

California Transparency in Supply Chains Act Disclosure

Sulzer fully supports the elimination of human trafficking and slavery from the supply chain. Sulzer's Global Procurement function and its Code of Business Conduct (CoBC) direct its relationships with suppliers and serve as point of reference for upholding fundamental human rights, working conditions, occupational health and safety, business ethics, and environmental law. Sulzer does not consider human trafficking and slavery to be a significant risk for its supply chain.

Sulzer Pumps (US) Inc. and Sulzer Chemtech USA Inc.

Sulzer Corporation (including US subsidiaries Sulzer Pumps (US) Inc. and Sulzer Chemtech USA Inc.) has a software-backed Global Supplier Qualification Process (GSQP). GSQP allows the systematic identification, selection, auditing, verification, and development of global suppliers based on quality and sustainable supply chain practices and performance. Procurement carefully selects and evaluates suppliers' processes and products (including on-site visits by internal sourcing agents). In case of non-compliance, either the supplier will not be qualified or a corrective action plan will be implemented before the partnership is continued. In 2017, a total of 210 audits were conducted and a total of 831 suppliers have been registered in the software globally since the program was initiated.

Besides the CoBC, every direct supplier to Sulzer is expected to sign and work in compliance with the company's Terms & Conditions (T&C). The T&Cs state that any supplier is required to respect the Ten Principles of the United Nations Global Compact. These Principles require Suppliers to not use child or forced labor, respect internationally proclaimed human rights, promote supply chain transparency and integrity with regard to "conflict minerals", not discriminate in respect of employment, act responsibly regarding the environment, and work against corruption in all forms, including extortion and bribery.

Sulzer's sourcing practices include the regular assessment of its suppliers and market risks. The enforcement and monitoring of quality and ethical behavioral standards as well as the remediation of non-conforming performance are a regular part of Sulzer's procurement processes, including regular performance reviews for global first-tier strategic suppliers. Some, but not all, of these enforcement and monitoring activities are conducted by third parties and unannounced.

Procurement trainings in Sulzer's CoBC compliance, export control, export legislation, and anticorruption are standard for sourcing employees. Wherever appropriate, Sulzer also consults with and offers trainings to its strategic supplier network on various standards, such as quality, health and safety, environment, or labor and human rights. In this way, Sulzer ensures that suppliers will meet the company's requirements. This method allows Sulzer to set high standards and continuously improve performance on both sides.