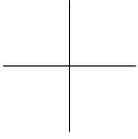


SULZER

Non Financial Report

2023



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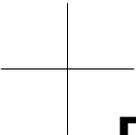
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“Our three divisions are connected through our value chain, technologies and key capabilities, and show attractive prospects for development. We have a clear strategy moving forward.”



**Suzanne Thoma,
Executive Chair**



Perspectives and company position

As I reflect on the business landscape throughout 2023, I am reminded of the challenges that confront societies worldwide. However, I am heartened to see how well we have withstood these challenges. As we prepare to fully embrace the numerous opportunities ahead, I am pleased to present both our annual results for 2023 and our outlook for 2024.

Global trends and circularity

Like recent past years, there has been much disruption in 2023 – with events triggering or underscoring the energy security challenge, geopolitical unrest, inflation and climate change. At the same time, people increasingly agree that our global society can only meet its key challenges if we work together. Global business has a significant role to play in this regard by offering products and technologies that make a difference. It is also a good role model, demonstrating how people working together find solutions together. Similarly, global business places emphasis on the common ground rather than focusing on differences that can be divisive.

Sulzer is well-positioned for global trends of ever-increasing importance: Energy and water security, the energy transition, increased use of natural resources, more stringent regulation of materials and chemicals, as well as emerging circular technologies. As a Group, we enable and service critical infrastructure for our customers, and our technologies help enhance much-needed resilience to external challenges. In the USA, for example, we are currently expanding our water business to support the government's [planned water and wastewater infrastructure development](#), ensuring clean and affordable water for social and industrial use, including agriculture and hydropower generation. Around the world, Sulzer innovation is contributing to circular economies by enabling the development of biofuels, purer chemicals and improved utilization and recycling.

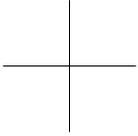
We are also providing valuable services and solutions to traditional end markets through energy efficiency and lifespan extension, and we continue to adapt our solutions to deliver ongoing value to our customers.

We are collaborating across our portfolio to push boundaries in [carbon capture](#) and [renewables](#) and are partnering to make processes more efficient and cost-effective. Working with Crosstown H2R, a Swiss technology company, we recently unveiled a revolutionary [hydrogen combustion technology](#) to upgrade gas turbines for hydrogen compatibility. This enables our customers to transition to zero-carbon operations, without the need to replace expensive engines and infrastructure. In 2023, we also considerably strengthened our [polylactic acid PLA value chain](#) in support of the increased adoption of circular manufacturing practices and applications. We have commissioned a new research and development center in Singapore and most recently launched two new bioplastic technologies to help stakeholders leverage their competitive edge in sustainable manufacturing.

Our global markets have demonstrable longevity and, although they will evolve, they will remain essential – even as new ones emerge.

Strong results across all divisions

Sulzer delivered strong order growth throughout 2023 across all our divisions and regions, with order intake up organically by 13.9% compared to the same period in 2022.



Sulzer Executive Committee (at our Biopolymer pilot plant in Winterthur)

From left: Tim Schulten, Division President Services; Thomas Zickler, Chief Financial Officer; Suzanne Thoma, Executive Chair; Jan Lüder, Division President Flow Equipment; Haining Auperin, Chief Human Resources Officer; Uwe Boltersdorf, Division President Chemtech

Sales continued to increase in 2023, with a rise in operational profitability to a record 11.1% in over ten years, up by 110 basis points compared to 2022. Efficient working capital management and improvements in operational excellence supported the increase of free cash flow to CHF 301.3 million, up from CHF 58.3 million in the previous year.

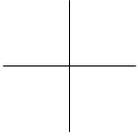
Good Governance

2023 introduced changes to our Board of Directors. The Board extended its members from six to seven and welcomed three new independent Board members at the Annual General Meeting of April 19, 2023. Dr. Prisca Havranek Kosicek (CFO of Jenoptik), Mr. Per Utnegaard (former CEO of Bilfinger and Swissport) and Dr. Hariolf Kottmann (former CEO and Chairman of Clariant) replaced Peter Bichsel and Hanne Birgitte Breinbjerg Sørensen, who did not stand for re-election after long and distinguished tenures at Sulzer. To support corporate governance, the Board created the new function of Lead Independent Director, to which it appointed Markus Kammüller, who is also the Head of the newly created Governance Committee.

Strategy 2028

Together with our new Board of Directors, we have completed our Sulzer 2028 corporate strategy review to ensure we continue to meet customer needs and expectations as we maximize our long-term growth potential. Sulzer operates in essential, growing and evolving markets that are gaining significance thanks to increasing global needs. These markets are fueled by must-haves such as affordable short- and long-term energy security, efficient use of resources and the lifespan extension of our infrastructure. The need for clean water in sufficient supply drives the market for wastewater treatment, while the need for cleaner, purer and more sustainable chemicals and materials is becoming ever more pronounced.

Sulzer's products, solutions and services are uniquely positioned to meet evolving global needs and pave the way for both prosperity and sustainability for a growing world population. Our innovation and engineering capabilities are critical to enabling new and evolved offerings of products and services in many demanding markets, focusing on efficiency improvements, higher purity requirements and the reduction of emissions and waste.



Together with our customers we will lead the transformation to a less carbon-intensive economy and drive sustainable, profitable growth.

We will strengthen our integrated offerings in critical applications at Sulzer, such as the retrofitting of energy infrastructure installations, integrated wastewater treatment plants, small carbon capture units, biopolymer production technology and clean fuel solutions. We will invest in research & development for particularly demanding energy/high-pressure applications, recycling technologies, bio-based technologies and carbon capture and storage solutions (CCS). Our three divisions have the potential to increasingly connect through our value chain, technologies, key capabilities and customers seeking more integrated solutions. In this manner, we will create objective and durable value for our shareholders, employees and global communities alike.

To maximize the value we add, our Sulzer 2028 strategy has two key pillars aimed at growing the company profitably, while making it more resilient, more efficient and more agile: focused profitable organic growth and operational excellence. Sulzer's experienced leadership team will empower our teams to drive performance improvements through a step-change in operational excellence, encompassing the entire value-creating process from innovation and sales to supply chain, delivery and service. This will enable us to optimize efficiency, strengthen our customer focus and grow more profitably.

As a complement, we may consider stepwise acquisitions to enhance our market and/or technology portfolio and accelerate our organic growth beyond 2028.

Outlook for 2024

Despite a global environment characterized by uncertainty, Sulzer has delivered strong financial results across all its divisions and is well-positioned for growth in the coming year and beyond. For 2024, Sulzer expects year-on-year organic order intake growth of 2 to 5%. The first half of the year is expected to see a slow development of order intake compared to the very strong first half of 2023, with performance picking up in the second half of the year – this expectation reflects the nature of the project business in Sulzer's markets. Further, Sulzer expects organic sales growth of 6 to 9% and operational profitability to continue its upwards trajectory to around 12% of sales.

As a reflection of our confidence in Sulzer's future performance, we are pleased to propose an ordinary dividend of CHF 3.75 per share for 2023 at the Annual General Meeting.

Once again, I would like to extend great appreciation and thanks to you, our shareholders, for all of your support, and to our employees, customers and partners, without whom none of our achievements would be possible.

Yours sincerely,

**Dr. Suzanne Thoma,
Executive Chair**



Accelerating circular economies



Sulzer technologies are at the core of critical infrastructure and processes. Our solutions are crucially enabling industry around the world to reduce emissions, reuse resources and recycle materials—whether they are improving efficiencies at existing enterprises or helping forge new growth markets.

The call for innovation, cooperation and collaboration has never been higher. A circular economy, with its focus on minimizing waste and maximizing the use and management of scarce resources, offers significant environmental, social and economic benefits.¹ Concerted efforts at building circular economies are gaining momentum, underscoring the need to accelerate the development of solutions that can be implemented.

Sulzer offers a wide range of products and solutions that contribute to circular economies and remains committed to investing in and advancing these innovative solutions. From carbon capture and utilization

solutions (CCUS) that focus on reducing greenhouse gas emissions to energy solutions that convert waste to fuel or improve efficiencies, our solutions add ongoing value to industries and communities worldwide.

Enabling green hydrogen production

The ongoing need to reduce carbon emissions from industry and the transport sector is driving both innovation and partnerships in sustainable fuel production. One of the most ambitious projects to date is the development of NEOM, a smart city in Saudi Arabia. NEOM is building the world's largest green hydrogen and green ammonia manufacturing facility that will demonstrate the potential of carbon-free hydrogen as a cost-effective solution for the transportation and industrial sectors globally.

Scalability of green hydrogen is considered crucial for the realization of a circular economy system and sustainable development. Produced through water electrolysis using renewable electricity, green hydrogen does not emit greenhouse gases. Moreover, much of the water used in the electrolysis process can be recovered and reused for other purposes.

¹) [The Circularity Gap Report 2023](#)

We offer a wide range of products and solutions that contribute to circular economies.

As a global leader in pump technology with both a manufacturing facility and a service center in Saudi Arabia, [Sulzer was selected in 2023 by Air Products](#) to deliver a range of business-critical pumps to the NEOM Green Hydrogen Project's production plant. With a projected capacity of some 220'000 tonnes of carbon-free, green hydrogen per year, this large-scale clean energy project underscores the power of partnership. It also highlights how Sulzer's pioneering commitment to research and development of innovative technologies is enabling economies around the world to become more sustainable.

Sustaining growing populations

Some of Sulzer's most life-sustaining technologies relate to wastewater treatment. With growing global population and increasing urbanization, water resources are being depleted. The World Bank's WICER publication recently reported that water demand is expected to increase by 55% by 2050, while water availability is projected to decline by 40%.²

With water scarcity directly impacting physical health, food security, industrial development and the environment, wastewater treatment is vital to a circular economy and a more resilient future. As water is crucial for various industries including agriculture, electricity generation and mining, water circularity is projected to generate economic benefits of over \$380 billion worldwide per year by 2030, not to mention the eleven million jobs it could create in this same period.³

Water circularity holds real economic and social value. At the same time, it is complex and costly. Stakeholders need to collaborate and share best practices, experience and knowledge, while building relationships and networks to scale

technologies and initiatives. In support of planned water and wastewater infrastructure development in the U.S., [we are expanding our America-based water business](#). We have recently commissioned a testing and assembly facility in Portland, Oregon, and are currently expanding our manufacturing site in Easley, South Carolina. For global water security, the need to invest in and adopt innovative technologies and solutions that enable circular water management is critical.

Recycling water for agriculture

According to the United Nations water organization, [72% of all water withdrawals are used by agriculture](#) while 3.2 billion people live in agricultural areas with high to very high water shortages or scarcity.⁴ Bahrain, for example, where the average temperature is nearly 30 degrees Celsius, is advancing initiatives to manage water scarcity and environmental challenges.

Nordic Water, a Sulzer company based in Sweden, has recently supported the large-scale expansion of one of Bahrain's largest wastewater treatment plants to ultimately supply irrigation water. As with all water being discharged back to the environment, the standards for agricultural reuse are necessarily high and stringent.

Limited to the plant's original footprint, Nordic Water first replaced the plant's rapid sand filters with their significantly more efficient DynaSand filter solution. Designed to remove suspended solids, biological materials and contaminants, Nordic Water installed 160 DynaSand filters in the original twenty concrete basins to enable continuous operation without backwashing. The solution was then integrated as part of a coordinated expansion of the site. With nine of Nordic Water's DynaDisc filters added as a pre-filtering system, the system enables 250'000 m³ of wastewater to be recycled every day.

The innovative solution from Nordic Water supports a circular water economy by effectively providing a reliable and alternative source of water for irrigation in a water-scarce region. This is how Sulzer enhances resilience to climate change, literally ensuring water for life.

² Worldbank Organization: Water in Circular Economy and Resilience (WICER)

³ Circular Economy of Water: Definition, Strategies and Challenges | Circular Economy and Sustainability

⁴ Water Scarcity | UN-Water (unwater.org)

Repurposing salt, sugar, wood and waste



Sulzer is collaborating with industry, governments, and educational institutes around the world to leverage its technologies and help repurpose resources for a more sustainable future. Our solutions are ensuring material inputs are being maximized to their fullest extent, contributing to the preservation of scarce resources, energy efficiency, diversion of waste from landfills and heaps of other benefits.

Repurposing is at the heart of circularity as it reduces waste, emissions, and reliance on scarce resources by extending the life of material inputs. It also finds new, often surprising functions or purposes for existing resources, which creates new value.

Climate change is spurring innovation around the world, fostering a renewed emphasis on repurposing resources. Scaling these innovations requires strategic partnerships, through which knowledge, ideas and expertise are shared and maximized.

Enabling renewable energy storage

Sulzer recently announced its contribution to the world's first pilot plant for renewable energy storage in molten hydroxide salts as part of an industrial research consortium. Working with industry members as well as educational institutes and government agencies, the Molten Salts Storage (MOSS) plant situated in Esbjerg, Denmark is being built for scalability. Using Hyme Energy's energy storage technology and Sulzer's custom VNY molten salt pump, the plant will confirm the commercial viability of storing renewable energy in molten hydroxide salts.

MOSS is an excellent example of how salt, an abundant and affordable resource, can be repurposed to store thermal energy. More significantly, it demonstrates how intermittent energy like wind and solar power can be transformed into a reliable and consistent energy source through repurposing.

Improving efficiencies and transport emissions

Sulzer is proud to pioneer technologies and processes that are enabling the highest levels of efficiency around the world, including the development of sustainable alternatives to fossil fuels.

With sugarcane waste from conventional bioethanol production, Sulzer flow equipment technologies and expertise is supporting Raizen's second generation ethanol (E2G) production in Brazil. This enables potential efficiency gains of up to 50%. Moreover, E2G emits 97% less greenhouse gas than gasoline, contributing to significant decarbonization potential for the transport industry.

In Canada, a range of Sulzer pump solutions are being utilized to repurpose locally grown rapeseed (canola), traditionally used as a vegetable oil, to a bio-feedstock for net zero diesel production at scale. Our technology enables the catalytic process that breaks down the canola oil by ensuring the critically high pressure and temperature ratings. With completion of the refinery expansion planned for March 2024, annual production of one billion liters of net zero diesel is expected to generate an annual carbon reduction of three million tons—the equivalent of taking 650'000 vehicles off the road.

By reducing the need to harvest new resources, repurposing existing resources effectively saves energy, cuts emissions and reduces waste. It can also create new job opportunities and markets, contributing to a more sustainable and innovative economy.

E2G emits 97% less greenhouse gas than gasoline.

Wood-based sustainable products

In the latest volume of Advanced Zero Waste Tools on waste management practices, it is projected that approximately EUR 600 billion in savings can be achieved through eco-design, waste inhibition and reuse strategies.⁵ Disrupting traditional manufacturing processes with the infusion of new bio-based raw materials and processes in the production of industrial and consumer goods is a good example of how this could be employed.

A recent report by the Ellen MacArthur Foundation noted that some 60% of materials used for consumer good and housing are sourced from plants and trees. Regrettably, a mere 8.6% of these materials are recycled.⁶ Given the current reliance on plants and trees for human well-being and development, there is a growing emphasis on circular economies within the wood-based industry, with particular focus on waste management.⁷

Recognizing the broad potential of renewable materials to replace fossil-based materials, players in the industry are widening their scope of research from conventional wood-based materials to non-wood and recycled raw materials. One such example is microfibrillated cellulose, a plant-based biodegradable substance made from wood pulp. This short fibrous material is proving to be an excellent alternative to petrochemical-based plastic amongst other applications.

Drawing on our extensive experience with wood-based materials, Sulzer has recently invested in a full-scale strategic test laboratory in Finland. The goal is to develop process technologies for multiple renewable feedstocks, including wood foam enhanced with microfibrillated cellulose, to support customers in reaching industrial scale. We are currently working with several industry players to commercialize this technology, which will pave the way for the manufacturing of a broad range of new sustainable and bio-compatible products and thereby accelerate circular economies.

⁵) Bio-Based Materials and Waste for Energy Generation and Resource Management

⁶) Ellen Macarthur Foundation: Cities and a circular economy for food

⁷) Science Direct: Earth and Planetary Sciences

Recycling waste and recapturing value

As the basis of life on earth, carbon is present in most materials. Thus, when industrial and consumer goods are no longer of use and mechanical recycling options have been exhausted, chemistry becomes the hidden force that serves to reduce ecological impacts.

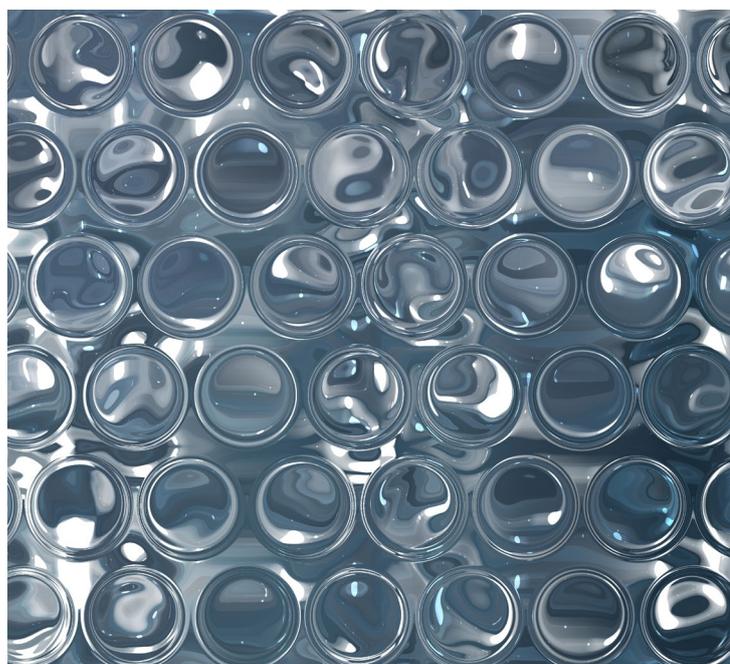
Chemistry is used to extract valuable carbon molecules from waste, which can be used in the circular economy to make new products. It is also used to transform substances and make new materials. In this manner, Sulzer technologies are enabling innovative ecological solutions that minimize environmental impacts through bio-based materials, fuels and recycled carbon.

Sulzer's technologies offer a solution for carbon-efficient polymer recycling, which involves chemically processing mixed plastic waste that is otherwise difficult to recycle and would have to be incinerated or sent to a landfill. Sulzer also uses carbon capture and utilization (CCU) equipment and technologies to capture and reuse the carbon dioxide emissions from the recycling process.

Eliminating plastic waste at scale

Chemical recycling enables the reuse of carbon from plastic waste by breaking it down into its chemical components and purifying them. A key factor impacting the adoption of recycled chemicals, fuels and polymers is the ability to produce these materials at precisely the same quality as their fossil-based counterparts – at a competitive price.

50'000 tons of CO₂ will be captured each year for use in the food and beverage industry.



As a leading provider of polymer solutions, Sulzer develops competitive biopolymer processes and plastic recycling technologies. We then collaborate with industry players to drive upcycling practices to extend the life of post-consumer plastic. Backed by 80 years of experience in separation technology, Sulzer's position in plastic circularity is getting stronger.

Early in 2023, [we bolstered the polymer processing capabilities with the acquisition of a stake in Fuenix Ecogy](#), gaining access to a cutting-edge pyrolysis technology. The technology burns material without oxygen and converts mixed plastic waste into valuable hydrocarbons with virgin like properties. This strengthens Sulzer's ability to create circular and zero-waste plastic value chains.

Sulzer's proprietary processes are enabling Indaver, a leading European sustainable waste management company based in Belgium, to recycle post-consumer plastic that is usually non-recyclable. [Indaver uses Sulzer's advanced separation technology and equipment to purify chemical feedstock from the plastic waste](#). The feedstock consists of styrene and oil fractions that can be reused to make packaging materials for the food industry. Indaver is planning to expand its business to key locations across Europe, which together will upcycle one million tons of used plastic – enabled by Sulzer solutions.

Expanding clean technologies

In China, Sulzer is working with Jindan to enable the production of polylactic acid (PLA), a bio-based plastic. [Based on Sulzer's licensed PLA technology, Jindan will produce PLA in a variety of grades to support the expanded use of bioplastics](#) in several sectors, including the textile and package manufacturing industries.

To further promote sustainable materials and practices, Sulzer launched two new biopolymer technologies in 2023. The CAPSUL™ technology supports the adoption of biodegradable and compostable polycaprolactone (PCL), a biodegradable polyester often used in the packaging, textile, agricultural and horticultural industries. CAPSUL™ offers optimal process performance for competitive production of premier quality PCL grades, which will play a significant role in the reduction of plastic waste. SULAC™, our latest process solution, supports the conversion of lactic acid into lactide. SULAC™ completes Sulzer's portfolio of licensed technologies for the manufacture of polylactic acid.

Meanwhile, [Sulzer continues to invest in innovative solutions](#). Sulzer's new research center in Singapore develops innovative separation solutions for circular operations, such as recycling polymers and producing bio-based fuels and polymers. These solutions have wide applications for customers in the Asia Pacific region.

Reducing industrial emissions

Designed to enable efficient processes in support of bio-based and renewable manufacturing, Sulzer's leading technologies and products advance both sustainable energy and circular practices.

At Veolia's new biomethanol production plant in Äänekoski, Finland, for example, [Sulzer is collaborating with ANDRITZ to help transform pulp mill waste into high-quality, lower-cost biomethanol](#). ANDRITZ is integrating Sulzer's separation technology with our purification technology to treat the pulp waste that will be used to produce 12'000 tons of biomethanol per year. High-quality biomethanol can be used by a broad range of industries to reduce greenhouse gas emissions and, compared to fossil fuels, can improve combustion efficiency compared to fossil fuels.⁸

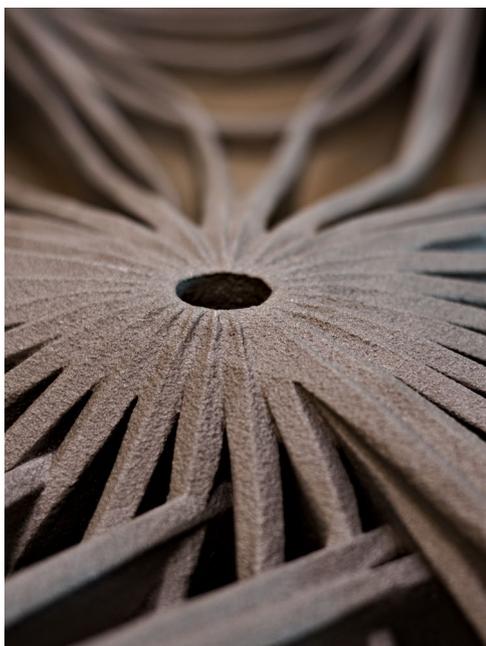
Sulzer is working with partners and industry, including gas and chemical enterprises in the Alps to enable innovative carbon capture and utilization (CCU). In 2023, [Sulzer's mass transfer technologies were selected by a joint venture project in Landeck, Austria, to convert carbon emissions resulting from calcium carbide production into valuable feedstock](#) for food & beverages, greenhouse fertilizers and fire extinguishers. By pooling their knowledge and expertise, 50'000 tons of CO₂ will be captured each year for use in the food and beverage industry.

Research shows that the biggest barrier to circularity is the perceived lack of networks,⁹ partners and associations. Sulzer's solutions have wide applications for industry and help address several environmental challenges. We are committed to accelerating circular economies and will continue to develop partnerships to contribute to a more sustainable future.

8) Hydrocarbons Technology: Biomethanol: A Fuel of the Future

9) Bain and Company: The circularity challenge – expect disruption

Bridging the gap with ingenuity



Sulzer is passionate about offering life-cycle solutions for a sustainable world. Our solutions make installed rotating equipment run more efficiently, use less fuel and operate sustainably with improved performance across many industries.

Sulzer is committed to accelerating circular economies while supporting energy security and the energy transition. We enable new ecological markets such as biofuels and renewable energy, bio-based chemicals and polymers, as well as recycling and carbon capture.

Repairs and retrofits have a key role to play in bridging the gap to net-zero targets and circularity.

Transitioning from fossil fuels to renewable and low-carbon energy sources is a complex and costly process that demands extensive research and coordination. There are many challenges to overcome, including social and environmental impacts, and they will take time to resolve. In the meantime, the traditional industries that contribute to growth, employment and society require support in reducing their environmental impact and improving their energy efficiency.

Repairs and retrofits

Retrofits are beneficial to circularity almost by definition. Designed to extend the life of infrastructure and equipment, they directly serve to minimize waste, typically improve operational performance and can result in a lower emissions footprint than building new.¹⁰ In Africa, for example, we are working with water utility companies to ensure a continuous water supply as we deliver and oversee the complex refurbishment of eleven pump sets within their network.

Repairs and retrofits have a key role to play in bridging the gap to net-zero targets and circularity. Heavy industry is vital to social progress, yet reportedly consumes some 40% of the total global energy demand,¹¹ mostly from fossil fuels. Moreover, these processes contribute more than 20% of global greenhouse gas emissions.¹² As industrial plants and assets tend to have long lifespans, Sulzer's expertise can help accelerate the transition.

¹⁰ Emerald Insight: Circular building adaptability and its determinants

¹¹ Climate Solutions Series: Decarbonizing Heavy Industry

¹² IEA: Technology needs for heavy industries

As an expert in power generation applications, Sulzer is well-positioned to support industry with retrofits that reduce emissions and long-term costs. In 2023, for example, Sulzer developed and implemented a modular retrofit solution for a gas turbine powerplant in Jiangsu Province, China, that [reduced nitrogen oxide \(NOx\) emissions by 120 tonnes per year and operating expenses by CHF 400'000 per year](#).

We are committed to serving the needs of the industry and continue to invest in our global presence and infrastructure to be close to our customers.

The retrofit implemented a combustion automatic tuning adjustment system (CATS) that optimized combustion stability in the gas turbine. The advanced circular solution also improved power generation while further saving the plant a large capital expenditure and long upgrade lead times.

Reducing waste and improving efficiencies

With a focus on enabling more clean and renewable energy, retrofit solutions can offer significant ongoing value in terms of efficiency gains, longevity and reduced emissions. Repairs and maintenance also add value by keeping critical services up and running for society. For example, [Sulzer recently delivered a turbine repair to a hydropower plant in West Java](#) that restored renewable energy to the community seven months earlier than expected.

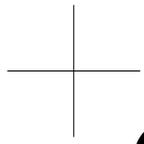
Given the urgent need to reinstate the power service, Sulzer's local experts in Java drew on the company's global network of expertise to develop and implement the innovative repair solution that restored the power service quickly and cost-effectively. They saved time and money by sourcing the parts locally and customizing them to measure using laser scans and reverse engineering techniques. The repair resulted in total cost savings of CHF 2.15 million for the customer and invaluable benefits for the community.

State-of-the-art digital solutions enable recovery and reverse engineering of components to significantly reduce lead times, ultimately reducing customer downtime and costs. Sulzer's additive manufacturing capabilities enable reproduction of parts and components that otherwise may be unavailable – faster and more sustainably.

Sulzer is committed to serving the needs of the industry and continues to invest in its global presence and infrastructure to be close to its customers. In 2023, Sulzer expanded operations in [Germany](#), the [USA](#) and [Singapore](#).

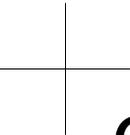
Getting ready for the future

Closer to Switzerland, Sulzer has partnered with Crosstown H2R Ltd, another Swiss-based technology firm, to develop the next generation of hydrogen combustion systems for global energy challenges. By integrating an advanced micromixer into the existing combustion system, this technology represents a quantum leap from conventional burner types. The scheduled upgrade involves replacing the existing burner and preparing the entire combustion system to accommodate the new component, thus making it capable of using 100% hydrogen. The technology will play a key role in eliminating CO₂ emissions from existing gas turbines across Europe to ensure they can continue operating reliably for decades to come.



Sulzer Strategy

1



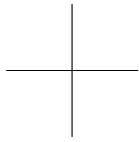
Company Profile

General presentation of the company

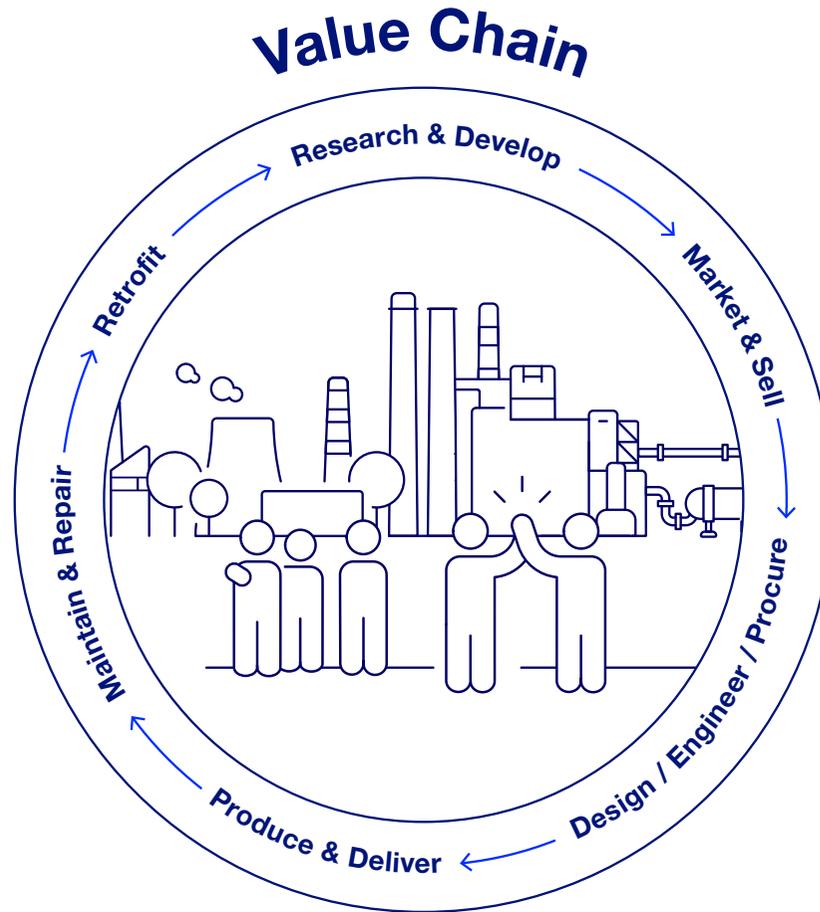
Sulzer, established in 1834 in Winterthur, Switzerland, is an industrial engineering firm specializing in pumping solutions, rotating equipment services and technologies for separation, mixing and process applications. With over 13'000 employees, Sulzer has built a reputation for high-quality engineering solutions. In 2023, Sulzer reported sales of CHF 3.3 billion.

Sulzer's business model revolves around providing equipment and solutions for energy, water, chemicals and industrial processes, targeting sustainability and efficiency. Sulzer generates profits through the sale of machinery and equipment, such as pumps, turbines, purifying and separation equipment, aftermarket services, including spare parts, maintenance and repairs, as well as through digital solutions like condition monitoring.

In Sulzer's value chain, Research & Development (R&D) lays the groundwork, focusing on innovation and creating new product concepts. Sales and Marketing then introduces these innovations to the market, often tailoring the pitch to potential customization options. The Design/Engineer/Procure phase takes the market needs and R&D outputs to create detailed designs and prepare for production. Manufacturing and Logistics follows, where these designs are produced and delivered. Maintenance & Repairs offer ongoing support and service, while Retrofits provide updates to existing systems with new features or efficiencies, ensuring the cycle of innovation continues to meet market demands.



Business Model



What drives our markets

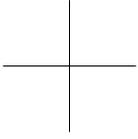
- Energy transition
- Sustainable resource usage
- Future of water supply
- Emerging market industrialisation
- Technology and innovation
- Technological acceleration

Who we create value for

- Customers
- (Channel) Partners
- Employees
- Shareholders
- Stakeholders / Society

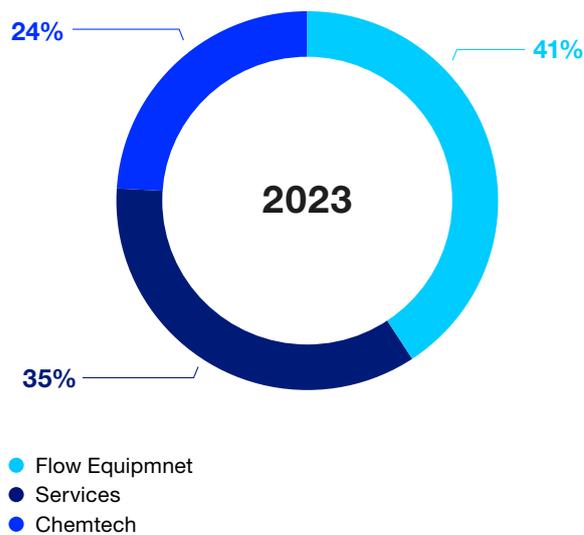
What we depend on

- Sulzer brand
- Employees and culture
- Partnership engagement
- Supply chain and operations
- Technology and innovation
- Financial resources

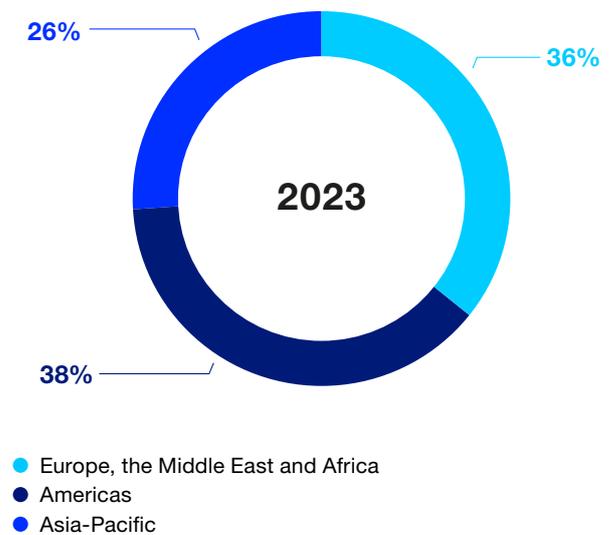


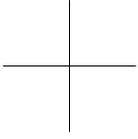
Sulzer is committed to sustainability and to ethical business practices, viewing Environment, Social and Governance (ESG) as a success factor and driver for thriving business performance. With a focus on innovative products and services, Sulzer drives sustainable progress forward. Our offerings include biodegradable polylactic acid (PLA) production technology, carbon-neutral polymer recycling and cutting-edge biorefinery technologies for base chemicals from renewable resources. This is complemented by comprehensive services in rotating and static equipment and process optimization. Sulzer has a global presence, with products and services being used in a wide range of industries around the world. Sulzer's operations are organized into three divisions, i.e., Flow Equipment, Services and Chemtech as further described below. Our operations span three regions: Europe, the Middle East and Africa (EMEA); the Americas; and Asia-Pacific (APAC). Sulzer's primary production facilities are strategically situated in Europe, the Americas, China and India. Additionally, Sulzer maintains a global network of service centers, designed to facilitate proximity and direct engagement with our customer base. The majority of Sulzer's suppliers are located in the European Union, China, India and North America, reflecting a geographically diverse procurement network.

Order intake by division



Order intake by region





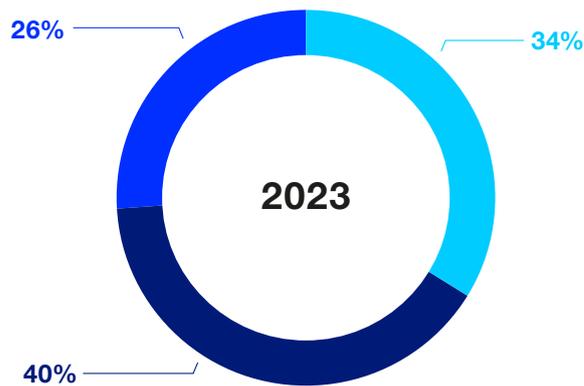
Sulzer strategically operates three divisions:

Flow Equipment

The Flow Equipment division is noted for its specialized pumping solutions tailored to customer processes. It offers an extensive portfolio of products, from standard equipment to customized machinery, encompassing the entire water ecosystem with offerings, such as pumps, agitators, dynamic mixers, compressors, aeration systems and submersible mixers.

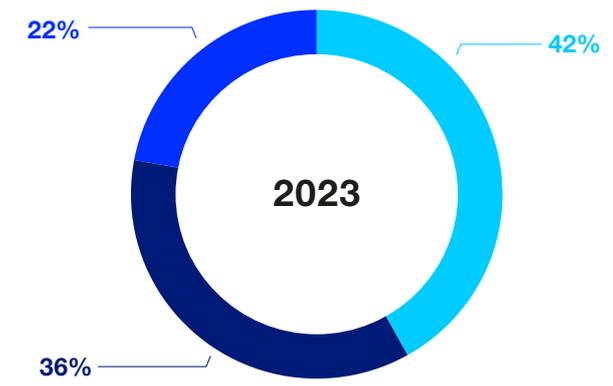
All these products are the result of rigorous research in fluid dynamics and material science and are manufactured, assembled and tested by Sulzer. The majority of manufacturing sites are located in Europe (especially Germany and the UK) with other notable sites also in Asia (i.e., China and India) and North America (i.e., USA, Mexico). The division holds a leading position in the market for providing pumping solutions to sectors such as water management, oil and gas, power generation, chemical processing and a broad array of industrial applications.

Order intake by market segment

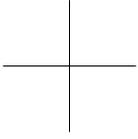


- Water
- Energy
- Industry

Order intake by region



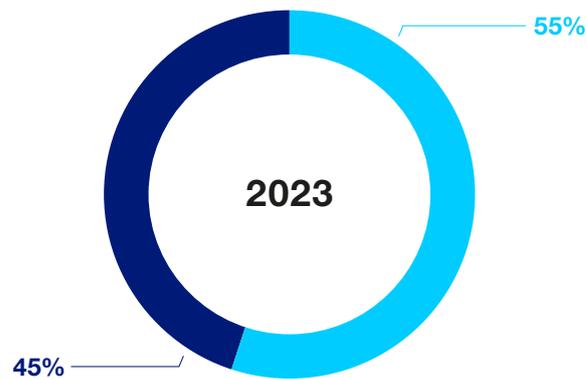
- Europe, the Middle East and Africa
- Americas
- Asia-Pacific



Services

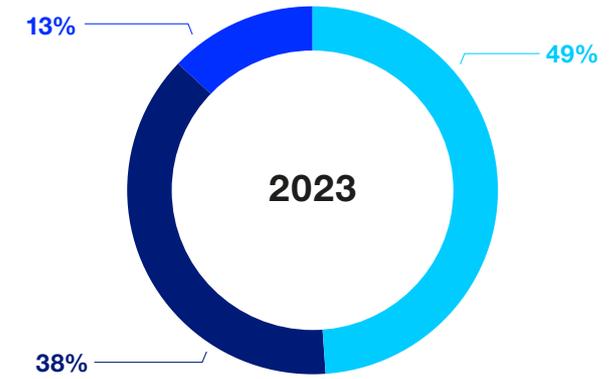
Sulzer operates a network of over 100 service sites worldwide, providing maintenance, repair and performance optimization services for rotating equipment such as pumps, turbines, compressors, motors and generators, servicing both in-house and third-party machinery. The service range is broad, covering everything from routine to specialized solutions. Sulzer also provides parts for a variety of rotating and static equipment that is manufactured and purchased by Sulzer. Like the Flow Equipment division, the majority of manufacturing sites are located in Europe (i.e., Germany and the UK) with other notable sites in APAC (i.e., Australia and Indonesia) and North America (i.e., USA). Sulzer's approach prioritizes sustainable service solutions and the economic management of equipment lifecycles. Sulzer also offers testing and digital services, characterized by a commitment to technology and efficiency in project execution, to support the operational needs of our customer base.

Order intake by market segment

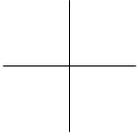


- Pump Services
- Other Equipment

Order intake by region



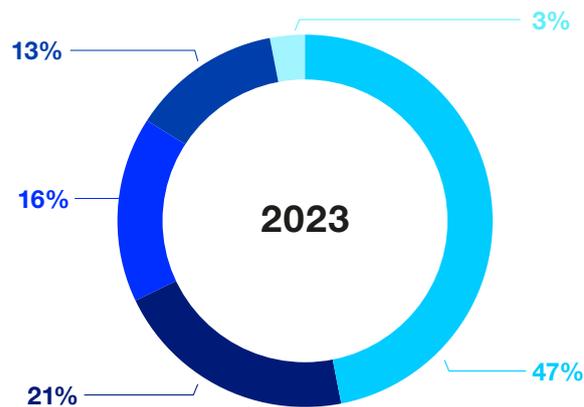
- Americas
- Europe, the Middle East and Africa
- Asia-Pacific



Chemtech

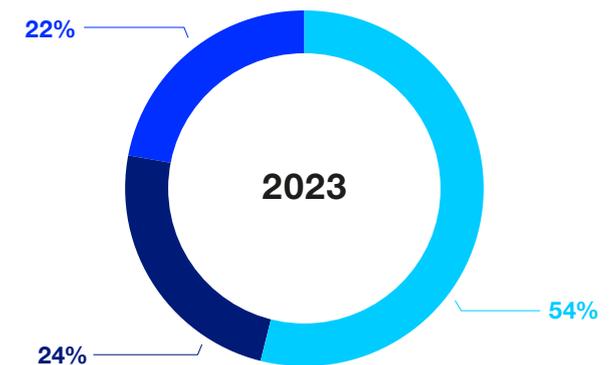
The Chemtech division is known for its expertise in mass transfer, static mixing and polymer solutions, serving the chemical, petrochemical, refining and LNG industries. The division's aim is to facilitate the operation of advanced plants and the production of premium products, where effective chemical processing and separation technologies are vital. It is at the forefront of developing ecological solutions, focusing on bio-based chemicals, polymers, fuels and the recycling of plastics, as well as carbon capture and utilization/storage technologies, in support of a circular and sustainable economy. The division's product offerings include a variety of process components, complete process plants, and the provision of technology licensing. It is particularly adept in separation and polymerization technologies and provides licensing for process plants and technologies conducive to bio-based production, recycling and carbon capture. The products are manufactured, assembled and tested by Sulzer. The majority of manufacturing sites are located in Asia (i.e., China and India) with other notable sites in Europe (especially Switzerland) and North America (i.e., USA and Mexico).

Order intake by market segment

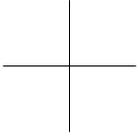


- Chemicals
- Gas and Refining
- Renewables
- Services
- Water

Order intake by region



- Asia-Pacific
- Americas
- Europe, the Middle East and Africa



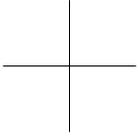
Spanning all three divisions, Sulzer is intensifying its focus on renewable energy solutions. We strive to provide highly reliable and efficient maintenance services for diverse power generation systems, thereby reinforcing our commitment to sustainable energy advancements. For hydro power, we offer design tools to enhance generator performance, including advanced winding and insulation materials. Our geothermal services promise rapid turnaround and innovative repair processes for turbines and pumps. In solar thermal power, Sulzer ensures high availability and reliability of rotating equipment, backed by performance analysis and expert engineering support. Wind power generation benefits from our technological advancements in turbine maintenance and servicing, with an emphasis on minimizing downtime and costs.

Additionally, Sulzer's expertise extends to combined heat and power generation, where it provides professional maintenance to ensure economic operation, leveraging its experience in gas turbine component repair. For waste-to-energy and biomass power generation, Sulzer develops tailored solutions aimed at reducing operation costs and maximizing efficiency and profitability, servicing essential equipment, such as steam turbines, generators and pumps. Our approach emphasizes our commitment to enhancing performance while ensuring economic operations in renewable energy generation.

Business Performance

All divisions demonstrated strong performance, with order intake growing by 13.9% and sales achieving a year-on-year increase of 13.2%. In the Flow Equipment division, order intake grew by 11.2%, with a significant contribution from large orders booked in the beginning of 2023 supporting energy transition and energy security. Positive end-market development in the Americas contributed to order intake growth of 19.8% in the Services division. Order intake in the Chemtech division increased by 10.5%, driven by large order bookings in the first half of the year and strong fundamentals in its products and components business.

Gross profit margin increased from 29.5% in 2022 to 33% in 2023, driven by operational excellence and a better product mix. Along with increased sales volumes, margins improved and gross profit reached CHF 1'084.6 million (2022: CHF 939.6 million).



Higher sales volumes and better margins led to an operational profit increase of 25.3% and amounted to CHF 365.6 million (2022: CHF 317.6 million). This translates into record operational profitability for the last ten years of 11.1%, up by 110 basis points compared with the previous year (2022: 10.0%). All divisions successfully increased operational profitability. Free cash flow amounted to CHF 301.3 million, up by CHF 243 million from CHF 58.3 million.

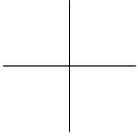
Business result

By December 31, 2023, net income amounted to CHF 230.5 million, compared with CHF 28 million in the previous year. Basic earnings per share increased from CHF 0.85 by December 31, 2022, to CHF 6.76 in 2023. Core net income excluding the tax-adjusted effects of non-operational items totaled CHF 257.9 million, compared with CHF 213.1 million in 2022.

Situation of the Company

In today's dynamic global landscape, energy security and affordability are key to societal stability and economic growth. This is a critical concern for businesses, industries, consumers and the wider society. At the same time, society needs sustainable solutions. Sulzer plays a pivotal role in addressing these challenges, with a focus on mitigating the impacts of climate change, tackling pollution and addressing water scarcity.

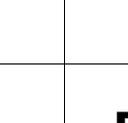
Sulzer's **business strategy** is intricately linked to the needs of a growing global population and the evolving requirements of developing economies. Sulzer operates in extensive, well-established markets that are growing. Sulzer's innovative technologies, which include enhancing operational efficiency, extending the lifespan of infrastructure, reducing water usage and implementing chemical recycling processes, are tailored to meet both competitive and environmental sustainability demands.



There is a noticeable trend among customers gravitating towards technologies that have a lesser ecological impact. Sulzer's offerings cater to this shift by enabling reductions in carbon emissions and promoting more efficient energy use. Our recalibrated strategy now focuses on organic growth to maximize benefits from our strong presence in key expanding markets. This direction aligns with our sustained commitment to operational excellence, a crucial factor in enhancing productivity, effectiveness and our investment capacity.

Energy is a primary area of focus for Sulzer. In this context, we are addressing the growing global need for clean and renewable energy sources, as well as the necessity for cleaner fossil fuel utilization during the transitional phase. Sulzer supports both facets of energy provision – facilitating the adoption of renewable energy and innovating in the use of traditional fuels for increased efficiency.

In the field of renewable energy, Sulzer is tackling challenges such as the variability of wind and solar power by developing storage solutions that help balance energy supply and demand. In the traditional energy sector, Sulzer is contributing to circular economy practices and carbon capture and storage initiatives, with the aim of lowering emissions and waste. These efforts speak to Sulzer's broader commitment to assist in the transition towards net-zero emissions, helping customers maintain a reliable supply of energy and resources during this transformative period.



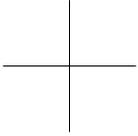
Risk Management

Sulzer's **risk management** process, an essential part of our **due diligence** approach, is fundamental to both strategic and operational management. It is designed to be iterative, encompassing all relevant potential risks and integrated into every decision-making process. Employees across all levels bear responsibility for managing risks within their areas of expertise. The process focuses on external and market risks, strategic risks, operational risks, compliance and financial risks to develop and update risk profiles across Business Units and Group Functions, considering both potential losses and gains. Major trends in the risk environment are monitored for early warning signs.

The structure of Sulzer's risk management ensures systematic and comprehensive identification and analysis of risks. These risks are assessed in the enterprise risk management process plan and prioritized based on their probability and potential impact, including an assessment of the correlation between different risk scenarios.

Sulzer actively addresses identified risks to attain the targeted level of risk reduction, while also prioritizing the treatment of risks and the pursuit of opportunities based on their priority level. This prioritization is key to optimizing the cost-effectiveness of risk treatment methods. The management has the duty to deploy strategies that either prevent, lessen or provide protective measures against these risks. Any risks that remain unmitigated despite these efforts are recognized as inherent business risks.

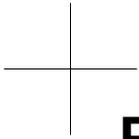
Risks that have a minor impact are handled by Sulzer's operational management. In contrast, risks with a medium or significant impact fall under the purview of Sulzer's Executive Committee. Members of the Executive Committee are responsible for deciding on and executing the necessary risk mitigation measures within their respective areas of authority, ensuring these measures are both effective and current. The efficacy of these measures is routinely evaluated through internal assessments, aligning with Sulzer's strategic approach to risk management and opportunity development. The 2023 Corporate Governance Report offers a detailed overview of Sulzer's general risk management system, including the integration of ESG factors. It provides insights into Sulzer's risk management strategies and the effectiveness of our compliance structures.



Furthermore, key principles of Sulzer's risk management include safety, acceptance of risks, adherence to legal obligations, assessment of risk severity against probability, and balancing risks against potential rewards. Limiting liability for consequential damages is also a focus. The process involves risk assessment (identification, analysis, evaluation/prioritization), loss control (avoidance, prevention, mitigation strategies) and risk financing or transfer (insurance, hedging). It includes monitoring and correcting shortcomings, as well as evaluating the effectiveness of risk treatment methods. The Sulzer Group's audit processes provide further reassurance that the defined risk management processes and the risk mitigation actions that are decided upon are implemented effectively.

Environment, Social and Governance (ESG) factors, central to Sulzer's **due diligence process**, are integrated into our risk management, addressing ESG-related risks such as regulatory changes and stakeholder expectations. This includes setting clear ESG-related objectives, tracking progress and initiatives driven by the Executive Committee. This report details specific ESG risks in the relevant sections, along with an overview of the corresponding **mitigative and preventive measures** implemented.

Sulzer's enterprise risk management system, led by the Group General Counsel, involves a structured line reporting system across regions. Local compliance officers report through regional compliance officers and the Chief Compliance Officer to the Group General Counsel. The Compliance and Risk Management team at headquarters oversees the company-wide compliance program and all compliance investigations, ensuring consistent implementation of preventive compliance risk mitigation actions. The Group General Counsel updates the Board of Directors and the Executive Committee on significant legal and compliance matters and legislative changes, informing them about potential legal and compliance risks.



ESG@Sulzer

ESG strategy

The overall management approach to ESG sets a lean direction and framework with clear objectives and measurable KPIs. ESG@Sulzer is composed of four pillars: Minimize, Enable, Engage and Govern. The first three pillars encompass all of Sulzer's action spheres, while the fourth pillar, Govern, is assigned to the action sphere of the Board of Directors and the Executive Committee of Sulzer. Each of the four pillars consists of four subsegments, or fields of action. The ESG-related targets established by Sulzer are detailed in the corresponding sections dedicated to each individual reported ESG topic.

Minimize

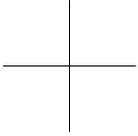
Under the Minimize pillar, the strategy centers on diminishing the ecological footprint of Sulzer by managing energy and water consumption, waste and greenhouse gas emissions effectively. The measures taken include decarbonizing the energy supply, enhancing process efficiency to lower overall energy usage, reducing waste generation and taking specific actions to protect water resources in regions where water scarcity is a concern. This multifaceted approach is directed towards securing measurable decreases in areas that are critical to the reduction of our ecological footprint.

Enable

The Enable pillar is designed to contribute to a low carbon society. Our efforts are channeled into enhancing efficiency, supporting sustainable water management, developing low carbon solutions, and supporting our customers on their journey to reducing their ecological footprint and fostering circularity in our operations and products.

Engage

Our Engage pillar emphasizes the importance of connecting with our employees and communities. We are committed to understanding and addressing their ESG-related concerns, fostering active participation in our initiatives, ensuring safety and well-being, and promoting inclusivity and diversity.



Govern

Finally, the Govern pillar underscores our dedication to best-practice governance. Oversight by our Board of Directors and Executive Committee ensures that our ESG strategy is effectively integrated into our corporate governance, with a strong emphasis on ethical behavior, risk management and alignment of compensation with our ESG targets.

Greenhouse Gas Protocol

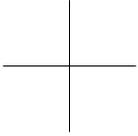
Sulzer follows the corporate standard set by the Greenhouse Gas Protocol (GHG Protocol), as established by the World Business Council for Sustainable Development. We align our actions with these guidelines, and our corporate carbon footprint (CCF) is calculated based on the GHG Protocol.

Participation in the United Nations Global Compact

As part of our commitment to global sustainability, Sulzer actively participates in the United Nations Global Compact (UNGC) initiative. We are a member and ambassador of the UNGC local network for Switzerland and Liechtenstein. In line with UNGC standards, we regularly report on the progress of our ESG strategy (Communication on Progress).

ESG governance

The Board of Directors plays a key role in guiding Sulzer's ESG initiatives, responsible for setting up and maintaining effective management processes and systems. Their input significantly influences the practical and organized execution of Sulzer's ESG strategy. The Strategy and Sustainability Committee supports the Board of Directors by advising on topics related to ESG. This committee also assists in setting priorities for development, defining Sulzer's ESG goals and initiatives (e.g., achieving a 30% reduction in the currently measured carbon emissions by the year 2030) and addressing other important public policy issues.



ESG challenges and opportunities are on the top agenda of the CEO. She actively participates in all committee meetings and, depending on the subject matter, other Executive Committee members may also be involved.

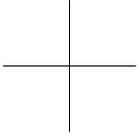
The Head of Corporate Services, directly reporting to the CEO and maintaining an active link to the Executive Committee and the Board, acts as the Chief Sustainability Officer of Sulzer. In this role, she is responsible for the development and hands-on execution of the ESG strategy. This role is supported by a full-time Group Head of Sustainability, along with a specialized team. This team includes various working groups from different divisions, all committed to advancing ESG initiatives.

Additionally, Sulzer has established a robust global Environment, Safety and Health (ESH) network, focused on safeguarding both employees and the environment. The Group ESG function develops the ESH strategy, fostering a corporate culture of ESH excellence and developing processes and programs to guide this endeavor together with the divisions and the global ESH community.

The ESH community at Sulzer is comprised of a dedicated global team of nearly 100 ESH specialists. This team plays a vital role in continuously supporting management to improve our environmental, safety and health performance.

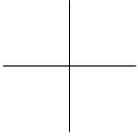
Stakeholder communication

Sulzer actively engages with stakeholders through processes, such as investor relations and the global employee survey, Voice of Sulzer. The ESG@Sulzer initiative established a new baseline for stakeholder interactions in 2021 and 2022, the results of which contributed to the Sulzer materiality matrix. Acknowledging our role in the business ecosystem, Sulzer prioritizes stakeholder engagement, with a focus on employee welfare, as outlined in the Code of Business Conduct, and adherence to the United Nations Global Compact, supporting human rights and opposing child and forced labor.



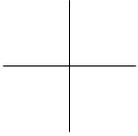
The Sulzer Code of Business Conduct enforces the maintenance of precise and complete financial records, prohibiting any deceptive entries. It obligates employees to report any suspicious activities or violations related to Sulzer's operations. Compliance with antitrust and fair competition laws is mandatory, and activities that could hinder competition are not tolerated. Employees are instructed to avoid conflicts of interest and to disclose any potential conflicts to ensure transparency. The code emphasizes fair employment practices, including non-discrimination and safe working conditions. Bribery and corruption are strictly prohibited, and adherence to international trade laws is required. The code also addresses the responsible management of insider information, environmental stewardship, workplace safety and the protection of company assets and information. Interaction with the news media is restricted to authorized spokespersons to ensure consistent and accurate communication.

Local teams play a crucial role in maintaining healthy community relations, ensuring operations are safe, accepted and beneficial to local communities through direct employment and broader engagement. These teams have autonomy in stakeholder management, balancing company positions with local needs to foster mutual benefits.

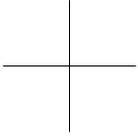


Stakeholder list and interactions

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



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



Materiality analysis

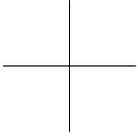
Sulzer's 2022 **materiality analysis** identified and prioritized key ESG issues, focusing on both company and stakeholder perspectives. This comprehensive process, covering all Sulzer Group entities, aimed to understand the interplay between Sulzer's operations and non-financial factors including environmental and social impacts. The analysis highlighted how these factors influence Sulzer's financial stability and performance, aiding in strategic goal setting and decision-making.

This approach provided insights into the crucial intersections between business activities and ESG-related matters. Sulzer identified key focus areas for our ESG strategy and established essential topics for our reporting. This thorough analysis, conducted in 2022, led to the identification of eight material topics. Sulzer regularly conducts reviews of our ESG topics to assess the relevance and accuracy of our ESG initiatives.

Regarding the environment, the analysis touched upon climate change, noting physical impacts such as extreme weather and transitional factors including policy shifts and market dynamics. These areas were recognized for their potential influence, guiding our strategic considerations. Energy was another focus, with the analysis considering the broader implications of energy availability and the shift to renewables. This recognition helped shape our understanding of the energy landscape's influence on business operations.

Water-related issues, encompassing scarcity, quality and infrastructure challenges, were also acknowledged. These considerations were important in appreciating the environmental context in which we operate, particularly in specific geographic regions. Finally, waste management was identified as a relevant area. The analysis considered the broader challenges posed by waste volumes and regulatory changes and informed about our approach to environmental sustainability.

Regarding social topics, employee-related matters were acknowledged for their critical role in organizational success, highlighting areas such as engagement, retention and development as vital components of our workforce strategy.

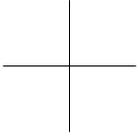


Occupational health and safety were identified as a priority, emphasizing the necessity of maintaining a safe and healthy working environment for all employees. Diversity was viewed as a key aspect of our organizational ethos and a crucial measure for achieving success in recruiting new talent. The analysis underscored the value of a diverse workforce in driving creativity and enhancing decision-making processes. Human rights were considered in the context of our business operations and supply chains, stressing the importance of ethical practices and respect for individual rights across all business activities.

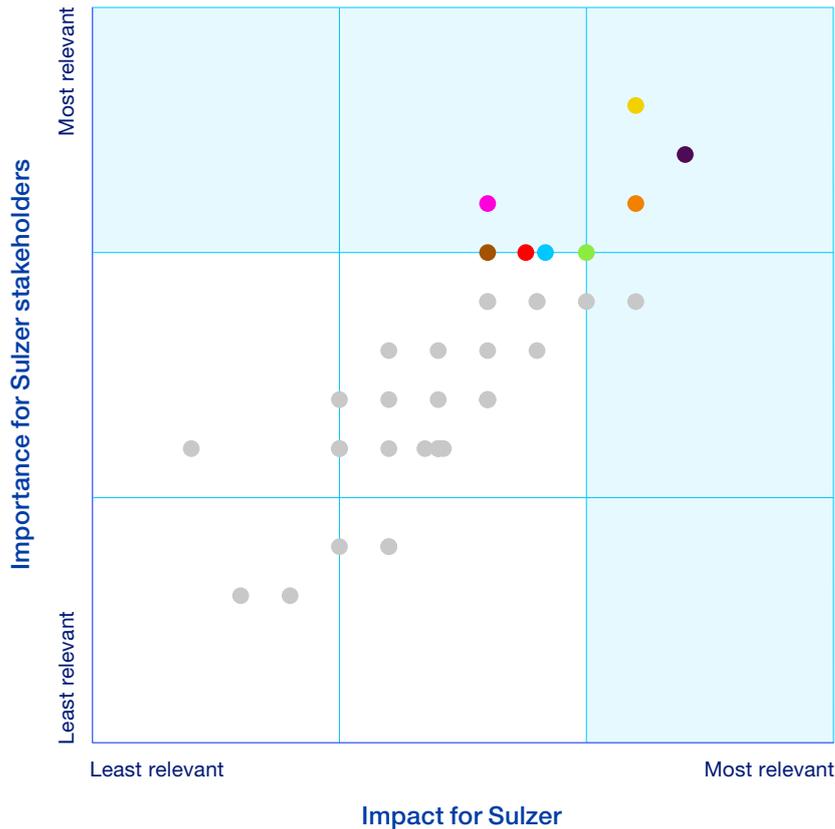
The specific consideration of risks and associated risk mitigation measures, both from an inside-out perspective (how our operations impact non-financial matters and stakeholders) and an outside-in perspective (how non-financial matters affect our business), are detailed in the respective sections of this report.

Informed by a deep understanding of Sulzer's business model, values, strategies and diverse operations, the analysis considered Sulzer's entire value chain, including suppliers. Stakeholder engagement varied across different groups, adapting to the unique needs and relevance of each. This involved a detailed survey to gauge stakeholders' perspectives on various ESG-related topics, determining both actual and potential impacts on the economy, environment and people.

The prioritization of ESG topics, derived from stakeholder consultations, is summarized in our materiality matrix. This matrix not only aligns Sulzer's ESG strategy with stakeholder expectations and regulatory requirements, but more importantly, is a key tool in driving business success. It highlights the prioritized ESG topics and their significance to Sulzer and our stakeholders, enabling Sulzer to focus on areas that are critical for a thriving and sustainable business.

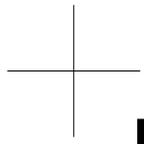


Materiality matrix



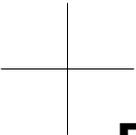
- Compliance
- Safe and healthy workplace
- Data protection
- Child and forced labor
- Social justice
- Fair business relationships
- Business integrity
- Energy efficiency

In 2024, Sulzer plans to update the materiality analysis in line with the overall strategy review, acknowledging the growing significance of ESG topics. This revision will align Sulzer's strategies with the dynamic ESG landscape and stakeholder expectations. It aims to ensure that Sulzer's approach to ESG stays current, effective and deeply integrated within our core business operations, reinforcing Sulzer's mission of serving essential industries to contribute to a prosperous economy and sustainable society.



Environment

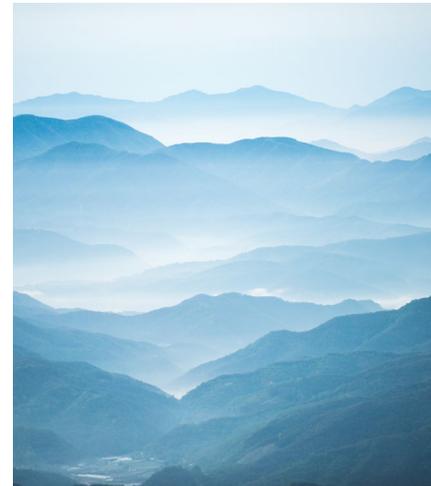
A large, bold, black number '2' is centered in the lower half of the page. It is overlaid on a vibrant, abstract background of flowing green and yellow-green shapes that resemble liquid or smoke. The background is bright and energetic, contrasting with the solid black of the number.



Driving sustainable progress for a better world

Reducing emissions and waste

As part of our ongoing commitment to sustainability, we purchase, refurbish and sell pre-owned Sulzer equipment “as-new” – which helps operators reduce investment costs and improve their sustainability. By recovering pumps and other assets from plants that are closing, we offer owners a way to recycle rather than scrap materials. Our win-win solution reduces the carbon footprint by conserving raw resources and extending the life cycle of industry products. Since 2010, we have supplied more than 700 units made with components that have already lived one life.



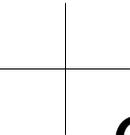
Enabling energy efficiency

Just as the world needs more clean and renewable energy, it also needs to secure a reliable supply of cleaner fossil fuels. Sulzer technologies are steering the way in ecological solutions such as bio-based chemicals, polymers and fuels, recycling technologies for textiles and plastic, as well as carbon capture, utilisation and storage. Our technologies are also contributing to efficient energy generation, by continuing to innovate with traditional fuels to make them cleaner and more efficient. These innovations are crucial if the world is to continue meeting global energy needs during the energy transition.

Ensuring water for life

Optimizing water usage is one of our top commitments at Sulzer. We focus on recycling, protecting water reserves, reducing pollutants and preventing ground-water contamination. To date, we have delivered over five million pumps to move wastewater and helped industry and municipalities purify fifty-seven million m³ water per day. To prevent water scarcity around the world, our high efficiency pumps provide a desalination capacity of over twenty million m³ water per day.





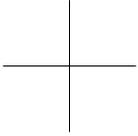
Climate change

In our commitment to environmental sustainability, Sulzer acknowledges the complex **risks** associated with climate change, encompassing not only regulatory challenges but also physical and financial implications. Beyond the immediate environmental **impacts** of increased greenhouse gas emissions and energy resource depletion, there are physical risks such as extreme weather events and changing climate patterns that could have an impact on Sulzer's operations. These physical risks could lead to direct financial consequences, such as increased insurance premiums, repair costs or disruptions in supply chains.

Financially, Sulzer faces potential costs from evolving environmental regulations, including carbon taxes and stricter emission standards, which could increase operational expenses. Financial implications of climate change can also be positive in nature, including emerging business opportunities or increased investor interest in environmentally responsible companies. These factors can enhance Sulzer's market position and access to capital.

Sulzer's **due diligence approach** to addressing climate change risks involves minimizing our ecological footprint through initiatives such as lowering carbon emissions and improving resource efficiency. By adapting our operations and infrastructure to be more resilient against climate impacts and staying attuned to changing market and investor expectations, Sulzer aims to promote environmental stewardship while maintaining financial stability. This strategy is rooted in a commitment to sustainable resource usage and ecological conservation. Our environmental policies, namely our Sustainability Directive and our QESH policy, are aiming at the reduction of energy consumption and minimization of our ecological footprint.

Sulzer's Sustainability Directive emphasizes our efforts to address environmental concerns, particularly our focus on reducing carbon emissions as part of our commitment to sustainability. The directive acknowledges the impact of climate change and outlines Sulzer's strategy to minimize our own ecological footprint and to enable a low-carbon society. This includes integrating sustainable practices into all areas of operation, from governance to business activities, with the goal of protecting the environment and preventing pollution. We aim to achieve this through direct operational efficiencies and by influencing our value chain.

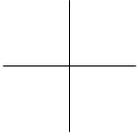


The directive also refers to the design and servicing of products to be energy-efficient and recyclable, supporting the transition towards a circular economy. Regular reviews of environmental performance and management systems are part of Sulzer's commitment to continuous improvement in our sustainability efforts.

Sulzer's **QESH** (Quality, Environment, Safety and Health) **policy** focuses on compliance with legal and company-specific environmental standards, aiming to satisfy customer requirements and to actively engage stakeholders. A significant part of this policy is dedicated to environmental protection and the principles through which Sulzer aims to minimize the impact of our operations, products and services on the environment and communities. The policy describes efforts to reduce carbon emissions as part of Sulzer's commitment to protect the environment. The policy foresees the performance of risk assessments to prevent and minimize pollution, prioritizing the prevention of inefficiency and waste in all processes, and adhering to lean principles to support this objective. With this policy we also commit to transparency and the disclosure of relevant environmental information to stakeholders.

These policies are integrated across all levels of our organization, guided by a strong governance framework led by our Board of Directors and executive management. In line with these policies, we have dedicated efforts to track and analyze our performance through our Environment, Safety and Health (ESH) reporting and management systems.

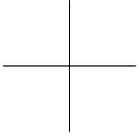
The **ESH Management System** outlines a continuous improvement cycle focused on environmental, safety and health standards. It begins with the "Plan" phase, that involves setting goals, compliance and organizational structure within the QESH policy. The "Do" phase encompasses ESH documentation, training, safety management and risk management. This is followed by the "Check" phase, that includes performance management, incident reporting, monitoring, measurement and audits. The "Act" phase involves analyzing events, assuring compliance and learning lessons. The overarching goal is to improve compliance, defenses, competency and culture, while reducing risks, hazards, environmental impact and complexity within the organization.



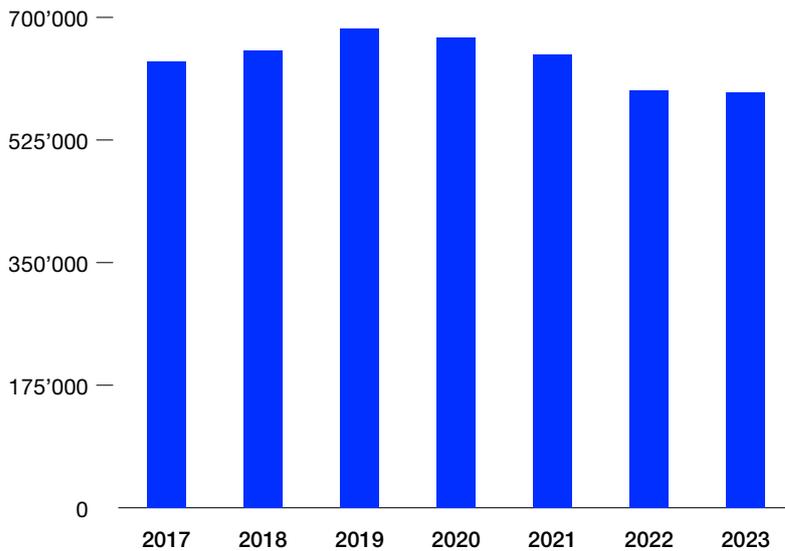
In 2023, we continued our advancements in our **data collection** processes by integrating the **Group ESH reporting tool** along with sophisticated business intelligence software. These enhancements have allowed us to utilize the gathered emissions and energy data effectively in our monthly operational reviews across different levels of the organization. Additionally, this information is readily available to all parts of the company. Data is analyzed through our Group ESH reporting tool on a quarterly basis at minimum.

Sulzer's commitment is underpinned by the above-mentioned policies and systems and is driven by interdisciplinary collaboration. This commitment plays a crucial role in boosting energy efficiency across our operations. Sulzer is dedicated to maintaining and expanding certifications including ISO 9001, ISO 14001 and ISO 45001 across all our manufacturing sites and service centers under our control. This initiative is part of an active effort to ensure that all locations adhere to these comprehensive standards, aligning with lean principles.

Further, Sulzer conducted energy audits in 2022 aligned with the ISO 50001 standard to address its carbon emissions and energy consumption. These audits identified the primary areas of energy consumption within Sulzer, leading to the development of specific reduction strategies. As a result, Sulzer initiated **measures** such as transitioning to low-carbon electricity sources, as further described below, and implementing energy-saving practices, including organizational changes and equipment upgrades. **Key performance indicators** for monitoring our progress include overall energy consumption in gigajoules and energy intensity. The effectiveness of our measures is reflected in the reduction in our energy consumption since 2020.

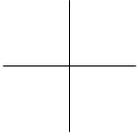


Energy Consumption (GJ)

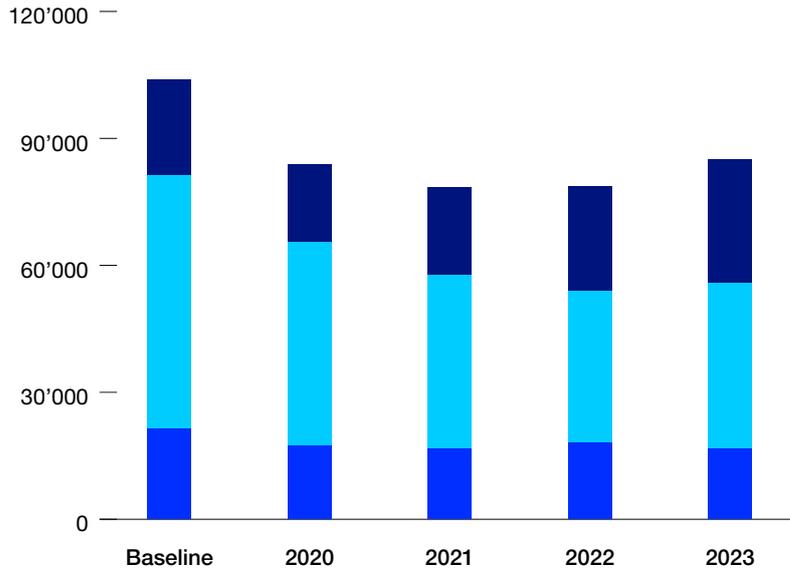


Sulzer’s reduction in carbon emissions is mainly attributed to a strategic shift towards low-carbon electricity solutions in the countries where Sulzer operates.

Through these energy saving **measures**, Sulzer is on track to achieve a 30% reduction in disclosed carbon emissions, including scope 1, 2 and selected categories of scope 3 (scope 3.3 “Fuel- and energy-related activities” and scope 3.6 “Business travel”). To maintain transparency and facilitate benchmarking, we are committed to annual reporting of performance using **key performance indicators** such as CO₂e emissions. We emphasize the importance of verified and structured data, considering best practices in environmental reporting, such as the Greenhouse Gas Protocol, to ensure the integrity and reliability of our ESG reporting.

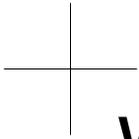


Greenhouse gas emissions – market based (tCO₂e)



- Scope 1
- Scope 2
- Scope 3

Our future plans are focused on expanding the use of renewable energy at our own sites, enhancing energy efficiency, and progressing towards carbon neutrality by 2050. We plan to increase the coverage of live energy monitoring systems across our sites and to coordinate energy efficiency improvements through our operational excellence programs. With regards to energy management, we focus on minimizing our own consumption and facilitating reduced energy use across our value chain.

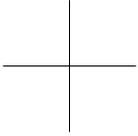


Water

Water is a crucial resource, both for our operations and the environment. At Sulzer, we recognize the profound **impact** our activities can have on water resources, both in terms of quantity and quality. Our operations depend on water for cooling processes and pump test beds, and we are mindful of the role water plays in both the communities we operate in and the broader ecosystem.

Our **Sustainability Directive** specifically addresses water-related issues with the development and implementation of fluid engineering technologies to improve wastewater treatment and manage water consumption. The directive identifies urbanization and the subsequent rise in water demand as areas of concern, alongside the challenge of water scarcity. We strategically apply our expertise to enhance the efficiency of water usage and treatment, with the aim of supporting sustainable water management in response to global trends. We are also involved in creating solutions for the recycling and efficient use of water, contributing to the sustainability efforts within the water ecosystem.

Our **approach** to our own water management is multifaceted. We understand that industrial activities like ours have the potential to affect water resources. For instance, manufacturing processes and energy usage could lead to water pollution or put pressure on water supplies in areas where water is not abundant. In 2023, we conducted a water risk assessment at three pilot sites to identify physical risks, such as water shortages, heavy rains, flooding and droughts, and to improve our understanding and transparency of water-related risks. This assessment aimed to anticipate and mitigate potential impacts on and from our operations. This approach addressed both the **impact** of our operations on water resources (inside-out perspective) and the potential **effects** of water scarcity and related issues on our business (outside-in perspective). The risks identified through these assessments include water dependencies, highlighting how critical water is to Sulzer's operations and the potential impact of disruptions in supply. Another risk is water shortage, reflecting the challenges posed by limited water availability in certain regions that could affect both Sulzer's operations and environmental sustainability goals. Lastly, the balance of water withdrawal versus basin replenishment was assessed, examining whether the company's rate of water extraction is sustainable in the context of the local watershed's ability to replenish this vital resource.

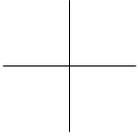


This highlighted the necessary **measures** that must be implemented in the future to effectively address these risks, as described below.

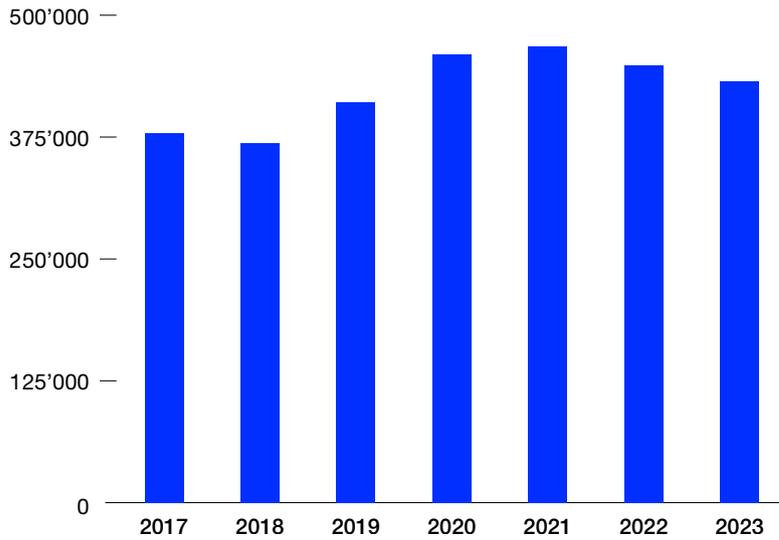
For example, at the Indian Sulzer Chemtech plant, located in an area prone to water stress, efforts have already been made to enhance water conservation. The facility has implemented a system to collect up to 510 cubic meters of monsoon rainwater, which is stored in tanks. This harvested rainwater is utilized for domestic purposes within the plant, effectively reducing the dependency on groundwater and reducing the site's overall water footprint. Further reinforcing these conservation measures, the plant has also invested in its water treatment infrastructure, enabling the recycling of water back into the plant's processes and a closed-loop water cooling system, further minimizing water withdrawal from local sources.

Furthermore, we focus on reducing water use in other Sulzer operations through recycling of used water, protecting water reserves by treating our discharges and avoiding the acquisition of new sites with existing groundwater contamination. To improve our decision-making and inform our future strategy for water management, we track water usage, discharge and losses, especially at facilities located in water-stressed regions, using our Environmental, Safety and Health (ESH) reporting tool. Utilizing tools like the World Resources Institute's resources, we also map site dependencies on water to support our effort to create more effective water management plans.

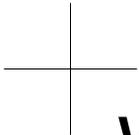
At least quarterly, our water withdrawal related **data** is analyzed through our global Environment, Safety and Health (ESH) reporting tool. Continuing the downward trend observed since 2021, the data from 2023 demonstrates the **effectiveness of the measures** we have implemented to reduce our water consumption.



Water consumption (m³)



Looking forward, we plan to further develop our water management program, focusing particularly on locations in water-stressed areas. We aim to further enhance our reporting system, which is specifically tailored to our water-stress-exposed locations. Additionally, we understand that our customers in the water sector play a positive role in treating effluents and bringing fresh water to where it is needed, and we support these initiatives through our products.



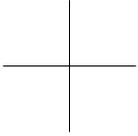
Waste

Waste management is integral to our operational practices, with an emphasis on minimizing waste production and enhancing recycling efforts. This approach is in response to the potential effects of waste on local ecosystems and the overall environment, and it is guided by the principles of a circular economy to ensure resource efficiency.

The **risks** Sulzer faces in waste management are twofold. On the one hand, inefficient waste practices can lead to environmental damage and resource wastage. On the other hand, Sulzer must navigate varying global waste management regulations, mitigate potential reputational damage from poor waste practices, bear increased operational costs and maintain competitiveness in an increasingly ESG-focused market.

To mitigate these risks, Sulzer's emphasis on efficient waste management includes a strategic initiative to reduce environmental impact, optimize resource utilization and manage costs effectively. We address these risks by prioritizing sustainable waste practices, demonstrating a commitment to environmental responsibility that is essential for long-term operational success and market reputation.

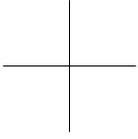
Sulzer's **approach** to waste management reveals an increase in waste recycling rates, up to 65% in 2023, achieved through a detailed evaluation of waste streams and the establishment of effective waste management practices. This includes forming relationships with compliant local businesses and waste management providers, enhancing waste separation, recycling and educating employees about sustainable practices.



Our **Waste Management Policy** and our **QESH policy** commit to the reduction of waste. Sulzer's Waste Management policy sets a five-phase approach known as DMAIC: Define, Measure, Analyze, Improve and Control, to enhance our waste handling processes. The Define phase categorizes waste into 21 fractions, distinguishing between non-hazardous and hazardous types. The Measure phase relies on empirical data, uses International System of Units, ensures data accuracy and follows alternative methods as necessary, with reporting on a monthly or quarterly basis. Analyzing the data involves visualizing trends on a Group dashboard, comparing them against targets and examining any deviations. The Improve phase requires the creation of an on-site improvement plan for each site, detailing specific targets, timelines and responsible parties for each waste stream. Finally, the Control phase involves auditing waste vendors for compliance and authorization, monitoring waste stream contaminant levels and assessing the effectiveness of improvement actions to ensure alignment with waste management objectives and continuous progress.

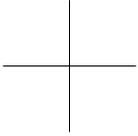
To support the implementation of the policy, we have established an internal **waste management process** that describes the practices and process and provides tools. This is supported by a **waste management handbook** that provides a collection of good practices for reducing, collecting and treating the different waste streams.

Sulzer's **QESH policy** includes a commitment to waste management within our broader environmental and quality assurance framework. It mandates compliance with applicable laws and regulations, as well as internal Sulzer standards. The policy emphasizes the reduction of waste as part of our goal to protect the environment and communities affected by our operations. It promotes the prevention of inefficiency and waste by applying lean principles to processes, to help ensure that operations are as sustainable and environmentally friendly as possible. Additionally, the policy constitutes transparency and the disclosure of relevant information about our waste management practices to stakeholders, ensuring that Sulzer's approach to handling waste is clear and consistent with stakeholder expectations.

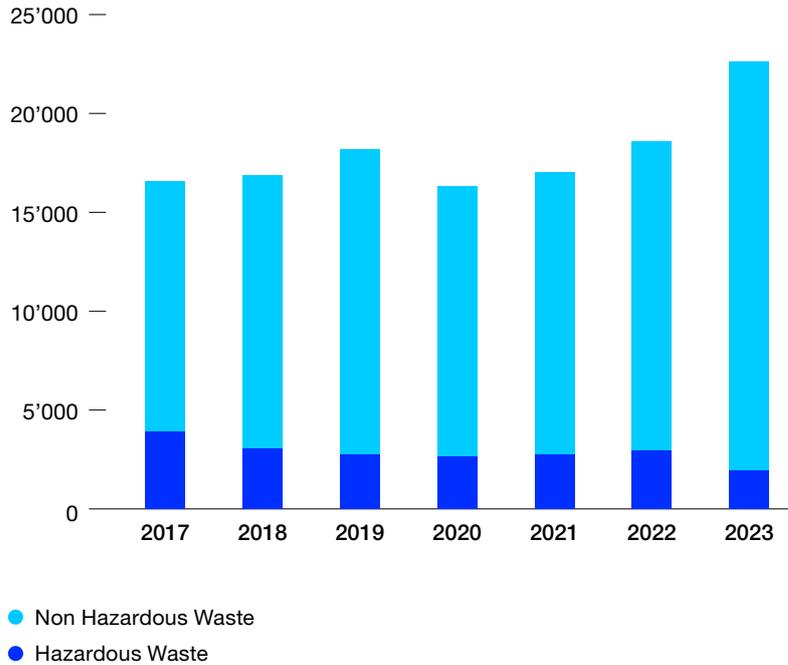


In 2023, Sulzer established a **taskforce for waste management**, engaging volunteers from across our various plants to advance our waste reduction efforts. This group of volunteers undertook the mission to elevate Sulzer's waste management standards and practices. Their objective was to comprehensively map waste streams, pinpoint improvement opportunities and implement a structured program that could be piloted within their respective plants over a six-month period. The initiative was structured as a three-pronged approach. Firstly, it aimed to educate the workforce to ensure a consistent understanding of waste management practices. Secondly, the taskforce was responsible for planning and executing programs to improve waste recycling rates. Lastly, the initiative emphasized the sharing and broad adoption of waste management practices across the entire company to foster a culture of environmental sustainability and responsibility. Sulzer's sites are currently assessing the practical application of new waste management practices, focusing on their fit with existing operations and adherence to local environmental regulations, and aligning with Sulzer's ESG goals and the specific requirements of each site. The task force's work has been instrumental in developing our digital **ESH reporting tool**, ensuring effective monitoring, and enabling monthly reporting to enhance decision-making and performance management capabilities at various organizational levels. These efforts support our management reviews and contribute to maintaining and expanding our ISO 14001 certifications.

Through these initiatives, we have developed a robust waste management system, reflected in our ESH playbook. We have adopted standard **key performance indicators** to track and enhance our waste management efforts. These include the percentage of recycled waste, the amount of waste directed to landfill and the total volume of waste generated.

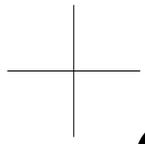


Waste generation (tonnes)



Our policies and measures have led to significant **progress** since 2018 in reducing non-hazardous waste to landfill to 25% and increasing our waste recycling rate to 65%, despite an increase in our operational activities.

In 2024, our focus is on further reducing the amount of waste sent to landfill and increasing our recycled waste. We aim to leverage recycled metal waste in collaboration with our procurement team and improve our eco-design process to optimize raw material efficiency and lower our packaging impacts.



Social

3

Supporting communities around the world

WaterAid: changing attitudes

With education proven to be one of the best ways to reduce both poverty and inequality, Sulzer is pleased to partner with WaterAid to support local communities in Zambia. Cultural norms and expectations around water collection and menstruation, for example, make it more difficult for girls to remain in school and ultimately earn a better living. Through our partnership with WaterAid, Sulzer is helping to ensure access to sanitation facilities in twenty public schools located in rural Zambia, contributing to children's health – and to the continuation of girls' education.



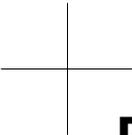
Day to give back

We are proud of our Sulzer employees, who take time to give back to their communities. Sulzer introduced a global guideline on community involvement in March 2022, offering every employee one paid working day per calendar year for coordinated volunteer company activities to help build momentum and maximize our impact on local communities. Countless grassroots activities are taking place at Sulzer sites all over the world, with teams donating to humanitarian causes, participating in charity events and volunteering at local non-profit organizations.

Partnering with UNICEF

As part of this year's Sulzer in Motion program aiming at improving employee fitness, Sulzer and its employees partnered with UNICEF to support children impacted by the severe earthquakes that hit Syria and Turkey in February 2023. We ran a six-week-long physical well-being challenge under the motto "Let's move together!" urging employees to participate and help raise funds for UNICEF while contributing to their own ongoing health and fitness. More than 3'400 employees joined the challenge – and the fun, which resulted in Sulzer donating a total of CHF 100'000 for the cause.





Employee-related matters

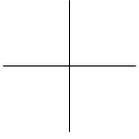
In addressing employee-related matters, Sulzer acknowledges both the physical risks for the employees and **financial risks** for Sulzer. The primary risks for employees involve their well-being and safety. Sulzer's financial risks include potential costs of non-compliance with labor laws, training investments and employee turnover. Proactively addressing these two types of risks in employee-related matters protects safety and health, reduces legal liabilities and financial penalties and improves employee engagement and retention. Together these efforts positively affect Sulzer's performance and reputation.

13'130

Sulzer Employees

The **Sulzer Code of Business Conduct** is the core document setting forth the minimum standards on how we conduct our business, including how we treat our employees. All employees are required to sign the Code and every member of the Sulzer Management Group, including the heads of the operating companies, headquarters, regional and local compliance officers, as well as the legal entity controllers, must reconfirm this compliance commitment in writing annually (approximately 150 managers). The Code contains our commitment to strict adherence to labor laws, ensuring fair labor practices and maintaining a safe and healthy work environment.

Sulzer's **approach** includes continuous investment in learning and development to improve employee skills and productivity, reduce the risk of workplace accidents and increase operational efficiency. We have introduced Sulzer Learning Pathways, a learning platform that was piloted in 2021 and globally rolled out in 2022. All our employees have access to this platform, which offers diverse content for further developing technical, functional and soft skills. Employees can set their own learning goals and progress at their individual pace. Additionally, Sulzer places significant emphasis on the training and upskilling of people managers. Three global management programs were conducted in 2023, focusing on management skills and benefiting 900 people managers.

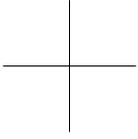


50'372

2023 learning hours

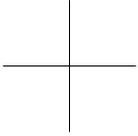
Sulzer emphasizes strong emphasis on establishing stable employment relationships, consistently offering permanent contracts on a global scale. Our approach to working hours goes beyond compliance with local legal requirements and is also tailored to reflect local specificities. This includes standard working hours, overtime management, flexible working arrangements, along with comprehensive leave policies and time-off benefits, all adapted to the unique contexts of the different regions. These flexible working arrangements include 270 part-time contracts and 177 temporary contracts.

With regards to remuneration, Sulzer employs a systematic strategy to ensure fair and competitive wages. Sulzer engages in annual global benchmarking against industry counterparts, utilizing insights from renowned entities including Mercer & Willis Towers Watson. This benchmarking process ensures that Sulzer's salary offers are in line with market standards, guaranteeing that recruitment candidates are compensated in accordance with prevailing industry rates. The issue of meeting minimum wage standards is systematically addressed, underscoring Sulzer's dedication to equitable pay. Salary ranges are determined annually, grounded in detailed market analysis, to maintain competitive and fair compensation across Sulzer's global operations.



Sulzer adheres to principles of collective bargaining (including trade unions) and freedom of association, minimizing the risk of labor disputes and ensuring a stable workforce. We regularly consult with our employees to maintain workplace satisfaction and to mitigate any potential internal conflicts. Therefore, as far as national legislation allows for this, Sulzer promotes the right to freedom of association and collective bargaining as set forth in the Sulzer Code of Business Conduct and guarantees that the employees' representatives are neither favored nor discriminated against. This commitment is evidenced by the operation of joint health & safety committees and work councils in multiple countries, as well as a longstanding and trusting relationship with the European Works Council, through which Sulzer engages in the exchange of ESG-related information and perspectives. The percentage of workers covered by collective bargaining agreements varies from country to country as permitted by the respective laws.

We also prioritize the effective communication and consultation with our employees. This is facilitated through regular meetings, briefings, feedback channels and the support of employee representation bodies. As an example, Sulzer's "Voice of Sulzer" is a global employee survey initiated in 2018 and conducted every 18 months to gather and analyze employee feedback. The survey consists of 40 questions, ensuring anonymity and confidentiality of the responses. Employees can participate via email, QR codes and mobile stations at production sites. The latest survey garnered a 90% response rate, indicating high engagement levels above the manufacturing norm. Key findings show that 93% of respondents are committed to Sulzer's success, 90% feel empowered in their roles and 88% perceive Sulzer to be an inclusive employer.

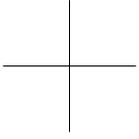


In the latest Voice of Sulzer survey, for example, the Netherlands achieved remarkable results, surpassing the country's manufacturing norm by an average of 12%. This success reflects the effective local implementation of actions based on feedback from previous surveys. To enhance communication, local management and HR established structured feedback mechanisms, training leaders to provide regular feedback to their teams and integrating these mechanisms into the performance management cycle across all employee levels. Casual coffee chat sessions with management were introduced and conducted in various languages to facilitate feedback in employees' native tongues. This focus on cultivating a culture of open feedback has also led to increased participation in global surveys.

To further facilitate regular feedback, Sulzer utilizes an internal social media platform and conducts global townhalls and small group meetings with Executive Committee members, promoting direct dialogue between employees and management. Training in employee rights and responsibilities is regularly provided to ensure a well-informed workforce.

Additionally, Sulzer has received the 2024 Top Employer certification in Brazil, China, Germany, the UK, the US and Switzerland. This certification is granted by the Top Employers Institute based on a rigorous assessment of Sulzer's Human Resources practices. The evaluation involves a comprehensive survey across various HR domains, such as People Strategy, Equity & Inclusion, Work Environment, Talent Acquisition, Learning and Diversity. Sulzer achieved an average score of 85% in these domains across the certified countries, surpassing the certification threshold of 60%. Notably, Sulzer scored 95% in the social Sustainability domain, which exceeds the benchmark of 85%, indicating the **effective integration** of the ESG@Sulzer initiative within the organization.

Sulzer also focuses on creating opportunities for new talent, welcoming nearly 300 apprentices, interns and student trainees in 2023. Sulzer integrates professional development into its performance management cycle, with 50% of promotions into executive positions in 2023 being internal hires. In response to employee feedback, Sulzer has improved access to internal career advancement opportunities, including an exclusive application window for internal candidates.



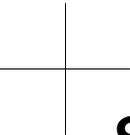
8.0%

2023 voluntary attrition rate

4'193

Employees with higher education

Detailed discussions on Occupational Health & Safety, Diversity and Human Rights are provided in their respective sections. These dedicated sections offer a comprehensive view of our initiatives, policies and performance in each of these critical areas, reflecting our continuous efforts to maintain a responsible, inclusive and safe working environment.



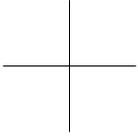
Safety

In the area of employee safety, Sulzer focuses on mitigating **physical risks** for employees, such as workplace injuries, as well as the associated **financial risks** for Sulzer, such as regulatory fines and increased insurance costs. Sulzer maintains rigorous health and safety protocols to prevent accidents, thereby safeguarding employee wellbeing and minimizing potential operational disruptions. Regular training and safety audits are part of Sulzer's commitment to maintaining a safe work environment. These measures are described in detail below. They do not only comply with legal requirements but also contribute to reducing absenteeism and ensuring a productive workforce, reflecting Sulzer's dedication to employee safety and operational efficiency.

Sulzer's **due diligence approach** to health & safety is critical to our business success because our people are our most valuable resource. We live the "safety first" principle, which is fundamental to Sulzer's operational ethos, and requires the active participation of all organizational tiers to enhance operational excellence. This includes the integration of contractors into Sulzer's processes and adherence to a just and equitable culture that emphasizes both human and organizational performance. Workers are authorized and expected to halt operations whenever conditions fail to comply with Sulzer's established minimum safety criteria.

From an organizational perspective, the Group ESG function is responsible for designing the ESH strategy, corporate ESH culture, processes and programs to steer excellence. This function is further supported by our ESH network, which comprises a team of approximately 100 ESH specialists across the organization who support management in continuously improving our environmental and safety and health performance.

At present, Sulzer relies on our QESH Policy to ensure safety at our own and customer operating sites. Sulzer's QESH policy places a strong emphasis on occupational safety and health, aiming to provide a safe and healthy work environment and to prevent any work-related injury and illness. Central to this commitment is the performance of thorough risk assessments using a hierarchy of controls to identify, evaluate and mitigate occupational hazards.



The policy underscores the importance of process safety, managing the integrity of operating systems and processes handling hazardous substances to safeguard against occupational risks. Additionally, we emphasize worker participation in safety matters, recognizing that their involvement is crucial for the effectiveness of our safety and health practices. Regular auditing and continuous improvement of our safety and health strategies put our commitment to maintaining high standards in occupational safety and health into practice.

Furthermore, Sulzer has launched the following three **measures** to promote a safety culture of performance to minimize risks and to ensure the safety and well-being of all workers, including employees, agency workers, apprentices, contractors and other personnel under our supervision: Life-Saving Workplaces, Human Performance and Safe Processes.

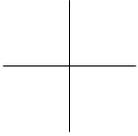
Life Saving Workplaces

The Life-Saving Workplaces initiative at Sulzer focuses on managing the high-hazard activities that workers encounter during task execution. This has been addressed through dedicated programs, such as life-saving rules, which have successfully contributed to reducing fatalities over recent years. Complementary to these programs are significant investment plans aimed at securing our machinery and providing training sessions to enhance our employees' understanding of risk mitigation possibilities.

Recognizing that operating machinery is one of the most exposed tasks in our industrial activities, the initiative does not just rely on the competence and experience of our workers. It also includes regular tool and equipment inspections as a precautionary measure to prevent accidents and to ensure that all employees remain safe while performing their duties.

Human Performance

The Human Performance initiative at Sulzer emphasizes regular interaction with employees through the safety walk program, fundamental to fostering a culture of mutual care and safety vigilance, as delineated by the Sulzer Behavioral Program (SBP). A stop-work program complements this, granting every worker the authority to halt operations if safety conditions are compromised. Managers are promptly engaged to review and rectify the work environment, ensuring the reinstatement of safe conditions.

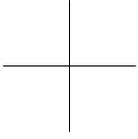


The initiative places strong emphasis on competency, mandating role-specific training. For instance, in the Chemtech division, field service engineers must complete confined space entry certifications. Similarly, in Services, the focus is on training for work authorization and lifting operations.

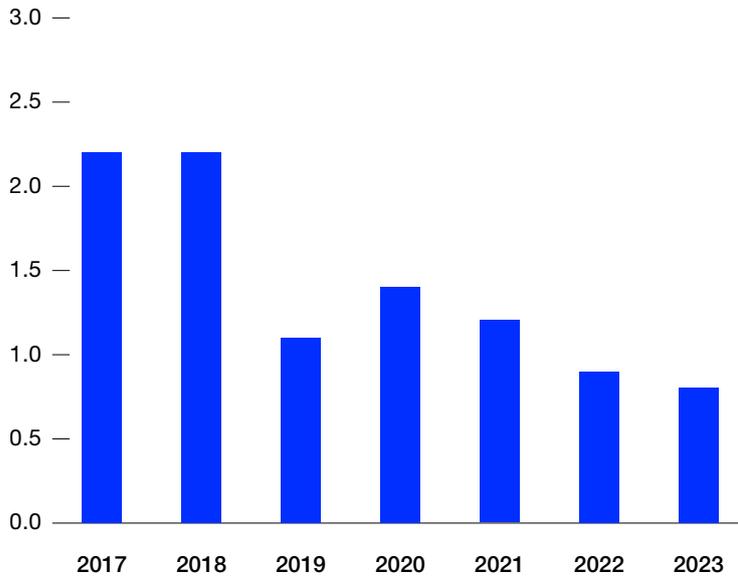
Safe Processes

The Safe Processes initiative is integral to Sulzer's comprehensive ESH management system, which spans Group and division levels. This initiative is structured to support our goals, addressing accident management and emergency response through systematic and learned frameworks that bolster continuous improvement efforts, such as engagement activities and risk assessments. Our facilities meet international health and safety standards, building on Sulzer's QESH standards and our achievements in ISO 9001 and ISO 45001 certifications. We are committed to achieving and upholding these high standards in our facilities, in line with lean principles. This adherence ensures not only a commitment to best practices but also facilitates an ongoing cycle of evaluation and enhancement of our safety procedures. We have instituted a process safety management system particularly on sites that handle hazardous chemicals. This system is based on the systematic evaluation of process hazards to prevent fires, explosions or losses of containment, thereby mitigating risks associated with these substances. When accidents or significant incidents occur, we engage in thorough investigations to uncover root causes and extend the learnings from these incidents across the organization. This practice allows every participant to scrutinize and refine their own safety procedures and contribute to the collective safety knowledge base. This represents a fundamental step in evolving our learning organization model. The outcomes of the Safe Processes initiative and related programs are routinely scrutinized during monthly business reviews, underscoring their significance in our operational oversight and continuous improvement journey.

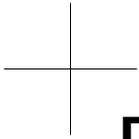
Our top priority is that our employees feel safe at work, and we constantly aim to eliminate the risk of accidents at our sites through our above-mentioned initiatives. We have therefore asked all our divisions to report monthly in our ESH reporting tool on the following **key performance indicators**: accident frequency rate (AFR), accident severity rate (ASR) and the number of minor and major accidents (including all cases of medical treatment and first aid).



Accident frequency rate (AFR); number of cases with lost time of more than 1 day



Based on our comprehensive safety and health measures, Sulzer successfully achieved an accident frequency rate (AFR) of 0.9 in 2022, meeting our **objective** of maintaining an AFR (number of reported occupational accidents with at least one day of absence from work per one million hours worked) at or below 1. We continued this positive trend in 2023, further reducing the AFR to 0.8. This consistent decrease in our AFR highlights the effectiveness of the safety measures we have put in place.

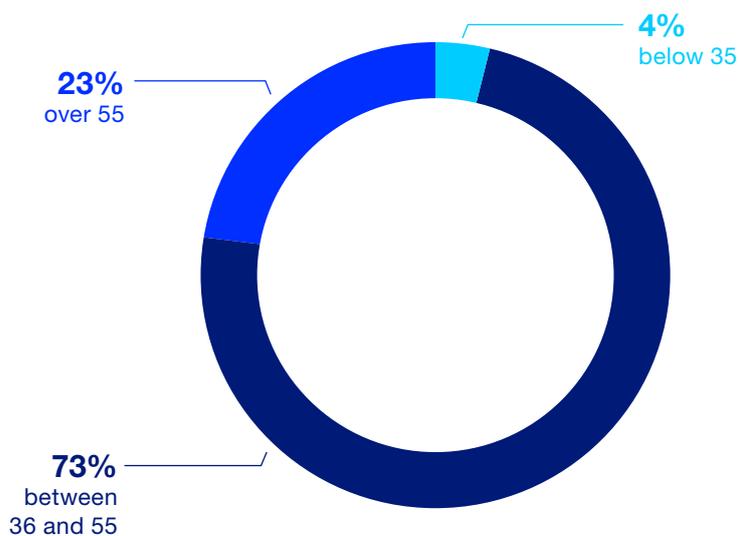


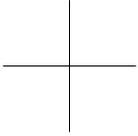
Diversity

Sulzer recognizes the importance of diversity in our own workforce, and addresses both the **potential risks** and **benefits**. Embracing diversity not only positions Sulzer to attract a wider talent pool, but also contributes to a more successful and innovative business, fostering a robust and dynamic workforce. This approach aligns with legal compliance and supports Sulzer's commitment to an inclusive, productive workplace. As laid out in the Sulzer Code of Business Conduct, 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.

At Sulzer, diverse teams with more than 47 nationalities and people of all ages work closely together for the success of Sulzer. Another element contributing to our company's diversity is the generational mix of our employees. At present, 4% of Sulzer employees worldwide are below the age of 35, 73% are between 36 and 55, and 23% are over 55. This enables a continuously cross-generational inclusion.

Age distribution

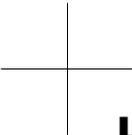




Furthermore, Sulzer has implemented **measures** aimed at increasing female representation within the company and fostering gender equality. Sulzer has set a minimum target of 16% women in top management, aligning with the current gender distribution of our workforce, which is 16% female. This initiative includes internal promotions and other measures to bolster the presence of female leaders. Additionally, Sulzer aims to increase the overall proportion of women in the company to 20% by 2025, with a corresponding representation in senior management.

At the end of 2023, Sulzer employed approximately 2'167 women, which corresponds to 17% of our total work force, a 7% increase compared to the previous year. Of those 2'167 female employees, 1'998 hold a permanent full-time contract (92%). These numbers confirm the trajectory and effectiveness of our measures in recent years. Within Sulzer management (Sulzer grading level 7 and above), women represent 15% of leadership.

Gender equality is not only reflected in male and female ratios but requires a compensation system that ensures equal pay for equal work. In 2021, Sulzer performed an equal pay analysis that reviewed the gender distribution in pay across our divisions in Switzerland. No material earning gaps were identified: the salaries between men and women for equal work on average across the entire company vary by just 3% compared to an average 15% gap within the entire industry. Since then, we keep analyzing our salary data and take corrective action to close the gap wherever possible. At the end of 2023, we completed the analysis for 21 countries, and we aim to continue this process in 2024 to reach twenty more countries.



Human Rights

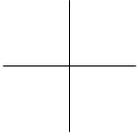
Sulzer emphasizes human rights in our operations and business relationships. While we specifically identified forced labor and child labor as salient issues in 2021, our commitment extends to a broader spectrum of human rights issues. This is a fundamental aspect of Sulzer's operational strategy, reflecting a strong commitment to ethical practices and the welfare of individuals affected by our activities.

Risks associated with non-compliance in human rights areas, particularly in forced labor and child labor, can be significant. Legal repercussions, including fines, are a direct consequence. More so, human rights violations could tarnish Sulzer's reputation, which would lead to loss of business and the erosion of stakeholder trust.

Sulzer's business activities also could pose risks to society at large. Inadequate attention to human rights could contribute to broader societal issues, such as inequality, social unrest and the undermining of community trust. These societal impacts could extend beyond immediate business operations, potentially affecting Sulzer's long-term social sustainability and our relationship with the communities in which we operate.

To address these challenges, Sulzer has implemented a **due diligence approach** that includes directives, measures and tools that are described in detail below. These measures are designed to ensure adherence to human rights standards within our company and across our business partners. Continuous improvement of our compliance management system, including efforts to combat corruption, is central to Sulzer's strategy. This approach not only aims to prevent human rights violations but also to minimize negative societal impacts, underlining Sulzer's dedication to responsible and sustainable business conduct. Therefore, this topic has been embedded in the **Sulzer Code of Business Conduct**, the **Sulzer Supplier Code of Conduct**, the **Sulzer Human Rights Directive** and in the **Sulzer Supply Chain Policy** to complement our Child Rights policy.

Sulzer's Code of Business Conduct contains our commitment to supporting and respecting the protection of internationally proclaimed human rights. This commitment manifests itself in our work environment that fosters mutual respect, openness and individual integrity.

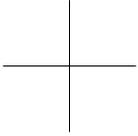


This code obliges all employees and entities under Sulzer's control to comply with accepted standards of good corporate citizenship, including compliance with employment and labor laws that encompass the elimination of all forms of forced and compulsory labor, including child labor, and the prohibition of discrimination in employment. This code also details mechanisms for reporting incidents that raise concerns about misconduct or violations of laws, regulations or company policy, encouraging transparent communication and the safeguarding of human rights within Sulzer's operations.

Sulzer's Supplier Code of Conduct emphasizes human rights, requiring suppliers to adhere to legal and ethical standards that are consistent with Sulzer's standards, including respecting human rights, avoiding labor exploitation, ensuring workplace safety and maintaining supply chain transparency. It mandates compliance with applicable laws, including those related to anti-corruption, environmental responsibility and fair labor practices. This code also includes provisions for accurate record-keeping and data protection.

The **Sulzer Human Rights Directive** aims to prevent adverse human rights impacts. It addresses the identification of high-risk areas using recognized sources and carrying out due diligence with business partners, focusing on social sustainability and key human rights issues. The directive covers several critical aspects, such as ensuring the minimum age for workers, proper work contracts, managing overtime and rest times, prohibiting the confiscation of identity documents, safely managing high-risk activities and limiting exposure to hazardous chemicals.

Sulzer's Child Rights Policy applies to all Sulzer entities, employees and business partners globally, including suppliers. Key aspects of the policy include employing young workers as part of their education, ensuring fair incomes and providing social protection and health services. Sulzer prohibits exposing young workers to hazardous conditions and limits their tasks to ensure safety.

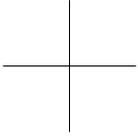


Additionally, Sulzer takes measures to protect child rights outside the workplace, such as minimizing environmental impacts and securing its properties to prevent access to hazardous areas. The policy emphasizes flexible work arrangements to support families, offers educational programs and includes child-focused benefits in our HR policies. Regular communication is maintained within Sulzer to ensure awareness and transparency regarding human rights.

Sulzer's Supply Chain Policy mandates adherence to human rights standards across our global supply chains. It prohibits child and forced labor, discrimination and exploitative practices, while ensuring working conditions comply with applicable laws. The policy mandates fair labor practices including freedom of association and equitable wages. Sulzer is committed to ethical sourcing and has mechanisms for risk management and due diligence to prevent abuse of rights. A supplier risk analysis system has been piloted and will be further expanded in 2024. A whistleblower hotline serves as a grievance mechanism that allows for reporting of supply chain issues, while assuring confidentiality and anonymity for reporting parties. The whistleblower and compliance hotline is an incident reporting system that enables employees as well as third-parties to report (potential) violations of laws or internal regulations or doubtful supply chain-related practices via a free telephone hotline or a dedicated web form.

The Supply Chain Policy applies to all Sulzer businesses, employees and suppliers. It aligns with the requirements laid out in the **German Act on Corporate Due Diligence Obligations in Supply Chains (SCDDA)** (*Lieferkettensorgfaltspflichtengesetz, LkSG*) and the **Swiss Code of Obligations (CO)**, as well as the provisions of the implementing **Ordinance on Due Diligence and Transparency** in relation to **Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO)** (*Verordnung über Sorgfaltspflichten und Transparenz bezüglich Mineralien und Metallen aus Konfliktgebieten und Kinderarbeit, VSoTr*).

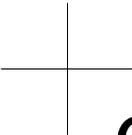
All these policies are available to the public on our website, and these policies have been communicated both internally and to our business partners, including Sulzer's expectations.



Based on internal controls and audits, Sulzer has determined that the conditions for the application of the mandatory supply chain due diligence obligations, as prescribed by the CO and DDTro, both with respect to minerals and metals from conflict-affected areas and regarding child labor, are not met for the reporting period of financial year 2023. Regarding minerals and metals from conflict-affected areas, the assessment conducted for financial year 2023 established that Sulzer was below the quantitative thresholds stipulated in art. 964j para. 2 CO, in conjunction with art. 4 and annex 1 DDTro, and consequently, exempted from the mandatory application of the due diligence and reporting obligations with regard to minerals and metals from conflict-affected areas, as prescribed by the CO and the DDTro.

Regarding the risk of the use of child labor in the supply chain, Sulzer has no reasonable grounds to suspect that any of its products or services are produced or provided using child labor. In view of Sulzer's commitment to the highest standards of human rights protection, our ambition is to comply, on a voluntary basis, with the supply chain due diligence obligations of the CO and the DDTro with respect to child labor.

Over the course of 2023 Sulzer has further developed its **due diligence approach** and appointed a Human Rights Officer to coordinate all related activities. An initial pilot of a supplier risk analysis has been conducted with a selected number of suppliers and the program will be further expanded in 2024. The piloted risk analysis incorporates an abstract risk analysis utilizing established risk indices focused on environmental and social issues, such as child labor and forced labor. For potential at-risk suppliers, this analysis is augmented with information on existing supplier certifications (e.g., ISO 9001, ISO 14001, ISO 45001, SA 8000), responses to conducted ESG questionnaires and adherence to the Sulzer Supplier Code of Conduct. For suppliers still identified as potential at-risk suppliers, a detailed risk analysis (including company size, location, sourced category, complexity of products) is conducted to assess the severity and likelihood of potential risks. Based on this analysis, remedial and preventive actions are taken, which may, for example, include requiring suppliers to complete our revised ESG questionnaire or to commit to the Sulzer Supplier Code of Conduct. In this context, Sulzer has also adopted the new Supply Chain Policy as described above.



Community engagement

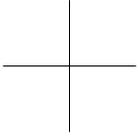
Sulzer is involved in the communities where we live and work. In our role as a responsible corporate citizen, we aim to broaden our impact beyond our business and give back to society, especially in the regions where we operate. We therefore support various programs in the areas of education, culture and charity. In 2023, we chose to shine a light on two programs aimed at improving gender equality from different angles, while the third case shows the readiness of our employees to get involved in times of need. We also chose to support inclusivity through our sponsorships of the Swiss Handball Association's TogetherLeague and the Swiss Special Olympics' National Games in Brienz, Switzerland.

WISE – scholarship for Women in Science and Engineering

As mentioned above, Sulzer intends to lead and contribute to increasing the proportion of women in a typically male dominated industry and we believe that this starts by encouraging more female students to develop their talents within the STEM disciplines (science, technology, engineering and mathematics). In 2019, we therefore founded a scholarship for Women in Science and Engineering (WISE), which is offered in close collaboration with selected academic institutions. In 2023, we were supporting a total of twenty-five students from Brazil, China, India, Indonesia, Mexico and South Africa, bringing the cumulative number of beneficiaries since the start of the program up to sixty-one. In addition to financial support, Sulzer also provides discovery tours in local facilities, learning and practice opportunities, access to Sulzer coaches and interaction with Sulzer executives, access to local industrial events and invitations to Sulzer social events.

WaterAid in Zambia

Through its partnership with WaterAid, Sulzer is helping to ensure access to sanitation facilities in twenty public schools located in rural Zambia, contributing to the children's health and the continuation of girls' education. Almost 1.7 billion people do not have access to decent sanitary facilities, leaving many with no choice but to go outside. This can be unsafe, and women and girls are particularly at risk of harassment, violence and sexual assault. A lack of sanitary washing facilities makes managing periods much more challenging. When there are no facilities at school or in public places, many women and girls regularly stay at home during this time.



Sulzer in Motion partnering with UNICEF

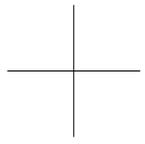
As part of this year's Sulzer in Motion program aimed at keeping employees fit, Sulzer and our employees chose to partner with UNICEF to support children impacted by the severe earthquakes that hit Syria and Turkey in February 2023. A six-week-long physical well-being challenge under the motto "Let's move together!" urged employees to participate and help raise funds for UNICEF while getting healthy. Sulzer donated CHF 20.– for every participating employee, contributing a total of CHF 100'000 for the cause. Hundreds of thousands of families continue to live in temporary shelters, and many more are still without access to essential services, including safe water and medical care. The earthquakes also caused widespread damage to schools and other essential infrastructure. UNICEF not only provides emergency assistance in the time immediately after the earthquakes, but remains on the ground today to continue to support affected children and families.

TogetherLeague of the Swiss Handball Association (SHV)

As part of our social initiatives, Sulzer has entered a naming rights partnership with the TogetherLeague. This collaboration, which will span the next three years, aims to make handball easily accessible to children, teenagers and adults, regardless of their impairments, ensuring that everyone feels included, accepted and valued. This partnership aligns with our vision and strategy to contribute to societal cohesion in handball. Beyond financial support, Sulzer's involvement will also enhance the project's visibility and public awareness.

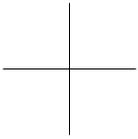
Special Olympics Switzerland – National Games Haslital Brienz 2024

The National Games Haslital Brienz 2024 is a significant event set to take place from March 14-17, 2024. It is a unique and inspiring sports gathering, where approximately 900 mentally or physically challenged athletes will participate in various competitions. Notably, Sulzer is a partner of this event, contributing to its success and the promotion of inclusive sports.



Governance

4



Sulzer has established and implemented a comprehensive, value- and risk-based compliance program that focuses on prevention, detection and response. It gives high priority to conducting business with integrity, in compliance with all applicable laws and internal rules (“a clean deal or no deal”), and to accepting only reasonable risks. Sulzer follows a “zero-tolerance” compliance approach. The Board of Directors and the Executive Committee firmly believe that compliant and ethical behavior in all aspects and on all levels is a precondition for successful and sustainable business. The ethical tone is therefore 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 without fear of retaliation.

Furthermore, Sulzer joined the UN Global Compact initiative in 2010, and is an active member and ambassador.



Good governance for better business

Health and safety

Ensuring our employees' safety is our highest priority at Sulzer. We strive for excellence in all that we do and, just as we ensure a performance-rewarding culture, we continuously promote health and wellness for all our employees. Our environment, safety and health (ESH) management systems provide the framework for accident prevention at Sulzer, with emphasis on continuous improvement through training, risk assessments and consultation. To foster a best-in-class safety culture, we continually promote preventive safety, encouraging all employees to live and work by the "safety comes first" principle.



Diversity and inclusion

At Sulzer, we value the uniqueness of all colleagues and candidates, and we appreciate the ways in which each employee contributes to the company's success. While we do not tolerate any form of discrimination, we also try to actively promote Diversity, Equity and Inclusion (DEI) throughout the company. This past year, we launched new global DEI guidelines that explain our commitment to a fair and inclusive work environment, while also outlining our responsibilities in this regard.

Cyber security

We are proud of our proactive and resilient cyber-security at Sulzer, which strategically empowers employees to defend against ever-evolving threats. Through mandatory awareness sessions, realistic phishing campaigns and security initiatives, we foster an inclusive culture that ensures everyone plays a vital role in safeguarding Sulzer against cyber-attack and other malicious activity. In 2023, we conducted numerous awareness training sessions, which significantly reduced the phishing click rate amongst employees.

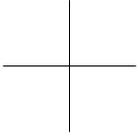




Compliance (including anti-corruption)

In addition to the direct **risks** to Sulzer, such as fines and reputational damage, non-compliant business conduct and breaches of anti-corruption legislation can have significant societal **impacts**. Past examples have demonstrated that when international companies engage in corruption, not only do they face substantial monetary damages, but their actions also undermine the economic stability and development of the communities and markets they serve. Corrupt practices erode trust in both public and private institutions, hinder fair market competition and can contribute to broader social and economic inequalities. Acknowledging these wider implications, Sulzer is committed to more than just self-regulation and legal adherence. Our developed and continually evolving compliance management system, including anti-corruption measures, aims to protect the company and uphold our responsibility towards society.

Sulzer has a **Code of Business Conduct** in place (available in 18 different languages) that establishes the main framework of our compliance program, including a section regarding bribery, corruption and business accommodation. Acceptance of the Code of Business Conduct must be confirmed in writing by all employees. In addition, Sulzer has had a Group-wide anti-bribery and anti-corruption program in place since 2010, which encompasses various policies (referred to as directives at Sulzer) and different trainings.



As of December 31, 2023, Sulzer has the following **directives** in place to combat corruption:

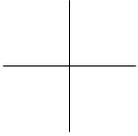
→ **Anti-Corruption Directive**

The purpose of this Directive is to ensure full compliance with all applicable laws and legislation regarding anti-bribery and anti-corruption by clarifying the relevant provisions and behaviors concerning all forms of corruption and bribery. It includes a strict prohibition of any act of corruption by strictly forbidding the payment (active bribery) or receipt (passive bribery) of any kind of bribe. This prohibition applies irrespective of whether the recipient is a public official, a private person, an employee of a private customer or any third party.

The Directive clearly states that breaches thereof will not be tolerated and may lead to disciplinary and other actions up to and including termination of employment and criminal and/ or civil claims. The Directive further lays out the obligation of each employee to report any instance or breach of the Directive that an employee may suspect or witness in the course of their employment through established whistleblower channels.

→ **Receiving and Offering Gifts and Hospitalitys, Facilitation Payments Directive**

The purpose of this Directive is to ensure full compliance with all applicable laws and legislation regarding anti-bribery and anti-corruption by clarifying when and to what extent gifts and hospitalitys are permissible for offering, giving to or receiving from employees of private or state-owned or controlled companies or public officials or their agents. The Directive defines permissible gifts and hospitalitys as well as prohibited gifts and hospitalitys. It further lays out that gifts and hospitalitys in the public sector are subject to a higher level of review and scrutiny, and therefore maybe offered only in exceptional cases. It also defines an approval process for any kind of deviations under certain limited circumstances. The Directive further generally prohibits the making of facilitation payments of any kind, as such may be construed as a form of corruption in many countries.

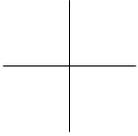


→ **Intermediaries Directive–Integrity review and due diligence requirements**

The purpose of this Directive is to ensure full compliance with all applicable laws and legislation regarding anti-bribery and anti-corruption by clarifying the integrity review and due diligence requirements Sulzer must comply with when cooperating with a particular group of third-party intermediaries, such as sales intermediaries. The Directive lays out the process to be followed based on an electronic workflow tool, as well as particular controls and requirements for paying such third-party intermediaries. It further defines minimum requirements for contracts with intermediaries and the “Sulzer Code of Business Conduct for providers of commercial services” that must be signed by each approved intermediary. Finally, it establishes a set of special, restrictive conditions for intermediaries that are considered high risk. As a result of this so-called intermediary due diligence process, certain proposed business transactions may be rejected due to clear risk of potential corruption or red flags that indicate such risks. This is an important performance indicator for Sulzer’s compliance management system.

→ **Sulzer Membership and Contributions Directive**

The purpose of this Directive is to ensure full compliance with all applicable laws and legislation regarding anti-bribery and anti-corruption by defining the criteria and processes relating to the personal and financial engagement of Sulzer and our employees in organizations and activities outside of the Sulzer companies. In accordance with Sulzer’s Code of Business Conduct, making political contributions is prohibited unless they are made in Switzerland and approved by the CEO in advance.



Trainings

Sulzer puts substantial effort into training our employees. Training is carried out through e-learning programs in 13 languages (new programs are rolled out and existing programs are updated every year), in person or via video conferencing. At least one e-learning module per year is dedicated to anti-corruption. Furthermore, in person trainings are being provided on a case-by-case basis for various topics, including anti-corruption, with training materials prepared by the centralized Group Compliance function. Sulzer has also implemented web conference trainings specifically for our high-risk third-party sales intermediaries, in which the personnel of the intermediaries are trained on anti-corruption topics and Sulzer expectations for their business conduct when doing business on behalf of Sulzer.

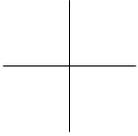
The following trainings were conducted in 2023:

- Compliance classroom trainings & webinars with a total of 4'729 participants
- E-learning courses with a total of 17'932 completed courses
- Export control trainings & webinars with a total of 677 participants

The number of trainings and e-learning courses implemented is another main key performance indicator available to Sulzer to measure our compliance management system.

Whistleblower hotline and incident reporting system

Sulzer has a compliance hotline and an incident reporting system that provides employees with one of many ways to report (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). The main purpose of the hotline is to enhance transparency within Sulzer and to address critical matters at an early stage. This requires that all issues raised, and incidents reported in good faith are taken seriously and the problems shared are addressed swiftly. Whistleblowers acting in good faith are protected against any kind of retaliation. In 2023, Sulzer received a total of 87 reports alleging potential compliance violations, of which 49% were made anonymously. In twenty cases, allegations were fully or partially substantiated, leading to disciplinary or other mitigation actions.

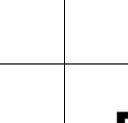


The number of reports received over the year, as well as the anonymity and substantiation rates, are further main key performance indicators for Sulzer's compliance management. This helps to reveal areas of compliance that may be of concern and thus need additional attention. To ensure accuracy and relevance, we compare our figures with available renowned international benchmarks from NAVEX, specifically in terms of the number of reports per 100 employees and the anonymity rate.

Furthermore, Sulzer's Compliance Reporting and Investigation Directive sets out clear rules for internal investigations. Each report is analyzed by the Group compliance team at the Sulzer headquarters. The whistleblower is provided with credentials, allowing him/her/them to check the status of their report, receive feedback or provide more information if deemed necessary. As previously mentioned, Sulzer fosters a speak-up culture through which it encourages employees to raise their concerns not only to the compliance hotline, but also to their direct line managers or supervisors, the local or regional compliance officers, Group Compliance Officers or to the General Counsel and Chief Compliance Officer.

Organization and management of the compliance program

To ensure the consistent roll-out, implementation and management of the above-mentioned directives, processes and tools, as well as any new compliance initiatives, Sulzer has a global and centrally led compliance organization in place using direct reporting lines and headed by the General Counsel. Within this organization, a line reporting structure is in place for the three regions: Americas (AME); Europe, the Middle East and Africa (EMEA); and Asia-Pacific (APAC). The local Compliance Officers (of each Sulzer entity) ultimately report to the Group General Counsel via Regional Compliance Officers and the Chief Compliance Officer. In addition, the Compliance and Risk Management team at our company headquarters steers and runs the Group-wide compliance program and all compliance investigations.



Fair business relationships

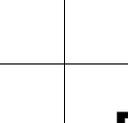
Sulzer's approach to business relationships is guided by principles of fairness, integrity and ESG. Central to our ethos is fulfilling contractual obligations, which bolsters trust and sustains partnerships.

In terms of operations, Sulzer prioritizes optimal delivery performance, crucial for both procuring materials and servicing customers. This practice showcases operational efficiency and further aligns with our company's broader ESG goals, emphasizing responsible and efficient business conduct.

Our engagement with suppliers goes beyond transactions. Sulzer ensures that suppliers meet both operational and ESG standards, fostering mutual growth and reinforcing commitment to ESG principles. This approach aims to ensure positive environmental and societal impacts.

Customer relationships at Sulzer are built around understanding specific needs and challenges. By tailoring offerings to meet customer expectations, Sulzer strengthens our market position and reputation, while adhering to ESG values. This customer-centric approach underscores Sulzer's commitment to sustainable business practices.

Transparency is a critical component of Sulzer's business interactions. Sulzer maintains open communication with partners, discussing performance, challenges and improvements, particularly but not just concerning ESG aspects. This approach cultivates trust and continuous improvement, driving both Sulzer and our partners towards better ESG and ethical business practices.



Data protection

In an era where cyber threats are increasingly prevalent, Sulzer's commitment to data protection is paramount. Our **approach** covers multiple dimensions, starting with awareness and training. Employees participate in regular information security training, focusing on protecting company data, with special emphasis on those handling confidential and personal data. This forms the backbone of our proactive approach to cybersecurity.

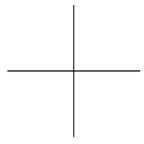
Conducting privacy **impact** assessments for new or revised systems or processes is a standard practice. We regularly test, assess and evaluate the effectiveness of our technical and organizational measures to mitigate risks appropriately. Ensuring the security of our data is a constant process that involves continuous monitoring and adaptation to emerging threats.

Our commitment extends beyond our internal operations to include third-party due diligence. Outsourcing partners undergo rigorous evaluation against our information security requirements. We establish clear information security and data privacy standards with suppliers to mitigate risks associated with their access to our information and systems, ensuring that our high standards for data protection are upheld throughout our value chain.

Auditing is an integral part of our strategy. We implement an agreed set of controls, including access control, performance review monitoring and auditing. These reviews, performed by our global data protection officer, help monitor compliance and reinforce our commitment to data security. Moreover, we have set up an incident response team to assess, rank, analyze and manage any information security incident. This team uses well-defined protocols and response plans that are regularly updated based on lessons learned from past incidents.

As data protection continues to gain importance, Sulzer has adapted its policies accordingly. Our approach is based on the principles of lawfulness, transparency and fairness. We process personal data lawfully, provide clear information to data subjects and ensure that data is processed only as necessary and deleted when no longer required.

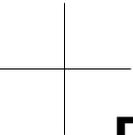
Looking ahead, we are focused on further enhancing our data protection capabilities. This includes refining our policies on record retention and data sharing consent and advancing our incident response measures. We remain vigilant and adaptable, ready to incorporate emerging technologies and to respond to evolving regulatory landscapes in data protection.



About this Report

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Reporting scope and methods

About the report

This non-financial report and report on the fulfilment of the supply chain due diligence obligations with respect to child labor has been established in accordance with the requirements of the CO and the DDTro. It has been prepared as a standalone report and is distinct from the annual report.

The report was approved by the Board of Directors of Sulzer AG. It is publicly available on the Sulzer website.

Guidelines for data collection and presentation

In this report, Sulzer AG presents ESG data for the 2023 fiscal year, covering both the domestic and international entities under our operational control. All relevant data available at the time of report preparation on February 22, 2024, has been included. In particular, this report reflects changes to our operational structure in the 2023 fiscal year, including the integration of newly acquired businesses and adjustments due to demergers. Significant changes, i.e., changes that impact the Group level by 10% or more, are re-baselined.

Environmental data for 2023 includes metrics from Sulzer's manufacturing and service sites with more than twenty employees. The corporate carbon footprint data specifically details scope 1 and scope 2 emissions for these sites, while scope 3 emissions data for scope 3.3 and 3.6, such as those related to business travel, covers the Sulzer Group.

The social and governance data presented in this period covers the entire Sulzer Group. It is based on Sulzer's own internal calculations and provides an insight into our workforce and community engagement. It also includes safety statistics for approximately 160 of Sulzer's manufacturing and service sites.

