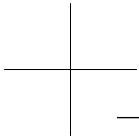


**SULZER**



# **Sustainable Sulzer**

Sustainability report  
2021



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**“At Sulzer, we have the expertise to address the most pressing environmental challenges facing the planet.”**



Frederic Lalanne,  
CEO Sulzer Group



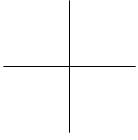
# At Sulzer, we have the expertise to enable a low-carbon society

At Sulzer, we have the expertise to address the most pressing environmental challenges facing the planet. We have the ambition to enable a low-carbon society through the products we deliver to our customers, textile recycling, plastic substitution, product life extension and efficient products that reduce energy consumption.

According to Worldwater.org, a non-profit organization aimed at raising awareness of water scarcity, 2.4 billion human beings are currently living in water-scarce areas and this number will increase to 3 billion in 2030. Through our Water Business Line and with our expertise in water transformation, desalination and water treatment, we have the tools to help fight water shortage.

We have also set ourselves ambitious targets in order to minimize our environmental impact, committing to reducing our carbon footprint by 30% by 2030 and becoming carbon-neutral by 2050. We made a major shift in 2021 towards non-fossil energies, allowing us, with other measures, to reduce our greenhouse gas emissions by 25%. We have identified the key measures of our carbon footprint across all critical areas—energy, water, waste and emissions—and we have monitoring and measurements in place today, plus a proven track record of addressing these topics.

To achieve our ambitious plan, we need engaged employees. We need them to feel they are safe, that they are heard and that they live in an inclusive environment. We need them to be connected to their local communities. And we want them to fully mobilize.



In 2017, we started a health and wellbeing initiative called Sulzer in Motion. From 100 participants for the first edition, we were pleased to see that more than 4'000 employees signed up for this initiative in May 2021. And even more so because each time an employee participates, we make a donation to UNICEF. Our engagement level, measured by Towers Willis, gained one point in 2021 to reach 86%, four points above the manufacturing norm of 2.3 million employees surveyed around the globe. Our Forbes World's Best Employers 2021 certificate, along with our Top Employers for Switzerland award, give us confidence in our ability to build on the strength and diversity of our people to fully deploy our sustainable agenda.

Frederic Lalanne,  
CEO Sulzer Group

# Wildlife Garden Manor Mill Meadow

As part of the health and wellbeing program, Sulzer Pumps UK maintains a 4'900m<sup>2</sup> garden with the aim of providing employees with a space where they can reconnect with nature and spend time in a nearby area that promotes mindfulness. All 470 employees have access to the garden. In 2021, we installed additional benches on the recommendation of employees. The benches were made from waste wood and the remaining chippings were used to pave the paths.

**6 species of trees and shrubs, 4 beehives and 28 rare or endangered species make the garden a biotope as well as a place of wellbeing.**



In the course of 2021, we also made improvements to foster biodiversity in our wildlife garden. We planted a butterfly garden with six species of trees and shrubs that are important nutritive plants for local butterflies. Two more beehives were installed, so the garden now has a total of four beehives. A large natural pond adds living space for insects and birds. For our human visitors to the garden, we extended the footpaths. Overall, we now have 28 rare or endangered species in the garden. The new areas of the garden are still establishing their biotopes and more species are expected to settle in.



# Sulzer technology decarbonizes the power sector



SaskPower's Boundary Dam Unit 3 is a 115 MW coal-fired power unit located in Saskatchewan, Canada that uses a carbon capture system with internals and packing from Sulzer.

This enables the direct capture of up to 90% of CO<sub>2</sub> emissions. In total, 4'256'840 tons of CO<sub>2</sub> have been captured and sequestered since start-up (source: SaskPower Blog - BD3 Status Update: January 2022 [saskpower.com](https://www.saskpower.com).)

The captured CO<sub>2</sub> is sent deep underground to enhance oil recovery (EOR) given the important oil & gas fields present in the region. It utilizes CO<sub>2</sub> to maximize the removal of oil from reservoirs. Some CO<sub>2</sub> is also permanently sequestered in a deep saline aquifer at the Petroleum Technology Research Centre's Aquistore facility. As the world needs to decarbonize its main emitting processes, namely power, to reach net zero by 2050, abated coal-fired plants with Sulzer technology could address the issue through retrofitting the existing plants.

## Up to 90% direct capture of CO<sub>2</sub> emissions

# Strengthening the self-confidence of young talent

## Scholarships supported with tailor-made coaching



For this report, we interviewed Clara Miranda, the first Brazilian WISE (Women in Science and Engineering) beneficiary, and her supporters at Sulzer Brazil. The supported students receive scholarships for the duration of their college education, plus the possibility of up to two years of technical training as interns at Sulzer Brazil. The internships are part of the curriculums and usually take place after the first two years of full-time studies at university. Overall, the scholarships entail a five-year commitment from both parties. “However, we aim to create a connection for life,” says Marcelo Alves, General Director of Sulzer Brazil, and President of Rotating Equipment Services for South America. “Whether they continue their careers with Sulzer or elsewhere, the positive impact will remain, as they will recommend us within their network and inspire more young women to choose technical studies.”

Clara started her studies in 2021, as a production engineer at the Catholic University of Campinas, the official partner university of Sulzer Brazil for the WISE program. “When I was first offered the interview for the entry process for the WISE program, I was surprised and I also immediately realized the huge opportunity this offered me,” says Clara.

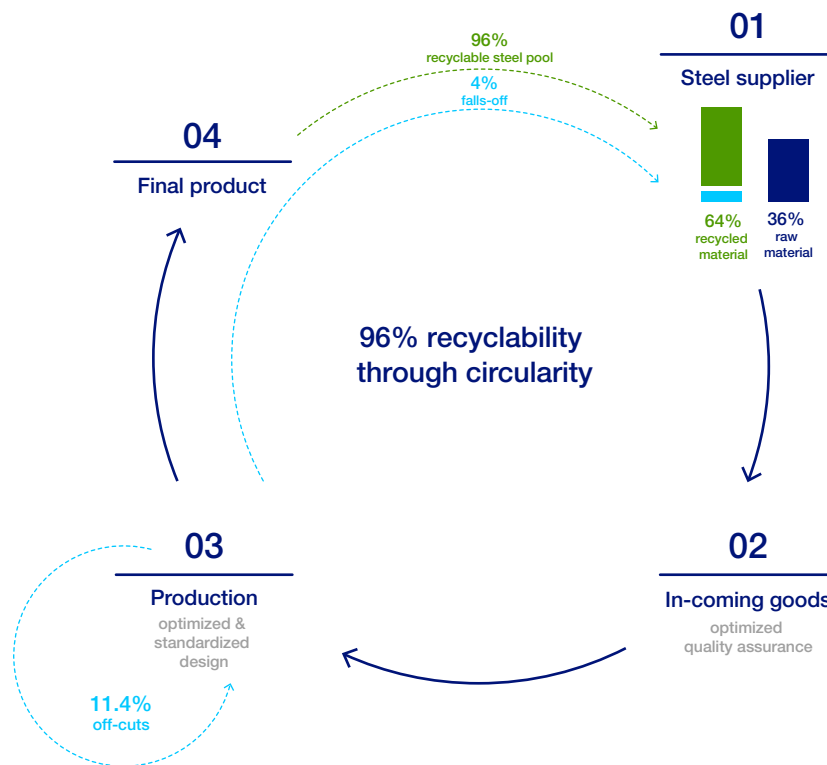
Clara was also able to visit Sulzer Brazil. “It was a huge pleasure to be able to visit the plant and get in touch with the international Sulzer community!” Sulzer’s HR team in Brazil, closely follows Clara’s progress.

**“The support motivates me to study even more!”**

Their monthly conversations enable Clara to gain more insight into Sulzer and the support strengthens her self-confidence. What is equally important is ensuring a strong support from the families as well, as the Sulzer team emphasized in the interview. “The program is an opportunity to make a difference in these young women’s lives,” says Marcelo Alves. “We not only have a positive impact on diversity in the technical fields in the long term, but we also offer fair access to education to talent. The studies are covered by a full scholarship for all university-related expenses with an opportunity to learn and put what they learned in university classes into play in a professional environment. Thus, we ensure that we offer enough help to really pull through the full curriculum.”



# Enabling steel circularity with Sulzer factories



## 96% recyclability through circularity

In Chemtech India and China, our teams focused on minimizing waste generation through an optimized and long-lasting quality assurance process jointly developed with our metal suppliers. During the operations, actions on design standardization led to fewer off-cuts and falls-off. All were either reprocessed in our own operations or sent to our suppliers to be recycled for the next batches. This means that ultimately 96% of the supplied metal ends in final products that are themselves recyclable. This was achievable thanks to a lasting relationship with our supplier and the strong engagement of our operational excellence teams in optimizing processes.



# Company presentation and business model

Sulzer was founded in 1834 in Winterthur, Switzerland, and employs around 13'800 people. Following the spin-off of the Applicator Systems (APS) division, now medmix, which was successfully completed in 2021, Sulzer has become a pure play flow control company with a technology portfolio in growth markets driven by sustainability. The company operates a portfolio with attractive exposure to macro trends such as water, including the maintenance and replacement of wastewater, clean water and desalination systems, and renewables used in biopolymers, biofuels and biochemicals.

Sulzer provides products, services and solutions in more than 100 countries around the world. Its total sales volume reached CHF 3'155.3 million in 2021. The regional-based sales and marketing approach with 183 production and service locations facilitates the development and maintenance of long-standing local relationships with the company's customers. To best serve its customers, Sulzer has organized its businesses into three regional reporting segments: Europe, the Middle East and Africa, the Americas, and Asia Pacific.

50% of revenues are generated by aftermarket sales. The installed base of flow equipment and chemical processing and separation technologies is being serviced by Sulzer's Services Division.

While Sulzer serves customers across different sectors, its four core end markets are energy, chemicals, industry and water. In 2021, water accounted for the largest share of orders at pumps, followed by industry and then energy.

The company is organized through three dedicated and highly specialized divisions, each with their own global footprint and industry-leading expertise.

For more information about Sulzer Ltd:

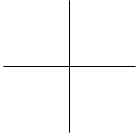
- For a list of the major subsidiaries of Sulzer, consult the [Sulzer Annual Report 2021, note 36 to the consolidated financial statements](#).
- For detailed information on the capital structure, refer to the chapter on [capital structure in the Sulzer Annual Report 2021](#).
- For information on shareholders that have reported shareholdings of over 3% or a reduction of shareholdings below 3%, please refer to the website of the [Disclosure Office of SIX Swiss Exchange](#).

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Sulzer Ltd is a company domiciled in Switzerland. The address of the company's registered office is Neuwiesenstrasse 15 in Winterthur, Switzerland.

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Sulzer Ltd is listed on SIX Swiss Exchange in Zurich, Switzerland. Symbol: SUN, securities no. 3838891/ISIN CH0038388911



### **Flow Equipment**

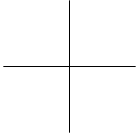
The Flow Equipment division specializes in pumping solutions specifically engineered for the processes of our customers. Sulzer provides pumps, agitators, compressors, grinders, screens and filters developed through intensive research and development in fluid dynamics and advanced materials. The company is a market leader in pumping solutions for water, oil and gas, power, chemicals and most industrial segments.

### **Services**

Through a network of over 100 service sites around the world, Sulzer provides cutting-edge parts and maintenance and repair solutions for pumps, turbines, compressors, motors and generators. Sulzer services its own original equipment, but also all associated third-party rotating equipment run by customers, maximizing sustainability and life cycle cost-effectiveness. The technology-based solutions, fast execution and expertise in complex maintenance projects are available at the customers' doorsteps.

### **Chemtech**

The Chemtech division is the global market leader in innovative mass transfer, static mixing and polymer solutions for chemicals, petrochemicals, refining and liquefied natural gas. Sulzer is steering the way in ecological solutions such as bio-based chemicals, polymers and fuels, recycling technologies for textiles and plastic, and carbon capture and utilization/storage, contributing to a circular and sustainable economy. The product offering ranges from process components to complete process plants and technology licensing.



**Read more on order intake by market segment and region for each division in the Annual Report 2021:**

- [Business review Flow Equipment](#)
- [Business review Services](#)
- [Business review Chemtech](#)

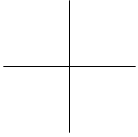
**Supplier Code of Conduct**

Sulzer is committed to supplying our customers with best-in-class products and services across the globe. Our suppliers play a key role in helping us serve our customers and we are proud to collaborate with those who share our values of quality, sustainability, social compliance and excellence.

Sulzer maintains a compliance program requiring all Sulzer companies to behave ethically and in a compliant manner. Suppliers and service providers for Sulzer must commit themselves and ensure that their organizations and sub-suppliers also act in line with the ethics and compliance standards applied by Sulzer.

**Suppliers commit to follow the principles set out below when supplying goods or performing services for a Sulzer company:**

- Comply with all applicable laws, rules, statutes and regulations, including but not limited to all applicable anti-corruption, anti-bribery, antitrust, competition (including unfair competition), modern slavery, tax evasion, money-laundering, and criminal laws
- Respect the 10 Principles of the UN Global Compact, such as but not limited to not using child or forced labor, respect internationally proclaimed human rights, promote supply chain transparency and integrity with regards to “conflict minerals”, not discriminate in respect of employment, act responsibly regarding the environment and worker safety, and actively work against corruption in all forms, including extortion and bribery
- Respect the personal dignity, privacy and rights of each individual and prohibit behavior that is coercive, sexual, threatening, abusive or exploitative

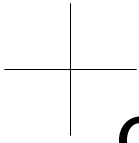


- Take all appropriate and reasonable security arrangements to prevent unauthorized access, collection, use, disclosure, copying, modification, disposal or similar risks of any personal data which it receives and collects from Sulzer
- Keep accurate business and financial records of all transactions related to their business with Sulzer and be ready to provide such records upon request. Protect and ensure that all information provided by Sulzer is kept confidential, and safeguard and process intellectual property in the best interests of Sulzer
- Act in compliance with the requirements of all applicable export laws, including but not limited to respecting the obligation of obtaining all required authorizations or licenses for the export or re-export of any goods or technology
- Grant Sulzer access to relevant supplier documents in the event of reasonable suspicion of violation of this Supplier Code of Business Conduct

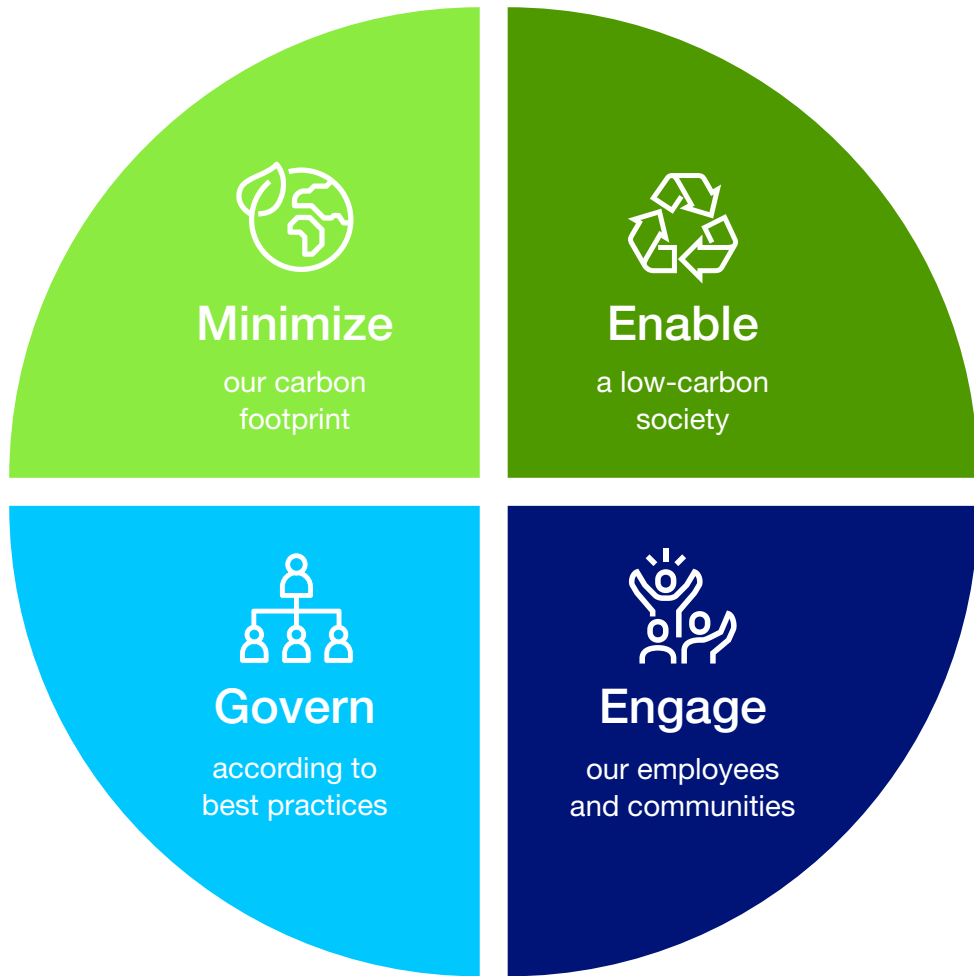
Sulzer has an automated and centralized Supplier Qualification process that ensures compliance. In addition to a technical process qualification for key processes related to the required Scope of Supply, Sulzer's Supplier Qualification process starts with an ESG evaluation and contractual clauses referring to the code of business conduct. Suppliers are regularly assessed and on-site audits are completed for the focus group, leading to jointly agreed supplier development plans. The ESG questionnaire covers not only environmental items but also includes ESG critical questions. This means that at the selection stage, suppliers are assessed against the Sulzer minimum ESG requirements. Non-compliant answers lead to further assessment and clarifications with the supplier. The central Supplier Qualification system blocks all purchase order placement with all non-qualified suppliers, thus ensuring compliance.

Sulzer's approach will be continued in 2022 to further assess our incumbent suppliers against ESG criteria. Additional learning sessions will be organised to leverage and adapt the practice, making it more effective. ESG criteria will be reviewed and then included in the Sulzer supplier audit protocol. In 2022, Sulzer will also go one step further in terms of collaboration with its suppliers by running its full scope 3 assessment (as per the greenhouse gas protocol). This will become a regular topic in order to keep knowledge of our whole footprint up to date and consequently drive closer and even more fruitful connections within the business network.





# Our four-pillar sustainability approach



**30%**  
emission reduction by 2030

Carbon-neutral by  
**2050**

Shift towards  
**Cleantech**



# Management approach and sustainability framework

## **Integrated sustainability governance**

Since the inception of the Sulzer sustainability strategy in 2021, sustainability is included in every aspect of our business processes. It is operationalized through dedicated multi-year programs aiming at driving continuous improvement, the basis of our operational excellence, and monitoring our sustainability performance. Our sustainability performance is regularly reviewed by the management and is part of the Sulzer standard business review process.

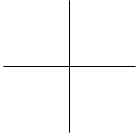
The Board of Directors is responsible for steering Sulzer's sustainability efforts. The Board ensures that Sulzer's solutions contribute to protecting the environment, that people and communities are safe, and that suitable management processes and systems are in place.

The Strategy and Sustainability Committee advises the Board of Directors on strategic matters (such as material acquisitions, divestitures, alliances and joint ventures), strategic planning, and definition of development priorities and Sulzer's sustainability efforts. The Committee meets twice to three times a year and oversees how sustainability policies and programs support business goals and aspirations. Read more on the Board and the Strategy and Sustainability Committee in the [Governance chapter](#) of this report. The CEO takes part in all Committee meetings. Depending on the topic, other members of the Executive Committee are also invited.

At the level of the Executive Committee, the Chief Human Resources Officer and Chief Sustainability Officer (CHRO–CSO; referred to as CSO in the context of this report) is responsible for the development and operational deployment of the sustainability strategy. The CSO is supported by a full-time Group Head Environment, Safety and Health and a dedicated organization involving different working groups within the Divisions.

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Read more on how Environmental, Social and Governance (ESG) factors are integrated into Sulzer's compensation architecture for the CEO and Executive Committee (EC) members in the [Governance chapter](#).



### **Compliance and risk management**

Sulzer has a Legal, Compliance and Risk Management group function headed by the Group General Counsel. Within this organization, a line reporting structure is in place for the three regions. The local Compliance Officers ultimately report to the Group General Counsel via Regional Compliance Officers and the Chief Compliance Officer. In addition, the headquartered Compliance and Risk Management team steers and runs the group-wide compliance program and all compliance investigations. To ensure the consistent rollout of group compliance initiatives, the compliance organization uses direct reporting lines. The Group General Counsel informs the Board of Directors and the Executive Committee regularly about legal matters and key changes in legislation that may affect Sulzer, as well as on important litigation.

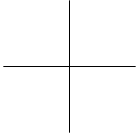
### **Sustainable Sulzer: new strategy launched in 2021**

In 2021, under the leadership of our newly appointed Chief Sustainability Officer, Armand Sohet, we launched a comprehensive new sustainability strategy: Sustainable Sulzer. The overall management approach is to set a lean direction and framework with clear objectives and measurable KPIs.

The plan is composed of four pillars: Minimize, Enable, Engage and Governance. The first three pillars encompass all of Sulzer's action spheres, while the fourth pillar, Governance, is assigned to the action sphere of the Board of Directors and the Executive Management of Sulzer. Each of the four pillars consists of four subsegments, or fields of action.

### **Human rights due diligence working group**

Already in 2020, Sulzer created a multi-disciplinary working group dedicated to addressing the various regulations in the field of human rights due diligence with a focus on the implementation of the requirements of the Swiss Responsible Business Initiative (Konzernverantwortungs-Initiative) and under consideration of other global standards (e.g., UNGC guiding principles on business and human rights, OECD guidelines for multinational enterprises, ILO standards) and laws with a similar thrust. The aim is to build a robust framework to respect human rights and remedy violations within Sulzer's own organization and its supply chain.



Sulzer is reviewing its internal processes with a focus on strengthening its due diligence process in order to detect possible violations against fundamental human rights, in particular child and forced labour, in its supply chain. Sulzer is following a risk-based approach based on its salient human rights issues criteria, such as high-risk locations and sectors, and significance of its suppliers, with a special focus on the on-boarding process for new suppliers. A risk-based due diligence refers to the efforts companies should take to identify and address actual or potential risks in order to prevent or mitigate adverse impacts associated with their activities or sourcing decisions.

#### **Global ESH network enabling sustainable behavior and carbon footprint working group**

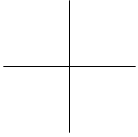
Sulzer's global Environment, Safety and Health (ESH) network drives its aim to protect employees. The group ESH function is responsible for designing the ESH strategy, corporate ESH culture, processes and programs to steer excellence, and for the development of our global ESH community.

The ESH network comprises a team of more than 100 ESH specialists across the organization who support management in continuously improving the environment, safety and health performance.

In addition, the production and service sites are certified according to ISO 9001, ISO 14001 and ISO 45001 or OHSAS 18001 as per our internal directive.

Within Sulzer, a separate working group was founded in July 2021. The corresponding work approach of the group for each topic is discussed in more detail in the [Minimize chapter](#) of this report. The "Sulzer carbon footprint reduction" group consists of representatives encompassing a variety of Sulzer actors, such as, but not limited to, Group and Division ESH functions, Group Real Estate, Operations and selected talents at site level.

The group meets monthly and acts as an enabler of projects driving the Sulzer carbon footprint down. It is active in sharing good practices to inspire other units, communicating results to increase engagement and delivering on Sulzer promises. This working group is led by the Group Head Environment, Safety and Health.



### **Identification of material topics**

The Sustainable Sulzer strategy includes 16 fields of actions that are material to the company. The strategy strongly builds on feedbacks from central stakeholder groups such as employees and investors. Additionally, a full materiality analysis process was started in 2021, engaging with all stakeholder groups with the aim of supporting our engagement policy (see [Engage chapter](#)). The final materiality analysis with systematic inputs by all stakeholders will be completed in 2022. This report gives a first insight into the process.

### **Main targets set**

We aim to minimize Sulzer's carbon footprint, enable a low-carbon society through our products and contributions to the circular economy, and engage our employees and communities to build a safer, more inclusive, and more sustainable future.

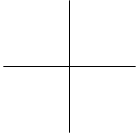
For our emissions, we have set ambitious targets in 2021 in two steps. We want to achieve a 30% reduction of our carbon footprint by 2030 and be carbon-neutral by 2050. Out of different workstreams, goals have also been set for waste and water targets, and HR key performance indexes. Over 2022, more targets in all spheres will be defined.

### **Global Reporting Initiative GRI**

It is our goal to work towards reaching full compliance of GRI standards in our reporting. For this report, we have therefore started to reference our contents to the GRI standards. Sulzer applies the Reporting Principles for report quality: Accuracy, Balance, Clarity, Comparability, Reliability, Timeliness. We also apply the Reporting Principles for defining report content on Sustainability Context and Completeness.

We follow the GRI 3-1, 3-2 and 3-3 guidance on describing our Management Approach on Sustainability topics. Furthermore, we apply GRI Standards to four of our defined material topics regarding the environment: GRI 302 (2016): Energy, GRI 303 (2018): Water and Effluents, GRI 305 (2016): Emissions, GRI 306 (2020): Waste.





### **Greenhouse gas reporting GHG**

Sulzer is committed to following the greenhouse gas protocol (GHG) set by the World Business Council for Sustainable Development and acts accordingly. This is the reason why our emissions are analyzed by an external provider, and our corporate carbon footprint (CCF) reports are disclosed on our website.

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Read more on how we measure our emissions in [Minimize Chapter, Greenhouse gas emissions](#)

### **United Nations Global Compact**

Sulzer takes part in the United Nations Global Compact (UNGC) initiative and is a member of the UNGC Switzerland and Liechtenstein local network. We report on our progress (Communication on Progress) as per the UNGC requirements. Single elements that correspond to the Sustainable Sulzer Report are integrated in this report.



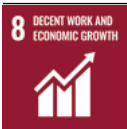





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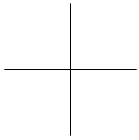
The CoP is available as a [download on the Sulzer website](#).

### **Sulzer's contribution to the Sustainable Development Goals (SDGs)**


While Sulzer does not directly report on the SDGs or map the SDGs to GRI, an impact map of Sulzer's sustainability policies and operations shows the main areas of direct relation to the SDGs.

# SDGs supported by Sulzer

SDG	Sulzer impact	Sphere of action
 <p>4 QUALITY EDUCATION</p>	Direct	Engage: mobilize, include
 <p>6 CLEAN WATER AND SANITATION</p>	Direct	Minimize: water consumption, Enable: water treatment
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Direct	Engage: protect, listen Governance: behavior, control
 <p>10 REDUCED INEQUALITIES</p>	Direct	Engage: protect, mobilize Governance: behavior, compensation
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Direct	Minimize: energy consumption, greenhouse gas emissions, waste, water consumption
 <p>13 CLIMATE ACTION</p>	Direct	Minimize: energy consumption, greenhouse gas emissions Enable: low-carbon society
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Direct	Governance: board, control, behavior
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Direct	Governance: behavior Sulzer supports all SDGs through partnership and through the UN Global Compact



SDG	Sulzer impact	Sphere of action
	Indirect	Through Goals 4 and 10
	Indirect	Through Goal 10
	Indirect	Through Goals 6, 8, 10, 12 and 13
	Indirect	Through Goal 10
	Indirect	Through Goal 8 and 12
	Indirect	Through Goal 13
	Indirect	Through Goals 6, 8, 12 and 13
	Indirect	Through Goals 6, 12 and 13
	Indirect	Through Goal 6, 12 and 13

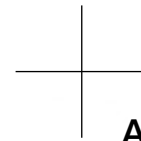


**Minimize  
our carbon  
footprint**

**1**

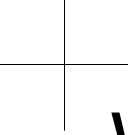
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**“We have set ourselves ambitious targets: reduce our own CO<sub>2</sub> emissions by 30% by 2030 and become carbon-neutral by 2050.”**



Armand Sohet,  
CSO Sulzer Group



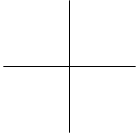


## We are well on our way to achieving these goals.

Reducing our own carbon emissions is one of our sustainability priorities. We are convinced that if we are responsible in the way we produce goods and offer services to customers, we will not only have a significant competitive advantage but we will also have employees who are even more committed to our overall efforts. When we announced our targets for 2021 and our commitment to reducing our carbon emissions by 30% by 2030, we knew that we would have the support of all the staff, from the managers to the plant directors, to achieve our goal.

What we didn't know was how quickly we would be able to implement our program. And it is with great satisfaction that we have been able to measure our progress within a year. Indeed, with a 25% reduction in emissions in 12 months and a 29% reduction on our baseline, which is the average of the three years 2017/2018/2019, we have been faster than we expected. Our efforts over the past few years to convert our energy sources from fossil to non-fossil energy account for a large part of our success.

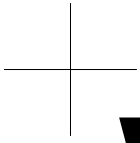
To a lesser extent, we have also benefited from the decline in air travel in 2020 and 2021. But the air traffic control and restriction measures put in place long before COVID-19 give us confidence that we will continue to make sustainable progress in reducing our emissions.



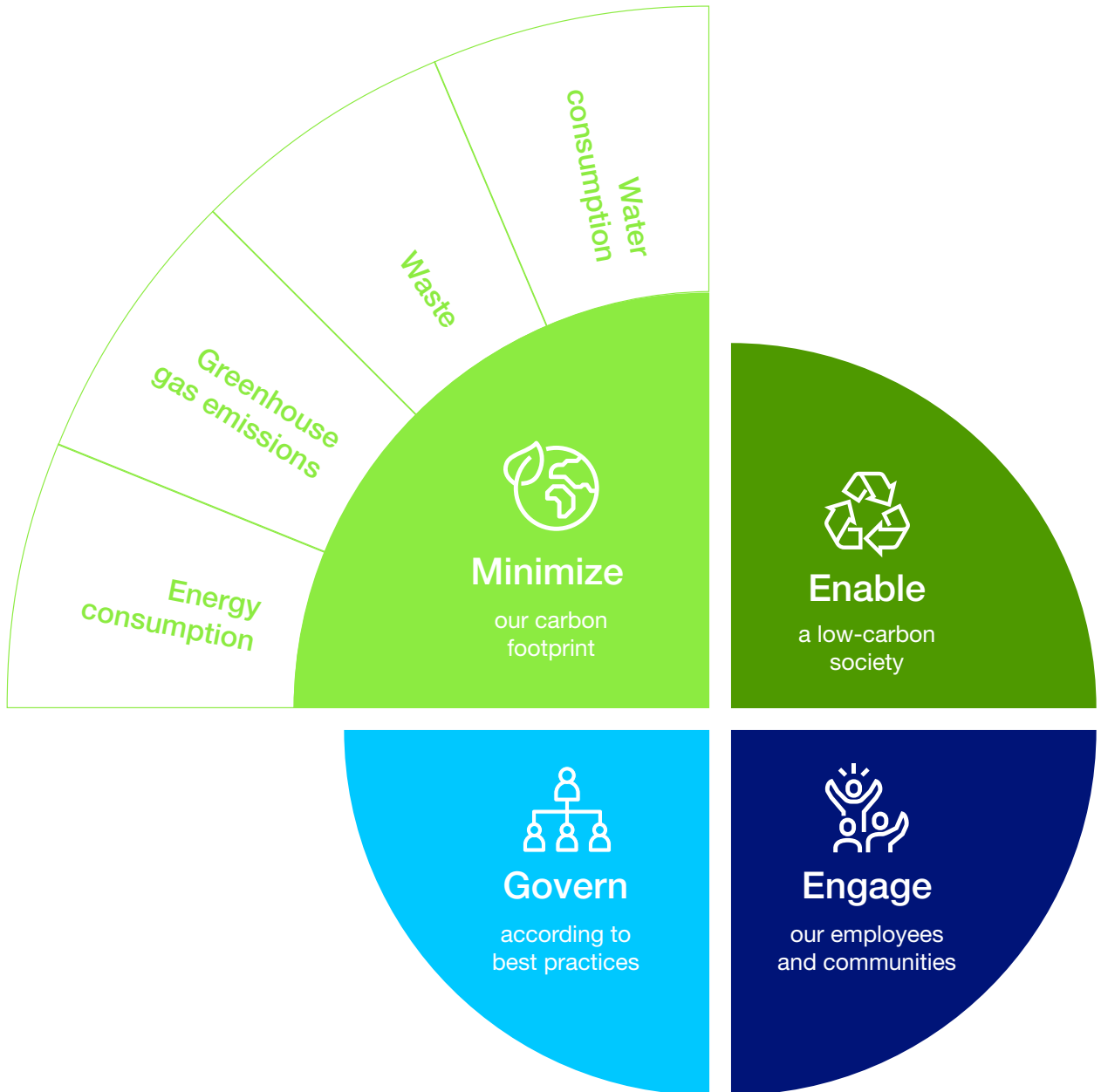
Shell has put in place a very ambitious program to reduce its own CO<sub>2</sub> emissions and has asked its suppliers to participate in the Supplier Energy Transition Hub. We are one of the suppliers who have agreed to participate in this effort.

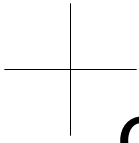
When at the very beginning of 2022, Shell told us that we were ranked as the number one supplier as a contributor to the reduction target, we were collectively proud of this recognition.

As Chief Sustainability Officer, I am very pleased with this result, and as Chief Human Resources Officer, I am also very pleased with the engagement rate of our employees: at 86%, it is four points higher than other companies in our sector. I hope to see this result confirmed at Voice of Sulzer 2022 because I see this as the basis for our sustainable development.



# We act





# Our commitment

# 30%

emission reduction by 2030

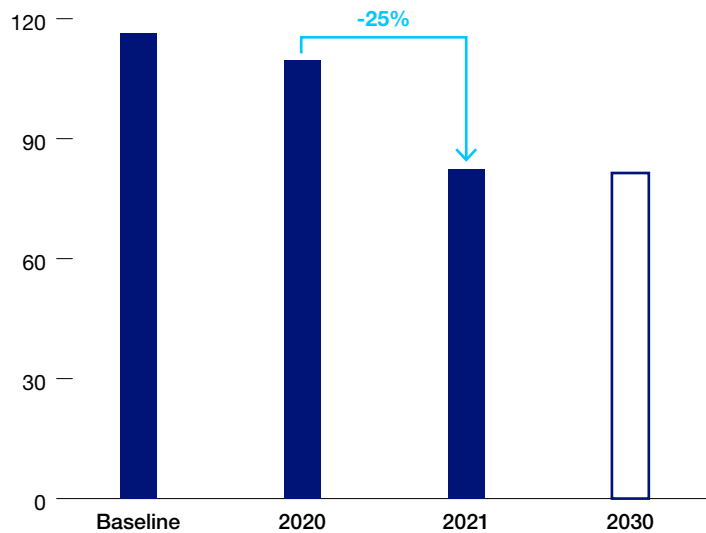
Carbon-Neutral by

# 2050

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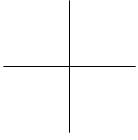
## Sulzer has decreased its carbon footprint by 25% against 2020

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### Our practices in action

In 2021, Sulzer decreased its CO<sub>2</sub> eq emissions by an impressive 25% compared to 2020. This significant decrease was reached in all monitored scopes thanks to our team actions and a decisive shift towards non-fossil fuel electricity. We also improved our energy efficiency at factory level, through a coordinated approach between our LEAN and manufacturing teams. All our initiatives are governed by our newly created CO<sub>2</sub> working group, which gathers multi-disciplinary teams and meets monthly. It designs the programs and drives them to completion.



### Management approach

Energy and climate are global challenges, both with a double materiality impact on and by Sulzer. Sulzer acts to minimize its impact across the whole value chain, starting with its own operations. Energy decarbonization is one aspect that drives immediate results. This supports the energy transition to a world aligned with the Paris Agreement goal and reinforces business resilience.

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#### Under this framework, Sulzer has defined four priorities and fields of action:

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- minimize our energy consumption,
- minimize our corporate carbon footprint,
- minimize our waste generation,
- minimize our water consumption.

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#### We address these priorities by focusing on:

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- decarbonizing our energy supply,
  - improving our process efficiency to reduce our net energy consumption,
  - reducing our waste generation,
  - protecting water, by reducing our footprint in water-scarce areas.
- 

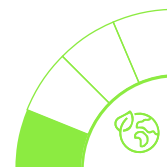
All our manufacturing sites are required to be ISO 14001 and ISO 450001 or OHSAS18801 certified. This drives continuous improvement and Sulzer's operational excellence.

At Sulzer, the Chief Executive Officer is ultimately responsible for the Sustainable Sulzer program, while the Divisions are accountable for its execution. Our Chief Sustainability Officer is responsible for coordinating the various programs that will deliver our commitments. Beyond these roles, Sustainability involves everybody at Sulzer, through dedicated working groups empowered to design the multi-year programs. We report progress on a regular basis to management in order to review, track progress and reflect on our performance, as per our management system and our environmental data collection tools. We aim at getting our data certified and started with our CO<sub>2</sub> emissions being calculated by an external consultant.





# Energy consumption



## Management approach

Sulzer treats the topic of energy consumption overall, and especially with a focus on fossil sources, as a topic that has a global impact on Sulzer itself, as well as its up- and downstream activities. We follow a double materiality approach, by minimizing our own direct impact within the scope of our operations and by enabling low energy consumption up- and downstream (read more in the [Enable chapter](#)).

**x5**

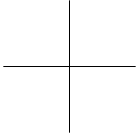
times more decarbonized  
energy sourced in 2021 vs 2020

## Results and lessons learned 2021

Sulzer consumed five times more decarbonized energy (e.g., non fossil fuels) in 2021 compared to 2020, thank to our efforts in shifting our energy mix. Consequently, our carbonized energy originating from fossil fuels decreased by 16% in 2021 compared to 2019. During the same period, our natural gas consumption decreased by 8% and by 11% compared to 2018.

Sulzer's energy intensity is on a steady decline despite robust growth in sold goods. Our total energy consumption decreased by 4% in 2021 compared to 2019, making the company more efficient.

Sulzer shifted towards decarbonized energy (e.g., non fossil fuels) with an astonishing +560% growth year on year.



We drive our energy consumption reduction through energy audits performed by external vendors and in compliance with the ISO50001 standard. In 2021, most actions consisted of organizational setup and equipment upgrades. These learnings were shared with the other sites in order to leverage the practice and give each site the capability to implement actions.

### **Outlook**

In 2022, we will further expand our reliance on non-fossil fuels with a plan to get at least 70% of our sites shifting to clean energy as a source of electricity. We will monitor our performance using the ESH reporting and management system, using our internal reporting tools.

In 2022 Sulzer will sign a contract with an external vendor for live monitoring of its energy consumption in the European region as a start. This will allow improved energy management and provide learnings that will be leveraged into the whole group.



# Greenhouse gas emissions



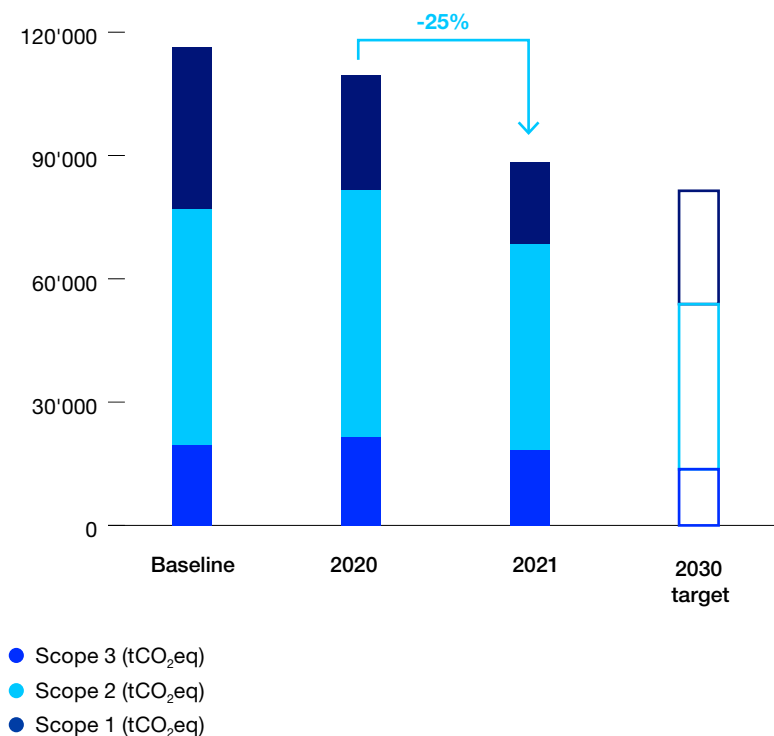
## Management approach

For greenhouse gas emissions (GHG), Sulzer follows a double materiality approach, by minimizing our own direct impact within the scope of our operations and by enabling lower carbon impact up-and downstream (read more in the [Enable chapter](#)). Sulzer joined the Science Based Targets initiative in early 2022 and committed to net zero goals; it will later submit a detailed decarbonization program for validation.

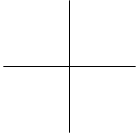
## Results and lessons learned 2021

In 2021, Sulzer decreased its CO<sub>2</sub> emissions by an impressive 25% year on year and by 29% compared to our baseline, putting the company well on track to reach its 2030 objectives for scopes 1 and 2. Improvements in scope 1 were driven by local initiatives to improve process efficiencies and coordinated by the Sulzer-wide CO<sub>2</sub> working group that identified almost 60 projects. Most of the decarbonization was achieved in scope 2 by shifting to non-fossil fuel electricity. Overall, we also note an improvement compared to our baseline comprising the average of years 2017, 2018 and 2019.

## GHG emissions



The Sulzer CCF (corporate carbon footprint) report is available on the [Sulzer website](#). Refer to pages 8 to 14 of the report for more details on methodology, organizational boundaries, and data collection.



The currently measured scope 3 is also on a strong decline (by almost 8'000 metric tons versus 2020) thanks to updates in the company's policies on business travel and a deliberate shift in methods of working (more remote work and digital meetings).

In 2021, we learned that initiatives to minimize our carbon footprint generate a high level of engagement from our teams. Several sites have created local working groups and benefited from our employees' ideas: at our Bruchsal plant in Germany, employees wanted to decarbonize their commuting and asked for e-bikes. The local management, together with the employees, co-designed a program leading to leased e-bikes and cycling safety training.

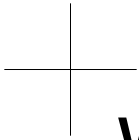
In addition, we learned that sharing practices across the company triggered initiatives in all areas and stimulated creativity beyond the non-fossil fuel programs.

### **Outlook**

To further address scope 1 GHG emissions, the top 12 sites will be covered by an energy audit as per the ISO 50001 standard. Actions will then drive energy consumption down, with a positive impact on the carbon footprint. All other sites will also be encouraged to undergo such audits, if not already completed. An alternative to a full audit for smaller sites is to use the Sulzer internal checklist that helps map the main sources of energy consumption and define the relevant improvement actions.

Our target is to have at least 70% of our sites shift to non-fossil fuel electricity by the end of 2022, further improving our scope 2.

In 2022, Sulzer will perform a full assessment of its scope 3. This is a first step in the decarbonization pathway with impact on our value chain.



# Waste



## Management approach

Sulzer generates varying amounts of waste and recycling materials in its operations, with an impact on a number of local waste management systems and natural environment. Reducing our own waste and maximizing recycling rates at Sulzer is the first step towards a circular economy. Waste management starts from elimination of waste, an approach that is well anchored in our lean manufacturing principles, driving our operational excellence culture, followed by the reduction of waste generation.

At Sulzer, all waste is treated off-site in dedicated facilities. Most of the waste generated during the manufacturing process is made of metal, a fully recyclable material.

The waste-related data is collected at site level based on utilities monitoring, and then consolidated within the group through our ESH information management system.

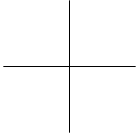
## Our commitment

# 80%

waste recycled by 2025

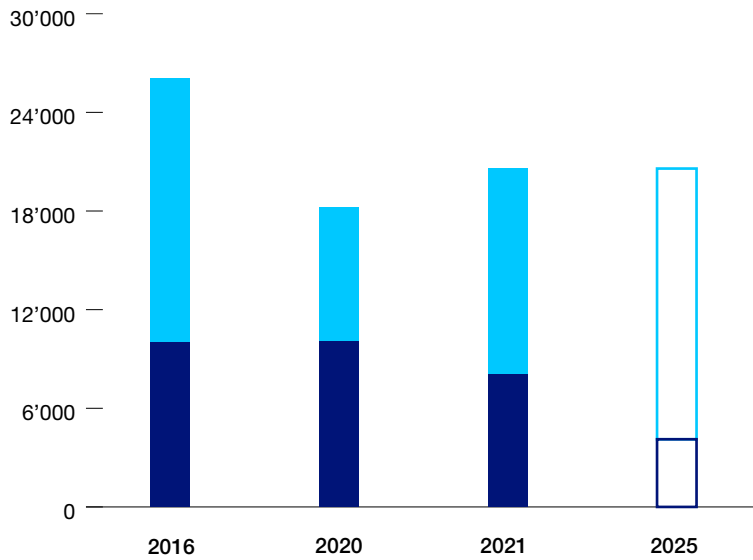
# 0%

landfill by 2025



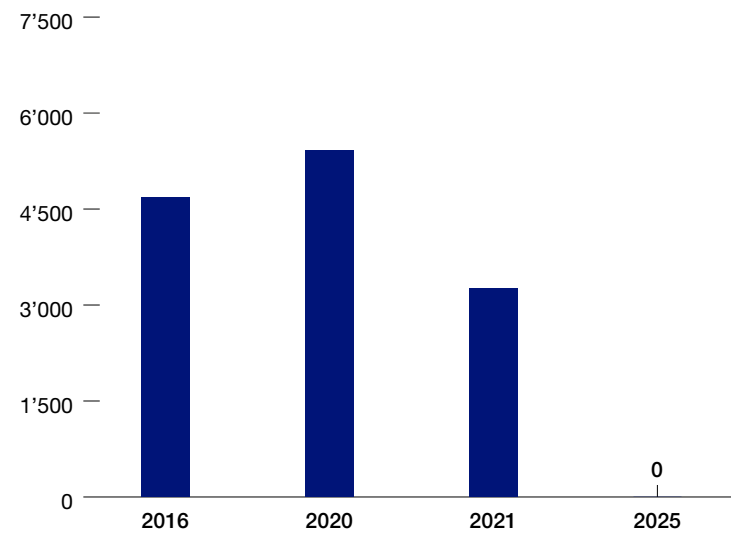
## Our practices in action

### Waste and recycling

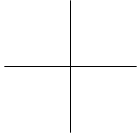


- Recycled waste (t)
- Other waste (t)

### Waste to landfill



- Total waste to landfill (t)



62%

waste recycled in 2021

3'264t

of waste sent to landfill in 2021

### **Results and lessons learned 2021**

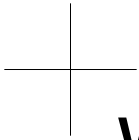
In 2021, 62% of the total waste amount was recycled, with a 68% recycling rate for non-hazardous waste. This means that more than half of our waste and more than two thirds of non-hazardous waste was recycled in 2021. In 2021, we sent 3'264 metric tons of waste to landfill, which means a reduction by 1'420 metric tons compared to 2016.

In 2021, we have seen a steady gain in momentum on the topic of waste, as sites have designed their own objectives, leading to cross-company best practice sharing and employee engagement.

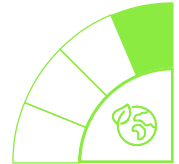
### **Outlook**

In 2022, Sulzer will create a taskforce for waste management with the aim of setting new waste standards, gathering good practices and training relevant people in the organization to better map the waste streams and identify areas for improvement. The goal will be to eliminate waste and identify environmentally friendly solutions for end-of-life, along with laying the groundwork for our broader circular economy strategy. We do that because we understand that our impact on nature can be minimized: upstream as it means less resource consumption and downstream as it lowers air, soil and water pollution, and reduces the energy consumption required for their treatment.

Our new target is to send no waste to landfill by 2025. In terms of recycling, our goal is to reach a minimum recycling quota of 80% for all waste by 2025.



# Water consumption



## Management approach

Some of Sulzer's processing activities are reliant on water, e.g., cooling or the testing of equipment. Beyond this, Sulzer identifies water protection as a global challenge that requires dedicated action.

We act by lowering our overall consumption and reaching high water quality everywhere we operate, namely in water-scarce areas where resource availability, quality and shared usage may become a challenge. Sulzer sources its water mostly from municipal water networks. Once processed, water discharges are mainly directed to wastewater treatment plants and ground water (more than 90% of the flow), with very little released into oceans or surface waters.

Effluents are mostly treated in external wastewater treatment plants, which play a major role in depolluting and then releasing the treated water.

Water withdrawal and discharges are part of the environmental KPIs that are monitored at Group level. These are used to design our improvement program focused on water withdrawal and pollutant minimization.

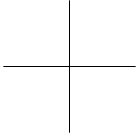
Our merger and acquisition process includes a review of potential legacy soil and ground water pollution. The assessment is done as a first step by performing an environmental due diligence study (phase 1). The results of such a study, made by reputable companies are used to mitigate the risks, if any.

The water-related data is collected at site level based on utilities monitoring, and then consolidated within the group through our ESH information management system.

## Our commitment

# 100%

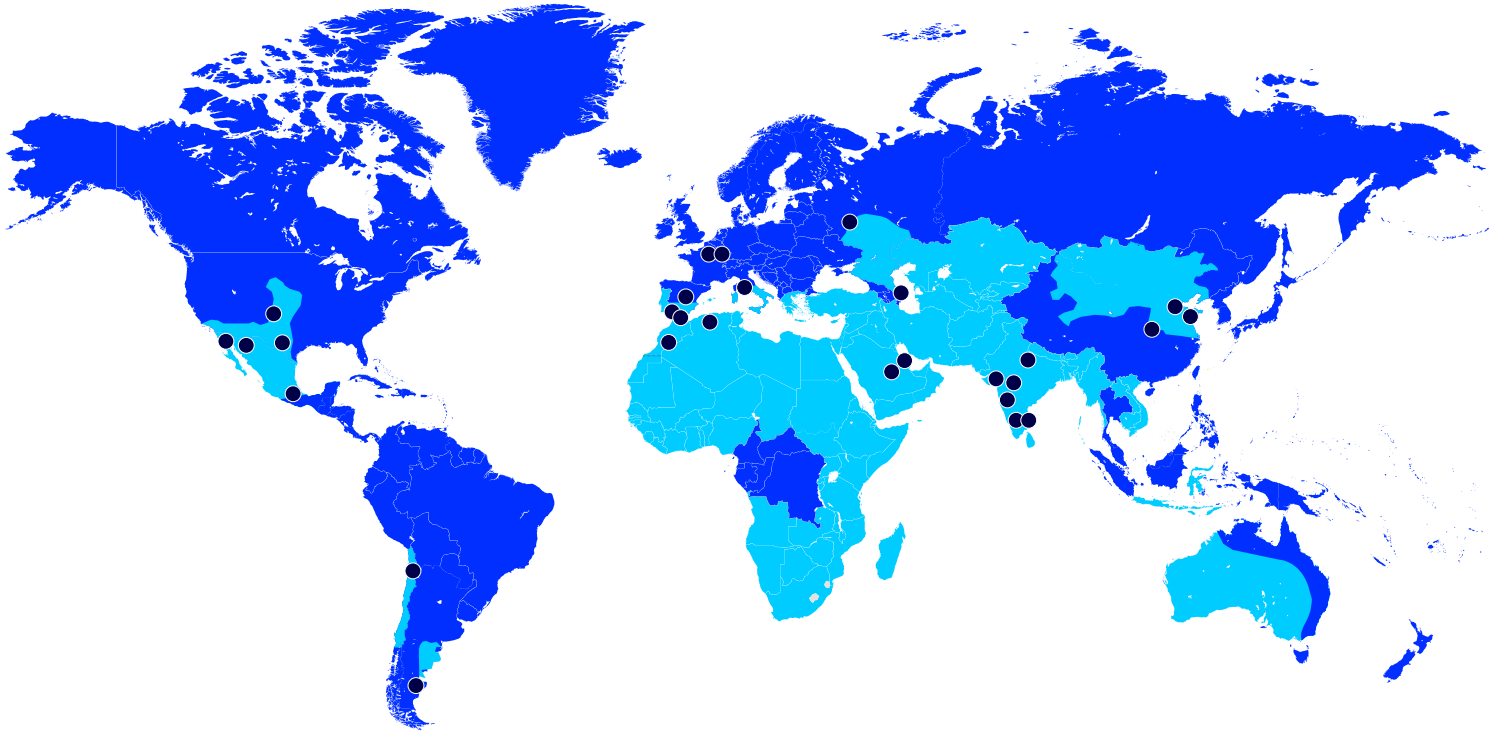
sites in water-scarce areas with water management plans by 2025



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**Sulzer locations in water-stressed areas**

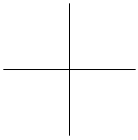
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- Low overall water risk
- High overall water risk

Aligned with World Resources Institute, Aqueduct



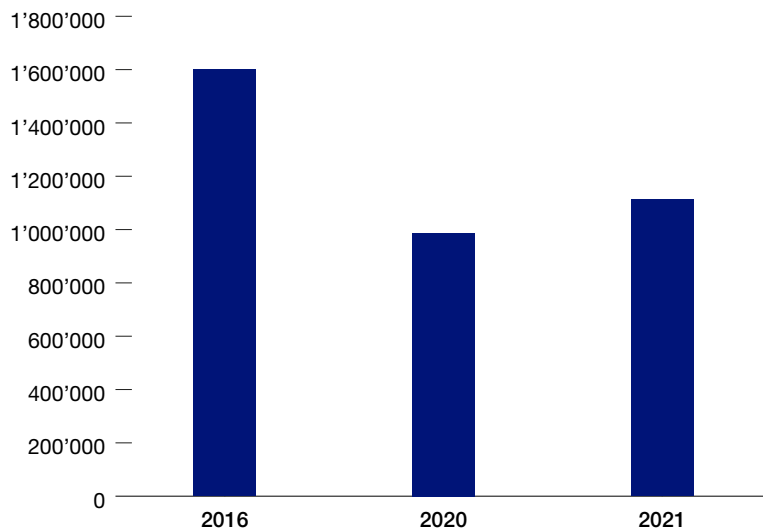


## Results and lessons learned 2021

# -30%

water consumption compared to 2016

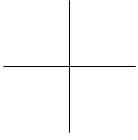
### Water consumption



● Total water consumed (m<sup>3</sup>)

Water consumption at Sulzer has decreased by 30% compared to 2016, with water intensity following the same trend.

A few sites discharge their industrial cooling water into sea waters. As our manufacturing sites are ISO 14001 certified, they are required to have emergency response plans that include a spill response. This prevents pollutants from entering the water collection systems and/or the ground and adversely affecting the water resource.



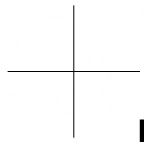
For sites that are known to be contaminated due to legacy, the soil and ground water quality is monitored as per the applicable regulations and/or permits delivered by the local authorities.

To assess its impact on water resources, Sulzer performed an assessment of its locations regarding the water-related risks. The assessment was done using the WRI – Aqueduct tool and led to the identification of the manufacturing activities operating in water-scarce or stressed areas. This assessment was run as part of the 2021 risk management process.

### **Outlook**

As a result of the water stress and scarcity exposure assessment, the exposed sites will start designing local water management plans. This will then be the basis for sound water management and a decrease in impact in both the resource consumption and its pollutant content. The local plants will consider the downstream process, meaning the water treatment plants where Sulzer wastewater is treated, with the aim of ensuring that they are designed to handle the discharged volumes together with their pollutant content. The goal is to ensure that the treated water is of the right quality to guarantee a safe end in its ultimate natural environment.

Beyond these risks, the 2022 climate risk assessment will also include water-related natural hazards for our operations. This will allow the company to understand its exposure with regards to climate change and improve its resilience.



# Enable a low-carbon society

# 2

+

**“Sustainable solutions  
are achieved with a  
strong culture and highly  
committed teams.”**



Louise Graffner,  
President Nordic Water



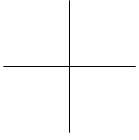
## A truly circular approach

80% of the world's wastewater is still released into nature without adequate treatment, according to United Nations Water. Our natural water sources have reached their limit of self-regeneration. With rising urbanization, cities worldwide are now preparing for growing populations by expanding capacities in water treatment.

Sulzer Nordic Water develops and supplies the most efficient and cost-effective water treatment solutions for municipal and industrial markets worldwide. This is driven through our sustainability engineering concept: we design “Sustainable Solutions”.

This means that we attract our customers with highly valuable and sustainable products and help them in continuously reducing their Total Cost of Ownership (TCO). They benefit from our sustainability-rooted engineering through product durability and quality, reduced footprint, and lower energy and chemical use. This is topped by our designers' desire to always maximize simplification of maintenance and consideration of recyclable materials. With these priorities in place, we ensure maximum up-time, purification, optimization and increased lifetime for our customers' installations.

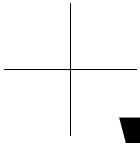
Sustainable solutions can only be achieved if there is a strong culture with highly committed teams: our people tell us that they work and go the extra mile to help the company succeed. This is well evidenced in our regular employee surveys!



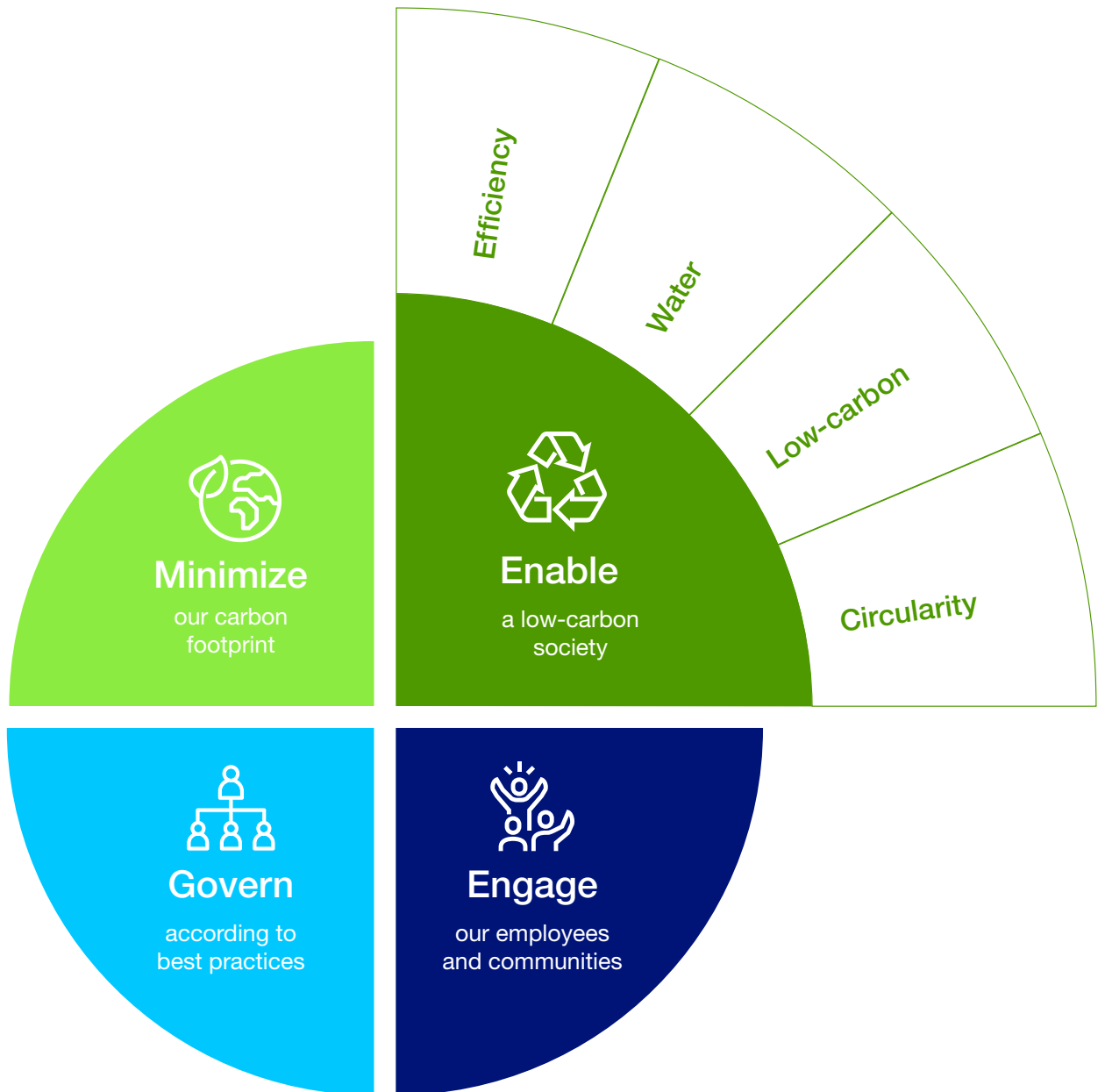
This very high engagement boosts productivity and attracts talent, bringing additional passion and purpose to why and how we work. Our ambition, as leaders, is to develop this culture and support it by leading by example and engaging our partners in the whole value chain, with a clear vision: “Sustainable Sulzer”.

With our combined Sulzer-Nordic Water portfolios, we have been working towards ambitious sustainable development goals since 2021: catering for the entire water life cycle, ensuring that clean water reaches the people and natural environments that need it – even in the most difficult circumstances.

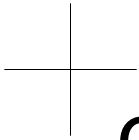
With our unique solutions, we are ensuring that the highest quality infrastructure is put in place to meet those needs, securing water for future generations with minimal waste, energy consumption and footprint.



# We act







# Our commitment

Shift towards

# Cleantech

## Our practices in action

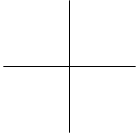
### Becoming energy-neutral by producing biogas from sludge

An innovative biopower scheme in the Netherlands is using a new process to produce biogas from sludge during wastewater treatment. Sulzer supplied equipment and expertise to the plant.

Sulzer's wastewater treatment specialists developed a customized solution to mix the sludge, a key part of the process, helping the plant to increase biogas production by 20-30%. One of the first of its kind, the utility that serves around 90'000 people is now on track to achieve energy neutrality by 2030.

The Rivierenland Water Authority in the Netherlands is investing in new infrastructure to improve the performance of its wastewater treatment systems while also reducing its impact on the environment. The Energie Fabriek West (Energiefabriek West) project in Sleeuwijk consolidates three wastewater treatment facilities into one and includes new technology to produce biogas from sludge to supply a power generation unit. With this, it plans to become energy-neutral by 2030.





The plant's process relies on a highly complex flow-control system, pumping the sludge between different compartments and mixing it to prepare it for maximum biogas production. Sulzer's wastewater treatment specialists developed a customized approach to mix and prepare the sludge, allowing it to be broken down more efficiently to produce increased amounts of biogas. The company supplied a range of pumps, agitators, turbocompressors, diffusers and a flow booster, all with the highest levels of efficiency, to help the plant reach its goal of energy neutrality. Energiefabriek West began full operation in 2021 and has been performing efficiently since.

### **Management approach**

Decarbonizing the industry is one of the central challenges to meeting net zero. Sulzer has long experience of eco-design as it started with its life cycle assessment back in the early 2010s.

<b>Under this framework, Sulzer has four priorities:</b>	<b>We address these priorities by focusing on:</b>
<ul style="list-style-type: none"><li>• increase the energy efficiency of our whole portfolio,</li><li>• strengthen our offering in water treatment and transformation,</li><li>• provide technologies for a low-carbon society,</li><li>• build a circular business model.</li></ul>	<ul style="list-style-type: none"><li>• ecodesign: minimizing both energy and raw material consumption, enabling the best cost of ownership for our customers,</li><li>• product life extension: through retrofit, upgrades and reparability,</li><li>• artificial intelligence: to leverage performance thanks to data analytics,</li><li>• waste recycling and conversion: such as plastic and textiles.</li></ul>

Our culture of high quality prevents defects from occurring and requiring additional reprocessing. In 2021, we did not perform any product recall.

At Sulzer, the CEO manages the evolution of our portfolio towards clean technologies, while the divisional presidents drive the technology forward to meet our sustainability goals. Our technology and product management teams, well connected with our sales forces, are accountable for the execution. We work closely with our customers to identify their next needs, anticipate the market trends, and prepare the next product generation. The shift towards cleantech is a central part of the executive committee's agenda to ensure Sulzer products match customer demand and enable a low-carbon society.

# Efficiency



# + 7%

improved efficiency with Sulzer  
IE3 standards

## Our practices in action

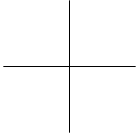
Sulzer is proud to be the first company to have launched municipal water pumps with a premium efficiency rated IE3 for submersible motors. The energy efficiency level of motors is expressed in International Energy efficiency classes (IE), IE1 being the lowest and IE5 the highest. With this Sulzer standard offering, customers benefit from up to 7% gains in efficiency, resulting in direct energy and cost savings.

The submersible sewage pumps of the type ABS XFP are the best choice for ensuring efficient and reliable pumping in any wastewater pumping station. The submersible wastewater pumps, mainly installed in network pumping stations, are equipped with Premium Efficiency IE3 motors as standard and with Contrablock Plus impellers – balancing efficiency and reliability. They are designed to process today's wastewater, which is mainly composed of less water due to low-flush toilets and a range of sanitary items such as wipes, fibre material, etc. With such solutions, customers reduce their downtime due to continuous operation of the pump and save energy.



[Submersible sewage pump  
type ABS XFP](#)

[Lifetime of efficiency report](#)



### **Results and lessons learned 2021**

Energy efficiency has always been part of Sulzer's DNA: it is a permanent quest to provide customers with the most efficient products and systems. This is achieved thanks to strong relationships with our customers, suppliers and partners.

#### **Our design teams leverage efficiency gains through:**

- lower weight and resources needed per product,
- innovative technologies and solutions,
- extended product life-time and circularity, namely repairability and upgradability,
- reliability and availability.

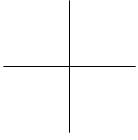
Our latest turbo compressors (HST model) are market-leading due to the innovative combination of a permanent magnet motor and magnetic frictionless bearings, with the latter being entirely developed in-house.

Sulzer has been a front runner in integrating the EU directive requirements on eco-design. Sulzer products are ready to be selected by customers according to these criteria and similar standards, be it in the USA or China.

In the wastewater market, where the solid content of effluents is increasing, we focus on offering pumps that do not stop operating despite this additional flow of materials. This means continuous operations with less maintenance thanks to market-leading hydraulics.

Our service teams retrofit products, giving them a new life with vastly enhanced performance, particularly in terms of efficiency, by leveraging the newest technologies. This lowers the total cost of ownership (TCO) and energy consumption, as well as the need for new materials, all for the benefit of our customers and nature.

By continuously listening to our customers, we prioritize product serviceability and adapt our models from a pure asset ownership to a more service and capability-driven offering.



## Outlook

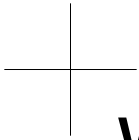
Customers will increasingly include sustainability criteria in their product selection process, complementing the cost and technical capabilities of the product they purchase. Sulzer is in a very good position to address these needs thanks to its competencies and capabilities, as these criteria are already part of our design and offering.

The market is shifting towards more versatile products that offer full flexibility and minimize both energy and raw material consumption – for example, the ability to pump liquids in both directions. Here again, our engineers are preparing to get a head-start in this area.

Sulzer already provides energy-efficient solutions for energy storage (e.g., via compressed air), the key challenge for renewable power. We also invest in the emerging hydrogen market and participate in research into novel molten salt-based thermal energy storage solutions.

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**Eco-design  
as a prominent  
criterion in  
procurement  
strategies.**



# Water



## Our practices in action

### Agricultural wastewater treatment and irrigation at El Temsah lake, Egypt

Sulzer was selected on October 2021 to supply a range of pumps and agitators that are uniquely designed to meet the requirements of the highly specialized agricultural wastewater treatment process at El Temsah lake in Egypt. The lake has become heavily polluted in recent years from decades of run-off from the region's farms.

Reversing the pollution is a key part of Egypt's water diversification strategy to provide clean water for agriculture and ease pressure on the River Nile's strained resources. Sulzer's pumps and agitators are supporting the award-winning water treatment plant, one of the biggest of its kind in the world, to irrigate 70'000 acres of agricultural land in the region and reverse the lake's declining ecology.

## Results and lessons learned 2021

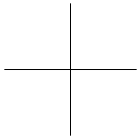
Each year, Sulzer supplies pumping equipment that has the capacity to transport 56 billion litres of wastewater, or the effective usage of 280 million people, safely and efficiently from the point of use, through the collection network to the wastewater treatment process, and ultimately back to nature.



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**280 million people access water with Sulzer products.**

56 billion liters of wastewater transported by Sulzer in 2021.



# + 4%

growth rate per annum for  
the water market

# Unique

Sulzer's capacity to capture  
water market growth

For decades, Sulzer has been developing and expanding its business to create a comprehensive portfolio of water treatment solutions for all stages of the water life cycle. With the acquisition in 2021 of Nordic Water, a leading supplier of water treatment technology, water is now the largest business in Sulzer's Flow Equipment Division.

# More compact

facilities to treat more water in bigger congested cities

## Outlook

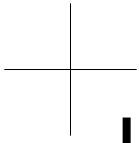
The main market growth drivers are growing populations along with increasing urbanisation. Our ecodesign improves efficiency and footprint, enabling upgrading of existing infrastructure while minimizing its footprint with the most efficient and compact products for congested urban environments.

According to the World Health Organisation, only 45% of the world's population has access to "managed" wastewater collection, meaning approximately 3.5 billion people. We expect our customers to continue expanding their facilities and portfolios for water treatment as water quality becomes a challenge in multiple world regions.

Sulzer has a comprehensive portfolio of water treatment solutions for all stages of the water life cycle: from collection to purification, transportation and desalination. Our sustainable products are already now serviceable, repairable and upgradable by design. With our global service presence, we will support our customers in getting the highest availability, thereby helping to protect this precious natural resource and save energy with innovative treatment techniques.

With the recent acquisition of Nordic Water joining forces with our existing Water business, we are perfectly placed to meet our customers' future needs in terms of technology and investment.





# Low-carbon



up to

# 90%

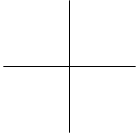
CO<sub>2</sub> emissions from the thermal power industry  
can be captured with Sulzer technology

### Our practices in action

Reaching up to 90% carbon capture at the point of emission requires a close and very early collaboration between customers and Sulzer. Evidence of such valuable upstream interactions led to a Middle Eastern state-owned energy company choosing the right high-energy pumping technology for its ambitious project to use supercritical CO<sub>2</sub> instead of water for enhanced and circular oil extraction. The supercritical CO<sub>2</sub>, produced using captured emissions, is much more effective than water in extracting oil from depleted oil wells, reducing the need for further exploration while simultaneously storing the captured CO<sub>2</sub> safely underground. In this project, the customer was able to achieve cost savings and higher efficiency thanks to the right selection of the highly specialized supercritical pumps early in the process.



Up to 23 years of additional life for power plants with Sulzer carbon capture.



### **Results and lessons learned**

As stated in various reports, “accelerating efforts towards the phasedown of unabated coal power and phase-out of inefficient fossil fuel subsidies” is fundamental to reach the Paris Agreement goal of limiting global warming to well below 2 degrees Celsius, and preferably to 1.5, compared to pre-industrial levels. There are numerous solutions and paths to decarbonize the world, from carbon-neutral operations to carbon dioxide removal (CDR) technologies. Sulzer's technology for CCS (carbon capture and storage) was pioneered more than a decade ago. Thanks to its scalability, investments in CO<sub>2</sub>-intensive industries such as power generation bring immediate and tangible results.

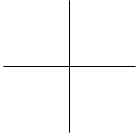
To intensify efforts, Sulzer is also developing solutions by partnering with companies promoting CCUS (carbon capture, utilization and storage) for other industries. For example, Sulzer announced in 2021 its partnership with [Blue Planet](#) to capture CO<sub>2</sub> from various emission-intensive industries, permanently sequestering the CO<sub>2</sub> to form synthetic limestone aggregates – used to make carbon-neutral or carbon-negative concrete.

Sulzer innovates by developing solutions that enable the shift to non-fossil fuels, with technologies that support the production of biobased fuels and other clean technologies: [Sustainable and degradable bioplastics with Sulzer – Sulzer Annual Report 2021](#).

Through these efforts with our customers and partners, Sulzer is enabling various routes to decarbonize and sustainably transform industries around the world.

### **Outlook**

The role of CCUS is set to change over time: at first, the focus is on decarbonizing existing assets in the power sector and heavy industries. Then a shift will be required towards removing carbon from the atmosphere and offsetting emissions in sectors where they are hard to abate. CCUS is set to make the fourth-largest contribution to cumulative emissions savings by 2070.



This positions Sulzer with a robust, viable portfolio able to support the growing need for decarbonization while offering a cost-effective solution with minimal energy consumption.

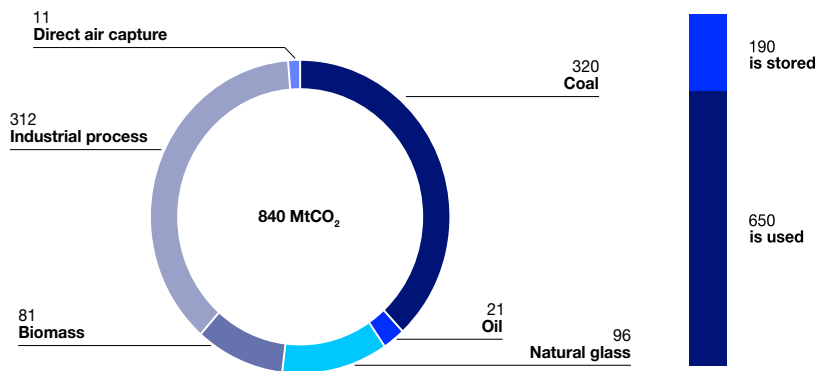
While the technology is validated, its large-scale deployment will require a global strategy on cutting CO<sub>2</sub> emissions from the largest emitters, requiring dedicated policies.

Illustrated in the graph below is an estimate of the tonnes of CO<sub>2</sub> that could be captured using Sulzer and similar technology, along with a breakdown of the polluting industries from which the CO<sub>2</sub> could be captured.

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### Captured CO<sub>2</sub> source (MtCO<sub>2</sub>) required in the IEA Sustainable Development Scenario in 2030

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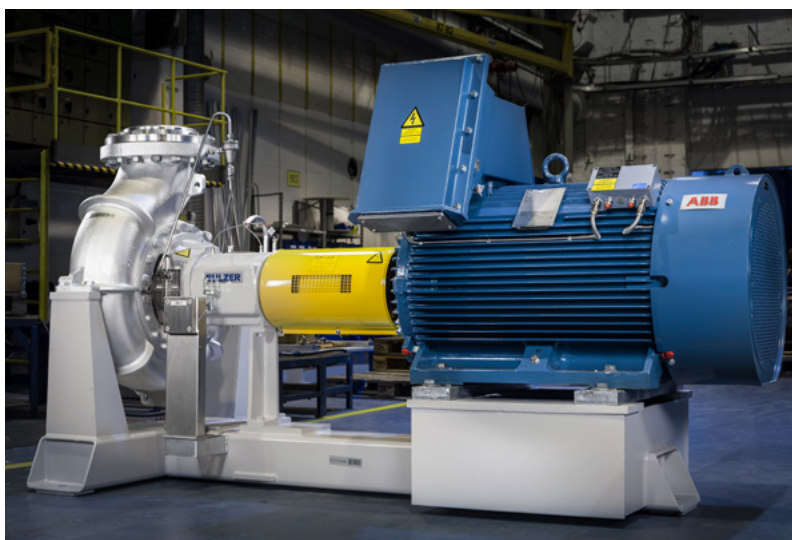
All units are indicated in MtCO<sub>2</sub>

Source: Sulzer Chemtech – Carbon Capture Technologies

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Read more stories about how Sulzer supports the low-carbon society in the focus section of our [Annual Report 2021](#).

# Circularity



## Our practices in action

About 10 years ago, Sulzer’s customer support service in Finland started looking into the opportunity of buying back pumps and equipment from closed mills, refurbishing them and selling them back to the market through our sales offices. We named this sustainable development project our “pre-owned equipment business”. The condition of the refurbished equipment is as good as a brand new product specified by the customer. Because the design and materials used in our equipment are of the highest quality, we can give them at least two lives.

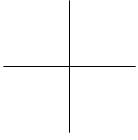
Since 2010, we have delivered more than 700 refurbished units. Most of the pre-owned equipment we have supplied is process pumps. We have also refurbished units from other product lines manufactured in the Karhula Pump Factory in Finland, including, recently, HST turbocompressors. The pre-owned equipment concept is a very good example of the benefits of the circular economy, and it has become a solid and healthy business stream.

Our customers have responded well to the pre-owned business. It represents a new way of thinking in the industry – a concept where the pump does not have to be manufactured from scratch but, instead, components of an existing pump can be reused. The advantages of this innovative mindset are obvious. As energy and raw materials are reused, the carbon footprint is remarkably reduced. This makes the concept sustainable and environmentally friendly.

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Read more about the circular economy here:

[Towards circular economy](#)



### Results and lessons learned

At Sulzer, we address circularity in our markets by providing products and solutions that enable the recycling of materials and their conversion into new products: we reinject end-of-life products into the production systems! Therefore, Sulzer has developed a full set of recycling technologies to address textiles and plastics – the best-known and most difficult to recycle pollutants.

Over the course of 2021, Sulzer has entered various strategic and exclusive partnerships in the field of bio-based materials. This allows us to develop and scale technologies that will complement if not take over the production of fossil fuel-based polymers.

# +95%

of Sulzer pumps are made of recyclable materials

We work hard to make our products fully recyclable: our products are made mostly of metal, and the design teams specify that any plastics must be made from polypropylene or polyethylene, two materials that are recyclable and well collected by the various waste streams around the world. Consequently, the recyclable material content goes beyond the 95% mark.

At the design stage, our teams also focus on producing equipment that is repairable, offering a longer life cycle and longevity. This directly reduces the consumption of materials and fresh resources: currently, 95% of our pumps are serviceable by design.

Given the long life expectancy of our products, Sulzer commits to maintaining design and production capabilities for the spare parts to be able to service its equipment even if the product line has been discontinued. This prevents premature aging and replacement. Repairability and retrofit of the products over their lifetime, provide customers with improved capabilities using the same products. Alternatively, our field engineers provide solutions to repurpose machinery in cases where a customer's activities have changed or evolved.

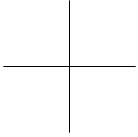
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Read more:

[Sulzer was instrumental in the creation of the first bio refinery that will create bioethanol fuel from locally sourced bamboo in India.](#)

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**95% of Sulzer pumps are serviceable by design.**



This allows customers to make next to no changes to their site layout, as we design and implement tailor-made solutions to fit their new footprint.

In addition, our product development teams continuously strive to remove hazardous chemicals from our products: this is part of our product stewardship. Compliance with REACH and RoHS directives, for example, has led to removal of some paints from our products: these requirements are shared with our suppliers and enable removal of toxic chemicals, facilitating Sulzer products recyclability by removing additional decontamination steps. Our products are recorded in the SCIP database (the European database for information on Substances of Concern), established under the Waste Framework Directive (WFD). Although this is a complex subject, efforts are made to leverage this practice throughout our operations.

### **Outlook**

Our strategy to shift towards cleantech is more relevant than ever. Our customers will request more applications in the areas of separation solutions, green tech chemicals and fuels. Similarly, the growth rate in the sustainable polymers and recycling market is expected to increase significantly until 2030.

Sulzer will continue engaging with working groups from various industries at European level to monitor regulation evolution and anticipate next moves, while advocating for more circular models based on repairability, serviceability and recyclable components.



**Engage  
employees  
and com-  
munities**

**3**



+

**“We are deeply committed to offering an inclusive, open and fair work environment.”**



+

**Petra Simoner,  
Head People Development and Internal  
Communication**





# Uniting our forces to achieve the best outcomes

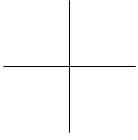
Engaging our employees, communities and business partners is at the heart of our sustainability strategy. To achieve the best outcomes, we need to raise awareness and unite our forces behind common goals. Following a comprehensive engagement approach, our focus lies on four aspects: Include, Mobilize, Protect and Listen.

## **Include**

The diversity of our people is key to our success, and we are deeply committed to offering an inclusive, open, and fair work environment. Through our policies on flexible working and parental leave, we cater to the diverse needs of people at different career and life stages. Our employee population shows a balanced mix of generations, and we are proud that across our top countries, more than 75% of our senior managers are from local communities. Intentional HR practices and initiatives such as our WISE program serve to strengthen our female talent pipeline and we act on the principle of equal pay for equal work.

## **Mobilize**

In the 40 countries in which we operate, we ensure that our presence is anchored in the local community and generates shared benefits. We encourage our employees to support their community and have seen a wealth of initiatives come to life through their dedication – from donations to volunteering for social and environmental causes. We also work closely with our suppliers, customers and other business actors to ensure alignment on minimum ESG standards, share knowledge and best practices, and form strong partnerships built on trust.



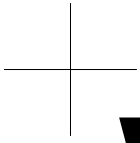
## **Protect**

The safety of our employees is our top priority, and we are proud to see that in the last employee survey, 92% of them confirmed that they feel safe at work. We continue to work towards further reducing our accident frequency rate every year and have installed management systems that constantly foster a safer work environment. Since 2017, we have also expanded our employee well-being programs, uniting them under an umbrella initiative called Sulzer in Motion. More than 4'000 employees participated in each of the three Sulzer in Motion SPRINT initiatives throughout 2021.

## **Listen**

Our employees' feedback is core to our continuous improvement as an employer. In 2018, we introduced Voice of Sulzer, a global employee opinion survey that is repeated every 18 months. The results are benchmarked and strongly inspire our strategy and actions. We are thrilled that our achievements have also been recognized externally, for example by the inclusion of Sulzer in the Forbes' World's Best Employer list for 2021 and our certification as a Top Employer in Switzerland.

It is the dedication of our employees, the strong partnerships with our suppliers and customers, and the close relationship with our communities that will enable us to drive our sustainability strategy forward and deliver on our goals.



# We act





# Our commitment



Our gender pay practices

## Our practices in action

### Pay parity at Sulzer Switzerland

Equal pay for equal work is the foundation for a workplace where men and women can thrive.

As part of the Federal Act on Gender Equality, all companies in Switzerland with more than 100 employees were required to perform an equal pay analysis in 2021. Within this analysis, Sulzer reviewed the gender distribution in pay across all three of our legal entities, Mixpac\*, Sulzer Chemtech and Sulzer Management AG.

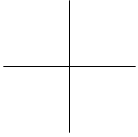
The analysis was conducted using the methodology of EDGE, the leading provider in global assessment methodology and business certification standards for gender equality. The analysis was performed by Mercer, an HR consulting firm. The results have subsequently been audited by KPMG. The gender pay gap refers to the difference between salaries paid to men and women, allowing for differences in experience, expertise and job levels.

According to this externally certified assessment, we have no gender pay gap within all three entities.

These positive results for Switzerland demonstrate our commitment to an open and inclusive culture for all employees regardless of gender.

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\* Mixpac now part of medmix



## Management approach

Engaging with all stakeholders, be it individually or as groups, makes us stronger in addressing global challenges and anchoring our operations in the local socio-economic environment. At Sulzer, we believe that strengthening relationships with our employees and communities is key to promoting long lasting and trusting relationships. Our stakeholders in this field are grouped into five categories, starting with our employees, then our business partners, business influencers, the financial institutions and the unions.

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### Under this framework, Sulzer has four priorities:

- **Include:** we believe that inclusion builds more engaged and resilient teams
- **Mobilize:** our employees and communities towards a socially responsible business
- **Protect:** ensure the safety and health of our employees and partners
- **Listen:** to learn, improve, and raise engagement

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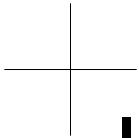
### We address these priorities by focusing on:

- Being the most attractive employer, evidenced by external certifications
- Having equal pay practices, evidenced by independent auditors
- Interacting closely with our local communities
- Preventing occupational injury and illness
- Promoting health and wellbeing
- Listening at scale

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At Sulzer, engagement is led by the CEO and anchored in our human resources processes. Our people are empowered via our TEAM-LEAD values to reach our engagement levels. This is regularly monitored via surveys, our renewed stakeholder engagement program and is part of the company indicators. The learnings help managers to design the action plans that make the company the employer of choice and the business well integrated into its socio-economic ecosystem. Last, stakeholders can report issues using our hotline, the focal tool of our grievance mechanism.





# Include



## Our practices in action

# 2'730

women working at Sulzer in 2021\*

# 75%

of our managers are from local communities

### Results and lessons learned

Sulzer employs around 3'000 women, which represents approximately 20% of our total workforce, with the majority holding a permanent full-time contract (2'730 women).

We are proud to share that more than 75% of our senior managers are from local communities, anchoring our operations in the top countries where we are present.

### Diversity, equity & inclusion

We believe that an inclusive culture allows our employees to bring a rich diversity of capabilities, opinions and perspectives to our decision-making processes, thus driving innovation, and supporting sustainable improvements.

Our code of conduct clearly states that Sulzer “provides equal employment opportunities to all employees without regard to gender, race, color, age, religion, national origin or other discriminatory factors”. There is also zero tolerance with respect to unlawful employee harassment having a “sexual, coercive, misusing or exploiting connotation”.

In 2021 Sulzer's Swiss operations were assessed and obtained the EDGE certification for gender pay equality. Throughout Sulzer's main locations, employees are paid above the minimum regulated wage. Employees who are most exposed to the minimum wage are either part of the low-skilled subcontracted job groups or vacation helpers. The latter group is paid above the minimum wage, while for the other group compliance with applicable labour laws is implemented.

### Our corporate DE&I vision



#### Best work environment

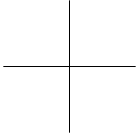
- Equal pay improved
- Better gender ratio
- Diversity of age and background
- Diversity of experience and thoughts



#### Best job content

- Life-long education
- Flexible work conditions
- Parental leave for all

\* including medmix



Overall, we have been able to steadily increase our gender diversity over the past years from 17.3% women in 2019 to 19.7% in 2021, highlighting our commitment to equal opportunities in terms of work contracts throughout the globe.

At management level (Sulzer grading level 7 and above), women represent 13% of our leaders. Intentional HR practices safeguard a consistent inflow of female talent (24.7% of all new hires are female) and enabled 4.6% of our female workforce (in comparison to 3.6% of promoted male colleagues) to be promoted internally to build the next generation of female leaders.

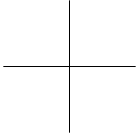
One example highlights the strong generational spread of our employees and our balanced mix: 12% of our people are below the age of 30, 62% between 30 to 50 and 26% over 50. This enables a continuously cross-generational inclusion.

The global launch of our flex work policy is a testament to our commitment to build a flexible organization, providing opportunities and work arrangements that accommodate the diverse needs of people at different career and life stages.

In our top five countries, Sulzer offers parental leave to eligible employees independent of gender (approximately 3'000 people potentially benefit from such leave). We are proud to share that over the course of the year, 135 employees took this opportunity. Most employees return to work after 12 months. Around 90% of the women who took this leave were still employed 12 months later. This means that our employees were able to find a good work-life balance.

### **Inclusion at Sulzer means**

- Diversity, equity and inclusion (DE&I) as it brings added value to the teams and increases collaboration
- Education to accompany our employees in their lifelong learning



### Education

We believe that an inclusive culture allows our employees to bring a rich diversity of capabilities, opinions and perspectives to our decision-making processes, thus driving innovation, and supporting sustainable improvements. Together in this culture we have developed numerous training programs.

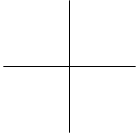
17

women in the WISE program in 2021

349

vocational training courses in 2021





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#### Women in Sciences and Engineering (WISE) program

Seventeen young female students currently benefit from this customized program, sponsored by our CFO. It is too early to see the full impact on the students' future as most of them are still at school. However, in China, two of the 2019 women have graduated and have already been admitted to postgraduate programs in their current field of study, while one has already graduated and will start her first job soon. This confirms that well-focused mentoring support, beyond financing, brings a higher probability of success.

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#### Vocational training

Pioneered back in 1870, the program has evolved to welcoming students, apprentices, and interns, covering the various educational levels. At December 2021, 349 trainees were active at Sulzer, most of them from the UK, Brazil, Germany and India, where Sulzer has some of its main operations. Our local stakeholders confirmed that Sulzer's approach of offering education through internship programs is relevant as it supports the local community in its development of current and future generations. Also, it brings additional economic value by promoting skilled workers.

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#### Global management program

We reach 500 employees through our "core skills e-learning" program every year, with a 85% recommendation rate. This strengthens their business and management skills.

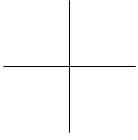
In 2021, 40 leaders completed the LEAD 360 program, enabling them to build their development plan to support their ongoing growth.

Our face-to-face "Leading at the frontline" program, which aims to increase the effectiveness and impact of first-level line managers across our company, was disrupted due to the pandemic. We took this opportunity to reframe its content, and are ready with a full digital version for 2022.

In November 2021, we introduced our new Sulzer Learning Platform (named SLP) to our five pilot countries, reaching 1'656 employees overall. It offers a wide variety of training materials with internal and external content.

The lessons learned from all these programs and the new SLP platform in 2021 will shape the outlook for learning and development at Sulzer for 2022 and beyond.

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## **Outlook**

We are committed to further improving our processes to enhance our employee experience, and developing our people and leaders, anchoring diversity, equality and inclusion as a priority to engage everybody in contributing to an inclusive work environment.

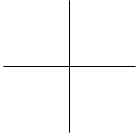
Further embedding of our learning and development strategy will help us to ground our values in everything we do and improve consistency of core management skills as well as knowledge sharing among each other. Upon full implementation of our people development philosophy, we will embark on our next steps in building an inclusive culture, creating an environment where employees have meaningful careers and development opportunities, as well as resources to help them be healthy, empowered and purposeful in all aspects of life.

## **Diversity, Equity & Inclusion**

As inclusion is a topic with deep-level dimensions, we will continue supporting our People Managers with specific training such as unconscious bias sessions in 2022. This program will impact our ability to make fair and objective decisions on every level. It will be made available to all employees on our learning platform. Another initiative in this respect is new interview guidelines based on our values and behaviors, again ensuring as much inclusion as possible throughout our core processes.

Another commitment for 2022 is to expand our EDGE equal pay certification to other Sulzer locations around the globe.

In 2022, we will further evolve our DE&I agenda with an additional restructuring of our approach.



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#### Women in Sciences and Engineering (WISE) program

Sulzer is committed to the young women who participate in the WISE program and will continue to support them. Based on the positive insights gained over the past years, Sulzer decided to leverage the program and extend it to additional countries, thereby ensuring more landing spots for talented young female engineering students.

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#### Vocational training

Identifying talents and developing them remains core and critical for Sulzer. The company will continue its engagement with local schools and universities with the aim of welcoming additional students, apprentices and interns, and helping the next generation to launch their careers.

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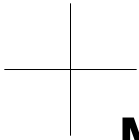
#### Global management program

Sulzer is determined to create an active learning culture. Having a clear learning and development strategy and objectives is essential to make this happen and prepare our employees for their current and future career and development.

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### **In order to achieve this strategy, we have set ourselves the following objectives:**

- Living our values: include our TEAM and LEAD behaviors in all learning opportunities, establishing the foundation for an active learning culture.
- Continuous learning: embed learning in everything employees do to support the sustainable innovation needed to grow revenue.
- Unite ways of working: bring consistency of core management skills and ways of working across functions and divisions to facilitate employee productivity.
- Seek and transfer knowledge: spark employee curiosity and encourage them to share what they have learned, thus boosting their engagement and motivation.



# Mobilize



## Results and lessons learned

### Employees

At Sulzer, mobilization is about employees having a direct impact on their life and contributing to Sulzer social responsibility activities. Over the year, we ran a program named Sulzer in Motion that enabled our people to experience physical and mental health practices read more in the [Promote health & wellbeing chapter](#).

At local level, numerous initiatives enable our employees to have a direct impact in the communities. These are often designed and co-decided together with the local management. Stakeholders are identified at local level, where it makes sense. In 2021, we participated in multiple initiatives to support our communities, be it with donations, or direct employee participation through social and environmental programs. The various initiatives are shared through our internal social media platform, and we saw huge interest from our employees regarding what other entities do. This triggers additional willingness and eagerness to act while generating new ideas and favouring renewed initiatives.



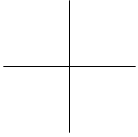
### Employees

- Impact their life
- Contribute to communities
- Interact with management

# 10'000

safety walks leading to discussions  
with managers

In 2021, through our safety walk process, that is our management interacting with employees on health and safety matters, we recorded approximately 10'000 interactions in our operations. This enabled conversations about the best ways to safely perform the tasks and to gather recommendations on how to improve. This leverages our interactive and continuous learning culture. We confirmed that this process is critical in learning, improving and increasing employee and management commitment to a safe and healthy workplace.



We also hosted several webinars that enabled our teams to directly interact with our senior management. This comes together with a program named “engage with leaders”. These are opportunities to not only listen to our employees but also to directly answer their questions and learn from their feedback.

### **Business partners**

Sulzer acts at multiple levels and starts with its supply chain with a selection process that includes sustainability criteria and contractual clauses referring to the Code of Business Conduct. Suppliers are regularly assessed and, for the focus group, audited, leading to jointly agreed development plans. The sustainability questionnaire covers not only environmental items but also ESG critical questions. This ensures that at the selection stage, suppliers are assessed against the Sulzer minimum ESG requirements. Non-compliant answers lead to further assessment and clarifications with the supplier prior to making a final decision.

Human rights requirements are set in the Sulzer Code of Business Conduct and disclosed in the company Communication of Progress available on [Sulzer.com](https://www.sulzer.com). These set the framework and requirements applicable to the company and its business partners and are used to enforce them internally and externally through our business relationships. In addition, Sulzer started in-depth work on identifying its salient issues across the value chain, involving various disciplines such as legal, risk management, procurement and sustainability teams. Sulzer initiated a review of its supply chain due diligence process to upgrade it, namely in the field of human rights, such as child and forced labour.

One of the intermediate findings is that further explanations on items such as human rights are needed to get alignment on the requirements. Internally, this creates a momentum and increased collaboration between departments. This allows us to validate our approach and will support the deployment of ESG-related topics throughout our supply chain.

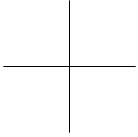
Sulzer interfaces with customers and multiple other business actors. Being part of such an ecosystem and making it successful in the long run requires not only a customer focus but also the creation of strong partnerships that are built on trust and sound business practices such as anti-corruption.



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### **Business partners**

- Minimum ESG standards
- Cross learning
- Partnerships



Sulzer operates worldwide to better serve its various customers meaning its workers must navigate various geographies and cultures. With the aim of providing the same service and practices globally, Sulzer promotes its sustainability minimum standards, namely in the safety field, to reach agreements, align practices and provide its customers with additional value through Sulzer experience.

From a customer perspective, there is a dual influence. Indeed, Sulzer is often assessed and requested to provide evidence of its ESG processes and performance. Although customers have their own assessments, the main questions relate to occupational safety and greenhouse gas emissions. We leveraged our experience in interfacing customers by consolidating their requests and providing references. As the ESG maturity of companies varies, Sulzer also shares its good practices with its customers, namely in the field of Environment, Health & Safety. This benefits not only Sulzer people, who are able to operate in safe environments, but also the customers, who can learn about different practices.

We also engage regularly with industry associations, standard setters and NGOs to stay tuned when it comes to evolution and also to influence the sustainability agenda and promote our strategy. In 2021, Sulzer worked closely with Swiss industry associations with the aim of clarifying expectations arising from the RBI (Responsible Business Initiative) – this Swiss federal counterproposal entered into force after the referendum on November 29, 2020. We also monitor similar regulatory evolution, such as in Germany or France, to comply with their due diligence requirements.

In addition, we participated in multiple industry associations worldwide (see more information on [Stakeholder list and approach](#) for working group disclosures).

## **Communities**

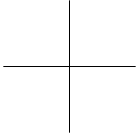
Sulzer operates in 40 countries and has hundreds of facilities worldwide, most which have existed for a long period of time. For example, Sulzer history started in Winterthur (Switzerland) back in the 19th century. This means that Sulzer has been present in the community for many years and has led to regular, close relationships with the local administrations.



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### **Communities**

- Employment
- Education
- Partnerships



It is of utmost importance that we anchor our presence in the community ecosystem and generate shared benefits: providing employment and education opportunities, generating income for the local eco-socio ecosystems and receiving support.

Sulzer therefore has long-lasting experience of building partnerships and acting as a responsible company. We engage in multiple initiatives and will continue to support the communities that welcome us. While some subjects require a company position, local teams are fully empowered to manage their stakeholders and decide on the right way to leverage reciprocal benefits. This requires the local teams to regularly interact with their stakeholders in order to receive information and concerns.

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#### Employment and socio-economic value

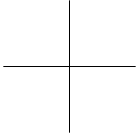
Sulzer employs 15'000 people worldwide as a direct employer, leading to an estimated 100'000 indirect jobs. We delivered CHF 57 million in taxes in all countries in which we operate, enabling the communities and their government to develop. We spent approximately CHF 1.3 billion directly with our suppliers, allowing wealth-sharing within the whole ecosystem.

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#### Partnership

Our local operations run multiple initiatives to include the neighbouring communities, even if some have been discontinued due to COVID (eg: factory visits with employees' families). Everything starts with a clear identification and understanding of our local stakeholders. This leads to the definition of programs that are meaningful for them such as teaming up with disabled people thanks to the 135 Leeds volunteers (UK), partnerships with schools to offer young students opportunities to learn and practice, or simply discover what an industry-related job could look like (such as in Germany). We also provide support to improve inclusion of vulnerable groups, as in Suzhou (China) where our teams act with schools dedicated to autism and other disabled children.

We gained positive feedback from these initiatives and understand that they are important to our local communities. While we plan to continue our collaboration, we learned that listening to our community representatives, be it directly from our employees or from the NGOs, is critical to be impactful.



## Outlook

### Employees

We want our employees to continue to act healthily, which is why our Sulzer in Motion program will take place again in 2022.

Listening to our employees' feedback, we will structure and leverage our community engagement by giving more opportunities for them to act and be further connected with our local communities.

Our interactions with management will be pursued, using our "engage with leaders" and routine processes to get closer connections with our people while keeping momentum going on our safety-related conversations.

### Business partners

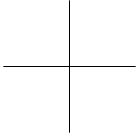
To reinforce our sustainability minimum standards, we plan to define the Sulzer salient human rights. These will be used to strengthen our risk-based approach and engage further with our business partners on this important topic. In addition, Sulzer will further expand and strengthen its due diligence process to include revised sustainability criteria. We will continue to learn and adapt our approach as we deploy it globally.

In 2022, we will continue listening to our customers, namely in the field of sustainability, to better understand their expectations while promoting our strategy to enable a closer relationship. We aim to provide them with additional evidence that Sulzer directly contributes to their own sustainability journey, jointly reaching their objectives.

Sulzer will start its customer ESG-related stakeholder engagement. This will bring additional insights and learning opportunities.

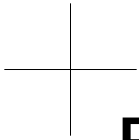
In 2022, Sulzer will also go one step further in terms of collaboration with its suppliers by running its full scope 3 assessment (as per the greenhouse gas protocol). This will become a regular topic to keep knowledge of our whole footprint up to date and consequently drive closer and even more fruitful connections between the business networks.



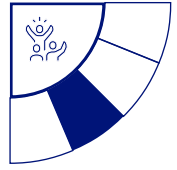


### **Communities**

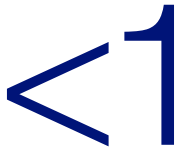
Sulzer will pursue its commitment to the communities we are engaged with and further work with the municipalities and schools to prepare the next generation of job holders. Based on the results of the stakeholder engagement process launched in late 2021 and to be completed in 2022, we will review our approach to better fit their needs.



# Protect



## Our commitment



Our injury frequency rate by 2025

### Reduce accidents

#### Our practices in action

At Sulzer Morocco, our teams have achieved more than 1'000 days without injury thanks to the strong safety culture that has been built on the following key elements: lead by example from our leaders, continuous workers' engagements to collect ideas for improvements and engage with safety coaching, getting close to the teams and key Sulzer initiatives such as the Sulzer behavior program, the lifesaving rules and sharing best practices.

"Safety is a day-to-day commitment and I thank our teams for their participation through their commitment and contribution," says Mehdi Beckoury, the site operations manager.

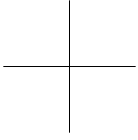
#### Results and lessons learned

Despite a continuous improvement over years, Sulzer management considers that any accident is one too many, the focus being on occupational safety everywhere at Sulzer. In 2021 Sulzer ended with an AFR (accident frequency rate) of 1.4\*, an improved result compared to 2020 and out-performing the target. The severity rate follows the same trend, down to 33 compared to a high 58 back in 2019.



Mehdi Beckoury – operations manager at Sulzer Morocco (>1'365 days without lost time due to injury)

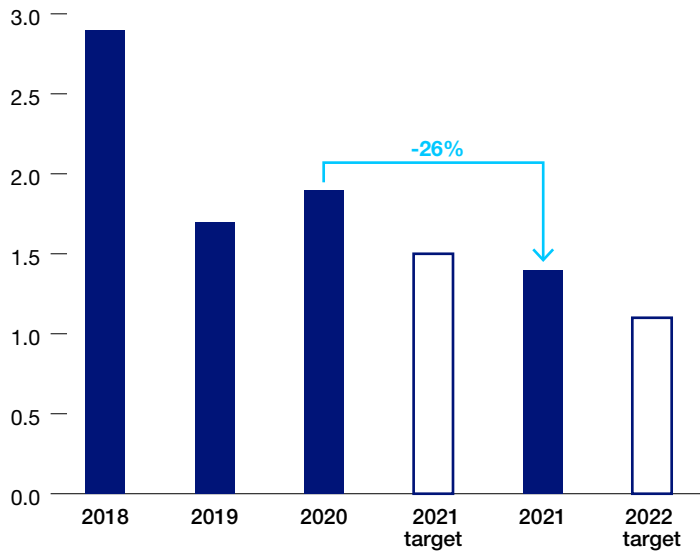
\* including medmix



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**Overview of safety-related accident frequency rate  
(Sulzer employees, per 1 million worked hours)**

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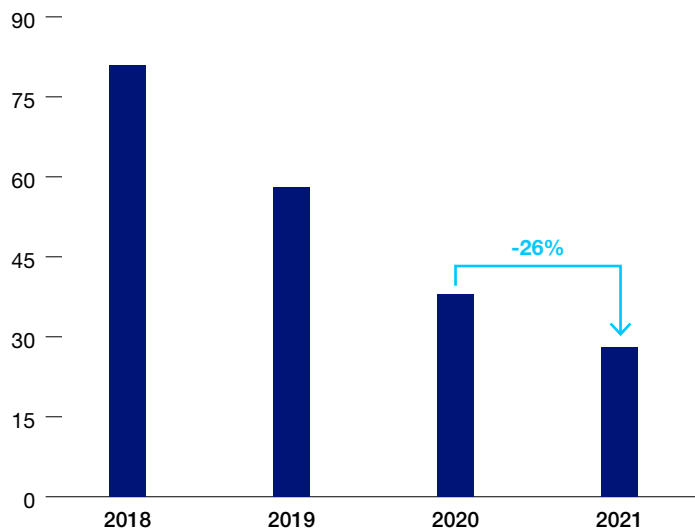


● AFR (accident frequency rate)

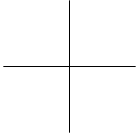
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**Overview of safety-related accident severity rate  
(Sulzer employees, per 1 million worked hours)**

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● ASR (accident severity rate)



Several key actions have been initiated in the Divisions to drive improvement: life-saving rules to address life-threatening hazards, process safety program to prevent fire and explosion in the process industry, safety walks and observations to support the culture.

**The learnings gained from the best-performing Sulzer units that have lost no time through injury over several years are that such safety records can be achieved thanks to a set of core actions:**

- Leaders act as role models: with regular engagement with workers
- Employees have a sound education: in terms of safety management (from risk identification to hierarchy of controls and empowerment)
- Employees participate in decision making on safety-related matters
- We incentivize: through safety challenges and performance bonuses.

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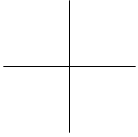
**Human performance**

We regularly engage with our employees through the safety walk program in order to create a culture where we all look after each other: this is core to our Sulzer Behavioral Program (SBP). This is supported by a stop work program that empowers every worker to stop work if the safety conditions are not met. Our managers are immediately involved in reviewing the work environment and decide on the necessary actions to get back to safe conditions.

Dedicated focus was provided on competencies with mandatory training per role: in Chemtech, field service engineers are required to undergo confined space entry certifications, while in Services, training focuses on work authorization and lifting.

Our organization is supported by a network of 100 ESH professionals, bringing their expertise and skills to develop safety knowledge all around the globe: they directly participate in creating a competent ESH organization.

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#### Life-saving workplaces

The high-risk activities Sulzer workers face during their task execution have been managed by dedicated programs (e.g.: life-saving rules) that have led to the eradication of fatalities over recent years. This is complemented with significant investment plans to secure our machines and training sessions to leverage our understanding of the risk mitigation possibilities.

Given our industrial activities, operating machines is one of the most exposed tasks. To prevent accident, we not only focus on highly competent and experienced workers but also perform regular tool and equipment inspections to ensure they remain safe.

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#### Safe processes

The safety initiatives are part of an overarching process that is the Sulzer management system. At Group and Division levels, ESH management systems are used to frame the ways of working and support our goals, addressing accident management (from emergency response to investigation and lesson learned communication) and continuous improvement (engagement, risk assessments, consultation...).

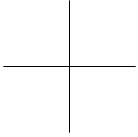
Our sites are certified according to relevant international health and safety standards, be they ISO 45001 or OSHAS 18001. This external verification process enables validation of our practices and questions our ways of working in order to continuously improve.

In addition, some sites process highly hazardous chemicals. They have implemented a process safety management system that relies on systemic process hazard analysis to prevent fires, explosions or loss of containments.

When accidents or significant incidents occur, we not only investigate them to identify the root causes but also communicate them across the organisation. This enables everybody to learn from these events, question their own practices and conditions, and prevent similar failures in future. This is the first step of our learning organisation model.

These results and related programs are part of the monthly business reviews.

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### Secured operations

At Sulzer, secured operations means all aspects of security from personnel and travel to facilities and compounds. The Sulzer security organization is the first contact for any security issues or incidents

The security principles are framed around the following three pillars:

- proactively protecting people
- reactively protecting people
- protecting assets

Due to the pandemic, we have monitored an increase in crime, hijackings, robberies and facility breaches/theft due to the unemployment levels that have increased in some countries. This has required us to remain flexible and adapt to face these risks and respond appropriately thanks to our collaboration with International SOS, our medical and security assistance partner.

We also monitored a trend of more sudden, fast-evolving geopolitical situations. This has required a reinforced level of monitoring, and deeper connection with intelligence networks. External engagement has remained vital to be able to properly anticipate and react, leveraging the good relationships that the businesses have built with the local communities.

With the nature of Sulzer's work and the geographical locations, we could not avoid travel, but we were able to reduce to 'client-facing' and 'business-critical' travel only for a period, which reduced exposure during the virus and crisis peaks.

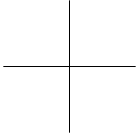
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### Outlook

With the goal of occupational safety, Sulzer will further engage all levels of its organization to drive our operational excellence culture: a stronger inclusion of contractors into the Sulzer processes and programs, and a just and fair culture based on human and organizational performance. Workers are and will continue to be empowered to stop work anytime an environment does not meet the Sulzer minimum safety standards.

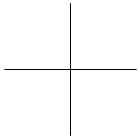
This is driven by our proactive approach to identifying and managing hazards in the workplace. Our continuous efforts to have proper and live risk assessments will be pursued.

Finally, all reporting sites will use the Sulzer ESH management information system that will harmonize our ways of working and bring increased data accuracy and standardized processes.



Sulzer is going into 2022 with robust and validated systems and reactive measures, and with third parties in place that will cater to crisis-related issues. This means additional efforts to best protect our employees while supporting our customers worldwide by generating an increase in staff support for daily operations and advice, as well as for incidents and urgent support.

Anchoring security into our ways of working will continue to protect our people and partners, and further integrate our processes.



# 4'000

Sulzer employees participated in Sulzer in Motion 2021

## Promote health and wellbeing

### Our practices in action

“Sulzer in Motion” is the lighthouse program for promoting health and wellbeing in the company. It was launched back in 2020 and aims at covering the whole scope:



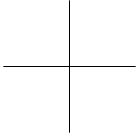
→ **Physical & mental health:** health, awareness and engagement; Sulzer offers a wide range of activities to promote health, awareness and engagement. Company-wide initiatives include the Sulzer in Motion wellbeing platform, with several individual and team-based challenges throughout the year.

Some locations offer additional benefits such as:

- Subsidized access to gyms, fitness centres and sports clubs
- Access to external, confidential employee counselling services
- Information to support mental health awareness, mental health first aid etc.
- Health screening camps with medical professionals to support general health awareness. This may include influenza vaccinations, blood pressure monitoring and other targeted health engagements.

→ **Social health:** supporting employees' interests and community; health, awareness and engagement; Sulzer offers a wide range of activities to promote health, awareness and engagement. Company-wide initiatives include the Sulzer in Motion wellbeing platform, with several individual and team-based challenges throughout the year.





- **Working environment:** health and collaboration at work; at Sulzer, we work in an open and inclusive environment. Whether in a single, shared or open office space, we ensure that our employees have a comfortable workspace suitable for collaboration and individual work.

Activities and offerings may vary across locations and typically include:

- Ergonomically designed working areas
- Designated meeting areas
- Standing desks, ergonomic chairs

- **Good lifestyle choices:** developing healthy habits; Sulzer in Motion supports employees in making good lifestyle choices. These small changes contribute to better health at work and beyond the workplace.

Activities and offerings may vary across locations and typically include:

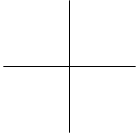
- Healthy eating options such as fresh fruit snacks, healthy menu choices in the canteen
- Employees self-organize sport and fitness activities based on their interests, outside of working hours; for example, lunchtime yoga, weekend walks for charities smoking cessation programs, etc

# 240'000

CHF donated to UNICEF for COVID support in 2021

## **Results and lessons learned**

In 2021, 4'000 employees participated in our Sulzer in Motion program that led to approximately CHF 240'000 being donated to UNICEF. We observed strong participation over the year, and this confirms that this is the right initiative. We expect to replicate such a program in 2022, while searching for ways to reach more of our employees.



The 2021 program–SPRINT–was designed for a broader concept of health and wellbeing, enabling participants to earn points by tracking activities within three separate challenges. SPRINT 2021 was set up as three 30-day events, spread across the year. The goal was to offer employees the opportunity to benefit from a long-term focus on personal wellbeing goals while working together as a team and contributing the points towards a worthy community goal!

In-between SPRINTs, people were encouraged to remain engaged with their individual wellbeing goals based on personal interests.

**In 2021 our three themes were:**

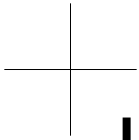
- **Feel good:** employees were invited to participate in this challenge by tracking activities that contribute to their mental wellbeing.
- **Eat healthy:** employees were invited to track healthier eating choices, leveraged at company level with fruit baskets and healthy food options.
- **Move more:** the goal was to engage beyond sport practitioners and get as many people as possible to move. We believe that small step changes make a huge difference and that it becomes even easier and more fun when done in teams. Each team was able to earn points for movement, leading to scores that were published both at local and global levels.

We observed strong participation over the year, and this confirms that this is the right initiative. We expect to replicate such a program in 2022 while searching for ways to reach more of our employees.

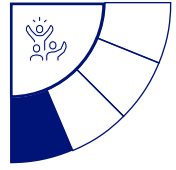
**Outlook**

Our focus in 2022 for our Sulzer in Motion program will be on mental and physical health and further include the social dimension. It will run from April to October, and we expect to see an even greater number of employees participating.

For the future, reflecting on our social responsibility when it comes to non-occupational health, we will assess the relevance of acting on non-communicable diseases (examples: cardiovascular disease, diabetes, respiratory disease, cancer). These actions might aim at getting everybody healthy at Sulzer and preventing the occurrence of such detrimental diseases in the long term.



# Listen



## Our practices in action

### A recognized employer of choice

At Sulzer, we are committed to creating a work environment in which our people can thrive and are empowered to make a difference. Everyone at Sulzer plays a role in achieving this—and the awards and assessment results listed reflect that our efforts are also recognized externally.

### Forbes' World's Best Employer

We are proud to be part of the Forbes' World's Best Employers list for 2021. We are included in the Top 25 engineering companies worldwide and rank #8 among Swiss companies. The Forbes list is based on an independent survey of 150'000 employees in 58 countries and is conducted by Statista. The survey evaluates the respondents' willingness to recommend employer brands and their satisfaction with various work-related statements.



This recognition goes out to all our employees who help us to continuously improve with their feedback and engagement.

## Results and lessons learned

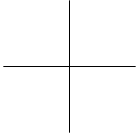
### Attractive employer

#### Awards

Focusing on our employees is core to our Human Resources strategic plan and has been foundational in the past years in reaching the Forbes 2021 World's Best Employers list. This significant result was achievable due to an ongoing focus on the Sulzer values and behaviors (TEAM and LEAD) that were defined back in 2016, as well as a strong and pivotal engagement with our employees via the annual employee survey (Voice of Sulzer). All these efforts support the company's relentless aspiration to be an employee-centric workplace evidenced by consistently high engagement scores (exceeding the manufacturing norm in all categories) and low voluntary attrition rates (7.4% in 2021).

#### Attractive employer

- Award
- Labor relations
- Stakeholder feedback



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We are proud to share that the 2022 Top Employers have been announced and we have been recognised as a Top Employer in Switzerland. Being certified as a Top Employer showcases our dedication to a better world of work – exhibited through excellent HR policies and people practices. This is a great testament to our commitment to create a work environment where everyone can thrive and is empowered to make a real impact.



The Top Employers program audits organizations based on the participation and results of its HR Best Practices survey. The survey covers six HR domains consisting of 20 topics, including People Strategy, Work Environment, Talent Acquisition, Learning, Wellbeing and Diversity & Inclusion and more. We were awarded after an extensive assessment in which we achieved an excellent overall score of 85%, with 60% being the threshold for certification as a Top Employer.

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#### Labor relations

At Sulzer, we commit to the United Nations Global Principles on business and human rights. Sulzer wants to create stable and open relations with social partners based on trust. The company respects the right to freedom of association and collective bargaining for all its employees. Representatives of employees are neither favored nor discriminated against. As far as national legislation allows, Sulzer promotes this fundamental right through its own Code of Business Conduct.

We respect and apply existing and applicable collective agreements in full. In this regard, Sulzer actively participates in joint management-worker committees wherever they exist. This is an important process of our labor relation policies.

The percentage of workers covered by collective bargaining agreements varies from one country to another and reaches high levels in China and Germany, two of our top five countries with respectively 95% and 100% of our workforce covered. While in 2021 no major operational footprint changes occurred, these agreements allow a notice period that is at least of four weeks.

In numerous countries, joint health and safety committees and work councils enable sound labor relations, reflected in the health and safety results and in the Voice of Sulzer.

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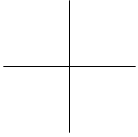
#### Stakeholders' feedback

At the end of 2021, we renewed our stakeholder engagement program and started with our employees. We created an "employee sustainability panel" made up of 27 of our colleagues. The goal is to have a panel representative of the diversity of our people. In 2021, they were asked to answer our revised stakeholders' survey. The feedback will be incorporated into our revised materiality matrix.

Based on their answers, we will organize sessions in 2022 to share their consolidated feedback, gain more insights and address their main comments.

In 2022, we will continue our stakeholder engagement by reaching out to the EWC (European Works Council), then all other stakeholders.

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## **Voice of Sulzer**

Voice of Sulzer is our confidential employee survey which ensures that we can truly listen to and learn from the feedback of our own people. In 2021 they shared high levels of engagement: 94% of our people excelled by going the extra mile for the company, 92% found a purpose in what they do and 90% have the latitude to do a great job! This feedback is very rewarding.

Since 2018, we have asked our employees to participate and answer around 40 questions once every 18 months, allowing time for a proper deep dive and follow up after every cycle. The questions revolve around the topics of strategy and leadership, innovation and change, operational excellence, communication, customer focus, collaboration, line management, personal development, sustainable engagement and retention. In collaboration with an external provider, the answers are anonymously collected either via e-mail link invitation or mobile station setups in our production sites, ensuring we include every employee. This approach led to an amazing participation rate of 88% in 2021 and we are aiming even higher in 2022 for our next survey taking place in September this year.

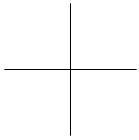
Historical data since 2018 shows that we have achieved improved scores in all areas (customer focus, personal development, and communication) with every cycle of the Voice of Sulzer.

Additionally, every category has outperformed the manufacturing norm in 2021: as an average, our employees were +3.2 points above with some areas scoring as high as +6 points (collaboration and line management).

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## **Voice of Sulzer**

- Employees, voice
- Sustainable engagement



Our committed people

94%

**of our employees agreed:**  
“I work beyond what is required  
to help this company succeed.”

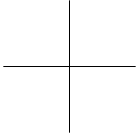
92%

**of our employees said they**  
“believe strongly in the products and  
services this organization provides.”

90%

**of our employees told us:**  
“I have the authority  
to do my job well.”





Since the start of the survey, we have taken the following actions to improve life at Sulzer based on the feedback:

- Improved information sharing and communication: We have introduced our new intranet Sulzer World to make information more transparent and readily available to all employees.
- Easier access to career development: We have streamlined our application processes and it now takes less than 10 minutes to apply for a new internal role.
- Social responsibility in the community: We have extensively supported local communities throughout the COVID-19 crisis – with contributions such as supplying PPE to medical staff.
- Stronger focus on health and wellbeing of our employees: we have a new wellbeing program as part of the Sulzer In Motion initiative.

Furthermore, we are currently focusing on the following areas to follow up with the last engagement survey:

- Improve speed and efficiency in our processes – focus on making approval processes leaner, improving delegation and transparency
- Improve long-term career opportunities – more internal mobility and increased share of internal hires
- Increase understanding of our impact and social responsibility – more engagement through Sustainable Sulzer. Mobilizing Sulzer in Motion and other initiatives e.g., creating transparency for all our local activities to support society and launching sustainability webinars hosted by our top leaders to highlight and connect our positive impact on society.

### **Appraisal conversations**

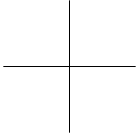
We consider learning from line managers' direct feedback an important step to improve as a person and a colleague.

We have therefore increased the population of employees eligible to participate in a formal, system-enabled annual appraisal conversation by 6% to 5'700.

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### **Appraisal conversations**

- Annual appraisal
- 360°



This process is sustained throughout the year with quarterly check-ins, to ensure continuous self-development and alignment. We have consciously revisited our way of assessing performance and behaviors over the years to reinforce feedback and drive clear alignment with performance.

Additionally, upon nomination, employees are invited to participate in 360° sessions to further promote a better understanding of own behaviors and design individual plans to evolve for their best.

## **Outlook**

### **Attractive employer**

Engagement at Sulzer remains key, and we will continue our journey to keep and further develop our employer's brand through external certifications. We want to further grow the engagement results by leveraging the current practices and using the stakeholder management process to strengthen them. Our goal is to outperform the industry average in the employee engagement surveys and close the gap in the sustainability index. We plan to reach this ambitious target through more listening, more sharing and engagement via sustainability-related webinars and more communication regarding our social engagement.

### **Voice of Sulzer**

In 2022, we will go for a new round of Voice of Sulzer. We would like to see improved participation scores and a greater sustainable engagement.

In order to answer our employees' request on social responsibility, Sulzer plans to offer volunteering days with the aim of reinforcing our action towards our local communities. Our people will be able to choose the themes in which they will engage from a selection. We believe that not only will our people enjoy this experience but that it will positively contribute to our communities.

### **Appraisal conversations**

In 2022, our approach to appraisals will be consolidated to become more effective and dynamic.

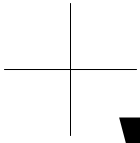
Our key 360° program to listen, as individuals, will be continued.



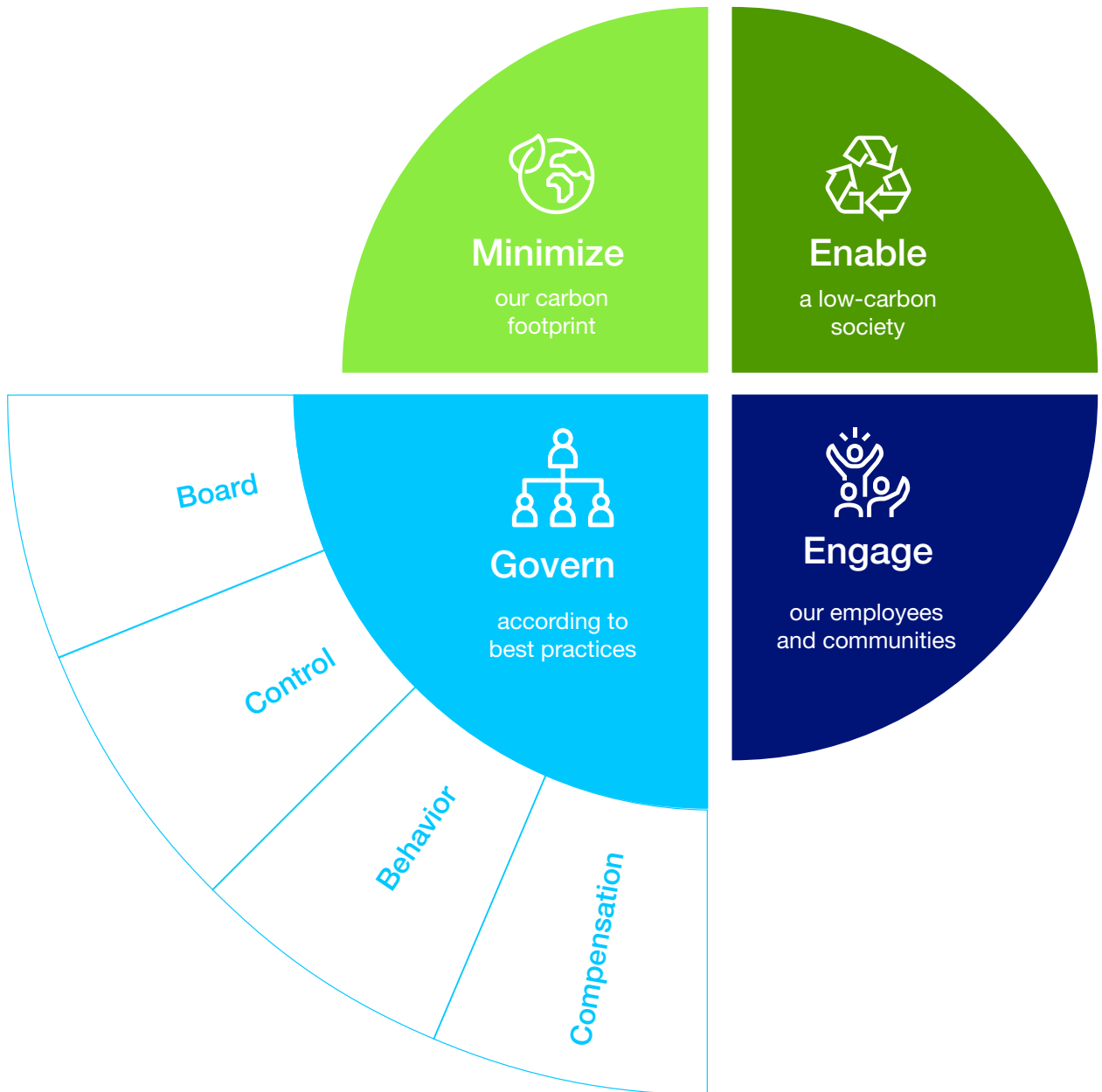


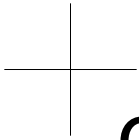
**Govern  
according  
to best  
practices**

**4**



# We act





# Governance

## Management approach

Governance is key in ensuring that Sulzer is directed, supervised, and held accountable for its performance. This engenders trust in the company and its management in the way it behaves. Sulzer is committed to acting ethically according to international governance standards (e.g, IFRS, OECD...), be it in the field of anti-corruption, compliance or risk management. This also includes sustainability and is managed through Sulzer code of Business Conduct and directives, the set of documents that frame the company's behavior.

Under this framework, Sulzer has four priorities:	We address these priorities by focusing on:
<ul style="list-style-type: none"><li>• <b>Compensation:</b> we believe that compensation aligned with market practices enables fair practices and talent attraction,</li><li>• <b>Behavior:</b> this is fundamental to build and retain trust and requires leading by example,</li><li>• <b>Control:</b> setting the mechanism to control the corporate behavior and practices to allow fair business conduct,</li><li>• <b>Board:</b> as the ultimate organ with oversight over the company, it is critical that its members are properly qualified and elected to ensure its effectiveness.</li></ul>	<ul style="list-style-type: none"><li>• Business ethics,</li><li>• Enterprise risk management,</li><li>• Business management routines,</li><li>• Control mechanisms.</li></ul>

At Sulzer, the chairperson of the Board of Directors is ultimately accountable for company performance and behavior. Various Board committees define, orientate, and control the company performance. The Board of Directors and its Strategy and Sustainability Committee (SSC) ensure that Sulzer's solutions contribute to protecting the environment, that people and communities are safe, and that suitable management processes and systems are in place.

The executive management is accountable for the results.



# Compensation



## Compensation governance and principles

Compensation policies and plans at Sulzer reward performance, sustainable growth, and long-term shareholder value creation. The compensation programs are competitive, internally equitable, straightforward, and transparent. The compensation report is prepared in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (Compensation Ordinance), the SIX Swiss Exchange Directive on Information relating to Corporate Governance (RLCG) and the principles of the Swiss Code of Best Practice for Corporate Governance.

The Articles of Association, the Board of Directors, the Organization Regulations, and the Nomination and Remuneration Committee Regulations define the functions of the Nomination and Remuneration Committee (NRC)<sup>1</sup>. The NRC<sup>1</sup> supports the Board of Directors in nominating and assessing candidates for positions on the Board of Directors and Executive Committee, in establishing and reviewing the compensation strategy and principles, and in preparing the respective proposals for the Shareholders' Meeting regarding the compensation of the members of the Board of Directors and of the Executive Committee.

To ensure compensation levels that are competitive and in line with market practice, the compensation of the Board of Directors and of the Executive Committee is benchmarked against that of similar roles in comparable companies every one to two years. For this purpose, the NRC<sup>1</sup> selects and reviews a peer group of international industrial companies headquartered in Switzerland based on their revenue and number of employees. Sulzer is positioned between the first quartile and median of the peer group.

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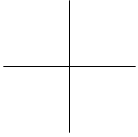
Full information on Sulzer's 2021 compensation governance is listed in the compensation report of the [Sulzer Annual Report 2021](#).

## ESG in executive pay

The bonus rewards the financial performance of the company and/or its businesses, as well as the achievement of individual performance objectives over one calendar year. Performance objectives are defined at the beginning of the year during annual target setting. Achievement is assessed against each of those objectives after year-end and directly influences the variable incentive payouts.

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<sup>1</sup> Since April 2022, the NRC has been split into two committees: the Remuneration Committee and the Nomination Committee.



The target bonus is expressed as a percentage of annual base salary. It amounts to 90% for the CEO and to 60% for the other members of the Executive Committee. For the CEO and the other members of the Executive Committee, 70% of the bonus is based on the achievement of financial objectives at company and/or division level, and 30% is based on the achievement of individual objectives.

Each Executive Committee member is given different personal objectives for each of the four individual performance categories (“Cost-effectiveness”, “Growth initiatives”, “Faster and better” and “ESG”).

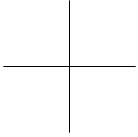
ESG factors include objectives linked to improvements in the areas of health and safety, environmental protection, employee and community engagement, and efforts in R&D for more efficient or sustainable products such as eco-packaging, biopolymers or energy-efficient pumps.

#### **Grading structure as basis of the compensation and benefit policy**

The internal compensation structure is based on a job-grading methodology applied globally. This methodology fosters internal equity.

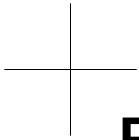
#### **Our grading structure, named Sulzer levels, is based on an external best practice approach widely used in our industry. Each job is evaluated along the following dimensions:**

- Impact of the job on the organization and how it adds value to the business.
- Communication required in the job, including purpose, subject and recipients.
- Innovation level and its focus and influence on operations, financials, and people.
- Knowledge and leadership skills required to do the job.
- Risk associated with the job and the conditions in which the job operates.



We have applied the same methodology in evaluating all the jobs across the organization, including the senior management group and the Executive Committee.

It is supported by an annual salary review process. The five-step process starts with the line manager's recommendations using the country guideline based on the market benchmark. The proposal is reviewed by the next level manager and then by the country Human Resources to assure homogeneity in practices. A final verification step is performed at Division level finally leading to the communication to the employee.



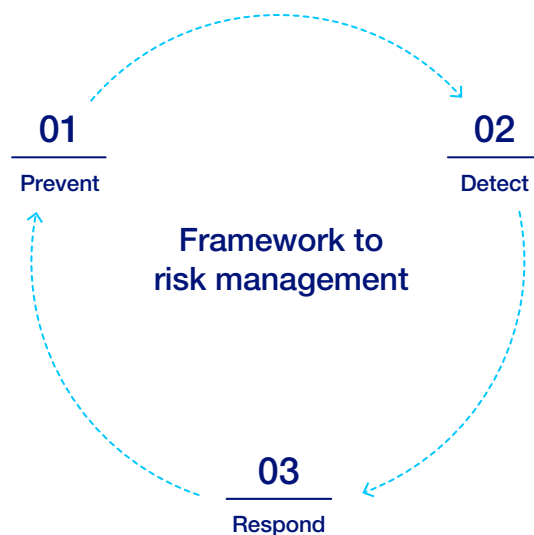
# Behavior



Corporate behavior is a fundamental factor in preventing compliance issues such as fraud, executive misconduct, corruption scandals, money laundering, anti-trust violations, or tax-related controversies. At Sulzer we address these subjects through risk assessment and management, business ethics, policies and practices.

## Risk management and compliance

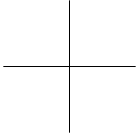
At Sulzer, risks are assessed regularly as part of the company's integrated risk management process. The results are discussed with the Executive and the Audit Committees.



Sulzer has established and implemented a comprehensive, value- and risk-based compliance program that focuses on prevention, detection and response. It consists of the following main elements:

### Strong values and a strong ethical and compliance culture

Sulzer puts a high priority on conducting its business with integrity, in compliance with all applicable laws and internal rules (“a clean deal or no deal”), and on accepting only reasonable risks. Sulzer follows a “zero-tolerance” compliance approach. The Board of Directors and the Executive Committee are convinced that compliant and ethical behavior in all aspects and on all levels is a precondition for successful and sustainable business.



The ethical tone set at the top, carried through to the middle, and transmitted to the entire organization. Sulzer also fosters a speak-up culture and encourages employees to address potentially non-compliant behaviors. Retaliation against whistleblowers acting in good faith will not be tolerated.

22'051

compliance e-learning courses delivered in 2021

2'610

employees attended compliance-related webinars in 2021

Sulzer puts substantial effort into training its employees. Training is carried out through e-learning programs (new programs are rolled out and existing programs are updated every year), in person or through web conferences. In 2021, Sulzer employees completed 22'051 compliance e-learning courses and 2'610 employees attended compliance webinars.

### **Risk assessment**

As part of Sulzer's integrated risk management process compliance risks are assessed regularly and mitigated with appropriate and risk-based actions. The results are discussed both with the management and with the Audit Committee. The Audit Committee dedicates at least one full meeting per year to risk management and compliance.

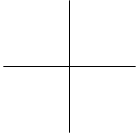
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A full overview of the main risks and corresponding mitigation measures is provided in the Risk Management chapter of the [Sulzer Annual Report 2021](#).

### **ESG risks included in Sulzer risk management**

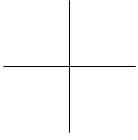
ESG assessments are conducted for business projects with possible environmental, social and governance risks, in countries with significant exposure to human rights violations and corruption. Within Sulzer, we follow a zero-tolerance strategy related to human rights violation such as child labor, forced labor and corruption. Projects that may have a negative impact on the natural environment (i.e. pollution, water or soil contamination, hazardous waste) or on human rights undergo corresponding in-house assessments.





**At Sulzer, ESG risks include but are not limited to the following:**

Risk	Risk exposure	Main loss controls
Environment, Social and Governance (ESG)	ESG-related regulations could change. Stakeholder expectations related to ESG commitments could change. Not meeting regulatory requirements could result in fines, limit access to financing, impact banking channels and result in loss of business and reputational damage.	<ul style="list-style-type: none"> <li>• Board Strategy and Sustainability Committee extended to cover ESG and sustainability</li> <li>• Setting of clear ESG-related objectives and progress tracking</li> <li>• ESG initiatives driven by EC, including different group and business functions covering regulatory requirements and supply chain due diligence</li> <li>• ESG assessments in business projects</li> </ul>
Attraction and retention	Failure to attract, retain and develop people could lead to a lack of critical skills and knowledge, hindering both daily operations and growth potential.	<ul style="list-style-type: none"> <li>• Ensuring that Sulzer's people and performance efforts are anchored to the company's values and behavior</li> <li>• Ongoing feedback through employee opinion survey "Voice of Sulzer"</li> <li>• Robust internal communications strategy</li> <li>• Ongoing engagement in workshops and collaborative activities</li> <li>• Visibility and access to development experiences and opportunities</li> <li>• Consistent approach to salary grading and benchmarking</li> </ul>
Health and safety	An unsafe working environment could lead to harm to people, reputational damage, fines and liability claims, and could have a serious economic impact.	<ul style="list-style-type: none"> <li>• Health and safety directives, guidelines, programs (e.g. Safe Behavior Program) and training</li> <li>• OHSAS 18001 and ISO 45001 certifications</li> <li>• Monthly health and safety checks and regular audits, systematic risk assessments</li> <li>• Global network of health and safety officers</li> <li>• Immediate implementation of COVID-19 preventive measures in all legal entities and workplaces</li> </ul>
Environmental	Environmental damage could lead to harm to people and nature, reputational damage, fines and liability claims, and could have a serious economic impact.	<ul style="list-style-type: none"> <li>• Mitigation in comprehensive environmental due diligence projects for acquisitions and divestitures</li> <li>• Elimination of environmentally damaging substances through Prohibited Substances List</li> <li>• Sulzer sustainability strategy that defines key targets in view of climate change</li> </ul>



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Compliance	Non-compliant or unethical behavior could lead to reputational damage, fines and liability claims.	<ul style="list-style-type: none"><li>• Active fostering of high ethical standards by tone from the top and middle management</li><li>• Continuous monitoring and assessment of potential exposures</li><li>• Continuous monitoring of regulatory environment</li><li>• Sulzer Code of Business Conduct and a number of supporting regulations (e.g. anti-corruption, anti-trust, trade control)</li><li>• Third-party due diligence process</li><li>• Global and centrally led organization of compliance and trade compliance officers</li><li>• Compliance training (incl. e-learning) and audits</li><li>• Sensitive country list with escalation process and project-specific compliance assessments in high-risk countries</li><li>• Speak-up culture, compliance hotline and sanction checks</li></ul>
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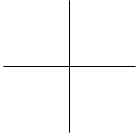
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### **Business conduct**

Sulzer has a Code of Business Conduct, which can be viewed in 18 languages at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under “Code of Business Conduct”). Every employee of the company (including employees of newly acquired businesses) has to confirm in writing they have read and understood this code and will comply with it. Every member of the Sulzer Management Group (approximately 70 managers), the heads of the operating companies, the head-quarters, regional and local compliance officers and the legal entity finance heads must reconfirm this compliance commitment in writing annually. Furthermore, Sulzer joined the UN Global Compact initiative in 2010 and is a member of the UNGC Swiss and Liechtenstein local network.

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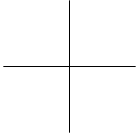
Read more on our [Code of Business Conduct](#) available as download and our [UNGC engagement](#).



## Rules

Although Sulzer follows a behavior- and principle-based approach, compliance directives and processes have been implemented as elements of the governance framework. Sulzer focuses on the major compliance risks, e.g.:

- Bribery and corruption risks: Sulzer has had a group-wide anti-bribery and anti-corruption program in place since 2010. This program includes a web-based process that addresses the due diligence of intermediaries, a company-wide directive for offering and receiving gifts and hospitality, and an e-training module (in 13 languages) to familiarize Sulzer employees with the requirements of the directive.
- Antitrust and anti-competition risks: Sulzer has an anti-trust directive in place that addresses behavior in trade associations.
- Export control risks: Employees involved in export activities must comply with all applicable export and re-export laws and regulations. Sulzer has rolled out and implemented its global Trade Control Directive in all legal entities concerned. Every exporting legal entity has an internal control program (ICP) in place that includes processes and defines responsibilities on export control matters and other important requirements to comply with export compliance laws and regulations.
- Further risks (e.g. stock exchange laws and regulations; human resource-related issues; intellectual property and know-how; privacy and data protection laws; product liability; environment, quality, safety and health, etc.): Focused rules and processes address these and many other potential risks. Sulzer has processes that ensure compliance with insider trading laws and stock exchange reporting and notification duties. Local compliance officers performed 10 face-to-face compliance training sessions in 2021. Due to the COVID-19 preventive measures, face-to-face sessions were replaced by 21 compliance webinars, conducted by Group Compliance and covering 2'610 employees. In addition, 34 export control training sessions were provided.



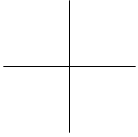
### Reporting scheme

Sulzer has a compliance hotline and an incident reporting system that provides employees with one of many options for reporting (potential) violations of laws or internal rules. Reports can be made anonymously or openly via a free hotline or a dedicated website ([www.sulzercompliancehotline.com](http://www.sulzercompliancehotline.com)). The main purpose of the hotline is to enhance transparency within Sulzer and to address critical topics at an early stage. It requires that all questions raised and incidents reported in good faith are taken seriously and the problems shared are addressed swiftly and in a sustainable manner.

The company has a directive that sets clear rules for internal investigations. Each report is analysed by the HQ compliance team or the regional compliance officer if the information is available. The reporter is provided with credentials allowing them to check the status of their report, receive feedback or provide more information if deemed necessary.



In 2021, Sulzer recorded 69 complaints through its hotline, which were analyzed and led to deeper investigation when required, as per our internal directive (“As a general rule, all reported cases need to be investigated. In some minor instances, a reported matter will not require an investigation [for example, if there are no allegations of misconduct or misdeeds or if corrective measures are not required due to the nature of the allegation]. In case of doubt, Group Compliance shall decide based on professional judgement.”).



The whistle-blowers were all protected according to the internal guideline dated March 2020: “All Sulzer Management Group members and all legal entity heads and compliance officers commit in their annual acknowledgment statement to ensure that good faith whistle-blowers will not be punished.”

Further tools are available to all employees on Sulzer’s intranet (e.g. presentations addressing the major exposures, draft agreements, sales and procurement handbooks with compliance-specific explanations and standard clauses). Sulzer has a compliance risk assessment process in place to identify and assess potential compliance risks on a local entity level and to define appropriate measures.

### **Approach to lobbying**

Sulzer is active in providing representation in numerous industry standards bodies, trade associations and legislative initiatives. A Technical Advisory Group represents Sulzer in such industry standards bodies and legislative matters to promote the company's position and best interests. The goals of such participations are to:

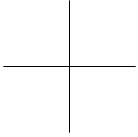
- identify general trends and specific issues coming from these sources that may have an impact on products, processes and / or general business practice,
- provide information and recommendations to the Global Technology Management and Business Units in support of the creation of further strategies, decisions, and action plans.

As a listed company, Sulzer is a member of SwissHolding, the federation of Swiss-based multinational enterprises. Sulzer is a member of its sub-group dedicated to corporate social responsibility.

In Switzerland, Sulzer is also a member of the Swiss Carbon Removal Platform, which aims at empowering Switzerland to reach its climate goals by enabling sustainable Carbon Dioxide Removal (CDR) innovation and scale-up, an area in which Sulzer offers validated solutions.

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See a [list of associations](#) in this report



### **Approach to tax**

Tax transparency plays an important role when it comes to business ethics. Our tax strategy is closely related to our business strategy and to the sustainability goals. In addition, it follows Sulzer's behavior principles addressed in the [Behavior chapter](#) of this report. It is executed in compliance with applicable laws and tax regulations, including those related to accurate and timely reporting and disclosure of tax positions. Sulzer has committed itself to trustworthy and transparent communication with the tax administration.

Our transactions have proper commercial purposes and economic rationale. We locate business activities where value is created. Sulzer does not engage in aggressive tax planning. It adheres to the arm's length principle as interpreted by the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (from January 2022) and complies with local laws and regulations for pricing of intra-group transactions.

Sulzer's Chief Financial Officer—a member of the Executive Committee—is responsible for all financial matters relating to operational management. The CFO is supported by a team of highly qualified tax professionals that assist all Group companies in their day-to-day business.



# Control



## External controls

Sulzer Ltd is the only Sulzer company listed on a stock exchange. It is based in Winterthur, Switzerland. Its shares are listed and traded on the SIX Swiss Exchange in Zurich (Securities No. 3838891/ISIN CH0038388911).

Sulzer Ltd is subject to the laws of Switzerland, in particular Swiss corporate and stock exchange laws. The company also applies the Swiss Code of Best Practice for Corporate Governance. The rigorous application of sound corporate governance helps to consolidate and strengthen trust in the company.

## The Shareholders, Meeting is the supreme organ of the Company. It has the following non-transferable powers:

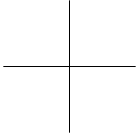
- to elect and remove the members of the Board of Directors, the Chairperson of the Board of Directors, the members of the Compensation Committee, the Auditors of the Company and the independent proxy;
- to approve the compensation of the Board of Directors and of the executive management pursuant to Article 29 of the Articles of Association;
- to discharge the members of the Board of Directors and of the executive management.

According to the Swiss Code of Obligations (Art. 699 para. 3) shareholders that represent a minimum of 10% of the share capital can call an extraordinary shareholder meeting.

Amendments to the Articles of Association require a majority of at least two thirds of the votes represented.

Increases in corporate capital are carried out, however, upon an absolute majority of the votes represented.

The dissolution or fusion of the Company can only be decided upon if at least half the shares issued are represented at the Shareholders, Meeting and two thirds thereof vote in favor of the corresponding proposal.



The Shareholders, Meeting passes its resolutions and carries out its elections upon an absolute majority of the votes represented, unless the law or the Articles of Association provide otherwise.

The election of a Board of Directors takes place when more than half of the votes represented are cast for the candidate proposed for election (Art. 703 CO). The Annual General Meeting (AGM) carries out its elections upon an absolute majority of the votes represented, unless the law or the Articles of Association provide otherwise.

**The rules regulating the terms of the Sulzer Board of Directors' mandate are set in the same code:**

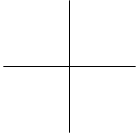
- The Board of Directors may be dismissed at any time by the Annual General Meeting (Art. 705 para. 1 CO),
- Any member of the Board of Directors is entitled to a right of withdrawal according to Art. 404 CO.
- The election process of members of the Board of Directors is designed to bring assurance that this is done in full transparency with appropriate controls. It describes the prerequisites of a member's election, their duties and limitations.

Elections and votes at the Shareholders, Meeting take place openly as a rule. Written votes and elections take place, if the chair so rules or the majority of the shareholders present so request. The chair may also arrange for resolutions and elections to be carried out by electronic means. Resolutions and elections carried out by electronic means are deemed to have the same effect as secret ballots. The chair of the Shareholders, Meeting may at any time order that an election or resolution be repeated if, in their view, the results of the vote are in doubt. In this case, the preceding election or resolution is deemed to have not occurred.

**Internal controls**

The Group Internal Audit (GIA) team conducts audits on fully consolidated operating Group companies globally as stated in the Group Internal Audit charter dated July 24, 2018 and signed by both the chair of the audit committee and the CEO. Sites are selected based on the rules defined in this charter: "Audits are planned and performed where audit results are expected to lead to the highest benefits from the resources deployed. Audits are either performed according to the Audit Program (regular audits) or upon request of a member of the Executive Committee or company management (special audits) with prior approval from the chair of the Audit Committee."





**Maintaining GIA's independence and objectivity is essential to its proper conduct and impartial advice to management. This is stated in our internal directive.**

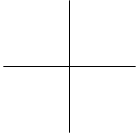
**To ensure independence and objectivity:**

- The Audit Committee receives and reviews all audit reports generated by GIA and reviews the scope and nature of the work of GIA to confirm its independence.
- The head of GIA has regular private sessions with the chair of the Audit Committee.
- Any guest auditors from Sulzer used by GIA may not audit their areas of responsibility.
- Any potential impairment to independence and objectivity must be reported to the Audit Committee.
- Members of GIA have no direct operational responsibility over the activities they review.

The Group Internal Audit regularly reports to the Executive Committee and Audit Committee any significant risk exposures and control issues from recent audits conducted, including the risk of financial misstatement and fraud, together with management's committed action plans.

The Environment, Safety and Health (ESH) Group function supervises external health and safety compliance audits performed by external experts focused on compliance with applicable regulations. The results of each are discussed directly with the responsible managers, leading to improvement plans. Audit actions are reported in a central repository (Group tool) that enables the follow-up and tracking of closures. Audit closure is regularly reviewed by management. The latest status of the company's risks relating to environment, safety and health is reported to the Audit Committee once a year.

Apart from these formal audits, internal investigations (triggered by reports from the compliance hotlines, e-mails, telephone calls or other avenues of communication) were carried out during 2021, and at least five employees had to leave Sulzer because of violations of Sulzer's Code of Business Conduct. Others received warnings or faced other disciplinary measures. However, most of the reports received in 2021 concerned non-material issues.



In addition, Sulzer reviews its customers and business partners using its due diligence process as stated in our trade control and intermediaries' directives. This allows verification that the business relationship will not infringe any regulations and is compliant with applicable laws (e.g., anti-fraud, anti-corruption).

**As cyber threats are on the increase, Sulzer controls its exposure via its data protection and information technology security directives. This covers several dimensions:**

→ **Awareness and training:**

- Employees participate in information security training and are made aware of the information security directives to properly protect the company
- Training and awareness campaigns target those employees with having permanent or regular access to business confidential and/or personal data

→ **Risk assessment:**

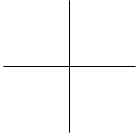
- Privacy impact assessments are conducted as legally required for a new and/or revised system or process
- Regular testing, assessment, and evaluation of the effectiveness of technical and organizational measures are performed to continuously monitor risks
- Appropriate technical and organizational measures are implemented to ensure a level of security appropriate to the risk

→ **Third-party due diligence:**

- Outsourcing partners are evaluated and vetted against information security requirements and best practices
- Information security and data privacy requirements for mitigating the risks associated with supplier's access to information and information systems are agreed upon with the supplier
- Evidence is requested that sufficient testing has been applied to guard against malicious content and the presence of known vulnerabilities

→ **Audits:**

- Implementation of an agreed set of controls, including access control, performance review monitoring, reporting, and auditing
- Reviews are performed by the global data protection officer to monitor compliance



→ **Incident response:**

- Sulzer has set up an incident response team to properly assess, rank, analyse, and manage any information security incident
- The team uses protocols, such as incident response plans, that are tested and updated based on the lessons learnt and the outcome of the root cause analysis

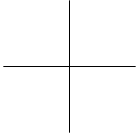
**As data protection has gained momentum, Sulzer has a dedicated policy to define record retention and ask stakeholders' consent for data sharing. Our approach is based on the following principles:**

- **Lawfulness:** a legitimate reason for the collection and processing of personal data based on the specific consent of the data subject or on another legal basis as permitted in the applicable data protection law
- **Transparency:** where required by the applicable data protection law, information is given to the data subject regarding how Sulzer will process the personal data
- **Fairness:** Sulzer processes the personal data as long as it considers necessary or reasonable to comply with the applicable laws, a contract, consent, a legitimate interest, or for as long as it is necessary for the legitimate purposes for which it was collected. Sulzer deletes the personal data as soon as it is no longer required and in any case after the end of the maximum retention period prescribed by law.

**Accounting risks**

**The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) using the historical cost convention, except for:**

- financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income;
- net position from defined benefit plans, where plan assets are measured at fair value and the plan liabilities are measured at the present value of the defined benefit obligations.



The consolidated statements are authorized for issue by the Board of Directors every year before publication as part of the Annual Report. The Board of Directors also authorizes the interim financial statements (half year).

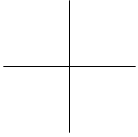
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. All critical accounting estimates and assessments are continually reviewed and are based on historical experience and other factors, including expectations regarding future events that appear reasonable under the given circumstances.

The group makes estimates and assumptions that relate to the future. By their nature, these estimates rarely correspond to actual subsequent events. The estimates and assumptions that carry a significant risk, in the form of a substantial adjustment to the present values of assets and liabilities within the next financial year, are set out in the Annual Report.

Over time, IFRS standards are amended or new standards are issued. Sulzer constantly reviews the on-going evolution of the accounting standards and assesses the impact on its financial statements and accounting policies.

Sulzer's financial statements are audited by a reputable, independent, and external auditor every year. The audits are run in compliance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. The goal is to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes its opinion.

The external auditor stated in its report dated February 17, 2022 that Sulzer's consolidated financial statement 2021 could be approved. The auditor's opinion confirms that an internal control system exists in line with Art. 728a para. 1 item 3 of the Swiss Code of Obligations.



The auditor's report stated that no subsequent event that would materially affect the financial statements occurred after the balance sheet date.

The auditors reported no key audit issues, whether for customer contracts, accounting for warranties, other costs to fulfil contracts obligations or valuation of goodwill.

Overall, this confirms that the accounting standards implemented in the course of 2021, including the carve-out of the former APS division, were made as per the rules.

As per the acquisition strategy, Sulzer defined its asset liability valuation ratio to consider its goodwill estimate. While other peer group companies may have different practices, Sulzer believes that this best manages the risks.

The shareholders of Sulzer appoint the auditors on an annual basis at the AGM. Under Swiss regulations, the audit partner has to rotate every seven years in order to ensure objectivity; Sulzer's accounting firm changes the lead partner approx. every five years in accordance with best practice. The last change of lead partner occurred within the last two years.



# Board



Sulzer Ltd is subject to the laws of Switzerland, in particular Swiss corporate and stock exchange laws. The company also applies the Swiss Code of Best Practice for Corporate Governance.

The rigorous application of sound corporate governance helps to consolidate and strengthen trust in the company. Sulzer has had a single share class and has separated the functions of Chairperson of the Board of Directors and CEO for many years.

## **Audit oversight**

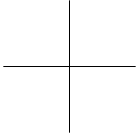
The Board of Directors has designed three standing committees (for more details, please refer to the Sulzer Annual Report 2021):

- **The Audit Committee (AC):** It assesses the mid-year and annual consolidated financial statements and, in particular, the activities — including effectiveness and independence — of the internal and statutory auditor, as well as the cooperation between the two bodies. It also assesses the Internal Control System (ICS), risk management and compliance.
- **The Nomination and Remuneration Committee (NRC)<sup>1</sup>:** It assesses the criteria for the election and re-election of Board members and the nomination of candidates for the top two management levels, and deals with succession planning. It also assesses the compensation systems and recommends compensation for the members of the Board of Directors and the Executive Committee (including bonus targets for the latter) on behalf of the Board of Directors and in accordance with its specifications.
- **The Strategy and Sustainability Committee (SSC):** It advises the Board of Directors on strategic matters (such as material acquisitions, divestitures, alliances and joint ventures), strategic planning, definition of development priorities, and the company's sustainability initiatives and objectives, as well as on other relevant public policy matters

The first two committees are responsible for the audit oversight.

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<sup>1</sup> Since April 2022, the NRC has been split into two committees: the Remuneration Committee and the Nomination Committee.



### **Strategy and Sustainability Committee**

To effectively govern Sulzer's sustainability agenda, the Board of Directors decided to extend the scope of the Strategy Committee and to rename it the Strategy and Sustainability Committee as of April 15, 2020. The Strategy and Sustainability Committee ([members listed in the Annual Report](#)) advises the Board of Directors on strategic matters (such as material acquisitions, divestitures, alliances and joint ventures), strategic planning, definition of development priorities, and the company's sustainability initiatives and objectives, as well as on other relevant public policy matters. The regulations of the Strategy and Sustainability Committee can be viewed at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under "Regulations"). In 2021, three meetings (one regular, two via conference call) took place in February, May and October, lasting one and a half to two and a half hours.

### **The top five key topics reviewed by the Strategy and Sustainability Committee in 2021:**

- COVID-19
- Carbon footprint
- Sulzer in Motion
- Responsible business
- Safety

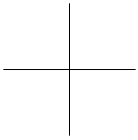
In 2021, the Strategy and Sustainability Committee consisted of Peter Löscher, Matthias Bichsel, Mikhail Lifshitz and Suzanne Thoma.

### **Board expertise and diversity**

The Board of Directors consists of eight members<sup>1</sup>. None of them has ever held an executive position at Sulzer. All members are non-executive. No member has ever belonged to the management of a Sulzer company or to the Executive Committee. No significant business relationships exist between members of the Board of Directors and Sulzer Ltd or a subsidiary of Sulzer Ltd.

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<sup>1</sup> Unless otherwise indicated, the following information refers to the situation on December 31, 2021.

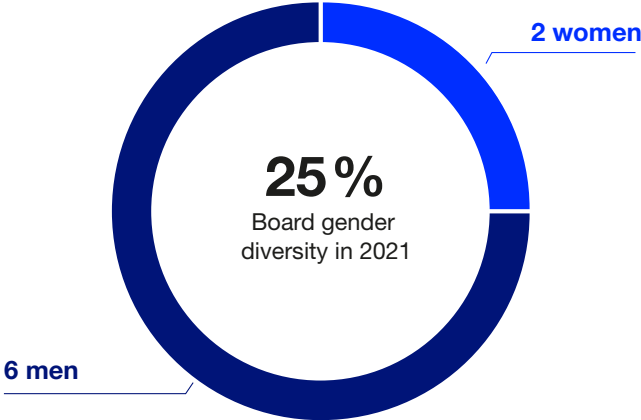


According to Sulzer's Articles of Association, the maximum number of additional mandates held by members of the Board of Directors outside the Sulzer group is 10 (of which a maximum of four mandates may be with listed companies). Exceptions (e.g. mandates held at the request of Sulzer or mandates in charity organizations) are defined in the Articles of Association.

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**Board gender diversity**

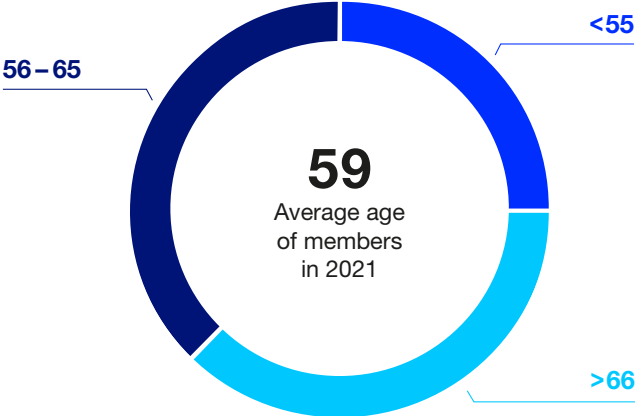
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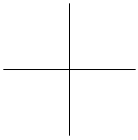
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**Board members' age**

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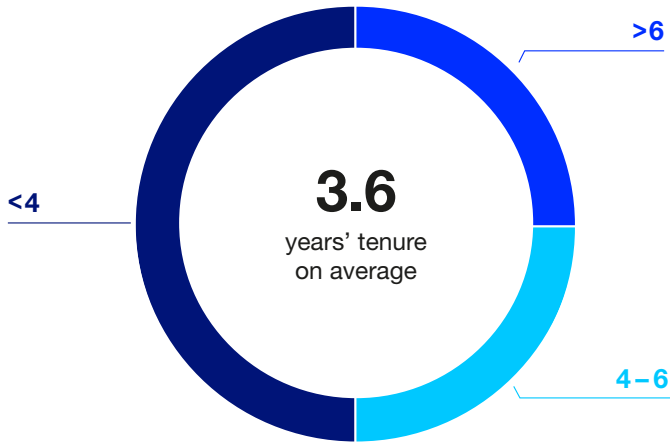




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### Board members' tenure

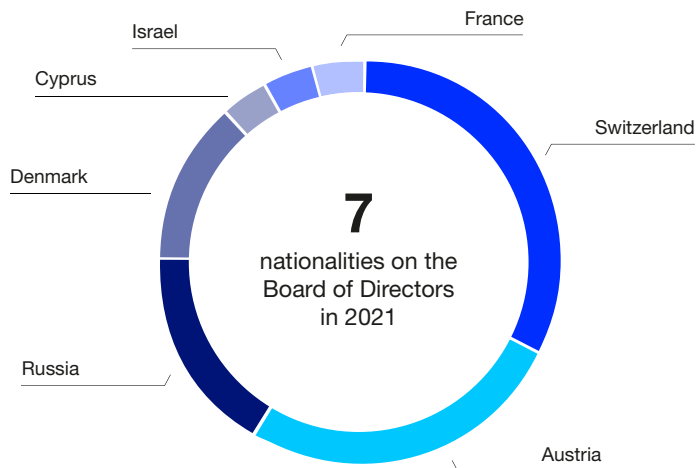
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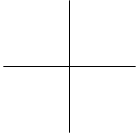


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### Board members' nationalities

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**At the end of 2021, the Board of Directors consisted of the following members:**

- Peter Löscher, born 1957, Austria
- Dr. Suzanne Thoma, born 1962, Switzerland
- Matthias Bichsel, born 1954, Switzerland
- Mikhail Lifshitz, born 1963, Russia
- Alexey Moskow, born 1971, Russia, Cyprus, Israel
- Gerhard Roiss, born 1952, Austria
- Hanne Birgitte Breinbjerg Sørensen, born 1965, Denmark
- David Metzger, born 1969, Switzerland and France

Professional expertise and international experience played a key role in the selection of the members. According to the Board of Directors and the Organization Regulations, the term of office of a Board member ends no later than on the date of the AGM in the year in which the member reaches the age of 70. The Board of Directors can make exceptions up to but not exceeding the year in which the member reaches the age of 73.

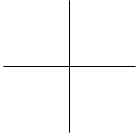
**Pay oversight**

The Nomination and Remuneration Committee (members listed in the Annual Report) assesses the criteria for the election and re-election of Board members and the nomination of candidates for the top two management levels, and deals with succession planning. It also assesses the compensation systems and recommends compensation for the members of the Board of Directors and the Executive Committee (including bonus targets for the latter) on behalf of the Board of Directors and in accordance with its specifications.

It carries out broadly based compensation benchmarks with an international comparison group, supported by studies from consulting firms such as Mercer and Willis Towers Watson, and it scrutinizes the work of internal and external consultants. The members of the Nomination and Remuneration Committee are elected by the Shareholders' Meeting. The regulations of the Nomination and Remuneration Committee<sup>1</sup> are available at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under "Regulations").

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<sup>1</sup> Since April 2022, the NRC has been split into two committees: the Remuneration Committee and the Nomination Committee.



The CEO and the Chief Human Resources Officer (who is also the Secretary of this committee) attend the meetings of the Nomination and Remuneration Committee. In 2021, four regular meetings were held in January, July, September and December, taking on average two hours. Furthermore, the NRC<sup>1</sup> held six extraordinary meetings by conference call, lasting on average 60 minutes. Independent third-party market compensation data was provided to the NRC<sup>1</sup>, in particular by Mercer with respect to executive management remuneration.

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Further information on Sulzer's corporate governance is listed in the corporate governance report on the [Sulzer website under Governance](#).

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<sup>1</sup> Since April 2022, the NRC has been split into two committees: the Remuneration Committee and the Nomination Committee.



# Appendix

## Global values and rules

### Core values

The Sulzer core values are operational excellence, strong customer partnerships and committed people. Behaviors are based on team and leadership core elements.

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More information on values and behaviors is available on the [www.sulzer.com](http://www.sulzer.com)

### Core rules

The Sulzer policies are structured around our management system. There are 3 levels:

- **Regulations:** They describe fundamental worldwide rules. They are under the exclusive authority of the Board of Directors of Sulzer Ltd.
- **Directives:** They describe the rules, responsibilities and rights at Sulzer Group level (applicable globally) under the authority of the Executive Committee.
- **The Playbook:** This is a set of documents describing how we work at Sulzer in the fields of human resources, ESH (environment, safety and health), real estate and internal communication. This is structured around various levels, from guidelines (descriptions of recommendations, best practices, responsibilities and rights at Sulzer Group level (applicable locally and/or globally), to policies (descriptions of rules, responsibilities and rights at Sulzer Group/Division/Business Unit level that are applicable locally and/or globally), and processes (descriptions of mandatory processes and best practices).

### Group directives linked to sustainability

Of the various directives, several directly relate to sustainability topics in the field of Environment, Social & Governance:

- **Environment:** The directives are often embedded into the ESH directives, with a specific focus on chemical management to prevent exposures and emissions. ESH directives also cover the accident investigation process.
- **Social:** This set of documents focuses on our employees and governs practices such as health and safety minimum standards.
- **Governance:** This is mostly regulated by legal and risk management with a core set of documents targeting practices such as delegation of authority and approvals, due diligence, trade control and export compliance, and regulations regarding our participation in trade associations or memberships.



# Stakeholder list and approach

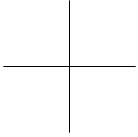
Sulzer is periodically in contact with its stakeholder groups as a part of regular processes, such as active investor relations and the global employee survey “Voice of Sulzer”.

A new baseline interaction plan with each stakeholder group as part of the Sustainable Sulzer Initiative was started in 2021 and will be concluded in 2022. The consolidated results of the stakeholder interaction will flow into the future Sulzer Materiality Matrix.

Sulzer is one part of an overall business ecosystem, meaning that engaging with various stakeholders is crucial as all business activities are connected and interdependent. Our stakeholders start with our employees. It is Sulzer’s commitment to protect its employees as stated in the business code of conduct. Sulzer is committed to the UNGC and supports human rights, namely the right to be free of child and forced labor and the right to health and safety.

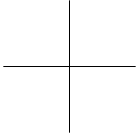
## **Global vs. local scale**

Sulzer is convinced that smooth relationships with its local societal environment are key to providing sound, safe and accepted operations. This requires the local teams to interact regularly with their stakeholders in order to share information and concerns and maximize the benefit to the local communities, either directly through employment or indirectly via engagement with other organizations. While some subjects require a company position, local teams are fully empowered to manage their stakeholders and decide on the right way to leverage reciprocal benefits.



## Stakeholder list and interactions

		Interactions
<b>Employees</b>		<ul style="list-style-type: none"> <li>• Voice of Sulzer: employee survey conducted every 18 months covering all employees and including sustainability topics</li> <li>• Educational programs and training</li> </ul>
<b>Unions</b>	European Works Councils (EWC) as core union	<ul style="list-style-type: none"> <li>• Active engagement and long lasting and trusting relationship with the European Works Councils, covering the regulatory requirements and sharing sustainability-related information and perspectives on a regular basis, building additional cross-collaboration</li> <li>• Joint ESH committees/work councils in multiple countries</li> </ul>
<b>Business partners</b>	Suppliers	<ul style="list-style-type: none"> <li>• Supplier assessments</li> <li>• Collaboration and development</li> <li>• Business events, trade fairs</li> </ul>
	Customers	<ul style="list-style-type: none"> <li>• Global key account network</li> <li>• Partnerships and offerings for more sustainable solutions and systems</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Exchange related to the risk management approach, exchange of risk assessment information</li> </ul>
	Associations	<ul style="list-style-type: none"> <li>• Sulzer is active in providing representation in numerous industry standards, trade associations and legislative initiatives through technical advisory groups</li> </ul> <p><b>Memberships include:</b></p> <ul style="list-style-type: none"> <li>• Federation of Swiss-based Multinational Enterprises, SwissHoldings and its subgroup for Corporate Social Responsibility</li> <li>• Swiss carbon removal platform</li> <li>• American Petroleum Institute (API), US trade association representing America's oil and natural gas industry</li> <li>• German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau, VDMA)</li> <li>• Europump, the European Association of Pump Manufacturer Associations</li> </ul>



<b>Business influencers</b>	NGOs/NPOs/universities	<ul style="list-style-type: none"><li>• Social activities</li><li>• Conferences, working groups</li><li>• Education, internship</li><li>• Joint development programs</li></ul>
	Local municipalities	<ul style="list-style-type: none"><li>• Education</li><li>• Taxes</li><li>• Social activities</li><li>• Employment</li></ul>
	Media	<ul style="list-style-type: none"><li>• Media releases, briefings, events and contacts</li><li>• Regular interviews with top management</li></ul>
<b>Financial community</b>	Shareholders	<ul style="list-style-type: none"><li>• As a listed company, we report on order intake every quarter and on financial results every half-year, including comments on the business performance and outlook</li><li>• Important events are reported on an ongoing basis (ad hoc publications)</li><li>• We regularly hold investor days and participate in investor fairs through our Investor Relations Office</li></ul>
	Rating agencies	<ul style="list-style-type: none"><li>• We provide information on request and stay in regular touch with important rating agencies via our Investor Relations Office</li></ul>



# Reporting

## Reporting period and scope

The data for social factors refers to calendar year 2021 (January 1 to December 31) and includes the data of the former Sulzer Applicator Systems (APS) Division until the end of the calendar year. After the spin-off of the APS Division from Sulzer as medmix on October 1, 2021, a number of core processes in human relations at medmix continued to be operated by Sulzer Group under a transitional services agreement. The data will be split as per calendar year 2022.

The data for environmental factors refers to the period of October 1, 2020, to September 30, 2021.

The data for governance factors refers to calendar year 2021 (January 1 to December 31) and includes the data of the former Sulzer Applicator Systems (APS) Division until the spin-off of the APS Division from Sulzer as medmix on October 1, 2021.

## Identification of material topics

The Sustainable Sulzer strategy includes 16 fields of actions that are material to the company. The strategy strongly builds on feedback from central stakeholder groups such as employees and investors. Additionally, a full materiality analysis process was started in 2021, engaging with all stakeholder groups with the aim of supporting our engagement policy see the [Engage chapter](#).

The final materiality analysis with systematic input by all stakeholders will be completed in 2022. This report gives a first insight into the process.

## Greenhouse gas reporting GHG

Sulzer is committed to following the greenhouse gas protocol (GHG) set by the World Business Council for Sustainable Development and acts accordingly. This is the reason why our emissions are analyzed by an external provider, and our corporate carbon footprint (CCF) reports are disclosed on our website.

## UNGC Communication on Progress

Sulzer takes part in the United Nations Global Compact (UNGC) initiative. On August 26, 2021, we submitted the corresponding Communication on Progress (CoP). The CoP demonstrates the company's ongoing accountability to the UNGC's Ten Principles of Responsible Business Conduct.

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Read more on [our process of defining materiality and our stakeholder inclusiveness approach](#) in this report.

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Read more on how we measure our emissions in [the Mimimize chapter](#).

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The CoP is available as a [download](#) on the Sulzer website.



# GRI content index

Statement of use Sulzer Ltd has reported the information cited in this GRI content index for the period of 2021 with reference to the GRI Standards.  
Please see page 123 on Reporting for the detailed description of the reporting periods for the different topics.

GRI 1 used GRI 1: Foundation 2021

GRI standard

## GRI 2: General Disclosures 2021

Disclosure	Location
2-1 Organizational details	<a href="#">Sulzer Annual Report 2021</a> , p. 10-12
2-2 Entities included in the organization's sustainability reporting	Sulzer Annual Report 2021, notes to the consolidated financial statements, note 36: Major Subsidiaries and p. 123 (Reporting) in this report
2-3 Reporting period, frequency and contact point	p.123 for reporting period and frequency, p. 124 for contact point
2-4 Restatements of information	total numbers reported for hazardous waste were all updated for the years up until 2020, see footnote 5 on p. 132 (Sulzer sustainability data 2021)
2-5 External assurance	no external assurance
2-6 Activities, value chain and other business relationships	p. 10-13, 72-73
2-7 Employees	p. 127-129 (information on employees and other workers)
2-8 Workers who are not employees	p. 127, footnote: "No significant portion of the organization's activities is performed by workers who are not employees."
2-9 Governance structure and composition	<a href="#">Sulzer Annual Report 2021</a> , Corporate Governance and p. 113-114 (Board) in this report
2-10 Nomination and selection of the highest governance body	<a href="#">Sulzer Annual Report 2021</a> , Corporate Governance and p. 106-107 (Control) in this report
2-11 Chair of the highest governance body	<a href="#">Sulzer Annual Report 2021</a> , Corporate Governance and p. 117 (Board) in this report
2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">Sulzer Annual Report 2021</a> , Corporate Governance and p. 15-19 (Management approach and sustainability framework) and p. 94 onwards (Governance) in this report
2-13 Delegation of responsibility for managing impacts	p. 15-18, 94, 113-114
2-14 Role of the highest governance body in sustainability reporting	The Sulzer Sustainability Report is reviewed at the executive level.
2-15 Conflicts of interest	<a href="#">Sulzer Annual Report 2021</a> , Board of Directors and p. 114 (Board) in this report
2-16 Communication of critical concerns	critical concerns are communicated via the Sulzer reporting scheme, p. 103

GRI standard

**GRI 2: General Disclosures 2021**

Disclosure	Location
2-17	Collective knowledge of the highest governance body not reported
2-18	Evaluation of the performance of the highest governance body <a href="#">Sulzer Annual Report 2021</a> , Compensation Report
2-19	Remuneration policies <a href="#">Sulzer Annual Report 2021</a> , Compensation Report and p. 95-97 (Compensation) in this report
2-20	Process to determine remuneration <a href="#">Sulzer Annual Report 2021</a> , Compensation Report and p. 95-97 (Compensation) in this report
2-21	Annual total compensation ratio Sulzer Annual Report 2021, Compensation Report p. 2-19 to 2-20, others not reported
2-22	Statement on sustainable development strategy p. 3-5, 14-19
2-23	Policy commitments p. 14-24, 119 and Engage chapter in this report
2-24	Embedding policy commitments p. 14-21, Engage chapter in this report
2-25	Processes to remediate negative impacts p. 103 (Reporting scheme) in this report
2-26	Mechanisms for seeking advice and raising concerns p. 108-109, 103 (Control)
2-27	Compliance with laws and regulations p. 98
2-28	Membership associations p. 121
2-29	Approach to stakeholder engagement p. 18, (identification of material topics), 120-122 (labor relations)
2-30	Collective bargaining agreements p. 87

GRI standard

**GRI 3: Material Topics 2021**

Disclosure	Location
3-1	Process to determine material topics p. 18
3-2	List of material topics p. 18
3-3	Management of material topics p. 15-19, 29, 31, 33, 36, 46, 64, 94

GRI standard

**GRI 302: Energy 2016**

Disclosure	Location
302-1	Energy consumption within the organization p. 130
302-2	Energy consumption outside of the organization not reported
302-3	Energy intensity p. 130
302-4	Reduction of energy consumption p. 29-30, 47-49
302-5	Reductions in energy requirements of products and services not reported



GRI standard

### **GRI 303: Water and Effluents 2018**

Disclosure	Location
303-1 Interactions with water as a shared resource	p. 36-39, 50-52, 132
303-2 Management of water discharge-related impacts	not reported
303-3 Water withdrawal	p. 132 from all areas, not reported from water-stressed areas
303-4 Water discharge	p. 132
303-5 Water consumption	p. 132

GRI standard

### **GRI 305: Emissions 2016**

Disclosure	Location
305-1 Direct (Scope 1) GHG emissions	p. 130
305-2 Energy indirect (Scope 2) GHG emissions	p. 130
305-3 Other indirect (Scope 3) GHG emissions	p. 130
305-4 GHG emissions intensity	p. 130
305-5 Reduction of GHG emissions	p. 19, 27, 31-32 for the protocol in this report, p. 8-12 in the <a href="#">Corporate Carbon Footprint Report</a>
305-6 Emissions of ozone-depleting substances (ODS)	not reported
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	not reported

GRI standard

### **GRI 306: Waste 2020**

Disclosure	Location
306-1 Waste generation and significant waste-related impacts	p. 33-35
306-2 Management of significant waste-related impacts	p. 33-35, 55-57
306-3 Waste generated	p. 34, 131
306-4 Waste diverted from disposal	p. 131
306-5 Waste directed to disposal	p. 131

# GRI Disclosure 2-7 Employees

	EMEA				APAC				AME							
	m	f	%m	%f	m	f	%m	%f	m	f	%m	%f	m	f	%m	%f
Permanent employees	5'597	1'684	77%	23%	3'288	642	84%	16%	2'926	559	84%	16%	11'811	2'886	80%	20%
Temporary employees	154	41	79%	21%	75	4	95%	2%	850	30	97%	3%	1'079	75	93%	7%
Full-time employees	5'650	1'504	79%	21%	3'361	643	84%	16%	3'727	582	86%	14%	12'737	2'729	82%	18%
Part-time employees	102	222	31%	69%	2	3	40%	60%	49	8	86%	14%	152	232	40%	60%
Total by regions	5'751	1'726	77%	23%	3'363	646	84%	16%	3'776	590	86%	14%	12'890	2'961	81%	19%
<b>Full total</b>	<b>7'477</b>				<b>4'009</b>				<b>4'365</b>				<b>15'851</b>			

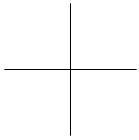
No significant portion of the organization's activities is performed by workers who are not employees or who are non-guaranteed hours employees. All disclosures are listed in full-time equivalents (FTI), at the end of the reporting period.

# Sulzer sustainability data 2021

Supplement to the Sulzer Annual Report 2021  
and the Sulzer Sustainability Report 2021

		2016	2017	2018	2019	2020	2021
<b>Social <sup>1)</sup></b>							
<b>Labor relations</b>							
<b>Number of employees</b>							
Number of employees Sulzer Ltd, according to IFRS; i.e., Sulzer total	FTE	14'005	14'732	15'572	16'506	15'054	15'851
<b>Type of employment: temporary (on payroll)</b>							
Employees with temporary contract (on average)	FTE	887	1'052	1'062	1'615	1'120	1'058
<b>Type of employment: part-time (on payroll)</b>							
Employees working part-time (on average)	FTE	225	279	240	241	310	368
<b>Employees with higher education</b>							
Number of employees with higher education (minimum BA)	head-count	4'123	4'432	4'226	4'288	4'128	2'258
<b>Employee training</b>							
Behavior-based safety observations (including safety walks); cases	cases	n/a	27'420	60'284	70'739	32'344	60'478
<b>Voluntary attrition rate</b>							
Total voluntary attrition rate	% (FTE)	8.0%	9.0%	7.4%	6.7%	6.2%	7.2%
<b>Diversity</b>							
<b>Geographical spread</b>							
Europe, Middle East, Africa	FTE	7'455	7'279	7'495	7'766	7'555	7'477
Americas	FTE	3'822	3'911	4'374	4'526	3'741	4'365
Asia-Pacific	FTE	2'728	3'542	3'703	4'027	3'758	4'009
<b>Geographical spread of female employees</b>							
Europe, Middle East, Africa	% (FTE)	57%	59%	58%	57%	58%	58%
Americas	% (FTE)	23%	21%	22%	21%	21%	20%
Asia-Pacific	% (FTE)	20%	20%	20%	22%	21%	22%

<sup>1)</sup> including medmix



		2016	2017	2018	2019	2020	2021
<b>Age spread</b>							
FTE age < 20	% (FTE)	1%	1%	1%	1%	0%	0%
FTE age 20-29	% (FTE)	16%	16%	16%	14%	12%	11%
FTE age 30-39	% (FTE)	30%	31%	32%	31%	33%	33%
FTE age 40-49	% (FTE)	25%	25%	24%	27%	25%	27%
FTE age 50-59	% (FTE)	21%	20%	20%	20%	21%	21%
FTE age > 60	% (FTE)	7%	6%	7%	8%	9%	8%

### Occupational health and safety

#### Occupational accidents

Number of cases of occupational accidents (with > 1 lost day)	cases	50	78	85	55	55	43
Lost days due to occupational accidents and illnesses	lost days	1'414	1'564	2'282	1'847	1'113	864

#### Occupational fatalities

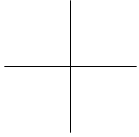
Total number of cases	cases	1	0	0	0	0	0
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#### Accident Frequency Rate (AFR)

Accident Frequency Rate (AFR); number of cases with lost time of more than 1 day per million working hours	#	1.8	2.7	2.9	1.7	1.9	1.4
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#### Accident Severity Rate (ASR)

Accident Severity Rate; total number of lost days per million working hours	#	51.2	54	81.1	58.3	37.5	28.5
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2016      2017      2018      2019      2020      2021

**Environment**

**Energy**

**Energy consumption**

Total energy consumed	GJ	845'056	872'335	860'753	902'751	878'106	<b>866'974</b>
whereof electricity	GJ	480'243	511'309	499'712	509'934	463'723	<b>391'768</b>
whereof gas	GJ	194'119	220'736	234'756	228'284	214'915	<b>209'986</b>
whereof fuels	GJ	98'675	84'573	89'521	125'651	101'712	<b>82'982</b>
whereof fuel oils, coal, coke	GJ	12'451	15'764	9'403	11'735	44'034	<b>13'917</b>
whereof district heating	GJ	51'612	31'849	27'362	27'147	27'859	<b>23'366</b>
whereof cooling energy	GJ	0	0	0	0	0	<b>0</b>
whereof wood and other renewable sources	GJ	7'956	8'104	0	0	25'873	<b>144'954</b>

**Energy intensity**

GJ of energy consumed per 1'000 working hours	GJ	37	40	38.3	36.9	35.7	<b>36.1</b>
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**Emissions**

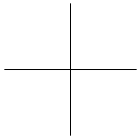
**Greenhouse gases according to GHG Protocol**

**Baseline year: average 2017 to 2019**

Total GHG emissions	tCO <sub>2</sub> eq	91'440			116'302	109'582	<b>82'509</b>
GHG emissions for scope 1	tCO <sub>2</sub> eq <sup>2)</sup>	17'690			19'530	21'545	<b>18'419</b>
GHG emissions for scope 2	tCO <sub>2</sub> eq <sup>3)</sup>	56'970			57'382	60'092	<b>44'668</b>
GHG emissions for scope 3	tCO <sub>2</sub> eq <sup>4)</sup>	16'780			39'390	27'945	<b>19'421</b>

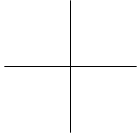
**GHG/carbon intensity**

tCO <sub>2</sub> eq in GHG emissions emitted per 1'000 working hours	tCO <sub>2</sub> eq	4.0	5.4	5.1	4.8	4.5	<b>3.4</b>
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		2016	2017	2018	2019	2020	2021
<b>Waste and recycling</b>							
<b>Total waste <sup>5)</sup></b>		26'064	19'028	18'143	21'002	18'260	<b>20'635</b>
Non-hazardous waste	t	5'004	14'748	14'981	18'091	15'596	<b>17'253</b>
to landfill	t	3'313	3'319	5'442	6'574	4'413	<b>2'622</b>
to incineration	t	493	612	644	4'330	1'316	<b>2'256</b>
other treatment	t	1'198	711	547	1'015	434	<b>586</b>
to external recycling	t	14'821	10'106	8'349	11'743	9'433	<b>11'789</b>
Hazardous waste	t	6'239	4'280	3'162	2'911	2'664	<b>3'382</b>
to landfill	t	1'371	421	567	415	995	<b>642</b>
to incineration	t	220	121	127	111	140x	<b>475</b>
to external treatment	t	3'430	2'672	1'336	1'140	1'020	<b>1'174</b>
to external recycling	t	1'218	1'066	1'132	1'245	508	<b>1'095</b>
<b>Waste intensity</b>							
Waste produced per 1'000 working hours	t	1.2	0.9	0.8	0.9	0.8	<b>0.9</b>
<b>Biodiversity</b>							
Land owned, leased, or aotherwise used by company	m <sup>2</sup>	1'701'380	1'826'558	1'930'041	2'047'625	2'105'335	<b>2'080'943</b>
whereof impermeable land	m <sup>2</sup>	1'003'144	1'054'806	1'105'589	1'140'360	1'254'868	<b>1'215'851</b>





		2016	2017	2018	2019	2020	2021
<b>Water</b>							
<b>Water consumption</b>							
Total water consumed	m <sup>3</sup>	1'600'383	1'163'905	930'530	1'029'302	989'255	<b>1'113'436</b>
<b>Water consumption by usage</b>							
drinking water	m <sup>3</sup>	200'732	24'820	279'796	266'671	234'800	<b>225'728</b>
process water	m <sup>3</sup>	105'041	184'937	110'981	71'500	136'692	<b>128'066</b>
cooling water	m <sup>3</sup>	1'206'133	780'159	587'177	622'236	542'325	<b>650'327</b>
other usage	m <sup>3</sup>	88'477	63'252	12'749	68'896	73'760	<b>82'315</b>
<b>Water consumption by source</b>							
municipal water	m <sup>3</sup>	374'116	385'035	368'895	401'603	447'761	<b>481'177</b>
ground water	m <sup>3</sup>	906'903	771'403	555'468	621'059	514'035	<b>616'046</b>
surface water	m <sup>3</sup>	318'839	7'032	1'225	2'347	22'922	<b>15'941</b>
ocean water	m <sup>3</sup>	0	0	0	0	0	<b>0</b>
other sources	m <sup>3</sup>	525	435	4'942	4'293	2'858	<b>273</b>
<b>Water intensity</b>							
Water consumed per 1'000 working hours	m <sup>3</sup>	71	54	41	42	40	<b>46</b>
<b>Water discharge</b>							
Total water discharged	t	1'559'770	1'131'376	852'361	939'850	949'598	<b>1'054'653</b>
whereof to wastewater treatment plant (WWTP)	t	287'848	267'854	240'702	265'619	359'760	<b>376'696</b>
whereof to ground water	t	271'214	170'485	156'758	177'167	171'062	<b>612'496</b>
whereof to ocean water	t	342'372	342'372	13'280	2'347	22'922	<b>16'494</b>
whereof to surface water	t	631'158	603'539	394'756	448'425	355'135	<b>2'893</b>
whereof to air and other water bodies	t	27'178	23'363	18'549	15'780	18'784	<b>46'074</b>

- 1) See also Sulzer Sustainability Report 2021, GRI 102-8 Information on employees and other workers.  
The data for social factors refers to calendar year 2021 (January 1 to December 31) and includes the data of the former Sulzer Applicator Systems (APS) Division until the end of the calendar year. After the spin-off of the APS Division from Sulzer as medmix on October 1, 2021, a number of HR core processes at medmix are operated by Sulzer under a transitional services agreement. The data will be split as per calendar year 2022. The data for environmental factors refers to the period of October 1, 2020 to September 30, 2021.
- 2) Scope 1: direct emissions from Sulzer stemming from primary energy sources such as natural gas and fuels used on-site.
- 3) Scope 2: indirect emissions from secondary (converted) energy sources such as electricity and district heating.
- 4) Scope 3 for years 2017 to 2019: indirect emissions from the production and transport of fuels and gases not included in scopes 1 or 2; scope 3 for years 2020 and 2021: same definition plus business travel (flights and rental cars).
- 5) Numbers reported for total hazardous waste were all updated, as an error in the aggregation formula was found in the system. This was material. It was detected thanks to our internal data quality check procedures.



**Christoph Ladner**  
**Head of Investor Relations**

Sulzer Management Ltd  
Neuwiesenstrasse 15  
8401 Winterthur  
Switzerland  
Phone: +41 52 262 30 22  
[investorrelations@sulzer.com](mailto:investorrelations@sulzer.com)

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