



2021 ANNUAL REPORT &
2022 PROXY STATEMENT

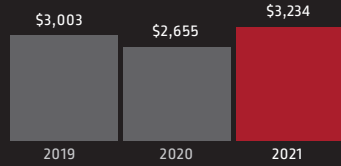


SOLUTIONS
DRIVE VALUE

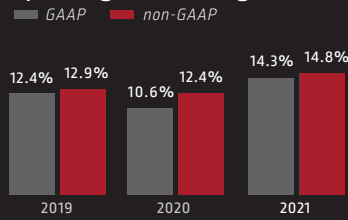
FINANCIAL HIGHLIGHTS

Years ended December 31
[dollars in millions, except per share]

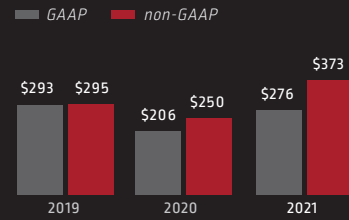
Net Sales



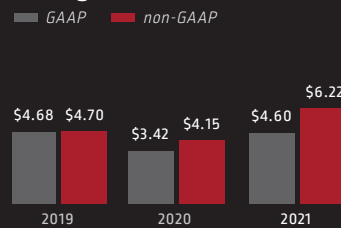
Operating Income Margin*



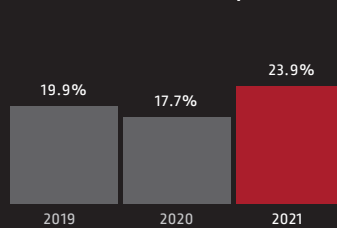
Net Income*



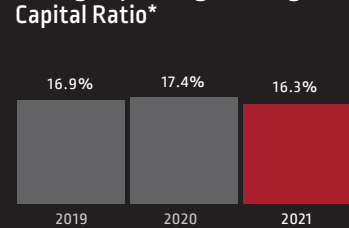
Earnings Per Common Share*



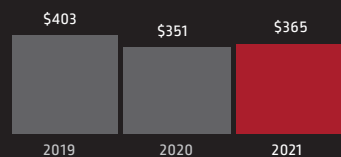
Return on Invested Capital*



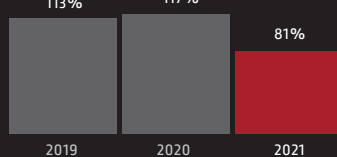
Average Operating Working Capital Ratio*



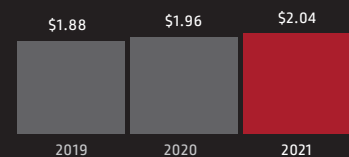
Cash Flow From Operations



Cash Conversion Ratio*



Annual Cash Dividend Per Common Share



*Please see Appendix A for definitions and reconciliation of non-GAAP results to the most comparable GAAP results.

SUSTAINABILITY HIGHLIGHTS

Advancing safety and environmental performance



Safety

2025 GOALS: 52% REDUCTION

19% TRCR Reduction

[2021 vs 2018]



GHG Emissions

2025 GOAL: 10% REDUCTION

18% Reduction

[2021 vs 2018]



Energy Intensity

2025 GOAL: 16% REDUCTION

7% Increase¹

[2021 vs 2018]



Recycling

2025 GOAL: 80% RATE

75% in 2021



Land II Avoidance

2025 GOAL: 97% RATE

96% in 2021



Water Usage

2025 GOAL: 14% REDUCTION

21% Reduction

[2021 vs 2018]



CEO ACTION FOR DIVERSITY & INCLUSION



Please visit: <https://sustainability.lincolnelectric.com> to learn more about sustainability programs and performance.

¹2021 energy intensity performance was unfavorably impacted by production hours. Absolute energy use declined 6% in 2021 vs. 2018 baseline.

"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.

UNDERSTANDING DRIVES **VALUE**



Chris Mapes Chairman, President & CEO

DEAR LINCOLN ELECTRIC SHAREHOLDERS,

We achieved record performance in 2021 across key metrics and exceeded targets in several areas of the business. Prioritizing safety and leading with a “customer-first” approach allowed us to successfully service customers’ needs while navigating the challenging inflationary environment, supply chain constraints and the pandemic. Our achievements are a testament to our performance-driven culture, the importance of prioritizing people first, the strength of our business model, and disciplined execution.

2021 Financial Highlights:

- Record sales +22% to \$3.2 billion
- Record adjusted earnings per share +50% to \$6.22
- Record return on invested capital (ROIC) of 23.9%
- Strong cash flow generation of \$365 million
- Returned \$286 million to shareholders



2025 STRATEGY

While there was tremendous focus on short-term actions to mitigate the challenging operating conditions, we continued to advance our long-term 2025 Higher Standard Strategy and made strong progress across the four key areas of focus:

^ Customer Focused:

Making it easier to do business with us

- Upgraded our digital customer portal to provide 24/7 access to real-time inventory status, hassle-free ordering, extensive product information and access to new product alerts, webinars and more. Regional versions are launching now
- Invested in our 39 global Arc Resource Centers to support customer engagement
- Enhanced our service offering with our CRM platform

^ Employee Development & Engagement:

Providing opportunities to learn and grow

- Expanded our training programming across all levels of the organization
- Achieved record participation in our global employee engagement survey which yielded positive engagement results and insights for new employee initiatives
- Launched “UpLinc,” our global, multi-lingual, internal communications app that engages all employees

^ Solutions & Value:

Advance solutions that improve customers’ products & operations

- Launched over 80 new product families and acquired three new businesses to expand solutions
- Increased our Vitality Index¹ of new product sales to 33% in total sales; 57% in equipment sales
- Achieved ~\$500M revenue run rate in our Automation portfolio—reinforcing Lincoln as the leading provider at the forefront of this industry transformation
- Advanced our additive technology and have established the only known large-scale metal wire additive factory which is 3D-printing large-sized parts, tooling and molds for industrial and aerospace applications

“We have increased our 2025 **Higher Standard Strategy** targets to reflect the added value we now expect to deliver to our stakeholders.”

Operational Excellence:

Improve our quality, costs and processes through continuous improvement

- Accelerated the benefits from structural improvements across our European business and exceeded our 2021 international profitability targets, resulting in new, higher targets
- Broadened deployment of our shared service structure to drive greater efficiency in our administrative functions
- Maintained high fill-rate levels for our consumable products and maximized equipment and automation availability with strategically elevated inventory levels and supply chain agility
- Continued to advance our safety and environmental performance towards our 2025 ESG goals

Pivoting to Growth

We believe we are in an attractive industrial growth cycle with solid momentum with all end markets growing due to strong demand, high backlogs and low inventory levels. We are also well-positioned to capitalize on secular growth drivers that are expected to elongate the cycle for Lincoln. Namely, the shortage of welders driving long-term demand for automation and education solutions; reshoring, which requires capital investment and demand for automation and additive solutions; infrastructure investment; and the transition to electric vehicles and renewables.

We anticipate that accelerated organic growth, amplified by acquisitions and the benefits of structural and process improvements, will generate higher profitability, cash flow generation and top-quartile returns. We have increased our 2025 Higher Standard Strategy financial targets to reflect the added value we now expect to deliver to our stakeholders:

Financial Metric	Timeframe: 2020 baseline to 2025
Sales CAGR	High single-digit to low double-digit percent
Average Adjusted Operating Income Margin	16% (+/- 150 basis points)
Segment Average Adjusted EBIT Margin Ranges	Americas Welding: 17% to 19% International Welding: 12% to 14% The Harris Products Group: 13% to 15%
Adjusted Earnings per share CAGR	High-teens to low 20%
Average ROIC	18% to 20%
Average Operating Working Capital Ratio	15% in 2025

Thank you

Looking ahead to 2022, we remain focused on serving our customers and expanding our market presence. We will continue to prioritize the safety and engagement of our global organization and advance our strategic initiatives to achieve our 2025 Higher Standard Strategy financial and ESG targets. While operating conditions remain challenging, the strength of our 127-year leadership position is our culture of integrity, service, innovation, and continuous improvement, which continues to propel the organization forward. It is also the steadfast support of our customers, employees, partners, and shareholders, which has been integral to our success. On behalf of the entire organization and our Board of Directors, thank you for your support and helping us achieve our purpose to Build a Better World.



Christopher L. Mapes
Chairman, President and Chief Executive Officer

⁽¹⁾ Vitality Index reflects the percent of net sales from new products launched in the last five years, excluding the International Welding Segment and customized automation sales.



2022 PROXY STATEMENT










NOTICE OF ANNUAL MEETING

ANNUAL MEETING OF SHAREHOLDERS

ITEMS TO BE VOTED ON	RECOMMENDATION	
PROPOSAL 1 To elect ten Director Nominees named in this Proxy Statement to hold office until the 2023 Annual Meeting or until their successors are duly elected and qualified	 FOR all Director Nominees	PAGE 21
PROPOSAL 2 To ratify the appointment of Ernst & Young LLP as Lincoln Electric's independent registered public accounting firm for the year ending December 31, 2022	 FOR this proposal	PAGE 83
PROPOSAL 3 To approve, on an advisory basis, the compensation of our named executive officers (NEOs) for 2021	 FOR this proposal	PAGE 85

By Order of the Board of Directors,

Christopher L. Mapes
 Chairman, President and
 Chief Executive Officer

Jennifer I. Ansberry
 Executive Vice President,
 General Counsel and Secretary

WE WILL BEGIN MAILING THIS PROXY STATEMENT ON OR ABOUT MARCH 18, 2022.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on April 21, 2022:

This Proxy Statement and the related form of proxy, along with our 2021 Annual Report on Form 10-K, are available free of charge at www.lincolnelectric.com/proxymaterials.

DATE & TIME

THURSDAY, APRIL 21, 2022
 11:00 AM ET

PLACE

Online at
www.virtualshareholdermeeting.com/LECO2022

ACCESS

Online at
www.virtualshareholdermeeting.com/LECO2022.
 You must have your 16-digit control number which is printed on your proxy card.

PARTICIPATION

Submit pre-meeting questions online by visiting www.proxyvote.com before Monday, April 18, 2022 at 5:00 pm ET.

RECORD DATE

Shareholders of record on the close of business on February 28, 2022 are entitled to vote at the 2022 Annual Meeting.

HOW TO CAST YOUR VOTE

Your vote is important! Please vote your shares promptly in one of the following ways:



BY INTERNET USING YOUR COMPUTER

Visit www.proxyvote.com until April 20, 2022



BY PHONE

Call 1-800-690-6903 by April 20, 2022



BY INTERNET USING YOUR TABLET OR SMARTPHONE

Scan this QR code to vote with your mobile device by April 20, 2022



BY MAIL

Sign, date and return your proxy card or voting instruction form, which must be received by April 20, 2022



DURING MEETING

Vote online on April 21, 2022 during the Annual Meeting at

www.virtualshareholdermeeting.com/LECO2022

BUSINESS OVERVIEW

OUR PURPOSE:

OPERATING BY A HIGHER STANDARD TO BUILD A BETTER WORLD

Lincoln Electric is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxyfuel cutting equipment, and has a leading global position 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 to help them build a better world. We leverage these strengths, our global presence and a broad distribution network to serve an array of customers across various end markets including: general metal fabrication, energy, structural steel construction and infrastructure (commercial buildings and bridges), heavy industries (agricultural, mining, construction and rail equipment, as well as shipbuilding), and automotive/transportation. Headquartered in Cleveland, Ohio, U.S.A., we operate 56 manufacturing locations in 19 countries and distribute to over 160 countries. In 2021, we generated a record \$3.2 billion in sales.

FAST FACTS

FOUNDED 1895	EMPLOYEES WORLDWIDE 11,000	LECO NASDAQ LISTED
COUNTRY FOOTPRINT/ DISTRIBUTION 19/160+	MANUFACTURING FACILITIES 56	CORPORATE HEADQUARTERS CLEVELAND, OH
BROADEST SOLUTIONS PORTFOLIO GLOBALLY	2021 REVENUE \$3.2B	ARC APPLICATION RESOURCE CENTER 39 WORLD WIDE
NEW PRODUCT VITALITY INDEX ¹ 33%	LARGEST COMMERCIAL & TECHNICAL TEAM	

(1) Vitality index represents the percentage of 2021 sales from new products launched in the last five years. Excludes International Welding segment and customized automation sales.

OUR GLOBAL FOOTPRINT



OUR GUIDING PRINCIPLE: THE GOLDEN RULE

TREAT OTHERS AS YOU WOULD LIKE TO BE TREATED

For over 125 years, we have achieved success through innovation and business practices that seek to align our stakeholders. Our long-term strategic initiatives and investments drive alignment by providing:

- Customers with market-leading solutions that are manufactured responsibly, operate safely and efficiently, and are supported by our superior technical application capabilities;
- Employees with an incentive and results-driven culture where engagement and professional growth and development is a priority;
- Suppliers with a shared commitment to responsible operations that are safe, compliant and efficient;
- Communities with a responsible and engaged partner who is focused on helping communities thrive; and
- Shareholders with above-market returns.



We are pursuing our long-term strategy, the “**Higher Standard 2025 Strategy**” (“2025 Strategy”), to deliver superior value to all stakeholders and recently increased our targets to reflect strong momentum in our performance. The 2025 Strategy leverages an active acquisition program and investments to drive organic growth through differentiated, value-added solutions and technologies. The strategy focuses on achieving best-in-class operational, financial and sustainability performance, as well as amplifying employee engagement. 2025 Strategy initiatives advance performance in four key areas:



CUSTOMER FOCUSED:

Enhance our value proposition and the ease of doing business with us by leveraging our CRM system and investments in industry-segment market-facing teams, product portfolios and application resource centers.



EMPLOYEE DEVELOPMENT:

Improve opportunities for our employees to learn and grow through new development programs, resource groups, engagement initiatives, and enhanced HR systems and tools.



SOLUTIONS & VALUE:

Develop solutions that improve customers' ability to make their products better, safer and easier. Key initiatives include accelerating growth in automated solutions and additive services, enhanced software (IoT and AI), and designing greater efficiency and sustainability into new products.



OPERATIONAL EXCELLENCE:

Improve our quality, costs and processes by maximizing continuous improvement through our Lincoln Business System, further digitization of our operations and processes, and achievement of our sustainability goals.

The 2025 Strategy's key financial and sustainability targets align with substantially all of the Company's key short-term and long-term compensation metrics and are incorporated in the CEO and executive leadership compensation goals and cascade through the organization.

KEY FINANCIAL METRICS	2025 GOAL [2020 BASELINE]	SHORT-TERM COMPENSATION METRICS	LONG-TERM COMPENSATION METRICS
Sales CAGR (organic & inorganic)	High single-digit to Low double-digit percent	X	
Average Adjusted Operating Income Margin	16%	X ¹ (Representative of EBITB)	
Adjusted Earnings per share CAGR	High-teens to Low 20%		X ¹ (Three-Year Cumulative Growth of Adjusted Net Income for Compensation Purposes)
Average Operating Working Capital Ratio	15% in 2025	X ¹	
Average Return on Invested Capital (ROIC)	18% to 20% (Top quartile performance vs. proxy peers)		X ¹

⁽¹⁾ Performance measures used in the design of the executive compensation program are defined in Appendix A

Employee engagement and development is a key focus of our 2025 Strategy as a highly engaged workforce is safer, innovative, productive, and generates long-term value for the organization. Our 2025 Strategy human capital investments enhance employee development and training through a range of online self-guided and instructor-led educational and experiential programs, skills training and career resources. This programming continues to expand to reach employees globally with learning and development opportunities targeted to all levels of the organization to promote personal development, career pathways and employee retention at Lincoln Electric.

In addition to our educational and career development programs, our annual talent and succession planning process reviews 100% of our global professional staff to ensure an appropriate talent pipeline for critical roles in general management, engineering and operations. This evaluation includes our CEO and all segment and functional leaders who use this process to identify and support high potential and diverse talent in succession planning for the next generation of Lincoln Electric's leaders.

The 2025 Strategy also incorporates the following long-term 2025 safety and environmental goals:

2025 STRATEGY SUSTAINABILITY GOALS

Goals reflect targeted 2025 performance versus our 2018 baseline:



In addition, we focus on product stewardship in the design and manufacture of our products to improve safety, advance energy efficiency and reduce waste in our customers' welding operations. We measure energy efficiency improvements achieved in our welding equipment as we transition our equipment portfolio from a transformer-based platform to a more efficient digital, inverter-based system. Product stewardship initiatives also include efforts to reduce packaging waste, digitization of product reference material, and the increased use of inter-modal transportation to reduce the carbon footprint of our products in the supply chain.

PROXY SUMMARY

This section provides an overview of important items related to this Proxy Statement and the 2022 Annual Meeting. We encourage you to read the entire Proxy Statement for more information before voting.

2021 PERFORMANCE HIGHLIGHTS

In 2021, we achieved record sales and adjusted earnings per share performance, and strong return on invested capital, while effectively mitigating inflation and challenging operating conditions. By prioritizing employee safety and following a “customer-first” approach, our team developed an agile supply chain strategy and manufacturing plan, which allowed us to continue to operate safely and maximize inventory levels and product availability to support customers’ needs and the early stages of an industrial recovery.

The team’s resilience allowed us to advance our Higher Standard 2025 strategic initiatives focused on an enhanced customer experience, employee development, maximizing the value of our solutions, and achieving operational excellence. In 2021, we continued to differentiate ourselves through innovation. We maintained our leadership position in automation, launched over 80 new product families and expanded our vitality index of sales from new products to 33%. Operationally, we completed hundreds of local continuous improvement projects across our global footprint, continued to automate, digitize and leverage shared services to drive efficiencies, and benefited from structural cost savings achieved through numerous initiatives, which allowed us to exceed our International Welding segment’s profit goal.

These initiatives combined with strong cash generation, an active acquisition program, and a balance sheet well-positioned to fund growth and superior shareholder returns enables Lincoln Electric to capitalize on a new industrial growth cycle.

2021 FINANCIAL HIGHLIGHTS

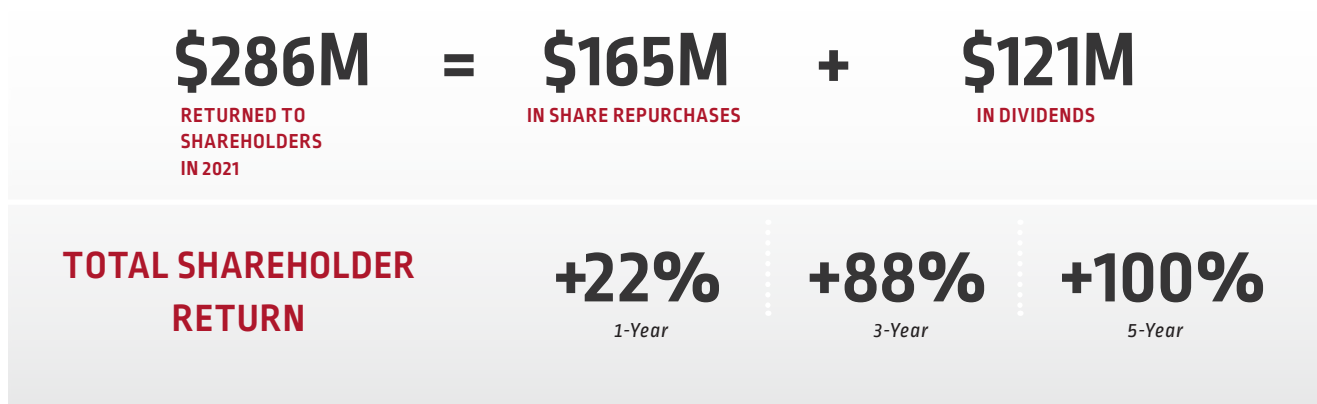
End markets returned to growth in 2021. Sales increased approximately 22% to a record \$3.2 billion primarily due to 19% organic sales growth and an approximate 2% contribution from acquisitions. We achieved strong operating income performance with a 370 basis point increase in our operating income margin to 14.3% versus the prior year, primarily due to volume growth, price management and benefits of cost reduction actions. Adjusted operating income margin improved 240 basis points to 14.8%.

OPERATING INCOME MARGIN		DILUTED EPS	
Reported	Adjusted	Reported	Adjusted
14.3%	14.8%	\$4.60	\$6.22
+370 bps vs. 2020	+240 bps vs. 2020	+35% vs. 2020	+50% vs. 2020 [record]
CASH FLOW FROM OPERATIONS	AVERAGE OPERATING WORKING CAPITAL TO NET SALES RATIO	RETURN ON INVESTED CAPITAL	
\$365M	16.3%	23.9%	
+4% vs. 2020	improved 110 bps vs. 2020		

See Appendix A for definitions and/or reconciliation of these metrics to results reported in accordance with GAAP. Performance measures used in the design of the executive compensation program are presented within the Compensation Discussion and Analysis section.

2021 SHAREHOLDER RETURNS

We continued to generate solid cash flows and pursued a balanced capital allocation strategy with strong shareholder returns despite the challenging operating conditions. In 2021, we returned \$286 million to shareholders through our dividend program and share repurchases. In addition, the Board approved the Company's 26th consecutive dividend increase, raising the dividend payout rate by 9.8%. These returns were complemented by \$219 million in growth investments in internal capital expenditures and acquisitions.



2021 SAFETY AND ENVIRONMENTAL HIGHLIGHTS

Safety and operational excellence are a priority at Lincoln Electric and we strive to improve our performance annually across these key safety and environmental metrics: safety total recordable case rate, carbon emissions, energy intensity, recycling, and water use as we advance towards achieving our 2025 goals. Our performance demonstrates continued structural improvements achieved in the business through our 2025 Strategy and our commitment to best-in-class performance.

	2025 GOAL (vs. 2018 BASELINE)	2021 PERFORMANCE (vs. 2018 BASELINE)
Safety (TRCR)	52% Reduction	19% Reduction
Greenhouse Gas Emissions (Absolute)	10% Reduction	18% Reduction
Energy Intensity	16% Reduction	7% Increase ¹
Recycling (All Waste)	80% Rate	+160 bps to 75% Rate
Water Use (Absolute)	14% Reduction	21% Reduction

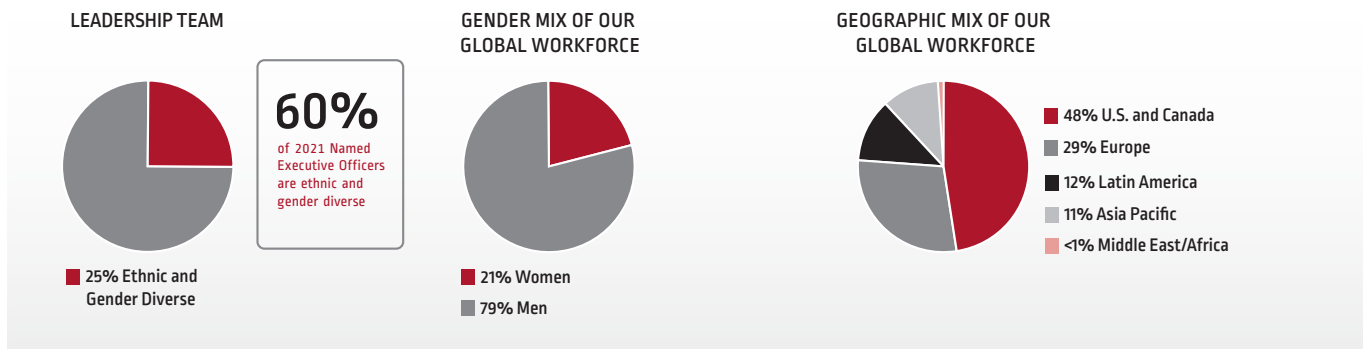
⁽¹⁾ Our 2021 energy intensity performance was unfavorably impacted by production hours. Absolute energy use declined 6% in 2021 vs. 2018 baseline.

2021 GLOBAL WORKFORCE AND DIVERSITY AND INCLUSION PROGRAMS

Our 2025 Strategy focuses on the importance of employee engagement and fostering an organization where every employee is encouraged and motivated to bring their unique perspectives and talents forward. Our CEO and Chief Human Resources Officer lead our diversity and inclusion (D&I) initiatives, and report on the Company's D&I programs, talent attraction and retention, and succession planning to the Board twice annually and our Compensation and Executive Development Committee is regularly briefed on D&I matters throughout the year. Our D&I programs focus on:

- Internal diversity and inclusion education and training programs
- Employee development programs to promote talent from within
- Enhancing our recruiting efforts to increase diversity
- Support employee resource groups, including Diversity Councils
- Maintain Advisory Boards where department representatives meet regularly with management to raise key topics
- Partnering with diverse customers and suppliers

DIVERSITY HIGHLIGHTS



In 2021, we expanded our D&I initiatives to further increase engagement and connectedness among our global organization to help us shape future D&I investments and initiatives. Highlights include:

- We instituted our periodic global employee survey and achieved record participation. We use employee surveys to gauge employee engagement and to identify where our programs are effective and new opportunities to meet employees’ needs. Overall sentiment was positive and we have identified opportunities to further enhance engagement and team collaboration.
- We adopted a new “Work Appropriately” program in 2021 for eligible, office-based roles that can effectively achieve their strategic objectives and successfully service customers in a permanently remote or hybrid office/work-from-home format to help employees balance personal needs with professional demands. To further support this approach, we retrofitted our headquarter offices to support visiting hybrid employees and invested in new collaborative workspaces and technologies to support in-person and virtual team interactions. We are continuing to assess the use of this program across our network of global office locations.
- We launched a new multi-lingual internal communications mobile app and intranet portal that connects all employees (office and production line workers) with global and local news to ensure best-in-class connectivity and content across our 11,000 employees.

In addition, our culture and D&I programming was recognized externally by these distinguished awards:



Also recognized as Forbes 2021 World’s Top Female Friendly Companies

EMPLOYEE DEVELOPMENT & TRAINING

One of the four peaks of our 2025 Strategy is focused directly on our employees’ engagement and professional development because a highly-engaged workforce drives innovation, productivity and improved bottom-line results. One key area of engagement is our investment in training and development to ensure a strong succession pipeline and ample development opportunities to advance skills, knowledge and expertise to prepare our employees for future career opportunities. Our programs include formal leadership, management and professional development programs, tuition reimbursement for external accredited programs, mentoring, self-guided online courses, instructor-led programs, and special project and rotational assignments that can lead to extensive global exposure.

COMMUNITY ENGAGEMENT

In 2021, we maintained our employee assistance program, supported our internal employee resource group initiatives and community engagement through our Lincoln Electric Foundation grants, our U.S. employee matching program for donations and volunteerism, in-kind gifts, sponsorship of key events, and the hosting of community and academic events at our facilities. In addition, we maintained our community educational/career programming among secondary and high school students to address skills gaps in industry and expand awareness of attractive career pathways in manufacturing. This programming, along with our continued support of regional youth programs, welding competitions and serving as the global welding sponsor of WorldSkills® are foundational to our efforts to promote the trades and the science of welding.

CORPORATE GOVERNANCE HIGHLIGHTS

Lincoln Electric has a solid track record of integrity and corporate governance practices that promote thoughtful management by its officers and Board of Directors, facilitating profitable growth while strategically balancing risk to maximize shareholder value. The tables below summarize select Board and governance information, and highlight certain information about the 10 Director Nominees shareholders are being asked to elect at the 2022 Annual Meeting.

BOARD COMPOSITION AND PRACTICES

Size of Board	13*
Number of independent Directors	12
Average age of Director Nominees	60
Ethnically diverse Director Nominees	2
Female Director Nominees	3
Board meetings held in 2021	5
New Directors in the last 5 years	4
Average tenure [years] of Director Nominees	9.4
Annual election of Directors	✓
Majority voting policy for Directors	✓
Lead Independent Director	✓

* Prior to the election of Mr. Chambers, there were 12 Directors (11 were independent) during 2021.

Number of fully independent Board committees	4
Independent Directors meet without management	✓
Director attendance at Board and committee meetings	>75%
Mandatory retirement age [75]	✓
Stock ownership guidelines for Directors	✓
Annual Board and committee self-assessments	✓
Code of Conduct for Directors, officers & employees	✓
No overboarded Directors [per ISS or Glass Lewis]	✓
Succession planning and implementation process	✓
Strategy, ESG and risk management oversight	✓
Corporate culture, diversity and inclusion oversight	✓

SHAREHOLDER PROTECTIONS

One share, One vote standard	✓
Dual-class common stock or Poison pill	✗
Cumulative voting	✗
Vote standard for Code of Regulations amendment	67%
Shareholder right to call a special meeting	✓**
Annual election of Directors	✓
Majority voting policy for Directors	✓
Lead Independent Director	✓
Executive sessions without management present	✓

** Special meetings can be called by shareholders holding not less than 25% of the voting power

COMPENSATION PRACTICES

Pay for Performance	✓
Annual Say-on-Pay Advisory Vote	✓
Compensation aligned with strategic goals and individual performance	✓
Incentive plans do not encourage excessive risk taking	✓
No excessive perquisites	✓
Robust stock ownership guidelines for NEOs	✓
Clawback policy	✓
Double-trigger change-in-control	✓
Anti-hedging/pledging policy	✓
CEO Pay Ratio	191:1

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICIES AND ENVIRONMENTAL GOALS

Compensation and Executive Development Committee oversight of human capital policies and practices, including corporate culture, diversity and inclusion (D&I)	✓
Audit Committee oversight of environmental, health & safety matters	✓
Audit Committee oversight of information security and cybersecurity matters	✓
ESG performance incorporated into CEO's annual performance goals (and other executives)	✓
Global Code of Conduct	✓
Human Rights Policy	✓
No-Harassment Policy	✓
Anti-Corruption Policy	✓
Supplier Code of Conduct	✓
Environmental, Health, Safety & Quality Policy	✓
Environment management system	✓
Long-term safety and environmental goals	✓
Aligned with select UN Sustainable Development Goals (SDGs)	✓

DIRECTOR NOMINEES AND BOARD SUMMARY

PROPOSAL 1

Election of 10 Directors to serve until 2023 Annual Meeting or until their successors are duly elected and qualified



The Board recommends a vote **FOR** all Director Nominees.

Our Nominating and Corporate Governance Committee and our Board of Directors have determined that each of the Director Nominees possesses the right skills, qualifications and experience to effectively oversee Lincoln Electric's long-term business strategy.



See "Proposal 1—Election of Directors" beginning on page 21 of this Proxy Statement.

You are being asked to vote on the election of ten Director Nominees. Selected biographical information of each Director Nominee, as well as committee membership and committee chair information is listed below. Additional information can be found in the Director biographies under Proposal 1.

DIRECTOR NOMINEES

Name	Age	Director Since	Independent	Audit	Compensation & Executive Development	Nominating & Corporate Governance	Finance	Other Public Company Boards
Brian D. Chambers Chair, President and CEO, Owens Corning	55	2022	✓	●			●	1
Curtis E. Espeland (Lead Independent Director) Retired Executive Vice President and CFO, Eastman Chemical Company	57	2012	✓	●			●	1
Patrick P. Goris Senior Vice President and CFO, Carrier Global Corporation	50	2018	✓	●		●		—
Michael F. Hilton Retired President and CEO, Nordson Corporation	67	2015	✓		◆	●		2
Kathryn Jo Lincoln Chair and CIO, Lincoln Institute of Land Policy	67	1995	✓		●	●		—
Christopher L. Mapes (Chairman) President and CEO, Lincoln Electric Holdings, Inc.	60	2010						1
Phillip J. Mason Retired President, EMEA Sector of Ecolab, Inc.	71	2013	✓		●		◆	—
Ben P. Patel Former Senior Vice President and Chief Technology Officer, Cooper Tire & Rubber Company	54	2018	✓	●		●		—
Hellene S. Runtagh Retired President and CEO, Berwind Group	73	2001	✓		●	◆		—
Kellye L. Walker Executive Vice President and Chief Legal Counsel, Eastman Chemical Company	55	2020	✓		●	●		—

◆ Chair

● Member



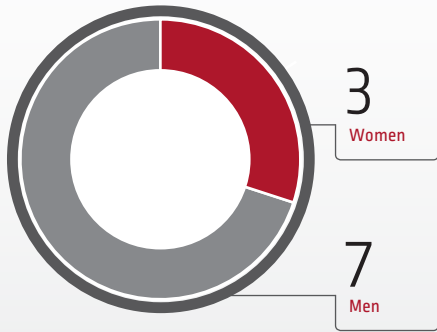
RETIRING DIRECTORS

Name	Age	Director Since	Independent	Audit	Compensation & Executive Development	Nominating & Corporate Governance	Finance	Other Public Company Boards
Stephen G. Hanks Retired President and CEO, Washington Group International	71	2006	✓	◆			●	—
G. Russell Lincoln President, N.A.S.T. Inc.	75	1989	✓	●			●	—
William E. MacDonald, III Retired Vice Chairman, National City Corporation	75	2007	✓		●		●	—

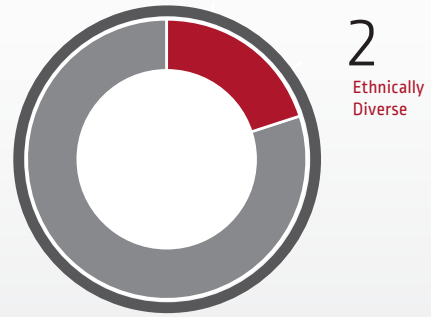
◆ Chair ● Member

COMPOSITION OF DIRECTOR NOMINEES

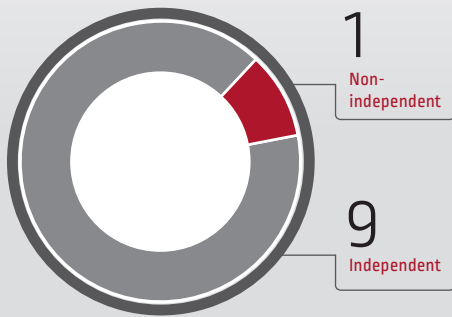
Gender Diversity



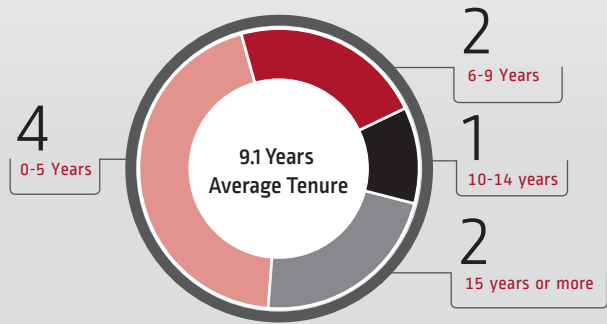
Ethnic Diversity



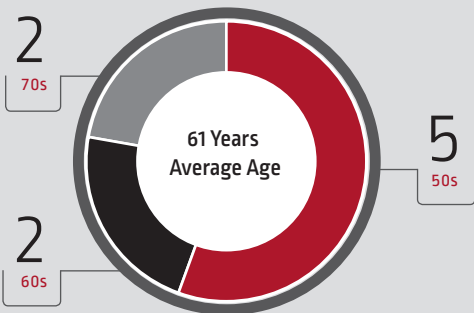
Independence





Tenure of Independent Director Nominees





Age of Independent Director Nominees



RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM SUMMARY

<p>PROPOSAL 2</p> <p>Ratification of independent registered public accounting firm</p>	 	<p>The Board recommends a vote FOR this proposal. Our Board of Directors recommends that shareholders vote “FOR” the ratification of the appointment of Ernst & Young LLP as Lincoln Electric’s independent registered public accounting firm for the year ending December 31, 2022.</p> <p>See “Proposal 2—Ratification of Independent Registered Public Accounting Firm” beginning on page 83 of this Proxy Statement.</p>
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EXECUTIVE COMPENSATION PROGRAM HIGHLIGHTS

<p>PROPOSAL 3</p> <p>Approval, on an advisory basis, of NEO Compensation</p>	 	<p>The Board recommends a vote FOR this proposal. Our Board of Directors recommends that shareholders vote “FOR” the approval, on an advisory basis, of compensation of our NEOs for 2021.</p> <p>See “Proposal 3—Approval, on an Advisory Basis, of Named Executive Officer Compensation” beginning on page 85 of this Proxy Statement and “Compensation Discussion and Analysis” beginning on page 41 of this Proxy Statement.</p>
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We have a long history of driving an incentive management culture, emphasizing **pay for performance** to align compensation with the achievement of enterprise, segment and individual goals.

We believe our compensation program and practices provide an appropriate **balance** between profitability, cash flow and returns, on the one hand, and suitable levels of risk-taking, on the other. This balance, in turn, aligns compensation strategies with shareholder interests, as reflected by the consistently high level of shareholders voting for the compensation of our NEOs.

2021 NAMED EXECUTIVE OFFICERS

The Compensation Discussion and Analysis (CD&A) provides information regarding our executive compensation program for the following NEOs in 2021:



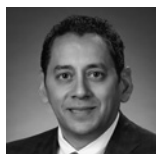
Christopher L. Mapes

Chairman, President and Chief Executive Officer



Steven B. Hedlund

Executive Vice President, President, Americas and International Welding



Gabriel Bruno

Executive Vice President, Chief Financial Officer and Treasurer



Jennifer I. Ansberry

Executive Vice President, General Counsel and Secretary



Michele R. Kuhrt

Executive Vice President, Chief Human Resources Officer

ACTIONS TO FURTHER ALIGN EXECUTIVE COMPENSATION WITH SHAREHOLDER INTERESTS

The Compensation and Executive Development Committee of the Board reviews the framework of our executive compensation program and seeks to align executive pay with our pay for performance philosophy. Each year, our Compensation and Executive Development Committee monitors our executive compensation program and how it relates to our corporate performance and shareholder interests. The historically high approval of our “say-on-pay” proposals on the compensation of our NEOs, including at the 2021 Annual Meeting, demonstrate the alignment of our executive compensation program with corporate performance and shareholder interests.

In 2021, our Compensation and Executive Development Committee reviewed the overall design of our executive compensation program, and held the program consistent with policies developed in prior years. Throughout the year, our Compensation and Executive Development Committee monitored the impact of the COVID-19 pandemic on our executive compensation program, including pay for performance, alignment with stockholder’s interests, and motivation and retention of key talent.

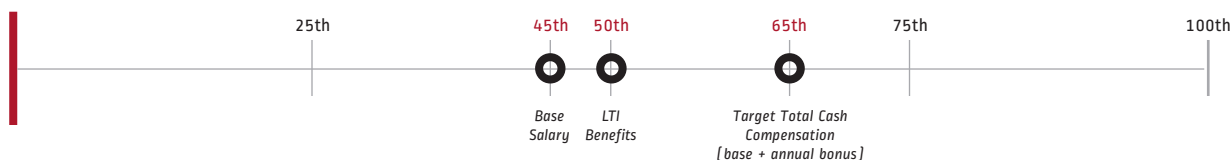
2021 EXECUTIVE COMPENSATION PRACTICES

What We Do	What We Don't Do
We have long-term compensation programs focused on profitability, net income growth, ROIC and total shareholder returns ✓	We do not allow hedging or pledging of our shares ✗
We use targeted performance metrics to align pay with performance ✓	We do not reprice stock options and do not issue discounted stock options without shareholder approval ✗
We maintain stock ownership guidelines (5x base salary for CEO; 3x base salary for other NEOs) ✓	We do not provide excessive perquisites ✗
We have shareholder-approved incentive plans ✓	We do not have multi-year guarantees for compensation increases ✗
We have a broad clawback policy ✓	
We have a double-trigger change in control policy ✓	

COMPENSATION FRAMEWORK & PHILOSOPHY

Our compensation program is designed to attract and retain exceptional employees. We also maintain a strong pay for performance culture. As indicated below, we design our compensation system to reflect current best practices, including setting base pay below the competitive market for each position, targeting incentive-based cash compensation above the competitive market and promoting quality corporate governance in compensation decisions. We believe these practices result in sustained, long-term shareholder value and reflect our philosophy that the pay for our best performers should align with the results of our long-term goals.

Percentile Rank

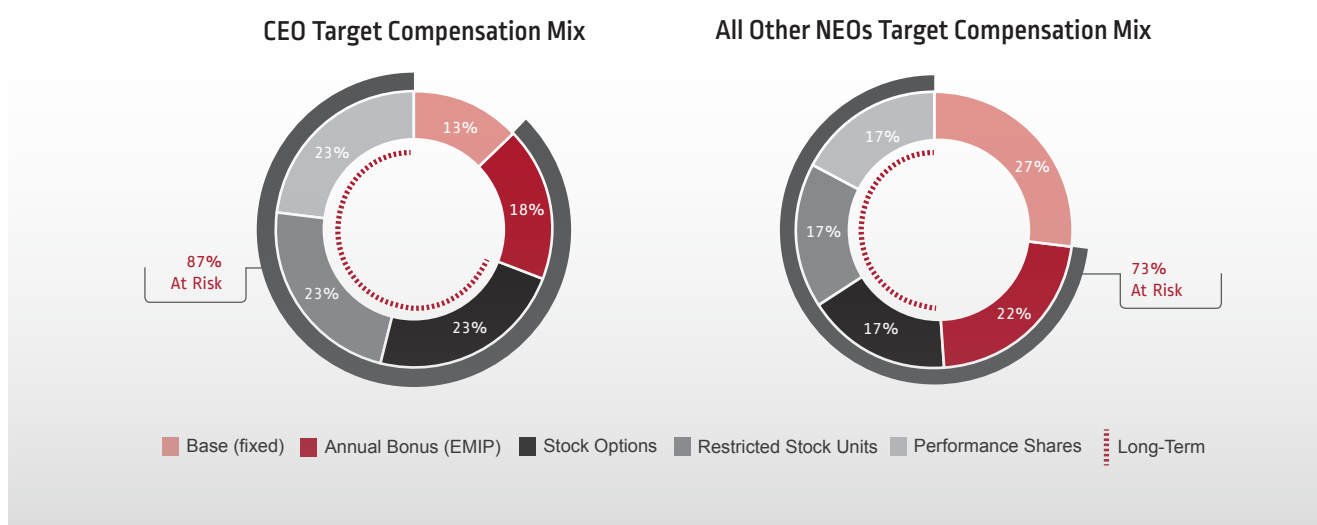


Our executive compensation program consists of three primary elements of total direct compensation: base salary (fixed), short-term incentive compensation (at-risk) in the form of an annual bonus (EMIP), and long-term incentive compensation (at-risk) in the form of stock options, restricted stock units (RSUs) and performance shares.

- Base salary is the only component of total direct compensation that is fixed
- Short-term incentive compensation is based on annual consolidated and, if applicable, segment performance, and individual performance
- Long-term incentive compensation is based on our financial performance over a three-year cycle
- Variable, “at risk,” pay is a significant percentage of total compensation

AVERAGE MIX OF KEY COMPENSATION COMPONENTS AND KEY COMPENSATION METRICS

The following charts present the mix of 2021 target direct compensation for our Chief Executive Officer (CEO) and all of our other NEOs, as established in the beginning of 2021. As shown below, 87% of our CEO's compensation value and, on average, 73% of all of our other NEOs' compensation value was "at risk," with the actual amounts realized based on annual and long-term performance as well as our stock price.



We use the following key performance measures in our short-term and long-term compensation programs.

Key Performance Metrics Tied to Executive Compensation		
Metric	Short-Term Compensation [Annual Bonus]	Long-Term Incentive Compensation Program [3-yr Performance Cycle]
EBITB ^{1,2} [Earnings before interest, taxes and bonus]	✓	
Average Operating Working Capital to Sales ² ratio	✓	
Individual performance ³	✓	
Adjusted Net Income ² growth		✓
Return on Invested Capital [ROIC] ²		✓
Total Shareholder Return [TSR] ²		✓

- (1) EBITB is an internal measure that tracks our adjusted operating income.
- (2) Both consolidated and segment financial performance measures are used in the design of the executive compensation program and are defined in Appendix A. Average Operating Working Capital to Sales for Compensation Purposes, Adjusted Net Income for Compensation Purposes, and Return on Investment Capital for Compensation Purposes have discrete definitions relative to our executive compensation program.
- (3) Individual performance goals are set annually and a significant portion of our executive officers' individual performance goals are tied to one or more aspect of our 2025 Strategy including human capital and other ESG related matters.



LINCOLN ELECTRIC HOLDINGS, INC.

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Cautionary Note on Forward-Looking Statements: This Proxy Statement contains forward-looking statements regarding Lincoln Electric's strategy and current expectations within the applicable securities laws and regulations. These statements reflect management's current expectations and involve a number of risks and uncertainties. Forward-looking statements generally can be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "forecast," "guidance," or words of similar meaning. Actual results may differ materially from such statements due to a variety of factors that could adversely affect the Company's operating results. The factors include, but are not limited to: general economic, financial and market conditions; the effectiveness of operating initiatives; completion of planned divestitures; interest rates; disruptions, uncertainty or volatility in the credit markets that may limit our access to capital; currency exchange rates and devaluations; adverse outcome of pending or potential litigation; actual costs of the Company's rationalization plans; possible acquisitions, including the Company's ability to successfully integrate acquisitions; market risks and price fluctuations related to the purchase of commodities and energy; global regulatory complexity; the effects of changes in tax law; tariff rates in the countries where the Company conducts business; and the possible effects of events beyond our control, such as political unrest, acts of terror, natural disasters and pandemics, including the current coronavirus disease ("COVID-19") pandemic, on the Company or its customers, suppliers and the economy in general. For additional discussion, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021. These forward-looking statements speak only as of the date on which such statements were made, and we undertake no obligation to update these statements except as required by federal securities law.

PROPOSAL 1— ELECTION OF DIRECTORS

DIRECTOR NOMINEES

Brian D. Chambers

Curtis E. Espeland

Patrick P. Goris

Michael F. Hilton

Kathryn Jo Lincoln

Christopher L. Mapes

Phillip J. Mason

Ben P. Patel

Hellene S. Runtagh

Kellye L. Walker

The term of office for each of our Directors expires at this year's Annual Meeting. Pursuant to the retirement policy contained in our Governance Guidelines, Mr. Lincoln and Mr. MacDonald are not being nominated for re-election and will retire as Directors effective as of the expiration of their terms at the time of this year's Annual Meeting. Mr. Hanks is also not being nominated for re-election and is retiring as a Director effective as of the expiration of his term at the time of this year's Annual Meeting. Upon their retirement, the authorized number of Directors will be reduced from its current size of thirteen and fixed at ten.

Our shareholders are being asked to elect ten Directors to serve until the 2023 Annual Meeting or until their successors are duly elected and qualified. All of the Director Nominees, other than Mr. Chambers, who was elected to the Board on February 16, 2022, have been previously elected by our shareholders. Each of the Director Nominees has agreed to stand for re-election. The biographies of our Director Nominees can be found in this section.

If any Director Nominee is unable to stand for election, the Board may provide for a lesser number of nominees or designate a substitute. In the latter event, shares represented by proxies solicited by the Directors may be voted for the substitute. We have no reason to believe that any of the nominees will be unable to stand for election.

HOW WE SELECT DIRECTOR NOMINEES

In evaluating Director candidates, including persons nominated by shareholders, the Nominating and Corporate Governance Committee expects that any candidate must have these minimum qualifications:

- Demonstrates character, integrity and judgment
- High-level managerial experience or experience dealing with complex business matters
- Ability to work effectively with others
- Sufficient time to devote to the affairs of Lincoln Electric
- Specialized experience and background that will add to the depth and breadth of the Board
- Independence as defined by the Nasdaq listing standards (for non-employee Directors)
- Financial literacy

We are also committed to having Director candidates that can provide perspective on the industry challenges that we face and our long-term commitment to a pay for performance culture. The Nominating and Corporate Governance Committee's process for identifying and evaluating nominees for Director includes annually discussing prospective Director specifications, which serve as the baseline to evaluate candidates. When recruiting new Director candidates, we may involve a recognized search firm, and the CEO and/or a member of the Nominating and Corporate Governance Committee (usually, the Chair) will contact the prospective director to gauge his or her interest and availability. The candidate will then meet with several members of the Board, including our Lead Independent Director. At the same time, references for the prospect will be contacted. A background check is generally completed before a final recommendation is made to the Board to elect a candidate to the Board.

During 2021, the Nominating and Corporate Governance Committee retained the search firm of Heidrick & Struggles to help identify director prospects, perform candidate outreach, assist in reference and background checks and provide other related services. For the director search that commenced in 2021, the Board targeted active chief executive officers and other senior executives of public companies who had experience in managing global businesses who could appreciate complexities of our business, and enhance our focus on sustainability matters. The Board determined that Mr. Chambers possesses the desired capabilities and management experience and was elected to the Board on February 16, 2022.

Shareholders may nominate one or more persons for election as Director of Lincoln Electric. The process for doing so is set forth in the FAQs section of this Proxy Statement. Director candidates recommended by our shareholders will be considered by the Nominating and Corporate Governance Committee in accordance with the criteria outlined above. For this year, the window for such nominations closed on January 22, 2022.

DIRECTOR NOMINEES' SKILLS, EXPERIENCE AND BACKGROUND

Throughout 2021, the Nominating and Corporate Governance Committee reviewed the skills, qualifications and experience of each Director Nominee to ensure that each can effectively oversee our long-term business strategy. As shown below, our Director Nominees have a mix of skills and experience that we believe are relevant to the Company's long-term strategy and success.

SKILLS, EXPERIENCE AND BACKGROUND

Senior Leadership Management											100%
Manufacturing Expertise											90%
Other Public Company Board Service											60%
Financial Acumen & Expertise											100%
International Operations Experience											90%
M&A Experience											100%
Innovation Experience											50%
Sales/Marketing Experience											70%
Information Technology/ Information Security Experience											70%

BOARD DIVERSITY

To maintain Board diversity, the Nominating and Corporate Governance Committee is committed to include in each director candidate search individuals that represent diversity of race and gender. The Nominating and Corporate Governance committee also considers diversity of national origin, professional background and capabilities, knowledge of specific industries, and geographic experience.

NASDAQ BOARD DIVERSITY MATRIX

In accordance with Nasdaq's new Board Diversity Rules, the following Board Diversity Matrix provides certain highlights of the composition of our Board members as of February 16, 2022, and is based on voluntary self-identification. Each of the categories listed in the table has the meaning as it is used in Nasdaq Rule 5605(f).

BOARD DIVERSITY MATRIX (AS OF FEBRUARY 16, 2022)*

Total Number of Directors

13

	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	3	8	0	2
Part II: Demographic Background				
African American or Black	1	0	0	0
Alaskan Native or Native American	0	0	0	0
Asian	0	1	0	0
Hispanic or Latinx	0	0	0	0
Native Hawaiian or Pacific Islander	0	0	0	0
White	2	7	0	0
Two or More Races or Ethnicities	0	0	0	0
LGBTQ+			0	
Did Not Disclose Demographic Background			2	

*Includes information disclosed by all Director Nominees and Retiring Directors

YOUR BOARD RECOMMENDS A VOTE FOR EACH DIRECTOR NOMINEE

MAJORITY VOTING POLICY

The Director Nominees receiving the greatest number of votes will be elected (plurality standard). However, our majority voting policy states that any Director who fails to receive a majority of the votes cast in an uncontested director election in his/her favor is required to submit his/her resignation to the Board. The Nominating and Corporate Governance Committee would then consider each resignation and determine whether to accept or reject it, with full Board approval of such decision. Abstentions and broker non-votes will have no effect on the election of a Director and are not counted under our majority voting policy. Holders of common stock do not have cumulative voting rights with respect to the election of a Director.

ANNUAL MEETING ATTENDANCE; NO SPECIAL ARRANGEMENTS

Directors are expected to attend each annual meeting. The Director Nominees plan to attend this year's virtual Annual Meeting. All of our then-current Directors attended our 2021 Annual Meeting.

None of the Director Nominees has any special arrangement or understanding with any other person pursuant to which the Director Nominee was or is to be selected as a Director or nominee. There are no family relationships, as defined by Securities and Exchange Commission (SEC) rules, among any of our Directors or executive officers. SEC rules define the term "family relationship" to mean any relationship by blood, marriage or adoption, not more remote than first cousin.

DIRECTOR NOMINEES

BRIAN D. CHAMBERS

Director since 2022

COMMITTEES:

Audit
Finance

AGE: 55

OTHER PUBLIC COMPANY

DIRECTORSHIPS:
Owens Corning [NYSE: OC]
since 2019



CURTIS E. ESPELAND

Director since 2012

Lead Independent
Director since 2018

COMMITTEES:

Audit
Finance

AGE: 57

OTHER PUBLIC COMPANY

DIRECTORSHIPS:
Huntsman Corporation
[NYSE: HUN] since 2022



Experience

Mr. Chambers has served as the Chair, President and Chief Executive Officer of Owens Corning, a global building and construction materials company, since 2020, and as President and Chief Executive Officer since 2019. During his over eighteen year tenure with Owens Corning, Mr. Chambers has served in various leadership positions including Chief Operating Officer from 2018 to 2019, and President of the Roofing Division from 2014 to 2018. Mr. Chambers has also held several commercial and operational roles at Saint-Gobain, Honeywell and BOC Gases.

Reasons for Nomination

- Executive leadership experience as CEO and Chair of a global publicly-traded company engaged in manufacturing operations.
- Strong leadership skills, business strategy development, international business and operations experience with a multi-national company.
- Valuable knowledge of key governance matters, including sustainability matters, gained through executive leadership of various publicly-traded companies and as a director of Owens Corning.

Experience

Mr. Espeland is the former Executive Vice President and Chief Financial Officer of Eastman Chemical Company, an advanced materials and specialty additives manufacturer, a position he held from 2014 until his retirement in 2020. Mr. Espeland joined Eastman Chemical Company in 1996 and, during his tenure, he also served as Vice President, Finance and Chief Accounting Officer from 2005 to 2008, and Senior Vice President and Chief Financial Officer from 2008 to 2014.

Reasons for Nomination

- Extensive experience in corporate finance and accounting, having served in various finance and accounting roles, and ultimately as the Chief Financial Officer, at a large publicly-traded company.
- Significant experience in the areas of strategy, mergers and acquisitions, taxation and enterprise risk management.
- International auditing experience having served as an independent auditor at Arthur Andersen LLP, working in both the United States and abroad (Europe and Australia).
- The Board has determined that Mr. Espeland's extensive accounting and financial experience qualifies him as an "audit committee financial expert."
- Valuable insight into advancing the business priorities of Lincoln Electric's international operations gained from his international business experience.
- Valuable knowledge of key governance matters gained through his various directorships, including as a director of Lincoln Electric.

PATRICK P. GORIS

Director since 2018

COMMITTEES:

Audit
Nominating and Corporate
Governance

AGE: 50

OTHER PUBLIC COMPANY

DIRECTORSHIPS:
None

**MICHAEL F. HILTON**

Director since 2015

COMMITTEES:

Compensation and Executive
Development (Chair)
Nominating and Corporate
Governance

AGE: 67

OTHER PUBLIC COMPANY

DIRECTORSHIPS:
Ryder Systems, Inc. (NYSE: R)
since 2012
Regal Rexnord Corporation
(NYSE: RBC) since
December 2019
Nordson Corporation
(NASDAQ: NDSN) through 2019

**Experience**

Mr. Goris has served as the Senior Vice President and Chief Financial Officer of Carrier Global Corporation, a leading global provider of healthy, safe and sustainable building and cold chain solutions, since November 2020. Prior to joining Carrier, he served as Senior Vice President and Chief Financial Officer of Rockwell Automation, a global industrial automation and information solutions provider, from February 2017 to November 2020.

Reasons for Nomination

- Relevant global financial expertise from serving in various finance roles, and ultimately as the Chief Financial Officer, of publicly-traded, multinational organizations.
- Extensive experience in accounting, financial planning and analysis, investor relations and mergers and acquisitions.
- Experience with a global industrial automation and information solutions company provides Mr. Goris with broad exposure to digital operations and “smart” manufacturing solutions using data and analytics, which enhances operational intelligence, productivity and risk management in manufacturing processes. These are key initiatives for our business and our customers’ businesses.
- The Board has determined that Mr. Goris’ extensive accounting and financial experience qualifies him as an “audit committee financial expert.”
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric.

Experience

Mr. Hilton is the former President and Chief Executive Officer of Nordson Corporation, a company that engineers, manufactures and markets differentiated products and systems used for precision dispensing of adhesives, coatings, sealants, biomaterials, polymers, plastics and other materials, fluid management, test inspection, UV curing and plasma surface treatment, a position he held from 2010 until his retirement in 2019. During his tenure at Nordson Corporation, Mr. Hilton also served as a director. Prior to joining Nordson, Mr. Hilton was Senior Vice President and General Manager for Air Products and Chemicals, Inc., a global company that provides a unique portfolio of atmospheric gases, process and specialty gases, performance materials, and equipment and services, with specific responsibility for leading its \$2 billion global Electronics and Performance Materials segment.

Reasons for Nomination

- With over 30 years of global manufacturing experience, Mr. Hilton brings to the Board an intimate understanding of management leadership.
- Extensive experience with strategy development and day-to-day operations of a multi-national company, including product line management, new product technology, talent development, manufacturing, distribution and other sales channels, business processes, international operations and global markets expertise.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric and several other publicly-traded companies.

KATHRYN JO LINCOLN

Director since 1995

COMMITTEES:

Compensation and
Executive Development
Nominating and
Corporate Governance

AGE: 67

OTHER PUBLIC COMPANY**DIRECTORSHIPS:**

None

**CHRISTOPHER L. MAPES**

Director since 2010

Chairman since 2013

COMMITTEES:

None

AGE: 60

OTHER PUBLIC COMPANY**DIRECTORSHIPS:**

The Timken Company
(NYSE: TKR) since 2014

**Experience**

Ms. Lincoln has served as the Board Chair and Chief Investment Officer of the Lincoln Institute of Land Policy, an independent, global foundation focused on addressing significant policy issues through innovation land use and taxation methods, since 1996. As Chief Investment Officer, Ms. Lincoln manages and directs all aspects of the Institute's endowment, including strategic asset allocation and policy development, which have contributed to its current \$800 million asset base. In her role as Chair, she plays a crucial role in the strategic direction and planning of the Institute, with ongoing involvement in the development of education programs, demonstration projects and impact measurement. Ms. Lincoln is a member of the Board of HonorHealth Network, and Claremont Lincoln University, and formerly served as a director of Johnson Bank Arizona, N.A. She is also the Co-Chair of the International Center for Land Policy Studies and Training in Taiwan and was recently named a Director for The Hope Effect, a non-profit entity.

Reasons for Nomination

- Extensive leadership experience, addressing strategic planning, asset allocation matters and corporate governance.
- As a Lincoln family member and long-standing Director of Lincoln Electric, Ms. Lincoln has a keen sense of knowledge about Lincoln Electric, its culture and the founding principles.
- Broad experience and commitment to board and corporate governance excellence, named as a Board Leadership Fellow of the National Association of Corporate Directors. Named by WomenInc. as one of 2019's most influential corporate directors.
- Valuable knowledge of key governance matters gained through her various directorships, including as a director of Lincoln Electric.

Experience

Mr. Mapes is the Chairman, President and Chief Executive Officer of Lincoln Electric. Mr. Mapes has served as President and Chief Executive Officer since December 2012. In December 2013, Mr. Mapes was appointed as Chairman of the Board in addition to his other responsibilities. From September 2011 to December 2012, Mr. Mapes served as the Chief Operating Officer of Lincoln Electric. From 2004 to August 2011, Mr. Mapes served as an Executive Vice President of A.O. Smith Corporation, a global manufacturer with a water heating and water treatment technologies business, which has residential, commercial, industrial and consumer applications, and the President of its former Electrical Products unit. Mr. Mapes started his career with General Motors and has held roles in industrial manufacturing for over 35 years. In addition, Mr. Mapes has served as a director of The Timken Company since 2014.

Reasons for Nomination

- Extensive leadership experience in large, global publicly-traded companies engaged in manufacturing operations.
- Keen understanding of the manufacturing industry and challenges organizations face growing globally.
- In addition to business management experience, Mr. Mapes has an MBA and a law degree.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric and The Timken Company.

PHILLIP J. MASON

Director since 2013

COMMITTEES:

Compensation and Executive
Development
Finance (Chair)

AGE: 71

OTHER PUBLIC COMPANY**DIRECTORSHIPS:**

GCP Applied
Technologies
[NYSE: GCP] through
May 2020

**BEN P. PATEL**

Director since 2018

COMMITTEES:

Audit
Nominating and Corporate
Governance

AGE: 54

OTHER PUBLIC COMPANY**DIRECTORSHIPS:**

None

**Experience**

Mr. Mason is the former President of the Europe, Middle East & Africa Sector (EMEA Sector) of Ecolab, Inc., a leading provider of food safety, public health and infection prevention products and services, a position he held from 2010 until his retirement in 2012. Prior to leading Ecolab's EMEA Sector, Mr. Mason had responsibility for Ecolab's Asia Pacific and Latin America businesses as President of Ecolab's International Sector from 2005 to 2010 and as Senior Vice President, Strategic Planning in 2004. In addition, Mr. Mason has public company board experience, previously serving as a director of GCP Applied Technologies from 2016 to May 2020.

Reasons for Nomination

- Executive leadership experience in an international business unit for a U.S. publicly-traded company, providing Mr. Mason extensive international business expertise, business-to-business and industrial sector experience.
- Extensive international business experience, starting, developing and growing businesses abroad, in both mature and emerging markets, having established businesses in China, South Korea, Southeast Asia, Brazil, India, Russia, Africa and the Middle East.
- Strong finance and strategic planning proficiency, including merger and acquisition experience, along with significant experience working with and advising boards on diverse issues confronting companies with international operations.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric and GCP Applied Technologies.

Experience

Mr. Patel served as Senior Vice President, Chief Technology Officer of Cooper Tire & Rubber Company, a global manufacturer of specialized passenger car, light truck, medium truck, motorcycle and racing tires from November 2019 until July 2021. He previously served as Senior Vice President and Chief Technology Officer of Tenneco, Inc., a manufacturer of automotive emission control and ride control products and systems. During his 8-year tenure at Tenneco, beginning in 2011, he held roles leading regional advanced technology development and establishing a global research and development organization. Prior to joining Tenneco, Mr. Patel held numerous positions with increasing responsibility, including senior scientist, at the General Electric Company during his thirteen-year tenure with the organization.

Reasons for Nomination

- Over 20 years of experience serving with publicly-traded, global products and technology companies.
- Broad expertise in material science, automation and "smart" systems, as well as extensive research and development experience.
- Mr. Patel has been a leader in global innovation and research initiatives, which lends tremendous support to our focus on being an innovation leader in our industry and our advanced manufacturing growth strategy, which helps customers identify value and efficiencies in their welding and cutting operations.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric.

HELLENE S. RUNTAGH

Director since 2001

COMMITTEES:

Compensation and Executive Development
Nominating and Corporate Governance (Chair)

AGE: 73

OTHER PUBLIC COMPANY**DIRECTORSHIPS:**

Harman International Industries [NYSE: HAR] through 2017
NeuStar, Inc. [NYSE: NSR] through 2017

**KELLYE L. WALKER**

Director since 2020

COMMITTEES:

Compensation and Executive Development
Nominating and Corporate Governance

AGE: 55

OTHER PUBLIC COMPANY**DIRECTORSHIPS:**

None

**Experience**

Ms. Runtagh is the former President and Chief Executive Officer of the Berwind Group, a diversified pharmaceutical services, industrial manufacturing and real estate company, a position she held in 2001. From 1997 through 2001, Ms. Runtagh was Executive Vice President of Universal Studios, a media and entertainment company. Prior to joining Universal Studios, Ms. Runtagh spent 27 years at General Electric Company, a diversified industrial company, in a variety of leadership positions. In addition, Ms. Runtagh has extensive board experience, previously serving as a director of Harman International Industries from 2008 to 2017, NeuStar, Inc. from 2006 to 2017, and several other publicly-traded companies.

Reasons for Nomination

- Over 30 years of experience in management positions with technology focused global companies, with responsibilities in management ranging from marketing and sales to finance, as well as engineering and manufacturing.
- Diverse management experience, including growing businesses while maintaining high corporate governance standards.
- Extensive experience as a director of publicly-traded companies.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric and several other publicly-traded companies.

Experience

Ms. Walker has served as the Executive Vice President and Chief Legal Officer of Eastman Chemical Company, an advanced materials and specialty additives manufacturer, since April 2020. In this role, Ms. Walker has overall leadership and responsibility for Eastman's legal organization. She also served as Executive Vice President and Chief Legal Officer of Huntington Ingalls Industries, Inc., America's largest military shipbuilder, from 2015 to 2020. Prior to joining Huntington Ingalls Industries, Inc., Ms. Walker served as Senior Vice President, General Counsel and Secretary at American Water Works Company, Inc. Ms. Walker is a member of the Board of Directors of T. Rowe Price Funds, a position she has held since October 2021.

Reasons for Nomination

- Seasoned senior executive with over 25 years of experience with publicly-traded companies, helping to increase organizational value through forward thinking, strategic discipline and a focus on continuous improvement.
- Extensive experience in corporate governance, compliance and litigation management, government affairs, strategy development, product stewardship and regulatory affairs, global business conduct and global health, safety, environment and security.
- Long-standing general counsel of publicly-traded companies and has also served as Chief Administrative Officer, leading human resources, information technologies, government affairs and corporate communications functions.
- Extensive leadership across various industries including global public companies, government organizations and utility companies that will lend value to advance our 2025 Strategy.
- Valuable knowledge of key governance matters gained as a director of Lincoln Electric.

RETIRING DIRECTORS

STEPHEN G. HANKS

Director since 2006

COMMITTEES:
Audit (Chair)
Finance

AGE: 71

**OTHER PUBLIC COMPANY
DIRECTORSHIPS:**
McDermott International, Inc.
(NYSE:MDR) through 2018
Babcock & Wilcox Enterprises, Inc.
(NYSE:BW) through 2018



Mr. Hanks' 30-year tenure with global engineering and construction company Morrison Knudsen Corporation and its successor, Washington Group International, Inc. included serving the last eight years as President, Chief Executive Officer and a member of its Board of Directors, retiring in January 2008. Mr. Hanks also formerly served as Washington Group's Executive Vice President, Chief Legal Officer and Secretary. In addition, Mr. Hanks has extensive board experience, previously serving as a director of McDermott International, Inc. from 2009 to May 2018 and Babcock & Wilcox Enterprises, Inc. from 2010 to March 2018.

G. RUSSELL LINCOLN

Director since 1989

COMMITTEES:
Audit
Finance

AGE: 75

**OTHER PUBLIC COMPANY
DIRECTORSHIPS:**
None



Mr. Lincoln has served as the president of N.A.S.T. Inc., a personal investment firm, since 1996. Prior to joining N.A.S.T. Inc., Mr. Lincoln served as the Chairman and Chief Executive Officer of Algan, Inc.

WILLIAM E. MACDONALD, III

Director since 2007

COMMITTEES:
Compensation and Executive
Development
Finance

AGE: 75

**OTHER PUBLIC COMPANY
DIRECTORSHIPS:**
None



Mr. MacDonald is the former Vice Chairman of National City Corporation, a diversified financial holding company, a position he held from 2001 until his retirement in 2006, where he was responsible for its seven-state regional and national corporate banking businesses, the Risk Management and Credit Administration unit, Capital Markets and the Private Client Group. Mr. MacDonald joined National City in 1968 and, during his tenure, held a number of key management positions, including Senior Executive Vice President of National City Corporation and President and Chief Executive Officer of National City's Ohio bank.

CORPORATE GOVERNANCE

GOVERNANCE FRAMEWORK

We are committed to effective corporate governance and high ethical standards. We adhere to our ethical commitments in every aspect of our business, including our commitments to each other, in the marketplace and in the global, governmental and political arenas. These commitments are spelled out in our Code of Conduct, which applies to all of our employees (including our CEO and our other NEOs) and Directors.

We encourage you to visit our website at www.lincolnelectric.com, where you can find detailed information about our corporate governance programs/policies including:

- Code of Conduct
- Governance Guidelines
- Charters for our Board Committees
- Director Independence Standards

CORPORATE GOVERNANCE HIGHLIGHTS

BOARD OF DIRECTORS

- Our Board held five meetings in 2021
- During 2021, each of our Directors attended at least 75% of the total full Board meetings and meetings of committees on which he or she served during the time he or she served as a Director
- Size of Board: 12 in 2021
- Plurality vote with director resignation policy for failures to receive a majority vote in uncontested director elections
- Lead Independent Director
- All Directors are expected to attend the Annual Meeting

BOARD COMPOSITION

- Number of independent Directors: 11 in 2021
- Diverse Board including a complementary mix of backgrounds, experiences and expertise, as well as balanced mix of ages, tenure of service and gender
- Several current and former CEOs
- Global experience
- Audit Committee has multiple financial experts

BOARD PROCESSES

- Independent Directors meet without management present
- Annual Board and Committee self-evaluations
- Board orientation program
- Governance Guidelines approved by Board
- Board has an active role in risk oversight
- Full Board review of succession planning annually

BOARD ALIGNMENT WITH SHAREHOLDERS

- Annual equity grants align interests of Directors and officers with shareholders
- Annual advisory approval of named executive officer compensation
- No poison pill
- Stock ownership guidelines for Directors and officers

COMPENSATION

- No employment agreements
- Executive compensation is tied to performance: 87% of CEO target pay and 73% of all of our other NEO target pay is performance-based (at risk)
- Anti-hedging and anti-pledging policies for Directors and officers
- Recoupment/clawback policy

INTEGRITY AND COMPLIANCE

- Code of Conduct for employees, officers and Directors
- Environmental, health and safety guidelines and goals, including long-term sustainability goals
- Annual compliance training relative to ethical behavior
- Enterprise risk management program with Board oversight

SHAREHOLDER ENGAGEMENT

We are committed to engaging in constructive conversations with shareholders and nurturing long-term relationships with the investment community. We maintain an active shareholder engagement program where executives and management from various departments meet with shareholders regularly to discuss a variety of topics including business performance, strategic initiatives, corporate governance practices, corporate sustainability initiatives, executive compensation, and other matters of shareholder interest. The Board values an active investor relations program as it believes that shareholder input strengthens its role as an informed and engaged fiduciary.

Our shareholder engagement program includes participation at investor conferences, holding meetings and tours at Lincoln Electric, visiting investors at their offices, hosting tradeshow tours, being accessible to shareholder inquiries throughout the year and communicating with transparency. In 2021, we maintained active engagement with the investment community despite COVID-19 restrictions with calls/videoconferencing, a virtual annual shareholder meeting, virtual investor conferences and non-deal roadshows. Our efforts were recognized by *Institutional Investors'* "All-American Executive Team" 2021 rankings, where our CEO, CFO and head of Investor Relations were ranked among the top-3 midcap machinery executives in their respective areas. In addition, we reached out to investors representing approximately 50 percent of our outstanding shares to discuss corporate governance and sustainability (ESG) matters. We continue to gain good insights on our practices and policies and receive positive feedback on the execution of our strategy, corporate governance, executive compensation, environmental, health and safety practices, and our investor relations program.

CORPORATE SUSTAINABILITY MATTERS

The Board recognizes the importance of achieving our goals responsibly, and aligning with our key stakeholders also drives long-term value creation.

Our approach to sustainability began with our founders who established the Company under the guiding principle of The Golden Rule: Treating others how you would like to be treated. Our culture, values and our commitment to diversity and inclusion reflect The Golden Rule and our Purpose of Operating by a Higher Standard to Build a Better World.

Our governance structure for sustainability includes Board oversight and sustainability metrics are incorporated into the annual goals of our CEO and other executives. Our Executive Vice President, General Counsel oversees corporate environmental, health and safety (EH&S) initiatives and global reporting, and works closely with business unit leadership and local facilities to implement, monitor and measure our EH&S results. EH&S also oversees an internal sustainability council that was established in 2020 with a primary focus on enhancing product stewardship with sustainable solutions.

The following policies and business practices exemplify our commitment to ESG matters:

- Our guiding principle is The Golden Rule;
- Our Code of Conduct;
- Our Supplier Code of Conduct;
- Health, safety and wellness initiatives for our employees, customers and communities;
- Our Human Rights Policy;
- Equal employment opportunities, along with our pledge to treat employees fairly, with dignity, and without discrimination in any form;
- Focus on improving safety and environmental performance, including long-term goals and performance reporting, and incorporating product stewardship;
- Training and development programs to attract and retain high performing employees to help them reach their full potential;
- Community engagement through employee-led fundraisers, grants provided by The Lincoln Electric Foundation, scholarships, in-kind gifts, and an employee matching and "Dollars for Doers" program to support volunteerism;
- Positively impacting manufacturing and industry by promoting the art and science of welding among students and young professionals through our business initiatives, partnerships with schools and associations, and programming at the J.F. Lincoln Foundation; and
- Enhancing diversity and inclusion through employee resource groups including our Diversity Councils, Veterans, Women in Lincoln Leadership, and our Young Professionals organizations.

OUR BOARD OF DIRECTORS

Our Board oversees management of the long-term interest of Lincoln Electric and our stakeholders. The Board's major responsibilities include:

- Overseeing the conduct of our business
- Reviewing and approving key financial objectives, strategic and operating plans and other significant actions
- Evaluating CEO and senior management performance and determining executive compensation
- Planning for CEO succession and monitoring management's succession planning for other key executives
- Establishing an appropriate governance structure, including appropriate Board composition and succession planning
- Overseeing enterprise risk management and cybersecurity
- Overseeing the ethics and compliance program
- Overseeing ESG and diversity and inclusion (D&I) matters

DIRECTOR INDEPENDENCE

Each of our non-employee Directors meets the independence standards set forth in the Nasdaq listing standards, which are reflected in our Director Independence Standards. To be considered independent, the Nominating and Corporate Governance Committee must affirmatively determine that the Director has no material relationship with Lincoln Electric. In addition to outlining the independence standards set forth in the Nasdaq listing standards, the Director Independence Standards outline specific relationships that are deemed to be categorically immaterial for purposes of director independence. The Director Independence Standards are available on our website at www.lincolnelectric.com.

During 2021, the independent Directors met in regularly scheduled Executive Sessions in conjunction with each of the Board meetings. The Lead Independent Director presided over these sessions.

BOARD LEADERSHIP

Mr. Mapes, our President and CEO, serves as Chairman of the Board, in addition to his other responsibilities. As Chairman, he is responsible for planning, formulating and coordinating the development and execution of our corporate strategy, policies, goals and objectives. He is accountable for Lincoln Electric's performance and:

- reports directly to our Board, who reviews and approves his annual performance objectives;
- works closely with our management to develop our strategic plan;
- works with our management on transactional matters by networking with strategic relationships;
- promotes and monitors the Board's fulfillment of its oversight and governance responsibilities;
- encourages the Board to set and implement our goals and strategies;
- establishes procedures to govern our Board's work;
- oversees the execution of the financial and other decisions of our Board;
- makes available to all members of our Board opportunities to acquire sufficient knowledge and understanding of our business to enable them to make informed judgments;
- presides over meetings of our shareholders; and
- sets the agenda and presides over Board meetings.

Our Board believes having one individual serve as Chairman and CEO is beneficial to us because the dual role enhances Mr. Mapes' ability to provide direction and insight on strategic initiatives impacting us and our shareholders. The Board also believes the dual role is consistent with good corporate governance practices because it is complemented by a Lead Independent Director.

LEAD INDEPENDENT DIRECTOR

Our Lead Independent Director focuses on overseeing the Board's processes and prioritizing the right areas of focus. Our Lead Independent Director is appointed each year by the independent Directors and serves as a liaison between the Chairman of the Board and the independent Directors. Specifically, the Lead Independent Director has the following duties, responsibilities, and expectations:

- Collaborates with the Chairman, the Secretary and senior management on the format and adequacy of the information that Directors receive and on the effectiveness of the Board meeting process.
- Acts independently of the Chairman to review and approve Board meeting agendas and schedules.
- Acts as a sounding board to the Chairman on key aspects of the business, and assists in promoting sound corporate governance practices.
- Calls meetings of the independent Directors as he sees fit, presiding over such meetings.
- Speaks on behalf of Lincoln Electric, as the Board determines necessary.



Mr. Curtis Espeland currently serves as our Lead Independent Director, a position he has held since 2018. Mr. Espeland was elected to our Board in February 2012. During his tenure on our Board, he has developed strong working relationships with his fellow Directors, and assisted with the onboarding of our four most recently elected Directors.

ANNUAL BOARD AND COMMITTEE EVALUATION PROCESS

The Board recognizes that a robust and constructive performance evaluation process is an essential component of Board effectiveness. Our Governance Guidelines require annual evaluation of the performance of the Board. The Nominating and Corporate Governance Committee oversees the annual evaluation process. As part of this process, each Board member completes an evaluation relative to Committee and Board matters. A summary of the results of this process is presented to the Nominating and Corporate Governance Committee. The results are then reported to the full Board by the Lead Director, which considers the results and ways in which Board processes and effectiveness may be enhanced.

BOARD ROLE IN ENTERPRISE RISK MANAGEMENT

In the ordinary course of business, we face various strategic, operating and compliance risks. Our enterprise risk management process seeks to identify and address risks to the organization. Our Board oversees the management of these risks on an enterprise-wide basis, and the Lead Independent Director promotes our Board's engagement in this process. A fundamental part of the process is to understand the Company's risks, and to provide oversight as to how management is addressing these risks. The full Board reviews with management its process for enterprise risk management. In addition, the Audit Committee is charged with overseeing the Company's risk assessment and management process each year, including ensuring that management has instituted processes to identify critical risks and has developed plans to manage such risks.

The Company maintains a risk management review process where risk is assessed throughout our entire organization, and is reported to a corporate risk committee comprised of members of our various business units and control functions. Each year, the committee identifies critical risks to the organization and those that are determined to be "high-priority" risks are reported to the executive management committee and the Board. Thereafter, "high-priority" risks are assigned, as appropriate, to various Board Committees, or to the Board as a whole, for further review, analysis and development of appropriate plans for management and mitigation. Information security and cybersecurity are high-priority risks, and the Audit Committee receives updates at each meeting relative to these matters. The Company maintains an insurance policy with respect to information security and has undergone several simulation, preparedness and response exercises. In addition, the Company offers various employee training modules relative to information security matters, and regularly simulates phishing events with employees to raise cybersecurity awareness.

BOARD ROLE IN STRATEGY OVERSIGHT

One of the Board's key responsibilities is overseeing the Company's strategic planning process, including reviewing the steps taken to develop strategic plans and approving the final plans. In 2021, this included receiving periodic updates regarding the Company's execution and performance as we continue to implement our 2025 Strategy. Our Board regularly discusses the key priorities of our Company, taking into consideration global economic, consumer and other significant trends. The Company's long-term strategic plan is reviewed regularly with the Board, along with its annual operating plan, capital structure and sustainability performance.

COMPENSATION-RELATED RISK

We regularly assess risks related to our compensation and benefit programs, including our executive compensation program, and our Compensation and Executive Development Committee is actively involved in those assessments. In addition, Willis Towers Watson, a compensation consultant engaged by management, has provided a risk assessment of our executive compensation program in the past. Although we have a long history of pay for performance and incentive-based compensation, we believe our compensation programs contain many mitigating factors to ensure that our employees are not encouraged to take unnecessary risks.

As a result of all these efforts, we do not believe the risks arising from our executive compensation policies and practices are reasonably likely to have a material adverse effect on Lincoln Electric.

RELATED-PARTY TRANSACTIONS

The Board has adopted a policy regarding the review and approval of transactions between the Company and its subsidiaries and certain related parties that are required to be disclosed in proxy statements, which are referred to as "related-party transactions." Related parties include our Directors, Director Nominees, executive officers, persons controlling 5% of our common shares, and the immediate family members of these individuals. Pursuant to the policy, the Audit Committee is responsible for reviewing and approving related-party transactions and will consider information it deems appropriate, including, but not limited to, whether the terms of the transaction are no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances, the approximate dollar value of the transaction, and the nature and extent of the related party's interest in the transaction. No Director will participate in any discussion or approval of a related-party transaction for which he or she is a related party, other than to provide material information concerning the transaction.

We define "related-party transactions" generally as transactions collectively over \$120,000 in any calendar year, in which any related party had, has or will have a direct or indirect material interest. We have a monitoring and reporting program, which includes requirements to report all actual or potential related-party transactions during the year and information regarding all relationships with entities involving a related party.

The Company did not have any related-party transactions that required Audit Committee approval in 2021.

OUR BOARD COMMITTEES

We have separately designated standing Audit, Compensation and Executive Development, and Nominating and Corporate Governance Committees established in accordance with applicable provisions of the Securities Exchange Act of 1934 (the "Exchange Act") and SEC and Nasdaq rules. The Board also has designated a standing Finance Committee.

Each Committee has a charter, which details all of the Committee's roles and responsibilities. The following summaries set forth the principal responsibilities of each of our Committees, as well as other information regarding their makeup and operations. A copy of each Committee's charter may be found on our website at www.lincolnelectric.com.

Audit Committee

Chair:

Stephen G. Hanks

Members:

*Brian D. Chambers**
Curtis E. Espeland
Patrick P. Goris
G. Russell Lincoln
Ben P. Patel

Meetings held in 2021: 6

Key Responsibilities

- Independent auditor engagement
- Reviews financial statements and disclosures, interim financial reports and earnings press releases
- Reviews significant litigation and legal matters
- Oversees enterprise risk management, ethics and compliance programs, and risk assessment and mitigation processes with respect to environmental, health and safety matters, and cybersecurity
- Reviews and evaluates the scope and performance of the internal audit function
- Reviews internal controls over financial reporting

Each member of our Audit Committee meets the independence standards set forth in the Nasdaq listing standards and have likewise been determined by the Board to have the financial competency required by the listing standards. In addition, because of the professional training and past employment experience of Messrs. Hanks, Espeland and Goris, the Board has determined that they are financially sophisticated Audit Committee members under the Nasdaq listing standards and qualify as "audit committee financial experts" in accordance with SEC rules. Shareholders should understand that the designation of Messrs. Hanks, Espeland and Goris as "audit committee financial experts" is a disclosure requirement and that it does not impose upon them any duties, obligations or liabilities that are greater than those generally imposed on them as members of the Audit Committee and the Board.

Mr. Hanks, the current Chair of the Audit Committee, will retire as a Director at the end of his current term at the Annual Meeting. In connection with Mr. Hanks' retirement, The Board will appoint a new Chair of the Audit Committee at its April 2022 meeting.

**Appointed February 16, 2022*

Compensation and Executive Development Committee

Chair:

Michael F. Hilton

Members:

Kathryn Jo Lincoln
William E. MacDonald, III
Phillip J. Mason
Hellene S. Runtagh
Kellye L. Walker

Meetings held in 2021: 6

Key Responsibilities

- Reviews and recommends to the Board total compensation of our CEO, and reviews and establishes total compensation of our other executive officers
- Evaluates performance (along with full Board) of our CEO and other executive officers
- Monitors development, selection process and succession planning of key management
- Reviews and recommends to the Board, in conjunction with the Nominating and Corporate Governance Committee, the appointment and removal of elected officers
- Oversees executive compensation policies, practices and programs, as further described in the CD&A
- Reviews and recommends to the Board new or amended executive compensation plans with our executive officers
- Oversees the implementation and effectiveness of the Company's human capital policies and practices, including diversity and inclusion programming

Each member of our Compensation and Executive Development Committee meets the independence standards set forth in the Nasdaq listing standards and each is deemed to be a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act. The Compensation and Executive Development Committee may, in its discretion, delegate specific duties, responsibilities and authority to a subcommittee, one or more Committee members or one or more executive officers, to the extent permitted by applicable law and stock exchange rules and regulations.

Nominating and Corporate Governance Committee

Chair:

Hellene S. Runtagh

Members:

*Patrick P. Goris
Michael F. Hilton
Kathryn Jo Lincoln
Ben P. Patel
Kellye L. Walker*

Meetings held in 2021: 5

Key Responsibilities

- Reviews our corporate governance framework including external developments related to corporate governance matters
- Reviews appropriate composition of the Board, identifies Board candidates and recommends Director nominees
- Reviews shareholder proposals and shareholder engagement activities
- Reviews non-employee Director compensation program in light of best practices and makes recommendations to the Board
- Reviews and determines Director independence
- Oversees the self-evaluation process of the Board and Committees
- Oversees the overall corporate governance of the Company, including compliance with stock exchange listing rules and other applicable legal or regulatory requirements and practices pertaining to corporate governance

Each member of our Nominating and Corporate Governance Committee meets the independence standards set forth in the Nasdaq listing standards.

Finance Committee

Chair:

Phillip J. Mason

Members:

Brian D. Chambers
Curtis E. Espeland
Stephen G. Hanks
G. Russell Lincoln
William E. MacDonald, III*

Meetings held in 2021: 5

Key Responsibilities

- Reviews financial performance, including comparing financial performance to budgets and goals
- Reviews capital allocation, dividend and share repurchasing strategies
- Reviews operating budgets
- Reviews capital expenditures
- Reviews M&A activity and integration performance
- Oversees strategic planning and financial policy matters

Each member of our Finance Committee meets the independence standards set forth in the Nasdaq listing standards. All of our Directors typically attend the Finance Committee meetings, a practice that has been in place for the past several years.

**Appointed February 16, 2022*

DIRECTOR COMPENSATION

OUR BOARD COMPENSATION PROGRAM

Based upon the recommendations of the Nominating and Corporate Governance Committee, the Board determines our non-employee Director compensation. The Nominating and Corporate Governance Committee periodically reviews all elements of Board compensation in relation to our proxy peer group (as identified in the CD&A), trends in Board compensation and other factors it deems appropriate. As a result of that review, in July 2021, with Korn Ferry as an independent advisor, the Board approved the following adjustments to our non-employee Director compensation program:

- Effective with the December 2021 award, an increase in the approximate value of the annual restricted stock unit award (and the initial equity award for any newly elected director) from \$135,000 to \$145,000 per year.
- Effective January 2022, an increase in the annual Board retainer from \$80,000 to \$85,000.

The objectives of our non-employee Director compensation program are to attract highly qualified and diverse individuals to serve on our Board and to align their interests with those of our shareholders and the Board determined these adjustments were appropriate to meet these objectives. An employee of Lincoln Electric who also serves as a Director does not receive any additional compensation for serving as a Director.

All non-employee Directors receive cash retainers and an annual stock-based award for serving on our Board. Stock-based compensation is provided under our 2015 Stock Plan for Non-Employee Directors.

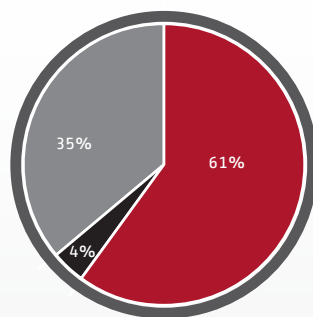
GOOD GOVERNANCE PRACTICES

Lincoln Electric seeks to attract and retain highly qualified individuals to serve on the Board. To that end, Lincoln Electric maintains the philosophy of paying non-employee Directors fairly and reasonably, considering external market factors, consistent with good governance practices. With respect to our non-employee Director compensation program, our governance practices include:

What We Do		What We Don't Do	
Reasonable limits on non-employee Directors' annual equity awards included in 2015 Stock Plan for Non-Employee Directors	✓	No Hedging or Pledging of Lincoln Electric Stock	✗
Total compensation is positioned at the peer median	✓	No Excessive Perquisites	✗
Non-employee Director compensation approved by full Board	✓	No Excise Tax Gross-Ups or Tax Reimbursements	✗
Full-value equity award granted at a fixed-value	✓		
Double Trigger Provisions for Change in Control	✓		
Stock Ownership Guidelines	✓		
Independent Advisor	✓		

The following is a summary of our current Director compensation program:

Director Compensation Mix



■ Restricted Stock Units ■ Committee and Chair Fees ■ Board Retainer Fees

		Board Level	Lead Independent Director	Committee Chairs
Cash	Retainer ¹	\$ 85,000	Additional \$28,000	Additional \$20,000 for Audit \$15,000 for Compensation and Executive Development, Finance and Nominating and Corporate Governance
	Meeting Fees ²	–	–	–
Equity	Annual Restricted Stock Unit (RSU) Award approx. value ³	\$145,000	–	–
	Initial RSU Award approx. value ^{3,4}	\$145,000	–	–

(1) Directors have the ability to defer annual cash compensation under the Non-Employee Directors' Deferred Compensation Plan.

(2) We do not have separate meeting fees, except if there are more than eight full Board or Committee meetings in any given year, Directors will receive \$1,500 for each full Board meeting in excess of eight meetings and Committee members will receive \$1,000 for each Committee meeting in excess of eight meetings in total.

(3) Directors have the ability to defer RSUs under the Non-Employee Directors' Deferred Compensation Plan.

(4) The initial award will be pro-rated based on the Director's length of service during the twelve-month period preceding the next regularly scheduled annual equity grant, which normally occurs in the fourth quarter of each year.

2021 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash [\$]	Stock Awards ¹ [\$]	Change in Pension Value and Nonqualified Deferred Compensation Earnings [\$]	Total [\$]
Curtis E. Espeland	108,000	144,880	0	252,880
Patrick P. Goris	80,000 ²	144,880	2,206 ³	227,086
Stephen G. Hanks ⁴	100,000	144,880	28 ³	244,908
Michael F. Hilton	87,500	144,880	28 ³	232,408
G. Russell Lincoln ⁴	80,000	144,880	0	224,880
Kathryn Jo Lincoln	87,500 ²	144,880	28 ³	232,408
William E. MacDonald, III ⁴	87,500	144,880	0	232,380
Phillip J. Mason	95,000	144,880	0	239,880
Ben P. Patel	80,000 ²	144,880	28 ³	224,908
Hellene S. Runtagh	87,500	144,880	0	232,380
Kellye L. Walker	80,000	144,880	0	224,880

(1) On December 9, 2021, 1,066 RSUs were granted to each non-employee Director under our 2015 Stock Plan for Non-Employee Directors.

The Stock Awards column represents the grant date fair value under Accounting Standards Codification (ASC) Topic No. 718 based on a closing price of \$135.91 per share on December 9, 2021. Assumptions used in the calculation of these amounts are included in footnote 10 to our audited financial statements for the fiscal year ended December 31, 2021 included in our Annual Report on Form 10-K filed with the SEC on February 18, 2022.

As of December 31, 2021, the number of RSUs held by each non-employee Director was 1,066. Each of Messrs. Goris, Hanks, Hilton and Patel and Ms. Lincoln elected to defer receipt of the RSUs that were granted in 2021 under our Non-Employee Directors' Deferred Compensation Plan.

(2) All of Messrs. Goris' and Patel's and Ms. Lincoln's Board fees were deferred under our Non-Employee Directors' Deferred Compensation Plan.

(3) The amount shown for 2021 represents the difference in earnings under the Moody's Corporate Bond Index fund in our Non-Employee Directors' Deferred Compensation Plan and a hypothetical rate.

(4) Messrs. Hanks, Lincoln and MacDonald will no longer be members of the Board as of April 21, 2022, the date of our 2022 Annual Meeting.

OTHER ARRANGEMENTS

We reimburse Directors for reasonable out-of-pocket expenses incurred in connection with attendance at Board meetings, or when traveling in connection with the performance of their services for Lincoln Electric.

CONTINUING EDUCATION

Directors are generally reimbursed up to \$5,000 for continuing education expenses (inclusive of travel expenses) for programs each Director may elect to attend. We also incorporate continuing education topics for Directors into our Board meetings from time to time.

STOCK OWNERSHIP GUIDELINES

In keeping with the philosophy that Directors' interests should be aligned with the shareholders' interest and as part of the Board's continued focus on corporate governance, all of our non-employee Directors must adhere to our stock ownership guidelines. RSUs, including any RSUs that have been deferred under the Non-Employee Directors' Deferred Compensation Plan, count toward the stock ownership amount; shares held in another person's name (including a relative) do not.

With respect to 2021, the stock ownership guidelines can be met by satisfying one of the two thresholds noted in the chart below. Directors have five years from the date of election to the Board to satisfy the stock ownership guidelines. As of December 31, 2021, all of our non-employee Directors had satisfied the stock ownership guidelines, except for Ms. Walker who was elected to the Board in 2020.

Retainer Multiple		Number of Shares
Shares valued at 5x annual Board retainer [\$400,000]	OR	4,368*

* Represents shares equal to \$400,000 based on the closing price of Lincoln Electric stock as of December 29, 2017 (the last trading day of that calendar year) of \$91.58.

The Nominating and Corporate Governance Committee reviews the guidelines at least every two-and-a-half years to ensure that the components and values are appropriate. A review was conducted during 2021, with the assistance of Korn Ferry as an independent advisor, and it was determined that no changes to the guidelines were necessary, other than the share floor amount being reset as of December 31, 2021 and reflecting the modified Board retainer of \$85,000, as the five times annual retainer guideline is consistent with the peer group median. These revised stock ownership guidelines are effective in 2022. The next review is anticipated to occur in 2023.

EQUITY AWARDS

The non-employee Directors' RSUs awards are granted under the 2015 Stock Plan for Non-Employee Directors. Under the terms of the awards, RSUs vest in full one year after the date of grant, with accelerated vesting in the event of a change in control of Lincoln Electric if the Director's service is terminated or if the award is not assumed upon the change in control, or upon the death or disability of the Director. During the period in which RSUs remain unvested, dividend equivalents pay out in cash when dividends are generally paid to shareholders.

DEFERRED COMPENSATION PLAN

The Non-Employee Directors' Deferred Compensation Plan allows the non-employee Directors to defer payment of all or a portion of their annual cash compensation and RSUs granted to them. This plan allows each participating non-employee Director to elect to begin payment of the deferred amounts as of the earlier of termination of services as a Director, death or a date not less than one full calendar year after the year the fees are initially deferred.

The investment elections available under the plan for cash compensation deferred are the same as those available to executives under our Top Hat Plan, which is discussed in the narrative under 2021 Deferred Compensation Benefits. RSU deferrals are deemed invested solely in a Lincoln Electric Stock fund, and no other plan deferrals are eligible for investment into that fund.

EXECUTIVE COMPENSATION

Our long-term strategy is focused on key actions and initiatives that generate long-term profitable growth within our targeted markets through value-added solutions and operational excellence. We believe this approach engages our business team in creating a long-term value proposition for shareholders that generates above-market returns through an economic cycle while maintaining a short-term focus on improving profitability and driving operating excellence. More information on our business and strategy can be found in the “Business Overview” section at the beginning of this Proxy Statement.

The Compensation Discussion and Analysis (CD&A) describes our executive compensation programs and how they apply to our NEOs. The CD&A contains statements regarding future performance targets and goals. These targets and goals are disclosed in the context of our compensation programs and should not be understood to be statements of management’s expectations or estimates of results or other guidance. We caution investors not to apply these statements in other contexts.

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For 2021, our NEOs were:



CHRISTOPHER L. MAPES

Chairman, President and Chief Executive Officer



GABRIEL BRUNO

Executive Vice President, Chief Financial Officer and Treasurer



STEVEN B. HEDLUND

Executive Vice President, President, Americas and International Welding



JENNIFER I. ANSBERRY

Executive Vice President, General Counsel and Secretary



MICHELE R. KUHRT

Executive Vice President, Chief Human Resources Officer

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Our approach to executive compensation is generally the same as our approach to employee-wide compensation, with a strong belief in pay for performance and a long-standing commitment to incentive-based compensation.

While maintaining our performance-driven culture, our executive compensation program is designed to achieve the following objectives:

Align Interests

Align the interests of management (and employees) with long-term interests of our shareholders and other stakeholders

Incentivize Management

Design compensation elements to incentivize management to deliver above-market financial results

Support Long-Term Strategy

Define performance drivers which support key financial and strategic business objectives

Good Governance Practices

Help ensure we are following good governance practices in the design and operation of our executive compensation program, including consideration of the risks associated with those practices

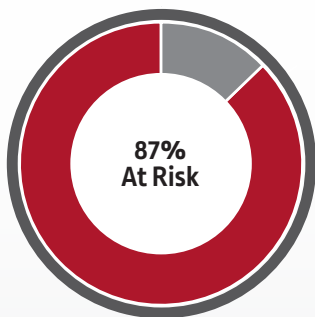
Address Challenges

Address specific business challenges, including economic circumstances, employee turnover and retention considerations

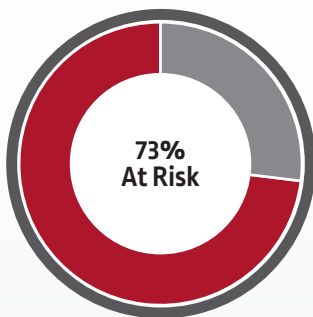
Pay for Performance

Link incentive-based compensation to the company's short-term and long-term financial and operational performance

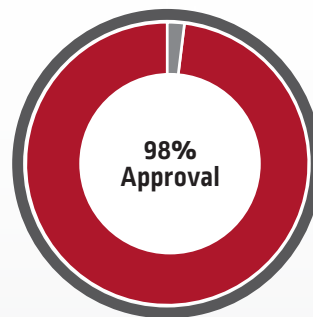
CEO Target Pay "At Risk"



All Other NEOs Target Pay "At Risk"



Say-on-Pay Vote



At our 2021 Annual Meeting, shareholders again showed strong support for our executive compensation program with 98% of the shareholders who voted approving, on an advisory basis, the compensation of our NEOs

KEY FINANCIAL PERFORMANCE

We have a strong track record of delivering increased value to our shareholders and we have typically delivered above-market performance across various financial metrics over many economic cycles. Our long-term strategy seeks to achieve profitable sales growth both organically and through acquisitions by emphasizing value-added solutions and differentiated technologies. We anticipate this strategy will yield improved profit margins and returns, and will generate best-in-class financial performance measured against our peer group.

We continued to operate safely in 2021 and led with a “customer-first” approach to maximize product availability and continue the introduction of new technologies and solutions. Despite the unprecedented safety and operational challenges posed by the global pandemic, we achieved record sales and adjusted earnings per share performance, strong operating income and returns with a 23.9% ROIC, and strong cash flow generation and liquidity.

In 2021, all end markets and regions returned to growth. Sales increased approximately 22% to a record \$3.2 billion primarily due to 19% organic sales growth and an approximate 2% benefit from acquisitions. We achieved strong operating income, and operating income margin increased 370 basis points to 14.3% versus the prior year, primarily due to volume growth, price management and benefits of cost reduction actions, which mitigated the impact of inflation. Adjusted operating income margin increased 240 basis points to 14.8%.

We also focused on the continued development and commercialization of innovative solutions and reinforced our industry-leading portfolio of automated solutions. In 2021, we invested \$56 million in R&D spend which helped to launch over 80 new product families and increase our vitality index of sales from new products launched in the last five years to 33%, and we increased our vitality index in equipment systems to 57%. 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.

In addition, we invested in operational excellence and deployed our Lincoln Business System to ensure standardization of best practice tools and processes across our international platform, completed hundreds of continuous improvement projects, further automated and digitized manufacturing and administrative functions, and expanded the use of shared services to optimize efficiencies and the customer experience. We continue to advance our performance towards our 2025 safety and environmental goals. Our performance demonstrates continued structural improvements achieved in the business through our 2025 Strategy and our commitment to best-in-class performance.

OPERATING INCOME MARGIN*Reported***14.3%***+370 bps vs. 2020**Adjusted***14.8%***+240 bps vs. 2020***DILUTED EPS***Reported***\$4.60***+35% vs. 2020**Adjusted***\$6.22***+50% vs. 2020
[record]***CASH FLOW FROM
OPERATIONS****\$365M***+4% vs. 2020***AVERAGE OPERATING WORKING CAPITAL TO
NET SALES RATIO****16.3%***improved 110 bps vs. 2020***RETURN ON INVESTED CAPITAL****23.9%****CASH CONVERSION RATIO****81%****26TH CONSECUTIVE DIVIDEND RATE INCREASE****9.8%****NEW PRODUCT VITALITY INDEX****33%**

See Appendix A for definitions and/or reconciliation of these metrics to results reported in accordance with GAAP. Performance measures used in the design of the executive compensation program are presented within this Compensation Discussion and Analysis section.

We remain focused on generating long-term value for our shareholders through a disciplined capital allocation strategy. In 2021, we deployed approximately \$63 million towards capital projects focused primarily on growth and operational efficiency, invested \$156 million in three new acquisitions and returned approximately \$286 million of cash to shareholders through our dividend program and share repurchases. In the last five years, we have repurchased an aggregate amount of \$816 million in shares and have increased the dividend rate by 60%, including the 2022 increase in the payout rate by 9.8%, marking 26 years of consecutive dividend increases.

\$286M = **\$165M** + **\$121M**
 RETURNED TO SHAREHOLDERS IN 2021 IN SHARE REPURCHASES IN DIVIDENDS

TOTAL SHAREHOLDER RETURN **+22%** **+88%** **+100%**
 1-Year 3-Year 5-Year

FINANCIAL MEASURES USED FOR COMPENSATION PURPOSES

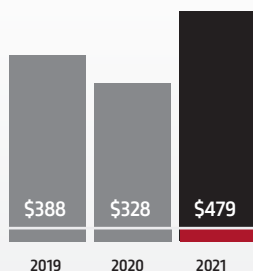
We consider various types of widely reported financial metrics, each of which is related to our executive compensation program. Some of these financial metrics directly impact our executive compensation program, while others are the closest approximation to the metrics that we use in our programs. We believe that all of these financial metrics are critical to the short-term and long-term growth and performance of our organization.

Short-term financial metrics used to evaluate operational performance and used in our annual bonus (EMIP) design are:

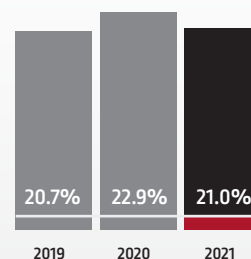
- Adjusted earnings before interest, taxes and bonus (EBITB), and
- Average operating working capital to net sales ratio (AOWC/Sales) for Compensation Purposes.

The following charts illustrate our performance in these or comparable metrics.

Adjusted Operating Income¹
 Representative of EBITB
 (\$ in millions)



AOWC/Sales for Compensation Purposes²



(1) Excluding special items where applicable. Definitions and a reconciliation of non-GAAP results to our most closely comparable GAAP results are included in Appendix A.

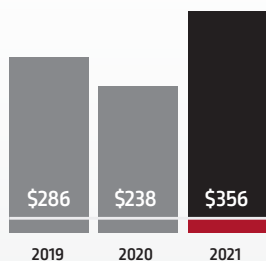
(2) See Appendix A for definition of AOWC/Sales for Compensation Purposes.

Financial metrics considered in our long-term incentive compensation program include:

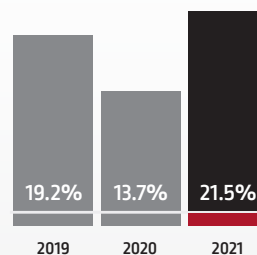
- Growth of Adjusted Net Income for Compensation Purposes (over a three-year cycle),
- Three-year average Return on Invested Capital (ROIC) for Compensation Purposes indexed to peer performance, and
- Share price appreciation, including dividends (TSR).

The following charts illustrate our Adjusted Net Income for Compensation Purposes and ROIC for Compensation Purposes. The results for ROIC for Compensation Purposes are compared to our peer group, the S&P 400 Midcap Index (S&P 400), in which we participate, and the S&P 400 Midcap Manufacturing Index. The ROIC for Compensation Purposes percentile rankings show the position of our financial results compared to the particular group, with a 50th percentile ranking indicating median (or market) performance. Percentiles below 50 indicate below-market performance, while percentiles above 50 indicate above-market performance. Information is based on the most recently available public information (as accumulated by an independent third party), as of January 2022 when the analysis was performed.

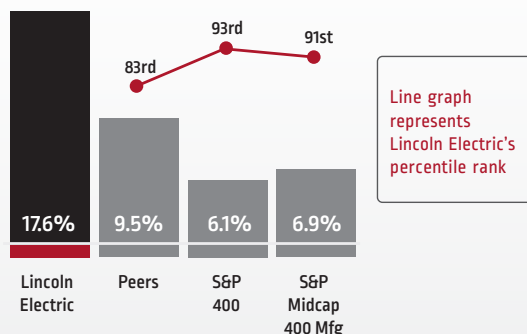
Adjusted Net Income for Compensation Purposes¹
(\$ in millions)



ROIC for Compensation Purposes¹



3-Year Average ROIC for Compensation Purposes^{1,2} Performance and Percentile Rank to Peers and Select Indices



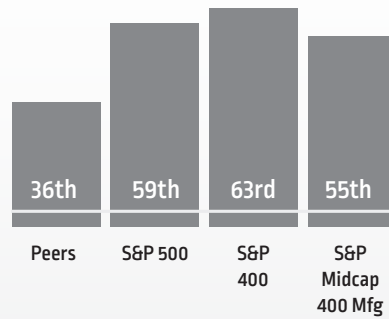
(1) Excluding certain items as approved by the Compensation and Executive Development Committee where applicable. See discussion and definitions on page 57 in the Performance Shares Financial Metrics section and in Appendix A.

(2) As of September 30, 2021

TOTAL SHAREHOLDER RETURN (TSR)

The following 3-Year (2019–2021) TSR Performance Percentile Rank chart illustrates our TSR performance compared to our peer group, the S&P Composite 500 Stock Index (S&P 500), the S&P 400, and the S&P 400 Midcap Manufacturing Index. The TSR percentile rankings show the position of our TSR Performance compared to the particular group, with a 50th percentile ranking indicating median (or market) performance. Percentiles below 50 indicate below-market performance, while percentiles above 50 indicate above-market performance.

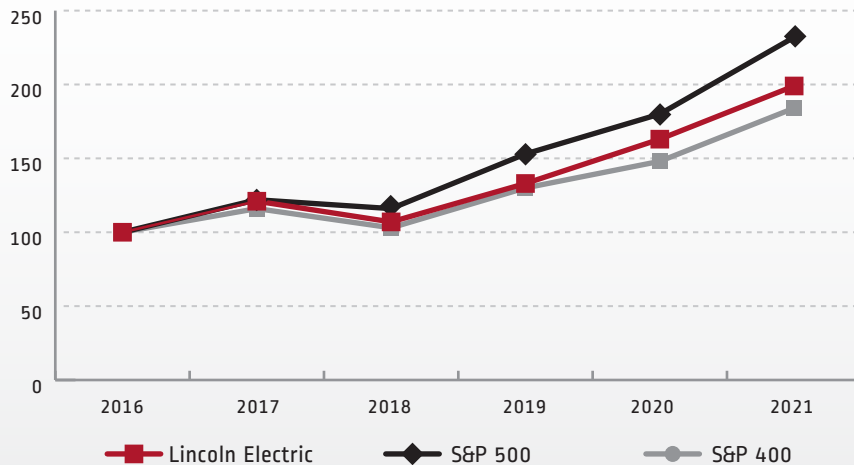
Total Shareholder Returns (TSR)¹
3-Year (2019-2021) TSR Performance
Percentile Rank to Peers and
Select Indices



(1) See Appendix A for definition of TSR.

The following line graph compares the yearly percentage change in the cumulative total shareholder return on our common stock against the cumulative total return of the S&P 500 and the S&P 400 for the five-year calendar year period commencing January 1, 2017 and ending December 31, 2021. This graph assumes that \$100 was invested on December 31, 2016 in each of our common shares, the S&P 500 and the S&P 400. A peer-group index for the welding industry, in general, is not readily available because the industry is comprised of a large number of privately held competitors and competitors that are smaller parts of large publicly traded companies.

Five Year Performance Comparison
Lincoln Electric's Common Shares, S&P 500 and S&P 400



PAY FOR PERFORMANCE, OBJECTIVES AND PROCESS

In designing our executive compensation program, a core philosophy is that our executives should be rewarded when they deliver financial results that provide value to our shareholders. Therefore, we have established a program that ties executive compensation to superior financial performance.

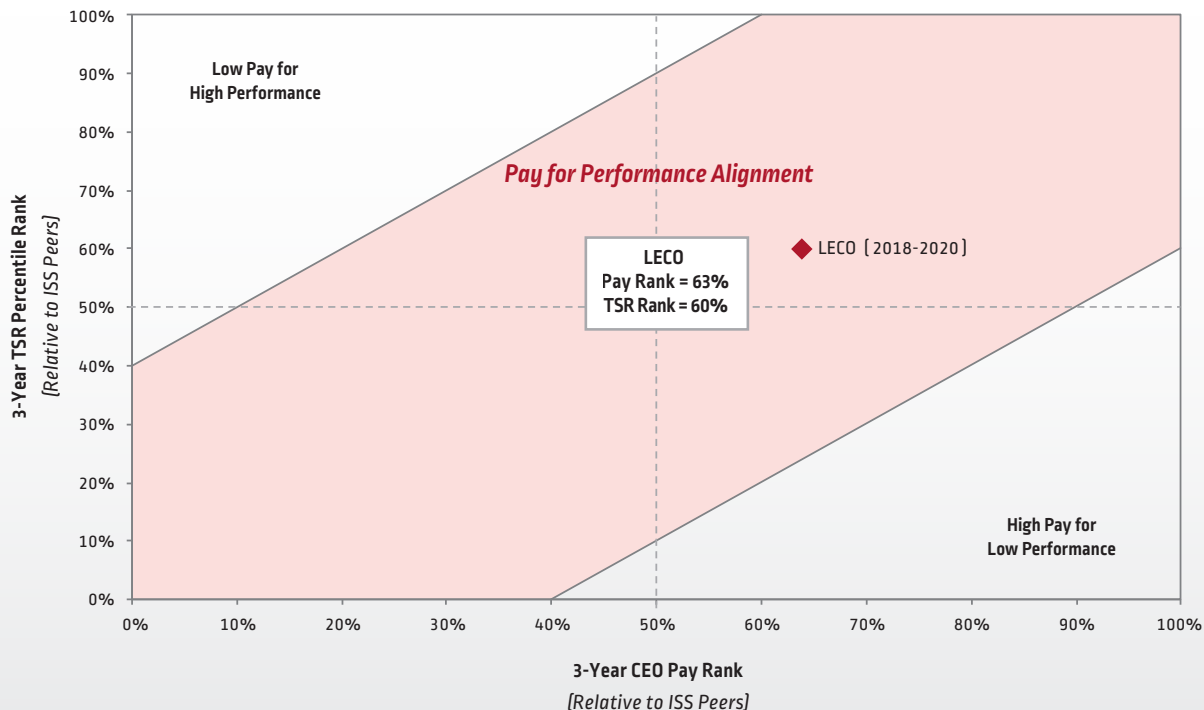
To assess pay for performance, we evaluate the relationship between CEO realizable pay and TSR performance considering the ISS methodology. This allows us to understand the relative degree of alignment over a three-year period between the pay opportunity delivered to the CEO and the performance achieved by shareholders relative to our peer group. In conjunction with ISS resources, this analysis is performed by management and reviewed by management’s compensation consultant, Willis Towers Watson, the Compensation and Executive Development Committee (the “Committee”) and by the Committee’s independent consultant, Korn Ferry. This analysis was performed for the 2018 to 2020 period, which is the period for which both compensation and performance data was readily available for our peers.

In evaluating pay and performance alignment, the analysis focuses on CEO pay primarily as reflected in the Summary Compensation Table, with the exception of valuing equity-based awards. All stock-based awards (both time- and performance-vesting) are calculated by multiplying the number of underlying shares by the closing stock price on the grant date, and option awards are calculated using the ISS Black-Scholes option pricing model. This means that for us, the CEO is evaluated based on the following compensation elements for the applicable three-year period:

- Base pay;
- Annual bonus (EMIP);
- The value of restricted stock units (“RSUs”) granted (based on the closing price of our common stock as of the grant date);
- The value at target of performance shares granted (based on the closing price of our common stock as of the grant date);
- The value of stock options granted (based on the ISS Black-Scholes pricing model as of the grant date);
- Actual nonqualified deferred compensation earnings; and
- All other compensation for the applicable three-year period.

As the following chart demonstrates, for the 2018-2020 performance period (the most readily available comparable data set), our ranking for TSR performance was slightly above the median of our peer group defined by ISS for the most recent three-year period. For the same period, our ranking for CEO pay was slightly above the median. The shaded area in the chart below highlights the area in which ISS has a low overall concern level. As shown in the chart below, our ranking for TSR performance and our ranking for CEO pay falls within the shaded area and demonstrates an overall alignment. Based on this analysis, the Committee is satisfied with the alignment of our CEO’s pay with the performance of the Company.

**Lincoln Electric Holdings, Inc. Pay for Performance
3-Year CEO Pay Percentile Rank vs. 3-Year TSR Percentile Rank**



While we consider the ISS methodology in assessing pay for performance, we view it as one of the variables for evaluating pay for performance alignment. We have provided the ISS analysis in assessing pay for performance for investors that might be utilizing it in evaluating pay for performance.

2021 EXECUTIVE COMPENSATION ACTIONS

During 2021, the Committee reviewed the design of our executive compensation program to help ensure consistency with our pay for performance philosophy. Each year, the Committee monitors our executive compensation program and how it relates to our corporate performance and shareholder interests. At our 2021 Annual Meeting, we received 98% approval, based on the total votes cast, for our annual advisory say-on-pay vote to approve the compensation of our NEOs. The Committee considered this result, in connection with its review of the overall design of our executive compensation program, particularly in light of the 2025 Strategy. The Committee believes the voting results demonstrate significant support for our executive compensation program, and the Committee chose not to make any substantial changes to the existing program for 2021 specifically in response to the 2021 say-on-pay voting results. The Committee expects, however, to continue to work with its compensation consultant to monitor changes in executive compensation trends to keep our executive compensation program aligned with best practices in our competitive market.

In addition, the Committee and senior leadership team continued to closely monitor the impact of the COVID-19 pandemic on our executive compensation program, to help ensure ongoing alignment between our executive's incentives and our stockholders' long-term interests during a period of extraordinary market volatility. Ultimately, the Committee made no changes or adjustments to our executive compensation program in response to the COVID-19 pandemic.

NO ADJUSTMENTS TO COMPENSATION PROGRAMS FOR THE COVID-19 PANDEMIC



During 2021 we did not make any changes or adjustments to our executive compensation program specifically in response to the COVID-19 pandemic. The Committee did not modify individual performance goals or the corporate performance goals that were established at the beginning of the fiscal year for the annual bonus (EMIP) or outstanding performance share awards.

GOOD GOVERNANCE PRACTICES

In addition to our emphasis on above-market financial performance and pay for performance, we design our executive compensation program to be current with best practices and good corporate governance. We also consider the risks associated with any particular program, design or compensation decision. We believe these assessments result in sustained, long-term shareholder value. Some of those governance practices are described in the Compensation-Related Risk section in this Proxy Statement.

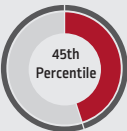
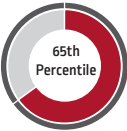
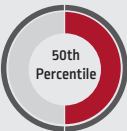
The following table highlights certain of our good governance practices relative to our executive compensation program:

What We Do		What We Don't Do	
Pay for Performance Focus (Compensation programs weighted heavily toward variable, "at risk," compensation; perform annual reviews of market competitiveness and the relationship of compensation to financial performance)	✓	No Guaranteed Pay (No multi-year guarantees for compensation increases, including base pay, and no guaranteed bonuses)	✗
Balanced Compensation (Compensation opportunities linked to both short-term and long-term periods of time, while aligning compensation with several financial performance metrics that are critical to achievement of sustained growth and shareholder value creation)	✓	No Repricing or Replacement of Underwater Stock Options without Prior Shareholder Approval	✗
Double Trigger Provisions for Change in Control	✓	No Payment of Dividends on Unvested Equity	✗
Stock Ownership Guidelines for all Executive Officers	✓	No Excessive Perquisites	✗
Clawback Policy	✓	No Excise Tax Gross-Ups or Tax Reimbursements	✗
Independent Compensation Committee and Consultant	✓	No Hedging or Pledging of Lincoln Electric Stock	✗

OUR COMPENSATION PHILOSOPHY

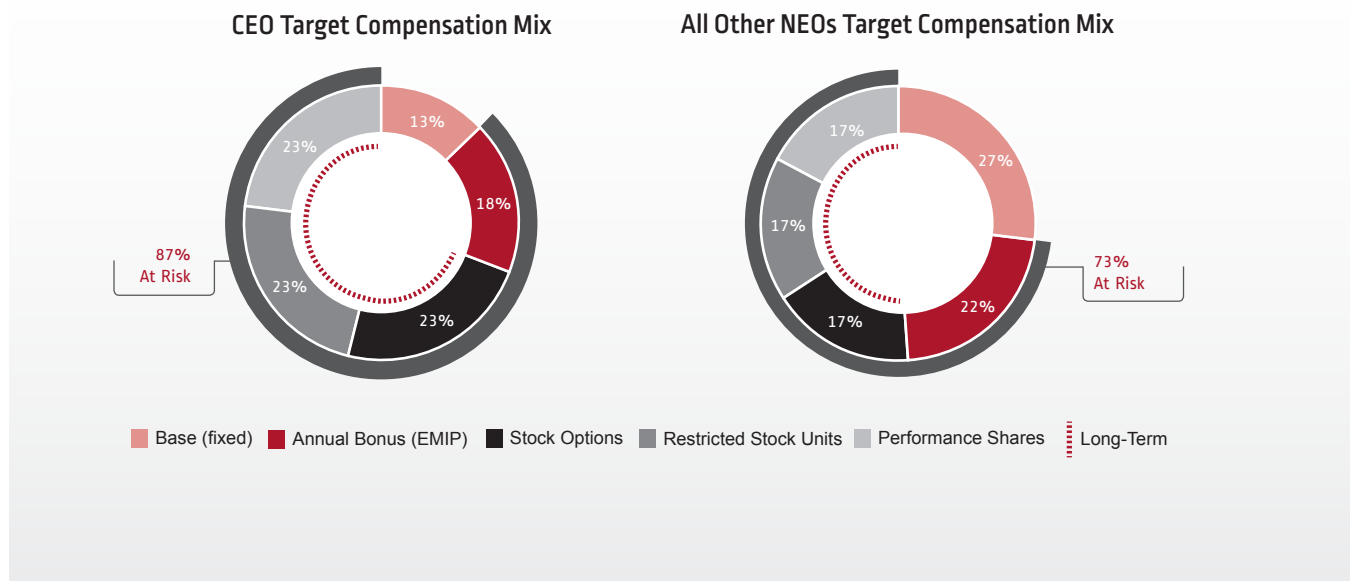
CORE PRINCIPLES

The primary components of our executive compensation program, summarized below, help ensure that we maintain our performance-driven culture:

Type	Component and Competitive Target	Philosophy and Objective
Fixed Compensation	Base Pay 	<ul style="list-style-type: none"> Targeted at the 45th percentile of market (below market) to place stronger emphasis on incentive compensation Provide market-competitive fixed pay reflective of an executive officer's role, responsibilities and individual performance in order to attract and retain top talent
	Target Total Cash Compensation with Annual Bonus (EMIP) 	<ul style="list-style-type: none"> Targeted above the competitive market, so that target total cash compensation (base pay and annual bonus which incorporates financial targets and individual performance goals) is set at 65th percentile of market Drive financial performance, including adjusted earnings before interest, taxes and bonus (EBITB) and average operating working capital to net sales ratio Deliver individual performance against specific business objectives, including executing on our 2025 Strategy, increasing our customer satisfaction, developing and engaging a diverse and talented workforce, driving sustainable innovation and improving operating efficiencies
Incentive-Based Compensation	Long-Term Incentive Compensation 	<ul style="list-style-type: none"> Targeted at the 50th percentile of market (at market) Divided equally among 3 programs: (1) stock options; (2) restricted stock units (RSUs); and (3) Performance Shares Incentivize achievement of long-term value creation through financial performance objectives weighted more heavily toward rewards for share price appreciation and long-term profitability

In addition to the primary components of our executive compensation program, we provide benefits and perquisites that we believe, taken as a whole, are at the market median.

Individual performance also plays a key role in determining the amount of compensation delivered to an individual in many of our programs, with our philosophy being that the best performers should receive the greatest rewards. The following charts present the mix of 2021 target direct compensation for our CEO and all of our other NEOs, as established in the beginning of 2021. As shown below, 87% of the CEO's compensation mix was "at risk" and 73% of our other NEOs' compensation mix was "at risk," with the actual amounts realized based on annual and long-term performance as well as our stock price.



THE ROLES OF THE COMMITTEE, EXTERNAL ADVISORS AND MANAGEMENT

The Committee, which consists solely of non-employee Directors, has primary responsibility for reviewing, establishing and monitoring all elements of our executive compensation program. The Committee is advised by its independent executive compensation consultant, Korn Ferry, and independent legal counsel as it deems appropriate. Management provides recommendations and analysis to the Committee, and is supported in those efforts by its own executive compensation consultant, Willis Towers Watson.

ROLE OF THE COMMITTEE

Compensation-Related Tasks	Organizational Tasks
Reviews, approves and administers all of our executive compensation plans, including our equity plans	Evaluates the performance of the CEO, including consideration of tone and embodiment of core values, with input from all non-employee Directors
Establishes performance objectives under our short-term and long-term incentive compensation programs ¹	Reviews the performance capabilities of the other executive officers, including consideration of tone and embodiment of core values, based on input from the CEO
Determines the attainment of performance objectives and the awards to be made to our executive officers under our short-term and long-term incentive compensation programs ¹	Reviews succession planning for officer positions, including the position of the CEO
Determines the compensation for our executive officers, including salary and short-term and long-term incentive compensation opportunities ¹	Reviews proposed organization or responsibility changes at the officer level
Reviews compensation practices relating to key employees to confirm that these practices remain equitable and competitive	Reviews our practices for the recruitment and development of a diverse talent pool
Reviews employee benefit plans that relate to executive officers and/or key employees	Retains the services of independent legal counsel from time to time to provide input on various matters

(1) The independent members of the Board takes such action with respect to the CEO.

ROLE OF EXTERNAL ADVISORS

Korn Ferry

- Independent executive compensation consultant for the Committee
- Advises on matters including competitive compensation analysis, executive compensation trends and plan design, peer group company configuration, competitive financial performance and financial target setting
- Reviews analysis and data collected by management (particularly the CEO, the CFO and the Chief Human Resources Officer) and Willis Towers Watson
- Reports directly to the Chairperson of the Committee
- Meets with the Committee in executive session without the participation of management
- Discusses the CEO's recommendations with the Committee to help ensure the compensation recommendations are in line with stated compensation philosophies and are reasonable when compared to the competitive market
- The Committee is not bound by Korn Ferry's recommendation
- Considering all relevant factors (as required by compensation consultant independence standards set forth in applicable SEC rules and Nasdaq listing standards), we have assessed Korn Ferry's independence, and are not aware of any conflict of interest that has been raised by the work performed by Korn Ferry

Willis Towers Watson

- Provides executive compensation analysis and other services directly to management
- Performs data analysis on competitive compensation, competitive financial performance and financial target setting
- Provides analysis to Korn Ferry in advance to allow Korn Ferry to comment upon the findings and recommendations made by management
- Considering all relevant factors (as required by compensation consultant independence standards set forth in applicable SEC rules and Nasdaq listing standards), we have assessed Willis Towers Watson's independence, and are not aware of any conflict of interest that has been raised by the work performed by Willis Towers Watson

ROLE OF CEO AND MANAGEMENT

- Provides compensation-related recommendations to the Committee
- The CEO recommends the compensation for other executive management positions and provides the Committee with assessments of their individual performance (both of which are subject to Committee review)
- Performs individual performance assessments based on achievement of various financial and leadership objectives set by the CEO
- Receives suggestions from the Committee for modifications to financial and leadership objectives where warranted

OUR METHODOLOGIES

SELECTION OF COMPENSATION ELEMENTS

As part of its annual review, the Committee evaluates whether changes in the philosophy or structure are warranted in light of emerging trends, business needs and/or financial performance. The Committee then uses competitive market data, performance assessments, and independent executive compensation consultants and management recommendations to set the pay components along the targets described above (for example, 45th percentile for base pay). Actual pay for executive management will generally fall within a range of these targets (plus or minus 20%). Absent significant increases due to promotion, increases for break-through individual performance or significant changes in the competitive market data, pay increases are generally in line with national trends.

MARKET COMPARISON DATA

We collect competitive market compensation data from multiple nationally published surveys and from proxy data for a peer group of companies. Nationally published survey market compensation data is statistically determined (through regression analysis) to approximate our revenue size and aged to approximate more current data. The Company did not select the companies that comprise any of these survey groups. The Company generally blends 50% survey and 50% peer data for benchmarking executive compensation for our NEOs.

PEER GROUP

We use a peer group of publicly traded industrial companies that are headquartered in the U.S. that serve a number of different market segments and that have significant foreign operations. These are companies for which Lincoln Electric competes for talent and shareholder investment. In addition, we only select companies with solid historical financial results (removing companies from the peer group when their financial performance has consistently fallen below an acceptable level) and companies with sales that are within 2.5 times that of Lincoln Electric, with the exception of Illinois Tool Works (ITW), as ITW is a global competitor with its largest presence in the U.S. The peer group used for 2021 compensation actions did not change from the prior year. For 2021, our peer group consisted of the following 18 publicly traded industrial corporations:

Ametek Inc.	Flowserve Corporation	Kennametal Inc.	SPX Corporation
Carlisle Companies Incorporated	Graco Inc.	Nordson Corporation	The Timken Company
Colfax Corporation	IDEX Corporation	Regal Rexnord Corporation	The Toro Company
Crane Co.	Illinois Tool Works Inc.	Roper Technologies, Inc.	
Donaldson Company, Inc.	ITT Inc.	Snap-On, Incorporated	

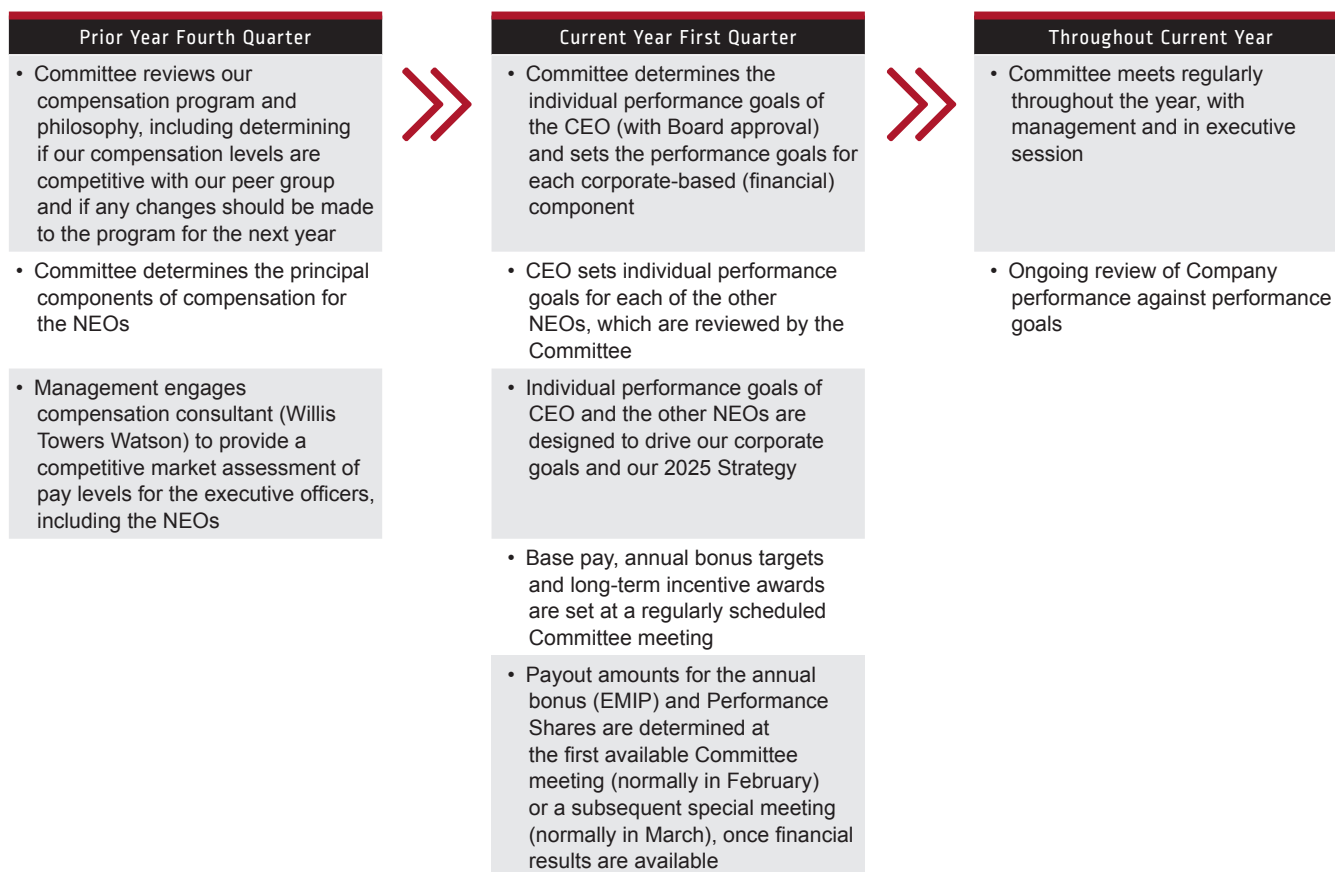
The Committee conducts an annual review of our peer group, with the assistance of Korn Ferry as an independent advisor. In July 2021, the Committee modified its peer group to be used for 2022 compensation matters, by eliminating Illinois Tool Works Inc., due to its large revenue size and market capitalization, Roper Technologies, Inc., due to its large market capitalization, and SPX Corporation, due to its small international exposure and size. The Committee then added Woodward Inc. and Xylem Corporation, which are ISS peers, and Terex Corporation, which provides segment exposure in Automation.

EXECUTIVE COMPENSATION STRUCTURE

In evaluating our executive compensation structure, the Committee considers three primary elements: (1) business needs, (2) individual performance and (3) pay for performance review.

Business Needs	Individual Performance	Pay for Performance Review
<ul style="list-style-type: none"> Independent compensation consultant (Korn Ferry) provides information about emerging trends in executive compensation, along with Committee members' own reading and study 	<ul style="list-style-type: none"> Individual performance is a significant factor in determining annual changes (up or down) to pay components 	<ul style="list-style-type: none"> The Committee conducts an annual assessment of our financial performance and pay for performance, in determining whether changes will be made to the existing philosophy or structure and before setting compensation levels for the upcoming year
<ul style="list-style-type: none"> Trends considered in light of our compensation philosophies and various business needs 	<ul style="list-style-type: none"> Annual bonus (EMIP) includes an individual performance component in determining the percentage of target bonus to be paid (described below and noted in the 2021 EMIP Matrix) 	<ul style="list-style-type: none"> The annual assessments are used to evaluate whether executive compensation is properly aligned with our financial performance
<ul style="list-style-type: none"> Business needs that are evaluated can include: talent attraction or retention strategies, growth expectations, strategic programs, cost-containment initiatives, management development needs and our company culture 	<ul style="list-style-type: none"> Individual performance is measured against how well an executive demonstrates proficiency in key leadership competencies, as well as the executive's achievement against objectives established for him or her at the beginning of the year 	
<ul style="list-style-type: none"> No single factor guides whether changes will be made, as the Committee uses a holistic approach, considering a variety of factors 	<ul style="list-style-type: none"> For the past three years, individual performance ratings for the annual bonus for officers have ranged from 107 to 130 	

The following chart highlights the process and timing of compensation determinations and payouts:



ELEMENTS OF EXECUTIVE COMPENSATION

Each compensation component for our NEOs is described below, with specific actions that were taken during 2021 noted. For 2021 compensation amounts, please refer to the Summary Compensation Table and other accompanying tables.

BASE PAY

Base salary is provided to our executives to compensate them for their time and proficiency in their positions, as well as the value of their job relative to other positions at Lincoln Electric. Base salaries are set based on a subjective evaluation of the executive's experience, expertise, level of responsibility, leadership qualities, individual accomplishments and other factors. That being said, we aim to set base salaries at approximately the 45th percentile of the market (slightly below market) in keeping with our philosophy that greater emphasis should be placed on variable compensation.

2021 AND 2022 BASE PAY

Ahead of 2021, the Committee reviewed officer pay, including all NEOs, as compared to the market. The Committee approved certain increases in NEO base salaries as detailed below, bringing the base pay within the competitive benchmark, while the base pay of the NEOs remains, on average, slightly below the 45th percentile.

NEO	Increase %	2021 Base Salary
Christopher L. Mapes	3.0%	\$1,030,000
Gabriel Bruno	11.3%	\$ 445,000
Steven B. Hedlund	—	\$ 440,000
Jennifer I. Ansberry	3.0%	\$ 424,000
Michele R. Kuhrt	20.4%	\$ 413,000

ANNUAL BONUS (EMIP) INDIVIDUAL PERFORMANCE GOALS

Individual performance goals are set annually. A significant portion of our executive officers' individual performance goals is tied to one or more aspects of our 2025 Strategy.

The following table highlights certain of the 2021 performance goals for our CEO. The Committee chair, supported by the Lead Independent Director, leads the review and evaluation process to establish the CEO's performance goals for each year, which were approved by the Board at the beginning of 2021. These 2021 performance goals were cascaded throughout the organization and many are also in the individual performance goals for our other NEOs.

Individual Performance Goals	CEO
Execution of the Higher Standard 2025 Strategy	✓
Human capital management, employee engagement, development and training, and diversity and inclusion initiatives	✓
Enterprise risk management and compliance matters, including IT systems and cyber security	✓
Global environmental, health and safety metrics	✓
Operating and capital budget and financial performance	✓
Operational enhancements and adjustments in light of global pandemic	✓

In defining the individual performance goals, the Committee considered the goals to be strategically important to the Company and its 2025 Strategy. The goals for 2021 were particularly aimed at navigating the Company through the global pandemic, with a focus on employee health and safety. The CEO's individual performance rating is determined based on an evaluation of performance against the underlying goals with the final rating being approved by the independent Directors of the Board. In assessing the individual performance of our NEOs, the Committee reviews the performance rating recommended by the CEO with respect to each of the other NEOs and recommends revisions, as needed, prior to the Committee approval of such rating.

ANNUAL BONUS (EMIP) FINANCIAL METRICS

A portion of the EMIP financial component is based upon achievement of company consolidated financial performance against budget and another portion may be attributable to segment financial performance against budget, depending upon the individual's span of responsibility. By varying the financial metrics used based upon areas of responsibility, it is possible that certain participants will receive a higher percentage of target bonus while others will receive a lower percentage of target where the segment performance for one participant is better than the segment performance for the other. This is a key component of our pay for performance and incentive-based philosophies.

The following is a summary of the financial components used for 2021 for the NEOs:

2021 Annual Bonus [EMIP]—Financial Metrics Used		
NEOs	Consolidated Results	Segment Results
Christopher L. Mapes—Chairman, President & CEO	100%	—
Gabriel Bruno—EVP, CFO & Treasurer	100%	—
Steven B. Hedlund—EVP, President, Americas and International Welding	50%	50% Americas & International Welding
Jennifer I. Ansberry—EVP, General Counsel & Secretary	100%	—
Michele R. Kuhrt—EVP, Chief Human Resources Officer	100%	—

EBITB. One of the EMIP financial metrics is the achievement of earnings before interest, taxes and bonus (EBITB) as compared to budget. Since 2011, this metric accounts for 75% of the EMIP financial component. EBITB to budget has been used as the financial metric for the annual bonus since 1997 because it is an important indicator of profitability. Budgets are set aggressively (based on the local and global economic climate), at the beginning of the year, are reviewed by the Finance Committee of the Board and are approved by the full Board. The following is a summary of historical consolidated results:

Historical EBITB to Budget [Consolidated Results 2017-2021]

	Consolidated Results
Average	104%
Highest Level	128%
Lowest Level	86%

When performance goals are set, we believe that there is an equal probability of achieving EBITB to budget in any year, although the cyclical nature of our business may increase the probability in some years and decrease it in others.

For 2021, the consolidated EBITB budget was set at \$481 million and actual performance for 2021, as adjusted, measured at budgeted exchange rates, was \$613 million, or an achievement of 127.5% of budget. The Americas Welding & International Welding EBITB actual performance for 2021, as adjusted, measured at budgeted exchange rates, was \$544 million, or an achievement of 117.8% of budget. The EBITB performance results were adjusted for the same types of special items that impact Adjusted Operating Income and Adjusted Net Income as disclosed in Appendix A.

AOWC/Sales for Compensation Purposes. Since 2007, a second EMIP financial metric, the achievement of budget for average operating working capital as compared to sales (AOWC/Sales for Compensation Purposes), has been used as a reflection of our commitment to improving cash flow. Since 2011, AOWC/Sales for Compensation Purposes has accounted for 25% of the EMIP financial component. The following is a summary of historical consolidated results:

Historical AOWC/Sales to Budget [Consolidated Results 2017-2021]

	Consolidated Results
Average	99%
Highest Level	105%
Lowest Level	92%

Like EBITB, we believe that there is an equal probability of achieving AOWC/Sales for Compensation Purposes to budget in any given year, although the cyclical nature of our business may increase the probability in some years and decrease it in others.

For 2021, the consolidated AOWC/Sales for Compensation Purposes budget was set at 20.8% and actual performance for 2021 was 21.0%, or an achievement of 99.1% of budget. The Americas & International Welding AOWC/Sales for Compensation Purposes actual performance for 2021 was 20.8%, or an achievement of 101.8% of budget.

2021 ANNUAL BONUS (EMIP) AND TOTAL CASH COMPENSATION

The 2021 EMIP annual bonus targets for the NEOs were established according to the principles discussed above. Due to Mr. Bruno's recent promotion, to bring his EMIP target within the competitive framework, Mr. Bruno received a 2021 target bonus increase of 15.3%. The Committee recognized that Ms. Kuhrt has continued responsibilities as the acting Chief Information Officer, in addition to her duties as the Chief Human Resources Officer. In light of such additional duties, the Committee approved a temporary supplemental target bonus increase of \$45,000 for 2021. Overall, excluding Mr. Bruno's increase and Ms. Kuhrt's supplemental increase, the 2021 bonus targets reflect an increase from the 2020 target amounts of, on average, 5.1%, for the NEOs. The 2021 EMIP targets for the NEOs placed their total targeted cash compensation (base pay and target annual bonus), on average, slightly below the 65th percentile of market.

In approving the 2021 EMIP payouts, the Committee assessed our EBITB performance and AOWC/Sales for Compensation Purposes performance against budget for consolidated and segments, as applicable. On average, 2021 EMIP payments for the NEOs were 67% above their 2021 target amounts, driven primarily by strong EBITB performance, as shown in the following table.

NEO	Target Award Opportunity	Target Award Opportunity as a % of 2021 Base Salary	Maximum Award Opportunity Based on Matrix	Actual Award	Actual Award as a % of Target
Christopher L. Mapes	\$1,493,500	145%	\$2,688,300	\$2,569,567	172%
Gabriel Bruno	\$ 415,000	93%	\$ 747,000	\$ 698,528	168%
Steven B. Hedlund	\$ 390,000	89%	\$ 702,000	\$ 659,373	169%
Jennifer I. Ansberry	\$ 330,000	78%	\$ 594,000	\$ 530,871	161%
Michele R. Kuhrt	\$ 336,000	81%	\$ 604,800	\$ 546,773	163%

On average, 2021 EMIP payments for the NEOs were 44% higher than the 2020 EMIP payments.

2022 ANNUAL BONUS (EMIP) AND TOTAL CASH COMPENSATION

In consultation with Willis Towers Watson, the Committee performed a thorough review of the overall design of the annual bonus program in 2021. In December 2021, the Committee approved a new design with respect to the annual bonus program beginning in 2022 for the NEOs. The design changes address both the structure of the annual bonus and the financial metrics. Each NEO's annual bonus would be

based on the following calculation: target bonus, multiplied by the financial performance factor, multiplied by the individual performance factor. Financial performance would be based on the achievement of three financial metrics: EBITB to budget, AOWC/Sales to budget, and revenue to budget. The EBITB financial metric will account for 50% of the financial component; the AOWC/Sales financial metric will account for 25% of the financial component; the revenue financial metric will account for 25% of the financial component. At the February 2022 meeting, the Committee approved the performance thresholds for the 2022 plan year that will determine the financial performance factor.

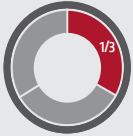
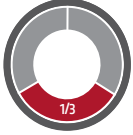

The 2022 EMIP target awards for the NEOs, approved in the first quarter of 2022, were established by the Committee in consultation with Korn Ferry, based on our compensation philosophies as well as competitive market data as discussed above. For 2022, Mr. Bruno received a 17.5% target bonus increase and Mr. Hedlund received a 24.4% target bonus increase, which were to continue to progress target compensation within the competitive benchmark for their recently promoted roles. The Committee recognized that Ms. Kuhrt has ongoing responsibilities as the acting Chief Information Officer, in addition to her duties as the Chief Human Resources Officer. In light of such additional duties, the Committee approved continuing a temporary supplemental target bonus amount of \$60,000 for 2022. Excluding the temporary supplemental target bonus, Ms. Kuhrt target bonus increased 22% to continue to progress target compensation within the competitive framework for her role. Mr. Mapes' and Ms. Ansberry's 2022 target bonus increased 3.4% and 3.6%, respectively. The bonus targets still fall within the competitive benchmark and the NEOs remain, on average, slightly below the 65th percentile on targeted total cash compensation.

LONG-TERM INCENTIVE COMPENSATION

We believe that long-term incentive compensation should be provided to focus rewards on factors that deliver long-term sustainability and should be established at the median (or 50th percentile) of the market. We have targeted the median of the market, in keeping with our pay for performance philosophy, because we believe that superior long-term financial growth itself should be the main driver of above-market long-term incentive compensation.

For 2021, our long-term incentive compensation program consist of three components: (1) stock options, (2) RSUs and (3) Performance Shares (LTIP). The value of each is weighted equally. This provides an even balance with respect to the different attributes and timing associated with each type of award. Annual awards of all three components are made to EMIP participants, including the NEOs.

The following is a summary of the three components of our long-term incentive compensation program as in effect for 2021:

	Standard Vesting Provision	Accelerated Vesting Provisions	Total Employees Receiving Grant in 2021
Stock Options 	<ul style="list-style-type: none"> Vest ratably over 3 years 	<ul style="list-style-type: none"> Full vesting upon death or disability. Full vesting upon retirement for awards granted in 2021. Pro-rata vesting upon retirement, for awards granted prior to 2021. Full vesting in the event of a change in control, if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination. 	19 employees, including NEOs, all EMIP participants and other senior leaders
Restricted Stock Units (RSUs) 	<ul style="list-style-type: none"> Vest in full after 3 years 	<ul style="list-style-type: none"> Full vesting upon death or disability. Full vesting upon retirement for awards granted in 2021. Pro-rata vesting upon retirement, for awards granted prior to 2021. Full vesting in the event of a change in control, if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination. 	557 employees, including NEOs, all EMIP participants, other senior leaders, managers and significant contributors, regardless of their position within Lincoln Electric
Performance Shares 	<ul style="list-style-type: none"> Vest based on performance during the applicable 3-year performance period 	<ul style="list-style-type: none"> Vest at target upon death or disability Full vesting upon retirement, based on actual performance for the applicable 3-year performance period, for awards granted in 2021. Pro-rata vesting upon retirement, based on actual performance for the applicable 3-year performance period, for awards granted prior to 2021. Vest at target in the event of a change in control, if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination for awards granted in 2020 and 2021. Pro-rata vesting based on length of employment during the applicable performance period, at the greater of target or actual performance in the event of a change in control, if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination for awards granted prior to 2020. 	12 employees, including NEOs and all EMIP participants

Following a review of market data, including our peer group, the Committee approved certain changes to the terms of our Performance Shares. Commencing with grants made in February 2020, in the event of a change in control, the Performance Shares will vest at target if (i) replacement awards are not provided or (ii) replacement awards are provided and there is a subsequent qualifying termination. This change was made to align with our peers and to streamline the administration of such awards in the event of a change in control.

During 2020, the Committee reviewed our retirement vesting provisions under our equity awards generally, and following a review of market data, including our peer group, the Committee approved certain changes to the retirement vesting provisions. Commencing with grants made in February 2021, the definition of retirement under our equity awards is defined to include retirement at the age of 60 and 5 years of service, or at the age of 55 and 15 years of service. In addition, upon retirement, stock options and RSUs will vest in full, and Performance Shares will vest in full, based on actual performance for the applicable 3-year performance period. These changes were made to align with our peers and to streamline the administration of such awards upon retirement.

LONG-TERM INCENTIVE PLAN (LTIP) - PERFORMANCE SHARES

Our long-term incentive compensation program includes a long-term incentive plan (LTIP), in the form of grants of Performance Shares, which is designed to offer award opportunities aligned with the long-term performance of Lincoln Electric. Target share amounts for the plan are set each year at the beginning of a three-year performance cycle based on a 7-day historical average of the stock price, up to and including the grant date. Because awards are made each year and because each award relates to a three-year performance cycle, three different cycles will be running at any point in time. The percentage of the target shares actually paid at the end of the applicable three-year cycle will be based upon achievement of three-year company performance as interpolated against pre-established performance thresholds. Each plan has performance thresholds with percentage payouts attributable to those thresholds ranging from 0% to 200% of target. The Committee retains discretion to modify payments to any participant, to modify targets and/or to modify the performance thresholds (up or down).

PERFORMANCE SHARES FINANCIAL METRICS

Since its inception, the LTIP has used a performance measure of growth in Adjusted Net Income for Compensation Purposes over the three-year cycle. Beginning in 2009, the Committee added a second metric of ROIC for Compensation Purposes and gave these two financial metrics a 50/50 weighting. The awards granted for the 2021 to 2023 performance cycle utilize these same metrics and same weighting, including as described below, just with different goals for the new three-year period.

The Adjusted Net Income for Compensation Purposes metric is an absolute metric. For the 2019 to 2021 performance cycle, the growth in Adjusted Net Income for Compensation Purposes over the three-year cycle is based on growth above \$311,031,000 (which was the Adjusted Net Income for Compensation Purposes for 2018 when the 2019 to 2021 performance cycle was set). As the 2019 to 2021 Performance Share LTIP table demonstrates, to pay 100% of target, Adjusted Net Income for Compensation Purposes over the three-year cycle must be at or above 140% of \$311,031,000 (or \$435,443,000).

From time to time, the Committee has considered and approved certain limited adjustments to reported net income (both positive and negative) in determining achievement of performance against the thresholds. Each adjustment is reviewed in detail before it is made. The types of adjustments the Committee has considered include: rationalization charges, certain asset impairment charges, the gains and losses on certain transactions including the disposal of certain assets and other special items, which generally align with the special items disclosed in the Adjusted Net Income table in Appendix A. To the extent an adjustment relates to restructuring or rationalization charges that are intended to improve organizational efficiency, a corresponding charge (equal to the adjustment) is amortized against future years' adjusted net income until that adjustment is fully offset against the intended savings (generally this amortization occurs over a three-year period).

The ROIC for Compensation Purposes metric for the 2019 to 2021 performance cycle is a relative value that is derived based on our performance as compared to our proxy peer group (as opposed to an absolute value). In 2021, the Committee approved excluding pension settlement charges primarily related to the purchase of a group annuity contract from the ROIC calculations and related comparisons to our proxy peer group. For further information on the pension annuitization, see Lincoln Electric's Annual Report on Form 10-K, filed with the SEC on February 18, 2022.

Both the Adjusted Net Income for Compensation Purposes metric and the ROIC for Compensation Purposes metric were set in 2019, prior to the onset of the COVID-19 pandemic. The ability to achieve these goals was impacted by the challenges associated with the COVID-19 pandemic. Notwithstanding the challenging environment, these goals were not modified in response to the COVID-19 pandemic.

PERFORMANCE THRESHOLDS

In setting the performance thresholds for a new three-year period (including the 2021 to 2023 performance cycle), the Committee considers various factors, including historical performance against established thresholds, to try to achieve a 50% probability of the target thresholds for any cycle. For the 2019 to 2021 Plan, the Committee did not make any modifications to the three-year adjusted net income growth performance thresholds or the three-year average ROIC relative to peer thresholds.

TIMING FOR SETTING PERFORMANCE METRIC GOALS

Performance targets are set at the beginning of the first fiscal year in the cycle. This timing allows the Committee to see our final financial results for the prior year and allows for more current macro-economic projections to be used.

Historical LTIPs. The following is a summary of the historical combined LTIP results for the last five completed LTIP cycles, including the most recently completed cycle (2019 to 2021):

Historical LTIP to Budget (Results for the last five completed LTIP cycles)

	Results
Average	108.7%
Highest Level	130.2%
Lowest Level	87.4%

2019 to 2021 Performance Share LTIP. For the 2019 to 2021 LTIP cycle, the Adjusted Net Income for Compensation Purposes performance threshold and the ROIC for Compensation Purposes performance target were exceeded, resulting in payouts being made 116.3% of target. The following is a summary of the performance metric goals and results for the most recently completed LTIP cycle (2019 to 2021):

2019 to 2021 Performance Share LTIP

	Payout Amount		3-Year Growth in Adjusted Net Income for Compensation Purposes		3-Year Average ROIC for Compensation Purposes Relative to LECO Peer Group	
	% of Target	3-Year Cumulative Growth Rate	Absolute LECO Net Income ['000s]	%ile Rank in Peer Group	ROIC result	
Threshold	25%	10%	\$342,134	40th %ile	9.2%	
<i>2021 Actual</i>	<i>32.7%</i>	<i>14.6%</i>	<i>\$356,445</i>			
Target	50%	25%	\$388,789	50th %ile	10.2%	
	100%	40%	\$435,443	65th %ile	11.8%	
	150%	60%	\$497,650	70th %ile	12.3%	
Maximum	200%	80%	\$559,856	80th %ile	15.9%	
<i>2021 Actual</i>	<i>200%</i>			<i>84th %ile</i>	<i>18.1%</i>	

Actual Payout	116.3%	32.7%	@ 50% Weighting	16.3%	200%	@ 50% Weighting	100%
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As shown above, the current plan cycle contains two metrics, each with a 50% weighting. Lincoln Electric's Adjusted Net Income for Compensation Purposes over the three-year period increased 14.6% to \$356 million, which generated a 32.7% of target payout for this metric. Lincoln Electric's three-year average ROIC for Compensation Purposes, as compared to its peer group, was at the 84th percentile, which generated a 200% of target payout for this metric. The following chart shows the target and maximum number of shares of common stock that may be issued for the 2019 to 2021 Performance Share LTIP based on actual performance. Combining the payouts for both metrics, the resulting final payout for the 2019 to 2021 Performance Share LTIP was 116.3% of the target award opportunity. As previously noted, neither of these metrics were modified specifically in response to the COVID-19 pandemic.

NEO	Target Award Opportunity [# of shares]	Maximum Award Opportunity Based on Thresholds [# of shares]	Actual Performance Share Payout %	Actual Award [# of shares]
Christopher L. Mapes	15,098	30,196	116.3%	17,558
Gabriel Bruno	1,321	2,642	116.3%	1,536
Steven B. Hedlund	2,321	4,642	116.3%	2,699
Jennifer I. Ansberry	2,012	4,024	116.3%	2,339
Michele R. Kuhrt	1,090	2,180	116.3%	1,267

2021 LONG-TERM INCENTIVE ARRANGEMENTS

In evaluating 2021 long-term incentive compensation (at the beginning of 2021), the Committee reviewed 2019 and 2020 compensation versus the competitive benchmarks, and considered the management and leadership demands on the executives. The Committee concluded that overall the long-term incentive compensation program for the NEOs was below our 50th percentile target when compared to both survey and peer proxy data. Due to Mr. Bruno's and Mr. Hedlund's recent promotions, to bring each of their long-term incentive compensation within the competitive framework, Mr. Bruno received a 2021 long-term incentive compensation increase of 75% and Mr. Hedlund received a 2021 long-term incentive compensation increase of 47.4%. Excluding Mr. Bruno and Mr. Hedlund, the Committee adjusted 2021 long-term incentive compensation opportunities for the NEOs on average 34.4%, placing their LTI targets above the 50th percentile but still within the competitive framework. All of these awards are subject to our Recovery of Funds Policy, which is discussed below. For more information about the quantities of the 2021 stock option, RSU and Performance Share awards actually granted to the NEOs, see the 2021 Grants of Plan-Based Awards table and the Outstanding Equity Awards at 2021 Fiscal Year-End table (and their related narrative disclosure) below.

2022 LONG-TERM INCENTIVE ARRANGEMENTS

In evaluating 2022 long-term incentive compensation (at the beginning of 2022), the Committee reviewed 2020 and 2021 compensation versus the competitive benchmarks. The Committee concluded that overall the long-term incentive compensation program for the NEOs remained on average above the 50th percentile target but still within the competitive framework. Mr. Hedlund received a 2022 long-term incentive compensation increase of 12.6%, which progressed his long-term incentive compensation opportunities, however maintained his overall target direct compensation within the competitive framework. Excluding Mr. Hedlund, the Committee adjusted 2022 long-term incentive compensation opportunities for the NEOs on average 2%, placing their LTI targets above the 50th percentile however still within the competitive framework.

Valuation of Equity Awards. We use standard valuation methods to convert long-term incentive compensation values to shares upon the grant date. These methods consider a 7-day historical average of our stock price, up to and including the grant date, for RSUs and Performance Shares and the grant date Black-Scholes valuation for stock options.

Normal Cycle and Out-of-Cycle Equity Awards. The Committee has discretion in awarding grants to EMIP participants and does not delegate its authority to management, nor does management select or influence the award dates. Occasionally, the Committee may approve limited, out-of-cycle special awards for specific business purposes or in connection with executive promotions or the hiring of new executive employees. However, the date used for awards to all EMIP participants, including the continuing NEOs, is the date of a regularly scheduled Committee meeting, which is fixed well in advance and generally occurs at the same time each year.

The Committee has approved delegated authority to the CEO to designate awards through 2022 to certain employees under our equity plan, subject to specific limits established. The CEO can only grant RSU awards and cannot grant awards to any executive officers, Section 16 officers or greater-than-10% beneficial owners of the Company, and such awards must be granted per the agreements and vesting terms already approved by the Committee.

OTHER ARRANGEMENTS, POLICIES AND PRACTICES

OVERVIEW OF BENEFITS

We intend to provide a competitive group of benefits for all of our employees targeted at the 50th percentile of the market. Some aspects of our benefit programs are considered non-traditional due to their relationship with our pay for performance and incentive-based philosophies. For example, the premiums for Lincoln Electric-provided medical coverage are primarily paid by employees, including the NEOs, on a pre-tax basis. Premiums for dental coverage, which is a voluntary benefit, are 100% paid by employees. Life insurance coverage paid fully by Lincoln Electric is set at \$50,000 per employee, including the NEOs, although employees may purchase additional insurance at their own cost. The NEOs participate in this same cost-sharing approach. We attempt to balance our various non-traditional programs (such as those with a significant portion of the cost borne by the employee) with more traditional programs.

We also provide accidental death and dismemberment benefits to officers, due to the significant amount of travel required in their jobs. Under this program, the premiums of which are paid by the Company, a participant's beneficiary would receive a payment of five times annual total cash compensation up to a maximum of \$3,000,000 for executive officers and \$2,000,000 for other officers upon an officer's accidental death. The policy also provides dismemberment benefits of up to 100% of the death benefit in the event an officer is permanently and totally disabled as a result of an accident, and it provides for medical evacuation coverage in the event of an accident.

PERQUISITES

Consistent with our pay for performance philosophy, we offer limited perquisites. We pay for an annual physical for officers and other senior management to preserve our investment in them by encouraging them to maintain healthy lifestyles and be proactive in preventative care. We also make available financial planning services to certain officers, enabling them to concentrate on business matters rather

than on personal financial planning. However, the cost of these financial planning services is included in the income of the participants. We also pay the cost of certain club dues for some officers to encourage social interaction with peers from other companies, local leadership in the community and to provide the ability to hold business meetings at a convenient offsite location. All personal expenses are borne entirely by the executive and the club dues are included in the income of the participants. Initiation fees for club memberships are paid by the executive. Different prerequisites are provided from time to time to non-U.S. based executives; however, they are customary and reasonable in nature and amount relative to local market practices (for example, a car lease).

RETIREMENT PROGRAMS

Retirement benefits are provided to our NEOs through the following programs:

The Lincoln Electric Company Retirement Annuity Program (RAP)

- This defined benefit pension plan was frozen to new entrants effective January 1, 2006 (no new employees eligible to join the RAP after January 1, 2006; eligible employees participate in The Lincoln Electric Company Employee Savings Plan described below)
- Benefit accruals frozen effective as of December 31, 2016 (participants have not earned any additional benefits under the RAP since December 31, 2016)
- The RAP was terminated as of December 31, 2020; distribution of pension plan assets in the form of lump sum payments and the purchase of a group annuity contract from a highly rated insurance company occurred in 2021

The Lincoln Electric Company Employee Savings Plan (401(k) Plan)

- Each eligible employee of The Lincoln Electric Company and certain affiliate companies is eligible to receive up to 6% of annual compensation in Company contributions through:
 - matching employer contributions equal to 100% of before-tax contributions made to the 401(k) Plan, but not in excess of 3% of annual compensation; and
 - automatic employer contributions equal to 3% of annual compensation
- Matching and automatic contributions are 100% vested when made
- Certain employees affected by the RAP freeze (described above) are also eligible to receive employer contributions equal to 6% of annual compensation for a minimum period of five years, up to the end of the year in which they complete 30 years of service
- All of the NEOs deferred amounts under the 401(k) Plan in 2021

Restoration Plan

- Created effective January 1, 2017, this unfunded plan is maintained primarily for the purpose of providing deferred compensation for eligible employees whose annual compensation is expected to be in excess of the Internal Revenue Code limit on compensation (Code Limit) applicable to the 401(k) Plan
- Each participant's account is credited each year with deferred amounts generally as follows:
 - matching employer contributions equal to 3% of annual compensation in excess of the Code Limit; and
 - non-elective employer contributions equal to 3% of annual compensation in excess of the Code Limit
- All amounts deferred are fully vested at all times
- Certain employees affected by the RAP freeze are also eligible to receive employer contributions equal to 6% of annual compensation in excess of the Code Limit for a minimum period of five years, up to the end of the year in which they complete 30 years of service
- Upon a separation from service prior to age 55, distribution of the account will be made in a single lump sum on the first business day of the seventh month immediately following the separation from service
- Upon a separation from service on or after age 55, distribution of the account will be made or commence on the first business day of the seventh month immediately following the separation from service in the form of (1) a single lump sum payment; or (2) substantially equal annual installments over a period of at least two but not more than 15 years, as elected
- All NEOs participated in the Restoration Plan in 2021

Amended and Restated 2005 Deferred Compensation Plan for Executives (Top Hat Plan)

- Participants can defer current income on a pre-tax basis, receiving tax-deferred returns on those deferrals
 - Up to 80% of base salary and/or annual bonus can be deferred; and
 - Up to 100% of RSUs or Performance Shares can be deferred
- For cash deferrals, 27 total investment options available, 26 of which mirror the funds available under the 401(k) Plan, plus the Moody's Corporate Bond Average Index (which provides "above market" earnings as reported in the Summary Compensation Table)
- RSUs and Performance Shares that are deferred are deemed invested in a Lincoln Electric Stock fund; these deferrals can be reallocated to other investment options on the later of 6 months after the date on which the amounts are allocated to the participant's account or the date the participant has satisfied his or her stock ownership guidelines
- Plan includes a recovery of funds provision consistent with the requirements of Dodd-Frank
- Distributions are permitted in the event of a separation from service, disability, death, change in control or unforeseeable emergency
- Distributions can also be made at a specified time or under a fixed schedule
- Distributions may be made in a lump-sum, or by payment in five, ten or fifteen annual installments
- As of December 31, 2021, there were 14 active employee participants in the Top Hat Plan

More information on these programs can be found in the 2021 Pension Benefits section and 2021 Deferred Compensation Benefits section.

CHANGE IN CONTROL ARRANGEMENTS

We have entered into change in control agreements with all of our NEOs. The agreements are designed generally to help assure continued management in the event of a change in control of Lincoln Electric.

The change in control agreements are operative only if a change in control occurs and payments are made if the officer's employment is terminated under certain circumstances (or if the officer terminates employment due to certain adverse employment changes). The agreements provide our NEOs with the potential for continued employment following a change in control, which helps to retain these executives and provide for management continuity in the event of an actual or threatened change in control of Lincoln Electric. They also help ensure that our executives' interests remain aligned with shareholders' interests during a time when their continued employment may be in jeopardy. For a more detailed discussion of our change in control agreements, see Termination and Change in Control Arrangements below. Outside of these change in control agreements, we do not maintain written employment or other severance agreements for U.S.-based employees.

RECOVERY OF FUNDS POLICY

We have adopted a Recovery of Funds Policy (clawback policy) consistent with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Our policy is more extensive than what Dodd-Frank requires and is applicable to all of our officers, including our NEOs. The policy applies in the event that there is an accounting restatement involving our financial statements due to material non-compliance with the financial reporting requirements under the U.S. federal securities laws. The policy applies to both current and former officers and covers incentive compensation received by the officers in the 3-year period prior to the restatement.

Awards of incentive compensation would include annual bonus payments, stock option awards, restricted stock awards, RSUs, and Performance Shares, unless Dodd-Frank regulations provide otherwise. Under the policy, in the event of an accounting restatement of our financial statements, the Committee would review all incentive compensation received during the 3-year covered period and would seek recovery of the amount of incentive compensation paid in excess of what would have been paid if the accounts had been properly stated. We believe that this policy is in the best interests of Lincoln Electric and its shareholders.

ANTI-HEDGING/PLEDGING POLICY

Consistent with our philosophy to encourage long-term investment in our common stock, our Directors, executive officers and certain other employees are prohibited from engaging in any speculative transactions involving our securities, including buying or selling puts or calls, or engaging in any derivative or hedging transaction that has the effect of limiting or hedging economic exposure with respect to such person's position in our securities, short sales and margin purchases. In addition, our insider trading policy prohibits future pledging of Lincoln Electric securities by our Directors, executive officers and certain other employees. There are no pledges of our common stock in place for any of our Directors or executive officers.

STOCK OWNERSHIP GUIDELINES

In keeping with our philosophy that officers should maintain an equity interest in Lincoln Electric, we have stock ownership guidelines for officers. The guidelines were reviewed in 2021 and no changes were recommended based on a review of our peer group. Under the current guidelines, our officers are required to own and hold a certain number of our common shares, currently at the levels set forth in the table below:

Executive Group	Ownership Guideline
Chief Executive Officer ¹	5 times base salary
Executive Vice Presidents ²	3 times base salary
Senior Vice Presidents and all other Executive Officers ³	2 times base salary

(1) Mr. Mapes.

(2) Includes Messrs. Bruno, and Hedlund and Ms. Ansberry and Kuhrt.

(3) Includes other EMIP participants.

Each officer has five years to satisfy his or her applicable stock ownership guideline. An officer must satisfy the applicable stock ownership guideline before he or she is permitted to sell shares, including shares issued as a result of RSUs vesting or Performance Shares vesting (other than shares withheld to cover taxes) and shares obtained from the exercise of stock options (other than shares withheld to cover exercise cost and taxes). Unless an officer is promoted into a higher guideline level, the stock ownership guideline will reset every 5 years utilizing updated base pay and stock price information. RSU awards count towards an officer's stock ownership amount, however common shares underlying stock options, Performance Shares and shares held in another person's name (including a relative) do not. As of December 31, 2021, all of our NEOs met the applicable stock ownership guideline.

DEDUCTIBILITY OF COMPENSATION

Our general philosophy has historically been to qualify future compensation for tax deductibility wherever applicable and appropriate. Although a portion of the amount we recorded as compensation to our NEOs in 2021 was non-deductible, this did not have a significant impact to our income tax position.

As part of the 2017 Tax Cuts and Jobs Act (the "Tax Reform Act"), the ability to rely on the performance-based compensation exception under Section 162(m) of the U.S. Internal Revenue Code ("Section 162(m)") was generally eliminated, and the limitation on deductibility generally was expanded to include all NEOs (as well as certain former officers). As a result of the Tax Reform Act, after 2017 and subject to certain grandfathered provisions, we are no longer able to deduct any compensation paid to our NEOs in excess of \$1 million.

COMPENSATION COMMITTEE REPORT

The Compensation and Executive Development Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with our management and, based on this review and discussion, recommends that it be included in our Annual Report on Form 10-K for the year ended December 31, 2021 and this Proxy Statement.

By the Compensation and Executive Development Committee:

Michael F. Hilton, Chair

Kathryn Jo Lincoln

Phillip J. Mason

William E. MacDonald, III

Hellene S. Runtagh

Kellye L. Walker

EXECUTIVE COMPENSATION TABLES

Summary of 2021 Compensation Elements

		Purpose	Competitive Target	Financial Metrics Used	When the 2021 Amount Was Set	The Period to Which the Amount Relates	Where Reported in the SCT ¹
Short-Term	Base Pay	Rewards responsibility, experience and individual performance	Below Market	—	Beginning of 2021	2021	Salary column
	Annual Bonus (EMIP)	Rewards strong annual financial results and individual performance	Above Market [target total cash compensation]	EBITB ² and AOWC/Sales ²	Beginning of 2021	2021 Performance	Non-Equity Incentive Plan Compensation column
Long-Term	Stock Options	Rewards the creation of shareholder value	At Market	Share Price Appreciation	Beginning of 2021	2021 Based Award	Option Awards column
	RSUs	Rewards the creation of shareholder value and strong long-term financial results		Share Price Appreciation	Beginning of 2021	2021 Based Award	Stock Awards column
	Performance Shares	Rewards the creation of long-term growth and the efficient use of capital		Adjusted Net Income ² Growth and ROIC ²	Beginning of 2021	2021 through 2023 Performance	Stock Awards column
Both	Benefits other than Pension	Includes 401(k) contributions, Restoration Plan contributions, insurance and standard expatriate benefits	At Market	—	Various	2021	All Other Compensation column
	Pension Benefits	Income replacement in retirement, and includes above-market earnings in the Top Hat Plan		—	Various	For above-market earnings, shows 2021 amounts	Change in Pension Value and Nonqualified Deferred Compensation Earnings column
	Perquisites	Meets specific business needs—includes financial planning, annual physical and certain club dues		—	Various	2021	All Other Compensation column

(1) Summary Compensation Table.

(2) Financial metrics used for compensation purposes are defined in Appendix A.

2021 Summary Compensation Table

This table details total compensation for our NEOs for 2021, 2020 and, where required, 2019.

Name and Principal Position	Year	Salary [\$]	Stock Awards [\$] ¹	Option Awards [\$] ¹	Non-Equity Incentive Plan Compensation [\$] ²	Change in Pension Value and Nonqualified Deferred Compensation Earnings[\$] ³	All Other Compensation [\$] ⁴	Total[\$]
Christopher L. Mapes Chairman, President and Chief Executive Officer	2021	1,030,000	3,483,636	1,766,662	2,569,567	157,838	\$206,117	9,213,820
	2020	1,000,000	2,583,316	1,333,335	1,868,760	100,170	191,955	7,077,536
	2019	1,000,000	2,670,534	1,333,333	1,718,830	51,059	208,213	6,981,969
Gabriel Bruno Executive Vice President, Chief Financial Officer and Treasurer	2021	445,000	747,554	379,164	698,528	364	119,322	2,389,932
	2020	364,500	518,648	116,661	419,362	185,194	94,298	1,698,663
	2019							
Steven B. Hedlund Executive Vice President, President, Americas and International Welding	2021	440,000	595,576	302,086	659,373	—	225,282	2,222,317
	2020	427,500	601,608	205,007	428,765	—	643,190	2,306,070
	2019	425,000	410,538	204,998	399,825	—	426,711	1,867,072
Jennifer I. Ansberry Executive Vice President, General Counsel and Secretary	2021	424,000	455,938	231,257	530,871	—	114,018	1,756,084
	2020	411,730	344,180	177,650	399,073	56,384	109,606	1,498,623
	2019	411,730	355,882	177,656	375,602	67,829	112,493	1,501,192
Michele R. Kuhrt Executive Vice President, Chief Human Resources Officer	2021	413,000	314,928	159,669	546,773	—	109,640	1,544,010
	2020	343,000	341,400	113,674	420,841	253,353	78,863	1,551,131
	2019							

(1) The amounts reported for 2021 reflect the grant date fair value under FASB ASC Topic 718 for the RSU, Performance Share and stock option awards in 2021. The grant date fair value disclosed for Performance Share awards is based on target performance. Assumptions used in the calculation of these amounts are included in footnote 10 to our audited financial statements for the fiscal year ended December 31, 2021 included in our Annual Report on Form 10-K filed with the SEC on February 18, 2022.

The amounts shown for stock awards for 2021 represent RSU awards as follows: Mr. Mapes \$1,741,818, Mr. Bruno \$373,777, Mr. Hedlund \$297,788, Ms. Ansberry \$227,969, and Ms. Kuhrt, \$157,464. The amounts shown also include Performance Shares at target as follows: Mr. Mapes \$1,741,818, Mr. Bruno \$373,777, Mr. Hedlund \$297,788, Ms. Ansberry \$227,969, and Ms. Kuhrt, \$157,464.

The maximum Performance Share award amount with respect to each of the NEOs for 2021 is shown in the table below. The amounts reported reflect the grant date fair value under FASB ASC Topic 718 for the Performance Share awards based on maximum performance.

Name	Year	Maximum Payout [# of Performance Shares]	Maximum Grant Date Fair Value Payout
Christopher L. Mapes	2021	30,486	\$3,483,635
Gabriel Bruno	2021	6,542	\$ 747,554
Steven B. Hedlund	2021	5,212	\$ 595,575
Jennifer I. Ansberry	2021	3,990	\$ 455,937
Michele R. Kuhrt	2021	2,756	\$ 314,928

(2) The amounts shown for 2021 represent payments under our annual bonus (EMIP).

(3) The amounts shown for 2021 represent the difference in earnings under the Moody's Corporate Bond Index fund in our Top Hat Plan and a hypothetical rate.

2021 INCREASE IN PENSION VALUE & PREFERENTIAL EARNINGS (TOP HAT PLAN)

Name	Difference in 2021 Earnings Credited in the Top Hat Plan (\$)	Moody's Corporate Bond Index Earnings (\$)	Hypothetical Market Rate (\$)*
Christopher L. Mapes	157,838	553,403	395,565
Gabriel Bruno	364	1,308	944
Steven B. Hedlund	—	—	—
Jennifer I. Ansberry	—	—	—
Michele R. Kuhrt	—	—	—

* This rate is specified by the SEC rules for proxy disclosure purposes and is based on 120% of the applicable federal long-term rate, compounded monthly for 2021.

(4) The amounts shown for 2021 are comprised of the following:

2021 ALL OTHER COMPENSATION

Name	Other Benefits and Perquisites*							Total All Other Compensation (\$)
	Company Retirement Contributions (\$) ^a	Travel Insurance Premiums (\$)	Financial Planning (\$)	Physical Examination (\$)	Club Dues (\$)	Spousal Travel (\$)	Standard Expatriate Benefits (\$) ^b	
Christopher L. Mapes	173,926	834	13,015	2,850	14,305	1,187	—	206,117
Gabriel Bruno	103,723	834	11,565	3,200	—	—	—	119,322
Steven B. Hedlund	52,126	834	11,565	3,125	13,387	1,914	142,331	225,282
Jennifer I. Ansberry	98,769	834	14,415	—	—	—	—	114,018
Michele R. Kuhrt	100,061	834	8,745	—	—	—	—	109,640

* The methodology for computing the aggregate incremental cost for the amounts is below:

(a) Includes amounts contributed to both the 401(k) Plan and the Restoration Plan

(b) The expatriate benefits shown relate to Mr. Hedlund's previous international assignment and are provided to all U.S. employees who take an international assignment. Amounts are converted to U.S. dollars on a monthly basis based on a month-end conversion price, in local currency, as reported by Bloomberg. The conversion price for Pound Sterling was £1.43 to \$1.00 during the period in 2021 that Mr. Hedlund was receiving tax services associated with his previous expatriate assignment under our standard expatriate package for all employees.

2021 Grants of Plan-Based Awards

The following table provides information relating to plan-based awards granted in 2021 to our NEOs.

Name	Grant Type	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ¹			Estimated Future Payouts Under Equity Incentive Plan Awards ²			All Other Stock Awards: Number of Shares of Stock or Units [#] ³	All Other Option Awards: Number of Securities Underlying Options [#] ⁴	Exercise or Base Price of Option Awards [\$ / Sh]	Grant Date Fair Value of Stock and Option Awards [\$] ⁵
			Threshold [\$]	Target [\$]	Maximum [\$]	Threshold [#]	Target [#]	Maximum [#]				
Christopher L. Mapes	EMIP	2/17/2021	0	1,493,500	2,688,300							
	Options	2/17/2021							81,413	\$114.27	1,766,662	
	RSUs	2/17/2021						15,243			1,741,818	
	PSUs	2/17/2021				0	15,243	30,486			1,741,818	
Gabriel Bruno	EMIP	2/17/2021	0	415,000	747,000							
	Options	2/17/2021							17,473	\$114.27	379,164	
	RSUs	2/17/2021						3,271			373,777	
	PSUs	2/17/2021				0	3,271	6,542			373,777	
Steven B. Hedlund	EMIP	2/17/2021	0	390,000	702,000							
	Options	2/17/2021							13,921	\$114.27	302,086	
	RSUs	2/17/2021						2,606			297,788	
	PSUs	2/17/2021				0	2,606	5,212			297,788	
Jennifer I. Ansberry	EMIP	2/17/2021	0	330,000	594,000							
	Options	2/17/2021							10,657	\$114.27	231,257	
	RSUs	2/17/2021						1,995			227,969	
	PSUs	2/17/2021				0	1,995	3,990			227,969	
Michele R. Kuhrt	EMIP	2/17/2021	0	336,000	604,800							
	Options	2/17/2021							7,358	\$114.27	159,669	
	RSUs	2/17/2021						1,378			157,464	
	PSUs	2/17/2021				0	1,378	2,756			157,464	

- (1) The performance-based amounts shown represent the range of cash payouts (from zero to the maximum amount listed) for 2021 under the EMIP. Payments are based on the achievement of company financial performance and the NEO's individual performance. Target awards are set by the Committee in the first quarter each year. Actual payment amounts are determined by the Committee in the first quarter of the following year. The targets shown above are pursuant to the EMIP matrix for 2021 (which allows for potential payouts of up to 180% of target), which is reflected in the CD&A.
- (2) These columns show the potential number of shares of our common stock to be paid out to our NEOs under our Performance Shares (PSUs) at threshold, target and maximum performance. The measures and potential payouts are described in more detail in the CD&A. The grant date fair value, based on target performance for PSUs, is included in the "Stock Awards" column of the Summary Compensation Table. The PSUs generally vest based on performance during the applicable performance period. Dividend equivalents are sequestered by us until the shares underlying the PSUs are distributed, at which time the dividend equivalents are paid in cash. The dividend rate for dividend equivalents paid on the PSUs to the NEOs is the same as for all other shareholders (in other words, it is not preferential). Recipients of PSUs who participate in our EMIP bonus program (which includes all of the NEOs) are eligible to elect to defer all or a portion of their PSUs under our Top Hat Plan—see the 2021 Nonqualified Deferred Compensation section for a description of this plan.
- (3) The RSUs generally vest upon the recipient remaining in continuous employment for three years from the date of grant and are paid out in our common stock. Dividend equivalents are sequestered by us until the shares underlying the RSUs are distributed, at which time the dividend equivalents are paid in cash. The dividend rate for dividend equivalents paid on the RSUs to the NEOs is the same as for all other shareholders (in other words, it is not preferential). Recipients of RSUs who participate in our EMIP bonus program (which includes all of the NEOs) are eligible to elect to defer all or a portion of their RSUs under our Top Hat Plan—see the 2021 Nonqualified Deferred Compensation section for a description of this plan.
- (4) The stock options were granted at the closing price of our common shares on the date of the grant. All stock options are non-qualified for tax purposes. We value stock options using the Black-Scholes valuation method. The stock options generally vest over a three-year period (in equal annual increments). All stock options have 10-year terms.
- (5) The amounts shown represent the full value of the RSU awards, the stock option grants and the target value for the PSU awards calculated in accordance with FASB ASC Topic 718 as of the date of the grant. The actual amount, if any, realized upon the exercise of stock options will depend upon the market price of our common shares relative to the exercise price per share of the stock option at the time of exercise. The actual amount realized upon vesting of RSUs will depend upon the market price of our common shares at the time of vesting. The actual number and value of PSUs earned will be based upon our actual performance during the three-year long-term incentive plan cycle and the market price at time of vesting. There is no assurance that the hypothetical full values of the awards reflected in this table will actually be realized.

NARRATIVE DISCLOSURE REGARDING 2021 SUMMARY COMPENSATION TABLE AND 2021 GRANTS OF PLAN-BASED AWARD TABLE

The following highlights the salary and annual bonus percentages of total compensation reported in the 2021 Summary Compensation Table, based on the value of 2021 base salary and 2021 actual annual bonus (EMIP) for each of our NEOs:

Name	% of Base Salary and Annual Bonus To Total Compensation
Christopher L. Mapes	39.1%
Gabriel Bruno	47.8%
Steven B. Hedlund	49.5%
Jennifer I. Ansberry	54.4%
Michele R. Kuhrt	62.2%

The above percentages were based, in each case, on the value of the executive's 2021 base salary and 2021 actual EMIP (or annual bonus). For information regarding the amount of salary and annual bonus compensation in proportion to total compensation, see the "Our Compensation Philosophy" section of the CD&A. Further, the grants made in 2021 to the NEOs are described more fully in the CD&A, and information about the change in control severance agreements and the amounts payable to the NEOs pursuant to those arrangements is provided under the section titled "Termination and Change in Control Arrangements" in this Proxy Statement.

HOLDINGS OF EQUITY-RELATED INTERESTS

The following provides information relating to exercisable and unexercisable stock options, RSUs and Performance Shares at December 31, 2021.

Outstanding Equity Awards at 2021 Fiscal Year-End

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options Exercisable ¹ [#]	Number of Securities Underlying Unexercised Options Unexercisable ¹ [#]	Option Exercise Price [\$/sh]	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested [#] ²	Market Value of Shares or Units of Stock That Have Not Vested [\$] ³	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested [#] ⁴	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested [\$] ³
Christopher L. Mapes	2/17/2016	89,030	—	58.14	2/17/2026	—	—	—	—
	2/22/2017	68,610	—	85.30	2/22/2027	—	—	—	—
	2/21/2018	65,894	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	50,910	25,455	88.44	2/18/2029	15,098	2,105,718	—	—
	2/19/2020	27,830	55,660	89.63	2/19/2030	14,411	2,009,902	14,411	2,009,902
	2/17/2021	—	81,413	114.27	2/17/2031	15,243	2,125,941	15,243	2,125,941
Gabriel Bruno	4/24/2013	—	—	—	—	4,030	562,064	—	—
	2/5/2015	4,465	—	69.67	2/5/2025	—	—	—	—
	2/17/2016	9,295	—	58.14	2/17/2026	—	—	—	—
	2/22/2017	6,670	—	85.30	2/22/2027	—	—	—	—
	2/21/2018	6,150	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	4,454	2,228	88.44	2/18/2029	1,321	184,240	—	—
	2/19/2020	2,435	4,870	89.63	2/19/2030	1,261	175,872	1,261	175,872
	4/21/2020	—	—	—	—	4,027	561,646	—	—
2/17/2021	—	17,473	114.27	2/17/2031	3,271	456,206	3,271	456,206	
Steven B. Hedlund	4/24/2013	—	—	—	—	5,495	766,388	—	—
	2/5/2015	6,155	—	69.67	2/5/2025	—	—	—	—
	2/17/2016	8,235	—	58.14	2/17/2026	—	—	—	—
	2/22/2017	6,005	—	85.30	2/22/2027	—	—	—	—
	5/24/2017	6,875	—	88.74	5/24/2027	—	—	—	—
	2/21/2018	9,313	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	7,826	3,915	88.44	2/18/2029	2,321	323,710	—	—
	2/19/2020	4,279	8,558	89.63	2/19/2030	2,216	309,066	2,216	309,066
	10/20/2020	—	—	—	—	2,004	279,498	—	—
	2/17/2021	—	13,921	114.27	2/17/2031	2,606	363,459	2,606	363,459
Jennifer I. Ansberry	2/21/2018	8,962	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	6,782	3,393	88.44	2/18/2029	2,012	280,614	—	—
	2/19/2020	3,708	7,416	89.63	2/19/2030	1,920	267,782	1,920	267,782
	2/17/2021	—	10,657	114.27	2/17/2031	1,995	278,243	1,995	278,243

Outstanding Equity Awards at 2021 Fiscal Year-End (Continued)

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options Exercisable ¹ [#]	Number of Securities Underlying Unexercised Options Unexercisable ¹ [#]	Option Exercise Price [\$ /sh]	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested [#] ²	Market Value of Shares or Units of Stock That Have Not Vested [\$] ³	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested [#] ⁴	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested [\$] ³
Michele R. Kuhrt	2/5/2015	2,620	—	69.67	2/5/2025	—	—	—	—
	2/17/2016	3,505	—	58.14	2/17/2026	—	—	—	—
	2/22/2017	4,290	—	85.30	2/22/2027	—	—	—	—
	2/21/2018	3,954	—	90.70	2/21/2028	—	—	—	—
	2/18/2019	3,676	1,838	88.44	2/18/2029	1,090	152,022	—	—
	2/19/2020	2,372	4,746	89.63	2/19/2030	2,580	359,833	1,229	171,409
	2/17/2021	—	7,358	114.27	2/17/2031	1,378	192,190	1,378	192,190

- (1) Stock options vest in three equal annual installments, commencing on the first anniversary of the date of the grant.
- (2) Amounts shown in this column represent RSU awards. The RSU awards generally vest in full three years from the date of grant. The RSU award granted to Mr. Bruno in 2013 vests over seven years following his attainment of age 55. The RSU award granted to Mr. Hedlund in 2013 vests over seven years following his attainment of age 55.
- (3) The amounts shown in these columns represent the value of RSU and Performance Share awards granted pursuant to our 2006 and 2015 Equity and Performance Incentive Plans. Value is calculated using the close price of our common stock on the last trading day of 2021.
- (4) This column shows the target number of Performance Shares awarded. The payout can range from 0 to 200% of the target and is based upon performance during the three-year cycle ending on December 31 of the applicable period, as determined by the Committee. See the CD&A on how Performance Share payouts are determined.

2021 Option Exercises and Stock Vested Table

The following table provides information on stock options exercised, as well as RSUs and Performance Shares that vested during 2021.

Name	Option Awards ¹		Stock Awards ²	
	Number of Shares Acquired on Exercise [#]	Value Realized on Exercise [\$]	Number of Shares Acquired on Vesting [#]	Value Realized on Vesting [\$]
Christopher L. Mapes	110,590	8,364,541	31,366	4,029,421
Gabriel Bruno	—	—	4,031	524,114
Steven B. Hedlund	—	—	6,117	801,669
Jennifer I. Ansberry	10,844	629,749	4,769	608,199
Michele R. Kuhrt	2,530	180,698	2,647	337,156

- (1) The number of shares acquired on exercise reflects the gross number of shares acquired, without considering any shares that were withheld to pay the option exercise price and/or to satisfy tax withholding requirements. The value realized on exercise represents the gross number of shares acquired on exercise multiplied by the market price of our common stock on the exercise date, less the per share exercise price.
- (2) The number of shares acquired on vesting reflects the gross number of shares acquired, without considering any shares that were withheld to satisfy tax withholding requirements. The value realized on vesting for RSUs represents the gross number of shares acquired, multiplied by the closing price of our common stock on each applicable vesting date, plus the value of dividend equivalents. The value realized on vesting for Performance Shares represents the gross number of shares acquired, relative to the 2019-2021 performance cycle that was considered earned as of December 31, 2021 but paid out in March 2022, multiplied by the closing price of our common stock on such date, plus the value of dividend equivalents. Amounts are not reduced to reflect any elections by our NEOs to defer receipt of RSUs or Performance Shares award payouts into our Top Hat Plan: Mr. Mapes, 13,808 RSUs and \$76,220 in dividend equivalents deferred; and Mr. Bruno, 1,536 Performance Shares and \$9,170 in dividend equivalents deferred. For more information about this deferral program, see the CD&A in the "Overview of Benefits" section.

2021 PENSION BENEFITS**RETIREMENT ANNUITY PROGRAM (RAP) (TERMINATED DURING 2020)**

The RAP was terminated effective December 31, 2020 and distribution of pension plan assets in the form of lump sum payments and the purchase of a group annuity contract from a highly rated insurance company occurred in late 2021. Mr. Bruno and Mses. Ansberry and Kuhrt were participants in the RAP at the time of the termination.

2021 PENSION BENEFITS TABLE

The following provides information relating to payments made under our RAP based on elections made by such participant in connection with the plan termination. The amounts were rolled over into the 401(k) Plan. Mr. Mapes and Mr. Hedlund were not participants in the RAP.

Name	Plan Name	Number of Years Credited Service [#]	Present Value of Accumulated Benefit [\$]	Payments During Last Fiscal Year [\$]
Christopher L. Mapes	RAP	—	—	—
Gabriel Bruno	RAP	21 ¹	—	855,037
Steven B. Hedlund	RAP	—	—	—
Jennifer I. Ansberry	RAP	12 ¹	—	336,237
Michele R. Kuhrt	RAP	19 ¹	—	1,327,361

(1) Under the RAP, credited years of service equals actual years of service from the date of hire with Lincoln Electric through December 31, 2016, the date that the RAP was amended to cease all future benefit accruals.

2021 DEFERRED COMPENSATION BENEFITS

We maintain two nonqualified deferred compensation plans in which our NEOs are eligible to participate.

DEFERRED COMPENSATION PLAN (TOP HAT PLAN)

Our Amended and Restated 2005 Deferred Compensation Plan for Executives (Top Hat Plan) is designed to be a “top-hat” plan that complies with Section 409A of the Internal Revenue Code. Participation is limited to management and highly compensated employees as approved by the Committee. A summary of the Top Hat Plan is provided in the CD&A in the “Other Arrangements, Policies and Practices” section.

RESTORATION PLAN

Our Restoration Plan is designed to provide deferred compensation for eligible employees whose annual compensation is expected to be in excess of the Internal Revenue Code limit on compensation (Code Limit) applicable to the 401(k) Plan. A summary of the Restoration Plan is provided in the CD&A in the “Other Arrangements, Policies and Practices” section.

2021 NONQUALIFIED DEFERRED COMPENSATION TABLE

The following table reflects any NEO contributions and Company contributions for 2021 to our nonqualified deferred compensation plans.

Name	Plan Name	Executive Contributions in Last Fiscal Year [\$]	Registrant Contributions in Last Fiscal Year [\$] ¹	Aggregate Earnings in Last Fiscal Year [\$]	Aggregate Withdrawals/ Distributions [\$]	Aggregate Balance at Last Fiscal Year-End [\$] ²
Christopher L. Mapes	Top Hat Plan	—	1,669,801 ³	2,179,096 ⁴	—	27,649,140
	Restoration Plan	—	156,526	157,283	—	1,136,354
Gabriel Bruno	Top Hat Plan	—	146,313 ⁵	138,366 ⁶	—	802,873
	Restoration Plan	—	68,923	43,169	—	375,571
Steven B. Hedlund	Top Hat Plan	—	—	7,322	—	63,113
	Restoration Plan	—	34,726	28,892	—	241,889
Jennifer I. Ansberry	Top Hat Plan	—	—	—	—	—
	Restoration Plan	—	63,969	51,978	—	399,276
Michele R. Kuhrt	Top Hat Plan	—	—	—	—	—
	Restoration Plan	—	65,261	35,618	—	302,176

(1) Amounts reported with respect to the Restoration Plan are included in compensation for 2021 in the “All Other Compensation” column of the Summary Compensation Table above and is described in its footnotes.

(2) The portions of the amount reported that relate to deferral contributions in prior years have all been reported in the Summary Compensation Table in those years to the extent the individual was a NEO for those years.

(3) Represents 13,808 RSUs and \$76,220 in cash attributable to dividend equivalents that vested during 2021 and were deferred into the Top Hat Plan.

(4) Of the amount reported, \$157,838 is included as compensation for 2021 in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column of the Summary Compensation Table and is described in its footnotes.

(5) Represents 1,212 Performance Shares and \$6,690 in cash attributable to dividend equivalents that vested during 2021 and were deferred into the Top Hat Plan.

(6) Of the amount reported, \$364 is included as compensation for 2021 in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column of the Summary Compensation Table and is described in its footnotes.

TERMINATION AND CHANGE IN CONTROL ARRANGEMENTS

The Key Compensation Programs table below highlights the standard benefits and payments available to NEOs in the event of a termination of employment and/or a change in control. The Termination and Change in Control Table below reflects the estimated additional amounts of compensation each NEO would receive in the event of a termination of employment and/or a change in control. Termination events include: a voluntary termination by the executive; normal retirement of the executive; an involuntary, not-for-cause termination by Lincoln Electric; a for-cause termination by Lincoln Electric; a termination upon a change in control; and a termination due to death or disability. In addition, estimated additional compensation amounts are shown in the event of a change in control without termination of employment. The amounts shown assume that each event occurred on December 31, 2021, the last business day of the calendar year.

TERMINATION OF EMPLOYMENT

No written agreements exist that provide additional payments to a NEO in the event of a voluntary termination of employment with Lincoln Electric or a termination of employment initiated by Lincoln Electric (whether for cause or not). We do not have employment agreements or severance agreements, except for our change in control severance agreements described below.

Pursuant to our standard employment policies, upon termination of employment, a NEO would be entitled to receive the same benefits and payments that are generally available to salaried employees:

- Earned but unpaid base pay, up to the date of termination;
- Earned and unused paid time off, up to the date of termination;
- Vested amounts held in the executive's account under our 401(k) Plan;
- Amounts held in the executive's account under our Top Hat Plan (based on the executive's election);
- Amounts held in the executive's account under our Restoration Plan.

CHANGE IN CONTROL

We have entered into change in control severance agreements with our NEOs. Pursuant to our change in control severance agreements, in the event of a "change in control," if the NEO's employment is terminated without "cause" (as defined in the change in control severance agreement) or the NEO terminates employment for "good reason" (as defined in the change in control severance agreement) during the severance period (as described below) (or for certain other employment terminations prior to and related to the change in control, as described in the change in control severance agreement), we will make severance payments and provide certain benefits as indicated in the Key Compensation Programs table below.

The severance period commences on the date of the first occurrence of a change in control and ends on the earlier of (a) the second anniversary of the change in control, or (b) the executive's death. Our NEOs are required to abide by certain restrictive covenants and execute a release of claims in order to receive certain severance payments and benefits under the change in control severance agreements.

The following events in general would constitute a change in control:

- Any individual, entity or group is or becomes the beneficial owner of 30% or more of the combined voting power of the then-outstanding voting stock of Lincoln Electric;
- A majority of the Board ceases to be comprised of incumbent Directors;
- Certain reorganizations, mergers or consolidations, or the sale or other disposition of all or substantially all of the assets of Lincoln Electric, or certain other corporate transactions are consummated; or
- Approval by the shareholders of a complete liquidation or dissolution of Lincoln Electric.

Key Compensation Programs

	Voluntary Termination/ Termination with Cause	Involuntary Termination/ Termination without Cause	Normal Retirement ¹	Change in Control [with Termination] ²	Change in Control [No Termination]	Death or Disability
Severance	None	Company has discretion	None	Lump-sum payment equal to the sum of base pay and bonus as described in the severance agreement times three for the CEO and times two for other NEOs	None	None
Annual Bonus [EMIP]	Forfeited	Forfeited	Pro-rata portion of EMIP ³	Pro-rata portion of EMIP payment equal to the greater of the actual or target amount	Pro-rata EMIP payment equal to the greater of the actual or target amount	Pro-rata portion of EMIP ³
Long-Term Incentive Plan [Performance Shares]	Forfeited	Forfeited	Full vesting of Performance Shares, based on actual performance for awards granted in 2021 ⁴	Accelerated vesting of Performance Shares at target, if replacement award provided and subsequent qualifying termination for awards granted in 2020 and 2021 ⁵	No accelerated vesting if replacement award provided and continued employment Accelerated vesting of Performance Shares granted prior to the change in control at target, if no replacement award provided for awards granted in 2020 and 2021 ⁵	Accelerated vesting of Performance Shares at target
Stock Options	Unvested stock options forfeited Entitled to exercise vested stock options for a period of three months after termination ^{6,7}	Unvested stock options forfeited Entitled to exercise vested stock options for a period of three months after termination ^{6,7}	Accelerated vesting of any unvested stock options with right to exercise such vested options for the remaining period of the original 10-year term for awards granted in 2021 ^{7,8}	Accelerated vesting of unvested stock options, if replacement award provided and subsequent qualifying termination Entitled to exercise vested stock options for the remaining period of the original 10-year term ⁷	No accelerated vesting if replacement award provided and continued employment Accelerated vesting of unvested stock options granted prior to change in control, if no replacement award provided	Accelerated vesting of unvested stock options Entitled to exercise stock options for a period of three years after death or disability ^{6,7}
RSUs	Forfeited	Forfeited	Accelerated vesting of RSU awards for awards granted in 2021 ⁹	Accelerated vesting of RSU awards, if replacement award provided and subsequent qualifying termination	No accelerated vesting if replacement award provided and continued employment Accelerated vesting of RSU awards granted prior to change in control, if no replacement award provided	Accelerated vesting of RSU awards
Outplacement	None	None	None	Maximum of \$100,000 for CEO and \$50,000 for the other NEOs	None	None

Key Compensation Programs (continued)

	Voluntary Termination/ Termination with Cause	Involuntary Termination/ Termination/ without Cause	Normal Retirement ¹	Change in Control [with Termination] ²	Change in Control [No Termination]	Death or Disability
280G Treatment	N/A	N/A	N/A	10	N/A	N/A
Other	Continuing medical and/or dental coverage under COBRA, for which the executive would pay 102% of the applicable premium	Continuing medical and/or dental coverage under COBRA, for which the executive would pay 102% of the applicable premium	Continuing medical and/or dental coverage under COBRA, for which the executive would pay 102% of the applicable premium	Continuing medical insurance [102% of the premium paid by the executive] and life insurance for a period of three years following the NEO's termination date ¹¹	11	Continuing medical and/or dental coverage with 102% of the premium paid by the executive [or his or her surviving dependents]

- (1) Subject to any 409A deferred payment requirements. For purposes of the Annual Bonus (EMIP), Normal Retirement is defined as termination at age 60 and 5 years of service or at age 55 and 25 years of service. For purposes of Performance Shares, stock options and RSUs, commencing with awards granted in 2021, Normal Retirement is defined as termination at age 60 and 5 years of service or age 55 and 15 years of service.
- (2) Provision applicable in the event of a termination without Cause or termination for Good Reason in connection with a Change in Control. With respect to Performance Shares, stock options and RSUs, such termination without Cause or termination for Good Reason must occur within a period of two years after the Change in Control (or in certain employment terminations prior to and related to the change in control) to receive the accelerated vesting treatment.
- (3) Based on the executive's period of employment during the calendar year, subject to achievement of the applicable personal and financial goals.
- (4) Pro-rata vesting of Performance Shares, based on length of employment during performance period, based on actual performance for awards granted prior to 2021.
- (5) Pro-rata vesting of Performance Shares, based on length of employment during the applicable performance period, at the greater of target or actual performance, for awards granted prior to 2020.
- (6) After which time the vested stock options would expire.
- (7) Vested stock options canceled if the executive is terminated for cause or the executive engaged in competitive conduct within six months of termination.
- (8) Pro-rata vesting of stock options with right to exercise such vested options for the remaining period of the original 10-year term for awards granted prior to 2021.
- (9) Pro-rata vesting of RSUs, based on length of employment, for awards granted prior to 2021.
- (10) Severance payments reduced to the 280G (excess parachute payment) safe harbor limit, unless the executive would achieve a better after-tax result paying the excise tax imposed on excess parachute payments. No payment, net of taxes, to compensate for any excise tax imposed.
- (11) Amounts and/or shares (from vested RSUs or Performance Shares) held in executives' accounts under the Top Hat Plan automatically paid out.

Termination and Change in Control Table

The following table sets forth estimates of the potential incremental payments to each of our NEOs upon the specified termination events and upon a change in control, both with and without a qualified termination, assuming that each such event took place on the last business day of 2021.

The table does not quantify benefits under plans that are generally available to salaried employees that do not discriminate in favor of NEOs, including the 401(k) Plan, the health care plan and the life insurance plan.

The Annual Bonus (EMIP) amounts represent the difference between target EMIP and actual EMIP payments (as disclosed in the Non-Equity Incentive Plan Compensation column of the 2021 Summary Compensation Table) if target EMIP exceeds actual EMIP in connection with a hypothetical change in control as of the last business day of 2021. The LTIP (Performance Shares) amounts include amounts for the 2020-2022 cycle and 2021-2023 cycles, represented by the target amounts for the two cycles that were open as of the last business day of 2021. There is no amount included for the 2019-2021 cycle because actual performance exceeded target performance.

The following table assumes, in the event of a change in control, replacement awards are provided pursuant to the 2015 Equity and Incentive Compensation Plan's respective Stock Option Agreement, Restricted Stock Unit Agreement, and Performance Share Agreement ("Agreements"). Pursuant to the Agreements, if the respective equity awards are not replaced, all outstanding equity awards will accelerate as of the closing date of the change in control. In the event of a change in control where no replacement awards are provided, the accelerated equity values are consistent with the accelerated equity values under Change in Control (Replacement Awards; Qualified Termination).

In addition, the table includes all equity that is accelerated as a result of termination but does not include the value of outstanding equity awards that have previously vested, such as stock options, which awards are set forth above in the Outstanding Equity Awards at December 31, 2021 table. For descriptions of the compensation plans and agreements that provide for the payments set forth in the following table, including our change in control agreements, see the "Elements of Executive Compensation" discussion contained in the CD&A.

Under the normal retirement scenario, 2021 equity awards have a retirement definition of either age 60 and 5 years of service or age 55 and 15 years of service, and, as of December 31, 2021, one NEO was eligible for normal retirement under the 2021 equity awards. Awards prior to 2021 had a retirement definition of only age 60 and 5 years of service, under which no NEOs were eligible for normal retirement as of December 31, 2021. The Annual Bonus (EMIP) has a retirement definition of either age 55 and 25 years of service or age 60 and 5 years of service, under which no NEOs were eligible for normal retirement as of December 31, 2021.

	Christopher L. Mapes	Gabriel Bruno	Steven B. Hedlund	Jennifer I. Ansberry	Michele R. Kuhrt
Involuntary Termination/Termination without Cause before Normal Retirement:	\$ 0	\$ 0	\$ 0	\$ 0	N/A
Normal Retirement:	Not Eligible	Not Eligible	Not Eligible	Not Eligible	\$ 575,562
LTIP [Performance Shares]	N/A	N/A	N/A	N/A	\$ 195,070
Stock Options—Accelerated Vesting	N/A	N/A	N/A	N/A	\$ 185,422
RSUs—Accelerated Vesting	N/A	N/A	N/A	N/A	\$ 195,070
Change in Control (Replacement Awards; Qualified Termination):	\$ 25,344,617	\$ 5,238,082	\$ 5,570,560	\$ 3,892,565	\$ 3,210,252
Severance	\$ 8,471,385	\$ 1,720,000	\$ 1,708,590	\$ 1,622,675	\$ 1,549,118
Annual Bonus [EMIP]	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LTIP [Performance Shares]	\$ 4,226,354	\$ 644,047	\$ 686,990	\$ 558,009	\$ 371,480
Stock Options—Accelerated Vesting	\$ 6,124,671	\$ 796,701	\$ 977,054	\$ 811,247	\$ 515,722
RSUs—Accelerated Vesting	\$ 6,422,207	\$ 2,027,334	\$ 2,147,926	\$ 850,634	\$ 723,932
Outplacement Estimate	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
280G Cutback	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

	Christopher L. Mapes	Gabriel Bruno	Steven B. Hedlund	Jennifer I. Ansberry	Michele R. Kuhrt
Change in Control (Replacement Awards; No Termination):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Annual Bonus (EMIP)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LTIP (Performance Shares)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Stock Options—Accelerated Vesting	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RSUs—Accelerated Vesting	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Death or Disability:	\$ 16,773,232	\$ 3,468,082	\$ 3,811,970	\$ 2,219,890	\$ 1,611,134
LTIP (Performance Shares)	\$ 4,226,354	\$ 644,047	\$ 686,990	\$ 558,009	\$ 371,480
Stock Options—Accelerated Vesting	\$ 6,124,671	\$ 796,701	\$ 977,054	\$ 811,247	\$ 515,722
RSUs—Accelerated Vesting	\$ 6,422,207	\$ 2,027,334	\$ 2,147,926	\$ 850,634	\$ 723,932

PAY RATIO

For 2021, we estimate that the ratio of the annual total compensation of our CEO (\$9,213,820, which is the same amount reported for our CEO in the 2021 Summary Compensation Table) to the annual total compensation of our median employee (\$48,154) is 191:1. We note that, due to our permitted use of reasonable estimates and assumptions in preparing this pay ratio disclosure, the disclosure may involve a degree of imprecision, and thus this ratio disclosure is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K using the data and assumptions described below.

In accordance with Item 402(u) of Regulation S-K, in calculating our CEO pay ratio for 2021, we determined our median employee based on total cash and equity compensation paid to our active employees as of October 1, 2021 for the period beginning on January 1, 2021 and ending on December 31, 2021. We included all full time, part time, seasonal and temporary employees, whether employed domestically or overseas, and whether employed directly or by a consolidated subsidiary. Compensation for employees hired during 2021 was annualized for all employees other than seasonal employees.

Annual total compensation for the median employee for 2021 was calculated using the same methodology used for our NEOs as set forth in the 2021 Summary Compensation Table. Of the employees that were identified as potential median employees, we selected an employee based in the U.S. that was representative of the largest portion of our workforce. Given the different methodologies that various public companies will use to determine an estimate of their pay ratio, the estimated ratio reported above should not be used as a basis for comparison between companies.

MANAGEMENT OWNERSHIP OF SHARES

The following table sets forth certain information regarding ownership of shares of common stock of Lincoln Electric as of December 31, 2021 (except as otherwise indicated) by each of our Directors and NEOs, as well as our Directors and executive officers as a group. Except as otherwise indicated, voting and investment power with respect to shares reported in this table are not shared with others.

RSUs and Performance Shares are generally not reflected in the table as there is no ability to acquire the shares attributable to them within 60 days of December 31, 2021. In addition, any vested RSUs and Performance Shares that are deferred into the Top Hat Plan or the Non-Employee Directors' Deferred Compensation Plan are generally not reflected in the table as there is no ability to acquire the shares attributable to them within 60 days of December 31, 2021. The table includes shares that would be received upon the vesting of RSUs within 60 days of December 31, 2021.

BENEFICIAL OWNERSHIP TABLE		
Directors	Number of Shares of Lincoln Electric Common Stock Beneficially Owned ¹	Percent of Class
Brian D. Chambers	— ²	*
Curtis E. Espeland	14,620	*
Patrick P. Goris	574 ³	*
Stephen G. Hanks	22,055 ³	*
Michael F. Hilton	5,313 ³	*
G. Russell Lincoln	266,842 ⁴	*
Kathryn Jo Lincoln	835,386 ^{3,5}	1.42%
William E. MacDonald, III	14,384	*
Phillip J. Mason	17,005	*
Ben P. Patel	1,113 ³	*
Hellene S. Runtagh	27,413	*
Kellye L. Walker	1,313	*
NEOs		
Christopher L. Mapes	427,885 ⁶	*
Gabriel Bruno	47,603 ⁷	*
Steven B. Hedlund	83,268 ⁸	*
Jennifer I. Ansberry	40,390 ⁹	*
Michele R. Kuhrt	36,637 ¹⁰	*
All Directors and Executive Officers as a group (20 persons)	1,875,441 ¹¹	3.16%

* Indicates less than 1%

- (1) Reported in compliance with the beneficial ownership rules of the SEC, under which a person is deemed to be the beneficial owner of a security, for these purposes, if he or she has, or shares, voting power or investment power over the security or has the right to acquire the security within 60 days of December 31, 2021. With respect to the NEOs and executive officers, the amounts reported do not include any Performance Shares that vested and paid out in March 2022, as the number of Performance Shares to be received by each executive officer was unknown within 60 days of December 31, 2021.
- (2) Mr. Chambers was elected to the Board on February 16, 2022. In connection with Mr. Chambers' election, he received an initial grant of 927 RSUs that will vest on the first anniversary of the date of grant.
- (3) Each of Messrs. Goris, Hanks, Hilton, Patel and Ms. Lincoln had 4,077 RSUs deferred under the Non-Employee Directors' Deferred Compensation Plan which are not reflected in the above table.

- (4) Of the shares reported, Mr. Lincoln held of record 217,999 shares. 514 shares held of record by his spouse. The remaining shares were held of record as follows: 35,154 shares by the Laura R. Heath Family Trust for which Mr. Lincoln serves as a trustee; 13,175 shares by The G.R. Lincoln Family Foundation for which Mr. Lincoln serves as a trustee. Mr. Lincoln disclaims beneficial ownership of the shares held by his spouse, the trusts and the Foundation.
- (5) Of the shares reported, 35,109 shares were held of record by a trust established by Ms. Lincoln, under which she has sole investment and voting power. The remaining 800,277 shares were held of record by The Lincoln Institute of Land Policy, of which Ms. Lincoln is the Chair, as to which shares Ms. Lincoln disclaims beneficial ownership. Ms. Lincoln has shared voting and shared investment power on these 800,277 shares.
- (6) Of the shares reported, Mr. Mapes held of record 45,189 shares. Mr. Mapes has or had the right to acquire 382,696 shares upon the exercise of stock options within 60 days of December 31, 2021. Mr. Mapes had 64,178 RSUs deferred under the Top Hat Plan which are not reflected in the above table.
- (7) Of the shares reported, Mr. Bruno held of record 2,326 shares, of which 277 shares are held jointly with spouse. Mr. Bruno has or had the right to acquire 1,321 shares upon the vesting of RSUs within 60 days of December 31, 2021. Mr. Bruno has or had the right to acquire 43,956 shares upon the exercise of stock options within 60 days of December 31, 2021. Mr. Bruno had 5,400 Performance Shares deferred under the Top Hat Plan which are not reflected in the above table.
- (8) Of the shares reported, Mr. Hedlund held 19,425 shares of record, 546 shares of which are held in the Stock Purchase Plan, and 2,321 shares of which are held in the 401(k) Plan. Mr. Hedlund has or had the right to acquire 2,321 shares upon the vesting of RSUs within 60 days of December 31, 2021. Mr. Hedlund has or had the right to acquire 61,522 shares upon the exercise of stock options within 60 days of December 31, 2021.
- (9) Of the shares reported, Ms. Ansberry held of record 8,273 shares, 20 shares of which are held jointly with her spouse. Ms. Ansberry has the right to acquire 2,012 shares upon the vesting of RSUs within 60 days of December 31, 2021. Ms. Ansberry has or had the right to acquire 30,105 shares upon the exercise of stock options within 60 days of December 31, 2021.
- (10) Of the shares reported, Ms. Kuhrt held 8,468 shares of record, 181 shares of which are held in the 401(k) Plan. Ms. Kuhrt has the right to acquire 1,090 shares upon the vesting of RSUs within 60 days of December 31, 2021. Ms. Kuhrt has or had the right to acquire 27,079 shares upon the exercise of stock options within 60 days of December 31, 2021.
- (11) Includes 8,292 shares that are RSUs held by all executive officers, as a group, that vest within 60 days of December 31, 2021 and 567,822 shares which all executive officers, as a group, have or had the right to acquire upon the exercise of stock options within 60 days of December 31, 2021.

In addition to the above management holdings, as of December 31, 2021, the 401(k) Plan held 918,531 shares of our common stock, or approximately 1.56% of the shares of our common stock outstanding.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information regarding outstanding Stock Options, RSUs and Performance Shares and shares reserved for issuance under our equity compensation plans as of December 31, 2021:

Plan category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights [a] ¹	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights [b] ²	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans [Excluding Securities Reflected in Column (a)] [c] ³
Equity compensation plans approved by security holders	1,670,033	\$86.28	1,656,888
Equity compensation plans not approved by security holders ⁴	—	—	—
Total	1,670,033	—	1,656,888

(1) The amount shown in column (a) includes the following: 1,068,224 Nonqualified Stock Options; 107,654 deferred RSUs and deferred Performance Shares; 180,658 Performance Shares (assuming payout levels at maximum—as a result, this aggregate reported number may overstate actual dilution); and 313,497 RSUs.

(2) The weighted average exercise price in column (b) includes nonqualified stock options only.

(3) The amount shown in column (c) represents common shares remaining available under the 2015 Equity and Incentive Compensation Plan (“Employee Plan”) and the 2015 Stock Plan for Non-Employee Directors (“2015 Director Plan”). The Employee Plan provides for the granting of options, appreciation rights, restricted shares, RSUs and performance-based awards. The 2015 Director Plan provides for the granting of options, restricted shares and RSUs. Under the Employee Plan, for any award that is not an Option Right or Appreciation Right, 3.24 common shares are subtracted from the maximum number of common shares available under the plan for every common share issued under the award. For awards of Option Rights or Appreciation Rights, however, only one common share is subtracted from the maximum number of common shares available under the Employee Plan for every common share granted. The amount in the table assumes payout levels at maximum for Performance Shares. Under the Director Plan only one common share is subtracted from the maximum number of common shares available for every common share granted.

(4) The Company does not maintain equity compensation plans that have not been approved by its shareholders.

OTHER OWNERSHIP OF SHARES

Set forth below is information about the number of shares held by any person (including any “group” as that term is used in Section 13(d)(3) of the Exchange Act) known to us to be an owner of more than 5% of the shares of our common stock as of December 31, 2021.

Name and Address of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
The Vanguard Group 100 Vanguard Boulevard Malvern, Pennsylvania 19355	5,903,603 ¹	10.04%
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	5,162,009 ²	8.78%
JPMorgan Chase & Co. 383 Madison Avenue New York, New York 10179	3,362,982 ³	5.72%

- (1) According to its Schedule 13G/A filed on February 10, 2022, The Vanguard Group has sole voting power over 0 shares, shared voting power over 34,366 shares, sole dispositive power over 5,822,733 shares and shared dispositive power over 80,870 shares. In its Schedule 13G/A filing, The Vanguard Group states that the shares of our common stock reported in the filing were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under §240.14a-11.
- (2) According to its Schedule 13G/A filed on January 31, 2022, BlackRock, Inc. has sole voting power over 5,009,626 shares and sole dispositive power over 5,162,009 shares. In its Schedule 13G/A filing, BlackRock states that the shares of our common stock reported in the filing were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.
- (3) According to its Schedule 13G filed on January 12, 2022, JPMorgan Chase & Co. has sole voting power over 3,261,405 shares and sole dispositive power over 3,362,969 shares. In its Schedule 13G filing, JPMorgan Chase & Co. states that the shares of our common stock reported in the filing were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under §240.14a-11.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER **PARTICIPATION**

During 2021, each of Messrs. Hilton, MacDonald, and Mason and Ms. Lincoln, Ms. Runtagh and Ms. Walker served on the Compensation and Executive Development Committee. No Compensation and Executive Development Committee member was an employee of Lincoln Electric or any of its subsidiaries, and there were no reportable business relationships between Lincoln Electric and the Compensation and Executive Development Committee members. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Compensation and Executive Development Committee. In addition, none of our executive officers serves as a member of the compensation committee of any entity that has one or more of its executive officers serving as a member of our Board.

ANNUAL MEETING PROPOSALS

PROPOSAL 1



Election of 10 Directors to serve until 2023 Annual Meeting or until their successors are duly elected and qualified



The Board recommends a vote **FOR** all Director Nominees.

Our Nominating and Corporate Governance Committee and our Board of Directors have determined that each of the Director Nominees possesses the right skills, qualifications and experience to effectively oversee Lincoln Electric's long-term business strategy.

See "Proposal 1—Election of Directors" beginning on page 21 of this Proxy Statement for additional information.

PROPOSAL 2



Ratification of independent registered public accounting firm

The Board recommends a vote **FOR** this proposal.

Our Board of Directors recommends that shareholders vote "FOR" the ratification of the appointment of Ernst & Young LLP as Lincoln Electric's independent registered public accounting firm for the year ending December 31, 2022.

Fees for professional services provided by Ernst & Young LLP as our independent auditors in each of the last two fiscal years, in each of the following categories are:

	2021	2020
Audit Fees	\$2,459,000	\$2,713,000
Audit-Related Fees	404,000	—
Tax Fees	436,000	445,000
All Other Fees	—	—
Total Fees	\$3,299,000	\$3,158,000

Audit Fees include fees associated with the annual integrated audit of the financial statements and internal control over financial reporting in 2021 and 2020, the reviews of our quarterly reports on Form 10-Q, certain statutory audits required for our international subsidiaries and services provided in connection with regulatory filings with the SEC. Audit-Related Fees for 2021 primarily relate to audit-related services associated with acquisitions. Tax Fees include tax compliance, transfer pricing and tax advisory services.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has established a policy regarding pre-approval of all audit and non-audit services performed by our independent auditors, including the scope of and fees for such services. Generally, requests for audit, audit-related and tax services, each as defined in the policy, must be presented for approval prior to the performance of such services, to the extent known at that time. For 2021, the Audit Committee has resolved that four specific categories of services, namely audit services, audit-related services, tax advisory services, and tax compliance services, are permissible without itemized pre-approval in an amount not to exceed for each service:

Pre-Approval Amount	Services
\$951,000	Audit, and Audit-Related services for acquisitions, new accounting pronouncements and other international statutory requirements
\$1,000,000	Tax Advisory and Tax Compliance services

Itemized detail of all such services performed is subsequently provided to the Audit Committee. In addition, our independent auditors are prohibited from providing certain services described in the policy as prohibited services. All of the fees included in Audit Fees, Audit-Related Fees and Tax Fees shown above were pre-approved by the Audit Committee (or included in the pre-approved fee limits, as applicable, for certain services as detailed above).

Generally, requests for independent auditor services are submitted to the Audit Committee by our Executive Vice President, CFO and Treasurer (or other member of our senior financial management) and our independent auditors for consideration at the Audit Committee's regularly scheduled meetings. Requests for additional services in the categories mentioned above may be approved at subsequent Audit Committee meetings to the extent that none of such services is performed prior to its approval (unless such services are included in the

categories of services that fall within the dollar limits detailed above). The Chairman of the Audit Committee is also delegated the authority to approve independent auditor services requests under certain dollar thresholds provided that the pre-approval is reported at the next meeting of the Audit Committee. All requests for independent auditor services must include a description of the services to be provided and the fees for such services.

Representatives of Ernst & Young LLP are expected to be available at the Annual Meeting, will have an opportunity to make a statement if they so desire and are expected to be available to respond to appropriate shareholder questions. Although ratification of the appointment of the independent auditors is not required by law, the Audit Committee and the Board believe that shareholders should be given the opportunity to express their views on the subject. While not binding on the Audit Committee or the Board, the failure of the shareholders to ratify the appointment of Ernst & Young LLP as our independent auditors would be considered by the Board in determining whether or not to continue the engagement of Ernst & Young LLP. Ultimately, the Audit Committee retains full discretion and will make all determinations with respect to the appointment of independent auditors, whether or not our shareholders ratify the appointment.

MAJORITY VOTE NEEDED

Ratification requires the affirmative vote of the majority of the shares of our common stock present or represented and entitled to vote on the matter at the Annual Meeting. Unless otherwise directed, shares represented by proxy will be voted **FOR** ratification of the appointment of Ernst & Young LLP. Abstentions will have the same effect as a vote “against” the proposal.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE
APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

PROPOSAL 3

Approval, on an advisory basis, of NEO Compensation

The Board recommends a vote **FOR** this proposal. Our Board recommends that shareholders vote "FOR" the approval, on an advisory basis, of the compensation of our NEOs for 2021.

**SAY-ON-PAY VOTE AT
2021 ANNUAL MEETING**



98% of shareholders who voted on the "say-on-pay" proposal voted **FOR** the approval of the compensation of our NEOs

The Compensation and Executive Development Committee believes that the historically positive say-on-pay shareholder votes reinforce the philosophy and objectives of our executive compensation program. We conduct annual say-on-pay votes. Our next say-on-pay vote will be held at the 2023 Annual Meeting.

Our compensation philosophy is to pay for performance, a philosophy that has been rooted in our history and tradition for over 125 years. Our compensation program consists of elements designed to complement one another and focus on both short-term and long-term performance. The Compensation and Executive Development Committee regularly reviews peer group data and best practices and trends related to executive compensation to help ensure that our programs are properly aligned with our business strategy and philosophy, as well as promote shareholder value. The Committee receives advice from independent consultants. In addition to the information provided earlier in the CD&A section, we believe shareholders should consider the following in determining whether to approve this proposal:

OUR CULTURE AND PERFORMANCE

To maintain a performance-driven culture, we:

- Expect our executives to deliver above-market financial results;
- Provide systems that tie executive compensation to superior financial performance;
- Take action when needed to address specific business challenges; and
- Maintain good governance practices in the design and operation of our executive compensation programs.

We have a long track record of delivering increased value to our shareholders.

PAY FOR PERFORMANCE

In designing our executive compensation programs, a core philosophy is that our executives should be rewarded when they deliver financial results that provide value to our shareholders. Therefore, we have established a program that ties executive compensation to superior financial performance.

We have a balanced pay mix between short-term and long-term incentives:

- **Base Salaries.** Base salaries for our NEOs are generally targeted at the 45th percentile of benchmark data (below market median). For 2021, the average base salary increase for the NEOs was 2.6% excluding salary increases for promotions and assigned temporary duties.
- **Annual Bonus Awards Are Aligned with Our Performance and Contain a Balanced Mix of Metrics.** The total cash compensation for our NEOs, which includes base pay and the annual bonus (EMIP), is targeted at the 65th percentile of benchmark data (above market median). The EMIP is based on a balance of metrics—both financial and personal—with the financial components based on EBITB and AOWC/Sales for Compensation Purposes and with a mix of consolidated and, if applicable, segment performance. For 2021, annual bonus payments for the NEOs increased 44%.
- **Performance Share Payouts Were Above Target.** For the 2019-2021 performance cycle, the Performance Shares paid out slightly above target, as a result of ROIC for Compensation Purposes performance above maximum and Adjusted Net Income for Compensation Purposes performance above threshold.
- **Long-Term Incentives Are Aligned with the Interests of Our Shareholders.** We believe that incentives should be based on factors that deliver long-term sustainability for Lincoln Electric. Therefore, the NEOs receive three types of long-term incentives. The three components are: (1) stock options, (2) RSUs and (3) Performance Shares. Total awards are targeted at the 50th percentile of benchmark data (at market median).

GOOD GOVERNANCE PRACTICES

In addition to our emphasis on pay for performance, we design our programs to be current with best practices and good corporate governance. We also consider the risks associated with any particular program, design or compensation decision. We believe these assessments result in sustained, long-term shareholder value. Some of the governance practices include:

- Officers Are Subject to Stock Ownership Guidelines
- Compensation and Executive Development Committee Receives Regular Updates
- Compensation and Executive Development Committee Retains Independent Advisors
- No Compensation Consultant Conflicts of Interest
- No Multi-Year Guarantees on Compensation
- No Dividends on Unvested RSUs or Performance Shares
- Broad Clawback Policy
- Change in Control Agreements Require a Double-Trigger
- No Tax Gross-Ups
- No Hedging or Pledging of Lincoln Electric Stock by Officers
- Limited Perquisites

As illustrated above, the Compensation and Executive Development Committee has and will continue to take action to structure our executive compensation program in a manner that is performance-based, current with best practices and good corporate governance and aimed at sustaining long-term shareholder value. The Board believes that the executive compensation disclosed in the CD&A section, tabular disclosures (including the 2021 Summary Compensation Table) and other narrative disclosures in this Proxy Statement aligns with our peer group pay practices and compensation philosophy.

As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Securities Exchange Act of 1934, we are asking you to cast an advisory (non-binding) vote on the following resolution at the Annual Meeting:

RESOLVED, that the compensation awarded to our NEOs, as disclosed pursuant to Item 402 of Regulation S-K in the Compensation Discussion and Analysis and the tabular disclosure (together with the accompanying narrative disclosure) in this Proxy Statement, as required by the rules of the Securities and Exchange Commission, is hereby approved on an advisory basis.

YOUR VOTE MATTERS TO US

As an advisory vote, this proposal is not binding on us. However, the Compensation and Executive Development Committee, which is responsible for designing and administering our executive compensation programs, values the opinions expressed by shareholders in their vote on this proposal and expects to consider the outcome of the vote when making future compensation decisions for NEOs.

MAJORITY VOTE NEEDED

A favorable vote of a majority of the shares of our common stock present or represented by proxy and entitled to vote on the matter is necessary for approval of the proposal. Abstentions will have the same effect as a vote “against” the proposal and broker non-votes will not be counted for determining whether the proposal is approved.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE, FOR APPROVAL, ON AN ADVISORY BASIS, OF
THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

AUDIT COMMITTEE REPORT

The Audit Committee consists solely of independent Directors within the meaning of the Nasdaq listing standards. The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal control over financial reporting. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements in the Annual Report, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Audit Committee discussed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Audit Committee by the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") and the SEC. In addition, the Audit Committee has received and has discussed with the independent auditors written disclosures regarding their independence as required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*.

The Audit Committee discussed with our internal and independent auditors the overall scope and plan for their respective audits. The Audit Committee met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2021 for filing with the SEC. The Audit Committee and the Board have also recommended the selection of Ernst & Young LLP as our independent auditors for the year ending December 31, 2022 and the ratification thereof by the shareholders.

By the Audit Committee:

Stephen G. Hanks, Chair

Curtis E. Espeland

Patrick P. Goris

G. Russell Lincoln

Ben P. Patel

FAQS

Who is soliciting proxies and why? Who is paying for the cost of this proxy solicitation?

The Board solicits the proxy and the Company pays the solicitation cost. Certain officers and employees may also solicit proxies, but do not receive compensation for these activities. We also reimburse custodians, nominees and fiduciaries for reasonable expenses incurred to forward and obtain proxy materials from beneficial holders.

How do we distribute proxy materials to shareholders sharing the same address?

We use “householding” rules to deliver only one set of voting materials (Annual Report and Proxy Statement) to shareholders who share the same address, unless we receive contrary instructions from one or more shareholders at that address. Each shareholder receives a separate proxy card. We will promptly deliver upon request a separate set of proxy materials.

How do I obtain a separate set of proxy materials at no cost?

Send a written notice to the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199.

Who may vote?

Record holders as of the close of business on February 28, 2022 (the record date) are entitled to vote at the Annual Meeting. As of the record date, 58,624,726 shares of our common stock were outstanding and each share is entitled to one vote per proposal brought before the meeting.

What is required for there to be a quorum at the Annual Meeting?

Holders of at least a majority of the shares of our common stock issued and outstanding on the record date (February 28, 2022) must be present, in person or by proxy, to constitute a quorum.

How do I attend and participate in the Annual Meeting?

Any shareholder of record as of the record date (February 28, 2022) can attend the Annual Meeting online at www.virtualshareholdermeeting.com/LECO2022. The webcast will start at 11:00 a.m. ET. Shareholders may submit pre-meeting questions online by visiting www.proxyvote.com. Questions must be submitted by Monday, April 18, 2022 at 5:00 p.m. ET. You will need your 16-digit control number that is printed on your proxy card or on the instructions that accompanied your proxy materials to access the meeting. Instructions on how to attend the Annual Meeting are posted at www.virtualshareholdermeeting.com/LECO2022. We encourage you to access the meeting prior to the start time to allow ample time to complete the online check-in process.

If you encounter any technical difficulties accessing the virtual meeting during check-in or meeting time, please call the technical support number that will be posted on the Virtual Shareholder Meeting log in page.

Why is the Annual Meeting a virtual, online meeting?

We believe that hosting a virtual meeting under the current environment will facilitate shareholder attendance and participation by enabling shareholders to participate from any location around the world and improves our ability to communicate more effectively with our shareholders. We have designed the virtual meeting to provide substantially the same opportunities to participate as you would have at an in-person meeting. We are providing opportunities for shareholders to submit questions prior to the meeting to enable us to address appropriate questions at the Annual Meeting.

What is the difference between holding shares as a registered shareholder or as a beneficial holder?

- **Registered Shareholders:** If your shares are directly registered in your name with our transfer agent/registrar, you are considered the registered shareholder, or shareholder of record. Proxy materials will be sent directly to you and you may vote during the meeting at www.virtualshareholdermeeting.com/LECO2022, or by telephone, by Internet or by mail in the envelope provided.
- **Beneficial Holders:** You are a beneficial holder if your shares are held indirectly in a brokerage account, by a trustee, or by another nominee. These entities are considered the shareholder of record and the shares are considered held in “street name.” Proxy materials are sent to the entity and they forward a voting instruction card to you, the beneficial holder. As a beneficial holder, you have the right to direct the entity on how to vote your shares and you may also attend the Annual Meeting. Since you are not the shareholder of record, you may not vote during the meeting unless you obtain a legal proxy from the entity that holds your shares. Please refer to the information your broker, trustee or nominee provided to see what voting options are available to you. If you have not heard from your broker, trustee or nominee, please contact them.

What shares are included on the proxy card?

Shareholder type:	Registered Shareholder & participant in The Lincoln Electric Company Employee Savings Plan (401(k) Plan)	Beneficial Holder with shares held by a broker, trustee or nominee	Both a Registered Shareholder and a Beneficial Holder of shares
Shares included on the proxy card:	<p>All shares registered in your name will be represented (including 401(k) plan shares)</p> <p>Note: If you do not have identical names on your accounts, we cannot consolidate your share information.</p>	You will receive a voting instruction form from your broker, trustee or nominee instructing you on how to vote.	You will receive a proxy card from us and a voting instruction form from your broker, trustee or nominee instructing you on how to vote.

What is a broker non-vote and what effect does it have?

A broker non-vote occurs when a broker or other nominee does not receive voting instructions from the beneficial holder and is then unable to vote the shares. **If you hold your shares beneficially through a broker, trustee or nominee, you must communicate your voting instructions to them to have your shares voted.** Please note that your nominee cannot vote on your behalf on the election of Directors (Proposal 1) and the approval, on an advisory basis, of NEO compensation (Proposal 3) unless you provide specific voting instructions to them by following the instructions provided to you.

Broker non-votes, as well as abstentions, will be counted to determine whether a quorum is present at the Annual Meeting. Broker non-votes will not be counted when determining votes for a particular proposal (i.e., it will not be considered a vote “cast”).

How do I vote?

Registered Shareholders

Vote during the meeting at www.virtualshareholdermeeting.com/LECO2022 or by proxy in any one of four ways outlined in the Proxy Summary section of this Proxy Statement.

Participants in the 401(k) Plan

The 401(k) Plan's independent Trustee, Fidelity Management Trust Company, will vote your 401(k) Plan shares according to your voting directions, which you can provide by Internet, telephone or mail. As 401(k) Plan shares are held in a qualified plan, you are not able to vote 401(k) Plan shares during the Annual Meeting. If you do not vote, the Trustee will not vote your plan shares.

Beneficial Holders

If your shares are held by a bank, broker, trustee or some other nominee (in street name), that entity will give you separate voting instructions.

What happens if I sign, date and return my proxy but do not specify how I want my shares voted on the proposals?

Registered Shareholders: Your shares will be voted **FOR** the election of all of the Director nominees, **FOR** the ratification of the appointment of our independent registered public accounting firm, and **FOR** the approval, on an advisory basis, of the compensation of our NEOs.

Beneficial Holders: Your nominee cannot vote your uninstructed shares on non-routine matters such as Proposal 1 (election of Directors) and Proposal 3 (approval, on an advisory basis, of NEO compensation). Your nominee can vote your uninstructed shares on routine matters such as Proposal 2 (ratification of the appointment of our independent registered public accounting firm).

May I revoke my proxy or change my vote?

Registered Shareholders: Yes, you may change or revoke your proxy prior to the closing of the polls in any one of the following FOUR ways:

1. Send a written notice to our Corporate Secretary stating that you want to revoke your proxy;
2. Mail a completed and signed proxy card with a later date, but prior to the cut-off dates prior to the Annual Meeting (which will automatically revoke the earlier proxy);
3. Vote by telephone or Internet at a later date, but prior to the cut-off dates prior to the Annual Meeting (which will automatically revoke the earlier proxy); or
4. Vote during the Annual Meeting at www.virtualshareholdermeeting.com/LECO2022. Because 401(k) plan shares are held in a qualified plan, you are not able to revoke or change your vote on 401(k) plan shares at the Annual Meeting.

Beneficial Holders: Check with your broker, trustee or nominee to determine how to change your vote.

Who counts the votes?

Broadridge Financial Solutions, Inc. is the independent agent who receives and tabulates the votes. They are also our inspector of elections at the Annual Meeting.

May I receive future shareholder communications over the Internet?

Registered Shareholders: Yes. Please mark the appropriate box on your proxy card, or follow the prompts if voting by telephone or Internet.

Beneficial Holders: Refer to the information provided by your nominee on how to select future shareholder communications by Internet.

When are shareholder proposals due to be considered for inclusion in next year's Annual Meeting in 2023?

In order to have a shareholder proposal included in our proxy materials for the 2023 Annual Meeting, a shareholder proposal must be received in writing by the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199 on or before November 18, 2022.

If shareholders want to present proposals at our 2023 Annual Meeting that are not included in Lincoln Electric's proxy materials, they must comply with the requirements in our Amended and Restated Code of Regulations. These include providing a written notice containing certain information, and such notice must be received no earlier than December 22, 2022 and no later than January 21, 2023. If the Board of Directors chooses to present any information submitted after the applicable deadlines at the 2023 Annual Meeting, then the persons named in proxies solicited by the Board for the 2023 Annual Meeting may exercise discretionary voting power with respect to such information.

May I submit a nomination for Director?

Yes. A shareholder must send a written notice to the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199. The notice must include information about the shareholder and the person he or she intends to nominate, which is required by our Amended and Restated Code of Regulations. Nominations must be received in the Corporate Secretary's Office at least 80 days before the date of the annual meeting at which the nomination is to be made.

If we have not publicly announced the date of the annual meeting more than 90 days prior to the annual meeting date, shareholder nominations would have needed to be received in the Corporate Secretary's Office no later than the close of business on the tenth day following the day on which we publicly announced the date of the annual meeting. For the 2022 Annual Meeting, we had to receive nominations no later than the close of business on January 22, 2022, as we publicly announced the date of this year's Annual Meeting on January 11, 2022, which is more than 90 days prior to this year's Annual Meeting date. Accordingly, no additional nominations can be made for this year's Annual Meeting.

HOW DO I CONTACT LINCOLN ELECTRIC?

FOR GENERAL INFORMATION:

Lincoln Electric Holdings, Inc.
22801 St. Clair Avenue
Cleveland, Ohio 44117-1199
Attention: Amanda Butler,
Vice President, Investor
Relations & Communications

TO CONTACT THE DIRECTORS:

Lincoln Electric Holdings, Inc.
22801 St. Clair Avenue
Cleveland, Ohio 44117-1199
Attention: Corporate Secretary

Please name any specific intended Board recipient(s) in the communication. Prior to forwarding any correspondence, the Corporate Secretary will review the correspondence and, at his or her discretion, may not forward certain items if they are deemed of a frivolous nature or otherwise inappropriate for the Board's consideration. In such cases, some of that correspondence may be forwarded elsewhere within Lincoln Electric for review and possible response.



Please visit our website at www.lincolnelectric.com for current developments at Lincoln Electric. The information on our website is not incorporated by reference into this Proxy Statement or any of our periodic reports.

APPENDIX A—DEFINITIONS AND NON-GAAP FINANCIAL MEASURES

The discussion of our results in the CD&A and other sections of this Proxy Statement includes reference to our EBIT, EBITB, Adjusted net income, Adjusted diluted earnings per share, Adjusted EBIT, Adjusted operating income, Adjusted operating income margin, Adjusted effective tax rate, Return on Invested Capital (ROIC), Average Operating Working Capital to Sales (AOWC/Sales), Total Shareholder Return (TSR), Organic Sales, Cash Conversion and Free Cash Flow (FCF) performance. Some of these metrics are considered Non-GAAP financial measures, as management uses various GAAP and non-GAAP financial measures in assessing and evaluating our underlying operating performance. Non-GAAP financial measures exclude the impact of special items on our reported financial results. Non-GAAP financial measures should be read in conjunction with the generally accepted accounting principles in the United States (“GAAP”), as non-GAAP measures are a supplement to, and not a replacement for, GAAP financial measures. The following defines the financial and non-GAAP financial measures discussed in the CD&A and other sections of this Proxy Statement. Certain reclassifications have been made to prior year financial statements and financial measures to conform to current year classifications.

ADJUSTED DILUTED EARNINGS PER SHARE

Adjusted Diluted Earnings Per Share is defined as reported Diluted Earnings Per Share excluding certain disclosed special items.

ADJUSTED EBIT

Adjusted EBIT is defined as reported EBIT excluding certain disclosed special items.

ADJUSTED EFFECTIVE TAX RATE

Adjusted Effective Tax Rate is defined as reported Effective Tax Rate excluding the tax effect of certain disclosed special items.

ADJUSTED NET INCOME

Adjusted Net Income is defined as reported Net Income excluding certain disclosed special items.

ADJUSTED NET INCOME FOR COMPENSATION PURPOSES

Adjusted Net Income for Compensation Purposes is defined as reported Net Income excluding certain disclosed special items and other adjustments as approved by the Compensation and Executive Development Committee.

ADJUSTED OPERATING INCOME

Adjusted Operating Income is defined as reported Operating Income excluding certain disclosed special items.

ADJUSTED OPERATING INCOME MARGIN

Adjusted Operating Income Margin is defined as Adjusted Operating Income divided by Net sales.

AVERAGE OPERATING WORKING CAPITAL TO SALES (AOWC/SALES)

Average operating working capital to Net Sales (AOWC/Sales) is defined as the sum of Accounts receivable, Inventories and contract assets less Trade accounts payable and contract liabilities as of a period end divided by annualized rolling three months of Net sales.

AVERAGE OPERATING WORKING CAPITAL TO SALES FOR COMPENSATION PURPOSES (AOWC/SALES FOR COMPENSATION PURPOSES)

Average operating working capital to Net Sales for Compensation Purposes (AOWC/Sales for Compensation Purposes) is defined as the sum of Accounts receivable, Inventories (excluding LIFO inventory reserves) and contract assets less Trade accounts payable and contract liabilities as of a period end divided by annualized rolling three months of Net sales.

CASH CONVERSION

Cash Conversion is defined as Free Cash Flow divided by Adjusted Net Income.

EBIT

EBIT is an amount equal to earnings before interest and tax defined as operating income plus Other income (expense).

EBITB

EBITB is an amount equal to earnings before interest, tax and bonus, calculated at budgeted exchange rates and adjusted for special items as determined by management. The adjustments for special items include such items as rationalization charges, certain asset impairment charges, the gains and losses on certain transactions including the disposal of assets and the results of businesses acquired during the year. Adjusted Operating Income is a representative measure of EBITB.

FREE CASH FLOW (FCF)

Free Cash Flow is defined as Net cash provided by operating activities less Capital expenditures.

ORGANIC SALES

Organic Sales is defined as sales excluding the effects of foreign currency and acquisitions.

RETURN ON INVESTED CAPITAL (ROIC)

ROIC is defined as rolling 12 months of Adjusted net income excluding tax-effected interest income and expense divided by Invested capital. Invested capital is defined as total debt, which includes Amounts due banks, Current portion of long-term debt and Long-term debt, less current portion, plus Total equity.

RETURN ON INVESTED CAPITAL (ROIC) FOR COMPENSATION PURPOSES

ROIC for Compensation Purposes is calculated by an independent third-party and is adjusted for certain transactions as approved by the Compensation and Executive Development Committee.

TOTAL SHAREHOLDER RETURN (TSR)

TSR is an amount equal to the net stock price change for our common stock plus the reinvestment of dividends paid over the prescribed period of time.

ADJUSTED OPERATING INCOME

The following table presents a reconciliation of Operating income as reported to Adjusted operating income for the years ended December 31, 2019 to 2021:

[\$ in thousand]	Year Ended December 31,		
	2021	2020	2019
Operating income (as reported)	\$461,669	\$282,071	\$370,910
Special items (pre-tax):			
Rationalization and asset impairment charges	9,827	45,468	15,188
Gains on asset disposals	—	—	[3,045]
Acquisition transaction costs	1,923	—	1,804
Amortization of step up in value of acquired inventories	5,804	806	3,008
Adjusted operating income	\$479,223	\$328,345	\$387,865
Adjusted operating income margin	14.8%	12.4%	12.9%

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

The following table presents reconciliations of Net income and Diluted earnings per share as reported to Adjusted net income and Adjusted diluted earnings per share for the years ended December 31, 2019 to 2021:

[\$ in thousands except per share amounts]	Year Ended December 31,		
	2021	2020	2019
Net income [as reported]	\$276,466	\$206,115	\$293,109
Special items:			
Rationalization and asset impairment charges	9,827	45,468	15,188
Pension settlement charges	126,502	8,119	—
Gains on asset disposals	—	—	(3,554)
Gain on change in control	—	—	(7,601)
Acquisition transaction costs	1,923	—	1,804
Amortization of step up in value of acquired inventories	5,804	806	3,008
Tax effect of Special items	(47,188)	(10,594)	(7,386)
Adjusted net income	\$373,334	\$249,914	\$294,568
Diluted earnings per share [as reported]	\$ 4.60	\$ 3.42	\$ 4.68
Special items per share	1.62	0.73	0.02
Adjusted diluted earnings per share	\$ 6.22	\$ 4.15	\$ 4.70

RETURN ON INVESTED CAPITAL (ROIC)

The following table presents calculations of ROIC for the years ended December 31, 2019 to 2021:

[\$ in thousands]	Year Ended December 31,		
	2021	2020	2019
Adjusted net income	\$ 373,334	\$ 249,914	\$ 294,568
Plus: Interest expense [after-tax]	17,794	17,933	19,465
Less: Interest income [after-tax]	1,172	1,486	1,896
Adjusted net income before tax-effected interest	\$ 389,956	\$ 266,361	\$ 312,137
Invested capital	\$1,633,728	\$1,508,440	\$1,566,348
Return on invested capital	23.9%	17.7%	19.9%

CASH CONVERSION

The following table presents calculations of Cash Conversion for the years ended December 31, 2019 to 2021:

[\$ in thousands]	Year Ended December 31,		
	2021	2020	2019
Net cash provided by operating activities	\$ 365,063	\$ 351,362	\$ 403,185
Less: Capital expenditures	62,531	59,201	69,615
Free Cash Flow	\$ 302,532	\$ 292,161	\$ 333,570
Adjusted net income	\$ 373,334	\$ 249,914	\$ 294,568
Cash Conversion	81%	117%	113%

LINCOLN[®]
ELECTRIC



2021
FORM **10-K**

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-1402

LINCOLN ELECTRIC HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

34-1860551

(I.R.S. Employer Identification No.)

22801 St. Clair Avenue, Cleveland, Ohio

(Address of principal executive offices)

44117

(Zip Code)

(216) 481-8100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, without par value	LECO	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(c)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the common shares held by non-affiliates as of June 30, 2021 was \$7,648,397,697 (affiliates, for this purpose, have been deemed to be Directors and Executive Officers of the Company and certain significant shareholders).

The number of shares outstanding of the registrant's common shares as of January 31, 2022 was 58,732,179.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement with respect to the registrant's 2022 Annual Meeting of Shareholders.

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PART I

ITEM 1. BUSINESS

General

As used in this Annual Report on Form 10-K, the term "Company," except as otherwise indicated by the context, means Lincoln Electric Holdings, Inc. and its wholly-owned and majority-owned subsidiaries for which it has a controlling interest. The Lincoln Electric Company began operations in 1895 and was incorporated under the laws of the State of Ohio in 1906. During 1998, The Lincoln Electric Company reorganized into a holding company structure, and Lincoln Electric Holdings, Inc. became the publicly-held parent of Lincoln Electric subsidiaries worldwide, including The Lincoln Electric Company.

The Company is one of only a few worldwide broad-line manufacturers of welding, cutting and brazing products. The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding power sources, plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes and welding accessories and specialty welding consumables and fabrication. The Company's product offering also includes computer numeric controlled ("CNC") plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing.

The arc welding power sources and wire feeding systems manufactured by the Company range in technology from basic units used for light manufacturing and maintenance to highly sophisticated robotic applications for high volume production welding and fabrication. Three primary types of arc welding electrodes are produced: (1) coated manual or stick electrodes; (2) solid electrodes produced in coil, reel or drum forms for continuous feeding in mechanized welding; and (3) cored electrodes produced in coil form for continuous feeding in mechanized welding.

The Company has, through wholly-owned subsidiaries, manufacturing facilities located in the United States, Australia, Austria, Brazil, Canada, China, Colombia, France, Germany, India, Italy, Mexico, Poland, Portugal, Romania, Russia, Spain, Turkey and the United Kingdom.

The Company's business units are aligned into three operating segments. The operating segments consist of Americas Welding, International Welding and The Harris Products Group. The Americas Welding segment includes welding operations in North and South America. The International Welding segment includes welding operations in Europe, Africa, Asia and Australia. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses, as well as the retail business in the United States.

Customers

The Company's products are sold in both domestic and international markets. In the Americas, products are sold principally through industrial distributors, retailers and also directly to users of welding products. Outside of the Americas, the Company has an international sales organization comprised of Company employees and agents who sell products from the Company's various manufacturing sites to distributors and product users.

The Company's major end-user markets include:

- general fabrication,
- energy and process industries,
- heavy industries (heavy fabrication, ship building and maintenance and repair),
- automotive and transportation, and
- construction and infrastructure.

The Company is not dependent on a single customer or a few customers and no individual customer currently accounts for more than ten percent of total Net sales. However, the loss of a large customer could have an adverse effect on the Company's business. The Company's operating results are sensitive to changes in general economic conditions. The arc welding and cutting industry is generally a mature industry in developed markets such as North America and Western Europe and is cyclical in nature. Overall demand for arc welding and cutting products is largely determined by economic cycles and the level of capital spending in manufacturing and other industrial sectors. The Company experiences some variability in reported period-to-period results as demand for the Company's products are mildly seasonal with generally higher demand in the second and third quarters. See "Item 1A. Risk Factors" for further discussion regarding risks associated with customers, general economic conditions and demand.

Competition

Conditions in the arc welding and cutting industry are highly competitive. The Company believes it is the world's largest manufacturer of consumables and equipment with relatively few major broad-line competitors worldwide, but numerous smaller competitors in specific geographic markets. The Company continues to pursue strategies to heighten its competitiveness in domestic and international markets, which includes positioning low cost manufacturing facilities in most geographical markets. Competition in the arc welding and cutting industry is based on brand preference, product quality, price, performance, warranty, delivery, service and technical support. The Company believes its performance against these factors has contributed to the Company's position as the leader in the industry.

Most of the Company's products may be classified as standard commercial articles and are manufactured for stock. The Company believes it has a competitive advantage in the marketplace because of its highly trained technical sales force and the support of its welding research and development staff to assist customers in optimizing their welding applications. This allows the Company to introduce its products to new users and to establish and maintain close relationships with its customers. This close relationship between the technical sales force and the direct customers, together with its supportive relationship with its distributors, who are particularly interested in handling the broad range of the Company's products, is an important element of the Company's market success and a valuable asset of the Company.

Raw Materials

The principal raw materials essential to the Company's business are steel, electronic components, engines, brass, copper, silver, aluminum alloys, robotic components and various chemicals, all of which are normally available for purchase in the open market.

Patents and Trademarks

The Company holds many valuable patents, primarily in arc welding, and actively protects its innovations as research and development has progressed in both the United States and major international jurisdictions. The Company believes its trademarks are an important asset and aggressively pursues brand management.

Environmental Regulations

The Company's facilities are subject to environmental regulations. To date, compliance with these environmental regulations has not had a material adverse effect on the Company's earnings. The Company is ISO 14001 certified at most significant manufacturing facilities in North America and Europe and is progressing towards certification at its remaining facilities worldwide. In addition, the Company is ISO 9001 certified at 41 facilities worldwide.

The Company ensures compliance as well as the continuous improvement of the environmental performance of its products and operations through its global Environmental, Health, Safety and Quality ("EHS&Q") systems. The Company's systems are guided by the Corporate EHS&Q Policy, global directives and corporate standards that establish consistent guidelines for the management, measurement and reporting of environmental, health and safety activities, as well as quality across the Company's global platform. The Company's products support our customers' sustainable operations through enhanced worker safety, reduced emissions, improved energy efficiency, reduced waste and regulatory compliance.

International Operations

The Company conducts a significant amount of its business and has a number of operating facilities in countries outside the United States. As a result, the Company is subject to business risks inherent to non-U.S. activities, including political uncertainty, import and export limitations, exchange controls and currency fluctuations.

Human Capital Management

Employee Profile

The Company's employees are its most valuable asset as they represent the foundation of the Company and its future success. The number of persons employed by the Company worldwide at December 31, 2021 was approximately 11,000.

Employee Engagement

The Company strongly believes that employee engagement drives better business results and that a highly engaged workforce can increase innovation, productivity and bottom-line performance while reducing costs. The Company engages employees through individual, small group and town hall meetings, its Advisory Board, global intranet, employee surveys, resource groups, health and safety communications and initiatives, training and development, employee wellness programs, and an ethics hotline, among other vehicles.

Talent Management and Development

In order to ensure the competitiveness of our workforce as well as a strong succession pipeline, the Company provides development opportunities to advance skills, knowledge and expertise. The Company's programs include formal leadership, management and professional development programs, tuition reimbursement for external accredited programs, mentoring, self-guided online courses, instructor-led programs and special project and rotational assignments that can lead to extensive global exposure.

Diversity and Inclusion

The Company has 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. The Company's culture is underpinned by its core values, including the guiding principles championed by James F. and John C. Lincoln when they founded Lincoln Electric over 125 years ago – The Golden Rule: Treat Others How You Would Like to Be Treated. The Company has implemented several measures that focus on ensuring accountability exists for making progress in diversity. The CEO and other senior leaders have diversity and inclusion objectives as part of their annual

performance goals. The Company focuses on diverse talent sourcing strategies and partners with external organizations that develop and supply diverse talent. The Company reviews and updates its human resources processes and benchmarks roles and compensation externally on a regular basis to help prevent bias and promote a diverse and inclusive workplace.

Compensation

The Company's compensation program is designed to attract and retain exceptional employees and to maintain a strong pay for performance culture. The Company has designed its compensation system to reflect current best practices, including setting base pay below the competitive market for each position, targeting incentive-based cash compensation above the competitive market and promoting quality corporate governance in compensation decisions.

The Company's annual talent and succession planning process reviews 100% of its global professional staff worldwide to support the development of a talent pipeline for critical roles in general management, engineering and operations. This evaluation includes the Company's CEO as well as segment business and functional leaders, focusing on high potential talent, diverse talent and succession within the Company's most critical roles.

The Company believes that the practices outlined above result in sustained increases in shareholder value and reflects its compensation philosophy of aligning long-term pay and performance.

Health and Safety

Health and safety is a priority for the Company, its vision is an accident-free workplace with zero safety incidents. The Company follows a rigorous health and safety program that adheres to stringent safety standards and best practices to ensure its manufacturing operations, related processes and products do not negatively impact the health and welfare of its employees, customers and neighbors.

In addition to Company-led programs and employee engagement in behavior-based safety and wellness committees, the Company is actively engaged in health and safety standard development committees at key industry organizations such as the American Welding Society, the International Institute of Welding and across various International Standards Organization committees to ensure best practices for its employees and end users.

To mitigate the impact of the current coronavirus ("COVID-19") pandemic the Company has maintained the health and safety of its employees by implementing best-practice CDC and WHO safety and hygiene protocols, mandated social distancing and face mask use, required daily symptom assessments, restricted travel, maximized flexible and remote work arrangements, and performed regular audits to ensure compliance. These measures were in addition to the Company's standard health and safety program that adheres to stringent safety standards and best practices to ensure that its operations, related processes and products do not negatively impact the health and welfare of its employees, customers or community. In addition, the Company implemented a COVID-19 vaccination incentive program in 2021 for its U.S. employees to maximize vaccination rates among workers.

Community Engagement

The Company is an active member in the communities where it lives and works. The Company participates in community meetings, local business associations, offers plant visits, provides grants to nonprofit organizations and donates resources and time through in-kind gifts, employee volunteerism and non-profit board service. The Company's partnership with academia includes executive-led lectures and donations of equipment and engineering expertise to support lab and research initiatives. In addition, the Company supports community educational / career programming among secondary and high school students in order to address skills gaps in industry and maintain awareness of attractive career pathways in manufacturing.

See "Part I, Item 1C" for information regarding the Company's executive officers, which is incorporated herein by reference.

Website Access

The Company's website, www.lincolnelectric.com, is used as a channel for routine dissemination of important information, including news releases and financial information. The Company posts its filings as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"), including annual, quarterly and current reports on Forms 10-K, 10-Q and 8-K; proxy statements; and any amendments to those reports or statements. The Company also posts its Code of Corporate Conduct and Ethics on its website. All such postings and filings are available on the Company's website free of charge. In addition, this website allows investors and other interested persons to sign up to automatically receive e-mail alerts when news releases and financial information is posted on the website. The SEC also maintains a website, www.sec.gov, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The content on any website referred to in this Annual Report on Form 10-K is not incorporated by reference into this Annual Report unless expressly noted.

ITEM 1A. RISK FACTORS

From time to time, information we provide, statements by our employees or information included in our filings with the SEC may contain forward-looking statements that are not historical facts. Those statements are "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "forecast," "guidance" or words of similar meaning. Actual results may differ materially from such statements due to a variety of factors that could adversely affect the Company's operating results. Forward-looking statements, and our future performance, operating results, financial position and liquidity, are subject to a variety of factors that could materially affect results, including those risks described below. Forward-looking statements made in this report speak only as of the date of the statement, and, except as required by law, we undertake no obligation to update those statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

In the ordinary course of our business, we face various strategic, operating, compliance and financial risks. These risks could have a material impact on our business, financial condition, operating results and cash flows. Our Enterprise Risk Management ("ERM") process seeks to identify and address significant risks. Our ERM process is a company-wide initiative that is designed with the intent of prioritizing risks and allocating appropriate resources to address such risks. We use the integrated risk framework of the Committee of Sponsoring Organizations to assess, manage and monitor risks.

Management has identified and prioritized critical risks based on the severity and likelihood of each risk and assigned an executive to address each major identified risk area and lead action plans to monitor and mitigate risks, where possible. Our Board of Directors provides oversight of the ERM process and systematically reviews identified critical risks. The Audit Committee also reviews major financial risk exposures and the steps management has taken to monitor and control them.

Our goal is to pro-actively manage risks in a structured approach and in conjunction with the strategic planning process, with the intent to preserve and enhance shareholder value. However, these and other risks and uncertainties could cause our results to vary materially from recent results or from our anticipated future results. The risk factors and uncertainties described below, together with information incorporated by reference or otherwise included elsewhere in this Annual Report on Form 10-K, should be carefully considered. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. Additional risks and uncertainties of which we are currently unaware or that we currently believe to be immaterial may also adversely affect our business. Readers should not interpret the disclosure of any risk factor to imply that the risk has not yet already materialized.

Risks Related to the COVID-19 pandemic

The COVID-19 pandemic could have a material adverse effect on our ability to operate, results of operations, financial condition, liquidity and capital investments.

The current COVID-19 pandemic, including new variants of the virus, has adversely impacted global economic conditions, has contributed to significant volatility in financial markets and continues to generate economic and operational uncertainty. While our estimates contemplate current conditions, the COVID-19 pandemic and similar issues in the future could have a material adverse effect on our ability to operate, results of operations, financial condition, liquidity, and capital investments. In addition, any preventive measures we have or may put in place, may have a material adverse effect on our business for an indefinite period of time, such as the potential shut down of certain locations, decreased employee availability, potential border closures, disruptions to the businesses of our channel partners and others. Our suppliers and customers may also face these and other challenges, which could lead to a disruption in our supply chain, as well as decreased customer demand for our products and services. These issues may also materially affect our future access to our sources of liquidity, particularly our cash flows from operations, financial condition, capitalization and capital investments. Although these disruptions may continue to occur, the long-term economic impact and near-term financial impacts of such issues, including, but not limited to, possible impairment, restructuring and other charges, may not be reasonably estimated due to the uncertainty of future developments.

Risks Related to Economic Conditions

General economic, financial and market conditions may adversely affect our financial condition, results of operations and access to capital markets.

Our operating results are sensitive to changes in general economic conditions. Recessionary economic cycles, global supply chain disruptions, higher logistics costs, higher interest rates, inflation, higher raw materials costs, higher labor costs, trade barriers in the world markets, financial turmoil related to sovereign debt and changes in tax laws or trade laws or other economic factors affecting the countries and industries in which we do business could adversely affect demand for our products. An adverse change in demand could impact our results of operations, collection of accounts receivable and our expected cash flow generation from current and acquired businesses, which may adversely impact our financial condition and access to capital markets.

The United Kingdom Financial Conduct Authority (the “FCA”), which regulates The London Interbank Offered Rate (“LIBOR”), intends to phase out LIBOR. On March 5, 2021, the FCA announced that the U.S. dollar LIBOR rates will no longer be published after June 30, 2023. We may need to amend our revolving line of credit and interest rate forward starting swap agreements that use LIBOR as a benchmark and we cannot predict what alternative index or other amendments may be negotiated with our counterparties. As a result, the uncertainty regarding the future of LIBOR as well as the transition from LIBOR could have adverse impacts on our financial condition.

We conduct our sales and distribution operations on a worldwide basis and maintain manufacturing facilities in a number of foreign countries, which subjects us to risks associated with doing business outside the United States.

As a growing global enterprise, the share of sales and profits we derive from our international operations and exports from the United States is significant. This trend increases our exposure to the performance of many developing economies in addition to the developed economies outside of the United States. If international economies were to experience significant slowdowns, it could adversely affect our financial condition, results of operations and cash flows. There are a number of risks in doing business internationally, which may impede our ability to achieve our strategic objectives relating to our foreign operations, including:

- Political and economic uncertainty and social turmoil;
- Corporate governance and management challenges in consideration of the numerous U.S. and foreign laws and regulations, including regulations relating to import-export control, technology transfer restrictions, repatriation

of earnings and funds, exchange controls, labor regulations, nationalization, tariffs, data protection and privacy requirements, anti-boycott provisions and anti-bribery laws (such as the Foreign Corrupt Practices Act and the Organization for Economic Cooperation and Development Convention);

- International terrorism and hostilities;
- Changes in the global regulatory environment, including revised or newly created laws, regulations or standards relating to the Company, our products or the markets in which we operate; and
- Significant fluctuations in relative currency values; in particular, an increase in the value of the U.S. dollar against foreign currencies could have an adverse effect on our profitability and financial condition, as well as the imposition of exchange controls, currency devaluations and hyperinflation.

The cyclical nature and maturity of the arc welding and cutting industry in developed markets may adversely affect our performance.

The arc welding and cutting industry is generally a mature industry in developed markets such as North America and Western Europe and is cyclical in nature. Overall demand for arc welding and cutting products is largely determined by the level of capital spending in manufacturing and other industrial sectors, and the welding industry has historically experienced contraction during periods of slowing industrial activity. If economic, business and industry conditions deteriorate, capital spending in those sectors may be substantially decreased, which could reduce demand for our products and have an adverse impact on our revenues and results of operations.

Risks Related to Manufacturing and Operations

Economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, pandemic, labor disputes, natural disasters could adversely affect our supply chain and distribution channels or result in loss of sales and customers.

Our facilities and operations, and the facilities and operations of our suppliers and customers, could be disrupted by events beyond our control, such as war, political unrest, pandemic, labor disputes, natural disasters, including events caused by climate change. Any such disruption could cause delays in the production and distribution of our products and the loss of sales and customers. Insurance proceeds may not adequately compensate the Company for the losses.

We are currently experiencing supply shortages and inflationary pressures for certain components and raw materials due to the COVID-19 pandemic. We expect these supply chain challenges and cost impacts to continue for the foreseeable future as markets recover. Although we have secured additional supply from existing and alternate suppliers and have taken other mitigating actions to mitigate supply disruptions, we can not guarantee that we can continue to do so in the future. In this event, our business, results and financial condition could be adversely affected. Maintaining higher inventory levels to service customers may result in excess or obsolete inventory and related charges if demand for these products is lower than our expectations. This may adversely affect financial results.

Availability of and volatility in energy costs or raw material prices may adversely affect our performance.

In the normal course of business, we are exposed to market risks related to the availability of and price fluctuations in the purchase of energy and commodities used in the manufacture of our products (primarily steel, brass, copper, silver, aluminum alloys, electronic components, electricity and natural gas). The availability and prices for energy costs and raw materials, including steel, nonferrous metals and chemicals, are subject to volatility and are influenced by worldwide economic conditions, including the current rising inflationary pressure. They are also influenced by import duties and tariffs speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, anticipated or perceived shortages, government trade practices and regulations and other factors.

Increases in the cost of raw materials and components may adversely affect our profitability if we are unable to pass along to our customers these cost increases in the form of price increases or otherwise reduce our cost of goods sold. Although most of the raw materials and components used in our products are commercially available from a number of sources and in adequate supply, any disruption in the availability of such raw materials and components, our inability to timely or otherwise obtain substitutes for such items, or any deterioration in our relationships with or the financial viability of our suppliers could adversely affect our business.

We are subject to risks relating to our information technology systems.

The conduct and management of our business relies extensively on information technology systems, which contain confidential information related to our customers, suppliers and employees and other proprietary business information. We maintain some of these systems and are also dependent on a number of critical corporate infrastructure services provided by third parties relating to, among other things, human resources, electronic communication services and finance functions. Like many multinational companies, our systems are subject to regular cyber attacks and other malicious efforts to cause cyber security incidents. To date, these attacks have not had a material impact on our business or operations. However, if as a result of future attacks, our systems are significantly damaged, cease to function properly or are subject to a significant cyber security breach, we may suffer an interruption in our ability to manage and operate the business, and our results of operations and financial condition could be adversely affected. The Company continues to invest in cyber security, including maintaining and improving cyber security resilience, and the Company's cyber security risks are monitored by the Audit Committee of our Board of Directors. Nevertheless, due to the nature of cyber threats, there can be no assurance that our preventive efforts can fully mitigate the risks of all cyber incidents, and a significant security breach could result in financial loss, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and fines and other sanctions resulting from any related breaches of data privacy regulations. Any of these could have an adverse effect on our results of operations and financial condition.

Risks Related to Human Capital

Our operations depend on maintaining a skilled workforce, and any interruption in our workforce could negatively impact our results of operations and financial condition.

Our success depends in part on the efforts and abilities of our management team and key employees. Their skills, experience and industry knowledge significantly benefit our operations and performance. Our future success will also depend on our ability to identify, attract and retain highly qualified managerial and technical (including research and development) personnel. Competition for these individuals is intense and compensation rates are increasing due to lower labor availability. Under these conditions, we may not succeed in identifying, attracting or retaining qualified personnel. With our strategy to expand internationally into developing markets, we may incur additional risks as some developing economies lack a sufficiently trained labor pool.

Any interruption of our workforce, including rationalization efforts related to the integration of acquired businesses, interruptions due to unionization efforts, changes in labor relations or shortages of appropriately skilled individuals could impact our results of operations and financial condition.

Risks Related to Business Strategy

We may not be able to complete our acquisition or divestiture strategies, successfully integrate acquired businesses and in certain cases we may be required to retain liabilities for certain matters.

Part of our business strategy is to pursue targeted business acquisition opportunities, including foreign investment opportunities. We cannot be certain that we will be successful in pursuing potential acquisition candidates or that the consequences of any acquisition would be beneficial to us. Future acquisitions may expose us to unexpected liabilities and involve the expenditure of significant funds and management time. Further, we may not be able to successfully integrate an acquired business with our existing businesses or recognize the expected benefits from any completed acquisition. Integration efforts may include significant rationalization activities that could be disruptive to the business. Our current operational cash flow is sufficient to fund our acquisition plans, but a significant acquisition could require access to the capital markets.

Additionally, from time to time we may identify assets for strategic divestitures that would increase capital resources available for other activities and create organizational and operational efficiencies. Various factors could materially affect our ability to dispose of such assets or complete announced divestitures, including the receipt of approvals of governmental agencies or third parties and the availability of purchasers willing to acquire the interests or purchase the assets on terms and at prices acceptable to us.

Sellers typically retain certain liabilities or indemnify buyers for certain matters. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestitures, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a divestiture, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

If we cannot continue to develop, manufacture and market products that meet customer demands, continue to enforce the intellectual property rights on which our business depends or if third parties assert that we violate their intellectual property rights, our revenues, gross margins and results of operations may suffer.

Our continued success depends, in part, on our ability to continue to meet our customers' needs for welding and cutting products through the introduction of innovative new products and the enhancement of existing product design and performance characteristics. We must remain committed to product research and development and customer service in order to remain competitive. We cannot be assured that new products or product improvements, once developed, will meet with customer acceptance and contribute positively to our operating results, or that we will be able to continue our product development efforts at a pace to sustain future growth. Further, we may lose customers to our competitors if they demonstrate product design, development or manufacturing capabilities superior to ours.

We rely upon patent, trademark, copyright and trade secret laws in the United States and similar laws in foreign countries, as well as agreements with our employees, customers, suppliers and other third parties, to establish and maintain our intellectual property rights. However, any of our intellectual property rights could be challenged, invalidated or circumvented, or our intellectual property rights may not be sufficient to provide a competitive advantage. Further, the laws and their application in certain foreign countries do not protect our proprietary rights to the same extent as U.S. laws. Accordingly, in certain countries, we may be unable to protect our proprietary rights against unauthorized third-party copying or use, which could impact our competitive position.

Further, third parties may claim that we or our customers are infringing upon their intellectual property rights. Even if we believe that those claims are without merit, defending those claims and contesting the validity of patents can be time consuming and costly. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlements or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from manufacturing, marketing or selling certain of our products.

The competitive pressures we face could harm our revenue, gross margins and prospects.

We operate in a highly competitive global environment and compete in each of our businesses with other broad-line manufacturers and numerous smaller competitors specializing in particular products. We compete primarily on the basis of brand, product quality, price, performance, warranty, delivery, service and technical support. We have previously initiated, and may in the future initiate significant rationalization activities to align our business to market conditions and improve our overall competitiveness, including with respect to the integration of acquired businesses. Such rationalization activities could fail to deliver the desired competitive cost structure and could result in disruptions in customer service. If our products, services, support and cost structure do not enable us to compete successfully based on any of the criteria listed above, our operations, results and prospects could suffer.

Further, in the past decade, the arc welding industry in the United States and other developed countries has been subject to increased levels of foreign competition as low cost imports have become more readily available. Our competitive position could be harmed if new or emerging competitors become more active in the arc welding business. For example, while steel manufacturers traditionally have not been significant competitors in the domestic arc welding industry, some foreign integrated steel producers manufacture selected consumable arc welding products and robotic arm manufacturers compete in the automated welding and cutting space. In addition, in certain markets of the world, distributors manufacture and sell arc welding products. Our sales and results of operations, as well as our plans to expand in some foreign countries, could be adversely affected by this practice.

We may incur additional restructuring charges as we continue to contemplate rationalization actions in an effort to optimize our cost structure and may not achieve the anticipated savings and benefits of these actions.

We may take additional actions in the future to further optimize our cost structure and improve the efficiency of our operations, which will reduce our profitability in the periods incurred. As a result of these actions, we will likely continue to incur charges, which may include but are not be limited to asset impairments, employee severance costs, charges for pension and other postretirement contractual benefits and pension settlements, any of which could be significant, and could adversely affect our financial condition and results of operations. In addition, we may not realize anticipated savings or benefits from past or future rationalization plans in full or in part or within the time periods we expect. Failure to realize anticipated savings or benefits from our cost reduction actions could have a material adverse effect on our business, financial condition, liquidity, results of operations and cash flows. For more information regarding rationalization plans, refer to the rationalization and asset impairment related disclosure under Note 7 to the Company's consolidated financial statements.

Risks Related to Legal, Compliance and Regulatory Matters

We are a co-defendant in litigation alleging asbestos induced illness. Liabilities relating to such litigation could reduce our profitability and impair our financial condition.

As of December 31, 2021, we were a co-defendant in cases alleging asbestos induced illness involving claims by approximately 2,709 plaintiffs. In each instance, we are one of a large number of defendants. The asbestos claimants allege that exposure to asbestos contained in welding consumables caused the plaintiffs to develop adverse pulmonary diseases, including mesothelioma and other lung cancers.

Since January 1, 1995, we have been a co-defendant in asbestos cases that have been resolved as follows: 55,614 of those claims were dismissed, 23 were tried to defense verdicts, 7 were tried to plaintiff verdicts (which were reversed or resolved after appeal), 1 was resolved by agreement for an immaterial amount and 1,009 were decided in favor of the Company following summary judgment motions.

The long-term impact of the asbestos loss contingency, in the aggregate, on operating results, operating cash flows and access to capital markets is difficult to assess, particularly since claims are in many different stages of development and we benefit significantly from cost-sharing with co-defendants and insurance carriers. While we intend to contest these lawsuits vigorously, and believe we have applicable insurance relating to these claims, there are several risks and

uncertainties that may affect our liability for personal injury claims relating to exposure to asbestos, including the future impact of changing cost sharing arrangements or a change in our overall trial experience.

Asbestos use in welding consumables in the U.S. ceased in 1981.

We may incur material losses and costs as a result of product liability claims that may be brought against us or failure to meet contractual performance commitments.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture, sale and application of our products and the products of third-party suppliers that we utilize or resell. Our products are used in a variety of applications, including infrastructure projects such as oil and gas pipelines and platforms, buildings, bridges and power generation facilities, the manufacture of transportation and heavy equipment and machinery and various other construction projects. We face risk of exposure to product liability claims in the event that accidents or failures on these projects result, or are alleged to result, in bodily injury or property damage. Further, our products are designed for use in specific applications, and if a product is used inappropriately, personal injury or property damage may result. In certain cases, we design automated welding systems for use in a customer's production facilities (including automotive production facilities), which could expose us to financial losses or professional liability.

The occurrence of defects in or failures of our products, or the misuse of our products in specific applications, could cause termination of customer contracts, increased costs and losses to us, our customers and other end users. We cannot be assured that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend those claims. Further, we cannot be assured that our product liability insurance coverage will be adequate for any liabilities that we may ultimately incur or that product liability insurance will continue to be available on terms acceptable to us. Even if we are successful defending such claims or product liability coverage is adequate, claims of this nature could cause customers to lose confidence in our products and our Company. Warranty claims are not generally covered by insurance and we may incur significant warranty costs in the future for which we would not be reimbursed.

We may incur losses if we do not achieve contractual commitments, including project performance requirements or project schedules. Project performance can be affected by a number of factors, including but not limited to, availability of materials, changes in the project scope of services, environmental conditions or labor disruptions. In addition, our backlog consists of the expected revenue from projects for which we have an executed contract or commitment with a customer. Project cancellations, scope adjustments, deferrals or changes in cost estimates may reduce the dollar amount of revenue and profits that we actually earn.

Changes in tax rates or exposure to additional income tax liabilities could affect profitability.

Our business is subject to income taxes in the United States and various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix among earnings in countries with differing statutory tax rates, changes in the valuation allowances of deferred tax assets or changes in tax laws.

The amount of income taxes paid is subject to ongoing audits by the United States federal, state and local tax authorities and by foreign tax authorities. If these audits result in assessments different from amounts reserved, future financial results may include unfavorable adjustments which could have a material adverse effect on our results of operations.

Our global operations are subject to increasingly complex environmental regulatory requirements.

We are subject to increasingly complex environmental regulations affecting international manufacturers, including those related to air and water emissions, waste management and climate change. Some environmental laws impose strict, retroactive and joint and several liability for the remediation of the release of hazardous substances, even for conduct that was lawful at the time it occurred, or for the conduct of or conditions caused by prior operators, predecessors or third parties. Failure to comply with environmental laws could expose us to penalties or clean-up costs, civil or criminal

liability and sanctions on certain of our activities, as well as damage to property or natural resources. These liabilities, sanctions, damages and remediation efforts related to any non-compliance with such laws and regulations could negatively impact our ability to conduct our operations and our financial condition and results of operations. In addition, there can be no assurances that we will not be adversely affected by costs, liabilities or claims with respect to existing or subsequently acquired operations or under present laws and regulations or those that may be adopted or imposed in the future.

Changes in environmental laws or regulations could result in higher expenses and payments, and uncertainty relating to environmental laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights. Changes in environmental and climate change laws or regulations, including laws relating to greenhouse gas emissions, could subject us to additional costs and restrictions, including increased energy and raw material costs. If environmental laws or regulations are either changed or adopted and impose significant operational restrictions and compliance requirements upon us or our products, they could negatively impact our business, capital expenditures, results of operations, financial condition and competitive position.

It is our policy to apply strict standards for environmental protection to all of our operations inside and outside of the United States, even when we are not subject to local government regulations. We may incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, liabilities resulting from third-party property damage or personal injury claims, or our products could be prohibited from entering certain jurisdictions, if we were to violate or become liable under environmental laws, if our products become non-compliant with environmental laws or if we were to undertake environmental protection actions voluntarily.

We also face increasing complexity in our products design and procurement operations as we adjust to new and future requirements relating to the design, production and labeling of our products that are sold worldwide in multiple jurisdictions. The ultimate costs under environmental laws and the timing of these costs are difficult to predict.

We may be exposed to certain regulatory and financial risks related to climate change.

A number of governments and agencies are contemplating the introduction of regulatory changes to address climate change, including regulating greenhouse gas emissions. Lincoln Electric may be subject to additional regulations or restrictions in jurisdictions where we operate, including charges to fund additional energy-efficient activities, assessments or fees, and operational restrictions such as reduced emission allowances. Compliance with climate change regulations and restrictions may result in additional costs, including increased production costs and taxes, which could adversely impact our financial position. In addition, climate change regulations and related operating restrictions may unfavorably affect our competitive position with companies who may not be subject to equivalent requirements in their jurisdictions. In addition, negative publicity or public perception of climate change issues associated with Lincoln Electric or our industry may cause reputational damage and financial harm to the Company.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Position
Christopher L. Mapes	60	Chairman of the Board effective December 21, 2013; President and Chief Executive Officer effective December 31, 2012; Chief Operating Officer from September 1, 2011 to December 31, 2012; Director since February 2010.
Gabriel Bruno	54	Executive Vice President, Chief Financial Officer and Treasurer since April 22, 2020; Executive Vice President, Finance from January 1, 2019 to April 22, 2020; Executive Vice President, Chief Human Resources Officer from July 1, 2016 to January 1, 2019; Executive Vice President, Chief Human Resources Officer and Chief Information Officer from February 18, 2016 to July 1, 2016; Executive Vice President, Chief Information Officer and Interim Chief Human Resources Officer from March 7, 2015 to February 18, 2016; Executive Vice President, Chief Information Officer from February 19, 2014 to March 7, 2015; Vice President, Chief Information Officer from May 1, 2012 to February 19, 2014; Vice President, Corporate Controller from 2005 to May 1, 2012.
Jennifer I. Ansberry	48	Executive Vice President, General Counsel and Secretary since April 20, 2017; Vice President, Deputy General Counsel from August 1, 2014 to April 20, 2017; Deputy General Counsel from 2004 to August 1, 2014.
Steven B. Hedlund	55	Executive Vice President and President, Americas and International Welding since October 21, 2020; Executive Vice President and President, International Welding from June 1, 2017 to October 21, 2020; Senior Vice President and President, Global Automation from January 22, 2015 to June 1, 2017; Senior Vice President, Strategy & Business Development from February 19, 2014 to January 22, 2015; Vice President, Strategy and Business Development from September 15, 2008 to February 19, 2014.
Michele R. Kuhrt	55	Executive Vice President, Chief Human Resources Officer since February 25, 2019; Executive Vice President, Chief Information Officer from July 1, 2016 to February 25, 2019; Senior Vice President, Tax from 2006 to July 1, 2016.
Geoffrey P. Allman	51	Senior Vice President, Strategy and Business Development since January 1, 2019; Senior Vice President, Corporate Controller from January 14, 2014 to January 1, 2019; Corporate Controller from July 1, 2012 to January 14, 2014; Director, Regional Finance North America from October 1, 2009 to July 1, 2012.
Michael J. Whitehead	48	Senior Vice President, President, Global Automation, Cutting and Additive Businesses since January 1, 2019; Senior Vice President, Strategy and Business Development from August 1, 2016 to January 1, 2019; President, Lincoln Canada from January 1, 2015 to August 1, 2016; Director, New Product Development, Consumables R&D from January 1, 2012 to January 1, 2015.
Greg Doria	45	Senior Vice President, President, Harris Products Group since October 1, 2021; Senior Vice President, Chief Operating Officer, Harris Products Group from April 21, 2021 to September 30, 2021; Vice President, Marketing from July 1, 2019 to April 20, 2021; Director, Global Industry Segments from March 1, 2017 to June 30, 2019; Regional Sales Manager, West Region from October 6, 2014 to February 28, 2017.

The Company has been advised that there is no arrangement or understanding among any one of the officers listed and any other persons pursuant to which he or she was elected as an officer. The executive officers are elected by the Board of Directors normally for a term of one year and/or until the election of their successors.

ITEM 2. PROPERTIES

The Company's corporate headquarters and principal United States manufacturing facilities are located in the Cleveland, Ohio area. Total Cleveland area property consists of 244 acres, of which present manufacturing facilities comprise an area of approximately 3,017,090 square feet.

The Company has 56 manufacturing facilities, including operations and joint ventures in 19 countries, the significant locations (grouped by operating segment) of which are as follows:

Americas Welding:

United States	Cleveland, Columbus, Coldwater and Fort Loramie, Ohio; Reno, Nevada; Ladson, South Carolina; Chattanooga, Tennessee; Detroit, Michigan; Fort Collins, Colorado; Bettendorf, Iowa; Churubusco, Indiana.
Brazil	Guarulhos.
Canada	Toronto; Mississauga; Hamilton; Montreal; Vankleek Hill.
Colombia	Bogota.
Mexico	Mexico City; Torreon.

International Welding:

Australia	Newcastle; Gladstone.
Austria	Scheifling.
China	Tangshan; Shanghai.
France	Grand-Quevilly; Partheny.
Germany	Essen; Eisenberg; Frankfurt.
India	Chennai.
Italy	Corsalone; Due Carrare; Verona.
Poland	Bielawa; Dzierzoniow.
Romania	Buzau.
Russia	Mtsensk.
Spain	Zaragoza.
Turkey	Istanbul.
United Kingdom	Sheffield, England; Port Talbot, Wales.

The Harris Products Group:

United States	Mason, Ohio; Gainesville, Georgia; Winston Salem, North Carolina; Gordonsville, Carthage, Tennessee; Florence, Alabama.
Brazil	Maua.
Mexico	Guadalupe.
Poland	Dzierzoniow.
Portugal	Albergaria-a-Velha.

All properties relating to the Company's Cleveland, Ohio headquarters and manufacturing facilities are owned by the Company. Most of the Company's foreign subsidiaries own manufacturing facilities in the country where they are located. The Company believes that its existing properties are in good condition and are suitable for the conduct of its business.

In addition, the Company maintains operating leases for some manufacturing facilities, distribution centers and sales offices throughout the world. Refer to Note 18 to the consolidated financial statements for information regarding the Company's lease commitments.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject, from time to time, to a variety of civil and administrative proceedings arising out of its normal operations, including, without limitation, product liability claims, regulatory claims and health, safety and environmental claims. Among such proceedings are the cases described below.

As of December 31, 2021, the Company was a co-defendant in cases alleging asbestos induced illness involving claims by approximately 2,709 plaintiffs, which is a net decrease of 59 claims from those previously reported. In each instance, the Company is one of a large number of defendants. The asbestos claimants seek compensatory and punitive damages, in most cases for unspecified sums. Since January 1, 1995, the Company has been a co-defendant in other similar cases that have been resolved as follows: 55,614 of those claims were dismissed, 23 were tried to defense verdicts, 7 were tried to plaintiff verdicts (which were reversed or resolved after appeal), 1 was resolved by agreement for an immaterial amount and 1,009 were decided in favor of the Company following summary judgment motions.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

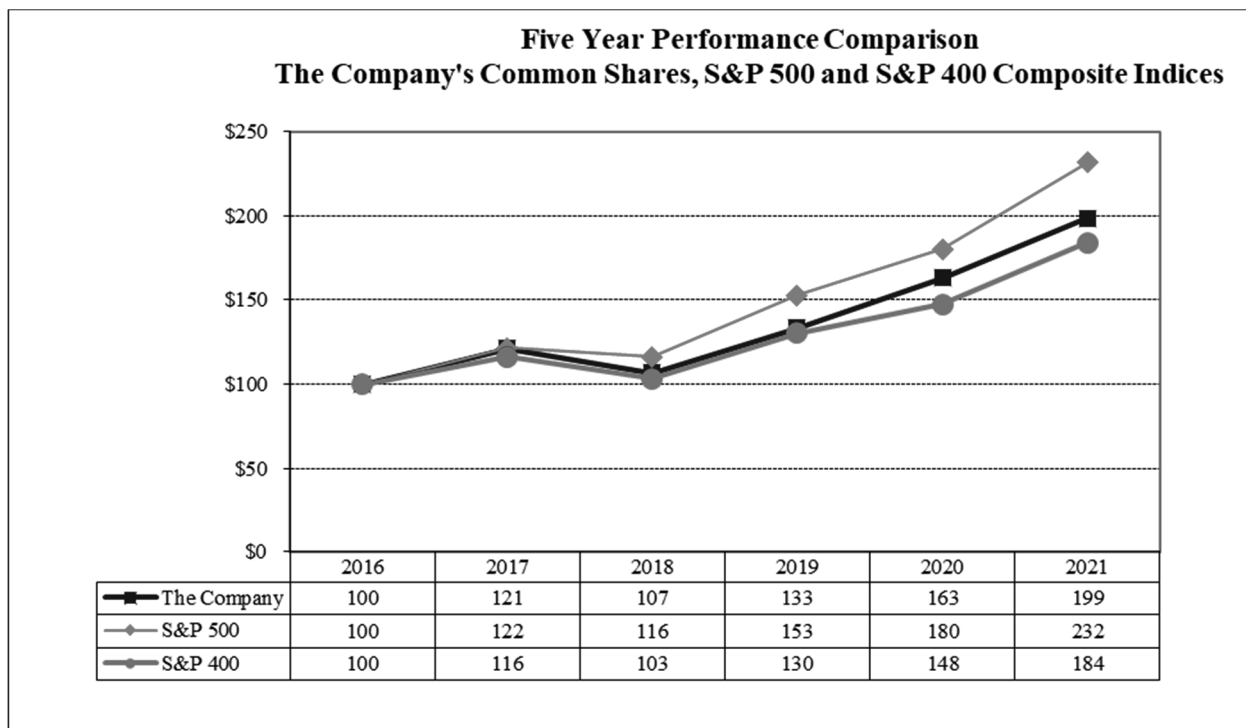
The Company's common shares are traded on The NASDAQ Global Select Market under the symbol "LECO." The number of record holders of common shares at December 31, 2021 was 2,193.

Issuer purchases of equity securities for the fourth quarter 2021 were:

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs ^{(2) (3)}
October 1 - 31, 2021	290,903 ⁽¹⁾	\$ 137.24	290,755	10,387,511
November 1 - 30, 2021	70,649 ⁽¹⁾	143.49	70,387	10,317,124
December 1 - 31, 2021	78,150 ⁽¹⁾	135.88	77,276	10,239,848
Total	439,702	138.00	438,418	

- (1) The above share repurchases include the surrender of the Company's common shares in connection with the vesting of restricted awards.
- (2) On April 20, 2016, the Company announced that the Board of Directors authorized a new share repurchase program, which increased the total number of the Company's common shares authorized to be repurchased to 55 million shares. Total shares purchased through the share repurchase program were 54.8 million shares at a cost of \$2.4 billion for a weighted average cost of \$44.52 per share through December 31, 2021.
- (3) On February 12, 2020, the Company's Board of Directors authorized a new share repurchase program for up to an additional 10 million of the Company's common shares.

The following line graph compares the yearly percentage change in the cumulative total shareholder return on the Company's common stock against the cumulative total return of the S&P Composite 500 Stock Index ("S&P 500") and the S&P 400 MidCap Index ("S&P 400") for the five-year calendar period commencing January 1, 2017 and ending December 31, 2021. This graph assumes that \$100 was invested on December 31, 2016 in each of the Company's common shares, the S&P 500 and the S&P 400. A peer-group index for the welding industry, in general, is not readily available because the industry is comprised of a large number of privately held competitors and competitors that are smaller parts of large publicly traded companies.



ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with the Company's consolidated financial statements and other financial information included elsewhere in this Annual Report on Form 10-K. This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in the forward-looking statements. See "Item 1A. Risk Factors" for more information regarding forward-looking statements.

General

The Company is the world's largest designer and manufacturer of arc welding and cutting products, manufacturing a broad line of arc welding equipment, consumable welding products and other welding and cutting products.

The Company is one of only a few worldwide broad-line manufacturers of welding, cutting and brazing products. The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding power sources, plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes and welding accessories and specialty welding consumables and fabrication. The Company's product offering also includes computer numeric controlled ("CNC") plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing.

The Company invests in the research and development of arc welding products in order to continue its market leading product offering. The Company continues to invest in technologies that improve the quality and productivity of welding products. In addition, the Company actively protects its innovations as research and development has progressed in both the United States and other major international jurisdictions. The Company believes its significant investment in research and development and its highly trained technical sales force coupled with its extensive distributor network provide a competitive advantage in the marketplace.

The Company's products are sold in both domestic and international markets. In the Americas, products are sold principally through industrial distributors, retailers and also directly to users of welding products. Outside of the Americas, the Company has an international sales organization comprised of Company employees and agents who sell products from the Company's various manufacturing sites to distributors and product users.

The Company's major end-user markets include:

- general fabrication,
- energy and process industries,
- heavy industries (heavy fabrication, ship building and maintenance and repair),
- automotive and transportation, and
- construction and infrastructure.

The Company has, through wholly-owned subsidiaries, manufacturing facilities located in the United States, Australia, Austria, Brazil, Canada, China, Colombia, France, Germany, India, Italy, Mexico, Poland, Portugal, Romania, Russia, Spain, Turkey and the United Kingdom.

The principal raw materials essential to the Company's business are steel, electronic components, engines, brass, copper, silver, aluminum alloys, robotic components and various chemicals, all of which are normally available for purchase in the open market.

The Company's facilities are subject to environmental regulations. To date, compliance with these environmental regulations has not had a material adverse effect on the Company's earnings. The Company is ISO 14001 certified at most significant manufacturing facilities in North America and Europe and is progressing towards certification at its remaining facilities worldwide. In addition, the Company is ISO 9001 certified at 41 facilities worldwide.

The Company ensures compliance and the continuous improvement of the environmental performance of its products and operations through its global Environmental, Health, Safety and Quality ("EHS&Q") systems. The Company's systems are guided by the Corporate EHS&Q Policy, global directives and corporate standards that establish consistent guidelines for the management, measurement and reporting of environmental, health and safety activities, as well as quality across the Company's global platform. The Company's products support our customers' sustainable operations through enhanced worker safety, reduced emissions, improved energy efficiency, reduced waste and regulatory compliance.

Key Indicators

Key economic measures relevant to the Company include industrial production trends, steel consumption, purchasing manager indices, capacity utilization within durable goods manufacturers and consumer confidence indicators. Key industries which provide a relative indication of demand drivers to the Company include steel, farm machinery and equipment, construction and transportation, fabricated metals, electrical equipment, ship and boat building, defense, truck manufacturing, energy and railroad equipment. Although these measures provide key information on trends relevant to the Company, the Company does not have available a more direct correlation of leading indicators which can provide a forward-looking view of demand levels in the markets which ultimately use the Company's welding products.

Key operating measures utilized by the operating units to manage the Company include orders, sales, inventory and fill-rates, all of which provide key indicators of business trends. These measures are reported on various cycles including daily, weekly and monthly depending on the needs established by operating management.

Key financial measures utilized by the Company's executive management and operating units in order to evaluate the results of its business and in understanding key variables impacting the current and future results of the Company include: sales; gross profit; selling, general and administrative expenses; operating income; earnings before interest and taxes; earnings before interest, taxes and bonus; net income; adjusted operating income; adjusted earnings before interest and income taxes; adjusted earnings before interest, taxes and bonus; adjusted net income; adjusted diluted earnings per share; operating cash flows; and capital expenditures, as well as applicable ratios such as return on invested capital and average operating working capital to sales. These measures are reviewed at monthly, quarterly and annual intervals and compared with historical periods, as well as objectives established by the Board of Directors of the Company.

The discussion that follows includes a comparison of our results of operations, liquidity and capital resources for fiscal years ended December 31, 2021 and 2020. For a comparison of the Company's results of operations, liquidity and capital resources for the fiscal years ended December 31, 2020 and 2019, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on February 19, 2021.

Results of Operations

The following table shows the Company's results of operations:

	Year Ended December 31,					
	2021		2020		Favorable (Unfavorable) 2021 vs. 2020	
	Amount	% of Sales	Amount	% of Sales	\$	%
Net sales	\$ 3,234,180		\$ 2,655,400		\$ 578,780	21.8 %
Cost of goods sold	2,165,575		1,784,059		(381,516)	(21.4)%
Gross profit	1,068,605	33.0 %	871,341	32.8 %	197,264	22.6 %
Selling, general & administrative expenses	597,109	18.5 %	543,802	20.5 %	(53,307)	(9.8)%
Rationalization and asset impairment charges	9,827	0.3 %	45,468	1.7 %	35,641	78.4 %
Operating income	461,669	14.3 %	282,071	10.6 %	179,598	63.7 %
Interest expense, net	22,214		21,973		(241)	(1.1)%
Other income (expense)	(114,457)		3,942		(118,399)	(3,003.5)%
Income before income taxes	324,998	10.0 %	264,040	9.9 %	60,958	23.1 %
Income taxes	48,418		57,896		9,478	16.4 %
Effective tax rate	14.9 %		21.9 %		7.0 %	
Net income including non-controlling interests	276,580		206,144		70,436	34.2 %
Non-controlling interests in subsidiaries' income	114		29		85	293.1 %
Net income	\$ 276,466	8.5 %	\$ 206,115	7.8 %	\$ 70,351	34.1 %
Diluted earnings per share	\$ 4.60		\$ 3.42		\$ 1.18	34.5 %

Net Sales:

The following table summarizes the impacts of volume, acquisitions, price and foreign currency exchange rates on Net sales for the twelve months ended December 31, 2021 on a consolidated basis:

	Net Sales 2020	Change in Net Sales due to:				Net Sales 2021
		Volume	Acquisitions	Price	Foreign Exchange	
Lincoln Electric Holdings, Inc.	\$ 2,655,400	\$ 260,400	\$ 49,426	\$ 251,883	\$ 17,071	\$ 3,234,180
% Change						
Lincoln Electric Holdings, Inc.		9.8 %	1.9 %	9.5 %	0.6 %	21.8 %

Net sales increased primarily as a result of higher demand reflecting recovery from the impacts of the COVID-19 pandemic and increased product pricing as a result of higher input costs. The increase in Net sales from acquisitions was driven by the acquisitions of Zeman within International Welding and FTP within The Harris Products Group. Refer to Note 4 to the consolidated financial statements for details.

Gross Profit:

Gross profit for 2021 increased, as a percent of sales, compared to the prior year primarily due to higher volumes and pricing actions which offset higher input costs and the benefit of cost reduction actions. Last-in, first-out ("LIFO") charges were \$38,595 in the twelve months ended December 31, 2021 as compared with charges of \$288 in the prior year.

Selling, General & Administrative ("SG&A") Expenses:

The increase in SG&A expense in 2021 as compared to 2020 was primarily due to higher employee costs, partially offset by cost reduction actions.

Rationalization and Asset Impairment Charges:

In 2021, the Company recorded \$9,827 (\$9,545 after-tax) in charges primarily related to employee severance and gains or losses on the disposal of assets.

In 2020, the Company recorded \$45,468 (\$36,904 after-tax) in charges primarily related to employee severance, non-cash asset impairments of long-lived assets and gains or losses on the disposal of assets.

Refer to Note 7 to the consolidated financial statements for additional details.

Other Income (Expense):

The decrease in 2021 as compared to 2020 was due to non-cash pension settlement charges of \$126,502 (\$80,018 after-tax) in 2021 related to the termination of a pension plan. Refer to Note 12 to the consolidated financial statements for details.

Income Taxes:

The 2021 effective tax rate was lower than 2020 primarily due to the impact of a pension plan termination and utilization of certain loss carryforwards previously subject to valuation allowances in the current year offset by the impact of lower income tax benefits for the settlement of tax items recorded in the prior year.

Segment Results

Net Sales:

The table below summarizes the impacts of volume, acquisitions, price and foreign currency exchange rates on Net sales for the twelve months ended December 31, 2021:

	Net Sales 2020	Change in Net Sales due to:				Net Sales 2021
		Volume ⁽¹⁾	Acquisitions ⁽²⁾	Price ⁽³⁾	Foreign Exchange	
Operating Segments						
Americas Welding	\$ 1,509,870	\$ 164,595	\$ —	\$ 136,967	\$ 13,049	\$ 1,824,481
International Welding	786,809	62,033	24,473	70,457	4,353	948,125
The Harris Products Group	358,721	33,772	24,953	44,459	(331)	461,574
% Change						
Americas Welding		10.9 %	—	9.1 %	0.9 %	20.8 %
International Welding		7.9 %	3.1 %	9.0 %	0.6 %	20.5 %
The Harris Products Group		9.4 %	7.0 %	12.4 %	(0.1)%	28.7 %

(1) Increase for all segments due to higher demand reflecting recovery from the impacts of the COVID-19 pandemic.

(2) Increase due to the acquisition of Zeman within International Welding and FTP within The Harris Products Group. Refer to Note 4 to the consolidated financial statements for details.

- (3) Increase for Americas Welding and International Welding due to price actions taken in response to higher input costs in 2021 compared to 2020. Increase for The Harris Products Group due to price actions taken in response to higher commodity costs.

Adjusted Earnings Before Interest and Income Taxes (“Adjusted EBIT”):

Segment performance is measured and resources are allocated based on a number of factors, the primary measure being the Adjusted EBIT profit measure. EBIT is defined as Operating income plus Equity earnings in affiliates and Other income. EBIT is adjusted for special items as determined by management such as the impact of rationalization activities, certain asset impairment charges and gains or losses on disposals of assets.

The following table presents Adjusted EBIT by segment:

	Year Ended December 31,		Favorable (Unfavorable) 2021 vs. 2020	
	2021	2020	\$	%
<i>Americas Welding:</i>				
Net sales	\$ 1,824,481	\$ 1,509,870	\$ 314,611	20.8 %
Inter-segment sales	140,650	109,378	31,272	28.6 %
Total Sales	\$ 1,965,131	\$ 1,619,248	\$ 345,883	21.4 %
Adjusted EBIT ⁽³⁾	\$ 329,016	\$ 245,728	\$ 83,288	33.9 %
As a percent of total sales ⁽¹⁾	16.7 %	15.2 %		1.5 %
<i>International Welding:</i>				
Net sales	\$ 948,125	\$ 786,809	\$ 161,316	20.5 %
Inter-segment sales	26,331	18,494	7,837	42.4 %
Total Sales	\$ 974,456	\$ 805,303	\$ 169,153	21.0 %
Adjusted EBIT ⁽⁴⁾	\$ 106,208	\$ 44,979	\$ 61,229	136.1 %
As a percent of total sales ⁽¹⁾	10.9 %	5.6 %		5.3 %
<i>The Harris Products Group:</i>				
Net sales	\$ 461,574	\$ 358,721	\$ 102,853	28.7 %
Inter-segment sales	8,096	7,034	1,062	15.1 %
Total Sales	\$ 469,670	\$ 365,755	\$ 103,915	28.4 %
Adjusted EBIT ⁽⁵⁾	\$ 68,447	\$ 55,154	\$ 13,293	24.1 %
As a percent of total sales ⁽²⁾	14.6 %	15.1 %		(0.5)%
<i>Corporate / Eliminations:</i>				
Inter-segment sales	\$ (175,077)	\$ (134,906)	\$ (40,171)	(29.8)%
Adjusted EBIT ⁽⁶⁾	(12,403)	(5,455)	(6,948)	(127.4)%
<i>Consolidated:</i>				
Net sales	\$ 3,234,180	\$ 2,655,400	\$ 578,780	21.8 %
Net income	\$ 276,466	\$ 206,115	\$ 70,351	34.1 %
As a percent of total sales	8.5 %	7.8 %		0.7 %
Adjusted EBIT ⁽⁷⁾	\$ 491,268	\$ 340,406	\$ 150,862	44.3 %
As a percent of sales	15.2 %	12.8 %		2.4 %

- (1) 2021 increase as compared to 2020 primarily driven by higher volumes and pricing actions, which offset higher input costs, and cost reduction actions.
- (2) 2021 decrease as compared to 2020 driven by higher input costs, product mix and acquisitions.

- (3) 2021 excludes non-cash pension settlement charges of \$123,091 as discussed in Note 12 to the consolidated financial statements.

2020 excludes Rationalization and asset impairment charges of \$26,870 as discussed in Note 7 to the consolidated financial statements and non-cash pension settlement charges of \$8,119.

- (4) 2021 excludes Rationalization and asset impairment charges of \$9,804 related to severance and gains or losses on the disposal of assets as discussed in Note 7 to the consolidated financial statements, the amortization of step up in value of acquired inventories of \$4,984 related to an acquisition, and pension settlement charges of \$446.

2020 excludes Rationalization and asset impairment charges of \$18,598 related to severance, asset impairments and gains or losses on the disposal of assets as discussed in Note 7 to the consolidated financial statements and the amortization of step up in value of acquired inventories of \$806 related to an acquisition.

- (5) 2021 excludes the amortization of step up in value of acquired inventories of \$820 related to an acquisition and non-cash pension settlement charges of \$2,965 as discussed in Note 12 to the consolidated financial statements.

- (6) 2021 excludes acquisition transaction and integration costs of \$1,923 related to the acquisitions as discussed in Note 4 to the consolidated financial statements.

- (7) See non-GAAP Financial Measures for a reconciliation of Net income as reported and Adjusted EBIT.

Non-GAAP Financial Measures

The Company reviews Adjusted operating income, Adjusted EBIT, Adjusted net income, Adjusted effective tax rate, Adjusted diluted earnings per share and Return on invested capital, all non-GAAP financial measures, in assessing and evaluating the Company's underlying operating performance. These non-GAAP financial measures exclude the impact of special items on the Company's reported financial results. Non-GAAP financial measures should be read in conjunction with the generally accepted accounting principles in the United States ("GAAP") financial measures, as non-GAAP measures are a supplement to, and not a replacement for, GAAP financial measures. From time to time, management evaluates and discloses to investors the following non-GAAP measures: Free cash flow ("FCF"), defined as Net cash provided by operating activities less Capital expenditures (the Company considers FCF to be a liquidity measure that provides useful information to management and investors about how the amount of cash generated by our business, after the purchase of property and equipment, can be used for debt service, acquisitions, paying dividends and repurchasing our common shares); Cash conversion, defined as FCF divided by Adjusted net income; Organic sales, defined as sales excluding the effects of foreign currency and acquisitions.

The following table presents a reconciliation of Operating income as reported to Adjusted operating income:

	<u>Year Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating income as reported	\$ 461,669	\$ 282,071
Special items (pre-tax):		
Rationalization and asset impairment charges ⁽¹⁾	9,827	45,468
Acquisition transaction costs ⁽²⁾	1,923	—
Amortization of step up in value of acquired inventories ⁽³⁾	5,804	806
Adjusted operating income	<u>\$ 479,223</u>	<u>\$ 328,345</u>

- (1) Charges primarily consist of employee severance, gains or losses on the disposal of assets and non-cash asset impairment charges.
- (2) Acquisition-related costs included in Selling, general & administrative expenses related to the acquisitions as discussed in Note 4 to the consolidated financial statements.

- (3) Charges represent the step up in value of acquired inventories related to acquisitions and are included in Cost of goods sold.

The following table presents the reconciliations of Net income as reported to Adjusted net income and Adjusted EBIT, Effective tax rate as reported to Adjusted effective tax rate and Diluted earnings per share as reported to Adjusted diluted earnings per share:

	Year Ended December 31,	
	2021	2020
Net income as reported	\$ 276,466	\$ 206,115
Special items:		
Rationalization and asset impairment charges ⁽¹⁾	9,827	45,468
Acquisition transaction costs ⁽²⁾	1,923	—
Pension settlement charges ⁽³⁾	126,502	8,119
Amortization of step up in value of acquired inventories ⁽⁴⁾	5,804	806
Tax effect of Special items ⁽⁵⁾	(47,188)	(10,594)
Adjusted net income	\$ 373,334	\$ 249,914
Non-controlling interests in subsidiaries' earnings (loss)	114	29
Interest expense, net	22,214	21,973
Income taxes as reported	48,418	57,896
Tax effect of Special items ⁽⁵⁾	47,188	10,594
Adjusted EBIT	\$ 491,268	\$ 340,406
Effective tax rate as reported	14.9 %	21.9 %
Net special item tax impact	5.5 %	(0.4)%
Adjusted effective tax rate	20.4 %	21.5 %
Diluted earnings per share as reported	\$ 4.60	\$ 3.42
Special items per share	1.62	0.73
Adjusted diluted earnings per share	\$ 6.22	\$ 4.15

- (1) Charges consist of employee severance, gains or losses on the disposal of assets and other related costs, non-cash goodwill impairment charges and non-cash asset impairment charges.
- (2) Acquisition-related costs related to the acquisitions of Zeman and FTP.
- (3) Charges related to lump sum pension payments and the purchase of a group annuity contract as discussed in Note 12 to the consolidated financial statements.
- (4) Charges represent the step up in value of acquired inventories related to acquisitions and are included in Cost of goods sold.
- (5) Includes the net tax impact of Special items recorded during the respective periods.

The tax effect of Special items impacting pre-tax income was calculated as the pre-tax amount multiplied by the applicable tax rate. The applicable tax rates reflect the taxable jurisdiction and nature of each Special item.

Liquidity and Capital Resources

The Company's cash flow from operations can be cyclical. Operational cash flow is a key driver of liquidity. In assessing liquidity, the Company reviews working capital measurements to define areas for improvement. Management anticipates the Company will be able to satisfy cash requirements for its ongoing businesses for the foreseeable future primarily with cash generated by operations, existing cash balances, borrowings under its existing credit facilities and raising debt in capital markets.

The Company continues to expand globally and periodically looks at transactions that would involve significant investments. The Company can fund its global expansion plans with operational cash flow, but a significant acquisition may require access to capital markets, in particular, the long-term debt market, as well as the syndicated bank loan market. The Company's financing strategy is to fund itself at the lowest after-tax cost of funding. Where possible, the Company utilizes operational cash flows and raises capital in the most efficient market, usually the United States, and then lends funds to the specific subsidiary that requires funding. If additional acquisitions providing appropriate financial benefits become available, additional expenditures may be made.

The following table reflects changes in key cash flow measures:

	Year Ended December 31,		
	2021	2020	\$ Change
Cash provided by operating activities ⁽¹⁾	\$ 365,063	\$ 351,362	\$ 13,701
Cash used by investing activities ⁽²⁾	(205,356)	(49,213)	(156,143)
Capital expenditures	(62,531)	(59,201)	(3,330)
Acquisition of businesses, net of cash acquired	(156,106)	—	(156,106)
Cash used by financing activities ⁽³⁾	(221,940)	(246,141)	24,201
Proceeds from (payments on) short-term borrowings, net	45,968	(31,760)	77,728
Purchase of shares for treasury	(164,526)	(113,455)	(51,071)
Cash dividends paid to shareholders	(121,851)	(118,118)	(3,733)
(Decrease) increase in Cash and cash equivalents ⁽⁴⁾	(64,321)	57,716	(122,037)

- (1) Cash provided by operating activities increased for the twelve months ended December 31, 2021 compared with the twelve months ended December 31, 2020 primarily due to higher company earnings.
- (2) Cash used by investing activities increased for the twelve months ended December 31, 2021 compared with the twelve months ended December 31, 2020 due to cash used in the acquisition of businesses in 2021. The Company currently anticipates capital expenditures of \$70,000 to \$80,000 in 2022. Anticipated capital expenditures include investments for capital maintenance to improve operational effectiveness. Management critically evaluates all proposed capital expenditures and expects each project to increase efficiency, reduce costs, promote business growth or improve the overall safety and environmental conditions of the Company's facilities.
- (3) Cash used by financing activities decreased in the twelve months ended December 31, 2021 compared with the twelve months ended December 31, 2020 due to higher short-term borrowings in 2021 partially offset by an increase in the purchase of shares for treasury.
- (4) Cash and cash equivalents decreased 25.0%, or \$64,321, to \$192,958 during the twelve months ended December 31, 2021, from \$257,279 as of December 31, 2020. The decrease was predominantly due to an increase in cash used in the purchase of common shares for treasury, dividends paid to shareholders and for the acquisition of businesses in 2021, partially offset by cash provided by operating activities.

The Company paid \$121,851 and \$118,118 in cash dividends to its shareholders in the twelve months ended December 31, 2021 and 2020, respectively. In January 2022, the Company paid a cash dividend of \$0.56 per share, or \$32,920, to shareholders of record on December 31, 2021, which reflects a 9.8% increase in the Company's dividend payout rate.

Working Capital Ratios

	2021	2020
Average operating working capital to Net sales ⁽¹⁾⁽²⁾	16.3 %	17.4 %
Days sales in Inventories ⁽²⁾	121.0	104.7
Days sales in Accounts receivable	50.3	53.5
Average days in Trade accounts payable	59.8	56.5

- (1) Average operating working capital to Net sales is defined as the sum of Accounts receivable, Inventories and contract assets less Trade accounts payable and contract liabilities as of period end divided by annualized rolling three months of Net sales.
- (2) In order to minimize potential supply chain disruptions in serving customers due to the continued impacts of the COVID-19 pandemic, the Company increased inventories relative to expected Net sales resulting in higher Days sales in Inventories.

Rationalization and Asset Impairments

Refer to Note 7 to the consolidated financial statements for a discussion of the Company's rationalization plans. The Company believes the rationalization actions will positively impact future results of operations and will not have a material effect on liquidity and sources and uses of capital.

Acquisitions

Refer to Note 4 to the consolidated financial statements for a discussion of the Company's recent acquisitions.

Debt

At December 31, 2021 and 2020, the fair value of long-term debt, including the current portion, was approximately \$776,655 and \$793,591, respectively, which was determined using available market information and methodologies requiring judgment. The carrying value of this debt at such dates was \$717,855 and \$715,567, respectively. Since judgment is required in interpreting market information, the fair value of the debt is not necessarily the amount which could be realized in a current market exchange.

Senior Unsecured Notes

On April 1, 2015 and October 20, 2016, the Company entered into separate Note Purchase Agreements pursuant to which it issued senior unsecured notes (the "Notes") through a private placement. The Notes each have an aggregate principal amount of \$350,000. Interest on the Notes are payable semi-annually. The proceeds of the Notes were used for general corporate purposes. The Notes contain certain affirmative and negative covenants. As of December 31, 2021, the Company was in compliance with all of its debt covenants relating to the Notes.

The Company's total weighted average effective interest rate and remaining weighted average term, inclusive of the 2015 Notes and 2016 Notes, is 3.3% and 12.4 years, respectively.

Revolving Credit Agreements

On April 23, 2021, the Company amended and restated the agreement governing its line of credit by entering into the Second Amended and Restated Credit Agreement ("Credit Agreement"). The Credit Agreement has a line of credit totaling \$500,000, has a term of 5 years with a maturity date of April 23, 2026 and may be increased, subject to certain conditions including the consent of its lenders, by an additional amount up to \$150,000. The interest rate on borrowings is based on LIBOR plus a spread based on the Company's net leverage ratio. The Credit Agreement contains customary representations and warranties, as well as customary affirmative, negative and financial covenants for credit facilities of this type (subject to negotiated baskets and exceptions), including limitations on the Company and its subsidiaries with respect to liens, investments, distributions, mergers and acquisitions, dispositions of assets and transactions with affiliates. As of December 31, 2021, the Company was in compliance with all of its covenants and had \$40,000 of outstanding borrowings under the Credit Agreement.

The Company has other lines of credit totaling \$91,309. As of December 31, 2021, the Company was in compliance with all of its covenants and had \$11,964 outstanding at December 31, 2021.

Shelf Agreements

On November 27, 2018, the Company entered into seven uncommitted master note facilities (the "Shelf Agreements") that allow borrowings up to \$700,000 in the aggregate. The Shelf Agreements have a five-year term and the average life of borrowings cannot exceed 15 years. The Company is required to comply with covenants similar to those contained in the 2015 Notes and 2016 Notes. As of December 31, 2021, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Shelf Agreements.

Return on Invested Capital

The Company reviews return on invested capital ("ROIC") in assessing and evaluating the Company's underlying operating performance. ROIC is a non-GAAP financial measure that the Company believes is a meaningful metric to investors in evaluating the Company's financial performance and may be different than the method used by other companies to calculate ROIC. ROIC is defined as rolling 12 months of Adjusted net income excluding tax-effected interest income and expense divided by invested capital. Invested capital is defined as total debt, which includes Amounts due banks, Current portion of long-term debt and Long-term debt, less current portions, plus Total equity.

ROIC as of December 31, were as follows:

Return on Invested Capital	2021	2020
Adjusted net income ⁽¹⁾	\$ 373,334	\$ 249,914
Plus: Interest expense (after-tax)	17,794	17,933
Less: Interest income (after-tax)	1,172	1,486
Net operating profit after taxes	389,956	266,361
Invested capital	1,633,728	1,508,440
Return on invested capital	23.9 %	17.7 %

(1) See "Non-GAAP Financial Measures" section for a tabular reconciliation of Net income to Adjusted net income.

Contractual and Other Obligations

The Company's cash requirements for contractual and other obligations as of December 31, 2021 are as follows:

	Payments Due By Period				
	Total	2022	2023 to 2024	2025 to 2026	2027 and Beyond
Long-term debt, including current portion (Note 9)	\$ 713,629	\$ 766	\$ 11,497	100,455	600,911
Interest on long-term debt (Note 9)	304,949	23,289	46,347	43,120	192,193
Amounts due banks (Note 9)	51,964	51,964	—	—	—
Operating leases (Note 18)	55,805	11,415	17,880	9,159	17,351
Purchase commitments ⁽¹⁾	128,368	127,137	1,202	17	12
Transition Tax ⁽²⁾ (Note 14)	14,483	—	5,032	9,451	—
Total	\$ 1,269,198	\$ 214,571	\$ 81,958	\$ 162,202	\$ 810,467

(1) Purchase commitments include contractual obligations for raw materials and services.

(2) Federal income taxes on the Company's transition tax pursuant to the U.S. Tax Act is payable over eight years. Amounts reflect the utilization of 2017 overpayments and foreign tax credits.

As of December 31, 2021, there were \$17,541 of tax liabilities related to unrecognized tax benefits and a \$41,612 liability for deferred compensation. Because of the high degree of uncertainty regarding the timing of future cash outflows associated with these liabilities, the Company is unable to estimate the years in which settlement will occur.

Stock-Based Compensation

On April 23, 2015, the shareholders of the Company approved the 2015 Equity and Incentive Compensation Plan ("Employee Plan"). The Employee Plan provides for the granting of options, appreciation rights, restricted shares, restricted stock units and performance-based awards up to an additional 5,400,000 of the Company's common shares. In addition, on April 23, 2015, the shareholders of the Company approved the 2015 Stock Plan for Non-Employee Directors ("2015 Director Plan"). The 2015 Director Plan provides for the granting of options, restricted shares and restricted stock units up to an additional 300,000 of the Company's common shares. At December 31, 2021, there were 1,949,554 common shares available for future grant under all plans.

Under these plans, options, restricted shares and restricted stock units granted were 313,547 in 2021 and 407,525 in 2020. The Company issued common shares from treasury upon all exercises of stock options, vesting of restricted stock units and the granting of restricted stock awards in 2021 and 2020.

Total stock-based compensation expense recognized in the Consolidated Statements of Income for 2021 and 2020 was \$23,787 and \$15,388, respectively, with a related tax benefit of \$5,988 and \$3,874, respectively. As of December 31, 2021, total unrecognized stock-based compensation expense related to non-vested stock options and restricted stock units was \$19,723, which is expected to be recognized over a weighted average period of approximately 1.8 years.

The aggregate intrinsic value of options outstanding and exercisable, which would have been received by the optionees, had all awards been exercised at December 31, 2021 was \$56,814 and \$44,009, respectively. The total intrinsic value of awards exercised during 2021 and 2020 was \$20,442 and \$13,269, respectively.

Product Liability Costs

Product liability costs incurred can be volatile and are largely related to trial activity. The costs associated with these claims are predominantly defense costs which are recognized in the periods incurred.

The long-term impact of product liability contingencies, in the aggregate, on operating results, operating cash flows and access to capital markets is difficult to assess, particularly since claims are in many different stages of development and the Company benefits significantly from cost sharing with co-defendants and insurance carriers. Moreover, the Company has been largely successful to date in its defense of these claims.

Off-Balance Sheet Arrangements

The Company utilizes letters of credit to back certain payment and performance obligations. Letters of credit are subject to limits based on amounts outstanding under the Company's Credit Agreement.

New Accounting Pronouncements

Refer to Note 1 to the consolidated financial statements for a discussion of new accounting pronouncements.

Critical Accounting Policies and Estimates

The Company's consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make estimates and assumptions. These estimates and assumptions are reviewed periodically by management and compared to historical trends to determine the accuracy of estimates and assumptions used. If warranted, these estimates and assumptions may be changed as current trends are assessed and updated. Historically, the Company's estimates have been determined to be reasonable. No material changes to the Company's accounting policies were made during 2021. The Company believes the following accounting policies are some of the more critical judgment areas affecting its financial condition and results of operations.

Legal and Tax Contingencies

The Company, like other manufacturers, is subject from time to time to a variety of civil and administrative proceedings arising in the ordinary course of business. Such claims and litigation include, without limitation, product liability claims, administrative claims, regulatory claims and health, safety and environmental claims, some of which relate to cases alleging asbestos induced illnesses. The costs associated with these claims are predominantly defense costs, which are recognized in the periods incurred. Insurance reimbursements mitigate these costs and, where reimbursements are probable, they are recognized in the applicable period. With respect to costs other than defense costs (i.e., for liability and/or settlement or other resolution), reserves are recorded when it is probable that the contingencies will have an unfavorable outcome. The Company accrues its best estimate of the probable costs after a review of the facts with management and counsel and taking into account past experience. If an unfavorable outcome is determined to be reasonably possible but not probable, or if the amount of loss cannot be reasonably estimated, disclosure would be provided for material claims or litigation. Many of the current cases are in differing procedural stages and information on the circumstances of each claimant, which forms the basis for judgments as to the validity or ultimate disposition of such actions, varies greatly. Therefore, in many situations a range of possible losses cannot be made. Reserves are adjusted as facts and circumstances change and related management assessments of the underlying merits and the likelihood of outcomes change. Moreover, reserves only cover identified and/or asserted claims. Future claims could, therefore, give rise to increases to such reserves.

The Company is subject to taxation from U.S. federal, state, municipal and international jurisdictions. The calculation of current income tax expense is based on the best information available and involves significant management judgment. The actual income tax liability for each jurisdiction in any year can in some instances be ultimately determined several years after the financial statements are published.

The Company maintains liabilities for unrecognized tax benefits related to uncertain income tax positions in various jurisdictions. The Company uses judgment in determining whether the technical merits of tax positions are more-likely-than-not to be sustained. Judgment is also used in measuring the related amount of tax benefit that qualifies for recognition, including the interpretation of applicable tax law, regulation and tax ruling.

Liabilities are settled primarily through the completion of audits within each individual tax jurisdiction or the closing of a statute of limitation. Liabilities can be affected by changes in applicable tax law, regulations, tax rulings or such other factors, which may cause management to believe a revision of past estimates is appropriate. Management believes that an appropriate liability has been established for uncertain income tax positions; however, actual results may materially differ from these estimates. Refer to Note 14 to the consolidated financial statements for further discussion of uncertain income tax positions.

Deferred Income Taxes

Deferred income taxes are recognized at currently enacted tax rates for temporary differences between the GAAP and income tax basis of assets and liabilities and operating loss and tax credit carry-forwards. The Company repatriates earnings for certain non-U.S. subsidiaries, which are subject to foreign withholding taxes. The Company considers remaining earnings in all other non-U.S. subsidiaries to be indefinitely reinvested and has not recorded any deferred taxes as such estimate is not practicable.

At December 31, 2021, the Company had approximately \$105,209 of gross deferred tax assets related to deductible temporary differences and tax loss and credit carry-forwards, which may reduce taxable income in future years. In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized. The Company considers the scheduled reversal of deferred tax liabilities, tax planning strategies and projected future taxable income in making this assessment. At December 31, 2021, a valuation allowance of \$55,619 was recorded against certain deferred tax assets based on this assessment. The Company believes it is more-likely-than-not that the tax benefit of the remaining net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable could be increased or reduced in the future if the Company's assessment of future taxable income or tax planning strategies changes.

Pensions

The Company maintains a number of defined benefit ("Pension") and defined contribution plans to provide retirement benefits for employees. These plans are maintained and contributions are made in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA"), local statutory law or as determined by the Board of Directors. The plans generally provide benefits based upon years of service and compensation. Pension plans are funded except for a domestic non-qualified pension plan for certain key employees and certain foreign plans.

A significant element in determining the Company's pension expense is the discount rate for plan liabilities. To develop the discount rate assumption, the Company refers to the yield derived from matching projected pension payments with maturities of a portfolio of available non-callable bonds rated AA or an equivalent quality. The Company determined this rate to be 1.8% at December 31, 2021 and 2.0% at December 31, 2020. A 10 basis point change in the discount rate would not have a significant impact to pension expense.

The Company's defined benefit plan expense was \$124,929 and \$4,871 in 2021 and 2020, respectively. Pension expense includes \$126,013 and \$8,355 in settlement charges in 2021 and 2020, respectively. The Company's defined contribution plan expense was \$26,281 and \$22,593 in 2021 and 2020, respectively. The Company expects total 2022 expense related to retirement plans to increase by a range of approximately \$1,500 to \$2,500, excluding settlement charges. Refer to Note 12 to the consolidated financial statements for additional information.

The Accumulated other comprehensive loss, excluding tax effects, recognized on the Consolidated Balance Sheet was \$16,173 as of December 31, 2021 and \$137,926 as of December 31, 2020. The decrease is primarily the result of a pension plan termination described below.

In March 2020, the Company approved an amendment to terminate the Lincoln Electric Company Retirement Annuity Program ("RAP") plan effective as of December 31, 2020. The Company provided notice to participants of the intent to terminate the plan and applied and received a determination letter. During 2021, pension obligations were distributed through a combination of lump sum payments to eligible plan participants and through the purchase of a group annuity contract in October 2021. The lump sum payments and annuity purchase resulted in pre-tax settlement charges of \$126,056 in the twelve months ended December 31, 2021. The remaining surplus assets of \$68,458 at December 31, 2021 were transferred to a suspense account in January 2022 and will be used to fund employer matching contributions in a qualified employee savings plan. The surplus assets are recorded in Other current assets and Other assets in the Company's Consolidated Balance Sheets.

Inventories

Inventories are valued at the lower of cost or net realizable value. Fixed manufacturing overhead costs are allocated to inventory based on normal production capacity and abnormal manufacturing costs are recognized as period costs. Cost for a substantial portion of U.S. inventories is determined on a LIFO basis. LIFO was used for 36% and 35% of total inventories at December 31, 2021 and 2020, respectively. Cost of other inventories is determined by costing methods that approximate a FIFO basis. The valuation of LIFO inventories is made at the end of each year based on inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs. Actual year-end inventory levels and costs may differ from interim LIFO inventory valuations. The excess of current cost over LIFO cost was \$114,176 at December 31, 2021 and \$75,581 at December 31, 2020.

The Company reviews the net realizable value of inventory on an on-going basis with consideration given to deterioration, obsolescence and other factors. If actual market conditions differ from those projected by management, and the Company's estimates prove to be inaccurate, write-downs of inventory values and adjustments to Cost of goods sold may be required. Historically, the Company's reserves have approximated actual experience.

Accounts Receivable

The Company maintains an allowance for doubtful accounts for estimated losses from the failure of its customers to make required payments for products delivered. The Company estimates this allowance based on the age of the related receivable, knowledge of the financial condition of customers, review of historical receivables and reserve trends and other pertinent information. If the financial condition of customers deteriorates or an unfavorable trend in receivable collections is experienced in the future, additional allowances may be required. Historically, the Company's reserves have approximated actual experience.

Long-Lived Assets

The Company periodically evaluates whether current facts or circumstances indicate that the carrying value of its depreciable long-lived assets, including leases and intangible assets that do not have indefinite lives, to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, a loss is recognized to the extent that carrying value exceeds fair value. Fair value is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows.

Goodwill and Intangibles

The Company performs an annual impairment test of goodwill and indefinite-lived intangible assets in the fourth quarter using the same date each year or more frequently if changes in circumstances or the occurrence of events indicate potential impairment.

The fair value of each indefinite-lived intangible asset is compared to its carrying value and an impairment charge is recorded if the carrying value exceeds the fair value. For goodwill, the Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform the quantitative goodwill impairment test. The quantitative test is required only if the Company concludes that it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount. For quantitative testing, the Company compares the fair value of each reporting unit with its carrying amount. If the carrying amount exceeds the fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Fair values are determined using established business valuation techniques and models developed by the Company, estimates of market participant assumptions of future cash flows, future growth rates and discount rates to value estimated cash flows. Changes in economic and operating conditions, actual growth below the assumed market participant assumptions or an increase in the discount rate could result in an impairment charge in a future period.

Acquisitions

Upon acquisition of a business, the Company uses the income, market or cost approach (or a combination thereof) for the valuation as appropriate. The valuation inputs in these models and analyses are based on market participant assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability.

Fair value estimates are based on a series of judgments about future events and uncertainties and rely on estimates and assumptions. Management values property, plant and equipment using the cost approach supported where available by observable market data, which includes consideration of obsolescence. Management values acquired intangible assets using the relief from royalty method or excess earnings method, forms of the income approach supported by observable market data for peer companies. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates,

customer attrition rates and royalty rates). Acquired inventories are marked to fair value. For certain items, the carrying value is determined to be a reasonable approximation of fair value based on information available to the Company. Refer to Note 4 to the consolidated financial statements for additional details.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract are satisfied and control is transferred to the customer. Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for goods or services. Substantially all of the Company's sales arrangements are short-term in nature involving a single performance obligation. The Company recognizes revenue when the performance obligation is satisfied and control of the product is transferred to the customer based upon shipping terms. In addition, certain customized automation performance obligations are accounted for over time. Under this method, revenue recognition is primarily based upon the ratio of costs incurred to date compared with estimated total costs to complete. The cumulative impact of revisions to total estimated costs is reflected in the period of the change, including anticipated losses. Less than 10% of the Company's Net sales are recognized over time.

The Company recognizes any discounts, credits, returns, rebates and incentive programs based on reasonable estimates as a reduction of sales to arrive at Net sales at the same time the related revenue is recorded. Taxes collected by the Company, including sales tax and value added tax, are excluded from Net sales. The Company recognizes freight billed as a component of Net sales and shipping costs as a component of Cost of goods sold when control transfers to the customer. Sales commissions are expensed when incurred because the amortization period is generally one year or less. These costs are recorded within Selling, general and administrative expenses in the Company's Consolidated Statements of Income.

Refer to Note 2 to the consolidated financial statements for additional details.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary financial market risks include fluctuations in currency exchange rates, commodity prices and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not enter into derivatives or other financial instruments for trading or speculative purposes.

Included below is a sensitivity analysis based upon a hypothetical 10% weakening or strengthening in the U.S. dollar compared to foreign currency exchange rates at December 31, 2021, a 10% change in pricing of commodity contracts and a 100 basis point increase in effective interest rates at December 31, 2021. The derivative, borrowing and investment arrangements in effect at December 31, 2021 were compared to the hypothetical foreign exchange or interest rates in the sensitivity analysis to determine the effect on the Company's current period consolidated financial statements.

Foreign Currency Exchange Risk

The Company enters into forward foreign exchange contracts principally to hedge the currency fluctuations in transactions denominated in foreign currencies, thereby limiting the Company's risk that would otherwise result from changes in exchange rates.

At December 31, 2021, the Company hedged certain third-party and intercompany purchases and sales. The gross notional dollar amount of these foreign exchange contracts at December 31, 2021 was \$72,630. At December 31, 2021, a hypothetical 10% strengthening or weakening in the U.S. dollar would have changed Accumulated other comprehensive income (loss) by \$669.

The Company enters into forward foreign exchange contracts to hedge transaction exposures or significant cross-border intercompany loans by either purchasing or selling specified amounts of foreign currency at a specified date. The gross notional dollar amount of these foreign exchange contracts at December 31, 2021 was \$301,685. A hypothetical 10%

change in the year-end exchange rates would have resulted in an increase or decrease to Income before income taxes of \$10,570 related to these positions. However, any loss (or gain) resulting from a hypothetical 10% change would be offset by the associated gain (or loss) on the underlying balance sheet exposure and would ultimately not materially affect the Company's financial statements. The Company also has a foreign currency forward contract hedge designated as a net investment hedge with a notional dollar amount of \$94,479 at December 31, 2021. At December 31, 2021, a hypothetical 10% strengthening or weakening in the U.S. dollar would have changed Accumulated other comprehensive income (loss) by \$9,668.

The Company has cross currency swaps to hedge the Company's net investment in subsidiaries against adverse changes in exchange rates. The gross notional dollar value of these contracts is \$25,000 as of December 31, 2021. At December 31, 2021, a hypothetical 10% strengthening or weakening in the U.S. dollar would have changed Accumulated other comprehensive income (loss) by \$2,818.

Commodity Price Risk

From time to time, the Company uses various hedging arrangements to manage exposures to price risk from commodity purchases. These hedging arrangements have the effect of fixing for specified periods the prices the Company will pay for the volume to which the hedge relates. The notional amount of these contracts was 975,000 pounds at December 31, 2021. At December 31, 2021, a hypothetical 10% change in the price would have resulted in an increase or decrease to the value of the contracts by \$402.

Interest Rate Risk

In anticipation of future debt issuance associated with the Notes referenced in Note 9 to the consolidated financial statements, the Company has interest rate forward starting swap agreements to hedge the variability of future changes in interest rates. The gross notional dollar value of these contracts was \$100,000 at December 31, 2021. At December 31, 2021, a hypothetical 100 basis point increase to effective interest rates would have changed Accumulated other comprehensive income (loss) by \$8,908.

The fair value of the Company's cash and cash equivalents at December 31, 2021 approximated cost due to the short-term duration. These financial instruments are subject to concentrations of credit risk. The Company has minimized this risk by entering into investments with a number of major banks and financial institutions and investing in high-quality instruments. The Company does not expect any counter-parties to fail to meet their obligations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted in a separate section of this Annual Report on Form 10-K following the signature page.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Exchange Act. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting as of December 31, 2021 based on the 2013 framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Company's evaluation under such framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included elsewhere in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2021 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Company is expected to file its 2022 proxy statement pursuant to Regulation 14A of the Exchange Act within 120 days after December 31, 2021.

Except for the information set forth within Part I, Item 1C section of this Annual Report on Form 10-K concerning our Executive Officers, the information required by this item is incorporated by reference from the 2022 proxy statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the 2022 proxy statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference from the 2022 proxy statement.

For further information on the Company's equity compensation plans, see Note 1 and Note 10 to the Company's consolidated financial statements.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from the 2022 proxy statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from the 2022 proxy statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following reports and consolidated financial statements of the Company are included in a separate section of this report following the signature page and certifications:

Report of Independent Registered Public Accounting Firm (PCAOB ID 42)

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Consolidated Statements of Income – Years ended December 31, 2021, 2020 and 2019

Consolidated Statements of Comprehensive Income – Years ended December 31, 2021, 2020 and 2019

Consolidated Balance Sheets – December 31, 2021 and 2020

Consolidated Statements of Equity – Years ended December 31, 2021, 2020 and 2019

Consolidated Statements of Cash Flows – Years ended December 31, 2021, 2020 and 2019

Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules

The following consolidated financial statement schedule of the Company is included in a separate section of this report following the signature page:

Schedule II – Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange.

Commission are not required under the related instructions or are inapplicable, and therefore, have been omitted.

(a)(3) Exhibits

Exhibit No	Description
3.1	Amended and Restated Articles of Incorporation of Lincoln Electric Holdings, Inc. (filed as Exhibit 3.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on September 27, 2011, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
3.2	Amended and Restated Code of Regulations of Lincoln Electric Holdings, Inc., as amended on October 19, 2021 (filed as Exhibit 3.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on October 22, 2021, SEC File No.-0-1402, and incorporated herein by reference and made a part hereof).

- 4.1 Description of Securities Registered Under Section 12 of the Securities Exchange Act of 1934 (filed as Exhibit 4.1 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.1 Second Amended and Restated Credit Agreement, dated as of April 23, 2021, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Electric Automation, Inc., Lincoln Global, Inc., the Lenders and KeyBank National Association (filed as Exhibit 10.4 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended March 31, 2021, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.2 Note Purchase Agreement, dated as of April 1, 2015, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc. and the purchasers party thereto (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on April 2, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.3 Amendment No. 1 to Note Purchase Agreement, dated as of April 1, 2015, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc. and the purchasers party thereto, dated July 30, 2019 (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.4 Note Purchase Agreement, dated as of October 20, 2016, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Techalloy, Inc. and Wayne Trail Technologies, Inc. and the purchaser party thereto (filed as Exhibit 10.4 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2016, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.5 Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., MetLife Investment Advisors, LLC and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.6 Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Voya Retirement Insurance and Annuity Company and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.7 Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., State Farm Life Insurance Company and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.3 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.8 Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., AIG Asset Management (U.S.), LLC and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.4 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).

- 10.9 Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., John Hancock Life Insurance Company (U.S.A.) and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.5 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.10 Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Thrivent Financial for Lutherans and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.6 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.11 Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Allianz Life Insurance Company of North America and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.7 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.12* Supplemental Executive Retirement Plan (Amended and Restated as of December 31, 2008) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on January 7, 2009, SEC File No. 0-1402, and incorporated herein by reference and made part hereof).
- 10.13* Amendment No. 1 to Supplemental Executive Retirement Plan (As Amended and Restated as of December 31, 2008) (filed as Exhibit 10.6 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2016, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.14* Amendment No. 2 to Supplemental Executive Retirement Plan (As Amended and Restated as of December 31, 2008) (filed as Exhibit 10.4 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.15* Deferred Compensation Plan for Certain Retention Agreements and Other Contractual Arrangements (Amended and Restated as of January 1, 2004) (filed as Exhibit 10(i) to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2003, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.16* Non-Employee Directors' Deferred Compensation Plan (Amended and Restated as of January 1, 2021) (filed as Exhibit 10.18 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.17* 2005 Deferred Compensation Plan for Executives (Amended and Restated as of January 1, 2021) (filed as Exhibit 10.21 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.18* The Lincoln Electric Company Restoration Plan (filed as Exhibit 4.3 to Form S-8 of Lincoln Electric Holdings, Inc. filed on December 19, 2016, SEC File No. 333-215168, and incorporated herein by reference and made a part hereof).
- 10.19* Amendment No. 1 to The Lincoln Electric Company Restoration Plan (filed as Exhibit 10.3 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.20* The Lincoln Electric Company Employee Savings Plan As Amended and Restated Effective January 15, 2021 (filed herewith).
- 10.21* Amendment No. 1 to The Lincoln Electric Company Employee Savings Plan As Amended and Restated Effective January 15, 2021 (filed herewith).
- 10.22* Amendment No. 2 to The Lincoln Electric Company Employee Savings Plan As Amended and Restated Effective January 15, 2021 (filed herewith).

- 10.23* Form of Change in Control Severance Agreement (as entered into by the Company and its executive officers) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 21, 2017, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.24* Amendment No. 1 to Form of Change in Control Severance Agreement (as entered into by the Company and its executive officers) (filed as Exhibit 10.5 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.25* 2006 Equity and Performance Incentive Plan (Restated as of March 3, 2011) (filed as Annex A to Lincoln Electric Holdings, Inc. proxy statement filed on March 18, 2011, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
- 10.26* 2015 Equity and Incentive Compensation Plan (filed as Appendix B to Lincoln Electric Holdings, Inc. definitive proxy statement filed on March 18, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.27* 2015 Stock Plan for Non-Employee Directors (filed as Appendix C to Lincoln Electric Holdings, Inc. definitive proxy statement filed on March 18, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.28* Amendment No. 1 to the 2015 Stock Plan for Non-Employee Directors (filed as Appendix C to Lincoln Electric Holdings, Inc. proxy statement dated March 20, 2017, SEC File No. 0-1402, and incorporated by reference and made a part hereof).
- 10.29* Form of Restricted Stock Unit Agreement for Non-Employee Directors (filed as Exhibit 10.37 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2020, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.30* Form of Restricted Stock Unit Agreement for Non-Employee Directors (filed herewith).
- 10.31* Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.4 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2010, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.32* Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.37 to Form 10-K of the Lincoln Electric Holdings, Inc. for the year ended December 31, 2010, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.33* Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.27 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.34* Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.28 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.35* Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.37 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.36* Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.38 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.37* Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended March 31, 2021, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.38* Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.33 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2013, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.39* Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.21 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).

- 10.40* Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.33 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.41* Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.41 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.42* Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.43 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.43* Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.2 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended March 31, 2021, SEC File No.-0-1402, and incorporated herein by reference and made a part hereof).
- 10.44* Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.35 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
- 10.45* Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.44 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.46* Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.47 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.47* Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.3 to Form 10-Q of Lincoln Electric Holdings, Inc., for the quarter ended March 31, 2021, SEC File No.-0-1402, and incorporated herein by reference and made a part hereof).
- 10.48* Form of Officer Indemnification Agreement (effective February 23, 2012) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 29, 2012, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 10.49* Form of Director Indemnification Agreement (effective February 23, 2012) (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 29, 2012, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
- 21 Subsidiaries of the Registrant (filed herewith).
- 23 Consent of Independent Registered Public Accounting Firm (filed herewith).
- 24 Powers of Attorney (filed herewith).
- 31.1 Certification by the Chairman, President and Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
- 31.2 Certification by the Executive Vice President, Chief Financial Officer and Treasurer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
- 32.1 Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 101.INS Inline XBRL Instance Document
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 104 Cover page Interactive Data File (embedded within the Inline XBRL document)

* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15(b) of this report.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LINCOLN ELECTRIC HOLDINGS, INC.

By: /s/ Gabriel Bruno

Gabriel Bruno
Executive Vice President, Chief Financial Officer and
Treasurer
(principal financial and accounting officer)
February 18, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Christopher L. Mapes

Christopher L. Mapes,
Chairman, President and Chief Executive Officer
(principal executive officer)
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno,
Executive Vice President, Chief Financial Officer and
Treasurer
(principal financial and accounting officer)
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Curtis E. Espeland, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Patrick P. Goris, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Stephen G. Hanks, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Michael F. Hilton, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
G. Russell Lincoln, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Kathryn Jo Lincoln, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
William E. MacDonald, III, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Phillip J. Mason, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Ben P. Patel, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Hellene S. Runtagh, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Kellye L. Walker, Director
February 18, 2022

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Brian D. Chambers, Director
February 18, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Lincoln Electric Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lincoln Electric Holdings, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 18, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Uncertain tax positions

Description of the Matter As disclosed in Notes 1 and 14 to the consolidated financial statements, the Company operates in a multinational tax environment and is subject to laws and regulations in various jurisdictions, including U.S. federal, various U.S. state and non-U.S. jurisdictions. Uncertain tax positions may arise from interpretations and judgments made by the Company in the application of the relevant laws, regulations and tax rulings. The Company uses judgment in (1) determining whether the technical merits of tax positions in certain jurisdictions are more-likely-than-not to be sustained and (2) measuring the related amount of tax benefit that qualifies for recognition.

Auditing the tax positions related to certain jurisdictions was complex because the recognition and measurement of the tax positions is judgmental and is based on interpretations of laws, regulations and tax rulings.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s process to assess the technical merits of certain tax positions and controls over the Company’s process for accounting for uncertain tax positions. For example, our procedures included testing the Company’s controls to determine the application of the relevant laws, regulations and tax rulings, including management’s process to recognize and measure the related tax positions.

Our audit procedures included, among others, testing the recognition and measurement of income tax positions. We involved tax professionals to assist in assessing the technical merits of the Company’s tax positions. In addition, we used our knowledge of and experience with the application of domestic and international income tax laws by the relevant tax authorities to evaluate the Company’s accounting for its tax positions. We also assessed the Company’s assumptions and data used to support the measurement of the related tax positions and tested the accuracy of the calculations. Lastly, we evaluated the Company’s income tax disclosures related to the Company’s uncertain tax positions.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since at least 1923, but we are unable to determine the specific year.

Cleveland, OH
February 18, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Lincoln Electric Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Lincoln Electric Holdings, Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Lincoln Electric Holdings, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2021 consolidated financial statements of the Company and our report dated February 18, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Cleveland, Ohio
February 18, 2022

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Year Ended December 31,		
	2021	2020	2019
Net sales (Note 2)	\$ 3,234,180	\$ 2,655,400	\$ 3,003,272
Cost of goods sold	2,165,575	1,784,059	1,995,685
Gross profit	1,068,605	871,341	1,007,587
Selling, general & administrative expenses	597,109	543,802	621,489
Rationalization and asset impairment charges (Note 7)	9,827	45,468	15,188
Operating income	461,669	282,071	370,910
Interest expense, net	22,214	21,973	23,415
Other income (expense) (Note 13)	(114,457)	3,942	20,998
Income before income taxes	324,998	264,040	368,493
Income taxes (Note 14)	48,418	57,896	75,410
Net income including non-controlling interests	276,580	206,144	293,083
Non-controlling interests in subsidiaries' income (loss)	114	29	(26)
Net income	<u>\$ 276,466</u>	<u>\$ 206,115</u>	<u>\$ 293,109</u>
Basic earnings per share (Note 3)	<u>\$ 4.66</u>	<u>\$ 3.46</u>	<u>\$ 4.73</u>
Diluted earnings per share (Note 3)	<u>\$ 4.60</u>	<u>\$ 3.42</u>	<u>\$ 4.68</u>
Cash dividends declared per share	<u>\$ 2.09</u>	<u>\$ 1.98</u>	<u>\$ 1.90</u>

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended December 31,		
	2021	2020	2019
Net income including non-controlling interests	\$ 276,580	\$ 206,144	\$ 293,083
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges, net of tax of \$1,523 in 2021; \$605 in 2020; \$(58) in 2019	5,607	861	(68)
Defined pension plan activity, net of tax of \$33,214 in 2021; \$(10,622) in 2020; \$4,188 in 2019	88,539	(31,224)	11,503
Currency translation adjustment	(49,745)	4,068	6,735
Other comprehensive income (loss):	44,401	(26,295)	18,170
Comprehensive income	320,981	179,849	311,253
Comprehensive income (loss) attributable to non-controlling interests	(289)	74	255
Comprehensive income (loss) attributable to shareholders	<u>\$ 321,270</u>	<u>\$ 179,775</u>	<u>\$ 310,998</u>

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31,	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 192,958	\$ 257,279
Accounts receivable (less allowance for doubtful accounts of \$11,105 in 2021; \$14,779 in 2020)	429,074	373,487
Inventories (Note 17)	539,919	381,258
Other current assets	127,642	100,319
Total Current Assets	1,289,593	1,112,343
Property, plant and equipment, net (Note 1)	511,744	522,092
Intangibles, net (Note 5)	149,393	134,451
Goodwill	430,162	335,593
Deferred income taxes (Note 14)	18,318	16,959
Other assets	193,097	193,015
TOTAL ASSETS	\$ 2,592,307	\$ 2,314,453
LIABILITIES AND EQUITY		
Current Liabilities		
Amounts due banks (Note 9)	\$ 51,964	\$ 2,623
Trade accounts payable	330,230	256,530
Accrued employee compensation and benefits	108,562	98,437
Dividends payable	32,921	30,417
Other current liabilities	231,462	161,331
Current portion of long-term debt (Note 9)	766	111
Total Current Liabilities	755,905	549,449
Long-term debt, less current portion (Note 9)	717,089	715,456
Deferred income taxes (Note 14)	56,718	46,742
Other liabilities	198,686	212,556
Total Liabilities	1,728,398	1,524,203
Shareholders' Equity		
Preferred shares, without par value - at stated capital amount; authorized - 5,000,000 shares; issued and outstanding - none	—	—
Common shares, without par value - at stated capital amount; authorized - 240,000,000 shares; issued - 98,581,434 shares in 2021 and 2020; outstanding - 58,786,776 shares in 2021 and 59,640,895 shares in 2020	9,858	9,858
Additional paid-in capital	451,268	409,958
Retained earnings	2,970,303	2,821,359
Accumulated other comprehensive loss	(257,386)	(302,190)
Treasury shares, at cost - 39,794,658 shares in 2021 and 38,940,539 shares in 2020	(2,309,941)	(2,149,714)
Total Shareholders' Equity	864,102	789,271
Non-controlling interests	(193)	979
Total Equity	863,909	790,250
TOTAL LIABILITIES AND TOTAL EQUITY	\$ 2,592,307	\$ 2,314,453

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except per share amounts)

	Common Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non- Controlling Interests	Total
Balance at December 31, 2018	63,546	\$ 9,858	\$ 360,308	\$ 2,564,440	\$ (293,739)	\$ (1,753,925)	\$ 650	\$ 887,592
Net income				293,109			(26)	293,083
Unrecognized amounts from defined benefit pension plans, net of tax					11,503			11,503
Unrealized loss on derivatives designated and qualifying as cash flow hedges, net of tax					(68)			(68)
Currency translation adjustment					6,454		281	6,735
Cash dividends declared – \$1.90 per share				(117,950)				(117,950)
Stock-based compensation activity	467		26,116			4,855		30,971
Purchase of shares for treasury	(3,421)					(292,693)		(292,693)
Other			3,022	(3,118)				(96)
Balance at December 31, 2019	60,592	9,858	389,446	2,736,481	(275,850)	(2,041,763)	905	819,077
Net income				206,115			29	206,144
Unrecognized amounts from defined benefit pension plans, net of tax					(31,224)			(31,224)
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					861			861
Currency translation adjustment					4,023		45	4,068
Cash dividends declared – \$1.98 per share				(118,423)				(118,423)
Stock-based compensation activity	457		27,076			5,504		32,580
Purchase of shares for treasury	(1,408)					(113,455)		(113,455)
Other			(6,564)	(2,814)				(9,378)
Balance at December 31, 2020	59,641	9,858	409,958	2,821,359	(302,190)	(2,149,714)	979	790,250
Net income				276,466			114	276,580
Unrecognized amounts from defined benefit pension plans, net of tax					88,539			88,539
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					5,607			5,607
Currency translation adjustment					(49,342)		(403)	(49,745)
Cash dividends declared – \$2.09 per share				(124,669)				(124,669)
Stock-based compensation activity	393		38,720			4,299		43,019
Purchase of shares for treasury	(1,247)					(164,526)		(164,526)
Other			2,590	(2,853)			(883)	(1,146)
Balance at December 31, 2021	58,787	\$ 9,858	\$ 451,268	\$ 2,970,303	\$ (257,386)	\$ (2,309,941)	\$ (193)	\$ 863,909

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 276,466	\$ 206,115	\$ 293,109
Non-controlling interests in subsidiaries' income (loss)	114	29	(26)
Net income including non-controlling interests	276,580	206,144	293,083
Adjustments to reconcile Net income including non-controlling interests to Net cash provided by operating activities:			
Rationalization and asset impairment net (gains) charges (Note 7)	(1,054)	21,835	3,500
Depreciation and amortization	81,146	80,492	81,487
Equity earnings in affiliates, net	(499)	(408)	(1,427)
Deferred income taxes	(28,556)	(2,948)	13,019
Stock-based compensation	23,787	15,388	16,624
Gain on change in control	—	—	(7,601)
Pension settlement charges	126,502	8,119	—
Other, net	(16,975)	(18,115)	(8,155)
Changes in operating assets and liabilities, net of effects from acquisitions:			
(Increase) decrease in accounts receivable	(65,844)	3,582	50,394
(Increase) decrease in inventories	(154,347)	22,751	(12,023)
(Increase) decrease in other current assets	(23,913)	14,711	14,269
Increase (decrease) in trade accounts payable	82,394	(17,919)	(8,339)
Increase (decrease) in other current liabilities	68,292	22,310	(31,223)
Net change in other assets and liabilities	(2,450)	(4,580)	(423)
NET CASH PROVIDED BY OPERATING ACTIVITIES	365,063	351,362	403,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(62,531)	(59,201)	(69,615)
Acquisition of businesses, net of cash acquired	(156,106)	—	(134,717)
Proceeds from sale of property, plant and equipment	6,781	7,667	9,509
Other investing activities	6,500	2,321	2,000
NET CASH USED BY INVESTING ACTIVITIES	(205,356)	(49,213)	(192,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in borrowings	45,968	(31,760)	24,322
Proceeds from exercise of stock options	19,232	17,192	14,347
Purchase of shares for treasury (Note 11)	(164,526)	(113,455)	(292,693)
Cash dividends paid to shareholders	(121,851)	(118,118)	(117,920)
Other financing activities	(763)	—	—
NET CASH USED BY FINANCING ACTIVITIES	(221,940)	(246,141)	(371,944)
Effect of exchange rate changes on Cash and cash equivalents	(2,088)	1,708	2,296
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(64,321)	57,716	(159,286)
Cash and cash equivalents at beginning of period	257,279	199,563	358,849
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 192,958	\$ 257,279	\$ 199,563

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Dollars in thousands, except share and per share amounts)*

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Lincoln Electric Holdings, Inc. and its wholly-owned and majority-owned subsidiaries for which it has a controlling interest (the "Company") after elimination of all inter-company accounts, transactions and profits.

General Information

The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding power sources, plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes and welding accessories and specialty welding consumables and fabrication. The Company's product offering also includes computer numeric controlled ("CNC") plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing.

Translation of Foreign Currencies

Asset and liability accounts are translated into U.S. dollars using exchange rates in effect at the dates of the Consolidated Balance Sheets; revenue and expense accounts are translated at average monthly exchange rates. Translation adjustments are reflected as a component of Total equity. For subsidiaries operating in highly inflationary economies, both historical and current exchange rates are used in translating balance sheet accounts and translation adjustments are included in Net income.

The translation of assets and liabilities originally denominated in foreign currencies into U.S. dollars is for consolidation purposes, and does not necessarily indicate that the Company could realize or settle the reported value of those assets and liabilities in U.S. dollars. Additionally, such a translation does not necessarily indicate that the Company could return or distribute the reported U.S. dollar value of the net equity of its foreign operations to shareholders.

Foreign currency transaction gains and losses are included in Selling, general & administrative expenses and were gains of \$1,332, \$4,229 and \$5,291 in 2021, 2020 and 2019, respectively.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Company maintains an allowance for doubtful accounts for estimated losses from the failure of its customers to make required payments for products delivered. The Company estimates this allowance based on the age of the related receivable, knowledge of the financial condition of customers, review of historical receivables and reserve trends and other pertinent information. If the financial condition of customers deteriorates or an unfavorable trend in receivable

collections is experienced in the future, additional allowances may be required. Historically, the Company's reserves have approximated actual experience.

Inventories

Inventories are valued at the lower of cost or net realizable value. Fixed manufacturing overhead costs are allocated to inventory based on normal production capacity and abnormal manufacturing costs are recognized as period costs. Cost for a substantial portion of U.S. inventories is determined on a last-in, first-out ("LIFO") basis. At December 31, 2021 and 2020, approximately 36% and 35% of total inventories, respectively, were valued using the LIFO method. Cost of other inventories is determined by costing methods that approximate a first-in, first-out ("FIFO") basis. Refer to Note 17 to the consolidated financial statements for additional details.

Reserves are maintained for estimated obsolescence or excess inventory equal to the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future demand and market conditions. The reserve for excess and obsolete inventory was \$23,087 and \$24,351 at December 31, 2021 and 2020, respectively.

Prepaid Expenses

Prepaid expenses include prepaid insurance, prepaid rent, prepaid service contracts and other prepaid items. Prepaid expenses are included in Other current assets in the accompanying Consolidated Balance Sheets and amounted to \$20,615 and \$19,584 at December 31, 2021 and 2020, respectively.

Long-lived Assets

Property, Plant and Equipment

Property, plant and equipment are stated at cost and include improvements which significantly increase capacities or extend the useful lives of existing plant and equipment. Depreciation and amortization are computed using a straight-line method over useful lives ranging from 3 years to 20 years for machinery, tools and equipment, and up to 40 years for buildings. Net gains or losses related to asset dispositions are recognized in earnings in the period in which dispositions occur.

Routine maintenance, repairs and replacements are expensed as incurred. The Company capitalizes interest costs associated with long-term construction in progress.

Property, plant and equipment, net in the Consolidated Balance Sheet is comprised of the following components:

	December 31,	
	2021	2020
Land	\$ 67,897	\$ 70,335
Buildings	426,165	433,823
Machinery and equipment	885,718	902,581
	1,379,780	1,406,739
Less accumulated depreciation	868,036	884,647
Total	<u>\$ 511,744</u>	<u>\$ 522,092</u>

Leases

The Company determines if an agreement is a lease at inception. The Company records a right-of-use asset on its Consolidated Balance Sheets to represent its right to use an underlying asset for the lease term. The Company records a lease liability on its Consolidated Balance Sheets to represent its obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the Company's operating leases do not provide an

implicit rate, the Company uses its incremental borrowing rate based on information available at commencement date to present value the lease payments.

The Company has operating leases for sales offices, manufacturing facilities, warehouses and distribution centers, transportation equipment, office equipment and information technology equipment. Some of these leases are noncancelable. Variable or short-term lease costs contained within the Company's operating leases are not material. Most leases include one or more options to renew, which can extend the lease term from 1 to 11 years or more. The exercise of lease renewal options is at the Company's sole discretion. Certain leases also include options to purchase the leased property. Leases with an initial term of 12 months or less are not recorded on the Company's Consolidated Balance sheets. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company periodically evaluates whether current facts or circumstances indicate that the carrying value of its depreciable long-lived assets, including right-of-use assets, to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, a loss is recognized to the extent that carrying value exceeds fair value. Fair value is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. Refer to Notes 5, 7 and 18 to the consolidated financial statements for additional details.

Goodwill and Intangibles

Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Intangible assets other than goodwill are recorded at fair value at the time acquired or at cost, if applicable. Intangible assets that do not have indefinite lives are amortized in line with the pattern in which the economic benefits of the intangible asset are consumed. If the pattern of economic benefit cannot be reliably determined, the intangible assets are amortized on a straight-line basis over the shorter of the legal or estimated life. These types of assets are assessed for impairment in a manner consistent with long-lived assets described above. Goodwill and indefinite-lived intangible assets are not amortized, but are tested for impairment in the fourth quarter using the same date each year or more frequently if changes in circumstances or the occurrence of events indicate potential impairment.

In performing the annual impairment test, the fair value of each indefinite-lived intangible asset is compared to its carrying value and an impairment charge is recorded if the carrying value exceeds the fair value. For goodwill, the Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform the quantitative goodwill impairment test. The quantitative test is required only if the Company concludes that it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount. For quantitative testing, the Company compares the fair value of each reporting unit with its carrying amount. If the carrying amount exceeds the fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Fair values are determined using established business valuation techniques and models developed by the Company, estimates of market participant assumptions of future cash flows, future growth rates and discount rates to value estimated cash flows. Changes in economic and operating conditions, actual growth below the assumed market participant assumptions or an increase in the discount rate could result in an impairment charge in a future period. Refer to Note 5 to the consolidated financial statements for additional details.

Fair Value Measurements

Financial assets and liabilities, such as the Company's defined benefit pension plan assets and derivative contracts, are valued at fair value using the market and income valuation approaches. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The following hierarchy is used to classify the inputs that measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Refer to Notes 12 and 16 to the consolidated financial statements for additional details.

Product Warranties

The Company accrues for product warranty claims based on historical experience and the expected material and labor costs to provide warranty service. Warranty services are generally provided for periods up to 3 years from the date of sale. The accrual for product warranty claims is included in Other current liabilities. Refer to Note 20 to the consolidated financial statements for additional details.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract are satisfied and control is transferred to the customer. Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for goods or services. Substantially all of the Company's sales arrangements are short-term in nature involving a single performance obligation. The Company recognizes revenue when the performance obligation is satisfied and control of the product is transferred to the customer generally based upon shipping terms. In addition, certain customized automation performance obligations are accounted for over time. Under this method, revenue recognition is primarily based upon the ratio of costs incurred to date compared with estimated total costs to complete. The cumulative impact of revisions to total estimated costs is reflected in the period of the change, including anticipated losses. Less than 10% of the Company's Net sales are recognized over time.

The Company recognizes any discounts, credits, returns, rebates and incentive programs based on reasonable estimates as a reduction of sales to arrive at Net sales at the same time the related revenue is recorded. Taxes collected by the Company, including sales tax and value added tax, are excluded from Net sales. The Company recognizes freight billed as a component of Net sales and shipping costs as a component of Cost of goods sold when control transfers to the customer. Sales commissions are expensed when incurred because the amortization period is generally one year or less. These costs are recorded within Selling, general and administrative expenses in the Company's Consolidated Statements of Income.

The Company's payment terms vary by the type and location of the customer and the products or services offered. The Company does not offer any payment terms that would meet the requirements for consideration as a financing component under Topic 606.

Refer to Note 2 to the consolidated financial statements for additional details.

Distribution Costs

Distribution costs, including warehousing and freight related to product shipments, are included in Cost of goods sold.

Stock-Based Compensation

Expense is recognized for all awards of stock-based compensation by allocating the aggregate grant date fair value over the vesting period. No expense is recognized for any stock options, restricted or deferred shares or restricted stock units ultimately forfeited because the recipients fail to meet vesting requirements.

Common stock issuable upon the exercise of employee stock options is excluded from the calculation of diluted earnings per share when the calculation of option equivalent shares is anti-dilutive. Refer to Note 10 to the consolidated financial statements for additional details.

Financial Instruments

The Company uses derivative instruments to manage exposures to interest rates, commodity prices and currency exchange rate fluctuations on certain purchase and sales transactions, balance sheet and net investment exposures. Derivative contracts to hedge currency and commodity exposures are generally written on a short-term basis, but may cover exposures for up to 3 years while interest rate contracts may cover longer periods consistent with the terms of the underlying debt. The Company does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized at fair value on the Company's Consolidated Balance Sheets. The accounting for gains and losses resulting from changes in fair value depends on the use of the derivative and whether it is designated and qualifies for hedge accounting. The Company formally documents the relationship of the hedge with the hedged item as well as the risk-management strategy for all designated hedges. Both at inception and on an ongoing basis, the hedging instrument is assessed as to its effectiveness, when applicable. If and when a derivative is determined not to be highly effective as a hedge, the underlying hedged transaction is no longer likely to occur, or the derivative is terminated, hedge accounting is discontinued. The cash flows from settled derivative contracts are recognized in Net cash provided by operating activities in the Company's Consolidated Statements of Cash Flows.

The Company is subject to the credit risk of the counterparties to derivative instruments. Counterparties include a number of major banks and financial institutions. The Company manages individual counterparty exposure by monitoring the credit rating of the counterparty and the size of financial commitments and exposures between the Company and the counterparty.

Cash flow hedges

Certain foreign currency forward contracts and commodity contracts are qualified and designated as cash flow hedges. The effective portion of the fair value unrealized gain or loss on cash flow hedges are reported as a component of Accumulated other comprehensive income ("AOCI") with offsetting amounts recorded as Other current assets, Other assets, Other current liabilities or Other liabilities depending on the position and the duration of the contract. At settlement, the realized gain or loss is recorded in Cost of goods sold or Net sales for hedges of purchases and sales, respectively, in the same period or periods during which the hedged transaction affects earnings. The ineffective portion on cash flow hedges is recognized in current earnings.

In anticipation of future debt issuance associated with the Notes referenced in Note 9, the Company has interest rate forward starting swap agreements to hedge the variability of future changes in interest rates. The forward starting swap agreements were qualified and designated as a cash flow hedge. The changes in fair value are recorded as part of AOCI, and upon completion of debt issuance and termination of the swaps, are amortized to interest expense over the life of the underlying debt.

Fair value hedges

Certain interest rate swap agreements were qualified and designated as fair value hedges. The interest rate swap agreements designated as fair value hedges meet the shortcut method requirements under accounting standards for derivatives and hedging. Accordingly, changes in the fair value of these agreements are considered to exactly offset changes in the fair value of the underlying long-term debt. Changes in fair value are recorded in Other assets or Other liabilities with offsetting amounts recorded as a fair value adjustment to the carrying value of Long-term debt, less current portion.

Net investment hedges

For derivative instruments that qualify as a net investment hedge, the effective portion of the fair value gains or losses are recognized in AOCI with offsetting amounts recorded as Other current assets, Other assets, Other current liabilities or Other liabilities depending on the position and the duration of the contract. The gains or losses are subsequently reclassified to Selling, general and administrative expenses, as the underlying hedged investment is liquidated.

Derivatives not designated as hedging instruments

The Company has certain foreign exchange forward contracts which are not designated as hedges. These derivatives are held as hedges of certain balance sheet exposures. The gains or losses on these contracts are recognized in Selling, general and administrative expenses, offsetting the losses or gains on the exposures being hedged.

Refer to Note 15 to the consolidated financial statements for additional details.

Research and Development

Research and development costs are charged to Selling, general & administrative expenses as incurred and totaled \$55,969, \$51,414 and \$56,845 in 2021, 2020 and 2019, respectively.

Bonus

The Company's discretionary employee bonus programs, which for certain U.S.-based employees are net of medical costs, are included in Selling, general & administrative expenses. Bonus costs were \$120,686, \$87,407 and \$100,381 in 2021, 2020 and 2019, respectively.

Income Taxes

Deferred income taxes are recognized at currently enacted tax rates for temporary differences between the GAAP and income tax basis of assets and liabilities and operating loss and tax credit carry-forwards. In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized.

The Company maintains liabilities for unrecognized tax benefits related to uncertain income tax positions in various jurisdictions. The Company uses judgment in determining whether the technical merits of tax positions are more-likely-than-not to be sustained. Judgment is also used in measuring the related amount of tax benefit that qualifies for recognition, including the interpretation of applicable tax law, regulations and tax rulings.

The Company elects to treat any Global Intangible Low Taxed Income inclusion as a period expense in the year incurred.

Refer to Note 14 to the consolidated financial statements for additional details.

Acquisitions

Upon acquisition of a business, the Company uses the income, market or cost approach (or a combination thereof) for the valuation as appropriate. The valuation inputs in these models and analyses are based on market participant assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability.

Fair value estimates are based on a series of judgments about future events and uncertainties and rely on estimates and assumptions. Management values property, plant and equipment using the cost approach supported where available by observable market data, which includes consideration of obsolescence. Management values acquired intangible assets using the relief from royalty method or excess earnings method, forms of the income approach supported by observable market data for peer companies. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates, customer attrition rates, and royalty rates). Acquired inventories are marked to fair value. For certain items, the carrying value is determined to be a reasonable approximation of fair value based on information available to the Company. Refer to Note 4 to the consolidated financial statements for additional details.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in certain circumstances that affect the amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from these estimates.

New Accounting Pronouncements

The following section provides a description of new ASUs issued by the Financial Accounting Standards Board ("FASB") that are applicable to the Company.

The following ASUs were adopted as of January 1, 2021 and did not have a significant financial impact on the Company's consolidated financial statements unless otherwise described within the table below:

Standard	Description
ASU No. 2019-12, <i>Income Taxes (Topic 740)</i> , issued December 2019.	ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The adoption did not have a material impact on the Company's consolidated financial statements.

NOTE 2 — REVENUE RECOGNITION

The following table presents the Company's Net sales disaggregated by product line:

	Year Ended December 31,		
	2021	2020	2019
Consumables	\$ 1,856,880	\$ 1,509,509	\$ 1,715,002
Equipment	1,377,300	1,145,891	1,288,270
Net sales	<u>\$ 3,234,180</u>	<u>\$ 2,655,400</u>	<u>\$ 3,003,272</u>

Consumable sales consist of electrodes, fluxes, specialty welding consumables and brazing and soldering alloys. Equipment sales consist of arc welding power sources, welding accessories, fabrication, plasma cutters, wire feeding systems, automated joining, assembly and cutting systems, fume extraction equipment, CNC plasma and oxy-fuel

cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing. Consumable and Equipment products are sold within each of the Company's operating segments.

Within the Equipment product line, there are certain customer contracts related to automation products that may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines the standalone selling price based on the prices charged to customers or using expected cost plus margin.

At December 31, 2021, the Company recorded \$72,047 related to advance customer payments and \$40,450 related to billings in excess of revenue recognized. These contract liabilities are included in Other current liabilities in the Consolidated Balance Sheets. At December 31, 2020, the balances related to advance customer payments and billings in excess of revenue recognized were \$14,920 and \$21,396, respectively. Substantially all of the Company's contract liabilities are recognized within twelve months based on contract duration. The Company records an asset for contracts where it has recognized revenue, but has not yet invoiced the customer for goods or services. At December 31, 2021 and 2020, \$25,300 and \$22,113, respectively, related to these future customer receivables was included in Other current assets in the Consolidated Balance Sheets. Contract asset amounts are expected to be billed within the next twelve months.

NOTE 3 - EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Year Ended December 31,		
	2021	2020	2019
Numerator:			
Net income	\$ 276,466	\$ 206,115	\$ 293,109
Denominator (shares in 000's):			
Basic weighted average shares outstanding	59,309	59,633	61,960
Effect of dilutive securities - Stock options and awards	753	615	698
Diluted weighted average shares outstanding	60,062	60,248	62,658
Basic earnings per share	\$ 4.66	\$ 3.46	\$ 4.73
Diluted earnings per share	\$ 4.60	\$ 3.42	\$ 4.68

For the years ended December 31, 2021, 2020 and 2019, common shares subject to equity-based awards of 2,949, 615,302 and 524,110, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

NOTE 4 – ACQUISITIONS

During July 2021, the Company acquired Overstreet-Hughes Company, Inc. and Shoals Tubular, Inc. ("FTP"). FTP manufactures copper and aluminum headers, distributor assemblies and manifolds in the United States and Mexico for the heating, ventilation, and air conditioning sector ("HVAC"). The acquisition further differentiates The Harris Products Group's competitive position serving HVAC original equipment manufacturers with a comprehensive portfolio of solutions for the fabrication of HVAC coils and accelerates growth in this market.

During April 2021, the Company acquired Zeman Bauelemente Produktionsgesellschaft m.b.H. ("Zeman"), a division of the Zeman Group. Zeman, based in Vienna, Austria, is a leading designer and manufacturer of robotic assembly and arc welding systems that automate the tacking and welding of steel beams. The acquisition expands the Company's international automation capabilities to serve customers in the structural steel and infrastructure sectors.

During July 2019, the Company acquired the controlling stake in Askaynak. Askaynak, based in Turkey, is a supplier and manufacturer of welding consumables, arc welding equipment, including plasma and oxy-fuel cutting equipment

and robotic welding systems. The acquisition advanced the Company's regional growth strategy in Europe, the Middle East and Africa.

During April 2019, the Company acquired Baker Industries, Inc. ("Baker"). Baker, based in Detroit, Michigan, is a provider of custom tooling, parts and fixtures primarily serving automotive and aerospace markets. The acquisition complimented the Company's automation portfolio and its metal additive manufacturing service business.

Pro forma information related to the acquisitions discussed above has not been presented because the impact on the Company's Consolidated Statements of Income is not material. The preliminary purchase price allocations are expected to be finalized within the allowable measurement period. The acquired companies are included in the Company's consolidated financial statements as of the date of acquisition.

NOTE 5 – GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill by reportable segments for the years ended December 31, 2021 and 2020 were as follows:

	Americas Welding	International Welding	The Harris Products Group	Consolidated
Balance as of December 31, 2019	\$ 278,496	\$ 41,474	\$ 17,137	\$ 337,107
Additions and adjustments	—	697	(101)	596
Foreign currency translation	1,314	(3,111)	(313)	(2,110)
Balance as of December 31, 2020	279,810	39,060	16,723	335,593
Additions and adjustments ⁽¹⁾	—	77,317	26,519	103,836
Foreign currency translation	173	(9,284)	(156)	(9,267)
Balance as of December 31, 2021	<u>\$ 279,983</u>	<u>\$ 107,093</u>	<u>\$ 43,086</u>	<u>\$ 430,162</u>

(1) Additions to International Welding reflect goodwill recognized in the acquisition of Zeman in 2021. Additions to The Harris Products Group reflect goodwill recognized in the acquisition of FTP in 2021.

Gross carrying values and accumulated amortization of intangible assets other than goodwill by asset class were as follows:

	December 31, 2021		December 31, 2020	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets not subject to amortization				
Trademarks and trade names	\$ 15,828		\$ 15,495	
Intangible assets subject to amortization				
Trademarks and trade names	\$ 72,755	\$ 44,623	\$ 71,594	\$ 39,906
Customer relationships	154,634	92,404	137,564	84,720
Patents	24,734	15,058	25,907	15,006
Other	83,223	49,696	69,188	45,665
Total intangible assets subject to amortization	<u>\$ 335,346</u>	<u>\$ 201,781</u>	<u>\$ 304,253</u>	<u>\$ 185,297</u>

During 2021, the Company acquired intangible assets either individually or as part of a group of assets, with an initial purchase price allocation and weighted-average as follows:

	Year Ended December 31, 2021	
	Purchase Price Allocation	Weighted Average Life
Acquired intangible assets subject to amortization		
Trademarks and trade names	\$ 5,207	10
Customer relationships	24,652	10
Other	16,361	9
Total acquired intangible assets subject to amortization	\$ 46,220	

Aggregate amortization expense was \$21,155, \$20,363 and \$20,755 for 2021, 2020 and 2019, respectively. During the second quarter of 2020, the Company determined that for certain intangible assets, the carrying value of the assets exceeded the fair value resulting in an impairment. The Company recognized non-cash impairment charges of \$45,468 which are recorded in Rationalization and asset impairment charges in the Company's Consolidated Statements of Income. Estimated annual amortization expense for intangible assets for each of the next five years is \$21,059 in 2022, \$18,572 in 2023, \$16,960 in 2024, \$16,086 in 2025 and \$15,231 in 2026.

NOTE 6 – SEGMENT INFORMATION

The Company's primary business is the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding power sources, plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes and welding accessories and specialty welding consumables and fabrication. The Company's product offering also includes CNC plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing.

The Company has aligned its organizational and leadership structure into three operating segments to support growth strategies and enhance the utilization of the Company's worldwide resources and global sourcing initiatives. The operating segments consist of Americas Welding, International Welding and The Harris Products Group. The Americas Welding segment includes welding operations in North and South America. The International Welding segment includes welding operations in Europe, Africa, Asia and Australia. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses as well as its retail business in the United States.

Segment performance is measured and resources are allocated based on a number of factors, the primary measure being the adjusted earnings before interest and income taxes ("Adjusted EBIT") profit measure. EBIT is defined as Operating income plus Equity earnings in affiliates and Other income. Segment EBIT is adjusted for special items as determined by management such as the impact of rationalization activities, certain asset impairment charges and gains or losses on disposals of assets. The accounting principles applied at the operating segment level are generally the same as those applied at the consolidated financial statement level with the exception of LIFO. Segment assets include inventories measured on a FIFO basis while consolidated inventories include inventories reported on a LIFO basis. Segment and consolidated income before interest and income taxes include the effect of inventories reported on a LIFO basis. At December 31, 2021, 2020 and 2019 approximately 36%, 35% and 36%, respectively, of total inventories were valued using the LIFO method. LIFO is used for a substantial portion of U.S. inventories included in Americas Welding. Inter-segment sales are recorded at agreed upon prices that approximate arm's length prices and are eliminated in consolidation. Corporate-level expenses are allocated to the operating segments.

Financial information for the reportable segments follows:

	Americas Welding ⁽¹⁾	International Welding ⁽²⁾	The Harris Products Group ⁽³⁾	Corporate / Eliminations ⁽⁴⁾	Consolidated
For the Year Ended December 31, 2021					
Net sales	\$ 1,824,481	\$ 948,125	\$ 461,574	\$ —	\$ 3,234,180
Inter-segment sales	140,650	26,331	8,096	(175,077)	—
Total	\$ 1,965,131	\$ 974,456	\$ 469,670	\$ (175,077)	\$ 3,234,180
Adjusted EBIT	\$ 329,016	\$ 106,208	\$ 68,447	\$ (12,403)	\$ 491,268
Special items charge (gain)	123,114	15,234	3,785	1,923	144,056
EBIT	\$ 205,902	\$ 90,974	\$ 64,662	\$ (14,326)	\$ 347,212
Interest income					1,567
Interest expense					(23,781)
Income before income taxes					\$ 324,998
Total assets	\$ 1,521,083	\$ 938,061	\$ 330,678	\$ (197,515)	\$ 2,592,307
Equity investments in affiliates	5,181	—	—	—	5,181
Capital expenditures	37,717	16,916	7,898	—	62,531
Depreciation and amortization	49,510	24,998	6,795	(157)	81,146
For the Year Ended December 31, 2020					
Net sales	\$ 1,509,870	\$ 786,809	\$ 358,721	\$ —	\$ 2,655,400
Inter-segment sales	109,378	18,494	7,034	(134,906)	—
Total	\$ 1,619,248	\$ 805,303	\$ 365,755	\$ (134,906)	\$ 2,655,400
Adjusted EBIT	\$ 245,728	\$ 44,979	\$ 55,154	\$ (5,455)	\$ 340,406
Special items charge (gain)	34,989	19,404	—	—	54,393
EBIT	\$ 210,739	\$ 25,575	\$ 55,154	\$ (5,455)	\$ 286,013
Interest income					1,986
Interest expense					(23,959)
Income before income taxes					\$ 264,040
Total assets	\$ 1,423,393	\$ 807,407	\$ 225,959	\$ (142,306)	\$ 2,314,453
Equity investments in affiliates	4,682	—	—	—	4,682
Capital expenditures	30,811	21,819	6,571	—	59,201
Depreciation and amortization	51,744	23,859	4,982	(93)	80,492
For the Year Ended December 31, 2019					
Net sales	\$ 1,815,746	\$ 854,376	\$ 333,150	\$ —	\$ 3,003,272
Inter-segment sales	123,342	17,691	7,487	(148,520)	—
Total	\$ 1,939,088	\$ 872,067	\$ 340,637	\$ (148,520)	\$ 3,003,272
Adjusted EBIT	\$ 315,719	\$ 50,281	\$ 45,701	\$ (10,948)	\$ 400,753
Special items charge	3,115	2,156	1,770	1,804	8,845
EBIT	\$ 312,604	\$ 48,125	\$ 43,931	\$ (12,752)	\$ 391,908
Interest income					2,527
Interest expense					(25,942)
Income before income taxes					\$ 368,493
Total assets	\$ 1,490,395	\$ 831,759	\$ 203,602	\$ (154,543)	\$ 2,371,213
Equity investments in affiliates	4,274	—	—	—	4,274
Capital expenditures	39,106	23,126	7,383	—	69,615
Depreciation and amortization	55,300	22,013	4,636	(462)	81,487

(1) 2021 special items reflect pension settlement charges of \$123,091.

2020 special items reflect Rationalization and asset impairment charges of \$26,870 and pension settlement charges of \$8,119.

2019 special items reflect Rationalization and asset impairment charges of \$1,716 and amortization of step up in value of acquired inventories of \$1,399 related to an acquisition.

- (2) 2021 special items reflect Rationalization and asset impairment charges of \$9,804, pension settlement charges of \$446, and amortization of step up in value of acquired inventories of \$4,984 related to an acquisition.

2020 special items reflect Rationalization and asset impairment charges of \$18,598 and amortization of step up in value of acquired inventories of \$806 related to an acquisition.

2019 special items reflect Rationalization and asset impairment charges of \$11,702, amortization of step up in value of acquired inventories of \$1,609 related to an acquisition, gains on disposals of assets of \$3,554 and a gain on change in control of \$7,601 related to an acquisition.

- (3) 2021 special items reflect pension settlement charges of \$2,965 and amortization of step up in value of acquired inventories of \$820 related to an acquisition.

2019 special items reflect Rationalization and asset impairment charges of \$1,770.

- (4) 2021 special items reflect acquisition transaction and integration costs of \$1,923 related acquisitions as discussed in Note 4 to the consolidated financial statements

2019 special items reflect acquisition transaction and integration costs of \$1,804 related to an acquisition as discussed in Note 4 to the consolidated financial statements.

Export sales (excluding inter-company sales) from the United States were \$149,110 in 2021, \$132,637 in 2020 and \$147,145 in 2019. No individual customer comprised more than 10% of the Company's total revenues for any of the three years ended December 31, 2021.

The geographic split of the Company's Net sales, based on the location of the customer, and property, plant and equipment were as follows:

	Year Ended December 31,		
	2021	2020	2019
Net sales:			
United States	\$ 1,726,498	\$ 1,431,859	\$ 1,615,483
Foreign countries	1,507,682	1,223,541	1,387,789
Total	<u>\$ 3,234,180</u>	<u>\$ 2,655,400</u>	<u>\$ 3,003,272</u>
	December 31,		
	2021	2020	2019
Property, plant and equipment, net:			
United States	\$ 262,247	\$ 247,931	\$ 250,923
Foreign countries	249,497	274,214	278,566
Eliminations	—	(53)	(145)
Total	<u>\$ 511,744</u>	<u>\$ 522,092</u>	<u>\$ 529,344</u>

NOTE 7 – RATIONALIZATION AND ASSET IMPAIRMENTS

The Company recorded rationalization and asset impairment net charges of \$9,827, \$45,468 and \$15,188 for the years ended December 31, 2021, 2020 and 2019, respectively. The charges are primarily related to employee severance, asset impairments and gains or losses on the disposal of assets. A description of each restructuring plan and the related costs follows:

During 2020 and 2021, the Company initiated rationalization plans within the Americas Welding and International Welding segments. The plans include headcount restructuring and the consolidation of manufacturing facilities to better align the cost structure with economic conditions and operating needs. At December 31, 2021, liabilities of \$2,990 for

International Welding were recognized in Other current liabilities in the Company's Consolidated Balance Sheet. The Company does not anticipate significant additional charges related to the completion of these plans.

During 2019, the Company initiated rationalization plans within International Welding. The plans include headcount restructuring and the consolidation of manufacturing operations to better align the cost structures with economic conditions and operating needs. Liabilities related to these plans were substantially paid at December 31, 2020.

The Company believes the rationalization actions will positively impact future results of operations and will not have a material effect on liquidity and sources and uses of capital. The Company continues to evaluate its cost structure and additional rationalization actions may result in charges in future periods.

The following table summarizes the activity related to the rationalization liabilities:

	Americas Welding	International Welding	Consolidated
Balance at December 31, 2019	\$ —	\$ 8,202	\$ 8,202
Payments and other adjustments	(4,712)	(13,501)	(18,213)
Charged to expense	4,737	18,896	23,633
Balance at December 31, 2020	\$ 25	\$ 13,597	\$ 13,622
Payments and other adjustments	(25)	(21,488)	(21,513)
Charged to expense	—	10,881	10,881
Balance at December 31, 2021	<u>\$ —</u>	<u>\$ 2,990</u>	<u>\$ 2,990</u>

NOTE 8 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")

The following tables set forth the total changes in accumulated other comprehensive income (loss) ("AOCI") by component, net of taxes:

	Year Ended December 31, 2021			
	Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges	Defined benefit pension plan activity	Currency translation adjustment	Total
Balance at December 31, 2019	\$ 1,626	\$ (70,546)	\$ (206,930)	\$ (275,850)
Other comprehensive income (loss) before reclassification	(790)	(40,111)	4,023	(36,878)
Amounts reclassified from AOCI	1,651 ¹	8,887 ²	—	10,538
Net current-period other comprehensive income (loss)	861	(31,224)	4,023	(26,340)
Balance at December 31, 2020	<u>\$ 2,487</u>	<u>\$ (101,770)</u>	<u>\$ (202,907)</u>	<u>\$ (302,190)</u>
Other comprehensive income (loss) before reclassification	6,753	6,279	(49,342)	(36,310)
Amounts reclassified from AOCI	(1,146) ¹	82,260 ²	—	81,114
Net current-period other comprehensive income (loss)	5,607	88,539	(49,342)	44,804
Balance at December 31, 2021	<u>\$ 8,094</u>	<u>\$ (13,231)</u>	<u>\$ (252,249)</u>	<u>\$ (257,386)</u>

(1) During 2021, this AOCI reclassification is a component of Net sales of \$1,553 (net of tax of \$671) and Cost of goods sold of \$407 (net of tax of \$179); during 2020, the reclassification is a component of Net sales of \$(1,478) (net of tax of \$(537)) and Cost of goods sold of \$173 (net of tax of \$(15)). Refer to Note 15 to the consolidated financial statements for additional details.

(2) This AOCI component is included in the computation of net periodic pension costs (net of tax of \$46,609 and \$2,857 during the years ended December 31, 2021 and 2020, respectively). Refer to Note 12 to the consolidated financial statements for additional details.

- (3) The Other comprehensive income before reclassifications excludes \$(403) and \$45 attributable to Non-controlling interests in the years ended December 31, 2021 and 2020, respectively. The reclassified AOCI component is included in the computation of Non-controlling interests. Refer to the Consolidated Statements of Equity for additional details.

NOTE 9 – DEBT

At December 31, 2021 and 2020, debt consisted of the following:

	December 31,	
	2021	2020
<i>Long-term debt</i>		
Senior Unsecured Notes due through 2045, interest at 2.8% to 4.0% (net of debt issuance costs of \$1,074 and \$1,178 at December 31, 2021 and 2020, respectively)	\$ 704,313	\$ 704,886
Other borrowings due through 2030, interest up to 2.2%	13,542	10,681
	<u>717,855</u>	<u>715,567</u>
Less current portion	766	111
Long-term debt, less current portion	717,089	715,456
<i>Short-term debt</i>		
Amounts due banks, weighted average interest at 1.8% in 2021 and 17.9% in 2020	51,964	2,623
Current portion long-term debt	766	111
Total short-term debt	<u>52,730</u>	<u>2,734</u>
Total debt	<u>\$ 769,819</u>	<u>\$ 718,190</u>

At December 31, 2021 and 2020, the fair value of long-term debt, including the current portion, was approximately \$776,655 and \$793,591, respectively, which was determined using available market information and methodologies requiring judgment. The carrying value of this debt at such dates was \$717,855 and \$715,567, respectively. Since judgment is required in interpreting market information, the fair value of the debt is not necessarily the amount which could be realized in a current market exchange.

Senior Unsecured Notes

On April 1, 2015 and October 20, 2016, the Company entered into separate Note Purchase Agreements pursuant to which it issued senior unsecured notes (the "Notes") through a private placement. Interest on the Notes is paid semi-annually. The proceeds of the Notes were used for general corporate purposes. The Notes contain certain affirmative and negative covenants. As of December 31, 2021, the Company was in compliance with all of its debt covenants relating to the Notes.

The maturity and interest rates of the 2015 Notes and 2016 Notes are as follows:

	Amount	Maturity Date	Interest Rate
2015 Notes			
Series A	\$ 100,000	August 20, 2025	3.15 %
Series B	100,000	August 20, 2030	3.35 %
Series C	50,000	April 1, 2035	3.61 %
Series D	100,000	April 1, 2045	4.02 %
2016 Notes			
Series A	\$ 100,000	October 20, 2028	2.75 %
Series B	100,000	October 20, 2033	3.03 %
Series C	100,000	October 20, 2037	3.27 %
Series D	50,000	October 20, 2041	3.52 %

The Company's total weighted average effective interest rate and remaining weighted average term, inclusive of the 2015 Notes and 2016 Notes, is 3.3% and 12.4 years, respectively.

Revolving Credit Agreement

On April 23, 2021, the Company amended and restated the agreement governing its line of credit by entering into the Second Amended and Restated Credit Agreement ("Credit Agreement"). The Credit Agreement has a line of credit totaling \$500,000, has a term of 5 years with a maturity date of April 23, 2026 and may be increased, subject to certain conditions including the consent of its lenders, by an additional amount up to \$150,000. The interest rate on borrowings is based on LIBOR plus a spread based on the Company's net leverage ratio. The Credit Agreement contains customary representations and warranties, as well as customary affirmative, negative and financial covenants for credit facilities of this type (subject to negotiated baskets and exceptions), including limitations on the Company and its subsidiaries with respect to liens, investments, distributions, mergers and acquisitions, dispositions of assets and transactions with affiliates. As of December 31, 2021, the Company was in compliance with all of its covenants and had \$40,000 of outstanding borrowings under the Credit Agreement.

The Company has other lines of credit totaling \$91,309. As of December 31, 2021 the Company was in compliance with all of its covenants and had \$11,964 outstanding at December 31, 2021.

Shelf Agreements

On November 27, 2018, the Company entered into seven uncommitted master note facilities (the "Shelf Agreements") that allow borrowings up to \$700,000 in the aggregate. The Shelf Agreements have a term of 5 years and the average life of borrowings cannot exceed 15 years. The Company is required to comply with covenants similar to those contained in the 2015 Notes and 2016 Notes. As of December 31, 2021, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Shelf Agreements.

Other

Maturities of long-term debt, including payments for amounts due banks, for the five years succeeding December 31, 2021 are \$52,730 in 2022, \$11,269 in 2023, \$228 in 2024, \$100,228 in 2025, \$228 in 2026 and \$600,911 thereafter. Total interest paid was \$23,752 in 2021, \$26,332 in 2020 and \$24,950 in 2019. The difference between interest paid and interest expense is due to the accrual of interest associated with the Senior Unsecured Notes and interest rate derivative contracts discussed in Note 15 to the consolidated financial statements.

NOTE 10 – STOCK PLANS

On April 23, 2015, the shareholders of the Company approved the 2015 Equity and Incentive Compensation Plan ("Employee Plan"). The Employee Plan provides for the granting of options, appreciation rights, restricted shares, restricted stock units and performance-based awards up to an additional 5,400,000 of the Company's common shares. In addition, on April 23, 2015, the shareholders of the Company approved the 2015 Stock Plan for Non-Employee Directors ("2015 Director Plan"). The 2015 Director Plan provides for the granting of options, restricted shares and restricted stock units up to an additional 300,000 of the Company's common shares. At December 31, 2021, there were 1,949,554 common shares available for future grant under all plans.

Stock Options

The following table summarizes stock option activity for the year ended December 31, 2021 under all Plans:

	Number of Options	Weighted Average Exercise Price
Balance at beginning of year	1,179,761	\$ 77.31
Options granted	179,184	114.27
Options exercised	(287,449)	66.91
Options canceled	(630)	59.19
Options forfeited	(2,642)	89.51
Balance at end of year	<u>1,068,224</u>	86.28
Exercisable at end of year	726,972	78.93

Options granted under both the Employee Plan and its predecessor plans may be outstanding for a maximum of 10 years from the date of grant. The majority of options granted vest ratably over a period of 3 years from the grant date. The exercise prices of all options were equal to the quoted market price of the Company's common shares at the date of grant. The Company issued shares of common stock from treasury upon all exercises of stock options in 2021. In 2021, all options issued were under the Employee Plan.

The Company uses the Black-Scholes option pricing model for estimating fair values of options. In estimating the fair value of options granted, the expected option life is based on the Company's historical experience. The expected volatility is based on historical volatility. The weighted average assumptions for each of the three years ended December 31 were as follows:

	2021	2020	2019
Expected volatility	28.01 %	25.80 %	25.98 %
Dividend yield	2.17 %	2.51 %	2.42 %
Risk-free interest rate	0.55 %	1.41 %	2.49 %
Expected option life (years)	4.7	4.7	4.6
Weighted average fair value per option granted during the year	\$ 21.70	\$ 15.97	\$ 17.46

The following table summarizes non-vested stock options for the year ended December 31, 2021:

	Number of Options	Weighted Average Fair Value at Grant Date
Balance at beginning of year	335,835	\$ 16.88
Granted	179,184	21.70
Vested	(170,494)	17.50
Canceled	(2,642)	16.12
Forfeited	(630)	15.56
Balance at end of year	<u>341,253</u>	19.11

The aggregate intrinsic value of options outstanding and exercisable which would have been received by the optionees had all awards been exercised at December 31, 2021 was \$56,814 and \$44,009, respectively. The total intrinsic value of awards exercised during 2021, 2020 and 2019 was \$20,442, \$13,269 and \$13,964, respectively. The total fair value of options that vested during 2021, 2020 and 2019 was \$2,983, \$3,564 and \$3,012, respectively.

The following table summarizes information about awards outstanding as of December 31, 2021:

Exercise Price Range	Outstanding			Exercisable		
	Number of Stock	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Number of Stock	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Under \$49.99	28,287	\$ 47.83	0.90	28,287	\$ 47.83	0.90
\$50.00 - \$59.99	132,756	58.12	4.10	132,756	58.12	4.10
Over \$60.00	907,181	91.60	6.80	565,928	85.37	5.70
	<u>1,068,224</u>		6.30	<u>726,971</u>		5.20

Restricted Stock Units ("RSUs") and Performance Share Units ("PSUs")

The following table summarizes RSU and PSU activity for the year ended December 31, 2021 under all Plans:

	Number of Units	Weighted Average Grant Date Fair Value
Balance at beginning of year	411,489	\$ 90.23
Units granted	134,363	118.76
Units vested	(132,113)	93.16
Units forfeited	(9,913)	94.70
Balance at end of year	<u>403,826</u>	98.65

RSUs are valued at the quoted market price on the grant date. The majority of RSUs vest over a period of 3 years. The Company issues shares of common stock from treasury upon the vesting of RSUs and any earned dividend equivalents. Conversion of 29,730 RSUs and PSUs to common shares in 2021 were deferred as part of the 2005 Deferred Compensation Plan for Executives (the "2005 Plan"). As of December 31, 2021, 107,654 RSUs and PSUs, including related dividend equivalents, have been deferred under the 2005 Plan. These units are reflected within dilutive shares in the calculation of earnings per share. In 2021, 103,700 RSUs were issued under the Employee Plan and the 2015 Director Plan. The remaining weighted average vesting period of all non-vested RSUs is 1.4 years as of December 31, 2021.

PSUs are valued at the quoted market price on the grant date. PSUs vest over a period of 3 years and are based on the Company's performance relative to pre-established performance goals. The Company issues common stock from treasury upon the vesting of PSUs and any earned dividend equivalents. In 2021, the Company issued 30,663 PSU's and has 90,329 PSUs outstanding under the Employee Plan at a weighted average fair value of \$97.58 per share. The remaining weighted average vesting period of all non-vested PSUs is 1.1 years as of December 31, 2021.

Stock-Based Compensation Expense

Expense is recognized for all awards of stock-based compensation by allocating the aggregate grant date fair value over the vesting period. No expense is recognized for any stock options, restricted or deferred shares, RSUs or PSUs ultimately forfeited because recipients fail to meet vesting requirements. Total stock-based compensation expense recognized in the Consolidated Statements of Income for 2021, 2020 and 2019 was \$23,787, \$15,388 and \$16,624, respectively. The related tax benefit for 2021, 2020 and 2019 was \$5,988, \$3,874 and \$4,151, respectively. As of December 31, 2021, total unrecognized stock-based compensation expense related to non-vested stock options, RSUs and PSUs was \$19,723, which is expected to be recognized over a weighted average period of approximately 1.8 years.

Lincoln Stock Purchase Plan

The 1995 Lincoln Stock Purchase Plan provides employees the ability to purchase open market shares on a commission-free basis up to a limit of ten thousand dollars annually. Under this plan, 800,000 shares have been authorized to be purchased. Shares purchased were 9,070 in 2021, 13,667 in 2020 and 13,300 in 2019.

NOTE 11 – COMMON STOCK REPURCHASE PROGRAM

The Company has a share repurchase program for up to 55 million of the Company's common shares. On February 12, 2020, the Company's Board of Director's approved a new share repurchase program authorizing the Company to repurchase, in the aggregate, up to an additional 10 million of its outstanding common shares under this program. From time to time at management's discretion, the Company repurchases its common shares in the open market, depending on market conditions, stock price and other factors. During the year ended December 31, 2021, the Company purchased a total of 1.2 million shares at an average cost per share of \$132.32. As of December 31, 2021, 10.2 million shares remained available for repurchase under the stock repurchase program. The treasury shares have not been retired.

NOTE 12 – RETIREMENT ANNUITY AND GUARANTEED CONTINUOUS EMPLOYMENT PLANS

The Company maintains a number of defined benefit and defined contribution plans to provide retirement benefits for employees. These plans are maintained and contributions are made in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA"), local statutory law or as determined by the Board of Directors. The plans generally provide benefits based upon years of service and compensation. Pension plans are funded except for a domestic non-qualified pension plan for certain key employees and certain foreign plans. The Company uses a December 31 measurement date for its plans.

The Company does not have, and does not provide for, any postretirement or postemployment benefits other than pensions and certain non-U.S. statutory termination benefits.

Defined Benefit Plans

Contributions are made in amounts sufficient to fund current service costs on a current basis and to fund past service costs, if any, over various amortization periods.

Obligations and Funded Status

	December 31,			
	2021		2020	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
<i>Change in benefit obligations</i>				
Benefit obligations at beginning of year	\$ 557,946	\$ 190,141	\$ 492,511	\$ 176,858
Service cost	194	1,413	156	3,140
Interest cost	8,926	2,567	14,670	2,755
Plan participants' contributions	—	84	—	142
Acquisitions & other adjustments	—	(115)	—	11
Actuarial (gain) loss ⁽¹⁾	(7,774)	(10,759)	100,346	7,161
Benefits paid	(10,118)	(9,586)	(10,105)	(7,064)
Settlements/curtailments ⁽²⁾	(538,244)	(4,466)	(39,632)	(2,701)
Currency translation	—	(5,274)	—	9,839
Benefit obligations at end of year	10,930	164,005	557,946	190,141
<i>Change in plan assets</i>				
Fair value of plan assets at beginning of year	618,024	117,058	589,551	105,673
Actual return on plan assets	(2,058)	4,694	72,596	8,403
Employer contributions	—	2,097	—	2,818
Plan participants' contributions	—	84	—	142
Benefits paid	(9,264)	(6,864)	(8,875)	(4,403)
Settlements ⁽²⁾	(538,244)	(1,072)	(35,248)	(633)
Currency translation	—	(1,440)	—	5,058
Fair value of plan assets at end of year	68,458	114,557	618,024	117,058
Funded status at end of year	57,528	(49,448)	60,078	(73,083)
Unrecognized actuarial net loss	2,897	13,274	108,873	28,637
Unrecognized prior service cost	—	(23)	—	389
Unrecognized transition assets, net	—	25	—	27
Net amount recognized	<u>\$ 60,425</u>	<u>\$ (36,172)</u>	<u>\$ 168,951</u>	<u>\$ (44,030)</u>

(1) Actuarial gains in 2021 were primarily the result of an increase in the Company's pension plan discount rates.

(2) Settlements in 2021 and 2020 resulting from lump sum pension payments and the purchase of a group annuity contract in October 2021 related to the termination of a pension plan.

The after-tax amounts of unrecognized actuarial net loss, prior service costs and transition assets included in Accumulated other comprehensive loss at December 31, 2021 were \$13,230, \$(16) and \$17, respectively. The actuarial loss represents changes in the estimated obligation not yet recognized in the Consolidated Income Statement.

In March 2020, the Company approved an amendment to terminate the Lincoln Electric Company Retirement Annuity Program ("RAP") plan effective as of December 31, 2020. The Company provided notice to participants of the intent to terminate the plan and applied and received a determination letter. During 2021, pension obligations were distributed through a combination of lump sum payments to eligible plan participants and through the purchase of a group annuity contract in October 2021. The lump sum payments and annuity purchase resulted in pre-tax settlement charges of

\$126,056 in the twelve months ended December 31, 2021. The remaining surplus assets of \$68,458 at December 31, 2021 were transferred to a suspense account in January 2022 and will be used to fund employer matching contributions in the Company's Savings Plan. The surplus assets are recorded in Other current assets and Other assets in the Company's Consolidated Balance Sheets.

Amounts Recognized in Consolidated Balance Sheets

	December 31,			
	2021		2020	
	U.S. pension plans	Non-U.S. Pension plans	U.S. pension plans	Non-U.S. pension plans
Prepaid pensions ⁽¹⁾	\$ 68,458	\$ 2,425	\$ 71,402	\$ —
Accrued pension liability, current ⁽²⁾	(690)	(2,546)	(726)	(3,050)
Accrued pension liability, long-term ⁽³⁾	(10,240)	(49,327)	(10,598)	(70,033)
Accumulated other comprehensive loss, excluding tax effects	2,897	13,276	108,873	29,053
Net amount recognized in the balance sheets	<u>\$ 60,425</u>	<u>\$ (36,172)</u>	<u>\$ 168,951</u>	<u>\$ (44,030)</u>

(1) Included in Other assets. In 2021, U.S. pension plans include \$9,776 in Other current assets and \$58,682 in Other assets.

(2) Included in Other current liabilities.

(3) Included in Other liabilities.

Components of Pension Cost for Defined Benefit Plans

	Year Ended December 31,					
	2021		2020		2019	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Service cost	\$ 194	\$ 1,413	\$ 156	\$ 3,140	\$ 140	\$ 2,908
Interest cost	8,926	2,567	14,670	2,755	18,610	3,739
Expected return on plan assets	(13,050)	(3,990)	(23,377)	(4,217)	(24,980)	(4,430)
Amortization of prior service cost	—	8	—	57	—	58
Amortization of net loss	1,966	882	1,346	1,986	1,654	2,296
Settlement and curtailment charges (gains) ⁽¹⁾	126,055	(42)	8,118	237	—	266
Defined benefit plans	<u>\$ 124,091</u>	<u>\$ 838</u>	<u>\$ 913</u>	<u>\$ 3,958</u>	<u>\$ (4,576)</u>	<u>\$ 4,837</u>

(1) Pension settlement charges resulting from lump sum pension payments and the purchase of a group annuity contract in 2021.

The components of Pension cost for defined benefit plans, other than service cost, are included in Other income (expense) in the Company's Consolidated Statements of Income.

Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets

	December 31,			
	2021		2020	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Projected benefit obligation	\$ 10,886	\$ 121,894	\$ 11,278	\$ 144,576
Accumulated benefit obligation	10,372	120,037	10,887	140,169
Fair value of plan assets	—	70,199	—	71,285

The total accumulated benefit obligation for all plans was \$171,755 as of December 31, 2021 and \$742,284 as of December 31, 2020.

Benefit Payments for Plans

Benefits expected to be paid for the plans are as follows:

	U.S. pension Plans	Non-U.S. pension plans
Estimated Payments		
2022	\$ 699	\$ 8,007
2023	2,405	7,415
2024	699	8,648
2025	1,055	8,577
2026	1,082	7,764
2027 through 2031	5,319	38,475

Assumptions

Weighted average assumptions used to measure the benefit obligation for the Company's significant defined benefit plans as of December 31, 2021 and 2020 were as follows:

	December 31,			
	2021		2020	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Discount Rate	2.5 %	1.8 %	2.2 %	1.3 %
Rate of increase in compensation	3.0 %	3.1 %	2.5 %	2.7 %

Weighted average assumptions used to measure the net periodic benefit cost for the Company's significant defined benefit plans for each of the three years ended December 31 were as follows:

	December 31,					
	2021		2020		2019	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Discount rate	2.2 %	1.3 %	3.4 %	1.7 %	4.4 %	2.3 %
Rate of increase in compensation	2.5 %	2.7 %	2.5 %	2.6 %	2.5 %	2.8 %
Expected return on plan assets	3.0 %	3.3 %	4.0 %	4.1 %	5.0 %	4.5 %

To develop the discount rate assumptions, the Company refers to the yield derived from matching projected pension payments with maturities of bonds rated AA or an equivalent quality. The expected long-term rate of return assumption is based on the weighted average expected return of the various asset classes in the plans' portfolio and the targeted allocation of plan assets. The asset class return is developed using historical asset return performance as well as current market conditions such as inflation, interest rates and equity market performance. The rate of compensation increase is determined by the Company based upon annual reviews.

Pension Plans' Assets

The primary objective of the pension plans' investment policy is to ensure sufficient assets are available to provide benefit obligations when such obligations mature. Investment management practices must comply with ERISA or any other applicable regulations and rulings. The overall investment strategy for the defined benefit pension plans' assets is to achieve a rate of return over a normal business cycle relative to an acceptable level of risk that is consistent with the long-term objectives of the portfolio. Excluding the RAP plan assets, the target allocation for plan assets is 25% to 35% equity securities and 65% to 75% debt and other securities.

The following table sets forth, by level within the fair value hierarchy, the pension plans' assets as of December 31, 2021:

	Pension Plans' Assets at Fair Value as of December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Cash and cash equivalents	\$ 71,199	\$ —	\$ —	\$ 71,199
Fixed income securities ⁽¹⁾				
Corporate debt and other obligations	—	5,240	—	5,240
Investments measured at NAV ⁽²⁾				
Common trusts and 103-12 investments ⁽³⁾				106,576
Total investments at fair value	\$ 71,199	\$ 5,240	\$ —	\$ 183,015

The following table sets forth, by level within the fair value hierarchy, the pension plans' assets as of December 31, 2020:

	Pension Plans' Assets at Fair Value as of December 31, 2020			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Cash and cash equivalents	\$ 9,162	\$ —	\$ —	\$ 9,162
Fixed income securities ⁽¹⁾				
U.S. government bonds	24,257	—	—	24,257
Corporate debt and other obligations	—	213,227	—	213,227
Investments measured at NAV ⁽²⁾				
Common trusts and 103-12 investments ⁽³⁾				460,474
Private equity funds ⁽⁴⁾				27,962
Total investments at fair value	\$ 33,419	\$ 213,227	\$ —	\$ 735,082

- (1) Fixed income securities are primarily comprised of governmental and corporate bonds directly held by the plans. Governmental and corporate bonds are valued using both market observable inputs for similar assets that are traded on an active market and the closing price on the active market on which the individual securities are traded.
- (2) Certain assets that are measured at fair value using the net asset value ("NAV") practical expedient have not been classified in the fair value hierarchy.
- (3) Common trusts and 103-12 investments (collectively "Trusts") are comprised of a number of investment funds that invest in a diverse portfolio of assets including equity securities, corporate and governmental bonds, equity and credit indexes and money markets. Trusts are valued at the NAV as determined by their custodian. NAV represents the accumulation of the unadjusted quoted close prices on the reporting date for the underlying investments divided by the total shares outstanding at the reporting dates.
- (4) Private equity funds consist of four funds seeking capital appreciation by investing in private equity investment partnerships and venture capital companies. Private equity fund valuations are based on the NAV of the underlying assets. Funds are comprised of unrestricted and restricted publicly traded securities and privately held securities. Unrestricted securities are valued at the closing market price on the reporting date. Restricted securities may be valued at a discount from such closing public market price, depending on facts and circumstances. Privately held securities are valued at fair value as determined by the fund directors and general partners.

Supplemental Executive Retirement Plan

The Company maintained a domestic unfunded Supplemental Executive Retirement Plan ("SERP") under which non-qualified supplemental pension benefits are paid to certain employees in addition to amounts received under the Company's qualified retirement plan which is subject to IRS limitations on covered compensation. The annual cost of this program has been included in the determination of total net pension costs shown above and was \$213, \$1,225 and \$576 in 2021, 2020 and 2019, respectively. The projected benefit obligation associated with this plan is also included in the pension disclosure shown above and was \$7,947, \$8,194 and \$12,202 at December 31, 2021, 2020 and 2019, respectively.

Defined Contribution Plans

Substantially all U.S. employees are covered under defined contribution plans. In October 2016, the Company announced a plan redesign of The Lincoln Electric Company Employee Savings Plan ("Savings Plan") that was effective January 1, 2017. The Savings Plan provides that eligible employees receive up to 6% of employees' annual compensation through Company matching contributions of 100% of the first 3% of employee compensation contributed to the plan, and automatic Company contributions equal to 3% of annual compensation. In addition, certain employees affected by the RAP freeze in 2016 are also eligible to receive employer contributions equal to 6% of annual compensation for a minimum period of five years or to the end of the year in which they complete thirty years of service.

Effective January 1, 2017, the Company created The Lincoln Electric Company Restoration Plan ("Restoration Plan"). The Restoration Plan is a domestic unfunded plan maintained for the purpose of providing certain employees the ability to fully participate in standard employee retirement offerings, which are limited by IRS regulations on covered compensation.

The annual costs recognized for defined contribution plans were \$26,282, \$22,593 and \$24,835 in 2021, 2020 and 2019, respectively.

Other Benefits

The Cleveland, Ohio, area operations have a Guaranteed Continuous Employment Plan covering substantially all employees which, in general, provides that the Company will provide work for at least 75% of every standard work week (presently 40 hours). This plan does not guarantee employment when the Company's ability to continue normal operations is seriously restricted by events beyond the control of the Company. The Company has reserved the right to terminate this plan effective at the end of a calendar year by giving notice of such termination not less than six months prior to the end of such year.

NOTE 13 — OTHER INCOME (EXPENSE)

The components of Other income (expense) were as follows:

	Year Ended December 31,		
	2021	2020	2019
Equity earnings in affiliates	\$ 499	\$ 408	\$ 3,163
Other components of net periodic pension (cost) income ⁽¹⁾	(123,920)	(1,575)	2,787
Other income (expense) ⁽²⁾	8,964	5,109	15,048
Total Other income (expense)	<u>\$ (114,457)</u>	<u>\$ 3,942</u>	<u>\$ 20,998</u>

(1) Other components of net periodic pension (cost) income includes pension settlements and curtailments. Refer to Note 12 to the consolidated financial statements for details.

(2) Includes a gain on change in control related to an acquisition in the year ended December 31, 2019. Refer to Note 4 to the consolidated financial statements for details.

NOTE 14 – INCOME TAXES

The components of income before income taxes were as follows:

	Year Ended December 31,		
	2021	2020	2019
U.S.	\$ 143,290	\$ 179,650	\$ 237,296
Non-U.S.	181,708	84,390	131,197
Total	<u>\$ 324,998</u>	<u>\$ 264,040</u>	<u>\$ 368,493</u>

The components of income tax expense (benefit) were as follows:

	Year Ended December 31,		
	2021	2020	2019
Current:			
Federal	\$ 23,415	\$ 30,091	\$ 25,063
Non-U.S.	44,828	18,020	26,540
State and local	10,298	8,770	9,064
	<u>78,541</u>	<u>56,881</u>	<u>60,667</u>
Deferred:			
Federal	(21,538)	(1,898)	6,971
Non-U.S.	(4,488)	3,196	6,513
State and local	(4,097)	(283)	1,259
	<u>(30,123)</u>	<u>1,015</u>	<u>14,743</u>
Total	<u>\$ 48,418</u>	<u>\$ 57,896</u>	<u>\$ 75,410</u>

The differences between total income tax expense and the amount computed by applying the statutory federal income tax rate to income before income taxes for the three years ended December 31, 2021 were as follows:

	Year Ended December 31,		
	2021	2020	2019
Statutory rate applied to pre-tax income	\$ 68,250	\$ 55,448	\$ 77,384
State and local income taxes, net of federal tax benefit	4,005	6,148	8,831
Excess tax benefits resulting from exercises of stock-based compensation	(4,681)	(2,471)	(3,451)
Resolution and settlements to uncertain tax positions	577	(4,146)	(9,432)
Foreign Derived Intangible Income Deduction	(2,197)	(1,267)	(4,315)
Foreign rate variance	2,131	85	7,023
Valuation allowances	(4,209)	4,753	3,198
Research and development credit	(5,300)	(4,400)	(4,786)
Pension plan termination adjustment	(14,711)	—	—
U.S. tax cost (benefit) of foreign source income	3,488	269	1,783
Other	1,065	3,477	(825)
Total	<u>\$ 48,418</u>	<u>\$ 57,896</u>	<u>\$ 75,410</u>
Effective tax rate	<u>14.9 %</u>	<u>21.9 %</u>	<u>20.5 %</u>

The 2021 effective tax rate was lower than 2020 primarily due to the impact of a plan termination and utilization of certain loss carryforwards previously subject to valuation allowances in the current year offset by the impact of lower income tax benefits for the settlement of tax items recorded in the prior year.

Total income tax payments, net of refunds, were \$87,288 in 2021, \$59,360 in 2020 and \$42,880 in 2019.

Deferred Taxes

Significant components of deferred tax assets and liabilities at December 31, 2021 and 2020, were as follows:

	December 31,	
	2021	2020
Deferred tax assets:		
Tax loss and credit carry-forwards	\$ 46,889	\$ 56,076
Inventory	1,929	2,525
Other accruals	13,395	14,084
Employee benefits	28,163	27,673
Pension obligations	9,760	13,021
Other	5,073	4,306
Deferred tax assets, gross	105,209	117,685
Valuation allowance	(55,619)	(65,413)
Deferred tax assets, net	49,590	52,272
Deferred tax liabilities:		
Property, plant and equipment	40,422	36,795
Intangible assets	18,253	13,595
Inventory	3,716	5,586
Pension obligations	16,397	16,070
Other	9,202	10,009
Deferred tax liabilities	87,990	82,055
Total deferred taxes	<u>\$ (38,400)</u>	<u>\$ (29,783)</u>

At December 31, 2021, certain subsidiaries had net operating loss carry-forwards of approximately \$7,245 that expire in various years from 2022 through 2035, plus \$168,519 for which there is no expiration date.

In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized. The Company considers the scheduled reversal of deferred tax liabilities, tax planning strategies and projected future taxable income in making this assessment. At December 31, 2021, a valuation allowance of \$55,619 was recorded against certain deferred tax assets based on this assessment. The Company believes it is more-likely-than-not that the tax benefit of the remaining net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable could be increased or reduced in the future if the Company's assessment of future taxable income or tax planning strategies changes.

The Company determined it will repatriate earnings for certain non-U.S. subsidiaries, which are subject to foreign withholding taxes. The Company has estimated the associated tax to be \$233. The Company considers remaining earnings and outside basis in all other non-U.S. subsidiaries to be indefinitely reinvested and has not recorded any deferred taxes as such estimate is not practicable.

Unrecognized Tax Benefits

Liabilities for unrecognized tax benefits related to uncertain tax positions are classified as Other liabilities unless expected to be paid in one year. Additionally, to the extent a position would not result in a cash tax liability, those amounts are generally recorded to Deferred income taxes to offset tax attributes. The Company recognizes interest and penalties related to unrecognized tax benefits in Income taxes. Current income tax expense included benefits of \$485 for the year ended December 31, 2021 and benefits of \$244 for the year ended December 31, 2020 for interest and penalties. For those same years, the Company's accrual for interest and penalties related to unrecognized tax benefits totaled \$3,209 and \$4,120, respectively.

The following table summarizes the activity related to unrecognized tax benefits:

	2021	2020
Balance at beginning of year	\$ 17,596	\$ 20,585
Increase related to current year tax provisions	2,693	1,661
Increase/(decrease) related to prior years' tax positions	(17)	683
Decrease related to settlements with taxing authorities	—	(1,476)
Resolution of and other decreases in prior years' tax liabilities	(1,585)	(4,537)
Other	(476)	680
Balance at end of year	<u>\$ 18,211</u>	<u>\$ 17,596</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$14,918 at December 31, 2021 and \$14,202 at December 31, 2020.

The Company files income tax returns in the U.S. and various state, local and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2017. The Company is currently subject to various state audits and non-U.S. income tax audits. The Company is generally not able to precisely estimate the ultimate settlement amounts or timing until after the close of an audit. The Company evaluates its tax positions and establishes liabilities for unrecognized tax benefits related to uncertain tax positions that may be challenged by local authorities and may not be fully sustained.

Unrecognized tax benefits are reviewed on an ongoing basis and are adjusted for changing facts and circumstances, including management's judgment in the interpretation of applicable tax law, regulation or tax ruling, the progress of tax audits and closing of statutes of limitations. Based on information currently available, management believes that additional audit activity could be completed and/or statutes of limitations may close relating to existing unrecognized tax benefits. It is reasonably possible there could be a further reduction of \$3,921 in prior years' unrecognized tax benefits in 2022.

NOTE 15 – DERIVATIVES

The Company uses derivative instruments to manage exposures to currency exchange rates, interest rates and commodity prices arising in the normal course of business. Both at inception and on an ongoing basis, the derivative instruments that qualify for hedge accounting are assessed as to their effectiveness, when applicable. Hedge ineffectiveness was immaterial for each of the three years in the period ended December 31, 2021.

The Company is subject to the credit risk of the counterparties to derivative instruments. Counterparties include a number of major banks and financial institutions. None of the concentrations of risk with any individual counterparty was considered significant at December 31, 2021. The Company does not expect any counterparties to fail to meet their obligations.

Cash flow hedges

Certain foreign currency forward contracts are qualified and designated as cash flow hedges. The dollar equivalent gross notional amount of these short-term contracts was \$72,630 at December 31, 2021 and \$69,051 at December 31, 2020.

The Company has interest rate forward starting swap agreements that are qualified and designated as cash flow hedges. The dollar equivalent gross notional amount of the long-term contracts was \$100,000 at December 31, 2021 and 2020 and have a termination date of August 2025.

The Company has commodity contracts with a notional amount of 975,000 pounds at December 31, 2021 that are qualified and designated as cash flow hedges.

Fair value hedges

Certain interest rate swap agreements are qualified and designated as fair value hedges. At December 31, 2021, the Company had no interest rate swap agreements outstanding. The Company terminated \$50,000 of interest rate swaps in the year ended December 31, 2020, which resulted in a gain of \$6,629 that is amortized to interest expense over the remaining life of the underlying debt.

Net investment hedges

The Company has cross currency swaps that are qualified and designated as net investment hedges. The dollar equivalent gross notional amount of these contracts is \$25,000 as of December 31, 2021 and was \$50,000 at December 31, 2020.

The Company has foreign currency forward contracts that qualify and are designated as net investment hedges. The dollar equivalent gross notional amount of these short-term contracts was \$94,479 at December 31, 2021.

Derivatives not designated as hedging instruments

The Company has certain foreign exchange forward contracts which are not designated as hedges. These derivatives are held as hedges of certain balance sheet exposures. The dollar equivalent gross notional amount of these contracts was \$301,685 at December 31, 2021 and \$391,112 at December 31, 2020.

Fair values of derivative instruments in the Company's Consolidated Balance Sheets follow:

	December 31, 2021				December 31, 2020			
	Other Current Assets	Other Current Liabilities	Other Assets	Other Liabilities	Other Current Assets	Other Current Liabilities	Other Assets	Other Liabilities
Derivatives by hedge designation								
Designated as hedging instruments:								
Foreign exchange contracts	\$ 772	\$ 535	\$ —	\$ —	\$ 2,451	\$ 1,124	\$ —	\$ —
Forward starting swap agreements	—	—	6,990	—	—	—	4,876	—
Net investment contracts	2,095	—	—	608	—	—	—	4,308
Commodity contracts	311	—	—	—	—	—	—	—
Not designated as hedging instruments:								
Foreign exchange contracts	4,656	3,445	—	—	1,398	3,485	—	—
Total derivatives	\$ 7,834	\$ 3,980	\$ 6,990	\$ 608	\$ 3,849	\$ 4,609	\$ 4,876	\$ 4,308

The effects of undesignated derivative instruments on the Company's Consolidated Statements of Income consisted of the following:

Derivatives by hedge designation	Classification of gain (loss)	Year Ended December 31,	
		2021	2020
Foreign exchange contracts	Selling, general & administrative expenses	\$ 7,707	\$ 3,160

The effects of designated cash flow hedges on AOCI and the Company's Consolidated Statements of Income consisted of the following:

Total gain (loss) recognized in AOCI, net of tax	December 31, 2021	December 31, 2020
Foreign exchange contracts	\$ 284	\$ 660
Forward starting swap agreements	5,232	3,649
Net investment contracts	2,339	(1,822)
Commodity contracts	239	—

The Company expects a loss of \$284 related to existing contracts to be reclassified from AOCI, net of tax, to earnings over the next 12 months as the hedged transactions are realized.

Derivative type	Gain (loss) recognized in the Consolidated Statements of Income:	Year Ended December 31,	
		2021	2020
Foreign exchange contracts	Sales	\$ 2,224	\$ (2,015)
	Cost of goods sold	586	158

NOTE 16 – FAIR VALUE

The following table provides a summary of fair value assets and liabilities as of December 31, 2021 measured at fair value on a recurring basis:

Description	Balance as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Foreign exchange contracts	\$ 5,428	\$ —	\$ 5,428	\$ —
Net investment contracts	2,095	—	2,095	—
Commodity contracts	311	—	311	—
Forward starting swap agreements	6,990	—	6,990	—
Total assets	\$ 14,824	\$ —	\$ 14,824	\$ —
Liabilities:				
Foreign exchange contracts	\$ 3,980	\$ —	\$ 3,980	\$ —
Net investment contracts	608	—	608	—
Deferred compensation	41,612	—	41,612	—
Total liabilities	\$ 46,200	\$ —	\$ 46,200	\$ —

The following table provides a summary of fair value assets and liabilities as of December 31, 2020 measured at fair value on a recurring basis:

Description	Balance as of December 31, 2020	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Foreign exchange contracts	\$ 3,849	\$ —	\$ 3,849	\$ —
Forward starting swap agreements	4,876	—	4,876	—
Total assets	\$ 8,725	\$ —	\$ 8,725	\$ —
Liabilities:				
Foreign exchange contracts	\$ 4,609	\$ —	\$ 4,609	\$ —
Net investment contracts	4,308	—	4,308	—
Deferred compensation	41,539	—	41,539	—
Total liabilities	\$ 50,456	\$ —	\$ 50,456	\$ —

The Company's derivative contracts are valued at fair value using the market approach. The Company measures the fair value of foreign exchange contracts, interest rate swap agreements, forward starting swap agreements and cross currency swaps using Level 2 inputs based on observable spot and forward rates in active markets. During the year ended December 31, 2021, there were no transfers between Levels 1, 2 or 3.

The deferred compensation liability is the Company's obligation under its executive deferred compensation plan. The Company measures the fair value of the liability using the market values of the participants' underlying investment fund elections.

The Company has various financial instruments, including cash and cash equivalents, short and long-term debt and forward contracts. While these financial instruments are subject to concentrations of credit risk, the Company has minimized this risk by entering into arrangements with a number of major banks and financial institutions and investing in several high-quality instruments. The Company does not expect any counterparties to fail to meet their obligations. The fair value of Cash and cash equivalents, Accounts receivable, Amounts due banks and Trade accounts payable approximated book value due to the short-term nature of these instruments at both December 31, 2021 and December 31, 2020. Refer to Note 9 to the consolidated financial statements for the fair value estimate of debt.

NOTE 17 – INVENTORY

Inventories in the Consolidated Balance Sheet is comprised of the following components:

	December 31, 2021	December 31, 2020
Raw materials	\$ 143,394	\$ 111,888
Work-in-process	97,834	60,341
Finished goods	298,691	209,029
Total	\$ 539,919	\$ 381,258

The valuation of LIFO inventories is made at the end of each year based on inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs. Actual year-end inventory levels and costs may differ from interim LIFO inventory valuations. At December 31, 2021 and 2020, approximately 36% and 35% of total inventories, respectively, were valued using the LIFO method. The excess of current cost over LIFO cost was \$114,176 at December 31, 2021 and \$75,581 at December 31, 2020.

NOTE 18 – LEASES

The table below summarizes the right-of-use assets and lease liabilities in the Company's Consolidated Balance sheets:

<u>Operating Leases</u>	<u>Balance Sheet Classification</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Right-of-use assets	Other assets	\$ 47,966	\$ 43,570
Current liabilities	Other current liabilities	\$ 10,218	\$ 11,502
Noncurrent liabilities	Other liabilities	38,960	33,988
Total lease liabilities		\$ 49,178	\$ 45,490

Total lease expense, which is included in Cost of goods sold and Selling, general and administrative expenses in the Company's Consolidated Statements of Income, was \$21,630, \$23,499 and \$25,389 in the years ended December 31, 2021, 2020 and 2019, respectively. Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31, 2021 and 2020 was \$15,723 and \$15,488, respectively, are included in Net cash provided by operating activities in the Company's Consolidated Statements of Cash Flows. Right-of-use assets obtained in exchange for operating lease liabilities during the years ended December 31, 2021 and 2020 were \$12,257 and \$4,387, respectively.

The total future minimum lease payments for noncancelable operating leases were as follows:

	<u>December 31, 2021</u>
2022	\$ 11,415
2023	9,697
2024	8,183
2025	5,208
2026	3,951
After 2026	17,351
Total lease payments	\$ 55,805
Less: Imputed interest	6,627
Operating lease liabilities	\$ 49,178

As of December 31, 2021 and 2020, the weighted average remaining lease term was 8.6 years and 7.3 years, respectively. As of December 31, 2021 and 2020, the weighted average discount rate used to determine the operating lease liability was 3.1% and 3.5%, respectively.

NOTE 19 – CONTINGENCIES

The Company, like other manufacturers, is subject from time to time to a variety of civil and administrative proceedings arising in the ordinary course of business. Such claims and litigation include, without limitation, product liability claims, regulatory claims, employment-related claims and health, safety and environmental claims, some of which relate to cases alleging asbestos induced illnesses. The claimants in the asbestos cases seek compensatory and punitive damages, in most cases for unspecified amounts. The Company believes it has meritorious defenses to these claims and intends to contest such suits vigorously.

The Company accrues its best estimate of the probable costs, after a review of the facts with management and counsel and taking into account past experience. For claims or litigation that are material, if an unfavorable outcome is determined to be reasonably possible and the amount of loss can be reasonably estimated, or if an unfavorable outcome is determined to be probable and the amount of loss cannot be reasonably estimated, disclosure would be provided. Many of the current cases are in differing procedural stages and information on the circumstances of each claimant, which forms the basis for judgments as to the validity or ultimate disposition of such actions, varies greatly. Therefore, in many situations a range of possible losses cannot be made. Reserves are adjusted as facts and circumstances change

and related management assessments of the underlying merits and the likelihood of outcomes change. Moreover, reserves only cover identified and/or asserted claims. Future claims could, therefore, give rise to increases to such reserves.

Based on the Company's historical experience in litigating product liability claims, including a significant number of dismissals, summary judgments and defense verdicts in many cases and immaterial settlement amounts, as well as the Company's current assessment of the underlying merits of the claims and applicable insurance, the Company believes resolution of these claims and proceedings, individually or in the aggregate, will not have a material effect on the Company's consolidated financial statements.

NOTE 20 – PRODUCT WARRANTY COSTS

The changes in product warranty accruals were as follows:

	December 31,		
	2021	2020	2019
Balance at beginning of year	\$ 21,760	\$ 20,650	\$ 19,778
Accruals for warranties	10,940	17,194	17,094
Settlements	(11,804)	(16,175)	(16,211)
Foreign currency translation and other adjustments	(430)	91	(11)
Balance at end of year	<u>\$ 20,466</u>	<u>\$ 21,760</u>	<u>\$ 20,650</u>

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
LINCOLN ELECTRIC HOLDINGS, INC.
(In thousands)

Description	Balance at Beginning Of period	Additions		Deductions ⁽²⁾	Balance at End of Period
		Charged to Costs and Expenses	Charged (Credited) to Other Accounts ⁽¹⁾		
Allowance for doubtful accounts:					
Year Ended December 31, 2021	\$ 14,779	\$ 718	\$ (2,491)	\$ 1,901	\$ 11,105
Year Ended December 31, 2020	16,002	1,391	(1,239)	1,375	14,779
Year Ended December 31, 2019	12,827	1,227	3,792	1,844	16,002
Deferred tax asset valuation allowance:					
Year Ended December 31, 2021	\$ 65,413	\$ 1,147	\$ (3,873)	\$ 7,068	\$ 55,619
Year Ended December 31, 2020	71,546	9,606	(6,741)	8,998	65,413
Year Ended December 31, 2019	69,400	3,691	(481)	1,064	71,546

- (1) Currency translation adjustment, reductions from restructuring and other adjustments.
- (2) For the Allowance for doubtful accounts, deductions relate to uncollectible accounts written-off, net of recoveries. For the Deferred tax asset valuation allowance, deductions relate to the reversal of valuation allowances due to the realization of net operating loss carryforwards.

CORPORATE INFORMATION

LINCOLN ELECTRIC HOLDINGS, INC.

BOARD OF DIRECTORS

Brian D. Chambers

Chair, President and
Chief Executive Officer,
Owens Corning

Curtis E. Espeland

Retired Executive Vice President
and Chief Financial Officer,
Eastman Chemical Company

Patrick P. Goris

Senior Vice President and
Chief Financial Officer,
Carrier Global Corporation

Stephen G. Hanks

Retired President and
Chief Executive Officer,
Washington Group International, Inc.

Michael F. Hilton

Retired President and
Chief Executive Officer,
Nordson Corporation

G. Russell Lincoln

President, N.A.S.T. Inc.

Kathryn Jo Lincoln

Chair and Chief Investment Officer,
Lincoln Institute of Land Policy

William E. MacDonald III

Retired Vice Chairman,
National City Corporation

Christopher L. Mapes

Chairman, President and
Chief Executive Officer,
Lincoln Electric Holdings, Inc.

Phillip J. Mason

Retired President,
Ecolab EMEA sector

Ben P. Patel

Former Senior Vice President and
Chief Technology Officer,
Cooper Tire & Rubber Company

Hellene S. Runtagh

Retired President and
Chief Executive Officer,
Berwind Group

Kellye L. Walker

Executive Vice President
and Chief Legal Officer,
Eastman Chemical Company

LEADERSHIP TEAM

Geoffrey P. Allman

Senior Vice President
Strategy and Business Development

Jennifer I. Ansberry

Executive Vice President
General Counsel and Secretary

Gabriel Bruno

Executive Vice President
Chief Financial Officer and Treasurer

Gregory D. Doria

Senior Vice President
President, Harris Products Group

Thomas A. Flohn

Senior Vice President
President, International Welding

Steven B. Hedlund

Executive Vice President
President, Americas and
International Welding

Michele R. Kuhrt

Executive Vice President
Chief Human Resources Officer

Douglas S. Lance

Senior Vice President
President, North America Welding

Christopher L. Mapes

Chairman, President and
Chief Executive Officer

Michael S. Mintun

Senior Vice President
Sales

Peter M. Pletcher

Senior Vice President
President, International Welding

Michael J. Whitehead

Senior Vice President
President, Global Automation,
Cutting & Additive Businesses

CORPORATE INFORMATION

For additional corporate information and copies of Lincoln Electric's 2021 Annual Report and Form 10-K, and 2022 Proxy Statement, please contact Amanda Butler in Investor Relations at (216) 383-2534, email: Amanda_Butler@lincolnelectric.com, 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199 USA, or visit www.lincolnelectric.com.

TRANSFER AGENT AND REGISTRAR

Inquiries about dividends, shareholder records, share transfers, changes in ownership and address changes should be directed to Computershare Inc.:

Mail

Computershare
Attn: Shareholder Services
P.O. Box 505000
Louisville, Kentucky 40233-5000

Courier

Computershare
Attn: Shareholder Services
462 South 4th Street, Suite 1600
Louisville, Kentucky 40202

Direct

(800) 736-3001 or (781) 575-3100
Email: webqueries@computershare.com
Online: www.computershare.com

SUSTAINABILITY

Visit <https://sustainability.lincolnelectric.com> to learn about our policies and programs.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP

ANNUAL MEETING

Thursday, April 21, 2022
11:00 a.m. Eastern Time
Online at:
www.virtualshareholdermeeting.com/LECO2022

STOCK INFORMATION

The Company's stock is traded on the NASDAQ Stock Market ("NASDAQ") under the symbol LECO.

Number of record holders of common shares at December 31, 2021: 2,193



Lincoln Electric Holdings, Inc.
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Cleveland, Ohio 44117-1199 U.S.A.
www.lincolnelectric.com