ESG REPORT 2024

SUSTAINABLE. INCLUSIVE. PRINCIPLED. INNOVATIVE.

COHERENT

CONTENTS

INTRODUCTION

FROM THE CEO

Welcome to our 2024 Environmental, Social, and Governance (ESG) Report – my first as Coherent CEO. I was proud and honored to join Coherent, a company I have long admired, in June 2024. It is an amazingly innovative company with a firm commitment to shaping the future through responsible and impactful technological advancements.

For over five decades, we have delivered world-class products and technologies that impact essential fields, from communications and manufacturing to healthcare and energy. Yet, for us, innovation is not an end but a means. Our goal is to ensure that these breakthroughs improve people's lives, support sustainable growth, and contribute meaningfully to shareholder value.

At Coherent, corporate responsibility is woven into our mission. It's an all-hands commitment that requires diligence, ethical conduct, and a continuous drive for improvement across every level of our organization. Furthermore, it's a whole-supply-chain issue; we expect every one of our suppliers to join us in our efforts. We uphold practices of compliance, sound judgment, and unwavering adherence to high ethical standards, with a focus on positive environmental and social impact.

This report reflects our dedication to transparent reporting, responsible innovation, and sustainable development.

Thank you for your interest and trust in Coherent.

Jim Anderson
Chief Executive Officer

FROM THE BOARD CHAIR

Our customers and stakeholders put their trust in Coherent to deliver high-quality, safe, and innovative products and technologies. We believe being a good corporate citizen and operating responsibly are crucial to maintaining that trust.

The issues facing industry have far-reaching implications, not just for our company but for the world at large. From the impact of climate change and the responsible use of artificial intelligence to respect for human rights and supporting the resilience of the communities around us, these are issues that business leaders must manage proactively and effectively. Coherent's Board of Directors takes this responsibility seriously and works to ensure that the company's strategic goals, business plans, and executive incentives align with its sustainability strategy.

While there is further work to do, I can say on behalf of the full Board that we believe Coherent made great strides in its sustainability journey in FY2024, as illustrated by the progress in this report.

Sincerely,

Enrico DiGirolamo
Chair, Board of Directors

ABOUT THIS REPORT

Our Environmental, Social, and Governance (ESG) Report outlines how we are progressing in our mission of enabling the world to be safer, healthier, closer, and more efficient. It provides detailed information about our policies, management approach, and performance. This Report marks our third year of ESG reporting and is part of our ongoing engagement with our stakeholders, including our customers, employees, investors, shareholders, suppliers, communities, and regulators.

The scope of this ESG Report includes Coherent's global business operations, subsidiaries, and joint ventures and is aligned with our [Annual Report on Form 10-K](#). Unless otherwise specified, data and commentary are for Coherent's fiscal year 2024 (July 1, 2023–June 30, 2024), and all references to a "year" refer to fiscal years (FY). Over the years, the company has acquired a number of businesses. Wherever applicable, data from their activity is included from their acquisition date onward. For climate-related impacts, we report on everything under our Operational Control.[1]

The terms "we," "us," "our," and "Coherent," as used in this Report, refer collectively to Coherent and its subsidiaries, unless indicated otherwise. We report only on assets that we operate, unless otherwise indicated, and provide year-over-year trends where possible. All dollar figures reported are in U.S. dollars.

This report has been prepared according to the Sustainability Accounting Standards Board (SASB) standards, now part of the IFRS Foundation, for both the Semiconductors and the Electrical & Electronic Equipment industries. Coherent reports its greenhouse gas (GHG) emissions and water usage publicly through CDP (formerly known as the Carbon Disclosure Project). We report in alignment with the relevant United Nations (UN) Sustainable Development Goals (SDGs), where we believe we have the greatest impact. We have aligned our disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We note that standards and ESG disclosures are constantly evolving, and we continually monitor and review these changes and will evolve our reporting accordingly. We also support our customers' requests for ESG information through standard surveys, such as the EcoVadis Sustainability Rating.

We seek to provide ESG information that is as accurate and complete as possible. Data for this ESG Report has been compiled and confirmed by the respective data owners, often with the help of specialized data management tools. Obtaining complete data on all parameters is not always possible; in such cases, we may provide good-faith estimates. We may choose to not report on some specific issues if the data is considered proprietary, sensitive, or protected by regulation or law. Our data has not been independently assured at this time. In FY2024, we did not make any material restatements or revisions of information.

We value and welcome feedback from all stakeholders. Please send comments or questions about this report to: corporate.communications@coherent.com.

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[1] In the context of carbon accounting, using an Operational Control reporting boundary means that Coherent reports emissions based on where it or one of its subsidiaries has complete authority to create and apply operating policies.

2024 ESG HIGHLIGHTS

Newsweek Excellence 1,000 Index 2024

Top-Rated ESG Company – Sustainalytics

Bronze Medal Sustainability Rating – EcoVadis

B score – CDP Climate Change

PRODUCT

Accepted a **$1 billion investment** from DENSO Corporation and Mitsubishi Electric Corporation in our silicon carbide (SiC) business toward developing a robust and scalable supply for SiC-based power electronics, largely driven by the global electric vehicle (EV) market.

The U.S. Department of Energy selected Coherent for funding of our **lithium-sulfur (Li-S) battery technology** to support more efficient, affordable, and sustainable EV batteries and their supply in the U.S. market.

Successfully developed, validated, and scaled up an innovative technology that can recover over **97% of critical materials from lithium-ion (Li-ion) batteries** and directly upcycle them into cathode materials for use in new battery production. Known as SHARP™, for streamlined hydrometallurgical advanced recycling process, this technology produces zero liquid discharge and generates no solid, gas, or liquid toxic waste.

SUSTAINABLE PROCUREMENT

Introduced ESG training for our supply chain team to help them drive GHG emission reductions with suppliers.

Exceeded our goal to increase the percentage of our spending with U.S. certified diverse suppliers[1] to 6%, reaching **6.7% from a FY2023 baseline of 4.2%**.

[1] Coherent uses data from a third-party provider to confirm which of our U.S. suppliers meet diversity criteria. This database includes indicators for both self-identified diversity indicators and certified diversity indicators. While Coherent monitors both self-identified and certified indicators, only certified diverse suppliers are the subject of reporting and various procurement incentives for diverse suppliers. However, we include self-identified suppliers in supplier outreach initiatives.

2024 ESG HIGHLIGHTS

ENVIRONMENT

Consistent with our goal to achieve **net-zero Scope 1 and Scope 2** emissions from our internal operations by FY2040, we now obtain **78% of our global electricity needs** from renewable energy sources, representing over 550 million kWh of renewable electricity per year, thereby avoiding 234,000 metric tons of carbon dioxide equivalent (CO$_2$e) in FY2024.[1]

Completed multiple energy reduction projects, **annually saving more than 7 million kWh**.

Introduced a global **Fossil Fuel Equipment Policy** that prohibits the purchase of new fossil-fuel-powered equipment within Coherent operations, unless a specific exemption is approved.

Introduced a **carbon price mechanism** on internal business activities.

Announced a goal to **reduce our water intensity by 5%** (gallons per $ revenue) by 2030, from a FY2024 baseline.

Recycled over 100 kg of precious metals, including gold and platinum.

PEOPLE

Over 85% of our leaders attended Integrity, Collaboration, Accountability, Respect, and Enthusiasm (I CARE) workshops on Coherent company values.

Named a **Certification Champion at the Sapphire level** by the Board of Certified Safety Professionals.

Awarded scholarships to 73 students through the Coherent/II-VI Foundation.[2]

Committed **$125,000** to the Optica Foundation Amplify Scholarship **for Black scientists**.

Announced our sponsorship of the **HBCU/MI Entrepreneurship and Innovation initiative**.

GOVERNANCE

Became a member of the **Responsible Business Alliance (RBA)**, the world's largest industry coalition dedicated to responsible business conduct in global supply chains.

Welcomed two additional female directors to our Board of Directors. **Women now comprise 28.6% of our Board**.

Introduced global **guidelines** for the use of **generative artificial intelligence** (GenAI) within Coherent.

Rated in the **Advanced tier** by the **cyber risk management firm Bitsight**.
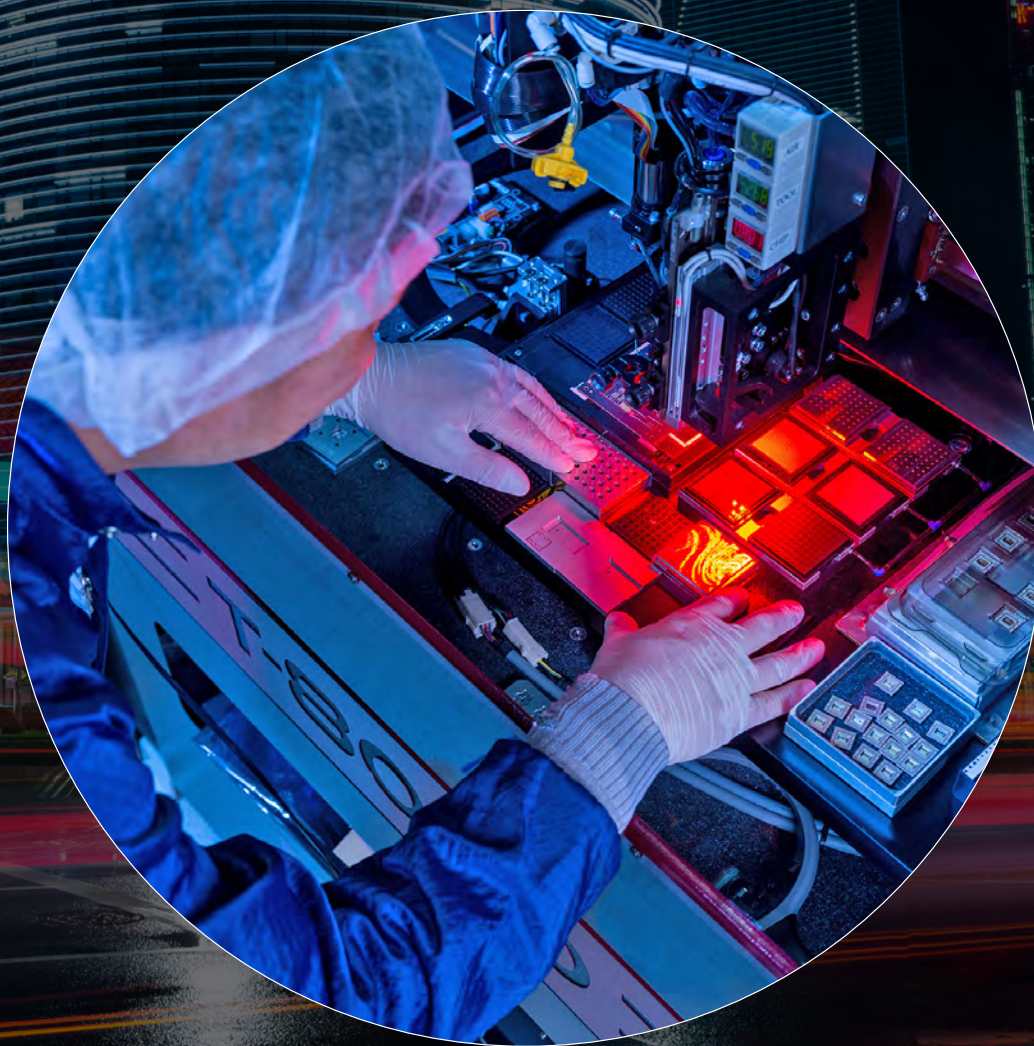
[1] Based on the difference between Location-based and Market-based Scope 2 emissions for FY2024.
[2] A 501(c)(3) charitable organization.

ABOUT US

Our mission is enabling the world to be safer, healthier, closer, and more efficient.

Our vision is a world transformed through innovations vital to a better life today and the sustainability of future generations.

WHO WE ARE

From a foundation of materials and imagination, we empower innovators to define the future through breakthrough technologies.

Coherent Corp. is a global leader in materials, networking, and lasers for the industrial, communications, electronics, and instrumentation markets.

Our customers include original equipment manufacturers (OEMs), laser end users, system integrators of high-power lasers, manufacturers of equipment and devices for our key markets, U.S. government prime contractors, and various U.S. government agencies.

MARKET SEGMENTS

Industrial
Enabling advances in laser technology.

Communications
Bringing the world closer.

Electronics
Addressing rapidly growing applications in consumer electronics and automotive.

Instrumentation
Making the world healthier.

The name Coherent has a universal meaning of "bringing things together," and not only represents our reputation for innovation and excellence, but also reflects our inclusive and vibrantly diverse workforce.

Our core values – Integrity, Collaboration, Accountability, Respect, and Enthusiasm (I CARE) – define who we are, what we stand for, and how we work together. They allow us to make a powerful statement through our conduct; our care for our people, stakeholders, customers, suppliers, and business partners; our care for the environment and society; and proper governance.

- **Integrity:** Create an environment of trust.
- **Collaboration:** Innovate through the sharing of ideas.
- **Accountability:** Own the process and the outcome.
- **Respect:** Recognize the value in everyone.
- **Enthusiasm:** Find a sense of purpose in work.

HOW WE OPERATE

We develop, manufacture, and market a broad portfolio of products and services worldwide. Far beyond making high-quality innovative products, we leverage our vertically integrated manufacturing model along with expertise and scalability to transform the world. We believe having clear oversight of our operations through our vertically integrated business is a competitive advantage. This helps us combine innovative and sustainable solutions across our entire value chain and prioritize ESG across our operations.

Research & Development (R&D)

Our highly skilled researchers and engineers possess world-class skills in innovative technologies. They identify and develop new products and platform technologies and improve our existing products and processes, considering sustainable design and development principles throughout.
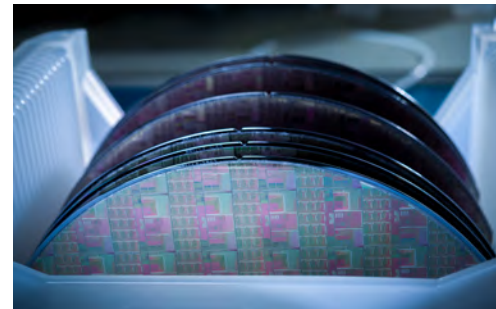
Manufacturing

We manufacture our products through our network of worldwide manufacturing sites, where we employ advanced technologies and systems to ensure the safety and quality of all our products. Throughout, our teams focus on ways to reduce waste, conserve natural resources, and eliminate emissions.

Sales & Marketing

We market our products and services through direct sales personnel, representatives, and distributors around the world. Our sales team includes technical support team members who are highly trained to assist customers in designing, testing, and qualifying our products as key components of their systems. This kind of support may include understanding how components and products will help customers improve their sustainability.

COHERENT AT A GLANCE
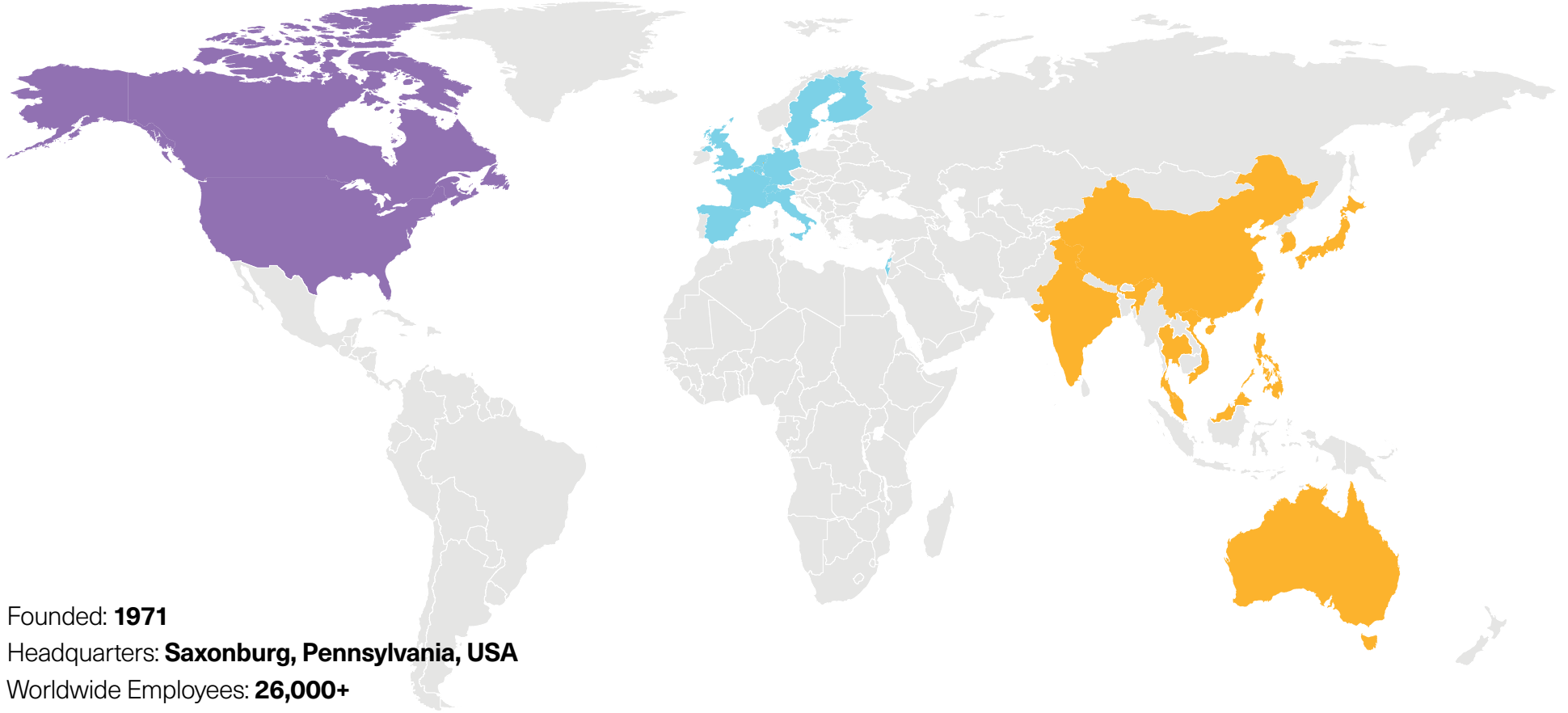
Founded: **1971**

Headquarters: **Saxonburg, Pennsylvania, USA**

Worldwide Employees: **26,000+**

R&D Employees: **2,250+**

Countries: **24**

Revenue: **$4.7B***

Invested in R&D: **$479M***

Core Competencies: **Materials, Networking, and Lasers**

Patents: **~3,100**

NYSE ticker symbol: **COHR**

*FY2024

Employees by region

- APAC
- AMER
- EMEA

Employees by function

- MANUFACTURING
- R&D
- SALES, GENERAL & ADMINISTRATIVE
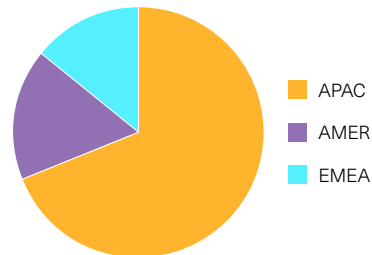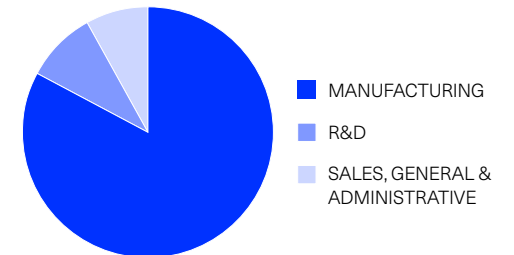
ESG AT COHERENT

At Coherent, our approach to ESG is essential to our mission of enabling the world to be safer, healthier, closer, and more efficient. Guided by enterprise-wide ESG Policy, ESG is a cornerstone of our culture and is one way we bring to life our I CARE values.

ESG STRATEGY

In 2023, we formalized our ESG strategy based on a robust materiality assessment. Aligned with the principle of double materiality, the assessment helped us to understand which ESG areas are most significant to our company. It included our understanding of our company and the world around us; inputs from a number of customers across all our operating segments and analysis from the investment community; statements, reports, and principles from leading nongovernmental organizations; actions we see our competitors taking; and well-recognized international standards and principles.

Our assessment led us to identify five core pillars. Within each, we defined our core priority and underlying areas of focus. Together, these form our ESG strategy, designed to help us manage risks, drive long-term growth, and contribute to a more sustainable and inclusive world. These are not the only ESG areas that we consider important, nor the only ones we work on, but they are the most material issues to our current business operations.

In FY2024, we continued to build on and integrate our ESG strategy throughout our businesses. Coherent periodically reevaluates materiality and updates our ESG priorities accordingly.

ESG PILLARS

OUR PRODUCTS

SUSTAINABLE PROCUREMENT

ENVIRONMENT

PEOPLE

GOVERNANCE

ESG STRATEGY

Below we share our progress against our key areas of focus. We have also identified alignment between our focus areas and specific UN Sustainable Development Goals (UN SDGs) that we can most significantly affect.

PILLARS	PRIORITY	AREAS OF FOCUS	UN SDG ALIGNMENT		2024 PROGRESS
Our Products	Develop innovative products and technologies that enable the world to be safer, healthier, closer, and more efficient – and seek to do so in a sustainable way.	• Innovation and Impact • Circular Economy • Product Safety, Quality, and Lean Manufacturing	Coherent products help our customers address climate change and their impact on the planet. We also implement Lean manufacturing to help reduce waste in our manufacturing processes.		• The U.S. Department of Energy selected Coherent for funding of our Li-S battery technology. • Developed, validated, and scaled-up technology that can recover over 97% of critical materials from Li-ion batteries and upcycle them into cathode materials for use in new battery production. • Through FY2024, employees have submitted 648 suggestions for Lean improvements, of which Coherent has implemented 405.
Sustainable Procurement	Source materials from suppliers that share our values around human rights, ethics, and environmental responsibility.	• Supply Chain Management • Supply Chain Decarbonization • Supplier Diversity • Anti-Forced Labor • Responsible Sourcing of Minerals	Coherent is working with its suppliers to address their environmental impact, including their GHG emissions. We have a robust due diligence program to monitor and identify any non-compliance with human rights standards. We support work with diverse suppliers through our Supplier Diversity Program.		• 71% of in-scope suppliers completed self-assessment questionnaires against RBA Code of Conduct requirements. • Increased percentage of our spending with U.S.-certified diverse suppliers to 6.7%, from a FY2023 baseline of 4.2%.
Environment	Minimize adverse environmental impacts.	• Climate and Energy Management • Water Usage • Waste Minimization	Coherent is working toward net-zero Scope 1 and Scope 2 GHG emissions by FY2040. In addition, we have assessed our global water usage, conducted a water stress analysis for every site, and are working to reduce our water intensity (gallons per $ revenue) by 5% by 2030, from a FY2024 baseline. We intend to set a waste target in the future.		• 78% of our electricity supply is obtained from renewable sources. • Introduced a global Fossil Fuel Equipment Policy that prohibits the purchase of any new fossil-fuel-powered equipment within Coherent operations, unless a specific exemption is approved. • Recycled over 100kg of precious metals, including gold and platinum.
People	Improve outcomes for people and communities.	• Health and Safety • Human Rights • Diversity, Equity, and Inclusion (DEI) • Talent Acquisition • Talent Management • Community Engagement	Coherent fosters a safe and healthy work environment, supports employee professional development, and promotes gender equality within our workforce.		• ~45% of our workforce is female and >58% of new hires are women. • 43% of our total workforce completed voluntary DEI training. • Awarded scholarships to 73 students through the Coherent/II-VI Foundation.[1] • Committed $125,000 to the Optica Foundation Amplify Scholarship for Black scientists.
Governance	Strengthen our governance and resilience.	• Corporate Governance • Enterprise Risk Management • Human Rights • Ethical Business Conduct and Compliance • Data Privacy and Security	Coherent has robust policies outlining our zero tolerance of human trafficking, bribery and corruption, and discriminatory practices.		• Became a member of the Responsible Business Alliance (RBA). • Achieved 28.6% representation by women on our Board of Directors.

[1] A 501(c)(3) charitable organization.

ESG GOVERNANCE

At Coherent, ESG is not a standalone function but a core part of our business strategies and decision-making processes. All of Coherent – from our Board of Directors to our newest employees – is expected to support our ESG strategy.

The ESG Committee of our Board of Directors oversees key ESG initiatives and practices, provides guidance for the company's ESG vision, and helps to establish our ESG goals. The committee meets at least quarterly to review our ESG strategy and align it with the company's business plans and stakeholder engagement.

Operationally, ESG is under the direction of our Chief Sustainability Officer (CSO) and the Director of Sustainability. Each quarter, our CSO hosts an ESG Summit to bring together leaders from key functions, including Operations; Human Resources; Environment, Health, and Safety (EHS); Supply Chain; Quality; Facilities Management; Risk; and Legal and Compliance. Together, they discuss key ESG areas, achievements, challenges, and efforts within and among their functions to implement our ESG strategy. Updates from each Summit are shared with our senior management, including the ESG Committee of our Board of Directors.

To ensure accountability, the Board considers ESG performance in the overall evaluation of our key executives.

In FY2025, we are adding ESG auditing, aligned with the RBA Code of Conduct standards, to our Harmonized Internal Quality Audit System.

For more information, see our corporate ESG Policy.

STAKEHOLDER ENGAGEMENT AND PARTNERSHIPS

We regularly engage with stakeholders on topics across our ESG pillars and areas of focus. Through this engagement, we learn about and discuss ways to address issues that are important to our stakeholders and our business and collaborate to accelerate positive impact on the planet and people worldwide. Below are examples of how we engaged with stakeholders in 2024.

STAKEHOLDER	HOW WE ENGAGE	ENGAGEMENT TOPICS
Employees	• Employee training and development • Coherent intranet and emails • Manager-employee performance management process • Manager briefings • Town halls	• Career development • Wages and benefits • Employee housing and welfare • Occupational health and safety • Ethics and compliance • Diversity, equity, and inclusion • Coherent Lean System
Customers	• Joint innovation efforts • Voice of the Customer meetings • Customer surveys	• Product solutions, innovations, quality, and reliability • ESG performance • Labor matters • Supply chain risk management • Conflict minerals compliance • Human rights and human trafficking/modern slavery in the supply chain
Suppliers	• Supplier assessments, questionnaires, and audits • Supplier quarterly business reviews • Annual Supplier Day • Supplier awards • U.S. Supplier Diversity Program • Industry events	• Product solutions, innovations, quality, and reliability • ESG performance and disclosure, including emissions reduction • Responsible sourcing • Ethics and compliance • Cybersecurity and data privacy • Supply chain risk management • Supplier diversity • Conflict minerals compliance • Human rights and human trafficking/modern slavery in the supply chain

STAKEHOLDER	HOW WE ENGAGE	ENGAGEMENT TOPICS
Investors and Rating Agencies	• Quarterly earnings reports and calls • News releases and web disclosures • Annual reports and other company filings with the U.S. Securities and Exchange Commission (SEC) • Annual shareholder meetings • Industry and investor conferences • Participation in ESG rankings and ratings	• Value creation through innovation • Strategic, operational, and financial results and progress • Corporate governance, sustainability, and risk oversight • Environmental management • Supply chain risk management • Diversity, equity, and inclusion
Regulators and Government Agencies	• Audits and inspections • Information sharing at forums and events • Collaboration and consultation on public policy • Required regulatory disclosures	• Environmental management and compliance • Compliance with labor, health and safety, and human rights regulations • Community and economic impact
Communities, Nongovernmental Organizations, and Non-profit Organizations	• Philanthropic partnerships • Local site initiatives • Events and conferences	• Science, Technology, Engineering, and Mathematics (STEM) talent pipeline • Diversity, equity, and inclusion • Community and economic impact • Human rights

In FY2024, we engaged with the following organizations on social and environmental issues:

Responsible Business Alliance

Business Roundtable

U.S.-Japan Business Council

World Economic Forum

National Committee on U.S. and China Relations Corporate Supporter

Responsible Business Alliance
Advancing Sustainability Globally

THREE QUESTIONS FOR RICH MARINO, DIRECTOR OF SUSTAINABILITY AT COHERENT

Rich Marino has been with Coherent for more than two decades. In this time he has held various roles in manufacturing, supply chain, product management, and global program management, making him familiar with Coherent, its business model, and many of its operations. As Director of Sustainability at Coherent, he drives cross-functional efforts related to ESG across human resources; legal; environmental, health, and safety; supply chain; engineering; quality; and manufacturing. Here, he shares his thoughts on the current state of sustainability at Coherent.

Why does ESG matter for Coherent?

ESG matters to Coherent because it matters to our stakeholders. There are very few stakeholder discussions I have where ESG is not on the agenda, whether that is with a customer, an investor, an employee, or with members of the communities in which we operate.

For example, we are an important part of our customers' supply chains, and as such they want assurances that we are acting responsibly in all we do – from respecting human rights to making our products and processes as energy-efficient as possible. Joining the Responsible Business Alliance in February 2024 was a further demonstration of our commitment. Employees want to work for companies that share their values; increasingly, studies show that people make decisions on where to work based on a company's commitment to sustainability. Investors factor how we are managing ESG risks – namely, climate change – into their evaluations. We hear from them on these issues during individual and quarterly calls.

But, perhaps even more importantly, ESG matters to us because it helps drive innovation within Coherent. It pushes our engineers to design products and processes that result in less waste, use less energy, and can be recycled. It pushes our employees to look for greater efficiency in all they do and stamp out waste. For example, through FY2024, employees have submitted 648 suggestions for Lean improvements, of which Coherent has implemented 405. Our focus on diversity, equity, and inclusion has also furthered our efforts to establish a workplace that attracts and retains highly skilled workers who bring diverse perspectives. With ESG as a key driver of innovation, our employees can unleash the full potential of their imaginations to create solutions for customers.

Coherent has made a net-zero Scope 1 and 2 emissions commitment by FY2040. Have you felt any pressure to set interim targets as well?

Climate action and reducing GHG emissions are among our top priorities. We were proud to set a net-zero Scope 1 and 2 emissions goal last year, and we're sometimes asked why we haven't set interim targets as well. At Coherent, we believe actual progress is more meaningful than promises, so our approach has been to demonstrate our progress through concrete actions.

Our track record speaks for itself: We achieved 50% renewable energy usage in 2023, *before* publicly announcing our net-zero target, and we are now at 78%. We have an internal roadmap for further reducing our GHG emissions, and our goal is to be transparent about both our actions and our results.

With more than 26,000 employees in over 24 countries, how do you make ESG tangible?

ESG is not the responsibility of one team within Coherent. It requires all-hands participation. Whether it is helping us maintain a safe, healthy, and secure workplace; treating one another with respect; ensuring the safety, reliability, and quality of our products; or minimizing waste, everyone has a role to play. Some of the key strategies we follow to ensure that ESG is deeply integrated into our culture and daily operations are:

· **Localized Initiatives:** We tailor ESG initiatives to resonate with the specific contexts and cultures of each location. This ensures that our efforts are relevant and impactful on a local level. For example, in regions where water scarcity is a major issue, we may give water conservation projects a higher priority in order to have the greatest local impact.

· **Clear Communication:** We maintain transparent and regular communication about our ESG goals, progress, and successes, internally and externally.

· **Employee Training and Education:** We provide comprehensive training that educates employees about various elements of ESG, including health and safety, ethical conduct, human rights, and data privacy.

· **Employee Involvement:** We involve employees in ESG initiatives through the Coherent Lean program (see page 28), volunteer opportunities, and suggestion programs. This empowers employees to take ownership of ESG projects and see the direct impact of their contributions.

· **Leading by Example:** Our senior leadership actively champions ESG, demonstrating their commitment through their actions and decisions. This sets a tone from the top that ESG is a core priority for the company. One example is our executives' involvement in the CEO Action for Diversity and Inclusion Mentoring Initiative (see page 57).

Coming together as one Coherent to make the world a better place is a defining feature of who we are and why many people choose to work here. From day one as a Coherent employee, you understand this.

OUR PRODUCTS

We seek to transform the world through innovation.

FY2024 HIGHLIGHTS

- We accepted a $1 billion investment from DENSO Corporation and Mitsubishi Electric Corporation in our silicon carbide (SiC) business toward developing a robust and scalable supply for SiC-based power electronics, largely driven by the global EV market.

- The U.S. Department of Energy selected Coherent for funding of our lithium-sulfur (Li-S) battery technology to support more efficient, affordable, and sustainable electric vehicle (EV) batteries and their supply in the U.S. market.

- We successfully developed, validated, and scaled up an innovative technology that can recover over 97% of critical materials from lithium-ion (Li-ion) batteries and directly upcycle them into cathode materials for use in new battery production.

INNOVATION AND IMPACT

Driven by innovation and scientific advances, our products embody our efforts to make the world safer, healthier, closer, and more efficient – and are built to do so in a more sustainable way. Coherent designs and manufactures advanced technologies in diverse markets, including telecom, datacom, industrial, automotive, aerospace and defense, and life science instrumentation. Together, our products and technologies are helping our customers be more energy-efficient and less resource-intensive.

OUR APPROACH

Many of our customers are industry leaders and on the cutting edge of technological change and innovation. They look to Coherent to help them on their journeys.

Within each of our segments, our researchers and engineers work to understand our customers' needs and develop targeted approaches to meet them. This includes hosting product roadmap sessions with customers to collect their feedback on product performance, cost, and development timeline, as well as on sustainability aspects that can lead to less waste, such as increasing energy efficiency, extending useful lifetime, and improving manufacturing yields.

We embed sustainable design requirements in our product development through our global new product introduction (NPI) processes. Given the diversity of the Coherent product portfolio, rather than specify the exact sustainability requirements, our top-level NPI document includes a set of topics that teams should consider appropriate to their business (see examples of sustainability criteria in the box to the right). There are often trade-offs between performance, cost, timeline, and sustainability, and each design team is empowered to determine the optimal design based on these considerations and customer requirements.

We confirm inclusion during internal NPI phase gate reviews, which include representatives from design engineering, process engineering, product marketing/management, manufacturing, quality, and supply chain. In addition, we work to ensure that our products comply with the EU's RoHS (Restriction of Hazardous Substances in Electrical and Electronic Equipment) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations, as well as others as appropriate to the product.

EMBEDDING SUSTAINABILITY CRITERIA INTO NEW PRODUCT DEVELOPMENT

Coherent design teams consider sustainability criteria in new product development and existing product improvements without compromising product quality, performance, or appearance. Examples include:

- Using recycled and recyclable materials in the manufacturing and packaging process.

- Optimizing the design for repair, reuse, and replacement.

- Reducing the use of plastics.

- Where plastics must be used, applying design practices and joining methods that optimize the recovery of plastics at end of life.

- Increasing the energy efficiency and decreasing the energy consumption of products.

- Eliminating foam packaging and optimizing packaging efficiency with bulk and multi-pack packaging.

- Substituting or reducing hazardous or regulated materials, including per- and polyfluoroalkyl substances (PFAS).

- Using manufacturing processes that reduce energy and water consumption.

- Minimizing the generation of hazardous and nonhazardous waste.

- Using partial or closed-loop recycling processes to reduce waste.

IMPACT ACROSS OUR PORTFOLIO

Coherent develops innovations that resonate with our customers and our world. Through our pioneering technologies, our advances are helping reduce global emissions, conserve natural resources, and increase energy efficiency.

FY2024 RECOGNITION

- The Institute of Physics honored Coherent with its Business Innovation Award for our Axon laser. The Axon laser represents 10 years of technology evolution in lasers and dedication to supporting advancements in biomedical research.

- Our 200G, four-level pulse amplitude modulation distributed-feedback laser and Mach-Zehnder modulator, combined monolithically in a photonic integrated circuit, won the 2023 ECOC Exhibition Industry Award for Most Innovative Product in the category of Innovative Photonics Component.

- The 2024 Lightwave Innovation Reviews recognized three Coherent products: 140 Gbaud IC-TROSA for 800G DCO, 800G coherent pluggable DCO Module in QSFP-DD form factor, and WaveShaper™ 4000 B/O-band programmable optical spectrum synthesizer.

SUPPORTING A HEALTHIER WORLD

Coherent laser technology is helping make the world healthier by enabling precision, versatility, and efficiency in diagnosis, treatment, surgery, and research. Here's how:

- Surgeons use Coherent lasers to cut, coagulate, and remove tissue and even kidney stones. Lasers offer an advantage over traditional mechanical procedures because they can cut tissue more precisely and at the same time coagulate blood. This helps shorten recovery times and reduces risk of infections. Examples of laser-based treatments using Coherent lasers include partial excision of the kidney to treat kidney cancer and the removal of unwanted tissue from the prostate.
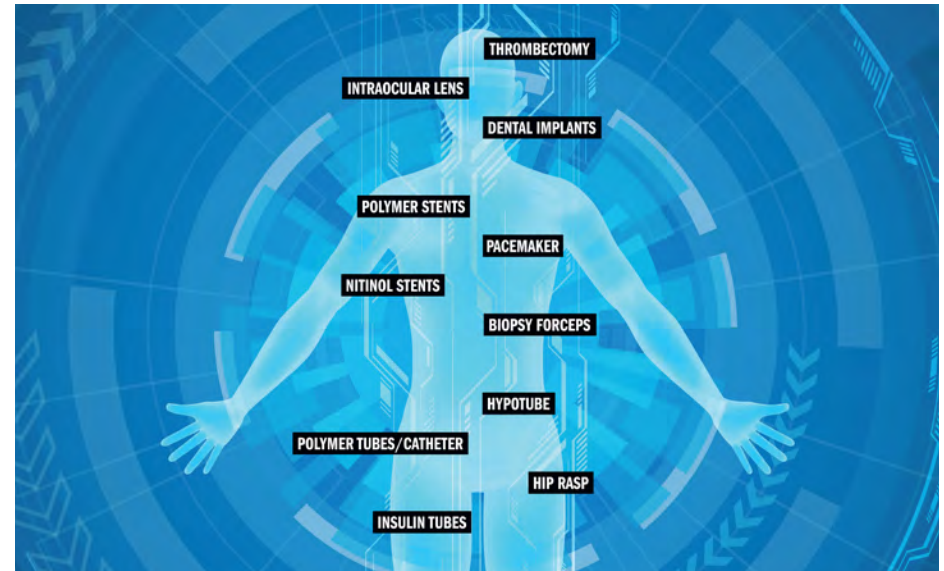
- Oncologists are increasingly leveraging photodynamic therapy (PDT) to destroy malevolent cells, such as cancer cells, leaving the surrounding tissue unaffected. PDT relies on photosensitizing agents, which are compounds that are activated when exposed to a specific wavelength of light. Coherent lasers are used to deliver this precise wavelength of light to the target area, activating the photosensitizers.

- Laser-based wearable devices can provide patients and health providers with real-time, accurate, and non-invasive health monitoring of key health indicators such as pulse rate, blood pressure, blood oxygenation, and glucose.

- Medical stents are vital in the treatment of various conditions. For example, they help keep the arteries open after procedures like angioplasty, preventing the re-narrowing of the arteries, which can cause heart attacks and other serious cardiovascular events. Stents are also used to reinforce the walls of blood vessels. This helps prevent the aneurysm from rupturing, which can be life-threatening.

Most stents and medical devices cannot be made without lasers. Lasers provide the precision required to cut patterns from metal tubes or sheets with minimal material waste. Additionally, lasers are capable of micro-machining small and precise features essential to the performance of a medical device, such as flexibility and support. In the image above are examples of stents and medical devices that Coherent lasers help make possible.

More information online: Learn how researchers at New Mexico State University are using Coherent laser technology to support cancer research.

FLATTENING THE ENERGY DEMAND OF ARTIFICIAL INTELLIGENCE (AI)

The rise of artificial intelligence (AI) and machine learning (ML) has led to an explosion in data-generation and processing needs. AI applications require massive amounts of data to be transferred, stored, and processed in real time. This requires vast amounts of energy. In fact, the International Energy Agency forecasts that global data center electricity demand will more than double from 2022 to 2026, with AI playing a major role in that increase.

While a multi-pronged approach is needed to address the rising energy use of data centers, Coherent is making significant advancements in its portfolio of transceivers.

Our 800G ZR/ZR+ and 1.6T transceivers are advanced optical modules designed for high-speed data transmission over fiber optic networks used by data centers and telecommunication networks. Critically, by consolidating data traffic into fewer, higher-capacity transceivers, less energy is required. These transceivers are the latest advancements in over 20 years of innovation by Coherent.

"By pushing the boundaries of data transmission capabilities, Coherent is helping to shape the future of data centers, cloud services, and telecommunications networks, ensuring they can meet the demands of an increasingly digital world," said Mark Ives, Vice President, Product Management at Coherent.

Coherent Transceiver Technology: Reduction in Energy Consumption 2000-2024

Transceiver energy per bit transmission
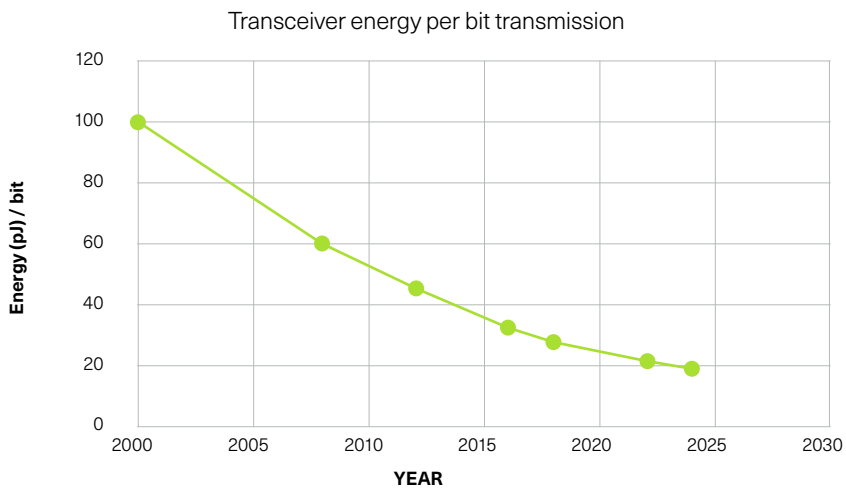
SUPPORTING EVs OF TOMORROW

Shifting from fossil-fuel-powered to electric-powered cars is essential to reach global climate goals. We are working in various ways to make this a commercial reality.

Scaling Up to Meet Demand

Consumers want EVs with proven efficiency, performance, range, and reliability. We are helping to make this possible through our innovation to develop industry-leading SiC materials. SiC is a wide-bandgap material that enables more efficient and more compact power electronics subsystems than those based on silicon. Power electronics based on SiC enable EVs to achieve longer driving ranges, faster charging, and lower total system-level cost of ownership, and have demonstrated the potential to significantly reduce CO_2 emissions.

With data backing their impact, we are now working with partners to scale up production of SiC materials to meet the rapidly increasing demand. In October 2023, DENSO Corporation and Mitsubishi Electric Corporation agreed to invest $500 million each with Coherent to help accelerate our SiC capacity expansion plans. In exchange, they each receive a 12.5% non-controlling ownership interest in our recently formed Silicon Carbide LLC business. Our Easton, Pennsylvania, manufacturing facility's 150mm and 200mm SiC substrate output is expected to increase over six times in the next four years and reach the equivalent of one million 150mm substrates annually by 2027, with the proportion of 200mm substrates growing over time. The factory will also become Coherent's flagship manufacturing center for 200mm SiC epitaxial wafers, and one of the largest in the world.

Reducing Pressure on Mining Raw Material through Li-ion Battery Recycling

As the world rapidly transitions to EVs and renewable energy storage, the recycling of Li-ion batteries is becoming increasingly critical. From 2020 to 2030, the cumulative volume of Li-ion battery waste is projected to exceed 10 million tons. This figure highlights the significant waste management challenges and opportunities faced by the industry.

To help minimize the supply chain, cost, and environmental issues associated with Li-ion batteries, Coherent has developed, validated, and scaled an innovative technology that can recover over 97% of critical materials from Li-ion batteries and directly upcycle them into cathode materials for use in new battery production. Known as SHARP™, for streamlined hydrometallurgical advanced recycling process, it produces zero liquid discharge and generates no solid, gas, or liquid toxic waste.

SHARP technology produces:

68% less CO₂ emissions, compared with metal refining through mining and mineral processing.

53% less CO₂ emissions, compared with common recycling processes.

"The unique Coherent battery materials recycling process offers a pragmatic path to lowering battery manufacturing costs while enabling battery and EV makers to achieve economies of scale with a positive environmental impact," stated Ghazaleh Nazari, Ph.D., Senior Director of Technology at Coherent.

Following the successful operation of a pilot plant in FY2024 and confirmation that the recycled materials perform comparably to pristine materials in batteries, Coherent is advancing SHARP technology toward commercialization. Looking ahead, Coherent plans to establish an investment vehicle to expedite commercialization of this technology.

More information online: Learn more about how SHARP technology helps reduce the need for raw materials and minimizes waste in this whitepaper by Dr. Nazari.

Accelerating the Move to Li-S Battery Technology to Power EV Uptake

Beyond the waste implications, Li-ion batteries require expensive nickel manganese cobalt cathodes (the positive terminal of a battery). Sourcing cobalt and nickel depends on fragile and ethically challenged supply chains. Lower-cost and higher-performance cathodes, like lithium iron phosphate, require more weight to provide the same energy capacity, which incurs substantial EV design challenges – lower-energy-density batteries means more are needed to achieve a given range, translating to heavier and less-efficient EVs.

For more than a decade, Coherent has been working to develop an alternative cathode that will support more efficient, affordable, and sustainable EV batteries and their supply in the U.S. market. Today, we are closer than ever to making high-performance and low-cost sulfur cathodes and Li-S batteries a commercial reality.

Investing in Research

Designing and manufacturing stable cathodes based on sulfur has long been a goal of battery researchers. As the fifth most abundant element on Earth, sulfur is readily obtainable, making it significantly less expensive than cobalt or nickel.

Sulfur is also widely mined and produced as a by-product in less geopolitically problematic countries that have emerged as battery manufacturing hubs. This proximity lowers transportation costs and related GHG emissions. Together, these could substantially reduce the price per kilowatt-hour for a battery. Additionally, it is estimated that a Li-S battery can hold twice the energy of a Li-ion battery of the same weight. This could mean EVs with either a greatly expanded range or much lighter weight.

However, development of a sulfur cathode has not come without challenges, mainly limited cycle life. That's because sulfur tends to migrate from the cathode to the anode during discharge, drastically reducing capacity with each cycle.

Coherent's scientists and engineers have developed a patented immobilization chemistry that chemically anchors sulfur at the cathode, enabling near-theoretical storage capacity, rapid charge and discharge, and long cycle life. Looking ahead, we plan to partner with industry to supply patented immobilized sulfur composites to cathode and cell producers.

Moving from Theory to Reality

In January 2024, the U.S. Department of Energy awarded Coherent $4 million in funding to further the development of our Li-S battery technology.

Under this three-year program, Coherent will build demonstration cells that target energy densities exceeding today's best-in-class EV batteries, while retaining more than 80% of their original capacity after 1,000 recharging cycles.

"We are grateful for this funding, which will accelerate our research to unlock the potential of sulfur cathodes," explained Rob Murano, Senior Director, Product Development and Commercialization at Coherent. "It is also a recognition of confidence in Coherent's technology and our dedication to innovation."

HELPING DRIVE NEW ENERGY SOLUTIONS

The world needs a fundamentally new source of clean energy to meet growing energy demands. Coherent's LEAP excimer laser series enables the creation of fusion energy to pursue carbon-free energy solutions. If successful, this approach could revolutionize energy generation and ultimately help address climate change.

Today, nuclear fission is widely used to generate energy. The process involves splitting apart the nuclei of heavy atoms, which releases massive amounts of energy. However, nuclear fission also involves the potential of meltdowns and long-term radioactive waste concerns.

By contrast, nuclear fusion – the process of fusing light atomic nuclei together to release energy, as happens in our sun – is generally considered safer. One reason is that fusion does not rely on a chain reaction like fission. Because the burning fusion plasma requires extremely high temperatures and pressures, any disturbance naturally terminates the fusion reaction, eliminating the risk of a thermal runaway and meltdowns.

While technically feasible, fusion has not yet achieved energy breakeven, that is, to generate more fusion energy than the fusion reactor consumes. But many organizations are working to make it happen soon.

Coherent's LEAP lasers are advanced UV lasers used for pulsed laser deposition, which is instrumental in producing high-temperature superconducting (HTS) tapes. HTS tapes are used to create the strong magnets that are vital in fusion reactors. In addition, HTS tapes can operate at higher cooling temperatures of tens of Kelvins, which, relative to

Through its LEAP lasers, Coherent contributes to the advancement of fusion technology, bringing the world closer to achieving carbon-free, sustainable, and clean energy.

low-temperature superconductor material, reduces the cooling costs substantially. Plus, unlike copper wire, HTS tapes can create the two-times-higher magnetic field strength required for commercial-scale nuclear fusion reactors.

"Fusion has the potential to provide a nearly limitless, carbon-free energy source if technical challenges can be overcome," shared Dr. Kai Schmidt, Senior Vice President, Excimer Lasers at Coherent. "We are excited to help make it possible."

Beyond nuclear fusion power, HTS tapes can also be used for near zero-loss power transmission, wind generators, electric aviation, compact MRI spectrometers, and particle accelerators.

CIRCULAR ECONOMY

We aim to design and develop products and technologies that are durable, repairable, upgradable, and recyclable.

OUR APPROACH

We support the principles of a circular economy, including reducing, reusing, and recycling materials; supporting product take-back programs; and working to extend the life of many of our products. Through our NPI process (see page 19), we encourage our engineers to consider principles that align with the circular economy when designing and developing new products and solutions. This includes efforts to reduce materials of concern, select materials with lower carbon impacts, and increase the use of recyclable materials. We help our customers understand how to recycle our products and support end-of-life take-back programs for select Coherent products. In addition, our design and operations sites undergo regular internal and external ISO 9001 audits to help ensure our production and service activities meet regulatory requirements, such as REACH and RoHS. Continued certification to ISO 9001 is contingent on implementation of corrective actions for any findings. See page 26 for our certifications.

RECYCLING AND REUSING METALS AND MINERALS

Gold, one of four minerals identified under Conflict Minerals regulations, remains one of the world's most expensive substances. Even when sourced responsibly, mining gold can have negative environmental and social impacts. For example, GHG emissions from gold mining annually exceed 100 million metric tons carbon dioxide equivalent (CO_2-e).[1] In addition, mining operations can contribute to deforestation, habitat destruction, and water pollution.

We use gold as a critical component in a number of our products. Under our Responsible Minerals Statement (see page 35), we follow robust processes to help reduce the risk of using conflict minerals within our supply chain. In addition, whenever possible, we reclaim gold during gold-plating processes and send it back for recycling and reusing.

In FY2024 alone, we recycled over 100kg of precious metals, including gold and platinum.

BATTERY RECYCLING

We comply with Regulation (EU) 2023/1542 concerning batteries and waste batteries, with the objectives of:

- Strengthening the functioning of the EU internal market (including products, processes, waste batteries, and recycling)

- Promoting a circular economy

- Reducing environmental and social impacts throughout all stages of the battery life cycle
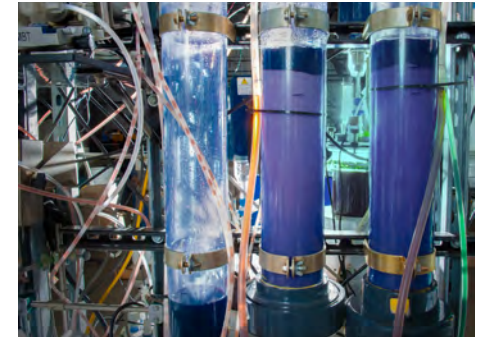
PRODUCT TAKE-BACK

We support and comply with product take-back programs, including waste electrical and electronic equipment (WEEE) programs, like the EU WEEE Directive, 2012/19/EU. WEEE regulations support the reuse and recycling of electrical and electronic equipment, helping to reduce resource consumption and the amount of e-waste going to landfills. Requirements of WEEE regulations include, among others, financing the collection, treatment, recovery, and environmentally sound disposal of WEEE.

CHEMICAL USE REDUCTION

We use a variety of chemicals, chemical formulations, and materials to manufacture complex parts and components and to assemble, maintain, and service our products. We strive to comply with global chemical substance requirements. We monitor and track global chemical regulations and identify their potential impacts, recognizing that evolving regulations could require changes in our operations, sourcing processes, or production methods.

Where possible, we seek to apply strategies that target use reduction, as well as alternatives development, selection, and deployment. For example, Coherent is compiling a comprehensive list of our products that contain or use per- and polyfluoroalkyl substances (known as PFAS), and to identify and develop non-PFAS alternatives that can meet the performance needs for certain critical applications. In many cases, this requires working closely with our suppliers. We also evaluate PFAS alternatives as part of our NPI process (see page 19).

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[1] S. Ulrich, A. Trench, S. Hagemann, "Gold mining greenhouse gas emissions, abatement measures, and the impact of a carbon price," Journal of Cleaner Production, 340, 130851 (2022).

PRODUCT SAFETY, QUALITY, AND LEAN MANUFACTURING

Safety and quality are essential to our business and a focus for all Coherent activities. Our promise to our customers is straightforward: We design, manufacture, service, and maintain safe, high-quality products that meet or exceed all applicable government standards, industry regulations, and customer requirements. This promise has been central to how we have operated since day one, reinforced by our I CARE values.

PRODUCT SAFETY

We design, develop, and market products that are safe to use. We will not introduce our products to the market until we have met or exceeded all safety requirements.

Our Approach

Product safety is overseen by the general manager at each Coherent design and manufacturing site, with support from our global Quality team to ensure compliance with regulatory requirements, Coherent guidelines, and best practices.

During the NPI process, we define requirements for each site involved with the new product to follow. As applicable for the product, safety features are included in product design. These may include safety interlocks, shutters, emergency-off switches, and other accessories designed within the controls systems for our products to prevent exposure to potentially harmful conditions and components, including laser beams; electrical wiring and high-voltage connections; and actuators, motors, cooling fans, stages, and robotics. The process requires each site to define product safety checklists and provide evidence that safety requirements are achieved at each phase of new product introduction. Relevant products must also be tested and certified through an accredited testing laboratory to verify that the product's design meets all product safety requirements. We monitor compliance with product design requirements during internal ISO 9001 audits conducted by our Quality team.
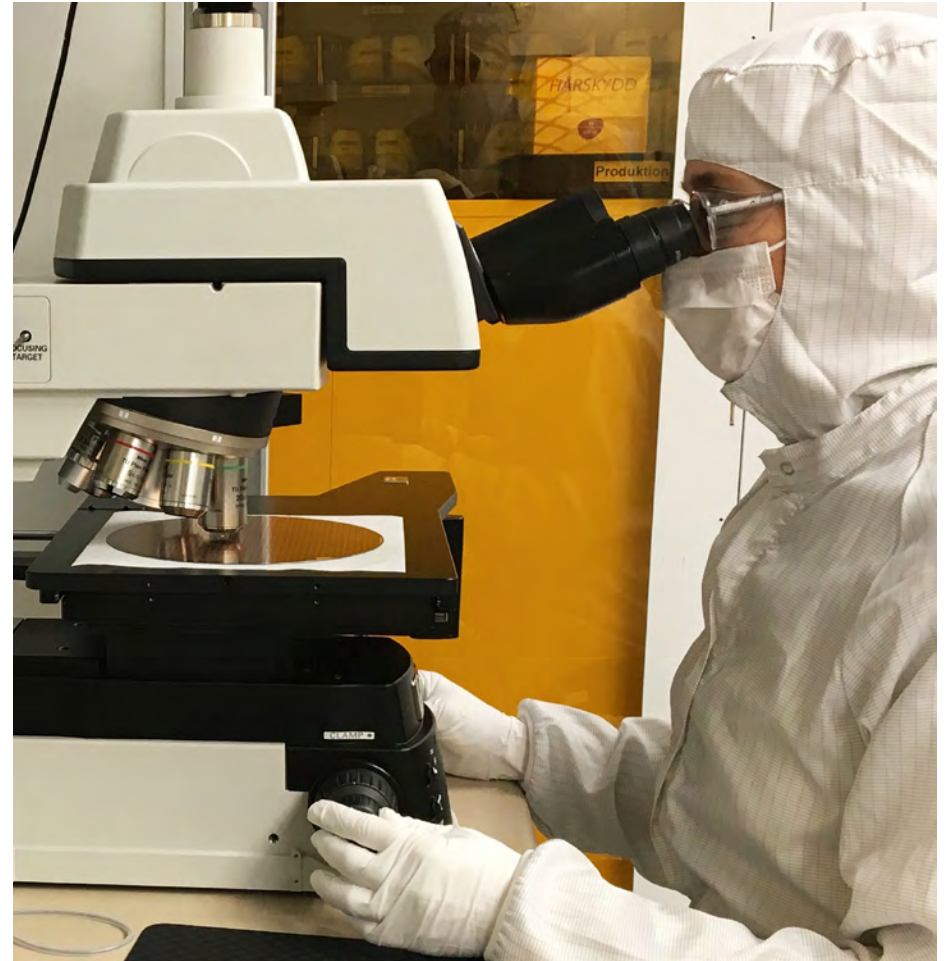
Once a product is commercially available, we provide product-specific manuals, where applicable, that include a section on product safety that helps ensure users are aware of applicable safety hazards (e.g., laser safety, protective eyewear, pinch points, moving parts, interpretation of hazard labels, and electrical hazards). Through our safety escalation process, we track all customer reports of product safety concerns, work to identify the root cause, and implement appropriate corrective action. We also monitor changes in safety-related regulations that may impact our products and implement changes accordingly. Moving forward, the manuals within our Lasers segment will shift to digital formats to reduce paper use.

Summary and percentage of sites holding specific certifications and % of headcount covered:

STANDARD	# OF SITES CERTIFIED	% HEADCOUNT COVERED*
ISO 9001	90	99
ISO 14001	28	70
ISO 45001	13	29
ISO 50001	8	26
ISO 13485	11	24
IATF 16949	6	20
ANSI S20.20	2	18
TL 9000	2	3
ISO 17025	3	1
AS 9100	2	1

*Represents percent of Coherent employees covered at sites with certification.

PRODUCT QUALITY

We prioritize quality in all we do.

> **Our simply stated but powerful Quality Policy is the same in all of our worldwide operations: Fully satisfying customers and continually improving.**

Our Approach

Our commitment to product quality starts with our CEO and Board of Directors. Our Chief Quality Officer (CQO) is responsible for overseeing our global Quality Management System (QMS). It includes third-party certifications such as AS9100, ISO 13485, IATF 16949, and TL 9000, with an underlying basis for these being ISO 9001:2015 (see our website for a full list of our ISO certifications). Members of our global Quality function develop, implement, maintain, and continually improve our QMS. Led by our CQO, the Coherent Global Quality Council brings together Quality leaders from all of our operational regions and segments. It meets at least monthly, and more often when we launch new quality subsystems.

Starting with onboarding, certain employees participate in training programs that include an overview of our Quality Policy. Additional site- and technology-specific training is also provided. We evaluate the performance and effectiveness of our QMS through internal quality audits, management reviews, and customer escalation metrics.

COST OF QUALITY

A key aspect of our approach to quality is waste reduction in all forms.

Our Cost of Quality (COQ) program categorizes, identifies, and reduces waste streams. We began the program in our Dallas, Texas, facility in 2001, extended it to all manufacturing facilities in 2015, and expanded it again in 2022, following the acquisition of Finisar Corporation in 2019, and at the new facilities acquired from the former Coherent, Inc.

Through our COQ program, we identify waste in two major categories – cost of nonconformance and cost of conformance – with seven subcategories feeding 52 identified forms of organizational waste. Examples span from reduction in unplanned machine down-time to first-pass yield improvements. We collect and study data monthly from all functions, sites, and geographies and develop waste reduction action plans. The results include opportunities for cost-savings and to enable higher quality levels of manufactured and shipped products. In addition, every improvement in yield, every product not scrapped, and every hour of labor saved allows us to more efficiently produce the volume that our customers need. This, in turn, helps reduce our CO_2 and other resource impacts. In FY2024, we executed over 300 COQ action plans to reduce waste streams. Our current level of waste-to-profit conversion is over $100 million per year.

We added a specific measure to the COQ program around the cost of carbon emissions to represent the GHG impact of our business operations and put further business focus on the need to drive emissions reductions .
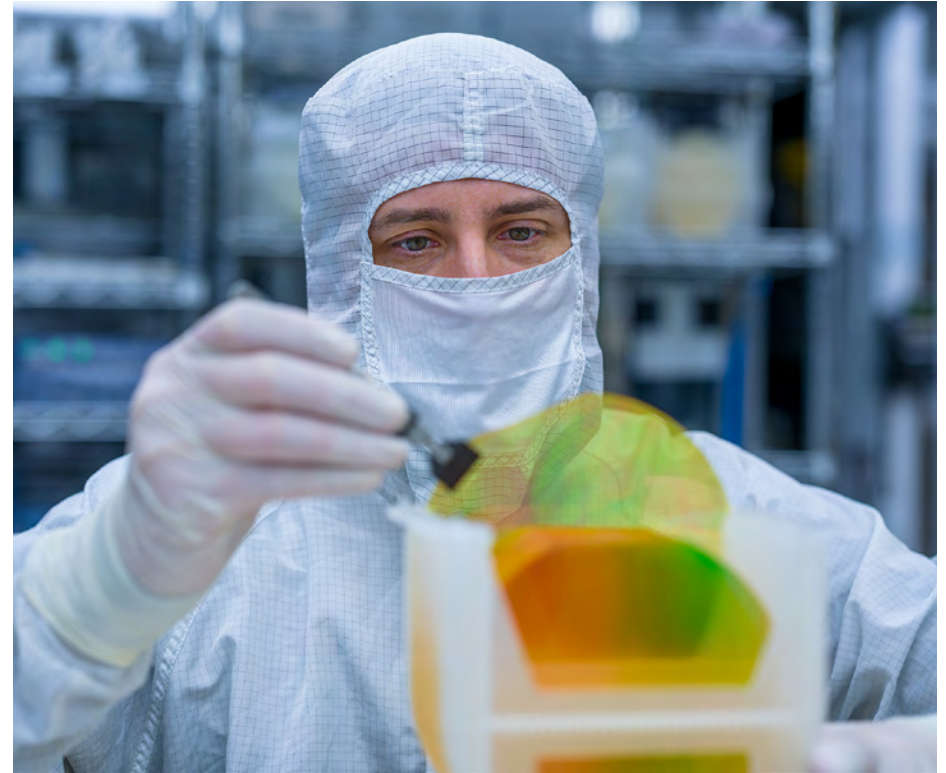
> **"Our QMS contains a key focal point on increasing manufacturing first-pass yields. First-pass yield is our most important manufacturing KPI. This focus reduces manufacturing costs and provides more shippable units each month at improved quality levels. Improved yields provide the further benefit of a reduction in physical waste and in energy and water usage per unit produced."**
> **— Chris Theis, Chief Quality Officer at Coherent**

MEASURING QUALITY

One way we measure product quality is by measuring customer satisfaction.

We have implemented a Voice of the Customer (VOC) process across the organization to seek feedback from our customers about our products and services. Each business segment and region conducts VOC outreach with key customers and uses feedback to improve product quality, reliability, and other factors, including sustainability. In addition, within our Lasers business, once a service visit is concluded (e.g., install, repair, maintenance), we survey customers on how we did. Our internal goal is 95% customer satisfaction. Our customer satisfaction score in FY2024 was ~98% satisfied – three percentage points above our internal goal.

~98% customer satisfaction score

LEAN ENTERPRISE

Lean is about reducing waste in all of its forms. That is good for our business, for our customers, and for the planet.

Our Approach

Our harmonized Coherent Lean System (CLS) program combines key elements focused on building and sustaining a Lean culture across Coherent. This means doing more with less, including using less energy and fewer resources. By reducing waste in all forms, we can better protect the environment, improve safety, increase employee and customer satisfaction, and reduce costs.

Through our CLS, Coherent sites and teams establish annual productivity improvement activities and projects. While all aspects of performance are candidates for projects, we place special emphasis on the following:

- Yield improvements
- Labor optimization
- Work-in-process inventory reduction
- Increased inventory turns
- Lead time reduction
- Increased product velocity

- Shorter design-to-manufacturing cycles
- Design-to-cost optimization
- Quality enhancement
- Capital optimization
- Cash flow optimization
- Overhead optimization

- Energy usage reduction
- GHG emissions reduction
- Water consumption reduction
- Solid waste generation reduction

Lean Impacts

Since its inception in 2023, the CLS has completed 26 projects that are expected to result in:

- **7 million kWh** of energy savings per year.
- **4.9 metric tons** of waste diverted from landfill.
- **1.32 million gallons** of water recycled.
- **~29,000 fewer gallons** of oil consumed.

> **"Waste is found in all aspects of our business, and attacking wasteful processes using Lean tools and methods can help us accelerate the attainment of both our ESG and financial performance goals."**
> **— Bob Daly, Vice President, Global Lean Transformation at Coherent**

Employee Involvement

Every employee has a role to play in achieving our Lean goals.

New employees have the option to participate in four hours of Lean onboarding training. In addition, each year we encourage all employees to take on two Lean activities focused on any of the following:

- Defects
- Transportation
- Overproduction

- Excess inventory
- Waiting
- Excess motion

- Non-utilized talent
- Extra processing

Many of our best and most impactful Lean solutions come from our employees.

Through FY2024, employees have submitted 648 suggestions for Lean improvements, of which Coherent has implemented 405. Through their involvement in Lean projects, over 8,600 Coherent employees – with representation in all business segments and geographies in which we operate – have earned Lean Six Sigma certifications.

Employee Suggestions by Lean Waste Category
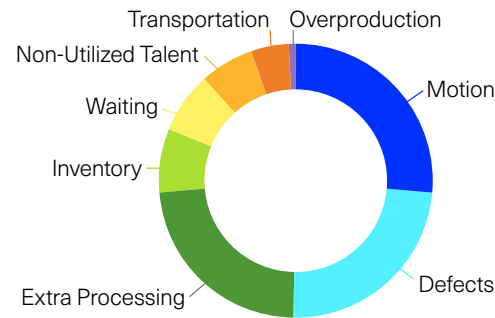
In FY2025, we will launch the Coherent Lean Olympics, an enterprise-level event that highlights continuous improvement projects across our business segments.

The following are examples of Lean projects from FY2024.

SITE	IDENTIFIED WASTE TYPE	PROJECT DESCRIPTION	IMPACT TO DATE
Mainz, Germany	Energy savings	Redesigning burn-in process.	30,000 kWh
Zurich, Switzerland	Energy savings	Implementation of new coolers and infrastructure efficiency upgrades.	> 600,000 kWh
Mölndal, Sweden	Energy savings	Installing LED lighting in the clean room and warehouse.	> 38,000 kWh

LEAN IMPROVEMENTS LEAD TO ENERGY REDUCTION IN SCOTLAND

Glasgow, Scotland, is home to one of Coherent's most sophisticated manufacturing and packaging sites. Producing leading-edge lasers, the 67,000-square-foot, ISO 50001-certified facility is nearly a quarter of a century old.

As part of the company's Lean program, this facility continually works to identify ways to reduce its gas and electricity consumption. Stuart Baird leads the site's annual energy assessment.

"Through an energy assessment, we found that our greatest consumption of energy went to cooling and ventilation, followed by heating and hot water," says Stuart.

Knowing that sustainability is an all-hands issue at Coherent, Stuart and the site energy management review team got to work. But they weren't alone. They invited all employees to submit ideas. Between FY2021 and FY2024, more than 34 ideas were submitted and 21 implemented, including the following examples.

- Installed a new voltage optimizer unit, annually reducing voltage from 233 volts to 222 volts and energy consumption by 100,000 kWh.
- Upgraded chilled/heating water pumps, annually saving 21,000 kWh of energy.
- Reconfigured chiller controls, annually saving 95,000 kWh of energy.
- Isolated laser cooling pumps, annually saving 120,000 kWh of energy.
- Installed an instantaneous gas-fired water heater, allowing the site to reduce boiler set points during the summer. Together with increasing temperature set points on heating and cooling in office areas, this helped the site annually save more than 190,000 kWh of gas.

Project by project, the results have added up. In the past three years, the site has saved:

443,400 kWh of electricity | **695,000 kWh of gas**

In FY2024, the site was certified as carbon neutral for Scope 1 and Scope 2 emissions.

Main Sources of Energy Consumption at Coherent's Glasgow Site (FY2023)

42% Cooling and Ventilation

4% Lighting

32% Heating and Hot Water

2% IT and Admin

14% Production
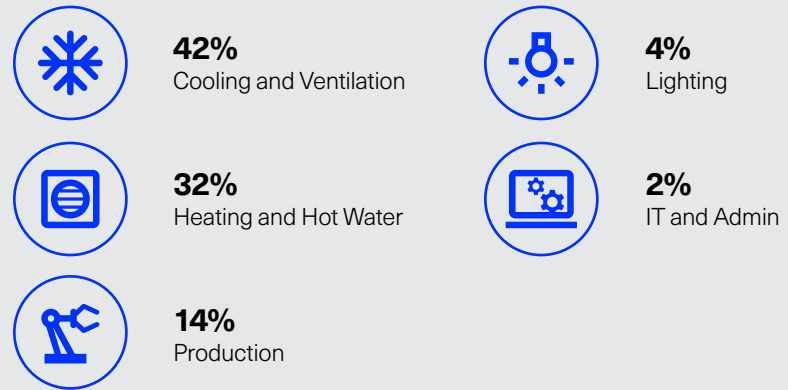
Energy Usage at Coherent Glasgow Site

Legend: Electricity | Gas | Diesel fuel
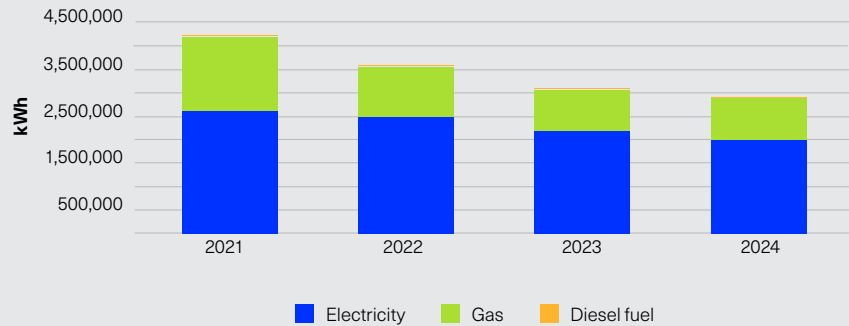
SUSTAINABLE PROCUREMENT

Coherent is committed to sourcing materials from suppliers that share our values around human rights, ethics, and environmental responsibility.

FY2024 HIGHLIGHTS

- 71% of in-scope suppliers completed supplier self-assessment questionnaires (SAQs).

- Exceeded our goal to increase the percentage of our spending with U.S. certified diverse suppliers[1] to 6%, reaching 6.7% from a FY2023 baseline of 4.2%.

[1] Coherent uses data from a third-party provider to confirm which of our U.S. suppliers meet diversity criteria. This database includes indicators for both self-identified diversity indicators and certified diversity indicators. While Coherent monitors both self-identified and certified indicators, only certified diverse suppliers are the subject of reporting and various procurement incentives for diverse suppliers. However, we include self-identified suppliers in supplier outreach initiatives.

SUPPLY CHAIN MANAGEMENT

We consider our ESG performance and impact to be a whole-supply-chain issue, extending beyond the walls of our operations to include all our suppliers and their upstream suppliers as well.

OUR APPROACH

We rely on thousands of suppliers across multiple countries. From the sourcing of raw materials to suppliers' treatment of their employees and their efforts to reduce their environmental footprint, the scope of our global supply chain presents an opportunity to drive significant positive change, but also represents risk that is critical to manage.

Our Chief Procurement Officer has overall accountability for how we manage our global supply chain. Within each site and business segment, our supply chain professionals are responsible for supplier outreach, management, and award decisions.

In February 2024, Coherent became a member of the Responsible Business Alliance (RBA). The RBA is the world's largest industry coalition dedicated to responsible business conduct in global supply chains. While Coherent has operated according to the principles of the RBA in many locations for years, we have now expanded the RBA compliance program to our suppliers.

> **"At Coherent, our supply chain plays an important part in driving our overall ESG strategy, and we recognize our ability and obligation to improve sustainability within it."**
> **— Gary Kapusta, Executive Vice President of Operations at Coherent**

Coherent has adopted the RBA Code of Conduct as our Supplier Code of Conduct. The RBA Code includes provisions on responsible management of labor, health and safety, environment, ethics, and management systems. As a condition of doing business with Coherent, we require our suppliers to comply with these standards and all other regional, national, and local laws and regulations which apply. We also seek to ensure that the products and materials we purchase meet all necessary product-related requirements, such as RoHS and REACH. If a supplier does not comply with our expectations, including the RBA Code, Coherent reserves the right to terminate the business relationship.

Workers within Coherent and our supply chain can raise concerns or suspected violations of the RBA Code or other violations through the Coherent Compliance Hotline, which is available 24/7. For more information,

NEW SUPPLIER SELECTION AND QUALIFICATION PROCESSES

Early Information & Self-Assessment Survey	Potential Supplier Down-Selection	Supplier Qualification Audit & Result Review	Supplier Agreement	Approved Supplier List
Company Profile Quality Technical Business ESG [social, environment, Greenhouse Gas (GHG), RoHS, REACH, Conflict Minerals, RBA…]	Candidates down-selection based on early survey and information collection.	Comprehensive system audit covers compliance (RoHS, social and environmental compliance, ethics, conflict minerals, security, etc.). Determine if pass or fail based on the audit result.	Get potential supplier's commitment on process/product change notification. Standard master supply agreement covers RBA, conflict minerals, and other compliance terms.	Adding to the approved supplier list on Coherent system.

MEASURING SUPPLIER PERFORMANCE

Once a supplier is on board with Coherent, we measure their ESG performance as part of their overall performance metrics. In addition to price, quality, delivery, and technical performance, we consider ESG criteria aligned with the RBA Code of Conduct including human rights, the environment, and ethical behavior. Suppliers' performance against these criteria contributes to their overall supplier score, which informs our supply chain decisions.

SUPPLIER PERFORMANCE METRICS

RESPONSIVENESS 10%

Quick response to Coherent requests:
- RFQ and PO
- RTV and failure analysis
- Contractual
- PPAP, DFM, etc.

DELIVERY 20%
- On time delivery (OTD)
- Flexibility to order pull-in and pull-out
- Support VMI safety buffer
- Support shorter lead time

QUALITY 25%
- Pursuing excellence in quality performance
- Incoming performance, LAR/DPPM
- Zero critical defects

COST 25%
- Competitive pricing
- Continual cost reduction

TECHNOLOGY 10%
- Aligned Technology Roadmap
- Capability to support cutting-edge production
- Performance of NPI support

ESG AND CYBERSECURITY 10%
- Support Coherent's supplier ESG programs: RBA, responsible minerals, GHG emissions reduction
- Positive response, risk mitigation, and improvements
- Cybersecurity and data privacy protection
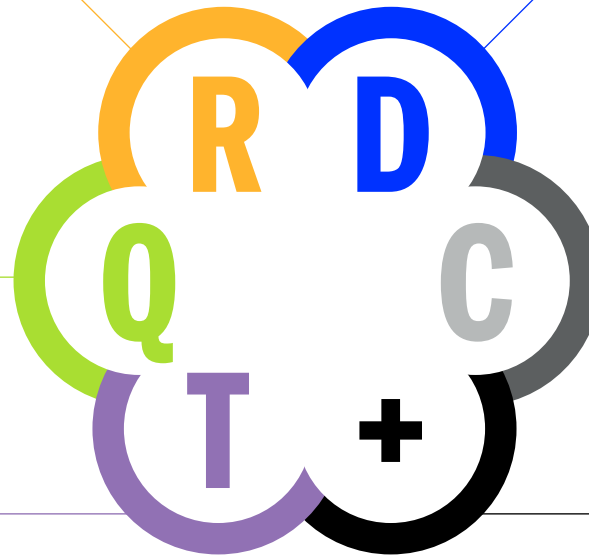
TQRDC+: Technology, Quality, Responsiveness, Delivery, Cost, and other supplier performance metrics, including ESG and cybersecurity; RFQ: Request for Quotation; PO: Purchase Order.
RTV: Return to Vendor; PPAP: Production Part Approval Process; DFM: Design for Manufacturing; LAR: Lot Acceptance Rate; DPPM: Defective Parts per Million.
NPI: New Product Introduction; VMI: Vendor-Managed Inventory; RBA: Responsible Business Alliance; GHG: Greenhouse Gas.

MONITORING SUPPLIER COMPLIANCE

Using the RBA platform as our guide, we have identified a number of suppliers to be in-scope for additional due diligence. While we monitor all suppliers, we devote a disproportionate amount of our efforts to these suppliers.

We ask all in-scope suppliers to complete a supplier self-assessment questionnaire (SAQ). To reduce the burden on suppliers of completing numerous similar ESG surveys, in FY2024, we adopted RBA's online platform to manage supplier risk assessments and SAQs, replacing a self-developed customized survey. The platform includes assessments of supplier risks related to, among other areas, labor, health and safety, environment, and ethics.

We require high-risk suppliers to undergo an audit by a Coherent team or third-party audit firm to verify their conformance with our standards and the RBA Code. After an initial audit, the risk level is re-classified. We require high-risk suppliers to undergo a surveillance audit every year, and medium-risk suppliers every two years.

For any noncompliance issues found during audits, suppliers must submit a corrective action plan and make improvements within a defined timeline. If immediate corrective actions are not taken for serious violations, suppliers face penalties such as removal of preferred supplier status, an NPI ban, or a full procurement stop.

SUPPLIER SUPPORT AND RECOGNITION

Our supplier engagement activities show that many of our supply partners are relatively early in their ESG journeys. To help them, we provide clear communication of our expectations, reasonable timelines for achievement, training and resources, and incentives. For example, during our Annual Supplier Day in FY2024, we shared our increasing expectations around our suppliers' ESG disclosure and performance. In FY2024, we rolled out ESG and RBA Code of Conduct training to all Coherent supply chain personnel to help them provide enhanced support to our suppliers. We plan to provide similar training to our suppliers in FY2025.

We honor a select number of our suppliers with the designation Supplier of the Year. Award categories include best quality, best new product introduction support, best delivery performance, best responsiveness, sustainability, supplier diversity, EHS, and several others based on traditional business performance metrics. In FY2025, suppliers must meet minimum ESG standards to be considered for Supplier of the Year in any category.

RBA COMPLIANCE MONITORING PROCESS

SUPPLIER CODE OF CONDUCT COMMUNICATION (ALL SUPPLIERS)

SUPPLIER SELF-ASSESSMENT QUESTIONNAIRE (IN-SCOPE SUPPLIERS)

ONSITE AUDIT & CORRECTIVE ACTION FOLLOW-UP (HIGH-RISK SUPPLIERS)

SURVEILLANCE AUDIT (HIGH-RISK SUPPLIERS)

71%
of in-scope suppliers completed supplier SAQs.

23 supplier facilities
audited against local social and environmental laws and regulations and the RBA Code of Conduct.

Corrective actions for 100% of findings
289 findings of noncompliance were identified; corrective action plans were established for 100% of incidents, of which 72% have been closed.

	FY2022	FY2023	FY2024
RBA Code of Conduct			
Suppliers that have received our Code of Conduct (%)	-	-	100
SAQ			
Suppliers in-scope for RBA online SAQ (#)	-	-	100
Suppliers in-scope for RBA online SAQ (% by spend)	-	-	58
Suppliers who completed the RBA online SAQ (%)	-	-	71
Audits			
In-scope suppliers (#)	-	-	20
Audits completed (including social and environmental criteria) (#)	25	24	23[1]
Auditees engaged in corrective action follow-up (%)	-	-	100
In-scope suppliers audited (%)	-	-	100
Non-conformances			
Environmental non-conformances (#)	62	44	46
Environmental non-conformances (%)	15	13	16
Health & safety non-conformances (#)	118	99	68
Health & safety non-conformances (%)	28	30	24
Labor standards & human rights non-conformances (#)	119	87	81
Labor standards & human rights non-conformances (%)	28	26	28
Ethics & management systems non-conformances (#)	124	104	94
Ethics & management systems non-conformances (%)	29	31	32

	FY2022	FY2023	FY2024
Corrective Action Plans			
Audited/assessed suppliers engaged in corrective actions or capacity building (%)	100	100	100
Environmental corrective actions (#)	45	40	34
Environmental corrective actions (%)	19	14	22
Health & safety corrective actions (#)	69	89	54
Health & safety corrective actions (%)	30	31	35
Labor standards & human rights corrective actions (#)	36	39	11
Labor standards & human rights corrective actions (%)	30	13	7
Ethics & management systems corrective actions (#)	84	121	54
Ethics & management systems corrective actions (%)	36	42	36
Corrective action closure rate (%): closed actions/total number of non-conformances	65	61	72
Supply Chain Personnel (Buyer) Training			
Supply chain personnel (buyers) trained on ESG (#)	-	-	220
ESG training hours per employee (#)	-	-	1.5
ESG total training hours for supply chain personnel (buyers) (#)			330
Supply chain personnel (buyers) who received training on sustainable procurement (%)	-	-	92

[1] Breakdown: 18 Coherent audits and five RBA Validated Assessment Program audits.

FOCUS ISSUES IN OUR SUPPLY CHAIN

Our I CARE values extend beyond our workers to include those in our supply chain.

HUMAN RIGHTS

Aligned with the RBA Code of Conduct, we require that suppliers and contractors in our supply chain care for the health and safety of their own workers and comply with applicable human rights laws and regulations. We are committed to the prevention of forced labor, degrading treatment, unsafe working conditions, and any form of modern slavery or human trafficking in our supply chain.

We are committed to providing access to effective remedies in the event that we cause or contribute to an adverse impact. This commitment extends to collaborating with others to find solutions and not obstructing access to other remedies that reduce human rights impacts.

Recognizing the complexity of our global supply chain, Coherent continues to assess and strengthen its due diligence procedures to help ensure that no form of human trafficking or forced labor is included in the company's supply chain.

Program Highlights
· All supplier contract templates contain anti-forced labor provisions.
· We screen our suppliers against the U.S. Uyghur Forced Labor Prevention Act (UFLPA) List.

Learn more:
Human Rights and Labor Policy
Anti-forced Labor and UFLPA Compliance Statement
Company Statement on the Prevention of Modern Slavery and Human Trafficking

RESPONSIBLE MINERALS SOURCING

Our Responsible Minerals Policy prohibits any connection between the materials used in Coherent products and armed violence or human rights abuse. We expect our suppliers, and, in turn, their suppliers to comply with our policy. Coherent reserves the right to terminate the business relationship with suppliers that do not comply with our policy.

Coherent in general does not purchase tin, tantalum, tungsten, and gold (3TG) materials directly from mines, smelters, or refiners, and instead relies on a complex global supply chain. As defined in our policy, we require our supply chain partners to source 3TG, cobalt, and mica from smelters and refiners that comply with the Responsible Minerals Assurance Process (RMAP) or other cross-recognized standards. As a member of the RBA, we also require our suppliers to comply with the RBA process, which includes the Responsible Mining Initiative (RMI) and the Responsible Labor Initiative.
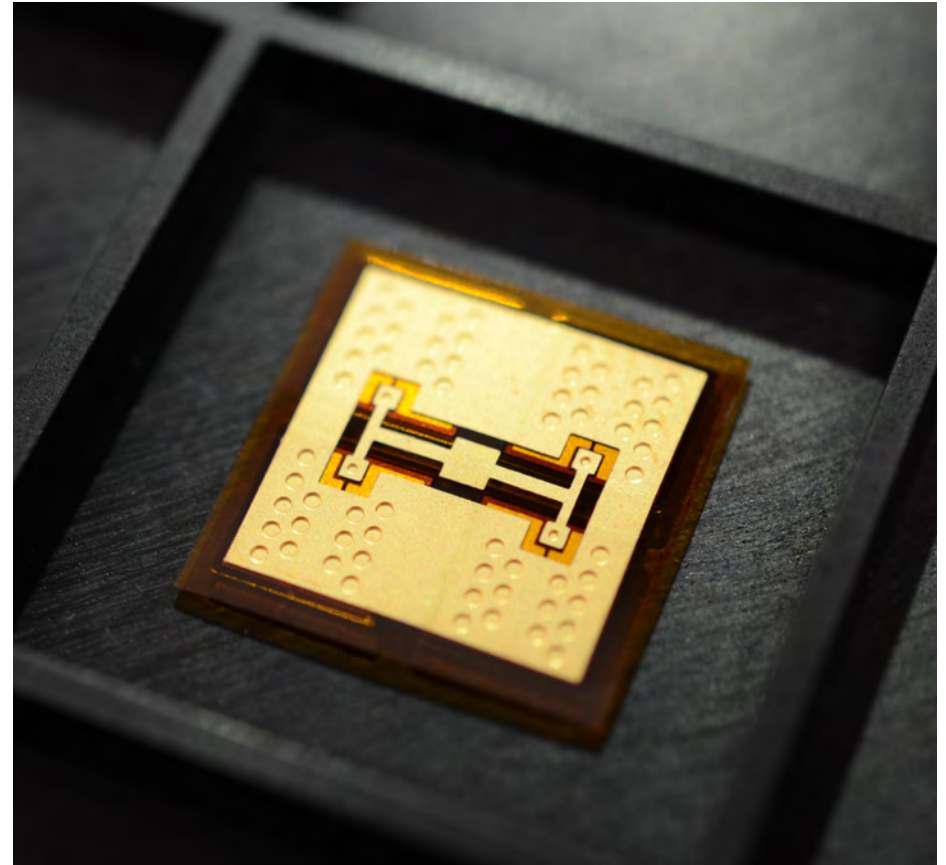
Our due diligence process is based on the RBA management process and follows the Organization for Economic Cooperation and Development guidance. We identify suppliers who provide materials that include, or are likely to include, minerals of concern under our Responsible Minerals Policy. Next, we use a third party that specializes in conflict minerals supplier assessment and management. The third-party agent evaluates the supplier responses and assigns a health score based on the supplier's declaration of process engagement. Coherent or its third-party agent reaches out to suppliers that declare they
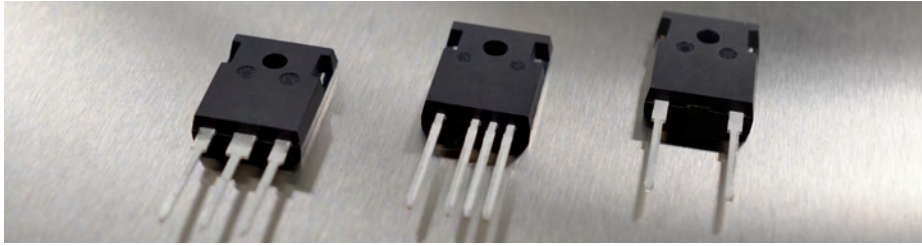
work with concerned smelters or refiners (SoRS) and request corrective action to mitigate the risk. This may include removing smelters from our supply chain. Additionally, we require that all smelters used within our supply chain undergo, and be validated by, an independent third-party audit program.

We participate in our third party's smelter outreach initiatives (annual joint-effort activities with other companies) to encourage SoRS to comply with RMAP. As part of the outreach, our third-party agent sends notification letters to smelters on Coherent's behalf. Coherent will continue to proactively work with suppliers to further develop their capabilities in responsible minerals due diligence to help ensure alignment to our supplier requirements.

Learn more: Responsible Minerals Report

	FY2022	FY2023	FY2024
Responsible Minerals Sourcing			
Supplier response rate (%)	85	81	84
Legitimate 3TG smelters (#)	336	1,052	350
Conflict minerals reports filed (#)	496	1,175	573[1]
3TG SoRS RMAP status (#)			
Conformant	228	657	225
Active	21	8	6
Not enrolled	70	364	90
Non-conformant	17	23	29

SUPPLIER DIVERSITY

We are committed to providing equal opportunities to suppliers during supplier selection. We promote diversity in our U.S. supply chain by developing relationships with small, minority-owned, women-owned, disadvantaged/disabled, veteran-owned, and LGBTQ+ business enterprises that enable Coherent to achieve our business goals and ESG objectives.

At the beginning of FY2023, we established a goal to increase the percentage of our spending with U.S.-certified diverse suppliers[2] to 6%, from a FY2023 baseline of 4.2%. We exceeded our goal in FY2024, achieving 6.7%, and are in the process of setting a longer-term goal for FY2025 and beyond.

We recognize that a significant percentage of our existing U.S. suppliers self-identify as a diverse business but lack formal certification. In FY2024, we trained our supply chain managers on our Supplier Diversity Program to enable them to discuss supplier incentives and encourage suppliers to seek supplier certification.

We have developed a supplier incentive program to encourage wider participation in our Supplier Diversity Program for our current and potential suppliers. Among the incentives we offer are preferential payment terms for certified diverse suppliers.

Learn more
Supplier Diversity Program

	FY2023	FY2024
U.S. Supplier Diversity		
Spending with U.S.-certified diverse suppliers ($ millions)	39	54.8
Diverse suppliers (#)	375	454
U.S. spend with certified diverse suppliers (%)	4.2	6.7

SUPPLY CHAIN DECARBONIZATION

We are working with suppliers to quantify and reduce their emissions over time. For more information, see pages 44-45.

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[1] Significant increase due to acquisition of Coherent, Inc., until conflict minerals reporting processes could be harmonized in combined company.

[2] Coherent uses data from a third-party provider to confirm which of our U.S. suppliers meet diversity criteria. This database includes indicators for both self-identified diversity indicators and certified diversity indicators. While Coherent monitors both self-identified and certified indicators, only certified diverse suppliers are the subject of reporting and various procurement incentives for diverse suppliers. However, we include self-identified suppliers in supplier outreach initiatives.

ENVIRONMENT

We strive to reduce our impacts on the environment throughout our operations and value chain by reducing the natural resources we use, the emissions we produce, and the waste we generate.

FY2024 HIGHLIGHTS

- 78% of our electricity supply obtained from renewable sources, representing over 550 million kWh of renewable electricity per year, thereby avoiding 234,000 $MTCO_2e$ in FY2024.

- Introduced a global Fossil Fuel Equipment Policy that prohibits the purchase of any new fossil-fuel-powered equipment within Coherent operations, unless a specific exemption is approved.

- Recycled over 100kg of precious metals, including gold and platinum.

ENVIRONMENTAL MANAGEMENT

We aim to minimize adverse environmental impacts to help enable a sustainable planet. Sustainable operations are also frequently a wise investment, improving efficiency and reducing costs over time.

OUR APPROACH

Our efforts are guided by our global Environmental Health and Safety (EHS) Policy. Each site is required to comply with our policy, carry out programs to meet site-specific EHS requirements, and conduct relevant EHS training for employees based on site activities and ISO certification status (see page 26).

In addition to energy, water, and waste efforts described in this section, our manufacturing facilities maintain air pollution controls and strive to reduce their use of chemicals to help ensure the safety of employees and surrounding community and protect the environment.

Our global Quality and EHS teams work together to conduct site-level EHS reviews and assessments to ensure compliance with our policies and all applicable EHS laws, regulations, and standards. At our ISO-certified sites, our audits also monitor compliance with ISO requirements. We report salient risks to our senior management.

Protecting Biodiversity

In FY2024, with the support of Siemens, we completed our second biodiversity risk screening analysis for our global facility profile to identify sites located within or in proximity to protected/conserved areas. Siemens used the World Wildlife Fund Biodiversity Risk Filter to identify biodiversity risks. Of all Coherent locations assessed, two were confirmed to be in proximity to biodiverse-sensitive areas: Our facility in Laguna, Philippines, and our facility in Longmont, Colorado. Given the nature of the operations at these facilities and mitigation efforts in place, the analysis determined that both facilities have very little to no impact on the local biodiversity. Details of the screening assessment methodology and the results of the analysis are available here. There were no significant changes or increased risks identified compared with the previous year.

FY2024 HIGHLIGHTS

We took several steps to further strengthen our EHS management approach:

- To unify the various EHS management systems at Coherent sites around the world, we began to introduce a global EHS platform aligned with ISO 14001, 45001, and 50001. This system will enable us to have a consistent global approach, collect relevant metrics, monitor performance, and identify central areas for improvement.

- Introduced an EHS Compliance Tracker management system. Starting in FY2025, each site will be required to record its compliance with local environmental laws, as well as any violations and corresponding corrective actions. The EHS and Coherent's senior management teams review key performance indicators monthly.

- Implemented EHS software to improve consistency in reporting and provide visibility to leading and lagging indicators.

- Developed a baseline assessment gap analysis (BAGA) tool for EHS site audits to understand compliance and areas of opportunity.

	FY2022	FY2023	FY2024
Sites for which a risk assessment has been conducted/audited using BAGA tool (#)	1	2	4
Corrective action plans/findings (#)	17	166	209

CLIMATE AND ENERGY MANAGEMENT

Our climate and energy management efforts span our internal operations, upstream into our supplier base, and downstream with our customers using our products.

OUR APPROACH

In December 2023, we announced our goal to achieve net-zero Scope 1 and Scope 2 emissions from our internal operations by FY2040. Aligned with achieving a 1.5°C future, our goal is based on, among other factors, our current emissions, growth projections, existing GHG accounting protocols, and market projections on the availability and cost of renewable energy and carbon offsets. We are on track to reach this goal.

COHERENT OPERATIONS

Addressing energy management in Coherent's operations to ultimately achieve net-zero Scope 1 and Scope 2 emissions.
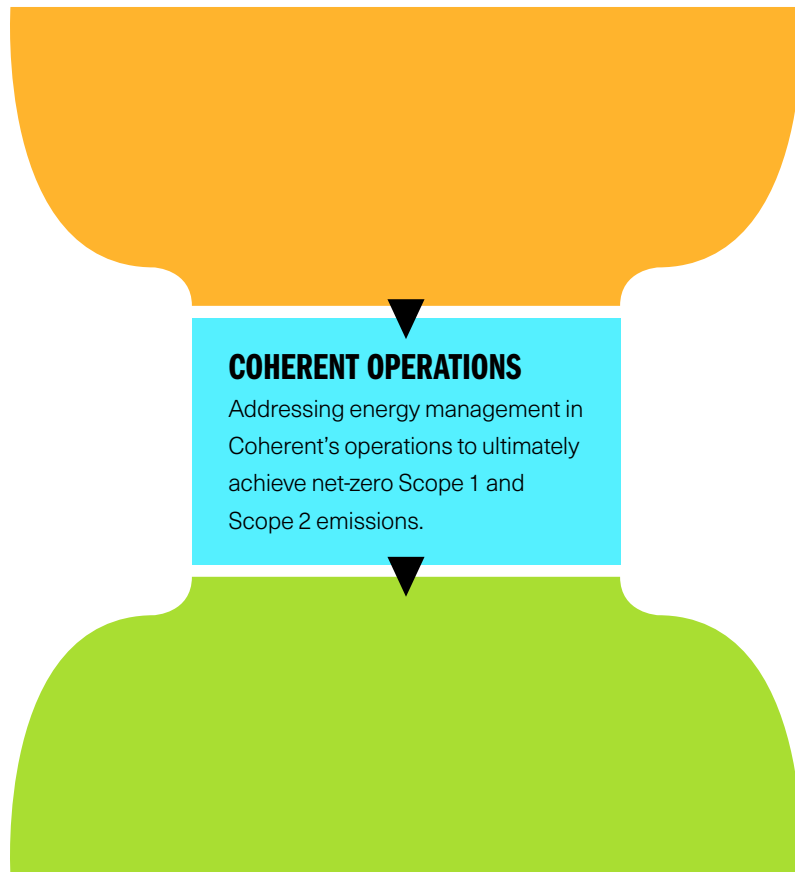
FACTORS INFLUENCING OUR JOURNEY

We recognize that outside influences will shape our sustainability journey, and progress will not always be linear. For example, future growth and acquisitions may increase our emissions at times, temporarily exceeding our efforts to reduce them. Adapting to evolving net-zero standards, regulatory changes, and renewable energy market dynamics is an essential element of our climate and energy management strategy. Specifically, since approximately 85% of our Scope 1 and Scope 2 emissions footprint is electricity-based, material changes to Scope 2 emissions accounting methodologies or availability of reasonably priced, market-based renewable energy solutions would require a reevaluation of our strategy and possibly a change in our target.

We are working to achieve our decarbonization goals by reducing our energy use and GHG emissions from our operations worldwide, as outlined in our decarbonization strategy and roadmap (see next page). Ultimate responsibility for our performance rests with our Board of Directors, specifically, the ESG Committee of the Board. Operationally, site leaders are responsible for site energy usage and energy efficiency efforts. Our Director of Sustainability and our Energy Management team centrally manage our renewable energy procurement program. Our CSO updates the Board quarterly on our climate and energy initiatives, progress, and challenges.
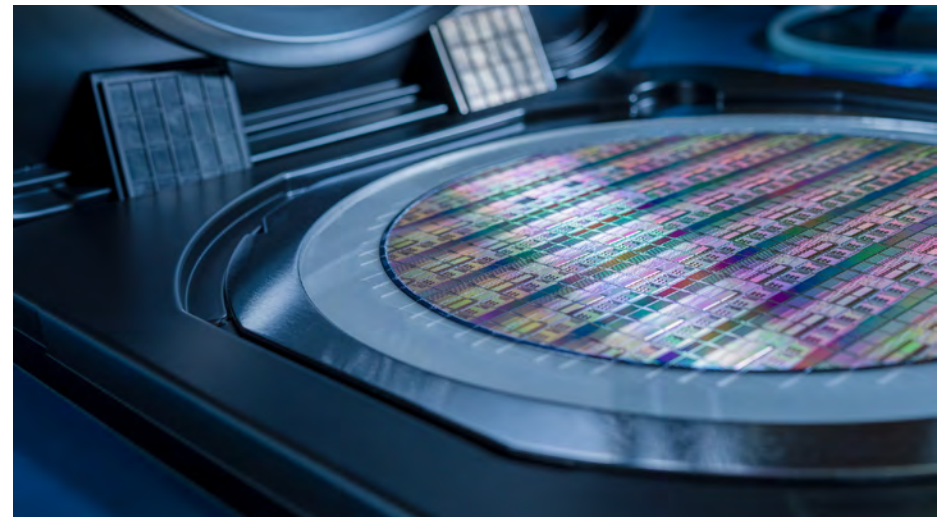
MOVING DECARBONIZATION FROM STRATEGY TO ACTION

DECARBONIZATION ANALYSIS AND PLANNING Establish baseline	LEVER 1 Procure clean energy	LEVER 2 Reduce consumption	LEVER 3 Produce energy on-site	LEVER 4 Transition to electrification	LEVER 5 Other options

BASELINE
100%

Carbon Emissions %

100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%

Progress-to-date (65.7% reduction from baseline)

-80%
-5%
-5%
-5%
-5%

TARGET
0%
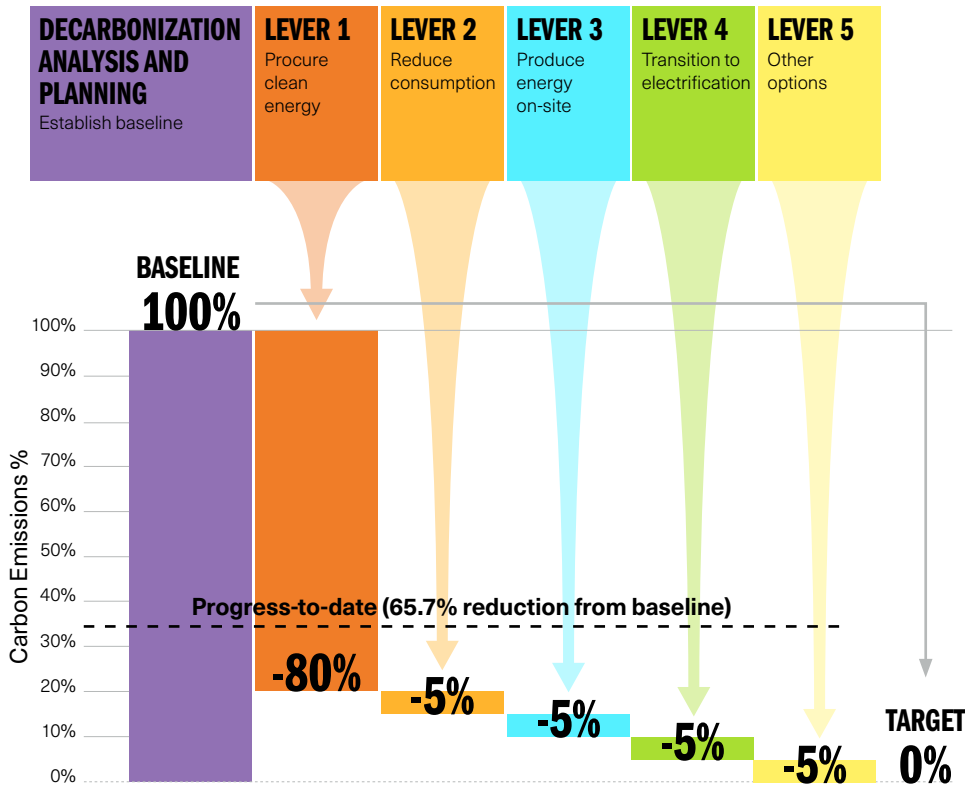
Source: Siemens

NET-ZERO SCOPE 1 AND 2
PROGRESS RELATIVE TO BASELINE YEAR | **65.7%**

LEVER 1: PROCURE CLEAN ENERGY

By procuring clean energy, we can have the greatest impact in reaching our net-zero goal. The Coherent energy mix is dominated by electricity, at approximately 85%. Renewable energy procurement is readily available at a commercially reasonable cost in most locations where we operate.

Since 2020, Coherent has executed renewable energy purchases with every new electricity contract we have entered to increase our proportion of renewable energy, unless the site was already at 100% renewable.

We are on track to achieve 100% renewable electricity companywide no later than FY2040. In FY2024, we obtained 78% of our electricity supply from renewable sources. In total, this represents over 550 million kWh of renewable electricity per year, thereby avoiding 234,000 MTCO$_2$e. This includes obtaining 100% of our electricity needs from renewable energy sources at all our sites in Europe, our largest energy-consuming site in China (Fuzhou), and numerous other sites around the world. Several contracts are already in place that will step up our renewable energy purchases in 2025 and future years.

Percentage of Energy from Renewable Sources

22% **29%** **51%** **67%**

2021   2022   2023   2024
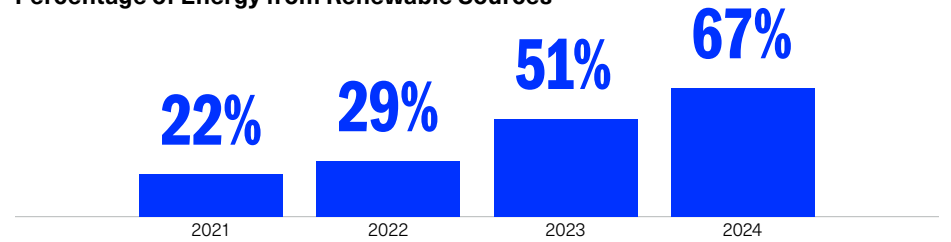
Achieving Carbon Neutrality in Scotland

In FY2024, Coherent Scotland marked its fifth year of carbon neutrality certification for its Scope 1 and Scope 2 organizational footprint, in accordance with PAS 2060:2014. It is the only Coherent site so far to achieve this distinction. The latest certification from Carbon Trust Assurance Ltd covers April 1, 2022, to March 31, 2023.
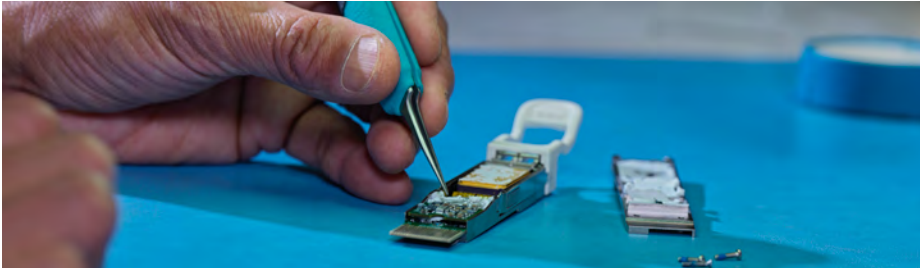
LEVER 2: REDUCE CONSUMPTION

Our facilities and engineering teams continually evaluate opportunities to operate facilities, equipment, information technology (IT) infrastructure, and production processes in a more efficient, less energy-intensive manner. In FY2024, we completed multiple energy efficient projects, resulting in an estimated energy savings of 2.5 million kWh per year, and, when aggregated with energy savings from previously completed energy efficient projects, resulting in an estimated energy savings in excess of 28.5 million kWh per year. Examples include:

• Installing energy-efficient lighting and controls to shut off lights when an area is not in use.

• Upgrading air compressors, pumps, and chillers to more energy-efficient models.

• Implementing variable-frequency drives on equipment.

• Shutting down equipment when not in use, including production equipment, air conditioning, and IT equipment.

• Using server virtualization technology and cloud services to reduce the number of physical servers used in IT infrastructure, thus saving electricity associated with powering the servers and cooling the IT infrastructure.

• Fixing air leaks to reduce load on air compressors.

• Optimizing fan speeds.

• Installing cooling tower cleaning systems.

• Implementing waste heat recovery systems.

• Replacing small vacuum pumps with more efficient vacuum systems.

• Implementing thermoelectric coolers.

• Installing fuel-efficient heat pumps.

Starting in FY2024, these efforts were fully integrated into the Coherent Lean System initiative. For more information, .

FY2024 Site Highlights

• **Fuzhou, China:** Achieved ISO 50001 certification for its energy management system following implementation of processes and initiatives expected to save significant energy in the coming years. As one of our largest energy-consuming sites, we anticipate that these savings will have a meaningful impact on our overall energy reduction efforts.

• **Wuxi, China:** Saved over 1.4 million kWh by shutting down HVAC systems during holidays and an additional ~500,000 kWh by adjusting compressor controls to account for relative humidity.

• **Kleinmachnow, Germany:** Reduced natural gas use by 65%, compared with a 2021 baseline, by replacing a gas-fired heat pump with an electric heat pump.

• **Lübeck, Germany:** Began expansion of a facility that will be heated by high-efficiency heat pumps. Separately, the site installed an adiabatic air humidification system, which adds water in liquid versus vapor form. This annually saves over 600,000 kWh.

• **Saxonburg, Pennsylvania:** Replaced an aging chiller system with an energy-efficient model that has the potential to annually save more than 76,000 kWh.

LEVER 3: PRODUCE ENERGY ON-SITE

Coherent has on-site solar photovoltaic systems at several facilities across the globe. Additional systems are being evaluated for other locations on a case-by-case basis.

In general, our facilities use a relatively large amount of electric power in a relatively small space. Due to this high-energy-density footprint, on-site solar will typically only offset ~5% of the site's total electric demand. Because every kilowatt-hour makes a difference in the global effort to decarbonize our energy supply, we will pursue on-site solar in every location where it makes sense.

There are additional benefits to on-site generation including resiliency, alleviating demand on the electric grid, and more predictable costs. However, Coherent expects that off-site renewable energy procurement (lever 1) will continue to be a more significant factor in our decarbonization efforts than on-site generation.

LEVER 4: TRANSITION TO ELECTRIFICATION (FOSSIL FUEL ELIMINATION)

Given that direct emissions (Scope 1) from the use of fossil fuels are more challenging to mitigate than emissions from electricity usage (Scope 2), our strategy includes efforts to significantly reduce our use of fossil fuels over time.

In March 2024, we introduced a global Fossil Fuel Equipment Policy that prohibits the purchase of any new fossil-fuel-powered equipment within Coherent operations, unless a specific exemption is approved.[1] Several Coherent facilities currently use natural gas or other fossil fuels for building heat or other purposes. In general, these are for facility support use and are not integral to the production process. Under this new policy, each site operating existing fossil-fuel-powered equipment must develop a plan to eliminate it by no later than FY2040. This includes replacing fossil-fuel-powered equipment as it wears out or becomes obsolete with electric or non-fossil-fuel-based systems. Since its introduction, the policy has already had an impact: our Hillsborough, New Jersey, site shifted from a plan to purchase two new natural-gas-fired HVAC units to evaluating all-electric alternatives.

While we do not have a significant vehicle fleet, under our new policy all vehicles purchased or leased by the company must be EVs, unless an exemption is granted. We will retire our small existing internal-combustion-engine fleet as each vehicle reaches the end of its useful life. Additionally, we continue to increase the number of sites with charging stations for both EVs and electric bikes.

To commute to work at Coherent sites in China, thousands of employees – 55% of our workforce in the country – commute by bikes or e-bikes. In FY2024, additional charging stations were installed for e-bikes at many of our Chinese sites.

Coherent uses fossil-fuel-powered fuel cells at three locations to generate electricity with high reliability. We intend to convert this equipment to operate on green hydrogen when it is available, although the timeline for the availability of green hydrogen at a commercially reasonable cost is not clear. We also use fossil-fuel-powered electric generators for emergency generation at several sites. There is no plan to replace this equipment, as there is no practical replacement technology at this time. Emergency generation is necessary for continuity of operations, to prevent loss of product, and in some cases, for maintaining the operation of critical life-safety equipment in the event of a grid power outage. Additionally, we have a natural-gas-fired cogeneration plant at one of our sites for primary energy generation. We intend to evaluate options for its replacement, the use of alternative fuels, or other means to mitigate its Scope 1 emissions.

> **"Coherent is dedicated to advancing our climate goals while maintaining operational resilience and uptime, viewing these efforts as both complementary and a competitive advantage. To that end, we are committed to assessing and integrating emerging technological innovations, including clean fuel alternatives, that support our sustainability objectives and ensure our long-term viability." — Michael Berg, Global Vice President, Shared Services at Coherent**

[1] Exemptions from this policy will be considered based on technical and economic merits. Examples include:
   · Plant resiliency requirements for production capacity and/or life-safety requirements. In general, the primary system should be electrified, but use of a fossil-fueled backup system may be warranted.
   · Fully electrifying certain space and service water heating loads may be impractical to achieve. Dual-fuel heat pumps may be considered where it is not practical to fully electrify systems due to cold climate zones, large system size requirements, or mission-critical uses.

LEVER 5: OTHER OPTIONS

We expect to reduce more than 90% of our Scope 1 and Scope 2 baseline emissions through levers 1-4 over time. We will need to find other options to address the remaining emissions. In particular, the use of fossil fuel emergency electrical generators has no current practical replacement. We also use certain chemicals in our semiconductor manufacturing process that produce GHGs. In FY2024, we began to develop a global policy to mitigate our emissions from SF_6 (sulfur hexafluoride) gas use by FY2040 to help address this concern.

Additionally, fugitive emissions of various refrigerants will continue to be a minor emissions source; we are taking steps to shift to refrigerants with lower global warming potential (GWP). For example, at our site in Fuzhou in FY2024, we introduced a coolant transition plan that prohibits the purchase of equipment with coolants with GWP over 1,800. In Saxonburg, Pennsylvania, also in FY2024, we replaced an aging chiller system with an energy-efficient model that uses R-513a refrigerant, a non-ozone-depleting and low-GWP refrigerant.

To offset residual emissions – and obtain our net-zero FY2040 goal – we plan to investigate and procure high-quality carbon offsets as needed. Coherent expects that the eventual quantities of carbon offsets we will need will account for no more than 10% of our total emissions, consistent with leading net-zero guidance.

INTERNAL CARBON PRICING

To factor climate impact into our business decision-making, Coherent implemented an internal carbon price mechanism.

For many years, Coherent has been using a robust process for COQ to track dozens of forms of waste and quality errors (see page 27). Through a newly introduced carbon price mechanism, we will apply an internal shadow carbon price on business activities and track the total cost of carbon in the COQ process. We are initially using a relatively low cost of carbon ($15 per MTCO₂e) that is roughly equal to current market-based decarbonization instruments. We plan to increment it each year to provide additional focus and incentive for decarbonization.

For more information, see our 2023 CDP Climate Change questionnaire.

SCOPE 3 EMISSIONS AND SUPPLY CHAIN DECARBONIZATION

Beyond our Scope 1 and Scope 2 emissions, we are working to manage, mitigate, and reduce our Scope 3 emissions, both upstream and downstream. Scope 3 emissions comprise a significantly larger component of our overall emissions than Scope 1 and Scope 2 emissions – and are much more complex to address. See the graphic on the next page for the Scope 3 categories we deem to be material to our business.[1]

> "Coherent also participates in the supply chain decarbonization programs of several of our key customers, including some of the most prominent and advanced corporate leaders in decarbonization. This provides us an opportunity to learn from and adopt best practices for our own efforts with our suppliers."
> — Valerie Estacuy, Senior Project Manager of Global Procurement at Coherent

[1] Based on a materiality assessment of our Scope 3 emissions conducted in 2023 in conjunction with Siemens.

GREENHOUSE GAS INVENTORY
Assessing Materiality of the 15 Scope 3 Categories For Coherent

1 PURCHASED GOODS AND SERVICES
Upstream cradle-to-gate emissions from production of goods and services purchased

2 CAPITAL GOODS
Upstream cradle-to-gate emissions from production of capital goods purchased

3 FUEL AND ENERGY-RELATED ACTIVITIES
Extraction, production, and transportation of fuels and energy purchased or acquired

4 UPSTREAM TRANSPORTATION AND DISTRIBUTION (T&D)
Transportation and distribution of products and services purchased

5 WASTE GENERATED IN OPERATIONS
Disposal and treatment of waste generated

6 BUSINESS TRAVEL
Transportation of employees for business-related activities

7 EMPLOYEE COMMUTING
Transportation of employees between their homes and their worksites

8 UPSTREAM LEASED ASSETS
Operations of assets leased by the reporting company (lessee)

9 DOWNSTREAM T&D
Transportation and distribution of products and services sold

10 PROCESSING OF SOLD PRODUCTS
Processing of intermediate products sold

11 USE OF SOLD PRODUCTS
End use of goods and services sold

12 END-OF-LIFE SOLD PRODUCTS
Waste disposal and treatment of products sold

13 DOWNSTREAM LEASED ASSETS
Operation of assets owned by the company (lessor) and leased to other entities

14 FRANCHISES
Operation of franchises

15 INVESTMENTS
Operation of investments

Adapted from the WRI/WBCSD GHG Protocol Technical Guidance for Calculating Scope 3 Emissions

- Not material to operations
- Potentially material, but not measured currently
- Material and estimable emission sources

Source: Siemens

We report estimates of our emissions associated with categories we deem material: Purchased Goods and Services (Category 1), Capital Goods (Category 2), Fuel and Energy-Related Activities (Category 3), Upstream T&D (Category 4), Business Travel (Category 6), and Employee Commuting (Category 7). Details of the methodology used in each of these estimates are available [here](#). Coherent has an initiative underway to estimate Categories 5 and 9 and expects to report these in the future. Categories 10, 11, and 12 are potentially material. Coherent does not currently have efforts underway to estimate them but will seek to add them in the future.

Transportation and Distribution (Categories 4 and 9)

We are committed to working with our inbound and outbound transportation partners to identify the most sustainable, efficient, reliable, and cost-effective modes of transportation. Within our Lasers segment, we use a transportation management system that selects the most efficient transportation mode and route for each shipment we make. Our own suppliers can use the system to do the same when shipping goods to us. The system also consolidates shipments, when possible, to improve fuel efficiency per ton of product transported. We plan to start system roll out across Coherent in FY2025 with a completion target in FY2026.

To become a preferred Coherent transportation partner, carriers must have sustainability programs in place, including emission reduction goals. Once on board, we request that they provide periodic emission reports related to our shipments. We plan to use this data to set our own transportation-related emission reduction goals. In addition, we are encouraged that our ground transportation partners are increasing the number of EVs in their fleets. Similarly, many support airline partners that are committed to using sustainable biofuels as they become more readily available for commercial transport.

SUPPLIER ENGAGEMENT

FY2024 was the second year of our supply chain decarbonization initiative with a focus on Scope 3 Categories 1, 2, and 4. A high-level process flow of our efforts is depicted in the figure below. Our process starts with communicating our expectations to suppliers. For example, at our 2024 Annual Supplier Day event, we discussed ESG requirements, including GHG reductions.

In FY2024, we developed a dashboard of supplier-based emissions data based on standard emissions factors for commodities, allowing us to measure emissions by supplier and supply sectors. This will help us to prioritize our efforts with those suppliers where we can have the greatest impact. We will continue to refresh the dashboard with new supplier data as we continue our engagement efforts.

ESTABLISH BASELINE PERFORMANCE

COMMUNICATE EXPECTATIONS TO SUPPLIERS

EDUCATE SUPPLIERS AS NEEDED

INTEGRATE SUPPLIER DECARBONIZATION PERFORMANCE INTO PROCUREMENT DECISIONS

PERIODICALLY ASSESS PERFORMANCE
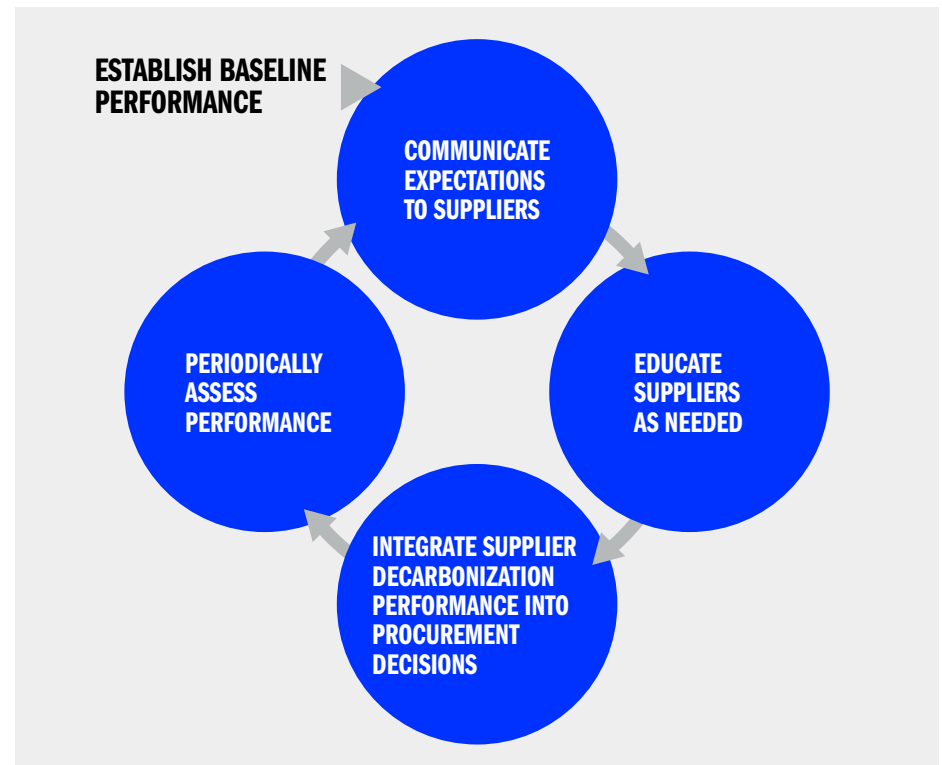
We continue to build our ability to educate and help suppliers, as needed, to measure and reduce their GHG emissions. In FY2024, we introduced ESG training for our supply chain team to help them drive GHG emission reductions with suppliers. In FY2025, we intend to introduce training and additional resources to our suppliers.

FY2024 DATA[1]

On our behalf, Siemens tracks our energy usage and Scope 1 and Scope 2 emissions from all our operations worldwide, based on energy utility invoice data, as well as our Scope 3 upstream estimates for all categories reported. They compute our GHG emissions in accordance with the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) GHG Protocol Corporate Standard and Scope 2 Guidance addendum.

	FY2022	FY2023	FY2024
Total energy usage (MWh)	650,067	801,845	830,291
From renewable sources	187,393	407,750	558,307
From renewable sources (%)	29	51	67
From non-renewable sources	462,675	394,095	271,984
From non-renewable sources (%)	71	49	33
Electricity usage (MWh)	568,191	678,712	714,323
Grid-purchased electricity	568,191	677,860	713,419
Self-generated electricity	0	4,980	5,359
From renewable sources (electricity only)	187,393	407,750	558,307
From renewable sources (electricity only) %	33	60	78
From non-renewable sources (electricity only)	380,799	270,961	156,016
From non-renewable sources (electricity only) %	67	40	22
Fuel usage (MWh)	77,382	111,332	103,990
Natural gas usage	73,303	106,834	97,965
Other	4,078	4,497	6,024
Purchased energy (MWh)	650,067	800,993	829,387
From renewable sources	187,393	406,898	557,403
From renewable sources (%)	29	51	67
From non-renewable sources	462,675	394,095	271,984
From non-renewable sources (%)	71	49	33
Energy Conservation			
Total energy conserved (MWh)	10,000	26,000	33,000
Total savings or profits from energy conservation programs ($)	1,000,000	2,000,000	3,300,000

	FY2022[2]	FY2023[2]	FY2024
Scope 1 & Scope 2 GHG Emissions (MTCO$_2$e)			
Location-based (MTCO$_2$e)	293,092	346,077	353,641
Scope 1	34,814	54,370	49,811
Scope 2	258,278	291,707	303,829
Market-based (MTCO$_2$e)	233,229	185,626	118,829
Scope 1	34,714	53,646	49,148
Scope 2	198,515	131,980	69,681
Revenue ($ million)	3,106	5,160	4,708
Market-based Scope 1 and Scope 2 emissions intensity (MTCO$_2$e per $ million)	75.09	35.97	25.24
Other emissions (MTCO$_2$e)			
Total emissions from perfluorinated compounds	6,700	14,444	16,250
Biogenic CO$_2$	0	161	105
Emissions mitigated (MTCO$_2$e)			
CO$_2$ mitigated	59,863	160,451	234,812
CO$_2$ mitigated (%)	20	46	66
Scope 3 GHG Emissions (MTCO$_2$e)			
Category 1 – purchased goods and services	--	--	679,274
Category 2 – capital equipment	--	--	66,966
Category 3 – fuel and energy-related activities	--	97,756	104,815
Category 4 – upstream transportation and distribution	--	--	105,636
Category 6 – business travel	--	43,745	35,935
Category 7 – employee commuting	--	38,973	26,695

[1] In FY2024, Coherent revised our carbon accounting methodology, updating historical emissions factors and improving our data collection process. Due to these changes, Coherent has restated our FY2023 baseline. Self-generated electricity includes the electrical output from co-generation systems fully under Coherent's operational control. The fuel input to these systems is already included in "Purchased Energy" figures, therefore totaling self-generated energy and purchased energy will result in double counting. Self-generated electricity only includes generating assets within the operation control of Coherent. Generating projects structured under power purchase agreements are considered "Purchased Energy" and are not included in "Self-generation" figures. Emissions mitigated refers to the difference between (Scope 1 and 2 location-based) and (Scope 1 and 2 market-based) in the same period. Progress relative to baseline year refers to the reduction in Scope 1 and 2 market-based emissions for the period compared to the net-zero Scope 1 and 2 baseline, which was established as FY2023 Scope 1 and 2 location-based emissions total.

[2] Data may not be available or may be omitted because of incomparability due to acquisitions.

WATER STEWARDSHIP

As part of our natural resource conservation efforts, we aim to preserve one of the planet's most precious resources: water.

OUR APPROACH
Water Use and Conservation

Coherent recognizes the need to protect water resources at our facilities and ensure appropriate global water usage. In FY2024, we set a goal to reduce our water intensity by 5% (gallons per $ revenue) by 2030, from a FY2024 baseline.

We use water in many of our production processes, mainly sourced from municipal water. We work at a site level to reduce the water we consume and conserve the water we use through our eliminate–reduce–reuse–recycle approach. We use new technologies and implement water efficiency projects and water treatment and recycling efforts at many sites, while sharing best practices. Water risk assessment is a component of our environmental management systems. In addition, as of June 30, 2024, 30% of Coherent sites are ISO 14001-certified and evaluate water risk consistent with the ISO 14001 standard.

In FY2024, Siemens conducted a formal water-stress analysis of every Coherent location globally for the second consecutive year, using the WRI Aqueduct Water Risk Atlas tool. The analysis identified 21 sites that scored within the "extremely high risk" classification in the Physical Risk Quantity category. We are prioritizing our water conservation efforts at these locations. In FY2024, this included conducting a detailed water usage inventory at our Fuzhou site, which accounts for approximately 26% of our global water use.

REDUCING WATER CONSUMPTION IN CHINA

Our Fuzhou site is one of our largest sites, with 24 buildings and more than 4,600 employees. The site is a critical production hub of diversified applications for all of our markets. As our largest water-consuming site, it accounts for 26% (148M+ gallons) of the company's annual water consumption globally. Top drivers include deionized water for cleaning processes; general water use in offices, cafeterias, and restrooms; and water used in cooling towers.

"Given our significant water consumption and our alignment with the local government's water conservation goals, we put in place a team to identify reduction opportunities over the near, medium, and long term," said Lin Xiao, China Regional EHS Director at Coherent.

The site has already identified and started implementing projects that it expects will lower its annual water consumption by over 2.5 million gallons. For example, the site was discarding significant amounts of filtered water used in production that it could potentially reuse in other processes. Another project includes cooling-water recovery from a water ring vacuum pump. Additionally, the Fuzhou site intends to install a smart IT system that will alert site managers of high or abnormal water consumption levels so that they can respond accordingly.

Ansen Tang, China Facility & Administration Director at Coherent, believes this is just the start. The site sent a survey to employees asking for their ideas in June 2024. "Employees who are most familiar with the processes are often in the best position to come up with innovative and practical reduction ideas," Ansen said. "We are looking forward to their suggestions, which will be critical to our success."

While the Fuzhou site consumes the most water among all Coherent sites, its consumption per unit of production is less than the Chinese national standard. In FY2024, it was named an Advanced Water Saving Enterprise by the Fuzhou Municipal Bureau of Urban and Rural Construction and the Fuzhou Municipal Office of City Water Conservation.

Wastewater Management

As outlined in our [EHS Policy](#), each Coherent site is responsible for complying with local wastewater regulations and implementing wastewater treatment processes, as appropriate and necessary, based on the operations at each site. We track site compliance through our new EHS Compliance Tracker management system ([See page 38](#)).

All Coherent sites discharge water to municipal sewage treatment systems after proper treatment, either through on-site wastewater treatment systems or through third parties. Each site that discharges industrial wastewater samples and tests stormwater and sewage water, as required by local environmental standards.

Many of our facilities have on-site wastewater treatment systems that immediately alert the site of noncompliance, allowing timely action to resolve issues. In addition, a number of sites have systems that allow them to reuse treated wastewater.

Several of our sites also have backup tanks in their on-site wastewater treatment system that contain one day's capacity of discharged water. If any abnormal issues are detected in the system, the backup tanks allow for the holding of overflow volumes to address corrective actions without affecting production operations.

For more information, see our [2023 CDP Water Security questionnaire](#).

FY2024 SITE HIGHLIGHTS

• **Zurich, Switzerland:** Installed water recycling units for our sawing and grinding processes that improves water efficiency by 99% – equivalent to approximately 1.2 million gallons per year.

• **Budd Lake, New Jersey:** Implemented an evaporative process to remove the water from slurry waste, reducing overall waste being sent out for disposal by over 90%.

• **Dallas, Texas:** Recognized by the City of Dallas for the site's outstanding compliance with the Pretreatment Program. For its efforts, Coherent was granted the Blue Thumb Award.

• **Santa Clara, California:** Recognized by the City of San José and the San José-Santa Clara Regional Wastewater Facility for the site's compliance with federal and local industrial wastewater regulations.

• **Fremont, California:** Recognized by the Union Sanitary District for consistent compliance with industrial pretreatment regulations for 21 consecutive years.

	FY2023	FY2024
Water use (million gallons)		
Withdrawal	606	593
Discharges	515	504
Consumption	91	89
Withdrawals for sites with high water risk/stress	113	112
Discharges for sites with high water risk/stress	96	95
Total withdrawals for sites with high water risk/stress (%)	19	19
Consumption for sites with high water risk/stress (Withdrawals - Discharges)	17	17
Withdrawal intensity (gallons per $ revenue)	0.12	0.13

WASTE MINIMIZATION

We are committed to responsibly managing waste produced by our operations.

OUR APPROACH

As outlined in our EHS Policy, each Coherent site is responsible for seeking ways to reduce waste through source reduction, recycling, and reuse and for proper disposal of all waste generated. Our systematic approach also includes waste segregation, waste sampling, and rigorous waste auditing and monitoring. In addition, several of our sites, such as our facility in Sherman, Texas, have set site-level, zero-waste-to-landfill goals. Our investments in training and awareness programs are equally important, ensuring that every member of our organization is informed and engaged in our mission to minimize waste. For information on how we reduce waste in our product development and packaging, and as part of our Coherent Lean System, see page 28.

In FY2024, we formed a corporate-level waste minimization committee, with a key focus on centralizing and consolidating our global waste stream data collection and reporting, as well as sharing best practices. We also trained employees on the importance of proper waste disposal documentation, waste reduction opportunities, and recordkeeping. Moving forward, we will include waste minimization efforts in our corporate audit BAGA checklist.

Addressing E-Waste

Our efforts extend beyond our manufacturing processes to other support functions. For example, for many years, Coherent has used external services for IT equipment disposal where available. These services have a commitment to recycle IT equipment and related electronic components or dispose of them in an ecologically responsible manner.

FY2024 SITE HIGHLIGHTS

- **Kleinmachnow and Freiburg, Germany:** Eliminated the use of plastic bags in trash bins, saving approximately 5,000 bags a year. The site also replaced all cleaning detergents with EU eco-labeled products that are 90% biodegradable.

- **Sherman, Texas:** Achieved a greater than 90% diversion rate of both hazardous and general waste from local landfills.

- **Wuxi, China:** By increasing cleaning time from every 12 hours to every 24 hours and optimizing our cleaning process, we reduced the annual use of isopropyl alcohol by 19.2 m³.

- **Ipoh, Malaysia:** Diverted more than 60 tons of nonrecyclable waste, such as smocks, sponge foam, and bubble wrap, from landfills by sending it to a third party for reprocessing into an alternative fuel (waste to energy) program to support cement production. This has helped us divert 121 m³ of waste from landfill.

We anticipate reporting company-wide waste data for FY2025 in our next report.

PEOPLE

Our workplace is defined by our people. We strive to create an environment where each person can bring their best self to work every day and have equal opportunities to grow.

FY2024 HIGHLIGHTS

- 43% of our total workforce completed voluntary diversity, equity, and inclusion (DEI) training.

- Named a Certification Champion at the Sapphire level by the Board of Certified Safety Professionals.

- Awarded scholarships to 73 students through the Coherent/II-VI Foundation.[1]

- Committed $125,000 to the Optica Foundation Amplify Scholarship for Black scientists.

[1] A 501(c)(3) charitable organization.

INCLUSIVE CULTURE

At Coherent, we strive to make every employee feel welcomed, valued, included, heard, and respected so that they can reach their full potential. We also recognize and value the power that comes from diverse teams where different perspectives are heard and respected. Underlying our efforts are our I CARE values.
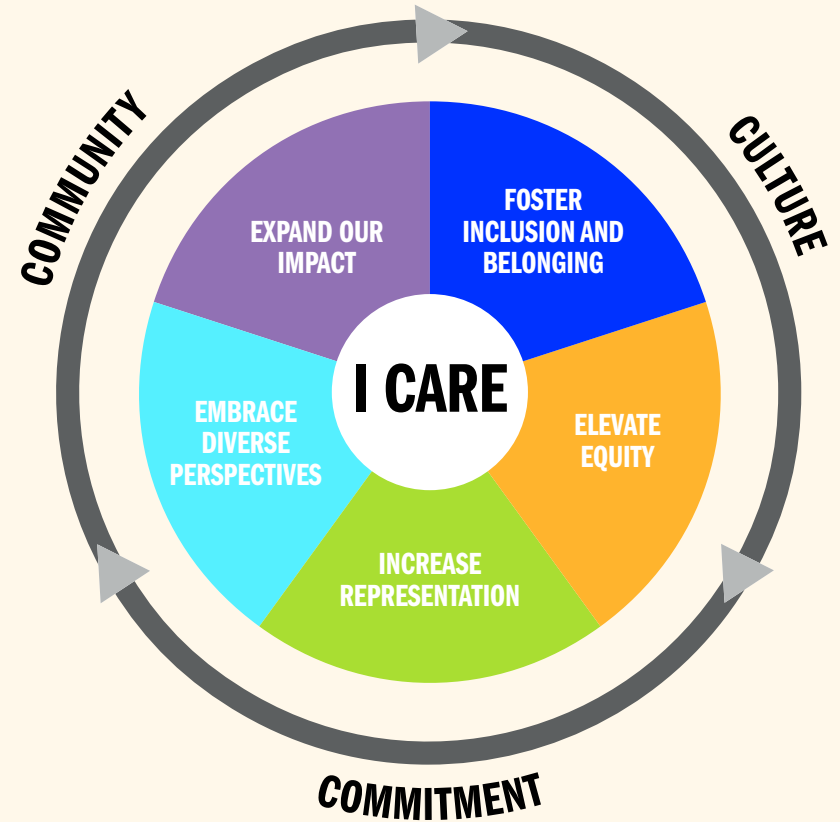
OUR APPROACH

Our workplace efforts are led by our Chief Human Resources Officer (CHRO). In FY2024, we continued to standardize our HR policies, procedures, and practices to create consistency across Coherent.

Key to building an inclusive culture at Coherent is our global DEI strategy. It includes five strategic objectives and three key areas of focus (see right) to help us create a work environment where DEI is embedded into our culture, behaviors, and operations. Supporting our DEI strategy is our global DEI Policy. It outlines our commitment to DEI and applies to all employees, contractors, or other entities or individuals affiliated with the company. We have communicated the policy, available in five languages, to all employees via email or during live learning sessions.

Our Global DEI Advisory Council is responsible for driving and promoting the company's DEI strategy. The Council includes senior company leaders from the regions in which we operate and is supported by several executive sponsors. Our CHRO serves as the Council's program champion.

We believe diverse perspectives and capabilities across teams lead to better solutions, better decision-making, and greater innovation.

OUR GLOBAL DEI STRATEGY

OUR GLOBAL DEI DEFINITIONS

Diversity	Equity	Inclusion
To be aware, to understand, and to respect the diversity in our workforce, including different backgrounds, identities, life experiences, and perspectives as we work together to achieve our mission.	A work environment in which all individuals are treated fairly and respectfully; have equitable access to information, resources, and opportunities; and can contribute with full potential to the organization's success.	A culture of performance where employees feel accepted, supported, valued, and invited to contribute to the company's goals, thus creating a sense of belonging, connection, and community.

NURTURING INCLUSION

To help employees build inclusive skills and mindsets and value the richness of a diverse workforce, we offer DEI resources on our DEI intranet site. Topics include disability inclusion, addressing bias in the workplace, advocating for equity, and allyship. We also provide the following voluntary DEI training:

- **Foundations of DEI:** Available globally to employees in six languages to build alignment, awareness, and understanding of the concepts of DEI, psychological safety, and micro-inequities.

  - Through FY2024, **43%** of our global workforce has completed Foundations of DEI training either online or in person, completing a total of **5,430** hours of training.

- **Inclusive Leadership:** Offered to our people leaders in our Leadership Academy programs (see page 56) to help them understand ways to inclusively lead.

- **Allies and Advocates for Gender Equity in Business:** 90-minute session offered to leaders of participants in our Women in Leadership Program.

- **Global Perspectives for Business:** Provided cultural competence training for employees working on global teams to increase awareness of cultural diversity, acquire intercultural skills, and actively contribute to an inclusive working environment.

  - Since this program was launched in FY2023, **over 300** employees have participated around the globe, completing a total of **933 hours** of training on cultural awareness.

In FY2025, we plan to launch a course for all employees titled "Supporting an Inclusive Work Environment."

Through internal events and communications, we celebrate the diversity of our workforce and use these opportunities to reflect, empathize, and increase our understanding of the experiences and challenges faced by different groups. In FY2024 in the U.S., we focused on juggling work and caregiving, establishing equitable environments, and celebrating our ethnic diversity through observations for Black History Month, International Women's Day, and Asian American and Pacific Islanders Heritage Month. In China, we held events and communicated on religious, intergenerational, and cognitive diversity, as well as fostered a sense of belonging and promoted workplace equality.

Employees in China and Malaysia celebrate International Women's Day.

STRENGTHENING OUR VALUES AS WE GROW

Over the past five years, our workforce has more than doubled in size from acquisitions. To help ensure awareness, understanding, and alignment of our culture and values, we conducted a series of I CARE workshops for employees. In addition to discussions about our values, employees shared their perspectives of what these values mean in practice. Starting at the top of our organization, nearly 86% of our leaders attended I CARE workshops in FY2024. We plan to deploy additional learning opportunities and I CARE videos for all employees in FY2025.

Employees from Wuxi, China, and Munich, Germany, participate in I CARE workshops, discussing our values and how they can bring them to life.

EMPLOYEE RECOGNITION

We honor individual and team achievements through our Global Recognition Program. In FY2024, nearly 400 employees were recognized as I CARE Stars of the Day for demonstrating our I CARE values in the workplace. Since our Global Recognition Program launched in 2021, we have recognized nearly 600 employees. In FY2025, we plan to expand our recognition efforts through an I CARE Stars digital platform.

	FY2022	FY2023	FY2024
Employees in management roles	2,011	2,808	2,781
Female (#)	519	690	662
Female (%)	26	25	24
Male (#)	1,488	2,115	2,118
Not disclosed (#)	4	3	1
<30 years old (#)	100	78	53
30-50 years old (#)	1,278	1,657	1,599
>50 years old (#)	633	1,073	1,129
Diverse employees (U.S. only) (#)	192	305	292
Employees in technical roles	4,220	5,287	5,118
Female (#)	763	890	864
Female (%)	18	17	17
Male (#)	3,451	4,354	4,223
Not disclosed (#)	6	43	31
<30 years old (#)	726	722	567
30-50 years old (#)	2,677	3,253	3,239
>50 years old (#)	817	1,312	1,312
Diverse employees (U.S. only) (#)	507	692	587
All other employees	17,588	19,512	19,001
Female (#)	10,128	10,307	10,430
Female (%)	58	53	55
Male (#)	7,435	9,054	8,502
Not disclosed (#)	25	151	69
<30 years old (#)	6,653	5,744	5,735
30-50 years old (#)	9,524	11,031	10,941
>50 years old (#)	1,411	2,737	2,325
Diverse employees (U.S. only) (#)	991	1,485	1,147
DEI training			
Workforce that received DEI training (#)	-	-	11,295
Workforce that received DEI training (%)	-	-	43

TALENT ACQUISITION AND MANAGEMENT

From attracting and recruiting top talent to helping our people develop new skills critical to success, we are investing in the future of our people and our business.

OUR APPROACH

Through our global talent strategy, we invest in attracting, engaging, developing, motivating, and retaining high-quality talent.

ATTRACTING TOP TALENT

At Coherent, we have some of the best innovators in the industry for the markets we cover. This is an intentional strategy to hire for excellence. We work hard to find the top talent we need and bring them to Coherent.

Supported by our global talent acquisition team, all Coherent sites globally use our centralized recruiting platform. This helps automate our recruiting activities, reduce bias in the hiring process, and provide visibility into business needs and hiring trends. We hire for all levels – from early-career to mid-career and executive level.

Coherent employees participate in a job fair.

INTERN TO FULL-TIME EMPLOYEE

Justin Thompson, a components engineering manager, is a huge supporter of internships and the hands-on, real-world experience they can provide. He should know – he credits his 2008 internship with Coherent in Thermal Engineering R&D for setting him on a path that would eventually lead to a full-time position with the company when he graduated from Texas A&M.

"Talented candidates don't all come from one place or follow the same path to get to Coherent. That's why we are working to find them where they are and build the pathways that lead to rewarding careers."
— Chiew Mee Yong, Chief Human Resources Officer at Coherent

As part of our global DEI strategy (see page 51), we are committed to ensuring that the diversity of the communities in which we live and operate is reflected in our workforce.

In the U.S., we enhance our outreach to underrepresented groups by:

• Seeking to provide hiring managers with a diverse slate of candidates.

• Increasing exposure to our openings on job boards and websites that are focused on underrepresented groups.

• Participating at professional conferences and job fairs that are hosted by diverse organizations.

• Providing early viewing opportunities for our internship programs at Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs), and also participating in job fairs at both.

• Engaging with regional Transitional Assistance Program offices to provide visibility to our roles for U.S. service members ending their service commitments and their families.

We support inclusive hiring practices and work to ensure that hiring managers and employees who take part in interview panels understand the impact of bias in decision-making. In FY2024, we launched an inclusive recruiting practices training for our U.S. talent acquisition team. In FY2025, we plan to expand this training to talent acquisition teams in our global locations, as well as pilot an inclusive recruitment training program for U.S hiring teams. The course is intended to help participants identify bias and build skills in developing inclusive job descriptions and standardized methods of evaluating candidates.

U.S. Recruiting Partners

Our recruiting and outreach efforts consist of a network of organizations, including workforce development boards, professional associations, vocational schools, community colleges, and other civic organizations.

Outside the U.S., we are working with partners to encourage more diverse candidates to pursue careers in science, technology, engineering, and mathematics (STEM). For example, in Scotland, we are working with industry peers through Photonics Scotland to encourage more women and members of underrepresented groups to consider photonics (the study of light) as a career path. The organization is also working with companies to increase inclusive hiring skills. Chris Dorman, Executive Vice President, Lasers at Coherent, serves as chair of the association.

Supporting Emerging Talent

We are helping to build the future pipeline of innovators – and their visibility to Coherent – through internship programs, cooperative education programs with universities and vocational schools, and campus events. Through the Coherent/II-VI Foundation, we partner with organizations to support STEM education through scholarship programs. For more information, see page 66.

With support from Coherent's Tuition Reimbursement program in the U.S., Leamon Nealy earned his associate degree in computer electronic technology. The skills he learned during his degree helped him move from a computer and systems inspector position into his current role as a staff testing technician in the engineering lab.

HELPING EMPLOYEES GROW AND THRIVE

From technical to leadership skills, we provide robust learning and development opportunities for employees to grow and thrive throughout their career. By doing so, we support our ability to deliver innovative products and solutions to our customers and provide a path to future career growth at Coherent for our employees.

At Coherent, learning starts from day one with our automated onboarding process. It introduces new hires to key information about Coherent, policies, and mandatory training on various topics. Beyond onboarding, employees are offered different ways to develop their technical acumen and business skills throughout their career with us, including on-the-job training, continuing education,[1] mentoring, and internal certifications and trainings. Our programs are based on feedback from our business leaders who define the skills Coherent requires to execute our strategy today and tomorrow.

Investing in Employee Development in China

In China, we have an internal team focused on learning and development. Thirty-five programs were delivered in FY2024 that supported employees in various stages of their careers, including new college graduates, first-time managers, front-line leaders, mid-level and senior leaders, high-potential employees, engineers, and project leaders. Programs cover core competencies such as leadership, professional skills, innovation, problem-solving, and decision-making.

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[1] In the U.S., we offer financial reimbursement to eligible employees who wish to enroll in university classes, as well as external certificate and professional development programs.

The Coherent Leadership Academy: Developing Leaders at Every Level

The Coherent Leadership Academy provides customized six- to 18-month development programs to equip people leaders and high-potential, high-achieving talent with critical skills to successfully lead and develop their teams. In FY2024, we offered three programs: Front-Line Leader, Women in Leadership, and Product Manager Academy. Organized as learning cohorts, the programs allow participants to share best practices and expand their networks across the organization. They also help guide managers to motivate, inspire, develop, and lead employees through change.

To participate, employees can self-nominate or be nominated by their manager, another member of management, or Human Resources. These programs are intended to help our leaders understand what is expected of them as a leader at Coherent and to provide consistency in our leadership practices across the organization, while promoting a unified company culture and set of core values. In FY2024, we launched a dedicated Leadership Academy page on our intranet site. It includes program information, eligibility criteria, a calendar of upcoming programs, and nomination instructions.

Coherent Leadership Academies

• **Front-Line Leader:** This global program covers topics such as coaching, delegation, developing yourself and others, and resolving conflict.

  - In FY2024, participants completed **1,152** hours of training. Among participants, **30%** were female. Of participants from the U.S., **31%** were ethnic minorities. Since the inception of this program in FY2022, **25%** of participants have been promoted and over **90%** remain at Coherent.

• **Women in Leadership:** This leadership development program helps women in mid-level leadership positions further refine and develop their leadership skills to reach their full potential. It provides six live learning sessions, followed by self-directed activities to reinforce learning on key topics, such as strategic leadership, building networks of influence, and negotiation skills. Educational leaders from a world-renowned university lead the sessions, together with Coherent senior leaders who serve as guest speakers sharing advice and helping to connect topics to Coherent's business. Participants also receive a 360-degree assessment and create a personal development plan with their mentor or manager.

  - In FY2024, participants completed **875** hours of training. Thirty-five women completed our FY2024 cohort, of which **56%** worked at Coherent sites outside the U.S. Of U.S. participants, **36%** were ethnic minorities and **8%** were U.S. veterans. Of the **60** women who participated in the FY2023 Women in Leadership Program pilot, **15%** have been promoted and **88%** remain with the company.

• **Product Manager Academy:** This 18-month executive mini-MBA-style program was designed to help our product managers build business and leadership skills and learn more about what it means to be a leader at Coherent. The program consists of 18 modules delivered virtually in global cohorts. Topics include business acumen, design thinking, business strategy, and emotional intelligence. Senior Coherent leaders co-facilitate courses with university professors.

  - In FY2024, we piloted this program with **42** participants who completed **3,024** hours of training.

"I've been taking professional development courses at various companies for almost 30 years, and the Women in Leadership Program was unlike any other. This program provided invaluable leadership tools, helped me share experiences and speak outside my comfort zone. And the pre-and post-work further developed my skills through reading, self-reflection, and practice. The other women in our classes and coaching groups were insightful, inspiring, courageous, and supportive. I feel extremely honored to have participated in this program and am inspired now to share what I learned with my team." **— Kristi Ushiro, Senior Director, Reliability at Coherent in California, and participant in the Women in Leadership Program**

"The Women in Leadership Program helped me reflect on my strengths and ambitions, made me better understand the importance of the different personalities and capabilities on my team, and helped me improve my negotiation skills. It was a pleasure to get to know the other participants and a great opportunity to extend my network." **— Susanne Pawlik, Director of Engineering at Coherent in Switzerland, and participant in the Women in Leadership Program**

"The training helped me learn a lot about myself. It made me realize what requirements other people and I need to work efficiently and effectively. Now I can create the environment for my employees and me that we need to work together successfully and complete our tasks. In addition, the exchange with other colleagues from the training group was valuable to recognize that others also have the same or similar concerns and challenges." **— Robert Schwarze, Head of Works Preparation at Coherent in Germany, and participant in the Front-Line Leader Program**

"Before attending the Front-Line Leader Program, delegation of tasks did not yield results that were as I had hoped and resulted in re-doing work. This impacted my team's productivity. Since applying the coaching techniques that we were taught, I am seeing much better results in performance outcomes. We work together to solve problems rather than delegating tasks, and that has increased engagement on my teams." **— Vu Vo Quoc, Senior Team Lead for Engineering at Coherent in Vietnam, and participant in the Front-Line Leader Program**

Mentoring Opportunities

Mentoring and coaching can help accelerate employee development, broaden career opportunities, and expand professional networks. For mentors and coaches, the opportunity can also help hone their leadership skills.

- **CEO Action's Mentoring Initiative:** As part of our partnership with CEO Action for Diversity and Inclusion, senior leaders from Coherent volunteer as mentors for six-month intervals. The Mentoring Initiative pairs C-suite leaders with mentees from underrepresented and diverse populations working at the director and vice president levels. These pairs take part in a range of professional development activities geared toward accelerating the development of a cadre of diverse senior leaders. Since joining, multiple C-suite leaders from Coherent have volunteered their time through this program.

- **Global Coaching Circles:** A component of our global Women in Leadership Program, Coaching Circles are monthly discussions led by female senior leaders. These circles provide participants with a safe space in a peer learning format to share the unique challenges and hurdles they face in the workplace. The discussions revolve around identifying solutions and best practices, guided by the Coaching Circle leaders who share their own experiences and practical applications. Now in its second year, approximately 95 women have participated in the initiative, with several of the participants from the first year now serving as coaches.

- **Mentoring New Colleagues in Asia:** We know that new employees benefit from personalized assistance to master new knowledge and skills and navigate company practices and policies while adapting to their careers at Coherent. Our team in China offers a formal mentoring program for new employees that pairs them with a tenured mentor who shares knowledge and assists with onboarding. In FY2024, more than 900 colleagues in China were assigned a mentor to help in their onboarding.

Career Growth

We want our employees to stay and grow their careers at Coherent. One way we do this is through ongoing performance feedback.

Each year, we formally assess employee performance through our performance management cycle that involves goal creation, a mid-year check-in, and a year-end review. Every employee has an opportunity to initiate a performance conversation and is encouraged to summarize their accomplishments and provide input on the attainment of their goals. Our performance review process incorporates progress related to our I CARE values, mission, Quality Policy, and learning and development. In addition, we encourage our people leaders to have regular, ongoing one-on-one talent development

conversations throughout the year to identify learning opportunities and help improve capabilities, team performance, and engagement.

To support internal talent mobility, employees can view employment opportunities available across Coherent in our digital Opportunity Marketplace. They can apply for opportunities and add interests for stretch assignments to grow their skills.

Succession Planning

Our succession planning process helps us prepare for future leadership transitions and reduces the risk and disruption caused by unexpected departures by ensuring that there are capable individuals ready to step into critical roles. By aligning individual career aspirations with organizational needs and utilizing comprehensive talent assessments, performance evaluations, and leadership development programs, we identify and ensure a robust pipeline of qualified candidates is available. This proactive approach not only mitigates the risk associated with leadership transitions but fosters a culture of growth and continuity.

SUPPORTING LEADERSHIP DEVELOPMENT FOR WOMEN IN CHINA

In addition to our global Women in Leadership Program, women working at Coherent sites in China can participate in a new four-month development program, "Grow Your Impact to Elevate Your Career," specifically designed for individual contributors. Launched in FY2024, it seeks to help participants network and grow within the company. In partnership with experienced female leaders across various functions, participants engage in immersive learning workshops on topics such as networking, public speaking, listening skills, developing your personal brand, managing conflict, and influencing others. Twenty-six women participated in the first cohort, completing 275 hours of training.

For International Women's Day, our Chinese operations hosted a webinar, "Enlightening Your Path to Career Success." More than 180 female employees took part in the discussion, with a panel of Coherent female leaders sharing their guidance on career development and advancement.

2024 WORKFORCE DATA

We monitor workforce representation (gender globally and ethnicity in the U.S.) for hiring, retention, and promotion rates. We share this information through HR analytics tools and dashboards. We also participate in McKinsey's annual Women in the Workplace Study, which allows us to compare our representation with other companies.

Globally, approximately 45% of our workforce is female, with 11,890 females and 14,166 males. There are 101 employees who chose not to self-disclose their gender.

	FY2022	FY2023	FY2024	FY2024 (%)
Workforce[1] (#)	27,617	26,551	26,157	
Corporate/Shared Services	750	649	591	2%
Lasers	4,067	4,947	4,658	18%
Materials	5,350	5,107	4,737	18%
Networking	17,450	15,848	16,171	62%

	FY2022	FY2023	FY2024
Total employees (#)	23,299	26,886	26,157
Female	11,361	11,819	11,890
Male	11,904	14,871	14,166
Not disclosed	34	196	101
APAC	18,444	17,809	18,124
EMEA	1,193	3,866	3,851
AMER	3,662	5,211	4,551
Regular employees (#)	23,118	26,622	26,157
Female	11,319	11,778	11,890
Male	11,771	14,775	14,166
Not disclosed	28	69	101
APAC	18,306	17,804	18,078
EMEA	1,174	3,740	3,690
AMER	3,638	5,078	4,389

	FY2022[2]	FY2023[2]	FY2024
Full-time employees (#)	23,144	26,396	26,154
Female	11,289	11,645	11,790
Male	11,823	14,684	14,123
Not disclosed	32	67	241
APAC	-	-	18,113
EMEA	-	-	3,519
AMER	-	-	4,522
Part-time employees (#)	155	490	372
Female	72	174	175
Male	81	187	190
Not disclosed	2	129	7
APAC	-	-	11
EMEA	-	-	332
AMER	-	-	29
Temporary employees	181	264	369
As % of all employees	0.78	0.98	1.41
Female (#)	42	41	75
Male (#)	133	96	147
Not disclosed (#)	6	127	147
APAC (#)	138	5	46
EMEA (#)	19	126	161
AMER (#)	24	133	162
Total training hours (global) (#)	-	-	1,843,894
Average training hours per employee (global) (#)	-	-	35.6
Total quality training hours (#)	-	-	13,425

	FY2024
Employee new hires (#)	1,423
Female	834
Male	525
Other/Not disclosed	64

	FY2024
Employee rehires (#)	120
Female	47
Male	71
Other/Not disclosed	2

	FY2024
Employee promotions (#)	1,173
Female	372
Male	801
Other/Not disclosed	0

[1] Regular employees.
[2] Data may not be available or may be omitted because of incomparability due to acquisitions.

EMPLOYEE WELLNESS

We want our employees and their families to be the best they can be – and we're committed to helping them get there by supporting their emotional, physical, mental, and financial well-being.

OUR APPROACH

Around the globe, we design and manage our benefits programs to assist our colleagues and their loved ones in achieving their personal physical, emotional, health, and financial goals.

We offer competitive compensation programs and excellent benefits, including the following in the U.S.:

• Medical, dental, and vision coverage for all full-time employees and part-time employees working 20 or more hours per week; zero cost for all preventative care

• Employee assistance program

• On-site flu and other preventative clinics, in some locations

• 401(k) program with a substantial company match

• Employee stock purchase program

• Workshops and webinars on financial wellness

• Tuition reimbursement

• Life, accident, and disability insurance

• Group legal and other voluntary benefits

• Paid time off

• Paid holidays

• Access to on-site fitness center or gym memberships discounts, in some locations

EMPLOYEE ASSISTANCE PROGRAM IN CHINA

In China, where more than 40% of our workforce is located, our employee assistance program (EAP) helps employees handle stressors related to work, family, relationships, finances, legal concerns, and other issues. It offers them and their family members access to resources such as no-cost counseling sessions, seminars, and workshops. Initiatives include:

• **Outreach:** Our in-house trained EAP ambassadors reach out to associates with the goal of providing peer-to-peer counseling and support and an early connection to care.

• **External support:** No-cost, one-to-one counseling hotline for our employees and their family members.

• **Awareness:** The China EAP team provides informational video messages via email and social media to let employees know about resources and where and how they can benefit from them.

• **Education:** Seminars, workshops, and messages via email, posters, and social media educate employees about how to deal with stress, emotions, improve sleep quality, parent-child relationships, and financial risks.

• **Social and sports activities:** At most sites in China, employees can participate in a wide variety of group activities such as basketball, badminton, football, yoga, hiking, and dining together.

• **Family Open Day:** Family Open Days were held in Fuzhou and Suzhou, where employees' families had the opportunity to visit our workplaces.

Through our EAP program, employees in China participate in on-site yoga.

HOUSING

In China and Malaysia, we provide housing to our factory workers.

For employees at our major manufacturing sites in China who require company housing, Coherent rents apartments that serve as dormitories. This includes housing at our sites in Fuzhou, Wuxi, Shenzhen, and Guangzhou. A typical dormitory apartment accommodates two to six employees. The dormitories are fully furnished, with air conditioning, gyms, laundry rooms, and other amenities so employees can move in their first day of arrival. We also cover the cost of professional housekeeping and maintenance services. These dormitories are typically within walking distance to our manufacturing facilities, or employees can take a company shuttle or public transportation to and from work. Employees can stay as long as they need to during their employment with us. In FY2024, Coherent provided housing in China to 1,825 employees – approximately 21% of our workforce there.

In Malaysia, it is mandatory for employers to provide housing for foreign workers. Coherent's site in Ipoh provides two government-licensed hostels for employees, with a total capacity of 1,500 employees. Both are managed by professional hostel service providers. Employees are ferried to the factory daily using company transportation. In FY2024, Coherent provided housing in Malaysia to 924 employees – approximately 26% of our workforce there.

COMPENSATION AND PAY EQUITY

Globally, our compensation programs and policies are designed to deliver competitive and equitable pay within each region, based on roles and responsibilities and on company and individual performance, regardless of gender, race/ethnicity, or other individual demographics. Coherent firmly supports the principle of equal pay for equal work. Total compensation includes legally established salaries as well as cash and in-kind benefits. Select employees are eligible to receive equity-based awards.

We continually review our pay practices, job levels, salary grades, job classifications, and performance management processes to help ensure that all employees are paid competitively, equitably, and fairly across all levels and job roles within the organization. Annually, we evaluate total compensation relative to performance, peers, affordability, and market compensation survey data to help ensure competitive practices. We are committed to compliance with country- or jurisdiction-specific statutory or regulatory-mandated salary increases or bonus payments.

We conduct periodic reviews of our internal compensation and benefits policy to help ensure it aligns with national and international laws and stakeholder requirements. For more information, .

HUMAN RIGHTS

Coherent is committed to promoting and protecting fundamental human rights – values inherent to all human beings. We strive to treat all people with dignity, fairness, and respect.

OUR APPROACH

Our working environment is grounded in our values and characterized by mutual trust and the absence of oppression or exploitation.

Coherent respects internationally recognized human rights, including those enshrined in the UN Declaration of Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social, and Cultural Rights; and those of the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We embed human rights in our policies, governance, and management systems, we expect our suppliers and their upstream suppliers to do the same. For information on human rights in our supply chain, see page 35. Within our own operations, our commitment to promoting ethical labor practices and safe working conditions is embodied in our global Human Rights and Labor Policy and Code of Ethical Business Conduct, and aligned with the RBA Code of Conduct. Our Board of Directors has ultimate responsibility for ensuring compliance with our Human Rights and Labor Policy within Coherent's operations. On an operational basis, our CHRO oversees our Human Rights and Labor Policy.

Employees are trained on our Code of Ethical Business Conduct, including issues related to human rights. In FY2025, we plan to introduce mandatory learning modules on human rights-related topics. Our goal is for Coherent employees to complete the training by the end of FY2025.

We encourage our employees and third-party partner employees to report any suspected violations through our confidential grievance mechanisms. For more information, see page 73.

In FY2025, we intend to add ESG auditing that aligns with the RBA Code of Conduct standards, including those covering human rights standards, to our Harmonized Internal Quality Audit System, to monitor compliance within Coherent operations. In addition, our facilities in Wuxi and Fuzhou, China, and Ipoh, Malaysia, were audited by external auditors against the RBA Code of Conduct requirements in FY2024. No priority findings were identified.

FORCED LABOR AND HUMAN TRAFFICKING

Coherent prohibits the use of slave, forced, bonded, indentured, or prison labor in our internal operations or anywhere in our supply chain. The company will not use any type of involuntary labor, which includes the trafficking, transportation, harboring, recruitment, transfer, receipt, or employment of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person.

Coherent prohibits the withholding of worker's original government-issued identification, personal documentation, and travel documents, unless the holding of such documentation is required by law. The company clearly conveys all offers and conditions of employment in a language understood by the individual, including employment contracts for foreign migrant workers.
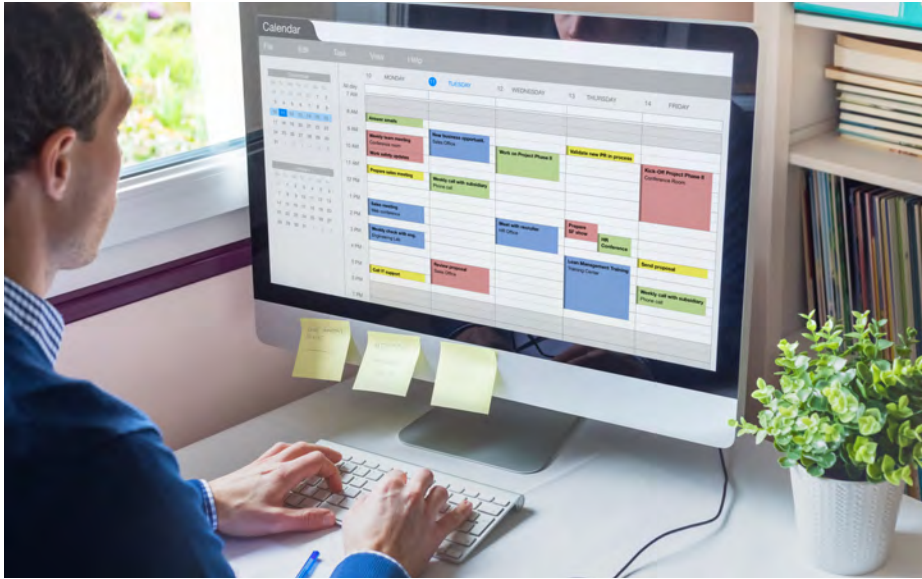
We allow freedom of movement within the workplace, and upon entering or exiting company-provided facilities, including worker's accommodation, subject to applicable safety and legal requirements. Employees have the right to stop work and leave the workplace if there is imminent risk or harm, without restriction by Coherent or on-site security providers.

Under our global Human Rights and Labor Policy, workers should never pay the company or its agents recruitment fees or other similar fees to obtain employment. If any cases of fees being paid by an employee are discovered, the employee will be promptly reimbursed, and corrective actions put in place to prevent recurrence.

We have instituted due diligence processes aimed at ensuring that the company is not directly purchasing from suppliers located in the Xinjiang Autonomous Region of China and/or listed on the U.S. Uyghur Forced Labor Prevention Act (UFLPA) Entity List. Learn more in our Anti-forced Labor and UFLPA Compliance Statement.

CHILD LABOR

Coherent prohibits any form of child labor and abides by local child labor laws. Each applicant's age is checked as part of the standard recruiting and onboarding process. The company supports workplace learning programs, such as internships, apprenticeships, and summer youth work-study employment. These programs are for educational benefit and are consistent with all laws and regulations (concerning hours of work, duties, potential hazards, and pay) applicable to such programs.

PREVENTING HARASSMENT AND ABUSE

As outlined in our [Anti-Discrimination, Harassment, and Bullying Policy](#), Coherent strives to create and maintain a work environment where people are treated with dignity, decency, and respect. The company does not tolerate discrimination, intimidation, coercion, harassment, or bullying of any kind. We promote nonviolent forms of conflict resolution and progressive counseling to create a safe and collaborative workplace culture that supports the well-being and job satisfaction of all employees.

FREEDOM OF ASSOCIATION

Coherent supports employees' right to freely associate with third-party organizations, such as labor organizations, and to collectively bargain, in accordance with local laws. Workers and/or their representatives can openly communicate and share ideas and concerns with Coherent management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment. All employees globally have this right.

Learn more:

[Human Rights and Labor Policy](#)
[Anti-forced Labor and UFLPA Compliance Statement](#)
[Company Statement on the Prevention of Modern Slavery and Human Trafficking](#)
[Human Rights in Our Supply Chain](#)

WORKING SCHEDULE

Coherent strives to adhere to working hour requirements as required by local law and compensates for overtime. We value employees' willingness to take on extra hours when needed while also emphasizing the importance of maintaining work-life balance and prioritizing the health and safety of our workforce in relation to work schedules. We do not require employees to work more than 60 hours per week and seek to ensure that everyone receives at least one day off per week. In some instances, such as emergencies or exceptional circumstances, it may be necessary to extend working hours beyond the 60-hour limit, including overtime. In these cases, a deviation request can be made and must receive approval from the site leader, the Executive Vice President of Operations, or another designated executive with the authority to approve such requests.

WAGES AND BENEFITS

Our minimum wage requirement is at least the statutory minimum wage, the prevailing industry wage, or the wage negotiated in a collective agreement, whichever is higher. We pay any other types of legally mandated benefits and compensations. Deductions from wages as a disciplinary measure, or any other type of unfair deduction, are not allowed. Each pay period, employees receive a wage statement of how their wage has been calculated. for more information on wages and benefits for Coherent employees.

HEALTH AND SAFETY

Coherent is committed to providing a safe and healthy workplace for all employees, contractors, visitors, and the community.

OUR APPROACH

Our efforts start with our proactive safety culture. All employees, from workers on the manufacturing floor to senior leaders, share a responsibility for our collective health and safety.

We strive to go beyond regulatory requirements and establish global standards to help ensure that all employees are as safe as possible, regardless of where they live or work. Our efforts are guided by our global Environmental, Health, and Safety (EHS) Policy. Our Vice President of Worldwide EHS is responsible for ensuring compliance with our Policy. Coherent's commitment to the safety and health of its employees and contractors is maintained through ongoing development of management systems, risk assessments, injury metrics, safe working conditions, and auditing of work practices and conditions. This includes quarterly and monthly self-inspections at each site. When an incident or risk is identified, site leadership is required to develop corrective action plans.

Our comprehensive global EHS program and management system drives us to continually improve. We developed it using key elements from established external management system standards, with a focus on improving incident prevention. If incidents do occur, we work to identify root causes and implement remedial actions. The system collects key metrics such as injuries, illnesses, EHS concerns (also known as near misses), self-inspections, and compliance requirements. In FY2024, it collected data from 2,865 site self-inspections. Our EHS management system complements our internal audit platform that encompasses critical facets, such as life safety, security, personal protective equipment (PPE), general safety in manufacturing areas, and housekeeping, across all our sites on a monthly basis. As a result of our investments, in FY2024, we were named a Certification Champion at the Sapphire level by the Board of Certified Safety Professionals.

In FY2025, we plan to introduce a tool to enable our auditors to measure compliance with the RBA Code of Conduct health and safety requirements, as well as an EHS dashboard to identify and address key risks at each site.

> "Our comprehensive EHS auditing processes are instrumental in fostering a proactive safety culture and have greatly enhanced our overall EHS operational efficiency." — Kyle Gilbert, Vice President of Worldwide EHS at Coherent

STRATEGIC SAFETY AND RISK MANAGEMENT

In addition to site self-inspections, our Strategic Safety and Risk Management program uses a robust risk assessment framework to address manufacturing processes associated with the highest inherent risks. It includes a comprehensive spectrum of high-risk elements, including hazardous gases and chemicals, laser safety and classification, radiation, and hazardous waste management. We also have established hazard leveling criteria, training prerequisites, and advanced process hazard analysis. In addition, we perform job hazard analyses at all sites.

Starting in FY2024, we began to audit high-risk elements using a baseline assessment gap analysis (BAGA) tool. At the completion of the audit, each site receives a rating and key finding. Site management is required to develop corrective action plans to address identified risks.

EMPLOYEE SAFETY TRAINING AND ENGAGEMENT

We conduct health and safety orientation and onboarding for all new employees, which give the employees an understanding of general work-related policies and hazards. New employees are also provided job-specific training covering standard operating procedures, hazards, and operational controls. Additionally, we conduct ongoing health and safety training for employees at all levels to ensure their safety and the safety of others. Each site tracks training hours as a monthly key performance indicator. Training is assigned based on job tasks and location, and includes topics such as:

- Aerial lifts
- Chemical and gas safety
- Confined space entry
- Contractor safety
- Cranes and hoists
- Driving safety
- EHS management systems
- Electrical safety
- Fall protection
- Fire protection
- First aid/CPR/AED
- Forklift use
- Hazardous waste handling
- Incident management
- Industrial hygiene
- Laser safety
- Non-ionizing radiation safety
- Personal protective equipment (PPE)
- Process physical security
- Respirator use
- Scaffold safety
- Spill prevention

In addition to Coherent employees, contractors and visitors receive training on general safety, PPE, emergency response, and security procedures. We are also developing a visitor and contractor safety management system to track training and report incidents.

Worker participation and consultation are foundational to our safety culture. We have joint management–worker health and safety committees at our research and manufacturing facilities. These committees meet regularly to review safety performance, risk assessments, and opportunities for reducing risk. Committee members are actively involved through their participation in facility inspections, incident investigations, and identification of potential solutions. At many sites, supervisors and managers participate in daily safety meetings, which help to identify potential safety risks and how to mitigate them. Site EHS leaders share solutions with their regional counterparts to help disseminate best practices throughout the organization.

REPORTING CONCERNS

Employees globally can proactively report any EHS-related concerns or suspected violations through our EHS Concerns System. It features a sophisticated smart form complemented by a user-friendly dashboard, an efficient communication mechanism, and a comprehensive action tracker. Site management addresses any concerns submitted through immediate corrective actions. At some sites, we also have Safety Champions, employees who encourage their peers to actively identify, report, and rectify safety issues.

Coherent encourages employees to speak up about real or suspected misconduct or hazardous situations, and to stop work when they are concerned about a potential injury or illness that could harm them or one of their co-workers. All employees are encouraged to report concerns and any incidents in-person to their manager or through our EHS Concerns System, where they can report without fear of reprisal.

OVER A DECADE OF HIGH PERFORMANCE

In FY2024, our manufacturing facility in Port Richey, Florida, achieved 11 years without a lost-time accident.

MASS NOTIFICATION SYSTEM

Our mass notification system is active in approximately 30 countries, including in the U.S. It is designed to rapidly inform employees of emergency or crisis situations that may affect their respective work sites. It serves as a vital link between our workforce and our senior management, ensuring that key decision-makers are promptly informed, thereby facilitating the initiation of internal emergency processes and business continuity measures. In addition, we are introducing emergency management practices to ensure clear and consistent communications with leadership and our employees.

	FY2022[1]	FY2023[1]	FY2024
Fatalities (#)	0	0	0
Fatality rate	0	0	0
Lost-time injuries/illnesses (#)	-	40	55
Lost-time injuries/illness rate (LTIR)	-	0.13	0.19
Recordable injuries/illnesses (#)	-	115	116
Total incident rate (TIR)	-	-	0.53
Recordable injuries/illness rate (TRIR)	-	0.36	0.41
Near-misses reported (#)	-	-	171
Near-miss frequency rate (NMFR)	-	-	0.53
Lost-time cases due to work-related injuries, fatalities, and illness (#)	-	-	55
Incidents (#)	-	-	578
Hours worked (#)	-	63,629,160	64,523,401
Health and safety training			
Employees covered (%)	-	-	71.1
Total health and safety training hours (#)	-	-	19,635

[1] Data may not be available or may be omitted because of incomparability due to acquisitions.

COMMUNITY ENGAGEMENT

Beyond our own workplace, we strive to make a difference where we operate around the globe through local initiatives, investments, donations, and employee volunteering.

OUR APPROACH

Our corporate philanthropic program focuses on STEM education and DEI. These themes often overlap, and we seek to partner with organizations that have impact in not just one but multiple focus areas in their work. Aligned with our commitment to environmental stewardship within our value chain, in FY2025, we plan to expand our philanthropic efforts by partnering with select organizations to address environmental priorities within local communities in which we operate.
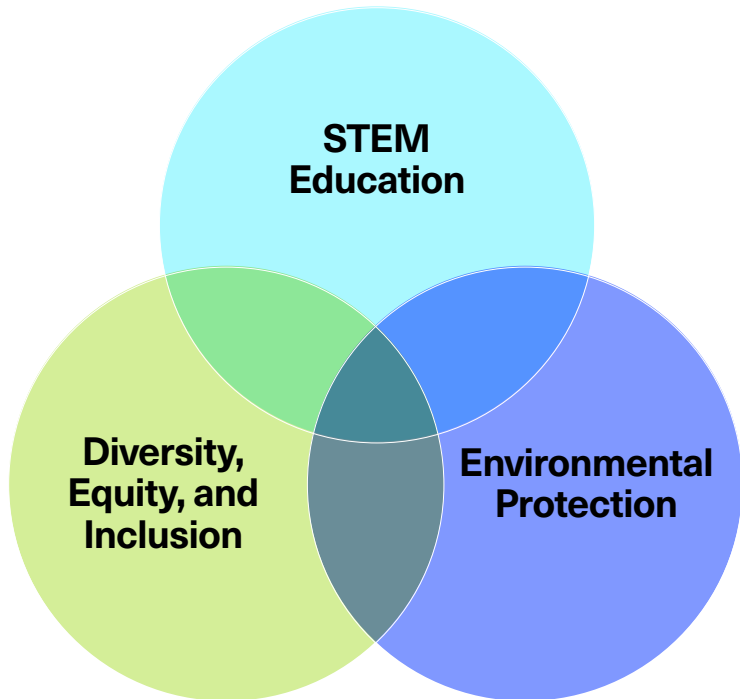
STEM EDUCATION

As a company built on scientific innovation, Coherent is committed to fostering the next generation of scientific innovators who can help solve society's greatest challenges. **Through our philanthropic investments, employee volunteerism, and STEM outreach efforts, we strive to drive equity and inclusion in STEM fields by:**

• Exposing young minds to the power of science.

• Equipping students with scientific skills.

• Empowering the best and brightest students to pursue an education in STEM.

• Supporting research and advancement of technology at colleges and universities.

Helping students explore future STEM careers

• **Germany:** Nearly 40 girls participated in our Girls' Day event at our sites in Munich, Göttingen, and Lübeck.

• **Switzerland:** At our manufacturing facility in Zurich, we hosted "Future Day" for local students, aged 10-15 years.

The Coherent/II-VI Foundation funds the majority of our STEM-related philanthropic activities.[1] Since 2007, the Foundation has awarded over $31.1 million to STEM students for research projects, mini conferences, early education initiatives, and post-doctoral fellowships. In addition, many of our scholarship recipients have interned with and joined Coherent after graduation.

We host an annual Spring Mini Conference where students showcase their work to faculty and Coherent. In FY2024, the conference was titled "Engineering Nano-Scale Structures for Advanced Battery, Electronic, and Optical Applications."

We offer programs that specifically support STEM students from underserved populations. Since 2022, we have supported the efforts of the Optica Foundation's Women in Optics Scholarship Program, through a $100,000 commitment over five years. Scholarship recipients receive financial support and mentoring opportunities. Through FY2024, 80 women from 23 countries have been supported through the program. Learn more about the 2024 recipients.

	FY2022	FY2023	FY2024
Coherent/II-IV Foundation			
Total scholarships awarded (#)	103	84	73
Total amount awarded to STEM students (millions $)	2.5	2.2	2.1

[1] The Coherent/II-VI Foundation was founded in 2007 by II-VI Incorporated (now Coherent Corp.) co-founder and CEO Dr. Carl J. Johnson and his wife Margot Johnson. It is a 501(c)(3) charitable organization. The Foundation is overseen by a separate Board of Directors. Since 2020, Coherent has annually contributed $1 million to the Foundation.

HELPING STUDENTS EXPLORE SPACE

In April 2024, Coherent announced that it will loan a demonstration mirror developed for the James Webb Space Telescope (JWST) to the Space Foundation, a non-profit organization offering education, collaboration, and information for the global space ecosystem. The mirror will be displayed at Space Foundation Discovery Center in Colorado Springs, Colorado, through April 2026.

The JWST launched on December 25, 2021, after a 25-year construction project heralded as one of the most complex and ambitious undertakings in engineering and space exploration history. The telescope provides unprecedented clarity and depth in its observations of the early universe, star and planet formation, and other key astronomical phenomena.

"Coherent's iconic prototype hexagonal mirror is not only a testament to the technological expertise behind the James Webb Space Telescope, but also a symbol of the collaborative spirit driving humanity's exploration of the universe," said Rachel English, Space Foundation Discovery Center senior curator, in a press release announcing Coherent's loan of the demonstration mirror to the Center. "We are honored to have this piece on display, where it will undoubtedly inspire curiosity and ignite imaginations of Discovery Center visitors for years to come."

NASA

The JWST mirrors represent the most visible feature of the telescope. The 6.5 meter (21.3 feet) primary mirror is comprised of 18 hexagonal segments made from beryllium and coated in gold to maximize reflectivity in the infrared spectrum. The Coherent contribution to the mirror assembly consists of the atomic engineering of the surface and advanced thin-film coatings to ensure the durability of the mirror segments as well as secondary, tertiary, and fine steering mirrors.

In FY2024, Coherent expanded our support to the Optica Foundation by pledging an additional $125,000 toward the [Optica Foundation Amplify Scholarship](#) for Black scientists. The global scholarship program promotes interest in photonics and optics among Black engineering students. Coherent's support will enable the Optica Foundation to increase individual scholarship awards from $7,500 to $10,000 and extend the financial foundation for continued scholarships into the next decade.

DEI

Aligned with our global DEI strategy (), we are committed to connecting with local communities in meaningful ways to foster a sense of belonging, collaboration, and engagement. We also support organizations that share our belief in providing equal access to education, job opportunities, and economic growth.

In April 2024, we announced our sponsorship of the [HBCU/MI Entrepreneurship & Innovation initiative](#) by the Leadership Needed Foundation. The initiative aims to assist Historically Black Colleges and Universities and Minority Institutions (HBCUs/MIs) in developing a comprehensive entrepreneurship curriculum that is particularly relevant in preparing Black and other minority young men and women to develop an entrepreneurial mindset and become leaders and entrepreneurs.

Coherent will work with the initiative's team to develop training programs for educators to build advanced degree and certification programs for laser technology. In addition to expertise, Coherent is providing $375,000 in funding, and donating equipment, supplies, and material to support the academic programs.

MOBILIZING OUR COLLEAGUES FOR GREATER IMPACT

Many of our employees give to causes that are important to them. Local employee teams organize numerous volunteer opportunities across the globe, including STEM outreach in local schools; mentoring youth; coordinating clothing, blood, and food drives; and promoting environmental efforts to enhance the quality of life in our communities. For example, our employees in Zurich supported relief efforts in the aftermath of the devastating earthquakes in Syria and Turkey and the ongoing crisis in the Ukraine through donations to local and international relief organizations. In addition, employee parking fees supported organizations that assist people in need in the local area.

Employee Volunteering: In the Philippines, Coherent employees joined with the Rotary Club and another corporate partner to plant 50 trees in their local community.

GOVERNANCE

Operating a responsible global business that acts with integrity and with a long-term mindset is fundamental to earning and maintaining the trust of our stakeholders, mitigating the risks we face, and protecting the sustainability of our business.

FY2024 HIGHLIGHTS

• Became a member of the Responsible Business Alliance.

• Welcomed two additional female directors to our Board of Directors. Women now comprise 28.6% of our Board.

• Rated in the Advanced tier by the cyber risk management firm Bitsight.

CORPORATE GOVERNANCE

Ethical governance processes starting at the top of our organization help to ensure our long-term success.
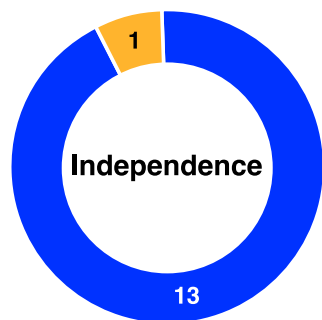
OUR APPROACH

Coherent has a highly independent Board of Directors annually elected by our stockholders. In addition, the roles of Board Chair and CEO are separate. As of June 30, 2024, 13 out of 14 Coherent Board members were independent – our CEO is the only non-independent director.
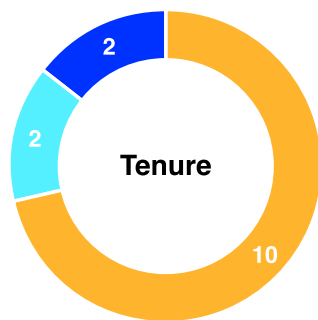
In FY2024, we welcomed two new Board members: Elizabeth A. Patrick, former Senior Vice President and Chief People Officer for Diebold Nixdorf, and Michelle Sterling, a human resources consultant and former Executive Vice President and Chief Human Resources Officer at Qualcomm, Inc. For a complete list of our Board members, please visit our website.

Our Board members meet on a quarterly basis and hold additional meetings as required. Only independent Board members serve on key standing committees. Key standing committees of our Board include the Audit Committee; the Compensation and Human Capital Committee; the ESG Committee; and the Strategy, Technology, Acquisition, and Risk (STAR) Committee. Our Board of Directors is guided by our Corporate Governance Guidelines.
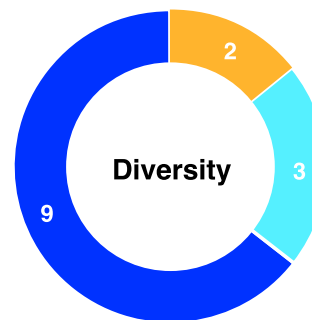
We believe boardroom diversity is integral to effective corporate governance and improves the quality of our decision-making, strategic vision, and risk management. Our Board of Directors comprises a diverse group of individuals representing a wide range of professional backgrounds. The ESG Committee seeks to find director candidates who have demonstrated executive leadership ability and are representative of the broad scope of shareholder interests.
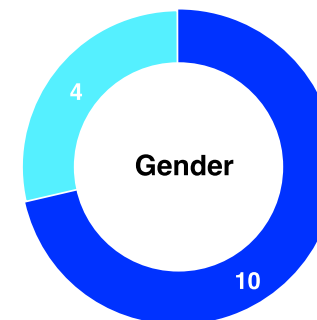
> **We have established strong Corporate Governance Guidelines to serve the best interests of the company and our shareholders.**
> - Board members are limited to serving on a maximum of four public company boards.
> - **10** of **14** members (**72%**) joined the Board in the past five years.
> - All independent Board members appointed since 2019 are female and/or ethnically diverse.
> - All of our Board committees are independent.

EXECUTIVE COMPENSATION

We have a pay-for-performance compensation program that is linked to our strategy and the drivers of long-term shareholder value. Our executive compensation philosophy is centered around the following elements:

- Align pay with performance
- Attract and retain executive talent
- Drive shareholder value creation by aligning the long-term interests of our executives and shareholders

Our executive compensation philosophy is annually reviewed by the Compensation Committee to maintain alignment with our strategic priorities, corporate values, shareholder value, and peer group practices.

Additional information on our corporate governance can be found in our Proxy Statement, which describes our Board structure, committee compositions and functions, director compensation, and director equity requirements.

Independence
1, 13

■ Independent ■ Not-Independent

Tenure
2, 2, 10

■ 0-5 Years ■ 6-10 Years ■ 11+ Years

Diversity
2, 3, 9

■ African American ■ Asian ■ White

Gender
4, 10

■ Male ■ Female

COHERENT'S BOARD OF DIRECTORS[1]

	INDEPENDENT	AGE[2]	DIVERSITY[3]	DIRECTOR SINCE	CLASS[4]	EXPIRATION OF TERM	COMMITTEE MEMBERSHIP
James R. Anderson[5]		52	M, C	2024	One	2024	
Joseph J. Corasanti[6]	●	60	M, C	2002	Three	2026	Audit Committee (Chair), ESG Committee, STAR Committee
Enrico DiGirolamo[6,7]	●	69	M, C	2018	Two	2025	Audit Committee, ESG Committee (Chair), STAR Committee
Michael L. Dreyer	●	60	M, C	2019	One	2024	Compensation and Human Capital Committee, ESG Committee
Lisa Neal-Graves	●	61	F, AA	2021	Two	2025	Audit Committee
Patricia Hatter	●	62	F, C	2019	Three	2026	ESG Committee
David L. Motley	●	65	M, AA	2021	Two	2025	Compensation and Human Capital Committee
Stephen Pagliuca	●	69	M, C	2021	One	2024	Compensation and Human Capital Committee
Elizabeth A. Patrick	●	56	F, C	2023	One	2024	ESG Committee
Shaker Sadasivam	●	64	M, A	2016	Two	2025	Audit Committee, Compensation and Human Capital Committee (Chair), STAR Committee
Stephen A. Skaggs[6]	●	62	M, C	2022	Three	2026	Audit Committee
Michelle Sterling	●	56	F, C	2023	Two	2025	Compensation and Human Capital Committee
Sandeep Vij	●	58	M, A	2022	Three	2026	Compensation and Human Capital Committee
Howard H. Xia	●	64	M, A	2011	One	2024	STAR Committee (Chair)

[1] Board statistics as of October 2024.
[2] Age calculated as of August 31, 2024.
[3] A – Asian; AA – African American or Black; C – Caucasian or White; F – Female; M – Male.
[4] The Board is divided into three classes in respect to term of office.
[5] Coherent Chief Executive Officer.
[6] Qualifies as an Audit Committee "financial expert" as defined by the U.S. Securities and Exchange Commission.
[7] Board Chair.

ENTERPRISE RISK MANAGEMENT

Through enterprise risk management (ERM), we work to anticipate, understand, and mitigate risks effectively. In this way we are better equipped to make informed decisions, ensure regulatory compliance, and build stakeholder confidence and long-term sustainability.

OUR APPROACH

The Board of Directors has overall responsibility for ERM oversight at Coherent. Elements of risk are overseen by each of our standing committees. Material risks that are identified by a committee are brought to the attention of the full Board.

The Board encourages management to promote a corporate culture that understands the importance of ERM and to incorporate it into the corporate strategy and day-to-day operations of the company. The company's ERM approach also includes an ongoing effort to assess and analyze the most likely areas of future risk for the company and to address them in its long-term planning process.

Our ERM Policy guides our approach to managing change and uncertainty. Based on reports from key stakeholders and advisors, our ERM process allows us to identify material risks to the company and evaluate the adequacy of our policies, procedures, and controls to mitigate and manage these risks effectively. Identified risks become part of our corporate risk register.

Our ERM program is led by the Vice President of Global Risk and Corporate Sustainability. This position annually facilitates and coordinates the process of identifying, reviewing, and ranking risks, with the support of our Risk Champion Council. The Council includes operational, executive, and functional leaders and meets a minimum of four times per year. Its responsibilities include:

• Reviewing risk assessments

• Ensuring that critical enterprise risks are being considered by senior management and the Board

• Assigning risk owners

• Following up on mitigation plans and results

• Managing the risk register

• Promoting a risk-aware culture

• Collecting risk information from all sources

For more information on the risk factors we have identified as material to our business, see our Annual Report on Form 10-K.

ADDRESSING CLIMATE-RELATED RISKS

We are working to improve our resilience through understanding and accounting for climate-related risks within our ERM framework. We assess climate change risk through our enterprise and business continuity risk management processes. This includes physical risks, such as increased severity of storms, flooding, extreme precipitation, wildfire, extended heat waves, and drought, as well as regulatory risks, including compliance with reporting requirements and potential carbon taxes. Each Coherent site leader monitors and escalates climate-related risks that might demand investment or corrective action to protect our employees and the facilities in which they work. This includes emergency response plans in the event of a climate-related emergency. In addition, we work with our insurance carriers to identify and mitigate physical climate-related risks at our facilities.

For more information on our approach to addressing climate-related risks, see our 2023 CDP Climate Change questionnaire.

ETHICAL BUSINESS CONDUCT AND COMPLIANCE

Doing things right and doing the right things are key to Coherent's success. We are dedicated to upholding compliance, exercising sound business judgment, fostering curiosity, using common sense, and maintaining high ethical standards in all our practices.

OUR APPROACH

Everyone at Coherent – from the Board of Directors and employees to contractors, consultants, temporary workers, suppliers, and other third parties – has a responsibility to act ethically and with integrity and in compliance with all laws, rules, regulations, and our internal policies and standards.

The Board and its Audit Committee monitor our global compliance and ethics program. The program is managed by the Chief Compliance Officer, who updates the Board throughout the year on material compliance and ethical risks, as well as specific issues identified through our reporting channels.

In February 2024, Coherent became a member of the Responsible Business Alliance (RBA). The RBA is the world's largest industry coalition dedicated to responsible business conduct in global supply chains. While Coherent has operated according to the principles of the RBA in many locations for years, we are now expanding the RBA compliance program to all our manufacturing sites globally and our supply chain.

CODE OF CONDUCT

Guiding our day-to-day actions is our Code of Ethical Business Conduct (the "Code"), which provides the framework for how we put Coherent's I CARE values into practice and aligns with the RBA Code of Conduct.

We routinely review our Code to reflect the growth and evolution of our business and the global landscape in which we operate. It is available in seven languages: Chinese, English, German, Japanese, Korean, Malay, and Vietnamese. Included in the Code are provisions that encourage asking questions and raising concerns, avoiding conflicts of interest, treating people and the planet with respect, acting with integrity, doing business the right way, keeping accurate records, and protecting assets and information.

Integrity is a core company value, and Coherent strictly forbids bribery and corruption of any kind. Learn more in our Anti-Corruption and Anti-Bribery Policy.

All new employees must acknowledge and sign the Code, and we require employees to annually certify that they have reviewed and understand the Code, commit to comply with its requirements, and acknowledge no known or suspected violations. Each year, we deploy company wide training courses that cover legal and ethics compliance, EHS practices, Quality, global trade compliance, anti-corruption/anti-bribery, global data privacy, confidentiality and intellectual property protections, cybersecurity, and anti-harassment and discrimination. These annual refresher trainings are offered to all employees with a company e-mail address through our learning management system. Additionally, employees who work in specific roles with increased decision-making responsibilities are trained on certain topics, including export and trade compliance and insider trading.

We conduct periodic risk assessments to evaluate the effectiveness of our global compliance and ethics program and to identify opportunities for improvement. In FY2025, we will train our internal auditors on the RBA Code of Conduct so that they can integrate it into site assessments.

COMPLIANCE HOTLINE AND WHISTLEBLOWER RESOURCES

We strongly encourage all Coherent stakeholders, including our business partners, employees, suppliers and their employees, and other third parties, to ask questions and raise concerns about any potential violations of our Code, company policies, the RBA Code, and laws. Reports can be made anonymously through the Coherent Compliance Hotline via the following mechanisms:

• Online at coherent.ethicspoint.com

• By phone (available 24/7) at any of the location-specific numbers listed in the table on the right

• By email to corporate.compliance@coherent.com

Employees can also report concerns to their supervisor, HR, business unit legal counsel, or any member of management. In addition, employees can submit concerns or grievances in physical boxes located at many of our manufacturing facilities.

We investigate all Compliance Hotline reports and take corrective action as appropriate to remedy reported situations. Subject to limited exceptions, Coherent strictly protects the identity of all employees who express or report a concern and treats all related investigations and necessary corrective actions as confidential. To the extent that an exception exists, such information is shared on a limited need-to-know basis and in accordance with applicable law.

Coherent strictly prohibits retaliation of any kind for making a report in good faith, even if it turns out that the conduct reported is not illegal or improper. Violations of our Code, policies, or the law will result in action up to and including termination of employment or a contractual relationship, as applicable.

LOCATION	PHONE NUMBER
Australia	1800 750 398
Belgium	0800 45 452
China	400 120 4121
Finland	0800 416229
France	0 800 90 10 34
Germany	0800 1812925
India	000 800 0502 093
Italy	800 909 702
Japan	0800 222 0392
Malaysia	1800814915
Philippines	02 8231 3552
Netherlands	0800 0227 454
Scotland	0800 088 5513
Singapore	800 852 6915
South Korea	080 877 5427
Sweden	020 10 93 70
Switzerland	0800 837 252
Taipei	00801 49 1739
Thailand	1800012362
United Kingdom	0800 088 5513
USA	1 866 829 3062
Vietnam and Spain	Coming Soon

PUBLIC POLICY AND ADVOCACY

Coherent operates in a regulated environment, and decisions made by elected officials can have a significant impact on our business.

OUR APPROACH

We work to communicate information to elected officials and other policymakers in Washington, D.C., and in U.S. state capitols in support of public policies that are consistent with our mission to enable the world to be safer, healthier, closer, and more efficient. In FY2024, this included discussions on the impact of the implementation of the CHIPS and Science Act on our sector.

While Coherent does not make any corporate political donations, our U.S. employee-funded political action committee (PAC) makes direct contributions to U.S. congressional officials from both parties. The Board of the Coherent PAC, chaired by the CSO, has oversight of all PAC activities. All PAC disbursements are publicly disclosed and available on the website of the Federal Election Commission.

Outside the U.S., rules governing interactions with policymakers vary by country. Coherent has implemented internal policies regarding compliance with all applicable laws and regulations in countries where relevant interactions with policymakers occur, including the U.S. Foreign Corrupt Practices Act.

CYBERSECURITY AND DATA PRIVACY

We place the utmost importance on enterprise cybersecurity and data privacy.

OUR APPROACH

Based on the National Institute of Standards and Technology Cybersecurity Framework, the Coherent Cybersecurity Program is focused on protecting the confidentiality, enforcing the integrity, and ensuring availability of Coherent data[1] while working to identify and mitigate cyber threats to our business. Our efforts are guided by our global Security Policy for Information Technology and Networks, the Coherent Cybersecurity Incident Response Plan, and our global data privacy policies.

The ESG Committee of our Board of Directors oversees the management and mitigation of risk regarding data privacy and cybersecurity. It also reviews the company's disaster recovery capabilities and business continuity plans designed to mitigate disruption should a cyber-related event occur. The Committee meets quarterly with Cybersecurity Program leaders to review incidents and external conditions that could influence our security posture or require additional efforts to reduce cyber risk.

Within our operations, our Chief Information Officer (CIO) oversees the Cybersecurity Program on a day-to-day basis, supported by our Cybersecurity Incident Response team (CIRT). CIRT includes members of the company's Risk, Legal, and Communications functions. At a minimum of once per year, the Cybersecurity team performs a systemwide information security risk assessment to determine areas of vulnerability and initiate appropriate remediation. Every two years, we work with a qualified external partner to perform an assessment. Based on results, we develop plans to strengthen our defenses against identified vulnerabilities.

DATA PRIVACY

Reporting to our Legal and Compliance Department, our Office of Data Privacy oversees global compliance with local privacy laws and establishes privacy policies and procedures. It works closely with our Cybersecurity Program to ensure that appropriate safeguards are in place to maintain the accuracy, confidentiality, and security of our employees' and third-parties' personal data. It also educates our employees about the importance of keeping personal data private, safe, and secure. In addition, our Office of Data Privacy

[1] Includes personal information, intellectual property, customer-owned data, proprietary information, software, personal health information, financial reporting, and other types of non-public information.

monitors privacy regulations where we operate, including the EU's General Data Protection Regulation, California's Privacy Rights Act, and China's Personal Information Protection Law.

Coherent's Global Privacy Notice describes how Coherent collects, uses, discloses, and otherwise processes personal data. We provide appropriate and clear notice about the personal information that we collect and how we process and store it. We report, investigate, and remediate any incidents involving the potential unauthorized access, possession, or loss of protected information, and, when applicable, notify regulators, customers, and affected individuals. Our Cybersecurity Program also screens the IT security and data privacy policies of our suppliers.

EMPLOYEE TRAINING AND AWARENESS

All users of Coherent computing resources are required to complete mandatory information security and data privacy training, and are provided with resources to protect their systems, information, and the Coherent network while operating their company-owned devices. We conduct role-based training for members of IT and the CIRT.

In addition to training, we host employee awareness events and campaigns on topics such as ransomware, identity theft, and mobile security. We conduct phishing exercises to help strengthen employee resiliency against cyber threats. In FY2024, we launched a company-wide monthly podcast series on cybersecurity issues.

Artificial Intelligence (AI)
In FY2024, we introduced global guidelines for the use of generative AI within our company. These guidelines are designed to ensure that technology is used safely and securely, while aligning with our corporate values and policies. They also provide safeguards to help our employees navigate the responsible use of this technology, reinforcing our commitment to ethical and responsible practices.

2024 HIGHLIGHTS

In FY2024, Coherent did not experience any known substantiated complaints concerning breaches of privacy. This includes complaints from outside parties and regulatory bodies. In addition, we have had no reported data leaks, thefts, or losses.

In addition, Coherent performs at a high level in all public cybersecurity ratings. As of the end of FY2024, Coherent is rated in the Advanced tier by the cyber risk management firm, Bitsight.

APPENDIX

Climate Transition Action Plan

SASB Index

Glossary

CLIMATE TRANSITION ACTION PLAN

Our Commitments	**We are committed to decarbonization and have set challenging long-term goals.** • Achieve 100% renewable electricity company-wide no later than FY2040. • Achieve net-zero Scope 1 and Scope 2 emissions from our internal operations by FY2040. [1]
Our Decarbonization Roadmap	**We have outlined a clear roadmap for decarbonizing our operations by FY2040.** • Procure clean energy • Reduce energy consumption • Produce energy on-site • Transition to electrification • Other options: Address fugitive emissions and offset unavoidable emissions
Our Progress in FY2024	**Our Operations** • **Renewable energy:** We increased our use of renewable electricity to 78%, representing 550 million kWh of renewable electricity per year. • **Fossil Fuel Equipment Policy:** This new policy prohibits the purchase of new fossil-fuel-powered equipment within Coherent operations, unless a specific exemption is approved. • **Industrial gases:** We began to develop a global policy to mitigate our emissions from SF_6 (sulfur hexafluoride) gas use by FY2040. • **Internal carbon pricing:** Through a newly introduced carbon price mechanism, we will apply an internal shadow carbon price on business activities and track the total cost of carbon. **Supplier and Value Chain Engagement** • **Supplier engagement:** FY2024 was the second year of our supply chain decarbonization initiative, with a focus on Scope 3 Categories 1, 2, and 4. We developed a dashboard of supplier-based emissions data based on standard emissions factors for commodities, allowing us to measure emissions by supplier and supply sectors. We also introduced ESG training for our team to help them drive GHG emission reductions with suppliers. We emphasized our ESG expectations at our 2024 Supplier Day. • **Transportation and distribution:** We worked closely with our inbound and outbound transportation partners to identify the most sustainable, efficient, reliable, and cost-effective modes of transportation. To become a preferred Coherent transportation partner, carriers must have sustainability programs in place, including emission reduction goals.
Our Risks & Opportunities	• **We consider climate-related risks as part of our risk management.** We are in the process of evaluating how we might use scenario analysis to better assess the resilience of our business despite uncertainty. • Please refer to our 2023 CDP Climate Change questionnaire for a discussion of climate-related risks and opportunities.
Our Governance	• Our Chief Sustainability Officer drives our climate strategy, together with our ESG team and colleagues across the company. • The ESG Committee of our Board of Directors oversees key ESG initiatives and practices, provides guidance for the company's ESG vision, and helps to establish our ESG goals.

[1] Against a FY2023 location-based emissions base year.

SASB INDEX

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	DISCLOSURE	REFERENCE
Energy Management	(1) Total energy consumed, (2) Percentage grid electricity and (3) Percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT-EE-130a.1 TC-SC-130a.1	(1) 2,989,047 GJ (2) 86% (3) 67%	Environment, Climate and Energy Management, page 46
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions and (2) Amount of total emissions from perfluorinated compounds	Quantitative	Metric tons (t) CO_2-e	TC-SC-110a.1	(1) 49,811 MT CO_2-e (2) 16,250 MT CO_2-e	Environment, Climate and Energy Management, page 46
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	TC-SC-110a.2		Environment, Climate and Energy Management, page 38 – 46
Hazardous Waste Management	(1) Amount of hazardous waste generated, (2) Percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-EE-150a.1 TC-SC-150a.1	We anticipate reporting company-wide waste data for FY2025 in our next report.	
	(1) Number and aggregate quantity of reportable spills, (2) Quantity recovered	Quantitative	Number, Kilograms (kg)	RT-EE-150a.2	Coherent does not report at this time.	
Water Management	(1) Total water withdrawn, (2) Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m^3), Percentage (%)	TC-SC-140a.1	(1) 2,244.7 m^3 (2) 336.9 m^3 (1) 19% (2) 17%	Environmental, Water Stewardship, page 48
Product Safety	(1) Number of recalls issued, (2) Total units recalled	Quantitative	Number	RT-EE-250a.1	(1) 0 (2) 0	
	Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative	USD	RT-EE-250a.2	$0	
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%) by revenue	RT-EE-410a.1 TC-SC-410a.1	Coherent does not report at this time.	
	Percentage of eligible products, by revenue, certified to an energy efficiency certification	Quantitative	Percentage (%) by revenue	RT-EE-410a.2	This metric is not relevant to our business.	
	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	USD	RT-EE-410a.3	This metric is not relevant to our business.	
	Processor energy efficiency at a system-level for: (1) servers, (2) desktops and (3) laptops	Quantitative	various, by product category	TC-SC-410a.2	This metric is not relevant to our business.	

SASB INDEX

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	DISCLOSURE	REFERENCE
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion	n/a	RT-EE-440a.1 TC-SC-440a.1		Supply Chain Management, Focus Issues, Responsible Minerals Sourcing, page 35 See Item 1A – Risk Factors as presented on Form 10-K
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behaviour	Discussion and Analysis	n/a	RT-EE-510a.1		Governance, Ethical Business Conduct and Compliance, page 72 Anti-Corruption and Anti-Bribery Policy
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	USD	RT-EE-510a.2	Coherent considers this data to be confidential.	
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	USD	RT-EE-510a.3 TC-SC-520a.1	Coherent considers this data to be confidential.	
Workforce Health & Safety	Description of efforts to assess, monitor, and reduce exposure of workforce to human health hazards	Discussion and Analysis	n/a	TC-SC-320a.1		People, Health and Safety, page 63 – 64
	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	USD	TC-SC-320a.2	Coherent considers this data to be confidential.	
Recruiting & Managing a Global & Skilled Workforce	Percentage of employees that require a work visa	Quantitative	Percentage (%)	TC-SC-330a.1	Coherent does not report at this time.	

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	DISCLOSURE	REFERENCE
Number of units produced by product category	Quantitative	Number	RT-EE-000.A	Coherent considers this data to be confidential.	
Number of employees	Quantitative	Number	RT-EE-000.B	26,157	People, 2024 Workforce Data, page 58
Total production	Quantitative		TC-SC-000.A	Coherent considers this data to be confidential.	
Percentage of production from owned facilities	Quantitative	Percentage (%)	TC-SC-000.B	Coherent considers this data to be confidential.	

GLOSSARY

AI: artificial intelligence

BAGA: baseline assessment gap analysis

CHRO: Chief Human Resources Officer

CIO: Chief Information Officer

CIRT: Cybersecurity Incident Response team

CLS: Coherent Lean System

CO_2: carbon dioxide

CO_2-e: carbon dioxide equivalent

COQ: Cost of Quality

CQO: Chief Quality Officer

CSO: Chief Sustainability Officer

DEI: diversity, equity, and inclusion

DI: deionized

GHG: greenhouse gas

GWP: global warming potential

EAP: employee assistance program

EEA: European Economic Area

EHS: environmental, health, and safety

ERM: enterprise risk management

ESG: environmental, social, and governance

EV: electric vehicle

FY: fiscal year

HBCU: Historically Black Colleges and Universities

HR: human resources

HSI: Hispanic-Serving Institutions

HTS: high-temperature superconducting

HVAC: heating, ventilation, and air conditioning

I CARE: Integrity, Collaboration, Accountability, Respect, and Enthusiasm (our I CARE values)

ISO: International Organization for Standardization

IT: information technology

JWST: James Webb Space Telescope

kg: kilogram

kW: kilowatt

kWh: kilowatt-hour

Li-ion: lithium-ion

Li-S: lithium-sulfur

m^3: cubic meter

MI: minority institutions

ML: machine learning

MT: metric tons

$MTCO_2e$: metric tons of carbon dioxide equivalent

NPI: new product introduction

NYSE: New York Stock Exchange

OEMs: original equipment manufacturers

PAC: political action committee

PFAS: per- and polyfluoroalkyl substances

PPE: personal protective equipment

QMS: Quality Management System

R&D: research and development

RBA: Responsible Business Alliance

REACH: Registration, Evaluation, Authorization, and Restriction of Chemicals

RMAP: Responsible Minerals Assurance Process

RMI: Responsible Mining Initiative

RoHS: Restriction of Hazardous Substances in Electrical and Electronic Equipment

SAQ: self-assessment questionnaire

SASB: Sustainability Accounting Standards Board

SF_6: sulfur hexafluoride

SHARP™: streamlined hydrometallurgical advanced recycling process

SiC: silicon carbide

SoRS: smelters or refiners

STEM: science, technology, engineering, and mathematics

TCFD: Task Force on Climate-related Financial Disclosures

UFLPA: Uyghur Forced Labor Prevention Act

UN SDGs: United Nations Sustainable Development Goals

VOC: voice of the customer

WBCSD: World Business Council for Sustainable Development

WEEE: waste electrical and electronic equipment

WRI: World Resources Institute

FORWARD-LOOKING STATEMENTS

This ESG Report contains forward-looking statements and projections relating to future events and expectations, including our expectations regarding (i) our product innovation and its impact, including the impact of (a) our lithium-sulfur (Li-S) battery technology to support more efficient, affordable, and sustainable EV batteries and their supply in the U.S. market, (b) the ability of our products to help reduce global emissions, conserve natural resources, and increase energy efficiency, (c) our ability to build battery cells that exceed today's best-in-class EV batteries, while retaining more than 80% of their original capacity after 1,000 recharging cycles, and (d) nuclear fusion's potential to provide a nearly limitless, carbon-free energy source; circular economy with respect to our products; product safety, quality, and lean manufacturing; (ii) our cost of quality program and opportunities for cost savings and to enable higher quality levels of manufactured and shipped products; (iii) sustainable procurement, climate and energy management and decarbonization goals, including (a) our goals to reach net-zero Scope 1 and Scope 2 emissions from our internal operations by FY2040; (b) the transition to electrification (fossil fuel elimination), including the conversion of certain of our fossil-fuel-powered cells to operate on green hydrogen and the evaluation of options for the replacement of our natural-gas-fired cogeneration plant; (c) our ability to reduce more than 90% of our Scope 1 and Scope 2 baseline emissions; (d) to reduce residual emissions, our investigation and procurement of high-quality carbon offsets and our expectation that the eventual quantities of carbon offsets that Coherent will need will account for no more than 10% of its total emissions; (iv) supplier engagement with respect to supply chain decarbonization and the introduction of training and the provision of additional resources to Coherent suppliers; (v) water stewardship, including our goal to reduce our water intensity by 5% (gallons per $ revenue) by 2030, from a FY2024 baseline; (vi) waste minimization, including the goal at certain of our sites to have zero-waste-to-landfill and reporting company-wide waste data for FY2025 in Coherent's next ESG Report; (vii) ESG governance, including the addition of ESG auditing that is aligned with the RBA Code of Conduct in FY2025; (viii) talent acquisition and management, including (a) the expansion of training to talent acquisition teams in Coherent's global locations and the piloting of an inclusive recruitment training program for U.S. hiring teams, and (b) the results of our succession planning, each of which is based on certain assumptions and contingencies.

Coherent believes that all forward-looking statements and projections made by it in this ESG Report have a reasonable basis, but there can be no assurance that management's expectations, beliefs, or projections as expressed in the forward-looking statements will actually occur or prove correct. In addition, to general industry and global economic conditions, factors that could cause actual results to differ materially from those discussed in the forward-looking statements in this ESG Report include the risks relating to forward-looking statements and other "Risk Factors" identified from time to time in Coherent's filings including its Annual Report on Form 10-K for the fiscal year ended June 30, 2024. Unless otherwise indicated in this ESG Report, all information in this ESG Report is current through October 31, 2024, and for Coherent's fiscal year 2024 (July 1, 2023 – June 30, 2024), and the Company disclaims any obligation to update the information in this ESG Report to account for future events or developments, new information, or similar activities or factors that may occur subsequent to its release and that may impact its content.

ADDITIONAL INFORMATION

Coherent Corp.'s ESG Report provides a point-in-time overview of our organization's ESG initiatives beyond traditional financial disclosure overseen by U.S. federal and state regulators. In this report, we seek to highlight our corporate culture, including information about our employee base, our governance practices, our risk management framework, our commitment to our customers, and our dedication to the communities in which we operate. We believe that each of these aspects may impact shareholder value creation and our ability to sustain our business over the long run. Various standard-setting bodies have published disclosure frameworks for ESG reporting. We reviewed several of these standards and have incorporated disclosure practices and principles we believe to be most relevant to the industries in which we operate. This ESG Report is for informational purposes only. The information contained in this report is subject to change without notice.

We provide regular communication to our investors and the public in the form of quarterly filings with the U.S. Securities and Exchange Commission (SEC) that include our financial performance; risks that may impact our operations or financial results; the composition of our Board of Directors, Board committees, and senior leaders and the compensation they receive for their service; our corporate governance practices; and other required information.

The company's public filings made with the SEC can be found on the SEC's website at sec.gov, or on the Investor Relations page of our website.

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