



SIKA – COMMITTED TO SUSTAINABLE PERFORMANCE

NOVEMBER 2020

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

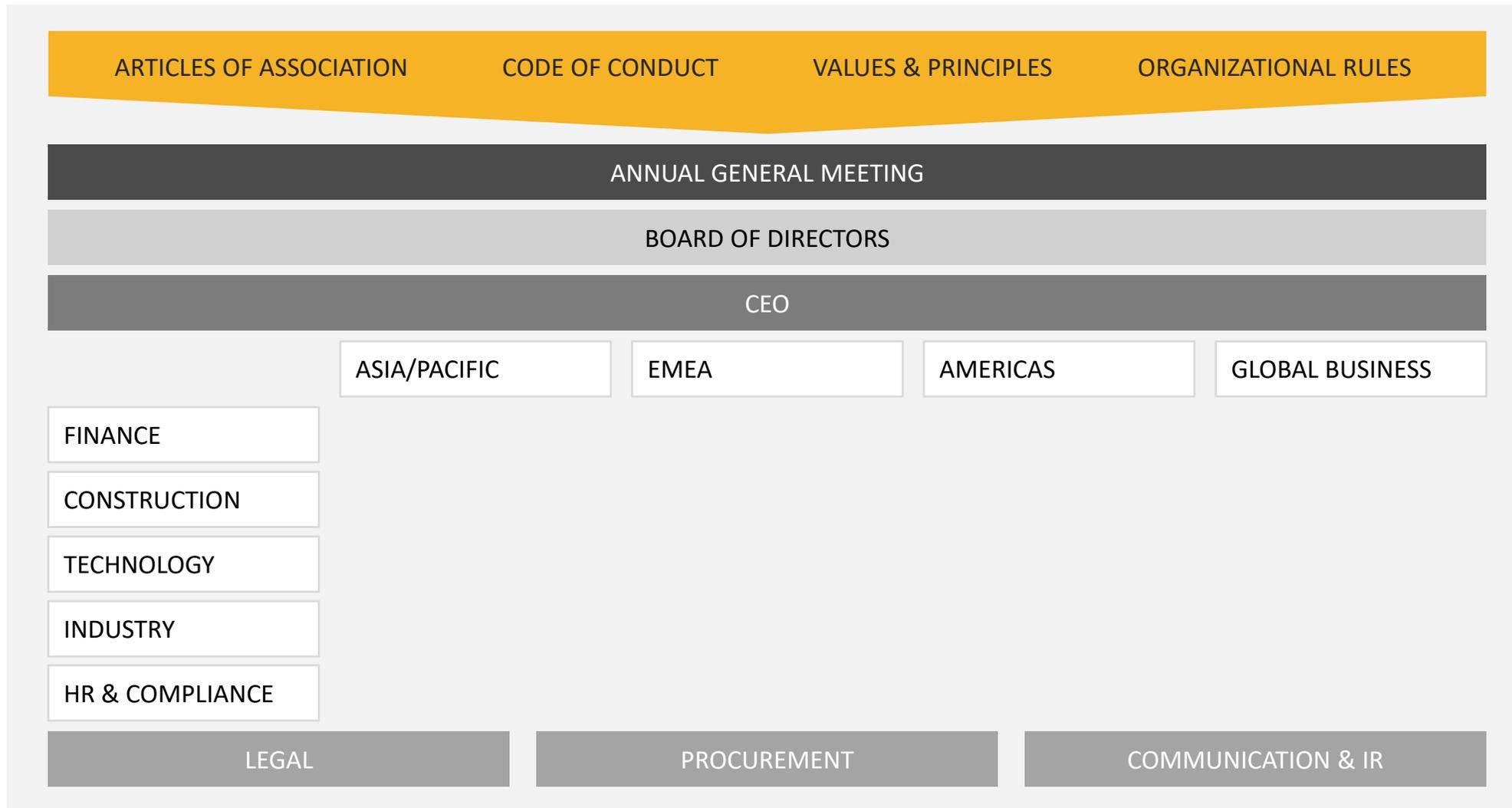
COMPLIANT WITH STANDARDS AND REGULATIONS

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). In 2020, reporting in line with the TCFD recommendations is initiated.
- 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 42 languages
- Directly linked to Sika's Values and Principles
- Read and signed by every new employee
- Commitment renewed bi-annually by Sika Senior Management
- Anonymous reporting system, Sika Trust Line, is installed (whistleblower line)
- All employees and those joining the company through acquisitions are trained on the Code of Conduct and how to use the Sika Trust Line
- Compliance is a regular agenda item for the Audit Committee meetings



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 with regard to 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	
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										

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

Sika pursues a risk-based management approach along the entire value chain, from procurement and production, to marketing. Environmental, social and governance risks are considered at all stages of the value chain.

Supplier management and raw material procurement



Suppliers are regularly evaluated by a comprehensive supply risk management process. 2019: 69 supplier audits executed. Around 2/3 of the materials used in production are crude oil based. R&D increasingly pursues activities to grow the use of renewable raw materials such as sugar derivatives, natural oils, or hemp. Recycled raw materials are used wherever possible.

Production and logistics



Defined standards are binding for all production and logistics operations. They determine processes and guidelines in the areas of purchasing, quality, environment, health, and safety. Around 2/3 of the Sika production companies are ISO 9001:2015 (quality management) and ISO 14001:2015 (environmental protection) certified. Approx. 1/3 are OHSAS 18001 (safety and health) certified.

RISK MANAGEMENT

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Product development and marketing



For products and services, Sika implements a structured product development process that factors in potential risks. The Group monitors ecological and safety aspects during the development, production, and product-handling stages. All new developments are checked against a sustainability profile.

Customers and markets



Market and customer-related risks are limited through diversification. Geographical diversification is relevant, given the sometimes contrary business trends witnessed in different regions of the world. Customer diversification: no single customer accounts for more than 2.5% of Sika's turnover. Sika operates both in the new-build sector and in the less cyclical renovation and maintenance market. The split being approximately 55% refurbishment and 45% new build.

RISK MANAGEMENT

RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

Financial Risk



Prudent balance sheet policy. A strong investment grade rating is of high importance. The aim is to hold an A- Standard & Poor's rating.

Reputational Risk



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 through acquisitions are trained on the Code of Conduct and on how to use the Sika Trust Line (whistleblower line). External tools are in place to support the monitoring and managing of potential reputational issues. Specific guidelines are in place to govern the use of social media. The employees are required to avoid conflicts of interest and always be clear if they are communicating on their own or the company's behalf. Sika does not tolerate any dishonorable, offensive, racist, or homophobic content.

BOARD RESPONSABILITIES

CAPITAL ALLOCATION FOR SUSTAINABLE GROWTH

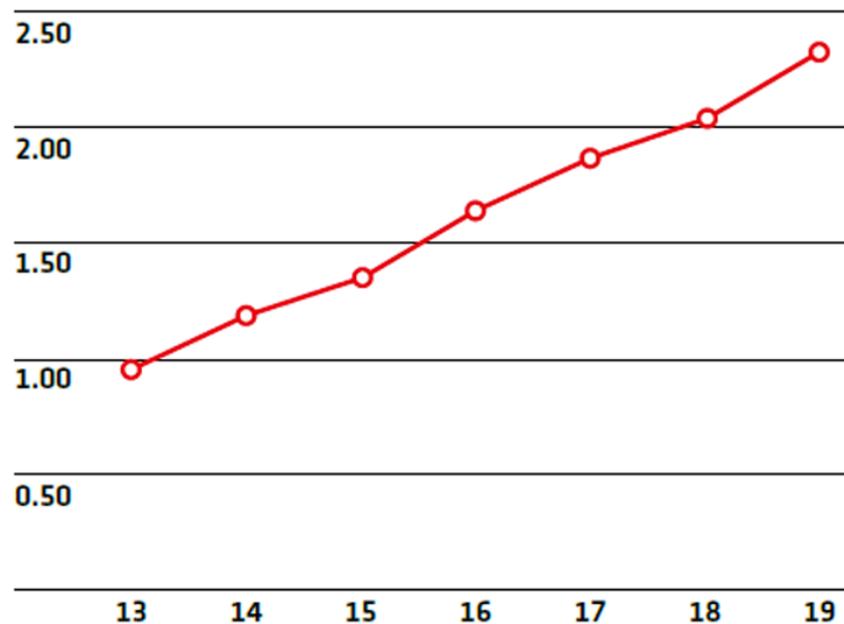
The strategic planning of capital allocation aims to ensure the sustainable growth of Sika. It is a well-balanced approach which considers the interests of all stakeholders and all drivers for growth and profitability.

- Investments in R&D for a full pipeline of high-performing, sustainable innovations that contribute to a positive CO₂ 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 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.



in CHF per share, 2013-2017 adjusted due to share split

2013-2019:

- Average payout ratio: 43%
- Payout increased every year in absolute numbers

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 6.0% in 2019 (2018: 6.9%)
- Sika is proud to have employees who 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



DIVERSITY

ONE OF SIKA'S SUCCESS FACTORS

SIKA FIRMLY BELIEVES THAT THE DIVERSITY AMONG OUR EMPLOYEES IS ONE OF THE FACTORS OF ITS SUCCESS

Ensuring **equal opportunities** with various initiatives across the world

Global presence and associated proximity to customers make it extremely important to **integrate** different cultures and **share experience and know-how** across national boundaries

Zero tolerance with regard to harassment and discrimination

Proportion of women
23.0%

49 nationalities
among Senior Managers

Balanced age structure with
15% below 30 years of age
and **25%** above 50

35 internal and
legal audits that include
human rights reviews
performed annually

In an area of the workshop of the Gournay plant at Sika France up to **20 disabled people** from sheltered areas produce customized products for different markets, which generate **annual turnover of CHF 13 million**

GENDER DIVERSITY

DISTRIBUTION OF WOMEN IN SIKA

Representation of women in total work force: **23.0%**

Representation of women according to level

Senior Management	9.2%
Management	22.6%
Staff	23.0%

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, RETAIN 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

Retain

- 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

- As a successful global corporation, Sika is committed to sustainability
- The company honors its responsibilities by offering sustainable solutions for energy-efficient construction and environmentally friendly vehicles, as well as by means of numerous projects and measures aimed at boosting economic, social, and ecological sustainability
- With its sustainability strategy geared to “More Value – Less Impact”, Sika’s aim – through its products – is to maximize long-term benefits and added value for all stakeholders and, at the same time, reduce resource consumption and the environmental impacts associated with production
- In this way, Sika’s future will be secured through sustainable, profitable growth

SIKA IS COMMITTED TO SUSTAINABILITY

SUSTAINABLE, PROFITABLE GROWTH

Very low CO₂ emissions:
27kg per ton sold in 2019
(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

SUSTAINABILITY HAS BEEN IN FOCUS FOR A LONG TIME

- CDP (Carbon Disclosure Project) disclosure since 2007
- Member of UN Global Compact since 2009
- Member of the World Business Council for Sustainable Development since 2010
- «More Value – Less Impact» Strategy developed in 2013
- Reporting according to GRI Standards since 2014
- Sustainability Advisory Board in place since 2016
- Sustainability Academy trains internal Sustainability Champions worldwide since 2016
- Alignment to UN Sustainability Development Goals since 2019
- Member of the “Together for Sustainability” (TfS) initiative since 2020
- Implementation of TCFD recommendations in 2020
- Materiality analysis with stakeholders conducted on a regular basis
- Sustainability is an integral part of the innovation process and development of new products

GOVERNANCE LEADERSHIP AND RESPONSIBILITIES

Board of Directors

STRATEGIC LEADERSHIP
Strategic Steering
Decision Authority regarding business requirements

Internal Sustainability Committee

OPERATIONAL LEADERSHIP
Planning and running of programs and activities
Management of Resources
Reporting

Regional and Local EHS/Sustainability Management

SUPPORT / SUPERVISION
Country Support
Policies, Standards and Guidelines
Onboarding
Training and Coaching

Corporate Communications & Corporate Sustainability

EXTERNAL ADVISORY BOARD
External Consulting
Strategic Advice to Board and Internal Sustainability Committee

Accademia

Business

NGO's

Public Admin

Research

Sika Representatives

SIKA'S GROWTH STRATEGY 2023

THE PILLARS 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% CO₂ emission reduction per ton sold

SUSTAINABILITY AS A BASIC PRINCIPLE OF THE STRATEGY

SUSTAINABILITY TARGETS 2023

- Overall target: **12% CO₂ emission reduction per ton sold**
- **Our «More Value – Less Impact» targets**

SUSTAINABLE SOLUTIONS

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

COMMUNITY ENGAGEMENT

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

OCCUPATIONAL SAFETY

- 50% less accidents
- 0 fatalities

CLIMATE PERFORMANCE

- 12% reduction of CO₂-emissions per ton sold until 2023

ENERGY

- 15% less energy per ton sold
- Maximize 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

INNOVATION – INCREASED FOCUS ON PRODUCT SUSTAINABILITY

MORE PERFORMANCE, MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

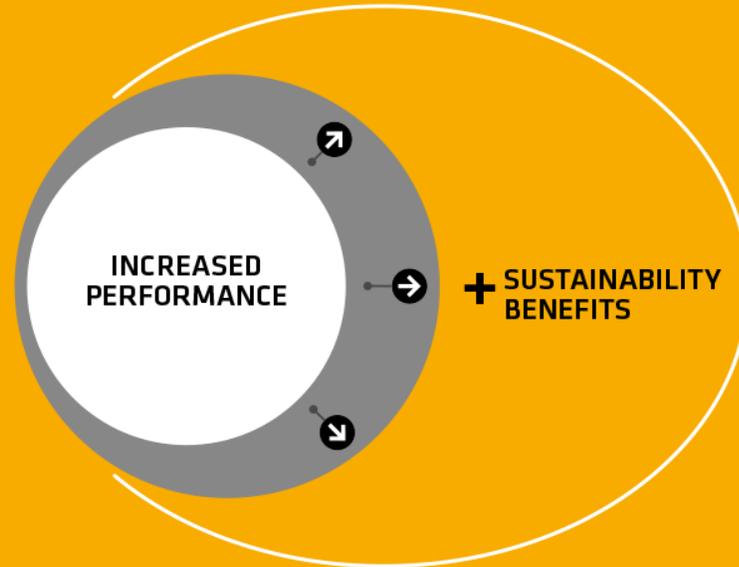
PERFORMANCE SOLUTION



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

INNOVATION – INCREASED FOCUS ON PRODUCT SUSTAINABILITY

NEW SOLUTIONS: MORE PERFORMANCE - MORE SUSTAINABLE



HYDROFLEX SEALANTS

Better stretchability, adhesion
and application properties
+
Excellent Health & Safety
profile, low VOC emissions
(EC1+)



NEW EPOXY FLOOR COATINGS

Improved blushing resistance,
significantly reduced yellowing
+
Low VOC emissions,
low odor, LEED v4 contribution



HEMP BASED MORTARS

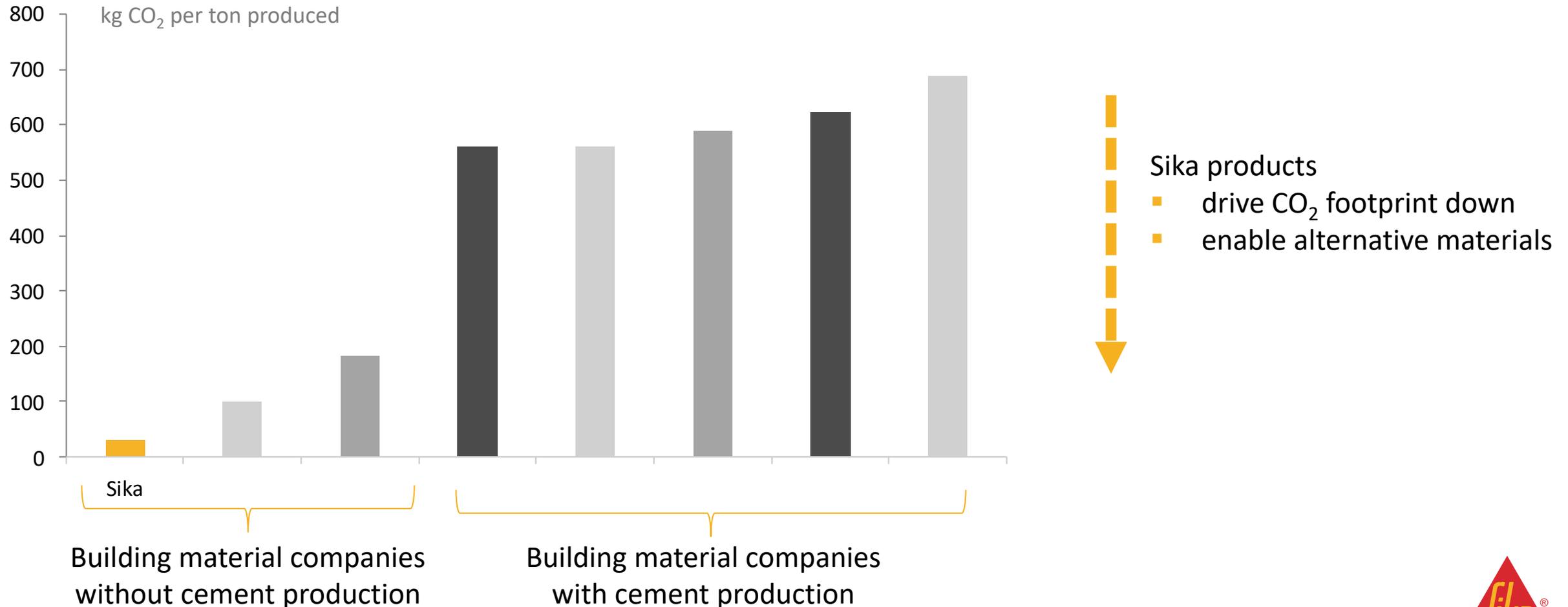
Thermal and phonic insulation
benefits, very easy to apply
+
Negative CO₂ footprint
(renewable), optimum interior
air comfort

INNOVATION THROUGH A UNIQUE COMBINATION OF HIGHER PERFORMANCE AND MARKEDLY IMPROVED SUSTAINABILITY

HIGH EMISSIONS IN THE BUILDING INDUSTRY

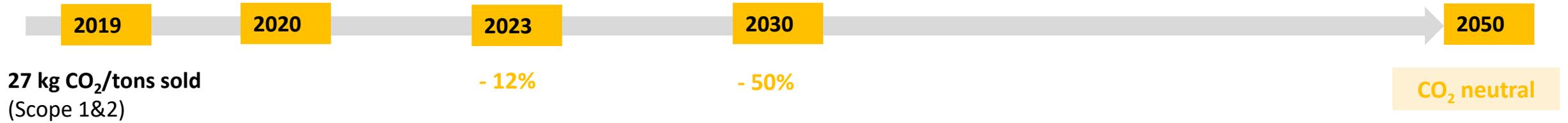
CONSTRUCTION CHEMICALS ENABLING STRUCTURAL CHANGE

Sika as enabler for companies to reduce CO₂ emissions



CLIMATE PERFORMANCE

STRATEGIC CO₂ TARGET LEADS TO CLIMATE NEUTRALITY BY 2050



In 2020 Sika concentrates on Scope 1 and 2

Internal CO₂ footprint

Scope 1 (direct)



- Internal fossil fuel usage
- Energy production

Scope 2 (indirect)



- Purchased energy, mainly electricity



MORE VALUE - LESS IMPACT

SCOPE 1 & 2: FOCUS ON SUSTAINABILITY AND EFFICIENCY



Sand Drying



Membrane Production



Compressed Air

Global focus

- CO₂ reduction: > 15,000 tons
- Energy reduction: -15% to -25%
- Expected savings: > CHF 5 million

- Processing of high-impact production processes
- Worldwide guidelines to achieve set targets

Scope 1

Example: Reduction of fossil fuel

- Efficiency of operations
- Using less fossil fuel onsite
- Equipment to improve efficiency
- Switching to renewable energy

Scope 2

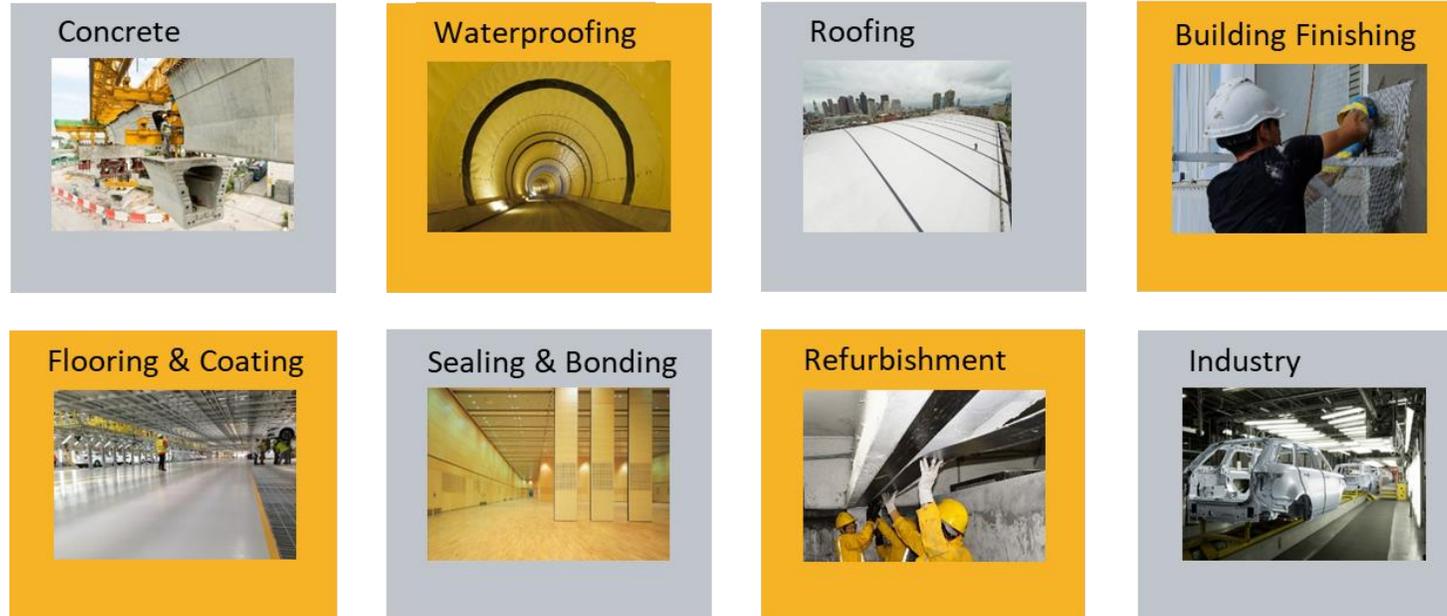
Example: Reduction of electricity

- Low-carbon energy suppliers
- Peak efficiency at production sites
- Upgrade/replacement of electric systems
- On-site renewables, e.g. solar panels

Local implementation

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 OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS USING LESS WATER, CONCRETE, AND CEMENT WITH SIKA ADMIXTURES

HIGH-STRENGTH CONCRETE WITH
CONCRETE ADMIXTURES

Sika® ViscoCrete®

**REDUCES CONCRETE
CONSUMPTION**

AS THINNER CONSTRUCTIONS ARE
POSSIBLE



Sika® ViscoCrete® TECHNOLOGY
ALLOWS FOR

**REDUCTION OF CEMENT
CONTENT BY 25%**

ENABLING REPLACEMENT OF
CEMENT WITH FLY ASH AND SLAG

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



SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS

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 OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS

SIKA WATERPROOFING SYSTEMS PROTECTING AND SAVING WATER

SIKA WATERPROOFING SYSTEMS

**PREVENT LEAKAGE AND
CONTAMINATION**

OF DRINKING WATER IN WATER RESERVOIRS



SIKA WATERPROOFING SYSTEMS

**RESISTANT TO AGGRESSIVE
SUBSTANCES**

IN WASTE WATER TREATMENT PLANTS,
MAKE SURE NO CONTAMINATION TAKES PLACE



SYSTEMS INCLUDE PRODUCTS SUCH AS
Sika MonoTop®, Sikagard®, Sikaplan®, and
Sikalastic®

SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS

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



ODORLESS, LOW-EMISSION

LIQUID APPLIED MEMBRANES

SIKA SOLAR-REFLECTIVE MEMBRANES FOR

COOL ROOFS

REDUCE ENERGY CONSUMPTION BY UP TO

15%

LONGEVITY

- WARRANTIES ACCORDING TO CUSTOMER REQUIREMENTS
- MANY SIKA ROOFS ARE **40 YEARS** AND OLDER

SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS ENABLING CONSTRUCTION OF LIGHTWEIGHT AND ELECTRIC VEHICLES

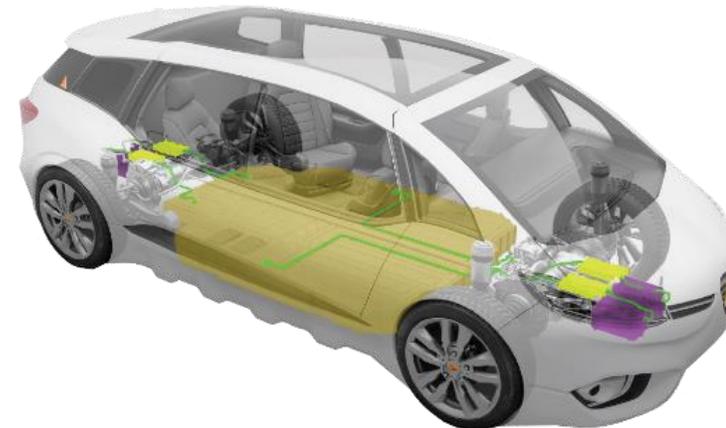
LIGHTWEIGHT VEHICLE CONSTRUCTION,
MULTI-MATERIAL DESIGN, AND **ELECTRIC
VEHICLES** LEAD TO LESS FUEL CONSUMPTION
AND **REDUCTION OF CO₂ EMISSIONS**

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

WITH THE HELP OF SikaPower® ADHESIVES
50% WEIGHT REDUCTION 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



SUSTAINABILITY STRATEGY

“MORE VALUE – LESS IMPACT” – SUCCESSFUL INITIATIVES



60% of energy
saved in lighting by relamping
of factories and warehouses in
EMEA

3,000,000 m³ water
saved by Sika USA with
closed-loop water circle
in 5 years

68 Sustainability
Champions trained in Sika
Sustainability Academies

92% Yield
2,200 m³ distilled clean water
vs. 2,400 m³ collected waste
water, Sika France

> 5,000 hours
of volunteering work in
Thailand and Vietnam

5 Star Award
granted to Sika Chile for
their Zero Accident Program

ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS

FOCUS ON EIGHT UN SDGs



GOOD HEALTH AND WELL-BEING

- Solely use of raw materials that comply with all relevant legal regulations and that have been thoroughly assessed on health and safety impacts
- Goal to improve working conditions for workers within the entire supply chain
- “zero accidents” objective
- Further enhancement of user-friendliness and health and safety profiles of products
- Monitoring of environmental, health and safety → introduction of specific checking of new developments against relevant sustainability criteria, such as health and safety impacts and improvements



QUALITY EDUCATION

Internal

- Provide ten hours of training per year for each employee
- E-learning platform, with internal trainings and various courses
- Knowledge Management

External

- Support communities in infrastructure development for social projects, to promote training in construction professions and trades, and to provide emergency aid to disaster-stricken regions
- Promotion of self-help
- Support for projects through application of company-specific expertise, voluntary work by employees, and long-term collaboration with partners
- 148 projects in 2019



CLEAN WATER AND SANITATION

- Boost sustainability performance of production sites by reducing water consumption & treating water locally
- Close loop cooling and switching from public to surface and ground water, reducing amount of drinking water used in production
- Support of Living Lakes Initiative
- Application of Sika’s waterproofing products reduce water loss and increase water quality
- Innovation of products that use less water, e.g. Sika® ViscoCrete®



DECENT WORK AND ECONOMIC GROWTH

- With its program "Sika Cares", the company is helping local communities to build up and maintain infrastructure for social projects. 567 Projects have been supported by Sika worldwide in the domain of community engagement since 2015
- Different projects, as for example the "ProjeKt Inspire" in Tanzania, open up career opportunities for the younger generations, or focus on helping reintegrate people with disabilities into the workforce

ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS

FOCUS ON EIGHT UN SDGs



INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Megatrend Urbanization stimulates demand for Sika technologies, solutions, and high-performance products
- Strong innovation culture: >1,100 employees dedicated to R&D worldwide
- Approximately 3% of sales spent on R&D
- Global industry leader with comprehensive range of products, systems and services contributing to sustainable construction
- Solutions to build infrastructure and develop emerging and developing countries
- Community initiatives to support local infrastructure



SUSTAINABLE CITIES AND COMMUNITIES

- Each new product must contribute to sustainability
- Strong emphasis on sustainable product development with products that help customers
 - 1) to save or reduce CO2 emissions, directly or indirectly
 - 2) construct and operate buildings that are more sustainable and CO2 efficient
- Product and solutions examples:
 - concrete admixtures and cement additives help reduce water and cement consumption
 - concrete repair mortars and resins extend service life of bridges and concrete structures
 - low-emission flooring and coating products



RESPONSIBLE CONSUMPTION AND PRODUCTION

- Each new product must contribute to sustainability
- Evaluation of new product developments against relevant sustainability aspects
- Aspiration to extend service life of buildings and industrial applications in order to reduce maintenance effort, to improve energy and material efficiency, and to further enhance durability
- Sika companies are certified to the international management system standard ISO 14001 (Environmental Management) in operations and is starting to introduce ISO 50001 (Energy Management) in bigger facilities



CLIMATE ACTION

- Sustainable innovations to enable clean energy, lower emission, less input with more output
- Sika products take less from the environment and offer more in durability and longevity, which results in a smaller overall environmental footprint
- The company has set an energy efficiency target of 3% less energy consumed per ton sold and year
- CO2 emission per ton sold decreased from 31 kg CO2 per ton sold (2018) to 27 kg CO2 per ton sold in 2019. Target is to reduce emissions by 12% per ton sold until 2023

SOCIAL RESPONSIBILITY

BUILDING TRUST



SIKA'S SOCIAL COMMITMENT

BUILDING TRUST AND CREATING VALUE

Community engagement as one of the six Sika sustainability target areas

<p>SUSTAINABLE SOLUTIONS We are leading the industry by pioneering a comprehensive portfolio of customer focused solutions, combining both higher performance and improved sustainability.</p> <p>TARGET</p> <ul style="list-style-type: none"> ■ All new product developments with "Sustainable Solutions" until 2023 	<p>CLIMATE PERFORMANCE We run our business in a responsible way and mitigate climate change and its impacts.</p> <p>TARGET</p> <ul style="list-style-type: none"> ■ 12% reduction of CO₂-emissions per ton sold until 2023 	<p>COMMUNITY ENGAGEMENT We build trust and create value – with customers, communities, and with society.</p> <p>TARGET</p> <ul style="list-style-type: none"> ■ 10,000 working days of volunteering work per year ■ 50% more projects ■ 50% more direct beneficiaries
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MORE VALUE

LESS IMPACT

<p>ENERGY We manage resources and costs carefully.</p> <p>TARGET</p> <ul style="list-style-type: none"> ■ 15% less energy consumption per ton sold ■ 50% renewable electricity rate 	<p>WASTE / WATER We increase material and water efficiency.</p> <p>TARGET</p> <ul style="list-style-type: none"> ■ 15% less waste generation per ton sold ■ 25% higher recycling rate of total waste ■ 15% less water consumption per ton sold 	<p>OCCUPATIONAL SAFETY Sika employees leave the workplace healthy.</p> <p>TARGET</p> <ul style="list-style-type: none"> ■ 50% less accidents ■ 0 fatalities
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Focus on three fields of activity:

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

In 86 schools

in China libraries were refurbished and 70,000 books donated, with 3,000 hours volunteering work by Sika employees

567 projects

supported worldwide since 2015 (GRI reported)

800 families

in Madagascar can send their daughters to schools renovated with Sika funding and know-how

240,000 children with cleft lips and palates were operated by Sika partner Operation Smile

COMMUNITY ENGAGEMENT AT SIKA

SIKA CARES

Name	Structure	Reporting and Communications
<p>Sika Cares Sika's Community Engagement program</p>	<ul style="list-style-type: none"> ▪ Centralized fund (no separate legal entity) ▪ Owner: CEO ▪ Managed by Corporate Communications & Sustainability Team ▪ 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"> ▪ Internal Communications ▪ External Communications ▪ Trainings and Webinars ▪ Yearly Sustainability Academy
<p>Thematic Focus</p>		
<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 		
<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 by implementing the project. They can be affected directly or indirectly

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.

A NEW HOME FOR THE LANGBOS CHILDREN'S SHELTER

PORT ELIZABETH, SOUTH AFRICA



Thematic Focus

- Infrastructure
- Education / Children

Beneficiaries

- 10 children and 1 caretaker

ABOUT THE PROJECT

- A new home was built for the Langbos Children's Shelter situated near Port Elizabeth
- These children are either orphaned or come from unstable homes within the Langbos rural community
- The design of the Shelter is based on the local style of the Langbos settlement and includes sustainable elements to harvest rain water

SIKA'S CONTRIBUTION

- Sika donated 125 liters of Cemflex[®], an acrylic based emulsion, to be used as protective and waterproofing coating for the roofs and walls of the new children's home

IMPROVING THE QUALITY OF EDUCATION

PROJEKT INSPIRE, TANZANIA



Thematic Focus

- Education / Children

Beneficiaries

- 2,000 Students

ABOUT THE PROJECT

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

SIKA’S CONTRIBUTION

- Organization of factory tours with kids from different schools
- Sika staff gives lectures at secondary schools and university level
- Sika staff gives chemistry lectures once a month

BROADENING STUDENT'S KNOWLEDGE AND HORIZON

LIBRARY PROJECT, CHINA



Thematic Focus

- Infrastructure
- Education / Children

Beneficiaries

- > 18,000 students

ABOUT THE PROJECT

- Sika China is cooperating with "Library Project", a non-profit charity organization
- The Library Project is a non-profit charity organization that donates books and libraries to under-financed schools and orphanages in Asia

SIKA'S CONTRIBUTION

- Visited remote areas in Chongqing, Sichuan, Hebei, Shaanxi, Shanxi, Jiangxi and other provinces to create reading rooms and corners in 86 elementary schools
- Donated more than 70,000 books
- 3,000 hours volunteering work by Sika employees
- Providing more comfortable and safer learning environments for more than 18,000 students

IMPROVING THE LIFE QUALITY OF CHILDREN

OPERATION SMILE, THAILAND/VIETNAM



Thematic Focus

- Education / Children

Beneficiaries

- 250,000 children and their families since 1982

ABOUT THE PROJECT

- Operation Smile is a nonprofit medical service organization founded in 1982
- The organization works as a non-governmental organization to reduce the occurrence of cleft lips and palates worldwide
- Operation Smile has provided free surgeries for children and young adults born with cleft lips, cleft palates, and other facial deformities in over 60 countries since 1982

SIKA'S CONTRIBUTION

- Sika has supported the activities of Operation Smile in Vietnam since 2010, and in Thailand since 2014
- Volunteering of Sika Staff in both countries, annually 800 volunteering hours

PRESERVATION OF FRESH WATER RESOURCES

DRINKING WATER PROJECT, SOUTH AFRICA



Thematic Focus

- Environment / Water

Beneficiaries

- 5,000 inhabitants of three villages (Zonyam, Cotland and Hlambanyati)

ABOUT THE PROJECT

- The aim of the project is to supply three villages in the Gumbi community in the north of the Somkhanda Game Reserve with clean drinking water
- Relief of the Somkhanda Game Reserve and its water sources. The water available here is exclusively available to wild animals and direct residents

SIKA'S CONTRIBUTION

- In cooperation with the Global Nature Fund, Germany: Repair of water reservoirs and the installation of water pipelines

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
- ✗ Guarantee future base salary increases or non-performance-based incentive payments
- ✗ Have pre-arranged individual severance agreements or special change-in-control compensation agreements

COMPENSATION GOVERNANCE: COMPENSATION BENCHMARKING

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

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

	ABB	Adecco	Barry Callebaut	Clariant	EMS-Chemie
	Geberit	Givaudan	Kuehne + Nagel	LafargeHolcim	Lindt
	Lonza	Richemont	Schindler	SGS	Sonova
	Straumann	Swatch	Swisscom		
		Market cap (12/31/2019)	Revenue (12/31/2018)	Headcount (#)	
	3rd quartile	26,471	12,750	64,486	
	Median	19,558	6,858	19,845	
	1st quartile	14,420	4,631	14,500	
	Sika	25,783	7,085	25,141	



Compensation design



Compensation levels*

Industrials international companies exposed to similar market cycles as Sika

3M – Industrial & Transportation	EMS-Chemie	Owens Corning
Amstrong World Industries	Forbo – Flooring Systems	Pidilite Industries
Ashland	Fuller HB Company	RPM
BASF – Construction Chemicals	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	



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 shares restricted for three years**

	Annual board retainer	+	Annual committee fees
	50% in cash - 50% in restricted shares		In cash
Board chair	CHF 900,000		
Board member	CHF 250,000		CHF 60,000 (committee chair) CHF 40,000 (committee member)

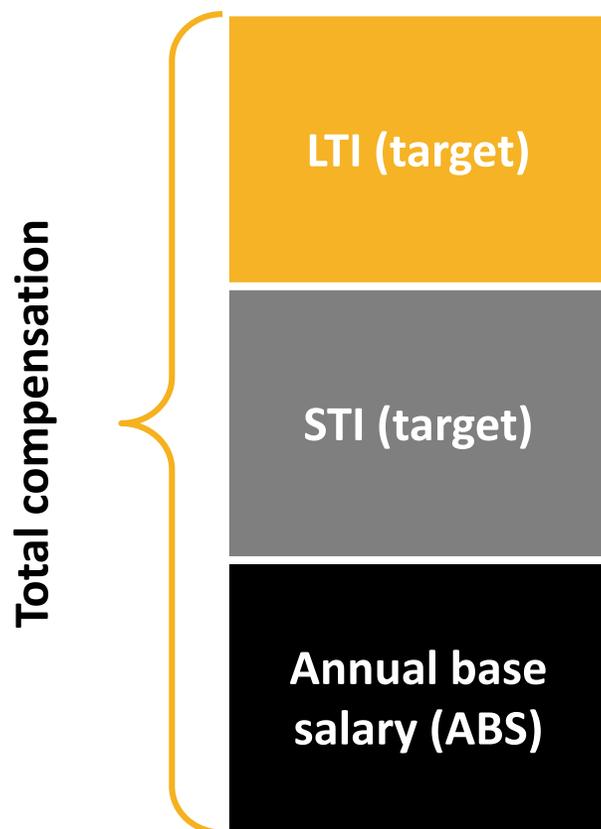
COMPENSATION SYSTEM OF THE GROUP MANAGEMENT

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"> • 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

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



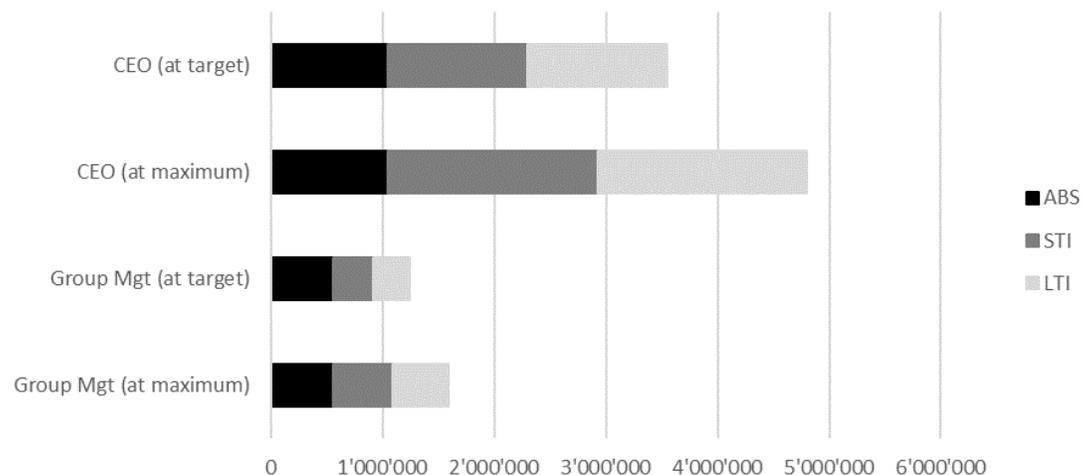
- Target compensation is benchmarked against the market **median**
- **Outperformance** results in above-median compensation due to higher incentive payouts
- **Underperformance** results in below-median compensation due to lower incentive payouts

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 and individual performance, which has been successfully in place since 2011

$$\text{STI payout} = \text{STI target} \times \text{Payout factor}$$

Maximum payout factor = 150%

	Group performance	+	Individual performance
	60%		40%
Top line	20% Relative sales growth		
Bottom line	40% Relative EBIT growth		Group or regional EBIT
Sustainability			CO ² Emissions
Individual goals			People & projects

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

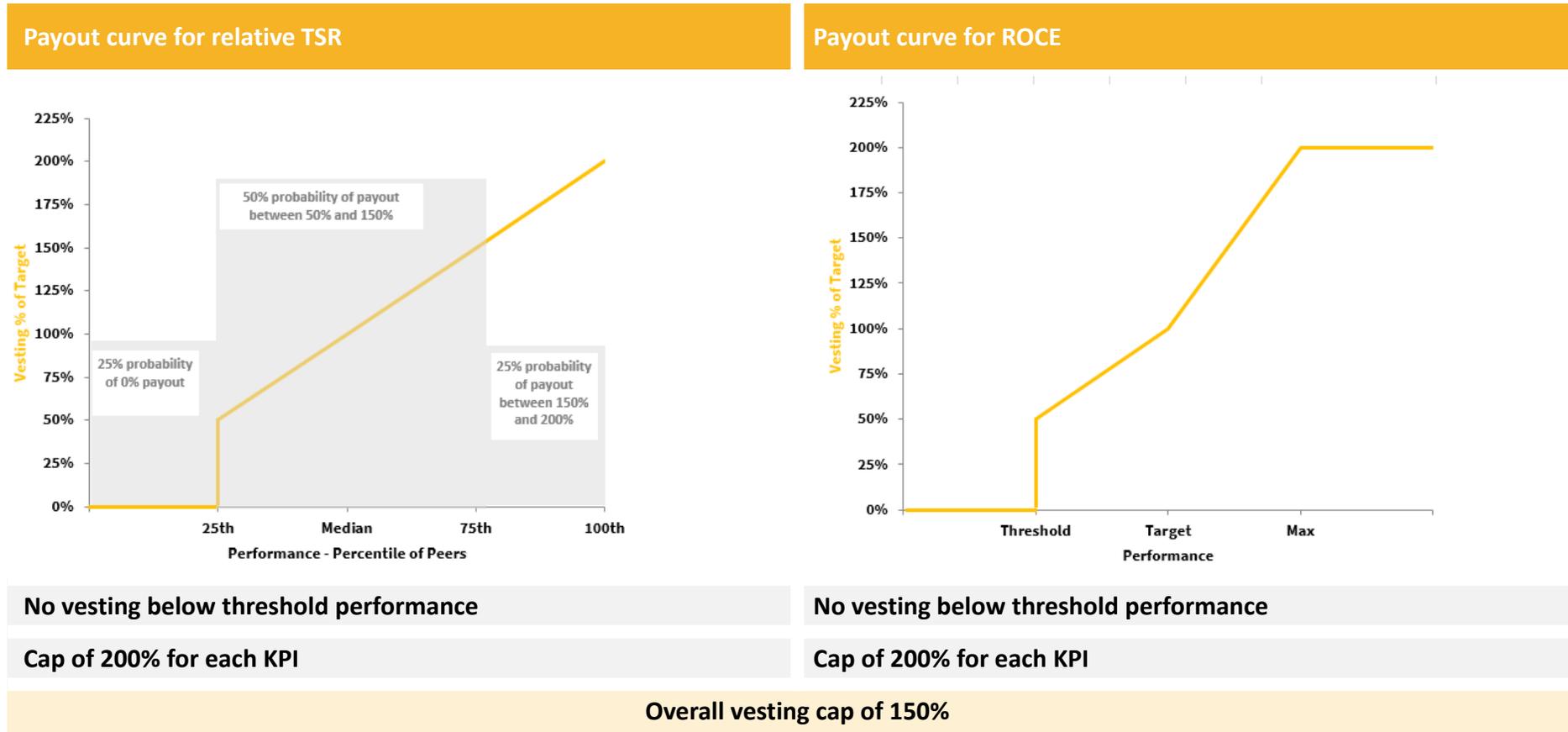


Maximum vesting level = 150%

Relative TSR	+	ROCE
50%		50%
Relative		Absolute

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

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

Governance

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

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 FOR YOUR ATTENTION

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

Any statements regarding earnings per share growth are not a profit forecast and should not be interpreted to mean that Sika's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Sika.

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