

# Compensation report

51	Letter to the shareholders
53	Compensation governance and principles
57	Compensation architecture for the CEO and Executive Committee members
68	Compensation of the Executive Committee for 2023
73	Compensation architecture for the Board of Directors
75	Compensation of the Board of Directors for 2023
78	Auditor's report

# Paying for sustainable performance

Winterthur, February 22, 2024

Dear Shareholder,

On behalf of the Board of Directors and of the Remuneration Committee (RC), I am pleased to present the 2023 Compensation Report.

2023 has been a successful year for Sulzer. Against the backdrop of a challenging global economic and political development, Sulzer has met and exceeded its ambitious financial objectives. In July 2023, Sulzer even significantly increased its guidance to the financial markets. Also, these even more ambitious targets were met in the upper range of the target bands. In 2023, Sulzer conducted an in-depth analysis of markets, economic and technology trends. Sulzer mapped these trends with its portfolio of products, services, and competencies. As a result, Sulzer has decided to adjust its strategy for the entire Group. This evolved strategy is comprised of two main pillars:

- Organic growth in current and adjacent markets with a focused portfolio of products and services
- Operational excellence across the entire Sulzer value chain

Our Executive Committee has come together in the current set-up relatively recently and mainly through internal promotions. The total compensation for 2023 was entirely within the maximum compensation approved by the AGM 2022. Given our excellent performance in 2023, coupled with our ambition for Growth and Excellence through our “Sulzer 2028” strategy, we must ensure that our Executive Committee is compensated in a way that both rewards and stimulates growth and value creation for our shareholders. This entails reflecting on growing roles and responsibilities as well as evolving market trends, consistent with company performance.

The AGM 2023 elected three new members to the Board of Directors and increased the total number of members on the Board of Directors to seven. The Board of Directors work focused on accompanying and guiding the strategy work as well as assuring the correct oversight and governance. Sulzer established a Governance Committee chaired by Markus Kammüller, who also serves as Lead Independent Director (LID). The Remuneration Committee is chaired by myself.

The compensation paid to the Board of Directors in 2023 was well below the amounts previously approved by the AGM for the period in question. Going forward, the Board of Directors compensation should also stay aligned with the ambitious long-term growth and value creation for shareholders.

Following an excellent 2023 and based on a clear and compelling strategy that points Sulzer toward a prosperous future, I thank you on behalf of Sulzer, the Board of Directors and the Remuneration Committee for your continued trust in our company.

Sincerely,

A handwritten signature in black ink, reading "Kottmann". The signature is written in a cursive, flowing style with a large initial 'K'.

Dr. Hariolf Kottmann  
Chairman  
Remuneration Committee

## Compensation governance and principles

Compensation policies and plans at Sulzer reward performance, sustainable growth and long-term shareholder value creation. The compensation programs are competitive, internally equitable, straightforward and transparent. The compensation report is prepared in accordance with the Articles 732 et seqq. of the Swiss Code of Obligations (CO), the SIX Swiss Exchange Directive on Information relating to Corporate Governance (RLCG) and the principles of the Swiss Code of Best Practice for Corporate Governance.

### Remuneration Committee

The [Articles of Association](#), the [Board of Directors and Organization Regulations](#), and the [Remuneration Committee Regulations](#) define the functions of the Remuneration Committee (RC). The RC supports the Board of Directors in establishing and reviewing the compensation strategy and principles, and in preparing the proposals for the Shareholders' Meeting regarding the compensation of the members of the Board of Directors and of the Executive Committee.

The RC is responsible for the following activities and submits all proposals concerning these activities to the Board of Directors, which has the final decision-making authority:

- Periodic assessment of the compensation policy and programs
- Determination of performance targets for the CEO and the other Executive Committee positions for the purpose of the incentive plans
- Preparation of the proposals for the Shareholders' Meeting on the maximum aggregate amounts of compensation for the Board of Directors and for the Executive Committee
- Determination of the target compensation for the CEO and for the other Executive Committee positions
- Preparation of the compensation report

The table below describes the levels of authority:

	CEO	RC	Board	Shareholders' Meeting
Compensation policy and programs		proposes	approves	
Aggregate maximum compensation amounts for the Executive Committee and for the Board of Directors to be submitted to vote at the AGM		proposes	reviews	approves (binding vote)
Remuneration system and Board member fees		proposes	approves	
Compensation of the CEO		reviews	approves	
Individual compensation of the other members of the Executive Committee	proposes	reviews	approves	
Performance objectives and assessment of the CEO		reviews	approves	
Performance objectives and assessment of the other members of the Executive Committee	proposes	reviews	approves	
Compensation report		proposes	approves	consultative (advisory vote)

As per the Remuneration Committee Regulations of Sulzer Ltd, the RC consists of at least three members who are elected individually and annually by the Shareholders' Meeting for the period of office until the following ordinary AGM. The majority of its members are non-executive and independent. At the AGM 2023, Alexey Moskov was re-elected as a member of the RC and Markus Kammüller was elected as a member for the first time. The new Chair of the RC is Dr. Hariolf Kottmann, who was also elected for the first time at the AGM 2023. Hanne Birgitte Breinbjerg Sørensen (former Chairwoman) and Suzanne Thoma (former member) did not stand for re-election.

In addition to Markus Kammüller being appointed as Lead Independent Director, there were several other new Board appointments at the AGM held on April 19, 2023. Dr. Prisca Havranek-Kosicek was elected as a member of Sulzer's Board of Directors, serving as the Chair of the Audit Committee. Per Utnegaard was elected as a member of Sulzer's Board of Directors and serves as the Chair of the Nomination Committee.

In 2023, Haining Auperin was appointed Chief Human Resources Officer and member of the Executive Committee, Jan Lüder joined as Division President Flow Equipment and Uwe Boltersdorf as Division President Chemtech.

The RC meets as often as the business requires, but at least twice a year. In 2023, the RC held four regular meetings that were attended by all members. This year's agenda topics included a review of the Executive Committee's compensation system, a review of the short-term incentive (STI) and performance share plan (PSP) performance targets and payouts, an analysis of the benchmark used for the Executive Committee and a continuation of the gender pay transparency study.

The CEO, the Chief Human Resources Officer and the Secretary of the Board of Directors, who also acts as the Secretary of the RC, generally attend the meetings. The Chair of the Committee may invite other executives to join the meeting in an advisory capacity, when appropriate. That said, neither the CEO nor any other executive participates in the meetings, or parts thereof, when their own remuneration and/or performance is discussed.

The Chair of the RC reports to the next meeting of the full Board of Directors on the activities of the RC and the matters discussed. The Chair, as far as necessary, submits the respective proposals for approval by the Board of Directors. The minutes of the RC meetings are available to all members of the Board of Directors.

The RC engaged third party advisor HCM International for the analysis of the benchmarks used for the Executive Committee and retained hkp///group for advisory services on the compensation report.

## Shareholders' role and engagement

The company is keen to receive shareholders' feedback on the compensation policy and programs, and it already began the practice of holding an advisory vote on the compensation report in 2011. Additionally, the company regularly meets with shareholders and shareholder representatives to understand their perspectives. At the AGM 2023, along with changes to the governance structure, shareholders approved the maximum aggregate compensation amounts for the Board of Directors for the 2023/24 term and for the Executive Committee for the 2024 financial year.

Furthermore, the [Articles of Association](#), which are also subject to shareholders' approval, govern the principles of compensation. Minor changes were made to the Articles of Association at the AGM 2023, as on June 19, 2020, the Swiss Parliament adopted a revision of the corporate law, which entered into force on January 1, 2023 (subject to certain transitional provisions). Swiss corporations are obliged to revise their corporate documents to comply with the new law by the end of 2024. Thus, Articles 30 and 32 of the Articles of Association were slightly amended:

- Article 30 does not foresee an authorization anymore to increase already approved compensation (supplemental amount) for internal promotions within the Executive Committee.
- Article 32 now caps the maximum non-compete compensation in connection with post-contractual non-compete agreements with members of the Executive Committee (max. average total annual compensation over the last three financial years).

The Articles of Association in the current version include the following provisions related to compensation:

- Principles of compensation (Article 31): Non-executive members of the Board of Directors receive fixed compensation only. Members of the Executive Committee receive fixed and variable compensation elements. The variable compensation may include short-term and long-term variable compensation components. These are governed by performance metrics that take into account the performance of the Sulzer group (Group) or parts of it targets in relation to the market, other companies or comparable benchmarks and/or individual targets, as well as strategic and/or financial objectives. Compensation may be paid in the form of cash, shares, options, financial instruments or similar units, in kind, in services or in other types of benefits.
- Shareholders' binding vote on compensation (Article 29): the Shareholders' Meeting shall approve the maximum aggregate amount of compensation for the Board of Directors for the next term of office and the maximum aggregate amount of compensation for the Executive Committee for the following financial year. The Board of Directors shall submit the annual compensation report to an advisory vote at the AGM.
- Additional amount for members of the Executive Committee hired after the vote on compensation by the Shareholders' Meeting (Article 30): if the maximum aggregate amount of compensation as approved by the Shareholders' Meeting is insufficient, up to 40% of the maximum aggregate amount of compensation approved for the Executive Committee shall be available, without further approval, for the compensation of the members of the Executive Committee who were appointed after the AGM.
- Agreements with members of the Board of Directors and the Executive Committee (Article 32): Employment agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Employment agreements for an indefinite term may have a termination notice period not exceeding twelve months. Non-compete agreements for the time after termination of an employment agreement are permissible and shall not exceed one year. Their consideration shall

not exceed the last total annual target compensation such member was entitled to prior to termination and shall in no event exceed the average of the compensation of the last three financial years.

- Loans, credit facilities and post-employment benefits for members of the Board of Directors and of the Executive Committee (Article 34): the company may not grant loans or credits to members of the Board of Directors or the Executive Committee.

## Activities in other organizations

Based on Article 734e of the Swiss Code of Obligations, the compensation report must specify the functions of the members of the Board of Directors and the Executive Committee in other enterprises with an economic purpose within the meaning of Article 626 para. 2 no. 1 of the Swiss Code of Obligations (external mandates). For this, the following table includes the name of the entity and the function exercised.

Member	Name of company	Function
Dr. Suzanne Thoma	Beckers Group, Germany	Non-executive member of the Board of Directors
	BayWa r.e., Germany	Non-executive member of the Board of Directors
Markus Kammüller	ExecDelta GmbH, Switzerland	Sole Partner
	Gonset Holding SA, Switzerland	Vice-Chair of the Board of Directors
	Gonset Immeubles d'Entreprises SA, Switzerland	Vice-Chair of the Board of Directors
David Metzger	Swiss Steel Holding AG, Switzerland	Non-executive member of the Board of Directors
	medmix AG, Switzerland	Non-executive member of the Board of Directors
	Mealda Capital GmbH, Switzerland	Sole Partner
	Sopeli Capital GmbH, Switzerland	Sole Partner
Alexey Moskov	OC Oerlikon Corporation AG, Switzerland	Non-executive member of the Board of Directors
	Witel AG, Switzerland	Executive Chairman
	Liwet Holding AG, Switzerland	President of the Board of Directors
	A2-Link AG, Switzerland	Sole Board Member
Dr. Prisca Havranek-Kosicek	Jenoptik AG, Germany	Chief Financial Officer
	Jenoptik North America Inc., United States of America	Director
Dr. Hariolf Kottmann	Plansee Holding, Austria	Member of the Supervisory Board
	HK1 AG, Switzerland	Sole member of the Board of Directors
Per Utnegaard	Saudi Ground Services, Saudi Arabia	Non-executive member of the Board of Directors
	Alvest Holding, France	Non-executive Director
	Per Utneegard & Partners GmbH, Switzerland	Sole Partner
Tim Schulten	JCB Group Holdings Sàrl, Switzerland	Director

In each individual case, the number of mandates does not exceed the maximum number of external mandates specified in Article 33 of the Articles of Association.

# Compensation architecture for the CEO and members of the Executive Committee

## Compensation principles

The compensation of the Executive Committee is driven by the main principle of pay-for-performance. The compensation policy and programs are designed to reward performance, sustainable growth and long-term shareholder value creation, while offering fair and competitive compensation to be able to attract and retain highly qualified employees. The compensation principles are:

<b>Risk</b>	Risk exposure
<b>Pay-for-performance</b>	A substantial portion of the compensation is delivered in the form of variable incentives based on company and individual performance.
<b>Strategy alignment</b>	The performance criteria are selected to create adequate incentives for achieving the operational and strategic objectives.
<b>Ownership</b>	Part of the compensation is delivered in the form of company equity to foster ownership and to align the interests of executives with those of shareholders.
<b>Market competitiveness</b>	Compensation levels are competitive and in line with market practice to attract and retain highly qualified employees.
<b>Internal equity</b>	The internal compensation structure is based on a job-grading methodology applied globally.
<b>Transparency</b>	Compensation programs are straightforward and transparently explained in the compensation report.

## Method of determining compensation: benchmarking

To ensure compensation levels that are competitive and in line with market practice, the compensation of the members of the Board of Directors and of the Executive Committee is benchmarked against that of similar roles in comparable companies every one to two years.

The RC regularly reviews the composition of the peer group, which is applied for benchmarking purposes. In 2021, the RC decided to revise the composition of the peer group from 2022 onward. Twelve industrial companies of comparable size and complexity from the Swiss market form the peer group, which is used to derive the compensation levels for the Board of Directors and for the Executive Committee. The revised benchmarking peer group maintained its comparability requirements and was utilized again in 2023.



## Compensation benchmark

The comparison group reflects Sulzer's ambitious business strategy:

- ALSO
- Bucher Industries
- Clariant
- dormakaba
- Forbo
- Galenica
- Geberit
- Georg Fischer
- Landis + Gyr
- OC Oerlikon
- Schindler
- Sonova

The intention is to pay target compensation around the median of the relevant market. Nevertheless, compensation is not granted based on benchmark results alone. The role, responsibility, experience and, in particular, the difference between a new entrant to a role and someone with experience who has already demonstrated his or her impact in a similar role, are also criteria in determining compensation. A globally applied job-grading methodology fosters internal equity.

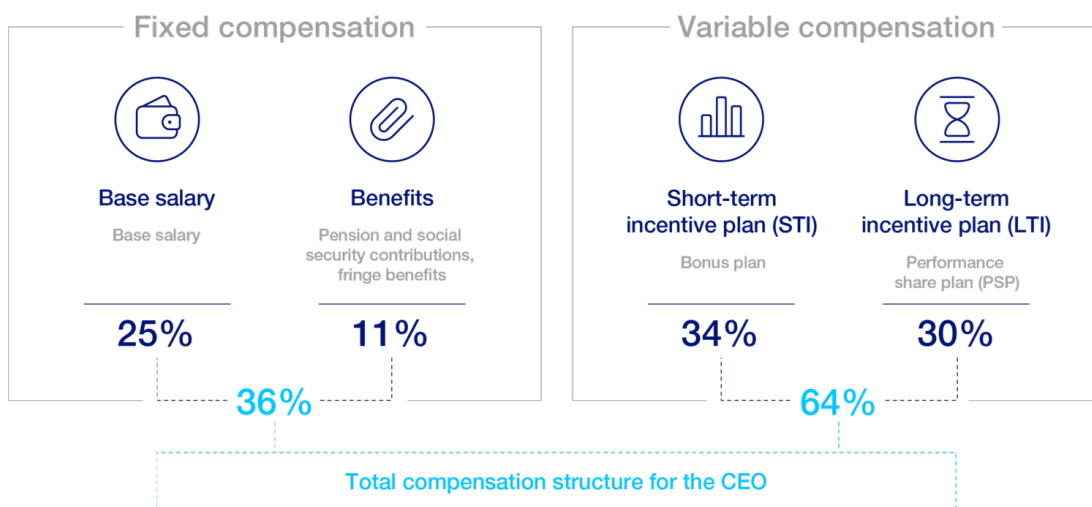
The compensation of the Executive Committee is governed by internal regulations such as the bonus plan, the performance share plan and the benefits plans. The compensation of the Executive Committee is reviewed by the RC annually and, if necessary, is adjusted and approved by decision of the Board of Directors based on a proposal of the RC. The compensation of the Executive Committee is summarized as follows:

## Compensation elements for the members of the Executive Committee

	Base salary	Benefits	Short-term incentive plan (bonus plan)	Long-term incentive plan (PSP 2023)	Share ownership guidelines (SOG)
Main parameters	Function, level of role, profile of incumbent (skill set, experience)	Pension and social security contributions, fringe benefits	Achievement of annual financial and individual objectives	Achievement of long-term, company-wide objectives, share price performance	Level of role
Key drivers	Labor market, internal job-grading	Protection against risks, labor market, internal job-grading	Operational profit, sales, operational operating net cash flow (operational ONCF)	Operational profit growth, operational return on average capital employed adjusted (operational ROCEA), relative total shareholder return (TSR)	Share price performance
Link to compensation principles	Competitive compensation	Competitive compensation	Pay-for-performance, strategy alignment	Pay-for-performance, strategy alignment, ownership	Ownership
Vehicle	Cash	Pension and insurance plans, perquisites	Cash	Performance share units (PSUs) settled in shares	Obligation to privately invest in Sulzer shares and to hold these shares until the end of the service period
Amount	Fixed	Fixed	Variable, capped at 200% of target bonus. Target bonus amounts to 90% of annual base salary for the CEO and 60% of annual base salary for the other members of the Executive Committee. Malus and clawback provisions implemented.	Variable. Grant value is defined based on the Global Grade and corresponds to CHF 1'000'000 for the CEO and between CHF 330'000 and CHF 400'000 for the other members of the Executive Committee (EC). Vesting payout percentage is capped at 250% and vesting value is capped at CHF 2'500'000 for the CEO and at CHF 825'000 to CHF 1'000'000 for the other members of the EC. Malus and clawback provisions implemented.	CEO: 200% of base salary. Other members of the Executive Committee: 100% of base salary.
Grant/vesting/payment date	Monthly	Monthly and/or annually	March of the following year	Grant: April 1, 2023 Vesting: December 31, 2025 Share delivery: March 2026	–
Performance period	–	–	1 year (January 1, 2023–December 31, 2023)	3 years (January 1, 2023–December 31, 2025)	–

The compensation of the Executive Committee contains fixed, performance-independent elements to provide a secure income and to ensure that no unreasonable risks are taken. In order to create reasonable incentives for the Executive Committee, to align the interests of the Executive Committee and shareholders, to ensure pay-for-performance and implement the company's strategy in the Executive Committee's compensation, it also contains short- and long-term performance-dependent elements:

**Overview of compensation elements**



In line with the pay-for-performance principle, a significant portion of the compensation of the CEO (64%) and the other members of the Executive Committee (55%) consists of variable incentives based on performance. Furthermore, the compensation structure ensures sustainable long-term growth, as the long-term variable compensation makes up the largest portion of the target total compensation (see “Overview of compensation elements”).

**Base salary (fixed, in cash)**

The base salary is determined at the discretion of the Board of Directors based on the market value of the respective position and the incumbent’s qualifications, skillset and experience and is paid out in cash. An internal job-grading methodology provides orientation and fosters internal equity.

**Benefits**

Members of the Executive Committee participate in the regular employee pension fund applicable to all employees in Switzerland. The retirement plan consists of a basic plan that covers annual earnings up to CHF 152’868 per year and a supplementary plan in which income over this limit, up to the ceiling set by law, is insured (including variable cash remuneration). The contributions are age-related and are shared between the employer and the employee.

Furthermore, each member of the Executive Committee is entitled to a representation allowance in line with the expense regulations for all members of management in Switzerland and approved by the tax authorities.

**Bonus (variable, performance-based, cash remuneration)**

The bonus rewards the financial performance of the company and/or its businesses, as well as the achievement of individual performance objectives over one calendar year. Performance objectives are defined at the beginning of the year during annual target setting. Achievement is assessed against each of those objectives after year-end and directly influences the variable incentive payouts.

## Performance appraisal

→ Target setting	→ Performance assessment	→ Compensation determination
Definition of two to four individual performance objectives at the beginning of the year	Performance assessment at year-end	Determination of incentive payouts on the basis of the company's/division's performance and achievement of individual objectives

The target bonus is expressed as a percentage of annual base salary. It amounts to 90% for the CEO and to 60% for the other members of the Executive Committee. For the CEO and the other members of the Executive Committee, 70% of the bonus is based on the achievement of financial objectives at company and/or division level, and 30% is based on the achievement of individual objectives as described below:

Category	Weight	Objectives	Rationale		CEO/CFO/ CHRO	Division President		
Financial performance	70%	Operational profitability	Measure of profitability (bottom line)	Sulzer	25%	7.5%		
				Division		17.5%		
		Sales	Measure of growth (top line)	Sulzer	25%	7.5%		
				Division		17.5%		
		Operational operating net cash flow (operational ONCF)	Measure of cash generated	Sulzer	20%	6%		
				Division		14%		
		Individual performance	30%	Cost-effectiveness	Objectives linked to cost reduction or optimization	Individual	10%	10%
				Growth initiatives	Include initiatives that support the growth of Sulzer, such as M&A projects, breaking into new markets or new accounts	Individual	5%	5%
Faster and better	Initiatives focused on the profitability of Sulzer, with objectives linked to speed ("faster") and quality ("better")			Individual	5%	5%		
		Sustainable Sulzer	Objectives linked to the three major priorities of Sulzer's sustainability plan, namely minimizing our carbon footprint, enabling a low carbon society and engaging our employees and communities	Individual	10%	10%		
				<b>Total</b>	<b>100%</b>	<b>100%</b>		

For each financial objective, the following parameters are set upfront:

- An expected level of performance ("target"), the achievement of which leads to a payout factor (on the respective performance metric) of 100%.
- A minimum level of performance ("threshold"), below which the respective payout factor is zero.
- A maximum level of performance ("cap"), above which the respective payout factor is capped at 200%.

Between threshold and target, as well as between target and cap, the payout factor is interpolated linearly.

In order to measure individual performance, each Executive Committee member is given different personal objectives for each of the four individual performance categories (“Cost-effectiveness,” “Growth initiatives,” “Faster and better” and “Sustainable Sulzer”) at the beginning of the financial year. The CEO reviews the individual performance based on the personal objectives of each Executive Committee member, which in turn is reviewed by the RC. The CEO’s individual performance is assessed by the RC.

“Cost-effectiveness”, for example, includes objectives like cost-saving (travel spend reduction, real estate cost reduction, etc.), whereas objectives for the category “Faster and better” consider, among others, on-time delivery percentage improvement. “Growth initiatives” include, for example, successful completion of M&A project or sales growth in specific countries.

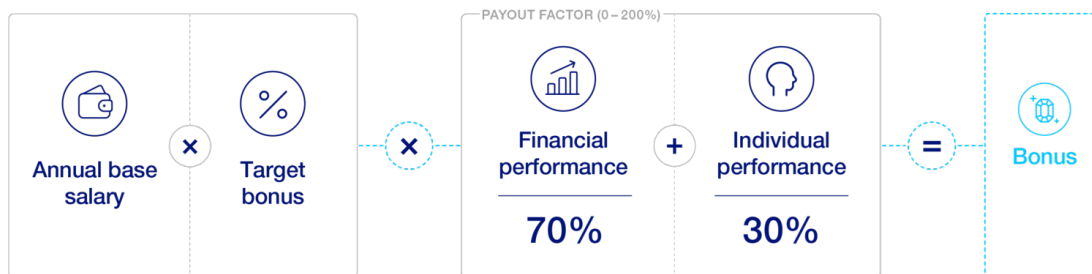
The “Sustainable Sulzer” criteria used to assess the performance of the Executive Committee are structured around the three major priorities of Sulzer’s sustainability plan, namely minimizing our carbon footprint, enabling a low-carbon society and engaging our employees and communities. The following topics are examples that could be considered for the Executive Committee:

<b>Minimizing carbon footprint</b>	<b>Enabling a low-carbon society</b>	<b>Engaging employees and communities</b>
– Reduction of greenhouse gas emissions	– Increase in the energy efficiency of our products	– Employee engagement
– Energy consumption, and the supply of decarbonized energy to our production sites	– Solutions to treat wastewater and provide access to water for populations that are deprived of it	– Employee accident rate
– Reduction of waste and the recycling of our waste	– Low-carbon or decarbonized solutions such as the conversion of waste into eco-fuel or the capture of CO <sub>2</sub>	– Number of employees enrolled in the health and wellbeing program, Sulzer in Motion
	– Circular economy	

Sulzer strives for transparency in relation to pay-for-performance. However, further disclosure of financial and individual objectives may create a competitive disadvantage to the company, because it would reveal sensitive insights into Sulzer’s strategy. To ensure transparency while avoiding competitive risk, Sulzer provides a general performance assessment for each financial objective as well as the aggregated individual performance at the end of the performance cycle (see chapter “Compensation of the Executive Committee for 2023”).

On the basis of this performance assessment, a payout factor is determined for each financial objective as a result of the actual performance. The weighted average of the resulting payout factors on each performance metric will be multiplied by the target bonus amount to derive the actual bonus, which will be paid out in March of the following year.

**Bonus calculation**



The objectives for the bonus plan are linked to Sulzer’s strategic goal of promoting the sustainable and profitable growth of the company. They are chosen to provide different incentives for growth and shareholder value creation.

**Strategic link of bonus plan**

	Growth	Profitability	Long-term shareholder value creation
<b>Bonus plan</b>	✓	✓	✓
Operational profit		✓	
Sales	✓		
Operational ONCF			✓
Cost-effectiveness		✓	
Growth initiatives	✓		✓
Faster and better		✓	
Sustainable Sulzer	✓	✓	✓

**Performance share plan (variable, performance-based, share-based remuneration)**

The long-term shareholder orientation and value creation is incentivized by a performance share plan (PSP) granting performance share units (PSUs) to the members of the Executive Committee. PSUs are a conditional right to a certain number of shares of the company, subject to ongoing employment and to the achievement of strategic/financial performance targets at Group level over the three-year performance period. The PSP is based on the performance of the company over three years and aligns the interests of the participants with those of the shareholders by delivering a substantial portion of the compensation as company equity. This emphasizes and supports Sulzer’s focus on pay-for-performance and sustainable growth, with a long-term perspective and additional retention effect on employees.

The PSP is a plan with annual grants and is available exclusively to the members of the Executive Committee and of the Sulzer Management Group. The grant value is determined based on the level of the executive's role and amounts to kCHF 1'000 for the CEO, Suzanne Thoma, and to between kCHF 330 and kCHF 400 (determined by the Board of Directors) for the other members of the Executive Committee. The number of PSUs granted is calculated by dividing the grant value by the three-month volume-weighted average share price before the grant date (units prorated as per entry date into employment).

The key performance criteria measured over the three-year performance period of PSUs are:

- Operational profit growth before restructuring, amortization, impairments and non-operational items, weighted at 25%
- Average operational return on capital employed (operational ROCEA), weighted at 25%
- Relative total shareholder return (TSR) weighted at 50% and measured based on the performance against international peers, measured as a percentile ranking

### Peer group for relative TSR performance of PSP 2023

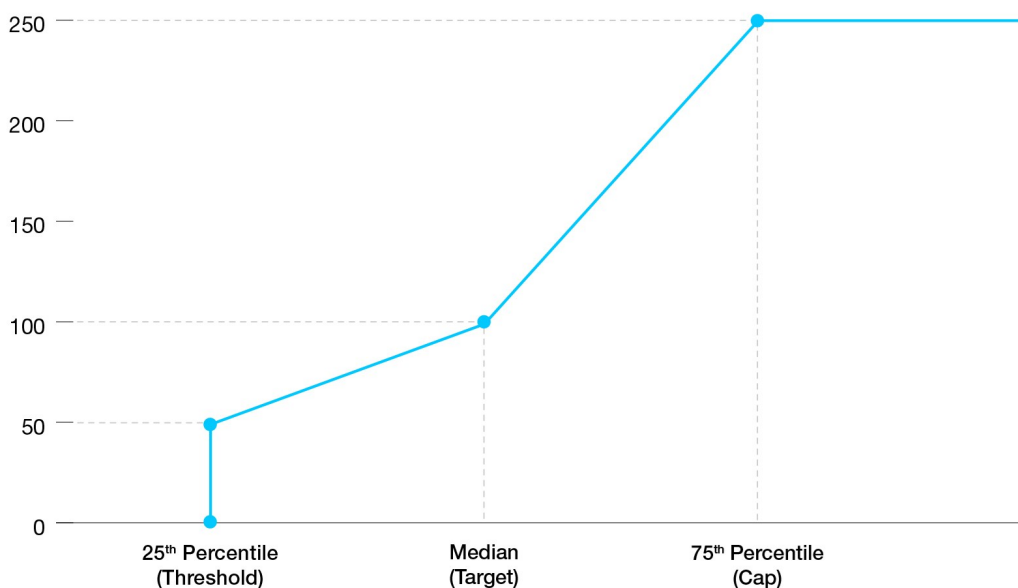
#### International peers

- Andritz
- Burckhardt Compression
- Ebara
- Flowserve
- ITT
- OC Oerlikon
- Pentair
- Wood Group
- Xylem
- Georg Fischer

The Board of Directors can alter the composition of the peer group if deemed necessary, such as in the case of a merger or acquisition or any other change leading to a delisting or a fundamental change in the scope of the business of a peer group company. In such a situation, the Board will select new peer companies. There is a predefined successor list of companies to support the Board of Directors in the selection process.

The threshold, target and maximum for the relative TSR in the international peer group remained unchanged.

## 2023: Relative TSR – Industrial peers



For each performance condition of the PSP, a threshold, target and cap performance level are determined, which in turn determine the achievement factor. Sulzer strives for transparency in relation to pay-for-performance and discloses all information whose exposure cannot lead to strategic disadvantages.

Disclosure of internal financial objectives may create a competitive disadvantage for the company because it could reveal sensitive insights into Sulzer’s strategy. To ensure transparency while avoiding competitive risk, Sulzer provides a general performance assessment for each performance criterion at the end of the performance cycle based on the following metric (see chapter “[Compensation of the Executive Committee for 2023](#)”).

### Level of performance

Level of performance	Achievement factor
→ Below threshold	0%
→ Threshold	50%
→ Target	100%
→ Cap	250%
→ Points in between	Linear interpolation



On the vesting date, the number of vested PSUs is calculated by multiplying the initial number of PSUs granted by the weighted average of the achievement factor of each performance condition. For each vested PSU, a Sulzer share will be delivered to the participant.

### Number of PSUs vested

Number of PSUs granted	Achievement opProfit Level (0–250%) × 25%	Achievement average opROCEA (0–250%) × 25%	Achievement relative TSR (0–250%) × 50%	Number of PSUs vested
Number of PSUs granted Grant values are defined based on the level of the role: CEO: CHF 1'000'000 EC: CHF 330'000 – 400'000	Factor based on absolute opProfit Absolute opProfit is an absolute value reflecting the planned value in the last year of the performance period.	Factor based on average opROCEA Average opROCEA is the sum of adjusted opROCE based on audited figures in each fiscal year of the performance period, divided by the number of such years.	Factor based on relative TSR Relative TSR is defined as share price growth plus dividends during the vesting period divided by the ending share price, measured against peers.	Number of PSUs vested: The maximum vesting value is capped at a multiple of the value at grant: <b>CEO: CHF 2'500'000</b> <b>EC: CHF 825'000 – 1'000'000</b>

However, while the above-mentioned performance assessment impacts the number of PSUs vested and, consequently, the number of shares delivered, there might also be an increase in value per share over the three-year performance period, which may have a relevant impact on the total value delivered after three years. Therefore, the number of vested PSUs is subject to an absolute value cap representing, in each case, 2.5 times the original grant value.

The objectives for the PSP are linked to Sulzer's strategic goal of promoting the sustainable and profitable growth of the company. They are chosen to provide different incentives for growth and shareholder value creation.

### Strategic link of PSP

	Growth	Profitability	Long-term shareholder value creation
<b>PSP</b>	✓	✓	✓
Operational profit growth	✓	✓	✓
Operational ROCEA		✓	
Relative TSR	✓	✓	✓

In the event of termination of employment, the following provisions apply:

Type of termination	Provision
By the employer for cause	Unvested PSUs are forfeited.
As a result of retirement	Vesting and performance measurement of PSUs continues according to plan, no early allocation of the shares.
Any other reason	The number of unvested PSUs vest on a pro rata basis (number of months between grant date and termination date) according to the achievement factor at the end of the vesting period. There is no early allocation of the shares.

Upon the occurrence of a change of control, PSUs will vest immediately on a pro rata basis, subject to a performance assessment by the Board of Directors. In such a case, the Board of Directors may also determine a cash settlement of the awards.

## Malus and clawback

The Board of Directors may determine that variable compensation is forfeited in full or in part (malus) or that a vested award will be recovered in full or in part (clawback) in situations of material misstatement of the financial results, an error in assessing a performance condition or in the information or assumptions on which the award was granted or vested, serious reputational damage to the company, gross negligence, or willful misconduct on the part of the participant. Sulzer may recover in full or in part any variable compensation from Executive Committee members in situations of material misstatement of the financial results, an error in assessing a performance condition or gross misconduct of the participant.

Further information on share-based compensation can be found in [note 31](#) to the consolidated financial statements of Sulzer.

## Contracts of employment

The employment contracts of the Executive Committee are of undetermined duration and have a notice period of a maximum of 12 months. Members of the Executive Committee are not entitled to any impermissible severance or change of control payments. The employment contracts of the Executive Committee may include non-competition agreements with a time limit of one year and with maximum total compensation not to exceed the last total annual target compensation such member was entitled to prior to termination and in no event to exceed the average of the compensation of the last three financial years.

## Shareholding requirements

Shareholding requirements for members of the Executive Committee were introduced with effect from 2020. According to these share ownership guidelines (SOGs), the members of the Executive Committee are obliged to hold part of their shares until the end of their service period. The value of the shares to be held is set at 200% of the annual gross base salary for the CEO and 100% of the annual gross base salary for the other members of the Executive Committee.

Function	Shareholding requirement in % of base salary
CEO	200%
Other members of the Executive Committee	100%

# Compensation of the Executive Committee for 2023

## Compensation of the Executive Committee: overview

In 2023, the Executive Committee received a total compensation<sup>1</sup> in the amount of kCHF 13'808 (previous year: kCHF 11'536). Of this total, kCHF 8'599 was in base salary and bonus (previous year: kCHF 6'947); kCHF 3'231 was in PSUs (previous year: kCHF 2'822); kCHF 1'892 was in pension and social security contributions (previous year: kCHF 1'649), and kCHF 86 was in other payments (previous year: kCHF 118).

Regarding the combined role of the Chair of the Board of Directors and the CEO, there are no changes for 2023. The remuneration of both roles remains separate in accordance with market practice, except that Suzanne Thoma participates in the Performance Share Plan as CEO only and is not granted any RSUs as Chair of the Board of Directors.

1) Including compensation granted to former members of the Executive Committee.

## Compensation of the Executive Committee

	2023						
	Cash compensation					Deferred compensation based on future performance	
thousands of CHF	Base salary	Bonus <sup>2)</sup>	Other <sup>3)</sup>	Pension and social security contributions <sup>4)</sup>	Total cash-based compensation	Estimated value of share-based grant under the performance share plan (PSP) <sup>5)</sup>	Total (incl. conditional share-based grant)
Highest single compensation, Suzanne Thoma, CEO	950	1'314	-	395	2'659	1'129	3'788
<b>Total Executive Committee <sup>1)</sup></b>	<b>4'201</b>	<b>4'398</b>	<b>86</b>	<b>1'892</b>	<b>10'577</b>	<b>3'231</b>	<b>13'808</b>

1) Out of the total sum, kCHF 1'827 was paid to one former member of the Executive Committee, Frédéric Lalanne, former CEO. In 2023, no other payments to former members of the Executive Committee were made.

2) Expected bonus for the performance years 2023, to be paid out in the following year (accrual principle).

3) Other consists of schooling allowances, tax services and child allowances.

4) Includes the employer contribution to social security (including the expected employer contributions on equity awards), based on the fair value of all grants made in 2023 (PSP).

5) Represents the full fair value of the PSUs granted under the PSP in 2023. PSUs granted in 2023 had a fair value of CHF 88.38 at grant date, based on a third-party fair value calculation. While the share price to convert the grant value into a number of granted PSUs is based on the three-month weighted average share price before the grant date (CHF 78.26 per PSU for April 2023 grants), the disclosed fair values are calculated on the grant dates by using market value approaches, which typically leads to differences between the original grant value according to the compensation architecture and the disclosed fair market values.

2022							
thousands of CHF	Cash compensation					Deferred compensation based on future performance	
	Base salary	Bonus <sup>2)</sup>	Other <sup>3)</sup>	Pension and social security contributions <sup>4)</sup>	Total cash-based compensation	Estimated value of share-based grant under the performance share plan (PSP) <sup>5)</sup>	Total (incl. conditional share-based grant)
Highest single compensation, Frédéric Lalanne, CEO from February 18 2022 to October 31 2022	760	736	8	349	1'853	1'074	2'927
Suzanne Thoma, CEO since November 1st 2022	158	142	-	61	361	179	540
<b>Total Executive Committee <sup>1)</sup></b>	<b>3'767</b>	<b>3'180</b>	<b>118</b>	<b>1'649</b>	<b>8'714</b>	<b>2'822</b>	<b>11'536</b>

1) The total Executive Committee compensation for 2022 includes the compensation of Frederic Lalanne, Division President Flow Equipment since January 2019 until February 2022, CEO since February 2022 until October 2022; Suzanne Thoma, CEO since November 2022; Thomas Zickler, CFO since May 2022; Tim Schulten, Division President Services since January 2022; Torsten Wintergerste, Division President Chemtech since June 2016; Armand Sohét, Chief Human Resources Officer since March 2016 until December 2022; Greg Poux-Guillaume, CEO since December 2015 until February 2022; Jill Lee, CFO since April 2018 until April 2022; and Daniel Bischofberger, Division President Services since September 2016 until February 2022.

2) Expected bonus for the performance year 2022, to be paid out in the following year (accrual principle).

3) Other consists of schooling allowances, tax services and child allowances.

4) Includes the employer contribution to social security (including the expected employer contributions on equity awards), based on the fair value of all grants made in 2022 (PSP).

5) Represents the full fair value of the PSUs granted under the PSP in 2022, respectively. PSUs granted in 2022 had a fair value of CHF 84.69 at grant date, based on a third-party fair value calculation. While the share price to convert the grant value into a number of granted PSUs is based on the three-month weighted average share price before the grant date (CHF 78.84 per PSU for April 2022 grants), the disclosed fair values are calculated on the grant dates by using market value approaches, which typically leads to differences between the original grant value according to the compensation architecture and the disclosed fair market values. Suzanne Thoma received a pro-rata grant of PSU in November 2022.

No severance payments were issued to members of the Executive Committee in either the current reporting year or the prior year. No compensation was granted to any related parties of the members of the Executive Committee in the current reporting year or the prior year.

As of December 31, 2023, and December 31, 2022, there were no outstanding loans or credits granted to the members of the Executive Committee, former members of the Executive Committee or related parties.

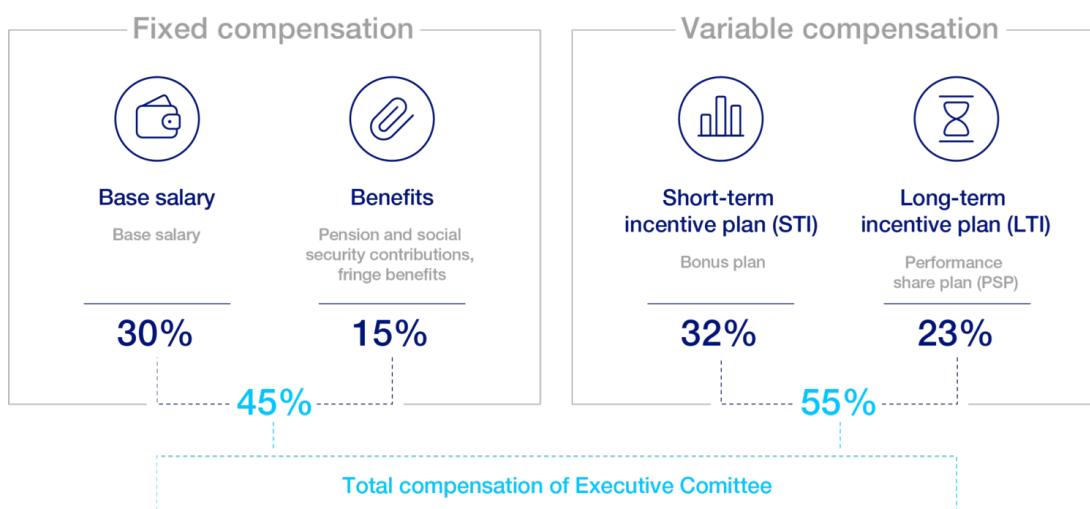
The total compensation<sup>1</sup> of kCHF 13'808 awarded to the members of the Executive Committee for the 2023 financial year is within the maximum aggregate compensation amount of kCHF 17'500 that was approved by the shareholders at the AGM 2022.

1) Including compensation granted to former members of the Executive Committee.

## Compensation for the Executive Committee: pay-for-performance assessment

In the following, we elaborate further on how the relevant business performance impacted the variable compensation models of our Executive Committee. More detailed information about Sulzer's operational and strategic performance in 2023 can be found in the financial report.

## a) Total compensation and pay for performance ratio

**Total compensation of Executive Committee**

In 2023, the Executive Committee received total compensation in the amount of kCHF 13'808 (previous year: kCHF 11'536). This was an overall increase of 19.7% from the previous year, resulting in part from changes in the Executive Committee members but mainly driven by the increase in financial and individual performance. This is especially highlighted by the increase of the average overall bonus payout from 109.7% in 2022 to 143.1% in 2023.

For the entire active Executive Committee, the variable component amounted to between 116.4% and 181.7% of the fixed component (base salary, other, pension and social security contributions). This pay-for-performance relation reflects Sulzer's high-performance orientation. Further, it represents the company's strong emphasis on aligning the interests of the Executive Committee and the shareholders to create long-term shareholder value and profitable growth. Regarding cash bonus payments and LTI amounts, see the following paragraphs.

## b) Short-term incentive (cash bonus payouts)

In 2022, the RC made adjustments to the bonus due to the closure of sites in Poland from sanctions and the abandonment of operations in Russia. As of September 2, 2023, our two entities in Poland have been removed from the Polish sanctions list, allowing us to resume our direct business activities. Therefore, no adjustments to the bonuses were made in 2023.

The financial component of the bonus for 2023 ranged from 128.2% to 160.4% of targeted payout (on average 153.8%), thanks also to a high level of achievement of individual objectives. The financial performance at the group level was as follows:

KPI	Weighting	Payout factor
Sales	25%	119%
Operational profitability	25%	156%
Operational ONCF	20%	200%
<b>Total</b>	<b>70%</b>	<b>155%</b>

The individual performance ranged from 90% to 150%.

In aggregate, the financial and individual performance translated into an overall bonus payout factor ranging from 122.7% to 153.7% (on average 143.1%) for the members of the Executive Committee.

### c) Long-term incentive (PSP)

We are convinced that the conditional awards to receive Sulzer shares, subject to operational return on average capital employed adjusted (operational ROCEA), operating income before restructuring, amortization, impairments and non-operational items (operational profit) growth and relative total shareholder return (TSR) performance, as well as ongoing employment through the three-year vesting period:

- constitutes a fair and very attractive element of variable long-term remuneration for our key management;
- supports and underlines the company's focus on excellent, sustainable performance;
- and provides for a strong alignment of interests with shareholders – also in the longer term.

The PSP framework (apart from the specific performance targets for each grant cycle), eligibility and grant entitlement remained unchanged in 2023 compared to previous years. The relevant key performance indicators (KPIs) were operating income before restructuring, amortization, impairments and non-operational items (operational profit), operational return on average capital employed adjusted (operational ROCEA) and relative total shareholder return (TSR) over the three-year measurement period from 2021 to 2023.

Over this three-year period, Sulzer grew its operational profit, demonstrating strong resilience by overcoming the COVID related challenges during these years, the exit from the Russian market and the supply chain disruptions in 2022, but also by leveraging the market momentum in 2023. This performance resulted in an achievement factor of 250%, compared to the original PSP target set by the Board of Directors.

Operational ROCEA also reported an achievement factor of 250%, improved to a continued high average over the three-year period, on the back of the improved profitability and the well managed capital employed.

Together with a relative TSR achievement factor of 220%, which compared Sulzer's share price development against international peers over the PSP 2021 measurement period, the resultant total payout factor is 235% for the PSP 2021.

The payout factor results and respective weighting are as follows:

KPI	Weighting	Payout factor
Operational profit growth	25%	250%
Operational ROCEA	25%	250%
Relative TSR	50%	220%
<b>Total</b>	<b>100%</b>	<b>235%</b>

Overall, the PSP vesting levels fairly reflected the operational performance, also against direct peers, over their respective three-year performance cycles, especially considering the exceptional external influences which have been successfully mitigated. Therefore, Sulzer fully achieved the desired strong link between sustainable company performance and competitive long-term incentive payouts.

## Shareholdings of the members of the Executive Committee

As of the end of 2022 and 2023, the members of the Executive Committee held the following shares, share-based instruments or options in the company:

### Shareholdings at December 31, 2023

	2023			
	Sulzer shares	Share units under vesting in equity plan		
	Sulzer shares <sup>1)</sup>	Performance share units (PSU) 2021	Performance share units (PSU) 2022	Performance share units (PSU) 2023
<b>Executive Committee</b>	<b>11'114</b>	<b>4'264</b>	<b>14'362</b>	<b>36'548</b>
Suzanne Thoma, CEO	2'559	-	2'120	12'778
Thomas Zickler, CFO	3'402	1'212	5'074	5'112
Haining Auperin, CHRO	5'153	1'364	1'142	4'217
Tim Schulten, Division President Services	-	1'212	5'074	5'112
Jan Lüder, Division President Flow Equipment	-	-	-	5'112
Uwe Boltersdorf, Division President Chemtech	-	476	952	4'217

1) Total shares in all individual accounts, collected through the Corporate Governance Questionnaire. No related parties own any shares.

### Shareholdings at December 31, 2022

	2022			
	Sulzer shares	Share units under vesting in equity plan		
	Sulzer shares	Performance share units (PSU) 2020	Performance share units (PSU) 2021	Performance share units (PSU) 2022
<b>Executive Committee</b>	<b>32'723</b>	<b>16'827</b>	<b>12'412</b>	<b>20'640</b>
Suzanne Thoma	744	-	-	2'120
Thomas Zickler	1'513	1'273	1'212	5'074
Armand Sohet	6'791	7'777	4'994	4'186
Tim Schulten	-	-	1'212	5'074
Torsten Wintergerste	23'675	7'777	4'994	4'186

No member of the Executive Committee held any options.

# Compensation architecture for the Board of Directors

The compensation of the Board of Directors is fixed and does not contain any performance-based variable component. This ensures that the Board of Directors is truly independent in fulfilling its supervisory duties towards the Executive Committee.

The compensation of the Board of Directors is governed by a compensation regulation, is reviewed by the Remuneration Committee (RC) annually and, if necessary, adjusted by a decision of the full Board of Directors based on a proposal by the RC.

The compensation of the Board of Directors consists of a fixed cash component and a restricted share unit (RSU) component with a fixed grant value. Each RSU represents a right to receive a Sulzer share free of charge after a certain period, as further detailed below. Further, Board members are entitled to a lump sum to cover business expenses. The RSU component strengthens the long-term alignment of the interests of the Board members with those of the shareholders. To reinforce the focus of the Board of Directors on the long-term strategy and to strengthen its independence from the Executive Committee, the compensation of the Board of Directors contains no performance-related elements and non-executive Board members are not entitled to pension benefits.

The amount of compensation for the Chairwoman and for the other members of the Board of Directors is determined based on the relevant compensation benchmarks. The list of companies is the same peer group as listed under the Compensation benchmark of the members of the Executive Committee. The compensation reflects the responsibility and complexity of their respective function, the professional and personal requirements placed on them, and the expected time required to fulfill their duties. The ongoing Board compensation structure and amounts are described in the table below:

## Annual compensation of the Board of Directors<sup>1</sup>

in CHF	Cash component (net of social security contributions)	Grant value of RSUs (net of social security contributions)	Lump-sum expenses
Base fee for Board Chairperson <sup>2)</sup>	420'000		10'000
Base fee for Board Vice Chairperson	100'000	155'000	5'000
Base fee for Board members	70'000	125'000	5'000
<b>Additional committee fees:</b>			
Audit Committee / Strategy and Sustainability Committee Chairperson	60'000		
Audit Committee / Strategy and Sustainability Committee members	35'000		
Governance Committee Chair	35'000		
Nomination / Remuneration Committee Chairperson	20'000		
Nomination / Remuneration / Governance Committee members	20'000		

1) Compensation for the period of service (from AGM to AGM).

2) The Chairperson of the Board of Directors does not receive additional remuneration for committee activities.



The members of the Board of Directors are compensated for their service during their term of office (from AGM to AGM). The cash compensation is paid in quarterly installments for Board members and monthly installments for the Chairperson; the expense lump sum is paid out in December and the RSUs are granted once a year. The number of RSUs is determined by dividing the fixed grant value by the volume-weighted average share price of the last ten trading days before the grant date, which is the date of the AGM when they are elected. One-third of the RSUs vest on March 25 of each year following the grant date. If this date falls on a weekend, they vest on the immediately following weekday.

Upon vesting, one vested RSU is converted into one share in the company. The vesting period for RSUs granted to the members of the Board of Directors ends no later than on the date on which the member steps down from the Board. Although the value of the RSU grant is fixed (at grant), it then fluctuates with the share price during the vesting period, which means that the value at vesting can differ from the value at grant.

# Compensation of the Board of Directors for 2023

## Compensation of the Board of Directors: overview

In 2023, the Board of Directors received total compensation in the amount of kCHF 2'283 (previous year: kCHF 2'340). Of this total, kCHF 1'231 was in the form of cash fees (previous year: kCHF 1'152); kCHF 780 was in RSUs (previous year: kCHF 905) and kCHF 272 was in the form of social security contributions (previous year: kCHF 283).

The total Board compensation paid in 2023 was 2.4% lower than in 2022. This is mainly driven by the Chairwomen not receiving RSUs due to her dual role. The aggregate Board compensation was below the maximum aggregate compensation for the Board, which was approved at the AGM 2023.

The portion of compensation delivered in RSUs ranged between 89% and 139% of the cash compensation of the members of the Board of Directors. The RSUs are subject to a staged three-year vesting period.

## Compensation of the Board of Directors

				2023
thousands of CHF	Cash fees <sup>3)</sup>	Restricted share unit (RSUs) plan <sup>4)</sup>	Social security contributions <sup>5)</sup>	Total
<b>Board of Directors</b>	<b>1'231</b>	<b>780</b>	<b>272</b>	<b>2'283</b>
Suzanne Thoma, Chair of the Board of Directors, Chair of the Strategy & Sustainability Committee and Member of the Nomination Committee	420	-	55	475
Markus Kammüller, Lead Independent Director, Vice-Chair of the Board of Directors, Chair of the Governance Committee, Member of the Remuneration Committee and Member of the Audit Committee	174	155	44	373
Alexey Moskov, Member of the Remuneration Committee	90	125	30	245
David Metzger, Member of the Audit Committee and Member of the Strategy & Sustainability Committee	140	125	37	302
Per Utnegaard, Chair of Nomination Committee and Member of Strategy & Sustainability Committee <sup>1)</sup>	94	125	30	249
Hariolf Kottmann, Chair of the Remuneration Committee, Member of Strategy & Sustainability Committee and Member of the Governance Committee <sup>1)</sup>	109	125	32	266
Prisca Havranek-Kosicek, Chair of the Audit Committee, Member of Nomination Committee and Member of the Governance Committee <sup>1)</sup>	128	125	34	287
Hanne Birgitte Breinbjerg Sørensen <sup>2)</sup>	42	-	6	48
Matthias Bichsel <sup>2)</sup>	34	-	4	38

1) Member of the Board of Directors since AGM 2023.

2) Member of the Board of Directors until AGM 2023.

3) Disclosed gross.

4) RSU awards granted in 2023 had a fair value of CHF 77.0509 at grant date. The amount represents the full fair value of grants made in 2023. Suzanne Thoma will not receive RSUs while participating in the PSP as CEO.

5) The amount includes mandatory social security contributions on the cash fees and estimated contributions on the RSU (based on their fair value at grant) and includes both the employer and employee contributions paid by the company on behalf of the Board members.

	<b>2022</b>			
<b>thousands of CHF</b>	Cash fees <sup>3)</sup>	Restricted share unit (RSUs) plan <sup>4)</sup>	Social security contributions <sup>5)</sup>	Total
<b>Board of Directors</b>	<b>1'152</b>	<b>905</b>	<b>283</b>	<b>2'340</b>
Suzanne Thoma, Chair	358	250	84	692
Matthias Bichsel, Vice-Chair	134	155	33	322
Alexey Moskov	94	125	32	251
David Metzger	131	125	37	293
Hanne Birgitte Breinbjerg Sørensen	169	125	42	336
Markus Kammüller <sup>1)</sup>	94	125	31	250
Peter Löscher, former Chair <sup>2)</sup>	105	-	15	120
Gerhard Roiss <sup>2)</sup>	41	-	5	46
Mikhail Lifshitz <sup>2)</sup>	26	-	4	30

1) Member of the Board of Directors since AGM 2022.

2) Member of the Board of Directors until AGM 2022.

3) Disclosed gross.

4) RSU awards granted in 2022 had a fair value of CHF 77.8203 at grant date. The amount represents the full fair value of grants made in 2022.

5) The amount includes mandatory social security contributions on the cash fees and estimated contributions on the RSU (based on their fair value at grant) and includes both the employer and employee contributions paid by the company on behalf of the Board members.

At the 2022 and 2023 AGMs respectively, shareholders approved a maximum aggregate compensation amount of kCHF 2'984 for the Board of Directors. The table below shows the reconciliation between the compensation that was/will be paid out for the two periods of office and the maximum aggregate compensation amounts approved by the shareholders.

### Reconciliation between the reported Board compensation and the amount approved by the shareholders at the Annual General Meeting

<b>thousands of CHF</b>	Compensation earned during financial year as reported (A)	Minus compensation earned from Jan to AGM of financial year (B)	Plus compensation accrued from Jan to AGM of year following financial year (C)	Total compensation earned for the period from AGM to AGM (A-B+C)	Amount approved by shareholders at respective AGM	Ratio between compensation earned for the period from AGM to AGM versus amount approved by shareholders
AGM 2023–AGM 2024	2023	Jan 1, 2023 to 2023 AGM	Jan 1, 2024 to 2024 AGM	2023 AGM to 2024 AGM	2023 AGM	2023 AGM
<b>Board (total)</b>	<b>2'283</b>	<b>307</b>	<b>363</b>	<b>2'339</b>	<b>2'984</b>	<b>78.4%</b>
AGM 2022–AGM 2023	2022	Jan 1, 2022 to 2022 AGM	Jan 1, 2023 to 2023 AGM	2022 AGM to 2023 AGM	2022 AGM	2022 AGM
<b>Board (total)</b>	<b>2'340</b>	<b>388</b>	<b>307</b>	<b>2'259</b>	<b>2'984</b>	<b>75.7%</b>

As of December 31, 2023, and December 31, 2022, there were no outstanding loans or credits granted to the members of the Board of Directors, former members of the Board of Directors or related parties.

In 2023 and 2022, respectively, no compensation was granted to former members of the Board of Directors or related parties.

## Shareholdings of the members of the Board of Directors

As of the end of 2023 and 2022, the members of the Board of Directors held the following shares, share-based instruments or options in the company:

### Shareholdings at December 31, 2023

			<b>2023</b>
	Sulzer shares <sup>1)</sup>	Restricted share units (RSU)	Total share awards and shares
<b>Board of Directors</b>	<b>9'320</b>	<b>17'430</b>	<b>26'750</b>
Suzanne Thoma	2'559	2'886	5'445
Markus Kammüller	536	3'085	3'621
Alexey Moskov <sup>2)</sup>	2'114	3'295	5'409
David Metzger	1'736	3'295	5'031
Per Utnegaard	1'375	1'623	2'998
Hariolf Kottmann	1'000	1'623	2'623
Prisca Havranek-Kosicek	-	1'623	1'623

1) Total shares in all individual accounts, collected through the Corporate Governance Questionnaire.

2) In addition, as collected through the Corporate Governance Questionnaire, Mr. Moskov's related parties own 2'217 Sulzer shares.

### Shareholdings at December 31, 2022

			<b>2022</b>
	Sulzer shares	Restricted share units (RSU)	Total share awards and shares
<b>Board of Directors</b>	<b>23'434</b>	<b>21'095</b>	<b>44'529</b>
Suzanne Thoma	744	4'701	5'445
Matthias Bichsel	12'600	4'406	17'006
Alexey Moskov	2'217	3'786	6'003
David Metzger	600	2'808	3'408
Hanne Birgitte Breinbjerg Sørensen	7'273	3'786	11'059
Markus Kammüller	-	1'608	1'608

No member of the Board of Directors held any options.



# Report of the Statutory Auditor

## To the General Meeting of Sulzer Ltd, Winterthur

### Report on the Audit of the Compensation Report

#### Opinion

We have audited the Compensation Report of Sulzer Ltd (the Company) for the year ended December 31, 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) contained in the sections "[Activities in other organizations](#)", "[Compensation of the Executive Committee: overview](#)", "[Shareholdings of the members of the Executive Committee](#)", "[Compensation of the Board of Directors: overview](#)" and "[Shareholdings of the members of the Board of Directors](#)" of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the enclosed Compensation Report complies with Swiss law and the Company’s articles of incorporation.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Compensation Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the sections “Activities in other organizations”, “Compensation of the Executive Committee: overview”, “Shareholdings of the members of the Executive Committee”, “Compensation of the Board of Directors: overview” and “Shareholdings of the members of the Board of Directors” in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Board of Directors' Responsibilities for the Compensation Report**

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### **Auditor's Responsibilities for the Audit of the Compensation Report**

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG



Rolf Hauenstein  
Licensed Audit Expert  
Auditor in Charge



Miriam von Gunten  
Licensed Audit Expert

Zurich, February 21, 2024

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