

Winterthur, March 19, 2021

**Sulzer Ltd**  
Neuwiesenstrasse 15  
CH-8401 Winterthur  
Switzerland  
[www.sulzer.com/agm](http://www.sulzer.com/agm)

## **Invitation to the Annual General Meeting of Shareholders**

Dear Shareholders,

The Annual General Meeting will be held on

**Wednesday, April 14, 2021, at 10 a.m.**, at Neuwiesenstrasse 15, in Winterthur.

### **Agenda**

#### **Welcome address and general remarks about the Annual General Meeting**

#### **1. Annual report 2020**

##### **1.1 Business review, financial statements of Sulzer Ltd and consolidated financial statements 2020, reports of the Auditors**

The Board of Directors proposes that the business review, the financial statements of Sulzer Ltd and the consolidated financial statements 2020 be approved.

##### **1.2 Advisory vote on the compensation report 2020**

The Board of Directors proposes to approve the compensation report 2020 included in the annual report 2020 (non-binding advisory vote).

#### **2. Appropriation of net profits**

The Board of Directors proposes to appropriate the total balance of CHF 181'591'802, comprising the net profits for the year 2020 of CHF 131'000'000 and retained profits of CHF 50'591'802 as follows:

- |                                |                 |
|--------------------------------|-----------------|
| – Dividend payment             | CHF 135'343'612 |
| – Carry-forward to new account | CHF 46'248'190  |

If this proposal is approved, the gross dividend (before deduction of the Swiss withholding tax of 35%) will amount to CHF 4.00 per share. Dividends will be paid out on April 20, 2021. Any shares held by Sulzer Ltd and its subsidiaries on the dividend record date shall not be eligible to dividends.

#### **3. Discharge**

The Board of Directors proposes that discharge be granted to its members and the Executive Committee for the financial year 2020.

## **4. Compensation of the members of the Board of Directors and the Executive Committee**

### **4.1 Compensation of the Board of Directors**

The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Board of Directors of CHF 2'984'000 for the term of office from the 2021 Annual General Meeting until the completion of the 2022 Annual General Meeting.

*Explanation: The enclosed brochure sets out further details in relation to this proposal. In addition, the compensation system of Sulzer is described in the compensation report at <https://report.sulzer.com/ar20>.*

### **4.2 Compensation of the Executive Committee**

The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Executive Committee of CHF 19'500'000 for the financial year 2022.

*Explanation: The enclosed brochure sets out further details in relation to this proposal. In addition, the compensation system of Sulzer is described in the compensation report at <https://report.sulzer.com/ar20>.*

## **5. Elections of the Board of Directors**

### **5.1 Re-election of the Chairman of the Board of Directors**

The Board of Directors proposes to re-elect Mr. Peter Löscher for a one-year term as a member and Chairman of the Board of Directors.

### **5.2 Re-elections**

The Board of Directors proposes to re-elect Mrs. Hanne Birgitte Breinbjerg Sørensen, Messrs. Matthias Bichsel, Mikhail Lifshitz, Alexey Moskov, and Gerhard Roiss for a further one-year term of office. Elections will be held individually. Messrs. Lukas Braunschweiler and Marco Musetti will not stand for re-election.

### **5.3 Election of two new members**

The Board of Directors proposes to elect Mrs. Suzanne Thoma and Mr. David Metzger for a one-year term as new members of the Board of Directors. Elections will be held individually. For information relating to the proposed members see [www.sulzer.com/agm](http://www.sulzer.com/agm).

## **6. Elections of the Remuneration Committee**

### **6.1 Re-election of two members to the Remuneration Committee**

The Board of Directors proposes to re-elect the members of the Board of Directors Mrs. Hanne Birgitte Breinbjerg Sørensen, and Mr. Gerhard Roiss for a one-year term as members of the Remuneration Committee. Elections will be held individually. Mr. Marco Musetti will not stand for re-election.

### **6.2 Election of a new member to the Remuneration Committee**

The Board of Directors proposes to elect Mrs. Suzanne Thoma for a one-year term as a new member of the Remuneration Committee.

## **7. Re-election of Auditors**

The Board of Directors proposes to re-elect KPMG Ltd, Zürich, for a one-year term as Auditors.

## **8. Re-election of the independent proxy**

The Board of Directors proposes to re-elect Proxy Voting Services GmbH, Zürich, for a one-year term as the independent proxy. For further information see [www.proxyvotingservices.ch](http://www.proxyvotingservices.ch).

## **9. Introduction of conditional share capital**

The Board of Directors proposes to introduce the following new article to the Articles of Association authorizing the Board of Directors to issue up to 1'700'000 fully paid-up registered shares with a par value of CHF 0.01 each for refinancing, acquisitions and other financing purposes:

### **Art. 3a**

The share capital may be increased in an amount not to exceed 17,000 francs through the issuance of up to 1,700,000 fully paid registered shares with a par value of CHF 0.01 per share through voluntary or mandatory exercise of conversion, option or similar rights for the subscription of shares granted to shareholders or third parties in connection with bonds, loans or other financial market instruments of the Company or any of the companies controlled by it (hereinafter collectively, the "Financial Instruments").

The pre-emptive rights of shareholders shall be excluded upon the exercise of any Financial Instruments in connection with the issuance of shares. The then-current owners of such Financial Instruments shall be entitled to acquire the new shares issued upon voluntary or mandatory exercise of any Financial Instruments. The conditions of the Financial Instruments shall be determined by the Board of Directors.

The Board of Directors shall be authorized to restrict or withdraw advance subscription rights of shareholders in connection with the issuance of Financial Instruments by the Company or any of the companies controlled by it if (1) the issuance is for purposes of financing or refinancing the acquisition of companies, parts of a company, participations or investments or the acquisition of products, intellectual property rights or licenses or (2) the issuance occurs in national or international capital markets or through a private placement. If the advance subscription rights are neither granted directly nor indirectly by the Board of Directors, the following shall apply:

1. the Financial Instruments shall be issued or entered into at market conditions; and
2. the conversion or exercise price of the Financial Instruments shall be set with reference to the market conditions prevailing at the date on which the Financial Instruments are issued; and
3. the conversion or option rights may be exercised during a maximum period of 10 years from the date of the relevant issuance or entry.

The direct or indirect acquisition of the new shares through the exercise of Financial Instruments and any subsequent transfer of such shares shall be subject to the restrictions of Article 6 and Article 6a of these Articles of Association.

## **Miscellaneous**

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The **annual report**, including the business review, financial statements of Sulzer Ltd and consolidated financial statements 2020, the compensation report and the auditors' reports for 2020 are available for inspection at the registered office of the Company in Winterthur and are also published under <https://report.sulzer.com/ar20>.

Shareholders registered in the share register as of April 1, 2021, are entitled to exercise their **voting rights** at the Annual General Meeting by authorizing and instructing the independent proxy to cast their votes on their behalf. The authorization and instruction of the independent proxy has no influence on the ability to trade the shares. However, any authorizations or instructions given to the independent proxy will automatically lose their validity should the relevant shares be sold between April 1, 2021, and the date of the Annual General Meeting.

In order to be taken into account, reply forms sent by mail must have reached Nimbus AG on April 7, 2021, at 4:00 p.m. at the latest. Instructions via the electronic platform Nimbus ShApp® may be cast until April 12, 2021, at 11:59 p.m.

## **Special measures relating to Covid-19 (“Coronavirus”)**

Based on the Covid-19-Ordinance 3 dated March 16, 2020 (extended until December 31, 2021), shareholders are not allowed to attend the AGM in person this year. Therefore, no admission tickets will be sent out.

Shareholders may arrange to be represented by the independent proxy, Proxy Voting Services GmbH, Grossmünsterplatz 1, 8001 Zürich.

Voting instructions may be indicated on the reply form. To the extent you do not mark options for instructions on the reply form, you instruct, by signing the reply form, the independent proxy to cast your votes in favour of the proposals of the Board of Directors.

For questions concerning the Annual General Meeting please contact Nimbus AG, tel. +41 (0)55 617 37 33, or via [sulzer@nimbus.ch](mailto:sulzer@nimbus.ch).

We intend to webcast the Annual General Meeting (accessible through the following link: <https://www.sulzer.com/agm>).

The minutes of the resolutions of the Annual General Meeting will be available at the registered office of the Company and published online at [www.sulzer.com/agm](http://www.sulzer.com/agm).

Yours sincerely  
On behalf of the Board of Directors of Sulzer Ltd



**Peter Löscher**  
Chairman

Enclosures:  
Reply form with reply envelope  
Explanations to the Reply Form  
Shareholder information on the compensation votes

# Shareholder information on the compensation votes at the 2021 Annual General Meeting

Agenda Item 4



## Vote 4.1

### Binding vote on the maximum aggregate compensation of the Board of Directors from the 2021 Annual General Meeting to the 2022 Annual General Meeting

Proposal: The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Board of Directors of CHF 2'984'000 for the term of office from the 2021 Annual General Meeting until the completion of the 2022 Annual General Meeting.

Explanation: This binding vote, which is to be conducted according to the Ordinance against excessive compensation in stock listed corporations, allows shareholders to vote directly on the aggregate maximum compensation amount of the Board of Directors for the forthcoming term of office. The proposed amount allows for a maximum aggregate compensation of the Board of Directors for the term of office from the 2021 AGM to the 2022 AGM of CHF 2'984'000.

In order to reinforce their independence, the members of the Board of Directors of Sulzer receive a fixed compensation only. They are neither eligible to variable or performance-based compensation nor entitled to participate in the pension benefit plans of Sulzer. The compensation of the Board of Directors is delivered partly in cash and partly in Restricted Share Units (RSU) and is summarized below:

Compensation of the Board of Directors <sup>1</sup>		
thousands of CHF	Cash component (net of social security contributions)	Grant value of Restricted Share Units (net of social security contributions)
Member of the Board of Directors	70	125
Chairman of the Board of Directors <sup>2</sup>	420	250
Vice-Chairman of the Board of Directors	100	155
<b>Additional committee fees:</b>		
Committee chairman	60	
Committee member	35	

<sup>1</sup> Compensation for the term of office from AGM to AGM.

<sup>2</sup> The Chairman of the Board of Directors is not entitled to receive additional committee fees.

The following table illustrates the composition of the proposed maximum aggregate amount of CHF 2'984'000 for the compensation of the Board of Directors for the term of office from the 2021 AGM to the 2022 AGM.

Compensation of the Board of Directors	Approved	Actual	Proposal
thousands of CHF	2020 AGM – 2021 AGM	2020 AGM – 2021 AGM	2021 AGM – 2022 AGM
Fees in cash <sup>1</sup>	1'390	1'396	1'400
Fair value of the Restricted Share Units (RSU)	1'030	1'155	1'155
Mandatory social security contributions	250	257	270
Reserve amount <sup>2</sup>	314	0	159
<b>Total compensation</b>	<b>2'984</b>	<b>2'808</b>	<b>2'984</b>

<sup>1</sup> Includes basic membership fee and committee fees.

<sup>2</sup> Compensation for ad hoc committees and significant additional assignments.

The actual compensation payout, including the distribution among these non-binding components, will be disclosed in the 2021 and 2022 compensation reports, respectively, which will be submitted to an advisory shareholder vote.

Further information on the compensation of the Board of Directors is provided in the 2020 compensation report (<https://report.sulzer.com/ar20>).

## Vote 4.2

### Binding vote on the maximum aggregate compensation of the Executive Committee for the financial year 2022

Proposal: The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Executive Committee of CHF 19'500'000 for the financial year 2022.

Explanation: This binding vote, which is to be conducted according to the Ordinance against excessive compensation in stock listed corporations, allows shareholders to vote directly on the aggregate maximum compensation amount of the Executive Committee for the forthcoming financial year. The proposed amount allows for a maximum aggregate compensation of the Executive Committee for the financial year 2022 of CHF 19'500'000.

The compensation policy of Sulzer is driven by the performance orientation of the company and a strong alignment with long-term shareholder value creation and sustainable growth. Therefore, the overall compensation of the members of the Executive Committee consists of a fixed and a variable compensation. The variable compensation is performance-based and includes a short-term incentive (in cash) and a long-term Performance Share Unit (PSU) plan. This system shall encourage and reward superior performance.

Elements of compensation of the Executive Committee			
Base salary	Benefits	Bonus in cash (short-term incentive)	Performance Share Unit (PSU) plan (long-term incentive)
Reflects the function and scope of responsibilities, as well as the personal profile of the employee (experience and skill set)	Establishes a level of security for the employees and their dependents in the retirement age and against risks such as death and disability. Tailored to local regulations and market practice	Rewards performance and the achievement of business, financial and personal objectives over a one-year period	Rewards the company's success over a three-year period and drives long-term shareholder value creation. Ties compensation to the long-term performance of the Sulzer share

The following table illustrates the composition of the proposed maximum aggregate amount of CHF 19'500'000 for the compensation of the Executive Committee for the financial year 2022. Furthermore, the table shows the compensation effectively paid out or granted in the financial years 2019 and 2020 and the maximum amount of compensation which would have been payable under the applicable compensation plans upon the maximal achievement of the performance targets.

Annual compensation of the Executive Committee	2019	2019	2020	2020	2021	2022
thousands of CHF	Max	Actual	Max	Actual	Max	Max proposed
Base salary	4'170	3'663	4'170	4'071	4'170	4'220
Bonus in cash	5'614	3'182	5'614	3'227	4'120	4'120
Other <sup>1</sup>	310	326	310	147	210	210
Cap value of the Performance Share Units (PSU) <sup>2</sup>	8'725	6'290	8'725	5'238	8'725	8'725
Contributions to pension benefits and social security <sup>3</sup>	2'686	1'909	2'686	1'965	2'275	2'225
<b>Total compensation</b>	<b>21'505</b>	<b>15'370</b>	<b>21'505</b>	<b>14'647</b>	<b>19'500</b>	<b>19'500</b>

<sup>1</sup> 2019 Actual and 2020 Actual: Other consists of housing allowances, relocation allowance, schooling allowances, tax services and child allowances.

<sup>2</sup> 2019 Actual and 2020 Actual: represents the full fair value at grant.

<sup>3</sup> Employer contributions. Contributions to social security are owed under mandatory law. The maximum amount included for 2022 covers contributions to social security to be made (or expected to be made) with respect to base salaries, bonuses in cash and other compensation as well as PSU (based on the cap value), as well as contributions to pension benefits.

The actual compensation payout, including the distribution among these non-binding components, will be disclosed in the 2022 compensation report, which will be submitted to an advisory shareholder vote.

Further information on the compensation of the Executive Committee is provided in the 2020 compensation report (<https://report.sulzer.com/ar20>).



# Sustainable Innovation

Annual Report 2020

## Sulzer Annual Report 2020 exclusively online

“Sustainable Innovation” has two important and distinct meanings for Sulzer: a long-term approach and a very current focus. Sulzer has stayed relevant for almost two hundred years through its ability to sustain its innovation engine, to constantly reinvent itself and bring unique technical solutions to the world’s problems. It is that time-proven approach that we bring to today’s most pressing challenge: combining economic development with the protection of our environment.

“In a challenging year marked by the pandemic, we demonstrated the strength of our business model and delivered on our guidance. By combining the swift implementation of proactive cost measures and targeted acquisitions in strategic growth markets, we finished 2020 stronger than before and are well positioned to grow profitably in 2021. Our confidence in Sulzer’s future is reflected in the proposed unchanged dividend of CHF 4.00 per share.”

CEO Greg Poux-Guillaume



Find out more in our online  
Annual Report 2020:  
<https://report.sulzer.com/ar20>

Order intake<sup>1)</sup>

**- 2.2%**

Sales<sup>1)</sup>

**- 4.6%**

Operational profitability

**9.0%**

Free cash flow

**CHF 272 m**

Ordinary dividend per share<sup>2)</sup>

**CHF 4.0**

<sup>1)</sup> Adjusted for acquisition and currency effects.

<sup>2)</sup> Proposal to the Annual General Meeting.

