
Sulzer's core is flow control and applicators. We specialize in pumping solutions, services for rotating equipment, and separation, mixing, and application technology. Our customers benefit from a network of over 180 production and service sites in more than 40 countries around the world.

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Winterthur, July 25, 2018

Ladies and Gentlemen

Markets are changing faster than ever before. Technology has made data, ours and our customers', the most valuable commodity of all. It makes the world a global village, creating limitless opportunities for efficient collaboration across our company and beyond. This world of opportunities comes with great responsibilities. We take measures to ensure that our business activities do not conflict in any way with human rights, compliance, or environmental obligations.



At Sulzer, we are all guided by the company's values. Last year, we refreshed our values – Customer Partnership, Operational Excellence, Committed People – and updated their central meaning to reflect how employees relate to them in today's Sulzer. Protecting the internationally proclaimed human rights throughout our value chain remains vital for us in all we do. The company's Code of Business Conduct is our anchor for upholding fundamental human rights, working conditions, occupational health and safety, business ethics, and environmental law.

Our compliance system is strict and fair. We do not accept anything related to non-compliant behavior and rigorously follow up on (potential) violations of our Code of Conduct. We expect our employees to report all incidents that raise concerns of misconduct or violations of laws, regulations, or company policy.

Sulzer is aware of its environmental responsibility and designs products with the highest efficiency levels. We report on our energy consumption, greenhouse gas emissions, waste production, and water consumption, because we consider these as material for our operations. Because of Sulzer's diverse activities, the business units and local sites evaluate their footprints and set their agendas individually.

We are proud to be a member of the United Nations Global Compact initiative and continue to uphold the Ten Universal Principles of Responsible Business Conduct this year and beyond.

Sincerely,

A handwritten signature in black ink, appearing to be 'G. Poux-Guillaume', written in a cursive style.

Greg Poux-Guillaume
Chief Executive Officer

About this document

Sulzer takes part in the *United Nations Global Compact (UNGC) initiative*. The UNGC is a strategic policy initiative. With their membership, corporations express their commitment to align their operations and strategies with ten universally accepted principles of responsible business conduct. The multistakeholder platform aims to team up actors from the business environment, civil and labor society, and United Nations agencies. The UNGC seeks to build cooperation and promote partnership between business and actors. In this way, it supports corporations in respecting and supporting a set of core values in the areas of human rights, labor standards, the environment, and anticorruption.

One way an organization can communicate its commitment to the UNGC organization and society is to submit a Communication on Progress (COP) report once a year. In 2018, Sulzer is submitting its updated COP report to demonstrate the company's ongoing accountability to the UNGC's Ten Principles of Responsible Business Conduct.

Human rights

Sulzer has implemented a comprehensive compliance program that focuses on prevention. As part of it, the company supports and respects the protection of internationally proclaimed human rights throughout its value chain.

Principle 1

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

Principle 2

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

At Sulzer, social compliance relies on its *values*, the company's *Code of Business Conduct*, and an efficient social compliance system. The Sulzer values act as an inner compass and guide all activities. In 2017, the company refreshed its values and defined behaviors to underline what Sulzer believes in and to help employees grow and improve. The values essentially remain the same – Customer Partnership, Operational Excellence, and Committed People – the latter meaning that the company builds on the strengths and diversity of its people.

Sulzer has high expectations about its employees' standards of behavior. The comprehensive Code of Business Conduct must be signed by each employee. It features topics such as:

- Basic principles (including human rights)
- Accuracy and completeness of records
- Antitrust and unfair competition
- Conflicts of interest
- Employment issues
- Anticorruption, antibribery, business accommodations
- Cooperation with third parties
- International trade restrictions and boycotts
- Fraud and theft
- Insider trading
- Environment, safety, and health

The Code of Business Conduct is compliant with the Ten Principles of the UNGC. It calls on employees to protect internationally proclaimed human rights. Sulzer refrains from cooperating with business partners who violate fundamental human rights, such as using forced and compulsory labor or child labor. Internal directives and guidelines as well as regular audits support the implementation of the code. Compliance officers around the world deal with potential code violations, give advice on compliance matters, and provide compliance training.

Building up a strong ethical and compliance culture

Sulzer conducts its business in compliance with applicable laws (“a clean deal or no deal”) and only accepts reasonable risks. The company follows a “zero tolerance” compliance approach. The Board of Directors and the Executive Committee are convinced that compliant and ethical behavior in all aspects and on all levels is a precondition for successful and sustainable business. The ethical tone is set at the top, carried through to the middle, and is transmitted to the entire organization. Sulzer also fosters a speak-up culture and encourages employees to address potentially non-compliant behaviors. Retaliation against good faith whistleblowers will not be tolerated.

Sulzer has established and implemented a comprehensive, value- and risk-based compliance program that focuses on prevention, detection, and response. Its main elements include the regular assessment of risks and the adherence to the Code of Business Conduct. Further, Sulzer has defined internal rules that discuss boundaries, define processes, and provide guidance and decision support. The company also uses tools such as the compliance hotline to detect potential violations.

The company's compliance network includes the group function Legal, Compliance, and Risk Management and consists of 70 compliance officers. They ensure effective communication, provide support, and assist in compliance investigations. In meetings, training sessions, and through phone conferences, they exchange knowledge and best practices. The compliance program is continually reviewed and updated.

Training employees in compliance matters

The Code of Business Conduct and trainings guide Sulzer employees in ethically correct business conduct. Sulzer puts substantial effort into training its employees. Training is carried out through e-learning programs (new programs are rolled out and existing programs are updated every year), in person, or through Web conferences. In 2017, Sulzer employees completed over 23'300 e-learning courses.

Supply chain organization

The Code of Business Conduct serves as point of reference for upholding fundamental human rights, working conditions, occupational health and safety, business ethics, and environmental law throughout Sulzer's supply chains. Over the past years, Sulzer has globalized the management of its supply chain, which has facilitated the implementation of procedures across the whole business. These procedures include a Global Supplier Qualification Process (GSQP) for potential and existing suppliers. GSQP allows the systematic identification, selection, auditing, verification, and development of global suppliers based on quality and sustainable supply chain practices and performance.

Procurement carefully selects and evaluates suppliers' processes and products. This may include on-site visits and audit by internal sourcing personnel, particularly where a higher risk is identified. In case of non-compliance, either the supplier will not be qualified or a corrective action plan will be implemented before the partnership is continued. Sulzer's Terms and Conditions for its suppliers state that any supplier is required to respect the Ten Principles of the United Nations Global Compact. During the financial year of 2017, there have been no reports or findings of the presence of modern slavery or human trafficking in our supply chain.

Furthermore, Sulzer complies with global and local initiatives such as the *UK Modern Slavery Act* or the *California Transparency in Supply Chains Act* and provides annual statements.

Banning conflict minerals from the supply chain

Sulzer has incorporated into its supplier due diligence program measures to ensure that its supply chain is free of "conflict minerals". Conflict minerals are known to have originated from conflict-affected and high-risk areas where extraction, transport, trade, and handling of tin, tantalum, tungsten, cobalt, and gold may provide direct or indirect support to non-state armed groups or enable exploitive or fraudulent activities.

Labor

Sulzer intends to be a socially responsible employer. Its Code of Business Conduct clearly guides employees in terms of humane and ethic working conditions. The company takes action to ensure a nondiscriminatory, healthy, and safe work environment.

Principle 3

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

Principle 4

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

Principle 5

Businesses should uphold the effective abolition of child labor.

Principle 6

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

Sulzer wants to create stable and open relations with social partners based on trust. The company respects the right to freedom of association and collective bargaining for all its employees. Representatives of employees are neither favored nor discriminated. As far as national legislation allows, Sulzer promotes this fundamental right through its own Code of Business Conduct.

Eliminating all forms of forced and compulsory labor

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

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

Besides emphasizing its clear commitment to the Code of Business Conduct, Sulzer sends out a self-validation check to all members of the Sulzer Management Group (top 100 managers), the heads of all Sulzer companies, and the compliance officers. An "annual acknowledgment letter" needs to be signed every year. The signatories declare that they have neither violated the code nor do they have reason to believe the code was violated within their area of responsibility. If the code was violated, they confirm they were aware that the case was reported to the appropriate function within Sulzer. In addition, the company sends out the letter to all controllers. The company's integrated and comprehensive risk and compliance mechanisms can confirm that there were no identified risks for forced and/or compulsory labor incidents or child labor incidents.

Embracing cultural diversity and exchange

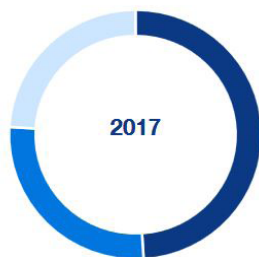
Sulzer welcomes a diverse workforce. People of different cultural backgrounds, nationalities, genders, and ages collaborate and share ideas across the company. Through job rotation programs, internships, and temporary relocations, Sulzer fosters cultural exchange. The company also believes in a speak-up culture and encourages its employees to communicate openly. With tools such as an "ask your CEO" e-mail address, CEO Skype meetings that everyone can participate in, and the intranet, the company provides easy access to the top management. In 2017, 17.8% of the company's workforce was female (2016: 17.1%). Close collaboration with academic institutions enables Sulzer to attract talented young women and men.

Driving safety excellence

The company lives out the "safety first" principle. It promotes several initiatives to further improve its occupational health and safety culture and performance:

- Safe Behavior Program (SBP)
- Hazardous Materials Emissions and Exposure (HMEE) risk mitigation program
- Prohibited substances program on the elimination of recognized hazardous substances and chemicals in Sulzer's products and facilities
- Prohibition on purchase and use of conflict minerals
- Continued commitment to globally aligning and harmonizing sustainability KPIs and metrics (SURE database to collect and report on financial and extrafinancial data)

Geographical spread of employees



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

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

Increase in accidents because of newly acquired businesses

All Sulzer sites are required to report on four health and safety key indicators every month:

- The accident frequency rate (AFR)
- The accident severity rate (ASR)
- The number of major / minor accidents (including all cases of medical treatment and first aid)
- The number of occupational illnesses

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

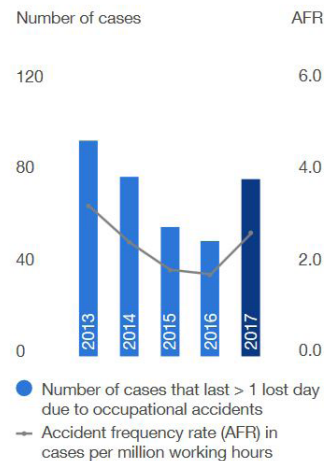
The increase in AFR and ASR was mainly due to the higher accident rates of the newly acquired businesses. With the exception of the Pumps Equipment division, the more mature businesses within Sulzer were able to improve or maintain their safety performance. Because of Sulzer's training and emphasis on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

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

Key figures

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

Accidents



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

Find further information on social sustainability in the *Sulzer Annual Report 2017* and in the *Sulzer Code of Business Conduct*

Environment

Sulzer reduces its own environmental footprint and develops innovative and highly efficient solutions for its customers. They help save energy and reduce operating costs.

Principle 7

Businesses should support a precautionary approach to environmental challenges.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9

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

Complying with international laws and standards

As an international company, Sulzer complies with international and national hard law as well as with soft law. Amongst other initiatives, the company participates in the Greenhouse Gas (GHG) Protocol and the Carbon Disclosure Project (CDP). Sulzer's integrated management system is based on global standards and norms. All manufacturing and service activities are performed in accordance with its ISO 9001, ISO 14001, and OHSAS 18001 and / or SCC certificates. The company conducts internal and external QESH audits regularly to ensure legal compliance and compliance with Sulzer's internal standards and programs.

The global QESH (Quality, Environment, Safety, and Health) network and functional councils such as HR, Legal and Compliance, and the global Procurement organization drive the sustainability agenda at Sulzer. The ESH group function is in charge of company-wide environment, safety, and health management, which includes defining and implementing ESH standards and initiatives. To ensure quality (Q) management is close to the business, it is carried out on a divisional and a local level. Global functional coordination teams are responsible for the information transfer and collaboration between the group and divisional functions. The QESH officers consult with line management on QESH topics, establish local organizations, and conduct regular training workshops.

Protecting the environment in three ways

Sulzer's strategy to help protect the environment is threefold:

1. Designing, developing, and manufacturing innovative, reliable, and resource-conserving solutions: With its innovative products and services, the company supports its customers with new and more efficient solutions for their operations. By adjusting its internal processes and establishing new ways of doing things, Sulzer is ensuring that it will remain agile and able to react flexibly to arising market demands. In 2017, the company invested 2.7% relative to sales – CHF 81.0 million – in research and development (2016: 2.5% of sales, CHF 71.4 million).
2. Helping its customers to manage and improve the entire product life cycle: The company's life cycle approach typically starts with the material extraction (mostly steel and polymer products) and ends with a product's end-of-life stage (for example, recycling). To improve its products at different stages of the life cycle, Sulzer focuses on product design (eco-design). In this area, saving material resources, using green materials, and reducing energy consumption are particularly relevant. With regard to materials, steel (ranging from low-carbon to high-quality alloys) and polymer materials are used in many of the production processes. These are considered green engineering materials. Approximately two-thirds of all Sulzer products are energy intensive in their usage phase and have a long lifetime. The design teams include cost of electric energy and CO₂ emissions of Sulzer products in their decisions. The main reduction in the carbon footprint of Sulzer technology occurs through lower energy consumption rates. Because lifetime extension solutions require fewer resources than the construction of completely new solutions, Sulzer offers retrofit, revamp, and similar services. In this way, capital-intensive systems are upgraded with energy-efficient technologies and parts, and their disposal can be postponed.
3. Reducing the company's own environmental footprint: The company reports on its energy consumption, greenhouse gas emissions, waste production, and water consumption, because Sulzer considers these as material for its operations. The company's overall goal is to maintain, but ideally to improve, performance measured against working hours compared with the previous year. Sulzer's products and services differ widely from one another; its portfolio encompasses pumps, separation equipment, and applicators as well as services for rotating equipment or for turnaround projects. These businesses have different requirements and different ecological footprints. Thus, Sulzer follows a local approach to reducing its environmental impact. The business units and local sites evaluate their footprints and set their agendas individually.

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

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

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

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

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

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

Key figures

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

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

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

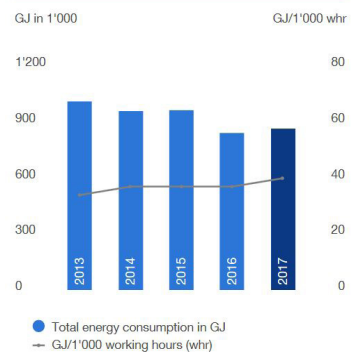
³⁾ Indirect emissions from secondary (converted) energy sources such as electricity and district heating.

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

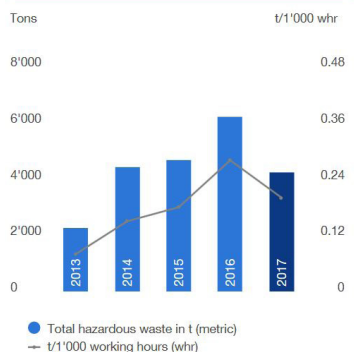
Addressing the precautionary approach

Switzerland adopted the precautionary approach in its national environmental regulations. These are compliant with the Rio Declaration of 1992. Sulzer is committed to the precautionary principle and the polluter pays principle in all its worldwide activities. Tools such as Sulzer's integrated enterprise risk management system (see *Sulzer Annual Report 2017, corporate governance report*) enable the company to identify potentially serious or irreversible harm to the environment early and to initiate countermeasures.

Energy consumption



Hazardous waste



Find further data and information on ecological sustainability at www.sulzer.com/sustainability and in the *Sulzer Annual Report 2017*.

Anticorruption

Sulzer is committed to conducting its business in accordance with high ethical standards and in compliance with all applicable laws. The company's integrated risk management system allows Sulzer to make risk-conscious decisions.

Principle 10

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

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

Sulzer's Code of Business Conduct strictly forbids any form of bribery or corruption (irrespective of whether the recipient is a public official or an employee of a private customer). Sulzer released a Compliance Reporting and Investigation Directive to cover any violations of its code. This directive requires the global compliance officers to document the consequences of reported compliance violations. The following list summarizes a selection of relevant cases or allegations that must be reported immediately through the matter management system:

- Bribes, kickbacks, or other incidents of corruption, irrespective of the magnitude of the case
- Conflict of interest issues (personal or financial) causing damage to an affiliate
- Insider trading issues

Group-wide directives and guidelines, such as the anticorruption and antibribery guideline, set the frameworks for compliant behavior. In e-learning courses and/or classroom trainings, employees are sensitized to compliance matters, and they learn how to act correctly in different business situations. There are mandatory e-training sessions dedicated to the corruption topic.

Managing bribery and corruption risks

As part of Sulzer's integrated risk management process, compliance risks are assessed regularly. The results are discussed both with the management within the Sulzer Risk Council and with the Audit Committee (composed of three Board members). The Audit Committee dedicates at least one full meeting per year to risk management and compliance.

Sulzer's risk management focuses on bribery and corruption risks. The company has had antibribery and anticorruption guidelines in place since 2010. Further measures include a web-based process that addresses the due diligence of intermediaries (see box on p. 11), a corporate-wide directive that sets maximum levels for gifts and hospitalities given or received, and an e-training course to familiarize Sulzer employees with the content of the directive. Local compliance officers performed 79 face-to-face compliance training sessions in 2017.

Detecting noncompliant behavior

To detect noncompliant behavior, the company has various instruments in place:

- Sulzer has a compliance hotline and an incident reporting system that provides employees with one of many options for reporting (potential) violations of laws or internal rules. Reports can be made anonymously or openly via a free hotline or a dedicated website.
- The company has a directive that sets clear rules for internal investigations. Further tools are available to all employees on Sulzer's intranet (e.g., presentations addressing the major exposures; draft agreements; sales and procurement handbooks with compliance-specific explanations and standard clauses).
- Sulzer has a compliance risk assessment process in place to identify and assess potential compliance risks on a local entity level and to define appropriate measures. For newly acquired companies, Sulzer set up a post-merger integration process consisting of a systematic post-merger compliance risk analysis which provides the foundation for risk-based mitigation actions.

Internal investigations (triggered by reports from the compliance hotlines, e-mails, telephone calls, or other avenues of communication) were carried out during 2017. At least 11 employees had to leave Sulzer because of violations of Sulzer's Code of Business Conduct. Others received warnings or were transferred internally. However, most of the reports received concerned non-material issues.

Compliance risk assessments

Sulzer performs the yearly compliance risk assessment process on a risk-based approach. Within this process, different legal entities were assessed for specific compliance risks. Within Sulzer's compliance risk catalog, different compliance risks for the business have been assessed. The methodology applied includes external risk indicators like the Foreign Corrupt Practices Act (FCPA) but also internal business- and compliance-specific risk indicators.

Assessing intermediary risks thoroughly

Working with third parties is always a high-compliance-risk area. To ensure that Sulzer's cooperation with intermediaries (e.g., agents, distributors, consultants) in the public and private sectors is compliant with both legal and corporate regulations, Sulzer uses an intermediary risk assessment tool. Potential intermediaries have to pass through a due diligence workflow to avoid corruption and bribery schemes through third parties. A potential intermediary needs to pass four steps of Sulzer's so-called Intermediary Due Diligence Application (IDDA) before the final contract can be signed. A Sulzer directive supports this process.

For example, if Sulzer works with a distributor in an emerging market, the intermediary risk-screening software is used. Sulzer only signs an agreement if detailed information about the distributor is known, the specific risks have been assessed, and the contract has been approved by various management levels — dependent on the underlying risk exposures. Thus, the process helps to avoid corruption risks.

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