprofits of their choice. Employees' gifts are matched dollar-for-dollar, up to \$1,000 annually.

**Volunteer Dollars For Doers Program:** The Dollars For Doers program helps turn U.S. employee volunteer service hours into a matching monetary gift to the nonprofit organization where the employee volunteered.

**Disaster Relief:** We partner with customers and local nonprofits to support disaster relief efforts. In 2022, we supported several Polish and Romanian nonprofit organizations that have

been providing Ukrainian refugees with essential services. In addition, many of our Polish and Romanian employees have been volunteering their time and offering their homes to support the refugee crisis.

**In-Kind Gifts:** We provide product donations (in-kind gifts) to nonprofit organizations to support programs such as the Scouts BSA welding merit badge, as well as skilled trade programs and fundraising events.

In 2021, we provided approximately \$800,000 of in-kind donations domestically, in addition to donations granted through the James F. Lincoln Foundation and product programs that support educational institutions.

**Nonprofit Board Engagement:** We encourage executive engagement on nonprofit boards to support the mission of our local partners and help make a positive difference in our communities.





# SUSTAINABILITY PERFORMANCE SUMMARY













# HIGHER STANDARD 2025 GOALS STATUS

## 2025 Strategy Sustainability Goals

	2025 Goal	2021 Performance
 <b>SAFETY (TRCR)</b>	52% Reduction	20% Reduction (vs. 2018 baseline)
 <b>SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS (ABSOLUTE)</b>	10% Reduction	18% Reduction (vs. 2018 baseline)
 <b>ENERGY INTENSITY</b>	16% Reduction	7% Increase <sup>[1]</sup> (vs. 2018 baseline)
 <b>RECYCLING (ALL WASTE)</b>	80% Rate	75% of waste recycled
 <b>LANDFILL AVOIDANCE</b>	97% Rate	96% of waste diverted
 <b>WATER USE (ABSOLUTE)</b>	14% Reduction	21% Reduction (vs. 2018 baseline)

<sup>1</sup> Our 2021 energy intensity performance impacted by a reduction in production hours. Absolute energy use declined 6% in 2021 vs 2018 baseline.

# LINCOLN ELECTRIC 2021 ESG REPORT

## SASB CONTENT INDEX

Metric Code	Disclosure	Unit	2021 Report Location or Direct Response
<b>Industrial Machinery &amp; Goods</b>			
<b>Energy Management</b>			
RT-IG-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	<p>1.) Total Energy Consumed: 2,106,087 GJ  <a href="#">Greenhouse Gas Emissions and Energy Intensity</a></p> <p>For more information, review our sustainability performance goals</p> <p>2.) 50% of our total fuel consumption came from the grid</p> <p>3.) &lt;1% renewable</p>
<b>Employee Health &amp; Safety</b>			
RT-IG-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Rate	<p>1.) TRIR = 1.47;            2.) Fatality Rate = 0;            3.) NMFR = 5.75</p>
<b>Fuel Economy &amp; Emissions in Use-phase</b>			
RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Gallons per 1,000 ton-miles	Lincoln Electric does not manufacture medium- and heavy-duty vehicles
RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Gallons per hour	Diesel-powered welding equipment = 0.46 gal/hr; Gasoline-powered welding equipment = 0.56 gal/hr
RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Watts per gallon	Lincoln Electric does not manufacture stationary generators

Metric Code	Disclosure	Unit	2021 Report Location or Direct Response
RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NO <sub>x</sub> ) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy- duty engines, and (d) other non-road diesel engines	Grams per kilowatt-hour	Lincoln Electric ensures that purchased diesel engines incorporated into our welding machines meet the emissions standards of the regions into which they are sold
<b>Materials Sourcing</b>			
RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	<a href="#">Critical Raw Materials Supplier Sustainability 2021 10-K p. 7–8</a>
<b>Remanufacturing Design &amp; Services</b>			
RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Reporting currency	We do not presently report the individual or combined revenue from these specific services.
<b>Activity Metrics</b>			
RT-IG-000.A	Number of units produced by product category	Quantitative	We consider this proprietary information.
RT-IG-000.B	Number of employees	Quantitative	11,000



## ABOUT THIS REPORT

This report discusses Lincoln Electric Holdings, Inc.'s operations from January 1, 2021, through December 31, 2021, unless otherwise indicated. The report uses qualitative descriptions and quantitative metrics to describe our policies, programs, practices and performance. Note that many of the standards and metrics used in preparing this report continue to evolve and are based on management assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. In addition, historical, current and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. The information and opinions contained in this report are provided as of the date of this report and are subject to change without notice. Lincoln Electric does not undertake to update or revise any such statements. In this report, we are not using the terms “material” and “materiality” as defined for the purposes of financial and SEC reporting in the United States. Instead, the terms refer to environmental, social and governance issues that are of significant importance to our stakeholders and to the Company. These “material” issues inform our corporate strategy, priorities, goals, and reporting.

This report covers our owned and operated businesses and does not address the performance or operations of our suppliers or contractors unless otherwise noted. All financial information is presented in U.S. dollars unless otherwise noted.

This report contains forward-looking statements relating to Lincoln Electric's operations that are based on management's current expectations, estimates and projections. See the “Cautionary Note Regarding Forward-Looking Statements” below.

Therefore, the actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed or forecasted in this report, may differ materially in the future. As with any projections or estimates, actual results or numbers may vary.

## Cautionary Note Regarding Forward-Looking Statements

This report includes forward-looking statements, including statements relating to Lincoln Electric's sustainability, DEI, human capital, product development and other ESG-related strategies, policies, programs, commitments, expectations, projections, initiatives, targets, goals or prospects, within the meaning of federal securities laws. The use of words such as "aim", "anticipate," , "believe," "commit," "ensure," "estimate," "expect," "goal," "intend," "mission," "plan," "seek," "strive" and "target" among others, generally identify forward-looking statements. These forward-looking statements are based on Lincoln Electric's management's expectations and assumptions about future events as of the date of this report, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results (including, for the avoidance of doubt, our performance with respect to any sustainability, DEI, human capital, product development and other ESG-related strategies, policies, programs, commitments, expectations, projections, initiatives, targets, goals or prospects) could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others, (i) technical and operating factors, (ii) assumptions not being realized, (iii) the outcome of current and future scientific research efforts and technological developments, (iv) evolving sustainability strategies and best practices and other factors set forth in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2021 and on Form 10-Q for the quarter ended March 31, 2022 filed with the SEC and are subject to update by our future filings and submissions with the SEC.

Any forward-looking statement made by us in this report speaks only as of the date hereof. Other unknown or unpredictable factors that could also adversely affect Lincoln Electric's business, financial condition and operating results may arise from time to time. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

All trademarks are the property of their respective owners. along with the "forward-looking-statement" provided.

