



## II-VI Incorporated Corporate Governance Guidelines

*These Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of II-VI Incorporated (the “Company”) to assist the Board in serving the best interests of the Company, its shareholders, and other stakeholders. These Guidelines are intended to supplement the Company’s Bylaws and the charters of the Board’s committees. The Environmental, Social Responsibility and Governance Committee reviews the Guidelines annually, and advises the Board of any changes that it recommends. These Guidelines are posted on the Company’s website (www.ii-vi.com), and are subject to modification from time to time by the Board.*

### 1. Board Structure

#### a. Size of the Board

The Board believes that the Board should be of a size that encourages diversity of experience without diminishing individual accountability or effective discussion. The Bylaws of the Company provide that the size of the Board is between 5 and 14 directors. The exact number of directors is determined by the Board based on its current composition and requirements. The Environmental, Social Responsibility and Governance (“ESG”) Committee reviews the size of the Board, and from time to time may recommend changes to the size of the Board.

#### b. Meetings

As provided by the Company’s Bylaws, the Board meets at least quarterly on previously determined dates. Each Board member is expected to attend Board meetings and meetings of the committees on which they serve. Each director is also expected to attend the Company’s annual meeting of shareholders. Directors may attend meetings virtually or in person.

#### c. Chair of the Board

The Company’s Bylaws, which the Board may amend as circumstances warrant, provide for the designation of a Chief Executive Officer (the “CEO”) and a Chair of the Board (the “Board Chair”). The Board retains the flexibility to adopt the structure it believes to be in the best interests of the Company, including the combination of, or the separation of, the Board Chair and CEO roles. The Board reviews the structure periodically, taking into consideration the facts and circumstances then present.

#### d. Lead Independent Director

The Company defines independent directors as those who meet the requirements of The Nasdaq Stock Market LLC (“Nasdaq”), applicable laws, and the additional criteria discussed in Item 2 of these Guidelines (the “Independent Directors”).



The Independent Directors choose the Lead Independent Director (“Lead Independent Director”), who serves until death, disability or removal, or until a replacement is chosen. The Company has a lead Independent Director whether or not the Board Chair is independent.

The Lead Independent Director:

- Ensures that the Board serves independently of management, and that directors have an independent leadership contact
- Serves as chair of the ESG Committee
- Chairs executive sessions of the Independent Directors
- Serves as a liaison among the Board, the Board Chair, and the CEO, to ensure effective coordination
- Serves as a liaison between the Board Chair and the independent directors
- Consults with the Board Chair in setting the agenda for Board meetings
- Chairs meetings of the Board in the absence of the Board Chair
- Carries out other duties as requested by the ESG Committee, the Independent Directors, or the Board.

#### **e. Committees**

The current committees of the Board are the Audit Committee, the Compensation and Human Capital Committee (the “Compensation Committee”), the ESG Committee, and the Strategy, Technology, Acquisition and Risk Committee (the “STAR Committee”). Subject to applicable regulatory and exchange listing requirements, the Board may form new committees or disband a current committee from time to time.

As stated in Paragraph d., the Lead Independent Director serves as Chair of the ESG Committee. All other committee Chairs are chosen by the Board. The Chairs of the Audit, ESG and Compensation Committees also serve as ex officio members of the STAR Committee. The ESG Committee recommends to the Board which directors should be named to other Board committees.

#### **f. Board Materials and Presentations**

The agenda for each Board meeting is provided in advance of the meeting. The Board Chair establishes the agenda for each Board meeting, in consultation with the CEO and the Lead Independent Director. Each Board member is encouraged to recommend the inclusion of items on the agenda. As a general rule, written materials are provided in advance on all matters requiring Board action. Written materials are concise summaries of the relevant information, designed to provide a foundation for the Board’s discussion of key issues and make the most efficient use of the Board’s meeting time. Directors may request from the Company any additional information they believe to be necessary to perform their duties.

#### **g. Director Mandatory Retirement**

A director must tender to the ESG Committee his or her resignation from the Board, to be effective



at the end of the last regularly scheduled Board meeting prior to the director's 76<sup>th</sup> birthday. The ESG Committee considers each case, and recommends to the Board the action to be taken. The Board, in its discretion, chooses to accept or reject the resignation. If rejected, the director's resignation will be deemed to be re-submitted to the ESG Committee annually thereafter, until it is accepted by the Board.

#### **h. Director Independence**

In accordance with the Company's long-standing policy, a substantial majority of the members of the Company's Board must qualify as "Independent Directors" as defined by Nasdaq rules, and all members must strictly follow a code of ethical business conduct.

The Board determines whether each director is independent (i) at the time of appointment, and (ii) every year before the quarterly Board meeting that follows the Company's fiscal year end. The Board considers all applicable laws and exchange listing requirements, and other relevant factors, in making its determination of Director independence. Currently, a Director will not be considered independent if any of the following apply:

- The director or a family member<sup>1</sup> is an employee of the Company, or has been employed by the Company at any time
- The director or a family member has received more than \$120,000 in direct compensation from the Company during any 12-month period within the last three years, other than
  - compensation for board or committee service; or
  - benefits under a tax-qualified retirement plan, or non-discretionary compensation.
- The director or a family member is a current partner or employee of the Company's external auditor, or was a partner or employee of the Company's auditor who worked on the Company's audit at any time during any of the past three years
- The director or a family member is or has been employed as an executive officer of another entity, where any of the Company's present executive officers served on that entity's board of directors at any time during the past three years
- The director is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property, services or donations in the current or any of the past three fiscal years that exceed 2% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:
  - payments arising solely from investments in the Company's securities; and
  - payments under non-discretionary charitable contribution matching programs.
- The director has a relationship that, in the Board's opinion, would interfere with the director's exercise of independent judgment

This list is not exhaustive, and the absence of any of the specified relationships does not mean that a particular director is independent. Other relationships (including business or social) may impact a

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<sup>1</sup> "Family member" means a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares that person's home.



particular director's independence and may be considered by the Board. When assessing these relationships, the Board considers all relevant facts and circumstances, not only from the standpoint of the director in his or her individual capacity, but also from the standpoint of the persons to whom the director is related and organizations with which the director is affiliated.

#### **i. Review and Approval of Related Person Transactions**

The Company's Code of Ethical Business Conduct (the "Code") contains the primary guidance for the evaluation of related party transactions. It requires that the senior leaders of the Company and its subsidiaries, including their directors, refrain from activities that might involve a conflict of interest.

Before making any investment, accepting any position or benefit, participating in any transaction or business arrangement, or otherwise acting in a manner that creates or appears to create a conflict of interest, individuals who are subject to the Code must make a full disclosure of all relevant facts and circumstances to, and obtain the prior written approval of, the Company. Waivers of actual or potential conflicts of interest under the Code for any of the Company's executive officers or directors may be granted only by the Board. Only those matters that are determined by the Board not to be in conflict with the best interests of the Company may be approved.

#### **j. Executive Sessions of Independent Directors**

Executive sessions of independent directors are regularly scheduled, at least twice each fiscal year, and held without the presence of any management, including employee directors. The Lead Independent Director presides over these meetings.

### **2. Code of Ethical Business Conduct**

The Board has approved and adopted the Code, which applies to all directors, officers and employees of the Company and its subsidiaries, and is available on the Company's website at [www.ii-vi.com](http://www.ii-vi.com). The Company will disclose on its website, and otherwise as required by applicable law or exchange listing requirements, any amendment to or waiver of a director's or executive officer's compliance with the Code.

### **3. Director Duties and Responsibilities**

#### **a. General**

The business and affairs of the Company are managed under the direction of the Board. The basic responsibility of a director is to exercise business judgment, and act in what he or she reasonably believes to be in the best interests of the Company, its shareholders and other stakeholders. In fulfilling this responsibility, directors may rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial, and other advisors. Directors are also expected to spend the time and effort necessary to properly discharge their duties and responsibilities. Accordingly, each director is expected to rigorously prepare for meetings, including by reviewing materials received in advance, and attending and participating in all Board meetings and meetings



of the committees of which they are members. Each director is expected to keep current with issues and policy decisions facing global businesses. A director who is unable to attend a Board meeting is expected to notify the Board Chair and the Lead Independent Director in advance of the meeting. In the case of committee meetings, advance notice of absence is given to the appropriate committee chair.

#### **b. Responsibility for Oversight of Risk Management**

The Board encourages management to promote a corporate culture that seeks to assess risk and understand risk management, and to incorporate it into the overall corporate strategy and day-to-day business operations of the Company. This 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.

The Board allocates initial responsibility for risk oversight primarily as follows:

- The ESG Committee oversees cybersecurity, environmental, social and governance risk
- The Audit Committee oversees financial risk
- The Compensation Committee oversees human capital risk
- The STAR Committee oversees strategic and operational risk, and risks not overseen by another committee.

The STAR Committee, whose non-Chair members are the Chairs of the other committees, reconciles any overlaps in risk oversight responsibility. The ESG, Audit and Compensation Committees report to the STAR Committee on the risks overseen by them, and the STAR Committee aggregates those reports into periodic reports to the entire Board.

To discharge their risk oversight responsibilities, each committee receives reports from management, internal audit, and other advisors on the Company's risk management process and system, the nature of the material risks the Company faces, and the adequacy of the Company's policies and procedures designed to respond to and mitigate these risks.

#### **c. Change in Director Occupation**

When a director's principal occupation or business association changes substantially during his or her tenure as a director (including retirement), that director must tender a resignation for consideration by the ESG Committee. The ESG Committee considers each case and recommends to the Board the action to be taken. The Board in its discretion chooses to accept or reject the resignation.

#### **d. Evaluation, Assessment and Director Continuing Education**

The Board is required to have a process whereby the full Board and its members are subject to periodic evaluation and assessment. From time to time, the ESG Committee may retain an independent third party to perform a Board evaluation.

The Board works with management to carry out new director orientation programs and director



continuing education programs. The orientation programs are designed to familiarize new directors with the Company's businesses, strategies and challenges, and to assist new directors in developing and maintaining skills and knowledge necessary or appropriate for the performance of their responsibilities. Continuing education programs for Board members may include a mix of in-house and third-party presentations and programs. Directors are expected to maintain a level of expertise necessary to perform their responsibilities as a director, including through participation in continuing education programs. The ESG Committee chair reviews and coordinates all director education requests requiring Company reimbursement.

#### 4. Nomination of Candidates for Director

The ESG Committee is responsible for considering candidates for election to the Board, whether for newly created positions, in connection with acquisitions, or for filling vacancies. The Committee may consider candidates who are identified by any source, including existing directors, members of the Company's management team, shareholders, acquired companies, or third-party search firms. The Company's Bylaws describe the procedures to be followed by a shareholder in recommending nominees for director.

The ESG Committee considers a variety of factors when determining whether to recommend a nominee for election to the Board, including:

- High personal and professional ethics, integrity, practical wisdom and mature judgment
- Broad training and experience in policy-making decisions in business
- Expertise that is useful to the Company, and complementary to the background and experience of other directors
- Willingness to devote the amount of time necessary to carry out the duties and responsibilities of a director
- Commitment to serve on the Board over a period of several years in order to develop knowledge about the Company and its operations
- Diversity of background (including ethnicity, origin, age, gender, experiences and skill sets);
- Willingness to represent the best interests of all stakeholders and objectively appraise management performance
- Whether the individual meets the Company's independence requirements.

Potential candidates are screened and interviewed by a selection committee appointed by the ESG Committee. All members of the Board may interview the final candidates. The same identifying and evaluating procedures apply to all candidates for director nomination, including candidates submitted by shareholders.

The ESG Committee is responsible for reviewing with the Board the criteria it believes appropriate for membership on the Board.

#### 5. Compensation

The Board sets the level of compensation for directors, based on the recommendation of the



Compensation Committee. The Board believes that a meaningful portion of director compensation should be in the form of the Company's Common Stock, to directly align directors' and shareholders' economic interests. Directors who are also current employees of the Company receive no additional compensation for services as directors. The Compensation Committee reviews periodically the amount and form of compensation paid to directors, taking into account the compensation paid to directors of comparable companies. The Committee conducts its review with the assistance of outside consultants in the field of executive compensation. Changes in Board compensation are made upon the recommendation of the Compensation Committee, with full discussion and concurrence by the Board.

## **6. Stock Ownership Program – Directors and Executive Officers**

To further align the directors' and executive officers' interests with those of the Company's shareholders, the Board has established a stock ownership program that requires each non-employee director to own shares of the Company's Common Stock with a market value of at least \$150,000 no later than the third anniversary of the date the director joins the Board. The Board has also established a stock ownership program that requires the CEO to own shares of the Company's Common Stock with a value of at least three times annual base salary. The program also requires all other named executive officers to own shares of Company's Common Stock with a value equal to at least their annual base salary. For both the CEO and other named officers, these requirements are to be met within three years of being named to their role.

## **7. Standing Board Limits**

Board members are limited to serving on a maximum of four public company boards including the Company. The acceptance by a director to serve on a public company board, other than the Company, is considered to meet the intent of section 3.c. of these Guidelines as a substantial business association change.

Near the end of each director's term, and before recommending to the Board that director's re-election for another term, the ESG Committee formally reviews each director's qualifications in light of the director's tenure, the Board's composition and experience at that time, the Company's business structure, challenges and opportunities, and stakeholder needs and expectations.

## **8. Access to Management and Independent Advisors**

Members of the Board have complete access to Company management and the Company's outside advisors. The Board and its committees have the right to retain independent outside financial, legal or other advisors. The Company bears the cost of retaining these independent advisors.

## **9. Attendance of Non-Directors at Meetings**

The Board may invite members of management to attend Board meetings, and Committees may invite members of management to attend Committee meetings.

## **10. Board Interaction with Institutional Investors, the Press, and Customers**



II-VI Incorporated  
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The Board believes that management speaks for the Company. While individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, it is expected that Board members would do this with the knowledge of management. Furthermore, absent unusual circumstances, Board members should only do so at the request of management. Directors should refer all inquiries from institutional investors, analysts, the press or customers to management.

### **11. Communications with Directors**

Shareholders and other interested parties wishing to communicate with the Company's Board may do so by sending a written communication addressed to the Lead Independent Director or to any member of the Board, in care of II-VI Incorporated, 375 Saxonburg Boulevard, Saxonburg, Pennsylvania 16056 USA. Any communication addressed to a director that is received at the Company's principal executive offices will be delivered or forwarded to the individual director as soon as practical. The Company will forward all communications received from its shareholders that are simply addressed to the Board, to the Board Chair, the Lead Independent Director and the chair of the committee of the Board whose purpose and function is most closely related to the subject matter of the communication.

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