

ADVANCING SUSTAINABILITY AT HELIOS TECHNOLOGIES

“Helios Technologies’ environmental, social and governance (ESG) responsibilities are the living, operating principles by which we measure ourselves and shape our behavior on a daily basis.”

– Josef Matosevic, President and Chief Executive Officer



MANAGING ESG AT HELIOS

- **Internally**, our Shared Values of Accountability, Integrity, Inclusion, Innovation and Leadership, are essential to our Helios Business System and guide us to ensure our ESG responsibilities are not managed in silos but connected holistically across every function of our organization.
- **Externally**, investor and customer-centric engagement, as well as frameworks such as the United Nations Sustainable Development Goals (UN SDGs) and the Sustainability Accounting Standards Board (SASB), assist us in identifying ESG impacts that could potentially affect our business and provide insight to the environmental and social topics influencing the industries we serve.

ESG GOVERNANCE

As outlined in our proxy, ESG governance at Helios includes our Board Level ESG Committee, quarterly board updates presented by our CEO, and an SVP whose responsibilities include disclosure on environmental issues, and in the way we design, manufacture, and deliver our products. In 2022, to enhance our good governance and Board effectiveness, we strengthened our Risk Management Program and implemented a Board Evaluation Program.

ETHICS AND COMPLIANCE

We leverage and lean on our collective guiding principles and codes to provide clear guidelines towards ethical practices and decisions including: Code of Ethics and Business Conduct, Corporate Responsibility Policy, Information Security strategy, Human Rights Policy, Conflict Minerals Policy, Code of Conduct for Suppliers and Third-Party Vendors, Social Standards for Suppliers, and Policy Against Human Trafficking and Slavery for Suppliers.



2022 PROGRESS HIGHLIGHTS

Our mission is inclusive of not only our strong emphasis on being financially responsible, but also recognizing the non-financial aspects of our business and strategy: the environmental, social and governance topics we must consider if we are to continue to grow and deliver on our purpose. We are proud of our 2022 progress.

ENVIRONMENTAL

- Set goal of achieving Net Zero GHG Emissions by 2050
- Published baseline environmental data to help shape future planning, which includes Scope 1 and Scope 2 greenhouse gas inventory reports, as well as waste reduction and water conservation measures. We also started a process for Scope 3 data collection.

CO₂e Metric Tons*

2021: Scope 1: 2,049 Metric Tons CO ₂ e Scope 2: 18,153 Metric Tons CO ₂ e	2022: Scope 1: 1,637 Metric Tons CO ₂ e Scope 2: 16,692 Metric Tons CO ₂ e
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* Note: data changes explained in the Environmental section.



1,637

Scope 1 Metric Tons
CO₂e

16,692

Scope 2 Metric Tons
CO₂e

Water US Gallons

2021: Water: 12.3M US Gallons	2022: Water: 11.7M US Gallons
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11.7M

US Gallons

SOCIAL

Global workforce comprised of diverse, minority nationalities

2021: 54%	2022: 60%
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60%

of Workforce comprised of
diverse, minority nationalities

Charitable organizations receiving support

2022: ~40



~40

Charitable organizations
received support

GOVERNANCE

- Created a strong internal risk management structure and process
- Rolled out annual board evaluations
- Nominated a second female board member
- Modified Director compensation to better align with shareholders' interests

APPLYING ESG TO OUR AUGMENTED STRATEGY

Key characteristics of our augmented strategy – a scalable, relevant plan that guides us to make progress in a meaningful and achievable manner – is also reflective of how we embed ESG across our operations.



Building in the Region, for the Region

We source and supply what we can from a regional perspective, which:

- reduces sourcing and supply risks, avoiding freight costs, and reducing quality issues
- decreases our environmental impact on shipping-related emissions and mitigating weather-related risks and delays
- positively impacts local economies by attracting and retaining local talent with diverse perspectives to create innovative new solutions



Proven M&A Framework

We seek companies:

- with innovative cultures who will add capacity and capabilities
- that fit within our strategic imperatives
- who actively prioritize environmental and social responsibility

Our proven Merger and Acquisition integration model focuses on clear priorities:

- retention of employees, strong customer relationships and management culture
- brand integrity
- leveraging engineering expertise



Manufacturing and Operations

Our world-class manufacturing is a competitive tool and a key component of our long-term strategy. Our two regional Operational Centers of Excellence drive greater operational efficiencies, quality control and enable technology enhancements. As we continue to develop and integrate our approach to managing environmental and social impacts, we will use facts and data to identify opportunities for improvement, invent the right solutions and drive profitable growth across the business.



Accelerating Innovation

Engaging diverse teams to create products, many of which keep end users and our environment safer, starts with a customer-centric culture of innovation and continues through our responsible approach to manufacturing. By designing products in co-development and co-design with the Original Equipment Manufacturer, we can best understand any environmental or social risks associated with the solution. We invest in innovation, testing and advanced simulation in order to improve the material and energy efficiency of the products we create, resulting in reduced energy use and heat waste.



Diversifying Markets and Products

Helios has a responsibility to create products that are long-lasting, keep end-customers safe, and leave as little negative impact on the environment as possible. We continually review our processes to determine where and how they can be improved to reduce our energy consumption and that of our customers. We also recognize this focus leads us to new markets and solutions that align with our own focus on social and environmental responsibility.



Talent Development

We develop employees through company-sponsored training and partnering with outside training and assistance programs, encouraging our employees to acquire skills to support growth and development. Our workforce policies and programs not only improve the quality of life of our team members, but also attract talented people. Through strong partnerships with local universities and technical schools, we continually enhance our internship programs, and correspondingly, our community involvement.



Helios Center of Engineering Excellence (HCEE)

Our Helios Center of Engineering Excellence ("HCEE") in San Antonio, TX and our customer experience center in Sarasota, FL provide a living example of the Helios Business System to:

- offer customers a competitive single-supplier solution that minimizes their risk and optimizes their applications
- focus on innovation, customer relationships and operational excellence

2022 PRODUCT HIGHLIGHTS

ecoline™

Sun Hydraulics' new ecoline™ program is composed of several unique products, including the latest evolution in electrohydraulic load holding and counterbalance technology, eSense™, LoadMatch™, and ENERGEN™. This package of solutions to customize a system can significantly boost and improve efficiency, reduce fuel consumption, and provide cost savings.

The eSense™ solution boasts 100% of the performance at 30% of the power consumption compared to a traditional counterbalance valve solution. Purdue University's Maha Fluid Power Research Center's proven lab tests demonstrated energy savings as high as 85% in some load conditions.

LoadMatch™ counterbalance valves offer 30% or more energy savings by automatically controlling the setting at reduced loads. This self-setting valve minimizes energy wasted during machine cycle times and features advanced stability and safety characteristics.



ENERGEN™

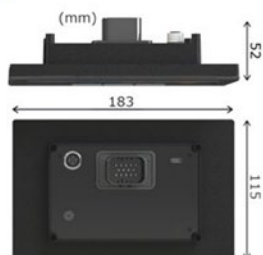
ENERGEN™ is a unique solution that creates electrical power by capturing wasted energy from hydraulic fluid flow which can then be used to support the growing number of electrical applications required in mobile equipment. The energy regeneration capability of the ENERGEN™ cartridge valve is attributed to an integrated generator that converts otherwise lost power into usable energy. This energy can be redirected to control electronics such as solenoid valves and sensors or to charge a battery within a machine.



7" Display



New Next Display Platform™



Next Display Platform™

The new Next Display Platform™ core hardware provides OEMs the ability to take full control of equipment; a major opportunity for our customers in industries where a robust, ruggedized, sophisticated, high-resolution display had previously not been an economical option. The platform includes Bluetooth and Wi-Fi wireless communications, as well as CAN and RS-485 interfaces. It will also allow for digital and analog inputs, low-side outputs, and a touchscreen designed for wet and dry use.

With software and hardware benefits appealing to equipment manufacturers across a variety of market segments, customers will be able to leverage a larger ecosystem of talent and resources to scale their applications, extend machine functionality and bring new customer solutions to the market more quickly. One of the most important advantages of the Next Display Platform™ is that it runs on an open, Linux-based operating system which is a new design approach for Helios. The platform will be offered in 5-inch and 7-inch sizes and will be available for full production quantities by mid-2023.

Clim8zone™

In the first quarter of 2022, Balboa Water Group released the new Clim8zone™, the first of its kind spa heat pump. Its innovative variable speed compressor and smart algorithm optimize energy output; the heating mode saves up to 75% of the energy consumption compared to a conventional heater. The Clim8zone™ artificial intelligence automatically adjusts the compressor speed up or down using a variety of sensors, including local ambient air temperature, air humidity and water temperature, to drastically reduce the costs of maintaining the hot tub's desired water temperature while using significantly less energy. It also functions at low ambient air temperatures (-20°C/-4°F) in colder climates.



ENVIRONMENTAL

As we develop more detailed plans to reach our net zero GHG by 2050, we have already completed our first Scope 1 and Scope 2 greenhouse gas inventory, have begun gathering relevant Scope 3 data, and are working on detailed emission-reduction roadmaps for our major operated assets.

Energy

We conducted our first Scope 1 and 2 GHG emissions inventory in 2021. In 2022, we implemented energy efficiency investments in our manufacturing operations, developed detailed emission-reduction roadmaps for our major operated assets, committed to measuring relevant Scope 3 GHG emissions, and outlined a plan with our third-party compliance partner to begin the process of gathering Scope 3 emissions data from our suppliers. This growing body of data will help us establish interim GHG emissions targets along our journey to achieving net zero GHG emissions by 2050. Compared to 2021, our 2022 emissions changed due to:

- Shifting production in Tijuana from a 24-7 operation (implemented in 2021 to meet extended COVID demand) to a more typical 2-shift operation for most of 2022, and the implementation of additional process efficiency improvements.
- In late 2022, we also added two new manufacturing plants due to the acquisition of Taimi Hydraulics and Daman.

Waste

We have worked diligently across our subsidiaries to identify significant waste streams and reduce waste using production process redesigns, scrap reduction initiatives, electronic waste reduction, and elimination of hazardous materials.

- Investments in manufacturing technologies, such as a nitrogen blanket system, to reduce solder dross in our printed circuit board assembly (PCBA) wave solder process by as much as 70%. This reduces the wave solder by-product waste stream which is good for the environment and business.

Water

Water is a fundamental component of our business, especially for our hydraulics manufacturing operations, but an even more important commodity of the communities where we operate and live. In addition to water conservation efforts already at work across our companies, in 2021 we conducted our first water usage inventory companywide. We added a second year of data in 2022 and are establishing a baseline that will be used to measure future improvements. Examples include:

- Balboa retrofitted their water reclamation system and significantly reduced the amount of wastewater generated in their plastic injection molding process by recycling it through a cooling tower system
- Sun Hydraulics has installed two evaporators to greatly reduce the volume of wastewater sent to a municipal processing plant in our efforts to become a zero-discharge facility in the U.S.

SOCIAL

Talent Development

Our mission includes developing talent by embracing diversity, promoting our Shared Values, cultivating a learning organization, instilling a customer-centric culture, and engaging global talent. Programs across our businesses include:

- Career Development Program (CDP), which targets recent college graduates and working students to provide them with bona fide job rotations aimed at building future leaders throughout critical business disciplines
- Summer internships, partnerships with local educational institutions, and ongoing employee training and education
- Helios Talent Central which, through the Cornerstone system, encompasses Helios' performance management, learning & development management, workforce planning and career development. The platform allows our colleagues around the world to engage and help drive their future professional growth. With industry-leading learning management software in 50 languages, spanning to 180 countries, we now have the best-in-class talent solutions necessary to power the future of our highly skilled global workforce.

Diversity, Equity and Inclusion (DEI)

We have a long history of devoting significant resources to support diversity and inclusion, and continue to create and develop opportunities for diversity throughout our organization. At Helios, diversity extends beyond race and gender, to include disability, ethnicity, nationality, religion, sexual orientation, gender identity and expression.

- While there remains work to be done, we have made significant strides in increasing the representation of minorities within our workplace
- One way we act on our convictions is by not only employing special needs employees, but also assigning a mentor to each one

Community

In addition to our corporate philanthropy, Helios Engage provides employees a platform to support charitable organizations, including a 100% corporate match program and volunteering opportunities. Employees around the globe can receive financial assistance in times of hardship through our Employee Assistance Fund (EAF), supported by their fellow employees' donations.

"In alignment with our strategy, it is critical that we continue to cultivate, accelerate and elevate our talent across the organization."

– Josef Matosevic, President and Chief Executive Officer

GOVERNANCE

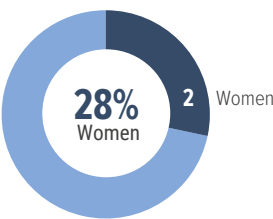
Accountability starts with board-level oversight of ESG to address non-financial topics of interest to our investors, shareholders, and other stakeholders. In March 2021, the Board created the ESG Committee to oversee risks related to the Company's environmental, social, corporate governance practices, as well as enterprise risk and other matters. In 2022, we added the Chairman of our Board to the ESG Committee, whose purpose is to:

- develop and recommend to the Board corporate governance guidelines and policies for the Company
- monitor the Company's compliance with good corporate governance standards and oversee the evaluation of the Board and management against these standards
- oversee the Company's significant ESG and sustainability activities and practices

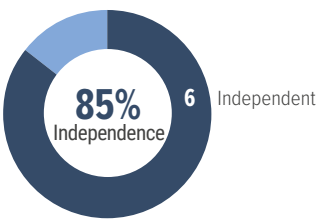
BOARD SKILLS AND DIVERSITY MATRIX

The below matrix summarizes the skills and diversity demographics of our current Board of Directors in 2023.

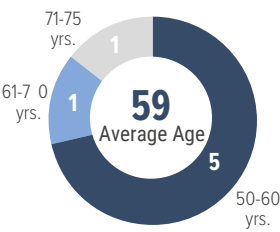
Gender



Independence



Average Age



Refreshment

OVER HALF
of our Board refreshed
within the past 3 years

We invite you to read about our progress and follow our journey at <https://heliotechnologies.com/esg>