

SULZER

United Nations Global Compact

Communication on
progress 2024

Sustainable flow-control innovation

Sulzer is a global leader in fluid engineering, with two centuries of experience developing innovative products and services that drive economic prosperity and sustainable progress — and help our customers build a better world.

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“Sulzer serves essential markets contributing to global economic prosperity and sustainable societies.”



Suzanne Thoma,
Executive Chair
Sulzer Group

Dear stakeholders,

Sulzer serves essential markets contributing to global economic prosperity and sustainable societies. Whereas safe, affordable and clean are some of the keywords associated with these markets, we refer to them as essential, because they help improve and sustain life.

As an increasing percentage of people around the world have thankfully moved into the middle classes, the markets in which we operate – energy and energy transition, natural resources and the process industries – also continue to grow. Thus energy efficiency, emissions and pollution reduction, careful management of natural resources, infrastructure lifecycle expansion, and better quality and yields enable sustainable growth and sustained improvements in the standard of living.

Adding meaningful value

Sulzer's products, services and solutions ensure our customers, and their customers can produce more and at better quality. We work hard to support our customers' goals and ambitions. At the same time, we diligently strive to make our own systems and processes more effective and efficient.

Reducing internal complexities, redesigning processes and fostering a culture of systematic value creation are some of the milestones on our path to becoming an even better company. Sulzer excellence across and throughout our operations is how we describe the small and mid-sized initiatives that we launched in 2024 and will continue to develop in the coming years.

Continuously improved performance in all divisions

Profitable growth and excellence along the value chain are the pillars of our strategy, the implementation of which is well underway. In 2024, Sulzer's order intake grew 10.8% and sales increased 10.8% – and this on the back of strong growth in 2023. Profitability reached new heights of 12.4%, 130 basis points higher than 2023.

Outlook for 2025 - resiliently positioned

Through our commitment to supporting key industries and their processes with our services, we aim to contribute to growth and a sustainable society.

As for 2025, we are focused on the path to become a top industrial company that truly creates value. We will continue to invest in key areas across the company and execute on our excellence and growth initiatives. Due to the limited visibility of the market developments and the unpredictable timing of expected large orders, the year-on-year growth of order intake is difficult to forecast, especially on a quarterly basis. However, we are confident in our strategy and position in essential markets. The company expects another year of good performance with year-on-year organic growth for order intake of 2% to 5% and for sales of 5% to 8%. The EBITDA margin is expected to further increase to above 15% of sales.

Finally, the most important thing: Your support and loyalty, valued stakeholders, are important cornerstones of our success. I would like to express my sincere thanks for this. I would also like to take this opportunity to thank our customers, partners and employees around the world for their ongoing good work and efforts.

Yours sincerely,



Dr. Suzanne Thoma
Chief Executive Officer

Human rights

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About this document

Sulzer participates in the United Nations Global Compact (UNGC) initiative. The UNGC is a strategic policy initiative. By joining, corporations commit to aligning their operations and strategies with ten universally accepted principles of responsible business. The multi-stakeholder platform aims to unite actors from the business environment, civil and labor society, and United Nations agencies. The UNGC seeks to build cooperation and foster partnership between business and stakeholders. In doing so, it supports companies in respecting and promoting a set of core values in the areas of human rights, labor standards, the environment and anti-corruption.

One way an organization can communicate its commitment to the UNGC organization and society is to submit an annual Communication on Progress (CoP) report. In 2025, Sulzer will submit its updated CoP report to demonstrate the company's ongoing accountability to the UNGC's Ten Principles of Responsible Business Conduct.

Reporting period and scope

The data in this report refer to the calendar year 2024 (January 1 to December 31) and include the data of the former Sulzer Applicator Systems (APS) division until the end of the calendar year.

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Management Approach

Governance

Board composition:

Sulzer's Board of Directors comprises seven members.

Other than the Executive Chair, all members are independent as required by the Swiss Code of Best Practice for Corporate Governance.

Further information is published on

www.sulzer.com/governance.

Committees of the board:

The Board of Directors currently has five standing committees within, one of which is the Strategy and Sustainability Committee. This committee advises the Board on strategic matters (e.g., material acquisitions, divestitures, alliances and joint ventures), strategic planning, definition of development priorities and Sulzer's sustainability efforts.

Integrated sustainability governance:

Sulzer embeds its sustainability activities in its day-to-day business operations and strategic decisions, and establishes and monitors suitable management frameworks, systems and processes. The Board of Directors is responsible for steering Sulzer's sustainability efforts. It ensures that Sulzer's solutions contribute to a prosperous economy and a sustainable society, that people and communities are safe, and that suitable management processes and systems are in place.

The Strategy and Sustainability Committee meets two to three times a year and oversees how sustainability policies and programs support business goals and

aspirations. The Executive Chair currently chairs the Committee. Depending on the topic, other members of the Executive Committee or selected members of staff are also invited. The Board of Directors is informed by the Strategy and Sustainability Committee about sustainability policies and programs once or twice a year.

ESG strategy

Sulzer's mission is to serve essential industries to contribute to a prosperous economy and sustainable society. This mission, embedded in the Sulzer 2028 strategy, is the guiding star for the ESG strategy.

Sulzer 2028 is based on two main pillars. The first pillar focuses on above-average organic growth in structurally growing markets with a high-quality, future-proof business portfolio. The second pillar is operational excellence along the value chain. The goal of the ESG strategy is to contribute to both pillars. To do so, environmental, social and governance-related risks and opportunities for Sulzer are identified, assessed and integrated in the corporate strategy.

Regarding the first pillar, Sulzer harvests business opportunities around sustainability to support organic growth. Sulzer is successfully positioned in three essential and structurally growing markets: Energy security and transition, natural resources processing and recycling, and performing and sustainable process industries. All three end markets are undergoing fundamental change, driven by the long-term impacts of climate change, sustainability requirements and the need to ensure security of energy and natural resource supply. This transition offers attractive business prospects and growth opportunities. And Sulzer is well positioned with a future-proof portfolio in energy efficiency, cleaner processes and decarbonization. Already today, all three divisions of Sulzer serve the sustainability- driven needs of its customers.

2024 examples of sustainable customer projects:

- The Services division enabled energy and carbon emission reductions with a pump refurbishment for an offshore oil and gas platform – the achieved emission reduction was equivalent to half of Sulzer’s annual Scope 1 emissions.
- Flow enabled America’s first blue hydrogen facility at scale by providing two customized hydraulic power recovery turbines.
- Chemtech provided mass transfer equipment for the world’s first large-scale fossil-fueled plant using carbon capture technology.

These are just three examples of opportunities that form an integral part of Sulzer’s business DNA, Sulzer 2028, and that drives Sulzer’s organic growth.

The second pillar focuses on operational excellence for the fulfillment of ESG related regulatory requirements. Sulzer’s ESG strategy ensures compliance with all requirements in the most efficient way. Near term, reporting according to the Corporate Sustainability Reporting Directive (CSRD) is the main challenge. As a first step, Sulzer further developed its materiality analysis by conducting a double materiality assessment in accordance with the Swiss Code of Obligations (CO) and in anticipation of CSRD. The assessment essentially defines Sulzer’s ESG reporting requirements. Beyond reporting, it will help Sulzer to define its material impacts, risks and opportunities for further integration into its corporate strategy.

ESG in executive pay

The bonus rewards the financial performance of the company and/or its businesses, as well as the achievement of individual performance objectives over a calendar year. Performance objectives are defined at the beginning of the year during annual target setting. Achievement is assessed against each of those objectives after year-end and directly influences the variable incentive payouts.

In line with the Sulzer 2028 ambition, each Executive Committee member receives personal objectives in three performance categories: “Sulzer Excellence,” “Sulzer 2028” and “Sustainable Sulzer” at the start of the financial year. The CEO reviews the individual performance of each member of the Executive Committee based on the personal objectives, and this review is then evaluated by the Remuneration Committee. The Lead Independent Director, in close consultation with the Chair of the RC, assesses the CEO’s individual performance.

The “Sustainable Sulzer” criteria used to assess the performance of the Executive Committee are structured around the three major priorities of Sulzer’s sustainability plan, namely minimizing our carbon footprint, enabling a low-carbon society and engaging our employees and communities.

Identification of material topics

Sulzer’s sustainability management is based on materiality to ensure focus on relevant environmental, social and governance topics. Materiality defines the scope of this non-financial reporting.

In the past, Sulzer applied a stakeholder materiality analysis. Material topics were identified and prioritized based on internal and external stakeholder perspectives.

Topics with a high impact on Sulzer and of high importance to Sulzer stakeholders were deemed material.

In 2024, Sulzer further developed its existing stakeholder materiality analysis using a double materiality assessment in accordance with the Swiss Code of Obligations (CO) and in anticipation of the European Union's Corporate Sustainability Reporting Directive (CSRD). The double materiality assessment focuses on the analysis of existing and potential positive and negative impacts of Sulzer on its environment (inside-out perspective), as well as the impact of external factors on Sulzer's business activities (outside-in perspective).

Business model



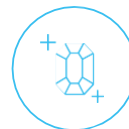
What drives our markets

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



What we depend on

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



Who we create value for

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

Risk management

At Sulzer, risks are assessed regularly as part of the company's integrated risk management process. The results are discussed with the management and the Audit Committee.


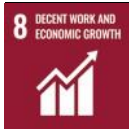

Risk	Risk exposure	Main loss controls
External and markets		
Market assessment	Market developments that are assessed inappropriately could lead to missed business opportunities or losses.	<ul style="list-style-type: none"> — Continuous monitoring and assessment of market developments — Systematic midrange planning based on market developments and expectations
Geopolitical shocks	<p>A geopolitical shock event could have an impact on operations and travel. Also, it could imply currency risks and default risks of countries and banks.</p> <p>48.82% of Sulzer's shares are beneficially owned by Viktor F. Vekselberg, who is listed as a Specially Designated National by the US Office of Foreign Assets Control and subject to sanctions in other jurisdictions including Ukraine, Japan, the UK, Australia, New Zealand, Canada and Poland. These sanctions and possible future sanctions in further countries could result in negative media coverage, damage to Sulzer's reputation and impair existing business relationships with customers, suppliers, banks or other business partners as well as Sulzer's ability to win future business.</p>	<ul style="list-style-type: none"> — Monitoring of exposure in critical countries — Monitoring of debt situation of countries and banks — Continuous monitoring of raw material prices and inflation indicators — Monitoring of custom tariffs and implementing mitigation actions by adapting value chains and contractual conditions — Sulzer's global presence mitigates the effect of geopolitical shocks — Continuous monitoring of international sanctions environment and seeking of advice by reputable sanctions law firms — Maintaining and enhancing a robust sanctions compliance program
Strategic		
Innovation	Failure in R&D and innovation activities could negatively impact the ability to operate and to grow the business. Insufficient investments in innovation to maintain technology leadership and develop innovative products.	<ul style="list-style-type: none"> — A phased process, technical risk manageability assessments and key performance indicators to ensure quality of the development — Product development council with strong focus on strategic plans and digitalization — Prototypes and own test beds to test and validate products before market release — Core technology council for research of basic technology — Focus on innovation with strategic customers — Innovation and ideation projects — Implementation of an expert development program for key critical resources
Environment, Social and Governance (ESG)	ESG-related regulations could change. Stakeholder expectations related to ESG commitments could change. Not meeting regulatory requirements could result in fines, limit access to financing, impact banking channels and result in loss of business and reputational damages.	<ul style="list-style-type: none"> — Board Strategy and Sustainability Committee extended to cover ESG and sustainability — Setting of clear ESG-related objectives and progress tracking — ESG initiatives driven by EC including different group and business functions covering regulatory requirements and supply chain due diligence — ESG assessments in business projects
Operational		
Attraction and retention	Failure to attract, retain and develop people could lead to a lack of critical skills and knowledge, which hinders both daily operations and growth potential.	<ul style="list-style-type: none"> — Ensuring that Sulzer's people and performance efforts are anchored to the company's values and behaviors — Ongoing feedback through employee opinion survey "Voice of Sulzer" — Robust internal communications strategy — Ongoing engagement in workshops and collaborative activities — Visibility and access to creating development experiences and opportunities — Consistent approach to salary grading and benchmarking
Health and safety	An unsafe working environment could lead to harm to people, reputational damage, fines and liability claims, and could have a serious economic impact.	<ul style="list-style-type: none"> — Health and safety directives, guidelines, programs (e.g. Safe Behavior Program) and training — ISO 45001 certifications — Monthly health and safety controlling and regular audits, systematic risk assessments — Global network of health and safety officers










Environmental	Environmental damage could lead to harm to people and nature, reputational damage, fines and liability claims, and could have a serious economic impact.	<ul style="list-style-type: none"> — Mitigation in comprehensive environmental due diligence (EDD) projects for acquisitions and divestitures — Elimination of environmentally damaging substances through Prohibited Substances List — Sulzer sustainability strategy that defines key targets in view of climate change
Compliance	Non-compliant or unethical behavior could lead to reputational damage, fines and liability claims.	<ul style="list-style-type: none"> — Active fostering of high ethical standards by tone from the top and middle management — Continuous monitoring and assessment of potential exposures — Continuous monitoring of regulatory environment — Sulzer Code of Business Conduct and a number of supporting regulations (e.g. anticorruption, antitrust, trade control) — Third-party due diligence process — Global and centrally led organization of compliance and trade compliance officers — Compliance training (incl. e-learning) and audits — Sensitive country list with escalation process and project-specific compliance assessments in high-risk countries — Speak-up culture, compliance hotline and sanction checks
Quality of products and services	Failure of high-quality products and services could lead to repeated work, reputational damage or liability claims.	<ul style="list-style-type: none"> — Quality management and assurance systems tailored to specific businesses — Third-party accreditation — Competence development programs and training of employees — Test centers
Business interruptions	Business interruption, such as a fire, could cause damage to people, property and equipment. It could have a negative effect on the ability to operate at the affected site. Security incidents could impact the IT infrastructure or systems, which could result in a business interruption. Business interruption caused by pandemic-related lockdowns or bottlenecks in logistics centers, lack of transport capacities, lack of raw materials or electronic parts or increased demand could have an impact on operations and supply chains and thus could lead to serious economic impact.	<ul style="list-style-type: none"> — Crisis and emergency management systems (at global and local level) including close monitoring of incidents which could impact supply chains — Risk management policy and guidelines — Global manufacturing footprint and global procurement — IT security standards, measures and incident response team — Disaster recovery plans in IT — Enhancement of IT infrastructure to cope with higher data volumes during extended remote work
Financial		
Financial markets	The unpredictability of financial markets may have a negative effect on Sulzer's financial performance and its ability to raise or access capital.	<ul style="list-style-type: none"> — Group financial policy — Foreign exchange risk policy — Trading loss limits for financial instruments
Credit	Credit risks arising from financial institutions and from customers could have a negative effect on Sulzer's financial performance and ability to operate.	<ul style="list-style-type: none"> — For financial institutions, only parties with a strong credit quality are accepted (third-party rated) — Individual risk assessment of customers with large order volumes — Continuous monitoring of country risks
Liquidity	Failure in liquidity risk management may have a negative effect on Sulzer's financial performance and its ability to operate.	<ul style="list-style-type: none"> — Continuous liquidity monitoring — Management of liquidity reserves at group level — Cash flow program to optimize liquidity and cash flow management — Efficient use of available cash through cash pooling

Stakeholders and interactions

		Interactions
Employees		<ul style="list-style-type: none"> — Exposure meetings during development programs and trainings — (Global, divisional, functional) townhall meetings with direct interactions between management and employees — Global employee survey (“Voice of Sulzer”), conducted annually — Performance management process with regular check-ins between employees and line managers — Regular “coffee chat” sessions between small groups of employees and individual EC members — Use of internal engagement platforms enabling two-way communication
Unions	European work 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		<ul style="list-style-type: none"> — Business events, trade fairs — Collaboration and development
	Suppliers	<ul style="list-style-type: none"> — Supplier assessments
	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
		<p>Sulzer is active in providing representation in numerous industry standards, trade associations and legislative initiatives through technical advisory groups. Memberships include:</p> <ul style="list-style-type: none"> — American Petroleum Institute (API), US trade association representing America's oil and natural gas industry — Association for Materials Protection and Performance (AMPP) — Avenir Suisse Foundation — Chamber of Commerce, Winterthur (HAW) — Energy Industry Council (EIC) — Europump, the European Association of Pump Manufacturer Associations — Federation of Swiss-based multinational Enterprises, SwissHoldings and its subgroup for Corporate Social Responsibility — German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau, VDMA) — House of Winterthur — Swiss carbon removal platform — Swissmem
Business Influencers	Associations	
		<ul style="list-style-type: none"> — Conferences, working groups — Education, internships — Joint development programs — Social activities
	NGOs/NPOs/universities	<ul style="list-style-type: none"> — Education — Employment — Social activities
	Local municipalities	<ul style="list-style-type: none"> — Taxes
	Media	<ul style="list-style-type: none"> — Media releases, briefings, events and contacts — Regular interviews with top management
Financial community		<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 — We provide information on request and stay in regular touch with important rating agencies via our CFO and Finance team
	Shareholders	
	Rating agencies	

Supporting the UN sustainable development goals

SDG	Sulzer impact	Sphere of action
 <p>4 QUALITY EDUCATION</p>	Direct	By investing in continuous learning through its e-learning platform, trainings, and upskilling initiatives, Sulzer ensures employees develop technical, functional, and leadership skills
 <p>6 CLEAN WATER AND SANITATION</p>	Direct	Through innovations in desalination, water reuse, wastewater treatment, and water infrastructure Sulzer enhances sustainable water management and access to clean water worldwide
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Direct	Sulzer supports SDG 8 by ensuring fair labor practices, employee well-being, stable employment, and compliance with labor laws
 <p>10 REDUCED INEQUALITIES</p>	Direct	Sulzer supports SDG 10 by addressing human rights risks in its business activities, aiming to prevent social issues like inequality and maintain trust and long-term sustainability
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Direct	Sulzer drives sustainable progress by developing energy-efficient solutions to reduce energy consumption and enhance operational performance, benefiting both industries and the environment
 <p>13 CLIMATE ACTION</p>	Direct	Sulzer helps mitigate climate change by improving resource efficiency, reducing greenhouse gas emissions, and advancing technologies
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Direct	Sulzer supports SDG 16 through a strong compliance program focused on integrity, transparency, and anti-corruption measures for responsible governance
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Direct	Sulzer cultivates ethical, transparent partnerships rooted in ESG principles. Through responsible sourcing and collaboration, it drives mutual growth aligning with SDG 17

SDG	Sulzer impact	Sphere of action
	Indirect	Sulzer supports SDG 1 through ethical business practices, fair supplier relationships, and resilient supply chains, promoting economic stability and job security
	Indirect	Sulzer indirectly contributes to SDG 2 by fair wages, and safe working conditions across its supply chain, which helps promote economic stability, potentially improving food security for workers
	Indirect	Sulzer's comprehensive safety management system directly supports SDG 3 by ensuring workplace safety, reducing risks, and promoting employee health and well-being
	Indirect	Sulzer's efforts in promoting diversity, equity, and inclusion, along with their focus on increasing female representation in leadership roles, support SDG 5
	Indirect	Sulzer's 2028 strategy aligns with SDG 7 by focusing on cleaner, efficient solutions, energy recovery, and biofuel processing, contributing to the transition to sustainable and reliable energy
	Indirect	Sulzer supports SDG 9 by driving innovation and sustainable infrastructure in key industries like energy security and natural resources
	Indirect	Sulzer contributes to SDG 11 by helping industries adopt cleaner practices and improve resource efficiency, contributing to sustainable cities through reduced environmental impact
	Indirect	Sulzer contributes to SDG 14 by providing innovative water solutions that optimize infrastructure and support the sustainable use of water resources, benefiting aquatic ecosystems
	Indirect	By promoting operational efficiency and environmental stewardship, Sulzer contributes to sustainable practices that help preserve terrestrial ecosystems and support long-term ecological health

Human rights

Sulzer's comprehensive compliance program focuses on prevention, detection and response. As part of this program, the company supports and prioritizes the protection of internationally proclaimed human rights throughout its value chain.

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 Business Conduct, the Sulzer Human Rights Directive and in the Sulzer Supply Chain Policy to complement our Child Rights Policy.

Code of Business Conduct

The Code of Business Conduct complies/is consistent with the Ten Principles of the UNGC. It calls on employees to protect internationally proclaimed human rights. Sulzer will not work with business partners that violate fundamental human rights, such as the use of forced or compulsory labor or child labor. Internal directives and guidelines as well as regular audits support the implementation of the code. Group Compliance Officers around the world with solid reporting lines to HQ Compliance deal with potential code violations, give advice on compliance matters and provide compliance training.

Principle 2

Businesses should make sure they are not complicit in human rights abuses.

Sulzer Supplier Code of Business Conduct

Close cooperation with our suppliers is the basis for avoiding non-compliance with human rights, particularly concerning forced and child labor, as well as environmental violations in our supply chain. Sulzer maintains a compliance program that requires all Sulzer companies to behave in an ethical and compliant manner in accordance with the principles of Sulzer's Supply Chain Policy. All suppliers and service providers of Sulzer should commit to and ensure that their organizations and their suppliers will also act in accordance with the ethics and compliance standards applied by Sulzer. With this approach, we can ensure that the quality standards and sustainable supply chain practices of our global supplier base are in line with our own.

Sulzer Human Rights Directive

The Sulzer Human Rights Directive aims to prevent adverse human rights impacts. It addresses the identification of high-risk areas using recognized sources and

conducting 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 employment contracts, management of overtime and rest breaks, prohibition of the confiscation of identity documents, safe management of high-risk activities and limiting exposure to hazardous chemicals.

Sulzer Child Rights Policy

The 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 training, ensuring

fair incomes and providing social protection and health services. Sulzer prohibits the exposure of young workers to hazardous conditions and limits their tasks to ensure safety.

Sulzer's Supply Chain Policy

The 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, and ensures that working conditions comply with applicable laws. The policy mandates fair labor practices including freedom of association and fair wages. Sulzer is committed to ethical sourcing and has mechanisms in place to prevent abuse of rights. A supplier risk analysis system has been piloted and further expanded in 2024. A whistleblower hotline serves as a grievance mechanism to report issues in the supply chain, 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 questionable 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.

The Sulzer Supply Chain Directive defines Sulzer's approach to supply chain management, including the mandate of the procurement organization and the governance of supply chain risks. It includes a commitment to ensure ESG-conscious sourcing.

Prohibiting unsustainable substances

Sulzer complies with regulations such as REACH, RoHS and the Toxic Substances Control Act, which aim to change manufacturing processes and components to reduce health and environmental concerns.

Sulzer maintains a Prohibited Substances List which defines chemical substances whose use or storage is prohibited within Sulzer and in products received from or sold to customers. This prohibition applies even when local or national laws permit the use of these substances.

Sulzer also prohibits the use of minerals (“Conflict Minerals”) that are known to have originated from conflict-affected and high-risk areas. These are areas where the extraction, transport, trade and handling of tin, tantalum, tungsten and gold may take place in violation of fundamental human and labor rights, including their abuse of child labor, or where the purchase of these substances may directly or indirectly support non-state armed groups or enable exploitive or fraudulent activities.

The ESG questionnaire for Sulzer suppliers includes a dedicated section to identify the use of conflict minerals. Although below the threshold set by the regulations, these minerals can be found in motors, drives, controls or stainless-steel castings.

Please find further information here:

www.sulzer.com/sustainability

[Sulzer Annual Report 2024](#)

[Sulzer Non-Financial Report 2024](#)

[Sulzer Code of Business Conduct](#)

Labor

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Labor

At Sulzer, social responsibility means building on the strength and diversity of our people and actively supporting local communities. Our deeply rooted safety culture and dedicated programs help us to maintain/provide a safe working environment. Guided by our Code of Business Conduct, we take action to ensure a non-discriminatory, collaborative and positive work environment, setting high standards for ethical conduct.

Sulzer strives to create stable and open relations with its social partners and stakeholders based on trust. The company respects the right to freedom of association and collective bargaining for all its employees, evidenced by the joint health & safety committees and work councils operating in multiple countries.

Over the years, Sulzer has actively engaged with the European Works Council to develop an enduring relationship built on mutual trust and respect. Sulzer ensures it meets the regulatory requirements and shares sustainability-related information and perspectives with the council, building on the cross-collaboration.

Employee representatives are neither favored nor discriminated against. As far as national legislation allows, Sulzer promotes this fundamental right through its own Code of Business Conduct.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Eliminating all forms of forced and compulsory labor

Sulzer applies international regulatory frameworks such as the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations' Universal Declaration of Human Rights and its protocols, the UN Global Compact (UNGC) and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work of 1998.

By signing Sulzer's Code of Business Conduct, Sulzer and all its employees commit that they will comply "with all employment and labor laws including those related to the elimination of all forms of forced and compulsory labor (including child labor) and the prohibition against all forms of discrimination in employment under applicable laws."

Every member of the Sulzer Management Group, the heads of the operating companies, the headquarters, regional and local compliance officers as well as the legal entity controllers must reconfirm this compliance commitment in writing annually. The company's integrated and comprehensive risk and compliance mechanisms can confirm that there were no identified risks for forced and/or compulsory labor incidents or child labor incidents in 2024.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5

Businesses should uphold the effective abolition of child labor.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Effective communication and consultation with our employees is very important to us and is carried out through a variety of channels, including our intranet, regular meetings, briefings, feedback surveys and employee representative bodies. For example, we conducted a global “Voice of Sulzer” engagement survey in September 2024 to collect and analyze employee feedback. The survey consists of 40 questions and employees can participate via email or mobile stations at production sites.

In addition, we offer an internal social media platform and conduct global townhalls and small group meetings with members of the Executive Committee to promote direct dialogue between employees and management. Employees can share feedback and suggestions through any of the above-mentioned channels. As outlined in our Code of Business Conduct, they can also report potential violations of laws, regulations or company policies to the following persons or departments:

- Supervisor or manager
- Company, division or corporate compliance officer
- Company legal counsel
- Corporate legal department
- Sulzer ombudspersons
- Sulzer Compliance Hotline
- Group General Counsel

Supporting gender diversity in the industry

At Sulzer, we recognize the benefits of a diverse workforce and an inclusive work environment. Embracing diversity helps us attract a wider talent pool, and the variety of perspectives from people with different backgrounds and experiences leads to better decision-making and innovation capabilities.

As stated 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 potential discriminatory factors. There is also zero tolerance with respect to unlawful employee harassment. In addition, we launched a global guideline on Diversity, Equity and Inclusion (DEI) in November 2023, detailing not only our understanding of DEI and our commitment, but also outlining the responsibilities of all Sulzer employees in this regard.

At Sulzer, teams with more than 89 nationalities and people of all ages work closely together for the success of our company. At present, 11% of Sulzer employees worldwide are below the age of 30, 62% are between 30 and 50, and 27% are over 50. This balanced generational mix promotes the continuous sharing of knowledge and experience, and fosters creativity and innovation.

At the end of 2024, Sulzer employed 2'306 women, which corresponds to 17% of our total workforce. Within top management (i.e., the Executive Committee and the Sulzer Management Team), women represent 21% of the leadership.

These numbers confirm the trajectory and effectiveness of our measures to increase female representation within the company and foster gender equality in recent years. The initiative includes internal promotions and other measures to increase the number of female employees in business roles as well as the number of female leaders.

Driving safety excellence

Sulzer aims to maintain an Accident Frequency Rate (AFR) below 1, an Accident Severity Rate (ASR) below 15 and a Total Accident Rate (TAR) below 13.

In 2024, the AFR was recorded at 1.02, slightly exceeding the target. To address this, Sulzer continues to enhance its accident prevention strategy by strengthening risk mitigation measures and reinforcing safety protocols.

The ASR was recorded at 18.22, exceeding the target. While this highlights areas for improvement, we remain committed to reducing incident severity through targeted interventions, enhanced safety training, and proactive risk management. The TAR was recorded at 11.65, meeting the target and demonstrating the effectiveness of our safety initiatives.

Employee engagement in safety remained strong, with more than 21'970 Safety Walks conducted in 2024.

For 2025, Sulzer will focus on advancing safety initiatives by incorporating new technologies, enhancing training programs and maintaining employee engagement in safety activities. The aim is to further reduce incidents, continuously improve safety performance and foster a safe working environment

**Environ-
ment**

3

Environment

For us, being an environmentally responsible company means supporting our customers to become more sustainable by providing them with energy-efficient and eco-friendly solutions. We also constantly strive to reduce our own environmental footprint, with active measures to improve our water and waste management, optimize our energy use and reduce greenhouse gas emissions.

Chief Sustainability Officer and global ESH network enabling sustainable behavior

In 2023, Sulzer appointed Alina Halank as Chief Sustainability Officer. In this role, she leads the development and delivery of the Group's sustainability strategy on behalf of the Executive Committee and the Board of Directors' Strategy & Sustainability Committee.

Principle 7

Businesses should support a precautionary approach to environmental challenges.

Our commitment

30%

emission reduction by 2030

Carbon-Neutral by

2050

Climate change and energy mix

In accordance with article 964a-c of the Swiss Code of Obligations (CO) and the Swiss Ordinance on Reporting on Climate Matters, Sulzer reports on climate issues based on the recommendations of the “Task Force on Climate-related Financial Disclosures” (TCFD) for 2024.

As required for Sulzer’s TCFD Report 2024 and in preparation for the CSRD, Sulzer calculates its carbon footprint according to the requirements of the Greenhouse Gas Protocol (GHG Protocol). The emission categories of the GHG Protocol were evaluated and, where applicable, the corresponding emissions for Sulzer in 2024 were calculated. In the non-financial report 2024, Sulzer’s climate change-related reporting is aligned to the recommendations of the TCFD, including an evaluation of risks, opportunities and impacts.

Overview greenhouse gas emissions and key performing indicators

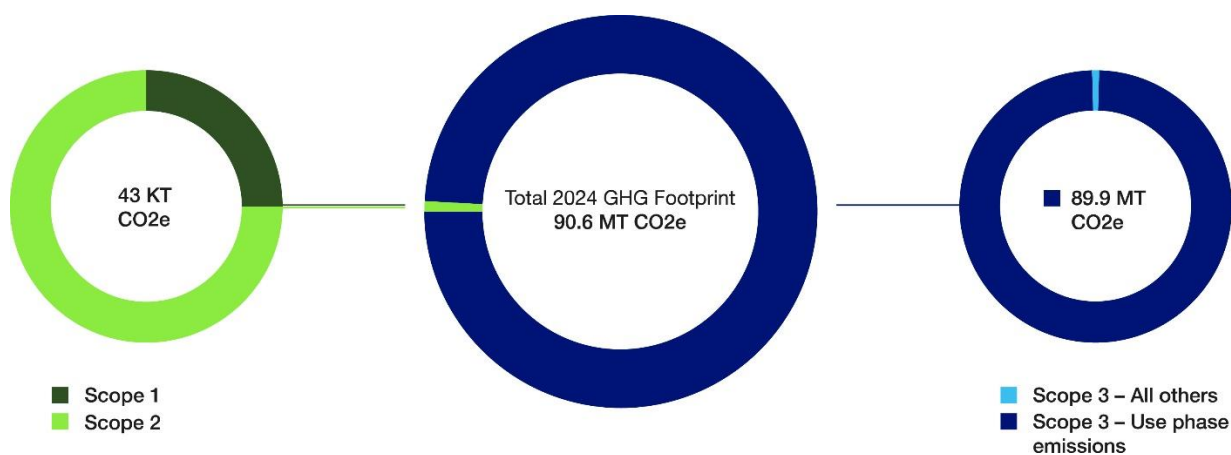
The calculation of Sulzer’s carbon footprint revealed that approximately 99% of the total carbon footprint along the value chain results from one emission category, the use-phase of our sold products (category 3.11).

Following the GHG Protocol, the calculation distinguished between direct scope 1 emissions and indirect scope 2 emissions. Scope 1 emissions, primarily from direct fuel combustion in our operations and from company vehicles, account for 15 kt CO₂e in 2024. Sulzer chose the operational approach and included emissions for leased assets in scope 1. Scope 2 emissions, resulting from purchased energy, mostly electricity, amount to 28 kt CO₂e.

Scope 3 distinguishes upstream and downstream emissions. The major upstream emission categories are purchased goods and services (category 3.1), business travel (3.6) and capital goods (3.2). Due to the business processes, the emissions resulting from the processing of intermediary products (category 3.10) are incorporated in the category 3.1. Emissions for these categories are 666 kt CO₂e (3.1 and 3.10), 25 kt CO₂e (3.6) and 17 kt CO₂e (3.2), respectively.

Sulzer’s emissions predominantly arise from the use-phase of products in category 3.11, totaling approximately 89’900 kt CO₂e. Another relevant category are the emissions related to the end-of-life treatment in category 3.12, with around 23 kt CO₂e. The calculations do not distinguish between biogenic and non-biogenic emissions. The primary emission categories for Sulzer are associated with non-biogenic materials, mainly metals or fuel sources.

The carbon footprint calculation for 2024 will serve as the base year for defining and measuring reduction targets. The following graph shows the emissions in accordance with the GHG Protocol categories for Sulzer in 2024.



Reduction target

Sulzer has set a reduction target of -30% by 2030 for Scope 1, 2, and selected Scope 3 emissions (fuel and energy-related activities, business travel), with a goal of carbon neutrality by 2050. The company is working on defining reduction targets for Scope 3 emissions, particularly focusing on use-phase emissions. While Sulzer aims to improve product efficiency and reduce emissions, progress largely depends on the global shift to renewable energy and carbon capture technologies. Sulzer also identifies key reduction opportunities in its value chain, including using circular materials, engaging suppliers in emission reductions, and transitioning to low-emission energy sources. Recycling materials is a key strategy for reducing downstream emissions.

Advancing sustainability through measurable progress

Various initiatives led to the following achievements:

- Sulzer has successfully recalculated its carbon footprint, establishing a more accurate and representative baseline for decarbonization efforts.
- In 2024, approximately 61% of the energy consumed was electricity, followed by fuels at 35% and purchased heat at 4%.
- Sulzer achieved an overall waste recycling rate of 66% in 2024
- In 2024, Sulzer contributed to the purification of an estimated 66 million m³ of water per day through its installed municipal and industrial water solutions.

Enable a low-carbon society

With our “Sulzer 2028” strategy, we focus on organic growth in three essential and structurally growing markets: Energy Security and Transition, Natural Resources and Process Industries.

As presented at [Sulzer's Capital Market Day 2024](#), climate change is one important driver for these markets. The related risks and opportunities for the company are identified and incorporated in Sulzer 2028. [Sulzer's](#) financial planning is aligned with this strategy.

Energy security and transition: The expected global increase in population and affluence implies an increasing demand for energy. In parallel, the environmental impact, especially related to climate change, needs to be reduced. This increasing demand for energy and the reduction of environmental impact are both key drivers for this market. Sulzer contributes to this market with cleaner, more efficient and better performing solutions, with life-time extensions and retrofits, and with solutions for biofuels, energy recovery and storage.

Natural resources: The sustainable transformation relies on more natural resources and their clean processing, not less. Minerals and metals are needed for the energy transition and electrification, and Sulzer supports and benefits from an energy-efficient, less polluting sourcing and mining. Climate change requires major investments to ensure water quality and availability. Sulzer contributes with better (waste-) water treatment and water purification.

Process industries: The demand for chemicals continues to grow, with a shift towards cleaner chemistry, lower ecological footprint, cost and energy efficiency. Sulzer supports its customers with these requirements and extends its offerings with carbon capture solutions, biofuel refining, processing of natural feedstock and chemical recycling.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti- corruption

4

Anti-corruption

Sulzer is committed to conducting its business in accordance with high ethical standards and in compliance with all applicable laws. The company has a group-wide anti-bribery and anti-corruption program in place. Its integrated risk management system allows Sulzer to assess and control key risks.

The Sulzer Board of Directors and the Executive Committee are convinced that compliant and ethical behavior in all aspects and at all levels is a precondition for a successful and sustainable future. The ethical tone is set at the top, carried through to the middle and transmitted to the entire organization.

Sulzer's Code of Business Conduct prohibits any form of bribery, corruption or facilitation payments (irrespective of whether the recipient is a public official or an employee of a private customer). Group Compliance investigates any potential violation and takes corrective measures.

In e-learning courses and/or classroom trainings, Sulzer sensitizes employees to compliance matters, teaching them how to act correctly in different business situations. There are mandatory e-training sessions dedicated to corruption.

As of December 31, 2024, Sulzer has the following directives in place to combat corruption, which are available to all employees on the internal governance website:

- Anti-Corruption Directive
- Receiving and Offering Gifts and Hospitalities, Facilitation Payments Directive
- Intermediaries Directive – Integrity review and due diligence requirements
- Sulzer Membership and Contributions Directive

Trainings

Sulzer puts substantial effort into training our employees. Training is carried out through e-learning programs in 13 languages, with new programs rolled out and existing programs updated every year. Training is also conducted in person or via video conferencing. At least one e-learning module per year is dedicated to anti-corruption and anti-bribery. Furthermore, in person trainings are being provided on a case-by-case basis for various topics, including anti-corruption and anti-bribery, with training materials prepared by the centralized Group Compliance function. Around 70% of our functions-at-risk are covered by these training efforts.

Sulzer has also implemented web conference trainings specifically for our high-risk third-party sales intermediaries. In these sessions, the personnel of the intermediaries are trained on anti-corruption and anti-bribery topics and Sulzer expectations for their business conduct when doing business on behalf of Sulzer.

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

The following trainings were conducted in 2024:

- Compliance classroom trainings & webinars with a total of 2'798 participants
- E-learning courses with a total of 17'920 completed courses
- Export control trainings & webinars with a total of 354 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.

Detecting noncompliant behavior

Sulzer has a compliance hotline and an incident reporting system that provides employees with one of many options for reporting (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 topics at an early stage. It requires that all questions raised, and incidents reported in good faith are taken seriously and that the problems shared are addressed swiftly and in a sustainable manner. The company has a directive that sets clear rules for internal investigations. Each report is analyzed by the HQ Compliance team and the investigation process considers whether the allegations of compliance breaches can be substantiated. The reporter is provided with credentials that allow them to check the status of their report, receive feedback or provide additional information if deemed necessary.

In 2024, Sulzer received a total of 167 reports alleging potential compliance violations, of which 74% were made anonymously. In 28 cases, the allegations were fully or partially substantiated, resulting in disciplinary or other mitigation actions.

The number of reports received over the year, as well as the anonymity and substantiation rates, are key performance indicators for Sulzer's compliance management system. This helps to identify areas of compliance that may require additional attention. To ensure accuracy and relevance, we compare our figures with well-known international benchmarks from NAVEX, especially with regard to the number of reports per 100 employees and the anonymity rate.

The whistle-blowers were all protected according to the internal guideline dated March 2020: "All Sulzer Management Group members and all legal entity heads and compliance officers commit in their annual acknowledgment statement to ensure that there will be no retaliation against good faith whistleblowers."

Further tools are available to all employees on Sulzer's intranet (e.g. presentations addressing the major exposures; draft agreements; sales and procurement handbooks with compliance-specific explanations and standard clauses).

Sulzer has a compliance risk assessment process in place to identify and assess potential compliance risks and to define appropriate mitigation measures. Sulzer's M&A due diligence process includes compliance due diligence with a focus on identifying corruption risks. For newly acquired companies, Sulzer set up a post-merger integration process consisting of a systematic post-merger compliance risk analysis, which forms the basis for risk-based mitigation measures.

Assessing intermediary risks thoroughly

Working with third parties is an area exposed to compliance risks. To ensure that Sulzer's cooperation with intermediaries (e.g. agents, distributors, consultants) in the public and private sector is compliant with both legal and corporate regulations, potential intermediaries must undergo a commercial and independent compliance due diligence workflow to prevent corruption and bribery schemes through third parties. A potential intermediary must go through four steps of Sulzer's Intermediary Due Diligence Application (IDDA) before the final contract can be signed. A Sulzer directive provides the internal framework to support this process, sets the boundaries and defines the criteria under which intermediaries can be appointed.

Sulzer only signs an agreement with an intermediary if detailed information about the intermediary is known, the specific risks have been assessed and the contract has been approved by various management levels – dependent on the underlying risk exposures. The intermediary due diligence process is supported by a tool with background screening, allowing Sulzer to identify compliance risks on an ongoing basis – even after an intermediary has been approved. In this way, the process helps to avoid corruption risks.

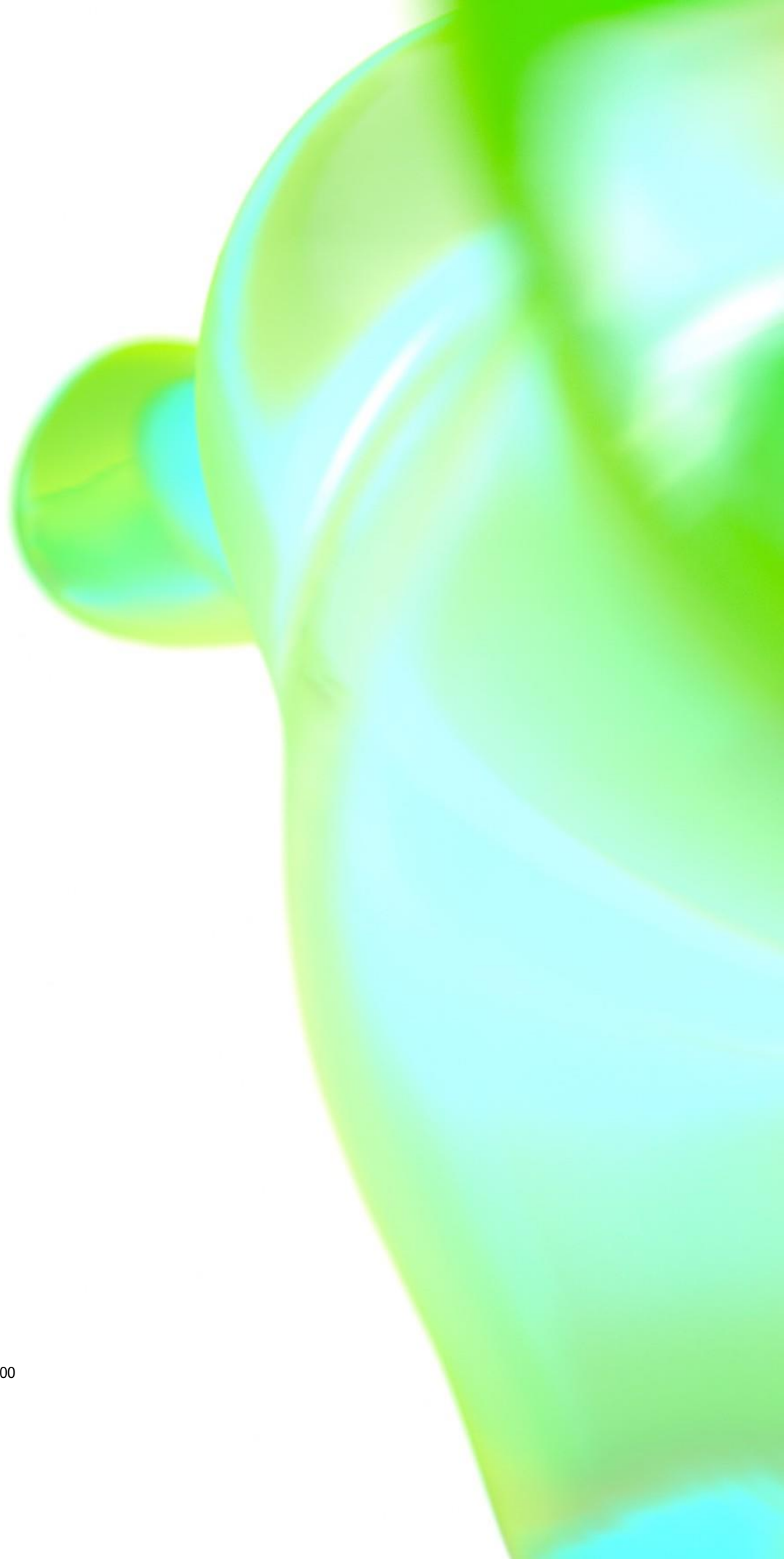
Please find further information here:

www.sulzer.com/sustainability

[Sulzer Annual Report 2024](#)

[Sulzer Non-Financial Report 2024](#)

[Sulzer Code of Business Conduct](#)



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