

Compliance Reporting Procedure

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1. Scope

The Compliance Reporting Procedure is available to internal and external parties to highlight human rights and environmental risks and violations that may arise (i) within Oerlikon Surface Solutions Division's (OSS) own business globally, (ii) as well at direct suppliers.

Human rights and environmental risks and violations within the meaning of this Directive are, in particular, risks and violations of the rights listed in Annex 1.

Potentially affected persons may include, for example, OSS employees, employees at direct or indirect suppliers, or residents around local OSS sites. Even persons who are not directly or at all affected by risks and possible breaches of duty, can indicate reports via the established compliance reporting procedure.

2. Objective

The purpose of this directive is to outline the organization, implementation, and evaluation of the compliance reporting procedure to be established, also in accordance with the requirements of the Supply Chain Due Diligence Act (LkSG) and the REGULATION (EU) 2017/821 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.

The compliance reporting procedure is a core element of human rights and environmental due diligence. Important functions and objectives are:

- **Early warning system:** Detection and, if possible, resolution of problems before people or the environment are actually harmed.
- **Appropriate remedial action:** If indications or complaints of imminent or actual breaches of duty are received and confirmed, these breaches must be prevented, terminated or at least minimized.
- **Prevention measures:** Prevention of further breaches of the same kind or minimization of the risk regarding such infringements.

An effective compliance reporting procedure provides us as a company and organization with feedback on the effectiveness of our risk management and individual due diligence processes. It is therefore an important building block for the further development of our risk management and due diligence processes.

3. Definitions

Compliance reporting procedure	Reporting of human rights and environment-related risks as well as violations of human rights-related or environment-related obligations
Persons providing information	Persons using the compliance reporting procedure

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Indirect suppliers	Any company that is not a Direct Supplier and whose supplies are necessary for the manufacture of OSS's products or for the provision and use of the relevant service
Potentially affected persons	Persons directly affected by breaches of duty
Direct suppliers	Partner of a contract for the supply of goods and services, the supply of which is necessary for the manufacture of the products of OSS or for the provision and use of the corresponding service.

4. Abbreviations

LkSG	Supply Chain Due Diligence Act
REGULATION (EU) 2017/821	REGULATION (EU) 2017/821 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas
OSS	Oerlikon Surface Solutions Division. OSS GmbH is a legal entity of this division
OSS GmbH	Oerlikon Surface Solutions Holding GmbH

5. Implementation of the compliance reporting procedure

OC Oerlikon Corporation AG, Pfäffikon (parent company) has had a whistleblower system in place for many years, which enables the reporting of compliance issues and violations and is open to all employees of the Oerlikon Group worldwide. The procedure has been adapted to the requirements of the compliance reporting procedure, so that in particular the whistleblower system "SpeakUp" is also accessible to the other target groups and legal positions protected by the LkSG and REGULATION (EU) 2017/821.

Based on the results of the risk analysis as well as the comments received, accessibility to the procedure for the target groups is continuously improved as part of the effectiveness review of the compliance reporting procedure, and further adjustments are made.

As part of the documentation requirements, complaints received as well as the implementation and effectiveness of preventive and remedial measures are continuously documented and published.







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5.1. Nature of complaints or indications




The "SpeakUp" whistleblower system can be used to report all intentional or negligent violations of relevant laws, regulations, or official orders and internal company guidelines, processes, and requirements (e.g., violations of the Oerlikon Code of Conduct, corruption, workplace discrimination and harassment, mismanagement or poor governance, trading by insiders, data mishandling or fraudulent activities), or unethical behavior. Some examples of fraudulent activities are intentional misinterpretation of test results or omission of a processing step, falsify documents, or use of inspection stamps by unauthorized personnel.

In addition, "SpeakUp" whistleblower system can be used to report any human rights and environmental violations. This includes any risk of violation or violation of the LkSG or concerns about the circumstances of extraction, trade, transshipment, and export of minerals in conflict-affected and high-risk areas.

A human rights risk within the meaning of the LkSG is a condition in which, based on factual circumstances, there is a sufficient probability of a violation of one of the following human rights and environmental protected goods and prohibitions (for a detailed description, see Annex 1):

	The prohibition of child labor under the permissible age according to the law of the place of employment. For legal employment, most countries have set by law a minimum age between 14 and 16 years.
	The prohibition of the worst forms of child labor. According to the UN, these include slavery and slave-like dependencies, forced labor, child prostitution and child pornography, criminal activities, etc. The prohibition of all forms of slavery. This refers to the control of one person by another for the purpose of economic exploitation, such as forced labor, debt bondage, forced prostitution, forced marriage, or human trafficking.
	The prohibition of disregard for occupational health and safety. Employees are to be protected from the negative effects of hazards on their health by occupational health and safety regulations and occupational safety guidelines.
	The prohibition of disregard for freedom of association. This special form of freedom of association defines the right to form associations in order to safeguard or promote working and economic conditions.
	The prohibition of unequal treatment in employment relationships. This means equal opportunities and equal treatment of all employees without discrimination,
	Principle of equal pay for men and women for work of equal value, etc. The prohibition of withholding a reasonable wage

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	<p>The prohibition of unlawful eviction and the prohibition of unlawful deprivation of land, forests and waters.</p>
	<p>The prohibition of the commissioning and use of security forces if, due to a lack of instruction or control, the prohibition of torture is disregarded during their use, life and limb are violated, or freedom of association and freedom of organization are not granted</p>
	<p>The prohibition of causing harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption.</p>

5.2. Complaint channels

All employees and third parties are free to choose which communication channel they would like to use.

Complaints, tips, or violations can be raised directly with the OSS Compliance Department, the Oerlikon Group Compliance Department or through the Oerlikon whistleblowing system "SpeakUp".

The Oerlikon whistleblowing system "SpeakUp" is available to employees and third parties around the clock, 24 hours a day, 7 days a week. The system can be used in various languages both by telephone and via the Internet. It allows confidential and, if desired, anonymous dialog with the OSS Compliance Department or the Oerlikon Group Compliance Department, through secured encryption.

5.2.1. Communication channels

The following communication channels are available:

Compliance departments: in person, by mail, telephone or e-mail:

Oerlikon Surface Solutions Holding GmbH

Dept. Legal Compliance
Spreestr. 2
DE-65451 Kelsterbach / Germany

Phone: +49 6142 60330

Email: Lieferkettengesetz-surface-solutions@oerlikon.com

Contact person: Katrin Meiser

SpeakUp" whistleblower system

- Internal: <https://www.speakupfeedback.eu/web/gho8w/>

Internal means primarily employees of OSS worldwide.

- External: <https://www.speakupfeedback.eu/web/oerlikonexternal/>

External means any third party outside OSS, such as employees at direct or indirect suppliers, residents around local OSS sites, or individuals who are not directly or at all affected by risks and potential breaches of duty, but who wish to make reports on behalf of vulnerable individuals and/or affected parties.

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A detailed description of the system can be found in the document "SpeakUp" - Frequently Asked Questions and Answers (FAQs)".

5.2.2. Sequence of the [compliance reporting](#) procedure

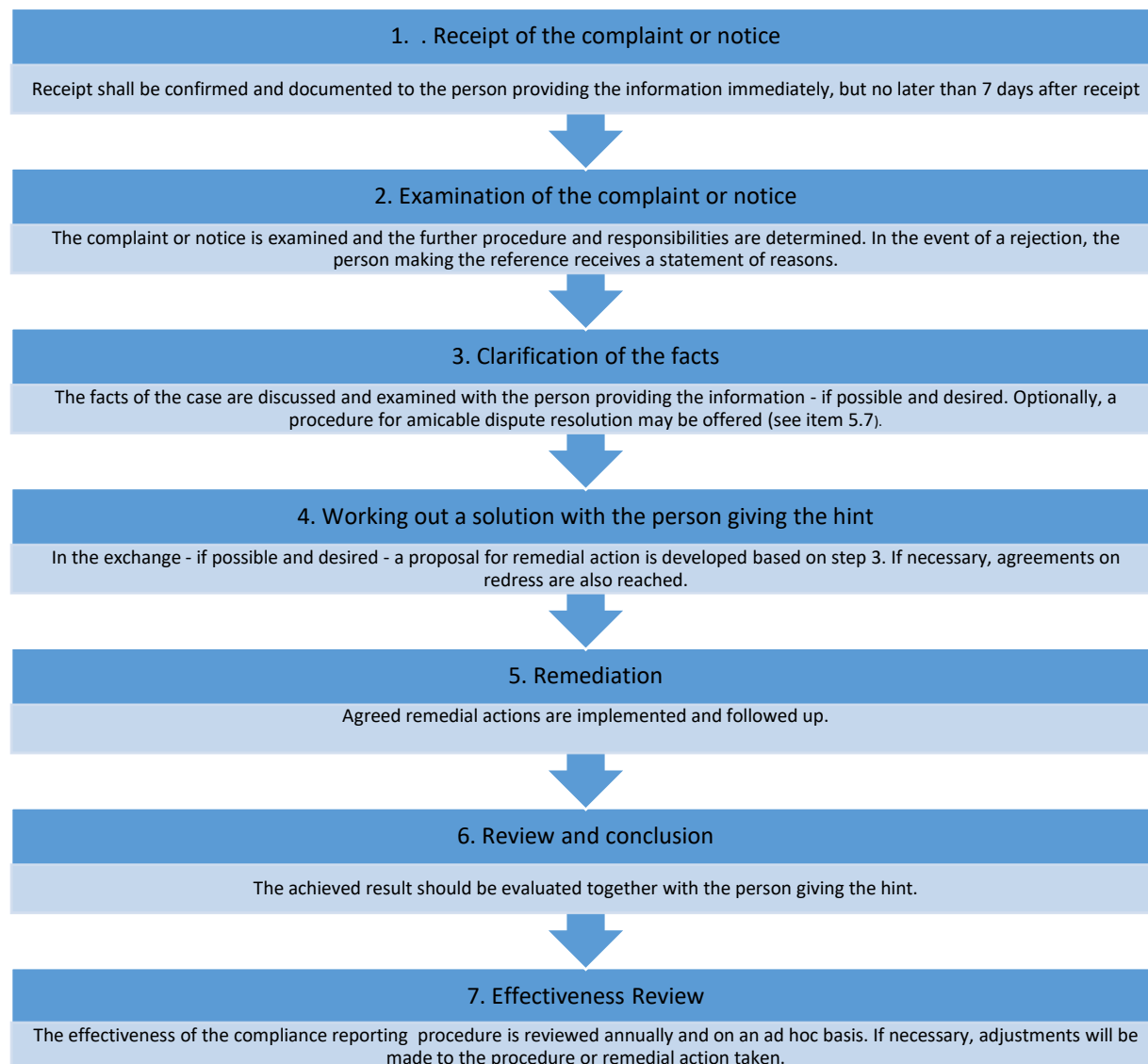
The compliance reporting procedure follows the principles of a need-to-know basis and data protection at all stages of the process and regardless of the communication channel chosen, as set out in the Oerlikon Group Data Protection Policy and the associated guideline

Appropriate confidentiality is ensured throughout the process by

- all information is handled with the utmost care.
- Personal information that allows identification to be shared only on a "need-to-know basis" when necessary to investigate the report and consistent with privacy requirements.
- unnecessary exposure and damage to reputation are to be avoided and stopped immediately upon knowledge.

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All complaints and notices go through subsequent process:



5.2.3. Confidentiality of identity

The compliance reporting procedure is designed to always ensure the confidentiality of whistleblowers' identities and the protection of their personal data.

In principle, anonymous use of the communication channels is possible, but it makes it more difficult to comply with the above process steps, since it means that possible coordination of remedial measures and other information necessary for clarifying the specific facts cannot be exchanged. In this case, remedial measures can only be initiated to a limited extent or not at all, and an evaluation with the whistleblower may not be possible.

5.3. Protection against disadvantage or punishment due to a complaint

Whistleblowers will be always protected from being discriminated against or penalized for using any of the complaint communication channels provided. Retaliation of any kind based on complaints or tips, if they come to our attention, will not be tolerated. If whistleblowers are subjected to reprisals by employees or suppliers, we will take employment and legal action against these individuals and third parties.

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5.3.1. Whistleblower protection

The Oerlikon Code of Conduct as well as the Reporting Policy contain clear commitments to protect individuals who raise concerns.

Whistleblower protection includes, in particular:

- Intimidation and retaliation against employees, supplier employees or third parties who report actual or suspected misconduct in good faith will not be tolerated. "In good faith" means that the person is convinced that the account is true, whether or not a subsequent investigation confirms that account.
- Instructing Covered Persons, as well as others in a position to take adverse action against the Whistleblower, that retaliation against Whistleblowers is strictly prohibited and of possible resulting disciplinary action.
- Encouraging and requesting whistleblowers to immediately use compliance communication channels if they believe they are being subjected to intimidation or reprisal as a result of their report.
- Reports of intimidation or reprisals because of a compliance report or complaint will be investigated according to the above principles and, in case of doubt, punished as a compliance violation.
- Offer by the Compliance Department to the whistleblower to remain in contact after the case is closed to ensure that the whistleblower is not subject to retaliation following a report.

5.3.2. Protection of accused persons

In addition to the protection of whistleblowers, the protection of persons accused of a compliance violation must also be ensured.

The procedural rights of accused persons are:

- right to information and the opportunity to make a personal statement, insofar as this does not jeopardize the examination of the facts. In some jurisdictions, including some European jurisdictions, it is necessary to inform the suspected person as early as possible about the allegations made against him or her or the results of the investigation. In this regard, the investigating agency bears the responsibility for considering the information and consultation obligations applicable under applicable law.
- Ensure compliance with applicable labor laws.
- Ensure confidentiality throughout the process and ensure that relevant information is handled with the utmost care.
- Compliance with the "need-to-know" principle. Personal information may only be disclosed if this is necessary for processing, serves a legitimate purpose and complies with the applicable data protection requirements.
- Take steps to avoid exposure and damage to reputation.

5.3.3. Intentional false report / accusation

Knowingly making a false report, complaint, or allegation with the purpose of intentionally and untruthfully accusing another person, OSS GmbH, an OSS GmbH subsidiary, another OSS company or the Oerlikon Group constitutes a compliance violation and will be punished with appropriate measures.

5.4. Suitability and qualification of internal contact persons

To rule out possible conflicts of interest in the investigation of allegations against the company, an initial assessment is carried out after receipt of the report. Depending on the seriousness of the allegation and the possible persons involved, the management, Internal

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Audit or the Legal Department will agree whether the matter should be handled internally, e.g., by Internal Audit, or externally.

The contact persons in the compliance areas are independent in the performance of their duties, are not bound by instructions and are sworn to secrecy. They are granted sufficient time resources and are given the opportunity to attend regular training sessions in order to understand and assess the situation and the procedure from the point of view of the whistleblower, and to provide support in the further procedure or to process the whistleblower themselves.

5.5. Optional procedure of consensual dispute resolution

During the discussion and examination of the reported facts together with the whistleblower (if possible), an amicable settlement of the dispute should always be considered. With the help of a neutral and mediating third party, e.g., an independent organization to support the whistleblower or mediators, solutions should be found that are supported by all parties. The focus should be on developing remedial or preventive measures.

6. Distribution and announcement

The up-to-date Directive is published on the OSS intranet after approving. The link to the published document shall be sent to all OSS employees by e-mail.

7. General notes / remarks

Applicable documents as amended from time to time are published in the Oerlikon House of Policies (<https://oerlikongroup.sharepoint.com/sites/oec-fcn-HouseofPolicies>):

1. Oerlikon Code of Conduct
2. Oerlikon Reporting (Whistleblowing) Policy

8. Annexes

Annex 1: Human rights and environment-related protected goods and prohibitions according to § 2 of the LkSG

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Appendix 1 :

Human rights and environment-related risks and violations includes, in particular, the human rights and environment-related protected goods and prohibitions referred to in § 2 of the LkSG (as mentioned below). This also includes the conventions listed by reference in § 2 of the LkSG and its Annex No. 1 - 11 and the protected goods mentioned therein:

1. prohibiting the employment of a child below the age at which compulsory education ends under the law of the place of employment, provided that the age of employment shall not be less than 15 years; this shall not apply if the law of the place of employment derogates therefrom in accordance with Article 2, paragraph 4, and Articles 4 to 8 of International Labor Organization Convention No. 138 of June 26, 1973, concerning Minimum Age for Admission to Employment (Federal Law Gazette 1976 II pp. 201, 202) (ILO Convention No. 138);
2. the prohibition of the worst forms of child labor for children under the age of 18; this includes, in accordance with Article 3 of International Labor Organization Convention No. 182 of June 17, 1999, concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (Federal Law Gazette 2001 II pp. 1290, 1291):
 - (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and servitude, and forced or compulsory labor, including the forced or compulsory recruitment of children for use in armed conflict;
 - b) bringing, procuring or offering a child for prostitution, production of pornography or pornographic performances;
 - (c) bringing, procuring or offering a child to engage in illicit activities, including, but not limited to, obtaining and trafficking drugs;
 - (d) work which, by its nature or because of the circumstances in which it is performed, is likely to be harmful to the health, safety or morals of children;
3. the prohibition of the employment of persons in forced labor; this includes any labor or service which is required of a person under the threat of punishment and for which he has not voluntarily made himself available, for example as a result of debt bondage or trafficking in human beings; excluded from forced labor are labor or services which are in conformity with Article 2, paragraph 2, of Convention No. 29 of the International Labor Organization of June 28, 1930, concerning Forced or Compulsory Labor (Federal Law Gazette 1956 II pp.640, 641) or Article 8(b) and (c) of the International Covenant of December 19, 1966, on Civil and Political Rights (Federal Law Gazette 1973 II pp.1533, 1534);
4. The prohibition of all forms of slavery, slave-like practices, servitude, or other forms of domination or oppression in the workplace environment, such as extreme economic or sexual exploitation and humiliation;
5. the prohibition of disregarding the occupational health and safety obligations applicable under the law of the place of employment, if this creates the risk of accidents at work or work-related health hazards, in particular due to:
 - a) Obviously insufficient safety standards in the provision and maintenance of the workplace, workplace and work equipment;
 - (b) the absence of appropriate protective measures to avoid exposure to chemical, physical or biological agents;
 - (c) the absence of measures to prevent excessive physical and mental fatigue, in particular through inappropriate work organization in terms of working hours and rest breaks; or
 - d) insufficient training and instruction of employees;

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6. the prohibition of disregarding the freedom of association, according to which
 - (a) employees may freely form or join trade unions,
 - (b) the formation, joining and membership of a trade union shall not be used as a reason for unjustified discrimination or retaliation,
 - (c) trade unions may operate freely and in accordance with the law of the place of employment; this includes the right to strike and the right to collective bargaining;
7. the prohibition of unequal treatment in employment, for example on the basis of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;
8. the prohibition of withholding a reasonable wage; the reasonable wage shall be at least the minimum wage established by the applicable law and shall otherwise be determined by the law of the place of employment;
9. the prohibition of causing harmful soil contamination, water pollution, air pollution, harmful noise emission or excessive water consumption, the
 - (a) significantly affect the natural basis for food preservation and production,
 - b) denies a person access to safe drinking water,
 - (c) impedes or destroys a person's access to sanitary facilities; or
 - d) harms the health of a person;
10. the prohibition of unlawful eviction and the prohibition of unlawful deprivation of land, forests and waters in the acquisition, construction or other use of land, forests and waters, the use of which secures the livelihood of a person;
11. the prohibition of hiring or using private or public security forces for the protection of the business project, if due to lack of instruction or control on the part of the company in the use of the security forces
 - a) the prohibition of torture and cruel, inhuman or degrading treatment is disregarded;
 - b) life and limb are injured or
 - c) the freedom of association and the freedom to organize are impaired;
12. the prohibition of an act or omission in breach of duty going beyond numbers 1 to 11, which is directly capable of impairing a protected legal position in a particularly serious manner and the unlawfulness of which is obvious upon a reasonable assessment of all the circumstances in question.
13. the prohibition of the manufacture of mercury-added products in accordance with Article 4(1) and Annex A, Part I, of the Minamata Convention on Mercury of October 10, 2013 (Federal Law Gazette 2017 II pp. 610, 611) (Minamata Convention);
14. the prohibition of the use of mercury and mercury compounds in manufacturing processes as defined in Article 5(2) and Annex B, Part I of the Minamata Convention from the phase-out date specified for the respective products and processes in the Convention;
15. the prohibition of the treatment of mercury waste contrary to the provisions of Article 11(3) of the Minamata Convention;
16. the ban on the production and use of chemicals pursuant to Article 3(1)(a) and Annex A of the Stockholm Convention of 23 May 2001 on Persistent Organic Pollutants (Federal Law Gazette 2002 II pp. 803, 804) (POPs Convention), as last amended by the decision of 6 May 2005 (Federal Law Gazette 2009 II pp. 1060, 1061), as amended by Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on

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persistent organic pollutants (OJ L 169, 26.5.2019, p. 45), as last amended by Commission Delegated Regulation (EU) 2021/277 of 16 December 2020 (OJ L 62, 23.2.2021, p. 1);

17. the prohibition of non-environmentally sound handling, collection, storage and disposal of waste in accordance with the regulations in force in the applicable jurisdiction under the terms of Article 6(1)(d)(i) and (ii) of the POPs Convention.
18. The prohibition of export of hazardous waste as defined in Article 1(1) and other waste as defined in Article 1(2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Federal Law Gazette 1994 II pp. 2703, 2704) (Basel Convention), as last amended by the Third Ordinance Amending Annexes to the Basel Convention of 22 March 1989 of 6 May 2014 (Federal Law Gazette II p.306, 307) and within the meaning of Regulation (EC) No. 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190, 12.7.2006, p. 1) (Regulation (EC) No. 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433, 22.12.2020, p. 11)
 - i. to a Party that has prohibited the import of such hazardous and other wastes (Article 4(1)(b) of the Basel Convention),
 - ii. to an importing country, as defined in Article 2(11) of the Basel Convention, that has not given its written consent to the particular import, if that importing country has not prohibited the import of that hazardous waste (Article 4(1)(c) of the Basel Convention),
 - iii. to a non-Party to the Basel Convention (Article 4(5) of the Basel Convention),
 - iv. to an importing State if such hazardous waste or other waste is not being managed in an environmentally sound manner in that State or elsewhere (first sentence of Article 4(8) of the Basel Convention);
19. the prohibition of exports of hazardous waste from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention; Article 36 Regulation (EC) No 1013/2006).
20. the prohibition of the import of hazardous wastes and other wastes from a non-Party to the Basel Convention (Article 4(5) of the Basel Convention).