



SIKA – COMMITTED TO SUSTAINABLE PERFORMANCE

NOVEMBER 2019

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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

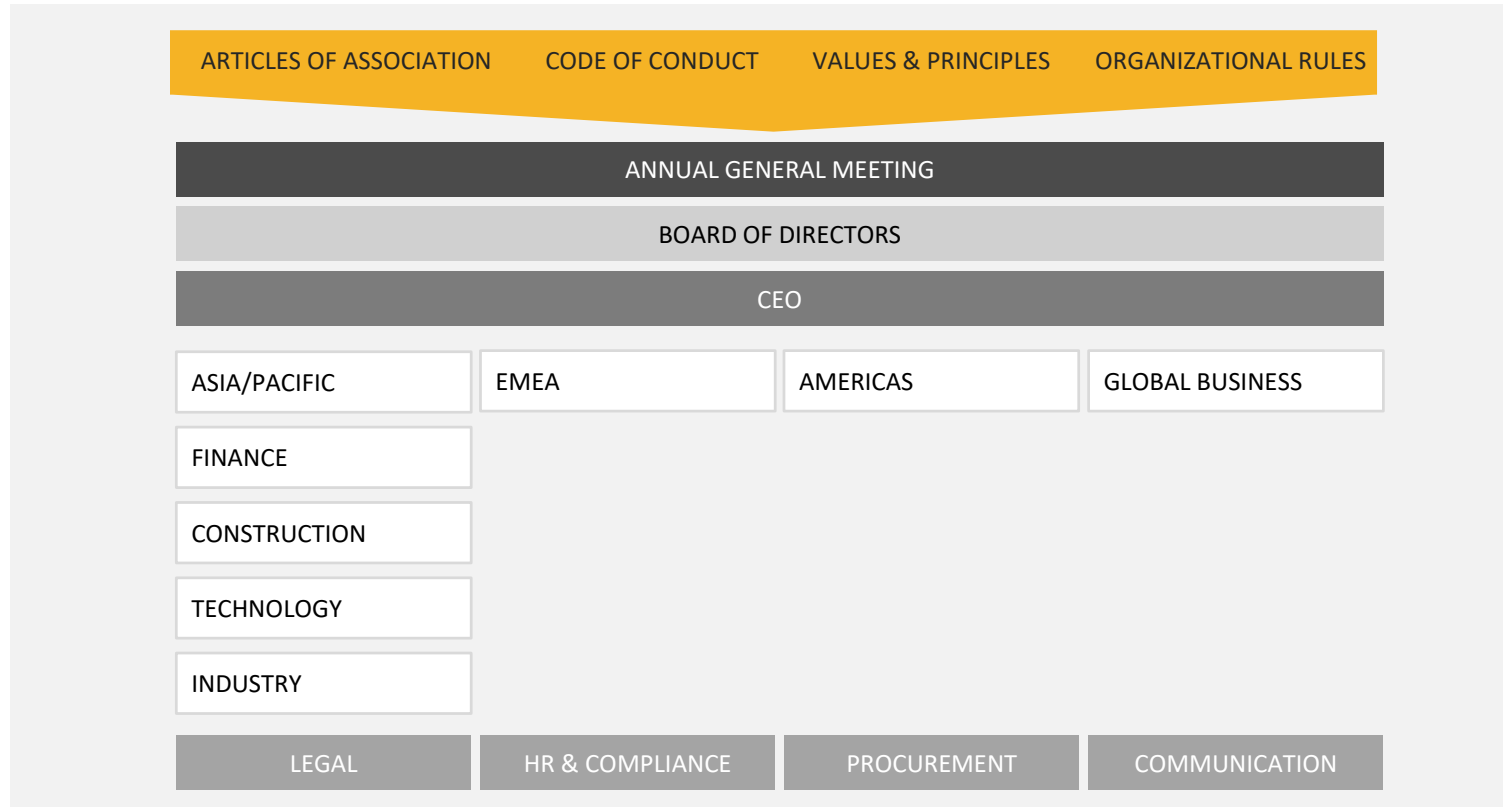
Corporate Governance at Sika:

- 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)
- 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 37 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)
- In 2018, the Code of Conduct e-learning program won the "Silver" Brandon Hall Award in the "Best Compliance Training" category



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										
Senior Leadership (CEO/Chairman)										
Global Organization										
Entrepreneurship										
Skill/Expertise										
Financial/Audit										
Strategy/Consulting										
Business Development/M&A										
HR/Management Development/Human Capital										
Brand Marketing/Sales										
Technology/Innovation										
Digital/E-Commerce										
Geographical										
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 taken to reduce the probability of, or 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 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. 2018: 73 supplier audits executed. Around 2/3 of the materials used in production are crude oil based. R&D pursues activities to increase use of renewable raw materials. 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. A high number of Sika production companies are ISO 9001:2015 (quality management), ISO 14001:2015 (environmental protection), and 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% 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 50/50.

Financial risks



Prudent balance sheet policy with an A- / stable Standard & Poor's rating being of high importance

BOARD RESPONSIBILITIES

CAPITAL ALLOCATION FOR SUSTAINABLE GROWTH

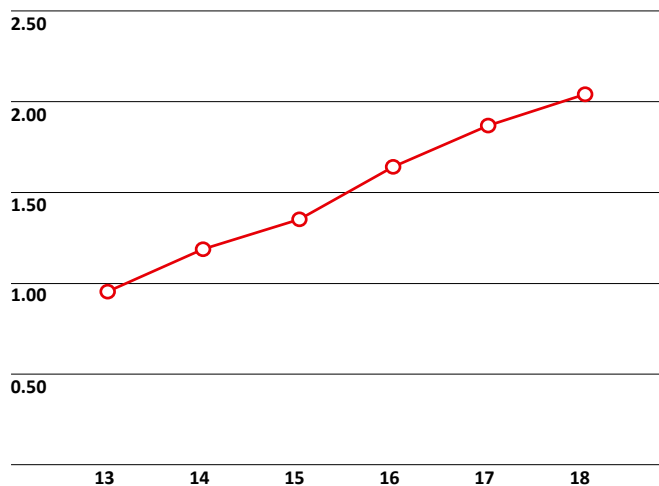
The strategic planning of capital allocation aims to ensure the sustainable growth of Sika. It is a well-balanced approach which considers the interests of all stakeholders and all drivers for growth and profitability.

- Investments in R&D for a full pipeline of high-performing, sustainable innovations
- Expansion of geographical production footprint to fully capture market potential
- Initiatives for environmental protection, health and safety as well as efficiency measures at Sika sites worldwide
- 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 over the past few years. 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

2013-2018:

- 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 customer's 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 management running country organizations. (72 expats of 25,000 employees)
- 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 fluctuation rate of 6.9% (2017: 6.2%)
- Exceptionally high employee engagement rate (86%) confirmed by global employee survey conducted in 2019
- 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



GLOBAL BUT LOCAL

THE SIKA STRATEGY AND ITS DECENTRALIZED IMPLEMENTATION



TARGET MARKETS

WHAT



NATIONAL SUBSIDIARIES

HOW



STRATEGIC OPPORTUNITIES

WHO/WHEN



DIVERSITY

ONE OF SIKA'S SUCCESS FACTORS

SIKA FIRMLY BELIEVES THAT THE DIVERSITY EXPERIENCED BY EMPLOYEES ON A DAILY BASIS IS ONE OF THE FACTORS OF ITS SUCCESS

Proportion of women
22.3%

49 nationalities
among Senior Managers

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

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

Zero tolerance with regard to harassment and
discrimination

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

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**

Various initiatives across the world to **attract, retain** and **promote** women

GENDER DIVERSITY

DISTRIBUTION OF WOMEN IN SIKA

Representation of women in total work force: **22.3%**

Representation of women according to level

Senior Management	9.1%
Management	20.7%
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

- Communication of strong values and employee testimonials featuring women lead to more applications by women
- Women@Sales in Latin America: an 18 month traineeship incorporates work experience, technical training, and soft skill development in order to encourage young women to pursue a career in sales

RETAIN AND PROMOTE

- Women@R&D, Women@Finance: programs for talented women working as R&D chemists and in finance in Latin America with the target to develop and promote to management positions
- Women@Sika Forum: launched in 2019, brings together women from all over the world and from different functions with the aim to promote female talents by providing a platform for networking and a forum for developing initiatives to enhance gender diversity

Furthermore: Various initiatives to offer equal opportunities



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**
- ✓ 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

The compensation benchmarking for Board and Group Management remuneration is based on a **relevant peer group**

ABB	Adecco	Barry Callebaut	Clariant	Geberit
Givaudan	Kuehne + Nagel	LafargeHolcim	Lindt	Lonza
Richemont	Schindler	SGS	Sonova	Straumann
Swatch	Swisscom			

in CHF mn	Market cap	Revenue	Headcount (#)
3rd quartile	21,673	15,456	66,750
Median	16,529	6,836	19,774
1st quartile	10,308	5,201	12,854
Sika	17,666	6,724	19,697

Balanced peer group in terms

of:

- Market capitalization
- Revenue
- Headcount

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)

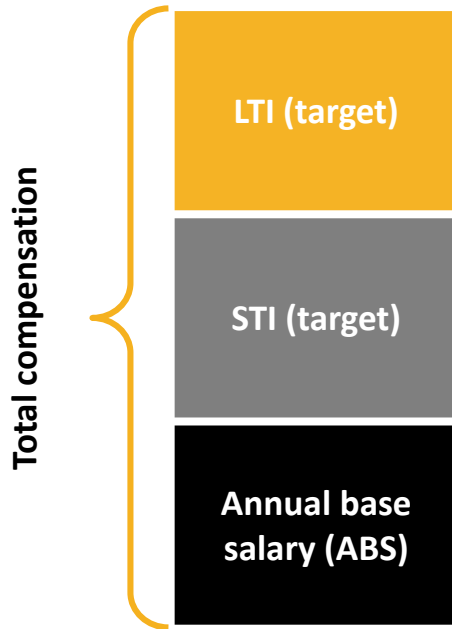
COMPENSATION SYSTEM OF THE GROUP MANAGEMENT

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



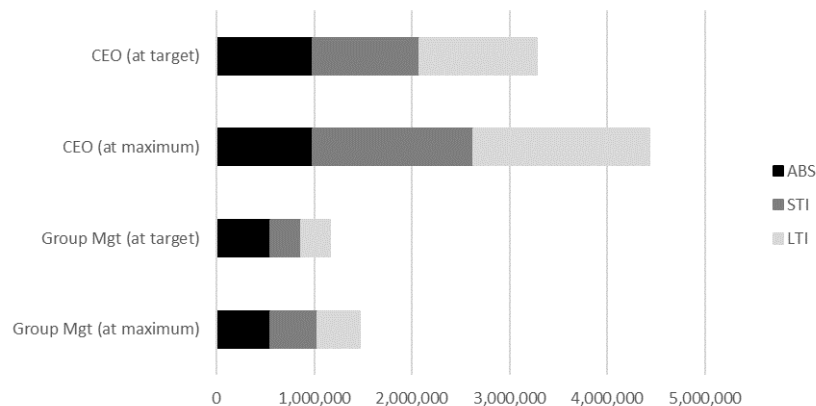
- Target compensation is benchmarked against the market **median**
- **Outperformance** results in above-median compensation due to higher incentive payouts
- **Underperformance** results in below-median compensation due to lower incentive payouts

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 GM 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 60%	+	Individual performance 40%
Top line	20% Relative sales growth		
Bottom line	40% Relative EBIT growth		Group or regional EBIT
Working capital			Group or regional NWC
Non-financial			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

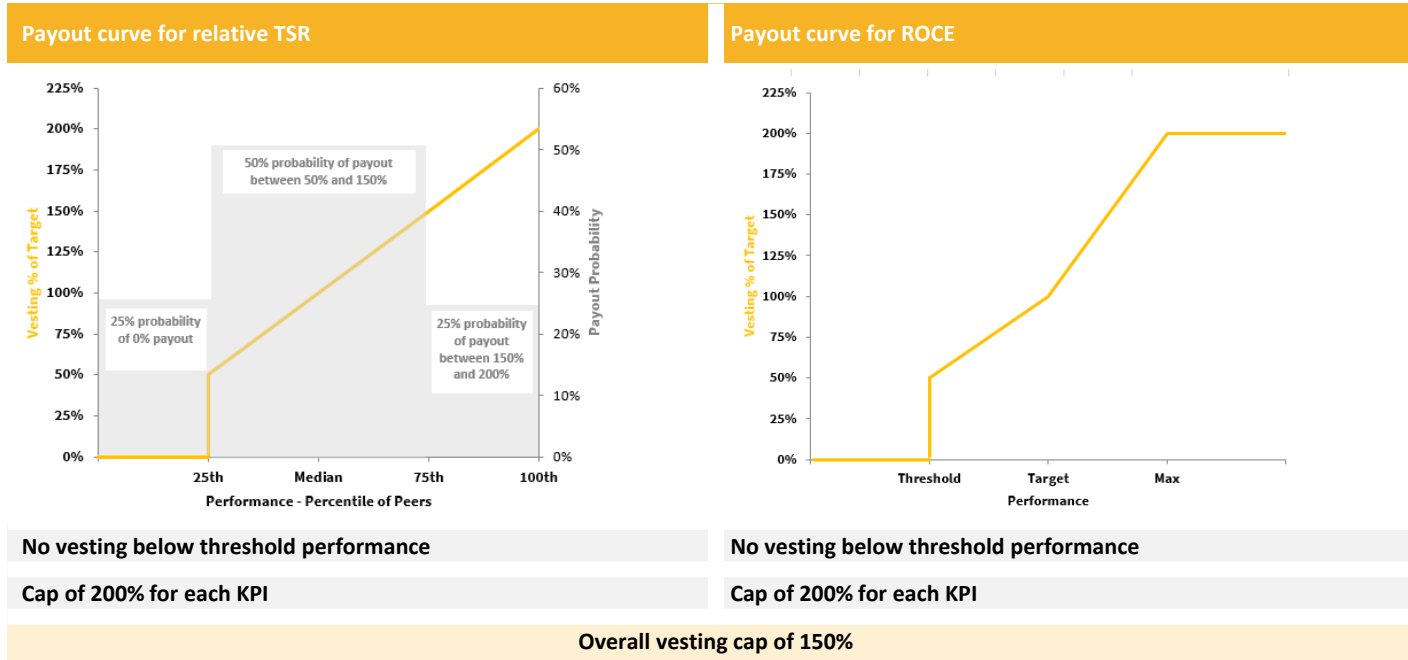


Maximum vesting level = 150%

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

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)**

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

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
- Materiality analysis with stakeholders conducted on a regular basis
- Sustainability is an integral part of the innovation process and development of new products

SUSTAINABILITY AS A BASIC PRINCIPLE OF THE STRATEGY

BUSINESS PRINCIPLES AND STRATEGIC TARGETS

Business Principles Based on UN SDGs

- Based on 8 UN Sustainable Development Goals (SDGs), adopted by all United Nations member states in 2015.



**Good Health
And Well-Being**



**Industry, Innovation
and Infrastructure**



**Quality Education
and Learning**



**Sustainable Cities
and Communities**



**Clean Water and
Sanitation**



**Responsible
Consumption and
Production**



**Decent work and
Economic Growth**



Climate Action

- Positively influence the SDGs by working in a responsible way.



Carbon Emissions / Sustainable Solutions / Operational Efficiency

- Strategic Goal:** Sika will commit to the Science Based Targets Initiative (SBTi) - a key element to meet the Paris Agreement on climate change (COP 21) by 2035. Sika will reduce CO₂ emissions per ton sold.
- Innovation:** All new products will be more sustainable in combination with better performance.
→ **Performance AND sustainability concept**
- Operational Efficiency:** Sika will strategically invest into improving energy and CO₂ efficiency, using electricity from renewable sources, reducing waste and initiating EHS initiatives as part of the Sika Strategy 2023.
→ **continuous improvement of manufacturing footprint**

SUSTAINABILITY AS A BASIC PRINCIPLE OF THE STRATEGY

«MORE VALUE LESS IMPACT» – KEY MOVES

<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 ■ All new product developments with "Sustainable Solutions" until 2023</p>	<p>CLIMATE PERFORMANCE We run our business in a responsible way and mitigate climate change and its impacts.</p> <p>TARGET ■ 12% reduction of CO₂-emissions per ton sold until 2023</p>	<p>COMMUNITY ENGAGEMENT We build trust and create value – with customers, communities, and with society.</p> <p>TARGET ■ 10,000 working days of volunteering work per year ■ 50% more projects ■ 50% more direct beneficiaries</p>
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MORE VALUE

LESS IMPACT

<p>ENERGY We manage resources and costs carefully.</p> <p>TARGET ■ 15% less energy consumption per ton sold ■ 50% renewable electricity rate</p>	<p>WASTE / WATER We increase material and water efficiency.</p> <p>TARGET ■ 15% less waste generation per ton sold ■ 25% higher recycling rate of total waste ■ 15% less water consumption per ton sold</p>	<p>OCCUPATIONAL SAFETY Sika employees leave the workplace healthy.</p> <p>TARGET ■ 50% less accidents ■ 0 fatalities</p>
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Continue with «More Value Less Impact» framework

- Materiality Analysis 2018 confirmed «More Value Less Impact» Strategy
- Extended focus areas with enhanced initiatives and target setting
- Communication framework to be intensified



5 key moves to support the Sika Growth Strategy 2023

- 1 Sustainable Solutions:** Performance AND Sustainability
- 2 Climate Performance:** Program to drive CO₂ performance in operations
- 3 Community Engagement:** Business-related projects
- 4 Energy/Waste/Water:** Drive efficiency improvements in operations by benchmarking best practice and per segment
- 5 Safety:** Further improve safety focus: no fatalities, set programs to reduce accidents

SUSTAINABILITY AS A BASIC PRINCIPLE OF THE STRATEGY

SUSTAINABILITY TARGETS

- 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

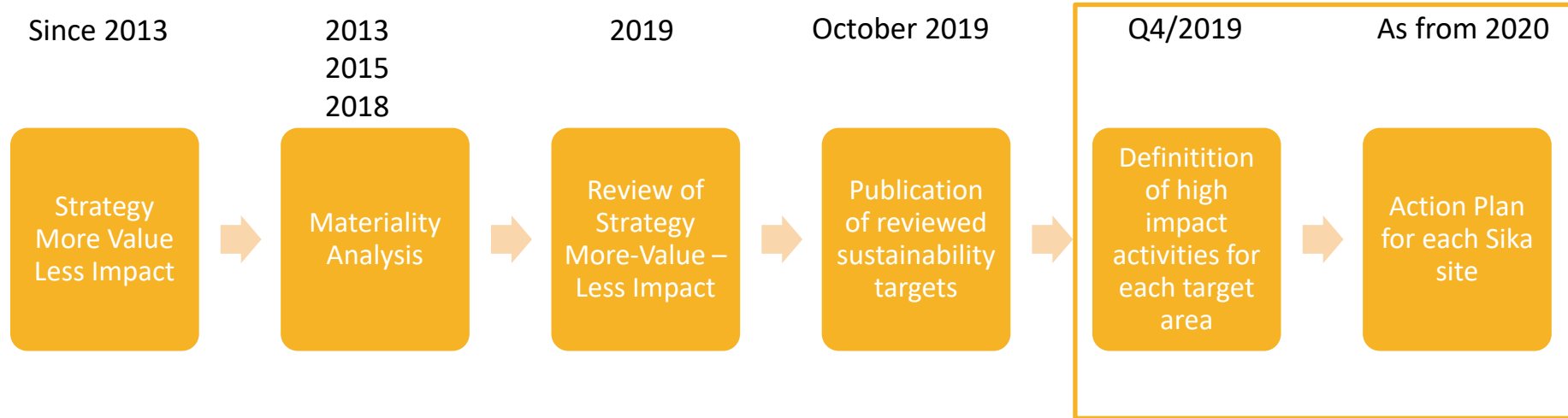
- 15% less energy consumption per ton sold
- 50% renewable electricity rate

WASTE/WATER

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

SUSTAINABILITY AS A BASIC PRINCIPLE OF THE STRATEGY

IMPLEMENTATION OF SUSTAINABILITY TARGETS



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**

**Corporate Communications &
Corporate Sustainability**

SUPPORT / SUPERVISION

Country Support
Policies, Standards and Guidelines
Onboarding
Training and Coaching

EXTERNAL ADVISORY BOARD

External Consulting
Strategic Advice to Board and Internal
Sustainability Committee

Accademia

NGO's

Research

Business

Public Admin

Sika Representatives

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
- 128 projects in 2018 (+9% vs 2017)



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

- The five strategic pillars, market penetration, innovation, emerging markets, acquisitions, and values, are not only foundation for growth, but drive improvements in margins, cash flow, and return on capital
- 68 key investments since 2015: 37 new plants, 11 new subsidiaries, and 20 acquisitions
- 2,779 new employees since 2015

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: >900 employees dedicated to R&D worldwide
- 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
- Systematical assessment of products throughout the innovation process
- 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 for earthquake safe construction
 - special concrete repair mortars and resins extend service life of bridges and concrete structures



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.
- Energy reduction efforts have resulted in a GHG-rate reduction of 7.2% from 44.3 kg in 2017 to 41.1 kg CO₂ per ton sold in 2018.

SUSTAINABILITY STRATEGY

MORE VALUE LESS IMPACT – SUCCESSFUL INITIATIVES



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

500,000 m³ water
saved by Sika USA with
closed-loop water circle

49 Sustainability
Champions trained in Sika
Sustainability Academies

150 tons of waste
per year reused by recycling
of filter dust at mortar plant
in Rosendahl, Germany

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

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

SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS USING LESS WATER, CONCRETE, AND CEMENT WITH Sika® ViscoCrete®

HIGH-STRENGTH CONCRETE WITH
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 ENABLING CONSTRUCTION OF LIGHTWEIGHT AND ELECTRIC VEHICLES

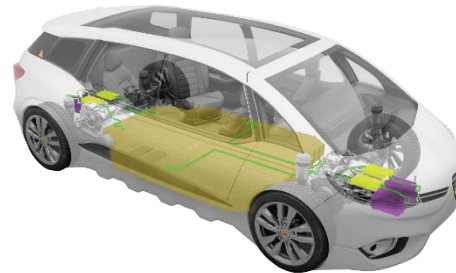
LIGHTWEIGHT VEHICLE CONSTRUCTION,
MULTI-MATERIAL DESIGN, AND **ELECTRIC
VEHICLES** LEAD TO LESS FUEL CONSUMPTION
AND **REDUCTION OF CO₂ EMISSIONS**

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 SUPPLIES HEAT-CONDUCTIVE ADHESIVES AND
MATERIALS TO HELP
PREVENT OVERHEATING OR FIRE
IN THE ELECTRIFICATION SYSTEMS OF ELECTRIC
VEHICLES

APPLYING THE FIRE PROTECTIVE COATING Sika®
Unitherm® Platinum TO THE BATTERY CASE
**PROLONGS EVACUATION TIME TO UP
TO 25 MINUTES**



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 MORTARS, SEALING PRODUCTS FOR
FACADES, 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

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

INNOVATION – INCREASED FOCUS ON PRODUCT SUSTAINABILITY

MORE PERFORMANCE, MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

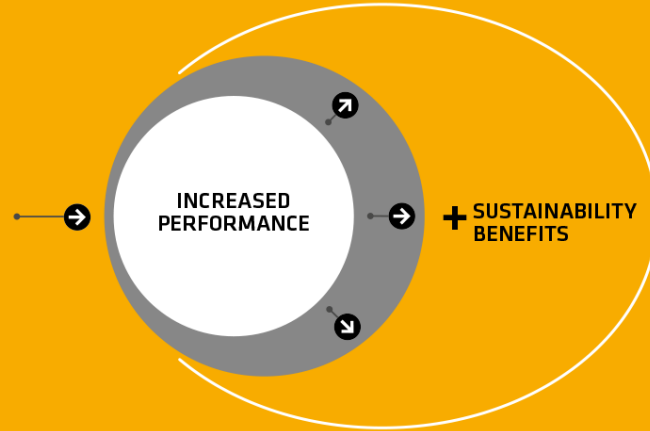
PERFORMANCE SOLUTION



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

SOCIAL RESPONSIBILITY

BUILDING TRUST



SIKA'S SOCIAL COMMITMENT

BUILDING TRUST AND CREATING VALUE

Community engagement as one of the six Sika sustainability target areas

SUSTAINABLE SOLUTIONS

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

TARGET

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

CLIMATE PERFORMANCE

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

TARGET

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

COMMUNITY ENGAGEMENT

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

TARGET

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

MORE VALUE

LESS IMPACT

ENERGY

We manage resources and costs carefully.

TARGET

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

WASTE / WATER

We increase material and water efficiency.

TARGET

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

OCCUPATIONAL SAFETY

Sika employees leave the workplace healthy.

TARGET

- 50% less accidents
- 0 fatalities

Focus on three fields of activity:

- Buildings and infrastructure for social and ecological projects
- Education/children related
- Ecological water projects

18,000 children

in China have access to school libraries equipped with books and solutions by Sika

486 projects

supported worldwide since 2014 (GRI reported)

230,000 children with

cleft lips and palates were operated by Sika partner Operation Smile

800 girls

in Madagascar benefit from school buildings renovated with Sika know-how

COMMUNITY ENGAGEMENT AT SIKA

SIKA CARES

Name	Structure	Reporting and Communciations
<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
Thematic Focus		
<ul style="list-style-type: none">▪ Sustainable buildings and better infrastructure for social/ environmental projects.▪ Education and training. Support of children.▪ Environmental water projects correlating with Sika's business (products, markets, customers).		

➤ Monetary and non-monetary (products, education, volunteering) support

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

- 1,500 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 73 elementary schools
- Donated more than 67,000 books
- 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

- 230,000 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



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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