oerlikon

SUSTAINABILITY REPORT **2022**

ENABLING CUSTOMERS TO ACHIEVE MORE WITH LESS

A Journey of Sustainable Innovation

About Oerlikon

Oerlikon is a global technology leader 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.

We help our customers to become more sustainable and efficient. 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 12100 employees at 205 locations in 37 countries and generated sales of CHF 2.9 billion in 2022.

oerlikon.com

ESG Progress on Targets

Continued to invest in sustainable products: ~73% of R&D expenditure.

Improved on all operational environmental targets, notably: +25 sites with energy management systems; +5 sites using solely renewable electricity; -16.9% in GHG emission intensity.

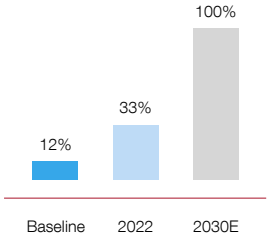
Reduced total accident frequency rate by 15% to 0.75 vs baseline (0.88).

Increased stakeholder engagement and disclosure on governance, remuneration and sustainability.

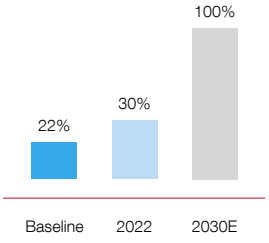
Increased percentage of women in leadership and management roles.

Significantly strengthened diversity through programs and employee resource groups eg. celebrated International Womens' Day and Pride Month, organized 2nd Diversity Conference (disability themed), and are a signatory of Equal Voice.

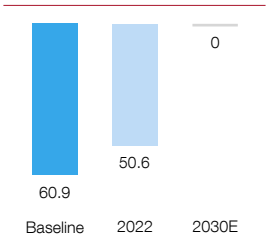
All (100%) commodity managers completed EcoVadis sustainable procurement training. Sustainable procurement roadmap defined for 2022 to 2030.



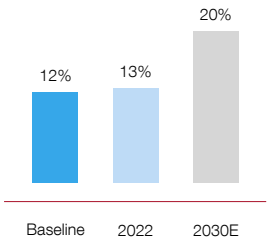
Implementing energy management systems at relevant sites (pages 16, 32)



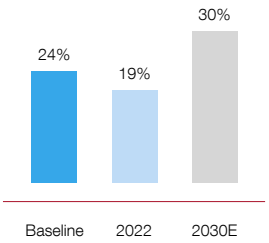
% of electrical energy from renewable sources (pages 16, 33)



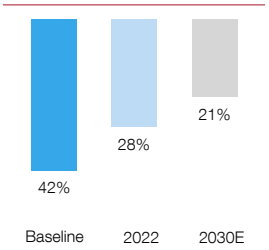
Reducing emissions in relevant operations to become climate neutral (pages 16, 37-39)



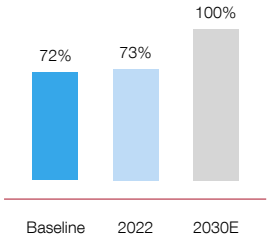
% of management and leadership roles filled by women (pages 16, 44)



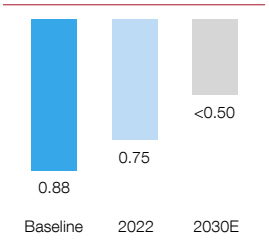
% of women in high potential talent programs (pages 16, 45-46)



Reduce % of disposed waste (pages 16, 34)

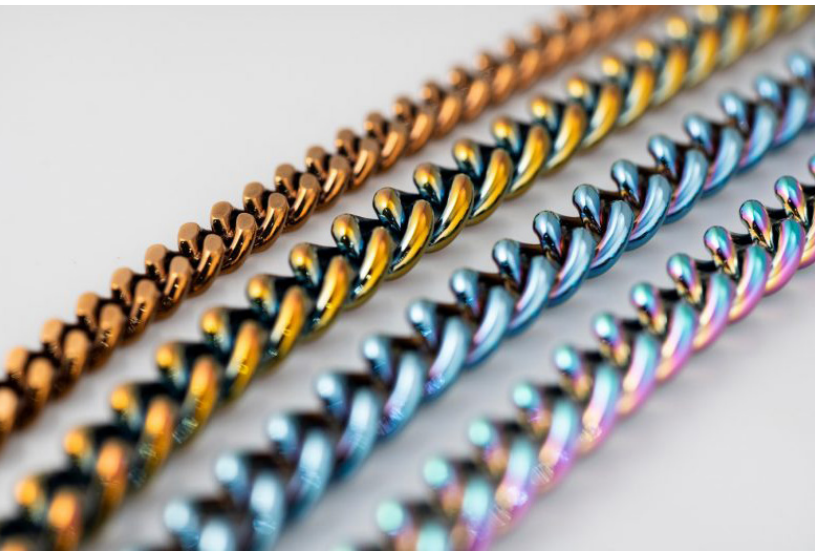


% of R&D investment in products that must cover ESG criteria (pages 16, 27-28)



Reduce rate of recordable work-related injuries (TAFR) (pages 16, 51-52)

2030E – E stands for estimated



Surface coatings are part and parcel of the production of luxury accessories, jewelry and components. These metal pieces need coatings to provide them with wear and scratch protection and give them a glossy finish. In addition, the industry is transitioning away from galvanization toward more environmentally friendly technologies like PVD that is offered by Oerlikon. Moreover, the industry is exploring the use of additive manufacturing to help create bespoke designs and unique pieces in exclusive quantities.

01

Interview with Executive Chairman and CSO[1]

A CONVERSATION WITH OERLIKON EXECUTIVE CHAIRMAN, MICHAEL SUESS (SUESS), AND OERLIKON CHIEF SUSTAINABILITY OFFICER (CSO), GEORG STAUSBERG (STAUSBERG).

What is the Oerlikon sustainability strategy?

Suess: Sustainable innovation requires a holistic perspective. Net zero is not a standalone activity. All stakeholders – industry, governments, companies and end consumers – have a role to play, and the solution is sum of the parts that we play.

At Oerlikon, we empower customers through our innovation and technologies to achieve more with less: more efficiency, productivity and savings, all while using less energy and producing less waste and emissions.

Our business is founded on sustainable innovation and supporting major industries such as energy, aerospace, automotive and industrial production in their moves to accelerate decarbonization.

Today, we invest 73% of our R&D expenditure in sustainable products. We remain committed to investing 100% of our R&D in sustainable products.

Stausberg: Throughout 2022, we continued to develop and enhance materials, processes and equipment designed to extend tool life, reduce automotive and aerospace fuel consumption, improve textile machinery efficiency, increase fibers and materials recycling and pioneer technologies that enable future mobility.

In this report, we have included case studies and examples of our sustainable solutions for customers in key markets. These innovations are an integral part of the cost-effective and climate-friendly solutions that customers need and use in their own operations and profit models.

For example, by reducing the coating thickness and increasing the tool life time, the new BALINIT MAYURA coating leads to material savings of up to 81% compared to the predecessor. Furthermore, the coating can be easily stripped, and the tool re-coated to give it a new life, allowing the customer to reuse it instead of getting a new tool. Another example is our award-winning HycuTec inline charging technology for producing meltblown micro/nano filters that requires significantly less water and energy than other hydro-charging solutions.

Similarly, we apply these same principles and practices to our initiatives aimed at improving our own operational performance and realizing our 2030 targets.

What environmental sustainability milestones did Oerlikon achieve in 2022?

Stausberg: Most notable in 2022 was the implementation of our energy management systems at 25 sites, bringing the total number of sites to 55. These sites account for 71% of all energy consumed by our global operations.

Another area of ongoing progress is our work on Scope 3. We now have a better understanding of the key elements in our Scope 3 ecosystem and the impact of their emissions. We have begun to evaluate this information in detail to identify where and how we can make the most meaningful and realistic contribution to reducing Scope 3 emissions.

We have also advanced in our partnership with EcoVadis and are using their assessment process to help us in engaging suppliers to increase their

[1] GRI 2-22

disclosures on sustainability concerns, ranging from environmental topics, such as emissions, to social matters, such as human rights and child labor.

Suess: As these examples demonstrate, operational excellence initiatives that increase productivity, save resources, reduce waste and so on also have a direct or indirect impact on cost savings. We reject the misconception that companies must choose either cost savings or sustainability advances, which we regard as complementary and not in competition or conflict with one another.

What were Oerlikon's social achievements in 2022?

Stausberg: Diversity and inclusion were key themes throughout the year. Our annual Diversity Conference was dedicated to disability, with the goal of raising awareness around the topic, including understanding "invisible disabilities" that create unique challenges, which may go unnoticed by coworkers and managers.

During 2022, we also celebrated Pride Month and International Women's Day and expanded our employee resource groups to support the interests and needs of different communities within our organization. We are also a signatory to the Equal Voice United Charter 2025 to foster gender equality at the workplace.

Suess: We were pleased to see many employees actively participating both in these events and in the Diversity Conference. It is also inspiring to see how many Oerlikon employees share our company's sense of investment in social causes.

During 2022, we sponsored a two-month employee donation program to support UNICEF's humanitarian action for Ukrainian children who were internally displaced or seeking refuge abroad. The global Oerlikon team donated CHF 62 000 to the program. Oerlikon, which had promised to double the total amount donated by employees, exceeded that commitment and ultimately increased the total donation to CHF 200 000.

I take pride in our employees' engagement and fully support the ongoing contributions of teams and individuals in their volunteering activities to promote environmental, social and public health initiatives at the local level.

How is Oerlikon looking at the new sustainability standards and regulations?

Stausberg: There are an increasing number of new laws and regulations requiring companies to disclose non-financial and corporate responsibility information. These laws and regulations seek to ensure that companies are more accountable and transparent in communicating the impact of their operations on the environment and society.

It does mean more work and resources. However, there is a certain urgency to stop climate change, and we want to ensure that the world is a better place for future generations.

At Oerlikon, we prepared our first 2020 Sustainability Report according to the internationally recognized GRI standards and have continued to do so for the following reports. This will help us to meet many of the new requirements.

As we progress on our sustainability journey, we will continue to improve our reporting and provide more insights and details on our sustainability actions and achievements. For example, our 2022 report is compliant with the updated GRI standards

2021, which is an acceptable standard defined by the Swiss responsibility business initiative counter-proposal. In addition, our 2022 report is aligned with the SASB standards.

Suess: From a governance perspective, I want to emphasize the level of priority we place on sustainability at Oerlikon. ESG topics are a regular part of the Board and the EC agenda, which reflects our leadership and commitment to sustainability.

Since taking on the role of Executive Chairman in July 2022, I have undertaken new engagement initiatives with key stakeholders aimed at improving the understanding of strategically relevant governance and sustainability topics.

Taking their feedback into consideration, we have expanded our governance and sustainability disclosures so as to provide additional transparency and to promote a better understanding of the company's policies and procedures. My personal ambition is to constantly work on improving disclosure and the level of communication with our key stakeholders.

Furthermore, we are looking into how we can integrate other meaningful sustainability metrics, in addition to the current safety metric, into our management and employee incentive programs.

Is there anything else you would like to share?

Suess: In 2023, we continue to face challenges posed by the ongoing pandemic, war, inflation and supply chain shortages.

Despite these challenges, we remain wholeheartedly committed to achieving ongoing improvement regarding our impact on the environment, governance and people and society, both within Oerlikon and across our value chain.

We are ready to do our part to reduce the global carbon footprint and to contribute to help society move forward in sustainability terms. These are formidable tasks, but for us, sustainability is a journey. We will continue to do our best to improve, one step at a time, as a company and as a partner to our customers, communities and the planet.

Both: On behalf of the Board and the Executive Committee and the entire Oerlikon team, we want to thank our stakeholders for joining us on this journey. We are grateful as always for your collaboration, interest and support.

It is known that manmade fibers require significantly less water than cotton in their production. They are thus considered more sustainable. This is confirmed in the Higg Index, which is an apparel and footwear industry self-assessment standard to rate environmental and social sustainability throughout the supply chain. The Higg Index was launched in 2012 by the Sustainable Apparel Coalition (a nonprofit organization of more than 270 fashion brands/retailers, manufacturers, academic institutions, affiliates, NGOs and governments).

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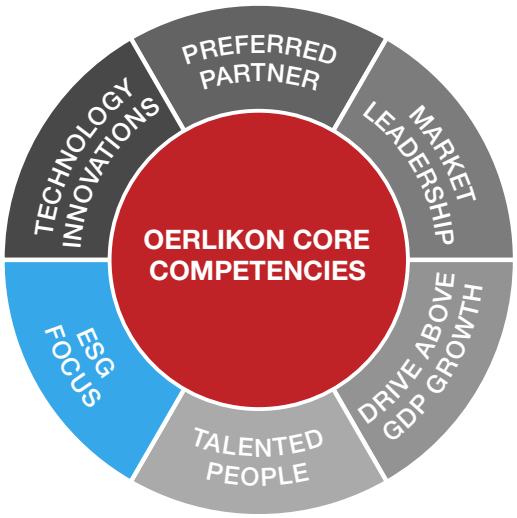
Our Strategy

STRATEGY
GRI 2-22

Sustainability has always been a **cornerstone** of Oerlikon's **R&D, business and strategy**. Among our core convictions is the belief that companies and the global economy can achieve continued growth without exhausting the world's natural resources or exploiting its people.

Profit and purpose can complement, rather than compete with, one another to realize **sustainable, long-term value** for all stakeholders: customers, investors, employees and society. We have captured this principle in our Sustainability and Health, Safety & Environment (HSE) Policy that was published in January 2022.



Our overarching **purpose** is to enable industries and customers to do more with less. Our **vision** is to empower our customers to increase their efficiency and productivity, optimize their usage of resources, lessen their energy consumption and reduce waste and emissions. Whenever we perfect a technological advance that achieves these objectives, we are acting both as a commercial enterprise and a caretaker of the planet and its inhabitants.

GOVERNANCE : SUSTAINABILITY EMBEDDED ACROSS OERLIKON
GRI 2-9,10,11,12

Responsibility & Oversight

Board of Directors
Mandates Chief Sustainability Officer to monitor, align and execute the sustainability strategy; provides strategic guidance on the sustainability program

Governance Committee
Assists BoD in matters relating to corporate governance

Audit & Finance Committee
Monitoring of financial reporting, risk management and internal / external audit

Human Resources Committee
Compensation & incentive schemes aligned with ESG strategy; performance assessment and talent development

Executive Committee
Dedicated Chief Sustainability Officer to establish, manage and monitor the sustainability strategy and its implementation

Sustainability Management Team
Execute sustainability strategy and coordinate action plans working with subject matter experts from the divisions, business units and functions

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

Proposes roadmap / Implementation

WHAT SUSTAINABILITY STANDS FOR AT OERLIKON

PURPOSE

Enable industries and customers to do more with less.

VISION

Empower customers to increase their efficiency and productivity, optimize their use of resources and reduce their energy use, water consumption and waste.

FOCUS

- Provide customers with ecologically designed and industry-standard safe products to help them attain their emissions, consumption and waste reduction targets.
- Increase R&D investment in new sustainable products and in existing products to make them even more sustainable.
- Minimize the environmental impact of our own operations across the entire life cycle and value chain (incl. reducing emissions and optimizing use of scarce resources).
- Embrace circular economy and responsible procurement and manufacturing in product life cycle management and operations.
- Ensure Zero Harm to People (incl. employees, contractors, suppliers, visitors and the community).
- Increase awareness and promote diversity, equity and inclusion.
- Engage and forge partnerships with stakeholders to improve processes and uphold optimal governance, social, environmental and sustainability standards.
- Embed other sustainability KPIs in management and employee remuneration.

Delivering sustainable R&D and solutions for customers will always be a priority, but our **standards of excellence extend** to our **own operations**, diversity programs, governance and compliance oversight.

Oerlikon's leadership and management fully embrace this link between our operations and sustainability, a commitment demonstrated by our continued investment in the company's **sustainability organizational framework** (see governance graphic on page 10 on how sustainability is embedded across Oerlikon).

Overseen by representatives from the strategic, operative and business levels, the framework holds each employee individually responsible for upholding the principles of the Sustainability & HSE Policy. Line management is responsible for ensuring alignment in business activities and processes within their area of responsibility.

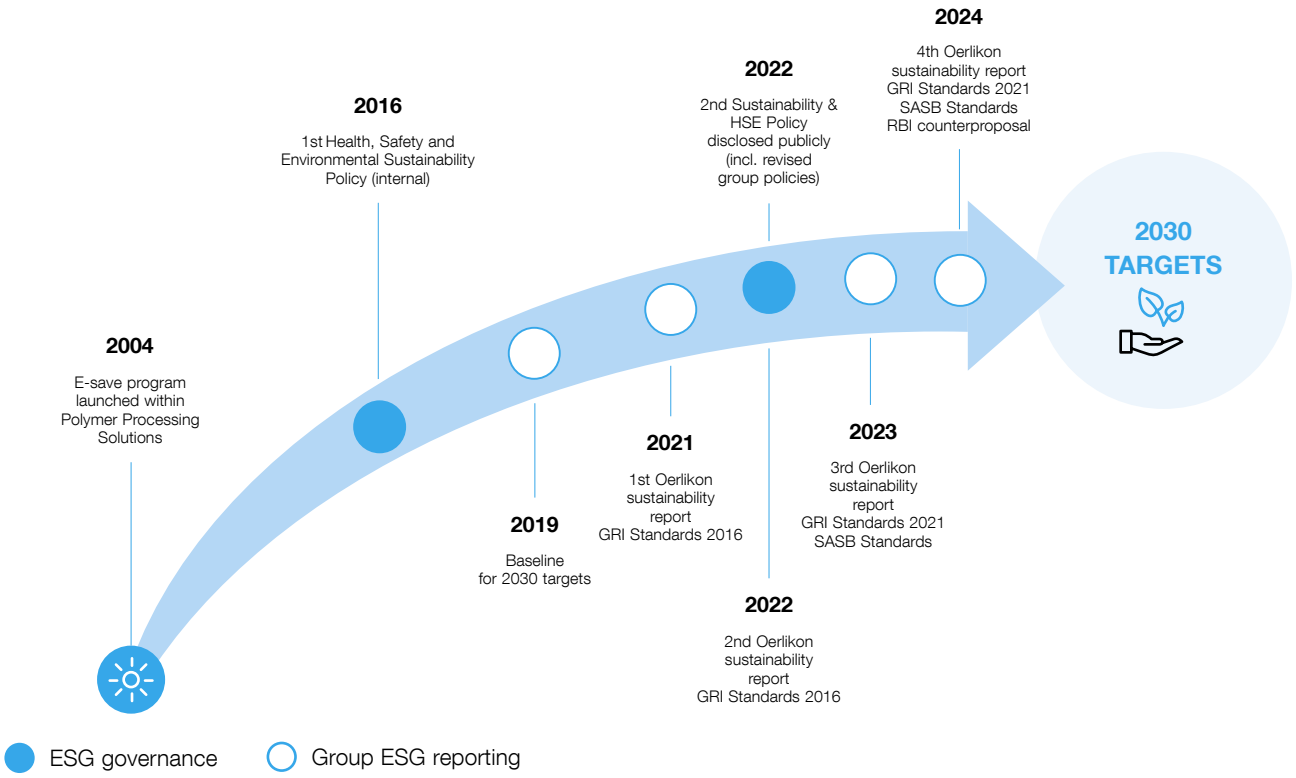
Ultimately, we want to **focus** on the areas that we can make the most **meaningful sustainability difference**, both through our products for customers and in our own operations.

This is our approach to the simultaneous creation of market and social value. With sustainability goals that complement our obligations to customers and support our profitable growth targets, we are well positioned to maintain Oerlikon's **technological leadership** while **delivering sustainable value to all stakeholders**.

ESG Progress

ACCELERATED SUSTAINABILITY AGENDA

We are externally increasing our sustainability transparency and commitment



EMBEDDING SUSTAINABILITY IN REMUNERATION

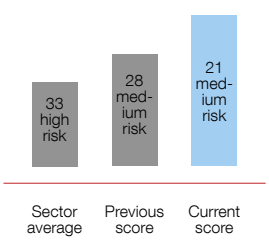
CURRENT

- Since 2015, our short-term incentive (STI) program includes a sustainability metric, specifically safety (total accident frequency rate), as a modifier for individual objectives. This safety modifier was chosen to place management's focus on the well-being of employees and to motivate employees to pay closer attention to safety within and outside of the workplace.
- Sustainability-related targets are also directly included as part of the STI individual objectives for some Executive Committee members.

FUTURE

- We intend to further develop sustainability key performance metrics (KPIs) for all employees above and beyond the current employee safety metric in the STI.
- Our next steps are to perform peer analysis and evaluation, as well as cross reference our 2030 sustainability targets with the objective of defining three to four environmental, social or governance targets for management and employees.

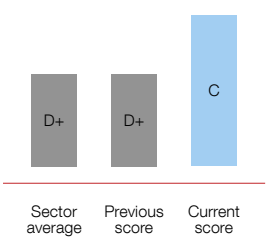
ESG RATING UPGRADES



(Ranked in top 5% of industrial companies)

as of Oct. 2022

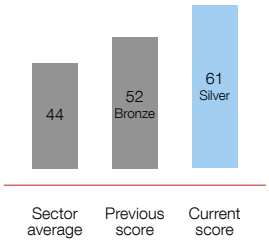
Sustainalytics



(Ranked in top 30% of industrial machinery & equipment companies)

as of Aug. 2022

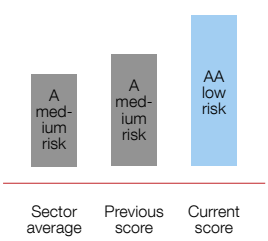
ISS ESG



(Ranked in top 19% of industrial companies)

as of Jan. 2023

EcoVadis



(Ranked in top 9% of mid- to large-cap industrial companies)

as of Jan. 2023

MSCI

OUR REPORTING STANDARDS

Our 2020 and 2021 Sustainability Reports were published with reference to the GRI Standards 2016. Our 2022 Sustainability Report was prepared referring to the GRI Standards 2021 and according to the SASB standards category: Industrial Machinery & Goods. We continue to closely monitor developments regarding standards and legal requirements and constantly evaluate the implementation of standards in order to increase our reporting transparency.

Global Reporting Initiative
This Sustainability Report is published according to the internationally recognized GRI Standards 2021.

SASB
SASB Standards guide the disclosure of financially material sustainability information by companies to their investors. Effective as of August 1, 2022, the Value Reporting Foundation – home to the SASB Standards – consolidated into the IFRS Foundation, which established the first International Sustainability Standards Board (ISSB). SASB Standards now fall under the oversight of the ISSB.

RECOGNITION AND PARTICIPATION

GRI 2-28

EcoVadis
In recognition of its sustainability business practices, Oerlikon has received the silver 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 committed to the EqualVoice United initiative, which advocates gender equality and aims to increase visibility of women in the media.

Forbes World's Best Employer
Oerlikon has been ranked among the top 800 companies on the Forbes' World's Best Employers 2022 list.

herCAREER Gender Equality
We are proud to support gender equality in career advancements.

Our Material Topics

DETERMINING OF MATERIAL TOPICS
GRI 3-1

In 2020, we sought input from a diverse cross-section of internal experts and external stakeholders (see table on page 21) in preparation for undertaking Oerlikon's foundational materiality analysis. In addition, we assessed the sustainability actions and initiatives communicated in our annual reports and benchmarked them against details published in more than 120 sustainability reports.

Our aim in conducting this research was to arrive at a consensus view of the topics, risks and trends that are most relevant to Oerlikon. We examined what has or could have an impact on Oerlikon and where, conversely, we make or could make a positive impact. We then captured and presented these material challenges in a materiality matrix (see page 15).

LIST OF MATERIAL TOPICS
GRI 3-2

This endeavor enabled us to define our eight material topics, which has not changed since our (first) sustainability report for 2020:
(i) Climate & energy
(ii) Circular economy
(iii) Innovation
(iv) Health & safety
(v) Employment practices & education
(vi) Responsible sourcing & human rights
(vii) Governance
(viii) Community engagement

Six of the material topics have been captured in our 2030 sustainability targets (see table on page 16). The seventh topic was a driver in launching our collaboration with EcoVadis to elevate our record of compliance in responsible sourcing and human rights. And in 2022, we defined our Sustainability Procurement Roadmap for 2022 to 2030. The eighth topic, community engagement, was an area of focus for us in 2022 as we worked toward understanding the different ways in which a company could contribute to the community and how we could best create a platform and process that ensures data quality and integrity. For this topic, we intend to define a meaningful, measurable target over the next years.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations Sustainable Development Goals (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 business, processes and operations, we have a greater impact on certain SDGs compared to others.

According to 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, we have identified eight SDGs: Goal 3 Good Health And Well-Being, Goal 5 Gender Equality, Goal 7 Affordable and Clean Energy, Goal 8 Decent Work and Economic Growth, Goal 9 Industry, Innovation And Infrastructure, Goal 12 Responsible Consumption And Production, Goal 13 Climate Action and Goal 17 Partnerships For The Goals.

These eight SDGs serve as additional goals alongside our eight material topics.

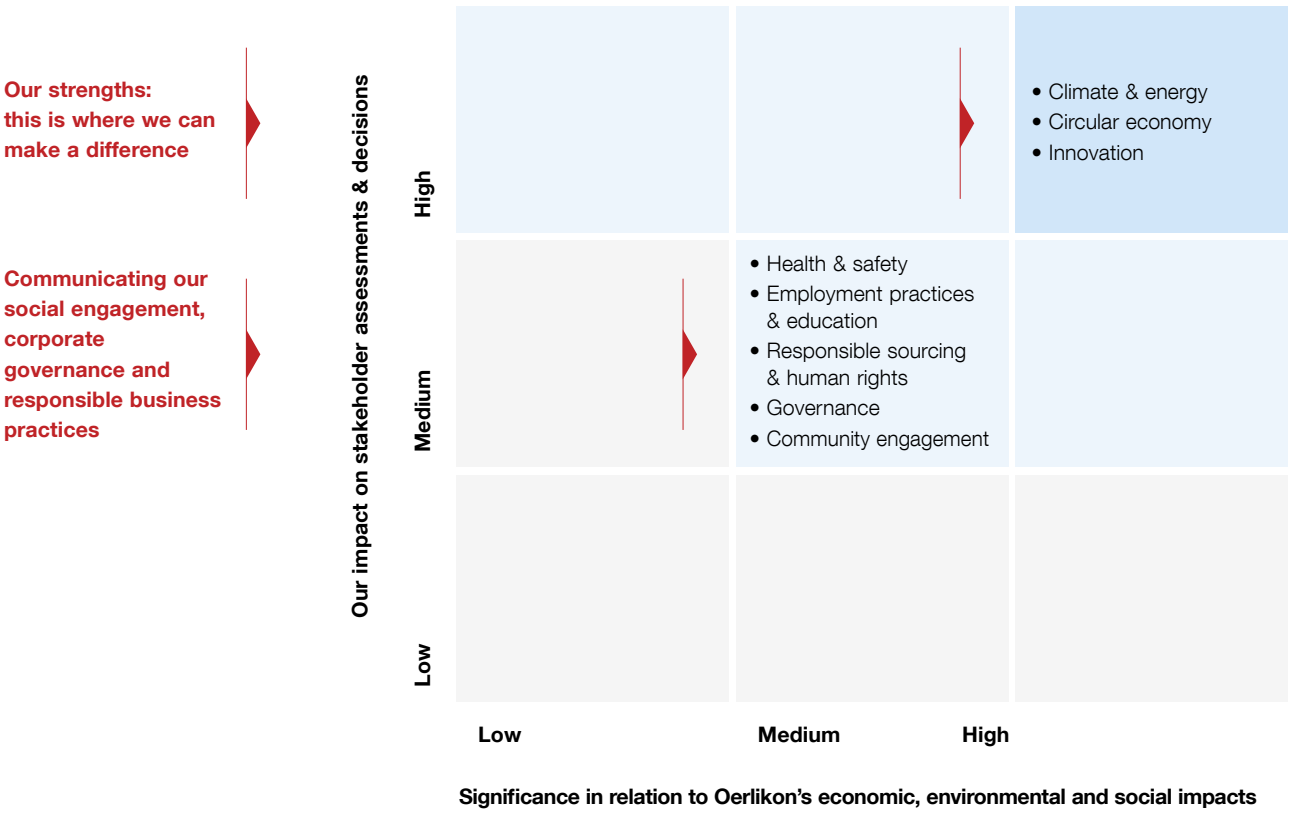
To enhance comparability, transparency and accountability for all our stakeholders, we have opted to prepare our Sustainability Reports according to the internationally recognized GRI Standards. In 2022, we prepared our report according to the updated GRI Standards 2021. Moreover, we have opted to disclose this year's report also according to SASB's industry category: Industrial Machinery & Goods.

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

We see this Sustainability Report not as a means of one-way information delivery, but rather as a tool for ongoing dialogue 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 equal to our innovations in terms of upholding optimal governance, environmental, social and sustainability standards in our work around the world.

With that in mind, we intend to conduct the materiality assessment at reasonable intervals so that we can evaluate if there is a need for us to make any adjustments to our material topics. We are also exploring the option of creating a stakeholder panel for the purpose of accessing a broad spectrum of perspectives and insights into our operations, practices and impact.

Oerlikon's Focus in a Materiality Matrix



OUR 2030 SUSTAINABILITY TARGETS

ENVIRONMENTAL (OWN OPERATIONS)

Priority Topics	Objective	2019	2021[7]	2022	2030 Target
Climate & Energy[1]	Implementing energy management system at all relevant sites[2]	12%[B]	19%	33%	100%
	Increasing the share of electrical energy from renewable sources	n.a.	22%[B]	30%	100%
	Reducing emissions in relevant operations to become climate neutral[3]	60.9[B]	60.8	50.6	0
Circular Economy[1]	Reducing the share of disposed waste	42%[B]	31%	28%	21%
Innovation	Increasing the share of R&D investment in products that must cover ESG criteria	n.a.	72%[B]	73%[4]	100%

SOCIAL

Priority Topics	Objective	2019	2021	2022	2030 Target
Employment Practices	Increasing % of women in management and leadership roles	12%[B]	12%	13%	20%
	Increasing % of women in high potential talent programs	24%[B]	23%	19%	30%
Health & Safety	Ensure Zero Harm to People – Decreasing the rate of recordable work-related injuries (TAFR)[5]	0.88[B]	0.72[7]	0.75	<0.50

GOVERNANCE

Priority Topics	Objective	2019	2021[7]	2022	2030 Target
Ethics & compliance	Increase completion of CoC training both electronically and in person[6]	n.a.	n.a.	n.a.	>95%
	– % of employees who completed e-training	91%	97%	95%	

[B] Baseline.

[1] Relevant sites are production and large office sites and do not consider small offices (<50 employees). Operational sites include small offices if they reported the data. In 2022, data from 166 operational sites were consolidated, including 2 small offices and sites acquired in 2021.

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

[3] The climate neutral target for Scope 1 & 2 emissions in 100% of our relevant operations was defined in 2020. In 2022, the GHG emissions intensity level, which is measured in tons of carbon dioxide equivalent per million Swiss francs of sales (tCO_2e/million CHF), was decided to be used as the key performance metric .

[4] R&D investment 2022 excludes provisions.

[5] Health and safety data includes data from 174 operational sites, that is including the 2 small sites which have provided environmental data plus 8 additional small offices which have also provided health and safety data.

[6] Oerlikon intends to ensure that all employees are trained, both electronically and in person. Face-to-face training was piloted in 2022 at the Surface Solutions Division and will continue to be rolled out in 2023. The 2030 target remains unchanged.

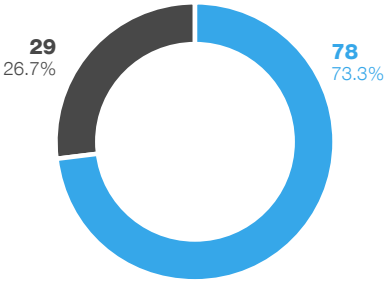
[7] Excluding 2021 acquisitions.

Sustainable Innovation

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 much more.

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 23 to 39.

Total 2022 R&D Investment[1] in CHF million



In sustainable products.
In other R&D products and activities.

[1] Excluding provisions.

+80%
energy savings for quenching in the fiber spinning process

+5%
fuel savings with 20% reduction in friction mean effective pressure with diamond-like carbon coating

up to 40%
energy savings in the yarn manufacturing process with WINGS

+30%
raw material savings with hycuTEC hydro charging solution for nonwoven fibers

+5%
raw material savings in the manufacture of PET geotextiles

~81%
material savings using BALINIT MAYURA compared to predecessor coating

+50%
cost and material savings with regrinding vs. conventional reconditioning

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

-3.5m t
CO_2 reduction per year with recycled PET

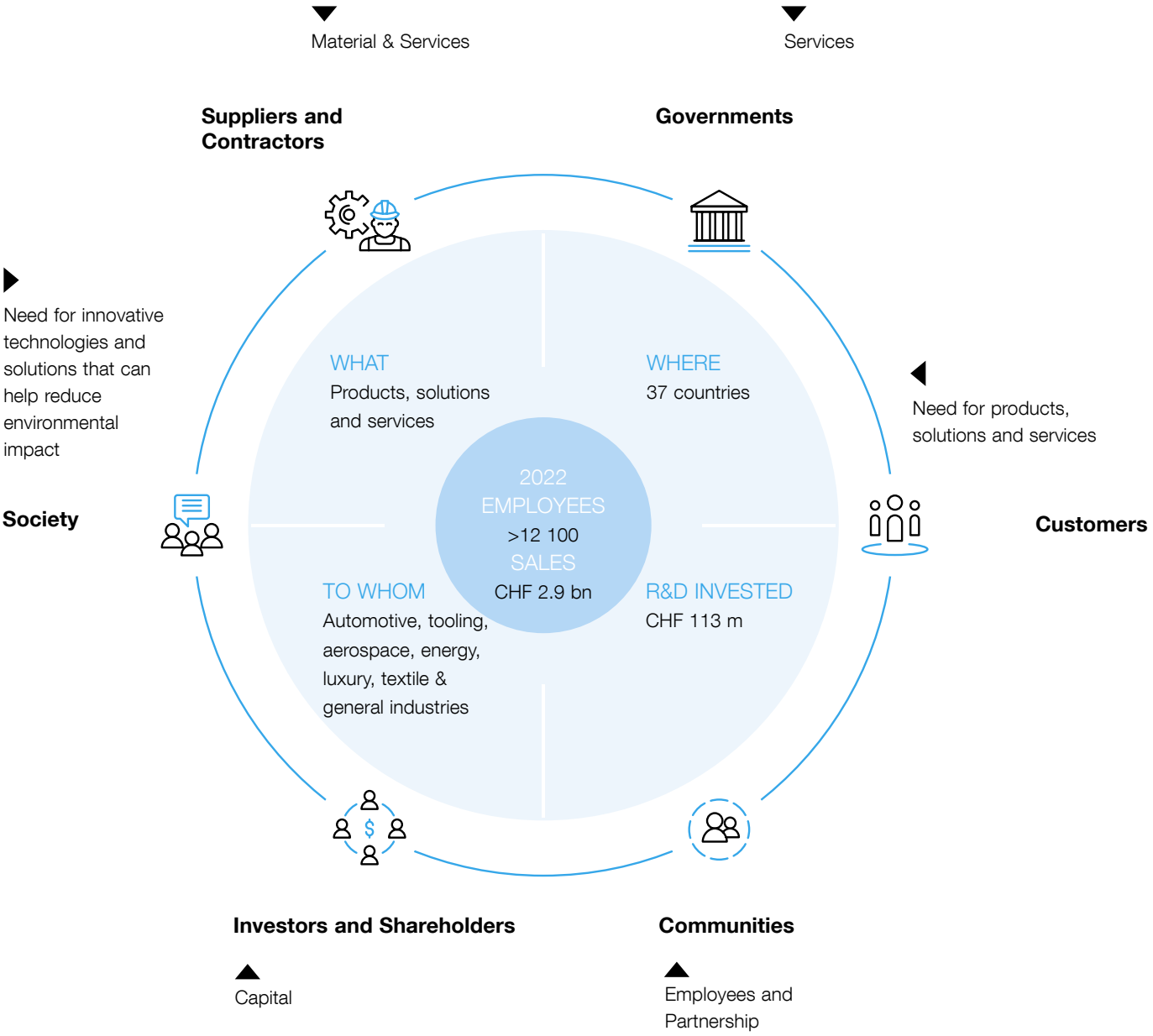
-3620 kg
of CO_2 per 10 kg production with sustainable coatings

Our Value Chain

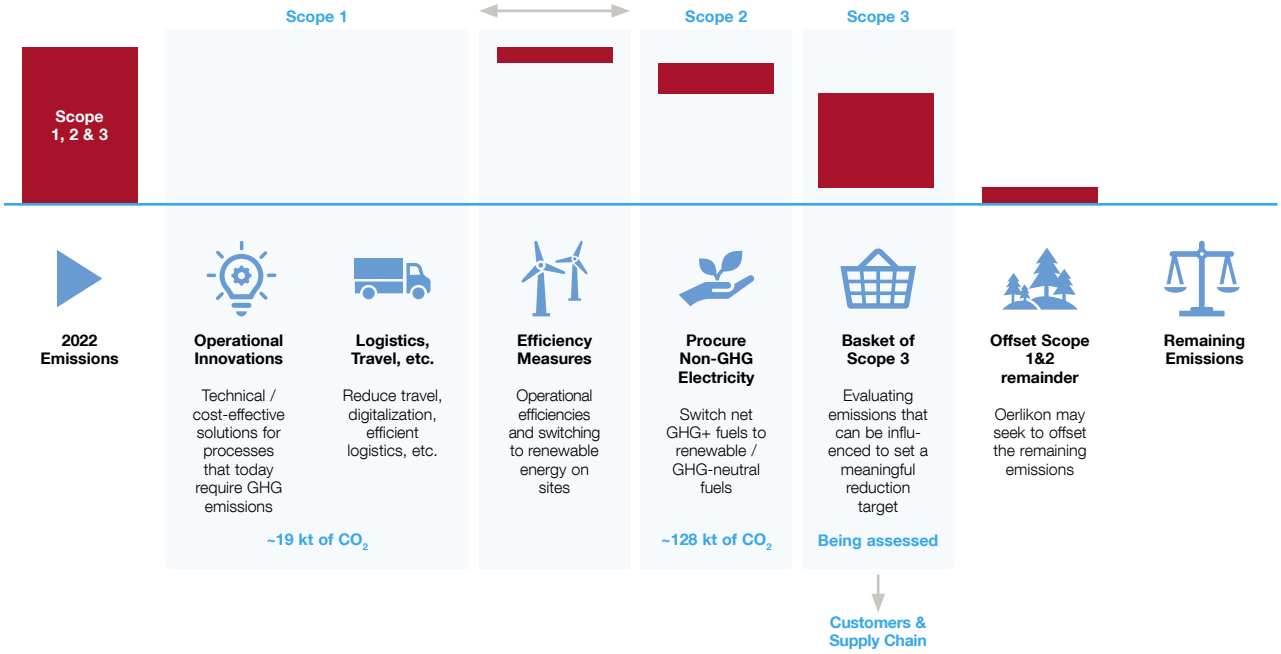
GRI 2-6

At Oerlikon, we recognize that our relationships with all our stakeholders in our value chain, including customers, employees, investors, suppliers, contractors, governments, local communities and general society, are not only key to our ability to succeed in pursuing our growth targets but also to contributing as a sustainable company.

Oerlikon's innovations serve customers in key industries, including automotive, aerospace, tooling, textile, polymer processing, energy and general industries, who are demanding smarter, more climate-friendly solutions. As an employer, we are committed to embracing diversity, nurturing talent and forging career development. In all our endeavors, we pledge Zero Harm to People, respect for human rights and non-use of child labor as well as the strict adherence to anti-harassment, anti-corruption and non-discrimination, among others. We conduct our business with integrity and in a fair manner and expect the same from the partners in our value chain.



ROUTE TO CLIMATE IMPACT REDUCTION



As part of our sustainability efforts, we recognize that it is important for us to identify our climate impact along our value chain. On this route to climate impact reduction, we have a clear understanding of our emissions in Scope 1 & 2, which we have been reporting on since our first 2020 report. We have also set a target for our relevant operations to become climate neutral on Scope 1 & 2 by 2030 using GHG emissions intensity as the key performance indicator.

Comparatively, Scope 3 is much more challenging. We are tackling this in a systematic way, so that we can identify the areas that are relevant and that we can best influence, allowing us to make the most meaningful contribution to reducing emissions. We launched a project to assess the relevance of the 15 categories of Scope 3 emissions and intend to make Scope 3 disclosures in the coming years. Further information on emissions can be found on pages 37 to 39.

SUPPLIER SUSTAINABILITY

Another key stakeholder along our value chain is suppliers. Oerlikon only pursues relationships with suppliers who agree to our Supplier Code of Conduct (SCoC) and must be able to demonstrate compliance with our SCoC:

- Compliance with laws, regulations and internationally recognized standards
- Material and conflict minerals compliance
- Business integrity
- Human rights, fair labor conditions and child labor
- Health, safety and environmental management
- Protection of tangible and intangible assets
- Trade control

In 2022:

- 216 suppliers were audited.
- 100% of our commodity managers completed the EcoVadis sustainable procurement training.
- The Supplier Code of Conduct was updated.
- Sustainability was made a key criterion in our procurement strategy.
- Our 2022 to 2030 goals were mapped out in our Sustainable Procurement Roadmap.

Further information on our responsible sourcing strategy, processes and actions can be found on pages 58 to 62.

Engaging with Stakeholders

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

GRI 2-29

Diverse perspectives are a cornerstone of Oerlikon's culture: they enable us to 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, including 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.

With customers, we maintain a constant dialogue with them and work closely to identify what innovations or upgrades to our products, materials and services can help them save energy, reduce waste or lower emissions.

In 2022, we organized a capital markets day, where we shared our strategy and plans for profitable growth as well as our sustainability achievements and ambitions. Moreover, our Executive Chairman engaged in multiple discussions with investors to listen to and understand their concerns and to evaluate how we can provide more disclosure to increase transparency and communication on topics related to governance and sustainability.

In addition to one-on-one and focus group conversations, we conduct, as appropriate, internal surveys that aid us in understanding potential issues. In 2022, we conducted an employee engagement survey, which covered a number of topics from management and transformation to sustainability. On the topic of sustainability, employees viewed Oerlikon's efforts and progress positively, which confirmed that we are on the right track toward our sustainability goals, both in our own operations and in helping customers with our products in their sustainability efforts.

With suppliers, we took the next steps in our sustainability journey and have mapped out our goals from 2022 to 2030 in our Sustainable Procurement Roadmap to provide us with a plan on how we want to evolve our sustainable procurement over the next years. In 2022, we also made significant progress in our efforts, for example 100% of Oerlikon commodity managers completed their sustainable procurement training, and we completed the EcoVadis rating process for key and strategic suppliers who represent 20% of Oerlikon's mapped spend.

We expect our stakeholder engagement strategy to continue to evolve, and we anticipate that we will expand our stakeholder consultation efforts.

This openness to feedback and even criticism plays a central role in building on our history of continuous process improvement and upholding our governance, environmental, social and sustainability standards in our work around the world.

This strategy continues to evolve as we explore opportunities to gain insights from further stakeholder consultations. Our efforts to understand stakeholders' perceptions of our operations, practices and impact reflect our belief that communication and the exchange of ideas are the building blocks of achieving consensus. By working together toward mutual goals, we are best positioned to realize our shared goals of strengthening our business, enriching human welfare and preserving our planet.

Stakeholder Engagement at Oerlikon

Stakeholders GRI 2-29	Key Concerns of Stakeholder Groups GRI 2-25, 26	Examples of Engagement GRI 2-29
Employees	• Corporate culture • Equality and diversity • Career advancement • Education and training • Health and safety • Environment • Social Impact	• Employee surveys • Career development • In-person and virtual townhall meetings • Employee newsletters • Executive Chairman blog • Social media • Annual Health & Safety Days • International Women's Day • Pride Month • Annual Diversity Conference • Financial incentive scheme, incl. ESG metric
Customers	• Quality • Health and safety • Environment • Competitive pricing • Accessibility and professional client management	• Customer surveys • Exhibitions and customer days • Customer newsletters • Sales & marketing activities • Website • Social media • E-commerce sites
Suppliers and Partners	• Responsible business practices • Health and safety • Environment	• Procurement policies • Supplier Code of Conduct • General terms & conditions agreement • Supplier audits and EcoVadis assessment • Compliance management, incl. case-by-case communication, along our supply chain
Investors and Analysts	• Accountability of strategy execution toward financial and ESG targets • Reputation and responsible business practices • Corporate governance • Risk management and compliance • Health and safety • Environment • Overall high-level disclosure quality • Capital allocation and innovation aligned with strategic ambitions	• Annual shareholder meeting • Quarterly information • Roadshows, investor and analyst days (eg. Capital Markets Day 2022) • Individual ESG engagement meetings • Annual Report, including governance and remuneration reports • Corporate website • Engagement with proxies and stewardship teams
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	• Environmentally and socially responsible business practices • Compliance • Health and safety • Environment	• Corporate disclosure and communication • Cooperations • Information events • Invitation to local events

03 Our Environmental Commitment

03

Sustainable Products

GRI 3-3

SDGS IN FOCUS:

SIGNIFICANT INDIRECT ECONOMIC IMPACTS

GRI 203-2

The intensity of discussions and disputes at the COP27 meeting in Sharm el-Sheikh, Egypt, reflected the gravity of the climate crisis — but also made clear that net zero cannot be achieved by any one country or group of countries and that there can be no progress without partnership. At Oerlikon, our strategy is to pursue sustainable innovation in collaboration with our customers so that they and their customers and industries are empowered to increase efficiency and productivity, optimize resource use and reduce energy and water consumption and waste.

The global population crossed the 8 billion mark in 2022 and is projected to reach 10.9 billion by 2100. Worldwide growth in the middle class will continue to spark rising demand for energy, food, clothing and other consumer products. As international trade grows in response to this lifestyle trend, there is also an increasing need for manufacturing solutions that are efficient, productive, profitable and designed to support a sustainable circular economy.

Case Example:

REDUCING MATERIAL USAGE

Nonwovens are well-known materials for producing face masks and consumer disposables. But, they are equally important as geotextiles used as permeable fabrics to separate, filter, reinforce, protect or drain.

Oerlikon Nonwoven has developed a process for the production of geotextiles, enabling 5% savings in raw materials benchmarked against 130 g/m^2. The resulting customizable, high-performance material maintains equal or better strength at a lower web-weight and improved strength at the same web-weight.

With such a material, customers have the potential to save up to €400 000 per year compared to conventional spunbond process.

SUSTAINABLE PRODUCTS

As a leading global technology company, we engineer solutions that contribute to a more sustainable planet. With our global footprint, we operate 205 sites in 37 countries, providing jobs for more than 12100 employees. Through our global, regional and local organizations, we complement our own talents by partnering with suppliers, local contractors and service providers.

We serve a broad scope of end markets, including tooling, automotive, aerospace, power generation, polymer processing and textiles. With a portfolio of equipment, components and services that encompasses surface engineering, advanced materials and fiber production, we promote 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.

A large number of our products and solutions in our end markets continue to deliver sustainable benefits over their life span, be it for months or years. For example, our WINGS (Winding Integrated Godet Solution), which reduces energy consumption by as much as 40% during the yarn manufacturing process, or our high-tech abradable coatings that increase aerospace engine operation safety and reduce fuel consumption, thereby decreasing CO_2 emissions.

Case Example:

AUTOMATING WITH WIPING ROBOTS

Regular wiping of the spin packs is important for process stability and yarn quality. Automating the process with Oerlikon Barmag's wiping robots, which can be retrofitted to numerous spinning plants, delivers considerable benefits, as it reduces the yarn break rate by up to 30%, improves process stability and reduces downtime (can be completed in just one minute).

In addition, wiping robots help to indirectly reduce waste as a result of a 90% decrease in the use of silicone oil spray cans and a 15% to 20% decrease in total silicone oil consumption.

To remain a technology leader, we are constantly innovating and developing new products or upgrades that deliver sustainability and efficiency. For example, we launched an enhanced EvoQuench system for nylon production. Quenching is the rapid cooling of the fibers after they have been heated and stretched during the spinning process, thereby improving the strength and durability of the fibers. By using significantly less air that needs to be conditioned for this

Environment
Industry, Innovation and Infrastructure

Case Study:

DLC COATINGS: ENVIRONMENTAL BENEFITS FOR CONVENTIONAL AND ALTERNATIVE DRIVE SOLUTIONS

Carbon-based coatings such as BALINIT DLC (hydrogenated diamond-like carbon), BALINIT C (mix of metal and hydrogenated diamond-like carbon) and BALIFOR T (hydrogen-free diamond-like carbon) are utilized in a variety of applications, from wind turbine shaft bearings and planetary gears to components in food processing. These high-performance, diamond-like carbon (DLC) coatings extend the life of parts and tools, resulting in raw material and energy savings.

Especially in the aerospace and automotive sectors, they also actively contribute to reducing fuel consumption. For example, DLC-coated valve and power train components can – in conjunction with other components in the system – reduce the friction mean effective pressure (FMEP) by 10%, which translates to a 2% reduction in fuel.

DLC coatings are also a vital part of modern alternative drives: BALINIT DLC STAR and BALINIT CNI prevent wear of dry-running compressor components in fuel cell vehicles, making them more robust and extending their lifetime. These coating solutions are currently employed in serial production with a customer in Korea and will be rolled out globally with various OEMs and Tier 1 suppliers over the next years.

process, EvoQuench can result in up to 80% savings in energy consumption. With this one-of-a-kind enhancement, the nylon fibers produced are softer, smoother and more refined like silk.

Another example is the optimization of our BALINIT C coating for large bearing applications, such as in wind turbines. These coatings reduce the friction and wear from mated parts, which improves the performance, reliability, and longevity of critical components. By extension, this reduces the cost of sustainable energy and also reduces CO_2 emissions by extending maintenance intervals and thus requiring fewer spare parts. Because these coatings extend the life of component parts and reduce the frequency of replacements, the raw materials, metals and energy that are required to manufacture a replacement part are also saved.

In 2022, we invested around 4% of our sales (CHF 113 million) in R&D and filed 69 new patents. Oerlikon's research and engineering strategy is driven by three priorities: customer needs, market potential and environmental concerns. Our R&D investments also include the development of next-generation solutions such as:

- 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 and CO_2 emissions.

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

Case Example:
LUXURY TRANSITION TO GREEN TECHNOLOGIES

Jewelry and metal parts such as buckles, chains and clasps used on luxury accessories are often made of plated brass or zinc-alloy. As the luxury market transitions toward becoming more environmentally friendly, we are seeing a gradual shift toward using stainless steel with protective high-quality coatings, such as Oerlikon's physical vapor deposition (PVD) technology. These coatings are more durable and scratch-resistant, and designers equally value the fact that they offer a broader spectrum of colors and iridescent effects.

Environment
Responsible Consumption and Production

Case Study:
REDUCING RESOURCE CONSUMPTION IN MELTBLOWN FILTRATION

Oerlikon Nonwoven's HycuTEC inline charging technology is used to create high-end charged meltblown (a method of fabricating micro and nano fibers) filtration media. Introduced in March, it went on to win the 2022 FILTREX™ Innovation Award.

One of the reasons HycuTEC won the award was that the meltblown media treated with the technology requires 40% less polymer (fabric weight) to achieve the same filter efficiency than the nonwoven material that was not treated. In other words, filter specification is easier to achieve while reducing waste in production. Compared with other hydro-charging concepts, the unit significantly reduces water and energy consumption due to the elimination of an additional drying process and the lower pressure drop in the filter material.

HycuTEC is the first industrially manufactured hydro-charging solution that can be easily retrofitted to existing systems as a plug-and-produce component.

Environment

Responsible Consumption and Production

Case Study:

OERLIKON HRSFLOW XP NOZZLES PAVE THE WAY FOR FULLY RECYCLABLE YOGURT CUPS

The new Xp nozzle series from Oerlikon HRSflow, specifically engineered for thin-wall packaging, ensures a reliable process and an increased productivity at the lowest cost per unit. It is also part of the ELIOS 4500 Injection Molding Machine from partner Netstal, which was showcased in action at the K trade show in Düsseldorf.

The Oerlikon HRSflow Xp nozzles made it possible to produce a thin-walled 150 ml IML yogurt cup (6.4 g) from a certified renewable PP polymer by SABIC, live at the exhibition, highlighting the importance of human and environmental health. The material is based on tall oil, a waste product from paper production. The powerful and energy-efficient machine compensates for the slightly thicker label in the injection molding process with a correspondingly thinner wall thickness of the cup. The wall thickness of the 5.4 g cup without label is just 0.32 mm.

This thin-walled yogurt cup is the evolution toward a fully recyclable packaging. It is equipped with the NextCycle IML label from MCC Verstraete, so that the fully decorated PP IML package can be recycled without the label impacting the RPP material. These labels will also feature digital watermarks from the Holy Grail 2.0 initiative.

Environment

Industry, Innovation and Infrastructure, Climate Action

Case Study:

NEW CARBON-BASED COATING DELIVERS SUSTAINABILITY AND PRODUCTIVITY BENEFITS

BALINIT MAYURA is a new carbon-based coating that extends tool service life and maximizes precision and productivity for machining and forming non-ferrous materials.

Compared to its predecessor coating, BALINIT MAYURA can enable savings of up to 81% of the target material, that is the material that is deposited as a coating on the tool.

It also cuts energy consumption by reducing both production time and the electricity required, adding up to 112.5 kWh in energy savings per coating process. BALINIT MAYURA achieves further emissions reductions because a lower volume of lubricants is required in a variety of cutting and forming applications and because it is the preferred coating for use in manufacturing lithium-ion car batteries.

In addition, the new coating can be reapplied several times, which helps to conserve resources and reduce waste.

Notable for its degrees of hardness and smoothness, BALINIT MAYURA reduces material adhesion and thus minimizes built-up edges and optimizes chip flow. The minimal coefficient of friction due to its low roughness enables lower torques, and the coating reduces the adhesion tendency and the formation of burrs and slivers. An extremely thin and heat-resistant coating, BALINIT MAYURA helps keep cutting edges sharp and thus delivers greater precision, longer tool service life and a more reliable manufacturing process.

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. Data collection and development of methodologies empower us to see where we are hitting our performance benchmarks and where we need to make further efforts and investments in sustainable innovation solutions.

Oerlikon serves customers in the automotive, textile, polymer processing, tooling, space and aviation sectors, who in turn have customers in the defense industry. Oerlikon also provides solutions to the oil and gas industry. In these industries, Oerlikon takes a best-in-class approach in helping customers in these sectors to reduce their environmental or social footprint and meet their targets. Sales generated from defense and oil and gas comprise less than 5% of Oerlikon's total revenue.

In 2021, we defined the criteria to categorize our products' sustainability. We grouped them into three categories:

- Our tool coatings, whose objective is to improve customers' production process from a sustainability perspective and thus 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 thus contribute to climate action such as reducing CO_2 emissions in aerospace.
- Our equipment business, whose objective is to achieve more sustainable production.

We consider our tool 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.

Our consolidated data shows that all our tool coatings 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. Comparisons of our tool coatings with industry standards identified some gaps – most already known – that contributed to our blueprint for R&D investments in next-generation coatings.

The component and materials business encompasses precision components, friction systems components, the materials business and additive manufacturing. As this is the broadest scope of our business, we define criteria based on the product application. The solution needs to improve the overall system compared to the industry standards in one or more of the following areas: energy consumption, social impact, waste, emissions or service time. Solutions are not classified as sustainable if there is no comparable industry standard.

Within our equipment business, we classify as sustainable any equipment that can reduce environmental impact relative to 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.

In 2022, we supplemented our qualification process for our products with an assessment process for R&D projects. This process involves a two-tier evaluation.

In the first tier, projects that support green technologies and transitions, such as phasing out fossil fuels, advancing e-mobility, improving safety and health care or promoting a reduction in waste are automatically considered sustainable.

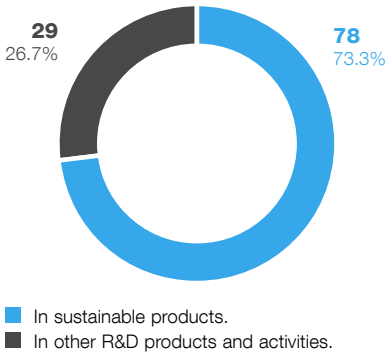
In the second tier, we consider:

- The impact of projects for customers: for example, if the product from the project enables customers to shorten development time, operate more sustainably (eg. reduce CO_2) or improve performance that has an indirect positive impact on sustainability (eg. less waste from fewer test parts).
- The goal of the research: in collaborations with universities or in projects supported by public funding, if the goal is to improve products or their performance, they are classified as sustainable.
- Digital benefits: if the machine learning or software solutions and upgrades can also reduce scrap and energy consumption, they are considered sustainable.

Conversely, if the goal of the project work is solely to reduce production costs, then it is considered unsustainable.

Based on these criteria for products and projects, 73% of our total R&D investment in 2022 was in sustainable products.

Total 2022 R&D Investment[1] in CHF million



[1] Excluding provisions.

Formalizing these criteria and categorizations enable us to identify challenging areas that we need to address in our investments for sustainable products. We continue to collaborate with our customers on the delivery of solution upgrades that will strengthen our technology leadership. At the same time, we will work toward our 2030 R&D target, where 100% of R&D spend (excluding defense and oil and gas) is on sustainable products.

Environment

Industry, Innovation and Infrastructure; Climate Action

Case Study:

AWARD-WINNING THERMAL INSULATION SOLUTIONS FOR FUTURE MOBILITY

The penetration rate of new energy vehicles is growing worldwide, leading to tremendous changes in the automotive market. However, passengers' safety is still a primary concern when incidents can generate smoke, fire, heat or cause an explosion. Thus, thermal protection is essential to avoid overheating of the passenger compartment during inadvertent malfunction in Battery Electric Vehicles (BEV), Plug-In Hybrid Electric Vehicles (PHEV) and Fuel Cell Electric Vehicles (FCEV).

Oerlikon's environmentally friendly (mica free and non-petroleum based) thermal insulation products offer fully engineered solutions that meet customer requirements, validated in our state-of-the-art laboratory and fulfilling legal safety demands with minimum installation space.

Oerlikon's HS900 product series offers superior temperature and excellent hot gas particle impact resistance, combining customized 3D formability and compact design – the desired lightweight and clean solution to help e-mobility meet advanced global battery safety requirements and legal regulations. In addition to these features, the ultrathin HS900 product series is mica-free with zero physical harm during production, contributing significantly to the environment as well as being ESG compliant.

In August 2022, Oerlikon China was awarded the "Annual Thermal Management System Innovation Award" at the 12th New Energy Vehicle International Forum for remarkable innovation of multifunctional thermal insulation materials, which are applied in EV battery systems for superior safety solutions.

Qualification Process of Sustainable Products

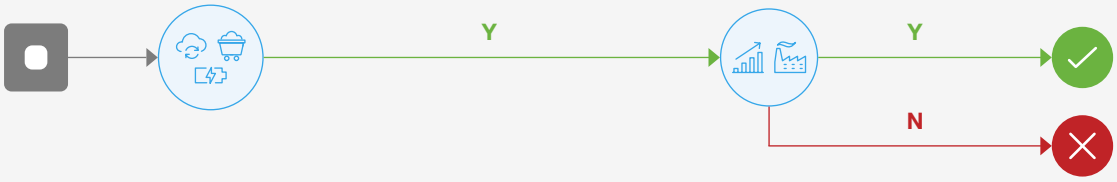
We have broadly classified our solutions into three categories: tool coatings, component and materials business and equipment business.

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.

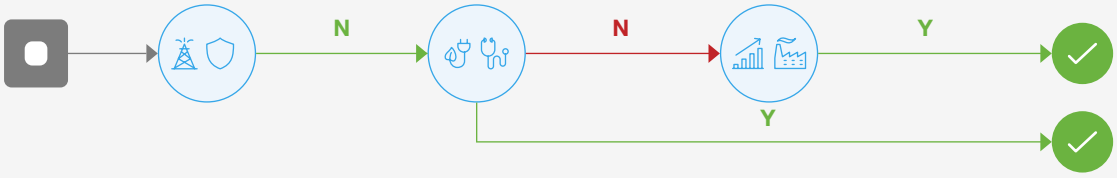
Product	Does it improve the production process in at least one of these dimensions: raw material consumption, energy consumption, emissions or service time without a negative effect on one of the other dimensions?	Does it have the same or better performance than the industry standard, predecessor product or best-in-class competitor product?



COMPONENT AND MATERIALS BUSINESS

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

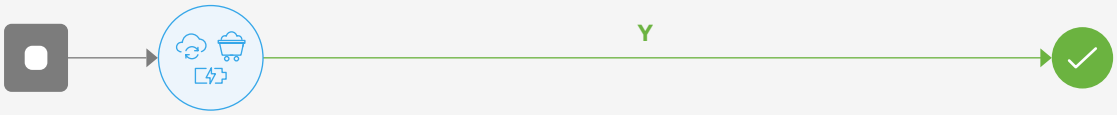
Component/ materials	Is it applied in a controversially discussed field?	Is it used in a sustainable field such as renewable energy or medical?	Is the overall system better compared to the industry standard, predecessor product or best-in-class competitor product?



EQUIPMENT BUSINESS

Our product delivers sustainability benefits in production.

Equipment	Does the equipment reduce the environmental impact compared to the 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?



Classified as a sustainable product

Classified as other products or activities

Environment

Responsible Consumption and Production, Climate Action

Case Study:

VISCO+: RELIABLE, VERIFIABLE AND 50% FASTER FILTER INNOVATION FOR RECYCLING PET

rPET – recycled polyethylene terephthalate – is gaining importance as the environmentally friendly solution in the production of manmade fibers, as it can reduce greenhouse gas emissions by around 79% when compared with virgin PET.

Oerlikon Barmag is offering technological solutions for rPET that enable customers to save 3.5 million tons of CO_2 per year. In 2022, Oerlikon Barmag introduced, a homogenizer recycling line specifically for customers in China and Asia where bottle flakes and film waste can be agglomerated, extruded, homogenized and melted to produce polymer melt or chips. It enables the polymer quality of recycled bottles or film waste to be precisely adjusted to the requirements of different downstream extrusion or injection molding processes.

Another rPET solution is the VacuFil system from the Oerlikon Barmag joint venture, BBEngineering. VacuFil is a unique and innovative PET recycling line, uniting gentle large-scale filtration and targeted intrinsic viscoscity (IV) regulation for consistently outstanding rPET melt quality. In 2022, BB Engineering launched a patented key component of the VacuFil system, the Visco+ filter as a separate and easily integrable upgrade component that enables precise IV setting and pure melt with the help of vacuum. IV is the central quality characteristic in PET recycling and rPET processing. It determines the melting performance in the production process and the properties of the end products and is thus essential in the recycling process. The Visco+ process is reliable, verifiable and 50% faster than conventional liquid-state polycondensation systems.

Environmental Sustainability in Operations

GRI 3-3

Oerlikon has long been dedicated to developing sustainable innovations and technologies, often 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 transitioning from conventional to LED lighting to repurposing recovered heat from combined heat and power systems.

In 2020, we set ambitious targets for the 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 by reducing emissions in our operations.

The first two of our environment targets – implementing EnMS at all our relevant sites and switching to purchasing and consuming energy solely from renewable resources – combined with other energy-saving and emission-reduction initiatives, are designed to support our efforts toward achieving our climate-neutral target in our operations.

For all environmental targets, we consider production and large office sites as relevant (relevant sites) and generally exclude all small offices (fewer than 50 employees), as it is neither economically nor sustainably prudent to have such systems implemented for small offices. We have in some cases included the data of small sites that have gathered and provided the figures. Together, these are called operational sites, for which we have provided consolidated environmental data.

In 2022, the environmental key performance data from 166 operational sites were consolidated, including two small offices. That represents an increase of 11 sites, mainly due to sites acquired since the baseline year (2019: 155 sites). No data from minority-owned sites were included in 2022.

Our progress in 2022 in environmental metrics is detailed in the following sections of this chapter. We will continue to work toward improvements in energy efficiency and reductions in energy consumed, resources and waste – and toward our targets.

Environment
Affordable and Clean Energy

Case Study:
TEAM IN INDIA ACHIEVES GREENCO SILVER RATING CERTIFICATION

At the beginning of 2022, Oerlikon's management team in India established a target of achieving GreenCo certification in accordance with the rating system standards established by the Confederation of Indian Industry. We were pleased to be awarded our Silver Rating Certificate in October following a rigorous process that included a system assessment, site audit and review by a jury panel.

The certification reflects our environmental performance in such key metrics as energy efficiency, renewable energy, water conservation, waste management, material conservation, innovation for environment, green infrastructure and ecology, product stewardship and life cycle aspects, green supply chain and greenhouse gas emissions reduction. Notable achievements include reductions of 5% in energy consumption and 10% in water consumption, as well as a 32% decrease in effluent quantity.

ENERGY

GRI 302-1,3,4; GRI 3-3; SASB RT-IG-130a.1

In 2022, our operations, consisting of 166 operational sites, consumed a total of 428.8 GWh of energy. This represents an increase of 4.9% compared to 408.6 GWh in the 2019 baseline year, due to the additional sites from acquisitions. Compared to 2021, excluding acquisitions, we reduced energy consumption in our operations in 2022 by 2% (2021: 410 GWh). In 2022, the percentage of energy Oerlikon consumed that was supplied from grid electricity was 76.0%.

Our target of implementing energy management systems (EnMS) at all Oerlikon sites considers the installation of EnMS only 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 energy management 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 2022, 25 sites implemented EnMS, bringing the total number of Oerlikon sites with EnMS to 55, or 33% of our total relevant sites, and these sites account for 70.5% of Oerlikon's total energy consumption. We have classified 23 of our sites as heavy energy users, consuming around 50% of our total global energy. All 23 sites were identified as priority sites and, since first quarter of 2022, all of them 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 so as to identify and implement improvement measures.

ENVIRONMENTAL AND ENERGY CERTIFICATIONS AS OF DECEMBER 31, 2022

	No. of Sites	% of Total Sites
EnMS according to:		
• Oerlikon-defined standard	35	21%
• ISO 50001	20	12%
Total	55	33%
ISO 14001:2015 Environmental Management Systems	51	31%

Environment

Affordable and Clean Energy

Case Study:

ENERGY SAVINGS AND REDUCTION IN CARBON EMISSIONS WITH THE RIGHT EQUIPMENT AND PROCESS

Sandblasting is an important step in surface treatment for many applications. It removes dirt or roughens the surface so that the coating that is subsequently applied has better adhesion. At Oerlikon Metco in Chengdu, China, sandblasting machines and air compressors with two units are used.

If four or more sandblasting machines were working at the same time, one set of air compressors could not provide the necessary air pressure and two air compressors had to be opened at the same time. This led to a high and uneconomical consumption of electrical energy.

Adding an 80-liter air reservoir at the end of the compressed air conveying line solved the problem of insufficient pressure of the end units. As a result, two compressors no longer have to be opened simultaneously to generate the necessary pressure, saving over 120 MWh of electricity per year, or the annual energy consumption of around 30 private homes.

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 reduce 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.

In 2022, 30% of our total electricity consumed was from renewable sources, representing an improvement of 8% points compared to our baseline of 22% in 2021. In terms of consumption, we increased the purchase of renewable energy by 41% from 68.8 GWh to 97.2 GWh, attributable to the additional 5 sites that have converted to renewable energy and improved data process and quality. To date, a total of 18 sites worldwide are using energy solely from renewable sources for electricity.

At many sites, our local teams are active in implementing energy-saving measures. For example, at a site in Suzhou, China, colleagues were encouraged to turn off lamps upon leaving the equipment room, which led to savings of around CHF 2200 per year. At an Oerlikon Neumag site in Neumuenster, Germany, where carpet yarn machinery is produced, a new switch-off button was installed on the test run computer, making it easier to switch off the system when not in use, resulting in energy savings of 39%.

These individual examples (see also case studies and examples in boxes) may seem to deliver minor benefits. Collectively, they will make an impact in contributing to energy savings. In 2022, such initiatives resulted in 3.0 GWh of energy savings.

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 solely from renewable sources.

Case Example:

SWITCHING TO INDUCTIVE HEATING

Oerlikon Barmag filament winders are produced in Remscheid, Germany. One of the most energy-consuming but frequent operations in assembly is the shrinking of the chuck bushing. The heating up, joining and subsequent cooling creates a permanent force-fit connection of bushing and shaft.

With the optimization of the heating device by changing from radiant to inductive heating, the energy consumption was significantly reduced: on the one hand, due to higher energy efficiency of the device, on the other by reducing the heating zone by half. This resulted in energy savings of around 45000 kWh/year and cost savings of more than EUR 10000 per year.

		2022[2]	2021[3]	2019
Energy consumption within the organization[1]	**Unit**	Total	Total	Total
Electrical power	GWh	325.9	309.7	313.2
– Electrical power from renewable sources consumed	***GWh***	***97.2***	***68.8***	*n.a.*
Natural gas	GWh	60.8	64.8	38.9
Heat and cooling purchased	GWh	14.2	14.8	25.9
Gasoline and diesel	GWh	23.0	21.2	24.0
Other energies	GWh	4.8	8.6	6.6
Total energy consumption	GWh	**428.8**	**419.0**	**408.6**

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

WASTE
GRI 306-1,2,3,4,5

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

In 2022, we reduced the share of our waste disposed to 28% of total waste. Total waste includes diverted waste (recycled and reused) and disposed waste (incinerated with and without energy recovery and landfilling). Waste data from 166 operational sites were consolidated in 2022.

The share of waste disposed 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, our team in Germany leveraged digital technology for their picking list system, enabling pickers to receive scanned inventory lists for shipping over mobile devices, removing the use of paper and thus reducing paper waste.

We are working on improving the quality of our reporting on waste and will begin to work more closely 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.

Case Example:
PROMOTING REUSE BY EXTENDING TOOL LIFE

Oerlikon India has expanded the cutting tools reconditioning services it offers to customers located in Vietnam, Thailand and the Philippines as well as India.

Reconditioning is an excellent way to give tools a second, third or multiple new lives, which results in less disposed waste and supports the circular economy.

CIRCULAR ECONOMY
GRI 3-3

At Oerlikon, we see the future of sustainability as inextricably linked to circular-economy innovations, regenerative practices and advanced recycling management. Circular approaches are therefore central to our strategy for optimizing our environmental performance.

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.

To achieve our hazardous waste goal, multiple units across Oerlikon worked to recycle or

Environment
Responsible Consumption and Production

Case Study:
WIN-WIN SITUATION BY INTRODUCING WASTE OIL BARRELS TO THE CIRCULAR ECONOMY

The Oerlikon Metco site in Shanghai, China uses oil as fuel for the coating process of thermal spraying and mainly discarded the empty kerosene drums as waste. Within a year, around 120 such barrels are needed.

To avoid hazardous waste, such barrels were burned in the past. The site signed a new hazardous waste agreement and chose a new supplier who has the ability to clean waste oil barrels. The barrels from Oerlikon Metco Shanghai are in very good condition after use and show hardly any damage. The new supplier collects the used barrels free of charge because they are able to resell them directly after cleaning.

With this new agreement, the site can save on the costs of disposing such barrels, and also ensure that they have been treated and returned to the market in compliance with all relevant legal requirements.

recover waste streams for reuse. For example, at our site in Aurangabad, India, we installed an effluent treatment plant that ensures zero liquid discharge. This plant is being used to treat 120 m^3 per year of effluent generated from the tool cleaning and stripping process, and both streams are collected in separate tanks and further treated, resulting in an annual reduction of solid hazardous waste to only 50 kg and no liquid discharge.

These are some examples of our efforts to contribute to and participate in 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 ongoing Scope 3 project, to improve circularity along our value chain.

Case Example:

WASTE REDUCTION BY RECYCLING ACTIVATED CARBON

Activated carbon is used to regenerate solvents that are part of the coating process. At Oerlikon Balzers in Suzhou, China, a partner takes back the used activated carbon and recycles it in line with the principles of the circular economy.

The partner also offers us the new activated carbon at a lower price. This alternative to disposal is not only more cost-effective, but also saves energy and CO_2 and reduces the amount of waste.

		2022[1]	2021[2]	2019
Waste	**Unit**	Total	Total	Total
Hazardous waste	kilotons	10.2	10.2	11.6
Non-hazardous waste	kilotons	13.2	11.9	11.3
Total waste generated	kilotons	**23.4**	**22.1**	**22.9**
Total waste diverted from disposal	kilotons	**17.0**	**15.2**	**13.3**
Total waste driected to disposal	kilotons	**6.5**	**6.9**	**9.6**
Share of waste disposed	kilotons	**28%**	**31%**	**42%**

[1] Including 2021 acquisitions.
[2] Excluding 2021 acquisitions.

Environment
Responsible Consumption and Production

Case Study:

LESS WASTE WITH NEWLY DEVELOPED AUXILIARY FIXTURE

Facings with grooves are used in synchronizer rings in automotive transmission systems. To assemble them, that is, when they are inserted, carbon strips with oil grooves are preloaded. At Oerlikon Metco in Shanghai, China, up to 70 carbon strips were discarded per shift in the past because the filigree carbon strips broke easily when employees manually preloaded them. Furthermore, the joint of the carbon strip could not fully (100%) rest on the bump of a ring as required when done manually.

With a newly developed auxiliary device, the operator can now easily rotate the carbon strip into the ring without damaging it, and the strip can be placed with absolute accuracy. Errors are significantly reduced by this new fixture, and the scrap rate has thus been reduced from 3% to 0.2%. This not only saves waste, but also generates and average cost savings of CHF 14 000 per month, depending on the amount of products produced.

WATER AND EFFLUENTS
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, water is not considered a material area where we can make a meaningful impact.

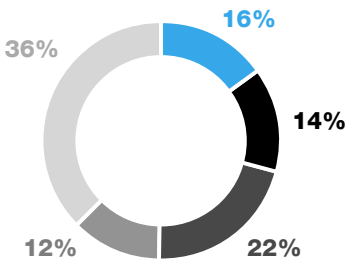
At the same time, we recognize that there are communities around the world struggling with water scarcity. Thus, we seek opportunities to optimize water management overall across our sites and particularly in water-stressed locations.

In 2021, we expanded our water assessments 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. 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.

Of 166 Oerlikon operational sites in 2022, 26 are located in areas facing extremely high levels of water stress; 24 are in high water-stress areas; 36 are in areas with medium-to-high levels of water stress and 80 sites are in low and medium-to-low water-stress areas.

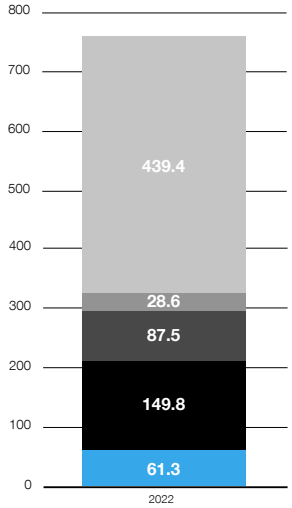
In 2022, total water withdrawal increased compared to our 2019 baseline, mainly due to the acquired sites added. In terms of usage, around 61 300 m3 of water was consumed by our sites from extremely high water-stressed areas, and 149 800 m³ was withdrawn in high water-stressed areas, representing 8% and 20% of our total water consumption worldwide, respectively.

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.



Distribution of Water Withdrawal 2022
(as % of total sites)

Extremely high
High
Medium to high
Low to medium
Low



Water Withdrawal in Water-Stressed Areas (thousand m³)

Extremely High
High
Medium to high
Low to medium
Low

		2022[1]	2021[2]	2019
Water withdrawal	**Unit**	Total	Total	Total
Third-party water withdrawal	thousand m³	756.4	707.0	700.2
Surface water	thousand m³	7.4	7.8	11.8
Groundwater	thousand m³	2.8	2.6	4.1
Sea water	thousand m³	0	0	0
Produced water	thousand m³	0	0	0
Total water withdrawal		**766.6**	**717.4**	**716.2**

[1] Including 2021 acquisitions.
[2] Excluding 2021 acquisitions.

EMISSIONS
GRI 305-1,2,4

Reducing Consumption and Emissions
Oerlikon supports customers who share our commitment to achieving carbon neutrality and count on our innovations to help them advance toward their environmental goals. The products and services we bring to market are designed to minimize 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 have committed to achieving climate neutrality for Scope 1 and 2 in 100% of our relevant operations. We are measuring this based on GHG emissions in relation to sales. Thus, our goal is to achieve zero GHG emissions and emission intensity (in tons of CO_2 equivalents per million Swiss francs of sales) by 2030.

In service of this goal, we strive to optimize sustainable practices in our R&D and operations, such as switching to more efficient boilers (see case example on page 39). At the same time, we engage in practices that reduce our carbon footprint in sales, delivery, 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 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. At some of our sites, we have switched from diesel to electric forklifts, which eliminate the hidden dangers caused by diesel while also reducing pollution. At one site in China, this change led to 4158 kg of CO_2 reduction per year.

Since our first 2020 report, we have been communicating our Scope 1 and Scope 2 greenhouse gas (GHG) emissions, as well as the GHG emissions intensity levels.

Considering the different factors impacting emissions, we have mapped out a route on how we can help to reduce our climate impact across Scope 1 and Scope 2 (see diagram on page 38) and also Scope 3 (see diagram on page 19).

Scope 1 and 2
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. Scope 2 encompasses indirect GHG emissions from electricity, steam, heat and cooling purchased by the Group.

Our GHG emissions intensity levels are measured in tons of carbon dioxide equivalent (tCO_2e) per

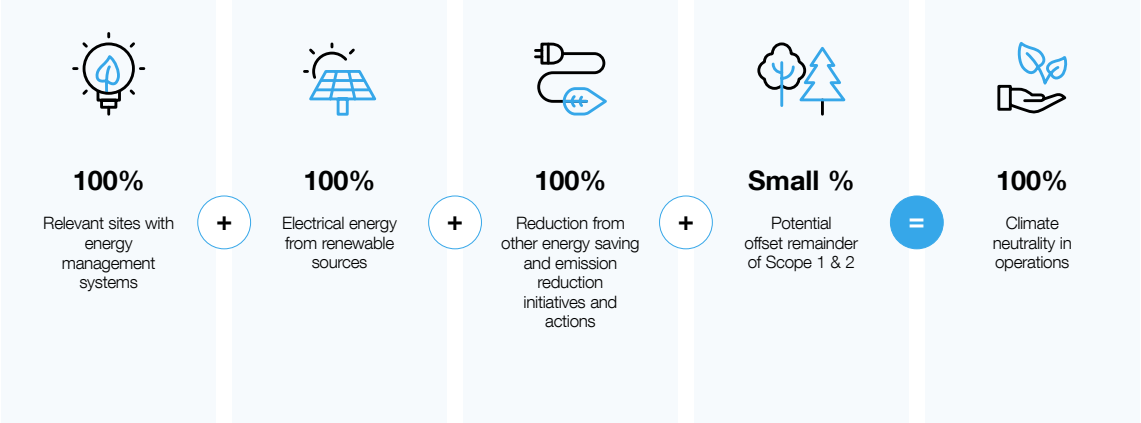
Environment
Clean Water and Sanitation

Case Study:
REDUCING WATER CONSUMPTION

Although water consumption is comparatively low and not considered material at Oerlikon, many of our sites do evaluate if and how water consumption can be reduced. For example, our site in Troy, Michigan, USA, achieved a target of 10% reduction in water consumption in 2021 via the implementation of automated valving and process improvements.

In 2022, Troy targeted an additional 5% reduction in water consumption. Overall, they successfully reduced consumption largely due to process changes that eliminated wasteful techniques of leaving offline furnaces unnecessarily connected to city water hose reels.

2030 Operational Environmental Targets (Scope 1 & 2)



million of sales in Swiss francs for total Scope 1 and 2 emissions (see page 39 and 81 of the report). In 2022, emissions data from 166 operational sites were consolidated.

Our Scope 1 emissions increased (+28%) in 2022 compared to the baseline, mainly due to the increase in natural gas from the changed methodology as reported in 2021. Compared to 2021, Scope 1 emissions decreased by 3%, before accounting for the effect from acquired sites. Excluding acquisitions, Scope 1 emissions (18.3 kt) were reduced by 6% in 2022 compared to 2021.

In 2022, we reduced our Scope 2 emissions by 10% compared to our 2019 baseline and lowered the emissions by 9% compared to our 2021 level, before accounting for effects from acquired sites. Excluding acquisitions, Scope 2 emissions (121.7 ktCO_2e) were reduced by 14% in 2022 compared to 2021. The improvement in emissions levels is attributed mainly to the shift toward using renewable electricity.

In terms of GHG emissions intensity for Scope 1 and 2, which is the metric we are using for our climate neutral 2030 target, we have notably lowered the carbon intensity of our operations in 2022 (50.6) compared to 60.9 from the 2019 baseline year and also compared to 60.8 in 2021.

Among our 166 sites, 70 of them are using the market-based method to report on their Scope 2 emissions, while 96 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 tCO_2e. Unlike a number of other industrial companies, we do not use F-gases in our production processes. For example, we do not use sulfur hexafluoride (SF_6) 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 SF_6 would be classified).

Emissions[1]	Unit	2022[2] Total	2021[3] Total	2019 Total
Direct CO_2 emissions (Scope 1)	kilotons CO_2 eq	19.0	19.5	14.9
Indirect CO_2 emissions (Scope 2)	kilotons CO_2 eq	128.1	141.5	143.0
Total Scope 1 and Scope 2 GHG emissions	kilotons CO_2 eq	**147.2**	**161.0**	**157.9**
Scope 1 and Scope 2 GHG emissions intensity	tons CO_2 eq per million CHF sales	**50.6**	**60.8**	**60.9**

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

Scope 3

In 2021, we took the first steps toward reporting on GHG Scope 3 and started the process with the appointment of an external partner to work with us on assessing the relevance of the 15 GHG Scope 3 categories.

The assessment involved first gathering data from subject-specific experts and having it evaluated, including performing a sanity check. Following that, the emission sources were compared to the emission factors in the ecoinvent database (life cycle inventory), the US Environmental Protection Agency's (EPA) GHG Emission Factors Hub document and the UK government's Department for Business, Energy and Industrial Strategy (DBEIS).

Following this assessment, we now have an understanding of Scope 3 emissions along our value chain. From this initial assessment, four of the 15 categories were considered not applicable while the other 11 were quantified. Considering that there are a lot of further steps and other stakeholders involved, our next step is to perform a more detailed analysis of the data, focusing specifically on the emissions that we can influence and identifying what actions are needed to address them.

We intend to do this systematically so that we can set a meaningful Scope 3 target over the next years.

Environment
Affordable and Clean Energy

Case Study:

NEW HOT WATER BOILER IN SUZHOU SAVES 25 000 M³ OF NATURAL GAS

With the replacement of a water boiler with a cubic capacity of 2 cubic meters, Oerlikon Balzers in Suzhou, China, was not only able to significantly reduce costs, but also achieved an annual savings of over 25 000 m^3 of natural gas, or the equivalent of 48.8 metric tons of CO_2.

After years of use, the existing boiler with its furnace chamber for storing hot water was heavily furred, which affected its thermal efficiency. The advanced boiler type, which was installed in 2022, uses pre-treatment of the water to prevent such furring, simultaneously improving the thermal output.

The significant savings are also attributable to the boiler's different mode of operation: instead of storing the hot water in a chamber, only the water needed is heated at any given time. This way, there is no longer energy consumed to keep water that is not needed warm.

04 Our Social Commitment

04

Responsible Employer

GRI 3-3

SDGS IN FOCUS:

EMPLOYMENT

GRI 2-7,8; GRI 401-1,2;
SASB RT-IG-000.B

2022 was a year of intense activity for Oerlikon in human resources (HR). As companies around the world began relaxing COVID-imposed constraints, the global workforce emerged eager for new experiences and opportunities, which fueled turnover. That trend, combined with increased interest in openings at Oerlikon, led to a very busy year for our HR team. In total, we processed 22% more job applications in 2022 than in the previous year.

At the same time, we maintained our commitments to expanding our Diversity, Equity and Inclusion (DEI) initiatives, working toward our 2030 gender diversity targets and nurturing promising careers through our professional development programs for employees identified as having a high degree of leadership potential.

An Employer of Choice for Global Talent

Oerlikon's global workforce numbered 12 184 full-time equivalents (FTEs) at the end of 2022, an increase of 3% compared to the previous year.

56% of FTEs were based in Europe, followed by 29% in Asia-Pacific and 15% in the Americas. The majority of Oerlikon's employees (>95%) are permanent employees.

Further employment data, including breakdowns by permanent, temporary, full-time and part-time, as well as by regions and gender, can be found on pages 83 to 86. Data for employees with non-guaranteed is not available since this group is very small and thus Oerlikon does not track this information.

As an equal opportunity employer, Oerlikon offers attractive compensation and benefit packages to all employees, including temporary and part-time employees, as well as apprentices 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.

Forbes World's Best Employers 2022

For the past three years, Forbes has partnered with market research company Statista to compile the ranking for Forbes World's Best Employers 2022. The ranking is ascertained by surveying 150 000 full-time and part-time workers from 57 countries working for multinational corporations and institutions to determine which ones excel in impact and image, talent development, gender equality, social responsibility and more.

Survey participants were asked to rate their willingness to recommend their employers to friends and family. They were also asked to evaluate other employers in their respective industries that stood out either positively or negatively. This year's list comprises the 800 companies that received the highest scores. Oerlikon is proud to be listed among these 800 companies.

EMPLOYEE ENGAGEMENT POSITIVELY IMPACTING CULTURE

We conduct periodic surveys to assess employee engagement and identify opportunities for continued improvement. During 2022, we conducted such an employee engagement survey, under the same slogan, "Your Voice Matters", which saw a strong 72% participation rate and is on a par with our overall participation in 2019.

The open comments received numbered 10600, which is a 59.3% increase compared to 2019. More than 50% of those comments offered clear, specific feedback for strengthening employee perception of Oerlikon as a company that:

- Supports the development of new and innovative ideas;
- Ensures that its executive team's actions are consistent with their statements;
- Is a source of employee pride across the organization's sites and areas of business.

Participants' positive feedback showed that we are gaining traction on topics such as safety, environment and diversity, as well as on our culture initiatives launched in recent years. In some other areas, we see that we are not at the level that we want to be and we need to improve. Using the results as a starting point, a robust follow-up at a team level started and is ongoing until June 2023, where teams reflect on the results, their strengths and areas that can be improved. Where needed, deep-dive workshops and training were organized. In addition, we aim to further facilitate best-practice sharing across the organization to grow and continue to learn from one another.

Embedding Desired Behavior in Our Culture

We continue to build on the progress that began in 2020 with the launch of a global initiative to strengthen and align our culture. Inspired by thousands of comments submitted during the preceding two employee engagement surveys along with input provided in targeted interviews, we created the six brief statements of the Oerlikon Success Model.

During 2022, we further embedded the principles of the model within our organizational processes. Our SuccessFactors System, which has been implemented by approximately 40% of the company to structure annual reviews, has now replaced the former Behavioral Competencies standard. We support that shift with additional classroom and leadership training to reinforce the expectations reflected in reviews. These training modules address soft skills and behaviors as a means of reinforcing understanding of our culture, and review results aid us in identifying who has embraced our culture and values and where we need to invest further in bringing each employee, team or region to that level.

The performance review system is available in 10 languages to ensure transparency and accessibility across the organization. In addition, we implemented the use of visual aids, such as posters and stickers, in 2022 to further reinforce understanding of the Success Model. Throughout the company, posters in 23 languages ensure that employees come into regular contact with the Success Statements that capture the path to an optimal Oerlikon career.

Talent Acquisition

The global recruitment landscape was marked by unprecedented dynamism during 2022 as employers in many countries contended with a higher turnover following the "the great resignation". Oerlikon was not excluded from these trends, but their net impact was positive: while our turnover rates rose, so did our recruitment rates, and we saw a 22% increase in application volume. For the year, we hired a total of 2449 new employees, which represented an increase of 42% compared to 2021.

The combined impact of each of these factors made it essential to achieve greater organization in talent acquisition. We met that challenge through a combination of several tools, technologies and strategies. The use of HireVue, an AI-powered video interviewing, assessment and scheduling platform, played a key role in our continued implementation of remote and virtual recruitment and onboarding processes.

In 2022, over 50% of our acquisitions were sourced over online platforms such as Glassdoor and Indeed, and nearly 20% of new hires are from these digital platforms. The switch to a more digital approach for recruitment has led to significant savings compared to conventional recruitment methods.

To further enhance efficiency, we centered many talent acquisition activities at the regional level, where decision-making on hiring could be accomplished more quickly than if it were centralized. This required us to expand the global talent acquisition team during the first three quarters of 2022, when turnover and recruitment activity were at their peak.

DIVERSITY AND EQUAL OPPORTUNITY
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.

During 2022, we rolled out the "Inclusion in Action" internal training program piloted in December 2021. Its goal is to raise individual understanding of inclusive thinking and recognition of unconscious and unintended bias by using inclusion sequence analysis of workplace practices and processes.

A total of seven virtual Inclusion in Action training sessions took place, with around 70 participants. Inclusion in Action is now a permanent entry in our training catalog and is available to be booked on demand for either a team or regionally. Continued precautions with regard to COVID have delayed offering in-person training to employees on the factory floor, but once we are in a position to fully roll it out, we expect it to become a component of our compulsory training. The timetable for reaching that goal is by the first half of 2024, but we will continue to encourage employees to complete the training on demand in the interim.

To promote diversity at our Polymer Processing Solutions Division, a pilot program with 30 Diversity Ambassadors was identified, each responsible to take care of a cluster of around 50 employees. Their role is to foster diversity and to raise any issues around DEI. As a next step, the division plans to roll out this program across its sites in Germany.

SENIOR MANAGEMENT IN LOCAL COMMUNITY
GRI 202-2

We have long recognized the direct link between our internal diversity, our capacity to innovate and our market position. Cultural and geographical diversity align not only with our values, but also with our value proposition as a company that derives strength from the different backgrounds, experiences and areas of expertise within our workforce.

Social
Decent Work and Economic Growth

Case Study:
DIVERSITY CONFERENCE: DISABILITIES INCLUSION AND AWARENESS

Following the success of its first Diversity Conference in December 2021, Oerlikon decided to make the Diversity Conference an annual event to raise awareness and understanding of different diversity topics.

On November 30, we hosted our second Diversity Conference, focused on disability and on ensuring that we offer a welcoming, supportive environment for employees, candidates and other stakeholders with disabilities. We sought to raise awareness of the topic, including understanding of "invisible disabilities" that create unique challenges but may go unnoticed by coworkers and managers.

The event's morning session, which featured an expert speaker, examined how we at Oerlikon approach disability and how we can foster a more inclusive environment. During the afternoon session, external experts shared their insights on best practices. Our goals for the event included giving participants an opportunity to learn from one another and to "unlearn" language, behaviors and thought processes that are counterproductive to maintaining an inclusive environment and a safe space for all.

More than 1 400 employees took the opportunity to take a listen to the views from the external guests and leadership on this topic. The participation and feedback from employees is a confirmation for the company that it is on the right path in its efforts to continue building a safe and inclusive environment for all.

Our global workforce in 2022 was represented by 102 nationalities (2021: 94). Among our leadership team, 18% of our designated Global Leaders were non-European (2021: 21%). It is Oerlikon's aim to continue to strengthen its regional diversity and accelerate its regional expansion, particularly in its Surface Solutions Division, so as to realize upside sales potential in the regions by leveraging the competitive advantages of its integrated offering and broad technology portfolio.

The regional decision-making framework also supports Oerlikon's goal of 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.

Diversity Conference

In November, we hosted our second Diversity Conference focused on visible and invisible disabilities. For further details on this successful conference, see the case study on page 43.

Gender and Sexual Diversity

We remain committed to strengthening gender diversity on the Board, at the senior management level and across the company. In 2022, one out of seven members (14%) of the Board was a woman, while one out of five members (20%) of the EC was female. During 2022, Oerlikon's global workforce (FTEs) increased by 3% to 12 184, of which 24% is female (2021: 23%).

Achieving gender balance remains challenging given the predominance of men in engineering. Our overall workforce is largely male (85%) (2021: 85%), and women account for 13.4% of management and leaderships roles (2018 baseline: 12%).

We actively work 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 through a number of initiatives.

In October, Oerlikon participated once again in the Top Women Tech Summit, where we attracted 120 talented and ambitious women with a background in STEM (science, technology, engineering and mathematics) to our session and had the chance to introduce them to Oerlikon.

For International Women's Day, we hosted a virtual event that included a presentation by Oerlikon's Chief Human Resources Officer, Anna Ryzhova, on our commitment to fostering gender equality and an introduction to the Oerlikon Women's Council, who shared the group's plans and how they connect to our business. The event concluded with a "Become Gender Fluent" training session.

Members of the Oerlikon Women's Council represent all regions and diverse job functions within Oerlikon, including manufacturing, sales, digitalization, procurement and HR. The group's goal is to achieve a gender-neutral and inclusive workplace, and although it is run by and for women, male members are welcome.

During the event, we also took the opportunity to thank all the talented women who contribute to Oerlikon's record of innovation and market position. In particular, we drew attention to Irina, who has been with the company for an impressive 44 years, and Iris, who at just 15 years of age is the youngest female member of our team – anapprentice physics lab technician at Balzers, Liechtenstein.

In July, we celebrated Pride Month with a first internal pride month newsletter. We also organized joint sessions with our external partner Proud at Work, did multiple LinkedIn posts on a transgender rights campaign and went live with our employee resource group, Proud@Oerlikon. The two virtual pride month sessions (one in English and one in German) saw a total of more than 1 000 participants.

From feedback received during Pride Month, we could see that diversity, equity and inclusion is recognized as an important topic at Oerlikon, and although more than 75% of the surveyed participants could imagine talking at work about their partners, many of them still have reservations or fear of being ridiculed for being gay. This highlighted even more the importance of such events to raise awareness, acceptance and inclusion.

Another diversity initiative in 2022 was Oerlikon becoming a signatory to the Equal Voice agreement, as one of ten Swiss companies, to promote gender equality in the media, at the workplace, in working conditions and in salaries.

Age Diversity
At Oerlikon, employees of all ages collaborate, cooperate and support one another with respect. A healthy mix of established experience and fresh perspectives working in concert is essential for the exchange of ideas and creation of innovations. Our Horizons program and Success Model are some of the initiatives that facilitate the interactive exchange between employees of different ages.

In 2022, more than 16% of our workforce was aged 30 or younger, 60% were between the ages of 30 to 50 and more than 23% were over 50 years of age. Nearly 53% of new hires in 2022 were under 35. Among our designated Global Leaders, 24.6% were aged 45 or younger.

We continue to have more than 13% of employees who have been with Oerlikon for more than 20 years (2022: 1 702; 2021: 1 543). This clearly demonstrates our appreciation of long-established talent and the long-term opportunities we offer our employees. The average employee tenure at Oerlikon remains at nine years (2021: 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.

TRAINING AND EDUCATION
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 is not implemented.

In the US, we use the RedVector Learning Management System for health and safety training. In 2022, we expanded its usage to leadership development lessons. With RedVector, employees have access to a library of e-learning courses and opportunities to link with additional vendor libraries. There are plans to utilize the system for assigned prework with our production manager training in 2023.

In 2022, we continued to use digital training tools and platforms, such as Udemy, to offer employees the chance to learn remotely from any location, on any device and at any time.

Apart from specialized training, Oerlikon launched an Adaptive Resilience Program in 2022. The program aims to help employees build behaviors, mental habits and practices that promote personal resilience while building a resilient culture within teams. The program is highly interactive and provides the tools to manage stress, while staying motivated and focused, grow mindsets and adaptive skills and to learn how to thrive in a changing culture by growing empathy, trust and psychological safety in teams.

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.

High-Potential Talent Programs
Launched in 2018, Oerlikon's career accelerator program, Horizons, 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, with 25 participants, enrolled in September 2020 (in a program modified to ensure pandemic safety compliance) and completed the program in May 2022. The third wave will be enhanced, with nominations beginning toward the end of 2023, and the program starting in Q1 2024.

A part of the Horizons programs, teams forms to work on a specific business project over six months. The projects they worked on are based on current and real-life business topics, which see them contribute to ideas for the business and products or identifying solutions to address challenges. At the end of that time, they present their ideas and explain how they would tackle the project. These are then applied to the business.

Since its launch, more than 65% of the graduates have been promoted or received additional job responsibilities.

At the Polymer Processing Solutions Division, the OMF+ program had a total of 93 high-potential participants in 2022. Loop 4 of the program concluded at the end of November with 57 graduates. In September, loop 5 commenced with 36 talents. Over the course of the year, work on strategic projects, webinars, on-site trainings and mentoring took place during the programs and at different locations.

OERLIKON RISE

A major new development in 2022 was the launch of our RISE program, which seeks to develop high-potential talent at the regional level for growth into positions in country or regional management teams. RISE is run by each region (Americas, Asia-Pacific and Europe) and accepts participants via self-nomination following a series of interviews with line and divisional management.

In the inaugural program, 156 individuals registered their interest and were invited to go through a three-gate validation process, which involved: (1) line manager permission, a self-assessment and an online test, followed by (2) validation via a video application, line manager evaluation and a structured interview; and ending with (3) approvals and endorsements by HR and leadership. A total of 57 participants made it to the final: 26 from Europe, 15 from the Americas and 16 from Asia Pacific), and 20% of them were women.

The program kicked off in summer 2022 and is scheduled to be completed toward the end of 2023. On the agenda are conferences, virtual workshops, local business project work and presentation and disruptive experiments.

LABOR MANAGEMENT RELATIONS, FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI 402-1, GRI 2-30; GRI 407-1

Oerlikon has operations in 37 countries and respects the legal rights of its employees to form, join or 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.

For its employees who are not covered by a collective bargaining agreements, Oerlikon determines their working conditions and terms of employment based on local employment conditions in line with local laws and regulations.

An estimated 45% of our employees were covered by collective bargaining agreements in 2022 (2021: 45%).

Pertaining to minimum notice periods regarding operational changes, we are not providing more detailed information as each local agreement is subject 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.

INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED

GRI 203-1, GRI 3-3

Oerlikon has a global footprint of 205 sites in 37 countries. Oerlikon's presence in communities throughout the world gives us a global outlook on how social and service needs vary from one country or community to another. We rely on our local teams to identify opportunities for Oerlikon to be a good neighbor and give back through a combination of fundraising and volunteer efforts that improve life in the communities where we operate. This approach also serves to assure our employees that we applaud and support their local giving initiatives.

Giving back at the local level aligns with our core values, and we live those principles by making financial contributions to charities or serving as active local volunteers. During 2022, Oerlikon performed an initial analysis of how we can formalize the process of gathering, consolidating and reporting on our community engagement efforts to ensure data completeness and integrity.

At the same time, we continued to encourage volunteer initiatives, both worldwide and Group-wide, to respond as needs arise. In 2022, we saw many examples of local engagement by our employees.

In India, we contributed CHF 46 354 in 2022 on projects implemented in partnership with organizations such as Rotary International and NGOs. Among these were sponsoring scholarships in textile technology at select universities, providing a toilet block to a rural school, supporting the Prime Minister's relief fund, planting trees, underwriting programs in skills development and fostering preservation of India's culture, heritage and arts. In addition, we are exploring further projects such as working with the Shiksha Foundation in support of education for girls and supporting the planting of indigenous foliage and fruit trees.

To provide aid and comfort to children in need, a team of employees at Oerlikon São José dos Pinhais in Brazil organized the collection of toys (see

Social

Reduced Inequalities

Case Study:

RISING TO HELP THOSE IN NEED DUE TO THE UKRAINE WAR

The outbreak of war in Ukraine prompted Oerlikon to launch a global, company-wide fundraising campaign to support humanitarian action for internally displaced people and refugees driven abroad. The resulting initiative was a true fusion of individual and corporate commitment to a cause that drew the support of our employees throughout the world.

We ran a two-month employee donation campaign on behalf of UNICEF's work supporting children affected by the war in Ukraine. In that time, members of the Oerlikon team donated CHF 62 000 to the program. Oerlikon, which had promised to double the total of the amount donated by employees, exceeded that commitment and ultimately increased the total donation to CHF 200 000.

These donations funded UNICEF's work establishing Blue Dot Hubs – protection centers within Ukraine and along the migration routes in Poland, Moldova, Romania, Belarus, Hungary and Slovakia. Each hub offers initial support to 3 000 to 5 000 people daily. For children, the hubs are a refuge where they can rest, play and simply be children under extraordinary circumstances.

photo) for donation to the NGO Respeito Não Tem Cor, which hosted an event that featured games, snacks for the children and toy distribution. The employees at Oerlikon's Jundiaí plant also decided to take a similar initiative. A team there collected toys, food and clothing for Casa de Nazaré, an association that provides assistance and protection to children and teenagers through institutional care.

In Switzerland, we held a charity auction for two Fiat 500s, which were used corporate carpooling cars. The auction was opened to all Oerlikon employees who reside in the Switzerland and Liechtenstein, and generated CHF 6900. The money was donated to the Aladdin Stiftung, which is dedicated to helping the families of children affected by illness or disability.

Continuing their good work from the past five years, team members in Italy further engaged in regular fundraising activities to aid the work of I Bambini delle Fate. This community organization provides economic support to help people who are living with disabilities or neurodivergent conditions.

In the US, Surface Solutions employees in Dayton, Ohio, completed two projects during 2022. As it has for many years, Team Dayton competed in the Battle of the Businesses, the city's number one fundraiser for the Special Olympics. More than 30 businesses took part in 12 athletic events, including miniature golf and bowling. The Oerlikon team placed at the top of its division, won the tug-of-war for the second time and raised USD 1000 for the charity. The American Cancer Society was the beneficiary of a second event that included representatives of Dayton's Component Supply (Friction Systems) team, which walked three miles in support of the fundraiser.

Given how many lives are touched by cancer, many of our employees are eager to support efforts to fund research into treatments and an eventual cure. In Manchester, a Surface Solutions team's participated in the Cancer Research UK's 10k Manchester Shine Night Walk and raised more than USD 1200 in support of cancer research.

As these examples (among many others) demonstrate, philanthropical activity and charitable work are not just core corporate values at Oerlikon. They are also central to the feelings of personal responsibility to society found in many of our employees. We admire their generosity in providing services to communities in need, and we are proud to partner with them in these endeavors.

Health & Safety

GRI 3-3

OCCUPATIONAL HEALTH & SAFETY
GRI 403-1

Oerlikon's ongoing health and safety (H&S) oversight is designed to maintain an attractive and safe workplace for our employees, as mandated by the Group's Executive Committee and Board of Directors and in keeping with our core values.

As our "Zero Harm to People" target suggests, we strive to ensure that no direct or indirect employees, contractors or visitors come to harm at Oerlikon's sites or while working for us at external locations. This ethos extends to our impact on the communities in which we operate. In keeping with the principle that all injuries and occupational illnesses can be avoided, we implement workplace programs that promote health-conscious behavior.

To fulfill our commitment to providing a safe and healthy working environment, we engage in 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 H&S.
- Work systematically to apply the parameters, processes and tools defined by the Group-wide, division and local H&S directives and guidelines, and within the scope of an H&S management system.
- Provide relevant H&S training to all employees.
- Conduct regular performance reviews.

H&S is a core component of Oerlikon's Code of Conduct, which is detailed in the Ethics & Integrity section of this report (page 68 to 73). Oerlikon's Health, Safety and Environmental (HSE) Sustainability Policy was launched in 2016. In January 2022, we formally integrated our other sustainability efforts and HSE into a new policy – Sustainability & HSE Policy. Oerlikon's intent, ambitions, commitments, actions, roles and responsibilities and governance concerning sustainability, health, safety and environment are defined in the policy, whose key messages appear on page 67 of this report and at www.oerlikon.com/en/sustainability/our-policies.

HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION
GRI 403-2; SASB RT-IG-440a.1

Our H&S management system governs Group-wide H&S practices as outlined in a 21-chapter document that covers a spectrum of H&S, risk management and wellness topics (see box below). Many of these topics are further detailed in Group guidelines and supplemented by division, business unit and business line standards and procedures regarding HSE risks or processes.

We require all sites to conduct a legal HSE compliance check annually, and these undergo third-party reviews every other year. Our system main-

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

tains meticulous records that track incidents of and responses to work-related injuries and significant near misses, all of which must be reported to top management and the Group HSE within 24 hours. This approach facilitates precision in response and prevention.

Stressors Identification and Exposure Monitoring

All our divisions and sites must have processes in place to identify the work environmental stressors that are to be monitored (see box below). Each site is required to undertake environmental stressor (hazard) identification and determine whether monitoring is needed, and if so, what type of monitoring is appropriate.

Approach to Hazardous Substances

In our coating R&D, equipment and services, a global process directive determines the requirement for the order, use and disposal of dangerous products. Dangerous products are substances, preparations, mixtures and solutions that have dangerous characteristics for people (e.g. poisonous, irritating, etc.) and for the environment (e.g. inflammable, environmentally harmful, etc.) and can therefore involve specific risks. The directive clearly outlines the approach and preventive steps taken in handling such substances:

- Before a (dangerous) product can be used at a workplace for the first time, either for tests at laboratory level or in the production process, advice on health, safety and the environment must be provided by the local HSE Manager.
- A list of banned and restricted chemical substances that have a major negative influence on health and the environment has been established. When requesting these banned and restricted chemical substances, the reason why no other chemical product can be used must be submitted. For every product used, a check against the banned and restricted list has to be performed. In case a banned and restricted product is still used, an alternative has to be searched and the banned and restricted product has to be replaced. This search has to be documented.
- For some chemicals that have been reviewed and deemed acceptable, a global exception exists and the sites do not have to search for alternatives.
- In handling waste, there must be a map clearly indicating storage areas, which are posted at multiple locations on site so that no one has doubts about where to put which kind of waste. All employees have to be trained in the handling of waste, including where to put which kind of waste, separate and different waste streams, dangers of the waste, etc. If the waste is treated internally after usage, for instance by evaporation, the safety professional has to make sure the facility in question has the necessary permits to carry out this activity. The remaining waste after internal treatment and the waste in general has to be collected and treated by a certified contractor.

STRESSORS MONITORED INCLUDE:

- Toxic/hazardous material exposures
- Atmospheric contamination
- Noise
- Air quality
- Ventilation
- Vibration
- Temperature
- Flammable gases
- Fire
- Radiation
- Ergonomics
- Lighting/illumination

Approach to Noise and Air Quality

Noise and air quality are potential stressors. If they are identified at the workplace, preventive measures will be implemented, such as noise reduction initiatives or providing ear protection.

In terms of air quality, specific dust-measurement programs in collaboration with national authorities for coating process may take place in addition to locally required workplace investigations. If required, technical measures to reduce dust and rules for personal protective equipment are regularly updated. This applies in an identical way at customer facilities using Oerlikon's equipment and in our own coating centers.

Protection From Equipment Usage Hazards

Following the global rollout of our lockout–tagout (LOTO) HSE guideline in 2021, we completed implementation of the procedure during 2022. This measure was launched to protect employees and contractors from hazards that can emerge during machine and equipment servicing and maintenance, where unexpected start up or release of stored energy could occur and cause injury.

HSE Policy and Incident Management
Oerlikon's HSE Committee establishes the company's HSE guidelines and processes, 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 H&S 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 H&S team of specialists who facilitate Group-wide implementation and monitoring of all related topics.

Thus, training for managers has been a long-standing requirement of our H&S management system. In 2022, we placed this topic again on the agenda, requiring top, senior, middle, and first-line managers to attend refresher courses and committing to establish a process for monitoring people who are undergoing training. In addition, we expect divisions and sites to establish visible safety targets.

In 2022, we conducted analyses of 14 accidents that occurred between January 2020 and May 2022. Although these accidents resulted in minor injuries that required only brief medical treatment, they exposed vulnerabilities in eye safety that alerted us to opportunities for improved practice in protecting the face and eyes in the workplace. A presentation that captured the findings, requirements and recommendations was disseminated company-wide to augment existing safety instruction.

Additional initiatives completed during 2022 include publication of a visual crane inspection checklist and instruction in safe operation of powered industrial trucks and electrical lift trucks. Each of these projects served to complement our existing H&S training and raise awareness of strategies for minimizing risk.

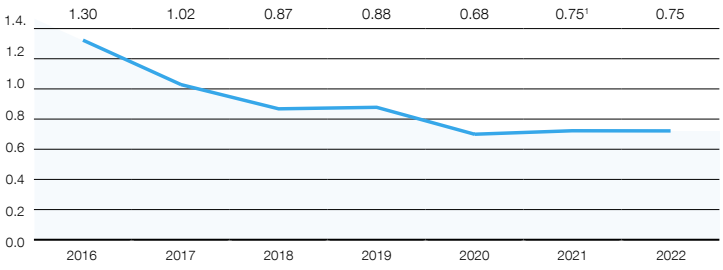
WORK-RELATED INJURIES
GRI 403-9; SASB RT-IG 320a.1

Oerlikon's key performance indicator on safety is our rate of recordable work-related injuries, referred to internally as the total accident frequency rate (TAFR), which is based on 200 000 hours worked by employees (including temporary workers but excluding independent contractors). We find it to be a good indicator because it encompasses accidents and medical treatments that did and did not lead to lost time. H&S data in 2022 includes a few small offices that provided the data.

We established a TAFR target for 2030 that was published in the 2020 Sustainability Report and uses 2019 as our baseline year. In 2022, Oerlikon's TAFR was 0.75, which is a reduction of 15% compared to 0.88 in the 2019 baseline year. Compared to the initial baseline set in 2016, there has been an aggregate 42% reduction.

At Oerlikon, we consider TAFR to be comparable to the total recordable incident rate (TRIR) since the actual number of cases where illnesses did not result from accidents are low.

TAFR (12-month rolling)



[1] GRI 2-4. Excluding acquisitions, TAFR was 0.72.

The Group also tracks the number of calendar days lost per each Lost Time Accident (LTA) per 200 000 hours worked. For 2022, this LTA severity rate was 12.04, a 26% decrease over 2021, when the rate of 16.17 (including acquisitions) reflected a few accidents that required longer recovery periods.

Oerlikon covers a broader scope than just near-miss and also takes into consideration unsafe situations, which can be unsafe acts or conditions, and safety suggestions (internally referred to NMUS). In 2022, our NMUS frequency rate was 30.6. In 2022, the fatality rate for work-related fatalities was zero.

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.

We conform with the GRI 403 Occupational Health and Safety 2018 by defining high-consequence work-related injury in terms of recovery time instead of lost time to determine an injury's severity. Recovery time refers to the time needed for a worker to recover fully to preinjury health status. We currently do not measure recovery time but intend to implement a process to track recovery time. In 2022, we had 2 such cases of work-related injury.

WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

GRI 403-5

"No person is allowed to work for Oerlikon or to visit an Oerlikon site without having received adequate safety instruction and training." This is the first of our five golden health and safety rules, which clearly states that new employees must receive adequate training before being approved to work at any of our sites.

Training covers site-specific rules, such as walkways and speed limits, and workplace-specific rules, such as personal protective equipment. Testing at the conclusion of training is recommended but not mandatory. The trainer and trainee must sign written confirmation that training was conducted.

In 2022, we piloted a safety leadership training module that was completed by 101 managers over the course of the year. Topics covered in the module include Sustainability & HSE policy, 5 golden safety rules, H&S responsibilities, hazard identification and risk assessment, behavior-based safety, safety moments, near misses and unsafe situations and accident investigation. We plan to continue rolling out this training program in 2023.

Since 2015, Oerlikon has hosted an annual global HSE Day, designed to address areas of existing or potential concern. HSE Day themes have included risk/hazard identification, 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.

The event went on hiatus for 2020 due to pandemic safety concerns. During HSE Day 2022, employees worldwide participated in activities and training related to the theme Wellbeing and Resilience.

We recognized the importance of acknowledging the stress that many of our employees are experiencing in today's world. They must manage a combination of external influences, such as health crises, geopolitics, inflation and resource scarcity and alterations to their professional environment, including remote working, the demand for high speed and agility, the rise of digitalization and the need to master the use of new tools and processes.

Studies have shown that even employees who are meeting these challenges successfully can benefit from support in maintaining resilience and health-positive habits. With that in mind, we shared information and resources about ergonomics, physical activity and proper use of the body (posture, movement and managing weight loads), stress reduction and relaxation techniques and mindfulness.

Participants had the opportunity to try a variety of stress-reduction techniques, such as yoga, breathing exercises and journaling. We also provided information about managing conflicts and other difficult situations to encourage mutual trust and foster productive relationships with coworkers.

OCCUPATIONAL HEALTH SERVICES
GRI 403-3

We organize occupational health services at the legal entity or site level in accordance with local regulations. Oerlikon appoints a local, usually external (third-party) doctor to provide services.

The majority of these doctors work off-site, but a number of doctors have a more permanent presence and provide in-house services at a few of our larger facilities. Appointed doctors regularly attend H&S committee meetings organized by local management to evaluate problems, issues and potential areas of improvement.

Oerlikon's H&S management system requires that all sites establish and maintain an industrial hygiene program that, with full medical input, anticipates and monitors workplace environmental stressors that may cause illness or disease. This allows us to implement mitigation actions, where needed. At sites where employees work with permitted hazardous substances or face air quality issues, we regularly monitor the health status of the employees by means of preventive medical checkups.

We respect the confidentiality of all employee health and safety related information 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 205 sites in 37 countries, each governed by local labor and labor-related laws and regulations regarding worker participation, consultation and communication. Workers' participation and consultation are set up in compliance with regulations that differ by locality.

Almost all sites have H&S committees to address 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, committee members include workers' representatives, a representative from management, an H&S officer and a company doctor.

Meetings take place regularly several times per year (in many countries on a quarterly basis). Oerlikon's H&S management system requires concerned personnel to be involved in the risk assessment process and in investigations of accidents and incidents and to share lessons learned.

To enhance awareness and communication, safety moments, which are brief discussions on a safety-related topic, are held at the beginning of a work shift to remind employees about safe practices and issues related to safety. This practice extends to both Oerlikon and customer sites that operate the systems.

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 promotes workers' health through global and local initiatives. In December 2021, we launched a wellness-focused Adaptive Resilience program designed to help employees learn to foster empowerment, build trust, focus on clarity and improve their mental well-being. During 2022, 13 participants were trained under this program.

Safety measures that Oerlikon initially implemented in response to COVID-19 have now been integrated into our overall approach to workplace health and protecting employees from infectious diseases. These strategies apply equally to emerging health risks and to long-standing seasonal viruses. We continue to offer free flu vaccinations worldwide, and although participation is voluntary, we encourage employees to protect themselves, their coworkers and their families by getting the flu vaccination.

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

GRI 403-8

Oerlikon's safety rules also apply to indirect employees, such as short-term contractors or technicians servicing machinery. Visitors must review 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 or 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 13% of work-related injuries in 2022 (2021: 12%). 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.

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. We apply these standards from the product design phase through production, assembly, packaging, labeling, training, delivery and on-site customer service.

We also use a certified quality management system to ensure quality standards. If potential dangers cannot be completely avoided when using Oerlikon

Oerlikon Approach to Product Safety

Oerlikon products and services clustered into 3 business models:
1) machinery/equipment; 2) materials; and 3) coating as a service / components / AM and cover 100% of Group Sales

Machinery & Equipment		Materials	Coating as a Service / Components / AM
Polymer Processing Solutions	**Surface Solutions**	**Surface Solutions**	**Surface Solutions**
Directive on Machinery Safety: 1. Transport 2. Assemble/install/test 3. Commissioning 4. Operation/use 5. Decommissioning 6. Disassembly 7. Disposal		**Regulatory compliance:** 1. Safety data sheet software updated for regulations 2. Ensure compliance with key global regulations: REACH, RoHS, etc. 3. Product development/training	**Regulatory compliance:** 1. Coating development & testing 2. Ensure compliance with key global regulations: REACH, RoHS, etc. 3. Industry standard regulations and accreditations
Stages: 1. Design/customization/risk 2. Support and training 3. Final checks 4. User manuals and safety data sheets 5. Ongoing support		**Stages:** 1. Quality control (test) and packaging 2. Safe transportation 3. Safety data sheets 4. Customer support/training	**Stages:** 1. Quality control (test) and packaging 2. Safe transportation 3. Safety data sheets to customer 4. Customer support/training
Machinery/equipment manufactured by Oerlikon and operated by customer		Materials (e.g. powder metals) manufactured and blended by Oerlikon and sold to customer as consumables	Customer manufacturers components, sends to Oerlikon, Oerlikon coats to specification then sends them back to customers

products, Oerlikon clearly indicates this with health and safety warnings. When transporting products or materials, we adhere strictly to international and local trade, export, packaging, transportation, labeling and declaration paper regulations.

Oerlikon products and services can be clustered into three business models that cover 100% of Oerlikon's sales:

- Machinery and equipment
- Materials
- Coating as a service/components/AM

For all three categories, Oerlikon has in place comprehensive safety measures, including safety directives, safety data sheets (SDS) and product manuals, and safety is defined and ensured from the very beginning at the design stage all the way to ongoing customer support after delivery of the equipment/product. See the table on page 54 for further details. In addition, all Oerlikon sites fully comply with international and local safety standards (see list on page 57).

Equipment

Oerlikon's equipment is basically 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

All 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.

Directives on Machine Safety (MS) are in place for both Polymer Processing Solutions and Surface Solutions, following the ISO 12100 Safety of Machinery – General principles for design as the authoritative specification, without being limited to them. The directives are guided by a close-loop concept (see chart below) that considers legal requirements as well as branch-internal and brand-independent external audits.

This internal directive clearly defines the concept, structure and roles of responsibility for ensuring product safety. Safety is one of our essential principles, and the directive informs and enforces our commitment to protecting the safety of persons handling our products at Oerlikon or customer sites worldwide.

Safety Concept on Machine Safety at Polymer Processing Solutions

At the division and branch levels in the Processing Solutions Division, there are also Safety Committees being set up with clearly defined processes and actions to monitor machinery safety issues and determine appropriate escalation steps when required.

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 at each phase of the innovation process from feasibility and verification through equipment and process safety. For the European Economic Area (EEA), CE certification is the final step. Checklists for starting up safety-relevant components are maintained for each system, as are manuals that include SDS. Available in all European languages and more than 10 non-European languages, the sheets highlight residual risks and aspects on which the operator needs training. These checklists, manuals and SDS are delivered with the equipment to customers.

If incidents are reported, we take the following actions, if required:

- Perform accident analysis with customer
- Adapt safety concept
- Send out technical information/safety information to all customers worldwide for prevention

The incident will become a product sustainment project, which will send the technical and safety information to all customers worldwide to prevent and track safety or other issues if they occur.

Moreover, equipment maturity program projects are executed for older versions of machines and for machines from acquired companies if our required levels of safety standards 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. Reports on near-miss incidents and customer product observations provide us with feedback that results in mitigation actions or flows back into product development for design improvements.

Customers from both Surface Solutions and Polymer Processing Solutions receive training via extensive documentation, including on residual risk (using an operational manual). We organize regular internal safety events and training on machinery safety. All employees in engineering are trained by the safety department during onboarding and complete regular refresher courses.

Materials
SASB RT-IG-440a.1

In our materials business, we regularly check on and enforce our products' full compliance with all relevant regulations, including the EU's regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the EU's Restriction of Hazardous Substances (RoHS) regulation. Products that are not compliant are replaced before introduction on the market.

For all our materials sold, we provide customers with SDS 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 published in all the relevant local languages and are available for download online.

The SDS provides information including:

- The national/local emergency telephone number, including 24-hour response service number.
- Composition/information on ingredients.
- First aid measures.
- Firefighting measures.
- Accidental release measures.
- Exposure controls and personal protection.
- Accidental release measures.
- Toxicological information.
- Ecological information.
- Disposal considerations.
- Transport information.

The SDS are generated with software that complies with regulatory standards and is updated three to four times per year to include any new global, regional or local regulatory classification and requirements. Our team of materials experts network with industry groups and consultants to exchange information and keep up to date on regulatory and technological changes in chemicals and materials.

Coatings

All Oerlikon's production and coating centers worldwide adhere to strict H&S guidelines provided by the company. It addresses not only health issues, such as ergonomics, but also safety guidelines on how to work with machinery, materials, waste and ensuring protection such as safety glasses.

The safety and prevention procedures and processes for equipment apply to the development of coatings (both thin film and thermal spray) and to the coating processes, both at customer facilities using Oerlikon equipment and in our own coating centers:

- Risk analysis is performed before the start of a development project.
- There are clear specifications of basic materials and substances of the coating, which are subjected to regular supplier audits.
- The layer specifications are determined to ensure the absence of hazardous substances and/or are compliant with limit thresholds defined by standards such as REACH, RoHS or the minimization principle applied at Oerlikon.
- In the event that the coatings or coating processes generate air particles, specific dust-measurement programs in collaboration with national authorities for coating processes may take place in addition to locally required workplace investigations.

All employees are trained to comply with the rules for the use of personal protective equipment, where required, and these rules are regularly updated.

Contractor Safety

Contractors working at an Oerlikon site must work in a safe way. In 2022, we began global implementation of a guideline that sets high-level requirements for contractor safety and outlines the minimum requirements for contractor safety management that each site must apply when outsourcing jobs and services to contractors. We have established standards for contractors in 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. The contractor selection process must be completed in close cooperation with the local procurement department, and the contractor's safety record, as well as self-information, its health and safety management plans and references, must be provided and considered before the contract is granted.

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)

Responsible Sourcing & Human Rights

GRI 3-3

SUPPLIER CHAIN & SUPPLIER SOCIAL ASSESSMENT

GRI 2-6; GRI 414-1,2

Responsible sourcing at Oerlikon involves an ongoing investment in strong supplier partnerships. These are key to ensuring that we maintain our research and production timetables, sustain uninterrupted operations, deliver on our obligations to customers and employees and try 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.

We select 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 upholding world-class standards of management.

Once identified, all prospective and new suppliers are invited to go through our five-stage relationship management process. Oerlikon pursues relationships only with suppliers that complete this process and agree to comply with our Supplier Code of Conduct.

The Oerlikon Supplier Code of Conduct, which is published in English, German, Spanish, Italian, Chinese, French, Hindi and Portuguese, is publicly available for download on our corporate website and 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.
- Business integrity.
- Human rights, fair labor conditions and child labor.
- Health, safety and environmental management.
- Protection of tangible and intangible assets.
- Trade control.

At Oerlikon, responsible sourcing entails obtaining the best value for the materials, goods and services we purchase and maintaining the highest ethical standards in dealing with suppliers. Value includes total cost of ownership, price, quality, logistics and service. This is essential to achieve sustained cost reduction and innovative capabilities, while mitigating risks in our supply chain and optimizing our net working capital.

A defined set of direct and indirect material (DM and IM) categories is managed by an integrated global organization in a project-driven approach to maximize efficiency and to continually reduce costs in order to enhance Oerlikon's profitability.

Closely collaborating with divisions and sites, the Global Category Leader is responsible for defining DM or IM category strategies and monitoring their implementation. The Key Procurement Manager, the Regional Head of Procurement and the Category Buyer are responsible for executing the relevant sourcing projects in line with the category strategy. The Regional Procurement Organization is defined in five main regions: the Americas, Europe, Northeast Asia, Southeast Asia and Japan. Hence, this footprint represents the geographic locations of our suppliers. Due to confidentiality constraints, we do not disclose the proportion of spending on local suppliers. Generally, 65% of our total spend is on direct materials and 35% for indirect materials.

Oerlikon's Supplier Code of Conduct

Due Diligence

In 2022, we audited 216 of our suppliers to ensure that our Supplier Code of Conduct is respected. This was a significant increase from 2021, when we audited 162 suppliers.

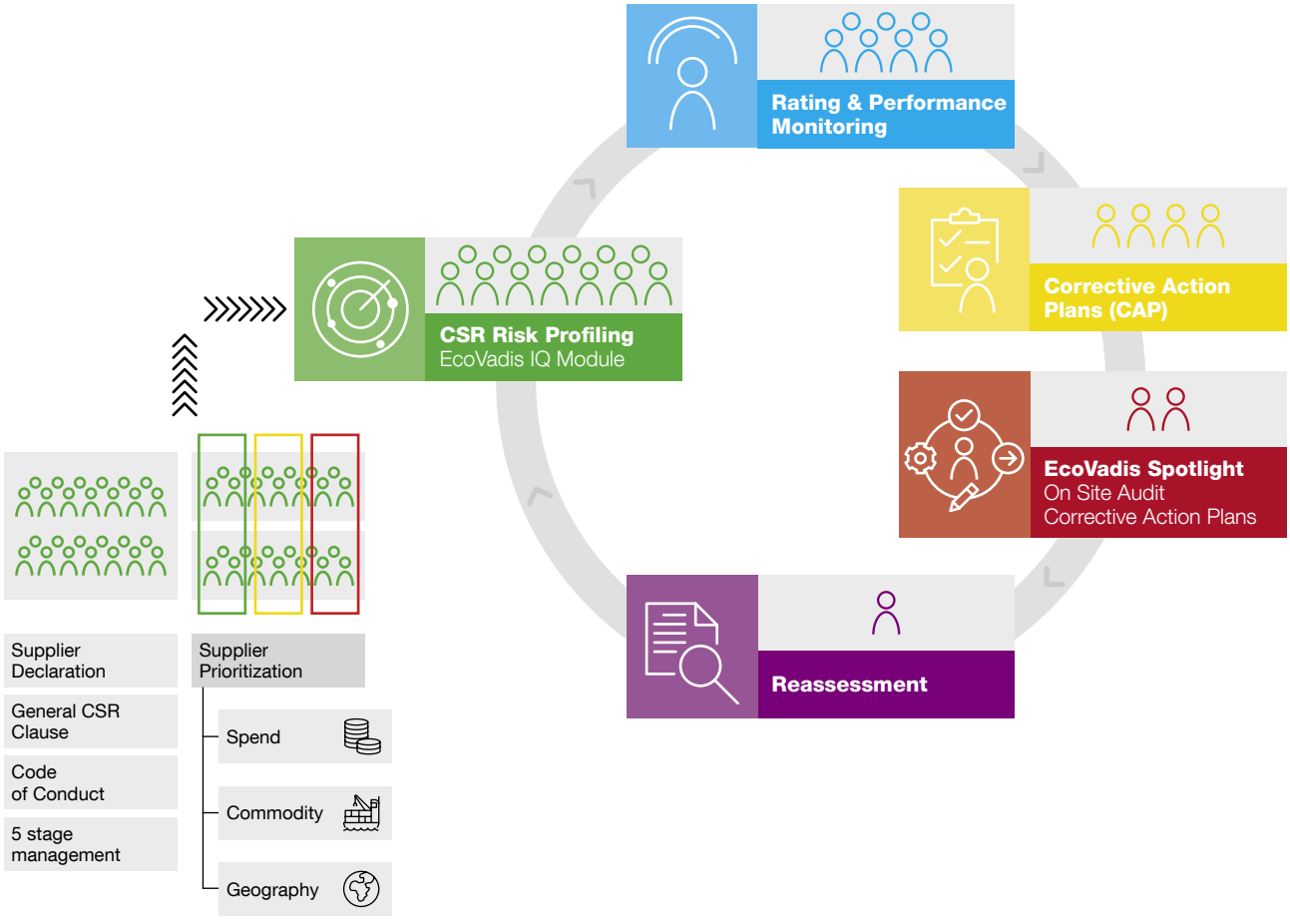
100% of our global team of procurement colleagues are trained in the Supplier Code of Conduct, and they strictly apply these standards in their assessment and selection of new suppliers. All of our suppliers must agree to Oerlikon's Supplier Code of Conduct and to the general terms and conditions. In 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 non-conformance issue persist.

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.

EcoVadis provides companies with 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 using EcoVadis' corporate social responsibility (CSR) risk profiling IQ module.

EcoVadis Assessment Process



Our collaboration with EcoVadis enables 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.

Firstly, we 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 criterion in managing our supply chain.

As the next step in our sustainability journey, we mapped out our goals from 2022 to 2030 in our Sustainable Procurement Roadmap to provide us with a plan on how we want to evolve our sustainable procurement over the next few years. The roadmap covers our intentions to develop the program, to build captaincy through training and engagement, as well as setting improvement goals and individual KPIs.

In 2022, we made significant progress. 100% of Oerlikon commodity managers completed sustainable procurement training via an EcoVadis webinar, and the program is to be cascaded within the divisions. In addition, we will provide education to the procurement team regarding the differences between EcoVadis IQ (risk mapping) and EcoVadis Rating (performance monitoring and corrective action plans) as part of our expanded procurement strategy.

We also completed the EcoVadis rating process for rated suppliers covering 20% of mapped spending (key and strategic suppliers). Our goal is to cover 100% of our mapped spend by 2030.

Since our assessment process for all key and strategic suppliers using EcoVadis is still in its preliminary phase, it is premature to speculate on the negative social impact and the actions that need to be taken in the event of such negative impacts. In general, the EcoVadis tool covers corrective actions such as additional due diligence, contract clauses and monitoring, as well as on-site audit for suppliers with severe risks or specific needs.

Toward the end of 2022, we updated our Supplier Code of Conduct to formalize our commitment to include sustainability as an essential part of our procurement strategy. The updated Supplier Code of Conduct is available on our website (www.oerlikon.com/en/sustainability/our-policies/) and will be rolled out to the divisions in 2023.

RISK AND MEASURES UNDERTAKEN

We address the main risks and required measures regarding suppliers by way of our collaboration with EcoVadis. The EcoVadis methodology covers 21 ESG criteria (see box below).

Similarly, the 21 ESG criteria in the EcoVadis methodology provide us with the framework for addressing anti-corruption risks and measures, including ethics, anti-competitive practices and responsible information management.

Environmental Issues	Social Issues	Governance Issues
Climate change and carbon emissions	Customer satisfaction	Board composition
Air and water pollution	Data protection and privacy	Audit committee structure
Biodiversity	Gender and diversity	Bribery and corruption
Deforestation	Employee engagement	Executive compensation
Energy efficiency	Community relations	Lobbying
Waste management	Human rights	Political contributions
Water scarcity	Labor standards	Whistleblower schemes

CONFLICT MINERALS & THE MANAGEMENT OF RISKS ASSOCIATED WITH THE USE OF CRITICAL MATERIALS

SASB RT-IG-440a.1

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 Electronic Industry Citizenship Coalition (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.

Furthermore, Oerlikon is a member of the global Responsible Minerals Initiative (RMI), which is one of the most utilized and respected resources for companies from a range of industries addressing responsible mineral sourcing issues in their supply chain (see page 62 for details on the RMI program).

Moreover, the described downstream and upstream assessment program of the RMI is designed to provide a robust validation for customer requirements across mineral and metal value chains, and to meet the EU Responsible Minerals Regulation (EU Regulation 2017/821) requirements for EU importers of 3TG that do not meet the definition of a smelter or refiner.

RMI PROGRAM

Responsible Minerals Assurance Process (RMAP)	The RMI identifies smelters and refiners that produce responsibly sourced materials. To confirm this status, they use specially trained third-party auditors to independently verify that these smelters and refiners have systems in place to responsibly source minerals in conformance with the RMAP. A list of smelters and refiners that meet the requirements of the audit standards are published online. The audit standards are developed according to global standards including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from conflict-affected and high-risk areas and the US Dodd-Frank Wall Street Reform and Consumer Protection Act.
Conflict Minerals Reporting Template (CMRT)	The RMI offers a free, standardized reporting template that facilitates the transfer of information through the supply chain regarding mineral country of origin and smelters and refiners being utilized. The template also facilitates the identification of new smelters and refiners to potentially undergo an audit via the RMAP.
Due Diligence Guidance	The due diligence working group from the RMI focuses on producing white papers and other analyses and guidance for companies about best practices and various standards to address responsibly sourced minerals in the supply chain and reporting.
Stakeholder Engagement	The RMI regularly participates in public forums to provide information about the RMI and RMAP and share tools, best practices and mechanisms to identify and mitigate risks in the mineral supply chain. The RMI engages a variety of non-governmental organizations, responsible investor groups, governments and multilateral institutions to discuss emerging issues, best practices and work on addressing shared challenges. The RMI also participates in a range of multi-stakeholder groups and hosts an annual workshop to provide a forum for dialogue with stakeholders.

05 Our Governance Commitment

Our Governance

05

GRI 3-3

SDGS IN FOCUS:

GOVERNANCE STRUCTURE AND BODY

GRI 2-9

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 and described in detail in the Corporate Governance Report in Oerlikon's Annual Report and published on Oerlikon's website www.oerlikon.com. 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 company's Organizational Governance Rules and the Oerlikon Code of Conduct (CoC), which clearly defines the ethical and legal framework of all our business activities.

MANAGEMENT APPROACH

GRI 2-9,10,11,12,13,16,17,18

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 Executive Chairman's active direction (for an explanation of Oerlikon's Executive Chair Model, see the Corporate Governance Report in Oerlikon's Annual Report and on Oerlikon's website www.oerlikon.com) and supported by our Board of Directors and its committees. 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.

Furthermore, sustainability is endorsed and overseen by the Board of Directors. The Board's agenda covers sustainability topics throughout the year and dedicates significant time for the purpose of establishing the overall guidance for the Oerlikon Group's sustainability strategy. In this process, the Board will also delegate specific sustainability topics to its committees.

The Board has mandated a dedicated Chief Sustainability Officer (CSO), who is a member of the Executive Committee (EC) and reports to the

Executive Chairman, to monitor, align and execute the sustainability strategy. Led by the CSO, the Sustainability Management Team (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 SMT consists 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. The figure below provides an overview of how sustainability is embedded in Oerlikon's Board and leadership structure.

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, the Success Model and Oerlikon's Policy on Sustainability, Health, Safety and the Environment as published on Oerlikon's website www.oerlikon.com.

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.

Board members are selected and nominated in a fair and non-discriminating way toward minorities. Oerlikon strives to have a well-diversified Board, considering skills, experiences, geographic reach, tenure and gender. The Board refreshment process is described in more detail in the Corporate Governance Report in Oerlikon's Annual Report and published on Oerlikon's website www.oerlikon.com.

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

SUSTAINABILITY GOVERNANCE FRAMEWORK

GRI 2-9,10,11,12,14,18

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. • Determines executive compensation and incentives.
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 focus areas: (1) operational/technical, (2) communications/IR and (3) metrics/KPIs. • Executes sustainability strategy and coordinate action plans working with subject matter experts from the divisions, business units and functions.

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 the following:

- Working closely with the divisions and Group functions in executing the sustainability strategy, program and action plans.
- Developing the road map for the rollout 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.
- Managing and coordinating stakeholder dialogues with regard to social, ethical and environmental matters.

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 as well as diversity, 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.
- Listen to, partner 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

Ethics & Integrity

COMPLIANCE WITH LAWS AND REGULATIONS

POLICY COMMITMENTS AND PROCESSES

GRI 2-23,24,27

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

The chain of ethics and compliance accountability is as follows:

- Group Compliance reports twice yearly to the Audit and Finance Committee (AFC), a committee of the Board of Directors (BoD).
- Group Audit reports all compliance investigations to the AFC.
- All compliance-related matters are communicated to the BoD via the Chair of the AFC or the Chief Legal Officer/General Counsel, who attends all BoD meetings as the BoD secretary.
- The Head of Audit presents all investigations and cases to the AFC. These cases are reported to the BoD by the Chair of the AFC biannually and as required.
- The Compliance Review Board, which is chaired by the Head of Compliance and has the Head of Audit as a member, meets biannually to review all reported cases.
- From January 1, 2022, to December 31, 2022, there were 14 cases.

Oerlikon's robust compliance and integrity platform has evolved continually since its launch in 2009. Our CoC was updated in 2020, making electronic training annually (instead of every two years) and mandatory.

Complementing the digital training, the Face2Face (F2F) programs provide the CoC training for operational employees without digital access. Further developments to promote ethical behavior include enhancing our business partner integrity screening process and communicating our antitrust compliance program to both internal and external stakeholders.

The compliance program's framework has three pillars:

1. Prevention: policies, directives, training, the CoC, 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.

Moreover, Oerlikon has broadened the scope of its governance framework by integrating ethics within its leadership development initiatives, focusing on the following:

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 CoC prioritizes Oerlikon's most significant asset: its extraordinary reservoir of talented people. By promoting company-wide understanding and appreciation of the core values encapsulated in the CoC, our leadership team ensures that our employees comply with and take pride in these standards. This creates our strongest foundation for pursuing the continued evolution of a comprehensive sustainable ethics and compliance governance framework.

In early 2022, we published our new Sustainability & HSE Policy. All policies at Oerlikon are approved by the BoD and EC. Responsibility for oversight and

implementation rests with a cross-functional team that includes members from sustainability management, human resources, compliance, legal and procurement.

Oerlikon's policies are publicly available on www.oerlikon.com/en/sustainability/our-policies/. Upon issuance of a new, revised or updated policy, we disseminate the information globally via our internal communication platforms such as the intranet and yammer. The information is also shared with all leaders and senior management to relay to their divisions and teams.

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 Policy Against the Use of Child Labour	2021
• Code of Conduct	2021
• P Policy on Global Antitrust Compliance	2015
• P Non-Discrimination and Anti-Harassment Policy	2021
• P Against Human Trafficking and Slavery	2021
• Safety Data Sheets (SDS)	ongoing
• Supplier Code of Conduct	2022
• P Sustainability and Health, Safety & Environment (HSE) Policy	2021
• D Unannounced Inspections	2015
• P Reporting (Whistleblowing) Policy	2021

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

Oerlikon is committed to training all employees with digital access annually. Since 2017, electronic compliance training in the CoC and data privacy has been mandatory for Oerlikon employees. Since then, participation rates for the CoC e-training have improved steadily, with 60% of registered users completing the training in 2017. This figure rose to 90% in 2019, 91% in 2020 and then 97% in 2021, excluding employees in Germany due to agreements with worker councils and employees from companies acquired in 2021. In 2022, 95.3% of registered employees worldwide, including staff in Germany and acquired entities, completed the e-training.

In 2020, Oerlikon committed to providing regular CoC training to colleagues without digital access at work. Due to the pandemic, the rollout of the training was delayed. In November 2022, the Surface Solutions Division started rolling out the training and also organized train-the-trainer sessions for several entities to prepare them to conduct training on their own. The goal is to provide the tools and materials for the sites to conduct the training according to the availability of the production employees and their shift schedules. The F2F training at the division will continue into 2023. At the Polymer Processing Solutions Division, synergies are being established with the Surface Solutions Division to offer F2F training to employees. Our longer-term objective is to have more than 95% of all employees trained both digitally and F2F by 2030.

Furthermore, as part of the quarterly certification, legal entity heads must certify that they have met all compliance-related obligations. In addition, all contracts with suppliers, vendors and third parties refer to the Group CoC and Supplier Code of Conduct. All parties who are interested in working with Oerlikon must adhere to Oerlikon's CoC and/or their own Code of Conduct.

MECHANISMS FOR SEEKING ADVICE AND RAISING CONCERNS
GRI 2-26

Oerlikon updated its Whistleblowing Policy in 2021. The Whistleblowing Policy is made available to all employees as well as external stakeholders on the company's website.

Since 2015, we have maintained an active, 24/7/365 reporting hotline, run by an independent third-party provider, to enable concerned colleagues to alert us so that we may act swiftly to prevent or address instances of potential wrongdoing. The hotline provides a mechanism for reporting complaints related to wrongdoing or CoC violations. This includes human rights or human

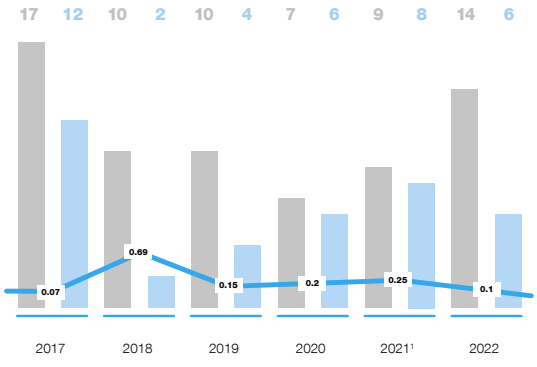
sustainability issues, such as harassment, diversity and inclusion.

Cases pertaining to the misdirection of funds or to physical bullying have led to dismissals with cause of those individuals. Thus, Oerlikon's CoC 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.

To ensure company-wide awareness, we have engaged in ongoing informational campaigns. Initially, we notified employees about the hotline via posters and through training sessions, townhalls and internal communications channels. Operational employees in some jurisdictions had messages sent with their pay notifications. We have also prepared materials that walk employees through the reporting process. Beginning in 2021, a compliance e-training module included an explanation of how to make a whistleblowing complaint and F2F training showing operative employees how to report via the hotline.

In addition, we encourage employees to feel at liberty to raise issues with direct line managers, other colleagues, other managers, human resources, legal and/or compliance. There is a dedicated compliance officer in each of the two divisions of the Group.

Compliance Cases



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

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 reduced compliance breaches by more than 40% from 2014 to 2021.

In 2022, we received 14 complaints via the reporting hotline, which is intended primarily to alert management to bribery and corruption issues, but which yielded information on additional topics as well. There were 6 substantiated cases: all 6 were related to Code of Conduct incidents. The company has terminated the employment of staff members when evidence proved that they engaged in improper behavior.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS

GRI 2-25

Both our CoC and our Whistleblowing Policy prohibit retaliation for complaints and allegations brought in good faith. We take all complaints seriously, including those submitted anonymously, and review the evidence provided with the complaint, as well as additional evidence gathered during any investigation.

Group Compliance and Group Audit serve as first-line investigators of complaints received via the whistleblowing hotline, and the Group Compliance Review Board, which is part of the Group's governance oversight structure, reviews all complaints. When more specific expertise is required, we hire the necessary related experts. Compliance complaints are communicated to the highest governance body, both the AFC and BoD.

Any matter that represents a potential material effect on the company's profit and loss, for example, due to a potential fine or sanction, or brand reputation, or any incident that has caused harm to any employee that could lead to litigation, is regarded as high risk.

Oerlikon's Whistleblowing Policy is available online: www.oerlikon.com/en/sustainability/our-policies/. Employees can also access it in a total of 11 languages in the company's intranet.

CHILD LABOR
GRI 408-1

Oerlikon does not participate in and does not accept child labor. We support all international conventions pertaining to the nonuse of child labor, and our 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 employees or representatives to report any incident or complaint of child labor 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 reporting hotline (SpeakUp).

Any reported allegations of child labor will be promptly investigated. If use of child labor is found in Oerlikon's supply chains, we will take all appropriate measures to mitigate any risks by developing a responsible solution, which may include work in partnership with the supplier and/or a termination.

Adherence to nonuse of child labor is clearly defined in our policy and CoC as well as our Supplier Code of Conduct but is managed locally and by suppliers themselves. We currently do not have a system in place that gathers data regarding which operations and suppliers are considered to have significant risks of such incidents.

FORCED OR COMPULSORY LABOR & HUMAN RIGHTS ASSESSMENT
GRI 409-1

Oerlikon is committed to a safe work environment that is free from and provides 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 in 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 termination of relationships with partners or suppliers engaged in those practices.

As with the process defined for child labor, Oerlikon strongly urges employees to report any incident or complaint of human trafficking 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 reporting 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 CoC and Supplier Code of Conduct. Management, tracking and actions taken are handled locally and by suppliers themselves. We currently do not have a system in place that gathers data regarding 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.

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.

ANTI-CORRUPTION AND ANTI-BRIBERY
GRI 205-1, 2

Oerlikon and its employees are neither to engage nor assist in any behavior that might be construed as corruption or bribery. We support all international conventions and local laws that govern anti-corruption and anti-bribery.

Since 2012, Oerlikon Anti-Corruption and Anti-Bribery directive that was approved by the EC has been in effect. The directive, which defines our ethical business conduct principles in alignment with the CoC, provides specific guidance with regard to active, passive, direct and indirect corruption, direct or indirect benefits, corruption and bribery, political contributions, charitable contributions, facilitation payments and giving or receiving of gifts, hospitality and entertainment.

The directive is available on Oerlikon's intranet and website (www.oerlikon.com/en/sustainability/our-policies/). This topic is covered as part of the annual CoC e-training and F2F training for employees, and all employees are expected to take decisions that align with the principles it details.

As valid for all breaches, Oerlikon strongly urges employees to report any incident or complaint of corruption or bribery 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 reporting hotline (SpeakUp).

NON-DISCRIMINATION
GRI 406-1

Oerlikon is committed to a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, Oerlikon expects that all relationships among persons in the workplace will be business-like and free of bias, prejudice and harassment.

In 2021, Oerlikon issued a Non-Discrimination and Anti-Harassment Policy, endorsed by Oerlikon's Board of Directors, to underscore the importance of this topic within the company.

The policy clearly defines that no one shall be discriminated against on grounds of race, color, national origin, religion, sex, age, physical disability, mental disability, medical condition, ancestry, alienage or citizenship status, marital status, creed, genetic information, height or weight, sexual orientation, gender, gender identity, gender expression, transgender status or any other characteristic protected by law. Oerlikon prohibits and will not tolerate any such discrimination or harassment.

The policy specifies that everyone at Oerlikon has the duty to promote non-discrimination and not to tolerate harassment and sexual harassment. This cross-sectional task lives from the active support of all employees of Oerlikon. The global human resources team is responsible for implementing this policy.

Essential elements of this policy are:
- Recruiting, hiring, training and promoting in all job classifications without regard to race, color, national origin, religion, sex, age, disability, alienage or citizenship status, marital status, creed, genetic information, height or weight, sexual orientation, gender identity or gender expression or any other characteristic protected by law.
- Each employee has the opportunity to contribute his/her best according to his/her abilities and qualifications.
- Redress of discrimination and harassment, the removal of barriers and prejudices, also with regard to career opportunities
- Ensuring that all personnel actions and practices are administered in a fair, equal and consistent manner.
- Harassment, sexual harassment of any kind and behavior will not be tolerated and will be prosecuted according to the legal regulations.

For the details regarding the mechanisms for seeking advice or raising concerns and the processes to remediate negative impacts, please refer to pages 69 and 70.

CUSTOMER PRIVACY

In 2022, Oerlikon did not receive any complaints from customers or prospects in relation to our use of their personal data or direct marketing activities.

There was no data security breach requiring a notification to data protection authorities. All our

employees passed their annual Group-wide General Data Protection Regulation (GDPR) training in 2022.

At Oerlikon, we have data protection policies and guidelines that define data protection requirements as well as roles and responsibilities. We also have privacy notices dedicated to customers and prospects. These policies and privacy notices are aligned with applicable data protection laws, in particular the GDPR and UK and Swiss data protection requirements.

TAX GOVERNANCE AND STRATEGY

Oerlikon's tax strategy is executed in compliance with our CoC 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 EC, 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

GRI 2-6

The international trade 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 Russia/Belarus, 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; and
- 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.

06

About this Report

REPORTING PRACTICE
GRI 2-3

The Oerlikon Sustainability Report 2022 is our third 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 2022. Oerlikon intends to continue reporting on sustainability on an annual basis.

Reporting Scope
The report generally covers all of the Oerlikon Group companies worldwide, including wholly owned subsidiaries and majority-owned joint ventures as well as acquired entities. In total, Oerlikon operates 205 sites in 37 countries in 2022.

The employee data covers employees from all legal entities of the Group worldwide (see Annual Report pages 124 and 125). For the environmental and health & safety metrics, data from operational sites were included in the calculation. Operational sites refer to relevant sites, that is all production sites and offices with more than 50 employees, plus a few small offices (< 50 employees) that have provided data in the year under review. The list of sites/legal entities whose data are consolidated for environment and health & safety can be found on pages 87 to 90 of this report.

Reporting Standards
To define the contents of this report, we have referred to the GRI Standards 2021, the SASB Standards and to the results of the materiality assessment and the material topics identified in this process (see pages 14 and 15 of this report). We have also taken into account stakeholder feedback on reporting, best practices in sustainability reporting and the applicable United Nations SDGs.

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 and included relevant disclosure topics in the GRI content index, which can be found from pages 76 to 79 of this report. Omission from the material issues addressed in our report does not mean an issue is not managed.

We have opted in this report to also disclose according to SASB's industry category: Industrial Machinery & Goods. The SASB mapping can be found on page 80. SASB Standards guide the disclosure of financially material sustainability information by companies to their investors. Effective as of August 1, 2022, the Value Reporting Foundation – home to the SASB Standards – consolidated into the IFRS Foundation, which established the first International Sustainability Standards Board (ISSB). SASB Standards now fall under the oversight of the ISSB.

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 2022
The entities acquired in 2021, including INglass and Couerdor, are integrated and consolidated in the 2022 report. Any new relevant sites opened by Oerlikon in 2022 are also 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 all environmental metrics, including energy, renewables, emissions, waste and water, the total operational sites consolidated in 2022 are 166.

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.

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. In 2022, health and safety data includes data from 174 operational sites, that is including the 2 small sites that have provided environmental data and 8 additional small offices that have delivered health and safety data.

Our compliance data is collected by the Head of Compliance and Internal Audit teams. The majority of Oerlikon's compliance cases are reported through its 24/7 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 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, 2022, and December 31, 2022.

Independent Assurance Summary

The limited assurance engagement of PricewaterhouseCoopers AG covered Selected Indicators in our Sustainability Report for the year ended December 31, 2022. Testing procedures included – amongst others – one physical and 2 virtual site visits for relevant operational sites. The assurance report can be found on pages 91 to 93.

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GRI Content Index

CONTENT INDEX ESSENTIALS SERVICE 2023

Oerlikon has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022.

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

GRI Disclosure		Location/Direct answer	Page
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021			
1. The Organization and its Reporting Practices			
2-1	Organizational details	Annual Report 2022	29
2-2	Entities included in the organization's sustainability reporting	Sustainability Report 2022	87
2-3	Reporting period, frequency and contact point	Sustainability Report 2022	74
2-4	Restatements of information	Sustainability Report 2022	51
2-5	External assurance	Sustainability Report 2022	91
2. Activities and Workers			
2-6	Activities, value chain and other business relationships	Sustainability Report 2022	18, 58, 73
2-7	Employees	Sustainability Report 2022	41, 80, 83
2-8	Workers who are not employees	Sustainability Report 2022	41, 83
3. Governance			
2-9	Governance structure and composition	Sustainability Report 2022	10, 64, 65
2-10	Nomination and selection of the highest governance body	Sustainability Report 2022	10, 64, 65
2-11	Chair of the highest governance body	Sustainability Report 2022	10, 64, 65
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Report 2022	10, 64, 65
2-13	Delegation of responsibility for managing impacts	Sustainability Report 2022	64
2-14	Role of the highest governance body in sustainability reporting	Sustainability Report 2022	65
2-15	Conflicts of interest	Annual Report 2022	35-37
2-16	Communication of critical concerns	Sustainability Report 2022	64
2-17	Collective knowledge of the highest governance body	Sustainability Report 2022	64
2-18	Evaluation of the performance of the highest governance body	Sustainability Report 2022	64, 65
2-19	Remuneration policies	Annual Report 2022	52-67
2-20	Process to determine remuneration	Annual Report 2022	52-67

GRI Standard	Disclosure	Location/Direct answer	Page
2-21	Annual total compensation ratio	Confidentiality constraints on employee compensation. Oerlikon complies with the Swiss governments' ordinance against excessive remuneration, whereby the Board and Executive Committee's remuneration are voted and approved by shareholders at the AGM. Oerlikon also reports on the total remuneration of its Board and Executive Committee, including the remuneration of the highest paid individual for each governing body.	
4. Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	Sustainability Report 2022	5, 10
2-23	Policy commitments	Sustainability Report 2022	68
2-24	Embedding policy commitments	Sustainability Report 2022	68
2-25	Processes to remediate negative impacts	Sustainability Report 2022	21, 70
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report 2022	21, 69
2-27	Compliance with laws and regulations	Sustainability Report 2022	68
2-28	Membership associations	Sustainability Report 2022	13
5. Stakeholder Engagement			
2-29	Approach to stakeholder engagement	Sustainability Report 2022	20, 21
2-30	Collective bargaining agreements	Sustainability Report 2022	46
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Sustainability Report 2022	14
3-2	List of material topics	Sustainability Report 2022	14
Climate & Energy			
3-3	Management of material topics	Sustainability Report 2022	31, 32
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation (gigawatthours-GWh)	Sustainability Report 2022	32, 80, 81
302-3	Energy intensity (MWh/million CHF sales)	Sustainability Report 2022	32, 80, 81
302-4	Reduction of energy consumption	Sustainability Report 2022	32
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Sustainability Report 2022	36
303-2	Management of water discharge-related impacts	Sustainability Report 2022	36
303-3	Water withdrawal (thousand m^3)	Sustainability Report 2022	36, 81
GRI: 305 Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2022	37, 81
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2022	37, 81
305-4	GHG emissions intensity (tons CO_2 equivalents/million CHF)	Sustainability Report 2022	37, 81

GRI Standard	Disclosure	Location/Direct answer	Page
Circular Economy			
3-3	Management of material topics	Sustainability Report 2022	34
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Sustainability Report 2022	34
306-2	Significant waste-related impacts	Sustainability Report 2022	34
306-3	Waste generated (metric tons)	Sustainability Report 2022	34, 82
306-4	Waste diverted from disposal (metric tons)	Sustainability Report 2022	34, 82
306-5	Waste directed to disposal (metric tons)	Sustainability Report 2022	34, 82
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3-3	Management of material topics	Sustainability Report 2022	23
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3-3	Management of material topics	Sustainability Report 2022	49
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Sustainability Report 2022	49
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report 2022	49
403-3	Occupational health services	Sustainability Report 2022	53
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2022	53
403-5	Worker training on occupational health and safety	Sustainability Report 2022	52
403-6	Promotion of worker health	Sustainability Report 2022	53
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2022	54
403-8	Workers covered by an occupational health and safety management system	Sustainability Report 2022	54
403-9	Work-related injuries	Sustainability Report 2022	51, 80, 85
Employment Practices & Education			
3-3	Management of material topics	Sustainability Report 2022	41
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Annual Report 2022	10-12
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2022	106-109
GRI 202: Market presence 2016			
202-2	Proportion of senior management hired from the local community	Sustainability Report 2022	43
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	Sustainability Report 2022	47
203-2	Significant indirect economic impacts	Sustainability Report 2022	23
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Sustainability Report 2022	41, 84
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report 2022	41
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	Sustainability Report 2022	46

GRI Standard	Disclosure	Location/Direct answer	Page
Employment Practices & Education (con't)			
GRI 404: Training and Education 2016			
404-1	Training and education per employee (average hours)	Sustainability Report 2022	45
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report 2022	45
404-3	Employees receiving regular performance and career development reviews	Sustainability Report 2022	45
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Sustainability Report 2022	43, 85
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Report 2022	46
Community engagement			
3-3	Management of material topics	Sustainability Report 2022	47
Responsible sourcing & human rights			
3-3	Management of material topics	Sustainability Report 2022	58
GRI 414: Supplier Social Assesment 2016			
414-1	New suppliers that were screened using social criteria	During the reporting period there were no negative social impacts.	58
414-2	Negative social impacts in the supply chain and actions taken	During the reporting period there were no negative social impacts.	58
Governance			
3-3	Management of material topics	Sustainability Report 2022	64
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Sustainability Report 2022	72
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2022	72
GRI 406: Non-discrimination 2016			
406-1	Non-discrimination	Sustainability Report 2022	72
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability Report 2022	71
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Report 2022	71

SASB Mapping Resource Transformation - Industrial Machinery & Goods

SASB SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic	SASB Accounting Metric	Code	Reference	Further Information and omissions
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-IG-130a.1	GRI 302-1,3 Pages 32-33, 81	
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR).	RT-IG-320a.1	GRI 403-9 Pages 51-52	We consider TAFR to be comparable to TRIR since the actual number of cases where illnesses did not result from accidents are low.
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	RT-IG-410a.1	N.A.	Not applicable.
	Sales-weighted fuel efficiency for non-road equipment	RT-IG-410a.2	N.A.	Not applicable.
	Sales-weighted fuel efficiency for stationary generators	RT-IG-410a.3	N.A.	Not applicable.
	Sales-weighted emissions of: (1) nitrogen oxides (NO_x) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	RT-IG-410a.4	N.A.	Not applicable.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Pages 49, 56, 61	
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	N.A.	We do not yet track revenue along this breakdown. We are evaluating the possibility of providing such information in the future.

SASB ACTIVITY METRICS

Activity Metric	Code	Reference	Further Information and omissions
Number of units produced by product category	RT-IG-000.A	Annual Report	Please refer to Oerlikon Annual Report 2022 (Pages 20, 86)
Number of employees	RT-IG-000.B	GRI 2-7 Pages 41, 83-86	12 184 (FTEs) 13 268 (Headcount)

Data Tables[1]

ENVIRONMENTAL TOPICS

GRI Standards	Disclosure Description	2022[2]	2021[3]	2020	2019
302-1	**Energy consumption within the organization (gigawatt-hours – GWh)**				
	Electric power	325.9	309.7	302.5	313.2
	– Renewable electrical power consumed	*97.2*	*68.8*	*n.a.*	*n.a.*
	– % renewable electrical power consumed[4]	*29.8%*	*22.2%*	*n.a.*	*n.a.*
	Natural gas	60.8	64.8	41.1	38.9
	Heat and cooling bought	14.2	14.8	21.2	25.9
	Gasoline and diesel	23.0	21.2	19.5	24.0
	Other energies	4.8	8.6	5.7	6.6
	Total energy consumption	**428.8**	**419.0**	**389.8**	**408.6**
302-3	**Energy intensity (MWh / million CHF sales)**	147.4	158.2	172.6	157.6
303-3	**Water withdrawal (thousand m³)**				
	Third party water withdrawal	756.4	707.0	698.6	700.2
	Surface water	7.4	7.8	5.7	11.8
	Ground water	2.8	2.6	2.1	4.1
	Sea water	0	0	0	0
	Produced water	0	0	0	0
	Total water withdrawal	**766.6**	**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	19.0	19.5	13.7	14.9
	Other (CH_4, N_2O, HFCs, PFCs, SF_6, NF_3 in CO_2 equivalent)	0	0	0	0
	Total Scope 1 emissions	**19.0**	**19.5**	**13.7**	**14.9**
305-2	**Scope 2: Energy indirect (Scope 2) GHG emissions (thousand metric tons in CO_2 equivalent)**				
	Electricity consumption	125.4	138.9	127.6	136.9
	District heat and cooling consumption	2.7	2.6	5.0	6.1
	Total Scope 2 emissions	**128.1**	**141.5**	**132.6**	**143.0**
305-4	**GHG emissions intensity (tons CO_2 equivalents/million CHF)**				
	Total Scope 1 and Scope 2 GHG Emissions (in kilotons)	147.2	161.0	146.4	157.9
	Tons CO_2 equivalents per million CHF sales, scope 1+2	**50.6**	**60.8**	**64.8**	**60.9**

[1] Due to rounding, some totals may not correspond with the sum of the separate figures
[2] Including 2021 acquisitions
[3] Excluding 2021 acquisitions
[4] SASB RT-IG-130a.1

ENVIRONMENTAL TOPICS

GRI Standards	Disclosure Description	2022[1]	2021[2]	2020	2019
306-3	**Waste generated (metric tons)**				
	Hazardous waste	10 241	10 240	9 640	11 644
	Non-hazardous waste	13 200	11 881	10 729	11 279
	Total waste generated	**23 441**	**22 121**	**20 369**	**22 923**
306-4	**Waste diverted from disposal (metric tons)**				
	Hazardous Waste				
	Preparation for reuse	1	11	45	17
	Recycling	6 887	6 495	5 786	5 281
	Other recovery operations	0	0	3	0
	Total harzadous waste	**6 888**	**6 506**	**5 835**	**5 298**
	Non-hazardous Waste				
	Preparation for reuse	98	58	11	22
	Recycling	9 833	8 605	7 761	7 997
	Other recovery operations	155	14	12	11
	Total non-harzadous waste	**10 085**	**8 677**	**7 784**	**8 029**
	Total waste diverted from disposal	**16 973**	**15 182**	**13 619**	**13 327**
306-5	**Waste directed to disposal (metric tons)**				
	Hazardous Waste				
	Incineration (with energy recovered)	1 733	2 120	1 695	1 769
	Incineration (without energy recovered)	904	890	1 295	3 732
	Landfill	716	725	815	844
	Other disposal operations	0	0	0	0
	Total harzadous waste	**3 353**	**3 734**	**3 805**	**6 346**
	Non-hazardous Waste				
	Incineration (with energy recovered)	1 382	969	665	738
	Incineration (without energy recovered)	436	787	948	940
	Landfill	1 296	1 448	1 332	1 571
	Other disposal operations	0	0	0	0
	Total non-harzadous waste	**3 115**	**3 204**	**2 944**	**3 250**
	Total waste directed to disposal	**6 468**	**6 938**	**6 749**	**9 596**

[1] Including 2021 acquisitions.
[2] Excluding 2021 acquisitions.

SOCIAL TOPICS

GRI Standards	Disclosure Description	2022	2021	2020	2019
2-7	Employees[1]				
2-8	Workers who are not employees				
	Total number of employees	**13268**	**12820**	**11475**	**12235**
	Total workforce by gender (Oerlikon employees)				
	Female	2909	2765	2453	2665
	Male	10333	10005	9022	9570
	Other	26	50	-	-
	Total workforce by region (Oerlikon employees)				
	Asia	3851	3807	3209	3339
	Europe	7567	7290	6646	7014
	Americas	1850	1723	1620	1882
	Total number of employees by employment contract				
	Permenant employees	**11722**	**11433**	**10162**	**10457**
	by gender				
	Female	2524	2431	2159	2262
	Male	9186	9002	8002	8195
	Other	12	0	1	-
	by region				
	Asia	3498	3470	2849	2880
	Europe	6413	6285	5753	5795
	Americas	1811	1678	1560	1782
	Temporary employees	**436**	**315**	**281**	**478**
	by gender				
	Female	109	100	61	75
	Male	322	215	220	403
	Other	5	0	0	-
	by region				
	Asia	11	16	11	11
	Europe	412	293	263	462
	Americas	12	6	7	5
	Full-time employees	**12677**	**12255**	**10957**	**11655**
	by gender				
	Female	2585	2457	2168	2309
	Male	10073	9798	8789	9346
	Other	19	0	-	-
	by region				
	Asia	3835	3758	3200	3332
	Europe	7009	6792	6158	6456
	Americas	1833	1705	1599	1867
	Part-time employees	**591**	**565**	**518**	**580**
	by gender				
	Female	324	314	288	318
	Male	260	211	191	262
	Other	7	40	39	-
	by region				
	Asia	16	49	9	7
	Europe	558	498	488	558
	Americas	17	18	21	15

[1] SASB RT-IG-000.B

SOCIAL TOPICS

GRI Standards	Disclosure Description	2022	2021	2020	2019
	Apprenticeship	**194**	**210**	**196**	**213**
	by gender				
	Female	35	38	42	39
	Male	159	172	154	174
	Other	0	0	-	-
	by region				
	Asia	2	10	2	4
	Europe	189	197	188	204
	Americas	3	3	6	5
	Total women in workforce by region (Oerlikon Employees)				
	Asia	778	765	674	717
	Europe	1 718	1 618	1 408	1 480
	Americas	413	388	374	430
	Total	**2 909**	**2 771**	**2 456**	**2 627**
	Total women in workforce by region (Oerlikon Employees %)				
	Asia	20.2%	20.1%	21.0%	21.5%
	Europe	22.7%	22.2%	21.2%	21.1%
	Americas	22.3%	22.5%	23.1%	22.8%
	Total	**21.9%**	**21.6%**	**21.4%**	**21.5%**
401-1	New employee hires and employee turnover				
	Turnover of all employees				
	Asia	11.3%	10.4%	6.7%	8.6%
	Europe	10.5%	9.0%	5.7%	4.3%
	Americas	23.7%	20.9%	23.1%	12.7%
	Total	**12.8%**	**11.2%**	**8.6%**	**7.2%**
	Turnover of all female employees				
	Asia	8.6%	9.7%	8.9%	10.4%
	Europe	15.0%	11.0%	7.0%	5.7%
	Americas	20.9%	18.6%	24.8%	11.2%
	Total	**14.2%**	**11.8%**	**10.2%**	**8.5%**
	Hires of all employees				
	Asia	540	517	446	557
	Europe	1 354	1 093	1 143	1 238
	Americas	512	499	431	514
	Total	**2 406**	**2 109**	**2 020**	**2 309**
	Turnover of all female employees				
	Asia	100	88	86	144
	Europe	419	225	273	329
	Americas	115	72	127	140
	Total	**626**	**385**	**486**	**613**

SOCIAL TOPICS

GRI Standards	Disclosure Description	2022	2021	2020	2019
403-9 (2018)	**Occupational health and safety: injuries, lost days, diseases and fatalities 2018**				
	Employees				
	Number and rate of fatalities as a result of work-related injury	0	0[1]	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	2	2[1]	1	1
	Rate of high-consequence work-related injuries (excluding fatalities)	0.02	0.02[1]	0.01	0.01
	Number of recordable work-related injuries	84	69[1]	64	93
	Rate of recordable work-related injuries	0.75	0.72[1]	0.68	0.88
	Number of lost time accidents	63	52[1]	40	56
	Number of medical treatment accidents	21	17[1]	24	37
	Number of hours worked	22 432 401	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[1]	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	0	0[1]	0	0
	Number of recordable work-related injuries	1	1[1]	1	7
405-1	**Diversity of governance bodies and employees**				
	Composition of governance bodies				
	Board of Directors				
	Women in Board (percentage)	14%	29%	29%	29%
	Age group diversity (percentage)				
	<30 years old	0	0	0	0
	30-50 years old	29%	29%	29%	29%
	>50 years old	71%	71%	71%	71%
	Number of nationalities	8	6	7	7
	Executive Committee				
	Women in Executive Committee (percentage)	20%	17%	25%	25%
	Age group diversity total (percentage)				
	<30 years old	0	0	0	0
	30-50 years old	40%	33%	50%	25%
	>50 years old	60%	67%	50%	75%
	Number of nationalities	2	3	3	4
	Employees that are global leaders				
	Women that are global leaders	9	7	10	9
	Men that are global leaders	60	57	67	70
	Age group diversity (percentage)				
	<30 years old	0%	0%	0%	0%
	30-50 years old	43%	53%	51%	48%
	>50 years old	57%	47%	49%	52%
	Number of nationalities	11	11	14	12

[1] Excluding 2021 acquisitions

SOCIAL TOPICS

GRI Standards	Disclosure Description	2022	2021	2020	2019
	High Potential Talent Programs				
	Percentage Women	19%[1]	21%	20%	24%
	Percentage Men	81%[1]	79%	80%	76%
	Age group diversity (percentage)				
	<30 years old	9%	0%	4%	10%
	30-50 years old	89%	100%	92%	88%
	>50 years old	2%	0%	4%	2%
	Number of nationalities	18	8	9	16
	Total workforce (Oerlikon workforce)				
	Women in total workforce	2909	2765	2453	2665
	Men in total workforce	10333	10005	9022	9570
	Other	26	50	-	-
	Age group diversity (percentage)				
	<30 years old	16.1%	16.3%	15.2%	18%
	30-50 years old	60.2%	56.9%	56.3%	56%
	>50 years old	23.6%	26.8%	28.5%	25%
	Nationalities				
	Number of nationalities among female	62	58	63	63
	Number of nationalities among male	96	90	87	80
	Other	3	2	-	-
	Total number of nationalities	**102**	**94**	**93**	**87**

[1] Excluding 2021 acquisitions
[2] Includes the Group Horizons, Polymer Processing Solutions Division's e OMF+ and the regional RISE high potential talent programs.

Entities and Sites Consolidated in Sustainability Reporting

GRI 2-2

For Oerlikon's sustainability reporting, Oerlikon consolidates data from all its operational sites. Total operational sites include relevant sites – all production/manufacturing sites and large offices (>50 employees) – and a few small offices (< 50 employees) when data is provided. Generally, the company excludes data from minority-owned sites, and data from acquisitions are consolidated in the year following the acquisition. This approach differs slightly from its consolidated financial statements, where legal entities owned by the company are consolidated and acquisitions are included after the closing of the acquisition.

In 2022, the company consolidated environmental data from 166 sites, including 2 small offices. For health and safety, data from 174 sites was consolidated, that is including the data provided by the 2 small offices with environmental data and 8 additional small offices.

SITES CONSOLIDATED IN 2022 FOR ENVIRONMENTAL DATA

Country	City	Site
Argentina	Buenos Aires	Oerlikon Balzers Revestimentos Metálicos Ltda
Argentina	Córdoba	Oerlikon Balzers Revestimentos Metálicos Ltda
Austria	Kapfenberg	Oerlikon Balzers Coating Austria GmbH
Austria	Ohlsdorf	Oerlikon Balzers Coating Austria GmbH
Austria	Stainz	Oerlikon Balzers Coating Austria GmbH
Belgium	Sint-Truiden	Oerlikon Balzers Coating Benelux N.V./S.A.
Brazil	Jundiaí, SP	Oerlikon Balzers Revestimentos Metálicos Ltda
Brazil	Sáo José dos Pinhais-PR	Oerlikon Balzers Revestimentos Metálicos Ltda
Brazil	São Paulo	Oerlikon Friction Systems do Brasil Ltda.
Canada	Fort Saskatchewan, AB	Oerlikon Metco (Canada) Inc.
China	Beijing	Oerlikon Textile Technology
China	Changchun	Oerlikon Balzers Coating (Suzhou) Co., Ltd. Changchun Branch
China	Changchun	Oerlikon Friction Systems (China) c/o Oerlikon Metco Surface Technology (Shanghai) Co., Ltd. Changchun Branch
China	Changchun	Oerlikon Balzers Coating (Suzhou) Co., Ltd. Changchun Branch
China	Chengdu	Oerlikon Balzers Coating (Suzhou) Co.,Ltd. Chengdu Branch
China	Chengdu	Oerlikon Friction Systems (China) c/o Oerlikon Metco Surface Technology (Shanghai) Co., Ltd. Chengdu Branch
China	Chongqing	Oerlikon Balzers Coating (Suzhou) Co.,Ltd. Chongqing Branch
China	Dalian	Oerlikon Balzers Coating (Suzhou) Co., Ltd. Dalian Branch
China	Dongguan	Oerlikon Balzers Coating (Suzhou) Co., Ltd. Dalian Branch
China	Hanzhong	Oerlikon Balzers Coating (Suzhou) Co., Ltd. Hanzhong Branch
China	Jinan	Oerlikon Balzers Coating (Suzhou) Co.,Ltd Jinan Branch
China	Shanghai	Oerlikon AM c/o Oerlikon Metco Surface Technology (Shanghai) Co. Ltd.
China	Shiyan	Oerlikon Balzers Coating (Suzhou) Co., Ltd Shiyan Branch
China	Suzhou	Oerlikon Balzers Coating (Suzhou) Co., Ltd.
China	Suzhou	Oerlikon (China) Technology Co., Ltd.
China	Tianjin	Oerlikon Balzers Coating (Suzhou) Co., Ltd. Tianjin Branch
China	WenLing	Oerlikon Balzers Coating (Suzhou) Co., Ltd. WenLing Branch
China	Wuxi	Oerlikon Textile Machinery (Wuxi) Co. Ltd.
China	Xi'an	Oerlikon Balzers Coating (Suzhou) Co., Ltd. Xi'an Branch
China	Yangzhou, Jiangsu	Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd.,
China	Hangzhou, Zhejiang	Oerlikon HRSflow China Co.Ltd
China	Zigong, Sichuan	Zigong Golden China Hardfacing Materials Co., Ltd.
Czechia	Jihlava	Oerlikon Balzers Coating Austria GmbH - organizační složka
Finland	Espoo	Oerlikon Balzers Coating Finland OY
Finland	Pirkkala	Oerlikon Balzers Coating Finland Oy

SITES CONSOLIDATED IN 2022 FOR ENVIRONMENTAL DATA

Country	City	Site
France	Charentilly	Oerlikon Balzers Coating France SAS
France	Cluses	Oerlikon Balzers France SAS
France	Duttlenheim	Oerlikon Balzers Coating France SAS
France	Ferrières-en-Brie	Oerlikon Balzers Coating France SAS
France	Limoges	Oerlikon Balzers Coating France S.A.S.
France	Maîche	Coeurdor SAS
France	Mamirolle	Coeurdor SAS
France	Mamirolle	Coeurdor SAS
France	Saint-Quentin-Fallavier-Cedex	Oerlikon Balzers Coating France SAS
Germany	Barchfeld	Oerlikon Metco WOKA GmbH
Germany	Barleben	Oerlikon AM Europe GmbH
Germany	Bergisch Gladbach	Oerlikon Balzers Coating Germany GmbH
Germany	Bernkastel-Kues	Oerlikon Barmag, Zweigniederlassung der Oerlikon Textile GmbH & Co. KG
Germany	Bielefeld	Oerlikon Balzers Coating Germany GmbH
Germany	Bingen	Oerlikon Balzers Coating Germany GmbH
Germany	Bisingen	Oerlikon Metaplas GmbH
Germany	Bremen	Oerlikon Friction Systems (Germany) GmbH
Germany	Dietenheim	Oerlikon Balzers Coating Germany GmbH
Germany	Erkelenz	Oerlikon Balzers Coating Germany GmbH
Germany	Feldkirchen	Oerlikon AM Europe GmbH
Germany	Langenfeld	Oerlikon Metco Coating Services GmbH
Germany	Neumünster	Oerlikon Neumag Zweigniederlassung der Oerlikon Textile GmbH & Co. KG
Germany	Nürnberg	Oerlikon Balzers Coating Germany GmbH
Germany	Raunheim	Oerlikon Metco Europe GmbH
Germany	Remscheid	Oerlikon Barmag Zweigniederlassung der Oerlikon Textile GmbH & Co. KG
Germany	Salzgitter	Oerlikon Metco Coatings GmbH
Germany	Salzgitter	Oerlikon Metaplas GmbH
Germany	Schopfheim	Oerlikon Balzers Coating Germany GmbH
Germany	Stetten a.k.M.	Oerlikon Balzers Coating Germany GmbH
Germany	Stollberg	Oerlikon Balzers Coating Germany GmbH
Germany	Thyrnau	Oerlikon Balzers Coating Germany GmbH
Germany	Wörnitz	Oerlikon Balzers Coating Germany GmbH
Hungary	Debrecen	Oerlikon Eldim (HU) Kft.
Hungary	Székesfehérvár	Oerlikon Balzers Coating Austria GmbH - Magyarországi Fióktelepe
India	Ahmedabad, Gujarat	Oerlikon Balzers Coating India Pvt. Ltd.
India	Aurangabad	Oerlikon Balzers Coating India Pvt. Ltd.
India	Bangalore	Oerlikon Balzers Coating India Pvt. Ltd.
India	Bangalore	Oerlikon Metco Coating Services India c/o Oerlikon Balzers Coating India Pvt. Ltd.
India	Changdigarh	Oerlikon Balzers Coating India Pvt. Ltd.
India	Chennai	Oerlikon Balzers Coating India Pvt. Ltd.
India	Chennai	Oerlikon Friction Systems (India) Private
India	Jamshedpur	Oerlikon Balzers Coating India Pvt. Ltd.
India	Manesar	Oerlikon Balzers Coating India Pvt. Ltd.
India	Mumbai	Oerlikon Textile India Pvt. Ltd.
India	Pune	Oerlikon Balzers Coating India Pvt. Ltd.
India	Pune	Oerlikon HRSflow India
India	Pune	Oerlikon Metco Friction Systems (India) Private Limited
India	Vadodara Gujarat	Oerlikon Textile India Pvt Ltd.
Italy	Bentivoglio	Oerlikon Balzers Coating Italy S.p.A.
Italy	Brugherio	Oerlikon Balzers Coating Italy S.p.A.
Italy	Caivano (NA)	Oerlikon Friction Systems (Italia) S.r.l.

SITES CONSOLIDATED IN 2022 FOR ENVIRONMENTAL DATA

Country	City	Site
Italy	Firenze	FCM S.P.A
Italy	Limena	Oerlikon Balzers Coating Italy S.p.A.
Italy	Missaglia	Oerlikon Balzers Coating Italy S.p.A.
Italy	Palazzo Pignano, CR	Teknoweb Materials S.r.l.
Italy	San Polo di Piave, TV	Oerlikon HRSflow Italy
Japan	Kanagawa	Oerlikon Japan Co., Ltd. Balzers, HQ/Hiratsuka Factory
Japan	Hyogo	Oerlikon Japan Co., Ltd. Balzers, Kobe Factory
Japan	Nagoya	Oerlikon Nihon Balzers and Oerlikon Friction Systems (Japan)
Japan	Nagoya-shi	Oerlikon Japan Co., Ltd. Metco
Japan	Osaka	Oerlikon Japan Co., Ltd. Metco
Japan	Shizuoka	Oerlikon Japan Co., Ltd. Balzers, Shizuoka Factory
Japan	Tochigi	Oerlikon Japan Co., Ltd. Balzers, Tochigi Factory
Japan	Tokyo	Oerlikon Japan Co., Ltd. Metco
Korea	Busan	Oerlikon Balzers Coating Korea Co. Ltd.
Korea	Gunsan-si	Oerlikon Balzers Coating Korea Co. Ltd.
Korea	Gwangsan-gu, Gwangju	Oerlikon Balzers Coating Korea Co., Ltd.
Korea	Gyeongsan	Oerlikon Balzers Coating Korea Co., Ltd.
Korea	Pyeongtaek	Oerlikon Balzers Coating Korea Co. Ltd.
Liechtenstein	Balzers	Oerlikon Balzers Coating AG
Luxembourg	Niedercorn	Oerlikon Balzers Coating Luxembourg s.à.r.l.
Malaysia	Johor Bahru	Oerlikon Balzers Coating Malaysia Sdn.Bhd.
Mexico	Querétaro, Qro.	Oerlikon Balzers Coating México, SA de CV
Mexico	Querétaro, Qro	Oerlikon Balzers Coating México, SA de CV (PPD)
Mexico	Saltillo	Oerlikon Balzers Coating México, SA de CV
Netherlands	Lomm	Oerlikon Eldim (NL) B.V.
Philippines	Calamba City, Laguna	Oerlikon Balzers Coating Philippines, Inc.
Poland	Kędzierzyn-Koźle	Oerlikon Balzers Coating Poland Sp. z o.o.
Poland	Polkowice	Oerlikon Balzers Coating Poland Sp. z o.o.
Poland	Tczew	Oerlikon Balzers Coating Poland Sp. z o.o.
Poland	Warsaw	Oerlikon Business Services Europe Sp. z.o.o.
Portugal	Alcobaça	Oerlikon Balzers Coating S.A. Sucursal em Portugal
Portugal	Fundão	Cubimateria Polimentos Lda
Portugal	Fundão	Cubimateria Polimentos Lda
Romania	Maracineni (Piteşti)	Oerlikon Balzers Coating Austria GmbH, Kapfenberg Austria, Sucursala Maracineni
Singapore	Singapore	Oerlikon Metco Singapore Pte Ltd.
Slovakia	Veľká Ida	Oerlikon Balzers Coating Slovakia s.r.o.
Spain	Antzuola	Oerlikon Balzers Coating Spain S.A.U.
Spain	Montcada i Reixac	Oerlikon Balzers Coating Spain S.A.U.
Sweden	Halmstad	Oerlikon Balzers Coating Sweden AB
Sweden	Köping	Oerlikon Balzers Coating Sweden AB
Sweden	Stockholm	Oerlikon Metco Europe GmbH, Filial Norden c/o Oerlikon Balzers Coating Sweden AB
Switzerlland	Brügg	Oerlikon Balzers Coating S.A., Brügg
Switzerlland	Pfäffikon	OC Oerlikon Management AG, Pfäffikon
Switzerlland	Wohlen	Oerlikon Metco AG
Taiwan	Hsinchu County	Oerlikon Balzers Coating Taiwan Co., Ltd.
Thailand	Chonburi	Oerlikon Balzers Thailand
Turkey	Bursa	Oerlikon Balzers Kaplama Sanayi ve Ticaret Ltd. Şti
UK	Cheshire	Oerlikon Neomet Ltd.
UK	Milton Keynes	Oerlikon Balzers Coating UK Ltd.
UK	Stockport	Oerlikon Neomet Ltd.
USA	Agawam, MA	Oerlikon Balzers Coating USA Inc.

SITES CONSOLIDATED IN 2022 FOR ENVIRONMENTAL DATA

Country	City	Site
USA	Alma, MI	Oerlikon Balzers Coating USA, Inc.
USA	Amherst, NY	Oerlikon Balzers Coating USA, Inc.
USA	Billings, MT	Oerlikon Metco (US)
USA	Brunswick, OH	Oerlikon Balzers Coating USA Inc.
USA	Byron Center, MI	Oerlikon HRSflow USA
USA	Charlotte, NC	Oerlikon Textile Inc.
USA	Dayton, OH	Oerlikon Friction Systems (US) Inc.
USA	Elgin, IL	Oerlikon Balzers Coating USA Inc.
USA	Geneva, IL	Oerlikon Balzers United States
Canada	Guelph	Oerlikon Balzers Coating USA Inc.
USA	Houston, TX	Oerlikon Metco (US) Inc.
USA	Lake Orion, MI	Oerlikon Balzers United States
USA	Rancho Cucamonga, CA	Oerlikon Balzers Coating USA Inc.
USA	Mequon, WI	Oerlikon Friction Systems (US) Inc.
USA	Murfreesboro, TN	Oerlikon Balzers Coating USA Inc.
USA	Oklahoma City, OK	Oerlikon Balzers Coating USA Inc.
USA	Charlotte, NC	Oerlikon Textile Inc.
USA	Pell City, AL	Oerlikon Balzers Coating USA, Inc.
USA	Perrysburg, OH	Oerlikon Balzers Coating USA Inc.
USA	Plymouth, MI	Oerlikon Metco (US) Inc.
USA	Richmond, IN	Oerlikon Balzers Coating USA Inc.
USA	Rock Hill, SC	Oerlikon Balzers Coating USA Inc.
USA	Rock Hill, SC	Oerlikon Balzers Coating USA Inc.
USA	St. Louis, MO	Oerlikon Balzers Coating USA, Inc.
USA	Tawas City, MI	Oerlikon Balzers Coating USA, Inc.
USA	Troy, MI	Oerlikon Metco (US) Inc.
USA	Westbury, NY	Oerlikon Metco (US) Inc.
USA	Wixom, MI	Oerlikon Balzers Coating USA Inc.
Vietnam	Hanoi (Bac Ninh)	Oerlikon Balzers Coating Vietnam Co., Ltd.

ADDITIONAL SITES CONSOLIDATED IN 2022 FOR HEALTH & SAFETY DATA

Country	City	Site
Brazil	Sao Paulo	Oerlikon HRSflow Brasil
Canada	Windsor, Ontario	Oerlikon HRSflow Canada
Netherlands	Tiel	Coating Netherlands
Portugal	Albergaria-a-Velha	Oerlikon HRSflow Portugal (HRSflow SCC Assistencia Técnica Unipessoal lda)
Switzerland	Langenthal	Oerlikon Balzers Coating AG, Balzers (FL), Zweigniederlassung Langenthal
Turkey	Bursa	Barmag Teknik Servis Hitzmetler ve Ticaret A.S.
USA	Barboursville	Oerlikon Metco (US)
USA	Dalton	Oerlikon Textile Inc.

Independent practitioner's limited assurance report

on Selected Indicators in the Sustainability Report 2022 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 2022 (including the GHG statement) of OC Oerlikon Corporation AG and its consolidated subsidiaries ('OC Oerlikon') for the year ended 31 December 2022.

Scope and subject matter

The following indicators in the Sustainability Report 2022 were subject to our engagement ('Selected Indicators'):

- "Energy consumption within the organization" on pages 33 and 81, "Energy Intensity" on page 81, "Total Scope 1 and Scope 2 GHG Emissions" on pages 39 and 81, "Waste generated" on pages 35 and 82, "Waste diverted from disposal" on pages 35 and 82 and "Waste directed to disposal" for the year 2022 on pages 35 and 82.
- "Implementing energy management system at all relevant sites" and "Increasing the share of electrical energy from renewable sources" for the year 2022 on page 16.
- "Occupational health and safety: injuries, lost days, diseases and fatalities" on page 85, "Increasing % of women in management and leadership roles" and "Increasing % of women in high potential talent programs" for the year 2022 on page 16.

The Selected Indicators in scope, except of "Increasing the share of electrical energy from renewable sources", were already in scope of our prior year limited assurance engagement.

We do not comment on, nor conclude on any prospective information nor did we perform any assurance procedures on the information other than those stated above for the reporting period 2022.

Criteria

The Selected Indicators in the Sustainability Report 2022 (including the GHG statement) were prepared by the Board of Directors of OC Oerlikon based on the following criteria (the "suitable Criteria"):

- GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI), latest version;
- Greenhouse Gas (GHG) Protocol Corporate Standard (Revised edition); and
- Appendix A – Oerlikon Sustainability Reporting Criteria of the Sustainability Report 2022.

Inherent limitations

The accuracy and completeness of the Selected Indicators in the Sustainability Report 2022 (including the GHG statement) are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the Selected Indicators in the Sustainability Report 2022 (including the GHG statement) are subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the Selected Indicators in the Sustainability Report 2022 and the values needed to combine e.g. emissions of different gases. Our assurance report will therefore have to be read in connection with the suitable Criteria.

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Telefon: +41 58 792 44 00, www.pwc.ch

Board of Directors' responsibility

The Board of Directors of OC Oerlikon is responsible for preparing the Selected Indicators in the Sustainability Report 2022 (including the GHG statement) in accordance with the suitable Criteria. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation of the Selected Indicators in the Sustainability Report 2022 that are free from material misstatement, whether due to fraud or error. Furthermore, the Board of Directors is responsible for the selection and application of the suitable Criteria.

Independence and quality management

We are independent of the OC Oerlikon 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 Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion on the Selected Indicators in the Sustainability Report 2022 (including the GHG statement). 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 the International Standard on Assurance Engagements 3410, 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board. Those 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 2022 (including the GHG statement) were not, in all material aspects, prepared 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.

We performed the following procedures, among others:

- Inquiries of the relevant stakeholders for the Selected Indicators in the Sustainability Report 2022
- 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 work we performed, nothing has come to our attention that causes us to believe that the Selected Indicators in the Sustainability Report 2022 (including the GHG statement) of OC Oerlikon for the period from 1 January 2022 to 31 December 2022 are not, in all material respects, prepared 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, and solely for the purpose of reporting to them on the Selected Indicators in the Sustainability Report 2022 (including the GHG statement) 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 suitable Criteria, 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 2022 (including the GHG statement), 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 for our work or this report.

PricewaterhouseCoopers AG

Thierry Troesch Christine Blass

Zurich, 31 March 2023

'The maintenance and integrity of OC Oerlikon's website and its content are the responsibility of the Board of Directors; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of the OC Oerlikon's website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported Selected Indicators in the Sustainability Report 2022 (including the GHG statement) or the Criteria since they were initially presented on the 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 2022, the list of legal entities that are consolidated as part of the Group can be found on page 124 to 125. The scope of reporting is further defined below.

Group Sites: Oerlikon operates from 205 (in 2022) 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, divested 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). In 2022, there were a total of 164 relevant sites.

The "Operational Sites": Total operational sites include all relevant sites and a few small offices, which provided data, as well as 2021 acquired sites. The total number of operational sites consolidated in 2022 for environmental KPIs was 166, including data from two small offices. No data from minority-owned sites was included in 2022. The total number of operational sites consolidated in 2022 for health & safety KPI was 174, including data from the 2 small offices that provided environmental data and 8 additional small offices. No data from minority-owned sites was included in 2022. The list of operational sites can be found in this report from pages 87 to 90.

The "Non-Operational Sites": Oerlikon operates a number of smaller sites that are not considered material and thus outside of the operational boundary for some KPIs. In 2022, there were 41 such small sites, of which 31 did not provide data and 10 provided data that was consolidated in the environment and/or health & safety KPIs (see above).

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 included in the 2022 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.

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 2022, it is **428.8 GWh**. The number of Operational Sites for this KPI is 166, including two small office sites that provided data. Within the category of electric power the amount from renewable electrical power is also disclosed (**97.2 GWh or 30%** of electricity consumed for 2022). The target was set in 2021 that 100% of purchased electricity shall be from renewable sources by 2030. 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. This resulted in a higher figure for natural gas and a lower amount from electricity and heat and cooling bought in 2021, which continued in 2022.
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 2022. The 2022 sales figure of **CHF 2 909 million** is taken from the consolidated income statement of OC Oerlikon Management AG, Pfäffikon. This was audited by PricewaterhouseCoopers AG on February 20, 2023. Thus energy intensity is **147.4 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 166, including two small office sites that provided data. Oerlikon uses no equivalent gases (CH4, N2O, HFCs, PFCs, SF6, NF3) so the 2022 figure of **19.0 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. The number of Operational Sites in 2022 for this KPI is 166, including two small office sites that provided data. 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. Among Oerlikon's 166 Operational Sites, 70 of them are using market-based method to report on their Scope 2 emissions, while 96 sites are using the location-based method as they do not have contractual information that meets the Scope 2 quality criteria. Our Scope 2 encompasses indirect GHG emissions from electricity, steam, heat and cooling purchased by the Group. In 2022, our Scope 2 emissions were **128.1** kilotons of CO_2 equivalent.

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 totaled and then divided by Group sales. The 2022 sales figure of **CHF 2 909 million** is taken from the consolidated income statement of OC Oerlikon Management AG, Pfäffikon. This was audited by PricewaterhouseCoopers AG on February 20, 2022. Thus total emissions from scope 1 & 2 are **147.2 tons CO_2 equivalents** and divided by group sales shows an intensity of **50.6 tons CO_2 equivalents per million CHF sales, scope 1+2.**
306-3 (2020)	Waste generated (metric tons)	The number of Operational Sites for this KPI is 166, including two small office sites that provided data. Data collected in tons is consistent with GRI 306-3 with **total waste of 23 441 metric tons for 2022.**
306-4 (2020)	Waste diverted from disposal (metric tons)	The number of Operational Sites for this KPI is 166, including two small office sites that provided data. 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 2022 is **16 973 tons.**
306-5 (2020)	Waste directed to disposal (metric tons): **Share of disposed waste**	The number of Operational Sites for this KPI is 166, including two small office sites that provided data. 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 2022: 6 468 tons) is then divided by the data from GRI 306-3 (in 2022: 23 441 tons) to show **28%.**
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 includes 10 small offices that have provided the data. Total accident frequency rate of **0.75** in the period from January 1, 2022 to December 31, 2022. The total accident frequency rate includes the 2021 acquisitions (Coeurdor and INglass). 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 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 categorized as women in Oerlikon's HR system will be divided by the total amount. In 2022, **96 women** were classified in management and leadership positions and represented **13% 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. In 2022, Oerlikon launched a third program, RISE, to promote regional talents. Talent 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 categorized as women in Oerlikon's HR system will be divided by the total amount. In 2022, **33 women** participated in high potential talent programs and represented **19% of the total.**
n.a.	**Sites with energy management system implemented**	Energy management systems (EnMS) include both ISO-50001-certified and Oerlikon-defined energy management systems. 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 so as to identify and implement improvement measures. 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 December 31, 2022 with EnMS according to: • Oerlikon-defined standard = 35 • ISO 50001 = 20 The total number of sites used as the denominator for this calculation is Operational Sites. The number of Operational Sites for this KPI is 166. Total sites in meeting the criteria are 55 (out of 166) therefore generating the **33%**

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

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