

## 1.0 PURPOSE AND INTRODUCTION

A top priority in our sustainability program is to reduce greenhouse gas (GHG) emissions as a company. Coherent Corp. has committed to achieve net-zero Scope 1 & Scope 2 emissions by FY2040.

This will be a long-term effort over many years. As we continue to seek and advance opportunities to reduce our emissions, we recognize that fossil-fuel-powered equipment is a significant contributor to our Scope 1 emissions.

Therefore, we must turn an extremely critical eye to the purchase of any equipment that operates on fossil fuels, especially equipment with a long service life that will impact our emissions for many years into the future. Furthermore, with a net-zero target of FY2040, the purchase of any fossil-fuel-powered equipment, regardless of service life, should be avoided unless there is no other technically and economically feasible solution. Alternatives that do not require fossil fuel usage are strongly preferred. Recognizing that customer requirements to decarbonize are increasing, certain sites may be required to meet a net-zero target earlier than 2040, based on customer pressure specific to that site.

## 2.0 SCOPE

This policy applies to fossil-fuel-powered equipment owned or leased by Coherent Corp. and its subsidiaries, and applies to sites and operations globally regardless of where or how the equipment is used.

Examples of fossil-fuel-powered equipment at Coherent sites:

- Natural-gas-fired heating systems
- Backup emergency diesel generators
- Propane-powered forklifts
- Internal-combustion-engine (ICE) vehicles
  - The scope of this policy includes only company-owned or long-term leased vehicles
  - Vehicles used on short-term rentals such as business travel are not included
  - Employee-owned or -leased vehicles are not included, even when on-site

## 3.0 RESPONSIBILITY

The Chief Legal and Global Affairs Officer is responsible for defining, maintaining, and enforcing this policy.

The site leader has ultimate responsibility for evaluating the need for additional fossil-fuel-powered equipment at the site, evaluating alternatives, and obtaining the necessary approvals for any exemptions from this policy. Furthermore, the site leader has ultimate responsibility for developing and executing the plan to phase out all direct emissions related to fossil fuel usage at the site.

## 4.0 KEY TERMS

Scope 1 Emissions: direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles), as defined by the World Resources Institute [Greenhouse Gas Protocol](#).

Scope 2 Emissions: indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling, as defined by the World Resources Institute [Greenhouse Gas Protocol](#).

## 5.0 THE POLICY

**A. The purchase, lease, or replacement of any fossil-fuel-powered equipment, or overhaul that would significantly extend its operating life, is prohibited unless a specific exemption is approved.**

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, such as emergency backup diesel generators. In general, the primary system should be electrified, but use of a fossil-fueled backup system may be warranted.
- Certain space heating and service water heating loads may be impractical to fully electrify. Dual-fuel heat pumps may be considered where full electrification is not practical due to cold climate zones, large system size requirements, or mission-critical uses.

Requests for exemption are subject to the following additional requirements, in addition to normal capital and procurement approvals:

- Financial models for the business case and cost comparison against non-fossil-fuel-powered options shall include an adjustment for the cost of carbon, based on the predicted lifetime emissions of the fossil fuel option. The Sustainability team will provide estimates upon request for the internal cost of carbon per metric ton of CO<sub>2</sub>-equivalent (MTCO<sub>2e</sub>) for use in this analysis.
- Requests for exemption shall include the following information:
  - Site name
  - Reason for purchase, lease, or overhaul
  - Expected service life
  - Non-fossil-fuel alternatives evaluated
  - Justification for a fossil-fuel-based option as the only technically or economically feasible option.
- Approval of the exemption is required from the Director of Sustainability, Global Director of Real Estate & Facilities, Business Group Leader, and the Chief Procurement Officer.

**B. Plan to eliminate emissions from existing fossil-fuel-powered equipment:** Each site operating existing fossil-fuel-powered equipment must develop a plan that will result in the

elimination of those emissions by no later than FY2040. Development of the plan should begin immediately and be factored into the site’s strategic plan and budget.

- The plan should be detailed in nature, down to each individual specific piece of equipment that uses fossil fuels.
- The plan should evaluate options to mitigate the emissions from each source, including the costs, timeline, and availability associated with each. Possible options include:
  - Replacing the equipment with electrically powered substitute, where technology is readily available. Examples include:
    - Replacing natural-gas-fired building heating systems with electric heat pumps
    - Replacing ICE vehicles with electric vehicles

*Note: In general, electrification is the preferred option, and sites should pursue full electrification to the greatest extent possible.*

- Operating the equipment on a carbon-neutral fuel source, where such fuels are available. Examples include:
  - Switching from conventional diesel fuel to biodiesel for emergency generators
  - Switching from natural gas to renewable natural gas or green hydrogen for fuel cells
- Purchase of carbon offsets and/or carbon removal credits.

*Note: Due to the difficulty of obtaining high-quality credible offsets, this is considered a measure of last resort and requires explicit approval by the Sustainability team to be the selected option for any given fossil fuel emissions source. However, evaluation of this option may often provide a useful comparison against the cost of other options.*

- The plan should consider and mitigate any potentially adverse effects on plant resiliency, such as:
  - Overall electricity supply capacity if there is significant increase in electrification
  - Backup fuel sources in emergency situations
- The costs associated with the plan will fall to the site and business unit financials, similar to all other expenses at the site, and should be budgeted accordingly.

## 6.0 RECORD RETENTION

There are no additional record retention requirements beyond Coherent Record Management Policy LAW-007.



**7.0 WHAT ARE THE CONSEQUENCES FOR FAILURE TO COMPLY WITH THIS POLICY?**

Violations of this policy may result in disciplinary action, including termination. A location’s normal progressive disciplinary process will be followed, but egregious violations can result in skipping steps and/or immediate termination. This is the responsibility of each organizational leader, and violations and corrective actions must be reviewed with the Chief Legal and Global Affairs Officer and the Human Resources department.

**8.0 QUESTIONS AND REPORTS**

Questions about this policy should be directed to [esg@coherent.com](mailto:esg@coherent.com).

If you believe this policy has been violated, you should discuss the situation with your manager, your local Human Resources representative, the approver of this policy, the VP Corporate Compliance and/or the Chief Legal and Global Affairs Officer, or call the Coherent Compliance Hotline at +1-866-829-3062.

**9.0 COMMUNICATION**

This policy and any future changes will be communicated by the Chief Legal and Global Affairs Officer. The company reserves the right to modify this policy as needed to reflect changes in applicable laws or otherwise. The Chief Legal and Global Affairs Officer will review and update this policy periodically, in general at least every two years.

**APPROVALS**

**APPROVALS COMPLETED DATE**

Rob Beard, Chief Legal and Global Affairs Officer	December 15, 2025
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**REVISION HISTORY**

Revision	Date	Description of Change	Requested By
Original	March 11, 2024	n/a	n/a
Rev. 1	December 15, 2025	Minor updates and clarification	Richard Marino