



## CyberOptics Environmental Policy September, 2021

### Scope

This Environmental Policy applies to CyberOptics Corporation and its wholly owned subsidiaries worldwide (collectively, "CyberOptics").

### Purpose

CyberOptics is committed to contributing to a greener future by following the already established environmentally responsible processes and practices in place and complying with regulatory standards. We also strive to enhance and increase our sustainability efforts to:

- Effectively manage waste with a focus on reducing, reusing or recycling where possible, including both incoming and outgoing materials, and properly managing and disposing of electronic and other hazardous waste.
- Effectively manage our already low water usage by using environmental-friendly solutions and minimizing water used in production to protect this natural resource.
- Use energy-efficient solutions in our facilities.
- Reduce our indirect GMG emissions with a focus on carbon and the climate.

We are a certified ISO9001:2015 organization where the focus is on the quality of companywide processes employed in the provision of products and services and we focus on ensuring our operations, products and services have minimal impact on the environment. CyberOptics fosters a culture that recognizes the importance of committing to environmentally friendly practices.

This commitment is set forth in the CyberOptics Environmental policy ("CyberOptics Environmental Policy"), which is made available on CyberOptics corporate website at [www.cyberoptics.com](http://www.cyberoptics.com) under the About and Investor sections. The Environmental policy summarizes the standards that CyberOptics must follow and is a reminder to our directors, officers, and employees about our commitment. We aim to follow all of our established processes company-wide and have our employees think green in their daily lives. Every CyberOptics employee must be trained and certify that they have completed training every year.

### Environmental Principles and Practices

#### Waste and Toxicity Management

- **E-Waste Recycling and Disposal** CyberOptics follows an established practice of handling e-waste in a disciplined way. We also seek to reduce e-waste by continuing to reuse and extend the life of electronics that have the needed performance capabilities, or we replace and upgrade equipment to be more energy efficient.
  - There are designated office areas for PCs, inkjet cartridges and other electronic recycling items. The consolidated goods are sent to a local company that recycles or

disposes of them responsibly. We follow county laws and remain compliant, passing our county audits that ensure proper labeling and proper disposal.

- Green Lights Recycling, Inc. handles our electronic waste. They operate a modern resource recovery facility in Blaine, Minnesota and comply with all federal, state and environmental regulations. Green Lights Recycling, Inc. has also received several environmental awards. The facility is staffed by well-trained personnel. All recovered hazardous or toxic materials are stored in certified containers prior to their recycling or sale as a valuable resource. Our Singapore facility follows a similar process.
  
- **Hazardous materials.** CyberOptics is committed to ensuring our products sold worldwide adhere to the various strict compliance standards and guidelines including as required by the region, such as CE Restriction of the use of certain hazardous substances directive (RoHS), Waste electrical and electronic equipment directive (WEEE), REACH regulations, Prop65 and others to minimize our use of hazardous/toxic materials. CyberOptics is a VSQG (very small quantity generator) of hazardous waste. While we do not produce any hazardous waste, we do use some hazardous materials that are included in our finished goods. We commit to continue following proper handling, labeling, reuse, disposal, and being transparent with our employees. We follow OSHA guidelines for the safe management and disposal of waste parts.
  - CyberOptics is committed to following Hennepin county requirements for proper labeling and disposal. The containers for chemicals such as glue and paint are properly labeled and we dispose of batteries and dangerous chemicals working with an outside firm. Safety-Kleen handles our hazardous waste removal and they are focused on providing safe, dependable parts washer and industrial waste management services that conserve natural resources and protect the environment. Hennepin county conducts audits of our practices and we remain compliant.
  - We receive MSDS from all vendors who supply potentially hazardous substances for our production process. These sheets describe the contents of the substances and outline safety precautions for their handling. We also provide our employees visibility to any hazardous materials on site. If an employee wants information, they can visit our intranet and find it on the continuously updated Material Safety Data Sheets (MSDS). Employee Right to Know laws ensure that employees understand the chemicals and other substances with which they may come into contact in their job.
  - Our Singapore facility follows a similar process.
  
- **Production waste.** CyberOptics is committed to following the well-established process for managing production waste and we seek to increase process efficiency and productivity efforts that result in lower waste out-puts.
  - We work with an outside firm that arranges for steel, aluminum and electronics that are an outcome of production to be reused, recycled or disposed of responsibly.

- **Packaging waste.** CyberOptics has implemented packaging reduction programs and aims to maximize the use of environmentally-friendly, recyclable materials.
  - **From suppliers.** The packaging received from suppliers is disposed of in recycling bins or reused as possible.
  - **Packaging to customers.** The sensor packaging that ships to our customers is 100% recyclable. 70% of the packages are designed as a suspension type to minimize the amount of packaging and provide versatility to hold a variety of different sensor types. 30% of the packages contain a recyclable material that customers can recycle through their local recycling programs. Including other packaging in our mix across product portfolios, we estimate that ~85% of our packaging is recyclable.

**Office Recycling and Waste Minimization.** CyberOptics has a well-established recycling programs in place and we encourage our employees to increasingly go digital to reduce paper consumption.

- Cardboard goes into dedicated recycling bins. Shredding machines are used for confidential waste and sent off to an outside firm.
- Allied Waste Services of Minnesota handles our garbage and co-mingled recycling removal. They are a sustainability and environmentally responsible company that provides innovative waste solutions that preserve and protect our natural resources. They manage materials used by the current generation so that they benefit and do not harm future generations. Our Singapore office works with a local service provider.
- To minimize paper usage, we encourage our employees to create, view, store and share digitally. Our Expensify system is just one example that fosters a digital practice.
- Inkjet cartridges are either sent off to an outside firm or the manufacturer for recycling. The county conducts audits to ensure proper labeling and disposal and we remain compliant.

**Recycling and Minimizing Plastic Bottles & Service ware.** CyberOptics fosters an environment where our employees want to contribute to protecting the environment and make choices in their daily lives.

- In addition to having recycling bins in place, we provide our employees, customers and guests with water dispensers and encourage the use of reusable glasses or mugs.
- In the cafeteria, we encourage the use of reusable dishes and cutlery and provide sustainable products including disposable service ware made of recycled plastics, paper plates and cups that are more environmentally friendly. We do not supply Styrofoam products.

## **Natural Resources**

**Water Management/Resource Conservation.** CyberOptics commits to continuing to manage water resources responsibly by maintaining low water usage in production and in our office environments.

- We have a relatively low water consumption, with a small amount of water used in production to wash parts.
- In a recent headquarter office remodel, we retrofitted bathrooms and kitchens with low-flow, environmentally friendly fixtures.

## Energy Conservation

**Energy-efficient Lighting.** CyberOptics has incorporated longer lasting, energy-efficient LED lighting that consumes less energy.

- In our recent Minneapolis headquarter remodel, LED lighting and occupancy sensors were installed in the remodeled areas of the building, resulting in annual energy savings. Our Singapore facility also uses LED lighting.

## Carbon and Climate

**Reducing Auto and Air Travel.** CyberOptics promotes ways to reduce air pollution and fuel consumption by encouraging our employees to minimize car travel or flights as possible to reduce GHG emissions.

- We encourage virtual meetings when possible as outlined in our Travel and Entertainment policy.
- During the Covid-19 pandemic we mandated, and then encouraged eligible employees to work from home. We will continue to allow eligible employees to work from home part-time or full-time and allow the arrangement to be determined by the employee and supervisor.
- We have a program in place to encourage our employees to bike to work. Our bike room, storage area and changing facility makes it easy to switch to biking.

**Renewables for Energy and Electricity** CyberOptics secures a portion of electricity from renewable energy and aims to increase the % of renewables in our mix through GHG emission reduction programs offered by our service provider.

- Through our electricity provider to our headquarter facility, we derive 24% from renewable energy and 62% is carbon free. The balance of our energy is from non-renewable sources, including natural gas.
- A portion of the funds we contribute to our service provider is allocated to support research and development for renewable energy technologies, grid modernization and other projects that increase system efficiency.
- Our UK office secures 100% green electricity from Octopus Energy, backed by Octopus Investments which is the UK's largest investor in solar power and are responsible for nearly 40% of the nation's large-scale solar generation.

