

FORCED LABOUR AND CHILD LABOUR IN CANADIAN SUPPLY CHAINS REPORT 2025

Oerlikon Balzers Coating USA Inc.

For The Year Ended December 31, 2024



Forced Labour Report 2025

Oerlikon Balzers Coating USA Inc.

Report on BILL S-211 - An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff

Identifying Information

This report is for Oerlikon Balzers Coating USA Inc. for the January 1, 2024 to December 31, 2024 financial reporting year. Oerlikon Balzers Coating USA Inc. will be referred to as "OERLIKON". OERLIKON is not subject to reporting requirements under supply chain legislation in another jurisdiction. OERLIKON has a place of business in Canada, does business in Canada, and has assets in Canada. OERLIKON has met at least two of the following three criteria for at least one of its two most recent financial years: (i) has at least \$20 million or more in assets, (ii) has generated at least \$40 million or more in revenue and (iii) employees an average of at least 250 employees. OERLIKON operates in the manufacturing sector. OERLIKON is headquartered in 1700 E. Golf Road STE 200 Schaumburg, IL 60173, US and incorporated in Delaware, US with the EIN 16-1231847.

Steps Taken to Prevent and Reduce Risk of Forced or Child Labour

OERLIKON uses a system called "EcoVadis" which assists in our Risk Assessment, Risk Verification, Risk Mitigation, and Monitoring and Reporting of our Supply Chains. EcoVadis performs risk mapping of our partners based on inherent country and industry risks. We are then able to assess the residual risks and gain substantiated knowledge of incidents and prioritize corrective actions through the EcoVadis system. OERLIKON uses EcoVadis for its critical suppliers. OERLIKON also conducts physical audits on critical suppliers per ISO requirements where the compliance with our Supplier Code of Conduct is being audited. Suppliers are required to sign a Code of Conduct during vendor onboarding which states they will respect the provisions of the UN Universal Declaration of Human Rights and the Conventions of the International Labor Organization and the Modern Slavery Act 2015. Oerlikon Group has Group Policies for Human Trafficking and Slave Labour, Use of Child Labour, and Use of Forced or Child Labour (Canada). OERLIKON also has a responsible sourcing policy and follows OECD guidance on Conflict Minerals. All OERLIKON employees are required to go through a Code of Conduct training annually and the EcoVadis system can provide for more specific requirements. OERLIKON also has a whistleblowing reporting line.

Entity Structure, Activities, and Supply Chains

Oerlikon Balzers Coating USA Inc. is a wholly owned subsidiary of Oerlikon USA Holding Inc. Oerlikon USA Holding Inc. is wholly owned by OC Oerlikon Corporation AG, Pfaffikon which is the top holding company of the Oerlikon Group.

At OERLIKON we supply surface treatment services, focus on PVD (Physical Vapor Deposition) technology and PACVD (Physical Vapor Deposition Assisted by Plasma) to tools (cutting tools and forming tools) and components, with the goal to enhance surface properties, reduce wear, increase corrosion resistance, and prolong the life of Tools and Components. OERLIKON serves a variety of markets as Automotive, Aerospace, Medical, Oil&Gas, Precision Tooling and others. A defined set of direct material (DM) and indirect material (IM) categories is managed by an integrated global organization in a project driven approach to maximize efficiency and to continually reduce costs in order to enhance OERLIKON's profitability. In close collaboration with divisions and sites, the Global Category Leader is responsible to define the DM or IM category strategies and monitor their implementation. The Key Procurement Manager, the Regional Head of Procurement and the Category Buyer are responsible to execute the relevant sourcing projects in line with the category strategy.

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.

Policies and due Diligence Processes

The policy of OERLIKON is to obtain the best value for the materials, goods, and services we purchase and to maintain the highest ethical standards in dealing with suppliers. Value includes total cost of ownership, price, quality, logistics, and service. This is essential to achieve sustained cost reduction, innovative capabilities, mitigating risks in our supply chain, and optimizing our net working capital. Finally, our objective is to ensure the sustainable implementation of the principles set down in the Oerlikon Code of Conduct and the Supplier Code of Conduct, together with compliance with all applicable laws and regulations. This directive is applicable to all sourcing and supply management activities across all OERLIKON businesses.

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Oerlikon Balzers Coating USA Inc.

OERLIKON currently has Policies and Due Diligence Processes that:

- Embed responsible business conduct into policies and management systems.
- Identify and assess adverse impacts on operations, supply chains, and business relationships.
- Cease, prevent, or mitigate adverse impacts.

OERLIKON's Supplier Code of Conduct requires the supplier to ensure that no forced or child labour is used. OERLIKON also has a Policy against the use of Forced or Child Labour that follows the below approach:

- Integrate this Policy against the use of Forced or Child Labour in all relevant company policies and procedures, e.g., Human Rights Policy, Supplier Code of Conduct;
- Identify high-risk areas for child labor, directly or indirectly generated by our company operations. Prioritize risks based on their severity and likelihood of occurring. This includes identifying suppliers and subcontractors and evaluating their adherence to international standards and regulations;
- Establish relevant processes and integrate these into existing management systems to identify instances of Forced or Child Labor;
- Conduct appropriate levels of due diligence on suppliers to assess their compliance with relevant laws and standard. Establish relevant processes and integrate these into existing management systems to identify instances of forced or child labor. This may include conducting risk assessment, site audits, site visits, or engaging with stakeholders to ensure compliance and implementing risk mitigation measures where necessary;
- Mitigate identified risks in their supply chains. This may involve communicating and collaborating with suppliers to address non-compliance, terminating relationships with non-compliant suppliers, or providing training and capacity building;
- Where violations are identified, work with qualified individuals to address the situation and provide appropriate remedy. This may include using leverage with partners and engaging external experts;
- Continuously monitor their supply chains for potential risks and review their risk management processes to ensure they are effective. This may involve regular supplier audits, tracking supplier performance or conducting risk assessments in response to changing circumstances;
- Report on forced or child labor risks to stakeholders through an annual report (e.g. Sustainability Report);

- Provide an anonymous grievance mechanism where all stakeholders, including employees, third-party employees and suppliers, can report concerns;
- Build organizational capacity on forced or child labor through learning and training;
- Integration of the findings from impact assessments into relevant internal functions/processes — and the taking of effective action to manage the same;
- If forced or child labor is found within Oerlikon Group's organization, Oerlikon Group will take immediate measures to stop the violation and take responsibility with required actions.
- If forced or child labor is found in the supply chains of Oerlikon Group, Oerlikon Group will take all appropriate measures to mitigate any risks by developing a responsible solution which may include the work in partnership with the supplier and/or a termination.

OERLIKON also has established a specific conflict mineral due diligence process in accordance with the Organization for Economic Cooperation and Development (OECD) Guidelines. Considering our position in the supply chain we support an industry initiative, the Responsible Minerals Initiative (RMI), that uses an independent third-party audit to identify smelters that have systems in place to assure sourcing of only conflict-free materials. We are committed to maintaining the highest standards of corporate responsibility; and compliance with regulations related to conflict minerals is a key aspect of our commitment.

To address this, we have implemented a robust system that involves working closely with our suppliers. On an annual basis, we request our suppliers to provide a Conflict Mineral Report as part of our due diligence process. This report outlines crucial information about the presence and origin of conflict minerals, specifically tin, tantalum, tungsten, and gold (3TG), in the materials they supply to us.

OERLIKON also conducts periodic audits on critical suppliers. OERLIKON's Policies are publicly available in our Policies section of our website Policies on Sustainable Operations | Oerlikon and Downloads & Documents | Oerlikon Balzers.

Activities and Supply Chains That Carry Forced or Child Labour Risks

OERLIKON has assessed its supply chain and identified risks in our supply chain in the mining, quarrying, and manufacturing industries. We have used our EcoVadis system to

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help identify specific risk ratings for individual suppliers in these industries. OERLIKON reports on conflict minerals due diligence requirements along with having suppliers agree to our Supplier Code of Conduct or comply with their own Code of Conduct if equal to OERLIKON's Supplier Code of Conduct.

Measures Taken to Remediate Any Forced or Child Labour

OERLIKON has not identified any forced or child labour in our activities and supply chains. OERLIKON has a whistleblowing reporting line available for reporting any if not found by the organization.

Measures Taken to Remediate Loss of Income Due to Measures Taken to Remediate Any Forced or Child Labour

OERLIKON has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains. OERLIKON's policy is to take all appropriate measures to mitigate any risks by developing a responsible solution which may include the work in partnership with the supplier and/or termination.

Training Provided to Employees on Forced and Child Labour

OERLIKON requires all employees to take an annual Code of Conduct training, which regularly covers forced and child labour. This training is developed by an external training provider in alignment with Oerlikon Compliance team. Employees responsible for supply chain management receive additional training on forced and child labor which focuses on identifying and mitigating risks within their supply chains.

Policies and Procedures in Place to Assess Effectiveness Ensuring that Forced or Child Labour are not Being Used in its Activities and Supply Chains

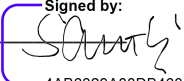
OERLIKON employs various processes to evaluate effectiveness, such as supplier self-information assessments, EcoVadis evaluations, and on-site supplier audits.

Approval and Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Oerlikon Balzers USA Inc.

Signature: _____
Name: **Wolfgang Schmitz**
Title: Director
Date: _____

Signed by:

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I have the authority to bind Oerlikon Balzers USA Inc.

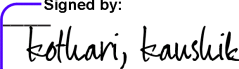
Signature: _____
Name: **Robert Green**
Title: Director
Date: _____

Signed by:

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I have the authority to bind Oerlikon Balzers USA Inc.

Signature: _____
Name: **Kaushik Kothari**
Title: Director
Date: _____

Signed by:

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