oerlikon

SUSTAINABILITY REPORT **2020**

ENABLING CUSTOMERS TO ACHIEVE MORE WITH LESS

Innovation for a Sustainable Future

About Oerlikon

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

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

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

Everything we invent 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 Manmade Fibers. It has a global footprint of more than 10 600 employees at 179 locations in 37 countries and generated sales of CHF 2.3 billion in 2020.

oerlikon.com

Letter from the CEO[1]

Dear Stakeholders

Sustainable Innovation is Oerlikon.

Sustainability is an integral part of Oerlikon's strategy. For us, it is more than a concept. It is a living principle entrenched in the innovations we develop for our customers as they seek to become smarter in terms of their use of resources — to achieve more with less.

Following our strategy, economic and ecological sustainability are intrinsic parts of our business process as you will see in this first report. Our technologies allow our clients to become more sustainable. Through our actions and measures, our own operations and processes contribute to a healthier planet.

Furthermore, we take care: in terms of social sustainability, we not only offer great working conditions for our employees all over the world, but also differentiate ourselves through responsible and reliable relations with our other partners, such as universities, research institutions, suppliers and investors.

We engineer and process materials and surfaces to enhance and upgrade products' functions. Working collaboratively with customers in key markets, we make equipment and tools last longer, improve the manufacture of textiles, help cars and airplanes use less fuel and pioneer advances with an impact on the future of mobility. The result: solutions and services that are more cost-effective for our customers and help to protect of our planet and its inhabitants.

That is how Oerlikon defines sustainable innovation — and how sustainable innovation defines Oerlikon.

We have always seen innovation and sustainability as interdependent, and in that sense, nothing has changed: our core sustainability values are rooted in our history, traditions, culture and products.

What is new is our heightened consciousness of how important it is to articulate these values, to make a public commitment to them and to demonstrate that our operations and financial targets are in sync with our capacity to make the world a better place. Now, is the right time for us to join the ranks of those who are proactively engaging with sustainability and inspiring others to do the same. We want to explicitly state our responsibility as

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

Oerlikon enables customers to achieve more with less.

We help our customers to reach their goals: **using less fuel, facilitating future mobility, extending the lifetime of tools and saving energy in processing polymers and beyond.**

caretakers of our global ecosystems and champions of sustainability. I offer this commitment to you unequivocally on behalf of myself, our Board of Directors and each of our Oerlikon colleagues; we have all dedicated ourselves to this mission.

I am pleased to present our inaugural Sustainability Report, which formally acknowledges a core value at the foundation of our R&D, our business growth and our mission: a commitment to sustainability and to the United Nations Sustainable Development Goals (SDGs). This report showcases Oerlikon's past and current contributions to sustainability and presents our targets for 2030, which place an emphasis on the SDGs that are most pertinent to our operations and represent Oerlikon's greatest opportunities for impact.

The report further serves as our public commitment to transparency and regular documentation of our progress in sustainability. Our targets cover environmental and social aspects, including the increasing use of renewable energies, reducing share of disposed waste, increasing female representation in management and leadership roles and ensuring zero harm to our people - to name a few.

We are using 2019 as our baseline year since 2020 was an extraordinary pandemic-impacted year. Using 2019 as our baseline makes tracking and comparability more meaningful as it is more representative of Oerlikon's normal business operations. On page 9 of the report, you can find more details about our targets.

On behalf of our Executive Committee and the entire Oerlikon team, I invite each of you to accompany us on this journey.

We are grateful as always for your collaboration and for your support as we take on the challenge of creating an enhanced Oerlikon and building a sustainable future.

In partnership,
Dr. Roland Fischer

7 AFFORDABLE AND CLEAN ENERGY

Case Study:

SAVING ENERGY

In manufacturing, efficiency enhancements drive reductions in energy use. Oerlikon has created the world's most efficient solution for processing pre-oriented (POY) and fully drawn yarns (FDY): WINGS – Winding Integrated Godet Solution. This high-end technology solution facilitates production of high-quality yarns and is renowned for its reliability, outstanding unwinding performance and smooth downstream process — and it generates minimal waste thanks to its high production efficiency. Compared to the previous generations, WINGS can reduce energy consumption by up to 40%.

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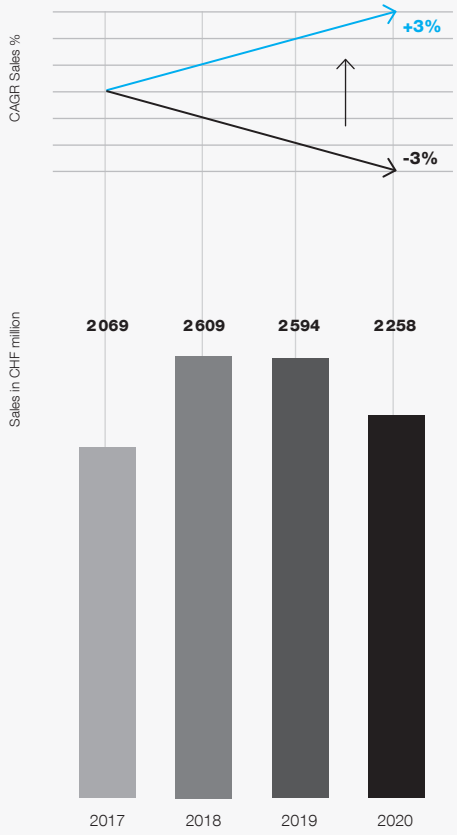
2020 Facts and Figures

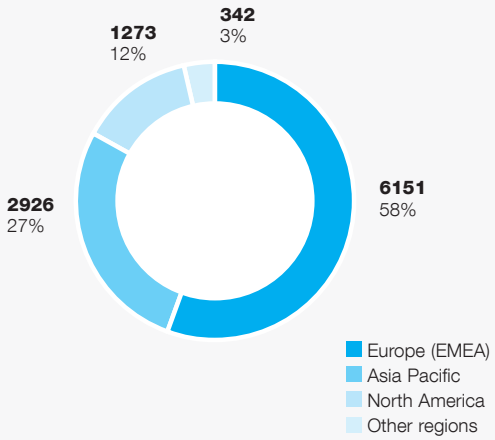
Oerlikon Group Sales



Oerlikon Group Sales
in CHF million

→ CAGR Sales
→ Global GDP in %

Employees (FTEs)[1] by Region



[1] FTEs = Full-time equivalents

Gender Diversity

79%
of employees are men.

21%
of employees are women.

Global Reporting Initiative
Oerlikon published its Sustainability Report in accordance with the internationally recognized GRI Sustainability Reporting Standards.

FT Diversity Leader
FT Diversity Leaders 2021 has ranked Oerlikon 162 out of the top 850 companies in Europe.

Our 2030 Sustainability Targets[1]

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

We have decided to use 2019 as our baseline for our targets since 2020 was an extraordinary pandemic-impacted year. This allows us to track and compare our progress against a year of normal operations.

Environment

Priority topics	Targets for Oerlikon		
Climate & energy	Implementing energy management system at all sites	Increasing the share of energy from renewable sources	Increasing the share of operations that are climate neutral
Circular economy (incl. recycling & waste management)	Reducing the share of disposed waste		
Innovation	100% of R&D investment in new products must cover ESG criteria		

Social

Priority topics	Targets for Oerlikon	
Employment practices	Increasing the % of women in management and leadership roles	Increasing the % of women in high potential talent programs
Health & Safety	Ensure Zero Harm to People	

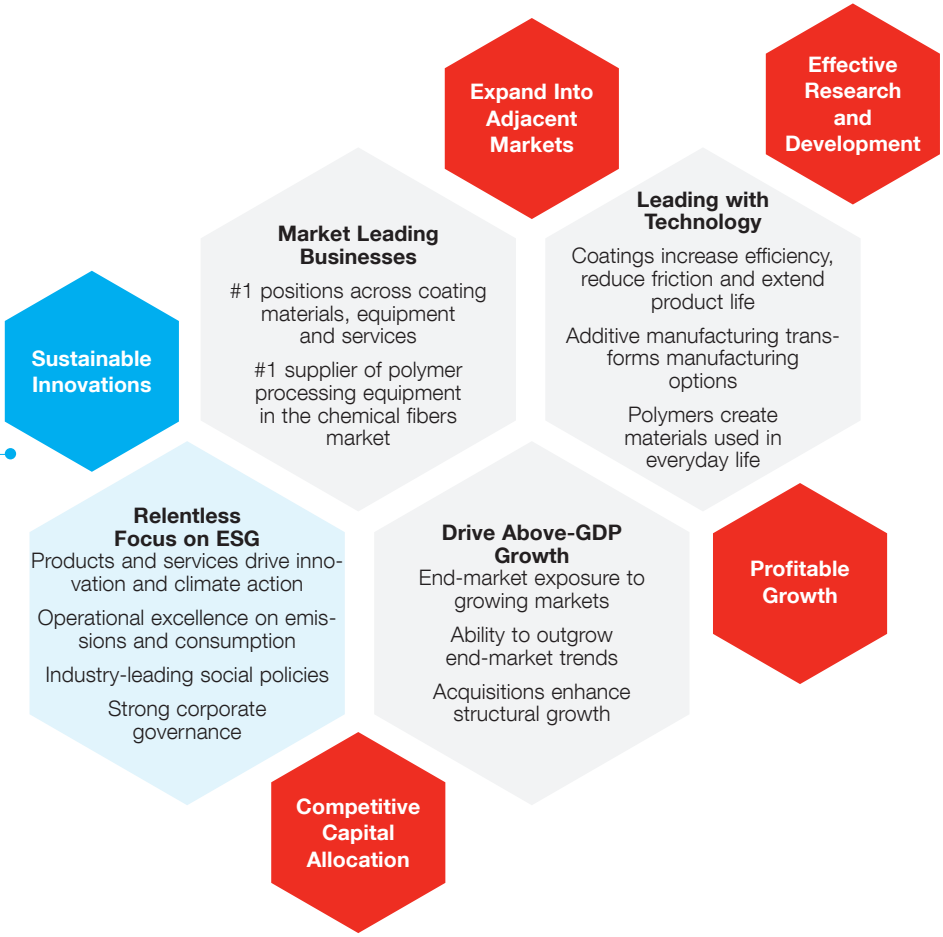
Governance

Priority topics	Targets for Oerlikon
Governance (incl. ethics & compliance)	Increasing the % of employees who have completed the compliance and Code of Conduct training

[1] For detailed information on the 2030 targets, see table on page 47

02

Our Strategy



ESG is a Core Part of our Strategy

Sustainability was an inherent part of Oerlikon long before it was on the business world's radar.

We see our products and services, market position and growth potential as aspects of success — but those measures are much more meaningful within the context of our responsibility as global citizens, who are contributing to the health of our planet and the safety and well-being of its inhabitants.

Some companies might see this as a conflict of interests. At Oerlikon, we see it as a cornerstone of our foundation for pursuing long-term value and growth. After all, sustainability has always been built into our strategy, which drives our innovations and operations to serve our customers' needs.

It is not just "in our DNA". Everything we do is intrinsically linked to conservation and the smart use of resources, and we have a record of success in converting those values into market solutions. This is the foundation of our ability to gain the confidence of customers facing tough challenges, investors interested in innovation that creates value and associates who share our passion for measuring progress in technological and human terms.

Our overarching goal is to empower our customers to increase their efficiency and productivity, optimize their usage of resources, lessen their energy and water consumption and reduce waste. Every time we perfect a technological advance that achieves these objectives, we are acting both as a commercial enterprise and a caretaker of the planet and its inhabitants.

At Oerlikon, we have always seen these two roles as interdependent, and in that sense, nothing has changed: our core sustainability values are rooted in our history, traditions, culture and products.

What is new? The understanding that it is important for us to make a public commitment and to join the ranks of people proactively engaging with sustainability and inspiring others to do the same.

We recognize the need to codify, formalize and raise public awareness of the sustainability principles entrenched in our operations and processes. While we are gratified by industry knowledge of and faith in the impact of our innovations, we want to draw equal attention to our Code of Conduct, our safety initiatives (such as the Zero Harm to People program), talent development (such as our Horizons program) and compliance record.

As pillars of our success in delivering customer value, each of these aspects merits continual investment, just as each remains central to our ability to develop the technologies, products and services on which our customers depend. That means we are committed to the adoption and ongoing evolution of sustainable innovation practices that minimize any negative social and environmental impacts of our operations as we deliver the innovations our customers need to minimize their own environmental footprints.

Looking ahead, we will capitalize on opportunities to put our expertise into action for the environment, to drive new levels of achievement in terms of emissions reduction and to take our place among the leading voices speaking out on behalf of social justice. We recognize each of these responsibilities as compatible with — and supportive of — our targets for market growth and financial performance.

This is Oerlikon's blueprint for maintaining technological leadership and strategy for delivering sustainable value to all stakeholders.

Our Responsibility

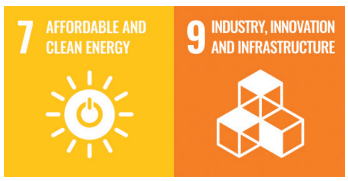
The 17 United Nations SDGs are at the heart of the "2030 Agenda for Sustainable Development" and define the world we want. Fulfilling these ambitions will require effort from all sectors in society — and business has a very important role to play in the process. These goals provide a framework for countries, but also for companies to evaluate their potential to engage in practices that profit both humanity and investors.

We embrace that framework not just because it appeals to our aspirations as global citizens, but because it is fully aligned with our approach to researching, developing and commercializing innovation.

At Oerlikon, we affirm both the ideals and the necessities of each of the 17 United Nations SDGs. Given the nature of our processes and operations, we can have a greater impact on some SDGs compared to others. For example, there is potential for us to further reduce our energy consumption whereas our wastewater output is already minimized.

We have therefore prioritized our corporate SDGs in line with where we can generate the greatest public good and make the greatest difference both in our practices and in our impact on the planet and its people, whether globally or in the communities in which we work. These areas of focus

ENVIRONMENT



Our Products
- 100% of R&D investment in new products must cover ESG criteria

Our Operations
- Increasing the share of operations that are climate neutral
- Implementing energy management systems at all sites
- Increasing the share of energy from renewable sources
- Reducing the amount of disposed waste

SOCIAL

Our People
- Increasing the % of women in management and leadership roles
- Increasing the % of women in high potential talent programs
- Ensuring Zero Harm to People

GOVERNANCE

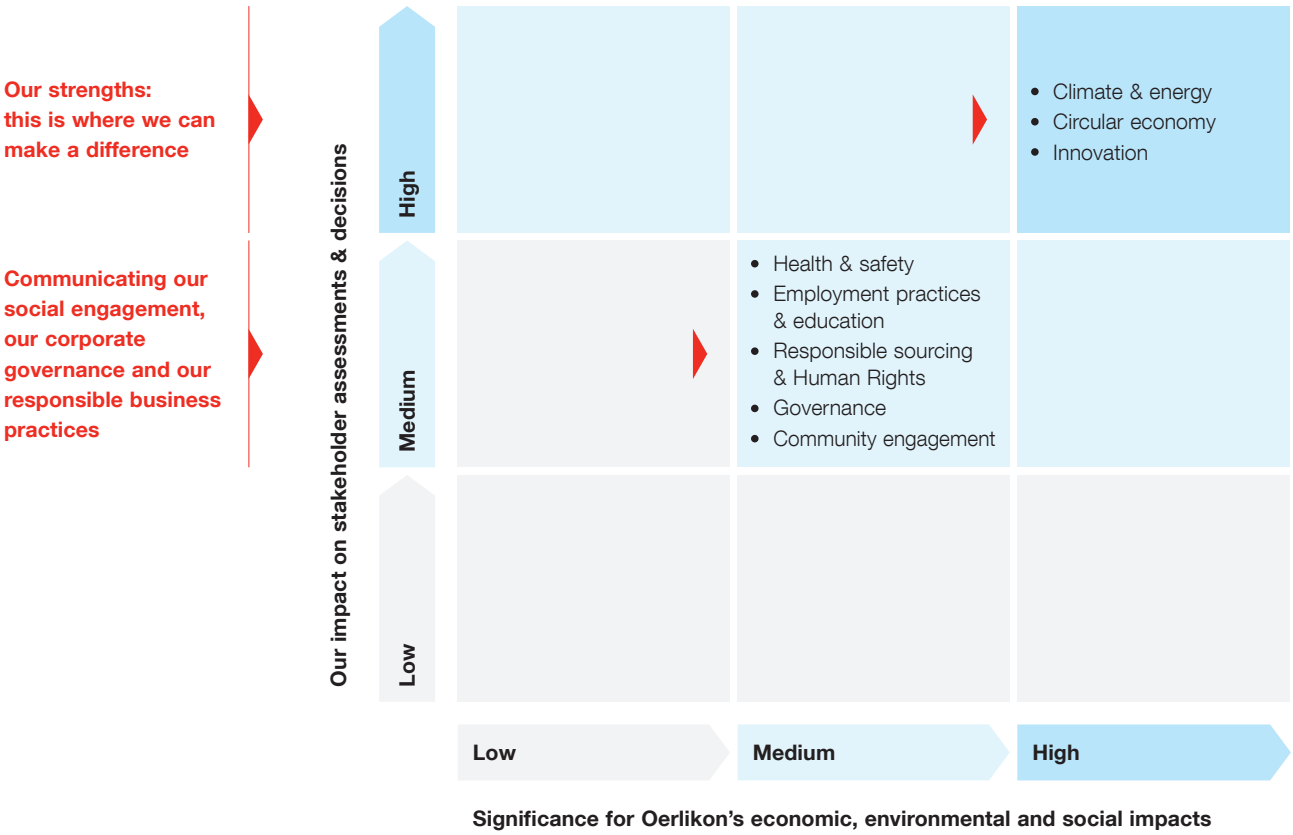
Our Stakeholders
- Increasing completion of compliance and Code of Conduct training to >95%

encompass climate and energy, the circular economy, innovation, employment practices and innovation, health and safety, community engagement, governance and responsible sourcing and human rights.

We have performed a materiality analysis by identifying and assessing potential ESG issues that could affect our stakeholders and business, and we have prioritized eight issues that are most important to us and our stakeholders (see materiality matrix below) – and where we can make the most difference in terms of sustainability.

To enable us to report on our sustainability impacts in a consistent and credible way, we have opted to prepare our Sustainability Report according to the internationally recognized GRI standards. Disclosing our impacts in this way will enhance Oerlikon's comparability, transparency and accountability for all our stakeholders, including customers, employees, investors, policymakers, capital markets and civil society.

Oerlikon's Focus in Materiality Matrix



Creating Value for Stakeholders

Every business has a responsibility to deliver sustainable results that support healthy long-term growth. At the same time, we play a key role as responsible global citizens.

At Oerlikon, we have made a strong commitment to be a caretaker of global ecosystems and a champion of sustainability. And we recognize that our relationships with all our stakeholders, including customers, employees, investors and suppliers, are key to our ability to succeed in the pursuit of our growth targets as well as our standards of business conduct.

It is by listening to our customers, understanding their challenges and gaining their trust that we acquire the insights necessary to collaborate on smart, sustainable innovations and solutions that align with 21st-century expectations and demands.

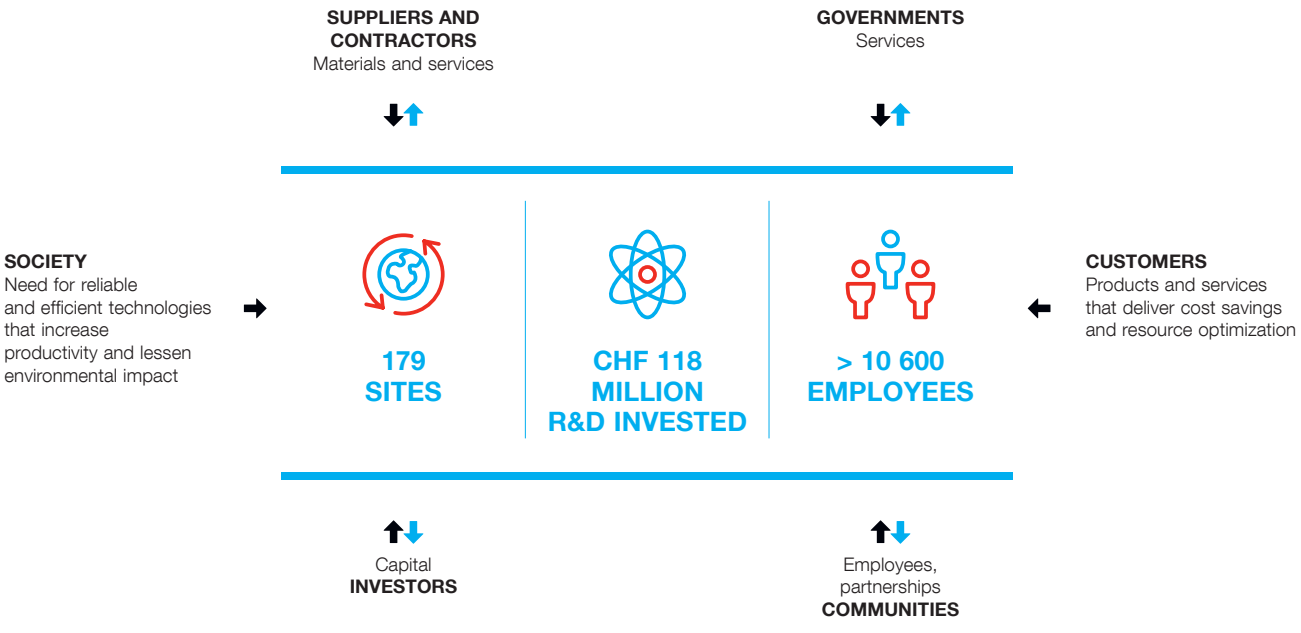
It is by providing our employees with a work atmosphere that welcomes unconventional thinking and recognizes individual and team achievements that we cultivate an ideal space in which top talents can reach their full potential and feel respected, heard and valued.

It is by creating a sense of true partnership with suppliers and contractors that we build alliances that stand the test of time and allow us to deliver on our commitments.

The sum of all these relationships and commitments translates to our ability to deliver value to our shareholders both through our financial performance and by cultivating a business entity that can be a sustainability standout in their portfolios.

And it is by being open to feedback and suggestions from all our stakeholders that we can engage in informed, intelligent ongoing process improvement that ensures that our operations match our innovations in terms of upholding optimal governance, environmental, social and sustainability standards in our work around the world.

OERLIKON VALUE CHAIN
HELPING TO WRITE THE FUTURE



Environment

Sustainable Consumption and Production

Case Study:

AN INTERVIEW WITH A CUSTOMER

Since 1997, Gama Recycle has pioneered processes for spinning discarded waste material into regenerated yarns and fibers. One of the largest producers in this sector, the company recycles textiles and uses rPET bottle flakes in production. We spoke with Gama Recycle's founder, Zafer Kaplan, who shared an insider's perspective on the state of the art in recycling and what's next in this rapidly evolving field.

How did your commitment and approach to recycling develop?
We have produced recycled items since 1997 and have earned a reputation for recycling textiles and some plastics. There is a huge amount of plastics and textiles waiting to be reused. One of the most complicated aspects, though, is collecting the materials.

What special considerations are required to produce regenerated yarns and fibers?
In the beginning, producing regenerated fibers and yarns was not a priority for most countries and companies. A lot of garment or textile cutting waste was thrown away or incinerated. It was not worth it for the industry to take care of these leftover materials. We developed ideas to turn these "leftovers" into regenerated yarns and fibers for industrial use. We have 18 patents for recycled products, machines and equipment and 10 more under review. Today, most garment manufacturers sort and sell their leftover cutting materials. This is a huge improvement. There were only a few machine manufacturers on the market when we started recycling textiles, and most of the time, we had to convert or modify our machines for recycling processes. Today, a lot of companies are focusing on recycling machines, which has fostered growth in the industry.

What do you recycle and which polymers are these materials made of?
We recycle pre-consumer cutting or industrial waste, post-consumer garments, PET bottles, PET trays and other PET-based packaging materials and consumer products. We also have several patents for recycling used garments into cotton and polyester fibers.

In what condition are the raw materials when you purchase them, and which steps of the process do you handle internally?
Sourcing is the most crucial and complicated part of our work. We purchase waste (our raw materials) worldwide and have standards for these materials. Unfortunately, what we buy does not always match up to our specifications.

You use a staple fiber plant solution from Oerlikon Neumag in your production. What makes this plant technology so interesting for your process?
Recycled fibers have huge market potential. End users want environmentally friendly products but they also still want product quality. This is why we prefer to use the Neumag fiber line. We are able to control the whole process in a very efficient way, with a consistently high quality of fiber but with less production waste.

Producing yarn and fiber from recycled materials seems more profitable than using virgin material. Was your decision motivated by that factor or by idealism?
It is more profitable in most cases, but also riskier and more complicated. You need know-how and experience, good machinery and equipment. Otherwise, it will be a huge loss. While, on the one hand, we are running a business, we are also proud to do our part for sustainability and the environment. For example, our new patented fiber, CUPROCEL, is made of rPET polymer. Its touch, drape, stretch and recovery is not comparable to any other synthetic fiber. It is more similar to cellulosic fibers such as modal or lyocell. We sell it as a fabric created with recycling processes and offer to buy cutting waste and post-consumer garments from our customers. By doing our part in terms of sustainability, we hope to motivate others to follow suit.

How does the Oerlikon Neumag plant solution support your goals for the next three to five years?
We can process up to a total of 300 metric tons of PET flake capacity per day, which means we can make 200 tons of recycled polyester fibers and 100 metric tons of PET chips for filament yarn and bottle-to-bottle (food-grade) applications daily. Oerlikon Neumag's technology and capability make it easier for us to achieve these goals.

Sustainable Development at Oerlikon based on SDGs

SWITCHING TO ENERGY-SAVING LEDS

Fluorescence lighting has gradually been replaced with modern energy-saving LED lighting over the past years at a number of Oerlikon sites. Recent examples: modern lighting was installed in Barleben and Langenfeld in Germany and Chon Buri in Thailand, among other sites.

REINFORCING INFRASTRUCTURE WITH GEOTEXTILES

Textiles are increasingly being associated with infrastructure. Geotextiles are permeable polyester or polypropylen fabrics that are used as inlays in roads, buildings or bridges to extend the life of the structures. Oerlikon's nonwoven systems are used to produce geotextiles for such inlays that reinforce structure to extend repair intervals, increase durability and reliability, and lower maintenance costs.

RECYCLING OF FIBERS

In the circular economy, discarded items become raw materials for new goods. Carpet manufacturing customers use Oerlikon Neumag's solutions to process recycled polyester and produce recycled bulked continuous filament carpet yarns (BCF) around the world. Oerlikon R&D is continually focused on developments designed to reduce waste and capitalize on untapped resources in all its manmade fibers product lines.

ESYNC TECHNOLOGY TO REDUCE WEIGHT AND LENGTH

When developing advanced hybrid transmissions, automotive manufacturers face the challenge of finding the space to accommodate both electric and combustion engines without sacrificing performance. Oerlikon's eSync (synchronizer) delivers a solution that reduces the axial package by up to 11 mm in one synchronizer system — space that can accommodate additional components or allow for a reduction in transmission length.

OUR COMMUNITY CONTRIBUTION TO HELP FIGHT COVID-19

During the pandemic, Oerlikon accelerated the production of equipment used to manufacture protective masks and gear. In addition, Oerlikon employees coordinated donations of masks and hand sanitizer in Germany, Mexico and China, and contributed to funds in India and to Doctors Without Borders to help COVID-19 patients. These type of initiatives embody Oerlikon's spirit of service to the communities in which we do business.

WOMEN IN HIGH-POTENTIAL TALENT PROGRAMS

In 2019, women made up 24% of the participants in our career accelerator program, Horizons — a number we aim to increase to 30% by 2030. Horizons has shown success in developing the next generation of Oerlikon leaders. More than half of the program's graduates have been promoted or given increased responsibility. We are committed to promoting gender diversity by increasing the representation of women in such programs.

TALENT ACQUISITION

2020 was the year in which we expanded the usage of digital channels to complement our other talent acquisition and recruiting programs. Using websites such as Glassdoor and Indeed delivered noteworthy returns that have almost doubled the number of applicants received through online tools, while also increasing the quality of applicants and employer brand visibility. These tools give Oerlikon access to a larger pool of high-caliber talent, accelerate the hiring process and reduce recruiting costs.

R&D PARTNERSHIP FOR VIRUCIDAL AND ANTIMICROBIAL COATINGS

The COVID-19 pandemic has significantly raised concerns of viruses being transmitted via surfaces. To address this, Oerlikon is using its materials and coating expertise in an R&D partner project with CNRS, the University of Limoges and aerospace company, Safran. The goal is to jointly develop antimicrobial and virucidal coatings for plastics and other materials. Initial usage is targeted at aircraft interior parts, and the application is planned to be extended to other industry sectors.

03 Our Environmental Commitment

Environment

Responsible Consumption and Production

Case Study:

REDUCING WASTE & RESOURCE CONSUMPTION IN TOOLING

Traditionally, tool life span is a challenge nearly all customers face. To resolve this, Oerlikon Balzers has developed a fast and cost-effective solution that offers the added productivity advantage where tools can be given a life that is up to three times longer, which also significantly reduces waste as a result from the disposal of tools.

Previously, customers sent their tools to professional regrinders for refurbishing, requiring additional transport. Oerlikon Balzers solved this problem by creating an integrated and customized one-stop service for reconditioning high-performance round tools. By concentrating the entire process under one roof, we can get customers' tools back to work faster, which reduces downtime and supports optimal productivity. This solution saves up to 50% of conventional reconditioning costs, fuel and time.

Environment

Industry, Innovation and Infrastructure

Case Study:

TECHNOLOGIES FOR THE FUTURE OF MOBILITY

As the mobility of the future such as battery- or fuel-cell-operated electric vehicles become imperatives, manufacturers are looking for solutions that optimize the technology but that also improve efficiency and range, protect components from premature failure and reduce maintenance costs. To meet these demands, Oerlikon is leading the continued development of materials and coatings that reduce friction, wear and corrosion, enable connectivity and reduce weight, which in turn lowers CO_2 emissions.

Environment

Climate Action

Case Study:

REDUCING CO_2 EMISSIONS IN AEROSPACE

Aircraft engine manufacturers face a number of challenges: boosting performance, improving safety and fuel efficiency, and controlling emissions to meet CO_2 emission targets. One strategy for achieving these targets is to protect the parts that are located in the hot sections of the engine so that the engines can operate at higher temperatures, thus delivering improved efficiency. Other solutions are to improve the engine sealing, or to reduce engine and overall aircraft weight.

Oerlikon's innovations include solutions that improve engine efficiency and performance by sealing the fuel line path with our proprietary abradable coatings. These high-tech coatings also increase engine operation safety, reduce fuel consumption (-3%) and therefore decrease CO_2 emissions.

We also deliver thermal barrier coatings used for combustor and turbine components in the hot section of engines to help them operate at higher temperatures and protect the underlying material against extreme conditions. Our solutions help save up to 5 million liters of fuel, the volume of two Olympic size swimming pools, every day for a fleet the size of the A320 family, thus reducing 11 600 tons of CO_2 emissions.

03

Sustainable Innovation[1]

SDGS IN FOCUS:

The top five items on the World Economic Forum's Global Risks Report 2020 are all environment related. In recognition of these risks, we have made it Oerlikon's priority to manage and mitigate climate-related impacts across all lines of business.

We approach environmental sustainability from two distinct perspectives. First, we focus on helping our customers reduce their environmental footprints by providing them with innovative technology and solutions that drive efficiency, CO_2 reduction and increased durability by extending useful product life. With consistent results recognized for enabling efficiency in multiple sectors, Oerlikon plays a role in reducing global emissions, preserving natural resources and minimizing waste streams.

Second, we undertake a rigorous approach to minimizing our own environmental footprint by reducing our CO_2 emissions, energy and natural resource usage and the waste generated from our operations and across our supply chain.

Sustainable Innovation[2]

At Oerlikon, everything we do is focused on advancing that standard of sustainable innovation.

With the world's population projected to reach 10.9 billion by 2100 and the global middle class continuing to grow, there is increased demand for goods to be transported to more consumers. Demand for mobility is also on the rise and is driving higher rates of car and air travel.

As a leading global technology company, we must push the current limits on the extent to which technology can be used to facilitate the demand for affordable and clean energy, ensure sustainable consumption and production patterns, implement industry innovation and infrastructure and take action to combat climate change and its impacts.

For the environment, we are focused on United Nations SDGs 7, 9, 12 and 13. They are an excellent fit in terms of what Oerlikon does to meet customers' needs, achieve business growth and contribute to the good of the planet. Our areas of R&D focus, our business model and our revenue streams all align with those SDGs — and, in fact, were aligned with those environmental targets even before they were identified as SDG priorities.

[1] GRI 103-1,2,3
[2] GRI 203-2: Significant indirect economic impacts

"The interaction of automation and digital processes will ensure more sustainable Industry 4.0 production solutions for the manufacture of manmade fibers and their production machines and systems."

CEO Manmade Fibers Division, Georg Stausberg[1]

With a portfolio of solutions and services that encompasses surface engineering, advanced materials and fiber production, we engineer materials and processes that contribute to a more sustainable planet. Our work promotes greater efficiency in energy consumption; longer lives for textiles, equipment and tools to reduce waste and overdependence on recycling; and reductions in CO_2 emissions. Take for example our DiscCover coating solution: authorities worldwide have introduced stringent limits for exhaust emissions — including NO_X, CO_2 and particulate matter. Increasingly, regulators are turning their attention to fine dust emissions from brake wear. On average, 31% of passenger-vehicle-related emissions are caused by brake wear. This results in more than 90 000 metric tons of fine dust per year in the OECD countries alone. The DiscCover solutions from Oerlikon Balzers and Oerlikon Metco significantly reduce fine dust from brake discs so that our customers are equipped to comply with stricter regulations as they improve their environmental footprint.

The impact of our development of sustainable innovation extends beyond reducing our customers' carbon footprints to enhancing the performance of their machinery, equipment and production systems. This enables them to achieve savings in cost as well as in energy and resource use and to minimize waste generation. Oerlikon's mission is to create such next-generation solutions to resolve our customers' problems.

We achieve this by making continuous investments in R&D that lead to commercialization of groundbreaking products and services. In this way, we amplify our leadership in delivering expertise and results to a broad spectrum of industries and affirm our customers' confidence in our team.

The research and engineering strategy that drives our innovation pipeline focuses on three priorities: customer needs, market potential and environmental concerns. In 2020, we invested 5.2% of our revenue (CHF 118 million) in R&D and filed 98 new patents. With a team of more than 1 100 engineers and scientists dedicated to converting ideas into inventions, we are in constant pursuit of new applications and enhancements to existing solutions, always with the target of delivering higher productivity, lower operating costs and greater results in sustainability performance — and often in collaboration with our customers. Our 2030 target is that 100% of our R&D investment in new products must cover the ESG criteria.

Our passion for pushing the boundaries of what is possible further manifests itself in our early exploration (and, when appropriate, adoption) of tools and technologies that are emerging as new assets in the launch of sustainable solutions. These include big data (seen, for example, in our rapid alloy development that significantly speeds up invention and commercialization), additive manufacturing (an increasingly valuable tool in the development of, for example, engine parts that are lighter, stronger and more energy-efficient), artificial intelligence and Industry-4.0-caliber digitization and automation. These all figure prominently in our R&D pipeline and our aim is to master their requirements so that we can fully exploit their potential as it develops.

With that in mind, we have incorporated our spirit of innovation into the expansion of our network of collaborators and partners in science and academia. This is a natural extension of our tradition of collaboration with customers. In recent years, we have established and fostered the growth of a global network of alliances and joint ventures with universities, research institutions and industry experts.

Our goals for the next decades are to continue assessing all new innovations for their sustainability impact and include sustainability KPIs. For further details about Oerlikon's innovative solutions, please refer to Oerlikon's Annual Report 2020.

[1] https://www.oerlikon.com/manmade-fibers/en/about-us/news/innovative-industrial-solutions-for-a-better-world/
GRI-203-2: Significant indirect economic impacts

Environmental Sustainability in Operations

Many of our innovations and technologies are developed in collaboration with external partners and customers to contribute to environmental sustainability. In recent years, Oerlikon started implementing operational processes and systems that can help to reduce the impact of our business on the environment.

Strengthened efficiency is key to our overall strategy for reducing energy consumption and CO_2 emissions. Some initiatives at our sites include replacing conventional lighting with LED lighting or operating pumps for heat recovery to reduce the amount of fossil fuel required to heat service water.

We have established our next targets as we continue striving to contribute to sustainability. By 2030, we intend to implement energy management systems at all Oerlikon sites, use energy derived exclusively from renewable resources and achieve climate neutrality in 100% of our operations.

ENERGY

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

In 2020, we reduced energy consumption by 4.6% within our organization as compared to 2019. This reduction was due to our energy saving actions and to the overall lower operational activity as a result of COVID-19.

We have a system in place to obtain and gather the amount of energy consumed at our sites across the Group. We see the potential to improve the system for better consolidating the reductions of energy consumption achieved as a direct result of conservation and efficiency initiatives. We have therefore started implementing energy management systems at our production sites. In addition, we have been looking into implementing renewable energy solutions, where locally possible, to optimize our energy footprint.

Today, a large number of Oerlikon sites, including all Oerlikon Metco production sites and more than 20% of Oerlikon Balzers' production facilities, have environmental management systems in place that are certified in accordance with ISO 14001:2015. Most of Oerlikon's sites in Germany also have ISO-50001-certified energy management systems in place. At our main larger offices, we have implemented smart or green building technologies or introduced energy-saving measures where technically possible and where local conditions permit.

For instance, at our Vadodara site in India, we installed solar panels on the roof of a service station in October 2018. In 2019, these solar panels generated more than 40% of the total annual energy that we used at the site, and in 2020, more than 50% of the energy used was solar power. These panels not only increase the usage of renewable energy but also resulted in thousands of dollars in energy cost savings.

		2020	2019
Energy consumption within the organization	**Unit**	Total	Total
Electrical power	GWh	302.5	313.2
Natural gas	GWh	41.1	38.9
Heat and cooling bought	GWh	21.2	25.9
Gasoline and diesel	GWh	19.5	24.0
Other energies	GWh	5.7	6.6
Total energy consumption	GWh	**389.8**	**408.6**

WATER AND EFFLUENTS

GRI 103-1,2,3; GRI 303-1,3 (2018)

Our operations do not require the use of significant amounts of water for production or processing. Thus, water consumption is not an area of sustainability in which operational modifications can make a notable improvement over current usage levels.

We currently measure water discharged and see the potential to improve the quality of data collected. We will continue to implement measures to reduce water usage and waste in all our operations. For example, the Oerlikon Balzers site in Jinan, China, has installed a wastewater recycling line, resulting in the reduction of clean water consumption by over 70% (> 70 metric tons/year). We have also upgraded the former ultrasonic cleaning process to a new plasma cleaning process at our site in Suzhou, China, which has allowed us to save 30 metric tons of wastewater per year.

		2020	2019
Water withdrawal	**Unit**	Total	Total
Third-party water withdrawal	thousand m^3	698.6	700.2
Surface water	thousand m^3	5.7	11.8
Groundwater	thousand m^3	2.1	4.1
Sea water	thousand m^3	0	0
Produced water	thousand m^3	0	0
Total water withdrawal		**706.4**	**716.2**

Environment

Climate Action

Case Study:

ECO-FRIENDLY ALTERNATIVE TO CHROME PLATING

The search for a suitable replacement to hard chrome on aerospace components has been a key priority for aircraft manufacturers. This is due to the documented health risks to workers and the impact on the environment from exposure to hexavalent chromium, a carcinogen that occurs during the chrome-plating process and is a highly toxic form of chromium.

Replacing hard chrome with a suitable alternative is a challenge for the aerospace industry because of its widespread use as a surface coating on many components. Since hard chrome delivers hardness, the ability to minimize sliding wear and corrosion protection, and also extends the life of metal parts, it is used in many applications in aircrafts such as aero structures, landing gears, engine mounts and air frames.

Oerlikon Balzers' BALINIT C coating offers a solution. A non-hazardous and REACH-compliant PVD coating, BALINIT C provides a unique combination of extreme surface hardness, low friction coefficient and anticorrosion properties. It offers many of the same benefits as and is in some ways superior to hard chrome. Using this solution not only eliminates a health hazard, but also reduces the amount of toxic chrome sludge in landfills, which poses a potential threat to both soil and groundwater.

EMISSIONS

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

Reducing Consumption and Emissions

The industries we supply recognize the importance of working toward becoming more carbon neutral, and they depend on our innovations to support them in achieving their environmental goals. Internally, Oerlikon is committed to make our operations climate neutral by 2030.

Another example is the switch to electric and hybrid cars for sales representatives and for the pickup and delivery of tools from and to customers, as well as the installation of electric charging stations at all Oerlikon Balzers' service centers.

Our indirect emissions are mainly due to electricity bought for all sites, heat bought at only 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 and welding. Gases like H_2 or acetylene that are used in the Oerlikon Balzers' thin-film coating processes become part of the surface and are not combusted. Since these gases do not react with oxygen, they are not considered as a form of energy (but rather process gases) and therefore do not generate CO_2 and are excluded from the emission measurements for the environmental metrics reporting.

In measuring our CO_2 emissions, we follow the GRI-defined unit, which is the CO_2 equivalent. However, compared to a number of other industrial companies, we do not use F-gases in our production processes. For example, we do not use the SF_6 (sulfur hexafluoride) gas, which is an insulating gas for electrical equipment. These gases are considered much more damaging greenhouse gases than CO_2 with a negative impact of about 22 000 times that of CO_2. Thus, our CO_2 emissions can be considered "real" CO_2 emissions and not CO_2-equivalent emissions (as it would be the case for SF_6 for example).

		2020	2019
Emissions	**Unit**	Total	Total
Direct CO_2 emissions (Scope 1)	kilotons CO_2 eq	13.7	14.9
Indirect CO_2 emissions (Scope 2)	kilotons CO_2 eq	132.6	143.0
Total Scope 1 and Scope 2 GHG emissions	kilotons CO_2 eq	**146.4**	**157.9**

WASTE

GRI 103-1,2,3; GRI 306-1,2,3 (2020)

GRI 306 (2020) is effective for reports or other materials published on or after January 1, 2022. At Oerlikon, we would like to begin reporting according to this newly defined GRI today.

As natural resource scarcity and constraints escalate, there is greater scrutiny from regulators, communities and society with regard to the efficient use of these resources. This will continue to change the operating landscape for many of our customers.

At Oerlikon, we feel certain that the future of sustainability lies in circular economy innovations, regenerative practices and advanced recycling management. We are therefore increasingly adopting circular approaches to improve our environmental performance. We intend to implement action plans to significantly decrease the use of hazardous materials, preserving scarce raw materials and minimizing waste. More importantly, we are also enabling our customers across multiple industries to pursue these targets by providing them with products whose innovations include efficiency in terms of their environmental footprints.

cont'd
WASTE
GRI 306-1,2,3 (2020)

		2020	2019
Waste	**Unit**	Total	Total
Hazardous waste	kilotons	9.6	11.6
Non-hazardous waste	kilotons	10.7	11.3
Total waste generated	kilotons	**20.4**	**22.9**

By 2030, our goal is to be more circular and to reduce the amount of final waste disposed by Oerlikon by 50%.

To achieve our 2020 hazardous waste goal, multiple units across Oerlikon worked to recycle or recover waste streams for reuse. For example, at the Oerlikon Balzers ePD site in Suzhou, an ethanol cleaning and regeneration unit has been installed, reducing the consumption of fresh ethanol by more than 70%.

Our internal operations also generate non-hazardous waste such as plastics, metals, organics and paper. We have implemented several programs to reduce, reuse and recycle office furniture and other non-hazardous materials, including by making donations to nonprofits and schools, and we are engaging our employees in recycling efforts. In addition, we have begun implementing circular solutions so that our waste streams can be used as raw materials in other industries.

We accept the responsibility as well as the opportunity to continuously improve the environmental and social performance of our product offerings and internal processes.

Environment
Affordable and Clean Energy

Case Study:
REDUCING EMISSIONS AND CUTTING COSTS

In recent years at a Manmade Fibers site in Remscheid, Germany, we have built two central combined heat and power (CHP) systems to optimize the energy supply for heating and electricity.

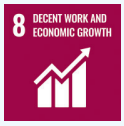
The CHP systems use internal combustion engines to drive a generator. The resulting kinetic energy generated is then converted into electricity. This type of power generation also generates waste heat, which is then used as heat energy. Simply put, you get electrical power and heat for your own use at the same time. The total warmth used at the site is now provided by the CHP systems and around 50% of the site's internal electrical power is covered by the systems.

Having power generated by a CHP system delivers not only cost savings (annual savings of > CHF 400 000) but also significantly reduces CO_2 emissions by around 45% compared to conventional power generation in Germany.

04 Our Social Commitment

Social

Decent Work and Economic Growth



Case Study:

ENGAGING EMPLOYEES: VIRTUAL TOWNHALLS

In a year when videoconferencing became essential for both personal and business interactions, we tapped into a virtual townhall solution - to share information and offer employees a new format for providing feedback to management. These virtual meetings facilitate the flow of information and the inclusion of colleagues. Employees surveyed said they felt more engaged by videoconferencing than email or paper communications and were pleased to have open two-way communication with management.

Social

Gender Equality

Case Study:

FT DIVERSITY LEADERS 2021

Oerlikon was ranked 162 of 850 companies who made it onto the Financial Times Diversity Leaders 2021 report, which was published in November 2020. The research and analysis was conducted by the independent market research company Statista on the basis of more than 300 000 evaluations. Survey participants included employees and HR experts across 16 countries and all industry sectors who rated how well companies promote diversity in general as well as with regard to age, gender, ethnicity, disability and sexual orientation.

Social

Decent Work and Economic Growth

Case Study:

APPRENTICESHIP PROGRAMS

Oerlikon actively offers students and early-stage professionals apprenticeship and internship programs designed to meet their professional development needs. Our relationships with more than 30 schools, colleges and universities worldwide aid us in identifying emerging talent that can gain the most from an Oerlikon work experience and perhaps begin a career-long trajectory of growth and advancement with the company

04

Responsible Employer

SDGS IN FOCUS:

EMPLOYMENT

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

Oerlikon has established global HR goals for increased efficiency and process harmonization along with culture enhancements that strengthen Oerlikon's position as an employer of choice for top talents. Furthermore, we are evaluating steps to strengthen our technological support, digital workspaces and online mechanisms for enabling personal growth and addressing employee concerns. Our program of continued improvement extends to achieving diversity targets for 2030 and beyond (see social targets on page 9 and 47).

COVID-19 and Employee Safety & Wellbeing

The impact of COVID-19 has underlined how important it is for Oerlikon to remain focused on our long-term vision — creating a safe and engaging workplace for the employees we rely on to help us realize our business mission.

Our dual challenge was to ensure the safety and wellbeing of employees, while at the same time minimizing any disruption in the provision of services to customers. We immediately adopted safety guidelines and protective measures such as disinfecting offices and workplaces and distributing reusable masks to all employees.

With lockdowns having been implemented in varying degrees since spring 2020, many office-based employees have worked from home. On-site, Oerlikon has mandated safe distancing and mask use, and pioneered the use of SafeTags, safe-distance-enabling devices from Kinexon, a Munich-based start-up. Details about these devices can be found in the Occupational Health & Safety section of this report.

In 2020, the use of digital and mobile technologies increased significantly as we converted many learning programs from in-person to virtual. We also accelerated the introduction of other planned digital initiatives, such as video interview software to support and transform recruiting processes.

A Fair & Attractive Employer for a Global Workforce

Oerlikon's global workforce numbered 10 692 full-time equivalents (FTEs) at the end of 2020, with 58% based in Europe, followed by Asia Pacific (27%), North America (12%) and the rest of the world (3%). In 2020, Oerlikon's global workforce (FTEs) decreased slightly by 4% due to normal employee attrition and restructuring measures in response to pandemic-driven market weakness. As an equal opportunity employer, Oerlikon offers attractive compensation and benefit packages to

all employees, including temporary or part-time employees and interns, in compliance with local labor laws and practices. Parental leave is also part of the employment package according to local labor regulations and practices.

Employee Engagement and Experience
Employee insights are invaluable in shaping HR strategy development. In 2019, we conducted a second global engagement survey in 23 languages, encompassing all Oerlikon sites.

The survey highlighted notable improvements in employee perceptions of direct line manager support, agility and innovation. This contributed directly to our success in exceeding the manufacturing benchmark for innovation performance and in enhancing employee experience and improving the work environment.

To enrich employee experiences from the time of hiring, we refined an employee-driven, bottom-up process used for recruiting, onboarding, promotion and offboarding. This improved and modernized the contact experience, transparency and trust. Where feasible, we integrated technologies such as virtual team introductions to speed up onboarding and to deliver consistently high-quality employee support. Our timetable for rolling out these updated processes worldwide runs for 15 months from October 2020.

The engagement survey responses highlighted the importance of building trust and improving clarity and communications within the company. We responded by launching a project to build a common understanding of our culture, energize employees and promote desired behaviors.

This project revisits our values and serves as a baseline for developing clear, outcome-driven statements to increase engagement. The first outputs will be tested in 2021, and statements will be embedded in processes later in the year to help improve employees' understanding of the corporate values and their part in contributing to them.

Engaging via Virtual Townhalls
As videoconferencing became essential for both personal and business interactions, we organized virtual townhalls divided into equal time slots for a presentation by management and an interactive question-and-answer session.

An easy-to-use digital Q&A app allowed employees to submit questions and vote on them, by name or anonymously. The voting determined the priority of the questions in the queue before and during the virtual townhall.

A survey of the townhalls revealed that employee felt positive about the experience, appreciated that the sessions kept them abreast of company news and that they were given an opportunity for open two-way communication. Employees said that, compared to paper or email communication, this format left them feeling more involved and better informed about strategic decisions as they were made.

Given that feedback, Oerlikon recognizes virtual tools as another channel for keeping employees informed, engaged and invested in the company's mission and strategies.

"Beruf und Familie" (workandfamily) Pilot
The Manmade Fibers Division took advantage of the workandfamily program, which was originally initiated by the nonprofit Hertie foundation and is now under the umbrella of the German Federal Minister for Family Affairs, Senior Citizens, Women and Youth.

The Division hosted voluntary workshops that brought employees together with representatives from the workers council and the company to address issues related to working remotely, employee development and the physical workplace. The Division has passed the jobandfamily audit and is now working on further improvements.

Talent Acquisition
In keeping with our increased engagement via online channels, in 2020, we assessed the value that job application and employee websites such as Glassdoor and Indeed can add to our existing recruiting infrastructure. The return on this initial outreach is noteworthy, particularly in the areas of online employer brand visibility and increased quality of applicants. In the 15-month time frame of selected pilots, our candidate engagement increased by 65% in terms of page visits. By the end of 2020, 45% of all applications were sourced online, which means we have enlarged the candidate pool from which we can select future candidates. These online tools also enable us to accelerate the applicant review and hiring process.

Furthermore, our employee referral programs offer recognition and rewards to employees who refer successful candidates. Beyond these internal resources, we also look to our network of customers and suppliers for referrals of promising candidates.

TRAINING AND EDUCATION

GRI 103-1,2,3; GRI 404-1,2,3

Employee Training and Development

As a global leader in delivering value-adding technologies, products and services, we recognize that skills enhancement and professional development programs are as essential to our market success as they are to our employees' ambitions. Oerlikon's employee training and development programs include in-person and online learning and career development options, such as workshops and courses designed to upgrade existing skills and sessions that provide transition assistance.

Assessment of the impact of this training is incorporated into employees' performance and career development reviews, which are conducted at least twice a year.

To complement virtual training, we looked into new digital learning opportunities and pilots of platforms such as Udemy to offer employees the chance to learn safely from any location, on any device and at any time without incurring any COVID-related health risks. These platforms also allow us to integrate individual or group learning paths along with company and external content to optimize relevance. In 2021, we intend to widen the distribution of these digital platforms within Oerlikon to continue enabling employee growth.

Apprenticeships

To cultivate our relationship with young professionals and the next generation of talent, Oerlikon works in cooperation with more than 30 schools, colleges and universities worldwide to offer hands-on, intensive apprenticeships and internships to emerging innovators. Oerlikon Balzers, for example, has earned particular recognition in the field of offering apprenticeships that cover 11 professions.

At the 2020 apprenticeship graduation ceremony at Oerlikon Balzers, a total of 14 apprentices from seven different apprenticeship occupations received their certificates. Among them was Larina Beck, the 1 500th apprentice to receive her education at Oerlikon. More and more young women are now enthusiastic about training in technical apprenticeships. The average female participation has been around 15%, and the trend is rising.

High-Potential Talent Program: Horizons

Internally, Oerlikon has its own career accelerator program in place: Horizons, a global initiative launched in 2018 and designed to develop the next generation of leaders. Horizons gives candidates the opportunity for personal development and career advancement within Oerlikon.

The first 37 graduates completed the high-potential talent program in December 2019. During the 18-month program, we worked with this class to develop leadership and business skills, create visibility at senior levels, build networks and offer career path assistance. More than half of the employees from the program have been promoted or received additional job responsibilities, and all have benefited from personal career planning.

Based on the success of the first wave and despite the pandemic, we launched a safety-conscious second wave in September 2020 with 25 employees, who were selected for their high potential. The kickoff events and exercises were a mix of face-to-face sessions in Europe, with colleagues from Asia and the Americas dialing in. Highly interactive and carefully planned sessions ensured 100% participation despite the physical distance and time zone differences.

The Manmade Fibers Division also runs a program for individuals with high potential. The third wave of this program started in 2018. So far, more than 70 employees with high potential are engaged in development activities that prepare them to assume or enlarge their leadership positions and contribute to developing the culture at Oerlikon. This program also served as a pipeline to identify talents for the Horizons program. In 2020, the Division also launched a local development program with 60 participants from Germany, China, the US and India to foster individual development and a culture of cooperation.

R&D Career Track

Working with experts, we created a prototype career path within R&D in recognition of its essen-

tial role at Oerlikon. The R&D Career Track was piloted at Oerlikon Balzers to increase recognition and career development opportunities within R&D and to strengthen our R&D succession pipeline and talent retention. Over the past year, we have built three distinct career tracks across 12 R&D roles.

The Online Career Navigator provides an online channel for development planning and went live in 2020 with new leadership and functional programs. These projects are intended to provide employees with clarity and transparency on available R&D roles and next career steps.

DIVERSITY AND EQUAL OPPORTUNITY

GRI 103-1,2,3; GRI 405-1

Cultivating and Celebrating Diversity at Oerlikon

Given the fact that diversity is an engine for our continued success, we recognize the importance of cultivating a work environment that celebrates what unites us as a team and what sets each of us apart as individuals. We are committed to ongoing enhancement of our workplace and to ensuring that all our employees feel engaged, heard, respected, valued and accepted on their own terms.

FT Diversity Leader 2021

In November 2020, The Financial Times published its Diversity Leaders 2021 report, listing the top 850 companies with the highest total scores. Oerlikon is honored to be ranked at 162.

This ranking resulted from surveys conducted by the independent market research company Statista between April and August 2020. Corporations from all industry sectors employing at least 250 people in 16 countries – Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Spain, Sweden, Switzerland and the United Kingdom – were eligible. In total, over 300 000 evaluations formed the basis for identifying the Diversity Leaders.

Survey participants were asked to rate their employers on a scale from 0 to 10 on how well the company promotes diversity in general and with regard to age, gender, ethnicity, disability and sexual orientation. Answers were weighted significantly higher for respondents who were women, older workers or ethnic minorities than answers from members of majority groups.

It is particularly meaningful to us that Oerlikon's place on this list reflects our employees' evaluations of our diversity programs and policies. In the following paragraphs, we provide an overview of our perspective on diversity as a corporate value and details of the initiatives we have undertaken or plan to launch to further strengthen our record as an employer that practices inclusion and stands firmly against discrimination.

Cultural Diversity[1]

With 93 nationalities represented by our global workforce across Europe, Asia and the Americas, Oerlikon not only welcomes but is dependent upon multiculturalism. We see a clear and vital connection between our internal diversity and the strength of our market position, as well as our ability to lead in the development of sustainable innovation. These performance metrics require a commitment to sustaining mutually rewarding and respectful employee relationships. Oerlikon's employees are the backbone of our history of invention, but - equally important - they are the soul of our values and culture. The diversity of their backgrounds, experiences and areas of expertise endow Oerlikon with a depth and breadth of perspective that is global in every sense of the word. At present, the majority (88%) of our designated Global Leaders are European, and we are actively seeking increased geographical diversity so that employees at the management level more closely reflect our global market presence.

Gender and Sexual Diversity

Within this diversity metric, we have committed to strengthening representation of diversity at the Board and top management levels. In 2020, two out of seven members of the Board of Directors are women, while one out of four members of the Executive Committee is female. During 2020, Oerlikon's global workforce (FTEs) decreased slightly by 4% to 10 692, of which 21% is female.

Achieving gender balance is challenging given the predominance of men in engineering. Our overall workforce is predominantly male (79%), and among the Global Leaders, 13% are women. We are progressing in this area and are confident that having

*GRI 202-2: Proportion of senior management hired from the local community

more women in leadership positions will encourage more women to consider working at Oerlikon. Similarly, we trust that existing female employees will view our progress as a positive sign about their own prospects for growth and advancement at the company and welcome the additional women in leadership as role models.

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

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

Age Diversity

There is no generation gap at Oerlikon, where employees across a spectrum of years in the business collaborate, cooperate and support one another. We value this idea of established experience and fresh perspectives working in concert.

In 2020, more than 15% of our workforce is 30 or younger, 56% are between the ages of 30 to 50 and more than 28% are over 50 years of age. Nearly 52% of new hires in 2020 were under 35. Among our designated Global Leaders, 25% are 45 or younger.

At the same time, we take pride in the fact that around 1 500 members of our team have been Oerlikon employees for more than 20 years — a fact that demonstrates the value we place on long-established talent and the long-term opportunity we offer to employees. The average employee tenure at Oerlikon is nine years — notably longer than the industry average. Together, our people have a remarkable capacity for building on our traditions and, at the same time, challenging established thinking and forging new paths forward.

Leadership and Succession

In 2020, Oerlikon continued to manage and mitigate any risks that could arise when Global Leaders, who are the top management of the Group, leave the company. In tandem with this, we furthered the evolution of our succession planning and stabilization of our pipelines. In 2020, we exceeded our target of a 50/50 mix of new hires from outside sources versus internal promotions and achieved a rate of 60% of internal moves to senior Global Leader roles. Similarly, in 2020 we increased the proportion of Global Leader appointments among employees under 45, who now account for one-quarter of those positions, versus less than one-fifth one year ago. This, in turn, created a domino effect for more promotions within the business lines, which resulted in more internal candidates experiencing a positive shift in their career goals.

LABOR MANAGEMENT RELATIONS

GRI 103-1,2,3; GRI 402-1

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

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

Health & Safety

OCCUPATIONAL HEALTH & SAFETY
GRI 103-1,2,3 (2018)

Our employees are the key drivers behind our success and growth, and we have taken comprehensive health and safety measures to provide an attractive and safe place for them to work. The safety of our employees is of paramount importance to Oerlikon, as is mandated by the Group's Executive Committee and Board of Directors.

MANAGEMENT SYSTEM
GRI 403-1

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

- Implement workplace programs that promote healthy behaviors.
- Provide a safe and healthy working environment for all employees.

To fulfill this commitment, we take ongoing actions to:

- Continually improve our Health & Safety performance.
- Meet or exceed legal requirements.
- Assess and manage all risks in relation to Health & Safety.
- Work systematically to apply the parameters, processes and tools defined by the Group-wide, Division and local Health & Safety directives and guidelines, and within the scope of a Health & Safety management system.
- Provide adequate training.
- Conduct regular performance reviews.

Health & Safety is a core component of Oerlikon's code of conduct. For further details about the Code of Conduct, see the Ethics & Integrity section of this report (page 50).

Our COVID-19 Response: Protecting Our People

In response to the COVID-19 pandemic, Oerlikon's concern was to take care of our people, communities and customers.

For our people, the immediate priority was ensuring safe operations in our plants. Our "Zero Harm to People" principle was tested as never before from the start of the pandemic. We promptly shared information to raise awareness and increase the understanding of the virus and how it is transmitted, as well as how to protect oneself against it at work and in private.

Based on science and local regulations, we constantly adapted our internal rules and regulations, focusing on safe distance rules, handwashing, masks and proper ventilation in particular. To reinforce safe distancing and enable contact tracing, we found an innovative solution to further protect our employees' health.

In May, Oerlikon launched a small-scale pilot of the sensor-based technology SafeZone. Developed by the Munich-based start-up Kinexon, this technology equips employees with wearable sensors, called SafeTags, that make it possible to measure the distance between them and are accurate to within 10 centimeters. Each SafeTag has a unique ID number that is paired with another ID on a QR code, representing the employee wearing the tag. That link to the user's name is stored in a separate file by the HR department, and the data is only used for contact-tracing purposes in the event of a positive test result. The technology enables complete anonymity and privacy protection.

Since then, we have issued more than 7 500 SafeTags at more than 90 sites in Europe and the

US. As Kinexon is not commercialized in all countries, we have deployed in early January 2021 an alternative but similar technology known as SpaceBands in Russia, South America, Canada and Asia, outside of China. More than 2 000 of these bands will be available for use at our sites in these regions and countries.

The expansion of the initial pilot demonstrates how well this solution met our demands for reliable distance warning functionality and tracing capabilities. These two characteristics helped our employees protect themselves and one another by maintaining safe social distances in the workplace and also allowed HR and Health & Safety teams to respond quickly in the event of evidence of an infection within any of our facilities. Employee feedback has been positive with regard to both ease of use and appreciation of our efforts to use the latest technology to protect their health.

This video provides a detailed look at how SafeZone works:

VIDEO:
Distancing & tracing app with Kinexon
www.youtube.com/watch?v=w29t7MJ-o9E

HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

GRI 403-2

We strongly believe that everyone is responsible for understanding, meeting and upholding Health & Safety requirements, and we call upon managers at all levels to lead the way in this regard. A Health & Safety team of specialists provides Group-wide implementation and monitoring of all related topics.

Oerlikon's Health, Safety and Environment (HSE) Committee establishes health, safety and environment guidelines and processes for the company, drives the implementation of related programs and monitors their performance. The team, led by the Head of Group 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 about training, safety leadership and risk management and conducts HSE compliance checks.

Oerlikon's Health & Safety Management System guides Group-wide practice. The document has 21 chapters (see guidelines below) covering a broad scope of topics from safety leadership to safe working practices as well as health and wellness issues.

HEALTH AND MANAGEMENT SYSTEM GUIDELINES

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

In addition to Group guidelines, we maintain Division, business unit and business line standards regarding HSE risks or processes and update these regularly. All sites are required to do an annual legal compliance check, which must be reviewed by a third party every other year. Our recordkeeping system enables meticulous tracking of and response to work-related injuries and significant near misses, which must be reported to top management and the Group HSE within 24 hours. Our scorecard and tracking system facilitates precision in response and prevention.

WORK-RELATED INJURIES
GRI 403-9

Since 2017, our key safety KPI has been the rate of recordable work-related injuries, internally referred to as the total accident frequency rate (TAFR).

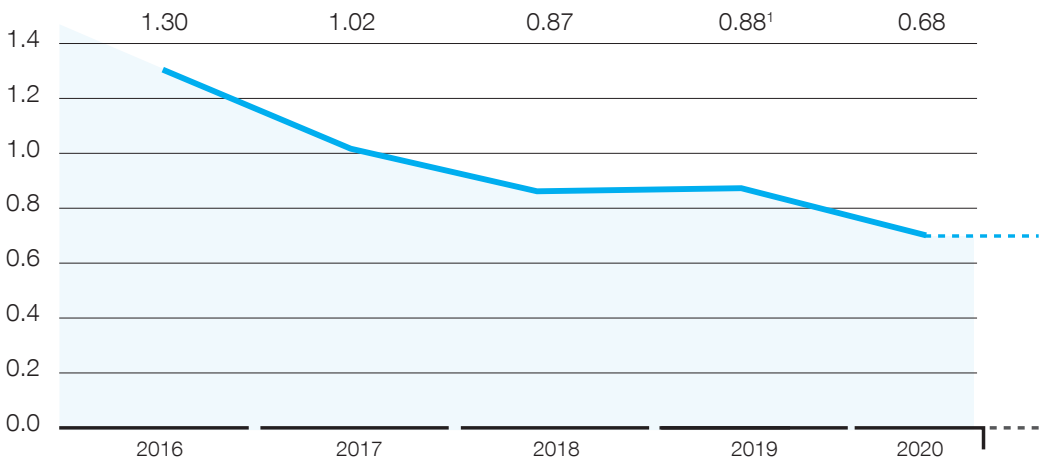
This index was adopted instead of the previously used lost time accident (LTA) frequency rate, because the TAFR includes all injuries beyond those requiring only first aid. It is based on 200 000 hours worked.

In 2020, we reduced our TAFR by 23% to 0.68 compared to 2019. Compared to the initial baseline set in 2016, there has been a 48% reduction. The Business Unit Metco Aero & Energy made significant progress in ensuring health and safety, with a TAFR performance of 0.59, a 45% reduction versus the previous year.

The Group also tracks the severity rate due to LTAs. This measures the number of calendar days lost due to each LTA per 200 000 hours worked. The severity rate of 10.27 in 2020 represents a 14% increase over the previous year, which was historically low at 8.99.

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

TAFR (12-month rolling)



[1] Including Acquisitions

WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

GRI 403-5

Our five Golden Health and Safety Rules begin: "No person is allowed to work for Oerlikon or to visit an Oerlikon site without having received adequate safety instruction and training."

New employees must be trained in our general safety rules (the "golden rules") before they can start working at any of our sites. Training covers site-specific rules that pertain to matters such as personal protective equipment, walkways and speed limits as well as workplace-specific rules.

We recommend that training conclude with a test, but this is not mandatory. However, we do require that both the trainer and the trainee sign a written confirmation that training was conducted.

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

GRI 403-8

We extend this rule to indirect employees, such as short-term contractors or technicians servicing machinery, who must undergo the same procedures. Visitors must fill in and sign an acknowledgement of the safety instructions before being admitted to a site.

This is consistent with our practice of making no health and safety management distinction between direct, permanent staff and temporary members of our workforce who are employed by outside agencies but whose work is controlled by Oerlikon (within legal limits). Our accident rates cover both types of employees in the same way.

Temporary workers accounted for 12% of work-related injuries in 2019 and 5% in 2020, which is of the same proportion in their representation to our total workforce in each of those years.

Employee Engagement for Safety in the Workplace

Nudge techniques have been used to promote safety in the workplace for several years as a systematic way to influence behavior and decision-making. Following the successful piloting of these techniques and the highly positive feedback from employees in Germany, we are preparing to roll the program out globally in 2021.

Community Engagement: COVID-19 Response

It became very quickly apparent that COVID-19 presented challenges that Oerlikon and its technologies and capabilities could help meet around the world. Our initial act of global citizenship in this regard involved donating masks to China at the onset of the pandemic. We also contributed to the care fund launched by India's prime minister to provide support to patients.

As the crisis escalated, the world faced shortages of personal protective equipment that was desperately needed by health care workers. In March 2020, we responded by temporarily converting our Oerlikon Nonwoven R&D laboratory complex in Neumünster for the manufacture of nonwoven filtration material for masks production to help bridge the immediate shortage faced in Germany.

Further action in Germany came in the form of Oerlikon providing supplies to FleeceforEurope, a new venture that employs a meltblown system to produce high-end protective masks. When it was founded, this start-up set a goal of manufacturing and distributing up to 50 million respiratory masks (protection classes FFP1–FFP3) each month for the European market by the end of 2020. Oerlikon nonwovens deliver the virus-absorbing capabilities required of this protective gear.

Amid all these initiatives to meet global health needs during the crisis and utilize our technology as a service to the world's heroic first responders, we also had to ensure our own continuity of operations and meet our obligations to our customers. They depend on us, and we took decisive action to ensure that their confidence in us is justified even during extraordinary times.

With disaster management plans in place, we had a roadmap established for contending with emergencies. But agility and resilience are also built into our ordinary day-to-day operations and our business model.

The company's worldwide production and service network and global distribution of competencies in our workforce gave us the capacity and flexibility we needed to shift responsibilities relatively seamlessly from regions in lockdown to those that remained in full operation. That was key to eliminating or minimizing disruptions to production timetables and preventing major project delays.

In this way, we were able to continue to deliver customer value almost without interruption and protect our people even as we redeployed team members, machinery and equipment to take part in global humanitarian missions in response to the crisis. We take enormous pride in having successfully executed a strategy that served the needs of the people, communities and customers who are always at the heart of our business.

OCCUPATIONAL HEALTH SERVICES
GRI 403-3

Occupational health services are organized at the legal entity or site level, strictly according to local regulations. These services are provided locally usually by external (3rd party) doctors appointed by the company. For the majority of our sites, the doctors are located off site. At a few of our larger sites, we have doctors who have a more permanent presence at the site to provide in-house services . The appointed doctors regularly attend the H&S committee meetings, which are organized by the local management to evaluate problems, issues and look at potential areas of improvement.

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

All health and safety related information about employees is personal data, which is kept highly confidential in accordance with local labor laws and data privacy regulations. The Group's Data Protection Officer has established strict 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 around 180 sites in 37 countries. Each country is governed by local laws and regulations on the many labor and labor-related topics, including worker participation, consultation and communication.

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

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

PROMOTION OF WORKER HEALTH
GRI 403-6

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

At Oerlikon, we have been implementing a number of global and local initiatives to promote workers' health. Examples of local initiatives are a healthy nutrition campaign in Remscheid, Germany, enabling the usage of foam rolls in Kelsterbach, Germany, and providing incentives to the health plan in the US when employees download a health app to help them track their own walking, weight and cholesterol levels and to remind them to stay healthy.

Globally, Oerlikon has been conducting our annual HSE Day every year since 2015. On this day, all sites globally have program, activities and trainings focused on promoting a specially-defined health, safety and/or environmental topic. Past themes included ergonomics, drive safe, health and well-being "fit4life", which focused on physical activity, healthy eating, sleep, stress management and avoiding toxic substances. In 2020, the global HSE day could not take place as usual due to the COVID-19. The focus in 2020 was shifted to implementing measures that would prevent infection and to address related workers' health topics such as mental well-being since the pandemic required employees to adapt to new working, socializing, educational and family situations and challenges.

A global health initiative launched in 2020 was free flu vaccinations. In past years, many of our sites have been offering employees the possibility to get seasonal flu vaccination. In 2020, we made this a worldwide initiative, within the limits of local legal laws.

All Oerlikon sites were to offer seasonal flu vaccination for their employees as flu vaccines have been shown to reduce the risk of flu illness, hospitalization and death. In the fall of 2020, we further emphasized the importance of getting a flu vaccine, not only to reduce employees' risk from flu but also to help reduce the potential demand and strain on scarce health care resources due to the pandemic. In many of our legal entities, this was already the usual practice for years. With the global initiative, we wanted to ensure that all Oerlikon employees globally can benefit from getting a free vaccination shot against the flu, if they chose to do so. The flu vaccinations were voluntary.

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

Oerlikon takes all the necessary steps to ensure that all our products and services are safe. In cases where there are potential dangers of product use, Oerlikon provides H&S relevant information to adequately warn users about them.

The equipment and services from Oerlikon are designed and produced by Oerlikon to fulfill the highest safety standards. The Group considers requirements from the European machine safety directive and other legal requirements.

In our materials business, we comply with the relevant regulations and provide our customers with Safety Data Sheets for all materials sold. These Safety Data Sheets are prepared in compliance with the legal requirements of the applicable country to aid in the safe use, handling, storage and disposal of materials. These documents are updated on an as required basis.

INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED

GRI 203-1

Oerlikon has a global footprint that currently includes 179 sites in 37 countries. Generally, we adopt the Think Global and Act Local approach as each country has different needs and requirements.

For instance, Oerlikon India is committed to enhancing the quality of life in neighborhood communities through sanitation, care and education projects, and to supporting the government and NGO initiatives in the mitigation of the event of natural disasters and calamities. We place our focus on projects that support female and physically and mentally challenged children, that provide high-quality vocational skills development and education the employability of youth, that champion environment protection and conservation, that promote the use sustainable sources of energy, and that support the country's heritage in performing arts and sports.

In recent years, we have donated dialysis machines, built a vocational training center for women, provided with sanitation facility and clean drinking water, repaired drainage systems and built a hybrid solar power 2020, we contributed to the care fund launched by the prime minister to support COVID-19 patients.

We currently do not track all activities and initiatives across the Group, but intend to set up a process and system to gather this data and report on the details in the near future.

Responsible Sourcing & Human Rights

SUPPLIER SOCIAL ASSESSMENT

GRI 103-1,2,3; GRI 414-1,2

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

Oerlikon's supplier engagement model supports these objectives in a manner consistent with our guiding principles:

1. Sharing risk.
2. Embracing best practices and the open exchange of ideas.
3. Conducting open and regular discussions to foster unified expectations.
4. Streamlining processes to deliver excellence.
5. Cultivating trust and mutual satisfaction in meeting challenges together.

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

The Oerlikon Supplier Code of Conduct, which is published in English, German, Italian, Chinese, Hindi and Turkish, and publicly available for download on our corporate website, sets out our baseline requirements for supplier and subcontractor business ethics as well as legal and regulatory compliance, including:

- Compliance with laws, regulations and internationally recognized standards.
- Material and conflict minerals compliance (see case study on the following page).
- Business integrity.
- Human rights, fair labor conditions and child labor.
- Health, safety and environmental management.
- Protection of tangible and intangible assets.
- Trade control.

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

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

Our Performance

In 2020, Oerlikon created a blueprint for conducting an assessment to identify risks within our business and across the supply chain. We will integrate newly identified risks into the Group's risk management strategy and, based on the outcomes of the assessment, develop an updated human rights policy and amend our procurement policies and strategies in 2021. This exercise may bring to light new considerations that may result in amendments to the Supplier Code of Conduct. Those updates would cover declarations of sustainability compliance and would require self-assessments at a minimum, with that target escalating to third-party assessments and auditing by 2030.

Oerlikon's Supplier Code of Conduct

Governance

Partnerships for the Goals

Case Study:

ADDRESSING CONFLICT MINERALS AS PART OF OUR SUSTAINABILITY STRATEGY

The EU's import directive, Conflict Minerals Regulation (2017/821), will go into effect in 2021. It regulates trade in minerals — in particular tin, tantalum, tungsten and gold (3TG) — that have been extracted from mines in politically unstable or conflict-affected areas.

The regulation targets the human rights practices of armed movements that finance their campaigns and their weapons purchases by running mining operations that rely on forced and/or child labor.

Under the EU Conflict Minerals Regulation, EU importers of 3TG minerals must comply with and report on their supply chain due diligence obligations if they import minerals that originate from conflict-affected areas. The EU regulation was inspired in part by the Dodd-Frank Act, a US law regarding transparency and accountability that took effect in 2010. However, it takes a more comprehensive view of conflict mining and trade: while the US law was specific to minerals sourced from the Democratic Republic of Congo and adjoining countries, the EU rule targets all countries exporting 3TG minerals to the EU and does not contain language that limits its impact to specified locations. This extends its impact beyond current conflict areas to countries or regions that may become conflict-affected in the future.

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

We are aware that Oerlikon Metco Materials Business Unit's suppliers have a history of acquiring conflict minerals in trade from multiple sources worldwide. In keeping with our commitment to corporate responsibility and upholding human rights across all operations, we are seeking to ensure that our suppliers source 3TG minerals exclusively from mines in conflict-free areas. We expect our suppliers to establish and implement policies and due diligence measures that assure they supply us with conflict-free 3TG products and components in compliance with the EICC Code of Conduct and our conflict mineral sourcing policy, which is a part of our Supplier Code of Conduct.

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

- Exercise due diligence with relevant suppliers consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and encourage our suppliers to do the same with their own suppliers.
- Expect our suppliers to cooperate in providing due diligence information to confirm that the 3TG minerals they are providing are conflict-free.
- Collaborate with suppliers and others on industry-wide solutions to ensure products containing 3TG minerals are conflict-free.
- Commit to transparency in the implementation of this policy by making reports available on their progress to relevant stakeholders and the general public.

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

05 Our Governance Commitment

STRATEGY – KEY IMPACTS, RISKS AND OPPORTUNITIES

GRI 102-15

Oerlikon has a vision of the future in which innovation drives productivity in industry, promotes prosperity that elevates the quality of life and achieves a standard of performance that generates benefits with global impact. We see our company as integral to making that vision a reality, and so we evaluate opportunities and risks as a means of assessing our ability to sustain that level of impact. By balancing risks and costs against our capacity for developing and commercializing significant innovations, we maximize our ability to improve our customers' operations, products and services, enhance the quality of life in our communities and help to reduce the environmental impacts on our planet.

What does it mean to add value for an advanced tomorrow? Seeing the depth within that statement requires an understanding of how Oerlikon approaches sustainability and technology leadership. When we pursue innovation through research and development, we are really engaging our capacity to give simultaneous priority to two objectives. One is to enhance the benefits that our solutions deliver. The second is to assume our share of responsibility as custodians of our planet by mitigating the environmental impact of our customers' and our own operations, as measured by such mission-critical metrics as reductions in energy consumption and emissions.

Transforming that mission from an ideal to a practical reality requires a sustainability strategy that we envision as having three overlapping quadrants of impact: governance, people and society, and our Environment (see the sustainability strategy below). This perspective strengthens Oerlikon's capacity to manage its business in a manner that thoroughly integrates sustainability principles and standards — which, in turn, supports our ability to monitor our continued compliance with globally recognized corporate governance standards for ethical business conduct.

Our approach to governance takes into account not just how we run our business and manage our operations, but also how we perceive our role as active and direct contributors to achieving the United Nations SDGs. While some companies might see these as separate and distinct components, our holistic view is that they are integrated and interdependent.

To bring our commitment to fruition, we employ both our sustainability strategy and a spectrum of programs, and we regard their success as a litmus test for our excellence in governance as much as in technological innovation.

Sustainability Strategy

05

Our Governance

SDGS IN FOCUS:

At Oerlikon, there has never been a conflict between achieving profitability and maintaining workplace and product safety, efficiency, sustainability and responsibility. Our holistic view of each of these factors as interrelated to the others is central to our approach to delivering value to customers and society alike.

The innovations built into Oerlikon's technologies, products and services are designed to empower our customers to meet the challenges in their markets and enable them to achieve more with less. As early adopters of sustainable innovation practices, we have always held the view that our solutions should minimize the environmental footprints of both our customers' businesses and our own operations. This philosophy guides our decision-making as it pertains to being an optimal global citizen and to delivering sustained shareholder value.

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

Governance Structure & Body

MANAGEMENT APPROACH
GRI 103-1

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

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

To underscore our sustainability commitment, we have appointed a member of the Executive Committee (EC) as Chief Sustainability Officer, effective January 1, 2021.

Our Chief Sustainability Officer, Georg Stausberg, will be working with the other members of the EC to provide leadership and direction on the sustainability strategy. The Chief Sustainability Officer chairs a Sustainability Management Team, consisting of three subject matter experts on operational and environmental sustainability, health & safety, communications and IR, and the team is supported by other expert functions, such as supply chain, HR, legal and R&D.

GOVERNANCE
GRI 102-18,19,20

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

Sustainability Governance Structure[1]

[1] GRI-102-22: Composition of the highest governance body and its committees

Sustainability is thus an integral part of the corporate culture and behavior in business as described in Oerlikon's Code of Conduct and corporate culture program.

Each employee accepts individual responsibility for upholding the sustainability principles, and line management is charged with ensuring alignment in business activities and processes within their area of responsibility.

To maintain the close link to the operational part of the business and affirm management's thorough commitment, Oerlikon's sustainability organizational framework integrates members at the strategic, operative and local business levels. This framework reflects Oerlikon's Group management model, and enables the company to draw on the full complement of relevant resources, experience and knowledge.

The Board of Directors leads oversight of Oerlikon's sustainability mandate. The Board agenda covers sustainability topics throughout the year and dedicates significant time for the purpose of establishing the overall guidance for the company's sustainability strategy.

The Board then delegates the tasks to the EC, the Chief Sustainability Officer and the Sustainability Management Team for the purpose of monitoring, aligning and complying with this strategy.

The Chief Sustainability Officer is a member of the Executive Committee, and he is mandated to:

- Establish, monitor, manage and coordinate the Sustainability strategy and its implementation across the Oerlikon Group based on annual objectives and an action program approved by the BoD.
- Manage and coordinate all sustainability processes within Oerlikon.

The Chief Sustainability Officer also leads the Sustainability Management Team, which consists of the Head of Operations (Sustainability), the Head of Group HSE and the Head of Group Communications, IR and Marketing to:

- Develop and increase stakeholder awareness (both internal and external) of the need and benefits of sustainable behavior and to initiate changes and/or continue with improvements.

Sustainability Governance Framework[2]

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

[2] GRI-102-19, 20, 22, 23, 24, 26, 28, 32

- Provide regular internal and external reports (including the annual Sustainability Report) and update the sustainability content on Oerlikon's website.
- Identify and assess, together with line management, the significant social, ethical and environmental risks that might have an impact on Oerlikon's long-term business or impair Oerlikon's objective to remain recognized as a responsible leader in its industry.
- Ensure together with the existing Group functions (such as Internal Audit, Group Human Resources, Group Legal and Group Compliance) that appropriate internal systems and controls are in place to identify and manage economic, social and environmental risks, and that business is conducted in a responsible manner.
- Manage and coordinate stakeholder dialogues with regard to social, ethical and environmental matters.

The Sustainability Management Team works closely with the Divisions and Group functions in executing the Sustainability strategy, program and action plans. The Sustainability Management Team meets as the program requires, at least once a month.

IDENTIFYING AND MANAGING ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

GRI 102-29

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

The exercise has encompassed soliciting input from internal experts and external stakeholders, conducting a benchmarking analysis and assessing Oerlikon's sustainability actions and initiatives in the Annual Report relative to more than 120 sustainability reports.

This depth of research has guided us to a consensus view of the topics, risks and trends that are most relevant to Oerlikon. These fall into two categories: those that could or already do have an impact on the company, and those on which the company has or could have a meaningful impact. We have captured an overview of these material challenges in a materiality matrix, which can be found on page 13 of this report.

Based on the materiality assessment, we have defined eight material challenges as focused areas (see the matrix on page 13). In line with these focused areas and considering where Oerlikon can make the most difference in sustainability, we have selected eight United Nations SDGs and formulated our 2030 targets. To enable comparable and transparent reporting, we have also chosen to report according to the internationally recognized GRI standards.

REPORTING PRACTICE / TARGETS

GRI 102-47

ENVIRONMENTAL (OWN OPERATIONS)

Priority Topics	Objective	2019 Baseline	2030 Target
Climate & Energy	Implementing energy management system at sites	12%	100%
	Increasing the share of energy from renewable sources	n.a.	100%
	Increasing the share of operations that are climate neutral	n.a.	100%
Circular Economy	Reducing the share of disposed waste	42%	21%
Innovation	100% of R&D investment in new products must cover ESG criteria	n.a.	100%

SOCIAL

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

GOVERNANCE

Objective	Measure	2019 Baseline	2030 Target
Ethics & compliance	Increase number of employees who have completed the compliance and CoC training	91%	> 95%

CONSULTING STAKEHOLDERS ON ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

GRI 102-21

Diverse perspectives are a cornerstone of Oerlikon's culture. Without them, we cannot plant the seeds from which innovation grows. It's therefore very much a part of our culture that we are not only open to, but that we welcome and invite engagement with divergent points of view that can help us understand the needs and concerns of all stakeholders in the industries and communities we serve.

With that in mind, we are exploring the option of creating a Stakeholder Panel for the purpose of accessing a broad spectrum of perspectives and insights into our operations, practices and impact. This is a natural extension of our belief that even adversaries can find common ground, that communication and exchange of ideas are the building blocks of reaching accord and working together toward mutual goals, and that we make progress in business and human welfare when we share a sense of ownership in meeting our targets and objectives.

STAKEHOLDER ENGAGEMENT

GRI 103-1,2,3; GRI 102-40,41,42,44; GRI 407-1

Oerlikon respects its employees' rights to form and join trade unions and take part in collective bargaining. We abide by legally binding collective agreements. We also take care that employee representatives do not suffer discrimination and that they have open access to members in the workplace. An estimated 36% of our employees were covered by collective bargaining agreements (CBAs) in 2020 (2019: 35%). We do not collect or report information on employee union membership due to differences in national legislation in the countries in which we operate.

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

We depend on multiple channels and processes (see the Stakeholder Engagement table on the next page) to optimize stakeholder engagement and ensure comprehensive reporting on areas that are material to the business. In addition to one-on-one and focus group conversations, we conduct, as appropriate, internal surveys that aid us in anticipating and preparing for potential disruptions to Oerlikon's business. We expect our stakeholder engagement strategy to continue to evolve, and we anticipate that we will expand our stakeholder consultation efforts in 2021 and beyond.

Stakeholder Engagement at Oerlikon

Stakeholders GRI 102-40	Key Concerns by Stakeholder Groups GRI 102-44	Examples of Engagement GRI 102-43
Employees	• Equality & Diversity • Career Advancement • Education & Training • Health & Safety • Environment • Social Impact	• Employee Survey • Career development • Physical and virtual townhall meetings • Regional, local, business unit newsletters • Social media • Employee-driven community programs • Safety days
Customers	• Quality • Health & Safety • Environment • Competitive Pricing	• Customer surveys • Exhibitions • Newsletters • Customer days • Website • Social media • Customer portals
Suppliers & partners	• Responsible Bus. Practices • Health & Safety • Environment	• Procurement policies • General terms & conditions • Case-by-case communication
Investors & analysts	• Management Quality • Responsible Bus. Practices • Compliance • Health & Safety • Environment • Innovation	• Annual shareholder meeting • Quarterly information • Roadshows, investor and analyst days • Annual report • Corporate website
Local Communities	• Employment • Compliance • Environment • Social Impact	• Regular information to local newspapers • Social media • Local CSR and sponsoring activities • Employee-driven social projects
Authorities and government representatives	• Taxes • Responsible Business • Practices • Compliance • Health & Safety • Environment	• Cooperations • Information events • Memberships in local associations • Invitation to local events
Non-Governmental organizations and civil society	• Responsible Business • Practices, Compliance, Health & Safety and Environment	• Cooperations • Information events • Invitation to local events

Ethics & Integrity

ETHICS & INTEGRITY

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

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

Oerlikon's robust compliance and integrity platform evolved from 2009 to 2012, when we invested significant resources in updating key elements of our compliance program and introduced the current written Code of Conduct, compliance risk assessment analysis and anticorruption training program. We have continued to build on those initiatives and to refine our approach to promoting ethical behavior and integrity both within our organization and in the entities with which we conduct business. These developments include the upgrading of our business partner integrity screening process and the establishment of an antitrust compliance program.

The framework of the Compliance Program has three pillars:

1. Prevention: policies, directives, training, the Code of Conduct, risk assessment, maturity assessment, compliance councils, internal controls and metrics, examples and Q&A in all employee meetings.
2. Early detection: the "whistle-blowing" hotline; continuous compliance reviews, controls and internal audits; allegation management process.
3. Response: disciplinary action on compliance breaches, process adaptation, resolution plans, remediation of internal control systems, fine-tuning of policies.

Through tips left on our whistle-blowing hotline by concerned colleagues, we have been able to act swiftly to prevent wrongdoing or to deal with it promptly. Cases pertaining to the misdirection of funds or to physical bullying have led to dismissals with cause of those individuals who failed to live Oerlikon's values. Thus, Oerlikon's Code of Conduct ensures that every member of staff has a resource to help guide responsible decision-making in line with our standards of ethics, our culture and values, and our commitment to compliance in all our business practices. Furthermore, Oerlikon has broadened the scope of its governance framework by integrating ethics within its leadership development initiatives, with a focus on:

1. Providing substantive support to high-performing teams,
2. Reinforcing awareness of our commitment to sustainable practices, and
3. Measuring successes against the triple bottom line parameters.

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

Since 2017, Oerlikon has provided online/virtual training in the Code of Conduct to employees on a rolling basis. New colleagues receive mandatory compliance training when they join Oerlikon. Colleagues who lack Internet access receive in-person training. To date, more than 15 000 employees have been trained across our global operations. In 2020, around 4 000 registered users completed the training, representing 91% of registered users.

In addition, employees whose work involves interaction with certain external parties receive antibribery and antitrust compliance training. Approximately 6 000 employees have completed this program since its introduction in 2017.

In 2021, Oerlikon will launch an updated Code of Conduct and organize training programs throughout the organization. The updated Code of Conduct will replace the current version on Oerlikon's website in the second half of 2021. Furthermore, to

ensure best practices as both an ethical and sustainable organization, Oerlikon will introduce new Group policies in 2021: Anti-Harassment and Anti-Discrimination Policy; Policy Against the Use of Child Labor: and Policy Against Human Trafficking in Person and Slavery. The policies were approved by executive leadership and the Oerlikon Board of Directors, and oversight and responsibility for the implementation of this policy rests with a cross-functional team that includes members from HR, Compliance, Legal, and Procurement.

CHILD LABOR

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

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

The full policy document 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.

HUMAN RIGHTS ASSESSMENT[1]

GRI 103-1,2,3; GRI 412-1,2,3

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

The full policy document 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.

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.

[1] GRI 409-1

Governance

Peace, Justice and Strong Institutions

Case Study:

STRENGTHENING PROGRAMS TO PROTECT HUMAN RIGHTS

We recognize the need to examine our supply chain with regard to potential human rights violations. Our first step toward meaningfully achieving this requirement is to inform ourselves about how our business activities and actions could pose a risk to particularly vulnerable groups. In 2020, the Compliance Officer of the Manmade Fibers Division participated in a German Global Compact Network (GGCN) training program to gain a deeper understanding of the steps needed to embed human rights due diligence management approaches along complex supply chains. In 2021, we plan to use the tools provided by the GGCN, the MVO CSR Risk Check and other resources to conduct a comprehensive self-assessment as the basis for initial steps in addressing human rights due diligence in our supply chain. This will initially be a risk analysis that outlines the value chain and business relationships and identifies potential risk areas and associated risk groups to assess the risks and the impacts of our business activities in terms of human rights due diligence obligations.

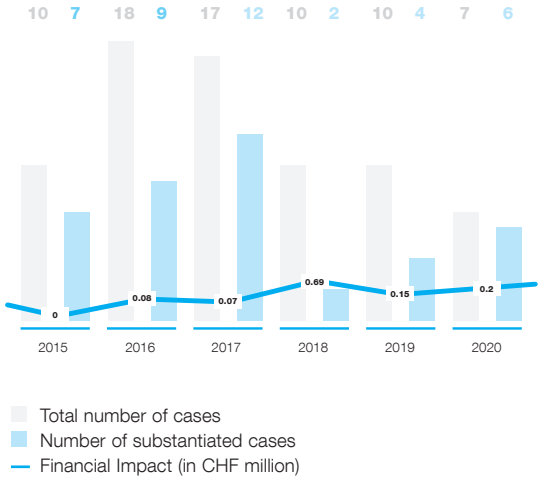
Over the longer term, we will continue to monitor our business and the industries and markets we serve to identify additional areas of compliance focus through 2030 and beyond.

Compliance Enforcement
Oerlikon's Compliance office and Internal Audit oversees the company's internal investigation protocol. Thanks to this office's efforts, we have reduced compliance breaches by more than 50% from 2014 to 2020 — a figure that reflects a 33% reduction in the number of significant cases that required investigation.

In 2020, we received seven complaints via the whistle-blowing hotline, which is intended primarily to alert management to antibribery and corruption issues, but which yielded information on additional topics as well. There were six substantiated cases: two related to incidents of harassment and four within the antibribery category. The company has terminated the employment of staff members when evidence has proven that they engaged in improper behavior.

Most recently, the company identified a gap in its core suite of compliance- and risk-related policies and took immediate action to remedy this oversight. In 2021, the company will introduce new human rights policies against human trafficking, child labor and harassment (see page 51).

Compliance Cases



CUSTOMER PRIVACY

There has not been any registered personal data breaches impacting customer privacy.

During 2020, the company experienced one personal data breach that had an impact on employment candidates and other professional contacts of the targeted employee. The breach occurred when the employee's LinkedIn account was hacked and phishing emails were sent to all of the employee's contacts, but no clients were included in those contacts.

Unrelated to this incident, we honored the requests of two prospective clients who asked us to delete their contact details from our CRM.

Oerlikon has a policy dedicated to the management of personal data breaches. As a further security measure, the Manmade Fibers Division, the Business Units Balzers, Metco and AM all have now their own privacy policy for the management of customers data and have received data privacy guidance on how to use customer data in the CRM and direct marketing. The marketing and Digital Hub teams received training on direct marketing during 2020.

TAX GOVERNANCE AND STRATEGY

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

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

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

TRADE CONTROL

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

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

Management Approach
Oerlikon's top management attaches importance to the topic and directs all employees to practice unconditional compliance. Additionally, we support nonproliferation efforts and may refrain from a transaction in cases of continued concerns regarding the end-use application. This self-restraint prevails over commercial interest.

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

Given the complexity and fluid nature of this subject, we provide employees with training as well as updates on international trade control provisions and the company's policies and procedures, which are designed to ensure that they:

- Have information related to traded items, such as their nature, origin, components, value and technical characteristics.
- Have confirmed the end use and the end user as well as third parties or agents involved.

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

06

About this Report[1]

The Oerlikon Sustainability Report 2020 is our first 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 2020. Oerlikon intends to continue reporting on sustainability on an annual basis.

To define the contents of this report, we have referred to the GRI standards and to the results of the materiality assessment and the material topics identified in this process (see pages 12-13 of this report). We have also taken into account stakeholder feedback on reporting, best practices in sustainability reporting and the applicable United Nations SDGs.

The GRI Standards are the most widely adopted global standards for sustainability reporting. These standards help businesses and governments understand and communicate their impact on a variety of sustainability issues in a common format.

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

Sections marked with the United Nations SDGs symbols provide more information on how we implement strategies and practices that promote progress toward achieving the SDGs.

This report covers the entire Oerlikon Group organization, including subsidiaries where the Group has a controlling ownership, and matches the scope of consolidation used for financial information in the consolidated annual report.

We measure energy consumption at our production and service sites, as well as at all our main offices and the data is consolidated in our SAP Business Warehouse.

Our energy consumption includes all types of energy, including purchased electricity, 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.

Reported emissions include all manufacturing, production and office locations where Oerlikon has operational control, and detailed direct (Scope 1) and indirect (Scope 2) sources.

These sources 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.

In 2019, 90.5% of our emissions were indirect and 9.5% were direct. In 2020, it was 90.6% and 9.4%.

For our HR data, we use the SAP SuccessFactors software to manage our people processes, perform analytics, improve visibility and efficiency.

[1] GRI 102-46,54

Since Success Factor is cloud-based, the software enables us to have real-time updated data about our employees, their development, and helps us to manage the entire employee lifecycle.

Our TAFR data for health & safety is collected through a monthly reporting process using SAP Business Warehouse.

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

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

This report covers the periods between January 1, 2019, and December 31, 2020.

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GRI Content Index[1]

GRI CONTENT INDEX SERVICE 2021

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

GRI Disclosure		Location	Page
GRI 101: Foundation 2016			
GRI 102: General Disclosures			
Organizational profile			
102-1	Name of the organization	Annual Report 2020	75
102-2	Activities, brands, products, and services	Oerlikon Website: About Us	
102-3	Location of headquarters	Oerlikon Website: Company Profile	
102-4	Location of operations	Oerlikon Website: Locations	
102-5	Ownership and legal form	Oerlikon Website: Shareholder Structure	
102-6	Markets served	Oerlikon Website: Industries	
102-7	Scale of the organization	Oerlikon Website: Company Profile	
102-8	Information on employees and other workers	Sustainability Report 2020	27
102-9	Supply Chain	Oerlikon Website: Procurement	
102-10	Significant changes to the organization and its supply chain	Oerlikon Website: Procurement	
102-11	Precautionary Principle or approach	Oerlikon has not formally adopted the precautionary principle. We are fully aware of these risks, are engaged with the stakeholders regarding them and we are managing our business to reduce, avoid or mitigate them.	
102-12	External initiatives	As this is Oerlikon's first sustainability report, we are in the midst of selecting the initiatives and partnerships that are compatible with our Corporate Principles and that can be implemented internally, and that are either viewed as a global standard or promise a sustainable effect.	
102-13	Membership of associations	We demonstrate our commitment to sustainable development by collaborating with a variety of organizations, such as The European Apparel and Textile Confederation, and TUM Consortium.	
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report 2020	3
102-15	Key impacts, risks, and opportunities	Sustainability Report 2020	42

[1] GRI 102-55

GRI Standards	Disclosure	Location	Page
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Sustainability Report 2020	50
102-17	Mechanisms for advice and concerns about ethics	Sustainability Report 2020	50
Governance			
102-18	Governance structure	Sustainability Report 2020	44
102-19	Delegating authority	Sustainability Report 2020	44
102-20	Executive-level responisbility for economic, environmental, and social topics	Sustainability Report 2020	45
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability Report 2020	48
102-22	Composition of the highest governance body and its committees	Sustainability Report 2020	44
102-23	Chair of the highest governance body	Sustainability Report 2020	45
102-24	Nominating and selecting the highest governance body	Sustainability Report 2020	45
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Report 2020	45
102-28	Evaluating the highest governance body's performance	Sustainability Report 2020	45
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Report 2020	46
102-30	Effectiveness of risk management processes	Annual Report 2020	59
102-32	Highest governance body's role in sustainability reporting	Sustainability Report 2020	45
102-33	Communicating critical concerns	The Board of Directors addresses the concerns of stakeholders and shareholders.	
102-34	Nature and total number of critical concerns	No matters were submitted directly to the Board of Directors outside the General Meeting in 2020.	
102-35	Remuneration policies	Annual Report 2020	48
102-36	Process for determining remuneration	Annual Report 2020	48-56
102-37	Stakeholders' involvement in remuneration	Annual Report 2020	50-55
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report 2020	49
102-41	Collective bargaining agreements	Sustainability Report 2020	48
102-42	Identifying and selecting stakeholders	Sustainability Report 2020	48
102-43	Approach to stakeholder engagement	Sustainability Report 2020	49
102-44	Key topics and concerns raised	Sustainability Report 2020	49
Reporting practice			
102-45	Entities included in the consolidated financial statements	Annual Report 2020	139-140
102-46	Defining report content and topic Boundaries	Sustainability Report 2020	54
102-47	List of material topics	Sustainability Report 2020	47
102-48	Restatements of information	As this is Oerlikon's first Sustainability Report, there are no restatements of any information.	
102-49	Changes in reporting	As this is Oerlikon's first Sustainability Report, there are no changes in reporting.	

GRI Standard	Disclosure	Location	Page
102-50	Reporting period	January 1, 2019 - December 31, 2020	
102-51	Date of most recent report	March 2, 2021	
102-52	Reporting cycle	Annually	
102-53	Contact point for questions regarding the report	In case of any inquires, please contact sustainability@oerlikon.com	
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report 2020	54
102-55	GRI content index	Sustainability Report 2020	56
102-56	External assurance	Sustainability Report 2020	68-69
Material Topics			
GRI 200: ECONOMIC STANDARDS			
GRI 201: Economic performance 2016			
103-1	Explanation of the material topic and its Boundary	Annual Report 2020	68-140
103-2	The management approach and its components	Annual Report 2020	68-140
103-3	Evaluation of the management approach	Annual Report 2020	68-140
201-1	Direct economic value generated and distributed	Annual Report 2020	68-140
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2020	100-101
GRI 202: Market presence 2016			
103-1	Explanation of the material topic and its Boundary	Oerlikon Website: Market Presence	
103-2	The management approach and its components	Oerlikon Website: Market Presence	
103-3	Evaluation of the management approach	Oerlikon Website: Market Presence	
202-2	Proportion of senior management hired from the local community	Sustainability Report 2020	30
GRI 203: Indirect Economic Impacts 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	19
103-2	The management approach and its components	Sustainability Report 2020	19
103-3	Evaluation of the management approach	Sustainability Report 2020	19
203-1	Infrastructure investments and services supported	Sustainability Report 2020	38
203-2	Significant indirect economic impacts	Sustainability Report 2020	19-20
GRI 205: Anticorruption 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	50
103-2	The management approach and its components	Sustainability Report 2020	50
103-3	Evaluation of the management approach	Sustainability Report 2020	50
205-1	Operations assessed for risks related to corruption	Sustainability Report 2020	50
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2020	50
GRI 300 ENVIRONMENTAL STANDARDS			
GRI 302: Energy 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	21
103-2	The management approach and its components	Sustainability Report 2020	21
103-3	Evaluation of the management approach	Sustainability Report 2020	21

GRI Standards	Disclosure	Location	Page
302-1	Energy consumption within the organisation (gigawatthours-GWh)	Sustainability Report 2020	21
302-3	Energy intensity (MWh/ million CHF sales)	Sustainability Report 2020	63
302-4	Reduction of energy consumption	Sustainability Report 2020	21
GRI 303: Water and Effluents 2018			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	22
103-2	The management approach and its components	Sustainability Report 2020	22
103-3	Evaluation of the management approach	Sustainability Report 2020	22
303-1	Interactions with water as a shared resource	Sustainability Report 2020	22
303-3	Water withdrawal (thousand m^3)	Sustainability Report 2020	22
GRI: 305 Emissions 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	23
103-2	The management approach and its components	Sustainability Report 2020	23
103-3	Evaluation of the management approach	Sustainability Report 2020	23
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2020	23
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2020	23
305-4	GHG emissions intensity (tons CO2 equivalents/million CHF)	Sustainability Report 2020	63
GRI 306: Waste 2020			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	23
103-2	The management approach and its components	Sustainability Report 2020	23
103-3	Evaluation of the management approach	Sustainability Report 2020	23
306-1	Waste generation and significant waste-related impacts	Sustainability Report 2020	23-24
306-2	Significant waste-related impacts	Sustainability Report 2020	23-24
306-3	Waste generated (metric tons)	Sustainability Report 2020	24
306-4	Waste diverted from disposal (metric tons)	Sustainability Report 2020	63-64
306-5	Waste directed to disposal (metric tons)	Sustainability Report 2020	64
GRI 400 SOCIAL STANDARDS			
GRI 401: Employment 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	27
103-2	The management approach and its components	Sustainability Report 2020	27
103-3	Evaluation of the management approach	Sustainability Report 2020	27
401-1	New employee hires and employee turnover	Sustainability Report 2020	27
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report 2020	27
GRI 402: Labor/Management Relations 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	31
103-2	The management approach and its components	Sustainability Report 2020	31
103-3	Evaluation of the management approach	Sustainability Report 2020	31

GRI Standards	Disclosure	Location	Page
402-1	Minimum notice periods regarding operational changes	Omission (confidentiality constraints): Oerlikon has operations in 37 countries and complies with the respective labor laws and collective bargaining agreements. We respect the legal rights of employees to join or refrain from memberships in worker organizations or trade unions. We are not providing more detailed information as it contains minimally the legal requirements in the respective country and a great variety of local agreements that go above the legal minimum.	
GRI 403: Occupational Health & Safety 2018			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	32
103-2	The management approach and its components	Sustainability Report 2020	32
103-3	Evaluation of the management approach	Sustainability Report 2020	32
403-1	Occupational health and safety management system	Sustainability Report 2020	32
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report 2020	33
403-3	Occupational health services	Sustainability Report 2020	36
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2020	36
403-5	Worker training on occupational health and safety	Sustainability Report 2020	35
403-6	Promotion of worker health	Sustainability Report 2020	37
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2020	37
403-8	Workers covered by an occupational health and safety management system	Sustainability Report 2020	35
403-9	Work-related injuries	Sustainability Report 2020	34
GRI 404: Training and Education 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	29
103-2	The management approach and its components	Sustainability Report 2020	29
103-3	Evaluation of the management approach	Sustainability Report 2020	29
404-1	Training and education per employee (average hours)	Sustainability Report 2020	29
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report 2020	29
404-3	Employees receiving regular performance and career development reviews	Sustainability Report 2020	29
GRI 405: Diversity and Equal Opportunity 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	30
103-2	The management approach and its components	Sustainability Report 2020	30
103-3	Evaluation of the management approach	Sustainability Report 2020	30
405-1	Diversity of governance bodies and employees	Sustainability Report 2020	30

GRI Standards	Disclosure	Location	Page
GRI 406: Non-discrimination 2016			
103-1	Explanation of the material topic and its Boundary	Oerlikon Website: Code of Conduct	
103-2	The management approach and its components	Oerlikon Website: Code of Conduct	
103-3	Evaluation of the management approach	Oerlikon Website: Code of Conduct	
406-1	Non-discrimination	Oerlikon Website: Code of Conduct	
GRI 407: Freedom of Association and Collective Bargaining 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	48
103-2	The management approach and its components	Sustainability Report 2020	48
103-3	Evaluation of the management approach	Sustainability Report 2020	48
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Omission (confidentiality constraints): For confidentiality reasons, we do not collect or report information on employee union membership due to differences in national legislation in the countries.	
GRI 408: Child Labor 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	51
103-2	The management approach and its components	Sustainability Report 2020	51
103-3	Evaluation of the management approach	Sustainability Report 2020	51
408-1	Operations and suppliers at significant risk for incidents of child labor	Omission (information unavailable): The adherence to nonuse of Child Labor is clearly defined under our Code of Conduct but managed locally and by suppliers themselves. We currently do not have a system in place that gathers the data of which operations and suppliers are considered to have significant risks of such incidents. To correct this, Oerlikon is rolling out a new Policy against Child Labor in 2021. With the new policy, Oerlikon intends to set up a process to identify, systematically gather the data and report on the information within the next few years.	
GRI 409: Forced or Compulsory Labor 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	51
103-2	The management approach and its components	Sustainability Report 2020	51
103-3	Evaluation of the management approach	Sustainability Report 2020	51

GRI Standards	Disclosure	Location	Page
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Omission (information unavailable): Our operations and suppliers must adhere to nonuse of forced or compulsory labor, which is clearly stipulated under our Code of Conduct. Presently, the management, tracking, and actions taken are done locally and by suppliers themselves. We currently do not have a system in place that gathers the data of which operations and suppliers are considered to have significant risks of such incidents. To correct this, Oerlikon is rolling out a new Policy against Human Trafficking in Person and Slavery in 2021. With the new policy, Oerlikon intends to set up a process to identify, systematically gather the data and report on the information within the next few years.	
GRI 412: Human Rights Assessments 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	51
103-2	The management approach and its components	Sustainability Report 2020	51
103-3	Evaluation of the management approach	Sustainability Report 2020	51
412-1	Operations that have been subject to human rights reviews or impact assessments	Omission (information unavailable): We do not condone or tolerate abuses against Human Rights. Our operations and suppliers must adhere to international and local laws as well as to our Code of Conduct in the area of Human Rights. Presently, the management, tracking, and actions taken are done locally and by suppliers themselves. We currently do not have a system in place that gathers the data of which operations and suppliers are considered to have significant risks of such incidents. To correct this, Oerlikon is rolling out a new Policy against Human Trafficking in Person and Slavery in 2021. With the new policy, Oerlikon intends to set up a process to identify, systematically gather the data and report on the information within the next few years.	
GRI 414: Supplier Social Assesment 2016			
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2020	39
103-2	The management approach and its components	Sustainability Report 2020	39
103-3	Evaluation of the management approach	Sustainability Report 2020	39
414-1	New suppliers that were screened using social criteria	During the reporting period there were no negative social impacts.	
414-2	Negative social impacts in the supply chain and actions taken	During the reporting period there were no negative social impacts.	

ENVIRONMENTAL TOPICS

GRI Standards	Disclosure Description	2020	2019
302-1	Energy consumption within the organization (gigawatt-hours – GWh)		
	Electric power	302.5	313.2
	Natural gas	41.1	38.9
	Heat and cooling bought	21.2	25.9
	Gasoline and diesel	19.5	24.0
	Other energies	5.7	6.6
	Total energy consumption	**389.8**	**408.6**
302-3	Energy intensity (MWh/ million CHF sales)	172.6	157.6
302-4	Reduction of energy consumption	n.a.	n.a.
303-3	Water withdrawal (thousand m^3)		
	Third party water withdrawal	698.6	700.2
	Surface water	5.7	11.8
	Ground water	2.1	4.1
	Sea water	0	0
	Produced water	0	0
	Total water withdrawal	**706.4**	**716.2**
305-1	Emissions		
	Scope 1: Direct (Scope 1) GHG emissions (thousand metric tons)		
	CO_2 from the use of energy	13.7	14.9
	Other (CH_4, N_2O, HFCs, PFCs, SF_6, NF_3 in CO_2 equivalent)	0	0
305-2	Scope 2: Energy indirect (Scope 2) GHG emissions (thousand metric tons)		
	Electricity consumption	127.6	136.9
	District heat and cooling consumption	5.0	6.1
	Other (CH_4, N_2O, HFCs, PFCs, SF_6, NF_3 in CO_2 equivalent)	0	0
305-4	GHG emissions intensity (tons CO_2 equivalents/million CHF)		
	Total Scope 1 and Scope 2 GHG Emissions	146.4	157.9
	Tons CO_2 equivalents per million CHF sales, scope 1+2	64.8	60.9
306-3	Waste generated (metric tons)		
	Hazardous waste	9 640	11 644
	Non-hazardous waste	10 729	11 279
	Total waste	**20 369**	**22 923**
306-4	Waste diverted from disposal (metric tons)		
	Hazardous Waste		
	Preparation for reuse	45	17
	Recycling	5 786	5 281
	Other recovery operations	3	0
	Total waste	**5 835**	**5 298**
	Non-hazardous Waste		
	Preparation for reuse	11	22
	Recycling	7 761	7997

ENVIRONMENTAL TOPICS

GRI Standards	Disclosure Description	2020	2019
	Other recovery operations	12	11
	Total waste	**7 784**	**8029**
306-5	Waste directed to disposal (metric tons)		
	Hazardous Waste		
	Incineration (with energy recovered)	1 695	1 769
	Incineration (without energy recovered)	1 295	3 732
	Landfill	815	844
	Other disposal operations	0	0
	Total	**3 805**	**6 346**
	Non-hazardous Waste		
	Incineration (with energy recovered)	665	738
	Incineration (without energy recovered)	948	940
	Landfill	1 332	1 571
	Other disposal operations	0	0
	Total	**2 944**	**3 250**

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SOCIAL TOPICS

GRI Standards	Disclosure Description	2020	2019
401-1	Total number and rates of new employee hires and employee turnover		
	Total workforce by region (Oerlikon employees)		
	Asia	3 275	3 402
	Europe	6 535	6 901
	North America	1 317	1 547
	Rest of World	348	385
	Total	**11 475**	**12 235**
	Total women in workforce by region (Oerlikon employees)		
	Asia	689	729
	Europe	1 378	1 489
	North America	312	368
	Rest of World	74	79
	Total	**2 453**	**2 665**
	Total women in workforce by region (Oerlikon employees %)		
	Asia	21.04%	21.4%
	Europe	21.1%	21.6%
	North America	23.7%	23.8%
	Rest of World	21.3%	20.5%
	Total	**21.4%**	**21.8%**
	Employee Turnover		
	Turnover of all employees		
	Asia	6.7%	8.6%
	Europe	5.7%	4.3%
	North America	23.1%	12.7%
	Rest of World	15.0%	17.9%
	Total	**8.6%**	**7.2%**
	Turnover of all female employees		
	Asia	8.9%	10.4%
	Europe	7.0%	5.7%
	North America	24.8%	11.2%
	Rest of World	12.2%	24.1%
	Total	**10.2%**	**8.5%**
	Employee Hires		
	Hires of all employees		
	Asia	394	537
	Europe	1 143	1 203
	North America	431	474
	Rest of World	52	95
	Total	**2 020**	**2 309**
	Hires of female employees		
	Asia	86	144
	Europe	270	305
	North America	120	140
	Rest of World	10	24
	Total	**486**	**613**
	Nationalities		
	Female	63	63
	Male	87	80
	Total	**93**	**87**

SOCIAL TOPICS

GRI Standards	Disclosure Description	2020	2019
403-1-9 (2018)	Occupational health and safety: injuries, lost days, diseases and fatalities		
	Employees:		
	Number and rate of fatalities as a result of work-related injury	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	1	1
	Rate of high-consequence work-related injuries (excluding fatalities)	0.01	0.01
	Number of recordable work-related injuries	64	93
	Rate of recordable work-related injuries	0.68	0.88[1]
	Number of lost time accidents	40	56
	Number of medical treatment accidents	24	37
	Number of hours worked	18 779 569	21 123 863
	Non-employees:		
	Number and rate of fatalities as a result of work-related injury	0	0
	Number of high-consequence work-related injuries (excluding fatalities)	0	0
	Number of recordable work-related injuries	1	7
405-1	Diversity and equal opportunity		
	Composition of governance bodies		
	Board of Directors		
	Women in Board (percentage)	29%	29%
	Age group diversity (percentage)		
	<30 years old	0	0
	30-50 years old	29.%	29%
	>50 years old	71%	71%
	Number of nationalities	7	7
	Executive Committee		
	Women in Executive Committee (percentage)	25%	25%
	Age group diversity total (percentage)		
	<30 years old	0	0
	30-50 years old	50%	25%
	>50 years old	50%	75%
	Number of nationalities	3	4
	Employees that are global leaders		
	Women that are global leaders	10	9
	Men that are global leaders	67	70
	Number of nationalities	14	12
	Group High Potential Talent Programs		
	Percentage Women	20%	24%
	Percentage Men	80%	76%
	<30 years old	4%	10%
	30-50 years old	92%	88%
	>50 years old	4%	2%
	Number of nationalities	9	16
	Total workforce (Oerlikon workforce)		
	Women in total workforce	2 453	2 665
	Men in total workforce	9 022	9 570

[1] Including acquisitions

SOCIAL TOPICS

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

Independent Assurance Report on OC Oerlikon's Sustainability Reporting 2020

To the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon

We have been engaged to perform assurance procedures to provide limited assurance on the sustainability reporting of OC Oerlikon Corporation AG and its consolidated subsidiaries ("OC Oerlikon") for the year ended 31 December 2020.

Scope and subject matter

Our limited assurance engagement focused on selected sustainability indicators published in the Sustainability Report 2020 of OC Oerlikon:

a) The "Energy consumption within the organization" indicators on pages 21 and 63, the "Energy intensity" indicator on page 63, the "Total Scope 1 and Scope 2 GHG emissions" indicators on pages 23 and 63, the "GHG emission intensity" indicators on page 63, the "Waste generated" indicators on pages 24 and 63, the "Waste diverted from disposals" indicators on page 63 and the "Waste directed to disposals" indicators on page 64 for the periods ending 31 December 2020 and 31 December 2019 (the "sustainability indicators").

b) The management and reporting processes to collect and aggregate the sustainability indicators as well as the control environment in relation to the data aggregation of these sustainability indicators.

Criteria

The reporting criteria used by OC Oerlikon are described in the internal reporting guidelines and define those procedures, by which the sustainability indicators are internally gathered, collated and aggregated. The internal guidelines are based on the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI).

Inherent limitations

The accuracy and completeness of sustainability indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with OC Oerlikon's internal guidelines, definitions and procedures on sustainability reporting. Further, the greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

OC Oerlikon's responsibility

The Board of Directors of OC Oerlikon Corporation AG is responsible for both the subject matter and the criteria as well as for the selection, preparation and presentation of the information in accordance with the criteria. This responsibility includes the design, implementation and maintenance of related internal control relevant to this reporting process that is free from material misstatement, whether due to fraud or error.

Our independence and quality controls

We are independent of OC Oerlikon in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) that are relevant to our audit of the financial statements and other assurance engagements in Switzerland. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

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Our responsibility

Our responsibility is to express a limited assurance conclusion on the sustainability indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information", and, in respect of greenhouse gas emissions, with the International Standard on Assurance Engagements 3410, "Assurance Engagements on Greenhouse Gas Statements", issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the identified sustainability indicators are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (revised) and ISAE 3410 involves assessing the suitability in the circumstances of OC Oerlikon's use of applicable criteria as the basis for the preparation of the sustainability indicators, assessing the risks of material misstatement of the sustainability indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of sustainability indicators. A limited assurance engagement 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. The procedures selected depend on the assurance practitioner's judgement.

Summary of the work performed

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

- Reviewing the application of OC Oerlikon's internal guidelines using a sample of affiliates in Germany and USA
- Interviewing OC Oerlikon representatives at Group level responsible for the data collection and reporting
- Performing tests on a sample basis of evidence supporting the sustainability indicators as outlined in the scope and subject matter section concerning completeness, accuracy, adequacy and consistency
- Inspecting the relevant documentation on a sample basis
- Reviewing and assessing the management reporting processes for sustainability reporting and consolidation and their related controls

We have not carried out any work on data other than outlined in the scope and subject matter section as defined above. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

Limited assurance conclusion

Based on the procedures we performed, nothing has come to our attention that causes us to believe that

a) The sustainability indicators of OC Oerlikon as described in the scope and subject matter section are not prepared and disclosed in all material respects in accordance with OC Oerlikon's internal guidelines and procedures; and
b) The management and reporting processes to collect and aggregate the sustainability indicators as well as the control environment in relation to the data aggregation are not functioning as designed.

PricewaterhouseCoopers AG

Stephan Hirschi Raphael Rutishauser

Zürich, 26 February 2021