oerlikon

Progressing Toward a Sustainable Future

SUSTAINABILITY REPORT **2021**

About Oerlikon

Oerlikon is a global innovation powerhouse for surface engineering, polymer processing and additive manufacturing. Our solutions and comprehensive services, together with our advanced materials, improve and maximize the performance, function, design and sustainability of our customers' and their customers' products and manufacturing processes in key industries.

Pioneering technology for decades, we cherish creating and designing the future with our customers close to where they are, enabling them to achieve more with less.

Emissions reduction in transportation, maximized longevity and performance of tools, increased energy efficiency, intelligent materials and sustainable polymer processing are proven hallmarks of our global leadership.

Everything we invent, develop and do is guided by our passion to support our customers' goals and foster a sustainable world.

Headquartered in Pfaeffikon, Switzerland, the Group operates its business in two Divisions – Surface Solutions and Polymer Processing Solutions. It has a global footprint of more than 11 800 employees at 207 locations in 38 countries and generated sales of CHF 2.65 billion in 2021.

oerlikon.com

Letter from the CEO and CSO[1]

Dear Stakeholders

The Glasgow Climate Change Conference (COP26) captured the attention of the world as global leaders collaborated and debated on effective policies for responding to the climate crisis. The resulting Glasgow Climate Pact calls for a 45% decrease in carbon emissions by 2030 in order to limit global warming to 1.5°C compared to 2010 levels as mandated by the Paris Climate Accords.

The disagreements at the conference highlighted how challenging it will be to reach these targets – and how important it is that every public and private sector entity play an active role. It is not an easy task, nor one that can be accomplished overnight. But it is a task in which we, at Oerlikon, are committed to playing our part in supporting countries to reach the climate goals.

Since publishing our first sustainability report, we have made good progress in advancing our sustainability efforts, both internally and externally, as we continue on our sustainability journey.

In our approach to sustainable innovation, collaboration remains a hallmark as we remain focused on extending tool life, reducing fuel consumption in cars and airplanes, improving textile machinery efficiency, increasing recycling of fibers and materials and pioneering technologies that will enable the future of mobility. In this report, you will find many case studies and examples of how we are continuing to help customers in key markets to build their businesses by implementing cost-effective, climate-friendly solutions and services.

We recognize that ESG practices are inextricably linked to products and profitability. Thus, we have shared the methodology of how we are qualifying and classifying our coatings, components, materials and equipment as sustainable – and their relation to our R&D investments. This will facilitate a better understanding of the sustainability contributions and road map of our technologies toward our R&D investment target.

Around the globe, Oerlikon employees actively participated in our sustainability programs and initiatives. You will find stories of their innovative ideas throughout this report: How our first Diversity Conference raised the awareness of the importance of diversity, equity and inclusion. How we successfully hosted a "topwomentech" jobinar. How fresh perspectives on workplace practice and process sparked changes that reduced operational costs and increased productivity.

We have also achieved milestones on environmental and governance topics. To name a few, we implemented energy management systems at another 12 sites, thus bringing the total to 30 sites, which account for 54% of our total energy consumption. We have started the project to define our Scope 3 emissions. Our procurement is collaborating with EcoVadis for the assessment of suppliers, and we issued new and updated policies in the areas of sustainability, human rights, anti-child labor and health and safety.

In a year when the pandemic continued to play a major role in our personal and business lives, we were confronted by pandemic-induced challenges that impacted areas such as recruitment and the safety of our employees. We demonstrated that we were well equipped to respond swiftly and effectively to ensure the safety, health and wellbeing of our employees, customers, vendors and communities. This gives us greater confidence in our ability to respond effectively and with minimal disruption to our operations and business for future crises.

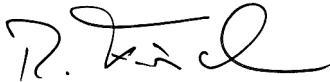[1] GRI 102-14: Statement from senior decision-maker.

In this report, you will find many examples of our progress and actions and stories on how sustainability is at the heart of our products, solutions, operations and in our people.

We take great pride in our ability to attract and retain the exceptional professionals who convert the principles of sustainability to action on behalf of our customers, our partners, our suppliers, our investors and our planet. Only in engaging our workforce are we able to secure the link to sustainability as we work together toward profitable growth.

There is naturally scope for improvement and no quick fix that will shrink the global carbon footprint overnight. We will continue to make progress and recognize the need to implement improvements on an ongoing basis – as a continuum, not as an advance toward the finish line, because there is no finish line in caring for our planet.

On behalf of our Executive Committee and the entire Oerlikon team, we thank each of you, our stakeholders, for accompanying us on this journey. We are grateful as always for your collaboration, interest and support.

In partnership

Dr. Roland Fischer
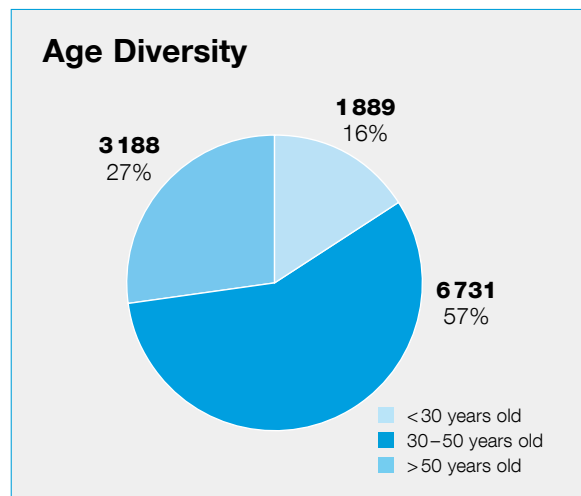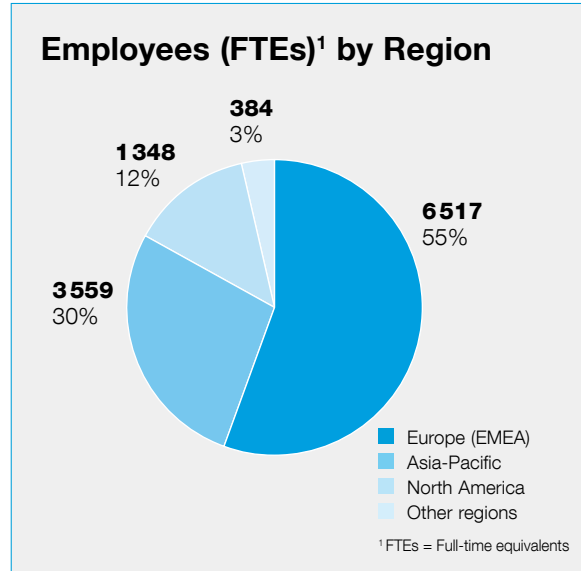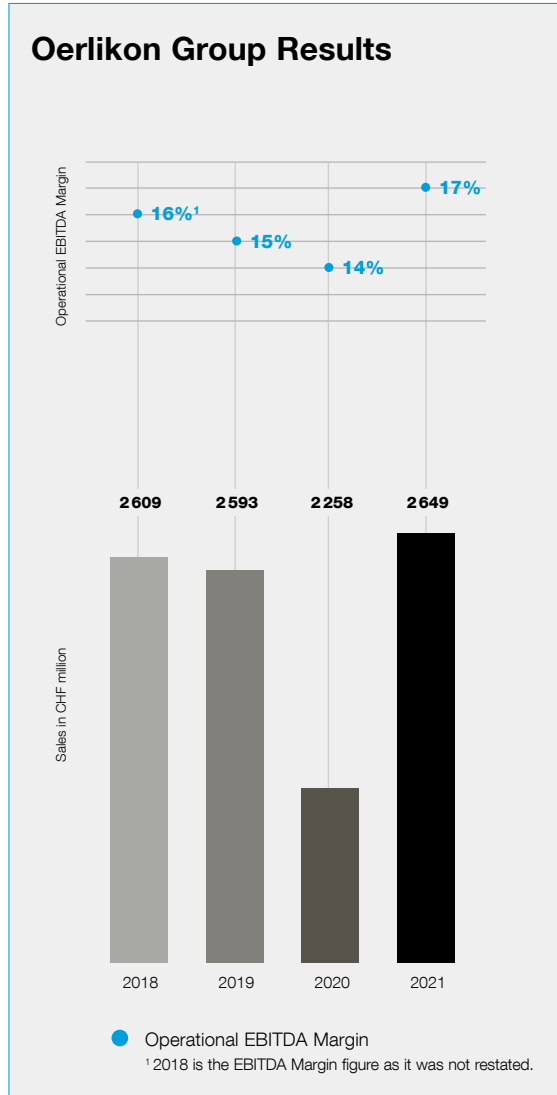Chief Executive Officer

Georg Stausberg
Chief Sustainability Officer

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2021 Facts and Figures

Oerlikon Group Results

Operational EBITDA Margin

16%[1]
15%
14%
17%

Sales in CHF million

2018	2019	2020	2021
2 609	2 593	2 258	2 649

● Operational EBITDA Margin
[1] 2018 is the EBITDA Margin figure as it was not restated.

Employees (FTEs)[1] by Region

384
3%

1 348
12%

3 559
30%

6 517
55%

■ Europe (EMEA)
■ Asia-Pacific
■ North America
■ Other regions

[1] FTEs = Full-time equivalents

Age Diversity

1 889
16%

3 188
27%

6 731
57%

■ <30 years old
■ 30–50 years old
■ >50 years old

Global Reporting Initiative
This Sustainability Report is published according to the internationally recognized GRI Sustainability Reporting Standards.

FT Diversity Leader
FT Diversity Leaders 2022 has ranked Oerlikon as one of the top companies in Europe promoting diversity.

EcoVadis
In recognition of its sustainability business practices, Oerlikon has received the bronze award from EcoVadis, one of the world's leading sustainability ratings providers for corporate social responsibility (CSR).

EqualVoice
We are proud to be one of the companies committing to the EqualVoice United initiative, which advocates gender equality and aims to increase visibility of women in the media.

Driving ESG Progress at Oerlikon

KEY ESG MILESTONES 2021

Excluding 2021 Acquisitions.

Environment

- **Twelve** sites installed energy management systems (EnMS) in 2021, bringing the total number of Oerlikon sites with EnMS to **30.** This corresponds to **19%** of our total relevant sites and **54%** of our total energy consumption in 2021. To date, our 23 highest energy-intensive sites, accounting for 50% of Oerlikon's total annual energy consumption, have EnMS implemented.
- **22%** of electricity consumed is from renewable sources (figure first time available).
- Reduced disposed waste to **31%** of total waste (2019: 42%).
- **~72%** of our R&D investments cover ESG criteria (figure first time available).
- Started project to define **Scope 3 emissions** – baseline to be determined in 2022.

Social

- Achieving gender balance remains challenging given the predominance of men in engineering. In 2021, **12%** of our management and leaderships roles were filled by women. It is stable compared to the 2019 baseline due to the Surface Solutions transformation and COVID-induced recruitment challenges.
- Among our leadership team, we improved the geographical diversity, with **21%** of our Global Leaders in 2021 being non-European (2020: 12%).
- There was **no change** in the share of women (23%) in high-potential programs versus 2020. Compared to 2019, there was a slight decrease from the 24% due to normal fluctuations with the new cohort of participants.
- Our 2021 total accident frequency rate (TAFR) reduced by **18%** to 0.72, compared to 0.88 in the 2019 baseline year. Compared to the initial baseline set in 2016, it is a **45%** reduction.
- **Donated** to Doctors without Borders from global campaign and **supported local communities** in multiple countries, including Germany, Mexico, Italy and India.
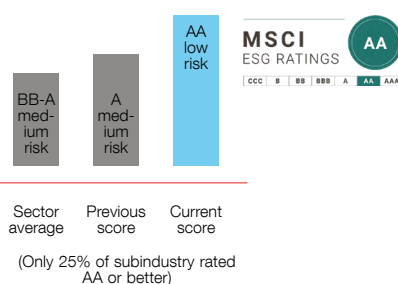
Governance

- Launched **updated Code of Conduct** (CoC) and rolled out **e-training** to employees with digital access. In 2021, around **4 100** employees completed the e-training, representing **97%** of registered users. For employees without digital access, in-person training will take place in 2022 and 2023.
- Introduced **new policies and guidelines,** including the Sustainability and Health, Safety & Environment Policy, Non-Discrimination and Anti-Harassment Policy, Policy Against the Use of Child Labour, Policy Against Human Trafficking and Slavery, Contractor Safety Guideline, Data Privacy Directive and our Lockout-Tagout HSE guideline.

ESG Rating Upgrades 2021

As of December 31, 2021

MSCI

Sector average	Previous score	Current score
BB-A medium risk	A medium risk	AA low risk

(Only 25% of subindustry rated AA or better)

Sustainalytics

Sector average	Previous score	Current score
34 high risk	35 high risk	28 medium risk

(Rated in top 16th percentile for subindustry)

EcoVadis

Sector average	Previous score	Current score
<45	n.a.	52

(Only 38% of industry rated better)
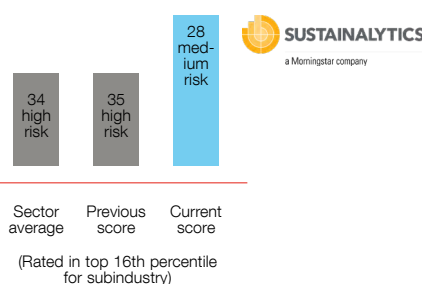
Driving Customers' ESG Progress

At Oerlikon, our role is to enable our customers, their customers and the industries they serve to **achieve more with less**. Specifically, we aim to help customers to achieve more in terms of savings, efficiency and productivity, while using fewer resources such as energy and materials. In doing so, we help them to reach their sustainability and economic goals. With our technologies, we enable less fuel consumption in airplanes, facilitate future mobility, extend the lifetime of tools, save energy and reduce waste in processing polymers, and beyond.
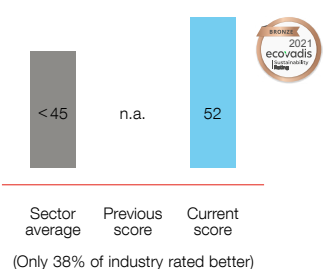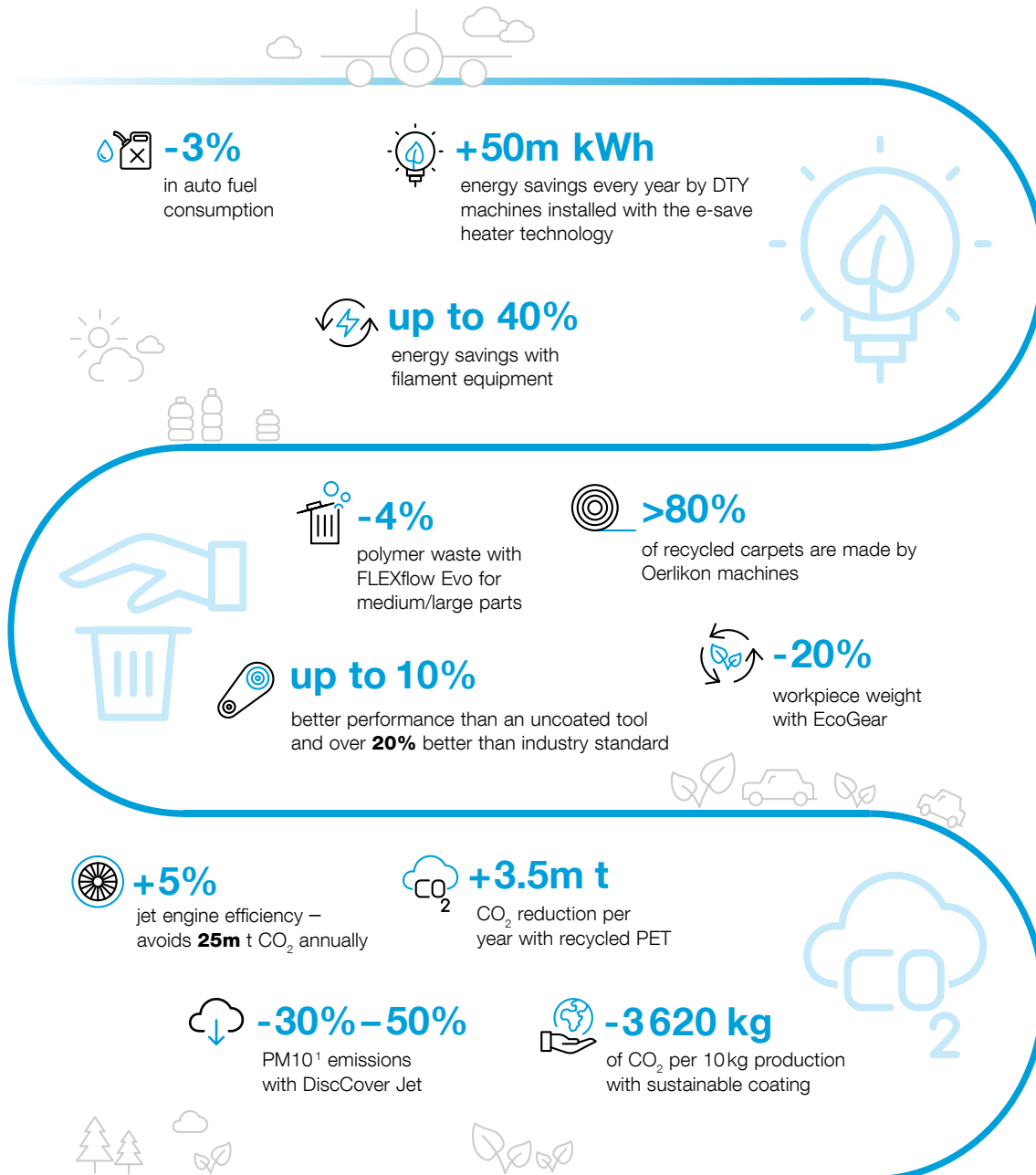
Below are a number of examples of our sustainable technologies for customers. Further details can be found in case studies in this report on pages 14 to 23.

-3%
in auto fuel
consumption

+50m kWh
energy savings every year by DTY
machines installed with the e-save
heater technology

up to 40%
energy savings with
filament equipment

-4%
polymer waste with
FLEXflow Evo for
medium/large parts

>80%
of recycled carpets are made by
Oerlikon machines

up to 10%
better performance than an uncoated tool
and over **20%** better than industry standard

-20%
workpiece weight
with EcoGear

+5%
jet engine efficiency –
avoids **25m** t CO_2 annually

+3.5m t
CO_2 reduction per
year with recycled PET

-30% – 50%
PM10[1] emissions
with DiscCover Jet

-3 620 kg
of CO_2 per 10 kg production
with sustainable coating

[1] PM10 includes particles that have aerodynamic diameters less than or equal to 10 micrometers (µm).

Our Strategy

02

STRATEGY – KEY IMPACTS, RISKS AND OPPORTUNITIES
GRI 102-15

Sustainability was and is an inherent part of Oerlikon's strategy. The publication of Oerlikon's first Sustainability Report in 2021 marked not an announcement, but rather an affirmation of our sustainable business strategy.

We continue to uphold that strategy as key to preserving our planet and our prospects for long-term growth. As expressed in our Sustainability and Health, Safety & Environment (HSE) Policy that was published in January 2022, Oerlikon believes that profits and purpose can work together to deliver long-term sustainable value for all its stakeholders, customers, investors, employees and society.

Transforming that mission from an ideal to a practical reality requires a strategy that we envision as having three overlapping areas of impact: governance, people and society and our environment. This perspective strengthens our capacity to manage our business in a manner that thoroughly integrates sustainability principles and standards.

To bring our commitment to fruition, we implement a range of programs, stretching from our R&D and solutions for customers to excellence in our operations and diversity programs, and ensuring at the same time that we exert responsible oversight of compliance and governance.

Linking the operational part of the business with a full commitment from management, Oerlikon's sustainability organizational framework encompasses members of the strategic, operative and business level. Further, each employee is responsible, on an individual level, for upholding the principles of sustainability & HSE, and line management is responsible for ensuring alignment in business activities and processes within their area of responsibility.

Our strategy further commits us to:
- Minimizing the environmental impact of our own products and operations across the entire life cycle and value chain;
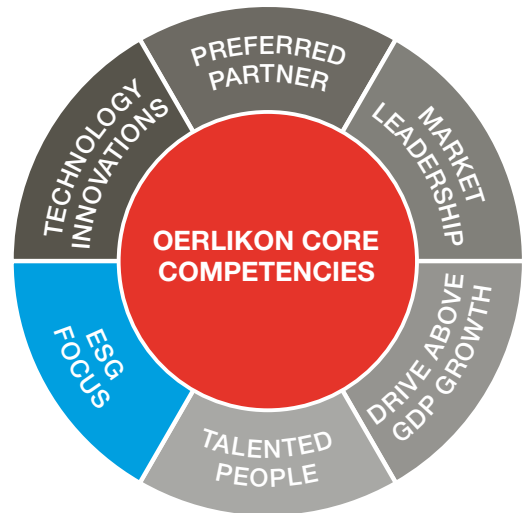
- Providing customers with ecologically designed and industry-standard safe products to help them attain their emissions, consumption and waste reduction targets;
- Achieving operational excellence on emission reduction and optimizing consumption of scarce resources;
- Embrace a circular economy approach and responsible procurement and manufacturing in Oerlikon's product lifecycle management and operations through conscious sourcing, more recycling and less waste generation;
- Ensuring Zero Harm to People, i.e., employees, contractors, suppliers, visitors and the community; and
- Partnering, listening to and working hand in hand with Oerlikon's stakeholders to engage in informed, intelligent ongoing process improvement to uphold optimal governance, social, environmental and sustainability standards.

There is no doubt that in today's business landscape, this strategy has market value as well as social value. As we look to the future, we will remain an engine for environmental and social action, a responsibility that complements our obligations to our customers and that is compatible with – and supportive of – our targets for market growth and financial performance. This is Oerlikon's blueprint for maintaining technological leadership and our strategy for delivering sustainable value to all stakeholders.

Our 2030 Sustainability Targets

Our goal is to ensure that Oerlikon is recognized equally for its innovation and its integrity – and for the extent to which our work supports countries' progress toward sustainability goals. To that end, we focus in particular on the areas in which we can make the greatest impact through our products, services and operations.

We published our first Sustainability Report in 2021 and use 2019 as our baseline for our targets since 2020 was a pandemic-impacted year. This allows us to track and compare our progress against a year of normal operations. For detailed information on our 2030 sustainability targets and progress, see the table on page 55.

Environment

Implementing energy management system at all relevant sites

increasing the share of electrical energy from renewable sources

Increasing the share of operations that are climate neutral

Reducing the share of disposed waste

100% of R&D investments in products must cover ESG criteria

Social

Increasing the % of women in management and leadership roles

Increasing the % of women in high potential talent programs

Ensuring Zero Harm to People

Governance

Increasing the % of employees who have completed compliance and Code of Conduct training

Our Responsibility to Stakeholders

The United Nations Sustainable Development Goals (SDGs) provide a framework demonstrating Oerlikon's priorities as a business and as a global citizen. While we support all the SDGs, eight of them are the most relevant in terms of our ability to serve the environment, our people and every individual or community with a stake in our work.

Our stakeholders are equally important in determining our role and responsibility. We recognize that our relationships with each of these stakeholders are essential to our ability to pursue growth targets and maintain our standards of business conduct. It is in keeping with the needs and expectations of our customers, employees, investors, policymakers, capital markets and civil society that we can achieve sustainable results and long-term growth.

Longtime advocates of partnership in bringing innovation to market, we value listening to our customers and collaborating with suppliers and contractors in support of our shared commitments. Within our company, we encourage curiosity and that individual employees and teams are open to unconventional ideas. In our experience, a workplace that gives its employees the freedom to reach their potential is just as essential as investment in R&D resources in commercializing industry-leading innovations.

Through the materiality analysis we performed in 2020, potential ESG issues that affect our stakeholders and business were identified and the eight issues that are of priority to our stakeholders were mapped in the materiality matrix (see page 12). These materiality topics form the backbone of our 2030 targets, our commitment and our sustainability actions.

To enhance comparability, transparency and accountability for all our stakeholders, we have opted to prepare our Sustainability Reports according to the internationally recognized GRI Standards.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations SDGs are at the heart of the 2030 Agenda for Sustainable Development and define the world we want. At Oerlikon, we affirm both the ideals and the necessities of each of the 17 United Nations SDGs. Given the nature of our processes and operations, we can have a greater impact on some SDGs compared to others.

We have therefore identified eight SDGs in line with where we can make the greatest difference, both in our practices and in our impact on the planet and its people, whether globally or in the communities in which we work. These areas of focus encompass climate and energy, the circular economy, innovation, employment practices and education, health and safety, community engagement, governance and responsible sourcing and human rights.

ENVIRONMENT

| 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION |

SOCIAL

| 3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY |

GOVERNANCE

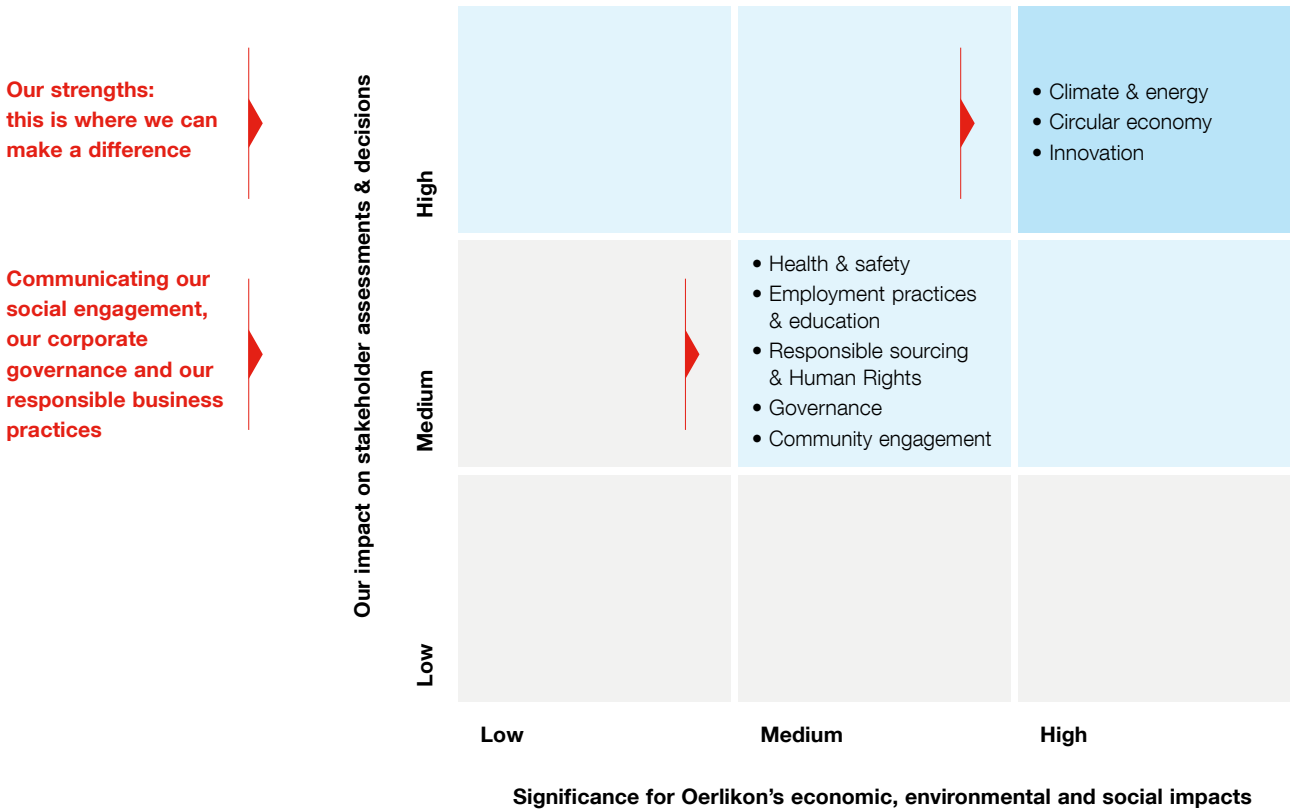| 8 DECENT WORK AND ECONOMIC GROWTH | 17 PARTNERSHIPS FOR THE GOALS |

Through materiality analyses and adherence to international GRI Standards, and with an unwavering commitment to transparency, we are confident of our ability to report on our sustainability impacts consistently, credibly and with full accountability to our stakeholders.

Finally, we see this Sustainability Report not as a means of one-way delivery of information, but rather as a tool for ongoing dialog with our stakeholders. Integral to our sense of responsibility to each of them is a commitment to soliciting and considering their feedback and suggestions. With their input, we are best positioned to build on our

history of continual process improvement and to ensure that our operations are the equal of our innovations in terms of upholding optimal governance, environmental, social and sustainability standards in our work around the world.

Oerlikon's Focus in Materiality Matrix

Our strengths:
this is where we can
make a difference

Communicating our
social engagement,
our corporate
governance and our
responsible business
practices

Our impact on stakeholder assessments & decisions

High
- Climate & energy
- Circular economy
- Innovation

Medium
- Health & safety
- Employment practices & education
- Responsible sourcing & Human Rights
- Governance
- Community engagement

Low

Low   Medium   High

Significance for Oerlikon's economic, environmental and social impacts

03 Our Environmental Commitment

Circular Economy: Oerlikon Spinning Machines' Environmental Contributions in the Processing of Recycled Polyester Fibers

Diverting around **77 billion PET bottles** from landfill

More than 80% of sustainable carpets are produced by employing Oerlikon machines

Around **1.2 million tons of recycled polyester fibers** produced by using Oerlikon spinning machines

Saving energy that can be used to supply almost 3 400 homes' electricity for one year

Every 4th recycled polyester filament yarn has been manufactured by using Oerlikon machines

Saving CO$_2$ emissions equivalent to the consumption of 7.7 million barrels of oil

03

Sustainable Innovation

SDGS IN FOCUS:

SIGNIFICANT INDIRECT ECONOMIC IMPACTS
GRI 103-1,2,3; 203-2

Throughout the world in October and November 2021, all eyes were on COP26 as global leaders collaborated and debated on effective policies for responding to the climate crisis. The resulting Glasgow Climate Pact calls for a 45% decrease in carbon emissions by 2030. Meeting that target is mandatory to limit global warming to 1.5°C (2.7°F) compared to 2010 levels as mandated by the Paris Climate Accords.

The conference in Glasgow and the disagreements on what needs to be done put a spotlight on how challenging it will be to reach these targets – and on how critically important it is that every public and private sector entity play an active role in taking the bold action necessary to get the job done.

It is not an easy task, nor one that can be accomplished overnight, despite the pressure to move as quickly as possible. But it is also a task at which each of us must persevere in the face of the difficulties and obstacles we will inevitably face.

At Oerlikon, sustainability is built into our strategy, which drives our operations and innovations to serve our customers' needs. Our overarching goal is to empower our customers and their customers to increase their efficiency and productivity, optimize their usage of resources and reduce their energy and water consumption and waste.

With the world's population projected to reach 10.9 billion by 2100 and the global middle class continuing to grow, the demand for energy, food,

Case Example:
DISCCOVER JET SOLUTION ON THE ROAD

We have put on the road our brake disc solutions, DiscCover Jet, to reduce fine dust emissions, which are detrimental to health and the environment, and are expected to be regulated. According to test results in passenger cars, DiscCover Jet could reduce fine dust emissions by around 50%, and even better results were seen in certain customer tests. We are also working on improved and more cost-efficient solutions, eg. DiscCover Beam, to help the automotive industry reach fine dust emission targets expected in four to five years with the European vehicle emissions standards – Euro 7.

clothing and products contributing toward a better lifestyle are driving the growth in international trade, imports and exports to meet these needs. Demand for mobility has been dampened by the pandemic, but the need and desire to travel and be mobile will return.

SUSTAINABLE PRODUCTS

As a leading global technology company, we see our role in bridging the gap between the demands stemming from these global trends with our technological solutions. We must push the limits on the extent to which technology can be used to facilitate the demand for affordable and clean energy, ensure sustainable consumption and production patterns and implement industry innovation and infrastructure while combating climate change.

With a portfolio of equipment, components and services that encompasses surface engineering, advanced materials and fiber production, we engineer solutions that contribute to a more sustainable planet. Our work promotes greater efficiency in energy consumption, longer lives for equipment and tools, increased usage of recycled fibers and materials and reduction of waste and CO_2 emissions.

Consider our high-end technology, WINGS – Winding Integrated Godet Solution – which achieves the world's highest efficiency rate in the

17 PARTNERSHIPS FOR THE GOALS

Case Example:
OERLIKON AND URWAHN TEAM ON AN AM CUSTOM BICYCLE

In November, Oerlikon delivered the 1 000 th additively manufactured bicycle component to Urwahn, manufacturer of a first-of-its-kind custom bicycle. This milestone is the fruit of several years of collaboration to create a next-generation bike. Its unique features include rear wheel elastic suspension to ensure a comfortable ride, LED lighting integrated in the frame and a GPS tracking system. The frame is protected by a BALINIT CROMA PLUS coating. The project reflects Oerlikon's commitment to collaborating with a start-up that places strong emphasis on local sourcing (fair frame) and to promoting sustainable mobility and transportation megatrends, such as cycling, which represent a long-term market opportunity.

processing of pre-oriented and fully drawn yarns. During the yarn manufacturing process, WINGS reduces energy consumption by as much as 40% and generates minimal waste thanks to its high levels of production efficiency.

In aerospace, our customers need enhancements to performance, safety, fuel efficiency and CO_2 emissions reductions. Among the innovations

Environment
Climate Action

13 CLIMATE ACTION

Case Study:
NEW COATING MATERIALS REDUCE CO_2 EMISSIONS

In 2021, Oerlikon's Surface Solutions portfolio expanded with the launch of two coating materials that use recycled carbides. In our analysis, we found that sustainable coatings dramatically decrease the carbon emissions created in the production of conventional materials – by 3 620 kg of CO_2 per 10 kg of production. That is equivalent to emissions from the consumption of 407 gallons of gasoline or 3 989 pounds of coal, according to the U.S. Environmental Protection Agency's greenhouse gas equivalency calculator. In addition, the sustainable coatings provide equivalent low stress abrasion resistance to conventionally produced materials with a lower cost variance associated with fluctuating metal markets. These sustainable coating materials are suited for the oil & gas, agriculture and mining industries.

introduced by Oerlikon are high-tech abradable coatings that increase engine operation safety, reduce fuel consumption and so decrease CO_2 emissions. Our portfolio of solutions also includes thermal barrier coatings in combustor and turbine components within the hot section of engines. These coatings protect the underlying materials against extreme conditions. The result: savings of up to 5 million liters of fuel daily, thus eliminating 11 600 tons of CO_2 emissions.

Oerlikon's mission is to continue to develop next-generation solutions to resolve our customers' challenges. We achieve this by making continuous investments in R&D that lead to commercialization of groundbreaking products and services. For example, we are working on coating and material solutions for future mobility, with a focus on the battery- or fuel-cell-operated electronic vehicles that will help steer us toward a cleaner planet, and polymer recycling technologies and solutions to reduce waste.

Essentially, our research and engineering strategy that drives our innovation pipeline focuses on three priorities: customer needs, market potential and environmental concerns. In 2021, we invested around 4% of our revenue (CHF 105 million) in R&D and filed 90 new patents. We are in constant pursuit of new applications and enhancements to existing solutions, always with the target of delivering higher productivity, lower operating costs

Case Example:

3.5 MILLION TONS OF CO_2 REDUCTION PER YEAR WITH R-PET FIBERS PRODUCED WITH OERLIKON MACHINES

Every year, more than 70 million tons of manmade fibers are produced. Out of this, around 8.5 million tons stem from R-PET – recycled PET (polyethylene terephthalate). R-PET is attributed to reducing the CO_2 footprint of the industry by 25 million tons compared to the petrochemical-based virgin PET. Around 3.5 million tons CO_2 savings are achieved by Oerlikon spinning machines.

and greater results in sustainability performance – and often in collaboration with our customers and partners.

In this report, you can find many more examples and case studies of how our technological solutions are helping customers to achieve their sustainability goals – reducing their carbon footprints, enhancing the performance of their equipment and production systems, saving costs, reducing use of energy and resources and minimizing waste generation.

Governance
Partnerships for the Goals

Case Study:
PARTNERS IN SUSTAINABLE MANUFACTURING

In traditional bevel gear production, the teeth shape is cut from blanks, which generates an excess of material waste. To reduce these wasted materials, we are partnering with Stockholm's KTH Royal Institute of Technology and industry partners Scania, Georg Fischer and Buderus Steel to create a more sustainable process for manufacturing bevel gears. Developing a pre-forged blank at the beginning of the process chain with a near net shape geometry of the teeth presented challenges along the process chain. We addressed these with Oerlikon's primeGear solution, which optimized surfaces and edges with pre- and post-treatments and coatings. The initial results of the project include up to an 80% increase in tool life, material savings of up to 20% of the total weight of the workpiece and reductions in not only material waste, but also in the volume of energy and resources needed for production, machining, transport and recycling. Our experience in the EcoGear project affirms our belief in our capacity for facilitating sustainable innovations and the value of partnerships to drive sustainability forward together.

Environment

Affordable and Clean Energy

Case Study:

eAFK REDUCES ENERGY SAVINGS AND CARBON EMISSIONS

Launched in 2019 to create new standards in texturing, the eAFK Evo generation of machines delivers superior speeds, greater productivity and consistently high product quality, along with lower energy consumption and simpler operation vis-à-vis comparable market solutions. The cost-effective, compact eAFK Evo stands at just 4.7 meters but is equipped with a three- or four-deck winding system. Key features also include its EvoCooler controllable cooling unit, which enables even yarn dyeing and, in combination with the HTI heater and connected peripherals, delivers up to 25% energy savings.

Considering new eAFK Evo machines installed since 2020, a total of 3.8 million kWh of energy has been saved over the past two years, which is the equivalent of 1 840 tonnes of CO_2[1]. If all autodoff texturing machines in the market had been substituted by the eAFK Evo, more than 754 million kWh of energy could have been saved in the past ten years, or a reduction of 173 960 tonnes of CO_2[1] emissions.

[1] Calculated based on European energy mix.

Environment

Industry, Innovation and Infrastructure

Case Study:

HYBRID PHANTOM TECHNOLOGY DELIVERS REMARKABLE SUSTAINABLE BENEFITS

The Phantom coform technology is developed by P&G and licensed exclusively to Oerlikon Nonwoven Teknoweb Materials for its further development and commercialization.

This technology offers a notably simplified productive process and produces disposable substrates by combining coaxMELT (PLA, PP and others) with cellulose pulp. This coform solution does not need hydroentanglement and the ensuing drying, and delivers significant energy and cost savings while still ensuring a high-quality product.

Phantom plants are used to produce high-quality substrates for wet baby wipes, diapers' absorbent cores and hygienic, medical and filtering products. The disposable wipes produced by Phantom were analyzed by the Manchester University in compliance with ISO standards 14040 and 14044, which provided the sustainable impact of these wipes compared to established complex carded and spunlace systems.

The carbon footprint of the Phantom substrate, according to the study, is 43% lower than the traditional PP spunlace's footprint: the Phantom's footprint is equal to 2.95 t CO_2 eq./t, compared to the 5.2 t CO_2 eq./t of the spunlace's footprint. Furthermore, Phantom uses 40% less energy, low consumption (0.2 m³ versus 2.7 m³ of the spunlace for each T of substrate produced) or waste of water (0 versus 1.1 m³ of the spunlace for each T of substrate) and 10% lower ozone level. With respect to other environmental categories, the Phantom process can lower impacts up to 87%, for example fossil depletion (-43%), metals and minerals depletion (-51%), acidification potential (-57%), human toxicity potential (-32%), ecotoxicity potential (-87%) and so on.

Qualification of Sustainable Products

At Oerlikon, we see combating climate change as similar to engaging in groundbreaking R&D: if initial results are not fully aligned with expectations, we analyze the data and extract the lessons learned that we can use to attain optimal outcomes. As always, the process begins with data collection and development of methodologies. These empower us to assess where we are hitting our performance benchmarks and where the metrics signal challenges that require further efforts and investments in sustainable innovation solutions.

In 2021, recognizing that a step toward improving is to measure, Oerlikon assigned the task to a team from the high potential talent program, Horizons, to define the criteria for categorizing what constitutes a sustainable solution – be it a coating, component, material or an equipment from Oerlikon. Their focus encompassed the direct and indirect impact of our products and operations. By formulating and executing a system, we are able to consistently and transparently report on our sustainable solutions and the progress that we make toward our target of investing 100% of our R&D in products that cover the ESG criteria. This target excludes our R&D investment for our defense and oil & gas customers, which contributes to less than 5% of our total revenue.

The team grouped our products into three categories:

- Our tool coatings, whose objective is to improve customers' production process from a sustainability perspective and so contribute to responsible consumption and production.

- Our component and materials business, whose objective is to enable sustainable applications or improve the overall system with regard to sustainability and so contribute to climate action such as reduction of CO_2 emissions in aerospace.

- Our equipment business, whose objective is to achieve more sustainable production.

For our tool coatings, we considered the coatings to be sustainable when they improve the production process of at least one of the following: raw material consumption, energy consumption, emissions or service time. At the same time, the coating must deliver the same or better performance than the industry standard. After consolidating the data, we found that all our tool coatings will definitely improve at least one of the environmental criteria, as tools with standard coatings or high-performance coatings can perform up to ten times better than an uncoated tool.

Upon comparing our tool coatings with industry standards, we identified some gaps – most of which were already known – and thus, we have been investing in R&D to develop next-generation coatings.

The component and materials business encompasses the broadest scope of our solutions. It includes our precision component, friction systems components, materials business and additive manufacturing. Given this breadth of scope, the team defined the first criteria based on the application of the product. If the solution was applied in a controversially discussed field in relation to sustainability, such as defense or oil & gas, it would not be considered sustainable. If the solution was applied in a sustainable field, such as renewable energy or

Case Example:
ECO-FRIENDLY COATING FOR AWARD-WINNING BMW PART

Oerlikon Balzers' coating, based on its ePD technology, is a REACH-compliant alternative to hazardous chromium VI. The coating is used to integrate intelligent functions such as camera technology, radar function and other sensors in the new BMW iX's kidney grille. For this innovative kidney grille, BMW received a Grand Award from the Society of Plastics Engineers.

medicine, then it would be considered sustainable. In addition, the solution needs to improve the overall system compared to the industry standards in at least one of the following areas: energy consumption, social impact, waste, emissions or service time. For the solutions in these criteria that do not have a comparable industry standard, they are not classified as sustainable.

It is important to mention here that Oerlikon serves customers in the aviation, space, automotive and tooling sectors, which have customers in the defense industry. Oerlikon also provides solutions to the oil & gas industry. In these industries, Oerlikon takes a best-in-class approach, with the aim to help these customers reduce their environmental or social footprint and meet their targets. Sales generated from both these industries comprise less than 5% of Oerlikon's total revenues.

For our equipment business, the team defined a sustainable equipment as one that can reduce the environmental impact relative to that of the industry standard in terms of one or more of the following: raw material consumption, energy consumption, water consumption, social impact, waste, emissions or service time.

Overall, the categorizing and criteria developed by the team also identified areas of challenge that Oerlikon needs to address. In spite of some lag time between initiating those investments and seeing the new or enhanced products commercialized even accompanied with year-over-year fluctuations, we are already in the process of addressing these challenges and have ramped up our investments in sustainable products. Over the longer term, we will continue to engage in continual collaboration with our customers to upgrade and to deliver solutions that will strengthen our technology leadership and progress toward our 2030 R&D target where 100% of R&D spend is on sustainable products.

Total 2021 R&D Investment[1]
in CHF million

29
28.5%

73
71.5%
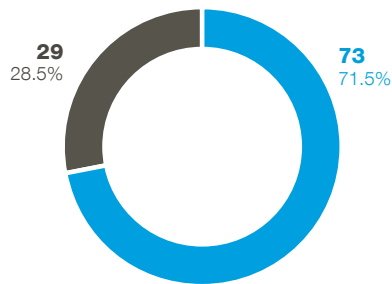
■ In sustainable products.
■ In other R&D products and activities.

[1] Excluding acquisitions.

Case Example:
SAVING AM POWDER WITH TESTING AND BLENDING

For the additive printing of an aerospace antenna, we developed a method to test and blend additive materials, which enables us to save up to 47% of additive manufacturing powder and no powder is wasted compared to the cycle counting method currently used by the industry for such parts.

Qualification Process of Sustainable Products

We have broadly classified our solutions in three categories: tool coatings, component and materials business and equipment business.

The flowcharts below depict the process and criteria we have defined to enable us to determine which of our solutions are to be classified as sustainable.

TOOL COATINGS
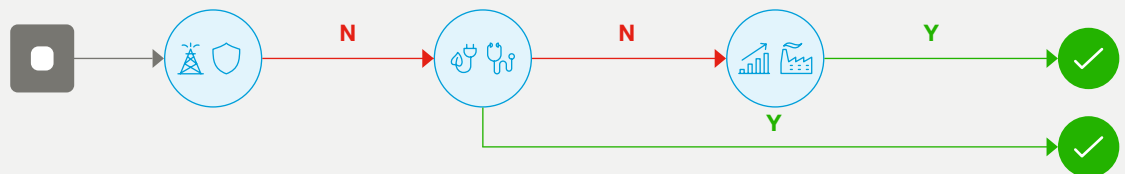Our product improves the customer's production process in terms of sustainability.

Product — Does it improve the production process in at least one of these dimensions: raw material consumption, energy consumption, emissions or service time without a negative effect on one of the other dimensions?

Does it have the same or better performance than the industry standard, predecessor product or best-in-class competitor product?

Y — Y — ✓

N — ✕

COMPONENT AND MATERIALS BUSINESS
Our product is applied in a sustainable field or improves the overall sustainability of a system.

Component/materials — Is it applied in a controversially discussed field?

Is it used in a sustainable field such as renewable energy or medical?

Is the overall system better compared to the industry standard, predecessor product or best-in-class competitor product?

N — N — Y — ✓

Y — ✓

EQUIPMENT BUSINESS
Our product delivers sustainability benefits in production.

Equipment — Does the equipment reduce the environmental impact compared to industry standard, predecessor product or best-in-class competitor product in at least one of the following dimensions: raw material consumption, energy consumption, water consumption, social impact, waste, emissions or service time without a negative effect on one of the other dimensions?

Y — ✓
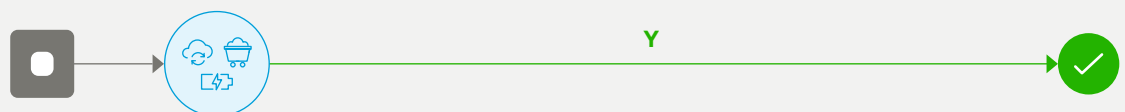
✓ Classified as a sustainable product   ✕ Classified as other products or activities.

Environment

Industry, Innovation and Infrastructure, Responsible Production and Consumption, Climate Action

Case Study:
A MULTIPRONGED ENVIRONMENTAL INITIATIVE

The team at the Oerlikon site in Suzhou, China, examined their systems and processes in search of opportunities to engage in more sustainable practices. The results of their efforts demonstrate how much impact can be achieved by individual sites. The team identified energy reduction, water cleaning and reuse of packaging as areas in which they could make an impact.

Steps taken to reduce energy consumption included replacing outmoded, inefficient compressors. High-efficiency air conditioners were installed in the workplace, as were upgraded fans that delivered multiple benefits: they used less energy in operation but at the same time made the site safer and more comfortable. And the site's new oven now has thicker insulation and forced air exchange instead of naturally circulating air exchange. These efficiency improvements reduce electricity consumption by 430 000 kWh, which translates to around 302 metric tons of reduced CO_2 emissions annually.

A shift in the SPI rotor cleaning process from ultrasound to plasma cleaning reduced wastewater volume from 30 metric tons to zero, a step toward achieving the goals of the Zero Wastewater Project.

Finally, a packaging redesign is reducing the use of wood materials by up to 500 m³ annually on initial use – and because the packaging material can be reused up to five times, an additional annual saving of up to 3 500 m³ in wood and an additional 38 000 kg in metal can be achieved. The team has taken additional steps to further their sustainability progress, including engaging in ISO 50001 training and SGS-China Beijing Green Exchange training on reporting and verification of CO_2 emissions calculations, to validate the results of their efforts.

Environmental Sustainability in Operations

Oerlikon has long been dedicated to developing sustainable innovations and technologies, many of which we develop in collaboration with external partners and customers. We recognize the need to apply those same principles of innovation to our own operational processes and systems and to reduce the impact of our business on the environment.

Our overall strategy for reducing energy consumption and CO_2 emissions relies on optimizing efficiency on both a small and greater scale. That can mean anything from replacing conventional lighting with LED lighting to putting the recovered heat from combined heat and power systems to use.

We have set ambitious targets for the next decade. In 2030, we intend to:
(i)   Implement ISO-50001-certified or Oerlikon defined Energy Management Systems (EnMS) at all relevant sites;
(ii) Use electrical energy derived exclusively from renewable resources;
(iii) Reduce the share of disposed waste to 21% of total waste and
(iv) Achieve climate neutrality in 100% of our operations.

The first three of our environment targets – implementing EnMS at all our relevant sites, switching to purchasing and consuming energy solely from renewable resources and reducing waste – combined with other large and small energy-saving and emission-reduction initiatives, such as switching to LEDs and electric vehicles for sales and deliveries, will support our efforts toward achieving climate neutrality in our operations.

All our environmental targets consider relevant sites, which are production sites and large office sites, excluding small offices with less than 50 employees. In 2021, we included additional data from a few small offices and sites that are minority owned when they provided the data. Together, all these sites are called operational sites.

In 2021, the environmental key performance data from 160 operational sites was consolidated, including all production sites, one of which is minority owned, and excluding sites acquired in 2021. In the 2019 baseline year, data from 155 sites was consolidated. The increase in sites is attributed to four newly opened sites and to a site acquired in 2020 and reported in 2021.

From the acquisitions of INglass and Coeurdor, we added 23 sites to Oerlikon's global footprint, ten of them are considered relevant sites.

We made progress in 2021 in our environmental performance (see following sections of this chapter) and will continue to work toward improvements in energy efficiency and reductions in energy consumed, resources and waste – and toward our targets.

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7 AFFORDABLE AND CLEAN ENERGY

Case Example:
ENVIRONMENTALISM AND EFFICIENCY, HAND IN HAND

An Oerlikon Metco warehouse in Fort Saskatchewan, Alberta, Canada, upgraded their lighting in 2021 that simultaneously addressed productivity and sustainability targets.

The original fluorescent lighting was no longer fit for purpose. Fittings were burning out, the low-hanging lighting presented a potential workplace hazard and fluorescent tube disposal is incompatible with our evolving standards of waste disposal. Moreover, the tubes provided inadequate light and were not energy efficient.

Thus, we launched a project in January to replace these outmoded fixtures with LED lighting. Projections revealed the potential to realize significant cost savings: the budget for maintenance and fixture replacement was expected to fall from CAD 906.09[1] a month to zero, and monthly electricity costs were expected to fall from CAD 3 849.33[1] to CAD 1 316.41[1].

Based on these projections, the project would pay for itself in 1.6 years. In a decade, projected savings would be a total of CAD 412 680[1] – for an initiative that improved workplace safety, efficiency and productivity. At the same time, the site would be reducing around 440 728 pounds of CO_2 emissions per year.

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[1] CAD 1 = CHF 0.716 per December, 31 2021.

ENERGY
GRI 103-1,2,3; GRI 302-1,4

In 2021, energy consumption in our organization, excluding sites acquired in 2021, increased by 2.5% (419 GWh) compared to the 2019 baseline year (409 GWh). This increase was primarily due the addition of newly opened sites in 2021 and a new production line at a site in Shanghai, China. Natural gas consumption also saw an increase in 2021 due to a change in the method of how we are accounting for the energy input and output of the combined heat power plants at a large site in Germany. Including the ten relevant acquired sites, our total energy consumption in 2021 was 433 GWh.

Total operational sites consolidated in 2021 for energy are 157 (out of 160), excluding acquisitions. The difference is due to an in-house site at a customer location and two office sites, whose energy consumption are negligible.

In our 2020 Sustainability Report, we communicated our target of implementing energy management systems (EnMS) at all Oerlikon sites. This target considered the installation of EnMS at relevant sites (i.e. large operational and office sites), as it is neither economically nor sustainably prudent to have such systems implemented for small offices. The target included both ISO-50001-certified and Oerlikon defined EnMS.

The Oerlikon defined EnMS is a stringent but lighter version of the standards that closely mirror ISO 50001. The definitions of this system are documented in an internal guideline endorsed by management to regulate non-ISO sites. The local entities have the option to decide if they would implement the ISO 50001 or the Oerlikon defined EnMS.

In 2021, 12 sites implemented EnMS, bringing the total number of Oerlikon sites with EnMS to 30, or 19% of our total relevant sites and 54% of Oerlikon's total energy consumption. In the first quarter of 2022, another two Oerlikon sites have implemented EnMS. We have classified 23 of our sites as heavy energy consumers, and together, they represent around 50% of our total global energy consumption. All 23 sites were identified as priority sites and to date, they all have EnMS in place.

An EnMS allows us to address our energy impact, conserve resources and improve cost through efficient energy management. It is designed as a practical way for our sites to track, monitor and analyze their energy consumption, and then to identify and implement improvement measures.

ENVIRONMENTAL AND ENERGY CERTIFICATIONS AS OF DECEMBER 31, 2021

Total sites with EnMS according to:
- Oerlikon defined standard = 12
- ISO 50001 = 18

Total sites with ISO 14001:2015 Environmental Management Systems = 51

Environment

Industry, Innovation and Infrastructure

Case Study:
EMPLOYEE INITIATIVES RESULTED IN >USD 2.7 MILLION[1] IN COST SAVINGS

Launched in April 2020, the "Metco Bucks" program encourages employees to submit cost saving, sustainability and cultural improvement proposals and rewards them for their impact. In 2021, the program saw 75 submissions of initiatives that cover safety, yield and process improvements, which resulted in ~USD 1.5 million[1] in cost savings and avoidance. Total cost savings and avoidance since the launch of the program was ~USD 2.7 million[1].

Among its successes: Process Operator, Marlon Bourne, was credited with saving the company USD 63 831[1] in 2020 alone as a result of ideas that he submitted. Another employee, Warren Rose, Process Operator Lead, saved Oerlikon >USD 168 000[1] with a number of ideas, including blending powders differently to get better yield, correcting screen size to reduce scrapping of nonconforming products and adding a second tank to allow two different materials to be batched simultaneously, resulting in less cleaning downtime during changeovers.

[1] USD 1 = CHF 0.9151 per December, 31 2021.

An EnMS provides a framework of requirements for each site to:

- Develop a policy for more efficient use of energy;
- Fix targets and objectives to meet the policy;
- Use data to better understand and make decisions about energy use;
- Measure the results;
- Review how well the policy works and
- Continually improve energy management.

We engage in ongoing analysis to identify further successful practices that can be implemented across the Group, and obstacles to reducing energy consumption that we need to manage more effectively. Our system for monitoring energy consumption at sites across the Group includes data collection on electricity usage on a monthly basis and other energies on a quarterly basis.

Oerlikon's energy-consumption tracking system not only analyzes energy use, but also provides a breakdown of the proportion of electricity derived from renewable sources. A number of our sites, for example a site in Balzers, Liechtenstein, and one in Neumuenster, Germany, have already fully converted to solely using energy from renewable sources. In 2021, 22.2% of our electricity consumed was from renewable sources, excluding acquisitions. Including acquired sites, it was 21.7%. This is the first time we have collated the data for electrical energy derived from renewable sources, and thus, we will be using the 2021 data, excluding acquisitions, as the baseline.

Case Example:
COST AND ENERGY SAVINGS BY SWITCHING TO RENEWABLES

The Oerlikon Balzers coating site in Thailand sought to realize cost savings by transitioning to solar power for its parking lot and waste storage area, which for safety reasons requires lighting overnight. In total, there are 39 lamps in use in the waste storage and parking areas along with the fence in front of the facility. The initiative was launched in June 2021. Prior to the project start, lighting these areas overnight consumed 3 032.64 kWh/year. Following installation of the solar panels, that number was reduced to zero. The result: CHF ~300 savings in electricity costs and a reduction in CO_2 emissions of 1 501 kg annually.

We are committed to implementing conservation and efficiency initiatives that promote short- and long-term reductions in energy consumption. Moreover, we will continue to actively seek renewable energy solutions as we progress toward a soft energy path.

We are on track with our goals and remain committed to achieving our 2030 targets to have 100% of our relevant sites with EnMS implemented and to derive electrical energy only from renewable sources.

		2021[1]	**2019**
Energy consumption within the organization	**Unit**	Total	Total
Electrical power	GWh	309.7	313.2
– Electrical power from renewable sources consumed	*GWh*	*68.8*	*n.a.*
Natural gas	GWh	64.8	38.9
Heat and cooling purchased	GWh	14.8	25.9
Gasoline and diesel	GWh	21.2	24.0
Other energies	GWh	8.6	6.6
Total energy consumption	GWh	**419.0**	**408.6**

[1] Excluding 2021 acquisitions.
[1] Differences in total reported figure due to rounding.

WASTE
GRI 103-1,2,3; GRI 306-1,2,3

We began reporting on GRI 306 Waste 2020 in our 2020 Sustainability Report and have set the target to reduce the share of disposed waste in 2030 to 21% of total waste, representing a 50% decrease compared to the 2019 baseline of 42%.

In 2021, we reduced the share of our disposed waste to 31% of total waste. Waste data from 154 operational sites were consolidated in 2021. The difference to the 160 sites was attributed to two sites being closed and four office sites with negligible waste generation.

The share of disposed waste means the total weight of waste directed to disposal by Oerlikon calculated as a percentage of the total weight of waste generated by the Group. Currently, many of the waste-reduction initiatives are implemented locally.

For example, at one of our sites in Shanghai, China, we launched an "Empty Plate" campaign, where employees receive a voucher when they return plates with no leftovers. The vouchers can then be exchanged for groceries. This campaign resulted in 2021 in a reduction of 24 000 liters of swill waste and savings of around CHF 1 500 (RMB 10 000) in disposal fees compared to the previous year. There are also indirect savings such as decreases in the usage of detergents and workloads to dispose waste.

At our site in Aurangabad, India, they distributed unpacked leftover meals to those in need in the

Case Example:
CONVERTING POWDER FROM SCRAP BITS

At our site in Montana, US, we take drill bits from customers in the oil & gas sector, strip out the binder material and reclaim the tungsten carbide for use in powders and then resell the powders. Every year, we process 500 000 to 600 000 pounds of bits in Montana.

From 2018 to 2021, we sold 689 000 pounds of powder that contained some portion of reclaim material from Montana. Revenue generated from this is approximately USD 12.63 million (CHF 11.6 million). The drill bits that are not bought from the customer remain their property.

local community. As standalone initiatives, these impacts appear small. Collectively, they can contribute to a meaningful decrease in waste.

Presently, we are working on improving the quality of our reporting on waste and will begin to work closer with sites that have a high level of disposed waste (in absolute values) to identify solutions. Our goal is to continue to identify measures and work toward achieving our 2030 waste target.

Circular Economy
At Oerlikon, we see the future of sustainability as inextricably linked to circular-economy innovations, regenerative practices and advanced recycling management. Based on this conviction, we have adopted circular approaches as centerpieces for optimizing our environmental performance and have set a circular target.

To achieve our hazardous waste goal, multiple units across Oerlikon worked to recycle or recover waste streams for reuse. For example, at the Oerlikon Balzers ePD site in Suzhou, China, an ethanol cleaning and regeneration unit has been installed, reducing the consumption of fresh ethanol by more than 70%.

Our site in Wuxi, China, replaced a chemical agent, thereby reducing hazardous waste (see case study on page 27). In the US, our Metco site filters wastewater, which is accumulated into 55-gallon drums and sent to a recycler. The recycler filters and processes the wastewater, separating the particles. He then sells the recovered tungsten powder and pays Oerlikon. In doing so, the water becomes non-hazardous waste and is disposed of by the recycler.

Our internal operations also generate non-hazardous waste such as plastics, metals, organics and paper. We have implemented several programs to reduce, reuse and recycle office furniture and other non-hazardous materials, for example by donating items in good condition to nonprofit organizations and schools, and we are engaging our employees in recycling efforts. Though the programs are still in the early stages, we are looking into circular solutions that convert our waste streams to raw materials for use in other industries.

In our supply chain, we are purchasing recycled materials for reuse. At our Houston site in the US, we buy scrap from our bit-manufacturing

Waste	Unit	2021[1] Total	2019 Total
Hazardous waste	kilotons	10.2	11.6
Non-hazardous waste	kilotons	11.9	11.3
Total waste generated	kilotons	**22.1**	**22.9**

[1] Excluding 2021 acquisitions.

customers in the form of "milled pieces" and sort out the non-carbide material. This material is then sent to our recycling supplier for tolling into tungsten powder or tungsten carbide powder, which is sent on to our Oerlikon Metco site in Canada, where it is blended, packaged and sent back to Houston for sale. This process is not only sustainable in terms of reworking and recycling, but has also brought us commercial benefits.

At our Barchfeld site in Germany, we also have random programs where we buy spray materials from our customers and then use this material, after screening it, as finish materials in our processes.

For our surface coatings, the thin-film physical vapor deposition (PVD) technology needs raw materials in the form of sputtering targets. The sputtering targets that are left over at the end of the coating process are then sold back to our suppliers to be reused.

The above-mentioned are some examples of our efforts in contributing to the circular economy. As we define the processes and measures to systematically gather and analyze data, identify measures and report on waste, we seek to work in parallel, and also within our recently started Scope 3 project, to improve circularity along our value chain.

Environment
Responsible Consumption and Production

Case Study:
REPLACING CHEMICAL CLEANING AGENT TO REDUCE HAZARDOUS WASTE

In 2021, the team at the Oerlikon Textile Machinery facility in Wuxi, China, chose steam as a safer and more environmentally sound alternative to replace the 205 chemical agent, which had been used to clean oil from machine parts – including the middle strip, cam and inner pipe – prior to welding. The 205 chemical cleaner was a strong candidate for replacement because of its volatility and toxicity, which presents health risks and environmental harm. In addition, the local government has strict requirements for the discharge of chemical agents, and all hazardous waste must be recycled and treated by special environmental protection companies. The steam alternative eliminates both the environmental impact of the cleaning process and the need to dispose of hazardous waste. The project officially started in December 2020. For 2021, the process upgrade resulted in a cleaning agent cost saving of RMB 66 500 and savings in work hours equivalent to RMB 14 800, which brought the total savings achieved over the course of the year to CHF ~12 000 (RMB 82 300). The team plans to follow this initial success with further projects to reduce environmental harm, decrease hazardous waste and protect employees' safety and wellbeing.

WATER AND EFFLUENTS
GRI 103-1,2,3; GRI 303-1,2,3

Oerlikon's operations do not require the use of significant amounts of water for production or processing. As a result, this is neither material nor an area of sustainability in which we can make a meaningful impact. Total water withdrawal slightly increased in 2021 compared to 2019 due to the newly opened sites.

For water discharged, we fully comply with local regulatory requirements and regularly perform compliance checks on effluent discharged when conducting our health, safety and environmental checks.

While water consumption is not material for us, we recognize that certain communities around the world grapple with water scarcity, and we can play a role in optimizing water management in such areas. With that in mind, we expanded our water assessments in 2021 to include an analysis of water stress. Using the World Resources Institute's Aqueduct Water Risk Atlas tool, we have mapped out and assessed our operational sites according to the level of baseline water stress of the local watershed. Operational sites are all our production and major office sites, and include a few small offices that reported data.

Out of 160 Oerlikon operational sites in 2021, 23 are located in areas facing extremely high levels of water stress and 22 are in high water-stress areas. 36 sites are in areas with medium-to-high levels of water stress and 79 sites are in low and medium-to-low water-stress areas. In terms of usage, around 58 600 m^3 of water was consumed by our sites from extremely high water-stressed areas, and 131 900 m^3 was withdrawn in high water stressed areas, representing 8% and 18% of our total water consumption worldwide, respectively.

The tool helps us identify which of our sites are in water stressed areas. With the data, we can monitor and take the necessary measures to better manage water consumption and mitigate water risk particularly in the high risk areas.
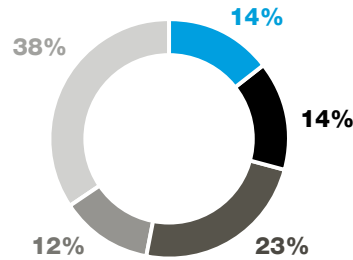
Distribution of Water Withdrawal 2021
(as % of total sites)[1]

- ■ Extremely high
- ■ High
- ■ Medium to high
- ■ Low to medium
- ■ Low

[1] Due to rounding, the percentages may not add up precisely.
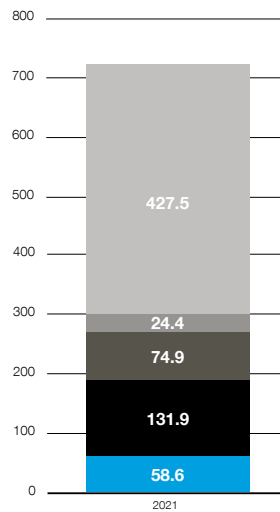
Water Withdrawal in Water-Stressed Areas (thousand m³)

- ■ Extremely High
- ■ High
- ■ Medium to high
- ■ Low to medium
- ■ Low

Water withdrawal	Unit	2021[1] Total	2019 Total
Third-party water withdrawal	thousand m³	707.0	700.2
Surface water	thousand m³	7.8	11.8
Groundwater	thousand m³	2.6	4.1
Sea water	thousand m³	0	0
Produced water	thousand m³	0	0
Total water withdrawal		**717.4**	**716.2**

[1] Excluding 2021 acquisitions.

EMISSIONS
GRI 103-1,2,3; GRI 305-1,2

Reducing Consumption and Emissions
Oerlikon supports customers who are equally committed to achieving carbon neutrality and count on our innovations to support them toward reaching their environmental goals. The products and services that we bring to market are aimed at minimizing their environmental impact over the entire life cycle and along the value chain, encompassing direct and indirect customers.

We are equally aware of our own environmental obligations, and we have committed to achieving climate neutral operations (consisting of Scope 1 and 2) in 100% of our operations at relevant sites by 2030. In service of this goal, we strive not only to optimize sustainable practices in our R&D and operations, but also to engage in practices that reduce our carbon footprint in sales, shipping, maintenance and service. This is one of our reasons for locating Oerlikon sites in close proximity to customers – an approach that strengthens customer service capabilities and at the same time helps to reduce emissions.

We also encourage individual employees to embrace sustainability through measures such as providing secure parking for those who choose to commute by bicycle and charging stations for those who drive electric or hybrid cars.

Leading by example, we have started to modernize our fleet by switching to electric and hybrid vehicles for both our sales team and for pickup and delivery of customers' tools.

Presently, we report on our Scope 1 and Scope 2 greenhouse gas (GHG) emissions, as well as the GHG emissions intensity levels. Our Scope 1 emissions are direct GHG emissions from owned or controlled sources of the Group, excluding emissions from small offices whose emissions are negligible, while GHG Scope 2 emissions are indirect GHG emissions from electricity, steam, heat and cooling purchased by the Group. Our GHG emissions intensity level are measured in tons of carbon dioxide equivalent (CO_2 eq/t) per million of sales in Swiss francs for total Scope 1 and 2 emissions (see page 70 of report).

In 2021, emissions data from 157 (out of 160) operational sites were consolidated. The difference is attributed to an in-house site at a customer location and two office sites with negligible emissions.

Our Scope 1 emissions have increased in 2021, compared to 2019, due to the addition of newly opened sites and a new production line at a site in Shanghai, China. If we look at our GHG emissions intensity for Scope 1 and 2, we have slightly lowered the carbon intensity of our operations in 2021 (60.8) compared to 2019 (60.9).

Environment
Responsible Consumption and Production

Case Study:
REDUCING WASTEWATER BY RECYCLING

Although our water consumption is low, we have implemented at many sites systems to recycle water. In India, we are using the Antech Gutling filtration system to recycle water for effluent treatment plants (ETP) and a local system for sewage treatment plants (STP). The recycled water is then used for gardening. In China, we use evaporator systems to reduce disposal water, thus reducing disposal treatment services and costs.

In the US and Mexico, wastewater in coating centers goes into an evaporator and evaporates into the atmosphere. Presently, we are working on designing a system to reclaim the discharged wastewater, reclean and reuse it for non-critical operations. In Europe, we adopt a mix of all the different treatments from vaporization to wastewater management.

Among our 157 sites, 66 of them are using the market-based method to report on their Scope 2 emissions, while 91 sites are using the location-based method as they do not have contractual information that meets the Scope 2 quality criteria.

Our indirect emissions are attributed mainly to electricity bought for all sites, heat bought at a few sites and cooling bought at a handful of sites. Our direct CO_2 emissions stem from the combustion of natural gas and oil for heating purposes, emissions from diesel and gasoline for vehicles (private use excluded) and hydrocarbon gases for specific production processes such as thermal spray. Gases like propane or acetylene that are used in the Oerlikon Balzers' thin-film coating processes become part of the surface and are not combusted. Since these gases do not react with oxygen, they are not considered as a form of energy (but rather process gases) and therefore, do not generate CO_2 and are excluded from the emissions measurements for the environmental metrics reporting.

In measuring our CO_2 emissions, we follow the defined unit by the GRI Standards, which is the CO_2 eq/t. Compared to a number of other industrial companies, we do not use F-gases in our production processes. For example, we do not use sulfur hexafluoride (SF6) gas, which is an insulating gas for electrical equipment. These gases are considered much more damaging GHGs than CO_2, with a negative impact of about 22 000 times that of CO_2. Thus, our CO_2 emissions can be considered "real" CO_2 emissions and not CO_2-equivalent emissions (as SF6 would be classified).

In 2021, we took the first steps toward reporting on GHG Scope 3 and started the process of appointing an external partner, who will work with us on assessing the relevance of the 15 GHG Scope 3 categories. We will be performing an initial Scope 3 screening to identify the hotpots in our value chain and reviewing case studies and best practices from peers to help us determine focus areas that might need to be addressed. We will then begin mapping out the material categories across the value chain and identifying which suppliers and customers need to be involved in each category.

Following that, the data collection system and process will then be established. It will be important for us to determine what primary data from external sources will be available, when we will need to rely on estimations and which methodology or a combination of which methodologies such as location-based, supplier-specific, environmentally extended input-output (EEIO) or life cycle assessment (LCA) will be best suited. Considering that there are a lot of steps and parties involved, we will be implementing this systematically and intend to set the Scope 3 baseline in 2022 and report on it from 2023/2024 onward.

Emissions	Unit	2021[1] Total	2019 Total
Direct CO_2 emissions (Scope 1)	kilotons CO_2 eq	19.5	14.9
Indirect CO_2 emissions (Scope 2)	kilotons CO_2 eq	141.5	143.0
Total Scope 1 and Scope 2 GHG emissions	kilotons CO_2 eq	**161.0**	**157.9**

[1] Excluding 2021 acquisitions.

04 Our Social Commitment

Social
Gender Equality

Case Study:
A CONFERENCE TO CELEBRATE DIVERSITY

Oerlikon respects individual perspectives regardless of age, gender, sexual orientation or culture. To encourage organization-wide awareness and adoption of this philosophy, in December, we organized Oerlikon's first Diversity Conference, themed "I See You".

The conference serves as a platform to inform, reflect and exchange ideas on the topics surrounding diversity, equity and inclusion (DEI) and to pave a progressive and transformative approach to how we all engage in DEI at Oerlikon. Diversity concerns the representation of various identities and differences. Equity is about ensuring fair and equitable treatment, access and opportunity to all. Inclusion means endeavoring to create an environment in which all people are respected and valued. All three are vital values that we want to continue to cultivate, integrate and live by at Oerlikon.

Our goal was to celebrate differences within the organization and to recognize that although we are One Oerlikon, each of us is unique – and that we respect and value all the members of our team on their own terms. The program included a series of external and internal speakers and panel discussions to raise awareness of DEI and its importance and why Oerlikon embraces it as a principle and a business value. Among the key takeaways was the fact that there is a direct link between DEI and competitive success. To participate fully in that success, it is essential for every member of our team to understand how a DEI mindset is key to enacting Oerlikon's sustainability strategy.

Social
Gender Equality

Case Study:
ADVANCING GENDER EQUALITY

In 2021, we launched a number of initiatives to improve our gender diversity and to make Oerlikon a more attractive workplace for women. We hosted our first "topwomentech" jobinar to attract and recruit female talents. The goal of the event was to provide female candidates with insights into our culture, our work environment and the career prospects we offer. We registered 58 participants (the average for these jobinars is 35 to 40), of whom 16 participated live. Engagement was excellent with 25 questions asked during the presentation and discussion. Following the jobinar, 66% of the participants indicated their interest to work for Oerlikon, and 58 applications were received. Some of the applicants are being interviewed for positions at Oerlikon. Based on the response and success, we intend to host further "topwomentech" jobinars to promote Oerlikon as an employer of choice for female engineers.

In 2021, we also introduced the concept of employee support groups, which are backed by senior executives as sponsors. A solid framework, developed through benchmarking with peers, is provided to these groups, who can also bring in external experts to train and help them build up knowledge, while opening up two-sided exchanges.

To kick off this initiative, an Oerlikon Women's Council was set up, with the mission to cultivate a culture of inclusivity, visibility and work/life balance for women. The council aims to foster gender diversity by identifying actions and implementing plans to continuously increase the share of women in leadership roles. This initiative is run by women, for women, although men who are interested in making a positive contribution are welcome to join. We are using the experience gained from this council as a blueprint for further employee support groups.

Responsible Employer

SDGS IN FOCUS:

EMPLOYMENT
GRI 103-1,2,3; GRI 401-1,2; GRI 102-8

As the pandemic persisted in 2021, we continued to implement measures to ensure the safety of our employees. Despite this challenging backdrop, we successfully advanced in many of our human resources (HR) plans and initiatives, such as launching Diversity, Equity and Inclusion (DEI) programs, rolling out automated recruitment and onboarding, ramping up talent acquisition and many more.

We are working toward our 2030 gender diversity targets with a number of initiatives (see section on Gender & Sexual Diversity). In 2021, the share of women in management and leadership roles, excluding acquisitions, was 12%, which was stable compared to the 2019 baseline. This is due to the Surface Solutions Division's transformation and an exceptionally competitive market place that was exacerbated by the pandemic.

There was also no change in the share of women (23%) in our high-potential programs versus 2020. Compared to 2019, there was a slight decrease from the 24% due to normal fluctuation with the new cohort of participants. We remain committed to achieving our 2030 diversity targets, including acquisitions.

An Employer of Choice for Global Talent
Oerlikon's global workforce numbered 11 808 full-time equivalents (FTEs) at the end of 2021, with 55% based in Europe, followed by Asia-Pacific (30%), North America (12%) and the rest of the world (3%).

In 2021, Oerlikon's global workforce (FTEs) increased by 10%, mainly due to the acquisitions of INglass and Coeurdor.

As an equal opportunity employer, Oerlikon offers attractive compensation and benefit packages to all employees, including temporary or part-time employees and interns, in compliance with local labor laws and practices. Parental leave is also part of the employment package according to local labor regulations and practices. In 2021, a new global Mobile Work policy was issued, focusing on the importance of wellbeing and recognizing that the place of work is shifting.

Employee Engagement Positively Impacting Culture
Periodically, we conduct employee engagement surveys that solicit input from the global organization. The most recent survey took place in 2019, encompassed all Oerlikon sites and was made available in 23 languages.

The results of the 2019 survey were aggregated and analyzed just as the COVID-19 pandemic arose in early 2020. Based on the feedback from more than 7 000 employees, we captured the tone within the company across regions and completely revitalized our cultural foundation in a Success Model (see the following section "Embedding Desired Behavior in our Culture" for details). The next survey is being prepared for rollout in the middle of 2022.

Embedding Desired Behavior in Our Culture
In 2020, we launched a global initiative to strengthen and align our culture. The initiative was aimed at anchoring clear, memorable, action-oriented and Oerlikon-specific principles for how we aspire to work together to drive company success and build an engaging culture. The initiative was based on inputs from thousands of employee comments in our two past Employee Engagement Surveys, over 60 targeted interviews with leaders and employees across the company, a two-day workshop with our Executive Committee (EC), participation from our Global Leader community and feedback from employees and managers across the Group.

The feedback resulted in six brief statements of the new Oerlikon Success Model, replacing our former 25 leadership competencies and 8 Leadership Principles. The statements encapsulated in a few easy-to-remember words the core capabilities we need to drive business success. Additionally, Oerlikon leadership is committed to the three core principles of the culture initiative: Leaders Walk The Talk, A Multiple-year Journey Shaped by all Leaders and Employees and Embed the Success Model in Business and People Processes.

"Beruf und Familie" (workandfamily) Pilot
In 2021, we continued supporting the "Beruf und Familie" program, which is under the umbrella of the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. In 2021 we added pme Familienservice (Family Service) as a service provider to our workandfamily program. pme offers a variety of services related to childcare, elderly care, coaching for challenging times in life and many more. Particularly helpful services from pme are their hotline and online services, including webinars.

Another activity under this program is Remote Working and Leadership, which we started for employees and managers at the beginning of the pandemic. The program focused on supporting employees to familiarize themselves with working and leading remotely and how best to conduct virtual ex-changes. The program proved very popular as it enabled employees to learn about maximizing their own strengths in a remote setup.

Talent Acquisition
In 2021, we formed a new global talent acquisition team of dedicated specialists located mainly in Germany and the USA to strengthen Oerlikon as an employer of choice. In the fight for talent, the team responded by thinking outside the box and is developing strategies and plans, including new agreements with key schools and universities and more competitive salaries and benefits packages, so as to attract and retain the most talented people to serve our customers and ensure business growth.

We continued to increase our usage of online channels for acquiring new talent. In 2021, 50% of our acquisitions were sourced over online platforms such as Glassdoor and Indeed. The switch to a more digital approach for recruitment has led to significant savings compared to conventional recruitment methods.

We also introduced more digital automation for recruitment in 2021. Video interviews for recruitment were piloted in the USA and are now being rolled out globally at all key locations. The automated onboarding process, which was also piloted in previous years in the USA, is now in place in all key countries. This kind of automation process not only increases efficiency but also promotes safety with reduced in-person human contact.

As digitalization tools and channels are adopted more widely in recruitment, we recognize that it is also important to provide in-person platforms and information to recruit new talents. In 2021, we organized a number of campus talks, for example at Xi'an Jiaotong University in China, which runs a leading thermal spray program, and participated in recruitment events such as the Top Women Tech Summit and the Dayton Metco Library's 2nd Career Adventures Day in the US. We also organized Oerlikon Days for students to visit our sites, for example, fresh graduating students visited our Friction Systems site in Shanghai, China.

Recognizing the power of word of mouth, we continue to offer our employees recognition and

rewards for referring successful candidates. Beyond these internal resources, we also look to our network of customers and suppliers for referrals of promising candidates.

DIVERSITY AND EQUAL OPPORTUNITY
GRI 103-1,2,3; GRI 405-1;

Oerlikon is committed to creating a workplace where all employees feel comfortable and safe and are able to be their true selves. Instead of focusing on one aspect of diversity, we are taking a broader approach to ensure equal attention and focus are given to the different interest groups across the company.

To promote organization-wide awareness, we launched a number of direct and indirect initiatives on diversity, equity and inclusion (DEI) in 2021, such as the Diversity Conference, employee support groups and DEI trainings. In December 2021, we piloted an internal training called "Inclusion in Action" to increase employees' understanding and awareness of inclusive thinking and unconscious bias. This program introduced the so-called Inclusion Sequence in analyzing workplace practices and processes to help overcome unintended bias. The aim is to help employees become more self-aware of personal bias and learn how to be more open, tolerant and inclusive in their thinking and actions. The training will be rolled out globally in 2022. A second training on wellbeing, mindfulness and trust building is also scheduled to be rolled out globally in 2022.

Ultimately, the aim is to enable employees to gain a better and healthier understanding of the different perspectives of the business, customers and employees, which will help us in fine-tuning our diversity and sustainability strategy.

MARKET PRESENCE
GRI 103-1,2,3; GRI 202-2

We clearly see the connection between our internal diversity and the strength of our market position and innovations. In 2021, we took further actions to foster cultural and geographical diversity so as to leverage the different backgrounds, experiences and areas of expertise across the Group.

Our global workforce in 2021 was represented by 94 nationalities (2020: 93). Among our leadership team, we improved the geographical diversity, with 21% of our designated Global Leaders being non-European (2020: 12%). A major driver of this trend was the transformation of our Surface Solutions division.

The division undertook this transformation to enhance its competitive advantages and professional potential for employees. From a business perspective, it sharpens the focus on countries and markets, bringing us into closer proximity to our customers, and strengthening our capacity to leverage synergies among our businesses and solutions.

In an organizational context, shifting to a more regionalized management model facilitates promoting people in a variety of roles to positions of greater prominence within the region. Among the new positions created during the transformation were 12 country heads to lead the 12 key countries. As the decision-makers are selected in the regions, for the regions, this will support Oerlikon's goal of improving its balance of leadership in the regions, thereby increasing the cultural and geographical diversity within the Oerlikon management team.

The regional decision-making framework also supports Oerlikon's goal of breaking down silos and facilitating more cross-team and cross-business collaboration. By doing so, we are able to achieve business and personnel benefits in tandem. Customers gain access to a more comprehensive portfolio of materials, technologies, equipment and solutions, while employees gain exposure to a greater range of perspectives, expertise and ideas. The net effect is a more engaging and satisfying working environment – one that promotes continual learning and heightens employees' ability to tap into the full scope of Oerlikon's capabilities.

Diversity Conference
In December 2021, we hosted for the first time a diversity conference to celebrate differences within the organization and to recognize that each employee is unique within the One Oerlikon team. For further details on this successful conference, see the case study on page 32.

Gender and Sexual Diversity
We remain committed to strengthening gender diversity on the Board and at the senior management level. In 2021, two out of seven members of

the Board are women, while one out of six members (17%) of the EC is female. With the retirement of CTO, Dr. Helmut Rudigier, at the end of 2021, one out of five members (20%) of the EC is now female. During 2021, Oerlikon's global workforce (FTEs) increased by 10% to 11 808, of which 23% is female (2020: 21%).

Achieving gender balance remains challenging given the predominance of men in engineering. Our overall workforce is largely male (85%) (2020: 79%), and women account for 12% of management and leaderships roles (2018: 12%).

We are actively working on improving gender diversity and making Oerlikon an attractive workplace for women and to increase the number of women in leadership positions within the company.

A number of initiatives and programs were launched in 2021, including participating in the Top Women Tech Summit, hosting our first "topwomentech" jobinar and launching an Oerlikon Women's Council as a pilot of our employee support group concept. For further details, please see the case study on page 32.

Our diversity policies extend to all employees and candidates regardless of gender identity or sexual orientation. Employees are under no obligation to reveal these details of their lives, so we do not track this element of diversity statistically. All employees are welcome to be open about their spouses or partners and families and are respected in their requests regarding use of personal pronouns in oral and written communications.

Oerlikon is also fully supportive of candidates and employees who require a special workstation or other accommodations because of illness or physical impairments.

Age Diversity

At Oerlikon, employees of all ages collaborate, cooperate and support one another with respect. We value a healthy mix of established experience and fresh perspectives working in concert. Our Horizons program and Success Model are some of the initiatives that facilitate the interactive exchange between employees of different ages. For example, in performance management, we are piloting a new model that encourages intergenerational feedback from different stakeholders.

In 2021, more than 16% of our workforce was aged 30 or younger, 57% were between the ages of 30 to 50 and more than 27% were over 50 years of age. Nearly 57% of new hires in 2021 were under 35. Among our designated Global Leaders, 30% were aged 45 or younger.

We continue to have over 1543 (2020: 1500) employees who have been with Oerlikon for more than 20 years. This clearly demonstrates our appreciation of long-established talent and the long-term opportunities we offer our employees. The average employee tenure at Oerlikon is nine years (2020: nine years) – notably longer than the industry average. Together, our people build on our traditions while bringing in new perspectives to forge new paths forward.

FT Diversity Leaders 2022

Oerlikon was listed again among the top 850 companies with the highest total scores of 15 000 companies assessed in the Financial Times' Diversity Leaders 2022 report. Oerlikon was ranked eight in the category Manufacture and Processing of Materials, Metal and Paper, and 423rd overall.

The assessment is conducted by the independent market research company Statista, and survey participants rated on how well companies promote diversity in general and with regard to age, gender, ethnicity, disability and sexual orientation.

TRAINING AND EDUCATION
GRI 103-1,2,3; GRI 404-1,2,3

Employee Training and Development

Skills enhancement and professional development programs are as essential to our market success as they are to our employees' ambitions. Oerlikon's employee training and development programs include in-person and online learning and career development options, such as workshops and courses designed to upgrade existing skills and sessions that provide transition assistance.

Training for employees is part of the individual's career and personal development planning, which is built into the performance reviews conducted at least twice a year between employees and their line managers. During these developmental conversations, the line managers can connect to the online training catalog to discuss, for example, formal

training options and/or review other "on the job" development and growth opportunities or special projects. Our training catalog focuses mainly on soft skills for leaders and office workers. The training of technical work, such as, machine operation is handled locally according to the operating procedures of that country. The reviews are documented in the SuccessFactors system or in manual individual development plan templates, where SuccessFactors are not implemented.

In the U.S., we have been using the Red Vector Learning Management System for health and safety training for the past few years and are currently looking to expand the usage of the system to manage leadership development lessons. With Red Vector, employees have access to a library of eLearning courses and opportunities to link with additional vendor libraries. We also have the ability to create our own courses. The system allows us to track the participation and compliance on required classroom training programs.

In 2020, we increased the usage of new digital learning opportunities and pilots of platforms such as Udemy to offer employees the chance to learn safely from any location, on any device and at any time without incurring any COVID-19-related health risks. In 2021, we widened the distribution of these digital platforms within Oerlikon to continue enabling employee growth.

Apprenticeships

Oerlikon continued to seek out the next generation of talent even before future young professionals have entered the workforce. In cooperation with a number of schools, colleges and universities worldwide, we make hands-on, intensive apprenticeships and internships available to emerging innovators.

Horizons: High-Potential Talent Program

Launched in 2018, Oerlikon's career accelerator program continues to nurture emerging talent over the course of an 18-month program. In addition to offering career path assistance, its focus includes developing leadership and business skills, creating visibility at senior levels and building networks. The first 37 graduates completed the program in December 2019. The second wave enrolled in September 2020 (in a program modified to ensure pandemic safety compliance) and will complete the program in spring 2022.

A part of the Horizons programs, teams formed to work on a specific business project over six months. For the second wave, the 25 participants were divided into five teams of five. The projects they worked on were based on current and real-life business topics, which saw them contribute to ideas for the business, products or identifying solutions to address challenges. At the end of that time, they presented their ideas and explained how they would tackle the project. These were then applied to the business. For example, the qualification process of our products in terms of sustainability stems from a Horizons team (see pages 19 to 21 of this report).

As of March 2020, when Oerlikon's 2020 Sustainability Report was published, more than half of the graduates from the inaugural program had been promoted or received additional job responsibilities. That number has since risen to around 70%. A similar trend has been noted for the second wave of participants. During the program, more than 50% have already earned promotions or advanced their careers in other ways, which underlines a record of repeatable results from the program. Plans are in place to launch the third wave and a new regional accelerator program for high potential talents in 2022–2023. Moreover, a new high potential program, Oerlikon Rise, was launched in the first quarter of 2022 to promote regional talents.

Our talent programs also encourage multigenerational learning within a creative environment in which younger and more gender-diverse participants interact with mentors – senior leaders who share knowledge and details of project work and encourage a domino effect of learning across generations and business boundaries.

**INFRASTRUCTURE INVESTMENTS
AND SERVICES SUPPORTED**
GRI 203-1

Oerlikon has a global footprint of 207 sites in 38 countries. Generally, we adopt the Think Global and Act Local approach in supporting local communities, as each country has different needs.

In 2021, we implemented a number of social programs. We do not currently track the total amount of monetary support or manhours we provide. However, we are pleased to share some of the

stories of how our employees joined forces to help in times of crisis and how they are actively supporting their local communities.

Answering COVID-19's Call to Action

Operationally, COVID-19 created challenges in ensuring safety for Oerlikon's workforce and adhering to local legal regulatory requirements in each location where we have facilities. Caring for employees meant allocating the resources and formulating the policies necessary to enable remote working. At the same time, it was essential to provide support to ensure that employees did not feel isolated or limited in their ability to perform at their best.

In addition, Oerlikon looked at ways it could be of service to communities around the world in response to the pandemic. A "Tower of Hope Contra Corona" campaign was launched globally to raise money. Employees were encouraged to build towers made from different objects in line with the theme and share these photos with their colleagues. The thinking behind this simple idea was to allow employees to stay connected, exercise creativity and have some fun while raising money. CHF 20 000 were raised and donated to Doctors Without Borders.

We also provided free nonwoven materials to social institutions in Germany to equip masks with an adequate filtration system produced on our equipment.

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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Case Example:
SUPPORTING LOCAL EDUCATION IN INDIA

As part of our social commitment to the local communities in which we work, Oerlikon responded when a village located near our facility in Chennai required assistance in providing classroom capacity for 125 middle school students. When we learned that the locally managed school authority had no proper schoolrooms available, we assumed responsibility for funding and overseeing the construction of a 1 200 square foot building with three classrooms and one bathroom. The total budget for the project is more than CHF 30 000 (INR 2.589 million). Construction of the middle school building, where 65 girls and 60 boys will attend classes, is scheduled to be completed by June 2022.

Supporting Local Communities

We sprang into action when flooding hit villages in Germany and its neighboring countries during July 2021. Some of those villages were home to Oerlikon employees. At very short notice, management arranged for all qualified employees to have three extra days of paid leave so they could take care of their properties and/or help colleagues, families and friends affected by the flooding. They provided material and moral support, including generators, water and food. Some employees who own vacation homes made those available at no cost to colleagues who had been left homeless. We also donated EUR 20 000 to the Chamber of Industry and Commerce in the Bergisch district.

Although the damage was less devastating in the Netherlands, the plant was closed early on Friday afternoon to allow all employees an extended weekend to take care of their families and properties.

In 2021, we also contributed to the local community in Latin America via engagement projects. For example, we organized a blanket drive for communities in Querétaro, México; and a Children's Day focused on environmental and sustainability education in Jundiaí, Brazil. Since 2020, we have been supporting the Banco de Tapitas civil association in Mexico by organizing a collection drive of plastic caps that they later sell to recyclers. The money generated was then used to support children diagnosed with cancer. In June 2021, the money from our collection drive enabled the association to purchase more than 200 baseball caps for childhood cancer patients.

In Italy, our colleagues have been supporting the local community "I Bambini delle Fate" for the past four years. It provides economic support to help people with disabilities or autism through regular fundraising activities.

In India, we funded the construction of a school (see case study on this page) and donated an atmospheric water generator to the Jawaharlal Nehru Planetarium to provide drinking water to the more than 100 children visiting per day, since the region is affected by water scarcity.

These activities are a testament to the generosity of our employees, who are ready and willing to provide services to communities in need. Oerlikon is proud to support their volunteer and charitable efforts.

Health & Safety

OCCUPATIONAL HEALTH & SAFETY
GRI 103-1,2,3

We continued to take health and safety (H&S) measures to provide an attractive and safe place for employees to work. The safety of our employees is of paramount importance to Oerlikon as is mandated by the Group's Executive Committee and Board of Directors.

MANAGEMENT SYSTEM
GRI 403-1

Our Health & Safety ambition is "Zero Harm to People", including our employees, contractors, visitors and the communities in which we operate. This remains our ongoing target, as our goal is to ensure that no one comes to harm within Oerlikon's sites or while working for Oerlikon at external locations. Based on our belief that all injuries, occupational illnesses and diseases can be avoided, our Health & Safety commitment is to:

- Implement workplace programs that promote health-conscious behavior.
- Provide a safe and healthy working environment for all direct and indirect employees.

To fulfill this commitment, we take ongoing actions to:
- Continually improve Oerlikon's HSE performance.
- Meet or exceed legal and Oerlikon's HSE requirements.
- Assess and manage all risks in relation to Health & Safety.
- Work systematically to apply the parameters, processes and tools defined by the Group-wide, Division and local Health & Safety directives and guidelines, and within the scope of a Health & Safety management system.
- Provide relevant Health & Safety training to all employees.
- Conduct regular performance reviews.

Health & Safety is a core component of Oerlikon's Code of Conduct. For further details about the Code of Conduct, see the Ethics & Integrity section of this report (page 58). As HSE is an integral part of our sustainability activities, the existing HSE policy was embedded in the new Sustainability & HSE policy, which we introduced in January 2022. Oerlikon's intent, ambitions, commitments, actions, roles and responsibilities and governance concerning sustainability, health, safety and environment are defined in the policy. The key messages of the policy can be found on page 50 of this report and are accessible online at www.oerlikon.com/en/sustainability/our-policies.

Our Ongoing COVID-19 Response
From the start of the COVID-19 pandemic, Oerlikon's foremost priority was to safeguard the health and well-being of our employees.

We continued to put our Zero Harm to People principle into practice and implemented measures globally and locally according to the medical recommendations and regulatory requirements throughout 2021 to ensure the safety of our employees.

Knowing that human behavior can become the greatest risk factor for infection, or the greatest protection against it, we continuously promoted and enforced rules of operation with regard to safe distancing, hand washing, use of masks and optimization of ventilation. In addition, we encouraged our employees and their families to get vaccine protection as soon as it became available in their countries.

We continued to utilize technology to further enhance safety in our workplaces. We started deploying the sensor-based technology SafeZone from Kinexon in 2020. To date, wearable sensors (SafeTags) are implemented at around 100 sites in Europe and the US. These sensors measure the distance between employees and aid in ensuring safe distancing through acoustic and visual signals, which are triggered when people move too close to each other. It also records encoded, anonymous data that is only used to facilitate contact tracing when needed. It allows us to identify who should go into isolation and, at the same time, enable business continuity as employees who were

not in contact could continue working. In countries where Safe Tags were not yet commercially available, we deployed alternative wearable sensors where feasible.

The unanticipated COVID-19 pandemic, which started in 2020, put our crisis management to the test. We demonstrated that we are well equipped to respond swiftly and effectively to external threats to the safety, health and wellbeing of our employees, customers, vendors and communities. From the systems and processes we implemented on site to the procedures we established to facilitate a rapid shift to remote work when needed, we were able to manage the crisis, which gives us greater confidence in our ability to respond productively and with minimal disruption to our operations and business for future crises.

HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION
GRI 403-2

Since 2016, Oerlikon has in place a Health, Safety and Environmental Sustainability Policy, which underwent a review, and the new Sustainability & HSE Policy came into effect in January 2022. Oerlikon's Code of Conduct, in which Health & Safety is a core component, was also updated in 2021. The Code of Conduct is also accessible online at ww.oerlikon.com/en/sustainability/our-policies.

Oerlikon's Health & Safety management system documents Group-wide Health & Safety practices, which are captured in 21 chapters (see box below)

and cover a spectrum of Health & Safety topics, including safety leadership, hazard identification, risk management, safe working practices and health and wellness issues.

A number of these topics are further detailed in the Group guidelines. Moreover, these guidelines are supplemented by division, business unit and business line standards and procedures regarding HSE risks or processes.

All sites are required to do an annual legal health, safety and environment compliance check, which must be reviewed by a third party every other year. Our recordkeeping system enables meticulous tracking of and response to work-related injuries and significant near misses, which must be reported to top management and the Group HSE within 24 hours. Our scorecard and tracking system facilitates precision in response and prevention.

In 2021, we rolled out our lockout – tagout (LOTO) HSE guideline globally. This hazardous energy control procedure provides a guide to protect employees and contractors during machine and equipment servicing and maintenance, where the unexpected energization, start-up or release of stored energy could occur and cause injury. The procedures herein established will ensure that machines and equipment are properly isolated from hazardous or potentially hazardous energy sources during servicing and maintenance and properly protected against reenergization.

Oerlikon's Health, Safety and Environment (HSE) Committee establishes health, safety and environment guidelines and processes for the company,

KEY HEALTH AND MANAGEMENT SYSTEM TOPICS

1. Visible Safety Leadership
2. Hazard Identification, Risk Assessment & Mitigating Actions
3. Legal Obligations
4. Introduction & Training
5. Good Housekeeping
6. Roles, Responsibilities & Accountability
7. Safe Working Procedures

8. Hazardous Work Activities
9. Performance Monitoring
10. Contractor Safety Management
11. First Aid, Emergency Preparedness & Response
12. Learn & Share
13. Management of Process Change
14. Accident, Near Miss & Unsafe Situation Reporting, Investigation & Corrective Action

15. Management Review & Planning
16. Design Safety
17. Document & Records Management
18. Industrial Hygiene & Monitoring
19. Health and Wellness Issues
20. Occupational Rehabilitation
21. Audit & Compliance

drives the implementation of related programs and monitors their performance. The team, led by the Head of Group Operational Sustainability & HSE, works across all sites and businesses. Standardization of HSE practices across the Group is facilitated by an online tool used to track and assign tasks to sites and to follow up on their implementation via an HSE balanced scorecard. For each site, Oerlikon tracks initiatives on training, safety leadership and risk management, and conducts HSE compliance checks.

We regard every Oerlikon employee as being responsible for understanding our Health & Safety policies and making them a reality in practice within our workplaces. Our managers, in particular, have a duty to lead in this regard, and we provide support and oversight via a Health & Safety team of specialists who facilitate Group-wide implementation and monitoring of all related topics.

WORK-RELATED INJURIES
GRI 403-9

We track Oerlikon's rate of recordable work-related injuries, referred to internally as the total accident frequency rate (TAFR). This has been our safety key performance indicator (KPI) since 2017, when it replaced the lost time accident frequency rate. TAFR is based on 200 000 hours worked by employees (including temporary workers but excluding independent contractors), and its reference point is the baseline set in 2016. We find it to be a superior indicator because it encompasses both lost time accidents and medical treatment accidents without lost time and not only those leading to lost time.
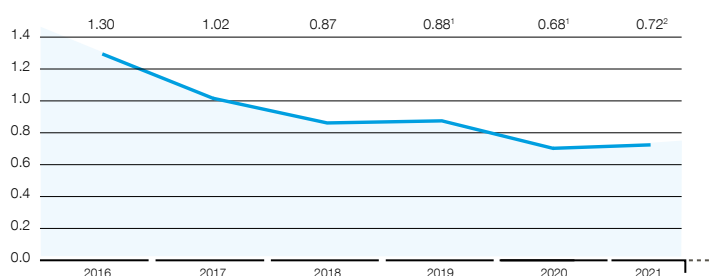
Health and safety data excludes small offices. The total FTEs at these small sites account for <1% of total Oerlikon Group's FTEs worldwide.

With the 2020 Sustainability Report, a TAFR target was set for 2030. In 2021, Oerlikon's TAFR was 0.72 (excluding acquisitions), which is a reduction of 18% compared to 0.88 in the 2019 baseline year. Compared to the initial baseline set in 2016, there has been an aggregate 45% reduction.

The Group also tracks the LTA severity rate, that is the number of calendar days lost per each LTA per 200 000 hours worked. The severity rate of 15.80 in 2021 represents a 54% increase over the previous year (which was 10.25), due to a few accidents in 2021, where longer recovery periods were needed.

Oerlikon continues to monitor these indicators closely and is always seeking new opportunities to strengthen our performance and improve the health, safety and well-being of every member of our team.

In line with the 2018 GRI 403 on occupational health and safety, the definition of high-consequence work-related injury uses recovery time instead of lost time as the criterion for determining the severity of an injury. Recovery time refers to the time needed for a worker to recover fully to pre-injury health status. We currently do not measure recovery time but intend to implement a process to track recovery time.

WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY
GRI 403-5

New employees must be trained in our five golden health and safety rules before they are approved to start working at any of our sites. In fact, the rules begin with: "No person is allowed to work for Oerlikon or to visit an Oerlikon site without having received adequate safety instruction and training."

Training covers site-specific rules that pertain to matters such as personal protective equipment, walkways and speed limits, as well as workplace-specific rules. We recommend that training conclude with a test, but this is not mandatory.

TAFR (12-month rolling)

| | 1.30 | 1.02 | 0.87 | 0.88[1] | 0.68[1] | 0.72[2] |
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |

[1] Including acquisitions.
[2] Excluding acquisitions. Including acquisitions, TAFR is 0.75.

However, we do require that both the trainer and the trainee sign a written confirmation that training was conducted.

Oerlikon augments its standard occupational health and safety training with additional programs that target areas of existing or potential concern. Notable on the global front is HSE Day, which was launched in 2015. We have conducted HSE Day globally every year except in 2020 due to the safety measures in response to the pandemic. Employees at all sites participate in the program, activities and training, which each year raise awareness of a health, safety and/or environmental topic chosen as that year's focus.

In 2021, the global HSE Day focused on risk/hazard identification, near miss and unsafe situations, and how employees can proactively contribute to safety by adhering to the four following principles of: Spot it; Solve it; Share it; and Learn it.

Past themes have included ergonomics, safe driving, "fit4life" (which encouraged physical activity, healthy eating and getting sufficient sleep), stress management, avoiding toxic substances and, in response to COVID-19, strategies for preventing infection and coping with the mental health impact of the pandemic. It was very important to us that our employees knew we are committed to helping them safeguard their physical well-being but also their ability to adapt to changes in the way they work, socialize, pursue educational and professional development opportunities and even deal with challenging family dynamics.

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM
GRI 403-8

Coverage under Oerlikon's safety rules extends to indirect employees, such as short-term contractors or technicians servicing machinery, who must undergo the same procedures. Visitors must fill in and sign an acknowledgement of the safety instructions before being admitted to a site.

This is consistent with our practice of making no health and safety management distinction between direct, permanent staff and temporary members of our workforce who are employed by outside agencies but whose work is controlled by Oerlikon

(within legal limits). Our accident rates cover both types of employees in the same way.

Temporary workers accounted for 12% of work-related injuries in 2021 and 12% in 2020. Those figures correspond to the proportion of their representation within our total workforce in each of those years.

Likewise, we apply the same safety standards for contractors we engage to work at our premises or on customer sites and make the same commitment to their health and safety.

OCCUPATIONAL HEALTH SERVICES
GRI 403-3

Occupational health services are organized at the legal entity or site level, strictly according to local regulations. These services are provided locally, usually by external (third party) doctors appointed by the company.

For the majority of our sites, the doctors are located off-site. At a few of our larger sites, we have doctors who have a more permanent presence at the site to provide in-house services. The appointed doctors regularly attend the H&S committee meetings, which are organized by the local management to evaluate problems, issues and look at potential areas of improvement.

Oerlikon's H&S management system requires that all sites establish and maintain an industrial hygiene program. This program needs to be filled with the relevant medical input that anticipates and monitors workplace environmental stressors, which may cause illness or diseases to people. This allows for the implementation of mitigation actions, where needed.

All health and safety related information about employees is treated and kept as strictly confidential personal data in accordance with local labor laws and data privacy regulations. The Group's Data Protection Officer has established stringent internal data privacy procedures and regularly provides information and training on the topic.

WORKER PARTICIPATION, CONSULTATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY
GRI 403-4

Oerlikon operates 207 sites in 38 countries. Each country is governed by local laws and regulations on the many labor and labor-related topics, including worker participation, consultation and communication.

The local set-up of workers' participation and consultation is done in compliance with local regulations. Almost all sites have H&S committees, who address all health and safety topics. Due to the different local regulations, there are differences in the details of how participation, consultation and communication are done. Generally, workers' representatives are members in these committees, together with a representative from management, an H&S officer and a company doctor. Meetings take place regularly several times per year and in many countries on a quarterly basis.

Oerlikon's H&S management system requires systematic involvement of concerned personnel in the risk assessment process and for investigating accidents and incidents. As part of the system, all concerned personnel are involved in lesson-learned sharing.

PROMOTION OF WORKER HEALTH
GRI 403-6

In the majority of the countries where Oerlikon operates, public health systems are in place to meet Oerlikon employees' need for non-occupational medical and healthcare services.

Oerlikon's own initiatives to promote workers' health include global and local programs. In 2021, we placed a special focus on protecting hands and fingers as an analysis showed that more than 50% of accidents at Oerlikon in recent years were related to these parts.

The Group-wide hand protection campaign rollout provided each workplace with a digital package that included poster templates and a presentation, each available in several languages. The posters were put on display in succession over the course of three weeks, and the presentation and staff training took place during week three. Managers had the option of giving the presentation on the shop floor or at the start of team meetings, and all employees were required to attend to raise awareness of hand safety, not only in our facilities and offices, but also at home.

Heightened awareness of infection threats led to an additional global health initiative: free flu vaccinations. These were offered in the past at many sites, but, since 2020, we have (within the limits of local laws) expanded this initiative worldwide. Participation is voluntary, but we encouraged employees to consider receiving the flu vaccination to give themselves the added protection.

Additionally, we piloted a wellbeing training under a new program called Adaptive Resilience in December. This program aims to help employees learn how to empower and build trust, focus on clarity and improve their mental wellbeing and is scheduled to be rolled out in 2022.

PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACT DIRECTLY LINKED BY BUSINESS RELATIONSHIPS
GRI 403-7

Oerlikon adopts the highest standards in ensuring the safety of our products and services within our operations and for customers. The standards are applied right from the beginning of the process when a product is being designed to the production, assembly, packaging, labeling, training, delivery and on-site customer service. We are also using a certified quality management system to ensure quality standards.

In cases where there are potential dangers of product use, Oerlikon provides specific health and safety relevant information to adequately warn users about them. For the packaging and transportation of our products and materials, we strictly adhere to international, trade export and local regulations in providing the required packaging, labels and declaration papers.

Equipment
Oerlikon's equipment is built according to European standards and regulations and thus meets one of the highest safety standards in the world and, at the same time, fully adheres to the regulations of local countries in which the products are sold, delivered and used.

RISK ASSESSMENT AND PRECAUTIONARY PRINCIPLE
GRI 102-11

Each equipment undergoes a risk analysis during development as well as during modification over the lifetime of the equipment. The risk assessment is comprehensive, covering technical, operational, health and environmental risks, and addresses all risks and mitigation actions needed. The effectiveness of these actions is then tracked during the project. A final check of the complete risk mitigation is a prerequisite for the final sign-off of the equipment before the product is placed on the market.

In addition, risks originating from the design or production process are assessed and taken as the basis for the equipment risk assessment. For equipment from acquired companies, the risk assessment is performed during the due diligence process or after the acquisition.

Ensuring Safety from Innovation to Delivery
Safety concepts are created for each system and are applied along the entire innovation process – beginning at the feasibility and verification phases to equipment and process safety. For the European Economic Area, the process includes CE certification as the final step. With each system, there are checklists for starting up safety-relevant components as well as manuals. The manuals include safety data sheets (SDS) available in all European languages and in more than 10 non-European languages and highlight residual risks and aspects on which the operator needs training. These check-

lists, manuals and SDS are delivered with the equipment to customers.

If incidents are reported, the following actions are taken, if required:
• Perform accident analysis with customer
• Adapt safety concept adaption
• Send out TI/SI to all customers worldwide for prevention

The incident will become a product sustainment project, which will send the technical information (TI) and safety information (SI) to all customers worldwide for prevention and track any safety or other issues, if they occur.

Moreover, equipment maturity program (EMP) projects are executed for older versions of machines and for machines from acquired companies if the level of safety standards that we require are not implemented.

After delivery of the equipment, we continue to monitor the products for systematic recording and processing of potential risks and detected accidents. At our sites operating the systems and at customers' sites, safety moments, which are brief discussions on a safety-related topic that occur at the beginning of a work shift, take place to remind employees about safe practices and issues related to safety. Reporting on near-miss incidents and product observations from customers function as feedback to Oerlikon, which results in mitigation actions or flows back into product development for design improvements.

OERLIKON FULLY COMPLIES WITH INTERNATIONAL AND LOCAL SAFETY STANDARDS, INCLUDING:

• CE conformity for all equipment, incl. ISO standards (personal and equipment safety). The CE marking (an acronym for the French ("Conformité Européenne") certifies that a product has met EU health, safety and environmental requirements, which ensure consumer safety.
• Machinery Directive (2006/42/EC)
• Low Voltage Directive (2014/35/EU)
• EMC (electro magnetic compliance) Directive (2014/30/EU)
• Radio Equipment Directive (2014/53/EU)

• REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)
• RoHS 2 (Restriction on hazardous substances) (2014/65/EU)
• Germany: Technical Rules for Hazardous Substances (TRGS)
• Pressure Equipment Directive (2014/68/EU)
• ATEX Directive (2014/34/EU)
• USA: UL = Underwriters Laboratories (as per request)
• Russia: TR = Technical Regulations

Additional Product Safety Measures

Polymer Processing Solutions provides training to customers with extensive documentation, including on residual risk (using an operational manual). Internally, we also organize regular safety events and training on machinery safety. All employees in engineering are trained by the safety department during onboarding and receive regular update training.

In the Polymer Processing Solutions division, we have installed "Safety Committees" at both the division and branch levels. These Safety Committees have clearly defined processes and actions to monitor machinery safety issues and decide on the appropriate escalation steps when required. Additionally, the division frequently performs branch-internal and branch-independent audits of the implemented machinery safety process. The independent audits are then provided to the division's top management.

The division has ensured the implementation of product safety requirements through its own internal directive, which is essentially based on the European Directive 2001/95/EC. In Germany this is under the Product Safety Act (ProdSG). This internal directive clearly defines the concept, structure and the roles of responsibility for ensuring product safety and serves to inform and enforce that safety is one of our essential principles. It underlines that it is fundamentally important for us to safeguard the safety of persons handling the products at our own sites and at customers' sites worldwide.

Materials

In our materials business, we fully comply with all relevant regulations and regularly check and control that our products are compliant with these regulations, including the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the European Union's Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) regulation. Products that are not compliant are replaced before introduction on the market.

For all our materials sold, we provide our customers Safety Data Sheets (SDS). These SDS are prepared in strict compliance with the legal requirements of the applicable country for the safe use, handling, storage and disposal of these materials. These sheets are available online in all the relevant local languages and can be downloaded by customers at any point in time.

The SDS are generated with a regulatory compliant software, which is updated 3 to 4 times per year to include any new global, regional or local regulatory classification and requirements. Our materials team of experts are also part of different expert groups and in frequent contact with different consultants, enabling them to exchange information and keep up to date on the regulatory and technological changes in chemicals and materials.

Contractor Safety

Contractors working at an Oerlikon site must work in a safe way. In 2021, we introduced a new guideline that sets high-level requirements for contractor safety, which will be implemented globally. This guideline outlines the minimum requirements for contractor safety management that each site must apply when outsourcing jobs and services to contractors – for construction works, facility management, machine installation, maintenance and repair, building maintenance work, industrial services, such as transport and packaging, as well as building and commissioning work. These guidelines apply to direct contractors and to contractors appointed by the landlord for leased sites. These requirements aim to ensure that adequate processes are in place to control and minimize risks associated with job tasks performed by contractors. Contractors are to be selected in close cooperation with the local procurement department. The selection process needs to take into consideration the contractor's safety record before the contract is granted or require the contractor to provide self-information, its health and safety management plans and references.

Responsible Sourcing & Human Rights

Responsible sourcing at Oerlikon involves an ongoing investment in establishing and maintaining strong supplier partnerships. These relationships are key to ensuring that we maintain our research and production timetables, sustain uninterrupted operations and deliver on our obligations to customers and employees while trying to minimize environmental impact and risk.

Oerlikon's supplier engagement model supports these objectives in a manner consistent with our guiding principles:
1. Sharing risk.
2. Embracing best practices and the open exchange of ideas.
3. Conducting open and regular discussions to foster unified expectations.
4. Streamlining processes to deliver excellence.
5. Cultivating trust and mutual satisfaction in meeting challenges together.

As part of our selection process, we seek out suppliers who share our values and demonstrate an unwavering commitment to upholding high ethical standards. Their operations and processes must integrate seamlessly with our own in terms of sustainability and the upholding of world-class standards of management.

The Oerlikon Supplier Code of Conduct, which is published in English, German, Italian, Chinese, Hindi and Turkish, and publicly available for download on our corporate website, sets out our baseline requirements for supplier and subcontractor business ethics as well as legal and regulatory compliance, including:
- Compliance with laws, regulations and internationally recognized standards.
- Material and conflict minerals compliance (see case study on the following page).
- Business integrity.
- Human rights, fair labor conditions and child labor.
- Health, safety and environmental management.
- Protection of tangible and intangible assets.
- Trade control.

Once we identify a prospective supplier, we invite them to go through our five-stage relationship management process. Oerlikon only pursues relationships with suppliers that complete this process and agree to be signatories of our Supplier Code of Conduct.

100% of our procurement colleagues are trained in the Supplier Code of Conduct, and they strictly apply these standards in their assessment and selection of new suppliers. Every year, we audit more than 60 of our suppliers to ensure that our Supplier Code of Conduct is respected. In the event that there are areas identified as non-compliant, we address the issue with the suppliers and retain the right to terminate the relationship if the nonconformance issue persist.

Our Performance
In 2021, we audited more than 162 of our suppliers to ensure that our Supplier Code of Conduct is respected. The COVID-19 pandemic made it difficult for us to conduct on-site visits, as travel and physical meetings were prohibited or restricted. Despite the challenges, we managed to significantly increase the number of audits compared to our average of around 60 by complementing physical audits with digitally conducted audits.

EcoVadis
In 2021, we began the process of elevating our responsible sourcing to the next level by using EcoVadis as our partner and framework for assessing Oerlikon's suppliers.

Oerlikon's Supplier Code of Conduct

EcoVadis provides companies the means to assess the corporate sustainability performance of their suppliers and other companies that decided to share their ratings within the EcoVadis network. By collecting data from suppliers and validating it through independent means, we can obtain aggregated performance reports as well as individual scorecards with holistic risk profiles.

Our collaboration with EcoVadis will enable us to tap into their resources to enhance the transparency of our supply chain, ensure compliance with regard to global regulations and laws and strengthen the mitigation of potential risks.

As an initial step, we have completed the Sustainable Procurement Maturity Review with EcoVadis. The maturity review refers to the maturity of each of the defined five roots: Vision & Goals, Governance & Resources, Policies, Procedures & Processes, Capacity Building & Continuous Improvement and Reporting.

The review identified governance and resources as "the most mature root" at Oerlikon and noted our "strong program sponsorship and a robust procurement program". The areas of improvement identified from the review include the development of our sustainable procurement strategy and goals, cascading sustainability as a mandatory requirement within the global procurement organization and setting internal KPIs/targets, as well as formalizing and monitoring the progress.

This result reflects the fact that our procurement strategy over the years has been focused on ensuring the quality and reliability of suppliers and their compliance with the international and local laws and regulations. With EcoVadis, we are essentially expanding our procurement strategy to make sustainable procurement another key criteria in managing our supply chain.

Presently, we are working on strategies to fulfill the recommendations for Oerlikon in 2022–2023, including training buyers, integrating EcoVadis into our sustainable procurement program and cascading that program into our business units. Actions under consideration are intended to address such goals as increasing coverage of Procure-to-Pay tools, adding direct access to the

risk module in the system, consolidating spend data and allowing lower ROIs for sustainability-centered projects.

The review identified action items to address in 2022–2023 in the areas of policies, procedures and processes. In addition to updating its existing internal guideline to better align with the sustainable procurement vision, strategy, goals and governance, we are committing to increasing sustainable procurement awareness throughout the company. An additional priority is having our legal department draft a sustainability clause that is mandatory for tier-1 suppliers, establishing third-party verification of the clause and discussing the need for actions in the event of a breach.

As a logical next step in our sustainability journey, we are committed to defining a reference roadmap for sustainable procurement and to provide more in-depth reporting on sustainable procurement over the next years.

ADDRESSING CONFLICT MINERALS AS PART OF OUR SUSTAINABILITY STRATEGY

The EU's import directive, Conflict Minerals Regulation (2017/821), went into effect in January 2021. It regulates trade in minerals – in particular tin, tantalum, tungsten and gold (3TG) – that have been extracted from mines in politically unstable or conflict-affected areas. The regulation targets the human rights practices of armed movements that finance their campaigns and their weapons purchases by running mining operations that rely on forced and/or child labor.

Under the EU Conflict Minerals Regulation, EU importers of 3TG minerals must comply with and report on their supply chain due diligence obligations if they import minerals that originate from conflict-affected areas.

The EU regulation was inspired in part by the Dodd-Frank Act, a US law regarding transparency and accountability that took effect in 2010. However, it takes a more comprehensive view of conflict mining and trade. While the US law was specific to minerals sourced from the Democratic Republic of

Congo and adjoining countries, the EU rule targets all countries exporting 3TG minerals to the EU and does not contain language that limits its impact to specified locations. This extends its impact beyond current conflict areas to countries or regions that may become conflict-affected in the future.

At Oerlikon, we support this regulation and have in fact taken steps that anticipated its concerns. We have instituted a Conflict Mineral policy and due diligence measures across our supply chain in accordance with voluntary efforts, such as those advocated by the OECD in its Due Diligence Guidance for Responsible Supply Chains from Conflict Affected and High Risk Areas, as well as US legislation.

We are aware that some of Oerlikon Metco Materials' suppliers have a history of acquiring conflict minerals in trade from multiple sources worldwide. In keeping with our commitment to corporate responsibility and upholding human rights across all operations, we are seeking to ensure that our suppliers source 3TG minerals exclusively from mines in conflict-free areas.

We expect our suppliers to establish and implement policies and due diligence measures that assure they supply us with conflict-free 3TG products and components in compliance with the EICC Code of Conduct and our Conflict Mineral policy, which is a part of our Supplier Code of Conduct.

In support of this policy, the Oerlikon Metco Materials Business Unit will:

- Exercise due diligence with relevant suppliers consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and encourage our suppliers to do the same with their own suppliers.

- Expect our suppliers to cooperate in providing due diligence information to confirm that the 3TG minerals they are providing are conflict-free.

- Collaborate with suppliers and others on industry-wide solutions to ensure products containing 3TG minerals are conflict-free.

- Consistently implement this policy and make reports available, upon request, to relevant stakeholders.

We are encouraged by the EU's regulation on the sourcing of 3TG minerals as a mechanism for barring illicit trade and boosting supply chain transparency. We take pride in having enacted our own human rights measures before being required to do so by law and assure our stakeholders and investors that we will continue to integrate ESG factors across our supply chain.

05 Our Governance Commitment

Sustainability & HSE Policy Key Messages

Our Ambitions

- Affirm our **responsibility** as a caretaker of the global ecosystem and a champion of sustainability.
- **Support the UN's Sustainable Development Goals** (SDGs) – particularly in areas where we can make the greatest impact.
- **Minimize** the environmental impact of our operations and products along the value chain.
- Become a company in which **equal treatment, fairness and diversity as well as equity and inclusion (DEI)** are understood and practiced by all employees.
- Ensure **Zero Harm to People**. We believe that all injuries, occupational illnesses and diseases can be **avoided**.
- Hold ourselves to the **highest standards** of governance.

Our Commitments

- **Ecologically design** and develop **safe** products, services and solutions.
- Provide **legally compliant** and **industry-standard safe** products.
- Embrace the **circular economy (e.g. repair, reuse, recycle)** approach, responsible procurement and manufacturing.
- Achieve **operational excellence** in **emissions reduction**.
- Implement **industry-leading ethical** and social policies, programs and actions.
- Consistently exercise **strong corporate governance**.
- Promote **ecological** and **health-conscious** behavior.
- Provide a **safe** and **healthy** working environment.

Our Actions

Overall

- Instill a relentless focus on environmental, social and governance (ESG) topics.
- Partner, listen and work with stakeholders to improve processes and uphold ESG standards.
- Implement actions, initiatives and measures to achieve our sustainability targets.
- Assess and manage sustainability and HSE risks.

Environment

- Minimize the environmental impact of our services and products over their entire life cycle.
- Leverage opportunities in our businesses and products to reduce emissions (including CO_2), consumption and waste.
- Execute on plans in our operations to meet/ exceed our environmental targets.

Social

- Play a role in speaking out on social justice.
- Develop and run DEI programs and events to raise awareness.
- Systematically apply and improve health and safety processes and tools.
- Continually improve health and safety performance to meet or exceed legal and Oerlikon's HSE requirements.
- Provide relevant training to employees.

Governance

- Regularly perform governance and compliance reviews.
- Ensure fair, ethical and socially responsible behavior along the supply chain.
- Assess new and existing governance/regulatory requirements and risks.

**Every employee has a role to play in contributing to the actions listed above.
Managers at all levels to visibly lead the way.
Sustainability and HSE are mandated by the BoD and EC.**

For further details, please refer to the Sustainability & HSE Policy at sustainability.oerlikon.com

Our Governance

05

SDGS IN FOCUS:

8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

GOVERNANCE STRUCTURE AND BODY
GRI 102-18

As early adopters of sustainable innovation practices, we have always held the view that our solutions should minimize the environmental footprints of both our customers' businesses and our own operations. This philosophy guides our decision-making as it pertains to being an optimal global citizen and to delivering sustained shareholder value.

Oerlikon is supportive of worldwide government initiatives advocating climate protection. Stricter standards of air and water quality have an impact on our business and that of our customers. At the same time, we welcome the opportunity to employ those regulatory restrictions as parameters for the ongoing redefinition of sustainable innovation, which is at the heart of Oerlikon's work. We likewise view corporate governance guidelines (such as the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse) as fully aligned with our own principles. The company's Articles of Association can be considered as Oerlikon's "constitution", outlining the rules and regulations that stipulate the company's affairs; we have amplified these with the Oerlikon Code of Conduct, which clearly defines the ethical and legal framework of all our business activities.

MANAGEMENT APPROACH
GRI 103-1,2,3

We are meticulous in our approach to governance. Whether we are monitoring and quantifying compliance, managing risk or inviting and engaging in public discourse, our goal is to foster a company and a credo in support of the principle that innovation goes hand in hand with maintaining customers' and society's confidence and trust.

Under our CEO's active direction and supported by our Board of Directors and its committees responsible for performance and compliance review, Oerlikon holds itself to the highest standards of economic, environmental and societal performance, as well as compliance with laws, regulations, and corporate policies that govern our operations and practices worldwide.

To underscore our sustainability commitment, Georg Stausberg, CEO of the Polymer Processing Solutions Division and a member of the EC, was appointed Chief Sustainability Officer (CSO), effective January 1, 2021.

Our CSO works with the other members of the EC to provide leadership and direction on the sustainability strategy. The CSO chairs a Sustainability Management Team (SMT), consisting of members who represent key sustainability areas –

operational sustainability and environment (environment), Health & Safety (social), legal (governance and compliance), HR (social), communications and investor relations.

GOVERNANCE
GRI 102-19,20

Oerlikon is mindful of the interdependence of economic, social and environmental interests and seeks to convert this dynamic to a strength that serves its operational and societal objectives. This is a key component of ensuring that we consistently deliver long-term value creation in our daily business activities to the benefit of all stakeholders.

Sustainability is thus an integral part of our corporate culture and behavior in business as anchored in Oerlikon's Code of Conduct and the Success Model.

Each employee is responsible, on an individual level, for upholding the sustainability and HSE principles, and line management is responsible for ensuring alignment in business activities and processes within their area of responsibility.

To ensure a close link to the operational part of the business and a full commitment from management,

Oerlikon's sustainability organizational framework encompasses members of the strategic, operative and business levels. This framework reflects Oerlikon's management model and enables the company to draw on the full complement of relevant resources, experience and knowledge.
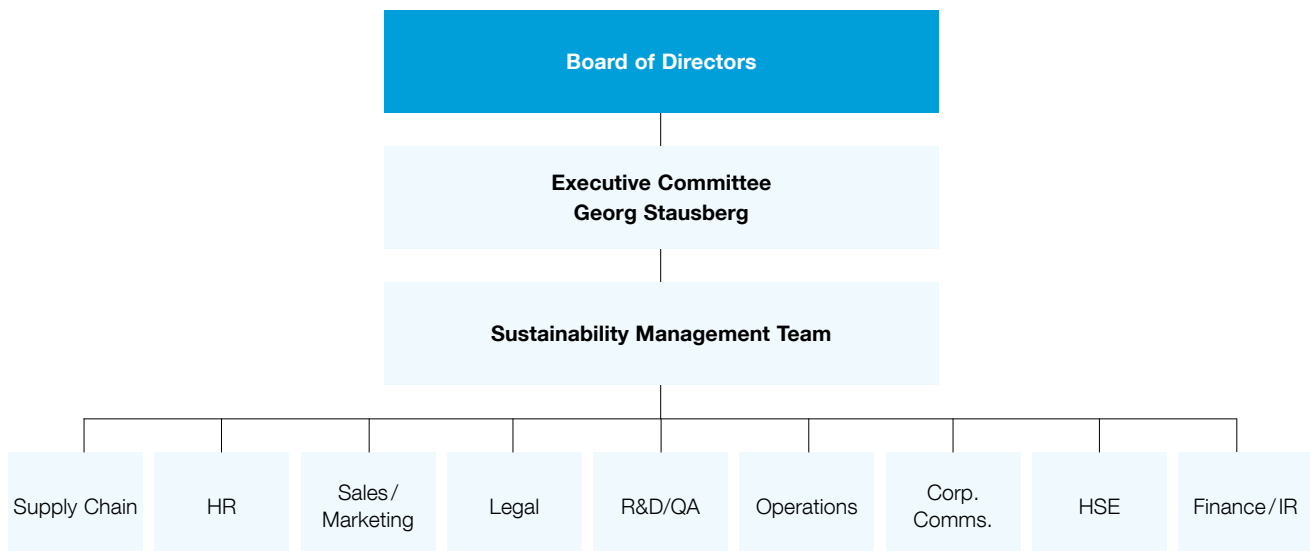
Sustainability is endorsed and overseen by the highest governing body of the company – the Board of Directors (Board). The Board agenda covers sustainability topics throughout the year and dedicates significant time for the purpose of establishing the overall guidance for the company's sustainability strategy.

The Board has mandated a dedicated CSO, who is a member of the Executive Committee and reports to the Group CEO, to monitor, align and execute the sustainability strategy. Led by the CSO, the SMT works closely with the divisions and Group functions in executing the sustainability strategy, rolling out programs and action plans and increasing dialogue and awareness with stakeholders.

The EC decides on the execution of the sustainability road map, based on the proposal provided by the SMT. It prioritizes the allocation of resources and defines the investment strategy to enable the execution of the road map. It also ensures that

COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES
GRI 102-22

Board of Directors

Executive Committee Georg Stausberg

Sustainability Management Team

Supply Chain	HR	Sales/ Marketing	Legal	R&D/QA	Operations	Corp. Comms.	HSE	Finance/IR

appropriate internal systems and controls are in place to identify and manage economic, social, governance and environmental risks, and that business is conducted in a responsible manner.

The CSO works with the other members of the EC to provide leadership and direction on the sustainability strategy. He establishes, monitors and manages the sustainability strategy and its implementation across the Oerlikon Group based on the road map, annual objectives and an action program approved by the Board.

The CSO chairs and leads the SMT in managing and coordinating all sustainability actions and processes within Oerlikon, including:
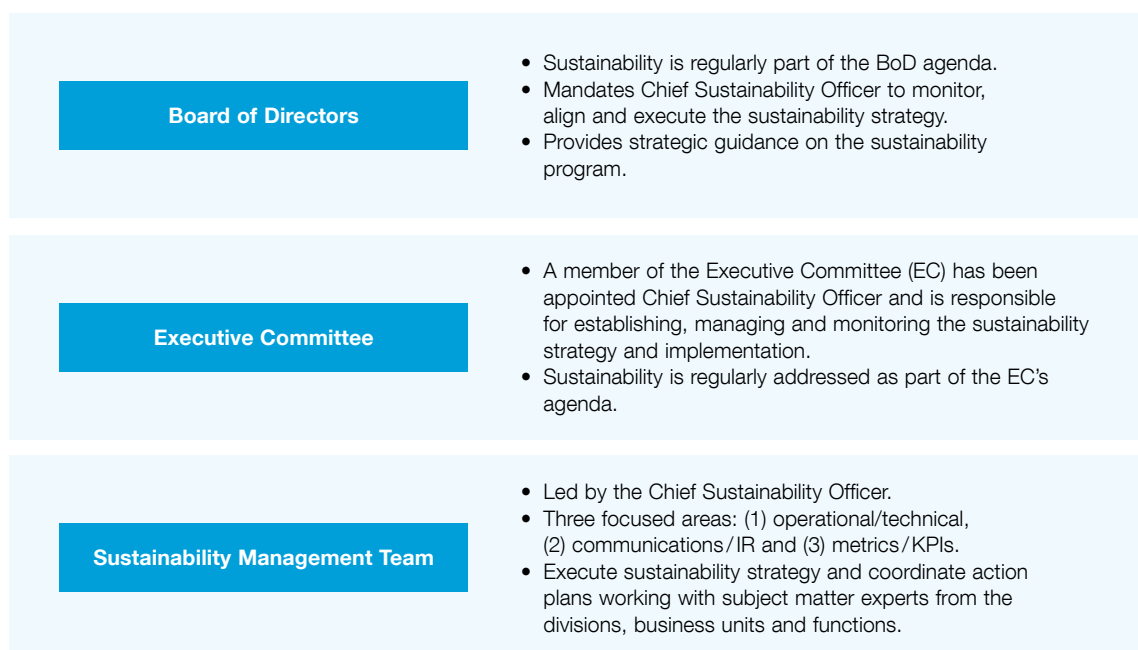
- Working closely with the divisions and Group functions in executing the sustainability strategy, program and action plans.
- Developing the road map for the roll out of sustainability initiatives and submitting proposals to the EC for final approval, within the strategic guidance defined by the Board.
- Developing and increasing stakeholder awareness (both internal and external) of the need and benefits of sustainable behavior and to initiate changes and improvements.

- Identifying and assessing, together with line management, the significant social, ethical, governance and environmental risks that might have an impact on Oerlikon's long-term business or impair Oerlikon's objective to remain recognized as a responsible leader in its industry.
- Identifying and assessing, together with line management, the significant social, ethical and environmental risks that might have an impact on Oerlikon's long-term business or impair Oerlikon's objective to remain recognized as a responsible leader in its industry.
- Managing and coordinating stakeholder dialogues with regard to social, ethical and environmental matters.

The SMT meets as the program requires, at least once a month.

SUSTAINABILITY GOVERNANCE FRAMEWORK
GRI 102-19, 20, 22, 23, 24, 26, 28, 32

Board of Directors	• Sustainability is regularly part of the BoD agenda. • Mandates Chief Sustainability Officer to monitor, align and execute the sustainability strategy. • Provides strategic guidance on the sustainability program.
Executive Committee	• A member of the Executive Committee (EC) has been appointed Chief Sustainability Officer and is responsible for establishing, managing and monitoring the sustainability strategy and implementation. • Sustainability is regularly addressed as part of the EC's agenda.
Sustainability Management Team	• Led by the Chief Sustainability Officer. • Three focused areas: (1) operational/technical, (2) communications/IR and (3) metrics/KPIs. • Execute sustainability strategy and coordinate action plans working with subject matter experts from the divisions, business units and functions.

IDENTIFYING AND MANAGING ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS
GRI 102-29

Benchmarking is essential for identifying and addressing material challenges. In keeping with the principle that what can be measured can be improved, we have undertaken extensive research with regard to material challenges.

In 2020, the materiality analysis was performed and encompassed soliciting input from internal experts and external stakeholders, conducting a benchmarking analysis and assessing Oerlikon's sustainability actions and initiatives in its Annual Reports relative to more than 120 sustainability reports.

This depth of research has guided us to a consensus view of the topics, risks and trends that are most relevant to Oerlikon. These fall into two categories: those that could or already do have an impact on the company, and those on which the company has or could have a meaningful impact. We have captured an overview of these material challenges in a materiality matrix, which can be found on page 12 of this report.

Based on the materiality assessment, we have defined eight material challenges as focused areas (see materiality matrix on page 12). Out of the eight material topics, six of them are already captured in our 2030 sustainability targets. On the topic of responsible sourcing and human rights, we have started our collaboration with EcoVadis and are working toward defining a reference roadmap by the end of 2022. For community engagement, we intend to define in 2022 a meaningful and measurable target.

We have also identified eight UN SDGs, toward which Oerlikon can make the most meaningful contributions and support countries in achieving these sustainability goals. To enable comparable and transparent reporting, we have chosen to report according to the internationally recognized GRI Standards.

LABOR MANAGEMENT RELATIONS FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING
GRI 103-1,2,3; GRI 402-1,
GRI 102-41; GRI 407-1

Oerlikon has operations in 38 countries and respects the legal rights of its employees to form, join or to refrain from joining worker organizations, including labor organizations or trade unions. Oerlikon complies with applicable local laws worldwide regarding employee and third-party involvement, and will not discriminate based on an employee's decision to join or not join a labor organization.

Oerlikon respects the rights of employees to organize and makes managers at all levels aware of those rights. The company's long-standing belief is that the interests of Oerlikon and its employees are best served through a favorable, collaborative work environment with direct communication between employees and management. Oerlikon endeavors to establish these kinds of favorable employment conditions, to promote positive relationships between employees and managers, to facilitate employee communications, and to support employee development.

Oerlikon also respects its employees' rights to take part in collective bargaining. We abide by legally binding collective agreements. We also take care that employee representatives do not suffer discrimination and that they have open access to members in the workplace.

An estimated 45% of our employees were covered by collective bargaining agreements (CBAs) in 2021 (2020: 43%[1]).

Pertaining to minimum notice periods regarding operational changes, we are not providing more detailed information as each local agreement is subjected to local laws and regulations. Overall, we satisfy the minimum legal requirements in each respective country, and in some countries, we even exceed the minimum requirements set by local laws.

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[1] GRI 102-48 The collective bargaining agreement figure in 2020 was restated due to an error in double counting of a few sites.

REPORTING PRACTICE / TARGETS
GRI 102-47

ENVIRONMENTAL (OWN OPERATIONS)

Priority Topics	Objective	2019 Baseline	2021	2030 Target
Climate & Energy	Implementing energy management system at all relevant sites[1]	12%	19%	100%
	Increasing the share of electrical energy from renewable sources[2]	n.a.	22%	100%
	Increasing the share of relevant operations that are climate neutral[3]	n.a.	n.a.	100%
Circular Economy	Reducing the share of disposed waste	42%	31%	21%
Innovation	Increasing the share of R&D investment in products that must cover ESG criteria[4]	n.a.	72%	100%

SOCIAL

Priority Topics	Objective	2019 Baseline	2021	2030 Target
Employment Practices	Increasing % of women in management and leadership roles	12%	12%	20%
	Increasing % of women in high potential talent programs	24%	23%	30%
Health & Safety	Ensure Zero Harm to People – Decreasing the rate of recordable work-related injuries (TAFR)[5]	0.88	0.72	<0.50

GOVERNANCE

Priority Topics	Objective	2019 Baseline	2021	2030 Target
Ethics & compliance	Increase completion of CoC training both electronically and in person[6]	n.a.	n.a.	>95%
	– % of employees who completed e-training[7]	91%	97%	

[1] Energy management systems include both ISO-50001-certified and Oerlikon-defined Energy Management Systems.

[1] All relevant sites are larger production and office sites (totaling 155 sites in 2020 and 160 sites in 2021, excluding sites acquired in 2021) and do not consider small offices, which are offices with less than 50 employees. In 2021, data from operational sites were consolidated, ie. relevant sites plus a few small sites that reported data.

[2] GRI 102-48: The energy from renewable sources considers only electrical energy. The share of electrical energy from renewable sources is available for the first time in 2021 and thus, becomes the baseline figure.

[3] Climate neutral includes relevant operations and only considers Scope 1 & 2 emissions. The baseline will be defined in 2022.

[4] GRI 102-48: The R&D investments have been redefined to include R&D investments not only for new but for all products, excluding R&D for customers in the oil & gas and defense industries, in which Oerlikon generates less than 5% of its revenues.

[5] Health and safety data excludes small offices. The total FTEs at these small sites account for less than 1% of total Oerlikon global FTEs.

[6] GRI 102-48: Oerlikon intends to ensure that all employees are trained, both electronically and in person. Face-to-face training will be piloted in 2022–2023 and will be regularly conducted after the pilot. The 2030 target remains unchanged.

[7] GRI 102-48: The 91% completion for the baseline year considered only e-training that was completed over a 2-year period, ending in 2019, and is thus, restated accordingly. In 2021, e-training was conducted for all employees with digital access, excluding those from Germany and 2021 acquisitions.

CONSULTING STAKEHOLDERS ON ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS; STAKEHOLDER ENGAGEMENT
GRI 102-21; GRI 102-40,42,44

Diverse perspectives are a cornerstone of Oerlikon's culture. It is with them that we can plant the seeds from which innovation grows. It is therefore very much a part of our culture that we are not only open to, but that we welcome and invite engagement with divergent points of view that can help us understand the needs and concerns of all stakeholders in the industries and communities we serve.

Oerlikon maintains an ongoing exchange with its stakeholders, such as employees, customers, suppliers and partners, investors and analysts, local communities, authorities and government representatives, nongovernmental organizations, academic institutions and the media.

We depend on multiple channels and processes (see the Stakeholder Engagement table on the next page) to optimize stakeholder engagement and ensure comprehensive reporting on areas that are material to the business. In addition to one-on-one and focus group conversations, we conduct, as appropriate, internal surveys that aid us in understanding potential issues. We expect our stakeholder engagement strategy to continue to evolve, and we anticipate that we will expand our stakeholder consultation efforts.

In 2020, we performed the materiality analysis and engaged with our stakeholders to identify the key sustainability issues that affect our business and them. From this analysis, eight issues were prioritized by our stakeholders and mapped in the materiality matrix (see page 12). These materiality topics form the backbone of our 2030 targets, our commitment and our sustainability actions.

With the annually published report that is compliant with the international GRI Standards, we aim to transparently and credibly communicate about our sustainability progress and our journey toward achieving our 2030 targets, and with full accountability to our stakeholders.

The report is meant to also serve as a tool for ongoing dialog with our stakeholders. It is important for us to continue the conversation with them and solicit their feedback and suggestions. With their input, we can continually improve our process and ensure that we are advancing our sustainability contributions and upholding optimal governance, environmental, social and sustainability standards in our work around the world.

With that in mind, we are exploring options to gain further insights from stakeholders about their perception of our operations, practices and impact. This is a natural extension of our belief that communication and exchange of ideas are the building blocks of reaching accord and working together toward mutual goals, and that we make progress in business and human welfare when we share a sense of ownership in meeting our targets and objectives.

Stakeholder Engagement at Oerlikon

Stakeholders GRI 102-40	Key Concerns by Stakeholder Groups GRI 102-44	Examples of Engagement GRI 102-43
Employees	• Equality and diversity • Career advancement • Education and training • Health and safety • Environment • Social Impact	• Employee survey • Career development • Physical and virtual townhall meetings • Regional, local, business unit newsletters • Social media • Employee-driven community programs • Safety days
Customers	• Quality • Health and safety • Environment • Competitive pricing	• Customer surveys • Exhibitions • Newsletters • Customer days • Website • Social media • Customer portals
Suppliers and Partners	• Responsible business practices • Health and safety • Environment	• Procurement policies • General terms & conditions • Case-by-case communication
Investors and Analysts	• Management • Quality • Responsible business practices • Compliance • Health and safety • Environment • Innovation	• Annual shareholder meeting • Quarterly information • Roadshows, investor and analyst days • Annual report • Corporate website
Local Communities	• Employment • Compliance • Environment • Social Impact	• Regular information to local newspapers • Social media • Local CSR and sponsoring activities • Employee-driven social projects
Authorities and Government Representatives	• Taxes • Responsible business practices • Compliance • Health and safety • Environment	• Cooperations • Information events • Memberships in local associations • Invitation to local events
Non-Governmental Organizations and Civil Society	• Responsible business practices • Compliance • Health and safety • Environment	• Cooperations • Information events • Invitation to local events

Ethics & Integrity

ETHICS & INTEGRITY
GRI 103-1,2,3; GRI 102-16, 17; GRI 205-1,2

We have established Group-wide procedures to ensure Oerlikon's compliance with legal and regulatory statutes as well as internal standards, including the company's Code of Conduct. This oversight encompasses training, communication and consulting activities designed to provide the Group's divisions, business units and individuals with the information and resources necessary to fulfill their responsibilities and understand their roles in ensuring ethical compliance and behavior.

Oerlikon's robust compliance and integrity platform that began in 2009 has evolved year over year. In 2020, we updated our Code of Conduct and raised our commitment to conduct mandatory electronic compliance training for employees annually (instead of every two years). For operational employees without digital access, the Face2Face (F2F) training program will be organized regularly. We have continued to build on such initiatives and to refine our approach to promoting ethical behavior and integrity, both within our organization and in the entities with which we conduct business. These developments include enhancing our business partner integrity screening process and communicating our antitrust compliance program to both internal and external stakeholders.

The framework of the Compliance Program has three pillars:
1. Prevention: policies, directives, training, the Code of Conduct, risk assessment, maturity assessment, compliance councils, internal controls and metrics, examples and Q&A in all employee meetings.
2. Early detection: 24/7 reporting hotline; continuous compliance reviews, controls and internal audits, allegation management process.
3. Response: disciplinary action on compliance breaches, process adaptation, resolution plans, remediation of internal control systems, fine-tuning of policies.

Through allegations left on our reporting hotline by concerned colleagues, we have been able to act swiftly to prevent wrongdoing or to deal with it promptly. Cases pertaining to the misdirection of funds or to physical bullying have led to dismissals with cause of those individuals who failed to live Oerlikon's values. Thus, Oerlikon's Code of Conduct ensures that every member of staff has a resource to help guide responsible decision-making in line with our standards of ethics, our culture and values, and our commitment to compliance in all our business practices. Furthermore, Oerlikon has broadened the scope of its governance framework by integrating ethics within its leadership development initiatives, with a focus on:
1. Providing substantive support to high-performing teams.
2. Reinforcing awareness of our commitment to sustainable practices.
3. Measuring successes against the triple bottom-line parameters.

Above all, the Code of Conduct prioritizes Oerlikon's most significant distinction: its extraordinary reservoir of talented people. By promoting company-wide understanding and appreciation of the core values encapsulated in the Code of Conduct, our leadership team ensures that our employees not only comply with these standards, but that they also take pride in them. This creates our strongest foundation for pursuing the continued evolution of a comprehensive sustainable ethics and compliance governance framework.

Since 2017, Oerlikon has provided annually mandatory electronic compliance training in the Code of Conduct and data privacy to employees. The participation of the e-training has improved steadily over the past years. In 2017, only 60% of registered users completed the e-training. In 2019, the completion rate was at 90%, while in 2020, it was 91%.

In 2021, employees with digital access, excluding those from the acquisitions and in Germany, were asked to register for the e-training on the new Code of Conduct and data privacy. Around 4 100 of the registered users completed the training, representing 97% of total registered users.

In 2020, it was decided to offer colleagues without digital access at work to receive F2F training regularly. The first F2F pilot training will be rolled out in phases at all Oerlikon sites globally, and expected to be completed in late 2023. Based on the results

from the pilot, the F2F training will be adapted to ensure that this training is conducted on a regular basis. The objective is to have more than 95% of all employees trained both digitally and F2F by 2030.

Moreover, to ensure best practices as both an ethical and sustainable organization, Oerlikon updated its Whistle Blowing Policy and introduced new Group policies in 2021, including the Anti-Harassment and Anti-Discrimination Policy; Policy Against the Use of Child Labor; and Policy Against Human Trafficking in Persons and Slavery. At the beginning of 2022, Oerlikon published its new Sustainability and Health, Safety & Environment Policy. The policies were approved by the Executive Committee and the Oerlikon Board of Directors, and oversight and responsibility for the implementation of these policies rests with a cross-functional team that includes members from the Sustainability Management team, HR, Compliance, Legal and Procurement.

CHILD LABOR
GRI 103-1,2,3; GRI 408-1

Oerlikon does not participate in and does not accept child labor. Oerlikon supports all international conventions pertaining to the nonuse of child labor. Oerlikon's Supplier Code of Conduct condemns child labor.

The Against the Use of Child Labor Policy is endorsed by Oerlikon's Board of Directors and was issued in 2021. It includes Oerlikon's directives on reporting suspected incidences of child labor, investigating those allegations promptly and taking all appropriate actions against the practice of child labor, including, as warranted, sanctions against or termination of relationships with partners or suppliers engaged in those practices.

Oerlikon strongly urges the reporting of any incident of child labor. Employees or representatives are encouraged to report complaints to their immediate supervisor, their department head, any senior manager of their business unit, their local human resources representative, their local procurement representative, or over the Oerlikon 24/7 Compliance Hotline (SpeakUp).

Any reported allegations of child labor will be promptly investigated. If the usage of child labor is found in the supply chains of Oerlikon, the company will take all appropriate measures to mitigate

any risks by developing a responsible solution, which may include the work in partnership with the supplier and or a termination

The adherence to the nonuse of child labor is clearly defined in our Policy and Code of Conduct but managed locally and by suppliers themselves. We currently do not have a system in place that gathers the data of which operations and suppliers are considered to have significant risks of such incidents.

FORCED OR COMPULSORY LABOR & HUMAN RIGHTS ASSESSMENT
GRI 103-1,2,3; GRI 412-1; GRI 409-1

Oerlikon is committed to a safe work environment that is free from and provides for protection against human trafficking and slavery, including forced labor and unlawful child labor. Oerlikon does not tolerate or condone human trafficking or slavery in any part of its global organization. Oerlikon prohibits human trafficking and slavery. Employees, contractors, subcontractors, vendors, suppliers, partners and others through whom Oerlikon conducts business must not engage, be involved or participate in any practice that constitutes human trafficking or slavery.

The Policy Against Human Trafficking and Slavery is endorsed by Oerlikon's Board of Directors and was issued in 2021. It includes Oerlikon's directives on reporting suspected incidences of human trafficking or slavery, investigating those allegations promptly and taking all appropriate actions against the practices of human trafficking or slavery, including, as warranted, sanctions against or termi-

Case Example:
A SOLUTION THAT COUNTER-ACTS CHILD LABOR

Our new TIS (Thermal Insulation Systems) HS9XX product family consists of heatshields that provide thermal and electrical insulation for e-vehicles. Such insulation avoids overheating of the passenger compartment and protects occupants in the event of malfunctions of lithium-ion batteries. Moreover, our product is an alternative to competitive solutions that use mica, a mineral that is in many cases linked to child labor.

nation of relationships with partners or suppliers engaged in those practices.

Similar to the process defined for child labor, Oerlikon strongly urges the reporting of any incident of human trafficking. Employees or representatives are encouraged to report complaints to their immediate supervisor, their department head, any senior manager of the business unit, their local human resources representative, their local procurement representative or over the Oerlikon 24/7 Compliance Hotline (SpeakUp).

Any reported allegations of human trafficking will be promptly investigated and Oerlikon will take appropriate disciplinary action for the violation of this policy, which may include the discharge of employees, subcontractors and agents.

Our operations and suppliers must adhere to nonuse of forced or compulsory labor, which is clearly stipulated in our policy and Code of Conduct. Presently, the management, tracking and actions taken are done locally and by suppliers themselves. We currently do not have a system in place that gathers the data of which operations and suppliers are considered to have significant risks of such incidents.

Although Oerlikon does not undertake specific human rights reviews or impact assessments, we do carry out frequent employee and labor relations/rights risk assessments of our own operations in various countries across the world as well as thorough compliance audits of our policies, including human resources, with applicable legislation and corporate policies and instructions.

Over the longer term, we will continue to monitor our business and the industries and markets we serve to identify additional areas of compliance focus through 2030 and beyond.
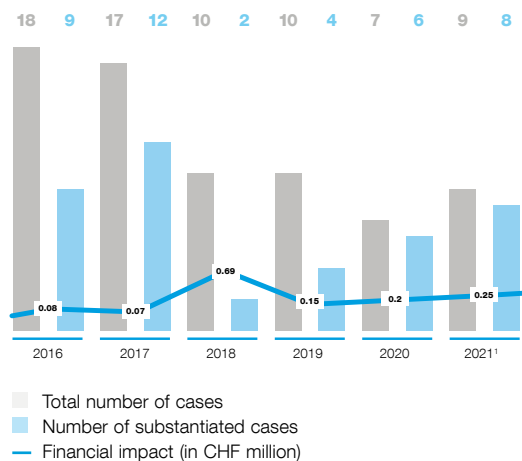
Compliance Enforcement

Oerlikon's Compliance office and Internal Audit team oversee the company's internal investigation protocol. As a result of this office's efforts, we have reduced compliance breaches by more than 40% from 2014 to 2021.

In 2021, we received 9 complaints via the 24/7 reporting hotline, which is intended primarily to alert management to antibribery and corruption

issues, but which yielded information on additional topics as well. There were 8 substantiated cases: 4 related to Code of Conduct incidents and 4 related to cyberfraud. The company has terminated the employment of staff members when evidence has proven that they engaged in improper behavior.

Compliance Cases

18 9 17 12 10 2 10 4 7 6 9 8

0.08 0.07 0.69 0.15 0.2 0.25

2016 2017 2018 2019 2020 2021[1]

☐ Total number of cases
☐ Number of substantiated cases
— Financial impact (in CHF million)

[1] The damages incurred were all related to cyberfraud.

CUSTOMER PRIVACY

In 2021, Oerlikon did not receive any complaint from clients or prospects in relation to our use of their personal data or direct marketing activities.

Three of our suppliers reported having suffered personal data breaches in 2021, but none of these breaches compromised any of our customers' data. At Oerlikon, no personal data breach had to be reported to data protection authorities.

Data protection trainings intensified in 2021. A mandatory Group-wide GDPR training, provided to our employees in 2021, covered all GDPR requirements, including, notably, the reporting and management of personal data breaches. In addition, we provided our sales teams with specific trainings relating to GDPR and management of clients' data.

At Oerlikon, we have data protection policies that define roles and responsibilities in this field. We also have privacy notices dedicated to clients. These policies and privacy notices are aligned with GDPR requirements.

TAX GOVERNANCE AND STRATEGY

Oerlikon's tax strategy is executed in compliance with our Code of Conduct as well as all applicable laws and regulatory requirements, including those that pertain to timely completion and filing of tax returns and those related to disclosure of tax positions. We seek to have a transparent relationship with the tax authorities in the countries in which we operate and conduct tax audits as required to provide requested information in a timely manner.

The company does not engage in aggressive tax planning and does not use complex structures or offshore havens to minimize its tax liabilities. In addition, we adhere to arm's length principles and comply with local laws and regulations for pricing of intercompany transactions.

Oerlikon's Chief Financial Officer, a member of the Executive Committee, is responsible for all financial matters relating to operational management and is supported by a team of qualified tax professionals in support of the Group companies.

TRADE CONTROL

The traffic of goods is essentially free but may be subject to restrictions or prohibitions that states impose to safeguard their national security interests and the peaceful coexistence of people, or to prevent the proliferation of weapons. These regulations may relate to purchases, sales, services, technology transfers or payments. Additional restrictions may target behavioral changes of individuals, entities or states, and the scope of such sanctions may encompass (but need not be limited to) asset freezes or travel bans, or may even take the form of total embargoes.

Embargoes usually arise in response to United Nations Security Council resolutions, decisions of the Organization for Security and Co-operation in Europe (OSCE) or common positions of the EU Council or the US government. Several countries, including Iran, Cuba, North Korea, Syria and Sudan, are currently subject to sanctions regulations.

Management Approach
Oerlikon's top management attaches importance to the topic and directs all employees to practice unconditional compliance. Additionally, we support

nonproliferation efforts and may refrain from a transaction in cases of continued concerns regarding the end-use application. This self-restraint prevails over commercial interest.

To ensure sustainable trade compliance, Oerlikon has implemented a robust Internal Control Program that is regularly monitored, continuously developed and safeguarded by state-of-the-art IT measures.

Given the complexity and fluid nature of this subject, we provide employees with training as well as updates on international trade control provisions and the company's policies and procedures, which are designed to ensure that they:
- Have information related to traded items, such as their nature, origin, components, value and technical characteristics.
- Have confirmed the end use and the end user as well as third parties or agents involved.

Violation by any Oerlikon employee may lead to disciplinary action, including termination of employment.

POLICIES (P), DIRECTIVES (D) AND GUIDELINES (G) AVAILABLE ONLINE

Name	Latest Issue
• D Anti-Corruption and Anti-Bribery	2012
• P Avoiding Conflicts of Interest	2019
• P Against the Use of Child Labour	2021
• Code of Conduct	2021
• P Global Antitrust Compliance	2015
• P Non Discrimination and Anti-Harassment	2021
• P Against Human Trafficking and Slavery	2021
• Safety Data Sheets (SDS)	ongoing
• Supplier Code of Conduct	2017
• P Sustainability & HSE	2021
• D Unannounced Inspections	2015
• P Whistle Blowing	2021

Can be found at:
www.oerlikon.com/en/
sustainability/our-policies

About this Report

06

REPORTING PRACTICE
GRI 102-46; 102-54

The Oerlikon Sustainability Report 2021 is our second report on our material economic, environmental and social impacts and how we manage them.

The report provides an in-depth look at the way we address sustainability and implement our sustainability strategy. It also gives an overview of relevant policies, guidelines and targets established for continued improvement in sustainability performance metrics. Furthermore, the report contains a review of notable achievements in 2021. Oerlikon intends to continue reporting on sustainability on an annual basis.

Reporting Scope
The report covers all Oerlikon Group companies worldwide, including wholly owned subsidiaries and majority-owned joint ventures, but excludes 2021 acquisitions. In the Oerlikon Annual Report 2021, the list of legal entities that are consolidated as part of the Group can be found on page 118.

In total, Oerlikon operates 207 sites in 38 countries in 2021 (including acquisitions). For the environmental and health & safety metrics, only data from operational sites were included in the calculation. Operational sites refer to all relevant sites, that is all production sites and office sites with more than 50 employees, plus a few small offices (< 50 employees) that have provided data in the year under review.

Reporting Standards
To define the contents of this report, we have referred to the GRI Standards and to the results of the materiality assessment and the material topics identified in this process (see page 12 of this report). We have also taken into account stakeholder feedback on reporting, best practices in sustainability reporting and the applicable United Nations SDGs. The GRI Standards are the most widely adopted global standards for sustainability reporting. These standards help businesses and governments understand and communicate their impact on a variety of sustainability issues in a common format.

We have mapped our material topics to the GRI Standards and included relevant disclosure topics in the GRI content index, which can be found from page 64 to 69 of this report. This report has been prepared in accordance with the GRI Standards: Core option. Omission from the material issues addressed in our report does not mean an issue is not managed.

Sections marked with the United Nations SDGs symbols provide more information on how we implement strategies and practices that contribute toward supporting these SDGs.

Changes in 2021
The entities acquired in 2021 – such as INglass and Couerdor – are not reflected in the environmental, social and governance reporting for the year. All these acquired entities will be reflected in the 2022 report. The new relevant sites opened by Oerlikon in 2021 are included in the report.

Data Collection Process
We measure energy consumption at all our operational sites, and the data is consolidated in our SAP Business Warehouse. For energy and emissions, the total operational sites consolidated in 2021 are 157 (out of 160). The difference is attributed to an in-house site at a customer location and two office sites with negligible energy consumption.

Our energy consumption includes all types of energy, including purchased electricity, solar power generated by us, purchased heat and cooling, natural gas, fuel oil, propane, diesel, gasoline, hydrogen and kerosene.

To calculate emissions, each of our sites is required to provide the actual CO_2 factors for electricity from their respective utility. For fossil fuel, we use average CO_2 factors from various governmental sources. Sites are required to cross-check locally with respect to the details provided by their energy suppliers.

The sources for emissions include electricity and steam generated offsite and all fuels used in boilers and other combustion equipment, including purchased electricity, purchased heat and cooling, natural gas, fuel oil, propane, diesel, gasoline and kerosene.

The share of disposed waste is calculated as the total weight of waste directed to disposal as a percentage of the total weight of waste generated by Oerlikon. In 2021, a total of 154 (out of 160) operational sites were consolidated for waste. The difference is attributed to two sites being closed and four office sites with negligible waste generation.

For our HR data, we use the SAP SuccessFactors software to manage our people processes, perform analytics and improve visibility and efficiency. Since SuccessFactors is cloud based, the software enables us to have real-time updated data about our employees and their development, and helps us to manage the entire employee life cycle.

Our Total Accident Frequency Rate (TAFR) data for health and safety is collected through a monthly reporting process using SAP Business Warehouse and Cognos TM1. Health and safety data excludes small offices. The total FTEs at these small sites account for less than 1% of total Oerlikon global FTEs.

Our compliance data is collected by our Head of Compliance and Internal Audit teams. The majority of Oerlikon's compliance cases are reported through its whistleblowing hotline. Complainants can report anonymously, although we encourage transparency in order to better handle cases and to reach a substantiated outcome.

All reported cases are investigated to the full extent of the facts that have been provided. Cases lacking in pertinent facts or substantiated evidence are closed. At the end of each calendar year, Group Compliance reviews the cases with the Compliance Review Board (of which the Head of Group Compliance is the Chair), and the cases are also reviewed by the Audit and Finance Committee, a committee of the Board of Directors. In the review and assessment of cases, Group Compliance and Internal Audit make recommendations for modifications to internal controls and policies and/or procedures that may have led to the wrongdoing or any undesirable behavior.

Reporting Period
This report covers the period between January 1, 2021, and December 31, 2021.

Independent Assurance Summary
We have expanded the scope of the assurance by PricewaterhouseCoopers AG to include more of our 2030 environmental and diversity targets. The assurance was performed with a limited level of assurance. It included one physical and two virtual site visits at three of the most significant operative sites. The assurance report can be found on pages 75 to 77.

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GRI Content Index [1]

GRI | **CONTENT INDEX SERVICE** | **2022**

For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

GRI Disclosure		Location/Direct answer	Page
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
GRI 103: Management Approach 2016			
Organizational profile			
102-1	Name of the organization	Annual Report 2021	71
102-2	Activities, brands, products, and services	Oerlikon Website: About Us	
102-3	Location of headquarters	Oerlikon Website: Company Profile	
102-4	Location of operations	Oerlikon Website: Locations	
102-5	Ownership and legal form	Oerlikon Website: Shareholder Structure	
102-6	Markets served	Oerlikon Website: Industries	
102-7	Scale of the organization	Oerlikon Website: Company Profile	
102-8	Information on employees and other workers	Sustainability Report 2021	33
102-9	Supply Chain	Sustainability Report 2021 & Oerlikon Website: Procurement	46
102-10	Significant changes to the organization and its supply chain	Sustainability Report 2021 & Oerlikon Website: Procurement	46
102-11	Precautionary Principle or approach	Sustainability Report 2021	44
102-12	External initiatives	We select sustainability initiatives and partnerships that are compatible with our corporate values and are either viewed as a global standard or promise a sustainable effect. In 2021 we committed to the Equal Voice United initiative which promotes gender equality.	
102-13	Membership of associations	We demonstrate our commitment to sustainable development by collaborating with a variety of organizations, such as The European Apparel and Textile Confederation, and TUM Consortium.	
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report 2021	3
102-15	Key impacts, risks, and opportunities	Sustainability Report 2021	9
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Sustainability Report 2021	58
102-17	Mechanisms for advice and concerns about ethics	Sustainability Report 2021	58

[1] GRI 102-55

GRI Standard	Disclosure	Location/Direct answer	Page
Governance			
102-18	Governance structure	Sustainability Report 2021	51
102-19	Delegating authority	Sustainability Report 2021	52–53
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Report 2021	52–53
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability Report 2021	56
102-22	Composition of the highest governance body and its committees	Sustainability Report 2021	52
102-23	Chair of the highest governance body	Sustainability Report 2021	53
102-24	Nominating and selecting the highest governance body	Sustainability Report 2021	53
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Report 2021	53
102-28	Evaluating the highest governance body's performance	Sustainability Report 2021	53
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Report 2021	54
102-30	Effectiveness of risk management processes	Annual Report 2021	55
102-32	Highest governance body's role in sustainability reporting	Sustainability Report 2021	53
102-33	Communicating critical concerns	The Board of Directors addresses the concerns of stakeholders and shareholders.	
102-34	Nature and total number of critical concerns	No matters were submitted directly to the Board of Directors outside the General Meeting in 2021.	
102-35	Remuneration policies	Annual Report 2021	45
102-36	Process for determining remuneration	Annual Report 2021	45–54
102-37	Stakeholders' involvement in remuneration	Annual Report 2021	45–54
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report 2021	56–57
102-41	Collective bargaining agreements	Sustainability Report 2021	54
102-42	Identifying and selecting stakeholders	Sustainability Report 2021	56
102-43	Approach to stakeholder engagement	Sustainability Report 2021	57
102-44	Key topics and concerns raised	Sustainability Report 2021	56–57
Reporting practice			
102-45	Entities included in the consolidated financial statements	Annual Report 2021	135
102-46	Defining report content and topic Boundaries	Sustainability Report 2021	62
102-47	List of material topics	Sustainability Report 2021	55
102-48	Restatements of information	Sustainability Report 2021	54–55, 73
102-49	Changes in reporting	There are no changes in reporting.	
102-50	Reporting period	January 1, 2021 – December 31, 2021	
102-51	Date of most recent report	March 30, 2022	

GRI Standard	Disclosure	Location/Direct answer	Page
102-52	Reporting cycle	Annually	
102-53	Contact point for questions regarding the report	In case of any inquires, please contact sustainability@oerlikon.com	
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report 2021	62
102-55	GRI content index	Sustainability Report 2021	64
102-56	External assurance	Sustainability Report 2021	75 – 77

Material Topics

GRI 200: ECONOMIC STANDARDS

GRI 201: Economic performance 2016

103-1	Explanation of the material topic and its Boundary	Annual Report 2021	64 – 140
103-2	The management approach and its components	Annual Report 2021	64 – 140
103-3	Evaluation of the management approach	Annual Report 2021	64 – 140
201-1	Direct economic value generated and distributed	Annual Report 2021	64 – 140
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2021	96

GRI 202: Market presence 2016

103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	35
103-2	The management approach and its components	Sustainability Report 2021	35
103-3	Evaluation of the management approach	Sustainability Report 2021	35
202-2	Proportion of senior management hired from the local community	Sustainability Report 2021	35

GRI 203: Indirect Economic Impacts 2016

103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	15
103-2	The management approach and its components	Sustainability Report 2021	15
103-3	Evaluation of the management approach	Sustainability Report 2021	15
203-1	Infrastructure investments and services supported	Sustainability Report 2021	37
203-2	Significant indirect economic impacts	Sustainability Report 2021	15

GRI 205: Anti-corruption 2016

103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	58
103-2	The management approach and its components	Sustainability Report 2021	58
103-3	Evaluation of the management approach	Sustainability Report 2021	58
205-1	Operations assessed for risks related to corruption	Sustainability Report 2021	58
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2021	58

GRI 300 ENVIRONMENTAL STANDARDS

GRI 302: Energy 2016

103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	24
103-2	The management approach and its components	Sustainability Report 2021	24
103-3	Evaluation of the management approach	Sustainability Report 2021	24
302-1	Energy consumption within the organisation (gigawatthours-GWh)	Sustainability Report 2021	24
302-3	Energy intensity (MWh / million CHF sales)	Sustainability Report 2021	70
302-4	Reduction of energy consumption	Sustainability Report 2021	24

GRI Standard	Disclosure	Location/Direct answer	Page
GRI 303: Water and Effluents 2018			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	28
103-2	The management approach and its components	Sustainability Report 2021	28
103-3	Evaluation of the management approach	Sustainability Report 2021	28
303-1	Interactions with water as a shared resource	Sustainability Report 2021	28
303-2	Management of water discharge-related impacts	Sustainability Report 2021	28
303-3	Water withdrawal (thousand m^3)	Sustainability Report 2021	28
GRI: 305 Emissions 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	29
103-2	The management approach and its components	Sustainability Report 2021	29
103-3	Evaluation of the management approach	Sustainability Report 2021	29
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2021	29
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2021	29
305-4	GHG emissions intensity (tons CO_2 equivalents/million CHF)	Sustainability Report 2021	70
GRI 306: Waste 2020			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	26
103-2	The management approach and its components	Sustainability Report 2021	26
103-3	Evaluation of the management approach	Sustainability Report 2021	26
306-1	Waste generation and significant waste-related impacts	Sustainability Report 2021	26
306-2	Significant waste-related impacts	Sustainability Report 2021	26
306-3	Waste generated (metric tons)	Sustainability Report 2021	26–27
306-4	Waste diverted from disposal (metric tons)	Sustainability Report 2021	70
306-5	Waste directed to disposal (metric tons)	Sustainability Report 2021	70
GRI 400 SOCIAL STANDARDS			
GRI 401: Employment 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	33
103-2	The management approach and its components	Sustainability Report 2021	33
103-3	Evaluation of the management approach	Sustainability Report 2021	33
401-1	New employee hires and employee turnover	Sustainability Report 2021	33
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report 2021	33
GRI 402: Labor/Management Relations 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	54
103-2	The management approach and its components	Sustainability Report 2021	54
103-3	Evaluation of the management approach	Sustainability Report 2021	54
402-1	Minimum notice periods regarding operational changes	Sustainability Report 2021	54
GRI 403: Occupational Health and Safety 2018			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	39
103-2	The management approach and its components	Sustainability Report 2021	39
103-3	Evaluation of the management approach	Sustainability Report 2021	39
403-1	Occupational health and safety management system	Sustainability Report 2021	39

GRI Standard	Disclosure	Location/Direct answer	Page
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report 2021	40
403-3	Occupational health services	Sustainability Report 2021	42
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2021	43
403-5	Worker training on occupational health and safety	Sustainability Report 2021	41
403-6	Promotion of worker health	Sustainability Report 2021	43
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2021	43
403-8	Workers covered by an occupational health and safety management system	Sustainability Report 2021	42
403-9	Work-related injuries	Sustainability Report 2021	41
GRI 404: Training and Education 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	36
103-2	The management approach and its components	Sustainability Report 2021	36
103-3	Evaluation of the management approach	Sustainability Report 2021	36
404-1	Training and education per employee (average hours)	Sustainability Report 2021	36
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report 2021	36
404-3	Employees receiving regular performance and career development reviews	Sustainability Report 2021	36
GRI 405: Diversity and Equal Opportunity 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	35
103-2	The management approach and its components	Sustainability Report 2021	35
103-3	Evaluation of the management approach	Sustainability Report 2021	35
405-1	Diversity of governance bodies and employees	Sustainability Report 2021	35
GRI 406: Non-discrimination 2016			
103-1	Explanation of the material topic and its Boundary	Oerlikon Website: Code of Conduct	
103-2	The management approach and its components	Oerlikon Website: Code of Conduct	
103-3	Evaluation of the management approach	Oerlikon Website: Code of Conduct	
406-1	Non-discrimination	Oerlikon Website: Code of Conduct	
GRI 407: Freedom of Association and Collective Bargaining 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	54
103-2	The management approach and its components	Sustainability Report 2021	54
103-3	Evaluation of the management approach	Sustainability Report 2021	54
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Report 2021	54
GRI 408: Child Labor 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	59
103-2	The management approach and its components	Sustainability Report 2021	59
103-3	Evaluation of the management approach	Sustainability Report 2021	59
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability Report 2021	59

GRI Standard	Disclosure	Location/Direct answer	Page
GRI 409: Forced or Compulsory Labor 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	59
103-2	The management approach and its components	Sustainability Report 2021	59
103-3	Evaluation of the management approach	Sustainability Report 2021	59
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Report 2021	59
GRI 412: Human Rights Assessment 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	59
103-2	The management approach and its components	Sustainability Report 2021	59
103-3	Evaluation of the management approach	Sustainability Report 2021	59
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Report 2021	59
GRI 414: Supplier Social Assesment 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021	46
103-2	The management approach and its components	Sustainability Report 2021	46
103-3	Evaluation of the management approach	Sustainability Report 2021	46
414-1	New suppliers that were screened using social criteria	During the reporting period there were no negative social impacts.	
414-2	Negative social impacts in the supply chain and actions taken	During the reporting period there were no negative social impacts.	

ENVIRONMENTAL TOPICS

GRI Standards	Disclosure Description	2021[1]	2020	2019
302-1	**Energy consumption within the organization (gigawatt-hours – GWh)**			
	Electric power	309.7	302.5	313.2
	– Renewable electrical power consumed	*68.8*	*n.a.*	*n.a.*
	Natural gas	64.8	41.1	38.9
	Heat and cooling bought	14.8	21.2	25.9
	Gasoline and diesel	21.2	19.5	24.0
	Other energies	8.6	5.7	6.6
	Total energy consumption	**419.0**	**389.8**	**408.6**
302-3	**Energy intensity (MWh/million CHF sales)**	158.2	172.6	157.6
303-3	**Water withdrawal (thousand m³)**			
	Third party water withdrawal	707.0	698.6	700.2
	Surface water	7.8	5.7	11.8
	Ground water	2.6	2.1	4.1
	Sea water	0	0	0
	Produced water	0	0	0
	Total water withdrawal	**717.4**	**706.4**	**716.2**
305-1	**Emissions**			
	Scope 1: Direct (Scope 1) GHG emissions (thousand metric tons)			
	CO_2 from the use of energy	19.5	13.7	14.9
	Other (CH_4, N_2O, HFCs, PFCs, SF_6, NF_3 in CO_2 equivalent)	0	0	0
305-2	**Scope 2: Energy indirect (Scope 2) GHG emissions (thousand metric tons in CO_2 equivalent)**			
	Electricity consumption	138.9	127.6	136.9
	District heat and cooling consumption	2.6	5.0	6.1
305-4	**GHG emissions intensity (tons CO_2 equivalents/million CHF)**			
	Total Scope 1 and Scope 2 GHG Emissions (in kilotons)	161.0	146.4	157.9
	Tons CO_2 equivalents per million CHF sales, scope 1+2	60.8	64.8	60.9
306-3	**Waste generated (metric tons)**			
	Hazardous waste	10 240	9 640	11 644
	Non-hazardous waste	11 881	10 729	11 279
	Total waste	**22 121**	**20 369**	**22 923**
306-4	**Waste diverted from disposal (metric tons)**			
	Hazardous Waste			
	Preparation for reuse	11	45	17
	Recycling	6 495	5 786	5 281
	Other recovery operations	0	3	0
	Total waste	**6 506**	**5 835**	**5 298**
	Non-hazardous Waste			
	Preparation for reuse	58	11	22
	Recycling	8 605	7 761	7 997
	Other recovery operations	14	12	11
	Total waste	**8 677**	**7 784**	**8 029**

[1] Excluding 2021 acquisitions

ENVIRONMENTAL TOPICS

GRI Standards	Disclosure Description	2021[1]	2020	2019
306-5	**Waste directed to disposal (metric tons)**			
	Hazardous Waste			
	Incineration (with energy recovered)	2 120	1 695	1 769
	Incineration (without energy recovered)	890	1 295	3 732
	Landfill	725	815	844
	Other disposal operations	0	0	0
	Total	**3 734**	**3 805**	**6 346**
	Non-hazardous Waste			
	Incineration (with energy recovered)	969	665	738
	Incineration (without energy recovered)	787	948	940
	Landfill	1 448	1 332	1 571
	Other disposal operations	0	0	0
	Total	**3 204**	**2 944**	**3 250**

[1] Excluding 2021 acquisitions

SOCIAL TOPICS

GRI Standards	Disclosure Description	2021	2020	2019
401-1	**Total number and rates of new employee hires and employee turnover**			
	Total workforce by region (Oerlikon employees)			
	Asia	3 804	3 275	3 402
	Europe	7 290	6 535	6 901
	North America	1 723	1 317	1 547
	Rest of World	3	348	385
	Total	**12 820**	**11 475**	**12 235**
	Total women in workforce by region (Oerlikon employees)			
	Asia	765	689	729
	Europe	1 612	1 378	1 489
	North America	387	312	368
	Rest of World	1	74	79
	Total	**2 765**	**2 453**	**2 665**
	Total women in workforce by region (Oerlikon employees %)			
	Asia	20%	21.04%	21.4%
	Europe	22%	21.1%	21.6%
	North America	22%	23.7%	23.8%
	Rest of World	33%	21.3%	20.5%
	Total	**21.6%**	**21.4%**	**21.8%**
	Employee Turnover			
	Turnover of all employees			
	Asia	10.4%	6.7%	8.6%
	Europe	9.0%	5.7%	4.3%
	North America	20.9%	23.1%	12.7%
	Rest of World	–	15.0%	17.9%
	Total	**11.2%**	**8.6%**	**7.2%**
	Turnover of all female employees			
	Asia	9.7%	8.9%	10.4%
	Europe	11.0%	7.0%	5.7%
	North America	18.6%	24.8%	11.2%
	Rest of World	–	12.2%	24.1%
	Total	**11.8%**	**10.2%**	**8.5%**
	Employee Hires			
	Hires of all employees			
	Asia	506	394	537
	Europe	887	1 143	1 203
	North America	331	431	474
	Rest of World	0	52	95
	Total	**1 724**	**2 020**	**2 309**
	Hires of female employees			
	Asia	88	86	144
	Europe	225	270	305
	North America	72	120	140
	Rest of World	0	10	24
	Total	**385**	**486**	**613**
	Nationalities			
	Female	58	63	63
	Male	90	87	80
	Total	**94**	**93**	**87**

SOCIAL TOPICS

GRI Standards	Disclosure Description	2021	2020	2019
403 1-9 (2018)	**Occupational health and safety: injuries, lost days, diseases and fatalities**			
	Employees:			
	Number and rate of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	2	1	1
	Rate of high-consequence work-related injuries (excluding fatalities)	0.02	0.01	0.01
	Number of recordable work-related injuries	69[1]	64	93
	Rate of recordable work-related injuries	0.72[1]	0.68	0.88
	Number of lost time accidents	52[1]	40	56
	Number of medical treatment accidents	17[1]	24	37
	Number of hours worked	19 296 694[1]	18 779 569	21 123 863
	Non-employees:			
	Number and rate of fatalities as a result of work-related injury	0	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	0	0	0
	Number of recordable work-related injuries	1	1	7
405-1	**Diversity and equal opportunity**			
	Composition of governance bodies			
	Board of Directors			
	Women in Board (percentage)	29%	29%	29%
	Age group diversity (percentage)			
	<30 years old	0	0	0
	30–50 years old	29%	29.%	29%
	>50 years old	71%	71%	71%
	Number of nationalities	6	7	7
	Executive Committee			
	Women in Executive Committee (percentage)	17%	25%	25%
	Age group diversity total (percentage)			
	<30 years old	0	0	0
	30–50 years old	33%	50%	25%
	>50 years old	67%	50%	75%
	Number of nationalities	3	3	4
	Employees that are global leaders			
	Women that are global leaders	7	10	9
	Men that are global leaders	57	67	70
	Number of nationalities	11	14	12
	High Potential Talent Programs[2]			
	Percentage Women	23%	23%	24%
	Percentage Men	77%	77%	76%
	Age group diversity total (percentage)			
	<30 years old	7.1%	7.4%	6.6%
	30–50 years old	92.9%	89.8%	86.8%
	>50 years old	0	2.8%	6.6%
	Number of nationalities	9	11	18
	Total workforce (Oerlikon workforce)			
	Women in total workforce	2 765	2 453	2 665
	Men in total workforce	10 005	9 022	9 570
	Other	50	n.a.	n.a.

[1] Excluding 2021 acquisitions
[2] GRI 102-48: Includes both the Group Horizons and the OMF+ high potential talent programs.

SOCIAL TOPICS

GRI Standards Disclosure Description	2021	2020	2019
Total number of employees by employment contract			
Permanent	11 433	10 162	10 457
Temporary	315	281	478
Apprenticeship/internship	210	196	213
Age group diversity (percentage)			
<30 years old	16.31%	15.22%	18%
30–50 years old	56.89%	56.29%	56%
>50 years old	26.80%	28.49%	25%

Independent practitioner's limited assurance report

on Selected Indicators in the Sustainability Report 2021 to the Board of Directors of OC Oerlikon Corporation AG

Pfäffikon

We have been engaged by the Board of Directors to perform assurance procedures to provide limited assurance on Selected Indicators in the Sustainability Report 2021 of OC Oerlikon Corporation AG and its consolidated subsidiaries ('OC Oerlikon') for the year ended 31 December 2021.

Scope and subject matter

The following indicators in the Sustainability Report 2021 were subject to our engagement ('Selected Indicators'):

- "Energy consumption within the organization" on pages 25 and 70, "Energy Intensity" on page 70, "Total Scope 1 and Scope 2 GHG Emissions" on pages 30 and 70, "Waste generated" on pages 27 and 70, "Waste diverted from disposal" on page 70 and "Waste directed to disposal" on page 71 for the year 2021.

- "Implementing energy management system at all relevant sites", "Increasing % of women in management and leadership roles" and "Increasing % of women in high potential talent programs" for the year 2021 on page 55.

- "Occupational health and safety: injuries, lost days, diseases and fatalities" for the year 2021 on page 73.

Only the comparative figures of the environmental indicators on pages 25, 27, 30 and 70 to 71 of the Sustainability Report 2021 were in scope of our prior year limited assurance engagement.

Criteria

The Selected Indicators in the Sustainability Report 2021 were prepared by OC Oerlikon based on the Appendix A - Oerlikon Sustainability Reporting Criteria (the "suitable Criteria") of the Sustainability Report 2021.

Inherent limitations

The accuracy and completeness of the Selected Indicators in the Sustainability Report 2021 are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data and non-exhaustive related definitions. Further, the greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. Our assurance report should therefore be read in connection with the suitable Criteria.

Board of Directors' responsibility

The Board of Directors of OC Oerlikon Corporation AG is responsible for the suitable Criteria and its selection as well as for the preparation and presentation of the Selected Indicators in the Sustainability Report 2021 in accordance with the suitable Criteria. This responsibility includes the design, implementation and maintenance of such internal control as determined necessary to enable the preparation of the Selected Indicators in the Sustainability Report 2021 that are free from material misstatement, whether due to fraud or error as well as adequate record keeping and overall responsibility for the Sustainability Report 2021.

Independence and quality control

We are independent of the OC Oerlikon Corporation AG in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers AG applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to perform an assurance limited engagement and to express a conclusion on the Selected Indicators in the Sustainability Report 2021. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised*) 'Assurance engagements other than audits or reviews of historical financial information'* and with the ISAE 3410, '*Assurance Engagements on Greenhouse Gas Statements'*, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the Selected Indicators in the Sustainability Report 2021 were prepared, in all material aspects, in accordance with the suitable Criteria.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner's judgement. A limited assurance engagement under ISAE 3000 (Revised) and ISAE 3410 is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Summary of the work performed

Our limited assurance procedures included, but were not limited to the following work:

- Inquiries of the relevant stakeholders for the Selected Indicators in the Sustainability Report 2021
- Inspection of relevant documents
- Sample based testing of underlying data
- Reconciliation of data sources with financial reporting data and other underlying records
- Reperformance of relevant calculations
- Analytical procedures

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures we performed, and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Indicators in the Sustainability Report 2021 of OC Oerlikon are not prepared, in all material respects, in accordance with the suitable Criteria.

Intended users and purpose of the report

This report is prepared for, and only for, the Board of Directors of OC Oerlikon Corporation AG, and solely for the purpose of reporting to them on Selected Indicators in the Sustainability Report 2021 and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the Appendix A - Oerlikon Sustainability Reporting Criteria and the Sustainability Report 2021, to enable the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the Selected Indicators in the Sustainability Report 2021, without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of OC Oerlikon Corporation AG for our work or this report.

PricewaterhouseCoopers AG

Stephan Hirschi   Christine Blass

Zürich, 30 March 2022

'The maintenance and integrity of OC Oerlikon's website is the responsibility of the Board of Directors; the work carried out by us does not involve consideration of the maintenance and integrity of OC Oerlikon's website, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Indicators in the Sustainability Report 2021 or the Criteria since they were initially presented on OC Oerlikon's website.

Appendix A – Oerlikon Sustainability Reporting Criteria

This section summarizes the basis of preparation for the performance indicators within this report, presenting clarification and definition of the terminology used within the reported performance indicators.

A set of general definitions is first presented, as well as specific guidance in relation to each of the reported performance indicators, by section of the report.

General definitions

The **Reporting Scope** covers all Oerlikon Group companies worldwide, including wholly owned subsidiaries and majority-owned joint ventures. In the Oerlikon Annual Report 2021, the list of legal entities that are consolidated as part of the Group can be found on page 118. The scope of reporting is further defined below.

Group Sites: Oerlikon operates from 207 (in 2021) sites globally, including 2021 acquisitions. These comprise the production sites, large offices (>50 employees) and small offices. The number of sites may vary year-over-year due to newly opened sites, closed sites or acquired sites with 12 months of data.

"Relevant Sites": Total relevant sites include all production sites and large offices and exclude small offices (<50 employees).

The "Operational Sites": Total operational sites include all relevant sites and a few small offices, which have provided data, excluding sites acquired in 2021. The total number of operational sites consolidated in 2021 for environmental KPIs are 160, including one site that is minority owned.

The "Non-Operational Sites": Oerlikon operates a number of smaller sites (24 in 2021), which are considered not material and did not provide data, and thus outside of the operational boundary for some KPIs.

In 2021, Oerlikon acquired INglass and Coeurdor. From the acquisitions, Oerlikon added 23 sites to Oerlikon's global footprint, ten of them are considered relevant sites (the "**Acquired Sites"**). These are not included in the 2021 calculation.

Treatment of Material Adjustments

In circumstances that result in a significant change to a methodology and have a material impact to a KPI result, either through refining the approach, receiving new information, a change in business structure, acquisition of transformational business, or from other events, Oerlikon would initiate a recalculation of previous year's numbers or will calculate a new baseline.

The acquisitions made during 2021 were not deemed to have a material impact. They will be included in the 2022 calculation when a full 12 months can be consolidated.

GRI no.	KPI	Assessment Criteria
302-1 (2016)	Energy consumption within the organization (gigawatt-hours – GWh) **Increasing the share of electrical energy from renewable sources**	Energy usage is defined as the total energy consumption from the Operational Sites during the calendar year. Energy categories include electric power, natural gas / other hydro-carbon gases, heat and cooling bought, gasoline and diesel. It is consistent with GRI 302-1. For 2021 it is **419 GWh**. The number of Operational Sites for this KPI is 157, and the difference is attributed to an in-house site at a customer location and two office sites, and the energy consumption at the two office sites are negligible. Within the category of electric power the amount from renewable electrical power is also disclosed (**68.8 GWh or 22%** of electricity consumed for 2021). The 2021 figure, disclosed for the first time, is set against a target that by 2030 100% of purchased electricity shall be from renewable sources. In 2019 and 2020, electricity generated from combined heat and power plant (CHP plant) was recorded as electricity. For 2021 onwards, this has been reclassified as energy from natural gas (representing 20 GWh for 2021). The higher Group figure for natural gas is offset by a lower amount from electricity and heat and cooling bought.
302-3 (2016)	Energy intensity (MWh/ million CHF sales)	Energy intensity is calculated by taking the energy consumption (GRI 302-1) and dividing by Group sales for 2021. The 2021 sales figure of **CHF 2 649 million** is taken from the consolidated income statement of OC Oerlikon Management AG, Pfäffikon. This was audited by PricewaterhouseCoopers AG on 25 February 2022. Thus energy intensity is **158.1 MWh per million CHF sales.**
305-1 (2016)	Scope 1: Direct (Scope 1) GHG emissions (thousand metric tons)	Oerlikon reports Scope 1 figures relating to Operational Sites using the GHG protocols consistent with GRI 305-1. The number of Operational Sites for this KPI is 157 and the difference is attributed to an in-house site at a customer location and two office sites, and the energy consumption at the two office sites are negligible. Oerlikon uses no equivalent gases (CH_4, N_2O, HFCs, PFCs, SF_6, NF_3) so the 2021 figure of **19.5 thousand metric tons** results solely from use of energy
305-2 (2016)	Scope 2: Energy indirect (Scope 2) GHG emissions (thousand metric tons of CO_2 equivalent)	Oerlikon reports Scope 2 figures relating to Operational Sites Consistent with GRI 305-2 and the GHG protocols Oerlikon reports the market-based figure where possible. In geographies where this is not possible Oerlikon takes a location-based approach. The number of Operational Sites for this KPI is 157 and the difference is attributed to an in-house site at a customer location and two office sites, and the energy consumption at the two office sites are negligible. Among Oerlikon's 157 Operational Sites, 66 of them are using market-based method to report on their Scope 2 emissions, while 91 sites are using the location-based method as they do not have contractual information that meets the Scope 2 quality criteria.

GRI no.	KPI	Assessment Criteria
305-4 (2016)	GHG emissions intensity (tons CO_2 equivalents/million CHF)	GRI 305-1 and GRI 305-2 are totalled and then divided by Group sales. The 2021 sales figure of **CHF 2 649 million** is taken from the consolidated income statement of OC Oerlikon Management AG, Pfäffikon. This was audited by PricewaterhouseCoopers AG on 25 February 2022. Thus total emissions from scope 1 & 2 are **161 tons CO_2 equivalents** and divided by group sales shows an intensity of **60.8 Tons CO_2 equivalents per million CHF sales, scope 1+2.**
306-3 (2020)	Waste generated (metric tons)	Data covers Operational Sites. Total operational sites consolidated in 2021 for waste are 154. The difference is attributed to two sites being closed and 4 office sites, all four with negligible waste generation. Data collected in tons is consistent with GRI 306-3 with **total waste of 22 121 metric tons for 2021.**
306-4 (2020)	Waste diverted from disposal (metric tons)	Data covers Operational Sites. Total operational sites consolidated in 2021 for waste are 154. The difference is attributed to two sites being closed and 4 office sites, all four with negligible waste generation. Data from GRI 306-3 is segmented into waste diverted form disposal (GRI 306-4) across preparation for reuse, recycling and other recovery operations. The data from GRI 306-4 in 2021 is **15 183 tons.**
306-5 (2020)	Waste directed to disposal (metric tons): **Share of disposed waste**	Data covers Operational Sites. Total operational sites consolidated in 2021 for waste are 154. The difference is attributed to two sites being closed and 4 office sites, all four with negligible waste generation. Data from GRI 306-3 is segmented into waste directed to disposal (GRI 306-4) across incineration, landfill and other disposal operations. The data from GRI 306-5 (in 2021 6'938 tons) is then divided by the data from GRI 306-3 (in 2021 22'121 tons) to show **31%.**
403-1-9 (2018)	Occupational health and safety: injuries, lost days, diseases and fatalities: **Rate of recordable work-related injuries** (TAFR: Total accident frequency rate)	Data covers Operational Sites. Health & Safety data excludes small offices. The total FTEs at these small sites are <1% of total Oerlikon global FTEs. Total accident frequency rate of 0.72 in the period from 1 January 2021 to 31 December 2021. Excluded from the total accident frequency rate the acquisitions of Coeurdor and INglass which were made during 2021. The formula for calculating accident frequency rate is the number of reported accidents multiplied by 200 000, divided by the number of employee hours worked. Recordable work related injuries defined as lost time accidents (LTAs) and medical treatment accidents (MTAs). LTAs are work-related accidents causing the absence of one or more working days (or scheduled shifts), counting from the day after the injury took place. MTAs are work-related accident necessitating the attention of a medically qualified person such as a medical doctor or a nurse but not causing an absence. Total number of hours are usually calculated as recorded hours for blue collar workers and workers that fill out time sheets and contractual hours for white collar hours who do not fill-out timesheets.

GRI no.	KPI	Assessment Criteria
405-1 (2016)	**Percentage of women in management and leadership positions**	Oerlikon defines management and leadership positions to broadly include the top, senior and middle management positions. This is reflected by including those employees classified as grade 13 or above on the last date in a calendar year. Employee headcount is used to define the number. Those employees categorised as women in Oerlikon's HR system will be divided by the total amount. In 2021, **83 women** were classified in management and leadership positions and represented **12% of the total.**
405-1 (2016)	**Percentage of women in High Potential Talent Programs**	Oerlikon runs a number of high potential talent programs of which Horizons and OMF+ were active during 2021. Programs can last more than one calendar year so the total number of individuals included represents those who participated at any point during the calendar year. Numbers included in the program are counted on a per person basis. Those employees categorised as women in Oerlikon's HR system will be divided by the total amount. In 2021, **19 women** participated in high potential talent programs and represented **23% of the total.**
n.a.	**Sites with energy management system implemented**	Energy management systems include both ISO-50001-certified and Oerlikon-defined Energy Management Systems. The Oerlikon-defined EnMS is a stringent but lighter version of the standards that closely mirror ISO 50001. The definitions of this system is documented in an internal guideline endorsed by management to regulate non-ISO sites. Total sites at 31 December 2021 with EnMS according to: • Oerlikon-defined standard = 12 • ISO 50001 = 18 The total number of sites used as the denominator for this calculation is Operational Sites. The number of Operational Sites for this KPI is 157 and the difference is attributed to an in-house site at a customer location and two office sites, and the energy consumption at the two office sites are negligible. Total sites in meeting the criteria are 30 (out of 157) therefore generating the **19%**

GLOSSARY

General

COP26	The 2021 United Nations Climate Change Conference, more commonly referred to as COP26, was the 26th United Nations Climate Change conference, held at the SEC Centre in Glasgow.
COVID-19	Coronavirus disease 2019, caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
DEI	DEI stands for diversity, equity and inclusion. Diversity is the presence of differences within a given setting. Equity is the process of ensuring that processes and programs are impartial, fair and provide equal possible outcomes for every individual. Inclusion is the practice of ensuring that people feel a sense of belonging in the workplace.
EBIT(DA)	Earnings before interest and tax (depreciation and amortization)
ESG	ESG (Environmental, social and governance) criteria are of increasing interest to companies, their investors and other stakeholders.
F-gases	Fluorinated gases ('F-gases') are a family of man-made gases used in a range of industrial applications.
FTE	Full time equivalent; indicates the workload of an employed person. An FTE of 1.0 is equivalent to a full-time worker.
Gender Diversity	Gender diversity is an umbrella term that is used to describe gender identities that demonstrate a diversity of expression beyond the binary framework.
GHG	A greenhouse gas (GHG or GhG) is a gas that absorbs and emits radiant energy within the thermal infrared range, causing the greenhouse effect.
GRI	The Global Reporting Initiative is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.
LED	A light-emitting diode (LED) is a semiconductor light source that emits light when current flows through it
PET	Polyethylene terephthalate, is the most common thermoplastic polymer resin of the polyester family and is used in fibres for clothing, containers for liquids and foods, and thermoforming for manufacturing, and in combination with glass fibre for engineering resins.
PM1O	PM10 describes inhalable particles, with diameters that are generally 10 micrometers and smaller.
PVD	Physical vapor deposition (PVD) is a technique for creating very thin (few thousandths of a millimeter) coatings that are extremely hard. These coatings improve the performance and durability of precision components in almost any industrial and consumer good, and also the life of tools for the metal and plastics processing industries.
R-PET	R-PET stands for recycled polyethylene terephthalate (PET). It is a food-safe raw material made from empty PET packaging that has been collected and prepared for recycling.
Scope 1, 2 and 3	Scope 1, 2 and 3 emissions are greenhouse gas emissions that cause carbon footprints. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.
SDG	The United Nations Sustainable Development Goals (UN SDGs, also known as the Global Goals) are 17 goals with 169 targets that all UN Member States have agreed to work towards achieving by the year 2030. They set out a vision for a world free from poverty, hunger and disease.
TAFR	Total Accident Frequency Rate
3TG	The term Conflict Minerals describes 4 elements – Tin, Tantalum, Tungsten and Gold, and is commonly referred to as 3TG.

Oerlikon

BALINIT CROMA PLUS	Coating solution for plastics processing, even for large components. Ideal coatings for PVC window frame and plastic extrusion, and for rubber processing.
DiscCover Jet	Surface solutions that reduce vehicle pollution resulting from dust created by the wear of brake discs.
eAFK Evo	3- and 4-deck texturing solution launched by Oerlikon Barmag.
EcoGear	Partnership project with Stockholm's KTH Royal Institute of Technology and industry partners Scania, Georg Fischer and Buderus Steel, to create a more sustainable process for manufacturing bevel gears.
EnMS	ISO-50001-certified or Oerlikon defined Energy Management System (EnMS).
ePD	Embedded PVD for Design parts is an environmentally friendly coating technology for metallization of plastic.
EvoCooler	A controllable cooling unit, which enables even yarn dyeing and, in combination with the HTI-Heater.
FLEXflow Evo	FLEXflow Evo is an electrical driven hot runner system with an advanced control unit that assures accurate and flexible control of pressure and flow rate at each part of the mold injection process.
REACH	The EU Regulation for Registration, Evaluation, Authorization and Restriction of chemicals (REACH, EU Regulation 1907/2006/EG) aims to manage the risks that chemicals can pose to human health and the environment throughout the EU. REACH places a duty on companies which produce or import chemicals (as defined in the legislation) into the EU and to take appropriate measures to manage any identified risks.
PET	Polyethylene terephthalate (PET) is a thermoplastic from the polyester family produced by polycondensation.
WINGS	Oerlikon Barmag WINGS FDY is a leading winder for polyester manufacturers thanks to significant energy savings and its ergonomic design.

Disclaimer and cautionary statements