

**CHARTER OF THE AUDIT COMMITTEE**  
**OF THE BOARD OF DIRECTORS OF**  
**COHERENT, INC.**

**PURPOSE:**

The function of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Coherent, Inc. (the “Company”) in fulfilling its oversight responsibilities by reviewing: financial reports and certain other financial information provided by the Company to any government body or the public; the Company’s system of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have approved; and the Company’s auditing, accounting and financial reporting processes generally. The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (also referred to as the “independent auditor”) (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Any such registered public accounting firm shall report directly to the Committee.

Specifically, the purpose of the Committee shall include the following:

- Appointing and overseeing the independent auditors engaged by the Company and overseeing their audit (including resolution of disagreements between management and the independent auditors regarding financial reporting) of the Company’s financial statements;
- Overseeing the accounting and financial reporting processes of the Company;
- Assisting the Board in oversight and monitoring of (i) the quality and integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditor’s qualifications, independence and performance, (iv) the internal auditor’s performance and (v) the Company’s internal accounting and financial controls;
- Preparing the report that the rules of the Securities and Exchange Commission (the “SEC”) require be included in the Company’s annual proxy statement; and
- Providing the Company’s Board with the results of its monitoring and recommendations derived therefrom.

In addition, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

## **MEMBERSHIP AND ORGANIZATION:**

The Committee members will be appointed by, and will serve at the discretion of, the Board. The Committee will consist of at least three members of the Board. The members of the Committee shall be elected by the Board until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The Chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over meetings, making subcommittee assignments and reporting to the Board. The Chairperson will also maintain regular liaison with the chief executive officer (“CEO”), chief financial officer (“CFO”), general counsel, lead independent audit partner and director of internal audit.

Subject to the opportunities to cure set forth in Nasdaq Listing Rule 5605(c)(4) (concerning temporary failure to satisfy the Committee composition requirements for reasons outside a member’s reasonable control or due to vacancy), and except to the extent that the Company has chosen to avail itself of the “exceptional and limited circumstances” exemption from Nasdaq’s (as distinct from the SEC’s) independence requirement, as set forth in Nasdaq Listing Rule 5605(c)(2)(B), members of the Committee must meet the following criteria:

- Each member of the Committee will be an “independent director” as defined in Nasdaq Listing Rule 5605(a)(2), meet the criteria for independence set forth in SEC Rule 10A-3(b)(1) and as set forth in the Governance Guidelines;
- No member shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding three years;
- Each member will be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company and/or outside consultants; and
- At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Board shall have the discretion to determine members’ conformity to these qualifications.

## **RESPONSIBILITIES AND AUTHORITY:**

The responsibilities of the Committee shall include:

- Reviewing the adequacy of the Company’s system of internal control over financial reporting (“internal controls”) and on a quarterly basis management’s assessments with respect to the

effectiveness thereof, including meeting periodically with the Company's management and the independent auditors to review the adequacy of such internal controls and to review before release the disclosure regarding such internal controls required under SEC rules to be contained in the Company's periodic filings along with any attestations or reports by the independent auditors relating to such disclosure;

- Appointing, compensating and overseeing of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- Ensuring that, prior to engagement of an independent auditor for any permissible non-audit services and all audit, review or attest engagements required under the securities laws, the engagement is either: (i) pre-approved by the Committee; or (ii) entered into pursuant to pre-approval policies and procedures established by the Committee, provided the policies and procedures are detailed as to the particular service, the Committee is informed of each service, and such policies and procedures do not include delegation of the Committee's responsibilities to management. To the extent pursuant to formal delegation by the Committee, one or more Committee members who are independent directors may approve such services, provided that decisions made by such members are reported to the full Committee at each of its scheduled meetings. The Committee shall have the sole authority to approve the hiring and firing of the independent auditors, all audit engagement fees and terms, and all non-audit engagements, as may be permissible, with the independent auditors.
- Reviewing and providing guidance with respect to the external audit and the Company's relationship with its independent auditors by: (i) reviewing the independent auditors' proposed audit scope, approach and independence; (ii) obtaining on a periodic basis a formal written statement from the independent auditors delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard No. 1, engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, and taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor; (iii) reviewing the results of the PCAOB's inspection of the independent auditors; (iv) discussing with the Company's independent auditors the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters described in SAS No. 61, as may be modified or supplemented; and (v) reviewing reports submitted to the Committee by the independent auditors in accordance with the applicable SEC requirements;
- Prior to the filing with the SEC of the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, respectively, reviewing and discussing with management and the independent auditors the annual audited financial statements and quarterly unaudited financial statements, including: (i) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (ii) critical accounting policies and practices; (iii) alternative treatments of financial information within

generally accepted accounting principles that have been discussed between the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (iv) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

- Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors;
- Reviewing before release the unaudited quarterly operating results in the Company's quarterly earnings release and reviewing financial guidance to be provided to the public;
- Overseeing compliance with the requirements of the SEC for disclosure of auditor's services and Committee members, member qualifications and activities;
- Reviewing the Company's internal audit function quarterly and reviewing the annual internal audit plan;
- Approving the appointment and any replacement of the director of internal audit;
- Reviewing and approving the Company's code of business conduct;
- Reviewing management's monitoring of compliance with the Company's standards of business conduct and anti-corruption laws;
- Reviewing, in conjunction with the Company's general counsel, legal matters which might reasonably be expected to have a significant impact on the Company's financial statements;
- Reviewing with management the Company's policies with respect to risk assessment and risk management for those areas assigned to the Committee by the Board of Directors or its designee;
- If necessary, instituting special investigations with full access to all books, records, facilities and personnel of the Company;
- In the Committee's discretion, obtaining advice and assistance from outside legal, accounting or other advisors, and exercising sole authority with respect to the appointment, compensation, retention and oversight of the work of any such advisors;
- Reviewing and approving in advance any proposed related party transactions;
- Review and assess the adequacy of this Charter on an annual basis, and make recommendations to the Board for any proposed changes;
- Review and approve a report of the Committee in the Company's proxy statement in accordance with the rules and regulations of the SEC; and

- Establishing procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

#### **MEETINGS:**

The Committee will meet at least four times each year. In addition, the Committee may establish its own schedule, which it will provide to the Board in advance.

From time to time as it determines to be appropriate, the Committee may meet separately with the CEO and separately with each of the CFO and general counsel of the Company to review the financial and legal affairs of the Company. The Committee will meet separately with the independent auditors of the Company, and separately with the Company's internal auditors, at such times as it deems appropriate, but not less than quarterly, to fulfill the responsibilities of the Committee under this charter.

#### **MINUTES:**

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

#### **REPORTS:**

In addition to preparing the Committee report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the Committee will periodically review with the Board material issues which may have arisen with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors, or the performance of the internal audit function.

#### **COMPENSATION:**

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion. Fees may be paid in such form of consideration as is determined by the Board.

Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.

**DELEGATION OF AUTHORITY:**

The Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Committee at its scheduled meetings.

**FUNDING OF THE COMMITTEE'S FUNCTIONS:**

The Committee shall have authority to engage independent counsel and other advisors, as it determines necessary to carry out its duties. The Company shall provide funding as determined by the Committee, in its capacity as a committee of the Board, for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisors engaged by the Committee in connection with discharging its responsibilities hereunder or as otherwise delegated by the Board; (iii) expenses incurred in connection with any investigation authorized by the Committee with respect to any matters within the scope of the Committee's responsibilities; and (iv) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

*Despite the enumeration above of certain responsibilities and functions of the Committee, nothing in this charter is intended to alter or impair operation of the "business judgment rule" as interpreted by the courts under the Delaware General Corporation Law. Further, nothing in this charter is intended to alter or impair the right of members of the Committee to rely, in discharging their oversight role, on the records of the Company and on other information presented to the Committee, the Board or the Company by its officers or employees or by outside experts such as the external auditors.*