

GRI REPORT

2020

MORE VALUE – LESS IMPACT

Sika has been a successful manufacturer of specialty chemicals for over 100 years. Sustainability has long been a core element of its strategy, business operations and corporate culture. Sika's sustainability strategy is therefore closely linked to its corporate strategy and encompasses six targets that cover the economic, environmental and social dimensions.

MORE VALUE – LESS IMPACT

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.



Source: Aria Property Group's Urban Forest Development, Brisbane Australia

STRATEGY

With its sustainability strategy “More Value – Less Impact”, the company pursues the objective of creating lasting value for people and the environment, while at the same time adopting a moderate and sustainable approach to the utilization of resources. Thus, shaping the future responsibly.

SUSTAINABLE SOLUTIONS

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

TARGET 2023

- All new product developments with “Sustainable Solutions”



CLIMATE PERFORMANCE

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

TARGET 2023

- 12% reduction of CO₂ emissions per ton sold



COMMUNITY ENGAGEMENT

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

TARGET 2023

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



MORE VALUE

LESS IMPACT

ENERGY

We manage resources and costs carefully.

TARGET 2023

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



WASTE / WATER

We increase material and water efficiency.

TARGET 2023

- 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 2023

- 50% less accidents
- 0 fatalities



SUSTAINABLE DEVELOPMENT GOALS

Sika is making a contribution to the UN 2030 Agenda for Sustainable Development, focusing on eight of the 17 goals.

SDG	More Value – Less Impact focus	Sika Commitment	Activities @ Sika
 <p>SDG 3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote wellbeing for all at all ages</p>	<p>SUSTAINABLE SOLUTIONS TARGET 2023:</p> <ul style="list-style-type: none"> All new product developments with "Sustainable Solutions" until 2023 <p>OCCUPATIONAL HEALTH AND SAFETY TARGET 2023:</p> <ul style="list-style-type: none"> 50% less accidents 0 fatalities 	<p>PRODUCT SAFETY</p> <ul style="list-style-type: none"> Solely use of raw materials that comply with relevant regulations and that have been assessed on health and safety impacts Enhancement of user-friendliness and health - safety profiles Product health and safety aspects monitored along production and distribution stages <p>IMPROVING LABOR STANDARDS & WORKPLACE SAFETY</p> <ul style="list-style-type: none"> Zero accident objective Safety rules implementation Workplace prevention programs to strengthen Occupational Health and Safety (OHS) culture 	<ul style="list-style-type: none"> Sika strives to extend the service life of buildings and industrial applications in order to reduce maintenance effort, to improve energy and material efficiency, and to further enhance user-friendliness and health and safety profiles. The Group monitors ecological and safety aspects during the development, production, and product-handling stages. For this purpose, it has introduced the specific checking of new developments against a sustainability profile. 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. They are a condition of entry to Sika sites and must be adhered to at all times.
 <p>SDG 4 QUALITY EDUCATION Ensure inclusive and equitable quality education, and promote lifelong learning opportunities for all</p>	<p>COMMUNITY ENGAGEMENT TARGET 2023:</p> <ul style="list-style-type: none"> 10,000 working days of volunteering work 50% more projects 50% more direct beneficiaries 	<p>INTERNAL</p> <ul style="list-style-type: none"> Provide at least ten hours of training per year for each employee Digital platform with e-trainings and courses Knowledge Management <p>EXTERNAL</p> <ul style="list-style-type: none"> Support communities in infrastructure development to promote training in construction professions and trades Promotion of self-help Support for projects through application of Sika expertise, voluntary work by employees, and long-term collaboration with partners 	<p>INTERNAL</p> <ul style="list-style-type: none"> Sika, as knowledge and learning organization, has significantly expanded its online portfolio with more than 500 programs available for employees. In 2020, 14,000 hours were dedicated to compliance training, professional skill building and leadership development. Partnership with the London Business School <p>EXTERNAL</p> <ul style="list-style-type: none"> Community Engagement focuses on education and vocational training.
 <p>SDG 6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all</p>	<p>COMMUNITY ENGAGEMENT TARGET 2023:</p> <ul style="list-style-type: none"> 10,000 working days of volunteering work 50% more projects 50% more direct beneficiaries <p>WASTE / WATER TARGET 2023:</p> <ul style="list-style-type: none"> 15% less water consumption and waste per ton sold 25% higher recycling rate of total waste 15% less waste generation per ton sold 	<p>OPERATIONAL EFFICIENCY</p> <ul style="list-style-type: none"> Process optimization in Sika production sites to reduce water consumption Switch from public to surface and ground water Close loop cooling <p>PRODUCTS AND SOLUTIONS</p> <ul style="list-style-type: none"> Application of Sika's waterproofing products to reduce water loss and increase water quality Innovation of products that use less water, e.g. Sika® ViscoCrete® <p>COMMUNITY ENGAGEMENT</p> <ul style="list-style-type: none"> Projects to guarantee clean and freshwater availability Support of "Living Lakes", an international network and whose mission is to enhance the protection, restoration and rehabilitation of lakes, wetlands, and other freshwater bodies of the world 	<ul style="list-style-type: none"> Measures to reduce consumption, or to re-use water, particularly in geographic regions where water is scarce. Closed-loop cooling, switching from public to surface and ground water, reducing the amount of drinking water used in production. By reusing wastewater, Sika aims to reduce its water consumption on a larger scale.

SDG

**More Value –
Less Impact focus**

Sika Commitment

Activities @ Sika



**SDG 8
DECENT WORK AND
ECONOMIC GROWTH**
Promote sustained,
inclusive and
sustainable economic
growth, full and
productive employment
and decent work for all

**COMMUNITY
ENGAGEMENT**

- TARGET 2023:
- 10,000 working days of volunteering work
 - 50% more projects
 - 50% more direct beneficiaries

SIKA GROWTH STRATEGY

- Sika aims for success and takes pride in continuously achieving outstanding results and outperforming its markets.
- COMMUNITY ENGAGEMENT
- Support to local communities to build up and maintain infrastructures for social projects
 - Development of education and vocational training
 - Water and climate related projects on community level

- The “Sika Cares” community engagement program focuses on improving the quality of life of children, adults, and families in the communities in which the company is active.
- Three focus areas: education and vocational training, buildings and infrastructure as well as waste and climate protection
- 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.



**SDG 9
INDUSTRY, INNOVA-
TION AND INFRA-
STRUCTURE**
Build resilient infra-
structure, promote
inclusive and
sustainable industri-
alization and foster
innovation

**SUSTAINABLE
SOLUTIONS**

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

INNOVATION LEADERSHIP

- Global industry leader with comprehensive range of products, systems and services enabling sustainable construction and transportation
- Strong innovation culture with more than 1,200 employees dedicated to R&D
- Approximately 3% of sales spent on a yearly basis
- Solutions to build infrastructures and develop emerging and developing countries
- Strengths to meet Megatrend urbanization expectations

- Sika solutions to build infrastructure and develop emerging and dedveloping countries
- Community initiatives to support local infrastructure
- Product innovations in construction and industrial production



**SDG 11
SUSTAINABLE CITIES
AND COMMUNITIES**
Make cities and human
settlements inclusive,
safe, resilient and
sustainable

**SUSTAINABLE
SOLUTIONS**

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

SUSTAINABLE SOLUTIONS

- Each new product must contribute to sustainability
- Strong emphasis on sustainable product development with products that help customers
 - 1) to save or reduce CO₂ emissions, directly or indirectly
 - 2) to construct and operate buildings that are more sustainable and CO₂ efficient

- Sika solutions for sustainable construction and new forms of mobility
- Construction chemicals, shotcreting machines and waterproofing membranes allow efficient tunneling
- Composite materials substantially prolong the service life of aging engineering structures such as bridges
- High-performance and low cement mortars
- Root-resistant polymeric roof membranes and systems allow the installation of green roofs to improve the urban climate
- Special concrete repair mortars and resins considerably extend the service life of bridges and concrete structures
- Concrete admixtures allow earthquake safe constructions.
- SikaPower® adhesives in automotive lead to up to 50% weigh reduction and CO₂ reduction

CLIMATE PERFORMANCE

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

CLIMATE PERFORMANCE

- Target to reduce CO₂ emissions on Sika’s operations sites by 12% in 2023 and maximize renewable electricity share

**COMMUNITY
ENGAGEMENT**

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

SDG

**More Value –
Less Impact focus**

Sika Commitment

Activities @ Sika



**SDG 12
RESPONSIBLE
CONSUMPTION AND
PRODUCTION**

Ensure sustainable consumption and production patterns

ENERGY

TARGETS 2023:

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

WASTE / WATER

TARGETS 2023:

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

TARGET:

- 3% less water consumption and waste per ton and year

SUSTAINABILITY TARGETS BY 2023

- energy optimization
- waste and water management
- climate performance

OPERATIONAL EFFICIENCY PROGRAM

- Energy: process optimization
- Waste: process optimization, production scrap reuse, production programs streamlining,
- Water: reduced consumption, reused wastewater
- International management systems ISO 14001 (Environment), ISO 50001 (Energy)

- The decrease in energy consumption is a consequence of a global strategy: Sika continued to replace lighting solutions with the latest LED technology.
- Shorter batch time in production led to a higher output on existing production lines, resulting in increased energy efficiency.
- The replacement of technical equipment focuses on new energy efficient installations, such as motors, air conditioning, heating/cooling, and pressurized air systems.
- Energy efficient operation of electric motors with frequency converter, leakage detection and fixation of air losses in pressurized air systems, and energy efficient cooling of process water with use of cooling tower and optimized logistics
- Sika reduces the 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.
- Water from cleaning processes is reused.
- Measures to reduce consumption, or to use lower-grade water qualities
- By reusing wastewater, Sika aims to reduce its water consumption on a larger scale.



**SDG 13
CLIMATE ACTION**

Take urgent action to combat climate change and its impacts.

SUSTAINABLE SOLUTIONS

TARGET 2023:

- 100% of new product solutions with "sustainable solutions" until 2023

CLIMATE PERFORMANCE

TARGET 2023:

- 12% reduction of CO₂-emissions per ton sold.

ENERGY

TARGETS 2023:

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

ENERGY EFFICIENCY

- Target: 3% less energy consumed per ton sold and year

OPERATIONAL EFFICIENCY

- Support 12% CO₂ reduction per ton sold
- Target 2023: Process optimization and equipment update
- Energy mix improvement from fossil to low emitting sources
- Renewable electricity share increase ("green electricity" contracts, REC purchase)

SUSTAINABLE SOLUTIONS

- New formulations enabling to reduce CO₂ emissions
- Sustainable innovations able to extend service life and building's energetic efficiency

- 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 main focus in 2020: finalization of the Sustainability Portfolio Management (SPM) methodology. The SPM methodology enables Sika to evaluate, classify and position products in defined market segments in terms of Performance and Sustainability.
- Sika has actively started to seek performance enhancements by using recycled materials and sustainable chemicals. Some examples are given by mortars (formulated with the addition of recycled aggregates) and membranes that incorporate scraps of the polyurethanes-based adhesives manufacturing process.
- In addition, a project about the use of recycled plastics in packaging has been successfully launched in 2020 together with several qualified partners, able to bring their expertise in material selection, manufacturing process and packaging designing.

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March 2021

The information contained in this report has been prepared in accordance with the GRI Standards option “core”. This is Sika’s eighth GRI report, and it covers the calendar year of 2020. Sika will continue reporting on an annual basis. The GRI Standards are also available online:

www.sika.com/en/group/sustainability/gri-standards.html

GRI 102: GENERAL DISCLOSURES

1. ORGANIZATIONAL PROFILE

8,504 TRADEMARK
REGISTRATIONS IN
152 COUNTRIES

1 ACQUISITION
6 NEW / EXPANDED
FACTORIES

SIKA SOLUTIONS
COMBINE
PERFORMANCE AND
SUSTAINABILITY

DISCLOSURE 102-1: NAME OF THE ORGANIZATION

Sika AG

DISCLOSURE 102-2: ACTIVITIES, BRANDS, PRODUCTS, AND SERVICES

Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing and protecting in the building sector and motor vehicle industry.

THE SIKA BRAND

The Sika umbrella brand, and some 1,098 Sika product trademarks, such as Sika® ViscoCrete®, SikaBond®, or Sikaflex®, sharpen the company's competitive edge. Hence the crucial role of trademark protection as a management task, performed both globally at Group level and locally at national level. In total, Sika held 8,504 trademark registrations in 152 countries at the end of 2020. Sika continuously monitors its trademarks and takes appropriate legal action in cases of infringement:

- Sika MaxTack®: Power grab adhesive
- Sikaflex®: Polyurethane-based sealants for a wide range of sealing applications
- Sikasil®: Silicone sealants for all types of applications
- SikaBaffle®: Heat-reactive thermoplastic or elastomeric parts designed to seal a vehicle body cavity
- Sika Boom®: Professional polyurethane-foam range for sealing, bonding, and damping
- SikaBond®: Bonding solutions for all your needs
- SikaCeram®: Tiling system solution
- SikaForce® Powerflex: Combining advantages of both structural and elastic adhesives
- Sikalastic®: Liquid-applied waterproofing systems
- Sikagard®: Professional solutions for cleaning and protection
- Sika AnchorFix®: Sika solutions for all types of anchoring applications
- Sikadur®: Our strong and long-lasting epoxy-based adhesives
- Sikafloor®: Flooring systems which contribute to higher process reliability and effectiveness
- Sika® ViscoCrete®: Sika admixtures that bring innovative options to concrete mix design
- SikaRoof®: Roofing systems for all purposes
- Sarnafil® and Sikaplan®: Long-lasting thermoplastic roofing membranes and solutions
- Purform®: New Polyurethane technology with ultra-low free monomeric diisocyanate content

SUSTAINABLE SOLUTIONS

Innovation in «Sustainable Solutions» is a key objective in the Sika Strategy 2023 to create value added products based on both performance and sustainability benefits – combining product performance and sustainability into one integral concept. Managing innovation and sustainability, minimizing the risks and maximizing opportunities and creating positive business impact is the purpose of the new Sustainable Portfolio Management (SPM) concept.

The main focus in 2020 was the further evolution and piloting of the newly developed SPM methodology. The SPM methodology enables Sika to evaluate, classify and position products in defined market segments in terms of Performance and sustainability-related risks and opportunities, with the aim to concentrate on sustainability assessment as part of the Sika innovation strategy. The Sika SPM methodology provides guidance on what a «sustainable product» is and of how sustainability is measured and communicated in a systematic and comprehensive way. With a focus on the long term, this approach will lead to a deeper understanding of the sustainability capacity of Sika's products and solutions portfolio, focusing on new developments. It will help Sika steer its product portfolio towards proven sustainability benefits aligned with megatrends (life-cycle focus) in a structured way.

INNOVATIVE STRENGTH FOR “MORE PERFORMANT – MORE SUSTAINABLE” PRODUCTS

Innovation in «Sustainable Solutions» to create value added products based on both higher performance and sustainability benefits – combining product performance and sustainability into one integral concept – is the key objective of the new strategic “More Performant - More Sustainable” product innovation approach. In the year under review, Sika concluded the ongoing process of developing and piloting the new Sustainable Portfolio Management (SPM) methodology, which is the backbone to evaluate, classify and positioning products in defined market segments with the aim to build up a portfolio of “Sustainable Solutions” as part of the Sika innovation strategy. SPM is Sika’s new product sustainability assessment methodology which is built on the World Business Council for Sustainable Development (WBCSD) PSA chemical industry methodology framework, which is a best practice approach to guide companies from the chemical industry in developing and applying consistent, high quality SPM approaches that will result in more sustainable product portfolios and proactively steering their overall product portfolios towards improved sustainability results. The new Sika SPM methodology addresses relevant sustainability categories and criteria and forms part of the official Sika product development process, replacing the existing framework from 2021 onwards. Over the coming years, Sika plans to apply the concept across its product portfolios, to systematically evaluate all new product developments and identify mitigation actions for existing products by reference to innovation priorities and portfolio actions, and to disclose the progress qualitatively.

REFURBISHMENT AND BUILDING FINISHING: SUPPLEMENTARY MATERIAL ENABLES CEMENT REDUCTION.

A key initiative is the development and introduction of a complete range of sustainable cementitious mortars for repairing, waterproofing, levelling, tiling and flooring. The main characteristic of these products is the significant reduction of Portland cement by replacing part of it with supplementary cementitious materials (SCM), which may otherwise be disposed to a landfill. In direct comparison with purely cement-based mortars of equivalent performance, reducing the amount of Portland cement results in significant reduction of the product’s embodied carbon footprint.

As an example with focus on EMEA in a first step, the existing concrete repair product portfolio has been extended with a new innovative Sika MonoTop® mortar range, which is formulated to achieve a long lasting service life in all the remedial works of damaged concrete due to corrosion, structural damages, water infiltration, freeze and thaw cycles, seismic activity, reactive aggregates, etc. The range forms a complete system that allows to maximize the durability of existing structures while minimizing the resources used.

Another example are cementitious tile adhesives (CTA), which are manufactured with a reduced cement content and are attracting great interest in the Chinese market. The Davco Supplementary Cementitious Material (SCM) tile adhesive range in China encompasses products with improved adhesive performance, durability and workability. Two tile adhesive products accounting for 700,000 tons per year and 86% of total cementitious tile adhesives in China are optimized with regards to their cement content, replacing existing purely cement-based products which leads to an annual reduction of the resulting product related embodied carbon footprint of 72,000 tons of CO₂ arising from cement production.

CONCRETE: BIO-BASED SUPERPLASTICIZERS REPLACE PETROLEUM-BASED RAW MATERIALS IN CONCRETE.

Concrete admixtures make a significant contribution to improving the performance of fresh and hardened concrete. By using a superplasticizer, it is possible to establish a concrete mix design with an optimal amount of total binder, an optimized water/cement ratio, keeping the same flow at fresh state and reducing the embodied energy and carbon footprint of concrete by over 20%. Nowadays, superplasticizers are mainly made from petroleum-based raw materials. Sika has innovated a superplasticizer from bio-based monomers and launched it first on the market. As a result, over 85% of the previously petroleum-based raw materials are replaced by raw materials that are obtained from renewable vegetable substances. In addition to its sustainability advantages, Sika’s bio-based superplasticizer has excellent concrete technology properties such as a strong water reduction and robust fresh concrete behavior. An example of such a bio-based superplasticizer for concrete is Sika ViscoCrete®-850 Végétal, launched in 2020 in France. Made from an agricultural co-product, the new superplasticizer offers excellent workability, maintenance and resistance performance for standard and technical concrete.

ROOFING: THERMOPLASTIC MEMBRANES DESIGNED IN LINE WITH CIRCULARITY PRINCIPLES

Sika has been in the single-ply roofing business for over 50 years and holds a no. 1 position in flexible polyolefins (FPO) in EMEA. 30 years ago, Sika launched Sarnafil® T, a brand that stands for long term performance and is internationally recognized as the prime brand in the roofing industry. In 2020, a new revolutionary technology was introduced in the market, underlining market and technology leadership - Sarnafil® AT - Advanced Technology. As the global leader in single-ply roofing, Sika has created a highly flexible membrane with the ultimate combination of durability, sustainability and ease of installation. The new hybrid technology combines advantages from all existing membrane technologies, with good durability and the freedom of design, to flexibly adapt to different project demands. Sarnafil® AT is the first and only thermoplastic roofing membrane in the market to be Cradle to cradle certified™, which is a rigorous globally recognized independent measure of safer, more sustainable products made for the circular economy.

FLOORING: NEXT GENERATION FLOORING EPOXY PLATFORM.

Resin flooring developments continue to focus on performance products that meet sustainable building requirements, such as low odor and low emitting materials. A new epoxy flooring modular approach has been developed using a common part B combined

with different part A's. The modular system for multi-purpose industrial floor coatings is designed that priming, self-levelling and top coating can be applied based on common B components and reduces the overall number of stock keeping units, this reduces logistics and costs for the customers. In the reporting year, a first system based on this new platform has been launched: Sikafloor® 150 unfilled, Sikafloor®-151 filled and Sikafloor®-267 stand for high performance in terms of adhesion, aesthetics and wear resistance. The new part B is quicker and easier to manufacture without the need for heating or cooling, which leads to relevant energy reduction in production and, thus, a reduced embodied energy and carbon footprint. The new approach meets the most stringent indoor air emissions for epoxy flooring and has reduced odor when compared against typical epoxies, which makes the product also easier to work with for the applicator as there is no need to stop works.

In 2020, as in the years before, Environmental Product Declaration (EPD) activities in European markets as well as active involvement in EPD industry association work in Europe have been important activities. Sika's existing EPD reference database for its products and systems has been expanded, focusing on centralized manufactured new innovative thermoplastic roofing and waterproofing membranes, such as Sarnafil® AT and SikaProof® A+, amongst others.

More detailed information can be found at www.sika.com

DISCLOSURE 102-3: LOCATION OF HEADQUARTERS

Sika AG
Zugerstrasse 50
6341 Baar
Switzerland
Phone +41 58 436 68 00
Fax +41 58 436 68 50
sikagroup@ch.sika.com
www.sika.com

DISCLOSURE 102-4: LOCATION OF OPERATIONS

Please consult: Sika Annual Report 2020, page 150 et seq.

DISCLOSURE 102-5: OWNERSHIP AND LEGAL FORM

Sika AG, public company, listed at the Swiss Stock Exchange.

DISCLOSURE 102-6: MARKETS SERVED

Sika is active in the following target markets: concrete, waterproofing, roofing, flooring, sealing & bonding, refurbishment, building finishing, and industry.

CUSTOMERS

The breakdown into seven target markets allows Sika to sharpen its customer focus, optimize its technical market support activities, and concentrate its research and development operations on key areas. Sika's target markets are concrete, waterproofing, roofing, flooring, sealing & bonding, refurbishment, building finishing, and industry.

BUILDING FINISHING

Building Finishing encompasses ceramic tiles and natural stones installation, facade protection and decoration systems, as well as interior wall finishing – for both residential and commercial buildings. Sika is a global leader in Building Finishing and provides one of the most comprehensive sets of solutions such as tile adhesives and grouts, systems for under-tile waterproofing and sound reduction, as well as renders and decorative finishes for both exterior and interior walls, and Facade Exterior Insulation Finish Systems (EIFS). Global trends such as urbanization, the increasing need for home improvement, fuel the market growth. Reducing the energy demand and CO₂ footprint of the building stock will for example foster the further expansion of facade insulation systems. Sika's market leadership and global span offers strong potential to further roll out its Building Finishing products and systems portfolio into more Sika countries. Building Finishing is reinforcing Sika's comprehensive portfolio of complementary technologies for the building envelope from basement to roof and growing its presence in distribution channels.

CONCRETE

Sika develops and markets a complete range of admixtures and additives for use in concrete, cement, and mortar production. These products enhance specific properties of fresh or hardened concrete, such as workability, watertightness, durability, loadbearing capacity, and early and final strength. The demand for admixtures and additives is currently on the rise, due to the increased performance requirements placed on concrete and mortar, especially in urban areas and for infrastructure construction. Furthermore, there is a growing need for Sika additives and admixtures as they enable the use of alternative materials, such as processed aggregates (sand) and materials with cementitious properties in cement, mortar – and therefore also in concrete – to reduce the use of clinker and natural sand. This in turn helps to increase sustainability and significantly reduce CO₂ emissions in the construction industry.

WATERPROOFING

Sika's system solutions for waterproofing cover the full range of technologies used for below and above-ground waterproofing: flexible membrane systems (polymeric sheets, modified bitumen sheets), liquid applied membranes, joint waterproofing systems (waterstops, swelling profiles, adhered tapes), waterproofing mortars and mortar admixtures, and injection resins and grouts. Key market segments are commercial and residential basements, tunnels, bridges, and all types of water-retaining structures, such as reservoirs, storage basins, and storage tanks. Waterproofing systems face increasingly stringent requirements regarding speed and ease of application, as well as total cost management. The selection of the appropriate system in line with the needs and expectations of the end customer, as well as well-trained and competent specialized waterproofing contractors, are key for long-lasting and watertight structures.

ROOFING

Sika provides a full range of flat roofing systems, incorporating both flexible sheet and liquid-applied membranes. In recent years, bituminous technologies have been acquired in markets where bitumen dominates. Sika is recognized as a prime brand in roofing markets worldwide. A more than 50-year history has documented that Sika roofing solutions are outstanding performers: reliable, sustainable, and long-lasting. Demand in this segment is driven by the need for eco-friendly, energy-saving solutions such as green roof systems, cool roofs, and solar roofs, which simultaneously help to reduce CO₂ emissions. While refurbishment projects continue to gain significance in mature markets, emerging markets are moving towards higher-quality roofing solutions for newbuild structures. For both market segments, Sika's innovative roofing systems comprise all elements needed, including vapor control layers, adhesives, insulation, fixation, roof drainages, and all kind of accessories.

FLOORING

Sika's flooring solutions are based on synthetic resin and cementitious systems for industrial and commercial buildings, such as pharmaceutical and food-sector production plants, public buildings such as educational and healthcare facilities, parking decks, and private residential properties. Each market segment is subject to its own particular requirements in terms of mechanical properties, safety regulations (for example slip resistance), antistatic performance, and chemical or fire resistance. Trends in the flooring market are being dictated by the growing significance of safety and environmental regulations, as well as customized technical requirements. The high volume of building alteration and conversion projects nowadays has boosted the importance of fast and efficient solutions for the refurbishment of existing flooring systems. Sika offers a comprehensive range of low-emission, durable, low-maintenance, easy-to-apply flooring solutions which can be adapted to specific customer needs.

SEALING & BONDING

Sika offers a wide range of high-performance and durable sealants, tapes, spray foams, and elastic adhesives for the building envelope, for interior finishing and for infrastructure construction. Typical applications include the sealing of movement joints between facade elements to make buildings weatherproof, the bonding of wood floors to reduce noise, the sealing of joints in airport aprons, and fire stopping. The growing demand in this market is fueled by an increasing awareness of the importance of high-performance adhesives and sealants for the overall durability and energy efficiency of buildings, the growing use of different materials, increasing urbanization, and the continued replacement of mechanical fastening systems by adhesives due to better performance and efficiency.

REFURBISHMENT

This segment features repair, strengthening and protective solutions for concrete structures, such as repair mortars, shrinkage compensated high-strength grouts, anchoring adhesives, protective coatings, corrosion control and structural strengthening systems. Especially in developed markets, many structures are decades old and need to be refurbished. Sika refurbishment systems enable lifetime extension of structures and buildings which often is the more sustainable solution than tearing down and build new. Sika provides technologies for the entire life cycle of commercial buildings and infrastructure constructions, as well as design and calculation software for structural engineers and designers. The present uptrend in demand is attributable to a rising volume of infrastructure rehabilitation projects in the transport, water management, and energy sector, such as the construction and maintenance of wind energy farms.

INDUSTRY

The markets served by Sika include automobile and commercial vehicle assembly (structural bonding, direct glazing, acoustic systems, reinforcing systems), automotive aftermarket (auto glass replacement, car body repair), marine vessels, industrial lamination, renewable energies (solar and wind), home appliance, and facade engineering (structural glazing, sealing of insulating glass units). Sika is a technology leader in elastic bonding, structural adhesives, sealants, reinforcing, and acoustic applications, serving the world's leading industrial manufacturers. Customers rely on Sika's solutions to enhance product performance and durability, while optimizing manufacturing efficiency. For example, Sika's solutions address key megatrends in vehicle design, leading to lighter, stronger, safer, quieter, and more fuel-efficient vehicles, while fast-processing materials and compatibility with automation optimize productivity.

DISCLOSURE 102-7: SCALE OF THE ORGANIZATION

PAGE IN ANNUAL REPORT 2019

Number of employees	p. 162
Group companies	p. 150 seq.
Net sales	p. 7
Total capitalization	p. 9
Risk management	p. 40
Group strategy	p. 16 seq.

DISCLOSURE 102-8: INFORMATION ON EMPLOYEES AND OTHER WORKERS

The total number of employees at the end of the reporting period was 24,848. Female employees in the Group account for 22.8% of the total workforce.

REGION	% FEMALE OF TOTAL REGIONAL WORKFORCE
EMEA	21.8
Americas	21.2
Asia/Pacific	25.3
Global Business	21.9
Corporate	30.6

REGION	% OF TOTAL WORKFORCE
EMEA	41.9
Americas	20.4
Asia/Pacific	24.3
Global Business	9.7
Corporate	2.6

ITEM	% OF TOTAL WORKFORCE
Age Groups	
< 30 years	13.2
30–50 years	62.0
> 50 years	24.8
Male employees	77.2
Staff (clerks, lab, production staff incl. shift team leaders)	76.7
Management	78.9
Senior Management	89.1
Female employees	22.8
Staff (clerks, lab, production staff incl. shift team leaders)	23.3
Management	21.1
Senior Management	10.9
Internal promotions within the reporting period (%): 1.2	

A. TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY)

CONTRACT	% OF TOTAL WORKFORCE
Permanent	95.6
Temporary	3.7
Apprenticeship/internship	0.7

B. TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY), BY REGION

Contract	Permanent (%)	Temporary (%)
EMEA	40.3	1.5
Americas	20.0	0.6
Asia/Pacific	23.5	1.0
Global Business	9.3	0.4
Corporate	2.5	0.1
Apprenticeship/internship (%): 1.0		

C. TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE (FULL-TIME AND PART-TIME)

CONTRACT	NUMBER EMPLOYEES
Full time	24,136
Part time	712
Total	24,848

Regarding employment type (full-time and part-time), we do not collect the data for gender distribution, because the number of part-time employees is considered insignificant.

D. WHETHER A SIGNIFICANT PORTION OF THE ORGANIZATION'S ACTIVITIES IS PERFORMED BY WORKERS WHO ARE NOT EMPLOYEES

Workers employed through employment agencies and service providers accounted for approximately 10% of Sika's total workforce (as indicated in Disclosure 102-8) at the end of the reporting period. These workers are not on Sika's payroll, but under contract with employment agencies. The number of temporary workers varies depending on the seasonality of the business in the individual Sika companies. The work performed by this part of the workforce is mainly manufacturing, warehousing and logistics.

E. ANY SIGNIFICANT VARIATIONS IN THE NUMBERS REPORTED IN DISCLOSURE 102-8-A, 102-8-B, AND 102-8-C

Due to the ongoing Covid-19 pandemic the number of outside workers fluctuated in 2020 between 7% and 10%.

F. AN EXPLANATION OF HOW THE DATA HAVE BEEN COMPILED, INCLUDING ANY ASSUMPTIONS MADE

The figures were reported by each individual subsidiary through the central reporting system and aggregated on Group level.

DISCLOSURE 102-9: SUPPLY CHAIN

Sika's supply chain varies depending on the business segment. The local Sika company source raw materials both locally and internationally. Some materials are only available from international suppliers and must be imported into the country of production. Sand and cement for mortars are mainly sourced in the producing country, additives are usually sourced from multinational companies. Admixture raw materials are sourced either locally or from multinational companies. Proprietary admixture ingredients are produced in specialized factories and distributed to other Sika production sites. Raw materials for adhesives and sealants are sourced from multinational companies. Polymeric plastic raw materials are sourced from multinational companies or large local vendors.

In Sika factories, the raw materials are converted into higher-value goods, usually through mixing, blending, compounding, and suitable form-giving. From Sika's finished goods warehouses, products are distributed within the respective country and partly exported. Sika today collaborates with around 12,000 direct material suppliers, for both local and global sourcing. The company strives to work with local suppliers wherever possible, in order to reduce lead time, risk, and transport, and to increase availability and control quality. Sika's purchasing spend corresponds to approx. 45% of total net sales. The total global spend for direct materials and trading goods amounts just over CHF 3 billion at average exchange rates for the year 2020.

The regional split for direct materials is as follows: EMEA 45%, Americas 25%, Asia/Pacific 22% and Automotive 8%.

Sika's diverse customer base includes local construction craftspeople's, larger construction companies and very large multinationals, e.g. cement companies, as well as mainly large automotive, transportation and appliance manufacturing companies.

Sika employs a risk management approach for suppliers and the raw material supply chain. This approach is described in this report under 102-11.

DISCLOSURE 102-10: SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN

With regard to GRI reporting, the data of all acquired companies in 2020 are included in this report.

In 2020, Sika concluded the takeover of Adeplast SA. The transaction was first announced at the end of November 2019. Adeplast is a leading manufacturer of mortars and thermal insulation solutions in Romania. The acquisition significantly strengthens Sika's position in the local construction chemicals market, and extends its manufacturing capacity. Adeplast generates annual sales of approximately CHF 120 million with a workforce of 460 employees.

In June 2020, Sika acquired Modern Waterproofing Group, a leading manufacturer of bituminous roofing and waterproofing systems in Egypt. The acquisition supplements and rounds off the product portfolio of Sika Egypt and offers new opportunities for growth in the Egyptian construction market.

In the year under review, Sika opened the following plants:

- Admixtures, mortar, and acrylic plant in Colombia, Barranquilla, January 2020
- Expansion of structural waterproofing membrane plant in Switzerland, Sarnen, March 2020
- Mortar plant in China, Chengdu, October 2020
- Expansion of concrete admixtures and epoxy resins plant in the UAE, Dubai, November 2020
- Investment in polyurethane tech. production facilities in Switzerland, Düringen, December 2020

Furthermore, Sika has expanded its cooperation with CiDRA Concrete Systems Inc., headquartered in Eden Prairie, Minnesota, and has completed a growth equity investment agreement to supplement its existing global relationship. CiDRA specializes in IoT-based digital systems to monitor concrete properties during transport.

DISCLOSURE 102-11: PRECAUTIONARY PRINCIPLES OR APPROACH

Sika employs a risk-based management approach for its own operations, the supply chain, and the products it sells and distributes. Major operations are regularly screened by experts according to a loss prevention methodology, with frequent support from our insuring partners. Results are translated into improvement plans in consultation with management. This results in an overall low loss rate due to events such as major supply disruptions and ensures that customers receive their goods from Sika on time.

The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. In 2020, Sika evaluated the potential risks and opportunities of climate change impact including its upstream and downstream value chain. Sika has performed a high-level assessment of physical and transitional exposures.

There are several uncertainties in future climate predictions which includes unknown future emissions of greenhouse gases. The Group has chosen a projection horizon to 2030 which is aligned with its objective to reduce CO₂ emissions by 50% until this year and represents a realistic view on this intermediate goal. The period 2021 to 2030 refers to the near future.

To complete this task, an internal cross-functional team has been set up which also relied on the advice of an external expert consultant in this field.

DISCLOSURE 102-12: EXTERNAL INITIATIVES

Sika is committed to genuinely added sustainable value along the entire value chain. Its principles form the basis for strategic management. The company has bound itself by signature and is therefore committed to aligning its operations and strategies with the universally accepted principles in the areas of human rights, labor, environment, and anti-corruption established by the United Nations Global Compact Initiative. Sika is also a member of the World Business Council of Sustainable Development (WBCSD), Geneva, Switzerland. Together with the WBCSD, Sika builds on the momentum of the Chemical Sector Roadmap for the Sustainable Development Goals (SDGs), and is contributing to the UN 2030 Agenda for Sustainable Development, focusing on eight of the 17 goals. Both the construction and the automotive industry, among others, greatly influence these goals.

DISCLOSURE 102-13: MEMBERSHIP OF ASSOCIATIONS

Sika is a member of manifold industry associations and initiatives on local, national, and multi-national level, e.g. World Business Council for Sustainable Development, Responsible Care, Carbon Disclosure Project, Green Building Councils Network and Sustainable Construction Switzerland.

The company holds a position on the board or actively participates in projects or committees of the following associations.

ASSOCIATION	ACRONYM	WEBSITE
American Chemistry Council	ACC	www.americanchemistry.com
Association Française des Industriels des Colles, Adhésifs et Mastics	AFICAM	www.fipec.org
American High Performance Building	AHPBC	www.betterbuildingstandards.com
Austrian Sustainable Building Council	ÖGNI	www.ogni.at
Coalition Spanish National Association for Concrete and Mortar Additive Manufacturers	ANFAH	www.anfah.org
Portuguese Association of Paint Producers	APFAC	www.apfac.pt
Spanish National Association of Industrial Mortar Manufacturers	ANFAPA	www.anfapa.com
Spanish National Association of Concrete Repair, Protection and Reinforcement	ARPHO	www.arpho.org
Portuguese Association of Paints	APT	www.apintas.pt
Adhesive and Sealant Council	ASC	www.ascouncil.org

American Society of Testing Materials	ASTM	www.astm.org
British Adhesives and Sealants Association	BASA	www.basaonline.co.uk
British Precast Concrete Federation	BPCF	www.britishprecast.org
Cement Admixtures Association	CAA	www.admixtures.org.uk
Center for Environmental Innovation in Roofing (US)	CEIR	www.roofingcenter.org
European Paint and Printing Ink Council	CEPE	www.cepe.org
Chemical Fabrics and Film Association	CFFA	www.chemicalfabricsandfilm.com
Italian National Research Council	CNR	www.cnr.it
Italian National Association of Industrial Flooring	CONPAVIPER	www.conpaviper.it
Construction Products Association	CPA	www.constructionproducts.org.uk
Corrosion Prevention Association	CPA	www.corrosionprevention.org.uk
Concrete Repair Association	CRA	www.cra.org.uk
Concrete Society	CS	www.concrete.org.uk
Deutsche Bauchemie	DBC	www.deutsche-bauchemie.de
German Sustainable Building Council	DGNB	www.dgnb.de
European Federation of Concrete Admixtures Association	EFCA	www.efca.info
European Federation of Corrosion	EFC	www.efcweb.org
European Cool Roof Council	ECRC	www.coolroofcouncil.eu
European Federation for Construction Chemicals	EFCC	www.efcc.eu
Hellenic Organization for Standardization	ELOT	www.elot.gr
European Single Ply Waterproofing Association	ESWA	www.eswa.be
Association of European Adhesive and Sealant Industry	FEICA	www.feica.com
The Resin Flooring Association	FeRFA	www.ferfa.org.uk
Forschungsgesellschaft für Strassen- und Verkehrswesen	FGSV	www.fgsv.de
Fachverband Schweizerischer Hersteller von Betonzusatzmitteln	FSHBZ	www.fshbz.ch
Gemeinschaft Emissionskontrollierte Verlegewerkstoffe, Klebstoffe und Bauprodukte e.V.	GEV	www.emicode.com
Green Building Council España	GBCe	www.gbce.es
Green Building Council UK	UKGBC	www.ukgbc.org
Italian Green Building Council	GBCI	www.gbciitalia.org
Hellenic Association of Chemical Industries	HACI	www.faci.gr
UK Liquid Roofing & Waterproofing Association	LRWA	www.lrwa.org.uk
National Federation of Roofing Contractors, UK	NFRC	www.nfrc.co.uk
Polyurea Development Association Europe (Italian Committee)	PDA Europe	www.pda-europe.org
Spanish Technology Platform for Construction	PTEC	www.construccion2030.org
Swiss Plastics	-	www.swiss-plastics.ch
Structural Concrete Alliance	SCA	www.structuralconcretealliance.org
Swiss Society of Engineers and Architects	SIA	www.sia.ch
Syndicat Français des Joints et Façades	SFJF	www.sfjf.ffbatiment.fr
Syndicat Français des Métiers de la Résine	SFMFR	www.sfmr.ffbatiment.fr
Syndicat National des Mortiers Industriels	SNMI	www.desmortiersdesidees.com
Syndicat National des Adjuvants pour Bétons et Mortiers	SYNAD	www.synad.fr
Single Ply Roofing Association	SPRA	www.spra.co.uk
Single Ply Roofing Industry	SPRI	www.spri.org
Sustainability Supply Chain School	SSCS	www.supplychainschool.co.uk/uk
Together for Sustainability	TfS	www.tfs-initiative.com
Verband der deutschen Lack- und Druckfarbenindustrie e.V.	VdL	www.wirsindfarbe.de
Institute Construction and Environment	IBU	www.ibu-epd.com
International Concrete Repair Institute	ICRI	www.icri.org
Concrete Society of Southern Africa	CSSA	www.concretesociety.co.za
Athens Chamber of Commerce & Industry	ACCI	www.acci.gr
Precast Concrete Institute	PCI	www.pci.org
National Ready Mix Association	NRMCA	www.nrmca.org
Interlocking Concrete Pavement Institute	ICPI	www.icpi.org

2. STRATEGY

SUCCESSFUL
IMPLEMENTATION
OF SUSTAINABILITY
TARGETS

SIKA JOINED
"TOGETHER FOR
SUSTAINABILITY" (TFS)
IN 2020

STRATEGIC APPROACH
TO HANDLE
CLIMATE-RELATED
RISKS

DISCLOSURE 102-14: STATEMENT FROM SENIOR DECISION-MAKER

"As a global company, Sika is committed to sustainable development. The company honors its responsibilities by offering sustainable solutions for energy-efficient construction and innovative vehicles. It also implements numerous projects and measures aimed at boosting the Group's economic, social, and ecological sustainability."

The Sika Growth Strategy 2023 ensures long-term success and profitable growth. The company's innovative drive combined with sustainability is a key component. The Sustainability Strategy "More Value – Less Impact" refers to Sika's ambition to maximize the value of its solutions and contributions for all stakeholder groups, while simultaneously minimizing the risks and resource consumption associated with value generation. There is a close alignment between the growth strategy and the sustainability strategy. Sustainability is the overarching principle with the overall goal to reduce the CO₂ emissions per ton sold by 12% until 2023.

Sika is continuously improving its environmental protection and safety performance, through its investment planning. In 2020, Sika invested roughly 9% of the total investments of CHF 131.7 million on technical equipment (previous year: 9%).

SIKA'S SUSTAINABILITY STRATEGY

With the Sustainability Strategy "More Value – Less Impact", Sika pursues six strategic target areas, focusing on sustainable solutions, climate performance, community engagement, energy, waste/water, and occupational safety.

With the adoption of the Paris agreement, governments worldwide agreed to limit global warming to well below 2°C and to pursue efforts to limit it to 1.5°C. Global GHG emissions must peak and be subsequently reduced by the middle of the century in order to deliver on these goals. Consequently, in a first step Sika has been focusing on reducing its scope 1 and scope 2 GHG emissions by investing in high-impact efficiency improvements of production processes. It is the ambition of Sika to increase the coverage of scope 3 GHG emission data collection and reporting. At the end of the reporting year, the company started to prepare a road map to define and process science-based targets covering the entire value chain. Furthermore, within the framework of reporting according to the TCFD recommendations the company identified climate-relevant risks at operation level and is considering transition and physical risks along its value chain.

In 2021, the company will conduct a GHG scope 3 baseline assessment. This includes a materiality assessment of the relevant carbon-related scope 3 activities and will enable the identification of the material scope 3 categories as defined in the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard. Based on this analysis, Sika will quantify the GHG emissions per material scope 3 category and define a carbon reduction pathway to reach net zero in the long-term.

More details are available at <https://www.sika.com/en/about-us/sustainability/sika-sustainability-strategy.html>

To integrate with other stakeholders and reinforce our commitments, we signed up to the UN Global Compact.

DISCLOSURE 102-15: KEY IMPACTS, RISKS, AND OPPORTUNITIES

Flawed risk assessments may seriously impair a company's reputation, limit its freedom of action or, at worst, lead to insolvency. Mindful of this, Sika reacted years ago by introducing a comprehensive risk management system at Group level and for all its subsidiaries. The aim is to identify risks at an early stage and integrate them in strategic decision-making processes. Risk management may sometimes assist in the identification of new opportunities and thereby help to generate added value.

GROUP MANAGEMENT AND BOARD OF DIRECTORS

Whereas Sika's Group Management regularly reviews the processes underlying risk management, the Board of Directors bears ultimate responsibility for risk assessment. Its duties include the annual reassessment of the risk situation at Group level. All risks are assessed in terms of a few basic questions:

- Is the risk global or regional in scope?
- What implications does the risk have for the Group?
- How high is the probability of losses occurring?
- What measures need to be implemented to prevent the risk or mitigate its consequences?

If a risk is rated critical in the overall assessment, effective measures are then taken to reduce the probability, prevent its occurrence, or limit its implications. Sika pursues a risk-based management approach along the entire value chain, from procurement and production, to marketing.

SUPPLIER MANAGEMENT AND RAW MATERIAL PROCUREMENT

The raw materials that Sika processes into superior-grade products are the Group's biggest cost factor. Approximately two-thirds of the materials used by Sika in production, such as polyols, epoxy resins, acrylic dispersions, and polycarboxylates, are based on fossil fuels or their derivatives. Purchase prices consequently vary according to the supply and demand situation for each raw material and fluctuations in the price of oil. 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. Mineral substances, such as calcium carbonate, sand, and cement, make up the remaining raw materials.

Sika purchases its base chemicals in accordance with strict quality requirements from certified suppliers offering the best value for money. 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, the Group seeks to manufacture raw materials itself, or source them in close collaborative partnerships with innovative suppliers. 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. 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.

Since February 2020, Sika is an active member of the Together for Sustainability (TfS) initiative. The organization, founded in 2011, aims to improve sustainability practice within the supply chain of the chemicals industry. The TfS program is based on the UN Global Compact and Responsible Care® principles and allows Sika to assess and evaluate the performance of its suppliers in various aspects. This includes environmental, labor & human rights, ethical and sustainable procurement performance in order to achieve measurable improvements and its own sustainability performance.

Additionally, potential suppliers are closely screened by Sika and must demonstrate compliance with all laws, regulations and international standards set out through Sika's qualifying and selection process. All suppliers are required to sign the Supplier Code of Conduct, which includes the Sustainability, Ethics, and Fair Competition principles. TfS evaluations will be an additional requirement introduced in 2021, in which all potential suppliers must also participate in a TfS Assessment.

Suppliers are also regularly evaluated by a comprehensive supply risk management process to achieve continuous uninterrupted material availability, quality, cost competitiveness, and compliance, essential for business success. The corresponding findings are incorporated into the risk assessment, along with the suppliers' self-assessments and data available in the public domain. If a relevant risk is identified, Sika will conduct an audit of the supply company in question to ensure expected functionality of the latter's internal risk management system.

Raw materials are systematically evaluated within Sika to identify potential risks and to determine relevant measures, such as maintaining safety stocks, and/or securing long-term supply contracts. Despite the unusual circumstances as a result of Covid-19, 2020 again saw a successful execution of Sika's risk management process, 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 any potential impacts on the company and its customers are mitigated.

RISK MANAGEMENT EARLY IDENTIFICATION OF POSSIBLE RISKS

Risk Management Suppliers are regularly evaluated by a comprehensive supply risk management process to achieve continuous uninterrupted material availability, quality, cost competitiveness, and compliance, essential for business success. The corresponding findings are incorporated into the risk assessment, along with the suppliers' self-assessments and data available in the public domain. If a relevant risk is identified, Sika will conduct an audit of the supply company in question to ensure expected functionality of the latter's internal risk management system. Raw materials are systematically evaluated within Sika to identify potential risks and to determine relevant measures, such as maintaining safety stocks, and/or securing long-term supply contracts. Despite the

unusual circumstances as a result of COVID-19, 2020 again saw a successful execution of Sika's risk management process, 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 any potential impacts on the company and its customers are mitigated.

PRODUCTION AND LOGISTICS

Sika sets defined standards for risk provisions that are binding for its production and logistics operations. These standards form part of the Group-wide "Sika Corporate Management System" and determine minimal requirements and best practices; for example, processes and guidelines in the areas of safety, health, environment, quality, sourcing, manufacturing, and logistics. The "Sika Corporate Management System" is accessible to all employees of the Sika Group. Together with the local regulatory requirements, these standards are subsequently documented in individually maintained Sika management systems of the local Sika companies. Additionally, Sika production companies are certified to ISO 9001:2015 (quality management), ISO 14001:2015 (environmental protection), ISO 45001:2018 (occupational health and safety management) and IATF 16949:2016 (automotive quality management). A growing number of larger facilities are also certified to ISO 50001:2018 (energy management). The current certification status of individual Group companies is shown in the Annual Report on page 150 et seq. Audits and inspections are core elements of Sika's comprehensive management system. They provide management at Group, regional, and local company levels with a regular, independent assessment of compliance with official requirements, as well as with Sika's internal risk management guidelines and principles. These audits and inspections ensure the effectiveness of processes and related controls. Quality, environment, health, safety, sustainability, property loss prevention and business interruption, product development and technology, legal matters, application risks, IT security, suppliers, and product performance are all subject to audit. In 2020, Sika conducted 135 centrally documented audits throughout the organization. Supplier audits are carried out by the purchasing and quality assurance departments based on the risk assessment. The number of reviews is steadily increasing. Membership in the "Together for Sustainability" (TfS) initiative enables Sika to ensure that global standards for environmental, social and governance are met by suppliers. In 2020, 44 supplier audits were executed, and supplier audit trainings for more than 80 employees in the domains of purchasing and quality assurance were conducted. Sika regularly audits production and logistics operations at local companies. This includes recording any risks that may result in personal injury, incidents, production downtime, property damage, or liability claims. The probability and significance of these risks are assessed, and measures are subsequently defined and implemented to minimize the risk potential at the site and to enhance operational safety. Sika is insured against production losses.

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. For this purpose, it has introduced the specific checking of new developments against a sustainability profile. Sika also focuses on market opportunities and risks, product sustainability performance, and the protection of intellectual property. Sika has a global program in place to minimize the risks in advisory and sales activities that could provide grounds for product complaints. Thanks to a host of measures, including the regular training of employees, clearly formulated standards, detailed causal analyses, and stricter controls, expenditure for product-related claims is steadily being reduced. To avoid the risk of customers using Sika's products incorrectly, Sika provides systematic instructions, application training, and support to customers, as well as extensive documentation and quality control.

CUSTOMERS AND MARKETS

Sika has a policy of strategic diversification to limit market and customer-related risks. Geographical diversification is tremendously important in the locally based construction industry, given the sometimes contrary business trends witnessed in this sector in different regions of the world. Customer diversification – with no single customer accounting for more than 2.5% of Sika's turnover – is another stabilizing factor. As a further safeguard against economic fluctuations, Sika operates both in the newbuild sector, and in the less cyclical renovation and maintenance market.

FINANCIAL RISKS

The purpose of financial risk management is to optimize funding and achieve a liquidity position geared to financial obligations. Liquidity is ensured by means of long-term bonds and a long-term revolving credit facility. Liquidity is optimized by means of a cash-pooling arrangement. Sika also manages its net working capital with the utmost prudence. For example, the local companies have precisely defined processes for handling accounts receivable. A cost structure dovetailed to the prevailing market conditions ensures adequate cash generation. Sika attaches high priority to open and cost-efficient access to capital markets. In this context, the A-/stable rating of Standard & Poor's must be taken into account. Financial risk management is described in greater detail in the Annual Report on page 143 et seq.

CLIMATE RISKS

Global climate change and government measures to mitigate this change can impact our day-to-day business in many different ways and/or influence demand for our products. Within Sika, climate risks are essentially divided into two categories: (a) transitional risks, which are temporary risks connected with the transition to a low-carbon economy and (b) physical risks, or actual risks created by the occurrence of an event. The respective risks are mapped out in greater detail in the "Sustainability Report" section, alongside related measures to reduce risk and the corresponding parameters. The analysis of climate risks confirms how fundamen-

tal it is that critical dependencies and the external effects of climate change on Group strategy are well understood. Climate-change time horizons are challenging, as these horizons are much longer than political terms of office and investor outlooks, and stretch far beyond typical planning cycles. Sika is accelerating its efforts to drive the transition to a low carbon economy. The Group continues to increase its use of renewable energy sources in its own operations and enables customers to improve their environmental footprint through its products and solutions. Sika will continuously launch products that offer environmental benefits combined with enhanced performance. This includes product (re)formulations with less emitting materials and at the same time contribute to a circular economy.

CYBERRISKS

The ever-increasing use of information technology, cloud computing, automated processes, and new communication standards (5G) combined with increasing interconnectedness is giving rise to new business models. The flip side of this coin is that new technologies also entail inherent and at times covert risks, such as espionage, data theft, and sabotage. Companies are increasingly exposed to such risks, which can take shape through cyberattacks carried out by national governments, individuals, groups, or organizations. Sika follows such unwelcome developments very closely, provides its staff with the requisite training, and has reinforced its IT organization within the Group accordingly. The measures to combat and defend against such attacks are continually reviewed with the help of external specialists and adapted in line with any new situations that may arise.

REPUTATIONAL RISKS

Sika's internationally highly regarded reputation contributes significantly to the company's value. The Sika Code of Conduct and Sika's Values and Principles are the guiding principles for integrity and ethical behavior. All employees and all those who join Sika through acquisitions are trained in the Code of Conduct and in dealing with the Sika Trust Line (Whistleblower Line). External tools support the monitoring and management of potential reputational issues. With the goal of identifying crisis topics, so-called issues, at an early stage, a global issue monitoring system was established last year. In this context, the company focuses on potential negative issues and, in particular, adverse reporting on online and offline platforms or media. The aim is to identify these at an early stage and respond accordingly. An external database is used to search for potential negative ESG topics with which Sika is associated. For this purpose, a comprehensive set of search terms from various categories was defined, which comprise the following topic complexes:

- Community Relations
- Employee Relations
- Environment
- Governance
- Group Management
- Board of Directors
- Main Legal Entities
- Main Brands/Products

Monthly reporting was established in January 2021. The system is to be rolled out to other areas and departments in the current fiscal year.

INTERNAL AUDIT

Internal Audit carries out audits as set out in the annual audit plan, approved by the Audit Committee. The internal audits are primarily for Group companies in the areas of sales, accounts receivable and accounts payable management, product development, purchasing, production, quality control, inventory management, financial and operational reporting, payroll processes, and IT management. In addition to the global audit of sales and production companies, regular in-depth audits are carried out in the area of headquarter functions and group-wide support processes. Internal Audit is an instrument of the Board of Directors and reports to the Audit Committee.

3. ETHICS AND INTEGRITY

CODE OF CONDUCT
AVAILABLE IN
44 LANGUAGES

GENERAL MANAGERS
PLEDGE TO BE
ROLE MODEL

ONLINE AND OFFLINE
TRAININGS FOR
CODE OF CONDUCT

DISCLOSURE 102-16: VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR

The values and principles of the Sika Code of Conduct were reviewed and launched in 2014 by the Group Management and the Board of Directors. The Code of Conduct is available in 44 languages and has been distributed to all Sika employees through their line organizations. Trainings have been delivered to all subsidiaries, also through an ad hoc e-learning platform available in 14 languages, both online (SikaLearn platform) and offline (as course for local classroom delivery). All employees pledged with their signature to uphold these values, and the General Managers (GMs) undertake every year with their signature to enforce and train the values and principles in their organizations. Sika has also developed a document setting out the Sika Values and Principles. These Values and Principles have been rolled out and trained in all Sika's global subsidiaries. GMs and Sika Senior Managers (SSMs) are requested to sign a "Compliance Commitment", in which they pledge to be role models in respect of integrity and compliance. Every two years, Corporate Compliance requires all Sika GMs and SSMs to renew their pledge. We also encourage them to seek the same commitment from their local management team.

For the Sika Code of Conduct, please consult:
www.sika.com/en/group/Aboutus/VisionandMission.html

SUSTAINABILITY AND INTEGRITY

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



4. GOVERNANCE

SIKA ADHERES TO THE SIX SWISS EXCHANGE DIRECTIVE

SWISS CODE OF BEST PRACTICE FOR CORPORATE GOVERNANCE

TRANSPARENCY IS THE HIGHEST OBJECTIVE OF GOOD CORPORATE GOVERNANCE

DISCLOSURE 102-18: GOVERNANCE STRUCTURE

Creating transparency is the highest objective of good corporate governance in the provision of information on structures and processes, areas of responsibility and decision procedures, as well as rights and obligations of the various stakeholders. Sika adheres to the SIX Swiss Exchange Directive on Information Relating to Corporate Governance and follows the principles of the Swiss Code of Best Practice for Corporate Governance.

Details on corporate governance and the Group structure can be found here:

<https://www.sika.com/en/investors/corporate-governance-risk-management.html>

DISCLOSURE 102-19: DELEGATING AUTHORITY

The highest governance level of climate-related risks and opportunities is the Board of Directors. The Board's responsibility is to review and endorse the development and implementation of sustainability policies and strategies. It is one of the main tasks of the Chair of the Board to steer and oversee climate-related topics. The Board of Directors has approved the Group's long-term ambition to be CO₂-neutral by 2050. In a first step, the focus is on the reduction of the direct emissions due to its own use of fossil fuels (scope 1), and indirect emissions through the use of purchased electricity (scope 2).

Group Management is responsible for the development and implementation of initiatives and actions addressing climate change, in line with the defined sustainability strategy and targets.

The external Sustainability Advisory Board and the internal Sika Sustainability Committee ensure that climate-related aspects are adequately considered in the Group's strategy and operations. The external Sustainability Advisory Board gives recommendations for the agenda setting on global level. The task of the internal Sika Sustainability Committee is to prepare the decision-making of the Group Management.

Identification, assessment and management of climate-related risks are integrated into multi-disciplinary company-wide risk identification, assessment, and management processes. Information on specific climate-related risks is collected on regional level and consolidated on corporate level aligned with the overall strategy. Sika's global management drives and steers effective risk management.

Locally, climate-related risks are assessed and evaluated by EHS and Operations Managers in collaboration with General Managers who are reporting to Area Managers, who in turn report to the Regional Manager. The Regional Manager is part of the Sika Group Management.

DISCLOSURE 102-20: EXECUTIVE-LEVEL RESPONSIBILITY FOR ECONOMIC, ENVIRONMENT AND SOCIAL TOPICS

On executive level, the Chief Technology Officer and the Head of Human Resources and Compliance are responsible for ESG related topics. Both Managers are part of the Sika Group Management, the highest executive management level.

DISCLOSURE 102-21: CONSULTING STAKEHOLDERS ON ECONOMIC, ENVIRONMENTAL, AND SOCIAL PROJECTS

Meetings and roadshows for the financial community are planned and organized by Investor Relations (IR). IR reports directly to the Chief Executive Officer (CEO). The Chair of the Board participates at ESG relevant conversations and discussions.

The Head of Corporate Communications and IR as well as the CTO are discussing inputs with the Sustainability Advisory Board, who has a consulting function of the Board.

Furthermore, the collaboration with initiatives and institutions like UN Global Compact, WBCSD, Together for Sustainability, helps Sika to foster and steer its stakeholder approach and to have an impact on industry policies. The active collaboration serves as a platform for mutual commitment and exchange of know-how.

DISCLOSURE 102-22: COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES

Please see Annual Report 2020, page 78sq.

DISCLOSURE 102-23: CHAIR OF THE HIGHEST GOVERNANCE BODY

The Chair of the Board is not an executive officer in Sika.

DISCLOSURE 102-24: NOMINATION AND SELECTING THE HIGHEST GOVERNANCE BODY

Further information on Board responsibilities

<https://www.sika.com/en/investors/corporate-governance-risk-management/board-responsibilities.html>

Biographies of Board members including overview of individual strengths and experience:

<https://www.sika.com/en/about-us/organization/board-of-directors.html>

DISCLOSURE 102-25: CONFLICT OF INTEREST

Please see the Annual Report 2020, pages 77 sqq.

DISCLOSURE 102-26: ROLE OF HIGHEST GOVERNANCE BODY IN SETTING PURPOSE, VALUES AND STRATEGY

Board develops purpose, strategy and values & principles as well as policies concerning economic, environmental and social topics in cooperation with Group Management. Board monitors execution and reviews strategy. After 1.5 years higher level interim review of strategy, and every three years in-depth review.

DISCLOSURE 102-27: COLLECTIVE KNOWLEDGE OF HIGHEST GOVERNANCE BODY

The Sustainability Advisory Board consisting of experts in the domains of academia, NGO and sustainability consulting is in place since 2016. These external experts are available to the Board to discuss and exchange knowledge. Regular contacts between Board Members and ESG related NGO's such as WBCSD and UN GC take place.

The Chair of the Board participates at some of the Sika Sustainability Advisory Board meetings and is engaged in the UN Global Compact by participating at annual conferences.

DISCLOSURE 102-28: EVALUATING THE HIGHEST GOVERNANCE BODY'S PERFORMANCE

Group Management is responsible for the development and implementation of initiatives and actions addressing climate change, in line with the defined sustainability strategy and targets.

The external Sustainability Advisory Board and the internal Sika Sustainability Committee ensure that climate-related aspects are adequately considered in the Group's strategy and operations. The external Sustainability Advisory Board gives recommendations for the agenda setting on global level. The task of the internal Sika Sustainability Committee is to prepare the decision-making of the Group Management.

Sustainability targets are included in Sika Strategy. The Board 's performance is evaluated on the basis of achievements related to strategic targets incl. ESG targets such as climate performance.

Please see Annual Report 2020, pages 81 sqq.

DISCLOSURE 102-29: IDENTIFYING AND MANAGING ECONOMIC, ENVIRONMENTAL, AND SOCIAL IMPACTS

Identification, assessment and management of climate-related risks are integrated into multi-disciplinary company-wide risk identification, assessment, and management processes.

Information on specific climate-related risks is collected on regional level and consolidated on corporate level aligned with the overall strategy. Sika's global management set-up drives and steers effective risk management. Unexpected environmental, climate-related disasters and economy fluctuation might have an impact on global and local markets. The governance structure fosters the build-up of expertise to catch and evaluate the impact of unexpected risks.

Economic, environmental, and social factors are integrated in due diligence processes in an M&A situation. M&A transactions are approved on board level. The Board has overall responsibility for identification and monitoring of ESG impacts, risks, and opportunities. The Chief Financial Officer (CFO) is responsible for risk management and M&A on highest executive level and gives regular updates to Board.

DISCLOSURE 102-30: EFFECTIVENESS OF RISK MANAGEMENT PROCESS

Board reviews and monitors the organization's ESG risks and receives regular updates from the executive management.

Please see DISCLOSURE 102-15

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. In 2020, one focus was the integration of the climate-related risks in the overall framework of risk management.

Within Sika, climate risks are essentially divided into two categories: (a) transitional risks, which are temporary risks connected with the transition to a low-carbon economy and (b) physical risks, or actual risks created by the occurrence of an event. The respective risks are mapped out in greater detail in the "Sustainability Report" section (see page 51), alongside related measures to reduce risk and the corresponding parameters.

The analysis of climate risks confirms how fundamental it is that critical dependencies and the external effects of climate change on Group strategy are well understood. Climate-change time horizons are challenging, as these horizons are much longer than political terms of office and investor outlooks and stretch far beyond typical planning cycles.

Sika is accelerating its efforts to drive the transition to a low-carbon economy. The Group continues to increase its use of renewable energy sources in its own operations and enables, through its products and solutions, customers to improve their environmental footprint. Sika will continuously launch products with environmental benefits combined with enhanced performance, including product (re-) formulations with less emitting materials and contributions to a circular economy.

DISCLOSURE 102-31: REVIEW OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL TOPICS

Bi-annually the CFO and Board review economic, environmental, and social topics. In the domain of mergers and acquisitions (M&A), those reviews and consultations might take place as part of the due diligence process.

DISCLOSURE 102-32: HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY

The Board and the Chief Technology Officer review and approve the Sustainability Report as an integrated part of the Annual Report.

DISCLOSURE 102-33: COMMUNICATING CRITICAL CONCERNS

Addressing critical cases helps Sika not only to detect possible risk areas, but also to address them right away with targeted measures. Sika identifies critical concerns compliance cases based on internal audits as well as internal and external complaints that are escalated to Corporate HR & Compliance via several channels, including Sika's whistleblower platform ("Sika Trust Line"). Flat hierarchies, the value-based corporate culture and internal audits are catalyzing the communication of critical concerns to the highest governance body

All cases, complaints or inputs regarding critical concerns are presented to the audit committee.

DISCLOSURE 102-34: NATURE AND TOTAL NUMBER OF CRITICAL CONCERNS

Sika identifies compliance cases based on internal audits as well as internal and external complaints. Complaints are escalated to Corporate HR & Compliance via several channels, including Sika's whistleblower platform ("Sika Trust Line") permitting anonymous reporting. In 2020, Corporate HR & Compliance received 60 complaints. The complaints triggered 44 internal compliance investigations. In 21 cases, allegations of misconduct could be substantiated. 19 cases could not be substantiated. 4 cases still are under investigation.

The analysis of the 2020 compliance investigations allows for the following conclusions:

- Sika's number of reported (60) and confirmed/substantiated (23) compliance cases is very low, considering the size of the company.
- Most investigations (80%) centered on either interpersonal tension (17) or fraudulent behavior (18).
- Of 23 reports submitted anonymously, only 1 (4%) could be substantiated.
- Sika employees remain the main channel to openly report misconduct. Of the 18 incidents they've escalated, 10 (56%) could be substantiated. While 11 of the 18 cases were reported by business employees (first line), 5 were reported by assurance functions (2nd line) and 2 by Internal Audit (3rd line).

DISCLOSURE 102-35: REMUNERATION POLICIES

Please see Annual Report, page 89 (Compensation Report)

DISCLOSURE 102-36: PROCESS FOR DETERMINING REMUNERATION

Please see Annual Report, page 88 (Compensation Report)

DISCLOSURE 102-37: STAKEHOLDERS' INVOLVEMENT IN REMUNERATION

Please see Annual Report, page 87 (Compensation Report)

DISCLOSURE 102-38: ANNUAL TOTAL COMPENSATION RATIO

Please see Annual Report, page 91 (Compensation Report)

DISCLOSURE 102-39: PERCENTAGE INCREASE IN ANNUAL TOTAL COMPENSATION RATIO

Please see Annual Report, page 96 (Compensation Report)

Creating transparency is the highest objective of good corporate governance in the provision of information on structures and processes, areas of responsibility and decision procedures, as well as rights and obligations of the various stakeholders. Sika adheres to the SIX Swiss Exchange Directive on Information Relating to Corporate Governance and follows the principles of the Swiss Code of Best Practice for Corporate Governance.

Details on corporate governance and the Group structure can be found here:

<https://www.sika.com/en/investors/corporate-governance-risk-management/corporate-governance-report.html>

OPERATIONAL EFFICIENCY

The new facility in Sarnen in Switzerland allows for the production of SikaProof® A+ membranes in a single working step, increasing both production and capacity.



5. STAKEHOLDER ENGAGEMENT

SIKA JOINED
“TOGETHER FOR
SUSTAINABILITY” (TFS)
IN 2020

EXTERNAL REVIEWS
BY SIKA
SUSTAINABILITY
ADVISORY BOARD (SAB)

STAKEHOLDERS
REGULARLY
REVIEWED AND
CONSULTED

DISCLOSURE 102-40: LIST OF STAKEHOLDER GROUPS

Sika's most relevant stakeholder groups are:

- Employees
- Customers
- Suppliers
- Financial analysts
- Investors
- Academia
- Sika Management
- Sika Board
- Competitors
- Regulators
- Sponsorship partners
- Local communities

DISCLOSURE 102-41: COLLECTIVE BARGAINING AGREEMENTS

Sika is present in more than 100 countries with both small and large subsidiaries. In many of the smaller companies, the number of employees is low and no collective bargaining agreements exist. However, in many big countries, e.g. USA, Germany, France etc., collective bargaining agreements for workers are the rule, and the majority of workers at these locations are covered.

DISCLOSURE 102-42: IDENTIFYING AND SELECTING STAKEHOLDERS

Stakeholders are defined as groups or individuals that are significantly affected by the organization's activities, products, and/or services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. Stakeholder engagement is an essential part of responsible business practice and is key to capturing opinions and insights from across our business.

In the context of the Sustainability materiality analysis, Sika reviewed the various stakeholder groups in 2018. A set of stakeholder groups was selected and prioritized / categorized according to the potential impact of Sika on the stakeholder and the stakeholder's ability to impact Sika. The results were verified with different entities within Sika (CTO, control panel with Senior Management) and largely confirmed the findings from the previous analysis. Overall, the financial community and regulators assume greater importance due to an evolving business landscape and shareholder structure. In the same year, the most relevant stakeholder groups were consulted for their contribution to the materiality process. Material aspects and topics were reviewed to detect any changes of priority or need for re-evaluation.

DISCLOSURE 102-43: APPROACH TO STAKEHOLDER ENGAGEMENT

In the reporting year, as part of the periodic review of our sustainability priorities, Sika specifically engaged with selected principal internal and external stakeholder groups to review the most recent materiality analysis, conducted in 2015. The following groups were approached via an online survey to provide input in defining the future strategic framework and priorities: employees, customers, financial analysts, investors, Sika Management, suppliers, academia, and sponsoring partners. The results were integrated in the materiality analysis (see chapter 6: Reporting Practice).

Sika established a Sustainability Advisory Board (SAB) in 2016. An independent expert opinion aimed to provide Sika management additional guidance regarding the direction and implementation of Sika's Sustainability Strategy. In 2020, the SAB met twice, in July and in November. The focus topics concentrated on the target areas "climate change" and "product sustainability". Further focus topics were encompassing the new initiative "Together for Sustainability" (TfS) that Sika joined in 2020 and a status report on the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

DISCLOSURE 102-44: KEY TOPICS AND CONCERNS RAISED

The materiality analysis 2018 captured responses from relevant internal and external stakeholder groups across our value chain via an online survey. For a summary of topics with high to low stakeholder materiality relevance, please consult chapter 6 of this report. The outcome has since been used to further develop the Sika Sustainability Strategy and redefine the 2019-2023 targets.

The GRI report covers high-materiality aspects. Aspects classed as moderate and low are not necessarily covered in the GRI report, but will be monitored on a regular basis. Newly identified issues will be analyzed, prioritized and integrated where relevant.

SUSTAINABLE CONSTRUCTION

The purification facility clarifiers for the Swiss town of Chur, which are protected and sealed with Sika solutions, have the world's first folding solar roof. Sika made this sustainable concept possible with its fast-curing adhesive and sealant.



6. REPORTING PRACTICE

DISCLOSURE 102-45: ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

A full list of companies is included in the Annual Report 2020, page 150 seq.
Please consult: www.sika.com/en/group/Publications/annual_reports01.html

DISCLOSURE 102-46: DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

The key aspects of Sika's sustainability strategy and reporting were defined through a materiality analysis. The key aspects of Sika's sustainability strategy and reporting are specified in the GRI reports of 2018 and 2019. This applies for DISCLOSURE 102-47 List of Materials, too.

DISCLOSURE 102-48: RESTATEMENT OF INFORMATION

No restatement of the 2020 report was made.

DISCLOSURE 102-49: CHANGES IN REPORTING

There are no significant changes in the list of material topics and topic boundaries compared to previous reporting periods. Sika includes all subsidiaries in the reporting. Acquired companies must immediately reconfigure their reporting, data collection, and submission practices in line with the Sika data system.

DISCLOSURE 102-50: REPORTING PERIOD

The reporting period is the calendar year.

DISCLOSURE 102-51: DATE OF MOST RECENT REPORT

This is Sika's eight report and covers the 2020 calendar year.

DISCLOSURE 102-52: REPORTING CYCLE

Sika will continue reporting on an annual basis.

DISCLOSURE 102-53: CONTACT POINT FOR QUESTIONS REGARDING THE REPORT

Dominik Slappnig
Head of Corporate Communications and Investor Relations
E-mail: sikagroup@ch.sika.com
Phone: + 41 58 436 68 00

Rosanna Santorelli
Head Global Sustainability and Operations Technology
E-mail: sikagroup@ch.sika.com
Phone: + 41 58 436 40 40

DISCLOSURE 102-54: CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS

This report has been prepared in accordance with the GRI Standards: Core option

DISCLOSURE 102-55: GRI CONTENT INDEX

Please consult: www.sika.com/en/group/sustainability/gri-standards/gri-102-general-disclosure/disclosure-102-55.html

DISCLOSURE 102-56: EXTERNAL ASSURANCE

Sika's GRI Report 2020 has not been externally assured.

GRI 200: ECONOMIC

GRI 201: ECONOMIC PERFORMANCE

SALES REACH
CHF 7,877.5 MN
+3.4% IN LOCAL
CURRENCIES

NET PROFIT UP 8.8%
TO CHF 825.1 MN

1 ACQUISITION
6 NEW / EXPANDED
FACTORIES

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Financial solidity and long-term profitability ensure that Sika remains a reliable and value-adding partner for all its stakeholders now and in the future, and they represent important cornerstones in maintaining global technology leadership and market penetration from design and construction to refurbishment.

By evaluating economic impacts, risks and opportunities deriving from investments in assets and innovation, Sika strives to focus on the most promising opportunities that deliver optimized value for its customers, in the form of durable solutions, and create returns that benefit shareholders. Moreover, economic health enables Sika to share created value with its various stakeholders, be a reliable employer, an attractive long-term investment opportunity, a responsible taxpayer, and a good corporate citizen that helps communities to flourish. Ultimately, economic value creation simultaneously helps improve the economic, environmental, and social conditions for Sika and its stakeholders and is therefore an aspect of high importance.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

GOALS AND TARGETS

The Sika growth model is synonymous with long-term success and profitable growth. By targeting the six pillars of market penetration, innovation, operational efficiency, acquisitions, strong corporate values, and sustainability, Sika plans to grow by 6–8% a year up to 2023. At the same time, it is aiming for a higher EBIT margin of 15–18%, instead of today's 14–16%. The Goals and Target are specified on the Corporate Website ([Link](#)) and in the Annual Report 2020, p. 16.

RESPONSIBILITIES

Overall responsibility for financial performance at Group level remains with the Group CFO, CEO, and the Board of Directors. Since Sika's international expansion first began, Sika has organized its global activities by country. The national units were later consolidated into regions with higher-level management functions. The heads of the regions are members of the Group Management. The regions are EMEA (Europe, Middle-East, and Africa), Asia Pacific (APAC), Americas and Global Business. The regional and national management teams bear full profit and loss responsibility, and – based on the Group strategy – set country-specific growth and sustainability targets and allocate resources.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach through a process steered by the Board of Directors. The company audits and publishes the results accordingly in the quarterly and annual reports.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 201-1: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Economic Performance

Sika creates sustainable value for its customers, the supply chain and other stakeholders. The company distributes the derived economic value to various stakeholders. This includes governments through taxes, employees through compensation and benefits,

shareholders through dividends, suppliers and service providers through raw material and service prices, and society through taxes and local community projects. Part of the value earned is retained in the company for further development of novel technology, acquisitions, capital investments, and to maintain a certain amount of independence from capital market fluctuations.

TABLE 1

The following table indicates the net value added including depreciation and changes in provisions (see Annual Report, p. 163)

Item	mn CHF	%
Total sales	7,878	100.0
To suppliers	4,819	61.17
Net value added	2,666	33.84

TABLE 2

The net value added flows to the various stakeholders and to the Sika Group as follows:

Item	mn CHF	%
To employees	1,528	57.31
To Sika	498	18.68
To shareholders	327	12.27
To governments	280	10.50
To lenders	33	1.24
Total	2,666	100.00

RESILIENCE IN TIMES OF CRISIS

The experienced team of nine Group Management members, have defined targeted measures to minimize the impact of the COVID-19 pandemic on the organization and enable business operations to continue at a high level. Their top priority is the safety of employees, customers, and suppliers. Crises can also be used as times of opportunity, however. This is reflected, for example, in the substantial expansion of the distribution business, which has seen double-digit growth rates.



GRI 205: ANTI-CORRUPTION

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Corruption is a phenomenon with a worldwide presence, causing economic damage and contributing to an unfavorable business environment by distorting market mechanisms and increasing the cost of doing business. The World Bank estimates that 0.5% of GDP is lost through corruption each year, impeding the economic development of developing countries.

Business integrity for decades has been at the core of Sika's corporate culture. Accordingly, Sika enjoys an excellent reputation in the market. Stakeholders all around the globe know Sika as a reliable, highly ethical partner. Sika believes that sustainable and successful business depends heavily on operating in compliance with laws and regulations. Accordingly, Sika operates a Group-wide, culturally well-established and integrated Compliance Management System (CMS), which evolves and improves year by year. The Group pursues a holistic approach to compliance and engages the whole organization throughout hierarchies, functions and geographical areas.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

Sika's management approach to prevent bribery and corruption, first and foremost, is reflected in various internal policies. At the center of Sika's regulatory anti-corruption framework are the Group's "Values and Principles", an internal guideline reflecting Sika's overall management principles and the Group's commitment to integrity, responsibility and transparency. A second core element of the Group's regulatory anti-corruption framework is Sika's "Code of Conduct", which – binding for all employees worldwide – strictly prohibits any form of active or passive bribery while providing general guidance regarding gifts, entertainment, sponsoring and donations: <https://www.sika.com/en/about-us/who-we-are/values-principles/sika-code-of-conduct.html>

A third cornerstone of Sika's regulatory anti-corruption framework is the Group's "Gift & Entertainment Policy" (GEP) template, which defines minimum requirements regarding the granting and accepting of gifts, entertainment, donations or sponsoring. Each Sika entity has adopted a localized version of the GEP, thus implementing not only the overall corporate guidelines but also – to the extent necessary – particular national anti-corruption requirements. Corporate functions have adopted specific manuals (i.e., Manual of Authority, Procurement Manual) mirroring the GEP requirements.

In addition to a strong regulatory framework, Sika relies on the following components in its anti-corruption management approach:

ETHICAL LEADERSHIP VOWS

The "tone from the top" and leadership by example are of central importance in Sika's anti-corruption efforts. All Sika Senior and General Managers bi-annually are asked to commit in writing to Sika's Code of Conduct, to always act with integrity and never to engage in bribery or corruption. In particular, they promise to report and escalate serious violations or well-founded concerns related to bribery or corruption to their superior and/or the Area Manager, the Regional Manager or Corporate Compliance, to make sure that suspected misconduct receives proper and timely follow-up, and that employees who report suspected misconduct in good faith are not subject to retaliation. General Managers are encouraged to seek the same kind of "Compliance Commitment" from each member of their local management team. In addition, each General Manager is requested to submit, on an annual basis, a "GRI Compliance Confirmation", which reaffirms that local staff throughout the year has received adequate anti-corruption training.

GLOBAL COMPLIANCE ORGANIZATION

At Sika, a decentralized matrix organization is administering Sika's CMS and thus also coordinating most anti-corruption initiatives. The members of this cross-functional team represent the Global Compliance Organization, which is the backbone of Sika's compliance function. Roughly five full-time compliance managers form the Corporate Compliance team, operating out of Sika's HQ. As far as anti-corruption activities are concerned, they are supported by roughly twenty employees all around the globe who hold part-time responsibilities for compliance tasks.

TARGETED TRAINING INITIATIVES

Members of the Global Compliance Organization conduct regular compliance trainings with specific risk groups. In the context of anti-corruption, Sika's Senior and General Managers, together with all sales, procurement, finance and R&D employees, are invited regularly to participate in such anti-corruption trainings. The targeted trainings are delivered either face-to-face or online (via virtual workshops or focused e-learnings).

STRINGENT COST CODING & CONTROLLING

Internal regulations including the Gift & Entertainment Policy and the Controller Manual require all Sika entities and functions to record transparently in the respective financial records any gift, entertainment, donation and sponsoring expense made in favor of a third party. Third party expenses thus are monitored very closely. The Corporate Compliance Team, in close cooperation with Corporate Controlling and Internal Audit, discuss identified unusual or noticeable expense patterns quarterly. Where deemed necessary, they follow up with targeted audits.

SPEAK-UP CULTURE & REPORTING SYSTEM

Sika's Code of Conduct requests every employee to speak up and report observed misconduct, including any act potentially representing bribery or corruption. The same reporting requirement is anchored in Sika's contracts with third parties and its Supplier Code of Conduct. Employees and third parties may report potential violations of Sika's anti-corruption guidelines either via line management or via Global Compliance Organization. Furthermore, employees have at their disposal an online whistleblowing channel called "Sika Trust Line", which also allows for anonymous reporting.

THIRD PARTY DUE DILIGENCE & MONITORING

Sika implements its strong anti-corruption stance across the entire supply chain. Its "Supplier Code of Conduct" prohibits any act of bribery or corruption, while stating that such acts, if identified, will lead to the immediate termination of cooperation. Every supplier is required to commit to Sika's Supplier Code of Conduct or to demonstrate that it has implemented similar internal rules, reflecting a zero-tolerance policy regarding bribery or corruption, see <https://www.sika.com/en/about-us/who-we-are/values-principles/sika-code-of-conduct.html> Corporate Procurement on a regular basis reviews supplier performance, thus monitoring whether Sika's business partners indeed comply with the Group's strict anti-corruption requirements. Business contracts with suppliers accused of engaging in bribery or corruption are terminated with immediate effect, unless the supplier is able to demonstrate that it has in place a compliance management system that aims at effectively preventing acts of bribery or corruption.

SPECIFIC ACTIONS

- **Re-Launch of Compliance Commitment in 2021:** Sika Senior and General Managers were asked most recently in December 2019 to renew their "Compliance Commitment" for the calendar years 2020 and 2021. Accordingly, Corporate Compliance will launch the next Compliance Commitment campaign in December 2021, for the calendar years 2022 and 2023.
- **Renewal of GRI Compliance Confirmation:** For the first time, Sika collected the "GRI Compliance Confirmation" for the calendar year 2020 digitally. With a response rate of 100%, 126 General Managers confirmed that no accusations of bribery or corruption were brought against Sika in their country of operation. The GRI Compliance Confirmation defines corruption as follows: "The abuse of entrusted power for private gain. Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes the offer to any person or receipt by any person of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business."
- **Strengthened Global Compliance Organization:** In 2020, Sika further strengthened its Global Compliance Organization. At corporate level, a Junior Compliance Manager (previously working as Legal Trainee) and a Compliance Manager (previously working as Internal Auditor and Area Controller Africa) started in January and March, respectively. In January 2021, a Junior Compliance Associate joined the team part-time. As of March 2021, 4.4 FTE will be fully assigned to the Corporate Compliance Team (2020: 3.6 FTE). At the area and country level, one lawyer (previously at Parex) joined Sika China's compliance team, while two newly hired lawyers started providing part-time compliance support in Central America and Brazil, respectively. In January 2021, a lawyer was hired to replace the local compliance officer in France, who retired.
- **New Anti-Corruption e-Learning:** In 2020, Corporate Compliance designed a new e-learning about anti-corruption and conflict of interests. The e-learning will be embedded in a broader campaign about culture, leadership, diversity and integrity. This group-wide campaign, co-sponsored by Corporate HR with the support of Corporate Communications and an external agency, will be launched in Q1 2021. It is based on a so-called "microlearning" approach and will run throughout the entire year 2021. Campaign materials, including the anti-corruption e-learning, posters, testimonials, videos, games and online newsletters, will be translated into a dozen languages. While the overall campaign aims at reaching all of Sika's nearly 25,000 employees, the e-learning about anti-corruption and conflict of interests is targeting only the group of Sika employees chiefly exposed to corruption risks, including all Sika Senior and General Managers, their management teams, as well as all members of the Sales, Procurement and R&D functions.
- **Tightened Third Party Due Diligence and Monitoring:** Sika's Supplier Code of Conduct requests suppliers to respect Sika's zero-tolerance policy regarding bribery and corruption. Suppliers are required to have systems in place that assure the proper instruction, training and auditing of their personnel and subcontractors to ensure compliance with Sika's anti-corruption requirements across the entire supply chain. Sika performs supplier audits and evaluations to monitor and assess overall compliance with its Supplier Code of Conduct. Further, suppliers are obliged to immediately inform Sika of any known violation of its Supplier Code of Conduct.

In an effort to better monitor and certify compliance with anti-corruption and other corporate social responsibility (CSR) requirements, Sika in February 2020 successfully joined the “Together for Sustainability” (TfS) initiative

- **Support of Transparency International:** Sika financially supports Transparency International in its global fight against corruption.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

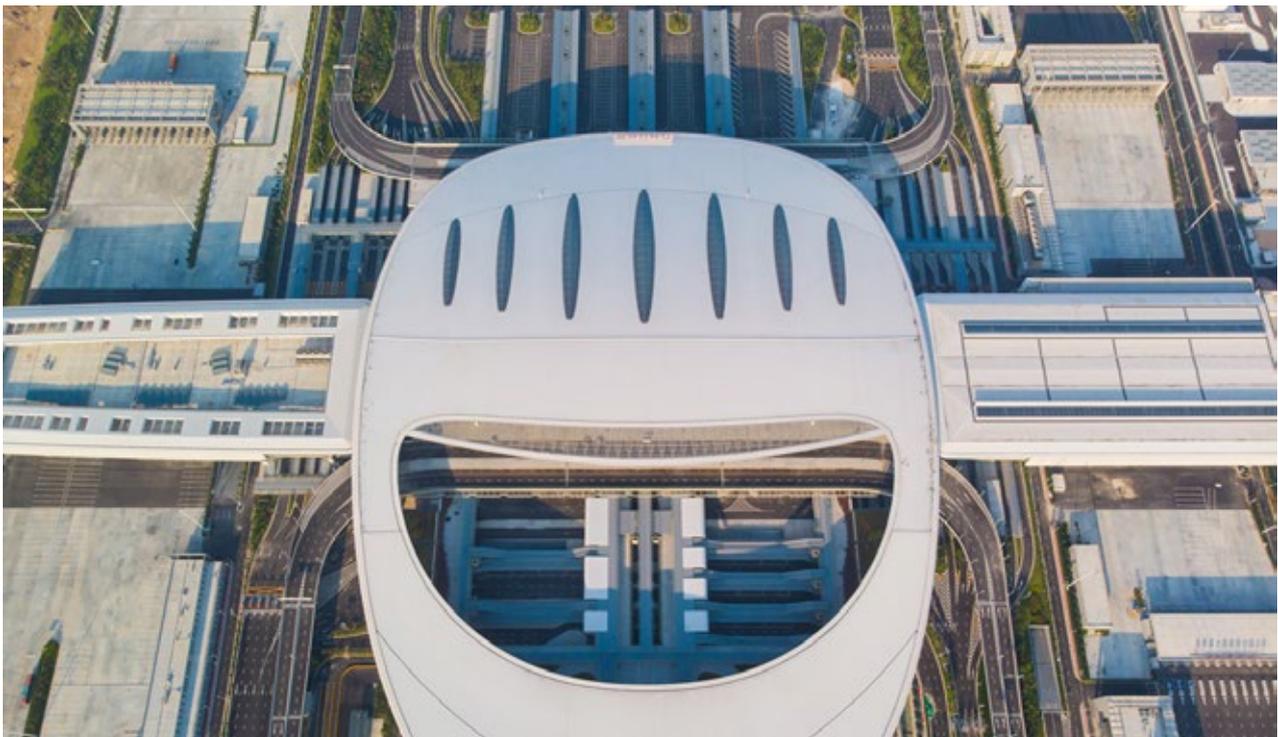
Sika evaluates its management approach through:

- **Monitoring:** Sika investigates reported cases of corruption on the basis of a defined incident response process. Confirmed cases usually lead to sanctions against involved employees and other corrective measures as deemed necessary and suitable to strengthen Sika’s CMS. Corporate Compliance keeps track of all investigated cases and reports substantiated cases annually to the Group’s Executive Board, the Audit Committee of the Board of Directors and to the external auditors.
- **Evaluation of Audit Findings:** The findings of Group Audits are recorded in a central management tool and systematically analyzed to identify root causes and monitor the implementation of improvement measures.
- **Investigations:** Corporate Compliance and Internal Audit collaborate closely in their effort to detect bribery, corruption or fraud. Corporate Compliance usually takes the lead investigating reports of alleged bribery, corruption or fraud inside Sika. All bribery, corruption or fraud reports have to be escalated to the Group Compliance Officer, irrespective of who reports them or where they occurred. In addition, Internal Audit may identify fraudulent or corrupt practices while conducting a regular audit. If this is the case, Internal Audit also informs Corporate Compliance and the Group Compliance Officer, who in turn records IA-detected corruption or fraud incident in the Group’s case recording system and issues sanctioning and improvement recommendations to the concerned line management.
- **Reporting:** Corporate Compliance, and more particularly the Group Compliance Officer, regularly reports substantiated corruption and fraud cases to the Audit Committee of the Board of Directors, the Group Management and the external auditors, informing them also about identified root causes and the corrective measures that the concerned line management has implemented.
- **Briefings for General Managers:** Periodically, Corporate Compliance informs Sika’s General Managers about detected cases of bribery, corruption or fraud, thus refreshing their memories about Sika’s strict, global anti-corruption policy and their responsibility to implement it locally.

The management approach has been reviewed and has proven to be effective.

GREEN BUILDING STANDARD

Sika China successfully published its first externally verified EPD with the Building Research Establishment (BRE) for locally produced high quality Sarnafil® S327-L and G410-L roofing membranes. Here: Zhuhai Port Roofing System of the Hong Kong-Zhuhai-Macao Bridge, Zhuhai City (East China).



2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 205-1: OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

Corporate Compliance on an annual basis assesses all operations regarding potential and actual corruption risks. In 2020, all General Managers (GMs) again confirmed in writing that no corruption investigations were launched against Sika. GMs are required to immediately escalate suspicion or allegations of corruption to Corporate Compliance.

Sika suppliers are required to sign the Supplier Code of Conduct, thus committing to Sika's zero-tolerance policy regarding bribery and corruption. Suppliers are required to have systems in place that ensure the proper training and monitoring of their personnel and subcontractors. Sika regularly performs supplier audits and evaluations to monitor and assess their compliance with Sika's anti-corruption requirements. Suppliers are obliged to immediately inform Sika of any known violations of the Supplier Code of Conduct.

DISCLOSURE 205-2: COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

Sika's anti-corruption approach is reflected in the Group's Code of Conduct, which clearly prohibits bribery and corruption. Each Sika employee is required to comply with the Code of Conduct, which is an integral part of the employment contract and the onboarding program. In addition, employees at least once a year receive a training – online and/or face-to-face – about the Code of Conduct, compliance and anti-corruption. The members of Corporate Legal, Internal Audit and the Global Compliance Organization regularly conduct such training sessions. All GMs have to assure adequate anti-corruption information and training for their staff.

DISCLOSURE 205-3: CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

In 2020, Sika has received 60 reports about alleged misconduct. 44 of them led to internal investigations. While most investigations concerned allegations of HR-related misconduct or possible fraudulent activities, 7 investigations focused on potential cases of passive bribery (i.e., Sika employees asking suppliers for kickback payments). In three cases, the internal investigations led to the confirmation of the allegations. The involved employees were dismissed with immediate effect. In addition, anti-corruption training efforts were intensified for the concerned entities.

SIKA NORTH AMERICA - LEADERSHIP PROGRAM

With the constant change in our working environment due to COVID-19, the continued training of employees is more important than ever. Training and development of personal and professional skills is crucial. With intensified internal online trainings, we help our employees to develop the skills they need and to ensure they stay close to our customers no matter the circumstances.



GRI 206: ANTI-COMPETITIVE BEHAVIOR

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Sika's approach to anti-competitive behavior is based chiefly on the Code of Conduct, which requires the company and all employees to act fairly in the market both vis-à-vis customers and suppliers, and in accordance with applicable cartel and anti-trust laws.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

To support GMs in fulfilling their compliance duties, they receive a "Compliance Checklist" on a regular basis. The checklist defines Sika's minimum requirements and best practices to minimize compliance risks. It allows all GMs to self-assess their entity's compliance with Sika's Code of Conduct, monitor identified risks, prevent and detect misconduct, and plan corrective actions. The 2020 Compliance Checklist contained a section on anti-competitive behavior. GMs were asked to confirm that no investigations took place concerning anti-competitive behavior, and that they trained all concerned staff adequately about how to avoid anti-competitive behavior. 100% of GMs responded to the self-assessment questionnaire, confirming that they assured compliance with anti-trust requirements.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

See GRI 205 Anti-Corruption, DISCLOSURE 103-3.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 206-1: LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

On a yearly basis, each GM at Sika signs and submits a "GRI Compliance Confirmation" to Corporate Compliance. This confirmation allows Sika to monitor and be assured that business throughout the organization has been conducted in compliance with applicable laws and the Code of Conduct, including anti-trust regulations.

In 2020, no legal actions for anti-competitive behavior, anti-trust or monopoly practices were brought against Sika, nor did Corporate Compliance receive any internal reports alleging anti-competitive behavior by Sika employees or suppliers.

GRI 300: ENVIRONMENTAL

1. MANAGEMENT APPROACH DISCLOSURES FOR MATERIAL, ENERGY, EMISSIONS, WATER, WASTE

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Material

Sika converts raw materials to value-added finished products and solutions relying mainly on non-renewable input materials. Direct materials are Sika's major cost factor, corresponding to approximately 45% of sales. Almost all materials used in production – e.g. for polyurethane adhesives, epoxy-resin products, polymeric roofing and waterproofing membranes, cementitious mortars, polymer concrete admixtures or parts for the automotive industry – are based on crude oil or crude oil derivatives (downstream products) or require fossil fuels for conversion. Other large contributors are sand, minerals, cement, and water.

Energy

Sika's energy consumption is to a large extent based on fossil, non-renewable sources of energy, exposing Sika to price volatilities, supply and production uncertainties, and increasing regulatory interventions related to climate change.

Although Sika's production itself is less energy-intensive than the supplier industries, specifically the chemical industry, Sika sees itself as responsible for minimizing its impact with regard to climate change by reducing its energy consumption. Sika views energy efficiency and the mitigation of emissions as major drivers of its overall efficiency effort that additionally contribute to cost reductions.

Water

Water is a crucial input factor for Sika's production, and water quality and scarcity are important issues for Sika in water-stressed regions and geographies. This applies for production facilities in certain areas of the Middle East, Latin America, Southeast Asia, and Australia, where water can be scarce.

Increasing water scarcity in many regions of the world is a potential threat to business growth and expansion. Especially in regions where freshwater is scarce, businesses may be exposed to water shortages, lower water quality, water price volatility, and reputational issues.

Emissions

Emissions are a material topic for the company. All non-greenhouse gas emissions are managed and controlled locally in the operating facilities. Greenhouse gas (GHG) emissions are a result of combustion processes to generate electricity and heat and power for production processes and facilities, transportation, and travel.

Although Sika's production itself is less CO₂-intensive than the supplier industries, specifically the chemical industry, Sika sees itself as responsible for minimizing its impact with regard to climate change by reducing its energy consumption, replacing more CO₂-intensive fossil energy sources with less CO₂-intensive fossil energy and increasing the renewable electricity rate. Sika views energy efficiency and the mitigation of emissions as major drivers of its overall efficiency effort that additionally contribute to cost reductions.

Waste

Given that Sika is a chemicals company, stakeholders and communities close to Sika's production sites have a great interest in how Sika manages waste and water discharge from production as they may be directly impacted through potential water contamination and improper waste disposal.

The efficient use of input materials for production and the recycling of materials to reduce waste are key priorities for Sika. Water discharge is heavily regulated by local authorities at the Sika locations, and Sika adheres to permit limits and set standards.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

GOALS AND TARGETS

Sika aims to reduce:

- 15% less energy consumption per ton sold
- Maximize share of renewable electricity
- 12% reduction of CO₂ emissions per ton sold
- 15% less water consumption per ton sold
- 15% less waste generation per ton sold
- 25% higher recycling rate of total waste until 2023. The reference year is 2019.

RESPONSIBILITIES

The line management of Sika's operations is responsible for the target achievements. At local level, the operations manager is responsible for helping Sika's targets to be met and for setting and achieving local targets accordingly.

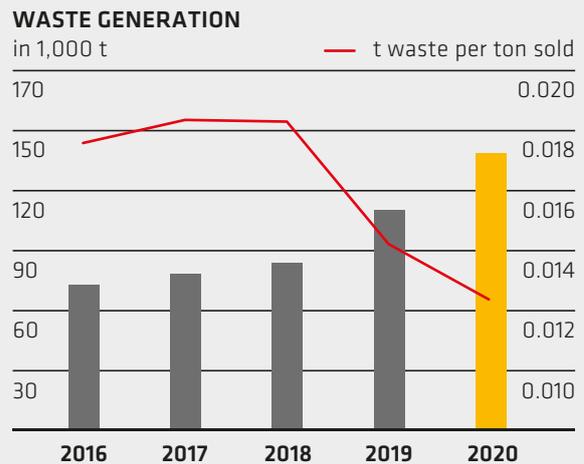
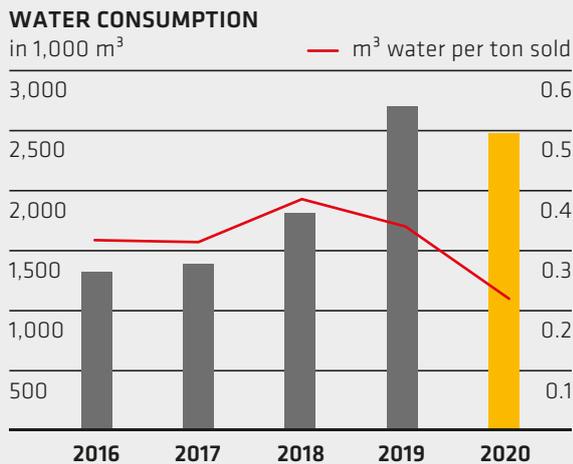
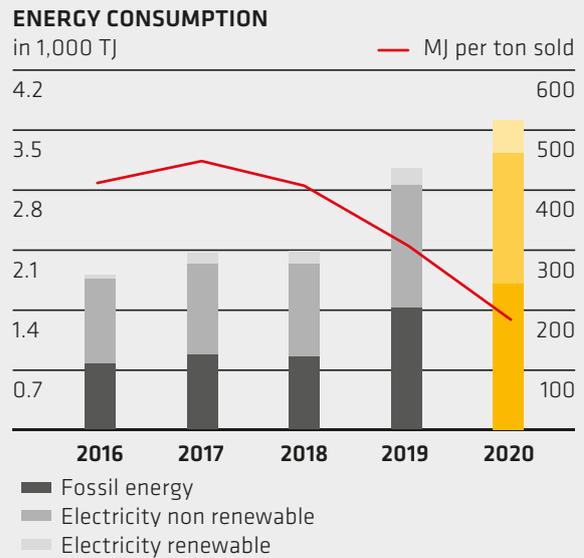
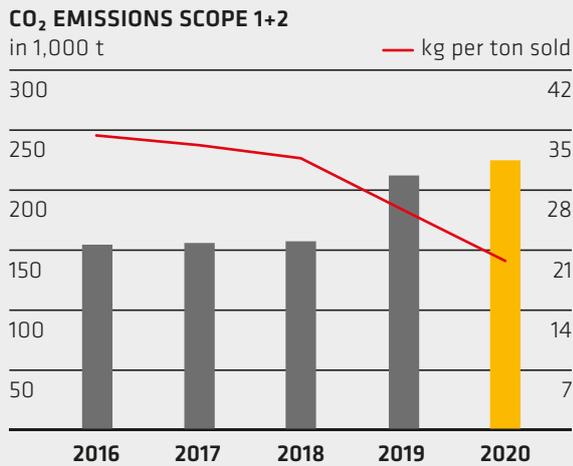
SPECIFIC ACTIONS

- **Life Cycle Assessment (LCA):** Sika sets out to undertake objective, transparent, and comparative assessments of the sustainability performance of its products – not only in manufacturing, but throughout their life cycle, in accordance with internationally recognized standards. These analyses may pinpoint potential improvements for existing or new products during product development and maintenance. They may also deliver important insights into resource management (raw materials, energy, water, and waste), production processes, or application efficiency and thereby promote innovation and optimize the development of new products and systems.
- **Energy management system to ISO 50001:** Some Sika entities are in the process of developing energy management systems to ISO 50001, which provide for continuous improvements in energy efficiency.
- **Environmental management system ISO 14001:** Two-thirds of Sika production facilities are certified to ISO 14001 and perform impact assessments, target setting, and management reviews of the effectiveness of the management system regarding energy use.
- **Sustainable solutions:** Sika seeks to enhance the outstanding and widely appreciated usefulness of its products by optimizing their sustainability profile, and thus to create added value for customers.
- **Risk Management:** The objective of risk management at Sika is to secure the supply of materials in all market situations in the required consistent quality at competitive conditions. A structured and systematic recording and rating process for relevant risks is implemented in order to enable early identification of critical materials and/or suppliers through the systematic analysis and implementation of measures based on a clear classification of potential risks.
- **Benchmarking:** The procurement and technology organization screens Sika's supplier base and the market in general for alternative or more efficient raw materials.
- **Technology comparison:** Based on the life cycle approach for raw materials, Sika compares the effectiveness and efficiency of competing technologies to Sika's existing technology base.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika monitors and evaluates the effectiveness of its management approach according to target achievement.

OVERVIEW SUSTAINABLE TARGETS SUCCESSFUL IMPLEMENTATION



GRI 301: MATERIALS

MANAGEMENT AND EFFICIENT USE OF INPUT MATERIALS ARE IMPORTANT FOCUS POINTS

100% INCREASE OF RECYCLED MATERIAL USED IN 2020

DIRECT MATERIALS CORRESPOND TO APPROXIMATELY 45% OF SALES

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 301-1: MATERIALS USED BY WEIGHT OR VOLUME

Sika uses raw materials such as polymers, additives, resins, colors, plastic articles, sand, cement, and packaging materials corresponding to a total volume of 8.8 million tons, excluding trading goods and water (previous year: 7 million tons).

The company uses a small amount of renewable raw materials from plant-based sources, such as castor oil or alcohols. This is mainly due to unavailability, economic viability, or ineffective application of formulation as compared to non-renewable feedstock. However, the company is constantly exploring ways in its R&D of using non-petroleum-derived materials for Sika products.

Input materials are converted to value-added products from which customer value and ultimately commercial value are derived. Sika strives to convert as much of the input materials as possible into commercial products. However, waste results from cleaning, trials, color changes, repair and maintenance, and other non-continuous operations as reported in the section on waste.

Sika strives to use input materials efficiently. Research and development are governed by the principles of sustainable development and enhanced customer utility, such as the demand for resource-saving construction methods, energy-efficient construction materials, or lighter and safer vehicles. Sika's goal is to assess all new product developments in respect of their sustainability characteristics, using a comprehensive internally standardized methodology. As a result, these projects are geared towards a higher inherent sustainability profile in raw material consumption, production, marketing, use phase, and disposal / recycling. Through its sustainable solutions, Sika strives to reduce the resource consumption in downstream industries, such as the construction, automotive, or cement industry, where Sika solutions enable customers to increase the use of recycled input materials.

DISCLOSURE 301-2: RECYCLED INPUT MATERIALS USED

For direct materials, the proportion of recycled materials used in 2020 was around 2.7% (previous year: 1.3%), regained from used products. For many other secondary materials, such as packaging or solvents, local Sika companies use circular systems or rely on the recycling systems in place today in many countries.

GRI 302: ENERGY

DECREASE (-21%)
IN ENERGY
CONSUMPTION
PER TON SOLD

24% RENEWABLE
ELECTRICITY
OF TOTAL PURCHASED
ELECTRICITY

SAND DRYING
EQUIPMENT TO
REDUCE GAS
CONSUMPTION BY 30%

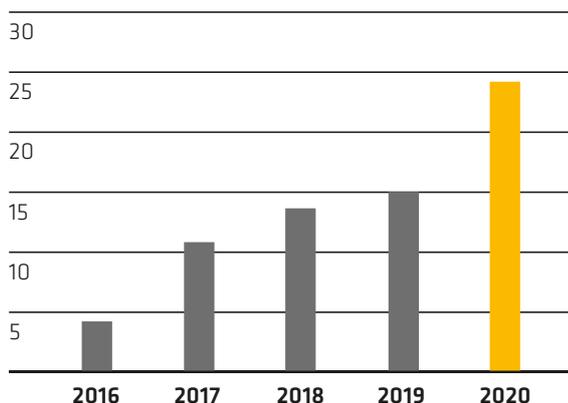
2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 302-1: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Sika used 3,269 terajoule (TJ) of energy (previous year: 2,890 TJ), 53% directly from non-renewable primary energy conversion and 47% from purchased electricity. The fuel types used for direct energy (1,729 TJ) are light liquid fuels (20%) and natural gas and LPG (80%). The increase in energy consumption is due to the acquired Parex company.

RENEWABLE ELECTRICITY

in %



Energy is a necessary input for conversion processes, e.g. stirring and mixing, melting and cooling, ventilation and pumping, as well as heating and air-conditioning of buildings. As mentioned above, around 50% of Sika's total energy consumption is from its own energy conversion and used mainly for heating buildings and production equipment, steam generation, drying processes, etc.

DISCLOSURE 302-3: ENERGY INTENSITY

Due to the lower energy intensity of the acquired Parex company and the initiatives put in place, energy consumption per ton sold has further decreased in the year under review. Energy consumption in 2020 was 286 megajoules per ton sold (previous year: 363 megajoules per ton sold) which leads to a reduction of 21% compared to the previous year. Reduction of fossil fuel consumption by upgrading sand drying equipment in mortar production, decrease of electricity usage by more efficient processes in membrane production and higher efficiency of compressed air equipment are some of the key measures set up to reduce energy consumption.

In Serbia for example, sand drying optimization through the installation of two online moisture sensors will reduce gas consumption by 30%. The same scheme has been installed in Chile. In Singapore and Malaysia, the replacement of older sand dryers by state-of-the-art technology will significantly contribute to the reduction of energy consumption. In Germany, the switch to liquid instead of flakes production contributed to reduce energy costs by CHF 200,000 on a yearly basis.

DISCLOSURE 302-4: REDUCTION OF ENERGY CONSUMPTION

Compared to last year, Sika has reduced energy consumption per ton by 21%. The decrease in energy consumption is due to the lower energy intensity of the acquired Parex company.

GRI 303: WATER

CONSUMPTION OF WATER DECREASED TO 0.22 M³ PER TON SOLD

REUSING WASTE-WATER, RESULTS IN REDUCTION OF WATER CONSUMPTION

MINUS 15% OF WATER CONSUMPTION IN CONCRETE PRODUCTION

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 303-1: WATER WITHDRAWAL BY SOURCE

Water is used as cooling water, cleaning water, in products, and for general purposes, such as in sanitary facilities. Sika uses around 3.4 million m³ (previous year: 3.6 million m³) both from public supply (54%) and groundwater wells (46%). In water-rich areas, like Switzerland, the UK, and Eastern USA, cooling water is mainly obtained from groundwater wells in line with local permits. Cooling and process water accounts for 54% of Sika's water use.

Water consumption per ton sold was around 0.22 m³ (previous year: 0.34 m³). The decrease is mainly due to the lower-water-intensity acquisitions completed since 2019 and the initiatives implemented by the countries.

Efficient production projects have been implemented using closed-loop cooling, cooling towers, and switching from public to groundwater. In Spain for example, production process optimization allowed to reduce water consumption by 7,000 m³.

The company strives to increase water efficiency and has set itself the target of reducing water consumption by 3% per ton of product sold and year.

Water sources:

- Surface water: 37,655 m³ (previous year: 82,000 m³)
- Groundwater: 1,516,054 m³ (previous year: 1,835,000 m³)
- Public supply: 1,811,707 m³ (previous year: 1,692,000 m³)
- Rainwater: A few factories have started to use rainwater to cover part of their freshwater demand, specifically when public water supply is limited. There are no detailed data available.
- Reused water: In many companies, water from rinsing and cleaning is reused. Some factories run their own wastewater-cleaning facilities, e.g. through sedimentation, distillation, or filtration, and reuse filtrate or distillate for production or cleaning.

Sika uses water for the following purposes:

- Process and cooling water: 1,805,445 m³ (previous year: 2,065,000 m³)
- Sanitary water: 664,543 m³ (previous year: 620,000 m³)
- Water in products: 880,707 m³ (previous year: 891,000 m³)

At some Sika sites, groundwater cooling capacity is used for secondary cooling cycles without removing water from the ground. This requires state permits, and the corresponding fees are posted as purchased cooling energy.

GRI 305: EMISSIONS

20 KG CO₂
PER TON SOLD
(SCOPE 1 AND 2)

GHG SCOPE 3
BASELINE
ASSESSMENT

PROCESS
OPTIMIZATION
IN BITUMINOUS
PRODUCTION

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 305-1: ENERGY DIRECT (SCOPE 1) GHG EMISSIONS

Direct energy conversion results in local greenhouse gas emissions (Sika only refers to CO₂). Sika uses various fuels for its own energy conversion. Around 50% of the energy is converted at Sika sites, accounting for CO₂ emissions of around 102,528 tons (previous year: 88,000 tons).

DISCLOSURE 305-2: ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

Indirect energy conversion results in greenhouse gas emissions (CO₂) that are determined by the primary energy used in the country's electric power generation mix. A shift from the company's own power generation to purchasing electric power may therefore positively or negatively impact Sika's total carbon footprint. We use the Greenhouse Gas Protocol calculator to quantify the scope 2 emissions. For the year under review, the calculated CO₂ emissions for the third-party power supply amounted to around 121,700 tons for the Group (previous year: 124,000 tons).

DISCLOSURE 305-3: OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

The company also evaluates the carbon emissions from travel and leased vehicles. Extrapolations of the available data show a footprint of 11,000 tons of CO₂ for the leased fleet and 4,000 tons of CO₂ for business travel for the entire Group in 2020 (previous year: 16,000 and 15,000 tons respectively). Both figures are derived from samples, equivalent to approximately 72% of total energy consumption for the leased fleet and approximately 48% of total contracts for business travel, in each case extrapolated to 100%. The company uses conversion factors published by the International Energy Agency (IEA).

In absolute terms, the total CO₂ emissions (scope 1,2 and partially 3) in 2020 summed up to 239,228 tons (previous year: 243,000 tons).

DISCLOSURE 305-4: GHG EMISSION INTENSITY

The CO₂ emissions (Scope 1 and 2) have decreased from 27kg per ton sold in 2019 to 20kg per ton sold in 2020. This significant decrease is due to acquisitions and scope impact for 3kg per ton sold and several initiatives implementation as Renewable Energy purchase and Energy management improvement for 4kg per ton sold.

DISCLOSURE 305-5: REDUCTION OF GHG EMISSION

Several countries, among them for example China, UK, United States, Brazil, Canada, Chile, and Paraguay have decided to either switch to 100% renewable electricity contracts or commit to purchase Renewable Electricity Certificates (REC) which led to a 10% CO₂ scope 2 reduction in 2020 in these countries.

In Italy, process optimization in bituminous production has led to a 4% decrease in CO₂ scope 1 emissions with an estimated reduction of 20% by 2022. In China, United States, and Mexico, the replacement of 30 diesel forklifts by electrical ones and LED lighting implementation will also contribute to lower CO₂ scope 1 emissions. In 2021, the company will conduct a deeper GHG scope 3 baseline assessment.

GRI 306: WATER DISPOSAL AND WASTE

12% DECREASE
IN WASTE GENERATION
PER TON SOLD

35% RECYCLING RATE
IN 2020

DISPOSAL OF WASTE
THROUGH
ISO 14001

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 306-1: WATER DISCHARGE BY QUALITY AND DESTINATION

Sika discharges around 2.3 million m³ of water (previous year: 2.5 million m³) in conformity with local legislation and permits. In many Sika factories, process water is collected in tanks, and cleaned in its own or external treatment facilities. If collected and treated on site, water is tested in accordance with the local permits before discharge into either the sewage system or directly into a surface water body.

The local companies hold permits for water discharge parameters, such as quantity and chemical limit values, by which the companies are bound. However, due to the very diverse nature of requirements, the Sika Group does not report on discharge water quality.

Discharge destination

- Water to sewer, sewage plant: 0.91 million m³ (previous year: 0.77 million m³)
- Water to surface water bodies: 1.41 million m³ (previous year: 1.77 million m³)

DISCLOSURE 306-2: WASTE BY TYPE AND DISPOSAL METHOD

With an increased production volume, Sika generated around 141,675 tons of waste (previous year: 112,000 tons), which accounts for around 1.6% of the total volume handled by Sika (previous year: 1.6%). This corresponds to 12.4 kilograms of waste per ton sold (previous year: 14.1 kilograms per ton sold), or a decrease of 12% compared to 2019.

Approximately 15% of the waste is hazardous. The "reuse" category covers waste which finds a secondary, lower-grade use or is reprocessed, e.g. through metal recycling

Total weight of non-hazardous waste:

- Non-hazardous: 120,633 tons (previous year: 92,000 tons)

Disposal method:

- Landfill: 60,794 tons (previous year: 45,000 tons)
- Incineration: 9,820 tons (previous year: 9,000 tons)
- Reuse/Recycle: 50,019 tons (previous year: 38,000 tons)

Total weight of hazardous waste:

- Hazardous: 21,042 tons (previous year: 20,000 tons)

Disposal method:

- Incineration: 21,042 tons (previous year: 20,000 tons)

Overall, Sika reduces the waste per ton sold by putting in place activities such as recycling scrap membranes, as for example in Russia, where quantities to be discarded have been reduced by 200 tons. The recycling rate of the total waste volume was 35% in 2020. This was an improvement on the 2019 figure (34%).

In South Africa, cement and sand waste from mortar production is being valorized to a dedicated program (Reconstruction and Development Program) in charge of building houses for disadvantaged people, lowering the waste sent to landfill by 70%. In Sin-

gapore, a sand crusher has been set up in 2020. This initiative will contribute to reduce the reject of oversized sand going to the sand dryer.

In Paraguay, the new water treatment plant set up end of 2020 will reduce the wastewater generation by 50% and operating costs by 75%. In addition, the final effluent will have the required quality to be reused in the production processes reducing also the water withdrawal of the plant.

DISCLOSURE 306-3: SIGNIFICANT SPILLS

Sika recorded 3 significant spills, which were contained locally without environmental damage.

CIRCULAR ECONOMY

The Rogers Centre in Toronto, which was completed in 1989, was the first building in the world to have a retractable roof. No less than 41,000 m² of Sika Sarnafil membranes were used in its construction. All of this material was recycled when the building was renovated 30 years later, and the roof was once again sealed with a Sika Sarnafil system.



GRI 307: ENVIRONMENTAL COMPLIANCE

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Environmental compliance is a material topic for for Sika operations across all regions. However, regulations vary very widely between regions and countries.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENT

Sika therefore delegates the responsibility for environmental compliance to the operating subsidiaries. They must all operate a management system to ISO 14001, which includes legal compliance and a compliance assurance mechanism with internal and external controls.

In a management review with their teams, the General Managers of all companies ensure that no compliance failures have occurred, or fines incurred, and confirm this annually to the Group Compliance Office.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika regards this approach as effective in view of the absence of legal action against the subsidiaries.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 307-1: NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

Sika strives for full legal and regulatory compliance, which are the foundation of its business. Consequently, all ISO-certified subsidiaries have a process in place to help them understand regulatory requirements and changes. They maintain certified management systems to ISO 9001 (Quality), ISO 14001 (Environment), and in some cases OHSAS 18001 (Health & Safety) and ISO 50001 (Energy Efficiency). Most of Sika's subsidiaries work with external advisors to keep abreast of regulatory changes.

The management system to ISO 14001 requires companies to follow up on new legislation and implement legal requirements accordingly. Subsidiaries are audited by Legal and Internal Audit for compliance. General Managers are obliged to strictly adhere to the applicable legislation and to supervise the subsidiary accordingly. Each year, they must verify the level of compliance in their company together with their management teams and confirm this through a global reporting system (the "Compliance Confirmation").

Sika implements an Internal Control System in accordance with Swiss public company law in all of its subsidiaries to ensure adherence to GRI standards. In 2020, the GRI Compliance Confirmations sought from each General Manager brought to light only 1 (one) deviation from GRI standards resulting in a fine exceeding CHF 2,000: Sika South Korea was fined CHF 3,250 for wrong labeling of imported products. In the meantime, the matter has been resolved and measures have been taken successfully to prevent recurrence.

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Sika assumes responsibility for sustainability along the value chain, which includes suppliers. The Supplier Code of Conduct has been binding on all new suppliers since 2015 and is gradually being extended to existing suppliers. By the end of 2020, the agreement had been endorsed by a total of 9,210 suppliers (up by 10% on 2019) covering around 76% of our direct material suppliers. Sika thereby ensures that suppliers are informed of Sika's ethical, environmental, and social expectations and guidelines and that they carry out their processes in compliance with the Sika sustainability criteria.

Sika's Group-wide process maps out the main sustainability principles (economic, social, and ecological) for supplier qualification and evaluation. The multistage supplier evaluation process currently has three central elements: It starts with the commitment to comply with the Supplier Code of Conduct and the completion of a self-assessment. In unclear cases, the purchasing department will follow up with sustainability audits before concluding a supply contract. This process is currently under review with a look to additionally add TfS evaluations as a fourth pillar requirement to the supplier qualification and evaluation process at Sika.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENT

Documentation generated during supplier qualification, such as audit and visit reports, supply agreements and specifications, is transparently recorded and stored on a dedicated platform introduced in the previous year. The system enables buyers to inspect suppliers' qualifications and improve them in their countries as necessary.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika regards the management approach as effective given the absence of social and environmental claims or legal action involving suppliers.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 308-1: NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

In the reporting year, all new suppliers were screened using ethical and environmental criteria.

GRI 400: SOCIAL

GRI 401: EMPLOYMENT

VOLUNTARY FLUCTUATION RATE REMAINS 2020 ON A LOW LEVEL WITH 6.4%

EXTENSION OF PARENTAL LEAVE IN MANY COUNTRIES BEYOND THE LOCAL LAWS

46 NATIONALITIES WITHIN SIKA SENIOR MANAGEMENT TEAM

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Sika is a very diverse company from a nationality and age perspective. 46 Nationalities are represented within the Sika Senior Management. The overall percentage of female employees, while in line with other industrial companies, is still lower than targeted figures with an organic slight increase to 23.1% (23.0% in 2019), against an overall slight decrease to 22.8%, due to a negative acquisition impact (average 12% woman in acquired companies).

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

Sika actively promotes a recruitment policy aimed at achieving a diversified and inclusive workforce. The long-term employee prospects and the corporate culture of empowerment and respect are among the reasons behind Sika's low employee turnover rate of 6.4% (2019: 6.0%) and high engagement.

Sika is strongly committed to improve its gender balance at all hierarchical levels and supported several initiatives during the period under review to improve the quota of women in the company. A clear focus of Sika's strategy is to recruit and promote more women, particularly in sales. Recruitment campaigns in various channels are increasingly targeting women.

Sika is further enhancing its reputation as an employer of choice. The external recruitment strategy is aimed predominantly at hiring and developing young talents, improving gender balance, and attracting more candidates from emerging economies.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach through "Monitoring": Sika monitors its performance regarding new employee hires and employee turnover in regular reporting cycles.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 401-1: NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Sika hired 1,979 new employees in 2020 (2,546 in 2019) and 604 employees joined through acquisitions. 25.5% of new employees are female, which is slightly lower than in 2019 (26.1%). The voluntary fluctuation rate remains 2020 on a low level with 6.4% (2019: 6.0%). The overall fluctuation slightly increased with 11.2% (10.5% in 2019). The negative gap of the overall fluctuation rate between women and men was reduced by 0,6% in 2020 from 1.9% to 0.5%.

DISCLOSURE 401-2: BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES

There are no intended differences in benefits provided to full-time employees that are not provided to temporary or part-time employees, not excluding differences in individual cases.

DISCLOSURE 401-3: PARENTAL LEAVE

Strong local management teams in all 100 countries enable Sika to act with flexibility and agility. The local legislation and cultural background in all 100 countries is very diverse in terms of parental leave. Sika promotes a family friendly job environment and is extending the parental leave in many countries beyond the local laws.

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

SIKA VISION ZERO PROGRAM LAUNCHED

SIKA LIFE SAVING RULES DEPLOYED

ENHANCED MEASURES AND KPI'S DEVELOPED

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

The 24,848 Sika employees and the leased labor worldwide are the crucial element in Sika's success. Providing a healthy and safe work environment is a key commitment of Sika.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

Sika's management approach for occupational health and safety sets out to avoid negative impacts through the following processes:

COMMITMENT

Sika strives to provide employees with the protection necessary to ensure that they leave the workplace in the same state of health as when they arrived.

GOALS AND TARGETS

Sika Employees leave the workplace healthy. The target 2023 is to reduce the rate of lost time accidents by at least 50% (baseline 2019) and to have no fatalities.

RESPONSIBILITIES

Labor practices and safe working conditions for Sika's operations are the responsibility of regional management, which reports to the CEO. At local level, the general manager, the operations manager, and the line organization are responsible for helping Sika's occupational health and safety targets to be met, and for setting and achieving local targets accordingly.

POLICIES

- Safety and Sustainability Manual
- Supplier Code of Conduct. Please consult: www.sika.com

In 2020, Sika has further strengthened the global, regional and area EHS structure by taking an integrated approach to Quality and EHS, the supporting management systems, and through building a stronger network of global, regional and local EHS professionals.

Sika will continue to develop and improve its occupational health and safety programs with further attention given to safe conduct, employee participation in safety programs, and a focus on prevention.

SPECIFIC ACTIONS

- **OHSAS Certification:** Sika sites encompass 114 certificates according to ISO 45001:2018.
- Sika has established the Sika Vision Zero Program with an initial focus on leadership commitment and employee participation. One of the first measures of this program has been the definition and implementation of Minimum Requirements for each Sika company in relation to workplace safety. In addition, Sika Life Saving Rules have been defined to raise awareness of key risks and to help keep all Sika employees safe.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach through:

- **Monitoring:** Sika monitors its occupational health and safety performance on a regular basis. Internal reports are sent quarterly to the Sustainability and Operations Technology team, where results are followed up and management approaches adapted accordingly.

Furthermore, Sika monitors and evaluates the effectiveness of its management approach according to target achievement.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 403-1: OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Sika maintains and implements a corporate EHS Management System which fulfils the requirements of the current ISO 14001 and 45001 standards and which applies to all Sika locations and employees. Local Sika companies implement their local Sika Management Systems based on the Corporate Management System and local regulatory and legal requirements. Newly acquired companies are integrated under the Corporate Management System as part of the integration approach.

The Corporate Management System is maintained by the corporate Quality & EHS function and deployed through a network of EHS professionals throughout the regional and country organizations.

Both the Corporate Management System and local Sika Management Systems are audited by external parties as part of our ongoing ISO certification efforts. Internal audits and regular reviews of EHS performance support the continuous improvement of the management system and its implementation.

DISCLOSURE 403-2: HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION

Sika works on the principle that hazard identification is the basis of safe work and applies the STOP principle (Substitution, Technical measures, Organizational measures, Personal protective measures). Sika companies are required to regularly assess hazards and analyze risks within their premises and operations, and to define corrective and mitigating measures. Risk analyses are reviewed when new information becomes available e.g. new legal requirements, changes to systems, equipment or raw material etc., incidents / accidents / near misses.

In 2020, Sika introduced the Sika Life Saving Rules in order to raise awareness of key risks to employee health and safety. They apply on all Sika sites and to Sika employees when visiting customers or suppliers. All employees must adhere to the Sika Life Saving Rules and are empowered to stop work if they think it is unsafe.

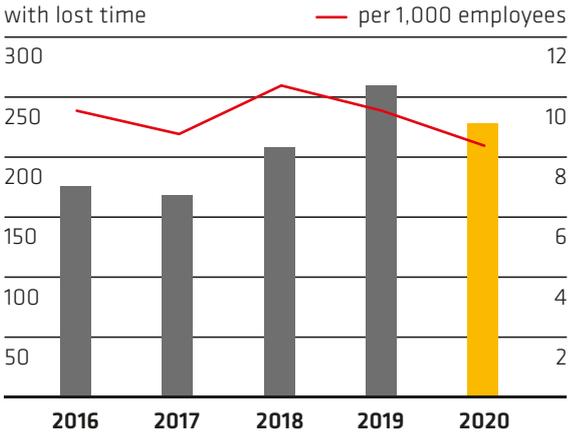
It is the responsibility of all employees to ensure that all accidents or incidents, as well as near misses are promptly reported to line management in order to ensure timely investigation and corrective action.

All incidents, accidents, and near misses are investigated. A formal root cause analysis is performed, and lessons learned communicated across the organization for recordable injuries, significant process safety events, and incidents with high potential impact.

DISCLOSURE 403-9: WORK-RELATED INJURIES

The number of occupational accidents with one or more lost working days decreased by 12.3% in 2020 compared to 2019. In the year under review, 8.4 occupational accidents per 1,000 employees were recorded (previous year: 9.6). The rate includes leased labor (2,425 heads) not on Sika's payroll. In 2020, lost time accidents caused absences, on average, of 20.2 days (previous year: 21.5 days). In 2020, 11 lost time accidents involving contractors occurred on Sika premises (previous year: 14). There was one fatality of a contractor on the premises of a Sika company and one fatality of a Sika employee due to a road traffic accident.

ACCIDENTS



SIKA PERU - TECHNICAL SUPPORT TEAM

We continue to support our customers with training and advice on-site. Our technical support team regularly visit the "Mejoramiento de la Vía Oyón-Ambo" project, which will enhance the safety and durability of a main road connection in central Peru as well as reduce maintenance costs. The improvement will positively impact more than 140,000 people from three cities.



GRI 404: TRAINING AND EDUCATION

10.1 HOURS
OF TRAINING PER
YEAR FOR EACH
EMPLOYEE

WORLDWIDE
PERFORMANCE AND
TALENT MANAGEMENT
SYSTEM

ONLINE PORTFOLIO
WITH MORE THAN
500 TRAINING
PROGRAMS

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

As a multinational, Sika is still able to act as rapidly as a medium- sized enterprise and respond to business opportunities with high implementation speeds. To ensure that this remains the case, employee know-how must be kept in sync with current trends and market demands. In the year under review, Sika spent a total of CHF 6.4 million (previous year: CHF 12.3 million) on employee development.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

Customer First, Courage for Innovation, Sustainability & Integrity, Empowerment & Respect and Manage for Results are the defining elements of Sika's corporate culture. These values and principles serve as a compass in all countries where Sika operates and are adhered to by all employees around the globe. Thus, the Group's culture of trust, transparency, and openness has a firm global foundation that is lived by each employee every day.

SPECIFIC ACTIONS

- **Management Development:** Sika's performance and talent management system has been the mainstay of management development activities for many years. Designed to identify and develop managers' skills, it facilitates systematic employee succession planning in the respective organizations, while promoting company growth by continually pinpointing new talent. Potential managers are developed at different levels, either through continuous training initiated by the respective national organization or provided by the Sika Business School.
- **Sika Business School:** 65% of all Sika Business School courses are sales oriented. To promote the development of sales skills within the company, sales and marketing training was expanded to include these new courses: Foundation For Sales, Making The Sale, Pricing For Sales, and Key Account Sales. Sika also delivers several additional ad hoc trainings in specific areas such as compliance, legal, operations, sustainability, and procurement. Many training courses on Sika products and their applications have been moved to a virtual or digital learning format. The company's expertise in advising customers both remotely and in person has been further developed.
- **London Business School:** For continuing education of its over 170 Senior Managers, Sika partnered with the London Business School to deliver a three-day program on strategy and leadership called "Building Together For Our Future." Five programs were delivered, attended by 110 Senior Managers.
- **Curricula** include project assignments reflecting current everyday business situations. Members of Group Management and other line managers are involved in development activities to ensure that training remains relevant to practical needs. Product- and application-based knowledge is delivered by academies whose course content and organization are defined by target market managers. With the focus on practical applications for Sika products, these training programs promote customer advisory skills.
- **Training Programs:** Training activities for each Sika employee are determined on the basis of the evaluation by the line manager. Each employee should attend at least one training course per year (internal or external). All non-management functions are evaluated and managed by their line managers and Human Resources to identify training and development needs.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika monitors and evaluates the effectiveness of its management approach according to target achievement.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 404-1: AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

With almost 25,000 employees globally, Sika regards training and education as an important instrument in retaining and grooming its workforce. The company is proud of its large share of longtime associates and recognizes the need to keep these valued associates up-to-date in terms of their knowledge and abilities.

Sika therefore runs a broad range of internal and external training programs and its own training academies, e.g. for operations, sustainability, sales and marketing, and technical faculties. Sika collaborates with universities to access up-to-date knowledge. In 2020, we continued our cooperation with various business schools and universities, where Sika provided training for talented employees with the potential to assume Senior Management positions.

The aim is to provide at least ten hours of training per year for each employee. In 2020, this figure stood at 10.1 hours (previous year: 11.4 hours). The focus is on external as well as in-house training opportunities. Sika as knowledge and learning organization has significantly expanded its online portfolio with more than 500 programs available for employees. In 2020, this represents 14,000 hours dedicated to compliance training, professional skill building and leadership development. The digital learning trend is rapidly accelerating with the pandemic and the implementation of Sika's global Learning Management System, now live in all Sika countries. Effectively, the digitalization has been a major transformation driver, enhancing collaboration, innovation and learning across the organization. 33 courses were offered in the year under review and attended by 500 participants. All programs were delivered virtually.

DISCLOSURE 404-3: PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

More than 20% of Sika employees are in management functions and receive regular performance and career development reviews.

SIKA USA - TEAM STRUCTURAL STRENGTHENING

When faced with the COVID-19 pandemic, the structural strengthening team pivoted their in-person training programs to a remote format and online training tool. The Fiber Reinforced Polymer (FRP) composite training session had over 230 attendees and allowed Sika to stay engaged with contractors that apply our products.



GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

FIVE VALUES AND PRINCIPLES DEFINE SIKA'S CORPORATE CULTURE

COMMITMENT TO DIVERSITY AND AN IMPROVED GENDER MIX

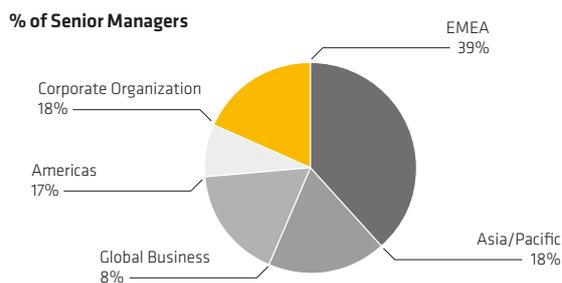
46 NATIONALITIES WITHIN SIKA SENIOR MANAGEMENT TEAM

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Sika's worldwide presence makes the integration of widely differing cultures and the global exchange of knowledge and experience essential. Diversity is desired and seen as a key success factor for Sika. The company firmly believes that the diversity experienced daily by employees is one of the factors of its success, especially at senior management level.

Work region of Sika's Senior Managers	Nationalities
EMEA	27
Asia/Pacific	17
Americas	11
Global Business	6
Corporate Organization	9



DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

Customer First, Courage for Innovation, Sustainability & Integrity, Empowerment & Respect as well as Manage for Results are the defining elements of Sika's corporate culture. These values and principles serve as a compass at all 100 Sika national subsidiaries and are adhered to by employees around the globe. The Group's culture of trust, transparency, and openness thus has a firm global foundation that is lived out in practice. Last year, a leadership commitment was formulated on the basis of the four pillars Drive Change, Unlock Potential, Win Together, and Inspire. This leadership commitment will help to preserve Sika's corporate culture. Together with the values and principles, it provides managers with clear and tangible guidelines.

Sika strives to increase the proportion of women in managerial and commercial positions. Women account for 22.8% of the total headcount (2019: 23%) and 20.7% of managers (2019: 21%). Sika is committed to providing equal opportunities for all its employees.

POLICIES

- Code of Conduct. Please consult: www.sika.com

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika introduced its five values and principles in 2014. The success of any company hinges not only on implementing the right strategy, but also on harnessing the trust and commitment of its employees. Sika's rise to its leading global position is driven by the five values and principles that define its corporate culture. These are Customer First, Courage for Innovation, Sustainability & Integrity, "Empowerment & Respect, Manage of Results.

In the coming year(s), Sika will continue to enhance its **culture of individual responsibility, entrepreneurship and strong leadership**. This has been reinforced by top management through the launch of the new **Leadership Commitment**, which is designed to inspire the whole organization and guide the future generation of leaders, and is based on 4 pillars. Sustainability, integrity and respect are at the center.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 405-1: DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

COMPOSITION OF GOVERNANCE BODIES

The Composition of the Board of Directors:

Out of 8 members, 7 are male and 1 is female. Regarding age group, 7 members are over 50 years old, 1 member between 40 and 50 years old.

SIKA'S FIRM COMMITMENT TO DIVERSITY AND AN IMPROVED GENDER MIX

Sika's global presence and associated proximity to customers make it immensely important to integrate different cultures and share experience and know-how across national boundaries. The company firmly believes that the diversity experienced daily by employees is one of the factors of its success, and it promotes an open and integrative culture. At courses and seminars, Sika managers are encouraged to give high priority to diversity in team and project planning. Forty-six nationalities are represented among Sika's Senior Managers. Women account for 22.8% of the Group's total headcount. Sika is constantly working to increase this percentage at all hierarchical levels and conducted initiatives during the period under review to improve the quota of female employees in the company. The declared goal is to recruit and promote more women, particularly in sales. Recruitment campaigns in various channels are increasingly targeting women.

TRAINING AND DEVELOPMENT

Training and development are of strategic importance for global, regional and local programs at Sika.



GRI 412: HUMAN RIGHTS ASSESSMENT

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

As a signatory of the UN Global Compact, Sika promotes the protection of universally acknowledged human and labor rights. With operations in more than 100 countries, Sika is active in many regions ranking high on human rights risk indices. Sika takes seriously its responsibility to assess its own operations in relation to potential human rights violations, and to implement adequate measures to prevent any violation.

For this purpose, Sika in its Code of Conduct, Supplier Code of Conduct and the annual GRI Compliance Confirmation has defined minimum human and labor rights standards to be implemented globally, including the prohibition of forced, slave, compulsory or child labor, the freedom of association, the prohibition of any form of discrimination, and the guarantee of fair compensation and equal opportunities for all employees.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

Sika's management approach to the protection of fundamental human and labor rights is reflected in a number of internal policies and processes, as described below:

COMMITMENT TO UN GLOBAL COMPACT AND GRI STANDARDS

For nearly a decade now, Sika has demonstrated its firm and continuous commitment to normative frameworks promoting fundamental human and labor rights, such as the UN Global Compact and the GRI Standards.

EQUAL OPPORTUNITY EMPLOYER

As stated in its HR policies and employment contracts, Sika is an equal opportunities employer. It thus is committed to treating all staff equally, refraining from any discrimination based on race, color, gender, age, national origin, religion, sexual orientation, gender identity or expression, marital status, citizenship, disability, or any other legally protected factor.

SIKA CODE OF CONDUCT

Sika's Code of Conduct requires all employees to comply with applicable laws and regulations. At all locations where Sika operates, forced, slave, compulsory or child labor are strictly prohibited. For the reporting year, Sika has received no indication nor any report of human rights violations concerning its own entities.

SIKA SUPPLIER CODE OF CONDUCT

Given the broad supplier base in many countries with high human rights violation risks and the sourcing from industries where labor rights potentially are at risk, Sika actively promotes the respect of human and labor rights among its suppliers, by means of its Supplier Code of Conduct and periodic supplier audits and reviews.

By signing Sika's Supplier Code of Conduct, suppliers undertake to respect the provisions of the UNO's Universal Declaration of Human Rights and the core Conventions of the International Labor Organization regarding:

- Prohibition and elimination of child labor and forced labor
- Freedom of association and collective bargaining
- Promotion of equal opportunity and fair treatment in employment and occupation
- Safe and healthy working conditions
- Payment of living wages and regular employment entitlements
- Non-excessive working hours

Suppliers further undertake to put systems in place for the proper information, training, and auditing of their personnel and sub-contractors to ensure compliance with these principles. To the extent that Sika is directly concerned, suppliers are required to inform Sika immediately of any identified violation of Sika's Supplier Code of Conduct.

GRI COMPLIANCE CONFIRMATION

GMs and their local management team are obliged to ensure, supervise, and monitor the protection of human and labor rights at their entities and within their areas of responsibility. The GRI Compliance Confirmation asks all GMs to confirm that they have implemented and communicated the following to their staff:

- the prohibition of forced, slave, compulsory or child labor,
- the freedom of association,
- the right to fair compensation, and
- the non-discrimination and equal opportunity principle.

The GRI Compliance Confirmation further affirms that Sika

- promotes equal opportunities and fair treatment in employment and occupation and prohibits any form of discrimination, whereas discrimination “is the act and result of treating people unequally by imposing unequal burdens or denying benefits rather than treating each person fairly based on individual merit”;
- ensures the right of workers and employees to establish and join organizations of their own choosing without the need for prior authorization.

INTERNAL AUDITS AND INSPECTIONS

Through mechanisms such as audits and inspections, Sika also ensures and monitors the protection of human and labor rights among its Group companies. Corporate Compliance, in close cooperation with Corporate Legal and Internal Audit, runs periodic checks and audits to monitor implementation of Sika’s human and labor rights standards and to implement improvement measures if deemed necessary.

SUPPLIER AUDITS AND ASSESSMENTS

In February 2020, Sika joined “Together for Sustainability” (TfS), an industry-driven organization including all major chemicals companies. Goal of TfS is to develop and implement a global assessment and audit program for the supply chain of all members, with a particular focus on the implementation of human rights and environmental standards. Through TfS, Sika today has access to more than 10,000 supplier assessments and audits. Every member is obliged to organize per year between 100 and 150 self-assessments among its suppliers as well as 20+ in depths CSR audits. In exchange, it has access to the self-assessment and audit reports submitted by all other members. TfS greatly increases Sika’s ability to ensure compliance by its suppliers with broadly accepted CSR norms, including fundamental human and labor rights. By the same token, Sika’s organization and processes will be measured against the same norms. This, in turn, will help Sika to continuously improve its own CSR record and performance.

SCREENING OF NEW SUPPLIERS

Based on the requirements set out in the Supplier Code of Conduct, Sika requires its new suppliers to perform a self-assessment.

- The results of the self-assessments help Corporate Procurement identify suppliers representing a potential CSR risk.
- Suppliers representing a CSR risk are screened by Sika personnel, using desktop research and performing targeted supplier audits.
- Compliance with the set of human rights included in the Supplier Code of Conduct is one of the basic contract renewal requirements.
- If human rights violations are identified, termination of the relationship with the supplier is the only option.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

The management approach has been reviewed and has proven to be effective.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 412-1: OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS

GMs are obliged to strictly adhere to legal practices and to supervise their entities accordingly. They are also responsible for taking preventive action and to provide adequate training to their staff. Assuring adherence to human and labor rights is part of the annual GRI Compliance Confirmation every GM has to sign. Internal and legal audits are performed regularly at all Sika entities. Roughly 30 audits (including internal and legal audits) are performed annually, covering about 20% of Sika’s subsidiaries each year. These audits aim at reviewing the implementation of the following human and labor rights principles:

- non-discrimination (including the prohibition of sexual harassment)
- fair compensation
- prohibition of forced, slave, compulsory or child labor
- freedom of association (without need of prior approval) – unless prohibited by local laws.

In 2020, 100% of Sika’s General Managers have confirmed – by means of their annual GRI Compliance Confirmation – that no violations of fundamental human or labor rights have been identified.

GRI 413: LOCAL COMMUNITIES

1,119 WORKING DAYS
DEDICATED TO
VOLUNTEERING WORK

183 PROJECTS
CARRIED OUT IN
AND FOR LOCAL
COMMUNITIES

268,581
DIRECT BENEFICIARIES

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

As a socially responsible company, Sika supports local communities. The “Sika Cares” community engagement program focuses on improving the quality of life of children, adults and families in the communities in which the company is active. The program aims to support local third parties in order to help people to help themselves. With this program, Sika companies ensure that local community members have access to valued social settings and activities, that Sika staff can contribute meaningfully to those activities, and that functional capabilities are provided to enable individuals to participate in those communities. To achieve this goal, cooperation with and support for existing, professional charity organizations should be given priority.

Areas which Sika aims to support:

- Sustainable construction and infrastructure
- Training of people working in construction and education of children
- Climate- and water-related projects

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

Sika’s management approach aims at enhancing the positive impacts Sika has on local communities. The management approach for local communities includes the following components:

COMMITMENT

Sika is committed to building trust and creating value with its customers, communities, and society. Local Sika companies are required to put forward specific aid applications and, together with local partners, to supervise the projects on site until completion.

GOALS AND TARGETS

The targets for 2023 are to achieve 10,000 working days of volunteering work, to run 50% more projects and to get involved into the projects 50% more direct beneficiaries compared to 2019.

RESPONSIBILITIES

The corporate team is responsible for setting up the Community Engagement scheme and for monitoring and evaluating its implementation. The regional and local line management is responsible for implementing the scheme locally.

POLICIES

Sika has developed community engagement guidelines on how to plan, select, run and monitor projects in the domain of community engagement.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

Sika evaluates its management approach:

- Internal auditors visit up to 20 Sika subsidiaries per year. During the visit, the effectiveness of activities directed towards local communities is checked.
- Defined processes for monitoring, reviewing, and evaluating:
 - Regions: Information on current projects to Corporate Communications twice a year
 - Corporate Communications/ Corporate Sustainability: Documentation and summary of community engagement activities annually

Procedure for proposing support for a specific project:

1. General Managers of Sika subsidiaries submit a request for a project in their country with a project description, including cost/resources, impact and duration (see also appendix), to the Regional / Area Manager
2. Project evaluation by Corporate Communications and Sustainability in cooperation with the Regional / Area manager
3. Project approval by the CEO

The Board receives a report / summary from the CEO on the status of all approved projects in the 2nd quarter of each calendar year.

Sika monitors and evaluates the effectiveness of its management approach according to target achievement. The General Manager of each Sika subsidiary must report annually on the quantity and quality of projects supported in the corresponding fiscal year.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 413-1: OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

Sika is committed to promoting on-the-ground self-help. When supporting social projects, local Sika companies are required to put forward specific aid applications and, together with local partners, to supervise the projects on site until completion.

In 2020, Sika sponsored 183 projects (previous year: 149 projects). This equates to a year-on-year increase of 22.8%. In total, Sika employees spent 1,119 man-days of volunteering work (2019: 401 man-days, +178%). 268,581 individuals were benefitting of the community engagement projects directly (previous year: 35,539).

In 2020, fewer social projects could be carried out in many countries due to Covid-19 restrictions, especially in combination with volunteering schemes. At the same time, Sika companies carried out projects all over the world to support social institutions in coping with the pandemic, through the production and distribution of disinfectants and masks as well as in the construction of infrastructure. The strong increase of the number of direct beneficiaries derives from project which supported neighborhoods to cope with Covid-19. A high number of individuals benefitted from these activities.

HELPING PEOPLE HELP THEMSELVES

The world population in 2020 was growing at a rate of around 1.05% per year (down from 1.08% in 2019, 1.10% in 2018, and 1.12% in 2017). And the current average population increase is estimated at 81 million people per year (<https://www.worldometers.info>). Young people are the foundation for the future. In the countries in which Sika is active, its strategic focus is on helping people help themselves. Projects aimed at increasing the scope for autonomy and self-determination in the lives of individuals or communities are a key element in Sika's strategy. For Sika, there are three focus areas of project funding:

EDUCATION AND VOCATIONAL TRAINING: Investment in good education gives young people the most important tool they need to lead an independent life. Sika works to ensure that disadvantaged children and young people get a genuine chance in life.

BUILDINGS AND INFRASTRUCTURE: The health and dynamism of communities also depends on the infrastructure in place for people and the environment.

WATER AND CLIMATE: Sika employees support projects which link social causes with ecological interest. Sika also seeks to promote on-the-ground self-help.

COMMUNITY ENGAGEMENT

Project Examples



LIBRARY PROJECT, CHINA

Between 2015 and 2020 the Sika team helped to create reading rooms and corners in 99 schools, donating more than 94,000 books and providing comfortable and safer learning environments for more than 24,000 children. Alone in 2020, direct beneficiaries of this project amounted to 4,082 children and 233 teachers. 27 Sika employees participated at the volunteering scheme with 568 hours of volunteering days in total spent.



UPSV, ROMANIA

Since 2014, Sika Romania has been supporting the integration center UPSV which provides young adults accommodation for one year and helps them to integrate in society. In 2020, Sika Romania has offered 21 children and young adults necessary support for their medical problems, professional specialization and helped them to follow their dreams. 4 employees of the technical team of Sika Romania provided their expertise in order to find and implement the best solution for renovating the UPSV facilities in Brasov.



ZONA CERO, CHILE

Sika Chile has joined the Zona Cero project of the University of Chile. Due to the COVID-19 pandemic, hospitals in the country were facing an increase of inpatients. The Faculty of Architecture and Urbanism of the University of Chile developed auxiliary building modules that could be easily located outside hospital facilities. The implementation of this modular building design has been made possible due to the expertise of Sika and its technologies.



REBUILDING TOGETHER, USA

For more than 10 years, Sika USA has acted as the main sponsor of the Community Service Day that takes place each year during the International Roofing Exposition (IRE), a specialized exhibition for building waterproofing. Each year, the IRE has partnered with the non-profit organization Rebuilding Together to identify people in need in the show's local community and oversee improvement projects. In 2020, Sika supported the IRE Community Service Day in Texas.



KOVIVE, SWITZERLAND

Sika Switzerland supports the children's charity Kovive, which helps to find a suitable living environment for children and young people who find themselves in challenging life situations. Thanks to Sika's contribution, a total of 235 children and their families received assistance in 2020.

GRI 414: SUPPLIER SOCIAL ASSESSMENT

1. MANAGEMENT APPROACH DISCLOSURES

For management approach, please refer to GRI 308.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 414-1: NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

Sika also assumes responsibility for the supply chain. The Supplier Code of Conduct has been binding on all new suppliers since 2015 and is gradually being extended to existing suppliers. By the end of 2020, the agreement had been endorsed by a total of 9,210 suppliers (up by 10% on 2019) covering around 76% of our direct material suppliers. Sika thereby ensures that suppliers are informed of Sika's ethical, environmental, and social expectations and guidelines and that they carry out their processes in compliance with the Sika sustainability criteria.

Sika's group-wide process maps out the main sustainability principles (economic, social, and ecological) for supplier qualification and evaluation. The multistage supplier evaluation process has three central elements: It starts with the commitment to comply with the Supplier Code of Conduct and the completion of a self-assessment. In unclear cases, the purchasing department will follow up with sustainability audits before concluding a supply contract. This process is currently under review with a look to additionally add TFS evaluations as a fourth pillar requirement to the supplier qualification and evaluation process at Sika.

Documentation generated during supplier qualification is transparently recorded and stored on a dedicated platform. The system enables buyers to inspect suppliers' qualifications and improve them in their countries as necessary.

Sika continued the implementation of its worldwide process that maps out the main sustainability principles for vendor qualification and evaluation (multi-stage vendor qualification process). Procurement employees in the company are constantly trained using a systematic supplier audit method. These procedures are designed to ensure compliance with international labor standards and prescribed quality, environment, safety, and health criteria.

Sika's process involves collecting evidence and documents on a globally available platform. However, as Sika applies a risk-based approach, companies reporting according to GRI on human rights criteria, and signatories of the UN Global Compact and the OECD Guidelines for multinational companies will not necessarily be screened.

GRI 416: CUSTOMER HEALTH AND SAFETY

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

As a supplier of building materials and specialty chemicals, Sika manufactures products that can pose health and safety risks for its customers, if they are not handled properly and the necessary safety measures are not taken. Over the last decades, regulations and political approaches such as REACH and other relevant chemical registration requirements have aimed at reducing the negative impacts of chemicals on health and safety, making the topic highly important for companies from the chemicals sector.

Reducing the health and safety impacts of its products and ensuring that its customers are fully aware of handling requirements and can work safely are key issues for Sika.

Sika's performance with regard to the assessment and improvement of the health and safety impacts of its products is considered state-of-the-art after the implementation of a global EHS software application with one common data base, product stewards for all finished goods categories, trainings for all involved local users, benchmarking, and quality control.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

Sika's management approach for customer health and safety sets out to avoid negative impacts through its products. The management approach includes the following components:

COMMITMENT

Sika's Mission Statement: "We want to assume our responsibility for safety and the environment along the entire value chain." "We are committed to considering all requirements and obligations arising for substances used in our products."

GOALS AND TARGETS

Annual target for chemical products: 100% of chemical products in assessment or assessed for health and safety impacts, and improvements.

RESPONSIBILITIES

The responsibility for the products sold in the individual Sika country organizations lies with the local organizations, and finally with the General Manager. The responsibility for product data relating to health and safety lies with the Corporate Product Stewardship.

POLICIES

- Supplier Code of Conduct
- Product Stewardship Guidelines of the Group
- Banned Substance Policy
- Sika's Labelling Guidelines

SPECIFIC ACTIONS

- **REACH, GHS / CLP:** The Sika Group has implemented a project approach for REACH and GHS / CLP and other relevant chemical registration and labelling requirements throughout its entire organization. Group Management has set up a central corporate REACH and Chemical Regulatory Department in order to coordinate all corporate activities regarding this legislation.
- **Assessment of Health and Safety impacts:** Legal requirements for construction chemicals suppliers prescribe that health and safety impacts are managed along the value chain:
 - Raw materials supply to the factory
 - Handling in factory (workplace safety of employees)
 - Manufacturing of products (workplace safety of employees)
 - Packaging of products (workplace safety of employees)
 - Shipping to customers (dangerous goods regulation)
 - Storage (customer safety)
 - Application (customer safety)
 - Use phase (customer safety)
 - End of life (customer safety)

Customer health and safety is crucial for Sika and is factored into chemical development work (formulation work, system design etc.) where product characteristics are determined. Customers and product users can participate in frequent application training sessions to learn the proper use of the products.

- The Sika Banned Substance Policy regulates the use of carcinogenic, mutagenic, and reprotoxic chemicals (CMR) in Sika operations and incorporation of CMR substances into sales products. In principle, Sika does not allow CMR substances in sales products over a defined concentration and use in production is subject to specific permits.
- Update and review of product information: All product information, specifically Safety Data Sheets and Product Data Sheets, must be up to date and reviewed regularly.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

The company considers this management approach to be effective.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 416-1: ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES

Sika evaluates all raw materials, intermediate and finished goods for their health and safety impacts during transport, storage, production, distribution, and use. The company maintains a comprehensive Product Stewardship process and network, including a database for impact assessments, toxicological evaluations and product registration, classification, and labelling. Sika therefore considers all its significant product categories to be assessed for health and safety impacts and for improvements.

This results in a steady improvement in products, e.g. through reduction of solvent content across Sika's flooring product lines, elimination of critical chemicals from sealants and adhesives, and development of less critical hardeners for adhesives. Sika limits and regulates the use of raw materials with critical toxicological properties through an expert team.

The company strives to improve and reduce health and safety impacts continuously by:

- Internal work procedures for all hazardous materials
- Informing and educating product users through safety data and worker protection requirements
- Reducing hazardous chemicals, solvents, volatiles, reactive components where possible
- Application devices for safe, contact-free application

GRI 417: MARKETING AND LABELLING

1. MANAGEMENT APPROACH DISCLOSURES

DISCLOSURE 103-1: EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

Packaging is essential as it is used for the identification of Sika products. It enhances the appearance of the label for product promotion. In addition, labelling provides information about the product. It helps to distinguish the product from others on the market shelves.

DISCLOSURE 103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS

The overall goal is for all raw materials, products, and services to be assessed in terms of their health and safety impacts. We therefore classify all pure substances, raw materials, intermediates, and finished goods in line with their hazard potential and comply with chemical regulations for registration, labelling, packaging, and transport.

Local line management has the overall responsibility of ensuring that all products placed on the market meet the requirements of local legislation and customers, and assigning a product stewardship role to manage raw material and finished goods data, customer safety information, and labelling. This role collaborates with Global Product Stewardship.

Local tasks are:

- Approval of labels for the country
- Creation and approval of local Safety Data Sheets and packaging
- Entry of local raw material and finished goods data into the databases
- Support for the local organization in all product-safety-related matters
- Support for customers regarding their demands on product safety
- Implementation and enforcement of the banned substance program

All products (except articles) must be accompanied by a Safety Data Sheet meeting the legal requirements of the country and in the required language(s). Packaging and labelling must be controlled and managed for local compliance, and compliance with the Sika branding and labelling rules.

DISCLOSURE 103-3: EVALUATION OF THE MANAGEMENT APPROACH

The company perceives the management approach to be effective.

2. TOPIC SPECIFIC DISCLOSURES

DISCLOSURE 417-1: REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELLING

100% of chemical products in assessment or assessed for health and safety impacts, and improvements.

SIKA AG
Zugerstrasse 50
6341 Baar
Switzerland

Contact
Phone +41 58 436 68 00
Fax +41 58 436 68 50
www.sika.com

