


# Environmental, Social and Governance

## 2021 Report

# Letter to Stakeholders

nLIGHT Stakeholders,

We founded nLIGHT in 2000 with a vision that significant advancements in high-power semiconductor lasers would lead to profound improvements in important applications. Over the course of two decades, improvements in our laser technology have been much greater than we could have expected, and the range of applications much broader than we had hoped.

We also started nLIGHT with the intention of building a great, enduring company. The purpose with which we founded nLIGHT is same one that continues to guide us today: to develop and manufacture innovative lasers that improve existing applications and enable new products that significantly benefit society. At the same time, we also strive to be a good employer, be responsible stewards of our environment, and support the communities in which we operate.

The goals that informed our view of a great, enduring company fit well into our first ESG report. We believe it is important to highlight the specific initiatives that are fundamental to our strategy and our role as an innovator. We believe that these initiatives deliver clear efficiencies and operational improvements and will enhance our long-term financial performance by providing strategic differentiation.

Our mission is to make the impossible possible and we feel fortunate to be working on important technology that benefits society. We are proud of our achievements, and we remain committed to making further improvements that will support our goal of building a great, enduring company.

Scott Keeney
CEO and Co-Founder

# nLIGHT Overview

| | |
|---|---|
| **Focus:** | High-power semiconductor and fiber lasers |
| **Founded:** | 2000 |
| **Headquarters:** | Vancouver, WA USA |
| **Sales:** | $223 Million in 2020<br>>20% CAGR 2014 – 2020 |
| **Employees:** | > 1,275 |
| **Patents:** | > 500 issued and pending |
| **Technology:** | Vertically integrated with leading technology in semiconductor and fiber lasers |
| **Applications**: | Industrial, microfabrication, and aerospace & defense |

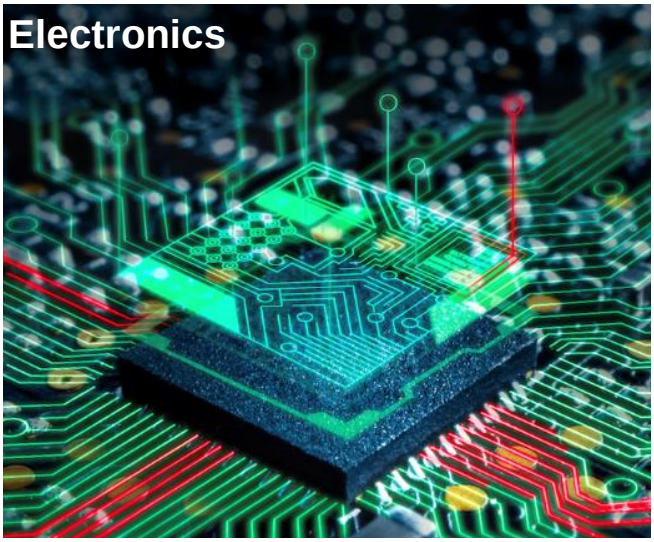
# Purpose

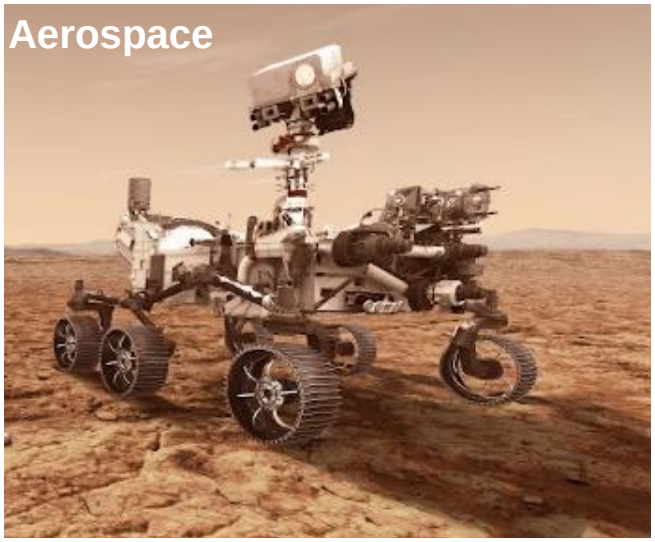
**Revolutionizing laser technology. Making the impossible possible.**

# Purpose

nLIGHT continues to advance our core purpose to make the impossible possible. Our lasers have both replaced legacy technologies and enabled important new applications. Our lasers enable new surgical procedures; manufacture a broad range of electronic devices; cut and weld metal to enable new electric vehicles; and guide spacecraft. We continue to see a proliferation of applications that are enabled by our lasers.






# Environmental

Lasers play a vital role in reducing the environmental impact of a wide range of manufacturing processes. Lasers not only offer dramatic benefits in operating costs, but they also typically reduce waste and pollution related to these processes.

| | Lasers vs. Traditional Manufacturing |
|---|---|
| **Energy** | Semiconductor and fiber lasers are an efficient way to convert electrons into photons to provide for concentrated delivery of energy. Lasers can save over 70% of total energy consumption when compared to legacy industrial processes. |
| **Waste** | Laser applications are typically data-driven, turning a digital pattern directly into a physical product without the use of physical templates like mold, die, or mask. In addition, laser processing is non-contact and eliminates waste from degradation involved in legacy mechanical processing. |
| **Raw Material** | Laser material processing enables use of lighter weight material and can reduce car body components weight by over 40%. |
| **Pollution** | Laser processing often requires fewer supplements such as fluid or gases and the water used to treat these chemicals. |

Reference: Jay Huang, Bernstein.

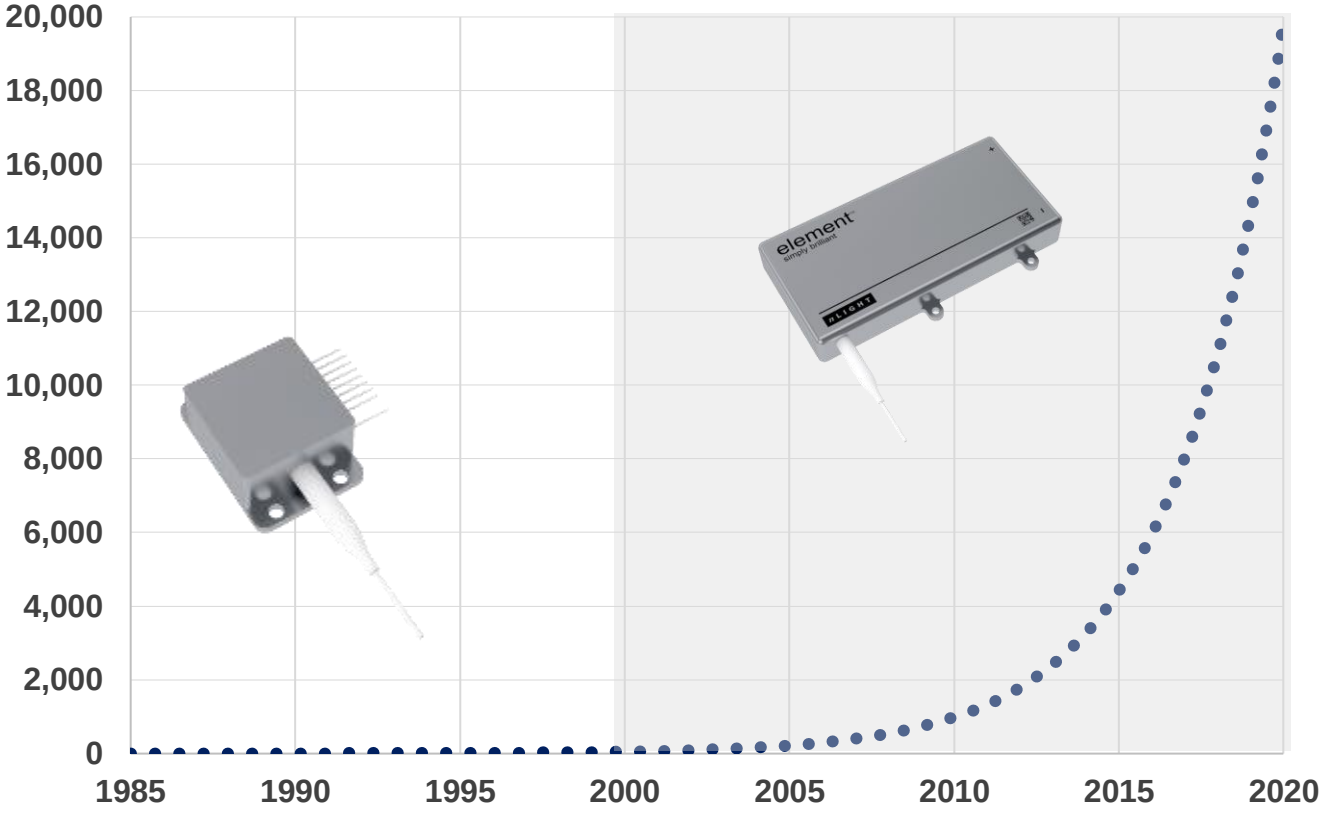
# Environmental

nLIGHT is fundamentally in the energy transfer business. Our semiconductor and fiber lasers convert electrons into photons that displace legacy technologies in a broad range of end markets and applications.

In 2005, we pioneered a multiplexed single-chip architecture for high-power semiconductor laser packaging. Prior to this advancement, high-power semiconductor lasers were based in bar-type architectures that had inherently limited brilliance and reliability. Our approach results in the most reliable and brilliant and commercially reliable lasers worldwide.

## High-Power Semiconductor Laser Brilliance

Brilliance Normalized (Watt / $cm^2$ -sr)




Source: Management's estimates based on publicly available industry data – power coupled into 105 um fiber.

# Environmental

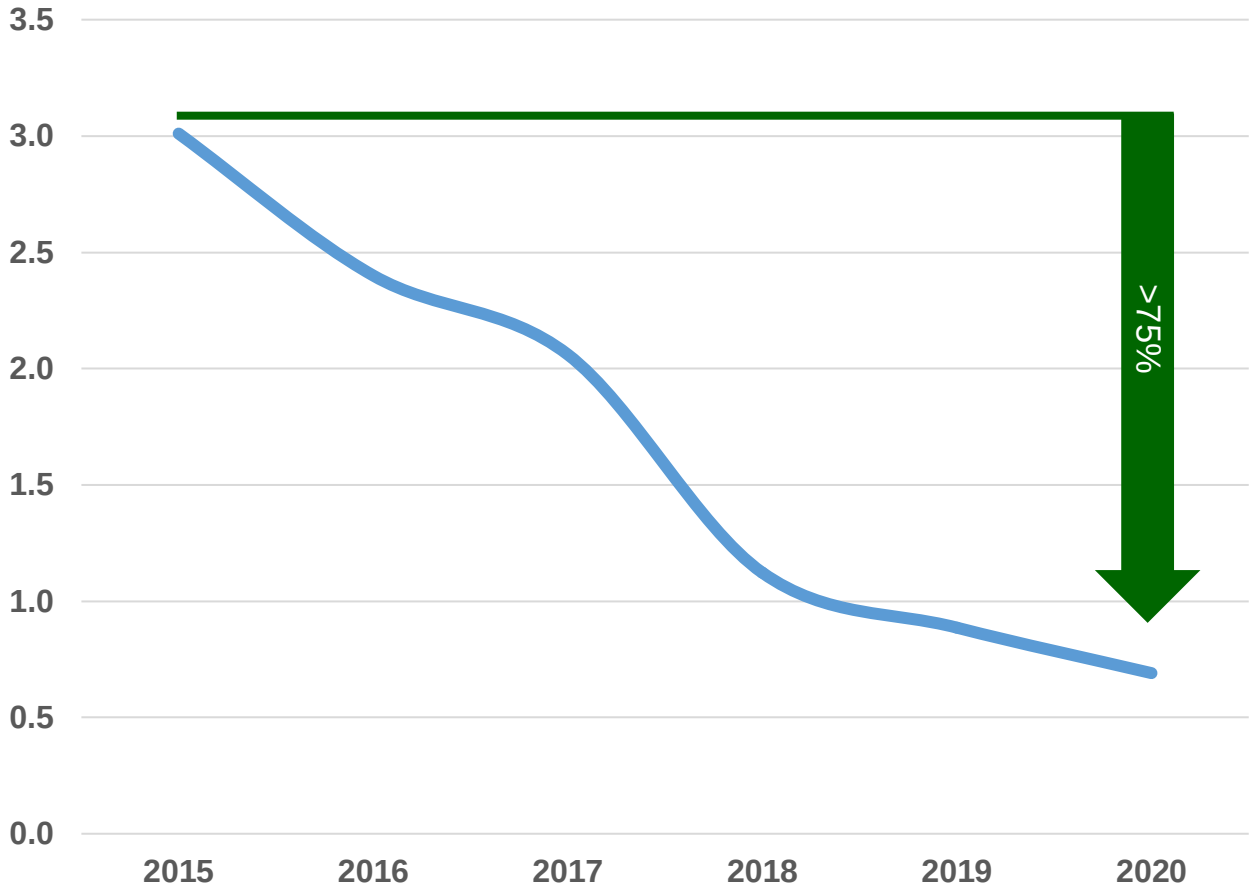
We incorporate environmental considerations into all aspects of our business, including product design, manufacturing, and customer use.

In addition to relentless product innovation, we have significantly improved energy efficiency across our organization through a wide range of energy stewardship projects.

As a result, we've reduced our kilowatt-hours of electricity used per laser megawatt produced by more than 75% since 2015.

## Electricity Usage

kWh Energy Consumption / Laser mW Produced



# Environmental

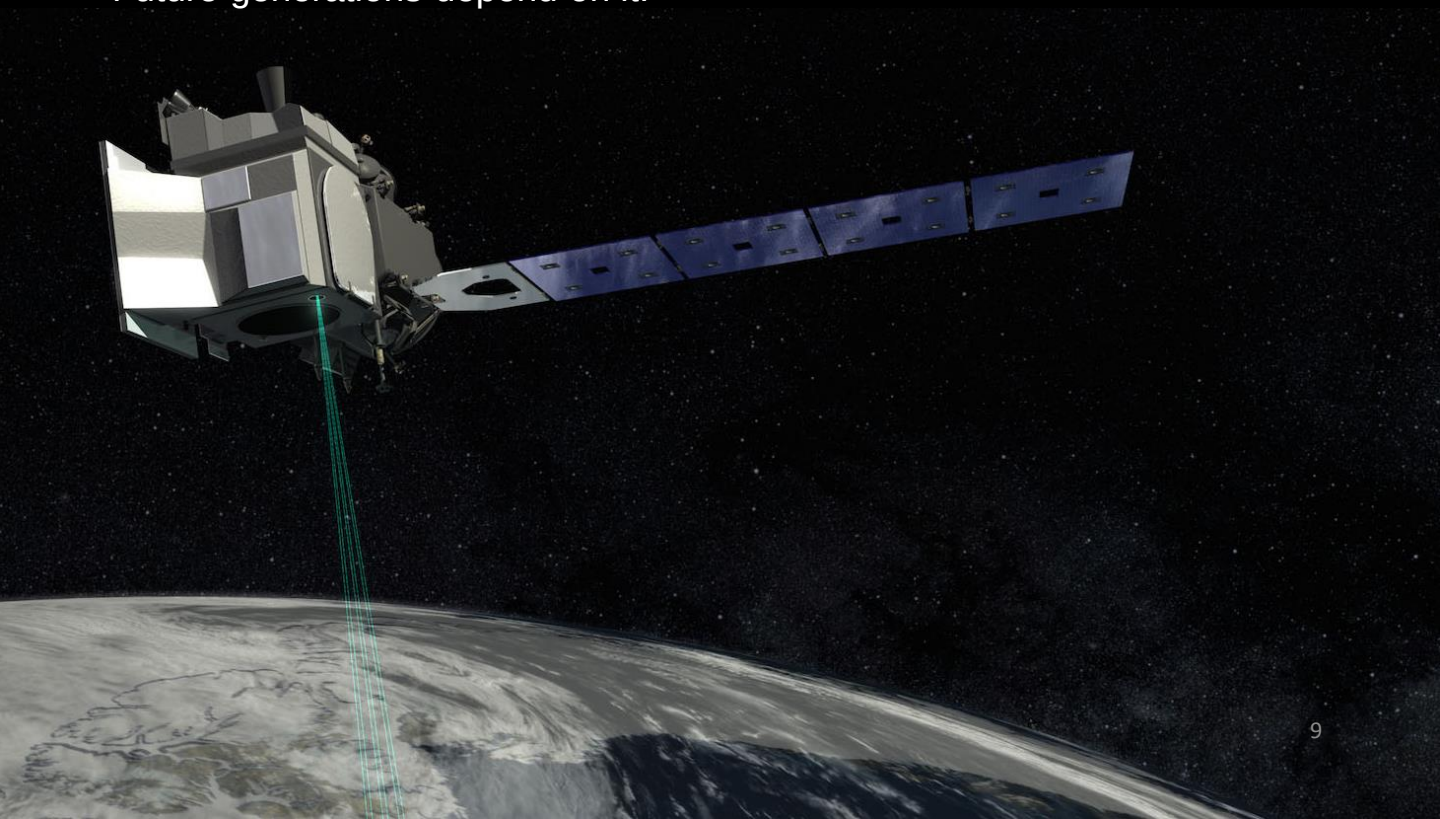
We believe we have a responsibility to make a positive impact on our environment and we are extraordinarily proud that our lasers play a part in our commitment to the planet.

In fact, NASA uses our lasers in their ICESat-2 satellite to better understand climate change. Launched in 2018, ICESat-2's laser altimeter tracks and reports changes to the earth's surface. Transmitting laser technology measures ice-covered poles, takes stock of forests, maps ocean surfaces, and characterizes clouds.

ICESat-2's lasers send pulses to calculate the distance between the spacecraft and Earth. The system collects measurements every few feet along the satellite's ground path.

Scientists, ecologists and government officials have already applied height observations to resource management, policy development and decision making. Data has helped mitigate volcanic events, potential forest fires and saved bird habitats.

ICESat-2 is just one of the environmental missions we take part in. Future generations depend on it.



# Social

Our fundamental strategy is not only based on our core vision for semiconductor lasers, but it is also grounded in our believe that building a great team is critical for enduring success. In the words of Jim Collins: “Great vision without great people is irrelevant.”

As we have built nLIGHT, we have developed the core values that inform the way we think about building our team. These values are not static, and we continue to develop our approach to attracting and retaining a talented and diverse team.

## nLIGHT’s Core Values:

**Skill** We look for people who not only are talented, but also who are extraordinarily curious, take pride in their work and are eager to learn and grow.

**Will** We look for people who tenaciously strive to do great things, work hard and challenge all of us to build an enduring, great company.

**Fit** We look for people who truly embrace working in teams. We strive to hire people from diverse backgrounds who approach problems with confidence, but also with humility and a strong desire to learn from others.

# Social

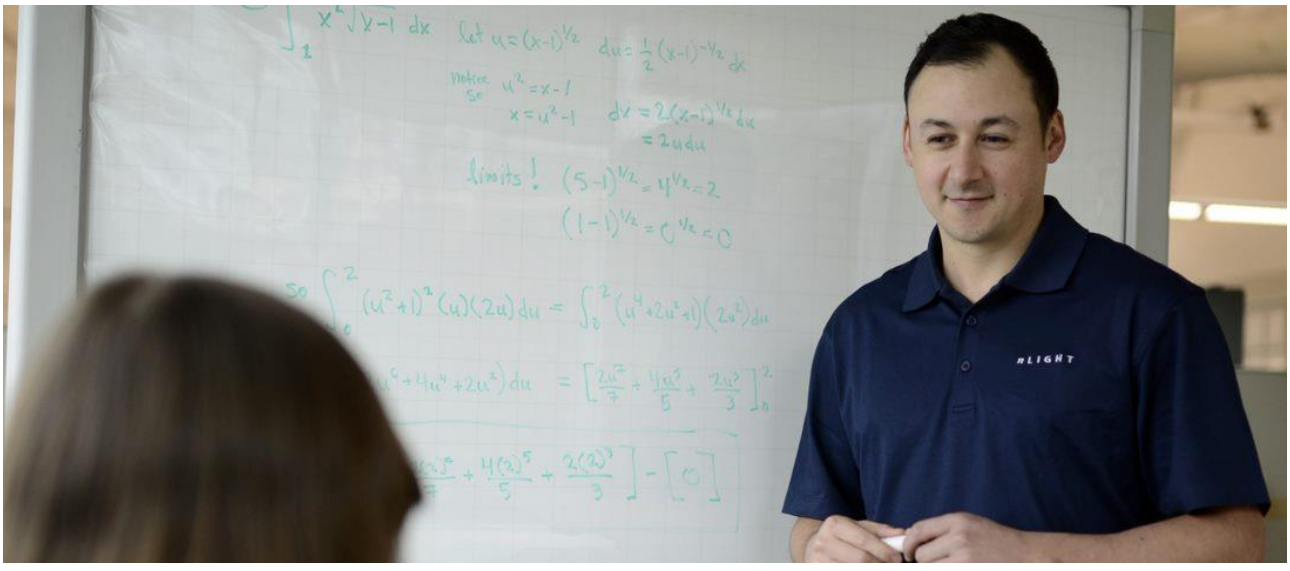
Improving equitable access to high quality, rigorous education is one of the most pressing issues in society. In 2005, nLIGHT founded a program called nConnect, which is focused on matching mentors from local high-tech companies to local public schools to encourage and support students taking rigorous math and science (STEM) courses.

nConnect is guided by three core beliefs:

1. More rigorous STEM courses are requisite in high school if the U.S. students are to remain competitive in the global economy.
2. All students – not just the privileged – should have the opportunity to succeed in rigorous math and scient courses.
3. STEM mentors can play a significant role in education by both helping students succeed in challenging courses and by supporting their teachers.

We are proud of the support our team has provided and we remain committed to helping more students and teachers.

nConnect
Students • Schools • Business



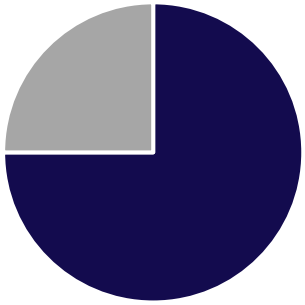
# Governance

Our Board of Directors approaches governance from multiple perspectives, including those of our nominating and corporate governance committee, our individual directors, our stockholders, our employees, and other stakeholders. Our Board is comprised of a diverse set of individuals with various professional experience and formal education.

| Name | Background |
|---|---|
| **Scott Keeney** | • Chairman and CEO of nLIGHT<br>• Aculight, McKinsey<br>• University of Washington (BA), Harvard (MBA) |
| **Bandel Carano** | • General Partner, Oak Investment Partners<br>• Morgan Stanley Venture Capital<br>• Stanford (BS, MS) |
| **Doug Carlisle** | • General Partner and Managing Partner, Menlo Ventures<br>• University of California (BS), Stanford (J.D., MBA) |
| **Bill Gossman** | • CEO, Healthtap<br>• Mohr Davidow, @mobile, AT&T, Northrop Grumman<br>• Cornell (BS), MIT (MS), University of Maryland (MBA) |
| **Raymond Link** | • CFO, FEI (Retired)<br>• TriQuint, Sawtek<br>• University of Buffalo (BS), Wharton (MBA) |
| **Gary Locke** | • U.S. Ambassador to China (2011 – 2014)<br>• U.S. Secretary of Commerce (2009 – 2011), Governor of Washington (1997 – 2005)<br>• Yale (BA), Boston University (JD) |
| **Geoffrey Moore** | • Managing Director, Geoffrey Moore Consulting<br>• TCG Advisors, Mohr Davidow, Akamai Technologies<br>• Stanford (BA), University of Washington (PhD, Literature) |
| **Camille Nichols** | • Major General, U.S. Army (Retired)<br>• Director of Sexual Assault Prevention (OSD), 1984 Olympian<br>• West Point (BS), University of S. California (MS), George Washington (PhD, Engineering Management) |

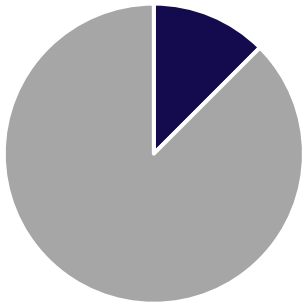
# Governance

## Independence



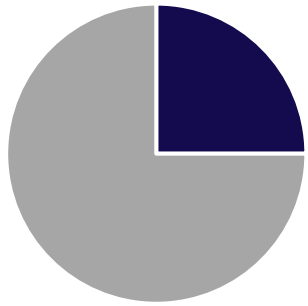
**75% Independent**

## Gender



**13% Female**
87% Male

## Ethnicity



**25% Diverse**
75% White

## Tenure



25% <4 yrs
38% 4-10 yrs
38% >10 yrs

| | Audit | Compensation | Nominating and Corporate Governance | Information and Technology Security |
|---|---|---|---|---|
| Scott Keeney | | | | |
| Bandel Carano | | | | ○ |
| Doug Carlisle | ○ | | ○ | |
| Bill Gossman | | | | ● |
| Raymond Link ★ | ● | ○ | | |
| Gary Locke | | | ● | |
| Geoffrey Moore | ○ | ● | | |
| Camille Nichols | | | | ○ |

★ Lead Independent director.


nLIGHT
simply brilliant®

# **Appendix |** GRI Index

We are committed to implementing environmentally and socially responsible business practices and sound governance practices. This report highlights some of the ESG activities that we believe provide the most significant long-term business advantages Our Board of Directors and management team continue to evaluate further environmental, social and governance ("ESG") enhancements, and we have prepared a disclosure table using the GRI Sustainability Report Standards to offer further insight into our other ESG activities. We look to expand these initiatives and include other frameworks such as SASB in the future.

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 102: General Disclosures** | | | |
| 102-1 | Name of the organization | nLIGHT, Inc. | |
| 102-2 | Activities, brands, products, and services | Design and production of laser technology and products. See corporate website and 2020 Annual Report and Form 10-K for additional information. | About nLIGHT |
| 102-3 | Location of headquarters | 5408 NE 88th Street, Bldg. E<br>Vancouver, WA 98665<br>USA | |
| 102-4 | Location of operations | Our primary manufacturing facilities are in Vancouver, Washington; Camas, Washington; Hillsboro, Oregon; Lohja, Finland and Shanghai, China. We manufacture certain electrical-optical components in our Vancouver, Washington; Camas, Washington; Shanghai, China and Hillsboro, Oregon facilities. We maintain our fiber operations and manufacture fiber in Finland. We completed the purchase of our Camas, Washington facility in the first quarter of 2020. This facility provides additional manufacturing, research and development, and office space to support current business needs and future growth. | nLIGHT 2020 Annual Report |
| 102-5 | Ownership and legal form | Incorporated in Delaware, United States.<br>Our equity is publicly traded on The Nasdaq Global Select Market.<br>See our 2020 Proxy Statement for additional shareholder information. | nLIGHT 2020 Proxy Statement |
| 102-6 | Markets served | We sell our products into three primary end markets: Industrial, Microfabrication, and Aerospace and Defense. We sell to and support over 400 customers worldwide. See our 2020 Annual Report / Form 10-K for additional information. | nLIGHT 2020 Annual Report |
| 102-7 | Scale of the organization | For 2020 nLIGHT had net sales of $222.8 million and total employees full-time employees of 1,275. See our 2020 Annual Report / Form 10-K for additional information. | nLIGHT 2020 Annual Report |
| 102-8 | Information on employees and other workers | As of December 31, 2020 we had approximately 1,275 full-time employees worldwide. Of our total full-time employees, approximately 610 were in the United States, 595 were in China and 70 were in the rest of the world. We employee contract and temporary workers in select operations, these individuals represent less than 1% of our total workforce. | nLIGHT 2020 Annual Report |
| 102-9 | Supply chain | We purchase raw materials used to manufacture our products and other components, such as semiconductor wafer substrates, fiber laser chip packages, optics and other materials, from single or limited-source suppliers. We typically purchase our materials through purchase orders or agreed-upon terms and conditions, and we do not have guaranteed supply arrangements with many of these suppliers. To mitigate raw material supply risks, we take a variety of actions such as second source qualification, accumulation of safety stock and vendor surveillance. We also have processes in place to ensure our supply chain operates in a legal and environmentally and socially responsible manner. | nLIGHT 2020 Annual Report |
| 102-10 | Significant changes to the organization and its supply chain | There were no other significant changes to the organization or supply chain during 2020. | |
| 102-11 | Precautionary Principle or approach | See 2020 Proxy Statement for a statement on the Board's role in risk management. | nLIGHT 2020 Proxy Statement |
| 102-12 | External initiatives | Not Disclosed | |
| 102-13 | Membership of associations | Not Disclosed | |
| 102-14 | Statement from senior decision- maker | See 2019 Annual Report / Form 10-K for CEO letter to stockholders. | nLIGHT 2019 Annual Report |
| 102-15 | Key impacts, risks, and opportunities | See 2020 Annual Report / Form 10-K for discussion of key impacts, risks, and opportunities. | nLIGHT 2020 Annual Report |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| 102-16 | Values, principles, standards, and norms of behavior | See our Code of Business Conduct and Ethics. | nLIGHT - Governance |
| 102-17 | Mechanisms for advice and concerns about ethics | Violations or suspected violations of the Code of Business Conduct can be reported (a) via electronic mail to the Company's General Counsel, legal@nlight.net; (b) via Internet or electronic mail to the Company's third party service provider, Navex Global, an anonymous ethical violation hotline, at nlight.alertline.com, which reports will be communicated to the and the General Counsel and the Chairman of the Audit Committee; (c) via electronic mail directly to any member of the Audit Committee; or (d) via regular mail by writing: 5408 NE 88th Street, Building E, Vancouver, Washington 98665.<br><br>For additional information see our Code of Business Conduct and Ethics. | nLIGHT - Governance |
| 102-18 | Governance structure | See our Corporate Governance Guidelines and additional information available in our 2020 Proxy Statement. | nLIGHT - Governance |
| 102-19 | Delegating authority | See our Corporate Governance Guidelines and additional information available in our 2020 Proxy Statement. | nLIGHT - Governance |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | We discuss economic, environmental, and social topics among a subset of our executive leadership team, including our President and CEO and representatives from finance, investor relations, legal, human resources, and operations.<br><br>In addition, as set forth in our Corporate Governance Guidelines, our Board reviews and approves nLIGHT standards and policies to assure that management carries out their day-to-day operational duties in a competent and ethical manner and consistent with standards of responsible conduct and ethics. | nLIGHT - Governance |
| 102-21 | Consulting stakeholders on economic, environmental, and social topics | Our cross-functional executive leadership team consults key stakeholders on economic, environmental and social topics. These stakeholders include customers, employees, stockholders and community leaders. | |
| 102-22 | Composition of the highest governance body and its committees | See our 2020 Proxy Statement. | nLIGHT 2020 Proxy Statement |
| 102-23 | Chair of the highest governance body | Scott Keeney is Chairman of the Board and CEO. Mr. Keeney is an executive officer of nLIGHT. | |
| 102-24 | Nominating and selecting the highest governance body | See our 2020 Proxy Statement (pages 6-7). | nLIGHT 2020 Proxy Statement |
| 102-25 | Conflicts of interest | See our 2020 Proxy Statement (pages 19-20). Also outlined in nLIGHT Code of Conduct. | nLIGHT 2020 Proxy Statement |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | See our Corporate Governance Guidelines. | nLIGHT - Governance |
| 102-27 | Collective knowledge of highest governance body | As set forth in our Corporate Governance Guidelines, our Board reviews and approves nLIGHT standards and policies to assure that management carries out their day-to-day operational duties in a competent and ethical manner and consistent with standards of responsible conduct and ethics. | nLIGHT - Governance |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| 102-28 | Evaluating the highest governance body's performance | The Nominating and Corporate Governance Committee will support and advise the Board and each committee in an annual assessment of its performance during the prior year. This assessment should focus on areas in which the Board or its committees believe contributions can be made going forward to increase the effectiveness of the Board or its committees. Each committee and the full Board will consider and discuss the findings of the assessments.<br><br>For additional information see our Corporate Governance Guidelines. | nLIGHT - Governance |
| 102-29 | Identifying and managing economic, environmental, and social impacts | See our 2020 Proxy Statement and discussions on 'Corporate Governance Guidelines and Code of Business Conduct and Ethics' and 'Environmental, Social, and Governance Considerations'. | nLIGHT 2020 Proxy Statement |
| 102-30 | Effectiveness of risk management processes | See our 2020 Proxy Statement (page 19-20). | nLIGHT 2020 Proxy Statement |
| 102-31 | Review of economic, environmental, and social topics | See our 2020 Proxy Statement and discussions on 'Corporate Governance Guidelines and Code of Business Conduct and Ethics' and 'Environmental, Social, and Governance Considerations'. | nLIGHT 2020 Proxy Statement |
| 102-32 | Highest governance body's role in sustainability reporting | nLIGHT's CEO and Chairman of the Board formally reviews and approves the organization's sustainability efforts and material | |
| 102-33 | Communicating critical concerns | The process for reporting critical concerns is outlined in our Code of Business Conduct and Ethics, which is available at https://investors.nlight.net/governance/default.aspx. We have established an anonymous ethical violation hotline at nlight.alertline.com, which reports will be communicated to the General Counsel and the Chairman of the Audit Committee. Reports can also be submitted by regular mail or email to any member of the Audit Committee, or in any other manner specified in our Whistleblower Policy, which is also available at https://investors.nlight.net/governance/default.aspx. | nLIGHT - Governance |
| 102-34 | Nature and total number of critical concerns | Not applicable | |
| 102-35 | Remuneration policies | See our 2020 Proxy Statement (pages 20-22 and 27-35 ). | nLIGHT 2020 Proxy Statement |
| 102-36 | Process for determining remuneration | See our 2020 Proxy Statement (pages 20-22 and 27-35 ). | nLIGHT 2020 Proxy Statement |
| 102-37 | Stakeholders' involvement in remuneration | Not Disclosed | |
| 102-38 | Annual total compensation ratio | Not Disclosed | |
| 102-39 | Percentage increase in annual total compensation ratio | Not Disclosed | |
| 102-40 | List of stakeholder groups | Employees, customers, suppliers, local communities, governments and government agencies, and shareholders. | |
| 102-41 | Collective bargaining agreements | In Finland, certain employees belong to labor unions for their specialty. There are no labor unions to which our employees belong in any other location. | nLIGHT 2020 Annual Report |
| 102-42 | Identifying and selecting stakeholders | Our key stakeholders include employees, customers, shareholders, suppliers and local communities in which we operate. | |
| 102-43 | Approach to stakeholder engagement | We periodically engage with all stakeholders as part of our ongoing conduct of business. | |
| 102-44 | Key topics and concerns raised | See our 2020 Proxy Statement | nLIGHT 2020 Proxy Statement |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| 102-45 | Entities included in the consolidated financial statements | Consolidated financial statements include the accounts of nLIGHT, Inc. and its wholly owned subsidiaries (collectively, "nLIGHT" or the "Company"). The wholly owned subsidiaries are Arbor Photonics, LLC, nLIGHT Cayman Ltd., nLIGHT Laser Technology (Shanghai) Co. Ltd, nLIGHT Oy (Finland), nLIGHT Korea Inc. and Nutronics, Inc. | nLIGHT 2020 Annual Report |
| 102-46 | Defining report content and topic Boundaries | Not Applicable | |
| 102-47 | List of material topics | Not Applicable | |
| 102-48 | Restatements of information | Not Applicable | |
| 102-49 | Changes in reporting | Not Applicable | |
| 102-50 | Reporting period | 2020 | |
| 102-51 | Date of most recent report | Not Applicable | |
| 102-52 | Reporting cycle | Annual | |
| 102-53 | Contact point for questions regarding the report | Joe Corso, VP Corporate Development and Investor Relations joe.corso@nlight.net | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | We self-declare that the report is prepared in accordance with GRI Standards: Core Option. | |
| 102-55 | GRI content index | This table serves as our GRI content index | |
| 102-56 | External assurance | None have been sought or provided. Certain data is subject to external review and all information has been reviewed internally. | |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 103: Management Approach** | | | |
| 103-1 | Explanation of the material topic and its Boundary | nLIGHT is committed to implementing environmentally and socially responsible business practices and sound governance practices, which we believe can provide significant long-term business advantages. | |
| 103-2 | The management approach and its components | We discuss economic, environmental, and social topics among a subset of our executive leadership team and review status and action with our Board of Directors. | |
| 103-3 | Evaluation of the management approach | We discuss economic, environmental, and social topics among a subset of our executive leadership team and periodically review with the Board of Directors related policies and actions. We also look internally and externally for feedback from various stakeholders. | |
| **GRI 201: Economic Performance** | | | |
| 201-1 | Direct economic value generated and distributed | Economic value generated: $222,789,000<br>Economic value distributed: $243,721,000<br>Economic value retained: ($20,932,000) | nLIGHT 2020 Annual Report |
| 201-2 | Financial implications and other risks and opportunities due to climate change | Laser-based processing, and specifically high-power semiconductor and fiber lasers, provide end users a more cost effective and efficient way to process materials compared with legacy tools and non-semiconductor based lasers. Lasers provide a more efficiently way of transferring energy for various productivity initiatives and materials processing applications. We believe that as customers and end users increasingly focus on the environmental impact of their processes and products, there will be increasing demand for high-power semiconductor lasers as a replacement for less efficient, legacy, alternatives. | |
| 201-3 | Defined benefit plan obligations and other retirement plans | Defined contribution plans are available to employees in the U.S. nLIGHT does not offer defined benefit plans to employees. Other countries vary with statutory requirements/ local practice. | |
| 201-4 | Financial assistance received from government | To the best of our knowledge no government is directly involved in the shareholding of nLIGHT. We may from time-to-time receive tax credits or refunds from various governments in countries in which we do business. | |
| **GRI 202: Market Presence** | | | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | Not Disclosed | |
| 202-2 | Proportion of senior management hired from the local community | Not Disclosed | |
| **GRI 203: Indirect Economic Impacts** | | | |
| 203-1 | Infrastructure investments and services supported | Not Applicable | |
| 203-2 | Significant indirect economic impacts | Not Measured | |
| **GRI 204: Procurement Practices** | | | |
| 204-1 | Proportion of spending on local suppliers | Not Disclosed | |
| **GRI 205: Anti-Corruption** | | | |
| 205-1 | Operations assessed for risks related to corruption | All operations are assessed for risks related to corruption. No significant risks have been identified. | |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| 205-2 | Communication and training about anti-corruption policies and procedures | All employees are provided access to anti-corruption policies and procedures upon employment and required to acknowledge and affirm they understand those policies and procedures. Compliance training, including anti-corruption, is required to be completed by all employees annually. | |
| 205-3 | Confirmed incidents of corruption and actions taken | Not applicable | |
| **GRI 206: Anti-Competitive Behavior** | | | |
| 206-1 | Legal actions for anti- competitive behavior, anti-trust, and monopoly practices | nLIGHT has no legal actions for anti-competitive behavior, anti-trust, and monopoly practices. | |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 207: Tax** | | | |
| 207-1 | Approach to tax | The determination of our tax provision is highly dependent upon the geographic composition of worldwide earnings and tax regulations governing each region and is subject to judgments and estimates. | |
| 207-2 | Tax governance, control, and risk management | Our Chief Financial Officer is responsible for implementing our tax strategy along with other members of the accounting team globally. Oversight is provided by the Audit Committee. | |
| 207-3 | Stakeholder engagement and management of concerns related to tax | We periodically engage with the tax authorities in the regions in which we operate. | |
| 207-4 | Country-by-country reporting | See 2020 Annual Report / Form 10-K for information on regional financial reporting. | |
| **GRI 301: Materials** | | | |
| 301-1 | Materials used by weight or volume | Not Measured | |
| 301-2 | Recycled input materials used | Not Measured | |
| 301-3 | Reclaimed products and their packaging materials | Not Measured | |
| **GRI 302: Energy** | | | |
| 302-1 | Energy consumption within the organization | Approximately 17,500 megawatt hours of electricity consumption in 2020. | |
| 302-2 | Energy consumption outside of the organization | Not Measured | |
| 302-3 | Energy intensity | Approximately 80 megawatt hours of electricity consumptions per $1 million of revenue in 2020. | |
| 302-4 | Reduction of energy consumption | For the period of 2016 through 2002, our annual consumption of electricity per $1 million of revenue has decreased by over 30%. | |
| 302-5 | Reductions in energy requirements of products and services | Semiconductor lasers are the most efficient way to create light (transfer electricity to photons). nLIGHT has long been a leader in driving the performance and efficiency of our products, and semiconductor lasers specifically. Examples of this leadership include nLIGHT's broad range of high-brightness fiber-coupled diode lasers, called element™, which have industry-leading efficiency/performance characteristics. Fiber lasers have been shown to use a significantly smaller amount of electricity compared with other lasers. | |
| **GRI 303: Water and Effluents** | | | |
| 303-1 | Interactions with water as a shared resource | Not Measured | |
| 303-2 | Management of water discharge- related impacts | Not Measured | |
| 303-3 | Water withdrawal | Not Disclosed | |
| 303-4 | Water discharge | Not Disclosed | |
| 303-5 | Water consumption | Not Disclosed | |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 304: Biodiversity** | | | |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | None to our knowledge. | |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | Not Applicable | |
| 304-3 | Habitats protected or restored | None | |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | None to our knowledge. | |
| **GRI 305: Emissions** | | | |
| 305-1 | Direct (Scope 1) GHG emissions | Approximately 400 metric tons of CO2 equivalents from our Vancouver, WA facility in 2019. | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Not Measured | |
| 305-3 | Other indirect (Scope 3) GHG emissions | Not Measured | |
| 305-4 | GHG emissions intensity | Approximately 2.3 metrics tons of scope 1 CO2 equivalent emissions from our Vancouver, WA facility per $1 million of total corporate revenue in 2019. | |
| 305-5 | Reduction of GHG emissions | For the period of 2016 through 2019, our annual CO2 equivalent emission from our Vancouver, WA facility per $1 million of total corporate revenue has decreased by approximately 50%. | |
| 305-6 | Emissions of ozone- depleting substances (ODS) | We use carbon tetrachloride in MOCVD. Our total consumption is on the order of a few grams per year. | |
| 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | nLIGHT maintains compliance with Southwest Washington Clean Air Agency requirements. | Air Containment Discharge Permit No. 18-3294 |
| **GRI 306: Waste** | | | |
| 306-1 | Waste generation and significant waste-related impacts | In accordance with Washington State Department of Ecology requirements. | Wastewater Discharge Permit No. ST0006025 |
| 306-2 | Management of significant waste-related impacts | In accordance with Washington State Department of Ecology requirements and outlined in various internal environmental, health, and safety policies. | Emergency Response Plan (EHS-PP-0007)<br><br>Slug Discharge Control Plan (EHS-PP-0031)<br><br>Solvent Management Plan (EHS-PP-0011) |
| 306-3 | Waste generated | Hazardous waste generated in our Vancouver, WA facility in 2019: 22,833 pounds | WA state Department of Ecology annual hazardous waste report |
| 306-4 | Waste diverted from disposal | Not Disclosed | |
| 306-5 | Waste directed to disposal | Hazardous waste generated in our Vancouver, WA facility in 2019: 22,833 pounds | WA state Department of Ecology annual hazardous waste report |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 307: Environmental Compliance** | | | |
| 307-1 | Non-compliance with environmental laws and regulations | nLIGHT has received no material fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. | |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 308: Supplier Environmental Assessment** | | | |
| 308-1 | New suppliers that were screened using environmental criteria | nLIGHT expects its suppliers to adhere to various environmental, health and safety criteria, which are set forth in our Quality Assurance Provisions for Purchase Orders. | Quality Assurance Provisions for Purchase Orders<br>QMS-PP-055 |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | Not Measured | |
| **GRI 401: Employment** | | | |
| 401-1 | New employee hires and employee turnover | Not Disclosed | |
| 401-2 | Benefits provided to full- time employees that are not provided to temporary or part-time employees | Not Disclosed | |
| 401-3 | Parental leave | Not Disclosed | |
| **GRI 402: Labor/Management Relations** | | | |
| 402-1 | Minimum notice periods regarding operational changes | We provide minimum notice when required and accordance with local laws. | |
| **GRI 403: Occupational Health and Safety** | | | |
| 403-1 | Occupational health and safety management system | Not Disclosed | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | nLIGHT tracks hazard, risk assessment, and incident investigations through various internal processes and systems including Job Safety Analyses (JSA) performed for hazard identification and CAPA system tracks incident investigations. | |
| 403-3 | Occupational health services | nLIGHT partners with Providence Occupational Health clinic for occupational health services. | |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | Monthly safety committee meetings and EHS scorecard published monthly internally.<br><br>Safety is agenda item #1 at operations staff meetings. | |
| 403-5 | Worker training on occupational health and safety | Recurring safety training on various topics through online training tool.<br><br>General safety and laser safety provided to most employees during new employee orientation (2.5 hours). | |
| 403-6 | Promotion of worker health | nLIGHT offers medical benefits to regular and temporary employees of the US; international employees have access to benefits through their social programs. | |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Not Measured | |
| 403-8 | Workers covered by an occupational health and safety management system | Not Disclosed | |
| 403-9 | Work-related injuries | nLIGHT tracks and reports work-related illnesses and injuries in accordance with local, state, and federal regulations. | OSHA 300 log |
| 403-10 | Work-related ill health | nLIGHT tracks and reports work-related illnesses and injuries in accordance with local, state, and federal regulations. | OSHA 300 log |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 404: Training and Education** | | | |
| 404-1 | Average hours of training per year per employee | Not Disclosed | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | We have level progressions in certain manufacturing areas that include gaining skills. | |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Not Disclosed | |
| **GRI 405: Diversity and Equal Opportunity** | | | |
| 405-1 | Diversity of governance bodies and employees | Not Disclosed | |
| 405-2 | Ratio of basic salary and remuneration of women to men | Not Disclosed | |
| **GRI 406: Non-Discrimination** | | | |
| 406-1 | Incidents of discrimination and corrective actions taken | Not Disclosed | |
| **GRI 407: Freedom of Association and Collective Bargaining** | | | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Not Disclosed | |
| **GRI 408: Child Labor** | | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | There are no identified risks of child labor abuse at any of our operations. Our Code of Business Conduct and Ethics requires compliance with all applicable laws, which precludes child labor. We expect our suppliers to adhere to our Code of Business Conduct and Ethics and comply with all applicable laws, including those prohibiting child labor. Further, our Code of Business Conduct and Ethics precludes any of our employees from establishing a business relationship with business practices that violate applicable laws. In addition, we screen third parties with whom we do business against global denied or sanctioned parties lists. | |
| **GRI 409: Forced Labor** | | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | There are no identified risks of forced or compulsory labor at any of our operations. Our Code of Business Conduct and Ethics requires compliance with all applicable laws, which precludes forced or compulsory labor. We expect our suppliers to adhere to our Code of Business Conduct and Ethics and comply with all applicable laws, including those prohibiting forced or compulsory labor. Further, our Code of Business Conduct and Ethics precludes any of our employees from establishing a business relationship with business practices that violate applicable laws. In addition, we screen third parties with whom we do business against global denied or sanctioned parties lists. | |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 410: Security Practices** | | | |
| 410-1 | Security personnel trained in human rights policies or procedures | Not Disclosed | |
| **GRI 411: Rights of Indigenous Peoples** | | | |
| 411-1 | Incidents of violations involving rights of indigenous peoples | Not Applicable | |
| **GRI 412: Human Rights Assessment** | | | |
| 412-1 | Operations that have been subject to human rights reviews or impact assessments | Not Applicable | |
| 412-2 | Employee training on human rights policies or procedures. | All nLIGHT employees undergo Code of Business Conduct and Ethics training annually. Our Code of Business Conduct and Ethics requires compliance with all applicable laws, which includes human rights laws. | |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | Not Applicable | |

# Appendix

| GRI Standard | Disclosure | nLIGHT Disclosure | Source / Link |
|---|---|---|---|
| **GRI 413: Local Communities** | | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | nLIGHT is an active member of the greater-Portland community and contributes to programs that improve the well-being of its citizens. As an example, in 2005, nLIGHT founded nConnect, which provides mentors to encourage and support students taking rigorous STEM courses. | |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | nLIGHT is not aware of any operations with significant actual and potential negative impact on local communities. | |
| **GRI 414: Supplier Social Assessment** | | | |
| 414-1 | New suppliers that were screened using social criteria | nLIGHT expects all suppliers to comply with all applicable environmental, health and safety laws in accordance with U.S. and European Union regulations. | |
| 414-2 | Negative social impacts in the supply chain and actions taken | nLIGHT does not perform negative social impact assessments of its supply chain. | |
| **GRI 415: Political Contributions** | | | |
| 415-1 | Political contributions | nLIGHT made no political contributions in 2019. | |
| **GRI 416: Customer Healthy and Safety** | | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | Our Quality, Health, Environment, and Safety group is responsible for monitoring and ensuring product safety. | |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | nLIGHT is not aware of any non-compliance. | |
| **GRI 417: Marketing and Labeling** | | | |
| 417-1 | Requirements for product and service information and labeling | In accordance with U.S. and European Union regulations. | |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | nLIGHT is not aware of any non-compliance. | |
| 417-3 | Incidents of non-compliance concerning marketing communications | nLIGHT is not aware of any non-compliance. | |
| **GRI 418: Customer Privacy** | | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | nLIGHT is not aware of any such complaints or breaches, | |
| **GRI 419: Socioeconomic Compliance** | | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | nLIGHT has not received any material fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area. | |