

P C Policy Against Forced and Child Labor in Supply Chains (Canada)

Date of issue:	September 2023
Issued by:	OSS Compliance
Status:	Approved
Replaces the following document:	N/A
Document Owner:	Head of OSS Compliance

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I. PURPOSE

Oerlikon is committed to respecting human rights and prohibits any forms of Forced or Child Labor and all forms of exploitation of children and young workers in accordance with international standards. This due diligence policy outlines the processes and measures to mitigate risk in Oerlikon's supply chain. The policy aims to support the prevention and elimination of Forced and Child Labor within our own organization and along our supply chain. It intends to support employees, and all the Oerlikon's representatives and suppliers in identifying, preventing and properly addressing any suspicion of Forced or Child Labor in our supply chain.

II. SCOPE OF APPLICATION

This Policy applies to all employees and representatives of Oerlikon as well as to its partners, suppliers, or contractors and expects them to follow this policy and its principles. All business partners are equally responsible for implementing and monitoring the above principles, whether through the creation of an oversight working group or through the mainstreaming of relevant principles into existing departments.

III. POLICY STATEMENT

Oerlikon does not participate in and does not accept Forced or Child Labor within its own organization and expects the same from its partners, suppliers, and contractors. Oerlikon supports all international conventions pertaining to the non-use of Forced or Child Labor. Oerlikon's Code of Conduct and Supplier Code of Conduct condemns Forced and Child Labor.

IV. DEFINITIONS

Forced Labor is defined as all work or service that is exacted from any person under the menace of penalty and for which the said person has not offered himself voluntary.

Child Labor is defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their schooling by: depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work.

V. OUR APPROACH

Oerlikon will undertake human rights due diligence to identify, prevent, address, and mitigate risks of Forced and Child Labor.

To do so, Oerlikon and its partners, suppliers, and contractors shall follow a number of actions, including:

- Integrate this child labor policy 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) and/or an Human Rights Statement;
- 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;

VI. REPORTING INCIDENT OF FORCED OR CHILD LABOUR

Oerlikon strongly urges the reporting of any incident of Forced or Child Labor observed within the organization or Oerlikon’s Supply Chain. Employees or representatives are encouraged to report complaints to their immediate supervisor their department head, any senior manager of the business unit, their local Human Resources representative, their local Procurement representative, the Oerlikon Compliance Hotline (SpeakUp). Employees and representatives are also encouraged to report any protentional or actual violations to suppliers’ whistleblower hotlines if possible.

VII. THE INVESTIGATION

Any to Oerlikon reported allegations of Forced or Child Labor will be promptly investigated.

VIII. SANCTIONS AND DISCIPLINARY MEASURES

If Forced or Child Labor is found within Oerlikon's organization, Oerlikon 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, Oerlikon 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.

IX. REPORT ON ACTIONS

Oerlikon reports annually on its activities actions that have been taken to prevent and address human rights violations in Oerlikon's supply chain, including those associated with Forced or Child Labor.

X. TRAINING

Oerlikon offers annual Code of Conduct Training covering Forced and Child Labor. 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.

XI. GOVERNANCE

This policy was 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 with members from Human Resources, Compliance Legal, and Procurement.

September 2023