



ORION ENERGY SYSTEMS, INC.

Fiscal Year 2023 Sustainability Report

orion™

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OUR PURPOSE

We help our customers achieve their sustainability, energy savings, and carbon footprint reduction goals through innovative technology and exceptional service.

A Message from Our CEO

At Orion, we believe the tenets of Sustainability are in our DNA. Since our founding in 1996, we have remained focused on delivering our Mission: We help our customers achieve their sustainability, energy savings, and carbon footprint reduction goals through our innovative technology and exceptional services. We continue to live this mission through the production of industry-leading energy-efficient LED lights which dramatically lower energy consumption for our customers; reliance on regional suppliers that lowers transportation emissions; site-produced renewable power through wind and solar; recycling 89% of our manufacturing waste; more than six years without a lost time accident in our manufacturing plant; a more diverse workforce than our communities and a substantially higher female employee base than the manufacturing average; one paid volunteer day per year for all employees; and giving back to our communities through volunteerism and financial support for good causes.

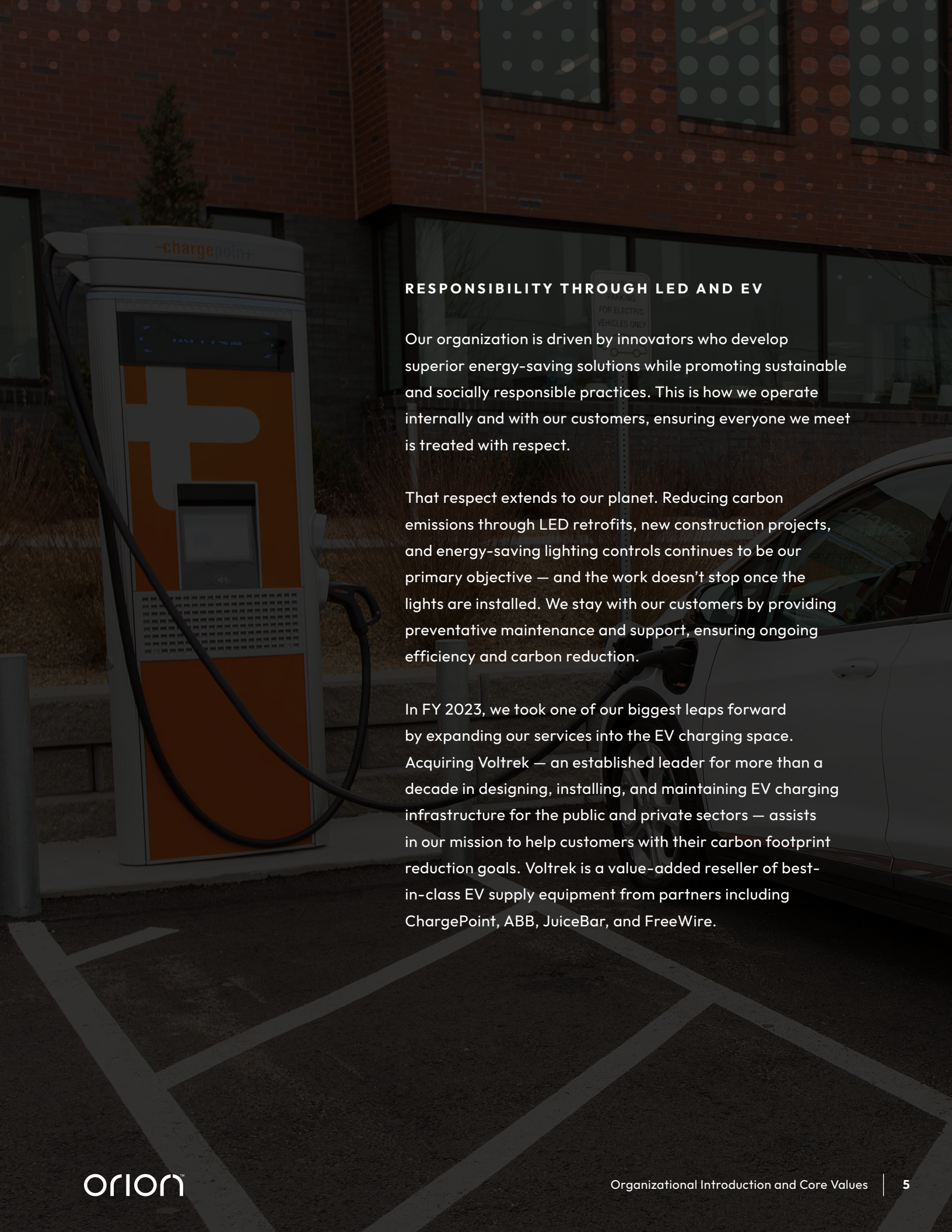
With respect to corporate governance, we continue to work to ensure that we are operating at the highest levels of ethics, transparency, and alignment with stakeholders. We have taken a number of steps over the past year to further enhance our governance posture. Under the leadership of our Board and management, we have developed a strong governance discipline and continue to look for ways to ensure we remain in step with evolving governance norms.

Fiscal 2023 represented a significant enhancement to our business, with Orion entering the exciting market of EV charging solutions through our acquisition of Voltrek. EV charging is a rapidly growing market that is required to support the U.S. conversion to EV passenger and fleet vehicles in the coming years. The vehicle electrification change is profound and moving fast. We look forward to supporting our customers and helping them navigate the charging infrastructure needs necessary to support their employees, company fleets, customers, and guests.

We encourage you to review the balance of this report for more information on our Sustainability initiatives and progress. We are proud of our long-standing commitments to these principles and the continued progress we are making. We welcome any feedback or questions you may have to our investor relations email address at ir@oesx.com.

Sincerely,
Mike Jenkins

Mike Jenkins
CEO, Orion Energy Systems



RESPONSIBILITY THROUGH LED AND EV

Our organization is driven by innovators who develop superior energy-saving solutions while promoting sustainable and socially responsible practices. This is how we operate internally and with our customers, ensuring everyone we meet is treated with respect.

That respect extends to our planet. Reducing carbon emissions through LED retrofits, new construction projects, and energy-saving lighting controls continues to be our primary objective — and the work doesn't stop once the lights are installed. We stay with our customers by providing preventative maintenance and support, ensuring ongoing efficiency and carbon reduction.

In FY 2023, we took one of our biggest leaps forward by expanding our services into the EV charging space. Acquiring Voltrek — an established leader for more than a decade in designing, installing, and maintaining EV charging infrastructure for the public and private sectors — assists in our mission to help customers with their carbon footprint reduction goals. Voltrek is a value-added reseller of best-in-class EV supply equipment from partners including ChargePoint, ABB, JuiceBar, and FreeWire.

Environmental

CUSTOMER IMPACT ON

Energy and Carbon Reduction

While supporting the national EV infrastructure buildout is the latest chapter in our ongoing sustainability efforts, we remain committed to producing the best, most efficient lighting fixtures and controls to support our customers. We're pleased with the progress our customers have made toward their sustainability goals and will work tirelessly to help them continue making a positive impact on the environment.

REDUCTIONS FROM

Customers Converting
to Efficient Orion LEDs*

177,161

FY23 CARBON DIOXIDE
REDUCTION (TN)

1,318

FY23 SULFUR DIOXIDE
REDUCTION (TN)

1,763

FY23 NITROGEN OXIDE
REDUCTION (TN)

10.551

FY23 MERCURY
REDUCTION (LBS)

This 5-year reduction data demonstrates a rolling
total of our environmental customer impact.

5 YEAR REDUCTION

CARBON DIOXIDE REDUCTION (TN)

1,019,467

5 YEAR REDUCTION

SULFUR DIOXIDE REDUCTION (TN)

7,584

5 YEAR REDUCTION

NITROGEN OXIDE REDUCTION (TN)

10,147

5 YEAR REDUCTION

MERCURY REDUCTION (LBS)

60.715

* Internally calculated using national average emission factors per the EPA's eGRID database, a recognized protocol by the World Resource Institute/World Business Council for Sustainable Development (WRI/WBCSD).

Carbon Reduction Is Equal To*



71,174

FY23 ACRES OF
TREES PLANTED



62,646

FY23 INTERNAL COMBUSTION
ENGINE (ICU) CARS REMOVED
FROM THE ROAD



32,021,572

FY23 GALLONS OF
GASOLINE SAVED

5 YEAR IMPACT

401,563

ACRES OF TREES PLANTED

5 YEAR IMPACT

360,492

INTERNAL COMBUSTION ENGINE (ICU)
CARS REMOVED FROM THE ROAD

5 YEAR IMPACT

184,267,185

GALLONS OF GASOLINE SAVED

* Internally calculated using national average emission factors per the EPA's eGRID database, a recognized protocol by the World Resource Institute/World Business Council for Sustainable Development (WRI/WBCSD).

Innovation and High Performance

Industry-Leading Efficacy

Orion works to develop lighting products that offer more light for less energy consumption. This means increased performance and a higher payback on investment. Orion remains an industry leader in efficacy performance, and our high bay LED fixtures are the industry's most efficient, according to independent lab verification.



U.S. Energy Star Program & DLC® Qualified Products Lists

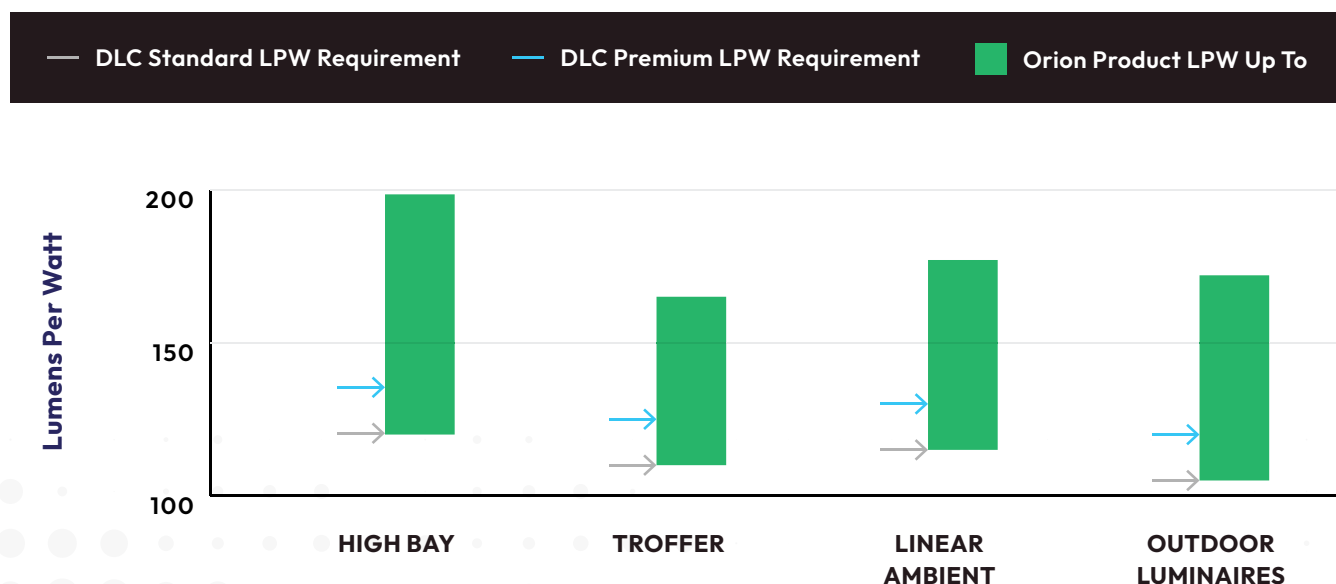
Orion is a proud member of the U.S. Energy Star program, which promotes efficient energy consumption. This gives us access to valuable knowledge and resources as we continue innovating.

Many of our products are DLC® (DesignLight Consortium) listed — meeting the new set of requirements and reporting standards DLC established under Version 5.1. The updates include new requirements that promote better quality and energy savings, giving customers more value for their investment while promoting sustainability.

By purchasing DLC-listed products, customers are often eligible for rebates from local participating utilities, further increasing financial payback on the conversion to LED and allowing them to achieve their environmental and financial goals.

Orion's Highest Performing Fixtures

WITHIN EACH PRODUCT CATEGORY AS COMPARED TO DLC REQUIREMENTS



In FY 2023,
we recycled

89%

of the materials
used in our
manufacturing
process



Sustainable Operations

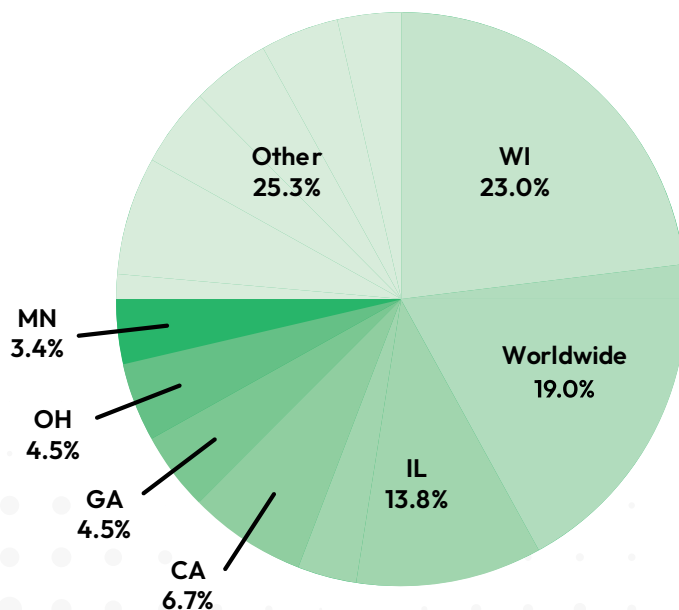
Manufacturing Recycling Program

In FY 2023, we recycled 89% of the materials used in our manufacturing process. We continue to push for high recycling totals to reach our target of a more sustainable future.

Sustainable Sourcing

We primarily use locally and regionally sourced materials in our manufacturing. This results in fewer transportation needs and, in turn, fewer carbon emissions.

Location of Sourced Materials



CASE STUDIES:

Orion's Impact on Customers and the World

HIGH BAY LED CASE STUDY



105 Tons

ANNUAL CO2 REDUCTION

PanelTEK LLC — a provider of industrial electrical control panels and customer-focused engineering services — replaced outdated fluorescent lights in its 28,000-square foot facility with efficient high bay LEDs.

RESULTS:

\$10,945

ANNUAL COST SAVINGS

134,460

ANNUAL KWH REDUCTION

124* Acres

OF US FORESTS (EQUIVALENT)
SAVED ANNUALLY

*Based on the Greenhouse Gas Equivalencies Calculator, www.epa.gov.

EV CHARGING STATION CASE STUDY



UP TO

350kW

CHARGING SPEED

EV Connect selected Voltrek, an Orion Energy Systems company, for the design and installation of four direct-current fast charging (DCFC) stations using units made by ABB at the Hilton Garden Inn located in Watertown, New York. This was part of the “EVolve NY” charging network, a statewide initiative from the New York Power Authority supporting widespread adoption of electric vehicles.

Once finished, the Hilton Garden Inn had:

- 1200-amp, 480V service on site
- ABB back-end software
- Quality assurance testing
- Ongoing service and maintenance

This installation is the first operational site in the U.S. to use ABB’s state-of-the-art dynamic charging solutions, which reach charging speeds up to 350kW.

Orion's Continued Dedication to Renewable Energy

Sustainable Facility

Orion's facilities are outfitted with LED lights as well as motion and occupancy sensor controls to maximize energy efficiency. In addition, we have more than 550 solar light pipes throughout our offices and manufacturing center that provide significant natural light.



45,000

SQUARE FEET OF 225KW
SOLAR PANELS ON
OUR MANUFACTURING
FACILITY ROOF



50 kW

WIND TURBINE ON SITE



550

SOLAR LIGHT PIPES INSTALLED IN
ORION'S OFFICES AND MANUFACTURING
BUILDINGS, PROVIDING NATURAL LIGHT
AND REDUCING ENERGY CONSUMPTION

- Each Solar Light Pipe brings in 12,284 lumens of natural light per day on average — this equates to 6,756,200 total lumens per day!



10%

WE PRODUCE MORE
THAN 10% OF THE
ENERGY WE USE

ENGINEERING

Energy-Efficient Products

We're helping our customers achieve their carbon footprint goals — with many on their way to net neutral — by developing and manufacturing energy-efficient products. Some of our products even go a step beyond and help disinfect spaces through a proprietary and safe system that inactivates airborne pathogens.

PureMotion™ UVC & LED LDR®

PureMotion™ UVC is a product that became increasingly important during the pandemic. Understanding ventilation and air quality gained significance as we learned more about the spread of COVID-19. The ability of PureMotion UVC to continually sanitize the air and deactivate many pathogens (like COVID-19) makes it a crucial component for modern indoor spaces.



We also offer UV products that utilize Antimicrobial Light Technology to eliminate pathogens on clothing and surfaces. During the pandemic, Orion donated 405nm LED retrofit fixtures to three Jacksonville-area hospitals: HCA Florida Memorial Hospital, St. Luke's Hospital, and UF Health Jacksonville.

Charitable and Humanitarian Work

Glacial Lakes Conservancy Spring Preserve

Everyone at Orion is provided 8 hours of paid volunteer time per year. We have chosen to focus our team volunteerism on environmental causes. One example is the Glacial Lakes Conservancy, an organization that works to achieve permanent land protection through private landowner conservation and community advocacy. Orion is proud to donate money and volunteer our time in order to contribute to the cause of preserving and protecting land and water resources in the region.

St. Johns Riverkeeper

We also supply our environmental efforts near our Jacksonville, Florida office. The St. Johns River is vital to the area's ecosystem, and we're excited to contribute to the valuable cause of keeping the river free from pollution and ensuring its survival now and for future generations.



Orion Volunteer Program

Much of the volunteer work Orion members do at company-sponsored events includes a focus on environmentalism and sustainability. In 2022, 67 volunteers put in 244 hours to serve Adopt-a-Highway, the Glacial Lakes Conservancy Spring Preserve, Grow It Forward, the Jacksonville Zoo, and St. Johns Riverkeeper. Orion also donated \$15,000 across 20 organizations, including Hope House, Make-a-Wish Wisconsin, the Pewaukee Food Pantry, and others.

Orion Community Involvement Program

Orion's passionate community involvement team is focused on driving maximum community impact. This team has a dedicated budget and works with our local communities on the best uses for Orion's contributions.

Some of the organizations we work with include:

- Pink Heals (cancer support)
- Prevent Suicide Manitowoc County (family services)
- InCourage (domestic violence initiatives)
- Milwaukee Women Inc. (diversity initiatives)
- Miracle League of the Lakeshore (special needs children support)
- NAMI Manitowoc County (mental health services)



Job Satisfaction

Work-Life Balance

Orion treats its members with dignity and respect, understanding that they have lives outside our doors. That's why we offer flexibility — including hybrid roles that allow members to work from home when needed.



COVID-19 Response

COVID-19 forced the entire world to adapt to dangerous and fluid situations, and we made our members' safety top priority. One charitable initiative early in the pandemic included months of on-site mask-making. Five members of the Orion team sewed for the effort, resulting in the creation of several thousand masks — three for everyone in the company and all others donated.

Tuition Reimbursement

We appreciate our members' tenacious thirst for knowledge, and encourage them to pursue educational opportunities. We reward that go-getter mentality with tuition reimbursement for programs involving technical skills development as well as bachelor and master's degrees, as a way to foster their passions, talents, and future endeavors.

A Standard of Safety

We're proud that we haven't had any lost-time incidents in our facility in more than six years. We're committed to providing a safe working environment, and we were recently recognized by from the Wisconsin Safety Council, advancing as a finalist in their 2022 Corporate Safety Awards.

Our safety measures are implemented throughout our manufacturing plant and our corporate offices. All members understand our procedures and protocols, helping us maintain a best-in-class safety operation. We set our safety standards high because we value the lives of our members — people who have loved ones and a fulfilling life to return to after the workday.

In FY 2023, Orion:

Reduced minor first
aid incidents by

56%

Reduced near-miss
incidents by

43%

Reduced recordable
incidents by

83%

Orion provides exceptional training on in-person safety as well as cybersecurity for everyone's protection. Other key safety initiatives include:

- On-site volunteer first responders trained in basic first aid, CPR, and AED use
- An employee safety committee
- Training for different safety topics and member testing each month (e.g., chemical response and emergency action plans)
- A safety review prior to the introduction of new equipment or processes
- Our CEO even takes part in safety inspections and walkabouts.



We use the UVC technology we enthusiastically promote to help keep our own members safe, too.

Governance

The Board of Directors of Orion Energy Systems sets high standards for the Company's Members, Officers, and Directors. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee the management of the Company's business.

The Board of Directors has developed and adopted certain corporate governance principles ("Guidelines" [available here](#)) establishing a common set of expectations to assist the Board and its committees in fulfilling their responsibilities to the Company's shareholders to oversee the work of management and the Company's results. In recognition of the continuing discussions about Corporate Governance, the Board will review and, if appropriate and in the best interests of the Company or as required by applicable laws and regulations, revise these Guidelines from time to time.

Orion's Board of Directors strives to achieve best practices in corporate governance, including Nasdaq Board of Director standards and recommendations.

Orion has adopted a Code of Conduct that applies to all of our Directors, Officers, and Members, including our Principal Executive Officer, our Principal Financial Officer, our Controller, and persons performing similar functions. The Company's Code of Conduct is available on [our website](#). Any material amendments or waivers relating to the Code of Conduct will be disclosed on our website within four business days following the date of such amendment or waiver.

Orion's Board strictly adheres to the Company's Corporate Governance Guidelines and Code of Conduct, which are reviewed annually to ensure that they are in compliance.

Examples of the Board's ongoing commitment to corporate governance best practices include:

- 66% of Orion's Directors are Independent according to the independence criteria of the Nasdaq Capital Market and the U.S. Securities & Exchange Commission
- The Company has adopted limits on the number of public company boards on which Board members may serve — ranging from 2 to 5 — to ensure they have sufficient time to devote to their duties to the Company
- 40% of Orion's outside directors are women and the Company's goal is to meet or exceed the NASDAQ goals for diversity
- Orion's Compensation Committee, Audit and Finance Committee, and Nominating and Corporate Governance Committee are each comprised of, and chaired entirely by, Independent Directors
- Orion's Board has developed and maintains a succession plan with respect to the position of CEO, as well as the development and planning for other executives to advance to senior positions
- Orion encourages shareholders to communicate with its Directors. The Company has established a conduit for shareholders to communicate directly to the chair of the Nominating and Corporate Governance Committee and the chair of the Audit and Finance Committee regarding financial or accounting policies or any Director

40%

of Orion's
outside directors
are women and
the Company's
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or exceed the
NASDAQ goals
for diversity



Company Governance

Orion's CEO takes responsibility for reviewing the Company's core values and ethics with management and members on a quarterly basis and also serves as a liaison with the Board of Directors on such matters. Orion members are required to adhere to the Company's Code of Conduct and receive annual training on its provisions and objectives. The Company's **Code of Conduct** covers topics including:

- Accountability and compliance considerations
- Fair dealing with others
- Conflicts of interest
- Confidentiality
- Financial integrity
- Conduct in the workplace and marketplace
- Data privacy
- Proper use of assets
- Other legal and ethical considerations

Orion maintains a Confidential **Whistleblower Policy** which provides a toll-free hotline (866-240-0967) and a **secure web link** for confidential reporting of any suspected violations of the company's Code of Conduct. For further information, please visit the **Corporate Governance of Orion's website**.