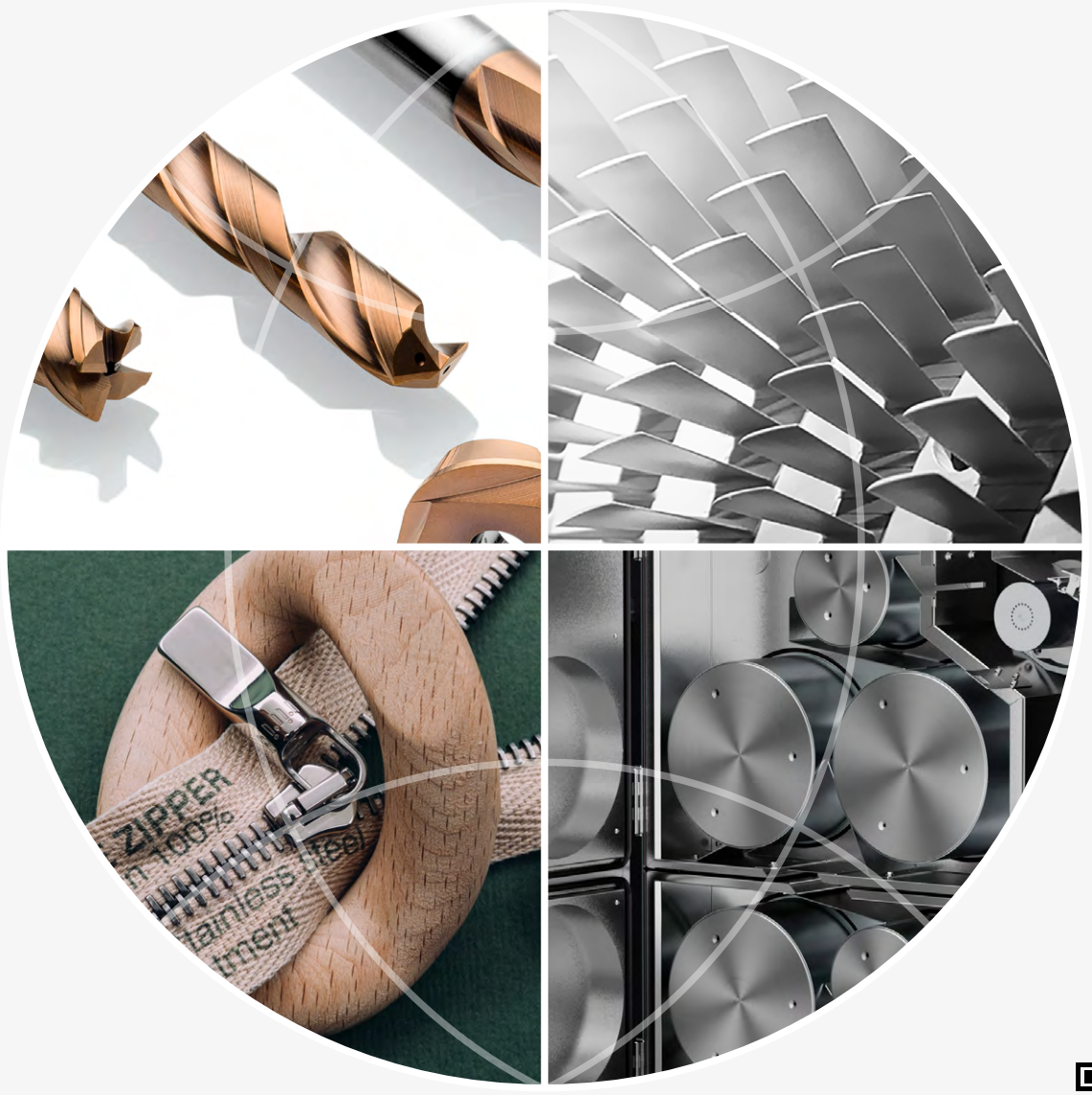
oerlikon

SUSTAINABILITY REPORT **2023**

EMPOWERING CUSTOMERS TO ACHIEVE MORE WITH LESS

Driving Sustainability and Innovation



About Oerlikon

Oerlikon is a global technology leader for surface solutions, 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, luxury accessories and components, 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 12600 employees at 207 locations in 38 countries and generated sales of CHF 2.7 billion in 2023.

oerlikon.com

2023 Progress on Targets

Continued to invest in sustainable products: ~78% of R&D expenditure.

Improved on operational environmental targets: +36 sites with energy management systems, i.e. a total of 90 sites, accounting for 52% of operational sites; +9 sites using solely renewable electricity.

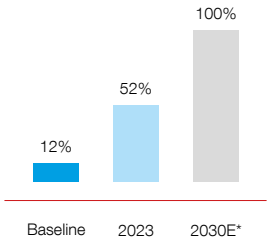
Reduced total accident frequency rate by 18% to 0.72 vs. baseline (0.88).

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

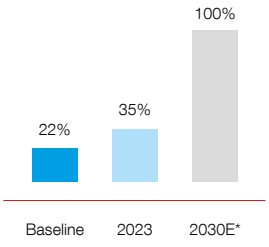
Increased percentage of women in leadership and management roles to 14%.

Strengthened diversity further through programs, such as celebrating International Women's Day and Pride Month, organizing 3rd Diversity Conference (cultural diversity), being a signatory of Equal Voice and creating a total of five employee resources group.

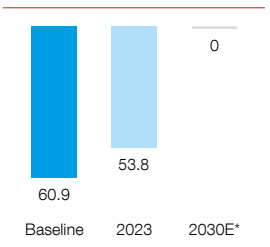
Covered 30% of our mapped spending with key and strategic suppliers using EcoVadis. 66% of our suppliers improved their overall EcoVadis score in 2023.



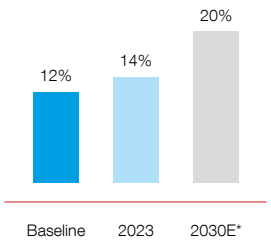
Implementing energy management systems at relevant sites
(pages 21, 37)



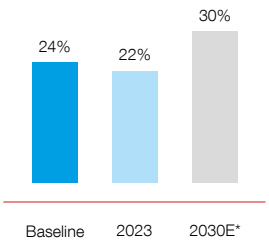
% of electrical energy from renewable sources
(pages 21, 38–39)



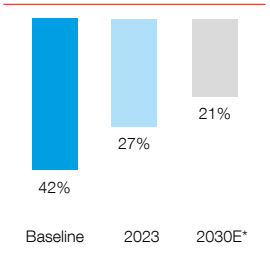
Reducing emissions in relevant operations to become climate neutral
(pages 21, 43–45)



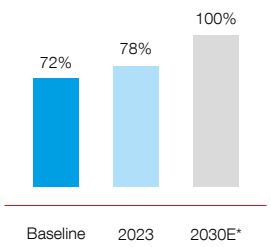
% of management and leadership roles filled by women
(pages 21, 50)



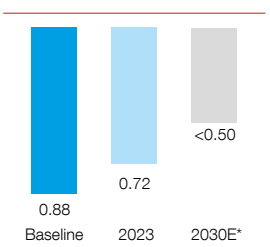
% of women in high potential talent programs
(pages 21, 52)



Reducing % of disposed waste
(pages 21, 40)



% of R&D investment in products that must cover ESG criteria
(pages 21, 32–33)



Reduce rate of recordable work-related injuries (TAFR)
(pages 21, 57–58)

*2030E – E stands for estimated

Sustainable Solutions for Luxury

Riri places a strong emphasis on sustainable solutions for its high-end luxury products. An important part of this strategy is choosing materials that reduce environmental impact. For instance, the brass and steel used in its metal products, like buttons and zippers, contain a high percentage of recycled materials. In addition, Riri selects only sustainable materials for its zipper tapes: the polyester is made from 100% recycled post-consumer material and is certified according to the Global Recycled Standard (GRS); the cotton is certified according to the Global Organic Textile Standard (GOTS), affirming the use of natural fibers from a socially responsible and environmentally friendly supply chain. All precious metals are purchased exclusively from suppliers certified according to the Responsible Jewellery Council – Chain of Custody (RJC – CoC), providing the assurance that responsible extraction and processing procedures are adopted throughout the entire production and distribution chain.

Similarly, Riri has embedded sustainability in its operations to substantially reduce its environmental impact. Since 2019, Riri has been purchasing certified renewable electricity for some of its plants; since January 2023, all Riri sites have been utilizing electricity solely from renewable sources. To further increase the circularity of plastics, Riri started a project in 2023 to recover acetal resin and polyester yarn waste at its Tirano site in Italy.

To reduce emissions from its lacquering process, Riri installed a Regenerative Thermal Oxidizer (RTO) at its Mendrisio plant in 2023. RTOs destroy pollutants generated by the process gas through thermal oxidation at high temperature, thereby reducing more than 77% (~10 VOCs tons/year) of Volatile Organic Compounds (VOCs) emissions compared to 2022.

01

Interview with the Executive Chairman and CSO[1]

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

How would you describe Oerlikon's sustainability strategy?

Suess: Oerlikon's strategy is to hold the number 1 or number 2 positions with our technologies in our end markets. Today, we occupy "sweet spots" in markets with our innovative technologies, which serve as high barriers to entry. We are leveraging our core competencies, including market leadership, innovations and talents, as well as sustainability, to drive growth and profitability.

Our sustainability strategy is an important part of our business strategy. Our vision is to continue empowering customers with our technologies so that they can increase their efficiency and minimize their environmental footprint. At the same time, we are focused on minimizing Oerlikon's own environmental impact, ensuring a strong health, safety and employee culture, engaging regularly with stakeholders and upholding good governance.

Can you elaborate on your sustainable products?

Suess: Oerlikon delivers innovative technologies that help customers achieve greater efficiency and productivity, while using less energy and producing less waste and fewer emissions. We serve a broad base of customers in diverse industries – from automotive, aerospace and energy to luxury, textiles and polymer processing.

Owing to our technology leadership and broad market reach, Oerlikon is a sustainable company, and contributes to sustainability across all these industries on an ongoing basis. By leveraging our core competencies and expanding into new applications and markets, we are growing our business and, at the same time, extending our positive sustainability impact.

Stausberg: This is the reason why we have set a target of investing 100% of our R&D expenditure in sustainable products by 2030, which will further expand our sustainability impact and contributions. We are making good progress on this target. In 2023, we invested 78% of our R&D expenditure in sustainable products.

This report provides many 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 are needed by our customers for their own operations and profit models.

For example, our coatings can extend the lifetime of tools by 20 times, which is equivalent to reducing around 8.3 million metric tons of CO_2 or 28% of Swiss CO_2 emissions in 2022. Our high-tech abradable coatings in jet engines increase engine operation safety and reduce fuel consumption, thereby cutting CO_2 emissions by about 26 million metric tons, or 88% of Swiss CO_2 emissions in 2022. Collectively, just two of our solutions save more CO_2 emissions than the amount of emissions generated in 2022 in Switzerland.

Another example is our EvoSteam process for manufacturing staple fibers. This can reduce waste by up to 50%, lower the carbon footprint by up to 50% and save up to 3.2 million liters of water annually.

We will continue to develop and enhance our equipment, products and materials to extend tool life, reduce automotive and aerospace fuel consumption and improve textile and machinery efficiency, as well as work to increase the recycling of fibers and materials. In addition, we will continue to pioneer technologies for future mobility and artificial intelligence (AI) applications.

[1] GRI 2-22

We are also applying the same principles and approaches in our own operations. Our aim is to excel in our operations, reduce our environmental footprint and improve our diversity, equity and inclusion performance as we advance toward our 2030 targets.

What milestones did Oerlikon achieve in environmental sustainability in 2023?

Stausberg: We are making good progress in the implementation of our energy management systems (EnMs). In 2023, we added another 36 sites, bringing the total number of sites with EnMS to 90, or 52% of our operational sites. This means that we can expect to meet our target of 100% in the next few years. It is also worth noting that the 90 sites account for 81% of the total energy consumed by Oerlikon.

Another area where we are making progress is our work on Scope 3. With an external partner, we have gained a good understanding of the Scope 3 emissions generated along our value chain.

Our machinery and systems sold to customers are highly reliable and durable, with a lifetime of at least 10 to 15 years. This attests to the quality of our products, and the resultant positive impact that there is less waste. That said, Scope 3 requires us to account for the emissions generated by such machinery over their lifetime when used by our customers.

Thus, we are systematically evaluating how we can meaningfully improve our Scope 3 impact, including for such machinery. We are presently working with an external partner to assess and quantify our Scope 3 categories for the calendar years 2022 and 2023, and the project is expected to be completed by middle of 2024.

We plan to disclose our Scope 3 emissions in our Sustainability Report 2024, in line with requirements of the Task Force on Climate-Related Financial Disclosures (TCFD). Moreover, we also plan to set and commit to a Science Based Targets initiative (SBTi) target in 2024.

With regard to our supply chain, our partnership with EcoVadis has to date facilitated us to cover 30% of our mapped spending (key and strategic suppliers), an improvement on the 20% figure in 2022. Furthermore, 66% of our suppliers improved their overall EcoVadis score in 2023. We have also identified and trained regional Sustainability Champions, who act as our regional experts and single points of contact for our sustainability campaigns.

What were Oerlikon's social achievements in 2023?

Suess: In 2023, we further strengthened our diversity actions and initiatives. The theme of our annual diversity conference was "Connect". It celebrated the diverse cultures, backgrounds and perspectives that constitute Oerlikon's fundamental strengths. The talks and panel discussions explored the influence of different cultures and learning attitudes on professional behavior and provided tips on how to harness cultural diversity to build successful international teams.

We also expanded our diversity events and celebrated Pride Month, International Women's Day and International Women in Engineering Day, among others. To show our commitment to diversity, Oerlikon is a signatory to Equal Voice and also of Switzerland's Trans Rights pledge.

Stausberg: In 2023, we also introduced new Employee Resource Groups (ERGs), such as Parents@Oerlikon and MultiGen@Oerlikon, whose focus is to advocate for the groups they represent and help increase the opportunities available to them at the workplace.

How are the forthcoming new sustainability regulations impacting Oerlikon's sustainability reporting and resources?

Stausberg: Several new regulations are coming into effect over the next years. The current one that applies to this report is the new Swiss law, Art. 964a et seqq. of the Swiss Code of Obligations (CO), also known as the counter proposal to the Swiss Responsible Business Initiative (RBI).

Since our first Sustainability Report 2020, we have been voluntarily and transparently reporting in accordance with the internationally recognized GRI standards and, since our

2022 report, also in accordance with the SASB Standards. Both standards are considered acceptable standards defined under Art. 964a et seqq. of the CO. Thus, we did not have to make any adjustments to our reporting.

Forthcoming regulations, such as the Swiss Ordinance on Climate Disclosures and the EU Corporate Sustainable Reporting Directive (CSRD), require additional disclosures, which we have already started working on.

Suess: We understand that these laws and regulations are necessary to ensure that companies are more accountable and transparent in communicating the impact of their operations on the environment and society. That said, we would welcome it if there were a more aligned approach between the regulators and with the standards. That would make it easier for companies to comply and would increase the quality, transparency and comparability of the disclosures.

How is sustainability governed at Oerlikon?

Suess: Sustainability is governed at the highest level, that is at the Board level. ESG topics are regularly on the meeting agenda of the Board of Directors and the Executive Committee, reflecting our leadership and commitment to sustainability.

Georg is a member of the Executive Committee and was appointed our Chief Sustainability Officer. He is responsible for executing the sustainability strategy and plan, supported by the Sustainability Management Team and various functions.

To further anchor sustainability across the company, we are evaluating whether in addition to the current employee safety metric in our short-term incentive program, there are other sustainability key performance indicators (KPIs) that may be relevant for our strategic goals and can be reliably measured.

In 2024, we will run a pilot project to assess which ESG KPIs can be implemented and measured on an annual basis. Feasible KPIs will then be implemented in 2025/2026 as part of the remuneration packages for management and employees.

How do you engage with stakeholders?

Suess: We work very closely with our customers and partners in developing our technologies. With respect to employees, in addition to our diversity, equity and inclusion (DEI) events, we regularly conduct employee engagement surveys. We also share our strategy and plans with them, including those on sustainability, utilizing our internal communication channels, such as townhalls and my blog.

As for the financial community, Paul Adams, our independent Lead Director, and I undertook further engagement initiatives with investors and analysts in 2023 to improve their understanding of our strategically relevant governance and sustainability topics.

Stausberg: With regard to suppliers, we engage with them in our audits and EcoVadis assessments to ensure that they respect and adhere to our Code of Conduct, which also strengthens our partnership with them.

Is there anything else you would like to share?

Suess: In 2023, we faced demanding challenges in our end markets, which were driven by the slowdown in production, consumption and investment in China. Despite these challenges, we remain committed to making progress on ESG, both within Oerlikon and across our value chain.

As mentioned earlier, we are a sustainable company by virtue of our technology leadership and market reach. At the same time, we are improving sustainability in our operations. We intend to continue doing our part in helping to reduce the global carbon footprint and contributing to society in terms of sustainability.

Both: On behalf of the Board and the Executive Committee, as well as the entire Oerlikon team, we would like to thank all our stakeholders for their support and for the trust they have placed in Oerlikon, in our sustainable strategy and in our technologies. As always, we are grateful for their collaboration and support as we progress together on our sustainability journey.

30% Fewer Tools Needed with BALIQ TISINOS PRO

BALIQ TISINOS PRO, a new coating that features a refined micro-structure, is based on Oerlikon's patented S3p technology. It is specifically designed for materials that are challenging to machine. This advanced coating significantly boosts the performance and longevity of end mills and other cutting tools, enhancing their efficiency by around 50% compared to its predecessor. This translates to a roughly 30% decrease in the quantity of tools needed for identical tasks, leading to a substantial reduction in raw materials required for new tool manufacturing, transportation, energy consumption and waste production.

Additionally, end mills coated with BALIQ TISINOS PRO can be reconditioned multiple times after the initial coating wears off, allowing for reapplication with minimal quality degradation. This process not only prolongs tool life but also reduces the demand for new end mills, fostering a more sustainable and resource-conserving approach in the metalworking sector.

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02

Our Strategy

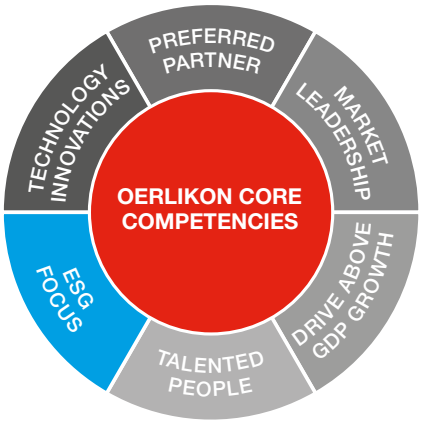
STRATEGY
GRI 2-22

Oerlikon's strategy is to hold the number 1 or number 2 positions with our technologies in our end markets. Presently, we occupy "sweet spots" in markets with our innovative technologies, which serve as high barriers to entry.

We drive growth and profitability by leveraging our core competencies, including market leadership, innovation and talents, as well as our focus on sustainability (ESG).

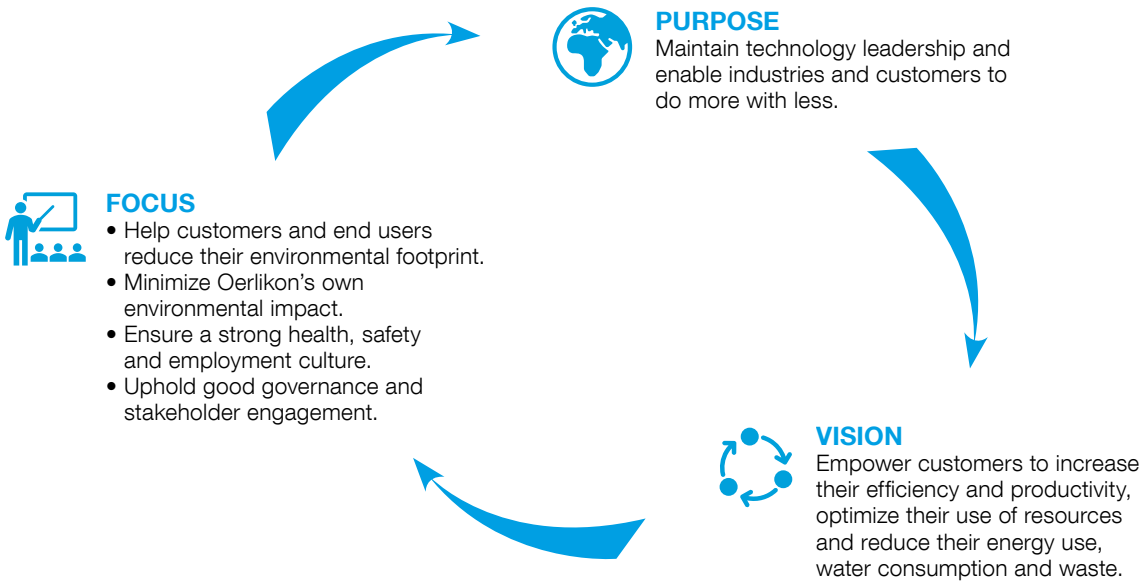
Our business objective is to provide customers with solutions that make their production processes more efficient and their products more durable. This is also our vision for sustainability at Oerlikon (see graphic below).

Our solutions and services, together with our advanced materials, improve and maximize the performance, function, design and sustainability of our customers' products and manufacturing processes in key industries, as well as those of their customers. By increasing efficiency, we enable customers to optimize their resource usage, lessen their energy consumption and reduce waste and emissions.



Our innovative technologies deliver value to customers in the automotive, tooling, space, aviation, luxury, energy, general industries, textile and polymer processing sectors. As a technology leader, our solutions are widely adopted across industries, meaning that people will encounter at least one solution from Oerlikon every day. As a result, Oerlikon's solutions are positively impacting sustainability across diverse industries.

WHAT SUSTAINABILITY STANDS FOR AT OERLIKON



Our overarching purpose is to leverage our technology leadership and expand/diversify into new applications and new markets. By taking advantage of our knowledge and capabilities across additional industries, Oerlikon is able not only to drive growth in its business portfolio but also to increase its contribution to sustainability.

Moreover, at Oerlikon, sustainability stands for a relentless focus on minimizing our own environmental impact, ensuring a strong health, safety and employee culture, engaging regularly with stakeholders and upholding good governance.

Oerlikon's strategy and actions, including for sustainability, are governed at the highest level, specifically by the Board of Directors. Underpinning the Board's commitment to sustainability is the fact that the responsibility for sustainability has not been assigned to a Board committee but is a task of the entire Board.

For the execution of our sustainability strategy, actions and initiatives, the Board has appointed a Chief Sustainability Officer (CSO), who is a member of the Executive Committee (EC). The CSO is supported by the Sustainability Management Team and other functions, with representatives from the strategic, operative and business levels. Ultimately, line management needs to ensure that business activities and processes within their area of responsibility are aligned with sustainability, and each employee at Oerlikon is individually responsible for adhering to the Oerlikon Sustainability & HSE Policy.

The governance graphic on page 10 depicts the governance structure for sustainability, and further information on sustainability governance can be found on pages 70 to 72.

Prioritizing sustainability in R&D and delivering sustainable solutions for customers will always take precedence. At the same time, we recognize the need to apply the same standards of excellence to our own operational processes and systems and to reduce the impact of our business on the environment. In this report, we provide many examples of how our products contribute to sustainability, as well as the initiatives and actions that we have taken to reduce our environmental impact, improve our diversity, equity and inclusion (DEI) and strengthen our governance.

Ultimately, we are well positioned to maintain Oerlikon's technology leadership while delivering sustainable value to all stakeholders and simultaneously creating both market and social value.

GOVERNANCE: SUSTAINABILITY EMBEDDED ACROSS OERLIKON

GRI 2-9,10,11,12

Leveraging Our Innovative and Sustainable Technology

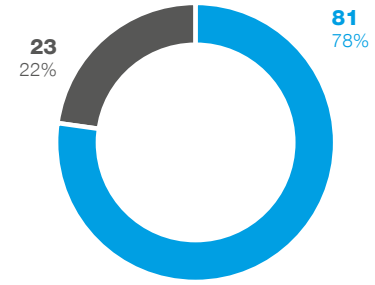
GRI 3-3

Our technologies help customers to increase efficiency and productivity while using fewer resources, such as energy and materials.

By leveraging our cutting-edge surface and polymer technologies, we can easily expand their use in new applications and growth markets. For instance, we are developing thin-film coating solutions for vehicles that are powered by batteries and fuel cells (eg. hydrogen), as well as thermal spray solutions to reduce engine weight.

We are also enabling the production and use of recycled PET, as well as supporting the usage of bioploymers and recycled polymers. More examples of how we are expanding into growth markets can be found below and on pages 13 to 14 and 28 to 34 in this report.

Total 2023 R&D Investment[1] in CHF million



- In sustainable products as per our defined criteria (see pages 32–34).
- In other R&D products and activities.

[1] Excluding 2023 acquisition and reversal of accruals.

SUSTAINABILITY DRIVERS

Energy consumption | **Water consumption** | **Social impact** | **Waste reduction** | **Raw material consumption** | **Emission reduction**

LEVERAGING TECHNOLOGY LEADERSHIP TO EXPAND INTO GROWTH MARKETS WITH PROVEN AND NEW SOLUTIONS

Driving growth of **lightweight** and increasingly sophisticated polymer components

Partnering in **textile recycling** initiatives

Accelerating **transition** of Luxury to PVD[1] coating as a **greener** technology

Engineering solutions for **versatile rPET applications**

Developing additive manufacturing with potential to enable **resource efficiency**/waste reduction

Developing solutions for e-mobility **heat shielding,** solid-state **batteries** and fuel cells EVs

Driving new coating solutions for **semiconductor** production machines

[1] Physical vapor deposition (PVD) is a technique used to deposit a thin layer of material on a substrate surface in a vacuum.

Surface Solutions Sustainability Proposition

Oerlikon coatings are omnipresent in the modern world. Owing to our technology leadership, our technologies have been widely adopted across a multitude of sectors. As a result, our surface solutions have made a clearly discernible contribution to sustainability.

As customers continue to seek gains in efficiency, durability and sustainability, Oerlikon is well positioned to deliver these benefits with its surface solutions equipment, materials and services, thereby driving sales growth while simultaneously contributing to a more sustainable world.

COATINGS MAKE THE MODERN WORLD POSSIBLE

ESSENTIAL

- **Economic viability:** Coating significantly improves an item's performance and extends its lifetime; recoating/regrinding gives new life to tools.
- **Superior characteristics:** Durability, erosion protection, wear resistance, thermal stability, anti-reflection, clearance control, etc.

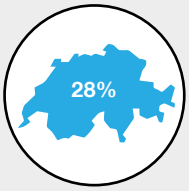
VERSATILE

- **In countless applications,** including automotive parts, jet engines, cutting and forming tools, luxury accessories, semiconductor production, gas turbines, etc.
- **Substitutes** heavy materials **with lightweight materials** while still offering enhanced features and functions.
- Color-coded tools facilitate clear **visual differentiation and reduce errors** in usage, resulting in less production downtime and waste.

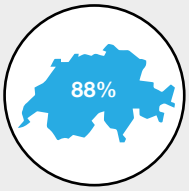
SUSTAINABLE

- **Environmentally friendly alternative** (PVD) to traditional electroplating.[3]
- **Reduces waste and resources** by prolonging the life span of a coated item.
- **Improves productivity and saves costs.**

VALUE PROPOSITION DRIVING SALES GROWTH



A 20x lifetime extension of a metal tool through coating is equivalent to ~8.3 million metric tons of CO_2 reduction annually or **28% of Swiss CO_2 emissions.**[1]



5% efficiency increase in jet engines through coatings is equivalent to ~26 million metric tons of CO_2 reduction annually[2] or **88% of Swiss CO_2 emissions.**[1]

Coatings **enable the use of lightweight** car materials, which will extend the driving range. For a 650-km range EV that is 10% lighter, the range extends by 5–7%, equivalent to a **marathon.**

[1] A total of 29.6 million metric tons in 2022, based on the report "CO_2 statistics: Emissions from thermal and motor fuels" by the Swiss Federal Office for the Environment.
[2] Based on the installed base of jet engines in 2019.
[3] PVD coatings conform to the EU REACH regulation and are more environmentally friendly than electroplating because they require no metal derivatives, such as chromium or nickel, and do not create any hexavalent chromium exposure or hazardous waste.

Polymer Processing Solutions Sustainability Proposition

Fibers and polymers produced with Oerlikon systems are used in a broad scope of applications, from apparel and clothing to seat belts, tire cords and industrial filters. They are prevalent due to their versatility and because they are a more sustainable alternative to natural fibers.

As customers continue to seek gains in efficiency and sustainability, and with the advances in recycled fibers and biopolymers, Oerlikon's Polymer Processing Solutions are already at the forefront in delivering these solutions, driving sales growth while simultaneously contributing to a more sustainable world.

POLYMERS MAKE THE MODERN WORLD POSSIBLE

ESSENTIAL

- **Resource scarcity:** High scalability in manmade yarn production vs. capacity-constrained natural fibers.
- **Economic viability:** Competing materials are substantially more expensive.
- **Superior characteristics:** Durability, stretchiness, water resistance, stain resistance.

VERSATILE

- **In countless applications,** such as clothing, carpets, industrial filters, seat belts, tire cords, geotextiles, etc.
- **Replacing** materials, such as glass, metal and wood; reducing weight in automotive applications, such as e-mobility.

SUSTAINABLE

- **Improved ecological** impact of manmade vs. natural yarns.
- **Reducing energy consumption and waste and improving productivity** under the e-save program since 2004.
- **Recyclability** as the enabler of circularity.
- **Biopolymers** are of great interest as alternatives to fossil-based polymers.

VALUE PROPOSITION DRIVING SALES GROWTH

Manmade fibers are **less resource intensive** than natural fibers and are increasingly recyclable. A polymer t-shirt **saves ~9 bathtubs of water** compared to a cotton t-shirt.

New filament equipment delivers **~30% energy saving,** which is equivalent to the annual CO_2 emission savings[1] produced by the gasoline consumption of **~500k cars per year.**

New filament equipment[1] enables **~30% of waste reduction,** which is equivalent to the weight of **380 million t-shirts.**

[1] Data per 2020 installed base for new vs. older generation of FDY on POY take-up and winding machinery.

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 19) for Oerlikon's 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 identify 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 depicted these material challenges in a materiality matrix (see page 16).

LIST OF MATERIAL TOPICS
GRI 3-2

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

Recognizing the importance of these material topics to stakeholders, we have set 2030 sustainability targets for six of them (see table on page 21). The seventh topic drove our collaboration with EcoVadis to elevate our record of compliance with responsible sourcing and human rights. The eighth topic, community engagement, is presently addressed at a local level, and we are assessing how we can best create a Group-wide platform and process to ensure data quality and integrity.

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.

Based on 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.

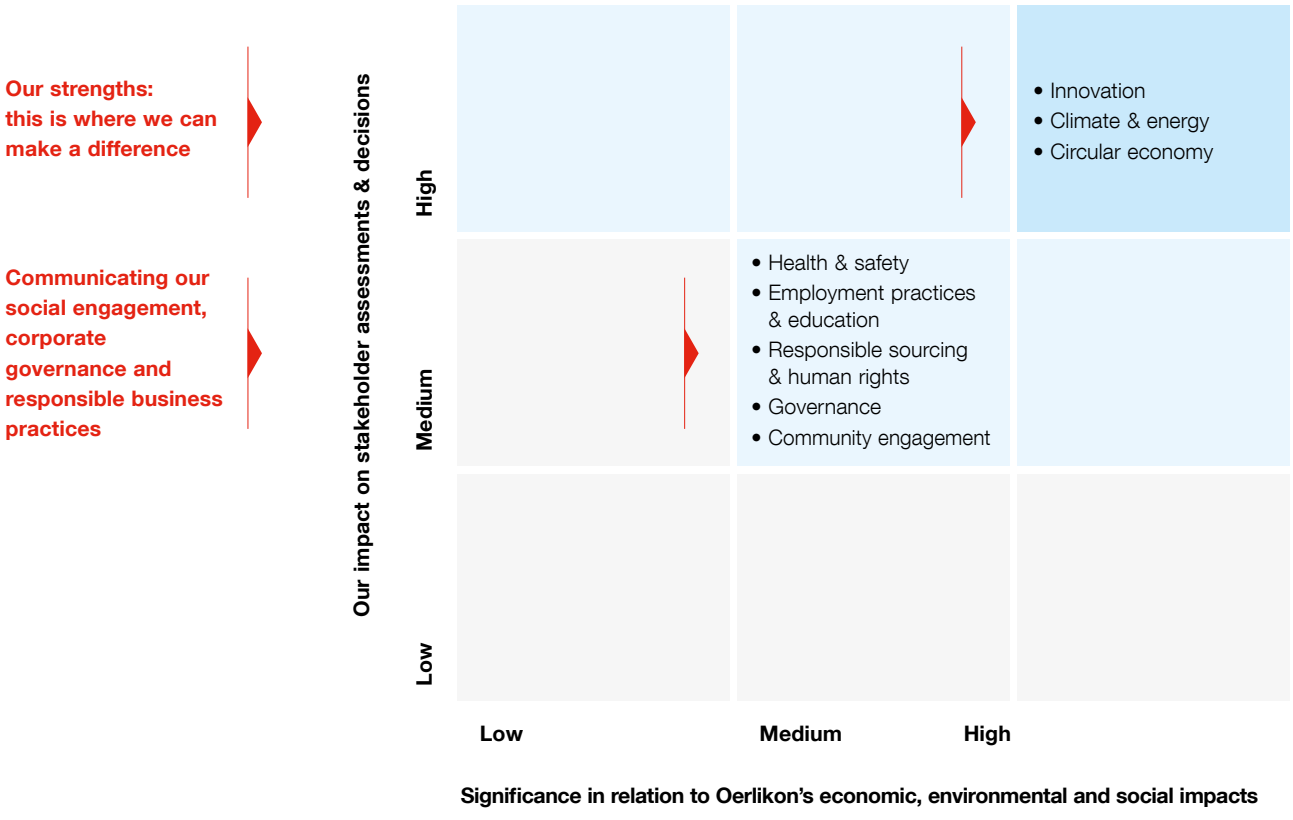
These eight SDGs serve as additional goals alongside our eight material topics.

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 delivery of information but rather as a tool for engaging in an 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. Our efforts to understand our stakeholders' perceptions of our products, operations, practices and impact are a reflection of our belief that communication and the exchange of ideas are the building blocks for achieving consensus.

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 plan to perform a double materiality assessment in 2024.

Material Topics for Oerlikon

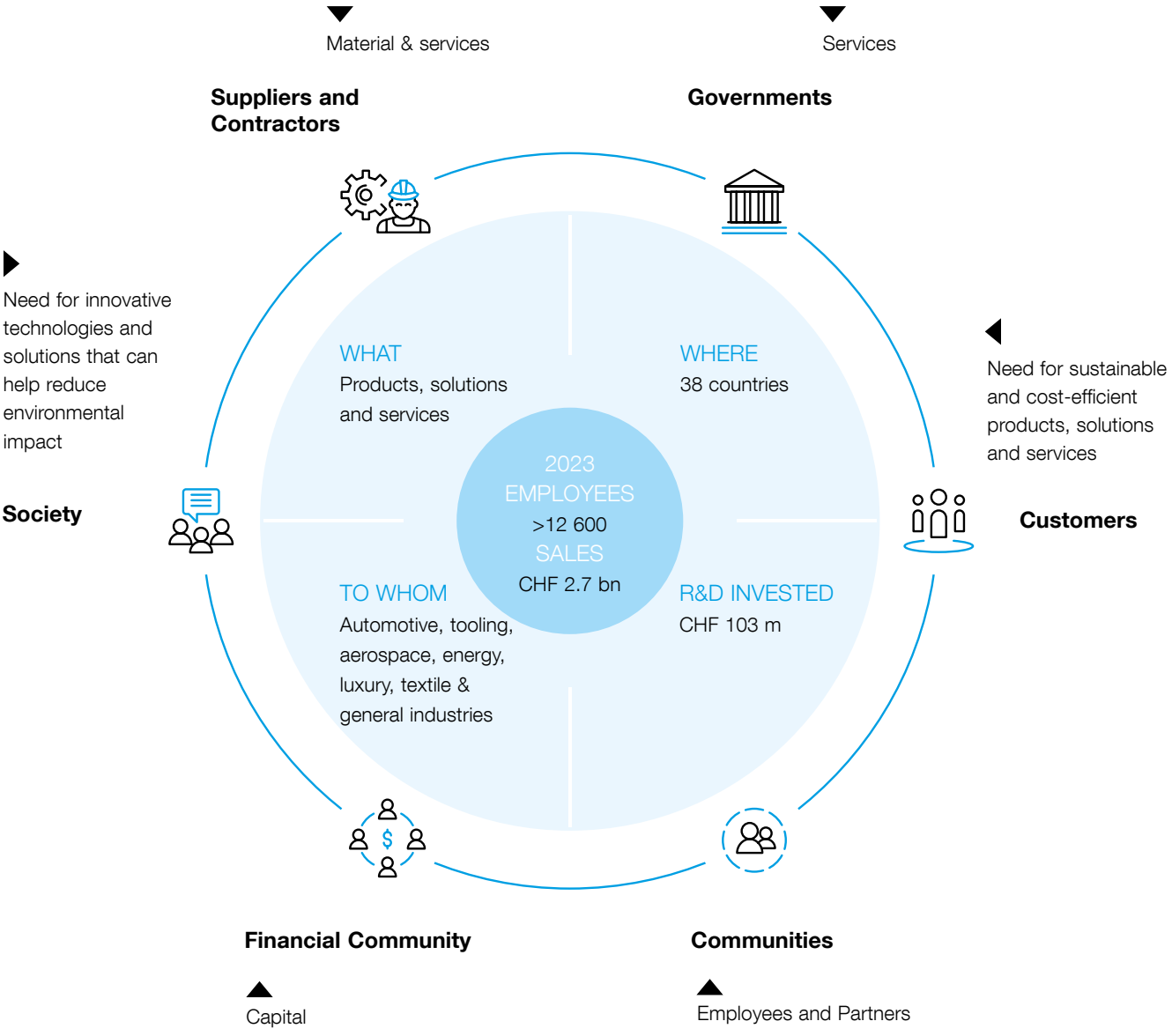


Key Stakeholders and Our Value Chain

GRI 2-6

At Oerlikon, we recognize that our relationships with all stakeholders in our value chain, such as customers, communities (employees and partners), the financial community, society, suppliers, contractors and governments, are essential to enabling us to succeed not only in pursuing our growth targets but also in making a contribution as a sustainable company.

Oerlikon's innovations serve customers in key industries, including automotive, aerospace, tooling, textile, polymer processing, energy and general industries, and they 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, non-use of child labor and 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.



Engaging with Stakeholders

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

GRI 2-29

Diverse perspectives are an important part of Oerlikon's culture because they can help us understand the needs and concerns of all stakeholders in the industries and communities we serve.

Oerlikon maintains an ongoing dialogue 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 page 19) to optimize stakeholder engagement and ensure comprehensive reporting on areas that are material to the business.

In 2023, some of our shareholder engagements included:

- **Customers**: We worked closely with customers to identify innovations and upgrades to our products, materials and services that can help them save energy, reduce waste or lower emissions. For example, Oerlikon is working with a number of OEMs and Tier 1 auto suppliers to find customized solutions to resolve the risk of hydrogen embrittlement and loss of lubricity in fuel, which causes loss of ductility, high wear and increased friction.

- **Financial community:** Our Executive Chairman and Lead Independent Director continued to engage in multiple discussions with investors to understand and address their concerns and to evaluate how we can provide greater disclosure to increase transparency and communication on topics related to governance and sustainability.

- **Employees**: We promoted DEI and raised awareness for it through multiple events, such as the Diversity Conference, Pride Month, International Women's Day, and launched new Employee Resource Groups, such as MultiGen@Oerlikon and Parents@Oerlikon, to advocate for the group they represent and to help increase the opportunities available to them within the workplace. Additionally, using results from the 2022 employee engagement survey, in 2023, we focused on robust follow-ups at the team level to identify current challenges and measure progress.

- **Suppliers**: We completed the EcoVadis rating process for key and strategic suppliers, which collectively represent 30% of Oerlikon's mapped spend. We strengthened engagement in the regions by appointing and training regional Sustainability Champions.

We expect our stakeholder engagement strategy to evolve further as we explore opportunities to gain insights from stakeholder consultations. 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.

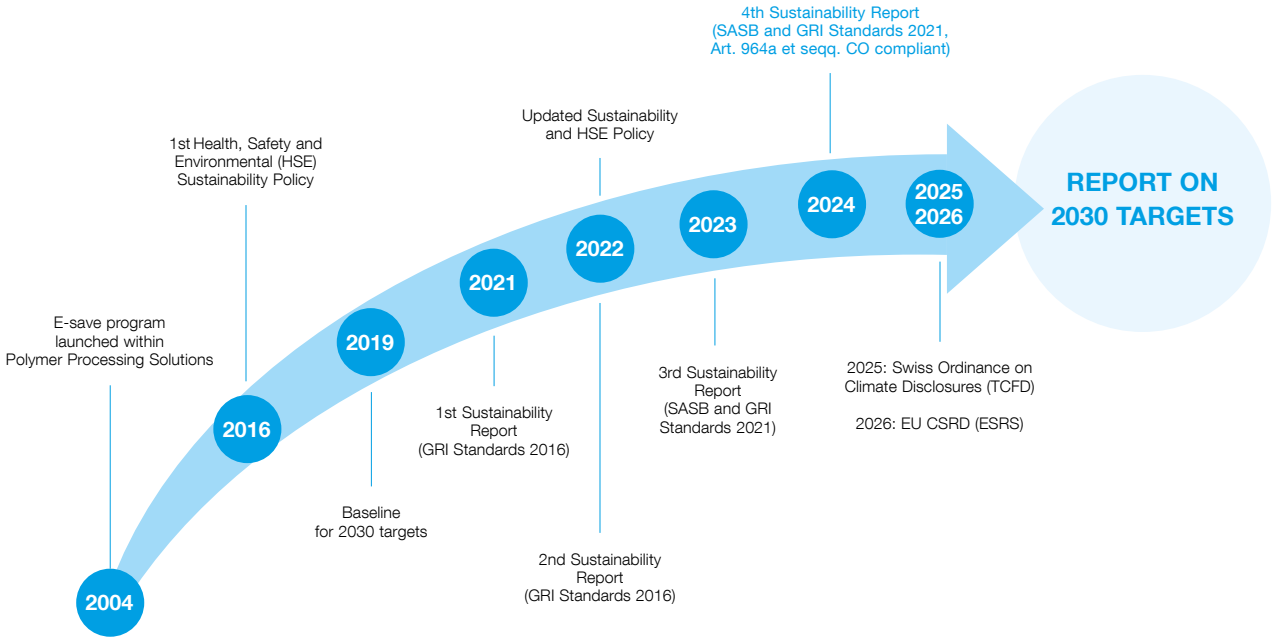
Working together with our stakeholders puts us in the best position for realizing our mutually shared goals of strengthening our business, enriching human welfare and preserving the planet.

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 • Community engagement • Social impact	• Employee engagement surveys • Career development • In-person and virtual townhall meetings • Employee newsletters • Executive Chairman blog • Social media • Annual Health & Safety Days • Diversity events: International Women's Day, Pride Month, Diversity Conference • Employee Resource Groups • Financial incentive scheme, incl. ESG metric
Customers	• Quality of products & services • 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 • Engagement with analysts, investors, proxies and stewardship teams, including individual ESG engagement meetings • Annual report, including governance and remuneration reports • Sustainability (non-financial) report • Corporate website
Local Communities	• Employment • Compliance • Environment • Social Impact	• Regular information to local newspapers • Social media • Local CSR and sponsoring activities • Employee-driven social projects
Authorities and Government Representatives	• Taxes • Responsible business practices • Compliance • Health and safety • Environment	• Cooperations • Information events • Memberships in local associations • Invitation to local events • Regulatory disclosures and reports
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

Accelerated Sustainability Agenda

Our sustainability transparency and commitment have advanced rapidly since our inaugural report, and they will be further strengthened in the coming years through additional disclosures as we progress toward our 2030 targets.



OUR REPORTING STANDARDS

Starting with our inaugural report, our Sustainability Reports have been prepared in accordance with GRI Standards and, in our 2022 Sustainability Report, also in accordance with the SASB Standards category: Industrial Machinery & Goods. For the 2023 report, it was prepared according to the GRI Standards 2021, the SASB standards, and it is compliant with Art. 964a-c of the Swiss Code of Obligations (CO).

Regulatory and legal requirements for sustainability and sustainability-related topics are growing. We are closely monitoring developments and plan to increase our disclosures and transparency with respect to our sustainability actions and initiatives.

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 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.

Progress on 2030 ESG Targets

Based on the materiality assessment, we have set 2030 sustainability targets for six of the identified material topics and have been reporting on the progress we have made toward achieving those targets.

ENVIRONMENTAL (OWN OPERATIONS)

Priority Topics	Objective	2019	2021[7]	2022	2023	2030 Target
Climate & Energy[1]	Implementing energy management systems at all relevant sites[2]	12%[B]	19%	33%	52%	100%
	Increasing the share of electrical energy from renewable sources	n.a.	22%[B]	30%	35%	100%
	Reducing emissions in relevant operations to become climate neutral[3]	60.9[B]	60.8	50.6	53.8	0
Circular Economy[1]	Reducing the share of disposed waste	42%[B]	31%	28%	27%	21%
Innovation	Increasing the share of R&D investment in products that must cover ESG criteria	n.a.	72%[B]	73%[4]	78%[5]	100%

SOCIAL

Priority Topics	Objective	2019	2021	2022	2023	2030 Target
Employment Practices	Increasing % of women in management and leadership roles	12%[B]	12%	13%	14%	20%
	Increasing % of women in high potential talent programs	24%[B]	23%	19%	22%	30%
Health & Safety	Ensure Zero Harm to People – Decreasing the rate of recordable work-related injuries (TAFR)[6]	0.88[B]	0.72	0.75	0.72	<0.50

GOVERNANCE

Priority Topics	Objective	2019	2021[8]	2022	2023	2030 Target
Ethics & Compliance	Increasing completion of CoC training, including on human rights and anti-corruption, both electronically and in person[7]	n.a.	n.a.	n.a.	n.a.	>95%
	– % of employees who completed e-training	91%	97%	95%	96%	

[B] Baseline.

[1] Relevant sites are production and large office sites and exclude small offices (<50 employees). Operational sites include small offices if they reported the data. In 2023, data from 172 operational sites were consolidated, including one small office and sites acquired in 2023.

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

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

[4] R&D investment 2021 excludes provisions.

[5] R&D investment 2023 excludes the 2023 acquisition and reversal of accruals.

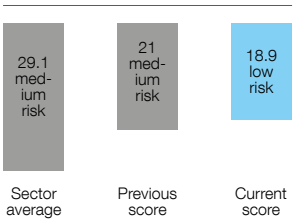
[6] Health and safety data includes data from 187 operational sites, including one small site that have provided environmental data and 15 additional small offices that have also provided health and safety data, as well as acquired sites.

[7] Oerlikon plans to ensure that all employees are trained, both electronically and in person. Face-to-face training was piloted in 2022, and rollout started at Surface Solutions in 2023. The 2030 target remains unchanged.

[8] Excluding 2021 acquisitions.

ESG Highlights in 2023

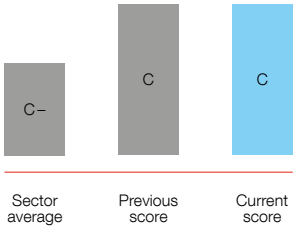
ESG RATINGS



(Ranked in top 7% of industrial companies)

as of Dec. 2023

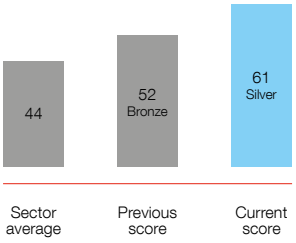
Sustainalytics



(Ranked in top 40% of industrial machinery & equipment companies)

as of Dec. 2023

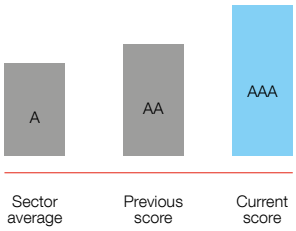
ISS ESG



(Ranked in top 19% of industrial companies)

as of Jan. 2023

EcoVadis



(Ranked in top 15% of industrial machinery companies)

as of Jan. 2024

MSCI

EMBEDDING SUSTAINABILITY IN REMUNERATION

CURRENT

- Since 2015, our short-term incentive (STI) program includes a safety metric as a modifier for individual targets. This safety modifier serves to increase management's focus on the well-being of employees and to motivate employees to pay closer attention to safety at and outside of the workplace.
- Sustainability-related targets are directly included as part of the STI individual targets for some Executive Committee members.
- We are working toward setting explicit sustainability key performance metrics for employees.

FUTURE

- We continually evaluate whether in addition to the current employee safety metric in the STI, there are other sustainability KPIs that may be relevant for our strategic goals and can be reliably measured. If so, we will adjust our management and employee remuneration system accordingly.
- In 2024, we will run a pilot project to assess which environmental, social and governance KPIs can be implemented and measured on an annual basis. Feasible KPIs will then be implemented in 2025/2026 as part of employee remuneration packages.

RECOGNITION AND PARTICIPATION

GRI 2-28

EcoVadis
Oerlikon received the Silver award from EcoVadis, one of the world's leading providers of sustainability ratings for corporate social responsibility (CSR).

EqualVoice
Oerlikon is committed to the EqualVoice United initiative, which advocates gender equality and aims to increase the visibility of women in the media.

EURATEX
Oerlikon is a partner of EURATEX, the European Apparel and Textile Confederation, representing the interests of the European textile and clothing industry, which has an ambitious program to enhance sustainable growth of the European textile and clothing industry.

TIME World's Best Companies of 2023
Oerlikon was ranked among the top 750 global companies on the TIME Magazine's list of the World's Best Companies of 2023.

Handelszeitung/PME: Switzerland's Best Employers 2023
Oerlikon was ranked by PME and Handelszeitung as one of Switzerland's top 250 employers on their list of Best Employers 2023.

Bilanz/PME: Switzerland's Top Innovative Companies 2024
As a leading global innovation powerhouse, Oerlikon is honored to be recognized as the third most innovative Swiss company by Bilanz and PME.

SUPPLIER SUSTAINABILITY

A key stakeholder along our value chain are our suppliers. Oerlikon enters into relationships only with suppliers who agree to our Supplier Code of Conduct (SCoC) and must be able to demonstrate compliance with the rules in our SCoC, covering:

- Human rights and social standards, such as child labor, discrimination, diversity and inclusion.
- Health, safety and environmental protection, such as process security and product safety.
- Appropriate business practices, such as trade compliance and responsible sourcing of minerals and metals.
- Governance, such as risk management and access to remedy.

In 2023, we

- Audited 172 suppliers.
- Completed EcoVadis rating for suppliers covering 30% of our mapped spend (2022: 20%).
- Integrated and aligned the supply chain strategy from the acquired company, Riri.
- Identified and trained regional Sustainability Champions, who act as single points of contact for the implementation of sustainability campaigns.
- Achieved our 2023 goals in our sustainable procurement road map.

Further information on our responsible sourcing strategy, processes and actions can be found on pages 64 to 68.

Transparency on Non-Financial Matters

Sustainability has always been an integral part of Oerlikon's products and services for customers, as well as in its operations. Since its inaugural Sustainability Report 2020, Oerlikon has been transparently reporting on non-financial matters, often referred to as sustainability topics, in accordance with the GRI standards, and since its 2022 report, also in accordance with the SASB Standards.

With Art. 964a et seqq. of the Swiss Code of Obligations (CO) coming into effect, Oerlikon continues to provide the same transparency on environmental matters, in particular CO_2 goals, social issues, employee-related issues, respect for human rights and combating corruption. To facilitate an understanding of how Oerlikon is addressing the specific topics defined by Art. 964a et seqq. of the CO, we have prepared an executive summary here and an index on page 87 for the related content.

BUSINESS MODEL

Oerlikon is a global technology leader for surface solutions, polymer processing and additive manufacturing. Our products and services, together with our advanced materials, improve the performance, function, design and sustainability of our customers products and manufacturing process, as well as those of their customers, in key sectors, such as tooling, automotive, aerospace, luxury, energy, general industries, polymers and textiles.

Headquartered in Switzerland and servicing customers from 207 sites in 38 countries, Oerlikon occupies "sweet spots" in end markets, in which its innovative technologies serve as high barriers to entry. Leveraging its key competencies in engineering, innovation and people, Oerlikon is driving mid- to long-term growth by strengthening its market position and expanding into regions, new end markets and applications.

POLICIES AND DUE DILIGENCE

Oerlikon has several policies and directives, applicable Group-wide, which govern different aspects of sustainability. For further details on our policies and compliance with laws and regulations, see pages 74 to 79 in this report. The policies and directives can be viewed and downloaded here: www.oerlikon.com/en/sustainability/our-policies/

OERLIKON POLICIES AND DIRECTIVES

Overarching Matters	• Sustainability and Health, Safety & Environment (HSE) Policy • Code of Conduct • Supplier Code of Conduct • Responsible Sourcing Policy • Reporting (Whistleblowing) Policy
Environmental Matters	• Sustainability and HSE Policy
Social and Employee-Related Matters	• Non-Discrimination and Anti-Harassment Policy • Sustainability and HSE Policy
Respect for Human Rights	• Policy Against Human Trafficking and Slavery • Policy Against the Use of Child Labor • Human Rights Statement • UK Slavery and Human Trafficking Statement
Anti-Corruption	• Directive on Anti-Corruption and Anti-Bribery • Policy on Avoiding Conflict of Interest • Policy on Global Antitrust Compliance • Directive on Unannounced Inspections

CONFLICT MINERALS

Under the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO), companies or groups that import and process quantities of minerals and metals, such as tin, tantalum, tungsten or gold (3TG), in excess of certain thresholds are subject to due diligence and reporting requirements. A company or group is exempt from these requirements if the minerals and metals do not originate from conflict-affected or high-risk areas.

Oerlikon monitors, reviews and documents its metal and mineral activities on a regular basis, including with respect to whether they are conflict-related. Based on the results of these regular monitoring activities, Oerlikon has concluded that it is exempted from the due diligence and reporting obligations under Art. 964j et seqq. of the CO.

CHILD LABOR

Under the DDTrO, companies are obliged to check whether there are reasonable grounds to suspect child labor and, if such grounds exist, to adhere to the due diligence and reporting obligations. Companies are exempted from this obligation if they can prove that the services and products provided to them originate from countries with a low risk of child labor.

Oerlikon monitors, reviews and documents its supply chain regularly regarding any suspicion of child labor. Based on the result of these regular monitoring activities and checks, Oerlikon has concluded that it is exempted from the due diligence and reporting obligations under Art. 964j et seqq. of the CO.

MAIN RISKS AND MEASURES UNDERTAKEN

Oerlikon takes a company-wide, holistic approach to the identification, assessment and management of business risks. All organizational units and their business processes and projects are evaluated across the entire spectrum of market, credit, operational and sustainability risks.

Oerlikon uses a Risk Management System to integrate risk management within the company's executive ranks and organizational structure. The Board of Directors has defined five primary objectives for the Risk Management System:

1. Secure the company's continued existence and profitability by creating a transparent risk profile and continuously improving and monitoring it.
2. Contribute to improving planning and supporting the better achievement of targets.
3. Secure revenue and reduce potential risk-related expenses, which safeguards and enhances the company's value.
4. Align total risk exposure with the company's risk-bearing capacity and ensure that the risk-return ratio of business activities is transparent.
5. Protect the company's reputation.

OPERATIONAL AND SUSTAINABILITY RISKS

With regard to operational and sustainability risks Oerlikon's risk management covers:

- Additional costs/warranties.
- Technology risks.
- Legal risks, including competition and anti-trust law, patent law, tax law, environmental protection law, trade control law and data protection law.
- Supply chain risks, including disruptions and price increases.
- Loss of key people/shortage of qualified skilled staff and managers.
- Social issues on a local or global scale, including human rights and corruption.
- Climate change risks that could put assets at risk, and risk related to counteracting/mitigating the change/transition to a lower carbon economy, as well as in relation to increasing cost due to policy/regulatory changes.
- IT security, including preparedness for cyberattacks.

For further information on operational risk management, please refer to pages 71 to 72 in the Annual Report 2023.

RISKS RELATED TO BUSINESS RELATIONS

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 on page 67). Similarly, the 21 ESG criteria in the EcoVadis methodology provide us with the framework for addressing anticorruption

risks and measures, including ethics, anti-competitive practices and responsible information management.

For conflict minerals, Oerlikon complies with the EU's Conflict Minerals Regulation (2017/821), and it had already taken steps that anticipated its concerns. We have instituted a Conflict Mineral policy and voluntarily implemented due diligence measures across our supply chain, such as those advocated by the OECD in its Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as US legislation.

In keeping with our commitment to corporate responsibility and upholding human rights across all operations, we seek 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 Responsible Business Alliance (RBA) Code of Conduct and our Responsible Sourcing Policy. For further details on supply chain risk, please refer to pages 64 to 68 in this report.

MAIN PERFORMANCE INDICATORS

Oerlikon set sustainability targets for 2030 and has been reporting on their progress in the company's sustainability report that it publishes annually. The targets addressing Art. 964a et seqq. of the CO are depicted in the table below.

For further details on the targets and their progress, see pages 3 and 21 of this report.

REPORTING SCOPE

The sustainability report is prepared in accordance with GRI Standards 2021 and SASB Standards. The annual report and sustainability report cover all wholly owned and majority-owned entities. Oerlikon's 2023 annual report and sustainability report are published in English and is available at oerlikon.com/sustainabilityreport-2023.

In its 2024 report, Oerlikon plans to disclose its Scope 3 emissions, Science Based Targets initiative (SBTi) target and other climate issues defined by the Swiss Ordinance on Climate Disclosures, in which Art. 3 specifies that companies can make disclosures based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

ASSURANCE AND APPROVAL

PricewaterhouseCoopers AG has provided limited assurance on 2023 Selected Indicators in the Sustainability Report 2023 (including the GHG statement) for the period ended 31 December 2023. The independent practitioner's limited assurance report can be found on pages 99 to 101.

The Sustainability Report 2023 has been approved by the BoD and will be put to an advisory vote by shareholders at Oerlikon's 2024 AGM, which will be held at ENTRA, Rapperswil-Jona on March 21, 2024.

2030 TARGETS

Environmental Matters	Five environmental targets for 2030: • Implementing energy management systems at all relevant sites. • Increasing share of electricity from renewable sources. • Becoming climate neutral in relevant options. • Reducing the share of disposed waste. • Increasing the share of R&D investment in products that contribute to ESG.
Social and Employee-Related Matters	Two diversity targets and one health & safety target for 2030: • Increasing % of women in management and leadership. • Increasing % of women in high-potential talent programs. • Ensuring zero harm to people.
Respect for Human Rights and Anti-Corruption	A 2030 target requiring employees to complete their training on Oerlikon's CoC, which is intended to ensure ethical compliance and correct behavior, including on human rights and anti-corruption topics: • >95% of employees are to complete CoC training both electronically and in person

03 Our Environmental Commitment

Sustainable Products

03

GRI 3-3

SDGS IN FOCUS:

SIGNIFICANT INDIRECT ECONOMIC IMPACTS

GRI 203-2

At Oerlikon, our strategy is to pursue sustainable innovation in collaboration with our customers so that they, their customers and industries are empowered to increase efficiency, optimize resource use, reduce waste, and/or decrease energy and water consumption.

As the global population continues to grow and is projected to exceed 10 billion by 2100, the middle class will further spark rising demand for energy, food, clothing and other consumer products. As a consequence, international trade will respond to this lifestyle trend and trigger the need for manufacturing solutions that are efficient, productive, profitable and designed to support a sustainable circular economy.

SUSTAINABLE PRODUCTS

As a leading global technology company, we engineer solutions that contribute to a more sustainable planet. With our global footprint, we operate 207 sites in 38 countries, providing jobs for more than 12 600 employees.

We serve a broad scope of end markets, including tooling, automotive, aerospace, luxury, energy, 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, tools and luxury accessories, 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 coating for tools can

Case Example:

INNOVATION FOR BIO-POLYMERS AND SUSTAINABLE MATERIALS

Collaborating with Wittmann Battenfeld, Haidlmair and Borealis, Oerlikon innovated a 3-component coffee-to-go cup that is lighter and made of sustainable materials. Using cutting-edge molding technologies, the cup is only 2 mm thick, yet has exceptional thermal performance.

Another sustainable solution using Oerlikon HRSflow technology is the development of an environmentally friendly Salt&Pepper flip-top. This product is made from polylactic acid bio-polymer, which is derived through the controlled fermentation of carbohydrate sources such as corn starch or sugarcane. A significant challenge in using bio-based and biodegradable polymers is their high thermal and shear sensitivity. To overcome these challenges, the focus was on eliminating material degradation risks and short-ening cycle times by yielding a good gate quality.

extend the lifetime of tools by 20 times, equivalent to the reduction of around 8.3 million metric tons of CO_2 or 28% of Swiss CO_2 emissions in 2022. Our high-tech abradable coatings in jet engines increase aerospace engine operation safety and reduce fuel consumption, thereby decreasing around 26 million metric tons of CO_2 emissions or 88% of Swiss CO_2 emissions in 2022. Collectively, just two of our solutions save more CO_2 emissions than the amount of Swiss emissions in 2022.

Our Polymer Processing Solutions Division began its e-save program in 2004, focusing on advancing sustainable innovation in terms of energy, economics, the environment and ergonomics. One such innovation is our durable WINGS (Winding Integrated Godet Solution), which enables customers to save energy consumption by as much as 40% during the yarn manufacturing process.

As a technology leader, we are constantly developing new products and upgrades that deliver efficiency and sustainability. In 2023, we invested around 4% of our sales (CHF 103 million) in R&D and filed 78 new patents. Oerlikon's R&D is driven by three priorities: customer needs, market potential and environmental concerns.

An example of our products launched in 2023 include EvoSteam for staple fibers production, offering customers environmental benefits from energy savings to waste and water consumption reduction (see case study on page 31).

For our PVD coating, we signed a ten-year contract with IPT Aero in 2023 to increase the service life of engine components, making engine turbines more efficient and reducing CO_2 emissions.

To maintain and improve the aero engine's turbine efficiency and prevent the need to drive the turbine

Case Example:

ADVANCING THE HYDROGEN ECONOMY

Metco 6820UF is a metal powder for coating components used in solid oxide fuel cells (SOFCs) and solid oxide electrolyzer cells (SOECs). SOFCs can combine hydrogen with oxygen in the air to generate electricity. The powder is utilized in screen printing and tape casting processes.

Oerlikon is also working with a team of engineers from major global players in the polymer electrolyte membrane (PEM) electrolyzer market to further research on coating solutions for bipolar plates used in production and storage systems for green hydrogen and fuels.

Environment

Industry, Innovation and Infrastructure

Case Study:

COST-EFFECTIVE ALLOY FOR CAR BRAKE DISCS TO REDUCE HARMFUL FINE DUST

The automotive industry is under increasing pressure to reduce emissions of harmful fine dust particles produced during braking. With evolving regulations and environmental concerns, the use of protective coatings on brake discs is becoming increasingly important to minimize the release of these particles.

Metco Joining & Cladding has developed a unique alloy using its proprietary Rapid Alloy Development software. This new material is tailored to cladding cast iron brake discs, adaptable for high-speed laser cladding techniques.

Notably, Metco 9501A does not contain elements like nickel, cobalt or copper, which are still part of conventional material concepts for brake disc coatings and environmentally harmful. This also means that Metco 9501A not only fulfills the requirements of the upcoming EURO 7 emission standards, but also meets expected tightened REACH regulations. Bench tests indicate that Metco 9501A coatings can significantly reduce fine dust emissions by up to 90%.

harder to meet the power output requirement, thereby limiting the need for additional fuel usage and emissions, Metco Joining & Cladding introduced a laser cBN tipping solution used in high-temperature clearance-control applications.

For e-mobility, lightweight construction is a key advantage, promoting the use of glass-reinforced composites (GF) as a preferred material replacing conventional metal for car parts. With our coating for forming tools, such as BALINIT MOLDENA, we are part of the solution for the manufacturing of FRC-made auto parts.

For a car manufacturer in China, Oerlikon Balzers BALITHERM PRIMERFORM coating increased the surface hardness of the injection mold used to produce the headlight of a car from a leading German brand. With BALINIT C, the maintenance cycle was extended by more than 1 000%, greatly reducing the use of polishing paste (waste) and environmental impact.

Another smart and award-winning coating (Magna Innovation Award) from Oerlikon is the thin-film coating with sensors for real-time monitoring of automotive components. With around 100 miniature sensors in modern cars, sensor arrays can be integrated on the components themselves using thin-film coatings, capturing data on load, temperature, pressure, etc. The real-time data enables predictive maintenance and service, and components to be used until the end of their lifespan.

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

Case Example:

PT. KAHATEX INVESTS IN RPET SOLUTION

PT. Kahatex, one of Indonesia's largest manufacturers of woven and circular-knitted fabrics, has a long-standing commitment to environmental responsibility. In 2023, the company started operating a recycled PET (rPET) system from Oerlikon, which mechanically recycles PET waste, including post-industrial materials like "popcorn", bottle flakes and films. This innovative technology transforms these materials into high-quality textile chips, suitable for reusing in producing POY (Partially Oriented Yarn) and DTY (Drawn Textured Yarn).

Environment

Responsible Consumption and Production

Case Study:

MULTIPLA FIXTURE FOR RECONDITIONING TOOLS SAVES UP TO 50% TARGET MATERIAL

Reconditioning and recoating used machining tools conserves material resources and energy. MULTIPLA, a new modular fixture specifically designed for recoating drill heads and mill tips, enhances material and energy savings. MULTIPLA can accommodate different types of tools and significantly increase each fixture's loading capacity by up to 250% per recoating process. With traditional fixtures, the recoating process would also cover parts of the tools that do not need recoating, leading to material waste. MULTIPLA's flexible clamping mechanism allows for coating lengths for each tool to be individually adjusted, ensuring that only the worn parts are coated.

Overall, the application of the new MULTIPLA fixtures for reconditioning tools not only boosts efficiency, but also has the potential to reduce material usage by up to 50% and leads to a 63% shorter coating process time, resulting in considerable energy savings. Currently, tests are underway to adapt MULTIPLA for use with other tools, such as stick blades and indexable inserts.

Environment
Responsible Consumption and Production

Case Study:

EAFK EVO: DESIGN MODIFICATION DELIVERS 25% ENERGY SAVINGS

By further improving the components of the eAFK Evo texturing machine, Oerlikon provides additional energy savings for customers. The eAFK Evo delivers superior speeds, greater productivity and consistently high product quality, along with lower energy consumption and simpler operation vis-à-vis comparable market solutions.

The modifications include the HTI Heater and the Evo Coolers, where the yarn is stretched and heat-treated, which is a prerequisite for texturing, and which are decisive core elements for the quality and efficiency of the equipment. The eAFK's radically new design enables a more consistent heat input, and thus a more consistent yarn quality, while its encapsulated design is highly energy efficient, enabling a reduction of up to 25% of energy consumption.

Moreover, the SmartGodets of the eAFK Evo have been enhanced. The individually controllable godets offer more flexibility when operating the machine with yarn since it is no longer necessary to collectively operate all godets. This, combined with the special string-up mode, can reduce downtime during maintenance by 65%. The highly efficient single inverters further enable greater energy efficiency and better yarn quality.

Environment
Industry, Innovation and Infrastructure; Climate Action

Case Study:

A MULTITUDE OF ENVIRONMENTAL SAVINGS WITH EVOSTEAM: AFFIRMED BY BLUESIGN® LABEL

Premiered at ITMA in Milan in July, Oerlikon's pioneering EvoSteam process for manufacturing PET staple fibers was developed to lower operating expenses and the carbon footprint by minimizing the consumption of energy, water and polymer, while ensuring the excellent fiber qualities required for downstream processes and high-production volumes.

EvoSteam can increase efficiency by up to 12%, reduce production waste by up to 50% and provide up to 8% of energy savings. Additionally, it can result in water savings of up to 3.2 million liters per annum and a lowering of the carbon footprint by up to 20%. This system clearly provides fiber manufactures with a multitude of environmental savings that can support them in achieving their sustainability targets.

The savings are realized by replacing the immersion bath with spray nozzles, an optimized draw point release for higher production speeds and a focus on dramatically reducing the waste generated when manufacturing.

This system received the bluesign verified data label. To qualify for this label, the innovative energy- and resource-saving process had to undergo strict data verification. Moreover, all polyester staple fibers produced with EvoSteam process will actively contribute to the bluesign system in the future.

Qualification of Sustainable Products

At Oerlikon, we see combating climate change 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 could 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, tooling, luxury, textile, polymer processing, space, oil & gas, and aviation sectors, the last of which has customers in the defense industry. In each, our technologies help customers minimize their environmental and social impacts using the best-in-class approach. Sales from the defense and oil & gas sectors account for less than 5% of our total revenue.

In 2021, we defined the criteria to assess the sustainability of our products, dividing them into three categories:

- Our tool coatings, whose objective is to improve customers' production processes 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 enhance the overall system to mitigate climate change, such as lowering CO_2 emissions in aerospace.
- Our equipment business, whose objective is to support more sustainable production.

We consider our tool coatings sustainable if they improve at least one area, such as raw materials consumption, energy consumption, emissions or service duration, while delivering 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 outperform uncoated tools by up to tenfold. 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. This category covers a broad scope of our products. Thus, we have defined the criteria based on product application. A product is considered sustainable if it improves the overall system compared to industry standards in one or more of the following areas: energy consumption, social impact, waste, emissions or service time. If no industry standard exists for comparison, the product is not classified as sustainable.

For our equipment business, we deem products as sustainable if they lessen environmental impact relative to the industry standard in terms of one or more of the following: raw materials consumption, energy use, water consumption, social impact, waste, emissions or service time.

In 2022, we introduced an additional evaluation process for R&D initiatives involving two tiers of evaluation.

In the first tier, projects directly supporting green technologies and transitions, such as phasing out fossil fuels, advancing e-mobility, improving safety and health care or reducing waste, are automatically classified as sustainable.

In the second tier, we consider:

- Impact of projects: If the product resulting from the project enables customers to shorten development time, operate more sustainably (e.g. reducing CO_2) or improve performance with an indirect positive sustainability impact (e.g. less waste from fewer test parts), it is categorized as sustainable.

- Research goals: In collaboration with universities or in projects supported by public funding, if the goal is to enhance products or their performance, they are classified as sustainable.

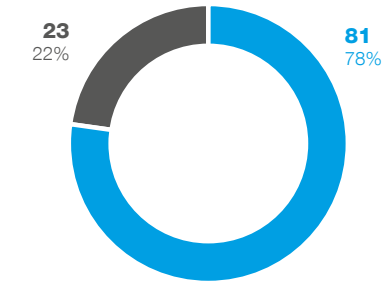
- Digital benefits: If the machine learning or software solutions and upgrades can reduce scrap and energy consumption, they are considered sustainable.

Conversely, if cost reduction is the sole aim of a given project, it is deemed unsustainable.

Based on these criteria for products and projects, 78% of our total R&D investment in 2023 was in sustainable products.

These criteria and classifications enable us to identify challenging areas and guide our investment in sustainability. 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 our R&D spend (except for defense and oil & gas) is on sustainable products.

Total 2023 R&D Investment[1] in CHF million



In sustainable products based on Oerlikon-defined criteria.
In other R&D products and activities.

[1] Excluding 2023 acquisition and reversal of accruals.

Environment
Industry, Innovation and Infrastructure; Climate Action

Case Study:
TRACEABILITY AND SUSTAINABILITY IN FASHION, APPARELS AND TEXTILES

The EU strategy for sustainable and circular textiles looks at the entire life cycle of textile products and proposes actions to change how we produce and consume textiles. One of its visions is that by 2030, the textiles sector is competitive, resilient and innovative, with producers taking responsibility for their products along the value chain and with sufficient capacities for recycling and minimal incineration and landfilling. Among other requirements, an EU digital product passport will be introduced to provide information about a product's environmental sustainability.

Partnering with the Swiss company Haelixa, Oerlikon can today provide customers with manmade fiber systems, where the fibers are traceable and verifiable along the entire value chain.

An essential part of the solution is Haelixa's DNA marker technology. Unique DNA carrying the data of the yarn's components, qualities, manufacturing conditions and origin is fed into the POY or FDY spinning process, for example with the spin finish oil. This DNA is irremovable and impervious to falsification or alteration. The DNA data is stored in atmos.io, Oerlikon's digital platform, which records and evaluates extensive production and process data during the yarn manufacturing process.

Thus, any claim of origin, recycling, manufacturing and quality can be verified and physically traced, which provides transparency throughout the textile value chain until repurposing or the end of life of the product.

Qualification Process of Sustainable Products

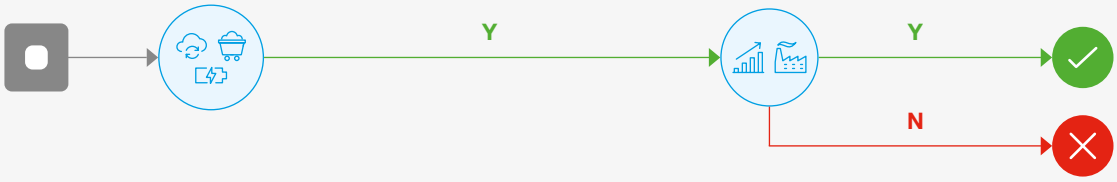
We have broadly classified our solutions into three categories: tool coatings, component and materials business and equipment business.

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.

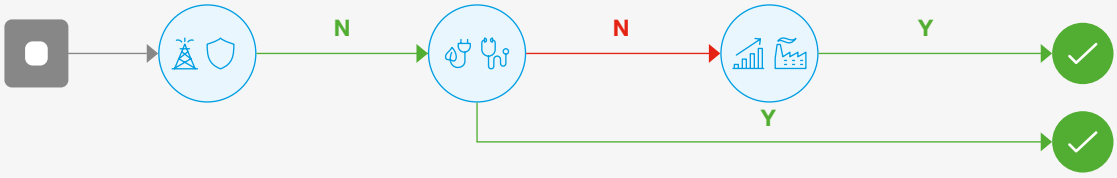
Product	Does it improve the production process in at least one of these dimensions: raw materials consumption, energy consumption, emissions or service time, without a negative effect on one of the other dimensions?	Does it have the same or better performance than the industry standard, predecessor product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

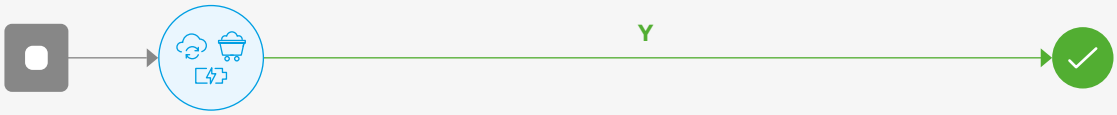
Component/ materials	Is it applied in a controversially discussed field?	Is it used in a sustainable field, such as renewable energy or medical?	Is the overall system better compared to the industry standard, predecessor product or best-in-class competitor product?



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 materials 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:

NEW PLANT IN WUXI DESIGNED TO MINIMIZE IMPACT ON THE ENVIRONMENT

Oerlikon Polymer Processing Solutions inaugurated a new plant in Wuxi, China, in August. The facility was meticulously constructed from scratch, including all operational processes, from the initial design to the construction stages.

With a strong focus on environmental, health and safety aspects, this facility aims to significantly reduce the environmental footprint of its services and products throughout their entire life cycle. It also aspires to create a secure and healthy working environment for every employee.

For instance, a specialized sustainability team conducted an in-depth analysis of the environmental impacts associated with the production of heater boxes. They identified the primary pollutants and exhaust gases, such as smoke from welding, grinding dust, volatile organic compounds from penetrating test materials and oil mist from the CNC processing center. Additionally, ultrasonic baths and hydraulic fluids were found to be the main contributors to water contamination. In response, a mobile gas purification system was installed, and impulse bag filters now capture a substantial amount of the grinding dust. Furthermore, a comprehensive large-scale filter system was implemented to eradicate volatile organic compounds, and a sophisticated water treatment system was introduced to recycle the wastewater.

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 small and larger scales. That can mean anything concerning infrastructure (from transitioning from diesel to electric forklifts to repurposing recovered heat from combined heat and power systems) and/or process optimization in operations (industrial/production processes).

In 2020, we set ambitious targets to achieve by 2030:
(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.
(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-reducing initiatives, are designed to support our efforts toward achieving our climate-neutral target in our operations.

For all environmental targets, we consider all 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 2023, the key environmental performance data from 172 operational sites were consolidated, including one small office. That represents an increase of 17 sites, mainly due to sites acquired since the baseline year (2019: 155 sites). No data from minority-owned sites were included in 2023.

Our progress in 2023 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:
ILLUMINATING EFFICIENCY WITH LED LIGHTING

Among many energy-saving initiatives, the switch to more energy-efficient LED technology is straightforward and necessary, particularly following bans on incandescent bulbs in certain regions and countries.

At our Oerlikon HRSflow sites in Byron Center, Michigan, USA, and San Polo di Piave, Italy, the shift to LEDs saved 87 622 kWh/year in energy and approximately CHF 9 700 annually. Three Oerlikon Balzers sites in France – Saint-Quentin-Fallavier, Duttlenheim and Limoges, and the site in Balzers, Liechtenstein – achieved energy savings of more than 128 000 kWh/year by switching to LEDs.

The shift to LED lighting not only reduces electricity consumption but also cuts down CO_2 emissions, underlining Oerlikon's commitment to environmental sustainability.

ENERGY

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

In 2023, our operations, consisting of 172 operational sites, consumed a total of 429.9 GWh of energy. This represents an increase of 5.2% compared to 408.6 GWh in the 2019 baseline year, and a very slight increase of 0.2% compared to 2022, due to the additional sites from acquisitions. Excluding acquisition, we reduced energy consumption in our operations in 2023 by 2.9%. In 2023, the percentage of energy Oerlikon consumed that was supplied from grid electricity was 75.8%.

Our target of implementing EnMS at all Oerlikon sites considers the installation of EnMS only at relevant sites (i.e. large production 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, mirroring the energy management standards defined by 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 ISO 50001 or the Oerlikon-defined EnMS.

In 2023, 36 sites implemented EnMS, bringing the total number of Oerlikon sites with EnMS to 90, or 52% of our total operational sites. These sites account for 81% of Oerlikon's total energy consumption. In 2023, 25 of our sites consumed together around 50% of our total energy used, and all 25 sites 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, 2023

EnMS according to:	No. of Sites	% of Total Operational Sites
Oerlikon-defined standard	70	41%
ISO 50001	20	12%
Total[1]	90	52%
ISO 14001:2015 Environmental Management Systems	52	30%

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

Environment

Responsible Consumption and Production

Case Study:

LEVERAGING ADAPTIVE 3D ADVANCED CONTROL FOR OPTIMUM ENERGY MANAGEMENT

Industrial air compressors, essential for production, often use outdated mechanical regulations. These compressors activate when air pressure falls below a set threshold and run until a predetermined point is reached. This inflexibility results in operating more machines than necessary, excessive energy use and at unnecessarily high pressures.

To address these inefficiencies, an intelligent air management system, Sigma Air Manager 4.0, was installed at the Oerlikon Balzers site in Pune, India. Its adaptive 3D advanced control dynamically regulates air compressor operations, always ensuring maximum energy efficiency. Not only starts and stops are taken into consideration, but also the idling and frequency converter losses. Moreover, the compressed air system's pressure values are optimized and the average pressure is reduced. This upgrade yielded an average annual reduction of 23% in electricity consumption compared to the old air compressor, the equivalent of a decrease of over 53 metric tons in CO_2 emissions and total annual savings of more than CHF 8 000.

Energy consumption within the organization[1]	Unit	2023 Total	2022 Total	2021[2] Total	2019 Total
Electrical power	GWh	326.9	325.9	309.7	313.2
– Electrical power from renewable sources consumed	*GWh*	*113.5*	*97.2*	*68.8*	*n.a.*
Natural gas	GWh	60.2	60.8	64.8	38.9
Heat and cooling purchased	GWh	14.6	14.2	14.8	25.9
Gasoline and diesel	GWh	23.1	23.0	21.2	24.0
Other energies	GWh	5.1	4.8	8.6	6.6
Total energy consumption	GWh	**429.9**	**428.8**	**419.0**	**408.6**

[1] Differences in total reported figure due to rounding. All figures include acquisitions, except for 2021.
[2] Excluding 2021 acquisitions.

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.
- Continually improve energy management.

An example of EnMS adoption, Oerlikon Eldim in Debrecen, Hungary, achieved a 14% reduction in machinery energy consumption compared to the previous year, thanks to the implementation of an energy monitoring system.

We engage in ongoing analysis to identify further successful practices that can be implemented across the Group and obstacles to reducing energy consumption that we need to manage more

Environment
Affordable and Clean Energy

Case Study:

ACCELERATING THE SHIFT TO RENEWABLES THROUGH ROOFTOP SOLAR PHOTOVOLTAICS

To reduce the environmental impacts of fossil-fuel-based electricity, a number of our sites have been gradually converting to use solar as a renewable source of energy.

In 2023, our Oerlikon Textile site in Vadodara, India, implemented rooftop solar photovoltaic systems. The installation generated more than 400 MWh of electricity since the end of 2018, saving over CHF 31 000 in the first 4.5 years and cutting CO_2 emissions by 162 metric tons in total, which is akin to planting 4 848 trees.

In Europe, Oerlikon Balzers sites in Balzers, Liechtenstein, in Saint-Quentin-Fallavier and Limoges, France, and the Oerlikon HRSflow site in San Polo di Piave, Italy, adopted similar initiatives. Around 400 MWh was collectively generated by the panels at the French sites, replacing energy that was normally purchased, and resulted in the equivalent of 23.4 metric tons of CO_2 emissions reduction. In Italy, the solar system is projected to reduce the carbon footprint by 52 500 kWh and achieve over CHF 10 000 in annual savings.

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 2023, 35% of our total electricity consumed was from renewable sources, representing an improvement of 13% points compared to our baseline of 22% in 2021, and an improvement of 5% points compared to 2022. In terms of consumption, we increased the purchase of renewable energy by 17% from 97.2 GWh in 2022 to 113.5 GWh in 2023, attributable to eight sites that have converted to renewable energy and improved the data process and quality. To date, a total of 26 sites worldwide are using energy solely from renewable sources for electricity.

At many sites, our local teams are active in implementing energy-saving measures. These individual instances (see case studies and examples in boxes) may seem to deliver only minor benefits. Collectively, they make an impact in contributing to energy savings. In 2023, such initiatives resulted in 2.4 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:

NEW AIR TREATMENT SYSTEM REDUCES GAS CONSUMPTION AND EMISSIONS

The Oerlikon Balzers site in Limoges, France, recently replaced its air treatment system, resulting in savings in gas consumption and emission reductions.

The system, which is essential for maintaining a stable working environment in temperatures that often reach 30°C, had reached the end of its operational life and required significant maintenance, resulting in high costs. In addition, the gas heating system consumed substantial amounts of fossil fuel energy.

With the new installation, an annual reduction of 78 MWh (higher heating value – HHV) in natural gas consumption could be achieved, the equivalent of a reduction of 34.5 metric tons of CO_2 per year. The HHV describes the total amount of heat energy that can be generated when a fuel is completely burned. It includes the heat released from both the fuel itself and the latent heat of vaporization of water, which is formed during the combustion process.

Environment

Responsible Consumption and Production

Case Study:

ADVANCING WASTEWATER RECYCLING WITH ULTRAFILTRATION TECHNOLOGY

Recycling wastewater is increasingly being implemented in industrial operations, offering both environmental and economic benefits. By turning waste into a resource, industries can reduce water consumption and contribute to sustainable water management.

At the Oerlikon Balzers site in Manesar, India, we have implemented an ultrafiltration unit to recycle previously unused water, including the rejected water from the reverse osmosis plant, and treated effluent water and overflow from the cooling tower. Thanks to the circular initiative, the site can supply recycled water to the demineralization (DM) plant, cooling tower and garden, achieving savings of 780 m^3 of water per year.

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

We began reporting on GRI 306 Waste 2020 in our Sustainability Report 2020 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 2023, we disposed 27% of our total waste, a strong improvement compared to the 42% in the baseline year and a slight improvement compared to 2022 (28%), despite acquisitions. Total waste includes diverted waste (recycled and reused) and disposed waste (incinerated with and without energy recovery and landfilling). Waste data from 172 operational sites were consolidated in 2023.

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, the Oerlikon Riri team have previously been disposing most of their waste. In 2023, they started the initiative to recover acetal resin and polyester yarn waste at the plant in Tirano, Italy.

We are continuously improving the quality of our reporting on waste and working closely with sites that have a high level of disposed waste (in absolute values) to identify solutions. We continue to identify measures and work toward achieving our 2030 waste target.

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.

We are exploring circular solutions that convert our waste streams into 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 work to recycle or recover waste streams for reuse.

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.

		2023	2022	2021[2]	2019
Waste[1]	**Unit**	Total	Total	Total	Total
Hazardous waste	Kilotons	11.5	10.2	10.2	11.6
Non-hazardous waste	Kilotons	11.5	13.2	11.9	11.3
Total waste generated	Kilotons	**23.0**	**23.4**	**22.1**	**22.9**
Total waste diverted from disposal	Kilotons	**16.7**	**17.0**	**15.2**	**13.3**
Total waste directed to disposal	Kilotons	**6.3**	**6.5**	**6.9**	**9.6**
Share of waste disposed	Kilotons	**27%**	**28%**	**31%**	**42%**

[1] All data includes acquisitions, except for 2021.
[2] Excluding 2021 acquisitions.

WATER AND EFFLUENTS

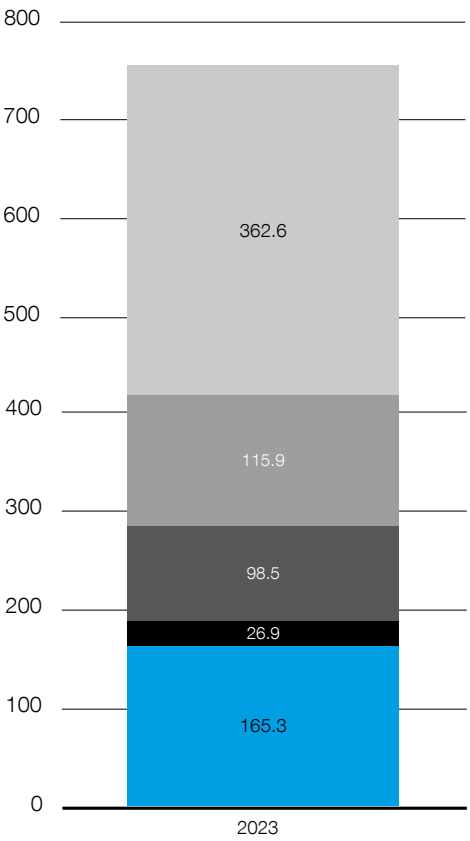
GRI 303-1,2,3

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 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 high-risk areas.

Of the 172 Oerlikon operational sites in 2023, 37 are located in areas facing extremely high levels of water stress; 16 are in high water-stressed areas; 43 are in areas with medium to high levels of water stress and 76 sites are in low and medium to low water-stressed areas.



Water Withdrawal in Water-Stressed Areas (thousand m³)

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

Environment

Responsible Consumption and Production

Case Example:

IMPLEMENTING GOOD PRACTICES TO REDUCE 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 to improve operational sustainability.

As an example, the Oerlikon Fineparts site in Maîche, France, reduced water consumption by implementing a circular system that reuses rinse water in the galvanic process. By integrating such water management into operations, the site achieved a 30% reduction in water consumption over the last five years. At an Oerlikon Eldim site in Hungary, water consumption was reduced by 50% over two years by installing automatic sensor taps in social rooms.

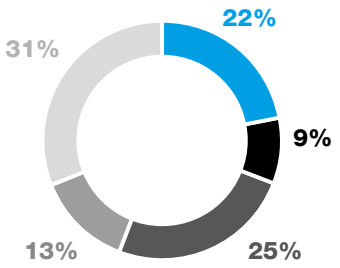
In our coating process, we are working on reducing around 50% of wastewater by removing suspended articles and cleaning the baths during operation, thereby extending the water change intervals.

Water Withdrawal[1]	Unit	2023 Total	2022 Total	2021[2] Total	2019 Total
Third-party water withdrawal	Thousand m^3	748.0	756.4	707.0	700.2
Surface water	Thousand m^3	7.0	7.4	7.8	11.8
Groundwater	Thousand m^3	14.3	2.8	2.6	4.1
Sea water	Thousand m^3	0	0	0	0
Produced water	Thousand m^3	0	0	0	0
Total water withdrawal		**769.3**	**766.6**	**717.4**	**716.2**

[1] Differences in total reported figure due to rounding. All figures include acquisitions, except for 2021.
[2] Excluding 2021 acquisitions.

In 2023, total water withdrawal increased compared to our 2019 baseline, mainly due to the acquired sites added. In terms of usage, around 165.3 thousand m^3 of water was consumed by our sites from extremely high water-stressed areas, and 26.9 thousand m^3 was withdrawn in high water-stressed areas, representing 21% and 3% 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 2023
(as % of total sites)

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

Environment
Responsible Consumption and Production

Case Example:

MINIMUM 90% WASTEWATER REDUCTION ACHIEVED THROUGH EVAPORATION UNIT

The disposal of wastewater often creates additional and potentially risky work for employees and incurs costs related to transportation and compliance with legal requirements.

The installation of a new evaporation unit at the Oerlikon Balzers site in Kędzierzyn-Koźle, Poland, contributed to reducing wastewater by at least 90%, which resulted in annual savings of CHF 76 000. The equipment also minimizes waste and emissions that would have been generated from the documentation and transportation of wastewater. Moreover, the treated water from the evaporation process can be reused in our cleaning operations, thus creating a fully sustainable cycle.

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 greenhouse gas (GHG) emissions in relation to sales. Thus, our goal is to achieve zero GHG emissions and emissions intensity (in tons of CO_2 equivalents per million Swiss francs of sales) by 2030.

In service of this goal, we are optimizing sustainable practices in our operations, which can be as simple as turning off the air conditioner during nights and on weekends. At the same time, we engage in practices that reduce our carbon footprint in sales, delivery and maintenance. 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.

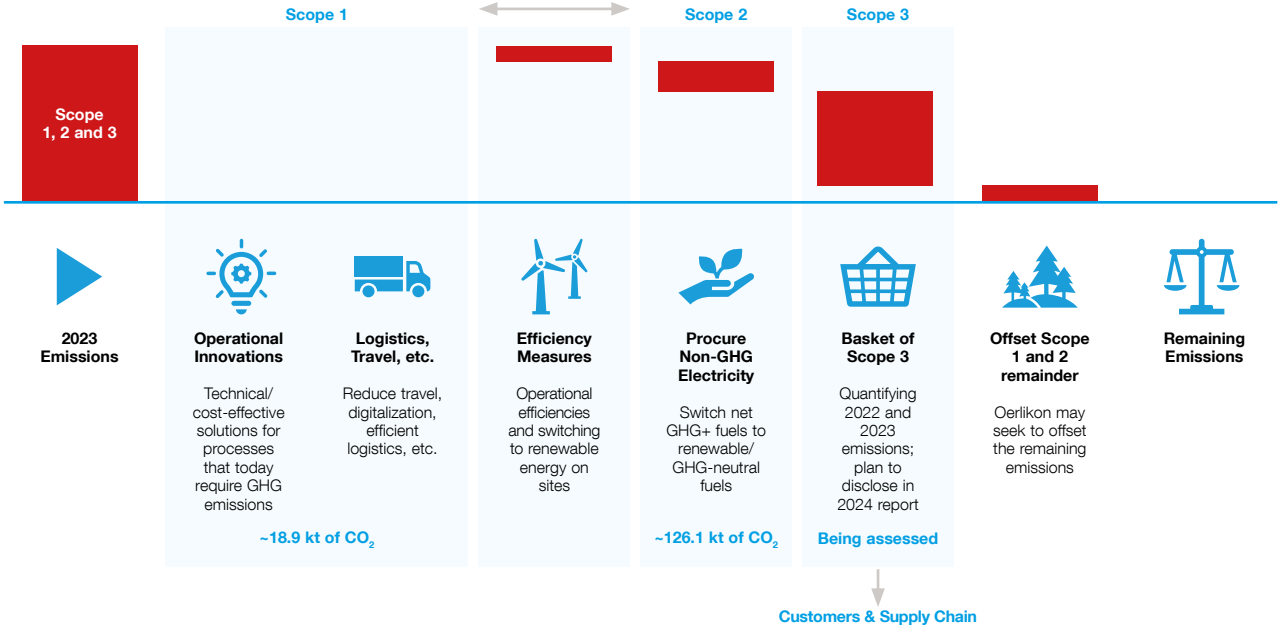
As part of our sustainability efforts, we recognize that it is important for us to identify our climate impact along our value chain (see diagram below). On this route to climate impact reduction, we have a clear understanding of our Scope 1 and 2 GHG emissions, which we have been disclosing, together with our GHG emissions intensity levels, since our inaugural 2020 report.

We have also mapped out how we intend to achieve our 2030 climate neutrality target for Scope 1 and 2 in our relevant operations (see diagram on page 44).

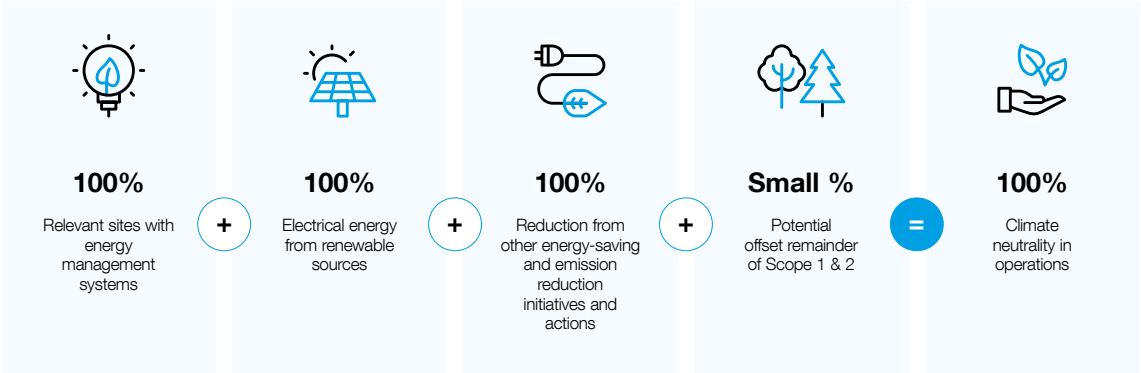
Scope 1 and 2
Our Scope 1 emissions are direct GHG emissions from owned or controlled sources of the Group, excluding emissions from small offices whose emissions are negligible. Scope 2 encompasses indirect GHG emissions from electricity, steam, heat and cooling purchased by the Group.

Our GHG emissions intensity levels are measured in tons of carbon dioxide equivalents (tCO_2e) per million of sales in Swiss francs for total Scope 1

ROUTE TO CLIMATE IMPACT REDUCTION



2030 Operational Environmental Targets (Scope 1 & 2)



and 2 emissions (see page 45 and 88 of the report). In 2023, emissions data from 172 operational sites were consolidated.

Our Scope 1 emissions increased by 27% in 2023 compared to the baseline, mainly due to acquired sites. Compared to 2022, Scope 1 emissions slightly decreased by 0.5%, despite acquired sites.

In 2023, we reduced our Scope 2 emissions by 12% compared to our 2019 baseline and lowered the emissions by 2% compared to our 2022 level, despite acquisitions. The improvement in emissions levels is attributed mainly to the continued shift toward purchasing and using renewable energy.

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 lowered the carbon intensity of our operations in 2023 (53.8 tCO_2e/million CHF) compared to 60.9 tCO_2e/million CHF from the 2019 baseline year. Compared to 2022 (50.6 tCO_2e/million CHF), 2023 saw a slight increase in intensity due to lower annual sales.

Among our 172 sites, 83 are using the market-based method to report on their Scope 2 emissions, while 89 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 such as 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 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 (which is how SF_6 would be classified).

Scope 3

In 2021, we took the first steps toward reporting on Scope 3 emissions and started the process with the appointment of an external partner to work with us on an initial assessment of the 15 categories of Scope 3 emissions, based on 2020 data.

		2023	2022	2021[2]	2019
Emissions[1]	**Unit**	Total	Total	Total	Total
Direct CO_2 emissions (Scope 1)	Kilotons CO_2 eq	18.9	19.0	19.5	14.9
Indirect CO_2 emissions (Scope 2)	Kilotons CO_2 eq	126.1	128.1	141.5	143.0
Total Scope 1 and Scope 2 GHG emissions	Kilotons CO_2 eq	**145.0**	**147.2**	**161.0**	**157.9**
Scope 1 and Scope 2 GHG emissions intensity	Tons CO_2 eq per million CHF sales	**53.8**	**50.6**	**60.8**	**60.9**

[1] Differences in total reported figure due to rounding. All data includes acquisitions, except for 2021.
[2] Excluding 2021 acquisitions.

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 Department for Business, Energy and Industrial Strategy (BEIS).

Following this first assessment, we now understand 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.

To be able to identify the areas that we can best influence and make the most meaningful contribution in reducing emissions, we are tackling the next steps systematically.

We are presently working with an external partner to assess and quantify our Scope 3 categories for the calendar years 2022 and 2023, which is expected to be completed by the middle of 2024. We intend to disclose Scope 3, in line with the TCFD requirements, in our Sustainability Report 2024. Similarly, we plan to commit and submit to SBTi in 2024.

Case Study:

ABATING VOC EMISSIONS WITH REGENERATIVE THERMAL OXIDIZER

With the installation of a Regenerative Thermal Oxidizer (RTO) at the Oerlikon Riri site in Mendrisio, Switzerland, we were able to cut down volatile organic compounds (VOCs) emitted into the atmosphere from chimneys in the lacquering department. Operating on methane gas, this fuel-efficient RTO decomposes hazardous gases at high temperatures, effectively eliminating a significant portion of air pollutants in the emissions.

Achieving an over 77% reduction in our carbon footprint, which is equivalent to about 10 tons of VOCs per year, this initiative also facilitates our compliance with Switzerland's stringent air emission regulations.

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

2023 was a challenging year in our end markets, and we took actions to protect our business and profitability. This, unfortunately, meant that we had to let go of some employees. As a responsible employer, it was important for us to manage the process in a respectful and fair manner.

Equally important for us was that we continued to deliver our quality products and services to customers, maintain our strong innovation pipeline and fulfill our commitment to Diversity, Equity and Inclusion (DEI). It remains an objective for us to work toward our 2030 gender diversity targets and nurture promising careers through our professional development programs for employees identified as having leadership potential.

An Employer of Choice for Global Talent

Oerlikon's global workforce numbered 12 620 full-time equivalents (FTEs) at the end of 2023, a slight increase of 3.6% compared to the previous year due to the acquisition of Riri.

59% of FTEs were based in Europe, followed by 27% in Asia-Pacific and 14% in the Americas. The majority of Oerlikon's employees (>94%) are permanent employees.

Further employment data (headcount), including breakdowns by permanent, temporary, full-time and part-time, as well as by regions and gender, can be found on pages 90 to 93. Data for employees with non-guaranteed hours 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 in line with local labor regulations and practices.

TIME World's Best Companies 2023

In 2023, TIME launched its inaugural list of the World's Best Companies, in partnership with Statista, a leading international provider of market and consumer data and ratings. The prestigious ranking is based on a comprehensive study, focusing on three core pillars: employee satisfaction, revenue growth and sustainability (ESG). Approximately 150 000 participants in 58 countries were surveyed. Out of 5 000 companies, Oerlikon was ranked 641, among the world's top 750 leading organizations recognized by TIME.

The evaluation process was exhaustive and inclusive, covering direct and indirect recommendations of companies from a diverse array of employees. The methodology included aspects such as company image, work environment, working conditions, compensation and equality.

Handelszeitung/PME Best Employer 2023
Oerlikon was ranked by Handelszeitung and PME (in partnership with Statista) as one of Switzerland's 250 Best Employers 2023. The ranking is based on data collected through online access panels and directly from the media outlet's website, capturing information on more than 1500 employers, each employing at least 200 people within the country. Over 15000 employees participated, representing a broad regional and social demographic. This accolade reaffirms our dedication to providing a diverse, inclusive and equitable workplace for employees.

PME/Bilanz Top Innovative Companies 2024
As a leading global technology company, Oerlikon was proud to be named as the third most innovative Swiss company by Bilanz and PME (in collaboration with Statista). A total of 8900 people, comprising employees and innovation experts, provided feedback on 500 companies in Switzerland based on general innovativeness, product innovation and innovation culture.

The honor of being recognized as the third most innovative company across Switzerland and the most innovative in the sector of Electronic and Industrial Engineering attests to Oerlikon's unwavering commitment to innovation and the formidable strengths we have cultivated in this domain.

Employee Engagement Positively Impacting Culture
We run periodic surveys to assess employee engagement and identify opportunities for continued improvement. The most recent employee survey was conducted in 2022 with the theme "Your Voice Matters"; it had a 72% participation rate.

Using the survey results and feedback as a starting point, 2023 consisted of robust follow-ups at team level to identify current challenges and measure progress. Looking forward, we aim to continuously facilitate best-practice sharing across the organization, further enhancing employee engagement and nurturing the Oerlikon culture.

Embedding Desired Behavior in Our Culture
Drawing from feedback gathered from two employee engagement surveys, along with input from targeted interviews, we developed the six concise Success Statements from the Oerlikon Success Model.

To embed the Success Model into our culture and performance, the success statements were integrated into employees' performance evaluations. Doing this enables us to reinforce our culture and values and identify where additional investment is required. To ensure transparency and accessibility across the organization, the performance evaluation system is available in ten languages.

Additionally, we deployed visual aids, such as posters and stickers, to deepen the understanding of the Success Model. In 2023, posters in 23 languages were strategically placed throughout the company's sites worldwide to inspire and engage employees with the Success Statements.

Talent Acquisition
The post-pandemic global recruitment landscape has necessitated greater efficiency and organization in talent acquisition. We rose to this challenge by leveraging a mix of tools, technologies and strategies.

The use of HireVue, an AI-powered platform with video interviewing, scheduling and candidate assessment features, continued to play a key role in our remote and virtual recruitment and onboarding processes.

In 2023, 54% of our acquisitions were sourced over online platforms such as LinkedIn and Indeed, and 6% of new hires stemmed from these digital platforms. The transformation into a more digital approach for recruitment has led to significant savings compared to conventional recruitment methods.

To attract local talent, we have refined our approach in markets where we operate. For example, in the US, we employed Spanish-speaking recruiters in the talent acquisition process for predominantly Spanish-speaking communities. This regionalization makes hiring decisions at the local level more efficient and effective.

DIVERSITY AND EQUAL OPPORTUNITY
GRI 405-1

Oerlikon is dedicated to cultivating a work environment where every employee feels secure, comfortable and can genuinely be themselves.

As part of our DEI initiatives, the Inclusion in Action program has been active since its successful launch in December 2021. In 2023, we recorded a 15% increase with around 80 participants. Spanning three sessions and available in both English and German, the program aims to heighten individual awareness of inclusive perspectives and to pinpoint areas most susceptible to unintentional and subconscious biases through inclusion sequence analysis of workplace procedures and practices.

Inclusion in Action now holds a permanent spot in our training catalog and can be booked on demand for specific teams or regions. We anticipate incorporating the program into our compulsory training curriculum by the first half of 2024.

Employee Resource Groups (ERGs) are internal communities of workers with shared identities and interests, and their main goals are to advocate for the underrepresented group they represent and help increase the opportunities they get within the workplace.

ENRICH@Oerlikon aims to act as a cultural bridge for employees worldwide, focusing on diversity objectives, intercultural matters and professional development of teams.

The Oerlikon Women's Council is dedicated to advancing women's interests and nurturing talented women as the organization's future leaders. Proud@Oerlikon is committed to fostering a safe, inclusive and supportive environment for all, regardless of their sexual orientation, gender identity or expression.

Parents@Oerlikon offers support for employees balancing both work and caregiving or parenting responsibilities, in line with the company's belief that a supportive work culture can result in a more satisfied, engaged and productive workforce. The primary aim of MultiGen@Oerlikon is to promote cross-generational collaboration. Its members span Generations X, Y and Z, as well as Baby Boomers, working together to address challenges.

Social

Gender Equality

Case Study:

EMPOWERING AN EQUAL FUTURE: OERLIKON'S WOMEN IN LEADERSHIP PROGRAM

As an Equal Voice signatory, Oerlikon is committed to gender equality in business and has set targets that include increasing female representation in top leadership to 20% by 2030. In line with this objective, we have been actively identifying professional women with future leadership potential and supporting early career planning to foster internal talent growth among junior female staff.

To fulfill our commitment to developing high-potential women for senior management roles, we completed a Women in Leadership pilot program in August 2023. The pilot program, consisting of two 2.5-hour online sessions, covered various subjects, including the barriers women face in male-dominated environments, strategies for thriving in such industries, understanding different leadership styles, achieving sustainable personal leadership, engaging productively in strategic networking, mastering personal branding and self-marketing and forging a career path that aligns with both professional and personal priorities.

Run by members of the Oerlikon Women's Council, the pilot saw participants representing a diverse cross-section of business units and corporate functions. Following the success of the pilot, it is planned to roll out the program in 2024 with an expanded program, allowing more time for internal and external keynote speakers and subsequent discussions.

Each of these ERGs plays a crucial role in uniting employees with shared interests, ensuring organization-wide awareness and appreciation for the diverse perspectives within Oerlikon's workforce.

SENIOR MANAGEMENT IN LOCAL COMMUNITIES

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.

Our global workforce in 2023 was represented by 105 nationalities (2022: 102). Among our leadership team, 19% of our designated Global Leaders were non-European (2022: 18%). Oerlikon aims to further 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, led by the culture-focused employee resource group ENRICH@Oerlikon, we hosted our third Diversity Conference, called "Connect", to celebrate the diverse cultures, backgrounds and perspectives that constitute Oerlikon's fundamental strengths. Together, we explored the significance of cultural diversity for us as individuals, within teams and across our company. Attended by approximately 400 participants, the three-session conference commenced with a panel discussion, featuring top company leaders who shared insights on the impact of cultural diversity on their personal and professional development. This was followed by an interactive talk on intercultural communication, conducted by a speaker from Engineers Without Borders, emphasizing the influence of different cultures and learning attitudes on professional behavior. The afternoon session featured an interactive webinar about harnessing cultural diversity to build successful international teams, presented by a renowned author and consultant.

Gender and Sexual Diversity

We remain committed to strengthening gender diversity on the Board, at senior management level and across the company. In 2023, two out of eight members (25%) of the Board were women, while one out of five members (20%) of the Executive Committee was female. During 2023, Oerlikon's global workforce (FTEs) increased by 3.6% to 12 620, of which 25% were female (2022: 24%).

Achieving gender balance remains challenging given the predominance of men in engineering. Our overall workforce is largely male (75%) and women account for 14.3% of management and leadership roles (2018 baseline: 12%).

We actively work on improving gender diversity and making Oerlikon an attractive workplace for women. To that end, we strive to increase the number of women in leadership positions within the company through a variety of initiatives.

On March 8, Oerlikon hosted a virtual International Women's Day that featured three presentations, each followed by a Q&A session. The first presentation delved into mental health concerns, focusing on how to identify and counteract self-limiting beliefs that can lead to stress and unhappiness. Additionally, attendees received guidance on making micro-commitments to support progress towards greater fulfillment. The second session addressed reproductive health and how progressive employers can best support it. The third session gave an overview of the company's travel policy, emphasizing practices that ensure women feel safe while traveling for business.

To commemorate the International Women in Engineering Day, regional "Lunch and Learn" events were held on June 23. Members of the Oerlikon Women's Council took on the role of presenters in each region, facilitating both Q&A and brainstorming sessions with attendees. Discussions centered on shared challenges, such as

combating discrimination, and strategies to sustain resilience in a male-dominated field. Additionally, participants deliberated on the measures Oerlikon can implement to bolster career advancement for women in science, technology, engineering and mathematics (STEM).

Following the success of Oerlikon's inaugural observance of Pride Month in 2022, the company expanded its celebrations and activities in 2023. Two live virtual events held on June 27 provided employees with the opportunity to learn about the history of Pride, understand the importance of being out and proud for LGBTQ+ employees in the workplace and discover how colleagues can promote ally visibility.

Oerlikon is also among the signatories of Switzerland's Trans Rights pledge, and employees participated in the 2023 annual Christopher Street Day parade in Cologne. This event commemorates the Stonewall Uprising in New York City, which ignited the birth of the LGBTQ+ rights movement.

Age Diversity
At Oerlikon, age is never a factor in hiring and employment decisions. Our Company is proud of its age diversity.

In 2023, approximately 15% of our workforce was aged 30 or younger, 57% were between the ages of 30 to 50 and 28% were over 50 years of age.

Our equal opportunity approach to age (as well as all protected characteristics), demonstrated appreciation of talent and career growth opportunities has resulted in a higher level of workplace satisfaction among our employees.

As of the publication of this report, 14% of our employees have been employed with Oerlikon for 20 years or more (2023: 1961; 2022: 1702). This demonstrates the long-term opportunities we offer our employees. The average employee tenure at Oerlikon is 9.78 years (2022: 9 years) – notably longer than the industry average.

Disability Inclusion
At Oerlikon, we are deeply committed to embracing inclusion and actively seeking diverse future talents, including those with disabilities or chronic illnesses. We value individuals for their abilities and do not judge them based on their impairments.

As a partner company in the myAbility Talent Program Germany 2023 – the first barrier-free career initiative for students and academics with disabilities or chronic illnesses in the DACH region – our Surface Solutions Division received 30 applications, interviewed 10 potential candidates and proceeded with three in the recruiting process.

Piloted in the summer of 2023, the Polymer Processing Solutions Division launched an apprenticeship and internship program specifically tailored to candidates with disabilities. In close collaboration with local institutions, we welcomed one intern with a hearing impairment and an apprentice with an autism spectrum disorder to join the Oerlikon team. Additionally, we have strengthened our cooperation with local support institutions, including a special needs school for children with neurodiversity and learning difficulties.

TRAINING AND EDUCATION
GRI 404-1,2,3

Employee Training and Development
Skill 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.

Employee training 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. Training for technical work, such as machine operation, is handled locally in line with the operating procedures of that country. The reviews are documented in the SuccessFactors system or, where SuccessFactors is not in place, in manual individual development plan templates.

In the US, we utilize the RedVector learning management system for health and safety training, as

well as for leadership development programs, providing employees with access to an extensive library of e-learning courses and opportunities to connect with additional external vendor libraries. In 2023, we incorporated some knowledge qualifications for the sales organization and an orientation program for human resources. Looking ahead, our plan is to also utilize this system to assign prework to our production manager training.

In 2023, 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.

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 through an 18-month course. 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, consisting of 25 participants, completed the modified program due to the pandemic in May 2022. The third wave commenced in December 2023 and is expected to conclude in 2025. This cohort is notably diverse, consisting of 30 participants, including 10 women and 15 individuals from non-EU countries.

As part of the Horizons program, teams are formed to work on specific business projects over six months. These projects are based on current, real-life business topics, allowing participants to contribute ideas to the business and products, or to identify solutions to address challenges. At the end of this period, they present their ideas and explain how they would implement the project. These proposals are then applied to the business.

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

In the Polymer Processing Solutions Division, Loop 5 of the two-year OMF+ program commenced in September 2022 and is scheduled to conclude in late 2024. Throughout the program, 35 high-potential participants are engaged in strategic projects, webinars and on-site training. Additionally, mentoring sessions are conducted at various locations during the program's duration.

OERLIKON RISE
The RISE program was launched in 2022 to develop high-potential, regional-level talent in preparation for positions within national or regional management teams. The first cohort commenced the program in the summer of 2022 and completed it in October 2023.

In this inaugural wave, 156 individuals nominated themselves and underwent a three-gate validation process. This process included:

1. obtaining line manager permission, completing a self-assessment and an online test;
2. submitting a video application, undergoing line manager evaluation and participating in a structured interview; and finally
3. securing approvals and endorsements from HR and leadership.

Of the 57 participants who made it to the final selection (26 from Europe, 15 from the Americas and 16 from Asia-Pacific), 20% were women.

RISE focuses on enhancing participants' leadership skills and business acumen. Through various business projects, participants gained hands-on experience and a deeper understanding of strategic decision-making, further equipping themselves for the roles of the next generation of company leaders.

LABOR MANAGEMENT RELATIONS, FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING
GRI 402-1, GRI 2-30; GRI 407-1

Oerlikon has operations in 38 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 ensure 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 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 2023 (2022: 45%).

Pertaining to minimum notice periods regarding operational changes, we have refrained from 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 207 sites in 38 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. Our local teams identify opportunities to engage with local communities and give back through a combination of fundraising and volunteer efforts.

In 2023, we continued to encourage community engagement and volunteer initiatives, both locally and worldwide, to respond as needs arise.

In the aftermath of the devastating earthquake in Turkey and Syria in February 2023, we ran a Group-wide fundraising campaign. This resulted in a donation of CHF 36 000 to AHBAP, a local charity organization that was established to provide all kinds of help to those in need, working with a value system based on solidarity, sharing, caring and belonging.

In India, we organized a tree plantation drive and planted over 600 saplings of native tree species to address local environmental needs and preserve biodiversity. We also distributed educational materials to underprivileged children and established a mini science center in a school in a tribal area. In the realm of healthcare, we donated dialysis machines to a charitable hospital and provided financial assistance to disadvantaged children needing heart surgery. Furthermore, to promote gender equality in rural regions, we offered vocational training to women, enhancing their livelihood opportunities.

In Brazil, a team of Oerlikon employees in São José dos Pinhais donated computer and video equipment to the "Amélias" social project, initiated by the local NGO Respeito Não Tem Cor. These devices provide vulnerable women and victims of domestic violence digital access to resources, such as legal support, counseling, curriculum development, craft courses and more. Additionally, the team in Brazil organized a collection of Easter chocolates among employees for the local orphanage Lar Mãe Maria, which cares for 52 at-risk children and adolescents.

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

In the US, our Westbury colleagues sponsored a local organization that provides school supplies for children to begin their fall semester. In Lake Orion, Michigan, we joined forces in a fundraiser organized by St. Jude Children's Research Hospital during Childhood Cancer Awareness Month, which achieved a notable collection of USD 100 000.

Moreover, we also engaged with students and children locally in a number of countries. At the Long Island Manufacturing Day event, the Westbury team showcased our products and presented potential career paths at Oerlikon to local high school students from 31 school districts.

In April, the Oerlikon team in Suzhou, China, hosted its first School Open Day, welcoming college students from Xi'an Jiaotong University and Jiangsu University of Technology. Through in-depth discussions with our colleagues, some of whom are alumni of these universities, the students were offered the opportunity to understand Oerlikon's businesses and experience the day-to-day operations at a world-leading technology and engineering company.

In Wohlen, Switzerland, we introduced the fascinating world of thermal spray on Swiss National Future Day to children aged between five and seven. After learning about the various operational processes, they were offered the chance to mask up, grit blast and spray a drink bottle as a souvenir of this fun and educational day.

In Germany, we welcomed over 30 young women on the national Girls' Day across six of our locations, providing the opportunity to learn more about our surface solutions, additive manufacturing, polymer processing solutions and digitization. The aim of the day is to inspire and motivate young women to enter professions where women have traditionally been underrepresented.

As these examples demonstrate, engaging with local communities and performing philanthropic 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 support and applaud their generosity in engaging with and providing services to their communities.

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 (BoD) 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 74 to 79). 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: the 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 73 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 thirdparty reviews every other year. Our system maintains

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

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 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 ordering, 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 may 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 the 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 the event that a banned and restricted product is used, an alternative must be sought, and the banned and restricted product 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, the 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 the coating process may take place in addition to locally required workplace investigations. Technical measures to reduce dust and rules for personal protective equipment are updated regularly where necessary. This applies equally at customer facilities using Oerlikon's equipment and in our own coating centers.

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 an H&S team of specialists who facilitate Group-wide implementation and monitoring of all related topics.

WORK-RELATED INJURIES

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

Oerlikon's key performance indicator for 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 2023 includes a few small offices that provided the data.

We established a TAFR target for 2030 that was published in the Sustainability Report 2020 and uses 2019 as our baseline year. In 2023, Oerlikon's TAFR, including acquisitions, was 0.72, which is a reduction of 18% compared to 0.88 in the 2019 baseline year. Excluding acquisitions, TAFR was 0.60, a reduction of 20% vs baseline. Compared to the initial baseline set in 2016, there has been an aggregate 45% reduction.

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

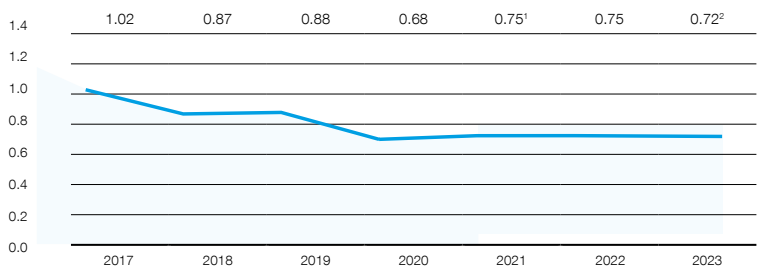
The Group also tracks the number of calendar days lost per each Lost Time Accident (LTA) per 200 000 hours worked. For 2023, this LTA severity rate was 19.55, a 62% increase over 2022 (when it was 12.04), attributed to three high-consequence work-related injuries and to the Riri acquisition, where the rate has notably improved toward the end of the year.

Oerlikon covers a broader scope than just near-miss incidents and takes into consideration unsafe situations, which can be unsafe acts or conditions, and safety suggestions (referred to internally as "near misses and unsafe situations" – NMUS). In 2023, our NMUS frequency rate increased by 60% to 48.9 (2022: 30.6), which was one of the reasons for the 20% reduction in our TAFR (excluding acquisitions). In 2023, the fatality rate for work-related fatalities remained at zero.

The number of contractors employed by Oerlikon is relatively low compared with other industries. At Oerlikon, we use contractors mainly for equipment and facility maintenance and repair. Oerlikon tracks neither the accident/incident rates nor the near-miss frequency rates for contractors as we do not record their working hours. To our knowledge, there were no work-related accidents or fatalities recorded by any contractor in 2023.

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.

TAFR (12-month rolling)



[1] Excluding acquisitions, TAFR was 0.72.
[2] In 2023, TAFR excluding acquisitions was 0.60.

We comply with the GRI 403 Occupational Health and Safety 2018 standard by defining high-consequence work-related injuries 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 pre-injury health status. We currently do not measure recovery time but intend to implement a process to track it. In 2023, we had three such cases of work-related injuries (2022: two cases).

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 a written confirmation that training was conducted.

To reinforce safety in leadership, we piloted a safety leadership training module in 2022 covering topics such as the Sustainability & HSE Policy, 5 golden safety rules, H&S responsibilities, hazard identification and risk assessment, behavior-based safety, safety moments, NMUS and accident investigation. In 2023, we rolled out the training program, and to date over 530 managers, including the management teams of both divisions, have been trained.

As part of the H&S program, all employees at production sites received their annual safety training, either as an initial training session or as a refresher. The annual safety training covered topics such as cutters, hand safety, fire safety, cranes, forklifts and ergonomics. In 2023, 100% of the training was executed as planned and documented.

Additionally, all operational employees and leaders were tasked to ensure that they knew their contribution to and responsibility for health and safety. Each site is required to understand and respect the legal requirements for the individual's H&S contribution and responsibilities, and that everyone understood and accept that they are responsible for their own safety and well-being. To formalize this process, each individual's responsibilities must be defined and documented, ideally in their job descriptions.

Since 2015 – except for 2020 due to pandemic safety concerns – 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, well-being and resilience and, in response to COVID-19, strategies for preventing infection and coping with the mental health impact of the pandemic.

For 2023, employees worldwide participated in the HSE Day activities and training related to the theme Ownership for Safety. The gist of the theme was to reinforce the mindset that each and everyone needs to take personal responsibility for occupational health and safety. Beginning with a conference session on accountability that was chaired by the country presidents or site general managers, employees were then invited to openly discuss the topic. Further workshops on specific topics were organized for smaller groups, and a Jeopardy-style quiz provided the interactive fun element to finding the right H&S questions to the given answers.

To further highlight the importance of safety at work, in 2023, a new poster with our five golden health and safety rules, available in 28 languages, was prominently placed throughout our sites worldwide. Moreover, a "H&S welcome card" – an initiative that began in our Remscheid site – was adopted by other Oerlikon sites globally, serving as a reminder to employees coming back from the year-end and New Year's holidays to be vigilant and heed health and safety measures.

OCCUPATIONAL HEALTH SERVICES

GRI 403-3

We organize occupational health services at 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 207 sites in 38 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.

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

1% of work-related injuries in 2022 (2022: 13%). 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 hire 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 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.

Oerlikon Approach to Product Safety

Oerlikon products and services are clustered into three business models:
1) Machinery and equipment 2) Materials and 3) Coating as a service/components/AM.
They cover 100% of Group sales.

Machinery & Equipment		Materials	Coating as a Service/ Components/AM
Polymer Processing Solutions	**Surface Solutions**	**Surface Solutions**	**Surface Solutions**
Ensure compliance with key global regulations: REACH, RoHS, etc.			
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. Product development/training	**Regulatory compliance:** 1. Coating development & testing 2. 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 customers		Materials (e.g. powder metals) manufactured and blended by Oerlikon and sold to customers as consumables	Customer manufacturers components and sends them to Oerlikon. Oerlikon coats them to specification and sends them back to the customers

For all three categories, Oerlikon has in place comprehensive safety measures, including safety directives, safety data sheets (SDS) and product manuals. Safety is defined and ensured from the very beginning – from the design stage all the way to ongoing customer support after delivery of the equipment/product. See the table on page 60 for further details. In addition, all Oerlikon sites fully comply with international and local safety standards (see list on page 63).

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 the 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.

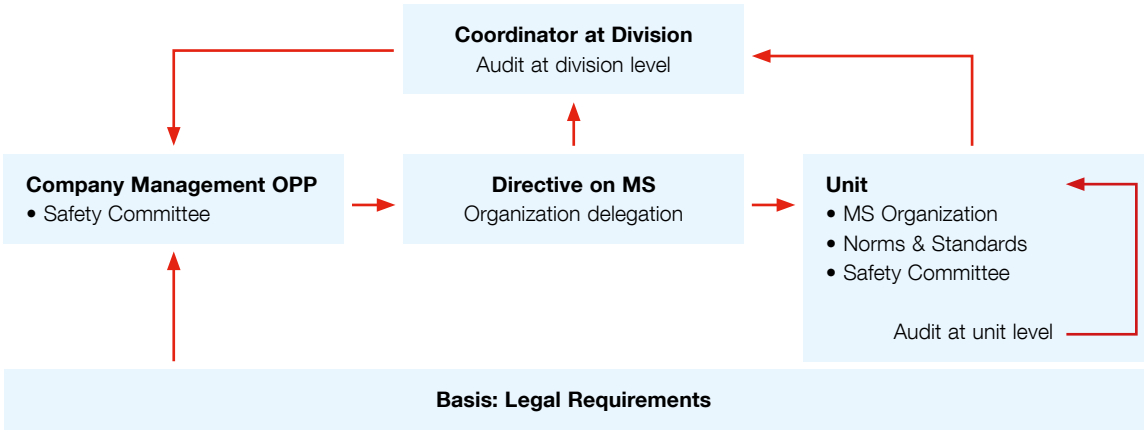
Directives on Machine Safety (MS) are in place for both Polymer Processing Solutions and Surface Solutions, following the ISO 12100:100 Safety of machinery – General principles for design as the authoritative specification, without being limited to them. The directives are guided by a closed-loop concept (see chart below) that considers legal requirements, as well as audits at both unit level and division level.

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.

At the division and unit levels in the Polymer 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.

Safety Concept for Machine Safety at Polymer Processing Solutions



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 the 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 provide 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.
- 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 classifications 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 ensure 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 regarding the 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 the 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 (e.g. 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 and its health and safety management plans and references, must be provided and considered before the contract is granted.

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

- CE conformity for all equipment, including 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)
- Machinery Regulation (2023/1230/EU)
- Low Voltage Directive (LVD) (2014/35/EU)
- Electromagnetic Compatibility (EMC) Directive (2014/30/EU)
- Radio Equipment Directive (RED) (2014/53/EU)
- Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
- Restriction of Hazardous Substances (RoHS 2) Directive (2014/65/EU)
- Germany: Technical Rules for Hazardous Substances (TRGS)
- Pressure Equipment Directive (PED) (2014/68/EU)
- ATEX Directive (2014/34/EU)
- USA: Underwriters Laboratories (UL) (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 are able to maintain our research and production timetables, sustain uninterrupted operations, deliver on our obligations to customers and employees and 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 conformity with 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 adhere to our Supplier Code of Conduct.

The Oerlikon Supplier Code of Conduct, available 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:

- Human rights and social standards, such as those concerning child labor, discrimination, diversity and inclusion.
- Health, safety and environmental protection, such as process security and product safety.
- Appropriate business practices, such as trade compliance and responsible sourcing of minerals and metals.
- Governance, such as risk management and access to remedy.

In 2023, we published an updated Supplier Code of Conduct in the eight languages. It formalizes our commitment to include sustainability as an essential part of our procurement strategy. The updated Supplier Code of Conduct is available at: (www.oerlikon.com/en/sustainability/our-policies/) and was rolled out successfully to the divisions in 2023.

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 the total cost of ownership, price, quality, logistics and service. This is essential in order 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. It employs a project-driven approach to maximize efficiency and continually reduce costs in order to enhance Oerlikon's profitability.

The Global Category Leader is responsible for defining DM or IM category strategies and monitoring their implementation in close collaboration with divisions and sites. The Key Procurement

Oerlikon's Supplier Code of Conduct

Manager, the Regional Head of Procurement and the Category Buyers 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 for direct materials and 35% for indirect materials.

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 sustainability assessment.

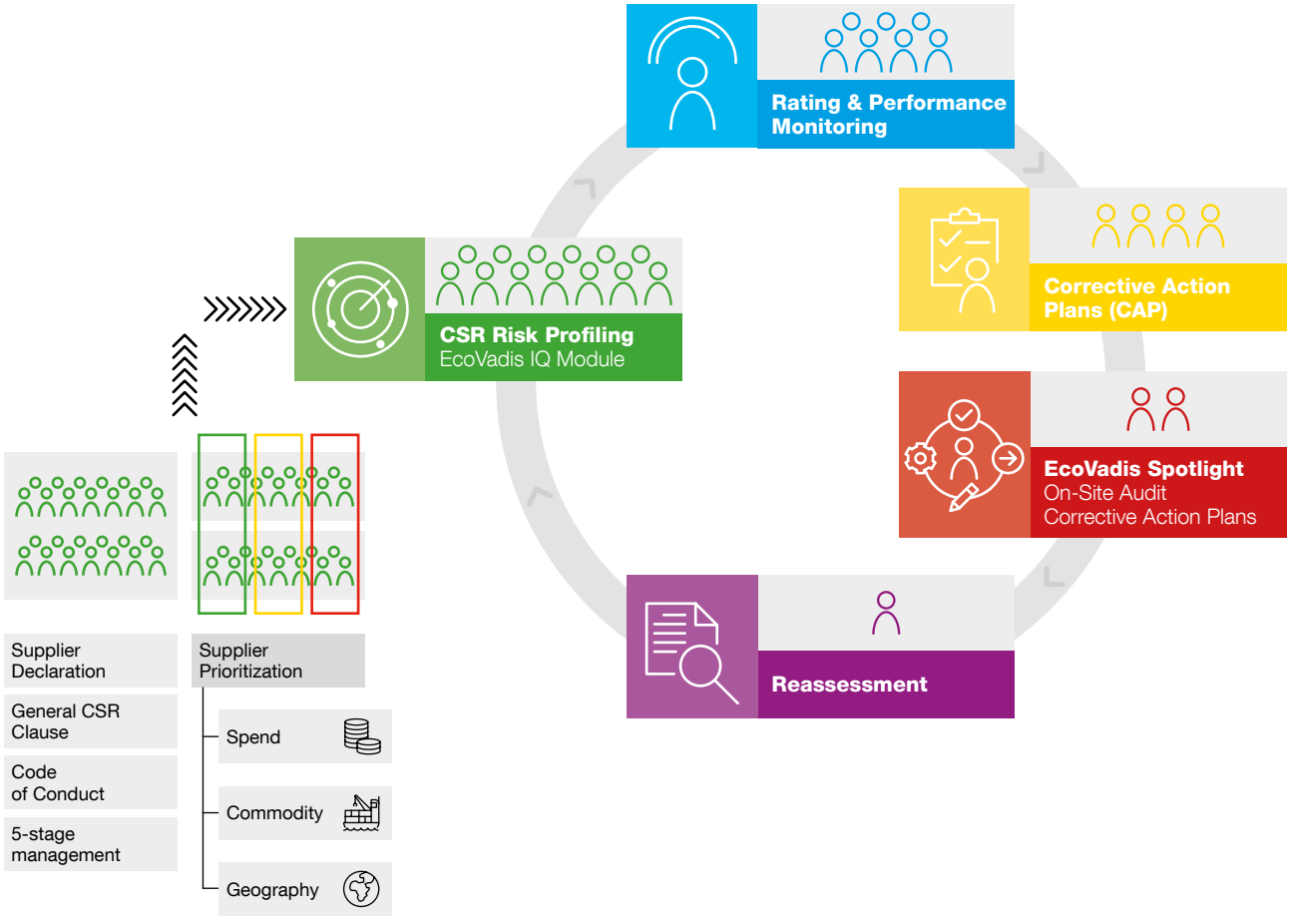
EcoVadis provides companies with the means to assess the corporate sustainability performance of their suppliers and other companies that have decided to share their ratings within the EcoVadis network.

By collecting data from suppliers and validating these data 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.

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.

As a first step, 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,

EcoVadis Assessment Process



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 developing 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 in past years has been focused on ensuring the quality and reliability of suppliers and their compliance with 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.

In 2022, we took the next step in our sustainability journey, mapping out our goals in our Sustainable Procurement Roadmap from 2022 to 2030 in order 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 and hone leadership through training and engagement and it sets improvement goals and individual KPIs.

As part of our expanded procurement strategy, all Oerlikon commodity managers must complete the sustainable procurement training via an EcoVadis webinar, and the program is to be cascaded within the divisions. In addition, the procurement team is trained on the differences between EcoVadis IQ (risk mapping) and EcoVadis rating (performance monitoring and corrective action plans).

In 2023, we completed the EcoVadis rating process for rated suppliers, covering 30% of mapped spending (key and strategic suppliers), an improvement from the 20% in 2022. Our goal is to cover 100% of our mapped spend by 2030. Furthermore, 66% of our suppliers improved their overall EcoVadis score in 2023.

The EcoVadis tool also covers corrective actions, such as additional due diligence, contract clauses and monitoring, as well as on-site audits for suppliers with severe risks or specific needs.

Due Diligence

Besides EcoVadis, 100% of our global procurement colleagues are trained on Oerlikon’s Supplier Code of Conduct, and they strictly apply these standards in our 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. Further training on the Supplier Code of Conduct is provided on an ongoing basis to ensure that the team stays current.

Following the acquisition of Riri, its procurement team was successfully integrated into the Oerlikon organization. The spend and KPI analyses were integrated in line with our globally standardized process, including commodity reviews, individual due diligence and risk mitigation procedures.

To strengthen sustainable procurement globally, we appointed regional Sustainability Champions in 2023. They received comprehensive training and acted as single points of contact during the implementation of our individual sustainability campaigns.

In 2023, we audited 172 of our suppliers to ensure that our Supplier Code of Conduct is respected. This represented a decrease from 2022 (216 suppliers audited), which was primarily attributable to the restructuring of the polymer processing business and cost containment program.

The response to a detected violation depends on the stage of the process. If a violation is identified during the onboarding process for new suppliers, the subject area will be addressed, and the process is promptly paused.

In the case of gaps identified during sustainability assessments conducted by EcoVadis, complete transparency is provided regarding corrective actions. Suppliers are given specific deadlines to address these gaps, and the progress is monitored by external ESG (Environmental, Social and Governance) experts.

During supplier audits, potential gaps are highlighted, and the respective suppliers are required to close these gaps accordingly. In a worst-case scenario, specific escalation processes, such as a compliance hotline, may be utilized. If the identified issues persist following a thorough investigation, a phase-out process for the suppliers will be initiated.

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

DUE DILIGENCE AND TRANSPARENCY ORDINANCE (DDTRO)

Under the DDTrO, companies or groups that import and process volumes of minerals and metals, such as tin, tantalum, tungsten or gold, in excess of certain thresholds are subject to due diligence and reporting requirements. Companies and groups are exempt if the minerals and metals do not come from conflict-affected or high-risk areas.

Oerlikon monitors, reviews and documents its conflict metal and mineral activities on a regular basis. As a result of these regular monitoring activities, including activities of companies acquired, specifically Riri in 2023, Oerlikon has concluded that it is exempt from the due diligence and reporting obligations under Art. 964j et seqq. of the Swiss Code of Obligations (CO).

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

SASB RT-IG-440a.1

The EU Conflict Minerals Regulation (2017/821), which went into effect in January 2021, 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 specific 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 of Minerals from Conflict-Affected and High-Risk Areas, as well as US legislation.

We are aware that some of Oerlikon's suppliers of materials 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 Responsible Business Alliance (RBA) Code of Conduct and our Responsible Sourcing Policy.

In support of our policy and the OECD five-step framework, we 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 following the five-step framework 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 that 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 we can 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 below 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 as well as to meet the requirements of the EU Responsible Minerals Regulation (EU Regulation 2017/821) 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 is 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 RMI's due diligence working group focuses on producing white papers and other analyses and guidance for companies about best practices and various standards that 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 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. Likewise, we view corporate governance guidelines (e.g. 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 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 and safety (social), legal (governance and compliance), HR (social), communications and investor relations. The chart 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 into 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 Sustainability, HSE Policy as published on 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 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 www.oerlikon.com.

GOVERNANCE: SUSTAINABILITY EMBEDDED ACROSS OERLIKON

GRI 2-9,10,11,12

The EC decides on the execution of the sustainability roadmap 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 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 initiating 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.

APPROVAL OF REPORT

In line with Art. 964a et seqq., the Sustainability Report 2023 has been approved by the BoD and will be subjected to advisory vote by shareholders at Oerlikon's Annual General Meeting of Shareholders.

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. • Approves sustainability reports.
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 coordinates action plans, working with subject matter experts from the divisions, business units and functions.

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 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 a year to the Audit & 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, 2023, to December 31, 2023, there were 16 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 a mandatory annual activity for all internal stakeholders.

Complementing the digital training, the Face2Face (F2F) programs provide the CoC training for operational employees without digital access. Further developments in promoting ethical behavior include enhancing our business partner integrity screening process and communicating our stance against bribery & corruption. Acknowledgment of Oerlikon's Supplier Code of Conduct for third parties is embedded in the company's contractual terms and conditions.

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 pool 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 at 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	Latest Review
• D Anti-Corruption and Anti-Bribery	2012	2019
• P Avoiding Conflict of Interest	2019	2019
• P Policy Against the Use of Child Labor	2021	2021
• Code of Conduct	2021	2021
• P Policy on Global Antitrust Compliance	2015	2019
• P Non-Discrimination and Anti-Harassment Policy	2021	2021
• P Against Human Trafficking and Slavery	2021	2021
• Safety Data Sheets (SDS)	Ongoing	Ongoing
• Supplier Code of Conduct	2022	2022
• P Sustainability and Health, Safety & Environment (HSE) Policy	2021	2021
• D Unannounced Inspections	2015	2019
• P Reporting (Whistleblowing) Policy	2021	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 2023, 95.6% of registered employees worldwide, including 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 organized train-the-trainer sessions for several entities to prepare them to conduct training on their own which continued into 2023. 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. 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 Reporting (Whistleblowing) Policy in 2021. The 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.

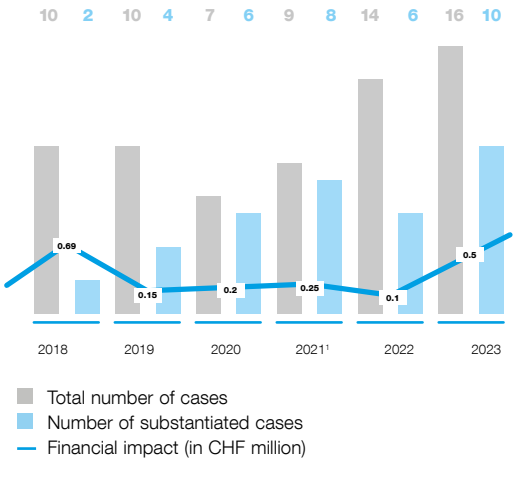
To ensure company-wide awareness, we have engaged in ongoing informational campaigns. Initially, we notified employees about the hotline via posters and through training sessions, townhalls and internal communications channels. Operational employees in some jurisdictions had messages sent with their 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 Enforcement

Oerlikon's Compliance office and Internal Audit team oversee the company's internal investigation protocol.

Compliance Cases



¹ The damages incurred were all related to cyberfraud.

In 2023, we received 16 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 10 substantiated cases: all 10 were related to CoC violations. The company takes disciplinary action, which can and does include termination of staff members when evidence proves improper behavior.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS

GRI 2-25

Both our CoC and our Reporting (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 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, the AFC and the 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 Reporting (Whistleblowing) Policy is available online: www.oerlikon.com/en/sustainability/our-policies/. Employees can also access it in a total of 11 languages on 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 Oerlikon Policy Against the Use of Child Labor is endorsed by Oerlikon's BoD 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 working in partnership with the supplier and/or a termination.

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

Under the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO), companies are obliged to inspect whether there is reasonable suspicion of child labor, and, if there is reasonable suspicion of child labor, to adhere to due diligence and reporting obligations. Companies are exempted from this obligation if they can prove that the services and products provided to them come from countries with a low risk of child labor.

Oerlikon monitors, reviews and documents its supply chain regularly regarding child labor suspicions. Due to the result of these regular monitoring activities and checks, Oerlikon concludes that it is exempted from the due diligence and reporting obligations under Art. 964j et seqq. of the Swiss Code of Obligations.

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 BoD 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 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 the 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 do not currently have any 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.

The Oerlikon Anti-Corruption and Anti-Bribery Directive that was approved by the EC has been in effect since 2012. 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 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 BoD, to underscore the importance of this topic within the company.

The policy clearly defines that no one should be discriminated against on the 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 any form of harassment. This cross-sectional task depends on 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 their best according to their abilities and qualifications.
- The 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.
- Zero tolerance for harassment of any kind or behavior, and prosecution 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 75 and 76.

CUSTOMER PRIVACY

In 2023, 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 2023.

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. Our Group policies and privacy notices are aligned with applicable data protection laws, in particular the European (GDPR), Swiss and UK data protection requirements. We have also developed local data protection guidelines in certain countries – as we have done so in China in order to comply with Chinese cybersecurity and data protection requirements.

TAX GOVERNANCE AND STRATEGY

Oerlikon ensures that its tax strategy is carried out in accordance with our CoC, as well as all applicable legal and regulatory requirements, including those concerning the timely completion and submission of tax returns and the disclosure of tax positions. We aim to maintain a transparent relationship with tax authorities in the countries in which we operate, readily participating in tax audits when necessary to promptly provide requested information.

The company does not engage in aggressive tax planning and does not employ convoluted structures or offshore entities to reduce its tax obligations. Furthermore, we uphold arm's-length principles and adhere to local laws and regulations governing the pricing of intercompany transactions.

The Chief Financial Officer of Oerlikon, who is also a member of the EC, bears responsibility for all financial matters related to operational management and is assisted 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.
- 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 2023 is our fourth 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 2023. 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 207 sites in 38 countries in 2023.

The employee data covers employees from all legal entities of the Group worldwide (see Annual Report pages 144 and 145). 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 94 to 98 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 15 and 16 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 82 to 85 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 86. 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 2023
The entities acquired in 2023, specifically Riri, are integrated and consolidated in the 2023 report. Any new relevant sites opened by Oerlikon in 2023 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 2023 are 172, including one small site.

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 2023, health and safety data include data from 187 operational sites, including the small site that have provided environmental data and 15 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, 2023, and December 31, 2023.

Independent Assurance Summary

The limited assurance engagement of PricewaterhouseCoopers AG covered Selected Indicators in our Sustainability Report for the year ended December 31, 2023. Testing procedures included – among others – three virtual site visits for relevant operational sites.The independent practitioner's limited assurance report can be found on pages 99 to 101.

CONTACTS

Group Headquarters
OC Oerlikon Corporation AG, Pfäffikon
Churerstrasse 120
8808 Pfäffikon SZ
Switzerland
www.oerlikon.com

Group External Communications
Leng Wong
Tel. +41 58 360 96 14
leng.wong@oerlikon.com

GRI Content Index

GRI CONTENT INDEX ESSENTIALS SERVICE 2024

Oerlikon has reported in accordance with the GRI Standards for the period January 1, 2023 to December 31, 2023.

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.

GRI Standards/Disclosures		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 2023	29
2-2	Entities included in the organization's sustainability reporting	Sustainability Report 2023	94
2-3	Reporting period, frequency and contact point	Sustainability Report 2023	80
2-4	Restatements of information	There were no restatements in 2023.	
2-5	External assurance	Sustainability Report 2023	99
2. Activities and Workers			
2-6	Activities, value chain and other business relationships	Sustainability Report 2023	17, 64, 79
2-7	Employees	Sustainability Report 2023	47, 86, 90
2-8	Workers who are not employees	Sustainability Report 2023	47, 90
3. Governance			
2-9	Governance structure and composition	Sustainability Report 2023	11, 70, 71, 72
2-10	Nomination and selection of the highest governance body	Sustainability Report 2023	11, 70, 71, 72
2-11	Chair of the highest governance body	Sustainability Report 2023	11, 70, 71, 72
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Report 2023	11, 70, 71, 72
2-13	Delegation of responsibility for managing impacts	Sustainability Report 2023	70
2-14	Role of the highest governance body in sustainability reporting	Sustainability Report 2023	72
2-15	Conflicts of interest	Annual Report 2023	36–38
2-16	Communication of critical concerns	Sustainability Report 2023	70
2-17	Collective knowledge of the highest governance body	Sustainability Report 2023	70
2-18	Evaluation of the performance of the highest governance body	Sustainability Report 2023	70, 72

GRI Standards/ Disclosures	Disclosure	Location/Direct answer	Page
2-19	Remuneration policies	Annual Report 2023	54–70
2-20	Process to determine remuneration	Annual Report 2023	54–70
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 2023	5, 10
2-23	Policy commitments	Sustainability Report 2023	74
2-24	Embedding policy commitments	Sustainability Report 2023	74
2-25	Processes to remediate negative impacts	Sustainability Report 2023	19, 76
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report 2023	19, 75
2-27	Compliance with laws and regulations	Sustainability Report 2023	74
2-28	Membership associations	Sustainability Report 2023	23
5. Stakeholder Engagement			
2-29	Approach to stakeholder engagement	Sustainability Report 2023	18, 19
2-30	Collective bargaining agreements	Sustainability Report 2023	52
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Sustainability Report 2023	15
3-2	List of material topics	Sustainability Report 2023	15
Climate & Energy GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability Report 2023	36, 37
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation (gigawatthours-GWh)	Sustainability Report 2023	37, 86, 88
302-3	Energy intensity (MWh/million CHF sales)	Sustainability Report 2023	37, 86, 88
302-4	Reduction of energy consumption	Sustainability Report 2023	37
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Sustainability Report 2023	41
303-2	Management of water discharge-related impacts	Sustainability Report 2023	41
303-3	Water withdrawal (thousand m^3)	Sustainability Report 2023	41, 88
GRI: 305 Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2023	43, 88
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2023	43, 88
305-4	GHG emissions intensity (tons CO_2 equivalents/million CHF)	Sustainability Report 2023	43, 88

GRI Standards/ Disclosures	Disclosure	Location/Direct answer	Page
Circular Economy GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability Report 2023	40
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Sustainability Report 2023	40
306-2	Significant waste-related impacts	Sustainability Report 2023	40
306-3	Waste generated (metric tons)	Sustainability Report 2023	40, 89
306-4	Waste diverted from disposal (metric tons)	Sustainability Report 2023	40, 89
306-5	Waste directed to disposal (metric tons)	Sustainability Report 2023	40, 89
Innovation GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability Report 2023	12, 28
Health & Safety GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability Report 2023	55
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Sustainability Report 2023	55
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report 2023	55
403-3	Occupational health services	Sustainability Report 2023	58
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2023	59
403-5	Worker training on occupational health and safety	Sustainability Report 2023	58
403-6	Promotion of worker health	Sustainability Report 2023	59
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2023	60
403-8	Workers covered by an occupational health and safety management system	Sustainability Report 2023	59
403-9	Work-related injuries	Sustainability Report 2023	57, 86, 92
Employment Practices & Education GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability Report 2023	47
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Annual Report 2023	10–12
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2023	110–113
GRI 202: Market presence 2016			
202-2	Proportion of senior management hired from the local community	Sustainability Report 2023	50
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	Sustainability Report 2023	53
203-2	Significant indirect economic impacts	Sustainability Report 2023	28
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Sustainability Report 2023	47, 92
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report 2023	47

GRI Standards/ Disclosures	Disclosure	Location/Direct answer	Page
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	Sustainability Report 2023	52
Employment Practices & Education (con't)			
GRI 404: Training and Education 2016			
404-1	Training and education per employee (average hours)	Sustainability Report 2023	51
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report 2023	51
404-3	Employees receiving regular performance and career development reviews	Sustainability Report 2023	51
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Sustainability Report 2023	48, 93
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 2023	52
Community engagement **GRI 3: Material Topics 2021**			
3-3	Management of material topics	Sustainability Report 2023	53
Responsible sourcing & human rights **GRI 3: Material Topics 2021**			
3-3	Management of material topics	Sustainability Report 2023	64
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	During the reporting period there were no negative social impacts.	64
414-2	Negative social impacts in the supply chain and actions taken	During the reporting period there were no negative social impacts.	64
Governance **GRI 3: Material Topics 2021**			
3-3	Management of material topics	Sustainability Report 2023	70
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Sustainability Report 2023	78
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2023	78
GRI 406: Non-discrimination 2016			
406-1	Non-discrimination	Sustainability Report 2023	78
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability Report 2023	76
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Report 2023	77

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 37–39, 88	
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	RT-IG-320a.1	GRI 403-9 Pages 57–58	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 55, 62, 67–68	
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 2023 (Pages 2, 90)
Number of employees	RT-IG-000.B	GRI 2-7 Pages 47, 90–93	12620 (FTEs) 13638 (Headcount, incl. external temporary and non-productive on payroll employees)

Index Table

Non-Financial Matters

Oerlikon's 2023 Sustainability Report provides transparency on non-financial matters as defined under Art. 964a et seqq. of the Swiss Code of Obligations. A summary of the key topics can be found on pages 24 to 26 in this report. The index table below serves to facilitate the ease of finding the relevant content and data.

	Location	Page
Business Model	Annual Report 2023	2
	Sustainability Report 2023	10, 24
Environmental matters, in particular the CO_2 goals	Sustainability Report 2023	27–45
Social Issues and Employee-Related Issues	Sustainability Report 2023	46–60
Respect for Human Rights and Combating Corruption	Annual Report 2023: Compliance & Ethics	73
	Sustainability Report 2023: Ethics & Integrity	74–79
	Sustainability Report 2023: Responsible Sourcing & Human Rights	64–68
Policies and Due Diligence	Sustainability Report 2023	24, 74–79
Conflict Minerals	Sustainability Report 2023	25, 67–68
Child Labor	Sustainability Report 2023	25, 76–77
Main Risks and Measures	Annual Report 2023	71–72
	Sustainability Report 2023	25
Operational and Sustainability Risk	Annual Report 2023	72
	Sustainability Report 2023	25
Risk Related to Business Relations	Annual Report 2023	72
	Sustainability Report 2023	25, 64–68
Main Performance Indicators	Sustainability Report 2023	3, 21, 26
Reporting Scope	Sustainability Report 2023	26, 80–81
Assurance	Sustainability Report 2023	26, 99–101
Governance and Approval	Sustainability Report 2023	26, 70–72

Data Tables[1]

ENVIRONMENTAL TOPICS

GRI Disclosures	Disclosure Description	2023	2022	2021[2]	2020
302-1	**Energy consumption within the organization (gigawatt-hours – GWh)**				
	Electric power	326.9	325.9	309.7	302.5
	– Renewable electrical power consumed	*113.5*	*97.2*	*68.8*	*n.a.*
	– % renewable electrical power consumed [3]	*34.7%*	*29.8%*	*22.2%*	*n.a.*
	Natural gas	60.2	60.8	64.8	41.1
	Heat and cooling bought	14.6	14.2	14.8	21.2
	Gasoline and diesel	23.1	23.0	21.2	19.5
	Other energies	5.1	4.8	8.6	5.7
	Total energy consumption	**429.9**	**428.8**	**419.0**	**389.8**
302-3	**Energy intensity (MWh / million CHF sales)**	159.6	147.4	158.2	172.6
303-3	**Water withdrawal (thousand m³)**				
	Third party water withdrawal	748.0	756.4	707.0	698.6
	Surface water	7.0	7.4	7.8	5.7
	Ground water	14.3	2.8	2.6	2.1
	Sea water	0	0	0	0
	Produced water	0	0	0	0
	Total water withdrawal	**769.3**	**766.6**	**717.4**	**706.4**
305-1	**Emissions**				
	Scope 1: Direct (Scope 1) GHG emissions (thousand metric tons)				
	CO_2 from the use of energy	18.9	19.0	19.5	13.7
	Other (CH_4, N_2O, HFCs, PFCs, SF_6, NF_3 in CO_2 equivalent)	0	0	0	0
	Total Scope 1 emissions	**18.9**	**19.0**	**19.5**	**13.7**
305-2	**Scope 2: Energy indirect (Scope 2) GHG emissions (thousand metric tons in CO_2 equivalent)**				
	Electricity consumption	123.5	125.4	138.9	127.6
	District heat and cooling consumption	2.6	2.7	2.6	5.0
	Total Scope 2 emissions	**126.1**	**128.1**	**141.5**	**132.6**
305-4	**GHG emissions intensity (tons CO_2 equivalents/million CHF)**				
	Total Scope 1 and Scope 2 GHG Emissions (in kilotons)	145.0	147.2	161.0	146.4
	Tons CO_2 equivalents per million CHF sales, scope 1+2	**53.8**	**50.6**	**60.8**	**64.8**

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

ENVIRONMENTAL TOPICS

GRI Disclosures	Disclosure Description	2023	2022	2021[2]	2020
306-3	**Waste generated (metric tons)**				
	Hazardous waste	11 486	10 241	10 240	9 640
	Non-hazardous waste	11 488	13 200	11 881	10 729
	Total waste generated	**22 974**	**23 441**	**22 121**	**20 369**
306-4	**Waste diverted from disposal (metric tons)**				
	Hazardous Waste				
	Preparation for reuse	13	1	11	45
	Recycling	8 411	6 887	6 495	5 786
	Other recovery operations	0	0	0	3
	Total hazardous waste	**8 424**	**6 888**	**6 506**	**5 835**
	Non-hazardous Waste				
	Preparation for reuse	98	98	58	11
	Recycling	7 986	9 833	8 605	7 761
	Other recovery operations	160	155	14	12
	Total non-hazardous waste	**8 244**	**10 085**	**8 677**	**7 784**
	Total waste diverted from disposal	**16 668**	**16 973**	**15 182**	**13 619**
306-5	**Waste directed to disposal (metric tons)**				
	Hazardous Waste				
	Incineration (with energy recovered)	1 161	1 733	2 120	1 695
	Incineration (without energy recovered)	957	904	890	1 295
	Landfill	944	716	725	815
	Other disposal operations	0	0	0	0
	Total hazardous waste	**3 062**	**3 353**	**3 734**	**3 805**
	Non-hazardous Waste				
	Incineration (with energy recovered)	1 433	1 382	969	665
	Incineration (without energy recovered)	281	436	787	948
	Landfill	1 529	1 296	1 448	1 332
	Other disposal operations	0	0	0	0
	Total non-hazardous waste	**3 244**	**3 115**	**3 204**	**2 944**
	Total waste directed to disposal	**6 306**	**6 468**	**6 938**	**6 749**

[1] Excluding 2021 acquisitions.

SOCIAL TOPICS

GRI Disclosures	Disclosure Description	2023	2022	2021	2020
2-7	Employees[1]				
2-8	Workers who are not employees				
	Total number of employees	**13638**	**13268**	**12820**	**11475**
	Total workforce by gender (Oerlikon employees)				
	Female	3479	2909	2765	2453
	Male	10152	10333	10005	9022
	Other	7	26	50	–
	Total workforce by region (Oerlikon employees)				
	Asia	3765	3851	3807	3209
	Europe	8102	7567	7290	6646
	Americas	1771	1850	1723	1620
	Total number of employees by employment contract				
	Permanent employees	**12301**	**11722**	**11433**	**10162**
	by gender				
	Female	3093	2524	2431	2159
	Male	9203	9186	9002	8002
	Other	5	12	0	1
	by region				
	Asia	3380	3498	3470	2849
	Europe	7180	6413	6285	5753
	Americas	1741	1811	1678	1560
	Temporary employees	**343**	**436**	**315**	**281**
	by gender				
	Female	120	109	100	61
	Male	223	322	215	220
	Other	0	5	0	0
	by region				
	Asia	12	11	16	11
	Europe	315	413	293	263
	Americas	16	12	6	7
	External temporary employees[2]	**579**	**–**	**–**	**–**
	by gender				
	Female	126	–	–	–
	Male	451	–	–	–
	Other	2	–	–	–
	by region				
	Asia	358	–	–	–
	Europe	213	–	–	–
	Americas	8	–	–	–
	Non-productive on payroll employees[2]	**227**	**–**	**–**	**–**
	by gender				
	Female	109	–	–	–
	Male	118	–	–	–
	Other	0	–	–	–
	by region				
	Asia	7	–	–	–
	Europe	217	–	–	–
	Americas	3	–	–	–

[1] SASB RT-IG-000.B
[2] Figures were consolidated for the first time in 2023. Thus, comparable figures in prior years are not available.

SOCIAL TOPICS

GRI Disclosures	Disclosure Description	2023	2022	2021	2020
	Apprenticeship	**188**	**194**	**210**	**196**
	by gender				
	Female	31	35	38	42
	Male	157	159	172	154
	Other	0	0	0	–
	by region				
	Asia	8	2	10	2
	Europe	177	189	197	188
	Americas	3	3	3	6
	Full-time employees	**12864**	**12677**	**12255**	**10957**
	by gender				
	Female	3030	2585	2457	2168
	Male	9828	10073	9798	8789
	Other	6	19	0	–
	by region				
	Asia	3657	3835	3758	3200
	Europe	7454	7009	6792	6158
	Americas	1753	1833	1705	1599
	Part-time employees	**774**	**591**	**565**	**518**
	by gender				
	Female	449	324	314	288
	Male	324	260	211	191
	Other	1	7	40	39
	by region				
	Asia	108	16	49	9
	Europe	648	558	498	488
	Americas	18	17	18	21
	Total women in workforce by region (Oerlikon Employees)				
	Asia	772	778	765	674
	Europe	2313	1718	1618	1408
	Americas	394	413	388	374
	Total	**3479**	**2909**	**2771**	**2456**
	Total women in workforce by region (Oerlikon Employees %)				
	Asia	20.5%	20.2%	20.1%	21.0%
	Europe	28.5%	22.7%	22.2%	21.2%
	Americas	22.2%	22.3%	22.5%	23.1%
	Total	**25.5%**	**21.9%**	**21.6%**	**21.4%**

SOCIAL TOPICS

GRI Disclosures	Disclosure Description	2023	2022	2021	2020
401-1	**New employee hires and employee turnover**				
	Turnover of all employees				
	Asia	9.6%	11.3%	10.4%	6.7%
	Europe	11.1%	10.5%	9.0%	5.7%
	Americas	18.0%	23.7%	20.9%	23.1%
	Total	**11.1%**	**12.8%**	**11.2%**	**8.6%**
	Turnover of all female employees				
	Asia	9.2%	8.6%	9.7%	8.9%
	Europe	7.6%	15.0%	11.0%	7.0%
	Americas	22.0%	20.9%	18.6%	24.8%
	Total	**9.9%**	**14.2%**	**11.8%**	**10.2%**
	Hires of all employees				
	Asia	632	540	517	446
	Europe	1596	1354	1093	1143
	Americas	543	512	499	431
	Total	**2771**	**2406**	**2109**	**2020**
	Hires of female employees				
	Asia	93	100	88	86
	Europe	283	419	225	273
	Americas	79	115	72	127
	Total	**455**	**626**	**385**	**486**
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	0[1]	0
	Number of high-consequence work-related injuries (excluding fatalities)	3	2	2[1]	1
	Rate of high-consequence work-related injuries (excluding fatalities)	0.03	0.02	0.02[1]	0.01
	Number of recordable work-related injuries	85	84	69[1]	64
	Rate of recordable work-related injuries	0.72	0.75	0.72[1]	0.68
	Number of lost time accidents	67	63	52[1]	40
	Number of medical treatment accidents	18	21	17[1]	24
	Number of hours worked	23739 295	22432 401	19296694[1]	18779569
	Non-Employees				
	Number and rate of fatalities as a result of work-related injury	0	0	0[1]	0
	Number of high-consequence work-related injuries (excluding fatalities)	0	0	0[1]	0
	Number of recordable work-related injuries	0	1	1[1]	1

[1] Excluding 2021 acquisitions

SOCIAL TOPICS

GRI Disclosures	Disclosure Description	2023	2022	2021	2020
405-1	**Diversity of governance bodies and employees**				
	Composition of governance bodies				
	Board of Directors				
	Women in Board (percentage)	25%	14%	29%	29%
	Age group diversity (percentage)				
	<30 years old	0	0	0	0
	30–50 years old	25%	29%	29%	29%
	>50 years old	75%	71%	71%	71%
	Number of nationalities	9	8	6	7
	Executive Committee				
	Women in Executive Committee (percentage)	20%	20%	17%	25%
	Age group diversity total (percentage)				
	<30 years old	0	0	0	0
	30–50 years old	40%	40%	33%	50%
	>50 years old	60%	60%	67%	50%
	Number of nationalities	2	2	3	3
	Employees that are global leaders				
	Women that are global leaders	7	9	7	10
	Men that are global leaders	61	60	57	67
	Age group diversity (percentage)				
	<30 years old	0%	0%	0%	0%
	30–50 years old	38%	43%	53%	51%
	>50 years old	62%	57%	47%	49%
	Number of nationalities	15	11	11	14
	High Potential Talent Programs[1]				
	Percentage Women	22%[3]	19%[2]	21%	20%
	Percentage Men	78%[3]	81%[2]	79%	80%
	Age group diversity (percentage)				
	<30 years old	7%	9%	0%	4%
	30–50 years old	89%	89%	100%	92%
	>50 years old	4%	2%	0%	4%
	Number of nationalities	19	18	8	9
	Total workforce (Oerlikon workforce)				
	Women in total workforce	3479	2909	2765	2453
	Men in total workforce	10152	10333	10005	9022
	Other	7	26	50	–
	Age group diversity (percentage)				
	<30 years old	14.7%	16.1%	16.3%	15.2%
	30–50 years old	57.5%	60.2%	56.9%	56.3%
	>50 years old	27.9%	23.6%	26.8%	28.5%
	Nationalities				
	Number of nationalities among female	72	62	58	63
	Number of nationalities among male	98	96	90	87
	Other	2	3	2	–
	Total number of nationalities	**105**	**102**	**94**	**93**

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

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 2023, the company consolidated environmental data from 172 sites, including 1 small office. For health and safety, data from 187 sites was consolidated, that is including the data provided by the 1 small office with environmental data and 15 additional small offices.

SITES CONSOLIDATED IN 2023 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.
Canada	Guelph	Oerlikon Balzers Coating USA Inc.
China	Beijing	Oerlikon Textile Technology
China	Changchun	Oerlikon Balzers Coating (Suzhou) Co., Ltd. Changchun Branch
China	Changchun	Oerlikon Metco Surface Technology (Shanghai) Co., Ltd. Changchun Branch
China	Changzhou	Oerlikon Balzers Coating (Suzhou) Co. Ltd. Changzhou 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 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	Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd.,
China	Hangzhou	Oerlikon HRSflow China Co.Ltd
China	Zigong	Zigong Golden China Hardfacing Materials Co., Ltd.
Czechia	Jihlava	Oerlikon Balzers Coating Austria GmbH – organizační složka
Finland	Espoo	Oerlikon Balzers Coating Finland OY

SITES CONSOLIDATED IN 2023 FOR ENVIRONMENTAL DATA

Country	City	Site
Finland	Pirkkala	Oerlikon Balzers Coating Finland Oy
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	Bremen	Oerlikon Friction Systems (Germany) GmbH
Germany	Dietenheim	Oerlikon Balzers Coating Germany GmbH
Germany	Erkelenz	Oerlikon Balzers Coating Germany GmbH
Germany	Garching	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	Badia al Pino	AMOM S.p.A.
Italy	Bentivoglio	Oerlikon Balzers Coating Italy S.p.A.
Italy	Brugherio	Oerlikon Balzers Coating Italy S.p.A.

SITES CONSOLIDATED IN 2023 FOR ENVIRONMENTAL DATA

Country	City	Site
Italy	Caivano (NA)	Oerlikon Friction Systems (Italia) S.r.l.
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	Padua	Riri SA
Italy	Palazzo Pignano, CR	Teknoweb Materials S.r.l.
Italy	Palazzolo sull'Oglio	S.P.M. Pressofusione S.r.l.
Italy	Poggio a Caiano	Riri SA/Cobrax Metal Hub
Italy	San Polo di Piave, TV	Oerlikon HRSflow Italy
Italy	Scarperia e San Pietro a Sieve	DMC S.r.l.
Italy	Tirano	Riri SA
Japan	Hiratsuka	Oerlikon Japan Co., Ltd. Balzers, HQ/Hiratsuka Factory
Japan	Kobe	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	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
Switzerland	Brügg	Oerlikon Balzers Coating S.A., Brügg
Switzerland	Mendrisio	Riri SA
Switzerland	Pfäffikon	OC Oerlikon Management AG, Pfäffikon
Switzerland	Wohlen	Oerlikon Metco AG
Taiwan	Hsinchu County	Oerlikon Balzers Coating Taiwan Co., Ltd.

SITES CONSOLIDATED IN 2023 FOR ENVIRONMENTAL DATA

Country	City	Site
Thailand	Chonburi	Oerlikon (Thailand) Co. Ltd.
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.
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	Dalton	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
USA	Houston, TX	Oerlikon Metco (US) Inc.
USA	Huntersville	Oerlikon AM 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	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 2023 FOR HEALTH & SAFETY DATA

Country	City	Site
Brazil	Sao Paulo	Oerlikon HRSflow Brasil
Canada	Windsor, Ontario	Oerlikon HRSflow Canada
France	Laval Cedex	Oerlikon HRSflow France
Germany	Bisingen	Oerlikon Metaplas GmbH
Japan	Aichi-ken	Oerlikon HRSflow Japan
Korea	Gwangmyeong-si	Oerlikon HRSflow Korea
Mexico	Santiago de Queretaro	Oerlikon HRSflow Mexico
Netherlands	Tiel	Coating Netherlands
Portugal	Albergaria-a-Velha	Oerlikon HRSflow Portugal (HRSflow SCC Assistencia Técnica Unipessoal lda)
South Africa	Johannesburg	Oerlikon HRSflow South Africa
Spain	Begues	Oerlikon HRSflow Spain
Switzerland	Langenthal	Oerlikon Balzers Coating AG, Balzers (FL), Zweigniederlassung Langenthal
Thailand	Bangkok	Oerlikon HRSflow Thailand
Turkey	Bursa	Barmag Teknik Servis Hitzmetler ve Ticaret A.S.
USA	Barboursville	Oerlikon Metco (US)

Independent practitioner's limited assurance report

on 2023 Selected Indicators in the Sustainability Report 2023 to the Board of Directors of OC Oerlikon Corporation AG

Pfäffikon SZ

We have been engaged by the Board of Directors to perform assurance procedures to provide limited assurance on 2023 Selected Indicators in the Sustainability Report 2023 (including the GHG statement) of OC Oerlikon Corporation AG, Pfäffikon and its consolidated subsidiaries ("OC Oerlikon") for the period ended 31 December 2023.

Scope and subject matter

Our limited assurance engagement relates to the following indicators published in the Sustainability Report 2023 ("2023 Selected Indicators"):

- Environment and Greenhouse Gas Emissions:
  - Energy consumption within the organization (page 38);
  - Energy intensity (page 88);
  - Total Scope 1 and Scope 2 GHG emissions (page 45);
  - Waste generated (page 40);
  - Waste diverted from disposal (page 40);
  - Waste directed to disposal (page 40);
  - Implementing energy management system at all relevant sites (page 37); and
  - Increasing the share of electrical energy from renewable sources (page 21).
- Social:
  - Increasing % of women in management and leadership roles (page 21); and
  - Increasing % of women in high potential talent programs (page 21).
- Occupational health and safety (page 92):
  - Injuries;
  - Lost days;
  - Diseases; and
  - Fatalities.

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 2023.

Criteria

The 2023 Selected Indicators (including the GHG statement) were prepared by the Board of Directors of OC Oerlikon based on the criteria described in the section "About this Report" in the Sustainability Report 2023 (on pages 80 and 81). The section "About this Report" was developed based, among others, on the GRI Sustainability Reporting Standards (GRI Standards 2021) published by the Global Reporting Initiative (GRI) and the Greenhouse Gas (GHG) Protocol Corporate Standard (Revised edition) and summarised in Appendix A – Oerlikon Sustainability Reporting Criteria (together the "suitable Criteria").

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

Inherent limitations

The accuracy and completeness of the 2023 Selected Indicators in the Sustainability Report 2023 (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 2023 Selected Indicators in the Sustainability Report 2023 (including the GHG statement) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the 2023 Selected Indicators in the Sustainability Report 2023 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.

Board of Directors' responsibility

The Board of Directors of OC Oerlikon is responsible for the preparation and presentation of the Sustainability Report 2023 (including the GHG statement) in accordance with suitable Criteria. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation and presentation of the Sustainability Report 2023 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 Corporation AG, Pfäffikon 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 an assurance limited engagement and to express a conclusion on the 2023 Selected Indicators in the Sustainability Report 2023 (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 ('ISAE 3410'), 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 2023 Selected Indicators in the Sustainability Report 2023 (including the GHG statement) were not, in all material aspects, prepared in accordance with 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:

- Review the application of the OC Oerlikon reporting guidelines, the "about this report" section in the the Sustainability Report 2023 together with the suitable Criteria;
- Inquiries and walkthroughs with relevant stakeholders for the 2023 Selected Indicators (including the GHG statement;
- Inspection of process and control descriptions and other internal guidelines and relevant documents;
- Analytical procedures;
- Reperformance of relevant calculations (including the GHG statement);

- Additional assurance procedures as deemed necessary (e.g. sample based source tracing); and
- Local level procedures (three site visits to inspect local processes and reconcile source evidence).

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 2023 Selected Indicators in the Sustainability Report 2023 (including the GHG statement) of OC Oerlikon Corporation AG for the period ended 31 December 2023 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 Corporation AG, and solely for the purpose of reporting to them on the 2023 Selected Indicators in the Sustainability Report 2023 (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 2023 Selected Indicators in the Sustainability Report 2023 (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 Corporation AG for our work or this report.

PricewaterhouseCoopers AG

Ralf Hofstetter Remo Satta

Zürich, 20 February 2024

The maintenance and integrity of OC Oerlikon Corporation AG'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 Corporation AG's website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported 2023 Selected Indicators in the Sustainability Report 2023 (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 2023, the list of legal entities that are consolidated as part of the Group can be found on page 144 to 145. The scope of reporting is further defined below.

Group Sites: Oerlikon operates from 207 (in 2023) sites globally, including 2023 acquisitions. These comprise 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.

"Relevant Sites": Total relevant sites include all production sites and large offices and exclude small offices (<50 employees). In 2023, there were a total of 171 relevant sites, including acquired sites.

The "Operational Sites": Total operational sites include all relevant sites and a few small offices that provided data, as well as acquired sites. The total number of operational sites consolidated in 2023 for environmental KPIs was 172, including data from one small office. No data from minority-owned sites was included in 2023. The total number of operational sites consolidated in 2023 for health & safety KPI was 187, including data from the small office that provided environmental data and 15 additional small offices. No data from minority-owned sites was included in 2023. The list of operational sites can be found in this report from pages 94 to 98.

The "Non-Operational Sites": Oerlikon operates a few smaller sites that are not considered material and thus, outside of the operational boundary for some KPIs. In 2023, there were 36 such small sites, of which 20 did not provide data and 16 provided data that was consolidated in the environment and/or health & safety KPIs (see above).

In 2023, Oerlikon acquired Riri, who had 12 sites. Effective March 1, 2023, Oerlikon added these sites to Oerlikon's global footprint, seven of which are relevant sites. At the end of 2022, Oerlikon closed a site in Gwanju, Korea, which was excluded in the 2023 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, diesel and liquefied petroleum gas. It is consistent with GRI 302-1. For 2023, it was **429.9 GWh**. The number of Operational Sites for this KPI was 172, including one small office that provided data. Within the category of electric power, the amount from renewable electrical power was also disclosed (**113.5 GWh or 35%** of electricity consumed for 2023). A 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 was 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 is the calculation method used since 2021.
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 2023. The 2023 sales figure of **CHF 2 693 million** was taken from the consolidated income statement of OC Oerlikon Management AG, Pfäffikon, which was audited by PricewaterhouseCoopers AG on February 20, 2024. Thus, energy intensity in 2023 was **159.6 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 was 172, including one small office that provided data. Oerlikon uses no equivalent gases (CH4, N2O, HFCs, PFCs, SF6, NF3), so the 2023 figure of **18.9 thousand metric tons** resulted 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 for Operational Sites. The number of Operational Sites in 2023 for this KPI was 172, including one small office 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 172 Operational Sites in 2023, 83 of them were using market-based method to report on their Scope 2 emissions, while 89 sites were 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 2023, our Scope 2 emissions were **126.1** 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 2023 sales figure of **CHF 2 693 million** was taken from the consolidated income statement of OC Oerlikon Management AG, Pfäffikon, which was audited by PricewaterhouseCoopers AG on February 20, 2024. Thus, total emissions from scope 1 & 2 in 2023 were **145.0 tons CO_2 equivalents, corresponding to an intensity of 53.8 tons CO_2 equivalents per million CHF sales.**
306-3 (2020)	Waste generated (metric tons)	The number of Operational Sites for this KPI was 172, including one small office that provided data. Data collected in tons is consistent with GRI 306-3, and the **total waste for 2023 was 22 974 metric tons.**
306-4 (2020)	Waste diverted from disposal (metric tons)	The number of Operational Sites for this KPI was 172, including one small office 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. Consistent with GRI 306-4, waste diverted in 2023 was **16 668 tons.**
306-5 (2020)	Waste directed to disposal (metric tons): **Share of disposed waste**	The number of Operational Sites for this KPI was 172, including one small office 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 2023: 6 306 tons) was then divided by the data from GRI 306-3 (in 2023: 22 974 tons) to give **27%.**
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 included 16 small offices that have provided the data. Total accident frequency rate was **0.72** in the period from January 1, 2023, to December 31, 2023. The total accident frequency rate included the 2023 acquisitions (Riri). 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 of a calendar year. Employee headcount is used to define the number. Those employees categorized as women in Oerlikon's HR system were divided by the total amount. In 2023, **97 women** were classified in management and leadership positions, representing **14% of the total.**
405-1 (2016)	**Percentage of women in High Potential Talent Programs**	Oerlikon runs several high potential talent programs of which Horizons and OMF+ were active for years. 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 2023, **25 women** participated in high potential talent programs, representing **22% 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, closely mirroring ISO 50001. The definition of this system is documented in an internal guideline endorsed by management to regulate non-ISO sites. Total sites as of December 31, 2023, with EnMS according to: • Oerlikon-defined standard = 70 • 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 172. Total sites that meet these criteria are **90** (out of 172), or **52%** of total Operational Sites.

GLOSSARY

General

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.
3TG	The term Conflict Minerals describes 4 elements – Tin, Tantalum, Tungsten and Gold, and is commonly referred to as 3TG.
DDTrO	The "Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour" was issued by the Swiss Federal Council and is applicable to companies whose seat, head office or principal place of business is located in Switzerland.
EcoVadis	EcoVadis provides a non-financial web-based rating platform, enabling organizations to assess their own Corporate Social Responsibility (CSR) performance, as well as that of their supply chain.
EqualVoice	An initiative launched by the Swiss publishing company Ringier, with the aim to advocate gender equality and improve the visibility of women in the media.
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.
FRC	Fiber-reinforced composites; Materials made by combining fibers, such as carbon or glass, with a matrix material, typically a polymer, to enhance strength and stiffness. Their high strength-to-weight ratio and enhanced mechanical properties make FRCs an ideal material for use in aerospace, automotive, and construction industries.
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.
Global Organic Textile Standard (GOTS)	The Global Organic Textile Standard ensures textiles are made from organic fibers and adhere to stringent environmental and social criteria throughout their production. GOTS certification covers every step of the supply chain, from the harvesting of raw materials to environmentally and socially responsible manufacturing, aiming to provide a credible assurance to the end consumer.
Global Recycled Standard (GRS)	The Global Recycled Standard defines specific rules for certifying the amount of recycled material in a product, how it's handled through the production process, and the social, environmental, and chemical use practices involved in its creation. It aims to encourage more sustainable production and consumption by ensuring that products labeled as "recycled" meet consistent criteria and support claims through credible certification.
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.
HSE	Health, Safety and Environment; A core component of Oerlikon's code of conduct, with the ambition of "Zero Harm to People," including employees, contractors, visitors and the communities in which Oerlikon operates.
HVV	The Higher Heating Value (HVV) describes the total amount of heat energy that can be generated when a fuel is completely burned. It includes the heat released from both the fuel itself and the latent heat of vaporization of water, which is formed during the combustion process.
LED	A light-emitting diode (LED) is a semiconductor light source that emits light when current flows through it
PET	Polyethylene terephthalate, 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.
PEM	Polymer Electrolyte Membrane; A semipermeable membrane generally made from ion-conducting polymers. It is a key component in various electrochemical applications, notably in PEM fuel cells, where it allows protons to pass through while blocking electrons, thus facilitating the electrochemical reaction that generates electricity.
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.
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.
RTO	Regenerative Thermal Oxidizer; An industrial device used for treating exhaust air to reduce harmful emissions. It works by using high temperatures to oxidize these pollutants, and utilizes a heat recovery system to improve energy efficiency.
RO	Reverse Osmosis; A water purification process that removes contaminants from water by pushing it through a semi-permeable membrane. This method allows only water molecules to pass through, effectively filtering out impurities and providing clean water for various uses.
RoHS	The EU Restriction of Hazardous Substances (RoHS) restricts the use of hazardous substances in electrical and electronic equipment to protect the environment and public health.
SASB	Sustainability Accounting Standards Board; An independent, private-sector standards organization that develops and disseminates industry-specific sustainability accounting standards to help publicly listed companies disclose material, decision-useful information to investors.
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.
SOEC	Solid Oxide Electrolyzer Cells can produce hydrogen gas from water. They operate at high temperatures and use solid ceramic material as the electrolyte.
SOFC	Solid Oxide Fuel Cell; An electrochemical conversion device that produces electricity directly from oxidizing a fuel. Fuel cells are characterized by their electrolyte material; the SOFC has a solid oxide or ceramic electrolyte.
TAFR	Total Accident Frequency Rate

TCFD	Task Force on Climate-related Financial Disclosures; An initiative that develops guidelines for companies to report on the financial impacts of climate-related risks and opportunities. The Ordinance on Climate Disclosures issued by the Swiss Federal Council incorporates the TCFD recommendations, mandating enhanced transparency in financial reporting to better inform stakeholders about climate-related risks in the financial sector.
VOC	Volatile Organic Compounds; Chemicals that vaporize at room temperature and are commonly found in the air as pollutants. They originate from various sources including industrial processes, vehicle emissions, and household products, and are known for contributing to air pollution and health issues such as respiratory problems.

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.
BALIQ TISINOS PRO	BALIQ TISINOS PRO is a AlTiSiN coating, especially suitable for micro cutting tools, based on the advanced S3p technology. Its increased toughness and wear resistance make it the coating of choice for hard machining up to HRC 70.
DTY	Drawn Textured Yarn is a type of polyester filament yarn produced by processing partially oriented yarn (POY) through a texturing process. This process disperses, curls and entangles the filaments composing the POY yarn, which gives DTY a fluffy appearance and gives it the properties of both natural and synthetic fiber.
eAFK Evo	3- and 4-deck texturing solution launched by Oerlikon Barmag.
EnMS	ISO-50001-certified or Oerlikon defined Energy Management System (EnMS).
EvoSteam	A new polyester staple fiber process EvoSteam from Oerlikon Neumag. The process dispenses with liquid baths, thus generating significant savings in terms of water, energy and finishes.
FDY	Fully Drawn Yarn is a type of highly drawn polyester filament yarn that can be used to produce high strength fabrics and textiles. FDY is typically used to produce fabrics and textiles for high-end undergarments, high-end sportswear and home furnishings.
MULTIPLA	A new a new modular fixture by Oerlikon Balzers, specifically designed for recoating drill heads and mill tips, enhances material and energy savings.
POY	Partially oriented yarn is produced from the melt of the continuous polycondensation or by extrusion of polyester chips or flakes (melt spinning).
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.
S3p	Scalable pulsed power plasma technology is Oerlikon's proprietary technology and the only one that combines the advantages of arc evaporation and sputtering (HiPIMS) to enable smooth and very high coating density and hardness as well as excellent adhesion to the underlying surfaces.
WINGS	Winding Integrated Godet Solution is a family of winder technology by Oerlikon Barmag.

Disclaimer and cautionary statements

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