



SIKA – COMMITTED TO SUSTAINABLE PERFORMANCE

APRIL 2024

BUILDING TRUST



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CORPORATE GOVERNANCE – STRUCTURES AND RESPONSIBILITIES

CORPORATE GOVERNANCE

COMMITMENT TO OPENNESS AND TRANSPARENCY

- Good Corporate Governance safeguards the company sustainable development and performance
- The Board regularly assesses Sika's Corporate Governance against regulatory developments, and best practice standards



- Sika provides information on structures, processes, areas of responsibility, procedures, rights and obligations of stakeholders
- The Board aims to hold a transparent and open discussion with all stakeholders, considering their needs and views

CORPORATE GOVERNANCE

COMPLIANT WITH STANDARDS AND REGULATIONS

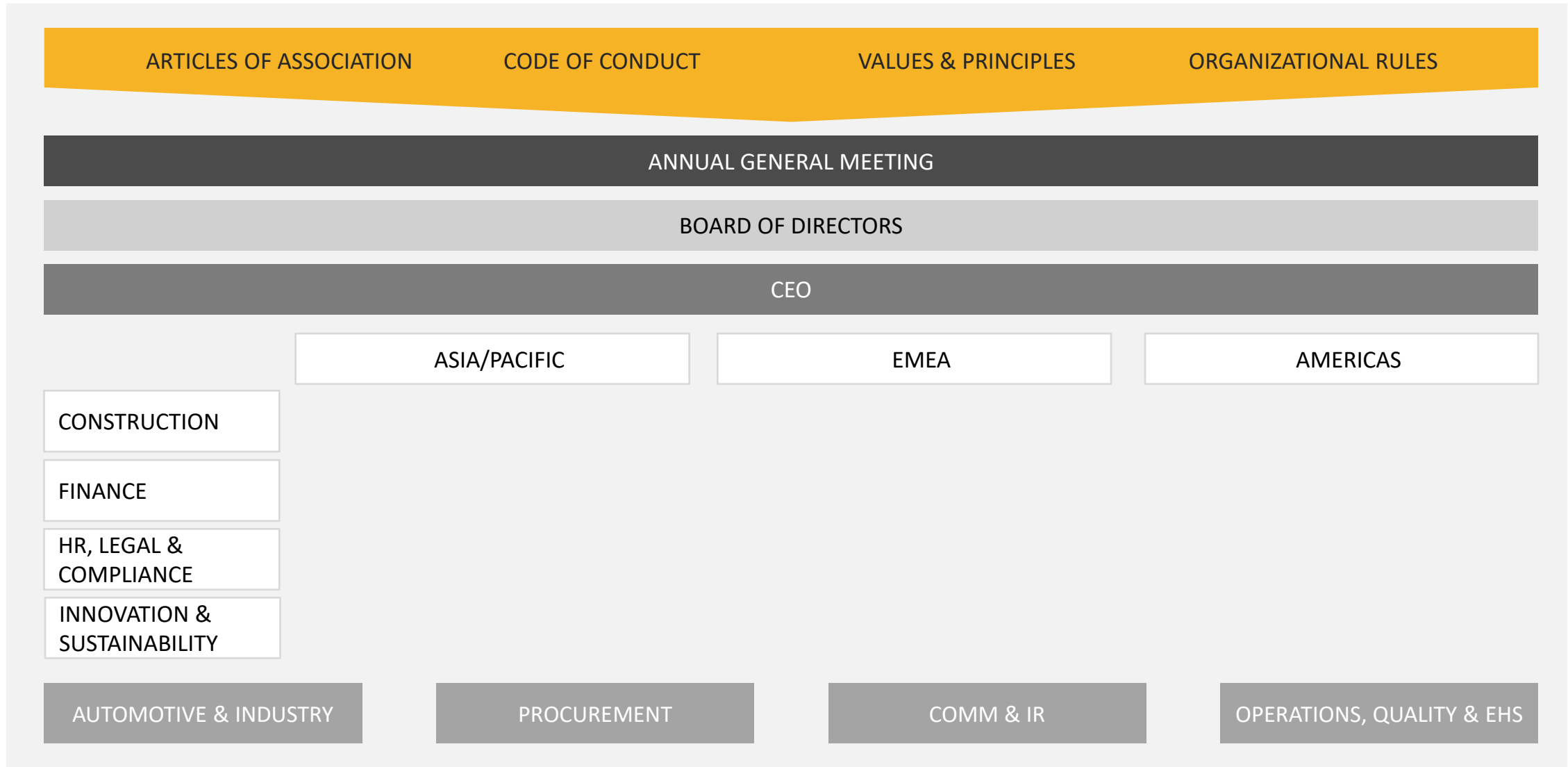
- Adheres to the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance
- Follows the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse¹
- Aligned with various international frameworks (GRI, CDP, UN SDGs, UN Global Compact, WBCSD, TCFD, TNFD)
- Complies with all applicable local laws and regulations where business is conducted
- The Sika Code of Conduct is binding, even in cases where local laws are less stringent



An annual review is conducted to confirm the conformity with the Swiss Code of Obligations, the Ordinance against Excessive Remuneration (VegüV), the SIX Directive on Corporate Governance and the Sika Articles of Association concerning Board member independency and the number of external additional mandates

¹Economiesuisse

CORPORATE GOVERNANCE FRAMEWORK STRUCTURES AND RESPONSIBILITIES



CODE OF CONDUCT (COC)

SIKA CULTURE: INTEGRITY AND ETHICAL CONDUCT

- Based on Sika's Values and Principles, available in 49 languages, read and signed by newly hired employees
- In 2023, Sika rolled out the revised CoC which underscores its strong commitment to sustainable development, incl. human rights and environmental protection
- It reflects all recent policy changes (e.g., Supplier CoC, Global Privacy Policy)
- Bi-annual commitment by Senior Management and General Managers, and regular trainings for all employees (incl. those joining through acquisitions)
- Violations reported to management or via [Sika Trust Line](#)



- HR & Compliance investigates reported misconduct, substantiated cases are reported to the Audit Committee
- Substantiated compliance violations lead to disciplinary action and/or organizational measures

SUPPLIER CODE OF CONDUCT (SCOC) RESPONSIBLE SOURCING

- Commitment to high ethical standards and sustainability
- Recurring evaluation and screening processes in place
- Requirements include compliance with the following standards:
 - Universal Declaration of Human Rights
 - The core conventions of the ILO on labor standards
 - All applicable local, national and international laws concerning:



- Anti-corruption
- Fair competition
- Intellectual property, data and privacy protection
- Sanctions, non-proliferation, and export controls
- Environment, Health & Safety (EHS) protection

RESPONSIBLE SOURCING ENGAGEMENT IN “TOGETHER FOR SUSTAINABILITY”



- Initiative based on the UN Global Compact and Responsible Care® principles
- Sika is a member since 2020
- Active collaboration to assess the sustainability performance and positively impact its progress within the supply chain of the chemical industry
- Learning and sharing best practices in sustainability with other companies of the industry
- Sika takes part in several workstreams within the initiative:



- WS1: Governance and Partnerships
- WS3: TfS Audits
- WS5: GHG Emissions

BOARD RESPONSIBILITIES

BOARD COMPOSITION AND SUCCESSION PLANNING

The Nomination and Compensation Committee (NCC) holds the responsibility for the succession planning. The duties of NCC includes:

- Identification and assessment of potential BoD candidates based on predefined criteria
- Yearly assessment of the Board and the Board Committees regarding performance, constitution and independency
- Yearly assessment of the performance of each member of the Group Management
- Identification and assessment of potential candidates to the position of CEO
- Review of candidates for other Group Management positions as proposed by CEO
- Yearly review and assessment of the succession planning and emergency succession list for positions of Group Management



It is of high relevance to have a well-balanced composition of the Board - with an independent majority – and an appropriate mix of members representing consistency and renewal.

BOARD RESPONSIBILITIES

BOARD COMPOSITION AND SUCCESSION PLANNING

- The composition of the Board of Directors should represent the necessary skills, qualifications, and diversity to be able to perform the required duties. Information on key skills and experience of the individual Board members is available on the website in the detailed view of each Board member

The Board skills matrix is used as a tool to evaluate existing and potential Board members

Criteria	Board Members									
	1	2	3	4	5	6	7	8	x	
Experience										
Industry/Business Model										
Diversity – Balanced Gender and Geographic Representation										
Senior Leadership (CEO/Chairman)										
Global Organization/Geography										
Entrepreneurship										
Skill/Expertise										
Financial/Audit										
Strategy/Consulting										
Business Development/M&A										
Human Capital/Talent Development/Compensation										
Brand Value/Marketing/Sales										
Technology/Innovation/Sustainability										
Digital/E-Commerce										
Governance/Legal										
Operational/Manufacturing/Supply Chain										

37.5%
women on the Board

5.5 yrs
average tenure of Board members

100%
independent NCC

Source: Board of Directors; Board Composition and Succession Planning

BOARD RESPONSIBILITIES

RISK MANAGEMENT

- All risks are assessed in terms of a few basic questions:

Is the risk global or regional in scope?

How high is the probability of losses occurring?

What implications does the risk have for the group?

What measures need to be implemented to prevent the risk and mitigate its consequences?

- If a risk is rated critical in the overall assessment, effective measures are then taken to reduce the probability, prevent its occurrence, or limit its implications
- Internal audits are regularly conducted in all areas of operation
- Environmental, Social and Governance (ESG) risks are monitored with the help of external tools and screenings

RISK MANAGEMENT

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

- Sika's risk management process is reviewed and updated on a regular basis, allowing the company to better identify potential risks and secure well-structured mitigation practices. Sika continues to use this risk management process stringently to ensure that any potential impact on the company and its customers is mitigated
- Top risks are reviewed and approved by the BoD and Audit Committee on a yearly basis

TOP RISKS			
STRATEGIC	OPERATIONAL	FINANCIAL	ORGANIZATIONAL
<ul style="list-style-type: none">■ Pressure on margins■ EHS requirements and regulations for products■ Country risk■ Climate change risk■ Multipolar world	<ul style="list-style-type: none">■ Product-related claims■ Talent shortage■ Business interruption■ Supply chain - direct material sourcing■ Cybersecurity risk■ Technology risk	<ul style="list-style-type: none">■ Impairments■ Currency fluctuation / FX risk■ Tax risk	<ul style="list-style-type: none">■ Reputation risk■ Hostile takeover / activism■ Loss of Sika's unique culture / entrepreneurship

Source: [Risk Management and TCFD Recommendations](#)

RISK MANAGEMENT

FOCUS: CLIMATE CHANGE

- Evaluating climate-related risks and opportunities related to its business and developing appropriate response measures, as required by the TCFD recommendations, are of vital importance to ensure long-term sustainable performance and the business continuity of Sika

Disclose the organization's governance around climate-related risks and opportunities

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

Disclose how the organization identifies, assesses, and manages climate-related risks

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

BOARD RESPONSIBILITIES

CAPITAL ALLOCATION FOR SUSTAINABLE GROWTH

The strategic planning of capital allocation aims to ensure Sika's sustainable growth. It is a well-balanced approach which considers the interests of all stakeholders and all drivers for growth and profitability

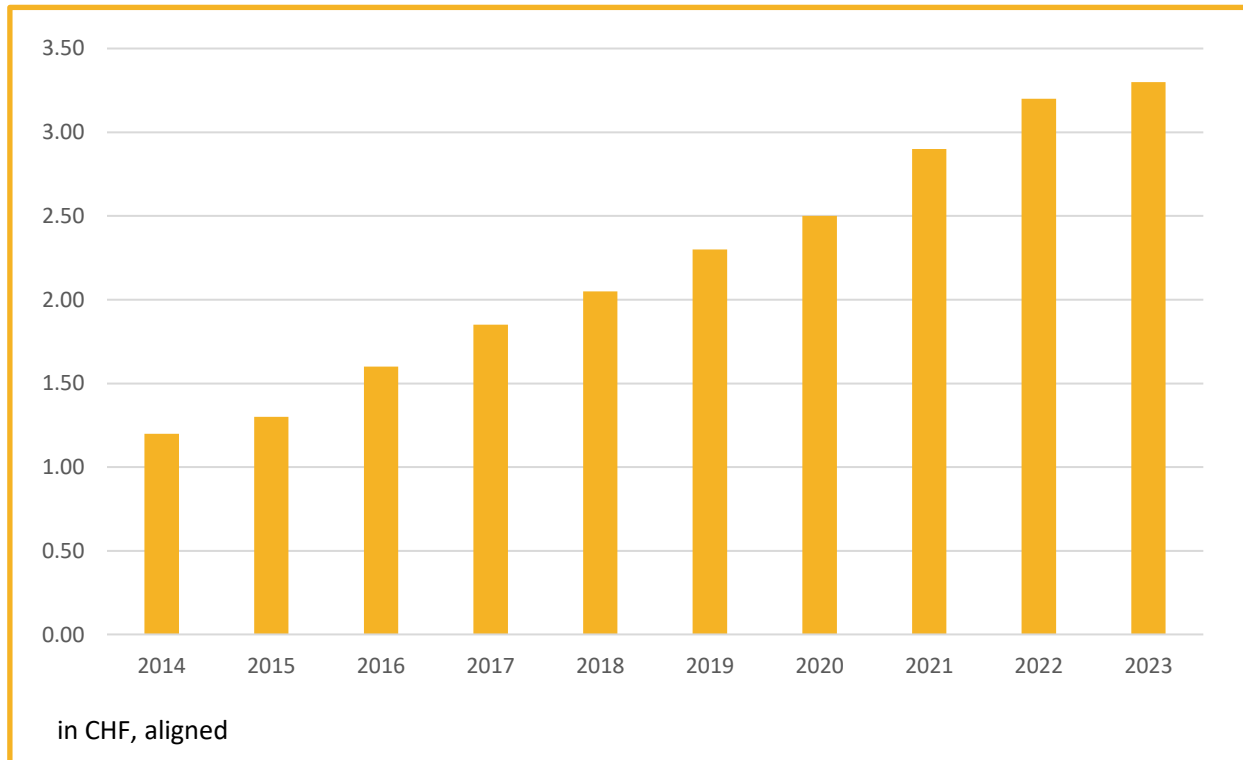


- Investments in R&D for a full pipeline of high-performing, sustainable innovations that contribute to decarbonization, the reduction of energy and material consumption, as well as the increased use of recycled materials
- Initiatives to minimize resource consumption and environmental impact, improve health and safety, as well as increase efficiency at Sika sites worldwide
- Expansion of geographical production footprint to fully capture market potential
- Acquisitions are an integral part of the growth strategy
- Training and development of employees
- Dividend payout to shareholders

CAPITAL ALLOCATION

RELIABLE AND CONTINUOUS DIVIDEND PAYOUT

- Sustainable growth strategy: steady growth in sales (in local currencies) and profit. Shareholders benefit from annual increases in dividend. Consistent dividend payout is a sign of the company's reliability.



PERIOD 2014-2023:

- Average payout ratio: > 40%
- Payout increased every year in absolute numbers
- Dividend for 2023: +3.1%

NEW STRATEGIC TARGETS: STRATEGY 2028

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MEGATRENDS DRIVING SUSTAINABLE GROWTH

FURTHER ACCELERATION



POPULATION GROWTH



URBANIZATION



DEMOGRAPHIC CHANGE



RESOURCE SCARCITY



CLIMATE CHANGE & SUSTAINABILITY



INCREASING REGULATIONS

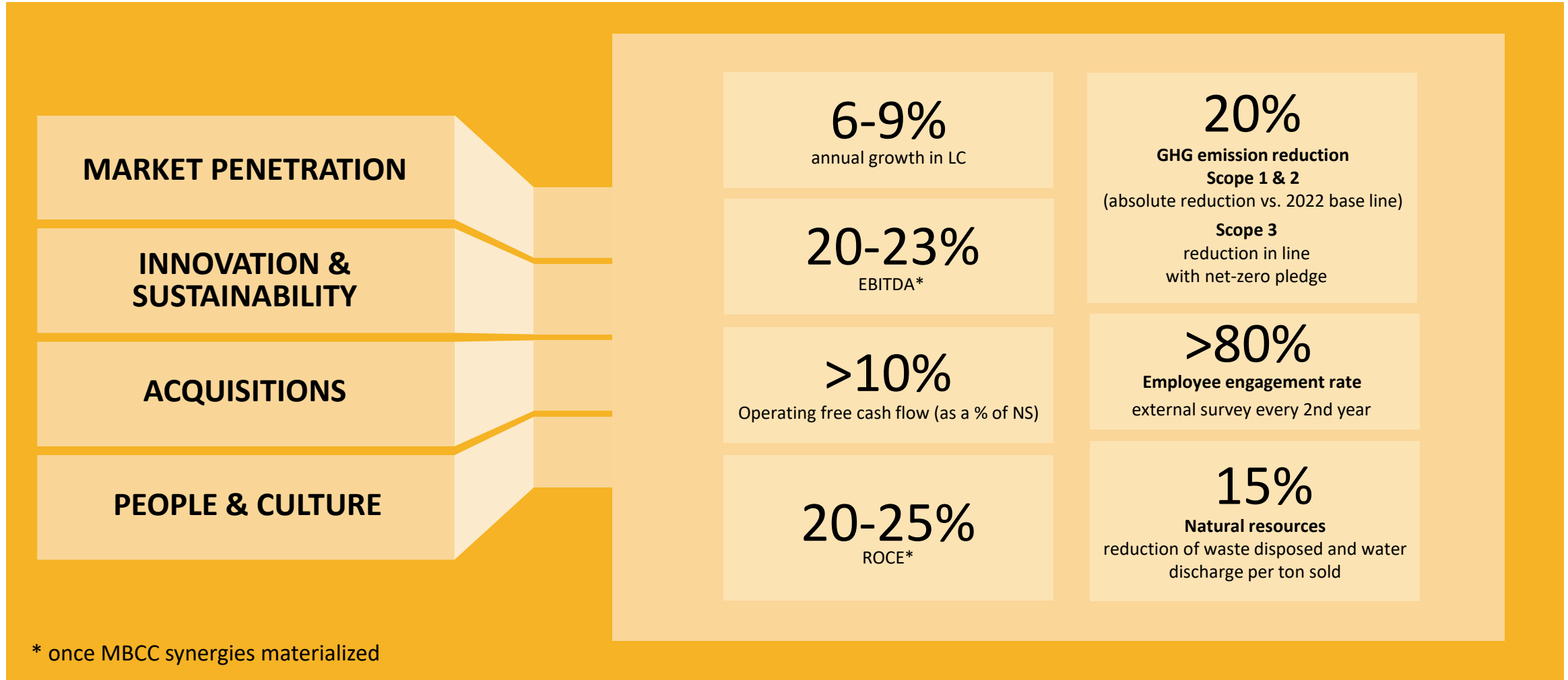


TECHNOLOGICAL PROGRESS



DIGITALIZATION

SIKA'S GROWTH STRATEGY 2028 TARGETS



* once MBCC synergies materialized

NON-FINANCIAL TARGETS STRATEGY 2028

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NON-FINANCIAL TARGETS STRATEGY 2028

SIKA'S NET ZERO PATHWAY – DRIVING THE TRANSFORMATION

OUR KEY LEVERS

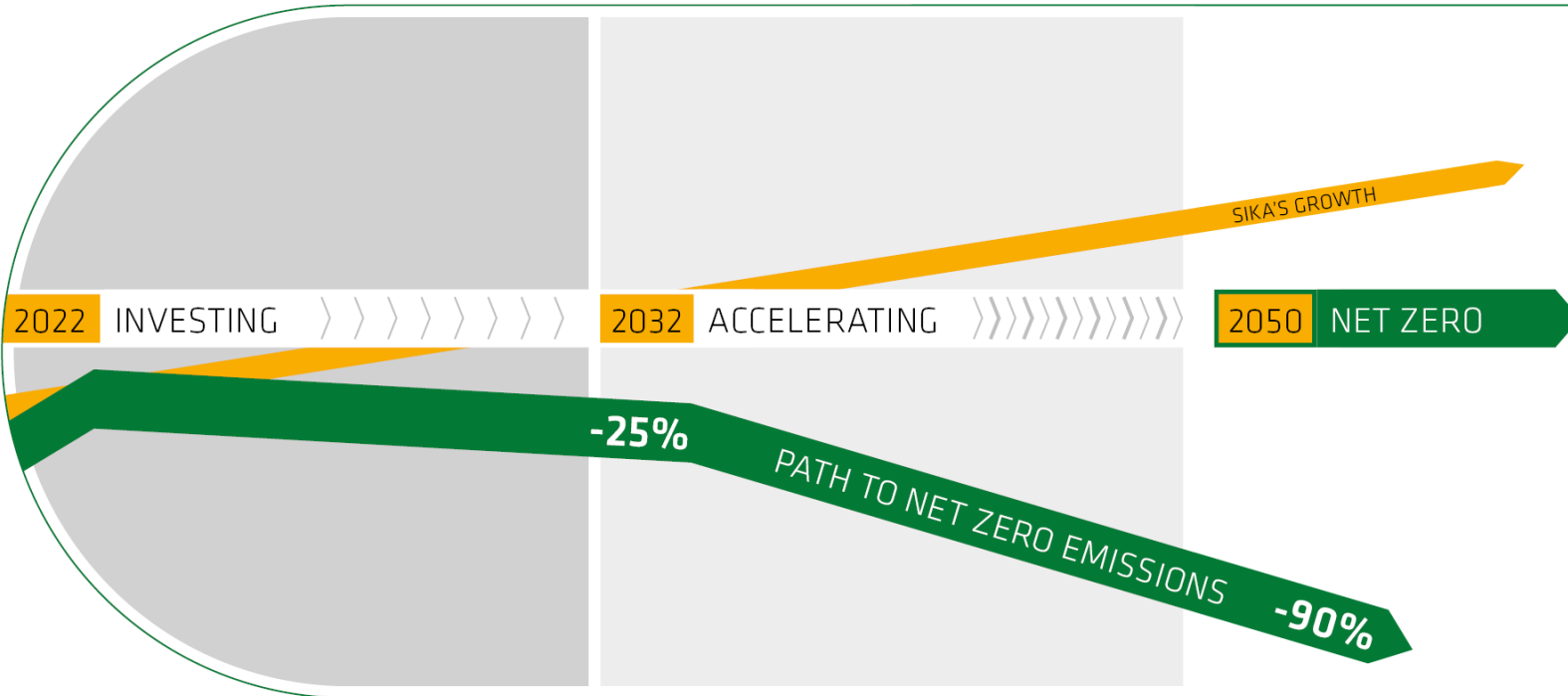
Education and capacity building to improve **material efficiency and circularity**

Accelerated use of **alternative low carbon supplies**

Continued focus on **operational efficiencies**

Partnerships with key suppliers who support Sika's path to net zero

Development of **new innovative solutions** for construction and industry



NON-FINANCIAL TARGETS STRATEGY 2028

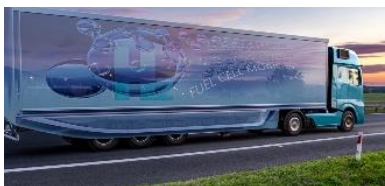
GHG EMISSIONS - SCOPE 1, 2, AND 3



Scope 1 and 2
-20%
absolute emission reduction



Scope 3
in line with net zero pledge



Reduction of use of fossil fuels in production processes and transportation



Optimizing formulations:
Cement reduction, bio-based raw materials, recycled raw materials



Use of more efficient appliances;
80% renewable electricity



Supplier engagement to optimize product-specific carbon footprint of raw materials and packaging

NON-FINANCIAL TARGETS STRATEGY 2028

NATURAL RESOURCES - WATER, WASTE, AND CIRCULARITY



Natural Resources:
Waste disposed and water discharged
-15% reduction *Per ton sold*



Transition from a linear to a circular approach



Focus on diverting non-recoverable waste to approaches in which resources are reused or recycled



Minimize water discharge and focus on water management plans in high and extreme water-stress areas

NON-FINANCIAL TARGETS STRATEGY 2028

PEOPLE & CULTURE



EMPLOYEE ENGAGEMENT

- **Sika's strong Corporate culture** as most competitive advantage
- **>80%** measured through Global Employee Survey every two years by an external provider



DIVERSITY

- **Improving gender balance** by reaching equal representation of women at all levels. Ambition to steadily increase women ratio of total workforce towards 30%



HEALTH & SAFETY

- **Zero fatalities**
- **Lost Time Accident < 2 per 1,000 FTE**
- **Reduce usage of hazardous materials**

NON-FINANCIAL TARGETS STRATEGY 2028

SUSTAINABILITY PORTFOLIO MANAGEMENT (SPM)

All new product developments to be SPM validated with a positive validation

MORE **PERFORMANCE**
MORE **SUSTAINABLE**

SPM | Sustainability
Portfolio
Management

- The SPM evaluates solutions based on **12 sustainability** and **6 performance categories**.
- SPM is used to classify, and **market sustainable solutions**.
- Sika's goal is to manage innovation and sustainability, **minimizing risks and maximizing opportunities**.
- Sika is the 1st company within the specialty chemicals and building materials sector to develop and implement the **SPM Concept** based on the World Business Council of Sustainable Development framework.

STRONG CORPORATE CULTURE

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STRONG CORPORATE CULTURE

SIKA'S VALUES AND PRINCIPLES

- Sika's Values and Principles are the foundation for the Code of Conduct
- They are put into action through strong leadership and by all employees every day, worldwide

1 Customer First

Sika is dedicated to provide and maintain the highest quality standards with its products and services.

2 Courage for Innovation

Sika's success and reputation is based on its long-standing tradition of innovation.

3 Sustainability & Integrity

Sika takes a long-term perspective on the development of the business and acts with respect and responsibility towards its customers, stakeholders, and employees.

4 Empowerment & Respect

Sika believes in the competence and the entrepreneurial spirit of its employees.

5 Manage for Results

Sika aims for success and takes pride in continuously achieving outstanding results and outperforming its markets.

VALUES AND PRINCIPLES

CUSTOMER FIRST

- Listen to customers, understand their needs and provide them with solutions that give them a real advantage – keep customers' success in mind
- Provide and maintain highest quality standards
- Build long-lasting and mutually beneficial relationships
- Provide professional service



VALUES AND PRINCIPLES

COURAGE FOR INNOVATION



- Sustainability is an integral part of the innovation process and development of new products
- Innovation management with focus on the Sika Product Creation Process
- Close alignment with customer and market needs
- Actively challenge and accept being challenged
- Consider innovation in all business activities; including a diverse workforce to foster it

VALUES AND PRINCIPLES

SUSTAINABILITY & INTEGRITY

- Comply with Sika's Code of Conduct
- Align daily business with Sika sustainability strategy
- Act with respect and responsibility towards all stakeholders
- Operate with strong focus on safety, quality, environment, fair treatment, social involvement, responsible growth, and value creation
- Actively engage with the community



VALUES AND PRINCIPLES

EMPOWERMENT & RESPECT



- Decentralized, flat organization, decision power delegated very close to customers
- Believe in the competence and entrepreneurial spirit of employees
- Train and develop local people. Mainly local nationals running country organizations
- Foster trusting and respectful working relationships
- High priority on training and development as well as on promoting internal candidates

VALUES AND PRINCIPLES MANAGE FOR RESULTS

- Aim for success, outstanding results, and outperformance
- Clear and well-anchored mid-term strategic targets, pursue vision with long-term view
- Functions and projects are clearly assigned, clear accountability
- Transparent performance management focused on well-defined KPIs
- Benchmarking/Best Demonstrated Practice



STRONG CORPORATE CULTURE

HIGH EMPLOYEE LOYALTY AND ENGAGEMENT



- Sika Senior Management roles are normally filled in-house or with managers joining from acquisitions
- The long-term employee prospects and the corporate culture are among the reasons behind Sika's low employee turnover
- Sika is proud that employees remain with the company for a long time and contribute their know-how and experience over a lengthy period

GLOBAL BUT LOCAL

THE SIKA STRATEGY AND ITS DECENTRALIZED IMPLEMENTATION



STRONG CORPORATE CULTURE

EMPLOYEE SURVEY 2024 TO MEASURE LOYALTY AND ENGAGEMENT

- Second group-wide employee survey to be conducted
- Survey is administered externally to ensure full anonymity and confidentiality
- Over 33,000 employees worldwide invited to participate
- Survey runs in the first half of 2024
- Employees asked to provide feedback on a set of 75 questions, including two open-text comments



Sika's ambition to achieve a global employee engagement score of >80 is a people-related KPI in Strategy 2028.

STRONG CORPORATE CULTURE

EMPLOYEE SURVEY 2019 CONFIRMED LOYALTY AND ENGAGEMENT

- First group-wide employee survey conducted in 2019 with a response rate of 78% (14,600 employees)

The overall result of the survey showed an extremely high engagement rate with

86

index points out of 100



HIGHLIGHTS

- ✓ High sense of responsibility
- ✓ Feeling proud to work for Sika
- ✓ Strong commitment and identification with Sika's success
- ✓ Very trustful environment

EMPLOYEE SUGGESTIONS

- More cross-team collaboration
- Teams with greater diversity
- The fast growth of the company has led to the need for more support and simpler processes in some areas

STRONG CORPORATE CULTURE

SIKA DAY

Sika Day 2021

Together, we are committed to leadership, diversity, and integrity.



Sika Day 2023

Caring for each other beyond the expected.



Sika Day 2022

We promote a safety culture. Never compromising on safety to protect our people.



Sika Day 2024

One team, many voices. Goind beyond together.

EMPLOYEE ENGAGEMENT DIVERSITY ON ALL LEVELS

Commitment of Sika leaders

- Build an inclusive and attractive environment
- Non-discriminatory practices in employment
- Equal opportunities in the recruitment process and in the professional development of employees
- Increase the percentage of women in leadership positions

24.3%

female
employees

67

nationalities among
Senior Managers

**Balanced age
structure**

with 12% below 30 years
old and 26% above
50 years old

25.0%

women in
Group
Management

EMPLOYEE ENGAGEMENT TALENT DEVELOPMENT IS KEY

Consistent employee development with leadership programs on global, regional, and local level as well as for young talents

27,171

Sika learners reached with
online trainings in 2023

29.5%

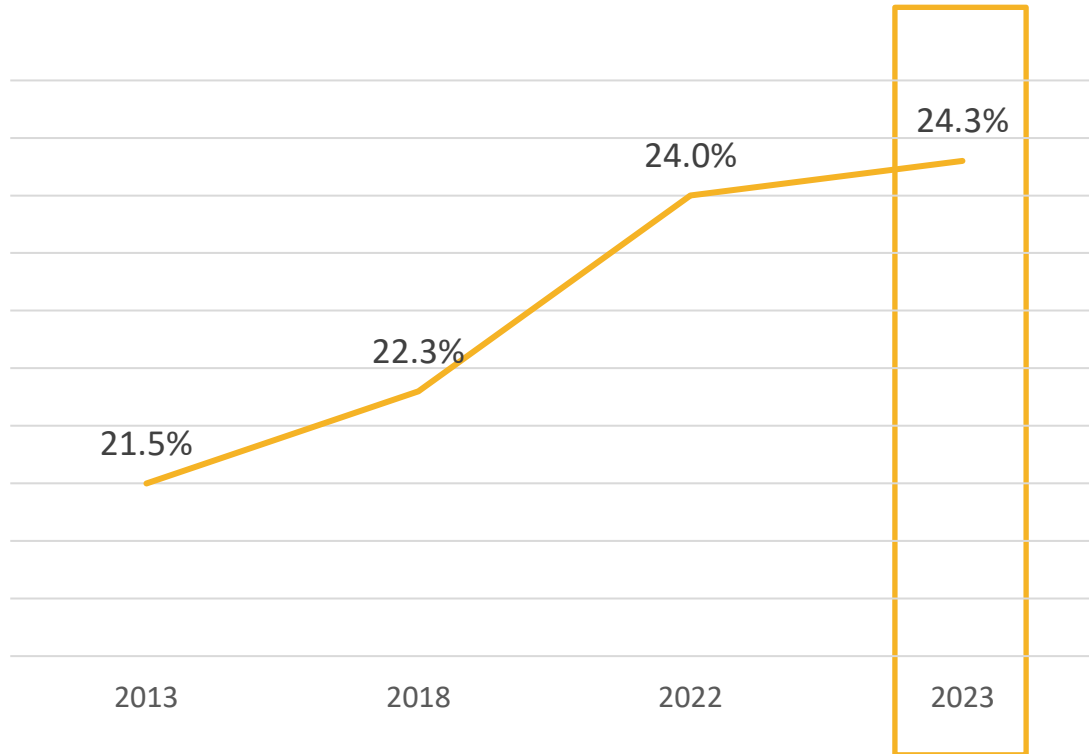
women in talent pool



GENDER DIVERSITY

DISTRIBUTION OF WOMEN IN SIKA

Representation of women in total work force: **24.3%**



Company Management (incl. Senior Managers and local Company Mgmt Teams)	22.2%
Middle Management	22.8%
Staff	24.6%

Increased focus on initiatives to promote women in sales and operations as this is a common route to Senior Management

GENDER DIVERSITY

ATTRACT, ENGAGE, AND PROMOTE – EXAMPLES OF INITIATIVES



Overall responsibility and high priority for BoD and Group Management. **Global Diversity Steering Committee** sets up action plans, monitors and reports on progress to BoD and Group Management. Clearly defined KPIs on the three pillars.

Attract

- Employer branding that attracts female talents
- Cooperation with associations to attract more young women to STEM professions
- Partnership with the National Association of Women Sales Professionals and the National Association of Women in Construction

Engage

- National discussion forums to promote diversity, and support women in their career development path
- Global and local networking events for women at Sika
- Training Sika leaders in building diverse teams
- Regional Diversity & Inclusion strategy (EMEA)

Promote

- Talent pool: strong focus on gender diversity in Sika's talent pool
- Training: more nominations of women for talent training programs
- Development: support female talents in their career advancement

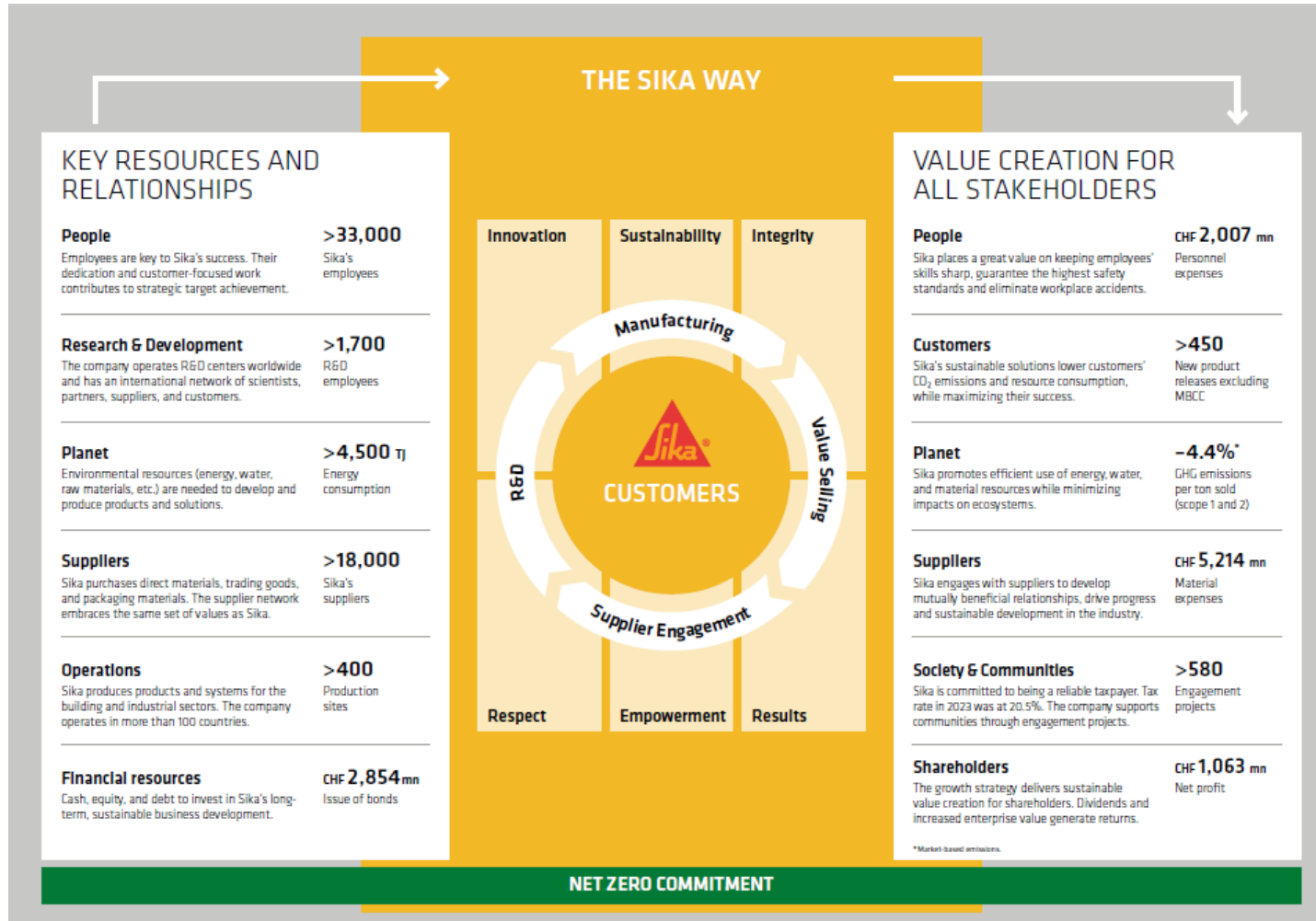
SIKA IS COMMITTED TO SUSTAINABILITY

BUILDING TRUST



SIKA BUSINESS MODEL

SUSTAINABLE VALUE FOR ALL STAKEHOLDERS



- Sika is well-positioned in both emerging and mature markets thanks to its global network of subsidiaries in 103 countries, along with its first-class solutions that are tailored to customer needs.
- The company creates sustainable value for its stakeholders to whom the derived economic value is distributed.

SUSTAINABILITY STRATEGIC TARGETS – STRATEGY 2023

SUSTAINABILITY IS AT THE CENTER OF WHAT WE DO (1/2)

Targets 2019-2023

CLIMATE PERFORMANCE

- –12% reduction of GHG emissions per ton sold (scope 1 and 2)

ENERGY

- – 15% less energy consumption per ton sold
- Increase share of renewable electricity

WASTE/WATER

- – 15% less waste generation per ton sold
- +25% higher recycling rate of total waste
- – 15% less water consumption per ton sold

Performance 2019-2023

- **–41.8%** reduction of GHG emissions per ton sold (scope 1 and 2)

- **–21.9%** reduction in the energy consumption per ton sold
- **+40.6% points** increase in the share of purchased electricity from renewable sources

- **–25.0%** less waste generation per ton sold
- **+27.7%** higher recycling rate
- **–38.4%** reduction in water consumed per ton sold

Performance 2023

- **–4.4%** reduction of GHG emissions per ton sold (scope 1 and 2)

- **–6.2%** reduction in the energy consumption per ton sold
- **–7.0% points** decrease in the share of purchased renewable electricity from renewable sources

- **–2.5%** less waste generation per ton sold
- **+7.5%** higher recycling rate
- **–12.2%** reduction in water consumed per ton sold

Source: [Sustainability Performance 2019-2023](#)

SUSTAINABILITY STRATEGIC TARGETS – STRATEGY 2023

SUSTAINABILITY IS AT THE CENTER OF WHAT WE DO (2/2)

Targets 2019-2023

COMMUNITY ENGAGEMENT

- 10,000 working days of volunteering work per year
- 50% more projects
- 50% more direct beneficiaries

OCCUPATIONAL SAFETY

- 50% less accidents
- 0 fatalities

SUSTAINABLE SOLUTIONS

- Pioneering a comprehensive portfolio of solutions, combining higher performance and sustainability

Performance 2019-2023

- **3,265** yearly average working days were dedicated to volunteering work
- **+293.2%** projects were carried out in and for local communities
- **1,531.7%** direct beneficiaries of the community engagement program

- **-31.0%** Lost Time Accidents
- **3** Fatalities

When it comes to product development, Sika combines **higher performance with additional sustainability benefits**

Performance 2023

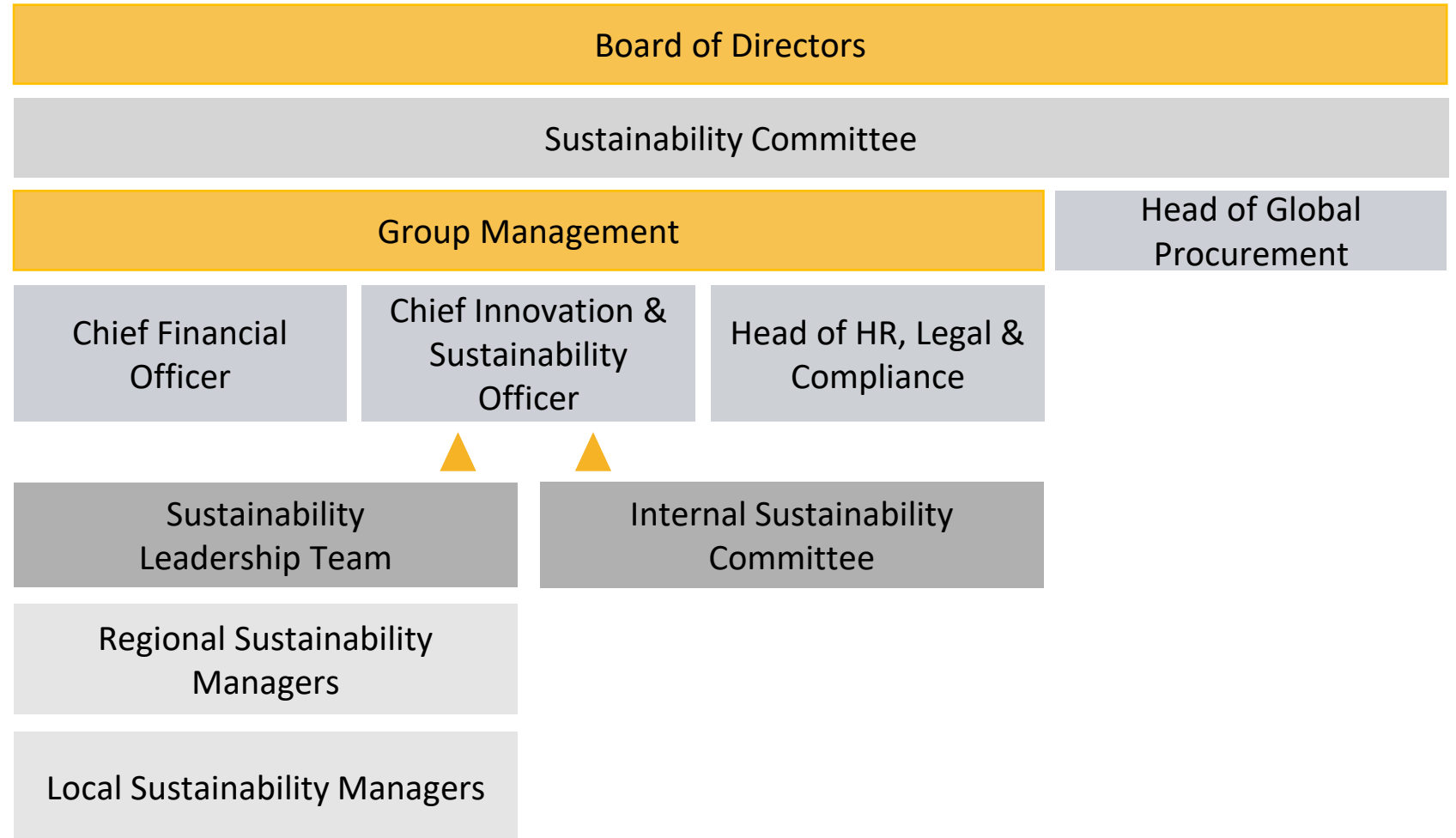
- **7,953** working days were dedicated to volunteering work
- **+43.3%** projects were carried out in and for local communities
- **+136.1%** direct beneficiaries of the community engagement program

- **-13.9%** Lost Time Accidents
- **1** Fatality

Sika completed the rollout of the **Sustainability Portfolio Management (SPM) Methodology to evaluate, classify, and market products in terms of performance**

GOVERNANCE LEADERSHIP AND RESPONSIBILITIES

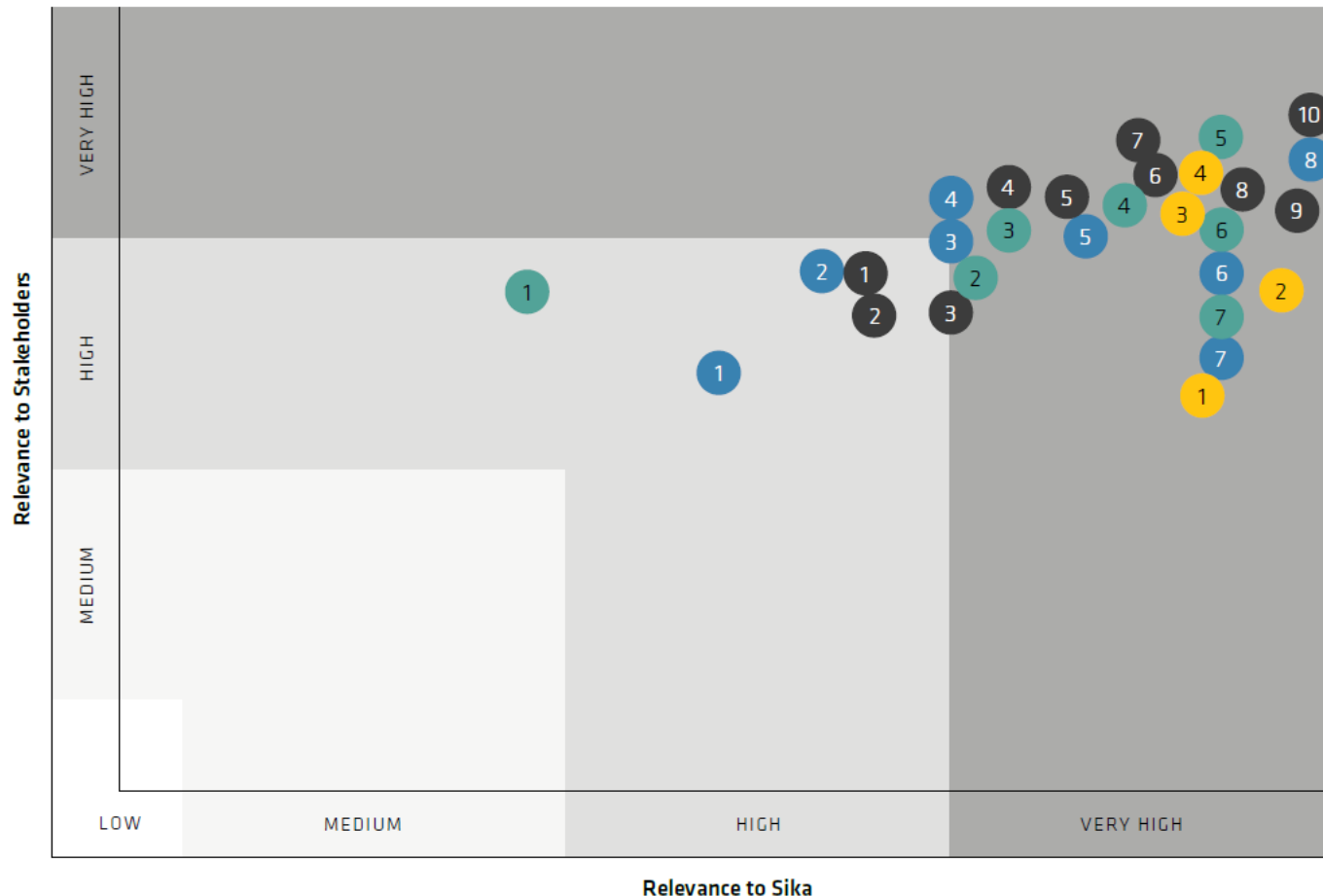
- Over the past years, Sika has strengthened its sustainability organization, defining new roles and responsibilities at corporate and regional level as well as throughout the entire organization.



GOVERNANCE

MATERIALITY ANALYSIS 2022

- The materiality matrix 2022 was approved by the Board of Directors in May 2022.
- Sika is conducting a new double materiality assessment in 2024.



ENVIRONMENTAL

1. Biodiversity and Nature
2. Water Management
3. Air Emissions
4. Waste Management
5. Product Portfolio
6. Energy Management
7. Climate Change

SOCIAL

1. Community Relations
2. Stakeholder Engagement
3. Labor Management
4. Human Rights
5. Diversity and Inclusion
6. Human Capital Development
7. Talent Attraction and Retention
8. Health and Safety

GOVERNANCE

1. Public Policy
2. Tax Strategy
3. Corporate Governance
4. Responsible Procurement
5. Responsible Marketing
6. Customer Relationship Management
7. Compliance
8. IT Landscape
9. Risk and Crisis Management
10. Business Ethics and Integrity

ECONOMIC

1. Digitalization
2. Economic Performance
3. Circular Economy
4. Innovation Management

Source: [Sika Materiality Analysis 2022](#)

PARTNERSHIPS OVERVIEW

REPORTING STANDARDS AND FRAMEWORKS



INITIATIVES



INDICES



MEMBERSHIP OF ASSOCIATIONS



RATINGS



COLLABORATION



Source: [Partnerships and Collaborations](#)

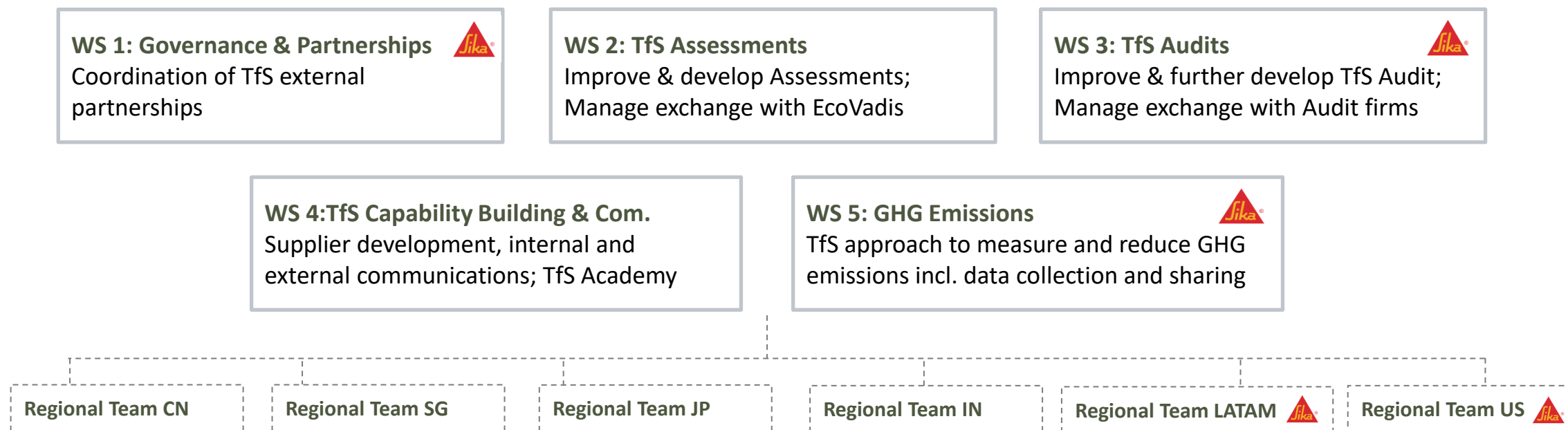
PARTNERSHIPS

ALIGNMENT WITH THE UN SDGs



Source: [Sika and the UN SDGs](#)

PARTNERSHIPS TOGETHER FOR SUSTAINABILITY (TFS)



 Sika selects and actively contributes to specific TfS Work Streams and Regional Teams based on identified strategic priorities

**Sustainability is a combined effort across the value chain.
Therefore, we need to partner up and leverage expertise of the Group.**

PARTNERSHIPS

TFS – WS 2&3 – SUPPORTING SIKA'S SCDD APPROACH



- Sika Supply Chain Due Diligence (SCDD) process is based on four key pillars: risk identification, risk assessment, supply chain improvement, and reporting.
 - The Tfs framework with its standardized tools – Tfs Assessments and Tfs Audits – enables member companies and their suppliers to assess, drive and improve sustainability performance of chemical supply chains through a shared infrastructure.



“An assessment or audit for one member company is an assessment or audit for all”

PARTNERSHIPS

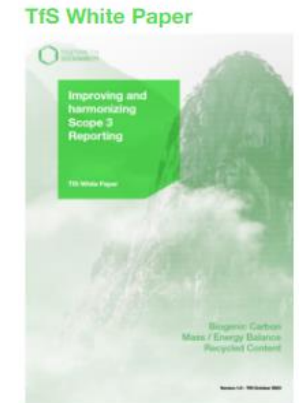
TFS – WS 5 – GHG EMISSIONS ACCOUNTING



The scope 3 Greenhouse Gas Emissions (GHG) activities are centered around three key areas:

1. *TfS Product Carbon Footprint (PCF) Guideline: open-source-PCF Guideline for chemical industry in line with product accounting standards.*

Additional Release 2023: *Improving and harmonizing Scope 3 Reporting: White Paper exploring challenges and potential solutions to harmonize carbon accounting methodologies*



1. *TfS PCF Exchange IT Solution: a platform for TfS members that will enable corporations and suppliers to share upstream product carbon footprints.*
2. *Cooperation: collaboration across ecosystem of initiatives working on the scope 3 challenge.*

PARTNERSHIPS

WBCSD



- Since 2010, Sika has been a member of the World Business Council for Sustainable Development (WBCSD).
- In 2022, Sika has started working with other leading companies across all industries in the **SOS 1.5** project on the **Avoided Emissions**, where a first Guideline has been published in 2023:
 - This is the first cross-industry standard about assessing, verifying, and applying avoided GHG emissions in the downstream value chain.
 - This guideline shall provide guidance on consistent and credible methodology to measure the positive climate impacts companies bring through their products, technologies, and services to accelerate their adoption.
 - It will also support companies to identify eligible and relevant avoided emissions claims.

PARTNERSHIPS

TNFD



- Since September 2022, Sika is supporting the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the **TNFD Forum**. The latter is a global multi-disciplinary consultative group of institutions with over 1,300 members.
- The TNFD framework adopts a four-pillar approach, structured around how organizations operate: Governance, Strategy, Risk management, Metrics and targets. This is the same structure as the one used by the TCFD framework.
- In 2023, Sika has used the tools and resources provided by the TNFD to gain an understanding of TNFD's **LEAP (Locate, Evaluate, Assess, Prepare) approach**.
 - Sika performed a first analysis to identify and prioritize potential nature-related issues and main business interfaces focusing only on direct operations. For this purpose, four different tools were used: **ENCORE, SBTN Sectoral Materiality, World Resource Institute (WRI) Aqueduct, and IBAT.**
- In the coming years, Sika will further investigate the magnitude of impacts and dependencies at these sensitive locations and will **leverage the LEAP process to understand the key nature-related risks and opportunities.**

SIKA WAY TO NET ZERO

COMMITTED TO REACH NET ZERO NO LATER THAN 2050

- Sika aims to be a driver of the transformation of the construction and manufacturing industry towards net zero and is committed to the net zero target by 2050 based on SBTi (Science Based Target initiative).
- Sika submitted its targets to the SBTi on October 31, 2023. Targets are expected to be validated by Q2 2024.
- Collaboration of all stakeholders is vital to reach this ambitious goal.
- Sika's growth strategy leads to increased reduction goals in absolute terms over time. In its net zero journey, Sika aims to achieve a win-win environment with committed stakeholders (up and downstream).



CLIMATE CHANGE – STRONG SUSTAINABILITY DEVELOPMENT

SIKA'S NET ZERO ROADMAP – DRIVING THE TRANSFORMATION

OUR KEY LEVERS

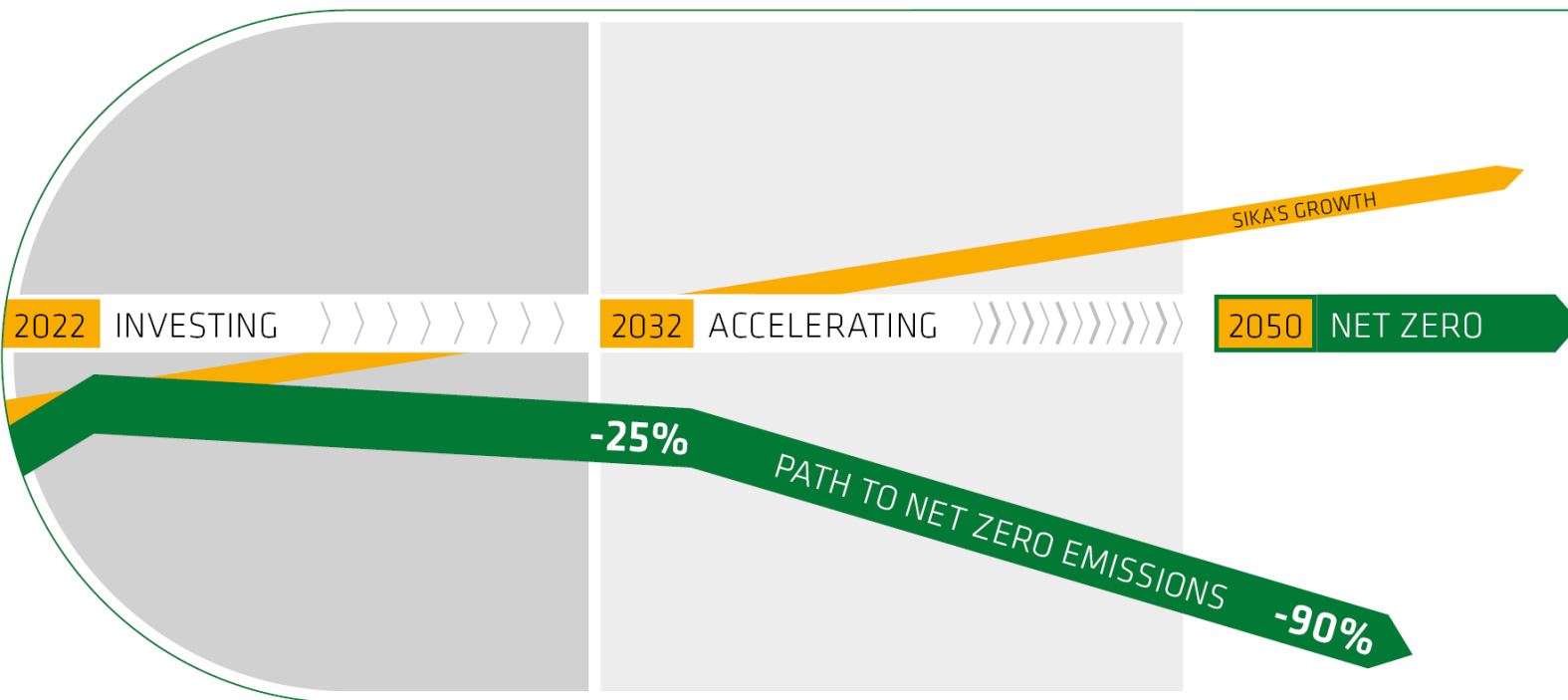
Education and capacity building to improve **material efficiency and circularity**

Accelerated use of **alternative low carbon supplies**

Continued focus on **operational efficiencies**

Partnerships with key suppliers who support Sika's path to net zero

Development of **new innovative solutions** for construction and industry

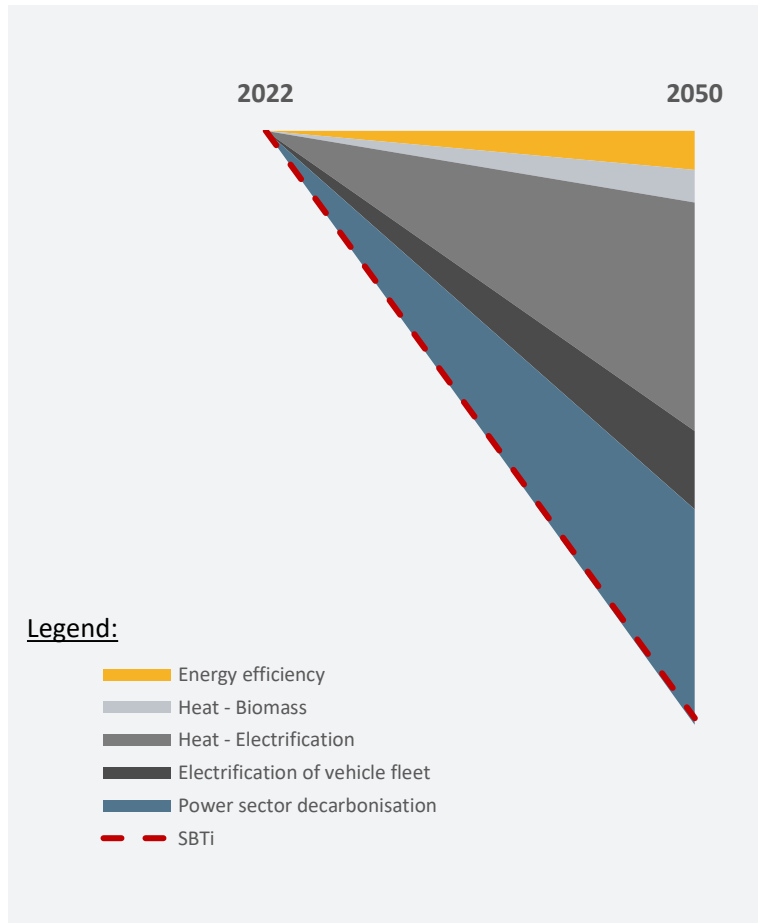


Source: [Sika's Way to Net Zero](#)

SCOPE 1 & 2

SIKA DECARBONIZATION LEVERS

SIKA SBTI ALIGNMENT SCENARIO



Commitment to Net Zero by 2050 - 1.5°C aligned:

- 42% by 2032
- 90% by 2050

DECARBONIZATION LEVERS UNTIL 2032

- Continuous energy efficiency improvements (e.g. sand drying optimization, more efficient machinery, leakage prevention, etc.)
- Increase the share of **renewable electricity**
- Increase **vehicle fleet electrification**

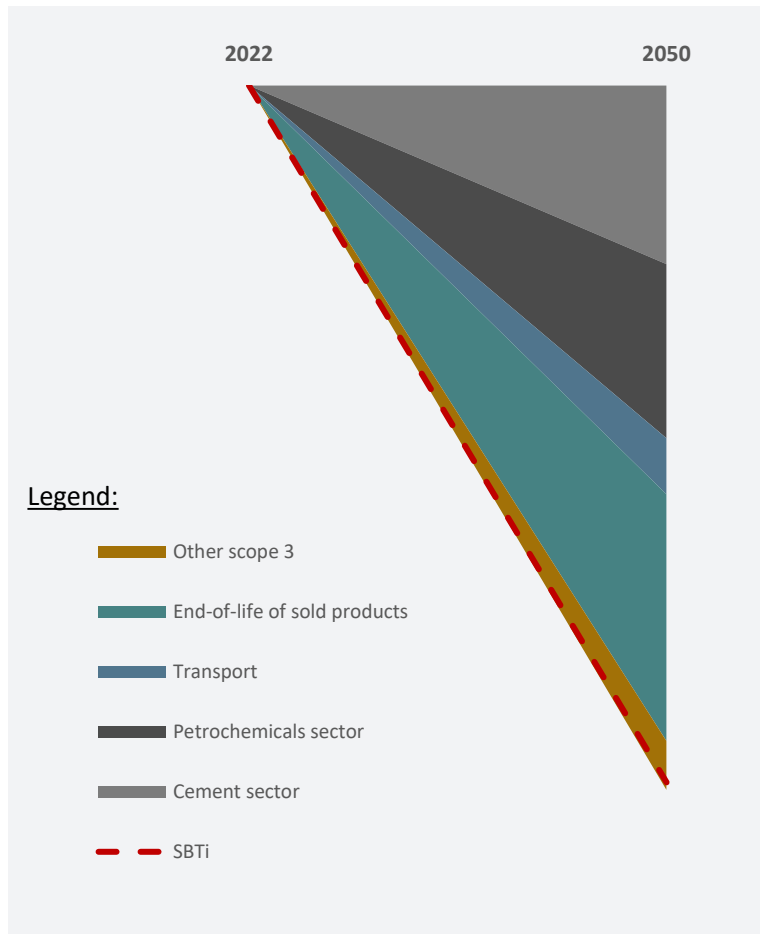
DECARBONIZATION LEVERS UNTIL 2050

- In 2050, **100%** of equipment use **low-carbon energy**
- 100%** of **electricity** is **renewable**
- In 2050, **vehicle fleet** is decarbonized

SCOPE 3

SIKA DECARBONIZATION LEVERS

SIKA SBTi ALIGNMENT SCENARIO



Source: [Sika's Way to Net Zero](#)

Commitment to Net Zero by 2050 – well below 2°C aligned:

- 25% by 2032
- 90% by 2050

DECARBONIZATION LEVERS UNTIL 2032

- Decrease **upstream** and **downstream transport emissions**
- Reduce **virgin cement** and **petrochemicals** consumption (↗ **low-carbon raw materials**; establish a **sustainable procurement strategy**)
- Enhance **recyclability** of Sika's products through **product formulation** and **packaging material**

DECARBONIZATION LEVERS UNTIL 2050

- Minimize **upstream** and **downstream transport emissions**
- Significantly reduce **virgin cement** and **petrochemicals** consumption (maximize the share of **low-carbon raw materials**; create a **strong sustainable procurement ecosystem** by actively collaborating with customers and suppliers)
- Become a **fully circular company**

METHODOLOGY

SCOPE 3 METHODOLOGY PAPER

in 1,000 tons of CO ₂ eq	2021	2022 ¹	2023 ²
Cat. 1 Purchased goods and services	6,595	8,728	7,934
Cat. 12 End-of-life treatment of sold products	4,190	4,641	4,554
Cat. 4 Upstream transportation and distribution	1,070	1,149	1,384
Cat. 2 Capital goods	172	253	499
Cat. 9 Downstream transportation and distribution	139	206	279
Cat. 11 Use of sold products	108	246	123
Cat. 5 Waste generated in operations	108	102	89
Cat. 3 Fuel- and energy-related activities	81	87	89
Cat. 7 Employee commuting	63	79	80
Cat. 6 Business travel	6	23	28
Cat. 8 Upstream leased assets	21	33	23
Total scope 3 GHG emissions	12,553	15,547	15,082

¹ 2022 scope 3 GHG emissions have been recalculated to reflect the MBCC Group acquisition in line with the SBTi net zero standards.

² Scope 3 GHG emissions include the full reporting year of 2023 acquisitions.

Source: [GHG Emissions](#)

- Each category assessed is described in the Scope 3 Methodology Paper
- The calculation of scope 3 carbon emissions is an evolving topic based on various data sources
- Sika is continuously reviewing the calculation methodology to ensure transparency and data robustness
- This process helps Sika better understand how it can lower its scope 3 emissions, engage within the organization and throughout the value chain

EXAMPLE NET-ZERO ROADMAP DEVELOPMENT FOR SIKA CEMENT REPLACEMENT IN MORTARS – BUSINESS CASE



480 ktons of CO₂

In Year 2025 reduction
feasible on global level.

- To achieve long-term target of -90% for Scope 3 emissions by 2050, Sika needs to find **alternative raw materials** that would **replace virgin cement**.
- **The replacement** of 1 ton of Portland cement by 1 ton of SCM saves **770kg of CO₂ eq**
- A **roadmap** focusing on Cementitious Materials is currently **under development**.
- Current substitution rates: **30% to 50%** with **no compromise** on quality, performance and ease of application.

EXAMPLE NET-ZERO ROADMAP DEVELOPMENT FOR SIKA PVC MEMBRANE RECYCLING – BUSINESS CASE



49 ktons of CO₂

In Year 2032 reduction
feasible on global level.

RECYCLE OF SOLD PRODUCTS

- Shifting from incineration to recycling reduces emissions: 1.8 kg CO₂ eq per 1 kg of PVC Membranes

PURCHASED GOODS

- Replacement of fossil-based polymers by recycled membrane: 1.8 kg CO₂ eq per 1 kg savings for recycling-PVC

CASE PVC USA

- US recycled 350 tons PVC roofs in 2022
- Target: Scale up to 10% PCR in PVC for 2032
- **Resulting reduction 15 ktons CO₂ eq**

EXAMPLE CIRCULAR ECONOMY – SUSTAINABLE DEVELOPMENT

reCO2ver[®] – SIKA BREAKTHROUGH INNOVATION

reCO2ver[®]

contributes to circular
economy in construction



- Segregates concrete back to its original ingredients to be re-used for new high-grade concrete
- This unique process includes sequestration of CO₂ and produces high quality SCM powder which allows reduction of cement in new concrete

SIKA PRODUCTS AND SOLUTIONS ENABLE A SUSTAINABLE FUTURE

BUILDING TRUST



SIKA ENABLES DECARBONIZATION FOR A SUSTAINABLE FUTURE

Construction

40% of global CO₂ emissions attributable to construction and building sector¹



Huge opportunity as potential for progress is immense



Automotive

Road traffic responsible for **20% of global CO₂**¹



Sika possesses the solutions and innovative strength to enable the necessary transformation



¹ IEA

SIKA ENABLES DECARBONIZATION SOLUTIONS TO DRIVE A SUSTAINABLE FUTURE

Durability



By **increasing the lifespan of buildings**, Sika solutions contribute to carbon footprint reduction: increasing the lifespan of a building by **20 years reduces the cumulative CO₂ footprint by 30%**

Clinker reduction



Sika solutions enable high clinker reduction in cement and concrete, even when using more challenging Supplementary Cementitious Materials. Ensuring **high performance** and **less environmental impact**

Building envelope



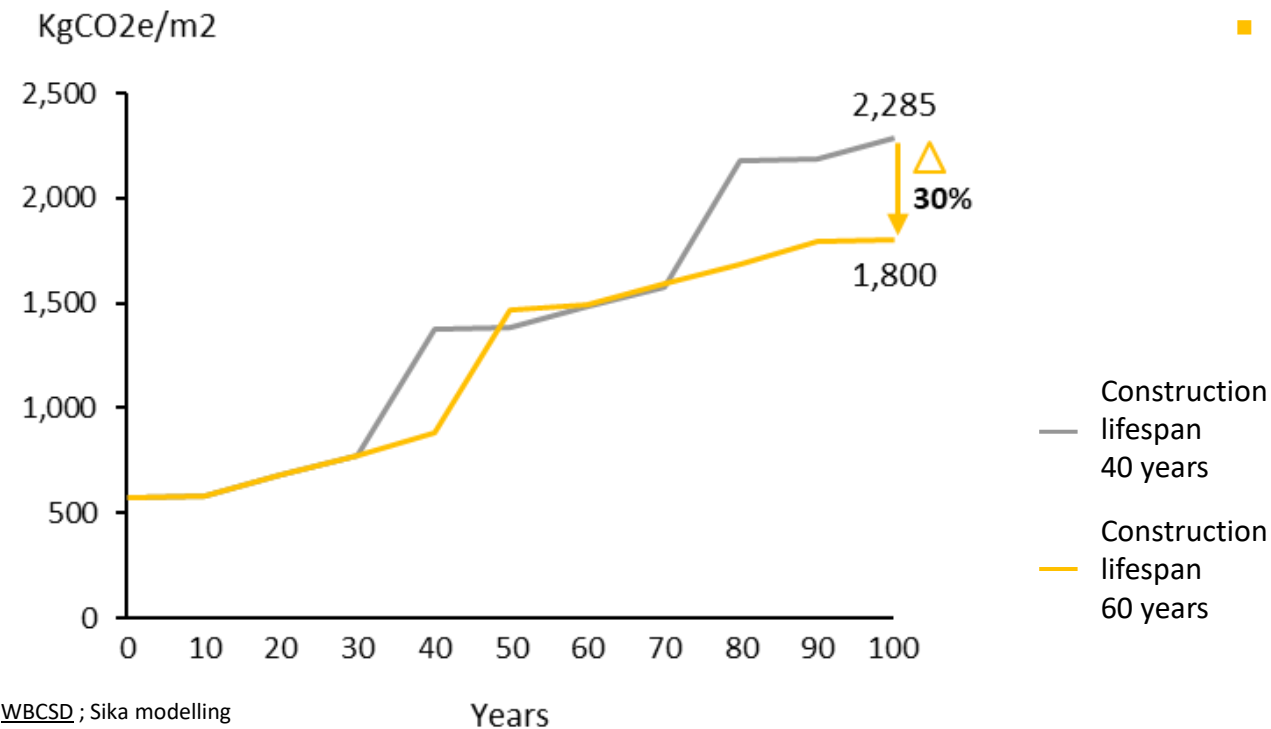
Sika's wide range of durable and long-lasting roofing solutions contribute to the **reduction of energy consumption** and **greening of cities**
Solutions for **energy-efficient facades** and **waterproof basements**

DURABILITY AND ITS IMPACT ON EMISSIONS

CO₂ REDUCTION BY PROLONGING LIFESPAN

- According to different scenarios (one in which the average lifespan of a residential/commercial building is 40 years and one in which the average lifespan is 60 years), it becomes clear that **the cumulative kgCO₂ e/m² decreases by 30% once the lifespan of a building is prolonged**

CUMULATIVE kgCO₂ e/m² PER LIFESPAN SCENARIO



- To generate a positive sustainability impact, the lifecycle of buildings should be extended. This, in turn, can be achieved **through improved durability.**

30%
less CO₂ with 20 years
longer lifespan of
buildings

SIKA ENABLES DECARBONIZATION

SIKA REPAIR SOLUTIONS PROLONG THE LIFETIME OF STRUCTURES

Sika solutions for repair and refurbishment

**STRENGTHEN, WATERPROOF,
INSULATE, PROTECT, AND REPAIR**
buildings and structures

Sika repair systems

**PROLONGS LIFETIME, INCREASE
SAFETY AND ENERGY EFFICIENCY**

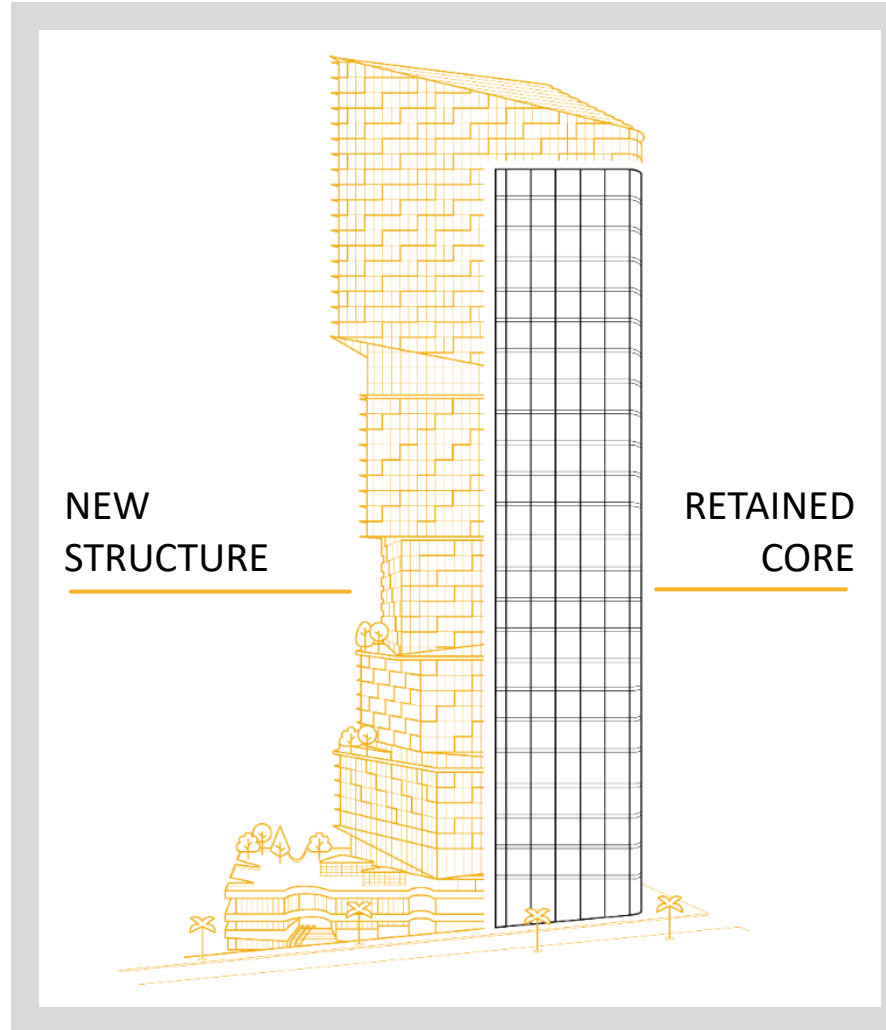
Sika's offering includes:

structural strengthening systems, waterproofing and repair mortar, waterproofing and protective coatings



SIKA ENABLES DECARBONIZATION

RETHINK REFURBISHMENT



Project description

- The Quay Quarter Tower (QQT) in Sydney has been “**upcycled**” from the original AMP Centre skyscraper built in 1976
- QQT opened at the start of 2022, is **206 meters high** and has **59 floors**
- **95%** of the existing core preserved
- **CHF 85 million** in building costs saved
- **12,000 tons** of CO₂ emissions saved
- Significant **time savings** during construction

Sika solutions

- carbon fiber reinforcing systems
- fire rated joint sealants
- floor leveling solutions
- waterproofing systems
- concrete repair mortars
- concrete admixtures

SIKA ENABLES DECARBONIZATION USING LESS WATER, CONCRETE, AND CEMENT WITH SIKA ADMIXTURES

Sika cement technology allows for significant

REDUCTION OF CEMENT CONTENT

enabling replacement of cement with supplementary cementitious materials (SCM)



High-strength concrete with concrete admixtures

Sika® ViscoCrete®

REDUCES CONCRETE CONSUMPTION

as thinner constructions are possible

Sika® ViscoCrete® technology

enables **UP TO 40%**

REDUCTION OF WATER

content in concrete



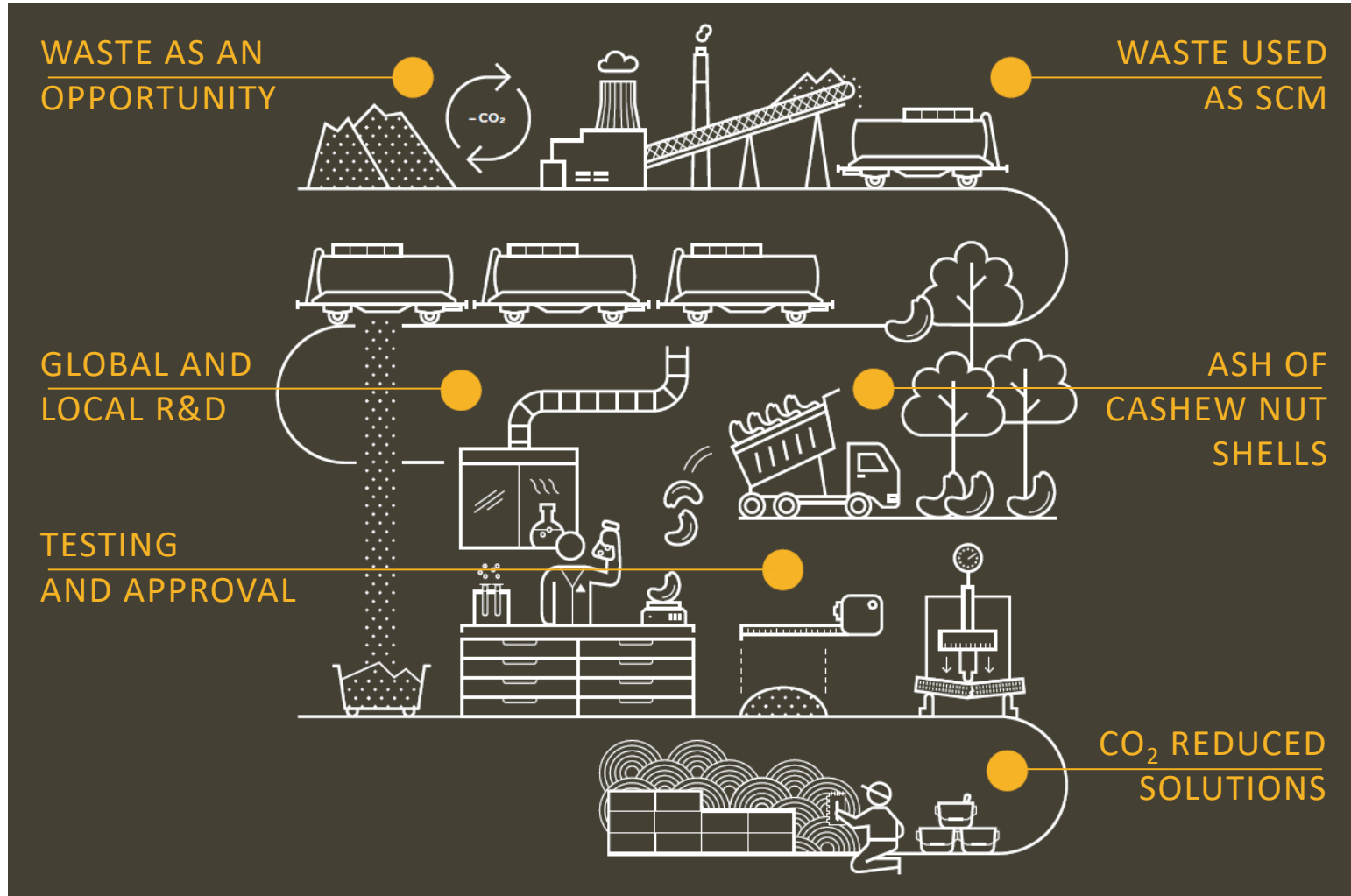
SIKA ENABLES DECARBONIZATION COOPERATION FOR CLINKER REDUCTION AND CIRCULAR ECONOMY



Project description

- Collaboration with the **world's largest iron ore mining company**, the Swedish firm LKAB.
- Thanks to Sika admixtures, a new "**Zero Cement**" concrete has been developed. Around 100,000 cubic meter of this concrete will be used for the renovation of 38 pit shafts at LKAB's Kiruna mine in the north of Sweden.
- The **CO₂ emissions** released in the production of this shaft renovation concrete in 2023 will be **reduced by 93%** compared to 2022.

SIKA ENABLES DECARBONIZATION FORMULATION – IN-DEPTH RESEARCH INTO NEW SOLUTIONS



- Sika is looking to **partially replace cement** in all mortar categories over the next few years
- The goal is to **increase the substitution rate** – which averaged 14% in 2022 – **to 50% by 2025**
- High-quality products include the two mortars SikaGrout®-800 and 3320 as well as Sikagard®-5500, the **first** concrete protective coating **based on renewable feedstocks**
- All these products have a **30% to 40% reduced CO₂ footprint** with highest technical performance

SCM: Supplementary Cementitious Materials

SIKA ENABLES DECARBONIZATION

ENERGY-SAVING, DURABLE ROOFING SOLUTIONS

Sika supplies highly durable, root resistant membranes for

Green Roofs

- Reduce urban heat island effect and improve air quality
- Insulating qualities lead to energy savings
- Noise pollution reduction
- Support biodiversity

Durable, reliable, and high-quality products combined with know-how and expertise important to install appropriate **solar solution**

Sika solar-reflective membranes for **Cool Roofs** reduce energy consumption by up to **15%**

Odorless, low-emission liquid applied membranes

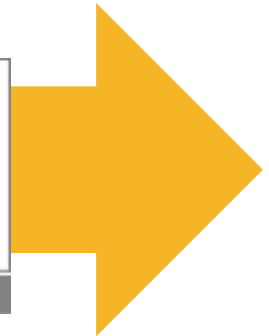
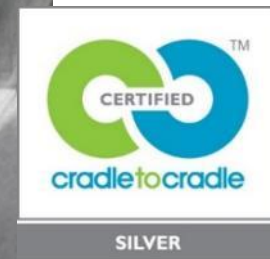
Longevity

- Warranties according to customer requirements
- Many Sika roofs are **40 years** and older

Recycling process contributes to circular economy in construction

SIKA ENABLES DECARBONIZATION SAVING RESOURCES WITH INNOVATIVE ROOFING SOLUTIONS

- Sika Sarnafil® AT is first *Cradle to Cradle Certified™* Membrane worldwide
- Recycling of roof membranes saves resources and reduces burden on climate
- Used roof membranes are retrieved and processed into granular material. Recycled material flows into production of new roofing materials.
- Circular economy and closing material cycles
- Specification in Green Building projects e.g., to reach LEED certification. Of increasing importance for both commercial and public construction.



SIKA ENABLES DECARBONIZATION ENABLING CONSTRUCTION OF LIGHTWEIGHT AND ELECTRIC VEHICLES

LIGHTWEIGHT vehicle construction, multi-material design, and **ELECTRIC VEHICLES** lead to less fuel consumption and **REDUCTION OF CO₂ EMISSIONS**

SikaPower® adhesives combine **HIGH STRENGTH AND ELASTICITY** enabling use of mixed materials and lightweight vehicle construction

With the help of SikaPower® adhesives **50% REDUCTION** of body weight can be achieved using lightweight materials

Sika heat-conductive adhesives and materials as well as fire protective coatings

INCREASE SAFETY AND LONGEVITY of e-motors and batteries

ACOUSTIC AND REINFORCNG parts support lightweight and e-vehicle construction



SIKA ENABLES WATER MANAGEMENT CLEAN WATER FOR MILLIONS OF PEOPLE

- 3% of the total water resources is drinkable water to be used by people, of which only 1% is reachable
- 80% of all wastewater globally is released without treatment
- 60,000 water dams in 150 countries, many of which need repair
- Sika solutions prevent leaks, protect water quality and extend life-span of infrastructures – for new construction and maintenance



Concrete Solutions



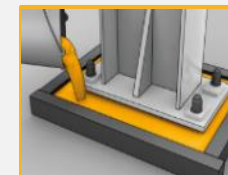
Waterproofing Solutions



Anchoring



Flooring & Roofing



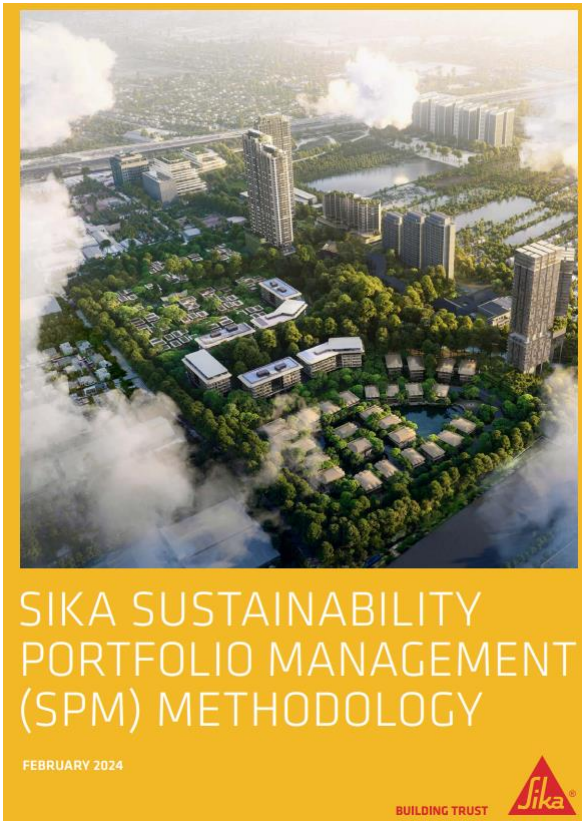
Grouting



Sealing & Bonding

PRODUCT SUSTAINABILITY

PRODUCT SUSTAINABILITY STRATEGY 2028 AND SPM METHODOLOGY



- Sustainability Portfolio Management (SPM) is the framework used to innovate, evaluate, classify, and market sustainable solutions.
- In the Strategy 2028, Sika defined a new target “all new product developments with a positive SPM validation”.
- The SPM Methodology is based on the WBCSD Portfolio Sustainability Assessment (PSA) framework.
- The Sika SPM Methodology Paper provides information on how the company aims to be fact-based, transparent, and reliable in evaluating, classifying, marketing, and reporting on the performance and sustainability profiles of its products.

SPM METHODOLOGY

SUPPORTING THE TRANSITION PATHWAY OF THE CHEMICAL INDUSTRY

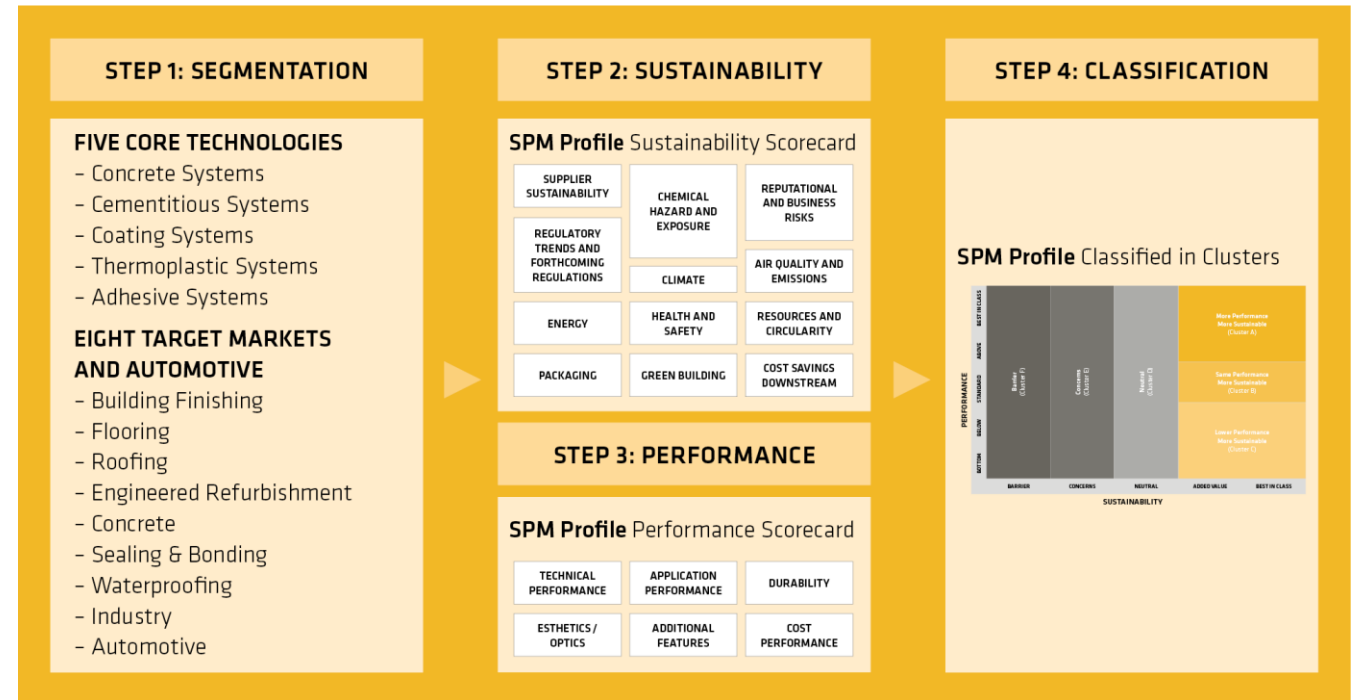
- The EU commission promotes the green and digital transition of the chemical industry.
- To date, the EU has published 112 transition initiatives in response to a call launched in July 2023. More initiatives are in the pipeline and will be published on an ongoing basis as they are reviewed by the Commission and their submitters.
- The initiatives are organized by 26 topics.
- The **SPM Methodology** was nominated under “Topic 3: Safety and Sustainability” as an **initiative that support the transition pathway for the chemical industry.**



SPM METHODOLOGY

PRODUCT EVALUATION AND CLASSIFICATION

- **The SPM Methodology follows a four-step approach:** segmentation, sustainability evaluation, performance evaluation, and classification.
- **Integrated into the Product Creation Process (PCP),** SPM evaluations are executed by an SPM Steering Committee and interdisciplinary teams.
- **SPM evaluations occur early and before market release,** providing a standardized approach for efficient product development.



SUSTAINABLE SOLUTIONS

EXAMPLES OF PRODUCTS WITH SPM CLASSIFICATION

MORE PERFORMANCE
MORE SUSTAINABLE

Sika MonoTop®
1010



BONDING PRIMER AND
REINFORCEMENT
CORROSION PROTECTION
CEMENT-BASED SLURRY
CONTAINING RECYCLED
WASTE MATERIALS

- Contains recycled waste material
- 25% reduction in CO₂ per 25 kg bag
- Contributes towards satisfying 3 credits under LEED v4

MORE PERFORMANCE
MORE SUSTAINABLE

SikaCeram®-260
Starflex



UNIVERSAL TILE ADHESIVE
WITH LIGHTWEIGHT
FILLERS

- 15% reduction of CO₂ footprint per m²
- Reduced dust formation during handling
- Contributes towards satisfying 3 credits under LEED v4

MORE PERFORMANCE
MORE SUSTAINABLE

Sikaflex®-11 FC
Purform®



MULTIPURPOSE ELASTIC
ADHESIVE AND JOINT
SEALANT

- No user safety training required
- Lower VOC emissions
- Contributes towards satisfying 1 credit under LEED v4

SUSTAINABLE SOLUTIONS

EXAMPLES OF PRODUCTS WITH SPM CLASSIFICATION

MORE PERFORMANCE
MORE SUSTAINABLE

Sikaflex®-554 PowerCure



FAST-CURING ELASTIC
ADHESIVE FOR BONDING
LARGE COMPONENTS IN
INDUSTRIAL ASSEMBLY

- More than 60% less packaging waste compared with alternative materials in dual plastic cartridges
- In line with requirements of key customers regarding product composition

MORE PERFORMANCE
MORE SUSTAINABLE

Sikafloor®-1590

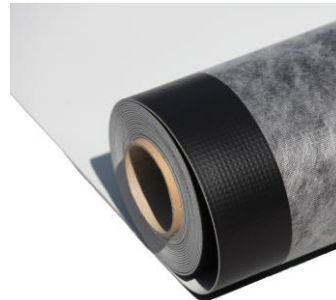


FAST-CURING EPOXY
PRIMER FOR VARIOUS
SIKAFLOOR® SYSTEMS

- Low VOC emission
- Contributes towards satisfying LEED v4
- No odor during application
- More coats applied per day, less driving to the job site
- Fast curing, fast back-to-service
- Low blushing

MORE PERFORMANCE
MORE SUSTAINABLE

Sarnafil® AT-20



POLYMERIC FPO MEMBRANE
FOR MECHANICALLY
FASTENED AND BALLASTED
ROOF WATERPROOFING

- *Cradle to Cradle Certified™* Silver level
- Contributes towards satisfying 4 credits under LEED v4

SOCIAL RESPONSIBILITY

BUILDING TRUST



HEALTH AND SAFETY

OCCUPATIONAL SAFETY STRATEGIC TARGET

OCCUPATIONAL SAFETY

Sika employees leave the workplace healthy

TARGET 2023

- 50% less accidents
- 0 fatalities

- In the sustainability strategy 2023 Sika has clearly communicated its safety targets
- Sika employees must leave the workplace healthy
- Sika Vision zero program to improve leadership commitment and employee participation
- The first Sika Global Safety Survey was sent to all employees in late 2022 and completed in February 2023 with a global participation rate of 74%

3 GOOD HEALTH AND WELL-BEING



COMMUNITY ENGAGEMENT

BUILDING TRUST AND CREATING VALUE

COMMUNITY ENGAGEMENT

We build trust and create value with customers, communities, and with societies

TARGET 2023

- **10,000 volunteering working days p.a.**
- **50% more projects**
- **50% more direct beneficiaries**



- Focus on three fields of activity:
 - Buildings and infrastructure
 - Education and vocational training
 - Water and climate protection
- 2023 figures:
 - 127,705 individuals were benefiting of the Community Engagement Program
 - 582 projects were carried out in and for local communities
 - 7,953 working days of employees were dedicated to volunteering work

COMMUNITY ENGAGEMENT

SIKA CARES COMMUNITY ENGAGEMENT PROGRAM

Monetary and non-monetary support: products, education, volunteering

Thematic Focus	Structure	Stakeholders
<ul style="list-style-type: none"> ▪ Sustainable buildings and better infrastructure for social and environmental projects ▪ Support education and training of young people and children ▪ Water and climate protection initiatives to support better living environments for local communities ▪ Health and well-being 	<ul style="list-style-type: none"> ▪ Centralized fund ▪ Owner: CEO ▪ Managed by Corporate Communications, Innovation & Sustainability ▪ Project proposals from local companies or by initiative of Group Management either for direct support or support of organizations ▪ In addition: encourage direct involvement of Sika personnel in social projects via volunteering work 	<ul style="list-style-type: none"> ▪ Local residents or area-based groups ▪ Communities of interest ▪ Ethnic and cultural groups ▪ Local community and voluntary groups ▪ Web-based or virtual groups ▪ Employees ▪ External engagement partners
<h4>Reporting and Communication</h4>		<h4>Direct beneficiaries</h4>
<ul style="list-style-type: none"> ▪ Internal communication ▪ External communication ▪ Trainings and webinars ▪ Yearly Sustainability Academy 		<ul style="list-style-type: none"> ▪ People engaged in the project ▪ Who benefits from the project ▪ People affected, directly or indirectly, by the project.

COMMUNITY ENGAGEMENT REFERENCE PROJECTS

FLOOD RELIEF, GHANA



Thematic Focus

- Building/Infrastructure
- Water and Climate Protection

Direct beneficiaries

- 600 individuals affected by floodings

ABOUT THE PROJECT

- Ghana has been experiencing unpredictable rainfall patterns and as a result a flood occurred in the south-eastern part of the country.
- As part of the ongoing commitment to corporate social responsibility, Sika Ghana and its employees decided to act and help those affected by the dam spillage.

SIKA'S CONTRIBUTION

- Sika Ghana donated 2,000 kg of Super Sikalite, 400 kg of rice, 9 boxes of oil, boxes of biscuits, soap, mosquito repellent, assorted drinks, and other food.
- Staff travelled to some affected areas (Anyako) to help to mitigate the damage and to provide food to people affected by the floods.

COMMUNITY ENGAGEMENT REFERENCE PROJECTS

OPERATIONS SMILE, THAILAND/VIETNAM



ABOUT THE PROJECT

- Operation Smile (OS) Thailand is a charity set up in 1997, dedicated to providing free treatment to children and adults suffering from cleft lips, cleft palates and other facial deformities.
- Sika Thailand has been sponsoring OS Thailand missions to provide free corrective procedures to underprivileged cleft lip and cleft palate patients every year since 2014.
- In Vietnam, Sika has been supporting OS since 2010, and continues to be one of the important partners accompanying the organization.

Thematic Focus

- Health/Well-Being

Direct beneficiaries

- 150 (Thailand), 236 (Vietnam) patients received surgery treatment

SIKA'S CONTRIBUTION

- In 2023, Sika supported 2 missions in Thailand and 3 missions in Vietnam, around 600 children were examined in both countries.
- Total beneficiaries were patients with facial deformities surgeries who suffered from cleft lips, cleft palates, burns, and craniofacial pain.
- Since 2010, more than 40 missions were supported in Vietnam, 4,913 children were examined, and surgery was provided to 3,228 children.

COMMUNITY ENGAGEMENT REFERENCE PROJECTS

YOUTH ENGAGEMENT, SWITZERLAND



Thematic Focus

- Education and Training

Direct beneficiaries

- 100 school children and their teachers

ABOUT THE PROJECT

- Sika supports the day care center "KITS Sarnen", Switzerland, which offers care services for children up to the 6th grade of elementary school.
- Children spend time on Sika premises and familiarize with science and chemistry in a playful manner.
- The Sika team in Sarnen, Switzerland, has been recognized for its efforts in education and sustainable construction solutions, earning the 2023 Energy Globe Award Switzerland.

SIKA'S CONTRIBUTION

- Sika staff spent a day with the school children approaching them to the world of science and chemistry.
- Through youth engagement projects, Sika aims to inspire the next generation with impactful innovations and cutting-edge technologies, such as 3D concrete printing.
- Sika staff plans and implement youth engagement projects with further institutions, like the Tuefftel Park Pilatus, Sarnen.

COMMUNITY ENGAGEMENT REFERENCE PROJECTS

LIBRARY PROJECT, CHINA



Thematic Focus

- Education and Training
- Buildin/Infrastructure

Direct beneficiaries

- 3,777 school children and their teachers

ABOUT THE PROJECT

- Sika China is cooperating with "Library Project", a non-profit charity organization. Fulfilling social responsibilities and supporting basic education, the Library Project of Sika China has been in operation for four years since 2015.
- The Library Project is a non-profit charity organization. It donates books and libraries to under-financed schools and orphanages in Asia. The initiative is partnering with the China Population Welfare Foundation, a charity organization approved by the Ministry of Civil Affairs of the People's Republic of China.

SIKA'S CONTRIBUTION

- Sika staff supported on-site 7 schools in Hunan.
- In addition to book donations, Sika helps to renovate facilities for hosting school libraries.
- In 2023, a Sika volunteer team of 27 employees was set up to take part in various charity activities. Some volunteers came to the schools to set bookshelves, sort books and carry out donation ceremonies.

REMUNERATION – WELL-BALANCED COMPENSATION SYSTEM

COMPENSATION GOVERNANCE

GOVERNANCE PRINCIPLES

- There are strong **governance principles** in place

WE DO

- ✓ Conduct an **annual review** of the compensation policy and programs
- ✓ Maintain compensation plans with a **strong link between pay and performance**
- ✓ Conduct a **rigorous performance management** process
- ✓ Maintain compensation plans designed to align executive compensation **with long-term shareholder interests**
- ✓ Require that the Board of Directors, the CEO and the other members of Group Management **own a minimum number of Sika shares** as a percentage of their annual base salary
- ✓ Include **clawback and malus provisions** in the incentives
- ✓ Offer employment contracts with a **notice period of a maximum of twelve months**
- ✓ Ensure **pay equality and fairness** in all countries we operate in

WE DON'T

- ✗ Provide discretionary compensation payments
- ✗ Reward inappropriate or excessive risk taking or short-term profit maximization at the expense of the long-term health of the company
- ✗ Pay dividend equivalents on performance-contingent-deferred units that have not been earned yet based on the company's performance
- ✗ Guarantee future base salary increases or non-performance-based incentive payments
- ✗ Have prearranged individual severance agreements or special change of control compensation agreements

COMPENSATION GOVERNANCE

COMPENSATION BENCHMARKING

Two **peer groups** are used for different benchmarking purposes in the context of compensation

Industrial Swiss listed companies of similar size to Sika in terms of market capitalization, revenue and headcount

ABB	Alcon	Barry Callebaut	Geberit	Givaudan
Holcim	Kühne+Nagel	Lindt	Lonza	Novartis
Richemont	Roche	Schindler	SGS	Sonova

in CHF thousands	Market cap (01/09/2023)	Revenue (31/12/2022)	Headcount (#) (31/12/2022)
3rd quartile	49,213	28,208	84,453
Median	31,185	8,092	35,853
1st quartile	17,691	6,433	16,705
Sika	38,037	12,466	33,000



Compensation design

Compensation levels*

Industrials international companies exposed to similar market cycles as Sika

3M – Industrial & Transportations	Forbo – Flooring Systems	Pidilite Industries Limited
Arkema – Adhesive Solutions	H.B. Fuller Company	RPM
Armstrong World Industries Inc.	Geberit	Saint-Gobain
Ashland	Henkel – Adhesive Technologies	SK Kaken
Beacon Roofing Supply, Inc.	Hilti Corporation	Sto AG
Beiersdorf – Tesa	Holcim – Solutions & Products	Uzin Utz AG
Carlisle – Construction Materials	Huntsman – Performance Products	
EMS-Chemie Holding AG	Owens Corning	



Performance for the purpose of the incentives

* For Board of Directors and Group Management positions in Switzerland. For Group Management positions based outside of Switzerland, compensation data of similar positions in industrial companies in the country of employment

COMPENSATION SYSTEM

BOARD OF DIRECTORS (BoD)

To strengthen their independence, members of the Board of Directors receive fixed compensation only, paid in **cash and restricted share units converted into shares blocked for three years**

	Annual board retainer	+	Annual committee fees
	50% in cash – 50% in restricted share units ¹		50% in cash – 50% in restricted share units ¹
Board chair	CHF 900,000 + CHF 30,000 allowance in cash		Not eligible to committee fees
Board member	CHF 250,000		CHF 60,000 (committee chair) CHF 40,000 (committee member)

¹ Restricted share units are granted at the beginning of the term and settled in shares at the end of the term. Shares are blocked for three years

In 2022, shareholding ownership guidelines for the Board of Directors were introduced in order to reinforce the link with shareholders' interests. Members of the Board of Directors are required to own at least 200% of their annual board retainer in Sika shares within five years of their election to the Board of Directors.

COMPENSATION SYSTEM

GROUP MANAGEMENT

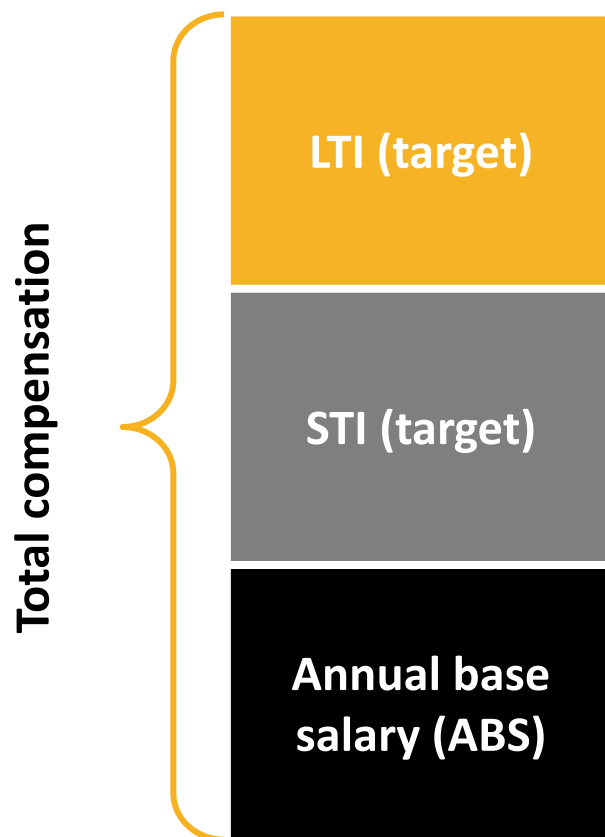
The compensation system is **well-balanced** and **unique** in terms of performance measurement (high proportion of STI and LTI based on performance relative to peers)

	Time horizon	Vehicle	Performance measurement	Mitigators
Long-term incentive	1 2 3	Equity	Absolute + relative	<ul style="list-style-type: none"> • Cap on incentives • Clawback and malus provisions on incentives • Shareholding requirements
Short-term incentive	1	Cash	Absolute + relative	
Annual base salary	1	Cash		
Years	1 2 3			

TOTAL COMPENSATION APPROACH

BoD AND GROUP MANAGEMENT

Compensation decisions are made on the basis of a **total compensation approach** where **target** compensation is paid for **target** performance



- Target compensation is benchmarked against the market **median**
- **Outperformance** results in above-median compensation due to higher incentive payouts
- **Underperformance** results in below-median compensation due to lower incentive payouts

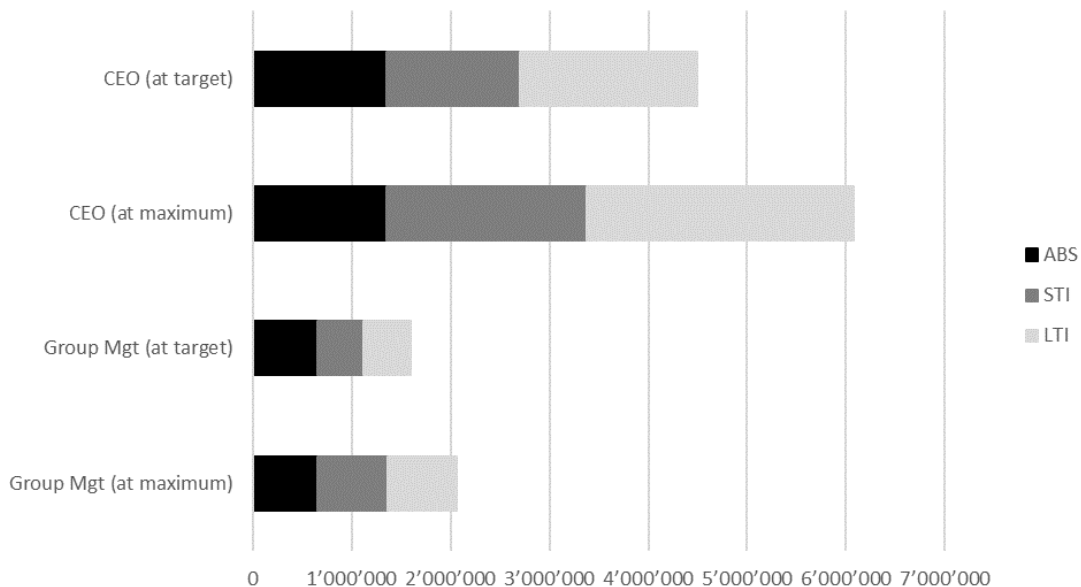
Median performance = median compensation

COMPENSATION MIX

GROUP MANAGEMENT

The compensation system **aligns pay with performance** without incentivizing excessive risk taking or encouraging unintended behaviors

Pay-for-performance



Notes:

- Group Management calculated as an average
- Maximum compensation does not take into consideration the share price evolution between the grant date and the vesting date (LTI)

Mitigators

Cap on incentives (maximum potential at 150% of target)

Claw-back and malus provisions in case of fraudulent behavior or financial restatement due to non-compliance with accounting standards

Shareholding requirements of 500%¹ of ABS for the CEO and 200% of ABS for the other members of Group Management within five² years of nomination

¹ increased from 300% to 500% in 2022 / ² extended build-up period from four to five years

SHORT-TERM INCENTIVE GROUP MANAGEMENT

The short-term incentive is an **annual cash incentive** plan rewarding for company and regional performance. A safety target (accident reduction) was introduced in 2023. As of 2024 the KPIs will be adjusted to reflect the Strategy 2028 (see Compensation Scheme 2024 on page 11).

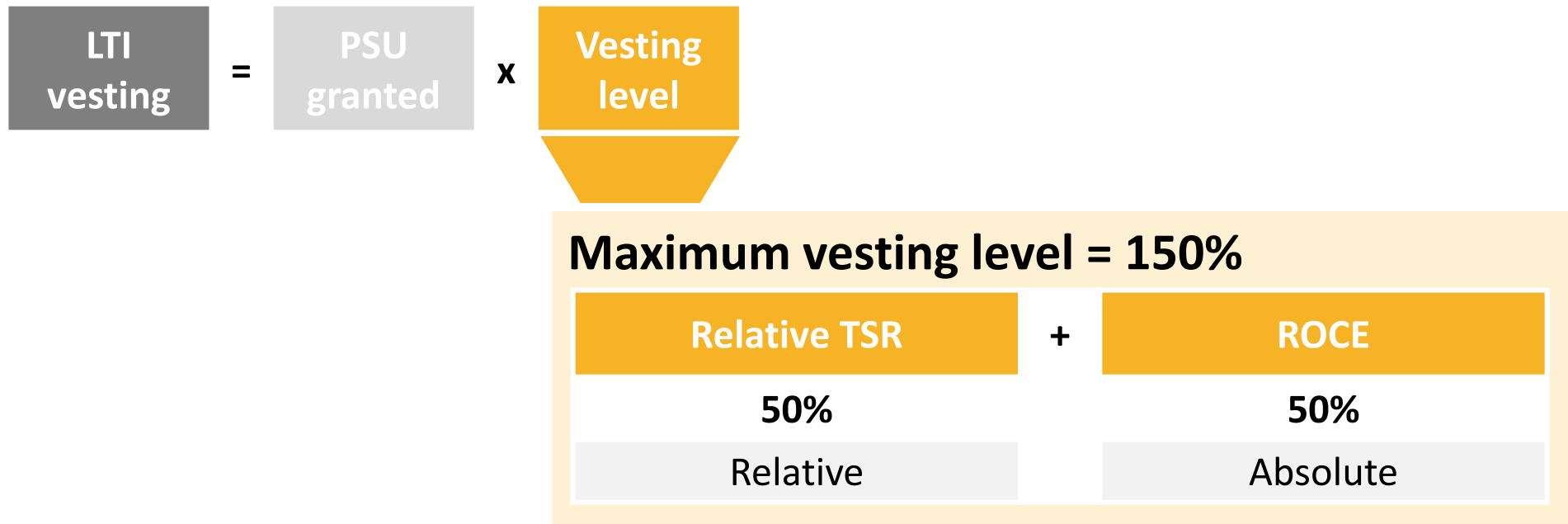


Maximum payout factor = 150%

	Group performance	+	Group/region performance
	80%		20%
Top line	Relative sales growth (20%)		
Bottom line	Relative EBIT growth (40%)		EBIT Group or region (20%)
Sustainability	GHG emission reduction (10%) Accident reduction (10%)		

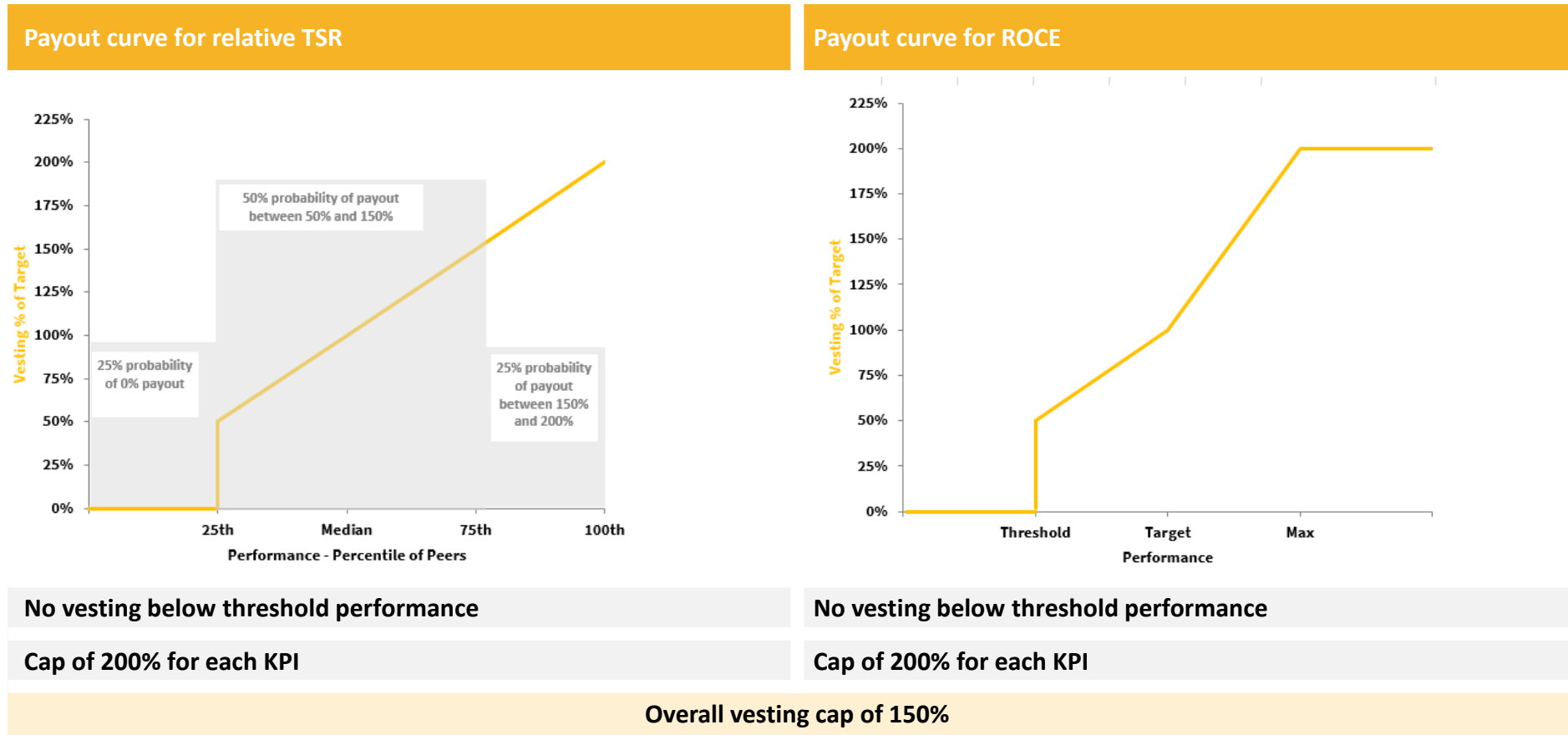
LONG-TERM INCENTIVE GROUP MANAGEMENT

Our long-term incentive is a **Performance Share Unit (PSU) plan with 3-year cliff vesting** conditional upon ROCE and relative TSR performance. As of 2024 the KPIs will be adjusted to reflect the Strategy 2028 (see Compensation Scheme 2024 on page 11).



LONG-TERM INCENTIVE PERFORMANCE MEASUREMENT

Same approach as in the STI: realistic objective setting and a fair payout formula should align pay and performance and motivate executives to perform outstandingly



COMPENSATION SCHEME 2024

GROUP MANAGEMENT

- Aligned with Strategy 2028
- 10% of STI and 20% of LTI based on ESG targets
- 60% of STI and 80% of LTI based on peer benchmarks
- Financial targets balanced between topline growth and profitability growth

STI	LTI
60%	40%
Net Sales growth (20%) EBITDA growth (40%) Obermatt peer comparison	rTSR Obermatt peer comparison
20%	40%
Group/Regional EBITDA growth	rROCE growth Obermatt peer comparison
10%	20%
Safety, reduction of LTA	Scope 1+2 reduction (10%) Waste disposal (5%) / Water discharge (5%)
10%	
People and Project	

COMPENSATION SYSTEM SUMMARY

The BoD is convinced that the compensation system is appropriate for Sika

Governance

The Board of Directors and the NCC adhere to solid governance principles in all compensation-related decisions

Compensation of the Board of Directors

The compensation system of the Board of Directors strengthens their independence and is aligned with prevalent market practice in Switzerland

Compensation of the Group Management

The compensation system of Group Management is **well-balanced** and supports the long-term interests of shareholders:

- ✓ It motivates management to **outperform the market**, both in the short-term and in the long-term, as a large portion of the STI and LTI depend on relative performance – this is unique in the Swiss market
- ✓ It does not encourage excessive risk taking or short-term optimization at the expense of the long-term success, because the plan design is **reasonable and stable** in terms of leverage – no “all or nothing” plans
- ✓ It has worked effectively in the last 10 years in terms of **performance alignment** and in terms of **supporting a strong corporate culture (Sika spirit)**

LINKS & ANNEX

BUILDING TRUST



LINKS

PUBLICLY AVAILABLE INFORMATION (NON-EXHAUSTIVE)

Governance

- [Board of Directors](#)
- [Group Management](#)
- [Code of Conduct](#)
- [Supplier Code of Conduct](#)
- [Board Composition and Succession Planning](#)
- [Risk Management and TCFD Recommendations](#)

Corporate culture

- [Values & Principles](#)
- [Compliance](#)
- [Diversity and Inclusion](#)

Growth and Sustainability Strategy

- [Strategy 2028](#)
- [Sustainability Performance 2019-2023](#)
- [Sika Capital Markets Day 2023](#)

Materiality analysis

- [Sika Materiality Analysis 2022](#)

UN Sustainable Development Goals

- [Sika and the UN SDGs](#)

Reporting

- [Reports](#)

Partnerships

- [Partnerships and Collaborations](#)
- [Together for Sustainability](#)
- [TfS Product Carbon Footprint \(PCF\) Guideline WBCSD SOS 1.5](#)
- [Guidance on Avoided Emissions](#)
- [Biodiversity and Nature](#)

Net zero

- [Sika's Way to Net Zero](#)
- [Climate Change](#)
- [GHG Emissions](#)
- [Sika Scope 3 Methodology Paper](#)

Product sustainability

- [Sustainability Portfolio Management](#)
- [Sika SPM Methodology Paper](#)

Social responsibility

- [Health and Safety](#)
- [Community Relations](#)

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Top Risk	Description	Risk Mitigation	Trend	Status
CATEGORY: STRATEGIC				
Pressure on margins	Supply chain disruptions, raw material price increases may lead to pressure on margins.	<ul style="list-style-type: none"> – Sika actively manages the material margin through value and system selling, continued sales price increases, and product formulation optimizations, combined with a Group-wide coordinated procurement process. – Sika maintains Group-wide systems to monitor raw material prices and sales prices to measure and manage the material margin. 	→	Mature
Changing product compliance requirements and regulations	Changing product compliance requirements for products, product solutions, production processes, and procurement, driven by changing customer requirements and regulations. Net zero commitments of regions and countries will drive regional and local compliance.	<ul style="list-style-type: none"> – Close monitoring of regulatory changes with the help of a global network of experts and the close involvement of relevant commercial and technical functions. – Collaboration with industry associations and working groups, consultations of authorities on regional and local level. – Regular communication to global/regional/local functions. – As part of the due diligence process for acquisitions, potential targets are examined to ensure that they operate in full compliance with prevailing laws and regulations. Potential acquisition can be stopped if the analysis of companies' product portfolio does not meet the necessary requirements. – As part of the capital investment process, attention is given to zoning compliance, production processes, and regulatory requirements. – Ensure compliance of raw materials and products to regional and local laws and regulations. – Sustainability targets are aligned with accepted practice and a clear improvement path, including the net zero commitment. 	→	Mature
Country risks	Political and economic instability.	<ul style="list-style-type: none"> – Constant monitoring of development in the critical countries. – Implement risk-reducing measures. – Review investment/acquisition strategy in affected countries. 	→	Mature

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Top Risk	Description	Risk Mitigation	Trend	Status
Climate change risk	Climate change is increasing the frequency and severity of extreme weather events and reducing the availability of natural resources. Increasing awareness about the severe consequences of climate change will lead to changes in consumption and investment behavior, which can lead to increased business costs for additional transparency, due diligence, reporting, R&D, and innovation.	<ul style="list-style-type: none"> – Sika committed to the Science Based Targets initiative (SBTi) to achieve net zero by 2050 and it has submitted its near-term targets for scope 1, 2, and 3 to the SBTi for validation. – Ongoing company-wide initiative to systematically identify and calculate emissions from material scope 3 GHG categories in accordance with the requirements of the Greenhouse Gas Protocol (GHGP). – Collection and automation of Product Carbon Footprint (PCF) calculations to assess products' impact and improve coverage of supplier-specific emission factors. – Review of current product portfolio and its carbon footprint via the SPM framework. – Reporting in accordance with TCFD recommendations to assess and quantify the impact of climate change on Sika's business. – Operational efficiency programs implemented worldwide to reduce emissions, energy, water, and waste. – Sika cooperates with its suppliers to improve factory resource efficiency, which can help maintain production capacity and manage costs through regional water and energy shortages. – Sika focuses its research on better understanding how consumers may be affected by environmental change, which means the company can better anticipate needs and offer sustainable solutions. 	→	Mature
Multipolar world	Geopolitical instability and a rise in protectionism may impact international trade and the global economy.	<ul style="list-style-type: none"> – Maintain and reinforce geographical balance of the businesses across regions and countries. – Maintain an agile supply chain to mitigate single source supply and to react rapidly to supply chain disruptions, changes in tariffs, and sanctions. – Centralization of key technologies and intellectual property at Sika Technology AG to protect Sika's core values. – Strengthen capabilities of local organizations to maintain know-how locally. 	→	Emerging

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

CATEGORY: OPERATIONAL			
Product-related claims	Selling of products carries the risk of product-related claims.	<ul style="list-style-type: none">- Long-term behavior of products is tested in technical service depending on the real application.- Proper quality control is set up in production.- Regular training of employees ensures the necessary competence.- Corporate technical services define the needs of the regional and local organizations, and check compliance with specifications.- To avoid the risk of customers using Sika's products incorrectly, Sika provides systematic instructions, application training, and support to customers.- Sika is continuously improving systems and processes to have proper and up-to-date product documentation across multiple channels.	↘ Mature

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Talent shortage	Challenge to attract and retain talent. Sika's growth and the diversification of the markets will require a strong pipeline of future successors for business-critical key positions.	<ul style="list-style-type: none">– Sika's Talent Management across global, regional, and local levels prepares its workforce for challenging tasks. Solid performance, succession, and development processes foster a high-performance organization and a unique leadership culture.– Embed the Sika employer brand in all recruitment activities and redefining the recruitment strategy of talent at all hierarchy levels.– Conduct an annual talent review of Corporate/Regional Management with a focus on succession planning for business-critical key positions.– Conduct an annual talent review of Corporate/Regional Management with a focus on succession planning for business-critical key positions.– Policies for international assignments should provide more flexibility and adapt to the business needs.– Integrate SuccessFactors as a global HRIS database to enhance people analytics and provide cross-regional alignment across the talent population.	→ Mature
Business Interruption	Business interruptions can jeopardize daily business continuity and impact operational business profit.	<ul style="list-style-type: none">– Implement Crisis Management on country level for a swift adaptation to meet country-specific events and regulations.– The Corporate Crisis Management organization steers and monitors execution on local level.– Ensure sufficient liquidity of the Sika Group and subsidiaries with diverse sources of funding from either capital markets or local banks.– Maintain a corporate insurance program with worldwide coverage.	→ Mature

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Cyber security risk	International corporations are exposed to cyberattacks which can be any type of offensive maneuvers that target computer information systems, infrastructures, computer networks, and/or personal computer devices by various means of malicious acts.	<ul style="list-style-type: none">– Sika has established a comprehensive Cyber Incident Management Framework and processes for effective cyber response and IT Continuity Planning.– The company constantly assesses its cyber maturity.– Building up internal cyber security skills that are backed up by support from external specialists.– Regular training of the Sika workforce on developments in cyber risks and the correct way to counter these risks.	→ Mature
Technology risk for PU & SMP sealant products	The risk that innovations or other market developments would have a severe effect on the product offering.	<ul style="list-style-type: none">– Develop technologies with the same performance and better EHS or sustainability footprint.– Sika is well-positioned with future-proof Purform technology, water-based systems, and sustainability initiatives.– Increased collaboration with industry associations and other regulatory-forming bodies.	→ Mature

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Supply chain - direct material sourcing

Sourcing of critical direct materials could be at risk due to single-sourced material, supplier discontinuity, and capacity shortage.

- All materials are systematically evaluated within Sika to identify potential risks and to develop mitigation plans accordingly. These plans contain short-term mitigation strategies, such as safety stocks, and long-term crisis management plans including approval of alternatives and closer collaboration with suppliers.
- In the case of key raw materials with limited availability or large purchase volumes, Sika mandates at least two suppliers whenever possible.
- For unique, highly innovative technologies, Sika seeks to manufacture raw materials itself, or source them in close collaborative partnerships with innovative suppliers.
- Sika's procurement specialists and technical experts work closely with suppliers' technical units to fully understand the raw material flows, and continually optimize costs, quality, availability, and sustainability.
- Sustainability Assessments and Audits (incl. identification and addressability of ESG risks along the entire value chain) are conducted on both direct and indirect suppliers via the Together for Sustainability (TfS) initiative.
- In 2023, Sika implemented Supplier Risk Profiling to enhance its risk identification criteria in line with upcoming regulatory requirements.
- To reduce its dependency on crude oil, Sika is increasingly relying on renewable raw materials, such as sugar derivatives, bioethanol derivatives, and natural oils. Moreover, recycled raw materials are used wherever possible, and many production plants implement their own, or externally operated, recycling loop systems.
- In respect of all the materials used, compliance with the relevant statutory registration requirements (e.g., REACH or TSCA) is monitored and ensured by a network of global and local specialists, as well as external consultants.



Mature

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

CATEGORY: FINANCIAL				
Impairments	The risk that tangible and intangible assets may be impaired with a corresponding negative P&L impact. In volatile markets, there is a risk that acquisitions will not perform according to the business plan/valuation, and therefore that finances may be impaired.	<ul style="list-style-type: none"> – Sika focuses on continued strong cash flow generation of all operational entities aligned with the strategy and Group targets. – Group-wide reporting and controlling systems are used to track business development, to quickly identify shortcomings, and to swiftly initiate corrective actions. – The integration of acquisitions is monitored very closely by a dedicated integration management team. 	→	Mature
Currency fluctuation/ FX risk	Volatility of foreign currencies and uncertainty in financial markets.	<ul style="list-style-type: none"> – Report and constantly monitor the FX exposure of the Sika Group. Appropriate actions taken whenever required. – FX exposures related to IC Financing are mostly hedged. – Group internal transactions are netted monthly and hedged at the corporate level. – All other FX exposures are kept at a minimum. 	→	Mature
Tax risk	Uncertainty associated with tax matters, liabilities resulting from changes in legislation, interpretation of existing tax rules and regulations, and/or audits or litigations. Government authorities in the countries where Sika operates may increase or impose new taxes or revise the interpretations of existing tax rules.	<ul style="list-style-type: none"> – Risks are assessed on a regular basis considering ongoing developments with tax audits and tax cases, as well as any changes in legislation and tax laws. – Sika's Tax Policy provides binding rules for all countries where Sika operates. These rules are aligned with the Organisation for Economic Co-operation and Development (OECD) and local arm's-length standards. – The Group Tax team continuously works with Internal Control on aligning, improving, and implementing processes and controls within Group Tax and countries. It also continuously develops the right skills in-house. 	→	Mature

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

CATEGORY: ORGANIZATIONAL	
Reputation risk	<p>Reputation damage due to any substantial incident or personal misconduct.</p> <ul style="list-style-type: none"> – The Sika Code of Conduct and Sika's Values and Principles provide clear standards for employee integrity and ethical conduct. All employees and new joiners are trained on the Code of Conduct and on how to use the Sika Trust Line (whistleblower line). – A comprehensive, Group-wide compliance program is in place. – External tools support the monitoring and managing of potential reputational issues. – There is zero tolerance for compliance violations. Compliance violations lead to consequent imposition of sanctions.
Hostile takeover/activism	<p>Companies are increasingly targeted by unfriendly actions of investors or third parties to influence the strategic direction of the company or launch hostile takeover attempts.</p> <ul style="list-style-type: none"> – Continuously monitor the market, maintain close contact with investors, review Sika's performance, and rely on crisis management plans in an emergency to reduce risk.



Mature



Mature

ANNEX

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Loss of Sika's unique culture/ entrepreneurship

Sika's unique corporate culture can be defined as a Unique Selling Proposition (USP). The fast pace of acquisitions brings new employees on board regularly. This constantly changing work environment requires proactive and dynamic management to mitigate the risk of diluting the corporate culture. Factors that accelerate the immediate need for actions are, amongst others, an increasing digitalization of the workplace and business model (remote work, less travelling), the need to align working environments among various cultures and to engage different generations.

- Preserve Sika's unique culture and the high employee engagement through global initiatives: e.g., rollout and implementation of the new Global Leadership Commitment Campaign; annual, global celebration of the Sika culture on the Sika Day.
- Embed Sika's Values and the Leadership Commitment Framework all along the employee life cycle.
- Regular training of all Sika managers to "walk the talk" within their departments through designated workshops on the Leadership Commitment pillars on a country level.
- Hire, reward, and promote people based not only on traditional measures, but also on qualitative criteria that demonstrate the Sika Spirit.
- Ensure an inclusive work environment and clear communication about the Sika culture/values/leadership when welcoming and onboarding acquired employees.
- Continue to invest in employees' learning and development, internal promotions/careers, and international professional exposure/assignments.
- Post-acquisition integration plan, ensuring an inclusive environment and a clear message about the Sika culture and values when welcoming and onboarding new employees. Integration interviews planned for the first two years.



Mature



THANK YOU

BUILDING TRUST



FORWARD-LOOKING STATEMENT

This presentation contains certain forward-looking statements. These forward-looking statements may be identified by words such as ‘expects’, ‘believes’, ‘estimates’, ‘anticipates’, ‘projects’, ‘intends’, ‘should’, ‘seeks’, ‘future’ or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation, among others:

- Fluctuations in currency exchange rates and general financial market conditions
- Interruptions in production
- Legislative and regulatory developments and economic conditions
- Delay or inability in obtaining regulatory approvals or bringing products to market
- Pricing and product initiatives of competitors
- Uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of research projects, unexpected side-effects of pipeline or marketed products
- Increased government pricing pressures
- Loss of inability to obtain adequate protection for intellectual property rights
- Litigation
- Loss of key executives or other employees
- Adverse publicity and news coverage

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