



# SIKA – COMMITTED TO SUSTAINABLE PERFORMANCE

MAY 2022

**BUILDING TRUST**



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# GOVERNANCE - STRUCTURES AND RESPONSIBILITIES IN PLACE

# CORPORATE GOVERNANCE

## COMMITMENT TO OPENNESS AND TRANSPARENCY

Good Corporate Governance safeguards the sustainable development and performance of the company.

Sika is committed to openness and transparency and provides information on structures and processes, areas of responsibility and decision procedures, as well as rights and obligations of various stakeholders.

The Board of Directors aims to hold a transparent and open discussion with all stakeholders and to consider their needs and views.

Furthermore, the Board regularly assesses Sika's Corporate Governance against regulatory developments, and relevant best practice standards.

# CORPORATE GOVERNANCE

## COMPLIANT WITH STANDARDS AND REGULATIONS

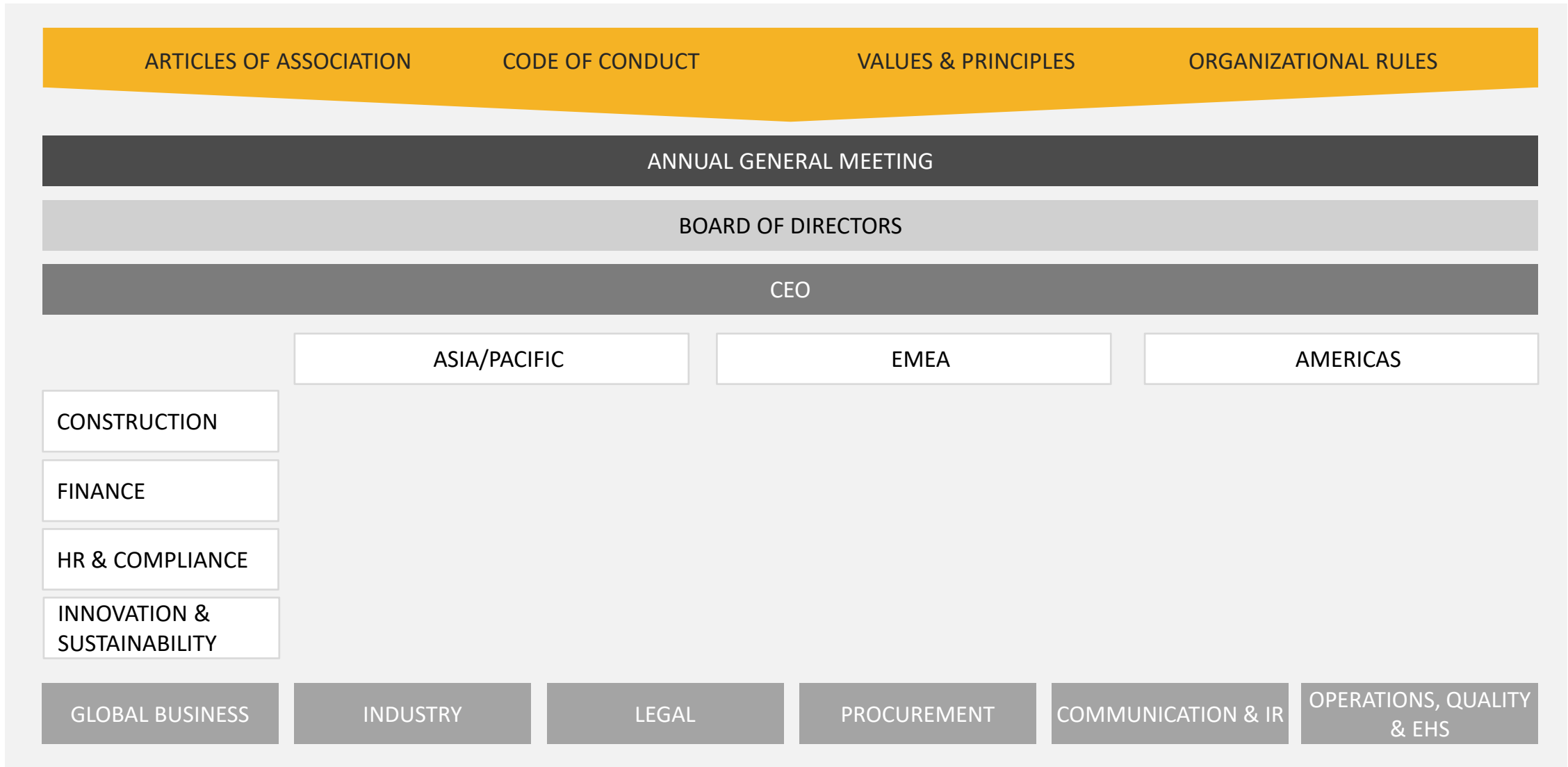
### Corporate Governance at Sika:

- 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
- Aligned with various international guidelines (GRI, Carbon Disclosure Project, UN Sustainable Development Goals, UN Global Compact, World Business Council for Sustainable Development). Initiation of reporting in line with the TCFD recommendations in 2020. Disclosure further developed year-by-year.
- Complies with applicable local laws and regulations in all jurisdictions 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 with regard to Board member independency and the number of external additional mandates.

# CORPORATE GOVERNANCE FRAMEWORK

## STRUCTURES AND RESPONSIBILITIES



# CODE OF CONDUCT

## INTEGRITY AND ETHICAL CONDUCT ARE PART OF THE SIKA CULTURE

- Available in 44 languages; periodically revised (revised version to be launched in 2022)
- Based on Sika's Values and Principles
- Read and signed by newly hired employees
- Bi-annual commitment by Sika Senior Management and all General Managers
- Regular trainings for all employees (including those joining through acquisitions)
- Violations reported to management or via Sika Trust Line (whistleblower channel for anonymous reporting)
- Corporate HR & Compliance investigate reported misconduct. Substantiated cases are reported to the Audit Committee.
- Zero tolerance for compliance violations. Substantiated violations lead to disciplinary action and/or organizational measures.



# RESPONSIBLE SOURCING SUPPLIER CODE OF CONDUCT

- Commitment to high ethical standards and sustainability up the entire supply chain
- Recurring evaluation and screening processes in place
  - Member of Together for Sustainability initiative
- Requirements include compliance with the following standards:
  - The Universal Declaration of Human Rights
  - The core conventions of the International Labor Organization 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 protection



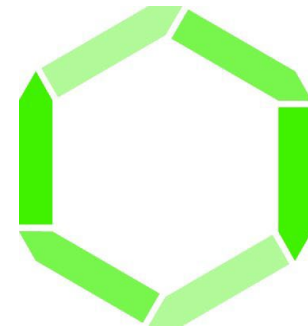


# RESPONSIBLE SOURCING ENGAGEMENT IN “TOGETHER FOR SUSTAINABILITY”

- Program based on the UN Global Compact and Responsible Care® principles
- 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

*“By joining TfS, Sika will benefit from the TfS framework, collaborative mindset and robust tools to assess and improve the sustainability performance of its supplying companies while at the same time increase its own responsible sourcing program.”*

**Bertrand Conquéret, TfS President**



TOGETHER FOR  
SUSTAINABILITY

# 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 candidates to positions on the Board 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. The Board skills matrix is used as a tool to evaluate existing and potential Board members.

	Board Members								
	1	2	3	4	5	6	7	8	x
<b>Experience</b>									
Industry/Business Model									
Diversity – Balanced Gender and Geographic Representation									
Senior Leadership (CEO/Chairman)									
Global Organization/Geography									
Entrepreneurship									
<b>Skill/Expertise</b>									
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									

# BOARD RESPONSIBILITIES

## RISK MANAGEMENT

- All risks are assessed in terms of a few basic questions:
  - Is the risk global or regional in scope?
  - What implications does the risk have for the Group?
  - How high is the probability of losses occurring?
  - What measures need to be implemented to prevent the risk or 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 risks are monitored with the help of external tools and screenings.

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Top Risk	Description	Risk Mitigation
<b>CATEGORY: STRATEGIC</b>		
<b>Pressure on margins</b>	Supply chain disruptions may lead to pressure on margins	<ul style="list-style-type: none"><li>– 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.</li><li>– Sika maintains Group-wide systems to monitor raw material prices as well as sales prices to actively measure and manage the material margin.</li></ul>
<b>Changing EHS requirements and regulations for products</b>	Changing EHS-related customer requirements and regulations for products, product solutions, and production processes	<ul style="list-style-type: none"><li>– Close monitoring of regulatory changes with the help of a global network of experts and the close involvement of relevant commercial and technical functions.</li><li>– Regular communication to global/regional/local functions.</li><li>– As part of the Due Diligence process for acquisitions, a special focus is placed on whether potential targets are in full compliance with prevailing laws and regulations.</li><li>– As part of the capital investment process, a specific focus is placed on zoning compliance, production processes, and regulatory requirements.</li><li>– Ensure compliance of raw materials and products to regional and local laws and regulations.</li><li>– Sustainability targets are aligned with accepted practice and clear improvement path.</li></ul>

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

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### Country risks

Political and economic instability

- Constant monitoring of development of critical countries.
- Implement risk reducing measures.
- Review investment/acquisition strategy in affected countries.

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### Climate change risk

Climate change brings increased frequency and severity of extreme weather events and might lead to reduced availability of natural resources. Increasing awareness of the severe consequences of climate change will lead to changes in consumption and investment behavior

- Operational efficiency programs are implemented worldwide to reduce CO<sub>2</sub> emissions, energy, and water consumption.
  - Sika is an active member of Together for Sustainability (TfS), a global, industry-driven initiative including major chemicals companies.
  - 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 on research efforts to better understand how consumers' lives and decisions may be affected by environmental change and to anticipate needs related to climate change and offer sustainable solutions.
  - Sika initiated a company-wide initiative to systematically identify and calculate emissions from its material scope 3 GHG categories in accordance with the requirements of the Greenhouse Gas Protocol (GHGP).
  - Since 2020, Sika has been reporting in accordance with TCFD recommendations to assess the impact of climate change on its business.
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# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Top Risk	Description	Risk Mitigation
<b>CATEGORY: OPERATIONAL</b>		
<b>Product-related claims</b>	Selling of products carries the risk of product-related claims.	<ul style="list-style-type: none"><li>– To properly control the risk, a strict Product Creation Process (PCP) is established within Sika.</li><li>– Long-term behavior of products is tested in technical service depending on the real application.</li><li>– Proper quality controls set up in production.</li><li>– Regular trainings of employees assure the necessary competence.</li><li>– Corporate technical services define the necessities in the regional and local organizations and check and audit the compliance with the specifications.</li><li>– To avoid the risk of customers using Sika's products incorrectly, Sika provides systematic instructions, application training, and support to customers.</li><li>– Sika is continuously improving systems and processes to have proper and up-to-date product documentation across multiple channels</li></ul>

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

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### Talent shortage

Challenge to attract and retain talent. Sika's growth will require a strong pipeline of future successors for business-critical key positions.

- Sika's Talent Management on a global, regional, and local level prepares future generations of the workforce for challenging tasks. Solid performance, succession, and development processes pave the way to a high-performance organization and a unique leadership culture.
- Embedding Sika employer branding concept in all recruitment activities and redefining recruitment strategy of talents at all hierarchy levels.
- Conducting an annual talent review on regional and functional level among Corporate/Regional Management with a focus on succession planning of business-critical key positions.
- Policies for international assignments to provide more flexibility and adapting to the business needs.
- Integrating SuccessFactors as a global HRIS database to enhance people analytics and provide cross-regional alignment across talent population.

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### Business interruption

Business interruptions can jeopardize daily business continuity and impact operational business profit.

- Crisis management on a country level allows for a swift adaptation to meet country-specific events and regulations.
- 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.
- Existence of a corporate insurance program with worldwide coverage.



# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

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### 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 risk 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.
- 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.

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

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

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Top Risk	Description	Risk Mitigation
<b>CATEGORY: FINANCIAL</b>		
<b>Impairments</b>	Risk of impairments of tangible and intangible assets with corresponding negative P&L impact. In phases of volatile markets there is a risk that acquisitions will not perform according to the underlying business plan/valuation parameters and thus would lead to an impairment.	<ul style="list-style-type: none"><li>– Sika focuses on continued strong cash flow generation of all operational entities aligned with the strategy and group targets.</li><li>– Group-wide reporting and controlling systems are used to track business development, quickly identify shortcomings, and swiftly initiate corrective actions.</li><li>– The integration of acquisitions is monitored and steered very closely by a dedicated integration management team.</li></ul>
<b>Currency fluctuation/ FX risk</b>	Volatility of foreign currencies and uncertainty in today's financial markets.	<ul style="list-style-type: none"><li>– Group-wide FX exposure reporting and constant monitoring in place. Appropriate actions taken whenever required.</li><li>– FX exposures related to IC Financing fully hedged.</li><li>– Group internal transactions netted monthly and hedged at corporate level.</li><li>– All other FX exposures kept at minimum level.</li></ul>

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

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### 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. Governmental authorities in the countries where Sika operates may increase or impose new income or indirect taxes, or revise interpretations of existing tax rules and regulations.

- Risks are reviewed and assessed on a regular basis considering ongoing developments with respect to tax audits and tax cases, as well as ongoing changes in legislation and tax laws.
- Sika's Tax Policy provides binding rules for all countries where Sika operates, in line with the Organisation for Economic Cooperation and Development (OECD) and local arm's-length standards.
- The Group Tax team continuously works with the Controlling team on aligning, improving, and implementing processes and controls within Group Tax and countries. It is also continuously developing the right in-house skills.

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Top Risk	Description	Risk Mitigation
<b>CATEGORY: ORGANIZATIONAL</b>		
<b>Reputation risk</b>	Reputation damage due to any substantial incident or personal misconduct.	<ul style="list-style-type: none"><li>– The Sika Code of Conduct as well as Sika's Values and Principles are the guiding principles of integrity and ethical conduct. All employees and anybody joining the company are trained on the Code of Conduct and on how to use the Sika Trust Line (whistleblower line).</li><li>– Comprehensive Group-wide compliance program is in place.</li><li>– External tools support the monitoring and managing of potential reputational issues.</li><li>– Zero tolerance for compliance violations. Compliance violations lead to consequent imposition of sanctions.</li></ul>
<b>Hostile takeover/activism</b>	Companies are increasingly targeted by unfriendly actions of investors or third parties to influence the strategic direction of the company or launch hostile take over attempts.	<ul style="list-style-type: none"><li>– A continuous monitoring of the market, close contact with investors, review of Sika's performance, and an emergency organization reduce the risk.</li><li>– Best protection against hostile takeover/activism is good performance and an appropriate valuation of the company.</li></ul>

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

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### **Loss of Sika's unique culture/ entrepreneurship**

Sika's unique corporate culture can be defined as a "Unique Selling Proposition (USP)". The high pace of acquisitions bringing new employees on board, and a constantly changing working environment requires proactive and dynamic management measures to mitigate the risk of diluting the corporate culture. Factors that accelerate the immediate need for actions are, among others, an increasing digitalization of the workplace and business model (remote work, less travelling), the need to integrate working environments with various cultures. And to adequately attract different generations and engage with their needs.

- 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 in the entire employee lifecycle.
- 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 also on qualitative criteria that demonstrate the "Sika Spirit".
- Ensure an inclusive environment and a clear communication about the Sika culture/values/leadership when welcoming and on-boarding acquired employees.
- Continue to invest in employees' learning and development, internal promotions/careers, and international professional exposure/assignments.

# BOARD RESPONSABILITIES

## CAPITAL ALLOCATION FOR SUSTAINABLE GROWTH

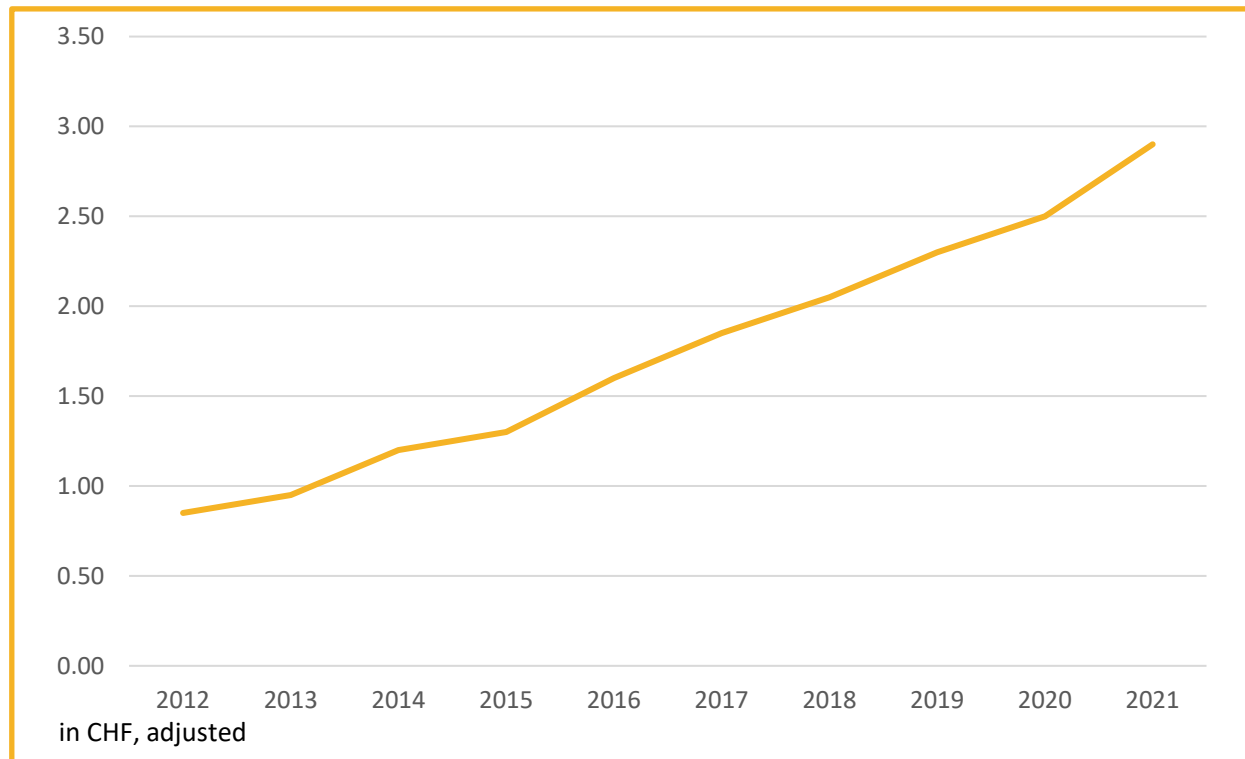
The strategic planning of capital allocation aims to ensure the sustainable growth of Sika. It is a well-balanced approach which considers the interests of all stakeholders and all drivers for growth and profitability.

- Investments in R&D for a full pipeline of high-performing, sustainable innovations that contribute to a positive CO<sub>2</sub> impact by reducing energy and material consumption as well as increasing the 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, CONTINUOUS DIVIDEND PAYOUT

Sika's growth strategy is sustainable. Sales (in local currencies) and profits have continuously increased. Shareholders benefit as Sika has been able to raise the dividend year after year. Consistent dividend payout is a sign of the reliability of the company.



2013-2021:

- Average payout ratio: >40%
- Payout increased every year in absolute numbers
- Dividend for 2021: +16%



STRONG CORPORATE CULTURE

BUILDING TRUST



# STRONG CORPORATE CULTURE

## SIKA'S VALUES AND PRINCIPLES

- Customer first
- Courage for innovation
- Sustainability & integrity
- Empowerment and respect
- Manage for results

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.



# 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

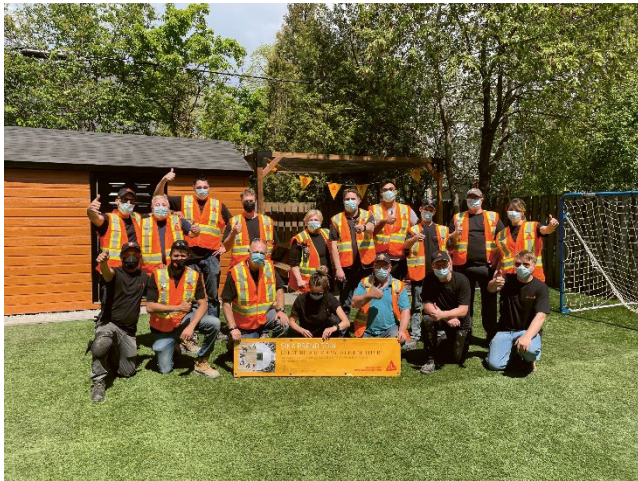
- Sustainability is an integral part of the innovation process and development of new products
- Innovation management with focus on the Sika Product Creation Process
- Close alignment with customer and market needs
- Actively challenge and accept being challenged
- Consider innovation in all business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



# VALUES AND PRINCIPLES

## SUSTAINABILITY & INTEGRITY

- Comply with Sika's Code of Conduct
- Consider “More Value – Less Impact” as a guiding rule in daily business
- Act with respect and responsibility towards customers, employees, and other stakeholders
- Operate with strong focus on safety, quality, environment, fair treatment, social involvement, responsible growth and value creation
- Be active in the community



# VALUES AND PRINCIPLES

## EMPOWERMENT & RESPECT

- Decentralized, flat organization, decision power delegated as close to the customer as possible
- 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
- Pursue vision and targets 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 of 7.4% in 2021
- Sika is proud that employees remain with the company for a long time and contribute their know-how and experience over a lengthy period





# STRONG CORPORATE CULTURE

## GLOBAL EMPLOYEE SURVEY CONFIRMS LOYALTY AND ENGAGEMENT

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

# GLOBAL BUT LOCAL

## THE SIKA STRATEGY AND ITS DECENTRALIZED IMPLEMENTATION



# 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**

**23.2%**

female  
employees

**45**

nationalities among  
Senior Managers

**Balanced age  
structure**

with 14% below 30 years  
of age and 25% above  
50 years of age

**25.0%**

women in  
Group  
Management

# EMPLOYEE ENGAGEMENT TALENT DEVELOPMENT IS KEY

- Sika is proud that employees dedicate their know-how and **remain with the company** for a long time
- Many possibilities to **develop within Sika**
- Strong **internal succession pipeline**
- Consistent employee development with **leadership programs** on global, regional, and local level as well as for young talents

**25.2%**

women in  
talent pool

**17,741**

Sika learners reached with  
online trainings in 2021



# GENDER DIVERSITY

## DISTRIBUTION OF WOMEN IN SIKA

Representation of women in total work force: **23.2%**

### Representation of women according to level

Company Management (incl. Senior Managers and local Company Mgmt Teams)	19.6%
Middle Management	21.9%
Staff	23.7%

### Representation of women according to function

Above-average representation of women	Below-average representation of women
Research & Development	Sales
Finance	Operations
Communication & Marketing	Logistics
Human Resources	

Most common route to Senior Management via Sales functions: increased focus on initiatives to promote women in Sales

# GENDER DIVERSITY

## ATTRACT, ENGAGE AND PROMOTE – EXAMPLES OF INITIATIVES

### Attract

- Employer Value Campaign: employee testimonials featuring women in management and/or technical positions
- Women@Sales in LATAM: 18-month traineeship for young women encouraging them to pursue a career in sales

### Engage

- LATAM: programs for talented women working in finance and as R&D chemists, with the goal of developing and promoting them to management positions
- USA: women's network created in 2019 to understand and overcome the challenges women may face during their career

### Promote

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



MY SIKA STORY  
HADEER KORAYEM  
SPECIFICATIONS MANAGER GCC

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MY SIKA STORY  
DR. CLAIRE THOREY  
HEAD WIND ENERGY EMEA

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Overall responsibility and high priority for Board and Group Management: continuous reporting and monitoring of progress

SIKA IS COMMITTED TO SUSTAINABILITY

BUILDING TRUST



# SIKA IS COMMITTED TO SUSTAINABILITY

## SUSTAINABLE, PROFITABLE GROWTH

**Very low CO<sub>2</sub>** emissions:  
**17.6kg** per ton sold in 2021  
(Scope 1&2)

**Strong corporate culture**  
with extremely high engagement rate and  
low employee fluctuation

Strong **local engagement** as well as  
**environmental and social  
responsibility**  
firmly rooted in the corporate culture

Significant contribution to a more sustainable  
world by offering  
**products and solutions which  
enable sustainable construction  
and transportation**



# SIKA IS COMMITTED TO SUSTAINABILITY

## PROGRESS ON KEY INDICATORS IN 2021

**52.3%**

of electricity from  
renewable sources

**-10.1%**

reduction of CO<sub>2</sub>eq emissions  
per ton sold (scope 1 and 2)

**34%**

of waste produced  
was recycled

**-9.6%**

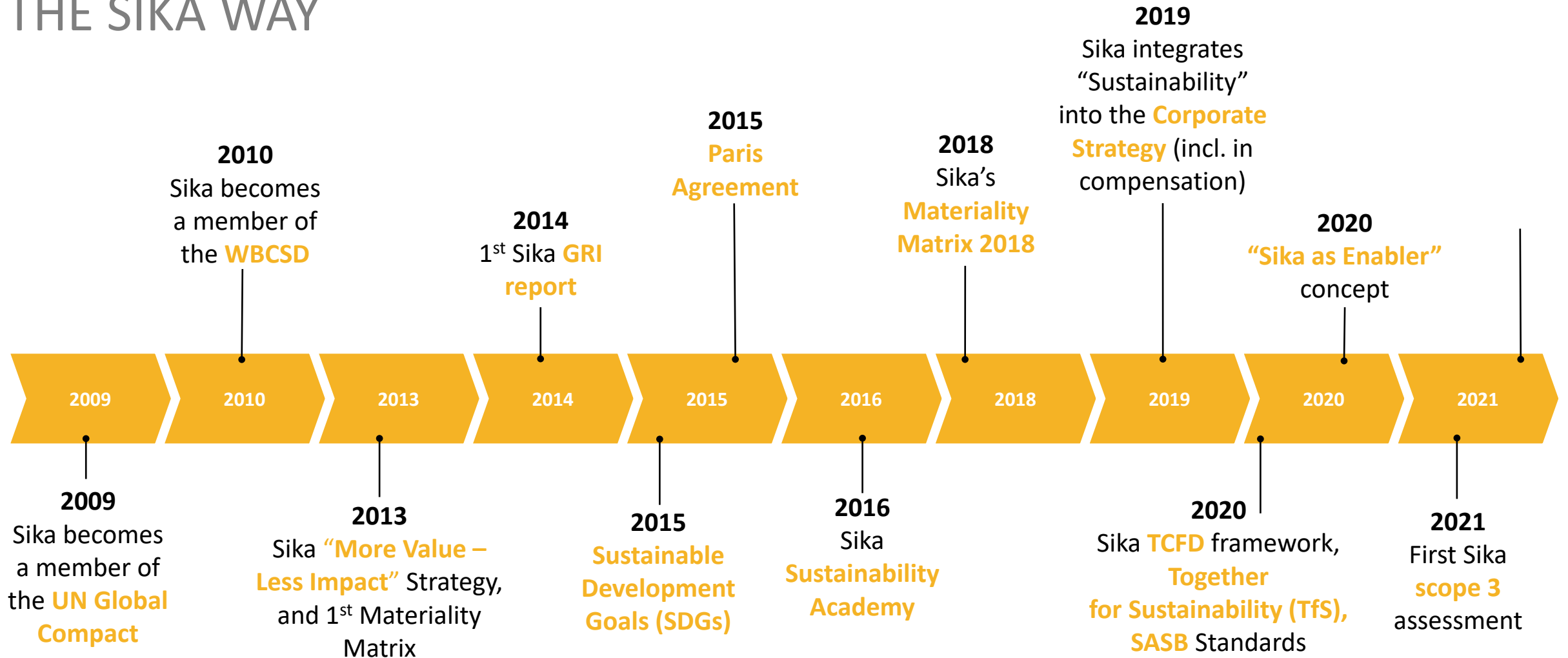
of waste per ton sold

**-9.7%**

reduction in water  
consumed per ton sold

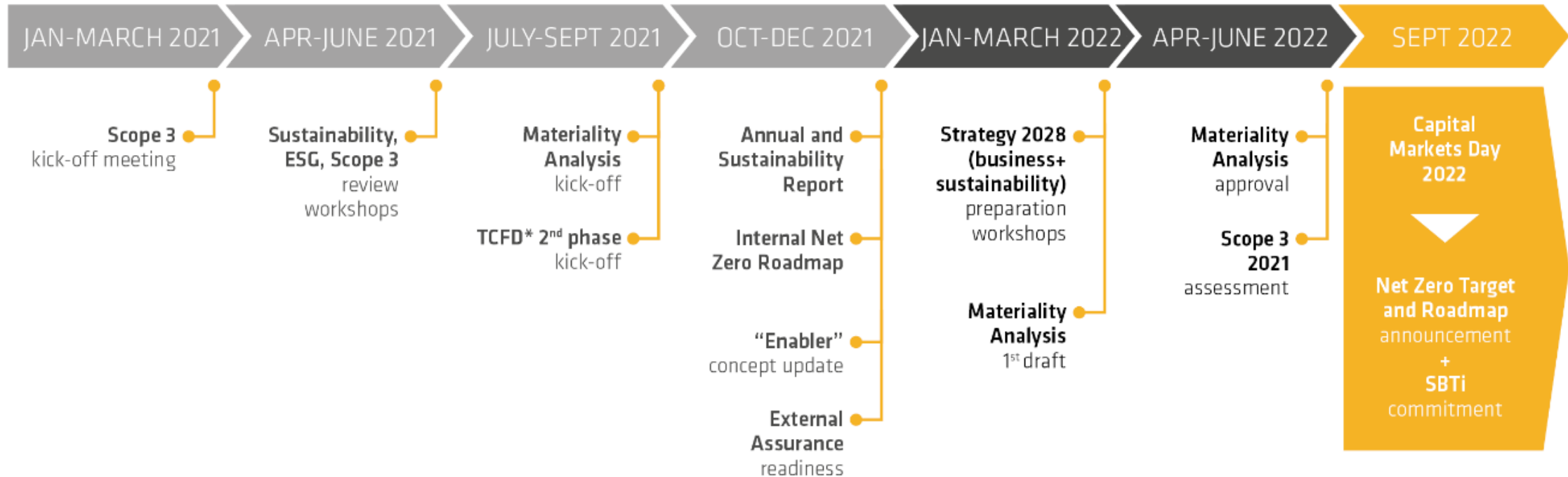
# SUSTAINABILITY MILESTONES

## THE SIKA WAY



# GROWTH DRIVER – SUSTAINABLE DEVELOPMENT

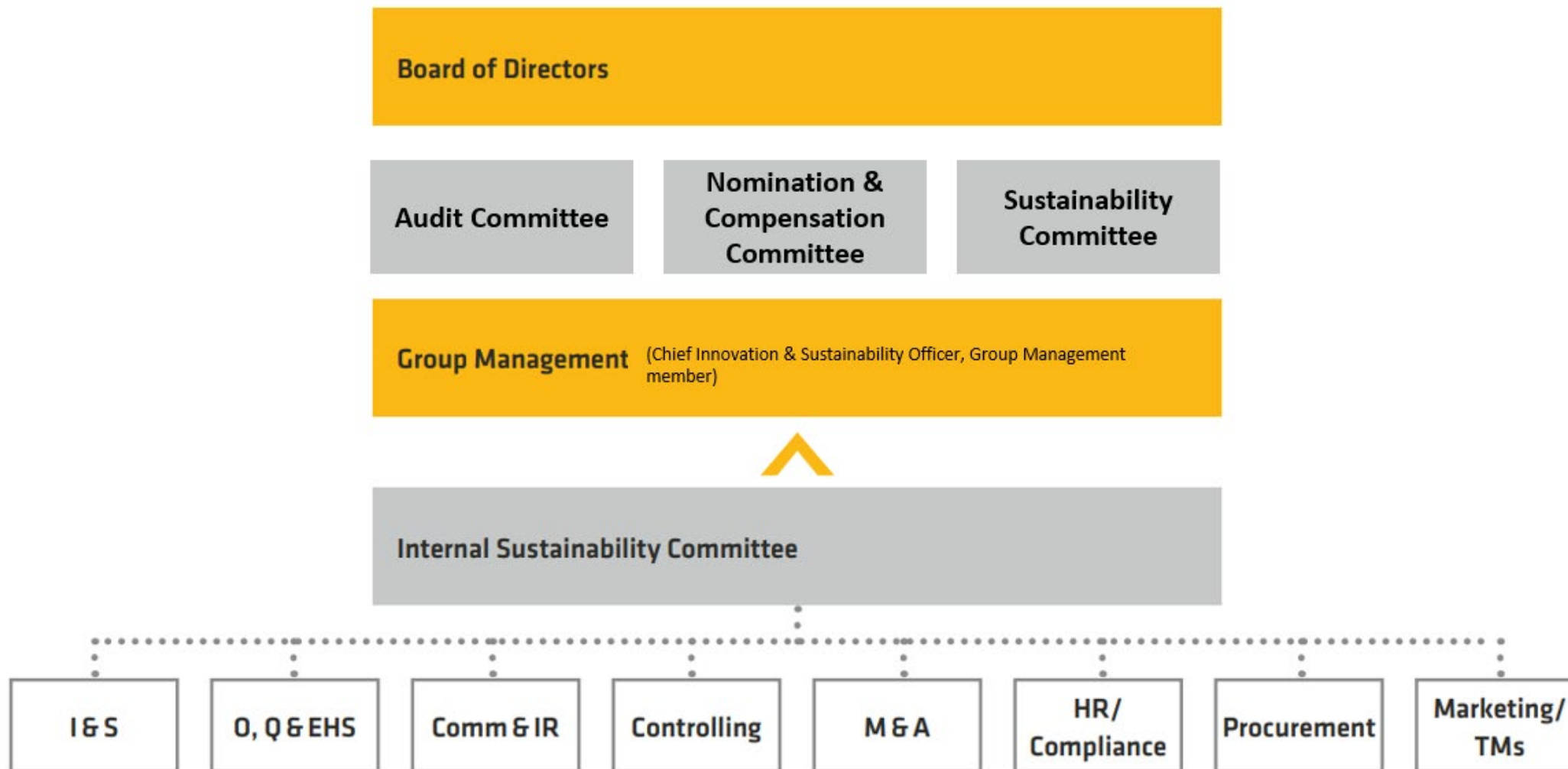
## SIKA ROADMAP TO NET ZERO



**Sustainability as a great opportunity to position Sika as a sustainability champion**

# GOVERNANCE

## LEADERSHIP AND RESPONSIBILITIES



# SIKA'S GROWTH STRATEGY 2023

## SUSTAINABILITY AS A BASIC PRINCIPLE OF THE STRATEGY

### SUSTAINABILITY

Market Penetration

Innovation

Operational Efficiency

Acquisitions

Values

6-8%  
annual growth

25%  
of sales with new  
products

0.5%  
pts non-material  
cost improvement  
as % of net sales

15-18%  
EBIT margin  
Until 2020: <15%

>10%  
Operating free cash  
flow per year as % of  
net sales

>25%  
ROCE by 2023

**12% CO<sub>2</sub> emission reduction per ton sold**

# SUSTAINABILITY AS A BASIC PRINCIPLE OF THE STRATEGY

## SUSTAINABILITY TARGETS 2023

- Overall target: **12% CO<sub>2</sub>eq emission reduction per ton sold (scope 1 and 2)**
- **Our «More Value – Less Impact» targets**

### SUSTAINABLE SOLUTIONS

- All new product developments with “Sustainable Solutions” until 2023

### CLIMATE PERFORMANCE

- 12% reduction of CO<sub>2</sub>eq emissions per ton sold until 2023

### COMMUNITY ENGAGEMENT

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

### ENERGY

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

### OCCUPATIONAL SAFETY

- -50% lost time accidents
- 0 fatalities

### WASTE/WATER

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

# INNOVATION – FOCUS ON PRODUCT SUSTAINABILITY

## MORE PERFORMANCE, MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

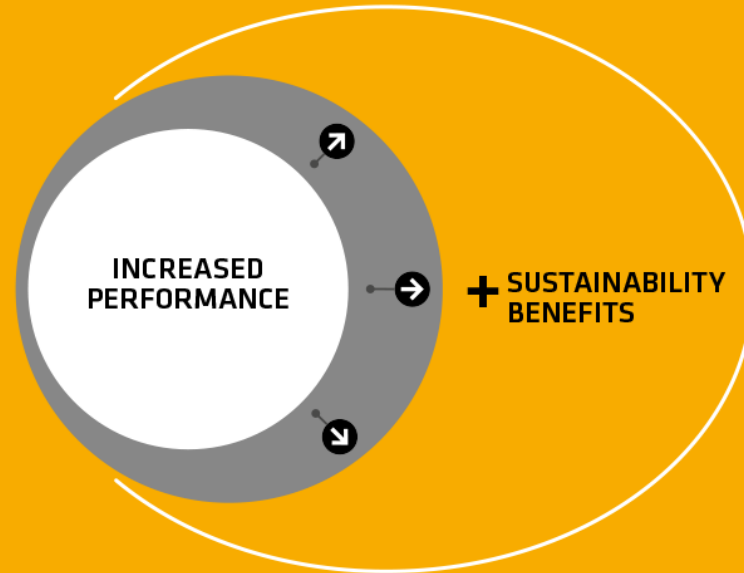
PERFORMANCE SOLUTION



FOCUS ON ADDED VALUE

ALWAYS COMBINE SIKA PROVEN  
"VALUE THROUGH PERFORMANCE"  
WITH ADDED SUSTAINABILITY  
BENEFITS

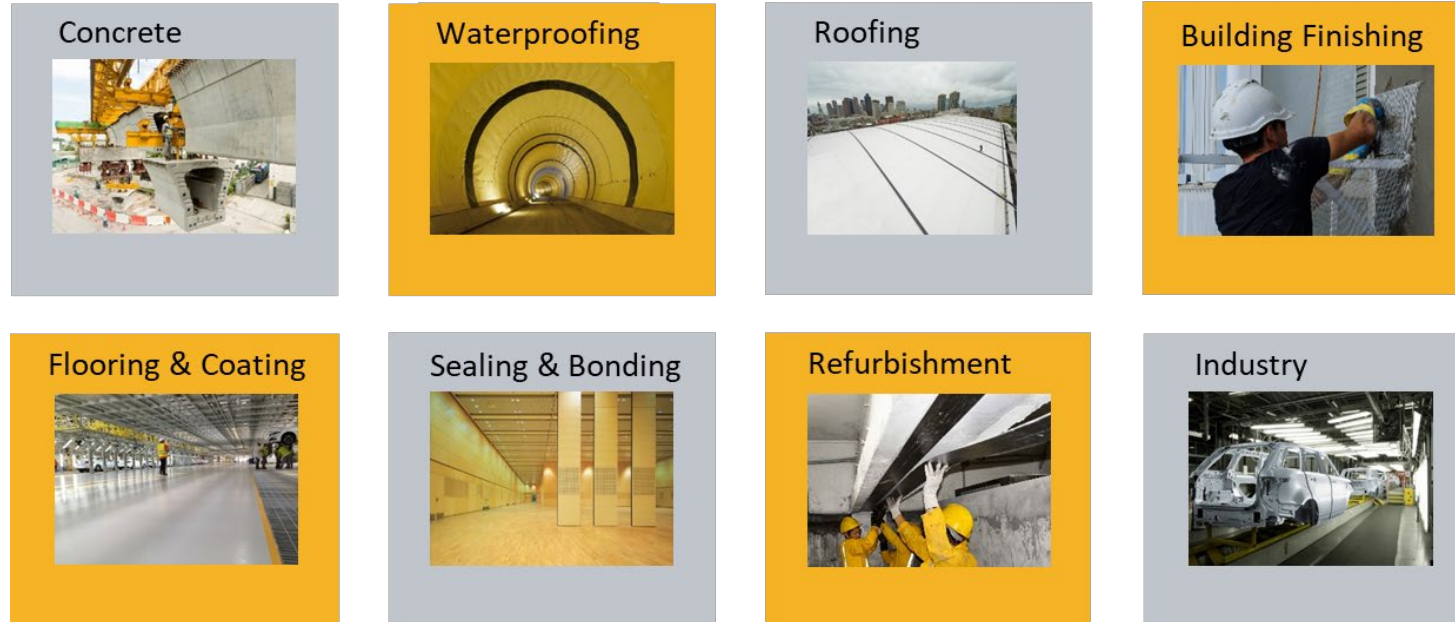
PERFORMANCE AND SUSTAINABILITY SOLUTION



Key: Cost Performance and Customer Value

# HIGH IMPACT OF SIKA PRODUCTS ON SUSTAINABILITY

## MORE PERFORMANCE, MORE SUSTAINABLE



70% of Sika products with a positive sustainability impact

Climate

Energy

Resources

Air Quality

Health & Safety

Green Building



# SIKA AS ENABLER FOR A SUSTAINABLE FUTURE

## Construction

**40% of global CO<sub>2</sub> emissions** attributable to construction and building sector

## Automotive

Road traffic responsible for **fifth of global greenhouse gases**

Huge opportunity as potential for progress is immense

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



# SIKA AS ENABLER

## SOLUTIONS TO DRIVE A SUSTAINABLE FUTURE

### Durability



By **increasing the lifespan of buildings**, Sika solutions contribute to carbon footprint reduction

### 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**

### Roofing



Sika's wide range of durable and long-lasting roofing solutions contribute to the **reduction of energy consumption** and **greening of cities**

# GROWTH DRIVER – SUSTAINABLE DEVELOPMENT

## reCO<sub>2</sub>ver – SIKA BREAKTHROUGH INNOVATION



**Segregates concrete in its original ingredients to be re-used for new high-grade concrete**

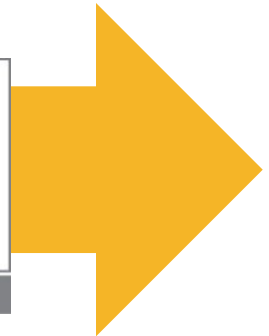
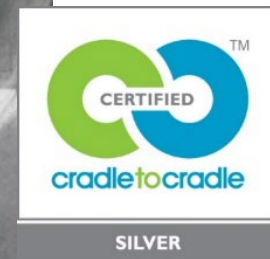
**The unique process includes sequestration of CO<sub>2</sub> and produces high quality SCM powder which allows reduction of cement in new concrete**

**reCO<sub>2</sub>ver contributes to circular economy in construction**

# SIKA AS ENABLER

## 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 AS ENABLER

## 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 instal 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 AS ENABLER

## USING LESS WATER, CONCRETE, AND CEMENT WITH SIKA ADMIXTURES

SIKA CEMENT TECHNOLOGY  
ALLOWS FOR

**REDUCTION OF CEMENT  
CONTENT BY 25%**

ENABLING REPLACEMENT OF  
CEMENT WITH FLY ASH AND SLAG

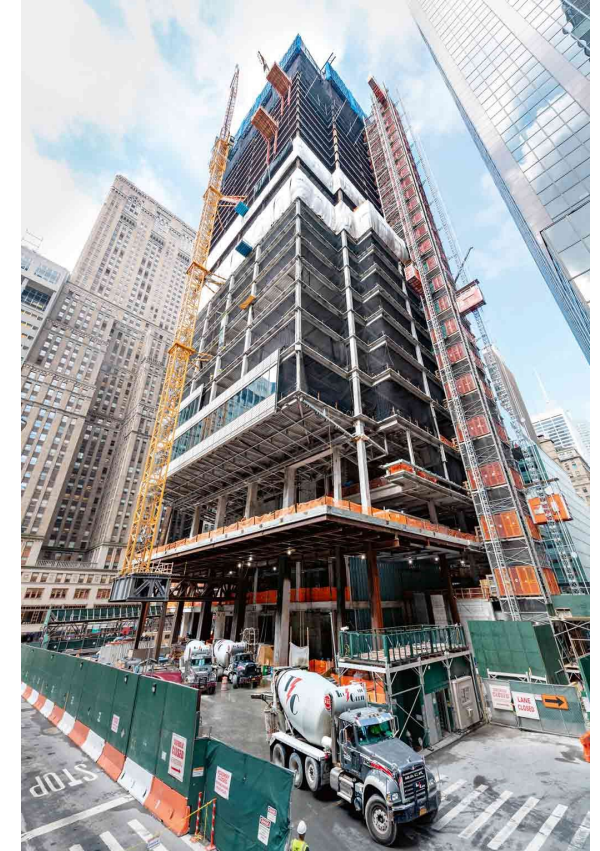
HIGH-STRENGTH CONCRETE WITH  
CONCRETE ADMIXTURES  
Sika® ViscoCrete®

**REDUCES CONCRETE  
CONSUMPTION**

AS THINNER CONSTRUCTIONS ARE  
POSSIBLE



Sika® ViscoCrete® TECHNOLOGY  
ENABLES **UP TO 40%**  
**REDUCTION OF WATER**  
CONTENT IN CONCRETE



# SIKA AS ENABLER

## 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:

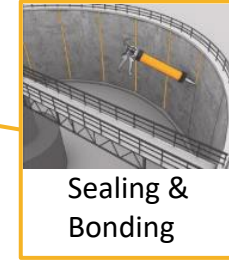
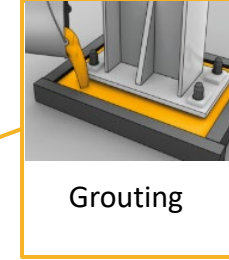
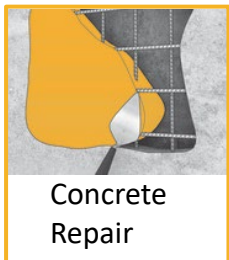
STRUCTURAL STRENGTHENING SYSTEMS,  
WATERPROOFING AND REPAIR MORTAR,  
WATERPROOFING AND PROTECTIVE COATINGS



# SIKA AS ENABLER

## CLEAN WATER FOR MILLIONS OF PEOPLE

- Demand for drinking water and wastewater treatment facilities is increasing rapidly
- Sika has innovative solutions to prevent leaks and protect water quality in these facilities – for new construction and maintenance
- Sika waterproofing systems are resistant to aggressive substances in wastewater treatment plants and make sure that no contamination takes place



Ø 35%  
of population  
connected to a  
sewage system  
in emerging  
markets



# SIKA AS ENABLER

## ENABLING CONSTRUCTION OF LIGHTWEIGHT AND ELECTRIC VEHICLES

**LIGHTWEIGHT** VEHICLE CONSTRUCTION,  
MULTI-MATERIAL DESIGN, AND **ELECTRIC  
VEHICLES** LEAD TO LESS FUEL CONSUMPTION  
AND **REDUCTION OF CO<sub>2</sub> EMISSIONS**

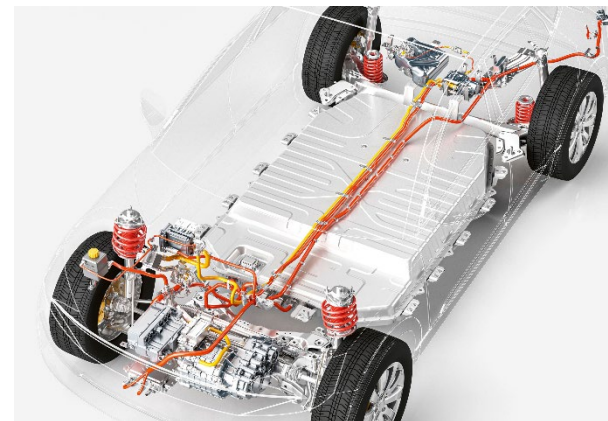
SikaPower® ADHESIVES COMBINE  
**HIGH STRENGTH AND ELASTICITY**  
ENABLING USE OF MIXED MATERIALS AND  
LIGHTWEIGHT VEHICLE CONSTRUCTION

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



# ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS

## FOCUS ON EIGHT UN SDGs



### SDG3 - GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for everyone at all ages

- The Group monitors environmental and safety aspects during development, production, and product-handling stages.
- The EHS minimum requirements are a set of 12 specific operational requirements which have been implemented between 2020 and 2021 in each Sika company in relation to workplace safety.
- Sika Life Saving Rules are in place to keep all Sika employees, contractors, and visitors safe from harm while at work. They apply to all Sika sites and to Sika employees when visiting clients or suppliers.
- Sika aims to eliminate substances hazardous to health or the environment from products and production processes wherever possible. An internal control system is in place to monitor the progress and complement local legal requirements. Sika constantly improves formulations and presents compliant solutions well ahead of legislation.
- Sika's offering includes a wide range of low-emission, water-based construction materials which contribute to health and well-being in work and living spaces.
- In 2021, Sika supported 242 Community Engagement Projects. One of the goals of these projects is to improve the quality of life of children, adults, and families in the communities in which the company is active.



### SDG4 - QUALITY EDUCATION

Ensure inclusive and equitable quality education, and promote lifelong learning opportunities for all

- In 2021, 301,346 hours were dedicated to Sika employees' training on various topics such as compliance, professional skill building, and leadership development.
- To contribute to the qualification level of people in the construction trade, Sika holds a large number of customer trainings worldwide annually.
- In 2021, Sika supported 242 Community Engagement Projects. One of the three core areas of "Sika Cares" is education and vocational trainings.

# ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS

## FOCUS ON EIGHT UN SDGs



### SDG6 – CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all

- A global water efficiency program including local road maps is in place to reduce water consumption, wastewater, and promote recycling of water resources with set targets until 2023.
- Identification of Sika countries at risk of water scarcity and floods through the Water Risk Atlas database. Measures to reduce water consumption or to reuse water are in place, particularly in water-stressed regions.
- Sika offers a whole range of innovative solutions to protect and save water used in newbuild and refurbishment of drinking water and wastewater facilities.
- In 2021, Sika supported 242 Community Engagement Projects. One of the three core areas of “Sika Cares” is water and climate protection.



### SDG8 – DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

- Sika endeavors to provide intelligent support for projects through the application of company-specific expertise, voluntary work by its employees, and long-term collaboration with partners.
- By signing Sika’s Supplier Code of Conduct, suppliers undertake to respect the provisions of the UN’s Universal Declaration of Human Rights and the core Conventions of the International Labor Organization.
- In 2021, Sika supported 242 Community Engagement Projects. One of the goals of these projects is to improve the quality of life of children, adults, and families in the communities in which the company is active.

# ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS

## FOCUS ON EIGHT UN SDGs



### **SDG9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE**

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

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- With the use of Sika solutions, infrastructures are built in an efficient and sustainable way and contribute to the development of emerging and developing countries.
- Product innovations in construction and industrial production with improved resource-use efficiency. Systematic development of more sustainable and performing solutions.
- In 2021, Sika supported 242 Community Engagement projects. One of the three core areas of “Sika Cares” is buildings and infrastructure.



### **SDG11 – SUSTAINABLE CITIES AND COMMUNITIES**

Make cities and human settlements inclusive, safe, resilient, and sustainable

---

- Sika solutions contribute to sustainable construction and new forms of mobility.
- Sika offers high-performance and low-cement mortars; root-resistant polymeric roof membranes and systems that allow the installation of green roofs to improve the urban climate; special concrete repair mortars and resins extend the service life of bridges and concrete structures.
- In 2021, Sika supported 242 Community Engagement projects. One of the three core areas of “Sika Cares” is buildings and infrastructure.

# ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS

## FOCUS ON EIGHT UN SDGs



### SDG12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

- Replacement of technical equipment always focuses on new energy efficient installations, such as motors, air conditioning, heating/cooling, and pressurized air systems.
- Reduced amount of waste per ton sold by putting in place activities such as optimization of the production planning, streamlining the production process layout, and the reuse of production waste.
- Reuse of wastewater and water from cleaning processes, reduced consumption, or use of lower-grade water qualities.
- Sika offers its customers solutions that improve performance and durability. These products make it possible to achieve quality installations with fewer resources.



### SDG13 – CLIMATE ACTION

Take urgent action to combat climate change and its impacts

- Sika's sustainable innovations enable the expansion of clean energy infrastructure as well as the reduction of the carbon footprint and enhancement of longevity in the construction and transportation industries.
- Sika products enable customers to improve the energy efficiency of their manufacturing processes and their end products. Sika's solutions reduce customers' carbon emissions through longer lasting products or for example by replacement of carbon intensive raw materials, the introduction of quick-curing products or water-based solutions.
- Sika actively seeks performance enhancements by using recycled materials and sustainable chemicals.
- In 2021, Sika supported 242 Community Engagement projects. One of the three core areas is water and climate protection.

# SOCIAL RESPONSIBILITY

BUILDING TRUST



# COMMUNITY ENGAGEMENT AT SIKA

## BUILDING TRUST AND CREATING VALUE

Community engagement as one of the six Sika sustainability target areas

### SUSTAINABLE SOLUTIONS

We are leading the industry by pioneering a comprehensive portfolio of customer focused solutions, combining both higher performance and improved sustainability.

#### TARGET

- All new product developments with "Sustainable Solutions" until 2023

### CLIMATE PERFORMANCE

We run our business in a responsible way and mitigate climate change and its impacts.

#### TARGET

- 12% reduction of CO<sub>2</sub>-emissions per ton sold until 2023

### COMMUNITY ENGAGEMENT

We build trust and create value – with customers, communities, and with society.

#### TARGET

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

**MORE VALUE**

**LESS IMPACT**

### ENERGY

We manage resources and costs carefully.

#### TARGET

- 15% less energy consumption per ton sold
- 50% renewable electricity rate

### WASTE / WATER

We increase material and water efficiency.

#### TARGET

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

### OCCUPATIONAL SAFETY

Sika employees leave the workplace healthy.

#### TARGET

- 50% less accidents
- 0 fatalities

Focus on three fields of activity:

- Buildings and infrastructure
- Education and vocational training
- Water and climate protection

**44,188**

individuals were benefiting of the Community Engagement Program in 2021.

**242 projects**

were carried out in and for local communities in 2021.

**1,392 working days of employees**

were dedicated to volunteering work.

# COMMUNITY ENGAGEMENT AT SIKA

## SIKA CARES

Name	Structure	Reporting and Communication
<p><b>Sika Cares</b> Sika's community engagement program</p>	<ul style="list-style-type: none"> <li>▪ Centralized fund</li> <li>▪ Owner: CEO</li> <li>▪ Managed by Corporate Communications &amp; Innovation and Sustainability</li> <li>▪ Project proposals from local companies or by initiative of Group Management either for direct support or support of organizations</li> <li>▪ In addition: encourage direct involvement of Sika personnel in social projects via volunteering work</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal communication</li> <li>▪ External communication</li> <li>▪ Trainings and webinars</li> <li>▪ Yearly Sustainability Academy</li> </ul>
<p><b>Thematic Focus</b></p>		
<ul style="list-style-type: none"> <li>▪ Sustainable buildings and better infrastructure for social and environmental projects</li> <li>▪ Support education and training of young people and children</li> <li>▪ Water and climate protection initiatives to support better living environments for local communities</li> </ul>		
<p>➤ Monetary and non-monetary (products, education, volunteering) support</p>		



# SIKA CARES

## IDENTIFYING STAKEHOLDERS AND BENEFICIARIES

### Stakeholders

Every community engagement project is made up of a range of stakeholders. These can include:

- 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

### Beneficiaries

Direct beneficiaries participate directly in projects, and benefit from its existence.

- All persons who will be engaged in the project, or
- who in some way will use the output of the project can be regarded as direct beneficiaries
- Those who will benefit from the project. People whose circumstances change and are positively affected, directly or indirectly, by implementing the project.

Example: Children expected to attend a local school (and their families) would be classified as direct beneficiaries. So would the nurse or teacher who works in the clinic or school.

# CONSTRUCTION OF A HOSPITAL URUBAMBA, PERU



## Thematic Focus

- Infrastructure
- Health / Children

## ABOUT THE PROJECT

- Sika engages with the non-profit organization Vidawasi and supports the Construction of a Hospital for Peruvian children and young people who suffer from complex diseases and childhood cancer.
- The hospital has the purpose of generating a genuine decentralization of pediatric health care, and its vision is to be a leading social organization in South America.

## SIKA'S CONTRIBUTION

- Sika staff is involved in specifying the hospital environment with the aim of achieving resource efficiency and obtaining the best infrastructure.
- Donation of technical products, like Sika ComfortFloor® flooring solutions.
- Technical support during the construction phase
- Open volunteering for hospital support activities and trainings for the community later.

# OPENING CAREER OPPORTUNITIES TO YOUNGER GENERATIONS

## PROJECT INSPIRE, TANZANIA



### Thematic Focus

- Education / Children

### ABOUT THE PROJECT

- “ProjeKt Inspire” is a youth based and youth led initiative aiming at opening career options to younger generations.
- The Program helps students to choose the best courses in universities, and yet be able to get involved in extra curricula activities that prepares them with knowledge and skills needed in the global market.
- Furthermore, it aims to improve the quality of education through organizing fairs that enhance the learning environment.

### SIKA'S CONTRIBUTION

- Education for children
- Training for university students and future construction workers

# MODERNIZING SCHOOLS IN LOCAL NEIGHBORHOOD CHONBURI, THAILAND



## Thematic Focus

- Education / Children
- Infrastructure

## Beneficiaries

- 800 students and their teachers

## ABOUT THE PROJECT

- The team of Sika Thailand renovated classrooms at the Yan Sue School at the company's Chonburi location.
- The school comprises five buildings, nine classes and is designed for 350 students.

## SIKA'S CONTRIBUTION

- Sika volunteers renovated previously unused rooms by laying new floor systems and repairing the walls with Sika products.
- A total of 57 Sika employees worked 424 hours.
- In 2021, the Sika Thailand team renovated sanitary facilities for students and their teachers of four additional schools.

# SUPPORT LOCAL COMMUNITIES

## FUNDACION ALIANZA SUIZA, ECUADOR



### Thematic Focus

- Health / Children

### Beneficiaries

- 215 children
- 40 teenagers

### ABOUT THE PROJECT

- Sika Ecuador is cooperating with the Fundación Alianza Suiza and engaging in this Swiss multinationals, ABB, Holcim, Nestlé, Novartis, Roche and Sika.
- Since 2009, this group of companies has joined efforts with the purpose of building sustainable communities.
- Projects supported in 2021 had the main goal of responding to the pandemic and to help children, teenagers and young adults in Ecuador to continue their school education.

### SIKA'S CONTRIBUTION

- Sika Ecuador has been particularly involved in organizing teams of volunteers who go to communities and give training on construction technics.
- The team also started a project to fight chronic malnutrition of children and to run a survey with the families of 234 children. The purpose has been to understand the link between the socio-economic, biological and environmental factors of malnutrition of children.

# IMPROVING LIVING ENVIRONMENT OF YOUTH SHELTER MONTREAL, CANADA



## Thematic Focus

- Infrastructure

## ABOUT THE PROJECT

- Goal of the Sika team in Canada was to rise quality of life and to provide a safe and fun outdoor environment for the young people to enjoy.
- Project partners were Lefebvre and Benoit, Laval – Québec, who provided and delivered construction wood, and Béton Concept, Montreal, who oversaw the equipment and workforce for the surface preparation of the concrete structures.

## SIKA'S CONTRIBUTION

- 25 Sika employees spent in total 400 hours processing construction works.
- Team redid landscaping in the backyard, refurbished concrete structures around the house and revamped the shed with provision of new roof, sidings, door, and configuration inside the shed.
- Another priority has been the modernization of the exterior lighting, the creation of a gardening area, an outdoor cinema, a picnic area, and a reading space under a new pergola.

# PROMOTION OF CONSTRUCTION RELATED JOBS FOR WOMEN

## ELLA CONSTRUYE, SPAIN



### Thematic Focus

- Education

### Beneficiaries

- 70 women

### ABOUT THE PROJECT

- Promotion of gender diversity in the construction business and processes know-how about construction related professions through real experience for women.
- Objective of the workshops is to approach women to construction-related professions.
- In 2021, the organization reported more than 300 women who were interested in the program, by the end of the year, 70 women were actually following the series of workshops.

### SIKA'S CONTRIBUTION

- Sika Spain is supporting initiative "Ella construye" ("Women building with Sika") with a series of free of charge workshops under the guidance of Sika experts and technicians.
- The workshops include the promotion of networking, know-how transfer and practical work on the job site.

# 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 CEO and the other members of Group Management **own a minimum number of Sika shares** in 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**

## 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 pre-arranged 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
Kuehne+Nagel	Holcim	Lindt	Lonza	Novartis
Richemont	Roche	Schindler	SGS	Sonova

in CHF thousands	Market cap (12/31/2021)	Revenue (12/31/2020)	Headcount (#) (12/31/2020)
3rd quartile	63,050	21,752	81,860
Median	35,427	7,208	34,760
1st quartile	26,365	5,056	15,180
<b>Sika</b>	<b>54,181</b>	<b>7,878</b>	<b>24,848</b>



**Compensation design**



**Compensation levels\***

**Industrials international companies exposed to similar market cycles as Sika**

3M – Industrial & Transportations	Forbo – Flooring Systems	Pidilite Industries
Armstrong World Industries	Fuller HB Company	RPM
Ashland	Geberit	Saint-Gobain
Beacon Roofing Supply	GCP Applied Technologies	SK Kaken
Beiersdorf – Tesa	Henkel – Adhesive Technologies	Sto
Carlisle – Construction Materials	Hilti	Uzin Utz
Cemedine	Huntsman – Performance Products	
EMS-Chemie	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, which are available in the Willis Towers Watson database, are used as benchmark

# COMPENSATION SYSTEM OF THE BOARD OF DIRECTORS

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 <sup>1</sup>		50% in cash – 50% in restricted share units <sup>1</sup>
Board chair	CHF 900,000		Not eligible to committee fees
Board member	CHF 250,000		CHF 60,000 (committee chair) CHF 40,000 (committee member)

<sup>1</sup> 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

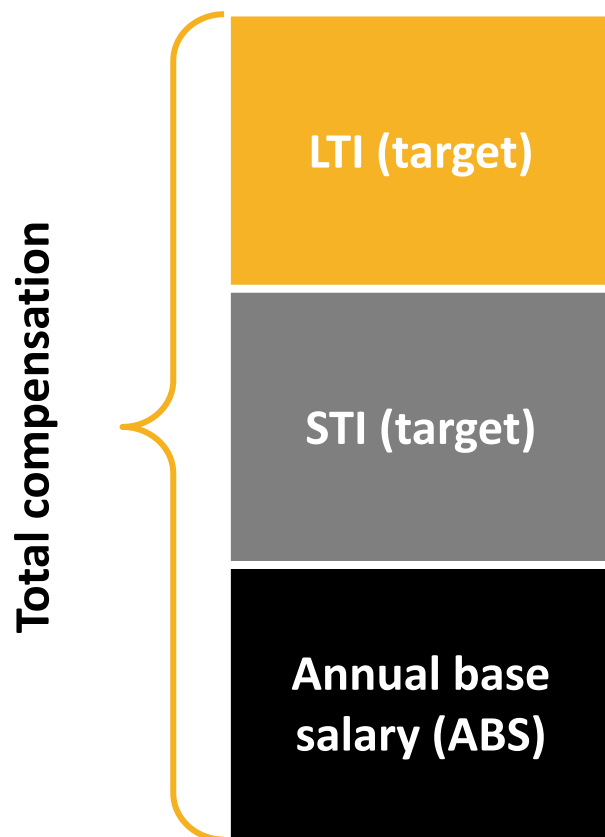
# COMPENSATION SYSTEM OF THE GROUP MANAGEMENT

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"> <li>• Cap on incentives</li> <li>• Clawback and malus provisions on incentives</li> <li>• Shareholding requirements</li> </ul>
Short-term incentive	1	Cash	Absolute + relative	
Annual base salary	1	Cash		
Years	1 2 3			

# TOTAL COMPENSATION APPROACH

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



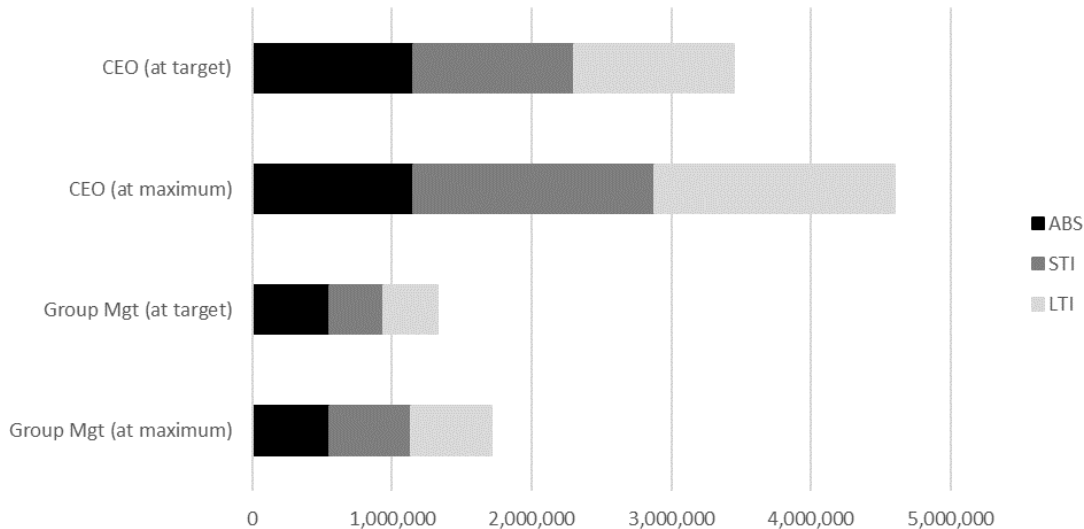
- Target compensation is benchmarked against the market **median**
- **Outperformance** results in above-median compensation due to higher incentive payouts
- **Underperformance** results in below-median compensation due to lower incentive payouts

**Median performance = median compensation**

# COMPENSATION MIX

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 300% of ABS for the CEO and 200% of ABS for the other members of Group Management within four years of nomination

# SHORT-TERM INCENTIVE

The short-term incentive is an **annual cash incentive** plan rewarding for company, region and individual performance, which has been successfully in place since 2011. A Group sustainability objective was introduced in 2020 (CO2 emissions reduction target)



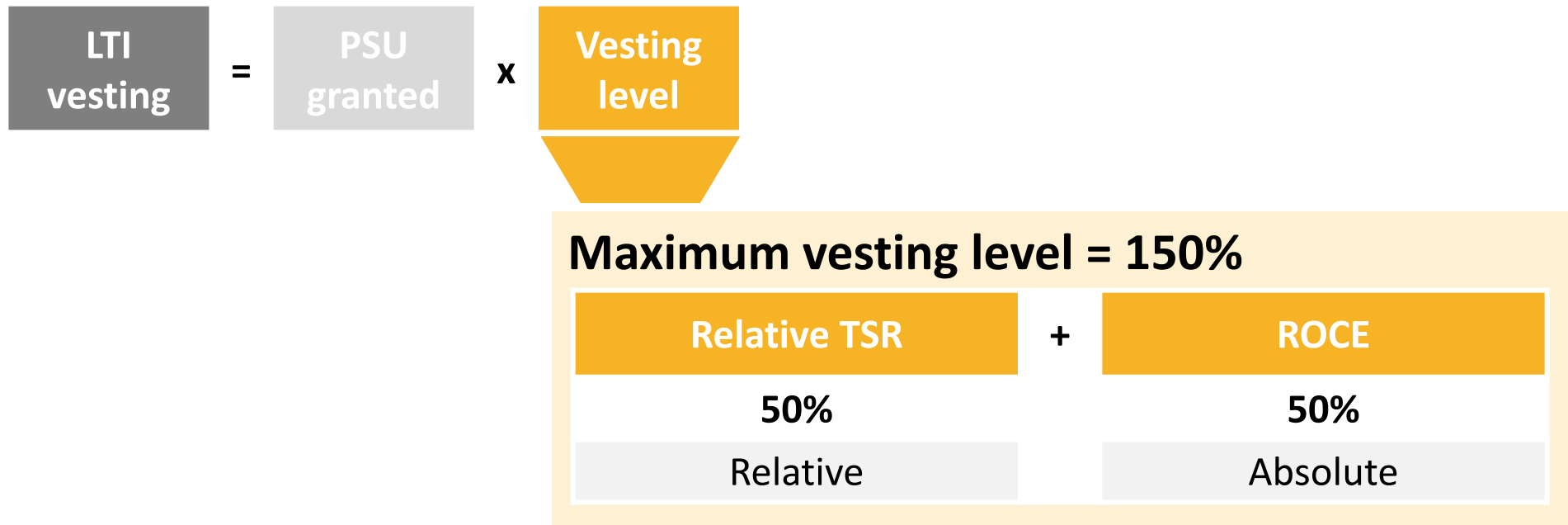
**Maximum payout factor = 150%**

	Group performance	+	Group/region performance	+	Individual performance
	70%		20%		10%
<b>Top line</b>	Relative sales growth (20%)				
<b>Bottom line</b>	Relative EBIT growth (40%)		EBIT Group or region (20%)		
<b>Sustainability</b>	CO <sub>2</sub> emissions (10%)				People & projects*, incl. ESG-type goals (10%)
<b>Individual goals</b>					

\* Examples: entry into new markets, introduction of new products, improvement of processes and operational efficiency, health & safety, leadership objectives

# LONG-TERM INCENTIVE

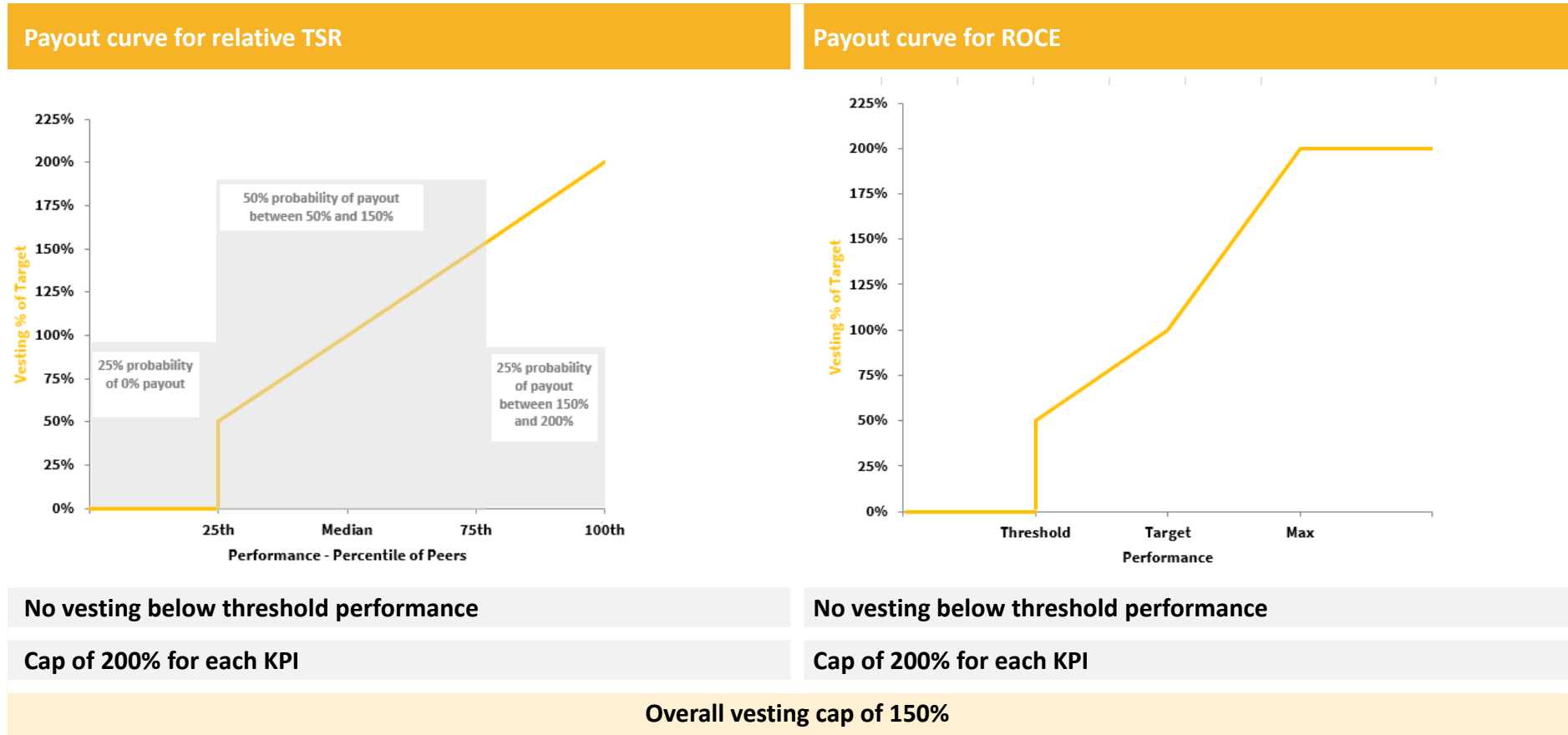
Our long-term incentive is a **Performance Share Unit (PSU) plan with 3-year cliff vesting** conditional upon ROCE and relative TSR performance





# 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



# SUMMARY

The Board of Directors is convinced that the current 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)**



THANK YOU

# 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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