	Coherent Corp. and its subsidiaries ("Coherent" or the "company") *Subject:* **ENTERPRISE RISK MANAGEMENT (ERM) POLICY** *Effective Date:* March 17, 2023	**Policy No. ERM-001**

1.0 PURPOSE AND INTRODUCTION

Coherent Corp. is committed to ensuring that risk management is a core capability and an integral part of all activities. Coherent Corp. has developed an enterprise risk management (ERM) framework to outline our approach to managing change and uncertainty. The ERM framework applies to all levels of the organization and assists in achieving the company's strategic objectives by bringing a systematic approach to identifying, analyzing, mitigating, and reporting risks. The ERM process enables enhanced and proactive decision-making. This framework is intended to provide direction that ensures that the information collected about risk is shared in a relevant and timely manner, and that this information-sharing leads to continuous improvement.

2.0 SCOPE

This policy has been established for Coherent Corp. and its divisions and subsidiaries, either wholly or majority owned (hereafter Coherent). It applies to all employees, contractors, consultants, and suppliers of Coherent.

To meet the company's strategic goals, the Executive Leadership and the Board of Directors have committed to developing rigorous, structured, and effective risk management processes across the organization. The ERM framework is developed to:

- Establish common risk language and direction related to risk management.
- Assign responsibilities for risk oversight among the Board and other stakeholders.
- Identify critical risks and opportunities in the company's activities and strategy.
- Increase the likelihood that strategic objectives will be achieved.
- Facilitate open communication with respect to risk and risk tolerance.

The ERM process is designed to:

- Identify potential events and trends (risks) that may significantly affect the company's ability to achieve its strategic goals or maintain its operations.
- Assess those risks against the company's level of risk tolerance to provide reasonable assurance that the company's objectives will be achieved.
- Empower employees at all levels of the organization to identify, evaluate, and respond to risks within their scope of authority and responsibility.

Coherent Corp.'s objectives for enterprise risk management include:

- Integrating risk management into the culture and strategic decision-making of the company.
- Anticipating and responding to changing social, environmental, and legislative conditions.
- Managing risk according to best practice and demonstrating due diligence in decision-making.
- Regarding legal compliance as a minimum standard.
- Balancing the cost of managing risk with the anticipated benefits.
- Raising awareness of the need for risk management.

3.0 RESPONSIBILITY

This policy will be governed by the Strategy, Technology, Acquisition, and Risk (STAR) Committee of the Board of Directors of Coherent. On a periodic basis, and as necessary, this governing body will recommend goals and resources in the area of enterprise risk management. This effort will be chaired by the Chief Sustainability Officer, who will also provide administrative leadership to the ERM program. The Chief Sustainability Officer will update the STAR Committee on the activities of the

ERM program. A Risk Champion Council, led by the Vice President, Global Risk and Corporate Sustainability, will provide recommendations and lead the day-to-day ERM projects.

Executive Leadership
Members of the company's Executive Leadership are accountable for strategic risk management, including the delegation of the ERM process to those in their organizations.

Collectively, the Executive Leadership is responsible for:
- Formal identification of strategic risks that have an impact on the company's goals.
- Determination of priorities and risk rankings.
- Development of strategic risk management plans.
- Monitoring progress in managing risk.

Vice President, Global Risk and Corporate Sustainability
The Vice President, Global Risk and Corporate Sustainability, coordinates ERM for the company, and in that role:
- Leads the Risk Champion Council.
- Oversees and maintains the ERM framework.
- Annually facilitates and coordinates the process of identifying, reviewing, and ranking risks.
- Supports the development of a risk register for the company.
- Monitors risks in the company's risk register.
- Facilitates action in those areas where improvements are required.

Corporate and Business Unit Leaders
Corporate and business unit leaders are accountable for implementing this policy within their respective areas of responsibility. They:
- Incorporate risk management into their departmental/unit planning processes and management activities.
- Actively participate in the risk assessment and risk management process.
- Report on the status of risks as part of the review cycle.

Risk Champion Council
The Risk Champion Council oversees the ERM processes identified herein. The Council is a cross-functional team comprising a range of operational, executive, and functional leaders and will meet a minimum of four times per year. Its responsibilities include:
- Reviewing risk assessments.
- Ensuring that critical enterprise risks are being considered by the Executive Leadership and Board.
- Assigning risk owners.
- Following up on mitigation plans and results.
- Managing the risk register.
- Promoting a risk-aware culture.
- Collecting risk information from all sources.

Coherent Employees
All employees are responsible for the effective management of risk, including the identification of potential risks. Management is responsible for the development of risk management processes and

the implementation of risk mitigation measures. Risk management processes will be integrated into existing planning processes and management activities.

4.0 KEY TERMS

Risk – the effect of uncertainty on business objectives. Risk typically refers to an event and related consequences and is often described in terms of the impact and the likelihood of occurrence. A risk may be positive, negative, or both, and may address, create, or result in opportunities and threats.

Risk Management – coordinated activities to identify, assess, and respond to risk.

Enterprise Risk Management (ERM) Framework – the plans, directions, and guidelines to strengthen risk management practices within the company.

Inherent Risk – the level or amount of risk without management or control.

Residual Risk – the level or amount of risk with management or control.

Risk Owner – the person or group with the responsibility and authority to manage a risk.

Risk Tolerance – the level of risk the company is willing to accept. The risk tolerance may be different for different risks and should be aligned with overall strategic objectives. Risk tolerance will inform the company's risk management approach.

Risk Register – official recording of the identified risks facing the company. A catalog of the significant risks (with impact and likelihood assessed) forms the risk register.

Control – measure or action to modify risk. Controls include the policies, procedures, reporting, and initiatives performed by individuals to ensure that the desired risk response is carried out. These activities take place at all levels and functions of the company.

Likelihood – the probability of an event occurring.

Impact – The severity of an event.

5.0 THE POLICY

The methodology for risk management is outlined in the ERM framework. The ERM process is continuous and should be applied at both the enterprise level and the operational unit level.
The principles for managing risk are:

- The Board of Directors oversees risk management within the company.
- The Board of Directors adopts an open and receptive approach to solving problems and managing risks.
- The Executive Leadership supports, advises on, and implements policies approved by the Board of Directors.
- The Executive Leadership makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks and opportunities.
- Business Leaders encourage good risk management practices within their units.
- Key risk indicators are identified, mitigated, and monitored on a regular basis.

6.0 RECORD KEEPING AND RETENTION

The Vice President, Global Risk and Corporate Sustainability, is accountable for appropriate recordkeeping in accordance with Coherent document retention policy.

7.0 CONSEQUENCES FOR FAILURE TO COMPLY

Failure to comply with this policy may prevent the company from achieving its strategic and operational objectives. Violations of this policy may result in disciplinary action, including termination. A location's normal progressive disciplinary process will be followed, but egregious violations can result in skipping steps and/or immediate termination. This is the responsibility of each organizational leader, and violations and corrective actions must be reviewed with the Chief Sustainability Officer and the Human Resources department.

8.0 QUESTIONS AND REPORTS

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

9.0 COMMUNICATION

The Chief Sustainability Officer is responsible for communicating this policy to the senior executives of our segments, business units, and corporate/functional areas, who then have the direct responsibility to ensure communication, understanding, and compliance within their organizations. This policy and any future changes will be communicated by the Chief Sustainability Officer. The company reserves the right to modify this policy, as needed, to reflect changes in applicable laws or otherwise.

Related Information

Procedures and Standards:
- International Standard ISO 31000:2018, Risk Management – Guidelines
- Enterprise Risk Management framework (in development)

APPROVALS	APPROVALS COMPLETED DATE
Tim Challingsworth, Chief Sustainability Officer	March 17, 2023

REVISION HISTORY

Revision	Date	Description of Change	Requested By
Original	3/15/2023		