



Sulzer is committed—  
and commits its  
employees—to  
conduct its business  
in accordance with  
high ethical standards  
and in compliance  
with applicable laws.

## Message of the Chairman and the CEO

Sulzer is committed—and commits its employees—to conduct its business in accordance with high ethical standards and in compliance with applicable laws.

This is not only crucial in order to preserve Sulzer's and its employees' reputation and to prevent potential civil and criminal sanctions, but also reflects our values, and is therefore in the best interest of Sulzer, its employees, shareholders, customers, and other stakeholders.

Since the business world is becoming increasingly complex, involving many laws and regulations which govern our business decisions, Sulzer's Code of Business Conduct ("Code") is an important guide for you in order to satisfy our high expectations on your standards of behavior. Please read the contents carefully since you have a personal responsibility to maintain the high ethical standards inherent in working for Sulzer. This means asking for advice when in doubt, participating in relevant trainings and reporting situations which may be in conflict with applicable laws or ethical standards.

Winterthur, February 18, 2010



Juergen Dormann, Chairman



Ton Büchner, CEO



## Code of Business Conduct

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We report all incidents which in our good faith judgment raise concerns of misconduct or violations of laws, regulations or Company policy.

## 1. Basic Principles

- 1.1** The purpose of this Code is to provide guidance for business behavior in critical areas relating to the business activities of Sulzer. The Code does not cover every situation where compliance or ethical behavior may be required, but rather sets forth minimum standards and a spirit which are fundamental to the way we conduct our business.
- 1.2** Some of Sulzer's basic values and principles include the following:
- a)** We respect and comply with all applicable laws and regulations as well as with internal regulations, directives and guidelines. This means:
- We do not give or take bribes. We avoid giving or receiving gifts which could create a conflict, violate the standards of those we are dealing with or violate the law.
  - We do not participate in any acts or omissions which could be considered violations of applicable competition and antitrust laws, such as the written or verbal exchange of sensitive data with competitors.
  - We avoid conflicts of interest and disclose potential conflicts as early as possible.
  - We protect our confidential and proprietary information from unauthorized use.
  - We respect and secure our know-how and intellectual property rights.
- b)** We conform to the locally accepted standards of good corporate citizenship in each country in which we do business.
- c)** We promote and sustain a work environment that fosters mutual respect, openness and individual integrity, and we support and respect the protection of internationally proclaimed human rights.
- d)** We report all incidents which in our good faith judgment raise concerns of misconduct or violations of laws, regulations or Company policy. Reports can be submitted to the following persons or departments
- Supervisor or manager
  - Company, division or corporate compliance officer
  - Company legal counsel
  - Corporate legal department
  - Sulzer ombudspersons
  - Sulzer Compliance Hotline (see telephone numbers under: <http://sulzernet.sulzer.com/desktopdefault.aspx/tabid-3535/>)
  - Internet address outside Europe [www.sulzercompliancehotline.com](http://www.sulzercompliancehotline.com)
  - Internet address Europe [www.sulzercompliancehotline-eu.com](http://www.sulzercompliancehotline-eu.com)
  - Group General Counsel
- 1.3** Useful information can be found on the Sulzer Intranet. <http://sulzernet.sulzer.com>

We keep accurate and complete business records.

## 2. Accuracy and Completeness of Records

- 2.1** We keep accurate and complete business records. All our business transactions must be fully and fairly recorded in accordance with Sulzer's accounting and financial reporting principles, and records are retained or destroyed in accordance with the record retention program of the Sulzer Company with which you are employed or with which you entered into an agreement ("Company").
- 2.2** False or misleading entries must not be made in the books and records of Sulzer or any of its subsidiaries for any reason, and no employee shall engage in any arrangement which results in such a prohibited act.

### 3. Antitrust and Unfair Competition

Sulzer requires full compliance with applicable antitrust and competition laws.

- 3.1** Fair competition is a fundamental principle of the free enterprise system and is fully supported by Sulzer. Therefore, Sulzer requires full compliance with applicable antitrust and competition laws, which among others include laws prohibiting unfair trade practices and restraints of trade (collectively, "Antitrust Laws").
- 3.2** All employees of Sulzer must abide by all applicable Antitrust Laws, irrespective of whether enacted by a supranational, national or local body, and must not engage in any anti-competitive practices.
- 3.3** Antitrust Laws address the business practices with suppliers, customers and competitors. Although Antitrust Laws vary from country to country, they typically address at least the following prohibited actions:
- a) Price Fixing Agreement** (whether formal or otherwise) with one or several competitor(s) to fix or otherwise affect prices, terms, or conditions of sales
  - b) Market/Customer Allocation Agreement** (whether formal or otherwise) with one or several competitors to divide up markets and/or customers
  - c) Bid rigging Agreements** (whether formal or otherwise) with one or several competitor(s) to refrain from bidding, to bid at a certain price, or to submit a bid that is known to be less favorable than a competitor's bid
  - d) Sharing of sensitive information** Obtaining or providing sensitive information (e.g. relating to current or future prices, profit margins or costs, bids, market shares, distribution practices, terms of sales, production plans) from and or to competitors at meetings of trade, professional associations or elsewhere
- 3.4** All agreements with competitors or any third parties which contain clauses which may have a negative effect on competition (e.g. exclusivity, pricing, tie-in, territorial restrictions, price discrimination, non-compete, and exchange of sensitive technical or business information) must be reviewed and approved by an in-house lawyer to ensure legal compliance with the Antitrust Laws.
- 3.5** If you have any questions regarding compliance with any aspect of the Antitrust Laws please consult our Antitrust/Competition Law Guidelines on the Sulzer Intranet (see *Article 1.3 above*) and/or consult an in-house lawyer.

### 4. Conflicts of Interest

All Sulzer employees have a duty to ensure that their outside interests do not interfere with their obligations to the Company.

- 4.1** All Sulzer employees have a duty to ensure that their outside interests do not interfere with their obligations to the Company. Therefore, you should avoid situations in which your own (direct or indirect) personal interests, outside activities, relationships or financial interests conflict or even appear to conflict with the interests of Sulzer.
- 4.2** In case of a potential conflict of interest or the appearance of a conflict, you must inform your line manager, local compliance officer or an in-house lawyer to enable Sulzer to determine whether a conflict exists and how to best resolve the situation in a fair and transparent manner.
- 4.3 Examples of Potential Conflicts**
- a)** Family members and close personal relationships: Contracting with a business managed by a close friend or family member



**Sulzer is committed to providing fair and non-discriminating employment practices which include providing equal employment opportunities in compliance with applicable laws.**

- b)** Outside employment/assignments: Acting as a consultant, director or officer to a supplier, customer or competitor of Sulzer
  - c)** Significant ownership interests: Being invested in companies which have or seek to have business relations with Sulzer or which act as competitors of Sulzer
- 4.4** Sulzer respects potential contractual obligations of its employees with their former employers and refrains from creating conflict of interests

**5. Employment Issues**

- 5.1** Sulzer is committed to providing fair and non-discriminating employment practices which include providing equal employment opportunities in compliance with applicable laws.
- a)** Sulzer respects different cultural backgrounds and is committed to complying with all employment and labor laws including those related to the elimination of all forms of forced and compulsory labor (including child labor) and the prohibition against all forms of discrimination in employment under applicable laws.
  - b)** Sulzer encourages its employees to balance work, family, and personal development commitments.
  - c)** Hiring and promotion at Sulzer is based on personal skills, abilities and performance. Sulzer is firmly committed to diversity and provides equal employment opportunities to all employees without regard to gender, race, color, age, religion, national origin or other discriminatory factors.
  - d)** Employees' complaints are reviewed, investigated and responded to in a timely fashion.
  - e)** Sulzer fosters open and regular communication between managers and their teams.
- 5.2** Ideas and inventions created by Sulzer employees are one of Sulzer's most important assets which must be safeguarded in every case. Detailed information related thereto is available in the Sulzer Information Technology Usage Policy which can be found on the Sulzer Intranet (see Article 1.3 above).
- 5.3** Sulzer has adopted a policy of zero tolerance with respect to unlawful employee harassment (including gestures, language and physical contacts) having a sexual, coercive, misusing or exploiting connotation, and requires all employees to follow the rules regarding sexual or other forms of harassment in force in the countries where they work or do business, and to behave with respect.

- 5.4** It is Sulzer's policy to create a safe working environment for its employees. Workplace violence, including threats, threatening behavior, intimidation, assaults and similar conduct, will not be tolerated. Any threats or concerns about safety or the safety of others should be immediately reported to the supervisor, human resources manager, local compliance officer or the Sulzer Compliance Hotline (see *Article 1.3 above*). Firearms are not permitted on any Sulzer facility without prior written consent from the supervisor or the human resources department.
- 5.5** All Sulzer employees are expected to make judgments in the conduct of their business unimpaired by drugs or alcohol. Drugs and Alcohol can severely endanger the safety of others and the distribution and use of illegal drugs and alcohol during work is strictly prohibited no matter where the location.
- 5.6** The wages Sulzer pays are adequate to the work delivered, and Sulzer grants the minimum wages prescribed by law.
- 5.7** To the extent permitted under the applicable law, Sulzer respects the freedom of association of its employees and their right to collective bargaining within the boundaries of the local law. Representatives of employees are neither favored nor discriminated.

## **6. Bribery, Corruption, Business Accommodations**

- 6.1. General** Sulzer strictly forbids paying bribes, irrespective of whether the recipient is a public official or an employee of a private customer.

Bribery is broadly defined and understood as a direct or indirect offer or acceptance of any gift, loan, fee, reward or other advantage to or from any person in order obtain or reward favorable treatment in the conduct of one's business.

### **6.2. Government Contracts**

- a)** Sulzer strictly complies with all applicable anti-corruption and anti-bribery rules and strictly prohibits any Sulzer employee or agent or other third party intermediary from making improper payments, or granting improper advantages to public officials which include all civil servants and officials of government branches or agencies, as well as employees of corporations which are mainly held or controlled by public entities.
- b)** Sales to federal, state and local government, or to companies owned or controlled by a government, have strict regulations which must be complied with. Therefore, all responses to bid requests submitted to any government agency or government owned or controlled company must be reviewed by a person familiar with compliance requirements relating to such bids.
- c)** Care must also be taken not to discuss anything relating to employment arrangements between the Company and any government employees, unless the matter has first been reviewed and approved by the human resources department or the applicable in-house lawyer.

- 6.3. Political Contributions** Sulzer does not allow making political contributions. The only exception can be made in Switzerland, where any political contribution requires prior approval by the CEO.

**Sulzer strictly forbids paying bribes, irrespective of whether the recipient is a public official or an employee of a private customer.**

- 6.4. Business Accommodations** Reasonable and limited expenditures for gifts, entertainment, customer travels and living expenses may be allowed, provided they are directly related to the promotion of products or services or the execution of a contract and provided these benefits will not create a conflict of interest for Sulzer or Sulzer's business partners, or violate the applicable law or the internal rules of our business partners.
- 6.5. Sulzer Anti-Corruption and Anti-Bribery Guideline** For further definitions, details and explanations (including those relating to facilitating payments and dealings with intermediaries) please refer to the "Sulzer Anti-Corruption and Anti-Bribery Guideline" which is available on the Sulzer Intranet (see Article 1.3 of this Code).

Sulzer strictly applies the laws prohibiting the use of third parties, such as but not limited to agents, consultants or other service providers to circumvent legal requirements as stipulated in applicable anti-corruption and anti-bribery laws.

## 7. Cooperation with Third Parties

- 7.1** All reasonable efforts shall be made to ensure that contracts with third parties involved in the sale of products and or services of Sulzer, such as consultants, agents and distributors, contain written provisions stating that such third parties undertake to comply with the respective principles contained in this Code.
- 7.2** Within its organization, Sulzer strictly applies the laws prohibiting the use of third parties, such as but not limited to agents, consultants or other service providers to circumvent legal requirements as stipulated in applicable anti-corruption and anti-bribery laws.
- 7.3** Sulzer refrains from cooperating with business partners who violate fundamental human rights, such as using forced and compulsory labor or child labor.
- 7.4** Sulzer fosters the application of the principles set forth in this Code by its suppliers.

It is the policy of Sulzer to comply fully with the prohibitions and requirements of all applicable international trade laws and regulations.

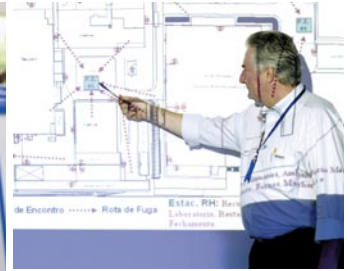
## 8. International Trade Restrictions and Boycotts

The ability of Sulzer to trade in the world market is restricted by regulations issued by various countries and international organizations such as the United Nations. The mere disclosure of technology may be considered an export. It is the policy of Sulzer to comply fully with the prohibitions and requirements of all applicable international trade laws and regulations, and all employees involved in these areas should be familiar with the local and international laws and regulations affecting their business. When in doubt, you should seek advice from your local export control expert or International trade compliance officer who have access to a special share point on the Sulzer Intranet related to export control matters (see Article 1.3 of this Code).

It is Sulzer's policy to ensure that incidents of fraud, embezzlement and theft relating to a Sulzer Company are promptly investigated, reported and, where appropriate, individuals are prosecuted and terminated from employment.

## 9. Fraud and Theft

- 9.1** It is Sulzer's policy to ensure that incidents of fraud, embezzlement and theft relating to a Sulzer Company are promptly investigated, reported and, where appropriate, individuals are prosecuted and terminated from employment.
- 9.2** Any suspected incident should be immediately reported, either to the compliance officer responsible for the Company or to the Sulzer Compliance Hotline where reports also can be made anonymously. Details about the Sulzer Compliance Hotline can be found on the Sulzer Intranet (see Article 1.3 of this Code).



## 10. Insider Trading

- 10.1** Insider trading is the trading of a company's, e.g. Sulzer's, stock or other securities like bonds or stock options by individuals with potential access to non-public information about the company. In most countries, trading by corporate insiders is illegal, if this trading is done in a way that does take advantage of non-public information.
- 10.2** Inside Information is broadly defined and may for example, relate to
- a) **Financial results** (i.e. potential profits or losses)
  - b) **Strategic plans** (e.g. acquisitions, strategic alliances, divestitures, mergers)
  - c) **Product developments**
  - d) **Changes in the capital structure**
- 10.3** Sulzer respects the right of its employees to engage in investment activities, and it encourages employees to own shares of Sulzer. However, all employees owe a fiduciary duty to Sulzer and its shareholders not to trade in shares, derivatives or other securities of Sulzer or companies potentially affected by the use of such inside information, or disclose such information to another person, before such information has been disclosed to the public. Violating these principles is subject to criminal and civil prosecution.

All employees owe a fiduciary duty not to trade in shares, derivatives or other securities of Sulzer or companies potentially affected by the use of such inside information, or disclose such information to another person, before such information has been disclosed to the public.

## 11. Environment, Safety and Health

- 11.1** Occupational health and safety is an important priority for Sulzer, and Sulzer is fully committed to providing a safe and healthy workplace for its employees. Therefore, Sulzer strives to decrease the accident frequency as well as the accident severity rates in each Company. All employees are responsible to maintain a safe and healthy workplace by following environmental and health and safety rules and practices, and to report accidents, incidents and unsafe equipment, practices and conditions. All Sulzer employees are strongly required to observe the health and safety rules of their Company in order to protect themselves as well as others.

All employees are responsible to maintain a safe and healthy workplace by following environmental and health and safety rules and practices, and to report accidents, incidents and unsafe equipment, practices and conditions.

**11.2** Within Sulzer, we know and comply with

- a)** the local standards of occupational safety and health regulations, or
- b)** if local standards are missing or are not sufficient to protect safety and health properly, or if more stringent internal rules exist, with such internal rules, or
- c)** if there are no such internal rules, with the respective best international practice principles.

**11.3** Sulzer is committed to design its products in accordance with applicable industry standards and relevant safety, health and environmental requirements and supports a precautionary approach to environmental challenges, undertakes initiatives to promote greater environmental responsibility and encourages the development and diffusion of environmentally friendly technologies.

**11.4** Sulzer advises its customers with respect to the safe transportation, handling, usage and destruction of Sulzer products (when necessary) in a safe and environmentally friendly manner.

All employees must be careful not to disclose confidential information to unauthorized persons, either within or outside Sulzer, and must protect the confidentiality of such information from third parties, e.g. customers or suppliers.

## **12. Company Assets and Company related Information, Contacts with Media**

**12.1** Any employee is requested to handle Sulzer property with care and to protect it from damage, destruction and theft. Confidential Sulzer information (including but not limited to technical, commercial and legal information) and trade secrets are important corporate assets and merit the same protection as physical assets. All employees must be careful not to disclose such information to unauthorized persons, either within or outside Sulzer, and must protect the confidentiality of such information from third parties, e.g. customers or suppliers.

**12.2** Some examples of confidential information

- a)** Technical information about current or planned products and/or processes
- b)** Procurement plans, vendor lists or purchase prices
- c)** Cost, pricing, marketing or service strategies
- d)** Customer data including customer names and addresses and information about customer's dealings with Sulzer
- e)** Non-public earnings reports and other financial reports
- f)** Information related to divestitures, mergers and acquisitions

**12.3** No employee other than those specifically authorized by Sulzer (employees' representatives are considered to be authorized with regard to their subject matter) should speak to or answer inquiries from members of the media regarding any matter in respect of or affecting Sulzer. Contact with the media shall be conducted only by the duly defined spokespersons at Corporate, Divisional or Local level.

**12.4** Sulzer uses its best endeavors to deliver proper information about its products and services to its customers and other business partners or parties concerned.

## 13. Responsibilities and Consequences of Infringements of this Code

Compliance is the responsibility of each employee.

- 13.1** Compliance is the responsibility of each employee.
- 13.2** Sulzer expects its employees to report all incidents that in their good faith judgment may involve violations of laws, regulations or ethical values. Such reports should be made through the channels mentioned in Article 1.2 d hereof.
- 13.3** The Presidents of all Sulzer legal entities are responsible for exercising due diligence to ensure that their respective Company's employees comply with the rules of this Code, as well as the laws relevant for their businesses, and that their employees regularly participate in trainings necessary for their functions.
- 13.4** Sulzer is dedicated to building an open working environment and ethical culture where employees are able to develop relationships based on trust and not sanctions. However, when necessary, Sulzer will not hesitate to take adequate measures, including termination of employments, to ensure the proper implementation of and compliance with this Code, the applicable laws and the respect of ethical principles embodied in our Code.

## 14. Implementation

This Code takes effect as of April 1, 2010 and replaces the "Sulzer Code of Business Conduct" in force since February 1, 2003, as well as the "Code of Business Conduct for Sulzer US Holding Inc. and Subsidiaries" in force since 2002.

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### Declaration of consent

I herewith acknowledge that I have read and understood the Sulzer Code of Business Conduct (Edition April 2010). I am committed to adhere to its rules and understand that violations of this Code may lead to disciplinary sanctions, including dismissal.

**Place, Date** .....

**Name of Employee** .....  
(In printed letters)

**Signature of Employee** .....

## Hotline Information

### Contact the Sulzer Compliance Hotline

By e-mail from a European Country [www.sulzercompliancehotline-eu.com](http://www.sulzercompliancehotline-eu.com)

By e-mail from a Country outside Europe [www.sulzercompliancehotline.com](http://www.sulzercompliancehotline.com)

### ITFS Lines

These lines can be dialled directly.

Country	Hotline Number	Languages available
Brazil	0800-891-9757	Portuguese, English
Canada	800-706-7416	English
China	10-800-110-0753	Mandarin, English
Indonesia	001-803-1-004-9878	Indonesian, English
Mexico	001-888-635-1473	Spanish, English
Singapore	800-110-1646	Mandarin, English
South Africa	0800-980-340	English
Finland	0800-11-4126	Finnish, English
France	0800-91-3375	French, English
Germany	0800-181-6475	German, English
Netherlands	0800-022-7219	Dutch, English
Poland	0-0-800-111-1698	Polish, English
Switzerland	0800-894675	German, French, English
United Kingdom	0808-101-2201	English
USA: US Holding	800-706-7416	English
USA, Metco, Friction Systems, Transmission Technologies	800-634-7415	English
USA, Pumps	800-504-7414	English
USA, Process Pumps	866-459-7403	English
USA, Chemtech	800-439-7411	English
USA, Turbo Services Houston, Turbo Services New Orleans	800-513-7412	English

### Direct Access Line

Callers to these lines will first dial their country's Access Number to connect with the AT&T network. They will then dial the hotline number to connect toll-free with Global Compliance.

Country	AT&T Number	Hotline Number	Languages available
Austria	0-800-200-288	800-299-9705	German, English
Belgium	0-800-100-10	800-299-9705	Dutch, French, English
Greece	00-800-1311	800-299-9705	Greek, English
Hungary	06-800-011-11	800-299-9705	Hungarian, English
Italy	800-172-444	800-299-9705	Italian, English
Norway	800-190-11	800-299-9705	Norwegian, English
Spain	900-99-0011	800-299-9705	Spanish, English
Sweden	020-799-111	800-299-9705	Swedish, English
Australia	1-800-881-011 to place calls using Telstra; 1-800-551-155 to place calls using Optus	800-299-9705	English
Bahrain	800-00-001	800-299-9705	Arabic, English
Hong Kong	800-96-1111 or 800-93-2266	800-299-9705	Cantonese, English
India	000-117	800-299-9705	English
Japan	00-539-111 to place calls using KDDI; 00-665-5111 or 00-441-1111 to place calls using Softbank Telecom	800-299-9705	Japanese, English
Russia	363-2400 to place calls from within Moscow and St. Petersburg; 8^10-800-110-1011 or 8^495-363-2400 to place calls from within other cities (^ indicates a second dial tone)	800-299-9705	Russian, English
Saudi Arabia	1-800-10	800-299-9705	Arabic, English
South Korea	00-729-11 to place calls using Korea Telecom; 00-309-11 to place calls using Dacom	800-299-9705	Korean, English
Thailand	1-800-0001-33 or 001-999-111-11	800-299-9705	Thai, English
Turkey	0811-288-0001	800-299-9705	Turkish, English
Venezuela	0-800-225-5288	800-299-9705	Spanish, English

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