SULZER

Non Financial Report

2024

Contents

Caption: Equipped with state-of-the-art pump performance testing labs, Sulzer's Suzhou service center in China offers a complete service offering for all types of pumps regardless of manufacturer.

Letter to Stakeholders

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.

“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.”

Suzanne Thoma
Executive Chair

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.

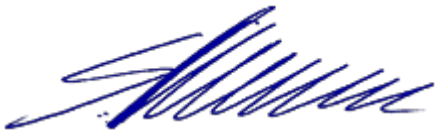
Outlook for 2025 - resiliently positioned

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
Executive Chair

Adding value where it counts

With industry worldwide facing mounting pressure to enhance efficiency and embrace cleaner practices, Sulzer’s unwavering commitment to innovation, continuous improvement and customized support creates significant value for industries vital to the well-being of people around the world. Moreover, because we operate in large growing markets such as energy security and transition, natural resources and process industries, we contribute to global progress where it is needed most.

Sulzer plays a pivotal role in helping industries adopt cleaner practices to reduce their environmental impact. According to the International Energy Agency (IEA), energy efficiency improvements could deliver more than 40% of the reduction in energy-related emissions needed to meet global climate goals.[1] Whether through energy transition solutions, carbon capture technologies or recycling innovations, our solutions drive economic progress towards a more sustainable industrial future. By enabling industries to lessen their environmental footprint while maintaining operational excellence, we ensure essential industries are not only prepared for today’s challenges but also equipped to thrive in the future. Sulzer’s strategic focus on reducing energy consumption while improving resource efficiency and operational performance positively impacts the industrial world’s journey towards a low-carbon future.

Innovating at the core of global industry

As a technology pioneer and strategic partner with industry, Sulzer solutions have been embedded in industry for nearly 200 years. Our technologies are integral to infrastructure across industries, and our deep understanding of their processes enables us to help address their immediate needs and long-term goals. Coupled with our hands-on, collaborative approach to innovation, we are able to generate significant value for essential industries.

Despite the strain on the world's limited resources urgently calling for efficiency improvements, one of the biggest hurdles to sustainable development is financial constraints.[2] Sulzer's solutions are designed to boost efficiency, reduce costs and increase productivity. Across the range of industries, our advanced technologies and deep industry expertise are optimizing processes, conserving resources and improving performance to help industry develop new, more efficient and scalable solutions.

Embedded in industry for nearly 200 years, Sulzer technologies are integral to infrastructure around the world, generating significant value for essential industries.

Supporting sustainable progress

Earlier this year, for example, a gas engineering specialist drew on our pump expertise to enable maximum efficiency and reliability in support of America's first blue hydrogen production facility at scale. While hydrogen production from natural gas typically emits carbon dioxide (CO_2), the operator integrated a carbon capture system at its plant — and used Sulzer's flow equipment to effectively recover and reuse energy expended by the system. In this manner, our customized hydraulic power recovery turbines (HPRTs) help industries minimize energy consumption, delivering both major operational savings and environmental benefits.

Similarly, we elevated our structured packing product line with the launch of MellapakEvo™ for the chemical processing industry, demonstrating our value to production facilities. As distillation is a highly energy-intensive process, companies operating in the field always need solutions that offer higher efficiency and greater capacity. We developed our new MellapakEvo structured packing to enhance the efficiency and capacity of distillation columns, maximizing performance while minimizing energy consumption with a lower pressure drop. Our innovative new design offers up to 40% greater efficiency or 20% higher capacity for unparalleled performance in mass transfer technology.

At the heart of these innovations is Sulzer's commitment to long-term sustainable progress as we strive to address the challenges of both today and tomorrow. Our goal is to contribute to economic growth in a meaningful manner that can best ensure a sustainable society.

Driving possibilities for improved efficiencies

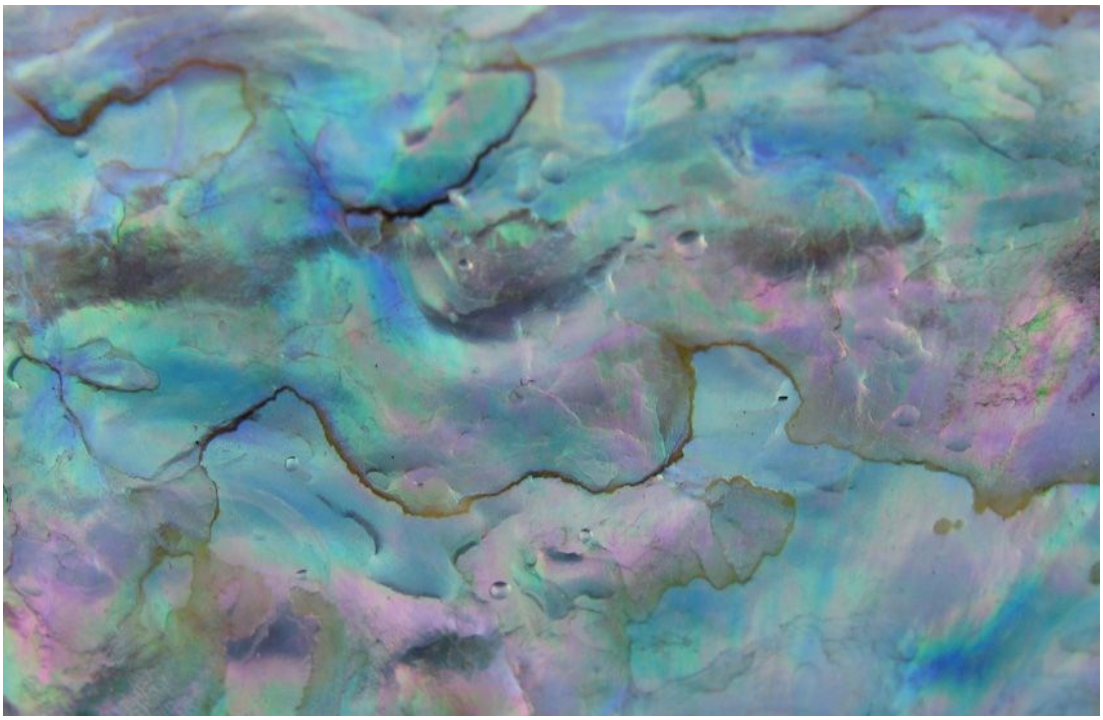
With a network of some 160 sites, we understand the challenges of geographically dispersed operations and continue to invest in our systems to optimize resource use, streamline production processes and help reduce waste. For example, we are building resilience into the industrial landscape through digitalization. This past year, we integrated our systems architecture for improved oversight and efficiencies and automated our offer process, effectively reducing our quotation times by 80% for an enhanced customer experience. The resulting transparency further enabled us to consolidate our supplier portfolios; thereby increasing efficiency through data quality improvements.

Sulzer's culture of excellence is also positioning us around the globe to strengthen supply chains and reduce bottlenecks. In September, we opened a new service center in Essen, Germany, to boost process industry resilience in the region. Featuring best-in-class manufacturing technology, quality assurance and test systems, our new service hub is strategically positioned and equipped to improve supply chain reliability and responsiveness for customers in the region. Similarly, we strengthened our manufacturing and supply capabilities in the Americas with new wastewater pump production lines in South Carolina and a new integrated test and assembly center with digital monitoring in Mexico City. These investments shorten lead times for customers while meeting increased demand for vital infrastructure.

As global challenges like climate change, consumption and resource scarcity continue to accelerate, Sulzer's cutting-edge solutions are empowering industries to achieve significant economic benefits while contributing to a more sustainable future. The savings generated through enhanced efficiencies and growth, combined with an ongoing focus on continuous improvement, can be reinvested to support the development of advanced technologies and sustainable solutions.

1) International Energy Agency (IEA), "Energy Efficiency 2021," 2021.
2) World Resources Institute, #3 of "10 Big Findings from the 2023 IPCC Report on Climate Change"by Sophie Boehm and Clean Schumer, March 20, 2023.

Pearl of the sea



Sulzer’s engineering expertise is proving pivotal in today’s rapidly evolving industrial landscape. Just as a pearl forms over time to protect the oyster from irritants, we draw on decades of experience to develop advanced technology solutions that enable industry to better manage increasing demand, resource scarcity and environmental challenges through more sustainable and efficient processes.

With the ongoing challenges posed by geopolitical uncertainties in key energy-producing regions such as the Middle East and Russia, the fragility of our energy supply and the importance of developing a more resilient global energy system are clear and widely recognized. Yet energy prices are rising, and coal production remains high – despite the long-term trend towards cleaner sources.[3]

Energy security and the transition to more renewable energy are critical priorities for both governments and industry, but efforts of this magnitude require significant investment, innovation and collaboration. This is where Sulzer’s ongoing commitment to excellence creates significant value for essential industries around the world, delivering impactful efficiency improvements and customized support solutions for complex technologies.

Driving cleaner, more efficient practices

Together, Sulzer and TechnipFMC, a global energy systems leader, are demonstrating their combined expertise and industry leadership in developing groundbreaking new CO_2 pump solutions to help bring revolutionary subsea processing technology to life. Petrobras' HISEP® technology enables the separation of CO_2-rich natural gas from oil directly at the seabed, rather than transporting it to the surface for topside separation, as traditionally done on Floating Production Storage and Offloading (FPSO) vessels. While topside separation allows the CO_2 gas to be reinjected into the reservoir, it is highly energy intensive.

Subsea separation provides significant gains in energy efficiency and productivity, while reducing emissions. Since 2017, Sulzer has been collaborating with TechnipFMC to develop CO_2 pumps for Petrobras' HISEP® technology. This year, following the successful validation of a prototype, three customized 6 MW high-pressure centrifugal (HPcp) pumps were delivered to Petrobras for testing and validation at Brazil's Federal University of Itajuba. Once confirmed, our advanced new pump technology will support and enable the gas, rich in CO_2, to be separated and immediately reinjected into the reservoir at the seabed, 2000 m below the waterline.

In addition to our work in subsea processing, our solutions are also delivering sustainable benefits in renewable energy production. In China, for example, our molten salt pump technology and expertise was selected this summer to help overcome the challenge of intermittent renewable energy. More recently, another of our customized solutions was selected by a leading Chinese chemical and energy company to help meet the growing demand for sustainable aviation fuels (SAF). These examples highlight how our technical expertise and commitment to higher efficiency and lower emissions are contributing to energy security.

Supporting critical infrastructure and development

Sulzer's innovations in wastewater pumping, noise reduction and treatment efficiency continue to set new industry standards and address some of the world's greatest challenges. Recently, we advanced a Guinness World Record in agricultural water treatment by enabling improved efficiency for water reuse in Egypt to promote agricultural productivity and food security. The New Delta Treatment Plant, the world's largest water treatment facility, relies on our energy-efficient flow technologies to reuse treated agricultural drainage water and wastewater. This clean water is then used to contribute to the cultivation of 1.2 million acres of land in the West Delta region, almost twice the size of Greater Cairo.

Enabling improved efficiency for water reuse in Egypt to promote agricultural productivity and food security.

Mitigating climate change

By driving efficiencies, improving resource management and reducing greenhouse gas emissions, Sulzer helps mitigate environmental challenges to enable economic prosperity and sustainable communities. The benefits, in turn, can support adaptation to the changing climate conditions, such as the recycled water used in Egypt to improve agricultural productivity and food security.

The World Resources Institute confirms that extreme flooding is displacing millions of people, higher temperatures are enabling the spread of diseases such as malaria and climate change is reducing crop productivity in low and middle latitudes.[4] According to the Food and Agriculture Organization of the United Nations, 1.8 billion people will have no water to drink by 2025.[5] The United Nations reports innovative technologies and cross-sector collaboration are key to sustainable water management, which is also vital to global peace and prosperity.[6]

Sulzer continues to invest in new water solutions to improve the efficiency and reduce the cost of wastewater facilities. To help reduce the pressing issue of water scarcity in regions facing significant water shortages, our high efficiency pumps serve an estimated global customer capacity of over 20 million m^3 water per day. Our long history in pump solutions for flood mitigation and control is also providing needed relief, most recently in Valencia, Spain.[7]

In support of the circular economy, Sulzer's advanced separation and purification technologies are integral to the production of sustainable bioplastics and bio-based chemicals. These innovations help reduce reliance on fossil fuels and lower the carbon footprint of industrial processes. In addition, the reuse and recycling of materials significantly reduces waste and emissions.

Our renewable energy support further promotes a more sustainable energy mix. Sulzer's expertise in fluid engineering is enhancing the efficiency of renewable energy systems, such as wind and solar power. By optimizing the performance of these systems, Sulzer helps increase the adoption of renewable energy sources, further contributing to the reduction of greenhouse gas emissions.

Sulzer's commitment to innovation and sustainability is evident in our efforts to address some of the world's most pressing environmental challenges. From improving water reuse and desalination to advancing renewable energy technologies, we are dedicated to creating solutions that drive both economic and environmental benefits. As we continue to develop and implement cutting-edge technologies, Sulzer remains at the forefront of the global push towards a more sustainable and resilient future.

3) IEA, World Energy Outlook 2024.
4) World Resources Institute, #2 of "10 Big Findings from the 2023 IPCC Report on Climate Change" by Sophie Boehm and Clean Schumer, March 20, 2023.
5) The World Counts, "What resources are in decline," 2024.
6) United Nations, The Sustainable Development Goals Report 2024, "Clean water and sanitation," Page 22.
7) European Commission, Energy, Climate change, Environment.

The air that we breathe

For companies in high-emitting industries, particularly in process industries, the challenges of operating in an increasingly stringent regulatory environment are considerable. Sulzer serves industries worldwide by developing innovative technologies and solutions for biopolymers, biofuels and carbon capture to help reduce greenhouse gas emissions (GHG) and conserve natural resources.

Although many countries have decreased their CO_2 emissions in recent years, the University of Oxford's report, *Our World in Data,* indicates that global emissions have not yet peaked.[8] To offset these emissions, technologies like carbon capture, utilization and storage (CCUS) can play a critical role in reducing GHG and helping to create a carbon neutral future.

The Grantham Research Institute on Climate Change and the Environment reports it is technologically possible to capture up to 90% of CO_2 emissions from industrial sources.[9] Even higher CO_2 capture rates would be feasible, but it is essential to also focus on maximizing energy efficiency to ensure the system is both effective and affordable. This makes carbon capture and storage (CCS) particularly crucial for both high-emitting industries like power plants and hard-to-abate industries, such as cement, steel and chemical manufacturing. By capturing and storing CO_2 emissions, CCS mitigates the impact of these industries on the environment and aligns with a pillar of the Paris Agreement climate goal of net zero emissions by 2050.

Capturing carbon at scale

While the cost of carbon capture plays a critical factor in its slow adoption, other reported obstacles to investment in carbon capture to date are the lack of manufacturing capacity at scale and the need for long-term testing at scale.[10]

As the global leader in separation and mixing technologies, separation being the most critical enabler of carbon capture, Sulzer's carbon capture technologies are enabling industries to surmount these challenges and reduce emissions as they strive to meet rising demand. At SaskPower's Boundary Dam Power Station plant – the world's first large-scale, coal-fueled power plant to use CCUS technology – our mass transfer equipment is capturing hundreds of thousands of tonnes of carbon dioxide (CO_2) emissions per year, and has been doing so for years.

Sulzer's mass transfer equipment is capturing hundreds of thousands of tonnes of carbon dioxide (CO_2) emissions per year at the world's first large-scale, coal-fueled power plant to use CCUS technology.

In November 2024, SaskPower announced the 10th anniversary of its CCS facility at Boundary Dam in Estevan, Saskatchewan. At that time, the plant had captured some 6.5 million tonnes of CO_2, making it "the cleanest-burning coal power unit on Earth."[11] Now achieving record capture rates, SaskPower reports it has saved customers over CDN$160 million in carbon taxes the past five years alone.

The CO_2 captured at the Boundary Dam Power Station plant serves a dual purpose. Part of it is utilized to support enhanced oil recovery (EOR) at local oil fields, thereby contributing to circular practices. The remaining CO_2, which is not used for EOR, is permanently sequestered, ensuring it does not re-enter the atmosphere. Sulzer's advanced carbon capture technologies are at the heart of this process, enabling efficient and large-scale CO_2 capture and storage. By integrating our cutting-edge separation and mixing solutions, we help industries achieve significant reductions in GHG and better align with global sustainability goals.

In 2024, Sulzer customized a solution to support the decarbonization of a leading chemical manufacturer in Japan. Here again, Sulzer's specialized mass transfer technologies, the hardware that facilitates an energy-efficient CO_2 absorption and regeneration process, are at the core of a large-scale carbon capture plant. Our column internals and packing support the entire commercial-scale carbon capture process and are designed to ensure maximum carbon capture performance while reducing the plant's capital and operational expenses.

Improving energy efficiency

Energy decarbonization through electrification is another innovative technology that is helping companies meet their CO_2 reduction targets. Sulzer launched a new electrified distillation solution in 2024, VoltaSplit, that significantly enhances energy efficiency while enabling the reduction of direct CO_2 emissions. Unlike traditional distillation systems that rely on steam boilers powered by fossil fuels, VoltaSplit uses electricity as its sole power source. This shift reduces GHG while allowing industries to transition to renewable energy sources without major infrastructure changes. By reducing energy requirements up to 20 times, VoltaSplit is set to revolutionize distillation processes by enabling essential industries to produce at lower costs while saving on GHG emissions.

In addition to reducing emissions, electrification enables the use of CO_2 as an input in processing organic solvents such as ethylene carbonate, primarily used as a solvent in lithium battery electrolytes. Strongly driven by the rise of electric vehicles, demand for lithium-ion (Li-ion) batteries is projected to increase by approximately 27% annually by 2030.[12] Energy storage and conversion technologies, however, require a higher purity of ethylene carbonate than their current applications.

In China, Sulzer is enhancing the production of ultra-high purity ethylene carbonate using our advanced melt crystallization technology. This technology produces up to 60’000 tonnes of ethylene carbonate per year. The high purity of this product improves the long-term performance of these batteries. Additionally, Sulzer’s purification process is designed to minimize energy consumption by operating under mild conditions, ensuring high reliability and low maintenance.

Managing waste and natural resources

Just as it is crucial for industry to reduce emissions and consume less energy, being able to meet performance targets and comply with purity quality standards is equally important. Sulzer innovation is enabling cleaner, more energy-efficient chemical processes, but as part of our strategic commitment to operational excellence, we also strive to support more efficient use of materials. For example, our solutions support and enable biobased and biodegradable and recyclable plastic, which serves to reduce both waste and emissions.

Early in 2024, Sulzer agreed to supply its cutting-edge lactic acid to polylactic acid (PLA) production technologies to Balrampur Chini Mills Limited (BCML) to support the construction of India’s first bioplastics plant. Located adjacent to one of BCML’s sugar cane processing facilities, the bioplastics plant will produce 75’000 tonnes of compostable, wholly recyclable bioplastic per year using sugarcane as a feedstock. In addition to supporting the company’s sustainability goals, the new bioplastics plant will provide further diversification for the sugar producer, adding to its bioethanol and power generation schemes.

More recently, Sulzer’s licensed PLA technology was selected by Emirates Biotech, which began constructing the world’s largest PLA production facility in January 2025. The facility is leveraging our lactic acid to PLA technology to manage all production steps from a single location based in the United Arab Emirates.

As industries worldwide strive to meet their production and reduction targets more efficiently, Sulzer innovations are helping them to bridge these competing requirements, reducing emissions, enabling recycling and circularity, and improving operational efficiency – thereby contributing to a more prosperous economy and a sustainable society.

8) Our World in Data, Key Insights from “CO_2 and Greenhouse Gas Emissions” by Hannah Ritchie, Pablo Rosado and Max Roser, 2023.
9) London School of Economics and Political Science. “What is Carbon Capture and Storage and What Role Can It Play in Tackling Climate Change?” Grantham Research Institute on Climate Change and the Environment. Accessed November 21, 2024.
10) McKinsey & Company, “The energy transition: Where are we, really?” August 27, 2024.
11) SaskPower Blog, “SaskPower Marks 10 Years of Operation at Carbon Capture and Storage Facility,” November 13, 2024.
12) McKinsey & Company, “Battery 2030: Resilient, sustainable, and circular” January 16, 2023.

Nature’s ally

The need to balance economic growth with the world’s ecosystems requires innovative, multifaceted collaboration for a long-term, integrated approach. As an enabler of essential industries, working in the same markets, Sulzer’s solutions play a key role in aligning operational efficiency with environmental stewardship.

Energy powers industrial growth and productivity, yet some 80% of current global energy consumption is fossil-fueled,[13] accounting for over 75% of greenhouse gas emissions (GHG).[14] Despite the marked increase in renewable energy installations in recent years, current capacity remains insufficient to meet global energy demand. Significant challenges to energy transition persist, particularly in low-income and developing countries. The latest World Energy Transitions Outlook report highlights the need for greater investment in energy transition technologies, which are currently concentrated in comparatively few countries and technologies.[15]

Sulzer’s cutting-edge solutions are at the heart of essential industries, designed to minimize downtime, optimize efficiencies and performance, and extend the lifecycle of critical infrastructure. Our expertise keeps energy systems, both traditional and renewable, and water systems running smoothly and efficiently, using less fuel for improved performance and more sustainable operation.

Serving energy security and transition

Geothermal energy, a clean and largely untapped renewable energy source, is naturally abundant in the earth's core, offering a small physical footprint and minimal environmental impact. It reduces dependence on conventional energy sources, lowers greenhouse gas emissions and provides a stable and sustainable source of energy. Not surprisingly, it is gaining traction with governments and industry. Geothermal energy already accounts for significant portions of electricity generation and heating needs in countries like Iceland, the Philippines and New Zealand, and its applications are expected to accelerate.[16]

Harnessing geothermal energy in volcanic and tectonically active regions is efficient and cost-productive, but comes with risks, especially where deep drilling is required. Experiments conducted in Basel, Switzerland (2006) showed that precision engineering and infrastructure capable of withstanding extreme conditions is crucial, including intense heat, pressure and corrosive fluids.[17] Sulzer's expertise is well-suited to address these challenges.

Through meticulous maintenance practices, geothermal plants are achieving greater reliability and longevity, unlocking the potential of this renewable resource to power communities for future generations. Here, too, Sulzer solutions are supporting this transition. As a premier supplier of hydrocarbon feed pumps for geothermal applications, we recently retrofitted an Organic Rankine Cycle (ORC) plant in Turkey that converts heat from geothermal energy. We also recently signed a five-year customer service contract with PT Pertamina Geothermal Energy (PGE) in Indonesia to provide strategic maintenance support to all of PGE's geothermal power plants. The combined capacity of the plants is 675 MW, enough to power approximately 550'000 homes, ensuring stable renewable energy for Indonesia's growing population.

Currently, Sulzer is collaborating with third parties to develop geothermal technologies for less accessible heat sources. Two research projects with separate universities and industry partners have recently received financial support from the German government to help maximize geothermal energy potential, demonstrating the value of our commitment to innovation, energy security and transition.

Through meticulous maintenance practices, geothermal plants are achieving greater reliability and longevity, unlocking the potential of this renewable resource for a cleaner future.

Enabling availability and reliability

Industries navigating the challenges of meeting growing demand with fewer resources appreciate the value of robust maintenance systems and require expert support for their systems and infrastructure. In sectors like water treatment, energy transition and petrochemicals, proactive maintenance with advanced technologies such as predictive analytics, real-time monitoring tools and corrosion-resistant materials drives considerable efficiencies and savings.

Sulzer's focus on energy infrastructure enables longer operating times through increased efficiency and cleaner operation, offering both cost savings and environmental benefits. In summer 2024, we completed a steam turbine overhaul project at Melton Renewable Energy's Thetford Power Station in Norfolk known for using poultry litter as fuel. This station has been supplying green energy to nearly 100'000 homes and businesses in the United Kingdom for over two decades.[18] Thanks to Sulzer's precision skills and expertise, maintenance of the plant's critical infrastructure is completed quickly to ensure continued production and timely delivery.

Further north, Sulzer plays a key role in maintaining and optimizing critical infrastructure for Norway's North Sea platforms. With Europe increasingly reliant on Norwegian energy due to the ongoing sanctions on Russian imports, Sulzer was brought in to manage repairs across two planned shutdowns. Our solutions helped increase compressor availability from 58% to 95.2%, doubling production capacity and reducing emissions.

Optimizing lifecycle solutions

As equipment ages, operational costs rise, spare parts become expensive and lead times are longer, while performance lags behind that of newer products. Sulzer's reverse engineering and manufacturing capabilities, combined with our ever-expanding global service network, meet the demand for essential services worldwide.

Sulzer solutions ensure critical infrastructure is dependable and long-lasting, ensuring essential services are available when and where needed. In a world where industrial growth often conflicts with environmental preservation, Sulzer is partnering with Industry for a greener tomorrow, pioneering solutions that help industries prosper while safeguarding the planet. By integrating advanced technologies, we enable industries to operate more efficiently, with less waste and a significantly smaller environmental footprint.

13) International Energy Agency (IEA), "World Energy Outlook 2022."
14) World Bank Group, "The energy transition: Where are we, really?" August 27, 2024.
15) IRENA (2024), World Energy Transitions Outlook 2024: 1.5° C Pathway, International Renewable Energy Agency (IRENA), Abu Dhabi.
16) IRENA (2024), World Energy Transitions Outlook 2024: 1.5° C Pathway, International Renewable Energy Agency (IRENA), Abu Dhabi.
17) *Ibid*.
18) ITN Business. (2024: November 13). "Ensuring reliable, sustainable energy for 2024" [Video] YouTube. https://www.youtube.com/watch?v=6ehpJSQ3GKI

Sulzer Strategy

1

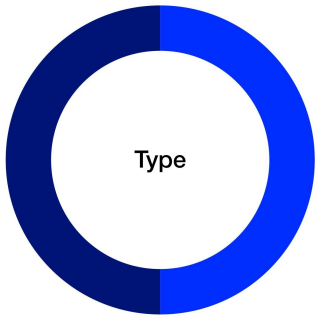
Company profile

About Sulzer

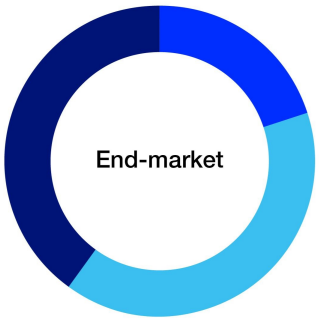
Sulzer, a global leader in critical applications for essential industrial infrastructure and processes, draws on over two centuries of expertise to develop cutting-edge technologies that drive economic prosperity and sustainable progress. Our innovative solutions play a pivotal role in reducing carbon emissions, advancing energy security and transition, and improving efficiencies and performance in natural resource-based markets and process industries. We are committed to optimizing water systems and pioneering circularity in plastics, thereby boosting efficiency across numerous sectors.

Established in Winterthur, Switzerland, in 1834, Sulzer's operations are organized into three primary divisions: Flow, focusing on energy-efficient pumping, agitation and mixing solutions; Chemtech, dedicated to technologies for fluid separation, purification, crystallization and polymerization; and Services, which provides customized service solutions and expertise through a global team of professionals specialized in optimizing uptime and performance. Our extensive network of 160 top-tier manufacturing and service centers worldwide underpins our commitment to innovation, performance and quality excellence.

Revenue profile



- 50% Aftermarket
- 50% Products and packages



- 40% Energy security and transition
- 20% Natural resources
- 40% Process industries

3.5B	14.2%	13’455	160
Revenue CHF	EBITDA Margin	Employees	Locations

Our workforce of approximately 13’455 dedicated employees collaborates to provide comprehensive life-cycle solutions. Sulzer's technology portfolio caters to sustainability-driven growth markets, including the maintenance and replacement of wastewater, clean water and desalination systems, as well as renewables in biopolymers, biofuels and biochemicals.

In 2024, Sulzer achieved a total sales volume of CHF 3’530.6 million, supported by regional sales, marketing teams and service locations, fostering trust and long-term local relationships with clients.

Our operations span three regions: Europe, the Middle East and Africa (EMEA); the Americas; and Asia-Pacific (APAC).

Aftermarket sales account for 50% of our revenue. Sulzer services an installed base of flow equipment and chemical processing and separation technologies for various industries, with three primary end markets: energy security and transition, natural resources and process industries.

For more detailed information about Sulzer Ltd:

- Major subsidiaries are listed in the Sulzer Annual Report 2024, Note 35 of the consolidated financial statements.
- Details on Sulzer's capital structure can be found in the chapter titled "Capital Structure" of the Sulzer Annual Report 2024.
- For information on shareholders with over 3% shareholdings or reductions below this threshold, refer to the SIX Swiss Exchange's Disclosure Office website: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/ > Issuer = Sulzer AG

Business performance

Performance driven

In 2024, the company performed well in all three divisions, with order intake and sales increasing by 10.8% year-on-year. Order intake rose to CHF 3'848.6 million, buoyed in particular by the Flow division and the Services division. Sales within our markets of energy and energy transition, natural resources and the process industries reached CHF 3'530.6 million in 2024.

Order intake growth in the Flow division reached 12.3%, driven by large orders in the energy transition and security markets and rising demand in the "green minerals" and wastewater sectors. The Services division also experienced continued growth in order intake with a 12.5% increase, particularly in the Americas and Asia-Pacific. Chemtech's order intake grew by 5.4% after a double-digit growth the past two years, supported by a strong performance in both the Mass Transfer Components & Services business and the System Solutions business.

Higher sales volumes and better margins, supported by the execution of operational excellence initiatives, resulted in operational profitability of 12.4%, 130 basis points higher than 2023. All divisions successfully increased operational profitability, led by Flow and Chemtech.

At CHF 234.9 million (2023: CHF 301.3 million), free cash flow decreased mainly due to higher requirements on net working capital, driven by the backlog increase and higher receivables. Additional impacts resulted from CHF 27.9 million higher CAPEX investments aimed at meeting growing demand and executing operational excellence, as well as increased tax payments of CHF 30.0 million.

Business results

Net income and core net income

Net income increased to CHF 265.4 million compared with CHF 230.5 million in the previous year. Core net income, excluding the tax-adjusted effects of non-operational items, totaled

CHF 307.2 million compared with CHF 257.9 million in 2023. Basic earnings per share increased by 18.8%, reaching CHF 7.73 million (2023: CHF 6.76).

Business status

In the global energy discussion, both a secure energy supply and energy efficiency are fundamental pillars for the stability of our society. Traditional energy needs to be decarbonized and made more efficient to fuel a sustainable transition. At the same time, new solutions that enable circularity and reduce waste are gaining momentum. Sulzer technologies fundamentally enable solutions that address these societal and market needs.

Markets are changing rapidly and dynamically, leading to shifts in demand that we can serve. The development of innovative technology, improved processes for critical applications and a resilient infrastructure support the transition to clean and renewable energy.

For Sulzer, precisely because our technologies support and enable sustainable development, these fundamental challenges represent significant growth opportunities. To ensure we can seize these opportunities, we continue to invest in research and development (R&D) throughout our global organization to drive technical innovation and maintain our market leadership. A good example of this is our technology hub in Singapore that was inaugurated in March. Featuring a state-of-the-art chemical engineering R&D test center, laboratories and small-scale production plants, the facility is driving development of innovative clean technologies for customer applications in the Asia Pacific region. Several solutions were delivered to customers in 2024, including energy-saving process improvements as well as advancements in eco-circularity, such as the upgrading of waste to valuable chemicals.

In Singapore, Sulzer signed a collaborative membership agreement with the Pharma Innovation Program Singapore (PIPS) to develop sustainable solutions for small molecule pharmaceutical manufacturing and help accelerate the path to zero-emissions manufacturing.

Strategy review

With our markets increasingly challenged to produce more with less, we adapted our strategy, Sulzer 2028, in 2023 to ensure that we continue to meet the needs of our global customers.

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.

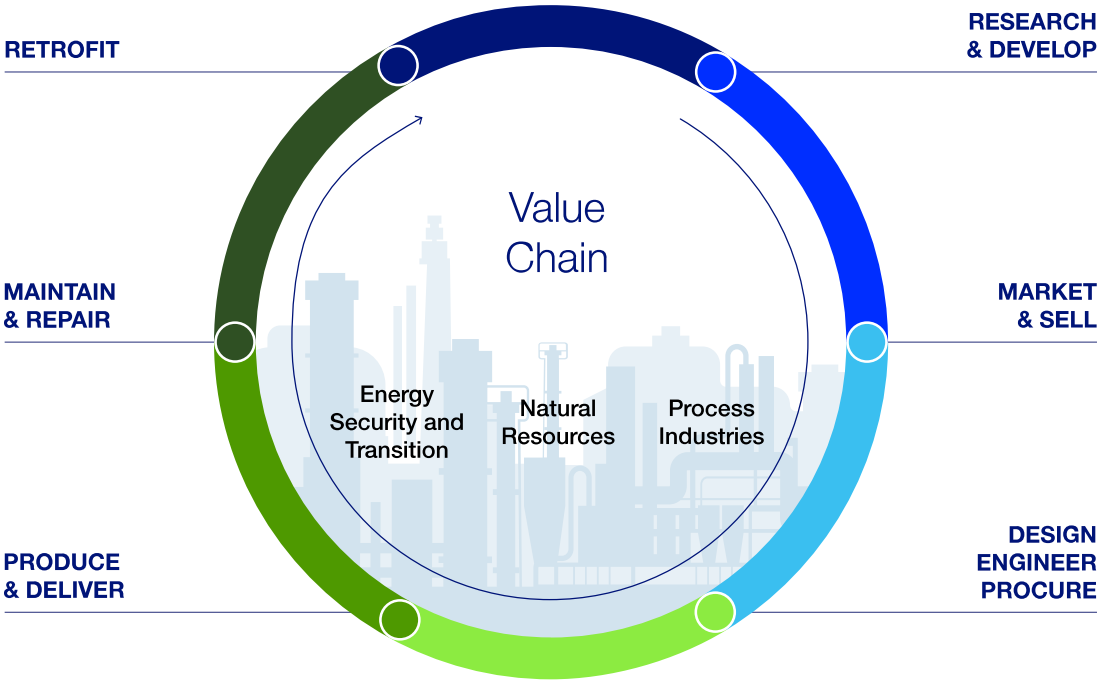
Sulzer is well-positioned for global trends of increasing importance: Energy and water security, energy transition, natural resource management, cleaner and purer materials and chemicals, as well emerging circular technologies. We operate at the heart of these markets, which we believe are structurally growing. As a group, we enable their processes and service their critical infrastructure. Moreover, our technologies help build much-needed resilience to the external challenges they face. We are already strong in these markets, and we will continue to grow organically and expand our offering to ensure we continue to meet the needs of these structurally growing markets.

Sulzer 2028 also focuses on operational excellence, which requires effectiveness and efficiency in all aspects of our business processes to ultimately fund investment, innovation and future growth. Operational excellence is the basis of how we manage our resources and shape our corporate culture

and helps support our business leaders make the right decisions. It is also about quality, which shapes our customer relationships and ultimately drives our innovation.

These endeavors form the foundation on which we build our evolving strategy. Here we look at the fundamental value drivers across the business, our respective market positions and the ongoing development of our business portfolio to ensure we continue to grow profitably.

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

Sulzer's overall **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 to be integrated into every decision-making process. Employees across all levels bear responsibility for managing risks within their areas of expertise. The risk management process of Sulzer 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. The risks are assessed in an 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 taken measures is routinely evaluated through internal assessments, aligning with Sulzer's strategic approach to risk management and opportunity development. The 2024 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.

Key principles of Sulzer's risk management include safety, acceptance of risks, adherence to legal obligations, assessment of risk severity against probability, and the balancing of 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 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.

Specific **ESG-related targets** can be found in the topic specific chapters and further information in **Sulzer's Sustainability Directive**.

Stakeholder list and interactions

		Interactions
Employees		
		— 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	— 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	— Business events, trade fairs — Collaboration and development — Supplier assessments
	Customers	— Global key account network — Partnerships and offerings for more sustainable solutions and systems
	Insurance	— Dialogue relating to the risk management approach, sharing of risk assessment information
	Associations	Sulzer is active in providing representation in numerous industry standards, trade associations and legislative initiatives through technical advisory groups. **Memberships include:** — 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		
	NGOs/NPOs/universities	— Conferences, working groups — Education, internships — Joint development programs — Social activities
	Local municipalities	— Education — Employment — Social activities — Taxes
	Media	— Media releases, briefings, events and contacts — Regular interviews with top management
Financial community		
	Shareholders	— 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	— We provide information on request and stay in regular touch with important rating agencies via our CFO and Finance team

Materiality - overview

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).

The non-financial report 2024 covers in the following the relevant topics identified in the materiality assessment.

Environment

2

Climate change and energy mix

Overview

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. Sulzer's **TCFD Report 2024** is located in the Appendix of this report.

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 for 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).

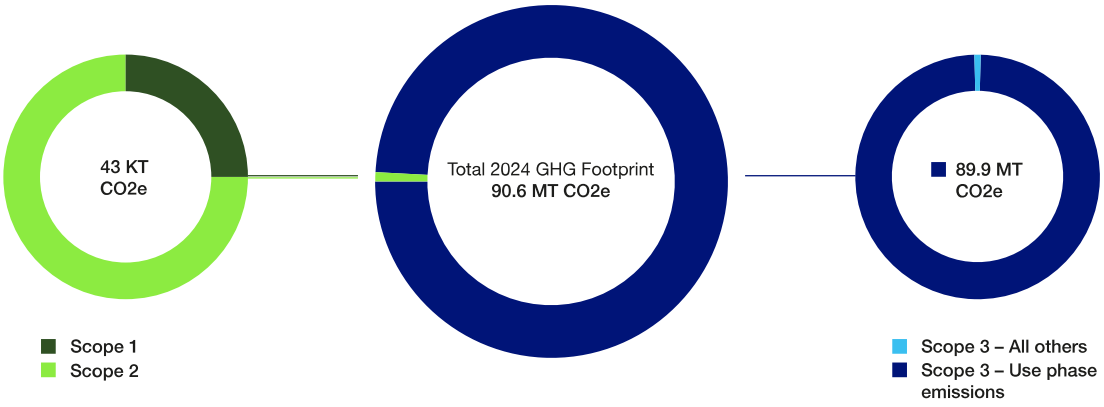
Following the GHG Protocol, the calculation distinguished between direct scope 1 emissions and indirect scope 2 emissions. Scope 1 emissions, primarily from direct fuel combustion in our operations and from company vehicles, account for 15 kt CO_2e in 2024. Sulzer chose the operational approach and included emissions for leased assets in scope 1. Scope 2 emissions, resulting from purchased energy, mostly electricity, amount to 28 kt CO_2e.

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 CO_2e (3.1 and 3.10), 25 kt CO_2e (3.6) and 17 ktCO_2e (3.2), respectively.

Sulzer's emissions predominantly arise from the use-phase of products in category 3.11, totaling approximately 89'900 kt CO_2e. Another relevant category are the emissions related to the end-of-life treatment in category 3.12, with around 23 kt CO_2e.

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 keeps its defined reduction target of -30% by 2030 for Scope 1, 2 and selected categories of Scope 3 (fuel and energy-related activities (category 3.3), business travel (category 3.6)), and carbon neutrality by 2050.

Sulzer is in the process of defining meaningful reduction targets for Scope 3 in preparation for CSRD, with a focus on the predominant use-phase emissions. Sulzer's direct contribution involves continuously striving to increase the efficiency of its products and reduce their emission and energy intensity. The reduction of use-phase emissions, however, largely depends on the global transition to renewable energy and the implementation of carbon capture technology for fossil energy sources. Any targets defined will be contingent on this transition.

In addition, Sulzer identified potential reduction **levers and measures** along the entire value chain. Upstream, the main lever lies with purchased goods and services: the use of circular materials, particularly metals, the emission reduction efforts of our suppliers and the gradual adoption of low-emission materials.

Ongoing efforts to improve efficiency and the progressive transition to renewable or emission-reduced fossil energy sources allow Sulzer to meet its emission reduction targets for its operations in a business-driven manner.

Downstream, in addition to the main focus on use-phase emissions, the recycling of materials helps reduce end-of-life emissions.

Energy mix

Electricity accounts for the most significant proportion of Sulzer's energy mix. In 2024, approximately 61% of the energy consumed was electricity, followed by fuels at 35% and purchased heat at 4%.

Sulzer distinguishes between fossil and renewable or non-fossil electricity. Renewable and non-fossil electricity sources can include hydropower, wind, solar, geothermal and bioenergy, as well as nuclear. Fossil energy sources include gas, petrol and coal. In 2024, the share of renewable electricity was 36%.

	2024	2023
Direct energy by type (GJ)	**565'883**	**584'196**
Electricity	**346'439**	**347'255**
Fossil based	143'320	110'652
Renewable (incl. Nuclear)	203'119	236'603
Fuels	**200'218**	**212'491**
Natural gas (incl. Propane, Butane)	124'282	134'245
Diesel and petrol	71'159	73'629
Light & heavy oil	4'777	4'616
Purchased Heat	**19'226**	**24'450**

Waste management

Waste management is an integral part of Sulzer's operational practices. Based on a waste management hierarchy, Sulzer prioritizes waste prevention and reduction, followed by reuse, recycling and energy recovery. The last option is the treatment and disposal of waste.

The hierarchy is aligned to the EU waste framework directive with the dual aim of minimizing adverse impacts of the generation and management of waste and improving resource efficiency.

Sulzer's waste management policy provides a five-phase approach known as D**MAIC: Define, Measure, Analyze, Improve and Control**. This approach helps to systematically enhance waste-handling processes across the company:

1. *Define*: The waste is categorized into 21 fractions, distinguishing between non-hazardous and hazardous types.
2. *Measure*: Using an international system of units, the measure phase relies on empirical data that is reported on a monthly or partially quarterly basis.
3. *Analyze*: Data is analyzed at division and group level to detect trends, examine deviations and compare against directives and targets.
4. *Improve*: Relevant improvement plans are created on-site, detailing specific targets, timelines and responsible parties for specific waste streams.
5. *Control*: Continuous monitoring ensures tracking of key performance indicators (KPIs) such that corrective actions are taken if deviations from the targets are detected.

This **approach** to waste management enables detailed evaluations of waste streams and the establishment of effective waste management practices. It also allows to identify and manage **impacts or risks** related to waste and waste management. 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 and a digital ESH reporting tool, ensuring effective monitoring and enabling monthly reporting to enhance the decision making.

Concerning **key performance indicators**. The total amount of waste in 2024 amounts to 18'988 tons. Sulzer achieved an overall waste recycling rate of 66% in 2024.

The main materials present in the waste streams are metals and wood. For these materials, the combined recycling rate was approximately 92% in 2024. Another main waste stream is municipal waste that is mostly directed for disposal.

Special attention is given to the management of hazardous waste, which Sulzer aims to continuously reduce. For hazardous waste, strict waste management practices adhering to regulatory requirements are established. Hazardous waste accounts for 13% in 2024.

	2024	2023
Total amount of waste (tons)	**18’990**	**25’293**
Diverted from disposal	**12’538**	**15’507**
Non-hazardous waste - External recycling	11’267	13’889
Non-hazardous waste - Reuse	298	138
Hazardous waste - External recycling	952	941
Hazardous waste - Reuse	21	38
Directed to disposal	**6’452**	**10’916**
Non-hazardous waste - Incineration	1’322	1’338
Non-hazardous waste - Sent to landfill/rubbish dumps	3’562	8’496
Non-hazardous waste - Other external treatment	57	90
Hazardous waste - Incineration	392	328
Hazardous waste - Sent to landfill/rubbish dumps	298	371
Hazardous waste - Other external treatment	820	293
Total amount of non-recycled waste	6’452	10’916
Percentage of non-recycled waste	34	42
Total amount of non-hazardous waste	16’507	23’951
Total amount of hazardous waste	2’483	1’971
Percentage of hazardous waste	**13**	**8**

Water

Overview

Sulzer provides innovative, reliable solutions that help optimize water infrastructure, reducing maintenance needs, lowering energy costs and enhancing system performance. The offerings address the entire water cycle, tailored to meet the needs of municipal, industrial and commercial water and wastewater applications around the world.

The rising affluence of global populations places increasing pressure on global resources. Industry requires innovative solutions like Sulzer's more than ever. Our comprehensive portfolio of water solutions addresses the challenges and opportunities at all stages of the water life cycle.

Desalination and water reuse

Water reuse and desalination play an increasing role in the delivery of fresh water for agriculture, domestic and industrial use. Sulzer has a full offering of product and service solutions that enable large-scale water reuse and desalination. Our customers' capacity is estimated at over 20 million m^3 of water/day with high-efficiency pumps around the world.

Water intake and transportation

From water intake, transport and distribution to irrigation, Sulzer's solutions offer reliable performance to meet a variety of water needs. We provide pumps, systems and services to keep water flowing efficiently wherever it is needed.

Wastewater

For municipal, commercial, industrial and domestic wastewater collection, the portfolio includes pumps, grinders, lifting stations, accessories and advanced control and monitoring equipment. Each solution is crafted to improve efficiency and reliability in challenging wastewater environments.

For water and wastewater treatment, municipalities and industries rely on us for pumps, mixers, grinders, blowers, screens, sedimentation and filtration systems to support them with effective, sustainable water management.

In 2024, Sulzer contributed to the purification of an estimated 66 million m^3 of water/day through its installed municipal and industrial water solutions.

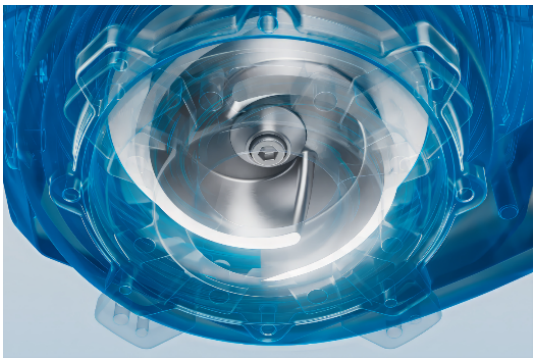
Water and wastewater innovation

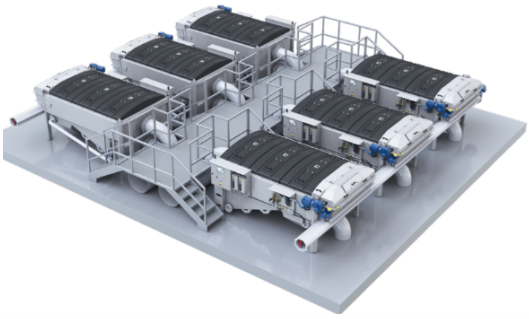
Sulzer launched several new innovations in 2024 that reflect our commitment to support the water-related challenges of our customers:

HST 10 turbocompressor: The smallest unit in the lineup of Sulzer's turbocompressors, opening market access for these high-efficiency devices in smaller wastewater treatment plants; High speed turbocompressors run on magnetic bearings developed by Sulzer and ensure zero mechanical friction losses during operation.

BlueLinQ Pro controller: Smart control system for wastewater pumping stations, ensuring reliable and efficient operation by bundling Sulzer's deep application expertise into a simple-to-use plug-and-play format.

XFP with ContraBlock Evo hydraulic system: Sulzer's advanced engineering capabilities were fully leveraged to provide yet another step change in the solids handling performance and efficiency of Sulzer's premium efficiency XFP wastewater pump range.





DynaBelt: Compact and energy efficient wastewater band filter for primary treatment; addresses ever-tightening treatment standards within limited space, while optimizing lifecycle costs and avoiding the need for chemicals.

As a full-service provider for water and wastewater transport and treatment, Sulzer is dedicated to supporting our customers. Together, we create resilient water solutions.

Social

3

Own workforce

NOTE: Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios, percentages and variances are calculated using the underlying amount rather than the presented rounded amount.

Characteristics of Sulzer employees

The employee data within this report considers all Sulzer employees, excluding students, interns and apprentices. The number of employees reflects full-time equivalents (FTEs). An FTE is defined by an employee's total workload relative to standard working hours per week. These standard working hours are defined by local country regulations and may vary accordingly.

All workforce characteristics shown are provided as of the end of the reporting period (i.e., December 31, 2024), except for the information on turnover, which is measured over the entire reporting period.

Number of Sulzer employees (FTE) by gender

Gender	Number of employees (FTE)
Male	11'148
Female	2'306
Other	Not applicable
Not reported	Not applicable
Total Employees	**13'455**

Number of Sulzer employees (FTE) by market

Market	Number of employees (FTE)
USA	2'270
China	1'777
India	1'404
United Kingdom	1'247
Germany	754
Mexico	639
Switzerland	595
Brazil	435
Finland	421
France	387
South Africa	311
Sweden	309
Saudi Arabia	303
Spain	284
Ireland	264
Indonesia	261
Australia	260
Canada	255
Netherlands	163
Singapore	158
Norway	115
UAE	102
Argentina	91
South Korea	89
Italy	80
Iraq	63
Colombia	59
Belgium	54
Malaysia	53
Other countries	252
Total Employees	13'455

Sulzer employs a small number of temporary employees (<4% of total FTE). Temporary employees are typically hired for projects that have a contractually limited duration. They may also be hired during periods of high demand or to cover for permanent employees who are on leave of absence.

Number of Sulzer employees (FTE) by employment type and gender [1]

Male	Female	Other	Not reported	Total FTE
Number of employees (FTE)				
11’148	2’306	Not applicable		13’455
Number of permanent employees (FTE)				
10’858	2’279	Not applicable		13’137
Number of temporary employees (FTE)				
290	28	Not applicable		318

Employees (FTE) who have left Sulzer

Total number of departures (FTE)	1’599
Rate of employee turnover (FTE)	12.30%

The total number of departures includes permanent employees (FTEs) who left Sulzer during the reporting period of 2024. They may have left voluntarily or involuntarily. The rate of turnover is calculated as an average across the reporting period, whereby the total number of departures is divided by the average monthly number of permanent employees (FTE) throughout 2024.

Temporary employees are excluded from turnover.

Employee-related matters

When addressing employee-related matters, the primary focus is on the safety and well-being of Sulzer’s employees. Sulzer proactively addresses employee-related matters and ensures compliance with labor laws. Sulzer proactively addresses employee-related matters and ensures compliance with labor laws. This includes proactive investment in training and management of employee turnover to limit the risk of non-compliance. These efforts have a positive impact on Sulzer’s performance and reputation. They help to ensure safety and health, improving employee engagement, retention and overall satisfaction of our 13’455 employees worldwide.

The Sulzer Code of Business Conduct sets forth the minimum standards for how we conduct our business, including our commitment to strict adherence to labor laws, ensuring fair labor practices and maintaining a safe and healthy work environment. All employees are required to sign our Code of Business Conduct upon joining Sulzer. Members of the Sulzer Management Team must reconfirm this compliance commitment annually.

Sulzer places a strong emphasis on establishing stable employment relationships and consistently offers permanent contracts. Our approach to working hours goes beyond compliance with local legal requirements and is tailored to reflect local specificities. This includes standard working hours, overtime management, comprehensive leave policies and time-off benefits, all adapted to the unique contexts of the different regions.

In line with national legislation, Sulzer promotes the right to freedom of association and collective bargaining as set forth in the **Sulzer Code of Business Conduct**. Employees' representatives are neither favored nor discriminated against. We mitigate any potential internal conflicts in a timely manner to minimize the risk of labor disputes and ensure a stable workforce.

Effective communication and consultation with our employees are very important to us and carried out through a variety of channels, including our intranet, regular meetings, briefings, feedback surveys and employee representation bodies. As an example, we conducted a global engagement survey, "Voice of Sulzer," in September 2024 to gather 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 Executive Committee members, promoting 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

Diversity

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.

Training and skills development metrics

We continuously invest in learning and development to improve employee skills and productivity, reduce the risk of workplace accidents and increase operational efficiency. All employees have access to a global e-learning platform, the Sulzer Learning Pathways, 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. Sulzer provides training programs focused on general business skills, for which all employees can apply, as well as function-specific programs. Sulzer also places significant emphasis on the training and upskilling of people managers, with three corresponding training programs conducted in 2024, benefiting 346 people managers. With the combination of formal training programs and self-driven learning, the overall average training hours per employee and by gender is not tracked.

The performance management process at Sulzer is designed to improve performance and drive professional development. At the same time, it creates a clear link for employees between their individual contribution and the company’s strategy. The yearly cycle is structured into three distinct phases. With regular touchpoints taking place in each phase, there is an on-going dialogue between managers and employees on performance and development.

All our employees are expected to have at least three performance reviews per year, of which 47% are managed offline and 53% online, meaning that they are documented and tracked in our HR system. For the performance management cycle of 2024, the compliance for the latter was at 86% for the first review (87% for women, 85% for men), at 93% for the second review (93% for women, 93% for men) and at 96% for the third review (96% for women, 97% for men).

Social protection

At Sulzer we believe that the well-being of our employees is critical to our long-term success and sustainability. All employees globally are covered by social protection (either public or enhanced company initiatives) against loss of income due to major life events such as sickness, employment injury and acquired disability, parental leave or retirement. These programs reflect our commitment to creating a safe, supportive and fair working environment, accompanying our employees throughout the whole life cycle.

Safety and health

Strategy and Management

Sulzer's safety management is grounded in its **Quality, Environment, Safety and Health (QESH) Policy**, which applies globally. Sulzer focuses on mitigating **physical risks** for employees, as well as associated **financial risks**. This policy focuses on regulatory compliance and continuous improvement, with an emphasis on preventing workplace incidents through audits, risk assessments and performance reviews. Regular occupational safety risk assessments are conducted at all sites, employing a hierarchy of controls to mitigate hazards.

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.

A **Safe Behavior Program (SBP)** promotes accountability and active risk mitigation by encouraging employees to recognize unsafe behaviors and take immediate action to address them, fostering a culture of safety awareness and proactive behavior. Comprehensive emergency response plans are in place to manage potential crises, protecting employees and the environment. Toolbox talks are short, focused meetings conducted regularly to discuss specific safety topics and ensure safety remains a top priority. The Stop Work Authority empowers employees to halt any activity, if they believe it poses an imminent risk to safety, reinforcing the principle that safety comes first. Strict protocols are followed for managing high-risk activities such as confined space entries, lifting operations and lock-out/tag-out (LOTO) processes.

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.

Additional actions include the implementation of **training programs** that focus on high-risk tasks, ensuring that employees are equipped with the knowledge and skills necessary to handle these activities safely. Regular safety drills are conducted to assess and improve emergency response readiness. Internal safety site visits are carried out periodically to evaluate compliance with safety protocols, and the results are used to refine practices and address identified gaps. External audits are conducted annually, providing an independent review of safety measures to ensure that operations meet both legal requirements and best practices.

Risk and Opportunities

Sulzer is committed to minimizing health and safety risks to ensure the well-being of all employees. The key risks identified include activities such as driving, electrical works, hot works, lifting operations, working at height, working in confined spaces and managing machinery and equipment. These risks have the potential to cause severe injury, if not managed correctly. Opportunities arise from advancing safety practices, implementing new technologies and continually refining processes to protect both employees and operational efficiency. Mitigating safety risks also supports cost reduction by minimizing disruptions, absenteeism and potential regulatory fines.

Metrics and targets

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.

Human Rights and workers in the value chain

As a global company, we recognize our responsibilities regarding sustainable business practices. We consider ethically, socially and environmentally responsible practices as fundamental pillars of our business relationships and a key part of our business success. 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 Business Conduct**, the **Sulzer Human Rights Directive** and in the **Sulzer Supply Chain Policy** to complement our **Child Rights Policy**.

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.

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 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.

The **Sulzer Supply Chain Directive** defines Sulzer's **approach** to managing its supply chain, including the mandate of the procurement organization and the governance of supply chain risks. It includes a commitment to ensure ESG-conscious sourcing (see the Governance – Supply Chain Directive chapter for further details).

Sulzer Supplier Code of Business Conduct

Close cooperation with our suppliers is the basis to avoid non-compliance in human rights areas, particularly concerning forced labor and child labor, but also to avoid environmental offenses in our supply chain.

Sulzer maintains a compliance program requiring all Sulzer Companies to behave ethically and in a compliant manner that adheres to 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 line 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 signed the **10 Principles of the UN Global Compact**. Suppliers are expected to acknowledge and respect these principles. In addition, suppliers are expected to follow the principles set out in the Sulzer Supplier Code of Business Conduct, including the commitment to adhere to the principles of Sulzer's Supply Chain Policy.

Foremost, suppliers are expected to comply with all applicable laws, rules, statutes and regulations. This includes but is not limited to anti-corruption, anti-bribery, antitrust, competition, modern slavery, tax evasion, money-laundering, and criminal laws. Internationally proclaimed human rights, including not engaging in practices such as child labor, forced labor or any other form of slavery, must be respected. Suppliers are encouraged to ensure their supply chains are free from unethical practices, particularly in relation to "conflict minerals."

The directive requires Sulzer's suppliers to uphold principles of non-discrimination in employment, respecting personal dignity, privacy and the rights of each individual and prohibit any behavior that is coercive, sexual, threatening, abusive or exploitative. This includes worker safety and provision of fair and favorable working conditions by supporting freedom of association, collective bargaining and fair wages. The right to tenure of communities and to refrain from engaging in land grabbing must be upheld.

In terms of environmental responsibility, suppliers are expected to prevent environmental pollution and manage hazardous substances and waste in accordance with relevant conventions and directives. This includes compliance with the Basel Convention for hazardous waste, the Stockholm Convention for persistent organic pollutants and the European Union's REACH directive for hazardous chemicals.

Further requirements relate to the protection of personal and confidential data, accurate business and financial records and compliance with applicable export laws.

In the event of a reasonable suspicion of a violation of the Supplier Code of Business Conduct, Sulzer expects suppliers to grant Sulzer access to relevant documents to facilitate investigations and the resolution of any potential misconduct.

Overall, these guidelines provide a comprehensive framework for suppliers to follow, enabling Sulzer to promote and ensure ethical conduct, legal compliance and responsible business practices throughout the supply chain. Suppliers can demonstrate their commitment to upholding high standards of integrity, sustainability and social responsibility in their business operations.

In the spirit of full transparency, Sulzer offers employees, and any other interested parties affected by the operations of our supply chain, access to Sulzer's grievance mechanism. All concerns can be submitted anonymously and are treated in a confidential manner.

Both the Supply Chain Policy and the Sulzer Supplier Code of Business Conduct are available to the public on our website and have been communicated both internally and to our business partners, including Sulzer's expectations.

Our supply chain risk management process is integrated into Sulzer's overall risk management framework, and the supply chain due diligence process includes ESG-related audits. This due diligence process includes procurement, supply chain risk management and the ESH function, ensuring transparency and full compliance coverage. Through our people development process, training and development needs for procurement and related teams are identified and addressed to ensure understanding and compliance with relevant ESG-related regulations.

Conflict minerals & child labor

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 **Swiss Code of Obligations (CO)** and the **Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO; Verordnung über Sorgfaltspflichten und Transparenz bezüglich Mineralien und Metallen aus Konfliktgebieten und Kinderarbeit, VSoTr)**, are not met for the reporting period of financial year 2024.

Regarding minerals and metals from conflict-affected areas, the assessment conducted for the financial year 2024 established that Sulzer was below the quantitative thresholds stipulated in art. 964j para. 2 CO, in conjunction with art. 4 and annex 1 DDTrO. Consequently, Sulzer is exempt from the mandatory application of the due diligence and reporting obligations concerning 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. Given Sulzer's commitment to the highest standards of human rights protection, our ambition is to comply voluntarily with the supply chain due diligence obligations of the CO and the DDTrO concerning child labor.

German Act on Corporate Due Diligence Obligations in Supply Chains (SCDDA)

In line with Sulzer's ambition to comply, on a voluntary basis with the requirements of the **German Act on Corporate Due Diligence Obligations in Supply Chains (SCDDA)** (Lieferkettensorgfaltspflichtengesetz (LkSG)), human rights and environmental considerations are

included in the enterprise risk management. Sulzer appointed a human rights officer responsible within the organization. Regular risk screening and analysis are defined by the Sulzer Supply Chain Directive. A grievance mechanism for Sulzer employees and any other interested parties is established to ensure an adequate complaints procedure. As mentioned above, Sulzer's Supply Chain Policy and the Sulzer Supplier Code of Business Conduct are issued and publicly available on Sulzer's website. ESG supplier questionnaires are used as preventive measures.

Governance

4

Governance

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 at 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.

Compliance (including anti-corruptionand anti-bribery)

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 and anti-bribery measures, aims to protect the company and uphold our responsibility towards society.

Within Sulzer, market-facing functions such as sales, procurement and project management have been identified as most at risk for corruption and bribery. Thus, these functions are a target group for Sulzer’s anti-corruption and anti-bribery measures, which are described in the following paragraphs. During the reporting period, Sulzer was not convicted of any corruption or bribery incidents, which is an indicator that the policies and measures in place are effective in preventing and managing potential incidents. Sulzer strives to uphold its high standards of business conduct and integrity and ensures compliance through enhanced training programs, internal controls and audits.

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 includes various policies (referred to as directives at Sulzer) and various training courses.

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

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 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 Hospitalities, 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 hospitalities are permissible for offering, giving to or receiving from employees of private or state-owned or controlled companies, public officials or their agents. The directive defines permissible and prohibited gifts and hospitalities. It further specifies that gifts and hospitalities in the public sector are subject to a higher level of review and scrutiny, and therefore may be 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 outlines the process to be followed based on an electronic workflow tool, as well as specific 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 risks of potential corruption or red flags indicating 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 for 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, 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.

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.

Whistleblower hotline and incident reporting system

Sulzer has a compliance hotline and an incident reporting system that provides employees with multiple ways to report (potential) violations of laws or internal rules. Reports can be made anonymously or openly via a hotline, a smartphone app or a dedicated website (www.sulzercompliancehotline.com). The main purpose of the hotline is to enhance transparency within Sulzer and address critical matters at an early stage. It requires all issues and incidents reported in good faith to be taken seriously and addressed swiftly. Whistleblowers acting in good faith are protected against any kind of retaliation.

In 2024, Sulzer received a total of 167 reports alleging potential compliance violations, of which 74% were made anonymously. In 28 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 key performance indicators for Sulzer’s compliance management system. This helps to identify areas of compliance that may need additional attention. To ensure accuracy and relevance, we compare our figures with renowned international benchmarks from NAVEX, specifically in terms of the number of reports per 100 employees and the anonymity rate.

Compliance reporting and investigation system

Sulzer’s Compliance Reporting and Investigation Directive sets out clear rules for internal investigations. Each report is analyzed by the Group Compliance team at Sulzer headquarters. The whistleblower is provided with credentials, allowing them to check the status of their report, receive feedback or provide more information if necessary.

As previously mentioned, Sulzer fosters a speak-up culture, encouraging employees to raise their concerns not only to the compliance hotline but also to their direct line managers or supervisors, local or regional compliance officers, Group Compliance Officers or the General Counsel and Chief Compliance Officer. During regular compliance webinars and trainings, we emphasize Sulzer's speak-up culture and provide guidance on our speak-up process.

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, headed by the General Counsel. This organization uses direct reporting lines and has a structured reporting system for the three regions: Americas (AME); Europe, the Middle East and Africa (EMEA); and Asia-Pacific (APAC).

Local Compliance Officers at 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. All of these functions are appropriately trained and educated.

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 its 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 concerning ESG aspects. This approach cultivates trust and continuous improvement, driving both Sulzer and our partners towards better ESG and ethical business practices.

Supply Chain Directive

The purpose of this directive is to define Sulzer’s approach to managing its supply chain, including the mandate of the procurement organization and the governance of supply chain risks. It emphasizes the importance of increasing resilience, building business continuity and integrating risk mitigation into the supply chain, while also making supply chains more transparent and sustainable in terms of ESG aspects.

The directive outlines the mission of supply chain management to enable **business strategy** by sourcing goods and services reliably and efficiently, while ensuring compliance with applicable laws. It also details the organizational framework, highlighting the roles of procurement teams in optimizing supplier portfolios and managing supply chain risks, including ESG aspects. Additionally, it includes processes for strategic and operational supply chain management, such as supplier relationship management and supply chain due diligence, to ensure responsible and sustainable sourcing.

Group Collection Management Guideline

The purpose of this Guideline is to formalize the procedures that legal entities should take to collect accounts receivable by defining clear roles and responsibilities within the Sulzer Group. It mandates all legal entities to develop and implement local collection management guidelines that align with the Group’s standards. The Guideline emphasizes timely cash conversion, minimizing bad debt risks and ensuring all invoices are paid according to agreed terms. It outlines procedures for customer segmentation, tailored collection strategies, dispute management and regular management reviews. The Guideline also stresses the importance of preventive actions, such as proactive customer contact and early identification of issues, to maintain healthy customer relationships.

Data protection

In light of increasing cyber threats and in order to remain compliant with data protection laws and regulations, Sulzer's commitment to data protection is paramount. Our **approach** to ensure an effective protection of our data covers multiple dimensions, starting with awareness and training, as well as internal guidelines and directives. Employees participate in regular information security and data protection training, focusing on how to protect company and personal data, with special emphasis on employees handling confidential and personal data. This forms the backbone of our proactive approach to cybersecurity threats and to prevent data breaches.

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 and software providers undergo rigorous evaluation against our information security requirements. We establish clear information security and data privacy standards, as well as corresponding agreements with suppliers, to mitigate risks associated with their access to our information, data 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 chief information security 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 and continues to adapt its policies to remain compliant with all applicable and continually evolving data protection laws. 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, advancing our incident response measures and establishing a global data protection team. We remain vigilant and adaptable, ready to incorporate emerging technologies and respond to evolving regulatory landscapes in data protection.

Ratings, indices and commitments

Environmental, social and governance related ratings and commitments help us to externally benchmark our approach and progress, and better understand ESG-related risks and opportunities for the company. These ratings enable our customers and other stakeholders to assess our engagement and performance relative to our peers and within the industry.

Commitments

The United Nations Global Compact (UNGC) is a United Nations initiative aimed at encouraging businesses and firms worldwide to adopt sustainable and socially responsible practices. Based on ten universal principles and sustainable development goals, the UNGC strives to create a more inclusive and sustainable economy for the benefit of all people, communities and markets – both now and in the future. Over 25’000 companies and organizations in more than 170 countries have joined the UNGC to demonstrate their commitment to this vision. Sulzer is proud to be a part of this effort.

Ratings

Ecovadis is one of the leading, global providers of corporate sustainability ratings with a network of more than 130’000 rated companies. In 2024, Sulzer received a **silver medal** rating for being among **the top 15% rated companies**.

The **MSCI ESG rating** measures a company’s financially relevant exposure and resilience to long-term, industry-relevant ESG risks. In 2024, **Sulzer received a rating of AA** (on a scale of AAA-CCC) in the MSCI ESG rating assessment. This rating places Sulzer in the “Leaders” group, particularly concerning the key issue of “governance.”

Morningstar Sustainalytics' ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company manages those risks. This multi-dimensional approach to measuring ESG risk combines the concepts of management and exposure to arrive at an assessment of ESG risk (i.e., a total unmanaged ESG risk score or the ESG Risk Rating) that is comparable across all industries. Sustainalytics' ESG Risk Ratings provide a quantitative measure of unmanaged ESG risk and distinguish between five levels of risk: negligible, low, medium, high and severe. Sulzer was certified as **low risk**, with a **risk rating score of 18.4**.

About this Report

5

Reporting scope and methods

Sulzer's non-financial report for 2024 and the report on the fulfillment of the supply chain due diligence obligations have been established in accordance with the requirements of the Swiss Code of Obligations (CO) and the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO).

This 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 fiscal year 2024, covering both the domestic and international entities under operational control. All relevant data available at the time of report preparation on February 27, 2025, has been included.

In particular, the report reflects changes to operational structures in the fiscal year, including the integration of newly acquired businesses and adjustments resulting from demergers. For significant changes – defined as those impacting the group level by 10% or more – re-baselining was conducted.

Environmental data for 2024 includes metrics for all Sulzer sites. The data collection scope distinguishes between manufacturing, service site and office. The corporate carbon footprint data is provided in alignment with the Greenhouse Gas Protocol.

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 the workforce and community engagement. It also includes safety statistics for Sulzer's manufacturing and service sites.

Greenhouse Gas Protocol

Sulzer adheres to the corporate standards set by the Greenhouse Gas Protocol (GHG Protocol), as established by the World Business Council for Sustainable Development. For the fiscal year 2024, Sulzer calculated its direct emissions for the categories 1.1 and 1.3. Category 1.2 (equipment gas leakages) was excluded due to the absence of relevant emissions. Cooling agents and process emissions are not included in the calculation for 2024.

For purchased energy, emissions were calculated for Scope 2.1 and 2.2. By default, the emissions are calculated with a market-based approach when data is available. If relevant information is not available, a location-based approach is used.

Regarding Scope 3, categories 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.9, 3.11 and 3.12 were used to calculate the emissions. Categories 3.8 (assets leased from others, excluding cars) is part of Scope 1. Category 3.13 (assets leased to others), 3.14 (franchises) and 3.15 (investments) were excluded due to their irrelevance or neglectable emissions for Sulzer. Category 3.10 (Processing of intermediary products) is covered in 3.1.

Double materiality assessment exercise

Sulzer has further developed its materiality analysis by a double materiality assessment (DMA) in accordance with the Swiss Code of Obligations (CO) and in anticipation of the European Union's Corporate Sustainability Reporting Directive (CSRD). The DMA aims to identify both the material impacts of Sulzer, as well as associated risks and opportunities for Sulzer. The DMA differs from the existing analysis, where materiality was determined by Sulzer's impact and its importance to Sulzer stakeholders.

Appendix

TCFD reporting

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. The report is included in Sulzer's non-financial reporting 2024 as a separate appendix.

The structure of the following report is adopted from the TCFD guideline. It includes the four required chapters on Governance, Strategy, Risk Management and Metrics and Targets, as well as the required sub-chapters. The TCFD requirements are added at the start of each in italics.

Governance

Requirement: Disclose the organization's governance around climate-related risk and opportunities

1. Describe the board's oversight of climate-related risks and opportunities

Board composition:

Sulzer's board of directors comprises seven members. Other than the Executive Chair, all members are independent in accordance with the Swiss Code of Best Practice for Corporate Governance.

Further information is published on www.sulzer.com/governance.

Committees of the board:

There are currently five standing committees within the Board of Directors, one of which is the Strategy and Sustainability Committee. This committee advises the Board of Directors on strategic matters (such as 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 the daily business as well as in its strategic decisions and sets up and monitors suitable management frameworks, systems and processes. The Board of Directors is responsible for steering Sulzer's sustainability efforts. The Board 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 one to two times a year.

2. Describe management's role in assessing and managing climate-related risks and opportunitie

The Executive Chair of Sulzer is supported by the Chief Sustainability Officer (CSO) as a direct report. Both meet on a regular basis to discuss relevant current developments including environment, social or governance topics (ESG topics) for Sulzer. These discussions include the appropriate assessment and management of climate-related risks and opportunities.

The CSO ensures the accounting for climate-related risks and opportunities in all major decisions of the company, where relevant and applicable. It is in the responsibility of the CSO to develop and drive the implementation of Sulzer's climate mitigation strategy, including the climate transition plan for the company, mitigating climate related risks and to follow up on the opportunities.

A Senior ESG manager, together with a core team, supports the CSO in developing and driving the climate mitigation strategy and ensuring business fit and integration in the company on a group level. They work closely together with the Environment, Safety and Health responsibles (ESH management) in the three divisions of the company and the global ESH community. Together, and in alignment with the business responsibles, they manage and mitigate climate-related risks and opportunities on an operational, business specific or regional level.

Strategy

Requirement: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material

1. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term

Sulzer identified climate related-risks and opportunities as part of an overarching **double materiality assessment (DMA)** following the guidelines of the **Corporate Sustainability Reporting Directive (CSRD)** of the European Union. The DMA was still ongoing when this report was finalized, but the assessment for climate-related risks and opportunities has been finished.

The assessment covered the categories for risks and opportunities aligned with the TCFD guideline. These are **chronic and acute physical risks** resulting from changing environmental conditions due to climate change. The internationally agreed target to develop towards net zero economies in the coming decades (Paris Climate Agreement) implies potential **transitional risks** for companies that are not able to adopt climate-related policies and legal requirements, technological developments, market and reputational changes. It generates opportunities for companies in the fields of resource efficiency, energy sources and by developing new products/services, exploring new markets and generating competitive advantages with resilient business models. All these categories were analyzed as part of the DMA for the short-term (1 year), mid-term (5 years) and long-term (more than 5 years) to identify actual and potential risks and opportunities for Sulzer's business model, strategy and its operational setup.

The process for the identification and evaluation of risks and opportunities included a value chain assessment, external comparisons, internal and external expert interviews and workshops.

Risks and Opportunities

Short-term, the availability of energy resources and volatility of energy prices could impact sourcing costs or lead to supply chain disruptions. Due to the localized nature of energy availability and a broad energy mix it is evaluated as only a moderate to low risk for Sulzer.

Mid-term policies and legal requirements, such as carbon pricing, enhanced reporting or public commitments increase the pressure for Sulzer to reduce its emissions in all scopes and invest in its capacity to comply with obligations. A failure to address this climate change mitigation adequately may harm Sulzer's reputation. The reliance on fossil fuels, such as natural gas in production, is associated with potential, but very moderate risks of energy supply instability or increasing operational costs due to regulatory changes. Due to its global manufacturing footprint, these potential risks can be balanced.

Sulzer turns the identified risks into opportunities by implementing energy-efficient technologies and processes that reduce emissions. This directly leads to reduction of operational costs and improves profitability. Sulzer's commitment to energy efficiency in its own operations enhances its reputation and attracts investments. Products and services that support greenhouse gas emission reductions enhance Sulzer's brand reputation and open-up new markets. Sulzer benefits from increasing customer demand for sustainable solutions in all of its three target markets – Energy Security and Transition, Natural Resources and Process Industries – which drives revenues and profitable growth.

This prosperous outlook supports employer branding and attractiveness of Sulzer.

Long-term, an increase of climate-related hazards is generally expected by the scientific community. These hazards are related to temperature (e.g. heat waves, wildfires, cold wave/frost), wind (e.g. storms, hurricanes, tornados), water (e.g. sea-level rise, droughts, floods, changing precipitation patterns) and solid mass (e.g. soil erosion, soil degradation, landslides). The associated risks for Sulzer are potential supply chain disruptions and production downtimes. Due to the diversification of Sulzer's supply chain, its global manufacturing footprint and the inherent localized nature of disruptions and downtimes, the risk is evaluated as low. With regular assessments, Sulzer ensures resilience and awareness of possible changes. In the case of future re-assessment of the double materiality, potential changes will be considered.

2. Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning

With its strategy "**Sulzer 2028**" the company focuses on organic growth in three essential and structurally growing markets: Energy Security and Transition, Natural Resources and Process Industries.

As presented during 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. The financial planning of Sulzer is aligned towards this strategy.

Energy security and transition: The expected increase of population and affluence globally implies an increasing need for energy. In parallel the environmental impact, especially related to climate change, needs to be reduced. This increasing need for energy and the reduction of environmental impact are both key drivers for this market. Sulzer contributes, for instance, with cleaner, efficient and better

performing solutions, with life-time extensions and retrofits as well as 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 increase, with a shift towards cleaner chemistry, lower ecological footprint, cost and energy efficiency. Sulzer supports its customers with these requirements and extends its offerings by carbon capture solutions, biofuel refining, processing of natural feedstock and chemical recycling.

3. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The climate scenarios provided by the **IEA (International Energy Agency)** and the **IPCC (Intergovernmental Panel on Climate Change)** are the two main standards for the analysis of a company's resilience as required by TCFD. Sulzer decided to analyze the resilience of the organization's strategy for two climate scenarios developed by the IEA, while also considering perspectives and assumptions by related IPCC scenarios.

Background: Since 1993, the IEA provides medium- to long-term energy projections. Using the **IEA's Global Energy and Climate Model** as the principal tool, the IEA generates and publishes detailed long-term scenarios. In 2023, the IEA published three long-term model scenarios.

- **Net Zero 2050 scenario (NZE):**
  The NZE sets out a pathway to achieve net zero CO_2 emissions by 2050. It aims for the limitation of global warming to 1.5°C, in alignment with the Paris Climate Agreement.
- **Announced Pledges Scenario (APS):**
  The APS assumes all climate commitments made by governments and industries around the world will be met. It includes commitments that have been announced but not yet been backed up by real policies or tangible actions. The global warming is then expected to increase between 1.7°C and 2°C in this scenario.
- **Stated Policies Scenario (STEPS):**
  The STEPS reflects those policies that are in place. Differing from the APS, only announced commitments with real policies or concrete actions are included. The STEPS is therefore less ambitious than the APS. The global warming is then expected to increase between 2.4°C and 3°C. Without major changes, the STEPS reflects the projected scenario based on current developments.

Further information on the scenarios can be found on the website of the IEA (www.iea.org).

Sulzer analyzed the resilience of its strategy against the most ambitious (NZE) and the projected (STEPS. The analysis used the years 2030 and 2050 as key target dates as provided by TCFD. For the analysis of "Sulzer 2028," the three target markets, Energy Security and Transition, Natural Resources and Process Industries, were assessed against the NZE and the STEPS.

The analysis covered potential impacts, risks and opportunities, as provided by TCFD, that are related to:

- major effects for the three target markets in general
- policy and regulatory developments
- Sulzer's own operation and upstream value chain
- customer and market development

Energy Security and Transition

In the **STEPS scenario**, continuous demand for oil and gas keeps fossil fuels predominant. Slight increases in CO_2 pricing will lead to moderate operational costs for Sulzer in countries with such a pricing scheme, especially in the European Union. Sulzer anticipates low climate risks for its own operations and along the value chain due to diversified operations and initiated energy-efficient practices. Customers seek more efficient solutions, offering opportunities for Sulzer to provide maintenance and services.

Under the **NZE scenario**, the IEA expects a shift from oil and gas over the coming decades to renewables, including solar and wind, though oil and gas, combined with carbon capture, will prevail. Sulzer accelerates emission reductions and collaborates with suppliers to mitigate supply chain risks. Customers seek partners for their transition, requiring innovative decarbonization solutions – that Sulzer already provides today.

The "Sulzer 2028" strategy focuses on providing cleaner, efficient solutions, life-time extensions, solutions for biofuels and processing of natural feedstock, energy recovery and storage. This includes solutions for more efficient and clean oil and gas. These offerings align with evolving needs under both scenarios, enabling Sulzer to capitalize on energy security and transition.

Natural Resources

In the **STEPS scenario**, climate change increases water scarcity, boosting demand for solutions addressing water availability and quality. The need for natural resources, such as metals and minerals, continues to grow. Sulzer experiences minimal operational impact and leverages opportunities in advanced water treatment and exploitation and processing of minerals and metals. Our diversified supply chain maintains a low climate risk.

Under the **NZE scenario**, there's a strong push for minerals and metals exploration needed for electrification and the energy transformation. Policies promote resource circularity and greener solutions. Sulzer emphasizes energy efficiency and emission reductions, with customers prioritizing sustainable solutions.

Sulzer's strategy in Natural Resources involves better water treatment and supporting energy-efficient, less polluting mining, positioning the company to meet these demands and support customer's efforts.

Process Industries

In the **STEPS scenario**, chemical demand grows, emphasizing cleaner, efficient processes. Customers seek energy-efficient solutions due to rising CO_2 costs. Sulzer enhances operational efficiency and enables customer's reduction of emissions.

In the **NZE scenario**, customers shift rapidly toward low-emission processes, adopting alternative or decarbonized energy sources. Sulzer accelerates emission reductions and collaborates with suppliers to decarbonize the supply chain, while supporting customers' transitions.

Our strategy supports cleaner chemistry, lower ecological footprints, and energy efficiency. Sulzer extends offerings with carbon capture, biofuel refining and chemical recycling.

This analysis confirms that the "Sulzer 2028" strategy is resilient under both scenarios for all three end markets. Despite varying paces of change, the trends toward decarbonization or defossilization and demand for energy-efficient solutions align with Sulzer's strategic focus. Sulzer's expertise enables it to adapt, support customers and ensure profitable growth in both scenarios.

Risk Management

Requirement: Disclose how the organization identifies, assesses, and manages climate-related risks

1. Describe the organization's processes for identifying and assessing climate related risk

Sulzer's overall 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 to be integrated into every decision-making process. It includes the identification and assessing of climate related risks for Sulzer to ensure a common approach to identifying and assessing risks for and within the organization.

The risk management process of Sulzer 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. Major trends in the risk environment are monitored for early warning signs. Climate-related physical and transitional risks, including their potential financial impact are taken into account in this risk profiling.

For climate-related risks, the profiling is substantiated by a thorough double materiality assessment conducted in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) of the European Union and the scenario analysis required according to the task force on climate-related disclosure (TCFD) described in chapter 2.3 above.

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

2. Describe the organization's processes for managing climate-related risks

Sulzer actively addresses identified risks to attain the targeted level of risk reduction, while prioritizing the treatment of risks based on their priority level. This prioritization is key to optimizing the cost-effectiveness of risk treatment methods. This approach applies for all risks, including climate-related risks.

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. For climate-related risks and opportunities, the responsibility lies with the Executive Chair of Sulzer, as described in chapter 1.1.

The efficacy of taken measures is routinely evaluated through internal assessments, aligning with Sulzer's strategic approach to risk management and opportunity development.

3. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management

Sulzer's enterprise risk management system is led by the Group General Counsel. It involves a structured line reporting system across regions.

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, including climate-related risks.

The integration of the process for identifying, assessing and managing climate-related risks is ensured by a direct collaboration of the Group General Counsel and the Chief Sustainability Officer and their direct reporting line to the Executive Chair. The collaboration ensures consistency within Sulzer in terms of climate-related risk management and the development and implementation of Sulzer's climate mitigation strategy. At the management and operational levels, a close collaboration between compliance officers and ESH responsibles ensures efficacy and consistency of measures for climate-related risk identification, assessing and mitigation.

Metrics and Targets

Requirement: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

The assessment of climate-related risks is part of Sulzer's overall risk management process, as described in chapter 3.1, concerning the identification of risks. The risk management process includes external and market risks, strategic risks, operational risks, compliance issues and financial risks.

Specifically for climate-related risks and opportunities, the process was substantiated by a thorough double materiality assessment. Distinguishing short-term, mid-term and long-term time horizons. the risks and opportunities were assessed according to their potential financial impact and the likelihood of occurrence.

2. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks

Sulzer calculates its carbon footprint aligned to the requirements of the Greenhouse Gas Protocol (GHG Protocol). The emission categories of the GHG Protocol were evaluated and, if applicable, the related emissions for Sulzer in 2024 calculated.

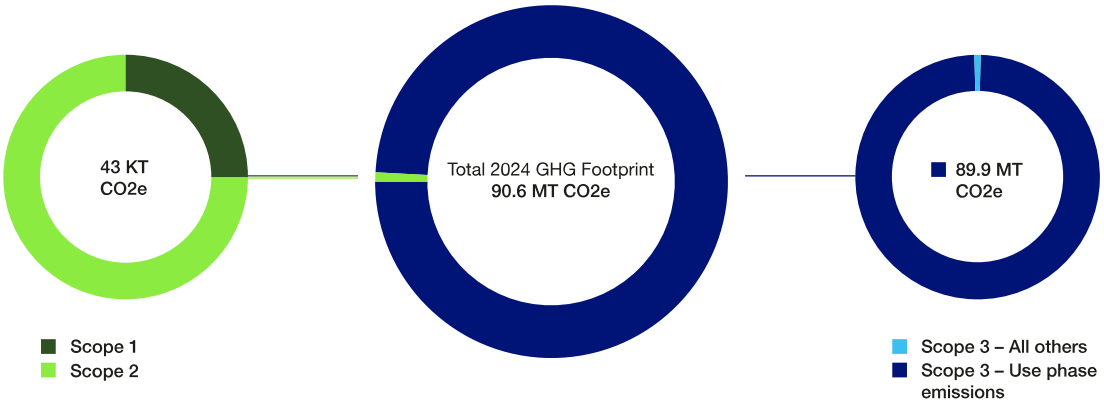
Following the GHG Protocol, the calculation distinguished between direct scope 1 emissions and indirect scope 2 emissions. Scope 1 emissions, primarily from direct fuel combustion in our operations and from company vehicles, account for 15 kt CO_2e in 2024. Sulzer chose the operational approach and included emissions for leased assets in scope 1. Scope 2 emissions, resulting from purchased energy, mostly electricity, amount to 28 kt CO_2e.

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 CO_2e (3.1 and 3.10), 25 kt CO_2e (3.6) and 17 kt CO_2e (3.2), respectively.

Sulzer's emissions predominantly arise from the use-phase of products in category 3.11, totaling approximately 89'900 kt CO_2e. Another relevant category are the emissions related to the end-of-life treatment in category 3.12, with around 23 kt CO_2e.

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:



3. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

Sulzer keeps its defined reduction target of -30% by 2030 for Scope 1, 2 and selected categories of scope 3 (fuel and energy-related activities (category 3.3), business travel (category 3.6)) and carbon neutrality by 2050.

Sulzer is in the process of defining meaningful reduction targets for Scope 3 in preparation of CSRD, with a focus on the predominant use-phase emissions. Sulzer's direct contribution is the continuous effort to increase the efficiency of its products and reduce the emission and energy intensity. The reduction of use-phase emissions depends mainly on the global transition to renewable energy and implementation of carbon capture technology for fossil energy sources. Any target defined by Sulzer will depend on this transition.

In addition, Sulzer identified potential reduction levers and measures along the entire value chain. Upstream, the main lever lies with purchased goods and services: the use of circular materials, particularly metals, the emission reduction efforts of our suppliers and the gradual adoption of low-emission materials.

Ongoing efforts to improve efficiency and the progressive transition to renewable or emission-reduced fossil energy sources allow Sulzer to meet its emission reduction targets for its operations in a business-driven manner.

Downstream, in addition to the main focus on use-phase emissions, the recycling of materials helps reduce end-of-life emissions.