

Biodiversity Risk Assessment Report

Prepared for Coherent Corp

July 13, 2023

Biodiversity Risk Screening Overview

Siemens completed a biodiversity risk screening analysis for Coherent Corp’s (Coherent) global facility portfolio consisting of 124 locations. The World Wildlife Fund (WWF) Biodiversity Risk Filter was used to identify biodiversity risks and prioritize locations for further analysis. The WWF biodiversity risk tool is recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). Siemens entered Coherent locations within the WWF Biodiversity Risk Filter and summarized potential risk categories (i.e., Provisioning Services, Regulating & Supporting Services - Enabling, Regulating Services - Mitigating, Cultural Services, Pressures on Biodiversity, Environmental Factors, Socioeconomic Factors, Additional Reputational Factors), as well as risk indicators. The Biodiversity Risk Filter identified two Coherent locations which scored within the “high risk” classification in the Environment Factors category. Proximity to protected/conserved areas and other important delineated areas were the indicators responsible for the “high risk” scoring at these two locations. Relevant personnel at the sites were contacted to discuss proximity to biodiversity-sensitive areas. It was verified that operations at both sites have very little to no impact on the local biodiversity. Additionally, around half the locations were in areas with high natural disaster risk (i.e., tropical cyclones, extreme heat, landslides, or fire hazards), which can be taken into consideration during the organization’s risk planning.

Biodiversity Risk Screening Results

Risk Filter Methodology

The World Wildlife Fund (WWF) released a Biodiversity Risk Filter tool in January of 2023. WWF designed this to be used as a corporate and portfolio-level screening tool to help prioritize action on addressing biodiversity risks and opportunities to improve resilience and sustainability. WWF is working on expanding and further developing the Biodiversity Risk Filter tool, including expanding risk categories to include regulatory risks associated with Biodiversity. WWF is also currently developing a “Respond” module which will include processes and recommendations on how to mitigate biodiversity risk and enhance corporate resiliency.

Category aggregated risk scores are computed based on a specific industry sector’s direct impacts and dependencies on biodiversity. The industry sector most closely aligned with Coherent’s operations was electronic and semiconductor manufacturing and was used for the analysis below. For an overview of how each risk category is weighted based on specific industries, please see WWF’s Dependencies & Impact webpage ([BRF | Overview – Dependencies & Impacts \(riskfilter.org\)](https://www.riskfilter.org/BRF-Overview-Dependencies-Impacts)). Each risk category score is determined based on the key indicators that represent an aspect of biodiversity-related risk, see below. For indicator description and detailed overview of indicator scoring method, please see WWF’s Interpretation Guidance ([WWF Biodiversity Risk Filter - Data & Methods](https://www.riskfilter.org/WWF-Biodiversity-Risk-Filter-Data-Methods)).

Risk Category	Indicators
Provisioning Services	Water Scarcity
	Forest Productivity and Distance to Markets
	Limited Wild Flora & Fauna Availability
	Limited Marine Fish Availability

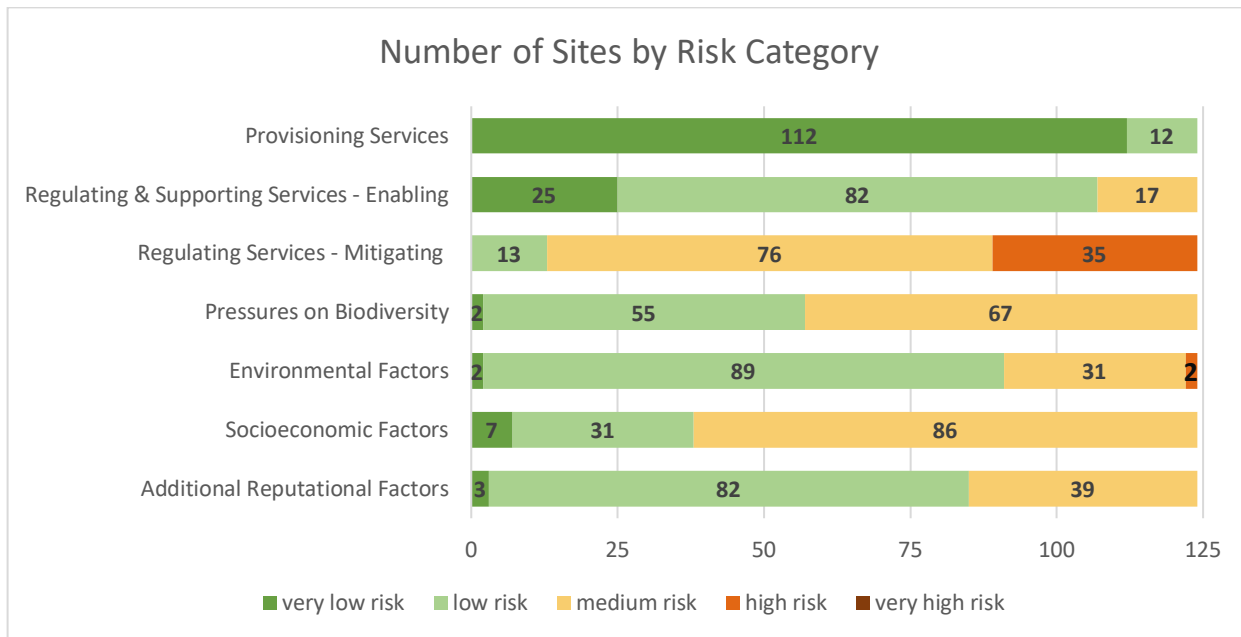
Regulating & Supporting Services - Enabling	Soil Condition
	Water Condition
	Air Condition
	Ecosystem Condition
	Pollination
Regulating Services - Mitigating	Landslides
	Fire Hazard
	Plant/Forest/Aquatic Pests and Diseases
	Herbicide Resistance
	Extreme Heat
Tropical Cyclones	
Cultural Services	Tourism Attractiveness
Pressures on Biodiversity	Land, Freshwater and Sea Use Change
	Tree Cover Loss
	Invasives
	Pollution
Environmental Factors	Protected/Conserved Areas
	Key Biodiversity Areas
	Other Important Delineated Areas
	Ecosystem Condition
	Range Rarity
Socioeconomic Factors	Indigenous Peoples (IPs); Local Communities (LCs) Lands and Territories
	Resource Scarcity: Food - Water - Air
	Labor/Human Rights
	Financial Inequality
Additional Reputational Factors	Media Scrutiny
	Political Situation
	Sites of International Interest
	Risk Preparation

After analyzing the inputted geographic location, an industry-specific score is provided for each indicator and aggregated risk category. WWF risk scores are provided on a scale of 1 to 5, classified from “very low risk” to “very high risk”, see below. WWF recommends establishing a threshold used to identify sites to focus on. Risk scores can also be assessed at an aggregated risk category level or an individual indicator level. For this report, Siemens used “high risk” classification of the aggregated risk category as the threshold for warranting further location investigation.

- Very Low Risk (1.0-1.8)
- Low Risk (1.8-2.6)
- Medium Risk (2.6-3.4)
- High Risk (3.4-4.2)
- Very High Risk (4.2-5.0)

Coherent Corp’s Biodiversity Risk Results

The complete Coherent global portfolio consisting of 124 locations were analyzed using the Biodiversity Risk Filter tool. See scoring by risk category below. Almost all sites scored medium to high risk in the Regulating Services – Mitigating category which is the result of natural disaster risks in most areas (i.e., tropical cyclones, extreme heat, landslides, or fire hazards). Risks of natural disasters should be considered in Coherent’s risk and resiliency strategy planning.



Of particular concern for biodiversity, two locations scored “high risk” for the Environmental Factors category, Laguna - Laser Enterprise Division (ASPHLA) in Laguna, Philippines and Longmont (USCOLO) in Colorado, USA. Both locations scored “high risk” in the Protected/Conserved Areas indicator and Other Important Delineated Areas indicator, resulting in an overall “high risk” score for that category. Proximity to Protected Areas was determined using the World Database on Protected Areas which collects data from international convention secretariats, governments, and collaborating NGOs to define Protected Areas. These indicators also evaluate proximity to Key Biodiversity Areas, which are ‘sites contributing significantly to the global persistence of biodiversity’, in terrestrial, freshwater and marine ecosystems. Sites qualify as Key Biodiversity Areas if they meet one or more of 11 criteria, clustered into five categories: threatened biodiversity; geographically restricted biodiversity; ecological integrity; biological processes; and, irreplaceability.

WWF does not provide the exact list of Protected Areas, Key Biodiversity Areas, or Other Delineated Areas that result in the “high risk” score for particular locations. To get a better understanding of the local geographies, Siemens analyzed the World Database on Protected Areas to determine the biodiversity-sensitive areas within 50 km of each location. Laguna has 4 Key Biodiversity Areas and 12 Protected Areas in close proximity, most notably Mount Makiling Forest Reserve, Taal Volcano Protected Landscape, and Mts. Banahaw-San Cristobal. Longmont has 801 Protected Areas within close proximity, most notably Rocky Mountain National Park, Indian Peaks, Rocky Flats National Wildlife Refuge, and North St. Vrain.

Representatives from both sites were contacted to discuss proximity to biodiversity-sensitive areas and provide feedback and prospective. The Longmont location has diverse biodiversity nearby, but the site representative verified that their operations have very little impact on the environment as operations primarily include assembly with only a little fabrication activity on-site. Additionally, little industrial waste is generated and does not require special handling. The Laguna site is located within an industrial zone and does not impact the biodiversity areas located outside of the city. Overall, it was confirmed that while biodiversity-sensitive areas are in proximity to two Coherent locations, their operations have little to no impact on the local biodiversity.