



Sustainable development

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Engaging people and supporting global communities

Our employees are our most important asset and we build on the strengths and diversity of our people. Nine out of ten respondents to the company’s 2019 employee survey recognized its committed and collaborative work environment. Sulzer actively supports the communities where it is present. Sulzer is a force for positive change on key global issues, driving technological advancement and enhancing people’s lives.

In constant dialogue with our employees

Our employees gave the company a thumbs up in our 2019 employee engagement survey, the Voice of Sulzer, which registered an 85% overall participation rate – a 12 point increase on the previous year.

The advances from last year are measurable across all areas, and most in the categories of communications and personal development.



Learning and development

Sulzer invests in learning on-the-job and targeted training programs aimed at increasing management effectiveness, improving customer partnership, building awareness of digital technologies and more.

In response to feedback from the 2018 Voice of Sulzer survey, the company developed and introduced the Sulzer Learning Pathways, a global learning and development framework to increase visibility of and access to different learning opportunities. In 2019, the first 500 people participated in virtual and in-person training courses offered under this new umbrella, with great feedback. We will continue this ambitious roll-out in 2020.

Leveraging ESG ambitions

We have introduced ESG (Environment, Social, Governance) metrics into our compensation framework. Starting in 2020, ESG is included in the personal objectives of all our long-term-incentive eligible leaders, shining a spotlight on what our annual employee survey tells us is one of the main contributions our people expect from Sulzer. We continue to pursue significant advances in the areas of health and safety, emissions, water and energy efficiency, waste management, community engagement and R&D for more efficient or sustainable products such as eco-packaging, biopolymers or energy-efficient pumps.

Diversity – A force for positive change

Sulzer has a long and continuing tradition of providing internship, apprenticeship and university support programs for students in many countries. In 2019, the company launched the “[Sulzer Scholarship for Women in Science and Engineering](#)” for female students studying towards university degrees in this area. Reflecting Sulzer’s presence and the unique requirements of the countries, in 2019 the company awarded 13 scholarships – three in South Africa, four in Indonesia, four in China and two in India.

At Sulzer, diverse teams with more than 80 nationalities and people of all ages work closely together for the success of the company. In 2019, roughly 17% of the total workforce were women, a number Sulzer strives to increase steadily. The scholarship is a first step towards fostering female talent to pursue a career in STEM disciplines. With Hanne Birgitte Breinbjerg Sørensen and Jill Lee, female leaders are represented in Sulzer’s Board of Directors and the Executive Committee, respectively.

Supporting communities in need

In 2019, Sulzer teams participated in the Winnovators challenge, organized by the charity WaterAid. The teams competed internationally to solve real-world clean water access and sanitation issues in Colombia, India and eSwatini.

Money raised goes directly towards supporting these communities and implementing the innovative solutions that were proposed during the challenge.

As a global company, we help communities in need of urgent help. In 2019, we donated several fiber fishing boats to coastal communities worst hit by the Tsunami disaster in Indonesia. Sulzer is also participating in the ongoing Tsunami Recovery Program to ensure that the boats are properly maintained.

Sulzer employees taking the initiative

All across Sulzer, individuals and smaller groups organize or participate in events to support a wide range of charitable causes around the world. We encourage these numerous local initiatives to raise funds and awareness and often support our employees with time and/or resources to assist their cause.

Key figures

| | | 2019 | 2018 | Change in +/-% |
|-------------------------------------|-----|--------|--------|----------------|
| Voluntary attrition rate | % | 6.7 | 7.4 | |
| Share of women (of total workforce) | % | 17.3 | 18.0 | |
| Number of employees | FTE | 16'506 | 15'572 | 6.0 |

Please find further sustainability data at www.sulzer.com/sustainability.

Increased efficiency of energy use and more transparency

Sulzer is an environmentally responsible global industrial company. We focus on designing products with market-leading efficiency levels, we utilize energy more efficiently, reduce the share of hazardous waste and improve water management. Compared with last year, we have increased the scope of our environmental reporting in order to add more value and increase transparency.

Sulzer products can be impressive in the sheer size and scale of the function they are delivering. Sulzer's design teams consistently work to develop more energy-efficient products and solutions.

Serving customers and the environment

We believe strongly in doing our part to protect the environment while simultaneously helping customers to find the most efficient solutions for their needs – saving them time, space and money. It is for this reason we put a strong emphasis on making our products more efficient. Some of the company's achievements in this area in 2019 were:

- Reducing the overall power consumption of mixing applications with the [new SALOMIX™ agitator family](#) in a wide range of industries.
- [Supporting Quantafuel's sustainable downstream plant in converting non-recyclable plastic waste into fuel.](#)
- Creating sustainable packaging for adhesives; Sulzer won the world's most prestigious packaging innovation competition in the "resource efficiency" category from Packaging Europe with its newly developed [ecopaCC™ collapsible packaging](#).
- Offering [revamps, retrofits and upgrades](#) to increase efficiency and extend the lifetime of existing equipment, irrespective of the brand.

Businesses with diverse footprints

Sulzer reports on its energy consumption, greenhouse gas emissions, waste production and water consumption as they are material for our operations. Our goal is to continuously improve performance measured against working hours (whr) compared with the previous year. Our products and services differ widely from one another; our 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, the business units and local sites evaluate their footprints and set their agendas individually to reduce their environmental impact.

Comprehensive reporting system

Sulzer has a comprehensive reporting system in place to collect financial and non-financial data at site level. The number of total working hours are used as a reference. The total number of working hours increased in 2019, mainly due to the impact of newly acquired businesses. In the reporting year, 78.8% of total working hours reported on environmental data (2018: 78.5%). The number is slightly higher than in the previous year because acquired businesses have been integrated into the environmental data collection process. The coverage of HR and occupational health and safety data

is 100% (of total working hours). Sulzer collects non-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, 2018, to September 30, 2019.
- The reporting cycle for HR data and the health and safety performance was January 1, 2019, to December 31, 2019.

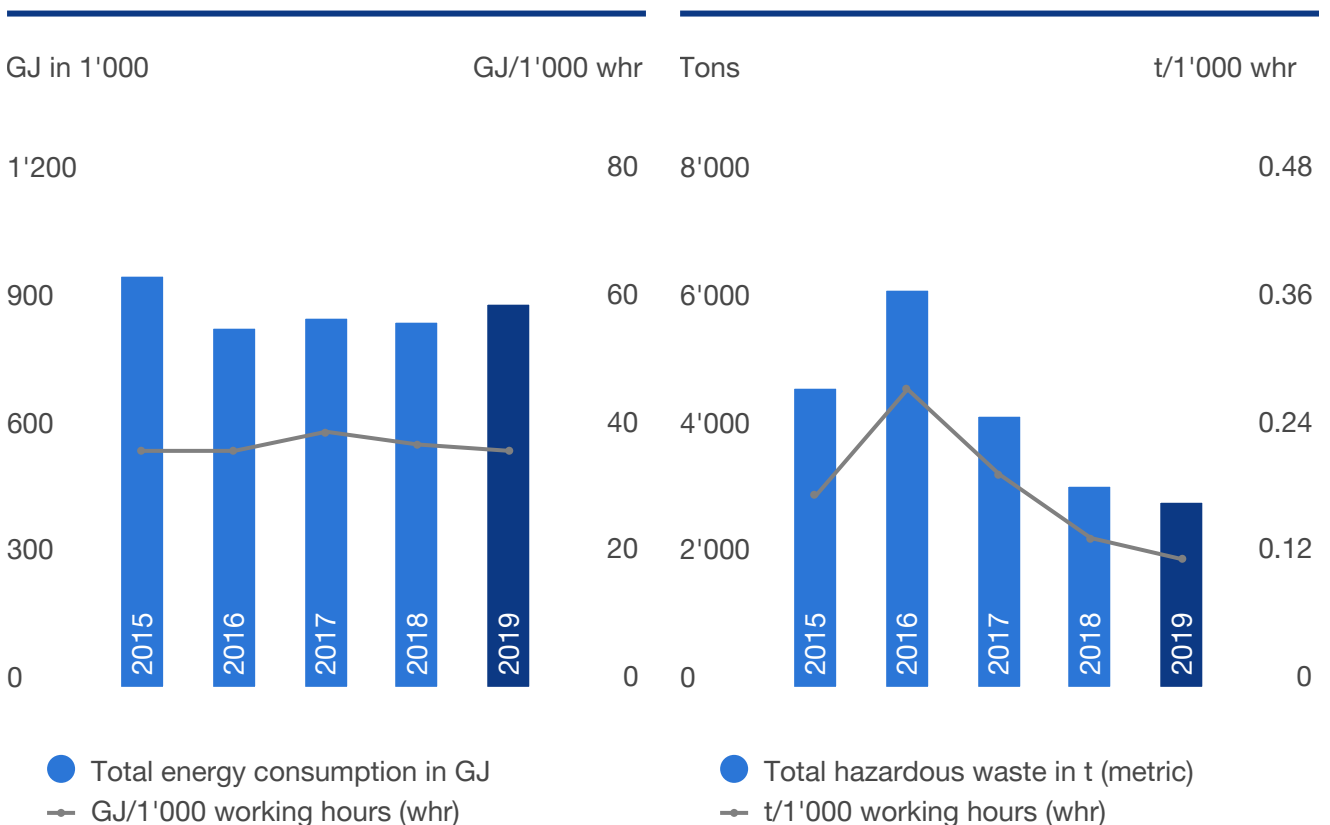
More efficient usage of energy

The rate of energy consumption per 1'000 working hours decreased by 1.4% in 2019, since efforts to use energy more efficiently paid off. The decrease would have been bigger but was somewhat offset by several large projects in the Pumps Equipment division. Due to Sulzer's growth in 2019, the overall environmental impact increased, although slower than the company's output (energy usage up 4.9% versus total revenue growth of 8.2%).

In 2019, GHG emissions relative to 1'000 working hours decreased by 4.0%, whereas the total greenhouse gas (GHG) emissions in absolute terms increased by 4.4%. Contributing factors included an increase in CO₂ emissions from petrol and diesel used and a broader scope of reporting sites.

Energy consumption

Hazardous waste



Decreased share of hazardous waste and better water management

The total waste grew by 15.7%. This increase is primarily linked to newly acquired sites that were integrated into Sulzer's reporting system. In addition, certain sites implemented LEAN processes even more thoroughly, which involved cleaning up manufacturing facilities and resulted in additional waste. At the same time, we were able to decrease the share of hazardous waste requiring special treatment by 3.5 percentage points.

Sulzer's use of water grew by 10.6%. The majority of the increase stems from customer demands in the Applicator Systems (APS) division for specific products that consume more water in the production process, and from adding new sites to the reporting system. Building on the 20% reduction in water use in 2018, the divisions further improved water management in their processes and facilities in 2019. This led to an only slight increase in the overall water consumption per 1'000 working hours, also due to the APS product mix.

Key figures

| | | 2019 | 2018 | Change in +/-% |
|--|--|------------------|----------------|----------------|
| Energy | GJ | 902'751 | 860'753 | 4.9 |
| Energy consumption per working hours (whr) | GJ per 1'000 whr | 36.9 | 38.3 | -1.4 |
| Share of electricity | % | 56.6 | 58.1 | |
| Share of gases | % | 25.3 | 27.3 | |
| Share of fuels | % | 13.8 | 10.4 | |
| Share of fuel oils | % | 1.3 | 1.1 | |
| Share of district heating | % | 3.0 | 3.2 | |
| Share of other sources | % | <1 | <1 | |
| Greenhouse gas emissions | tons CO₂ eq. | 118'805 | 113'764 | 4.4 |
| GHG emissions per working hours | tons CO ₂ eq. per 1'000 whr | 4.8 | 5.1 | -4.0 |
| GHG scope 1 ¹⁾ | tons CO ₂ eq. | 21'245 | 18'979 | 12.0 |
| GHG scope 2 ²⁾ | tons CO ₂ eq. | 56'214 | 55'998 | 0.4 |
| GHG scope 3 ³⁾ | tons CO ₂ eq. | 41'346 | 38'787 | 7.0 |
| Waste | tons | 20'998 | 18'142 | 15.7 |
| Waste per working hours | tons per 1'000 whr | 0.9 | 0.8 | 11.1 |
| By treatment: | | | | |
| Recycling | % | 44.9 | 45.3 | |
| Waste to landfill / incineration / other treatment | % | 55.1 | 54.7 | |
| By hazardousness: | | | | |
| Non-hazardous waste | % | 86.1 | 82.6 | |
| Hazardous waste | % | 13.9 | 17.4 | |
| Water | m³ | 1'029'302 | 930'530 | 10.6 |
| Water consumption per working hours | m ³ per 1'000 whr | 42.0 | 41.4 | 1.6 |

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.

Please find further sustainability data at www.sulzer.com/sustainability.

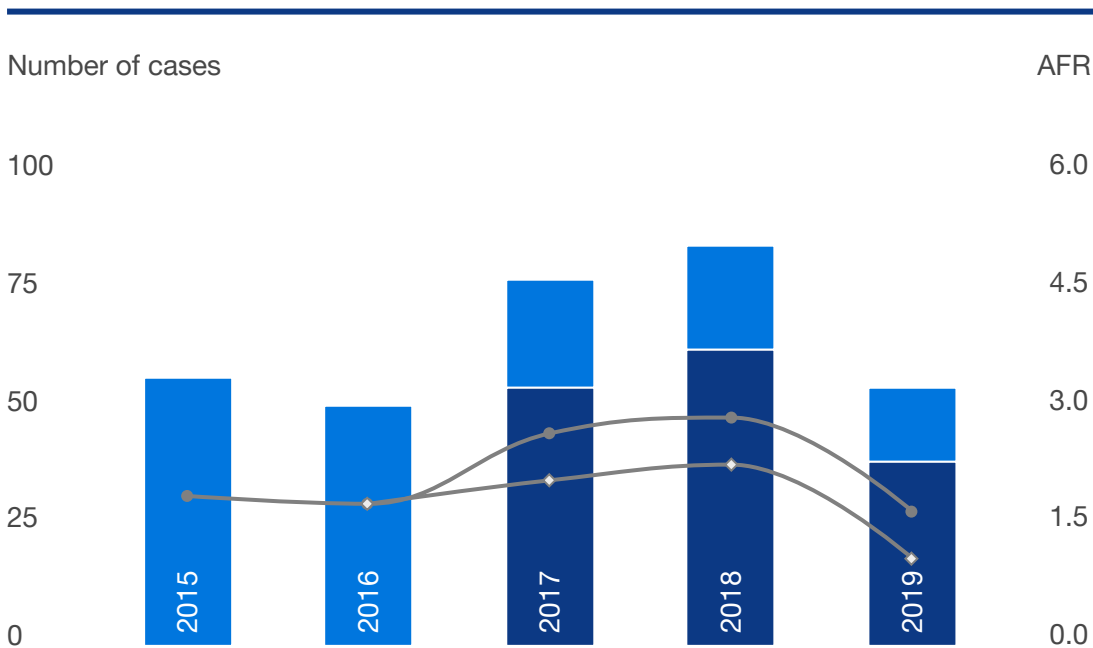
Record low number of accidents based on deeply-rooted safety culture

Sulzer has a safety culture that is deeply rooted and shared by all. We have systems and programs in place to ensure employees can work in a safe environment. In 2019, we managed to reduce the accident frequency rate (AFR) to 1.7 cases per million working hours, our lowest AFR ever.

In 2019, we improved our safety performance considerably and reached our lowest ever accident frequency rate (AFR). AFR decreased by 41.3% to 1.7 cases per million working hours. Excluding acquisitions, AFR would have been 1.1, which is at target corridor of an AFR of less than 1.0. Two out of the four divisions already managed to achieve an AFR of less than 1.0 in 2019. Our acquired businesses were able to reduce their accident rates by adopting Sulzer’s strong management system based safety program.

The overall accident severity rate (ASR) also declined significantly by 28.1% to 58.3 lost days per million working hours. The improved development is based on many initiatives launched in the past two years, such as through risk analyses at site level, increased management attention and improved functional support. With an AFR of 1.7, we remain one of the leading companies in safety, ahead of the benchmark for general industries.

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

Changes in the ESH organization for better business support

In 2019, we hired a new Head of Group ESH (Environment, Safety and Health) and two new Divisional ESH Heads for Rotating Equipment Services and Chemtech to further strengthen our safety culture.

To foster knowledge exchange across all Sulzer businesses, the ESH Competence Center agreed on common focus areas to increase ESH competence and leadership, as well as to ensure effective communication on safety throughout Sulzer.

In addition, members of the Competence Center delivered several training sessions to new ESH officers on risk assessment and Sulzer's Safe Behavior Program (SBP) to align them with our safety strategy. Embedded within the SBP, Sulzer employees participated in more than 63'000 safety walks and observations during the year.

Divisional initiatives to anchor Safe Behavior Program

In recent years, 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. In 2019, the divisions took the following measures:

- Rotating Equipment Services launched a tool to assess its high hazard activities;
- Chemtech worked on increasing supervisor leadership and the quality of root cause analysis;
- Pumps Equipment focused on SBP and on training newly acquired businesses;
- Applicator Systems focused on achieving a consistent safety standard methodology in all their manufacturing facilities as well as on risk assessment and improvement of root cause analysis.

Getting closer to an AFR of less than 1.0

Based on our successes in 2019, we are committed to reach our ambitious goals of an AFR of less than 1.0. Therefore, we continue to take measures to further improve our safety performance and to challenge existing standards.

Key figures

| | | 2019 | 2018 | Change in +/-% |
|-------------------------------|-------------------------------------|---------|---------|----------------|
| Accident frequency rate (AFR) | Cases per million working hours | 1.7 | 2.9 | -41.3 |
| Accident severity rate (ASR) | Lost days per million working hours | 58.3 | 81.1 | -28.1 |
| Health and safety training | Hours | 105'471 | 117'599 | -10.3 |

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