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Values and behaviors at the heart of our company culture

As Sulzer continues to evolve, the way we make decisions, work, think, and interact together has also evolved. Sulzer refreshed its values and defined behaviors to underline what we believe in and to help employees grow and improve.

In 2017, Sulzer engaged over 150 colleagues from all across the world to refresh and re-energize how employees identify with the current Sulzer values, and to define the specific behaviors that represent our preferred ways of working. We have taken this feedback and co-created a simple and pragmatic set of values and behaviors.



Our spirit makes us unique: We continuously strive to be faster and better, we win together with our customers, and we build on the strengths and diversity of our people.

Armand Sohet Chief Human Resources Officer

The values essentially remain the same – Customer Partnership, Operational Excellence, and Committed People. The central meaning of each value has been updated to reflect how employees relate to these values in today's Sulzer. Additionally, a set of behaviors has been defined that mirrors how people live these values today. These desired behaviors will provide guidance in how the organization appraises performance, identifies strong performers, and assesses talent. They will also play a large role in screening and attracting new talent.



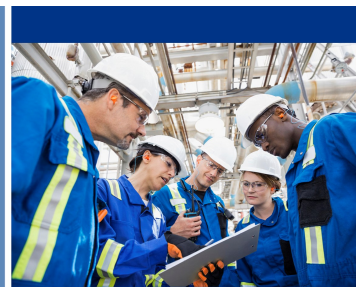
Operational Excellence

We continuously strive to be faster and better.



Customer Partnership

Together, we win.



Committed People

We build on the strengths and diversity of our people.

Sulzer in Motion: healthy body, healthy mind

For Sulzer, committed people means happy, healthy, and energized people. The company introduced an initiative in 2017 to promote health, fitness, and collaboration: Sulzer in Motion. The initiative encompassed various actions (from small local actions to company-wide movement and healthy lifestyle initiatives) around the world. It seeks to foster collaboration and

team spirit, to develop new healthy habits within the working environment and beyond, and to make Sulzer a more vibrant place to work. Since its launch, various sports groups have emerged in the different countries, employees have participated in sports competitions, and programs such as annual health fairs or regular blood pressure checks have been introduced.



Read more about our values and behaviors at www.sulzer.com.

Energy use increased – waste and water use reduced

Sulzer is aware of its environmental responsibility and designs products with the highest efficiency levels. In 2017, the company's own environmental performance was strongly affected by several major changes in Sulzer's organization and business mix.

Since pumps can consume a large portion of the energy of your operations, they should run as efficiently and with as few emissions as possible. Sulzer's design teams recognize these issues and develop new and more energy-efficient products and solutions constantly.

More efficient, less energy consumption

High efficiency levels and low energy consumption characterize Sulzer's products. They use as little material as possible while conforming to the company's high quality standards. Because it is not always necessary to replace your existing equipment, Sulzer offers revamps, [retrofits](#), and upgrades to increase efficiency and extend its lifetime – irrespective of the brand. To achieve ideal efficiency levels throughout the product life cycle, Sulzer advises its customers on the safe and efficient installation, operation, maintenance, and disposal of their equipment.

Businesses with diverse footprints

The company reports on its energy consumption, greenhouse gas emissions, waste production, and water consumption, because Sulzer considers these as material for its operations. The company's overall goal is to maintain, but ideally to improve, performance measured against working hours compared with the previous year. Sulzer's products and services differ widely from one another; its portfolio encompasses pumps, separation equipment, and applicators as well as services for rotating equipment or for turnaround projects. These businesses have different requirements and different ecological footprints. Thus, Sulzer follows a local approach to reducing its environmental impact. The business units and local sites evaluate their footprints and set their agendas individually.

The changing technology and business mix within Sulzer have driven a significant reduction in our waste stream and water usage in 2017.

Rajiv Damani Head of Group Environment, Safety and Health

Comprehensive reporting system

Sulzer has a comprehensive reporting system in place to collect financial and extrafinancial data at the site level. The company uses the number of total working hours as a reference. The total number of working hours remained steady because the reduction of working hours through restructuring measures was offset by additional working hours from newly acquired businesses. In 2017, 76% of total working hours reported on environmental data (2016: 78%). The number is slightly lower than in the previous year because the newly acquired businesses are not yet fully integrated into the environmental data collection process. The coverage of HR and occupational health and safety data is 100% (of total working hours). The organization collects extrafinancial data according to two different reporting cycles and confirms the accuracy of the figures through regular internal audits:

- The reporting period for environmental data was October 1, 2016, to September 30, 2017.

— The reporting cycle for HR data and the health and safety performance was January 1, 2017, to December 31, 2017.

Large shifts in energy use, water consumption, and waste patterns

In 2017, Sulzer’s environmental performance was strongly affected by several major changes in Sulzer’s organization and business mix. The company continued to implement restructuring measures and to consolidate its real estate portfolio. At the same time, Sulzer grew with the creation of the new Applicator Systems (APS) division and several acquisitions.

Because of the closing of the foundry in Karhula, a major consumer of district heating, energy, and water, and one of the highest contributors to Sulzer’s waste stream, disappeared from the Sulzer portfolio. At the same time, the Geka business, which uses a lot of energy, was integrated. These large shifts in use and waste patterns make it difficult to compare Sulzer’s environmental impact on a like-for-like basis with previous years.

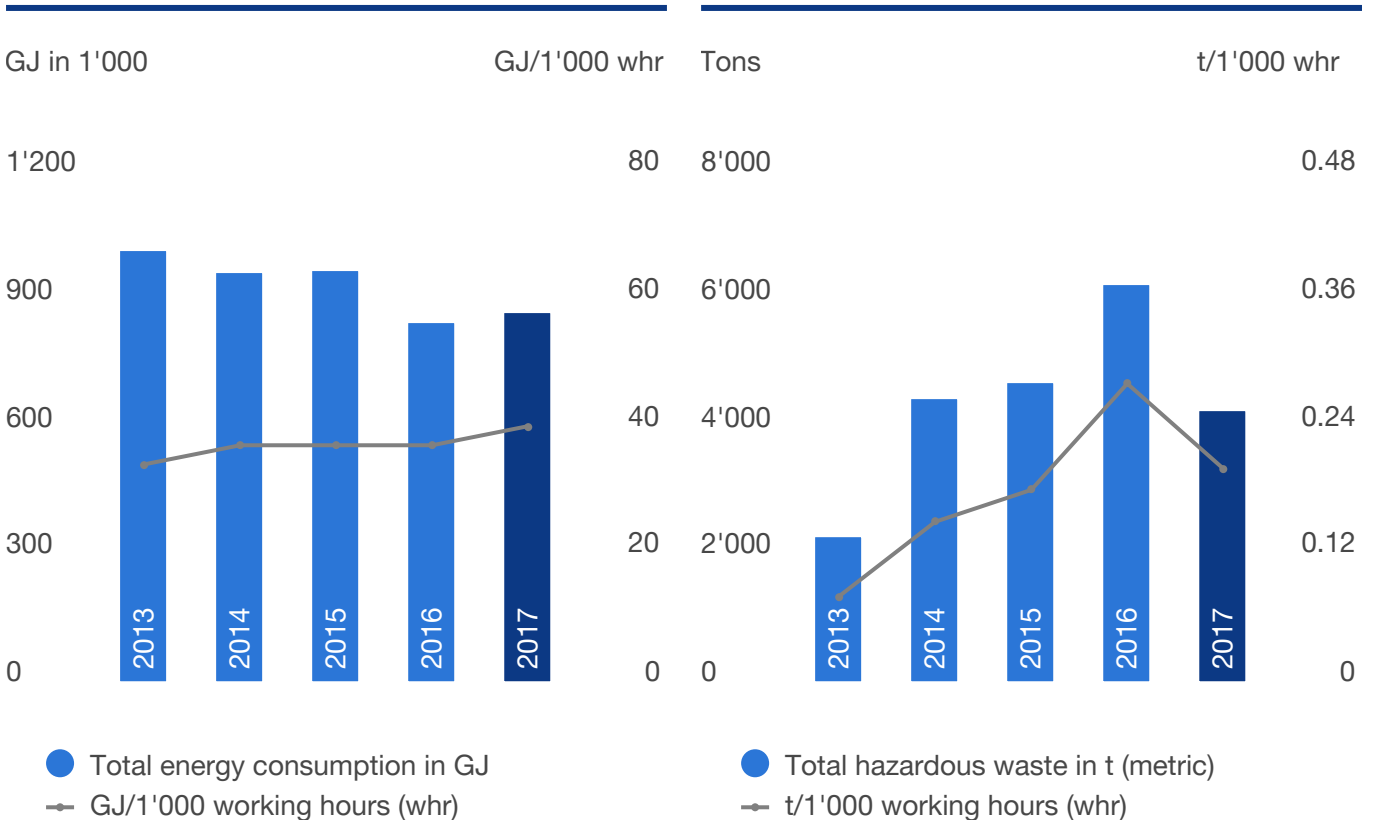
Overall energy use increased slightly by 1.5%, and the rate of energy consumption per 1’000 working hours increased by 7.5%. This increase is mainly associated with the APS business; it uses injection-molding machinery that consumes a lot of energy and its rate of utilization is very high.

The amount of greenhouse gas emissions (GHG) increased by 27.2%. In 2017, Sulzer expanded the scope 3 reporting boundary and included air travel emissions. They were the largest contributor to the company’s GHG footprint, adding more than 21% compared with last year’s emissions.

The closing of the Karhula foundry resulted in a reduction of more than 93% in waste generated at this facility. It also contributed significantly to the overall reduction in Sulzer’s water use (31.5% less m³ per 1’000 working hours) and total waste production (26.1% fewer tons per 1’000 working hours).

Energy consumption

Hazardous waste



Key figures

		2017	2016 ¹⁾	Change in +/-%
Energy	GJ	872'335	845'056	1.5
Energy consumption per working hours (whr)	GJ per 1'000 whr	40.0	37.3	7.5
Share of electricity	%	58.6	56.8	
Share of gases	%	25.3	23.0	
Share of fuels	%	9.7	11.7	
Share of fuel oils	%	1.8	1.5	
Share of district heating	%	3.7	6.1	
Share of other sources	%	<1	<1	
Greenhouse gas emissions	tons CO₂ eq.	116'338	91'440	27.2
GHG emissions per working hours	tons CO ₂ eq. per 1'000 whr	5.4	4.0	34.0
GHG scope 1 ²⁾	tons CO ₂ eq.	18'366	17'690	3.8
GHG scope 2 ³⁾	tons CO ₂ eq.	59'934	56'970	5.2
GHG scope 3 ⁴⁾	tons CO ₂ eq.	38'038	16'780	126.7
Waste	Tons	19'029	27'015	-29.6
Waste per working hours	Tons per 1'000 whr	0.9	1.2	-26.1
By treatment:				
Recycling	%	58.4	77.4	
Waste to landfill / incineration / other treatment	%	41.6	22.6	
By hazardousness:				
Non-hazardous waste	%	77.5	76.7	
Hazardous waste	%	22.5	23.3	
Water	m³	1'163'905	1'600'383	-27.3
Water consumption per working hours	m ³ per 1'000 whr	53.8	70.8	-31.5

1) The historical values have been adjusted to account for the changes in the organization and may not be identical to those reported previously.

2) Direct emissions from Sulzer stemming from primary energy sources such as natural gas and fuels used on-site.

3) Indirect emissions from secondary (converted) energy sources such as electricity and district heating.

4) Indirect emissions from the production and transport of fuels and gases not included in scopes 1 or 2.

Find further sustainability data at www.sulzer.com/sustainability.

Growing and improving in a safe work environment

Sulzer aims to offer its people a safe and fun place to work. With help of the Sulzer Safe Behavior Program, the company sets itself ambitious goals to improve its safety performance continually. Sulzer encourages regular dialogue and provides specific feedback to help employees grow and improve.

In 2017, Sulzer started to integrate the acquisitions announced in 2016. The newly acquired businesses added more than 800 new employees. They started to adopt Sulzer's safety and health standards as well as reporting systems during the reporting year. Many of these businesses started from a position of high accident rates and low investment in safety compared with the standards expected of the existing Sulzer businesses. Sulzer focused on providing management and employee training and workshops about workplace safety. Thanks to these efforts, the new businesses made remarkable progress and managed to improve their safety performance significantly throughout the year. The new Applicator Systems division was able to cut its major accident rate by almost 60% from 2016. Although only acquired in the second quarter of 2017, the Ensival Moret business managed to reduce its accident rate by roughly 50%.

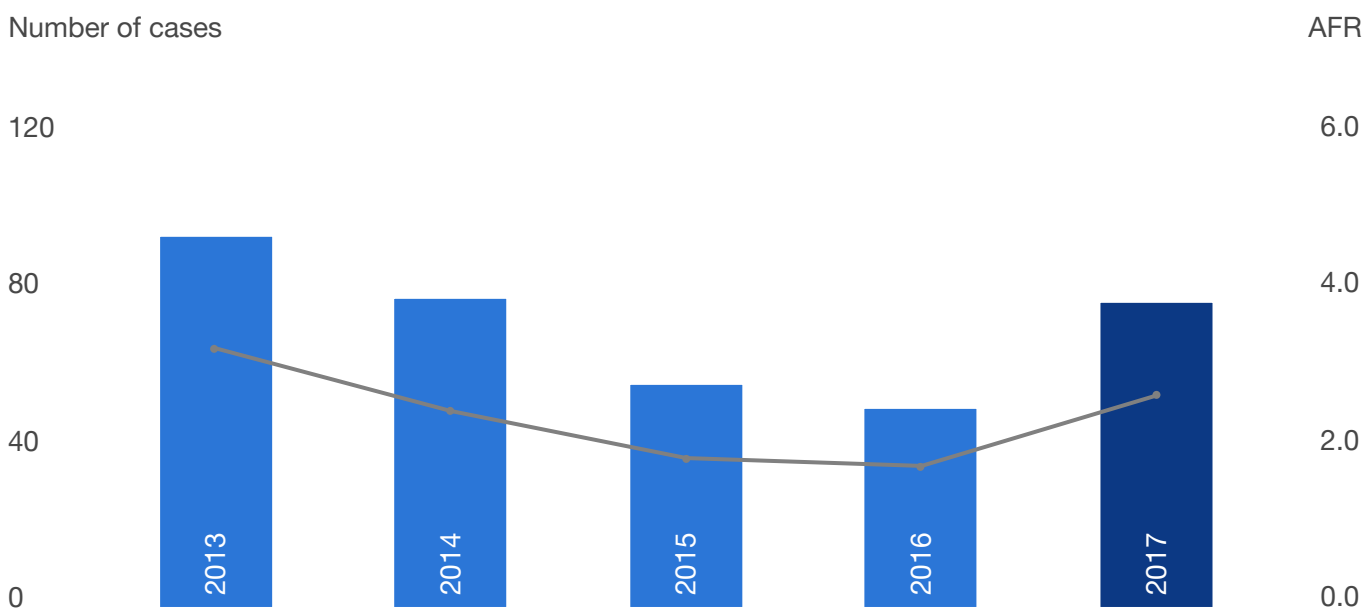
Striving for an accident frequency rate of 1.0 by 2020

The company's goal is to globally track and drive an ambitious yet realistic safety program. This program encompasses different businesses with both more and less mature safety cultures. This is why Sulzer's executive management set a road map to reduce the overall accident frequency rate (AFR, in cases per million working hours) to 1.0 by the end of 2020 (accidents of Sulzer employees excluding those of contractors). Accordingly, Sulzer's target for the accident frequency rate in 2017 was set at 2.8.

Increase in accidents because of newly acquired businesses

In 2017, Sulzer achieved an overall accident frequency rate of 2.7. The accident severity rate (ASR, in lost days per million working hours) amounted to 54.0. Overall, the company reported a total of 78 major accidents (accidents with one or more lost working days), resulting in 1'564 lost working days. Sulzer suffered no fatalities in 2017.

Accidents



- Number of cases that last > 1 lost day due to occupational accidents
- Accident frequency rate (AFR) in cases per million working hours

The increase in AFR and ASR was mainly due to the higher accident rates of the newly acquired businesses. With the exception of the Pumps Equipment division, the more mature businesses within Sulzer were able to improve or maintain their safety performance. Because of Sulzer's training and emphasis on safety, the acquisitions managed to improve their safety performance significantly throughout the year.

Reinforcing the Safe Behavior Program

Despite the positive development in safety performance, it was a challenging year for Sulzer to maintain focus on its Safe Behavior Program (SBP). Sulzer recognizes that to match the goal set in the safety road map for 2018, the company must reinforce the SBP and realize more training opportunities globally. Together with the integration program, the SBP remains Sulzer's flagship safety vehicle.

Creating development experiences

In 2017, Sulzer stepped away from traditional classroom training and learning-centered development. The company now focuses on individual development planning and on creating development experiences. The Sulzer Management Training (SMT) program remains to enable junior managers mastering the basics of management. It educated 91 participants in 2017. In addition, Sulzer implemented the Leadership Orientation program. It offers the opportunity for strong contributors to work in a diverse, global team with a high level of interaction with the CEO and executive team. The pilot initiative included 30 high performers representing 14 different countries.

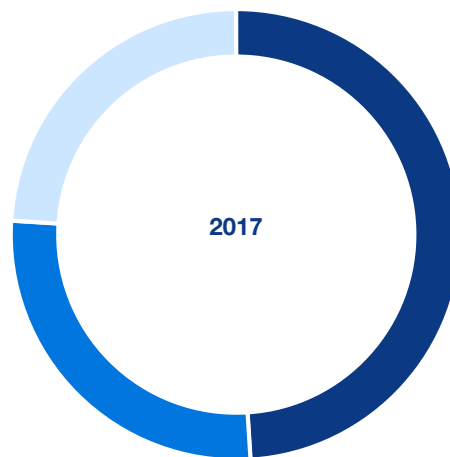
Sulzer continues to use the Learning Management System (LMS), a cloud-based learning platform. Newly implemented projects in 2017 include a platform for global technology to better leverage knowledge and information and a stronger focus on health and safety.

Measuring the how

Building on the momentum created in 2016, Sulzer is continuing to harmonize key people management processes globally, and going digital with them at every opportunity. The company revised, simplified, and adapted the entire performance management process – from setting objectives to annual appraisal. The process now includes a strong focus on driving higher levels of performance within the organization.

The annual performance appraisal was redesigned to incorporate the [newly introduced behaviors](#). It now emphasizes that achievement is measured not only by what is done but also by how it is done. The behaviors are strongly linked to driving a high-performance culture. Although Sulzer has made many changes in its cultural transformation, the company has maintained the possibility for employees to exceed objectives and be rewarded fully for delivering outstanding performance.

Geographical spread of employees



- 49% Europe, Middle East, and Africa
- 27% Americas
- 24% Asia-Pacific

Building on diversity

Sulzer builds on the strengths and diversity of its people. All employees – regardless of their cultural backgrounds, nationalities, genders, and ages – have unique skills to contribute. Sulzer is always stronger than the sum of its parts. To foster the exchange among them, employees have the possibility to participate in job rotation programs, internships, and temporary relocations.

Sulzer's employees are deeply committed to personal responsibility, integrity, and ethical behavior. Every employee signs [Sulzer's Code of Business Conduct](#). The company's compliance training sessions and Code of Business Conduct refresher courses ensure that Sulzer employees are fully aware of their individual ethical responsibilities and that they act accordingly. Read more in the "[Corporate governance](#)" section.

Key figures

		2017	2016	Change in +/-%
Accident frequency rate (AFR)	Cases per million working hours	2.7	1.8	42.0
Accident severity rate (ASR)	Lost days per million working hours	54.0	51.2	5.3
Health and safety training	Hours	107'546	119'153	-9.7
Voluntary attrition rate	%	9.0	8.0	
Share of women (of total workforce)	%	17.8	17.1	
Number of employees	FTE	14'732	14'005	5.2

Find further sustainability data at www.sulzer.com/sustainability.