

# Conflict Minerals Report 2023

Oerlikon Metco WOKA GmbH

For The Year Ended December 31, 2022



# Conflict Minerals Report 2023

## Oerlikon Metco WOKA GmbH

### Introduction

This Conflict Minerals Report ("CRM") for Oerlikon Metco WOKA ("we") covers the reporting period from January 1st to December 31st, 2022, pursuant to the EU Conflict Minerals Regulation 2017/821 which regulates the trade of 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-affected areas and high-risk areas to countries or regions that may become conflict-affected or high-risk areas in the future.

### Business Overview

Oerlikon Metco WOKA is a leading materials and surface solutions provider with a global presence, located in Barchfeld, Germany. Oerlikon Metco WOKA is part of the Oerlikon Group with the ultimate parent OC Oerlikon Corporation AG, Pfäffikon. We develop, produce and markets high-end Carbide- and Oxid based Thermal Spray powders used in different applications, such as abrasion, corrosion, and thermal protections. These powders may contain Tungsten in its various chemical forms and compositions.

### Supply Chain Description

We are committed to source only responsible produced materials, and we select only suppliers who share our values and demonstrate an unwavering commitment to upholding high ethical standards. Their operations and processes must integrate seamlessly with our own in terms of sustainability and upholding ethical standards of management.

Many of our TIER 1 suppliers (i. E. direct suppliers) do not purchase their raw material directly from mining/refinery. The TIER 1 suppliers may select their suppliers (second- TIER suppliers), which in turn may have their own group of suppliers (third- TIER), and so on. Oerlikon Metco WOKA works

with its first- TIER suppliers to investigate all levels of the supply chain, to determine the origin of Tungsten contained in our products. There are several tiers of suppliers between Oerlikon Metco WOKA and any smelter or refiner of conflict minerals, and even more tiers when tracing a mineral or metal all the way back to the mines of origin. We do not have a direct purchasing relationship with mines, smelters or refiners.

### Oerlikon Metco WOKA's Conflict Mineral Program

We are committed to a conflict-free minerals policy for the responsible sourcing of materials in our supply chain. We support international efforts to ensure the mining and trading of 3TG minerals from high-risk locations does not contribute to conditions of armed conflict and/or serious human rights abuses.

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. Moreover, the described downstream and upstream assessment program of the RMI is designed to provide a robust validation for customer requirements across mineral and metal value chains, and to meet the EU Responsible Minerals Regulation (EU Regulation 2017/821) requirements for EU importers of 3TG that do not meet the definition of a smelter or refiner. We have adopted a series of compliance measures based on the guidelines of the five-step framework set forth by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("**OECD Guidance**").

Oerlikon Metco WOKA uses the tools and supports from RMI especially the Conflict Mineral Reporting Template (CMRT) and Responsible Mineral Assurance Process and implemented its Conflict Mineral Program.

Summarized below are our due diligence activities for each step of the OECD Guidance, which have been performed in a manner consistent with the OECD Guidance.

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## Oerlikon Metco WOKA GmbH

### 1. Establish Strong Company Management Systems

#### Responsible Sourcing Policy:

Oerlikon Metco WOKA has established a conflict mineral policy and are committed to responsible minerals sourcing in our supply chain and exercise due diligence in accordance with industry's leading practices. This policy is supported by our Code of Conduct, Human Rights Policy and Anti-Bribery & Anti-Corruption Policy, all of which are available on our company website.

We select suppliers who share our values and demonstrate an unwavering commitment to upholding high ethical standards. Their operations and processes must integrate seamlessly with our own in terms of sustainability and upholding worldclass standards of management. Once identified, all prospective and new suppliers are invited to go through our five-stage relationship management process. Oerlikon pursues relationships only with suppliers that complete this process and agree to comply with our Supplier Code of Conduct. The Oerlikon Supplier Code of Conduct, which is published in English, German, Spanish, Italian, Chinese, French, Hindi and Portuguese, is publicly available for download on our corporate website and sets out our baseline requirements for supplier and subcontractor business ethics as well as legal and regulatory compliance, including:

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

We made responsible sourcing of minerals a supplier requirement in our Responsible Sourcing Policy and our contractual terms with suppliers (i.e. General Terms and Conditions) also include our expectation that all Oerlikon suppliers are accountable for performing conflict minerals due diligence aligned with the OECD Guidance as required by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

#### Control system:

Oerlikon Metco WOKA reviews each received supplier CMRT and assesses whether it meets our acceptance criteria regarding completeness, adoption of a conflict-free policy, data collection from next TIER suppliers, and smelter identification and disclosure. Suppliers who provided a CMRT that did not meet the acceptance criteria, and suppliers who provided incomplete or potentially inaccurate information, were requested to take corrective actions, perform additional due diligence and update their CMRT accordingly. Based on the supplier CMRTs we verify if there are any findings that indicate a need to conduct further due diligence and gather more detailed information. We review the smelters identified in the supplier CMRTs based on the Responsible Minerals Assurance Process (RMAP) compliant and active smelter. In addition, we verify the level of risk that each smelter poses to the supply chain by identifying red flags based on covered countries, or an embargoed country/region, Known mineral source country of origin, RMAP audit status etc.

#### Supplier engagement:

The requirement for suppliers to comply with our policy is included in our supplier Code of Conduct and General Terms and Conditions. As set out, we expect that our suppliers have established similar due diligence programs for their own supply chain.

#### Grievance mechanism:

OC Oerlikon Corporation AG, Pfäffikon 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 "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. In addition, "SpeakUp" whistleblower system can be used to report any human rights and environmental violations. This includes any risk of violations of REGULATION (EU) 2017/821 or concerns about the circumstances of extraction, trade, transshipment, and export of minerals in Conflict-Affected and High-Risk Areas.

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## Oerlikon Metco WOKA GmbH

### 2: Identify and assess risks in the supply chain

We utilize a risk-based approach towards supply chain conflict minerals due diligence. Our risk-based approach focuses on informing relevant suppliers of our expectations with respect to conflict minerals and conducting supply chain due diligence.

We have a supply chain sustainability risk process, which includes a robust risk-based assessment and audit process for suppliers covering human rights issues. In our due diligence process, we use the RBA Risk Assessment Platform to identify inherent risks in labor (including human rights), ethics, health & safety and environmental standards across our full supply base. In the event of a medium or high risk relating to labor being identified, we engage with the supplier and conduct a more detailed analysis. We assess the CMRTs received from our in-scope suppliers for red flags, completeness and reasonableness based on OECD Guidance for Conflict-Affected and High-Risk Areas globally, including the Covered Countries.

### Due Diligence Results

In 2022, we identified 4 in-scope TIER1 suppliers, who were contacted to obtain country-of-origin information and to collect information about the smelters and refiners of Tungsten used in our products. Our suppliers reported using the CMRT file at a company level for all their products. We assess whether the CMRT files meet our acceptance criteria regarding completeness, adoption of a conflict-free policy, and smelter identification and disclosure, especially by checking against the smelter data provided by the RMI to its members. In addition, we use numerous factors to determine the level of risk that each smelter poses to our supply chain by identifying red flags, like RMAP audit status credible evidence of unethical or conflict sourcing, proximity to the Democratic Republic of the Congo (DRC) or an embargoed country/region.

Listed below are the smelters and refiners we have determined to be potentially in our supply chain during 2022. (The presence of a smelter or refiner on the list does not indicate that our products necessarily contain Conflict Minerals processed by that smelter or refiner):

Smelter	Smelter Country	Smelter Identification	Source of Smelter Ident. No.
Chongyi Zhangyuan Tungsten Co., Ltd.	CHINA	CID000258	RMI
Xiamen Tungsten Co., Ltd.	CHINA	CID002082	RMI
ALMT Corp	JAPAN	CID000004	RMI
Xiamen Tungsten Co., Ltd.	CHINA	CID002082	RMI
Xiamen Tungsten (H.C.) Co., Ltd.	CHINA	CID002320	RMI
Ganzhou Seadragon W & Mo Co., Ltd.	CHINA	CID002494	RMI
Jiangwu H.C. Starck Tungsten Products Co., Ltd.	CHINA	CID002551	RMI
Ganzhou Huaxing Tungsten Products Co., Ltd.	CHINA	CID000875	CFSI
Masan Tungsten Chemical LLC (MTC)	VIETNAM	CID002543	RMI

All suppliers provided a complete CMRT and met our acceptance criteria.

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### 3: Strategy to respond to identified risks

Any findings of the supply chain risk assessment have to be reported to senior management of Oerlikon Metco WOKA immediately. The progress and overall results in our CMR are discussed with the senior management within the regular Management Review Process regularly.

We request our TIER 1 Tungsten supplier to update and re-send their CMRT when additional information becomes available to such suppliers. When updates are received, the CMRT review step as described above is repeated to assess and mitigate risks.

The risk management plan adopted by Oerlikon Metco WOKA is in accordance with its policy to ultimately discontinue doing business with any supplier found to be purchasing 3TG material which directly or indirectly finances or benefits armed groups in the DRC, adjoining countries, or Conflict Affected and High-Risk Areas (CAHRAs).

Only after prove evidence of systematic correction and elimination measures or to permanently eliminate the cause of the problem the supplier onboarding can be re-started again and has to passed completely.

### 4: Carry out independent third-party audit of supply chain due diligence practices at identified points in the supply chain

Due to our position in the supply chain, we do not conduct or commission independent third-party audits of smelters or refiners. We utilized information provided by the independent third-party audits conducted by industry organizations, such as the RMI.

A third-party assessment has been conducted at Oerlikon Metco WOKA GmbH for 2021 and 2022 by ARCHE Advisors, Inc. with the objective to assess the auditee's level of conformance with 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 assessment scope included all of the Union importer's activities, processes and systems used to implement supply chain due diligence regarding metals; including the Union importer's management system, risk management, and disclosure of information in accordance with Articles 4, 5 and 7 respectively. The assessment was conducted in accordance with ISO1900:2011 Standard, taking into account the guidance provided by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The auditor verified the scope, selected samples, and gathered objective evidence through documentation review, interviews, and visual observations.

### The audit

- (a) included in its scope all of the Union importer's activities, processes and systems used to implement supply chain due diligence regarding metals, including the Union importer's management system, risk management, and disclosure of information in accordance with Articles 4, 5 and 7 respectively;
- (b) had as its objective the determination of conformity of the Union importer's supply chain due diligence practices with Articles 4, 5 and 7; (
- c) includes recommendations to the Union importer on how to improve its supply chain due diligence practices; and
- (d) respected audit principles of independence, competence and accountability, as set out in the OECD Due Diligence Guidance.

The assessment was conducted in accordance with ISO1900:2011 Standard, taking into account the guidance provided by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The auditor verified the scope, selected samples, and gathered objective evidence through documentation review, interviews, and visual observations.

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### 5: Report annually on supply chain due diligence

This conflict minerals report will be filed and published on our website.

We report annually on our responsible supply chain activities in our annual Sustainability Report.

### Steps to improve our conflict minerals due diligence program

We are working to continuously improve our responsible sourcing efforts and our goal remains to source all of our Tungsten through conflict-free and conformant smelters and refiners. In order to further strengthen our efforts, we:

- Continue to include questions to identify any potential new products containing Tungsten or other 3TGs in our materials.
- Encourage suppliers to steer their supply chain towards smelters audited as conformant to the Responsible Minerals Assurance Process (RMAP) or another equivalent cross-recognized program.
- Strengthen our work with priority suppliers to help them satisfy our responsible sourcing expectations.
- Continue to follow the due diligence process described in this report with any refinements as appropriate.

These specific efforts are in addition to our general supply chain due diligence and monitoring strategy and processes.

### About Oerlikon

Oerlikon (SIX: OERL) is a global innovation powerhouse for surface engineering, polymer processing and additive manufacturing. The Group's solutions and comprehensive services, together with its advanced materials, empower customers by improving and maximizing the performance, function, design and sustainability of customers' products and manufacturing processes in key industries. Pioneering technology for decades, everything Oerlikon invents and does is guided by its passion to support customers' goals and foster a sustainable world. Headquartered in Pfäeffikon, Switzerland, the Group operates its business in two Divisions – Surface Solutions and Polymer Processing Solutions. It has a global footprint of more than 12 600 employees at 207 locations in 38 countries and generated sales of CHF 2.7 billion in 2023.

Information is subject to change without prior notice.