

Welcome to your CDP Water Security Questionnaire 2023

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Coherent Corp. (Coherent) is a global leader in materials, networking, and lasers for the industrial, communications, electronics, and instrumentation markets. The company is headquartered in Saxonburg, Pennsylvania. It was founded in 1971 to manufacture high-quality materials and optics for industrial lasers. Today, the company operates in more than 20 countries around the world.

Coherent is focused on delivering innovations that fuel market megatrends while pursuing our mission of enabling the world to be safer, healthier, closer, and more efficient. Coherent empowers market innovators to define the future through breakthrough technologies, from materials to systems.

Coherent evolved from II-VI Incorporated after the acquisition of laser pioneer Coherent, Inc.

II-VI announced on 8 September 2022 that new merged corporate name as **Coherent Corp.**

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2022	December 31, 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

- Australia
- Belgium
- China
- Finland
- Germany
- India

- Israel
- Italy
- Japan
- Malaysia
- Philippines
- Republic of Korea
- Singapore
- Spain
- Sweden
- Switzerland
- Taiwan, China
- Thailand
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Viet Nam

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, a Ticker symbol	COHR

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Neutral	Not very important	<p>The majority of Coherent manufacturing operations have a low dependency on water. The following summarizes Coherent’s primary dependencies:</p> <ol style="list-style-type: none"> 1. Several of our operations consist of cutting and polishing operations, which involve manufacturing steps that require water. However, the water used is generally recycled, purified, and re-used when there are not strict production requirements on incoming water quality. 2. Several semi-conductor operations require extremely high purity water but Coherent operates its own water purification or de-ionization systems as needed to meet water quality requirements for production. 3. All Coherent operations do require water for basic employee needs and sanitation. <p>Based on the descriptions above, we consider our operations to have low dependency on water.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Not very important	<p>In general, the fresh water provided by third-party municipal water supplies can fully meet the water demand of Coherent’s operations, both in in terms of quality and quantity. However, based on our enterprise’s commitment to socially responsible business practices, Coherent still evaluates opportunities and exercises efforts to reduce our water usage and increase water recycling.</p> <p>We have completed significant water savings projects in Santa Rosa, CA; Easton, PA; and Zurich, Switzerland; to recycle and purify water in</p>

			the manufacturing process rather than relying on constant withdrawals from local municipal supply. Combined, these 3 projects save 40 megaliters of water per year, or approximately 2% of our global total annual water withdrawals.
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W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Monthly	By water meter and/or municipal water supply invoice. Where metered data is not available, estimates are used.	From January – June 2022, water withdrawal data was tracked internally by the Coherent EHS team via an internal intranet reporting system, using data from water meters or utility invoices where available; and using estimates where meters and invoices are not available. Since June 2022, Coherent has contracted a third-party agency to collect data on water usage which provides reports on monthly basis based on meter readings, utility invoices, and estimates where invoices and meter readings are not available. Water usage information continues to be monitored by the

				Coherent EHS and ESG teams.
Water withdrawals – volumes by source	100%	Continuously	By water meter	The majority of Coherent sites use municipal water. Two Coherent locations have on-site wells. Well water usage is metered and included in our overall water usage reporting.
Water withdrawals quality	Not monitored			<p>For most production requirements, there are not stringent production requirements on water quality. Municipal water supplies are reliable in quantity and quality, and Coherent does not have additional water testing processes.</p> <p>Where extremely high purity water is required for production requirements, purified water is tested after the purification processes.</p> <p>Coherent does periodic checks on water supplies for drinking water in many facilities.</p>

<p>Water discharges – total volumes</p>	<p>Not monitored</p>			<p>Coherent does not track water discharge quantities at this time. Our manufacturing processes consume relatively negligible amounts. As such, we have generally determined that over time water discharges are equal to water withdrawals, aside from losses due to evaporation. Coherent assumes discharges are approximately 85% of withdrawals.</p>
<p>Water discharges – volumes by destination</p>	<p>Not monitored</p>			<p>Coherent does not track water discharge quantities at this time. Our manufacturing processes consume relatively negligible amounts. As such, we have generally determined that over time water discharges are equal to water withdrawals, aside from losses due to evaporation. Coherent assumes discharges are approximately 85% of withdrawals.</p> <p>All Coherent sites discharge water to municipal sewage treatment systems.</p>

<p>Water discharges – volumes by treatment method</p>	<p>Not monitored</p>			<p>Coherent does not track water discharge quantities at this time. Our manufacturing processes consume relatively negligible amounts. As such, we have generally determined that over time water discharges are equal to water withdrawals, aside from losses due to evaporation. Coherent assumes discharges are approximately 85% of withdrawals.</p> <p>All Coherent sites discharge water to municipal sewage treatment systems.</p> <p>All industrial water is treated before it was discharged.</p>
<p>Water discharge quality – by standard effluent parameters</p>	<p>51-75</p>	<p>Unknown</p>	<p>Sampling test as environment standard.</p>	<p>Each site samples and tests sewage water as required by local environmental standards if industrial waste water is involved. Requirements vary by location.</p>
<p>Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other</p>	<p>Not relevant</p>			<p>No sites use priority substances in our processes.</p> <p>One site in Suzhou, China, was requested by local government</p>

priority substances)				<p>authorities to test for phosphates in water discharge even though the site does not use phosphates. Coherent complied with the request. All test results were negative.</p>
Water discharge quality – temperature	Not relevant			<p>Coherent water discharges are not at extreme temperatures for any of our manufacturing processes at any location.</p> <p>Where water in the manufacturing process reaches elevated temperatures, it will go through a waste water treatment facility and is at ambient / normal temperature prior to discharge to the municipal sewage system.</p>
Water consumption – total volume	Not monitored			<p>Water consumption in Coherent manufacturing processes is relatively negligible.</p>
Water recycled/reused	Not monitored			<p>Several Coherent sites recycle water in the manufacturing process to reduce water withdrawals. The quantity of recycled water and</p>

				corresponding amount of fresh water withdrawals avoided is estimated but not currently measured.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Yearly	Sampling and test by agents.	Coherent is committed to safe WASH services to all workers at all sites globally. Coherent conducts water quality tests at most sites annually. Several sites test quarterly where required by local regulatory requirements.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	2,337.5	Higher	Mergers and acquisitions	Higher	Mergers and acquisitions	In the previous reporting year, we reported 1,996.70 mega liters as our total water withdrawals. The previous year reporting excluded two business units due to data gathering

						<p>limitations, which are now included in this year's report (reporting boundary change)</p> <p>Additionally, Coherent completed a major acquisition on July 1, 2022, in the middle of the reporting year. Data from the acquired company and sites has been included from the date of acquisition forward.</p> <p>Coherent expects future year reporting to also increase as the recent acquisition was only included for half of the current reporting period based on a July acquisition and a Jan-Dec reporting period.</p>
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<p>Total discharges</p>	<p>1,986.88</p>	<p>Higher</p>	<p>Mergers and acquisitions</p>	<p>Higher</p>	<p>Mergers and acquisitions</p>	<p>In the previous reporting year, we reported 1,697.2 mega liters as our total water discharges. The prior year reporting excluded two business units due to data gathering limitations, which are included in this year's report (reporting boundary change)</p> <p>Additionally, Coherent completed a major acquisition on July 1, 2022, in the middle of the reporting year. Data from the acquired company and sites has been included from the date of acquisition forward.</p> <p>Coherent expects future year reporting to also increase as the recent acquisition</p>
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						was only included for half of the current reporting period based on a July acquisition and a Jan-Dec reporting period.
Total consumption	350.63	Higher	Mergers and acquisitions	Higher	Mergers and acquisitions	<p>In the previous reporting year, we reported 299.5 mega liters as our total water consumption. The prior year reporting excluded two business units due to data gathering limitations, which are included in this year's report (reporting boundary change)</p> <p>Additionally, Coherent completed a major acquisition on July 1, 2022, in the middle of the reporting year. Data from the acquired company and sites has been included from</p>

						<p>the date of acquisition forward.</p> <p>Coherent expects future year reporting to also increase as the recent acquisition was only included for half of the current reporting period based on a July acquisition and a Jan-Dec reporting period.</p>
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W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	Please explain
Row 1	Unknown	Coherent has not yet conducted a formal assessment of our water usage in areas with water stress. Coherent intends to complete a water stress analysis within the next two years.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain

Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant				No surface water usage.
Brackish surface water/Seawater	Not relevant				No surface water or seawater usage.
Groundwater – renewable	Not relevant				No groundwater-renewable usage.
Groundwater – non-renewable	Relevant	9.62	This is our first year of measurement	Other, please specify Sites using wells were not included in reporting last year due to data gathering limitations	Sites using wells were not included in reporting last year due to data gathering limitations. These data gathering issues were resolved for the current year.
Produced/Entrained water	Not relevant				Not relevant to Coherent operation
Third party sources	Relevant	2,327.88	Higher	Mergers and acquisitions	The prior year reporting excluded two business units due to data gathering limitations, which are included in this year's report (reporting boundary change) Additionally, Coherent completed a

					<p>major acquisition on July 1, 2022, in the middle of the reporting year. Data from the acquired company and sites has been included from the date of acquisition forward.</p> <p>Coherent expects future year reporting to also increase as the recent acquisition was only included for half of the current reporting period based on a July acquisition and a Jan-Dec reporting period.</p>
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W1.3

(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	4,429,600,000	2,337.5	1,895,016.04278075	Coherent is currently working to increase water recycling within its operations and establish water-related targets which should improve water withdrawal efficiency.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances
Row 1	Yes

W1.4a

(W1.4a) What percentage of your company’s revenue is associated with products containing substances classified as hazardous by a regulatory authority?

Regulatory classification of hazardous substances	% of revenue associated with products containing substances in this list	Please explain
Annex XVII of EU REACH Regulation	Don't know	Several Coherent products contain substances covered under REACH. Coherent complies with all applicable laws and regulations concerning such chemicals. Coherent does not track and report the % of revenue associated with these products.

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement	Primary reason for no engagement	Please explain
Suppliers	No	Judged to be unimportant	Coherent’s supply chain ESG program is still actively being developed. The relatively low impact of supplier water usage as compared to other ESG initiatives associated with Coherent’s business operations demand that we focus our resources on higher impact items at this time. Supplier water usage may be incorporated into the supply chain ESG program over time.
Other value chain partners (e.g., customers)	Yes		

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Customers

Type of engagement

Other

Details of engagement

Other, please specify

CDP Water disclosure; periodic discussions with customers on Coherent water usage and water savings activities

Rationale for your engagement

We disclose our water data in accordance with customer's requirement.

Impact of the engagement and measures of success

Disclosure of the data and resulting customer satisfaction.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Comment
Row 1	No	No Coherent site received any notification of violation, monetary punishment or compulsory instructions relating to water in 2022.

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

Identification and classification of	How potential water pollutants are identified and classified
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	potential water pollutants	
Row 1	Yes, we identify and classify our potential water pollutants	<p>We embed water related risk control into our environmental management systems. Major Coherent manufacturing sites are certified to the ISO14001 standard, including our 3 largest operations: Fuzhou, China; Wuxi, China; and Ipoh, Malaysia. 43% of all manufacturing sites were ISO 14001 certified as of July 2022.</p> <p>ISO certifications for all locations are publicly available at: https://www.coherent.com/company/quality-management</p> <p>Potential pollutants in water discharge are managed in basic compliance protocols related to ISO14001 requirements. Furthermore, all sites in China and Vietnam were requested by local government authorities to conduct Environment Impact Assessments (“EIA”). The EIAs studied water consumption and manufacturing processes to determine water pollutant components and control practices.</p>

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Other nutrients and oxygen demanding pollutants

Description of water pollutant and potential impacts

Coherent monitors both Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) as basic parameters in determining water quality.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain

We monitor and test for Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) in locations which discharge industrial waste water, in accordance with local permit requirements.

Several locations have installed wastewater treatment equipment to improve COD and BOD.

For example:

- Fuzhou, China, location installed 4 sets of bio-chemistry water treatment facility with daily capacity up to 380 tons. The site conducts monthly sampling in accordance with the local government agency requirements. Additionally, a pH meter is installed, which monitors pH and transmits the data to the regulatory agency's e-platform on daily basis.
- Guangzhou, China, site installed 1 set of chemical treatment facility to hold particles and improve COD and BOD. The site conducts quarterly sampling in accordance with the local government agency permit requirements.
- Suzhou, China, site installed a bio-chemistry water treatment facility which daily capacity is up to 20 tons. The site conducts monthly sampling in accordance with the local government agency permit requirements.

Water pollutant category

Inorganic pollutants

Description of water pollutant and potential impacts

Direct pollutants in water from cutting, polishing and slicing operations, which mainly consists of particles.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Resource recovery
Beyond compliance with regulatory requirements
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain

Several Coherent facilities conduct various cutting, grinding, slicing, and polishing operations, which use water during the polishing process to carry away waste particles.

Several sites have installed filtering and recycling loops to re-use water rather, reducing both pollution in discharged water and fresh water withdrawals.

Santa Rosa, California, site implemented a closed-loop recycling system for slicing

operations. By filtering and reusing water in the manufacturing process, water consumption was reduced by approximately 90%, saving approximately 9 megaliters of water per year, which is significant as Santa Rosa is in a drought-stressed region.

Zurich, Switzerland, installed a similar system saving 4 megaliters of water per year.

Easton, Pennsylvania, installed multiple water recycling systems, savings 27 megaliters of water per year.

Several other locations treat waste water prior to discharge.

For example, Fuzhou, China, site installed waste water treatment systems to neutralize certain chemical contaminants prior further treating with water through a bio-chemistry waste water treatment facility. The site installed a pH meter in each discharging station, which can alert the employees real-time if the meter detects an out-of-range condition, so that corrective action can be taken.

Water pollutant category

Other synthetic organic compounds

Description of water pollutant and potential impacts

Some Coherent operations introduce corrosive chemicals into water. For example, in Fuzhou, China, one manufacturing operation will discharge corrosive contaminated water (HF, H2SO4, Ammonia).

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

- Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
- Beyond compliance with regulatory requirements
- Industrial and chemical accidents prevention, preparedness, and response
- Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain

Some Coherent operations introduce corrosive chemicals into water.

For example, In Fuzhou, China, cutting and polishing of various materials is a common operation, which will introduce corrosive contaminants into water (HF, H2SO4, Ammonia). The site installed several chemical neutralization processes prior to discharge to bio-chemistry waste water treatment facility. Also, the Fuzhou site installed pH meters in each discharging station, to alert the employees in real-time to take action if the meter reads an out-of-specification condition; and installed dual-pipe systems for

leak protection on piping systems where chemicals are contained in order to avoid chemical spills.

Water pollutant category

Other, please specify
Pollutant in stormwater

Description of water pollutant and potential impacts

Miscellaneous pollutants in stormwater

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Beyond compliance with regulatory requirements

Please explain

In many locations, Coherent is subject to requirements from local authorities on stormwater control.

In Wuxi, the Chinese government imposes regulatory requirements on the material of stormwater pipelines, as well as high-performance specifications on pipeline joints. To comply with these requirements, the site invested \$300,000 to renovate the stormwater pipeline across the factory campus. The project was completed in March 2022. Furthermore, the site installed a main valve in the stormwater discharging station, and implemented sampling on stormwater before each discharge. If any pollutants exceed limits on the sample tests discharging is secured until remediation is completed.

In Fuzhou, China, the site completed a major stormwater system upgrade to completely separate the stormwater system from the sewage system.

Several other Coherent sites in the US and other countries are subjected to and comply with stormwater regulations.

Water pollutant category

Other, please specify
Unqualified Water Discharging

Description of water pollutant and potential impacts

Miscellaneous pollutants that could result from:
1) Uncontrolled discharges
2) Firefighting water in event of a fire on site

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Industrial and chemical accidents prevention, preparedness, and response

Please explain

For Coherent operations in China, all new construction or modified waste water treatment (WWT) facilities must include backup holding systems to prevent discharge in the event of abnormal operation.

For example, Fuzhou, China, sites installed 4 backup tanks in each WWT system. Each tank has ability to hold 1 day's capacity of discharged water for the attached process. If any abnormal issues are detected in the system, the backup tank allow us to hold the water without discharging while corrective actions are taken to get the WWT system back in order, without impacting production operations. Coherent's Suzhou, China, site, installed a similar backup tank while the site modified its existing WWT in 2022, to add 1 day's capacity for discharge water.

Coherent's Fuzhou, China, site also considers firefighting water containment in the event of an emergency situation. The site installed an empty underground tank for the purpose of collecting and holding firefighting water in case of a fire incident at our site. The underground tank has the capacity to hold up to 4-hours of fire hydrant water, for subsequent treatment and discharge. This mitigates the risk of uncontrolled discharge of contaminants in firefighting water even under significant fire incidents.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

International methodologies and standards

Tools and methods used

Environmental Impact Assessment
ISO 14001 Environmental Management Standard

Contextual issues considered

Water availability at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees
Local communities
Regulators
Water utilities at a local level

Comment

Water risk assessment is a component of our environmental management systems. 42% of Coherent sites are ISO14001 certified and evaluate water risk consistent with the ISO14001 standard. The results are reviewed by local management. A complete list of ISO14001 certified locations is available at <https://www.coherent.com/company/quality-management>.

Sites may also be subjected to governmental Environmental Impact Assessments (EIA), especially when the site seeks government approvals to conduct significant construction, expansion, or modification.

For example, in 2022, Coherent sites in Fuzhou and Wuxi, China, completed EIAs as part of government approvals for expansion of Coherent operations in both locations. Water risk is one of critical factor reviewed in the EIA, which considers water resources, demands, and treatment capacity. Similarly, a recent expansion project at Coherent's site in Vietnam included an EIA that assessed water consumption and waste water treatment and discharges.

Major water risks are periodically reviewed with the ESG Committee of the Board of Directors.

W3.3b

(W3.3b) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	Compliance and ISO14001	Regulatory Requirements, and Environmental Risk Assessment by ISO14001.	Government Regulatory Requirements and local water related utility treatment service providers.	<p>Each site conducts a regulatory compliance review process on stormwater and sewage water discharging and treatment. Sites take samples of stormwater and sewage water in accordance with regulation and/or permit requirements.</p> <p>For example in China, Coherent has 7 manufacturing locations participate with a regulatory update service and work on compliance review clause by clause. Water compliance is part of the regulatory review contents.</p> <p>In US, Coherent has multiple manufacturing sites and also participates with a regulatory update service. All sites establish a calendar which tracks the progress including periodic water sampling requirements and report submission.</p> <p>All sites certified with ISO14001 (42% of all Coherent manufacturing locations) were requested to implement annual identification and evaluation of environmental risks. Water risk is included as part of this environmental risk assessment.</p>

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only within our direct operations

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

In financial terms, a potential financial impact of \$10 million dollars or more is generally considered substantive. However, smaller amounts under this threshold may also be considered substantive if other significant qualitative factors are identified such as reputational risk or strategic significance.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	1	1-25	Coherent has identified at least one site exposed to water risk. A more complete evaluation of all facilities that may be subjected to water risk is planned in the next two years.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

China
Min Jiang

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company’s total global revenue that could be affected

Less than 1%

Comment

Coherent’s site in Fuzhou, China, is one of Coherent's largest facilities and is subject to frequent typhoon storm risk. The rainstorm caused by typhoons may impact the city’s sewage and drainage system, which could result in flood risk to the factory. Flooding could have multiple impacts to the site operations, including interruption of electricity supplies, site access, and risk of damage to equipment on the ground level. Business interruption could result for days to months, depending on the severity of the flood. Coherent mitigates these risks with a flood emergency response plan and annual emergency drills.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

China
Min Jiang

Type of risk & Primary risk driver

Acute physical
Cyclone, hurricane, typhoon

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Coherent’s site in Fuzhou, China, is one of Coherent largest facilities and is subject to frequent typhoon storm risk. The rainstorm caused by typhoons may impact the city’s sewage and drainage system, which could result in flood risk to the factory. Flooding could have multiple impacts to the site operations, including interruption of electricity supplies, site access, and risk of damage to equipment on ground level. Business interruption could result for days to months, depending on the severity of the flood. Coherent mitigates these risks with a flood emergency response plan and annual emergency drills.

Timeframe

Current up to one year

Magnitude of potential impact

Medium-low



Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Coherent has equipment deployed at ground-level. This figure includes both the potential cost of damage to the equipment as well as potential impact from business interruption. Estimate based on cost figures from prior flooding incidents at the site.

Primary response to risk

Amend the Business Continuity Plan

Description of response

The site emergency response plan includes flooding response specifically. During typhoon season, the site monitors weather and government reports carefully to assess risk of flooding. The site has an annual budget of \$30,000 for equipment and supplies specifically for flooding response, including personal protective equipment, de-watering pumps, and waterproof baffles. The site conducts flooding emergency drill at least annually.

Cost of response

30,000

Explanation of cost of response

The site has an annual budget of \$30,000 for equipment and supplies specifically for flooding response, including personal protective equipment, de-watering pumps, and waterproof baffles.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Not yet evaluated	Coherent has not conducted a comprehensive assessment of water risk in its value chain.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Coherent's operation team has completed multiple projects for water savings in various facilities around the globe.

Three sites invested in water purification systems which can recycle waste water from polishing and cutting operations for reuse, reducing fresh water withdrawals. With those efforts:

Zurich, Switzerland, saved ~ 4 megaliters of water per year.

Santa Rosa, California, saved ~9 megaliters of water per year.

Easton, Pennsylvania, saved ~27 megaliters of water per year.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

200,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Estimated savings of \$200,000 based on cost of water usage avoided during this reporting period. Total financial impact will continue to accrue over time with additional annual savings, and as similar projects are implemented in other Coherent locations through best-practice sharing. Additionally, reducing water usage mitigates the risk of potential operational impacts due to shortages. Total cumulative impact over time is potentially several million dollars, meeting the threshold of substantive impact.

Type of opportunity

Markets

Primary water-related opportunity

Strengthened social license to operate

Company-specific description & strategy to realize opportunity

Coherent’s operation in Dallas, Texas, received the 2021-2022 Blue Thumb Award released by Dallas Water Utilities. This is the 19th time our Dallas site won this annual award.

Coherent’s operation in Wuxi, China, was selected by the local environmental authority to contribute to the education of other companies about improving environmental performance through best practice sharing, including wastewater discharge practices. Only two companies were selected as contributors. By leveraging Coherent’s contributions, 10 other local companies were recognized by the Chinese government for improved environmental performance. Additionally, Coherent’s Wuxi site received four awards from local government agencies for their contribution to community environmental improvement initiatives.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

This public recognition enhances Coherent's reputation in the local community. We are not able to quantify this benefit in monetary terms.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Fuzhou, China

Country/Area & River basin

China

Min Jiang

Latitude

26.088183

Longitude

119.367559

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

616.7

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

616.7

Total water discharges at this facility (megaliters/year)

524.2

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

524.2

Total water consumption at this facility (megaliters/year)

92.5

Comparison of total consumption with previous reporting year

About the same

Please explain

2022 Water withdrawal for the Fuzhou facility was 615 megaliters which is slightly reduced from the prior year (2021) at 622 megaliters. The site had increased production, but also implemented water efficiency projects that more than offset the increase and resulted in a net reduction in water usage for the year.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

76-100

Verification standard used

Coherent contracts with a third party service to manage all utility (energy and water) invoices globally. Amounts stated in this disclosure have been verified by the third party through data collection and analysis of utility invoices.

Water withdrawals – volume by source

% verified

76-100

Verification standard used

Coherent contracts with a third party service to manage all utility (energy and water) invoices globally. Amounts stated in this disclosure have been verified by the third party through data collection and analysis of utility invoices.

The Fuzhou, China, site only uses municipal water supply.

Water withdrawals – quality by standard water quality parameters

% verified

76-100

Verification standard used

GB5749-2006 Standards for Drinking Water Quality
Coherent management requires all sites to conduct annual water supply quality tests if used for drinking water purposes. Water supply to the Fuzhou, China, site is used for manufacturing processes and also for drinking, so the site conducted the required testing.

Water discharges – total volumes

% verified

Not relevant

Please explain

Coherent does not measure water discharges. The amounts reported are estimated at 85% of withdrawals.

Water discharges – volume by destination

% verified

Not relevant

Please explain

Coherent does not measure water discharges. The amounts reported are estimated at 85% of withdrawals.

All water is discharged to a municipal sewage water treatment plant through sewage water pipeline.

Water discharges – volume by final treatment level

% verified

Not relevant

Please explain

Coherent does not measure water discharges. The amounts reported are estimated at 85% of withdrawals.

All water is discharged to a municipal sewage water treatment plant through sewage water pipeline.

Water discharges – quality by standard water quality parameters

% verified

76-100

Verification standard used

GB8978-1996 Integrated Wasterwate Discharge Standard

The site sampled all wasterwater according to environment code requirements on a quarterly basis. Sampling reports were shared with local environment law enforcement agency.

Water consumption – total volume

% verified

Not relevant

Please explain

Coherent does not measure water discharges or consumption. Coherent products do not consume significant amounts of water, but some water is lost due to evaporation in the process. Discharges are estimated at 85% of withdrawals.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

No, but we plan to develop one within the next 2 years

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual or committee	Responsibilities for water-related issues
Board-level committee	<p>The Environment, Social, and Governance (ESG) Committee role includes oversight of ESG by, among other things:</p> <ul style="list-style-type: none"> • providing guidance on and oversight of the company’s ethical culture and sustainability vision, and its environmental, social, and governance goals; • ensuring that the governance of the company meets the requirements of applicable law; and • ensuring that the Board defines the qualifications for, and considers and appoints, qualified candidates for all Board positions, and for the CEO position. <p>Water-related issues fall within the ESG Committee oversight responsibilities.</p> <p>The charter of the ESG Committee authorizes it to select, retain and obtain, in its sole discretion, consultants, independent legal counsel, or other advisors to assist it in its responsibilities.</p> <p>The ESG Committee meets as often as it determines is necessary, but at least quarterly and is briefed by the Chief Sustainability Officer on strategic issues related to ESG, proposed targets and initiatives, and progress / issues against those targets. The committee supports the company’s efforts by overseeing ESG strategy and alignment with the company’s overall business outlook and stakeholder engagement.</p> <p>The ESG Committee is consists of at least three independent members of the Board.</p> <p>An example of a water-related decision by the Committee is the decision in 2022 to engage a third-party sustainability partner to quantify our water footprint and identify areas of opportunity in our manufacturing processes to optimize water use.</p>

W6.2b

(W6.2b) Provide further details on the board’s oversight of water-related issues.

Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain

<p>Row 1</p>	<p>Scheduled - some meetings</p>	<p>Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding strategy Setting performance objectives</p>	<p>The Board provides broad oversight of ESG issues via the ESG Committee. The Chairs of the ESG Committee and Board routinely meet (at least quarterly) to prepare the meeting agenda for the ESG Committee. The Chair of the ESG Committee makes regular reports to the Board and, from time to time, meets in executive session without management presence.</p> <p>Additionally, Company management, including the Chief Sustainability Officer, report to the ESG Committee and the Chief Sustainability Officer is responsible for oversight of internal employees employed to monitor, access and address water-related issues.</p> <p>The Chief Sustainability officer routinely meets with the ESG Committee – providing reports on various subjects – including, to the extent necessary, water-related issues.</p> <p>There are a number of other company policies which address ESG related issues to which the directors, officers and employees are subject, including policies on water-related issues.</p>
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W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	<p>Board member(s) have competence on water-related issues</p>	<p>Criteria used to assess competence of board member(s) on water-related issues</p>
<p>Row 1</p>	<p>Yes</p>	<p>As noted in our 2022 Proxy Statement (available on the SEC.GOV website – and the Coherent.com website), as of the end of FY22, seven Board members had expertise in Risk Management and ESG, including the ESG Committee Chair and all members of the ESG Committee.</p> <p>The ESG Committee and, by extension, the Board assess the competence of the member of the ESG Committee through an</p>

		<p>evaluation process – undertaken by the ESG Committee and set forth in its charter. Here is an excerpt therefrom:</p> <p>Nominations</p> <ol style="list-style-type: none"> a. Evaluates the size, composition, and organization of the Board and its committees, determines future requirements, and makes recommendations to the Board for approval. b. Assesses and monitors the developmental requirements of Board members and provides training and development opportunities. c. Reviews and assesses and makes recommendations to the Board regarding the desired qualifications, qualities, skills and other expertise required to be a director and criteria to be considered in selecting nominees for director – which criteria shall be set forth in the Company’s Corporate Governance Guidelines (the “Director Criteria”). d. Identifies and screens (including through the engagement and use of third-party search firms) individuals qualified to become members of the Board, consistent with the Director Criteria. The Committee shall consider director candidates recommended by the Company’s shareholders who are validly made in accordance with applicable laws, rules and regulations and the provisions of the Company’s Bylaws. e. Makes recommendations to the Board regarding the selection and approval of the nominees for director to be submitted to a shareholder vote at the annual meeting of shareholders or any special meeting of shareholders at which directors are to be elected. f. Considers the performance and suitability of incumbent directors in determining whether to nominate them for re-election.
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W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Sustainability Officer (CSO)

Water-related responsibilities of this position

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Conducting water-related scenario analysis
- Setting water-related corporate targets
- Monitoring progress against water-related corporate targets
- Managing public policy engagement that may impact water security

Frequency of reporting to the board on water-related issues

As important matters arise

Please explain

The Chief Sustainability Officer oversees all ESG related matters in the company, including water, updates the ESG Committee of the Board of Directors on progress, issues, challenges, and accomplishments. Our water-related management activities are still actively being developed. As such, reports to the Board are presented on an ad hoc basis based on the impact and significance of the issue. As the Coherent water management program matures, more frequent/routine reports to the Board each quarter are anticipated.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	Given the relatively low impact of water issues on Coherent's business operations as compared to other ESG initiatives, such incentives are not being contemplated at this time.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, and we have no plans to do so

🗨️ We will disclose water related information in ESG report since 2023 (for 2022 disclosure)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Please explain
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Long-term business objectives	No, water-related issues not yet reviewed, but there are plans to do so in the next two years	Coherent has not conducted a formal water assessment, but plans to conduct a water stress related assessment of our Direct Operations in the next two years. The results of this assessment will factor into our business objectives, strategy for achieving those objectives, and financial planning.
Strategy for achieving long-term objectives	No, water-related issues not yet reviewed, but there are plans to do so in the next two years	Coherent has not conducted a formal water assessment, but plans to conduct a water stress related assessment of our Direct Operations in the next two years. The results of this assessment will factor into our business objectives, strategy for achieving those objectives, and financial planning.
Financial planning	No, water-related issues not yet reviewed, but there are plans to do so in the next two years	Coherent has not conducted a formal water assessment, but plans to conduct a water stress related assessment of our Direct Operations in the next two years. The results of this assessment will factor into our business objectives, strategy for achieving those objectives, and financial planning.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

7

Anticipated forward trend for OPEX (+/- % change)

7

Please explain

Water-related OPEX is expected to increase as the result of the acquisition of Coherent, Inc., on July 1, 2022. This acquisition occurred during this reporting period, and associated facilities were included from the date of acquisition and moving forward. Therefore, the acquired facilities were only included for a portion of the reporting period. As such, next year OPEX will increase as these facilities will be included for the next full reporting year.

This increase is partially offset by water efficiency projects.

While several water-related CAPEX projects occurred in 2022, water-related CAPEX is not tracked. No significant change to CAPEX is expected next year, and Coherent does not have plans to track water-related CAPEX at this time.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	Coherent has not conducted a formal water assessment, but plans to conduct a water stress related assessment of our Direct Operations in the next two years. The results of this assessment will factor into our business objectives, strategy for achieving those objectives, and financial planning. Once this analysis is complete, Coherent will consider what additional scenario analysis is appropriate.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

Water supply is considered a low risk to our operations at this time. Coherent has not current plan to implement an internal price on water.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, and we do not plan to address this within the next two years	Judged to be unimportant, explanation provided	Coherent does not currently classify any of its products or services according to water impact, and has determined that currently none of our products or services have

			sufficient water impact to warrant a more formal study at this time.
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W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

No, but we plan to within the next two years

W8.1c

(W8.1c) Why do you not have water-related target(s) and what are your plans to develop these in the future?

	Primary reason	Please explain
Row 1	Insufficient data on operations	Coherent has contracted with a third-party agency to assist in water data collection on a global basis. This process began in 2022. Several facilities have already implemented water savings projects, and additional water savings projects are planned. However, Coherent is not able to establish an informed quantitative target without further analysis. Coherent will assess and consider reasonable targets for water reduction in the next two years based on an analysis of current state as well as what realistic water related targets are achievable.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, we are waiting for more mature verification standards and/or processes

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Please explain
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Row 1	Not mapped – and we do not plan to within the next two years	<p>Coherent uses some plastics in our operations.</p> <p>The results of an internal materiality assessment on a variety of ESG topics did not rank plastic usage as a materially significant issue for Coherent. Our ESG related efforts and resources are focused on more impactful issues for Coherent such as greenhouse gas emissions and water usage.</p>
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W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Please explain
Row 1	Not assessed – and we do not plan to within the next two years	<p>Coherent uses some plastics in our operations.</p> <p>The results of an internal materiality assessment on a variety of ESG topics did not rank plastic usage as a materially significant issue for Coherent. Our ESG related efforts and resources are focused on more impactful issues for Coherent such as greenhouse gas emissions and water usage.</p>

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Please explain
Row 1	Not assessed – and we do not plan to within the next two years	<p>Coherent uses some plastics in our operations.</p> <p>The results of an internal materiality assessment on a variety of ESG topics did not rank plastic usage as a materially significant issue for Coherent. Our ESG related efforts and resources are focused on more impactful issues for Coherent such as greenhouse gas emissions and water usage.</p>

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Please explain
Row 1	No – and we do not plan to within the next two years	<p>Coherent uses some plastics in our operations.</p> <p>The results of an internal materiality assessment on a variety of ESG topics did not rank plastic usage as a materially significant issue for Coherent. Our ESG related efforts and resources are focused on more</p>

	impactful issues for Coherent such as greenhouse gas emissions and water usage.
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W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	Coherent does not have this type of production in our manufacturing processes.
Production of durable plastic components	No	Coherent does not have this type of production in our manufacturing processes.
Production / commercialization of durable plastic goods (including mixed materials)	No	Coherent does not have this type of production in our manufacturing processes.
Production / commercialization of plastic packaging	No	Coherent does not have this type of production in our manufacturing processes.
Production of goods packaged in plastics	No	Coherent does not have this type of production in our manufacturing processes.
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	No	Coherent does not have this type of production in our manufacturing processes.

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Sustainability Officer	Chief Sustainability Officer (CSO)



Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

No

Please confirm below