



# SIKA – COMMITTED TO SUSTAINABLE PERFORMANCE

NOVEMBER 2022

BUILDING TRUST



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# CORPORATE GOVERNANCE – STRUCTURES AND RESPONSIBILITIES

# CORPORATE GOVERNANCE

## COMMITMENT TO OPENNESS AND TRANSPARENCY

- Good Corporate Governance safeguards the company sustainable development and performance

- The Board regularly assesses Sika's Corporate Governance against regulatory developments, and best practice standards



- Sika provides information on structures, processes, areas of responsibility, procedures, rights and obligations of stakeholders

- The Board aims to hold a transparent and open discussion with all stakeholders, considering their needs and views

# CORPORATE GOVERNANCE

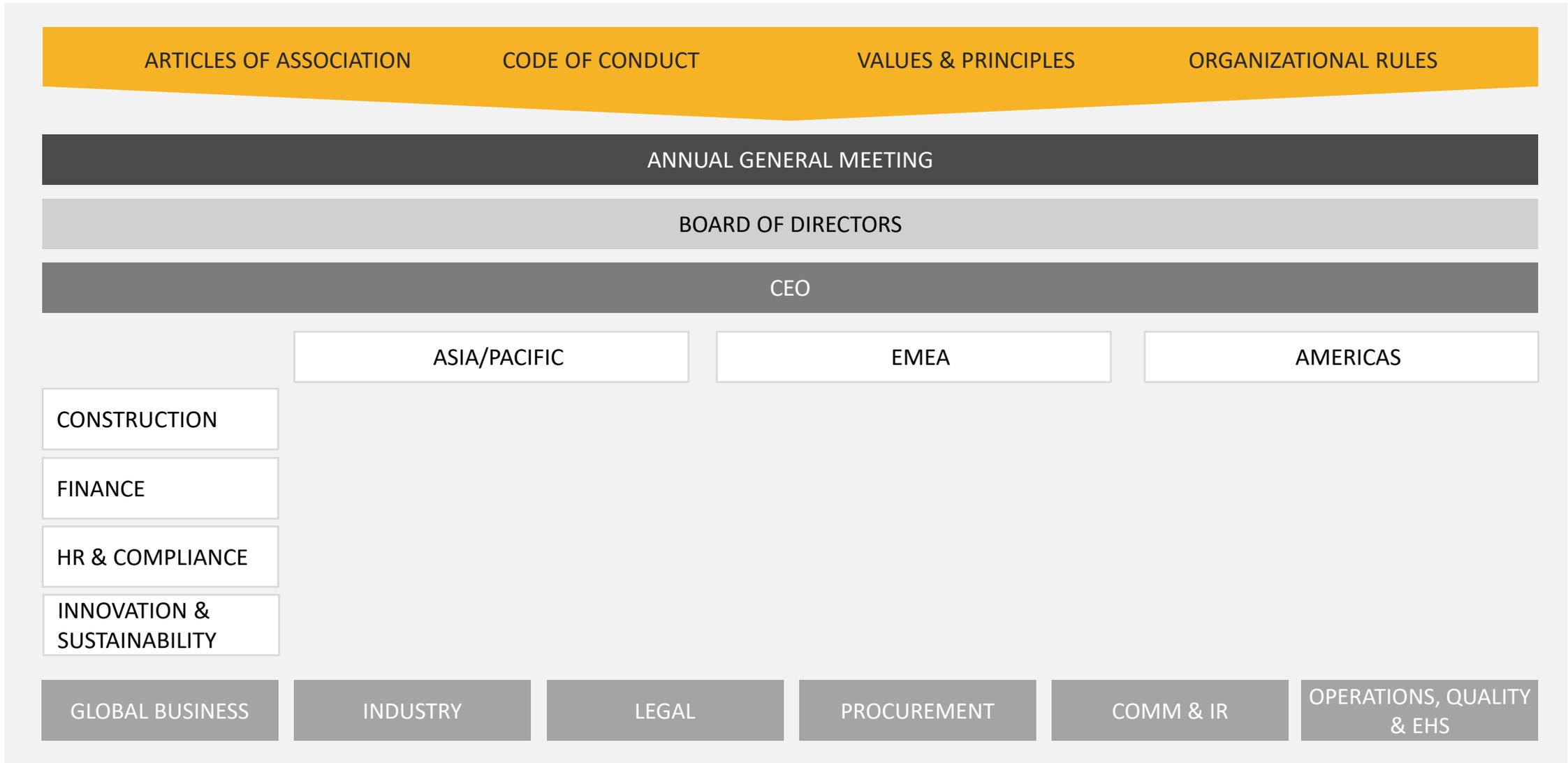
## COMPLIANT WITH STANDARDS AND REGULATIONS

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



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

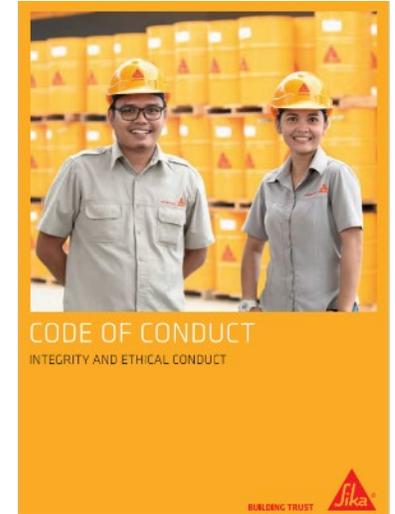
# CORPORATE GOVERNANCE FRAMEWORK STRUCTURES AND RESPONSIBILITIES



# CODE OF CONDUCT (COC)

## SIKA CULTURE: INTEGRITY AND ETHICAL CONDUCT

- Based on Sika's Values and Principles, available in 44 languages, read and signed by newly hired employees
- Revised version approved by the BoD and launched in September 2022\*, underscoring the strong commitment to sustainable development, incl. human rights and environmental protection
- It reflects all recent policy changes (e.g., Supplier CoC, Global Privacy Policy)
- Bi-annual commitment by Senior Management and General Managers, and regular trainings for all employees (incl. those joining through acquisitions)
- Violations reported to management or via Sika Trust Line



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

\* The revised Code of Conduct 2022 will be published on the corporate website in January 2023  
Source: [Sika Code of Conduct](#)

# SUPPLIER CODE OF CONDUCT (SCOC) RESPONSIBLE SOURCING

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



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

# RESPONSIBLE SOURCING ENGAGEMENT IN “TOGETHER FOR SUSTAINABILITY”



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



- WS1: Define external offering of WS5 outputs beyond TfS members
- WS2 and WS3: Evaluating future of TfS Assessments and Audits
- WS4: Define roll out plan of TfS Academy in line with Supplier engagement strategy
- WS5: Prepare for pilot of scope 3 data collection & sharing solution; define supplier engagement strategy

# BOARD RESPONSIBILITIES

## BOARD COMPOSITION AND SUCCESSION PLANNING

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

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



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

# BOARD RESPONSIBILITIES

## BOARD COMPOSITION AND SUCCESSION PLANNING

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

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

Criteria	Board Members									
	1	2	3	4	5	6	7	8	x	
<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										

**37.5%**

women on the Board

**4.5 yrs**

average tenure of Board members

**97.0%**

attendance rate at Board meetings

Source: Board of Directors; Board Composition and Succession Planning

# BOARD RESPONSIBILITIES

## RISK MANAGEMENT

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

Is the risk global or regional in scope?

How high is the probability of losses occurring?

What implications does the risk have for the group?

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

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

# RISK MANAGEMENT

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

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

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

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

# RISK MANAGEMENT

## FOCUS: CLIMATE CHANGE

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

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

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

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

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

# BOARD RESPONSIBILITIES

## CAPITAL ALLOCATION FOR SUSTAINABLE GROWTH

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

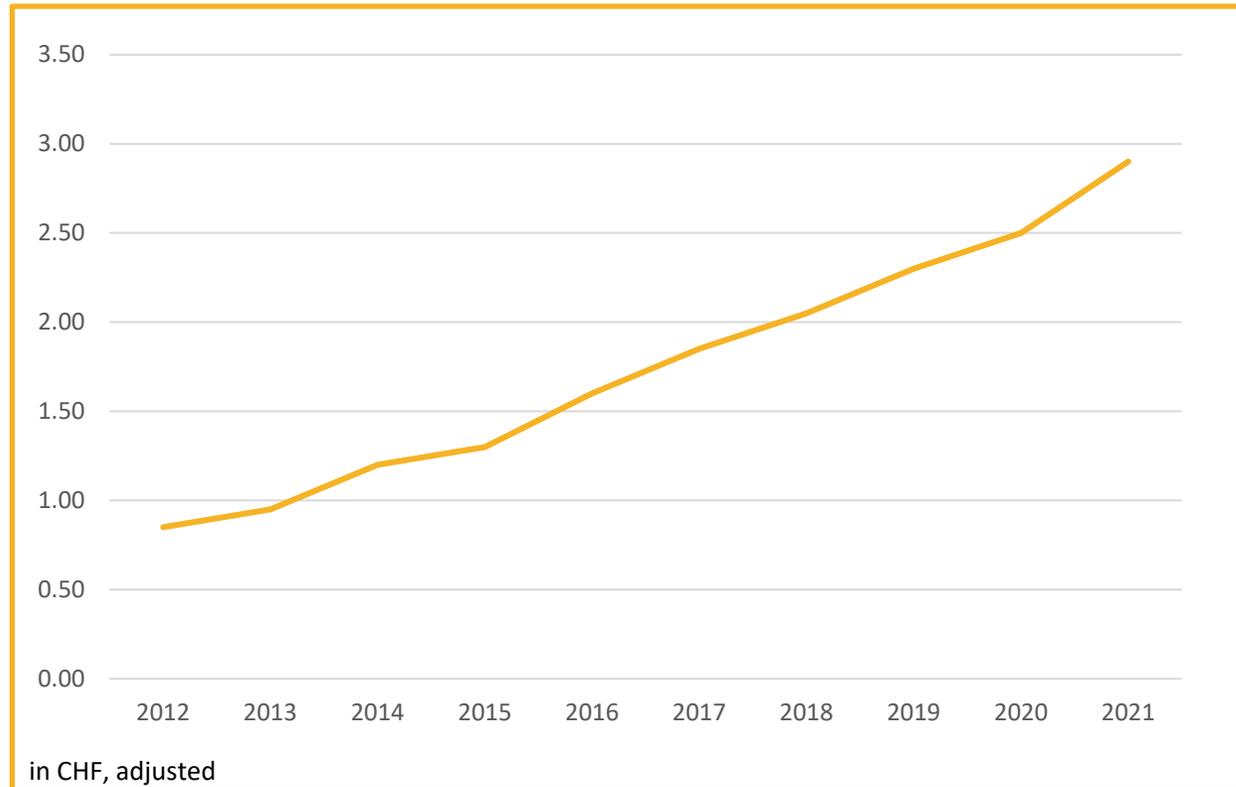


- Investments in R&D for a full pipeline of high-performing, sustainable innovations that contribute to a positive CO<sub>2</sub> impact by reducing energy and material consumption as well as increasing the use of recycled materials
- Initiatives to minimize resource consumption and environmental impact,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

- Sika's growth strategy is sustainable. Sales and profits continuously increase. Sika has been able to raise the dividend year after year, proving benefits to shareholders and a sign of reliability



### PERIOD 2012-2021:

- 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

- 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

Customer first  
Courage for innovation  
Sustainability & Integrity  
Empowerment & Respect  
Manage for results



# VALUES AND PRINCIPLES

## CUSTOMER FIRST

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



# VALUES AND PRINCIPLES

## COURAGE FOR INNOVATION

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



# VALUES AND PRINCIPLES

## SUSTAINABILITY & INTEGRITY

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



# VALUES AND PRINCIPLES

## EMPOWERMENT & RESPECT

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



# VALUES AND PRINCIPLES

## MANAGE FOR RESULTS

- Aim for success, outstanding results and outperformance
- 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
- Sika is proud that employees remain with the company for a long time and contribute their know-how and experience over a lengthy period



# GLOBAL BUT LOCAL

## THE SIKA STRATEGY AND ITS DECENTRALIZED IMPLEMENTATION



# STRONG CORPORATE CULTURE

## EMPLOYEE SURVEY 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

# STRONG CORPORATE CULTURE

## SIKA DAY



### **Sika Day 2021**

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



### **Sika Day 2022**

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

# EMPLOYEE ENGAGEMENT TALENT DEVELOPMENT IS KEY

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

**17,741**

Sika learners reached with  
online trainings in 2021

**25.2%**

women in talent pool



# 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

# GENDER DIVERSITY

## DISTRIBUTION OF WOMEN IN SIKA

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

Representation of women according to level

Company Management <small>(incl. Senior Managers and local Company Mgmt Teams)</small>	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	

A 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 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 KORAVEM  
SPECIFICATIONS MANAGER GCC



MY SIKA STORY  
DR. CLAIRE THOREY  
HEAD WIND ENERGY EMEA

Overall responsibility and high priority for BoD and Group Management. Global Diversity Steering Committee will set up action plan, monitor and report on progress to BoD and Group Management.

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'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> eq emission reduction per ton sold (scope 1&2)

# SUSTAINABILITY STRATEGIC TARGETS

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

### Sustainability targets 2019-2023

#### CLIMATE PERFORMANCE

- 12% reduction of CO<sub>2</sub>eq emissions per ton sold (scope 1 and 2)

#### ENERGY

- 15% less energy consumption 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

### Performance 2019-2021

- **-34.6%** reduction of CO<sub>2</sub>eq emissions per ton sold (scope 1 and 2)
- - **15.1%\*** energy consumption per ton sold
- In 2021, **52.3%** of purchased electricity was derived from renewable sources
- **-20.5%** less waste per ton sold
- **+/-0%** of the waste generated was recycled
- **-42.6%** reduction in water consumed per ton sold

\* In 2021, there was an increase in energy consumption to +7.7% due to the inclusion of leased vehicle fuels, which represented 11% of the total energy consumption. Excluding leased vehicle fuel from 2021 energy consumption, the energy intensity per ton sold would have decreased by 4.0% compared to 2020.

Source: Sustainability Strategy

# SUSTAINABILITY STRATEGIC TARGETS

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

### Sustainability targets 2019-2023

#### SUSTAINABLE SOLUTIONS

- All new product developments with «Sustainable Solutions» until 2023

#### COMMUNITY ENGAGEMENT

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

#### OCCUPATIONAL SAFETY

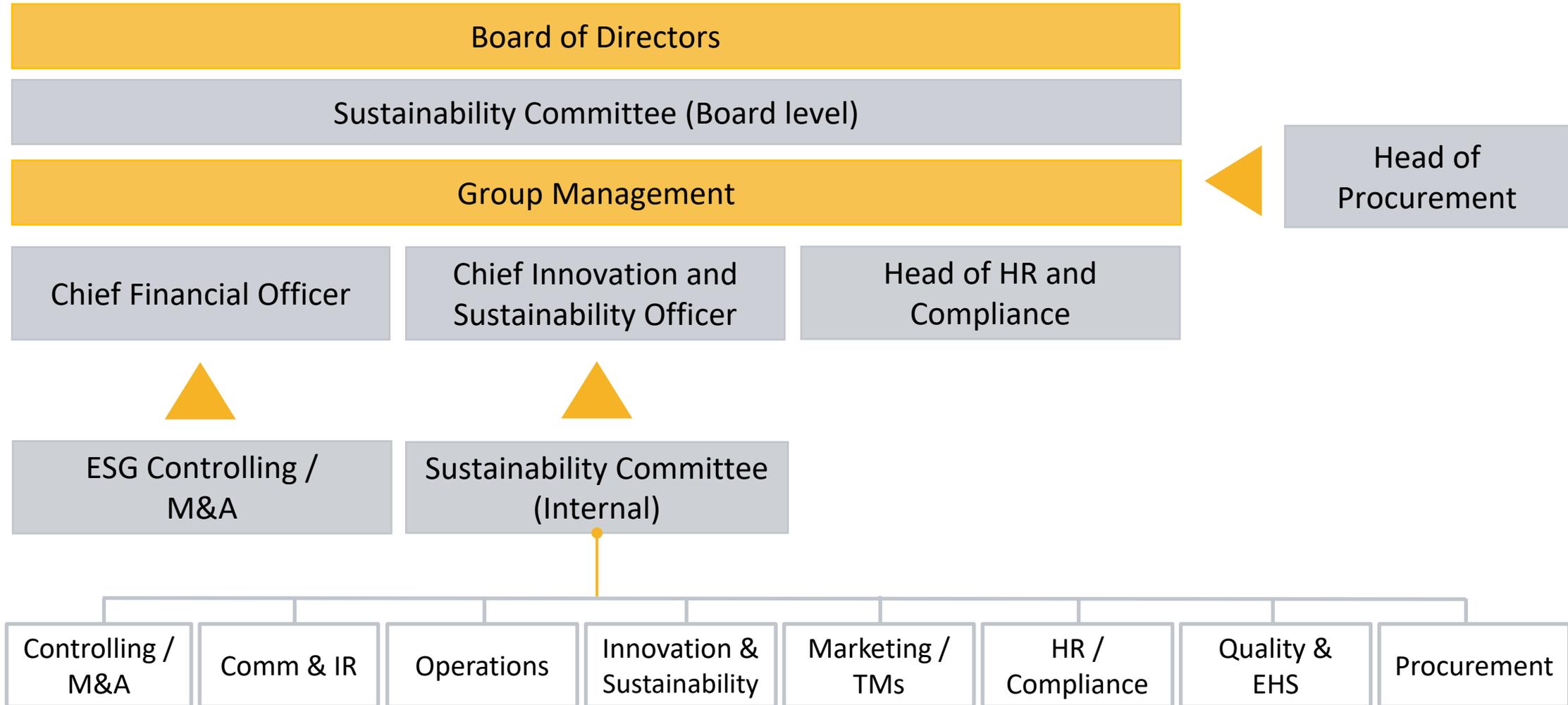
- 50% less accidents
- 0 fatalities

### Performance 2019-2021

- **Higher performance with additional sustainability targets**
- **2,511 working days** of volunteering work
- **+63.5%** community engagement projects
- **+469.1%** direct beneficiaries
  
- **-1.9%** Lost Time Accidents
- **Zero** fatalities

Source: Sustainability Strategy

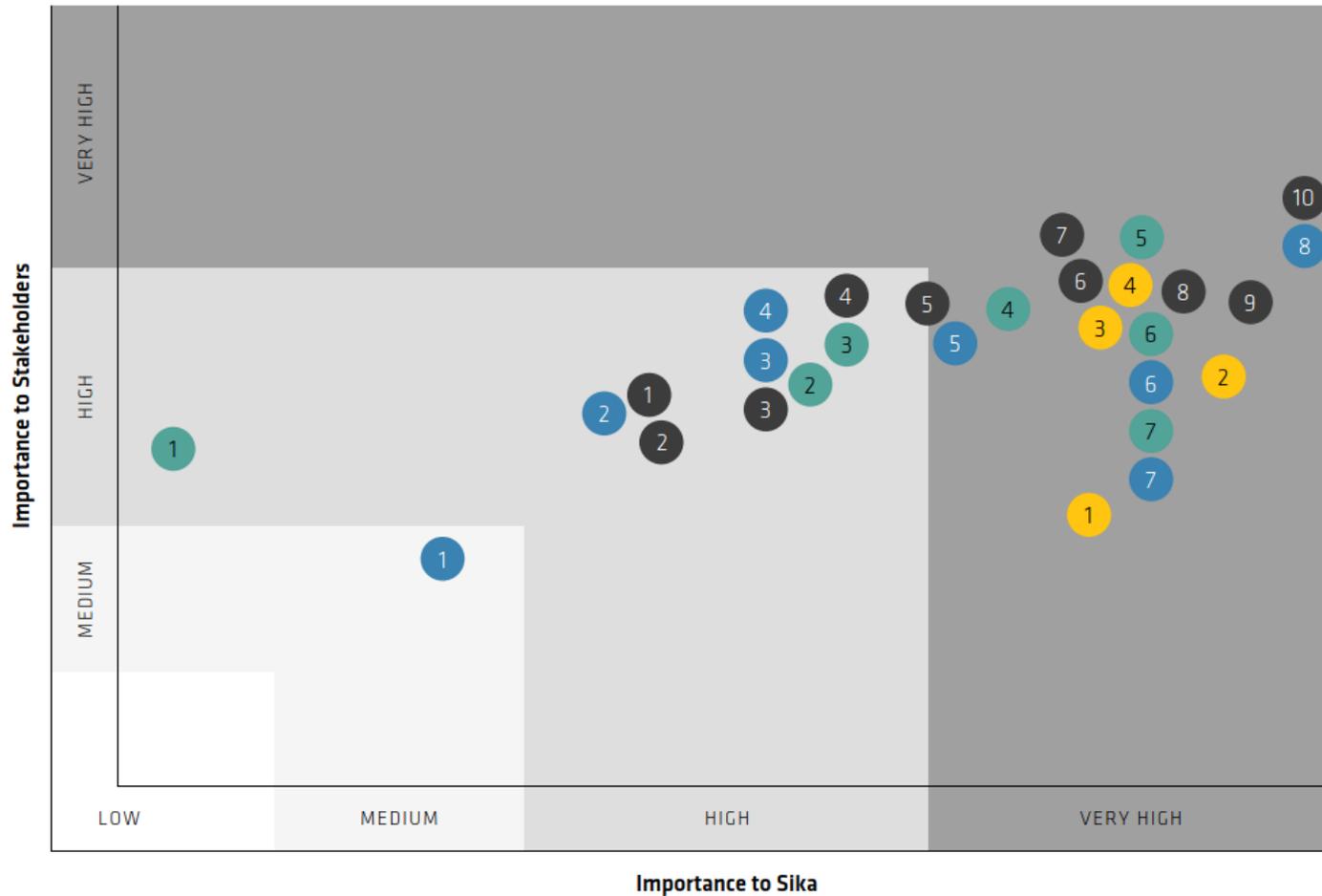
# GOVERNANCE LEADERSHIP AND RESPONSIBILITIES



# GOVERNANCE

## MATERIALITY ANALYSIS 2022

- The Materiality Matrix 2022 was approved by the Board of Directors in May 2022



### ENVIRONMENTAL

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

### SOCIAL

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

### GOVERNANCE

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

### ECONOMIC

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

Source: Sika Materiality Analysis 2022. Summary Report

# PARTNERSHIPS OVERVIEW

## REPORTING STANDARDS AND FRAMEWORKS



## INITIATIVES



## INDICES

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA



## MEMBERSHIP OF ASSOCIATIONS



## RATINGS



FTSE4Good

Source: Partnerships (sika.com)

# PARTNERSHIPS ALIGNMENT WITH UN SDGs

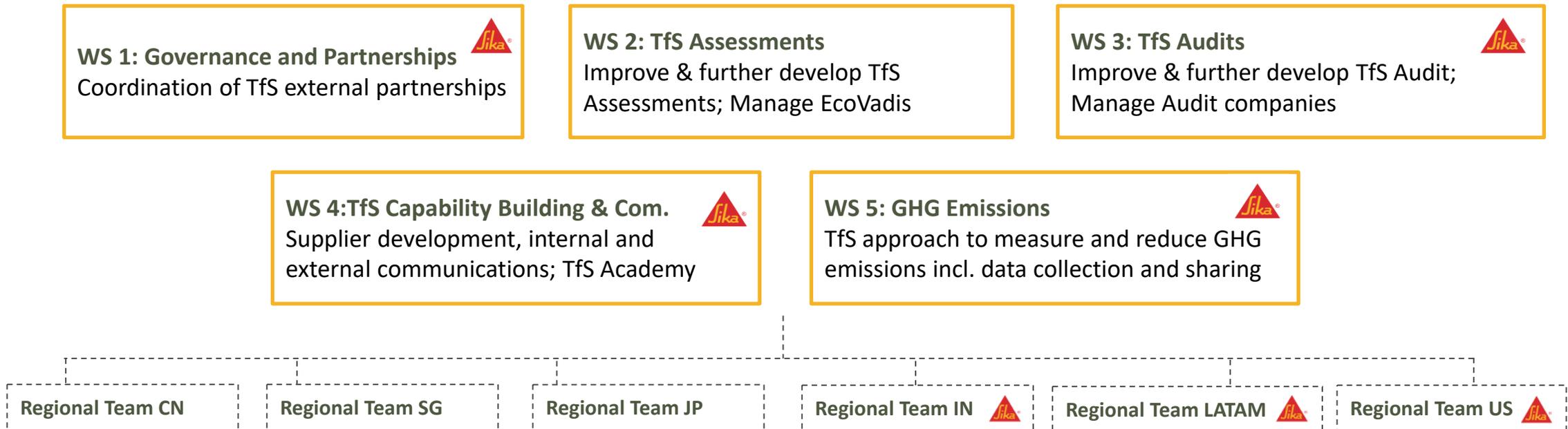


Source: UN SDGs ([sika.com](http://sika.com))

# PARTNERSHIPS TOGETHER FOR SUSTAINABILITY



Sustainability is a combined effort across the value chain. Therefore, Sika needs to partner up, leverage critical mass and expertise of the group



Source: [Together for Sustainability](#)

# PARTNERSHIPS

## TOGETHER FOR SUSTAINABILITY – WS5



- The TfS Workstream 5 Scope 3 Greenhouse Gas Emissions (GHG) is composed of four work packages:

1. *Product Carbon Footprint (PCF) Guideline*: promote PCF Guideline with chemical industry suppliers and ensure acquisition of supplier-specific data for input into Scope 3 corporate inventory and Sika PCFs in future
2. *IT Solutions*: prepare for seamless flow and exchange of PCFs between Sika and suppliers by integrating the future TfS IT solution into Sika's IT
3. *Supplier engagement toolkit*: adopt and adapt the supplier engagement toolkit that has been created by TfS WS5 to support Sika's supplier decarbonization journey (learning, handbooks, guides, etc.)
4. *Cooperation with externals*: contribute to the positioning of the TfS PCF Guideline and sharing solution as the drop-in solution for the chemical industry, in harmonization with other associations and projects in the Scope 3 and PCF space



# PARTNERSHIPS

## WBCSD



- Since 2010, Sika has been a member of the World Business Council for Sustainable Development (WBCSD)
- In 2022, Sika has started working with WBCSD and other leading companies across all industries in the SOS 1.5 project on climate value accounting (CVA)
- There is not an established corporate accounting standard about assessing, verifying, and applying avoided GHG emissions in the downstream value chain yet
- The goal is to develop a cross-industry consistent and credible methodology to measure the positive climate impacts companies bring through their products, technologies, and services to accelerate their adoption
- The outcome will be the publication of a guidance framework which will support companies in measuring, reporting, and communicating on the avoided emissions arising from the down-stream use of products, technologies, and services in a transparent and consistent manner
- It will also support companies to identify eligible and relevant avoided emissions claims

Source: [WBCSD SOS 1.5](#)

# PARTNERSHIPS

## TNFD



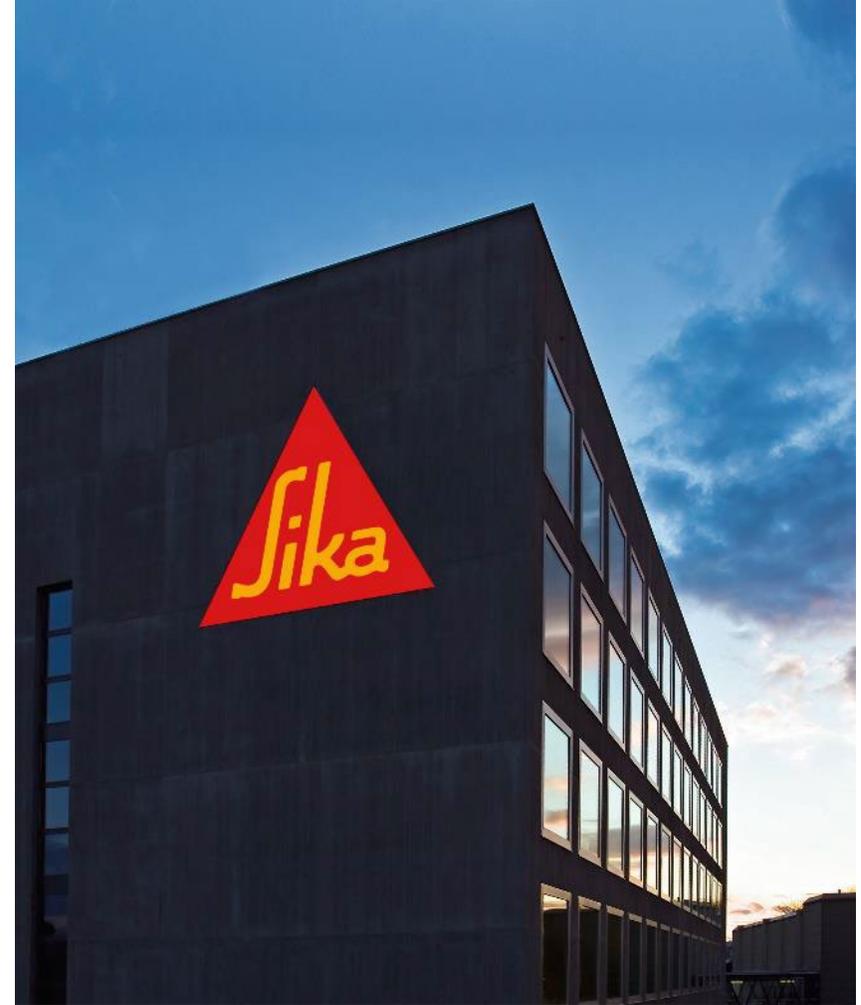
- Since September 2022, Sika is supporting the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum
- The TNFD Forum is a global multi-disciplinary consultative group of institutions with over 650 members
- Sika shares the ambition of the TNFD to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks, with the aim of supporting a shift in global financial flows toward nature-positive outcomes
- The TNFD framework adopts a four-pillar approach, structured around how organizations operate: Governance, Strategy, Risk management, Metrics and targets. This is the same structure used by the TCFD framework

Source: [Sika joins TNFD Forum to tackle nature-related risks](#)

# SIKA WAY TO NET ZERO

## COMMITTED TO REACH NET ZERO NO LATER THAN 2050

- Sika aims to be a driver of the transformation of the construction and manufacturing industry towards net zero and is committed to the net zero target by 2050 based on SBTi (Science Based Target initiative).
- Over the next 24 months, Sika will submit their targets for validation by the SBTi.
- The challenge to achieve this ambitious goal is substantial and requires all stakeholders to actively contribute.
- Sika's organic growth model will further rise the reduction goals. Sika aims to achieve a win-win environment with committed stakeholders (up and downstream).



# SIKA WAY TO NET ZERO

## SBTI SUBMISSION ON SEPTEMBER 16, 2022

Thomas Hasler, CEO	Baar	16.9.2022
<b>Signature</b>	<b>Place</b>	<b>Date</b>
Patricia Heidtman, CISO	Baar	16.9.2022
<b>Signature</b>	<b>Place</b>	<b>Date</b>

COMPANY/FINANCIAL INSTITUTION	TARGETS		
	NEAR TERM	LONG TERM	NET-ZERO
Sika AG ★ Switzerland, Europe	COMMITTED	-	COMMITTED

<b>Date published/updated</b> 2022	<b>Target summary</b> Near term: Committed
<b>Sector</b> Chemicals	<b>Net zero:</b> Committed ★ Business Ambition for 1.5°C campaign member

Neutralizing the impact of any source of residual emissions by permanently removing an equivalent volume of atmospheric CO<sub>2</sub>.

Visit the [SBTI Net-Zero webpage](#) for more Recommendations. For financial institutions, the value chain will be further developed.

**Sign the commitment**

Please sign this document and return a [commitments@sciencebasedtargets.org](mailto:commitments@sciencebasedtargets.org) before accepting and publishing commitments.

This SBTi commitment letter can be signed by a managerial level point of contact in the org

Once this commitment letter is processed and organization will be recognized as "Committee Global Compact and We Mean Business. Orga added to the UNFCCC Race to Zero website p

Company name: Sika AG

Thomas Hasler, CEO Baar  
**Signature**

Patricia Heidtman, CISO Baar  
**Signature**

**Science Based Targets Initiative COMMITMENT LETTER**

Our organization wishes to join the growing group of leading corporations that are setting emissions reduction targets in line with what climate science says is necessary. By doing so, we recognize the crucial role the business community can play in minimizing the risk climate change poses to the future of our planet.

Thereby, I am pleased to confirm that Sika AG is committing to set science-based emissions reduction targets (near-term targets), in line with the SBTi Criteria and Recommendations, submit them to the SBTi for validation and publish our approved targets, all within a maximum of 24 months.

We acknowledge that our commitment will be recognized on [sciencebasedtargets.org](https://sciencebasedtargets.org) as well as on our partner websites at We Mean Business and UN Global Compact.

In addition, to align with the most ambitious aim of the Paris Agreement and to what science dictates is necessary to reduce the destructive impacts of climate change on human society and nature - to reach net-zero global emissions by 2050 at the latest in order to limit global warming to 1.5°C - my company is committing to:

**Set net-zero targets, including a long-term science-based target:** My company commits to set a long-term science-based target to reach net-zero value chain GHGs emissions by no later than 2050 in line with the [SBTi Net-Zero Standard](#), submit it for SBTi validation and publish it, all within a maximum of 24 months. By committing to set a net-zero target, I also acknowledge that my company will be part of the Business Ambition for 1.5°C campaign. My company will also join the Race to Zero campaign.<sup>3,4,5</sup>

**Science-based targets (SBTs)** are near-term targets that meet the criteria and recommendations of the SBTi.

**Science-based net-zero targets** are longer-term targets - by 2050 at the latest. The SBTi defines the state of net-zero emissions for companies as reaching a state of no impact on the climate resulting from the organization's GHG emissions.

Reaching a status of science-based net-zero emissions implies the following two conditions:

- Achieving a scale of value chain emissions reductions consistent with the depth of abatement at the point of reaching global net-zero in pathways that limit warming to 1.5°C with no or low overshoot.

<sup>3</sup> All companies except oil and gas companies, airports and companies with >50% coal or at risk of non-parent approach will be able to join Race to Zero at this point in time. If companies have questions, please reach out to Race to Zero at [racetozero@unfccc.int](mailto:racetozero@unfccc.int) or refer to the [Business Ambition for 1.5°C Guidance and FAQs document](#).

<sup>4</sup> Companies must have valid near-term science-based targets (SBTs) that meet SBTi Criteria to be eligible for a net-zero target, unless the long-term SBT target year is 10 years or fewer from the date of submission.

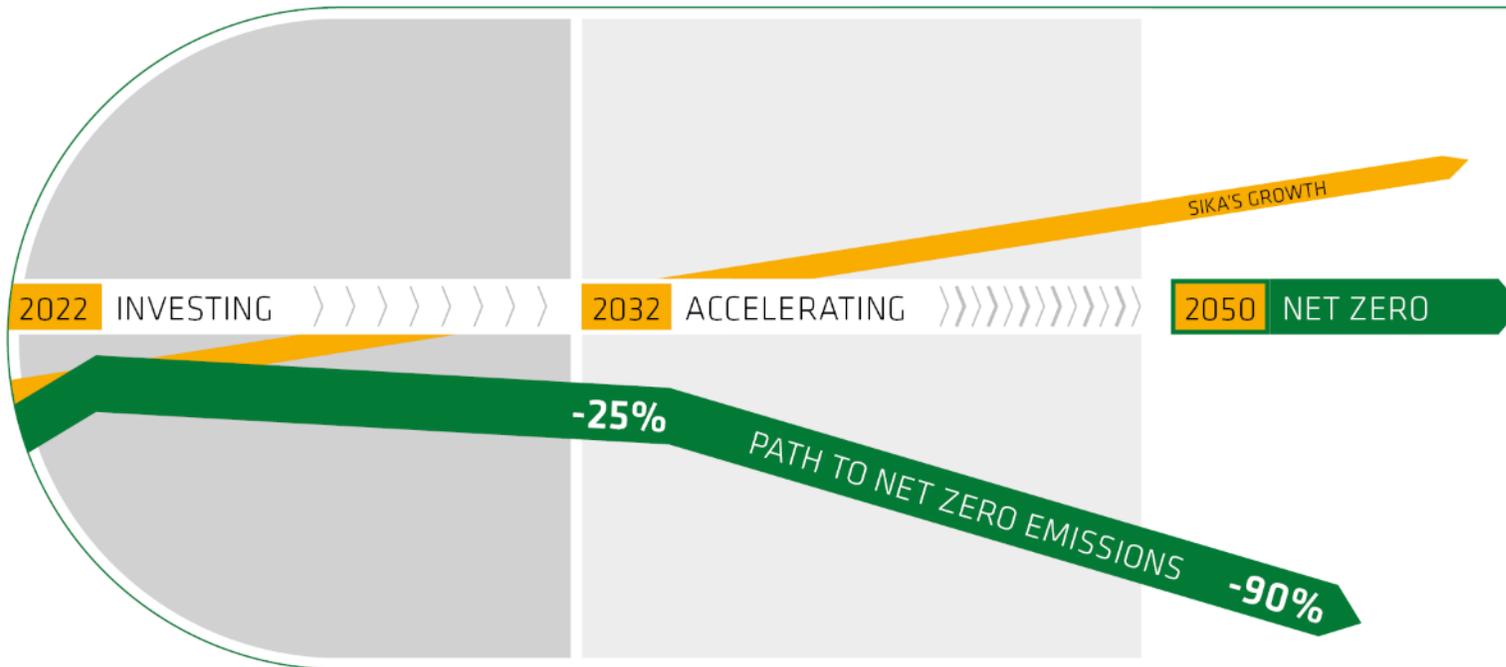
<sup>5</sup> Companies that are already part of the initiative can raise their ambition by also committing to set a net-zero target.

#OurOnlyFuture    commitments@sciencebasedtargets.org    www.sciencebasedtargets.org/ambition

SCIENCE BASED TARGETS    UNITED NATIONS Global Compact    WE MEAN BUSINESS COALITION



# SIKA NET ZERO ROADMAP



## OUR KEY LEVERS

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

Accelerated use of **alternative low carbon supplies**

Continued focus on **operational efficiencies**

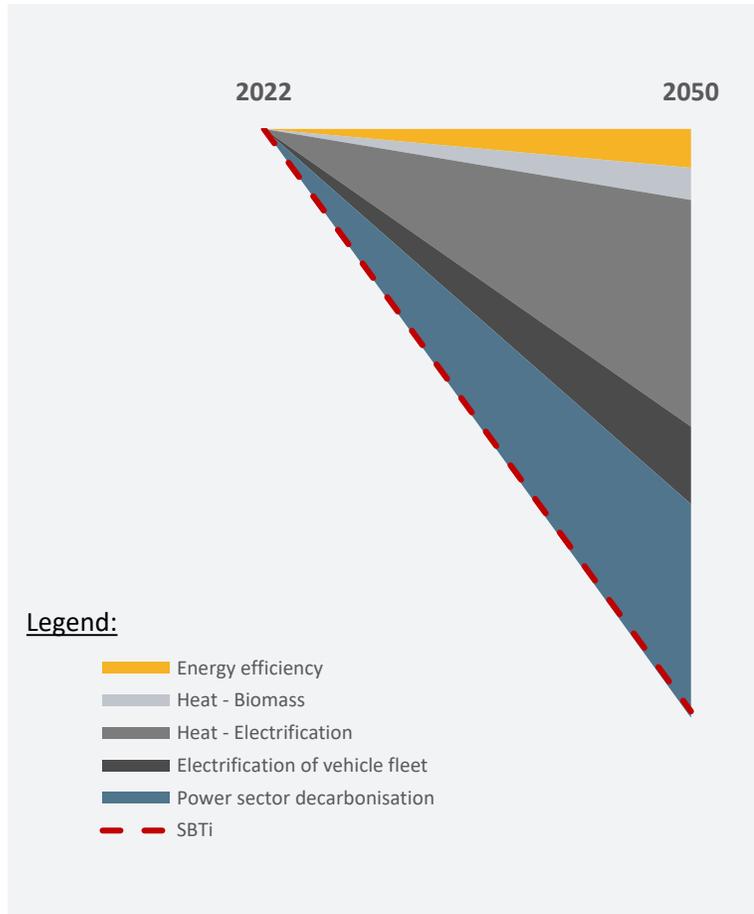
**Partnerships with key suppliers** who support Sika's path to net zero

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

# SCOPE 1 & 2

## SIKA DECARBONIZATION LEVERS

### SIKA SBTI ALIGNMENT SCENARIO



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

- 42% by 2032
- 90% by 2050

### DECARBONIZATION LEVERS UNTIL 2032

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

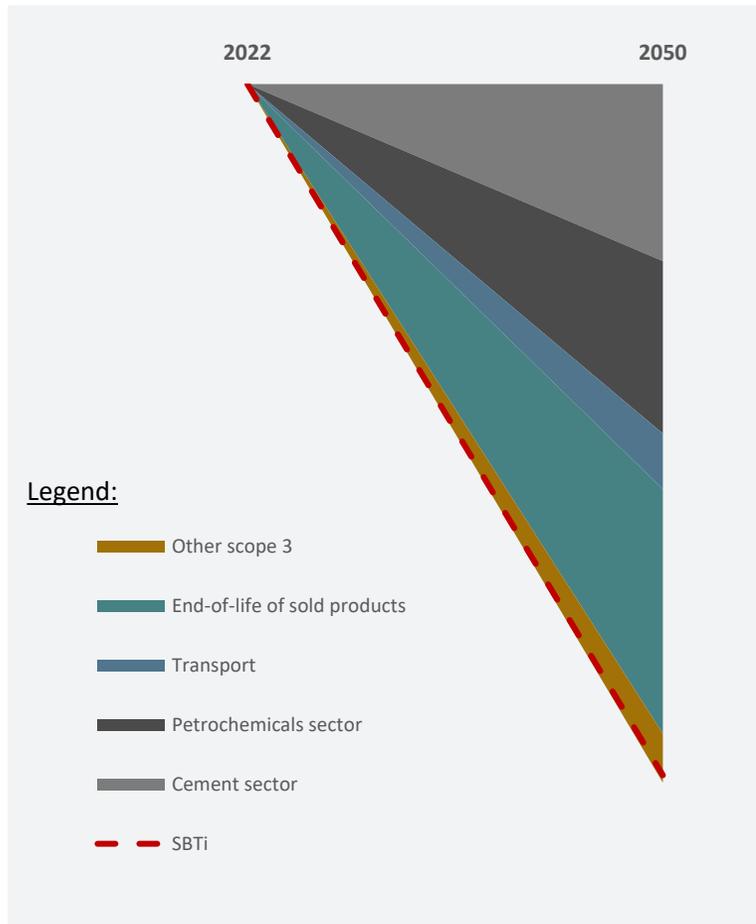
### DECARBONIZATION LEVERS UNTIL 2050

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

# SCOPE 3

## SIKA DECARBONIZATION LEVERS

### SIKA SBTi ALIGNMENT SCENARIO



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

- 25% by 2032
- 90% by 2050

### DECARBONIZATION LEVERS UNTIL 2032

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

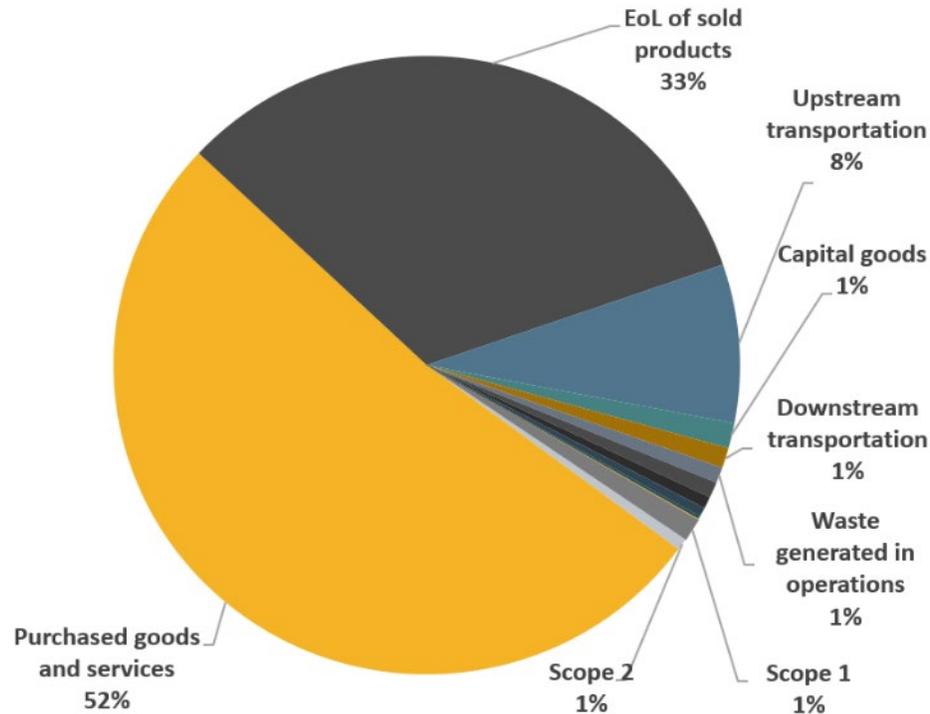
### DECARBONIZATION LEVERS UNTIL 2050

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

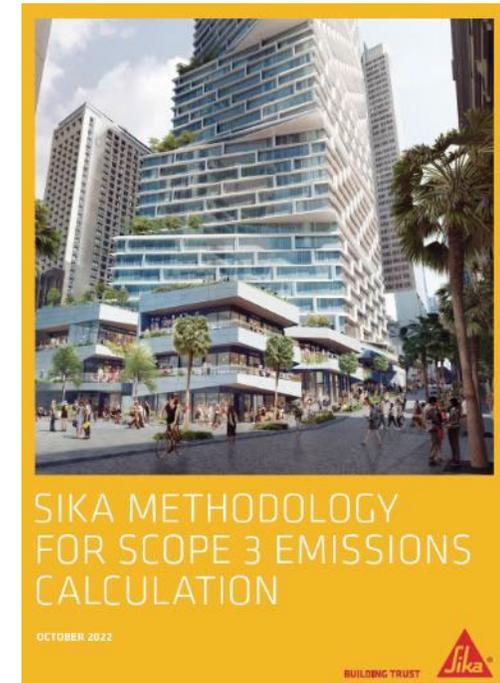
# METHODOLOGY

## SCOPE 3 METHODOLOGY PAPER

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



**SCOPE 1:** 156  
**SCOPE 2:** 82  
**SCOPE 3:** 12,315  
**TOTAL:** 12,553 ktCO<sub>2</sub>-eq



Source: [Methodology scope 3 emissions calculation.pdf](#)

# SIKA ENABLES DECARBONIZATION FOR A SUSTAINABLE FUTURE

## Construction

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



**Huge opportunity as potential for progress is immense**



## Automotive

Road traffic responsible for **20% of global CO<sub>2</sub>**



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



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



**480** ktons of CO<sub>2</sub>

In Year 2025 reduction  
feasible on global level.

- To achieve long-term target of -90% for Scope 3 emissions by 2050, Sika needs to find **alternative raw materials** that would **replace virgin cement**.
- **The replacement** of 1 ton of Portland cement by 1 ton of SCM saves **770kg of CO<sub>2</sub> eq**
- A **roadmap** focusing on Cementitious Materials is currently **under development**.
- Current substitution rates: **30% to 50%** with **no compromise** on quality, performance and ease of application.

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



**49** ktons of CO<sub>2</sub>

In Year 2032 reduction  
feasible on global level.

## RECYCLE OF SOLD PRODUCTS

- Shifting from incineration to recycling reduces emissions: 1.8 kg CO<sub>2</sub> eq per 1 kg of PVC Membranes

## PURCHASED GOODS

- Replacement of fossil-based polymers by recycled membrane: 1.8 kg CO<sub>2</sub> eq per 1 kg savings for recycling-PVC

## CASE PVC USA

- US recycled 350 tons PVC roofs in 2021
- Target: Scale up to 10% PCR in PVC for 2032
- **Resulting reduction 15 ktons CO<sub>2</sub> eq**

# EXAMPLE CIRCULAR ECONOMY – SUSTAINABLE DEVELOPMENT

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

reCO<sub>2</sub>ver<sup>®</sup>

contributes to circular  
economy in construction



- Segregates concrete back to its original ingredients to be re-used for new high-grade concrete
- This unique process includes sequestration of CO<sub>2</sub> and produces high quality SCM powder which allows reduction of cement in new concrete

# EXAMPLE CIRCULAR ECONOMY – SUSTAINABLE DEVELOPMENT ENABLING OUR CUSTOMERS TO SAVE CO2 EMISSIONS



**7,505** tons of CO<sub>2</sub>  
emissions saved

## UPCYCLING EXISTING STRUCTURES

- Retaining 98% of the original core
  - Saving time
  - Saving AUD 130,000,000
- 
- Sika structural strengthening systems were a major factor in the ability to increase the height and floor plate of the building

# OUR COMMITMENT

## OUR PEOPLE DRIVE OUR SUSTAINABLE DEVELOPMENT

**NEEDS SKILLS**



**TAKES A TEAM**



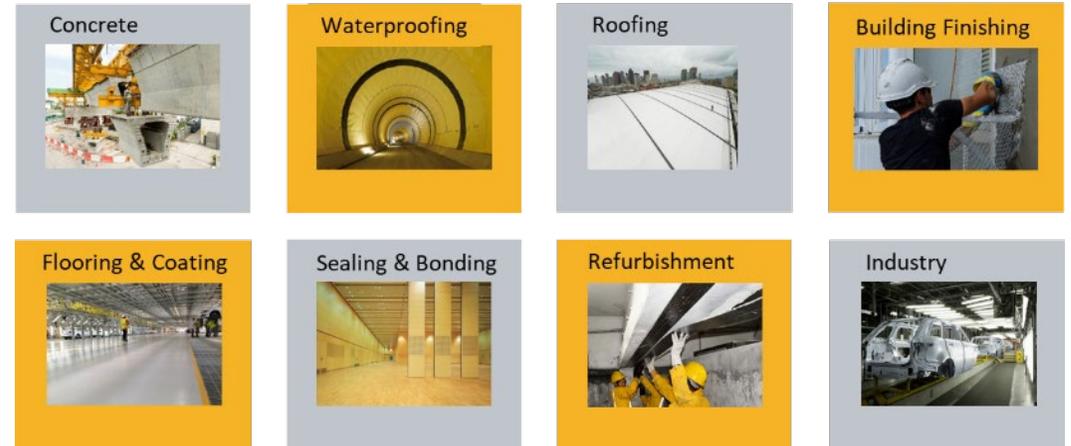
**IS AN OPPORTUNITY**



# PRODUCT SUSTAINABILITY

# PRODUCT SUSTAINABILITY CONTRIBUTION TO GROWTH STRATEGY

- Sustainability is an integral part of Sika's innovation strategy. A large part of the portfolio contributes with a positive sustainability impact.
- Sika's goal is to manage innovation and sustainability, minimizing risks and maximizing opportunities



70% of sales generated by products with a positive sustainability impact

Climate

Energy

Resources

Air Quality

Health & Safety

Green Building

Sustainability Portfolio Management (**SPM**) is the framework used to innovate, evaluate, classify, and market sustainable solutions.

Sika is one of the first companies within the specialty chemicals and building materials sector to develop and implement the SPM Concept based on the WBCSD PSA framework

# SPM

**Sustainability  
Portfolio  
Management**

# PRODUCT SUSTAINABILITY

## MORE PERFORMANCE, MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

PERFORMANCE SOLUTION

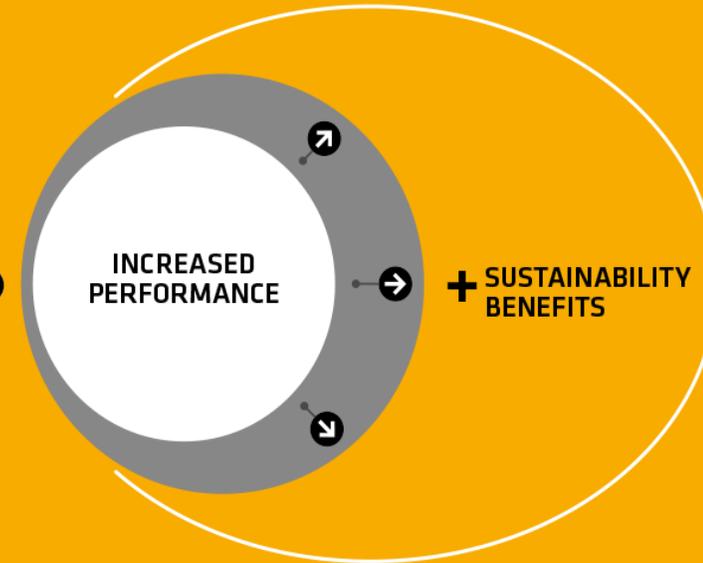


FOCUS ON ADDED VALUE

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



PERFORMANCE AND SUSTAINABILITY SOLUTION



Key: Cost Performance and Customer Value

# PRODUCT SUSTAINABILITY

## SPM – PRODUCT CLASSIFICATION

SPM Evaluation

Sustainable Solutions

### 12 Sustainability Categories

Supplier Sustainability	Chemical Hazard & Exposure	Reputational Risks
Regulatory Trends	Climate	Air Quality & Emissions
Energy	Health & Safety	Resources
Packaging	Green Building Standards	Cost Savings Downstream

### 6 Performance Categories

Technical Performance	Ease of Application	Durability
Aesthetics	Additional Features	Cost Benefits

Clear product labeling for SPM assessed products



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

# PRODUCT SUSTAINABILITY

## FIRST PRODUCTS WITH SPM CLASSIFICATION LAUNCHED

MORE PERFORMANCE  
MORE SUSTAINABLE

SIKAGARD®  
-5500



FIRST BIOMASS-BASED  
CONCRETE PROTECTIVE  
COATING IN THE MARKET

- 100% renewable resources
- 80% recycled plastics in the packaging
- **30% reduced carbon footprint**
- LEED accreditation
- 20% time saving in application

MORE PERFORMANCE  
MORE SUSTAINABLE

SIKAGROUT®  
-800



SUSTAINABLE HIGH  
PERFORMANCE  
CEMENTITIOUS GROUT

- High mechanical performances
- Time-saving application
- Reduced dust formation during mixing
- **30% reduced carbon footprint**

To be launched

MORE PERFORMANCE  
MORE SUSTAINABLE

SIKAGROUT®  
-3320



ONSHORE WIND GROUT  
WITH REDUCED CARBON  
FOOTPRINT

- No cracking, high performance
- **~40% less CO<sub>2</sub>** in comparison with benchmark
- Reduced dust formation during mixing

To be launched

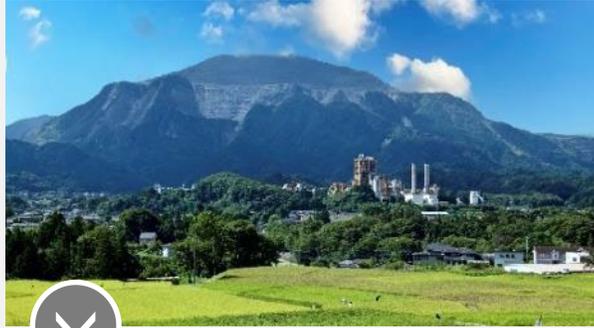
# SIKA ENABLES DECARBONIZATION SOLUTIONS TO DRIVE A SUSTAINABLE FUTURE

## 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**

# SIKA ENABLES DECARBONIZATION

## SIKA REPAIR SOLUTIONS PROLONG THE LIFETIME OF STRUCTURES

Sika solutions for repair and refurbishment

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

Sika repair systems

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

Sika's offering includes:

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



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

Sika cement technology allows for significant

## REDUCTION OF CEMENT CONTENT

enabling replacement of cement with supplementary cementitious materials (SCM)



High-strength concrete with concrete admixtures

Sika® ViscoCrete®

## REDUCES CONCRETE CONSUMPTION

as thinner constructions are possible

Sika® ViscoCrete® technology

enables **UP TO 40%**

## REDUCTION OF WATER

content in concrete



# SIKA ENABLES DECARBONIZATION

## 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

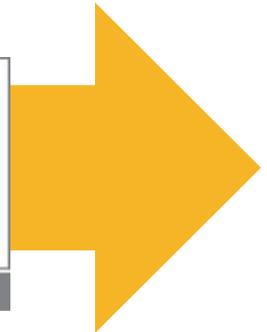
### Longevity

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

**Recycling** process contributes to circular economy in construction

# SIKA ENABLES DECARBONIZATION SAVING RESOURCES WITH INNOVATIVE ROOFING SOLUTIONS

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



# SIKA ENABLES DECARBONIZATION ENABLING CONSTRUCTION OF LIGHTWEIGHT AND ELECTRIC VEHICLES

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

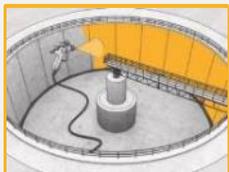
**INCREASE SAFETY AND LONGEVITY** of e-motors and batteries

**ACOUSTIC AND REINFORCNG** parts support lightweight and e-vehicle construction



# SIKA ENABLES WATER MANAGEMENT CLEAN WATER FOR MILLIONS OF PEOPLE

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



Concrete Solutions



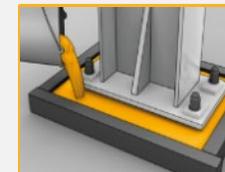
Waterproofing Solutions



Anchoring



Flooring & Roofing



Grouting



Sealing & Bonding

# SOCIAL RESPONSIBILITY

BUILDING TRUST



# HEALTH AND SAFETY

## OCCUPATIONAL SAFETY STRATEGIC TARGET

### OCCUPATIONAL SAFETY

Sika employees leave the workplace healthy

#### TARGET 2023

- 50% less accidents
- 0 fatalities

- In the sustainability strategy Sika has clearly communicated its safety targets
- Sika employees must leave the workplace healthy
- Sika Vision zero program to improve leadership commitment and employee participation
- EHS Management tool implemented in 2022, to report, manage, analyze, and share EHS observations, near misses, and incidents
- In 2022, Sika launched a Safety campaign and a full-scale Global Safety Survey for all Sika employees distributed in 34 languages

3 GOOD HEALTH AND WELL-BEING



# HEALTH AND SAFETY

## SIKA SAFETY CAMPAIGN 2022

CARING FOR EMPLOYEES  
BEYOND THE EXPECTED.



WE DO NOT COMPROMISE ON SAFETY AND SECURITY TO  
ENSURE THAT OUR EMPLOYEES CAN RETURN TO THEIR  
FAMILIES SAFELY AFTER THEIR WORK IS DONE.

BUILDING TRUST 

CARING FOR EMPLOYEES  
BEYOND THE EXPECTED.



NEVER COMPROMISE ON SAFETY - FOR YOURSELF AND THE ONES WHO RELY ON YOU.

SIKA VISION ZERO 

CARING FOR EMPLOYEES  
BEYOND THE EXPECTED.



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SIKA VISION ZERO 

# COMMUNITY ENGAGEMENT

## BUILDING TRUST AND CREATING VALUE

### COMMUNITY ENGAGEMENT

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

#### TARGET 2023

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



- Focus on three fields of activity:
  - Buildings and infrastructure
  - Education and vocational training
  - Water and climate protection
- 2021 figures:
  - 44,188 individuals were benefiting of the Community Engagement Program
  - 242 projects were carried out in and for local communities
  - 1,392 working days of employees were dedicated to volunteering work

# COMMUNITY ENGAGEMENT

## SIKA CARES COMMUNITY ENGAGEMENT PROGRAM

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

Thematic Focus	Structure	Stakeholders
<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <li>▪ Centralized fund</li> <li>▪ Owner: CEO</li> <li>▪ Managed by Corporate Communications, Innovation &amp; 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>▪ Local residents or area-based groups</li> <li>▪ Communities of interest</li> <li>▪ Ethnic and cultural groups</li> <li>▪ Local community and voluntary groups</li> <li>▪ Web-based or virtual groups</li> <li>▪ Employees</li> <li>▪ External engagement partners</li> </ul>
<h4>Reporting and Communication</h4>		<h4>Direct beneficiaries</h4>
<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>		<ul style="list-style-type: none"> <li>▪ People engaged in the project</li> <li>▪ Who benefits from the project</li> <li>▪ People affected, directly or indirectly, by the project.</li> </ul>

# COMMUNITY ENGAGEMENT REFERENCE PROJECTS

## ELLA CONSTRUYE, SPAIN



### Thematic Focus

- Education

### Direct beneficiaries

- 70 women

### ABOUT THE PROJECT

- Promotion of gender diversity in the construction business. Promote 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.

# COMMUNITY ENGAGEMENT REFERENCE PROJECTS

## FUNDACION ALIANZA SUIZA, ECUADOR



### Thematic Focus

- Health / Children

### Direct beneficiaries

- 215 children
- 40 teenagers

### ABOUT THE PROJECT

- Sika Ecuador is cooperating with the Fundación Alianza Suiza together with other 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.

# COMMUNITY ENGAGEMENT REFERENCE PROJECTS

## CHONBURI, THAILAND



### Thematic Focus

- Education / Children
- Infrastructure

### Direct 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.

# 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

## BOARD OF DIRECTORS (BoD)

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

	Annual board retainer	+	Annual committee fees
	50% in cash – 50% in restricted share units <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

## GROUP MANAGEMENT

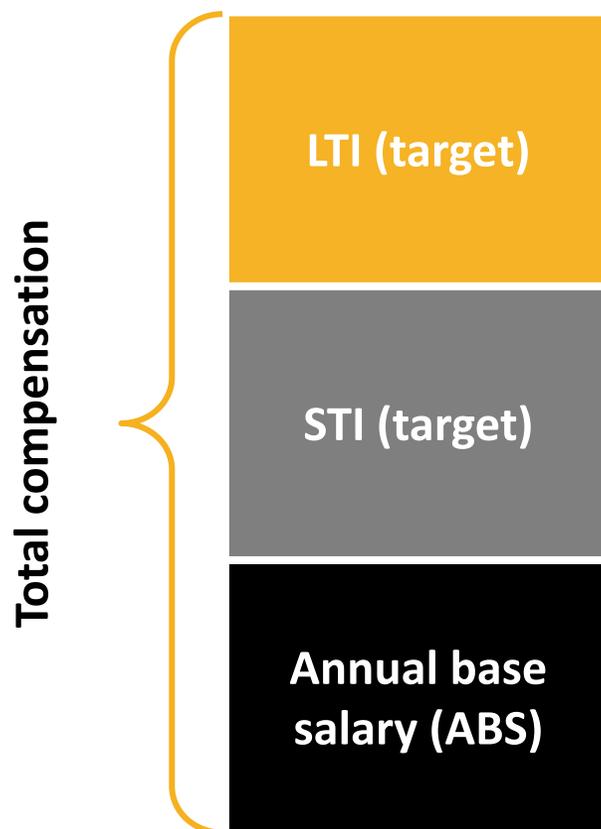
The compensation system is **well-balanced** and **unique** in terms of performance measurement (high proportion of STI and LTI based on performance relative to peers)

	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

## BoD AND GROUP MANAGEMENT

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



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

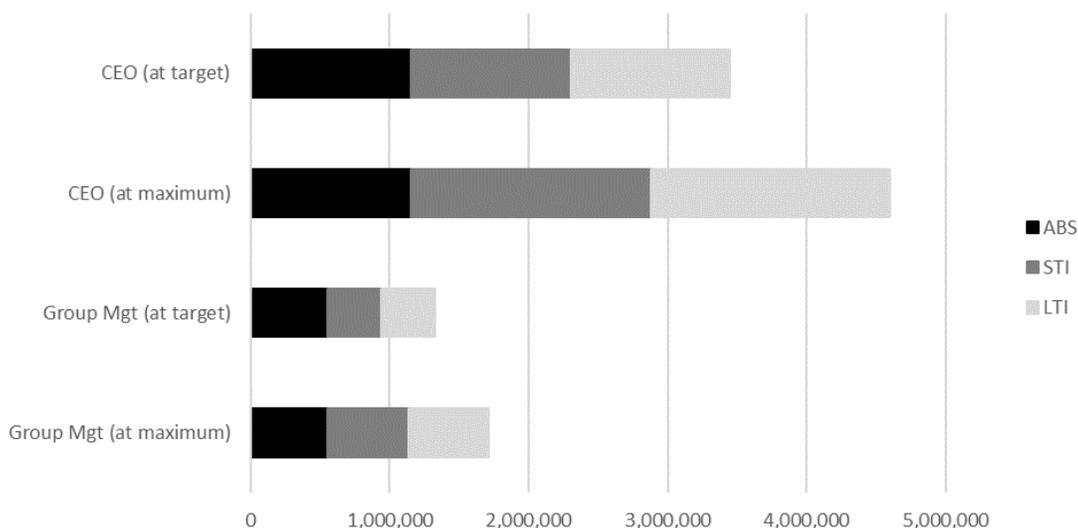
**Median performance = median compensation**

# COMPENSATION MIX

## GROUP MANAGEMENT

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

### Pay-for-performance



#### Notes:

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

### Mitigators

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

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

**Shareholding requirements** of 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 GROUP MANAGEMENT

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)



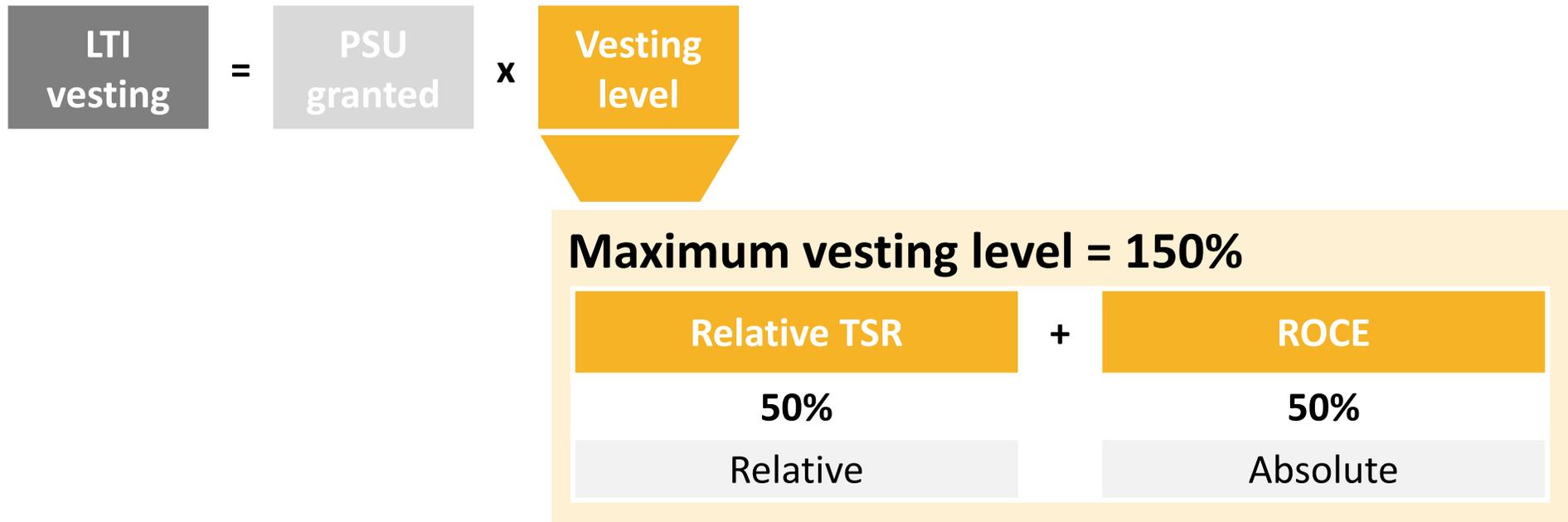
## Maximum payout factor = 150%

	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

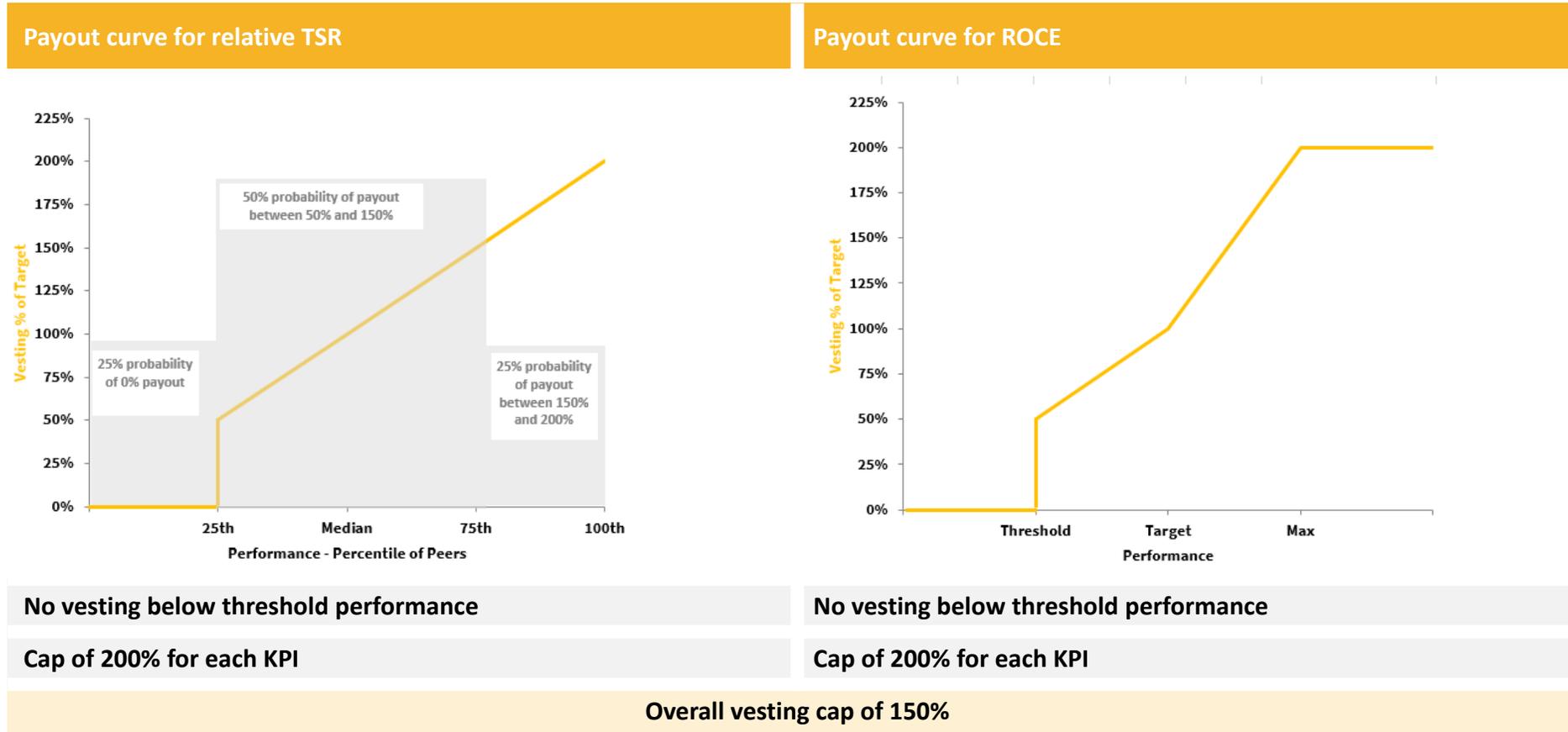
# LONG-TERM INCENTIVE GROUP MANAGEMENT

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



# LONG-TERM INCENTIVE PERFORMANCE MEASUREMENT

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



# COMPENSATION SYSTEM SUMMARY

The BoD 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)**

LINKS & ANNEX

BUILDING TRUST



# LINKS

## PUBLICLY AVAILABLE INFORMATION (NON-EXHAUSTIVE)

### Governance

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

### Corporate culture

- [Values & Principles](#)
- [Diversity](#)

### Growth and Sustainability Strategy

- [Business Growth Strategy](#)
- [Sustainability Strategy](#)

### Materiality analysis

- [Sika Materiality Analysis 2022](#)

### Sika and the UN SDGs

- [UN SDGs](#)

### Partnerships

- [Partnerships](#)
- [Together for Sustainability \(TfS\)](#)
- [TfS PCF Guideline 2022](#)
- [WBCSD SOS 1.5](#)
- [Sika joins TNFD Forum to tackle nature-related risks](#)

### Net zero

- [Sika Capital Markets Day 2022](#)
- [Sika's Way to Net Zero](#)

### Product sustainability

- [Sustainability Portfolio Management](#)

### Social responsibility

- [Health and Safety](#)
- [Community Engagement and Volunteerism](#)

### Reporting

- [Sika Business Year - Annual Report 2021](#)
- [Sika ESG Key Indicators 2017-2021](#)
- [Sika methodology scope 3 emissions calculation](#)

\* The revised Code of Conduct 2022 will be published on the corporate website in January 2023

# ANNEX

## 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>

# ANNEX

## 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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# ANNEX

## 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>

# ANNEX

## RISK MANAGEMENT ALONG THE ENTIRE VALUE CHAIN

<b>Talent shortage</b>	Challenge to attract and retain talent. Sika's growth will require a strong pipeline of future successors for business-critical key positions.	<ul style="list-style-type: none"><li>– 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.</li><li>– Embedding Sika employer branding concept in all recruitment activities and redefining recruitment strategy of talents at all hierarchy levels.</li><li>– 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.</li><li>– Policies for international assignments to provide more flexibility and adapting to the business needs.</li><li>– Integrating SuccessFactors as a global HRIS database to enhance people analytics and provide cross-regional alignment across talent population.</li></ul>
<b>Business interruption</b>	Business interruptions can jeopardize daily business continuity and impact operational business profit.	<ul style="list-style-type: none"><li>– Crisis management on a country level allows for a swift adaptation to meet country-specific events and regulations.</li><li>– Corporate Crisis Management organization steers and monitors execution on local level.</li><li>– Ensure sufficient liquidity of the Sika Group and subsidiaries with diverse sources of funding from either capital markets or local banks.</li><li>– Existence of a corporate insurance program with worldwide coverage.</li></ul>

# ANNEX

## 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.
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# ANNEX

## 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>

# ANNEX

## 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>

# ANNEX

## 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.
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# ANNEX

## 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>

# ANNEX

## 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.

# ANNEX

## 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.

# ANNEX

## 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.

# ANNEX

## 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

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- 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.

# ANNEX

## 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.



THANK YOU

BUILDING TRUST



# FORWARD-LOOKING STATEMENT

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

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

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