

# Corporate governance

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## Corporate structure and shareholders

The rigorous application of sound corporate governance helps to consolidate and strengthen trust in the company. Sulzer is subject to Swiss corporate and stock exchange laws and applies the Swiss Code of Best Practice for Corporate Governance.

Sulzer Ltd is subject to the laws of Switzerland, in particular Swiss corporate and stock exchange laws. The company also applies the Swiss Code of Best Practice for Corporate Governance. The rigorous application of sound corporate governance helps to consolidate and strengthen trust in the company. Sulzer has had a single share class and has separated the functions of Chairman of the Board of Directors and CEO for many years. Since the Annual General Meeting of Shareholders (AGM) of April 8, 2009, only individuals who have never held executive positions at Sulzer have been members of the Board of Directors. Unless otherwise indicated, the following information refers to the situation on December 31, 2021. Further information on corporate governance is published at [www.sulzer.com/governance](http://www.sulzer.com/governance). The information in the following section is set out in the order defined by the SIX Swiss Exchange Directive on Information relating to Corporate Governance (RLCG), with subsections summarized as far as possible. Sulzer's consolidated financial statements comply with International Financial Reporting Standards (IFRS), and in certain sections readers are referred to the financial reporting section in the Sulzer Annual Report 2021. Sulzer reports the compensation of the Board of Directors and the Executive Committee in the [compensation report](#).

### Corporate structure

The Company's business is managed on a divisional basis and the organizational group structure corresponds to these reported segments, which consist of the Flow Equipment division (renamed in 2021 from Pumps Equipment), the Services division (renamed in 2021 from Rotating Equipment Services) and the Chemtech division. The operational corporate structure is shown under [note 3](#) to the "consolidated financial statements" in the financial reporting section. Sulzer Ltd is the only Sulzer company listed on a stock exchange. It is based in Winterthur, Switzerland. Its shares are listed and traded on the SIX Swiss Exchange in Zurich (Securities No. 3838891/ISIN CH0038388911). On September 20, 2021, the shareholders of Sulzer Ltd approved during an extraordinary meeting of shareholders the spin-off of the Applicator Systems division, which was the fourth division in the organizational group structure, and which was renamed medmix. The spin-off was effectuated by way of a symmetrical demerger pursuant to art. 29 lit. b in conjunction with art. 31 para. 2 lit. a of the Swiss Federal Merger Act dated October 3, 2003, without any changes to Sulzer Ltd's share capital. Each shareholder of Sulzer Ltd received one share in medmix Ltd for each share in Sulzer Ltd held at the time of the demerger. medmix shares are traded on SIX Swiss Exchange since September 30, 2021. On December 31, 2021, the market capitalization of all outstanding registered shares of Sulzer Ltd. was CHF 3'078'473'945. Information on the subsidiaries included in the consolidation can be found under [note 36](#) to the "consolidated financial statements". The list comprises all consolidated direct subsidiaries of Sulzer Ltd as well as all further consolidated subsidiaries.

### Significant shareholders

According to notifications of Sulzer shareholders, two shareholders held more than 3% of Sulzer Ltd's share capital on December 31, 2021. As published on the SIX disclosure platform on May 29, 2018, Viktor Vekselberg held 48.82% of Sulzer's shares. The shares are directly held by Tiwel Holding AG. Furthermore, FIL Limited, Pembroke, Bermuda, announced a stake of 3.25% as published on the SIX

disclosure platform on October 9, 2021. For information on shareholders of Sulzer Ltd that have reported shareholdings of over 3% or a reduction of shareholdings below 3%, please refer to the website of the Disclosure Office of SIX Swiss Exchange: [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html). For the positions held by Sulzer and information on shareholders, see [note 24](#) to the “consolidated financial statements”. There are no cross-shareholdings where the capital or voting stakes on either side exceed the threshold of 5%. For information on transaction with related parties, see [note 32](#) to the “consolidated financial statements”.

# Capital structure

## Share capital

The fully paid-up share capital of Sulzer Ltd amounts to CHF 342'623.70 and is divided into 34'262'370 registered shares with a par value of CHF 0.01 per share. The shares are issued in the form of uncertificated securities within the meaning of art. 973c of the Swiss Code of Obligations and are held as intermediated securities within the meaning of the Swiss Federal Act on Intermediated Securities of October 3, 2008. Each registered share entitles the holder to one vote at the Shareholders' Meeting. The company's Articles of Association provide for the possibility of a share capital increase in a maximum amount of CHF 17'000 through the issuance of up to 1'700'000 registered shares with a par value of CHF 0.01 per share (corresponding to 4.96% of the current share capital) through the voluntary or mandatory exercise of certain conversion, option or similar rights for the subscription of shares granted to shareholders or third parties in connection with bonds, loans or other financial market instruments of Sulzer Ltd or any of the companies controlled by it (for more details, see § 3a of the Articles of Association). The introduction of this conditional capital was approved by Sulzer Ltd's shareholders at the AGM on April 14, 2021. There is no authorized capital, nor are there any participation or dividend certificates. The latest version of the Articles of Association is available at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under "Articles of Association").

## Restrictions on transferability and nominee registrations

Sulzer shares are freely transferable provided that, when requested by the company to do so, buyers declare that they have purchased and will hold the shares in their own name and for their own account. Nominees shall only be entered in the share register with the right to vote if they meet the following conditions: the nominee is subject to the supervision of a recognized banking and financial market regulator; the nominee has entered into a written agreement with the Board of Directors concerning its status; the share capital held by the nominee does not exceed 3% of the registered share capital entered in the commercial register; and the names, addresses and number of shares of those individuals for whose accounts the nominee holds at least 0.5% of the share capital have been disclosed. The Board of Directors is also entitled, beyond these limits, to enter shares of nominees with voting rights in the share register if the above-mentioned conditions are not met (see also § 6a of the Articles of Association at [www.sulzer.com/governance](http://www.sulzer.com/governance)). On December 31, 2021, ten nominees holding a total of 1'544'049 shares (4.51% of total shares) had entered into agreements concerning their status. No exceptions were granted. All of those shares were entered in the share register with voting rights. Other than these restrictions on nominee voting, there are no transfer restrictions and no privileges under the Articles of Association. A removal or amendment of the nominee voting restrictions requires a shareholders' resolution with a majority of at least two-thirds of the votes represented.

## Convertible bonds and options

No convertible bonds or warrants are currently outstanding. Details of the restricted share units (RSUs) issued to the members of the Board of Directors as well as performance share units (PSUs) and RSUs issued to the members of the Executive Committee are set out under [note 31](#) to the "consolidated financial statements" and under [note 12](#) to the "financial statements of Sulzer Ltd".

## Board of Directors

Members of the Board of Directors are elected individually for one-year terms. At the AGM of April 14, 2021, Marco Musetti and Lukas Braunschweiler did not stand for re-election. All other members were re-elected, and Peter Löscher was re-elected as Chairman of the Board of Directors. In addition, Suzanne Thoma and David Metzger were elected as new members of the Board of Directors. The Board consists of eight members. None of them has ever held an executive position at Sulzer.

All members of the Board of Directors are non-executive. None of the members of the Board of Directors have ever belonged to the management of a Sulzer company or to the Executive Committee, nor do any significant business relationships exist between members of the Board of Directors and Sulzer Ltd or a subsidiary of Sulzer Ltd.

### Elections and terms of office

The Articles of Association stipulate that the Board of Directors of Sulzer Ltd shall comprise five to nine members. Each member is elected individually. The term for members of the Board of Directors is one year. At the AGM of April 14, 2021, six Board members were re-elected to the Board of Directors, all for terms of one year. Marco Musetti and Lukas Braunschweiler did not stand for re-election. Suzanne Thoma and David Metzger were elected as additional members of the Board of Directors. The Board consists of eight members: two from Austria, one from Cyprus/Israel, one from Denmark, one from France/Switzerland, one from Russia and two from Switzerland. Professional expertise and international experience played a key role in the selection of the members. The members of the Board of Directors and their CVs can be viewed below.

According to the Board of Directors and Organization Regulations, the term of office of a Board member ends no later than on the date of the AGM in the year when the member reaches the age of 70. The Board of Directors can make exceptions up to but not exceeding the year in which the member reaches the age of 73.

### Internal organization

The Board of Directors constitutes itself, except for the Chairman of the Board of Directors who is elected by the Shareholders' Meeting. The Board of Directors appoints from among its members the Vice Chairman of the Board of Directors and the members of the board committees, except for the members of the Nomination and Remuneration Committee, who are elected by the Shareholders' Meeting. There are currently three standing board committees (for their constitutions, see below):

- The Audit Committee (AC)
- The Nomination and Remuneration Committee (NRC)
- The Strategy and Sustainability Committee (SSC)

The Board of Directors and Organization Regulations and the relevant Committee Regulations, which are published at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under "Regulations"), define the division of responsibilities between the Board of Directors and the CEO. They also define the authorities and responsibilities of the Chairman of the Board of Directors and of the three standing board committees.

## The Board of Directors and its committees

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### BOARD OF DIRECTORS

**Peter Löscher** (Chairman)

**Suzanne Thoma** (Vice Chairwoman)  
(since April 14, 2021)

**Lukas Braunschweiler**  
(until April 14, 2021)

**Hanne Birgitte Breinbjerg Sørensen**

**Mikhail Lifshitz**

**David Metzger**  
(since April 14, 2021)

**Alexey Moskov**

**Marco Musetti**  
(until April 14, 2021)

**Gerhard Roiss**

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### AUDIT COMMITTEE

**Hanne Birgitte Breinbjerg Sørensen**  
(Chairwoman)

**David Metzger**  
(since April 14, 2021)

**Alexey Moskov**

**Marco Musetti**  
(until April 14, 2021)

**Gerhard Roiss**

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### NOMINATION AND REMUNERATION COMMITTEE

**Gerhard Roiss** (Chairman)

**Hanne Birgitte Breinbjerg Sørensen**

**Marco Musetti**  
(until April 14, 2021)

**Suzanne Thoma**  
(since April 14, 2021)

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### STRATEGY AND SUSTAINABILITY COMMITTEE\*

**Peter Löscher**  
(Chairman until April 14, 2021;  
ordinary member since  
April 14, 2021)

**Matthias Bichsel**  
(ordinary member until  
April 14, 2021;  
Chairman since April 14, 2021)

**Lukas Braunschweiler**  
(until April 14, 2021)

**Mikhail Lifshitz**

**Suzanne Thoma**  
(since April 14, 2021)

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\*To effectively govern Sulzer's sustainability agenda, the Board of Directors has decided to extend the scope of the Strategy Committee and to rename it to Strategy and Sustainability Committee as of April 15, 2020.

## CVs of members of the Board of Directors



**Peter Löscher**  
 Chairman of the Board  
 Member of the Strategy and Sustainability Committee<sup>1)</sup>

### Educational background

- Diploma in Economics, Vienna University of Economics and Business, Austria, and Chinese University of Hong Kong, China
- Advanced Management Program, Harvard University, USA
- Honorary professor at Tongji University Shanghai; honorary doctorate of Engineering from Michigan State University; doctor honoris causa of Slovak University of Engineering in Bratislava

### Binding interests

- Member of the Board of Directors, Telefónica, Spain
- Chairman of the Supervisory Board, Telefónica Holding AG, Germany
- Member of the Board of Directors, TBG AG, Switzerland
- Member of the Board of Directors, Doha Ventures LLC, Qatar
- Member of the Supervisory Board, Royal Philips N.V., Netherlands

### Career

Peter Löscher (born 1957, Austria) joined the Sulzer Board of Directors and was appointed Chairman of the Board of Directors in 2014. As of April 1, 2020, Peter Löscher joined the Supervisory Board of Telefónica Deutschland as Chairman. As of April 30, 2020, he further joined the Supervisory Board of Royal Philips as a Board member. From 2014 to 2016, he was CEO and Delegate of the Board of Directors of Renova Management AG Switzerland. Previously, he was President and CEO of the German company Siemens AG (2007–2013), Chairman of the Board of Trustees of Siemens Stiftung Germany (2008–2014) and served as President of Global Human Health and Member of the Executive Board of Merck & Co., Inc., USA (2006–2007). From 2004 to 2006, he was CEO of Healthcare Bio-Sciences and Member of the Corporate Executive Council of General Electric in the US. He was COO and Member of the Board of Amersham plc., UK (2002–2004). From 1999 to 2002, he acted as Chairman and CEO of Aventis Pharma Ltd in Japan. He held various senior leadership positions with Hoechst Group in Germany, Spain, the US, and the UK (1987–1999).

<sup>1)</sup> Peter Löscher was Chairman of the SSC until April 14, 2021



**Dr. Suzanne Thoma<sup>1)</sup>**  
**Vice Chairwoman of the Board**  
**Member of the Nomination and Remuneration Committee**

#### Educational background

- Ph.D. in Technical Sciences, ETH Zurich, Switzerland
- Master of Science degree in Chemical Engineering, ETH Zurich, Switzerland
- Bachelor's degree in Business Administration, Graduate School of Business Administration (GSBA), Zurich, Switzerland

#### Binding interests

- Member of the Board of Directors, OC Oerlikon<sup>2)</sup>, Switzerland
- Vice President of the foundation "Avenir Suisse", Switzerland

#### Career

Dr. Suzanne Thoma (born 1962, Switzerland) was elected as member of Sulzer's Board of Directors in 2021. She is CEO of BKW AG, Berne, Switzerland (stepping down in the course of 2022). Prior to being appointed CEO of BKW in 2013, she was a member of the Group Executive Committee of BKW, responsible for the Networks division. Before that, she was head of the Automotive division of the WICOR Group, Rapperswil-Jona, Switzerland, and CEO of Rolic Technologies Ltd., Allschwil, Switzerland. Suzanne Thoma also served in various management roles and countries at Ciba Specialty Chemicals Ltd. (now BASF).

1) since April 14, 2021

2) will not stand for re-election at the AGM 2022 of OC Oerlikon



**Matthias Bichsel**  
**Member of the Board, (Vice Chairman<sup>1)</sup>)**  
**Chairman of the Strategy and Sustainability Committee<sup>2)</sup>**

#### Educational background

- Ph.D. in Earth Sciences, University of Basel, Switzerland
- Honorary professor, Chinese University of Petroleum, China

#### Binding interests

- Member of the Board of Directors, Petrofac, UK
- Member of the Advisory Board, Chrysalix EVC, Canada
- Member of the Board of Directors, Canadian Utilities Ltd, Canada
- Member of the Board of Directors, Southpole Holding, Switzerland
- Member of the Board of Directors, Voliro AG, Switzerland

#### Career

Matthias Bichsel (born 1954, Switzerland) joined the Sulzer Board of Directors in 2014. Currently, he is member of the Board of Directors of Petrofac, UK (since 2015), member of the Board of Directors of South Pole Holding, Switzerland (since 2015), member of the Board of Directors of Canadian Utilities, Canada (since 2014), member of the Board of Directors of Voliro AG, Switzerland (since 2021) and member of the Advisory Board of Chrysalix EVC, Canada (since 2015). From 2009 to 2014, he was member of the Executive Committee of Royal Dutch Shell plc and Director of its Projects and Technology Business, the Netherlands. Previously, during his international career with Shell since 1980, he served in various senior management roles such as Executive Vice President in Exploration and Production, the Netherlands, CEO/Chairman of Shell International Exploration and Production Inc and Managing Director of Shell Deepwater Services, Houston, TX, USA.

1) until April 14, 2021

2) since April 14, 2021





**Mikhail Lifshitz**  
 Member of the Board  
 Member of the Strategy and Sustainability Committee

**Educational background**

- Graduate degree in Electronic Engineering, Bauman Moscow State Technical University, Russia
- Honorary Power Engineer, Mongolia
- Honorary Mechanical Engineer, Russia

**Binding interests**

- Chairman of the Board of Directors, Rotec, Russia
- Chairman of the Board of Directors, Ural Turbine Works, Russia
- Chairman of the Board of Directors, TEEMP, Russia
- Member of the Board of Directors, SOLIDpower S.p.a., Italy
- Member of the Board of Directors, Hevel, Russia
- Member of the Board of Directors, VoltAero, France

**Career**

Mikhail Lifshitz (born 1963, Russia) joined the Sulzer Board of Directors in 2016. From 2009 to 2011, he was High-Tech Assets Development Director of Renova Group and CEO (2009–2015) as well as Chairman of the Board of Directors (since 2015) of ISC Rotec. Furthermore, he has chaired the Board of Directors of Ural Turbine Works (since 2012), and served as member of the Board of Directors of Oerlikon AG (2013–2016). Previously, he was Founder and President of the Global Edge Group (2001–2009) and Marketing Director.



**Alexey Moskov**  
 Member of the Board  
 Member of the Audit Committee

**Educational background**

- Master's degree in Software Engineering/Developing from the Moscow State University of Railway Engineering, Russia

**Binding interests**

- Executive Chairman, Witel Ltd (formerly Renova Management Ltd), Switzerland
- Member of the Board of Directors, OC Oerlikon, Switzerland
- President of the Board of Directors, Liwet Holding AG, Switzerland (as of 2022)

**Career**

Alexey Moskov (born 1971, Russia, Cyprus and Israel) was elected as new member of the Sulzer Board of Directors in 2020. As of 2022, he is President of the Board of Directors of Liwet Holding AG. Since 2018, Alexey Moskov is Executive Chairman of Witel Ltd, Switzerland. Since 2016 he has been a member of the Board of Directors of OC Oerlikon and since 2019 of Swiss Steel Holding. From 2004 to 2018, he was Chief Operating Officer of Renova Management AG, Switzerland. Previously, he served as Vice-President and member of the Executive Board at Tyumen Oil Company (now TNK-BP), Russia, and as member of the Board of Directors of OAO NGK Slavneft, Russia (1998–2004).



**Gerhard Roiss**  
 Member of the Board  
 Chairman of the Nomination and Remuneration Committee  
 Member of the Audit Committee

**Educational background**

- PhD in Economics, Johannes Kepler University of Linz, Austria

**Career**

Gerhard Roiss (born 1952, Austria) joined the Sulzer Board of Directors in 2015. He served as Chief Executive Officer and Chairman of the Executive Board of OMV AG (2011–2015). During more than two decades, he has held a variety of leadership positions within OMV AG. Among other functions, he has led the Refining and Marketing division (2002–2011), the Exploration and Production division (2000–2002), and the Chemicals and Plastics division (1997–2002). He was Chairman of the Supervisory Board of Petrol Ofisi A.S., Istanbul, Turkey (2010–2015), Chairman of the Supervisory Board of OMV Petrom S.A., Bucharest, Romania (2011–2015), and Chairman/Vice Chairman of the Board of Borealis AG, Vienna, Austria (1997–2011).



**Hanne Birgitte Breinbjerg Sørensen**  
 Chairwoman Audit Committee  
 Member of the Nomination and Remuneration Committee

**Educational background**

- MSc in Economics and Management, University of Aarhus, Denmark

**Binding interests**

- Member of the Board of Directors, Tata Motors Ltd., India
- Member of the Board of Directors, Ferrovial S.A., Spain
- Member of the Board of Directors, Holcim Ltd., Switzerland
- Member of the Board of Directors, Jaguar Land Rover Automotive PLC, United Kingdom
- Member of the Board of Directors, Tata Consultancy Services Ltd., India

**Career**

Hanne Birgitte Breinbjerg Sørensen (born 1965, Denmark) joined the Sulzer Board of Directors in 2018. In 2017, she was interim CEO of V.Group Limited, the world's largest ship management and marine service company headquartered in London. From 1994 to 2016, she held various positions within the A.P.Moller – Maersk A/S Group in Denmark, a conglomerate of several companies primarily within the energy and transportation industry: CEO of Damco, the Netherlands (2014–2016), CEO of Maersk Tankers, Denmark (2012–2013), Senior VP and Chief Commercial Officer of Maersk Line, Denmark (2008–2012)



David Metzger<sup>2)</sup>  
 Member of the Board  
 Member of the Audit Committee

#### Educational background

- Master of Business Administration from INSEAD Business School
- Master of Finance (lic. oec. publ.), University of Zurich

#### Binding interests

- Member of the Board of Directors, Swiss Steel Holding AG, Switzerland
- Member of the Board of Directors, Octo Telematics, Italy

#### Career

David Metzger (born 1969, Switzerland and France) was elected as member of Sulzer's Board of Directors in 2021. He has significant experience as a board member of private and public companies. He is currently Managing Director Investments and Portfolio Manager for Liwet Holding AG. Prior to this David held senior positions in Witel AG, and previously the Renova Group, as Deputy Managing Director M&A and Strategic Investment at Renova Management AG, and Chief Financial Officer of Venetos Management AG (part of the Renova Group). Prior to this, he held various roles at Good Energies Inc., Bain & Company, Novartis, and Morgan Stanley.

<sup>2)</sup> since April 14, 2021

## Operating principles of the Board of Directors and its committees

All decisions are made by the full Board of Directors. For each application, written documentation is distributed to the members of the Board of Directors prior to the meeting. The Board of Directors and the committees meet as often as required by the circumstances. The Board of Directors meets at least five times per year, the Audit Committee and the Nomination and Remuneration Committee meet at least three times per year, and the Strategy and Sustainability Committee meets at least twice per year. In 2021, the Board held three half-day meetings, one conference call for the constitution of the Board after the AGM and eight conference calls lasting 10 to 180 minutes. For further details, see the table below. The CEO, the CFO and the Group General Counsel (who is the Secretary of the Board of Directors) also generally attend the Board meetings in an advisory role. Other members of the Executive Committee are invited to attend Board meetings as required to discuss the midterm planning, the strategy and the budget, as well as division-specific items (such as large investments and acquisitions).

The committees do not make any decisions, but rather review and discuss the matters assigned to them and submit the required proposals to the full Board of Directors for a decision. At the next full Board meeting following the committee meeting, the Chairpersons of the committees report to the full Board of Directors on all matters discussed, including key findings, opinions and recommendations.

## Board of Directors

Name	Nationality	Position	Entry	Elected until	Attending meetings of the			
					Board	AC	NRC	SSC
Peter Löscher	Austria	Chairman, Chairman SSC <sup>1)</sup> /member SSC <sup>2)</sup>	March 2014	2022	12	-	-	3
Matthias Bichsel	Switzerland	Vice Chairman of the Board <sup>1)</sup> , member SSC <sup>1)</sup> / Chairman SSC <sup>2)</sup>	March 2014	2022	11	-	-	3
Lukas Braunschweiler <sup>1)</sup>	Switzerland	Member SSC	April 2018	2022	2	-	-	1
Mikhail Lifshitz	Russia	Member SSC	April 2016	2022	12	-	-	3
David Metzger <sup>2)</sup>	Switzerland / France	Member AC	April 2021	2022	10	5	-	1 (guest)
Alexey Moskov	Cyprus / Israel	Member AC	April 2020	2022	11	5	-	1 (guest)
Marco Musetti <sup>1)</sup>	Italy / Switzerland	Member NRC, member AC	April 2011	2022	3	1	2	1 (guest)
Gerhard Roiss	Austria	Chairman NRC, member AC	April 2015	2022	12	4	10	2 (guest)
Hanne Birgitte Breinbjerg Sørensen	Denmark	Chairwoman AC, member NRC	April 2018	2022	10	6	10	2 (guest)
Suzanne Thoma <sup>2)</sup>	Switzerland	Vice Chairwoman of the Board, member NRC, member SSC	April 2021	2022	10	-	8	2

AC = Audit Committee, NRC = Nomination and Remuneration Committee, SSC = Strategy and Sustainability Committee

1) Until April 14, 2021.

2) From April 14, 2021

## Additional mandates of members of the Board of Directors outside the Sulzer group

According to Sulzer's Articles of Association (published at [www.sulzer.com/governance](http://www.sulzer.com/governance), under "Articles of Association"), the maximum number of additional mandates held by members of the Board of Directors outside the Sulzer group is ten (of which a maximum of four mandates may be with listed companies) (Art. 33). Exceptions (e.g. for mandates held at the request of Sulzer or mandates in charity organizations) are defined in the Articles of Association (§ 33 paragraphs a, b and c).

## Audit Committee

The Audit Committee (members listed above) assesses the midyear and annual consolidated financial statements and, in particular, the activities – including effectiveness and independence – of the internal and statutory auditor, as well as the cooperation between the two bodies. It also assesses the Internal Control System (ICS), risk management and compliance; at least one meeting per year is dedicated to risk management and compliance. The regulations of the Audit Committee can be viewed at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under "Regulations"). The CEO, the CFO, the Group General Counsel (at least partially), the Head of Group Internal Audit (who is also the Secretary of this committee) and the external auditor-in-charge attend the meetings of the Audit Committee. In 2021, the Audit Committee held four regular meetings, in February, July, September and December. The meetings lasted on average between two and two and a half hours. In addition, two extraordinary meetings took place in August and October, which on average lasted 20 minutes. The statutory auditor attended all of these meetings. Internal experts, such as the Group General Counsel and the Heads of Group Internal Audit, Group Treasury, Group Accounting, Group IT, Group Compliance and Risk Management, and Group Tax gave presentations to the Audit Committee in 2021. In February,

the Audit Committee is informed of compliance exposures as a result of periodic risk assessments, and it receives an overview of compliance cases under investigation. In September, the Audit Committee is briefed on the present state of risk management within the company and on the results of the risk management process — a process to systematically identify and evaluate significant risks and introduce countermeasures. In the same meeting, an update on Sulzer's compliance approach, including the respective ongoing — and planned — activities, is provided. The major current compliance cases (if any) are reported to and discussed by the Audit Committee regularly.

## Nomination and Remuneration Committee<sup>1)</sup>

The Nomination and Remuneration Committee (members listed above) assesses the criteria for the election and re-election of Board members and the nomination of candidates for the top two management levels and deals with succession planning. It also assesses the compensation systems and recommends compensation for the members of the Board of Directors and the Executive Committee (including bonus targets for the latter) on behalf of the Board of Directors and in accordance with its specifications. It carries out broadly based compensation benchmarks with an international comparison group, supported by studies of consulting firms such as Mercer and Willis Towers Watson, and it scrutinizes the work of internal and external consultants. The members of the Nomination and Remuneration Committee are elected by the Shareholders' Meeting. The regulations of the Nomination and Remuneration Committee are available at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under "Regulations"). The CEO and the Chief Human Resources Officer (who is also the Secretary of this committee) attend the meetings of the Nomination and Remuneration Committee. In 2021, four regular meetings were held in January, July, September and December, taking on average two hours. Furthermore, the NRC held six extraordinary meetings by conference call, lasting on average 60 minutes. Independent third-party market compensation data was provided to the NRC, especially by Mercer with respect to executive management's remuneration.

1) The Board of Directors intends to split the Nomination and Remuneration Committee into two separate committees after the 2022 AGM: a Nomination and a Remuneration Committee. The members of the Remuneration Committee will continue to be elected by the AGM.

## Strategy and Sustainability Committee

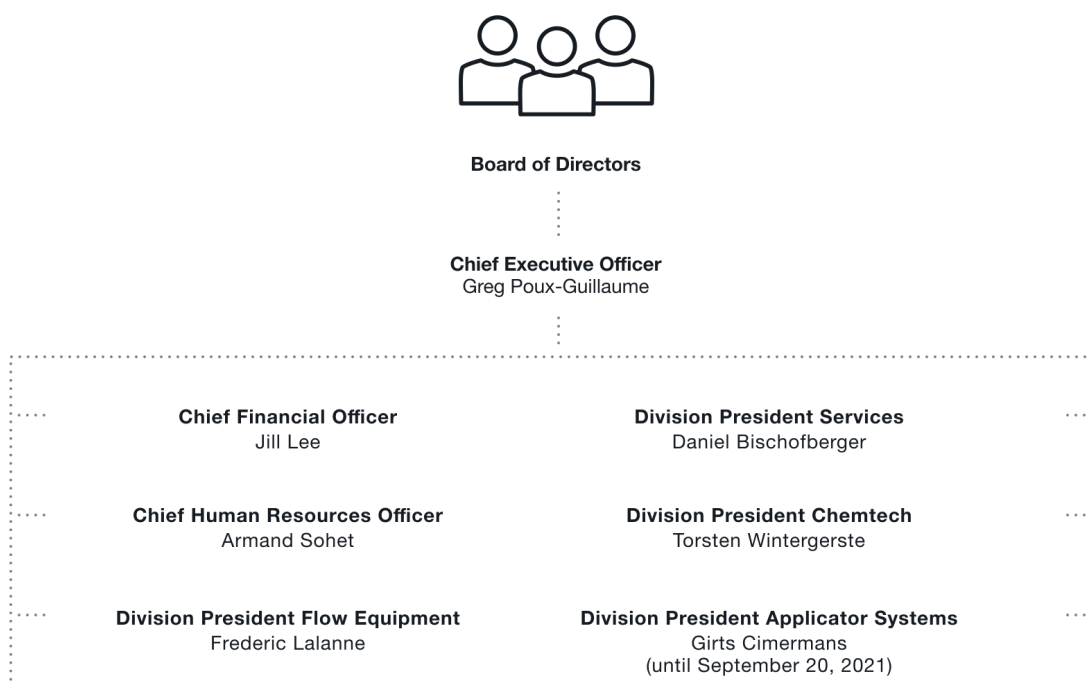
To effectively govern Sulzer's sustainability agenda, the Board of Directors decided to extend the scope of the Strategy Committee and to rename it the Strategy and Sustainability Committee as of April 15, 2020. The Strategy and Sustainability Committee (members listed above) advises the Board of Directors on strategic matters (such as material acquisitions, divestitures, alliances and joint ventures), strategic planning, definition of development priorities, and the company's sustainability initiatives and objectives as well as on other relevant public policy matters. The regulations of the Strategy and Sustainability Committee can be viewed at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under "Regulations"). In 2021, three meetings (one regular, two via conference call) took place in February, May and October, lasting one and a half to two and a half hours.

## Division of powers between the Board of Directors and the CEO

The Board of Directors has largely delegated executive management powers to the CEO. However, it is still responsible for matters that cannot be delegated in accordance with Art. 716a of the Swiss Code of Obligations. These matters include corporate strategy, the approval of midterm planning and the annual budget, as well as key personnel decisions and the preparation of the compensation report. The same applies to acquisition and divestiture decisions involving a transaction value exceeding CHF 30 million, investments in fixed assets exceeding CHF 15 million, major corporate

restructurings, approval of dispute settlements with an impact on operating income of more than CHF 20 million, approval of research and development projects exceeding CHF 10 million, as well as other matters relevant to the company, and decisions that must be made by law by the Board of Directors. The competency regulations and the nature of the collaboration between the Board of Directors and the Executive Committee can be viewed in the organizational regulations at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under “Regulations”).

## Management structure



## Information and control instruments

Each member of the Board of Directors receives a copy of the monthly financial information (January to May and July to November), plus the midyear and annual financial statements. These include information about the balance sheet, the income and cash flow statements, and key figures for the company and its divisions. They incorporate comments on the respective business results and a rolling forecast for the current business year. The CEO and CFO report at every Board meeting on business developments and all matters relevant to the company; once each year, the Board receives the forecasted annual results. During these Board meetings, the Chairs of the committees also report on all matters discussed by their committees and on the key findings and assessments, and they submit proposals accordingly. Each year, the Board of Directors discusses and approves the budget for the following year and the midterm plan, which is also subject to periodic review. The Chairman of the Board of Directors regularly consults with the CEO and other representatives of the Executive Committee. In addition, the Board of Directors receives a status update on investor relations on a regular basis.

## Group Internal Audit

Group Internal Audit reports functionally directly to the Chair of the Audit Committee, but administratively to the CFO. Meetings between Group Internal Audit and the statutory auditor take place regularly. They are used to prepare for the meetings of the Audit Committee, to review the interim and final reports of the statutory auditor, and to plan and coordinate internal and external audits. Group companies are audited by Group Internal Audit based on an audit plan that is approved by the Audit Committee. Depending on the risk category, such audits are carried out on a rotational basis either annually or every second, third or fourth year. Group Internal Audit carried out 36 audits in the year under review. One of the focal points is the Internal Control System (ICS). The results of each audit are discussed in detail with the companies and (where necessary) the divisions concerned, and key measures are agreed upon. The Chairman of the Board of Directors, the members of the Audit Committee, the CEO, the CFO, the Group General Counsel as well as the respective Division President and other line managers of the audited entity receive a copy of the audit report. Significant findings and recommendations are also presented to and discussed with the Executive Committee and the Group General Counsel during the monthly Executive Committee meetings. A follow-up process is in place for all group internal audits, which allows efficient and effective monitoring of how the improvement measures are being implemented. Each year, the Head of Group Internal Audit compiles a report summarizing activities and results. This report is distributed to members of the Board of Directors and the members of the Executive Committee, and it is presented to the Executive Committee and the Audit Committee. It is discussed in both committees and, thereafter, reported to the Board of Directors.

## Risk management and compliance

Sulzer has established and implemented a comprehensive, value- and risk-based compliance program that focuses on prevention, detection and response. It consists of the following main elements:

### Strong values and building up a strong ethical and compliance culture

Sulzer puts a high priority on conducting its business with integrity, in compliance with all applicable laws and internal rules (“a clean deal or no deal”), and on accepting only reasonable risks. Sulzer 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 whistleblowers acting in good faith will not be tolerated.

### Risk assessment

As part of Sulzer’s integrated risk management process, compliance risks are assessed regularly and mitigated with appropriate and risk-based actions. The results are discussed both with the management and with the Audit Committee. The Audit Committee dedicates at least one full meeting per year to risk management and compliance. An overview of the main risks and corresponding mitigation measures is provided in the chapter “[Risk management](#)” of this corporate governance report.

## Internal rules and tools

Sulzer has a Code of Business Conduct, which can be viewed in 18 languages at [www.sulzer.com/governance](http://www.sulzer.com/governance) (under “Code of Business Conduct”). Every employee of the company (including employees of newly acquired businesses) has to confirm in writing that he or she has read and understood this code, and will comply with it. Every member of the Sulzer Management Group (approximately 70 managers), the heads of the operating companies, the headquarters, regional and local compliance officers as well as the legal entity finance heads must reconfirm this compliance commitment in writing annually. Furthermore, Sulzer joined the UN Global Compact initiative in 2010. The latest [Communication on Progress Report](#) was published on September 10, 2021, and can be downloaded from [www.sulzer.com/sustainability](http://www.sulzer.com/sustainability).

## Rules

Although Sulzer follows a behavior- and principle-based approach, compliance directives and processes have been implemented as elements of the governance framework. Sulzer focuses on the major compliance risks, e.g.:

- Bribery and corruption risks: Sulzer has had a group-wide anti-bribery and anti-corruption program in place since 2010. This program includes a web-based process that addresses the due diligence of intermediaries, a company-wide directive for offering and receiving gifts and hospitalities, and an e-training module (in thirteen languages) to familiarize Sulzer employees with the requirements of the directive.
- Antitrust and anticompetition risks: Sulzer has an antitrust directive addressing behaviors in trade associations in place.
- Export control risks: Employees involved in export activities have to comply with all applicable export and re-export laws and regulations. Sulzer rolled out and implemented its global Trade Control Directive in all legal entities concerned. Every exporting legal entity has an internal control program (ICP) in place that includes processes and defines responsibilities on export control matters and other important requirements to comply with export compliance laws and regulations.
- Further risks (e.g. non-compliance with stock exchange laws and regulations; human resource-related issues; insufficient protection of intellectual property and know-how; violations of privacy and data protection laws; product liability; risk related to environment, quality, safety and health, etc.): Focused rules and processes address these and many other potential risks. Sulzer has processes that ensure compliance with insider laws as well as stock exchange reporting and notification duties. Local compliance officers performed 10 face-to-face compliance training sessions. Due to the COVID-19 preventive measures, face-to-face sessions have been replaced by 21 compliance webinars, conducted by Group Compliance and covering 2'610 employees. In addition, 34 export control trainings have been provided.

## Tools

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 sets up a post-merger integration process consisting of a systematic post-merger compliance risk analysis, which provides the foundation for risk-based mitigation actions.

## Organization

Since 2013, Sulzer has had a Legal, Compliance and Risk Management group function (headed by the Group General Counsel). Within this organization, a line reporting structure is in place for the three regions: Americas (AME); Europe, the Middle East and Africa (EMEA); and Asia-Pacific (APAC). The local Compliance Officers ultimately report — via Regional Compliance Officers and the Chief Compliance Officer — to the Group General Counsel. In addition, the headquartered Compliance and Risk Management team steers and runs the group-wide compliance program and all compliance investigations. To ensure the consistent rollout of Group Compliance initiatives, the compliance organization uses direct reporting lines. The Group General Counsel informs the Board of Directors and the Executive Committee regularly about legal matters and key changes in legislation that may affect Sulzer, as well as on important litigation. Twice a year, the Audit Committee receives a report about any pending or threatened litigation with worst-case exposure exceeding CHF 0.5 million. Further information on reports to the Audit Committee is provided in the “Audit Committee” section above.

## Awareness building and trainings

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 2021, Sulzer employees completed 22'051 compliance e-learning courses.

## Controls and sanctions

The Group Function Legal supports the audits done by Group Internal Audit following the same audit process. The Group Function Environment, Safety and Health (ESH) organized 10 external health and safety compliance audits. The focal points were occupational health and safety compliance with applicable regulations. The results of each of these audits were discussed directly with the responsible managers, and an agreement was reached on any improvements required. Audit actions are reported in a central repository (group tool) that enables the follow-up and tracking of closures and is regularly reviewed by management. The latest status of the company's risks relating to environment, safety and health is reported to the Audit Committee once a year. Apart from these formal audits, internal investigations (triggered by reports from the compliance hotlines, e-mails, telephone calls or other avenues of communication) were carried out during 2021 and at least five employees had to leave Sulzer because of violations of Sulzer's Code of Business Conduct. Others received warnings or faced other disciplinary measures. However, most of the reports received concerned non-material issues.

## Continuous improvement

It is Sulzer's goal to constantly improve its compliance and risk management approach. Findings of audits and internal investigations are assessed, internal processes and rules are adjusted, and training modules are improved. Sulzer always reviews compliance violations to determine whether they are rooted in a process weakness. If that is found to be the case, the process will be improved and risk-mitigating measures will be taken.

## Executive Committee

The Executive Committee consists of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Human Resources Officer (CHRO) and the Division Presidents.

The Board of Directors delegates executive management powers to the CEO. The CEO delegates the appropriate powers to the members of the Executive Committee (EC). The Division Presidents define and attain business targets for their respective divisions in accordance with group-wide goals. The Board of Directors and Organization Regulations govern, among other things, the transfer of responsibilities from the Board of Directors to the CEO (the regulations can be viewed at [www.sulzer.com/governance](http://www.sulzer.com/governance), under “Regulations”). There are no management contracts with third parties. None of the Executive Committee members has a contract with a notice period exceeding 12 months. The members of the Executive Committee and their CVs can be viewed below. In the course of the medmix spin-off, Girts Cimermans became the CEO of medmix Ltd and left the Executive Committee of Sulzer Ltd as of September 20, 2021.

### Additional mandates of members of the Executive Committee outside the Sulzer group

No member of the Executive Committee may hold more than five mandates, of which no more than one may be in listed companies (Articles of Association, § 33; published at [www.sulzer.com/governance](http://www.sulzer.com/governance), under “Articles of Association”). Exceptions (e.g. for mandates held at the request of Sulzer or mandates in charity organizations) are defined in the Articles of Association (§ 33, paragraphs a, b and c).

### CVs of Executive Committee members



Greg Poux-Guillaume<sup>1)</sup>  
Chief Executive Officer

#### Educational background

- MBA, Harvard Business School, USA
- Master of Science, Mechanical Engineering, Ecole Centrale Paris, France

#### Binding interests

- Chairman of the Board of Directors of medmix Ltd, Switzerland
- Board member Swiss-American Chamber of Commerce

#### Career

Greg Poux-Guillaume (born 1970, France) was appointed Chief Executive Officer of Sulzer in 2015. He joined from General Electric, where he had been named CEO of GE Grid Solutions upon the closing of GE's takeover of Alstom's energy businesses. Previously, he was Executive Vice President of Alstom Group and a member of the Executive Committee, and served as President and CEO of Alstom Grid (2011–2015). From 2009 to 2011, he was a Senior Managing Director at CVC Capital Partners. Prior to this, he held various positions with Alstom Group (2003–2008), in technology venture capital with Softbank and in consulting with McKinsey & Company. Greg started his career in Exploration and Production with Total (1993–1997).

<sup>1)</sup> stepping down on February 18, 2022



**Jill Lee<sup>1)</sup>**  
Chief Financial Officer

**Educational background**

- Master of Business Administration (MBA), Nanyang Business School, Singapore
- Bachelor of Business Administration, National University of Singapore, Singapore

**Binding interests**

- Member of the Board of Directors, Schneider Electric SE, Switzerland
- Member of the Board of Directors, medmix Ltd, Switzerland
- Member of the Foundation Board, IMD Business School, Switzerland

**Career**

Jill Lee (born 1963, Singapore) joined the Sulzer Executive Committee as Chief Financial Officer in 2018. From 2011 until 2018, she was a member of the Sulzer Board of Directors. Besides that, she was the Senior Group Vice President and Head of Next Level Program Management of ABB Ltd. From 2012 to 2014, she was the Senior Vice President and CFO for ABB China and North Asia Region. Prior to this, she served as Senior Vice President, Finance Strategy and Investments for Neptune Orient Lines in Singapore (2010–2011). She has also held a number of positions with Siemens, including global Chief Diversity Officer (2008–2010), CFO and Senior Executive Vice President of Siemens in China (2004–2008), CFO and Senior Vice President of Siemens in Singapore (2000–2004), CFO Asia-Pacific and General Manager of the Asia Regional Headquarters of Siemens Electromechanical Components in Singapore (1997–2000).

1) Retiring later in 2022



**Armand Sohet**  
Chief Human Resources Officer  
Chief Sustainability Officer

**Educational background**

- Diploma in Mathematics and Sociology from Besançon University, France
- Graduate of Institut d'Etudes Politiques Paris, France

**Career**

Armand Sohet (born 1965, France) joined the Executive Committee as Chief Human Resources Officer in 2016 and was appointed Chief Sustainability Officer in 2021. He was Human Resources Senior Executive Leader of GE Grid Solutions from 2015 to 2016. Before, he was Head of Human Resources at Alstom Grid (2011–2015). From 2010 to 2011, he served as Group Vice President of Constellium. From 2007 to 2010, he led Human Resources for Thales Defence & Security C4I Systems. He previously held various positions at Novartis in Switzerland and in France, including Head of Human Resources of the Ophtha business unit, Basel, Switzerland (2006–2007), Head of Human Resources of Western and Central Europe, Basel (2004–2006), Head of Human Resources of Novartis France (2000–2004), and Human Resources Manager of Field Forces and Marketing at Novartis Pharma France (1998–2000). Armand Sohet started his career at Peugeot PSA, where he served in various managerial positions in the field of Human Resources (1989–1998).



**Frederic Lalanne<sup>1)</sup>**  
 Division President Flow Equipment

**Educational background**

- International Executive Program, Insead, Fontainebleau, France
- Master in International Politics, Université Libre de Bruxelles, Belgium
- Post Graduate Degree in Business Administration, Sorbonne, Paris, France
- Master's Degree in Sciences and Technology, Angers University, France

**Career**

Frederic Lalanne (born 1963, France) took over the position as Division President Flow Equipment on January 1, 2019. Frederic joined the Executive Committee as Chief Commercial and Marketing Officer in 2016. He joined from General Electric Grid Solutions in France, where he was Vice President Global Sales and Marketing (2015–2016). Previously, he was Senior Vice President Global Sales and Marketing at Alstom Grid in France (2012–2015). He worked as Managing Director of Catering International and Services, France (2011–2012), and was President Cegelec Worldwide Business of the Belgium-based company Cegelec (2008–2011). From 2005 to 2007, he served as Managing Director Alstom Projects India Ltd and Vice President Sales and Marketing Alstom Power in India. Before that, he held various positions as General Manager and Sales and Marketing Director at Pauwels Group in Belgium and Indonesia (1996–2004).

1) Succeeding Greg Poux-Guillaume as Chief Executive Officer on February 18, 2022



**Daniel Bischofberger<sup>1)</sup>**  
 Division President Services

**Educational background**

- Master's Degree in Industrial Engineering and Bachelor's Degree in Mechanical Engineering, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland
- MBA Program, Insead, Fontainebleau, France
- IMD, ABB Senior Leadership Development Program, Lausanne, Switzerland

**Career**

Daniel Bischofberger (born 1966, Switzerland) joined the Sulzer Executive Committee as Division President Services in 2016. Previously, he worked as Local Division Manager Power Products at ABB Switzerland (2011–2016). From 2004 to 2011, he was Head of Alstom's Gas Turbine Service Business, Switzerland. Before, he was Head of Corporate Development and Assistant to the CEO at the Swiss-based Dätwyler Holding Ltd (2002–2004). From 2000 to 2002, he acted as Head of Worldwide Sales and Marketing for a business unit of ABB High-Voltage Technologies Ltd, Switzerland. He started his career as Commissioning Engineer for gas turbine power plants at ABB Power Generation in the USA and Libya and gradually took over different managing positions in the USA, Switzerland and Malaysia (1993–1998).

1) stepping down in early 2022



**Torsten Wintergerste**  
Division President Chemtech

**Educational background**

- Master of Business Administration (Executive MBA), University of St. Gallen, Switzerland
- Doctorate in Mechanical Engineering, Swiss Federal Institute of Technology (ETH) Zurich, Switzerland
- Master's Degree in Aerospace Engineering, University of Stuttgart, Germany

**Career**

Torsten Wintergerste (born 1965, Switzerland) was announced as Division President Chemtech and member of the Executive Committee in 2016. He has been Head of Chemtech's business unit Separation Technology for Europe, Middle East, India, Russia, and Africa since 2012. He joined Sulzer in 1998, first within the research and development unit Sulzer Innotec, where he became Head of the groupwide center of excellence for fluid technology. From 2006 to 2012, he worked in various managing positions within Sulzer's division Chemtech, amongst others Director Polymer Technology as well as Manager Technology and Business Development of the Sulzer Mixpac business unit. Before joining Sulzer, he was a research associate at the Swiss Federal Institute of Technology (ETH) Zurich in Switzerland (1994–1998) and at the National Aeronautics and Space Research Center in Germany (1992–1994).

# Shareholder participation rights

## Restrictions and representation of voting rights

Only nominees are subject to restrictions (see section “[Capital structure](#)” of this corporate governance report). No exceptions were granted during the reporting year, and no measures to remove these restrictions are planned. According to the Articles of Association, a shareholder may be represented at a Shareholders’ Meeting by its legal representative, another shareholder with the right to vote or the independent proxy. Shares held by a shareholder may be represented by only one person.

## Statutory quorum

Changes to the Articles of Association may only be approved by a majority of at least two-thirds of the voting rights represented at the Shareholders’ Meeting, other than ordinary share capital increases (against payment in cash and without the exclusion of shareholders’ preemptive rights), which are decided by an absolute majority of the votes represented. The dissolution or a merger of the company can only be decided upon if at least half the shares issued are represented at the Shareholders’ Meeting and two-thirds thereof vote in favor of the corresponding proposal (see also § 16 of the [Articles of Association](#)).

## Convocation of the Shareholders’ Meeting and submission of agenda items

The applicable regulations regarding requests for the convocation of an extraordinary Shareholders’ Meeting are in line with the applicable law regarding the convocation of a Shareholders’ Meeting. Shareholders representing at least 2% of the share capital may submit items for inclusion on the agenda of a Shareholders’ Meeting. Such submissions must be requested in writing at least two months prior to the meeting and must specify the agenda items and proposals of the shareholder concerned (see also § 12 of the [Articles of Association](#)).

## Entry in the share register

Voting rights may be exercised by shareholders who are registered in the share register on the record date stated in the invitation to the respective Shareholders’ Meeting.

## Independent proxy

At the AGM of April 14, 2021, Proxy Voting Services GmbH was elected as the independent proxy for a term of office extending until completion of the next AGM. The Articles of Association do not contain rules on the granting of instructions to the independent proxy and the electronic participation in the Shareholders’ Meeting which deviate from the default Swiss law.

## Takeover and defense measures

The Articles of Association contain no opting-out or opting-up clauses. If there is a change of control, all restricted share units (RSUs) allocated to Board members are automatically vested. Also, the performance share units (PSUs) allocated to members of the Executive Committee are converted into shares on a pro rata basis and based on actual achievement of the performance targets, without being subject to blocking restrictions. A change of control includes an acquisition of, or a public takeover offer in relation to, more than 33.33% (RSUs) or 50% or more (PSUs) of the voting rights.

## Auditors

The statutory auditor is elected at the AGM for a one-year term of office. KPMG AG has been acting as the statutory auditor since 2013. As of the financial year 2020, the acting external auditor-in-charge is Rolf Hauenstein. The external auditor-in-charge is replaced every seven years. The Audit Committee is in charge of supervising and monitoring the statutory auditor, and it reports to the Board of Directors (see section “Audit Committee” in the chapter “[Board of Directors](#)” of this corporate governance report). The members of the Audit Committee receive summaries of audit findings and improvement proposals at least once a year. The external auditor-in-charge and his deputy were invited to attend meetings of the Audit Committee. In 2021, the statutory auditor was present at all six Audit Committee meetings. The Audit Committee or its Chairperson meets separately with the Head of Group Internal Audit and the statutory auditor at least once a year to assess (among other things) the independence of the internal and statutory auditors. The Audit Committee evaluates the work done by the statutory auditor based on the documents, reports and presentations provided by the statutory auditor, as well as on the materiality and objectivity of their statements. To do so, the Audit Committee gathers the opinion of the CFO. The Audit Committee reviews the fee paid to the auditor regularly and compares it with the auditing fees paid by other internationally active Swiss industrial companies. Said fee is negotiated by the CFO and approved by the Board of Directors. Further information on the auditor, in particular the auditor’s fees and any additional fees received by the auditor for advisory services outside its statutory audit mandate, is listed under [note 33](#) to the “consolidated financial statements”. All advisory services provided outside the statutory audit mandate (essentially, consulting services related to audit and accounting as well as legal and tax advisory services) are compliant with the applicable independence rules.



# Risk management

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

Risk	Risk exposure	Main loss controls
<b>External and markets</b>		
Market assessment	Market developments that are assessed inappropriately could lead to missed business opportunities or losses.	<ul style="list-style-type: none"> <li>– Continuous monitoring and assessment of market developments</li> <li>– Systematic midrange planning based on market developments and expectations</li> </ul>
Geopolitical shocks	A geopolitical shock event could have an impact on operations and travel. Also, it could imply currency risks and default risks of countries and banks.	<ul style="list-style-type: none"> <li>– Monitoring of exposure in critical countries</li> <li>– Monitoring of debt situation of countries and banks</li> <li>– Continuous monitoring of raw material prices and inflation indicators</li> <li>– Sulzer's global presence mitigates the effect of geopolitical shocks</li> </ul>
<b>Strategic</b>		
Innovation	Failure in R&D and innovation activities could negatively impact the ability to operate and to grow the business. Insufficient investments in innovation to maintain technology leadership and develop innovative products.	<ul style="list-style-type: none"> <li>– A phased process, technical risk manageability assessments and key performance indicators to ensure quality of the development</li> <li>– Product Development Council with strong focus on strategic plans and digitalization</li> <li>– Prototypes and own test beds to test and validate products before market release</li> <li>– Core Technology Council for research of basic technology</li> <li>– Focus on innovation with strategic customers</li> <li>– Innovation and ideation projects</li> <li>– Implementation of an expert development program for key critical resources</li> </ul>
Environment, Social and Governance (ESG)	ESG-related regulations could change. Stakeholder expectations related to ESG commitments could change. Not meeting regulatory requirements could result in fines, limit access to financing, impact banking channels and result in loss of business and reputational damages	<ul style="list-style-type: none"> <li>– Board Strategy and Sustainability Committee extended to cover ESG and sustainability</li> <li>– Setting of clear ESG-related objectives and progress tracking</li> <li>– ESG initiatives driven by EC including different group and business functions covering regulatory requirements and supply chain due diligence</li> <li>– ESG assessments in business projects</li> </ul>
<b>Operational</b>		
Attraction and retention	Failure to attract, retain and develop people could lead to a lack of critical skills and knowledge, which hinders both daily operations and growth potential.	<ul style="list-style-type: none"> <li>– Ensuring that Sulzer's people and performance efforts are anchored to the company's values and behaviors</li> <li>– Ongoing feedback through employee opinion survey "Voice of Sulzer"</li> <li>– Robust internal communications strategy</li> <li>– Ongoing engagement in workshops and collaborative activities</li> <li>– Visibility and access to creating development experiences and opportunities</li> <li>– Consistent approach to salary grading and benchmarking</li> </ul>
Health and safety	An unsafe working environment could lead to harm to people, reputational damage, fines as well as liability claims and could have a serious economic impact.	<ul style="list-style-type: none"> <li>– Health and safety directives, guidelines, programs (e.g. Safe Behavior Program) and training</li> <li>– OHSAS 18001 and ISO 45001 certifications</li> <li>– Monthly health and safety controlling and regular audits, systematic risk assessments</li> <li>– Global network of health and safety officers</li> <li>– Immediate implementation of COVID-19 preventive measures in all legal entities and workplaces, including: informing and training employees on COVID-19 preventive measures; implementation of risk assessment procedures, travel ban for high-risk countries and approval concepts for business travel; implementation of remote working; implementation of remote video to support final acceptance procedures in manufacturing</li> </ul>

Environmental	Environmental damage could lead to harm to people and nature, reputational damage, fines as well as liability claims and could have a serious economic impact.	<ul style="list-style-type: none"> <li>– Mitigation in comprehensive environmental due diligence (EDD) projects for acquisitions and divestitures</li> <li>– Elimination of environmentally damaging substances through Prohibited Substances List</li> <li>– Sulzer sustainability strategy that defines key targets in view of climate change</li> </ul>
Compliance	Non-compliant or unethical behavior could lead to reputational damage, fines and liability claims.	<ul style="list-style-type: none"> <li>– Active fostering of high ethical standards by tone from the top and middle management</li> <li>– Continuous monitoring and assessment of potential exposures</li> <li>– Continuous monitoring of regulatory environment</li> <li>– Sulzer Code of Business Conduct and a number of supporting regulations (e.g. anticorruption, antitrust, trade control)</li> <li>– Third-party due diligence process</li> <li>– Global and centrally led organization of compliance and trade compliance officers</li> <li>– Compliance training (incl. e-learning) and audits</li> <li>– Sensitive country list with escalation process and project-specific compliance assessments in high-risk countries</li> <li>– Speak-up culture, compliance hotline and sanction checks</li> </ul>
Quality of products and services	Failure of high-quality products and services could lead to repeated work, reputational damage or liability claims.	<ul style="list-style-type: none"> <li>– Quality management and assurance systems tailored to specific businesses</li> <li>– Third-party accreditation</li> <li>– Competence development programs and training of employees</li> <li>– Test centers</li> </ul>
Business interruptions	Business interruption, such as a fire, could cause damage to people, property and equipment. It could have a negative effect on the ability to operate at the affected site. Security incidents could impact the IT infrastructure or systems, which could result in a business interruption. Business interruption caused by pandemic-related lockdowns or bottlenecks in logistics centers, lack of transport capacities, lack of raw materials or electronic parts or increased demand could have an impact on operations and supply chains and thus could lead to serious economic impact.	<ul style="list-style-type: none"> <li>– Crisis and emergency management systems (at global and local level) including close monitoring of incidents which could impact supply chains</li> <li>– Risk management policy and guidelines</li> <li>– Global manufacturing footprint and global procurement</li> <li>– IT security standards, measures and incident response team</li> <li>– Disaster recovery plans in IT</li> <li>– Implementation of COVID-19 business interruption response team to support businesses in becoming qualified as essential service providers</li> <li>– Global monitoring of COVID-19-related governmental decisions and COVID-19 impacts on supply chains and availability of raw materials</li> <li>– Enhancement of IT infrastructure to cope with higher data volumes during extended remote work</li> </ul>
<b>Financial</b>		
Financial markets	The unpredictability of financial markets may have a negative effect on Sulzer's financial performance and its ability to raise or access capital.	<ul style="list-style-type: none"> <li>– Group financial policy</li> <li>– Foreign exchange risk policy</li> <li>– Trading loss limits for financial instruments</li> </ul>
Credit	Credit risks arising from financial institutions and from customers could have a negative effect on Sulzer's financial performance and ability to operate.	<ul style="list-style-type: none"> <li>– For financial institutions, only parties with a strong credit quality are accepted (third-party rated)</li> <li>– Individual risk assessment of customers with large order volumes</li> <li>– Continuous monitoring of country risks</li> </ul>
Liquidity	Failure in liquidity risk management may have a negative effect on Sulzer's financial performance and its ability to operate.	<ul style="list-style-type: none"> <li>– Continuous liquidity monitoring</li> <li>– Management of liquidity reserves at group level</li> <li>– Cash flow program to optimize liquidity and cash flow management</li> <li>– Efficient use of available cash through cash pooling</li> </ul>

## Information policy

Sulzer Ltd reports on its order intake every quarter (media releases) and on its financial results every half-year. In each case, it also comments on the business performance and outlook. In addition, the company reports on important events on an ongoing basis (ad hoc publications). The reporting referred to in the [compensation report](#) (including the respective references to the financial reporting section) complies with the recommendations on the content of the compensation report as laid out in section 38 of annex 1 to the Swiss Code of Best Practice for Corporate Governance.

### Key dates in 2022

- February 18: Annual results 2021
- April 6: AGM 2022
- April 11: Order intake Q1 2022
- July 29: Midyear results 2022
- October 26: Order intake nine months 2022

These dates and any changes can be viewed at [www.sulzer.com/events](http://www.sulzer.com/events). Media releases (sent via e-mail) can be subscribed to at [www.sulzer.com/subscribe](http://www.sulzer.com/subscribe). Other information is available on the Sulzer website [www.sulzer.com](http://www.sulzer.com), or by contacting Investor Relations: <https://www.sulzer.com/en/about-us/investors> – Christoph Ladner, Head of Investor Relations, +41 52 262 30 22

### Material changes between December 31, 2021, and the publication of this report

In November and December 2021, respectively, Sulzer announced that Peter Löscher and Gerhard Roiss will not stand for re-election at the 2022 AGM and that Suzanne Thoma will be proposed as successor to Peter Löscher as the Chairperson of the Board. At the same time, it was communicated that on February 18, 2022, CEO Greg Poux-Guillaume would step down as CEO and be replaced by Frederic Lalanne. Furthermore, also as announced in December 2021, Daniel Bischofberger will also leave Sulzer and Tim Schulten has succeeded him in the Executive Committee of Sulzer as of January 1, 2022. Finally, CFO Jill Lee will retire later in 2022. Group Treasurer Thomas Zickler has been named the internal successor.

### General blackout periods

Generally, and regardless of whether any inside information exists or not, pursuant to Sulzer Ltd's Securities Trading Regulation, the trading in Sulzer Ltd securities is prohibited for (a) the members of the Board of Directors and the Executive Committee, (b) any staff reporting to any member of the Executive Committee, (c) members of Group Finance, Group Planning and M&A, Group Communications and Investor Relations, and (d) any external advisors having access to inside information in connection with Sulzer Ltd's financial reporting, during the following periods: (i) the periods starting on January 1 and July 1 until and including the trading day of the public releases of the respective full-year or half-year reports (if published prior to 7:30 a.m.) or the following trading day (if published between 5:40 p.m. and midnight) and (ii) the periods starting on April 1 and October 1 until and including the trading day of the public releases of the respective quarterly results (if published prior to 7:30 a.m.) or the following trading day (if published between 5:40 p.m. and midnight).

Under certain circumstances (in particular in case of personal hardship), the company may allow exceptions to a blackout period upon reasoned request by an employee, provided that such employee is not in possession of any inside information. Such exceptions must be issued in writing with a copy to the employee's file.