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Values and behaviors at the heart of Sulzer's success

In 2017, Sulzer introduced a new set of simple and pragmatic values and behaviors that redefined the way the company and its employees operate. One year on, the company looks at how these values and behaviors are being brought to life.

Voice of Sulzer

In 2018, Sulzer launched a global employee survey with the aim of further strengthening the company's culture and improving employee experience. The Voice of Sulzer, with its simple and accessible format, achieved a 73% participation rate. It returned insightful results that help Sulzer to gain a better understanding of how employees view the many different aspects of life at Sulzer.



Since their introduction a little over a year ago, the Sulzer values and behaviors are gradually being integrated into various aspects of day-to-day life at our company. They represent a common anchor and reference point across the diverse areas of our business and will continue to shape our future direction.

Armand Sohet, Chief Human Resources Officer

At a global level, Sulzer employees are highly engaged. A full 93% of respondents would go the extra mile to help Sulzer succeed. And over 80% would recommend Sulzer as a good place to work. Compared with peers in the manufacturing industry, Sulzer equals or outperforms the benchmark in eight out of ten categories.

Careful analysis of the results has given Sulzer detailed insight into employee experience, and has identified many areas where the company is performing well. The results have also revealed areas where there is room for improvement. The company will now be able to focus global efforts on these areas to further enhance the overall experience of each Sulzer employee.

[Read more about our values and behaviors at www.sulzer.com.](http://www.sulzer.com)



Sulzer in Motion: healthy body, healthy mind

In 2018, Sulzer built on and further expanded the employee health and well-being initiative – Sulzer in Motion. The aim of the initiative is to promote team spirit, collaboration and healthy habits to make Sulzer a more vibrant place to work.



Following great feedback from the pilot in 2017, Sulzer successfully expanded participation in the Virgin Pulse Global Challenge in 2018. Almost 2’500 Sulzer employees from around the world formed 350 teams to join the challenge, tracking their movement and activity over the course of 100 days. The Sulzer teams covered a combined total distance of 2’001’336 km, the equivalent of walking around the world 50 times! The 2018 Global Challenge saw high level of engagement, with employees from all areas of Sulzer posting regular updates of their sporting achievements on our internal communication platform. For Sulzer, “Committed People” means happy, healthy and energized people – the health and well-being of employees remains a key focus for the company.

Decrease in water and energy consumption – less waste

Sulzer is aware of its environmental responsibility as a leading global industrial company and continually focuses on designing products with high efficiency levels. In 2018, overall energy consumption decreased along with a large reduction in water consumption. Sulzer was also able to reduce its total waste production as well as the percentage of hazardous waste – allowing for more landfill conversion.

Sulzer is aware that many of its industrial products can have a large energy footprint due to the sheer size and scale of the function they are delivering. Sulzer's design teams recognize these issues and consistently work to develop more energy-efficient products and solutions.

Serving our customers and the environment

Sulzer believes strongly in doing its part to protect the environment while simultaneously helping our customers to find the most efficient solutions for their needs, saving them time, space and money. This is why Sulzer products have such a strong emphasis on efficiency. They use as little material as possible while conforming to the company's high quality standards.

Because it is not always necessary to replace your existing equipment, Sulzer offers revamps, [retrofits](#) and upgrades to increase efficiency and extend its lifetime – irrespective of the brand. The 12Cr welding option that Sulzer has developed for repairing geothermal steam turbines provides longer life than the original material – and saves our customers huge amounts on costly replacements ([read the full story here](#)). The [new Sulzer HST 30 high-speed turbocompressor](#) offers increased flow and pressure at a significantly higher level of efficiency than its predecessors. This translates into big savings in the energy consumed by low-pressure air compression, both in wastewater treatment and industrial processes.

To achieve ideal efficiency levels throughout a product's life cycle, Sulzer advises its customers on the safe and efficient installation, operation, maintenance and disposal of their equipment.

Businesses with diverse footprints

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

Comprehensive reporting system

Sulzer has a comprehensive reporting system in place to collect financial and extra-financial data at site level. The company uses the number of total working hours as a reference. The total number of working hours remained steady because the reduction of working hours through restructuring measures was offset by additional working hours from newly acquired businesses. In 2018, 78.5% of total working hours reported on environmental data (2017: 76%). The number is slightly higher than in the previous year because the businesses acquired from Geka and Ensival Moret are now integrated into the environmental data collection process. The coverage of HR and occupational

health and safety data is 100% (of total working hours). The organization collects extra-financial data according to two different reporting cycles and confirms the accuracy of the figures through regular internal audits:

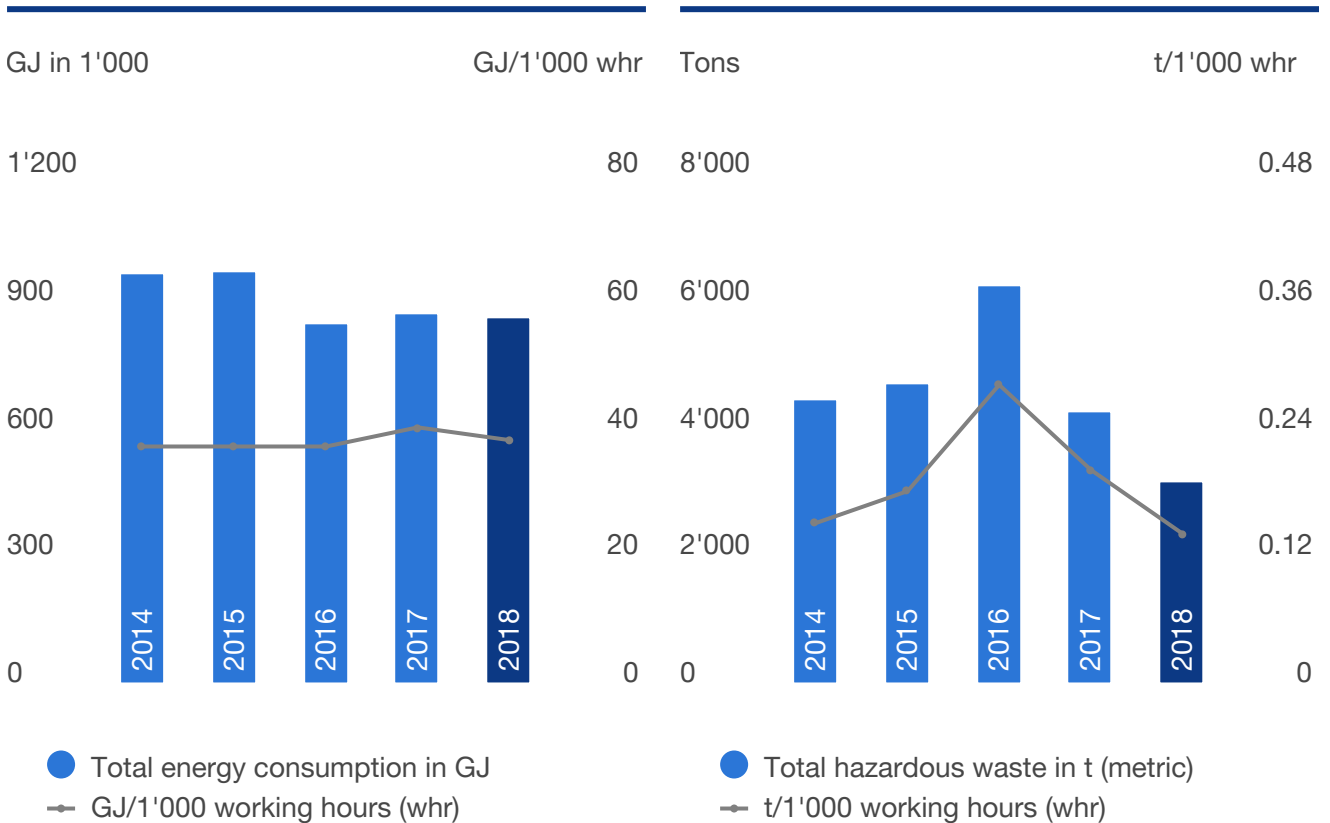
- The reporting period for environmental data was October 1, 2017, to September 30, 2018.
- The reporting cycle for HR data and the health and safety performance was January 1, 2018, to December 31, 2018.

Smaller environmental footprint due to less waste and reduced energy and water consumption

In 2018, Sulzer was able to reduce its overall environmental impact. Overall energy use decreased slightly by 1.3%, and the rate of energy consumption per 1'000 working hours decreased by 4.2%. These reductions are largely a consequence of efficiency gains at all three main production sites of the Applicator Systems (APS) business. The decreases would have been even greater, but were somewhat offset by several large projects in the Pumps Equipment division using natural gas as an energy source.

Energy consumption

Hazardous waste



In 2018, the total greenhouse gas (GHG) emissions in absolute terms decreased by 2.2%. Contributing factors included a reduction in emissions from purchased electricity (7%) and district heating (18%), resulting from the closure of two Sulzer plants in Europe. However, there was a slight increase of approximately 2% in air travel emissions. In total, the specific GHG footprint (per 1'000 working hours) decreased by 5.5%. This over-proportional reduction was mostly attributable to a change in emissions factors due to an improved energy mix.

The total waste produced by Sulzer decreased slightly to 0.8 tons per 1'000 whr. The share of waste converted to landfill increased significantly by 13 percentage points. This was partly driven by a reduction of hazardous waste requiring special treatment, which decreased by 5 percentage points.

Sulzer's use of water decreased by 20.1%, leading to a reduction in the water consumption rate of 23.0% per 1'000 whr. This is the second consecutive year with large reductions in water consumption. The majority of this reduction (86%) can be attributed to improved water management in the APS division, which is responsible for over half of all water used at Sulzer. The division put great emphasis on improved water management in its processes and facilities in 2018.

Key figures

		2018	2017	Change in +/-%
Energy	GJ	860'753	872'335	-1.3
Energy consumption per working hours (whr)	GJ per 1'000 whr	38.3	40.0	-4.2
Share of electricity	%	58.1	58.6	
Share of gases	%	27.3	25.3	
Share of fuels	%	10.4	9.7	
Share of fuel oils	%	1.1	1.8	
Share of district heating	%	3.2	3.7	
Share of other sources	%	<1	<1	
Greenhouse gas emissions	tons CO₂ eq.	113'764	116'338	-2.2
GHG emissions per working hours	tons CO ₂ eq. per 1'000 whr	5.1	5.4	-5.5
GHG scope 1 ¹⁾	tons CO ₂ eq.	18'979	18'366	-3.3
GHG scope 2 ²⁾	tons CO ₂ eq.	55'998	59'934	-6.5
GHG scope 3 ³⁾	tons CO ₂ eq.	38'797	38'038	-1.9
Waste	Tons	18'142	19'029	-4.7
Waste per working hours	Tons per 1'000 whr	0.8	0.9	-11.1
By treatment:				
Recycling	%	45.3	58.4	
Waste to landfill / incineration / other treatment	%	54.7	41.6	
By hazardousness:				
Non-hazardous waste	%	82.6	77.5	
Hazardous waste	%	17.4	22.5	
Water	m³	930'530	1'163'905	-20.1
Water consumption per working hours	m ³ per 1'000 whr	41.4	53.8	-23.0

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

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

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

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

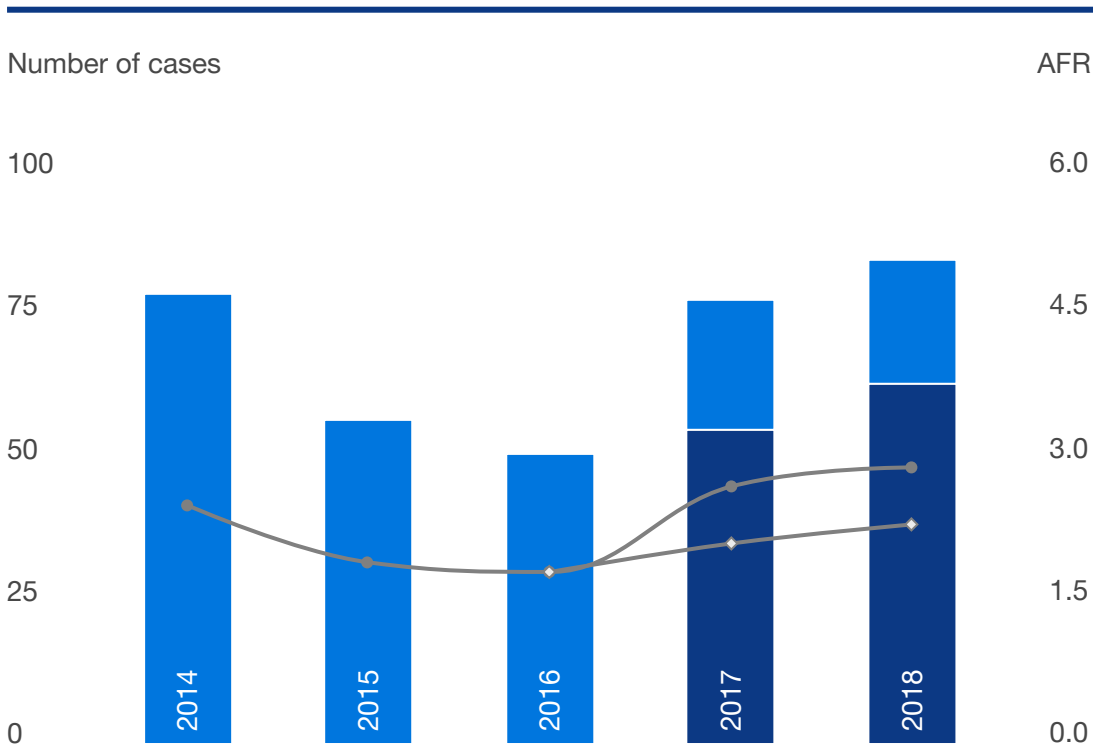
Fostering productivity in a safe work environment

Safety is of the utmost importance to Sulzer. The company strives to create a positive and engaging working environment where employees can conduct their work in absolute safety. With the help of the Sulzer Safe Behavior Program, the company sets itself ambitious goals designed to continually challenge its standards and improve its safety performance.

2018 was a mixed year for safety in Sulzer. On the positive side, Sulzer confirms yet another year in which no one lost their life while working for the company. However, the company's accident frequency rate (AFR) increased by 7.0%. Nevertheless, Sulzer's overall accident rates still remain lower than the benchmark for general industries.

The accident severity rate (ASR) also increased significantly by 50.1%. This can largely be attributed to a regulatory anomaly in a specific case. Nevertheless, a total of 97 workers (85 Sulzer employees and 12 contractors) still suffered lost-time accidents.

Accidents



- Cases that last > 1 lost day due to occupational accidents, including acquisitions
- Cases that last > 1 lost day due to occupational accidents, excluding acquisitions
- AFR in cases per million working hours, including acquisitions
- ◇ AFR in cases per million working hours, excluding acquisitions

Sulzer's acquired businesses were unable to maintain the rates of reduction in accidents that were achieved in their first year of being integrated into the Sulzer safety program. However, given the scale of the initial improvements, this may be merely a reflection of stabilization. Several of Sulzer's more mature businesses also suffered higher accident rates in 2018, with only the Pumps Equipment division recording a slight reduction in the total number of lost time accidents. None of the divisions reached their targets on the road towards reducing the accident frequency rates to below one lost time injury (LTI) per million working hours.

Working towards an AFR of less than 1.0

In an effort to counter the trend, Sulzer launched several initiatives to increase the hazard awareness of employees, to encourage participation in the safety program and to foster the sharing of competence.

Embedded within the Safe Behavior Program, Sulzer employees participated in more than 60'000 safety walks and observations during the year – an average of more than 2'000 safety conversations per million working hours. To increase transparency, Sulzer introduced the category of “significant incident” in its mandatory reporting requirements. These incidents include any event that could potentially have a life-changing outcome, even if in the actual incident the result was a near miss.

Moreover, to foster the sharing of learnings and competence across all Sulzer businesses, Sulzer launched a global ESH competence network with the specific mandate to work and share good practices and available competence across divisional and business boundaries. These initiatives should help Sulzer return to its journey to reducing AFR to less than 1.0.

Developing our employees

In line with its renewed focus on creating on-the-job development and practice-oriented learning experiences, Sulzer sponsored and supported various internal and external programs throughout 2018. The Sulzer Management Training (SMT) program is offered to first-time line managers and focuses on creating a common understanding of the Sulzer approach to management. In 2018, 80 employees participated in this training. In addition, based on the successful pilot in 2017, Sulzer also conducted the Leadership Orientation program. This offered the opportunity for selected high performers to work in a diverse, global team in close interaction with the CEO and executive team.

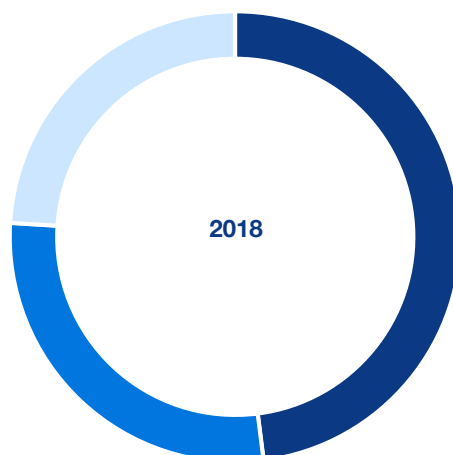
Sulzer continues to use the Learning Management System (LMS), a cloud-based learning platform. It allows us to manage and enable access to a range of virtual and e-enabled learning offerings.

Assessing performance and potential

Building on the momentum created in 2017, Sulzer is continuing to harmonize key people management processes globally, and going digital with them at every opportunity. The company has kept with the revised, simplified performance management process – from setting objectives to annual appraisal. The process now includes a strong focus on driving higher levels of performance within the organization, closely supported by capability-building initiatives like webinars to enable better performance and coaching discussions. Although Sulzer has made many changes in its cultural transformation, the company has maintained the possibility for employees to exceed objectives and be rewarded fully for delivering outstanding performance.

In 2018, Sulzer introduced the first globally aligned approach to assessing potential for future growth. Based on a series of calibrated discussions, employees were assessed on standardized criteria across divisions and business areas. In addition to motivation and ability (performance), the Sulzer behaviors are also considered in assessing employees' potential. The values and behaviors are strongly linked to driving a high-performance culture.

Geographical spread of employees



● 48% Europe, the Middle East and Africa

● 28% Americas

● 24% Asia-Pacific

Building on diversity, emphasizing inclusion

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

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

Key figures

		2018	2017	Change in +/-%
Accident frequency rate (AFR)	Cases per million working hours	2.9	2.7	7.0
Accident severity rate (ASR)	Lost days per million working hours	81.1	54.0	50.1
Health and safety training	Hours	117'599	107'546	9.3
Voluntary attrition rate	%	7.4	9.0	
Share of women (of total workforce)	%	18.0	17.8	
Number of employees	FTE	15'572	14'732	5.7

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