SIKA BUSINESS YEAR 2023

WWW.SIKA.COM/ANNUALREPORT

BUILDING TRUST

SUSTAINABILITY REPORT

Sika creates value for all stakeholders – always considering ESG and economic aspects in all its activities by adhering to clear strategic targets.

GHG EMISSIONS PER TON SOLD (SCOPE 1 AND 2)

–4.4%

LOST TIME ACCIDENTS PER 1,000 FTEs

–23.9%

WOMEN IN SIKA WORKFORCE

24.3%

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SUSTAINABILITY AT SIKA

As a technology leader with a global presence, Sika focuses on creating value for all stakeholders across the entire value chain – always considering environmental, social, governance (ESG) and economic aspects in all its activities by adhering to clear strategic targets.

Sika can make the largest positive impact by offering innovative technologies which allow the construction and transportation industries to be more sustainable. The company helps its customers build healthier and safer buildings and vehicles with a lower carbon footprint. By offering such innovative and sustainable products and solutions along its entire value chain and keeping employee well-being at the center of its business and operations, Sika directly contributes to the United Nations Sustainable Development Goals (UN SDGs).

The outstanding engagement of its employees and their identification with the company are a key contributor to Sika's success. Sika's healthy corporate culture promotes an inclusive work environment where everyone is treated fairly and has equal access to opportunities. Since the company foundation over 100 years ago, social responsibility has been integral to the culture. Sika is committed to fostering stakeholder engagement in all the countries where it is active.

The progress made on sustainability targets is closely monitored and measured. To ensure accountability, there is a clear structure in place whereby financial and non-financial performance metrics are transparently integrated into incentive programs for senior management.

The company's continuous focus on sustainability is assured by the new Strategy 2028, which integrates both financial and non-financial targets.

In the Sika Sustainability Report 2023, the company discloses its sustainability performance at the end of the strategic cycle 2019–2023 across its six strategic target areas: climate performance, energy, waste/water, community engagement, occupational safety, and sustainable solutions. The structure of the report is built on the material topics identified during the materiality assessment conducted in 2022, highlighting its performance and reflecting the sustainability impact and dependencies between Sika's operations, products, solutions, and employees, suppliers, customers, communities, and planet.

SUSTAINABILITY ORGANIZATIONAL STRUCTURE

GRI 2-12 | GRI 2-13 | GRI 2-14

Over the past years, Sika has strengthened its sustainability organization, defining roles and responsibilities at various levels throughout the entire organization.

BOARD LEVEL

The Board of Directors (BoD) and the Board Chair are responsible for Sika sustainability performance. The BoD reviews and endorses the development and implementation of sustainability policies and strategies, and the Board Chair oversees sustainability-related topics by receiving regular updates from the Group Management.

The Sustainability Committee (SC) consists of three Board Members, each of whom brings expertise in a specific ESG area. The group prepares sustainability-related topics for discussion and decision-making in the Board. The SC focuses on the following four areas: completing a formal ESG risk and opportunity assessment, including the Materiality Analysis; setting measurable goals that are aligned with the company's overall strategy; maintaining the organization and allocating resources; and communicating effectively through reporting and stakeholder engagement. Sika's strong focus on ensuring the use of accurate and consistent quantitative measures in non-financial reporting is reflected in the close link between the Sustainability Committee and the Audit Committee, with two of its Members sitting on both committees. In 2023, the Sustainability Committee met five times. After each meeting, a report was issued to the BoD. For more information on Sika's BoD and Board Committees, please see the Corporate Governance Report on p.163.

GROUP MANAGEMENT LEVEL

Group Management is responsible for the development and implementation of actions that help achieve the defined sustainability strategy and targets. Group Management is also responsible for risk management at the highest executive level and provides regular updates to the Board.

The Chief Financial Officer (CFO) is a Member of the Group Management and leads the corporate finance function, which is responsible for financial and non-financial (ESG) controlling. The holistic controlling system enables Sika to track finance, operations, quality, and sustainability performance in a coordinated way, ensuring a high quality of non-financial data and information. Furthermore, this organization strengthens the controlling activities and supports management in their decision-making process. Risk management (incl. climate-related risks) falls also under the domain of the Corporate Finance department, headed by the CFO.

The Chief Innovation & Sustainability Officer is a Member of the Group Management and contributes to the agenda of the Sustainability Committee at Board level. Combining leadership for Innovation, Sustainability, and Operation Technologies allows Sika to accelerate the integration of sustainability within the organization at all levels, and to remain a leader within the industry. The Chief Innovation & Sustainability Officer is responsible for:

- Taking on the leadership and development of the company's global R&D strategy and organization, as well as external innovation collaborations with parties such as academia or start-ups.
- Aligning sustainability and R&D teams and strengthening and accelerating the Sika concept for enabling sustainable construction and transportation by placing sustainability aspects at the core of strategic and operational innovation processes.
- Raising awareness and knowledge about sustainability and innovation throughout the organization. Strategizing towards transformational leadership for impactful innovation and competitive advantage through the creation of sustainable values. The role brings into focus ESG governance standards and compliance with sustainability-related legal and regulatory obligations.
- Planning and guiding the net zero and innovation journey in Sika's operations and along the entire value chain.
- Expanding the portfolio of high-performance, sustainable products by using the Sika Sustainability Portfolio Management (SPM) Methodology.

The Head Human Resources, Legal & Compliance is a Member of the Group Management who leads the human resources, legal, and compliance functions to ensure business integrity, compliance with the law, respect for human rights, diversity, and people development. The Human Resources function defines the people strategy that drives employee engagement and promotes a culture of continuous learning, which facilitates growth and development for all Sika employees to enable them to perform at their best. Human Resources contributes to creating an attractive, safe, and inclusive work environment. Sika has developed a framework to promote diversity, as well as measures to ensure fair, inclusive, and equal treatment of all employees. The Legal and Compliance functions' primary role is to safeguard the company's interests and reputation by mitigating risks and ensuring that Sika operates within the boundaries defined by the law, including regulatory compliance requirements. Legal and Compliance act as strategic business partners, guiding the company through complexities, minimizing potential liabilities, as well as enabling Sika's growth by providing advice on acquisitions. They foster ethical business conduct and a speak-up culture. They help the organization to live the Code of Conduct principles every day, raising awareness through systematic trainings to employees.

The Head Global Procurement reports directly to the CEO. This function is not a Member of Group Management but attends all meetings and ensures that sustainability is embedded in procurement, focusing on sustainable supply and supplier engagement. Procurement plays a key role in supply chain transparency by selecting, evaluating, and cooperating with vendors that are committed to ESG standards. With a strong focus on sustainable supply, cost, and efficiency improvement, the Head Global Procurement ensures responsible sourcing and compliance with sustainability and quality standards within procurement and Sika's upstream supply chain.

Since 2022, global Quality and Environment, Health & Safety (Q&EHS) was under the responsibility of the Head Global Procurement. Starting from January 2024, to meet future requirements and strengthen the organization, a dedicated function has taken over responsibility for these areas. The newly appointed Head Global Operations & EHSQ reports directly to the CEO.

CORPORATE LEVEL

The Sustainability Leadership Team, created in 2022, orchestrates sustainability-related projects and facilitates the interaction and information exchange across functions and departments at Group and regional level, combing three areas: Controlling, Sustainable Products, and Sustainable Portfolio. The Leadership Team reports directly to the Chief Innovation & Sustainability Officer and is responsible for:

- Formulating and reviewing policies and guidelines and allocating budget for projects and initiatives.
- Ensuring the ESG program – including the net zero roadmap and targets – is integrated into the business strategy and risk management process.
- Supporting all four regions and corporate organizations in their sustainability journey to ensure a consistent approach throughout the Group.
- Raising awareness and knowledge among the workforce about sustainability-related topics.
- Liaising with the Sustainability Committee at Board level and the Internal Sustainability Committee.
- Ensuring that all relevant sustainability aspects are considered in new product development, from the integration of life cycle assessment (LCA) principles and circular economy approaches to strategic improvements in product carbon footprint and the application of the Sustainable Portfolio Management (SPM) Methodology.
- Optimizing Sika's product portfolio, focusing on GHG emissions reduction, circular economy, and new business models.
- Ensuring a comprehensive ESG reporting framework to best monitor Sika's sustainability performance.

The Internal Sustainability Committee coordinates all sustainability-related projects aimed at achieving sustainability targets and monitoring implementation of the Sustainability Strategy throughout the Group. It also prepares the decision-making of Group Management on such topics. The Committee is chaired by the Chief Innovation & Sustainability Officer and meets quarterly. It includes the following corporate functions: Innovation & Sustainability, Operations, Quality & EHS, Communications & Investor Relations, Controlling, Mergers & Acquisitions, Human Resources, Compliance, Procurement, Marketing, and Target Markets. Since 2022, Regional Sustainability Managers have joined the Committee to coordinate all projects requiring strong collaboration of corporate and regional functions.

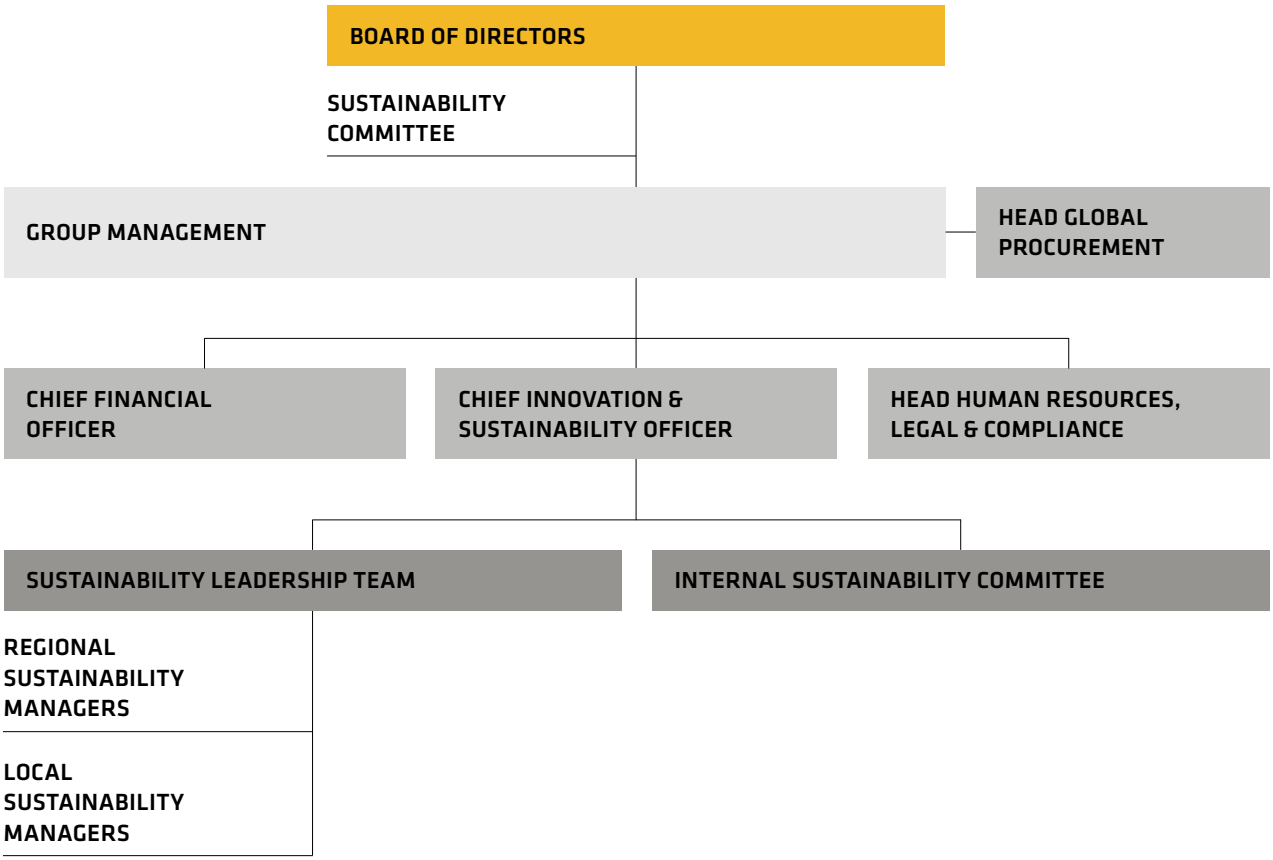
REGIONAL AND LOCAL LEVEL

At the regional level, a network of four Regional Sustainability Managers, coordinated by the Sustainability Leadership Team, is tasked with implementing the Sustainability Strategy. Together with Regional EHS and Operations managers, they support local subsidiaries in setting and developing their dedicated sustainability roadmaps and in implementing Group initiatives. At the local level, Local Sustainability Managers are responsible for planning sustainability initiatives and developing a sustainability roadmap at country level, with the support of General Managers, Operations, EHS, Target Market, and R&D Managers.

BUSINESS MODEL

Sika is a specialty chemicals company with a globally leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protection in the building sector and automotive industry. The company is well-positioned in both emerging and mature markets thanks to its global network of national subsidiaries in 103 countries, along with its first-class solutions that are tailored to customer needs. Sika creates sustainable value for its stakeholders to whom the derived economic value is distributed. This includes governments through taxes, employees through compensation and benefits, shareholders through dividends and increased enterprise value, suppliers and service providers through raw material and service prices, and society through taxes and community projects. Part of the value earned is retained and invested to develop new products and solutions, acquisitions, and capital investments. For more information on Sika's Business Model, please see the "Strategic Report", "Business environment" chapter on p.12–13 of the Annual Report 2023.

SIKA SUSTAINABILITY GOVERNANCE



RISK MANAGEMENT

As a global player in specialty chemicals, Sika is exposed to a variety of risks. To ensure the Group's freedom of action, safeguard its reputation, and protect the capital invested in Sika, the Group Management must regularly analyze potential risks and integrate them into the strategic decision-making process. The Board of Directors (BoD) is Sika's highest governing body and is responsible for the assessment of risk management. Its duties include the annual reassessment of the risk situation at Group level, and it is also the highest governance level of climate-related risks and opportunities. It is responsible for reviewing and endorsing the implementation of sustainability policies, while the Chair of the Board oversees climate-related topics by receiving regular updates from the Group Management.

The company has a comprehensive risk management system structured at Group level which is effective for all its subsidiaries. Risks are identified at an early stage and integrated into strategic decision-making processes. Risk management helps identify new opportunities and adds value to the business. Sika's risk management framework is in line with the Enterprise Risk Management (ERM) framework. It ensures that business objectives can be achieved and obligations to customers, shareholders, employees, and society can be met. For more information on the main risks in relation to environmental matters, in particular the climate-related goals, social issues, employee-related issues, respect for human rights, and combating corruption, please see the "Strategic Report", "Risk Management and TCFD Recommendations" chapter on p.22 of the Annual Report 2023.

Furthermore, between 2021–2022, Sika conducted a Materiality Analysis, focusing on potential ESGE – environmental, social, governance, and economic – material topics, to capture the sustainability impact, dependencies, risks, and opportunities of Sika's operations, products, and services along the entire value chain. The analysis resulted in the selection of 29 out of over 100 potential material topics. The Materiality Matrix was reviewed and approved by the Sustainability Committee at Board level. For more information on the Materiality Analysis conducted in 2022, please see the summary report **Sika Materiality Analysis 2022** available on the corporate website.

SUSTAINABILITY STRATEGY 2019–2023

The Sustainability Strategy 2023 integrates the results of the Materiality Analysis conducted in 2018 and the development of the Sika Growth Strategy. It 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. With the Strategy 2023, Sika pursued the following six strategic target areas with 2019 as a baseline:

SUSTAINABILITY PERFORMANCE 2019–2023[1]

Climate Performance

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

TARGET 2019–2023	PERFORMANCE 2019–2023	PERFORMANCE 2023
–12% **reduction of GHG emissions per ton sold (scope 1 and 2)**	**–41.8%** **reduction of GHG emissions per ton sold (scope 1 and 2)[1].** The GHG emissions intensity was reduced by –11.3 kg CO_2eq.	**–4.4%** **reduction of GHG emissions per ton sold (scope 1 and 2)[2].** The GHG emissions intensity was reduced by –0.7 kg CO_2eq.

Energy

We manage resources and costs carefully.

TARGET 2019–2023	PERFORMANCE 2019–2023	PERFORMANCE 2023
–15% **less energy consumption per ton sold**	**–21.9%** **reduction in the energy consumption per ton sold.** Energy consumption per ton sold decreased by –83 MJ.	**–6.2%** **reduction in the energy consumption per ton sold.** Energy consumption per ton sold decreased by –20 MJ.
Increase share of electricity from renewable energy sources	**+40.6% points** **increase in the share of purchased electricity from renewable sources.** Purchased renewable electricity rate increased from 15.0% to 55.6%.	**–7.0% points** **decrease in the share of purchased renewable electricity from renewable sources.** Purchased renewable electricity rate decreased from 62.7% to 55.6%.

Waste/Water

We increase material and water efficiency.

TARGET 2019–2023	PERFORMANCE 2019–2023	PERFORMANCE 2023
–15% **less waste generation per ton sold**	**–25.0%** **less waste generation per ton sold.** Waste intensity per ton sold decreased by –3.5 kg.	**–2.5%** **less waste generation per ton sold.** Waste intensity per ton sold decreased by –0.3 kg.
+25% **higher recycling rate of total waste**	**+27.7%** **higher recycling rate.** Waste recycling rate increased from 34.0% to 43.4%.	**+7.5%** **higher recycling rate.** Waste recycling rate increased from 40.4% to 43.4%.
–15% **less water consumption per ton sold**	**–38.4%** **reduction in water consumed per ton sold.** Water consumption per ton sold decreased by –0.13 m^3.	**–12.2%** **reduction in water consumed per ton sold.** Water consumption per ton sold decreased by –0.03 m^3.

1 Baseline: 2019

2 Based on market-based GHG emissions.

Community Engagement

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

TARGET 2019–2023	PERFORMANCE 2019–2023	PERFORMANCE 2023
10,000 working days of volunteering work per year	**3,265** yearly average working days were dedicated to volunteering work.	**7,953** working days were dedicated to volunteering work.
+50% more projects	**+293.2%** projects were carried out in and for local communities.	**+43.3%** projects were carried out in and for local communities.
+50% more direct beneficiaries	**+1,531.7%** direct beneficiaries of the community engagement program.	**+136.1%** direct beneficiaries of the community engagement program.

Occupational Safety

Sika employees leave the workplace healthy.

TARGET 2019–2023	PERFORMANCE 2019–2023	PERFORMANCE 2023
–50% Lost Time Accidents	**–31.0%** Lost Time Accidents LTAs per 1,000 FTEs decreased by –43.9%.	**–13.9%** Lost Time Accidents LTAs per 1,000 FTEs decreased by –23.9%.
0 fatalities	**3** fatalities among Sika employees and contractors.	**1** fatality among Sika employees and contractors.

Sustainable Solutions

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

TARGET 2019–2023	PERFORMANCE 2019–2023	PERFORMANCE 2023
All new product developments with Sustainable Solutions	When it comes to product development, Sika combines **higher performance with additional sustainability benefits.**	Sika completed the rollout of the **Sustainability Portfolio Management (SPM) Methodology to evaluate, classify, and market products in terms of performance and sustainability.**

During the **Capital Markets Day** in October 2023, Sika released the new Strategy 2028 – "Beyond the Expected" – which is based on four pillars: Market Penetration, Innovation & Sustainability, Acquisitions, and People & Culture, including a set of both financial and non-financial targets. With these pillars, sustainability comes into further focus.

For more information,
please visit **www.sika.com/sustainability**

SIKA AND THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The United Nations Sustainable Development Goals (UN SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated – they recognize that action in one area will affect outcomes in others, and that development must balance social, economic, and environmental sustainability. Achieving these targets requires concerted and immediate action from the public and private sectors around the world. The creativity, know-how, technology, and financial resources from all of society are necessary to achieve the SDGs in every context. In 2023, Sika identified, prioritized, and assessed its activities to demonstrate how it translates global sustainability commitments into action. The analysis allowed Sika to evaluate which UN SDGs, targets, and indicators its activities contributed to during the reporting year. In total, the company contributes to 13 of the 17 UN SDGs. For more detailed information, please consult the document **Sika and the UN SDGs** available on the corporate website.

MATERIALITY ANALYSIS

GRI 3-1 GRI 3-2

A materiality assessment is a process to identify the most important sustainability topics, opportunities, and risks from two perspectives: the importance to stakeholders and the importance to the company. The outcome is a materiality matrix, showing all topics which are identified and prioritized to focus on the ones that matter the most to Sika's business and its stakeholders. The information gained through this process supports decision-making about the direction of the business, allows the integration of sustainability topics into the business strategy, and the selection of relevant topics for sustainability reporting. Between 2021–2022, Sika conducted a Materiality Analysis, focusing on potential ESGE – environmental, social, governance, and economic – material topics, to capture the sustainability impact, dependencies, risks, and opportunities of Sika's operations, products, and services along the entire value chain. The analysis resulted in the selection of 29 out of over 100 potential material topics. The Materiality Matrix was reviewed and approved by the Sustainability Committee at Board level. For more information on the Materiality Analysis conducted in 2022, please see the summary report **Sika Materiality Analysis 2022** available on the corporate website.

In 2023, during the Board of Directors' December meeting, the Sustainability Committee reviewed the assessment conducted in 2022, confirming the selection of the 29 material topics and their relevance for the business.

Sika is planning to conduct a new materiality assessment in 2024, to comply with the requirements of the European Commission's proposal for the Corporate Sustainability Reporting Directive (CSRD), which requires companies to elaborate on a double materiality perspective.

MATERIAL TOPIC BOUNDARIES

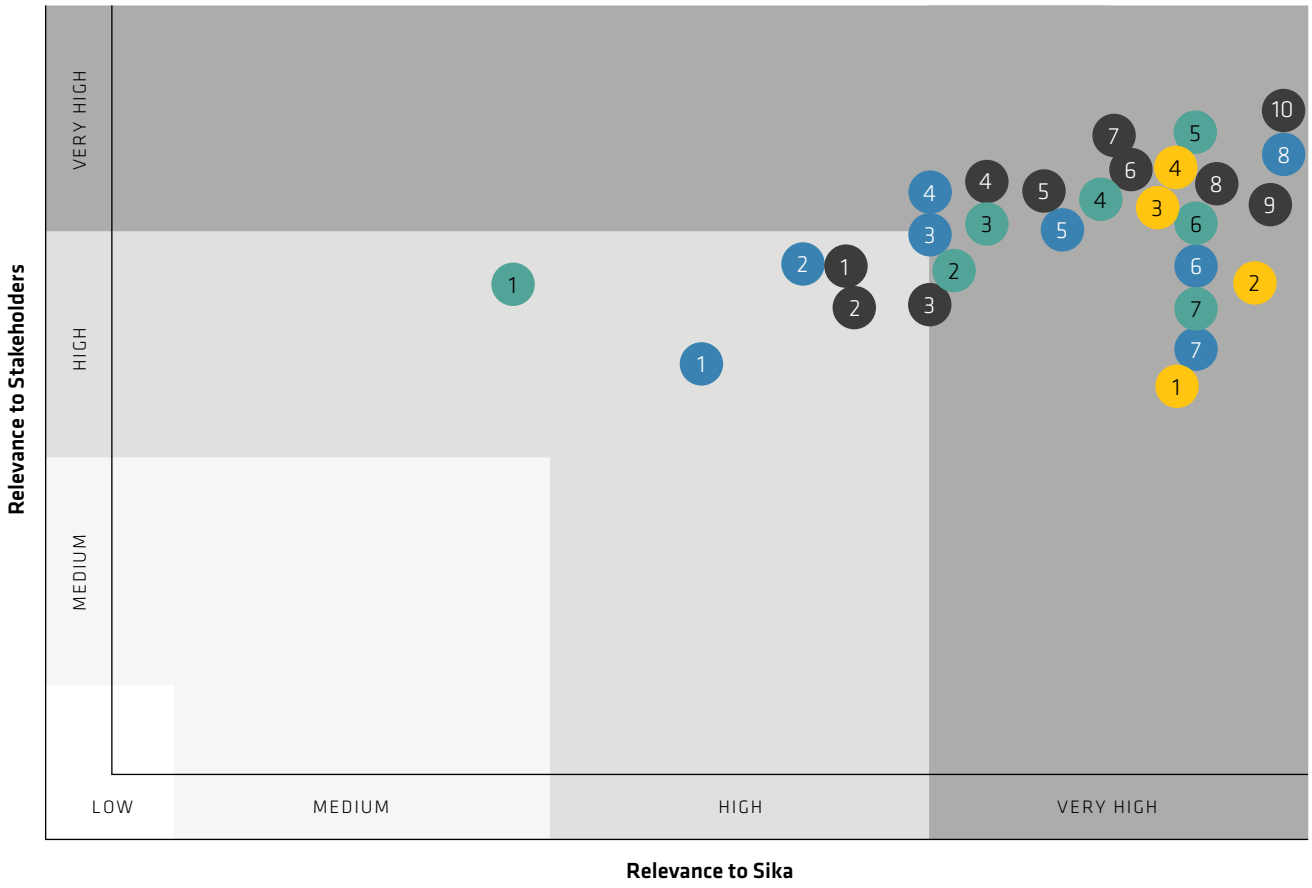
The concept of "topic boundary" is based on the expectation that organizations have a responsibility not only for the direct impact they cause, but also for the indirect impact resulting from their business relationships. These concepts are covered in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for multinational enterprises[1]. Sika structured the Sustainability Report around its material topics, organized by dimensions – environmental, social, governance, economic – and their related sub-topics and boundaries. For more detailed information on material topics and boundaries, please see the document **Material Topic Boundaries 2023** available on the corporate website.

STAKEHOLDER ENGAGEMENT

Stakeholders are defined as groups or individuals that are significantly affected by the organization's activities, products, and/or services, or whose actions can be expected to affect the organization's ability to achieve its objectives. In the Materiality Analysis approved by the BoD in May 2022, Sika identified the most relevant internal and external stakeholder groups for the company. Regular stakeholder engagement is essential for responsible business practice and key to capturing insights from across the business by ensuring inclusiveness. For more detailed information on engagement activities conducted in 2023 and the key topics and concerns raised, please see the document **Stakeholder Engagement Activities 2023** available on the corporate website.

1 **OECD Guidelines for multinational enterprises**

SIKA MATERIALITY MATRIX



ENVIRONMENTAL

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

SOCIAL

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

GOVERNANCE

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

ECONOMIC

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

PARTNERSHIPS AND COLLABORATIONS

GRI 2-28

Sika partners with numerous organizations to actively drive the progress of sustainability in its industries and develop its own performance. Moreover, collaborations across the entire value chain are part of the principles for strategic management. The list below provides a non-exhaustive overview of industry associations, initiatives, and relevant strategic partners. For more detailed information, please see ↗ **Partnerships and Collaborations** and ↗ **Equity Indices** available on the corporate website.

Reporting Standards & Frameworks

GRI · SUSTAINABLE DEVELOPMENT GOALS · TCFD · VALUE REPORTING FOUNDATION SASB STANDARDS · TNFD

Membership of Associations

alumobility · FEICA · Mitglied der DGNB Deutsche Gesellschaft für Nachhaltiges Bauen German Sustainable Building Council · ECRC EUROPEAN COOL ROOFS COUNCIL · EFCC · WBCSD World Business Council for Sustainable Development · cefic

Initiatives

Responsible Care® OUR COMMITMENT TO SUSTAINABILITY · TOGETHER FOR SUSTAINABILITY · United Nations Global Compact

Ratings

CDP DISCLOSURE INSIGHT ACTION · S&P Global Ratings · ecovadis · ISS ESG · MSCI ESG RATINGS AA · Rated SUSTAINALYTICS

Indices

MSCI ESG RATINGS AA · STOXX Indices by Qontigo · FTSE4Good · SIX

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

Collaborations

ETH zürich · ETH Foundation · MESH · ADEME AGENCE DE LA TRANSITION ÉCOLOGIQUE

For more information, please visit **www.sika.com/partnerships**

PEOPLE
SUMMARY & HIGHLIGHTS

AMBITION

Sika aspires to create an attractive, inclusive, and safe work environment where people can grow and unlock their full potential. The ambition is to be the employer of choice and to foster continuous high engagement, commitment, and a sense of belonging among employees.

APPROACH

The goal is to shape a positive employee experience, foster leaders' effectiveness, and encourage everyone to live the Sika Spirit. Corporate culture promotes an empowering working environment where everyone feels safe and valued, is treated fairly and respectfully, and has access to equal opportunities. By caring, we build trust.

HIGHLIGHTS

Revised Code of Conduct (CoC)

In 2023, Sika rolled out the revised CoC to reinforce its commitment to sustainability topics with a stronger focus on promoting equal opportunities, human rights, labor standards, and safety at work.

Global Safety Survey 2023

The first Sika Global Safety Survey was sent to all employees in late 2022 and completed in February 2023 with a global participation rate of 74%.

KEY FIGURES

EMPLOYEES

33,547

+21.1% **Change vs 2022**

SHARE OF WOMEN IN SIKA WORKFORCE

24.3%

+0.3% **Change in % points vs 2022**

LOST TIME ACCIDENTS PER 1,000 FTEs

5.4

–23.9% **Change vs 2022**

MATERIAL TOPICS

Corporate Governance	Health and Safety	Business Ethics and Integrity
Compliance	Human Rights	Labor Management
Diversity and Inclusion	Human Capital Development	Talent Attraction and Retention
Community Relations	Public Policy	Stakeholder Engagement

SDGs

CORPORATE GOVERNANCE

GRI 3-3

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Sika is committed to creating an attractive, inclusive, and safe work environment where people can grow and unlock their full potential. A place where everyone returns home safely at the end of the workday. A place where everyone is treated fairly, with respect, and has equal opportunities. A place where people can be their true self and develop a strong sense of belonging. It is about empowering people at all levels to actively contribute to building a sustainable future and passionately solve daily challenges.

STRONG VALUES AS A SHARED BASIS

Customer First, Courage for Innovation, Sustainability & Integrity, Empowerment & Respect, and Manage for Results: These are the five core values and principles that define Sika's corporate culture. These values and principles serve as a compass in all countries where Sika operates and inspire 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.

In addition to these core values, a Leadership Commitment framework has been installed with the purpose to inspire the whole organization and guide the next generation of leaders. It reflects a close connection between values and principles and consists of the following four pillars: Drive Change, Unlock Potential, Win Together, and Inspire. As the company grows and evolves, this framework helps preserve Sika's corporate culture.

SIKA VALUES AND PRINCIPLES

1 Customer First

Sika is dedicated to provide and maintain the highest quality standards with its products and services.

2 Courage for Innovation

Sika's success and reputation is based on its long-standing tradition of innovation.

3 Sustainability & Integrity

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

4 Empowerment & Respect

Sika believes in the competence and the entrepreneurial spirit of its employees.

5 Manage for Results

Sika aims for success and takes pride in continuously achieving outstanding results and outperforming its markets.

HEALTH AND SAFETY

GRI 2-27	GRI 3-3	GRI 403-1
GRI 403-2	GRI 403-3	GRI 403-4
GRI 403-5	GRI 403-6	GRI 403-7
GRI 403-9	GRI 403-10	

POLICIES AND GUIDELINES

↗ **For more information, please visit the corporate webpage ESG Policies and Guidelines**

In 2023, Sika continued to focus on increasing awareness on health and safety throughout the whole company via a dedicated communications campaign and continuation of the key initiatives launched in 2022 (Start with Safety, Visual Performance, Safety Walks, and EHS tool deployment). Sika continues to improve its occupational health and safety programs with further attention given to safe conduct, employee participation in safety programs, and a focus on prevention. The integration of MBCC Group into Sika allowed for benchmarking of the two companies' approaches to health and safety. Two key areas for improvement have been identified for implementation at Sika in 2024: EHS audit program and methodology, and process safety. A Global Safety Survey of all Sika employees with a 74% participation rate was completed in February 2023; for more information please see the text box on p.54 of this chapter. The action plans derived from the global, regional, and local survey results will ensure that safety remains on the agenda of all Sika employees. Improvement in the safety culture score has been added to the 2028 strategic targets. The survey will be repeated at regular intervals with the objective to monitor progress and improvement.

COMMITMENT

As part of the Sika Strategy 2028, launched in October 2023, Sika's commitment to health and safety has been further elevated. The company commits to create a workplace where safety is a value embedded in every action, decision, and interaction. Sika's vision is a future where every employee, contractor, and stakeholder returns home safely, every day. Through innovation, education, and collaboration, Sika aspires to eliminate all accidents, prioritize the well-being of the workforce, and set an industry-leading benchmark for safety excellence.

GOALS AND TARGETS

The strategic target 2023 is to reduce lost time accidents by at least 50% (baseline 2019: 9.6 LTAs per 1,000 FTEs) and to have no fatalities. Sika evaluates the effectiveness of its management approach according to target achievement. For more information on safety targets and Sika's related performance, please see the "Sustainability at Sika" chapter, "Sustainability Strategy 2019–2023" section on p.44 of the Sustainability Report 2023.

Sika has set strategic targets for health and safety as part of Strategy 2028 in line with the Safety commitment and vision. These go beyond lost time accidents and fatalities to include a significant reduction in recordable injuries and a measurable improvement in the company safety culture.

RESPONSIBILITIES

General Managers bear full responsibility for the implementation of labor practices and safe working conditions in Sika's local operations. They report to regional management, who oversee the development of regional strategic plans and targets in accordance with the Group Strategy. At local level, all General Managers, Operations Managers, and line managers are responsible for meeting Sika's occupational health and safety targets and for setting local targets accordingly. From 2023, the compensation scheme of Group Management and Sika Senior Managers has been linked to the safety performance of the company. For more information, please see the Compensation Report, on p.174 of the Annual Report 2023.

THE SIKA VISION ZERO PROGRAM

At Group level, the four key initiatives implemented in 2022 as part of a new and systematic approach for improving EHS performance continued in 2023:

- "Start with Safety" behavior at all management levels throughout the company is crucial. Managers demonstrate that safety is a core value for Sika by role-modelling it. This leadership behavior is known to be a key factor in establishing a strong safety culture. Since January 2023, each Group Management meeting starts with a review of safety performance, lost time and serious event lessons learned, and an update on the safety program.
- "Safety Walks" to the shop floor that aim to proactively change unsafe behaviors and conditions. Such visits are organized at local level, in all regions, and involve on-site teams (Production, R&D, EHS, or Administration for example) to immediately implement changes and improvements. This routine strengthens the safety leadership and management commitment on safety.

– "Manage Visual Safety Performance" through setting up visible EHS corners to display safety performance, news, best demonstrated practices, etc., and using them as meeting points where employees can talk about safety.
– Deployed in 2022, the Global Incident Management tool is fully operational since January 2023. It allows employees to report any incident, near miss, or safety observation for investigation and follow-up of corrective and preventive actions, bringing transparency on Sika's safety performance and supporting the continuous improvement approach. In 2023 the Global EHS team was active in driving adoption, providing training and live sessions to facilitate the use of the tool.

In addition, on a regional level, the following activities took place during 2023:
– Four Regional Safety Summits involving Regional Managers, Regional EHS Managers, General Managers, and Local EHS Managers were organized to raise awareness and generate specific action plans for improvement at regional and country level.
– Behavior-Based Safety (BBS) programs led by Regional and Local EHS Managers continued in each region to further develop safety awareness at the workplace.
– A new Health and Safety e-learning program, designed to provide comprehensive training in a convenient and accessible online format, was launched in October 2023. The e-learning encompasses mandatory training on the Sika "Life-Saving Rules" and fundamental EHS minimum requirements for all employees, as well as elective training for specific activities.
– Several communication initiatives were continued to strengthen Sika's safety message and awareness through the company. The Sika Safety Campaign was refreshed with new visuals and the message "Stay Alert. Don't get Hurt", and two Global "Safety@Sika" Newsletters were published. These included key messages from the CEO and EHS management, the most recent safety performance results, as well as testimonials and best practices.
– Global Business created a "Safety Scoring" tool, which was piloted in all Automotive production sites before being adopted by all regions. The tool is used as a self-assessment by Local EHS managers and contributes to identifying areas for improvement and defining improvement actions. It provides a holistic picture on the status of the implemented standards and safety programs.

GLOBAL SAFETY SURVEY 2023

The first Sika Global Safety Survey was sent to all employees in late 2022 and completed in February 2023 with a global participation rate of 74%. The objectives of this initiative were to:
– Receive a portrait of the safety culture at Sika as seen by employees.
– Compare the safety culture level to industry peers and the best ones according to the benchmark.
– Analyze differences in perception of safety culture levels by region, country, function, and employee category.
– Develop action plans to improve safety culture over the longer term.

Based on the results, safety as a value is highly recognized at Sika and there is a clear commitment to improve the company performance. However, line management accountability, individual responsibility, empowerment, and skills differ across the organization and there is a strong correlation between management and employee perception of safety. To measure the safety culture, Sika used an external proprietary survey and scoring system which placed the company at the second stage of a four-point safety culture scale. In aggregate for the Group this translates to "Employees view safety as following rules. Accident rates are decreasing". After completing the analysis of the findings, regional, country, and functional breakdowns were provided to top management and senior managers, and action plans were proposed and shared with Regional Managers during Safety Summits. The review of the various action plans by the regions will be conducted in 2024, and a second Global Safety Survey will be repeated in 2025. The strategic target is to reach stage four of the safety culture scale, meaning "teams feel ownership and responsibility for safety culture. They believe zero injuries is an attainable goal", by 2028.

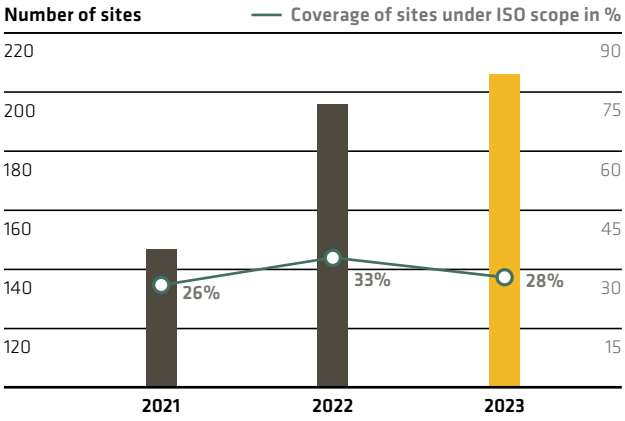
OCCUPATIONAL HEALTH AND SAFETY AND QUALITY MANAGEMENT SYSTEM

Sika maintains a Corporate Management System which applies to all Sika locations and employees and fulfils the requirements of the ISO 45001 "Occupational Health and Safety Management System" and of the ISO 9001 "Quality Management System". 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 Quality and 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 the ongoing ISO certification efforts. Internal audits and monthly reviews of health and safety performance support the continuous improvement of the management system and its implementation. In 2023, nine Group audits with a dedicated focus on EHS were conducted.

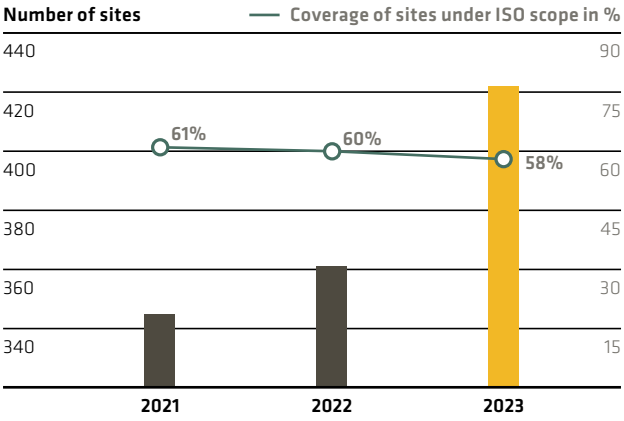
In 2023, among 724 Sika locations under ISO scope[1]:

- 28% were certified according to ISO 45001 (↓ **Table 01: ISO 45001 – Occupational Health and Safety Management System Certification**, in the "Key Performance Indicators" section at the end of this chapter). The percentage of certified Sika locations decreased due to the acquisition of MBCC. Subsequent integration process will start in 2024.
- 58% were certified according to ISO 9001 (↓ **Table 02: ISO 9001 – Quality Management System Certification**, in the "Key Performance Indicators" section at the end of this chapter). The percentage of certified Sika locations decreased due to the acquisition of MBCC. Subsequent integration process will start in 2024.

ISO 45001 – OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION



ISO 9001 – QUALITY MANAGEMENT SYSTEM CERTIFICATION



NON-COMPLIANCE WITH HEALTH AND SAFETY LAWS AND REGULATIONS

Sika is committed to mitigate any potential negative impacts with regard to its health and safety management system. This includes all major non-compliance cases that have been detected externally. In 2023 Sika had three such cases:

- Sika Corporation (US) – Marion: related to a lost time accident in 2018 where an interlock was not properly functioning, allowing an employee to be exposed to moving parts.
- Sika Corporation (US) – Cleburn: related to electrical hazards due to insufficient covering of control boxes.
- Sika Limited (UK) – Welwyn Garden City: related to inappropriate storage of dangerous and flammable substances.

In all the above cases Sika has worked together with the local authorities to address all findings and implement the necessary improvements.

HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION

Sika considers hazard identification to be the basis of safe work, and therefore applies the STOP principle (Substitution, Technical measures, Organizational measures, Personal protective measures) to all risk and incident investigations. Sika companies are required to regularly assess hazards and analyze risks within their premises and operations, and to define corrective and preventive measures accordingly. Each Sika site conducts adequate risk assessment within the workplace. These are led by EHS professionals and serve to give a comprehensive and valid judgment regarding the protection level of occupational health and safety. Risk analyses are reviewed when new information becomes available, e.g., new legal requirements, changes to systems, equipment, raw material, incidents, accidents, near misses, etc.

1 Considered under ISO scope are: headquarters, plants, warehouses, and technology centers. Sales offices, administrative offices, training centers are excluded as these activities do not fall under the scope of respective ISO standards.

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 to ensure timely investigation and corrective action. All incidents that happen within Sika entities and premises and that involve Sika employees as well as contractors and visitors are included in the scope. To ensure prompt awareness of management, incidents with high or potentially high severity (including all accidents resulting in lost time) must be reported within 24 hours through a central notification system. Investigation and root cause analysis are significant drivers of continuous improvement in Sika health and safety performance. It is ensured that each incident is investigated, that a root cause analysis is performed, and that lessons learned are shared across the business for assessment and implementation of risk mitigation measures. Since 2023, this process has been fully supported by the Global EHS Incident Management tool, which was rolled out during 2022. The tool enables Sika employees to report, manage, analyze, and share EHS observations, near misses, and incidents. The tool has been fully operational since January 2023, and it is in use across all Sika entities and will also be rolled out to the acquired MBCC companies and further acquisitions in 2024.

EMPLOYEES AND CONTRACTORS' TRAININGS ON OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety trainings are organized at various levels within the company for Sika employees and external workers:

- At Group level, 13 e-learning modules have been developed and deployed covering the Sika Life Saving Rules and the twelve Sika EHS Minimum Requirements. All Sika employees are required to complete the Sika "Life-Saving Rules", General Site Rules, Personal Protective Equipment training, and Rules for Visitors training. The remaining e-learnings are elective based on the activity of the employee and are included in the local curricula.
- At local level, new employees receive an induction safety training that is embedded in the introductory program, focusing on safety policies, guidelines, and procedures. Regular refresher training sessions on health and safety are also performed. Apart from the mandatory health and safety induction training sessions, local management teams are responsible for setting up and deploying specific additional health and safety trainings. Each country develops a program to ensure that employees are trained to these standards and that local legal compliance is ensured.
- For contract workers, both the contracted party and Sika must be fully aware of and prepared for potential hazards. Contractors need to demonstrate a clear understanding of the task being performed and have a system to understand and control the risks. Training needs assessment, content, and effectiveness are completed at local level under EHS Manager, HR, and General Manager responsibilities. The same safety rules and trainings apply to contractors as for employees.

OCCUPATIONAL HEALTH SERVICES AND WORKERS' HEALTH PROMOTION

The provision of occupational health services is under the responsibility of local management teams in accordance with the Sika-internal Safety Manual and Sika "Life-Saving Rules" and might differ depending on local regulations and healthcare systems, for example:

- In the US, a dedicated procedure has to be strictly followed in the case of Emergency Medical Attention or Non-Emergency Medical Attention, relying either on emergency assistance or on a medical hotline. If first aid is required, responding personnel must have received and be current with CPR[1]/First Aid/AED[2]/Blood Borne Pathogen training for adults.
- In Brazil, Argentina, Mexico, a doctor is available on factory sites to conduct consultations and occupational clinical assessments related to the occupational risk of each employee.
- In the Asia/Pacific region, an REBA (Rapid Entire Body Assessment) initiative for ergonomics risks has been deployed to reduce injuries from manual handling.
- In all locations in Switzerland, internal first aiders are available for employees. They are the first contact for any health-related incident.

Promoting employee health goes beyond work-related incident prevention. All local companies are responsible for promoting workers' health beyond the workplace and for facilitating access to non-occupational medical and healthcare services depending on the local context and according to local regulations. Across the globe, Sika promotes employees' health via different channels, such as health campaigns, financial support to participate in sports activities, dedicated sessions delivered by mental health professionals, lectures on stress release techniques, and first aid trainings, for example:

- In some countries (e.g., Brazil and Switzerland), HR departments conduct an annual flu vaccination campaign for employees and their families.
- In the UK, a mental health hotline is available for all employees.
- In Latin America, several initiatives promote health services and workers' health: health communication campaigns (high blood pressure, heart care, cancer, use of prescription glasses, etc.), warm-up sessions to start the day with active breaks and exercises for body posture to improve ergonomics, and healthy nutrition in canteens and for meeting catering.

1 Cardiopulmonary resuscitation

2 Automated External Defibrillator

WORKERS PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

In addition to the Safety Campaign rollout, Sika ensures that employees can always have direct contact with superiors and management on occupational health and safety issues. This allows employees to raise their concerns to improve health and safety at work and the management system. All local entities are responsible for organizing formal joint management-worker health and safety meetings on a regular basis. In addition, employees participate in the analysis of errors, accidents, and other events if they wish or can contribute.

For example:

- All employees are encouraged to raise safety observations in the global incident management tool and a program has been launched to extend system access down to the plant worker level.
- In North America, the Incident Review Committee meets monthly to discuss lost time accidents and significant near misses. A statement from the injured worker is generally collected prior to the incident review meeting. The supervisor or the Local EHS Manager has the responsibility to present the facts to the rest of the team for discussion and corrective actions. The Operations Leadership Team meets monthly and discusses health and safety as the first item on the agenda, and the Steering Team meets quarterly and discusses safety as the first item on the agenda.
- In Latin America, the "Big Brother – Small Brother" scheme consisting of mutual support between countries in the EHS field has been strengthened.
- In the Asia/Pacific region, factories have installed EHS corners and a visual performance management board, which communicates regular information on safety issues and EHS-related updates. At such corners, workers are also invited to provide inputs and suggestions on EHS improvements and protection measures. Non-managerial representatives are invited to contribute to the local EHS Committee. In addition, a Safety Day is conducted each year in September in every entity in the region. The slogan for 2023 was "Act Safely Beyond the Expected". All employees are encouraged to participate and to give suggestions to improve safety. A target "Everyone reports at least one EHS event" was set and is monitored monthly.
- In the EMEA region, employees participate in the preventive program as event reporters and report on near misses and observations. Furthermore, through hazard hunting groups, employees and managers conduct safety walks together.

EMPLOYEE WORK-RELATED INJURIES

We are deeply sorry to report that one employee lost their life while working for Sika in 2023. The fatality occurred due to the mechanical failure of a goods elevator during regular production operations in India. As a result of the incident and investigation, the concerned elevator is being replaced, and all elevators in the Sika manufacturing network were checked for compliance with code and maintenance schedule and results. Corrective actions were taken where necessary. For each serious incident or accident with lost time, a root cause investigation is conducted, and corrective and preventive actions are defined. An internal report summarizing circumstances, causes, and lessons learned is circulated across the Group for follow-up and action to prevent similar events.

The number of lost time accidents decreased compared to 2022 (–13.9%), leading to a lower Lost Time Accident (LTA) rate per 1,000 FTEs (5.4, –23.9% vs 2022). Analysis of lost time accidents showed that the majority were related to slip, trips, falls, and manual handling, with the most prevalent injuries being sprains and strains, cuts, and fractures. In addition to accidents, Sika also captures all near misses and encourages the reporting of safety observations for action and follow-up.

WORK-RELATED INCIDENTS OF SIKA EMPLOYEES[1]

	2021	2022[2]	2023
Fatalities (No.)	0	0	1
Lost Time Accidents (No.)[3]	256	209	180
Days lost due to Lost Time Accidents (No.)	4,919	5,716	4,849
Average days lost per Lost Time Accident (No.)	19.2	27.3	26.9
LTA per 1,000 FTEs (Rate)	9.2	7.1	5.4
LTIFR per 200,000 hours (Rate)[4]	0.92	0.70	0.53
Recordable injuries (No.)	–	361	335
TRIR per 200,000 hours (Rate)[5]	–	1.22	0.98
Occupational illnesses (No.)	10	12	22
OIFR per 200,000 hours (Rate)[6]	0.04	0.04	0.06

1 Apprentices and interns are excluded from FTEs and worked hours used for the calculation of LTAs per 1,000 FTEs, LTIFR, OIFR, and TRIR.

2 2022 figures related to LTAs, days lost due to LTAs and related KPIs have been revised upwards to take account of the incorrect classification of three incidents identified after publication.

3 Lost Time Accident is an accident which results in one or more lost days, not including the day of the accident.

4 Lost Time Injury Frequency Rate.

5 Total Recordable Injury Rate.

6 Occupational Illness Frequency Rate.

WORK-RELATED INCIDENTS OF CONTRACTORS

in numbers	2021	2022[1]	2023
Fatalities	0	0	0
Lost Time Accidents	30	27	19

1 2022 figures related to LTAs of contractors have been revised upwards to take account of the incorrect classification of one incident identified after publication.

Sika places equal importance on the health, safety, and well-being of contractors as on Sika employees. In 2023, no work-related fatalities of Sika contractors occurred. The number of contractors' lost time accidents decreased by –29.6% compared to 2022. Implementation of Group-wide minimum requirements for on-site contractors' management continued to contribute to this improvement.

OCCUPATIONAL ILLNESSES

In 2023, 22 occupational illnesses were reported for Sika employees, an increase by ten cases compared to 2022, as reflected in the Occupational Illness Frequency Rate development. The most common causes were related to musculoskeletal disorders, with a spate of cases occuring in Mexico, where a high level of manual handling led to occupational illnesses. An automated palletizer was implemented as a preventive measure. In all cases, employees were supported by local Human Resources and Health and Safety functions.

CUSTOMER HEALTH AND SAFETY

Customer health and safety is crucial for Sika and is factored into product development work (formulation work, system design, etc.) where product characteristics are determined. Moreover, Sika ensures that its customers are fully aware of handling requirements so that they can work safely. For this reason, customers and product users can attend application training sessions to learn the proper use of the products. For more information on how Sika guarantees customer health and safety through product safety, please see the "Products and Customers" chapter, "Product Safety, Quality, and Reliability" section on p.119 of the Sustainability Report 2023.

BUSINESS ETHICS AND INTEGRITY

GRI 2-16	GRI 2-25	GRI 2-26
GRI 3-3	GRI 205-1	GRI 205-2
GRI 205-3	GRI 206-1	GRI 406-1

POLICIES AND GUIDELINES

↗ **For more information, please visit the corporate webpage ESG Policies and Guidelines**

Business integrity is 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 and highly ethical partner. The company believes that sustainable and successful business performance is a result of acting in compliance with laws and regulations. Sika operates a Group-wide, culturally well-accepted Compliance Management System, covering the main pillars of Prevent, Detect, and Respond & Adjust. The Group pursues a holistic approach to compliance and engages the whole organization through all hierarchies, functions, and geographical areas. During 2023, major compliance initiatives took place, including:

- Sika Code of Conduct (CoC) awareness campaign of the revised Code of Conduct.
- Opening of the Sika Trust Line, an online reporting platform, to external stakeholders.
- Onboarding of acquired companies (incl. MBCC) on Sika's Compliance Management System.
- Compliance trainings across the organization with a focus on leadership.
- Compliance audits in various countries.

COMPLIANCE MANAGEMENT SYSTEM, GLOBAL ORGANIZATION, AND ASSESSMENTS

Sika's Compliance Management System rests on a life cycle of three closely interrelated core activities: Prevent – Detect – Respond & Adjust. It is administered by a matrix organization under the leadership of the Head Human Resources, Legal & Compliance and enables synergies on trainings and investigations. The Corporate Compliance team consists of dedicated resources, who coordinate the Group-wide compliance initiatives. Depending on the compliance topic concerned, the Corporate Compliance team is supported by the Regional HR Heads, Legal, or Controlling employees who act as part-time Compliance Officers. Together they represent Sika's cross-functional Global Compliance Organization, which aims inter alia at preventing incidents of wrongdoings (fraud, bribery, and unfair competition etc.) by means of implementing targeted policies, trainings, audits, investigations, as well as disciplinary and improvement measures. A separate team ensures compliance with data protection and privacy regulations. Where required by local law, they are supported by a designated local Data Protection Manager. For more information on data protection, please see the "Digitalization and IT" chapter on p.134 of the Sustainability Report 2023.

During 2023, Corporate Compliance audited 14 selected entities following a risk-based approach. To strengthen the "Detect" pillar, Corporate Compliance will continue the Compliance audit program in 2024. To assure proper records management and follow-up, a Group-wide audit tool will be used in coordination with other assurance functions. Compliance audits focus on four specific risk areas: 1) Ethical leadership and human rights, 2) Anti-bribery & corruption, 3) Anti-trust & fair competition, and 4) Third party risks including sanctions. The program enhanced compliance-related risks awareness, collaboration between the Regions and Corporate Compliance functions as well as the collaboration between Compliance and other insurance functions, such as Internal Audit, Legal, etc.

COMMUNICATION OF CRITICAL CONCERNS, OPEN DOOR POLICY, AND SIKA TRUST LINE

Sika promotes transparency and a speak-up culture around the world. The company encourages everyone to speak up openly about potential concerns or wrongdoings. Sika also grants every employee who speaks up in good faith protection against retaliation. Concerns that can be reported include any violation of the Sika CoC and cover various aspects such as bribery; unfair competition; fraud (including theft, embezzlement, conflict of interests, etc.); environment, health and safety, quality or trade law violations; abusive labor or employment practices (including violations of human and labor rights, sexual harassment, discrimination, harassment, retaliation, etc.); or breach/misuse of confidential information (including violation of privacy protection laws) as well as conflict minerals.

Sika has established various channels for raising concerns:

- Open door policy: The company promotes a speak-up culture that allows every employee to report any wrongdoing to his or her superior at local level, a local legal and/or compliance team member, or to management on corporate level.
- Sika Trust Line: This is an externally hosted web-based platform system that ensures safe and confidential reporting, with the option for anonymity. This platform is available globally for all employees and was opened to third parties (customers, suppliers, distributors, and other stakeholders) in November 2023 (testing phase), to go live in January 2024.
- Alternative channels: Concerns may also be sent by e-mail to Corporate Compliance (↗ **compliance@ch.sika.com**), alternatively via post. In selected geographic locations, and often based on local requirements, there may be additional independent points of contact to liaise on compliance concerns; this may include workers council representatives, or third parties such as professional ombudspeople or external legal counsel.

All reports received are managed by the Group Compliance Organization under the supervision of the Corporate Compliance team. Each member must ensure impartial actions, particularly by being independent and not bound by instructions. The Group Compliance Organization is specially trained and obligated to maintain confidentiality.

Concerns raised are categorized in three "priority levels", such as Priority 1 (P1), Priority 2 (P2), or Priority 3 (P3) depending on their severity.

In 2023, the annual "Compliance Confirmation" developed into an internal digitalized questionnaire named "ESG Confirmation". This ESG Confirmation is sent to all General Managers (GMs) by Corporate Compliance once per year to confirm their commitment to Sika's core compliance policies and manuals regarding fundamental environmental, anti-corruption, fair competition, labor laws, and human rights ,and that they have provided adequate information and training concerning these topics to their staff[1].

Internal audits as well as compliance assessments may also uncover possible or actual misconduct or violations of Sika policies, as well as contribute to the identification of improvement opportunities to further strengthen the Sika Compliance Management System. Through the open door approach of raising and as far as possible clearing concerns, local, area, regional, or functional management are also making their strong contributions.

COMPLIANCE COMPLAINTS WITH HIGH PRIORITY (P1, P2) RECEIVED AND SUBSTANTIATED

in numbers	2021	2022	2023
Reports received	63	48	73
Reports resulting in investigations	50	47	68
Substantiated reports	33	22	47
Complaints leading to disciplinary measures[1]	23	23	35
Thereof cases with dismissals/voluntary resignations	14	11	31
Thereof cases with only warning letters	9	11	14
Thereof assignments of new roles	0	1	1

1 Not all identified violations lead to disciplinary measures (for instance, in some cases, the employee responsible for the violation may already have left the company).

Employees are the biggest source of information and of raising concerns. For the year under review, about half of the overall reports received came directly through the Sika Trust Line; the other half originated from audits, assessments, and management. In 2023, various reports were raised by third parties, such as former employees, resellers, as well as vendors. These amounted to about 10% of the overall reports received.
Out of 73 reports received, 68 cases were investigated (as some reports are related to the same matter), including cases and concerns relating to conflict of interest, harassment, and EHS.

COMPLIANCE INVESTIGATIONS

The initial responsibility for managing reported incidents of unethical or unlawful behavior lies with those Sika employees/managers who observe the wrongdoing or receive the initial report. Based on a defined escalation process, these initial recipients are required to handle the complaints either locally or escalate them to Corporate Compliance. If escalated, Corporate Compliance decides a) whether to launch an investigation, and b) who should take the lead.

In 2023, Corporate Compliance received 73 reports:
- 47 reports of misconduct could be confirmed/substantiated.
- 17 reports could not be substantiated.
- Nine reports are still under investigation at the publication of this report.

The 2023 compliance investigations analysis allows for the following conclusions:
- Most investigations centered on either people behavioral-related topics or fraudulent behavior.
- Twelve reports were submitted anonymously, all via the Sika Trust Line.
- There were no government investigations nor any penalties against Sika entities or employees anywhere in the world concerning alleged corruption or bribery. Six internal investigations focused on potential cases of bribery. In one instance, the allegation was confirmed. To the extent that the involved employee was still an employee of Sika, the employee was dismissed with immediate effect.
- The increased reports were the result of the ongoing strong focus on compliance by management, and a zero tolerance approach on substantiated cases.

MBCC INTEGRATION

In support of global post-merger integration activities during 2023, the compliance team undertook or supported various activities. An online-based information platform was made available to all new colleagues from MBCC Group on Day 1 of joining Sika. This included general organizational information on Sika, Values and Principles, CoC, and other key policy reference documents, as well as an overview of the Sika reporting channels to enable the raising of any concerns. Furthermore, all new colleagues from MBCC Group globally were enrolled into the CoC awareness campaign. Just like Sika employees, they have full access to the Sika Trust Line, where all potential wrongdoings may be reported.

1 The ESG Confirmation does not cover MBCC legal entities for 2023 as the acquisition was closed during the fiscal year.

AWARENESS CAMPAIGN ON THE REVISED CODE OF CONDUCT

In 2023, Sika rolled out the revised Code of Conduct which underscored the company's strong commitment to sustainable development, including human rights, labor standards, and environmental protection. In addition, the revised Code now reflects all recent changes of Sika-internal policies including the Sika Trust Policy, Supplier Code of Conduct, Gift & Entertainment Policy, and Global Privacy Policy.

This campaign aimed at fostering integrity and transparency, raising awareness on risks and misconduct such as fraud, corruption, or discrimination. It encompassed e-learning modules for employees with e-mail addresses and in-person/classroom training sessions for those without e-mail access. After closing the acquisition of MBCC Group in May 2023, Sika extended invitations and enrolled all new colleagues in the relevant training. In Sika, the campaign achieved a completion rate of 89%, whereas the training in MBCC is ongoing as part of the post-merger integration activities.

ANTI-CORRUPTION

Corruption exists worldwide, causing economic damage and contributing to an unfavorable business environment by distorting market mechanisms and increasing the cost of doing business. Sika supports the Swiss chapter of **Transparency International** (TI) through its membership, and participation in the TI Switzerland compliance practitioners' circle.

GMs are required to immediately escalate suspicions or allegations of bribery to Corporate Compliance so matters may be reviewed accordingly, and prompt actions taken.

Even though Sika operates in countries that are highly ranked on Transparency International's Corruption Perceptions Index, its exposure to corruption risks remains moderate to low: a) Sika's business partners are mostly private sector companies. Interaction with the public sector, which is particularly susceptible to corruption, is very limited; b) Sika is a specialty chemicals company, and therefore less exposed to corruption risks than companies belonging to the extractive, construction, transportation industries.

Nonetheless, Sika employees in countries where corruption is widespread are exposed to the private sector risk of offering or accepting kickbacks, inappropriate gifts, or entertainment. Sika is addressing the identified risks with targeted measures such as a zero tolerance position against corruption anchored in its CoC, clearly formulated local Gift & Entertainment Policies, anti-corruption trainings for employees, and regular reviews and assessments of local practices related to third party engagements.

FAIR COMPETITION

To prevent anti-competitive behavior, Sika not only prohibits such behavior in its internal policies, but also runs annual trainings with risk-exposed employees, reminding them not to share sensitive market information with competitors. The risk of abusing a market dominant position is negligible because Sika operates in very fragmented markets and does not hold a dominant position. On an annual basis, General Managers are asked to confirm that no government action was taken against their entities for anti-competitive behavior. As in previous years, General Managers in the ESG Confirmation issued such confirmation for the calendar year 2023, with the exception of the investigation launched by the Competition authorities in the EU countries, UK, Turkey, and the USA into suspected antitrust irregularities in the area of additives for concrete and cement. Sika supports the investigations, and it has been fully cooperating with the various authorities since its start in October 2023. The fair operation of the markets is fundamental to the company, and the strong compliance culture and the zero tolerance approach applies to all business areas.

ETHICAL LEADERSHIP PLEDGE

By signing the Compliance Commitment 2024–2025, all Senior Managers at Sika have renewed their strong commitment to uphold Sika's Code of Conduct, its Values and Principles, and to always act with integrity and respect. The Compliance Commitment is a pledge to promote ethical behavior and transparency across the organization and to act as role models for all colleagues. Senior Managers commit to escalate serious violations or well-founded compliance concerns, 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. In addition, Senior Managers also commit to provide their teams with adequate trainings. Senior Managers are encouraged to seek the same kind of Compliance Commitment from each member of their management team.

THIRD PARTY DUE DILIGENCE AND MONITORING

In 2023, Sika tightened its third party due diligence and monitoring on a global level. For more information on Sika's supply chain, please see the "Procurement" chapter on p.127 of the Sustainability Report 2023.

TARGETED TRAINING INITIATIVES

Members of the Global Compliance Organization conduct annual compliance trainings with specific risk/target groups. In the context of leadership development, Senior Managers, together with other employees, are invited regularly to participate in Compliance trainings highlighting the importance of ethical leadership at Sika to conduct business with integrity. During 2023, specific trainings were included in the new General Managers Program, and in Global and Regional Leadership Programs with interactive compliance workshop sessions. Multiple other learning opportunities were provided on compliance leadership and were conducted in events across Sika through e-learning as well as in a classroom setting.

HUMAN RIGHTS

GRI 3-3 | GRI 406-1 | GRI 407-1 | GRI 408-1 | GRI 409-1

POLICIES AND GUIDELINES

↗ **For more information, please visit the corporate webpage ESG Policies and Guidelines**

As a signatory of the UN Global Compact and in accordance with the Universal Declaration of Human Rights (UDHR) and the core Conventions of the International Labor Organization (ILO), Sika promotes the protection of universally acknowledged human and labor rights. In its Code of Conduct, Supplier Code of Conduct, and the annual ESG Confirmation, Sika 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. With hundreds of operations around the globe, Sika is active in many regions that rank high on human rights risk indices. Sika takes its responsibility seriously to prevent human rights violations in its own operations and to implement adequate measures to assure that no such violations occur in its supply chain.

ESG CONFIRMATION

General Managers and their local management team are obliged to monitor the protection of human rights and labor standards within their entities and their areas of responsibility. Collected by Corporate Compliance, Sika's ESG Confirmation asks all General Managers to confirm yearly that they have implemented and communicated the following principles to their staff: the prohibition of forced, slave, compulsory, or child labor; the freedom of association; the right to fair work hours and fair compensation, and the non-discrimination and equal opportunity principles.

The ESG Confirmation also affirms that Sika promotes diversity, inclusion, equal opportunities, and fair treatment in employment and occupation, and that Sika prohibits any form of discrimination[1]. Further, the Confirmation underscores the right of workers – to the extent permitted by local laws – to establish and join labor organizations of their own choosing without the need for prior authorization.

For 2023, 100% of Sika's General Managers have confirmed – by means of their annual ESG Confirmation – that no violations of fundamental human or labor rights have been identified.

INTERNAL HUMAN RIGHTS-RELATED AUDITS, ASSESSMENTS, AND INSPECTIONS

General Managers are obliged to strictly adhere to internal human rights-related guidelines and applicable local laws, and to supervise their entities accordingly. They are also responsible for taking preventive action and providing adequate training to their staff. By means of audits and inspections, Sika ensures the protection of human and labor rights among its Group companies. On an annual basis, the Global Compliance Organization, Corporate Legal, and Internal Audit are expected to run a total of roughly 50 assessments to monitor the implementation of Sika's human and labor rights standards for its own workforce and to implement improvement measures if necessary. In addition, on-site EHS risk and quality audits are partially focused on protecting human rights and labor standards by ensuring the implementation of minimum health and safety requirements. Sika conducts about 15 such risk and quality audits each year. In 2023, the above-mentioned functions performed a total of 46 human-rights-related audits, assessments, and inspections across the globe.

SUPPLIER AUDITS AND ASSESSMENTS

For more information on this topic, please see the "Procurement" chapter, "Responsible Procurement" section on p.129 of the Sustainability Report 2023.

CHILD LABOR

In line with Sika's commitments to human rights, it categorically prohibits child labor. General Managers are obliged to strictly adhere to the prohibition. For 2023, 100% of General Managers confirmed compliance with the norm. To date, no violation has ever been reported internally, whether via the Sika Trust Line or other speak-up channels. To ensure that no child labor exists in its supply chain, Sika requires all of its tier 1 suppliers to sign its Supplier Code of Conduct (SCoC), which also contains a categorical child labor prohibition. Suppliers are expected to have systems in place that ensure the proper implementation, training, and monitoring of the "no child labor" principle and all other fundamental human and labor rights among their own personnel as well as the employees of their subcontractors and suppliers. Sika regularly performs supplier audits and assessments to monitor compliance with its SCoC.

1 Discrimination being defined as "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".

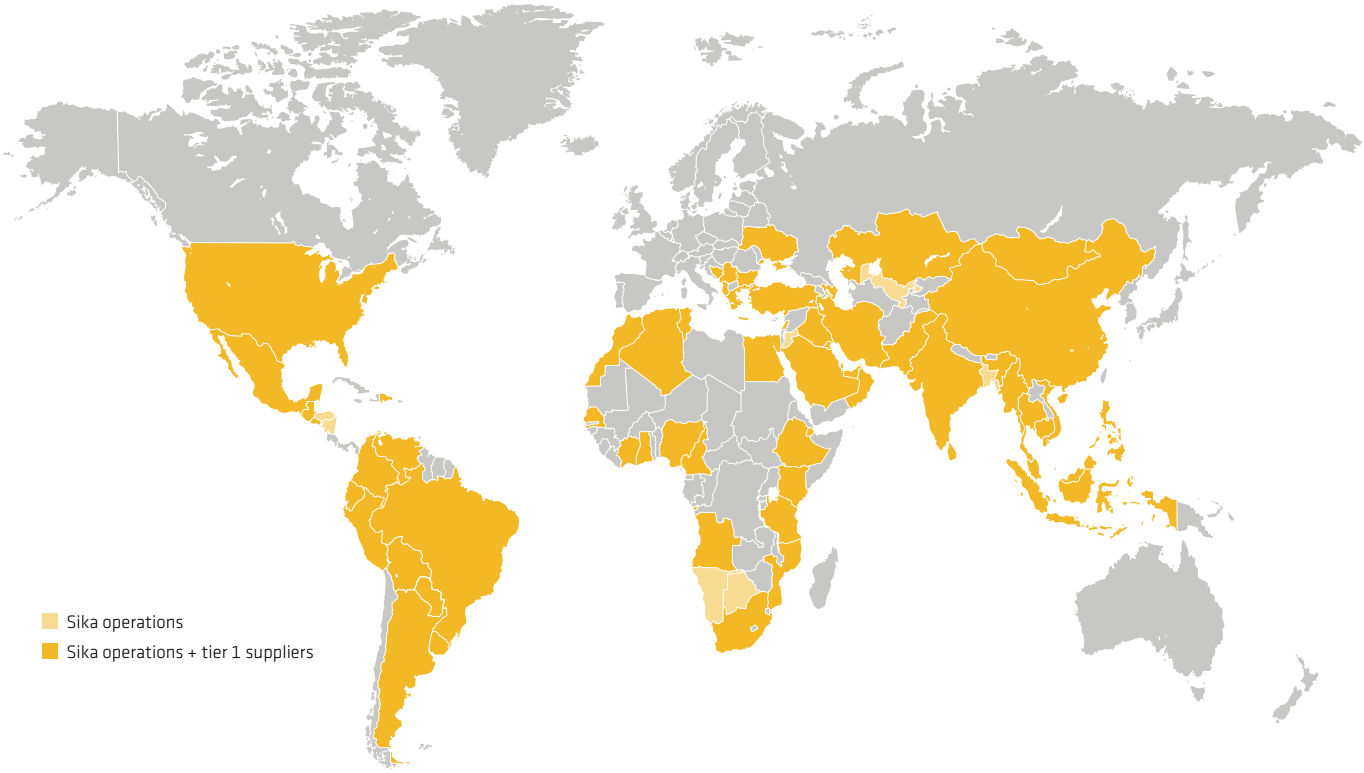
Since 2022, Sika has assessed the geographical network of its own operations and of its tier 1 suppliers and the prevalence of child labor violations within those countries. This yearly evaluation is based on the UNICEF Index of Children's Rights in the Workplace[1]. The analysis shows that, at operational level, Sika does not operate in countries with a high risk of child labor. However, the company is present in 68 countries with medium risk. As far as Sika's suppliers are concerned, there are tier 1 suppliers in 61 medium-risk countries and no suppliers in high-risk countries.

In 2023, in line with the OECD Guidelines[2], Sika further established its Supply Chain Due Diligence and Risk Management Approach, integrating it in its Supplier Relationship Management (SRM) Process. The Supply Chain Due Diligence and Risk Management Approach is made of five steps: pre-evaluation and ESG risk assessment, qualification, evaluation, development, and termination where necessary. Sika utilizes a dedicated platform – EcoVadis IQ – to establish Supplier Risk profiles, identifying potential ESG risks associated to business partners including criteria on the prevalence of child labor within the applicable industries and countries of its supply chain. Potential high-risk suppliers are prioritized for ESG assessments and audits. For more information, please see the "Procurement" chapter on p.127 of the Sustainability Report 2023.

Through Sika's Together for Sustainability (TfS) membership, over 1,000 Sika suppliers have been assessed and/or audited under the TfS framework at global level. In 2023, over 821 TfS assessments[3] with EcoVadis and 255 TfS and Sika audits were carried out, including suppliers in the identified medium-risk countries. Such assessments provide the necessary transparency and visibility on the sustainability activities and contributions of Sika suppliers based on international standards, with a focus on child labor where applicable.

If the findings of an EcoVadis assessment or a TfS Audit highlight a suspicion or violation of the child labor prohibition, the organization investigates, applying a case-by-case approach. In general, the first step is to initiate a Corrective Action Plan (CAP). However, if the supplier does not implement or solve the issue via the defined CAP, the case can be escalated at regional procurement level, and Sika can decide to stop any business or cooperation with the supplier. This process is described in Sika's internal Sustainable Procurement Guidelines and Policies.

CHILD LABOR RISK MAP



1 The methodology of the Atlas is guided by the United Nations Guiding Principles for Business and Human Rights (UNGPs) and Children's Rights and Business Principles (CRBPs), which set out the expectations of companies in respect of human and children's rights. Many of the more than 150 indicators are child-specific and some are human rights indicators that affect children directly and indirectly in the contexts in which they and their families work and live. The Workplace Index measures the extent to which countries eliminate child labor and provide decent work for young workers, parents, and caregivers. It evaluates five issues categories such as minimum age of employment, categorical worst forms of child labor, hazardous work, decent work conditions, and maternity protection. The focus of Sika is on countries considered at "enhanced" (medium risk) and "heightened" (high risk) risk of child labor. Sika analysis has been updated according to the latest Index update made in June 2023.

2 ↗ **OECD Due Diligence Guidance for Responsible Business Conduct**

3 Can refer to assessments or re-assessments.

LABOR MANAGEMENT

GRI 2-7	GRI 2-8	GRI 2-30
GRI 3-3	GRI 401-1	GRI 401-2
GRI 401-3	GRI 402-1	GRI 405-2

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Sika's success is only possible with committed employees who have the necessary specialist knowledge and share a common purpose. Each day, more than 33,500 employees worldwide are highly dedicated to working for the company. Sika's commitments reflect the following priorities and goals: Empowerment & Respect; Sustainability & Integrity; Development & Training.

MBCC ACQUISITION

In 2023, Sika completed its largest-ever acquisition, incorporating 6,000 employees across more than 60 countries from MBCC Group. Prior to the acquisition's closure, the aspired combined culture between both companies revealed a strong alignment of joint values. Celebrations in May and June 2023, including the Sika Day event, facilitated employee integration and collaboration to build strong joint teams. New colleagues from MBCC were onboarded onto Sika's Values and Principles, Code of Conduct, and Trust Policy (internal Speak-up Policy) immediately after closing the acquisition.

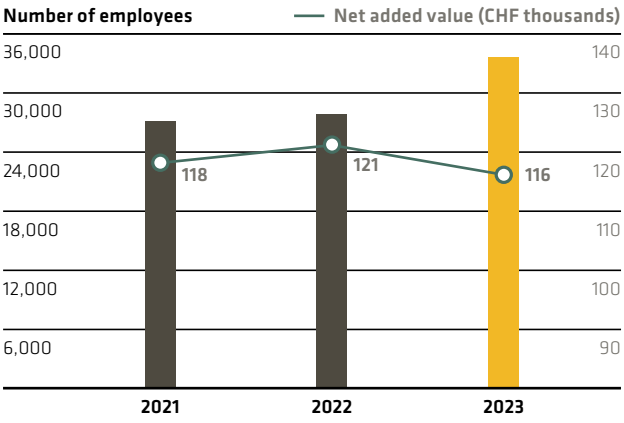
Since the closing, country-specific integration plans have been developed, focusing on defining the target organization and potential synergies, and planning the brand transition strategy. Regular checkpoints have been implemented and execution is ongoing and being monitored to ensure milestones are met. Pulse check surveys are regularly being conducted to gauge employees' perceptions, risks, and support needs during the integration. Through integration newsletters employees are also being updated on milestones, integration progress, and success stories to drive employee engagement and foster the sense of belonging.

EMPLOYEES: THE KEY TO SUCCESS

The outstanding engagement of Sika's employees and their strong identification with the company are key to success. Their great dedication and customer-focused work significantly contribute to the achievement of Sika's strategic targets.

The number of employees increased by +21.1% during the year under review to 33,547 (previous year: 27,708) (**Table 03: Total Number of Employees**, in the "Key Performance Indicators" section at the end of this chapter). Female employees in the Group account for 24.3% of the total workforce (previous year: 24.0%). This is despite acquisitions having a negative effect on the share of women in the workforce. MBCC had a female ratio of 22.7%.

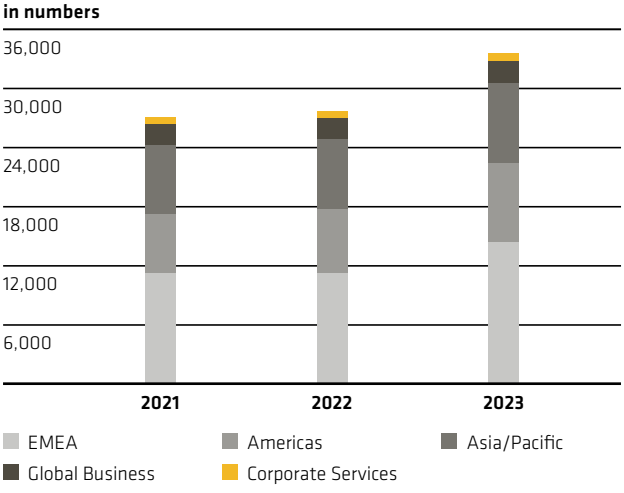
EMPLOYEES AND NET VALUE ADDED



Together, the workforce generated a net added value of CHF 3,557 million in 2023 (previous year: CHF 3,321 million). This corresponds to an annual average net added value per employee of CHF 116,000 (previous year: CHF 121,000) (**Table 04: Net Added Value per Employee**, in the "Key Performance Indicators" section at the end of this chapter).

In 2023, the EMEA region saw the highest increase in number of employees, growing by +28.4% compared to the previous year. MBCC added over 3,000 employees to the region (**Table 05: Breakdown of Employees per Region**, in the "Key Performance Indicators" section at the end of this chapter).

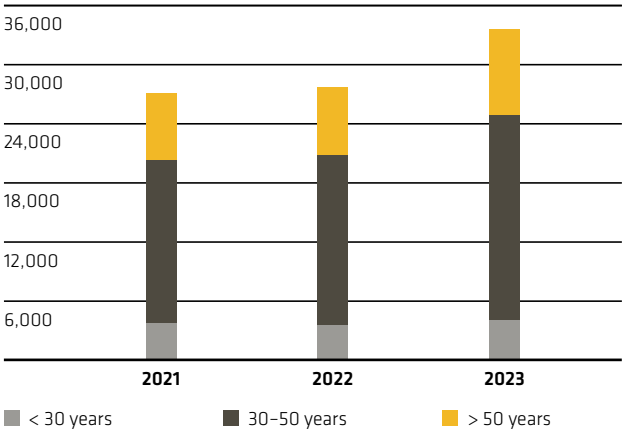
BREAKDOWN OF EMPLOYEES PER REGION



The age structure at Sika is broadly balanced with 11.9% of employees under 30 years old (previous year: 12.8%), 62.1% between 30–50 years old (previous year: 62.0%) and 26.0% over 50 (previous year: 25.3%). To attract, engage, and promote more women, the company provides numerous Trainee programs (e.g., Women in Sales initiative) that cater to the needs of young women and support their professional development. With a demographic that has 16.1% of female employees under 30 years old, compared to 10.6% of males in the same age group, trainee programs offer valuable opportunities for young women to advance in their careers and should contribute to a higher share of women in the company and senior management over time (↓ **Table 06: Breakdown of Employees per Age and per Gender**, in the "Key Performance Indicators" section at the end of this chapter). For more information on Sika's approach to diversity, please see the "Diversity and Inclusion" section on p.69 of the Sustainability Report 2023.

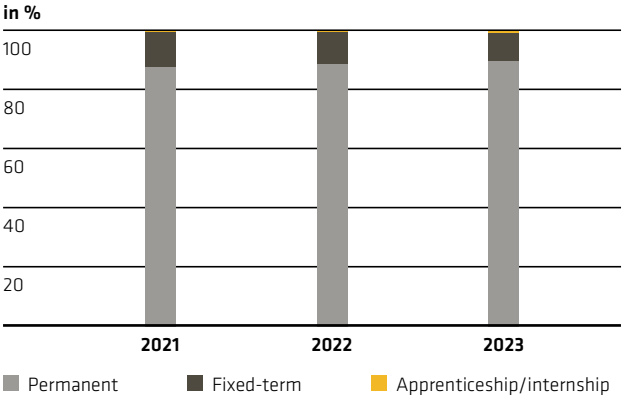
To increase the number of employees under 30 years old, Sika's employer branding strategy positions the company as the employer of choice for the next generations. As a project sponsor of several universities, Sika engages in a lively dialogue with young talents and offers a wide range of internship and traineeship opportunities for a variety of different academic backgrounds including chemistry, business studies, industrial engineering, chemical engineering, civil engineering, architecture, and material sciences.

BREAKDOWN OF EMPLOYEES PER AGE



Sika is committed to offering long-term prospects to its employees within the company and supports internal promotions. 89.5% of employees (89.9% of men and 88.0% of women) have permanent employment contracts (previous year: 88.6%), ensuring that the workforce has the stability and security it needs to thrive (↓ **Table 07: Breakdown of Employees per Contract and per Gender**, in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF EMPLOYEES PER CONTRACT



40.1% of apprentices and interns are women, which is higher than the average percentage of women at Sika and is providing opportunities for women to gain valuable experience and training through apprenticeship programs. The percentage of fixed-term workers in the Asia/Pacific region is higher due to higher rates in China, where the use of fixed-term contracts is a strategic approach to navigate the complexities of local labor practices, balancing workforce needs with operational requirements, always in compliance with local legal requirements (↓ **Table 08: Distribution of Employees per Contract and per Region**, in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF EMPLOYEES PER CONTRACT AND PER REGION IN 2023

in numbers	Permanent	Fixed-term	Apprenticeship/ internship
EMEA	13,644	495	250
Americas	7,863	116	12
Asia/Pacific	5,912	2,285	1
Global Business	1,878	289	23
Corporate Services	719	24	36
Group	**30,016**	**3,209**	**322**

EXTERNAL TEMPORARY WORKERS

Sika is committed to limiting the use of external temporary workers to specialized, non-core activities, during peak times, or to an acceptable maximum percentage only, in accordance with applicable national labor laws. Where external temporary working arrangements are used, Sika takes adequate measures to reduce possible negative effects of such arrangements.

External temporary workers engaged through employment agencies and service providers accounted for 9.1% of Sika's total workforce by the end of the year (previous year: 8.3%)[1]. These external temporary workers are not Sika employees, but under contract with employment agencies/service providers. The number of external temporary workers varies depending on the seasonality of the business in the individual Sika companies. The work performed by these external temporary workers is mainly related

1 Based on FTEs.

to manufacturing, warehousing, and logistics. The number of external temporary workers fluctuated between 8.1% and 9.1% throughout 2023.

COLLECTIVE BARGAINING AGREEMENTS AND TRADE UNIONS

Sika operates in 103 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 most workers at these locations are covered. In 2023, more than 37% of the total workforce was covered either by trade unions or work councils (2022: 33%), while roughly 36% of the total workforce was bound by collective bargaining agreements (2022: 43%)[1].

EXPERIENCING GROWTH OPPORTUNITIES ALL AROUND THE WORLD

Sika is growing fast and can offer employees adaptable career paths. With its flexible and nurturing culture, the company offers a vast array of individual career opportunities. Sika thus encourages employees to enrich their experiences and accelerate their growth through working abroad for other Sika companies, offering international career opportunities. Internal candidates are given preference for job openings. Sika is proud to employ individuals who remain with the company for a long time and contribute with their knowledge and experience over several years. The company has fully embraced digital communications channels to connect with younger generations and enhance its reputation as a top employer. Sika recognizes the importance of exploring the potential of new technologies and embracing them together with the workforce. Through digital enablement Sika encourages the strategic use of technology and digital tools, empowering employees and teams to work more efficiently, effectively, and innovatively. The external recruitment strategy is aimed at hiring and developing young talents, improving gender balance, and attracting more candidates from emerging economies. Sika also invests in upskilling and reskilling of long-term employees to improve their knowledge and ensure their continuous employability.

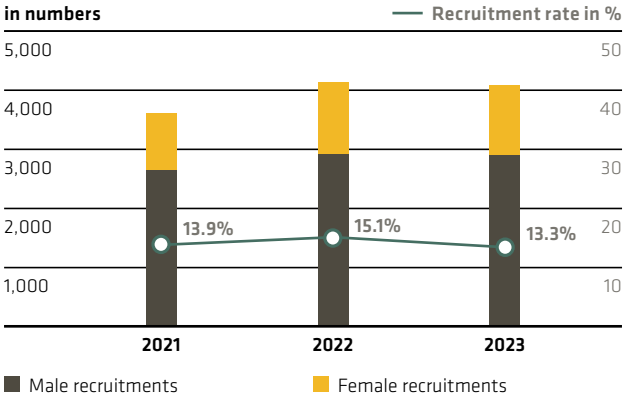
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Sika monitors the turnover of employees including newly hired ones in real time using targeted dashboards. Corporate and Local HR Departments regularly analyze reports based on different dimensions such as "gender" and "age" and take action to ensure a balanced workforce.

In addition, the HR organization has made further improvements in its reporting capabilities to generate meaningful insights that will allow Sika to attract, engage, retain, and promote employees. The dashboards are continuously updated to reflect the most relevant Key Performance Indicators to the business and help drive the strategic agenda. Current dashboards include analysis on headcount development, fluctuation, age, and gender distribution. As an example, the analysis on gender reveals areas where there may be under-representation of certain groups, highlighting the need for targeted recruitment efforts to increase diversity.

Sika hired 4,083 new employees in 2023 (4,137 in 2022) (**Table 09: Group Recruitment Rate per Gender**, in the "Key Performance Indicators" section at the end of this chapter). In addition, 6,000 new employees joined Sika with the acquisition of MBCC Group.

GROUP RECRUITEMENT RATE[1]



1 The recruitment rate is calculated as follows: number of recruitments/ ((headcount at the beginning of the year + headcount at the end of the year)/2).

29.0% of new employees are women, which is slightly lower than in 2022 (29.5%) but still above the current percentage of women in the workforce. The recruitment rate for the Group decreased from 15.1% in 2022 to 13.3% in 2023. The female ratio decreased to 16.0% (18.9% in 2022) and the male ratio decreased to 12.5% (13.9% in 2022). In 2023, recruitment rates in all regions experienced a decline due to a significant influx of employees through acquisitions, resulting in reduced demand for external hires (**Table 10: Breakdown of Recruitments per Region and per Gender**, in the "Key Performance Indicators" section at the end of this chapter).

In 2023, it was observed that 35.3% of the newly joining employees were under the age of 30, 54.8% were between the ages of 30–50, and 9.9% were over the age of 50. Sika analyzes the recruitment rate per age category to ensure the achievement of its diversity targets, and a balanced recruitment of talents from all age categories (**Table 11: Breakdown of Recruitment Rate per Age Category in 2023**, in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF RECRUITMENT RATE PER REGION

in %	2021[1]	2022	2023
EMEA	11.2	10.9	10.6
Americas	16.6	22.0	16.3
Asia/Pacific	16.3	14.6	13.6
Global Business	14.2	18.3	15.8
Corporate Services	9.8	15.3	21.0

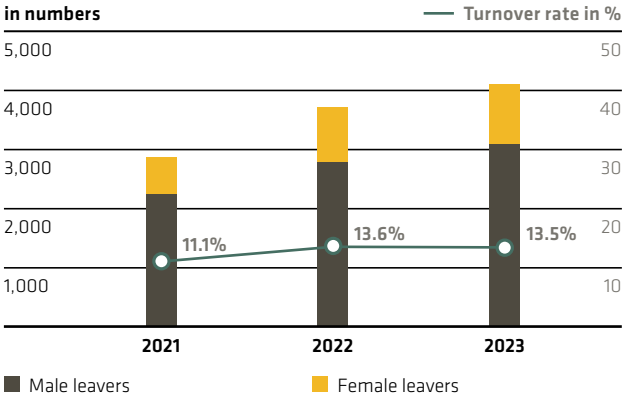
1 2021 recruitment rate at regional level was restated due to a miscalculation.

1 Based on the data collected through the ESG Confirmation.

Sika invests in the development of its managers who demonstrate the leadership skills and competencies to drive superior performance. In 2023, Sika promoted 802 employees into higher management positions (previous year: 399), resulting in an internal promotion rate of 2.4% (previous year: 1.4%) (↓ **Table 12: Internal Promotions**, in the "Key Performance Indicators" section at the end of this chapter). The big increase vis-à-vis 2022 is mainly explained by the establishment of the new Senior Manager layer, which resulted in promotions for around 300 employees.

In terms of workforce turnover, Sika managed to maintain a relatively stable employee turnover rate. In 2023, the voluntary fluctuation rate amounts to 8.5% (9.3% in 2022), the overall fluctuation rate amounts to 13.5% (13.6% in 2022). Women's overall fluctuation was 13.9% (14.3% in 2022) and men's overall fluctuation was at 13.3% (13.4% in 2022). (↓ **Table 13: Group Turnover Rate per Gender**, in the "Key Performance Indicators" section at the end of this chapter).

GROUP TURNOVER RATE[1]



1 The employee turnover rate considers all departures: natural fluctuations, voluntary leavers, and involuntary leavers. It is calculated as follows: all departures/[(headcount at the beginning of the year + headcount at the end of the year]/2). Natural fluctuations refer to retirement or death for example.

Considering only the voluntary fluctuation rate, women were at 9.5% (previous year: 10.3%) and men at 8.1% (previous year: 9.0%) (↓ **Table 14: Breakdown of Turnover per Region and per Gender**, in the "Key Performance Indicators" section at the end of this chapter). Despite the decreased fluctuation rates, Sika continues to emphasize the importance of people and culture topics in the organization and will launch new HR initiatives , including a "People & Culture" campaign, to foster employee engagement, retention, and a sense of belonging among its workforce.

Sika has a voluntary fluctuation rate among employees under the age of 30 of 19.1%, which is a total of 718 leavers in the year 2023 (↓ **Table 15: Breakdown of Voluntary Turnover Rate per Age Category**, in the "Key Performance Indicators" section at the end of this chapter). Although this is in line with current market trends, the company has implemented a range of initiatives to reduce attrition among the younger employees:

- A global exit interview process, introduced in 2023, to gather feedback from departing employees, identify areas of improvement, and develop retention strategies.
- A reinforced performance debrief dialogue process, which allows continuous feedback as well as development and skill enhancement opportunities for employees.
- Young Leadership programs are promoted to highlight growth opportunities at Sika.

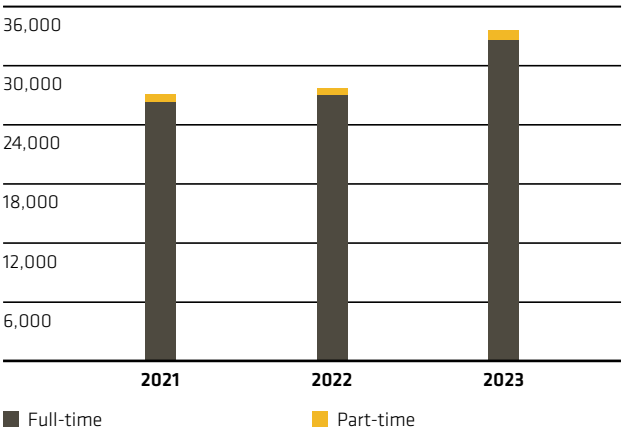
BREAKDOWN OF TURNOVER RATE PER REGION

in %	2021	2022	2023
EMEA	9.1	10.2	10.5
Americas	13.5	19.1	19.8
Asia/Pacific	13.0	13.4	12.5
Global Business	11.1	17.4	13.7
Corporate Services	5.7	7.7	12.5

The company has decided to adapt the organizational setup from 2023 on and install a new senior management group that will increase the agility and dynamism of the organization. Around 300 managers were nominated either as Regional Senior Managers (RSM) or Corporate Senior Managers (CSM). They complement the Sika Senior Management (SSM) group. As current and future leaders, they are actively shaping the development of the company, functioning as ambassadors for Sika's culture and values and being tasked with implementing the strategy within the organization. Sharing knowledge fosters innovation by bringing together different perspectives and broadening the horizons of managers across the company.

In 2023, the percentage of part-time employees slightly increased to 3.1% (previous year: 2.8%). 9.2% of women and 1.1% of men were employed in a part-time position (↓ **Table 16: Breakdown of Employees per Employment Type (Full-time, Part-time) and per Gender**, in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF EMPLOYEES PER EMPLOYMENT TYPE



TEMPORARY OR PART-TIME EMPLOYEES' BENEFITS AGAINST FULL-TIME EMPLOYEES' BENEFITS

There are no intended differences between benefits provided to full-time employees and temporary or part-time employees, although differences in individual cases cannot be excluded.

FLEXIBLE WORKING HOURS AND HOME OFFICE

Sika's success stems from a collaborative work environment and personal relationships. Sika is a people company, and the Sika culture is to be nurtured and lived every day. This is especially fostered through face-to-face formal and informal exchanges on site. Sika allows flexible working arrangements (part-time and flextime) for a high percentage of the workforce; including work from home for suitable jobs in accordance with local labor law.

PARENTAL LEAVE

Local management teams in all countries worldwide enable Sika to act with flexibility and agility. The local legislation and cultural background on parental leave vary across the organization. Sika promotes a family-friendly job environment and is extending parental leave beyond local laws for most of its employees in many countries.

MINIMUM NOTICE PERIOD REGARDING OPERATIONAL CHANGES

Sika commits to transparency, fairness, and strict compliance with local employment laws. Adhering to all applicable laws is the first principle stated in Sika's Code of Conduct, compliance with which has been confirmed by all General Managers by means of the 2023 ESG Confirmation. This includes compliance with legal minimum notice periods. Local notice period policies align with local legal requirements to ensure employees receive ample time to prepare for transitions and foster seamless handovers of responsibilities. In 2023, eleven operational changes with a substantial impact on employees occurred. For example:

- Regarding the divestment of the Chongquing factory in Sichuan (China), five employment relationships had to be terminated. Employees were informed four months before the factory was closed.
- Regarding the closure of the Samuprakarn factory (Thailand), all impacted employees were given a 30-day notice.
- Regarding the closure of the MBCC factory in Hanoi (Vietnam), three out of the four internal headcounts were transferred to Sika, one employee voluntarily left the company. Sika complied with the local legal minimum notice period of 45 days for permanent employment contracts and 30 days for fixed-term employment contracts.
- Regarding the closure of the Jackson factory (USA), employees were offered positions in the warehouse on-site or given the option to relocate to other Sika facilities. Four employees accepted the severance package.
- In Romans (France), Sika applied dismissal for economic reasons. As required by local law, before giving notice, the company looked for possible redeployment within Sika France. After giving notice, employees remained on notice for nine months, during which they were accompanied by an external agency to help them find another job.

PAY EQUALITY

Sika is committed to pay equality and fairness in all countries the company operates in. The company performs regular internal analysis to ensure that employees are paid fairly and to address any potential pay gap. In 2023, Sika analyzed the compensation of Sika Senior Managers and General Managers globally (168 senior executives)[1]. The results confirmed that Sika is fully compliant with equal pay for men and women (insignificant deviation below 5% depending on function).

The company initiated a global rollout of standardized job grades in 2023 that is planned to be finished by 2024. This constitutes a vital step to enhance fairness, transparency, and gender equality. This approach ensures uniform job evaluation criteria, provides clear progression paths, and promotes pay equity.

The company performs regular internal analysis to ensure that employees are paid fairly and to address any potential pay gap. Sika completed the equal pay analysis in several countries such as:

- Switzerland, as required by the Swiss Federal Act on Gender Equality introduced in 2020. The results of the analysis showed that Sika is fully compliant with Swiss equal pay standards.
- UK, as required by the Equality Act 2010, performs regular pay audits and assessments to ensure that any gender pay gaps that exist in the organization are addressed.
- France performed the analysis according to the "Index de l'égalité professionelle".
- USA followed the methodology used by the United States Department of Labor's Office of Federal Contract Compliance Programs (OFCCP), which involves multiple regression analyses on groups of at least 30 employees.
- Peru, in line with law No. 30709, ensures equality and non-discrimination between men and women by evaluating groups of jobs based on the tasks involved, the necessary skills, and job profiles.

ADHERENCE TO LOCAL MINIMUM WAGE AND RATIOS OF STANDARD ENTRY LEVEL WAGES BY GENDER

All GMs confirmed in their 2023 ESG Confirmation that all employees are paid above the local minimum wage. Sika does not differentiate by gender when it comes to standard entry-level wages.

1 Excluding MBCC.

DIVERSITY AND INCLUSION

GRI 3-3 | GRI 202-2 | GRI 405-1 | GRI 405-2 | GRI 406-1

POLICIES AND GUIDELINES

↗ **For more information, please visit the corporate webpage ESG Policies and Guidelines**

SIKA'S FIRM COMMITMENT TO DIVERSITY

Sika's global presence and proximity to customers makes it extremely important to understand diverse cultures and share experience across national boundaries. A diverse and inclusive workforce enables a wider talent pool, drives innovation, and enhances profitability and competitiveness. The company's ambition is to improve gender balance aiming towards equal representation of women at all levels and a steady increase in the share of women in the total workforce. At courses and seminars, Sika managers are encouraged to give high priority to diversity in team and project planning.

More specifically, Sika is committed to:

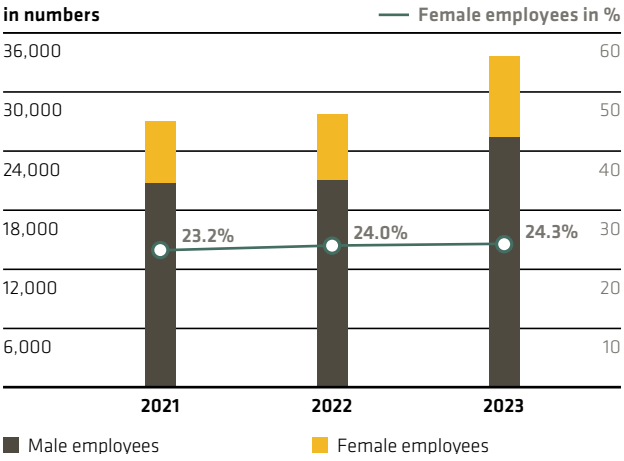
- Fight against discrimination based on race, religion, gender, nationality, disability, age, or any other discriminatory characteristic which is of high importance due to its global presence. This is also reflected in a diverse senior management team.
- Provide equal opportunities for all its employees.
- Recruit and integrate people with disabilities through improving working conditions. Sika supports non-discriminatory practices in terms of employment, and practices equal opportunities in the recruitment process and in the professional development of its employees.
- Increase the percentage of women, particularly in sales and management positions.

To support this commitment, Sika established a Global Diversity Steering Committee (GDSC) that presides over Diversity, Equity, and Inclusion (DEI) initiatives and sets global targets. On a global level, three pillars have been identified to foster DEI: attract, engage, and promote. The GDSC measures the effectiveness of the Diversity, Inclusion, and Equal Opportunity strategy and proposes adjustments. It focuses on three levels of actions: the individual level, to challenge the conscious and unconscious biases of both women and men; the company level, to provide equal opportunities; and the society level, in order to be a role model and contribute to changing mindsets. Discussions of the GDSC cover critical topics such as Sika's Speak-up Culture initiative, awareness raising for bias, and equity analysis to inform company policies. Similar focus groups are operating at the regional and local level – supported for specific initiatives by a global working team.

GENDER MIX

Sika is constantly working on increasing the percentage of women in all regions and conducted many initiatives during the period under review. For the company, the quota of female employees slightly improved from 24.0% in 2022 to 24.3% in 2023. Excluding acquisitions, the share of women in the workforce increased organically by +0.7% points to 24.7%. The region with the highest ratio of female employees is Corporate Services, with 35.9% women in 2023 (35.3% in 2022) (↓ **Table 17: Breakdown of Employees per Gender and per Region**, in the "Key Performance Indicators" section at the end of this chapter).

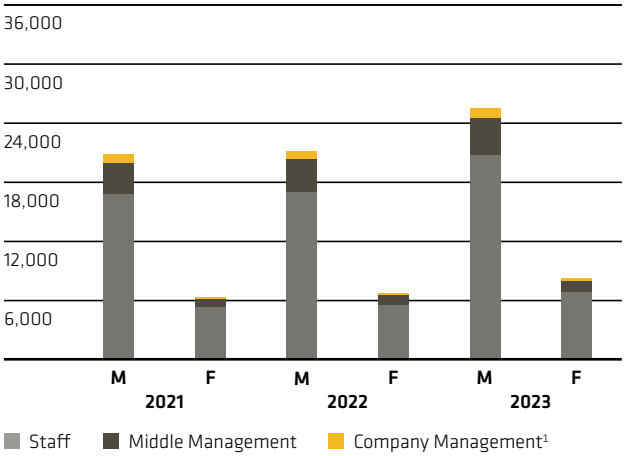
BREAKDOWN OF EMPLOYEES PER GENDER



In 2023, the percentage of women at Staff level increased by +0.3% points to 24.6%; the percentage of women in Middle Management decreased by –0.4% points to 22.8%. The number of women in Company Management increased by +1.4% points to 22.2% (**Table 18: Breakdown of Employees per Gender and per Category**, in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF EMPLOYEES PER GENDER AND PER CATEGORY

in numbers



1 Both Sika Senior Managers and local Company Management Teams are included in this category.

EMPLOYEES WITH A DISABILITY

Sika values diversity and inclusion and considers itself to be an equal opportunity employer. The company strives to promote an inclusive work environment that enables people with disabilities to be part of the workforce. Sika carefully observes any legal requirements that might exist in the different jurisdictions the company operates in.

DIVERSITY OF BOARD OF DIRECTORS

At the end of 2023, the Board of Directors consisted of eight members – five men and three women. All eight members were over 50 years old (**Table 19: Board of Directors – Breakdown per Gender and per Age**, in the "Key Performance Indicators" section at the end of this chapter).

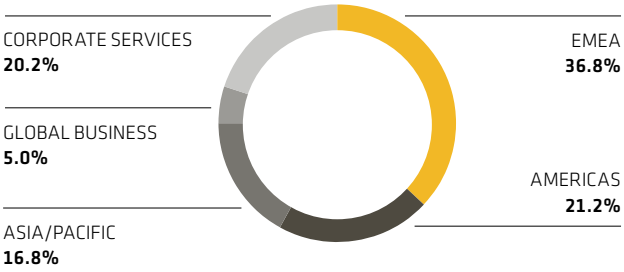
DIVERSITY OF SIKA SENIOR MANAGEMENT

The company believes that employee diversity is a major factor of its success, especially among senior management. At courses and seminars, Sika managers are encouraged to give high priority to diversity in team and project planning. Sika counts 67 nationalities among its senior managers (previous year: 43). 64% of Sika General Managers are from the country they manage. The regional split of Sika senior managers has remained stable over the last three years. 36.8% of Sika senior managers are in countries that belong to the EMEA region. 20.2% belong to Corporate Services, 21.2% to Americas, 16.8% to Asia/Pacific, and 5.0% to the Global Business region (**Table 20: Breakdown of Senior Managers per Region**, in the "Key Performance Indicators" section at the end of this chapter).

Sika has widened its management pool, further strengthening the diversity of its senior management. In pursuit of improved gender balance, progress has been made within Sika's senior management and general management teams. As of 2023, 17.1% of senior management roles are now held by women, an increase of +4.4% points compared to 2022. Likewise, 11% of general management positions are currently occupied by women (7% in 2022), highlighting Sika's commitment to fostering gender diversity at all levels.

BREAKDOWN OF SENIOR MANAGERS PER REGION[1]

in %



1 Corporate Services: including Group Management members.

DIVERSITY INITIATIVES

Sika's strategy is to attract, engage, and promote more women, particularly in sales. Therefore, recruitment campaigns across various channels are increasingly targeting them and, as part of the Women of Sika (WoS) campaign, an action plan with dedicated toolkits was developed for the organization.

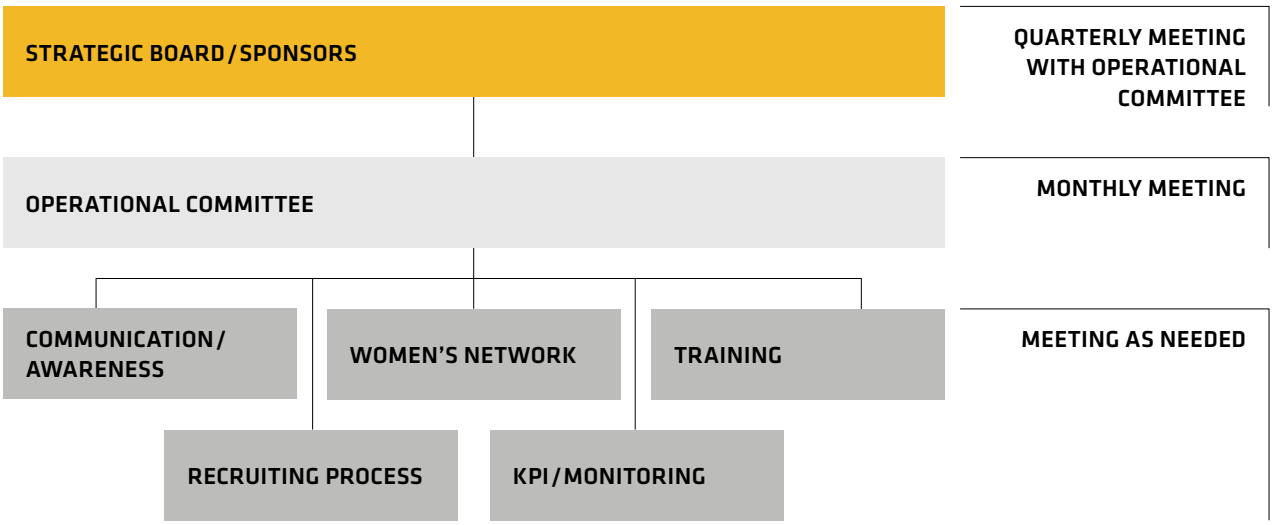
As an example, Latin America has invested in creating programs to support career and leadership development. In 2023, 22 women were taking part in a mentoring program to inspire and guide them in their professional life, and in the "Poderosa" leadership program to develop their leadership skills.

In North America, Sika has set up a Women of Sika (WoS) Committee, which is sponsored by the local Top Management and consists of several dedicated sub-committees. Those sub-committees focus on specific topics, e.g., communication, recruiting, networking, and training, and each have a dedicated team, defined goals, and clearly outlined actions. In 2023, both the United States and Canada hosted a Women of Sika forum where women discussed the different initiatives the WoS is working on and gave their feedback.

In EMEA, Sika has committed to a regional Diversity & Inclusion strategy with "Culture", "Performance and Talent Management", and "Recruiting" as the strategic pillars. Each of these pillars has different workstreams, including training for all HR departments across the region on "Diversity Friendly Recruitment" to educate HR colleagues on inclusive language and practices within the hiring process. For Talent Management, there is specific focus on identifying and developing female talent across all functions of the business to be able to meet the targets for gender mix. EMEA is also working on an employee awareness campaign as part of the "Culture" pillar. It will take all EMEA employees on a journey to learn more about diversity, equity, and inclusion, unconscious bias, and creating a safe environment at work where everyone feels empowered to speak up and/or speak out, fostering a sense of belonging for all employees at Sika. Sponsored by the EMEA Executive Team, there is a six-month campaign through the first half of 2024, led by Internal Communications, that will use online trainings, Senior Manager exchanges, and communication campaigns, testimonials, and videos to underline the strategic importance that diversity and inclusion have for Sika's business success.

At Group level, improvements are measured through yearly Corporate HR reporting which is executed to monitor data not only on gender but also on age and nationality. For more information, please see the "People" chapter, "Labor Management" section on p.64 of the Sustainability Report 2023.

WOMEN OF SIKA COMMITTEE (NORTH AMERICA)



HUMAN CAPITAL DEVELOPMENT

GRI 3-3 | GRI 404-1 | GRI 404-2 | GRI 404-3

POLICIES AND GUIDELINES

↗ **For more information, please visit the corporate webpage ESG Policies and Guidelines**

Even as a large, multinational company, Sika has maintained its agility, which allows the company to implement business opportunities quickly. To ensure that this remains the case, employee knowledge must keep up with current trends and market demands. That is why Sika invests in its employees to promote business resilience by improving their skills, knowledge, and expertise as well as attracting diverse talents, in terms of age, gender, and culture.

MEASURES TO ATTRACT, DEVELOP, AND RETAIN TALENT

The attraction, retention, and development of talent is key for future Sika growth prospects. Therefore, talent shortage is deemed as one of the top risks for Sika in the Enterprise Risk Management framework. Sika's fast growth and the diversification of the markets will demand numerous management and technical talents, so highly targeted hiring and retention measures are very important to mitigate another risk: the loss of the unique Sika culture. To mitigate such risks, the company implements several measures which are reviewed and updated yearly. For more information, please see the "Risk Management and TCFD Recommendations" chapter on p.22, and the "People" chapter, "Labor Management" section on p.64 of the Sustainability Report 2023.

Sika's core measures to attract, develop, and retain talent:

- An alignment of people strategy with Sika business strategy and people initiatives between Corporate and Regional Management (i.e., people engagement initiatives, succession planning, talent reviews, etc.).
- HR marketing and branding initiatives such as the global employer branding campaign called "Going Beyond. Together" to emphasize the environment where employees have a meaningful impact in what they are doing, a safe place to work, and a great team spirit.
- New approach to performance management with the implementation of the Performance Debrief Dialogue (PDD) process focusing on employees' key achievements, aspirations, and development needs.
- Global initiatives on culture, people, and leadership such as Global Employee Survey, Leadership Commitment framework, Sika Day, and Women of Sika campaign.
- Fostering international careers by offering attractive opportunities to work abroad and supporting assignees with customized agreements based on the international assignment framework and guidelines.
- Targeted development with means of a comprehensive and scalable development portfolio available to all levels of employees, enabling knowledge sharing and developing skills for the future.

TALENT DEVELOPMENT AND LEADERSHIP PROGRAMS

Talent development is a strategic imperative to ensure a high performing and sustainable organization. That is why Sika strives to:

- Attract and retain best talents.
- Enable people growth and upskilling for the future.
- Drive employee commitment and engagement through continuous learning and attractive growth opportunities.
- Sustain and reinforce Sika value-based culture and leverage on strong leadership.

Talent development activities have been designed to identify and develop employees both in the areas of business acumen and leadership competencies enhancement. This approach ensures systematic employee succession planning in the respective organizations.

Sika takes pride in a comprehensive leadership development portfolio at global, regional, and local level to boost the talent pipeline. The portfolio is constantly growing as the company needs to stay on top of the requirements of the business and adapt the offering to employees' needs to succeed. The current offering includes:

- The Global Leadership Program (GLP), which is delivered with the purpose to enhance the required capabilities portfolio to fill the senior level talent pipeline for business-critical key positions. The program combines gaining knowledge of the market with a customer centric mindset; the leader learns about long-term transformational plans as well as strategic adjustments to take advantage of short-term opportunities.
- The General Manager Program (GMP), which is dedicated to newly appointed general managers and focuses on training and sharpening business operational skills to confidently head and govern a Sika subsidiary. It is tailored specifically to General Manager role needs.
- The Regional Leadership Program (RLP), which is designed to enhance the required capabilities portfolio to fill large country, area, or regional positions for the purposes of stocking the talent pipeline for business-critical key positions. Regional leaders deepen their business acumen and leadership skills by understanding key financial figures, their active role in optimizing business results, and how their leadership drives engagement.

– The Leadership Accelerator Program, which is dedicated to first time managers and middle management employees to expand managers' leadership competencies and increase their individual and team performance. It is a complementary offering to the core talent development dedicated programs such as RLP.
– Young Leadership Programs[1], which are delivered to help young employees to build the future perspective, engage, and expose. It prepares the next generation of Sika leaders with innovative and accelerated development. Furthermore, it creates a robust leadership foundation for our future leaders' success today and tomorrow and provides a strong sense of belonging and engagement through a promising development journey.

In 2024, Sika will re-launch executive learning programs which are tailored to Sika Senior Management including the Regional Senior Managers and Corporate Senior Managers. These Executive Development Programs (EDPs) are a part of continuous learning journey and focus on the Sika Strategy 2028 implementation and leadership.

TRAININGS BEYOND TALENT AND LEADERSHIP PROGRAMS

Sika's Learning and Development (L&D) function offers a myriad of skills-based programs supporting the continuous improvement of all employees. This paves the way to achieving an engaged workforce and fosters a high-performance culture.

The L&D team organizes a broad range of internal and external training programs based on the Group Management's strategic initiatives and collaborates closely with General Managers, Regional HR Managers, Area HR Managers, Country HR Managers, and other key business leaders to identify focus areas. Apart from the talent management and leadership trainings portfolio, the Sika Business School offers sales trainings, professional skills trainings, and support to Sika academies in the areas of procurement, operations, and sustainability.

Future managers are trained at various levels, either through continuous training initiated by the respective national organization or provided by the Sika Business School, Sika Academies, and external education partners. In 2023, Sika continued to cooperate with various business schools and universities, where the company provided training for talented employees with the potential to assume Senior Management positions.

Training activities for each Sika employee are determined based on the evaluation by the line manager. A nomination to a young or regional talent program is additionally validated by the area and regional management team, whereas a nomination to a Global Leadership Program (GLP) is further validated by the CEO. Furthermore, Sika encourages the external education of its employees by providing sponsorships on a case-by-case basis. All non-management functions are evaluated and managed by their line managers and HR to identify training and development needs. As part of the PDD process, yearly performance evaluation discussions integrate a systematic focus on employees' aspirations, competencies, and development needs.

DIGITAL LEARNING

Digitalization has been a major transformation driver, enhancing collaboration, innovation, and learning across the organization. Sika has used this momentum to implement a global Learning Management System, called "SikaLearn", which went live in all Sika countries[2] in early 2023. As a blended learning platform, this interface simplifies and facilitates content sharing while creating a more intuitive and user-friendly learning experience. In 2023, Sika expanded the online portfolio with 183 new e-learning courses and 16 hybrid learning courses.

PLANT WORKER PROJECT

In 2023, the "Plant Worker Project" was initiated to empower all plant and factory workers with a digital identity. This initiative represents a fundamental step toward the realization of a digital future for all Sika employees. By granting digital identities to employees in factories and warehouses, barriers that had previously impeded their access to the digital environment are eliminated. This inclusion guarantees their active participation on the company's communication channels, involvement in incident management, and convenient access to mandatory e-learning and training sessions.

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

With more than 33,500 employees globally, Sika considers training and education to be an important instrument in developing, promoting, and retaining its workforce. The company is proud of its large share of long-serving employees and recognizes the need to keep employees up to date in terms of their knowledge and skills. In 2023, each employee received on average 12.5 hours of training, a decrease of –6.6% compared to 2022. This was due to MBCC Group acquisition which leads to diluted figures.

AVERAGE TRAINING HOURS PER EMPLOYEE[1]

in numbers	2021	2022	2023
Hours of training per employee	11.1	13.4	12.5

1 Excluding apprenticeship, MBA, and PhD at educational institutions.

In the year under review, Sika spent a total of CHF 12.5 million (previous year: CHF 10.8 million) on employee development.

SPENDING ON EMPLOYEE DEVELOPMENT

in CHF mn	2021	2022	2023
Spending on employee development	8.8	10.8	12.5

1 Programs' names might differ across Sika regions due to regional requirements.

2 Excluding MBCC. However, a reduced version of SikaLearn has been made available to all MBCC employees within the first week after closing to facilitate onboarding on important topics, e.g. Sika's Code of Conduct.

EMPLOYEE PERFORMANCE REVIEW AND DEVELOPMENT

All Sika entities have a local performance evaluation system in place, which includes a Management By Objectives (MBO) and Employee Development discussion. Around 62% of Sika employees receive regular performance reviews (**Table 21: Employee Performance Reviews** in the "Key Performance Indicators" section at the end of this chapter).

In 2023, Sika launched the performance management "Global Performance Debrief Dialogue (PDD)". This is to encourage meaningful debrief conversations between managers and employees and integrate continuous feedback into daily business life. In particular, the dialogue focuses on employee's key achievements, impactful contributions, highlights of performance of the past year, and Sika's desired performance behaviors (Leadership Commitment pillars). Until now, the initiative has involved around 7,000 employees across the whole organization. Most participants were at Staff level.

The rollout of the Global Performance Debrief Dialogue will continue and is planned in a staged approach. By the end of 2025, the entire organization will be onboarded on this approach.

COMMUNITY RELATIONS

GRI 2-27 | GRI 3-3 | GRI 413-1 | GRI 413-2

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

As a socially responsible company, Sika supports local communities. Community engagement for Sika is the process of working collaboratively with neighborhoods to address issues affecting the well-being of its residents. This engagement is the driver to bring social, environmental, and behavioral changes that will improve the lives of the communities and its members. This involves partnerships with NGOs and associations that help mobilize resources and influence the prospects of those neighborhoods in a positive way. Sika defines "communities" as non-commercial stakeholder groups of local companies, neighborhoods, educational institutions bringing forward social activities and projects, environmental programs, and the development of recovery programs.

Community engagement activities bring the following advantages to Sika:
- Working together improves communication and understanding of mutual points of view.
- Committing to social issues demonstrates Sika's responsibility to society.
- Increasing awareness and understanding of Sika's values and expertise locally.
- Supporting collaborative efforts to advance social and business-related projects.

In turn, such projects have a positive impact on communities and local citizens by:
- Helping underprivileged stakeholders gain greater control over their lives and improve their situation on a sustained basis.
- Drawing on Sika knowledge leads to practical and effective solutions.
- Encouraging individuals to learn about issues in-depth through practical experience.
- Helping community members to develop capabilities that enable them to be an active part of society and to contribute to the community itself.

COMMITMENT

Sika is committed to building trust and creating value with its customers, communities, and society.

GOALS AND TARGETS

Sika's targets for 2023 were to complete 10,000 working days of volunteering work annually, run 50% more projects, and increase the number of direct beneficiaries by 50% compared to 2019. For more information on community engagement targets and Sika's related performance, please see the "Sustainability at Sika" chapter, "Sustainability Strategy 2019–2023" section on p.44 of the Sustainability Report 2023.

RESPONSIBILITIES

The corporate teams of Corporate Communications and Innovation & Sustainability, with the strategic involvement of the Global HR organization, are responsible for developing and monitoring the community engagement scheme. The regional and local line management is responsible for implementing the scheme locally. The patron of the "Sika Cares" program is the CEO; however, operational responsibility is conducted by Sika subsidiaries on a local level and projects are managed on team level.

"SIKA CARES" ENGAGEMENT PROGRAM

The "Sika Cares" community engagement program, which started in 2019, focuses on improving the quality of life of children, adults, and families in the local communities in which Sika operates worldwide. Sika employees enjoy many intangible benefits from this program, including greater connection with their communities, team building, and the satisfaction of trying to make the world a better place. The company aims to support local third parties to help people to develop 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 through volunteering work, and that functional capabilities are provided to enable individuals to participate in their communities. To achieve this goal, cooperation with and support for existing and professional charity organizations is given priority. "Sika Cares" focuses on the following thematic areas:
- Education and vocational training: Investment in good education gives young and underprivileged people the most important tool they need to lead an independent life. Sika provides support on training and capacity building in terms of refurbishment and construction projects. The company promotes quality education for orphans and vulnerable children or neighborhood-focused employability approaches. In this way, Sika increases employment opportunities of socially disadvantaged people.

- Buildings and infrastructure: The health and dynamism of communities also depends on the infrastructure in place for people and the environment. This is where Sika comes in with its expertise and product solutions, providing housing and accommodation for social NGOs, enabling, and optimizing health and safety infrastructures, or traffic/transport services and facilities for the local communities.
- Water and climate protection: Sika employees support projects which link social causes with ecological interest: projects raising awareness on climate change, community health and safety, initiatives promoting the provision of drinking water in dry areas or technological development to stimulate the economic growth of local communities. Sika also seeks to promote on-the-ground self-help. Supporting self-management involves enabling and instructing people about their condition and care, and motivating them to care for themselves and to expand their quality of life by capacity-building
- Promoting self-help can encompass a portfolio of information, techniques, and tools that help individuals access new know-how and improve their situation in a sustainable way.
- Health and well-being: Healthy communities rely on campaigns and solutions in support of health promotion and disease prevention across a wide range of dimensions. By recognizing and working to improve their impacts on health and well-being among their own employees, across global value chains, and within local communities, Sika aims to help to foster and benefit from a more robust economy and marketplace,a healthier, happier, and more productive workforce, and more resilient supply chains and communities.

Community engagement guidelines are available for all Sika employees to provide clear guidance and ensure a common understanding of project management in this domain.

For each project, Sika companies are required to put forward specific aid applications and, together with local partners, supervise the projects on site until completion. The company endeavors to provide intelligent support through the application of company-specific expertise, voluntary work, and long-term collaboration with partners. For more information, please visit the corporate webpage **Community Relations**.

In 2023, community engagement activities took place in 89 countries. Sika sponsored 582 projects (previous year: 406 projects). This equates to a year-on-year strong increase of 43.3%. In total, Sika employees spent 7,953 days of volunteering work (previous year: 2,595 days, +206.4%). 126,705 individuals were benefitting directly (previous year: 53,666, +136.1%). The increase in volunteering days was mainly due to the community-related activities that took place on the occasion of the Sika Day, and to the relaxation of COVID-19-related restrictions in many countries. Additionally, the topic of "community engagement" underwent heightened scrutiny throughout the entire company, prompting Sika teams to increasingly leverage it as a means to assist others and foster team bonding through shared experiences.

REPORTING SYSTEM

To facilitate the processing, communication, and reporting of community engagement activities worldwide, a new tool was launched in 2023. It enables all Sika employees to share insights on local projects and get inspired from activities taking place in other countries. The tool is aligned with the Sika corporate reporting system and provides qualitative insights, KPI relevant data, and additional granularity to the previous reporting.

COMMUNITY ENGAGEMENT INDICATORS

	2021	2022	2023
Community engagement projects (No.)	242	406	582
Volunteering days of employees (Days)[1]	1,392	2,595	7,953
Direct beneficiaries (No.)	44,188	53,666	126,705

1 Some of the projects do not require any volunteering work from Sika employees and therefore not all projects led to volunteering days. Starting from 2023, community engagement guidelines have been strengthened. A minimum of 8 hours of volunteering work needs to take place to consider a project as "community engagement".

SIKA DAY 2023 – FOCUS ON COMMUNITY ENGAGEMENT

Under the motto "Caring for each other. Beyond the expected", the Sika Day helped to further build a caring culture in the organization. The Sika Day is an employee-oriented day to celebrate its people, the company, and how they work together. Caring for people means also caring for the communities they live in. This is a way of giving back. All over the world, community engagement and social work projects brought together people from Sika on site as well as the new colleagues from MBCC. These cross-functional team activities included contributing to renovating a school, helping people cope with their sometimes-difficult daily lives, or by preserving and taking care of the environment by cleaning up a beach or a forest.

OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

As a socially responsible company, Sika collaborates with local communities to address issues affecting their well-being. In 2023, less than 5% of Sika's General Managers indicated – by means of their annual ESG Confirmation – that they have received complaints from local communities regarding Sika's operations. The very few complaints received were primarily related to noise, odors, and maintenance work. Most of them have been resolved[1]. Sika fosters an ongoing dialogue with local communities, e.g., through open door events or special phone numbers to contact the local management.

When opening a new site, Sika follows defined steps to interact with community stakeholders. The planning process focuses on compliance with all laws and regulations, which required approvals are in place, coordination with local fire departments, as well as information and interaction with the neighboring community. The steps of this process include early-stage contacts with local authorities regarding environmental, commercial, health and safety aspects as well as information sessions for the local neighborhood. Actions and initiatives are partly adapted to the local situation.

1 Sika is aware of the case in the Virrey del Pino Plant, Argentina. This plant was acquired by Sika from Parex in 2019. Sika takes the concerns of the neighborhood seriously and fully cooperates with local authorities, including implementing voluntary improvements at the plant.

PUBLIC POLICY

GRI 3-3 | GRI 415-1

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

The UN Sustainable Development Goal 17 stresses the need for public-private partnerships. Companies are playing an increasingly active role in society to support sustainable growth and innovation.

Sika contributes to positive global initiatives where it can, in line with the company's strategy and business objectives, to shape sustainable policy development. As a responsible corporate actor, Sika facilitates open, honest, and transparent communication with all stakeholders, including politicians, authorities, business associations, as well as non-government organizations, in a number of relevant policy areas including chemistry, climate change, energy, circular economy, and industrial, trade and innovation policies.

POLITICAL CONTRIBUTIONS

According to its **Code of Conduct (CoC)**, Sika commits to ethical and sustainable operations and development in all business activities. One company rule prescribes that "using Sika funds to support politicians, political candidates, or political parties is prohibited. Donations to political campaigns supporting Sika's strategy or business activities need to be approved by Group Management". In 2023, Sika did not give donations to political parties, politicians, or related organizations[1].

MEMBERSHIPS OF ASSOCIATIONS AND OTHER FORUMS

Sika's engagement with associations and other platforms supports strategic alignment across the industry and provides an opportunity for exchange on perspectives and best practices. For more information on memberships of associations, initiatives, and collaborations, please visit the corporate webpage **Partnerships and Collaborations**.

1 Based on the data collected through the ESG Confirmation.

KEY PERFORMANCE INDICATORS

TABLE 1: ISO 45001 – OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION[1]

	2021	2022	2023
Sites certified ISO 45001 (No.)	147	196	206
Coverage of sites under ISO scope (%)	26	33	28

1 Considered under ISO scope are: headquarters, plants, warehouses, and technology centers. Sales offices, administrative offices, training centers are excluded as these activities do not fall under the scope of respective ISO standards.

TABLE 2: ISO 9001 – QUALITY MANAGEMENT SYSTEM CERTIFICATION[1]

	2021	2022	2023
Sites certified ISO 9001 (No.)	345	361	422
Coverage of sites under ISO scope (%)	61	60	58

1 Considered under ISO scope are: headquarters, plants, warehouses, and technology centers. Sales offices, administrative offices, training centers are excluded as these activities do not fall under the scope of respective ISO standards.

TABLE 03: TOTAL NUMBER OF EMPLOYEES

in numbers	2021	2022	2023
Employees	27,059	27,708	33,547

TABLE 04: NET ADDED VALUE PER EMPLOYEE

in CHF thousands	2021	2022	2023
Annual average – net added value per employee	118	121	116

TABLE 05: BREAKDOWN OF EMPLOYEES PER REGION

in numbers	2021	2022	2023
EMEA	11,243	11,206	14,389
Americas	6,002	6,559	7,991
Asia/Pacific	6,997	7,056	8,198
Global Business	2,136	2,173	2,190
Corporate Services	681	714	779
Group	**27,059**	**27,708**	**33,547**

TABLE 06: BREAKDOWN OF EMPLOYEES PER AGE AND PER GENDER

in numbers	2021	2022	2023
<30 years	**3,663**	**3,534**	**3,991**
Female	–	1,128	1,309
Male	–	2,406	2,682
30–50 years	**16,572**	**17,176**	**20,831**
Female	–	4,218	5,194
Male	–	12,958	15,637
>50 years	**6,824**	**6,998**	**8,725**
Female	–	1,305	1,635
Male	–	5,693	7,090

TABLE 07: BREAKDOWN OF EMPLOYEES PER CONTRACT AND PER GENDER

in %	2021	2022	2023
Permanent	**87.4**	**88.6**	**89.5**
Female	–	23.5	23.9
Male	–	76.5	76.1
Fixed-term	**11.9**	**10.6**	**9.6**
Female	–	26.8	26.3
Male	–	73.2	73.7
Apprenticeship/internship	**0.7**	**0.8**	**0.9**
Female	–	43.2	40.1
Male	–	56.8	59.9

TABLE 08: DISTRIBUTION OF EMPLOYEES PER CONTRACT AND PER REGION

	2021			2022			2023		
in %	Permanent	Temporary	Apprentices/ interns	Permanent	Temporary	Apprentices/ interns	Permanent	Temporary	Apprentices/ interns
EMEA	95.0	3.8	1.2	95.5	3.1	1.4	94.8	3.5	1.7
Americas	95.2	4.7	0.1	98.1	1.8	0.1	98.4	1.5	0.1
Asia/Pacific	67.2	32.8	0.0	68.9	31.1	0.0	72.1	27.9	0.0
Global Business	89.0	10.1	0.9	87.1	11.9	1.0	85.8	13.2	1.0
Corporate Services	93.8	2.1	4.1	93.1	2.7	4.2	92.3	3.1	4.6

TABLE 09: GROUP RECRUITMENT RATE PER GENDER

in %	2021	2022	2023
Recruitment rate	13.9	15.1	13.3
Female	16.0	18.9	16.0
Male	13.2	13.9	12.5

TABLE 10: BREAKDOWN OF RECRUITMENTS PER REGION AND PER GENDER

	2021				2022				2023			
	Recruitments (No.)		Recruitment Rate (%)		Recruitments (No.)		Recruitment Rate (%)		Recruitments (No.)		Recruitment Rate (%)	
	F	M	F	M	F	M	F	M	F	M	F	M
EMEA	330	903	13.5	10.5	397	830	15.4	9.6	426	932	14.0	9.6
Americas	247	682	20.2	15.6	406	977	28.4	20.1	303	885	17.8	15.9
Asia/Pacific	259	816	15.7	16.5	258	768	14.9	14.5	272	763	14.8	13.2
Global Business	90	205	19.5	12.7	108	286	21.4	17.3	115	230	21.5	14.0
Corporate Services	29	36	13.9	7.9	53	54	22.5	11.7	67	90	25.2	18.7
Group	**955**	**2,642**	**16.0**	**13.2**	**1,222**	**2,915**	**18.9**	**13.9**	**1,183**	**2,900**	**16.0**	**12.5**

TABLE 11: BREAKDOWN OF RECRUITMENT RATE PER AGE CATEGORY IN 2023[1]

	Recruitments (No.)	Recruitment Rate (%)
<30 years	1,438	38.2
30–50 years	2,236	11.8
>50 years	403	5.1

1 Since 2023, Sika added granularity to the reporting of recruitment related indicators. The breakdown of hirings is now available per age category from the global HR system which covers 99.6% of all employees in 2023. 2021 and 2022 have not been restated accordingly.

TABLE 12: INTERNAL PROMOTIONS

	2021	2022	2023
Internal promotions to a higher management position (No.)	446	399	802
Internal promotions to a higher management position (%)	1.6	1.4	2.4

TABLE 13: GROUP TURNOVER RATE PER GENDER

in %	2021	2022	2023
Employee turnover rate[1]	11.1	13.6	13.5
Female	10.6	14.3	13.9
Male	11.3	13.4	13.3
Employee voluntary turnover rate	7.4	9.3	8.5

1 The employee turnover rate considers all departures: natural fluctuations, voluntary leavers, and involuntary leavers. It is calculated as follows: all departures/((headcount at the beginning of the year + headcount at the end of the year)/2). Natural fluctuations refer to retirement or death for example.

TABLE 14: BREAKDOWN OF TURNOVER PER REGION AND PER GENDER

	2021				2022				2023			
	Leavers (No.)		Turnover Rate (%)		Leavers (No.)		Turnover Rate (%)		Leavers (No.)		Turnover Rate (%)	
	F	M	F	M	F	M	F	M	F	M	F	M
EMEA	245	761	10.1	8.9	293	856	11.4	9.9	347	995	11.4	10.2
Americas	106	648	8.7	14.8	255	946	17.9	19.5	325	1,115	19.1	20.0
Asia/Pacific	218	638	13.2	12.9	269	676	15.6	12.8	236	719	12.8	12.4
Global Business	54	176	11.7	10.9	93	282	18.5	17.1	85	214	15.9	13.0
Corporate Services	10	28	4.8	6.2	18	36	7.6	7.8	38	55	14.3	11.4
Group	**633**	**2,251**	**10.6**	**11.3**	**928**	**2,796**	**14.3**	**13.4**	**1,031**	**3,098**	**13.9**	**13.3**

TABLE 15: BREAKDOWN OF VOLUNTARY TURNOVER RATE PER AGE CATEGORY[1]

	Voluntary Leavers (No.)	Voluntary Turnover Rate (%)
<30 years	718	19.1
30–50 years	1,554	8.2
>50 years	309	3.9

1 Since 2023, Sika added granularity to the reporting of turnover-related indicators. The breakdown of departures is now available per age category from the global HR system which covered 99.6% of all employees in 2023. 2021 and 2022 have not been restated accordingly.

TABLE 16: BREAKDOWN OF EMPLOYEES PER EMPLOYMENT TYPE (FULL-TIME, PART-TIME) AND PER GENDER

in numbers	2021	2022	2023
Full-time	**26,272**	**26,923**	**32,513**
Female	–	6,100	7,391
Male	–	20,823	25,122
Part-time	**787**	**785**	**1,034**
Female	–	551	747
Male	–	234	287

TABLE 17: BREAKDOWN OF EMPLOYEES PER GENDER AND PER REGION

	2021		2022		2023	
in numbers	**F**	**M**	**F**	**M**	**F**	**M**
EMEA	2,509	8,734	2,637	8,569	3,462	10,927
Americas	1,338	4,664	1,519	5,040	1,886	6,105
Asia/Pacific	1,732	5,265	1,720	5,336	1,963	6,235
Global Business	485	1,651	523	1,650	547	1,643
Corporate Services	220	461	252	462	280	499
Group	**6,284**	**20,775**	**6,651**	**21,057**	**8,138**	**25,409**

TABLE 18: BREAKDOWN OF EMPLOYEES PER GENDER AND PER CATEGORY

	2021		2022		2023	
in numbers	**F**	**M**	**F**	**M**	**F**	**M**
Staff	5,180	16,715	5,439	16,933	6,739	20,607
Middle Management	870	3,096	983	3,252	1,113	3,761
Company Management [1]	230	946	229	872	294	1,033
Thereof Group Management	2	6	2	6	2	6

1 Sika Senior Managers and local Company Management Teams are included in this category.

TABLE 19: BOARD OF DIRECTORS – BREAKDOWN PER GENDER AND PER AGE

in numbers	**2021**	**2022**	**2023**
Male	7	5	5
Female	1	3	3
30–50 years	0	0	0
>50 years	8	8	8

TABLE 20: BREAKDOWN OF SENIOR MANAGERS PER REGION

in numbers	**2021**	**2022**	**2023**
EMEA	63	57	153
Americas	28	28	88
Asia/Pacific	34	27	70
Global Business	13	11	21
Corporate Services [1]	36	35	84

1 Including Group Management members.

TABLE 21: EMPLOYEE PERFORMANCE REVIEWS

in %	**2021**	**2022**	**2023**
Employees with performance reviews	50	50	62

PLANET
SUMMARY & HIGHLIGHTS

AMBITION

Sika plays a key role helping its industry achieve net zero. The company promotes efficient use of resources while minimizing impacts on ecosystems.

APPROACH

Sika contributes to sustainable development by offering sustainable solutions for the construction and transportation industries. Global sustainability trends generate business opportunities.

HIGHLIGHTS

SBTi Targets Validation

Following the commitment in September 2022, Sika submitted its emissions reduction targets in line with the latest SBTi criteria in October 2023. The validation process will take place in the first half of 2024.

KEY FIGURES

GHG EMISSIONS INTENSITY (SCOPE 1 AND 2)
in kg CO_2eq per ton sold

15.7

−4.4% **Change vs 2022**

WATER CONSUMPTION INTENSITY
in m^3 per ton sold

0.21

−12.2% **Change vs 2022**

WASTE INTENSITY
in kg per ton sold

10.6

−2.5% **Change vs 2022**

MATERIAL TOPICS

Climate Change	Energy Management	Water Management
Waste Management	Circular Economy	Biodiversity and Nature
Air Emissions	Compliance	Risk and Crisis Management

SDGs

CLIMATE CHANGE

GRI 3-3

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

SIKA'S WAY TO NET ZERO

To keep the world livable, we must limit temperature increase at a maximum of 1.5°C above pre-industrial levels. Achieving this goal will require rapid system transformation, and the private sector has a crucial role to play in the process. Businesses need to match their climate ambition with robust strategies and effective implementation to transition to a net zero economy. Sika supports the Science-Based Target initiative (SBTi) and joined the growing group of leading corporations that are setting emissions reduction targets in line with the objective of the Paris Agreement. By doing so, Sika recognizes the crucial role companies can play in minimizing the risk climate change poses to the future of our planet.

SBTI TARGETS VALIDATION

Following its official commitment in September 2022, Sika developed and submitted its emissions reduction targets in line with the latest SBTi criteria in October 2023. The validation process will take place in the first half of 2024. Sika's commitment focuses on two time horizons for both scope 1 and 2 as well as scope 3 with a near-term target in ten years, and a net zero target by 2050. All targets are defined with 2022 as a baseline. For more information on Sika's carbon accounting methodology that serves as a basis for its SBTi commitment, please see the "GHG emissions" section on p.86 of the Sustainability Report 2023. For more information on Sika's ESG data governance including re-baselining, please see the "Methodological Note" chapter on p.147 of the Sustainability Report 2023.

SBTI TARGETS AND TIME HORIZONS[1]

	Near-term (2032)	Net zero (2050)
Scope 1 and 2 emissions	–42% (1.5°C scenario aligned)	–90% (1.5°C scenario aligned)
Scope 3 emissions	–25% (well below 2°C scenario aligned)	–90% (1.5°C scenario aligned)
Total emissions	**–25%**	**–90%**

1 As at 2023, scope 1 and 2 emissions account for ~2% of the total GHG emissions emitted by Sika while scope 3 emissions account for ~98%.

SIKA NET ZERO ROADMAP

In 2022, Sika initiated a net zero project to develop a detailed roadmap with GHG emissions abatement targets. Steered by the Sustainability Leadership Team, the project involves several functions including R&D, Procurement, Operations, Logistics, and Target Markets, both at corporate and regional level.

During the first phase of the net zero project, Sika conducted a high-level assessment to identify potential decarbonization levers. In 2023, the net zero project continued and focused on the development of a decarbonization model to best quantify different decarbonization levers. The model factors in several hypotheses and assumptions regarding the availability of alternative raw materials, sectoral trajectories, and future waste treatment infrastructure. The tool helps to identify the largest decarbonization levers, compare raw material alternatives, and test different scenarios. Based on the outputs of the decarbonization model, roadmaps are currently being developed in different departments.

Achieving net zero requires a combined effort from all stakeholders upstream and downstream of the company's value chain. Thus, creating strong partnerships and collaboration is key for the success of this initiative. Collaboration with suppliers is a foremost element of Sika's net zero roadmap. For more information on supplier engagement activities in 2023, please see the "Procurement" chapter on p.127 of the Sustainability Report 2023. For more information on Sika's net zero roadmap, please see the corporate webpage **Sika's Way to Net Zero**.

The understanding and the engagement of Sika's employees is crucial for the success of the net zero project. In addition to internal cross-functional workshops, training instruments (e.g., net zero concept, scope 3 emissions methodology) and internal tools (e.g., scope 3 emissions dashboard, visualization of emissions hotspots per material category, integration of GHG emissions data into R&D Development tools for new formulations) are now available to relevant employees to further support them in their projects.

GHG EMISSIONS[1]

GRI 3-3	GRI 305-1	GRI 305-2
GRI 305-3	GRI 305-4	GRI 305-5

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Sika monitors its greenhouse gas (GHG) emissions as part of the environmental responsibility the company has for the climate. Sika's corporate carbon accounting (scope 1, 2, and 3) follows the reporting guidelines of the Greenhouse Gas Protocol (GHGP).

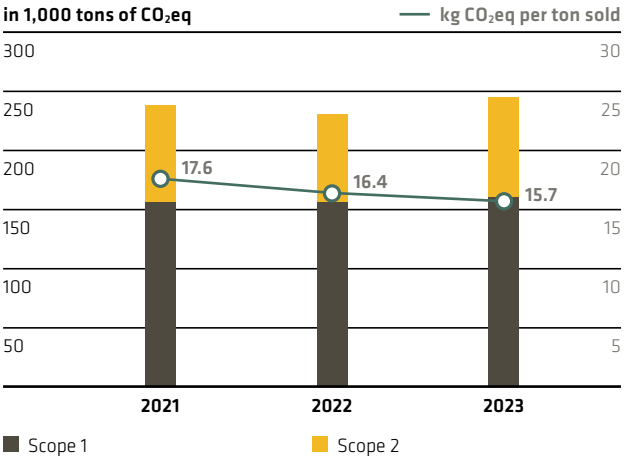
SCOPE 1 AND 2 GHG EMISSIONS

Since 2019, Sika has defined the strategic target "climate performance" for reducing scope 1 and 2 GHG emissions per ton sold by 12% until 2023. Moreover, the compensation scheme of Group Management and Senior Management was linked to the GHG emissions performance of the company (scope 1 and 2) in the short-term incentive (STI) plan. Starting from 2024, the compensation scheme of Top Management and Senior Management has been adjusted to reflect the Strategy 2028. The performance conditions include environmental targets: GHG emission reduction (scope 1 and 2 per ton sold), water discharge reduction, and waste disposal reduction. The targets will be incorporated in the long-term incentive (LTI) plan.

GHG EMISSIONS INTENSITY – SCOPE 1 AND 2[2]

In 2023, the GHG emissions intensity per ton sold (scope 1 and 2) was reduced from 16.4 to 15.7 kg CO_2eq per ton sold, a reduction of –4.4%. Excluding acquisitions, the organic reduction was at –8.1%. The GHG emissions intensity was negatively impacted by 2022 and 2023 acquisitions (+0.6 kg CO_2eq per ton sold). The continuous focus on maximizing renewable electricity sources in Sika operations (–1.0 kg CO_2eq per ton sold) and on various energy saving initiatives (–0.9 kg CO_2eq per ton sold) were the most important levers to improve the GHG emissions intensity for the year under review. The emission factor changes related to the update of countries' residual mixes for the scope 2 market-based calculation also had a positive impact (–0.2 kg CO_2eq per ton sold) (↓ **Table 01: GHG Emissions Scope 1 and 2 – Market-Based**, in the "Key Performance Indicators" section at the end of this chapter).

GHG EMISSIONS SCOPE 1 AND 2 – MARKET-BASED



In absolute figures, scope 1 emissions increased at Group level compared to 2022 (160,463 tons of CO_2eq, +2.8% compared to 2022) (↓ **Table 02: Breakdown of Scope 1 GHG Emissions per Region**, in the "Key Performance Indicators" section at the end of this chapter). This increase is driven by the MBCC acquisition, which had a strong impact on direct energy, especially vehicle fuel (+14.6% compared to 2022). Excluding acquisitions, scope 1 emissions decreased by –6.9% compared to previous year. This reduction is mainly related to reduced emissions from natural gas (–10.1% organic compared to 2022).

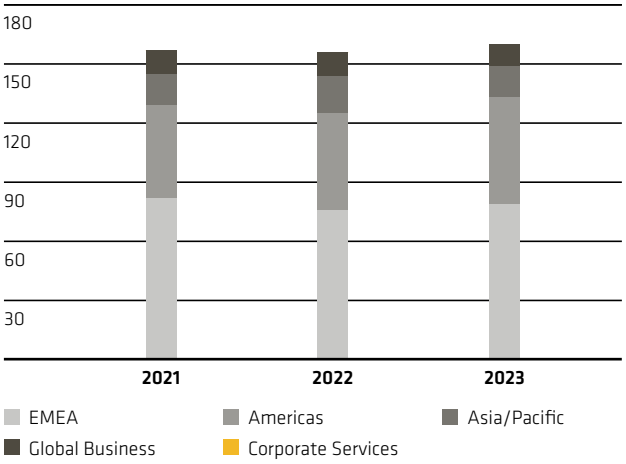
1 Acquisitions that occurred in 2023 did not lead to a restatement of 2021 and 2022 GHG emissions indicators disclosed in this section except when stated specifically.

2 Based on GHG market-based emissions.

In accordance with the GHGP, refrigerant gas emissions are considered as fugitive emissions under Sika's scope 1 inventory and represent 1% of scope 1 emission for 2023. These gases have an extremely high climate impact (up to or above 1,000 kg CO_2eq/kg). All local companies must comply with applicable laws and regulations related to refrigerant gases. Local maintenance teams are responsible for monitoring refills of such gases and equipment changes. In the year under review, 1,602 tons of CO_2eq were emitted due to leakages of refrigerant gases (+46.6% vs 2022). The related volume is included in the GHG Emissions intensity indicator, with an impact of +0.1 kg CO_2eq per ton sold.

BREAKDOWN OF SCOPE 1 GHG EMISSIONS PER REGION

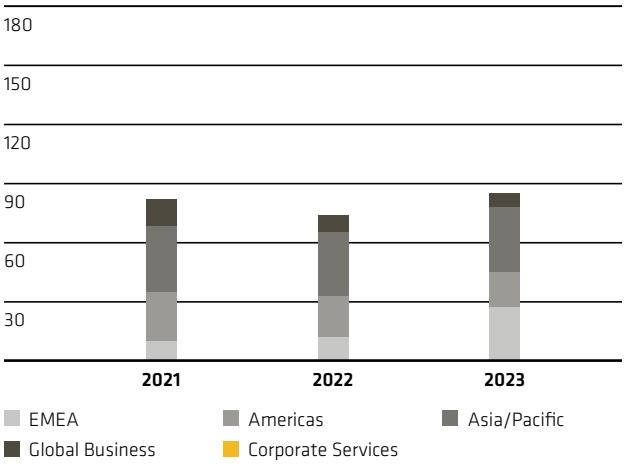
in 1,000 tons of CO_2eq



Market-based scope 2 emissions increased to 84,966 tons of CO_2eq (+14.0% compared to 2022). Excluding acquisitions, scope 2 market-based emissions decreased by –8.3% compared to previous year thanks to an increased coverage of energy attribute certificats in Americas, Asia/Pacific, and Global Business (↓ **Table 03: Breakdown of Scope 2 GHG Emissions – Market-Based per Region**, in the "Key Performance Indicators" section at the end of this chapter). For additional information on Sika's GHG emissions reporting – location-based, please refer to ↓ **Table 04: GHG Emissions – Location-Based** and ↓ **Table 05: Breakdown of Scope 2 GHG Emissions – Location-Based per Region**, in the "Key Performance Indicators" section at the end of this chapter.

BREAKDOWN OF SCOPE 2 GHG EMISSIONS – MARKET-BASED PER REGION

in 1,000 tons of CO_2eq



INTERNAL CARBON PRICING

Sika has implemented an internal carbon price for scope 1 and 2 emissions. It is considered for all major investment decisions and is relying on a shadow price mechanism. For the year under review, the internal carbon price was set at CHF 80 per ton of CO_2eq[1]. Scope 3 emissions are considered for process in-/outsourcing, for example insourcing of a sand-drying process considering the use of more energy efficient equipment helping to improve the overall emission footprint. Embedding a hypothetical cost of carbon emissions in the calculation for potential investments provides a deeper understanding of how pricing GHG emissions affects business cases. This strategic tool will further help Sika to steer its investment decisions towards climate-adapted operations, low-carbon investments, and opportunities. In the context of Sika's net zero SBTi commitment and ongoing targets validation, a broader concept will be defined and set up over the coming years.

SCOPE 3 GHG EMISSIONS

Sika systematically identifies and calculates emissions from its material scope 3 GHG categories in accordance with the requirements of the GHGP. The calculation of scope 3 GHG emissions is an evolving topic based on various data sources. Sika is continuously reviewing the calculation methodology to ensure transparency and data robustness. This process helps the company to better understand how it can lower its scope 3 emissions and engage within the organization. In 2023, the changes in methodology focused on the following categories:

- Category 1 – Purchased goods and services: The calculation of upstream emissions of trading products and purchased packaging changed from a spend-based to a quantity-based methodology.
- Categories 4 and 9 – Upstream and downstream transportation: Additional granularity in the vessel distance is considered for the top 50 transportation routes.
- Category 5 – Waste generated in operations: Emissions related to wastewater treatment were added.

1 The price of Sika's internal carbon mechanism is based on Bloomberg, Traded EU Carbon certificates. The price used is a fixed price per year, based on the average yearly price.

– Category 7 – Employee commuting: All Sika entities follow the same methodology. Any assumptions regarding home office for specific entities have been revised.
– Category 12 – End-of-life (EoL) of sold products: Various scenarios were reviewed and updated for all material categories.

For additional information on the scope 3 assessment and calculation, please see the **Sika Methodology for Scope 3 Emissions Calculation**.

The identification of material scope 3 categories provides detailed information to drive scope 3 reduction initiatives. Within the net zero roadmap, Sika focuses on key dedicated reduction opportunities along the company's value chain considering scope 3 emissions' hotspots. For more information, please see the "Climate Change" section on p.85 of the Sustainability Report 2023.

SCOPE 3 GHG EMISSIONS

in 1,000 tons of CO_2eq	2021	2022[1]	2023[2]
Cat. 1 Purchased goods and services	6,595	8,728	7,934
Cat. 12 End-of-life treatment of sold products	4,190	4,641	4,554
Cat. 4 Upstream transportation and distribution	1,070	1,149	1,384
Cat. 2 Capital goods	172	253	499
Cat. 9 Downstream transportation and distribution	139	206	279
Cat. 11 Use of sold products	108	246	123
Cat. 5 Waste generated in operations	108	102	89
Cat. 3 Fuel- and energy-related activties	81	87	89
Cat. 7 Employee commuting	63	79	80
Cat. 6 Business travel	6	23	28
Cat. 8 Upstream leased assets	21	33	23
Total scope 3 GHG emissions	**12,553**	**15,547**	**15,082**

1 2022 scope 3 GHG emissions have been recalculated to reflect the MBCC Group acquisition in line with SBTi net zero standards.

2 Scope 3 GHG emissions include the full reporting year of 2023 acquisitions.

Sika's scope 3 GHG emissions represent 98% of the company's carbon footprint and are driven by category 1 – purchased goods (53%), category 12 – EoL of sold products (30%), and category 4 – upstream transportation (9%). With the acquisition of MBCC Group Sika has recalculated its 2022 baseline and also considered its full impact for the year 2023. Even with the inclusion of MBCC Group, Sika's scope 3 GHG emissions decreased from 2022 to 2023. The decrease was mainly due to a reduction of raw material emissions driven by various initiative including a transition from cements with high levels of clinker to low clinker cements. Additionally, there was a methodology change for packaging and trading products going from spend- to quantity-based. Upstream and downstream transportation were impacted by increased emission factors from the GLEC framework update. Capital goods mainly increased due to the additional assets coming from the MBCC acquisition.

TOTAL SCOPE 1, 2, AND 3 GHG EMISSIONS

in 1,000 tons of CO_2eq	2021	2022[1]	2023[2]
Scope 1	156	191	170
Scope 2 – Market-based	82	104	95
Scope 3	12,553	15,547	15,082
Total scope 1, 2, and 3 GHG emissions	**12,791**	**15,842**	**15,347**

1 2022 scope 1, 2, and 3 GHG emissions have been recalculated to reflect the MBCC Group acquisition in line with SBTi net zero standards.

2 2023 scope 1, 2, and 3 GHG emissions disclosed in this table include the full reporting year of 2023 acquisitions.

GHG EMISSIONS INTENSITY PER REVENUE

in tons of CO_2eq/CHF mn	2021	2022[1]	2023[2]
GHG intensity (scope 1, 2, and 3) per net revenue	1,382.5	1,509.9	1,365.5

1 2022 GHG emissions intensity per net revenue includes 2022 scope 1, 2, and 3 GHG emissions from MBCC Group.

2 2023 figure includes the full reporting year of 2023 acquisitions.

OUT-OF-SCOPE EMISSIONS

According to the GHGP, CO_2 emissions from biogenic sources should be reported separately from the total scope 1, 2, and 3 GHG emissions inventory. In 2023, Sika extended the calculation of out-of-scope emissions to include emissions related to relevant scope 3 categories (cat. 1 and cat. 12). Sika generated 56,671 tons of CO_2 emissions from biogenic sources. For scope 1, Sika's biogenic CO_2 emissions (1,671 tons of CO_2eq) come from the consumption of biodiesel and ethanol as vehicle fuel. For scope 3 category 12, biogenic CO_2 emissions come from the end-of-life incineration or landfilling of biobased materials and are calculated using the carbon content method (55,000 tons of CO_2eq). For scope 3 category 1, biogenic uptake is based on the IPCC AR6 GWP100 impact assessment and represents the net biogenic uptake in biobased raw materials (282,000 tons of CO_2eq) (**Table 06: Out-of-Scope Emissions**, in the "Key Performance Indicators" section at the end of this chapter).

ENERGY MANAGEMENT [1]

GRI 3-3 | GRI 302-1 | GRI 302-3 | GRI 302-4

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Even if Sika's own production is not energy-intensive, Sika sees itself as responsible for minimizing its impact by reducing its energy consumption and improving energy efficiency throughout its production processes. Through the Global Energy Efficiency Monitoring Program initiated in 2020, which has been rolled out in all regions with the support of the Global Operations Technology Department, Sika continues to implement energy efficiency projects around four categories:

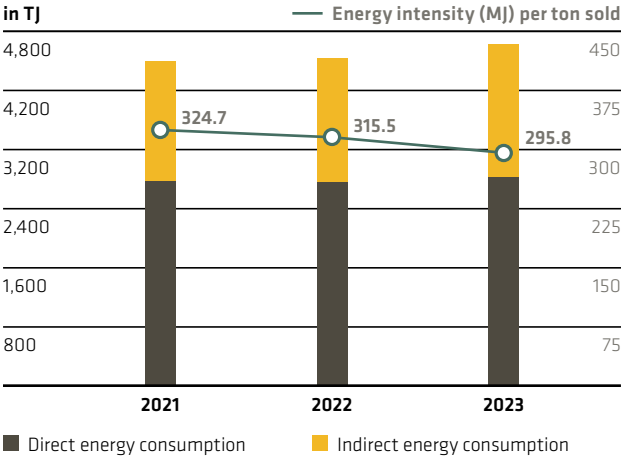
- Sand dryer optimization: Natural gas is the major source of Sika's direct GHG emissions, so the optimization of sand dryer processes is an important energy efficiency lever in mortar production facilities. Installing moisture sensors connected to the control system of the dryer, active drainage systems in sand storage areas, and heat recovery systems can significantly reduce energy consumption. In 2023, the implementation of moisture sensors was extended to additional factories in Latin America and in Asia/Pacific.
- Manufacturing process optimization: The optimization and replacement of energy-intensive equipment (chillers, motors, or heating and cooling systems) lead to energy savings. Production process improvements such as energy recovery, compressed air control (leakage detection and elimination of air losses in pressurized air system), or energy-efficient processes of cooling water in membrane production also have an impact. Checklists, recommendations, and best demonstrated practices (BDPs) related to energy efficiency through process optimization in operations are shared and available to an extensive network of Sustainability and Operations representatives within Sika.
- Utilities management: Sika aims to improve the energy efficiency of its premises with various initiatives such as LED lighting, building and roofing insulation improvement, air conditioning system improvement, and vehicle fleet optimization. Energy efficiency is integrated into the planning and building of new premises.
- Self-production of renewable energy: Solar panel projects have been installed in several new countries.

Every quarter, a regional reporting on this program, its initiatives, and their associated impacts on energy and GHG emissions savings is submitted by Regional Sustainability Managers to ESG Controlling to ensure consistent aggregation and monitoring at Group level and ensure the sharing of best practices.

ENERGY INTENSITY

The company strives to improve its manufacturing energy efficiency and has set the target of reducing its energy intensity by 3.0% per ton of product sold per year. In 2023, the energy intensity of Sika operations per ton sold was 295.8 MJ, a decrease of –6.2% compared to 2022. This improvement was mainly driven by the increased tons sold from technologies that are less energy intensive (↓ **Table 07: Energy Intensity**, in the "Key Performance Indicators" section at the end of this chapter).

ENERGY INTENSITY



ENERGY INTENSITY PER REVENUE

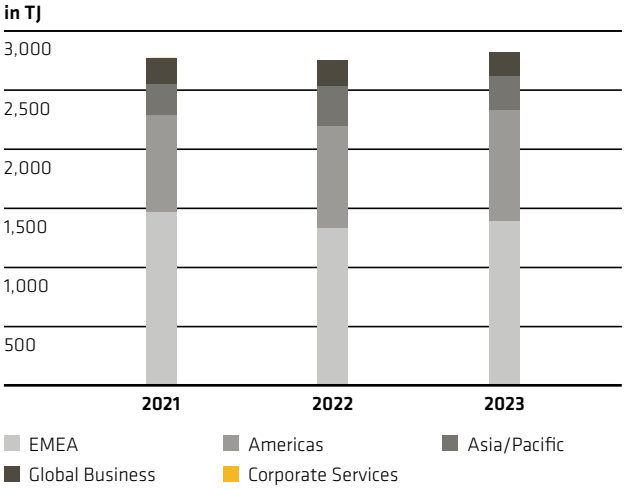
in MJ/CHF mn	2021	2022	2023
Energy intensity per net revenue	474.3	422.3	411.3

1 Acquisitions that occurred in 2023 did not lead to a restatement of 2021 and 2022 energy indicators disclosed in this section.

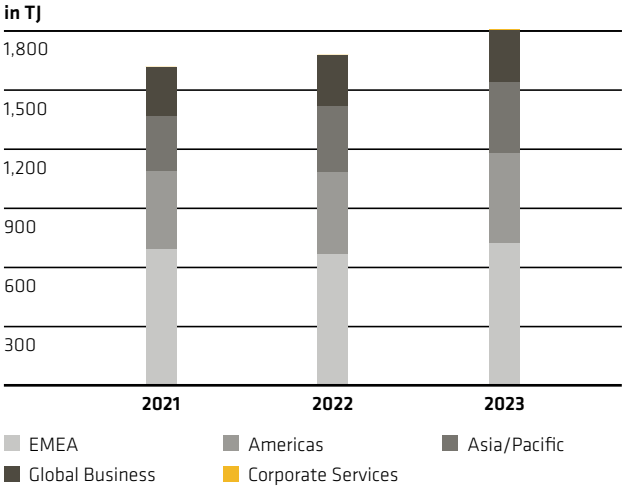
ENERGY CONSUMPTION WITHIN SIKA OPERATIONS

Sika relies on several energy types for drying, stirring, mixing, melting, cooling, ventilation, heating processes, and pumping, as well as buildings' heating or air conditioning and transportation. For 2023, Sika used 4,623 terajoule (TJ) of energy, an increase of +4.3% compared to 2022. More than half of the energy used in Sika direct operations (60.5%) comes from the conversion of primary energy, such as light liquid fuel (2.7%), Liquified Petroleum Gas (2.8%), vehicle fuel (17.7%) and natural gas (37.3%). Self-produced renewable energy represented 0.4% of Sika's total energy consumption for 2023. Purchased electricity makes up 38.9% of the energy used in Sika sites while district heating remains minor with 0.2%. The overall increase in energy consumption is mainly driven by MBCC Group. Excluding acquisitions, Sika energy consumption decreased by –4.9% (↓ **Table 08: Breakdown of Direct Energy Consumption per Region**, and ↓ **Table 09: Breakdown of Indirect Energy Consumption per Region** in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF DIRECT ENERGY CONSUMPTION PER REGION



BREAKDOWN OF INDIRECT ENERGY CONSUMPTION PER REGION



BREAKDOWN OF ENERGY CONSUMPTION PER SOURCE

in TJ	2021	2022	2023
Direct energy	**2,771**	**2,750**	**2,817**
Heavy liquid fuel	3	–	0
Light liquid fuel	192	133	126
Natural gas	1,786	1,794	1,727
Liquified Petroleum Gas	98	109	127
Vehicle fuel	689	707	819
Self-produced electricity from renewable sources	3	7	18
Indirect energy	**1,617**	**1,680**	**1,806**
Purchased electricity	1,617	1,672	1,799
District heating [1]	–	8	7
Total energy	**4,388**	**4,430**	**4,623**

1 In 2022, district heating was added to the scope 2 inventory as per the GHGP and included in Sika's indirect energy consumption. 2021 data have not been restated accordingly.

RENEWABLE ENERGY

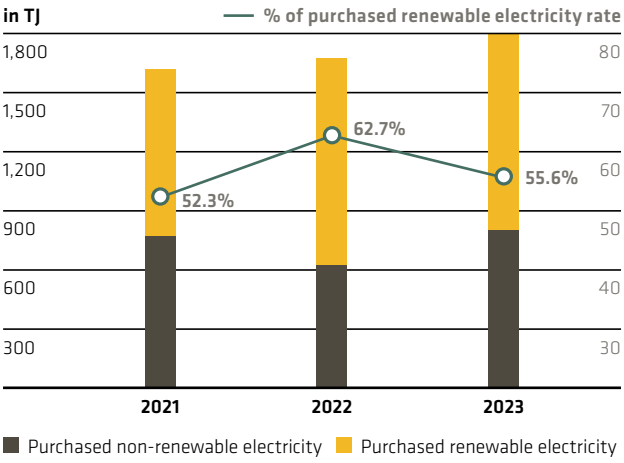
In addition to its focus on energy efficiency, Sika also aims at extending the share of both direct and indirect energy from renewable sources. For direct energy, biofuel is being used for vehicle fleets in several countries (25 TJ, +33.8% vs 2022). In the past few years, Sika has also invested in on-site renewable electricity self-production through installing solar panels on Sika buildings. From 2021, internal carbon pricing was implemented to favor solar panel investments and increase self-produced renewable energy. For more information, please see the "Planet" chapter, "GHG Emissions" section on p.86 of the Sustainability Report 2023. In 2023, self-produced renewable electricity installations were operational across 18 countries, representing 18 TJ of self-produced direct energy. In the same year, solar panel installations were completed in Austria, Switzerland, Portugal, China, and Thailand. More installations are planned for 2024.

BREAKDOWN OF ENERGY CONSUMPTION PER RENEWABLE SOURCES

in TJ	2021	2022	2023
Direct energy from renewable sources	3	26	43
Vehicle fuel from renewable sources	–	19	25
Self-produced electricity from renewable sources	3	7	18
Indirect energy from renewable sources – Purchased renewable electricity	845	1,048	1,001
Total energy from renewable sources	**848**	**1,074**	**1,044**

Regarding indirect energy, Sika aims at maximizing the share of renewable electricity supply in its operations through diverse types of renewable instruments. Sika's purchased renewable electricity rate decreased to 55.6% at the end of 2023 (–7.0 percentage points compared to 2022). This decrease is driven by MBCC Group acquisition, with a low purchased renewable electricity rate, and by a lower volume of Energy Attribute Certificates purchased in the EMEA region compared to 2022 (↓ **Table 10: Purchased Renewable Electricity Rate**, in the "Key Performance Indicators" section at the end of this chapter). As part of Sika's net zero journey, ensuring a high renewable electricity rate will be a key lever for reducing scope 2 GHG emissions.

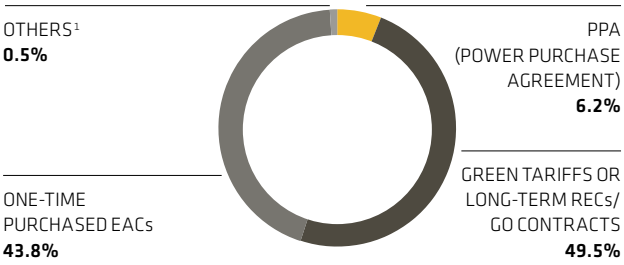
PURCHASED RENEWABLE ELECTRICITY RATE[1]



1 This renewable rate does not consider self-produced renewable electricity. It also excludes renewable shares from local electricity grid mix.

Securing long-term renewable electricity instruments is preferable, and 49.5% of purchased renewable electricity is covered by those instruments. In addition, 6.2% of renewable electricity comes from a Power Purchase Agreement settled in the United States for one automotive factory. However, depending on the local context, the availability of green contracts can be limited. Thus, 43.8% of the purchased renewable electricity comes from one-time Energy Attribute Certificates (EACs) such as RECs (Renewable Energy Certificates), I-RECs (International Renewable Energy Certificates), or quarterly Guarantees of Origins (GOs).

BREAKDOWN OF PURCHASED RENEWABLE ELECTRICITY PER TYPE OF INSTRUMENT



1 Ethiopia, Paraguay, and Uruguay report 95% of their electricity as renewable since their local grid is 95% renewable (source: RE100 Technical criteria 2021).

WATER MANAGEMENT [1]

GRI 3-3	GRI 303-1	GRI 303-2
GRI 303-3	GRI 303-4	GRI 303-5
GRI 306-1	GRI 306-5	

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Although Sika's production is less water-intensive than other industrial companies within the chemical sector, Sika takes full responsibility for minimizing its impact on water resources throughout the value chain. Water is needed for the following uses:

- Input material: Some Sika products are water-based in the product range of concrete admixtures, coatings, and adhesives solutions, among others.
- Direct operations: Water is used directly in Sika's operations for process and cooling purposes but also for cleaning.
- Indirect operations: Water is not only used by suppliers in their operations but also by customers when using or applying some of Sika's products. Water can be a mixing component or used for cleaning tools once the product has been applied.

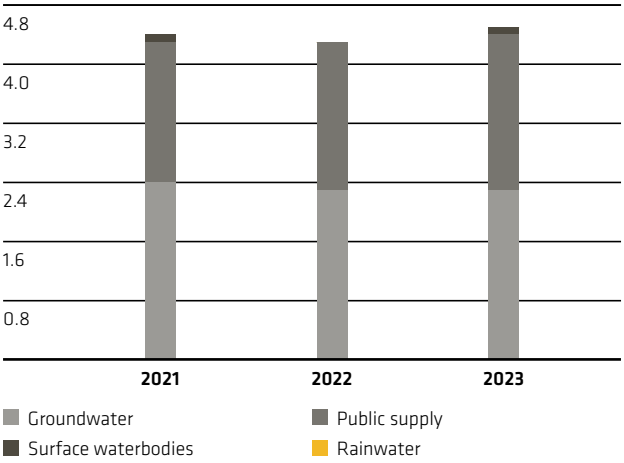
As water scarcity and water-related extreme weather events intensify in many regions of the world, this may pose a threat to business operations. Especially in areas where freshwater is scarce, businesses may be exposed to water shortages, lower water quality, water price volatility, and reputational issues. Therefore, Sika continues to implement dedicated water efficiency initiatives globally to reduce the amount of processed freshwater withdrawal, optimize water-related production processes with closed-loop cooling systems or cooling towers, cleaning processes, and reuse of treated wastewater.

WATER WITHDRAWAL

Water is withdrawn across the operations from groundwater wells (51.0%), public supply (47.3%), surface waterbodies (1.2%) and rainwater (0.5%). In line with water usage, the volume of water withdrawal increased by +4.0% compared to 2022 due to MBCC Group acquisition (**Table 11: Breakdown of Water Withdrawal per Source**, in the "Key Performance Indicators" section at the end of this chapter). Excluding acquisitions, water withdrawal volumes decreased by –6.1% compared to 2022.

BREAKDOWN OF WATER WITHDRAWAL PER SOURCE [1]

in million m³



1 This indicator includes the volume of water used as an input material.

To reduce the amount of processed freshwater withdrawal and limit the dependency on public water supply reservoirs, several initiatives were implemented:

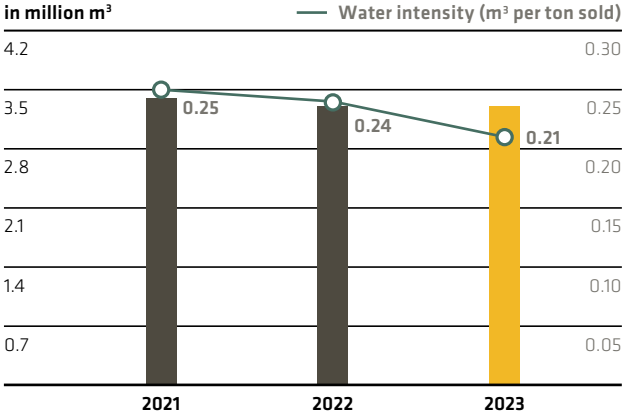
- Several factories have switched from public water supply to groundwater sourcing.
- A few factories – 17 factories in 13 countries – collect rainwater (0.5% of total water withdrawal) to cover part of their freshwater demand, specifically in locations in which the public water supply is limited. The rainwater is then either used for cleaning processes and sanitary purposes or filtered/treated and used in the production processes instead of freshwater.
- In the concrete admixture production, one key initiative is to reduce the amount of water withdrawal by collecting cleaning and rinsing water from production processes and reusing it as a raw material input.

1 Water indicators for 2021 and 2022 disclosed in this section have been restated due to a stricter application of internal reporting rules for groundwater volumes withdrawn used for cooling processes in one factory. Acquisitions that occurred in 2023 did not lead to a restatement of 2021 and 2022 water indicators disclosed in this section.

WATER CONSUMPTION

In 2023, the water consumption per ton sold was 0.21 m³, a decrease of –12.2% compared to 2022 (↓ **Table 12: Water Consumption Intensity**, in the "Key Performance Indicators" section at the end of this chapter). Excluding acquisitions, water consumption per ton sold decreased by –8.0%. This improvement was partially supported by the continuous implementation of water initiatives across the Group and the increased sales of products that consume less water in Sika operations.

WATER CONSUMPTION INTENSITY[1]



1 The water intensity ratio is only based on process and cooling water and sanitary water. Water in products is excluded from this indicator.

WATER INTENSITY PER REVENUE

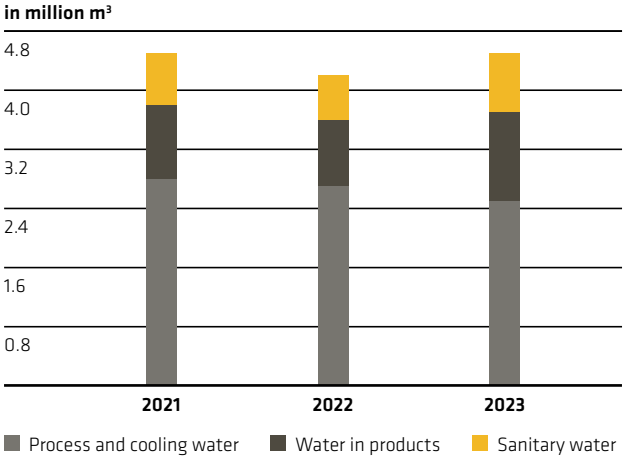
in m³/CHF mn	2021	2022	2023
Water intensity per net revenue[1]	370.5	319.1	291.2

1 The water intensity ratio per net revenue is only based on process and cooling water and sanitary water. Water in products is excluded from this indicator.

In its direct operations, Sika used around 4.5 million m³ of water (+4.2% compared to 2022). This increase is due to MBCC Group acquisition. Excluding acquisitions, water usage decreased by –6.0%, with a positive impact of continuing water initiatives in the United States. Water is used for processing and cooling (56.1%) but also for sanitary purposes (17.0%). Almost one-third of the water used at Sika is utilized as an input material for products (26.9%) (↓ **Table 13: Breakdown of Water Usage per Type**, in the "Key Performance Indicators" section at the end of this chapter).

76% of the process and cooling water used in operations comes from three sites: Verona (Italy), Sarnen (Switzerland), and Innsbruck (Austria). These factories withdraw large quantities of water for cooling processes and then discharge it back to original sources with negligible losses or variation in quality.

BREAKDOWN OF WATER USAGE PER TYPE



In terms of water usage, main water initiatives focus on optimizing the equipment, production processes, and cleaning processes:

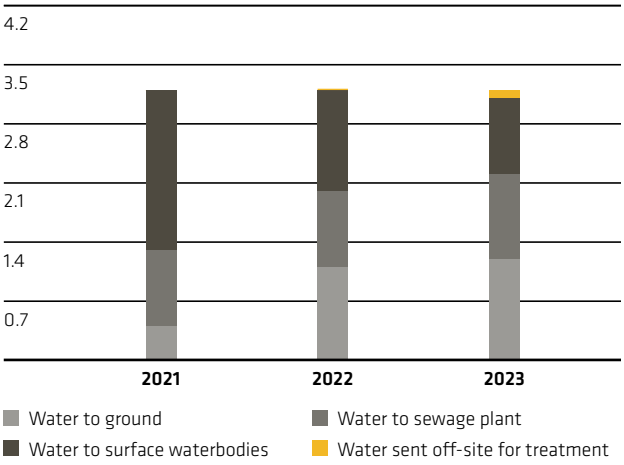
- Sika aims to reduce the volume of wastewater generated. Some facilities have their own wastewater treatment installation, which allows reuse of the treated wastewater in production, cooling, or cleaning processes through water sedimentation, distillation, or filtration. The optimization of producing and cleaning processes is also a major source of wastewater reduction. As an example, implementing a production matrix and defining a color change routine can minimize the need for cleaning between different production batches.
- Closed-loop systems have been implemented in Sika's factories across the world for many years to ensure water efficiency.
- Cooling processes can be water intensive. Several actions are rolled out through the Group to reduce the related impacts.
- Lastly, flow reducers and automatic valves are commonly installed to reduce the water used in R&D laboratories or social areas.

WATER DISCHARGE

All local companies must discharge water in line with local legislation and permits, either to sewers or sewage plants, or directly to surface waterbodies or to underground water formations. In many Sika factories, the water used for processing and cooling is collected in tanks and treated in Sika's own treatment plants or through third party treatment facilities. In 2023, Sika discharged 3.1 million m³ of water, a decrease of –2.0% compared to 2022. Excluding acquisitions, water discharge decreased by –7.2% compared to previous year. 37.2% of water used is discharged to underground water formations, 31.7% of water used goes to sewers or sewage plants, whereas 29.1% of water used is discharged directly into surface waterbodies. In addition, 2.0% of water used is sent off-site for treatment by a third party (↓ **Table 14: Breakdown of Water Discharge per Destination**, in the "Key Performance Indicators" section at the end of this chapter). The difference between the water discharge and the water use comes from the evaporation that takes place during the cooling process of some production technologies.

BREAKDOWN OF WATER DISCHARGE PER DESTINATION

in million m³



WATER DISCHARGE PARAMETERS

All local companies must comply with applicable laws and regulations related to water discharge parameters. For example, the quality of effluent is monitored through discharge analysis measurements and several indicators (e.g., PH, temperature, chemical oxygen demand (COD), and solids in suspension) at site level depending on local regulations.

WATER-RELATED RISKS, IMPACTS, AND MITIGATION ACTIVITIES

Water availability is a crucial need along Sika's value chain. Thus, water scarcity and water stress expose Sika's business to various risks such as lower water quality, freshwater shortage, and reduced water accessibility. It could result in increased water supply and manufacturing costs, manufacturing disruption in Sika's admixtures factories or throughout the value chain, and increased regulatory burden or reputational issues.

As water becomes scarcer, this presents an opportunity for Sika to reinforce its market share and sales, especially in high water-stressed areas. As an example, the application of Sika's waterproofing products helps reduce water loss, and Sika's concrete admixtures allow less water use during the production of concrete.

As part of Strategy 2028 global rollout, the focus on water-stress areas and related mitigation plans will be reinforced to reduce freshwater intake.

In 2023, to boost the focus on water-related risks, Sika has repeated and extended the assessment of its manufacturing sites[1] at risk of water stress based on the World Resource Institute (WRI) Aqueduct tool[2], including not only extremely high water stress but also high-water stress areas. The underlying GPS coordinates of each site were taken into consideration to ensure a precise analysis per location. According to this database, 154 manufacturing sites in 43 countries are in areas with extremely high or high water stress.

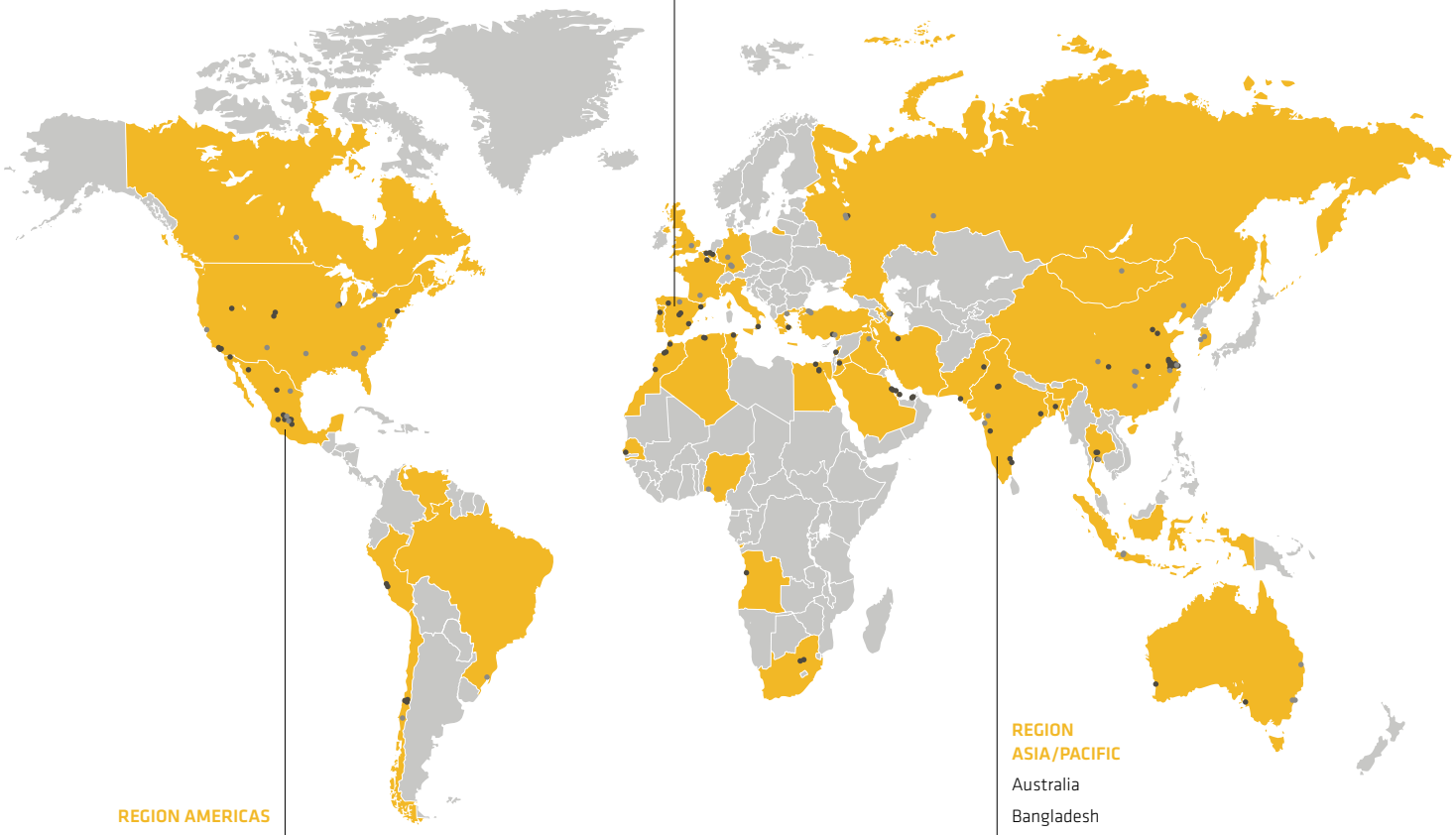
MANUFACTURING SITES IN WATER STRESS AREA

in numbers	Factories in extremely high water stress	Factories in high water stress
EMEA	44	16
Americas	24	18
Asia/Pacific	26	21
Global Business	4	1
Group	**98**	**56**

1 Non-production sites such as warehouses not linked to manufacturing locations, sales offices, and headquarters have been excluded from the analysis. Sika's supply chain has not been covered by this assessment.

2 Using the Aqueduct Water Risk Atlas, Sika identifies the projected exposure of each manufacturing location to baseline water stress. Baseline water stress measures the ratio of demand for water by human society divided by available water. It is an indicator of competition for water. Locations facing extremely high water stress (>80%) and high water stress (40-80%) were identified by applying the indicator "bsw" (Baseline Water Stress).

WATER STRESS MAP – MANUFACTURING SITES



REGION EMEA

Angola
Azerbaijan
Belgium
Bahrain
Germany
Algeria
Egypt
Spain
France
Greece
Iraq
Iran
Italy
Jordan
Lebanon
Morocco
Nigeria
Portugal
Qatar
Russia
Saudi Arabia
Senegal
Tunisia
Turkey
Great Britain
South Africa

REGION AMERICAS

Brazil
Canada
Chile
Mexico
Peru
United States
Venezuela

REGION ASIA/PACIFIC

Australia
Bangladesh
China
Indonesia
India
Korea
Mongolia
Pakistan
Thailand

- Factories located in high water stress areas
- Factories located in extremely high water stress areas

In 2023, water withdrawal in extremely high water-stress locations represented 644,284 m^3 (14.4% of the total Group) and 358,136 m^3 in high water-stress locations (8.0% of the total Group). In these locations, water was mainly withdrawn from public water supply (88.2%) but also from groundwater wells (10.0%) and surface waterbodies (1.4%). 0.4% of water withdrawal came from rainwater.

For the year under review, the water usage of extremely high water-stress locations was 647,193 m^3 (14.5% of the total Group) and 358,585 m^3 in high water-stress locations (8.0% of the total Group). In these locations, 64.4% was used as an input material into Sika products, 23.9% for sanitary purposes, and 11.7% as process and cooling water in production.

Water discharge in extremely high water-stress locations was 198,956 m^3 (6.3% of the total Group) and 120,928 m^3 in high water-stress locations (3.8% of the total Group). 76.4% of water used goes to sewers or sewage plants, 10.2% is discharged directly into surface waterbodies, whereas 2.7% is discharged to underground water formations. In addition, 10.7% of water used is sent off-site for treatment by a third party (↓ **Table 15: Water Withdrawal, Usage, and Discharge in Water-Stress Areas**, in the "Key Performance Indicators" section at the end of this chapter).

In these extremely high and high water-stress areas, several mitigation measures have been implemented:
- Scheduling and optimization of production sequence in the admixture line.
- Use of air conditioning drain water for domestic usage.
- Collection and filtration of rainwater then used for domestic usage.
- Installation of water saver filter taps for optimized water discharges in washrooms.
- Storm drainage collection system to collect rainwater separately for roofs and paved areas.
- Treatment and reuse of cleaning water/wastewater in production processes (e.g., in the blending process of admixtures production).
- Treatment of water through sewage treatment plants used for flushing activities.
- Reuse of treated water for sanitary services and domestic usage.
- Reuse of water from the cooling process for domestic usage.

Not only water stress but also other water-related risks are monitored by the company. More information on the assessment of Sika's direct exposure to riverine and coastal flood, rainfall, heavy rainfall, and longest dry spell is available in the chapter "Physical climate-related impact analysis" on p.5 of the ↗ **TCFD Report 2023**.

Even if the current analysis did not consider the impact of water-related risks beyond Sika's operation, the company acknowledges that such risks could have an impact up and down the value chain. For example, business disruption at supplier level leading to shortages and price increase of raw materials and, therefore, increased operational costs for Sika.

Moreover, in alignment with the TNFD guidance, Sika is building an understanding of the importance of nature-related issues and has started gathering the required information and resources. For more information, please see the "Biodiversity and Nature" section on p.101 of the Sustainability Report 2023.

WATER-RELATED IMPACTS IN THE SUPPLY CHAIN

At supplier level, it is important that the chosen suppliers are committed to the same sustainability standards as Sika. Suppliers must operate in full compliance with all laws, regulations, and international standards – including health, safety, and environmental laws and regulations – applicable both to their operations and products. A core pillar of Sika's supplier qualification process is the Sika Supplier Code of Conduct, which sets out Sika's expectations for the supplier network, as well as clear rules and guidelines regarding the environmental standards that must be implemented by Sika suppliers. For more information on the Sika Supplier Relationship Management approach including ESG risk assessments and evaluations, please see the "Procurement" chapter on p.127 of the Sustainability Report 2023.

HOW SIKA ENGAGES CUSTOMERS WITH SIGNIFICANT WATER-RELATED IMPACTS

Water consumption is a major issue for Sika's customers and a target area of the Sika Sustainability Strategy. A variety of Sika solutions are available for water infrastructure, such as:
- Water reservoirs: Sika products comply with public water authorities' strict regulations and can be designed and adapted to meet the specific needs and requirements of all customers.
- Water dams: Sika solutions make a positive contribution to the overall performance of all types of hydraulic structures, while also potentially reducing construction and operating costs.
- Sewage and wastewater treatment plants: Sika has innovative solutions to prevent leaks and protect water quality – for new construction and maintenance.

Overall, Sika solutions help to reduce water consumption and improve quality of water, contributing to mastering the challenge of providing a growing global population with access to clean drinking water. For instance, concrete admixtures such as Sika® ViscoCrete® reduce the amount of water required for manufacturing concrete by up to 40%. The concrete remains flowable, achieves a higher strength when cured, and valuable resources are saved.

ACCESS TO WASH SERVICES

Sika is devoted to contributing to the achievement of the United Nations Sustainable Development Goals (UN SDGs). Goal 6 focuses on the universal provision of safely managed water, sanitation, and hygiene services (WASH services). The provision of safely managed WASH services at the workplace is managed at local level across the company's operations, and according to applicable local regulations.

WASTE MANAGEMENT[1]

GRI 3-3 | GRI 306-1 | GRI 306-2 | GRI 306-4 | GRI 306-5

POLICIES AND GUIDELINES

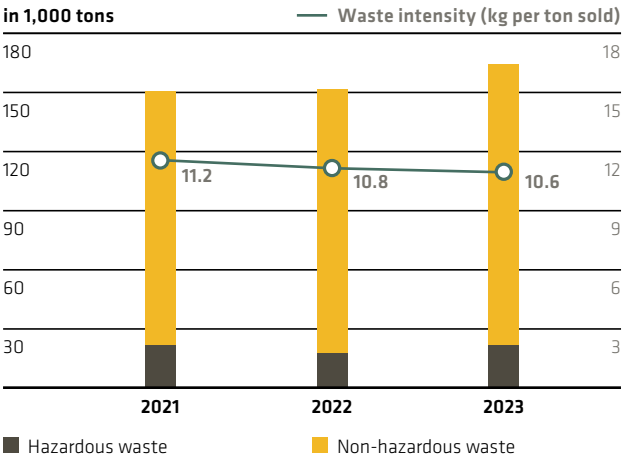
For more information, please visit the corporate webpage ESG Policies and Guidelines

Improving Sika's material efficiency through applying circular principles along the value chain will be critical for Sika's path to net zero. Sika is committed to preventing waste in its activities and ensuring optimal waste management along the value chain. The promotion of circular principles, the efficient use of input materials for production, and the reuse or recycling of materials to reduce waste are key priorities for Sika. The company reduces the amount of waste per ton sold by optimizing production planning, streamlining the production process layout, and reusing production offal. In addition, Sika has started to implement performance enhancements by using more recycled materials. Sika's waste management approach focuses on several reduction and optimization levers:

- At raw material level, Sika optimizes the sourcing of purchased materials, for example by seeking ideal packaging units (primary and secondary), bigger supply units (bulk, tanker lorry, and big bags vs small packaging units), and recycling supply units. Developing weekly materials supply programs, optimizing the specific tolerances of raw materials, and minimizing quality control sampling also reduce the quantity of waste generated during the procurement phase.
- At production level, Sika focuses on streamlining production process layout and on optimizing production planning and processes. Sika aims to reuse and recycle production offal. Wastewater from rinsing or cleaning processes for tanks, delivery trucks, or production equipment can be separated and reused in production processes. Through recycling or by-product reuse in manufacturing processes, Sika diverts material from disposal.
- At warehouse level, innovative warehouse management helps to improve product turnover and reduce the quantity of expired products.
- Regarding downstream logistics, the reuse of raw materials' pallets and bulk containers for transportation of finished products is a strong focus that helps reduce the amount of virgin packaging needed downstream.

In 2023, the quantity of waste generated per ton sold was 10.6 kg, a decrease of –2.5% compared to 2022. The waste intensity compared to total input materials remained stable at 1.3%. In absolute numbers, waste volumes increased by +8.5% compared to 2022 due to MBCC Group acquisition. Excluding acquisitions, waste volumes decreased by –2.9%. This was driven by the continuous implementation of various waste management initiatives (↓ **Table 16: Waste Intensity**, in the "Key Performance Indicators" section at the end of this chapter).

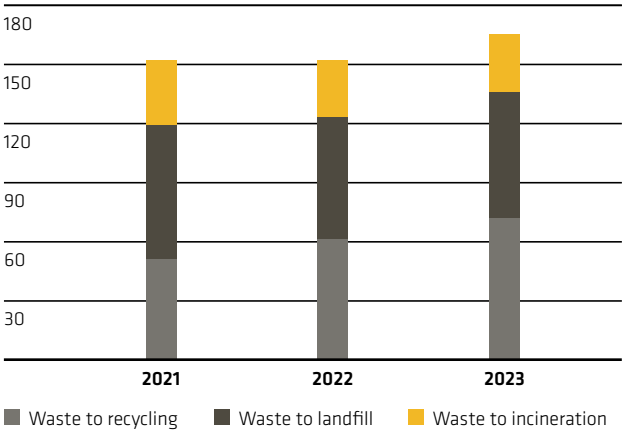
WASTE INTENSITY



1 Acquisitions that occurred in 2023 did not lead to a restatement of 2021 and 2022 waste indicators disclosed in this section.

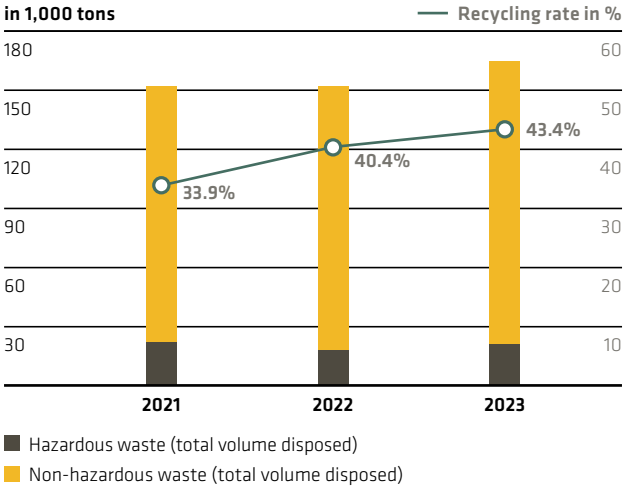
Sika's waste is mainly classified as non-hazardous waste: 87.0% (88.3% in 2022). In 2023, approximately half of the waste volume (56.6%) was categorized as non-recoverable, of which 68.9% went into landfill and 31.1% was incinerated with or without energy recovery. The remaining 43.4% was recycled. Non-hazardous waste went mainly to recycling (45.8%) and to landfill (42.4%), the remaining (11.8%) was incinerated. Hazardous waste went mainly to incineration (56.5%) and to recycling (27.5%), the remaining (16.0%) went to landfill. In the coming years, Sika will keep working on diverting waste from disposal and reducing waste to landfill where possible (**Table 17: Breakdown of Waste by Type of Destination**, in the "Key Performance Indicators" section at the end of this chapter).

BREAKDOWN OF WASTE BY TYPE OF DESTINATION



In 2023, the waste recycling rate increased by +7.5% compared to 2022. This increase was mainly driven by several factories implementing initiatives to divert waste from disposal (**Table 18: Recycling Rate**, in the "Key Performance Indicators" section at the end of this chapter).

RECYCLING RATE



CIRCULAR ECONOMY[1]

GRI 3-3 | GRI 301-1 | GRI 301-2

Circularity principles are becoming increasingly compelling due to higher awareness and shifting demand towards more sustainable solutions among customers in construction and transportation markets. Sika's initiatives help the development of a circular economy in its industry. These include partnering with downstream customers, universities, and startups to co-design and implement products. Collaboration projects are essential because deep circularity interventions rely on access to cost-effective sustainable energy and renewable/recyclable feedstock with appropriate specifications. Sika has started to seek performance enhancements by using recycled materials and alternative non-fossil-based raw materials. One example is the development of mortars formulated with recycled fillers or residues that come from other industries.

Moreover, Sustainability Portfolio Management (SPM) is the backbone of the Sustainable Solutions strategy. It defines how Sika structures the innovation of products that combine performance and sustainability benefits. The Sustainability evaluation carried out in accordance with SPM is a comprehensive evaluation of the product profile along the 12 most relevant Sustainability Categories for Sika and its stakeholders, following a 360° perspective beyond current regulations. "Resources/Circular Economy" is one of the 12 Sustainability Categories, against which new product developments will be systematically evaluated. For more information on Sika's SPM concept, please see the "Products and Customers" chapter, "Product Portfolio" section on p.116 of the Sustainability Report 2023.

MATERIALS USED BY WEIGHT OR VOLUME

Sika strives to constantly increase efficiency in the use of input materials. 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.

With the deployment of the SPM Methodology, product development projects will also be geared towards a higher inherent sustainability profile in raw material sourcing, consumption, production, marketing, use-phase, and end-of-life treatment. Through its sustainable solutions, Sika strives to reduce the resource consumption in downstream industries, such as in construction or industrial manufacturing, where Sika solutions enable customers to increase the use of recycled input materials. Three-quarters of all materials used in production[2] are minerals such as inorganic fillers and cement. The remaining volume of materials – e.g., for adhesives, resin products, roofing and waterproofing membranes, 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.

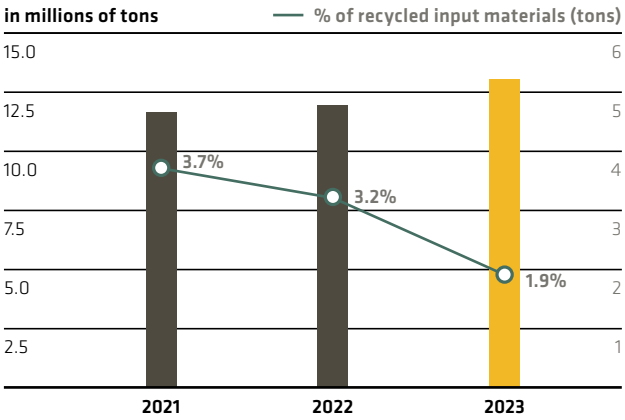
The company uses a small amount of renewable raw materials from plant-based sources, such as castor oil or alcohol. The expanded use of renewable raw materials going forward depends on availability, economic viability, quality and limitations in the use in formulations compared to non-renewable feedstock. However, through R&D, the company is constantly exploring ways to use non-petroleum-derived materials for Sika products. For more information on Sika's raw material procurement, please see the "Procurement" chapter on p.127 of the Sustainability Report 2023.

In 2023, Sika used 13.0 million tons of input materials, an increase of +8.8% compared to 2022, in line with the acquisition impact of MBCC Group. For the year under review, 1.9% of total input materials used in production were recycled materials, a decrease by –1.4 percentage points compared to 2022 due to a lower rate for MBCC entities (**Table 19: Input Materials Used**, in the "Key Performance Indicators" section at the end of this chapter). In 2023, over 370 ktons of Supplementary Cementitious Materials (SCM) were used such as fly ash or slag.

1 Acquisitions that occurred in 2023 did not lead to a restatement of 2021 and 2022 indicators disclosed in this section.

2 Based on quantities.

INPUT MATERIALS USED[1]



1 Excluding water, packaging, and semi-finished products (raw materials already processed by Sika through a first production/assembly process).

For many other secondary materials, such as packaging or solvents, local Sika companies use circular systems or rely on the recycling systems in place in their respective countries.

PACKAGING MATERIALS

Sika has started to seek sustainability performance enhancement in its approach to packaging. Its products are mainly delivered in the following types of primary packaging:

- Plastic is mainly used for water-based products like mortars and concrete products, flooring, and adhesives.
- Tinplate and steel are mainly used for solvent-based and multi-component products like adhesives, flooring, and coatings.
- Aluminum is used for sealants, adhesives, and pre-treatments.
- Paper packaging is used for cementitious and mortar products that are distributed in valve bags.

As part of Sika's net zero journey, using less carbon-intensive packaging materials, increasing the share of recycled packaging materials and reusable packaging solutions, and reducing the amount of packaging materials will be a strong focus in the future. For this reason, Sika is cooperating with various stakeholders (suppliers, distributors, customers, and universities) to develop packaging solutions with a lower environmental impact. For example:

- In 2023, the packaging manufacturer Muhr & Söhne GmbH & Co. KG, Germany, and Sika were awarded the German Packaging Award 2023 for their sustainable concept of the latest generation of tinplate cartridges – MUHR TinKart – for silicones, acrylics, and various other adhesives and sealants. The award-winning concept relies on a nearly 100% recyclable tinplate cartridge made from certified recycled steel which contributes significantly to circularity and CO_2 reduction. Sika uses tinplate made of certified recycled steel with an increased proportion of scrap in the balance sheet for tinplate containers in Austria, Germany, and the USA.
- At supplier level, Sika has rolled out a Sustainable Packaging Challenge initiative in various regions with the goal of engaging with current and potential new suppliers to seek innovative sustainability performance enhancement in packaging. For more information on this initiative, please see the "Procurement" chapter on p.127 of the Sustainability Report 2023.
- As part of the 2023 edition of the Global Innovation Challenge, the winning team focused on sustainable packaging. For more information, please see the "Products and Customers" chapter, "Innovation Management" section on p.113 of the Sustainability Report 2023.

BIODIVERSITY AND NATURE

GRI 3-3

Biological diversity is essential for our ecosystem and well-being. But it is often overshadowed by other imminent environmental risks such as climate change. Businesses are as dependent on biodiversity as humans are – without it, raw materials and supply chains would be heavily disrupted. Biodiversity is highly interconnected with other environmental issues, including deforestation, pollution, climate change, urbanization, and water scarcity.

In 2022, "Biodiversity and Nature" was identified as one of the material topics (for more information, please see ↗ **Sika Materiality Analysis 2022**), and in the same year Sika joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum[1], a global multidisciplinary consultative group of institutions with over 1,300 Forum members. With its participation at the TNFD Forum, Sika shares the ambition of the TNFD to develop a risk management framework for organizations to report and act on evolving nature-related risks. This supports a shift in global financial flows toward nature-positive outcomes. Moreover, the TNFD and Science Based Targets Network (SBTN)[2] are working to align further to make it more efficient for corporates to apply both frameworks.

LEAP APPROACH

Nature-related risks and opportunities have never been investigated by Sika before. Therefore, in alignment with the TNFD "getting started" guidance, Sika is building an understanding of the importance of nature-related issues and has started gathering the required information and resources. As a start, Sika has used the tools and resources provided by the TNFD to gain an understanding of TNFD's LEAP (Locate, Evaluate, Assess, Prepare) approach:

- Locate your interface with nature.
- Evaluate your dependencies and impacts.
- Assess your risks and opportunities.
- Prepare to respond and report.

In 2023, in alignment with the guidance for the "Locate" step, Sika performed a first analysis to identify and prioritize potential nature-related issues and main business interfaces focusing only on direct operations. For this purpose, four different tools were used: ENCORE[3], SBTN Sectoral Materiality[4], World Resource Institute (WRI) Aqueduct[5], and IBAT[6].

Sika used the first two tools to screen and investigate the moderate, high, and very high dependencies and impacts on nature for the specialty chemicals sector[7]. By leveraging ENCORE to screen this sector, moderate and high impacts and dependencies were identified for Sika's direct operations. The analysis excludes impacts and dependencies that occur within the supply chain.

IMPACTS FOR THE SPECIALITY CHEMICALS SECTOR

Materiality	Impact driver[1]
High	Water use
	Non GHG air pollutants
	Water pollutants
	GHG emissions
	Solid waste
	Soil pollutants
	Terrestrial ecosystem use

1 Impact drivers are defined as a measurable quantity of a natural resource that is used as an input to production or a measurable non-product output of business activity.

1 ↗ **TNFD – Taskforce on Nature-related Financial Disclosures**

2 ↗ **SBTN – Science Based Targets Network**

3 ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) was developed by a partnership consisting of Global Canopy, UNEP FI, and UNEP-WCMC. ENCORE is a tool used to assess the dependencies and impacts of different economic sectors and subsectors.

4 This tool was used as an additional screening source to ensure the comprehensiveness and consistency of the ENCORE screening.

5 ↗ **Aqueduct World Resources Institute**

6 IBAT (Integrative Biodiversity Assessment Tool) offers visual screening of critical biodiversity and provides geographic data linked to global databases on protected areas, the IUCN red list of threatened species, and key biodiversity areas.

7 ENCORE uses a classification of production processes per sector. The production processes of the specialty chemicals sector were evaluated to be the most relevant for Sika. As such, all products produced by Sika were assumed to fall within this sector.

Dependencies on nature are evaluated by considering the ecosystem services and the flows of benefits to people and the economy that are relevant for the organization's business model. Similar to impacts, ecosystem services can be screened with a sector-specific lens. As with impacts, all moderate, high, and very high dependencies on ecosystem services will be considered for the further assessment in alignment with the LEAP approach. Based on the analysis, two ecosystem services are material for Sika's direct operations:

– Direct Physical Inputs.
– Protection from Disruption.

Direct physical inputs are inputs needed for production that derive from an environmental asset. The specialty chemicals sector can be considered highly dependent on both groundwater and surface water. Production processes within the sector benefit from clean water. This clean water is provided by ecosystem services groundwater and surface water. Also, ecosystem services that provide protection from a disruption to the production processes were recognized as material for the sector. Among these services, flood and storm protection can be considered as a moderate dependency. Various natural habitats and the planted vegetation within are able to shelter and buffer the impacts of floods and storms and thus provide a benefit to the sector.

As a second step, the WRI Aqueduct and IBAT tools were used to prioritize Sika's locations of direct operations[1]. Three criteria – baseline water stress[2], proximity to key biodiversity areas[3], and proximity to protected areas[3] – were chosen to identify sensitive locations. After screening the company's sensitive locations accordingly, further work will be needed to identify, quantify, and assess the potentially material nature-related impacts and dependencies at these locations. Subsequently, this materiality assessment can be used to understand the main nature-related risks and opportunities.

In the coming years, Sika will further investigate the magnitude of impacts and dependencies at these sensitive locations and will leverage the LEAP process to understand the key nature-related risks and opportunities. Sika will further develop a nature-related risk assessment and work towards integrating various elements of the TNFD framework.

1 Value chain locations have not yet been considered but will be investigated in the future, to expand the analysis on nature-related risks and opportunities.

2 Assessment based on the Aqueduct Water Risk Atlas. For more information on water stress, please see the "Planet" chapter, "Water Management" section on p.92 of the Sustainability Report 2023.

3 Assessment based on the IBAT Tool.

AIR EMISSIONS [1]

GRI 3-3 | GRI 305-7

All local companies must comply with applicable laws and regulations related to air emissions parameters. Air emissions are monitored by Sika as part of its legal obligations. This topic is managed directly by local operation facilities in accordance with local regulations and internal guidelines. In 2022, the calculation methodology of air emissions indicators was reviewed and updated. For more information, please refer to the Sustainability Report 2022.

Sika monitors the following air emissions parameters:

- NO_x, SO_x, and CO emissions are based on and limited to the combustion of fuel and gas. The decrease of NO_x emissions (–15.0% compared to 2022) is driven by the update of emission factors and by the stable consumption of diesel compared to other fuels in 2023. The slight increase of SO_x emissions (+8.0% compared to 2022) is related to the update of emissions factors and to higher volumes of vehicle fuel – biodiesel, ethanol and Liquified Petroleum Gas during the year. Carbon monoxide decrease (–9.9% compared to 2022) is mainly driven by the update of emission factors.
- Besides calculating VOC emissions originating from the combustion of fuel and gas, the VOC report also includes the quantification of VOC emissions from petrochemical materials and related processes. Average intensity per ton produced was calculated based on the 2022 survey. This average intensity is extrapolated to similar plants based on factory segments [2]. A similarity between factories in the same factory segment is assumed. VOC emissions decreased by –10.3% compared to 2022, mainly driven by a change in product mix.
- Dust reporting includes a quantification of dust emissions from the mortar production. Average intensity per ton produced was calculated based on the 2022 survey. This average intensity is extrapolated to similar plants based on factory segments. A similarity between factories in the same factory segment was assumed. Dust PM 10 emissions decreased by –7.7% compared to 2022, mainly driven by the update of emissions factors related to fuel combustion.

AIR EMISSIONS

in tons	2021	2022	2023
Nitrogen oxides (NO_x)	482.1	245.4	208.5
Volatile organic compounds (VOCs)[1]	69.5	194.8	175.2
Dust PM 10 [2]	31.9	172.9	159.6
Carbon monoxide (CO)	72.8	125.5	113.1
Sulfur oxides (SO_x)	3.6	1.9	2.1

1 In 2022, VOC reporting was extended to include emissions from the petrochemical materials and related processes. 2020 and 2021 data have not been restated accordingly.

2 In 2022, dust reporting was extended to include emissions from the mortar production. 2020 and 2021 data have not been restated accordingly.

1 The calculation of air emissions related to the combustion process of Sika fuel and gas consumption is based on the emission factors of the UK National Atmospheric Emissions Inventory (NAEI) and Swedish Environmental Protection Agency (EPA). In 2022, Sika updated the conversion factors related to primary energy from m^3 to GJ to reflect the gross CV (calorific value) based on Defra/BEIS recommendations. It has an impact on the calculation of air emissions from 2022 onwards. 2021 is not restated accordingly. MBCC entities and Thiessen Team USA have been excluded from consolidated 2023 disclosed figures in this section.

2 The allocation of a manufacturing site to a particular factory segment depends on the type of production equipment required for the manufacturing technology and product technology (chemical and physical properties). Mortar production facilities have been excluded from the extrapolation since we assume that VOC emissions are not material in this production process. This assumption was verified with cross-checks with the largest mortar factories.

ENVIRONMENTAL COMPLIANCE

GRI 2-27

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

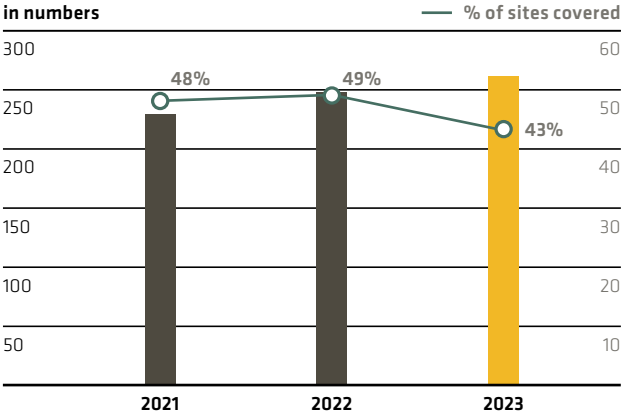
Environmental compliance is a material topic for Sika operations across all regions. However, regulations related to the environment vary widely between regions and countries. Sika therefore delegates the responsibility for environmental compliance to the operating subsidiaries. Each site strictly adheres to the applicable legislation on environmental matters.

ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEMS

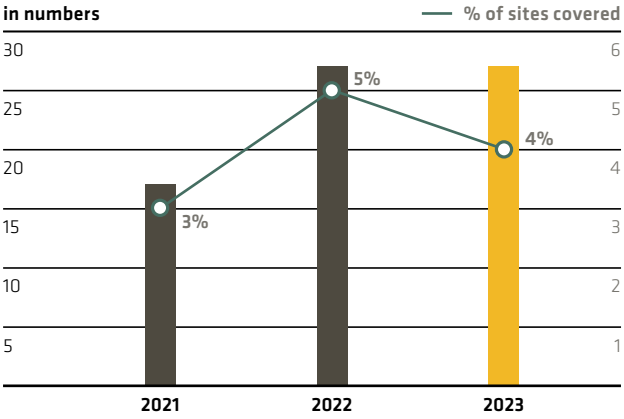
In 2023, among 724 Sika sites under ISO scope[1]:

- 43% were certified according to ISO 14001 (**Table 20: ISO 14001 – Environmental Management System Certification**, in the "Key Performance Indicators" section at the end of this chapter). The percentage of certified Sika locations significantly decreased due to the acquisition of MBCC. The subsequent integration process will start in 2024.
- 4% were certified according to ISO 50001 (**Table 21: ISO 50001 – Energy Management System Certification**, in the "Key Performance Indicators" section at the end of this chapter). The number of certified Sika sites is stagnating due to the change of focus.

ISO 14001 – ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION



ISO 50001 – ENERGY MANAGEMENT SYSTEM CERTIFICATION



NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

Sika strives for full legal and regulatory compliance with all environmental regulations. It maintains a Corporate Management System (CMS) that applies to all locations and employees and fulfils the requirements of ISO 14001 and ISO 50001. Sika companies implement their local Sika Management Systems based on the CMS and local regulatory and legal requirements. Newly acquired companies are integrated under the CMS. The CMS is maintained by the corporate Quality and EHS function and deployed through a network of Quality and EHS professionals throughout the organizations. Both the CMS and local Sika Management Systems are audited by external parties as part of the ongoing ISO certification efforts. Internal audits and regular EHS reviews support the continuous improvement of the CMS and its implementation.

1 Considered under ISO scope are: headquarters, plants, warehouses, and technology centers. Sales offices, administrative offices, training centers are excluded as these activities do not fall under the scope of respective ISO standards.

All GMs stated in their 2023 ESG Confirmation that no significant violations[1] of environmental laws and regulations occurred within their entities, with one exception in Chile. On July 28, 2023, Sika Chile reported to the National Forestry Corporation CONAF (Government agency) an involuntary violation of the Law n.20.283/08 on Native Forest Recovery and Forest Promotion. At the time of this report, Sika Chile has already met with CONAF and are agreeing on a reforestation plan in a defined place in the same community which should be implemented in 2024. The timeline of the restoration plan has not yet been defined by the authority.

In 2023, Sika recorded one tier 1 process safety event resulting in an extensive fire and the subsequent destruction of a factory. Nine further significant incidents[1] occurred: three process safety events, three spills, and three notifications to authorities. Process safety events and spills were contained locally without causing any environmental damage. The increased number of cases reported in 2023 is partially due to the complete rollout of Sika's global incident management system, leading to increased awareness and reporting of loss of containment and spills.

SIGNIFICANT INCIDENTS

in numbers	2021	2022[1]	2023
Significant incidents	2	5	10

1 Restatement of 2022 figure to account for the resolution of a 2021 US EPA final order which resulted in a fine in 2022.

1 An incident (spill, environmental incident or emissions release) is considered significant when reported to authorities, having media coverage, or creating a significant cost (above CHF 2,000).

KEY PERFORMANCE INDICATORS[1]

TABLE 01: GHG EMISSIONS SCOPE 1 AND 2 – MARKET-BASED

	2021	2022	2023
Scope 1 (tons of CO_2eq)[1]	156,419	156,096	160,463
Scope 2 – Market-based (tons of CO_2eq)[2]	82,089	74,557	84,966
Total GHG emissions (tons of CO_2eq)	238,508	230,653	245,429
GHG emissions intensity (kg CO_2eq per ton sold)	17.6	16.4	15.7

1 Scope 1 GHG emissions (direct energy and fugitive emissions) are calculated based on Defra/BEIS, 2022 emission factors.

2 For scope 2 market-based GHG emissions, purchased electricity covered by energy attribute certificates is considered with an emission factor of zero. For non-renewable purchased electricity, residual mix emission factors are gathered from AIB 2021 European Residual Mixes (applied to European locations) and 2022 Green-e Residual Mix Emissions Rates (applied to US locations). The location-based 2022 emission factor from the International Energy Agency (IEA) is applied to all other locations. Scope 2 emissions related to district heating are based on Defra/BEIS, 2022 emission factors.

TABLE 02: BREAKDOWN OF SCOPE 1 GHG EMISSIONS PER REGION

in tons of CO_2eq	2021	2022	2023
EMEA	81,755	75,891	79,368
Americas	46,937	49,376	53,536
Asia/Pacific	16,027	19,098	16,378
Global Business	11,700	11,724	11,174
Corporate Services	–	7	7
Group	**156,419**	**156,096**	**160,463**

TABLE 03: BREAKDOWN OF SCOPE 2 GHG EMISSIONS – MARKET-BASED PER REGION

in tons of CO_2eq	2021	2022	2023
EMEA	9,849	11,922	26,815
Americas	25,377	21,333	17,526
Asia/Pacific	33,152	32,186	33,365
Global Business	13,711	9,114	7,259
Corporate Services	–	2	1
Group	**82,089**	**74,557**	**84,966**

TABLE 04: GHG EMISSIONS – LOCATION-BASED

in tons of CO_2eq	2021	2022	2023
Scope 1	156,419	156,096	160,463
Scope 2 – Location-based[1]	159,157	160,351	173,722
Total GHG emissions	**315,576**	**316,447**	**334,185**

1 Scope 2 location-based GHG emission factors are gathered from US EPA eGrid 2021 Emission Rates (applied to US locations) and IEA Emission Factors 2022 (applied to all other locations).

1 Acquisitions that occurred in 2023 did not lead to a restatement of 2021 and 2022 indicators disclosed in this section except when stated specifically. Water indicators for 2021 and 2022 disclosed in this section have been restated due to a stricter application of internal reporting rules for groundwater volumes withdrawn used for cooling processes in one factory.

TABLE 05: BREAKDOWN OF SCOPE 2 GHG EMISSIONS – LOCATION-BASED PER REGION

in tons of CO_2eq	2021	2022	2023
EMEA	48,985	45,835	48,453
Americas	36,349	33,157	39,068
Asia/Pacific	45,620	54,627	59,520
Global Business	28,203	26,726	26,676
Corporate Services	–	6	5
Group	**159,157**	**160,351**	**173,722**

TABLE 06: OUT-OF-SCOPE EMISSIONS[1]

in tons of CO_2eq	2021	2022	2023
CO_2 emissions from biogenic sources (scope 1)	–	1,233	1,671
CO_2 emissions from biogenic sources (scope 2)	–	2,252	–
Biogenic uptake in biobased raw material (scope 3 – cat. 1)	–	–	–282,000
CO_2 emissions from biogenic sources (scope 3 – cat. 12)	–	–	55,000

1 Biogenic CO_2 emissions related to biofuels are calculated based on Defra/BEIS 2023. Biogenic CO_2 emissions related to biomass electricity (Brazil) were calculated based on the International Energy Agency (IEA) Emission Factors. This contract is not operational anymore and therefore no emissions have been calculated for 2023. For scope 3 category 1, biogenic uptake in biobased raw material is based on the IPCC AR6 GWP100 impact assessment. For scope 3 category 12, biogenic CO_2 emissions are calculated based on the carbon content methodology.

TABLE 07: ENERGY INTENSITY

in MJ per ton sold	2021	2022	2023
Energy intensity	324.7	315.5	295.8

TABLE 08: BREAKDOWN OF DIRECT ENERGY CONSUMPTION PER REGION

in TJ	2021	2022	2023
EMEA	1,470	1,331	1,388
Americas	819	868	944
Asia/Pacific	256	331	280
Global Business	226	220	205
Corporate Services	–	0.1	0.1
Group	**2,771**	**2,750**	**2,817**

TABLE 09: BREAKDOWN OF INDIRECT ENERGY CONSUMPTION PER REGION

in TJ	2021	2022	2023
EMEA	691	668	722
Americas	398	416	458
Asia/Pacific	275	332	361
Global Business	253	264	265
Corporate Services	–	0.2	0.3
Group	**1,617**	**1,680**	**1,806**

TABLE 10: PURCHASED RENEWABLE ELECTRICITY RATE

	2021	2022	2023
Purchased electricity (TJ)	1,617	1,672	1,799
Thereof purchased renewable electricity (TJ)[1]	845	1,048	1,001
Purchased renewable electricity rate (%)[2]	**52.3**	**62.7**	**55.6**

1 This indicator is based on 100% green contracts, Energy Attribute Certificates (EACs) such as Guarantees of Origins (GOs), Renewable Energy Certificates (RECs) or International Renewable Energy Certificates (I-RECs) or Power Purchase Agreements.

2 This renewable rate does not consider self-produced renewable electricity. It also excludes renewable shares from local electricity grid mix.

TABLE 11: BREAKDOWN OF WATER WITHDRAWAL PER SOURCE

in m³	2021	2022	2023
Public supply	1,922,637	1,959,347	2,112,299
Groundwater	2,422,271	2,284,007	2,281,956
Surface waterbodies	50,682	29,200	51,967
Rainwater	–	24,862	23,758
Total water withdrawal[1]	**4,395,590**	**4,297,416**	**4,469,980**

1 Including the volume of water used as an input material.

TABLE 12: WATER CONSUMPTION INTENSITY

in m³ per ton sold	2021	2022	2023
Water consumption[1]	0.25	0.24	0.21

1 The water intensity ratio is only based on process and cooling water and sanitary water. Water in products is excluded from this indicator.

TABLE 13: BREAKDOWN OF WATER USAGE PER TYPE

in m³	2021	2022	2023
Water in products	978,081	949,160	1,205,747
Process and cooling water	2,753,499	2,699,077	2,512,764
Sanitary water	674,658	649,418	760,048
Total water use[1]	**4,406,238**	**4,297,655**	**4,478,559**

1 The difference between water withdrawal and water use is related to water storage. Rainwater is considered under water withdrawal from 2022 onwards and could also be a source of difference between water withdrawal and water use in 2021.

TABLE 14: BREAKDOWN OF WATER DISCHARGE PER DESTINATION

in m³	2021	2022	2023
Water to sewage	913,590	874,591	997,150
Water to surface waterbodies	1,928,147	1,184,128	915,017
Water to ground	438,876	1,113,542	1,168,725
Water sent off-site for treatment	–	37,884	64,273
Total water discharge	**3,280,613**	**3,210,145**	**3,145,165**

TABLE 15: WATER WITHDRAWAL, USAGE, AND DISCHARGE IN WATER-STRESS AREAS

in m³	2022[1]	2023
Water withdrawal	**346,364**	**1,002,421**
Public supply	299,872	884,214
Groundwater	33,062	100,505
Surface waterbodies	12,310	14,138
Rainwater	1,120	3,564
Water usage	**346,406**	**1,005,778**
Water in products	219,451	647,290
Process and cooling water	40,245	117,655
Sanitary water	86,710	240,833
Water discharge	**105,910**	**319,885**
Water to sewage	85,233	244,443
Water to surface waterbodies	12,220	32,589
Water to ground	5,035	8,705
Water sent off-site for treatment	3,422	34,148

1 2022 figures as disclosed in Sustainability Report 2022 (only considering locations in extremely high water-stress areas). Data is not reworked as per 2023 assessment.

TABLE 16: WASTE INTENSITY

	2021	2022	2023
Non-hazardous waste (tons)	129,884	134,385	143,757
Hazardous waste (tons)	21,676	17,852	21,430
Total waste (tons)	151,560	152,237	165,187
Waste intensity (kg per ton sold)	**11.2**	**10.8**	**10.6**
Waste intensity compared to total input materials (%)	**1.3**	**1.3**	**1.3**

TABLE 17: BREAKDOWN OF WASTE BY TYPE OF DESTINATION

in tons	2021	2022	2023
Landfill	**67,509**	**61,701**	**64,411**
Hazardous waste	–	2,649	3,430
Non-hazardous waste	–	59,052	60,981
Incineration	**32,603**	**29,075**	**29,065**
Hazardous waste	–	11,085	12,111
Non-hazardous waste	–	17,990	16,954
Recycling	**51,448**	**61,461**	**71,711**
Hazardous waste	–	4,118	5,889
Non-hazardous waste	–	57,343	65,822
Total waste	**151,560**	**152,237**	**165,187**

TABLE 18: RECYCLING RATE

in %	2021	2022	2023
Recycling rate	33.9	40.4	43.4

TABLE 19: INPUT MATERIALS USED

	2021	2022	2023
Volume of input materials used (millions of tons)[1]	11.6	11.9	13.0
Thereof recycled input materials (%)	3.7	3.2	1.9

1 Excluding water, packaging, and semi-finished products (raw materials already processed by Sika through a first production/assembly process).

TABLE 20: ISO 14001 – ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION[1]

	2021	2022	2023
Sites certified ISO 14001 (No.)	275	297	313
Coverage of sites under ISO scope (%)	48	49	43

1 Considered under ISO scope are: headquarters, plants, warehouses, and technology centers. Sales offices, administrative offices, training centers are excluded as these activities do not fall under the scope of respective ISO standards.

TABLE 21: ISO 50001 – ENERGY MANAGEMENT SYSTEM CERTIFICATION[1]

	2021	2022	2023
Sites certified ISO 50001 (No.)	17	27	27
Coverage of sites under ISO scope (%)	3	5	4

1 Considered under ISO scope are: headquarters, plants, warehouses, and technology centers. Sales offices, administrative offices, training centers are excluded as these activities do not fall under the scope of respective ISO standards.

TABLE 22: ENVIRONMENTAL PERFORMANCE INCLUDING ACQUISITIONS FOR THE FULL YEAR 2023[1]

	Excluding pre-acquisition data	Including pre-acquisition data
GHG EMISSIONS SCOPE 1 AND 2		
Scope 1 (tons of CO_2eq)	160,463	169,503
Scope 2 – Market-based (tons of CO_2eq)	84,966	95,153
GHG emissions intensity (kg CO_2eq per ton sold)	15.7	16.2
ENERGY		
Total energy (TJ)	4,623	4,855
Energy intensity per ton sold (MJ per ton sold)	295.8	297.9
Purchased renewable electricity rate (%)	55.6	53.4
WATER		
Total water consumption (m^3)	3,272,812	3,339,235
Water consumption per ton sold (m^3)	0.21	0.20
WASTE		
Total waste disposed (tons)	165,187	172,867
Waste intensity (kg per ton sold)	10.6	10.6
Recycling rate (%)	43.4	43.2

1 With the SBTi commitment and the new Strategy 2028 Sika has new baselines leading to systematic inclusion of newly acquired companies to properly reflect the development of the strategic environmental indicators over years. For 2023, it considers MBCC Group and Thiessen Team USA for the full reporting year.

PRODUCTS AND CUSTOMERS
SUMMARY & HIGHLIGHTS

AMBITION

Sika focuses its R&D activities on generating customer benefits, marketing safe products, and adapting to the impacts of climate change.

APPROACH

Intensive research efforts allow Sika to address the demand for resource-saving building methods, energy-efficient and low-emission construction materials, high-speed manufacturing processes, modular construction and lighter and safer vehicles.

HIGHLIGHTS

Sustainability Portfolio Management (SPM)

SPM is used by Sika to evaluate and classify its products in market segments in terms of both Performance and Sustainability. In 2023, 232 products were evaluated via the new methodology.

New Intellectual Property (IP) Tool

Sika concluded the worldwide rollout of its new IP Tool to streamline invention submission and to ensure transparent innovation.

"Nuage" – The Global Digital R&D Lab

Sika started to implement its concept for digitalizing R&D processes and the work in Sika labs around the world, covering all regions and core technologies.

KEY FIGURES

INVENTIONS

188

+11.9% **Change vs 2022**

PATENT APPLICATIONS

108

+3.8% **Change vs 2022**

EMPLOYEES WORKING IN R&D

1,780

+33.4% **Change vs 2022**

NUMBER OF GLOBAL TECHNOLOGY CENTERS[1]

18

–14.3% **Change vs 2022**

1 In 2023, Sika reorganized its R&D facilities into Global Technology Centers (GTCs), Technology Centers with regional and area focuses, and local labs. As a consequence, the number of GTCs decreased, and the number of local and regional R&D facilities increased. MBCC's facilities are included in the scope.

MATERIAL TOPICS

Innovation Management	Product Portfolio	Health and Safety
Risk and Crisis Management	Compliance	Responsible Marketing
Customer Relationship Management		

SDGs

INNOVATION MANAGEMENT

GRI 3-3

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

The strategic interplay between innovation and sustainability serves as a guiding force, enabling Sika to lead the transformation of the construction and transportation industries. Sustainability is integrated into strategic and operational innovation processes; at the same time, it fuels operational efficiency and excellence throughout the organization. In tandem, digitalization acts as a catalyst, propelling Sika to the forefront of innovation and sustainability. This dedication to an innovative culture empowers employees to challenge the status quo and actively participate in innovation. In 2023, the innovation rate reached 24.4% (previous year: 22.6%). For more information concerning Sika's sustainability governance and the combined leadership for Innovation and Sustainability, please see the "Sustainability at Sika" chapter on p.40 of the Sustainability Report 2023.

COMMITMENT

Sika is leading the industry with its comprehensive portfolio of high-quality, sustainable solutions. Sika's capability to address sustainability megatrends is evaluated from a life cycle perspective along the value chain. The Sika brand is a worldwide symbol for technically superior, user-friendly, and long-lasting products. Bringing innovation to life requires customer centricity and courage. For Sika, innovation means implementing something new that adds value. Sika employees drive progressive solutions that move the industry forward and show customers the value of innovative approaches.

GOALS AND TARGETS

Innovation was a core objective of the Sika Strategy 2023. Now, with Strategy 2028, the integration of innovation and sustainability has emerged as a compelling imperative. Innovation and sustainability are inextricably linked, and their convergence in Sika's corporate agendas reflects a necessity for long-term success. The confluence of these two critical elements has become a necessity to give answers to today's challenges in the construction and automotive industry. The strategic correlation between sustainability and innovation supports Sika's journey to net zero. The emphasis on durability, the development of sustainability enablers, the reduction of CO_2 emissions, the embrace of circular economy principles, and the replacement of hazardous raw materials all underscore the critical role of innovation in advancing sustainability goals. Sika innovates to create value-added products that combine performance and sustainability into one concept. Therefore, all new product developments are Sustainable Solutions.

RESPONSIBILITIES

Sika's long history of innovation has made it a recognized global technology leader in many markets worldwide. The Sika innovation culture reflects courage for innovation, creation, and knowledge, and the importance of networking and cross-functional teamwork. Sika's research and development activities are conducted by 1,780 employees (previous year: 1,334) across 18 Global Technology Centers (2022: 21) and over 100 local and regional research and development facilities (2022: 80)[1]. While investing in its Technology Centers, the company also nurtures an international network of scientists, partners, suppliers, and customers.

In addition, an innovation management team seamlessly integrates sustainability and innovation across functions, facilitating initiatives and solutions to meet evolving customer needs and market dynamics. This team consisted in 2023 of the Global Innovation Manager and exploration teams in all regions to facilitate projects and partnerships. Sika's collaborative approach to innovation management not only embraces a newly designed exploration process but also adopts a customer-centric mindset.

SUSTAINABILITY AS INNOVATION DRIVER

Sika aims to innovate products that enable sustainable construction and transportation, reducing environmental impact along the value chain. Indeed, sustainability has become the key driver for R&D projects at Sika. It fuels the quest for alternative, renewable materials, low carbon solutions, new recycling concepts more efficient production methods like modular building, resource efficiency, healthier and safer spaces for living and working, enhanced product flexibility, and digitally enhanced solutions. In 2023, innovation and sustainability were included in the curricula of various training programs due to their high strategic relevance for Sika: the Global Leadership Programs, Regional Leadership Programs, the General Manager (GM) Program, and the Global Talent Training Programs.

CUSTOMER CENTRICITY

Sika helps its customers meet their challenges by developing new products in response to tighter climate-related and chemical regulations, increased sustainability awareness among their customers, and a shortage of skilled labor. Sika prioritizes customer-centricity in innovation and sustainability by actively engaging with customers to understand their needs and challenges. Customers and market partners contribute to tailoring

1 In 2023, Sika reorganized its R&D facilities into Global Technology Centers (GTCs), Technology Centers with regional and area focuses, and local labs. As a consequence, the number of GTCs decreased, and the number of local and regional R&D facilities increased. MBCC's facilities are included in the scope.

product development and solutions to address specific customer requirements while promoting sustainability through sustainable materials and practices. Sika aims to deliver value-driven innovations that not only meet customer demands but also align with environmental and social responsibilities, fostering long-term partnerships and sustainable growth.

INTELLECTUAL PROPERTY

The protection of intellectual property (IP) plays a vital role in competitive markets. While inventions need to be protected against imitators, ensuring FTO (freedom to operate) for new products over third party IP is important, too. To achieve the best possible benefit for the Group, the patent strategy is focused on three basic pillars (i) risk management and mitigation for third party patents, (ii) protection of new inventions according to commercial relevance of the products/solutions, and (iii) leveraging patents to support business. 188 new inventions were reported in 2023 (previous year: 168), and 108 new patent applications were filed (previous year: 104). By the end of 2023, Sika's patent portfolio included 1,600 unique patent families with 5,680 single national patents. In 2023, Sika concluded the worldwide rollout of its new Intellectual Property (IP) Tool to streamline invention submission and to ensure transparent innovation management. Furthermore, in 2023, Sika integrated a substantial portfolio of patents and inventions as part of the acquisition of MBCC and its associated brands.

GLOBAL DIGITAL R&D LABORATORY

In 2023, Sika started implementing its concept ("Nuage") for digitalizing R&D processes worldwide. Nuage facilitates collaboration across teams in different geographies and enables researchers to conduct experiments and simulations using digital tools and technologies. The new global digital laboratory allows researchers to work remotely, collaborate with others in real time, and access a wide range of data, software, and hardware resources. The collaboration of the Nuage project team with experts from every core technology group and region, as well as from IT, procurement, operations, and technical service, has been a prerequisite for success. After the successful completion of the pilot phase in all core technologies and across regions, testing of performance, and security indicators, the rollout of Nuage started in 2023; the onboarding of R&D teams worldwide continues in 2024.

INNOVATION CHALLENGES

A variety of established internal initiatives challenge the status quo and nurture innovation across all regions. These include global and regional programs like "Shark Tanks" in Global Business, Innovation Challenges, and local initiatives such as the "Sika Maker Program" in China, which consolidates the expertise of innovative minds throughout the organization to anticipate future requirements and foster the development of innovative solutions. Internal innovation pitches, so-called Shark Tanks, serve Sika as dynamic arenas, catalyzing the surfacing of novel ideas and their seamless implementation. In China, the so-called "Maker Plan" fosters continuous ideation within the R&D community. It has transformed into a dynamic mentoring initiative, with senior managers taking on mentorship roles to assist teams to propel selected makers' initiatives towards success.

The Sika Global Innovation Challenge (GIC) is another initiative to foster the innovative drive of high-potential employees. This program prepares a new generation of innovation leaders and embraces key change drivers such as sustainability, digitalization, and the circular economy. In 2023, Sika ran the second GIC with 34 candidates from 15 countries in the context of its Talent Management and its ambition to foster the innovative drive of high potential. Six teams found solutions for challenges like digitalization/AI, raw material scarcity, removable adhesives and sealants, and sustainable packaging.

During the reporting year, Sika also participated in hackathons for sustainability and innovation as they offer a dynamic platform to harness fresh ideas and talent. They foster sustainable solutions by encouraging the development of eco-friendly technologies and processes. To harness the creative and technical talents of the global hackathon community, Sika participated at the HackZurich in September 2023. This hackathon united the world's best tech talents, selected from thousands of applications, representing several elite universities and leading organizations from more than 85 countries, to collaborate and develop innovative web, mobile, and hardware applications during a 40-hour hackathon. The result of this hackathon led to a concept for an interactive platform connecting and synchronizing Sika's knowledge (raw data, documents, etc.) to enable communication and fast data extraction for internal and external users. Hackathons were also supported in other countries. In October 2023, the second edition of the Prontuario Sika Hackathon Awards for Industrial Engineering and Marine Engineering students took place in Madrid. Sika Spain organized and steered the hackathon, in which 56 talents took part, triggering a new wave of enthusiasm.

PARTNERSHIPS AND COLLABORATIONS

Cross-functional collaborations within Sika, alongside partnerships with technology companies, scientific institutions, and universities, have yielded fresh insights and scientific breakthroughs. This collaborative effort has resulted in products and solutions that offer both enhanced performance and bring about sustainability benefits. Sika enhances its research efforts by cooperating with renowned universities and scientific institutions such as ETH Zurich (Swiss Federal Institute of Technology in Zurich), EPFL (Swiss Federal Institute of Technology in Lausanne), University of Pennsylvania (USA), Princeton University (USA), the Beijing University of Chemical Technology (PRC), and similar institutions across the globe. In addition, Sika's subsidiaries cooperate with research institutes in their local markets. An example of a successful scientific partnership on a corporate and local level is the partnership with the University of Cádiz (UCA). In 2023, Sika and the UCA agreed to cooperate in concrete protection, building facades, and industrial processes. The cooperation results from a successful partnership focusing on innovative techniques for preserving concrete structures. Now, the UCA and Sika bundle their knowledge on global and local levels to expand these technologies to further application areas and to open new market potential. For more information, please visit the corporate webpage ↗ **Partnerships and Collaborations**.

INNOVATIONS THAT SUPPORT SUSTAINABILITY

Sika is keen to advance its own net zero targets and help its customers along this path.

Thanks to its innovation power, Sika can significantly help reduce global greenhouse gas emissions. Important focus areas for R&D initiatives driving net zero include:

STEEL SLAGS: THE NEXT ALTERNATIVE TO PORTLAND CEMENT

The urgency to discover alternatives to Portland cement is evident. In response to this global challenge, steel slags have emerged as a promising alternative. Steel slag is a waste product deriving from steel production and represents a slag category that so far has only been reused to a limited extent due to its chemical composition. Leveraging Sika's chemistry know-how, steel slag is gaining wide acceptance as a supplementary cementitious material (SCM). What makes it particularly attractive is its abundant availability of over 180 million tons each year. The geographic availability of this waste material aligns well with the footprint of Sika's mortar plants, facilitating seamless integration into their formulations.

Until now, steel slag has been downcycled and primarily used in soil remediation and road construction. However, with Sika's chemistry expertise, it is now possible to incorporate it into various categories of Sika mortars without any negative impact on performance, opening new horizons for sustainable construction. Notably, 11 patents have been applied for, indicating Sika's commitment to innovation in this area. The environmental benefits of this shift are substantial. By embracing steel slag-based binder technology, Sika plans to save an estimated 135,000 to 180,000 tons of CO_2 emissions each year, horizon 2028. This projection assumes 20% to 25% of ceramic tile adhesives using this waste material in their formulations. As the world grapples with the pressing need for sustainability, solutions like steel slag-based binders provide a crucial avenue to reduce the carbon footprint of construction materials.

SECURING ALTERNATIVES TO NATURAL SANDS: EXAMPLE CHINA

Sika China has strongly progressed in reducing the use of virgin sand. In 2023, a 13% alternative sand ratio was achieved, up from 5% in 2021. The goal, by 2028, is to reach a 50% alternative sand ratio, which is a significant reduction in natural sand usage. To meet this goal, several initiatives and actions have been implemented. For instance, the team developed manufactured sand to supply two tile adhesive plants in Guangzhou; and additionally tailing sand was developed to serve as a raw material for a new plant. Currently, half of Sika's tile adhesive plants in China are already using alternative sand. Two plants have made remarkable strides, replacing 100% of virgin sand with tailing sand. Sika works on different initiatives worldwide to reduce the use of virgin sand. Another key advancement in this regard is the ability to utilize sand derived from recycling processes. For example sand derived from Sika's reCO2ver® technology or from concrete mud – the unhardened waste concrete from trucks and concrete factories.

Advancements to reduce the use of virgin sand both in its own mortars and in the concrete produced by its customers are made possible thanks to Sika's century-long expertise in chemistry.

SIKA'S COMMITMENT TO SUSTAINABLE EPOXY RESINS: EMBRACING BIO-BASED SOLUTIONS

Sika's sustainability journey shows the way to a consistent combination of sustainability and innovation. A pivotal part of this journey is the transition to partially bio-based epoxy resins. Traditionally, the epoxy industry has relied on "fossil" epoxies, but Sika is making a conscious shift to bio-based alternatives.

The bio-based glycerin used for epichlorohydrin synthesis is a by-product of biodiesel production and primarily derives from waste oils, leftover cooking fats from large kitchens, rapeseed oil, and other vegetable oils. This shift not only reduces reliance on fossil resources but also paves the way for more sustainable manufacturing processes.

In 2023, Sika successfully produced flooring coatings with epoxy resins containing 28% of bio-based carbon. This commitment to sustainable epoxy resins not only signifies a substantial reduction in Sika's reliance on fossil resources but also underscores Sika's unwavering commitment to environmental responsibility.

SECURED ROOF WATERPROOFING OVER THE ENTIRE LIFE CYCLE

Sustainability and durability meet innovation with Sarnafil® AT FSH Self-healing technology, revolutionizing roofing membranes. Water-reactive polymers power this remarkable advancement, offering autonomous healing for roofs, safeguarding valuable assets. Sarnafil® AT FSH Self-healing membranes feature water-reactive polymers, triggered by water contact, sealing minor cracks and punctures. This hydrophilic technology efficiently prevents further moisture ingress, contributing to durable product performance, reliability, and extended building life. The new technology is ideal for environments where water damage is critical, such as data centers, museums, and pharmaceutical facilities. Even when water intrusion occurs, it self-seals, minimizing disruption and ensuring peace of mind for building owners.

Sika Sarnafil® AT Self-Healing is part of the Sarnafil® AT product line. Notably, Sarnafil® AT was the first thermoplastic roofing membrane in the market to be Cradle to Cradle Certified™, underscoring Sika's commitment to the circular economy. In the year under review, Sika successfully completed the Cradle to Cradle® re-certification for Sarnafil®-AT. Sika has held a valid certificate since 2020.

PRODUCT PORTFOLIO

GRI 3-3

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

At Sika, the strong commitment to developing sustainable solutions has a central focus, evident in both the Strategy 2023 and the Strategy 2028. It is also reflected on all levels, from company level down to product groups and individual products. For this reason, the communication message for Sustainable Solutions encompasses two distinct levels which belong to the same overall scope, underlining sustainability as a central topic at Sika:

- Company level: "Sika as enabler of sustainable construction and transportation". This message highlights Sika's brand positioning and its commitment to continuously measure, improve, and report sustainable value creation for its stakeholders.
- Product level: "More Performance – More Sustainable" and "More Sustainable". These messages apply for products which have an approved SPM Profile and are classified with a positive sustainability rating.

SUSTAINABILITY PORTFOLIO MANAGEMENT (SPM) METHODOLOGY

Managing innovation and sustainability together, minimizing the risks, maximizing the opportunities, and creating positive business impact: This is the purpose of Sika's Sustainability Portfolio Management (SPM) Methodology. The company's goal is to develop and market Sustainable Solutions combining performance and sustainability benefits.

Sika's SPM Methodology is based on the World Business Council for Sustainable Development (WBCSD) Chemical Industry Methodology for Portfolio Sustainability Assessments (PSA)[1]. Externally validated in 2021, it covers key aspects such as circularity, safety, climate, and more, merging sustainability and performance into one concept. Sika is one of the first companies within the specialty chemicals and building materials sector to develop and rollout a methodology based on the WBCSD PSA framework. In addition, SPM was selected in the 2023 Responsible Care Awards as a showcase in the European Chemical Industry Council (CEFIC) online gallery[2].

Following the 2022–2023 pilot, Sika launched an e-learning program and guidelines for company-wide SPM adoption. Applicable to all products, the methodology facilitates fact-based communication, allowing Sika to promote products under the "More Performance – More Sustainable" and "More Sustainable" brands. Integrated into the Product Creation Process (PCP), SPM evaluations occur early and before market release, providing a standardized approach for efficient product development and informed decision-making.

The initial SPM Evaluation in the PCP aims to identify potential risks and benefits, guiding product development toward improved sustainability and performance. As projects progress, data quality evolves from qualitative to quantitative, requiring robust evidence for comprehensive sustainability assessments. SPM Evaluations focus on the Product – Technology – Application Combination (PTAC) segmentation approach, ensuring a consistent approach within defined market segments. The SPM Methodology follows a four-step approach.

1 **Chemical Industry Methodology for Portfolio Sustainability Assessments (PSA) – World Business Council for Sustainable Development (WBCSD)**

2 **Sustainability Portfolio Management – cefic.org**

THE SPM FOUR-STEP APPROACH

1. SEGMENTATION
Products are evaluated and classified in specific segments. This segmentation determines the context of its unique technology and application combination.

2. SUSTAINABILITY
Evaluation of the product against the range of criteria covered under 12 different Sustainability Categories (SPM sustainability profile).

SUSTAINABILITY CATEGORIES

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

3. PERFORMANCE
Evaluation of the product against the range of criteria covered under 6 different Performance Categories (SPM performance profile).

4. CLASSIFICATION
The final step combines the results of steps 2 and 3 into the final product classification (SPM Profile).

PERFORMANCE CATEGORIES

Technical Performance	Durability	Application Performance
Esthetics / Optics	Cost Performance	Others

SPM evaluations are executed by interdisciplinary teams, including representatives from the key functions identified as rating responsible within each of the 12 SPM Sustainability Categories and 6 SPM Performance Categories.

The outcome of the SPM Evaluation is a portfolio view of the assessed product in the corresponding segment (PTAC). The aim of this portfolio is to develop a deeper understanding of the sustainability and performance characteristics of Sika's products and to transition to an offering solutions with a proven sustainability performance. This portfolio view enables the clustering of products into six clusters, with three positive, one neutral, and two negative clusters.

A Governance structure has been established to evaluate the next steps following the final product classification resulting from an SPM Evaluation. This process defines the key actions that need to be taken depending on SPM Profile as an outcome of a product SPM Evaluation.

Products with a positive sustainability rating (Clusters A, B, and C) can be promoted as Sustainable Solutions. Products classified in Cluster A can additionally be promoted as "More Performance – More Sustainable" with a dedicated branding. Sika's objective is to transition all products and developments towards Clusters A, B, and C and to minimize products classified in Clusters E and F.

The objective of applying Sika's SPM Methodology is to develop a portfolio of classified products within given PTACs. In the long term, applying this methodology will enable Sika to sistematically evaluate the Sustainability and Performance of its products and to strategically steer its product portfolio towards Sustainable Solutions due to its integration within Sika's innovation process.

For more information on the SPM Methodology, please see the ↗ **Sika Sustainability Portfolio Management Methodology Paper** available in the download center of the corporate website.

At the end of the reporting year, Sika had conducted 232 SPM evaluations, of which 85 were finalized, resulting in 3 products with a negative classification, 16 with a neutral classification, and the remaining 66 with a positive one (Clusters A, B, and C) – out of which 56 in Cluster A. 147 are still ongoing. For examples of products please check the ↗ **Sustainability Portfolio Management** on the corporate website.

SUSTAINABLE PRODUCTS ASSESSMENTS

LIFE CYCLE ASSESSMENT

In 2023, Sika developed and implemented a new capacity building strategy to support the organization's growing need for product sustainability assessments, with a core focus on Life Cycle Assessment (LCA) and the evaluation of product-related climate change impacts.

The strategy transforms Sika's approach to building global capacity with the integration of three new pillars: corporate competence center, regional specialist network, and global automation pathways.

The first two pillars were extensively developed during the reporting period. Within the corporate competence pillar, a comprehensive range of guidelines, tools, training, and collaboration spaces were created to support the new regional network of product sustainability specialists. The network was also staffed with 22 new specialists from across the organization, covering all regions. The new network will be equipped with the skills, tools, and training needed to undertake product sustainability assessments such as LCA, Product Carbon Footprint (PCF), and Environmental Product Declarations (EPDs). Members of the network in Sika's R&D departments strengthen the focus on developing Sustainable Solutions in line with Sika's Sustainability Strategy. The establishment of the new network will enable Sika to be more agile in responding to increasing customer requests for transparent, product-related environmental information.

The focus for the following years will be to fortify the first two pillars and additionally develop automation strategies to further amplify Sika's capacity in product sustainability.

ENVIRONMENTAL PRODUCT DECLARATION

In 2023, Sika concluded its first Environmental Product Declaration (EPD) automation project. The project aimed to support local Sika organizations in meeting growing customer demand for EPDs of concrete admixtures. This is in the context of the growing pressure exerted on concrete producers to reduce the environmental impacts per cubic meter of concrete, producing the need for more transparent product-related data, including data from admixture manufacturers.

Sika initiated the project in 2021 with the goal to partially automate the procedure for creating EPDs for a group of six concrete admixture families by means of a custom software application. A comprehensive parameterized model was built and configured, allowing users to work with a smooth data collection procedure to generate streamlined LCA results that can be integrated into an EPD report. Throughout the year, users spanning all Sika regions were trained to use the tool and create product-specific EPDs of local admixture formulations. With this new solution, Sika aims to massively increase its ability to generate product-specific EPDs for concrete admixtures.

Sika will investigate the applicability of the solution for other product technologies in the coming year.

PRODUCT SAFETY, QUALITY, AND RELIABILITY

GRI 3-3 | GRI 416-1 | GRI 416-2

POLICIES AND GUIDELINES

↗ **For more information, please visit the corporate webpage ESG Policies and Guidelines**

Sika has always placed a strong focus on product quality and reliability. The Sika triangle – a symbol more than 100 years old – is synonymous with performance, quality, reliability, and service. This is emphasized by the corporate claim: Building Trust. Product governance at Sika involves maintaining product quality and safety, responsibly communicating safe handling procedures for chemicals to customers, accurately labeling chemical products, and marketing products responsibly.

PRODUCT SAFETY AND PRODUCT LABELING

Sika's assessment and improvement of the health and safety impacts of its products is state-of-the-art. The company utilizes global Product Compliance software with one common database, product stewards for all finished goods categories, trainings for all local users, benchmarking, and quality control. Sika's management strives to avoid any negative impact on customer health and safety through its products. Precautionary measures are taken to mitigate risks related to product safety. Sika issues documentation about occupational safety, how to wear safety equipment, and the safe transportation and storage of goods. All product information, specifically Safety Data Sheets (SDSs) and Product Data Sheets (PDSs), are reviewed regularly. Information on the SDS of individual products can be found on the website of the local Sika companies.

COMMITMENT

Sika is committed to managing chemical product compliance in a careful and diligent way, as highlighted in its 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." When formulating products, the company only uses raw materials that comply with all relevant regulations, and that have been thoroughly assessed for their health and safety impacts.

GOALS AND TARGETS

Sika's goal is to test all raw materials used as product components, as well as all chemical products for their health and safety impact during transport, storage, production, distribution, and use. The company makes sure that all products comply with all chemical regulations and legal requirements along the entire value chain. From product development to the selection and purchase of raw materials, and then to their handling and manufacturing of products (workplace safety of employees), packaging of products (transport safety), shipping to customers (transport safety, dangerous goods regulations, customer safety), storage (customer safety), application (customer safety), use-phase (customer safety), and finally end of life (customer safety). 100% of Sika chemical products are assessed for their impact on health and safety. 100% of Sika products are safe and do not harm human health if handled according to the instructions in the SDS and PDS.

RESPONSIBILITIES

Sika products must be accompanied by an SDS in compliance with the country's legal requirements and in the required local language when distributed or sold. Packaging and labeling must meet local compliance standards, as well as the Sika branding and labeling rules. The company creates, maintains, and publishes SDS, using the global Product Compliance System. To safeguard legal compliance and customer safety, the requirement for all local Sika companies is that the SDS shall not be older than two years. This is monitored by Global Regulatory & Product Compliance and reported quarterly to all responsible Area Managers, General Managers, Regional Operations Managers, EHS Managers, and Product Stewards. In 2023, no instances of non-compliance with Safety Data Sheets were reported[1].

CORPORATE LEVEL

The Global Regulatory & Product Compliance (RPC) team, which reports to Head Global Quality & EHS, is responsible for providing a globally compliant database and classification system (SAP Product Compliance), to support regions in setting up and deploying RPC processes, and to exchange information on emerging regulatory developments. 310 representatives in regional and local organizations from 120 Sika companies use SAP-Product Compliance. Furthermore, the team is responsible for product health and safety-related data being available, correct, and continuously updated. It coordinates the classification of products according to regional and international regulations and the monitoring of new hazards of raw materials.

The Global Product Stewardship team, which is part of the Global Regulatory & Product Compliance team, is responsible for:

- Training and supporting all regional and local Product Stewardship functions and Regulatory Product Compliance teams. Training programs and workshops are specifically held for the local Product Stewards and Regulatory Affairs Managers in all regions and areas, at least every two years.
- Monitoring the raw material database and the chemical substance database that serve as the basis for product composition and the preparation of Safety Data Sheets (SDS) and labels.
- Acting as a support center for the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals.

1 Based on the data collected through the ESG Confirmation.

- Monitoring Sika Substance Risk Management Rules and the list of hazards and restrictions to be shared with the concerned Sika unit.
- Maintaining and updating rules for SDS creation, dangerous goods management, and label information.
- Providing global product stewardship solutions, including SAP Product Compliance with global content and algorithms, specific analysis and calculation tools, regular performance overview (KPIs), process descriptions and manuals, etc.

The Global Regulatory Affairs team, which reports to the Global Regulatory & Product Compliance (RPC) team, oversees the compliance of the Sika Group with regulations in chemicals legislation. More specifically, the team supports local line management, which has overall responsibility for ensuring that all products manufactured and/or brought to market comply with local regulatory requirements. In cooperation with corporate functions (R&D, Procurement, Marketing, Operations, Target Markets) and with Corporate and local Expert Teams, the Global Regulatory Affairs team defines and initiates tasks, programs, and compliance projects. It coordinates activities to comply with chemicals legislation and enables the production and marketing of products in the countries through notification and registration activities. It also provides support in the form of chemical and regulatory advice. Based on cost-benefit analysis, and in cooperation with the R&D functions and external consultants, the team prepares registration dossiers for the inclusion of substances and products in local registries.

The Substance Risk Management (SSRM) Committee[1] is comprised of members from Product Stewardship, Regulatory Affairs, Sustainability, and R&D. The Committee assesses substances with an elevated risk potential based on the GHS classification.

REGIONAL LEVEL

The regional Regulatory & Product Compliance team is responsible for rolling out RPC processes, querying local requirements, and supporting countries in setting and targeting RPC objectives, as well as organizing training and development programs. The regional Product Stewardship team is responsible for data maintenance and classification of regional/area raw materials and products, creation of SDS and label information, support for label creation in certain areas, and checking and notifying modifications of chemical substances.

LOCAL LEVEL

The responsibility for the products sold in the individual Sika countries lies with the local organizations, and ultimately with the General Manager. With support from the global and regional Product Stewardship teams, local line management has the overall responsibility for ensuring that all products placed on the market meet local legislation requirements, as well as assigning a Product Stewardship role to manage raw material and finished goods data, customer safety information, and labeling. In particular, the local Product Stewardship team ensures that all products follow the Sika Global Regulatory Product Compliance (RPC) rules and is responsible for:

- Approving local labels and local SDS, packaging, entry of local raw materials and finished goods data into the databases.
- Supporting local organizations in all product safety-related matters.
- Supporting customers regarding their demands on product safety.
- Implementing and enforcing the Sika Banned Substance Process by conducting regular screening of the existing product portfolio.
- Ensuring that Sika products (except non-chemical products) are accompanied by an SDS, meeting the legal requirements of the country and translated into the required language(s).
- Ensuring that packaging and labeling are controlled and managed for local compliance, and compliance with the Sika branding and labeling rules.

TRAINING

Regular internal training and education for local Product Stewards and Regulatory Affairs Managers is provided in all regions and areas at least every two years. Such trainings update local teams on regulations, on the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals, and on the impact of the Product Compliance Reporting tool. In 2023, the global Product Stewardship team organized 51 trainings, involving 696 Sika employees from various functions (Product Stewardships, Regulatory Affairs, EHS, Risk & Crisis Management, Marketing, and R&D) in all Sika regions: 10 trainings in EMEA; 11 in Asia/Pacific; 19 in Americas; and 11 in Global Business.

ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF SIKA PRODUCTS

Sika is committed to continuously improving the safety and environmental sustainability of its products and operations. This is achieved by working internally on procedures, informing and educating product users through safety data and worker protection requirements, reducing hazardous chemicals, solvents, volatiles, and reactive components wherever possible, and using devices for safe contact-free application. In 2023, all entities of the Sika Group were compliant with applicable regulations and did not report any significant incidents concerning the health and safety impact of products[2].

A central corporate REACH and Chemical Regulatory Department (the Regulatory & Product Compliance Team) coordinates all corporate activities, covering the requirements of the Globally Harmonized System (GHS), Classification, Labeling and Packaging (CLP), as well as other relevant chemical legislation to ensure the protection of human health and the environment from risks that can arise from chemicals.

As part of Sika's commitment to manage chemical product compliance, potential water pollutants such as synthetic organic compounds are identified and classified by suppliers or by Sika according to the CLP regulation. Sika strives to minimize adverse impacts of such potential pollutants during the product use-phase. Best practice instructions on product use are documented and issued in SDSs and PDSs.

1 In 2023, due to a new organizational set up, the Steering Team Banned Substances (please see the Sika Sustainability Report 2022, p.127) was renamed the Substance Risk Management (SSRM) Committee.

2 Based on the data collected through the ESG Confirmation.

Sika maintains a comprehensive Product Stewardship process and network, including a database for impact assessments, toxicological evaluations and product registration, classification, and labeling.

CHEMICAL SUBSTANCES RISK MANAGEMENT

Sika has a comprehensive risk management system structured at Group level which is effective for all its subsidiaries. Risks are identified at an early stage and integrated into strategic decision-making processes. As part of the Enterprise Risk Management (ERM), reviewed and approved by the Board of Directors (BoD) yearly, the risk "Changing Product Compliance requirements and regulations" was confirmed to be one of the top risks. The risk is defined as "Changing product compliance requirements for products, product solutions, production processes, and procurement, driven by changing customer requirements and regulations". In the due diligence process for acquisitions, the teams involved, such as EHS, Product Stewardship, and Legal, collect information including material management and environmental compliance. Potential acquisitions can be stopped if the analysis of a company's product portfolio does not meet the necessary requirements. For more information on the risk management approach, top risks, and related measures, please see the "Risk Management and TCFD Recommendations" chapter, on p.22 of the Annual Report 2023.

HAZARDOUS SUBSTANCES

A wide range of chemicals are used in the formulation of Sika's products. This includes hazardous chemicals[1] which are fundamental to achieve the technical requirements such as loadbearing strength and longevity of buildings and structures. The company aims to reduce these substances from products and production processes wherever possible.

In 2023, the company reviewed the Sika Banned Substance Process, with a view to accelerate progress in this important area and continue to review and assess the use of substances of concern. As a result, Sika introduced the "Sika Substance Risk Management (SSRM)" process. The latter, which applies at Group level, supports the organization in assessing and treating substances with an elevated risk potential based on the Globally Harmonized System (GHS) hazard classification. This internal process is complementary to local legal requirements, emphasizing Sika's uncompromising commitment to quality, safety, and environmental sustainability.

Moreover, the Sika Substance Risk Management (SSRM) Policy regulates the use of defined hazardous substances in Sika operations and in products. Depending on the category, Sika prohibits or restricts the use of these substances in products above a defined concentration limit. Use in production is subject to specific permits.

DEFINITION OF SUBSTANCES OF CONCERN

Substances falling under the "SSRM" definition must be checked for replacement by alternative substances in all processes defined in the Sika Product Creation Process (PCP) and processes of Regulatory & Product Compliance. Based on the classification of the Globally Harmonized System (GHS), "Substances of Concern" are divided in two main categories:

- Category 1: substances which shall not be used in any products sold (both manufactured and trading products), materials handled in manufacturing plants, or in the supply chain. Only substances used for R&D purposes are exempt.
- Category 2: substances which may be used in controlled manufacturing processes if the defined concentration limits are not exceeded in the final product.

REGULATORY LANDSCAPE

Sika continuously follows regulatory, scientific, and toxicological developments on chemical substances. This also provides the company with early knowledge of future regulatory changes and requirements. These are discussed in Sika's expert teams with Research & Development, Marketing, Operations, Procurement, and Product Stewardship, and appropriate steps for substitution are coordinated with all process participants. Sika is also taking part in several meetings and public consultations through associations (FEICA, CEFIC) to monitor the developments of upcoming regulations within the European Union Chemical Strategy for Sustainability (EU CSS) on topics like restrictions roadmap, review of REACH regulation, Classification, Labeling, Packaging (CLP) reform, grouping approach, etc. The same procedure is followed by the local organization in all Sika regions.

1 Classified as "hazardous" by a regulatory authority.

STRATEGY 2028

Within the framework of Strategy 2028, starting from 2024 on, Sika has clearly stated the ambition to reduce usage of hazardous materials and define a reduction plan for selected substances of concern. Moreover, it has defined the target "All new product developments to be SPM validated with a positive validation" which is dedicated to the transformation of the product portfolio through the Sustainability Portfolio Management (SPM) framework. For more information, please see the "Products and Customers" chapter, "Product Portfolio" section on p.116 of the Sustainability Report 2023.

SUSTAINABILITY PORTFOLIO MANAGEMENT (SPM)

The SPM framework defines how Sika structures the innovation of products that combine both performance and sustainability benefits. The sustainability evaluation is a comprehensive evaluation of the product profile along 12 Sustainability Categories, following a 360° perspective. Among key focus areas are Chemical Hazard and Exposure (Sustainability Category 3), Regulatory Trends and Forthcoming Regulation (Sustainability Category 4), and Health and Safety (Sustainability Category 6) which require Sika to look beyond current regulation and compliance and innovate products with improved chemical profiles. A dedicated procedure has been developed for all categories to support SPM project teams in undertaking risk assessments in line with the requirements of the criteria included within the categories. For instance:

- In the Sustainability Category 3 "Chemical Hazard and Exposure", products are evaluated on human and environmental exposures, assessing any potential risks.
- In the Sustainability Category 4 "Regulatory Trends and Forthcoming Regulation", substances used in products are evaluated based on current and upcoming regulations as well as globally relevant conventions (e.g., Montreal Protocol, Stockholm Convention, Rotterdam Convention, IARC list, California Prop. 65, REACH Annex XIV and XVII, REACH Candidate List of Substances of Very High Concern).
- In the Sustainability Category 6 "Health and Safety", products are evaluated on their human toxicity profile, whether they reduce exposure to harmful or toxic substances during the production process and during application.

For more information on the SPM Methodology, please see the ↗ **Sika Sustainability Portfolio Management Methodology Paper** available in the download center of the corporate website.

REDUCTION PLAN

The Sika Substance Risk Management (SSRM) Steering Committee continuously reviews the substances of highest concern. As at end 2023, Sika did not generate any revenue with products listed under the EU Persistent Organic Pollutants (POPs) Regulation. Moreover, the company has less than 5%[1] global turnover with substances listed in the EU Candidate List of Substances of Very High Concern (SVHC) above 0.1% by weight. Currently, 28[2] substances have been identified as Category 1. Some of these are included in the list of SVHC. Alternative solutions to Category 1 substances are being evaluated. In 2023, the involved products generated less than 0.5% of total sales. Within the Strategy 2028 a further reduction of these substances is targeted.

In the past, for instance, following this approach, Sika initiated measures as early as 2009 to substitute:

- Bisphenol A (BPA), a chemical compound primarily used in the manufacturing of various plastics, used by Sika as an ingredient in the products of the Target Market Flooring. In 2016, BPA was added to the REACH Annex XVII restricted substances list and has been identified as "substance of very high concern" (SVHC). In 2019, it was proposed for addition to the authorization list by the European Chemical Agency (ECHA). The decision of the European Commission to do so is still pending but can come into force with any of the next additions. From then on, a three-years transition period until the sunset date will apply, and the legal use of BPA will be banned in the EU.
- Nonylphenol (NP) was substituted as an ingredient in Sikadur®, an adhesive from the Target Market Sealing and Bonding. In 2016, the EU published the Regulation 2016/26 to regulate nonylphenol and its ethoxylates (NPEOs) as a new entry 46a to REACH Annex XVII. Since January 2017, NPEO has featured in the authorization list by ECHA. The production and use of nonylphenol ethoxylates has been prohibited in the EU since March 1, 2023 (sunset date).

PER- AND POLYFLUOROALKYL SUBSTANCES (PFAS) OR "FOREVER CHEMICALS" INVESTIGATION

Sika is not a PFAS producer and the amount of PFAS used in product formulations is very small. As a result of an evaluation kicked off in 2023, only a few Sika products contain input materials that fall under this definition, accounting for well below 0.4% of Group sales. Within this project Sika is contacting its suppliers and conducts investigations on how a reduction of these substances can be reached in the most efficient way. The main challenges are:

- PFAS definition varies across countries/regions.
- Due to legal requirements being in the development stage, Sika has to rely on information provided by suppliers since not all information needed is currently available on raw materials' Safety Data Sheets (SDSs). Similarly as for other sustainability-related topics (e.g., emissions accounting), suppliers' knowledge may not be equally distributed. Therefore, continuous engagement activities are pivotal to progress.

MBCC's product portfolio could not be included in the scope of the evaluation since the company was officially acquired on May 2, 2023. Evaluation of MBCC's portfolio will continue in 2024.

1 Based on 2023 revenues. The assessment does not include the MBCC product portfolio. The latter will be assessed in the coming months.

2 In 2023, Sika changed its banned substance process to the new Sika Substance Risk Management (SSRM) process, leading to a change in assessing and treating substances with an elevated risk potential based on the GHS classification.

RESPONSIBLE MARKETING

GRI 3-3 | GRI 417-2 | GRI 417-3

POLICIES AND GUIDELINES

↗ **For more information, please visit the corporate webpage ESG Policies and Guidelines**

The main goal of the Marketing function at Sika is to support business growth, generate and nurture customer leads, and create a globally recognized brand. Packaging is essential for such purposes as it is used to identify Sika products. It enhances the appearance of the label for product promotion and provides information about the correct and safe use of the product.

COMMITMENT

Provide accurate information about all Sika products in compliance with local laws and regulations and enhance the appearance of the label for product promotion.

GOALS AND TARGETS

The marketing and labeling activities at Sika provide Sika customers and stakeholders with compliant, accurate, and valuable information regarding classification, labeling, and packaging (CLP) rules and the application of its products. Labels should include legal and regulatory requirements, as well as customers' requirements, depending on the customer type (either distribution or direct sales).

RESPONSIBILITIES

To achieve this commitment, four Sika teams are involved at Corporate and local levels:

- The Corporate Technical team is responsible for Product Data Sheets and product certifications such as Declaration of Performance or Declaration of Conformity. By fulfilling these activities, the technical team complies with regional and local product regulations, for example the EU Construction Products Regulation, EU Marine Equipment Directive, and similar legislation.
- The local Product Stewardship team is responsible for provision of and compliance with CLP-required hazard symbols, statements, information, and data for labels and packaging. By fulfilling these activities, the Product Stewardship team complies with policies and regulations such as the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals, CLP, and REACH.
- The Product Management team, both Corporate and local, is responsible for defining instructional and descriptive texts (as per Product Data Sheet); main illustration (if applicable) and icons, and country combinations.
- The Corporate Marketing Services team is responsible for creating the packaging artwork by compiling the information from the Technical, Product Stewardship, and and Product Management team, Operations, and suppliers. Product Stewardship information is retrieved from the local and global Product Stewards. Product classification and labeling information is determined via the globally deployed SAP Product Compliance System. Corporate Technical & Product Management information is provided directly via the Product Management team.

REQUIREMENTS FOR PRODUCT, SERVICE, INFORMATION, AND LABELING

Sika complies with all laws and regulations concerning product and service information and labeling. All entities of the Sika Group must be compliant with local laws and regulations. No significant violation of regulations concerning this topic was reported in 2023[1].

At Corporate level, the labeling process is divided into a strategical and operational part, respectively managed by the Marketing Services department and the Regulatory & Product Compliance team. The strategical part encompasses the creation of key visuals, pictograms/icons, and templates based on packaging/label type in accordance with Sika Corporate Identity (CI) and Corporate Design (CD) guidelines and providing them to the Regulatory & Product Compliance team. The operational part encompasses the creation of the actual packaging/label artworks using templates and elements and – additionally – adding the following information:

- Product marketing information such as product description, application instructions, etc., are provided by the Corporate Product Manager/Engineer.
- Health and safety information such as hazard/precaution phrases, hazard icons etc., are provided by the Global Product Stewardship team.
- Product characteristics and approvals (CE mark, EC1PLUS etc.) are provided by the Corporate Technical department & Product Manager/Engineer.
- Operational requirements (SAP item numbers, barcodes, no-print zones) are provided by the Corporate Master Data department (SAP item numbers, barcodes, etc.) and by the Packaging & Labeling department (no-print zones etc.).

1 Based on the data collected through the ESG Confirmation.

Local entities are involved in the approval workflow described above by including at least one employee representing each local Sika entity in the various steps. These employees must check if the submitted artwork is compliant with local regulations and laws. Artworks are only released for use if every single user in the workflow has given approval.

Each packaging/label artwork is created using the Sika Artwork Management platform (SAM) by assigning the appropriate workflow and approvers to make sure that each section of the artwork is checked (if necessary, properly translated) by the stakeholders (if necessary, checked by their local counterparts). Any change requests are to be reviewed and implemented properly until all parties have approved the artwork. After that, it is stored and released for public use and the corresponding packaging/label supplier is automatically notified.

This ensures that, on one hand, only artworks that have been fully vetted and approved are published. On the other hand, that suppliers are made aware in case new/updated artworks are available.

Should there be any change requiring an artwork to be updated (e.g., updated CE marking, health and safety information, etc.), a request is sent to the Regulatory & Product Compliance team and the process described above is being triggered once again.

REQUIREMENTS REGARDING MARKETING COMMUNICATIONS

Sika complies with all laws and regulations concerning marketing communications, including advertising, promotion, and sponsorship. All entities of the Sika Group must be compliant with applicable laws and regulations. No significant violation of regulations concerning marketing communications was reported in 2023[1].

EMEA MARKETING ACADEMY

The EMEA Marketing Academy has operated since 2020. It is a valuable internal resource for employees, offering trainings on various marketing and digital marketing topics (theory, external trends,tips and tricks, and best demonstrated practices). The Academy is primarily focused on supporting EMEA countries but is open to all of Sika globally. Since it started in 2020, the Academy has logged 3,684 individual hours of training with more than 240 participants. In 2023, it focused on the topic of "ethical marketing". Sika aims to transparently communicate, delivering meaningful content and refraining from invasive tactics such as pop-up banners in third party channels.

1 Based on the data collected through the ESG Confirmation.

CUSTOMER RELATIONSHIP MANAGEMENT

GRI 3-3

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Long-lasting success is achieved when an organization attracts and retains the confidence of customers and society at large. Understanding the current and future needs of customers allows Sika to achieve sustainable success over time, and this is why "Customer First" is one of Sika's five core values.

COMMITMENT

Sika's commitment to its customers is strongly embedded in the company's values and principles. "Customer First" reflects Sika's dedication to maintaining the highest quality standards for its products and services. All Sika solutions are customer-centric to ensure the long-lasting success of customers and mutually beneficial relationships.

GOALS AND TARGETS

Positive customer relationships and satisfaction are particularly important to Sika, and the company aspires to achieve a 100% customer satisfaction rate.

RESPONSIBILITIES

Local line management is responsible for maintaining customer relationships and providing customers with products and services that address their needs. Local line management is also responsible for collecting customer feedback, managing enquiries, and ensuring best-in-class customer service.

CUSTOMER EXPERIENCE

Sika has invested significantly in the last two years to enable local subsidiaries with a comprehensive set of technological solutions to enhance interactions with customers. These technological solutions aim at providing customers with the ability to engage with the organization in a meaningful and effortless fashion, from finding the right content or technical documentation to effectively purchasing products. This portfolio of solutions encompasses circa 40 digital tools which are optimized from an architectural standpoint to leverage information from single sources of truth and to integrate data in seamless journeys.

In 2023, Sika performed a global assessment to identify:

- Where each local subsidiary stands in regard to the portfolio's implementation.
- How advanced each local subsidiary is in making proper use of the portfolio to enhance customer experience.

Local companies were evaluated based on the implementation status of the minimum set of tools for different activities the customer is performing online. Sika's ambition is to reassess the status by end-2025 and have 100% of local subsidiaries operating in green, i.e., within the expectations.

In addition, in 2023 Sika implemented a comprehensive dashboard to monitor progress in five dimensions of customer experience; namely how they search for information, how they network with Sika, how they learn and develop, how they use services, and how they buy. Via this dashboard the organization can gauge the effectiveness of the solutions and take measures accordingly. This dashboard has been made available to all General Managers. As a continuation of this reporting, Sika is automating the process via the project Customer Centric Analytics, a cross-functional and cross-geographies project housed under Customer Centricity, which will allow for more advanced understanding of customer interactions with the organization. The first results will be harvested in early 2024.

Despite its decentralized nature, in 2023 Sika initiated a series of global studies with customers, which aim at improving customer understanding, hence providing improved experience. One of these studies focused on the importance of sustainability in the customers' buying decision. It was performed in six different representative countries (Unites States, Brazil, France, Sweden, Italy, and Vietnam) and reached approximately 1,000 customers from different trades. The results are now being processed to develop a customer-centric approach to support customers in various challenges regarding sustainability targets. Another study focused on gauging customers' experience. It was performed with one pilot country, Spain, and will be rolled out to other geographies within 2024.

CUSTOMER FEEDBACK

Sika countries rely on a single platform to collect customer feedback. This allows the company to create visually engaging, branded, mobile-ready customer surveys and associate the survey responses with data. The platform offers a range of templates for featured surveys, customer success, customer service, employee engagement, marketing feedback, product feedback, and sales feedback. Sika began rolling out the platform in 2022, with the goal to create local and regional dashboards across all Sika countries to monitor and compare performance, and make sure the corporate team provides support whenever necessary. As of end of the reporting year, the implementation status in the regions is the following:

- EMEA gained valuable insights on how teams continuously improve training events, market research, and when customers have made inquiries through the website. There are pilot countries using the tool to automate surveys to anyone who has made an enquiry through the website to measure service/response levels.
- Canada collected feedback from 595 customers who scored Sika services as "excellent". Implementation of the platform in North American countries is still ongoing and results will be shared in the next years.
- Latin America has integrated the platform with WhatsApp to deliver NPS results. In 2023, Sika received almost 8,000 customers' requests with a 90% response rate. Customers scored Sika services as "excellent".
- Asia/Pacific has plans to onboard the countries in 2024 for their annual customer satisfaction surveys.

Global Business is not included in the scope since it applies its own customer management approach. See information provided below.

CUSTOMER SATISFACTION METRICS

The Group supports an omnichannel approach for the collection of customer feedback and aims to create a consistent experience throughout the touchpoints to ensure a high satisfaction rate. Sika countries use a variety of metrics to measure customer satisfaction, set quantitative targets, and continuously improve performance. For instance:

- Customer loyalty tells how loyal a customer is to the brand and how likely he/she is to promote it. A Net Promoter Score (NPS) survey commonly measures loyalty with the question "How likely would you be to recommend Sika to a friend or colleague from 1 to 10?"
- Customer satisfaction (CSAT) feedback examines how satisfied customers are with Sika products, services, and other interactions. Satisfaction is measured with both functional and emotional metrics, including questions like "How did you use…?" and "How did you feel about…?"
- Direct feedback and customer interviews allow customers to share how they felt about their experience throughout the sales process. This feedback is collected through direct, post-purchase phone, or e-mail surveys, and follow-up with prospects who did not close.
- Customer service or support feedback is like sales feedback, but it instead examines a customer's experience with a service or dedicated support. This type of feedback is collected through phone or e-mail surveys after customer support tickets are raised.

CUSTOMER SATISFACTION IN SIKA REGIONS

Thanks to the company's decentralized business model, Sika's local entities are the ones responsible for measuring and monitoring satisfaction rates through surveys, interviews, B2B key account management, trainings, and workshops, either by relying on their in-house teams or on external research institutes. As a step towards this goal, in 2023 Sika created a global role dedicated to customer insights. One of the responsibilities of this newly created position is to establish standards on how the local organization collects, analyzes, and addresses customers' feedback. This position will also support the interpretation and implementation of results.

GLOBAL BUSINESS

Sika Global Business applies a pure B2B approach where multiple roles and functions among the organization actively engage with both Original Equipment Manufacturer (OEM) and Original Equipment Supplier (OES) customers. All managers ensure projects are executed according to plan, proposing new products and solutions based on customer requirements. When necessary, based on customers' requests, development projects for products are started and run by the R&D organization. Concurrently, the Technical Service team supports the organization of testing, training, regular meetings, and workshops at the customer site to demonstrate how to apply Sika products and solutions. A dedicated Customer Service team is responsible for customer inquiries in the logistic and supply chain of projects already in the execution phase and supporting ongoing business. The team is responsible for several activities such as coordinating deliveries and managing packaging and documentation in the customer's B2B platforms. The goal of this team is to ensure flawless customer relations with targets for the quality of the products or services and the stringent timing of deliveries. As a supplier, Sika receives monthly performance reports from its customers. This allows the company to monitor progress against targets and to measure results. If targets are not met, the responsible team, including assigned customer quality managers, develops an action plan for response and improvement. To manage the customer relationship, most customers have a dedicated Key Account Manager (KAM), who is their designated contact for any inquiry. The KAM often visits customer sites and organizes meetings at Sika's premises to nurture an open dialogue, present innovative products, and find solutions to customers' projects.

TRAINING FOR CUSTOMERS

Sika is not only selling products, but also integrated solutions, providing training to customers on how to best apply Sika products and how to choose the best solution based on their needs. Customer training can be assigned to three main categories: to transfer generic knowledge; to explain a specific product or its application; and to introduce the application of new technical developments at congresses. These trainings are usually carried out in collaboration with regional and local Sika entities, enabling customization based on local markets and customers' needs. Training can be held at the customer site, within a Sika facility, or online. In every training, Sika aims to fully engage customers and ensure the collection of valuable feedback. At the end of each training course, customers are usually asked to answer a questionnaire, which exposes their impressions regarding quality of training content, quality of training tools, and the frequency and content of future training.

PROCUREMENT
SUMMARY & HIGHLIGHTS

AMBITION

Sika aspires to build relationships with suppliers to add value in terms of quality, cost, innovation, and sustainability. The goal is to reduce risk, establish high sustainability standards and support the network to improve its ESG performance.

APPROACH

Sustainability in procurement and the supply chain is essential to protect ecosystems, conserve natural resources, and promote economic viability by adopting innovative practices. At Sika, procurement is aligned to the Corporate Strategy. The company participates in improving the sustainability performance of the supply chain upstream.

HIGHLIGHTS

Due Diligence Process

In 2023, Sika formalized its Supply Chain Due Diligence approach encompassing risk identification, risk evaluation, and supply chain development and improvement.

Sika Sustainable Packaging Challenges

In 2023, three Sika Sustainable Packaging Challenges were successfully carried out in Latin America, North America, and Europe, all with the common goal of engaging with packaging suppliers to seek sustainability performance enhancement in Sika's approach to packaging.

KEY FIGURES

DIRECT MATERIAL EXPENDITURES (IN CHF BN)

5.2

–1.8% **Change vs 2022**

SUPPLIERS WHO SIGNED THE SCoC[1]

55%

TfS ASSESSMENTS

821

+7% **Change vs 2022**

AUDITS

255

+7% **Change vs 2022**

1 55% of the Sika Group's direct spending was covered by suppliers who signed the revised Sika Supplier Code of Conduct. All information disclosed in this chapter refers to tier 1 suppliers.

MATERIAL TOPICS

Responsible Procurement

Human Rights

Labor Standards

Risk and Crisis Management

SDGs

RESPONSIBLE PROCUREMENT[1]

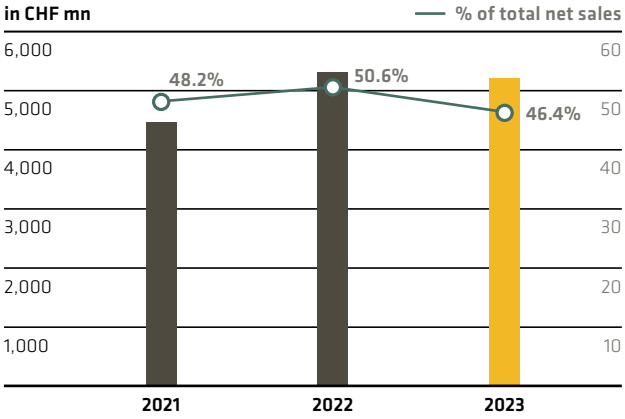
GRI 3-3	GRI 308-1	GRI 407-1
GRI 408-1	GRI 409-1	GRI 414-1

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Sika's supplier portfolio is remarkably diverse and varies depending on the multiple business segments Sika is active in. Sika companies source direct materials, packaging, and trading goods both locally and internationally. To complement Sika's global supplier network, Sika strives to collaborate with local suppliers wherever possible to reduce lead time, risk, and transport, and to increase availability and control quality. Due to Sika's diverse purchasing portfolio, with around 65,000 materials from more than 18,000 suppliers, there are no primary brands. In 2023, the amount of direct material expenditures was CHF 5.2 billion, which corresponded to 46.4% of Group total net sales. Material expenses decreased as a percentage of net sales by –4.2 percentage points.

DIRECT MATERIAL EXPENDITURES



Sourced raw materials include bulk chemicals and minerals, among others. Main materials based on quantity from the different material categories include grey cement, supplementary cementitious materials (SCMs), sand, carbonates, polyols, epoxy resins, lignosulphonates, polyvinyl chloride (PVC), and bitumen.

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 more than 18,000 direct material suppliers, for both local and global sourcing. Sika's supply chain includes goods purchased locally and across regions, in alignment with Sika's global reach and presence.

Sika employs a material risk management approach which is described in the "Risk Management and TCFD Recommendations" chapter on p.22 of the Annual Report 2023.

COMMITMENT

Procurement enforces Sika's sustainability strategy and commitment in activities upstream of the supply chain. The function ensures the supplier base is compliant with current and upcoming supply chain due diligence requirements, and social and environmental standards.

GOAL AND TARGETS

Sika's values are centered around respecting universal human and workers' rights, acting in accordance with fundamental environmental, health, and safety standards, and investing efforts in sustainable development and corporate responsibility. The entire supplier network is expected to embrace the same set of values and enforce them in their own supply chain. The same standards and expectations will apply to any acquisitions that Sika integrates. Sika's goal is that 100% of all new suppliers must sign the Sika Supplier Code of Conduct (SCoC).

SIKA GLOBAL PROCUREMENT ORGANIZATION

Sika's procurement organization is aligned with the business to allow close collaboration with internal and external key stakeholders. This translates into a matrix organization with material categories and geographical responsibilities.

- Material category roles: All materials for Sika's core technologies are structured around material categories. A Global Category Manager globally coordinates each material category. Depending on the size and complexity of spending in the respective categories, Global Material Group Managers might further manage material groups. Global Category Managers and Material Group Managers will be supported in the regions by Regional Category Managers to ensure better target achievement and coordination.
- Geographic roles: All procurement activities within each region in Sika are coordinated by a Regional Procurement Head. Regional responsibilities can be delegated to areas which are coordinated by an Area Procurement Head. Likewise, all country level procurement activities are coordinated by a Country Procurement Head.

In addition, Procurement dedicates a category and specialized roles to supply chain due diligence and decarbonization.

1 All information disclosed in this chapter refers to tier 1 suppliers.

RESPONSIBLE MATERIAL MANAGEMENT

Purchased raw materials are the Group's biggest cost factor. Approximately two-thirds (in terms of spend) 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. Consequently, purchase prices vary according to the supply and demand of each raw material and oil price fluctuations. To reduce its dependency on crude oil, Sika is continuously exploring alternative renewable raw materials, such as sugar derivatives, bioethanol derivatives, and natural oils. Moreover, recycled raw materials are used wherever possible, and 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. For more information, please see the "Planet" chapter, "Circular Economy" section on p.99 of the Sustainability Report 2023.

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 to all the materials used, compliance with the relevant statutory registration requirements (e.g., Registration, Evaluation, Authorization and Restriction of Chemicals [REACH] or Toxic Substances Control Act [TSCA]) is monitored and ensured by a network of global and local Sika specialists, as well as external consultants. For more information, please see the "Products and Customers" chapter, "Product Safety, Quality, and Reliability" section on p.119 of the Sustainability Report 2023.

Sika's procurement specialists and technical experts collaborate closely with suppliers' technical units to fully understand the raw material flows, and continually optimize costs, quality, availability, and sustainability.

MATERIAL RISK MANAGEMENT

All purchased materials are evaluated through Sika's Material Risk Management Process to ensure uninterrupted material availability. Based on the findings, Sika can identify potential risks and determine relevant measures, such as maintaining safety stocks, and/or securing long-term supply contracts. The company uses this risk management process stringently to ensure any potential impact on the organization and its customers is mitigated. Local procurement is responsible for ensuring their respective materials are rated, evaluated, and mitigated when considered high risk. The results of Sika's risk management process are often supplemented by an evaluation of a suppliers' ESG standards and internal processes, in line with Sika's Supplier Relationship Management (SRM) process.

CONFLICT MINERALS

Sika is active in 103 countries and collaborates with more than 18,000 material suppliers. In 2023, Sika carried out a global review of various regulations and their corresponding thresholds relating to due diligence of conflict minerals or metals (tin, tungsten, tantalum, gold). Sika's Global Procurement department conducted the necessary due diligence assessment to identify whether direct materials purchased by the company fall under the applicable regulations. Considering the defined rules and thresholds, no materials which fall under these requirements were identified.

Sika will continue to monitor its procured materials against the regulatory thresholds related to conflict minerals and metals on a yearly basis at global procurement level. In addition, Sika takes responsibility for answering inquiries about the use of materials and products containing potential conflict minerals.

EXTRACTION OF RAW MATERIALS AND RELATED PAYMENTS TO GOVERNMENTS

For more information, please see the ↗ **Report on Payments to Governments 2023** available on the corporate website.

SUPPLIER RELATIONSHIP MANAGEMENT

Sika's Supplier Relationship Management (SRM) process embodies the end-to-end life cycle of Sika's vendors. This process, which is also highlighted in Sika's internal Sustainable Procurement Guidelines and Policies, enables Sika to manage its suppliers in a transparent and collaborative way. ESG criteria play an integral role throughout Sika's SRM approach.

SUPPLY CHAIN DUE DILIGENCE

Sika expects that the highest ethical standards will be applied by its suppliers. As of 2023, in line with the OECD guidelines[1], the company has been further establishing its Supply Chain Due Diligence and Risk Management Approach, integrating it in its Supplier Relationship Management (SRM) Process. The Supply Chain Due Diligence and Risk Management Approach is made of five steps: pre-evaluation and ESG risk assessment, qualification, evaluation, development, and termination where necessary.

1. PRE-EVALUATION AND ESG RISK ASSESSMENT

As of 2023, Sika started to pre-evaluate and select suppliers according to a defined set of environmental and social criteria. Procurement is responsible for performing a comprehensive risk analysis of all prospective and existing suppliers, based on country and industry-related ESG risks. To perform this pre-evaluation, the company uses the EcoVadis IQ tool. Depending on identified risks and thresholds, specific suppliers will additionally be asked to complete a Sika Supplier Self-Assessment evaluating a supplier's management and reporting system, ESG criteria, and quality assurance of the materials provided.

1 ↗ **OECD Due Diligence Guidance for Responsible Business Conduct**

ECOVADIS IQ

EcoVadis IQ is a platform to comprehensively evaluate Sika's tier 1 supplier base for potential ethical, social, and environmental risks. The development of the tool started in February 2023 and is being rolled out globally. It supports the identification and assessment of ESG risks at supplier level while providing transparency also on country and industry-related risks. The tool builds on a vast array of information sources and metrics to provide a holistic view of sustainability context at specific supplier level, the so-called Supplier Risk Profiling. It relies on global human rights indexes and intensity factors related to issues like child labor, climate, and health and safety. The underlying methodology of risk mapping is aligned with EcoVadis ratings criteria, which prominently feature labor and human rights as a central pillar. This platform can be instrumental in enhancing Sika's responsible and sustainable procurement practices while mitigating risks.

2. QUALIFICATION

Following the pre-evaluation, the supplier qualification process is initiated with all selected business partners. Suppliers need to meet the minimum requirements designed to ensure compliance with international human rights and labor standards as well as prescribed quality, environmental, and health and safety criteria.

The Sika Supplier Code of Conduct is an integral element when qualifying Sika's tier 1 suppliers, and sets out the company's expectations for its supplier network, reflecting the ten principles of the United Nations Global Compact initiative, the United Nations' Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the global chemical industry's Responsible Care® program, and the Conflict Minerals Regulations. It is the expectation of Sika that the supplier network embraces the same set of values and commits to Sika's zero tolerance policy regarding the respect of basic human rights including child labor, forced labor, modern slavery, and the right to freedom of association and collective bargaining. Sika thereby ensures that suppliers are informed of Sika's ethical, environmental, and social expectations and guidelines and that they conduct their processes and enforce the same standards and commitments to their respective supply chains. As a minimum obligation, Sika requires that all suppliers sign and agree to meet the standards set out in the revised Sika Supplier Code of Conduct. As of end of 2023, 55% of the Sika Group's direct spending was covered by suppliers who signed the revised Sika Supplier Code of Conduct (2022: 33%). The goal is to reach 100% coverage of new suppliers, in the coming years. After a successful qualification, suppliers are then onboarded and integrated into Sika's systems and processes.

3. EVALUATION

Embedded in the SRM approach, the supplier evaluation process helps Sika to obtain ESG-related information improving transparency and risk management at supplier level. Based on such evaluations, Sika can define action plans and engage with suppliers on the development of tailored improvement roadmaps. Vendors identified as potential high risk during pre-evaluation are prioritized and requested to conduct an EcoVadis assessment and/or audits which are tailored based on the size of the supplier and its location, under the Together for Sustainability (TfS) framework.

Over 1,000 Sika suppliers have been assessed and/or audited under the TfS framework. In 2023, 821 TfS supplier assessments[1] with EcoVadis and 255 TfS and Sika supplier audits were conducted. Through this approach, Sika increases its ability to ensure compliance of its suppliers with accepted Corporate Social Responsibility (CSR) and ESG norms, including fundamental human and labor rights. In 2023, over 650 suppliers of Sika were re-/assessed under the TfS framework. Sika surpassed its self-defined and TfS-approved annual target of TfS assessments in 2023. For more information on Sika's risk management approach to child labor, please see the "People" chapter, "Human Rights" section on p.62 of the Sustainability Report 2023.

4. DEVELOPMENT

Sika has implemented a remediation and development process for all vendors that do not meet the company's expectations and standards in their respective evaluations. These vendors are then prioritized for Corrective Action Plan (CAP) and/or re-assessment/re-audit. Sika provides learning resources, such as the TfS Academy, and other internal guidelines to support suppliers during corrective actions. Based on the evaluations Sika carried out in 2022, a corrective action was initiated in 2023 with those suppliers where a need was identified. For more information, please see the box "Due diligence case study" on p.132 and "Trainings for Suppliers" on p.133.

5. TERMINATION

Violations identified during the due diligence process are escalated to the Head Global Procurement applying a case-by-case approach and, where necessary, suppliers are phased out. In 2023, no significant or actual risks that led to the phasing out of suppliers were identified.

SUPPLY CHAIN DUE DILIGENCE KEY FIGURES (TIER 1 SUPPLIERS)

in numbers	2022	2023
Suppliers assessed during the year[1]	770	821
Total suppliers with valid assessment[2]	1,019	1,172

1 This indicator refers to both new assessments and re-assessments.

2 Under the TfS framework EcoVadis assessments have a validity period of three years. Therefore, the current indicator shows the sum of the assessments conducted in the last three years.

1 Can refer to assessments or re-assessments.

Following the acquisitions that took place in 2023 and in line with the ongoing integration process, Sika will focus on harmonizing Supplier Relationship Management processes for concerned entities in 2024.

DUE DILIGENCE CASE STUDY

In 2023, and in accordance with Sika's sustainability risk assessment for suppliers, a Sika procurement team identified a supplier in Pakistan operating within an industry susceptible to human rights violations. To mitigate and prevent any potential risk of harm to individuals or incompliance with applicable regulations and standards, the responsible Sika procurement team initiated an engagement with the identified vendor on this specific topic. The supplier conducted an ESG assessment, and the scorecard revealed key areas of improvement regarding up-to-standard policies and reporting. During continued engagement through 2023, all participants in the process agreed on actions and connected timelines to improve the practice. Sika facilitated awareness training sessions and conducted constructive meetings to support their progress. Furthermore, the supplier was given access to training materials on human rights, environmental protection, and governance. This initiative-taking approach will foster a more ethical and environmentally conscious business environment.

TOGETHER FOR SUSTAINABILITY

Since February 2020, Sika has been an active member of Together for Sustainability (TfS), a member-driven initiative working to deliver the de facto global standard for environmental, social, and governance performance of the chemical supply chains. The program is based on the UN Global Compact and Responsible Care® principles. It is a global organization with regional members' representation in Asia, North America, and Latin America. As of December 2023, 50 member companies were part of the initiative.

TfS provides member companies with the framework to conduct ESG assessments and audits, by partnering with approved third party providers specialized in evaluating sustainability performance. TfS assessments are conducted by its key partner EcoVadis, whose methodology is built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000. Their evaluations consider performance across twenty-one indicators in the themes of Environmental, Ethics, Labor & Human Rights, and Sustainable Procurement.

TfS audits are on-site ESG evaluations conducted by approved and certified third party providers, in which the sustainability performance of a supplier is verified against a defined set of audit criteria on Management, Environment, Health & Safety, Labor & Human Rights, and Governance.

TfS operates along the principle "An assessment or audit for one-member company is an assessment or audit for all". The sharing of supplier evaluations among all members lessens the administrative burden and leverages synergies among the member companies. This operating model of TfS promotes and provides transparency on sustainability activities and contributions within the supply chain, allowing Sika to initiate and achieve measurable improvements.

In addition to audits and assessments performed under the TfS framework, Sika utilizes its own Sika Supplier audit approach. Trained and experienced auditors incorporate ESG risk-related topics in their Supplier audit process to ensure transparency on sustainability practice in Sika's own supply chain. All evaluations provide the nominated suppliers and TfS with a comprehensive scorecard and/or findings report, and any measures or findings identified are reviewed via re-assessments or audits during supplier remediation.

For more information on audits and assessments conducted during the reporting year under the TfS framework, please see the "Supplier Relationship Management" section on p.130 of this chapter.

Sika Procurement has additionally implemented a monthly status and update report to share how the different TfS projects are progressing and where Sika stands regarding its targets related to assessments and audits throughout the regions. TfS coordinators have been set up for all regions, providing useful inputs from local and regional procurement teams to steer the initiatives internally and to share best practices.

Sika is a highly active member of the TfS Initiative, participating in three of the five core Workstreams through 2023:

- The WS1 Governance and Partnership focuses efforts on the overall scope and growth of the TfS initiative, promotes cooperation with other chemical associations and sustainability organizations, updates the TfS KPIs and governance, and initiates best practice sharing. Sika is chairing WS1.
- The WS3 audits enable member companies and their suppliers to assess, drive, and improve sustainability performance of chemical supply chains through a shared infrastructure. WS3 ensures that all TfS audits are conducted by approved third party auditors who meet the required standards and evaluate the future progress and potential of Supplier Sustainability Audits.
- The WS5 GHG Emissions allows Sika to work on a solution to create a standard for the scope 3 GHG emissions Product Carbon Footprint calculation in the chemical industry. This will improve transparency in the industry and enable effective reduction management. In Q4 2023, TfS launched the TfS White Paper initiative[1], which explores challenges and solutions for harmonizing carbon accounting methodologies, uncovering complexities and strategies for a more sustainable chemical industry. This Paper covers three macro topics fundamental for the chemical industry regarding carbon accounting: biogenic carbon accounting, mass balance as a transition mechanism, and recycled materials and content. It is an open-source document and can be downloaded from the TfS website. Sika is chairing WS5.

1 ↗ **Scope 3 GHG Emissions Programme – TFS Initiative (tfs-initiative.com)**

SUPPLIER ENGAGEMENT

As part of Sika's supplier engagement approach, several strategic sustainability meetings were organized with tier 1 suppliers in 2023. Not only were meetings led by the Chief Innovation & Sustainability Officer and Head Global Procurement were conducted, but also some more targeted supplier engagement meetings were held between Sika' procurement professionals and suppliers in Region Americas and within specific procurement categories. The conversations were all focused on climate-related strategies, carbon footprint impact at raw material level, related reduction levers, and social aspects. Such meetings not only fostered discussions on reducing emissions effectively, but also highlighted the importance for Sika to collect supplier-specific data, paving the way for increased collaborations to introduce sustainable raw materials and products in line with Sika's sustainability strategy and net zero commitment.

The focus on supplier-specific data collection is becoming increasingly crucial to improve data accuracy, consistency, and reliability at raw material level. Collecting supplier specific data will help to focus on raw material replacement with lower carbon-intensive solutions. With this information, CO_2 reduction at supplier level will be quantified and tracked in a transparent way. Supplier engagement, training, and development will help in increasing the share of supplier-specific data. To optimize and automatize the collection of Product Carbon Footprint (PCF), Sika plans to use the SiGreen platform, a TfS PCF sharing solution, developed by Siemens. Sika is currently taking part in the pilot phase that started in 2023 and the platform is expected to go live in 2024.

Another noteworthy supplier engagement activity is the Sika Sustainable Packaging Challenge. This initiative was launched in 2022, in Latin America, with the goal of engaging with current and potential Sika suppliers to seek innovative sustainability performance enhancement in its approach to packaging. This successful initiative was then repeated in 2023 in North America, Latin America, and Europe. The format of the challenge is as follows: after an initial round of suppliers being invited, those who show interest in participating are requested to submit their sustainable packaging proposal(s) within about two months. Thereafter, each proposal is evaluated by a Sika committee, composed of Sika's key departments (sustainability, procurement, R&D, operations, marketing, and communication). The top five finalists are selected to participate in a Sustainable Packaging Challenge Live Exhibition, and the winning proposal receives the support it needs to facilitate the integration of a new and sustainable packaging solution into Sika's product portfolio.

The 2023 challenges received great interest from both Sika's suppliers and the employees involved, contributing to the overall success of this project, which is planned to be conducted regularly within the various Sika regions.

Overall, more than 40 of Sika's current and potential suppliers have participated in the three challenges conducted in 2023. Among the submitted proposals, many were related to the introduction of post-consumer recycled content (PCR) to substitute virgin materials in aluminum/plastic cartridges and pails. Other recurrent proposals included the introduction of a single material for paper bags, making them more recyclable, and a shift from rigid to flexible plastic pails. Updates about the ongoing challenges are regularly shared on Sika's main social media channels such as LinkedIn, X, and Facebook.

TRAINING

TRAINING FOR SUPPLIERS

Sika continuously leverages externally provided sustainability-related trainings and webinars for suppliers. More specifically, Sika relies on the TfS Academy, a tailored learning and development platform specifically designed to help upskill procurement teams and their suppliers on sustainability-related topics: health and safety, environment, sustainable procurement, labor and human rights, management, and governance. The TfS Academy was launched in March 2022 and counts more than 340 courses offered in ten different languages. By identifying the key concerns and findings per region and/or supplier groups and streamlining exercises and improvement guidance, Sika ensures that it provides its supplier network with the necessary support to reach the required expectations through the Academy. In 2023, during supplier engagement meetings, Sika took the opportunity to concretely show its support for those suppliers with less experience on sustainability-related topics, by sharing with them the TfS Product Carbon Footprint (PCF) Guidelines and by giving them access to the TfS Academy.

TRAINING FOR EMPLOYEES

Sustainability-related trainings and best environmental and social practices are included in every area and regional procurement meeting, to increase awareness on the topic and ensure it becomes a priority for everyone, in line with Sika's sustainability strategy and net zero commitment. Overall, five area meetings and three regional meetings took place in 2023, for a total of around 150 procurement people involved. The topic of sustainable procurement was also a focus in the last Sika Sustainability Academy, held in October 2023, and attended by about 25 Sika employees from distinct functions and more than fourteen different countries. In addition, in 2023, Sika conducted the "Supplier auditor training program", a yearly initiative for procurement, technical, and quality experts attended by roughly 100 Sika employees.

DIGITALIZATION AND IT LANDSCAPE
SUMMARY & HIGHLIGHTS

AMBITION

Sika aims to tap into new digital business areas aligned with its successful Growth Strategy. The company focuses on including its people, customers, and business partners in the digital transformation process, while at the same time managing risks.

APPROACH

The company's digitalization vision is structured around four main pillars which are put into practice via five digital building blocks.

HIGHLIGHTS

MBCC Group IT Integration

The combined IT teams have been working closely together to develop an integration masterplan supporting synergy generation. Focus has also been on laying a foundation for all employees to be connected and facilitate collaboration.

Cybersecurity Strategy Assessment

To evaluate the effectiveness of cybersecurity controls and drive improvement initiatives, a full Cybersecurity Strategy assessment was completed, including a revision of the security technology stack.

KEY FIGURES

INVESTMENTS IN RATIONALIZATION, EFFICIENCY IMPROVEMENTS, AND DIGITALIZATION (IN CHF MN)

63.5

+2.3% **Change vs 2022**

NUMBER OF DATA BREACHES REPORTED TO THE AUTHORITIES

0

–/+0.0 **Change vs 2022**

MATERIAL TOPICS

Digitalization	IT Landscape	Risk and Crisis Management

SDGs

DIGITALIZATION AND IT LANDSCAPE

GRI 3-3 GRI 418-1

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Digitalization has implications for everybody – private individuals as well as companies. The rise in digital networking is not only leading to exponential growth in communication possibilities, but it also has a deep-rooted impact on market dynamics and social structures. Companies are confronted with the challenge of tapping into new digital business areas alongside their traditional market approaches, including their employees, customers, and business partners in the transformation process. Thanks to Sika's determination to become a digital leader in its markets, the company succeeded in integrating these opportunities in its growth trajectory and has benefited from the surge in demand in e-commerce and the new opportunities created by the introduction of analytical capabilities. In 2023, Sika invested CHF 63.5 million (2022: CHF 62 million) in rationalization, efficiency improvements, and digitalization.

VISION AND STRATEGY

Sika's digitalization vision is structured around four main pillars: revenue, efficiency, relevance, and acceleration. The first one is about building new revenue streams with digital services and new business models. The second involves using digital technologies to drive down costs and increase efficiency in processes and productivity in manufacturing and the supply chain. The third is about the positioning as a relevant participant in the digital world, facilitating doing business with Sika for customers and growing by transferring offline strength to digital. The latter leverages digital tools to drive growth, adoption, and collaboration across Sika's decentralized organization. These pillars are put into practice via five digital building blocks:

- Customer Centricity offers a full set of digital capabilities with the goal of increasing Sika's knowledge about customer needs and providing access to the services of Sika via the preferred channel of choice, be it physical or digital. Examples include customer portals such as exchange platforms for services and information; digital sales channels like Sika eShop, Electronic Data Interchange (EDI), or web-integrated "Buy now buttons" for placing orders 24/7; customer-specific apps; customer training platforms to support safe application of products; and customer analytics supported by AI technology.
- Operational Efficiency to increase transparency and to realize efficient and effective business processes using data and innovative technology. Examples include: Internet of Things (IoT) embedded in production, warehouse, and logistic processes to drive transparency for smart decisions in planning and execution; shop floor automation with integration in the Enterprise Resource Planning (ERP) using Artificial Intelligence (AI) technology to optimize our recipes; and vertical integration of information.
- New Business Models and Innovation leverages new business opportunities with technology and collaboration with innovative start-ups. Examples include integration into the BIM (Building Information Modeling) ecosystem; new ways of building with concrete like 3D concrete printing or robot applied "Mesh" technology; smart IoT connected membranes and building structures; digital services provided by Sika Apps to help our customers increase concrete quality and improve resource management; and an inclusive innovation approach leveraging the ideas of all employees called "Scouts".
- Effective Knowledge Worker increases employee productivity, facilitating collaboration and knowledge sharing. Examples include cultural and organizational readiness to foster digitalization and innovation, access to company information for all employees from everywhere at any time, digital learning, translation automation, and effective approval and collaboration workflows supported by apps.
- IT Excellence drives the provisioning of an effective IT architecture that is based on standardized modern core IT platforms (e.g., SAP S/4, Salesforce or O365) and supports a strict single source of truth approach for data. These core platforms are connected via powerful integration layers to agile apps, cloud, IoT, mobile, social media, and big data. With strong capabilities in cybersecurity, the corporate IT team safeguards the integrity of the IT landscape and protects Sika data from being compromised.

GOVERNANCE

The Sika Global Digital Board was established in 2020 in response to the increasing relevance of topics like digitalization and cybersecurity. These social and economic development trends create risks as well as business opportunities that allow Sika to actively shape the process of change, diversify, and improve customers' engagement channels. The Board is composed of the CEO, CFO, Regional Manager EMEA, Regional Manager Americas, Head Construction, Chief Innovation & Sustainability Officer, and the Head IT Sika Group.

The Board is mandated to transfer Sika's strength from analog to digital, enabling each digital team to progress in a productive and cohesive way. It oversees the alignment between Sika's Corporate Strategy and projects related to the five digital building blocks described above. It is also responsible for approving digital strategies and Sika's digital architecture. To facilitate global digital activities, it can grant funds to projects that demonstrate high potential for Sika's digital transformation. It ensures that digital initiatives adhere to the application and data strategy defined for effective global implementation. It also nominates the team leads and core members of the global digital teams that drive the activities in the five digital building blocks. In 2023, the Global Digital Board met three times and discussed the following topics:

SIKA GLOBAL DIGITAL BOARD

CEO, CFO, Regional Manager EMEA,
Regional Manager Americas, Head Construction,
Chief Innovation & Sustainability Officer,
Head IT Sika Group

CUSTOMER CENTRICITY	**EFFECTIVE KNOWLEDGE WORKER**
OPERATIONAL EXCELLENCE	**IT EXCELLENCE**
NEW BUSINESS MODELS & INNOVATION	

- Digital innovation: e.g., approval of the "Nuage" Sika project that will reduce data silos in R&D and thus increase efficiency and transparency; Sika AI concept; project Customer Centric Analytics (CCA) to achieve better transparency on the customer journey and support targeted customer services.
- Digital housekeeping: e.g., approval to review Sika's Salesforce platform architecture and enforce data and process standards; approval to implement an Operational Technology (OT) security framework.
- Digital architecture: e.g., approval of a new digital innovation strategy; the implementation of a Digital Lab; approval of the frontline worker project enabling provision of a digital identity to every single employee; the "Mercury" Sika project to establish a global data management framework.

SIKA'S DIGITAL TEAMS

The four digital teams "Customer Centricity", "Operational Excellence", "Effective Knowledge Worker", and "IT Excellence" support the Sika Digital Board to define digital strategies, execute digital projects, and help to increase the digital maturity of all Sika companies. New Business Models and Innovation is a result of the different Target Markets using the company's digital capabilities to develop digital products and services. Another source of digital innovation is Sika's innovation concept named "Scout" that allows participation of all Sika employees in innovation challenges.

DIGITAL TEAM "CUSTOMER CENTRICITY"

Customer Centricity is a crucial piece of Sika's digitalization efforts, as it pays directly into its "Customer First" value. The company's aim is to translate its "Customer First" approach also via digital technologies by offering consistent and relevant experience to its customers. To achieve this goal, Sika takes a customer-centric approach and sets up its initiatives according to customer intents rather than technologies. One example is "Learn and Develop". Understanding that customers want seamless learning and development opportunities via digital channels, Sika provides these opportunities in different platforms such as "Knowledge Articles" on the website, customer webinars on various relevant topics, or the "Sika Knowledge Center", an online portal where customers can visit courses and earn certificates.

All digital solutions provided by Sika are optimized technologically, meaning they are integrated with the larger platforms, or single sources of truth, such as the company's Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP). This same logic is applied throughout Sika's customer centricity digital program. The company's current marketing technology stack encompasses approximately 50 global satellite platforms, which are organized around customers' intent and technological function. This is how Sika addresses the needs of its local organization while leveraging efficiencies from an operational standpoint. Not all solutions are adopted by all subsidiaries, as the organization allows for local decision-making on what and when to implement a given solution.

The Digital Team Customer Centricity is led by Corporate Construction and includes team members from all regions, corporate, and IT that are engaged in serving Sika's customers.

In 2023, the focus was on rolling out many of Sika's established customer solutions to additional geographies and on promoting several new digital initiatives from pilot to implementation phase. One such example is a solution that facilitates the display of relevant product data on customers' websites or e-commerce platforms, mostly used by distribution customers active in omnichannel. Another example is a further development of Sika's social media management solution, allowing local organizations to go beyond posting promotional messages and provide timely and precise answers to customers' requests.

DIGITAL TEAM "OPERATIONAL EXCELLENCE"

Operational efficiency is a strategic focal point for Sika as initiatives in this area are contributing to profitability. Digitalization of processes and data management plays a fundamental role in further developing and optimizing Sika operations. However, initiatives driving operational efficiency are implemented in various areas within the company with the aim to reduce operating expenses, e.g., in production, logistics, procurement, R&D, HR, finance, sales, and marketing. With the acquisition of MBCC, the company has enlarged the organization and related operations. To generate synergies, an integration masterplan has been developed, which also entails a comprehensive IT and ERP strategy. Sika aims to integrate the acquired business onto its solid core platform in an accelerated manner. This will substantiate the foundation of the company's Digital Strategy 2028.

The digital team "Operational Excellence" is led by a representative of Sika's Global Operations team (GOPS) and includes team members from all regions, corporate and IT that are engaged in operation and supply chain. It closely collaborates with the newly established Global Process Owner that is responsible for designing, simplifying, harmonizing, and protecting Sika's end-to-end business processes based on a best demonstrated practice template. It also engages with Sika's regional process teams who coordinate the implementation of digital solutions across business functions.

Alongside digitalization, automation has also provided a powerful boost. Sika's operating systems are increasingly interconnected to the company's IT landscape through interfaces between SAP/ERP and Manufacturing Execution Systems (MES) or Warehouse Management Systems (WMS). This makes it possible to design, monitor, and manage real processes via digital twins in the digital world. Sika has implemented several initiatives in different areas to promote efficiency in its operations:

- Smart logistics and warehousing: Sika is currently investing in a fully automated new warehouse and distribution center in Ohio, USA, which is currently under construction. The opening is foreseen for the end of the first quarter of 2024. In this pilot project, Sika will use autonomous forklifts which will be interconnected to the extended warehouse management system (EWMS) as part of the Enterprise Resource Planning (ERP) system SAP. This will allow the project to become a best-demonstrated practice with an automated put-away and picking strategy and autonomous material transportation. In addition, Sika has successfully completed a pilot for the introduction of a Transportation Management System (TMS) to achieve transparency in managing freight cost in a more accurate and automated way. TMS will also allow Sika to optimize freight planning, driving efficiencies and reducing the carbon footprint by transport route optimization. Sika is planning to enhance and rollout the platform in the course of 2024.
- Manufacturing technologies: With the focus on providing a safe and ergonomic work environment, the company continuously invests in solutions to automate manual processes and automation projects. Besides the safety and ergonomic enhancements, we gradually improve the efficiency in material flow and associated processes.
- Artificial Intelligence (AI): Many of the tools and apps that are currently being developed and considered by Sika are based on machine learning or deep learning. R&D activities will rely increasingly on machine learning, where statistical methods are used to accelerate the positive outcome of experimentation. Sika started to explore use cases for this technology in operations.
- Training: The topics of digitalization and operational efficiency had dedicated sessions in 2023 Operations Academy. The Global Operations Technology team is also working closely together with the Learning and Development group as well as the "Efficient Knowledge Worker" digital team to further design programs to enhance the skills and capabilities towards the future use of digital tools and processes. On a regional and country level, the organization includes operational efficiency as content in training and development programs.

"NEW BUSINESS MODELS AND INNOVATION"

Sika leverages digital technology to optimize and enhance processes related to the use of its products and solutions and their life cycle. One example of optimization is the range of calculation software made available to customers. These tools allow for more speed in the selection of Sika products, avoiding waste or shortage of material during a given application. One example of enhancement is the range of monitoring tools, which allow customers to identify structures' need of repair. These tools allow customers to better manage the life cycle of a project and optimize processes during application.

The range of digital solutions developed by Sika covers the entire value chain of concrete production, from raw materials analysis to concrete mixing, and in transit quality control. Sika's Sand App, for example, is a highly innovative digital solution for fast sand analysis. In 2023, the rollout of this tool continued, with a focus on Europe. In the USA, Sika further developed its cooperation with CiDRA Concrete Systems Inc., a company specializing in Internet of Things (IoT) based digital systems to monitor concrete properties during transport. Sika and CiDRA already offer this service to customers in the USA and Canada, and plan to expand into other markets. High-precision on-board systems measure the quality of the concrete during its transport from the batching plants to the job sites. Customers benefit from this offer through a data subscription service, enabling concrete producers to access real-time concrete quality data such as workability and air content through a cloud-based data portal for every truck operating in their fleet.

Digitalization is also revolutionizing the construction and manufacturing sectors through 3D printing, concrete pouring without formwork (MESH), digital planning, and support tools that increase accuracy and save time. Sika is the only company able to supply all the technologies required for industrial 3D concrete printing from one source. The range of solutions includes mortars, admixtures, and the printing system together with the software. Sika has teamed up with several partners to commercialize 3D concrete printing technology in the construction industry and to capture its vast potential. Sika's solution combines sustainability with operational efficiency and productivity improvements. Software developed by Sika focuses on modeling complex 3D printed

elements. Advanced Sika 3D printing technologies allow the realization of new building concepts and more complex shapes while achieving perfect printing quality with minimum material.

Another strategic topic is the modular approach to construction, which increases the degree of automation and efficiency in the realization of construction projects, while simplifying compliance with rigorous safety standards. With its products, systems, and solutions, Sika can accelerate technological change on construction sites.

In roofing solutions, Sika offers an efficient system for leak monitoring and detection. In digital construction, a range of exciting challenges across economic, environmental, technical, and architectural fields are evolving. In 2023, Sika established a strategic partnership with Duramon, a Swiss start-up company engaging in sensors for monitoring corrosion in concrete structures. As a prototype Sika also aggregated the data from sensors and applications in Concrete, Roofing, and Engineered Refurbishment into a digital-twin platform allowing for visualized monitoring in a single portal.

Sika covers all activities required for the complete digitalization of the construction industry, including design, processes and operations, additive materials, and connected devices. Digitalization supports not only efficiency and growth, but also Sika's sustainability agenda.

To identify digital opportunities, the Sika Group also uses the innovation concept "Scout" that allows every employee to actively participate in a digital challenge. In addition, Sika participates in innovation platforms like HackZurich or collaborates with start-ups to get access to outside knowledge. For more information on such initiatives, please see the "Products and Customers" chapter, "Innovation Management" section on p.113 of the Sustainability Report 2023.

DIGITAL TEAM "EFFECTIVE KNOWLEDGE WORKER"
Digital workplace (DWP) transformation is key to simplify processes for Sika's employees and increase effectiveness. This requires employees to be equipped with the right skills and tools so they can excel in today's dynamic work environment. With digital workplace tools based on the Microsoft platform, Sika facilitates collaboration and communication as well as automation of processes and approval workflows.

The activities of "Efficient Knowledge Worker" are managed by the Digital Workplace (DWP) User Adoption team. It consists of members of the corporate Learning department and corporate IT managers. To multiply the success of the DWP User Adoption Team, a champions' network named "Booster Organization" has been established to support the business with the digital transformation on a local level. Boosters are Digital Workplace Champions and have the task to strengthen user acceptance of new or existing IT solutions, such as Microsoft 365, and to increase the benefits for the company and employees in the digital transformation at Sika. Boosters are early adopters and help coordinate communication and training on site.

Reaching out to all employees with targeted digital information is a challenge since not every employee has access to a personal computer. In 2023, Sika executed the Plant Worker Project with the goal to create a digital Sika identity for all plant workers. For more information on this project, please see the "People" chapter, "Human Capital Development" section on p.72 of the Sustainability Report 2023.

DIGITAL TEAM "IT EXCELLENCE"
Sika's IT architecture is tuned to support digital transformation. Based on core applications that are standardized and implemented globally, such as SAP (ERP), Salesforce (CRM), Successfactors (HR platform), or Microsoft O365, Sika generates vast amounts of process data every single day. These data are exposed via powerful integration platforms to our consuming applications such as Websites, eShops, Customer Portals, or web applications. The protection of this architecture and our data is tasked to Sika's Cybersecurity Team and to Data Governance.

Sika Group IT Management team (GIM) is led by the Head IT Sika Group and includes the functional service line managers for IT Infrastructure, SAP, IT Applications, IT Services, and Cybersecurity, as well as the regional IT Managers. This team defines the IT Strategy of the Sika Group, approves new applications and their implementation, and is responsible for life cycle management and operation of the IT landscape.

In 2023, the following initiatives were implemented:
- IT landscape modernization: Keeping the IT landscape up to date ensures that the business can benefit from the newest functionalities and high operational availability and security. A major program is the consolidation of all legacy ERP to Sika's core SAP S/4 platform or, for smaller companies, to SAP Business by Design (ByD).
- Acquisition integration: The high pace in acquiring companies calls for strong IT integration capabilities and concepts. High focus is on the integration of the MBCC companies where IT security assessments have been accomplished and the overall integration plan has been developed together with the regional and local stakeholders. Already by end of 2023, some 20 MBCC companies were integrated into the local Sika companies.
- Single source of truth data architecture: Sika has enforced the focus on a powerful corporate data architecture and has launched a project that will provide the needed infrastructure (e.g., Data Lakes) and analytics capabilities (e.g., Analytics Workbench). This will reduce complexity, secure data integrity, provide flexible data journey, and enable strong AI capabilities.

CYBERSECURITY

International corporations are exposed to cyberattacks that include any type of offensive maneuvers targeting computer information systems, infrastructures, computer networks, and/or personal computer devices through malicious acts. Sika has a strong organization in place to monitor, detect, mitigate, and resolve such risks.

GOVERNANCE

Cyber risks are amongst the top risks in Sika's Enterprise Risk Management framework. These risks are regularly assessed by the Board of Directors. The CFO is responsible for risk management in cybersecurity, supported by the Head IT Sika Group. For more information, please see the "Risk Management and TCFD Recommendations" chapter on p.22 of the Annual Report 2023.

The execution of Sika's Cybersecurity Strategy is assigned to the Sika Cybersecurity Team who is responsible for ensuring that Sika employs the necessary processes, frameworks, and policies, and that IT Security aspects are effectively implemented.

A dedicated and highly professional Security Operations Center, which is part of the Sika Cybersecurity Team, is in place to continuously monitor and improve Sika's security posture by detecting, analyzing, and responding to cybersecurity incidents worldwide. Sika's Security Operations Center defends against security breaches based on the newest industry relevant threat intelligence and participates in vulnerability management programs that help reduce cybersecurity risks. Additionally, Sika set up an Incident Response retainer contract with an external partner. The effectiveness of Sika's cybersecurity framework is tested regularly. The Group Management monitors and approves actions and reports on cybersecurity activities to the Audit Committee. The company has put the following measures in place to reduce cybersecurity risk:

- Comprehensive cyber incident management framework and processes for effective cyber response and IT Continuity Planning.
- Constant assessments of cyber maturity.
- Internal cybersecurity skills that are backed up by support from external specialists.
- Internal IT security audits of local sites across the world according to Sika's IT Audit framework based on the ISO 27001 standard.
- Regular training of the Sika workforce on developments in cyber risks and how to counter these risks.

In 2023, the security awareness of Sika employees was further strengthened. Regular phishing awareness campaigns and simulated phishing attacks were organized, and key improvements were made in the relevant metrics. In addition, a full Cybersecurity Strategy assessment and transformation was completed, including a complete revision of the security technology stack. Such assessments and updates are driven with the "assume compromise" stance to continuously evaluate the effectiveness of Sika cybersecurity controls and drive various initiatives to improve IT resilience capabilities.

INCIDENT RESPONSE PROCEDURES

Major incident response activities are addressed by the Sika Cyber Emergency Board according to procedures and plans laid out in the Cyber Emergency Handbook, which includes the IT contingency planning and incident response procedures. Local responsibility for severe security incident preparation lies with each Sika company. Since the IT contingency plan is managed by local Sika companies, the disaster recovery and cyber emergency response tests are carried out locally and performed at least once per year. This is also the case for the procedures for the global Cyber Emergency Board and cyber emergency response tests which are carried out locally and performed at least once per year. This also applies to the procedures of the global Cyber Emergency Board, where test scenarios are built and run together with an external partner.

EXTERNAL VERIFICATION AND VULNERABILITY ANALYSIS

Sika employs specific processes and technologies to identify and manage IT risks and vulnerabilities at multiple layers. Besides the multilevel simulations of cyberattacks in the form of Red Teaming/Purple Teaming exercises, the company is using advanced detection and response capabilities, threat hunting, vulnerability and patch management processes, and scanning services for internal Sika IT infrastructure. For the services and infrastructure components exposed to the internet, external security rating services are used.

TRAINING

Sika provides its staff with the appropriate training and reinforces its IT organization within the Group accordingly. The measures to defend against such attacks are continually reviewed with the help of external specialists and adapted in line with any new situations that may arise. Mandatory for every employee is to successfully pass the e-learning on "IT security for Users".

DATA PROTECTION AND CUSTOMER DATA PRIVACY

While Sika does not want to hinder the flow of information required for the business, it is crucial to protect Sika's know-how from improper use. The company is committed to respecting the data privacy and integrity of all employees, customers, and third parties. Sika applies all technical and organizational measures necessary to guarantee adequate protection and the accuracy of the personal data on file. The Data Protection Policy is closely aligned with widely accepted international standards and is adapted to local requirements during compliance implementations of local data protection legislations (e.g., implementation of the Swiss Federal Act on Data Protection (FADP)). It is reviewed regularly and updated if necessary to meet business needs, changes in technology, or regulatory requirements. In addition, the Sika Group is currently implementing a project to classify and protect its non-structured documents and e-mails to further protect Sika's critical and sensitive information.

GOVERNANCE

At Group level, Sika's data protection organization is run by the Data Protection Steering Committee, which is responsible for defining Privacy Group Strategy & Program (DP Principles), coordinating Corporate Functions on Privacy Risk, managing Incident Breach cases, coordinating Supervisory Authorities investigations, and monitoring the adequacy of Group technical and organizational measures (TOMs). A Group Data Protection Manager (Group DP Manager) who coordinates the implementation of the Group Privacy Program supports local DPOs (Data Protection Officers) and DPCs (Data Protection Champions), who are locally responsible for the adherence and implementation of the privacy program and compliance. The Group DP Manager also manages the Privacy Portal, provides guidance, supports the implementation of new projects and applications, monitors adherence to privacy principles and conducts implementation checks (privacy audits), and collaborates with other corporate functions – in particular IT, HR, and Marketing – on privacy mapping and risk. Sika collects, processes, and transfers personal data only, if necessary, to maintain accurate customer, supplier, business partner, shareholder, or investor information and improve relations with these groups; to optimize internal processes and the delivery of goods and services; to protect the company sites and infrastructure (access control, video, and IT surveillance) and for other security reasons; to fulfil contractual or legal obligations, or to make legal claims, in connection with these groups; and to respond to a court order.

DATA BREACHES

In the event of data breaches, Sika has a process in place which must be applied in EU countries and countries that have a dedicated data breach reporting requirement. When a controller, processor and/or an individual becomes aware of a potential breach, this needs to be reported immediately to the local data protection officer and/or the Group DP Manager. Subsequently, the affected Sika company(ies) is/are required to collect the necessary information and an incident response questionnaire needs to be completed in the Sika OneTrust Privacy Portal. As a next step, the Group DP Manager reviews the available information, which is forwarded to the DP Committee for evaluation. The DP Committee assesses if the breach requires a notification to the local authorities and/or the individual(s) (in case of high risks for the individual). If necessary, the local data protection employee responsible, with the support of the Group DP Manager, then notifies the authorities and/or individuals accordingly. The breach must be documented, and mitigation actions to prevent similar breaches must be documented and implemented. The DP Group Manager supervises the implementation and documentation of the mitigation measures. In 2023, 100% of Sika's General Managers confirmed – by means of the annual ESG Confirmation – that there were no data breaches which needed to be reported to the authorities.

DATA BREACHES

in numbers	2021	2022	2023
Data breaches reported to the autorities	0	0	0

TRAINING

In 2023, Sika provided several trainings throughout the organization on the following topics:

- Data Privacy Awareness Training: e-learning for all non-EU and non-adequate/comparable GDPR countries with or without a dedicated data protection regulation.
- General Data Protection Regulation (GDPR) e-learning: mandatory e-learning for all EU employees with an e-mail address, covering GDPR-specific data protection topics.
- New Swiss Data Protection Law, FADP e-learning: mandatory e-learning for all Swiss employees with an e-mail address, covering the FADP training requirements.
- Data Protection Essentials Training: additional e-learning available in English, which includes the basic data protection principles and other general data protection information.
- Anti-fraud: Since 2021, all employees must complete the new anti-fraud online training, aiming to raise awareness about cyber fraud, primarily among those employees most exposed to cyber risks.

ECONOMIC PERFORMANCE AND VALUE CREATION
SUMMARY & HIGHLIGHTS

AMBITION

A profitable business model secures the long-term viability of the company and is an important cornerstone to maintain global technology leadership.

APPROACH

Sika develops innovative solutions together with its customers along several strategic pillars, allowing the company to create sustainable value for stakeholders. Sika is committed to being a socially responsible corporate fiscal citizen.

HIGHLIGHTS

Economic performance 2023

Sika maintained its profitable growth trajectory in 2023 even in a challenging economic environment, generating record sales. In local currencies sales grew by +14.5%. Material margin expanded significantly to 53.6% (2022: 49.4%).

KEY FIGURES

SALES GROWTH (IN CHF MN)

11,238.6

+7.1% **Change vs 2022**

MATERIAL MARGIN

53.6%

+4.2% **Change in % points vs 2022**

DISTRIBUTION OF VALUE-ADDED (IN CHF MN)

3,557

+7.1% **Change vs 2022**

TAX RATE

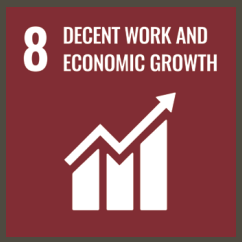
20.5%

–1.9% points **Change vs 2022**

MATERIAL TOPICS

Economic Performance	Tax Approach	Risk and Crisis Management

SDGs



ECONOMIC PERFORMANCE

GRI 3-3 | GRI 201-1 | GRI 201-4

POLICIES AND GUIDELINES

For more information, please visit the corporate webpage ESG Policies and Guidelines

Financial stability and long-term profitability ensure that Sika remains a reliable and value-adding partner for all its stakeholders now and in the future. Economic performance is an important factor to maintain global technology leadership by facilitating continual investment in R&D, as well as the ability to stay close to customers and serve all markets. Economic strength allows Sika to distribute value to various stakeholders. It is also critical for developing high-performing products, developing its workforce, providing long-term shareholder returns, and being a good corporate citizen that gives back to the community.

COMMITMENT

Sika committed to deliver on the strategic pillars of its Strategy 2023 – Market Penetration, Operational Efficiency, Acquisitions, Values – and related targets. Starting from 2024, the new Strategy 2028 is in place, and it is based on four key pillars: Market Penetration, Innovation & Sustainability, Acquisitions, People & Culture. For more information on strategic pillars, please see the "Strategic Report", "Strategy 2028 – Beyond the Expected" chapter on p.17 of the Annual Report 2023.

GOALS AND TARGETS

Strategy 2023 was launched in 2019 and was aligned with Sika's goal for sustainable and profitable growth. The strategy was organized around six pillars focused on ambitious financial targets and on improving the carbon footprint of the company's operations. Within these six pillars, Sika aimed to grow by 6–8% in local currencies per year up to 2023 and to achieve an EBIT margin of 15–18%. The new Strategy 2028 builds on the success of the previous growth model, setting ambitious financial and non-financial targets. It envisages leveraging Sika's leading market position and innovative strength, setting the course towards even stronger company performance over the coming years. The annual growth target in local currencies has been lifted to 6–9% and the profitability target is now an EBITDA margin of 20–23%.

RESPONSIBILITIES

Overall responsibility for economic performance at Group level lies with the Board of Directors (BoD) along with the Group Management. Sika's international expansion began soon after the foundation of the company more than 100 years ago. Since then, the company has organized its global activities by country. The national subsidiaries are consolidated into regions with higher-level management functions. The regions are EMEA (Europe, Middle East, and Africa), Americas, Asia/Pacific, and Global Business. The regional and local management teams bear full profit and loss responsibility, and – based on the Group strategy – develop regional and country-specific strategic plans and targets. From 2024 on, Global Business will be integrated into the geographical regions and the reporting segments will be EMEA (Europe, Middle East, and Africa), Americas, and Asia/Pacific.

GOVERNANCE

Sika evaluates its management approach through a process steered by the BoD. Both the CEO and the CFO report to the BoD in writing on the development of business at least once a month. A monthly management package on financial performance is shared with Group Management and the BoD to provide an update on the company. In addition, nine Group Management and twelve BoD meetings took place throughout the year, to review and discuss all strategic topics (financial performance, investments, acquisitions, business activities, non-financial performance, etc.). Extraordinary events are reported immediately to the Board Chair or the Audit Committee, if such events relate to the latter's area of responsibility. The Audit Committee is responsible for reviewing internal and external audits and risk management. For more information, please see the Corporate Governance report on p.163 of the Annual Report 2023.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

in CHF mn	2021	2022	2023
Revenues	9,252	10,492	11,239
Intermediate inputs	5,838	6,806	7,196
Non-liquidity related expenses	342	365	486
Distribution of value added	3,072	3,321	3,557
Employees wages and benefits	1,637	1,711	2,007
Payments to governments	331	390	328
Payments to lenders and shareholders	410	503	652
Economic value retained	694	717	570

Sika creates sustainable value for its customers, the supply chain, and many other stakeholders. The company generates substantial value for 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 generated is retained in the company for developing new technologies, acquisitions, capital investments, and to remain independent from capital market fluctuations. For more information, please see the "Strategic Report", "Business environment" chapter on p.12 of the Annual Report 2023, and the "Financial Report", "Consolidated Financial Statements" chapter on p.200 of the Annual Report 2023.

FINANCIAL RESOURCES

Sika's high cash generation results in a solid balance sheet. The strong deleveraging profile supports a strong credit rating, which in turn gives Sika good access to the capital markets. Reliable cash generation enables consistent investments in future growth. For example, in R&D, expansion of the geographical production footprint to fully capture market potential, bolt-on acquisitions, or training and development of employees. In addition to financing its growth and operations with cash, Sika uses bank loans and bonds. When issuing bonds, Sika makes sure to keep a well-balanced and conservative maturity profile. To finance the MBCC acquisition, Sika successfully placed various bonds in the Swiss and Euro market. The trust of capital markets in Sika's sustainable growth was demonstrated through the strong demand for such bond placements. For more information, please see the "Strategic Report", "Business environment" chapter on p.12 of the Annual Report 2023, and the "Financial Report", "Consolidated Financial Statements" chapter on p.200 of the Annual Report 2023.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

In 2023, Sika received CHF 0.8 million (previous year: CHF 1.5 million) in government subsidies for employment relationships. The company also received CHF 5.5 million in government support (previous year: CHF 6.6 million) through specific grants. Please see Note 4 and Note 5 in the "Notes to the Consolidated Financial Statements" on p.205 of the Annual Report 2023.

TAX APPROACH

GRI 3-3 | GRI 207-1 | GRI 207-2

GRI 207-3 | GRI 207-4

POLICIES AND GUIDELINES

↗ **For more information, please visit the corporate webpage ESG Policies and Guidelines**

TAX VALUES

Through its tax principles, internal policies, and actions, Sika is committed to being a socially responsible corporate fiscal citizen. Sika pursues a long-term, sustainable Tax Strategy which ensures compliance with national and international tax laws and regulations. In the 2023 ESG Confirmation, all GMs confirmed that there were no violations of applicable tax laws in their entities. The active management of tax matters ensures that Sika pays a fair share of tax in each of the 103 countries where Sika operates.

TAX GOVERNANCE

Sika's tax approach is in line with the Organisation for Economic Co-operation and Development (OECD)/G20 guidelines. By following a business-oriented approach based on functions, as sets, and operating risks when determining processes and transactions, Sika has a market-based outcome. The company is committed to paying its fair amount of taxes in each jurisdiction where it operates. The outcome of the business-oriented approach is always checked for its compliance with all applicable laws. Furthermore, potential impacts on stakeholders and Sika's reputation are considered. In line with Sika's corporate values, the objective of Sika's Tax Policy is to comply in good faith with the letter and the spirit of all applicable tax laws and obligations in all countries where the company operates, across all direct and indirect taxes, as a company and employer, as well as with international treaties and guidelines. This approach results in an effective Group tax rate that reflects Sika's global footprint, the decentralized nature of the business, and the Group's successful local operations.

TAX RISK MANAGEMENT

Based on genuine business rationale and with a long-term view of sustainability and predictability, Sika proactively manages the tax aspects of its business operations and transactions. Total tax costs are managed within clear risk parameters in line with the Sika Group business operations. Sika adheres to "arm's length principles" and complies with local laws and regulations for pricing intercompany transactions. Sika maintains transfer pricing documentation in compliance with local legislation.

FULL DISCLOSURE OF TAX RISK AND TAX PLANNING

Sika does not: engage in aggressive tax planning; use complex structures or offshore havens to minimize its tax liabilities; adopt tax schemes based on form without commercial substance; use offshore entities that lack business purpose and substance; or use hybrid instruments and/or entities in structures that result in tax avoidance, double deduction, or no taxation. Sika engages external advisors when appropriate to manage tax risks. Reporting and control systems are in place to collect information on significant tax risks relating to compliance, financial reporting and planning, tax audits as well as legislative developments.

INTERACTIONS WITH TAX AUTHORITIES

Sika promotes open and transparent relationships with tax authorities. When applicable, Sika uses appropriate mechanisms to clear the tax impact of major transactions with relevant tax authorities in advance. Tax audits are conducted in a supportive and collaborative way and requested information is provided in a timely manner. On certain occasions, Sika may provide technical input to the relevant authorities with respect to proposed tax legislations, using the appropriate channels, to constructively improve the competitiveness of a tax system.

TAX RATE

in %	2021	2022	2023
Tax rate	21.5	22.4	20.5

In 2023, the income tax rate amounted to 20.5%, thereby decreasing compared to the level of the previous year (22.4%). On average, Sika's tax rate is stable, showing the company's reliability as a taxpayer.

COUNTRY-BY-COUNTRY REPORTING

Starting in 2016, Sika was one of the first companies to submit an annual Country-by-Country Report (CbCR) to the Swiss Federal Tax Administration (SFTA) on a voluntary basis. This OECD/G20 standard includes pertinent information such as profit and taxes paid per country where the company is active. In line with the OECD's intention, the SFTA passes this report on to the tax authorities in other countries where Sika is subject to taxation. The result of the CbCR demonstrates that Sika is duly complying with its tax obligations and paying its fair share of tax.

VIEW AND CONCERNS OF STAKEHOLDERS

Sika is committed to openness and transparency. The ↗ **Sika Trust Line** allows for anonymous reporting directly to the attention of Corporate Compliance. For more information, please see the "People" chapter, "Business Ethics and Integrity" section on p.59 of the Sustainability Report 2023.

PUBLIC POLICY ADVOCACY ON TAX

For more information, please see the "People" chapter, "Public Policy" section on p.78 of the Sustainability Report 2023.

METHODOLOGICAL NOTE

GRI 2-2 GRI 2-4

SCOPE OF REPORTING AND CONSOLIDATION

The scope of Sika Sustainability reporting is aligned with the scope of entities consolidated in the Group financial statements, as described on p.209 of the Annual Report 2023. If 2023 acquisitions are excluded from consolidated 2023 figures, a dedicated mention is available in the relevant section.

In the year under review, the scope of consolidation of the Sustainability reporting was expanded to include:
- The acquired companies MBCC Group and Thiessen Team USA.
- The newly founded companies Sika (Zhejiang) Novel Material Co., Ltd., Jiaxing City (China). and SikaDavco (Liaoning) New Materials Co., Ltd., Liaoning (China).

More information on these acquisitions and expansions is available in the "Financial Report" on p.199 of the Annual Report 2023. Generally, acquired companies' data are included in the Sustainability reporting from the acquisition date onwards. The list of all consolidated companies is detailed in the "Notes to the Consolidated Financial Statements" on p.248 of the Annual Report 2023.

More information on the scope of reporting and consolidation of scope 3 emissions is available in the **Sika Methodology for Scope 3 Emissions Calculation** available in the download center of the corporate website.

REPORTING STANDARDS

The Sika Sustainability Report 2023 is part of the Sika corporate reporting package. The Sika Group has reported the information cited in the Sustainability Report 2023 for the period 01.01.2023–31.12.2023 with reference to the GRI Standards 2021. In addition, the following documents are available in the download center of the corporate website:
- The Sika **GRI Content Index** reports information on Sika's material topics for the period 01.01.2023–31.12.2023 with reference to the GRI Standards 2021.
- The Sika **SASB Content Index** provides an overview of Sika's reporting practices in accordance with the Sustainability Accounting Standards Board (SASB) sustainability disclosure topics and accounting metrics for the Resource Transformation– Chemical (RT–CH) sector.
- The **Sika and the UN SDGs** document shows which UN SDGs and related targets and indicators Sika's activities directly contributed to during the reporting year.
- The Sika **UN Global Compact Index** shows that Sika adheres to the ten principles of the UN Global Compact in its business practices, comprising the four areas of human rights, labor standards, environment, and anti-corruption.
- Sika's corporate carbon accounting (scope 1, 2, and 3) follows the reporting guidelines of the Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard. For additional information on the scope 3 assessment, a detailed methodology paper **Sika Methodology for Scope 3 Emissions Calculation** is available in the download center of the corporate website.
- The Sika Sustainability Report 2023 also complies with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which are described in more detail in the **TCFD report 2023** available in the download center of the corporate website.

REPORTING REGULATIONS

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

Sika Group will disclose information and KPIs in accordance with the Corporate Sustainability Reporting Directive (CSRD) from business year 2025, with first mandatory reporting in 2026. The company will comply with the European Sustainability Reporting Standard (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG). In 2024, Sika will conduct a double-materiality assessment which is needed to develop a roadmap to fulfil ESRS requirements.

EU TAXONOMY

The EU Taxonomy requirements will affect the Sika Group because of the CSRD. Therefore, the company kicked off the "EU Taxonomy" project in 2022. Specifically, Sika initiated the eligibility analysis of its business activities for two environmental objectives (climate change mitigation and adaptation). Sika will pursue the exercise to ensure an exhaustive identification of its taxonomy-eligible economic activities and consistently report on related KPIs (Turnover, CapEx, and OpEx) in the following years.

NON-FINANCIAL DISCLOSURES IN ACCORDANCE WITH THE TRANSPARENCY REQUIREMENTS OF THE SWISS CODE OF OBLIGATIONS

The Sika Sustainability Report 2023 includes the company's disclosures of non-financial matters required by the Swiss Code of Obligations (CO 964).

SWISS CODE OF OBLIGATIONS MAPPING TABLE

	Section in the Sustainability Report (SR) 2023/ Annual Report (AR) 2023	Page number(s) and/or URL(s) and /or other documents
ART. 964 A-C TRANSPARENCY ON NON-FINANCIAL MATTERS		
Description of the business model	SR – Sustainability at Sika AR – Strategic Report	p.42 p.12
Description of the main risks in relation to the non-financial matters	SR – Sustainability at Sika AR – Strategic Report	p.43 p.22 ↗ **Sika Materiality Analysis 2022** ↗ **TCFD Report 2023**
Environmental matters		
Policies	SR – Planet SR – Products and Customers	p.83 p.111 ↗ **ESG Policies and Guidelines**
Measures including evaluation of their effectiveness	SR – Planet SR – Products and Customers	p.83 p.111
Performance indicators	SR – Planet SR – Products and Customers	p.83 p.111
CO_2 goals	SR – Planet	p.83 ↗ **Sika's Way to Net Zero**
Social matters		
Policies	SR – People SR – Procurement SR – Products and Customers	p.50 p.127 p.111 ↗ **ESG Policies and Guidelines** ↗ **Supplier Code of Conduct (SCoC)**
Measures including evaluation of their effectiveness	SR – People SR – Procurement SR – Products and Customers	p.50 p.127 p.111
Performance indicators	SR – People SR – Procurement SR – Products and Customers	p.50 p.127 p.111
Employee-related matters		
Policies	SR – People	p.50 ↗ **Code of Conduct (CoC)** ↗ **ESG Policies and Guidelines**
Measures including evaluation of their effectiveness	SR – People	p.50
Performance indicators	SR – People	p.50
Human rights matters		
Policies	SR – People	p.62 ↗ **Supplier Code of Conduct (SCoC)** ↗ **Code of Conduct (CoC)** ↗ **ESG Policies and Guidelines**
Measures including evaluation of their effectiveness	SR – People	p.62
Performance indicators	SR – People	p.62

SWISS CODE OF OBLIGATIONS MAPPING TABLE

	Section in the Sustainability Report (SR) 2023/ Annual Report (AR) 2023	Page number(s) and/or URL(s) and /or other documents
Anti-corruption		
Policies	SR – People	p.59 ↗ **Supplier Code of Conduct (SCoC)** ↗ **Code of Conduct (CoC)** ↗ **ESG Policies and Guidelines**
Measures including evaluation of their effectiveness	SR – People	p.59
Performance indicators	SR – People	p.59
ART. 964 D-I – TRANSPARENCY IN RAW MATERIAL COMPANIES		
Report on payments to government bodies for companies active in the extraction of raw materials		↗ **Report on Payments to Governments 2023**
ART. 964 J-L – DUE DILIGENCE AND TRANSPARENCY IN RELATION TO MINERALS AND METALS FROM CONFLICT-AFFECTED AREAS AND CHILD LABOR		
Conflict minerals	SR – Procurement	p.130
Child labor	SR – People	p.62

DATA COLLECTION AND REPORTING METHODOLOGIES

Sustainability Performance Indicators disclosed in the Sika Sustainability Report 2023 are based on the following:

- Social, Environmental, and Health and Safety (EHS) data are collected through the Sika corporate reporting and BI system. Environmental indicators are reported at site level on a quarterly basis. Health and Safety indicators are reported at site level on a monthly basis. Training hours are reported at company level on a quarterly basis.
- Community Engagement indicators are reported quarterly at company level.
- The ESG Confirmation does not cover MBCC legal entities for 2023 as the acquisition was closed during the fiscal year.
- Since 2022, Sika has added granularity to the reporting of headcount-related indicators. The breakdown of employees per age, contract, and employment type is now available per gender. 2019, 2020, and 2021 have not been restated accordingly.
- Since 2023, Sika has added granularity to the reporting of recruitment and turnover-related indicators. The breakdown of hirings and departures is now available per age category. 2019, 2020, 2021, and 2022 have not been restated accordingly.
- Acquisitions and scope changes that occurred in 2021 and 2022 did not lead to a restatement of the environmental indicators disclosed in the "Planet" chapter. Likewise, acquisitions that occurred in 2023 did not lead to a restatement of 2021 and 2022 environmental indicators disclosed in the "Planet" chapter except when stated specifically. However, in accordance with Sika's new ESG data governance framework, they have been included for the full 2023 reporting year for indicators with a defined baseline for strategic performance monitoring (↗ **Table 22: Environmental Performance 2023** in the "Key Performance Indicators" section of the "Planet" chapter on p.106). The new strategic targets for 2023–2028 are defined with 2023 as a baseline. For more information on Sika's ESG data governance including rebaselining, please see the "Methodological Note" chapter on p.147 of the Sustainability Report 2023.
- Water indicators for 2021 and 2022 disclosed in the "Water Management" and "Key Performance Indicators" sections of the "Planet" chapter have been restated due to a stricter application of internal reporting rules for groundwater volumes withdrawn used for cooling processes in one factory.
- Many of the strategic KPIs disclosed in the "Planet" chapter are measured by using tons sold as a denominator. Tons sold include all Sika manufactured and third party traded products. The development of the third party traded tons sold in the past four years has been stable and therefore does not impact the overall performance.
- Sika's corporate carbon accounting (scope 1, 2, and 3) follows the reporting guidelines of the GHGP Corporate Accounting and Reporting Standard. According to the same guidelines, CO_2 equivalent (CO_2eq) is defined as the universal unit of measurement to indicate the global warming potential (GWP) of each of the six greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.

OVERVIEW OF EMISSION FACTORS DOCUMENTATION PER SCOPE

Scope 1 GHG emissions – Direct energy	Defra/BEIS 2022
Scope 1 GHG emissions – Fugitive emissions	Defra/BEIS 2022
Scope 2 GHG emissions – Electricity – Market-based	– AIB 2021 European Residual mixes (residual emission factors for European locations) – 2022 Green-e residual mix emissions rates (residual emission factors for US locations) – IEA emission factors 2022 for all other locations
Scope 2 GHG emissions – Electricity – Location-based	– US EPA eGrid 2021 Emission Rates – IEA emission factors 2022 for all other locations
Scope 2 GHG emissions – District heating	Defra/BEIS 2022
Scope 3 GHG emissions	**↗ Sika Methodology for Scope 3 Emissions Calculation**
Biogenic CO_2 emissions – Scope 1	Defra/BEIS 2023
Biogenic uptake – Scope 3 cat. 1	Sphera CUP 2023.2
Biogenic CO_2 emissions – Scope 3 cat. 12	Based on the carbon content methodology
Air emissions	– UK National Atmospheric Emissions Inventory (NAEI) – Swedish Environmental Protection Agency (EPA)

– In 2022, Sika added granularity to the reporting of vehicle fuel. The reporting is now split per type of fuel (diesel, gasoline, biodiesel, ethanol, LPG, and natural gas) with a different emission factor applied to each category. Scope 1 emissions from 2019, 2020, and 2021 have not been restated accordingly.
– In 2022, fugitive emissions related to refrigerant gases were added to the scope 1 inventory as per the Greenhouse Gas Protocol. These emissions are calculated based on Defra/BEIS 2021 emission factors. Scope 1 emissions from 2019, 2020, and 2021 have not been restated accordingly since fugitive emissions represent 0.5% of Sika's scope 1 and 2 emissions for 2022.
– In 2022, district heating was added to the company scope 2 inventory as per the Greenhouse Gas Protocol. These emissions are calculated based on Defra/BEIS 2021 emission factors. Indirect energy consumption and related scope 2 emissions from 2019, 2020, and 2021 have not been restated accordingly since district heating represents 0.2% of Sika's scope 1 and 2 emissions for 2022.
– Since 2022, scope 1 and 2 emissions related to Sika Corporate Services companies in Switzerland have been reported separately. 2019, 2020, and 2021 have not been restated accordingly.
– In 2022, rainwater was added to the reporting of water withdrawal per type of source. Water withdrawal data from 2019, 2020, and 2021 have not been restated accordingly.
– Up to 2021, wastewater disposed separately due to local regulations could be reported under waste and excluded from water discharge. From 2022 onwards, the reporting methodology of water discharge has been adjusted. A new account "Water sent off-site for treatment" was created to capture the total volume of wastewater under water discharge, leading to a shift from waste to water discharge. The indicator "Water to ground" has also been added. Waste and water data from 2019, 2020, and 2021 have not been restated accordingly to the new methodology.
– Since 2022, waste volumes per type of disposal method have been detailed for hazardous and non-hazardous waste. Waste data from 2019, 2020, and 2021 have not been restated accordingly to the new level of granularity.
– All information disclosed in the "Procurement" chapter refers to tier 1 suppliers.

The methodological note needs to be read in conjunction with the footnotes described in all sections of the Sustainability Report 2023 for dedicated indicators and KPIs.

ESG DATA GOVERNANCE INCLUDING REBASELINING

In the context of its SBTI commitment and with a dynamic ESG data landscape continuously changing, Sika defined an internal ESG data governance policy in 2023 to ensure consistency, reliability, and traceability in data reporting. This governance framework, applied from 2023 onwards, provides systematic guidance for the following cases:

– Changes in reporting structure: structural changes such as merger and acquisitions, divestitures, or outsourcing of business activities.
– Reporting errors: calculation error, reporting mistakes or missing data.
– Methodological changes: scientific research changing the methodology, advancement in emission measurement technologies, changes in methodologies of calculation, changes in regulatory requirements, shift from one emission factor database to another, update of emission factor database due to methodological changes related to calculation update or error, more specific data available.
– Change of emission factors: change from average emission factor to supplier-specific emission factor, more precise emission factors that were unavailable in the database in previous years, regular update of database (average) such as Sphera, IAE, Defra, or GLEC, etc. (assuming that these updates reflect real change in GHG emissions; for example resulting from a change of energy mix in electricity supply).

ESG REBASELINING AND ADJUSTMENT GOVERNANCE

	ENVIRONMENT				SOCIAL AND GOVERNANCE		
	GHG emissions scope 1 and 2	GHG emissions scope 3	Water and waste	Others	Health and safety	FTE and headcount	Others
Acquisition and divestment							
With baseline	Rebaselining*				Per closing date		
Without baseline	N/A		Per closing date		Per closing date		
Methodology change							
With baseline	Rebaselining based on +/–5% of Group total				Rebaselining based on +/–5% of Group total		
Without baseline	N/A		Restatement PY based on +/–5% or less of Group total		Restatement PY based on +/–5% of Group total		
Error							
With baseline	Rebaselining based on +/–5% of Group total				Rebaselining based on +/–5% of Group total		
Without baseline	N/A		Restatement PY based on +/–5% of Group total		Restatement PY based on +/–5% of Group total		
Change of emission factors							
With baseline	Considered in the following year**				N/A		
Without baseline	N/A		Considered in the following year**		N/A		

With baseline: Corresponds to KPIs for which Sika has goals compared to a reference year.

Without baseline: Corresponds to KPIs for which Sika does not compare to a reference year.

General Remarks

+/– 5%	This threshold needs to be considered per dimension of impact and for scope 1, 2, and 3 GHG emissions based on the absolute CO_2eq amount of the most recent year. Sika might consider rebaselining/restatement for impacts below +/–5%. Sika will track the changes cumulatively and review them on a two-three year basis for potential rebaselining.
*Rebaselining	Newly acquired companies will be assessed for rebaselining even if the impact is lower than 5%. If data of an acquired company is not available, the closest succeeding available data is used as a proxy for the baseline and acquisition year. If no emission data is available at all, one option is to use the revenue of the former years multiplied by the acquired company's ratio of GHG emissions per revenue (tCO_2eq/CHF).
**Change emission factors	In the event of new scientific findings on emission factors and global warming potentials, these will be taken into account in the calculation of the GHG emissions in the following year. Scope 1–2: All factors are updated in January of the following year. Scope 3 per category: All average factors are updated once a year.
SBTi net zero consideration	Sika will track the changes cumulatively since the last rebaselining and will review them on a two to three-year basis for potential rebaselining according to the SBTi Target Validation Protocol. This approach excludes acquisitions since newly acquired companies will be systematically assessed for rebaselining. Additionally, Sika will not resubmit all rebaselinings to the SBTi in consideration of the normal five years target review.

Independent practitioner's limited assurance report

on selected 2023 Sustainability Indicators to the Board of Directors of Sika AG

Baar

We have been engaged by Board of Directors to perform assurance procedures to provide limited assurance on selected 2023 Sustainability Indicators of Sika AG and its consolidated subsidiaries (hereinafter "Sika") contained within Sika AG's Sustainability Report 2023 (including the GHG reporting) for the period from 1 January 2023 to 31 December 2023 (hereinafter "Sika's Sustainability Report").

Scope and subject matter

The following selected 2023 Sustainability Indicators were subject to our limited assurance engagement ("2023 Selected Indicators") and represent the subject matter information:

- Scope 1 GHG emissions (tons of CO2eq), table 1 on page 106;
- Scope 2 – Market-based (tons of CO2eq), table 1 and Scope 2 – Location-based (tons of CO2eq) GHG emissions, table 4 on page 106;
- GHG emissions intensity (kg CO2eq) per ton sold, table 1 on page 106;
- Scope 3 GHG emissions, table on page 88;
    - Category 1 Purchased goods and services
    - Category 2 Capital goods
    - Category 3 Fuel- and energy-related activities
    - Category 4 Upstream transportation and distribution
    - Category 5 Waste generated in operations
    - Category 6 Business travel
    - Category 7 Employee commuting
    - Category 8 Upstream leased assets
    - Category 9 Downstream transportation and distribution
    - Category 11 Use of sold products
    - Category 12 End-of-life treatment of sold products
- Breakdown of energy consumption per source (TJ), table on page 90;
- Energy intensity per ton sold (MJ per ton sold), table 7 on page 107;
- Purchased renewable electricity rate, table 10 on page 108;
- Water consumption per ton sold (m3), table 12 on page 108;
- Total Waste generated (tons) and Waste intensity (kg per ton sold), table 16 on page 109;
- Recycling rate (%), table 18 on page 110;
- Number of lost time accidents (LTA) (No.) and Number of fatalities of Sika employees, table on page 57;
- LTA rate per 1'000 FTEs, table on page 57;
- Lost Time Injury Frequency Rate (LTIFR) per 200'000 hours, table on page 57;
- Number of lost time accidents (LTA) (No.) of contractors and Number of fatalities of contractors, table on page 57;
- Community engagement projects (No.), table on page 76;
- Volunteering days of employees (Days), table on page 76;

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- Breakdown of Employees per Gender and Category, table 18 on page 82;
- Board of Directors - Breakdown per Gender and Age, table 19 on page 82; and
- Breakdown of Senior Managers per region, table 20 on page 82.

With reference to pages 88 and 147 in Sika's Sustainability Report, Sika discloses the fact that during the period under review, the scope of consolidation of the Sustainability reporting was expanded with the acquisition of the companies MBCC Group and Thiessen Team USA. Our limited assurance engagement does not conclude on pre-acquisition information, on comparative prior year figures, or any prospective information included in Sika's Sustainability Report. Consequently, we do not comment on, nor conclude on any such information.

Criteria

The 2023 Selected Indicators (including the GHG statement) were evaluated against the criteria described in Sika's Sustainability Report. The 2023 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) were prepared by the Group Management of Sika AG (the "Company") based on the criteria summarised in Methodological Note in the Sustainability Report.

The section "Methodological Note" was developed based, among others, on the GRI Sustainability Reporting Standards (GRI Standards 2021) published by the Global Reporting Initiative (GRI) and the Greenhouse Gas (GHG) Protocol Corporate Standard (Revised edition) and Sika's Methodology for Scope 3 emissions calculation available on Sika's website (together the "suitable Criteria").

Inherent limitations

The accuracy and completeness of the 2023 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the 2023 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) are subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the 2023 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) and the values needed to combine e.g. emissions of different gases. Our assurance report will therefore have to be read in connection with the suitable Criteria as defined above and described within Sika's Sustainability Report in the Methodological Note and in Sika's Methodology for Scope 3 emissions calculation for relevant definitions and procedures on the 2023 Selected Indicators.

Group Management's responsibility

The Group Management of Sika AG is responsible for preparing the 2023 Selected Indicators contained within Sika's Sustainability Report in accordance with the suitable Criteria. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation of the 2023 Selected Indicators contained within Sika's Sustainability Report that are free from material misstatement, whether due to fraud or error. Furthermore, the Group Management is responsible for the selection and application of the suitable Criteria.

Independence and quality management

We are independent of the Sika AG in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers AG applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to perform an assurance limited engagement and to express a conclusion on the 2023 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting). We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engage-

ments other than audits or reviews of historical financial information' and the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the 2023 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) were not prepared, in all material aspects, in accordance with the suitable Criteria.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner's judgement. A limited assurance engagement under ISAE 3000 (Revised) and ISAE 3410 is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

We performed the following procedures, among others:

- Assessment of the Methodological Note in the Sustainability Report and Sika's Methodology for Scope 3 emissions calculation, including the criteria to determine whether they are appropriate when applied in relation to the 2023 Selected Indicators (including the GHG statement);
- Inquiries of the relevant stakeholders for the 2023 Selected Indicators in Sika's Sustainability Report (including the GHG reporting);
- On-Site visits for selected Sika sites in USA, Canada, Chile, Argentina, Brazil, Mexico, China, Indonesia, Japan, Romania, Germany, Italy, Czech Republic, Spain and Morocco. The selection was based on quantitative and qualitative criteria;
- Interviews with personnel responsible for the sustainability reporting and data collection at the selected Sika sites visited and at the Corporate level to determine the understanding and application of Sika's specified guidelines and methodology;
- Sample based inspection of relevant documents and testing of underlying data;
- Reconciliation of data collected with financial reporting data and other underlying records;
- Reperformance of relevant calculations; and
- Analytical procedures on selected site-level, as well as Corporate level.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the work we performed, nothing has come to our attention that causes us to believe that the 2023 Selected Indicators (including GHG reporting) of Sika AG, for the period from 1 January 2023 to 31 December 2023, as published in Sika's Sustainability Report 2023 and in the Annual Report 2023, are not, in all material respects, prepared in accordance with the suitable Criteria.

Intended users and purpose of the report

This report is prepared for, and only for, the Board of Directors of Sika AG, and solely for the purpose of reporting to them on the 2023 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the suitable Criteria, to enable the Group Management and the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the 2023 Selected Indicators in Sika's Sustainability Report (including the GHG reporting), without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group Management or the Board of Directors of Sika AG for our work or this report.

PricewaterhouseCoopers AG

Thierry Troesch Christine Blass

Zürich, 14 February 2024

'The maintenance and integrity of Sika AG's website and its content are the responsibility of the Group Management; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of the Sika AG's website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported 2023 Selected Indicators contained within Sika's Sustainability Report (including the GHG reporting) or suitable Criteria since they were initially presented on the website."