

Sulzer AG – Annual General Meeting 2013

Address by Jürgen Dormann, Chairman of the Board of Directors

Dear shareholders,

Our CEO, Klaus Stahlmann, will be reporting to you in greater detail on Sulzer's results for 2012, on the current situation and on our prospects for the future under Item 1.

Given that I am stepping down as Chairman of the Board of Directors of Sulzer, I would at this point like to mention a few factors that in my estimation are particularly relevant to the continued, sustainable development of the business.

Let me start off by saying I believe it is crucial firstly to anticipate long-term developments on markets and in the competitive situation, secondly to identify the possible courses of action available to a company, and thirdly to concentrate on one direction. In essence, a company needs a clear strategic focus.

It was against this backdrop that the Board of Directors set up a strategic committee four years ago, and the full Board of Directors now has a regular exchange of views with management regarding strategic matters.

In concrete terms, their discussion of strategic issues is reflected in the fact that the water business is today one of Sulzer's key markets. This was helped in particular by the strategic acquisition of the Cardo wastewater pumps business two years ago. Sulzer therefore became a leading supplier of pumps in the water market, which is undoubtedly set to be one of the really big growth markets of this century.

With the strategic priorities that were defined last year, Sulzer has also been given a clear, general strategic direction. CEO Klaus Stahlmann will be taking a look at these priorities later.

For a company with worldwide operations, it is essential that this global dimension is also reflected in its internal structures and processes. The composition of the workforce as a whole, but also its individual decision-making bodies, should adequately reflect the diversity of the environment in which a business operates. This will ensure that different perspectives are discussed in relation to internal processes and enable the company to much more fully address the various requirements.

At Sulzer, therefore, we have not only given the Board of Directors and Executive Committee a multinational flavor but also sought to foster diversity at all levels – whether in terms of nationality and cultural origin, but also gender and age.

Furthermore, clear corporate governance is of vital importance in today's environment. The principles of governance must ensure that the responsibilities of the Board of Directors and Executive Committee and their individual members are clearly defined. The clear objective is to balance the scope for decision-making with control, and thus ensure a focus on sustainable value creation for you – our shareholders.

Given the specific situation with Renova Group as Sulzer's principal shareholder, it was especially important to exploit the advantages of an anchor shareholder and at the same time take appropriate account of the interests of all shareholders.

It is ultimately up to you, rather than me, to judge the extent to which we have been successful in doing this. However, what I can say is that in recent years all members of the board of directors have worked together on an extremely objective, constructive basis. At the same time, Sulzer's share price has more than doubled since 2009 and significantly outperformed its peers. This indicates that we have successfully positioned and developed the firm.

Corporate governance also covers general compliance, meaning full adherence to all rules and regulations. Achieving this firstly requires an internal set of rules including a binding code of conduct and specific guidelines for all employees. Second, these principles must also be actively communicated and a genuine culture of compliance created.

Lastly, however, it is crucial for management to systematically ensure compliance in terms of its own conduct, particularly in relation to decisions with a major financial bearing, but also with a rigorous, systematic procedure in the event of any violation.

The last point I would underline is the importance of hiring the right people for management roles. Structures and processes are important prerequisites. Ultimately, however, what really matters is that women and men in important positions really do live up to their role and situation.

Knowledge and experience are a necessary prerequisite, though not sufficient in themselves. The individual has a vital role to play in this process. We have attached importance to this with all new appointments – particularly, of course, in appointing the new CEO last year, but also in our proposal for a new Chairman of the Board of Directors.

Dear shareholders,

You can be proud of your company.

Sulzer combines a highly successful track record with the ability to overcome difficulties and adapt. The company was fundamentally restructured after 2000, and has performed successfully since then.

Today's Sulzer is in a strong position. However, the company is not resting on its laurels: it is determined to forge its own future independently and exploit its strong positions to create further value.

I am convinced that Sulzer can continue to be extremely successful in future too.